

March 11, 2020

STATEMENT OF PROCEEDINGS

The Minutes of the

***SANITATION DISTRICT
REGULAR MEETING***

COUNTY OF SAN DIEGO

STATEMENT OF PROCEEDINGS
COUNTY OF SAN DIEGO SANITATION DISTRICT
REGULAR MEETING
MEETING AGENDA
WEDNESDAY, MARCH 11, 2020, 9:00 AM
BOARD OF SUPERVISORS NORTH CHAMBER
1600 PACIFIC HIGHWAY ROOM 310
SAN DIEGO, CA 92101

A. REGULAR SESSION: Meeting was called to order at 9:01 a.m.

PRESENT: Directors Greg Cox, Chairman; Jim Desmond, Vice-Chairman; Dianne Jacob; Kristin Gaspar; Nathan Fletcher; also, Erin Demorest, Assistant Clerk of the Board of Supervisors.

B. Public Communication: No Speakers

C. Approval of the Statement of Proceedings/Minutes for the meeting of February 26, 2020.

ACTION:

ON MOTION of Director Jacob, seconded by Director Gaspar, the Board of Directors of the San Diego County Sanitation District approved the Statement of Proceedings/Minutes for the meeting of February 26, 2020, on Consent.

AYES: Cox, Jacob, Gaspar, Fletcher, Desmond

NOTICE: THE BOARD OF SUPERVISORS MAY TAKE ANY ACTION WITH RESPECT TO THE ITEMS INCLUDED ON THIS AGENDA. RECOMMENDATIONS MADE BY COUNTY STAFF DO NOT LIMIT ACTIONS THAT THE BOARD OF SUPERVISORS MAY TAKE. MEMBERS OF THE PUBLIC SHOULD NOT RELY UPON THE RECOMMENDATIONS IN THE BOARD LETTER AS DETERMINATIVE OF THE ACTION THE BOARD OF SUPERVISORS MAY TAKE ON A PARTICULAR MATTER.

Agenda Items

Agenda #	Subject
1.	ADMINISTRATIVE ITEM: SECOND CONSIDERATION AND ADOPTION OF ORDINANCE: REIMBURSEMENT AGREEMENT BETWEEN SAN DIEGO COUNTY SANITATION DISTRICT AND ERRECA ASSOCIATES LLC [FUNDING SOURCE: FEES PAID BY PROPERTY OWNERS THAT CHOOSE TO CONNECT TO THE PUBLIC SEWER IMPROVEMENTS THAT HAVE BEEN CONSTRUCTED BY ERRECA ASSOCIATES]

**1. SUBJECT: ADMINISTRATIVE ITEM:
SECOND CONSIDERATION AND ADOPTION OF ORDINANCE:
REIMBURSEMENT AGREEMENT BETWEEN SAN DIEGO COUNTY
SANITATION DISTRICT AND ERRECA ASSOCIATES LLC
(DISTRICT: 2)**

OVERVIEW

On February 26, 2020 (SA1), the Board of Directors introduced the Ordinance for further Board consideration and adoption on March 11, 2020.

On May 5, 2008, the San Diego Local Agency Formation Commission (SD LAFCO) approved the annexation of 23 acres of property along Slaughterhouse Canyon Road owned by Erreca Associates, LLC (Erreca Associates) to the Lakeside Sanitation District with the intent of obtaining sewer service to the property through future extension of the public sewer. In 2010 the Lakeside Sanitation District was incorporated into the San Diego County Sanitation District (Sanitation District).

On September 29, 2017, the County of San Diego's (County) Department of Public Works approved plans for the construction of approximately 7,000 linear feet of sewer pipeline that would extend Sanitation District service to properties located along Moreno Avenue, Vigilante Road, and Slaughterhouse Canyon Road in the unincorporated community of Lakeside (Attachment A). Erreca Associates owns a parcel along Slaughterhouse Canyon Road and built sewer lines to service their project, which sits at the northwest portion of the sewer extension. The sewer extension, which consists of two separate segments of sewer was built with the capacity to serve the future development of 78 adjacent parcels. The sewer was designed and constructed by Erreca Associates and accepted as public improvements by the Sanitation District on June 20, 2019. Total cost of the construction was \$2,923,872.

Erreca Associates has requested that the Sanitation District enter into a reimbursement agreement to collect fair-share contributions toward the cost of constructing the regional sewer improvements. County Ordinance No. 10475, adopted April 12, 2017 (SA1), allows the Sanitation District to repay Erreca Associates by charging a fee to any new development that would connect and utilize the sewer facilities that Erreca Associates constructed. An engineering study entitled *Moreno Avenue Sewer - Reimbursement Analysis* dated December 11, 2019 was prepared by Mission Consulting Services to set reimbursement fee amounts for properties connecting to either of the two sewer segments installed by Erreca Associates.

Parcels that choose to connect to the sewer system, either directly or indirectly, will be assessed a fee. Fees for connecting to segments of the sewer are assessed based on Equivalent Dwelling Unit (EDU) - a unit of measurement that is based on the flow characteristics of an average single-family residence in terms of sewage quantity and constituent quality.

