



## COUNTY OF SONOMA

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

### SUMMARY REPORT

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**Agenda Date:** 9/28/2021

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**To:** Board of Supervisors

**Department or Agency Name(s):** Transportation and Public Works

**Staff Name and Phone Number:** Johannes J. Hoevertsz, 707-565-2231

**Vote Requirement:** 4/5th

**Supervisorial District(s):** Fifth

**Title:**

8:35 A.M. Salmon Creek Water System Financing

**Recommended Action:**

Conduct a public hearing on the annual written report for County Service Area No. 41 Salmon Creek Water System and adopt the resolution ordering the annual water charge for the debt service \$44,064 and the \$1,020 annual charge for water availability to be collected on the County of Sonoma tax roll for the total amount of \$45,084 for Fiscal Year 2021-22.

**Executive Summary:**

State law and regulations require that an annual public hearing be held by the Board of Supervisors to direct that annual loan repayments be collected on the County of Sonoma tax roll. The Department of Transportation and Public Works (TPW) is recommending that the Board approve the attached resolution ordering that the annual repayment charge for the United States Department of Agriculture loan used for the recently completed water system improvements be collected on the County of Sonoma tax roll for the total amount of \$44,064 and a total of \$1,020 for water availability for Fiscal Year 2021-2022. There is no change in annual charges from prior years.

**Discussion:**

**Background**

The Salmon Creek Water System is located in the unincorporated County on the Pacific Ocean (see Attachment 3). The system has 94 residential customer accounts with a 5/8-inch meter and 5 with a 1" meter. There are 100 property owners that have the assessment of \$440.64 per year per Assessor's Parcel Number on the County's tax roll for the purpose of repaying the total loan amount of \$983,000 obtained from the United States Department of Agriculture to rehabilitate the water system.

On July 30, 2013, by Resolution No. 13-0300, the Board provided for the incurrence of indebtedness and the Sonoma County Public Finance Authority provided for the sale and issuance of water revenue bonds in the amount of \$792,000 and \$191,000, from the United States Department of Agriculture for the system-wide improvements (Project) which represents the total 40-year principal amount of \$983,000. At 2.75% interest, the total amount of the loan payments will be \$1,624,038. The United States Department of Agriculture provided the additional funding of \$191,000 after notification that the proposals received for construction of the Project were all higher than the engineer's estimate. The final payment for the loan will be made in Fiscal

Year 2053-54.

In addition the United States Department of Agriculture provided \$735,000 in grant funding for the Project. The total approved loan/grant package was \$1,718,000. □

The Project included the reconstruction and expansion of a treatment building, expanding water treatment to include membrane filtration, construction of an underground reinforced concrete water storage tank, expansion of a groundwater collection system, and miscellaneous control and electrical improvements. Project development expenses included preliminary engineering, California Environmental Quality Act compliance, National Environmental Policy Act compliance, Coastal Permit, Right of Way acquisition, bond counsel, legal counsel, construction administration, and project management. The United States Department of Agriculture Installment Agreement also required that the \$80,000 balance of an existing loan from the State of California for prior improvements be paid in full. A Notice of Completion was filed with the County Recorder on August 20, 2014, and the Project has been fully operational since that time.

In addition to the Charge Levy for the annual debt service, property owners fronting the water main but not connected to the system had the option of authorizing an annual water availability charge to ensure that they would be provided water in the event that they wanted to build a home on their property. Property owners are charged \$30 per parcel. There are two \$60 charges which represent changes in the Assessor's database that combined two separate parcels as identified in the original Board approval. This water availability charge was approved by the Board under Ordinance 4024 dated June 27, 1989.

### **Annual Written Report**

Each fiscal year, Health and Safety Code section 5473, requires that the Board of Supervisors, as the governing board for the County Service Areas, hold a public hearing and adopt a resolution directing that the annual charge levy be collected on the County's property tax rolls. The total annual charge levy to be collected on each parcel is detailed on the attached written report which is a listing of the Assessor's parcel numbers and the dollar amount of the annual charge levy. □ The amount of anticipated revenues from the charge levy and the biannual payments to the United States Department of Agriculture were included in the Fiscal Year 2021-22 adopted budget for the Salmon Creek Water System debt service funds.

