



Meeting Date: 09/25/07

ACTION	TYPE OF ITEM
<input type="checkbox"/> Approved Recommendation	<input checked="" 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 type="checkbox"/> Study Session

Prepared By: Anthony Emmer, Water Resources Manager Agenda Item No. I-9
 Reviewed By: [Signature] City Manager [Signature] City Attorney [Signature] Finance [Signature] Grants [Signature] Public Wks. [Signature]

DATE: September 15, 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:

- 1) Approve a plan (Plan) for deferred payment by property owners within the Citywide Septic Conversion Project area of City fees and charges to abandon private septic systems and connect to the City wastewater collection system.
- 2) Approve a special budget appropriation in the amount of \$110,000 to City Account No. 631-xxxx-697-8362 (Project No. 056101) to advance funds to cover permit fees also deferred under the Plan.

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 providing the option of a time-payment method to cover the costs of connection fees and permits.

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

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systems and agricultural fertilizer applications have contributed to nitrate contamination in both of these basins. Septic systems may 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 by late 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 \$200. 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.

At its June 18, 2007 regular meeting, the City Council discussed several options to lessen the financial impacts upon property owners. With respect to City fees and charges, the City Council directed staff to pursue options to provide a program for property owners within the project areas to pay the connection fees and plumbing permit fees over time as a special surcharge on their utility bills, or to place a lien against their properties to be paid when the property is sold. The City Council also directed staff to develop a clear procedure on how property owners would initiate and how City staff would carry-out the program. Additionally, City Council directed staff to communicate with the four neighborhoods affected by the project and to develop a brochure or fact sheet that would help property owners understand the program.

With respect to the payment plans, staff recommends offering an interest free loan secured by a lien against the property due only upon sale or refinance, and not the time payment plan. A monthly surcharge on utility bills would be inappropriate for those renters who pay the utility bills. If the City approved a time payment plan without a lien against the property title, then it would be very difficult for the City to collect the balance owed if the property was sold before payment had been made in full. If property owners wish to apply a lien to the property title, and desire to make payments, the City can accommodate that request by setting-up a custom payment plan. Therefore, for all property owners who request financial assistance, staff recommends placing a lien on the title of these properties. The City's financial assistance program will follow the deadlines mandated by the State. The financial relief program will be available to property owners affected by this resolution until December 31, 2007 unless the deadline is extended, in which case the City will also extend its deadline as well.

Staff has developed a clear implementation procedure, an information brochure (in English and Spanish) for property owners, and has presented at two of the four affected neighborhood councils. As soon as they can be scheduled, staff will meet with the other two affected neighborhood councils.

FINANCIAL IMPACTS

The financial relief program will not result in expenditures to the City. A total of \$110,000 will be appropriated in City Account No. 613-xxxx-697-8362 (Project No. 056101). This amount will ultimately be repaid to Fund 613 as each Promissory Note under the Plan is repaid.

AAE:aae

- Attachment #1 – Sample Promissory Note
- #2 – Sample Trust Deed
- #3 – Special Budget Appropriation

PROMISSORY NOTE
(SEPTIC TO SEWER CONVERSION)
SECURED BY DEED OF TRUST

\$ _____, 200_____
Oxnard, California

FOR VALUE RECEIVED, _____ ("Borrower") promises to pay to the order of the City of Oxnard ("City") at 305 West Third Street, Oxnard, California 93030, or such other address as City may from time to time designate, the sum of _____ Dollars (\$_____). This Promissory Note ("Note") shall not bear interest. This Note shall become due and payable on the date of the first Transfer (see paragraph 4) of the Property or on Default (see paragraph 8).

1. Security. This Note is secured by a deed of trust (the "Deed of Trust") executed by Borrower, as Trustor, and naming City as Beneficiary, covering certain real property (the "Property") owned by Borrower in the City of Oxnard, County of Ventura, State of California.

2. Septic to Sewer Conversion. This Note is executed to allow deferred payment of connection fees that would ordinarily be charged to Borrower to connect to the City's sewer system. This Note is executed in connection with the resolutions of the California Regional Water Quality Control Board, Los Angeles Region, (No. 99-13, et. al.) which require removal of septic systems in El Rio West and College Park neighborhoods in the City of Oxnard.

