

COUNTY OF SAN MATEO

30

Interdepartmental Correspondence

Date: April 13, 2001

Board Meeting Date: May 1, 2001

TO: Honorable Board Of Supervisors

FROM: Neil R. Cullen, Director Of Public Works

SUBJECT: Reimbursement Agreement for the Construction of Sewer Facilities in Oak Knoll Sewer Maintenance District – Redwood City Area

RECOMMENDATION

Adopt a resolution authorizing the President of the Board to execute an agreement with Aldo and Marilyn T. Argenti, Jr. (Argenti) for the reimbursement of certain construction costs associated with the installation of sanitary sewer facilities that were accepted for maintenance by the Oak Knoll Sewer Maintenance District (District).

Previous Board Action

Approved of the:

- 1) annexation of the Lands of Argenti to the District.
- 2) dedication of 470 linear feet of sewer main constructed by the Argentis which provides sewer service to the Argenti's property.

Key Facts

1. The sewer that was constructed by the Argentis to serve their property can also serve other properties in the area.
2. The Argentis have requested a "buy-back" agreement in order to be reimbursed for a portion of the cost of constructing the sewer by the owners of properties that tie into the sewer in the future in order to receive sanitary sewer service for their properties.
3. Section 4888 of the Health and Safety Code authorizes the District to contract with any person, firm or corporation for the joint use of sewer facilities, and for the construction, maintenance and payment for said facilities as stipulated by terms and conditions which may be agreed upon by the parties.

Honorable Board Of Supervisors

**SUBJECT: Reimbursement Agreement for the Construction of Sewer Facilities in Oak Knoll
Sewer Maintenance District – Redwood City Area**

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Page 2

Discussion

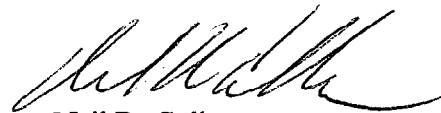
The proposed agreement provides for the reimbursement of a proportionate share of the construction costs as properties connect into the sewer facilities. It also insures that all new users will participate in the reimbursement, as we do not know at this time exactly how many properties will be connected. As an example, the first new connection hereafter into the owner financed facilities pays 1/2 of the adjusted cost of the facility to the owner, the next connection pays 1/3 (1/6 each to owner and first connection), then the third connection pays 1/4 (1/12 each to owner, first connection and second connection), and so forth. This progression is then repeated for additional connections into the facilities. The term of the agreement is until December 31, 2011, and the Argentis are responsible for keeping the District apprized of their current mailing address. The agreement also provides that the District has no liability if the District fails to collect the funds to reimburse the Argentis.

Fiscal Impact

The District will collect a fee in accordance with Exhibit "A" of the Agreement, for each new sewer connection along that portion of the sanitary sewer main installed by the Argentis. This fee shall be indexed annually to the construction cost index (CCI) and returned to the Argentis whenever new properties are connected to the sewer main extension. The term of the Buy-Back Agreement is ten (10) years and expires on December 31, 2011. These charges shall be in addition to the normal District sewer connection fee and annual sewer service charges collected by the District.

There is no impact to the General Fund.

A form of resolution and agreement has been approved by County Counsel and the Argentis have executed the agreement.



Neil R. Cullen
Director of Public Works

NRC:JSD:cda

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Enclosures: Exhibit "A"

cc: Milt Mares, County Counsel
Brian C. Lee, P.E., Division Manager, Programs and Engineering Services
Walt Callahan, Flood Control and Utility Services Manager
Joe D'Angelo, Sewer Utility Section
Aldo and Marilyn Argenti, Jr., 836 Hillcrest Drive, Redwood City, CA 94062

EXHIBIT "A"

BUY-BACK AGREEMENT

Schedule of Payment

DEVELOPERS:

One family, Mr. And Mrs. Aldo and Marilyn T. Argenti, Jr., is original Developers extending the existing sanitary sewer main in the Oak Knoll Sewer Maintenance District (OKSMD).

A. DESCRIPTION

The Developers constructed the main extension from the vicinity of 703 Esther Lane and 834, 836, and 838 Hillcrest Drive to a existing District sewer main in accordance with plans and specifications prepared on Drawing 648-93 by Dan McLeod and Associates, 930 Tanklage Rd. San Carlos dated May 1, 2000 on file in the office of the Director of Public Works.

B. AGREEMENT TERMS

Developers have ten (10) years to receive a prorated reimbursement from property owners connecting to the extension. **Term is from January 1, 2001 through December 31, 2011.**

C. TOTAL COST OF CONSTRUCTION

The total cost of construction for this project is: **\$17,503.81.**

D. REIMBURSEMENT TO DEVELOPERS

Reimbursements to Developers shall be in accordance with the formula described below. Buy-in costs will be updated by Department of Public Works whenever a new property owner requests connection to the sewer line extension. Base Construction Cost Index or CCI is established as **7,447.99**, published in Engineering News-Record for January 1, 2001.

