



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 5/11/2010

Agenda Placement: 7L

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors

FROM: Don Ridenhour - Director
Public Works

REPORT BY: Felix Riesenberg, DEP DIR PW-FLOOD CTRL & WATER - 259-8620

SUBJECT: Memorandums of Understanding between Napa County and Howell Mountain Mutual Water Company, and Napa County and Linda Falls Terrace Mutual Water Company

RECOMMENDATION

Director of Public Works requests approval of and authorization for the Chair to sign the following agreements to establish the reimbursement methodology for Measure A funding for each entities' water related construction projects:

1. Memorandum of Understanding with Howell Mountain Mutual Water Company for a maximum of \$195,000, for the term of July 1, 2009 through payment of Measure A eligible costs by the County, for the purpose of funding the completed emergency construction of the White Cottage Road Water Supply Pipeline Project; and
2. Memorandum of Understanding with the Linda Falls Terrace Mutual Water Company for a maximum of \$45,000, for the term of April 1, 2010 through 60 days following notification of the County that the project has been completed, for the purpose of funding water quality and water system reliability improvements.

EXECUTIVE SUMMARY

On August 31, 1999, the County and Napa County Flood Protection and Watershed Improvement Authority (NCFPWIA) entered into a funding agreement whereby the NCFPWIA provided funding from the proceeds of the Napa County Flood Protection Sales Tax (also referred to as "Measure A") for eligible county projects. One approved use of Measure A funding is to benefit the Angwin/Deer Park community, and includes projects that will improve the water reservoirs, water quality, and water system reliability.

In 2004, the County Board of Supervisors approved a water resources work plan that included the Angwin/Deer Park Area. Since 2004, there have been several amendments to the NCFPWIA agreement, allocating funds to the County to spend on several Measure A eligible water system improvements projects in the Angwin/Deer Park Area.

County Counsel has recommended that the County enter into a Memorandum of Understanding (MOU) with the various Angwin/Deer Park area water purveyors on a project-by-project basis to establish the protocol for providing Measure A funds. Each MOU defines the responsibilities of each party in the project design and/or construction process, and establishes the method for reimbursement. Two additional project MOU's are being brought before the Board; one for the Howell Mountain Mutual Water Company and one for the Linda Falls Terrace Mutual Water Company (LFTMWC).

FISCAL IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	Yes
Where is it budgeted?	Capital Improvement Program - funded through Measure A. There is currently \$257,000 of unencumbered funds in this account available for use this fiscal year. Funds not spent this year will be rolled over for use in the next fiscal year.
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	These projects are moderately sized and are well within each water purveyor's respective share of the approximately \$6 million dollars of Measure A funds that will be available for water projects in the Angwin/Deer Park area. Both of these projects are very high priority projects for each water purveyor and address significant issues related to water supply reliability, as well as public health and safety.
Is the general fund affected?	No
Future fiscal impact:	This expenditure (along with all future approved projects) will decrease the remaining Measure A funds available to the Angwin/Deer Park area for water supply reliability projects.
Consequences if not approved:	HMMWC and LFTMWC will not be able to construct their respective projects with already authorized Measure A funding. This would either force HMMWC and the LFTMWC to have to pay for their respective projects using their own funds, possibly impacting their fiscal health and/or requiring an increase in water rates. Alternatively, HMMWC and the LFTMWC could choose not to construct their respective projects, which would negatively impact water supply reliability and potentially subject their water customers to health and safety risks.
Additional Information:	The Napa County Unincorporated Area receives a certain percentage of Measure A sales tax revenues, of which the Angwin/Deer Park area is allocated specified share. Through Fiscal Year 2009-2010, approximately \$2.8 million in Measure A sales tax revenues have been collected for use in the Angwin/Deer Park area, and \$1,729,000 has been transferred to the Department of Public Works for use on approved Measure A eligible projects. The monies being contemplated here are unspent funds from the \$1,729,000. Future projects will require additional funding requests from the Napa County Flood Protection and Watershed Improvement Authority.

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: **Categorical Exemption Class 1 and Class 2:** 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 and Class 2 ("Replacement or Reconstruction") which may be found in the guidelines for the implementation of the California Environmental Quality Act at 14 CCR §15302; see also Napa County's Local Procedures for Implementing the California Environmental Quality Act, Appendix B.]

