

**MEMORANDUM
COUNTY OF PLACER**

To: **BOARD OF SUPERVISORS**

Date: **DECEMBER. 6, 2011**

From: **WASTEWATER MANAGEMENT WORKING GROUP**

Subject: **WASTEWATER MANAGEMENT AND COMPLIANCE DIRECTION**

ACTION REQUESTED / RECOMMENDATION: Consider alternatives for compliance with Regional Water Quality Control Board regulatory requirements for Sewer Maintenance District 1 (SMD 1), which serves North Auburn, Christian Valley, Bowman and Applegate, and provide direction to staff to:

1. Direct staff to proceed with a regional solution for SMD 1 compliance and return to the Board no later than March 13, 2012 with recommendations for a final Board decision; or
2. Direct staff to return to your Board on December 13, 2011 with a request to award the SMD 1 Wastewater Treatment Plant Upgrade and Expansion Project 04835 to the lowest responsive bidder.
3. Provide other direction as the Board deems appropriate.

The next steps and timeline for each of these alternatives is shown in Exhibit A.

BACKGROUND: The purpose of this Board item is to provide updated information on the compliance alternatives and to obtain further direction. Contained in this package is information and analysis of two distinct alternatives to SMD 1 treatment compliance. One alternative is the upgrade and expansion of an existing treatment plant, while the other is primarily the construction of a pipeline and necessary treatment plant capacity. The two alternatives do not readily lend themselves to direct comparison; therefore, each alternative should be evaluated independently and based on the desired outcome.

The SMD1 Treatment Plant 1 is currently operating under NPDES Permit No. R5-2010-0092 and Cease and Desist Order No. R5-2010-0093. The permit defines regulatory requirements, reporting requirements and compliance deadlines (pages 31-32 of the Permit are included as Exhibit B, providing the compliance schedule). Currently, the County is incurring Minimum Mandatory Penalties (MMPs) of approximately \$15,000 per month and will continue to do so until discharge levels of specific effluent components are brought within regulatory requirements. The County may be subject to additional "discretionary" fines for future compliance infractions. These discretionary fines are punitive in nature. Exhibit C provides a glossary of related terms. Beginning January 1, 2015, MMPs are estimated to increase to \$204,000 per month if compliance is not achieved. It should also be noted that approximately half of the MMPs are allowed to be applied to a "Supplemental Environmental Project" (SEP). The County is applying these amounts to the Hidden Falls Regional Park Water Crossing Pollution Prevention Project. At the discretion of the Regional Water Quality Control Board (RWQCB), a portion of future MMPs may be applied toward a regional project.

SMD1 regulatory compliance has been the subject of numerous previous Board discussions (see Exhibit D). On May 3, 2011 your Board conducted a hearing to consider two alternatives for wastewater compliance issues in SMD 1.

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- One alternative included upgrading and expanding the SMD1 Plant (located on Joeger Road in North Auburn). The SMD1 upgrade and expansion project is based on a design by Owen Psomas.
- The other alternative was participation in a Regional Project that entails the construction of a pipeline and pumpstation to transmit wastewater from the SMD1 service area to the City of Lincoln's wastewater treatment facility. The regional alternative was based on a proposal submitted to the County by the City of Lincoln. The regional alternative would include the participation of the City of Lincoln and the County, and could also include the City of Auburn and other jurisdictions either immediately or over time.

Since the May 3rd Board meeting, staff has worked to further analyze various alternatives based on your Board's direction. After further evaluation, it became evident that there are several options to deliver the two alternatives. Exhibit E depicts the various options under which the two alternatives could be delivered. An outline of the issues and options related to a regional option are provided in Exhibit F. An outline of the advantages for each compliance alternative is included in Exhibit G.

On July 8th, a large group of staff, elected officials and consultants representing the Cities of Lincoln and Auburn and the County met with RWQCB staff and State Water Resources Control Board staff to discuss issues and questions regarding the Regional Project as proposed by the City of Lincoln. The RWQCB has formally adopted policies related to regionalization of wastewater treatment as evidenced by their resolution #R5-2009-0028, adopted on April 23, 2009, and attached as Exhibit H. RWQCB staff stated clear support for a regional solution to SMD1 compliance. A summary of the questions and responses from the July 8th meeting is included as Exhibit I.

On July 12th your Board approved plans and specifications for the SMD 1 Upgrade and Expansion Project and authorized staff to solicit bids. On September 22nd eleven bids were received for the construction of the Upgrade and Expansion project (see Exhibit J). The apparent low bid is \$48,310,000. Pursuant to the bid solicitation, all bid amounts must be honored until March 19, 2012; however, the low bidder is entitled to an additional \$1,500 per day for each day the bid is not awarded after December 31, 2011. Awarding a bid by December 31st is a compliance milestone contained in the Plant 1 NPDES Permit and Cease and Desist Order.

The costs related to the SMD 1 Upgrade and Expansion project are defined by the completion of design and engineering, environmental determinations and other milestones that have allowed the project to proceed to the point of bid solicitation as noted above. Therefore, the financial analyses contained in this report rely on the low bid amount combined with other amounts spent to date. The total cost is determined to be \$62,300,000, which includes \$3.7 million the County has spent to date on this project.

The costs related to the Regional alternative are represented by a range of estimated costs since the pipeline proposal by the City of Lincoln is currently at the conceptual design stage, and there is no other source for more definite cost information until additional research and evaluation can be used to more definitively estimate cost. The cost range has been established using estimates from the City of Lincoln and a study conducted by Brown & Caldwell for the Placer Nevada Wastewater Authority. The cost range is estimated to be between \$91,610,000 and \$139,300,000 with the County's share of project costs estimated between \$64,520,000 and \$92,454,000.

Exhibit K provides a graph comparing the Upgrade and Expansion project cost as bid, and the low end and high end cost estimates for a Regional Project.

A State Revolving Fund (SRF) loan can be used to finance costs of either the SMD1 Upgrade and Expansion Project or a Regional Project Solution. A SRF loan has been identified as the lowest cost source of financing at an estimated rate of 2.2%. Exhibit L provides a discussion of the financing options and resulting rate impacts. **Rate estimates are provided for comparative purposes related to project costs only and should not be relied upon as a forecast of future rates as other cost factors will be included when future rates are set.** Future rates will be set based on additional factors, and can include adjustments for keeping rates fixed for a period of time through the use of various financing tools. Furthermore, the analysis regarding the Regional project assumes participation from the City of Auburn. In the event that Auburn does not participate in a Regional Project, it is anticipated that the County's share of costs will increase.

After accounting for all project costs, including financing costs, based on the financial parameters set forth in Exhibit L, and using 30 year financing for the Regional project, the overall project costs can be compared, as provided in Exhibit M.

In summary, there are two main compliance alternatives, and options within each alternative to ensure SMD 1 compliance. If the Upgrade and Expansion option for SMD 1 is selected, the County can either move forward with the project as bid or opt to initiate a new process to develop a public private partnership to build and/or operate the facility. If the Regional alternative is selected, additional research and evaluation will be needed to determine the most desirable governance structure, ownership structure, design and construction plan for the project. Staff believes that depending on which implementation alternative is selected, the overall project costs will be within the estimates provided. A financial summary of the various compliance options is included as Exhibit N.

It is possible that the cost impact to existing ratepayers will be higher in the short-term and lower in the long-term with a Regional Project than with an upgrade project. If the Board desires, it is possible for the County to subsidize rates, both for County and City of Auburn ratepayers, through a variety of sources. An overview of potential subsidy options is included in Exhibit O. One possible funding source for such a subsidy could be Middle Fork American River Hydroelectric Project funding. Estimated Middle Fork revenues are provided in Exhibit P.

The County also received an unsolicited proposal from PERC Water Corporation to design, build and finance a 2.7 MGD treatment plant to replace Plant 1. The PERC proposal was submitted as a Customized Design Report prepared by PERC at their cost. This Report defines the PERC proposal in preliminary fashion and utilizes a technology that was previously considered by the County design team. The SMD1 Upgrade and Expansion solicitation for bids specified a design and technology that the County design team identified as a more cost-effective and reliable technology. PERC proposed a financial and legal contract that could be one of three options: design/build (DB), design build operate (DBO), or design build operate finance (DBOF). Representatives of PERC will be prepared to present their proposal during the Board meeting. Exhibit Q provides a discussion of the PERC proposal. Should your Board have further interest in the PERC Proposal or other design/build/operate alternatives, County Counsel recommends initiating a competitive procurement process to solicit other public private partnership proposals, as noted in Exhibit Q.

There are several factors impacting the timeline for moving forward with each of the compliance alternatives. Exhibit A provides an overview of the anticipated steps and timeline for each alternative. If your Board prefers the Upgrade and Expansion option, award of the bid and commencement of construction can proceed quickly. Due to the wide range of regional options, staff would need additional direction from your Board regarding a regional approach.

There are many compelling reasons for your Board to select a compliance alternative and direct staff to move forward as quickly as possible. These reasons include: improving water quality in Dry Creek, constructing additional needed capacity, meeting compliance deadlines in our state permits and Cease and Desist Order, limiting mandatory and discretionary fines, avoiding third party environmental lawsuits and avoiding additional costs.

ENVIRONMENTAL DETERMINATION: On July 12, 2011, your Board adopted a Mitigated Negative Declaration for the SMD 1 Wastewater Treatment Plant Upgrade and Expansion Project and directed staff to file a Notice of Determination. There has been no environmental review conducted on any of the regional sewer proposals or the unsolicited proposal from PERC Water Corporation. Appropriate environmental review will be required before your Board fully commits to any alternative other than the Upgrade and Expansion Project.

FISCAL IMPACT: Fiscal impact has been addressed throughout the various exhibits. Specifically, Exhibit N outlines total project costs, county share of costs, rate impacts and connection fee impacts, and debt service requirements. Additionally, the Board could direct that a subsidy be provided to mitigate rate impacts. Depending on the source of subsidy funding other County financial resources could be affected.

ATTACHMENTS: Exhibit A – Compliance Alternative Timelines
Exhibit B – SMD 1 NPDES Permit Compliance Schedule
Exhibit C - Glossary
Exhibit D – Prior Board Actions/Items
Exhibit E – SMD 1 Compliance Alternatives
Exhibit F – Regional Project Issues and Alternatives
Exhibit G – Compliance Alternatives Attributes Summary
Exhibit H – RWQCB Resolution R5-2009-0028
Exhibit I – Summary of RWQCB Responses
Exhibit J – SMD 1 Upgrade and Expansion Project Bid Summary
Exhibit K – Project Construction Cost Comparison
Exhibit L – Discussion of Financing Options and Rate Impacts
Exhibit M – Overall Project Cost Comparison
Exhibit N – Compliance Alternatives Financial Summary
Exhibit O – Regional Project Subsidy Scenarios and Estimates
Exhibit P – Middle Fork American River Hydroelectric Project Revenues
Exhibit Q – PERC Proposal Discussion

EXHIBIT A
Schedule of Next Steps
Based on Alternative Selected

Alternative A: Direct staff to proceed with a regional solution for SMD 1 compliance and return to the Board no later than March 13, 2012 with recommendations for a final Board decision.

If this alternative is selected, the upgrade and expansion of SMD 1 would remain a fall back option until March 19, 2012, in the event a regional solution is not possible.

- Dec. 2011 – Mar. 2012: Confirm Viability of Preferred Regional Option
- Dec. 31, 2011: Obtain Preliminary Funding Commitment from SRF for Upgrade Project to preserve credit and preliminary funding approval
- No later than Mar. 13, 2012: County Board Final Decision on Whether to Continue to Pursue a Regional Sewer Project or Award the SMD 1 Upgrade and Expansion Project Bid
 - Need Determination of Viable Governance/Ownership Structure, Agreement from All Stakeholders, Key Deal Points, Confirmation of Ability to Finance Project, Defined Legal Process for Proceeding, Agreement on Engineering and Design Options
- Mar. 19, 2012: Deadline to Hold SMD #1 Upgrade Bids (\$1,500/day after 12/31/2011 if bid is awarded)
 - Rebid of project would result in 4-6 month delay, additional costs of \$1.4 million-\$1.8 million and an unknown bid result.
- Sept. 1, 2015: Full Compliance with Discharge Standards

Alternative B: Direct staff to return to your Board on December 13, 2011 with a request to award the SMD 1 Wastewater Treatment Plant Upgrade and Expansion Project 04835 to the lowest responsive bidder.

- Dec. 13, 2011: County Board to Award Construction Contract to Lowest Responsive Bidder
- Dec. 31, 2011: Obtain Preliminary Funding Commitment from SRF
- Mar. 12, 2012: Deadline to Execute SRF Funding Agreement (or request 120 day extension)
- Dec. 31, 2014: Complete Construction
- Apr. 30, 2015: Complete Start-Up/Testing
- Sept. 1, 2015: Full Compliance with Discharge Standards

Public Private Partnership

In the event that a public private partnership is desired for the upgrade and expansion of the SMD 1 treatment plant, staff should come back to the Board with a plan to utilize a competitive process to select a qualified private partner. This will add time to the process and may have unknown consequences on meeting compliance deadlines.

EXHIBIT B

iv. Biosolids storage facilities shall be designed, maintained and operated to minimize the generation of leachate.

e. **Collection System.** On 2 May 2006, the State Water Board adopted State Water Board Order No. 2006-0003, a Statewide General WDR for Sanitary Sewer Systems. The Discharger shall be subject to the requirements of Order No. 2006-0003 and any future revisions thereto. Order No. 2006-0003 requires that all public agencies that currently own or operate sanitary sewer systems apply for coverage under the General WDR. The Discharger has applied for and has been approved for coverage under State Water Board Order 2006-0003 for operation of its wastewater collection system.

Regardless of the coverage obtained under Order No. 2006-0003, the Discharger's collection system is part of the treatment system that is subject to this Order. As such, pursuant to federal regulations, the Discharger must properly operate and maintain its collection system [40 CFR 122.41(e)], report any non-compliance [40 CFR 122.41(l)(6) and (7)], and mitigate any discharge from the collection system in violation of this Order [40 CFR 122.41(d)].

f. **Continuous Monitoring Systems.** This permit, and the Monitoring and Reporting Program which is a part of this permit, requires that certain parameters be monitored on a continuous basis. The wastewater treatment plant is typically staffed from 6:30 a.m. to 3:30 p.m. daily, and therefore not staffed on a full time basis. Permit violations or system upsets can go undetected during periods the facility is unstaffed. The Discharger is required to establish an electronic system for operator notification based on continuous recording device alarms. For any future facility upgrades, the Discharger shall upgrade the continuous monitoring and notification system simultaneously.

6. Other Special Provisions – Not Applicable

7. Compliance Schedules

a. **Compliance Schedule for Final Effluent Limitations for Ammonia.** This Order requires compliance with the final effluent limitations for ammonia by **1 September 2015**. The Discharger shall comply with the following time schedule to ensure compliance with the final effluent limitations:

<u>Task</u>	<u>Date Due</u>
i. Submit Method of Compliance Workplan/Schedule	Within 6 months after adoption of this Order
ii. Update and Implement Pollution Prevention Plan (PPP) ¹ for Ammonia	Within 90 days after adoption of this Order
iii. Award Final Design and Environmental Consultant Contracts	1 May 2011
iv. Complete Final Design of Improvements and Complete CEQA Documentation	31 July 2011

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EXHIBIT B

PLACER COUNTY DEPARTMENT OF FACILITY SERVICES
PLACER COUNTY SEWER MAINTENANCE DISTRICT 1 WASTEWATER TREATMENT PLANT

ORDER NO. R5-2010-0092
NPDES NO. CA0079316

<u>Task</u>	<u>Date Due</u>
v. Obtain Bids and Project Funding and Award Construction Contract	31 December 2011
vi. Complete Construction of Improvements	31 December 2014
vii. Complete Startup and Performance Testing	30 April 2015
viii. Report of Compliance or Non-Compliance with Interim Milestones	14 days following the due date for Tasks iii through vii
ix. Progress Reports ²	30 May, annually, until final compliance
<u>x. Full Compliance</u>	1 September 2015

¹ The PPP for ammonia shall be updated and implemented in accordance with CWC section 13263.3(d)(3) as outlined in the Fact Sheet (Attachment F, section VII.B.7.b).

² The progress reports shall detail what steps have been implemented towards achieving compliance with waste discharge requirements, including studies, construction progress, evaluation of measures implemented, and recommendations for additional measures as necessary to achieve full compliance by the final compliance date.

b. Title 22, or Equivalent, Requirements. Effective immediately and ending 31 August 2015, when the influent flow is greater than 3.5 MGD and the 7-day median receiving water temperature at RSW-001 is less than 60°F, the coagulation and filtration systems shall be operated to the maximum extent possible and all wastewater shall receive full secondary treatment. When influent flows are less than 3.5 MGD, wastewater discharged to Rock Creek shall be oxidized, coagulated, filtered, and adequately disinfected, or equivalent, pursuant to DPH reclamation criteria, Title 22 CCR, Division 4, Chapter 3, (Title 22). By **1 September 2015**, all wastewater discharged to Rock Creek shall be oxidized, coagulated, filtered, and adequately disinfected pursuant to DPH reclamation criteria, Title 22 CCR, Division 4, Chapter 3, (Title 22), or equivalent. This Order also requires compliance with the final effluent limitations for BOD₅, total coliform organisms, and TSS by **1 September 2015**. Until final compliance, the Discharger shall submit progress reports in accordance with the Monitoring and Reporting Program (Attachment E, section X.D.1).

VII. COMPLIANCE DETERMINATION

A. BOD₅ and TSS Effluent Limitations (Sections IV.A.1.a and IV.A.1.b). Compliance with the final effluent limitations for BOD₅ and TSS required in Limitations and Discharge Requirements section IV.A.1.a shall be ascertained by 24-hour composite samples. Compliance with effluent limitations required in Limitations and Discharge Requirements section IV.A.1.b for percent removal shall be calculated using the arithmetic mean of BOD₅ and TSS in effluent samples collected over a monthly period as a percentage of the arithmetic mean of the values for influent samples collected at approximately the same times during the same period.

B. Aluminium Effluent Limitations (Section IV.A.1.a). Compliance with the final effluent limitations for aluminum can be demonstrated using either total or acid-soluble

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EXHIBIT C
State Water Resources Control Board
California Integrated Water Quality System Project
Glossary

13267 Letter	13267	Letter written in accordance with section 13267 of the Water Code. Used as an enforcement action, these letters cite violations and request information (monitoring, studies, etc.).
13308 Order	13308	A time schedule order with prescribed liability amounts that apply if conditions are not met. This type of order is issued in accordance with section 13308 of the Water Code.
401 Certification	CER	Clean Water Act Section 401 Certification; regulation of dredge and fill projects.

A

AB1803 Follow up program		Activities related to AB 1803 which was a bill of the 1980's requiring the regional boards to initiate an investigation for the potential source of contamination of small public water systems.
Above Ground Tanks	AGT	Regulation of above ground petroleum storage tanks. See http://www.waterboards.ca.gov/cwphome/agt/index.html . Typically AGT sites aren't tracked in CIWQS unless there is request for information or enforcement by the regional board.
ACL Complaint Issuance Date		This is the date that a complaint was issued to the responsible party.
Active		This is a status of a regulatory measure that is currently in effect.
Acute Toxicity	ATOX	Violation of acute toxicity effluent limitation.
Addresses MMP		The enforcement action addresses a violation that is a Mandatory minimum penalty per California Water Code section 13385(h) and (i).
Administrative Civil Liability	ACL	This type of enforcement action means a monetary assessment imposed by the Water Boards. They can be issued in accordance with several different sections of the Water Code, with varying coverages. Projects can also be included in ACLs.
Adoption Date		This is the date that the applicable Board adopted an Order or the date the Executive Officer signed the Order.
Agency		The organization that is the owner and/or operator of the facility that is discharging, also known as responsible party or discharger.

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Agency Type	The organization responsible for the discharge/activity can be local (city, county, etc.), private (Home Owners Association, Cemex, or an individual person, etc.), state (Dept. of Fish and Game, Caltrans, etc.), or Federal (Fish and Wildlife, U.S. Navy, etc.).
Allegation Dismiss	An incident that was either found to be or that could have been a violation but was then determined not to be a violation.
Authorized NSWD	Violations of the industrial stormwater general permit due to non-stormwater discharges that meet the conditions provided in Section D (pages 5-6), of the industrial General Permit.

B

Basin Plan Prohibition	BPP	Violation of Basin Plan prohibition (e.g., discharge to prohibited zone, etc.).
BMP	BMP	BMPs not maintained, deficient, or not implemented.

