SWEETWATER SPRINGS WATER DISTRICT

TO: Board of Directors **AGENDA NO. V-B**

FROM: Steve Mack, General Manager

Meeting Date : February 3, 2011

SUBJECT: APPROVAL OF RESOLUTION 11-04, REQUEST FOR FUNDING FROM RRROC/RDA FOR CIP 2012-2018

RECOMMENDED ACTION: Approve Resolution 11-04 which requests funding from the Russian River Redevelopment Oversight Committee (RRROC) and the Sonoma County Redevelopment Agency (RDA) to provide funding assistance for CIP 2012-2018.

FISCAL IMPACT: Approximately $3.9 million in funding assistance for needed capital projects if approved by RRROC and RDA**.**

DISCUSSION:
The change in attitude toward redevelopment by the State executive branch has changed, at least temporarily, how we all must approach redevelopment funding. RRROC is having a special meeting on February 8, 2011 to discuss its funding options and approaches. District staff will participate in that meeting and any other meetings as this situation unfolds and becomes clearer. On January 26, I sent a letter to John Haig, Redevelopment Manager with RDA, to express the District's interest in this process, our need for funding assistance, and our willingness to help further redevelopment goals in our area. This letter was copied to all Board Directors.

At its January 6, 2011 meeting the District Board approved the FY 2012-2018 CIP (Exhibit A of Resolution 11-04). The District was intending to fund the 2012 CIP Projects with District funds. and then come to the RRROC to request funding assistance for the 2013 and 2014 CIP projects (total estimated cost of $2.9 million). Depending on funding needs and availability in later years, we then planned on coming back to RRROC for funding assistance for the later years' CIP projects to fill the gap between what we can fund with the approved rate structure and the anticipated project costs which would be updated to reflect current costs at that time.

The apparent change in attitude toward redevelopment programs by the State executive branch may not allow this approach. It certainly has inspired redevelopment agencies statewide, and, in particular, the RRROC, to reconsider how project funding is approved.

The purpose of Resolution 11-04 is to reaffirm the District's need for and interest in RRROC funding support to complete the needed CIP in whatever manner RRROC decides to move forward with funding requests. The Resolution affirms the District's need for funding assistance of approximately $3.9 million to complete the 2012-2018 CIP, identifies how the CIP benefits the RRROC area and that it fits with RRROC funding requirements and objectives.

Because of the uncertain nature of State actions toward redevelopment, it is certainly possible that a flexible approach toward using RRROC funding, if it survives the efforts of the State executive branch to eliminate redevelopment funding Statewide, will be necessary and appropriate. Resolution 11-4 affirms the District's interest in making redevelopment work for all interests in the RRROC area and directs the General Manager to participate in this effort. It is quite likely – almost certain – that more meetings will be held and additional resolutions needed as RRROC decides how to move forward.

Resolution No. 11-04

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SWEETWATER SPRINGS WATER DISTRICT REQUESTING GRANT FUNDING FROM SONOMA COUNTY REDEVELOPMENT AGENCY AND THE RUSSIAN RIVER REDEVELOPMENT OVERSIGHT COMMITTEE FOR THE DISTRICT'S FY 2012- FY 2018 CIP

WHEREAS, pursuant to Water Code Section 31007, the District Board of Directors shall establish rates and charges sufficient to pay for operating expenses, provide for repairs and depreciation of works and pay for the principal and interest on bonded debt; and

WHEREAS, pursuant to Water Code Section 31025, the District shall fix and through the General Manager collect water rates; and

WHEREAS, the Board of Directors has evaluated the anticipated revenues and expenditures necessary to operate the District; and

WHEREAS, portions of the Sweetwater Springs Water District customers are presently being served with antiquated, deteriorating infrastructure in serious need of repairs; and

WHEREAS, on January 6, 2011 the Sweetwater Springs Board of Directors adopted Resolution 11-2 approving the Capital Improvement Program (CIP) for FY 2012-2018 identifying approximately $9.0 million in capital improvement projects to make required improvements to the Sweetwater Springs Water District that would provide a greater proportion of the Ratepayers with adequate water pressure, storage, fire flow, and fire protection, and reduce system leakage; and

WHEREAS, the projects approved in the District's CIP will reduce blight in the Russian River Redevelopment Area by upgrading infrastructure – both water storage and distribution, and paving streets and roads in needed areas allowing for and encouraging redevelopment of the project areas and thus will benefit the Russian River Redevelopment Area; and

