

**COUNTY OF SONOMA
AGENDA ITEM
SUMMARY REPORT**

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

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

Department: South Park County Sanitation District () 4/5 Vote Required

Contact: Victor Swift	Phone: (707) 547-1975	Board Date: 06-02-09	Deadline for Board Action:
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AGENDA SHORT TITLE:
 Biwana Collection System Replacement 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 South Park County Sanitation District, a financial assistance application to the State Water Resources Control Board for State Revolving Fund Loan funding for the Biwana Collection System Replacement Project,
2. Execute any documents necessary to apply for such funding,
3. Take all actions necessary to secure such funding,
4. Negotiate and execute a loan contract and any amendments or change orders thereto,
5. Certify loan disbursements on behalf of the District,
6. Certify that the District has and will comply with all applicable state and federal statutory and regulatory requirements related to any loan received,
7. Dedicate a source of revenue for payment of the State Revolving Fund Loan Agreement upon execution.

CURRENT FISCAL YEAR FINANCIAL IMPACT

EXPENDITURES		ADD'L FUNDS REQUIRING BOARD APPROVAL	
Estimated Cost	\$ 3,800,000	Contingencies	\$
		(Fund Name:)	
Amount Budgeted	\$ -0-	Unanticipated Revenue	\$
		(Source:)	
Other Avail Approp (Explain below)	\$ 3,800,000	Other Transfer(s)	\$ 3,800,000
		(Source: AC#: 654301-9142)	
Additional Requested:	\$ -0-	Add'l Funds Requested:	\$ 3,800,000

Explanation (if required): To date, expenditures have been covered by the fund entitled South Park County Sanitation District - Construction (Account No. 654301-9142). 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 \$3,800,000.

Prior Board Action(s):
 12/16/08 Resolution 08-1052 approving and authorizing the Chairman to execute agreement for purchase and sale of property rights and authorizing General Manager/Chief Engineer, to execute such other documents and take such other actions necessary to close purchase transactions and acquire easements required for the Biwana Drive Collection System Replacement Project.
 03/06/07 Resolution 07-0166 declaring 1) there is a potential Public Health Hazard and Environmental Water Pollution Hazard in the South Park County Sanitation District resulting from the current aged conditions of the Public Sanitary Sewage Collection System, and 2) all phases of the District's Sewer System Rehabilitation and Replacement Project necessary to alleviate the inordinate amount of sewage overflows and backups will be completed by July 1, 2011.
 04/20/04 Resolution approving Amendment No. 3 for Dissolution of South Park CSD and Transfer to the City of Santa Rosa.

Alternatives - Results of Non-Approval:
 Non-approval would result in loss of potential low-interest loan funding and possibly grant funding for the project.

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

The South Park County Sanitation District (District) Biwana Collection System Replacement Project (Project) consists of replacement of approximately 6,000 lineal feet of 6-inch and 8-inch sewer and appurtenances including 136 laterals and 20 manholes. The alignment is along the existing collection system. The Project will be constructed within the County Right-of-Way in the Roseland area of Santa Rosa from McMinn Avenue at Odell Lane at the north end to Westwood Drive at Hearn Avenue at the south end and including cross streets off of Southwood Drive, Leo Drive, Liana Drive, Rose Meadow Court, Rose Bud Court and within several easements. The Project area is typified by residential dwellings. The Project will help to alleviate infiltration and inflow to the sewer system during wet weather, reduce the chance of sewage overflows during the winter, as well as prevent possible leakage of wastewater into groundwater adjacent to the existing piping.

The Project will be constructed within County Right-of-Way and easements and under encroachment permits from the Sonoma County Permit and Resource Management Department and the City of Santa Rosa (City) for McMinn Avenue and Hearn Avenue. In addition, a minimum size line of 8 inches will be used in accordance with City of Santa Rosa's standards.

A Notice of Exemption was filed by the District on October 15, 2008 in compliance with the California Environmental Quality Act (CEQA) for all phases of the Project, since the Project is located within the County and City Right-of-Way.

The replacement of the wastewater collection system is required under the agreement between the District and the City of Santa Rosa for the dissolution of the District. Upon completion of all phases of sewer replacement (2011), the current plan is for the District to be annexed to the City, which will enhance service provided to the primarily low-income residents of the area.

Residents of the District held a successful protest of the proposed 2005/2006 rate increase for capital improvements, making it more difficult for the District to meet its capital replacement obligations.

The cost to construct the Project is currently estimated to be \$3,800,000. 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. While the District qualifies as a disadvantaged community, and may be eligible for forgiveness of principal, negative interest loans, grants, or any combination of these, SWRCB will not make that determination until after the completed loan application has been submitted.

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Attachments: Resolution (R1)

On File With Clerk: Example of Loan Agreement (1 Copy)

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 1) apply for a State Revolving Fund (SRF) loan, 2) dedicate a source of revenue for payment of the SRF loan financing agreement upon execution, and 3) 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 South Park County Sanitation District Operations Fund.

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

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