C

Calculation	CALC	Violation of a limit where the limit basis is dependant on a calculation
California Water Code	CWC	Violation of the California Water Code but not specifically a violation of an order.
Category 1	CAT1	Violation of effluent limitation (for any program) for Group I pollutant (e.g., BOD, TSS, aluminum, nitrate).
Category 2	CAT2	Violation of effluent limitation (for any program) for Group II pollutant (e.g., chlorine, copper, cyanide).
Cease and Desist Order CDO		CDOs are adopted pursuant to California Water Code sections 13301-13303. CDOs may be issued to dischargers violating or threatening to violate WDRs or prohibitions prescribed by the RWQCB or the SWRCB. CDOs are often issued to dischargers with chronic non-compliance problems.
CER	CER	See <u>401 Certification</u>
Chronic Toxicity	CTOX	Violation of chronic toxicity effluent limitation.
Chronic Violations		Effluent violations that persist. The first three are not penalized, but the fourth and subsequent violations within 180 day period are penalized at \$3,000 per violation.
Cleanup and Abatement CAA		Sections 13440-13443 of the California Water Code establish a State Water Pollution Cleanup and Abatement Account that is administered by

Account		the State Water Resources Control Board. The CAA receives monies from court judgments, administrative civil liabilities (ACLs), and other specified sources, which is then allocated to water quality improvement projects.
Clean-up and Abatement Order	CAO	CAOs are adopted pursuant to California Water Code section 13304. CAOs may be issued to any person who has discharged or discharges waste into the waters of this state in violation of any waste discharge requirement or other order or prohibition issued by a regional board or the state board, or who has caused or permitted, causes or permits, or threatens to cause or permit any waste to be discharged or deposited where it is, or probably will be, discharged into the waters of the state and creates, or threatens to create, a condition of pollution or nuisance (discharger). The CAO requires the discharger to clean up the waste or abate the effects of the waste, or, in the case of threatened pollution or nuisance, take other necessary remedial action, including, but not limited to, overseeing cleanup and abatement efforts.
Complaint		This is for a violation that was reported by a third party, whether or not an inspection was performed to verify the violation.
Construction Stormwater	CONSTW	The majority of the sites in this program is regulated by the statewide general permit; although there are regional board general permits as well as individual construction permits. Generally, construction sites that disturb one acre of land or more or are part of a project that in total disturbs one acre or more are subject to an NPDES permit.
County		The county in which the discharge occurs.
County Health Monitoring	COHEAL	County Health Monitoring
D		
Deficient Monitoring	DMON	Monitoring is missing or incorrect in some way, such as sample/analysis method, location, QA/QC criteria not met, lab not ELAP-certified.
Deficient Reporting	DREP	Incomplete report (i.e., missing signature, certification statement, laboratory identification, etc.); failure to notify per requirement (i.e., call out violation in self-monitoring report cover sheet).
Department of Defense	DOD	The Water Boards partner with the Department of Defense (DoD) through the Defense and State Memorandum of Agreement (DSMOA) to oversee the investigation and remediation of water quality issues at military facilities.
Discharger		The organization named in the Order. The responsible party associated with the discharge.
Dismissed		An incident that was either found to be or that could have been a violation but was then determined not be a violation.

E

Effective Date		Date a regulatory measure went into effective, which is not always the same as the adoption date.
Effluent	EFF	Violation of effluent limits, other than of a category 1 or 2 pollutant, or a toxicity requirement
Enforcement Action Violation	ENF	This type of violation is to be recorded when an enforcement action is violated. For example, if a Time Schedule Order contains interim limits and those limits are exceeded, the violation should be recorded as this type.
Enforcement Action Type		This is the type of enforcement action taken by the Board such as a Cease and Desist Order, Cleanup and Abatement Order, or Administrative Civil Liability
Enrollee		Discharger enrolled under a General Permit.
eSMR		Electronic Self Monitoring Report
Event		This will be for system-generated violations when the event module is completed/
Expedited Payment Letter	EPL	A conditional offer that provides a discharger with an opportunity to resolve any outstanding violations subject to mandatory minimum penalties by acknowledging them and providing full payment of the accrued mandatory penalties identified in the payment letter
Expiration Date		Date that a regulatory measure is set to expire. Some regulatory measures do not expire.

F

Facility		The place named in the order, associated with the discharge (i.e., Wastewater Treatment Plan, Dairy, collection system, etc.)
Fact Sheets		Created to guide the user through the report's purpose, function, and terminology.
Failure to Notify		Failure to notify regional board of spill within defined period of time. As specified in the Water Code, this applies to both regulated and unregulated sites.
Failure to Obtain Permit	FOP	Violation for not applying for or getting coverage under an order
Failure to Pay Fees	FPF	Annual fees not paid on time or in full.

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Fees	FEES	Annual fees not paid on time or in full.
File (to be "Storm Water FILE Non-filer")		Storm water non-filer in accordance with California Water Code section 13399.25.
Formal Enforcement Actions		Formal enforcement actions are typically issued by the Water Board or Executive Officer and include Cleanup and Abatement Orders, Cease and Desist Orders, Administrative Civil Liabilities, etc.
Fund		Account authorized by statute to collect money. The most common are the Cleanup and Abatement Account and the Waste Discharge Permit Fund.

G

General Permit		A permit that is use to regulate multiple facilities involved a common activity that is determined to be low threat. Dischargers must submit a Notice of Intent to comply with the conditions of the general permit.
Groundwater	GWAT	Degradation or pollution of groundwater; release to groundwater; exceedance of groundwater limitations.

H

Hearing Waived/ACL Settled		Discharger (responsible party) decided to waive his/her right to a hearing and paid the initial assessment.
Historic		This is a status of a regulatory measure used when it has expired, was rescinded, terminated, or no further action is required by the discharger.
Hydro Modification	HMOD	Noncompliance with dredge and fill requirements.

I

Industrial Stormwater	INDSTW	The majority of the sites in this program is regulated by the statewide general permit; although there are regional board general permits as well as individual industrial permits. Generally, certain industrial activities, defined within the NPDES federal regulations, are subject to NPDES permits for the discharge of stormwater.
Incomplete Monitoring	IMON	Required monitoring results not included in monitoring report
Individual Order/Permit		Discharger is under an individual permit as opposed to a general permit.
Informal Enforcement Action		Informal enforcement actions are typically done by staff and included staff enforcement letters, expedited payment letters, notices of violation, and oral/verbal communication.

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Initial Assessed Amount	Amount that Water Board staff first assessed, which can change after negotiations with the responsible party or by Board decision
Inspection (as source of violation)	This source is used if the violation is discovered during an inspection. Generally this source should be used in conjunction with routine compliance inspections. Inspections that were prompted by a complaint and the result was a violation, the source should be Complaint.
Inspection	A regulatory activity (site visit) used to determine compliance.
Inspection ID	A unique CIWQS identifier given to each inspection.
Inspection type	A categorization of inspections that indicates what the inspector did at the site (responded to a complaint, took samples, etc.)

L

Land Disposal/Landfill/Surface Impoundment	LNDISP	The Land Disposal program regulates of waste discharge to land for treatment, storage and disposal in waste management units. Waste management units include waste piles, surface impoundments, and landfills. California Code of Regulations (CCR) Title 23, (Chapter 15) contains the regulatory requirements for hazardous waste. CCR Title 27, contains the regulatory requirements for wastes other than hazardous waste. These sites require orders issued by the regional board. See http://waterboards.ca.gov/cwphome/land/index.html for more information.
Late Monitoring	LMON	Monitoring results that were submitted late
Late Report	LREP	Either the report was not received or the report was received after due date.
Late Report MMP Violations		Every 30 days that a report is late, the discharger is subject to an MMP (30 days, 60 days, 90 days, etc.)
Lead Inspector		An EPA designation that is mandatory for all NPDES and storm water inspections.
Liability		A mandatory monetary amount owed as a payment to the applicable Water Board

M

Major Facility		For the NPDES program, EPA designates certain facilities as major depending on their industrial category or by the amount of flow, generally flow greater than 1 mgd or a discharge that poses a substantial threat to water quality.
Mandatory Minimum	MMP	Mandatory penalty provisions are required by California Water Code

Penalty		section 13385(h) and (i) for specified violations of NPDES permits.
Minor Facility		For the NPDES program, EPA designates certain facilities as minor that have smaller flows and are considered lower threat.
MMP Enforcement	MMP Enf	Includes ACL complaints, ACL Orders, Court Settlements, Stipulated Penalties, and Expedited Payment Letters and displays the complaint or order number.
MMP Exempt Violations		Violations that should not be considered when determining mandatory minimum penalties.
MMP Type		Either <u>serious</u> or <u>chronic</u> .
Monitoring	MON	Deficient monitoring
Municipal Stormwater, Phase I	MNSTW1	Generally, this program regulates the discharge of stormwater from municipal areas that were over 100,000 people, according to the 1990 census. Smaller areas that were contiguous with these areas were also regulated under this phase of the municipal program. This is part of the NPDES program.
Municipal Stormwater, Phase II	MNSTW2	Generally, this program regulates the discharge of stormwater from municipal areas that are smaller than those defined under the first phase of the municipal stormwater program. This is part of the NPDES program.

N

National Pollutant Discharge Elimination System	NPDES	The National Pollutant Discharge Elimination System program regulates discharges to waters of the U.S. It is a federal program.
Non-point Source	NPS	The Non-Point source program deals with polluted runoff from areas that are not defined as point sources under the National Pollutant Discharge Elimination System program. Typically NPS program activities are not recorded in CIWQS.
Non-Subchapter 15	NON15	Discharge of wastewater to land or non-federal waters which are exempt from Title 27 regulations and NPDES regulations. These sites are issued waste discharge requirements, which are tracked in CIWQS.
Notice of Stormwater Noncompliance	NSNC	Enforcement actions written in accordance to the Stormwater Enforcement Act of 1998 (California Water Code section 13399.25 et seq.), which requires that each RWQCB notify storm water dischargers who have failed to file a notice of intent to obtain coverage, a notice of non-applicability, a construction certification, or annual reports. If, after two notifications, the discharger fails to file the applicable document a mandatory civil liability shall be assessed against the discharger.

Notice of Violation	NOV	An NOV letter is the highest level of informal enforcement action.
Notice to Comply	NTC	Notices to Comply are issued pursuant to California Water Code section 13399 et seq. This section requires the use of Notices to Comply as the only means by which the SWRCB or RWQCB can issue citations for minor violations. A violation is determined to be minor by the SWRCB or the RWQCB after considering factors defined in California Water Code sections 13399(e) and (f) and the danger the violation poses to, or the potential that the violation has for endangering human health, safety, or welfare or the environment.
NPDES No.		A unique number assigned by the governing board to a permit to discharge waste to navigable water.

O

Occurred (Occurrence) Date		Date that a violation occurred.
Old NURDs		Archived/Historic Unregulated Sites. These sites may be of interest for a variety of reasons, but had not been issued a regulatory order.
Order Number		Identification number for regulatory measure assigned by applicable Water Board or Executive Officer
Organization		See <u>Agency</u>
Organization Classification		See <u>Agency Type</u>
Other Code	OCOD	Violation of a code of regulations other than the Water Code
Other Effluent Violation	OEV	Violation of any constituent-specific effluent limitation not included in Group I or Group II.
Other Requirement	OREQ	Violation of order requirements other than effluent and receiving water limitations

P

Party		A generic term in CIWQS for people and organizations. Roles and relationships give parties their meaning.
Party ID		A unique CIWQS identifier given to each person and organization.
Permit Conditions (to be PCON "Order Conditions")		Violations of prohibitions, provisions, and maintenance-type requirements (e.g., pond freeboard and internal DO process) contained

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in WDRs.

Place		A generic term in CIWQS for locations and spill locations (i.e., water bodies, facilities, spills, etc.)
Place ID		A unique CIWQS identifier given to each location or spill.
Planned (inspections)		The inspection was planned before the inspection occurs. In other words, it was a routine inspection and not ad hoc or the result of complaint.
Pretreatment	PRPRG	The pretreatment program requires certain wastewater treatment plants to implement programs that reduce the inflow of pollutants into the wastewater treatment plant. Typically this includes the treatment plant operator issuing permits to industries in their service area and inspecting those industries.
Pretreatment	PRE	Failure to implement pretreatment program adequately. For example, not reporting a waste stream, not doing inspections, failing to insert prohibitions into user permits, etc.
Priority Violations		Generally, priority violations include: all NPDES violations that the United States Environmental Protection Agency (U.S.EPA) requires to be reported on the Quarterly Non-Compliance Report (QNCR) for the purpose of tracking significant non-compliance; all serious violations as defined in California Water Code section 13385; and other violations that the SWRCB and/or RWQCB considers to be significant and therefore high priority. Priority violations are more fully defined in Section III of the <u>Enforcement Policy</u> .
Priority Violations With No Enforcement Actions		Violations that are considered "priority" and have not yet been addressed by an enforcement action.
Program		The Water Boards has divided its workload into regulatory programs that are distinguishable by the type of discharge.
Project		A mandatory activity, such as an environmental project, with a predetermined monetary value that the named party is responsible for completing or overseeing

R

Receiving Water	RWAT	Violation of surface water limitation.
Reclamation	REC	This program regulates discharges that can be reused for beneficial purposes.
Redevelopment	REDEV	Redevelopment
Referral		Violations with this source were the result of a referral, regardless of

whether an inspection was performed to verify the violation.

Referral to Attorney General	RAG	Formal Refer to Attorney General for civil enforcement actions.
Region		The nine <u>Regions</u> are semi-autonomous bodies that implement the Water Boards' programs.
Regulatory Measure		Permit, waste discharge requirements, enforcement action, or other Order adopted by the Board or drafted by staff to regulate a discharge activity.
Regulatory Measure ID	Reg. Meas. ID	A unique CIWQS identifier associated with a regulatory measure (i.e., permit, WDR, enforcement action)
Regulatory Measure Status	Reg. Meas. Status	Status of a permit, WDR, enforcement action, etc., which indicates whether or not the regulatory measure is in affect.
Report		Violations discovered in a report submitted by a discharger.
Reporting	REP	Late or unsubmitted report
Resource Conservation and Recovery Act	RCRA	RCRA is a federal statute that requires the safe management and disposal of waste generated nationwide.

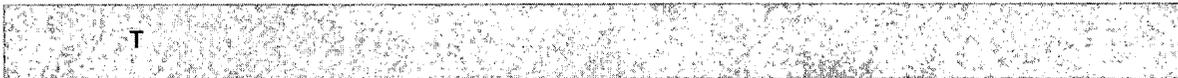
S

Sanitary Sewer Overflow/Spill	SSO	Discharge from collection system (except for private laterals); other spills and/or bypassing of treatment unit(s).
Serious Violations		An exceedance of a Category 1 effluent limit by 40% or more or a Category 2 effluent limit by 20% or more, or every 30 day period that a report is late. Serious violation penalized at \$3,000 per violation.
Settlement - Court Order	SETCO	Settlement - Court Order
Solid Waste Assessment Test	SWATS	Tests required at land disposal sites during a concentrated effort to characterize the impacts of solid waste disposal on water quality. See http://waterboards.ca.gov/cwphome/land/swat.html for more information.
Source (associated with violations)		Source of the violation or source of the notification of the violation (i.e., spill, report, inspection, etc.)
Spills, Leaks, Investigations, and Cleanup	SLIC	The Spills, Leaks, Investigations & Cleanup (SLIC) Program oversee soil and water investigations, corrective actions, and health risk assessments at sites with current or historic unauthorized discharges, which have adversely affected or threaten to adversely affect waters of the state. The program covers all types of pollutants (such as solvents, petroleum fuels, heavy metals, pesticides, etc) and all environments (including surface

water, groundwater, sediment, and soil). Public participation is conducted and tailored to the needs of the community. The Water Code allows the Water Boards to recovery reasonable expenses from responsible parties to oversee investigation and cleanup activities. The responsible parties must sign an acknowledgement form stating the intent to pay oversight bills, and a unique account is set up for staff charges. Procedures for site investigation and remediation are promulgated in State Water Resources Control Board Resolution No. 92-49 entitled Policies and Procedures For Investigation and Cleanup and

Abatement of Discharges Under Water Code Section 13304. Responsible parties conduct work in a stepwise fashion, starting with preliminary assessment, then soil and water investigation; interim remedial measures if warranted; risk assessment; setting cleanup goals; cleanup plan; cleanup implementation and monitoring; and No Further Action determination. Most often, responsible parties conduct the work voluntarily, but sometimes enforcement orders are necessary to compel the work to be performed.

SSO		Violations that were system-generated as a result of the SSO module.
SSO Historic		Violations of orders that were issued before the statewide general SSO order.
Staff Enforcement Letter SEL		An informal enforcement action that is a follow-up to or in lieu of a verbal enforcement action.
Stipulated Penalty		An action whereby the discharger agrees or "stipulates" to a penalty to address certain violations. These are rare, and are different from agreeing to simply pay an Administrative Civil Liability.
Subchapter 15	SUB15	Same as the Land Disposal program
Supplemental Environmental Project	SEP	Projects that may be allowed in lieu of some or all of the monetary assessment imposed in an Administrative Civil Liability. SEPs are projects that enhance the beneficial uses of the waters of the State, provide a benefit to the public at large, and that, at the time they are included in an Administrative Civil Liability action, are not otherwise required of the discharger.
SWPPP	SWPPP	Storm water pollution prevention plan not on site, not implemented (i.e. self-inspections, updating plan, etc. Failure to implement BMPs should be recorded under the BMP violation type), or not in existence.



Timber Harvest	TH	The regulation of discharges from timber harvest activities, including logging, road construction, and herbicide application.
Time Schedule Order	TSO	Enforcement actions issued in accordance with section 13300 of the California Water Code. These orders require the discharger to submit a time schedule which sets forth the actions that the discharger will take to

address actual or threatened discharges of wastes in violation of requirements.

Title		Description of regulatory measure
Toxic Pits Cleanup Act	TPCA	Regulation of open pits or injection wells for hazard waste disposal

U

Unauthorized Discharger	UAUTHDISC	Discharges without WDRs (including coverage under a general order) or discharges other than that described in an order (e.g. surface water discharge by discharger with non-NPDES WDRs). For discharges to non-federal waters, only record discharges that con
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Unauthorized Non-stormwater Discharge (NSWD)		Violations of stormwater permits due to discharges (such as wash or rinse waters) of non-stormwater that do not meet the allowable non-stormwater discharges defined in Section D (pages 5-6) of the Industrial General Permit.
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Underground Storage Tanks	UST	The prevention, cleanup, and enforcement of water degradation or pollution associated with underground storage tanks. Underground storage tanks are defined as one or more tanks, including pipes connected thereto, that is used for the storage of hazardous substances and that is substantially or totally beneath the surface of the ground. Generally, these sites are tracked in Geotracker.
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Undetermined		Not specifically known or ascertained
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Unregulated discharge (to be "Unauthorized Discharge")	UREGDIS	Discharges without WDRs (including coverage under a general order) or discharges other than that described in an order (e.g. surface water discharge by discharger with non-NPDES WDRs). For discharges to non-federal waters, only record discharges that continue after a report of waste discharge has been requested but not submitted. For SSO related discharges use "SSO" violation type. For storm water non filers, use "File" violation type.
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Unregulated Sites	UNREGS	A non regulated site that is or was of interest.
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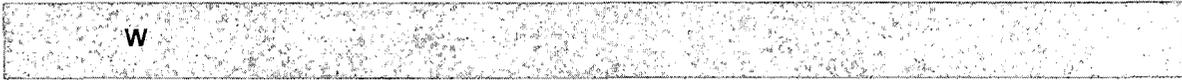
V

Verbal Enforcement Action	VER	Telephone or in person contact of the discharger by staff regarding specific violations.
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Violation		An infraction of an order or the Water Code. For example, an exceedance of a limit contained in a permit or discharging without a permit.
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Violation ID		A CIWQS identifier that is unique to a specific violation.
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Violation Source	Source of the violation or source of the notification of the violation (i.e., spill, report, inspection, etc.)
Violation Type	Used to differentiate violations by the use of categories (effluent, receiving water, reporting, monitoring violations, etc.) and subcategories (acute toxicity, groundwater, late reporting, etc.).
Violations Tied To Enforcement Actions	Violations that have been addressed by enforcement actions.
Violations With No Enforcement Actions	Violations that have not yet been addressed by an enforcement action.
Volunteer monitoring	http://www.waterboards.ca.gov/swamp/docs/cabw2005/15ely.pdf



Water Quality	WQUA	Violation of a receiving water limit or requirement
WDID		Waste discharge ID; unique identifier given to regulatory measure and facility
Waste Discharge Permit Fund	WDPF	Permit fees, ambient monitoring surcharges, and other monies designated by the Water Code, go into the waste discharge permit fund. These funds are used to support the Water Boards regulatory activities.
Well Investigation Program	WIP	The Well Investigation Program was developed to locate, assess and remediate sources of solvent contamination impacting drinking water wells. WIP is no longer in use. Existing WIP cases that are still being assessed or remediated are now overseen under the SLIC program.
Withdrawn		This status is used for enforcement regulatory measure only and is only used when an enforcement action is withdrawn by the applicable Water Board or Executive Officer.

