

**MINUTES
LA PUENTE CITY COUNCIL
SPECIAL MEETING
JANUARY 29, 2008**

A Special Meeting of the City Council of the City of La Puente was held in the Council Chambers of City Hall, 15900 East Main Street, La Puente, California, on January 29, 2008, at 6:30 p.m.

CALL TO ORDER

Mayor Lujan called the meeting to order at 6:33 p.m.

ROLL CALL

Council Members present: Mendoza, Storing, Holloway, Lujan

Council Members absent: Solis

Staff Members present: City Manager Cowley, Assistant City Manager Yamachika, Acting City Clerk Giron, Finance Director Kim, City Engineer Mousavi

PLEDGE OF ALLEGIANCE

The pledge of allegiance was led by Council Member Storing.

ORAL COMMUNICATIONS

None.

NEW BUSINESS

A-1 SEWER RATE STUDY AND SEWER CONSTRUCTION FINANCING

City Engineer Mousavi provided an overview report on the City's Sewer System covering the sewer system infrastructure and ownership, the Sewer System Master Plan, the Consolidated Sewer Maintenance District, historical and current funding for the Sewer System, Sewer Capacity Charges, and the current status of the Sewer System Capital Improvement Program.

Mr. Mousavi discussed the Sewer System infrastructure, noting the local, County, and Special District responsibilities and ownership of system features.

In response to Council Member Mendoza, Finance Director Kim noted the first Sewer System assessment fee was collected in Fiscal Year 2006-2007.

City Attorney Casso clarified that the fee is collected as part of the biannual property tax assessment process.

Mr. Mousavi noted that La Puente's system was developed between the 1940's and 1970's and explained the City's sewer drainage "roadmap."

In response to Council Member Storing, Mr. Mousavi noted affirmatively that the size of pipes will change as a result of the master plan.

In response to Mayor Lujan, Mr. Mousavi noted that the local lines are smaller than County collector system lines due to the capacity required at each drainage level.

In response to Mayor Pro Tem Holloway, Mr. Mousavi noted that the eight (8) inch pipe is standard, and will likely remain the standard in the City depending of the number of "switches" required. Some areas may require larger (10 - 12") pipes depending on drainage.

Mr. Mousavi explained the process by which the City began developing its Sewer Master Plan. He noted that the City's update to its General Plan and Zoning Ordinance necessitated a review of City infrastructure, including the sewer system. The City had allocated funding to videotape portions of the system for research and analysis into its present condition.

In response to Mayor Lujan, Mr. Mousavi described the potential health, geographical, and environmental impacts of a breakdown in the system due to lack of regular maintenance.

Mr. Mousavi noted the major objectives of the Sewer Master Plan process, including reviewing and converting maps, capacity deficiency analysis, timeline and priorities for system operation, and funding opportunities. He further noted that the Master Plan process found that the existing system had a seventeen (17) percent capacity deficiency due to new developments and build out.

In response to Mayor Pro Tem Holloway, Mr. Mousavi noted that the study reviewed the existing functionality of the system and that repair of the system would be handled separately.

Mr. Mousavi described the current Capital Improvement Program which was focused to consider updating pipes for capacity and structural integrity. He noted that to date, twenty (20) percent of the system has been videotaped, with the City assuming ten (10) percent, and the Consolidated Sanitation District assuming the other ten (10) percent of the video taping cost.

Mr. Mousavi described the historical process by which sewer rates were developed in the City.

In response to Mayor Lujan, Mr. Mousavi described the factors that impact single residential rates, including consumption and discharge averages. He further noted that the City mirrored the methodology that the County uses in establishing rates. He also noted the potential for sewer capacity charges, also known as development impact fees, and how these fees are determined.

In response to Mayor Lujan, Mr. Mousavi commented that cities with development impact fees typically review them every five (5) years.

In response to Mayor Pro Tem Holloway, Mr. Mousavi noted that currently the City only charges sewer capacity fees.

In response to Council Member Mendoza, City Attorney Casso clarified that sewer bond debt service must be paid through the sewer enterprise fund. However, he noted that this would result in a commensurate reduction in the use of the General Fund.

Mr. Mousavi noted that the issuance of bonds provided the City with capital to fund sewer projects immediately.

In response to Council Member Storing, City Manager Cowley noted that the bond was closed and the City was provided with funds on the same day.

Mr. Mousavi described the first two project areas, Glendora Avenue and Hacienda Boulevard, that Council approved as part of the sewer system Capital Improvement Program.

In response to Mayor Lujan, Mr. Mousavi discussed the Capital Improvement Program's five (5) year timeline and the proposed utilization of the Consumer Price Index as a method for benchmarking increases to sewer rates. City Manager Cowley noted that a consultant is currently reviewing the fees and a proposal should come to the Finance Director by April 2008.

