



Agenda Date: 5/2/2018
Agenda Placement: 8D

Napa Sanitation District Board Agenda Letter

TO: Honorable Board of Directors
FROM: Timothy Healy - General Manager
NS-Technical Services/Engineer
REPORT BY: Andrew Damron, Technical Services Director - 707-258-6000
SUBJECT: Approve Amendment 1 to Agreement with the City of Napa for Sale of Recycled Water

RECOMMENDATION

Authorize General Manager to execute the attached Amendment No. 1 to the agreement with the City of Napa for sale of recycled water within the City of Napa water service area.

EXECUTIVE SUMMARY

On August 4, 1998, NapaSan and the City of Napa entered into the "Agreement Between City of Napa and Napa Sanitation District for Sale of Recycled Water within City of Napa Water Service Area". The agreement allowed NapaSan to distribute and sell recycled water to a set of parcels within the City of Napa water service area defined as: (1) the area east of the Napa River, south of Imola Avenue, west of Highway 221, and north of the City of American Canyon water service area, and; (2) the properties known as "Stanly Ranch", "South Napa Market Place", and "Napa State Hospital", and the NapaSan property north of and adjacent to Imola Avenue east of the Napa River. The area is shown in Exhibit A.

The agreement required NapaSan to reimburse the City of Napa for loss of revenue after the conversion of each parcel to recycled water. The reimbursement obligation for each parcel continues from year to year until the amount of City potable water sales has regained its previous level prior to the conversion. The formula is defined further in the agreement.

Additionally, the agreement includes reciprocal rights to water service. NapaSan provides up to 50 acre feet per year of recycled water to Kennedy Park at no cost and NapaSan provides up to 50 acre feet per year of recycled water to Napa Valley College at no cost. The City of Napa provides NapaSan up to 11 acre feet per year of potable water for use at the treatment plant, offices, and collection system maintenance at no cost.

On February 8, 2018, NapaSan accepted completion of the MST Recycled Water Expansion project that installed

1.4 miles of recycled water main in Coombsville Road. Tulocay Cemetery and Silverado Middle School are existing customers of the City of Napa's potable water system and both properties participated in Napa County's Community Facilities District (CFD) to partially fund the 1.4-mile extension.

The amendment to the NapaSan-City of Napa agreement is required to sell recycled water to Tulocay Cemetery and Silverado Middle School. The amendment adds both properties to the "ReUse Area" defined in the agreement and shown in Exhibit D in the amendment. All other terms and conditions in the original agreement remain in place.

FISCAL IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	Yes
Where is it budgeted?	Revenue from sale of recycled water is budgeted in the operations budget. Reimbursement to the City of Napa for loss of revenue will be paid by each new customer as a surcharge to the recycled water rate.
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	The amendment is necessary to provide recycled water service to Tulocay Cemetery and Silverado Middle School since both parcels are located within the City of Napa water service area and are not located within the original reuse area defined by the 1998 NapaSan-City of Napa agreement.
Is the general fund affected?	Yes
Future fiscal impact:	Sale of recycled water to Tulocay Cemetery and Silverado Middle School will result in additional revenue in future years.
Consequences if not approved:	NapaSan will not provide recycled water to Tulocay Cemetery and Silverado Middle School.
Additional Information:	None.

ENVIRONMENTAL IMPACT

NapaSan and Napa County were member agencies of the North Bay Water Reuse Authority (NBWRA). The potential environmental effect of the Phase 1 Implementation Plan and the MST Recycled Water Project were analyzed in an EIR/EIS prepared by the Sonoma County Water Agency, as CEQA Lead Agency. SCWA certified the EIR/EIS on December 8, 2009. NapaSan certified the Final EIR/EIS on December 16, 2009.

Based upon subsequent engineering and design efforts for the MST Project, NapaSan proposed minor changes to the proposed location and facilities of the Imola Avenue booster pump station and extension of the recycled water pipeline distribution system to serve Tulocay Cemetery and Silverado Middle School. NapaSan, Napa County, and the Bureau of Reclamation prepared an Addendum/Supplemental Information Document to the NBWRA EIR/EIS to include the alignment extension in Coombsville Road within the context of the previous analysis provided in the NBWRA EIR/EIS. The addendum was certified by NapaSan on November 6, 2013.

BACKGROUND AND DISCUSSION

NapaSan and City of Napa staff worked collaboratively to prepare the amendment to the original agreement. NapaSan legal counsel has reviewed the amendment and has approved as to form.

SUPPORTING DOCUMENTS

- A . Agreement for Sale of Recycled Water (NapaSan-City of Napa)
- B . Amendment to Agreement for Sale of Recycled Water
- C . Presentation Slides

Napa Sanitation District: Approve

Reviewed By: Timothy Healy