EXHIBIT D

DATE	DEPARTMENT	ACTIVITY RELATED TO REGIONAL SEWER & SEWER MAINTENANCE DISTRICT 1 (SMD1) UPGRADE PRESENTED TO THE PLACER COUNTY BOARD OF SUPERVISORS
2011		
07/12/11	CEO	County Executive Office/Middle Fork Finance & Expenditure Policies/Projects - Considered policies and priorities for development of a financing and expenditure plan for proceeds derived the Middle Fork Project. 1.) Considered Regional County funding priorities and alternatives and a policy approach for funding of regional County infrastructure and facilities from anticipated proceeds from the Middle Fork Relicensing Project. 2.) Provided direction to staff to return to the Board with formal policies regarding Middle Fork Project proceeds and a financing, investment and expenditure plan relative to proceeds from the Middle Fork Project Re-licensing Project to include consideration of opportunity costs. Priorities for use of funds are to be 1) Focus on infrastructure rather than operations; 2) Replenish the County General Fund Reserve; 3) Set aside for Middle Fork revenue stabilization projects of regional benefit. 3.) Provided direction to staff to further analyze rate structures of Sewer Maintenance District #1 and the City of Auburn and provide analysis of implications of a potential funding contribution of up to \$40,000,000 from Middle Fork proceeds; expand working group to include Treasurer Tax Collector and County Auditor-Controller, as well as Cathy Dominico from Capital Public Finance Group; and consider potential alternatives related to existing and future rate payers. 4.) Director to provide information relative to bonding capacity of Middle Fork Project.
07/12/11	FACILITY SERVICES	Facility Services/Sewer Maintenance District #1. Received Compliance Options Update. No action, information only.
07/12/11	FACILITY SERVICES	a. Sewer Maintenance District #1 Wastewater Treatment Plant Upgrade and Expansion Project – Resolution 2011-207 adopted adopting the Mitigated Negative Declaration for the Sewer Maintenance District 1 Wastewater Treatment Plant Upgrade and Expansion Project, and directed staff to file a Notice of Determination upon approval of plans and specifications for the Project. MOTION Holmes/Uhler VOTE 3:2 (Montgomery, Weygandt No)
07/12/11	FACILITY SERVICES	b. Sewer Maintenance District #1 Wastewater Treatment Plant Upgrade and Expansion Project - The Board took the following actions with regard to the Sewer Maintenance District 1 Wastewater Treatment Plant Upgrade and Expansion Project (Upgrade Project): 1. Approved the Plans and Specifications and authorized the Department of Facility Services to advertise for and solicit bids upon approval of the final Plans and Specifications by the Director of Facility Services. 2. Authorized staff to proceed with Task C1 - Bid Period Services of Contract 12871 with Owen Psomas Engineering (Psomas), for an amount not-to-exceed \$150,000. MOTION Holmes/Uhler/Unanimous.
05/03/11	FACILITY SERVICES	Facility Services: a.) Sewer Maintenance District 1 Wastewater Treatment Plant Compliance: Proposal from City of Lincoln - Staff was directed to 1.) Complete the development of Plans and Specifications for the SMD #1 Plant upgrade 2.) Utilize the existing ad hoc work by Supervisors Weygandt & Holmes to develop a comprehensive response to the draft agreement purposed by the City of Lincoln consistent with comments provided by the Board. 3.) Ascertain the interest of the City of Auburn to participate in regionalization at a benefit equal to that of SMD #1 rate payees 4.) Return to the Board (possibly June 12, 2011) to update the full Board regarding progress on the above; and 5.) Accept the Regional Board's offer to assist in addressing important issues raised and incorporate the possible use of anticipated future FERC proceeds as a way to partial fund regional sewer.
05/03/11	FACILITY SERVICES	State Revolving Fund Assistance Application, Dedication of Net Revenue for the Plant 1 Upgrade and Expansion Project - Resolution 2011-116 adopted dedicating net revenues received by Sewer Maintenance District (SMD 1) for payment of any and all Clean Water State Revolving Fund (CWSRF) Program financings for the SMD 1 Wastewater Treatment Plant Upgrade and Expansion Project (Upgrade Project). MOTION Holmes/Duran/Unanimous
05/03/11	FACILITY SERVICES	State Revolving Fund Assistance Application, Reimbursement Resolution for the Plant 1 Upgrade Project - Resolution of Intention 2011-117 adopted to comply with Treasury Regulation Section 1.150-2 and Clean Water State Revolving Fund (CWSRF) Program requirements regarding reimbursement of capital expenditures incurred prior to execution of an assistance agreement for the SMD 1 Wastewater Treatment Plant Upgrade and Expansion Project (Upgrade Project). MOTION Holmes/Duran/Unanimous
02/08/11	FACILITY SERVICES	Regional Sewer Plans: Sewer Maintenance District #1 Wastewater Treatment Plant Compliance Project Update – Presentation by Facility Services; Mid-Western Placer Regional Sewer Proposal – Presentation by City of Lincoln.

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EXHIBIT D

DATE	DEPARTMENT	ACTIVITY RELATED TO REGIONAL SEWER & SEWER MAINTENANCE DISTRICT 1 (SMD1) UPGRADE PRESENTED TO THE PLACER COUNTY BOARD OF SUPERVISORS
01/25/11	FACILITY SERVICES	Facility Services: Payment of an Administrative Civil Liability for Sewer Maintenance District 1 - No action is required. This informational item explains why Sewer Maintenance District 1 was assessed a \$42,000 fine by the Central Valley Regional Water Quality Control Board.
2010		
11/23/10	FACILITY SERVICES	Sewer Maintenance District #1 Regional Sewer Project - Authorize the Chairman to sign the Memorandum of Understanding with the City of Lincoln and the City of Auburn, which will require the County to contribute \$42,000 toward completion of engineering studies relating to the Regional Sewer Project. The City of Auburn has deferred the item to a future date. MOTION Rockholm/Montgomery/Unanimous, authorizing the Chairman to sign the Memorandum of Understanding with the City of Lincoln, which will require the County to contribute \$42,000 toward completion of engineering studies relating to the Regional Sewer Project, and accepting the change to the Memorandum of Understanding adding #5 in the document that the City of Lincoln proposed (Page 232 of the agenda package).
11/23/10	FACILITY SERVICES	Sewer Maintenance District #1 Wastewater Treatment Plant - Authorized staff to complete design of the Sewer Maintenance District 1 Wastewater Treatment Plant Upgrade Project under a previously approved contract with Owen Psomas Engineering. MOTION Holmes/Weygandt/Unanimous
08/10/10	FACILITY SERVICES	a. Sewer Maintenance District #1 - Authorized the expenditure of an additional \$600,000 - \$900,000 for design of the Sewer Maintenance District #1 Wastewater Treatment Plant Upgrade Project under a previously approved contract with Owen Psomas Engineering. MOTION Montgomery/Holmes/Unanimous VOTE 4:0 Rockholm absent)
08/10/10	FACILITY SERVICES	a. Sewer Maintenance District #1, North Auburn - An informational item regarding an assessment of an \$18,000 fine by the Central Valley Regional Water Quality Control Board.
07/27/10	FACILITY SERVICES	d. Sewer Maintenance District #1 - Approved an Agreement with Brown & Caldwell to develop an updated cost estimate for the Sewer Maintenance District 1 Regional Sewer Project and Resolution 2010-203 adopted authorizing the Director of Facility Services to execute the resulting contract, in an amount not to exceed \$170,000, upon Risk Management's and County Counsel's review and approval.
05/18/10	FACILITY SERVICES	a. Sewer Maintenance District #1/Wastewater Treatment Plant Upgrade - Approved an agreement with Owen Psomas for the final design and construction management of the Sewer Maintenance District 1 Wastewater Treatment Plant Upgrade Project, in an amount not-to-exceed \$7,884,500, and authorize the Chairman to execute the Agreement. MOTION Weygandt/Holmes/Unanimous
05/18/10	FACILITY SERVICES	b. Sewer Maintenance District #1/Wastewater Treatment Plant Upgrade and Expansion - Approved an agreement with AECOM Technical Services, Inc. (AECOM) for the preparation of an environmental document for the Sewer Maintenance District 1 Wastewater Treatment Plant Upgrade Project, in an amount not-to-exceed \$279,125, and authorize the Chairman to execute the Agreement. MOTION Weygandt/Rockholm/Unanimous
05/18/10	FACILITY SERVICES	c. Sewer Maintenance District #1/Wastewater Treatment Plant Upgrade and Expansion - Resolution 2010-118 adopted: 1. Designating the Director of Facility Services as the authorized representative to sign and file for a Financial Assistance Application from the State Water Resources Control Board; 2. Authorizing the Director of Facility Services to certify that the Agency has and will comply with all applicable State and Federal statutory and regulatory requirements related to any financing or financial assistance received from the State Water Resources Control Board; and, 3. Authorizing the Director of Facility Services to negotiate and execute a financial assistance agreement and any amendments or change orders thereto upon review and approval by Risk Management and County Counsel, and certify financing agreement disbursements. MOTION Rockholm/Weygandt/Unanimous
04/27/10	FACILITY SERVICES	a. Sewer Service Regulatory Compliance and Funding Update - The Facility Services Department provided the Board with an update on Sewer Service Regulatory Compliance and Funding.
04/27/10	FACILITY SERVICES	b. Sewer Maintenance District #1 Wastewater Treatment Plant Upgrade Project - Approve an agreement with Owen Psomas for the final design and construction management of the Sewer Maintenance District 1 Wastewater Treatment Plant Upgrade Project, in an amount not-to-exceed \$7,884,500, and authorize the Chairman

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EXHIBIT D

ACTIVITY RELATED TO REGIONAL SEWER & SEWER MAINTENANCE DISTRICT 1 (SMD1) UPGRADE PRESENTED TO THE PLACER COUNTY BOARD OF SUPERVISORS		
DATE	DEPARTMENT	
		to sign. Item continued to May 18, 2010.
04/27/10	FACILITY SERVICES	c. Sewer Maintenance District #1 Wastewater Treatment Plant Upgrade and Expansion - Approve an agreement with AECOM for the preparation of an environmental document for the Sewer Maintenance District 1 Wastewater Treatment Plant Upgrade Project, in an amount not-to-exceed \$279,125, and authorize the Chairman sign. Item continued to the May 18, 2010.
04/27/10	FACILITY SERVICES	d. Sewer Maintenance District #1 Wastewater Treatment Plant Upgrade and Expansion: Clean Water State Revolving Fund Financial Assistance Application - Staff recommends that the Board adopt a Resolution to: 1. Designate the Director of Facility Services as the authorized representative to sign and file for a Financial Assistance Application from the State Water Resources Control Board; 2. Authorize the Director of Facility Services to certify that the Agency has and will comply with all applicable State and Federal statutory and regulatory requirements related to any financing or financial assistance received from the State Water Resources Control Board; and, 3. Authorize the Director of Facility Services to negotiate and execute a financial assistance agreement and any amendments or change orders thereto upon review and approval by Risk Management and County Counsel, and certify financing agreement disbursements. Item continued to the May 18, 2010.
04/06/10	FACILITY SERVICES	a. Payment of Administrative Civil Liability for Sewer Maintenance District #1 (North Auburn) This informational item explains why Sewer Maintenance District #1 in North Auburn was assessed a \$24,000 fine by the Central Valley Regional Water Quality Control Board.
2009		
03/10/09	FACILITY SERVICES	Sewer Maintenance District #1/Wastewater Treatment Plant Upgrade and Expansion - Staff recommended the Board take the following actions: 1. Approved an agreement with Owen Psomas to prepare the preliminary design and Design Report, in an amount not to exceed \$499,160, and authorized the Chairman to execute same. 2. Authorized staff to proceed with a Request for Proposals (RFP) for the final project design. 3. Authorized staff to proceed with an RFP for preparation of an Environmental Impact Report. 4. Approved a Budget Revision to move \$600,000 from the FY 2008/09 SMD 1 Operating Budget to a new capital project budget to provide adequate funding to complete preliminary design of the Plant 1 Upgrade Project. 5. Directed staff to continue to explore opportunities for additional grant funding of the Regional Sewer Project and to request an extension of time for compliance with Regional Water Quality Control Board permit requirements. MOTION Holmes/Montgomery/Unanimous
01/13/09	FACILITY SERVICES	SEWER MAINTENANCE DISTRICT #1 – Workshop regarding Sewer Maintenance District 1 compliance approach for sewage treatment.
2008		
09/09/08	FACILITY SERVICES	Information regarding payment of a \$36,000 Administrative Civil Liability from Sewer Maintenance District #1.
06/24/08	FACILITY SERVICES	SEWER MAINTENANCE DISTRICT #1 – Workshop conducted to review the Compliance approach for sewage treatment.
2006		
06/13/06	FACILITY SERVICES	Regional Wastewater Project: a. Agreement - Approved agreement with MHM-Sacramento, effective July 1, 2006, in an amount not to exceed \$150,320, for professional consulting services associated with the Newcastle Sanitary District's involvement in the Regional Wastewater Project. MOTION Holmes/Weygandt/Unanimous. VOTE 4:0 (Gaines absent)
06/13/06	FACILITY SERVICES	b. Agreement - Approved agreement with MHM Engineering of Sacramento, effective July 1, 2006, in an amount not to exceed \$169,956, for professional consulting services associated with the Regional Wastewater Project. MOTION Kranz/Holmes/Unanimous VOTE 4:0 (Gaines absent)
03/21/06	FACILITY SERVICES	REGIONAL WASTEWATER PROJECT - Approved agreement with Jones and Stokes, in an amount not to exceed \$996,199, for the preparation of an Environmental Impact Report and Environmental Impact Statement for the entire Regional Pipeline and the closure of the Auburn and Sewer Maintenance District #1 (Bowman & North Auburn) Treatment Plants and preparation of stand-alone Negative Declarations and Findings for the closures of the Applegate, Newcastle and Sewer Maintenance District #3 (Loomis Basin) Treatment Plants.

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2000-2011
 Meetings of the Placer County Board of Supervisors
 Regional Sewer & Sewer Maintenance District 1 (SMD1) Upgrade

EXHIBIT D

ACTIVITY RELATED TO REGIONAL SEWER & SEWER MAINTENANCE DISTRICT 1 (SMD1) UPGRADE PRESENTED TO THE PLACER COUNTY BOARD OF SUPERVISORS		
DATE	DEPARTMENT	
2001		
06/12/01	FACILITY SERVICES	Resolution 2001-149 adopted amending the Joint Powers of Authority Agreement Board Summary Action, June 12, 2001 Board of Supervisors Placer County, CA, between the Counties of Placer and Nevada, the Cities of Auburn and Lincoln, the South Placer Municipal Utility District and the Newcastle Sanitary District changing the name of the Authority from the Regional Wastewater Conveyance and Regional Wastewater Treatment and Reclamation Facility Authority to the Placer-Nevada Wastewater Authority and authorized the contribution of \$5,740 from administrative costs for FY 2001/02.
06/12/01	FACILITY SERVICES	SEWER MAINTENANCE DISTRICT #1 - Approved payment of \$12,000 in penalties associated with violations of waste discharge requirements at the SMD #1 Treatment Plant located on Joeger Road.
2000		
11/14/00	FACILITY SERVICES	FACILITY SERVICES/REGIONAL WASTEWATER CONVEYANCE AND REGIONAL WASTEWATER TREATMENT FACILITY AUTHORITY - Resolution 2000-263 adopted amending the Joint Powers Agreement adding Nevada County as a member and approving flow projections for the regional sewer conveyance system.
04/25/00	FACILITY SERVICES	FACILITY SERVICES - Approved contract with MHM Engineering, in an amount not to exceed \$34,880, to perform sewer flow analyses for the Regional Sewer Project.

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EXHIBIT E: SMD #1 Compliance Alternatives

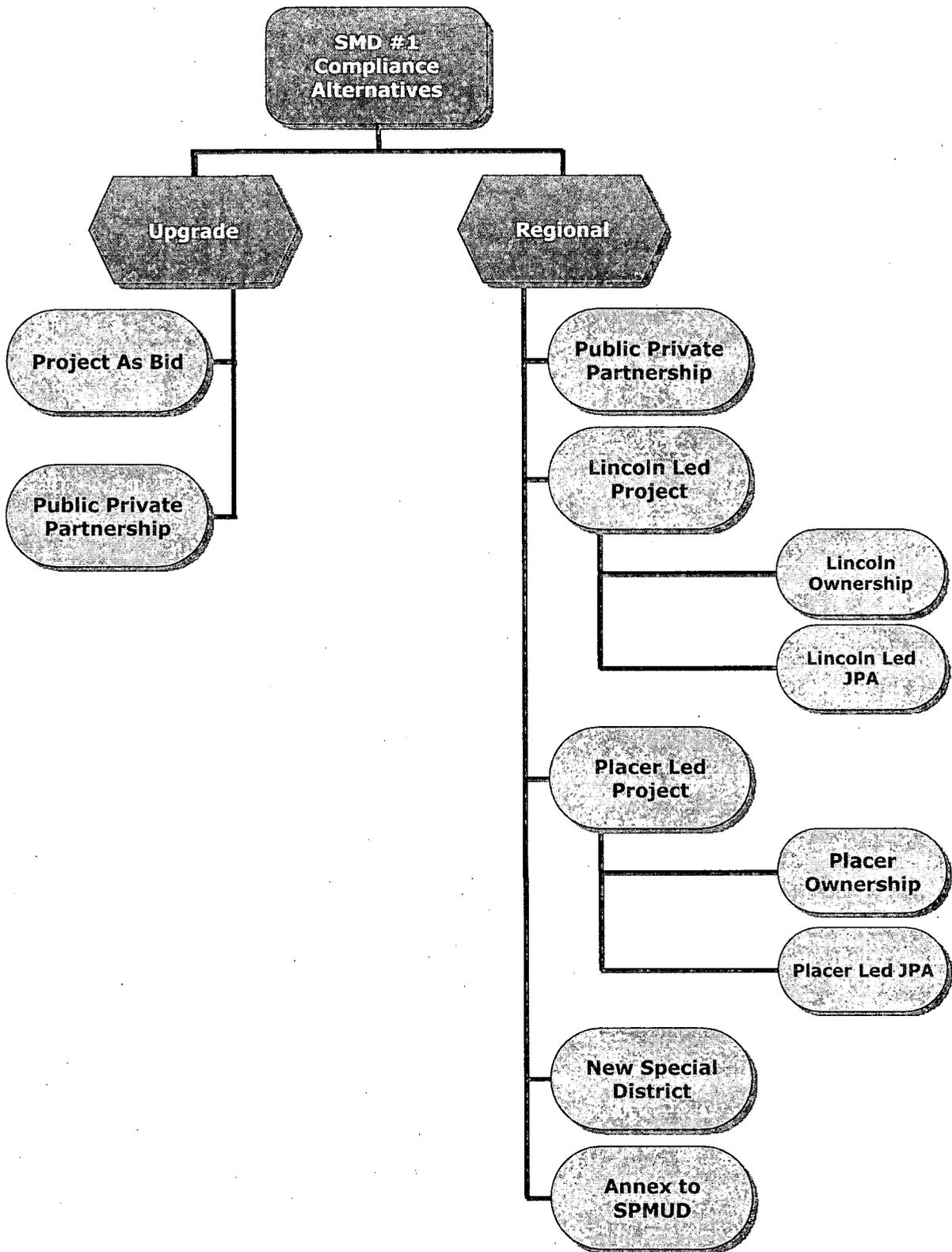


EXHIBIT F: Regional Sewer Issues and Alternatives

Background

- **Potential Partners**
 - *City of Lincoln*
 - Owns plant that can become regional
 - Experienced at compliant plant operations
 - Has \$8-12 million deficit related to excess capacity construction
 - No debt liens against the treatment plant
 - *City of Auburn*
 - Good Credit
 - Currently in compliance, will very likely need significant upgrade in next 5 years
 - *County of Placer*
 - Very Good Credit
 - Very Good Project Management Experience
 - On time and on or under budget
 - Current operations under RWQB violation and fines
 - *South Placer Municipal Utility District*
 - Excellent Credit
 - Experience constructing pipeline in most difficult geology of S. Placer (Newcastle/Penryn)
 - Low User Rates
 - Single Purpose Utility District
 - Excellent operating record
- **Lincoln Treatment Plant Capacity**
 - Current capacity - approx. 4.2 MGD
 - Total capacity permitted - 8 MGD
 - Capacity committed due to pre-payments by developers - 0.5 MGD
 - Capacity currently in use - 2.8 MGD
 - This capacity has already been paid for by current users
 - Available excess capacity - 1.4 MGD
 - Some components already at 16 MGD capacity
 - Site can accommodate up to 30 MGD
- **Costs related to Current Lincoln Facility**
 - Estimated cost of excess capacity (pipeline and treatment) - \$15.1 million
 - Operations costs are approximately - \$5.3 million/year
 - Costs for future repair and maintenance
- **Financial Analysis**
 - Rates (collection and treatment)
 - Current Auburn Rates - \$58.25
 - Planning updated rate study
 - Current Lincoln Rates - \$32.08
 - Pursuing updated rate study, estimated completion: Spring of '12
 - Current County Rates - \$82.00
 - Current South Placer MUD Rates - \$26.00, on a 5-year on-going rate cycle

EXHIBIT F: Regional Sewer Issues and Alternatives

Alternatives Related to Regional Sewer Collection and Treatment

- **Infrastructure to be constructed**
 - Pipelines from Auburn plants to regional pipeline
 - Regional pipeline
 - Construction and Installation of Equipment necessary to put excess capacity at Lincoln plant into service for Auburn collections
- **Legal Structure for Regional Governance**
 - Single Partner Lead (i.e. Lincoln, Auburn, Placer or SPMUD)
 - Formation of New Joint Powers Authority
 - Formation of New Special District
 - Annexation into Current Special District (SPMUD)*
- **Engineering Design and Construction**
 - Contract for Single Partner to Design and/or Construct
 - Committee of Partners to Design and/or Construct
 - Joint Powers Staff to Design and/or Construct
 - Staff of new Special District to Design and/or Construct
 - SPMUD staff to Design and/or Construct
 - Design/Build by private sector partner
- **Operations**
 - Operating Agreements for operations provided by the staff of one of the Partners
 - Contracted out to private sector operator
 - Operating Agreement contracted out to SPMUD
- **Financing Resources**
 - Rates
 - Contributions/Subsidies from Partners (including secured debt or other resources)
 - State Revolving Fund (highly likely to be lowest rate of any type of indebtedness)
 - Must be sought by Partner(s) with controlling interest in facilities
 - Partner(s) applications
 - Special District application
 - SPMUD application
 - Revenue Bonds (must be issued by entity with controlling interest in facilities)
 - Design/Build/Operate Agreement with Private Sector Party
 - Grants

*This approach would need to be considered along with any debt financing to ensure that the annexation process and financing processes do not become entangled.

