



## Legislation Text

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**File #:** 18-079, **Version:** 1

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### MEMORANDUM

**TO:** Board of Supervisors

**FROM:** Jan Coppinger, Special Districts Administrator

**DATE:** February 6, 2018

**SUBJECT:**

Provide update on status of CSA #16 Consolidation Project and seek direction from Board of Supervisors

#### EXECUTIVE SUMMARY:

In 2015 an Emergency Drought grant was received from Proposition 84 funds through the Westside Sacramento Integrated Regional Water Management Plan (IRWM) to consolidate County Service Area #16, Paradise Valley Water System with the Clearlake Oaks County Water District (CLOCWD).

The grant was for \$1,360,000 with a cash match of \$340,000 for a budgeted project of \$1,700,000.

1.8 miles of pipeline was installed along Highway 20 to physically connect the two water systems. Over the course of construction and elapsed time, CLOCWD underwent changes in management staff and some Board Members. With those changes and new information from SWRCB concerning grants for CLOCWD, the original concept and agreement were modified.

CLOCWD will receive top priority for grant funds as a benefit of the consolidation and a much needed storage tank would be included in the grant. It was determined that the new tank, located up the hill from Harvey Blvd. would not only benefit their existing customers, it would benefit the CSA #16 customers as well.

The original agreement was for CSA #16 to install increased storage near their existing tank but this option posed water quality issues as the amount stored to meet fire flows far exceeded the amount used by CSA #16 customers. The new agreement for a storage tank at Harvey Blvd. would meet fire flows for CSA #16 and reduce the risk of stagnant water. The new proposal is for CSA #16 to have electricity brought onto the site, engineer the road and waterlines and gain easements for the new tank site as well as recoat the existing tank, and install aeration and scada.

Remaining work also includes replacing the meters and abandoning the existing wells.

Several factors drove the budget higher than projected including increased engineering costs to have engineers from both agencies review and approve the design and plans, increased cultural monitoring due to sensitive sites being identified, increased construction costs due to various disasters driving material costs up and reducing the number of available contractors. The change in scope, although better for all concerned also increased engineering, design and construction costs.

We have exhausted the funds available for this project and still have an estimated \$300,000 worth of work to complete the consolidation.

I have discussed a property assessment with the Paradise Valley Water Task force and it appears to be a viable option to completing the work. To date, the property owners have not had to pay anything towards this project and if all properties are assessed, it will require approximately \$1,200 per parcel.

Much of the remaining work must be performed after the intertie is functioning and supplying water to CSA 16 so the existing tank can be empty. This includes the tank recoating, tank aeration and mixer and well abandonment.

Alan Gardner, General Manager of Clearlake Oaks County Water District and I have been discussing the completion of this project and we both agree a good, cost effective solution would be to place the remaining funds needed to complete the items into an escrow account so Clearlake Oaks can complete the project after they have assumed responsibility for operations and maintenance of the system and are supplying the customers with water through the new pipeline.

We would both agree to the estimated costs for each item and any cost savings would be placed in Capital Reserves for the CSA #16 customers. The original agreement had the customers paying into a reserve account until a reserve that matched the amount of depreciation that the existing tank had accumulated was reached. Any remaining amounts from the escrow account would be placed into this reserve and reduce the amount to be paid by the customers.

If this is an acceptable solution, I would seek a loan to be secured and repaid with the property tax assessment. The loan funds would be placed in the escrow account and be paid within two years as the property assessment would be spread over two years.

This option would allow the project to be completed in the most cost effective and timely manner possible, cause the least disruption in service to customers and allow a very clear transfer of obligations and responsibilities from CSA #16 to CLOCWD.

**FISCAL IMPACT:** ☒ None ☐ Budgeted ☐ Non-Budgeted

Estimated Cost:

Amount Budgeted:

Additional Requested:

Annual Cost (if planned for future years):

**FISCAL IMPACT (Narrative):**

The costs would be offset with the property tax assessment resulting in zero increase in costs or revenues.

**STAFFING IMPACT (if applicable):**

**RECOMMENDED ACTION:**

This report is to provide update on status of CSA #16 Consolidation Project and seek direction from Board of Supervisors.