



Meeting Date: 06/19/07

ACTION	TYPE OF ITEM
<input type="checkbox"/> Approved Recommendation	<input type="checkbox"/> Info/Consent
<input type="checkbox"/> Ord. No(s). _____	<input type="checkbox"/> Report
<input type="checkbox"/> Res. No(s). _____	<input type="checkbox"/> Public Hearing (Info/consent)
<input type="checkbox"/> Other _____	<input checked="" type="checkbox"/> Study Session

Prepared By: Anthony Emmert, Water Resources Manager Agenda Item No. R-7
 Reviewed By: City Manager [Signature] City Attorney [Signature] Finance SW Grants [Signature] Public Wks. [Signature]

DATE: June 12, 2007

TO: City Council

FROM: Mark S. Norris, Assistant Public Works Director
Public Works Department, Utilities Services Branch [Signature]

SUBJECT: Financial Assistance for Property Owners in Septic to Sewer Conversion Project Areas

RECOMMENDATION

That City Council consider a report and provide direction to the Public Works Director regarding financial assistance to property owners in the Septic to Sewer Conversion Project Areas.

BACKGROUND

The Oxnard Forebay Groundwater Basin (Forebay Basin) and the Oxnard Plain Groundwater Basin (Oxnard Basin) provide drinking water for approximately 250,000 people. Due to its geology, the Forebay Basin, which includes Saticoy, El Rio, and a portion of North Oxnard, is particularly susceptible to contamination from human activities on the surface. Over the years, private septic systems and agricultural fertilizer applications have contributed to nitrate contamination in both of these basins. Septic systems have also contributed to bacteriological and viral contamination to the basins. Because of this, in 1999, the California Regional Water Quality Control Board (RWQCB), Los Angeles Region, issued Resolution No. 99-13, which prohibited the installation of new septic systems in the Forebay Basin and requires the removal of approximately 1,600 existing septic systems by January 1, 2008. Failure to comply with this Resolution may result in the residents of affected neighborhoods having to pay fines of up to \$10,000 per day.

City neighborhoods directly affected by this resolution are the El Rio West Neighborhood and the College Park Neighborhood. The unincorporated El Rio and Strickland Acres neighborhoods are also affected by the Resolution. In addition to the septic systems in the Forebay Basin, the McMillan Manor Tract in the Blackstock North Neighborhood and the Smith Tract in the Pleasant Valley Estates Neighborhood also utilize private septic systems for wastewater disposal. Removal of all the septic systems is of critical importance to all water users in the City, as it will eliminate a major source of contamination to the groundwater.

In response to this, the City of Oxnard designed and constructed extra capacity in its Redwood Trunk Sewer Project, and designed and is constructing the Septic to Sewer Conversion Project, which will extend the City's wastewater collection system to each of the residential properties in the four affected neighborhoods. The Project includes not only the construction of new sewer mains on each residential street, but construction of the laterals to the residential property lines, making connection much simpler for property owners. The City has completed work in three of the four neighborhoods, and is scheduled to complete work on the last neighborhood during 2007. When completed, the Project will allow approximately 640 properties within the City to connect to the City wastewater collection system before the January 2008 deadline. The City Project is on schedule and on budget. The County of Ventura Water and Sanitation Department is also constructing a similar project for the El Rio and Strickland Acres neighborhoods. The State of California Water Resources Control Board has recently recognized the cooperative efforts of the City and the County to address this problem, and has awarded a \$25,000,000 grant to the Watersheds Coalition of Ventura County for an integrated regional suite of water resources and environmental projects. The regional grant includes \$3,050,000 toward the City Project and \$3,510,000 toward the County project.

DISCUSSION

Although the City Project will provide sewer laterals to each residential property, significant costs must still be assumed by property owners, including City wastewater connection fees, City plumbing permits, costs to properly destroy and abandon the septic systems, and costs to construct piping from the houses to the new sewer laterals. The wastewater connection fees total approximately \$3,539, held at the 2005 level (current wastewater connection fees are \$5,256). City plumbing permits are approximately \$400. The estimated cost to properly destroy and abandon a septic system is from \$1,000 to \$3,000, and the estimated cost to modify on-site plumbing and repair private driveways, walkways, or landscaping is between \$6,500 and \$12,000. In addition to these costs, owners of properties within the El Rio West and College Park Neighborhoods face potential fines from the California Regional Water Quality Control Board, if they are unable to complete work by the December 31, 2007 deadline.

Several options exist to lessen the financial impacts upon property owners. Property owners could pay the connection fees and plumbing permit fees over time, as a special surcharge on their utility bills. For example, for \$4,000 in total fees, with a term of 10 years, the monthly surcharge on the utility bill would be \$33.33. Some property owners may not be able to afford the surcharge. For these property owners, the City could arrange a silent second to the property title to cover the cost of the permit fees plus interest. The silent second must be paid before the property is sold. Countrywide Financial, Inc., based in the Ventura County area, recognizing the financial needs of the affected neighborhoods, has proposed to develop a program of property-secured loans with very minimal up-front costs and low interest, which could be used to finance the on-site improvements. Finally, Community Development Block Grant (CDBG) funds may be used to fund a needs-based grant program for funding the on-site improvements. Although CDBG funds may be used for such a program, the City currently has no surplus CDBG funds. Any proposed grant program would have to compete for CDBG funding with many other worthy programs that utilize these funds.

SUMMARY

The Septic Conversion Project provides a way for property owners to comply with the California State Water Resources Control Board order to abandon private septic systems, by constructing extensions of the City wastewater collection system into the affected neighborhoods, and constructing laterals to each property. However, significant costs must still be borne by the property owners, including City wastewater connection fees, City plumbing permits, costs to properly destroy and abandon the septic systems, and costs to construct piping from the houses to the new sewer laterals. The City can lessen the financial impacts upon these property owners by: 1) providing the options of a time-payment method or a silent second to cover the costs of connection fees and permits, 2) working with community-based financial institutions to facilitate lower-cost property loans, and 3) considering using Community Development Block Grants funds to fund a needs-based grant program.

FINANCIAL IMPACTS

As this is a study session and no action is being taken by the Council, there is no financial impact from this recommendation.

AAE:aae