EXHIBIT F: Regional Sewer Issues and Alternatives

Potential Scenarios

Scenario 1 - Lincoln Lead

- Scenario 1a:
 - Lincoln to Design, Construct, Operate and Finance
 - All pipelines and development of current excess and any additional capacity
 - Auburn and Placer enter into operating agreements with Lincoln
 - Operating Agreements specify
 - Flow triggers for future expansion
 - Terms for future expansion
 - Disposition of any fines
 - Terms for required upgrades
 - Terms for user rates including required studies, and rate increases approval process
 - Terms for connection fees, cost studies and rate increase approval process
 - Lincoln is responsible for securing required financing
- Scenario 1b:
 - Can also be accomplished with a JPA with Lincoln as lead agency

Scenario 2 - Placer Lead

- Scenario 2a:
 - Placer acquires current Lincoln plant
 - Placer to Design, Construct, Operate and Finance
 - All pipelines and development of current excess and any additional capacity
 - Auburn and Lincoln enter into operating agreements with Placer
 - Operating Agreements specify
 - flow triggers for future expansion
 - terms for future expansion
 - disposition of any fines
 - terms for required upgrades
 - terms for user rates including required studies, and rate increases approval process
 - terms for connection fees, cost studies and rate increase approval process
 - Placer is responsible for securing required financing
- Scenario 2b:
 - Can also be accomplished with a JPA with Placer as lead agency

EXHIBIT F: Regional Sewer Issues and Alternatives

Scenario 3 - New Assessment District

- New district would need to be formed
- New district would have its own governing board
 - initially appointed, then elected
 - district boundaries and districts or wards determined and adopted
- Placer, Auburn and Lincoln would convey sewer jurisdiction/responsibilities to new district
- New district would acquire Lincoln plant
- New district to Design, Construct, Operate and Finance
 - All pipelines and development of current excess and any additional capacity
- New district would be responsible for rates
- New district would acquire required financing
- New district could contract out for operations and maintenance

Scenario 4 - Annexation into South Placer Municipal Utility District

- SMD 1, Auburn and Lincoln annexed into SPMUD
- SPMUD acquires Lincoln plant
- Auburn and Placer purchase capacity from SPMUD
- Capacity cost amortized into Auburn and Placer rates for cost recovery
- SPMUD to Design, Construct, Operate and Finance
- All pipelines and development of current excess and any additional capacity SPMUD would be responsible for rates
- SPMUD would acquire required financing
- SPMUD could contract out for operations
- SPMUD could use a design/build approach with a private sector partner
- Annexation likely to require votes in Auburn and Lincoln, but may not in the unincorporated area
- Annexation process should be expedited to allow SPMUD to secure financing for necessary capital improvements after annexation as annexations involving debt are more complex and may take longer.
- If capital is needed in advance Placer and Auburn may make contributions to compensate for capacity purchase, avoiding the issuance of debt prior to annexation.
- Could require a phased approach

EXHIBIT F: Regional Sewer Issues and Alternatives

Additional Comments:

- The following issues would need further research:
 - Determine cost to Placer and Auburn for excess capacity at Lincoln Plant
 - Define cost range for pipeline construction
 - Annexation process for Auburn, Lincoln and Placer
 - Amount of capacity prepaid to be reserved for future development
 - Construction cost reimbursement plan
 - Related rate studies to include pipeline costs
 - Financing
 - Long-term service and infrastructure needs
 - Analysis on rate impacts

EXHIBIT G
SMD 1 Compliance Alternatives Attributes Summary
Potential Implications

Regional Project:

- 1) System wide economic and operational synergy:
 - Greater ability to match more exactly increased demand with incremental expansion for waste water treatment.
 - More cost effective ability to comply with future regulation.
 - Provides opportunity to use reclaimed water from SMD1 and Auburn.
 - Only way to recover existing over sizing cost incurred by Lincoln.
 - Provides earlier return on Lincoln's over sizing investment.
 - Can reinvest MMP fines.
- 2) More compliant with Board Policy:
 - General Plan Elements emphasize regionalizing when the opportunity exists, reusing reclaimed water for agricultural purposes and protection of habitat (specifically riparian and specifically regarding endangered species). Note: Lincoln plant is the most compliant facility in South Placer and one of the few in the state allowing treated wastewater to be used for rice irrigation.
 - Consistent with Board policy regarding lobbying efforts (Regional Wastewater has usually been our highest priority).
 - Consistent with Board policy regarding the creation of the PNWA and funding PNWA staff.
 - Greater consistency with PCCP.
- 3) Improves the County's relationship with several regulatory agencies.
- 4) Opportune Timing - with alternative investment required in SMD1 and availability of the Middle Fork asset as insurance (if necessary), Regional is affordable and reflects a once in a 30 – 50 year opportunity (even with worst case cost projections). Short term rate stability can be guaranteed with Middle Fork monies as insurance and long term rate increases are far less risky as a result of new regulation.
- 5) SMD1 upgrade is a complicated construction/operational task as compared to building a pipeline system.
- 6) A larger rate payer base provides better protection to new regulation costs. (Monthly rates in South Placer are 300% to 800% higher than 20 years ago mostly as a result of new regulation imposed by the state and federal governments. Local control is a fallacy.)

Upgrade and Expansion Project

- 1) Design and costs have been more thoroughly developed.
- 2) Upgrade project would not require as much regional cooperation and thus less complicated in that regard.
- 3) Will likely achieve short term regulatory compliance
- 4) Project can be completed sooner and thereby reduce fines, provide capacity and improve water quality earlier.
- 5) It appears to have the lowest capital cost.
- 6) It has an approved and affordable financing plan.
- 7) Project can be implemented and rates held steady without the infusion of additional funds.
- 8) Provides the most capacity for new development.
- 9) All treated water will be discharged into Dry Creek for the benefit of the Creek.
- 10) The County maintains control over the following:
 - All aspects of the immediate \$58 million construction project.
 - Future permit negotiations with Federal, State and local agencies.
 - Approach to meeting future permit requirements, including design and construction of any new processes.
 - Management and staffing of the wastewater treatment plant.
 - Future expansions of the wastewater treatment plant to meet community growth expectations.

EXHIBIT H

CALIFORNIA REGIONAL WATER QUALITY CONTROL BOARD
CENTRAL VALLEY REGION

RESOLUTION NO. R5-2009-0028

IN SUPPORT OF REGIONALIZATION, RECLAMATION, RECYCLING AND
CONSERVATION FOR WASTEWATER TREATMENT PLANTS

WHEREAS, the California Regional Water Quality Control Board, Central Valley Region (Regional Water Board) finds that:

1. The Water Quality Control Plans for the Sacramento River and the San Joaquin River Basins and/or Tulare Lake Basin includes the following principles that relate to reclaimed water and consolidation of wastewater collection and treatment systems.
 - a. Municipal, agricultural, and industrial wastewaters must be considered as a potential integral part of the total available fresh water resource.
 - b. Coordinated management of water supplies and wastewaters on a regional basis must be promoted to achieve efficient utilization of water.
 - c. Regional solutions for wastewater collection and treatment must be considered in all cases where feasible and desirable to implement sound water quality management programs based upon long-range economic and water quality benefits to an entire basin.
 - d. Institutional and financial programs for implementation of consolidated wastewater management systems must be tailored to serve each particular area in an equitable manner.
 - e. Wastewater reclamation and reuse systems which assure maximum benefit from available fresh water resources shall be encouraged. Reclamation systems must be an appropriate integral part of the long-range solution to the water resources needs of an area and incorporate provisions for salinity control and disposal on non-reclaimable residues.
2. The State Water Board adopted Resolution No. 77-1, "Policy with Respect to Water Reclamation in California." Resolution No. 77-1 includes the principle that the State Water Board and Regional Water Boards shall encourage reclamation, reuse, and water conservation. The Legislature has also repeatedly expressed a strong policy favoring water recycling and reuse. (See, Water Code sections 13510-13511, 13576, 14051.)
3. The Strategic Plan Update 2008-2012 for the Water Boards includes a priority to increase sustainable local water supplies available for meeting existing and future beneficial uses by 1,725,000 acre-feet per year, in excess of 2002 levels, by 2015, and ensure adequate water flows for fish and wildlife habitat.

Reclamation and recycling of wastewaters, and conservation of the use of water supplies, will contribute to meeting this goal.

4. On 3 February 2009, the State Water Board adopted *A Policy for Water Quality Control for Recycled Water*. The policy, which will take effect after approval by the Office of Administrative Law, included the following goals for California:
 - a. Increase the use of recycled water over 2002 levels by at least one million acre-feet per year (afy) by 2020 and by at least two million afy by 2030.
 - b. Increase the use of stormwater over use in 2007 by at least 500,000 afy by 2020 and by at least one million afy by 2030.
 - c. Increase the amount of water conserved in urban and industrial uses by comparison to 2007 by at least 20 percent by 2020.
 - d. Included in these goals is the substitution of as much recycled water for potable water as possible by 2030.
5. In 1972 the federal Clean Water Act, Section 101 (a)(1) established a national goal to eliminate the discharge of pollutants into navigable waters. Minimizing wastewater generation through conservation, and minimizing discharge of wastewater to surface waters through reclamation and reuse, are consistent with this national goal.
6. The Regional Water Board has adopted the Water Quality Control Plan for the Sacramento River and the San Joaquin River Basins (Sacramento/San Joaquin Basin Plan) and the Water Quality Control Plan for the Tulare Lake Basin (Tulare Lake Basin Plan).
7. The Sacramento/San Joaquin Basin Plan includes a wastewater reuse policy that encourages the reclamation and reuse of wastewater where practicable and requires as part of a Report of Waste Discharge an evaluation of reuse and land disposal options as alternative disposal methods. The Tulare Lake Basin Plan requires as part of a Report of Waste Discharge an evaluation of reuse and land disposal options as alternative disposal methods, and requires studies for new or expanded wastewater facilities that include plans for wastewater reclamation. Where these studies show that year-round or continuous reuse of all of the wastewater is not practicable, consideration must be given to partial reuse of the flow and seasonal reuse.
8. The Sacramento/San Joaquin Basin Plan prohibits the direct discharge of municipal and industrial wastes to specified water bodies, and discourages discharges of wastes into sloughs and streams with intermittent flow or dilution capacity.
9. The Tulare Lake Basin Plan specifies that municipal and domestic wastewater dischargers will be required to reclaim and reuse wastewater whenever

reclamation is feasible and includes a policy that discharges to surface waters will not be considered a permanent solution when the potential exists for wastewater reclamation.

10. Reducing discharges of wastewater into seasonal or ephemeral streams reduces habitat changes to the waterbodies that occur when wastewater is discharged into stream channels at locations, volumes or times when flow is not naturally present in the streams.
11. The Tulare Lake Basin Plan finds that reclaimed water provides a substitute source of water and provides nutrients that nourish crops. The Tulare Lake Basin Plan includes a policy that wastewater reclamation shall be maximized by controlling or limiting salt pickup and evaporation during use, treatment, or disposal.
12. The Tulare Lake Basin Plan finds that the proliferation of small treatment plants serving individual communities in developed areas is undesirable and most small communities do not have adequate resources to properly manage, treat and dispose of wastewater in an urban environment. The Tulare Lake Basin Plan includes the following policies:
 - Adjoining small communities should combine resources to construct and operate a joint or regional wastewater treatment plant.
 - Consolidation should be cost-effective, and consider benefits to the ecology, treatment efficiencies, and effective current and future reuse opportunities of the waters.
 - Unsewered areas and new developments adjacent to or within existing wastewater collection system service areas should be connected to the system. Developments not within a service area but within the projected sphere of influence of a regional collection system should be developed in a manner that provides for future connection to the system when it becomes available.
 - Each municipal collection and treatment facility should act as a regional facility and provide sewerage services within its sphere of influence. The municipality must be equitably compensated for these services.
13. State and federal antidegradation policies require Dischargers to demonstrate that degradation from new or expanded discharges are necessary, and to implement best practicable treatment or control of the discharge necessary to maintain the highest water quality consistent with maximum benefit to the people of the State. Regionalization, reclamation, recycling and conservation may enhance the implementation of these policies.

14. Evaluating regionalization, reclamation, recycling and/or conservation opportunities requires a balancing of these and many other considerations, including impacts to water quality, costs, authority to implement and other factors necessary to determine if regionalization, reclamation, recycling and/or conservation are feasible and practicable for the specific facility(ies).
15. The costs of constructing, expanding, upgrading and maintaining wastewater collection and treatment systems are large, and can be a severe impact on small communities and small economically disadvantaged communities. Increased rates on most communities, but especially for the small communities in particular, result in the likelihood of a successful Proposition 218 challenge to rate increases, which may make compliance with regulations and improvements in water quality difficult or impossible for some communities. While the capital investment for regionalization of wastewater collection and treatment systems may result in a higher initial cost than upgrading an existing facility to meet current day regulatory requirements, costs associated with meeting future regulatory requirements and system upgrades can be spread over a larger population and will ultimately reduce the per capita costs of wastewater treatment and disposal. Regionalization will also increase the technical and economical feasibility of a higher level of wastewater treatment, allowing the treated water to be a "resource" and not merely a "waste."
16. Regionalization of wastewater systems can consist of a broad range of alternatives from agreements for mutual aid between nearby wastewater authorities, to centralized operation and administration of separate wastewater systems, to combining smaller wastewater systems into a single larger system.
17. Focused, long-range planning is necessary to identify and implement regionalization, reclamation, recycling and/or conservation opportunities. This is a continuing process in that certain projects may not be technically or fiscally feasible at this time, but may become feasible as the community grows, treatment systems are upgraded, or other factors change with time.

THEREFORE BE IT RESOLVED THAT:

1. Consistent with the policies described above, any new or existing discharger that owns or operates a wastewater treatment plant shall provide upon request in their Reports of Waste Discharge (ROWD), a report regarding:
 - a) Efforts that have been taken to promote new or expanded wastewater recycling and reclamation opportunities and programs;
 - b) Water conservation measures; and
 - c) Regional wastewater management opportunities and solutions (e.g. regionalization).

The reports should include all current efforts and actions involving regionalization, reclamation, recycling and conservation. The status of current

opportunities and activities, the potential for new opportunities and activities, and impediments to new or expanded efforts should be addressed.

2. As required by the Basin Plans, all dischargers requesting a National Pollutant Discharge Elimination System (NPDES) permit for discharges to surface waters, the ROWD must also include an evaluation of wastewater reclamation and land disposal as alternative disposal methods.
3. Regional Water Board staff will facilitate dischargers' opportunities for wastewater regionalization, recycling, reclamation, and conservation. Regional Water Board staff facilitation may include, but is not limited to, attending local government and stakeholder meetings, participating in public outreach efforts, and supporting the use of grant funding. Staff facilitation should promote initiation, optimization, and/or promotion of all types of water efficiency programs.
4. In evaluating the feasibility of regionalization, reclamation, recycling and conservation projects, the interrelationship of regionalization, reclamation, recycling, and conservation should be considered.
5. The Regional Water Board will consider innovative permitting options when existing NPDES permit requirements, waste discharge requirements, and/or enforcement Orders inhibit a discharger's ability to implement regionalization, recycling, reclamation, or conservation programs. All newly proposed permitting options must comply with the Clean Water Act and the Porter-Cologne Water Quality Control Act; and be protective of water quality.
6. In a future basin planning action, Regional Water Board staff is directed to develop and propose amendments to the Basin Plans that consider requirements regarding regionalization, recycling, reclamation, and conservation.

I, PAMELA C. CREEDON, Executive Officer, do hereby certify the foregoing is a full, true, and correct copy of a Resolution adopted by the California Regional Water Quality Control Board, Central Valley Region, on 23 April 2009.

PAMELA C. CREEDON, Executive Officer

EXHIBIT I

Minutes of Meeting With Regional Board Staff

July 8, 2011 1:00 PM to 4:00 PM
Regional Water Quality Control Board Offices
11020 Sun Center Drive Suite 200, Rancho Cordova, CA

Attendees:

Jim Maughan, Assistant Deputy Director,
Division of Financial Assistance State Water Resources Control Board
Jennifer Toney, Water Resources Control Engineer,
Division of Financial Assistance State Water Resources Control Board

Pamela Creedon, Executive Officer, Central Valley Regional Water Quality Control Board
Ken Landau, Assistant Executive Officer, Central Valley Regional Water Quality Control Board
Josh Palmer, Water Resource Control Engineer, Central Valley Regional Water Quality Control Board

Bridget Powers, Council Member, City of Auburn
Bernie Schroeder, Public Works Director, City of Auburn

Bruce Burnworth, City Engineer, City of Lincoln
Gabriel Hydrick, Council Member, City of Lincoln
Spencer Short, Council Member, City of Lincoln

Will Dickinson, Deputy Director- Environmental Engineering & Utilities, County of Placer
Jim Durfee, Director of Facility Services, County of Placer
Tom Miller, Chief Executive Officer, County of Placer
Jennifer Pereira, Board Aide, County of Placer
Robert Weygandt, Board Member, County of Placer
Bill Zimmerman, Environmental Engineering Program Manager, County of Placer

Gabe Aronow, Stantec

Webb Owen, Psomas

Orin Bennett, Executive Director, Placer Nevada Wastewater Authority
Kati Ward, Board Secretary, Placer Nevada Wastewater Authority

Questions about Design approach (capacity, emergency conditions, permit requirements, etc.)

Question 1.

Is design to 100 year storm event required for all components of a wastewater system including collection system, lift stations, conveyance and treatment plant? How long does an agency have to bring its system into compliance with this requirement? Is the focus on enlarging the system to accommodate I&I or to reduce I&I? What is an acceptable level of I&I for a collection system? Is there a minimum peaking factor on average dry weather flow that should be used for design of new facilities?

Answer

Design to 100 year storm wastewater flow event is not required for collection systems, although agencies are encouraged to accommodate 100 year storms. Facilities such as pump stations and basins should be protected from damage in 100 year flood events. The focus on enlarging the system should be to reduce I&I but they recognize the cost to reduce I&I in older systems may mean that systems will need to be designed to accommodate the I&I. There are no RWQCB criteria for I&I or

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peaking factors because the water code prohibits the RWQCB from dictating the methods of design or compliance. Regulations are likely to increase in future years.

Question 2

Will the RWQCB review and approve an expansion plan that allows for incremental enlargement of facilities that provides capacity for the flows as they increase over time?

Answer

The RWQCB will approve this type of expansion plan. This is a very common plan.

Question 3

The regional project pump stations, like most pump stations, are not required to include emergency overflow capacity. Reliability is achieved with redundant equipment and standby power. However, as part of a contingency plan (not part of the permitted facility), if an emergency overflow basin is provided, what size is appropriate for a sewage pump station in terms of hours of storage? Hours during ADWF, AWWF or peak flow rates? Should all pump stations in a collection system have a certain amount of emergency overflow capacity?

Answer

Many facilities do not have an emergency overflow basin. While it is not mandated to provide, it is a good idea as they can reduce fines (recently used by Sacramento Regional). Emergency storage basins must be protected from the 100 year flood – they can be in the flood plain, but would not want to be located such that they can be inundated or they lose their usefulness. The storage basin must be lined if it will be used routinely. If the storage basin is for emergency purposes only it is not necessary for it to be lined, but should be cleaned out after each use to avoid being a nuisance. Diversion to an emergency basin is not considered a sewer overflow. Storage basins can save money by allowing pumping rates to be reduced. The sizing of basins depends on the size of the pipes.

Question 4

Does the RWQCB have collection system, pump station and force main design factors of safety that they recommend or require?

