



KINGS COUNTY BOARD OF SUPERVISORS

GOVERNMENT CENTER HANFORD, CALIFORNIA 93230 (559) 582-3211 EXT 2362
Catherine Venturella, Clerk of the Board of Supervisors

AGENDA ITEM MayMarch 19, 2013

Bookmark: 9

SUBMITTED BY: Administration – Larry Spikes/Deb West

SUBJECT: STUDY SESSION - KETTLEMAN CITY SURFACE WATER TREATMENT FACILITY PROJECT UPDATE

SUMMARY:

Overview:

Provide a progress update regarding the Surface Water Treatment Facility Project in the former Redevelopment Project Area in Kettleman City.

Recommendation:

Study session

Fiscal Impact:

None with this study session

BACKGROUND:

Kings County staff has been working cooperatively with the Kettleman City Community Services District and their engineers to bring to fruition the Surface Water Treatment Facility Project. County staff will review the progress made since the last study session with the Board in 2011. This will include an update on the former Redevelopment Agency loan from the County (most of which was repaid in January, 2013) as well as an update on requirements prescribed by the funding agency, the California Department of Public Health (CDPH).

As an alternative to the loan funds previously committed toward planning and ultimate construction of the Project, CDPH has required that the District establish several reserves related to long-term operations of the new facility. The District does not have funding for this purpose. The County has been asked to commit to assisting with reserves in lieu of the prior help offered through the now defunct redevelopment agency. The approach to such reserves is an agreement between the County and the District creating two reserves to meet the requirements set forth by CDPH. That draft agreement is attached for your Boards review. The intent is to first review this agreement with your Board, then take it in a study session with the Kettleman City Community Services District on the evening of March 19, 2013 and then send the draft document (with comments incorporated from the two study sessions) to CDPH for review.

BOARD ACTION:

APPROVED AS RECOMMENDED: _____ OTHER: _____ ✓

INFORMATION ONLY - NOA

I hereby certify that the above order was passed
and adopted on 03/19/2013.

CATHERINE VENTURELLA, Clerk to the Board

By _____, Deputy.

**AGREEMENT
BETWEEN THE COUNTY OF KINGS AND THE
KETTLEMAN CITY COMMUNITY SERVICES DISTRICT
CREATING RESERVE FUND FOR
WATER PROJECT NUMBER 161009-005P2 [SDWSRF]
1610009-010P [PROP 84]**

THIS AGREEMENT is entered into on this _____ day of _____, 2013, between the County of Kings, a political subdivision of the State of California (hereinafter referred to as "County") and the Kettleman City Community Services District on the terms and conditions hereinafter set forth.

RECITALS

WHEREAS, in July, 2004, a need was declared to establish a Kings County Redevelopment Agency ("Agency") which was accomplished by Ordinance No. 631 of the County of Kings ("County"); and

WHEREAS, after completing a feasibility study, A Redevelopment Plan with its objective to eliminate blight and preserve, encourage and increase employment opportunities for residents within Kettleman City ("Project Area") was presented to the Agency's Board of Directors who approved the Plan on June 28, 2005 and certified its compliance with the California Environmental Quality Act by Resolution No. RDA05-004; and

WHEREAS, Kettleman City is a small unincorporated community on the west side of Kings County in California which sits adjacent to Interstate 5 and has a significant commercial business area with motels, restaurants, gas stations and other service industries, and is located within the Agency Plan Project Area; and

WHEREAS, Kettleman City has a population of approximately 1500 and a median household income in the \$20,000 per year range; and

WHEREAS, the residential water supply in Kettleman City is provided by the Kettleman City Community Services District ("District"); and

WHEREAS, the District water comes from two existing groundwater wells which have deteriorated in quantity produced and which are contaminated with natural occurring benzene and arsenic that exceeds state and federal standards; and

WHEREAS, the diminished quantity has forced a moratorium on new connections as of November 19, 2001; and

