



Agenda Date: 12/18/2007  
Agenda Placement: 9D

## NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

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**TO:** Board of Supervisors  
**FROM:** Robert Peterson - Director  
Public Works  
**REPORT BY:** Felix Riesenber, Principal Water Resources Engineer, 259-8620  
**SUBJECT:** Milliken-Sarco-Tulocay Recycled Water Project

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### **RECOMMENDATION**

Director of Public Works requests approval of the following actions regarding participation in the North Bay Water Reuse Authority (NBWRA) for the benefit of Milliken-Sarco-Tulocay (MST) Recycled Water Project:

1. Direct staff to negotiate an Agreement with Napa Sanitation District (NSD) for a maximum amount of \$250,000 to participate in the preparation of an Environmental Impact Report (EIR) and Federal lobbying efforts for funding for recycled water projects in the MST and Carneros areas, returning to the Board with a recommendation for approval;
2. Direct staff to prepare an amendment to Agreement No. 4202 with the Napa County Flood Watershed Authority to increase Measure A funding by \$250,000 to cover the cost of NBWRA participation;
3. Designation of two (2) members of the Board of Supervisors to participate in ongoing discussions and coordination with members of the Napa Sanitation District Board regarding NBWRA and other beneficial issues; and
4. Direct staff to work with NSD in 2008 to poll the MST property owners support of the recycled water project and proposed assessment.

### **EXECUTIVE SUMMARY**

On December 4, 2007, a joint meeting was held between the County Board of Supervisors and the Napa Sanitation District (NSD) Board. NSD was seeking County participation in the North Bay Water Reuse Authority Program which could potentially provide Federal funds for the Milliken-Sarco-Tulocay (MST) Recycled Water Project. Your Board agreed to participate and cost share with NSD in order to continue Napa's involvement in the larger regional recycled water effort.

In order to implement the Board's policy direction, staff is requesting direction to develop a cost sharing agreement with NSD with the costs being split 50/50 and to assist NSD in the staffing needs for continued participation in the NBWRA for the next 2 years. NSD's total share is currently estimated to be \$470,000 for fiscal years 2008 and 2009. Including funds for contingencies, the County would be committed to approximately \$250,000 over the two-

year span. These costs would cover the MST Recycled Water Project component of the NBWRA Program including EIR preparation, federal lobbying and program administration. There could be additional expenses in future years but that will be addressed at the time by an amendment to the agreement. County Measure A funds are available and could be utilized for these efforts.

It is also suggested that the Board appoint two of its members to sit on a 2 x 2 committee with two members of the NSD Board in order to foster collaborative participation in NBWRA and other related issues.

### **FISCAL IMPACT**

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	No
What is the revenue source?	County Unincorporated Area Measure A funds for the MST project is approved in the FY 07-08 budget. However, commitment of an additional \$250,000 in FY07-08 and FY 08-09 for participation in the NBWRA efforts, the overall MST project will require additional County Measure A funds. Staff will return to the Board with a recommendation to amend the Napa County Flood Protection and Watershed Improvement Authority (NCFPWIA) allocation.
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	The additional funds are needed to pay for the Milliken-Sarco-Tulocay (MST) Recycled Water Project component of the North Bay Water Reuse Authority (NBWRA) Program that that County is considering supporting through Napa Sanitation District (NSD). The County contribution to NSD's share will cover preparation of an environmental impact report (EIR) that will contain an MST project level review component, as well as the MST share of Federal lobbying efforts and program administration. Participation in the NBWRA Program should result in less overall expenditures of Measure A funding as opposed to the County independently funding a stand-alone environmental document for the MST Recycled Water Project, which would have cost at least \$400,000.
Is the general fund affected?	No
Future fiscal impact:	Additional funds may be requested by NSD for continued participation in the NBWRA beyond FY 08-09. Federal and State funding allocations for recycled water projects contemplated by the NBWRA is unknown.
Consequences if not approved:	The County would not partner with NSD in participating in the NBWRA Program. NSD would likely drop out of the program and potential Federal funding opportunities for the MST Recycled Water Project would be foregone. The County would be required to pursue environmental review costs independently for the MST Recycled Water Project to progress toward funding and construction the project.

Additional Information:

### **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**

On December 4, 2007, a joint meeting was held between the County Board of Supervisors and the Napa Sanitation District (NSD) Board. The NSD Board wanted to discuss regional recycled water projects, their involvement in the North Bay Water Reuse Authority Program, and ask for County participation in the NBWRA Program.

Several options of participation were presented to the Board of Supervisors. As a result of the discussion between the two Boards, your Board indicated a preference to share costs in the NBWRA Program with NSD and to continue Napa's involvement in the larger regional recycled water effort. In order to implement Board direction, Staff is now recommending further direction to develop a cost sharing agreement with NSD with the costs being split 50/50 and to assist NSD with staffing needs for continued participation in NBWRA activities for two years. NSD's share is currently estimated to be \$470,000 over this period, therefore, including contingencies the County would be committed to approximately \$250,000 over the two-year span (FY08 and FY09). These costs would cover the MST Recycled Water Project component of the NBWRA Program (including EIR preparation, Federal lobbying and program administration), and therefore can be paid for using Measure A funds. NSD's share would cover portions of the program that benefit NSD and their long term planning efforts to minimize discharges of treated effluent to the Napa River and other potential recycled water projects in the south county area such as Carneros. There will undoubtedly be on going lobbying and program administration costs in future years as long as federal funding is sought. These are unknown at this time and it is recommended that staff be directed to return with an amendment to the agreement in two years with this information and to allow the Board to discuss continuing involvement.

Proceeding with participation in the NBWRA Program will reduce the cost of preparing an environmental document for the MST Recycled Water Project and will preserve the potential of future Federal and State funding options for MST and the Carneros area recycled water improvements. A potential downside is less control of the EIR schedule since the Federal Government would be involved and the document would also have to receive National Environmental Protection Act (NEPA) review. The County will maintain the option to break out the MST Recycled Water Project environmental component and proceed independently if it is determined at a later date that the NBWRA EIR is moving too slowly.

Staff recommends that the County work through NSD's membership in the NBWRA since the County is not a recycled water purveyor like the other agencies that are involved. To assure adequate County representation in the process, it is further recommended that a 2 X 2 committee be formed with members of the County Board of Supervisors and the NSD Board as suggested by Supervisor Dodd.

Staff will be returning to the Board in the coming months with an amendment to Agreement No. 4202 with the Napa County Flood Watershed Authority proposing an increase in Measure A funding for the MST project. These additional funds will be for the participation in the NBWRA Program for the next two years in the amount of approximately \$250,000.

At the direction the Board, additional effort will be made in 2008 to gauge MST property owner's support for the proposed recycled water project and an assessment to pay for the project. It is hoped that a positive response to the project and proposed assessment will be enough to convince NSD to proceed with their Napa State Hospital Recycled Water Pipeline Project and utilization of their \$1 million grant. A portion of this grant would directly benefit the MST Recycled Water Project, but the schedule of the NBWRA EIR and actual formation of an MST Assessment District could jeopardize utilization of the grant. Our poll will have to be designed to give NSD the confidence that the MST Assessment District will be formed and allow them to proceed with a pipeline to the Napa State

Hospital that will be sized to benefit future MST customers prior to the actual assessment voting.

**SUPPORTING DOCUMENTS**

None

CEO Recommendation: Approve

Reviewed By: Helene Franchi