Answer

The RWQCB does not have design standards.

Question 5

Is 10 to 12 fps an acceptable peak velocity in a gravity force main if all engineering considerations are addressed, including energy, thrust, surges and scour? This is part of the regional proposal and takes advantage of nearly 700 feet of elevation fall and statistically this high velocities only occurs a few times in a peak design year, once every 10+/- years, and won't start to occur at this rate or at this frequency until near build-out conditions 30 to 50 years in the future.

Answer

The RWQCB does not have design standards for elevation fall or velocities. High velocity is not an issue if the effects are fully evaluated and are incorporated in the design of the system (e.g. scour and thrust).

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Question 6

Would construction of two parallel pipelines (at the same time) be more cost effective in the long run compared to a single pipeline (considering capital and operational costs as well as risks)?

Answer

Low flows can increase costs due to sediment build up and corrosion. There are no requirements of parallel pipes. Parallel pipes are not a common design for wastewater applications but have been used for water recycling. RWQCB staff is not familiar enough with dischargers' collection systems to know how many parallel force main projects are in existence. They thought is a fine idea but would probably be expensive.

Question 7

With a pump station (including redundant pumps, back-up power and an oversized wet well) and pipeline designed to convey peak hour flows even during peak I&I events and a power outage, is an unlined emergency overflow basin an acceptable means of providing an extra level of contingency in the unlikely event of a leak in the downstream force main? The storage would be considered part of a contingency plan; not necessarily part of the permitted facility. Alternatively, should this type of an emergency basin be permitted as part of the conveyance system? If so, what are the requirements associated with the unlikely use of such an emergency basin? Reporting? Clean up?

Answer

Lining emergency storage basins is not required if they will be used for short periods of time. There are requirements for redundancy and emergency power solutions.

Question 8

Groundwater quality monitoring? Outside 100-year floodplain area? Freeboard? Overflow structure? Will discharge into this type of basin be considered a release?

Answer

Requirements for groundwater monitoring and design depend on the circumstances. Groundwater monitoring is not normally required for an emergency basin. An overflow structure from an emergency basin is a good idea to reduce the possibility of a catastrophic failure in an overflow event.

Question 9

Does the Regional Board have any concerns about either Psomas' or Stantec's ability to design wastewater facilities to meet regulatory, as well as safe and cost-effective, operational, requirements?

Answer

The RWQCB did not have any recommendation or state any concerns regarding Psomas or Stantec. If a contractor is operating the plant, the RWQCB would like to review any change in the operator. An agency is still accountable (e.g. assessment of fines or penalties) as the named permit holder when contract operations are used for wastewater treatment plant operation.

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Question 10

The existing Auburn WWTP has basin storage capacity. The regional project proposes to use this existing storage for equalization to reduce the size of the pump station and force main. Does the Regional Board have concerns with this approach?

Answer

Using the existing basins for peak flow trimming is a good approach to reducing pump station and pipe sizes. Stored wastewater would need to be kept from becoming a nuisance. Equalizing flow utilizing existing storage basins is common. The final discharge location is regulated by the RWQCB.

Questions about Materials Proposed

Question 11

The regional project is proposing three alternative pipe materials: coated and lined steel, coated DIP and solid wall fusion welded HDPE. Does the Regional Board have technical input on the use of these pipe materials? Are any of these three not acceptable? What criteria should be considered when determining applicability?

Answer

While PVC is the most common material used for force mains, there are no restrictions regarding the type of materials used. The RWQCB does not have any recommendations for pipeline materials. The RWQCB staff will look into the reasoning behind previous fines issued to the County of Placer for using PVC, although County staff indicated that there were other legitimate issues that may have been the focus of the fine.

Questions about Potential for Environmental Problems and Cost Overruns

Question 12

Comparing construction of a new WWTP on an existing and operational WWTP site to construction of a standard new pump station, pipeline down existing streets and expansion of an established treatment plant modularly designed to accommodate expansion, which is most likely to experience cost over-runs and/or delays during construction?

Answer

RWQCB staff stated that the status of design does not determine the likelihood for cost overruns but the error bars for the SMD 1 upgrade should be less since it is farther along in design. Historically, working in streets can be problematic, while working in urban areas closer to the sources of materials typically results in fewer delays. The economy of scale plays a large factor in the costs incurred. The cost for upgrading three separate plants would be significantly more costly than upgrading one Regional facility. Cost overruns and delays from retrofit projects are more likely than for new construction.

Question 13

The SMD1 treatment plant is fully designed and the environmental review is complete and scheduled for consideration/approval. The Regional Project is in preliminary design and environmental review has not begun. What are the relative risks at these stages of project development?

Answer

The environmental review for the Regional Project will need to address temperature due to an increased discharge from Lincoln as well as the pipeline construction impacts. Removal of effluent from creeks will need to be weighed against the need for water in the creeks.

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Question 14

Has the Regional Board seen changing wastewater discharge water rights issues hold up environmental review, construction or completion of a regional wastewater facility? How likely are delays to the regional project due to reclaimed water discharge related rights?

Answer

In general water rights have not been an issue unless promises have been made previously to use water for other purposes. The City of Jackson is currently removing its discharge from the creek and no water rights issues are anticipated. Supervisor Weygandt requested that make-up water costs be included in all the comparisons between the compliance projects for the County.

Question 15

Which Federal and State agencies does the RWQCB anticipate will be involved in review of this issue? What are the potential environmental issues that may be of concern?

Answer

Potential environmental concerns include water temp and quality and will need to be reviewed by Fish & Game, National Marine Fisheries, and Fish & Wildlife. The need to maintain flows in the creek without effluent discharges is the most critical issue. Constant flow can hurt some types of plant life.

Questions about Policy Related Issues (SMD1, Auburn [future] and Regional projects)

Question 16

What Regional Board permit differences will Auburn, SMD1 and Lincoln see with combining flows into one regional treatment plant?

Answer

None. The permit requirements are the same for all permittees.

Question 17

Industrial pretreatment program for a WWTP with a total flow greater than 5.0 mgd?

Answer

When 5.0 mgd is reached any plant needs to have an industrial pretreatment plan. All agencies should have some level of pretreatment plan.

Question 18

Will the addition of industrial flows from Auburn (currently treated at the County SMD1 WWTP) result in additional Monitoring Reporting Program requirements at the Lincoln WWTP?

Answer

Increased flows may increase the frequency of monitoring. Blending with larger flows may make treatment easier.

Question 19

Will combining flows from Auburn, SMD1 and Lincoln result in the need for any new Reasonable Potential Analysis at the Lincoln WWTP?

Answer

This issue will need to be looked at if there is the potential for the blended wastewater to change the characteristics of the discharge.

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Question 20

What is the fine structure that applies to collection pipe breaks, pump station overflows and force main breaks? Is it different for a regional facility?

Answer

Same for both as fines are based on the size of the violation and the discharger's design, operation, and response.

Question 21

Is a contained overflow to an emergency storage basin as part of a contingency plan considered a spill?

Answer

No.

Question 22

What future constituents and discharge standards can be reasonably anticipated for the Lincoln, Auburn and SMD1 WWTPs, and in what years?

Answer

Future standards are unknown. Pharmaceuticals and personal care products are likely to be regulated soon. It would be wise to anticipate more stringent regulations in the future. It is easier to address new requirements at a larger facility with a larger set of customers to share the costs than at a smaller facility. Possible future items that may become regulated with respect to wastewater include: pharmaceuticals, personal care products, cold water fisheries, drinking water uses, recreational uses, pathogens, giardia, cryptosporidium, nitrogen compounds, chrome-6, phosphorus, and others. Permits are reviewed and revised every 5 years. The RWQCB can generally only give a discharger 5 years to comply with new standards.

Question 23

What progress is being made on how to remove harmful Pharmaceuticals from effluent?

Answer

There are new studies and techniques from Germany that are not currently being used in the US that will likely provide some methods of removing pharmaceuticals from effluent in addition to what can be achieved through existing technologies. Implementing new processes to remove pharmaceuticals and other emerging constituents of concern will likely be costly.

Question 24

Are WWTPs that discharge into sensitive mountain streams feeding into steelhead and salmon spawning areas likely to have more stringent discharge requirements than a WWTP that discharges only part of its water into a section of creek downstream of the spawning areas?

Answer

Yes.

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Question 25

Can the Regional Board provide assurance that it will promptly review and respond to requests to adjust interim permit milestones to accommodate regionalization if the County commits to regionalization? (For example, bid and start of construction milestone dates)

Answer

All requests will be promptly reviewed, but a schedule cannot be guaranteed as all requests must be approved by the Regional Board. The Board would move quickly to revise the existing County permit should the County of Placer select to move forward with the regional project.

Question 26

If the County commits to regionalization of SMD1, and during the design process all parties agree that regionalization is infeasible, is the Regional Board willing to modify the SMD1 permit compliance date to provide additional compliance time equal in duration to the time between the commitment and the assessment that regionalization is infeasible?

Answer

The RWQCB is willing to revise the time schedule when it can, but would need a letter of commitment from the County Board of Supervisors in order to make the change. If the time schedule cannot be changed via the permit process in time for a specific action, the Regional Board staff can indicate in writing that failing to adhere to a non-water quality permit item, such as milestone dates, will not be subject to enforcement or penalty within a certain timeframe, thereby providing some flexibility to consider the regional project. Extensions of time schedules cannot always provide protection from fines.

Question 27

Will the Regional Board allow use of 50% of the MMPs assessed against SMD1 to be used towards the incremental additional cost of regionalization of Plant 1 based on the Regional Board's finding that regionalization is an upgrade above and beyond compliance?

Answer

The Regional Board has approved an arrangement like this in the past. Staff would support this request but it would require Regional Board action to be allowed.

Question 28

The regional project includes beneficial use of reclaimed water on farm land to avoid conflicts with discharge temperatures in the spring and fall and to avoid the costs of an additional creek outfall at another location or addition of effluent cooling facilities. Is the Regional Board willing to clarify the temperature requirements included in the Lincoln permit to avoid the need for investment in cooling equipment, additional storage or additional land disposal facilities? This could be done by allowing discharges year round as long as we don't raise the receiving water temperatures more than 5 degrees.

Answer

Site specific studies can be completed; temperatures cannot increase by more than 5 degrees on an annual basis without a basin plan amendment which is a lengthy process. Site specific studies can take into account the time of year and other factors. These studies could result in more stringent requirements. The RWQCB is fully in favor of water reclamation.

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Question 29

During emergency events such as the recent canal outage it may be desirable to maintain the Auburn WWTP discharge permit so that discharges in compliance with the permit can be made during water flow emergencies. Does the Regional Board anticipate problems with this approach?

Answer

No. The City of Lincoln NPDES permit would have to be amended to allow for this or the City of Auburn permit would have to remain in effect.

Question 30

What would be the process to decommission the existing SMD1 discharge permit to allow for regionalization based on ceasing the SMD1 discharge in November 2013?

Answer

The transitional modification process would be for the project to go before the Board when the decommissioning is complete and the permit would be rescinded. The Lincoln permit (currently permitted for 8 mgd, designed for 4.2 mgd and treating 2.7 mgd) would cover the regional facilities and will be updated in 2012.

Question 31

Is the Regional Board staff willing to actively support the regional project; especially to support timely and positive review by State agencies related to State permit approvals and financing (such as SRF, wastewater discharge rights, F&G, etc.)?

Answer

Yes, both the Regional Board and the State Board are actively in support of the Regional Project.

Question 32

What types of issues/problems has the Regional Board seen in regional facility governance?

Answer

The loss of control is a concern that is not unique (e.g. Davis and Woodland), but growth and land use have also presented issues. Typically the larger the facility, the more likely they were to secure government funds.

Question 33

What are some good examples of similar regional facility JPAs (three agencies with one agency owning/building/operating the facilities)?

Answer

Amador County and Sacramento County Regional Projects both worked well once they were fully established. Modesto area is setting up a JPA arrangement. Chico is working on a JPA arrangement. Many agencies in Southern California and the Bay Area have JPAs to treat wastewater.

EXHIBIT I

Minutes of Meeting With Regional Board Staff

July 8, 2011 1:00 PM to 4:00 PM

Regional Water Quality Control Board Offices
11020 Sun Center Drive Suite 200, Rancho Cordova, CA

Questions about Financing related issues (SMD1, Auburn [future] and Regional projects)

Question 34

Is there a difference between obtaining SRF financing for a single agency WWTP and a multi-agency conveyance system and treatment plant? Are there more problems with either? Is one more likely to obtain financing than the other?

Answer

Yes, there are differences, but one is no more difficult than the other to obtain financing. The requirements are the same for single agency or multi-agency financing. The rules for obtaining financing are the same but with a JPA, the State will need to review the finances of each JPA member agency in making its determination.

Question 35

Are there special requirements for a single agency or multi-agency financing that do not apply to the other?

Answer

Answered with 34 (see above).

Question 35

The County is currently actively working with SRF staff on an application for financing the SMD1 Project in order to meet permit deadlines. Are there any specific concerns or issues with that process or with the credit worthiness of the County's application?

Answer

The SMD 1 Upgrade has been submitted with the exception of the environmental clearance and permits. Credit worthiness has been approved for the SMD 1 Upgrade project. If the CEQA document is approved by the County BOS on Tuesday, the package will be complete.

Question 36

What proportion of revenues can be derived from user rates vs. future connection charges? Is paying back an SRF loan with 52% of revenues from future development (backed by dedicated reserves) acceptable? Is 28% of revenues from new development acceptable? Should connection fee revenues be based on average revenues over the last 10 years or last 3 to 5 years?

Answer

In concept, this is acceptable as long as SRF is assured that funds will be repaid.

Question 37

What are SRF rate coverage and reserve requirements? Can SRF waive or modify these requirements? Does SRF allow the use of rate covenants?

Answer

Reserve requirements vary by the financial status of the community. The coverage rate is generally between 1.1 and 1.2. The requirements will not be waived.

EXHIBIT I

Minutes of Meeting With Regional Board Staff

July 8, 2011 1:00 PM to 4:00 PM
Regional Water Quality Control Board Offices
11020 Sun Center Drive Suite 200, Rancho Cordova, CA

Question 38

Are there grant monies available? (Additional question asked during the meeting)

Answer

There are grant funds still available for disadvantaged communities. A disadvantaged community has family incomes that amount to less than 80% of the State's median household income. If areas of the community are considered disadvantaged, then those specific areas could be considered eligible. Eligibility information is gathered from census records or special studies. ARRA funds are no longer available. Grand funds are less likely to be available in the future.

Question 39

Has SRF allowed other projects to use very large reserves as a substitute for meeting rate coverage requirements?

Answer

Not answered.

Question 40

Does SRF have minimum design criteria requirements for I/I, equipment redundancy, specifications, etc?

Answer

If Average Daily Flow is greater than 120 Gallons per capita, then a sewer study is required to address I&I issues. The studies may conclude that costs prohibit the reduction of I&I and require that facilities be sized to carry all of the flows. The bond rate is ½ of the State's General Obligation Bond rate with a 20 year term. 30 year repayment terms are already available for disadvantaged communities. There are discussions about extending the 30 year repayment term to all projects. A 30 year repayment term for a wastewater treatment project has the potential to result in overlapping debt due to necessary future compliance upgrades during the 30 year repayment period. A 30 year repayment term for the Regional Project would be supported by staff.

EXHIBIT J

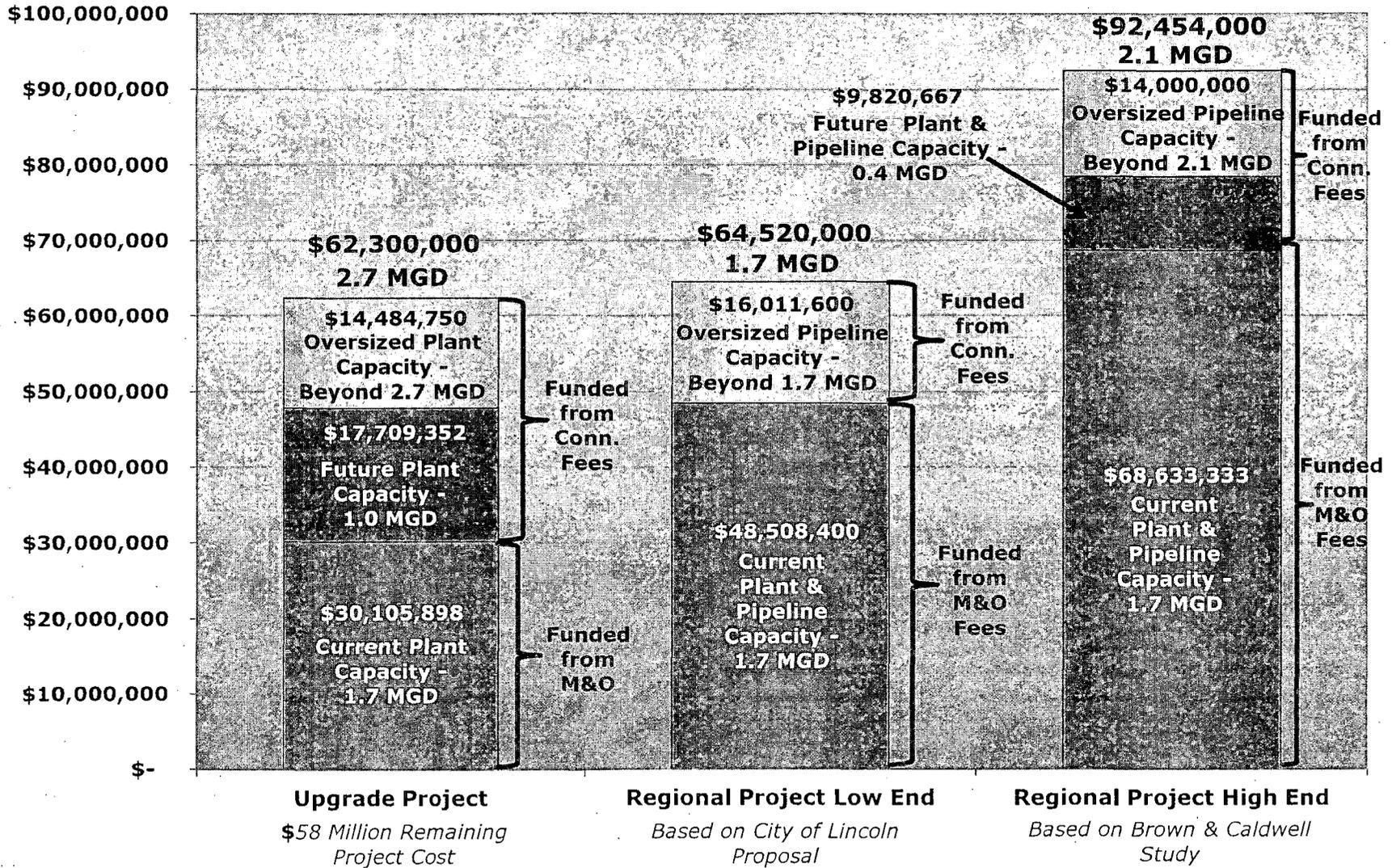
SMD 1 WWTP Upgrade and Expansion Project

Bid Summary

#	Primes	City, State	Bid Price
1	Overaa	Richmond, CA	\$ 48,310,000
2	WM Lyles	West Sacramento, CA	\$ 49,990,000
3	GSE Const	Livermore, CA	\$ 51,711,000
4	PCL	Tempe, AZ	\$ 51,715,164
5	Penick/Stanek Const J.V.	Golden, CO; Boise, ID, San Diego, CA	\$ 51,990,000
6	Sj Amoroso	Redwood City, CA	\$ 53,217,000
7	Shimmick Const	Oakland, CA	\$ 53,700,000
8	Flat Iron	American Fork, UT; Benicia, CA	\$ 53,948,270
9	Syblon Reid	Folsom, CA	\$ 54,297,000
10	Steve P Rados	Santa Ana, CA	\$ 56,285,000
11	Balfour Beatty	Fairfield, CA	\$ 56,690,000

EXHIBIT K: Project Construction Cost Comparison

The upgrade project and the County's share of low end Regional Project costs (with Auburn) are similar. However, each project option provides for a varying amount of treatment plant capacity.



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Capitol | PFG

Crafting Optimal Financial Solutions

EXHIBIT L

Financial Plan Summary and Rate Impact Estimates

The financing of the SMD #1 compliance options could take several forms. The most cost-effective financing option is through the State Revolving Fund (SRF) program. Additional options include traditional tax-exempt financing through the capital markets, public private partnerships, as well as internal borrowings from other County funding sources.

Although the SRF loan program provides the lowest cost of funds, it is limited in the flexibility of repayment which can be achieved in most of the other options. In general, the SRF financing should be used to the extent possible to finance either the SMD #1 Upgrade or Regional Project construction costs. In the event that additional flexibility is needed in order to achieve specific rate structuring goals, another financing model can be layered over a SRF loan to achieve the County's desired results.