BACKGROUND AND DISCUSSION

On December 14, 2004 the Board of Supervisors approved a Water Resources Work Plan for the County to begin addressing high priority water resources planning efforts in the County. On February 1, 2005, the Board of Supervisors approved Amendment No. 5 to Agreement No. 4202 with the Napa County Flood Protection and Watershed Improvement Authority (NCFPWIA) allocating \$958,000 of the County's share of Measure A funds for the Milliken-Sarco-Tulocay Recycled Water Plan (\$529,000) and the Angwin/Deer Park Water Supply Reliability Plan (\$429,000). On December 5, 2006 Agreement No. 4202 with the NCFPWIA was amended to allocate a portion of the funds approved for the Angwin/Deer Park Water Supply Reliability Plan to construct the Lake Henne Project. This relatively small project (not to exceed \$75,000) was used as a "test case" project to ensure procedures required for reimbursing the small private water companies with Measure A funding are sufficient. On May 13, 2008, Agreement No. 4202 with the NCFPWIA was amended to include funding for the design phase of two Measure A eligible projects in the Angwin/Deer Park area (\$300,000) and then amended again on January 13, 2009 to provide an additional \$1,000,000 for the construction of these two projects; one for the Howell Mountain Mutual Water Company (HMMWC) and the other for St. Helena Hospital.

The projects that have been approved to date for HMMWC were for a total amount of \$725,000. Actual costs to perform the work were about \$440,000, leaving approximately \$285,000 remaining in the County's Angwin/Deer Park Measure A budget for additional Measure A eligible projects.

The HMMWC's White Cottage Road Water Supply Pipeline project was actually completed in the summer of 2009, on an emergency basis, just after the completion of the Deer Park Water Supply Pipeline Project. HMMWC notified the County that they needed to undertake the project right away due to a series of pipeline breaks that were occurring, but the existing Deer Park Water Supply Pipeline MOU was specific to a limited work scope and there was not time to pull together a new Memorandum of Understanding (MOU) in the timeframe necessary. County Counsel needed to verify that paying for Measure A eligible work already completed could be done, which they have. The White Cottage Road Water Supply Pipeline project was essentially identical in nature to the previously approved Deer Park Water Supply Pipeline project; the pipeline did not meet current design standards, had outlived its useful life and multiple leaks on the system were resulting in water waste and repeated service interruptions. Replacing the section of pipeline on White Cottage Road has brought another portion of the HMMWC water system up to modern design standards, and has improved fire service and overall system reliability, while reducing water losses. The total costs to perform the White Cottage Road Water Supply Pipeline Project were just under \$195,000.

The Linda Falls Terrace Mutual Water Company (LFTMWC) recently identified two high priority work items needed for their water system. The LFTMWC utilizes a single groundwater well to provide water to its customers. Water is pumped from this well to a single water storage tank for distribution to the LFTMWC's 16 customers. In August 2009, the LFTMWC performed routine lead and copper testing as required by State regulations and was found to be over the allowable levels for copper. The LFTMWC is required to fix this problem in order to comply with State

water quality regulations. In addition, the LFTMWC has been relying on a water storage tank that has exceeded its useful life and has begun leaking, jeopardizing water system reliability. The LFTMWC investigated several potential repairs including refurbishment and replacement and it appears that replacement is the least cost alternative. The total costs to perform these water quality and water system reliability projects is estimated to be slightly less than \$45,000.

Because previously approved, unspent funds are available in the County's Angwin/Deer Park Area budget to perform the work described above, an additional fund transfer from the Napa County Flood Protection and Watershed Improvement Authority is not necessary at this time. The projects that will be approved as part of these two MOU's are both consistent with the Measure A language for funding eligibility.

On a related matter, County staff has met with all the Angwin/Deer Park Area water purveyors to discuss funding allocations and consensus has been reached on how the funds will be suballocated to each entity (based on number of connections). County staff is now in the process of developing a Memorandum of Agreement with the Angwin/Deer Park Area water purveyors to formalize this suballocation. The total amounts being considered for each of these projects are within each entities' suballocation share of the Measure A funds available.

SUPPORTING DOCUMENTS

None

CEO Recommendation: Approve

Reviewed By: Helene Franchi