Buy-in Formula

Anyone connecting to the Argenti sewer main extension after January 1, 2001, is required to Buy-in to the sewer main extension throughout the ten year Agreement Term Period. The construction cost for the original developers is **\$17,503.81.**

First Buy-in

Family A - Formula: To recalculate the buy-in for Family A.

1. Begin with the original total construction and engineering costs (\$17,503.81)
2. Adjust #1 above for the Construction Cost Index to compute adjusted costs;
3. Divide #2 above by 2 to yield the buy-in cost for Family A.;
4. Divide the adjusted buy-in cost (item 3) by 1 to yield the distribution to the Argenti Family.

Second Buy-in

Family B - Formula: To recalculate the buy-in for Family B.

1. Begin with the original total construction and engineering costs (\$17, 503.81)
2. Adjust #1 above for the Construction Cost Index to compute adjusted costs;
3. Divide #2 above by 3 to yield the buy-in cost for Family B.
4. Divide the adjusted buy-in cost (item 3) by 2 to yield the distribution to Family A and the Argenti Family.

Third Buy-in

Family C - Formula: To recalculate the buy-in for Family C.

1. Begin with the original total construction and engineering costs (\$17, 503.81)
2. Adjust #1 above for the Construction Cost Index to compute adjusted costs;
3. Divide #2 above by 4 to yield the buy-in cost for Family C.
4. Divide the adjusted buy-in cost (item 3) by 3 to yield the distribution to Families A, B and the Argenti Family.

Fourth and successive Buy-in's

Repeat the model for successive buy-in's.

* * * * *

Resolution No. _____

Board of Supervisors, County of San Mateo, State of California

* * * * *

**Resolution Authorizing Execution of an Agreement
Oak Knoll Sewer Maintenance District**

RESOLVED, by the Board of Supervisors of the County of San Mateo, State of California, that

WHEREAS, the San Mateo County Board of Supervisors is the governing body for the Oak Knoll Sewer Maintenance District; and

WHEREAS, Aldo and Marilyn Argenti, Jr. (Owners) did incur construction and engineering costs to install a sanitary sewer main extension to serve several properties on Esther Lane and Hillcrest Drive in the Oak Knoll Sewer Maintenance District area; and

WHEREAS, the Argentis have requested that an agreement be executed that will provide the owner wishing to connect into the sanitary sewer constructed by the Argentis, will reimburse them for a proportionate share of the costs of constructing said sanitary sewer; and

WHEREAS, the has been presented to this Board a form of agreement that provides for said reimbursement of costs which are in addition to all normal District fees collected for connection to District facilities, and this Board has reviewed and considered said agreement;

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that:

The President of this Board of Supervisors is hereby authorized to execute said agreement on behalf of the District and the Clerk of the Board shall attest his signature thereto.

* * * * *

**AGREEMENT FOR CONSTRUCTION
AND USE OF SEWER FACILITIES**

THIS AGREEMENT, entered into this ____ day of _____, 2001, by and between Aldo and Marilyn T. Argenti, Jr., hereinafter called “Developers” and OAK KNOLL SEWER MAINTENANCE DISTRICT, of the County of San Mateo, State of California, hereinafter called “District”.

W I T N E S S E T H:

WHEREAS, this Board acts as the governing board of the OAK KNOLL SEWER MAINTENANCE DISTRICT , and

WHEREAS, Section 4888 of the Health and Safety Code authorizes said District to contract with any person, firm or corporation for the joint use of sewer facilities, and for the construction, maintenance and payment for said facilities as stipulated by terms and conditions which may be agreed upon by the parties; and

WHEREAS, under the terms or said agreement, Developers agree to construct, or cause to be constructed, the sewer facilities described therein at their own expense and thereafter to convey said facilities to said District for the joint use by the Developers and the District; and

WHEREAS, the District in return for construction of said sewer facilities by the Developers shall attempt to cause reimbursement to be made to Developers by future users of said system as a condition for granting permission to connect to the new sewer facilities pursuant to the terms and conditions set forth in said agreement:

NOW, THEREFORE, IT IS HEREBY AGREED BY THE PARTIES HERETO as follows:

1. Construction of Sewer Facilities by Developers

Developers shall furnish or cause to be furnished, at their own expense, all labor, materials, tools, and equipment and all incidental work and services required for the construction of a sanitary sewer consisting of approximately 470 L.F. of 6" diameter HDPE sewer line, manholes and appurtenances from the vicinity of 836 Hillcrest Drive to a existing sanitary sewer main in accordance with plans and specifications prepared on Drawing 648-93 by Dan McLeod and Associates, 930 Tanklage Rd. San Carlos dated May 1, 2000 on file in the office of the Director of Public Works. The construction of said sanitary sewer facilities shall be done under the supervision of, and to the complete satisfaction of, the District.

