City of Calistoga Staff Report

TO:

Honorable Mayor and City Council

FROM:

James M. Smith, Senior Civil Engineer

VIA:

Dan Takasugi, Public Works Director/City Engineer

DATE:

July 21, 2009

SUBJECT:

Consideration of a Resolution Re-Approving Amendment No. 9 to the Water Supply Contract with the Napa County Flood Control and Water Conservation District Agreement No. 1926 to Participate in Funding Certain Costs Related to the North

Bay Aqueduct Alternate Intake Project

APPROVAL FOR FORWARDING:

James C. McCann, City Manager

<u>ISSUE</u>: Consideration of a Resolution re-approving Amendment No. 9 to the Water Supply Contract with the Napa County Flood Control and Water Conservation District (District) Agreement No. 1926 to participate in funding certain costs related to the North Bay Aqueduct (NBA) Alternate Intake project.

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RECOMMENDATION: Adopt the Resolution.

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BACKGROUND: On March 3, 2009, the City Council received a presentation from Felix Riesenberg with the Napa County Flood Control and Water Conservation District regarding the North Bay Aqueduct Alternate Intake project. The City's participation in the project (as a very small percentage of the overall project cost) would help the long-term reliability of our State Water Project/North Bay Aqueduct water source.

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On March 17, 2009, the City Council approved Amendment No. 9 to District Agreement 1926 to cover the City's share of costs for the planning, environmental analysis, and conceptual design of the NBA Alternate Intake project. Please see the attached staff reports that were presented at the March 3rd and March 17th City Council meetings for complete background information about this project. {Note that concurrent with these prior Council deliberations,

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the Council also approved an Amendment No. 8 to District Agreement 1926, which is related to a different project; Amendment No. 8 is 'settled' and is not being re-considered at this time.}

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The reason that this Amendment No. 9 is being brought back to the Council for re-consideration is that the financial conditions of the project are different than what was presented in March. Specifically, there has been a delay in the implementation and funding of the Proposition 84 grant that has been identified and programmed for this project, which is recognized as highly beneficial and thus a 'priority' project. As the Council may recall, Prop 84 funds are anticipated to cover approximately one-half of the cost for this initial phase of the project. The impact from the delay is that, instead of the Prop 84 funding being available and spent during the first half of the project phase, the Prop 84 funds may only be available during the second half of the phase. Thus, the City's expenditure cash flow has been accelerated. The City's initial cost for the project, which at \$93,331 is essentially the same as previously estimated, will now be fully payable in FY09-10, instead of over the next three fiscal years. See 'Fiscal Impact' below for more information.

 In March, when Calistoga first considered Amendment No. 9 for the Alternate Intake project, we were the first of the State Water Project sub-contractor cities within Napa County. Since that time, the cities of American Canyon and Napa have each approved similar amendments with the District. Therefore, upon the re-approval of the proposed Amendment No. 9 by Calistoga, all the participating cities will have approved the project, and the District Board is scheduled to act on the project on August 4, 2009.

Lastly, please note that the Exhibit A referenced in the attached draft Resloution is available for inspection at the City Clerk's office.

 FISCAL IMPACT: Calistoga's proportional share of costs for planning, environmental analysis, and conceptual design for the NBA Alternate Intake project are now estimated at \$93,331 for FY 09/10. This cost is for Calistoga's proportional cost share on the basis and assumption that \$4.5 million of Proposition 84 funds from the State are ultimately allocated to the project, and that a proportional benefit from this outside funding will accrue to the benefit of the City of Calistoga. However, given that the finances of the State of California are quite stressed, it is worthy to note that the final allocation and delivery of the Proposition 84 funds might not come to fruition and therefore not defray the project costs. If that occurred, the City's cost share would approximately double, and additional allocations of around \$46,000 would be required in each of FY 10/11 and FY11/12. This item would be brought back to the City Council for further consideration if the Prop 84 funds do not materialize.

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A portion of the funds for this special project were previously approved (though unspent) in the Water Distribution account 02-4131-4402 for FY 08/09. The increased funding now identified for this project will be included in the forthcoming FY 09/10 budget request.

