



City of St. Helena Ad Hoc Committee Special Meeting

Vintage Hall Board Room - Second Floor
465 Main Street, St. Helena
Monday, April 24, 2017 @ 9:00 AM

Page

1. CALL TO ORDER
2. PUBLIC COMMENT PERTAINING TO AD HOC UTILITY RATE COMMITTEE:
Please observe the three minute limit.
3. ROLL CALL
Committee Chair:

Ad Hoc Utility Rate Committee Members: Chair Bonnie Long, Vice Chair Tom Vence, Chris Dann, Lester Hardy, Joel Gott, Doug Cutting and Mark Smithers

City Council Liaisons: Mayor Galbraith and Councilmember Mary Koberstein

4. NEW BUSINESS

- 4.1. Report on City of Napa Water Agreement

3 - 75

Prepared By: April Mitts, Finance Director

[Item 4.1 Staff Report](#)

[Item 4.1 Attachment 1 Staff Report Kern 091206](#)

[Item 4.1 Attachment 2 2006-131-Water Supply City of Napa & City of St. Helena](#)

[Item 4.1 Attachment 3 Staff Report Reso Napa Water Amend 1](#)

[Item 4.1 Attachment 4 2009-40 Amend 1 Napa Water Supply Agmt 041409 041509 tm.doc](#)

[Item 4.1 Attachment 5 City of Napa Water Agreement Amendment 2](#)

[Item 4.1 Attachment 6 2010-123 Napa Water Agreement Amend 2 Nov 23](#)

[Item 4.1 Attachment 7 Staff Report Amendment 3](#)

[Item 4.1 Attachment 8 2011-82 Napa Water Agree Amend 3 Nov 8](#)

- 4.2. Discussion and Possible Addition of Questions for Hansford Economic Consulting; David Fama, Bond Counsel; and Kenneth Decker, Municipal Financial Advisor

77 - 81

[Item 4.2 Staff Report](#)

[Attachment 1 - Final REV CIP Bar chart W+WW \\$400K 4-12-2017](#)

5. LIST OF FUTURE MEETING AGENDA ITEMS:

- 5.1. April 26, 2017 Hansford Economic Consulting, Bond Counsel and Municipal Financial Advisor to respond to questions developed at the April 24, 2017 Ad Hoc meeting. ***(Please note, the April 26, 2017 meeting will not be limited to two hours. This will allow for all committee questions to be answered.)***
- 5.2. TBD - What is an assessment district and how does it work?
- 5.3. Updated CIP list
- 5.4. Visual overview of water and wastewater systems
- 5.5. CIP project prioritization
- 5.6. Update cost and timing for each CIP project
- 6. ADJOURNMENT

The next Ad Hoc Utility Rate Committee meeting is scheduled for April 26, 2017 at 2:00 pm, St. Helena Library located at 1492 Library Lane, St. Helena.

This agenda was posted at City Hall, 1480 Main Street, and at Vintage Hall, 465 Main Street, St. Helena, California on April 21, 2017.

Cindy Black, City Clerk

In Compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please call the City Clerk's Office (707) 967-2792. Notification 72 hours prior to the meeting as required by Section 202 of the Americans with Disabilities Act will enable the City to make reasonable arrangements to ensure accessibility to this meeting



Report to the Utility Rate Ad Hoc Committee
Council Meeting of April 24, 2017

Agenda Section: New Business

Subject: Report on City of Napa Water Agreement

Prepared By: April Mitts, Finance Director

BACKGROUND

In September 2000, St. Helena acquired 1,000 acre-feet of State Water Project water entitlements from Kern County Water Agency under a contract with the Napa County Flood Control and Water Conservation District (NCFCWCD). Based on many factors, in September 2006, the City entered into an agreement for the complete, permanent and irrevocable sale of St. Helena Kern water entitlements to the City of Napa in exchange for treated water deliveries from the City of Napa to St. Helena (Attachment 1 and Attachment 2).

These factors included:

- St. Helena not having entitlement to capacity in the North Bay Aqueduct system nor sufficient treatment or transmission facilities to convey the water entitlements to the point of use of its water customers for domestic purposes; and
- St. Helena desired to put the water entitlements to beneficial use for its intended purpose; and
- The 2050 Napa Valley Water Resources Study (2050 Study) completed in 2005, predicted St. Helena to experience a water supply deficit of nearly 400 acre-feet annually in multiple dry-years (6 years of below normal rainfall) through the year 2020 and over 500 acre-feet in multiple dry-years by 2050. In addition, the 2050 Study also predicted St. Helena to experience a water supply deficit of over 600 acre-feet in a single dry-year; and
- St. Helena would face significant capital costs for capacity in the North Bay Aqueduct system in treatment and transmission infrastructure to make beneficial use of their State Water Project entitlements; and
- St. Helena incurred a significant yearly cost to maintain State Water Project entitlements without receiving any benefit from use of entitlements and had determined that it is in their best interest to sell said entitlements.

Minimum delivery of water per the agreement was 200 acre-feet with the option for an additional 200 acre-feet based on specific Department of Water Resource (DWR) notices.

On April 14, 2009, Resolution No. 2009-40 was adopted approving Amendment No. 1 to the Water Supply Agreement between the City of Napa and the City of St. Helena. This amendment allows for an additional minimum annual delivery of 200 acre-feet of water to meet dry year demand and deficits as specified in the 2050 Study for a total minimum water delivery of 400 acre-feet per year (Attachment 3 and Attachment 4). The amendment includes the option for an additional 400 acre-feet based on specific DWR notices for up to a total of 800 acre-feet annually.

On November 23, 2010, Resolution No. 2010-123 was adopted approving Amendment No. 2 to the Water Supply Agreement between the City of Napa and the City of St. Helena. This agreement made available to St. Helena 511 acre-feet of water that was not delivered in water year 2010 due to major upgrades to its pipeline infrastructure performed by St. Helena which limited the amount of water that could be received from the City of Napa to the City of St. Helena (Attachment 5 and Attachment 6).

On November 8, 2011, Resolution NO. 2011-82 was adopted approving Amendment No. 3 to the Water Supply Agreement between the City of Napa and the City of St. Helena. This amendment allows for an increase in the minimum annual delivery to 600 acre-feet with no change to the optional delivery of an additional 400 acre-feet based on specific DWR notices. This amendment authorized up to a total of 800 acre-feet annually (Attachment 7 and Attachment 8).

Currently the City of St. Helena produces approximately 1,518 acre-feet of water annually. The actual use amount will be slightly less due to water loss. Water production is accounted for by calendar year (January-December) while the 600 acre-feet purchase agreement with the City of Napa is accounted for by fiscal year (July-June). Table 1 provides the annual production source for calendar years 2013, 2014, 2015, and 2016.

Table 1 – Water Production by Source, in acre-feet

Year	LSWP	Stonebridge Wells	Napa	TOTAL
2016	673.2439	287.2027	558.1829	1,518.6295
2015	713.3111	244.1146	582.1119	1,539.5376
2014	645.6964	316.5863	592.8223	1,555.1051
2013	737.0384	526.0020	583.3548	1,846.3952

FISCAL IMPACT

The annual fiscal impact of the City of Napa water agreement is listed below in Table 2.

Table 2

Year	Amount
2018	\$1,389,490
2017	\$1,349,019
2016	\$1,311,272
2015	\$1,272,770

2014	\$1,327,251
2013	\$1,189,926
2012	\$1,178,401
2011	\$758,043
2010	\$1,118,076
2009	\$742,372
2008	\$711,557

ATTACHMENTS

1. Attachment 1 – Staff Report dated September 12, 2006
2. Attachment 2 – Resolution No. 2006-131 and Water Supply Agreement between the City of Napa and the City of St. Helena
3. Attachment 3 – Staff Report dated April 14, 2009
4. Attachment 4 – Resolution No. 2009-40 and Amendment No. 1 to the Water Supply Agreement between the City of Napa and the City of St. Helena
5. Attachment 5 – Staff report dated November 23, 2010
6. Attachment 6 – Resolution No. 2010-123 and Amendment No. 2 to the Water Supply Agreement between the City of Napa and the City of St. Helena
7. Attachment 7 – Staff report dated November 8, 2011
8. Attachment 6 – Resolution No. 2011-82 and Amendment No. 3 to the Water Supply Agreement between the City of Napa and the City of St. Helena

Attachment 1

STAFF REPORT

OFFICE OF THE DIRECTOR OF PUBLIC WORKS



DATE: September 12, 2006

TO: Mayor and Council

FROM: Jonathon Goldman – Director of Public Works

RE: Agreement for Sale of St. Helena Kern Water Entitlements in
Exchange for Certain Treated Water Deliveries from the City of Napa Water
Enterprise

BACKGROUND

The City issued a prospectus for sale of its Kern County Water Entitlement¹ on January 18, 2005. Staff from Napa and St. Helena have developed an agreement whereby Napa will purchase the entitlement and make the City of St. Helena an outside water customer through our existing Rutherford connection to the City of Napa water system with assurances that, (a) 200 acre-feet per year will be 100% reliable and must be taken, (b) an additional 100 acre-feet per year must be taken if the State Water Project allotment percentages are 30% or greater², (c) St. Helena has the option (to be exercised by May 1 each year) of taking an additional 100 acre-feet, and (d) assuming that the 2035 State Water Project contract is renewed on the same basic framework, an extension of the agreement under that same general terms would be offered.

DISCUSSION/ANALYSIS

The entitlements are being purchased at their estimated \$1.7 million value and St. Helena benefits from having the entitlements stay within Napa County. Delivery of treated water to the City of St. Helena would commence beginning in 2007 and each year thereafter. There is agreement to work with City of Napa and City of Calistoga to develop a shared capital project to ensure adequate delivery pressure from Napa without the Hennessey Water Treatment Plant having to be operating. In addition, Staff recognizes that in order to make the best practicable use of the water to be delivered, even with consistent delivery pressure from Napa, improvements to the City's Rutherford Pumping Station will have to be designed and constructed (a separate item on the agenda). Revisions to St. Helena's agreement with the Napa County Flood Control and Water Conservation District (the State Water Project contracting entity) will be forthcoming – most likely for the September 26, 2006 Council meeting.

¹ Resolution 2000-121 of September 15, 2000 authorized an agreement between the City St. Helena and Napa Co. Flood Control and Water Conservation District for purchase of a 1,000 acre-foot Kern County Water entitlement through year 2035 for \$1,045,000. The purchase did not include any transport capacity in the NBA system. St. Helena's current annual costs for the entitlement are approximately \$130,000.

² This years' allotments are currently at 100% -- meaning that 200 acre-feet would be 100% available

STAFF REPORT
OFFICE OF THE DIRECTOR OF PUBLIC WORKS

Attachment 1

**IMPACT**

The proposed agreement and the delivery of the water is solely an effort to improve the reliability of the City's water supply and there would therefore not be any adverse impacts from entering into contract or purchasing and serving the water. An initial study was prepared and it has been determined that the proposed project COULD NOT have a significant effect on the environment and a NEGATIVE DECLARATION was prepared and posted for the period of August 17, 2006 through September 8, 2006.

FISCAL IMPACT

The anticipated purchase of water will increase the operating costs of the Water Enterprise but the resulting impact would be relatively small to the benefiting customers. The anticipated capital costs for Rutherford Pump Station improvements are expected to be almost completely offset by the revenue from the sale of the entitlements.

ALTERNATIVES

1. Reject the recommended action
2. Direct Staff to perform additional analysis of impacts
3. Adopt the Resolution Authorizing the Water Supply Agreement between the City of Napa and the City of St. Helena

RECOMMENDED COUNCIL ACTION

Adopt the Resolution Authorizing the Water Supply Agreement between the City of Napa and the City of St. Helena

ATTACHMENTS/EXHIBITS

1. Resolution Authorizing the Water Supply Agreement between the City of Napa and the City of St. Helena

CITY OF ST. HELENA
RESOLUTION No. 2006-131

**APPROVING A WATER SUPPLY AGREEMENT BETWEEN
THE CITY OF NAPA AND THE CITY OF ST. HELENA**

RECITALS

- A. St. Helena acquired 1,000 acre-feet of State Water Project water entitlements from the Kern County Water Agency under a contract with the Napa County Flood Control and Water Conservation District, hereinafter referred to as “NCFCWCD”, on September 19, 2000; and
- B. St. Helena does not have entitlement to capacity in the North Bay Aqueduct system nor sufficient treatment or transmission facilities to convey said water entitlements to the point of use of its water customers for domestic purposes; and
- C. St. Helena desires to put the water entitlements to beneficial use for its intended purpose; and
- D. The 2050 Napa Valley Water Resources Study (2050 Study) completed in 2005, predicts St. Helena to experience a water supply deficit of nearly 400 acre-feet annually (afa) in multiple dry-years (6 years of below normal rainfall) currently and through the year 2020 and over 500 afa in multiple dry-years by 2050. The 2050 Study also predicts St. Helena to experience a water supply deficit of over 600 afa in a single dry-year currently through 2050; and
- E. St. Helena would face significant capital costs for capacity in the North Bay Aqueduct system and in treatment and transmission infrastructure to make beneficial use of their State Water Project entitlements; and
- F. St. Helena incurs a significant yearly cost to maintain State Water Project entitlements without receiving any benefit from use of said entitlements and has determined that it is in their best interest to sell said entitlements; and
- G. St. Helena has determined that a long term agreement with Napa for water supply of up to 400 afa is the preferred solution to meet the majority of dry-year water demand deficits as specified in the 2050 Study; and
- H. Napa entered into a contract with the Napa County Flood Control and Water Conservation District, hereinafter referred to as “NCFCWCD”, on April 5, 1966 in order to receive State Water Project water entitlements and has entitlement to conveyance capacity in the North Bay Aqueduct system, and
- I. Napa owns and operates treatment and transmission facilities sufficient to deliver potable water to St. Helena in the quantities specified in this Agreement; and

Attachment 2

J. Napa is willing to purchase the 1,000 acre-feet of State Water Project water entitlements from St. Helena for the purpose of acquiring sufficient supply to provide a long term water supply of up to 400 afa to St. Helena to enhance the reliability of water supplies for St. Helena's water customers; and

K. Napa's purchase of the 1,000 acre-feet of State Water Project water entitlements from St. Helena may also enhance the reliability of water supplies for Napa's water customers in those years when State Water Project entitlements exceed the amount Napa has allocated to St. Helena; and

L. Napa's ability to provide the treated water will require a capital investment of \$1,700,000 and on-going yearly carrying costs to maintain the entitlements, which will be recovered through the water rates charged by Napa to St. Helena over the term of this agreement; and

M. Napa is willing to invest in the capital and carrying costs needed to supply water to St. Helena in accordance with this Agreement (up to 400 afa), and St. Helena is willing to guarantee minimum purchases of said water supply on a yearly basis (through the payment of water rates in accordance with this Agreement) to provide a guaranteed long-term revenue source for Napa to recover costs of supplying said water to St. Helena (including proportionate costs for anticipated infrastructure upgrades, such as the Jamieson Canyon Water Treatment Plant Improvements which is anticipated to rely in part on debt financing); and

N. Staff from the City of Napa and the City of St. Helena, along with the Mayors and City Council representatives from both cities have worked diligently since January 2005 to negotiate an agreement to provide for the reliable, beneficial use of the water resources available and equitably apportion both the costs and the benefits; and

O. An initial study was prepared and it has been determined that the proposed project COULD NOT have a significant effect on the environment and a NEGATIVE DECLARATION was prepared and posted for the period of August 17, 2006 through September 8, 2006.

