



Legislation Text

File #: 21-1307, **Version:** 1

TO: Board of Supervisors
FROM: Steve Lederer - Director of Public Works
REPORT BY: Sarah Geiss - Staff Services Analyst I
SUBJECT: Budget Adjustment for MST Community Facility District and Approval to Make an Additional Principal Payment on Debt Service Associated with the Construction of the Recycled Water System

RECOMMENDATION

Director of Public Works requests approval of a Budget Transfer increasing appropriations in the Community Facility District-MST budget by \$2,606,000 from its available fund balance to make an additional, early principal payment against the loan that helped construct the Milliken-Sarco-Tulocay (MST) recycled water pipeline. (4/5 vote required)

EXECUTIVE SUMMARY

The Milliken-Sarco-Tulocay (MST) Community Facilities District (CFD) has sufficient fund balance to allow for a loan principal pre-payment, which will reduce overall interest and shorten the timeframe to pay the loan in full.

FISCAL & STRATEGIC PLAN IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	No
Where is it budgeted?	Community Facility District-MST (Fund 2870)
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	Making a loan principal pre-payment will reduce the amount to be paid in interest and shorten the timeframe to pay the loan in full.
Is the general fund affected?	No

Future fiscal impact: Appropriations will be budgeted accordingly in future fiscal years for the receipt of the approved taxes and repayment of the loans. First payment of the loan was made on December 31, 2016 (paid on December 31 of each year).

Consequences if not approved: A loan principal pre-payment will not be made and no change to the current loan amortization will occur.

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The Napa County Board of Supervisors, acting as a responsible agency pursuant to the California Environmental Quality Act (CEQA) and State CEQA Guidelines , Section 15096, considered the environmental effects of the Project both in a comprehensive Environmental Impact Report (EIR) - in December 2009 - and in a subsequent Addendum (November 2013). The Federal (NEPA) aspect of this Project has also been addressed - through both documents - and has been certified by the North Bay Water Reuse Authority - of which both the County and NSD are members - and its lead agency, the Sonoma County Water Agency.

BACKGROUND AND DISCUSSION

The Milliken-Sarco-Tulocay (MST) basin has been designated as a groundwater deficient area. The County, in conjunction with Napa Sanitation District (NSD), collaborated in the planning and construction of a recycled water pipeline to help alleviate the problem. Construction of the initial phase of the MST Recycled Water Pipeline Project was completed in 2015. The construction budget, which was the basis for a 1% State Revolving Fund (SRF) loan and formation of the Community Facilities District (CFD), was \$13.2 million, partially offset by a 25% Water Smart grant from the Bureau of Reclamation. During construction, approximately \$5 million in additional funding (grants) was approved by the State, resulting in the final debt amount of \$6,889,339 to be repaid over 20 years. Loan repayment commenced one year after project completion and began in late 2016. CFD revenue has been collected since 2014 and is being used to repay the loan.

As a result of additional property owners joining into the CFD and connecting to the recycled water pipeline, the tax revenue collection has outpaced the originally established loan repayment schedule, allowing for the opportunity to make a loan principal pre-payment at this time in the amount of \$2,606,000 from the CFD fund balance. This principal pre-payment will reduce the overall loan interest and shorten the timeframe to pay the loan in full. After making the pre-payment, the State will adjust that loan payment schedule.