



# COUNTY OF SONOMA

575 ADMINISTRATION  
DRIVE, ROOM 102A  
SANTA ROSA, CA 95403

## SUMMARY REPORT

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**Agenda Date:** 11/7/2023

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**To:** Board of Directors Occidental County Sanitation District  
**Department or Agency Name(s):** Occidental County Sanitation District  
**Staff Name and Phone Number:** Carlos Diaz 707-547-1956  
**Vote Requirement:** Majority  
**Supervisorial District(s):** Fifth

**Title:**

Memorandum of Understanding Related to the Occidental County Sanitation District to Graton Community Services District Wastewater Transfer Pipeline Project

**Recommended Action:**

- A) Authorize Sonoma County Water Agency's General Manager, on behalf of Occidental County Sanitation District, to execute a Memorandum of Understanding for Services Related to the Occidental County Sanitation District to Graton Community Service District Wastewater Transfer Pipeline Project, in a form approved by County Counsel. There is no dollar amount associated with this Memorandum of Understanding. The term end date is December 31, 2028.
- B) Authorize Sonoma County Water Agency's General Manager, on behalf of Occidental County Sanitation District, to amend the Memorandum of Understanding to extend the term and make modifications, in a form approved by County Counsel.  
(Fifth District)

**Executive Summary:**

Occidental County Sanitation District (District) has been severely challenged to provide affordable wastewater services to its small customer base and relies on subsidies received from Sonoma County Water Agency (Sonoma Water) to provide a substantial portion of its operating and capital improvement costs. Graton Community Services District (Graton) approached District several years ago to express interest in providing wastewater treatment and disposal services to District. Based on a feasibility study conducted by District, there is potential for both Graton and District to realize significant benefits by connecting their systems together via the Occidental County Sanitation District to Graton Community Service District Wastewater Transfer Pipeline Project (Pipeline Project). This item requests authorization to execute a Memorandum of Understanding (MOU) in support of the Pipeline Project.

**Discussion:**

**HISTORY OF ITEM/BACKGROUND**

Sonoma Water operates District under contract with District. Sonoma Water also owns, operates, and manages Airport/Larkfield/Wikiup Sanitation Zone.

District has been challenged to provide affordable wastewater services to its small customer base. Current rates for wastewater services create a significant burden on both the residents and businesses District serves. District operates at a large financial deficit each year and receives more than \$1.16 million annually in

subsidies from Sonoma Water's General Fund to cover its operating and capital improvement costs. District has been unable to implement an affordable long-term wastewater solution that complies with state and federal regulations regarding the reuse and disposal of treated wastewater. As a result, wastewater has been hauled by trucks for several years from District's lift station to the Airport/Larkfield/Wikiup Sanitation Zone treatment plant for treatment and disposal. District believes a more efficient and cost-effective long-term solution is to connect its wastewater collection system to another nearby wastewater system and provide an opportunity for consolidated operations.

Graton approached Sonoma Water several years ago to express interest in providing wastewater treatment and disposal services to District. Graton also operates a small wastewater system with strained funding for operations, maintenance, and equipment replacement.

District has completed a feasibility study to better understand the costs and benefits of connecting Graton's and District's wastewater treatment and disposal service systems. The cost of Pipeline Project construction is estimated to be between \$10 million and \$12 million. The feasibility study indicated that if Pipeline Project capital costs can be substantially funded from grants or other non-ratepayer funding sources, then there would be significant long-term financial benefits to both District and Graton from construction of a pipeline from District to Graton to transfer wastewater. According to the feasibility study, connecting the systems via a pipeline would reduce wastewater hauling costs for District, decrease emissions from and risks associated with wastewater hauling, and provide an economy of scale for treatment and collection of wastewater that would economically benefit District and Graton. In the long-term, the feasibility study found that connecting the systems would enhance rate stability for both District and Graton by reducing operational costs for District and broadening Graton's user base.

On September 18, 2023, Sonoma Water presented to Graton's Board of Directors the results of the feasibility study and the benefits of the Pipeline Project.

Sonoma Water currently operates District under an agreement established in December 1994 between Sonoma Water and District, Russian River County Sanitation District, Sonoma Valley County Sanitation District, South Park County Sanitation District, and Forestville County Sanitation District. In July 2004, Forestville County Sanitation District was dissolved pursuant to the terms of the Sonoma County Local Agency Formation Commission Resolution No. 2434, and the agreement was amended to eliminate Sonoma Water's responsibilities for Forestville County Sanitation District. Sonoma Water will continue to operate District; however, if the project is successful, an agreement will be developed for Graton to treat District's wastewater.

#### **GRANT FUNDING**

California senators Dianne Feinstein and Alex Padilla were successful in working to include \$1.45 million from the Environmental Protection Agency's (EPA) State and Tribal Assistance Grant/Clean Water State Revolving Fund program for design and preconstruction activities associated with the subsequent construction of a wastewater pipeline for District.