2. **Conveyance of Sewer Facilities to District by Developer**

Upon the completion of said sanitary sewer in the manner herein provided, and upon the acceptance of said facilities by District, Developers shall convey all rights, title and interest in said sanitary sewer free and clear of all costs, liens, encumbrances, or liabilities in connection therewith, except for reimbursement from future connection charges to said sanitary sewer as hereinafter provided. It is expressly understood that unless and until said sanitary sewer is constructed in the manner herein provided, is accepted by District, and is conveyed by Developer to District, title to said sanitary sewer shall remain with Developer, and District shall have no obligation whatsoever with respect to the maintenance of said sanitary sewer.

3. **Reimbursement to Developer**

The Developers shall be reimbursed a portion of the total construction cost, to include engineering, by each property owner desiring to connect their property to the portion of sewer main constructed by the Developers.

The property owners of property desiring connection shall pay all fees in accordance with the schedule in Exhibit "A". Fees shall be calculated annually from the Construction Cost Index (CCI) as determined for the San Francisco Bay Area and listed in the Engineering News-Record since January 1, 2001. Upon receipt of said payment of fees from the property owner, the District shall attempt to refund the Developers within (60) days.

Developers shall transmit annually to the District their current mailing address in order that funds collected on their behalf may be dispersed properly. Failure on the part of the Developers to provide a current and complete address may result in delay for the delivery of any refund. The District shall not be held financially liable or responsible for the failure of the Developer to receive said refunds once transmitted by the District or for failure on the part of the District to collect all sums which may be due the Developer.

It is understood that any funds collected on behalf of Developers by the District shall be in addition to the District connection fees in effect at the time application is made by the property owner. It is further understood that the District has no obligation to collect reimbursement monies under this agreement.

4. **Termination**

This agreement shall terminate on December 31, 2011.

5. **Hold Harmless**

Developer shall indemnify and save harmless the County, District, its officers, agents, employees and servants from all claims, suits or actions of every name, kind and description including those to which injunctive or declaratory relief is sought based whole or in part on the District's entering into this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement on the date first hereinabove written.

"DISTRICT"

OAK KNOLL
SEWER MAINTENANCE DISTRICT

Michael D. Nevin
President, Board of Supervisors,
the Governing Board of said District

ATTEST:

John L. Maltbie
County Manager/Clerk of the Board

"DEVELOPERS"

BY Aldo Argenti, Jr. 3/5/01
Aldo Argenti, Jr. Date

BY Marilyn T. Argenti, Jr. 3-5-01
Marilyn T. Argenti, Jr. Date

EXHIBIT "A"

BUY-BACK AGREEMENT

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4. Divide the adjusted buy-in cost (item 3) by 1 to yield the distribution to the Argenti Family.

Second Buy-in

Family B - Formula: To recalculate the buy-in for Family B.

1. Begin with the original total construction and engineering costs (\$17, 503.81)
2. Adjust #1 above for the Construction Cost Index to compute adjusted costs;
3. Divide #2 above by 3 to yield the buy-in cost for Family B.
4. Divide the adjusted buy-in cost (item 3) by 2 to yield the distribution to Family A and the Argenti Family.

Third Buy-in

Family C - Formula: To recalculate the buy-in for Family C.

1. Begin with the original total construction and engineering costs (\$17, 503.81)
2. Adjust #1 above for the Construction Cost Index to compute adjusted costs;
3. Divide #2 above by 4 to yield the buy-in cost for Family C.
4. Divide the adjusted buy-in cost (item 3) by 3 to yield the distribution to Families A, B and the Argenti Family.

Fourth and successive Buy-in's

Repeat the model for successive buy-in's.

EXHIBIT "B"

ARGENTI BUY-BACK AGREEMENT

CONSTRUCTION COSTS

| | | | |
|------|---|-----------|-----------------------|
| I. | San Mateo County Permits & Fees Road Encroachment Permit | | \$ 1, 200.00 |
| II. | Architectural (Construction) Plans | | \$ 10,471.81 |
| III. | Casey Construction | | |
| | 6 inch sewer main | \$21, 500 | |
| | Three Manholes | 6,900 | |
| | | | <u>\$ 28, 400.00</u> |
| IV. | TOTAL: | | \$ 40, 071.81 |
| V. | OKSMD Sewer Connection Reimbursement | | <u>(\$ 22,568.00)</u> |
| VI. | Adjusted Total for Buy-Back Agreement | | <u>\$ 17, 503.81</u> |