



# CITY OF HAYWARD

Hayward City Hall  
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## Cover Memo

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**DATE:** January 26, 2016

**TO:** Mayor and City Council

**FROM:** Director of Utilities & Environmental Services

**SUBJECT**

Water Service Area: Approval of Re-arrangement with East Bay Municipal Utility District

**RECOMMENDATION**

That the City Council adopts the attached resolution approving the water service area re-arrangement with the East Bay Municipal Utility District (EBMUD).

**BACKGROUND**

Hayward provides water service to the residents and businesses within the corporate City limits, as well as a limited number of properties outside of the City boundaries. EBMUD serves municipalities in Alameda and Contra Costa County; however, the District's service area also includes some properties within the City of Hayward, generally located in the northern and eastern areas. Utility districts, such as EBMUD, are permitted to serve properties that are included in their official service area. Cities that provide utility services are likewise entitled to deliver the services within their corporate boundaries, regardless of whether the properties are also included in a utility district service area. This understanding has been confirmed by the Alameda County Local Agency Formation Commission (LAFCo). The LAFCo Executive Director has advised that the cities and utility districts should discuss the matter in such cases and find a mutually agreeable solution.

As development occurs on parcels in the northern and eastern parts of Hayward, staff reviews water service areas and available facilities to determine which agency is in a position to best serve the development, without undue hardship and serious financial repercussions to the affected developer. Three examples of developments that are in both the City's corporate limits and either entirely or partially in EBMUD's service area are:

- 1818 Hill Avenue and 22788 Templeton Street - This approximately 2.3-acre parcel is partially located in EBMUD's service area. There is an active development proposal to subdivide and develop the property with twenty-four single-family and duplex units. EBMUD's water service line seems to be inadequate to service the development without major upgrades. The cost of the upgrades and EBMUD's connection fees, which are much higher than the City's connection fees, may render the development of the parcel economically infeasible at this time.

- 2nd and Walpert - This approximately 15-acre parcel, which is partially owned by the City, is located at the southwest corner of 2nd Street and Walpert Street. EBMUD's services at the property are not as robust as the City's facilities. A City asset, the Walpert Reservoirs and pump station, borders the property and a City transmission main crosses the parcel. There is a current development proposal to subdivide and develop the property with ninety-seven single-family units. If the property is to be served by EBMUD, the connection fees alone would be about \$1.8 million more than similar fees charged by the City. In part, the higher cost could affect the value of the City-owned parcel in its sale to the developer.
- Former Mervyn's Site - This 11.8-acre site is located on the west side of Foothill Boulevard, north of Hazel Avenue. The property has historically been served by EBMUD. The District currently provides water service to the buildings and grounds, and has adequate facilities to continue to provide water service to any future development at the property.

## DISCUSSION

Staff met with EBMUD representatives to discuss water service to these three parcels. Initially, EBMUD took a firm position that the properties were all to be served by EBMUD and stated that they were prepared to take all necessary legal actions to preserve what the District believed was its right to serve all of the parcels. However, after extensive discussions and negotiations between City administration and legal staff and EBMUD's respective staff, an amicable solution has been reached as follows:

- Proposed developments at 1818 Hill Avenue and 22788 Templeton Street and 2nd and Walpert will be served by the City
- Future development of the former Mervyn's site will be served by EBMUD

In addition to decisions made on the three parcels, the respective agencies' staffs discussed making relatively minor changes to EBMUD's service boundary to exclude properties that are currently in the District's service area but served by the City and to include properties that are outside of the District but currently served by EBMUD.

The City's Fire Chief inquired about the possibility of the City water service providing fire hydrants and fire protection to the future development at the old Mervyns site. While the property will be served for domestic, irrigation, and fire service by EBMUD, the City has a 12-inch main at the frontage of the property and can install one or more fire hydrants for dual fire protection purposes.

## FISCAL IMPACT

One of the advantages of the proposed resolution is that both proposed developments to be served by the City, 1818 Hill and 22788 Templeton and 2nd and Walpert, would benefit from paying much lower connection fees, since the City's fees for single-family homes are significantly less than EBMUD's fees, thereby increasing the viability of the projects. On the other hand, service to the former Mervyns site by EBMUD would not result in appreciably higher connection fees, since the EBMUD fees for multi-family and commercial development are comparable to those charged by the City.

In addition to the connection fees that would be collected for development of the Hill Avenue and


Templeton Street and 2nd and Walpert properties, the City would also benefit from preserving the value of the portion of the 2nd and Walpert parcel owned by the City.

### **NEXT STEPS**

The City need not take action, aside from entering into a letter agreement with EBMUD, to effectuate this understanding. However, EBMUD may choose to pursue a service area boundary adjustment in order to exclude the Hill Avenue and Templeton Street and 2nd and Walpert properties from the District's service area, as well as to update their service area map with other smaller areas currently served by EBMUD outside of their service area or served by the City inside of the District's service area.

*Prepared and Recommended by:* Alex Ameri, Director of Utilities & Environmental Services

Approved by:



Fran David, City Manager

Attachments:

Attachment I

Draft Resolution