RESOLUTION

NOW, THEREFORE, the City Council of the City of St. Helena resolves as follows:

1. The attached Water Supply Agreement between the City of Napa and the City of St. Helena is approved.

Approved at a Regular Meeting of the St. Helena City Council on September 12, 2006 by the following vote:

AYES: Councilmembers Novak, Schoch, Potter, Sklar, Mayor Britton

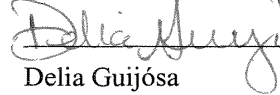
NOES: None

APPROVED:

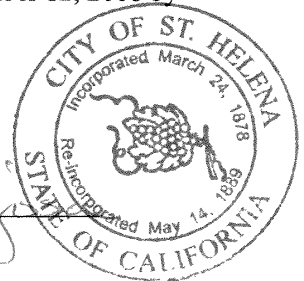


Delford Britton
Mayor

ATTEST:



Delia Guijosa
City Clerk



Attachment 2

City of Napa Agreement No. <u>9381</u>

**WATER SUPPLY AGREEMENT BETWEEN
THE CITY OF NAPA AND THE CITY OF ST. HELENA**

THIS WATER SUPPLY AGREEMENT (hereinafter referred to as "Agreement") is made and entered into this 12th day of September 2006, by and between the City of Napa, a municipal corporation (hereinafter referred to as "Napa") and the City of St. Helena, a municipal corporation (hereinafter referred to as "St. Helena").

RECITALS

A. St. Helena acquired 1,000 acre-feet of State Water Project water entitlements from the Kern County Water Agency under a contract with the Napa County Flood Control and Water Conservation District, hereinafter referred to as "NCFCWCD", on September 19, 2000; and

B. St. Helena does not have entitlement to capacity in the North Bay Aqueduct system nor sufficient treatment or transmission facilities to convey said water entitlements to the point of use of its water customers for domestic purposes; and

C. St. Helena desires to put the water entitlements to beneficial use for its intended purpose; and

D. The 2050 Napa Valley Water Resources Study (2050 Study) completed in 2005, predicts St. Helena to experience a water supply deficit of nearly 400 acre-feet annually (afa) in multiple dry-years (6 years of below normal rainfall) currently and through the year 2020 and over 500 afa in multiple dry-years by 2050. The 2050 Study also predicts St. Helena to experience a water supply deficit of over 600 afa in a single dry-year currently through 2050; and

E. St. Helena would face significant capital costs for capacity in the North Bay Aqueduct system and in treatment and transmission infrastructure to make beneficial use of their State Water Project entitlements; and

F. St. Helena incurs a significant yearly cost to maintain State Water Project entitlements without receiving any benefit from use of said entitlements and has determined that it is in their best interest to sell said entitlements; and

G. St. Helena has determined that a long term agreement with Napa for water supply of up to 400 afa is the preferred solution to meet the majority of dry-year water demand deficits as specified in the 2050 Study; and

H. Napa entered into a contract with the Napa County Flood Control and Water Conservation District, hereinafter referred to as "NCFCWCD", on April 5, 1966 in order to receive State Water Project water entitlements and has entitlement to conveyance capacity in the North Bay Aqueduct system, and

I. Napa owns and operates treatment and transmission facilities sufficient to deliver potable water to St. Helena in the quantities specified in this Agreement; and

J. Napa is willing to purchase the 1,000 acre-feet of State Water Project water entitlements from St. Helena for the purpose of acquiring sufficient supply to provide a long term water supply of up to 400 afa to St. Helena to enhance the reliability of water supplies for St. Helena's water customers; and

K. Napa's purchase of the 1,000 acre-feet of State Water Project water entitlements from St. Helena may also enhance the reliability of water supplies for Napa's water customers in those years when State Water Project entitlements exceed the amount Napa has allocated to St. Helena; and

L. Napa's ability to provide the treated water will require a capital investment of \$1,700,000 and on-going yearly carrying costs to maintain the entitlements, which will be recovered through the water rates charged by Napa to St. Helena over the term of this agreement; and

M. Napa is willing to invest in the capital and carrying costs needed to supply water to St. Helena in accordance with this Agreement (up to 400 afa), and St. Helena is willing to guarantee minimum purchases of said water supply on a yearly basis (through the payment of water rates in accordance with this Agreement) to provide a guaranteed long-term revenue source for Napa to recover costs of supplying said water to St. Helena (including proportionate costs for anticipated infrastructure upgrades, such as the Jamieson Canyon Water Treatment Plant Improvements which is anticipated to rely in part on debt financing).

NOW THEREFORE, the parties mutually agree as follows:

1) Term and Option of Agreement:

- a) The Initial Term of this Agreement shall be from the date of its execution until December 31, 2035 unless terminated earlier as provided herein.
- b) This Agreement, and any successor agreement hereto, may be renewed upon written request of St. Helena submitted no earlier than three (3) years, and no later than two (2) years prior to the date this agreement expires, *provided that* St. Helena is in compliance with the terms and conditions of this Agreement. Unless St. Helena is not in compliance with the terms and

conditions of this Agreement, it is the intent of the parties to renew this Agreement, upon terms and conditions that are agreeable to both parties, and which shall take into consideration the then-existing and projected needs of both parties for water supply at the time of renewal. The term of any renewal shall coincide with any extended term of the Water Supply Agreement between the City of Napa and the NCFCWCD for North Bay Aqueduct water.

- 2) Release of Water Entitlement: St. Helena hereby releases to Napa its entitlement to 1000 acre-feet of State Water Project water pursuant to the contract between St. Helena and NCFCWCD. Said release shall be complete, permanent and irrevocable upon payment by Napa to St. Helena made in accordance with Paragraph 6a hereof.
- 3) Delivery of Water to St. Helena: On the terms and conditions set forth herein, Napa shall deliver to St. Helena annually the amount and quality of water described herein for the term of this agreement. The term "annually" or "fiscal year" as used herein shall refer to the period from July 1 of any year through June 30 of the following year.
- 4) Quantity of Water Deliveries: The quantity of water to be made available and delivered each fiscal year to St. Helena under this Agreement is dependent on the allocation of water from the State Water Project to NCFCWCD, as announced by the California Department of Water Resources in its Notice to State Water Project Contractors (hereinafter "DWR Notice"). The DWR Notice identifies the percentage of State Water Project Allocations available to SWP Contractors under "Table A." For the purpose of this Agreement, the latest DWR Notice issued on or before April 15 of each year shall be the "Effective DWR Notice" used to determine the quantity of water to be made available and delivered for each subsequent fiscal year, as follows:
 - i) Tier A Water – Napa shall deliver and St. Helena shall accept 200 Acre-feet of water annually regardless of the State Water Project allocation of water to NCFCWCD.
 - ii) Tier B Water – Napa shall deliver and St. Helena shall accept an additional 100 Acre-feet of water for each fiscal year when the Effective DWR Notice identifies a State Water Project Allocation of 30% or greater of the SWP Contractors' Table A amounts. If the State Water Project Allocation on the Effective DWR Notice is less than 30%, Tier B water will be unavailable for the subsequent fiscal year.
 - iii) Tier C Water – St. Helena may request, and Napa shall deliver, subject to St. Helena's written request for a specified quantity of "Tier C Water" received by May 1st, up to an additional 100 Acre-feet of water for each fiscal year when the Effective DWR Notice identifies a State Water Project Allocation of 50% or greater of the SWP Contractors' Table A

amounts. If the State Water Project Allocation on the Effective DWR Notice is less than 50%, Tier C water will be unavailable for the subsequent fiscal year.

5) Water Quality:

- a) The water delivered to St. Helena by Napa shall be of suitable quality for human consumption. No later than 24 hours after either party becomes aware of any significant impairment of water quality (delivered under this Agreement) that affects its suitability for human consumption, that party shall notify the other party.
- b) St. Helena shall install and maintain a double check valve cross connection control device as close as practical to the point of delivery as described in paragraph 7 hereof. The double check valve shall be approved by Napa prior to installation. St. Helena shall provide yearly testing reports to Napa to certify that the device is operational. St. Helena shall repair or replace a malfunctioning or failing device within fifteen (15) days of notification.

6) Price and Payment:

- a) Napa Napa shall pay St. Helena a lump sum of \$1,700,000 for St. Helena's release of its 1,000 acre-feet of State Water Project water entitlement. Payment is contingent upon execution of an amendment to the contract between Napa and NCFWCWD to add said 1,000 acre-feet to Napa's entitlement as reflected in "Table A" of that contract, and will be made within 60 days after execution of said amendment.
- b) St. Helena:
 - i) St. Helena shall pay Napa for the water delivered by Napa at Napa's outside-city rates at the time of delivery. Napa's outside-city rate is tied to CPI adjustments after October 1, 2007 and will be subject to other adjustments by Napa from time to time when various water rates are revised. Napa shall bill St. Helena monthly for water supplied during the previous month, and St. Helena shall pay the bill within thirty (30) days of the date of the bill. Delinquent bills shall bear interest at the rate of ten percent (10%) per annum.
 - ii) In the event that St. Helena contests the accuracy of any bill submitted to it pursuant to this paragraph, it shall give Napa notice thereof at least ten (10) days prior to the day upon which payment of the stated amounts is due. To the extent that Napa finds St. Helena's contentions regarding the bill to be correct, it shall revise the bill accordingly, and St. Helena shall make payment of the revised amounts on or before the due date. To the extent that Napa does not find St. Helena's

contentions to be correct, or where time is not available for a review of such contentions prior to the due date, St. Helena shall make payment of the stated amounts on or before the due date, but may make the contested part of such payment under protest and seek to recover the amount thereof from Napa.

- iii) St. Helena shall be obligated to pay Napa for all water delivered by Napa to the point of delivery (which amount shall be no less than the combined Tier A, Tier B, and Tier C quantities described herein) whether or not St. Helena is able to make beneficial use of the total quantity of such water.
 - iv) In the event of any default by St. Helena in the payment of any money required to be paid to Napa hereunder, Napa may, upon not less than one month's written notice to St. Helena, suspend deliveries of water under this Agreement for so long as such default continues: *Provided*, That during such period St. Helena shall remain obligated to make all payments required under this Agreement. Action taken pursuant to this paragraph shall not deprive Napa of or limit the applicability of any remedy provided by this Agreement or by law for the recovery of money due or which may become due under this Agreement.
 - v) St. Helena's failure or refusal to accept delivery of water to which it is entitled under paragraph 4 shall in no way relieve St. Helena of its obligation to make payments to Napa as provided for in this Agreement. In June of each year, Napa shall bill St. Helena for the difference between metered usage and the amount of water entitled or requested pursuant to the provision in paragraph 4.
- 7) Point of Delivery: Water will be delivered by Napa to the existing meter connecting Napa's water system with the St. Helena water system near the intersection of State Highway 29 and State Highway 128 in Rutherford, Napa County, California. St. Helena has the physical ability to control the rate, time and amount of delivery, and shall not take delivery of more water than it is entitled to receive under this agreement, take water outside the periods set forth in Paragraph 8 except during emergency conditions, nor at rates greater than that set forth in Paragraph 9.
- 8) Time of Delivery:
- a) Water shall be made available to St. Helena at the point of delivery during the following time periods:
 - i) Tier A Water –Tier A water shall be made available during the period from October 1st through April 30th.

- ii) Tier B Water – Tier B water shall be made available during the period from October 1st through April 30th.
 - iii) Tier C Water – Tier C water shall be made available during the period from September 1 through May 31st.
 - b) Entitlement to water not used within the first allowable period of delivery may not be carried over into ensuing delivery periods.
 - c) No water shall be taken by St. Helena outside the periods set forth in this paragraph, except as separately authorized in writing by Napa (i) for temporary emergencies as provided for in paragraph 13 hereof or (ii) for replacement supplies to make up for interruptions in deliveries as provided for in paragraph 10 hereof.
- 9) Rate of Delivery: Absent *force majeure* or other exigent circumstances beyond St. Helena's control, the rate of delivery shall not exceed 700 gallons per minute at any time.
- 10) Interruption of Delivery: Napa may temporarily discontinue or reduce water deliveries as herein provided for the purposes of investigation, inspection, maintenance, repair or replacement of its water system facilities necessary for the delivery of water to St. Helena, as well as due to outages in, or reduction in capabilities of such facilities beyond Napa's control, or in the event of an emergency. Napa shall provide notice as far in advance as practicable of any such interruption, except in the case of emergency in which case no advance notice will be required, but notice will be given as promptly as feasible. Napa will use its best efforts to avoid and minimize any such temporary interruption of deliveries, and shall resume deliveries as soon as Napa determines, in its sole and exclusive discretion, that it is practicably feasible to do so. In the event of a delivery interruption, Napa may, in its sole and absolute discretion, make water available to St. Helena outside the delivery period set forth in Paragraph 8 above to make up for the loss of water deliveries during the interruption, but is not required to do so. Interruption in deliveries shall not affect St. Helena's payment obligation set forth herein.
- 11) Measurement of Water Delivered: The water delivered under this Agreement shall be measured by a meter at the point of delivery. The meter shall be owned, operated, maintained, replaced and read by Napa, subject to St. Helena's right to annual testing and calibration of the flow meter to verify accuracy. Each party shall have the right to test the meter at its own expense.
- 12) Operations: St. Helena hereto recognizes and agrees that Napa shall have the right, in its sole and exclusive discretion, to operate the Napa water system including but not limited to treatment plants, transmission facilities,

storage tanks, and pump stations. St. Helena acknowledges that there is no guarantee of consistent pressure at the meter and that fluctuations will occur based on Napa's operation of various treatment plants. St. Helena bears full responsibility for providing adequate conveyance facilities to accept and make beneficial use of the water once it passes through the meter.

- 13) Emergency Water Supply: Upon request from St. Helena, Napa will provide water supplies to St. Helena during temporary emergency situations, not including drought, in the time period not covered by Tier A, B and C deliveries herein so long as delivery of emergency water supply does not adversely affect other customers on the Napa system. Napa shall have the right, in its sole and exclusive discretion, to determine what constitutes a temporary emergency situation and to determine the adverse effect of emergency deliveries on Napa customers, and to determine the reasonable period such emergency deliveries may continue. Water delivered for emergency purposes outside the delivery period in this Agreement shall be in addition to quantities specified in this Agreement and shall be paid for in the same manner and at the same rate as other water deliveries hereunder.
- 14) Water Conservation Requirements: In the event of a water supply shortage, as determined by Napa in its sole discretion, St. Helena shall apply water conservation requirements and restrictions to its customers that are no less restrictive than those placed on Napa customers. Napa shall not determine that there is a water supply shortage unless it is imposing water conservation requirements and restrictions on its customers.
- 15) Participation in Dwyer Road Pump Station: St. Helena agrees to participate in discussions related to the construction of a pump station at Dwyer Road, at such time that either Napa or Calistoga requests, and to consider a funding contribution based on the project's benefit to St. Helena.
- 16) Agreement Subject to Amendment with NCFCWCD: St. Helena and Napa acknowledge and agree that separate amendments to the water supply contracts with NCFCWCD for St. Helena and for Napa are necessary to transfer 1000 acre-feet per year of State Water Project water entitlements from St. Helena to Napa. Since this transfer of water entitlements is an essential consideration for this Agreement, failure to execute amendments to transfer said water entitlements by no later than one (1) year after the date of execution of this Agreement shall render all terms of this Agreement null and void.
- 17) Liability and Indemnity:
 - a) Neither Napa nor any of its officers, agents, or employees shall be liable for the control, carriage, handling, use, disposal or distribution of water after it has passed the delivery point hereunder, nor for any damage or

claim of damage of any nature whatsoever, including but not limited to property damage, personal injury or death arising out of or connected with the same.

- b) St. Helena shall indemnify, hold harmless, release and defend Napa, its officers, employees and agents from and against any and all actions, claims, demands, damages, disability, losses, expenses including attorney's fees and other defense costs and liabilities of any nature that may be asserted by any person or entity including, but not limited to, St. Helena or any other third person arising out of this Agreement excepting only liabilities due to the sole negligence or willful misconduct of Napa. This indemnification obligation is not limited in any way by any limitation on the amount or type of damages or compensation payable by or for St. Helena under Worker's Compensation, disability or other employee benefit acts or the terms, applicability of limitations or any insurance held or provided by St. Helena and shall continue to bind the parties after termination/completion of this Agreement.