WHEREAS, the District is currently treating for benzene and is under a compliance order dated January 23, 2009, from the California Department of Public Health ("CDPH") for arsenic compliance; and

WHEREAS, the District currently serves about 310 residential customers; and

WHEREAS, the District has identified alternative projects through a \$400,000 planning grant from CDPH: 1) drilling new wells, which the District does not see as a good option because of the deteriorating quantity and quality of existing wells; and 2) a surface water treatment plant with primary supply from the California Aqueduct in conjunction with a 900 acre-foot contract between the State and County; and

WHEREAS, funding either alternative project is a challenge to the District because the average household cannot afford increased rates that typically come with improvement projects; and

WHEREAS, in furtherance of the implementation of the Agency Redevelopment Plan, in 2009 the Agency obtained a loan from the County in the amount of \$3,000,000 (the "County Loan");

WHEREAS, the County Loan agreement provided that the Agency may use the County Loan proceeds to make loans or grants to the District to facilitate the development, improvement, expansion, and modernization of a water treatment plant, commercial storage tanks and other water distribution facilities (the "Water Treatment Plan"); and

WHEREAS, 2011 state legislation dissolved all redevelopment agencies in the State of California, and through that legislation, a process was included to recognize certain existing redevelopment payment obligations. These have come to be identified as Recognized Existing Obligations (ROPS); and

WHEREAS, the State Department of Finance eventually recognized the loan between the former Agency and the County as a ROPS and the County has been repaid all but a small portion of the \$3,000,000 loan from the former Agency; and

WHEREAS, prior to its dissolution, the former Agency assisted the District in applying for a \$3,000,000 grant from the California Department of Public Health ("CDPH") as well as a \$2,000,000 grant from the U.S. Department of Agriculture ("USDA") along with other potential funding sources such as Proposition 84; and

WHEREAS, On July 6, 2012 the District received a Notice of Acceptance of Application (NOAA) and a Letter of Commitment (LOC) from the California Department of Public Health, indicating that, pending completion of certain requirements, (including a water rate study and Prop 218 approval) CDPH will fund portions of the District's estimated \$7,500,000 water treatment project ("Project") as follows:

\$3,000,000 = Safe Drinking Water State Revolving Fund (SDWSRF) grant (Project No. SRF 1610009-005C) and the remainder of approximately \$4,500,000 from a Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act (Prop. 84) Grant (Project No. P84C-1610009-01C); and

WHEREAS, on August 28, 2012 the Kettleman City Community Services District received a Planning Grant through SDWSRF (Project no. 1610009-005P2) in the amount of \$500,000 and Prop 84 (Project No. P84C-161009-010P) in the amount of \$274,324 for conducting a pilot study to determine the most cost effective treatment process to use for the project and to design this process;

WHEREAS, although the treatment Project is funded through the foregoing grants, and District user fees will provide a source for operations and maintenance, CDPH requires that the District provide a secondary funding source in reserve for operation and maintenance, catastrophic outage of the California Aqueduct, and to cover potential inflationary costs associated with State Water related to the District's subcontract with Tulare Lake Basin Water Storage District, who sub-contracts with the County related to its State Water Project contract; and

WHEREAS, an estimate has been made of the secondary reserve required to provide for increased operations and maintenance, potential catastrophic outage of the California Aqueduct and potential State Water Project allocation inflationary costs (final costs are pending completion of the Pilot Study); and

WHEREAS, the treatment Project's financial success is predicated on Chemical Waste Management ("Chem Waste") paying \$446,800 (principal as of June 30, 2012) of the District's existing debt (AS PER THE Local Assessment Committee Agreement), and Chem Waste receiving State and Federal permitting necessary to expand its current operations, which will in turn provide hazardous waste tax revenue to the County under its County issued Conditional Use Permit which approves said expansion; and

