

ITEM 4.21

CITY MANAGER'S REPORT JUNE 10, 2024 CITY COUNCIL REGULAR MEETING

ITEM: ADOPT POLICY FOR THE ALLOCATION OF WASTEWATER TREATMENT CAPACITY IN THE PHASE 3 EXPANSION OF THE LATHROP CONSOLIDATED TREATMENT FACILITY AND APPROVE USE OF THE PHASE 2 FLOAT CAPACITY

RECOMMENDATION: Adopt Resolution Approving Policy for the Allocation of Wastewater Treatment Capacity in the Phase 3 Expansion of the Lathrop Consolidated Treatment Facility and Approving the Use of the Phase 2 Float Capacity

SUMMARY:

The Lathrop Consolidated Treatment Facility Phase 3 Expansion (Phase 3 Expansion) Capital Improvement Project (CIP) WW 22-38, will add 2.5 Million Gallons per Day (MGD) of wastewater treatment capacity to the current 2.5 MGD provided with the Phase 2 Expansion of the Lathrop Consolidated Treatment Facility (Phase 2 Expansion), totaling 5 MGD. This expansion is essential for future development throughout the City.

To minimize delay in processing changes to existing facilities and new development, staff is requesting Council to approve and adopt the proposed Wastewater Treatment Capacity Policy for the Phase 3 Expansion (Policy). If approved, the City Manager will be authorized to allocate capacity from the Phase 3 Expansion to existing facilities and future development, as described in Attachment "B".

On February 12, 2024, City Council approved the Design and Construction Funding Agreement with River Islands (Agreement) outlining the extent of funding responsibilities between the City of Lathrop and River Islands Development, LLC (River Islands) and the reserved future capacity between both parties. The Agreement also permitted River Islands to utilize Phase 2 Expansion Float Capacity while the Phase 3 Expansion is being constructed, as defined in the Background section of this report.

Staff is requesting Council to authorize the City Manager to allocate Phase 2 Expansion Float Capacity to allow existing facility modifications and development to proceed during the Phase 3 Expansion construction. Once the Phase 3 Expansion is in operation, any allocated Phase 2 Expansion Float Capacity will be transferred to Phase 3 Expansion capacity.

JUNE 10, 2024 CITY COUNCIL REGULAR MEETING**ADOPT POLICY FOR ALLOCATION OF WASTEWATER TREATMENT CAPACITY IN THE PHASE 3 EXPANSION OF THE LATHROP CONSOLIDATED TREATMENT FACILITY AND APPROVE USE OF THE PHASE 2 FLOAT CAPACITY****BACKGROUND:**

On November 21, 2016, City Council approved a Design and Construction Funding Agreement related to the Lathrop Consolidated Treatment Facility Phase 2 Expansion (WW 14-14) and related improvements needed to address treatment facility deficiencies through the Crossroads Decommissioning (WW 15-20) and the Sewer Plant Upgrades (WW 12-07) to replace the City's existing 1 MGD treatment facility with a 2.5 MGD treatment facility. On May 13, 2019, City Council accepted the Phase 2 Expansion improvements.

On November 8, 2021, City Council approved the creation of CIP WW 22-38 Lathrop Consolidated Treatment Facility Phase 3 Expansion and a Professional Services Agreement with Pacific Advanced Civil Engineering, Inc. (PACE). The Phase 3 Expansion will provide an additional 2.5 MGD of wastewater treatment capacity to the existing 2.5 MGD capacity for a total treatment capacity of 5 MGD. On April 10, 2023, City Council approved the purchase of headworks equipment from Zima Corporation, facilitating the Phase 3 Expansion.

On February 12, 2024, City Council approved the Design and Construction Funding Agreement with River Islands (Agreement) to specify the funding responsibilities of both parties. Pursuant to the Agreement, the City reserved 500,000 Gallons per Day (GPD) for future development outside of the River Islands development, which will be sold and assigned to various projects during the entitlement and building permit phases.

There is roughly a one-year delay between allocating wastewater capacity to residential lots during final map approval and the actual wastewater flow reaching the treatment facility (Float Capacity). The Agreement outlines the use of the Float Capacity in Phase 2 Expansion for River Islands up to an amount not to exceed 119,024 GPD. Staff is requesting Council authorize the City Manager to also utilize Phase 2 Float Capacity, up to an amount not to exceed 119,024 GPD, matching the Float Capacity of River Islands, to allow for existing facility modifications and development to continue. The Float Capacity will be allocated based on the following priority list:

1. True-up of capacity for existing facilities in the case of project expansions or increase in effluent due to change in use.
2. Infill projects – Projects that involve building on unused or underused parcels of land surrounded by existing development.
3. New development (non-infill).

