



COUNTY OF SONOMA

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

SUMMARY REPORT

Agenda Date: 9/17/2019

To: Board of Directors, Sonoma County Water Agency and Russian River County Sanitation District
Department or Agency Name(s): Sonoma County Water Agency, Russian River County Sanitation District
Staff Name and Phone Number: Joan Hultberg, 547-1902
Vote Requirement: 4/5th
Supervisory District(s): Fifth

Title:

State Revolving Funds Financial Assistance Applications

Recommended Actions:

For the Board of Directors of the Sonoma County Water Agency (Sonoma Water):

A) Adopt a Resolution authorizing the General Manager of Sonoma Water, or designee, to sign and file the necessary documents for financial assistance applications with the State Water Resources Control Board to plan and design improvements to address water quality impairment in the Monte Rio and Villa Grande communities; execute financial assistance agreements; and carry out Sonoma Water's responsibilities under these agreements. (Majority vote)

B) Adopt a Resolution of the Board of Directors of Sonoma Water authorizing adjustments to the Board adopted budget for Fiscal Year 2019-2020 for Sonoma Water's General Fund in the amount of \$43,835 for Monte Rio and Villa Grande Wastewater Treatment Project. (4/5 Vote Required)

For the Board of Directors of the Russian River County Sanitation District (the District):

C) Adopt a Resolution authorizing the General Manager of Sonoma Water, or designee, to sign and file the necessary documents, on behalf of the District, for financial assistance applications with the State Water Resources Control Board to plan, design, and construct rehabilitation projects at the District's facilities; execute financial assistance agreements; and carry out the District's responsibilities under these agreements. (Majority vote)

D) Adopt a Resolution of the Board of Directors of Russian River County Sanitation District authorizing adjustments to the Board adopted budget for Fiscal Year 2019-2020 for the District's Operations Fund in the amount of \$259,861 for the Headworks, Lift Station, and Force Main Project. (4/5 Vote Required)

Executive Summary:

Under the State of California's Clean Water State Revolving Fund Program (Clean Water SRF Program), funding is available for eligible applicants to perform planning and design activities for small community wastewater projects. The communities of Monte Rio and Villa Grande and the Russian River County Sanitation District have been deemed eligible by the State Water Resources Control Board (State Board) for 100% planning and design funding, as small communities with a financial hardship.

In order to apply to the Clean Water SRF Program, applicants are required to provide a resolution adopted by the applicant's governing body designating an Authorized Representative, who is given the authority to sign

and submit the application materials, certify compliance with applicable state and federal laws, execute the financial assistance agreements and amendments, carry out the agreement's responsibilities, and certify disbursement requests.

Sonoma Water proposes applying to the State Board for a grant to perform a feasibility assessment that would evaluate potential solutions to provide adequate wastewater treatment to the communities of Monte Rio and Villa Grande. Staff is seeking authorization from Sonoma Water's Board of Directors to apply for a \$500,000 planning grant to perform the assessment and evaluation.

The District proposes applying to the State Board for a grant to undertake planning and preliminary design of rehabilitation projects for the District's treatment plant and collection system. Staff is seeking authorization from the District's Board of Directors to apply for an \$810,085 planning grant to perform this work.

Discussion:

The State Board administers the Clean Water SRF Program, which includes the Small Community Wastewater grant program devoted to wastewater infrastructure. Under the Clean Water SRF Program guidelines, Severely Disadvantaged Communities such as Monte Rio and Villa Grande are those with a median household income below 60% of the statewide median. Severely Disadvantaged Communities are eligible for 100% funding of planning and design projects, as well as 100% funding of construction projects, typically up to \$8 million per community for septic to sewer projects. Similarly, Disadvantaged Communities such as the District are those with a median household income below 80% of the statewide median. Disadvantaged Communities are eligible for 100% funding of planning and design projects, and 75% funding of construction projects, typically up to \$8 million per project. For grant recipients, the Clean Water SRF Program rules limit eligible labor expenses to an employee's hourly rate, benefit rate, and indirect costs capped at 10%. As a result, the grants will cover a majority but not all of the project costs.

The Clean Water SRF Program provides a critical opportunity to address both water quality impairment issues in the lower Russian River communities of Monte Rio and Villa Grande, and aging infrastructure in the District. Plans of Study, including budgets and schedules, are on file with the Clerk of the Board, for both projects.

Summary of Sonoma Water's Projects for the Monte Rio and Villa Grande Communities:

The lower Russian River area is made up of small unincorporated communities which include Camp Meeker, Northwood, Duncans Mills, Monte Rio, and Villa Grande. Monte Rio and Villa Grande contain an estimated 1,520 parcels. Based on median household income surveys and the most recent U.S. Census block group data, Monte Rio and Villa Grande have a median household income under 60% of the State's average and thus are classified by the State Board as Severely Disadvantaged Communities.□ This designation qualifies these communities for 100% funding of eligible planning and design costs, and 100% funding of eligible construction costs up to the allotted cap of \$8M per community (Monte Rio and Villa Grande are counted as separate communities for funding purposes).