18) No Damages Allowable Against the City of Napa: Napa has entered into this Agreement solely as an act of inter-jurisdictional co-operation. In the event it is claimed that Napa has in any manner failed to satisfy any obligation under this Agreement, or otherwise has breached this Agreement, the sole and exclusive remedy against Napa shall be injunctive relief, specific performance, declaratory relief, writ of mandate or similar remedy. Under no circumstances shall Napa be liable for any damages of any kind arising from any asserted failure to satisfy an obligation under, or breach of, this Agreement. It is understood that this provision constitutes material consideration under which Napa agreed to enter into this Agreement, and that Napa would not have entered into this Agreement had it known it would have been subject to damages of any kind arising from its failure to satisfy any provision of, or breach of, this Agreement.

19) Responsibility of St. Helena: St. Helena shall be solely responsible for the control, carriage, handling, use, disposal and distribution of water supplied to St. Helena hereunder after it has passed the delivery point.

20) No Third Party Beneficiary Intended: Nothing in this Agreement shall be construed or deemed as intending to create or confer any third party beneficiaries or rights in any third parties.

21) Termination:

In addition to any other rights of termination and suspension set forth under this Agreement or at law, Napa shall have the right, at its sole option, to terminate this Agreement upon 30 days' written notice for the following causes:

- a) St. Helena takes water at a rate greater than that specified or at times not authorized in this agreement.
 - b) St. Helena defaults in payment of monthly bill for greater than 90 days.
- 22) Dispute Resolution:** Should any dispute arise concerning any provisions of this agreement, or the parties' rights and obligations hereunder, the parties shall meet and confer in an attempt to resolve the dispute. Prior to commencing any legal action, the complaining party shall provide to the other party 30 days' written notice of the intent to take such action; Provided, That such notice shall not be required where a delay in commencing an action would prejudice the interests of the party that intends to file suit. During the 30 day notice period, the parties shall meet and confer in an attempt to resolve the dispute. Except as specifically provided, nothing herein is intended to waive or abridge any right or remedy that either party may have.
- 23) Remedies:** The sole and exclusive remedy against Napa for claims arising under this agreement shall be injunctive relief, specific performance, declaratory relief, writ of mandate or similar remedy. Under no circumstances shall Napa be liable for any damages of any kind arising from any asserted failure to satisfy an obligation under, or breach of, this Agreement. The use by either party of any remedy specified herein for the enforcement of this Agreement is not exclusive and shall not deprive the party using such remedy of, or limit the application of, any other remedy provided by law.
- 24) Attorneys' Fees.** In the event any legal action is commenced to enforce this Agreement, the prevailing party is entitled to reasonable attorney's fees, costs, and expenses incurred.
- 25) Notices:** All notices that are required either expressly or by implication to be given by one party to the other under this Agreement shall be signed for Napa by its Public Works Director, and for St. Helena by its City Manager, or, for either party, by such officer as it may, from time to time, authorize in writing to so act. All such notices shall be deemed to have been given if delivered personally or if enclosed in a properly addressed envelope and deposited in a United State Post Office for delivery by registered or certified mail. Unless and until formally notified otherwise, all notices shall be addressed to the parties at their addresses as shown on the signature page of this Agreement.
- a) St. Helena shall address notices to:

City of Napa
 Director of Public Works
 Post Office Box 660
 Napa, California 94559-0660

b) Napa shall address notices to:

City of St. Helena
City Manager
1480 Main St
Saint Helena, California 94574

- 26) Books and Records:** During regular office hours, each of the parties hereto and their duly authorized representatives shall have the right to inspect and make copies of any books, records, or reports of the other party pertaining to this Agreement or matters related hereto. Each of the parties hereto shall maintain and make available for such inspection accurate records of all of its costs, disbursements and receipts with respect to its activities under this Agreement.
- 27) Successors and Assigns:** This Agreement and all of its provisions shall apply to and bind the successors and assigns of the parties hereto.
- 28) Assignment:** No assignment or transfer of this Agreement or any part hereof, rights hereunder, or interest herein by St. Helena shall be valid unless and until it is approved in writing by Napa and made subject to such reasonable terms and conditions as Napa may impose.
- 29) Privileges and Immunities:** The parties hereby agree that the activities of each parties' officers, agents, and employees shall be subject to the privileges, immunities, and protections of Government Code section 6513.
- 30) Waiver:** Any waiver at any time by either party hereto of its rights with respect to a default or any other matter arising in connection with this Agreement shall not be deemed to be a waiver with respect to any other default or matter.
- 31) Modifications:** This Agreement may not be modified orally or in any manner other than by an agreement in writing signed by both parties.
- 32) Agreement Interpretation:** Each party to this Agreement has had an opportunity to review the Agreement, confer with legal counsel regarding the meaning of the Agreement, and negotiate revisions to the Agreement. Accordingly, neither party shall rely upon Civil Code section 1654 in order to interpret any uncertainty in the meaning of the Agreement.
- 33) Entire Agreement:** This Agreement, including all documents incorporated herein by reference, comprises the entire integrated understanding between the parties concerning the subject matter described herein. This Agreement

Attachment 2

supersedes all prior negotiations, agreements, and understandings regarding the matter, whether written or oral, including but not limited to Agreement 7148 for emergency water deliveries. The documents incorporated by reference into this Agreement are complementary; what is called for in one is binding as if called for in all.

- 34) Signatures:** The individuals executing this Agreement represent and warrant that they have the right, power, legal capacity, and authority to enter into and to execute this Agreement on behalf of the respective legal entities of St. Helena and Napa.

Attachment 2

IN WITNESS WHEREOF, St. Helena and Napa do hereby agree to the full performance of the terms set forth herein.

By St. Helena this 12 day of September, 2006

and By Napa this 25 day of October, 2006

CITY OF NAPA, a municipal corporation

CITY OF ST. HELENA, a municipal corporation

BY: Jill Techel
Jill Techel, Mayor

BY: Delford Britton
Delford Britton, Mayor

ATTEST: Patt Osborne
for Sara Cox, City Clerk

ATTEST: Delia Guijosa
Delia Guijosa, City Clerk

APPROVED AS TO FORM:

APPROVED AS TO FORM:

Michael Barrett
Michael Barrett, City Attorney

Amy L. Lyman
Amy L. Lyman, City Attorney

COUNTERSIGNED:

COUNTERSIGNED:

Scott Nielsen
Scott Nielsen, City Auditor

Karen Scalabrini
Karen Scalabrini, Finance Director

Attachment 3

STAFF REPORT

OFFICE OF THE DIRECTOR OF PUBLIC WORKS



DATE: April 14, 2009

TO: Mayor and Council

FROM: John Ferons – Interim Director of Public Works

RE: Amendment No. 1 to the Napa Water Agreement

BACKGROUND

In 2006, the City of Napa and St. Helena executed a water supply agreement (Resolution No. 2006-131) to deliver a minimum of 200 acre-feet annually (AFA) and up to 400 AFA of potable water from Napa to St. Helena for the purpose of supplementing dry-year supplies and to provide below normal-year reserves for St. Helena. Water supplies to support the agreement included a permanent transfer of 1,000 acre-feet (AF) of State Water Project water entitlements from St. Helena to Napa. In the 2050 Napa Valley Water Resources Study (2050 Study) completed in 2005, St. Helena is projected to experience a water supply deficit of nearly 400 AFA in multiple dry-years (6 years of below normal rainfall) through the year 2020. The 2006 water supply agreement between Napa and St. Helena provides for a minimum delivery of 200 AFA to eliminate half of the dry-year deficit. Per the original agreement, St. Helena's ability to purchase more than 200 AF is tied to the availability of State Water Project entitlements to City of Napa. St. Helena desires additional reliability and has requested an amendment to the agreement to add an additional 200 AFA minimum delivery.

DISCUSSION/ANALYSIS

Napa has recently purchased 1,100 AF of State Water Project water entitlements from the Town of Yountville, the additional minimum water delivery of Napa water to the City of St. Helena by this proposed amendment will not affect water supplies to Napa's customers. California is experiencing a third consecutive dry year and the City of St. Helena needs to supplement its water portfolio in order to meet anticipated demands during multiple dry-year periods. Highlights of the proposed water supply amendment with the City of Napa are as follows:

- Doubles the volumes of water as follows:
 - A. Tier A = 400 af (up from 200)
 - B. Tier B = 200 af (up from 100); Total 600 af (up from 300)
 - C. Tier C = 200 af (up from 100); Total 800 af (up from 400)

STAFF REPORT
OFFICE OF THE DIRECTOR OF PUBLIC WORKS

Attachment 3



- Alters the season of delivery for Tiers B and C to include summer months, July 1 to June 30 (year round delivery). The Tier A season is unchanged.

The additional water delivery is significant because the minimum 400 acre-feet represents 17-percent and the maximum 800 acre-feet represents 34-percent of the total storage in Bell Canyon Reservoir. The year-round season of delivery is very significant because it provides for water delivery during the peak demand summer months and it provides sufficient time for our pumps to move the volume of water.

IMPACT

The City of Napa served as the lead agency for the environmental review and pursuant to Section 15063 of the CEQA Guidelines, the City of Napa completed an Initial Study for the project. Pursuant to Section 15072 of the CEQA Guidelines, a notice of intent to adopt a negative declaration was circulated for the required review period of not less than 20 days from March 11, 2009 to March 31, 2009. The City of St. Helena, not being the lead agency, reviewed the proposed Negative Declaration during the review period and had no comments. No other comments were received by the City of Napa during the review period. Therefore the Napa City Council determined at their April 7, 2009 regularly scheduled meeting that the adoption of the amended agreement, as analyzed in the Initial Study titled "Amendment to Water Supply Agreement between City of Napa and City of St. Helena" and dated March 6, 2009, will have no significant effect on the environment; and the City Council adopted said negative declaration and the proposed amendment.

FISCAL IMPACT

Based on the current Napa outside City water rate of \$5.71/1,000 gallons (\$1,860/acre-foot), the additional minimum delivery of 200 acre-feet annually will cost \$372,000 per year in revenue from the Water Enterprise.

ALTERNATIVES

Reject the recommended action

Direct Staff to perform additional analysis of impacts

Approve the Resolution Authorizing Amendment No. 1 to the Water Supply Agreement between the City of Napa and the City of St. Helena

RECOMMENDED COUNCIL ACTION

Approve the Resolution Authorizing Amendment No. 1 to the Water Supply Agreement between the City of Napa and the City of St. Helena.

STAFF REPORT
OFFICE OF THE DIRECTOR OF PUBLIC WORKS

Attachment 3



ATTACHMENTS/EXHIBITS

1. Resolution Authorizing the Amendment No.1 to Water Supply Agreement between the City of Napa and the City of St. Helena adopted by Resolution 2006-131.
2. Amendment No.1 to Water Supply Agreement between the City of Napa and the City of St. Helena.
3. Notice of Intent to Adopt a Negative Declaration and Environmental Checklist Form (Initial Study) titled "Amendment to Water Supply Agreement between City of Napa and City of St. Helena" dated March 6, 2009.

Attachment 3

NOTICE OF INTENT

To Adopt a Negative Declaration for the
City of Napa, Public Works Department

Amendment to Water Supply Agreement
between City of Napa and City of St. Helena

In 2006, the City of Napa and St. Helena executed a water supply agreement to deliver a minimum of 200 acre-feet annually (AFA) and up to 400 AFA of potable water from Napa to St. Helena for the purpose of supplementing dry-year supplies and to provide below normal-year reserves for St. Helena. Water supplies to support the agreement included a permanent transfer of 1,000 acre-feet (AF) of State Water Project water entitlements from St. Helena to Napa.

In the 2050 Napa Valley Water Resources Study (2050 Study) completed in 2005, St. Helena is projected to experience a water supply deficit of nearly 400 AFA in multiple dry-years (6 years of below normal rainfall) through the year 2020. The 2006 water supply agreement between Napa and St. Helena provides for a minimum delivery of 200 AF to eliminate half of the dry-year deficit. Per the original agreement, St. Helena's ability to purchase more than 200 AF is tied to the availability of State Water Project entitlements to City of Napa. St. Helena desires additional reliability and has requested an amendment to the agreement to add an additional 200 AFA minimum delivery.

Napa has recently purchased 1,100 AF of State Water Project water entitlements from the Town of Yountville. Napa is willing to use this additional water supply to support an amendment to add an additional 200 AFA minimum delivery to St. Helena. The amendment will provide St. Helena with a minimum of 400 AFA to eliminate the dry-year deficit.

To comply with the requirements of the California Environmental Quality Act (CEQA), Napa prepared an Initial Study for the proposed project. The Initial Study includes an environmental checklist that evaluates the potential environmental impacts of the proposed project. Based on the results of the Initial Study, Napa has determined that the proposed project can be carried out with less than significant impacts on the environment. Therefore, Napa proposes to adopt a Negative Declaration in order to meet its obligation under CEQA.

Prior to taking final action on the proposed Negative Declaration, Napa will consider public comments on the Initial Study and proposed Negative Declaration. All interested parties are invited to submit written comments to:

Phil Brun
City of Napa
Department of Public Works
P.O. Box 660
Napa, CA 94559-0660

The Initial Study and proposed Negative Declaration are available for public review at the City of Napa Water Division Administration Building located at 1340 Clay Street, Napa, CA during normal working hours (Monday – Friday, 8:00 a.m. to 5:00 p.m). The public review period begins on **March 9, 2009** and ends on **March 30, 2009**. All written comments must be received by 5:00 p.m. on **March 30, 2009**.

A public hearing on the proposed Negative Declaration will be held during a Napa City Council Meeting on **April 7, 2009** at the City of Napa Council Chamber located at 955 School Street, Napa, CA. After consideration of all comments, the Napa City Council will either certify or reject the proposed Negative Declaration.

**City of Napa Public Works Department
1600 First Street - Napa, CA 94559**

ENVIRONMENTAL CHECKLIST FORM

PROJECT NAME: Amendment to Water Supply Agreement between City of Napa and City of St. Helena

SITE ADDRESS: The project location includes all properties within the County of Napa's boundaries, primarily inside the corporate boundaries of the City of Napa and the City of St. Helena.

GENERAL PLAN: All land use designations identified in the County of Napa's, City of Napa's, and City of St. Helena's General Plans.

ZONING: All Zoning Districts identified in the Zoning Ordinances of the County of Napa, City of Napa, and City of St. Helena.

DESCRIPTION OF PROJECT SITE: The majority of the properties defined as the project site are located within the City of Napa and City of St. Helena and are already developed, with several parcels within the cities' corporate boundaries being undeveloped and suitable for future development as envisioned by each city's General Plan. The properties that receive domestic water supplies from the cities and that lie outside their corporate limits are in residential, commercial or agricultural use.

APPLICANT: City of Napa
PO Box 660
Napa, CA 94559

Contact Name and Phone: Phil Brun
(707) 257-9316

PROJECT DESCRIPTION (Describe the whole action involved, including but not limited to later phases of the project, and any secondary, support, or off-site features necessary for its implementation. Attach additional sheets if necessary)

In 2006, the City of Napa and St. Helena executed a water supply agreement to deliver a minimum of 200 acre-feet annually (AFA) and up to 400 AFA of potable water from Napa to St. Helena for the purpose of supplementing dry-year supplies and to provide below normal-year reserves for St. Helena. Water supplies to support the agreement included a permanent transfer of 1,000 acre-feet (AF) of State Water Project water entitlements from St. Helena to Napa.

In the 2050 Napa Valley Water Resources Study (2050 Study) completed in 2005, St. Helena is projected to experience a water supply deficit of nearly 400 AFA in multiple dry-years (6 years of below normal rainfall) through the year 2020. The 2006 water supply agreement between Napa and St. Helena provides for a minimum delivery of 200 AF to eliminate half of the dry-year deficit. Per the original agreement, St. Helena's ability to purchase more than 200 AF is tied to the availability of State Water Project entitlements to City of Napa. St. Helena desires additional reliability and has requested an amendment to the agreement to add an additional 200 AFA minimum delivery.