3. Due on Transfer. Any Transfer shall cause this Note to be immediately due and payable.

4. Transfer. "Transfer" means any sale, or other conveyance, voluntary or involuntary, of any ownership interest in the Property, including, but not limited to, a fee simple interest, a joint tenancy interest, a tenancy in common interest or an interest evidenced by a land contract by which possession of the Property is transferred and the Borrower retains title. Transfer also includes refinancing or placement of junior liens or trust deeds on the Property.

5. Default. It shall be a Default under this Note if: (1) Borrower fails to make any payment or perform any obligation under this Note or the Deed of Trust, or any other note, trust deed or other obligation of Borrower relating to the Property or secured by all or any part of the Property, whether junior or senior to the Note; or (2) Borrower fails to maintain the Property in good condition and repair and in compliance with the standards set forth in the Oxnard City Code.

6. Payment Amount. This Note does not require periodic payments. Interest does not accrue. The Note is immediately payable on Transfer or Default.

7. Payment. The amount due under this Note shall be paid when due without the need for notice or demand by City and without offset or deduction. All amounts not paid within ten (10)

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days of the date due shall thereafter bear interest at the rate of the lesser of: (a) Seven percent (7%) per annum; or (b) The maximum rate of interest permitted by law.

8. Options of City upon Default. Upon the occurrence of a default, City shall have the option, without further notice or demand:

- (a) To declare the Note to be immediately due and payable;
- (b) To pursue any other remedy available under this Note or the Deed of Trust or at law or in equity or under any other agreement, instrument or document entered into by Borrower and City.

9. Failure to Exercise Options. Failure to exercise any option or remedy upon the occurrence of one or more events of default shall not constitute a waiver of City's right to exercise any such option or remedy at a later time.

10. Costs of Enforcement and Collection. If Borrower defaults under this Note, Borrower shall pay all costs of enforcement and collection, including, but not limited to, costs and attorney's fees, including the reasonable value of the services of City's City Attorney's office, whether or not such enforcement or collection includes filing a lawsuit or prosecution of a lawsuit, if filed.

11. City's Right to Transfer Interest in Note. City and any subsequent holder of this Note may at any time without consent of Borrower sell, assign, pledge, hypothecate, transfer and negotiate or grant participation in any part of or any interest in City's rights and benefits under this Note.

12. Waiver of Notice and Statute of Limitations. Except for any notice expressly required by this Note, Borrower waives demand, notice of demand, presentation for payment, notice of non-payment or dishonor, protest and notice of protest. To the fullest extent permitted by law, Borrower waives the defense of the statute of limitations in any action on this Note or to recover on the security for this Note.

13. Liability. City's acceptance of any payment under this Note which is less than payment in full of all amounts then due and payable, or the granting of any extension of time for payment of any amount due under this Note or for the performance of any covenant, condition or agreement entered into by Borrower and City, or City's grant of any other indulgence to Borrower, or City's taking or release of other or additional security for the indebtedness evidenced hereby, or any other modification or amendment of this Note shall in no way release or discharge the liability of Borrower or any endorser, guarantor or other person secondarily liable for this Note.

14. Governing Law. This Note shall be governed by the laws of the State of California. Borrower agrees that the site of any hearing or action of whatever nature or kind regarding this Note shall be conducted in the County of Ventura, State of California.

15. Severability. If any provision of this Note or any application of such provision be declared by a court to be invalid or unenforceable, such invalidity or unenforceability shall not affect

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any other application of such provision or the balance of the provisions hereof, which shall, to the fullest extent possible, remain in full force and effect.

_____"Borrower"
(Print Name)

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

City of Oxnard
Affordable Housing and Redevelopment Program
435 South D Street
Oxnard, CA 93030
Attn: Program Manager

Request recording without fee. Record for the benefit of the
City of Oxnard pursuant to Section 6103 of the Government Code.

(Space above this line for Recorder's use)

DEED OF TRUST WITH ASSIGNMENT OF RENTS

(This Deed of Trust contains an acceleration clause)

(Secures Promissory Note)

This DEED OF TRUST is made on October 18, 2005, between Cabrillo Economic Development Corporation, herein called TRUSTOR, whose address is _____, Chicago Title Company, herein called TRUSTEE, and the City of Oxnard, a California municipal corporation (the "City"), herein called BENEFICIARY,

WITNESSETH: That Trustor grants to Trustee in Trust, with Power of Sale, that property in the County of Ventura, State of California, described as:

[See Attached Exhibit A]

Together with the rents, issues and profits thereof, subject, however, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues, and profits.