Developing a Financial Plan

The financial plan for either compliance project option is based on the concept that the type of user that benefits from the improvement pays for their share of the project. In other words, existing users pay for the component of the project that they benefit from through monthly M&O Fees while future users pay for the component of the project that they benefit from through Connection Fees. This methodology equitably distributes the financial burden and maintains the integrity of each type of fee, thus meeting the requirements of Proposition 218 (1996) and Government Code section 66000 *et. seq.* (AB 1600 - The Mitigation Fee Act).

The construction costs can be financed and repaid over an estimated 20-30 year repayment period. The annual debt service will be repaid from a combination of M&O Fees and Connection Fees. In the event that these revenue sources fall short of the funds needed for annual debt service, SMD #1 reserve funds can be utilized, and replenished from future fee collections.

Although this methodology equitably distributes the financial burden, it also poses some fiscal uncertainty with regards to the timing of when revenues will be available as Connection Fee revenues are dependent on new development, which is uncertain. As such, additional measures must be considered to both maintain an adequate cash flow and meet creditworthiness standards. Such measures could include:

- 1) A coverage included in the estimated fees
- 2) Substantial reserve fund balance
- 3) Extended term financing with a planned shorter term amortization schedule

From a creditworthiness perspective, reserve funds can be utilized to provide a debt service reserve fund equal to one year's worth of debt service **and** annually be committed to enable the County to meet debt service coverage ratios required by the potential lender.

EXHIBIT L

SMD #1 Upgrade Project Financing

The County has applied for and qualified for financing for this upgrade project through the SRF loan program. This financing provides the County with State subsidized interest rates enabling the County to achieve the lowest cost of funds available. The interest rate on a SRF loan is equal to one half of the True Interest Cost the State received on its most recent General Obligation Bonds sale. In September 2011, the State issued General Obligation Bonds and received an estimated True Interest Cost of 4.31%. This would result in a borrowing rate to the County of 2.2%.

Typically, the SRF loan program carries with it a repayment term of 20 years. However, the SMD #1 area has qualified as an Economically Disadvantaged Community (DAC) for the purposes of the SRF loan, which enables the County to finance the upgrade project over a 30 year period.

When considering the term of a financing it is important to consider the useful life of the facility being financed. The upgrade project itself may reasonably have a useful life of 30 years, but due to the age of the facility itself and other improvements that may be needed in the future, a 20 year loan repayment period may be better suited for the project.

Based on a financial analysis of the M&O Fee and Connection Fee revenues coupled with available reserve funds, it is recommended that the County take advantage of a 30 year SRF loan but amortize the loan over 20 years. M&O Fees are a relatively secure revenue source as they are funded from existing ratepayers. Connection Fees are fairly unsecure as there is no certainty regarding the amount and timing of future development.

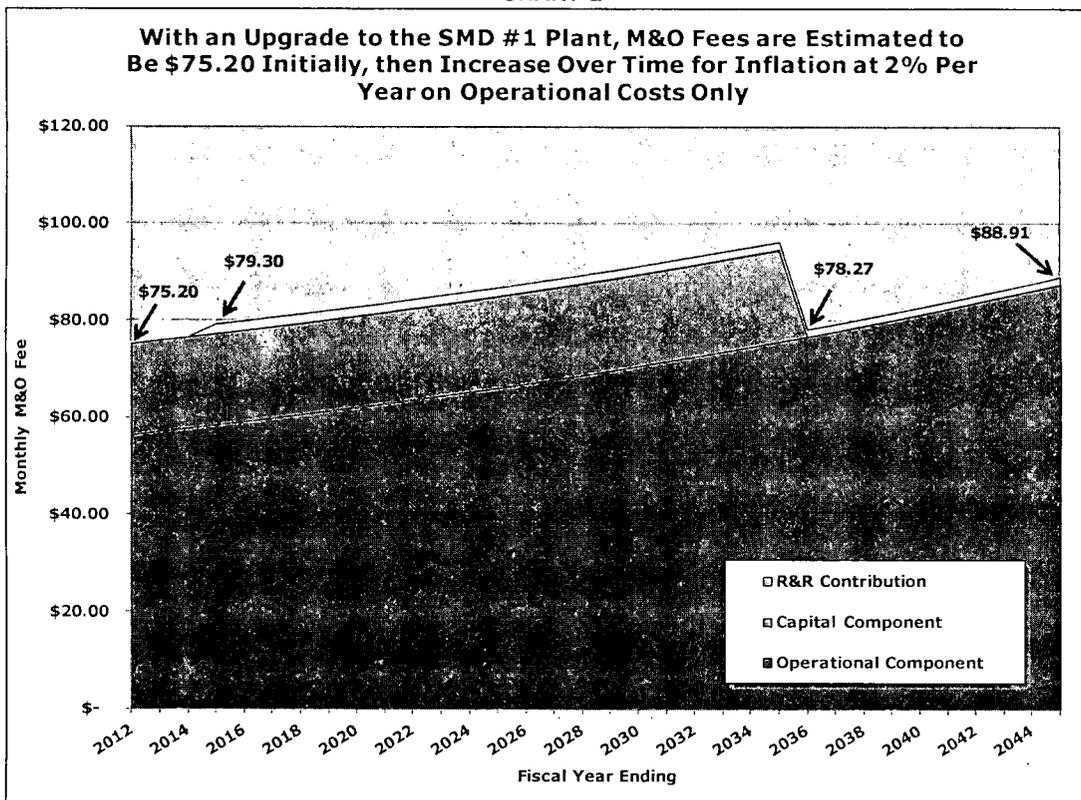
In order to adequately share costs of a 20 to 30 year financing between existing and future users, both funding sources should be applied to debt repayment. However, mitigation measures are required to cover the portion of debt costs that are dependent on connection fees. To that end, reserve funds can be used to cash flow the debt service requirements in the event that annual connection fee revenue is not sufficient. Future connection fees can ultimately be used to repay any reserve money utilized.

In addition to cash flow concerns, the SRF loan program requires the County to collect certain revenues equal to 110% of debt service requirements. With a 30 year loan term, the County is able to collect M&O Fees in an amount that almost meets this debt service coverage requirement, with a minimal reserve fund contribution needed. In the event connection fees are collected, such revenues can be used to pay additional debt service, thereby enabling the County to retire the debt in 20 years instead of 30, which reduces overall financing costs.

Based on the project costs and estimated reserves that can be contributed to project construction, annual debt service of \$2.45 million per year would be required. After completing a rate analysis based on the parameters described above, annual M&O fees would initially need to be approximately \$75.20 to cover existing user's share of debt service and ongoing operational costs. ***This rate estimate is for comparative purposes only.*** The actual rate will be set based on additional factors including the amount of time the rate will be fixed at a specific level (i.e., the rate can be set on one level for 5 years, but would need to be slightly higher to account for inflation over that 5 year period). ***Chart 1*** shows the estimated annual M&O fees if the County were to move forward with the Upgrade project.

EXHIBIT L

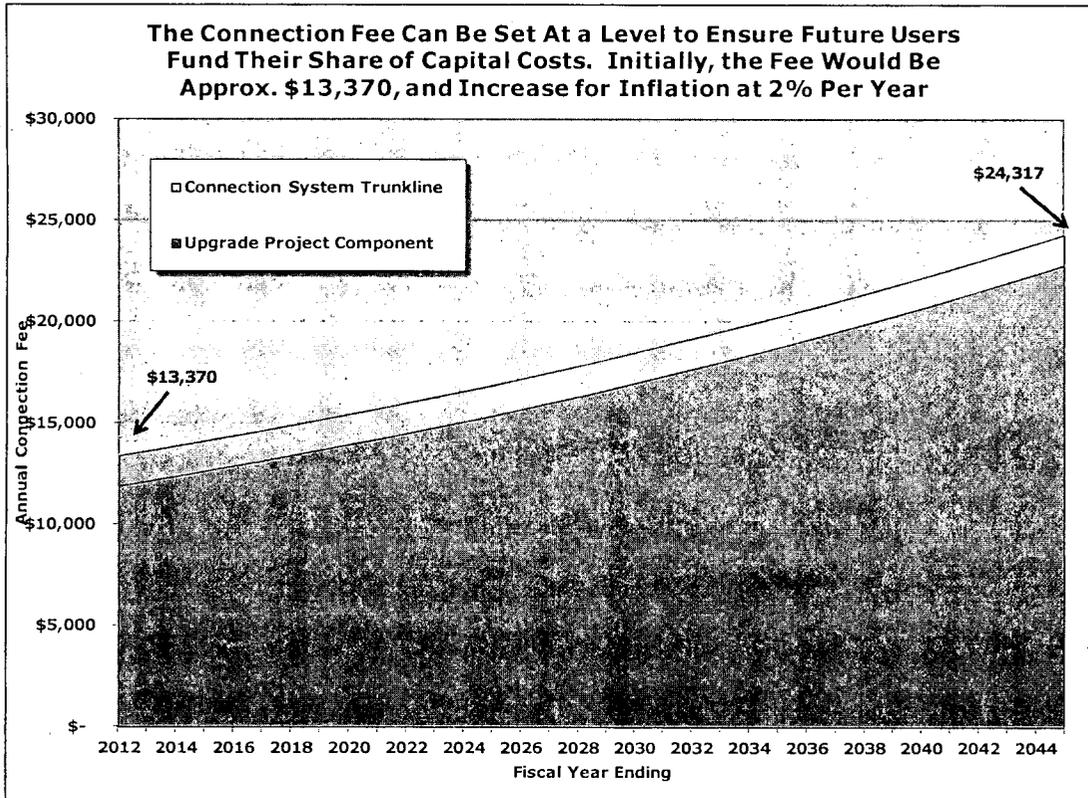
CHART 1



Also based on the parameters described above, the connection fee is estimated to be approximately \$13,370 to cover future user's share of construction costs as well as additional costs related to the connection system trunkline. **Chart 2** shows the estimated connection fee if the County were to move forward with the Upgrade project.

EXHIBIT L

CHART 2



Based on the rates shown above, annual M&O fee collections are estimated to generate approximately \$1.8 million per year specifically for capital costs, after deducting operational costs and a rehab and replacement fund contribution. The County will want to consider committing to the additional \$860,000 debt service payment to the extent connection fees are sufficient to fund it. This will enable the loan to be repaid in 20 years.

If the rates estimated above are reasonable to the County, then an alternative financing option does not need to be considered as such rates are sufficient to meet SRF debt repayment and coverage requirements.

In addition to equitably distributing the rates between current and future users, the County must also demonstrate an ability to repay a financing through a combination of M&O and connection fees. **Chart 3** shows that with the rates as provided above, there is sufficient revenue from M&O Fees to fund a majority of the required annual debt payments, with some interest earnings and connection fee revenue required. In the event these additional revenues are not sufficient to meet debt payment requirements, SMD #1 has a \$9.5 million fund balance that can be applied for cash flow purposes and repaid when connection fees do materialize.

EXHIBIT L

CHART 3

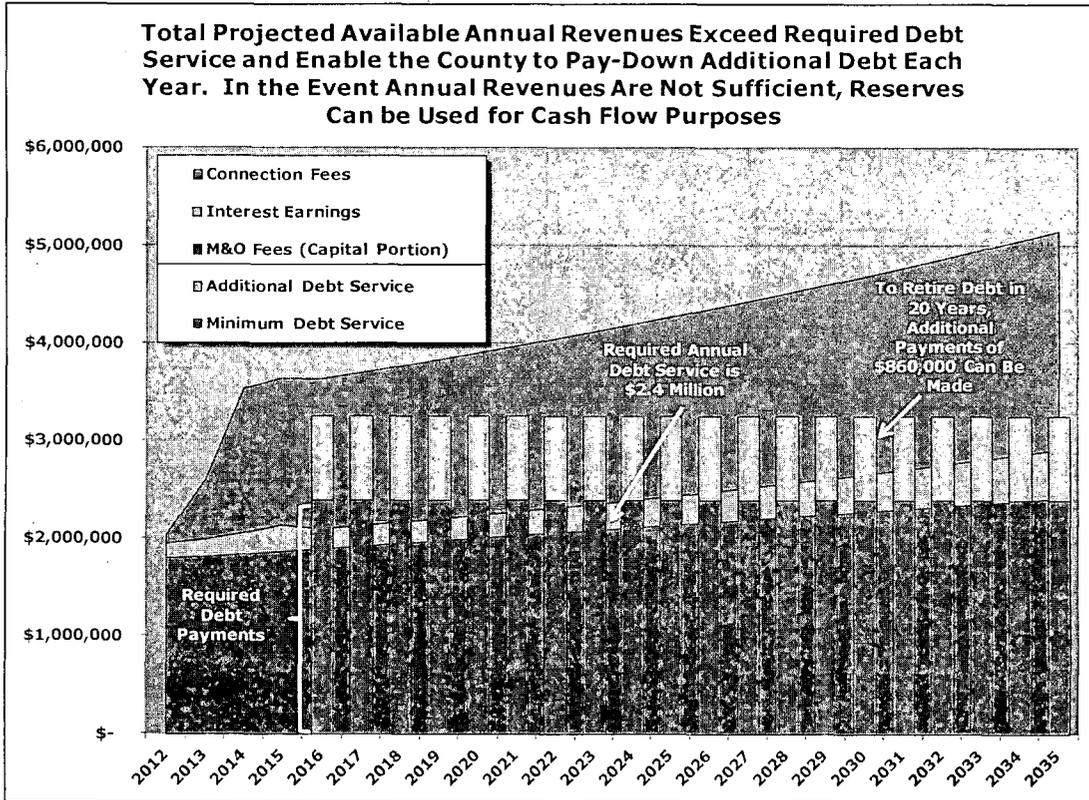


EXHIBIT L

Regional Project Financing

The Regional Project is not at the same place as the Upgrade project with regards to design and environmental review. As such, the actual cost to complete the project is unknown. However, a range of costs can be provided based on conceptual design work proposed by the City of Lincoln in February 2011 and a study conducted by Brown & Caldwell with cost estimates established by the Technical Advisory Committee. These alternative conceptual designs can provide a low end and high end cost estimate to help evaluate the financial implications of a Regional project.

Since there is not a concrete design in place for a Regional project, it is premature to apply for a SRF loan at this time. However, we can use their general credit and coverage requirements to estimate the rates resulting from both low end and high end project cost estimates. Additionally, other project details still need to be further developed including overall governance structure and ownership of facilities that will impact exactly how a financing is completed. It is important to note that a SRF loan is not the only option available. But, since it provides the lowest cost of funds available, such a financing has been used as the basis for this analysis.

At this time, for the Regional project, only a traditional 20 year SRF loan is confirmed to be available. However, the Regional Water Quality Control Board (RWQCB) has expressed a strong desire for the construction of a regional project and as such, SRF staff has indicated a willingness to explore the possibility of a 30 year financing for a regional project in order to lower the annual debt payment requirements and the resulting annual impact on ratepayers. This would also coincide with the useful life of the facilities being financed.

There is also uncertainty regarding whether the City of Auburn would participate in a Regional project. **The analysis summarized in this document assumes that Auburn would participate.** However, in the event they do not, it is expected that project costs both on the low and high end would be higher because it would eliminate any cost sharing that would occur in the pipeline construction.

A 20 year financing would result in annual debt service costs of approximately \$4.1 million - \$6.0 million and would result in M&O fees of approximately \$86-\$112 in 2012. By extending the term of the financing to 30 years, the annual debt service payment would be reduced to approximately \$3.0 million - \$4.5 million, which would result in an M&O fee of approximately \$77-\$99 in 2012. **These rate estimates are for comparative purposes only.** The actual rates will be set based on additional factors including the amount of time the rate will be fixed at a specific level (i.e., the rate can be set on one level for 5 years, but would need to be slightly higher to account for inflation over that 5 year period). **Chart 4** provides the estimated M&O fees based on the low end project cost estimate and **Chart 5** provides the estimated M&O fees based on the high end project cost estimate, with a 30 year loan repayment schedule.

EXHIBIT L

CHART 4

With a Regional Facility, Using Low End Cost Estimates, M&O Fees are Estimated to Be \$77,40 Initially, Then Increase Over Time for Inflation at 2% Per Year on Operational Costs Only

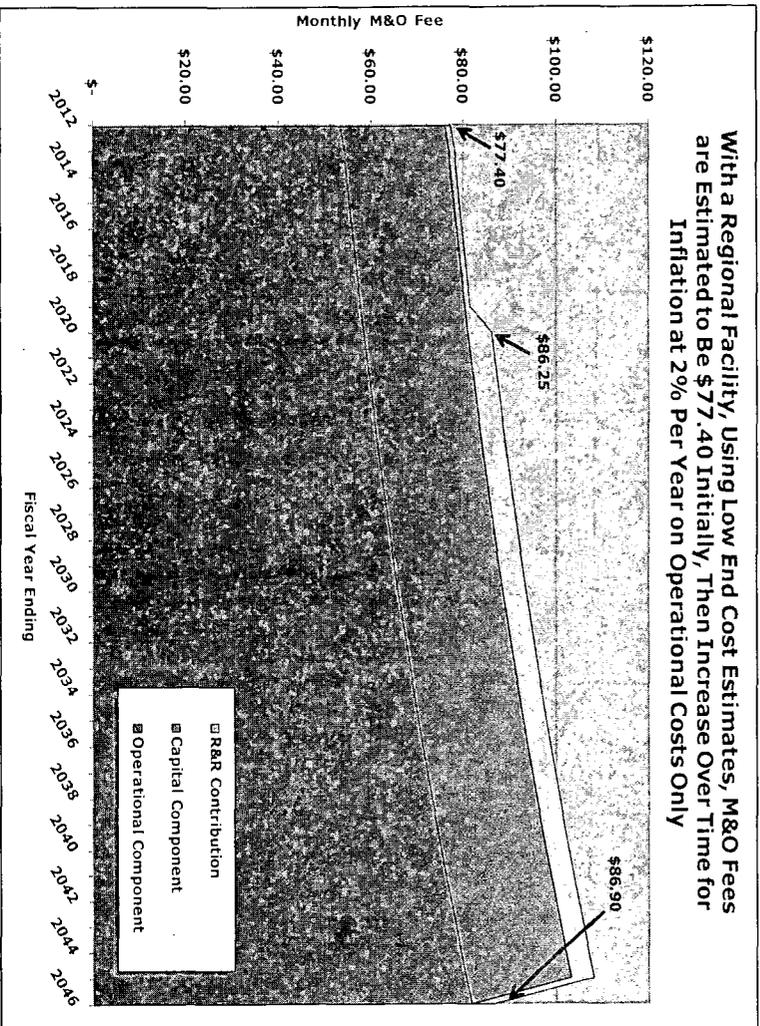


CHART 5

With a Regional Facility, Using High End Cost Estimates, M&O Fees are Estimated to Be \$99,11 Initially, then Increase Over Time for Inflation at 2% Per Year on Operational Costs Only

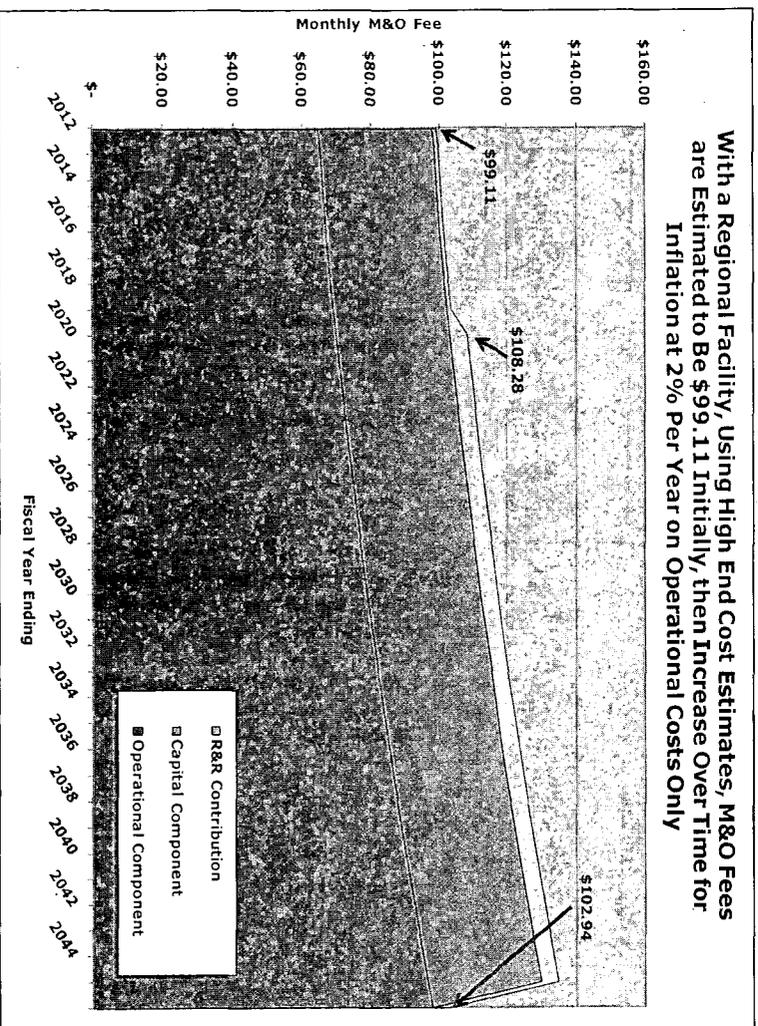


EXHIBIT L

The connection fee will also be impacted based on the term of the financing. With a 20 year financing, the connection fee would actually be lower than with a 30 year financing as the connection fee per "equivalent dwelling unit" is based on the overall project cost, including interest costs. With a shorter repayment period, the interest costs are lower, thus the overall project costs are lower. With a 20 year financing, the connection fee is estimated to be \$9,725-\$10,480. With a 30 year financing, the connection fee is estimated to be \$11,205-\$12,856. **Chart 6** provides the estimated Connection fees based on the low end project cost estimate and **Chart 7** provides the estimated Connection fees based on the high end project cost estimate, with a 30 year loan repayment period.