WHEREAS, the Sonoma County Redevelopment Agency and the Russian River Redevelopment Oversight Committee has previously approved 50% and 75% match funding for Sweetwater Springs Water District capital projects, CIP IV-A and CIP IV-B, and said projects are being successfully undertaken and completed in FY 2009, 2010 and 2011 resulting in adequate water pressure, storage, fire flow, and fire protection, and reducing system leakage in the areas of the projects; and

WHEREAS, the adopted FY 2012-2018 CIP includes capital projects for FY 2012 through FY 2018, and said projects will complement the ongoing and recently constructed capital projects, and also meet the objectives of improving system water pressure, storage, fire flow, and fire protection, and reduce system leakage in the areas of the projects, and are described in Exhibit A which is attached; and

WHEREAS, the Sweetwater Springs Water District Board of Directors fully recognizes its fiduciary responsibility to fully fund the stated objectives of Resolution 11-04 and has implemented the following funding options:

1. Approved a restructuring of water rates which included an overall 6% increase for FY 2010 and has plans for increasing water rates in each subsequent year to help fund capital projects and eventually build revenues to fund a sustainable CIP.
2. Acquired a $3 million loan in August 2008; and

WHEREAS, the Sweetwater Springs Water District applied for funding for past projects through the Safe Drinking Water State Revolving Fund, American Recovery and Reinvestment Act, but District projects were not selected for funding; and

WHEREAS, the Sweetwater Springs Water District currently spends 36% of its revenue on existing debt principal and interest and additional loan funding is not practical; and

WHEREAS, analysis of District financial planning shows that the District cannot complete the approved CIP with current funds available and would need $3,900,000 to complete the approved CIP within the seven-year period of FY 2012 through FY 2018; and

WHEREAS, the Sweetwater Springs Water District Board of Directors recognizes that a greater than planned increase in District rates places a burden on the Ratepayers, and, therefore, the entire community, and that no other source of funding is available; and

WHEREAS, analysis of the District's availability of existing funds and the RDA funding guidelines appear to suggest that the District could ask for up to 75% of the construction cost and funding at that level would enable further District capital improvements and better rate stabilization; and

WHEREAS, actions by the State government may cause limits to redevelopment funds or require adjustments in RRROC/RDA funding abilities; and

WHEREAS, the District wants to work with RRROC, RDA, and other local agencies and organizations to best make redevelopment funding work for our local Russian River area.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Sweetwater Springs Water District has reviewed the list of projects attached hereto as Exhibit A, also known as the FY 2012-2018 CIP, as prepared by the General Manager for submission to the Sonoma County Redevelopment Agency and the Russian River Redevelopment Oversight Committee, and accepts the information contained therein, and adopts the following:

1. Directs the General Manager to submit an application to the Sonoma County Redevelopment Agency and the Russian River Redevelopment Oversight Committee for up to 75% grant funding for projects in the FY2012-2018 CIP which funding would total $3,900,000 and would be supplemented by District funds in the appropriate amount to complete the projects.

2. Requests that the Russian River Redevelopment Oversight Committee carefully consider recommending that the Board of Commissioners of the Sonoma County Community Development Commission (Commission) approve funding in the total amount of $,900,000 for fiscal years 2012 through 2018 funding of Sweetwater Springs Water District CIP as identified in Exhibit A hereto.

3. Directs the General Manager to work with the RRROC, RDA, and local agencies and organizations to best use available RRROC/RDA funding to meet local overall redevelopment needs within the uncertainty presented by possible State government actions.

I hereby certify that the foregoing is a full, true, and correct copy of a Resolution duly and regularly adopted and passed by the Board of Directors of the SWEETWATER SPRINGS WATER DISTRICT, Sonoma County, California, at a meeting held on February 3, 2011, by the following vote.

Director	Aye	No
Sukey Robb-Wilder	_____	_____
Jim Quigley	_____	_____
Wanda Smith	_____	_____
Gaylord Schaap	_____	_____
Victoria Wikle	_____	_____

_____
Jim Quigley
President of the Board of Directors

_____
Attest: Julie A. Kenny
Clerk of the Board of Directors

Exhibit A

Sweetwater Springs Water District

Capital Improvement Program
2012-2018

Board of Directors
Jim Quigley, President
Gaylord Schaap, Vice President
Sukey Robb-Wilder, Financial Coordinator
Wanda Smith
Victoria Wikle

General Manager
Steve Mack

2012-2018 Sweetwater Springs Water District Capital Improvement Program
January 6, 2011

Capital improvements are an important element of the District's work effort. The District has an aging infrastructure, an unacceptable amount of unaccounted for water and District staff spend too much time reacting to leaks in the distribution system. Table 1. 2012-2018 Capital Improvement Program (CIP) lists needed District projects by year and includes estimated costs. The ranking criteria for the priority of capital projects are:

- Number of leaks.
- District time dedicated to repair the leaks.
- Costs per Customer.
- Potential Liability to the District.
- Storage and booster stations based upon system requirements for fire flow, and storage requirements.
- Impacts to the optimum operation of the system.
- Elimination of as many dead-end lines as possible, which affect both water quality and pressure.

