



MEMORANDUM

TO: CITY COUNCIL

FROM: JIM BERGMAN, CITY MANAGER

BY: BILL ROBESON, PUBLIC WORKS DIRECTOR

SUBJECT: CONSIDERATION OF A REQUEST FROM A DEVELOPER TO PROVIDE SEWER SERVICE FROM THE CITY OF ARROYO GRANDE TO A 3 UNIT RESIDENTIAL PROJECT INSIDE THE CITY OF GROVER BEACH

DATE: OCTOBER 23, 2018

SUMMARY OF ACTION:

Approval of a request from Bischoff Homes, Inc. to allow the City of Arroyo Grande to provide sewer service to a 3-unit residential development project within the City of Grover Beach. Water and all other City services will be provided by the City of Grover Beach.

IMPACT ON FINANCIAL AND PERSONNEL RESOURCES:

All costs including staff time to prepare the request, negotiate easements and agreements, and meet Local Agency Formation Commission (LAFCO) requirements will be paid for by the applicant.

The one-time connection fee for each home is \$2,475 for the South San Luis Obispo County Sanitation District and \$1,084 for the City of Arroyo Grande. Each home will be billed at the City's current sewer rates. This will result in approximately \$300 per year in additional Sewer revenues.

RECOMMENDATION:

It is recommended the City Council: 1) approve a request from Bischoff Homes, Inc. to allow the City of Arroyo Grande to provide sewer service to a 3-unit residential development project within the City of Grover Beach; 2) direct staff to complete the Outside User Agreement and authorize the City Manager to execute the Agreement for submittal to the Local Agency Formation Commission (LAFCO); and 3) authorize the City Manager to execute other documents as required with the City of Grover Beach for easements and other associated agreements in a form approved by the City Attorney.

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BACKGROUND:

On December 19, 2017, the City of Grover Beach Planning Commission approved an application for a Development Permit and a Tentative Parcel Map for a three-unit Planned Unit Development. The project is located on South Oak Park Boulevard and borders the City of Arroyo Grande to the east and the south. Units 1 and 2 were approved with access from an existing driveway off of Oak Park Boulevard on the north side of "The Brambles" and Unit 3 was allowed access from Cranberry Street in Arroyo Grande. The project is currently under construction. The applicant is Paul Bischoff, Bischoff Homes Inc., and the owner is Thomas O'Sullivan.

According to the approved project description, for the California Environmental Quality Act (CEQA) and the Tentative Map, the project was intended to connect to City of Grover Beach water and sewer systems located in Oak Park Boulevard. However, there is an existing sewer manhole located just south of the project boundary (approximately 10 feet) in the City of Arroyo Grande and an existing sewer main was already constructed from the manhole to the southerly property line which is also the boundary between the two cities. It appears these improvements were originally intended to serve the development. Connecting this project to sewer infrastructure in the City of Grover Beach will result in substantial trenching the entire distance across Oak Park Boulevard and laterally to Manhattan Avenue. Staff has determined that there are no life, health or safety concerns and there will be a small fiscal revenue increase associated with the applicant's request (3 connection fees and 3 sewer bills).

On October 1, 2018, the Grover Beach City Council unanimously approved the developer's request to ask for sewer service from the City of Arroyo Grande. Approval from the City of Grover Beach was the first step in the process of requesting sewer connections from an area outside the city limits. If the City of Grover Beach had not been agreeable to this request, no further action would be taken by the City of Arroyo Grande.

ANALYSIS OF ISSUES:

If the City of Arroyo Grande approves this request, the applicant submitted engineering calculations for the connection will need to be approved by Public Works, a will-serve letter from the South San Luis Obispo County Sanitation District (sewer treatment provider) will need to be submitted, and an "Out of Area Service Agreement" will be reviewed and potentially approved by LAFCO.

The relevant Municipal Code Section applicable to a sewer service request and connection outside the City is as follows:

13.12.200 - Sewer connections outside the city limits.

Sewer connections to an area outside the city limits shall be subject to the following conditions:

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- A. The applicant shall provide detailed calculations that demonstrate that the proposed sewage flow, plus the projected sewage flow from the areas within the city limits at buildout can be conveyed by the city sewer system. The analysis shall be reviewed and approved by the director of public works.
- B. The applicant shall provide a will serve letter demonstrating that the South San Luis Obispo County Sanitation District will accept the additional sewage.
- C. Pay connection fees as described in Sections 13.12.190 through 13.12.240 of this chapter, plus an additional amount established by the city for overhead and administration of the outside sewer connection. In addition, the applicant shall be responsible for all costs associated with connecting to the city's sewer system.
- D. For sewer connections of a single residence unit, the director of public works may approve the outside connection. For connections of more than a single residence unit, the outside connection shall be approved by the city council.
- E. Provide evidence of approval of all necessary government bodies, including, but not limited to, the local agency formation commission.

ALTERNATIVES:

The following alternatives are provided for the Council's consideration:

- 1. Approve the request allowing the City of Arroyo Grande to provide sewer service to the three-unit residential development bordering the city limits and within the City of Grover Beach and the slight increase in revenue will cover any costs associated after the actual connection is complete;
- 2. Do not approve the request and the project will be required to connect to the City of Grove Beach sewer service; or
- 3. Provide direction to staff.

ADVANTAGES:

The advantages remain almost neutral since there will be no impact to the City's infrastructure and the point of serve connection is almost immediately bordering the subject property.

DISADVANTAGES:

A minor amount of the City's infrastructure capacity will be used by a property located outside of the City.

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ENVIRONMENTAL REVIEW:

No environmental review is needed since this is an anticipated increase to the South San Luis Obispo County Sanitation District's capacity for sewer service from the municipalities that currently participate. Utilizing CEQA Exemption 15061(b)(3), the City of Arroyo Grande has determined with certainty that there is no possibility that the sewer connection taking place on an infill parcel within an urban area will have a significant effect on the environment, therefore this activity is not subject to CEQA.

PUBLIC NOTIFICATION AND COMMENTS:

The Agenda was posted at City Hall and on the City's website in accordance with Government Code Section 54954.2.