CHART 6

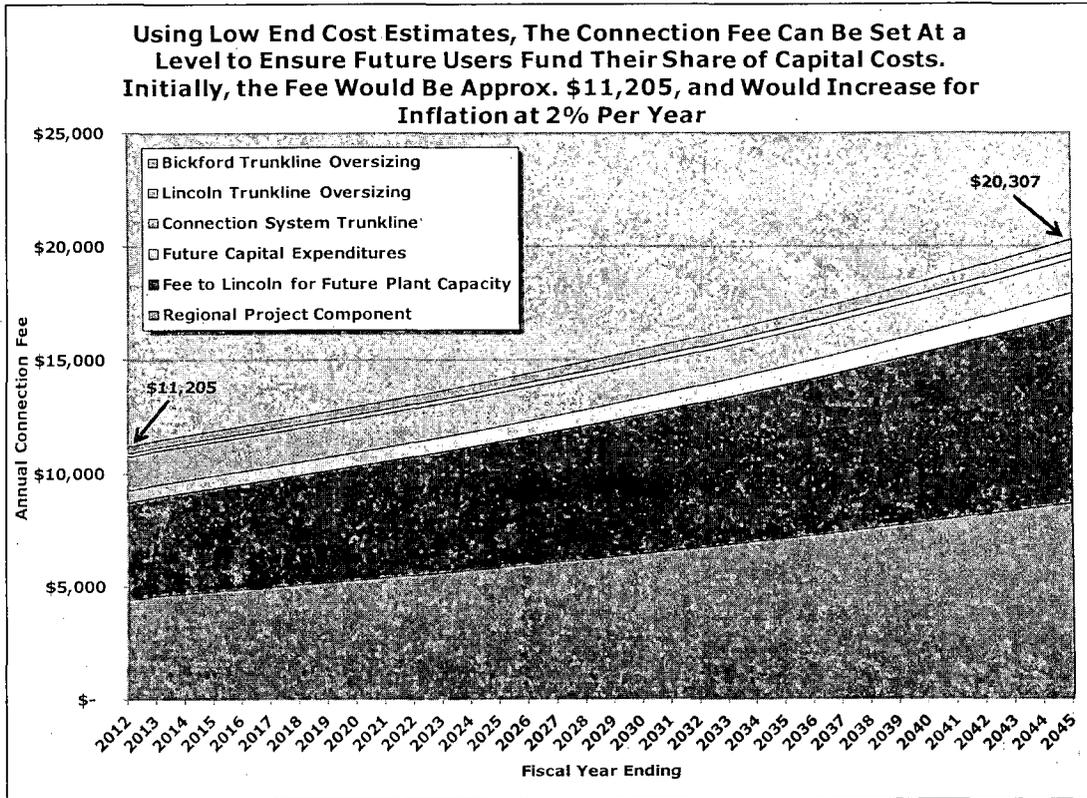
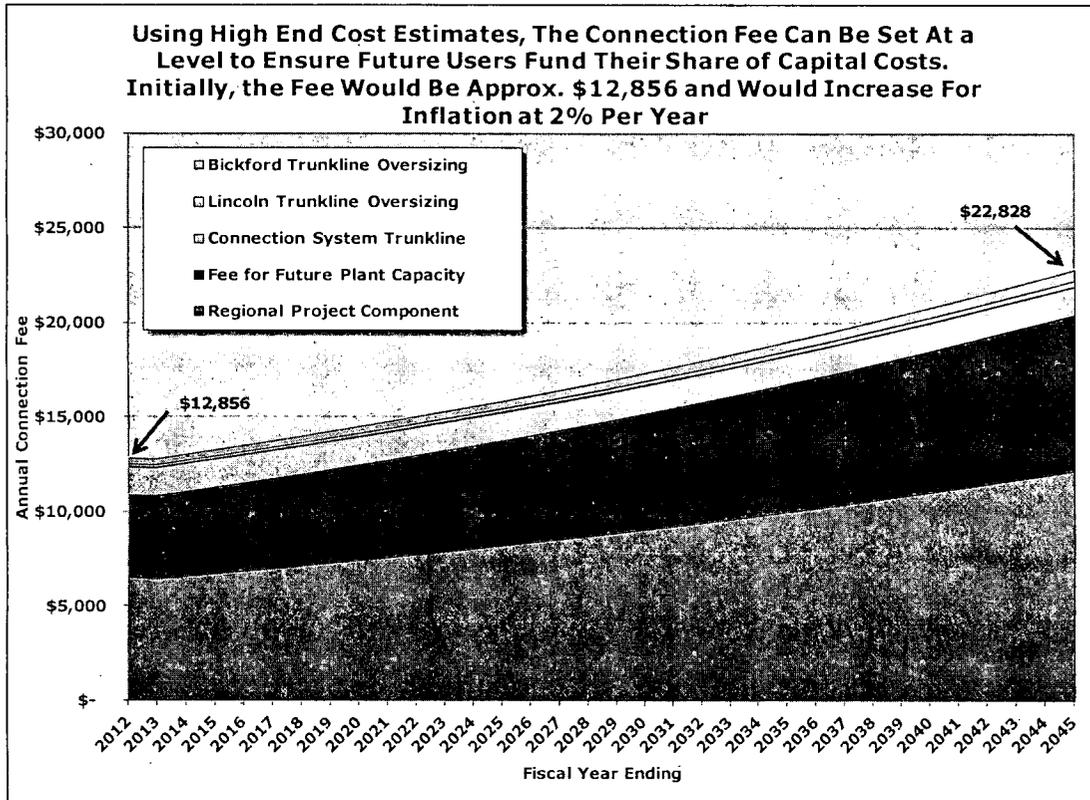


EXHIBIT L

CHART 7



In addition to equitably distributing the rates between current and future users, the County must also demonstrate an ability to repay a financing through a combination of M&O and connection fees. **Charts 8 and 9** show that with the rates as provided above, there is sufficient revenue from M&O Fees and projected Connection Fees to fund the annual debt payments in both the low end and high end project cost scenarios. In the event that connection fees do not materialize, SMD #1 has a \$9.5 million fund balance that can be applied for cash flow purposes.

EXHIBIT L

CHART 8

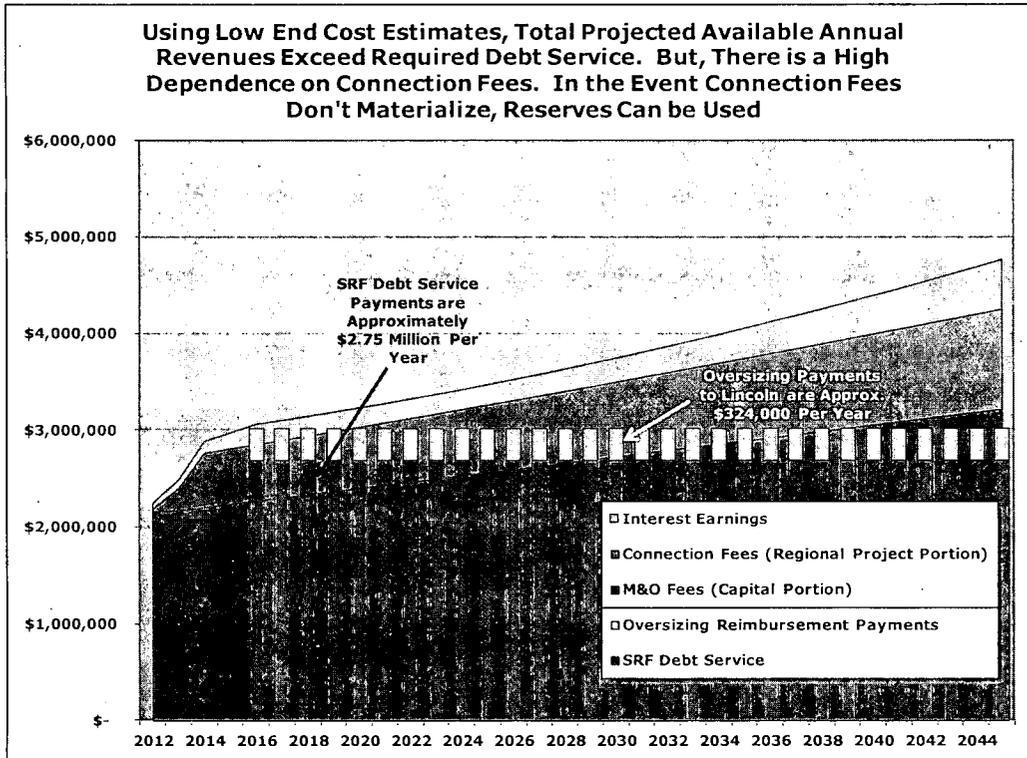


CHART 9

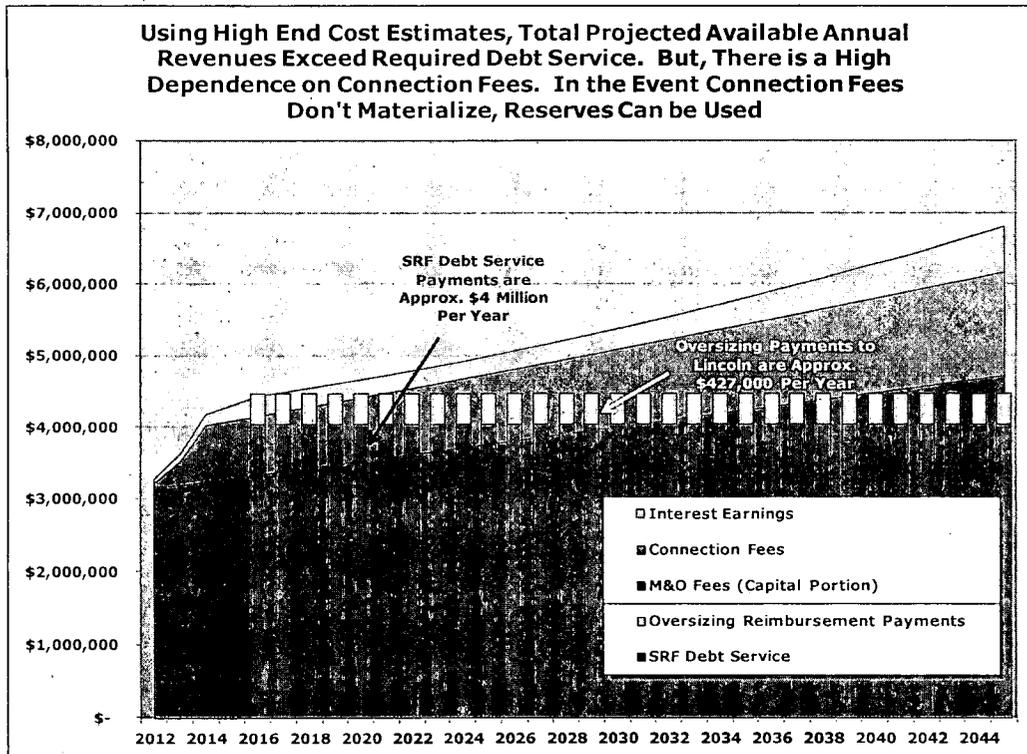


EXHIBIT L

Comparing the Low and High End Estimates

When comparing the differences between the M&O fees in the low end and high end regional scenarios, there is a difference in both the capital and operational component of the fee, as shown in **Chart 10**. With regards to the Connection fees, the main difference is related to the capital costs specific to the design of the regional project, as shown in **Chart 11**.

These differences will be addressed through further design development in the event that the County decides to move forward with a Regional project.

CHART 10

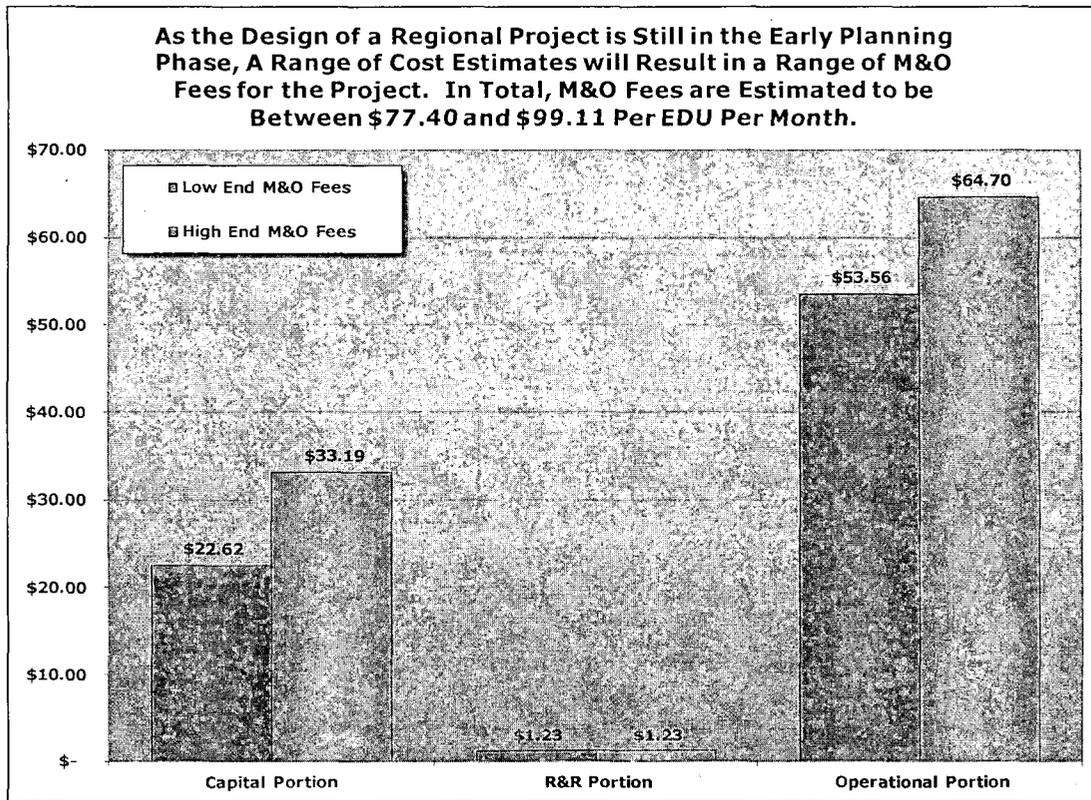
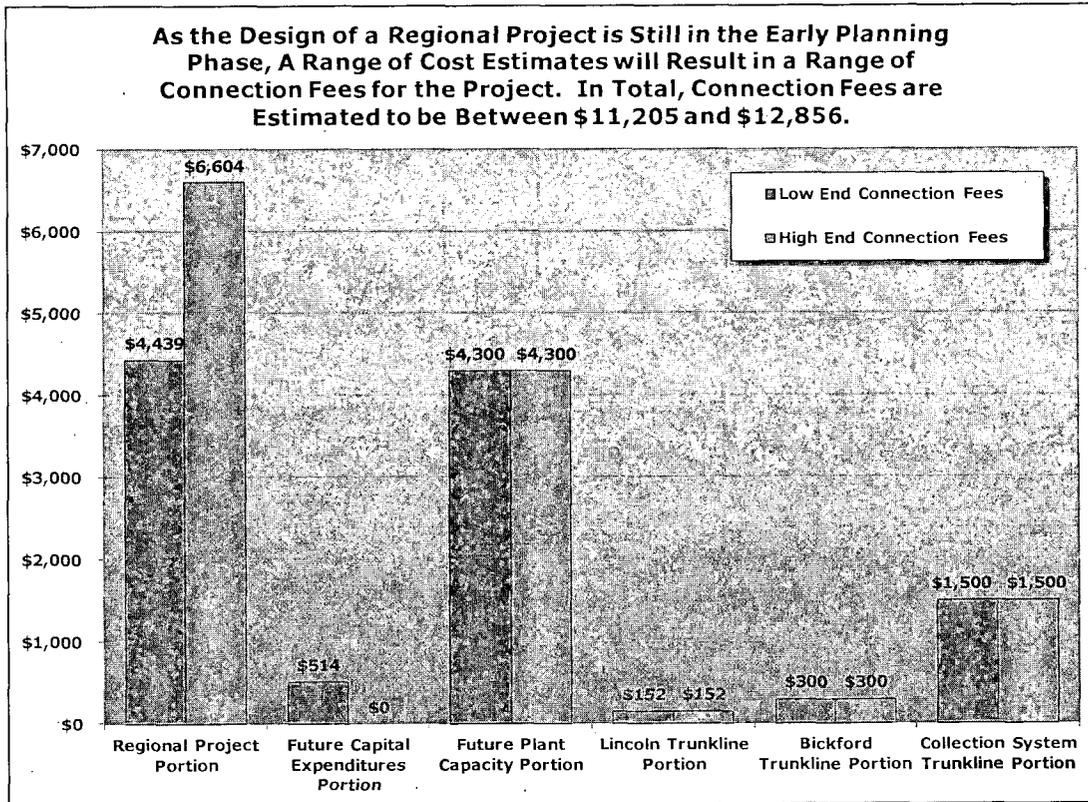


EXHIBIT L

CHART 11



Estimates Without Auburn Participation

In the event that the City of Auburn does not elect to participate in a Regional project, it will result in slightly higher costs to the County. **Table 1** shows the low end and high end estimated change to both the M&O and Connection fees in the event that Auburn does not participate in the regional project.

TABLE 1

Rates Without Auburn Participation				
	Low End Estimates		High End Estimates	
	M&O Fees	Connection Fees	M&O Fees	Connection Fees
With Auburn	\$77	\$11,205	\$99	\$12,856
Without Auburn	\$82	\$11,709	\$102	\$13,147

EXHIBIT L

Summary

A SRF loan is the most cost-effective financing available for either the upgrade or regional project. The upgrade project has been approved for SRF financing based on the financial plan described above. It is anticipated that a regional project would also be approved given the same parameters, however, more details need to be worked out including facility ownership and governance structure to ensure a complete financing.

With an upgrade project, rates can be set based on a 20 year amortization, but can take advantage of a 30 year required payback period, which will help reduce the dependence on connection fee revenue.

With a regional project, even on the low end, with a 20 year debt repayment period, M&O fees would be relatively higher than with an upgrade project. However, the connection fees would be lower. With the goal of keeping rates as low as possible, an extended term financing of 30 years can be considered to reduce annual debt service and resulting M&O rates, but would result in an overall more expensive project due to additional interest costs and would require a higher connection fee, but still lower than what is anticipated with the upgrade project.

All assumptions used to develop the analysis described above are attached.

Alternative financing options or subsidies can be considered if the desire is to further reduce rates with a regional project.