Napa has recently purchased 1,100 AF of State Water Project water entitlements from the Town of Yountville. Napa is willing to use this additional water supply to support an amendment to add an additional 200 AFA minimum delivery to St. Helena. The amendment will provide St. Helena with a minimum of 400 AFA to eliminate the dry-year deficit.

ENVIRONMENTAL SETTING (Surrounding land uses and setting: briefly describe the project's surroundings)

The project site is the collective area of Napa and St. Helena, which are bordered on all sides by properties principally designated for and in use for agricultural production.

**City of Napa Initial Study and Negative Declaration
Amendment to St. Helena Water Supply Agreement**

Page 2

OTHER PUBLIC AGENCIES:

(whose approval is required e.g., permits, financing approval, or participation agreement)

City of St. Helena

ENVIRONMENTAL FACTORS POTENTIALLY AFFECTED:

The environmental factors checked below would be potentially affected by this project, involving at least one impact that is a "Potentially Significant Impact" as indicated by the checklist on the following pages.

☐ Aesthetics	☐ Agricultural Resources	☐ Air Quality
☐ Biological Resources	☐ Cultural Resources	☐ Geology/Soils
☐ Hazards & Hazardous Mat.	☐ Hydrology/Water Quality	☐ Land Use/Planning
☐ Mineral Resources	☐ Noise	☐ Population/Housing
☐ Public Services	☐ Recreation	☐ Transportation/Traffic
☐ Utilities/Service Systems	☐ Mandatory Findings of Significance	

SOURCES OF INFORMATION

The following sources of Information were used in preparation of this initial study and are incorporated by reference. The documents are available for review by the public at the City of Napa Water Administration Building, 1340 Clay Street, Napa, CA 94559.

- ❖ **City of Napa; General Plan Policy Document, Adopted December, 1998** – this document formalizes a long term vision for the physical evolution of Napa and outlines policies, standards, and programs to guide day-to-day decisions concerning Napa's development and land use through the year 2020. Specifically, the initial study relies on data and analysis found within Chapter 4-9. "Water System," and the City's long-range policies with respect to water storage, delivery, conservation, sources of supply and projected demand, as well as the express goals, policies and implementation measures contained in that chapter.
- ❖ **City of Napa; General Plan Background Report, Adopted December, 1998** – this document provides a history of land use planning in Napa and describes the city's current land use, social and economic conditions, regulatory constraints, existing land use patterns, and the components of visual quality and provides a basis for the goals and policies included in the Policy Document of the General Plan. Specifically, the initial study relies on data and analysis contained in Chapter 4-20 and its discussion of water supply, demand, storage, treatment and distribution capacity.
- ❖ **City of Napa; General Plan Final Environmental Impact Report, Adopted December, 1998 (State Clearinghouse #95-03-3060)** – this document evaluates the environmental impacts, evaluates reasonable alternatives, and discusses feasible mitigation measures related to the adoption and implementation of the General Plan. Specifically, the initial study relies on data and analysis contained in section 3.9. "Hydrology," and section 4.3, "Growth-Inducing Impacts."
- ❖ **City of Napa, Water System Optimization and Master Plan, 1997; West Yost & Associates** – this document develops a comprehensive evaluation of projected water demand based on the City's General Plan, discusses water supply options, and develops a capital improvement plan to meet projected demands and future regulations. The incorporated sections assess present and projected water demands, water supply analysis, and existing supply, treatment and distribution facilities and provide a background for the analysis of the distribution proposed by the project.

- ❖ **City of Napa; *Water System Optimization and Master Plan; Final EIR; 1997 (State Clearinghouse #96-02-2043)*** - this document evaluates the environmental impacts, evaluates reasonable alternatives, and discusses feasible mitigation measures related to the implementation of the Water System Optimization and Master Plan. The incorporated sections assess present and projected water demands, water supply analysis, and existing supply, treatment and distribution facilities and provide a background for the analysis of the distribution proposed by the project.
- ❖
- ❖ **City of St. Helena; *General Plan, Adopted 1993*** - this document formalizes a long term vision for the physical evolution of St. Helena and outlines policies, standards, and programs to guide day-to-day decisions concerning Napa's development and land use through the year 2020. Specifically, the initial study incorporates data and analysis contained within Chapter 9.2, "Water," to place the proposed project within the context of St. Helena's historical levels of water consumption, dry year demands and distribution capacity.
- ❖ **City of St. Helena; *General Plan EIR, 1993 (State Clearinghouse #93-04-3001)*** - this document evaluates the environmental impacts, evaluates reasonable alternatives, and discusses feasible mitigation measures related to the adoption and implementation of the General Plan. Specifically, the initial study incorporates the data and analyses contained in Chapter II, Section I, "Hydrology and Water Quality," and Chapter IV, Section C, "Growth Inducement" to place the project in the context of St. Helena's water demand and build-out assumptions.
- ❖ **2050 Napa Valley Water Resources Study , prepared by the Napa County Flood Control and Water Conservation District, City of Napa, City of American Canyon, City of Calistoga, City of St. Helena, and Town of Yountville, 2005** – this document develops a comprehensive evaluation of water supply availability and projected water demands for Napa and St. Helena through the year 2050. The incorporated sections summarize planning assumptions for both Napa and St. Helena and place the project in the context of Napa's and St. Helena's various water demand assumptions.
- ❖ **City of Napa; *Notice of Determination for Transfer of State Water Project Entitlements from City of St. Helena to City of Napa, 2006*** – this document makes a determination of a Negative Declaration for the transfer of 1,000 acre-feet of State Water Project entitlements from St. Helena to Napa and subsequent delivery of up to 400 acre-feet annually of potable water from Napa to St. Helena.
- ❖ **City of Napa; *Notice of Determination for Transfer of State Water Project Entitlements from Town of Yountville to City of Napa, 2009*** – this document makes a determination of a Negative Declaration for the transfer of 1,100 acre-feet of State Water Project entitlements from Yountville to Napa.

DETERMINATION: On the basis of information found in this initial evaluation, staff finds that:

- [X] The proposed project COULD NOT have a significant effect on the environment and a NEGATIVE DECLARATION will be prepared.
- [] Although the proposed project could have a significant effect on the environment, there will not be a significant effect in this case because revisions in the project have been made or agreed to by the project proponent. A MITIGATED NEGATIVE DECLARATION will be prepared.
- [] The proposed project MAY have a significant effect on the environment, and an ENVIRONMENTAL IMPACT REPORT is required.
- [] The proposed project MAY have a significant effect(s) on the environment, but at least one effect: 1) has been adequately analyzed in an earlier document pursuant to applicable legal standards; and 2) has been addressed by mitigation measures based on the earlier analysis as described on attached sheets, if the effect is a "potentially significant impact" or "potentially significant unless mitigated." An

Attachment 3

ENVIRONMENTAL IMPACT REPORT is required, but it must analyze only the effects that remain to be addressed.

- [] Although the proposed project could have a significant effect on the environment, because all potentially significant effects (a) have been analyzed adequately in an earlier EIR or NEGATIVE DECLARATION pursuant to applicable standards, and (b) have been avoided or mitigated pursuant to that earlier EIR or NEGATIVE DECLARATION, including revisions or mitigation measures that are imposed upon the proposed project, nothing further is required.

A Notice of Negative Declaration will be prepared and posted for the period of March 9, 2009 through March 30, 2009.

DE MINIMIS IMPACT FINDING: Staff finds that there is no evidence before the City that the proposed project will have the potential for an adverse effect on wildlife resources or the habitat upon which wildlife depends; on the basis of substantial evidence, the presumption of adverse effect is rebutted. A Certificate of Fee Exemption will be completed and filed with the Notice of Determination for the project.

Based on the information in this initial evaluation, wildlife resources or the habitat upon which they depend may be impacted; therefore, even if the effect is satisfactorily mitigated, the project is subject to the Fish and Game Environmental Fee.

Prepared by:

Signature

Date

Printed Name

**City of Napa Public Works Department
1600 First Street - Napa, CA 94559**

Attachment 3

ENVIRONMENTAL CHECKLIST

PROJECT NAME: Amendment to Water Supply Agreement between City of Napa and City of St. Helena

Environmental Issue Area	Potentially Significant Impact, Unmitigated	Less than Significant with Mitigation Incorporation	Less Than Significant Impact	No Impact
I. AESTHETICS. <i>Would the project:</i>				
a. Have a substantial adverse effect on a scenic vista?				X
b. Substantially damage scenic resources, including, but not limited to, trees, rock outcroppings, and historic buildings within a state scenic highway?				X
c. Substantially degrade the existing visual character or quality of the site and its surroundings?				X
d. Create a new source of substantial light or glare which would adversely affect day or nighttime views in the area?				X
<u>Discussion:</u> The amendment to a water supply agreement between the City of Napa and St. Helena will not require the expansion of existing nor the construction of new water delivery and/or treatment systems to transport SWP water from the Barker Slough Intake on the Sacramento Delta to the point of connection with St. Helena's water system. All existing infrastructure between the point of Intake and the point of connection with St. Helena's water system is of adequate size and capacity to accommodate delivery of additional water. Since no expansion or construction of new facilities is required for the project, there is no direct impact to aesthetics. The project will not commit any of the participating public agencies to a definite course of action with respect to any future land use or development proposals within their respective jurisdictions. Future uses and development of individual projects on specific properties or parcels within the participating jurisdictions will be subject to discretionary reviews by the respective city's Design Review Board, Planning Commission, and/or the City Council via one of several entitlement processes. The entitlement processes ensure that future use and development of the land is accomplished in a manner and fashion consistent with each city's General Plan and Zoning Ordinance. Included among the many topical evaluations that are part of the entitlement processes are aesthetics. As warranted, project modifications and/or conditions of approval will be incorporated into any project approval to ensure compliance with the General Plan and the Zoning Ordinance. As part of each city's entitlement process, evaluations of potential environmental effects are conducted in accordance with applicable provisions of CEQA and the CEQA Guidelines. Included among the many topical environmental evaluations are aesthetics. As warranted, project modifications and/or mitigation measures will be incorporated into project approvals to ensure that there result no significant unavoidable environmental effects. Therefore, no significant environmental effect is expected to occur with regard to local aesthetics. <u>Special Mitigation Measures:</u> None				

Attachment 3

Environmental Issue Area	Potentially Significant Impact, Unmitigated	Less than Significant with Mitigation Incorporation	Less Than Significant Impact	No Impact
II. AGRICULTURAL RESOURCES. <i>Would the project:</i>				
a. Convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to non-agricultural use?				X
b. Conflict with existing zoning for agricultural use or a Williamson Act Contract?				X
c. Involve other changes in the existing environment which, due to their location or nature, could result in conversion of Farmland to non-agricultural use?				X
<u>Discussion:</u> Most of the land within Napa is designated as 'urban and built-up land' by the Napa County Important Farmland map prepared by the California Department of Conservation's Division of Land Resource Protection Farmland Mapping and Monitoring Program, published in 1999. The zoning districts within the city's corporate limits emphasize non agricultural uses and allow only limited agricultural operations clearly ancillary to the principal permitted use such as residential or resort. St. Helena has approximately 1,500 acres of land designated for agricultural use within the city limits. These lands are separated from urban land uses by an urban limit line that designates the Urban Service Area. Agricultural lands are generally irrigated with groundwater wells. General Plan policies discourage the extension of urban services outside of the Urban Service Area as follows: - General Plan Guiding Policy 2.62: Urban development shall be allowed to occur only within the Urban Service Area during the time frame of the General Plan. - General Plan Guiding Policy 2.63: Urban services such as sewer, water and storm drainage will only be extended to development with the Urban Service Area. Exceptions will be permitted when undue hardship can be demonstrated and proposed improvements are not found to be growth inducing. - General Plan Guiding Policy 2.63: Encourage the continuation of agricultural and low-intensity uses adjacent to the Urban Limit Line. Therefore, the project would not increase pressure to convert agricultural lands and suburban uses. Furthermore, the proposed project would not result in residential or non-residential growth above that indicated in each city's current General Plan. Therefore, implementation of the project would not induce, either directly or indirectly, conversion of prime or non-prime farmland to a non-agricultural use. The project will not commit any of the participating public agencies to a definite course of action with respect to any future land use or development proposals within their respective jurisdictions. Future uses and development of individual projects on specific properties or parcels within the participating jurisdictions will be subject to discretionary reviews by the respective city's Design Review Board, Planning Commission, and/or the City Council via one of several entitlement processes. The entitlement processes ensure that future use and development of the land is accomplished in a manner and fashion consistent with each city's General Plan and Zoning Ordinance. Included among the many topical evaluations that are part of the entitlement processes are agricultural resources. As warranted, project modifications and/or conditions of approval will be incorporated into any project approval to ensure compliance with the General Plan and the Zoning Ordinance. As part of each city's entitlement process, evaluations of potential environmental effects are conducted in accordance with applicable provisions of CEQA and the CEQA Guidelines. Included among the many topical environmental evaluations are agricultural resources. As warranted, project modifications and/or mitigation measures will be incorporated into project approvals to ensure that there result no significant unavoidable environmental effects. Therefore, no significant environmental effect is expected to occur with regard to local agricultural resources. <u>Special Mitigation Measures:</u> None				

Attachment 3

Environmental Issue Area	Potentially Significant Impact, Unmitigated	Less than Significant with Mitigation Incorporation	Less Than Significant Impact	No Impact
III. AIR QUALITY. [Significance criteria established by the BAAQMD may e relied upon to make the following determinations] Would the project:				
a. Conflict with or obstruct implementation of the applicable air quality plan?				X
b. Violate any air quality standard or contribute substantially to an existing or projected air quality violation?				X
c. Result in a cumulatively considerable net increase of any criteria pollutant for which the project region is non-attainment under an applicable federal or state ambient air quality standard (including releasing emissions which exceed quantitative thresholds for ozone precursors)?				X
d. Expose sensitive receptors to substantial pollutant concentrations?				X
e. Create objectionable odors affecting a substantial number of people?				X
<u>Discussion:</u> Napa and St. Helena are located in the Bay Area Air Quality Management District (BAAQMD) which includes the following counties: Alameda, Contra Costa, Marin, San Francisco, San Mateo, Santa Clara, Napa, Solano, and Sonoma. The BAAQMD is the regional agency that regulates air pollutant emissions from stationary sources in the Bay Area. The CARB, the State air quality management agency, regulates mobile emissions sources, oversees the activities of regional/county air districts, and is responsible for establishing emissions standards for on-road motor vehicles sold in California. Both agencies regulate air quality through their permit authority over most types of stationary emission sources and through planning and review activities. The project does not include any expansion or construction of new facilities, therefore the project has no direct impact to air quality, does not conflict with the BAAQMD 2000 Clean Air Plan, and does not violate any air quality standards, or contribute to an existing or projected violation. Manufacturing processes can be a significant contributor to the degradation of the air basin's quality, however there is not a significant amount of manufacturing taking place in Napa or St. Helena and none is anticipated being added as a result of this project. Further, prevailing air currents in the Napa Valley tend to sweep through the Valley on a daily basis, providing for a frequent air exchange, the benefit of which is a regular purging of contaminated air. The project will not commit any of the participating public agencies to a definite course of action with respect to any future land use or development proposals within their respective jurisdictions. Future uses and development of individual projects on specific properties or parcels within the participating jurisdictions will be subject to discretionary reviews by the respective city's Design Review Board, Planning Commission, and/or the City Council via one of several entitlement processes. The entitlement processes ensure that future use and development of the land is accomplished in a manner and fashion consistent with each city's General Plan and Zoning Ordinance. Included among the many topical evaluations that are part of the entitlement processes is air quality. As warranted, project modifications and/or conditions of approval will be incorporated into any project approval to ensure compliance with the General Plan and the Zoning Ordinance. As part of each city's entitlement process, evaluations of potential environmental effects are conducted in accordance with applicable provisions of CEQA and the CEQA Guidelines. Included among the many topical environmental evaluations is air quality. As warranted, project modifications and/or mitigation measures will be incorporated into project approvals to ensure that there result no significant unavoidable environmental effects. Therefore, no significant environmental effect is expected to occur with regard to local air quality. <u>Special Mitigation Measures:</u> None				