WHEREAS, in light of Agency's dissolution, and its repayment of the County Loan, County hereby pledges to establish two interest bearing Kettleman City Treatment Plant Trust Funds (the "KCTPT1" and "KCTPT2"), to promptly make an initial deposit of \$90,000 ("Initial Deposit") into the KCTPT1 for the catastrophic outage of the California Aqueduct, and to annually deposit up to \$150,000 of its hazardous waste tax revenues into the KCTPT2 (for the Operation and maintenance and inflationary costs associated with State Water allocation costs). This annual contribution to KCTPT2 will be recalculated every five years and in no year will be more than \$150,000; and

WHEREAS, the trust funds shall be sourced only on approval of a majority of the Board of Supervisors after request and appropriate justification therefore has been made by a majority of the District Board and presented to the Board of Supervisors; and

WHEREAS, said trust funds shall continue in existence for twenty years (20) years after a Certificate of Completion is issued on the construction of the Water Treatment Plant Project, subject to funding limitations outlined herein; and

WHEREAS, at the termination of the 20-year reserve period, any unused portion of the reserve deposited by the County, shall revert to the County General Fund for use as determined by the County Board of Supervisors; and

NOW, THEREFORE, it is hereby agreed as follows:

1. The RECITALS are incorporated in full into this Agreement.

2. Upon approval of this Agreement by the legislative bodies of each of the parties, the County shall establish two interest bearing Kettleman City Treatment Plant Trust Funds (the "KCTPT1" and "KCTPT2") which shall serve as a secondary reserve fund to assist the District with potential contingencies identified as follows: excess operations and maintenance, potential catastrophic outage of the California Aqueduct, and potential State Water Project allocation inflationary costs over the next twenty years as detailed in the estimated draw down schedule which is attached as Exhibit "A" and incorporated herein by reference.

3. The KCTPT1 shall be incrementally funded by County as follows: by County initially depositing into the KCTPT1 \$90,000 within thirty (30) days after the Kings County Board of Supervisor's and the Kettleman City Community Services District Board have authorized entry into this Agreement, or the later of them, and thereafter annually pledging up to \$150,000 from its Chem Waste Hazardous Waste Taxes to be deposited into KCTPT2.

4. The District hereby represents, warrants and agrees that:

- a. it is a statutorily created Community Services District organized, existing, and acting under the laws of the State of California;
- b. it is in good standing as of the date of entry into this Agreement and remains in good standing throughout its term;
- c. it has the authority to enter into this Agreement;
- d. It is solely responsible for the water treatment Project and its operations and will complete it and operate it within the SDWSRF and Prop. 84 grant conditions and all applicable federal and state laws, rules and regulations, permits, and all applicable local ordinances.

5. The District agrees that it will operate the District and the Project prudently and will, before seeking any reserve from County, utilize first its District Operation and Maintenance budget.

6. If necessary to draw down KCTPT1 or 2 reserves, District will assemble written justification and supporting evidentiary documentation for an authorized need and approve, by a majority of its Board, a request to seek funding from the KCTPT1 and/or 2 by presenting said justification and request to the Kings County Board of Supervisors, who shall not unreasonably withhold approval if said request meets the criteria established by this Agreement.

7. The County reserves the right to audit the District's records or inspect the Surface Water Treatment Project.
8. The parties agree that this Agreement shall commence on approval of each respective legislative body, or the latter of the two, and continue until twenty years after the date of issuance of a Certificate of Completion of the Treatment Project, unless sooner terminated by one of the following events:
 - a. The Project is not commenced or not completed;
 - b. The District violates a material grant provision, law or regulation that impacts the ability of the District to carry out the Project;
 - c. The County's Initial Deposit has been depleted and Chem Waste has not received its expansion permits;
 - d. The County's Initial Deposit and any additional hazardous waste taxes received and deposited by County prior to the failure of Chem Waste to receive expansion permits have been depleted and no further such tax revenues are anticipated;
 - e. The legal status of the District is dissolved;
 - f. The District declares bankruptcy by the filing of a Petition with a U.S. Bankruptcy Court.
 - g. District fails to obtain approval of expected rate increases that may be necessary to fund the primary operations and maintenance obligations

