



City of South Lake Tahoe

"making a positive difference now"

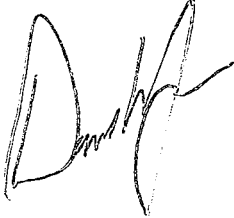
STAFF REPORT CITY COUNCIL REDEVELOPMENT AGENCY MEETING OF JULY 12, 2010 CORRECTED

Date: July 12, 2010

TO: Honorable Mayor and Council and RDA Board Members

FROM: City Manager/Executive Director, STRA

RE: **DIRECTION AND ACTION – TERMS AND CONDITIONS RELATING TO AGREEMENTS BETWEEN THE CITY AND STPUD ON WATER CONSUMPTION AND CITY AND RDA AND STPUD ON RDA PROJECT AREA NO. 2.**



RECOMMENDATION:

1. Hear staff report
2. Take public comment
3. Direct City Attorney and City Manager to complete work with the District Counsel and General Manager to complete final agreements for action by our respective governing bodies by no later than the end of July 2010.

ISSUE AND DISCUSSION:

Over the last weeks and months District and City staffs have met to discuss matters related to a new water agreement and agreement regarding RDA No. 2. The District General Manager and I have met on a few occasions, most recently this morning, to go over final terms and conditions relating to these agreements. I am reporting to you on our discussions and recommend that legal counsel of the City be instructed to complete final agreements for presentation at any special meeting called in July.

1. Water Agreement (Regarding Fees and Charges) - In the past City and District representatives have discussed the now expired (on June 22, 2009) District and City Water Agreement that existed for many years. The Agreement provided the City an amount of water at no cost for historical reasons. The District is willing to renew the agreement under certain terms, and I am recommending that this take place.

2. RDA No. 2 Agreement – District staff headed by their General Manager and City staff and I have crafted an agreement between the District and City/RDA that alleviates concerns and issues expressed by the District regarding the operation of RDA No. 2. *The District Board and staff should be congratulated on their willingness to have dialogue with City staff and my office since the time of the adoption by the City Council of RDA No. 2 and arrive at a reasonable and responsible settlement on issues raised regarding RDA No. 2. The District has acted as a responsible and reliable partner in doing so.*

Water Agreement –

1. Term – 5 years
2. Water at No Charge to the City– District agrees to provide City with 2,500,000 cubic feet of water through the term of the agreement as measured by the District. District increased amount from 2,186,022 cubic feet at City request.
3. Charge for Water - District to charge City for amount of water used in excess of the 2,500,000 cubic feet. Any unused water amount in one year can be carried over into the following year;
4. District and City to Coordinate and Cooperate - District to coordinate installation of water and sewer lines with City Public Works Department for the convenience of both parties.
5. District to meet City Standards - District to pay for all cost to install water and sewer lines and to repave the cut and street to adopted City standards, except as provided in the District RDA No. 2 agreement;
6. Reporting - District responsible for providing City with all reports, compact testing results, to indicate compliance with City standards for District capital improvement projects;
7. City Not to charge - City to not charge 1.5% surcharge on District capital improvement projects in consideration for the amount of water being provided to the City at no charge;
8. Conservation - City and District agree to pursue reasonable water conservation programs and cooperate in doing so. For example, the City will examine and pursue converting non-recreational or cosmetic vegetation areas (e.g. airport, Motor Pool facility) to water efficient landscaping. This saves the District water and the City the cost of water; and
9. Release of Any Claims - City and District agree to Release and Past or Potential Claims.

RDA No. 2 Agreement –

- A. Term: The Agreement between the parties is for the same term as the life of RDA Project Area No. 2;
- B. Issues: District, City and RDA agree to terms and conditions that address outstanding issues relating to the adoption of RDA No. 2;
- C. RDA Project Area No. 2: District agrees not to oppose the adoption of the Redevelopment Plan for RDA Project Area No. 2;
- D. Water and Sewer Mains: City/RDA agree that private-sector and non-profit organizations building within the project area are responsible for the cost of expanding District water and sewer lines to the extent that such lines and improvements are needed to serve these projects in accordance with State law governing District and City government and RDA operations. City will cooperate and support District to achieve this objective;
- E. Paving: Where the RDA is undertaking work in Project Area No. 2 that would require in itself the repaving of all or a portion of a City street and District wishes to expand or improve water and sewer lines at the same time, the RDA will pay the entire cost of the repaving as though no District project were taking place. The District will coordinate its capital work with the City and RDA to ensure that no delay in District work increases costs to the City or RDA;
- F. Flows for Fire Protection: The City/RDA and District agree that the District can best provide fire flow capacity throughout the new Project Area, and City/RDA supports dual service agreements between the District and Lukins to ensure adequate fire protection is provided;

- G. Grant Funded Improvements Made to the Lukins System: City/RDA and District agree to use their best efforts to ensure that if public grant monies available to the City or Redevelopment Agency are found to upgrade water improvements in the Lukins water system that, consistent with the CPUC Stipulation, the District would hold title to these improvements (if permitted under the grant and agreed to by the CPUC). If the City must hold title to the publicly funded improvements, the City to the extent allowed by Law, would agree to sell these improvements to the District for a "nominal" fee.
- H. Pass Through Agreements - City/RDA agree that District pass-through payments are not affected by other terms in this agreement; and
- I. Termination of Agreement - City and District agree that terms and conditions of the agreement are invalid if a court of Law invalidates RDA Project Area No. 2.

Next Steps

Upon approval of these terms and conditions, the City Attorney and City Manager and District Counsel and General Manager will complete a final draft agreement that will be presented to the City Council and District Governing Board for mutual agreement by no later than the end of July 2010.

FINANCIAL AND/OR POLICY CONSIDERATION:

The proposed agreements will have a positive benefit to the City, City RDA, and the people of South Lake Tahoe and further the cooperation and positive business relationship between City government and the STPUD. The District General Manager and his staff have worked cooperatively and collaboratively and they are to be congratulated on their professionalism during this process.

DAVID M. JINKENS
3:02 p.m.

C: Richard Solbrig, STPUD General Manager (via electronic mail)

DISTRICT/CITY/RDA LANGUAGE RELATING TO RELOCATION OF WATER AND SEWER MAINS AND CONDITIONS FOR TERMINATION OF AGREEMENT

a. Relocation or Expansion of District Water and Sewer Mains.

The Parties agree that the costs of any relocation or expansion of District water or sewer mains within Project No. 2 shall be allocated pursuant to the provisions of the District's Administrative Code, Ordinances and Regulations allocating the financial responsibility for the relocation or expansion of District water and sewer mains. The Parties further agree that Agency funds shall not be used to pay for any costs of relocating or expanding District water and sewer mains if such an expenditure of Agency funds would require a reduction of the District's pass-through payments under CRL Section 33607-5. The City and Agency also agree to use their best efforts to ensure that redevelopment efforts within Project No. 2, including private development being undertaken pursuant to an agreement with the Agency, is coordinated in such a way that all of the costs of relocating or expanding District water and sewer mains are paid by the developing entities.

L. Termination. This Agreement shall terminate upon the expiration of the effectiveness of the Redevelopment Plan for Project No. 2. Further, in the event litigation is initiated attacking the validity of the Redevelopment Plan for Project No. 2, which litigation results in a determination by a court of law that the Redevelopment Plan for Project No. 2 is invalid in its entirety, this Agreement shall automatically terminate and be of no further force or effect.

