City Council Meeting
09-14-26
**Item 6.A.**

# Council Agenda Report

To: Mayor Silverstein and the Honorable Members of the City Council

Prepared by: Tatiana Holden, Assistant Public Works Director/City Engineer

Approved by: Joseph D. Irvin, City Manager

Date prepared: September 4, 2026 Meeting date: September 14, 2026

Subject: Assessment District Formation for the PCH Wastewater Project

---

RECOMMENDED ACTION: Provide direction to staff to either: 1) continue with bifurcated formation of two Assessment Districts; or 2) to proceed with a single formation of an Assessment District to fund the Pacific Coast Highway (PCH) Wastewater Project.

FISCAL IMPACT: Funding for these services is included in the Adopted Budget for FY 2026-27 in Account No. 310-9128-5100 (Pacific Coast Highway Wastewater Connection Line Project). All expenses related to this project will be tracked and reimbursed from an assessment district upon its formation.

STRATEGIC PLAN IMPLEMENTATION: This item supports the City's 2025-2028 Strategic Plan Goal 1: Support Community Rebuilding and Long-Term Recovery and Goal 3: Advance Infrastructure Resilience.

**Goal 1**: Support Community Rebuilding and Long-Term Recovery
**Strategy:** Convert the waterfront properties impacted by the Palisades Fire from their existing septic systems to a centralized wastewater collection and treatment system potentially reducing the reconstruction and long-term maintenance costs.

**Goal 3:** Advance Infrastructure Resilience
**Objective 3.1**: Develop and fund a comprehensive Infrastructure Resilience Plan
**Strategy:** Upgrade aging coastal wastewater infrastructure to protect public health, coastal ecosystems, and ensure compliance with environmental regulations.

DISCUSSION: At the February 23, 2026, City Council meeting, staff provided an update on the preliminary design report and received direction from City Council to proceed with

The anticipated project timeline for a project with a bifurcated assessment district approach is provided below.

| Task Item | Projected Implementation Schedule |
|---|---|
| Engineer's Report to Fund Design + Stakeholder Outreach (8 months) | 07/01/2026 – 03/01/2027 |
| Formation of Assessment District 1 (2 months) | 03/01/2027 – 05/01/2027 |
| Bond Issuance to Fund Design (3 months) | 05/01/2027 – 08/01/2027 |
| Project Final Design 65% completion (12 months) | 08/01/2027 – 08/01/2028 |
| Final Desing + Bids Received (9 months) | 08/01/2028 – 05/01/2029 |
| Engineer's Report to Fund Construction + Stakeholder Outreach (9 months) | 08/01/2028 – 05/01/2029 |
| Formation of Assessment District 2 (2 months) | 05/01/2029 – 07/01/2029 |
| Bond Issuance (3 months) | 07/01/2029 – 10/01/2029 |
| Project Construction (33 months) | 10/01/2029 – 07/01/2032 |

On August 26, 2026, staff met with the Council Sewer Ad Hoc Committee comprised of Mayor pro tem Uhring and Councilmember Riggins. The Ad Hoc proposed to investigate revising the bifurcated assessment district formation approach to formation of a single assessment district. The modified approach will not alter the steps outlined for formation of an assessment district with the bifurcated approach but will help to streamline the process and expedite the project timeline.

| **Task Item** | **Projected Implementation Schedule** |
|---|---|
| Engineer's Report to Fund the Project + Stakeholder Outreach (8 months) | 07/01/2026 – 03/22/2027 |
| Formation of Assessment District (2 months) | 03/22/2027 – 05/24/2027 |
| Bond Issuance (3 months) | 05/24/2027 – 08/24/2027 |
| Final Design + Bids Received (12 months) | 08/24/2027 – 08/24/2028 |
| Project Construction (33 months) | 08/24/2028 – 05/24/2031 |

The project costs are summarized in the table below.

| **Project Estimate** | |
|---|---|
| Project Management | $996,400 |
| Engineering/Design | $8,500,000 |
| Permitting/Environmental | $2,513,000 |
| Construction Cost* | $110,125,000 |
| Construction Management/Inspection | $8,810,000 |
| **Total Estimated Project Capital Cost** | **$130,944,400** |

**If the project construction bid amount exceeds the construction cost estimate, a supplemental assessment district formation would be administered.*

Next Steps:
If the new approach is approved, the next step would include the City Council's action to initiate the single assessment proceeding. This includes receiving a presentation of the preliminary assessment engineer's report, adoption of the necessary resolutions, establishment of a public hearing date, and authorization to mail assessment district notices and ballots to the property owners within the proposed assessment district

The Proposition 218 notices and ballots include ballot instructions and explanatory materials that clearly describe the purpose of the assessment district, the design work to be funded, the methodology for the assessments, and the public hearing and balloting process. Staff will conduct community outreach meetings to respond to technical questions from the property owners and the public.

At the public hearing, Council will provide property owners and the community with an opportunity to comment on the proposed assessment district, the assessment engineer's report, the proposed assessment methodology and the amount of the proposed assessments. The public hearing also provides the property owners the ability to change their assessment ballots prior to the close of the hearing.

The ballots are weighted according to the amount of the proposed assessment assigned to each parcel, rather than counted on a one-parcel, one-vote basis. If the tabulation shows that the ballots submitted in opposition to the assessment exceed the ballots submitted in support, weighted by assessment amount, a majority protest exists and the City may not impose the assessment. If no majority protest exists, the City Council may consider proceeding with the formation of the assessment district.

ATTACHMENTS: None.