In response to Mayor Pro Tem Holloway, Ms. Cowley noted that funding for any sewer rate studies is allocated through the sewer enterprise fund.

In response to Mayor Pro Tem Holloway, Mr. Mousavi described the factors, including existing structural integrity and projected capacity, that were involved in selecting the priority order of Capital Improvement Projects for the sewer system.

In response to Mayor Lujan, Mr. Mousavi noted the various processes by which cities with older sewer infrastructures plan for maintenance and operations.

In response to Council Member Storing, Ms. Cowley expressed that she was not aware of any properties in La Puente with existing septic tanks.

In response to Mayor Lujan, Ms. Cowley described the breakdown of sewer charges assessed by the various layers of government involved in the process. Mr. Mousavi noted that even with the adoption of the Consumer Price Index as a benchmark, there may be a five (5) to ten (10) percent estimate gap between service requirements and funding available for projects.

In response to Council Member Mendoza, Mr. Mousavi noted that due to capacity requirements and the existing lack of structural integrity, lining of the sewer pipes would not be an appropriate action to consider.

Mr. Mousavi described the next project which will include completing the videotape assessment of the remainder of the sewer system. He further noted that prioritizing projects through the fourth year of the program will address capacity issues, and in the fifth year, projects will address structural deficiencies in the system.

In response to Mayor Pro Tem Holloway, Mr. Mousavi noted that staff will be addressing structural issues on an annual basis and reprioritize projects as necessary.

In response to Council Member Storing, City Attorney Casso and Assistant City Manager Yamachika noted that a manual search through records would be required to identify any existing cesspools within the City limits. In response to Mayor Lujan, Mr. Mousavi noted that staff had attempted to schedule projects so as to not further impact traffic in the City.

In response to Mayor Pro Tem Holloway, Mr. Mousavi noted that a few blocks of properties located in West Covina drain into La Puente's sewer system. He further noted that sewer fees cannot be assessed against those properties.

In response to Mayor Lujan, City Manager Cowley and Mr. Mousavi noted that the sewer system report would be made available in a "user-friendly" format on the City's website and at City Hall. Mr. Mousavi further detailed the public outreach efforts that will be involved prior to commencing any projects related to the sewer system.

In response to Mayor Lujan, Ms. Cowley noted the five (5) year capital improvement project plan that was a requirement to qualify for the issuance of bonds. She clarified that the City was only capable of obtaining funding for three (3) years of the five (5) year program. Mr. Mousavi explained that if required, the City could go out for another round of bonds after three (3) years.

Ms. Cowley stated that when the City looked at issuing bonds, that at some point a fee increase would be involved. The sewer fees collected will offset the bond debt service and the City is moving forward with a consultant study on user fees. The results will be brought to the Council in approximately one (1) month.

Ms. Cowley clarified that prior to adopting any new or increased sewer rates, the City would have to go through the "Prop 218" mailing process which involves notifying every household of the proposed increases, and allowing residents an opportunity to provide public testimony at a noticed public hearing. City Attorney Casso noted that the City went through a similar process when the rates were initially adopted and expressed that there was no significant opposition to the rates.

Mayor Lujan requested that City staff prepare public outreach and information materials related to the sewer system and master plan to be made available on the Internet and at City Hall.

ORAL COMMENTS FROM STAFF

None.

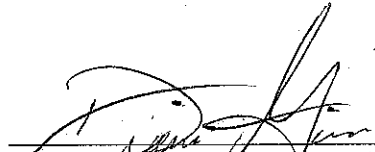
ORAL COMMENTS FROM COUNCIL

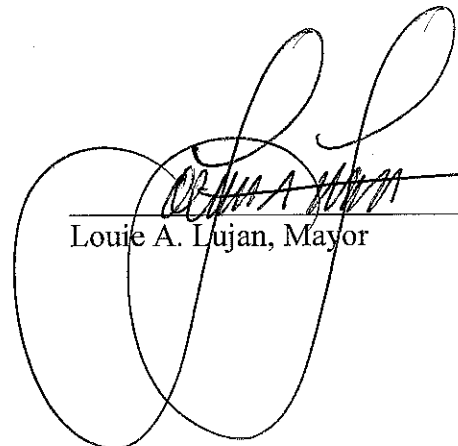
Mayor Pro Tem Holloway and Mayor Lujan thanked the staff for their professional presentations on this item.

ADJOURNMENT

There being no further business to come before the City Council, Mayor Lujan adjourned the meeting at 7:51 p.m.

Approved this 8th day of July, 2008



Diana Giron, Acting City Clerk

Louie A. Lujan, Mayor