



**CITY OF LODI
COUNCIL COMMUNICATION**

AGENDA TITLE: Authorize City Manager and City Attorney to Enter into Negotiations with San Joaquin County for Provision of Domestic Wastewater Treatment Services for County Service Area 31 (Flag City) and Proceed on Necessary Studies

MEETING DATE: May 3, 2006

PREPARED BY: Public Works Director

RECOMMENDED ACTION: That the City Council authorize the City Manager and City Attorney to enter into negotiations with San Joaquin County for provision of domestic wastewater treatment services for County Service Area 31 (Flag City) and proceed on necessary studies.

BACKGROUND INFORMATION: The City has received the attached letter from San Joaquin County requesting domestic wastewater service for County Service Area 31 (Flag City). This subject has been brought to the City in the past, and the most recent direction from the Council was to bring the item back for further discussion. The County is at the point of making decisions as to how to upgrade this facility to meet regulatory deadlines. Staff's position at this point is that the concept has merit, provided the City's needs are met. One of those needs is the ability of the City to have greater control over land use decisions in this area.

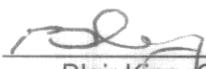
A key reason to consider the County's request is to obtain a method where Lodi can have review and approval authority over new development in the Flag City area. Providing extraterritorial sewer service can give the City the ability to review and limit any proposed new connections. This will give Lodi the power to control both the type and quantity of growth, preventing any further development which could threaten the economic viability of Lodi business (lodging, restaurant, etc.) and/or the greenbelt area anticipated in our General Plan update. The agreement would include the City's sole and absolute discretion in granting (or not) any new service. The City Attorney has identified at least one case where a city has used sewer service outside its city limits to control growth and development (Dateline Builders v. Santa Rosa 1983, 146 Cal App 3d 520).

Approval of this request would require an amendment to the Municipal Code, which currently prohibits domestic wastewater treatment service outside the City limits. Staff would propose that the ordinance be amended to allow such service to public agencies only. However, proposing this change would be deferred until a satisfactory service agreement with the County is negotiated.

Some of the points to cover in the agreement are:

- All costs of evaluating impacts (engineering analysis) to the City's facility, processing environmental review and associated staff costs are to be paid by the County.
- Service does not include collection system maintenance.

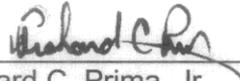
APPROVED:


Blair King, City Manager

- Service charges would be at standard City rates plus a 50% surcharge. (Note, the charges would be based on actual flow, BOD and suspended solids as currently done for high strength users, as measured at one point of service. The City would bill the County; we would not be billing individual customers.)
- Wastewater Impact Fees (Capacity fees) would be paid, presumably over some time frame since the amount would be substantial (in the millions, however, the engineering impact analysis may provide alternatives that could reduce the capacity impacts and associated costs).
- The service area is to be limited to the existing established service area and to current approved land use. Any change to either would require approval by the City.
- The agreement should address review and approval authority over new development. (However, much of the existing service area is built-out.)
- The agreement should address possible tax sharing.

FISCAL IMPACT: Depending on actual flow and strength, the surcharge revenue to the General Fund would be on the order of \$100,000 per year.

FUNDING AVAILABLE: Not applicable.


Richard C. Prima, Jr.
Public Works Director

RCP/pmf

Attachment

cc: Randy Hatch, Community Development Director
Tom Flinn, San Joaquin County Public Works Director



THOMAS R. FLINN
DIRECTOR

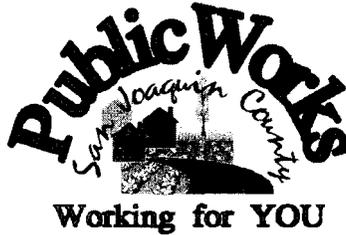
THOMAS M. GAU
DEPUTY DIRECTOR

MANUEL SOLORIO
DEPUTY DIRECTOR

STEVEN WINKLER
DEPUTY DIRECTOR

ROGER JANES
BUSINESS ADMINISTRATOR

Board of Supervisors
Courthouse, Room 701
Stockton, California 95202



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DEC 13 2005
CITY MANAGER'S OFFICE

December 1, 2005

**APPROVAL OF A FORMAL REQUEST FOR
SEWER SERVICE FROM THE CITY OF LODI
ON BEHALF OF COUNTY SERVICE AREA NO. 31 - FLAG CITY**

Dear Board Members:

IT IS RECOMMENDED:

That the Board of Supervisors, by Board Order:

1. Authorize and direct the Chairman of the Board to sign a letter formally requesting sewer service from the City of Lodi, on behalf of County Service Area No. 31 - Flag City.
2. Authorize Public Works staff, in collaboration with the County Administrator and County Counsel's offices, to work with City of Lodi staff to develop potential terms and conditions for a sewer service agreement.

