

**MEMORANDUM
DEPARTMENT OF FACILITY SERVICES
COUNTY OF PLACER**

To: **BOARD OF SUPERVISORS**

Date: **APRIL 29, 2008**

From: **JAMES DURFEE / WILL DICKINSON** *WJD*

Subject: **SEWER MAINTENANCE DISTRICT 3 DE-NITRIFICATION PROJECT
BUDGET**

ACTION REQUESTED / RECOMMENDATION: It is recommended that your Board take the following actions necessary to create and fund a new capital project budget associated with the SMD 3 De-nitrification project:

1. Adopt a Resolution authorizing a loan of \$220,000 from the General Fund to the County Service Area (CSA) Revolving Fund for the SMD 3 De-nitrification Project.
2. Approve the attached Budget Revision appropriating loan proceeds in Sewer Maintenance District 3 and transferring funding to the Capital Projects Fund in FY 2007/2008.
3. Approve re-appropriating for FY 2008/2009 any funds unspent as of June 30, 2008.

BACKGROUND: Sewer Maintenance District 3 provides sewer service to approximately 528 connections in the Horseshoe Bar area. Plant 3, constructed in 1961, uses biological and filtration processes that cannot meet current regulatory standards as defined in a new permit for Plant 3 approved by the Regional Water Quality Control Board (RWQCB) in June 2007. Through the terms of this permit and an accompanying Cease and Desist Order, the County must meet specific deadlines for coming into compliance with each new standard.

The District was recently assessed a fine of \$153,000 for water quality violations at Plant 3 going back to the year 2000. Eighty percent of the violations were caused by high nitrates or turbidity. We expect the new de-nitrification and filtration equipment proposed for this project to prevent future violations of these two standards. Although your Board has approved conceptual plans to close Plant 3 and regionalize the sewer system, this interim project is needed to reduce violations until closure is complete. Failure to achieve compliance with discharge standards will result in additional enforcement action from the RWQCB, including the assessment of penalties that could total several hundreds of thousands of dollars per year.

To date, funding for the project has come from the SMD 3 Operating Budget. In order to improve our ability to monitor funding and expenditures, staff recommends that your Board establish a separate capital project budget with sufficient funding to continue design and environmental review work. Additional funding will be needed next year to carry the project to completion.

ENVIRONMENTAL CLEARANCE: Approval of these actions is not a project as defined in the California Environmental Quality Act.

FISCAL IMPACT: Short term funding to establish this budget will come from a loan of \$220,000 from the CSA Revolving Fund to the SMD 3 Operating Budget. The Operating Budget will fund a newly created capital project budget in the Capital Projects Fund. Long term funding is not yet secure and is under discussion with the Sewer Infrastructure Financing Committee established per your Board's direction. A tentative long term funding plan is attached.

ATTACHMENTS: RESOLUTION
BUDGET REVISION
TENTATIVE FUNDING PLAN

JD:WD:DB

CC: COUNTY EXECUTIVE OFFICE T:\FAC\BSMEMO2008\EE SMD 3 DE-NITRIFICATION CAPITAL PROJECT BUDGET.DOC

Before the Board of Supervisors County of Placer, State of California

In the matter of: **A RESOLUTION AUTHORIZING
A LOAN FROM THE GENERAL FUND TO THE
SMD 3 DE-NITRIFICATION PROJECT**

Reso. No. _____

The following Resolution was duly passed by the Board of Supervisors of the County of Placer at a regular meeting held _____, 2008 by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Attest:

Chairman, Board of Supervisors

Clerk of said Board

WHEREAS, Sewer Maintenance District 3 provides sewer service to customers in a portion of unincorporated Placer County, and

WHEREAS, the Board of Supervisors has determined the need to establish a capital project budget for the SMD 3 De-nitrification Project to ensure compliance with State and Federal water quality requirements, and

WHEREAS, funding is not available within the budget of said District to comply with these new requirements, and

WHEREAS, this District requires loans to continue providing valuable public services, and

WHEREAS, the CSA Revolving Loan Fund exists to provide loans to Districts with funding problems, and

WHEREAS, in accordance with Government Code section 25210.9c(a), the Board of Supervisors has established the method and terms whereby the CSA Revolving Loan Fund is to be reimbursed for loans made by it on behalf of Sewer Maintenance District 3.

NOW, THEREFORE, BE IT RESOLVED: The Board of Supervisors of Placer County does hereby authorize a loan from the General Fund to the CSA Revolving Fund in the amount of \$220,000 to establish a capital project budget known as the SMD 3 De-nitrification Project.

PAS DOCUMENT NO.

**Facility Services to do JE to transfer cash.

BUDGET REVISION

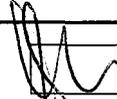
POST DATE:

DEPT NO.	DOC TYPE	Total \$ Amount	TOTAL LINES
12	BR	880,000.00	4

Cash Transfer Required

Reserve Cancellation Required

Establish Reserve Required

 Auditor-Controller

County Executive

Board of Supervisors

ESTIMATED REVENUE ADJUSTMENT										APPROPRIATION ADJUSTMENT											
DEPT NO.	T/C	Rev	Fund	Sub Fund	OCA	PCA	OBJ 3	PROJ.	PROJ. DTL	AMOUNT	DEPT NO.	T/C	Rev	Fund	Sub Fund	OCA	PCA	OBJ 3	PROJ.	PROJ. DTL	AMOUNT
12	006		140		991078	91078	8990			220,000.00	12	014		140		991078	04822	4151			220,000.00
											12	034		140		991078	04822	4151	704822	010000	220,000.00
											12	014		503	3	990732	90732	3778			220,000.00
TOTAL										220,000.00	TOTAL										660,000.00

REASON FOR REVISION: To appropriate General Fund loan for the SMD#3 Denitrification project in the Capital Projects Fund.

Prepared by Valerie Bayne  Ext 6803

Department Head _____

Date: 4/29/08

Board of Supervisors _____

Page: _____

Budget Revision # _____ FOR INDIVIDUAL DEPT USE

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**SMD 3 DENITRIFICATION
FUNDING PLAN**

	Budget	yearly total	Projected 2007-08	Projected 2008-09	Projected 2009-10	Projected 2010-11	Projected 2011-12
Funding Sources							
CSA revolving fund	220,000	220,000	220,000	-	-	-	-
SMD 3	-	-	-	-	-	-	-
unidentified source	950,992	950,992	-	950,992	-	-	-
total	1,170,992	1,170,992	220,000	950,992	-	-	-
Expenditures							
County Labor	80,992	80,992	40,000	40,991	-	-	-
Consultant Services	180,000	180,000	180,000	-	-	-	-
construction costs	910,000	910,000	-	910,000	-	-	-
other	-	-	-	-	-	-	-
total	1,170,992	1,170,992	220,000	950,991	-	-	-
account balance	0	0	(0)	0	0	0	0