

**PLACER COUNTY**  
**REDEVELOPMENT AGENCY**

**MEMORANDUM**

**TO:** Honorable Members of the Redevelopment Agency Board  
**FROM:** Thomas M. Miller, Director  
James LoBue, Deputy Director *James J. LoBue*  
**DATE:** January 25, 2011  
**SUBJECT:** Funding Agreement Between the Redevelopment Agency and the Tahoe City Public Utility District for the Lake Forest Water Improvement District Project in a Not To Exceed Amount of \$400,000 and Related Findings Pursuant to California Health and Safety Code Section 33445

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**ACTION REQUESTED:** Adopt a resolution approving a funding agreement between the Redevelopment Agency and the Tahoe City Public Utility District for water system upgrades in the Lake Forest Water Improvement District in a not to exceed amount of \$400,000, and authorizing the Redevelopment Director or designee to execute the agreement, approve California Health and Safety Code Section 33445 findings to authorize the utilization of redevelopment funding, and approve the attached budget revision cancelling reserves of \$400,000 in the Tax Allocation Bond, 2006 Series A Fund, and creating an appropriation for the Lake Forest Water Improvement District project.

**BACKGROUND:** The Redevelopment Agency (Agency) seeks your Board's approval to enter into a Funding Agreement with TCPUD for the Lake Forest Water Improvement District Project (Agreement). In the Agreement, the Agency agrees to cover up to \$400,000 of construction work on the public water system upgrade portion of this project (Project). The Agency will not be responsible for any other aspects of this project, and the project design, construction, and operation/maintenance of the water system remain the sole responsibility of the Tahoe City Public Utility District (TCPUD).

The project location is within the Lake Forest community located south of State Route 28 approximately two miles northeast of Tahoe City, California. The project would upgrade water lines in the following roadways: Lupin Lane, Hillcrest Avenue, Alpine Avenue, Lake Forest Road, Sierra View Avenue, Aspen Street, Lake Terrace Avenue, Aqua Drive, and Bristlecone Street. The project consists of upgrading the water system with approximately 2,500 lineal feet of 12-inch PVC water main and approximately 8,050 lineal feet of 8-inch PVC water main piping. In addition, water meter boxes and service laterals would be installed to individual parcels and 26 fire hydrants. (See attached map depicting area of focus). All construction areas except for Alpine Avenue and Aqua Drive are located within the North Lake Tahoe Redevelopment Project Area (Project Area). Alpine Avenue and Aqua Drive are located adjacent to the Project Area and the providing of financing to upgrade water lines in these areas will be of benefit to the Project Area. Specifically, construction of the Project will benefit the Project Area by adequately sizing water lines to meet

California Fire Code Standards which will benefit the Project Area. Construction of the Project is scheduled to begin Spring 2011.

The community of Lake Forest has historically been provided water service by the Lake Forest Water Company, a private water company that has operated and maintained the water supply and distribution system exclusively within the Lake Forest area. The existing water main network is comprised of approximately 8,000 feet of pipeline, ranging in size from two-inches to six-inches in diameter, serving an estimated 112 customers within the service area. According to the Engineer's Report prepared by Auerbach Engineering Corporation dated March 31, 2009, the majority of the existing system is substantially deteriorated, and has exceeded its service life. There is currently insufficient storage for fire protection, and the distribution system is not adequately sized to provide fire flow in accordance with the California Fire Code and local fire suppression system requirements. Water treatment provided for the surface water source does not comply with the United States Environmental Protection Agency Surface Water Treatment Rule that requires direct filtration for all surface water used for domestic water supply. Over the past 15 years there have been a number of events during which customers served by the system have been alerted to potentially non-potable water conditions. Existing substandard system conditions within the service area and the lack of potable water source have resulted in a moratorium on new water connections by the California Department of Public Health.

Customers within the Lake Forest Service Area filed a petition in 2007 for TCPUD to acquire the existing water system and assume operations and maintenance responsibilities. Property owners within the project area voted in 2009 to create the Lake Forest Water Improvement District along with an assessment to fund improvements to the existing water system in the area. In July 2010, TCPUD filed an application seeking an Order of Possession which would permit TCPUD to take over the water system in order to commence system upgrades and secure funding from the State of California. The Order of Possession was granted on January 11, 2011. Project improvements may commence construction once the Order of Possession is granted.

California Health and Safety Code, Section 33445 requires that certain findings be made by the Agency and Legislative Body in order to use redevelopment tax increment funds for public facilities. The findings are as follows:

- (a) That the buildings, facilities, structures, or other improvements are of benefit to the Project Area or the immediate neighborhood in which the project is located, regardless of whether the improvement is within another project area, or in the case of a project area in which substantially all of the land is publicly owned that the improvement is of benefit to an adjacent project area of the agency.
- (b) That no other reasonable means of financing the buildings, facilities, structures, or other improvements, are available to the community.
- (c) That the payment of funds for the acquisition of land or the cost of buildings, facilities, structures, or other improvements will assist in the elimination of one or more blighting conditions inside the project area or provide housing for low- or moderate-income persons, and is consistent with the implementation plan adopted pursuant to Section 33490.