14. Indemnification. District shall indemnify, hold harmless, protect and defend the County and its officers, employees, agents and representatives from loss, suits, actions or claims brought for, or on account of violation of laws, ordinances, rules, or regulations, or injury, damage, or loss, including death, caused by acts or omissions of the District, its employees, contractors, or agents; or in any way arising from entry into and carrying out the terms of this Agreement, or in any way related to or arising out of the water treatment Project including, but not limited to, its design, construction, operations, and maintenance.

10. Insurance. District agrees that for any policy of general liability insurance concerning the construction of the water treatment project, it will cause, and will require its contractors and subcontractors to cause, a certificate of insurance to be issued showing County, its officers, agents, and employees as additional insured; and shall provide County with all such certificates prior to the commencement of construction of the Project.

11. Waiver. A waiver by any party of any breach of any term, covenant or condition herein contained or a waiver of any right or remedy of such party available hereunder at law or in equity shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant or condition herein contained or of any continued or subsequent right to the same right or remedy. No party shall be deemed to have made any such waiver unless it is express, in writing and signed by the party so waiving.

12. Completeness of Instrument. This Agreement, together with its specific references and attachments, constitutes all of the agreements, understandings, representations, conditions, and covenants made by and between the parties hereto. Unless set forth herein, neither party shall be liable for any representations made express or implied.

13. Supersedes Prior Agreements. It is the intention of the parties hereto that this Agreement shall supersede any prior agreements, discussions, commitments, representations, or agreements, written or oral, between the parties hereto with respect to the water treatment Project.

14. Rules of Construction. Unless otherwise provided in this Agreement, or unless the context otherwise requires, the following definitions and rules of construction shall apply herein.

14.1. Captions. The captions of this Agreement are for convenience in reference only and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Agreement.

14.2. Number and Gender. In this Agreement, the neuter gender includes the feminine and masculine, and the singular includes the plural, the word "person" includes corporations, partnerships, firms or associations, wherever the context so requires.

14.3. Mandatory and Permissive. The terms "shall" and "will" and "agrees" are mandatory. "May" is permissive.

14.4. Term Includes Extensions. All references to the term of this Agreement or the Agreement Term shall include any written extensions of such term.

15. Successors and Assigns. All representations, covenants and warranties specifically set forth in this Agreement, by or on behalf of or for the benefit of any or all of the parties hereto, shall be binding upon and inure to the benefit of such party, its successors and assigns.

16. Modification. No modification or waiver of any provisions of this Agreement or its attachments shall be effective unless such waiver or modification shall be in writing, signed by all parties, and then shall be effective only for the period and on the condition, and for the specific instance for which it is given.

17. Counterparts. This Agreement may be executed simultaneously and in several counterparts, each of which shall be deemed an original, but which together shall constitute one and the same instrument.

18. Partial Invalidity. If any term, covenant, condition or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, covenants and provisions shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

19. Jurisdiction and Venue. It is agreed by the parties hereto that unless otherwise expressly waived by them in writing, action brought to enforce any of the provisions hereof or for declaratory relief hereunder shall be filed and remain in a court of competent jurisdiction in the County of Kings, State of California.

20. Controlling Law. The validity, interpretation and performance of this Agreement shall be controlled by and construed under the laws of the State of California.

