

RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES**DATE: JANUARY 12, 2026**

SUBJECT: **AGREEMENT WITH ROBERT ALLEN SHEPHERD, 3625 PLACENTIA LANE, FOR HOLDING TANK COST REIMBURSEMENT**

ISSUE:

Consider recommending City Council approve an agreement with Robert Allen Shepherd, 3625 Placentia Lane, which formalizes the terms of a 1999 letter agreement for holding tank cost reimbursement for an estimated annual cost of \$7,000 in addition to \$88,777.47 that has been reimbursed to date for holding tank cost reimbursement until the time that the property can be connected to the public sewer system.

RECOMMENDATIONS:

That the Board of Public Utilities:

1. Recommend that the City Council approve an agreement with Robert Allen Shepherd, 3625 Placentia Lane, which formalizes the terms of a 1999 letter agreement for holding tank cost reimbursement for an estimated annual cost of \$7,000 in addition to \$88,777.47 that has been reimbursed to date for holding tank cost reimbursement until the time that the site can be connected to the public sewer system; and
2. Authorize the City Manager, or designee, to execute the agreement, including making minor and non-substantive changes.

BACKGROUND:

On June 9, 2025, the Board of Public Utilities discussed this item, requested additional information to address their concerns, and continued the matter to a future Board meeting.

The North Orange Well Field overlying the Riverside groundwater basin is one of three major drinking water supplies for the City of Riverside, providing approximately 15% of Riverside's water supply. Historically, there have been several production wells located within easements on the parcel at 3625 Placentia Lane, going back to the Russell A Well which was constructed in 1931, Russell B Well in 1970, and Russell C Well in 1999. Water produced from these wells contributed to RPU's potable water supply even as the North Orange Well Field underwent urbanization from agricultural land use to industrial and residential developments. Many developments in that area relied on on-site septic systems due to the lack of sewer infrastructure in this neighborhood.

At the time that the Russell C Well was under construction, the parcel at 3625 Placentia Lane was being proposed for development and went to City Council on December 7, 1999 for approval (Zoning Case MP-003-989). Internal correspondence from the Riverside Public Utilities Director to the City Council expressed concern that the conditions for this development permitted a sewage leach field to be constructed within a few hundred feet of the City's new Russell C Well, and the potential for leachate to be drawn into the well. RPU requested that Council approval of the zoning case be contingent upon changes to the conditions of approval requiring the development to install an onsite sewage holding tank which would need to be pumped out and delivered to a municipal sewage treatment plant, and that the property owner be required to connect to a municipal sewer when it became available. Changes to reflect the concerns of potential contamination of the groundwater basin were also requested to be made to the project's CEQA/Initial Study document. City Council approved the zoning case, incorporating RPU's requested changes to the conditions of approval. These changes were made, and the zoning case was approved by City Council.

That same month, a letter agreement dated December 21, 1999, and signed by the Riverside Public Utilities Director, Bill D. Carnahan, was produced which documented a verbal agreement between the City of Riverside and Robert Allen Shepherd regarding the reimbursement of costs to empty and dispose of the holding tank waste until the site was connected to a sewer system. Additional terms of the agreement include the agreement for the property owner to connect to sewer facilities when the sewer was within 200 feet, and the transferability of these conditions and obligations to the new owners of 3625 Placentia Lane. Reimbursements have been made per the letter agreement with the City's accounting system showing a total of \$88,777.47 reimbursed to date (9/7/2001 to 11/24/2025).

The total reimbursement has exceeded department head approval limits and must therefore be forwarded to the City Council for consideration. Council approval is needed to ratify the understanding between RPU and the property owner, as formalized in the recently drafted agreement to continue holding tank cost reimbursements.

Staff have not been able to confirm whether the original 1999 letter agreement was ever presented to the RPU Board or the City Council for approval. Because of this uncertainty, staff seek to fully resolve the matter.

At the June 9, 2025, meeting, following staff's presentation, the Board of Public Utilities continued this item and requested additional information. Staff have since completed the requested research, which is summarized in the following section.

