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TOWN OF WINDSOR



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GOVERNOR



MATTHEW RODRIGUEZ
SECRETARY FOR
ENVIRONMENTAL PROTECTION

State Water Resources Control Board

**DIVISION OF FINANCIAL ASSISTANCE (DIVISION)
WATER RECYCLING FUNDING PROGRAM (WRFP)
PLAN OF STUDY (POS) APPROVAL
TOWN OF WINDSOR (TOWN)**

**TOWN OF WINDSOR'S RECYCLED WATER FACILITIES PLANNING STUDY (STUDY)
MAR 15 2012 WRFP STUDY NO. 3108-010**

CERTIFIED MAIL NO.: 7003-3110-0003-0771-2098
Return Receipt Requested

Mr. Matthew Mullan
Town Manager
Town of Windsor
9291 Old Redwood Highway,
Windsor, CA 95492

Division staff prepared this POS approval based on the Town's WRFP application and supporting documents. This approval documents our understanding of the Town's proposed Study, and the conditions that will apply to the financing agreement for the proposed Study. You must agree with this POS approval before we can proceed with funding the proposed Study.

This approval constitutes a final staff decision. This approval does not reserve funds for your proposed Study and it is not the financing agreement. After the Division receives the Town's agreement on the eligibility decisions, schedule, and conditions in this approval, the Project Manager will request approval of a WRFP Preliminary Funding Commitment (PFC) for the proposed Study by the Deputy Director of the Division. After the Deputy Director of the Division approves the PFC, the financing agreement will be prepared and sent to the Town for execution. A copy of the proposed PFC is attached to this approval. To expedite this process, please sign in the space provided below and return to your WRFP Project Manager immediately at:

Mr. Jody Hack
State Water Resources Control Board
Division of Financial Assistance
P.O. Box 944212
Sacramento, CA 94244-2120
Phone: (916) 341-5811
E-mail: JHack@waterboards.ca.gov

CHARLES R. HOPPIN, CHAIRMAN | THOMAS HOWARD, EXECUTIVE DIRECTOR

If you do NOT agree with this approval, then you must request a Final Division Decision within **ten working days from the date of receiving this POS**. Your request should specify the items of disagreement and suggest the exact changes with which you will agree. Please send the request to:

Ms. Elizabeth L. Haven, Deputy Director
State Water Resources Control Board
Division of Financial Assistance
P.O. Box 944212
Sacramento, CA 94244-2120

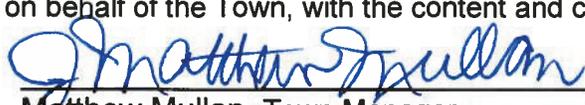
DIVISION STAFF APPROVAL

Sign Here:  _____
James Maughan, Assistant Deputy Director
Division of Financial Assistance

3/16/12
Date

APPLICANT AGREEMENT

Using the authority delegated by the Town on July 20, 2011, in Resolution No. 2821-11, I hereby agree, on behalf of the Town, with the content and conditions of this POS for WRF No. 3108-010

Sign Here:  _____
Matthew Mullan, Town Manager
Town of Windsor

3-22-12
Date

GUIDELINES

WRF Guidelines (Guidelines) adopted by the State Water Resources Control Board (State Water Board) October 21, 2004, last amended on July 15, 2008.

TYPE OF FUNDING REQUESTED

The Town is requesting a Facilities Planning Study grant (50 percent matching) to offset Study costs funded through the WRF.

TOTAL STUDY COST
\$175,000

TOTAL WRF FUNDING REQUEST
\$75,000

AUTHORIZED REPRESENTATIVE
Mr. Matthew Mullan
Town Manager
9291 Old Redwood Highway
Windsor, CA 95492
(707) 838-1000

PROJECT DIRECTOR
Mr. Craig Scott
Principal Engineer- Utilities
9291 Old Redwood Highway
Windsor, CA 95492
(707) 838-5340

AUTHORITY

2000 Bond Law

On March 7, 2000, the voters added the Costa-Machado Water Act of 2000 (2000 Bond Law, designated Proposition 13 on the ballot) to the Water Code (WC). WC section 79143 provides authorization for the State Water Board to issue WRFP Planning Study grants from monies in the 2000 Bond Law Water Recycling sub-account. This authorization continues the WRFP that started under the Safe, Clean, and Reliable Water Supply Act of 1996.