Table 1. Sweetwater Springs Water District 2012-2018 Capital Improvement Program (CIP) by Year

Year	Projects	Estimated Cost
2012		
	Western, Eastern and Northern Avenues and Orchard Lane (GV) - Replace 3,100 lf of existing main and appurtenances.	$684,000
	Foothill Drive (MR) – Install 1,000 lf of new 8 – inch main and appurtenances from B Street northwesterly to end of existing 8 – inch main and make connection to other side of Foothill where section of road is closed to through traffic.	$671,000
	2012 Total	**$1,355,000**
2013		
	Starrett Hill Road (MR) Replace approximately 1760 ft of main line, 22 services.	$380,000
	Lovers Lane (GV) Replace approximately 1440 ft of main line, 24 services.	$300,000
	Middle Terrace (MR) Replace approximately 1,375 ft of main line, 17 services.	$290,000
	Canyon Seven Rd (GV) – Eliminate dead end mains and create loops by installing 1,950 lf of new main and appurtenances in Canyon Seven Rd between Sequoia Rd and Paradise Ln.	$329,000
	2013 Total	**$1,299,000**
2014		
	Hidden Valley Rd (GV) – Replace 3,900 lf of existing main and appurtenances on Hidden Valley Rd.	$656,000
	Old Monte Rio Road (GV) – Replace 5,800 lf of existing main and appurtenances commencing at the Handy Andy Booster and proceeding	$936,000

	westerly.	
	2014 Total	**$1,592,000**
2015		
	Park Ave. (GV) replace approximately 2900 lf of main line on Park Ave. and McLane Ave., 37 services. Loop two deadend lines.	$688,000
	Cherry St. (GV) replace approximately 440 lf of main line, 13 services.	$126,000
	Guernewood Lane (GV) - – Replace 1,800 lf of existing main and appurtenances and abandon 200 lf of redundant 4 – inch main along Hwy 116.	$318,000
	2015 Total	**$1,132,000**
2016		
	Canyon 1 (Rio Nido) Replace approximately 3,900 ft of existing mainline and 75 services along Canyon 1 Rd., Memory Ln., Memory Park Rd.	$890,000
	Wright Drive main pressure zone. – (GV) Replace approximately 1,120 ft of existing mainline and 18 associated services along Wright Dr. and Wright Ln.	$275,000
	2016 Total	**$1,165,000**
2017		
	Schoeneman pressure zone- main line replacement. (GV) Replace approximately 3,000 ft of existing mainline and 47 associated services along Highland Way, Sunset Ave, Woodland Dr, Laurel Way and Morningside Drive.	$744,300
	Woodland Drive – mainline replacement. (GV) Replace approximately 1,900 ft of existing mainline and 27 associated services along Woodland Dr in the main pressure zone. (requires completion of Schoeneman Tank)	$400,000
	2017 Total	**$1,144,300**
2018		
	Highway 116 (MR) Replace approximately 850 ft of main line.	$280,000
	Main St (MR) Replace approximately 800 ft of mainline along Main St.	$180,000
	Upper Summit Tank - Construct a storage tank with a nominal capacity of approximately 120,000 gallons at the District–owned site on McLane Avenue. Project to include relocation/ construction of the existing hydro-pneumatic pump station.	$490,000
	Natoma Tank – Replace the existing 10,000 gallon storage tank with a 30,000 storage tank. 2005 cost estimate	$190,000
	Schoeneman Tank– Replace the existing 10,000 gallon tank with a 30,000 gallon storage tank. 2005 cost estimate	$127,000
	2018 Total	**$1,267,000**
	Total 2012-2018 CIP	**$8,954,300**
	Other Possible Future Projects through FY2020	Approximate Cost
	Wright Drive upper pressure zone. – (GV) Replace approximately 3,280 ft of existing mainline and 47 associated services along Wright Dr, Glenda Dr, Natoma Dr. (requires completion of Natoma Tank)	$800,000
	Total Approximate Cost of Future, Unapproved Projects	**$800,000**