

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
ACTION AGENDA SUMMARY

DEPT: Public Works *Hugh*

BOARD AGENDA # *C-1

Urgent Routine

AGENDA DATE April 16, 2013

CEO Concurs with Recommendation YES NO
(Information Attached)

4/5 Vote Required YES NO

SUBJECT:

Approval to Adopt a Resolution to Authorize the Director of Public Works to Apply For, Enter Into and Sign the Financial Assistance Application for the Clean Water State Revolving Fund Program from the State Water Resources Control Board for the Planning, Design and Construction of the Parklawn Sewer Project, and Approval to Initiate Proceedings for the Formation of County Service Area (CSA) No. 30 Parklawn Neighborhood

STAFF RECOMMENDATIONS:

1. Adopt a Resolution to authorize the Director of Public Works to apply for, enter into and sign the Financial Assistance Application for the Clean Water State Revolving Fund Program (CWSRF) from the State Water Resources Control Board for the planning, design and construction of the Parklawn Sewer Project.
2. Adopt the Reimbursement Resolution with the State Water Resources Control Board.

(Continued on Page 2)

FISCAL IMPACT:

The costs associated with the Financial Assistance Application from the State Water Resources Control Board and the formation of CSA No. 30, including staff project time for the ballot procedure, Engineer's Report, and public meetings is being funded with County Community Development funds. The use of Community Development funds in the amount of up to \$57,500 were approved by the Board on December 4, 2012.

(Continued on Page 2)

BOARD ACTION AS FOLLOWS:

No. 2013-152

On motion of Supervisor Monteith, Seconded by Supervisor Withrow and approved by the following vote,

Ayes: Supervisors: O'Brien, Withrow, Monteith, De Martini and Chairman Chiesa

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

- 1) Approved as recommended
- 2) Denied
- 3) Approved as amended
- 4) Other:

MOTION:

Christine Ferraro

ATTEST: CHRISTINE FERRARO TALLMAN, Clerk

File No. CSA-30-01

Approval to Adopt a Resolution to Authorize the Director of Public Works to Apply For, Enter Into and Sign the Financial Assistance Application for the Clean Water State Revolving Fund Program from the State Water Resources Control Board for the Planning, Design and Construction of the Parklawn Sewer Project, and Approval to Initiate Proceedings for the Formation of County Service Area (CSA) No. 30 Parklawn Neighborhood

STAFF RECOMMENDATIONS (Continued):

3. Initiation proceedings for the formation of County Service Area (CSA) No. 30 Parklawn Neighborhood.
4. Direct the Public Works Department to prepare and file the required Engineer's Report.

FISCAL IMPACT (Continued):

Depending on the outcome of the financial assistance application credit review by the State Water Control Board, the debt forgiveness could either be 75% or more of the total project cost for Phase 2; which is currently estimated at \$4,295,000. If approved all expenditures related to this project will be the responsibility of the anticipated County Service Area (CSA) for the Parklawn area. These revenues will be collected using the direct assessment process through the property owners' bi-annual property taxes. If the Proposition 218 process results in a protest of the formation of the CSA, no improvements will be undertaken.

DISCUSSION:

The Parklawn neighborhood is an unincorporated, disadvantaged community on the south side of the City of Modesto with 327 parcels that rely on septic tanks for treatment of sewage. The neighborhood is located north of Nelson Way, south of Hatch Road, between Morgan Road to the east and Pearson Avenue to the west.

Failing septic tanks within the Parklawn neighborhood threaten local water supplies and pose a public health risk. On December 4, 2012, the Board of Supervisors approved award of the construction contract for the first phase of the Parklawn Neighborhood Sewer Improvements in the amount of \$982,551 using federal Community Development Block Grant Funds (CDBG) and authorized the use of Stanislaus County Community Development Funds for Public Works staff's pursuance of financing options for future phases of the project.

The primary purpose of the Parklawn Neighborhood Sewer Improvement project is to provide a sewer system to the neighborhood that allows property owners to abandon their existing failing septic tanks and connect to a public sewer system.

The cost to construct all phases of the Parklawn Neighborhood Sewer Project and to execute connection fee agreements with the City of Modesto for each parcel is estimated at \$5.5 million. This is based upon recent low bids of \$3.6 million plus \$900k of soft costs and \$1 million for connection fees. Finance options have been pursued to facilitate completion of this project. The California State Water Resources Control Board through the Clean Water State Revolving Fund offers unique financing to communities that qualify. The criteria used to determine this qualification is the median household income (MHI) level. Based on the community MHI, the Parklawn Neighborhood meets the criteria for severely disadvantaged communities. This level of qualification allows the community to compete for principal and interest forgiveness loans, and depending on the outcome of the credit review can be either 75% or more forgiven.