For the Purpose of Securing the performance of each agreement of Trustor incorporated by reference or contained herein; and performance of all obligations of that certain Promissory Note of even date herewith ("Promissory Note"), in the face amount of \$ _____ made by Trustor. This Deed of Trust secures all obligations of each of the foregoing agreements. Any default in the performance of obligations under any of such agreements is a default under each of the agreements and is a default hereunder, and entitles Beneficiary and Trustee to exercise all rights and remedies herein described.

To protect the security of this Deed of Trust, and with respect to the property above described, Trustor expressly makes each and all of the agreements, and adopts and agrees to perform and be bound by each and all of the terms and provisions set forth in subdivision A, and it is mutually agreed that each and all of the terms and provisions set forth in subdivision B of the fictitious deed of trust recorded in Orange County August 17, 1964, and in all other counties August 18, 1964, in the book and at the page of Official Records in the office of the county recorder of the county where said property is located, noted below opposite the name of such county, namely:

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Attachment No. 2
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COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE
Alameda	1288	556	Madera	911	136	San Luis Obispo	1311	137
Alpine	3	130-31	Marin	1849	122	San Mateo	4778	175
Amador	133	438	Mariposa	90	453	Santa Barbara	2065	881
Butte	1330	513	Mendocino	667	99	Santa Clara	6626	664
Calaveras	185	338	Merced	1660	753	Santa Cruz	1638	607
Colusa	323	391	Modoc	191	93	Shasta	800	633
Contra Costa	4684	1	Mono	69	302	San Diego Series	51964	149774
Del Norte	101	549	Monterey	357	239	Sierra	38	187
El Dorado	704	635	Napa	704	742	Siskiyou	506	762
Fresno	5052	623	Nevada	363	94	Solano	1287	621
Glenn	469	76	Orange	7182	18	Sonoma	2067	427
Humboldt	801	83	Placer	1028	379	Stanislaus	1970	56
Imperial	1189	701	Plumas	166	1307	Sutter	655	585
Inyo	165	672	Riverside	3778	347	Tehama	457	183
Kern	3756	690	Sacramento	5039	124	Trinity	108	595
Kings	858	713	San Benito	300	405	Tulare	2530	108
Lake	437	110	San Bernardino	6213	768	Tuolumne	177	160
Lassen	192	367	San Francisco	A-804	596	Ventura	2607	237
Los Angeles	T-3878	874	San Joaquin	2855	283	Yolo	769	16
						Yuba	398	693

shall inure to and bind the parties hereto, with respect to the property above described. Said agreements, terms and provisions contained in said subdivisions A and B, (identical in all counties, and attached hereto), are by the within reference thereto, incorporated herein and made a part of this Deed of Trust for all purposes as fully as if set forth at length herein, and Beneficiary may charge for a statement regarding the obligation secured hereby; provided the charge therefore does not exceed the maximum allowed by law.

The Trustor acknowledges receipt of a copy of such provisions of such fictitious deed of trust.

If the Trustor shall sell, convey or alienate said property, or any part thereof, or any interest therein, or shall be divested of his title or any interest therein in any manner or way, whether voluntarily or involuntarily, without the written consent of the beneficiary being first had and obtained, beneficiary shall have the right, at its option, except as prohibited by law, to declare any indebtedness or obligations secured hereby, irrespective of the maturity date specified in any note evidencing the same, immediately due and payable.

The undersigned Trustor, requests that a copy of any notice of default and any notice of sale hereunder be made to him as his address hereinbefore set forth.

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CITY OF OXNARD
REQUEST FOR SPECIAL BUDGET APPROPRIATION

To the City Manager:

September 25, 2007

Request is hereby made for an appropriation of total \$ 110,000

Reason for appropriation: Funds to pay permit fees associated with Septic Conversion Program.

<u>FUND</u>	<u>DESCRIPTION/ACCOUNT</u>	<u>AMOUNT</u>
WW Collection Connection Fees (613)	Septic Conversion Project 613-xxx-697- (056101) 8362 - Economic Development Loans	110,000
	Net Estimated Change to WW Collection CIP Fund Balance	<u>(110,000)</u>



 Program Leader

REQUIRES CITY COUNCIL APPROVAL

DIRECTOR OF FINANCE



Disposition

Transfer by Journal Voucher _____

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Approved _____

Rejected _____

City Manager

ATTACHMENT NO. 3

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