

**COUNTY OF SONOMA  
AGENDA ITEM  
SUMMARY REPORT**

<b>Clerk of the Board Use Only</b>	
<b>Meeting Date</b>	<b>Held Until</b>
_____	_____
<b>Agenda Item No:</b>	<b>Agenda Item No:</b>
_____	_____

**Department:**  
Sonoma Valley County Sanitation District

( ) 4/5 Vote Required

**Contact:** Erik Brown  
**Phone:** (707) 547-1926  
**Board Date:** 04-21-09

**Deadline for Board Action:**

**AGENDA SHORT TITLE:**  
Sonoma Valley CSD Biosolids Management Upgrade Project State Revolving Fund Loan Application

**REQUESTED BOARD ACTION(S):**

- Resolution authorizing the General Manager/Chief Engineer of the Sonoma County Water Agency to
1. Sign and file, for and on behalf of the Sonoma Valley County Sanitation District (District), a financial assistance application to the State Water Resources Control Board for State Revolving Fund Loan funding for the Biosolids Management Upgrade Project; and
  2. execute any documents necessary to apply for such funding; and
  3. take all actions necessary to secure such funding; and
  4. negotiate and execute a loan contract and any amendments or change orders thereto; and
  5. certify loan disbursements on behalf of the District; and
  6. certify that the District has and will comply with all applicable state and federal statutory and regulatory requirements related to any loan received; and
  7. dedicate a source of revenue for payment of the State Revolving Fund Loan Agreement upon execution.

**CURRENT FISCAL YEAR FINANCIAL IMPACT**

<u>EXPENDITURES</u>		<u>ADD'L FUNDS REQUIRING BOARD APPROVAL</u>	
<b>Estimated Cost</b>	\$ 3,100,000	<b>Contingencies</b>	\$
<b>Amount Budgeted</b>	\$ 3,100,000	<b>(Fund Name: )</b>	
<b>Other Avail Approp</b>	\$	<b>Unanticipated Revenue</b>	\$
<b>(Explain below)</b>		<b>(Source: )</b>	
<b>Additional Requested:</b>	\$ _____ -0-	<b>Other Transfer(s)</b>	\$
		<b>(Source: )</b>	
		<b>Add'l Funds Requested:</b>	\$ _____ -0-

**Explanation (if required):** To date, expenditures have been covered by the fund entitled Sonoma Valley County Sanitation District - Construction (Account No. 653303-8510). A State Revolving Fund Loan approved and authorized by the attached resolution will reimburse planning and design expenditures, and fund construction of the Project in the amount of 2,900,000.

**Prior Board Action(s):**

- 01/23/07 Resolution authorizing the General Manager/Chief Engineer to execute the Agreement for Preliminary Engineering Design Services for Sonoma Valley County Sanitation District Biosolids Management Upgrade Project Phase I-Dewatering Upgrade with Brown and Caldwell (\$85,000).
- 02/01/05 Resolution authorizing the General Manager/Chief Engineer to execute the Agreement for Engineering Services for an Alternatives Evaluation for the Sonoma Valley CSD Biosolids Management Upgrade Project with Brown and Caldwell (\$97,929)

**Alternatives - Results of Non-Approval:**

Non-approval would result in loss of potential low-interest loan funding for the Project.

**Background:** Example of Loan Agreement on file with the Clerk.

The Sonoma Valley County Sanitation District (District) operates a wastewater collection system within Sonoma Valley that serves a 4,500-acre service area and more than 17,000 single-family dwellings. The District treatment facility removes solids from the liquid wastewater stream. In the treatment facility's extended aeration stabilization process, the solids are extracted, dewatered, and converted into Class B biosolids. These biosolids are currently hauled away and disposed of at a municipal landfill. Additionally the solids handling equipment is aging and there are some operational inefficiencies with the current system. The District also has one of the higher biosolids processing and disposal costs in the San Francisco Bay Area.

On February 1, 2005, the Board approved an agreement between the District and Brown and Caldwell (Consultant) to investigate the feasibility of upgrading the biosolids handling at the Sonoma Valley Treatment Plant (SVTP). Brown and Caldwell prepared a report entitled "Biosolids Management Upgrade Project Feasibility Study" (Study), dated October 2005. The Study evaluated biosolids management options due to the increasingly restrictive environment for recycling biosolids via land application, the associated anticipated biosolids management cost increases, and current biosolids processing and disposal costs. The Study recommended implementing the biosolids management upgrades in two phases. Phase I would upgrade the existing solids dewatering and solids handling system. Phase II would add a thermal drying process to the solids handling stream. District staff recommends implementation of Phase I. Phase II may be implemented in the future if conditions change such as District solids handling policies, regulatory mandates, or landfill availability.

On January 23, 2007, the Board approved an agreement between the District and Brown and Caldwell (Consultant) to prepare a Preliminary Engineering Design. The design is an upgrade of the existing biosolids handling at SVTP to provide a modern facility with operational flexibility and efficiency. Space will be allocated for a future process, such as heat drying that can produce Class A biosolids. The upgrades include modifications to the existing thickening process and Solids Handling Building in addition to a new Solids Dewatering Building that will provide dewatering and sludge loadout facilities. The thickening system improvements and existing Solids Handling Building modifications include replacement of the gravity thickener mechanism, new thickened sludge pumps and building upgrades. The new Solids Dewatering Building will include a screw press, polymer system, dewatered cake pumps and a truck loadout area. Phase I is currently in the design phase, with construction scheduled to start during the 2009/2010 Fiscal Year.

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**Attachments:** Resolution (R1)

**On File With Clerk:** Example of loan agreement.

**CLERK OF THE BOARD USE ONLY**

**Board Action (If other than "Requested")**

**Vote:**

**Background (continued):**

The cost to construct the Sonoma Valley CSD Biosolids Management Upgrade Project (Project) is currently estimated to be \$2,900,000. In order to complete the Project, the District will require funding assistance in the form of a low-interest loan. The District proposes to fund the Project costs with a State Revolving Fund (SRF) loan. The State Water Resources Control Board (SWRCB) offers low interest loans through the SRF Loan Program for public agencies undertaking wastewater treatment plant improvements. SRF loans currently carry an interest rate of approximately 2.4% for a term of 20 years, making the loans attractive when compared with conventional financing alternatives. Because the District's service area does not qualify as a disadvantaged community, it is not eligible for forgiveness of principal, negative interest loans, grants, or any combination of these.

The SWRCB requires the District's Board to adopt a resolution authorizing the District to a) apply for a State Revolving Fund (SRF) loan, b) dedicate a source of revenue for payment of the SRF loan financing agreement upon execution, and c) deposit to a capital reserve fund one-half of one percent of the final loan amount annually for the first ten years of the loan until a balance of five percent of the loan amount is accumulated. The source of revenue for repayment of any and all final executed Clean Water State Revolving Fund financial agreements revenues will be derived from user charge proceeds for wastewater services and deposited in the Sonoma Valley County Sanitation District Operations Fund. The Agency's staff have reviewed current operations requirements and revenue stream and have determined that current sources of revenue are adequate to provide the requested dedication of a source of revenue.

The Sonoma County Debt Advisory Committee has reviewed and approved the proposed funding option for this project.

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Resolution authorizing the General Manager/Chief Engineer of the Sonoma County Water Agency to

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5. certify loan disbursements on behalf of the District; and
6. certify that the District has and will comply with all applicable state and federal statutory and regulatory requirements related to any loan received; and
7. dedicate a source of revenue for payment of the State Revolving Fund Loan Agreement upon execution.