

RESOLUTION NO. 261

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SPANISH FLAT WATER DISTRICT APPROVING FORMATION OF IMPROVEMENT DISTRICT NO. 2 TO FUND UPGRADE OF THE SPANISH FLAT WATER TREATMENT FACILITY, APPROVING SUPPLEMENT OF THE PLAN OF WORKS, APPROVING THE LOAN CONTRACT, AND CALLING A SPECIAL ELECTION TO RATIFY APPROVAL OF THE LOAN CONTRACT

WHEREAS, the Spanish Flat Water District ("District") is a special district of the State of California organized pursuant to the California Water District Act (Water Code sections 34000 et seq.); and

WHEREAS, Section 36410 permits the District to form an improvement district to incur debt on a less than District-wide basis to fund a specific improvement which benefits only the owners or water users within the area served by that improvement; and

WHEREAS, the water treatment plant serving the Spanish Flat area of the District needs to be upgraded in order to comply with state and federal regulations, and to that end the State of California has offered a grant to fund 80% of the approximate cost of \$900,000 if the District is willing to create an improvement district to fund the remaining 20% (approximately \$180,000) with a 20-year, low-interest loan from the Safe Drinking Water State Revolving Fund, to be repaid by the water users within the improvement district who will be benefited by the upgrade project; and

WHEREAS, under Water Code sections 36421, 36426 and 36402.2, the Board of Directors of the District may enter into the proposed loan contract only after receiving approval of the loan from the registered voters within the proposed improvement district at a special election called in substantially the same manner as required for bond elections; and

WHEREAS, one of the prerequisites for calling the special election is that the Board of Directors must first adopt a resolution of intent and notice a public hearing under Water Code sections 35950.1 and 35950.2 at which time the Board of Directors will formally supplement its current plan of works to include the proposed upgrade project; and

WHEREAS, on August 12, 2004, the Board of Directors adopted a resolution of intention to form the above-referenced Improvement District, to supplement the current plan of works, and to publish notice of public hearings on both matters; and

WHEREAS, notice has since been given in the manner required by law, public hearings have been held on September 7, 2004 on both matters, and public input received;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Spanish Flat Water District as follows:

I. Approval of Mitigated Negative Declaration

- A. Having circulated an Initial Study/Notice of Intent to Adopt a Negative Declaration to, and obtained approval of such document from the State Clearinghouse; having posted a public Notice of Intent to Adopt a Mitigated Negative Declaration on or about January 9, 2004;; and having concluded the thirty day written comment period by February 12, 2004 without receiving any comments or other evidence necessitating preparation of an Environmental Impact Report in lieu of such Mitigated Negative Declaration, the Board of Directors hereby approves the previously-circulated Mitigated Negative Declaration prepared under the California Environmental Quality Act (CEQA) for the upgrade of the Spanish Flat Water Treatment Plant ("Plant"), finding and determining that the project, as designed, has mitigated all identified potential adverse impacts on the environment to the level of non-significance.
- B. The Secretary of the Spanish Flat Water District is hereby directed to file a Notice of Determination with the Napa County Clerk and with the State Office of Planning and Research within five (5) days following the date of approval of this Resolution.

II. Formation of Improvement District No. 2

- A. The Board of Directors hereby approves formation of an improvement district, to be known as Improvement District No. 2 of the Spanish Flat Water District for the purpose of funding the upgrade of the Spanish Flat Water Treatment Plant ("Plant") as designed by HSe, the engineers of record for the project.
- B. The Board of Directors hereby determines that the boundaries of Improvement District No. 2 shall be coterminous with the service area of the Plant. A map showing the exterior boundaries of Improvement District No. 2 shall be maintained on file and available for inspection with the District Secretary.
- C. The Board of Directors hereby directs the District Secretary to immediately file a copy of such exterior boundaries with the Napa County elections official at the office of the Napa County Assessor-Clerk Recorder.

III. Approval of Supplement to the District Plan of Works

- A. The Board of Directors hereby approves, pursuant to Water Code section 35950.2, supplement of the plan of works for the District to include the Plant upgrade as described above, finding that the Plant upgrade is necessary to ensure compliance by the Plant with laws and regulations adopted subsequent to the Plant's original development, in order to maintain the ability of the Plant to continue to serve its current level of water users.

- B. The Board of Directors further finds that the estimated cost to upgrade the Plant as designed in the supplement to the plan of works is approximately \$900,000, of which approximately \$720,000 will be funded by a grant from the State of California and the remaining amount, estimated at approximately \$180,000 is proposed to be funded with a construction loan from the Safe Drinking Water State Revolving Fund, subject to approval of the voters as described in IV and V, below.

**IV. Approval of Construction Loan Contract with the State
Drinking Water State Revolving Fund**

- A. The Board of Directors hereby approves, and authorizes Al Colon as its Managing Director pursuant to District Resolution No. 259, to execute on behalf of Improvement District No. 2 of the Spanish Flat Water District, a construction loan with the Safe Drinking Water State Revolving Fund in the amount of approximately \$180,000 as set forth in the Application for SDWSRF Project Funding for Spanish Flat Water District/Spanish Flat Water System, Project No. 28100014-01, as modified by NOAA Amendment A-1.
- B. The construction loan shall be repaid over a 20-year period through an increase in the service charges paid by the water customers within Improvement District No. 2 of the Spanish Flat Water District, with such increased charges being subject to the majority protest procedures of California Constitution Article XIID(6), commonly known as Proposition 218.
- C. The foregoing approval and authorization shall be subject to ratification by the registered voters of Improvement District No. 2, pursuant to Water Code sections 36421 and 36425, as set forth in V, below.

V. Call for Special Election

- A. The Board of Directors hereby calls a special election to be held on February 1, 2005 for the registered voters of Improvement District No. 2 of the Spanish Flat Water District to consider the following measure:

"Shall Improvement District No. 2 of the Spanish Flat Water District enter into a loan contract with the Safe Drinking Water State Revolving Fund in the amount of \$180,000, with an interest rate not to exceed 2.5% per annum, to be repaid over a period not to exceed twenty (20) years, through service fees approved in the manner required by Article XIID, Section 6 of the California Constitution, for the purpose of funding the local share of the cost to upgrade the Spanish Flat Water Treatment Plant?"

- B. The Board of Directors hereby directs that the foregoing special election be held by mail ballot, pursuant to Elections Code sections 4000 and 4108.


- C. The Board of Directors hereby authorizes publication of notice of the special election once a week for four weeks in the Napa Register, with proof of such publication to be filed with the District Secretary prior to the date set for the election, as required by Water Code sections 35151 and 35152. In all other respects, the special election shall be conducted in accordance with the Uniform District Election Law (commencing with Elections Code section 10500).
- D. The Board of Directors hereby authorizes Al Colon, on behalf of the Board of Directors and Improvement District No. 2 of the Spanish Flat Water District, to request the Napa County Board of Supervisors to permit the Napa County elections official to prepare the elections materials, to develop the registered voter lists, and to conduct the election, as authorized by Elections Code section 10002.

THE FOREGOING RESOLUTION WAS DULY AND REGULARLY ADOPTED
by the Board of Directors of the Spanish Flat Water District, at a regular meeting of the Board held on the 9th day of September, 2004, by the following vote:

AYES:	DIRECTORS	Karl Frank Jack Wilson Paul Rossopoulis Al Colon
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NOES:	DIRECTORS	None
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ABSENT:	DIRECTORS	Mark Fairbanks
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KARL FRANK, President of the Board of
Directors

ATTEST:
District Secretary, Cecilia Nelson

