



Agenda Date: 9/7/2016
Agenda Placement: 8B

Napa Sanitation District Board Agenda Letter

TO: Honorable Board of Directors

FROM: Jeff Tucker - Director of Administrative Services/CFO
NS-Administration

REPORT BY: Jeff Tucker, Director of Administrative Services/CFO - 707-258-6000

SUBJECT: Approve Reimbursement Resolution, Pledge or Revenue Resolution, and Authorize Director of Administrative Services to Apply for an SRF Loan Under the Green Project Reserve Program for the Recycled Water Reservoir Lining Project

RECOMMENDATION

Approve the attached Reimbursement Resolution and Pledge of Revenue Resolution, and authorize the Director of Administrative Services/CFO to apply for a Clean Water State Revolving Fund loan from the State Water Resources Control Board for the Recycled Water Reservoir Lining Project, under the state's Green Project Reserve Program.

EXECUTIVE SUMMARY

The Recycled Water Reservoir Lining project was approved by the Board as a priority project in the Capital Improvement Plan as part of the FY2016-17 Annual Budget. This project will increase the amount of water that can be stored in the existing reservoirs by approximately 3 million gallons. The additional storage is necessary to meet the short-term/operational demands for recycled water and to increase the resiliency of recycled water delivery as the system begins to deliver increased amounts of recycled water to the MST and LCWD areas.

In April 2016, the Board authorized the Director of Administrative Services to apply to the State Water Resources Control Board (SWRCB) for a recycled water grant under Proposition 1 for the Recycled Water Reservoir Lining project. At that time, it was believed that the project would qualify for a Prop.1 grant. SWRCB staff has since informed us that the project does not qualify for Prop.1 grant assistance. However, the project may qualify under their Green Project Reserve Program.

The Green Projects Reserve (GPR) program is part of the State Water Quality Control Board's CWSRF loan program, funded by the U.S. Environmental Protection Agency. The program seeks to promote water and energy efficiency projects by providing loan forgiveness to qualifying projects. Based on feedback received from SWRCB staff, the Recycled Water Reservoir Lining Project meets the program requirements.

The most significant differences between the Green Project Reserve program and the Prop. 1 program is that Prop. 1 was a grant covering up to 35% of construction costs. The Green Project Reserve Program is a loan program where 50% of the loan amount (including hard construction costs and soft costs), up to \$2.5 million, is forgiven.

Applying for a loan under the GPR program will require the District to conduct additional environmental analysis to meet the "CEQA-plus" requirements. The state's approval process is expected to take up to 12 months. It is currently estimated that financing the project through the GPR program could save the District up to \$875,000.

Because of the potential for significant reduction in project costs to the District, the recommendation is for the Board to authorize the Director of Administrative Service to submit an application and make associated assurances, certifications and commitments, and to approve the attached Reimbursement Resolution and Pledge of Revenues Resolution associated with the application.

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
- B . Reimbursement Resolution
- C . Pledge of Revenues Resolution

Napa Sanitation District: Approve

Reviewed By: Jeff Tucker