



Agenda Date: 12/12/2006
Agenda Placement: 6G

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors
FROM: Janice Killion for Robert Westmeyer - County Counsel
County Counsel
REPORT BY: Janice Killion, Attorney, 8247
SUBJECT: Resolution approving Lake Berryessa Resort Improvement District Assessment

RECOMMENDATION

County Counsel requests adoption of a resolution Approving Lake Berryessa Resort Improvement District's Draft Resolution of Notice of Intent to Levy Assessments and Issue Bonds to fund necessary facility repairs.

EXECUTIVE SUMMARY

Lake Berryessa Resort Improvement District (LBRID) water and wastewater treatment facilities are in dire need of repair and replacement. District revenues are insufficient to fund the approximate \$5,000,000 needed to complete facilities repair. The current state of the facilities has resulted in negative action from the Regional Water Quality Control Board and the State of California, both of which are mandating immediate repair of the facilities in order to avoid severe penalties and fines. LBRID has no means to raise the necessary funds except for the issuance of bonds and levy of assessments.

The LBRID Governing Board is considering adoption of a resolution of intent to levy assessments and issue bonds to finance necessary facility repairs to its water and sewer treatment facilities. Prior to adopting such a resolution, approval must be obtained from the County Board of Supervisors pursuant to Streets and Highways Code section 10104.

FISCAL IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	No
What is the revenue source?	Collection of assessments on parcels located within the District.
Is it Mandatory or Discretionary?	Discretionary

Discretionary Justification:	Assessments will provide the funding necessary for state mandated repairs to District facilities.
Is the general fund affected?	No
Future fiscal impact:	For any assessments not paid in full immediately, annual assessments will be collected in equal installments over a period of time not to exceed 30 years at the rate of approximately \$2,100 per parcel which will be used for bond repayment.
Consequences if not approved:	District facilities are in dire need of repair and replacement. District revenues are insufficient to fund the approximate \$5,000,000 needed to complete facilities repair. The current state of the facilities has resulted in negative action from the Regional Water Quality Control Board and the State of California, both of which are mandating immediate repair of the facilities in order to avoid severe penalties and fines. LBRID has no means to raise the necessary funds except for the issuance of bonds and levy of assessments.
Additional Information:	None

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION:

Categorical Exemption Class 1: It has been determined that this type of project does not have a significant effect on the environment and is exempt from the California Environmental Quality Act. [See Class 1 ("Existing Facilities") which may be found in the guidelines for the implementation of the California Environmental Quality Act at 14 CCR §15301; see also Napa County's Local Procedures for Implementing the California Environmental Quality Act, Appendix B.]; and

BACKGROUND AND DISCUSSION

The Lake Berryessa Resort Improvement District (District) has been experiencing difficulties with its water and wastewater facilities since 1995. The difficulties are due primarily to the facilities reaching the end of their useful life and needing significant repairs or replacement.

While the District's water facilities have not yet experienced any major incidents, the aging wastewater facilities have experienced a number of accidental discharges over the last eleven years. The District's approach to solving these problems has been to focus on small specific projects to repair areas that have been presumed to be a problematic. However, the issues appear to be much larger than forecasted and the small focused project approach is no longer viable. While the small projects that have been implemented have made some improvements to the system, the repairs have been insufficient and resulted in the Regional Water Quality Control Board (RWQCB) issuing an Administrative Civil Liability (Fine) action against the District.

To bring the District into compliance with the RWQCB regulations and extend the life of the facilities, a long term funding source is needed to address the District's deficiencies as a whole. This approach is the most logical and financially feasible to accomplish the goals of compliance and securing the District's operational future. The District retained a financial consulting firm, Kelling, Northcross and Nobriga (KNN), to assist with

the development of a long term capital improvement financial plan. The most logistically and economically feasible way to support the much needed capital improvements is an assessment bond. Based upon this financial mechanism the District retained an assessment engineer, Winzler & Kelly, Consulting Engineers (W&K), to prepare a benefit assessment area for the District.

W&K has worked with District staff to prepare a Preliminary Engineer's Report that outlines the purpose of the assessment, the projects that will be funded by the assessment and the amount of the assessment that is proposed for each parcel within the District. The purpose of the assessment is to create a source of consistent revenue to support a capital improvement bond for the District. The proposed projects are as follows:

- | Repair and replacement of problematic sewer lines,
- | Revamping of the three sewer lift stations,
- | Upgrading the sewer disposal capacity,
- | Replacement of the water treatment plant, and
- | Repair and replacement of the three water storage tanks.

The engineer's project cost estimate for all projects is approximately \$4.2M. Including the associated financing cost for obtaining the capital improvement bonds, the total bond amount is approximately \$5.21M. The total bond amount, after equally divided among all parcels benefiting from the proposed capital improvements, would equate to a total assessed value of \$15,282 on each parcel.

Adoption of the resolution will allow the District to move forward with the assessment and bonds, call for a protest hearing election to be held on January 30, 2007, which will require majority voter approval, and if approved, move forward with the repairs.

SUPPORTING DOCUMENTS

- A . Resolution
- B . Draft Resolution of Intent (LBRID)
- C . Engineer's Report

CEO Recommendation: Approve

Reviewed By: Karen Gratton