

**COUNTY OF SONOMA
AGENDA ITEM
SUMMARY REPORT**

Clerk of the Board Use Only
Meeting Date **Held Until**

Agenda Item No: **Agenda Item No:**

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 Main Sewer Trunk Replacement (Watmaugh Road East to Treatment Plant) Project
 State Revolving Fund Loan Application

REQUESTED BOARD ACTION(S):
 See Supplemental Page

CURRENT FISCAL YEAR FINANCIAL IMPACT

<u>EXPENDITURES</u>		<u>ADD'L FUNDS REQUIRING BOARD APPROVAL</u>	
Estimated Cost	\$ 4,100,000	Contingencies	\$
		(Fund Name:)	
Amount Budgeted	\$ 4,100,000	Unanticipated Revenue	\$
		(Source:)	
Other Avail Approp	\$	Other Transfer(s)	\$
(Explain below)		(Source:)	
Additional Requested:	\$ -0-	Add'l Funds Requested:	\$ -0-

Explanation (if required): To date, expenditures have been covered by the fund entitled Sonoma Valley County Sanitation District - Construction (Account No. 653303-9142). 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 4,100,000.

Prior Board Action(s):

- 11/18/08 Resolution No. 08-0969 of the Board of Directors approving and authorizing the Chairman to execute the agreements for purchase and sale of property rights for the Sonoma Valley CSD Sewer Trunk Main Replacement (Watmaugh Road East to Treatment Plant).
- 10/14/08 Resolution No. 08-0872 of the Board of Directors declaring its intention to adopt a Resolution of Necessity with respect to the acquisition of real property for the Sonoma Valley CSD Sewer Trunk Main Replacement (Watmaugh Road East to Treatment Plant) and setting a date and time for the Public Hearing on the Resolution of Necessity.
- 03/18/08 Resolution No. 08-0227 of the Board of Directors of Sonoma Valley CSD adopting a mitigated negative declaration and mitigation monitoring plan; approving the Sonoma Valley CSD Main Sewer Trunk Replacement Project; and authorizing the filing of a Notice of Determination.
- 06/12/07 Resolution authorizing the General Manager/Chief Engineer to execute the Agreement for Environmental Compliance Services for Sonoma Valley CSD Main Sewer Trunk Replacement Project (Watmaugh Road East to Treatment Plant) between the Sonoma Valley County Sanitation District and Environmental Science Associates (\$58,420).
- 06/05/07 Resolution authorizing the General Manager/Chief Engineer to execute the Agreement for Appraisal Services for Sonoma Valley CSD Main Sewer Trunk Replacement Project (Watmaugh Road East to Treatment Plant).

Alternatives - Results of Non-Approval:

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

Supplemental Page

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 Main Sewer Trunk Replacement (Watmaugh Road East to Treatment Plant) 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.

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 existing 24-inch main sewer trunk is in need of repair to be able to reliably accommodate flows from storm water inflow and groundwater infiltration and reduce the likelihood of sanitary system overflows.

The Sonoma Valley CSD Main Sewer Trunk Replacement (Watmaugh Road East to Treatment Plant) Project (Project) is intended to repair and improve the existing main sewer trunk to reliably handle dry and wet weather inflows, enhance wet weather capacity and reliability, and improve surface water quality within the District. The Project would upsize the main sewer trunk to accommodate build-out consistent with the Sonoma County General Plan plus inflow and infiltration from a 20-year storm event.

The Project would consist of the following:

Installation of approximately 5,650 linear feet of pipeline ranging in size from 30 to 42 inches in diameter, including:

- Removal of approximately 2,700 linear feet of existing pipeline;
- approximately 2,135 linear feet of new pipeline alignment;
- abandonment in place of approximately 2,800 linear feet of existing pipeline;
- abandonment in place of approximately six manholes;
- replacement of approximately 13 manholes and two junction boxes;
- installation of approximately five new maintenance manholes.

The Board approved an agreement for appraisal services on June 5, 2007, and an agreement for environmental compliance services on June 12, 2007. The Board also adopted a mitigated negative declaration and mitigation monitoring plan on March 8, 2008, and approved execution of agreements for purchase and sale of property rights on November 18, 2008 following a Resolution declaring its intention to adopt a Resolution of Necessity with respect to the acquisition of real property on October 14, 2008.

The cost to construct the Project is currently estimated to be \$4,100,000. 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.

B1
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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 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 has 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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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.

B2