21. Notices. All notices and demands of any kind which either party may require or desire to serve on the other in connection with this Agreement must be served in writing either by personal service or by registered or certified mail, return receipt requested, and shall be deposited in the United States Mail, with postage thereon fully prepaid, and addressed to the party so to be served as follows:

To County:
Chairman, Board of Supervisors
County of Kings
1400 W. Lacey Blvd., Bdg. #1
Hanford, California 93230

To District:
Chairman, Kettleman City Community
Services District
110 General Petroleum Avenue
P.O. Box 179
Kettleman City, CA 93239

With a copy to:
County Counsel
County of Kings
1400 W. Lacey Blvd., Bdg. #4
Hanford, California 93230

With copy to:
Raymond Carlson, Eqs.
Griswold, LaSalle, Cobb, Dowd and Gin, LLP
111 E. 7th Street
Hanford, CA 93230

22. Incorporation of Recitals and Exhibits. All recitals and exhibits mentioned herein and/or attached hereto are specifically incorporated herein by this reference and made a part of this Agreement.

23. Authority. Each party to this Agreement warrants and represents that they have the power and authority to enter into this Agreement in the names, titles and capacities herein stated and on behalf of any entities, persons, estates or firms represented or purported to be represented by such entity(s), person(s), estate(s) or firm(s) and that all formal requirements necessary or required by any state and/or federal law in order to enter into this Agreement have been fully complied with. Further, by entering into this Agreement, neither party hereto shall have breached the terms or conditions of any other Project or agreement to which such party is obligated, which such breach would have a material effect hereon.

THIS AGREEMENT is entered into by and between the parties as of the date and year first set forth above.

DISTRICT
Date:

COUNTY
Date:

Aletha Ware, Chairperson
Kettleman City Community Services
District

Doug Verboon, Chairman,
Kings County Board of Supervisors

ATTEST:

Date:

APPROVED AS TO FORM

CATHERINE VENTURELLA,
Clerk of the Board
APPROVED AS TO FORM

Counsel for District

County Counsel

H:/Administration/Kett City Water Project/KCCSD-County Reserve Agr

KCCSD Water Treatment Project
 Summary
 Project Inflation Reserve

Fiscal Year	Project Year	Draw			Contribution		
		O&M	State Water Project	Total	Annual Contribution	Fund Balance	Interest on Balance
1	2	3	4	5	6	7	8
FY 2014-15							
FY 2015-16	1	\$ 54,900	\$ -	\$ 54,900	\$ 145,500	\$ 90,600	
	2	\$ 56,547	\$ 4,666	\$ 61,213	\$ 145,500	\$ 176,699	\$ 1,812
	3	\$ 58,243	\$ 9,687	\$ 67,931	\$ 145,500	\$ 257,802	\$ 3,534
	4	\$ 59,991	\$ 15,090	\$ 75,081	\$ 145,500	\$ 333,377	\$ 5,156
	5	\$ 61,790	\$ 20,903	\$ 82,694	\$ 145,500	\$ 402,851	\$ 6,668
	6	\$ 63,644	\$ 27,158	\$ 90,803	\$ 145,500	\$ 468,605	\$ 8,057
	7	\$ 65,553	\$ 33,889	\$ 99,442	\$ 145,500	\$ 520,976	\$ 9,312
	8	\$ 67,520	\$ 41,131	\$ 108,651	\$ 145,500	\$ 568,244	\$ 10,419
	9	\$ 69,546	\$ 48,923	\$ 118,469	\$ 145,500	\$ 606,640	\$ 11,365
	10	\$ 71,632	\$ 57,308	\$ 128,940	\$ 145,500	\$ 635,333	\$ 12,133
	11	\$ 73,781	\$ 66,329	\$ 140,110	\$ 145,500	\$ 653,429	\$ 12,707
	12	\$ 75,994	\$ 76,037	\$ 152,031	\$ 145,500	\$ 659,966	\$ 13,069
	13	\$ 78,274	\$ 86,482	\$ 164,756	\$ 145,500	\$ 653,909	\$ 13,199
	14	\$ 80,623	\$ 97,721	\$ 178,344	\$ 145,500	\$ 634,144	\$ 13,078
	15	\$ 83,041	\$ 109,814	\$ 192,856	\$ 145,500	\$ 599,471	\$ 12,683
	16	\$ 85,532	\$ 122,827	\$ 208,359	\$ 145,500	\$ 548,601	\$ 11,989
	17	\$ 88,098	\$ 136,828	\$ 224,926	\$ 145,500	\$ 480,147	\$ 10,972
FY 2032-33	18	\$ 90,741	\$ 151,893	\$ 242,635	\$ 145,500	\$ 392,616	\$ 9,603
FY 2033-34	19	\$ 93,464	\$ 168,103	\$ 261,567	\$ 145,500	\$ 284,401	\$ 7,852
FY 2034-35	20	\$ 96,267	\$ 185,546	\$ 281,813	\$ -	\$ 8,276	\$ 5,688

