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Staff Report

ITEM SS-1

To: Lemoore City Council
From: Steve Brandt, City Planner *SB*
Date: June 16, 2015
Subject: Water Service to County Club Estates Neighborhood

Discussion

On June 2, 2015, the City Council heard from Mr. Riley Jones, a homeowner in the Country Club Estates neighborhood who is in need of emergency hookup to the City water system because of a failing private well. This neighborhood was built in County jurisdiction east of 18th Street and north of Iona Avenue, and has both private wells and septic tank / leach lines systems on each parcel. At the Council meeting, the Council directed staff to take the steps to allow Mr. Jones an emergency hookup to the City water system, and to bring back additional information to Council about providing water service to the entire neighborhood. This staff report discusses the latter direction.

Emergency water hookup of properties outside the City Limits requires approval of both the City Council and of the Kings County Local Agency Formation Commission (LAFCo.) Staff's understanding after speaking to Mr. Greg Gatzka, the LAFCo Executive Officer, is that an emergency water hookup would be approved, with the condition that the City move forward on formally requesting annexation of the property in the near future.

If the City were to move forward with an annexation, from the City's point of view as an urban services provider, it would make the most sense to include the entire neighborhood in the annexation. Water lines could be built in the Country Club Estates streets and then homeowners could connect when they choose and were ready to pay the hookup costs and start paying monthly water bills. However, besides the hookup costs and monthly water bills, there would also be the initial cost to install water lines in the street and to process the annexation.

The appropriate method to pay for the water lines and annexation costs would be to establish an assessment district that would charge the property owners for the costs over time. The assessment would be placed on the property tax bill. It should be noted

that this can only be done after a vote of the property owners with over 50% of the ballots that are returned in favor of the assessment. So it is important to know the preference of the neighborhood before starting the process.

Last month, City staff sent a survey to the 32 property owners in the neighborhood. Of the 13 that were returned, there were 12 that indicated an interest in hooking up to the City water system. Staff is planning a neighborhood meeting in the near future to explain the options available, to answer questions, and to get more information on the property owners' preferences.

The cost to install water lines in the Country Club Estates neighborhood is estimated at \$500,000. The cost to prepare applications and process an annexation and an assessment district is estimated at \$50,000, including City staff time and expense and LAFCo fees. \$550,000 divided by the 32 properties in the neighborhood results in an estimated cost of \$17,188 per property. If the process continues forward to a formal vote, a more detailed estimate will be made, and the exact amount will be clearly defined on the ballot. Until that time, Staff recommends that this amount be used in any contracts for emergency water hookups, such as the one likely to be made with Mr. Jones.

Since the water lines that would need to be built for Country Club Estates would be placed in Iona Avenue, there is a question of whether the properties on the south side of Iona Avenue should also be included in the proposed annexation and assessment district. If they were not included, it could later be argued that they now have access to water lines without having to pay their fair share. Staff is looking for direction from the Council about whether to start including them in the discussions with the neighborhood. Including them in the discussions does not mean that they definitely would be included in an annexation; it only means we would invite them to the neighborhood meeting and ask their opinions. They were not included in the survey that was sent out. There are 10 affected properties, 7 with homes on them. Including them would not increase the costs, but would increase the number of properties sharing in the cost from 32 to 42, so the cost per property would be decreased to an estimated \$13,096.

Another question that has been asked since the last Council meeting is whether to also install sewer lines at the same time that water lines are installed. While sewer disposal is not a critical issue like water right now, if the neighborhood is to be annexed it would make sense for the City to require that the neighborhood be upgraded to City standards. The cost of installing sewer lines has not been estimated. Staff is looking for direction from Council about whether to start investigating potential sewer line construction at the same time as water line construction. It should be noted that although it is the City's policy that new homes in the City hook up to City sewer, the Sippel Estates neighborhood to the north of County Club Estates is inside the City Limits and has water service, but not sewer service. So there is not a clear precedent to follow.

Budget Impact

If the neighborhood were to vote for the assessment then the water lines could be extended and the annexation could be processed at no cost to the City because the property owners would reimburse the City through payments to the assessment district.

If the neighborhood votes against the assessment then the water lines would not be built, and City would not recoup the administrative costs expended (estimated at up to \$50,000) prior to the time the assessment was voted down.

Recommendation

It is recommended that the City Council:

- Direct staff to continue with plans to hold a neighborhood meeting, and
- Report back to Council on the outcome of the neighborhood meeting, and
- Direct that, in the event of an emergency water hookup situation, the contract with the property owner include a fee of \$17,188 to cover future water line, annexation and assessment costs, with an agreement that either an additional amount would be either paid or refunded based on the actual assessment amount that is determined prior to the vote on the assessment, and
- Direct staff whether to include or exclude sewer service lines in the discussions of the planned improvements that would be subject to an assessment and annexation, and
- Direct staff whether to include or exclude the 10 properties on the south side of Iona Avenue in the discussions of planned improvements that would be subject to an assessment and annexation.