State Water Board Actions

The State Water Board approved the Guidelines on October 21, 2004, last amended July 15, 2008, governing the Water Recycling Construction Program and the Facilities Planning Grant (FPG) Program. The FPG covers 50 percent of eligible costs, up to a maximum grant of \$75,000 per study.

On December 4, 2007, the State Water Board, in Resolution No. 2007-0066, authorized the Executive Director, the Chief Deputy Director, the Deputy Director of the Division, or designee to make PFCs, grants, and other financial assistance agreements for facility planning studies for water recycling projects pursuant to the 2000 Bond Law. These PFCs, grants, and other financial assistance agreements shall be for studies that are routine, non-controversial, and are consistent with those policies, regulations, and agreements that the State Water Board has adopted, or will adopt, governing the internal management of those financial assistance projects managed by the Division.

TECHNICAL REVIEW

Background

On September 22, 2011, the Town submitted a funding application, including a POS, to initiate and complete their Study. The initial application review and discussions with the Town indicated the original application was incomplete. The Town submitted the items needed to complete the application on February 8, 2012.

Study Location

The Town of Windsor is located along Highway 101 in central Sonoma County, approximately seven miles north of the City of Santa Rosa. The Town's water system boundary consists of the town limits of Windsor, plus two service areas located outside the Town's boundary, namely the Airport Service Area, and the Shiloh and Mayacama Service Areas. These areas, which are outside the Town limits, are served potable water by the Town under outside service agreements.

The Study area is located entirely within the jurisdiction of the North Coast Regional Water Quality Control Board (Regional Water Board).

Existing Facilities

The Town of Windsor provides potable water and wastewater services to a total population of approximately 26,955 people (State of California, May 2010). The Town owns and operates the wastewater treatment plant (WWTP), which currently provides tertiary-treated recycled water to urban and agricultural users. The Town's WWTP is located on a 74-acre parcel, approximately one-half mile south of downtown Windsor. The WWTP has a capacity of 2.2 MGD; its current NPDES permit allows for treatment, reuse and disposal capacity of 1.9 MGD. Current average dry weather flows for the Town are approximately 1.4 MGD. Flows are comprised of approximately 90 percent residential uses and 10 percent commercial/industrial uses.

Study Parameters

The major parameters of the Study are summarized below:

- To update and refine the Town's recycled water market assessment that was initiated in the 2001 Water Reclamation Master Plan and updated in 2004 and 2005. The study will further develop the following aspects that were raised in previous studies: potential uses and users, demand and supply, and general retrofit and onsite issues.
- The potential source of recycled water for this study is the difference between current and projected wastewater flows. Presently, the average dry weather flow is approximately 1.4 MGD and the projected average dry weather at buildout is approximately 2.5 MGD, therefore 1.1 MGD of recycled water will become available for the Town to utilize over the course of its planning period. Rather than discharge this tertiary-treated, Title 22 water to Mark West Creek, the Town would like to use this water by expanding its recycled water distribution system within the Town's urban area.
- The recycled water alternatives that will be considered include providing recycled water to new users and their uses, using new historical water use records to update the supply and demand assessment, and general retrofit and onsite issues.
- The freshwater alternative that will be analyzed is to reduce reliance on the Town's Russian River source and development of the Esposti Well, an off river well which can be pumped at a greater rate than planned for in the Town's Water Master Plan.
- Another alternative will be to implement greater water conservation methods in those areas covered by the Town's Water Master Plan.

Study Description

The Study will determine the feasibility of expanding the recycled water distribution system to include all new or planned developments and other users located within the Town that would like to begin using recycled water to offset their potable water demands.