Once the Phase 3 Expansion is complete, staff will transfer the Float Capacity from the Phase 2 Expansion to the capacity in the Phase 3 Expansion, eliminating the need

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to utilize Float Capacity from the Phase 2 Expansion. Phase 3 Expansion is fully funded and is expected to be operational in 2 years.

To keep up with the pace of development, staff is also requesting that Council approve and adopt the proposed Policy. The purpose of the proposed Policy is to promote faster processing of modifications to existing facilities and development projects. Pursuant to the proposed Policy, staff requests Council to authorize the City Manager to allocate wastewater treatment capacity from the Phase 3 Expansion based on the same priority list provided above.

REASON FOR RECOMMENDATION:

Adoption of the Wastewater Treatment Capacity Policy for the Phase 3 Expansion will promote faster processing for changes to existing facilities and approvals for new development. Allowing staff to use Float Capacity of the Phase 2 Expansion will allow developers and existing businesses to continue investing in the City without having to wait for the completion of the Phase 3 Expansion.

FISCAL IMPACT:

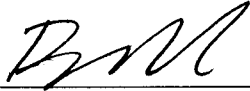
None.

ATTACHMENTS:

- A. Resolution Approving the Adoption of Policy for the Allocation of Wastewater Treatment Capacity in the Phase 3 Expansion of the Lathrop Consolidated Treatment Facility and Approve the Use of the Phase 2 Float Capacity
- B. City of Lathrop Wastewater Treatment Capacity Policy for Phase 3 Expansion

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FACILITY AND APPROVE USE OF THE PHASE 2 FLOAT CAPACITY

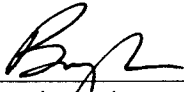
APPROVALS:



Bellal Nabizadah
Assistant Engineer

5/30/24

Date



Brad Taylor
City Engineer

5/30/2024

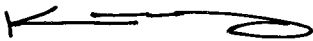
Date



Cari James
Finance Director

6/5/2024

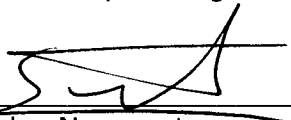
Date



Michael King
Assistant City Manager

6.3.2024

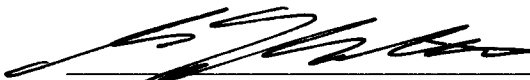
Date



Salvador Navarrete
City Attorney

6.5.2024

Date



Stephen J. Salvatore
City Manager

6.5.24

Date

RESOLUTION NO. 24-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LATHROP APPROVING POLICY FOR THE ALLOCATION OF WASTEWATER TREATMENT CAPACITY IN THE PHASE 3 EXPANSION OF THE LATHROP CONSOLIDATED TREATMENT FACILITY AND APPROVE THE USE OF THE PHASE 2 FLOAT CAPACITY

WHEREAS, on November 21, 2016, City Council approved the Design and Construction Funding Agreement related to the Lathrop Consolidated Treatment Facility Phase 2 Expansion (WW 14-14) and related improvements needed to address treatment facility deficiencies through the Crossroads Decommissioning (WW 15-20) and the Sewer Plant Upgrades (WW 12-07) to replace the City's existing 1 MGD treatment facility with a 2.5 MGD treatment facility (Phase 2 Expansion). On May 13, 2019, City Council accepted the Phase 2 Expansion improvements; and

WHEREAS, on November 8, 2021, City Council approved the creation of CIP WW 22-38 Lathrop Consolidated Treatment Facility Phase 3 Expansion (Phase 3 Expansion) and a Professional Services Agreement with Pacific Advanced Civil Engineering, Inc. (PACE). The Phase 3 Expansion will provide an additional 2.5 MGD of wastewater treatment capacity to the existing 2.5 MGD capacity for a total treatment capacity of 5 MGD. On April 10, 2023, City Council approved the purchase of headworks equipment from Zima Corporation, facilitating the Phase 3 Expansion; and

WHEREAS, on February 12, 2024, City Council approved the Design and Construction Funding Agreement with River Islands (Agreement) to specify the funding responsibilities of both parties. Pursuant to the Agreement, the City reserved 500,000 Gallons per Day (GPD) for future development outside of the River Islands development, which will be sold and assigned to various projects during the entitlement and building permit phases; and

WHEREAS, there is roughly a one-year delay between allocating wastewater capacity to residential lots during final map approval and the actual wastewater flow reaching the treatment facility (Float Capacity). The Agreement outlines the use of the Float Capacity in Phase 2 Expansion for River Islands up to an amount not to exceed 119,024 GPD; and

WHEREAS, staff is requesting Council authorize the City Manager to also utilize Phase 2 Float Capacity, up to an amount not to exceed 119,024 GPD, matching the Float Capacity of River Islands, to allow for existing facility modifications and development to continue; and

WHEREAS, the Float Capacity will be allocated based on the following priority list:

1. True-up of capacity for existing facilities in the case of project expansions or increase in effluent due to change in use.