Approval to Adopt a Resolution to Authorize the Director of Public Works to Apply For, Enter Into and Sign the Financial Assistance Application for the Clean Water State Revolving Fund Program from the State Water Resources Control Board for the Planning, Design and Construction of the Parklawn Sewer Project, and Approval to Initiate Proceedings for the Formation of County Service Area (CSA) No. 30 Parklawn Neighborhood

Upon adoption of the resolution, Public Works staff will move forward in obtaining financing and some measure of principal forgiveness for the remainder of the project from the California State Water Resources Control Board. If the County is unsuccessful, the remainder of the Parklawn Neighborhood project will be phased as funding becomes available.

The process to secure this State financing is as follows: submit finance proposal, complete loan application, execute memorandum of understanding with utility provider, and conduct a Proposition 218 process for the formation of a County Service Area. This process is estimated to take approximately 12 months. The requested Board adoption of the resolution is the first step in the process of submitting the finance proposal.

The formation of the CSA No. 30 Parklawn Neighborhood is being proposed to provide the repayment of the debt services for the Principal Forgiveness and Small Community Grant loan. The County is applying for this loan on behalf of Parklawn neighborhood in order to provide the remaining infrastructure needed to connect all the residences of the Parklawn community to the sewer trunk installed earlier this year.

Formation of the new CSA requires a multiple step process as outlined below:

- Initiate Proceedings: The Board of Supervisors initiates proceedings for the formation of CSA No. 30 Parklawn Neighborhood.
- Engineer's Report: An Engineer's Report is prepared by the Public Works Department to describe the proposed improvements and services, provide a legal description and map of service area, and to propose a methodology for allocating costs to benefiting parcels.
- Set Public Hearing Date: The Board of Supervisors accepts the Engineer's Report, sets a public hearing date to consider the formation of the CSA and levying an annual assessment approves an assessment ballot procedure in compliance with Proposition 218, and directs the Clerk of the Board to notify LAFCO.
- Assessment Ballot & Notice of Public Hearing: An Assessment Ballot and Notice of Public Hearing are mailed by the Public Works Department to affected landowners 45 days prior to the public hearing.
- Public Notice: The Public Works Department and the Clerk of the Board publish a public announcement of the date and time of the public hearing in a local newspaper.
- Public Hearing: A public hearing conducted by the Board of Supervisors whereby the public is given opportunity to comment on the proposal.
- Votes Counted: After the close of the public hearing the Clerk of the Board opens, counts, and tallies the results and then reports them to the Board of Supervisors.
- Adopt Results: If the ballot procedure to form the district fails, the matter will be closed. If approved, the Board of Supervisors may adopt a Resolution of Application ordering the formation of CSA No. 30 Parklawn Neighborhood, directing the Public Works Department to file an application with Stanislaus County LAFCO, per Government Code section 56652, Consent to Waiver of Conducting Authority proceeding for the formation of CSA No. 30.

Approval to Adopt a Resolution to Authorize the Director of Public Works to Apply For, Enter Into and Sign the Financial Assistance Application for the Clean Water State Revolving Fund Program from the State Water Resources Control Board for the Planning, Design and Construction of the Parklawn Sewer Project, and Approval to Initiate Proceedings for the Formation of County Service Area (CSA) No. 30 Parklawn Neighborhood

- LAFCO Reviews: Approval of the application by LAFCO is required in order for the CSA to be formed.
- Certificate of Completion: Upon approval by LAFCO for the formation of CSA No. 30, LAFCO files a certificate of Completion with the County Clerk Recorder's Office and once recorded, sends a copy to the State Board of Equalization.

This entire process can take as long as six months to complete making it difficult to provide an accurate tentative timeline at this time.

POLICY ISSUES:

The recommended actions are consistent with the Board's priorities of providing A Safe Community, A Healthy Community, and A Well Planned Infrastructure System by building a sewer system that will lower groundwater pollution and ensure clean drinking water by eliminating septic discharge to our ground water and by commencing the formal process to bring a proposal before the property owners to enhance the level of infrastructure available.

State of California Government Code sections 25210 thru 25338 authorizes the County's Board of Supervisors to be the governing body for CSA's within their county.

STAFFING IMPACT:

Staffing impact will be limited to the time required to prepare Board reports and their supporting materials, conduct the ballot procedure, and coordinate the project with the LAFCO.

CONTACT PERSON:

Matt Machado, Public Works Director. Telephone: (209) 525-4130.