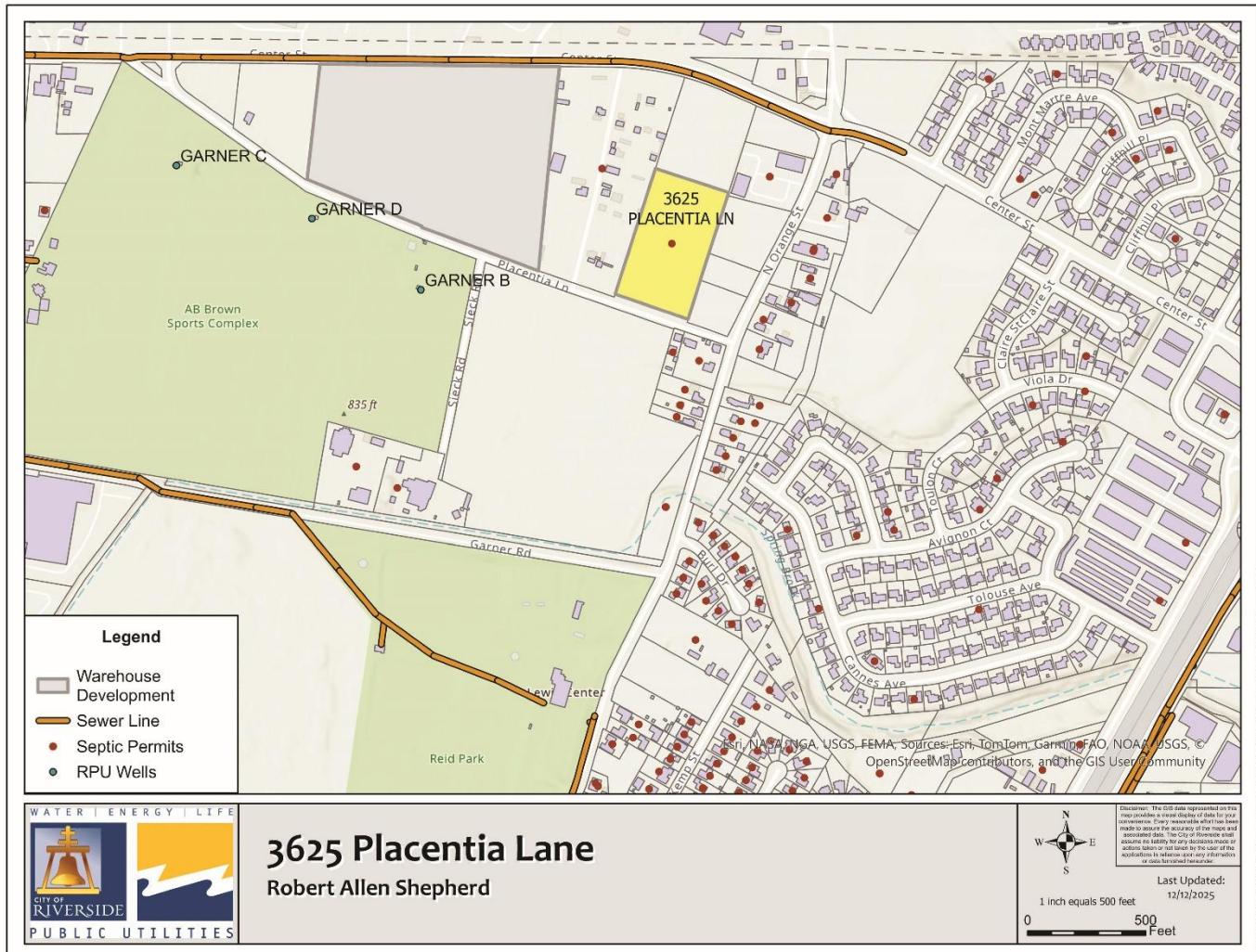
DISCUSSION:

A source water assessment was completed by RPU Staff with assistance from the California Department of Health Services staff in early 2002 and presented to the RPU Board for approval in March 2002, followed by City Council approval in May 2002. The report confirmed that septic systems pose a high risk of contamination to the City's drinking water wells in the area and recommended a list of actions to protect the City's drinking water wells, the most immediate action of which was to prevent future construction of septic systems in the area. Additional approved recommendations included RPU jointly funding a future sewer installation project with Public Works to serve new developments in the vicinity of Placentia Lane, at an estimated cost of \$1.3 million; and requesting that Riverside County adopt similar restrictions on septic systems. In July 2002, City Council approved amending Riverside Municipal Code section 14.08.030 to reflect the

requested changes to prohibit installation of septic systems for new developments within the North Orange area.