2. Infill projects – Projects that involve building on unused or underused parcels of land surrounded by existing development.
3. New development (non-infill); and

WHEREAS, once the Phase 3 Expansion is complete, staff will transfer the Float Capacity from the Phase 2 Expansion to the capacity in the Phase 3 Expansion, eliminating the need to utilize Float Capacity from the Phase 2 Expansion. Phase 3 Expansion is fully funded and is expected to be operational in 2 years; and

WHEREAS, to keep up with the pace of development, staff is also requesting that Council approve and adopt the proposed Policy. The purpose of the proposed Policy is to promote faster processing of modifications to existing facilities and development projects; and

WHEREAS, pursuant to the proposed Policy, staff requests Council to authorize the City Manager to allocate wastewater treatment capacity from the Phase 3 Expansion based on the same priority list provided above; and

WHEREAS, allowing staff to use Float Capacity of the Phase 2 Expansion will allow developers and existing businesses to continue investing in the City without having to wait for the completion of the Phase 3 Expansion; and

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Lathrop does hereby adopt the Policy for the allocation of wastewater treatment capacity in the Phase 3 Expansion and the use of the Phase 2 Float Capacity, included as Attachment "B" to the City Manager's Report that accompanied this Resolution.

PASSED AND ADOPTED by the City Council of the City of Lathrop this 10th day of June 2024 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Sonny Dhaliwal, Mayor

ATTEST:

Teresa Vargas, City Clerk

APPROVED AS TO FORM:



Salvador Navarrete, City Attorney

CITY OF LATHROP
WASTEWATER TREATMENT CAPACITY ALLOCATION POLICY FOR PHASE 2
EXPANSION FLOAT CAPACITY AND PHASE 3 EXPANSION CAPACITY OF THE
LATHROP CONSOLIDATED TREATMENT FACILITY
APPROVED BY CITY COUNCIL RESOLUTION 24-_____
JUNE 10, 2024

Purpose: To Allocate, Reallocate, and/or Transfer Wastewater Treatment Capacity in the Lathrop Consolidate Treatment Facility.

Introduction:

Staff recognizes the need for an efficient process to allocate wastewater treatment capacity to support existing facilities and future development. To facilitate this, the City Manager is hereby authorized to allocate wastewater treatment capacity to existing facilities and development projects within the guidelines and limitations set forth in this policy.

Scope:

This policy applies to all existing facilities and development projects within the City that require wastewater treatment capacity allocation or wastewater capacity true-up.

Definitions:

- A. "City Manager" shall mean the City Manager of the City of Lathrop or their designee.
- B. "Phase 2 Float Capacity" is defined as the delay between allocating wastewater capacity to residential lots during final map approval and the actual wastewater flow reaching the treatment facility
- C. "Phase 3 Expansion" is defined as the Lathrop Consolidated Treatment Facility Phase 3 Expansion

Provisions:

- 1. Authorization:
 - a. The City Manager is granted the authority to allocate wastewater treatment capacity to existing facilities and development projects.
 - b. This authority includes, but is not limited to, initial allocations, reallocations, and adjustments of wastewater treatment capacity as necessary to meet the needs of existing facilities and development projects.
 - c. The allocation shall be determined by the City Engineer.

2. Guidelines for Allocation:

- a. Allocations shall be made in accordance with the City's Standards for wastewater treatment capacity and under the supervision of the City Engineer.
- b. Priority of wastewater treatment capacity allocation will be given in the following order:
 1. True-up of capacity for existing facilities in the case of project expansions or increase in effluent due to change in use.
 2. Infill projects – Projects that involve building on unused or underused parcels of land surrounded by existing development.
 3. New development (non-infill).
- c. Once the Phase 3 Expansion is in operation, any allocated Phase 2 Expansion Float Capacity will be transferred to Phase 3 Expansion capacity and Phase 2 Float Capacity will no longer be an option for wastewater treatment capacity.

3. Limitations:

- a. Allocations must be within the overall capacity available as determined by the City Engineer.
 1. Phase 2 Float Capacity shall not exceed 119,024 gallons per day
- b. This policy does not absolve any development project from adhering to all other necessary approvals and permits required by the City, County, State, or Federal agencies. All development projects must still comply with all relevant building codes, environmental regulations, and zoning ordinances.

4. Reporting and Accountability:

- a. The City Engineer shall ensure that allocations are documented and tracked to maintain an accurate record of the City's wastewater treatment capacity usage.

5. Review and Adjustment

- a. Adjustments to this Policy may be made by City Council as needed based on recommendations from the City Manager and relevant stakeholders.

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