Totals \$ 1,475,184 \$ 1,460,337 \$ 2,935,521 \$ 2,764,500 \$ 179,296

Annual Contribution: \$ 145,500
 Interest Rate: 2%

Comments:

- Column 1: County of Kings Fiscal Year July 1 to June 30
- Column 2: The 20 year period of project operation
- Column 3: From Table 1, Column 4.
- Column 4: From 4.
- Column 5: Sum of columns 3 and 4.
- Column 6: Annual contribution to fund the necessary reserves.
- Column 7: Annual fund balance including contribution and interest.
- Column 8: Annual interest on fund balance.

Table 1
 Operation and Maintenance Reserve
 Including GAC Filters

Project Year	Additional O&M	Annual Inflation	Total Draw
1	2	3	4
1	\$ 54,900	\$ -	\$ 54,900
2	\$ 56,547	\$ 1,647	\$ 56,547
3	\$ 58,243	\$ 1,696	\$ 58,243
4	\$ 59,991	\$ 1,747	\$ 59,991
5	\$ 61,790	\$ 1,800	\$ 61,790
6	\$ 63,644	\$ 1,854	\$ 63,644
7	\$ 65,553	\$ 1,909	\$ 65,553
8	\$ 67,520	\$ 1,967	\$ 67,520
9	\$ 69,546	\$ 2,026	\$ 69,546
10	\$ 71,632	\$ 2,086	\$ 71,632
11	\$ 73,781	\$ 2,149	\$ 73,781
12	\$ 75,994	\$ 2,213	\$ 75,994
13	\$ 78,274	\$ 2,280	\$ 78,274
14	\$ 80,623	\$ 2,348	\$ 80,623
15	\$ 83,041	\$ 2,419	\$ 83,041
16	\$ 85,532	\$ 2,491	\$ 85,532
17	\$ 88,098	\$ 2,566	\$ 88,098
18	\$ 90,741	\$ 2,643	\$ 90,741
19	\$ 93,464	\$ 2,722	\$ 93,464
20	\$ 96,267	\$ 2,804	\$ 96,267
Totals	\$1,475,184		\$1,475,184

Inflation rate: Base:
 3.00% \$54,900

Notes:

Base (current) O&M for water \$/year		\$ 307,031.00
O&M with conv. WTP \$/year		\$ 410,630.00
	Difference	\$ 103,599.00
GAC Replacement \$/year		Included
	Total	\$ 103,599.00
Residential portion	53%	\$ 54,907.47

Inflation for base O&M would be accounted for with increased rates

Table 2
State Water Project Inflation Reserve

Project Year	SWP Base Costs	Annual Inflation	Draw equals Increase from base
1	2	3	4
1	\$ 61,400	\$ -	\$ -
2	\$ 66,066	\$ 4,666	\$ 4,666
3	\$ 71,087	\$ 5,021	\$ 9,687
4	\$ 76,490	\$ 5,403	\$ 15,090
5	\$ 82,303	\$ 5,813	\$ 20,903
6	\$ 88,558	\$ 6,255	\$ 27,158
7	\$ 95,289	\$ 6,730	\$ 33,889
8	\$ 102,531	\$ 7,242	\$ 41,131
9	\$ 110,323	\$ 7,792	\$ 48,923
10	\$ 118,708	\$ 8,385	\$ 57,308
11	\$ 127,729	\$ 9,022	\$ 66,329
12	\$ 137,437	\$ 9,707	\$ 76,037
13	\$ 147,882	\$ 10,445	\$ 86,482
14	\$ 159,121	\$ 11,239	\$ 97,721
15	\$ 171,214	\$ 12,093	\$ 109,814
16	\$ 184,227	\$ 13,012	\$ 122,827
17	\$ 198,228	\$ 14,001	\$ 136,828
18	\$ 213,293	\$ 15,065	\$ 151,893
19	\$ 229,503	\$ 16,210	\$ 168,103
20	\$ 246,946	\$ 17,442	\$ 185,546
Totals	\$2,688,337		\$ 1,460,337

