



## Council Agenda Report

From: David Athey, Acting City Engineer

Subject: Approval of a Resolution Approving Oversized Recycled Water Line Facility Reimbursement River Oaks II

CEQA Determination: An Environmental Impact Report (EIR) was prepared for the Borkey Area Specific Plan, which analyzed development of this property. A Mitigated Negative Declaration (MND) was subsequently approved for the Rive Oaks II Expansion entitlements, including the Borkey Area Specific Plan Amendment, General Plan amendment, Zoning Amendment and Master Development Plan. The MND evaluated all potential environmental impacts that may result from the project, including the recycled water line installation. Applicable mitigation measures were incorporated into the MND Mitigation Monitoring and Reporting Program. The proposed oversize line reimbursement agreement is consistent with the Borkey Area Specific Plan (for which an EIR was adopted), no further environmental analysis is required for this project.

Date: March 5, 2024

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### Facts

1. On August 8, 2017, the City Council approved Vesting Tentative Tract Map 3105 located in the northeastern area of the City, within the Borkey Area Specific Plan area, north of State Route 46 East, west of Buena Vista Drive, and east of the Salinas River. Tract 3105 is a residential subdivision consisting of 271 lots, developed in five phases (see Attachment No. 1 – Project Location Map).
2. Tract Map Condition of Approval #24 requires the installation of a 24-inch recycled water main through the project. The condition allows the applicant to seek reimbursement for the cost difference between a standard eight-inch recycled water main and the required “oversized” 24-inch recycled water line.
3. The total reimbursement for upsizing the line from an eight-inch PVC pipe to a 24-inch ductile iron pipe is \$1,202,589.09.
4. River Oaks Reserve, LLC (applicant) and City staff have negotiated an Oversize Facility Reimbursement Agreement for the future recycled water line to be installed as part of the subdivision. The Oversize Facility Reimbursement Agreement is included as Attachment 2, Exhibit A.

### Options

1. Take no action.
2. Approve Resolution 24-XXX approving the Oversize Facility Reimbursement Agreement relating to the oversizing of certain recycled water facilities with River Oaks Reserve, LLC and authorize the City Manager to execute the agreement,
3. Provide alternative direction to staff.

### Analysis and Conclusions

The applicant has already constructed the first phase of Tract 3105. The first phase included construction of the first 1,130-foot segment of the 24-inch recycled water line. The Phase 2 Improvement Plans were recently issued and require construction of the final segment of the recycled water line. The applicant is able to be reimbursed for the cost difference between installing an eight-inch and 24-inch recycled water pipe. This is a typical condition applied to projects that are required to install facilities that are larger than what is needed to serve the development itself, in anticipation of nearby future development. City staff and the applicant have agreed to a total reimbursement cost of \$1,202,589.09. The applicant has signed the Oversize Reimbursement Agreement and provided a copy to the City (**Attachment 2, Exhibit A**).

The Oversize Reimbursement Agreement lays out the conditions that must be met by both the City and applicant before a reimbursement can be paid. The agreement conditions include requirements for design, three competitive bids, documentation of costs, controls on change orders and other general City legal agreement language. A reimbursement will only be made once the applicant has provided the City with all required documentation required by the agreement and the line is accepted by the City Council.

### **Fiscal Impact**

The total cost of reimbursement to the applicant is \$1,202,589.09. The construction of the Recycled Water Distribution System is being funded with a combination of wastewater funds and proceeds from the State Revolving Loan program. As such, the wastewater fund will cover the cost of the reimbursement; however, depending on the remaining cost of the project, this reimbursement amount may be included in the State Revolving Loan funding received by the City. Regardless, there are currently sufficient appropriations in the project budget to cover this cost and no further fiscal action is necessary.

### **CEQA**

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### **Recommendation (Option 2)**

Approve Resolution 24-XXX, approving the Oversize Facility Reimbursement Agreement relating to the oversizing of certain recycled water facilities with River Oaks Reserve, LLC and authorizing the City Manager to execute the agreement.

### **Attachments**

1. Location Map
2. Resolution 24-XXX – Oversize Facility Reimbursement Agreement – River Oaks Reserve, LLC
  - a. Signed Reimbursement Agreement - River Oaks Reserve, LLC