



Legislation Details (With Text)

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Title: Action pertaining to the City's loan program for installation of sewer lines, abandonment of existing septic tank(s) and cesspool systems, and for single family residence connection to the City sanitary sewer system (Citywide).

1. ***BILL NO. B-52 - (Intro. 12/1/2016) (For adoption) - Amending Section 6-305 of the Fresno Municipal Code relating to the City's loan program for mandatory connections to the City's sewer system for single family residences, increasing the loan amount per residence from \$5,000 to \$15,000 and term from 15 years to 20 years.

Sponsors: Department of Public Utilities

Indexes:

Code sections:

Attachments: 1. 2015-10-01 Loan Program Term and Conditions.10.25.16.pdf, 2. Proposed Ordinance Revision Payment of Sewer Charges and Loans10.28.16.pdf, 3. Resolution Loan Program Payment of Sewer Charges and Loans.pdf, 4. Reso2011147.pdf, 5. Ord201114FMCAmd6305SewerChargesandLoans.pdf, 6. DPU-S Sewer Loan Lien with Appendix A 11 15 16 abf.pdf, 7. Supplement to 16-1305.pdf

Date	Ver.	Action By	Action	Result
12/8/2016	1	City Council	approved	Pass

REPORT TO THE CITY COUNCIL

December 1, 2016

FROM: THOMAS C. ESQUEDA, Director
Department of Public Utilities

BY: DOUG HECKER, Planning Manager
Department of Public Utilities, Planning and Engineering

SUBJECT

Action pertaining to the City's loan program for installation of sewer lines, abandonment of existing septic tank(s) and cesspool systems, and for single family residence connection to the City sanitary sewer system (Citywide).

1. ***BILL NO. B-52 - (Intro. 12/1/2016) (For adoption) - Amending Section 6-305 of the Fresno Municipal Code relating to the City's loan program for mandatory connections to the City's sewer system for single family residences, increasing the loan amount per residence from \$5,000 to

\$15,000 and term from 15 years to 20 years.

RECOMMENDATIONS

Staff recommends Council consider for introduction and adoption the proposed Ordinance amending section 6-305 of the Fresno Municipal Code, and adopt the proposed Resolution which will amend Exhibit "A" to Resolution 2011-147 by setting forth revised Loan Program Terms and Conditions relating to the City's existing sewer connection loan program, to increase the maximum loan amount per residence from \$5,000 to \$15,000, and extending the maturity date of loan repayment from 15 years to 20 years.

EXECUTIVE SUMMARY

Since the early 1950's, the City of Fresno has had a mandatory sewer ordinance requiring residences within 100 feet of a sanitary sewer to connect to such sewer. This ordinance is necessary to keep private septic systems from impacting the City's groundwater with nitrates. Some homeowners have challenges securing funds to pay for the mandatory connections. By Resolution 2011-147, the City established a loan program for customers to borrow funds for sewer connections, which both allows the customers to comply with the ordinance and lessens dangers to the City's water supply.

The proposed Ordinance and Resolution would allow for a homeowner to borrow from the City up to \$15,000 for the costs of installing sewer lines, abandoning existing septic tank(s) and cesspool systems, and would permit a loan to be repaid in monthly installments amortized over a period of not more than twenty years at a rate of interest periodically established by the Controller and adopted by City Council in the Master Fee Resolution.

BACKGROUND

On August 8, 2003, Council approved an agreement with Boyle Engineering Corporation (Boyle) to prepare a Nitrate Management Plan for the City of Fresno. Nitrates are chemical compounds found in human waste and man-made fertilizers, among other sources. Nitrate levels are regulated in drinking water, with a Maximum Contaminant Level (MCL) set by the State Water Resources Control Board. High nitrate levels have been linked to health problems. Boyle was tasked with compiling and reviewing groundwater data, evaluating the data related to nitrates, and developing and evaluating different alternatives to manage the nitrate problem in our groundwater. Boyle found a major nitrate source was septic tanks leaching into the groundwater. Nitrate treatment costs thousands of dollars each year, the City has lost ten production water wells to nitrate contamination, and the City has been forced to build infrastructure to blend seven wells due to nitrate contamination. Blending is the act of bringing non-contaminated water and mixing with the nitrate water to bring the final output into compliance with the Maximum Contaminant Level (MCL). The fiscal impact of nitrate contamination is increasing.

The primary method of reducing nitrates and complying with MCLs is connecting septic systems to the City's sewer system. Since the early 1950's, the City of Fresno has had a mandatory sewer ordinance requiring residences within 100 feet of a sanitary sewer to connect to such sewer. By Resolution 2011-147, the City established a loan program to assist customers with complying with the requirement to connect to the sewer, including Loan Program Terms and Conditions.

The proposed Ordinance and Resolution would permit a maximum loan of \$15,000 total loan principal for connection to the City's sanitary sewer system and septic tank(s) abandonment, to be repaid in monthly installments amortized over a period of not more than 20 years at a rate of interest periodically established by the Controller and adopted by City Council in the Master Fee Resolution.

ENVIRONMENTAL FINDINGS

The proposed Ordinance and Resolution are not projects pursuant to CEQA Guidelines Section 15378.

LOCAL PREFERENCE

Local preference was not implemented because these items do not include an award of construction or services contract.

FISCAL IMPACT

The proposed Ordinance and Resolution will have no impact on the General Fund. Currently the funds for the loan program are part of the Department of Public Utilities' adopted Wastewater budget that allocates \$300,000 for FY17 for this loan program. The funds will be repaid with interest and secured by a lien given by the homeowner against the property.

Attachments:

Loan Program Terms and Conditions - Exhibit A

Proposed Ordinance

Proposed Resolution

Resolution 2011-147

Ordinance 2011-14

Sample Sewer Lien Agreement