The majority of homes and businesses in Monte Rio and Villa Grande rely on onsite wastewater treatment systems for treatment and disposal of septic waste. Many of these systems do not meet current standards and, therefore, have the potential to discharge inadequately treated wastewater into the Russian River and its tributary creeks. Water quality monitoring along the Russian River and its tributary creeks has shown contamination of bacteria and other indicators of human or animal fecal waste, which pose a potential threat to the health of the river ecosystem and the people who visit it. As a result, several surface waters in the Russian River Watershed are identified on the 2012 Clean Water Act section 303(d) List of Impaired Waters due to pathogen indicator bacteria concentrations exceeding water quality standards.

To address the environmental and human health concern posed by pathogen contamination, the North Coast Regional Water Quality Control Board (Regional Water Board) has developed a Total Maximum Daily Load (TMDL) Action Plan for pathogen indicator bacteria for the Russian River Watershed, scheduled for adoption in late 2019. A major component of the Action Plan focuses on addressing pathogen impairment from onsite wastewater treatment systems within 600 feet of the Russian River and some of its tributaries. Onsite wastewater treatment systems owners along the lower Russian River will be responsible for confirming their onsite wastewater treatment systems are working under new state TMDL guidelines for the Russian River. For many of the lower Russian River residents, attaining TMDL compliance may pose a significant economic hardship.

Sonoma Water staff propose applying to the Clean Water SRF Program for a \$500,000 planning grant to address water quality impairment in the lower Russian River communities of Monte Rio and Villa Grande. The feasibility study would include a description of current conditions within the planning area, an analysis of alternative solutions, conceptual design and the selection of preferred alternatives. The feasibility study and conceptual design grant application is entitled "Monte Rio and Villa Grande Wastewater Treatment Project." Total project costs, including consultant and actual staff costs, are estimated to be \$543,835. These expenses would be offset by \$500,000 in grant funds and the remaining \$43,835 would be budgeted in Sonoma Water's General Fund. Consultants would be chosen through a federally compliant competitive selection process, as required by the Clean Water SRF Program, and staff would return to your Board to approve agreements.

This three-year feasibility study would result in a second planning application to the State Board to fund design and environmental documents in support of the preferred alternatives. Staff would return to your Board to report on the results of the feasibility study and request authorization to apply for the second planning grant. The scope of work for both grants would prioritize a community-based approach, and would rely on heavy engagement from the community at large, and core community groups.

On April 17, 2018, your Board approved a Resolution authorizing the General Manager of Sonoma Water to apply to the Clean Water SRF Program for a similar project. In the intervening time, the project has been modified and the Clean Water SRF Program has requested Sonoma Water staff to update the Resolution. Recommended Action (A) of this Agenda Item addresses authorizing this updated Resolution. Staff recommends adopting the updated Resolution authorizing the General Manager or designee to submit

applications to the Clean Water SRF Program.

Summary of the District's Projects:

The District is operated and managed by Sonoma Water under contract, and Sonoma Water employees are authorized to act on the District's behalf.

The District's wastewater collection, treatment, and disposal facilities serve approximately 6,305 residents in unincorporated Sonoma County (areas of Rio Nido, Vacation Beach, Guerneville, and Guerneville Park). In 2018 the State Board commissioned an income survey of the District in order to establish the median household income level for state and federal funding programs and sources, and subsequent analysis of the survey results showed that the District's service area classifies as a Disadvantaged Community with a median household income under 80% of the State's average. Therefore, the District is eligible for 100% funding of planning and design projects, and 75% funding of construction projects up to \$8 million.

The District began operations in 1983. The facilities are approaching the end of their useful life, with most being over 35 years old. An interruption of service (e.g., failure) at the headworks, force main, or any one of the lift stations could lead to a raw sewage spill, endangering health and safety of the public and environment in surrounding areas. The District has limited funds available due to the small size of its ratepayer base and, as a financially disadvantaged community, ratepayers are unable to absorb significant rate increases that would be required to fund capital improvement projects.

District staff propose applying to the Clean Water SRF Program for a series of grants to rehabilitate the District's treatment plant and collections system. This would involve two grant applications: 1) planning and preliminary design, and 2) final design and construction. The planning and preliminary design grant would include condition assessments, engineering analysis, 30% design of rehabilitation recommendations, and environmental review and permitting for the selected recommendations. The scope of work for both grants would prioritize efforts to avoid equipment failures and sewage spills, which endanger the health and safety of the public and environment in surrounding areas.