The Town's Study will also establish preliminary design criteria for recommended pipelines and pump stations, refine pipeline routes, and identify any potential major design hurdles and/or potential implementation issues that will need to be addressed and resolved.

The scope of work for the Town's Study includes the following major tasks:

- Conduct a recycled water market assessment.
- Develop and provide preliminary recycled water market assurances.
- Provide project alternatives analysis including an economic analysis and determination of the unit cost of recycled water for each alternative.
- Determine the unit cost of meeting recycled water demands with potable water as an economic comparison with the recommended recycled water project.
- Determine the recommended project alternative for implementation.
- Develop a construction finance plan for the recommended alternative project.
- Conduct public outreach using printed material and through direct open public forums.
- Initiate the process of obtaining permitting for the implementation of the selected project alternative with the San Francisco Regional Water Board.

Eligible Costs & Disbursements

- The estimated total cost of the Planning Study is \$150,000. The maximum grant amount will be **\$75,000**, as requested in the Study budget, submitted February 8, 2012.
- The deliverables as presented in the Town's POS as listed below, are subject to the conditions in this approval, comprise the eligible tasks of this grant. This approval does not extend to any associated studies to which the POS may refer. Any costs for the eligible tasks outlined in the POS are understood to be estimates, and are regarded as such by the Division. Therefore, POS approval does not constitute agreement by the Division on any exact figures.
- In accordance with the Guidelines, Study costs are eligible for grant disbursements only if the Division incurs them after the approval date of the PFC. In addition, grant disbursements to the Town will not take place until the Town and the State Water Board execute the grant agreement.
- To ensure appropriate accounting of expenses and to facilitate our review of requests for disbursements, consultants should establish a separate billing code or codes for tasks related to this grant.
- The Division will release the initial 50 percent of the grant funds upon approval of the draft Facility Planning Report (Report) and the final disbursement upon approval of the Final Report.

Ineligible Costs

- Study costs incurred prior to the approval date of the PFC by the Division.
- Costs associated with preparing an application for funding from the WRF program or for other financial assistance are not eligible for grant funding.

Study Schedule

This approval is based on submittals and Milestone dates according to the following schedule:

MILESTONE	DATE
Application Submittal	2/8/2012 (completed)
PFC Approval by Division	3/21/2012
Grant Agreement Term Start Date	3/21/2012
Submit Draft Report	3/21/2013
Midcourse Meeting	4/9/2013
Submit Final Facilities Planning Report, including all deliverables identified in this approval.	3/20/2014
Issue Final Facilities Planning Report Approval and Final Grant Disbursement	4/15/14
Grant Agreement Term End Date	3/20/2015
Normal Font – Division Activity Bold Font – Town Activity	

In accordance with the above Milestones, the Final Report, including all associated documents, must be submitted by **March 20, 2014**. The Guidelines allow approval of a one-time extension of up to 12 months based on good cause.

Deliverables

At the conclusion of the Study, one hard copy and one electronic copy of the following are to be submitted to the Division:

- A Final Report that fully documents all aspects of the Study; and
- Preliminary recycled water market assurances, such as letters of interest, letters of intent, or draft mandatory use ordinances.

ENVIRONMENTAL REVIEW

The Division has determined that this Study does not constitute a project pursuant to the California Environmental Quality Act (Pub. Resources Code, §21000 et seq.)(CEQA), and therefore a CEQA finding is not required.

REGIONAL WATER BOARD IMPACT

The Town should consult with the Regional Water Board staff to determine the water recycling requirements needed for the selected alternative and what protections should be considered as part of the feasibility determination for this alternative.

FINANCIAL AND FISCAL REVIEW

Fiscal Impact on WRFPP

A total of approximately \$113 Million was initially made available in the 1996 and 2000 Bond Law Water Recycling Sub-accounts for water recycling funding. Of this amount, 41 percent (\$46.3 Million) was originally designated for planning grants and construction loans with 60 percent of this amount (\$27.8 million) specified for Southern California.