REASONS FOR RECOMMENDATIONS:

County Service Area No. 31 (CSA 31) was formed in 1981 to provide sewer, domestic water, storm drainage, and street lighting services to the development currently known as Flag City. This highway services development is located on the east side of Interstate 5 at its intersection with State Highway Route 12. The Flag City development is served by a self-contained sewer treatment plant, sized to serve the current 80 acres within the service area boundary. This was permitted and constructed by the Flag City developers and subsequently accepted by the County in 1995. In 2003, the State Regional Water Quality Control Board added significant new regulatory requirements to the treatment plant's surface water discharge permit. The new provisions require interim monitoring and instrumentation upgrades, which are currently being constructed, and major treatment and discharge upgrades to continue operating beyond 2007.

In exploring potential treatment options to meet the 2008 regulatory requirements, it became evident that a partnership with the City of Lodi would be the most desirable option, if mutually acceptable terms could be agreed upon. The City of Lodi's White Slough treatment facility is located approximately 1.5 miles to the south of Flag City.

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APPROVAL OF A FORMAL REQUEST FOR
SEWER SERVICE FROM THE CITY OF LODI
ON BEHALF OF CSA NO. 31 - FLAG CITY

To determine the willingness of Lodi to consider providing sewer services to CSA 31, Public Works staff made a presentation to the Lodi City Council on October 19, 2004, requesting consideration of this concept. Various concerns were expressed by Council members; but there was also support for further consideration at a later date, once pending sewer and water rate revisions were adopted and issues regarding the City's on-going litigation for groundwater contamination were resolved.

At a recent meeting with the Lodi City Manager and Public Works Director, it was agreed that timing was suitable for consideration of a formal request by the County for sewer service. Time is of the essence in determining whether a sewer service agreement with the City of Lodi is feasible, as development of the other options will require further engineering and environmental studies and approval by various regulatory agencies.

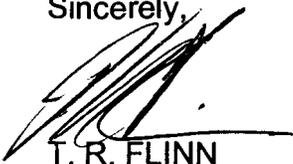
FISCAL IMPACT:

There is no fiscal impact, other than staff time, involved in the current recommendation. However, developing a timely and cost-effective approach to meeting the regulatory requirements placed upon the CSA 31 sewer treatment plant is critical to the commercial viability of the Flag City development. Determining the feasibility of the additional treatment alternatives will entail the initiation of costly engineering, environmental and property acquisition studies.

ACTION FOLLOWING APPROVAL:

A letter signed by the Chairman of the Board will be sent to the City of Lodi, formally requesting sewer service consideration for County Service Area 31. If accepted, Public Works staff will work with City of Lodi staff to develop potential terms and conditions for a formal sewer service agreement suitable for consideration by the respective agencies.