The reimbursable sewer improvements consist of Segment 1, which extends 3,540 feet north along Moreno Avenue from the intersection of San Vicente Avenue and Segment 2 which extends 3,454 feet east along Slaughterhouse Canyon Road to Vigilante Road. The recommended reimbursement fees are \$1,372 per EDU for sewer Segment 1, and \$3,329 per EDU for sewer Segment 2. Since parcels connecting to Segment 2 will also use Segment 1, those parcels will also pay the Segment 1 reimbursement fee for a total fee of \$4,701. Fees for connection also incur interest of 2.4 percent per annum from the effective date of the Agreement.

The fee will be a one-time charge collected prior to issuance of a building permit. The reimbursement fees for the two segments differ due to the relative cost of construction and the number of future connections to each sewer segment. Only properties that voluntarily connect to the sewer and establish sewer service through the Sanitation District are subject to the reimbursement fee. Parcels that choose not to connect to the sewer will not pay the fee.

The actions requested today will establish the proposed reimbursement fee in the Sanitation District Fee Ordinance. In addition, several administrative changes are proposed to County Ordinance No. 10475 to remove fees that are no longer valid. These changes include:

- 1) Deletion of fees and charges for Harmony Grove service area. These fees were initially implemented on May 13, 2015 (SA1) for the purpose of collecting fees to operate and maintain a wastewater treatment plant and assessment of annual sewer service charge for each parcel in the service area. Since this service area detached from the San Diego County Sanitation District and annexed into the Rincon del Diablo Water District effective July 1, 2019, the fee is no longer needed.
- 2) Deletion of the Lane Reimbursement Fee, which expired on December 11, 2017. The reimbursement fee was initially implemented on December 11, 2002(SA1) for the purpose of collecting a fee for connecting to the associated sewer segment. Since the 15-year term has been met, this fee has expired and is no longer assessed.

The action to amend the fee ordinance will require two hearings. On February 26, 2020 the Board of Directors will consider approving the agreement and introduce an amendment to the Sanitation District Fee Ordinance to 1) establish the Erreca Associates, LLC Sewer Reimbursement Fee; 2) delete fees and charges for sewer service in the Harmony Grove service area and; 3) delete the Lane Reimbursement Fee. If the Board approves the recommendations on February 26, 2020, then on March 11, 2020 the Board will consider adopting the Ordinance amendment.

RECOMMENDATION(S)

CHIEF ADMINISTRATIVE OFFICER

Consider and adopt the following Ordinance:

SAN DIEGO COUNTY SANITATION DISTRICT FEES AND CHARGES FOR THE PROVISION OF SEWER SERVICE

FISCAL IMPACT

There is no fiscal impact associated with these recommendations. There will be no change in net General Fund cost and no additional staff years. This Agreement allows for collection of fair share costs by the Sanitation District on behalf of Erreca Associates from future property owners that connect to public sewer improvements that have been constructed by Erreca Associates. It establishes a connection fee of \$1,372 per Equivalent Dwelling Unit (EDU) plus interest for properties that connect, either directly or indirectly, to sewer Segment 1, and a connection fee of \$3,329 per EDU plus interest for properties that connect, either directly or indirectly, to sewer Segment 2. Since parcels connecting to Segment 2 will also use Segment 1, those property owners will also pay the Segment 1 reimbursement fee for a total fee of \$4,701 plus interest. The Term of Agreement is 20 years, during which Erreca Associates will receive a maximum of \$2,923,872 plus 2.4% simple interest per annum in reimbursement. The funding source is fees paid by property owners that choose to connect to the public sewer improvements that have been constructed by Erreca Associates.

BUSINESS IMPACT STATEMENT

This agreement facilitates future development in the Lakeside Planning Area by providing an equitable funding mechanism for essential regional sanitary sewer infrastructure.

ACTION:

ON MOTION of Director Jacob, seconded by Director Gaspar, the Board of Directors of the San Diego County Sanitation District took action as recommended, on Consent, adopting Ordinance No. 10664 (N.S.), entitled: SAN DIEGO COUNTY SANITATION DISTRICT FEES AND CHARGES FOR THE PROVISION OF SEWER SERVICE.

AYES: Cox, Jacob, Gaspar, Fletcher, Desmond

There being no further business, the Board of Directors of the San Diego County Sanitation District adjourned at 9:24 a.m.

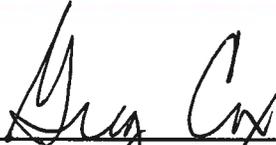
ANDREW POTTER

Clerk of the Board of Directors of Sanitation District

Notes By: Santiago

NOTE: This Statement of Proceedings sets forth all actions taken by the County of San Diego Board of Directors of the Sanitation District on the matters stated, but not necessarily the chronological sequence in which the matters were taken up.

Approved by the Board of Directors, on Tuesday, April 21, 2020.



GREG COX
Chairman

Attest:



ANDREW POTTER
Clerk of the Board