Attachment 3

Environmental Issue Area	Potentially Significant Impact, Unmitigated	Less than Significant with Mitigation Incorporation	Less Than Significant Impact	No Impact
IV. BIOLOGICAL RESOURCES. <i>Would the proposal result in:</i>				
a. Have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Game (CDFG) or U.S. Fish and Wildlife Service (USFWS)?				X
b. Have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, regulations or by the CDFG or USFWS?				X
c. Have a substantial adverse effect on federally protected wetlands as defined by Section 404 of the Clean Water Act (including, but not limited to, marsh, vernal pool, etc.) through direct removal, filling, hydrological interruption, or other means?				X
d. Interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites?				X
e. Conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance?				X
f. Conflict with the provisions of an adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional, or state habitat conservation plan?				X
<u>Discussion:</u> Implementation of the project would not result in the construction of new facilities or structures that could impact sensitive biological species or their habitats. The SWP entitlements being used for the project are already included in the Napa County allocation for the North Bay Aqueduct and Barker Slough Pump Station and therefore this action will not result in any increase in the rate or duration of pumping at the SWP inlet at Barker Slough. The project will not commit any of the participating public agencies to a definite course of action with respect to any future land use or development proposals within their respective jurisdictions. Future uses and development of individual projects on specific properties or parcels within the participating jurisdictions will be subject to discretionary reviews by the respective city's Design Review Board, Planning Commission, and/or the City Council via one of several entitlement processes. The entitlement processes ensure that future use and development of the land is accomplished in a manner and fashion consistent with each city's General Plan and Zoning Ordinance. Included among the many topical evaluations that are part of the entitlement processes are biological resources. As warranted, project modifications and/or conditions of approval will be incorporated into any project approval to ensure compliance with the General Plan and the Zoning Ordinance. As part of each city's entitlement process, evaluations of potential environmental effects are conducted in accordance with applicable provisions of CEQA and the CEQA Guidelines. Included among the many topical environmental evaluations are biological resources. As warranted, project modifications and/or mitigation measures will be incorporated into project approvals to ensure that there result no significant unavoidable environmental effects. Therefore, no significant environmental effect is expected to occur with regard to local biological resources. <u>Special Mitigation Measures:</u> None				

Attachment 3

Environmental Issue Area	Potentially Significant Impact, Unmitigated	Less than Significant with Mitigation Incorporation	Less Than Significant Impact	No Impact
V. CULTURAL RESOURCES. <i>Would the project:</i>				
a. Cause a substantial adverse change in the significance of an historical resource as defined in Sec.15064.5?				X
b. Cause a substantial adverse change in the significance of an archaeological resource pursuant to Sec. 15064.5?				X
c. Directly or indirectly destroy a unique paleontological resource or site or unique geologic feature?				X
d. Disturb any human remains, including those interred outside of formal cemeteries??				X
<u>Discussion:</u> While there do exist known sites or at least potential sites of cultural resources within the project site that could be disrupted by agricultural and/or development processes or construction activities, implementation of the proposed water transfer and subsequent supply of water to St. Helena would not result in the construction of new facilities or structures that could impact cultural resources. The project will not commit any of the participating public agencies to a definite course of action with respect to any future land use or development proposals within their respective jurisdictions. Future uses and development of individual projects on specific properties or parcels within the participating jurisdictions will be subject to discretionary reviews by the respective city's Design Review Board, Planning Commission, and/or the City Council via one of several entitlement processes. The entitlement processes ensure that future use and development of the land is accomplished in a manner and fashion consistent with each city's General Plan and Zoning Ordinance. Included among the many topical evaluations that are part of the entitlement processes are cultural resources. As warranted, project modifications and/or conditions of approval will be incorporated into any project approval to ensure compliance with the General Plan and the Zoning Ordinance. As part of each city's entitlement process, evaluations of potential environmental effects are conducted in accordance with applicable provisions of CEQA and the CEQA Guidelines. Included among the many topical environmental evaluations are cultural resources. As warranted, project modifications and/or mitigation measures will be incorporated into project approvals to ensure that there result no significant unavoidable environmental effects. Therefore, no significant environmental effect is expected to occur with regard to local cultural resources. <u>Special Mitigation Measures:</u> None				

Attachment 3

Environmental Issue Area	Potentially Significant Impact, Unmitigated	Less than Significant with Mitigation Incorporation	Less Than Significant Impact	No Impact
VI. GEOLOGY AND SOILS. <i>Would the project:</i>				
a. Expose people or structures to potential substantial adverse effects, including the risk of loss, injury or death involving				
i) Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area, or based on other substantial evidence of a known fault? Refer to Division of Mines and Geology Special Pub. 42				X
ii) Strong seismic ground shaking?			X	
iii) Seismic-related ground failure, including liquefaction?				X
iv) Landslides?				X
b. Result in substantial soil erosion or the loss of topsoil?			X	
c. Be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in on- or off-site landslide, lateral spreading, subsidence, liquefaction or collapse)?				X
d. Be located on expansive soil, as defined in Table 18-1B of the Uniform Building Code (1994), creating substantial risks to life or property?			X	
e. Have soils incapable of adequately supporting the use of septic tanks or alternative waste water disposal systems where sewers are not available for the disposal of waste water?				X
<u>Discussion:</u> The County of Napa is situated in the greater San Francisco Bay Area, a locale known for frequent seismic activity. There are several faults in the greater Napa Valley and beyond. There is a designated Alquist-Priolo Earthquake Fault Zone along the western side of the valley. As with all portions of the greater Bay Area, the lands within the City are subject to strong seismic ground shaking and ground failure. There is no record of volcanic activity nor of any landslide or mudflows in the project site, which is also outside the potential range of any tsunami. Because the majority of lands within the five member cities have been previously developed, erosion is general limited to flood-flow induced erosion along defined drainage courses. Soils are generally in the Bale-Cole-Yolo group, as identified by the Soil Survey of Napa County, California, prepared by the United States Department of Agriculture Soil Conservation Service, 1978. This soil group is considered to include nearly level to gently sloping terrain, to be well-drained silt and somewhat poorly drained loams, silt loams, and clay loams on flood plains, alluvial fans and terraces. From a development perspective, such soil groups are generally capable of supporting development with adherence to sound and accepted engineering practices are established provisions of the Uniform Building Code. Expansive soils have been identified in portions of the project site. No expansion of existing facilities or construction of new facilities is required to complete the project; therefore no direct impact to geological resources is caused by the project. Additionally, people or structures are not exposed to additional potential substantial adverse effects due to seismic activity, landslides, or erosion as a result of implementing the project. The project will not commit any of the participating public agencies to a definite course of action with respect to any future land use or development proposals within their respective jurisdictions. Future uses and development of individual projects on specific properties or parcels within the participating jurisdictions will be subject to discretionary reviews by the respective city's Design Review Board, Planning Commission, and/or the City Council via one of several entitlement processes. The entitlement processes ensure that future use and development of the land is accomplished in a manner and fashion consistent with each city's General Plan and Zoning Ordinance. Included among the many topical evaluations that are part of the entitlement processes are geology and soils. As				

Attachment 3

warranted, project modifications and/or conditions of approval will be incorporated into any project approval to ensure compliance with the General Plan and the Zoning Ordinance.

As part of each city's entitlement process, evaluations of potential environmental effects are conducted in accordance with applicable provisions of CEQA and the CEQA Guidelines. Included among the many topical environmental evaluations are geology and soils. As warranted, project modifications and/or mitigation measures will be incorporated into project approvals to ensure that there result no significant unavoidable environmental effects. Therefore, no significant environmental effect is expected to occur with regard to local geology and soils.

Special Mitigation Measures. None

Environmental Issue Area	Potentially Significant Impact, Unmitigated	Less than Significant with Mitigation Incorporation	Less Than Significant Impact	No Impact
VII. HAZARDS AND HAZARDOUS MATERIALS. <i>Would the project:</i>				
a. Create a significant hazard to the public or the environment through the routing transport, use or disposal of hazardous materials?			X	
b. Create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment?				X
c. Emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school?				X
d. Be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5 and, as a result, would it create a significant hazard to the public or the environment?				X
e. For a project located within an airport land use plan, would the project result in a safety hazard for people residing or working in the project area?				X
f. For a project within the vicinity of a private airstrip, would the project result in a safety hazard for people residing or working in the project area?				X
g. Impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?				X
h) Expose people or structures to a significant risk of loss, injury or death involving wild land fires, including where wildlands are adjacent to urbanized areas or where residences are intermixed with wildlands?				X
<u>Discussion:</u> The project does not include any expansion or construction of new facilities, therefore the project does not directly create any significant hazards to the public. The project includes delivery of an additional 200 acre-feet annually and up to an additional 400 acre-feet annually of potable water to St. Helena from Napa's water system. Napa currently produces approximately 16,000 acre-feet annually at its water treatment plants. Production will increase by approximately 2.5% to deliver water to St. Helena. Chemicals such as Aluminum Sulphate, Sodium Hypochlorite, Polymers, and others are used in the normal course of treating the water to meet State and Federal drinking water regulations. The amount of chemicals used in the process will increase slightly to deliver water to St. Helena. The chemicals are transported by the manufacturer or supplier per the Department of Transportation rules pertaining to hazardous material transport. Chemicals are stored at the treatment plant in approved tanks and are surrounded by concrete containment basins in case of an accidental spill. The City maintains a Hazardous Material Management Plan for each facility. Considering the safety procedures in place to handle hazardous materials, a 2.5% increase in chemical use and storage to treat up to an additional 400 acre-feet annually for delivery to St. Helena is less than significant. The project will not commit any of the participating public agencies to a definite course of action with respect to				

Attachment 3

any future land use or development proposals within their respective jurisdictions. Future uses and development of individual projects on specific properties or parcels within the participating jurisdictions will be subject to discretionary reviews by the respective city's Design Review Board, Planning Commission, and/or the City Council via one of several entitlement processes. The entitlement processes ensure that future use and development of the land is accomplished in a manner and fashion consistent with each city's General Plan and Zoning Ordinance. Included among the many topical evaluations that are part of the entitlement processes are hazards and hazardous materials. As warranted, project modifications and/or conditions of approval will be incorporated into any project approval to ensure compliance with the General Plan and the Zoning Ordinance.

As part of each city's entitlement process, evaluations of potential environmental effects are conducted in accordance with applicable provisions of CEQA and the CEQA Guidelines. Included among the many topical environmental evaluations are hazards and hazardous materials. As warranted, project modifications and/or mitigation measures will be incorporated into project approvals to ensure that there result no significant unavoidable environmental effects. Therefore, no significant environmental effect is expected to occur with regard to local hazards or hazardous materials.

Special Mitigation Measures: None

Environmental Issue Area	Potentially Significant Impact, Unmitigated	Less than Significant with Mitigation Incorporation	Less Than Significant Impact	No Impact
VIII. HYDROLOGY AND WATER QUALITY. <i>Would the project:</i>				
a) Violate any water quality standards or waste discharge requirements?				X
b.) Substantially deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer volume or a lowering of the local groundwater table level (e.g., the production rate of pre-existing nearby wells would drop to a level which would not support existing land uses or planned uses for which permits have been granted?				X
c) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, in a manner which would result in substantial erosion or siltation on- or off-site?				X
d) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, or substantially increase the rate or amount of surface runoff in a manner which would result in flooding on- or off-site?				X
e) Create or contribute runoff water which would exceed the capacity of existing or planned stormwater drainage systems or provide substantial additional sources of polluted runoff?				X
f) Otherwise substantially degrade water quality?				X
g) Place housing within a 100-year flood hazard area as mapped on a federal Flood Hazard Boundary or Flood Insurance Rate Map or other flood hazard delineation map?				X
h) Place within a 100-year flood hazard area structures which would impede or redirect flood flows?				X
i) Expose people or structures to a significant risk of loss, injury or death involving flooding, including flooding as a result of the failure of a levee or dam?				X
j) Inundation by seiche, tsunami, or mudflow?				X
<u>Discussion:</u> Napa relies on imported water supplies from the SWP and local reservoirs for all of its water demands. St. Helena also relies on imported water supplies from the SWP and a local reservoir for the majority of its water demands, however well water is used at times to supplement their supply. The project will not increase St. Helena's				

Attachment 3

pumping rates from their wells, in fact the project will likely reduce the amount of pumping that occurs, and therefore there is no impact to the groundwater basin.

The predominant drainage pattern throughout the project site is northwest to southeast, with all drainage ways leading to the Napa River, which in turn discharges into the San Francisco Bay system. No expansion of existing facilities or construction of new facilities is required to complete the project; therefore no direct impact to water quality will occur due to the project.

The project will not commit any of the participating public agencies to a definite course of action with respect to any future land use or development proposals within their respective jurisdictions. Future uses and development of individual projects on specific properties or parcels within the participating jurisdictions will be subject to discretionary reviews by the respective city's Design Review Board, Planning Commission, and/or the City Council via one of several entitlement processes. The entitlement processes ensure that future use and development of the land is accomplished in a manner and fashion consistent with each city's General Plan and Zoning Ordinance. Included among the many topical evaluations that are part of the entitlement processes are hydrology and water quality. As warranted, project modifications and/or conditions of approval will be incorporated into any project approval to ensure compliance with the General Plan and the Zoning Ordinance.

As part of each city's entitlement process, evaluations of potential environmental effects are conducted in accordance with applicable provisions of CEQA and the CEQA Guidelines. Included among the many topical environmental evaluations are hydrology and water quality. As warranted, project modifications and/or mitigation measures will be incorporated into project approvals to ensure that there result no significant unavoidable environmental effects. Therefore, no significant environmental effect is expected to occur with regard to local hydrology and water quality.