Total project costs for the planning and preliminary design grant, including consultant and actual staff costs, are estimated to be \$949,861, including environmental, engineering, 30% design, and project management. These expenses would be offset by \$810,085 in grant funds and the remaining \$139,776 would be budgeted in the District's Operations Fund. Consultants would be selected through a federally compliant solicitation process and staff would return to your Board to approve agreements.

On November 7, 2017, your Board approved a Resolution authorizing the General Manager of Sonoma Water to apply to the Clean Water SRF Program on behalf of the District for a similar project. In the intervening time, the project has been modified and the Clean Water SRF Program has requested Sonoma Water staff to update the Resolution. Recommended Action (C) of this Agenda Item addresses authorizing this updated Resolution.

Staff recommends adopting the updated Resolution authorizing the General Manager to submit two applications to the Clean Water SRF Program, on behalf of the District, to avoid lengthy delays in returning to the Board for separate resolutions for each phase of the project. The broader resolution language would enable staff to submit applications more quickly, thus improving the District's chances of obtaining full funding for all projects and minimizing the possibility of future Clean Water SRF Program funds being exhausted before the District has completed all phases of the project.

Next Steps for Both Projects

If your Boards adopt these Resolutions, the General Manager or designee would submit the discussed grant applications. If the applications are funded, financial assistance agreements would be executed, and staff would solicit proposals from qualified firms to perform the planning, design, and construction activities, following Sonoma Water and federal competitive selection process policies. Staff would return to this Board for authorization to enter into consultant agreements and provide updates on the status of subsequent grant proposals for these projects.

Prior Board Actions:

04/17/18: Approved Resolution authorizing the General Manager to apply to the Clean Water State Revolving Fund on behalf of Sonoma Water.

11/07/17: Approved Resolution authorizing the General Manager to apply to the Clean Water State Revolving Fund on behalf of the Russian River County Sanitation District.

FISCAL SUMMARY**Fiscal Summary - Monte Rio / Villa Grande**

Expenditures	FY 19-20 Adopted	FY20-21 Projected	FY 21-22 Projected
Budgeted Expenses	\$500,000		
Additional Appropriation Requested	\$43,835		
Total Expenditures	\$543,835		
Funding Sources			
Sonoma Water General Fund	\$43,835		
State Grant	\$500,000		
Fees/Other			
Use of Fund Balance			
Contingencies			
Total Sources	\$543,835		

Fiscal Summary - District

Expenditures	FY 19-20 Adopted	FY20-21 Projected	FY 21-22 Projected
Budgeted Expenses	\$690,000		
Additional Appropriation Requested	\$259,861		
Total Expenditures	\$949,861		
Funding Sources			
Sonoma Water General Fund			
State Grant	\$810,085		
Fees/Other			
Use of Fund Balance	\$139,776		
Contingencies			
Total Sources	\$949,861		

Narrative Explanation of Fiscal Impacts:

Total project costs for the Monte Rio and Villa Grande Plan of Study are estimated to be \$543,835 with \$500,000 in offsetting grant funds, and \$43,835 in Sonoma Water cost share. Total project costs for the District's treatment plant and collection system planning and preliminary design project are \$949,861 with \$810,085 in offsetting grant funds, and a net amount of \$139,776 in District cost share. With Board approval, additional appropriations of \$43,835 will be made in the General Fund for the Monte Rio and Villa Grande Project, and \$259,861 will be made in the District's Operations Fund pursuant to the attached budgetary resolutions (R3, R4) The \$259,861 additional expenditure appropriation will be funded by \$139,776 of fund balance, plus \$120,085 of state grant revenue. □

With Board approval of the requested additional appropriations, Sonoma Water General Fund ending fund balance will be \$100,000 (or 2 percent) above the \$5.3 million target. The District's Operations Fund ending fund balance will be \$276,000 (or 11 percent) below the \$2.36 million target but would be impacted even further without the availability of grant revenue for the proposed project. The District expects that the proposed project will reduce planned and corrective maintenance over time. Management will monitor fund balance during the fiscal year and will provide revenue from the Sonoma Water General Fund if needed.

Staffing Impacts:			
Position Title (Payroll Classification)	Monthly Salary Range (A - I Step)	Additions (number)	Deletions (number)

Agenda Date: 9/17/2019

Narrative Explanation of Staffing Impacts (If Required):

N/A

Attachments:

Authorizing Resolution R-1 (Sonoma County Water Agency)

Authorizing Resolution R-2 (Russian River County Sanitation District)

Budgetary Resolution R-3 (Sonoma County Water Agency)

Budgetary Resolution R-4 (Russian River County Sanitation District)

Related Items “On File” with the Clerk of the Board:

1. Plan of Study: Monte Rio-Villa Grande Wastewater Treatment Project
2. Plan of Study: Russian River County Sanitation District Headworks, Lift Stations, and Force Main Project