Sincerely,

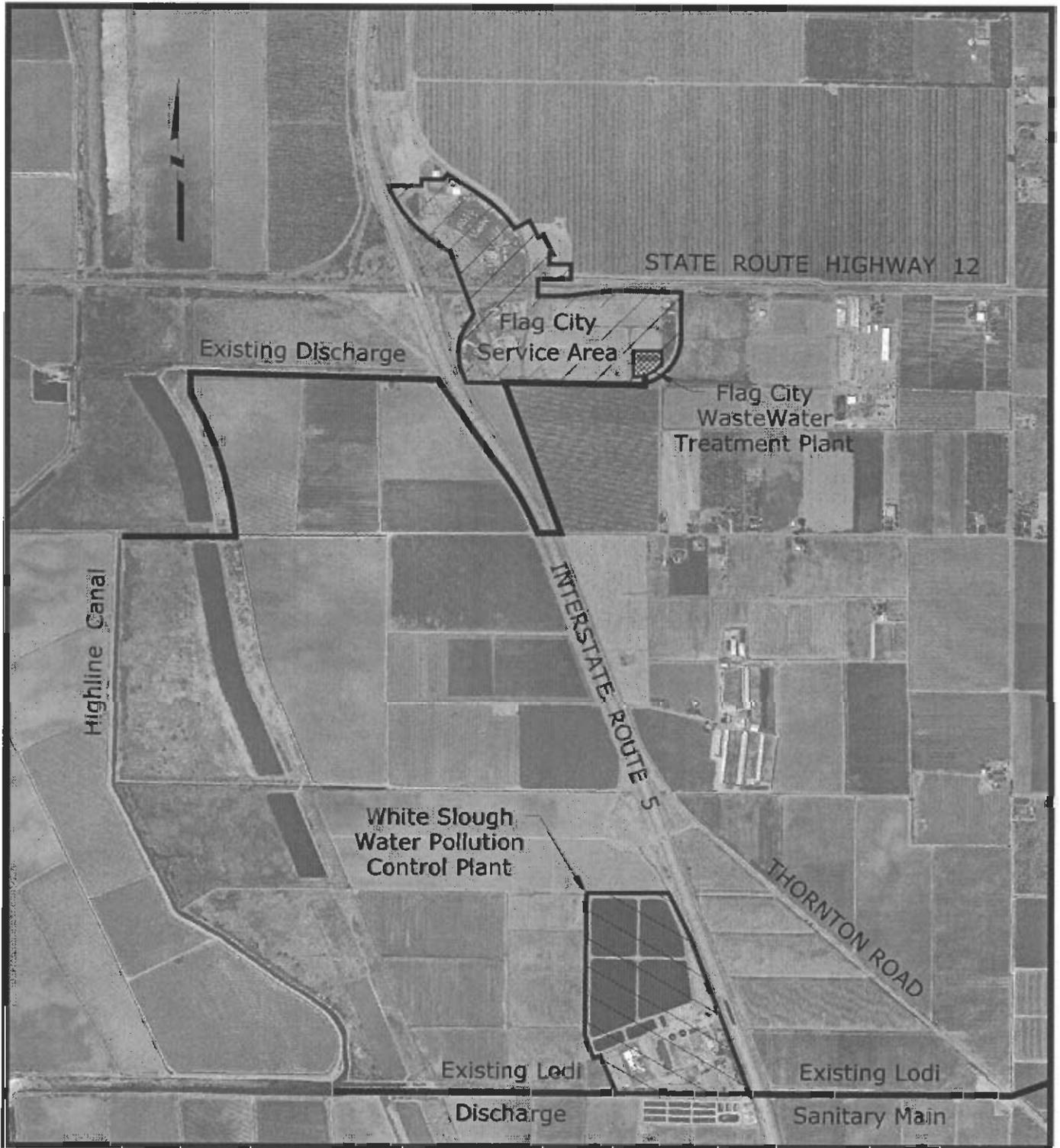


T. R. FLINN
Director of Public Works

TRF:SW:rc
UM-5K112-R2

c: Mr. Blair King, Lodi City Manager

Board Clerk
December 13, 2005



VICINITY MAP
CSA NO. 31 – FLAG CITY

NO SCALE

DATE: DECEMBER 2005

COUNTY OF SAN JOAQUIN



LOIS M. SAHYOUN
Clerk of the Board

BOARD OF SUPERVISORS

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STOCKTON, CALIFORNIA 95202
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DEC 30 2005
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Third District

JACK A. SIEGLOCK
Fourth District

LEROY ORNELLAS
Fifth District

December 13, 2005

Mr. Blair King, City Manager
City of Lodi
P.O. Box 3006
Lodi, CA 95241-1910

**SUBJECT: PROVISION OF SEWER TREATMENT SERVICES TO
COUNTY SERVICE AREA 31 – FLAG CITY**

Dear Mr. King:

On behalf of County Service Area 31 (CSA 31), please consider this a formal request by the County to receive sewer treatment services from the City of Lodi. CSA 31 is facing stringent deadlines to implement costly sewer treatment plant upgrades within the next two years, unless a suitable treatment alternative is developed. Given the close proximity of this 80-acre development to Lodi's White Slough treatment plant, it provides an opportunity to develop a mutually beneficial partnership.