Special Mitigation Measures: None

Attachment 3

Environmental Issue Area	Potentially Significant Impact, Unmitigated	Less than Significant with Mitigation Incorporation	Less Than Significant Impact	No Impact
IX. LAND USE AND PLANNING. <i>Would the project:</i>				
a. Physically divide an established community?				X
b. Conflict with any applicable land use plan, policy, or resolution of an agency with jurisdiction over the project (including, but not limited to the general plan, specific plan, local coastal program, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect?				X
c. Conflict with any applicable habitat conservation plan or natural community conservation plan?				X
<u>Discussion:</u> Use and development of lands within each city is guided by their respective General Plans and Zoning Ordinances. These documents provide policy, entitlement processes and development standards that reflect the community's desires with regard to the density and intensity of development, the character of the community, and the preferred quality of life. In addressing use and development of the land, the documents include provisions to ensure that the character of that city is preserved, not divided, and that natural communities are preserved and protected. No changes to the permitted types, density of intensity of uses, nor the location of permitted uses currently allowed by each city's General Plan would result from the proposed project. No expansion of existing facilities or construction of new facilities is required to complete the project, therefore no direct impact to land use and planning will occur due to the project. The project will not commit any of the participating public agencies to a definite course of action with respect to any future land use or development proposals within their respective jurisdictions. Future uses and development of individual projects on specific properties or parcels within the participating jurisdictions will be subject to discretionary reviews by the respective city's Design Review Board, Planning Commission, and/or the City Council via one of several entitlement processes. The entitlement processes ensure that future use and development of the land is accomplished in a manner and fashion consistent with each city's General Plan and Zoning Ordinance. Included among the many topical evaluations that are part of the entitlement processes are land use and planning. As warranted, project modifications and/or conditions of approval will be incorporated into any project approval to ensure compliance with the General Plan and the Zoning Ordinance. As part of each city's entitlement process, evaluations of potential environmental effects are conducted in accordance with applicable provisions of CEQA and the CEQA Guidelines. Included among the many topical environmental evaluations are land use and planning. As warranted, project modifications and/or mitigation measures will be incorporated into project approvals to ensure that there result no significant unavoidable environmental effects. Therefore, no significant environmental effect is expected to occur with regard to local land use and planning. <u>Special Mitigation Measures:</u> None				

Attachment 3

Environmental Issue Area	Potentially Significant Impact, Unmitigated	Less than Significant with Mitigation Incorporation	Less Than Significant Impact	No Impact
X. MINERAL RESOURCES. <i>Would the project:</i>				
a) Result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state?				X
b) Result in the loss of availability of a locally-important mineral resource recovery site delineated on a local general plan, specific plan, or other land use plan?				X
<u>Discussion:</u> Mineral resources such as sand and gravel required for construction activities are imported from locations in and beyond the Napa Valley. These resources are in plentiful supply in both the Napa Valley and the Bay Area region and there is no indication that such resources are nearing a depletion point. No expansion of existing facilities or construction of new facilities is required to complete the project; therefore no direct impact to mineral resources will occur due to the project. The project will not commit any of the participating public agencies to a definite course of action with respect to any future land use or development proposals within their respective jurisdictions. Future uses and development of individual projects on specific properties or parcels within the participating jurisdictions will be subject to discretionary reviews by the respective city's Design Review Board, Planning Commission, and/or the City Council via one of several entitlement processes. The entitlement processes ensure that future use and development of the land is accomplished in a manner and fashion consistent with each city's General Plan and Zoning Ordinance. Included among the many topical evaluations that are part of the entitlement processes are mineral resources. As warranted, project modifications and/or conditions of approval will be incorporated into any project approval to ensure compliance with the General Plan and the Zoning Ordinance. As part of each city's entitlement process, evaluations of potential environmental effects are conducted in accordance with applicable provisions of CEQA and the CEQA Guidelines. Included among the many topical environmental evaluations are mineral resources. As warranted, project modifications and/or mitigation measures will be incorporated into project approvals to ensure that there result no significant unavoidable environmental effects. Therefore, no significant environmental effect is expected to occur with regard to local mineral resources. <u>Special Mitigation Measures:</u> None				

Attachment 3

Environmental Issue Area	Potentially Significant Impact, Unmitigated	Less than Significant with Mitigation Incorporation	Less Than Significant Impact	No Impact
XI. NOISE. <i>Would the project result in:</i>				
a. Exposure of persons to or generation of noise levels in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies??			X	
b. Exposure of persons to or generation of excessive groundborne vibration or groundborne noise levels?			X	
c. A substantial permanent increase in ambient noise levels in the project vicinity above levels existing without the project				X
d. A substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the project?				X
e. For a project located within an airport land use plan, would the project expose people residing or working in the project area to excessive noise levels?				X
<u>Discussion:</u> No expansion of existing facilities or construction of new facilities is required to complete the project; therefore no direct impact to noise will occur due to the project. To the extent that any construction activities result from this action (indirectly and per the cities adopted General Plan), they would serve as a source of noise and are considered temporary and insignificant. Both cities control construction noise through the regulation of construction hours and standard mitigation measures for development and construction. The project will not commit any of the participating public agencies to a definite course of action with respect to any future land use or development proposals within their respective jurisdictions. Future uses and development of individual projects on specific properties or parcels within the participating jurisdictions will be subject to discretionary reviews by the respective city's Design Review Board, Planning Commission, and/or the City Council via one of several entitlement processes. The entitlement processes ensure that future use and development of the land is accomplished in a manner and fashion consistent with each city's General Plan and Zoning Ordinance. Included among the many topical evaluations that are part of the entitlement processes are noise. As warranted, project modifications and/or conditions of approval will be incorporated into any project approval to ensure compliance with the General Plan and the Zoning Ordinance. As part of each city's entitlement process, evaluations of potential environmental effects are conducted in accordance with applicable provisions of CEQA and the CEQA Guidelines. Included among the many topical environmental evaluations are noise. As warranted, project modifications and/or mitigation measures will be incorporated into project approvals to ensure that there result no significant unavoidable environmental effects. Therefore, no significant environmental effect is expected to occur with regard to local noise. <u>Special Mitigation Measures:</u> None				

Attachment 3

Environmental Issue Area	Potentially Significant Impact, Unmitigated	Less than Significant with Mitigation Incorporation	Less Than Significant Impact	No Impact
XII. POPULATION AND HOUSING. <i>Would the project:</i>				
a. Induce substantial population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of roads and other infrastructure)?			X	
b. Displacing substantial numbers of existing housing, necessitating the construction of replacement housing elsewhere?			X	
c. Displace substantial numbers of people, necessitating the construction of replacement housing elsewhere?			X	
<u>Discussion:</u> Any growth resulting from this proposed action are within the limits established in and anticipated by the approved General Plans of each city and may have occurred in the absence of this project. St. Helena acquired SWP entitlements in 2000 to supplement dry-year water supplies and provide below normal-year reserves. The acquisition of these entitlements was deemed less than significant and a negative declaration was certified. The proposed project is intended to allow St. Helena to take beneficial use of these SWP entitlements and is not intended to allow additional growth but to supplement dry-year water supplies and provide below normal-year reserves for growth already approved by the General Plan. The project will not commit any of the participating public agencies to a definite course of action with respect to any future land use or development proposals within their respective jurisdictions. Future uses and development of individual projects on specific properties or parcels within the participating jurisdictions will be subject to discretionary reviews by the respective city's Design Review Board, Planning Commission, and/or the City Council via one of several entitlement processes. The entitlement processes ensure that future use and development of the land is accomplished in a manner and fashion consistent with each city's General Plan and Zoning Ordinance. Included among the many topical evaluations that are part of the entitlement processes are population and housing. As warranted, project modifications and/or conditions of approval will be incorporated into any project approval to ensure compliance with the General Plan and the Zoning Ordinance. As part of each city's entitlement process, evaluations of potential environmental effects are conducted in accordance with applicable provisions of CEQA and the CEQA Guidelines. Included among the many topical environmental evaluations are population and housing. As warranted, project modifications and/or mitigation measures will be incorporated into project approvals to ensure that there result no significant unavoidable environmental effects. Therefore, no significant environmental effect is expected to occur with regard to local population and housing. <u>Special Mitigation Measures:</u> None				

Attachment 3

Environmental Issue Area	Potentially Significant Impact, Unmitigated	Less than Significant with Mitigation Incorporation	Less Than Significant Impact	No Impact
XIII. PUBLIC SERVICES. <i>Would the project:</i>				
a. Result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for any of the public services including:			X	
i) Fire Protection?			X	
ii) Police Protection?			X	
iii) Schools?			X	
iv) Parks?			X	
v) Other Public Facilities?			X	
<u>Discussion:</u> No expansion of existing facilities or construction of new facilities is required to complete the project; therefore no direct impact to public services will occur as a result of the project. Growth that may occur after the project has already been anticipated in each city's approved General Plan. However, any such growth may require additional public services. Each city delivers several public services including public works, local and neighborhood parks, and bicycle and pedestrian pathways. The project will not commit any of the participating public agencies to a definite course of action with respect to any future land use or development proposals within their respective jurisdictions. Future uses and development of individual projects on specific properties or parcels within the participating jurisdictions will be subject to discretionary reviews by the respective city's Design Review Board, Planning Commission, and/or the City Council via one of several entitlement processes. The entitlement processes ensure that future use and development of the land is accomplished in a manner and fashion consistent with each city's General Plan and Zoning Ordinance. Included among the many topical evaluations that are part of the entitlement processes are public services. As warranted, project modifications and/or conditions of approval will be incorporated into any project approval to ensure compliance with the General Plan and the Zoning Ordinance. As part of each city's entitlement process, evaluations of potential environmental effects are conducted in accordance with applicable provisions of CEQA and the CEQA Guidelines. Included among the many topical environmental evaluations are public services. As warranted, project modifications and/or mitigation measures will be incorporated into project approvals to ensure that there result no significant unavoidable environmental effects. Therefore, no significant environmental effect is expected to occur with regard to local public services. <u>Special Mitigation Measures:</u> None				

Attachment 3

Environmental Issue Area	Potentially Significant Impact, Unmitigated	Less than Significant with Mitigation Incorporation	Less Than Significant Impact	No Impact
XIV. RECREATION. <i>Would the project:</i>				
a. Would the project increase the use of existing neighborhood and regional parks or other recreational facilities such that a substantial physical deterioration of the facility would occur or be accelerated?			X	
b. Does the project include recreational facilities or require the construction or expansion of recreational facilities which might have an adverse physical effect on the environment?			X	
<u>Discussion:</u> Should any growth result from this project, it will be within the limits already established by each city's approved General Plan. Within each city, there are a number of established parks and recreational facilities that serve either the respective city as a whole and/or its individual neighborhoods. New development that generates new or additional demand for parks, such as new residential development, is required to either contribute to a fund for the future development of park and recreation facilities, or to construct such facilities to meet increased demand. However, this proposed project would not facilitate growth in either city beyond that anticipated in approved General Plans. The project will not commit any of the participating public agencies to a definite course of action with respect to any future land use or development proposals within their respective jurisdictions. Future uses and development of individual projects on specific properties or parcels within the participating jurisdictions will be subject to discretionary reviews by the respective city's Design Review Board, Planning Commission, and/or the City Council via one of several entitlement processes. The entitlement processes ensure that future use and development of the land is accomplished in a manner and fashion consistent with each city's General Plan and Zoning Ordinance. Included among the many topical evaluations that are part of the entitlement processes are recreation. As warranted, project modifications and/or conditions of approval will be incorporated into any project approval to ensure compliance with the General Plan and the Zoning Ordinance. As part of each city's entitlement process, evaluations of potential environmental effects are conducted in accordance with applicable provisions of CEQA and the CEQA Guidelines. Included among the many topical environmental evaluations are recreation. As warranted, project modifications and/or mitigation measures will be incorporated into project approvals to ensure that there result no significant unavoidable environmental effects. Therefore, no significant environmental effect is expected to occur with regard to local recreation. <u>Special Mitigation Measures:</u> None				

Attachment 3

Environmental Issue Area	Potentially Significant Impact, Unmitigated	Less than Significant with Mitigation Incorporation	Less Than Significant Impact	No Impact
XV. TRANSPORTATION/TRAFFIC. <i>Would the project:</i>				
a) Cause an increase in traffic which is substantial in relation to the existing traffic load and capacity of the street system (i.e., result in a substantial increase in either the number of vehicle trips, the volume to capacity ratio on roads, or congestion at intersections)?			X	
b) Exceed, either individually or cumulatively, a level of service standard established by the county congestion management agency for designated roads or highways?			X	
c) Result in a change in air traffic patterns, including either an increase in traffic levels or a change in location that results in substantial safety risks?			X	
d) Substantially increase hazards due to a design feature (e.g., sharp curves or dangerous intersection) or incompatible uses (e.g., farm equipment)?			X	
e) Result in inadequate emergency access?			X	
f) Result in inadequate parking capacity			X	
g) Conflict with adopted policies supporting alternative transportation (e.g., bus turnouts, bicycle racks)?			X	
<u>Discussion:</u> Should any growth result from this project, it will be within the limits already established by each city's approved General Plan. New development that generates new or additional impacts to traffic, such as new residential development, is required to mitigate these impacts by contributing to a fund for the future development of traffic/transportation facilities, or to construct such facilities to meet increased demand. However, this proposed project would not facilitate growth in either city beyond that anticipated in approved General Plans. The project will not commit any of the participating public agencies to a definite course of action with respect to any future land use or development proposals within their respective jurisdictions. Future uses and development of individual projects on specific properties or parcels within the participating jurisdictions will be subject to discretionary reviews by the respective city's Design Review Board, Planning Commission, and/or the City Council via one of several entitlement processes. The entitlement processes ensure that future use and development of the land is accomplished in a manner and fashion consistent with each city's General Plan and Zoning Ordinance. Included among the many topical evaluations that are part of the entitlement processes are transportation and traffic. As warranted, project modifications and/or conditions of approval will be incorporated into any project approval to ensure compliance with the General Plan and the Zoning Ordinance. As part of each city's entitlement process, evaluations of potential environmental effects are conducted in accordance with applicable provisions of CEQA and the CEQA Guidelines. Included among the many topical environmental evaluations are transportation and traffic. As warranted, project modifications and/or mitigation measures will be incorporated into project approvals to ensure that there result no significant unavoidable environmental effects. Therefore, no significant environmental effect is expected to occur with regard to local transportation and traffic. <u>Special Mitigation Measures:</u> None				

Attachment 3

Environmental Issue Area	Potentially Significant Impact, Unmitigated	Less than Significant with Mitigation Incorporation	Less Than Significant Impact	No Impact
XVI. Utilities and Service Systems. <i>Would the project:</i>				
a. Exceed wastewater treatment requirements of the applicable Regional Water Quality Control Board?			X	
b. Require or result in the construction of new water or wastewater treatment facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?			X	
c. Require or result in the construction of new storm water drainage facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?			X	
d. Have sufficient water supplies available to serve the project from existing entitlements and resources, or are new or expanded entitlements needed?			X	
e. Result in a determination by the wastewater treatment provider which serves or may serve the project that it has adequate capacity to serve the project's projected demand in addition to the provider's existing commitments?			X	
f. Be served by a landfill with sufficient permitted capacity to accommodate the project's solid waste disposal needs?			X	
g. Comply with federal, state, and local statutes and regulations related to solid waste?			X	
<u>Discussion:</u> St. Helena operates its own municipal wastewater treatment plant and Napa is served by the Napa Sanitation District. Storm water drainage systems are constructed and maintained by each city (within their corporate boundaries), the Napa County Flood Control and Water Conservation District beyond the corporate boundaries, as well as by private property owners. Both cities own and maintain reservoirs, treatment facilities, and conveyance facilities for potable water supply. No expansion of existing wastewater, storm drainage, or water supply facilities or construction of new facilities is required to complete the project, therefore no direct impact to utilities and service systems will occur as a result of the project. Any growth resulting from this project would be within the limits already established by each city's approved General Plan; therefore any expansion of utilities and service systems has already been anticipated and would require individual environmental analysis prior to proceeding. The project will not commit any of the participating public agencies to a definite course of action with respect to any future land use or development proposals within their respective jurisdictions. Future uses and development of individual projects on specific properties or parcels within the participating jurisdictions will be subject to discretionary reviews by the respective city's Design Review Board, Planning Commission, and/or the City Council via one of several entitlement processes. The entitlement processes ensure that future use and development of the land is accomplished in a manner and fashion consistent with each city's General Plan and Zoning Ordinance. Included among the many topical evaluations that are part of the entitlement processes are utilities and service systems. As warranted, project modifications and/or conditions of approval will be incorporated into any project approval to ensure compliance with the General Plan and the Zoning Ordinance. As part of each city's entitlement process, evaluations of potential environmental effects are conducted in accordance with applicable provisions of CEQA and the CEQA Guidelines. Included among the many topical environmental evaluations are utilities and service systems. As warranted, project modifications and/or mitigation measures will be incorporated into project approvals to ensure that there result no significant unavoidable environmental effects. Therefore, no significant environmental effect is expected to occur with regard to local aesthetics. <u>Special Mitigation Measures:</u> None				

XVII. Mandatory Findings of Significance.	
a. Does the project have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal, or eliminate important examples of the major periods of California history or prehistory?	No
b. Does the project have the potential to achieve short-term environmental goals to the disadvantage of long-term environmental goals?	No
c. Does the project have impacts which are individually limited, but cumulatively considerable? ("Cumulatively considerable" means that the incremental effects of a project are considerable when viewed in conjunction with the effects of past projects, the effects of other current projects and the effects of probable future projects.)	No
d. Does the project have environmental effects which will cause substantial adverse effects on human beings, either directly or indirectly?	No
<u>Discussion:</u> The project will not require the expansion of existing nor the construction of new water delivery and/or treatment systems to transport SWP water from the Barker Slough Intake on the Sacramento Delta to the City of St. Helena. All existing infrastructure between the point of intake and subsequent delivery is of adequate size and capacity to accommodate the project in addition to those waters currently conveyed and treated by those systems. Use and development of lands within each city is guided by their respective General Plans and Zoning Ordinances. These documents provide policy, entitlement processes and development standards that reflect the community's desires with regard to the density and intensity of development, the character of the community, and the preferred quality of life. In addressing use and development of the land, the documents include provisions to ensure that the character of that city is preserved, not divided, and that natural communities are preserved and protected. No changes to the permitted types, density or intensity of uses, nor the location of permitted uses currently allowed by each city's General Plan would result from the proposed transfer of entitlements and subsequent supply agreement between Napa and St. Helena. The project will not commit any of the participating public agencies to a definite course of action with respect to any future land use or development proposals within their respective jurisdictions. Future uses and development of individual projects on specific properties or parcels within the participating jurisdictions will be subject to discretionary reviews by the respective city's Design Review Board, Planning Commission, and/or the City Council via one of several entitlement processes. The entitlement processes ensure that future use and development of the land is accomplished in a manner and fashion consistent with each city's General Plan and Zoning Ordinance. As warranted, project modifications and/or conditions of approval will be incorporated into any project approval to ensure compliance with the General Plan and the Zoning Ordinance. As part of each city's entitlement process, evaluations of potential environmental effects are conducted in accordance with applicable provisions of CEQA and the CEQA Guidelines. As warranted, project modifications and/or mitigation measures will be incorporated into project approvals to ensure that there result no significant unavoidable environmental effects. Therefore, no significant environmental effect is expected to occur with regard to local aesthetics.	