JS:lc

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THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
STATE OF CALIFORNIA

Date: April 16, 2013

No. 2013-152

On motion of Supervisor Monteith Seconded by Supervisor Withrow
and approved by the following vote,
Ayes: Supervisors: O'Brien, Withrow, Monteith, De Martini, and Chairman Chiesa
Noes: Supervisors: None
Excused or Absent: Supervisors: None
Abstaining: Supervisor: None

THE FOLLOWING RESOLUTION WAS ADOPTED:

Item # *C-1

TO AUTHORIZE THE DIRECTOR OF PUBLIC WORKS TO APPLY FOR, ENTER INTO AND SIGN THE FINANCIAL ASSISTANCE APPLICATION FOR THE CLEAN WATER STATE REVOLVING FUND PROGRAM (CWSRF) FROM THE STATE WATER RESOURCES CONTROL BOARD FOR THE PLANNING, DESIGN AND CONSTRUCTION OF THE PARKLAWN SEWER PROJECT

WHEREAS, the Parklawn Neighborhood is an unincorporated, disadvantaged community on the south side of the City of Modesto with 327 parcels that rely on septic tanks for treatment of sewage. Failing septic tanks within the neighborhood are threatening the local water supplies and pose a public health risk; and

WHEREAS, the State Water Resources Control Board offers unique funding programs for disadvantaged neighborhoods with debt forgiveness of up to 100% depending on the neighborhood's Median Household Income; and

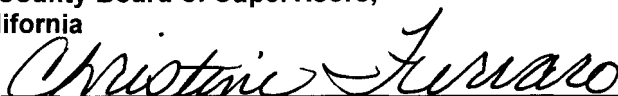
WHEREAS, Clean Water State Revolving Fund (CWSRF) requires a Board approved Resolution be included with the financial assistance application.

BE IT RESOLVED by Stanislaus County Board of Supervisors that the Director of Public Works is hereby authorized and directed to sign and file, for and on behalf of Stanislaus County, a Financial Assistance Application for a financing agreement from the State Water Resources Control Board for the planning, design, and construction of the Parklawn Neighborhood Sewer Project; and

Now, Therefore BE IT RESOLVED that the Stanislaus County Board of Supervisors hereby agrees and further does authorize the aforementioned representative or his/her designee to certify that the Agency has and will comply with all applicable state and federal statutory and regulatory requirements related to any financing or financial assistance received from the State Water Resources Control Board; and

BE IT FURTHER RESOLVED that the Director of Public Works or his/her designee of Stanislaus County is hereby authorized to negotiate and execute a financial assistance agreement from the State Water Resources Control Board and any amendments or change orders thereto and certify financing agreement disbursements on behalf of Stanislaus County.

ATTEST: CHRISTINE FERRARO TALLMAN, Clerk
Stanislaus County Board of Supervisors,
State of California



File No. CSA-30-01

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STATE OF CALIFORNIA

Date: April 16, 2013

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and approved by the following vote,

Ayes: Supervisors: O'Brien, Withrow, Monteith, De Martini, and Chairman Chiesa

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

THE FOLLOWING RESOLUTION WAS ADOPTED:

Item # *C-1

REIMBURSEMENT RESOLUTION

WHEREAS, the County of Stanislaus (the "Agency") desires to finance the costs of constructing and/or reconstructing certain public facilities and improvements relating to its water and wastewater system, including certain treatment facilities, pipelines and other infrastructure (the "Project"); and

WHEREAS, the Agency intends to finance the construction and/or reconstruction of the Project or portions of the Project with moneys ("Project Funds") provided by the State of California, acting by and through the State Water Resources Control Board (State Water Board); and

WHEREAS, the State Water Board may fund the Project Funds with proceeds from the sale of obligations the interest upon which is excluded from gross income and federal income tax purposes (the "Obligation"), and

WHEREAS, prior to either the issuance of the Obligations or the approval by the State Water Board of the Project Funds the Agency desires to incur certain capital expenditures (the "Expenditures") with respect to the Project from available moneys of the Agency; and

WHEREAS, the Agency has determined that those moneys to be advanced on and after the date hereof to pay the Expenditures are available only for a temporary period and it is necessary to reimburse the Agency for the Expenditures from the proceeds of the Obligation.

NOW, THEREFORE, THE AGENCY DOES HEREBY RESOLVE, ORDER AND DETERMINE AS FOLLOWS:

SECTION 1. The Agency hereby states its intention and reasonably expects to reimburse Expenditures paid prior to the issuance of the Obligation or the approval by the State Water Board of the Project Funds.

ATTEST: CHRISTINE FERRARO TALLMAN, Clerk
Stanislaus County Board of Supervisors,
State of California