The concept of providing sewer service to CSA 31 was previously presented to the Lodi City Council on October 19, 2004. At that time a constructive discussion was held regarding potential opportunities and concerns associated with the proposal. The final conclusion was that the County's request should be brought back for further consideration after Lodi completed its water and sewer capacity and rate studies, and progress was made on the City's groundwater contamination litigation.

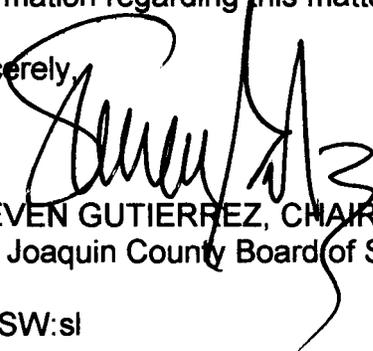
Our staff has informed me that the sewer effluent from Flag City, upon build-out of the current service area, should have a relatively insignificant impact on the Lodi treatment plant's overall capacity (less than 2 percent). Among other benefits, a sewer service agreement could provide a revenue source to help Lodi fund recent and pending upgrades to its treatment plant, through one-time connection and on-going treatment fees.

Mr. Blair King
Page Two
Provision of Sewer Treatment Services
To County Service Area 31 – Flag City

We recognize that this request may raise some policy concerns for the City, but feel the potential mutual benefits warrant further consideration. Our Public Works staff would be happy to meet with City staff or provide additional information to assist the City in considering this request.

In closing, I request that this item be presented for consideration by the City Council in the near future, and that we be advised of the proposed agenda date. We look forward to this partnership opportunity with Lodi and thank you in advance for your assistance. Please contact Thomas Flinn, Director of Public Works, at 468-3100 should you desire specific information regarding this matter.

Sincerely,



STEVEN GUTIERREZ, CHAIRMAN
San Joaquin County Board of Supervisors

SG:SW:sl

c: Manuel Lopez, County Administrator
T. R. Flinn, Director of Public Works

CITY COUNCIL

SUSAN HITCHCOCK,
Mayor

BOB JOHNSON,
Mayor Pro Tempore

JOHN BECKMAN

LARRY D. HANSEN

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CITY OF LODI



PUBLIC WORKS DEPARTMENT

CITY HALL, 221 WEST PINE STREET / P.O. BOX 3006

LODI, CALIFORNIA 95241-1910

TELEPHONE (209) 333-6706 / FAX (209) 333-6710

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BLAIR KING,
City Manager

SUSAN J. BLACKSTON,
City Clerk

D. STEPHEN SCHWABAUER,
City Attorney

RICHARD C. PRIMA, JR.,
Public Works Director

April 27, 2006

San Joaquin County Public Works Department
Tom Flinn, Director
P.O. Box 1810
Stockton, CA 95201-1810

SUBJECT: Authorize City Manager and City Attorney to Enter into Negotiations with San Joaquin County for Provision of Domestic Wastewater Treatment Services for County Service Area 31 (Flag City) and Proceed on Necessary Studies

Enclosed is a copy of background information on an item on the City Council agenda of Wednesday, May 3, 2006. The meeting will be held at 7 p.m. in the City Council Chamber, Carnegie Forum, 305 West Pine Street.

This item is on the regular calendar for Council discussion. You are welcome to attend.

If you wish to write to the City Council, please address your letter to City Council, City of Lodi, P. O. Box 3006, Lodi, California, 95241-1910. Be sure to allow time for the mail. Or, you may hand-deliver the letter to City Hall, 221 West Pine Street.

If you wish to address the Council at the Council Meeting, be sure to fill out a speaker's card (available at the Carnegie Forum immediately prior to the start of the meeting) and give it to the City Clerk. If you have any questions about communicating with the Council, please contact Susan Blackston, City Clerk, at (209) 333-6702.

If you have any questions about the item itself, please call me at (209) 333-6759.

for: Richard C. Prima, Jr.
Public Works Director

RCP/pmf

Enclosure

cc: City Clerk

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