The Pipeline Project was recommended by Congress in the Consolidated Appropriations Act of 2023 (P.L. 117-328) (FY 2023 Appropriations Act) for the design and preconstruction activities to be funded through the EPA's Community Grant Programs. The estimated costs for design and CEQA are \$2.30 million and will be offset by \$1.45 million in EPA grant funds. A subsidy from Sonoma Water's General Fund will cover the remaining

\$850,000 cost share.

**MEMORANDUM OF UNDERSTANDING**

Under the Memorandum of Understanding, District will be responsible for the Pipeline Project, including design, right-of-way, environmental review, and, if subsequently approved by District’s Board of Directors, construction. District will own and operate the wastewater transfer pipeline. Graton will provide necessary documents and access and cooperate with District in support of the Pipeline Project. The Memorandum of Understanding outlines District’s and Graton’s responsibilities related to the subsequent engineering design services consultant agreement and the wastewater treatment services agreement. Therefore, the Memorandum of Understanding will be executed prior to the execution of these agreements. The wastewater treatment services agreement describes Graton’s responsibilities to perform necessary activities to treat and dispose of District’s wastewater. The engineering design services consultant agreement describes the scope of work for design and engineering services for the Pipeline Project. The design and environmental documents are estimated to be completed in FY 2024/2025.

**NEXT STEPS**

District will return to the Board for authorization to execute the grant award contract and an engineering design services consultant agreement to design the Pipeline Project. The design will be funded in whole or in part from the grant award. In addition, upon completion of the Pipeline Project’s California Environmental Quality Act (CEQA) compliance document, District will return for the Board’s consideration of CEQA document certification and project approval. If the Pipeline Project is approved, District will also return to the Board for authorization to execute the agreement between District and Graton for wastewater treatment services for Graton to treat District’s wastewater pending District’s subsequent identification and procurement of construction grant funding to build the Pipeline Project.

Upon receipt of the EPA Community Grant, District will execute an agreement with the selected consultant for engineering and design services of the Pipeline Project.

Upon approval of the Pipeline Project and of the Pipeline Project’s CEQA compliance document, Graton will execute an agreement to provide wastewater treatment services to District.

**County of Sonoma Strategic Plan Alignment**

N/A

**Sonoma Water Strategic Plan Alignment**

Wastewater Treatment and Water Reuse, Goal 1: Improve operational reliability of wastewater treatment and water reuse systems.

Wastewater Treatment and Water Reuse, Goal 2: Improve the financial health of wastewater treatment and water reuse systems.

Connecting Graton’s and District’s wastewater treatment and disposal service systems via a wastewater transfer pipeline will help District provide lower cost and more reliable wastewater services to its small customer base. If Pipeline Project capital costs are substantially funded from grants or other funding sources outside of ratepayer funding, then construction of this pipeline will provide long-term financial and rate

stabilization benefits to both District and Graton.

**Racial Equity:**

**Was this item identified as an opportunity to apply the Racial Equity Toolkit?**

No

**Prior Board Actions:**

04/13/2021: Approved agreement with Brelje and Race Consulting Engineers for feasibility study services through December 31, 2022, in the not-to-exceed amount of \$156,900; 2) Authorized Sonoma County Water Agency's General Manager to execute a Memorandum of Understanding between Occidental County Sanitation District and Graton Community Services District for the feasibility study. No cost to either Sonoma County Water Agency or Occidental County Sanitation District; term is December 31, 2022; and 3) Adopted a Resolution Authorizing Adjustment to the Board Adopted Budget for Fiscal Year 2020-2021 for the Sonoma Water General Fund and the Occidental County Sanitation District Operations Fund for \$192,000 each for the Occidental to Graton Wastewater Pipeline Feasibility Study.

**FISCAL SUMMARY**

<b>Expenditures</b>	<b>FY23-24 Adopted</b>	<b>FY24-25 Projected</b>	<b>FY25-26 Projected</b>
Budgeted Expenses			
Additional Appropriation Requested			
<b>Total Expenditures</b>			
<b>Funding Sources</b>			
General Fund/WA GF			
State/Federal			
Fees/Other			
Use of Fund Balance			
Contingencies			
<b>Total Sources</b>			

**Narrative Explanation of Fiscal Impacts:**

There is no fiscal impact associated with this item.

<b>Staffing Impacts:</b>			
<b>Position Title (Payroll Classification)</b>	<b>Monthly Salary Range (A-I Step)</b>	<b>Additions (Number)</b>	<b>Deletions (Number)</b>

**Narrative Explanation of Staffing Impacts (If Required):**

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N/A

**Attachments:**

None

**Related Items "On File" with the Clerk of the Board:**

None