Inflation rate: Base:
7.60% \$61,400

Notes:
SWP Costs based on a 40% allocation year

Table 3
Catastrophic Outage Reserve

	Year	Annual Contribution	Reserve Balance	Interest	Annual Inflation
FY 2013-14	1	2	3	4	5
FY 2014-15	0	\$ 90,000	\$ 90,000		
FY 2015-16	1	\$ -	\$ 91,800	\$ 1,800	\$ 1,800
	2	\$ -	\$ 93,636	\$ 1,836	\$ 1,836
	3	\$ -	\$ 95,509	\$ 1,873	\$ 1,873
	4	\$ -	\$ 97,419	\$ 1,910	\$ 1,910
	5	\$ -	\$ 99,367	\$ 1,948	\$ 1,948
	6	\$ -	\$ 101,355	\$ 1,987	\$ 1,987
	7	\$ -	\$ 103,382	\$ 2,027	\$ 2,027
	8	\$ -	\$ 105,449	\$ 2,068	\$ 2,068
	9	\$ -	\$ 107,558	\$ 2,109	\$ 2,109
	10	\$ -	\$ 109,709	\$ 2,151	\$ 2,151
	11	\$ -	\$ 111,904	\$ 2,194	\$ 2,194
	12	\$ -	\$ 114,142	\$ 2,238	\$ 2,238
	13	\$ -	\$ 116,425	\$ 2,283	\$ 2,283
	14	\$ -	\$ 118,753	\$ 2,328	\$ 2,328
	15	\$ -	\$ 121,128	\$ 2,375	\$ 2,375
	16	\$ -	\$ 123,551	\$ 2,423	\$ 2,423
	17	\$ -	\$ 126,022	\$ 2,471	\$ 2,471
FY 2032-33	18	\$ -	\$ 128,542	\$ 2,520	\$ 2,520
FY 2033-34	19	\$ -	\$ 131,113	\$ 2,571	\$ 2,571
FY 2034-35	20	\$ -	\$ 133,735	\$ 2,622	\$ 2,622

Interest rate: 2.00% Inflation rate: 2.00%

Notes:

Allows for one time rental of pumps and pipeline to pump water from Aqueduct Pool 21, located 3800 feet north of the KCCSD Water Treatment Plant. Includes 15% contingency.

Kettleman City

Surface Water Treatment Project

Kettleman City Surface Water Treatment Project

- Total Estimated Project Cost:	\$10,875,000
o Surface Water Treatment Facility	\$7,500,000
o Commercial Storage Tanks	\$3,375,000

History

- 2010 to 2012 back and forth with CDPH on preferred alternative and treatment method.
- In 2011 the state legislature dissolved redevelopment agencies.
- August 2013 CDPH agreed on surface alternative but requested (and funded thru a \$775,000 grant) a pilot study to determine the most economical treatment method.

History

- 4 alternatives being tested at the City of Avenal's plant, 3 membrane and conventional.
- Pilot testing will April – June
- Design is to be done by February 2014.
- CDPH committed to \$7,500,000 construction funding pending acceptable results from the pilot study and certain other commitments.