Attachment 4

CITY OF ST. HELENA
RESOLUTION No. 2009-40

**APPROVING AMENDMENT No. 1 TO
WATER SUPPLY AGREEMENT BETWEEN
THE CITY OF NAPA AND THE CITY OF ST. HELENA**

RECITALS

- A. Resolution 2006-131 adopted Water Supply Agreement between the City of Napa and the City of St. Helena in September 2006 to provide a minimum annual delivery of 200 acre-feet of water to St. Helena; and
- B. St. Helena has requested an additional minimum annual delivery of 200 acre-feet of water in order to meet dry year demand deficits as specified in the 2050 Study; and
- C. City of Napa's purchase of 1,100 acre-feet of State Water Project water entitlements from Yountville will provide Napa's base supply to support an additional minimum annual delivery of 200 acre-feet of water to the City of St. Helena; and
- D. A Notice of Intent to adopt a Negative Declaration for the project referred to as "Amendment to Water Supply Agreement between City of Napa and City of St. Helena" was circulated by the City of Napa for public review from March 11, 2009 to March 31, 2009; and
- E. The Napa City Council held a noticed public hearing on the project on April 7, 2009, and considered all information related to this matter, as presented at the public meeting of the City Council and determined that the adoption of the amended agreement, as analyzed in the Initial Study titled "Amendment to Water Supply Agreement between City of Napa and City of St. Helena" and dated March 6, 2009, will have no significant effect on the environment; and the City Council adopted said negative declaration and the proposed amendment; and
- F. Staff has determined the additional water delivery is significant because the minimum 400 acre-feet represents 17-percent and the maximum 800 acre-feet represents 34-percent of the total storage in Bell Canyon Reservoir. The year-round season of delivery is very significant because it provides for water delivery during the peak demand summer months and it provides sufficient time for our pumps to move the volume of water.

RESOLUTION

NOW, THEREFORE, the City Council of the City of St. Helena resolves as follows:

- 1. Amendment No. 1 to the Water Supply Agreement between the City of Napa and the City of St. Helena is approved.

Attachment 4

Approved at a Regular Meeting of the St. Helena City Council on April 14, 2009 by the following vote:

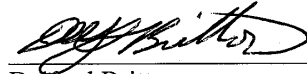
AYES: Councilmembers Schoch, Sklar, Sanchez, Crull, Mayor Britton

NOES: None

ABSENT: None

ABSTAIN: None

APPROVED:



Delford Britton
Mayor

ATTEST:


Delia Guijosa
City Clerk

Attachment 4

**AMENDMENT NO. 1 TO
WATER SUPPLY AGREEMENT BETWEEN
THE CITY OF NAPA AND THE CITY OF ST. HELENA
(City of Napa Agreement No. 9381)
(City of St. Helena Agreement No. 2006-131)**

THIS AMENDMENT NO. 1 TO WATER SUPPLY AGREEMENT BETWEEN THE CITY OF NAPA AND THE CITY OF ST. HELENA (City of Napa Agreement No. 9381 and City of St. Helena Agreement No. 2006-131), hereinafter referred to as "Water Supply Agreement", is made and entered into this 17th day of April, 2009, by and between the City of Napa, a municipal corporation (hereinafter referred to as "Napa") and the City of St. Helena, a municipal corporation (hereinafter referred to as "St. Helena").

RECITALS

A. Napa and St. Helena entered into Water Supply Agreement on September 12, 2006 ("2006 Agreement") to provide St. Helena with a minimum delivery of 200 acre-feet annually (afa) of water from Napa; and

B. The 2050 Napa Valley Water Resources Study (2050 Study) completed in 2005, predicts St. Helena to experience a water supply deficit of nearly 400 acre-feet annually (afa) in multiple dry-years (6 years of below normal rainfall) currently and through the year 2020 and over 500 afa in multiple dry-years by 2050. The 2050 Study also predicts St. Helena to experience a water supply deficit of over 600 afa in a single dry-year currently through 2050; and

C. St. Helena has determined that an additional minimum delivery of 200 afa, for a total minimum delivery of 400 afa, of water from Napa is the preferred solution to meet the majority of dry-year water demand deficits as specified in the 2050 Study; and

D. Napa purchased 1,100 AF of State Water Project water entitlements from the Town of Yountville, and Napa's purchase of an additional 1,000 AF of State Water Project water entitlements from St. Helena referenced in Recitals J and K, and paragraphs 2, 6a, and 16 of the 2006 Agreement has been completed; and Napa is willing to use this additional water supply to support an additional minimum delivery of 200 afa to St. Helena; and

E. Napa entered into an agreement with the Napa County Flood Control and Water Conservation District, hereinafter referred to as "NCFCWCD", on April 5, 1966 in order to receive State Water Project water entitlements and has entitlement to conveyance capacity in the North Bay Aqueduct system; and

Attachment 4

F. Napa owns and operates treatment and transmission facilities sufficient to deliver potable water to St. Helena in the quantities specified in the Water Supply Agreement and this Amendment; and

NOW THEREFORE, the parties mutually agree that the Water Supply Agreement (City of Napa Agreement No. 9381 and City of St. Helena Agreement No. 2006-131) shall be amended as follows:

1) Paragraph 4 is replaced in its entirety by the following:

4) Quantity of Water Deliveries: The quantity of water to be made available and delivered each fiscal year to St. Helena under this Agreement is in part dependent on the allocation of water from the State Water Project to NCFCWCD, as announced by the California Department of Water Resources in its Notice to State Water Project Contractors (hereinafter "DWR Notice"). The DWR Notice identifies the percentage of State Water Project Allocations available to SWP Contractors under "Table A." For the purpose of this Agreement, the latest DWR Notice issued on or before April 15 of each year shall be the "Effective DWR Notice" used to determine the quantity of water to be made available and delivered for each subsequent fiscal year, as follows:

- i) Tier A Water – Napa shall deliver and St. Helena shall accept 400 Acre-feet of water annually regardless of the State Water Project allocation of water to NCFCWCD.
- ii) Tier B Water – Napa shall deliver and St. Helena shall accept an additional 200 Acre-feet of water for each fiscal year when the Effective DWR Notice identifies a State Water Project Allocation of 30% or greater of the SWP Contractors' Table A amounts. If the State Water Project Allocation on the Effective DWR Notice is less than 30%, Tier B water will be unavailable for the subsequent fiscal year.
- iii) Tier C Water – St. Helena may request, and Napa shall deliver, subject to St. Helena's written request for a specified quantity of "Tier C Water" received by May 1st, up to an additional 200 Acre-feet of water for each fiscal year when the Effective DWR Notice identifies a State Water Project Allocation of 50% or greater of the SWP Contractors' Table A amounts. If the State Water Project Allocation on the Effective DWR Notice is less than 50%, Tier C water will be unavailable for the subsequent fiscal year.

2) Paragraph 8 is replaced in its entirety by the following:

8) Time of Delivery:

- a) Water shall be made available to St. Helena at the point of delivery during the following time periods:
 - i) Tier A Water – Tier A water shall be made available during the period from September 1st through May 31st.
 - ii) Tier B Water – Tier B water shall be made available during the period from July 1st through June 30th.
 - iii) Tier C Water – Tier C water shall be made available during the period from July 1st through June 30th.
- b) Entitlement to water not used within the first allowable period of delivery may not be carried over into ensuing delivery periods.
- c) No water shall be taken by St. Helena except in compliance with this paragraph, except as separately authorized in writing by Napa (i) for temporary emergencies as provided for in paragraph 13 hereof or (ii) for replacement supplies to make up for interruptions in deliveries as provided for in paragraph 10 hereof.

3) Paragraph 10 is replaced in its entirety by the following:

10) Interruption of Delivery: Napa may temporarily discontinue or reduce water deliveries as herein provided for the purposes of investigation, inspection, maintenance, repair or replacement of its water system facilities necessary for the delivery of water to St. Helena, as well as due to outages in, or reduction in capabilities of such facilities beyond Napa's control, or in the event of an emergency. Napa shall provide notice as far in advance as practicable of any such interruption, except in the case of emergency in which case no advance notice will be required, but notice will be given as promptly as feasible. Napa will use its best efforts to avoid and minimize any such temporary interruption of deliveries, and shall resume deliveries as soon as Napa determines, in its sole and exclusive discretion, that it is practicably feasible to do so. In the event of a delivery interruption, Napa shall make water available to St. Helena to make up for the loss of water deliveries during the interruption, on a reasonable schedule coordinated with St. Helena. Time of delivery shall be July 1st through June 30th. Interruption in deliveries shall not affect St. Helena's payment obligation set forth herein.

Attachment 4

- 4) Except as provided in (1), (2), and (3) above, all of the terms and provisions of the Water Supply Agreement shall remain, after the effective date set forth above, in full force and effect as previously approved.

IN WITNESS WHEREOF, St. Helena and Napa do hereby agree to the full performance of the terms set forth herein.

By St. Helena this 27 day of May, 2009

and By Napa this 17 day of April, 2009

CITY OF NAPA, a municipal corporation

CITY OF ST. HELENA, a municipal corporation

BY: Jill Techel
Jill Techel, Mayor

BY: [Signature]
Mayor

ATTEST: 4.30.9
City Clerk

ATTEST: [Signature]
City Clerk

APPROVED AS TO FORM:

[Signature]
Michael Barrett, City Attorney

APPROVED AS TO FORM:

[Signature]
City Attorney

COUNTERSIGNED:

[Signature]
Scott Nielsen, City Auditor

COUNTERSIGNED:

[Signature]
Finance Director



Attachment 5



STAFF REPORT

OFFICE OF THE DIRECTOR OF PUBLIC WORKS

DATE: November 23, 2010

TO: Mayor and City Council

FROM: John Ferons – Director of Public Works and City Engineer
Kathy Robinson – Senior Management Analyst

RE: APPROVING AMENDMENT NO. 2 TO RESOLUTION NO. 2006-131 AUTHORIZING WATER SUPPLY AGREEMENT BETWEEN THE CITY OF NAPA AND THE CITY OF ST. HELENA AND ADJUSTMENT TO THE WATER ENTERPRISE BUDGET

BACKGROUND

In 2006, the City of Napa and City of St. Helena executed a water supply agreement (Resolution No. 2006-131) to deliver a minimum of 200-acre-feet annually (AFA) and up to 400 AFA of potable water from Napa to St. Helena for the purpose of supplementing dry-year supplies and to provide below normal-year reserves for St. Helena. Water supplies to support the agreement included a permanent transfer of 1,000 acre-feet (AF) of State Water Project water entitlements from St. Helena to Napa. In the 2050 Napa Valley Water Resources Study (2050 Study) completed in 2005, St. Helena was projected to experience a water supply deficit of nearly 400 AFA in multiple dry-years (6 years of below normal rainfall) through the year 2020. The 2006 water supply agreement between Napa and St. Helena provided for a minimum delivery of 200 AFA to eliminate half of the dry-year deficit. Per the original agreement, St. Helena's ability to purchase more than the 200 AF is tied to the availability of State Water Project entitlements to City of Napa.

In 2009 the City Council approved amendment No. 1 to the Napa Water agreement in which the City of St. Helena added an additional 200 AFA minimum delivery and expanded the season of delivery. The additional water delivery was significant because the minimum 400 acre-feet represented 17-percent and the maximum 800 acre-feet represented 34-percent of the total storage in Bell Canyon Reservoir. The year-round season of delivery was significant as it provides for water delivery during peak demand summer months and sufficient time for St. Helena pumps to move the volume of water.

The agreement also requires the City of St. Helena to pay for the Tier A and Tier B water when it is available whether or not St. Helena is able to make beneficial use of the total quantity of such water.

STAFF REPORT
OFFICE OF THE DIRECTOR OF PUBLIC WORKS



DISCUSSION/ANALYSIS

During the 2010 water year the City of St. Helena performed major upgrades to its pipeline infrastructure and the Cities of Napa and St. Helena did not make temporary accommodations to deliver and receive the water per the agreement. As a result the City of St. Helena was not able to receive delivery of 511 AF of the 600 AF water made available by the City of Napa for the delivery year. Subsequently the City requested that the City of Napa make available the 511 AF of water that was not delivered in water year 2010 and to verify that the City of Napa water operations does have sufficient capacity to make the water available post delivery schedule.

The City of Napa has agreed to make the unused 511 AF of water, characterized by Napa as 'Undelivered Water' from FY 2010 water year available to the City of St. Helena over the course of the next three years (2011, 2012, and 2013). The City of Napa has proposed that no more than 250 AF of that water shall be made available in any one water year, and no more than 511 AF of water shall be made available in all three years combined.

This proposal if approved will amend the agreement to allow for the delivery and receipt of the 'Undelivered Water' from the City of Napa with the following conditions: The City of Napa has agreed that City of St. Helena shall make a written request to the City of Napa identifying the amount of 'Undelivered Water' requested for each fiscal year pursuant to the following schedule: by January 1, 2011 for FY 2011 water, by September 20, 2011 for FY 2012 water, and by September 30, 2012 for FY 2013 water; it is also agreed that the City of St. Helena will pay Napa the water rate in effect at the time of receipt of 'Undelivered Water'; it is furthered agreed that at the end of FY 2013, to the extent that St. Helena has not submitted a timely request to Napa or failed to take delivery of all or any portion of the 'Undelivered Water', Napa will bill St. Helena for the remaining balance of the 511 AF of 'Undelivered Water', and St. Helena will pay Napa the water rate in effect on June 30, 2013.

Based on our current infrastructure the City can take delivery of the required water and additional 250 acre-feet of undelivered water as follows:

Tier	Volume (af)	Days	Undelivered Days	Total Days
A	400	171	107	283
B	600	257	107	364
C (optional)	800	345	107	>365

STAFF REPORT
OFFICE OF THE DIRECTOR OF PUBLIC WORKS



FISCAL IMPACT

Based on the current Napa outside City water rate of \$5.72/1,000 gallons (\$1,864.15/acre-foot), the maximum delivery of 'Undelivered Water' of 250 acre-feet annually will cost \$466,037 per year in revenue from the Water Enterprise Fund.

Additionally the water budget is short a total of \$25,659 to meet the minimum 400 ac-ft purchase for FY 10-11.

A budget adjustment from water enterprise reserves of \$486,691 is necessary to meet our minimum and undelivered water purchase obligation to the City of Napa for FY10-11.

ALTERNATIVES

Defer authorization - request additional information.

Reject the recommended action.