Loan repayments from water recycling construction projects are deposited into the Water Recycling Sub-accounts and provide funds for new construction grants, loans, planning and research projects. Construction grant funds are appropriated each year during the state budget process. Funding for construction loans, planning and research grants are continuously appropriated. This planning grant will be funded from the Other Counties allocation. The available balance for construction loans and planning grants may be found in the fiscal impact table below:

Proposition 13, 2000 Bond Law				
Planning Grants				
	Appropriation balance	Southern Counties (60%)	Other Counties (40%)	Total Appropriation
Beginning Balance: As of 2/21/2012	\$17,015,331	\$10,209,199	\$6,806,132	\$17,015,331
Proposed Commitments				
City of Windsor WRF # 3108-010			(\$75,000)	(\$75,000)
Balances after New Commitments		\$10,209,199	\$6,731,132	\$16,940,331

* Continuous appropriation balance includes funds for loans and planning study grants only. The balance reflects loans as they are posted to the account.

** Includes six counties as follows: Los Angeles, Ventura, San Diego, San Bernardino, Orange and Riverside.

***All counties not listed above are listed under "other counties"

TOWN REPRESENTATIONS

The Town provided Resolution No 2821-11, adopted on July 20, 2011, allowing the authorized representative from the Town's Board of Directors to apply for and enter into a financing agreement

WATER CONSERVATION

The Town is an urban water supplier as defined in Section 10617 of the Water Code. The City has prepared and submitted an Urban Water Management Plan to the Department of Water Resources (DWR) in accordance with Section 10644 of the Water Code.

Water Code Section 10631.5 requires that DWR determine if an Urban Water Supplier is implementing water-demand management measures described in Section 10631 of the Water Code. The Town submitted the required documentation to DWR on January 9, 2012, and requested that DWR make an eligibility determination. On January 24, 2012, DWR determined the Town to be in compliance, and therefore eligible to receive water management grant funds.

As of January 1, 2010, WC section 529.5 requires an urban water supplier that applies for financial assistance from the state for a wastewater treatment project, drinking water treatment project, or water use efficiency project, or a permit for a new or expanded water supply, to demonstrate that the applicant meets the water metering requirements of Division 1, Chapter 8, Article 3.5 of the WC. On September 12, 2011, the Town certified that it is an urban water supplier, as that term is understood pursuant to the provisions of Section 529.5 of the Water Code and that it complied with Division 1, Chapter 8, and Article 3.5 of the Water Code.

The Study is routine and non-controversial based on documents and communications with the Town: Yes No

SPECIAL CONDITIONS

Our approval of the Town's POS is based on the following conditions:

1. The Study must be performed in accordance with the Guidelines, and with the approved POS;
2. The Study must provide a recycled water market assessment, an evaluation of recycled water and non-recycled water alternatives. In addition, a description and implementation plan for the recommended alternative, as well as the background information and analyses outlined in Appendix B of the Guidelines;
3. The Study must evaluate economic feasibility and provide a unit cost analysis in dollars per acre-foot for each alternative considered;
4. The Study must evaluate the economic feasibility of meeting recycled water demands using potable water or other non-recycled water alternative in dollars per acre foot;
5. It is recommended that the Town hold a mid-course meeting to review the progress of the Study. The meeting should include Town staff, the principal consultants involved in the Study, Division staff, and any other interested or appropriate persons. The meeting should be scheduled when the market assessment is complete, draft chapters of the Study report are partially complete, and the initial recycled water alternatives have been identified. However, the meeting should occur before the proposed project alternative has been selected;
6. The Town must submit a draft Report to the Division for review. Division staff will provide comments for the Town's incorporation in the Final Report as appropriate;
7. The analysis performed in the Final Report must comply with the policies and procedures in the Guidelines. The Town must consider the recommended planning outline in Appendix B of the Guidelines;
8. The Final Report shall bear the stamp and signature of a California Registered Civil Engineer; and
9. To help ensure that consultants understand the conditions of the grant funding, it is recommended that this letter be made part of the contract with the selected consultants.