



Agenda Date: 3/6/2007
Agenda Placement: 6H

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

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

RECOMMENDATION

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

EXECUTIVE SUMMARY

Napa Berryessa Resort Improvement District (NBRID) water and wastewater treatment facilities are in dire need of repair and replacement. District revenues are insufficient to fund the approximate \$11,000,000 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. NBRID has no means to raise the necessary funds except for the issuance of bonds and levy of assessments.

The NBRID 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 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 \$11,000,000 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. NBRID has no means to raise the necessary funds except for the issuance of bonds and levy of assessments.

Additional Information:

ENVIRONMENTAL IMPACT

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.]

BACKGROUND AND DISCUSSION

The Napa Berryessa Resort Improvement 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.

In October of 2003 and June of 2004, the District's water facilities experienced pipeline and mechanical failure that left District customers without water for three and four days respectively. Additionally, the District has experienced accidental wastewater discharges and has and has violated several provisions of its permit from the Regional Water Quality Control Board (RWQCB) over the last ten years.

At the time of the water related emergencies, the District was able to utilize its reserve funds to repair the section of pipeline that failed in 2003 and replace the motors and pumps that failed in 2004. The District's approach to solving the wastewater problems has been to focus on small specific projects and upgrades that would keep the District's facilities operational. While the above repair and replacement projects have improved both systems, the issues appear to be much larger than expected and the small focused repair and upgrade approach is no longer viable.

Because of the issues with the water and wastewater facilities, the District hired HydroScience Engineer's, Inc. in 2005 to prepare a Master Facilities Plan (MFP) that would identify the specific areas of each system that require repair or replacement and offer cost estimates for a Capital Improvement Program that would help the district avoid future water emergencies and get into compliance with the RWQCB. In June of 2006,

the MFP was completed and District staff began discussing options for funding the Capital Improvement Program with the District's residents.

In October of 2006, the RWQCB issued a Cease and Desist Order (CDO) and Sewer Connection Moratorium to the District. The CDO was issued due to the District's non-compliance with its Waste Discharge Requirements (WDRs) over the past ten years. The RWQCB provided a schedule to bring the District into compliance with its WDRs by 2012 by implementing the capital improvement projects outlined in the MFP. Once the District has reached compliance with the RWQCB's directives, it is assumed that the sewer connection moratorium will be lifted.

To bring the District into compliance with the RWQCB regulations and extend the life of both the water and wastewater 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 reliability and securing the District's operational future. The District in the process of retaining 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 and equivalent dwelling unit 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:

- | Wastewater Treatment Plant Improvements
- | Wastewater Disposal Field Improvements
- | Wastewater Collection System Improvements
- | Water Treatment Plant Improvements
- | Increased Water Storage Capacity

The engineer's project cost estimate for all projects is estimated at \$10,992,000. Including the associated financing cost for obtaining the capital improvement bonds, the total bond amount is estimated at \$13,840,000. A copy of the Preliminary Engineer's Report will be provided to your board under separate cover and will be filed with the Clerk of the Board.

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 April 24, 2007, which will require majority voter approval, and if approved, move forward with the repairs.

SUPPORTING DOCUMENTS

A . Resolution

CEO Recommendation: Approve

Reviewed By: Karen Gratton