



CITY OF

NEWPORT BEACH

City Council Staff Report

August 13, 2019
Agenda Item No. 11

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

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TITLE: Wastewater Flow Agreement with Costa Mesa Sanitary District

ABSTRACT:

Certain properties within the City boundaries and within the City's wastewater (sewer) service area flow wastewater into Costa Mesa Sanitary District's (CMSD) wastewater system. The City and the CMSD previously had an agreement to accept flow from City properties and reimburse CMSD for its costs. The agreement has expired and City Council is requested to enter into a new 10-year service agreement.

RECOMMENDATION:

- a) Determine this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) and 15060(c)(3) of the CEQA Guidelines because this action will not result in a physical change to the environment, directly or indirectly;
- b) Approve the Wastewater Flow Agreement with the Costa Mesa Sanitary District related to specific properties within the City of Newport Beach; and
- c) Authorize the Mayor and City Clerk to execute the Agreement.

FUNDING REQUIREMENTS:

The adopted budget includes sufficient funding for this service agreement. It will be expensed to the Wastewater Operations, Other Agency Fees account in the Utilities Department, 7119061-841060. The annual cost is approximately \$20,000.

DISCUSSION:

In 1979, the City Council entered into a Service Agreement with the Costa Mesa Sanitary District (CMSD) for wastewater (sanitary sewer) services for certain Newport Beach properties that were located within the geographical limits of the City and outside the jurisdictional limits of CMSD. Most of these properties connect to the City's wastewater system and then flow into CMSD's wastewater system as shown in Exhibits A and B Agreement Attachment A. (Some properties have a direct connection into CMSD).

All of these flows are conveyed to the Orange County Sanitation District (OCSD) for treatment. (The agreement was also updated and amended in 1991.) As an alternative to annexation, it was agreed upon by both entities that CMSD accepting Newport Beach's wastewater flow (or direct connections in some circumstances) would be more practical and economical. The parties deemed it was more efficient to pay a fee for services than to construct capital projects that would duplicate facilities maintained and operated by another agency.

The Agreement establishes the fixed terms and conditions such as the boundaries, type of facilities, maintenance and repair responsibilities, a 20-year term and the fees applicable to CMSD for wastewater services. CMSD collects its wastewater fees through an ad valorem (property) tax, and the City collects its wastewater fees through direct billing of properties every two months. The City and CMSD have agreed to pay an annual service fee for properties connected to or for which wastewater flows to CMSD (Identified in Exhibits A and B of the Agreement.) The cost for this service is approximately \$20,000 for the 146 properties. The affected properties pay the City's current wastewater rates and this generates sufficient revenue for the cost of this agreement and for the required City maintenance of the wastewater pipes.

The service fees may be adjusted annually in accordance to CMSD's adoption of adjusted rates. CMSD will notify the City of Newport Beach within 30 days of adoption of any new fees. In addition, CMSD will invoice the City of Newport Beach for service fees annually prior to July 1 of each year. If any properties are modified or annexed during a calendar year, then an adjustment on the amount of the service fee will be made by CMSD.

Staff recommends the City Council approve the 2019 Wastewater Flow Service Agreement between the City of Newport Beach and the Costa Mesa Sanitary District relating to certain properties within the City for a period of ten years and authorize the Mayor and City Clerk to execute the Agreement.

ENVIRONMENTAL REVIEW:

Staff recommends the City Council find this action is not subject to the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly.

NOTICING:

The agenda item has been noticed according to the Brown Act (72 hours in advance of the meeting at which the City Council considers the item).

ATTACHMENT:

Attachment A – Agreement for Wastewater Collection Services with CMSD