

CEO/REDEVELOPMENT AGENCY

MEMORANDUM

TO: Honorable Members of the Board of Supervisors
FROM: Thomas M. Miller, Chief Executive Officer
DATE: January 25, 2011
SUBJECT: Adopt Findings to Authorize the Utilization of Tax Increment Bond Proceeds for the Construction of Water System Upgrades in Lake Forest, California

ACTION REQUESTED

Adopt findings to authorize the utilization of tax increment bond proceeds for construction of water system upgrades in Lake Forest, California by the Tahoe City Public Utility District.

BACKGROUND

In a separate item on this Agenda, the Redevelopment Agency (Agency) seeks approval to enter into a funding agreement to provide up to \$400,000 to the Tahoe City Public Utility District (TCPUD) to finance water system upgrades in the Lake Forest community (Project).

In order to use tax increment proceeds to fund a public facilities project, California Community Redevelopment Law (Health and Safety Code Section 33000 et seq.) requires that the local legislative body consent to the expenditure by its redevelopment agency and make the following three findings:

- a) the public improvements are of benefit to the North Lake Tahoe Redevelopment Project Area (Project Area) or the immediate neighborhood of the Project Area;
- b) no other reasonable means of financing such public improvements are available to the community; and
- c) the Agency's contribution to the cost of the public improvement will assist in elimination of one or more blighting conditions in the Project Area.

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.

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 do not exist to current California Code Standards. The improvement will remove existing impediments and allow for development to occur, particularly along the business district which is primarily located along Lake Forest Boulevard within the Project Area.

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 securing a grant from the State of California to cover a portion of the water system upgrade costs, but the grant leaves a funding gap of \$400,000. The capital improvement program for TCPUD does not include funding for the cost of improvements to the Lake Forest water system. There are no other sources of funding available to assist with this Project.

A finding must also 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, provides 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 (CEQA). 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 Lake Forest Water Improvement District 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 Lake Forest Water Improvement District project.

Attachments: Resolution
Map

cc: Gerald Cardin, Deputy County Counsel

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

In the matter of:

Findings to authorize the utilization of tax increment bond proceeds
for construction of water system upgrades in Lake Forest,
California by the Tahoe City Public Utility District

Resol. No:.....

Ord. No:.....

First Reading:

The following Resolution was duly passed by the Board of Supervisors
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, Board of Supervisors

Clerk of said Board

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

WHEREAS, the Agency desires to provide Tahoe City Public Utility District (TCPUD) with up to \$400,000 to finance water system upgrades in the Lake Forest community;

WHEREAS, the proposed water system upgrades include the replacement of deteriorated main and lateral water pipes and the installation of new water meter boxes and fire hydrants, as further described in the Staff Memorandum accompanying this Resolution;

WHEREAS, the proposed improvements are of benefit to the Project Area and will effectuate the removal of blighting influences and facilitate development of the Project Area to help prevent business district deficiencies. 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 do not exist to current California Code Standards. The improvements will remove existing impediments and allow for development to occur, particularly along the business district which is primarily located along Lake Forest Boulevard within the Project Area.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Supervisors of the County of Placer to make the following findings:

A. All of the above recitals are true and correct, and the Board of Supervisors has based the findings and actions set forth in this Resolution, in part, on such recitals.

B. The Board of Supervisors hereby finds and determines based on the factual and analytical bases set forth herein and in the Staff Memorandum that:

Section 1. The financing of the water system upgrades in the Lake Forest community is of benefit to the Project Area and to the immediate neighborhood of the Project Area as it will support the overall revitalization of the surrounding commercial district and address inadequate and deficient water system by upgrading the system to current code standards. The improvements will increase water pressure to meet minimum standards for fire suppression and provide a clean and reliable source of potable water that meets current health standards.

Section 2. There are no other means of financing such public improvements available to the community as there are no available County funding sources and the Tahoe City Public Utility District has also made a finding of inadequate available funding sources to finance this project.

Section 3. The Agency's contribution of the cost of the water system upgrade will assist in the elimination of one or more blighting conditions of the Project Area as it will effectuate the removal of blighting influences, provide for the delivery of potable water that meets current health standards, increase water pressure in order to meet fire suppression standards, allow the removal of a current ban on the issuance of building permits in the community and facilitate development of the Project Area to help prevent business district deficiencies.



FIGURE 2
FACILITIES LAYOUT
 Lake Forest Improvement District
 Tahoe City Public Utility District
 Project No. 22.70 September 2, 2008

ALTECRA ENGINEERING CORPORATION

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