



Agenda Date: 12/19/2006
Agenda Placement: 6P

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors
FROM: 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 the Lake Berryessa Resort Improvement District's proposed "Resolution of Notice of Intent to Levy Assessments and Issue Bonds" to fund necessary facility repairs.

EXECUTIVE SUMMARY

The water and wastewater treatment facilities of the Lake Berryessa Resort Improvement District (the "LBRID") are in dire need of repair and replacement. The LBRID's annual revenues are insufficient to fund the approximate \$5,000,000 needed to complete needed repairs of the facilities. The current state of the facilities has resulted in fines having been imposed by the Regional Water Quality Control Board and a lawsuit having been filed by the State of California against the LBRID. The Regional Water Quality Control Board and the State of California have acted to force immediate repair of the facilities. If the repairs are not completed in a timely manner the prospect of additional severe penalties and fines is possible. The LBRID does not have the present ability to raise the necessary funds other than by issuing bonds which will in turn be funded by a proposed assessment.

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

FISCAL IMPACT

Is there a Fiscal Impact? Yes
Is it currently budgeted? No

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| What is the revenue source? | Collection of assessments on parcels located within the LBRID. |
| Is it Mandatory or Discretionary? | Discretionary |
| Discretionary Justification: | Assessments will provide the funding necessary for state mandated repairs to LBRID 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 \$980 to \$1400 per parcel which will be used for bond repayment. The exact amount of the assessment will depend upon the interest rate of the bonds. The interest rate of the bonds is determined when the bonds are issued. |
| Consequences if not approved: | The LBRID's water and wastewater facilities will not be repaired. The fines and lawsuit will be pursued by the State of California. Additional fines and litigation may be expected. |
| Additional Information: | |

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 (the "LBRID") 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 LBRID'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 LBRID's approach to solving these problems has been to focus on small specific projects to repair areas that have the potential to be a problematic. However, this 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 (the "RWQCB") issuing an Administrative Civil Liability action, more commonly known as a fine, against the LBRID.

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

(KNN), to assist in the development of a long term capital improvement financial plan. The most feasible way to finance the much needed capital improvements is an assessment bond. To implement this financial mechanism the LBRID has retained an assessment engineer, Winzler & Kelly, Consulting Engineers (W&K), to prepare the preliminary engineer's report and other documents required to form a LBRID benefit assessment district.

W&K has worked with LBRID staff to prepare a preliminary engineer's report outlining 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 LBRID. The purpose of the assessment is to create a source of consistent revenue to support a capital improvement bond for the LBRID. 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 \$4,200,000. The associated financing cost of these capital improvement bonds brings the total bond amount to approximately \$5,240,000. The total bond amount, after equally dividing this sum among all parcels benefiting from the proposed capital improvements, would equal a total assessment of \$15,442 on each parcel.

Adoption of the resolution will allow the LBRID to move forward with the assessment and bonds, call for a protest hearing election to be held on February 6, 2007, which will require majority voter approval, and if approved, move forward with the repairs.

SUPPORTING DOCUMENTS

- A . Resolution
- B . Draft LBRID Resolution
- C . Engineer's Report

CEO Recommendation: Approve

Reviewed By: Karen Gratton