



Agenda Date: 10/19/2016
Agenda Placement: 8A

Napa Sanitation District Board Agenda Letter

TO: Honorable Board of Directors
FROM: Timothy Healy - General Manager
NS-Administration
REPORT BY: Jeff Tucker, Director of Administrative Services/CFO - 707-258-6000
SUBJECT: Discuss Continued Membership in NBWRA Phase 2

RECOMMENDATION

Receive update on NBWRA Phase 2 status, and discuss whether the District should continue to be a part of NBWRA Phase 2 through the EIR/EIS phase of the program, based on projected costs and proposed projects.

EXECUTIVE SUMMARY

The Napa Sanitation District is a member of the North Bay Water Reuse Authority's Phase 2 project. Phase 2 builds upon the success of Phase 1 in which the multi-agency consortium developed a Environmental Impact Report and applied for federal and state grant money to build recycled water projects.

The NBWRA has just about completed all work on a Feasibility Study, a requirement to develop an EIR and apply for federal grants. The NBWRA has a federal authorization for \$80 million in recycled water projects (\$20 million from USBR grants, and \$60 million in local cost sharing). The Feasibility Study shows that the current partners have only \$55.2 million in projects. The NBWRA Board has temporarily halted work on the next step, the EIR, to see if there are additional local agencies wanting to joint the NBWRA and be a part of the Feasibility Study and EIR. New partners with new projects would allow the region to take full advantage of the \$80 million federal authorization, and would increase the base upon which program costs can be spread.

The NBWRA has also been discussing different ways to allocate Phase 2 costs. The current MOU says that all costs are split evenly. However, an action taken by the Board in 2014 started allocating costs based on the cost of projects being reviewed under the Feasibility Study. Now that the Feasibility Study is complete and several projects have dropped out of the next phase, the Board is considering a new allocation methodology. The new methodology would be as follows:

- | Costs associated with Program Development would be split evenly (12.5% to each agency).
- | Costs associated with the Feasibility Study would be split based on the number of projects each agency evaluated (35.2% to NSD).
- | Costs associated with the next phase, the EIR, would be split based on the cost of projects included in the study (10.7% to NSD).

Based on this allocation methodology, the District would pay \$966,484 for Program Development, the Feasibility Study, and the EIR, over a 3 year period covering FY 14/15, FY 15/16 and FY 16/17.

Staff estimates that by the end construction of Phase 2 projects (in about 8 years), the District will have spent \$1.14 million on Phase 2 studies and administration, to receive an estimated \$1.45 million in federal grants. The benefit to the District is estimated at just over \$300,000 in federal grants. In addition, the District benefits by having the Feasibility Study completed, which helped in negotiations with the Regional Board regarding the new NPDES permit. The calculated benefit does not include potential state grant support, if available when the projects are constructed.

At the meeting, staff will also update the Board on some organization changes that have been made within the NBWRA, including the elimination of the Technical Advisory Committee (TAC).

Staff is requesting that the Board provide the District's representative to the NBWRA direction on whether to continue to be included in the EIR study of the Phase 2 program.

FISCAL IMPACT

Is there a Fiscal Impact? No

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

None.

SUPPORTING DOCUMENTS

A . Presentation

Napa Sanitation District: Approve

Reviewed By: Timothy Healy