



CITY OF HAYWARD
AGENDA REPORT

AGENDA DATE 06/26/07
AGENDA ITEM 8
WORK SESSION ITEM _____

TO: Mayor and City Council
FROM: Director of Public Works
SUBJECT: Resolution Approving an Agreement with Mohrland Mutual Water Association

RECOMMENDATION:

It is recommended that Council approve the attached resolution authorizing the City Manager to execute an agreement with Mohrland Mutual Water Association.

BACKGROUND:

Mohrland Mutual Water Association is a non-profit association established about 1932 to operate a private water well and distribution system and provide water service to residential, agricultural, and industrial developments in the Mt. Eden Area. This area is located north of Depot Road, south of Winton Ave., and in the general vicinity of Eden Avenue and Mohr Drive. At one point, Mohrland may have had close to 200 customers, including two rest homes. Currently, Mohrland Water serves about 85 single family properties, and one senior residential rest home.

More recently, in March the Local Agency Formation Commission (LAFCo) approved the City's application to annex three of five unincorporated islands. Some of the properties, located mainly in the southeast corner of the Saklan Road Island, receive water from the Mohrland Water Association and may now receive water service from the City. In addition, next fiscal year Phase II of the Mt. Eden Annexation will address the remaining two unincorporated islands, which includes the remaining Mohrland water customers.

The Mohrland Board of Directors has been concerned about the erosion of the Association's customer base. In January of this year, the president and some members of the board attended a meeting with City staff to discuss their concerns. Supervisor Gail Steel and the Alameda County Redevelopment Director were present at the meeting.

At that meeting, the Association's concerns related to the annexations were discussed. Mohrland Board members present at this meeting stated that the board's major concern centered on the possible reduction in its customer base to such a low level as to impair the ability of the Association to continue its service. Since the meeting, Mohrland has confirmed its present customer base of about 85 single family homes and one rest home, with an annual revenue of about \$35,000.

In recognition of and in response to the Association's concern, City staff and the Association board members agreed to recommend the following course of action to their respective board and City Council. The Association will continue its operation as usual through June 30, 2009 and on

July 1, 2009, the City will take ownership of all assets of the Mohrland Mutual Water Association including all its properties, equipment and other fixed assets, and all its water wells. After July 1, 2009, the City will receive all of the rate revenues and any other revenues that the Association normally receives, and in turn the City will ensure that each of the properties that are currently rate paying members of the Association in good standing will continue to receive water service to their existing developments using either the Association's or the City's water mains. At its sole discretion, the City may choose to continue operating the Mohrland wells and distribute that water to the Association members or use the City's municipal water sources.

As part of this agreement, when an individual Association member applies to connect its property to the City water system, the property will be credited with the connection and installation fee for a standard single family connection (5/8 inch meter). In effect, each member property, including the rest home, will receive a standard connection to the City water system without the payment of the Facilities Fee and installation fee, which is a savings of \$7,120, based on the current rates. Property owners will be solely responsible for making any necessary modifications to their private plumbing systems beyond the City installed water meter. It was further understood and agreed that once the City mains are available, individual properties will be required to be connected to the City water system. The one-half acre site containing the well and pump facilities, presently owned by the Association, will become the property of the Hayward Water System and at some future date, once the wells are no longer in use, could be sold. At today's prices this would recover over \$500,000 to the water fund.

Staff believes that these measures, as recommended, would enable Mohrland Water Association to stay viable and function for the next two years and allow for an orderly transition from the Association water service to the City's water system, with minimum impact on area residents. The attached agreement has been reviewed with the Mohrland Board of Directors and is recommended for approval by Council.

Prepared by:



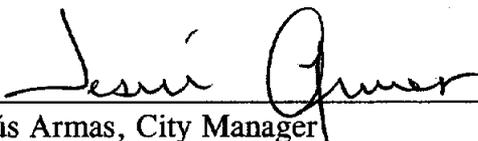
Alex Ameri, Deputy Director of Public Works

Recommended by:



Robert A. Bauman, Director of Public Works

Approved by:



Jesús Armas, City Manager