ATTACHMENTS:

- 71 1. Draft Resolution
 - 2. Amendment No. 9
 - 3. March 2009 Staff Reports

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALISTOGA,
COUNTY OF NAPA, STATE OF CALIFORNIA,
APPROVING AMENDMENT NO. 9 TO THE WATER SUPPLY CONTRACT WITH THE
NAPA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT
AGREEMENT NO. 1926 TO PARTICIPATE IN FUNDING CERTAIN COSTS
RELATED TO THE NORTH BAY AQUEDUCT ALTERNATE INTAKE PROJECT
AND RESCINDING RESOLUTION 2009-020

WHEREAS, the City of Calistoga has contracted with the Napa County Flood Control and Water Conservation District (District) for the purpose of delivery of water from the State Water Project (SWP); and

WHEREAS, the SWP is administered and operated by the California Department of Water Resources (DWR), and the District is a State Water Contractor under contract with DWR; and

WHEREAS, SWP water is diverted into the North Bay Aqueduct from the Sacramento-San Joaquin Delta at the authorized point of diversion pursuant to water rights for the SWP, including but not limited to, Permit 016483 (A01754A); and

WHEREAS, diminished water quality, maintenance problems and other issues at the current authorized point of diversion have prompted District and Solano County Water Agency (SCWA), which shares portions of the North Bay Aqueduct facilities, to request DWR to initiate a program for development of an alternate point of diversion for the North Bay Aqueduct; and

WHEREAS, the District and SWCA desire that DWR be the lead agency of a proposed project under the California Environmental Quality Act (CEQA) for development of an alternate intake at the North Bay Aqueduct and that DWR hire an environmental consultant to do the environmental work and prepare the documentation necessary under CEQA; and

WHEREAS, the District and SWCA, following completion of the environmental review process, will decide whether to execute amendments to the two agencies' long-term water supply contracts with DWR to enable DWR to proceed with final design and construction and file a Petition for Change in Point of Diversion from the State Water Resources Control Board; and

WHEREAS, City desires that District participate in the North Bay Aqueduct Alternate Intake Project studies for purposes of improved water quality and water supply reliability; and

WHEREAS, the parties believe that it is in the best interest of District and the City to amend the Agreement No. 1926 to authorize signing a Funding Agreement with SCWA and DWR for the costs of environmental analysis, planning and conceptual design of the North Bay Aqueduct Alternate Intake Project, and to authorize the District to participate in updating a related feasibility study prepared by SCWA in 2003 (See attached Exhibit "A"); and

WHEREAS, Resolution 2009-020, approved on March 17, 2009, was approved based on a different funding schedule, which is now obsolete, and it will be superseded by this Resolution.

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AYES.

SUSAN SNEDDON, City Clerk

NOW, THEREFORE BE IT RESOLVED that the City Council of the City of Calistoga hereby approves Amendment No. 9 to the Water Supply Contract with the Napa County Flood Control and Water Conservation District in substantially the form attached hereto as Exhibit "A", and authorizes and directs the Mayor and/or the City Manager of the City of Calistoga to execute Amendment No. 9 and related documents on behalf of the City contingent upon review and approval by the City Attorney.

BE IT FURTHER RESOLVED that this Resolution and Amendment No. 9 are approved with the understanding that each of the Cities in Napa County that participate in the SWP will approve similar amendments with the District, that each City will be responsible for their own proportional shares of the project costs, and that approximately \$4.5 million of Proposition 84 funding will be available to defray Calistoga's proportional cost of this project. If any of said other Napa County cities decline to participate in the subject project, or if said Proposition 84 funds are not available in later years for proportional beneficial use by the City of Calistoga, this approval shall be void and of no binding effect, pending further affirmative action by this City Council.

BE IT FURTHER RESOLVED that Resolution No. 2009-020 is here by rescinded and replaced by this Resolution.

PASSED, APPROVED, AND ADOPTED by the City Council of the City of Calistoga at a regular meeting held this 21st day of July 2009, by the following vote:

	711201		
	NOES:		
	ABSTAIN/ABSENT:		
		JACK GINGLES, Mayor	
ATTE	ST:		