History

- Project intertwined with Waste Management getting their new operating permit.
- Currently working with the County to develop reserve funds to offset costs associated with increased O&M and state water costs.
- It is estimated the Table A needs of Kettleman City range from 350 AF to 600 AF over 30 years. Westlands WD has agreed to backstop critical year shortages.
- If construction grants are issued in February of 2014 the plant construction should be complete by August 2015.

Water Treatment Facility

Reserves required by CDPH: \$ 2,190,000

- Operation and Maintenance \$1,150,000
- State Water Project inflation costs \$ 950,000
- Catastrophic Outage of Aqueduct \$ 90,000

Draft Agreement

- Creating \$90,000 reserve (KCTRR1) when agreements signed (page 4)
- Create KCTPR2 with up to \$150,000 deposited annually from Hazardous Waste Taxes

KCCSD Water Treatment Project

Summary

Project Inflation Reserve

Fiscal Year	Project Year	O&M	Draw State Water Project	Total	Annual Contribution	Contribution Fund Balance	Interest on Balance
1	2	3	4	5	6	7	8
FY 2014-15							
FY 2015-16							
	1	\$ 54,900	\$ -	\$ 54,900	\$ 145,500	\$ 90,600	\$ 1,812
	2	\$ 56,547	\$ 4,666	\$ 61,213	\$ 145,500	\$ 176,699	\$ 3,534
	3	\$ 58,243	\$ 9,687	\$ 67,931	\$ 145,500	\$ 257,802	\$ 5,156
	4	\$ 59,991	\$ 15,090	\$ 75,081	\$ 145,500	\$ 333,377	\$ 6,668
	5	\$ 61,790	\$ 20,903	\$ 82,694	\$ 145,500	\$ 402,851	\$ 8,057
	6	\$ 63,644	\$ 27,158	\$ 90,803	\$ 145,500	\$ 465,605	\$ 9,312
	7	\$ 65,553	\$ 33,889	\$ 99,442	\$ 145,500	\$ 520,975	\$ 10,419
	8	\$ 67,520	\$ 41,131	\$ 108,651	\$ 145,500	\$ 568,244	\$ 11,365
	9	\$ 69,546	\$ 48,923	\$ 118,469	\$ 145,500	\$ 606,640	\$ 12,133
	10	\$ 71,632	\$ 57,308	\$ 128,940	\$ 145,500	\$ 635,333	\$ 12,707
	11	\$ 73,781	\$ 66,329	\$ 140,110	\$ 145,500	\$ 653,429	\$ 13,069
	12	\$ 75,994	\$ 76,037	\$ 152,031	\$ 145,500	\$ 659,966	\$ 13,199
	13	\$ 78,274	\$ 86,482	\$ 164,756	\$ 145,500	\$ 653,909	\$ 13,078
	14	\$ 80,623	\$ 97,721	\$ 178,344	\$ 145,500	\$ 634,144	\$ 12,683
	15	\$ 83,041	\$ 109,814	\$ 192,856	\$ 145,500	\$ 599,471	\$ 11,989
	16	\$ 85,532	\$ 122,827	\$ 208,359	\$ 145,500	\$ 548,601	\$ 10,972
	17	\$ 88,098	\$ 136,828	\$ 224,926	\$ 145,500	\$ 480,147	\$ 9,603
	18	\$ 90,741	\$ 151,893	\$ 242,635	\$ 145,500	\$ 392,616	\$ 7,852
	19	\$ 93,464	\$ 168,103	\$ 261,567	\$ 145,500	\$ 284,401	\$ 5,688
	20	\$ 96,267	\$ 185,546	\$ 281,813	\$ -	\$ 8,276	\$ -
	Totals	\$ 1,475,184	\$ 1,460,337	\$ 2,935,521	\$ 2,764,500	\$ 179,296	\$ 179,296

Annual Contribution: \$ 145,500
Interest Rate: 2%

Next Steps

- Collect input from your Board
- Go to the Kettleman City Community Services District Board meeting to review
- Send to CDPH for review

Questions?