Notice of a Public Hearing was published on September 13, 2021, once a week for two consecutive weeks in a newspaper of general circulation whose distribution includes the Salmon Creek Water District. □

### **Prior Board Actions:**

9/15/20: Board adopted Resolution 20-0349 ordering the annual water charge to be collected on the County of Sonoma tax roll for the amount of \$45,084 during Fiscal Year 2020-21.

9/17/19: Board adopted Resolution 19-0384 ordering the annual water charge to be collected on the County of Sonoma tax roll for the amount of \$45,084 during Fiscal Year 2019-20.

9/11/18: Board adopted Resolution 18-0371 ordering the annual water charge to be collected on the County of Sonoma tax roll for the amount of \$45,084 during Fiscal Year 2018-19.

9/12/17: Board adopted Resolution 17-0331 ordering the annual water charge for the debt service and the

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\$30 annual charge for water availability to be collected on the County of Sonoma tax roll for the total amount of \$45,084 for Fiscal Year 2017-2018.

7/30/13: Board adopted Resolution No. 13-0299 providing for the incurrence of indebtedness for the CSA #41 Salmon Creek Zone of Benefit and Resolution No. 13-0300 approving the issuance, sale and delivery by the Sonoma County Public Finance Authority of its water revenue bonds. Sonoma County Public Finance Authority approved Resolution No. 13-301 providing for the sale and issuance of water revenue bonds for \$792,000 and \$191,000 from the U.S.D.A.

6/18/13 Board adopted Ordinance No. 6038 amending Ordinance 4024, as amended, to include increases to the meter rates, water usage rates, and the new Charge to be placed on the Sonoma County tax roll for the U.S.D.A. loan repayment.

6/4/13: Board held a Proposition 218 public hearing to adjust the water service charges for operations and maintenance of the water system and to place a charge levy for the system improvements on the tax roll.

2/21/12: Board held a public hearing to consider a use permit and coastal permit for the Salmon Creek Water Collection and Treatment System Improvement Project ("Project"), approved a resolution adopting the mitigated negative declaration, and approved the use permit and coastal permit for the Project.

09/28/10: Board authorized the submittal of an application to U.S.D.A. for a grant/loan for system improvements.

**FISCAL SUMMARY**

| <b>Expenditures</b>                | <b>FY 21-22<br/>Adopted</b> | <b>FY22-23<br/>Projected</b> | <b>FY 23-24<br/>Projected</b> |
|------------------------------------|-----------------------------|------------------------------|-------------------------------|
| Budgeted Expenses                  | \$45,084                    | \$45,084                     | \$45,084                      |
| Additional Appropriation Requested |                             |                              |                               |
| <b>Total Expenditures</b>          | <b>\$45,084</b>             | <b>\$45,084</b>              | <b>\$45,084</b>               |
| <b>Funding Sources</b>             |                             |                              |                               |
| General Fund/WA GF                 |                             |                              |                               |
| State/Federal                      |                             |                              |                               |
| Fees/Other                         | \$45,084                    | \$45,084                     | \$45,084                      |
| Use of Fund Balance                |                             |                              |                               |
| Contingencies                      |                             |                              |                               |
| <b>Total Sources</b>               | <b>\$45,084</b>             | <b>\$45,084</b>              | <b>\$45,084</b>               |

**Narrative Explanation of Fiscal Impacts:**

The annual repayment charge for the United States Department of Agriculture loan used for water system improvements will be collected on the County of Sonoma tax roll for the amount of \$44,064 for Tax Code 72800 and the water availability charge for the amount of \$1,020 for Tax Code 72700, for a total of \$45,084 in Fiscal Year 2021-22. Appropriations for the revenue and corresponding expenditures were included in the FY

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2021-22 Salmon Creek Water Debt Service adopted budget, and there are no impacts to the General Fund.

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

None.

**Attachments:**

1. Charge Levy Resolution.
2. County Service Area #41 Salmon Creek Zone of Benefit Charge Levy User Inventory ("Written Report").
3. Map of the Salmon Creek Zone of Benefit

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

None.