Assumptions

Regional Project - Low End Cost Estimates

- Expansion of existing treatment plant by 1.7 mgd for the County
- Construction cost information based on City of Lincoln 2/2011 offer
- Treatment cost information based on City of Lincoln 2/2011 offer
- Collection cost information based on input from County Facilities Services staff as presented at 5/3/2011 Board meeting.
- Existing/Future user cost allocation of 56%/44% based on information provided by Bruce Burnworth in an e-mail from Jennifer Pereira dated
- SRF loan financing rate estimated at 2.2%, with a 30 year term
- Connection fee based on 30 year cost recovery, with an estimated 120 new EDUs per year
- Annual operational cost inflation of 2% per year
- Federal grant funds of \$2 million allocated to reduce borrowing amount
- City of Lincoln oversizing reimbursement of \$7,070,338 as provided in the City of Lincoln 2/2011 offer
- Current Placer County SMD #1 EDUs of 7,943
- An annual R&R Surcharge of \$4.50 added to M&O Fees beginning in 2020
- Additional connection fee components as provided by County Facilities Services staff as presented at the 5/3/2011 Board meeting

Regional Project - High End Cost Estimates

- Expansion of existing treatment plant by 2.1 mgd for the County
- Construction cost information based on Project Cost information provided in the Brown & Caldwell study as reviewed by the PNWA Technical Advisory Committee
- Treatment and Collection cost information provided by County Facilities Services staff on Oct. 25, 2011
- Existing/Future user cost allocation for conveyance facilities of 71%/29% based on information provided by County Facilities Services staff as presented at the 5/3/2011 Board meeting
- Existing/Future user cost allocation for treatment plant facilities of 81%/19% based on existing County capacity needs and size of treatment plant
- SRF loan financing rate estimated at 2.2%, with a 30 year term
- Connection fee based on 30 year cost recovery, with an estimated 120 new EDUs per year
- Annual operational cost inflation of 2% per year
- City of Lincoln oversizing reimbursement of \$9,300,000 from the PNWA Technical Advisory Committee estimates.
- Current Placer County SMD #1 EDUs of 7,943
- An annual R&R Surcharge of \$4.50 added to M&O Fees beginning in 2020
- Additional connection fee components as provided by County Facilities Services staff as presented at the 5/3/2011 Board meeting

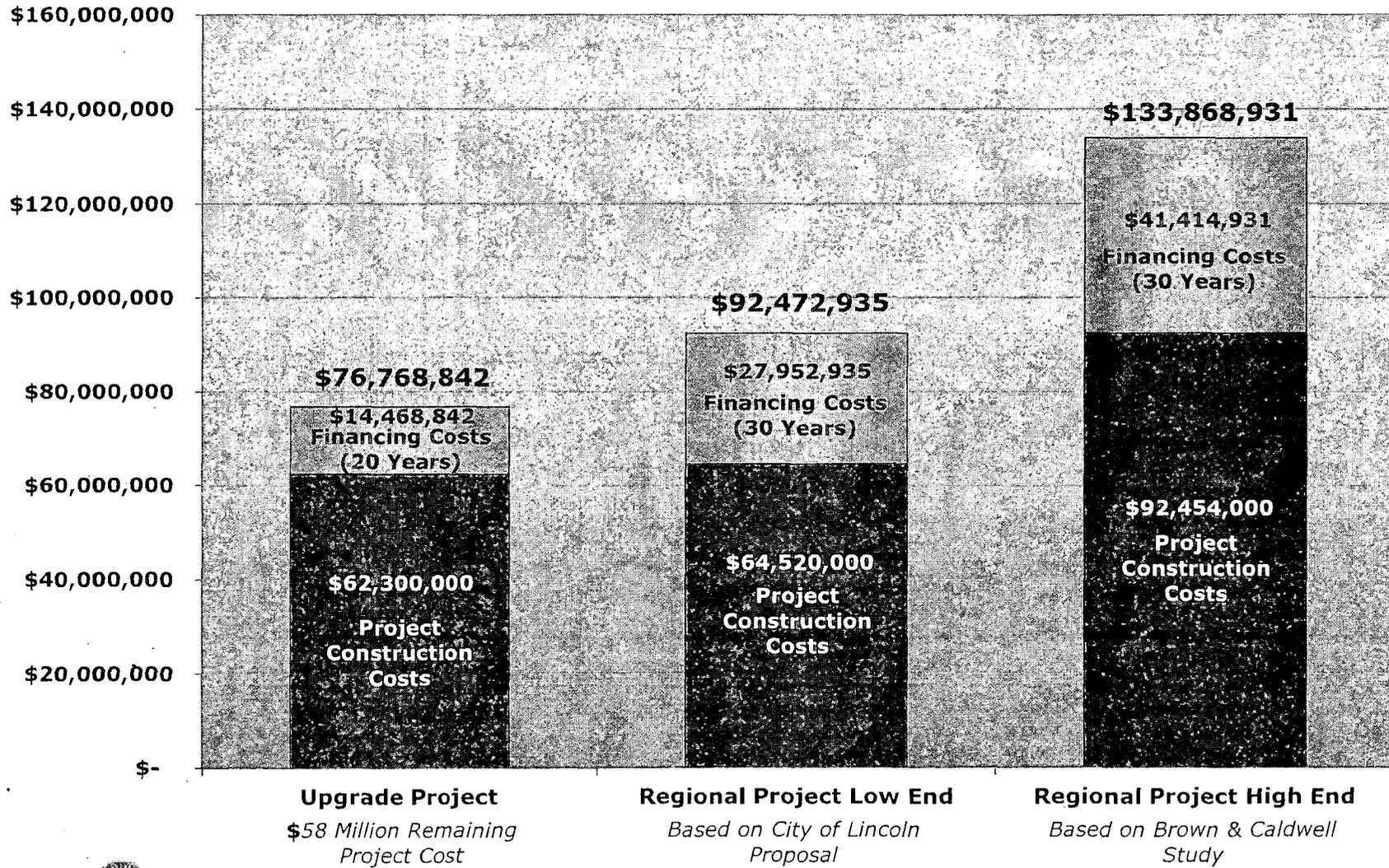
Upgrade Project

- Reconstruction and expansion of existing treatment plant to 2.7 mgd
- Construction cost information based on the project as bid
- Treatment and Collection cost information provided by County Facilities Services staff as presented at the 5/3/2011 Board meeting
- Existing/Future user cost allocation for the base upgrade project of 63%/37% based on information provided by County Facilities Services staff as presented at the 5/3/2011 Board meeting
- Existing/Future user cost allocation for oversized components of the facility of 0%/100% based on information provided by County Facilities Services staff as presented at the 5/3/2011 Board meeting
- SRF loan financing rate estimated at 2.2%, with a 30 year term but a 20 year amortization/repayment
- Connection fee based on 30 year cost recovery, with an estimated 120 new EDUs per year
- Annual operational cost inflation of 2% per year
- Current Placer County SMD #1 EDUs of 7,943
- An annual R&R Surcharge of \$200,000 per year added to M&O Fees beginning in 2015
- Additional connection fee components as provided by County Facilities Services staff as presented at the 5/3/2011 Board meeting

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EXHIBIT M: Overall Project Cost Comparison

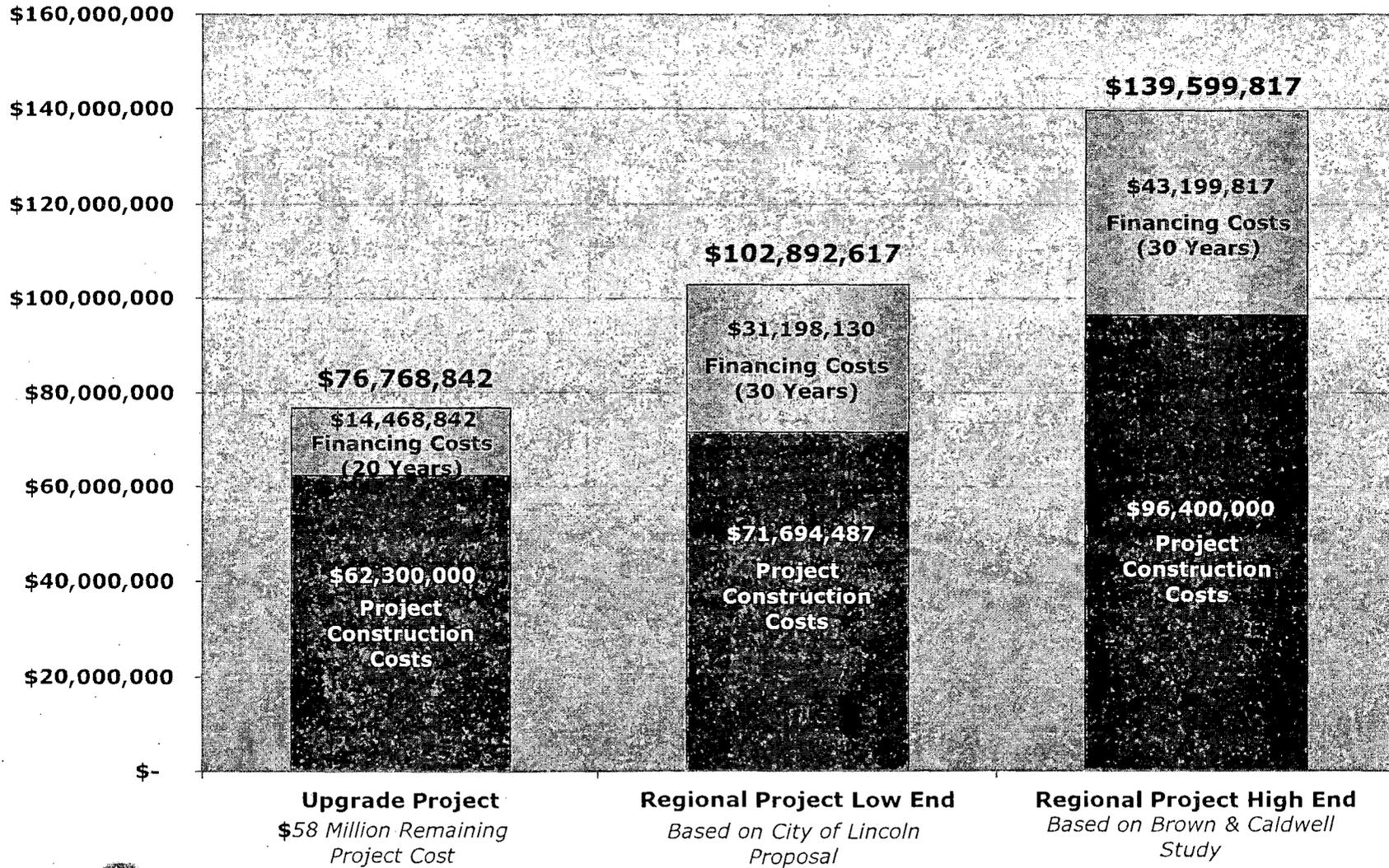
With a shorter financing repayment timeline, the overall cost of the Upgrade Project is approximately \$15 million less expensive than the County's portion of the low end estimated Regional Project cost WITH Auburn



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EXHIBIT M: Overall Project Cost Comparison

With a shorter financing repayment timeline, the overall cost of the Upgrade Project is approximately \$26 million less expensive than the County's share of low end estimated Regional Project cost WITHOUT Auburn



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EXHIBIT N

SMD #1 Compliance Alternatives Financial Summary

Regional Project (WITH Auburn)

	Low End Estimates⁽¹⁾	High End Estimates⁽²⁾
Total Project Cost	\$91,610,000	\$139,300,000
Placer County Share of Project Costs	\$64,520,000	\$92,454,000
Placer County's Percentage Share	70%	66%
Estimated County M&O Fees (2012)	\$77.40	\$99.11
Estimated County M&O Fees After Increased R&R Contribution (2020) ⁽³⁾	\$86.25	\$108.28
Estimated County M&O Fees After Loan Repayment (2046)	\$86.90	\$102.94
Estimated County Connection Fee (2012)	\$11,205	\$12,856
Annual County Debt Service Payments (30 Year Amortization)	\$3,015,764	\$4,462,298
Total County Debt Repayment (Over 30 Years)	\$90,472,935	\$133,868,931
Overall County Share of Project Costs (30 Year Amortization)	\$92,472,935	\$133,868,931
Estimated County M&O Fees (2012) (40 Year Amortization)	\$73.44	\$93.67
Annual County Debt Service Payments (40 Year Amortization)	\$2,487,556	\$3,680,731
Total County Debt Repayment (Over 40 Years)	\$99,502,254	\$147,229,228
Overall County Share of Project Costs (40 Year Amortization)	\$105,082,254	\$152,809,228

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EXHIBIT N

Regional Project (WITHOUT Auburn)

	Low End Estimates ⁽¹⁾	High End Estimates ⁽²⁾
Total Project Cost	\$71,694,487	\$96,400,000
Placer County Share of Project Costs	\$71,694,487	\$96,400,000
Placer County's Percentage Share	100%	100%
Estimated County M&O Fees (2012)	\$82.39	\$101.89
Estimated County M&O Fees After Increased R&R Contribution (2020) ⁽³⁾	\$91.04	\$110.86
Estimated County M&O Fees After Loan Repayment (2046)	\$89.02	\$103.06
Estimated County Connection Fee (2012)	\$11,709	\$13,147
Annual County Debt Service Payments (30 Year Amortization)	\$3,363,087	\$4,653,327
Total County Debt Repayment (Over 30 Years)	\$100,892,617	\$139,599,817
Overall County Share of Project Costs (30 Year Amortization)	\$102,892,617	\$139,599,817
Estimated County M&O Fees (2012) (40 Year Amortization)	\$76.51	\$95.86
Annual County Debt Service Payments (40 Year Amortization)	\$2,774,046	\$3,838,302
Total County Debt Repayment (Over 40 Years)	\$110,961,833	\$153,532,063
Overall County Share of Project Costs (40 Year Amortization)	\$116,541,833	\$159,112,063

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EXHIBIT N

Upgrade Project

	<u>Project As Bid</u>
Total Project Cost	\$62,300,000
Project Expenditures to Date	\$3,700,000
Remaining Project Costs	\$58,600,000
Estimated County M&O Fees (2012)	\$75.67
Estimated County M&O Fees After Increased R&R Contribution (2020) ⁽³⁾	\$83.23
Estimated County M&O Fees After Loan Repayment (2036)	\$78.27
Estimated County Connection Fee (2012)	\$13,695
Annual County Debt Service Payments (20 Year Amortization)	\$3,333,991
Total County Debt Repayment (Over 20 Years)	\$66,679,827
Overall County Share of Project Costs	\$76,768,842

⁽¹⁾ Regional Project low end estimates based on Lincoln Proposal from February 2011.

⁽²⁾ Regional Project high end estimates based on Brown & Caldwell study and the PNWA Technical Advisory Committee's estimate.

⁽³⁾ In the Regional Project scenarios, a Rehabilitation and Replacement contribution of \$4.50 per EDU is added to the M&O fee in 2020. In the Upgrade Project scenario, a Rehabilitation and Replacement contribution of \$200,000 per year is added to the M&O fee in 2015.

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EXHIBIT O: Subsidy Scenarios and Estimates

Subsidy Scenarios

Types of Subsidy Options	Notes
SMD #1 Reserve Fund Contributions	\$9.5 million in reserves are available. SRF requires a reserve equal to 1 year's debt service. Additionally, due to the dependence on connection fees, additional reserves must be set aside to secure the financing. In current financing plan used only for cash flow and debt service coverage. A limited amount of additional reserves may be available to subsidize the project.
Annual Contribution	Could come from annual General Fund set-asides or other ongoing revenue sources.
One Time Contribution	Could come from a separate County borrowing or alternative cash on hand.
Extended Term Financing	This model assumes 30 year financing on the regional project and a 20 year financing on the upgrade project. The extended term financing lowers the annual payments on the regional project. Could request a 40 year financing to further lower annual payments, but would require US Congressional approval. Both extended term financing options would need SRF approval.

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EXHIBIT O: Subsidy Scenarios and Estimates

Regional Project Subsidy Estimates

	Subsidy to County For Regional Project M&O Fees to Equate to Current M&O Fees of \$82.00		Subsidy to Auburn For Regional Project M&O Fees to Equate to Current M&O Fees as Indicated in Rate Study of \$60.50 ⁽¹⁾		Total Subsidy	
	Low End Estimates	High End Estimates	Low End Estimates	High End Estimates	Low End Estimates	High End Estimates
Annual Subsidy Required	None	\$1,632,503	\$695,000	\$1,660,000	\$695,000	\$2,327,503
Up Front Subsidy Required	None	\$48,352,000	\$15,140,000	\$36,140,000	\$15,140,000	\$84,492,000

	Subsidy to County For Regional Project M&O Fees to Equate to Estimated Upgrade Project M&O Fees of \$75.20	
	Low End Estimates	High End Estimates
Annual Subsidy Required	\$209,950	\$2,281,035
Up Front Subsidy Required	\$6,250,000	\$67,600,000

⁽¹⁾ Subsidy estimates for the City of Auburn are based on Capitol PFG estimates with input from City of Auburn staff regarding annual operational and permitting cost savings from a regional project. At this time, **the City of Auburn has not completed the financial analysis required to confirm that these specific subsidy estimates will meet their needs.**

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EXHIBIT O: Subsidy Scenarios and Estimates

Upgrade Project Subsidy Estimates

	Subsidy to County For Upgrade Project M&O Fees to Equate to City of Auburn's Rate Study of \$60.50
Annual Subsidy Required	\$1,200,000
Up Front Subsidy Required	\$37,940,000
	M&O Fees if Total Subsidy Identified Above Were Applied to SMD #1 Upgrade Project
Low End Project Cost	\$74.71
High End Project Cost	\$57.15

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EXHIBIT P

Middle Fork American River Hydroelectric Project

Revenue Net Present Value Estimate

11/8/11

This estimate is based on the most recent data available. As a power sale contract has not been finalized and other variables are estimated based on ranges of probability. Substantial adjustments to the net present value of future revenues are likely as data is further refined and defined and the revenue projection model is more mature. The Board will be provided more reliable estimates over the next 6-9 months. It is important to recognize the volatility of the future revenues. It is possible to have years where no revenue is available due to drought conditions or outages.

Net Present Value of Total Revenues: **\$348,521,617**

<u>Percent</u>	<u>Percentage of NPV</u>
5%	17,426,081
10%	34,852,162
15%	52,278,243
20%	69,704,323
25%	87,130,404
30%	104,556,485
35%	121,982,566
40%	139,408,647
45%	156,834,728
50%	174,260,809
55%	191,686,889
60%	209,112,970
65%	226,539,051
70%	243,965,132
75%	261,391,213
80%	278,817,294
85%	296,243,374
90%	313,669,455
95%	331,095,536

EXHIBIT Q

PERC Water Corporation Proposal

Staff's understanding of the unsolicited PERC Water Corporation (PERC) proposal has been achieved primarily through review of their Customized Design Report (CDR), which is a planning level document that utilizes the Owen Psomas Preliminary Design Report for many of the design assumptions. Staff has also met with PERC representatives and toured some facilities at their request. PERC has provided costs under three project delivery options: Design, Build (DB); Design, Build, Operate (DBO); and Design, Build, Operate, Finance (DBOF).

PERC has not participated in a competitive procurement, so there is currently no way to compare the PERC cost or approach with other firms interested in project delivery methods other than Design, Bid, Build. PERC did not respond to a September 2009 Request For Proposals for final design of the new SMD 1 wastewater treatment plant (RFP #9933). Standard County practice is to obtain competitive proposals or bids for a project of this magnitude. Should the Board of Supervisors have an interest in pursuing a DB type arrangement, we recommend close consideration of the following points.

Project Delivery and Business Deal

- Over a 30-year DBO contract, it is almost certain that wastewater regulations will change in such a manner as to require investment in new treatment processes. This will trigger re-opening an operating contract sometime in the future to negotiate: a) the cost of constructing the compliance project, and b) operating costs. Competitive bidding at this future point would not be possible, so the County would not be in a strong position to negotiate these costs with a sole-source provider.
- The DBO option creates uncertainty regarding potential financial or performance failures over the proposed thirty year operating period. For example, PERC has agreed to pay fines, but would not defend the County and hold it harmless against third party lawsuits. Private parties will likely be unwilling or unable to eliminate these concerns.
- The PERC Design, Build, Operate, Financing (DBOF) option is expensive due to the interest rates proposed. Any private firm is likely to have difficulty providing a financing benefit compared to the 2.2% interest rate available through the State Revolving Fund.

Design

- Specific design experience should be an important consideration as we evaluate firms. Although the PERC team has extensive experience designing various types of wastewater treatment plants, they do not have prior experience designing and constructing the particular facility configuration they have proposed for SMD 1.
- It will be important for the County to keep control of major design elements even if pursuing a DB option. For example, PERC proposes using Membrane Bioreactors (MBRs) as the primary treatment process. The MBR process involves forcing wastewater through thin membranes. The MBR process was evaluated in the

preliminary design of the Upgrade and Expansion project and eliminated from consideration due to high energy and labor costs (particularly during periods of high flows), potential difficulties in obtaining proprietary replacement equipment, as well as a greater risk of catastrophic failure resulting in potential release of wastewater sludge from the facility if the membrane system fails. Sizing of treatment trains, redundancy and facility hydraulics under various flow conditions are also design elements that should be well understood before entering into a DB agreement.

Cost

It will be very important to insure that all project costs are well understood before entering into a DB contract. In the PERC proposal, for example, it appears that PERC understated total project capital costs by up to \$16 million when they arrived at their \$51 million estimate. PERC has indicated that some of these costs are included in their proposal; however, they are not shown or detailed in the proposal. Costs that may not be included are as follows:

- **Cost of Additional Design Considerations (\$3.4 M)** – Additional requirements - such as utility services, frontage improvements and inclusion of a septage receiving facility - have been placed on the Upgrade and Expansion project through design and agency review.
- **Costs Specifically Excluded in the PERC Proposal (\$3.4 M)** – PERC has specifically excluded site work (demo, paving, electrical, etc.), environmental monitoring during construction, stormwater treatment and other items.
- **Consultant and staff cost (\$2.4 M)** – Consultant costs to revise the environmental document, provide construction oversight and third party Construction Management; and County administrative costs over the remainder of the project.
- **Contingency (\$6.8 M)** – The PERC Proposal includes 0% contingency. It seems more appropriate to utilize a 10% design contingency and a 4% construction contingency in a DB project. For reference, the current South Placer Jail Project, which is also a DB project, began with a combined 18% contingency, of which approximately 15% has been spent to date (at 95% completion).

Operating Costs also appear understated in the PERC proposal as they rely on an electrical cost of \$0.12/kWh, which is lower than our current cost of \$0.16/kWh.