The financing of the water system upgrades is a direct benefit to the Project Area as it will upgrade the deteriorated water system that has passed its useful life, and increase fire suppression and prevention systems, which currently do not exist to current California Code Standards. The improvements will remove impediments and allow for development to occur, particularly along the business district which is primarily located along Lake Forest Road. Second, a finding must be made that there are no other reasonable means of financing the water system upgrades. The Lake Forest Water Improvement District has insufficient funds within its capital improvement budget to cover the cost of the water system upgrades. TCPUD is pursuing a grant from the State of California to cover the remaining portion of the water system upgrade costs. There are no other sources of funding available to assist with this Project. Lastly, a finding must be made that the Project will assist in the elimination of one or more blighting conditions inside the Project Area and is consistent with the Project Area Implementation Plan adopted pursuant to California Health and Safety Code Section 33490. The Project Area Implementation Plan adopted on April 4, 2006 provided for improving public infrastructure and the Project meets the redevelopment plan goal of eliminating blighting influences and correcting environmental deficiencies in the Project Area including: small and irregular lots; faulty exterior spacing; deteriorated, obsolete and aged building types; mixed character of buildings; incompatible and uneconomic land uses; and inadequate public improvements, facilities, and utilities.

**ENVIRONMENTAL STATUS:** The proposed funding agreement is an action taken in furtherance of the goals and policies of the Project Area for which an environmental impact report was prepared and certified in 1996 in compliance with the California Environmental Quality Act Guidelines. TCPUD prepared a mitigated negative declaration for the project and a Notice of Determination was filed on March 23, 2010.

**FISCAL IMPACT:** The appropriation for the Project uses funding designated for Community Enhancement Projects. The onetime costs are currently budgeted. The added costs will be funded through a Budget Revision cancelling designated reserves for Community Enhancement Projects and allocating them for the Project.

Attachment: Resolution  
Site Plan  
Funding Agreement

CONTRACT/AGREEMENT  
FOR REVIEW ONLY AT  
THE CLERK OF THE BOARD

cc: Karin Schwab, Agency Counsel

**Before the Placer County  
Redevelopment Agency Board of Directors  
County of Placer, State of California**

In the matter of:

Approving a funding agreement between the Redevelopment Agency and the Tahoe City Public Utility District for water system upgrades in the Lake Forest Water Improvement District in a not to exceed amount of \$400,000 and authorizing the Redevelopment Director or designee to execute the agreement, approve California Health and Safety Code Section 33445 findings to authorize the utilization of redevelopment funding, and approve the attached budget revision cancelling reserves of \$400,000 in the Tax Allocation Bond, 2006 Series A Fund and creating an appropriation for the Lake Forest Water Improvement District project

Resol. No:.....

Ord. No:.....

First Reading: .....

The following Resolution was duly passed by the Redevelopment Agency Board of the County of Placer at a regular meeting held \_\_\_\_\_,

by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Attest:

\_\_\_\_\_  
Chair, Agency Board

Clerk of said Board

\_\_\_\_\_

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WHEREAS, the Redevelopment Agency of Placer County (Agency) has adopted the Redevelopment Plan for the North Lake Tahoe Redevelopment Project Area (Project Area) and the Implementation Plan for the North Lake Tahoe Redevelopment Project Area (collectively, the Project Area and Plans);

WHEREAS, the Agency is vested with responsibility pursuant to the Community Redevelopment Law (Part I of Division 24 of the Health and Safety Code of the State of California) to implement the Redevelopment Plan in the Project Area;

WHEREAS, the Agency desires to provide funding to Tahoe City Public Utility District (TCPUD) for construction of water system upgrades in the Lake Forest community pursuant to Community Redevelopment Law, Health and Safety Code section 33128 and 33445;

WHEREAS, the proposed action is taken in furtherance of the goals and policies of the Project Area for which an environmental impact report was prepared and certified in compliance with California Environmental Quality Act Guidelines in 1996;

WHEREAS, the TCPUD undertook a separate environmental review of the construction project pursuant to CEQA and prepared a mitigated negative declaration. The Notice of Determination was filed on March 23, 2010; and

WHEREAS, the Agency has sufficient available funds within the Project Area budget to cover the funding agreement.