Under Title 14 of the Riverside Municipal Code (RMC), new developments, residences, or structures are required to connect to the public sewer system or be served by a satisfactory functioning septic system if they are further than 160 feet from a public sewer system and the right-of-way admits such construction. The code further requires connection to the public sewer regardless of distance if a septic tank poses a potential contamination risk to the City's drinking water wells. The Riverside Logistics Center, a recently constructed warehouse development located west of 3625 Placentia Lane, is connected to the 8-inch vitrified clay pipe sewer main within Center Street. The figure below shows the current sewer lines within the North Orange area, along with sites that have onsite septic systems. The septic system data shown on the figure is a combination of the City's Public Works' GIS layer (which is no longer updated) and GIS information received from Riverside County. While Riverside County's GIS data goes back to the early 2000's, it does not include the older onsite septic systems, which only exist in paper record format and have not been digitized into their GIS database.

Sewer connections are required to be made to the sewer main fronting their respective parcels; even though the parcel north of 3625 Placentia Lane is tied into the sewer system in Center St., the subject property would not be permitted to obtain service by running a lateral northerly through this property. The cost for connecting the site to sewer would require extending the nearest



available sewer line (located within Center St. and Orange St.), approximately 1,540 feet at an estimated construction cost of approximately \$1.2M.

Under the conditions of the letter agreement, the reimbursements would continue until the system is connected to a sewer system; and the property owner is required to connect to sewer facilities when the sewer is within 200 feet of the property. The Northside Neighborhood has several sizeable development projects that are in various stages of development. These are expected to require expansion of sewer infrastructure to service the new demands in this area. As development in the Northside Neighborhood continues, it is anticipated that this will facilitate the necessary expansion of supporting sewer infrastructure that will allow the site to be removed from holding tank service. Additionally, under the RMC Section 14.08.030, failure of the existing septic system or the need for a building permit at the property will require connection to the public sewer system even if the property is located more than 160 feet from the sewer main since there is the potential risk of contamination to the City's wells.

Although the three Russell Wells A, B, and C have since been abandoned and the utility easements quitclaimed back to the property owner, RPU continues to operate nearby potable wells within the area, and the conditions in the letter agreement still protect the water quality of the underlying groundwater basin in addition to the realized benefit of protecting the water quality of the Russell C Well during its time in operation. Source water protection is a low-tech and cost-effective management strategy to protect the groundwater basin and the City's potable water supplies in comparison to the treatment costs and impacts resulting from potential groundwater contamination.

The reimbursement agreement is atypical and not a common RPU practice. It seems to have originated from the unique timing of the construction of RPU's Russell C Well simultaneously with the property's development, along with the proximity of RPU's new well to the proposed septic system and the impending regulatory moratorium being developed to prohibit septic systems in the area. In this instance, the developer's schedule was slightly ahead of RPU's well construction and this agreement served as a work-around to safeguard the water quality of the well and groundwater basin. The development of the parcel also happened to occur prior to RPU completing a Drinking Water Source Assessment study that would provide support for ultimately banning future on-site septic systems within the North Orange area. As there were several wells that were historically located on the parcel, RPU benefited from the continued protection of the potable water supply, while also allowing the property owner to develop their property. The reimbursement agreement provided benefits to both RPU as well as the property owner through the years.

Staff is seeking to ratify the understanding that the parties agreed to in the recently drafted formalized agreement with Robert Allen Shepherd for on-going reimbursement expenditures for holding tank pumping services until the site is connected to public sewer service.

FISCAL IMPACT:

The estimated annual cost is approximately \$7,000, which will vary slightly based on site use and inflation. Sufficient funds are budgeted and available in the Public Utilities Water Productions & Operations Professional Services Account No. 6200000-421000. Funds for this expenditure will continue to be budgeted within this account until the site has been connected to the City's sewer system.

Prepared by: Robin Glenney, Utilities Assistant General Manager/Water
Approved by: David A. Garcia, Utilities General Manager
Certified as to
availability of funds: Kristie Thomas, Chief Financial Officer
Approved by: Gilbert Hernandez, Interim Assistant City Manager
Approved as to form: Rebecca McKee-Reimbold, Interim City Attorney

Attachments:

1. City Council Memorandum, December 7, 1999
2. City Council Memorandum, May 14, 2002
3. Agreement
4. Presentation