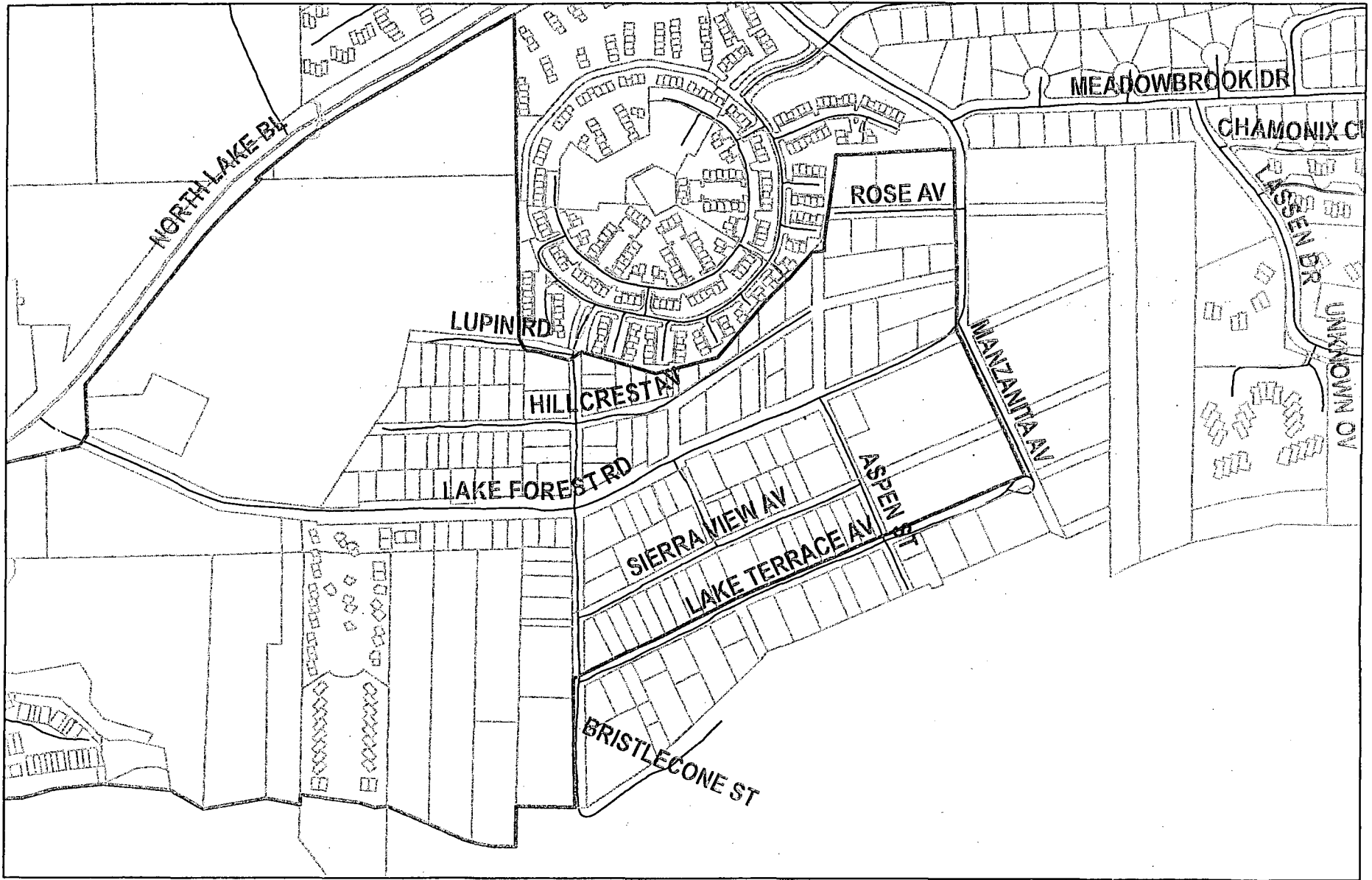
NOW, THEREFORE, BE IT RESOLVED by the Agency Board that the funding agreement with TCPUD is approved and the Redevelopment Director or designee is authorized to execute the agreement and all related documents in a not to exceed amount of \$400,000.

BE IT FURTHER RESOLVED, that, based on information presented to the Board of Supervisors and the Agency Board and in compliance with the requirements of Section 33445 of the Law, the Agency finds and determines as follows:

1. All of the above recitals are true and correct, and the Agency has based the findings and actions set forth in this Resolution, in part, on such recitals.
2. The Agency Board hereby finds and determines based on the factual and analytical bases set forth in the Staff Report that:
  - (a) Agency assistance for construction of water system upgrades will be of benefit to the North Lake Tahoe Redevelopment Project Area as it will facilitate the removal of blighting influences and help prevent business district deficiencies;
  - (b) No other reasonable means of financing the construction of the water system upgrades are available to the community as staff has determined that there are no other sources of funding available at this time; and

- (c) The payment of Agency funds for the construction of water system upgrades (i) will assist in the elimination of one or more blighting conditions in the Project Area and (ii) is consistent with the Implementation Plan adopted by the Agency pursuant to Section 33490 of the California Redevelopment Law. In this case, the construction of the water system upgrades will support the overall revitalization of the Lake Forest Community. The public improvements will eliminate blighting influences and correct environmental deficiencies by addressing inadequate or deteriorated public improvements.

3. This Resolution shall take immediate effect from and after its passage and approval.



**Legend**

 RDA\_Boundary

**Lake Forest Redevelopment Area**