RECOMMENDED ACTIONS

Approve the Resolution Authorizing Amendment No. 2 to the Water Supply Agreement between the City of Napa and the City of St. Helena.

ATTACHMENTS/EXHIBITS

1. Resolution No. 2010-__ APPROVING AMENDMENT NO. 2 TO RESOLUTION 2006-131 AUTHORIZING WATER SUPPLY AGREEMENT BETWEEN THE CITY OF NAPA AND THE CITY OF ST. HELENA AND BUDGET ADJUSTMENT TO THE WATER BUDGET

Attachment 6

CITY OF ST. HELENA

RESOLUTION NO. 2010-123

**APPROVING AMENDMENT NO. 2 TO RESOLUTION
2006-131 AUTHORIZING WATER SUPPLY AGREEMENT
BETWEEN THE CITY OF NAPA AND THE CITY OF ST.
HELENA AND ADJUSTMENT TO THE WATER
ENTERPRISE BUDGET**

RECITALS

- A. Resolution 2006-131 adopted Water Supply Agreement between the City of Napa and the City of St. Helena is September 2006 to provide a minimum annual delivery of 200 acre-feet of water to St. Helena; and
- B. Resolution 2009-40 approved Amendment No. 1 to the Water Supply agreement between the City of Napa and the City St. Helena where the City requested an additional minimum annual delivery of 200 acre-feet of water in order to meet dry year demand deficits as specified in the 2050 Study; and
- C. During the 2010 water year the City of St. Helena performed major upgrades to its pipeline infrastructure and the Cities of Napa and St. Helena did not make temporary accommodations to deliver and receive the water per the agreement.; and
- D. As a result the City of St. Helena was not able to receive delivery of 511 AF of the 600 AF water made available by the City of Napa for the delivery year; and
- E. Subsequently the City requested that the City of Napa make available the 511 AF of water that was not delivered in water year 2010; and
- F. The City of Napa operations does have sufficient capacity to make the water available.

RESOLUTION

NOW, THEREFORE, The City Council for the City of St. Helena resolves as follows:

- 1. Amendment No. 2 to the Water Supply Agreement between the City of Napa and the City of St. Helena is approved; and
- 2. Approves the budget adjustment of \$486,691 from Water Enterprise Reserves to the Water Enterprise Budget to cover the City's water purchase obligation to the City of Napa.

Approved at a Regular Meeting of the St. Helena City Council on November 23, 2010, by the following vote:

Attachment 6

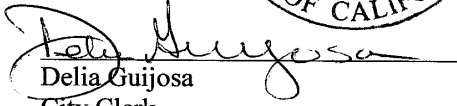
AYES: Councilmembers Schoch, Sanchez, Sklar, Crull, Mayor Britton
NOES: None
ABSENT: None

APPROVED:



Delford Britton
Mayor

ATTEST:



Delia Guijosa
City Clerk



Attachment 6

AMENDMENT NO. 2 TO
WATER SUPPLY AGREEMENT BETWEEN
CITY OF NAPA AND CITY OF ST HELENA
(City of Napa Agreement No. 9381
City of St Helena Agreement No. 2006-131)

THIS AMENDMENT NO. 2 TO WATER SUPPLY AGREEMENT BETWEEN CITY OF NAPA AND CITY OF ST HELENA (City of Napa Agreement No. 9381; and City of St Helena Agreement No. 2006-131), "Amendment No. 2", is made and entered into this 12th day of January, 2011, ~~2010~~, by and between the City of Napa, a municipal corporation (hereinafter referred to as "Napa") and the City of St. Helena, a municipal corporation (hereinafter referred to as "St. Helena").

RECITALS

- A. Napa and St. Helena entered into the Water Supply Agreement (City of Napa Agreement No. 9381; and City of St. Helena Agreement No. 2006-131) on September 12, 2006 ("2006 Agreement") to provide St. Helena with a minimum delivery of 200 acre-feet annually (afa) of water from Napa; and
- B. Napa and St. Helena entered into Amendment No. 1 to 2006 Agreement on April 17, 2009 ("Amendment No. 1") to increase the minimum delivery of water (from Napa to St. Helena) from 200 acre-feet annually (afa) to 400 afa; and
- C. The State Water Project Allocation as of April 15, 2009 was 30%, therefore according to Amendment No. 1, Paragraph 4 Napa shall deliver and St. Helena shall accept Tier B water, (600 af) in fiscal year (FY) 2010.
- D. The 2006 Agreement and Amendment No. 1 states that St. Helena shall be obligated to pay Napa for all water delivered by Napa to the point of delivery (which amount shall be no less than the combined Tier A, Tier B, and Tier C quantities described therein) whether or not St. Helena is able to make beneficial use of the total quantity of such water.
- E. The 2006 Agreement and Amendment No. 1 states St. Helena's failure or refusal to accept delivery of water to which it is entitled under said Agreement shall in no way relieve St. Helena of its obligation to make payments to Napa as provided for in said Agreement. In June of each year, Napa shall bill St. Helena for the difference between metered usage and the amount of water entitled or requested pursuant to the provision in paragraph 4 of said Agreement.
- F. St. Helena performed major construction upgrades on its pipeline infrastructure during the 2010 water year, did not make temporary accommodations to receive the Amendment No. 1 water and did not take beneficial use of 511 af of the 600 af water made available by Napa.
- G. St. Helena requested Napa make available the 511 af of water that was undelivered during FY 10.

- H. Napa water operations have sufficient capacity in order to make available to St. Helena up to 250 af of undelivered water per fiscal year (under the limited terms of this Amendment No. 2), due to the status of local surface water reservoirs and available SWP supplies.

NOW THEREFORE, the parties mutually agree as follows:

The 2006 Agreement, as previously amended by Amendment No. 1, is hereby amended by this Amendment No. 2 as set forth herein. All terms and conditions of the 2006 Agreement (as previously amended by Amendment No. 1) which are not specifically modified by this Amendment No. 2 shall remain in full force and effect.

1. Napa hereby characterizes the unused 511 af of water from FY 2010 as 'Undelivered Water'. Napa will make the 'Undelivered Water' available to St. Helena under the terms of this Amendment No. 2 over the course of three years: Fiscal Years 2011, 2012, and 2013. No more than 250 af of 'Undelivered Water' shall be made available in any one fiscal year. No more than 511 af of 'Undelivered Water' shall be made available in all three years combined.
2. St Helena shall make a written request to Napa identifying the amount of 'Undelivered Water' requested for each fiscal year pursuant to the following schedule: by January 1, 2011 for FY 2011 water, by September 20, 2011 for FY 2012 water, and by September 20, 2012 for 2013 water. Compliance with these timing requirements is essential so that Napa can incorporate the request into its annual water supply planning.
3. St. Helena will pay Napa the water rate in effect at the time of receipt of 'Undelivered Water'.
4. The 'Undelivered Water' is in addition to the quantity to be delivered in accordance with paragraph 4 of Amendment No. 1.
5. At the end of FY 2013, to the extent that St. Helena has not submitted a timely request to Napa or failed to take delivery of all or any portion of the 'Undelivered Water', Napa will bill St. Helena for the remaining balance of the 511 af of 'Undelivered Water', and St. Helena will pay Napa the water rate in effect on June 30, 2013.

Attachment 6

IN WITNESS WHEREOF, St. Helena and Napa do hereby agree to the full performance of the terms set forth herein.

By St. Helena this 23rd day of November, 2010
and by Napa this 12th day of January, ~~2010~~ 2011.

CITY OF NAPA, a municipal corporation

BY: Jacques R. LaRoche
Jacques R. LaRoche, Public Works Director

ATTEST: Dorothy Roberts
Dorothy Roberts, City Clerk

APPROVED AS TO FORM:

Michael Barrett
Michael Barrett, City Attorney

COUNTERSIGNED:

Ann Mehta
Ann Mehta, City Auditor

CITY OF ST. HELENA, a municipal corporation

BY: Del Britton
Del Britton, Mayor

ATTEST: Delia Guijosa
Delia Guijosa, City Clerk

APPROVED AS TO FORM:

John Truxaw
John Truxaw, City Attorney

COUNTERSIGNED:

Karen Scalabrin
Karen Scalabrin, Finance Director

Attachment 7

STAFF REPORT

APPROVED FOR
CITY COUNCIL AGENDA
DATE: 11-3-2011
CITY MGR: [Signature]
ITEM NO: 21



DATE: November 8, 2011

TO: Mayor and Council

FROM: Karen Scalabrini – Interim City Manager
John Ferons – Director of Public Works and City Engineer

RE: Amendment No. 3 to the Napa Water Agreement

BACKGROUND:

In 2006, the City of Napa and St. Helena executed a water supply agreement (Agreement No. 9381) to deliver a minimum of 200 acre-feet annually (AFA) and up to 400 AFA of potable water from Napa to St. Helena for the purpose of supplementing dry-year supplies and to provide below normal-year reserves for St. Helena. In 2009, Amendment No. 1 increased the minimum annual delivery to 400 AFA with optional delivery up to a total of 800 AFA. In 2011, the parties amended the Agreement a second time to allow St. Helena to take beneficial use of unused water from Fiscal Year 2010/2011. St. Helena desires additional reliability and has requested a third amendment to increase the minimum annual delivery to 600 AFA with no change to the optional delivery up to a total of 800 AFA.

DISCUSSION/ANALYSIS:

Based on on-going discussions between the City of St Helena and the City of Napa terms of this amendment are as follows:

1. Water Supply: Modify the annual minimum supply to 600 acre-feet. This essentially combines current Tier A and Tier B water except delivery will no be contingent upon State Water Project allocations.
2. Water Supply (Tier C): Eliminate the option for 200 acre-feet of Tier C water and replace with language that allows St. Helena to request additional water on an as needed basis and allows Napa to determine its ability to sell the requested water from current supplies or attempt to acquire it from an outside source. If the water supply is from Napa, the price will be the same as the current 600 ac-ft supply. If Napa needs to acquire water from an outside source, price will total cost of acquiring the water plus 10% handling fee to treat and the treat and wheel rate in effect at the time.
3. Price: The current rate is \$5.78 per 1,000 gallons. On Jan 1, 2012 the rate will increase 3%. On July 1, 2012 and each July 1st thereafter, the rate will increase 3%, except that on July 1, 2022 and July 1, 2032 the rate shall be adjusted to equal 8% below the rate associated with then current Outside City customer rates.

Attachment 7



STAFF REPORT
OFFICE OF THE DIRECTOR OF PUBLIC WORKS & CITY ENGINEER

4. Time of Delivery: St. Helena is able to take delivery of the water any time during the year thereby eliminating all restrictions for delivery during summer months.

IMPACT:

City staff recommends that the City Council determine that the potential environmental effects of the Recommended Action described in this Agenda Report were adequately examined by the Negative Declaration analyzing the Amendment to Water Supply Agreement between the City of Napa and the City of St. Helena adopted by the Napa City Council on April 7, 2009, as there are no new significantly changed factual circumstances under which the Agreement will be implemented, the circumstances under which the supply arrangement will occur are not different, and there is no new information of substantial importance that suggests new or increased impacts not analyzed by the 2009 Negative Declaration adopted for the 2009 Second Amendment to the Agreement, pursuant to CEQA Guidelines Sections 15063 and 15162.

FISCAL IMPACT:

This amendment sets the rates for Napa Water independent and separate from the Napa Water rate increase proposed for their customer base.

ALTERNATIVES:

Reject the recommended action.

Direct staff to perform additional analysis and/or negotiations.

RECOMMENDED COUNCIL ACTION:

Approve the Resolution Authorizing Amendment No. 1 to the Water Supply Agreement between the City of Napa and the City of St. Helena.

ATTACHMENTS/EXHIBITS:

1. Resolution Authorizing the Amendment No.3 to Water Supply Agreement between the City of Napa and the City of St. Helena adopted by Resolution 2006-131.

Attachment 8

CITY OF ST. HELENA

RESOLUTION NO. 2011-82

**APPROVING AMENDMENT NO. 3 TO RESOLUTION 2006-131
AUTHORIZING WATER SUPPLY AGREEMENT
BETWEEN THE CITY OF NAPA AND
THE CITY OF ST. HELENA**

RECITALS

- A. Resolution 2006-131 adopted Water Supply Agreement between the City of Napa and the City of St. Helena is September 2006 to provide a minimum annual delivery of 200 acre-feet of water to St. Helena; and
- B. Resolution 2009-40 approved Amendment No. 1 to the Water Supply agreement between the City of Napa and the City St. Helena where the City requested an additional minimum annual delivery of 200 acre-feet of water in order to meet dry year demand deficits as specified in the 2050 Study; and
- C. Resolution 2010-23 approved Amendment No. 2 to the Water Supply agreement between the City of Napa and the City St. Helena where the City requested that the City of Napa make available the 511 AF of water that was not delivered in water year 2010; and
- D. City of St. Helena desires additional reliability and has requested a third amendment to increase the minimum annual delivery to 600 AFA with no change to the optional delivery up to a total of 800 AFA.; and
- E. The unit price for water purchased by City of St. Helena requires a commitment from the City of Napa to ensure the City's revenue assumptions in the recent cost of service analysis are achieved; and
- F. The City of Napa and the City of St. Helena have mutually agreed to the terms of Amendment No. 3.

RESOLUTION

NOW, THEREFORE, The City Council for the City of St. Helena resolves as follows:

- 1. Amendment No. 3 to the Water Supply Agreement between the City of Napa and the City of St. Helena is approved.

Attachment 8

Approved at a Regular Meeting of the St. Helena City Council on November 8, 2011, by the following vote:

AYES: Councilmembers Crull, White, Nevero, Mayor Britton

NOES: None

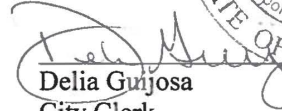
ABSENT: Councilmember Sanchez

APPROVED:



Delford Britton
Mayor

ATTEST:


Delia Guajosa
City Clerk

**AMENDMENT NO. 3 TO
WATER SUPPLY AGREEMENT BETWEEN
THE CITY OF NAPA AND THE CITY OF ST. HELENA
(City of Napa Agreement No. 9381)
(City of St. Helena Agreement No. 2006-131)**

THIS AMENDMENT NO. 3 TO WATER SUPPLY AGREEMENT BETWEEN THE CITY OF NAPA AND THE CITY OF ST. HELENA (City of Napa Agreement No. 9381 and City of St. Helena Agreement No. 2006-131), hereinafter referred to as "Amendment #3", is made and entered into this 15th day of December, 2011, by and between the City of Napa, a municipal corporation (hereinafter referred to as "Napa") and the City of St. Helena, a municipal corporation (hereinafter referred to as "St. Helena").

RECITALS

- A. Napa and St. Helena entered into Water Supply Agreement on September 12, 2006 ("the 2006 Agreement") to provide St. Helena with a minimum delivery of 200 acre-feet annually (afa) of water from Napa; and
- B. Napa and St. Helena entered into Amendment No. 1 to the 2006 Agreement on May 27, 2009 to provide St. Helena with a minimum delivery of 400 acre-feet annually of water from Napa("the 2009 Agreement"); and
- C. Napa and St. Helena entered into Amendment No. 2 to the 2006 Agreement on January 12, 2011 to allow St. Helena to take beneficial use of unused water from Fiscal Year 2010/2011 ("the 2011 Agreement"); and
- D. St. Helena has determined that an additional minimum delivery of 200 acre-feet annually, for a total minimum delivery of 600 acre-feet annually, of water from Napa is the preferred solution to meet the majority of dry-year water demands; and
- E. Napa purchased 1,100 AF of State Water Project water entitlements from the Town of Yountville, and Napa's purchase of an additional 1,000 AF of State Water Project water entitlements from St. Helena referenced in Recitals J and K, and paragraphs 2, 6a, and 16 of the 2006 Agreement has been completed; and Napa is willing to use this additional water supply to support an additional minimum delivery of 200 afa to St. Helena; and
- F. Napa entered into Agreement No. 1482 with the Napa County Flood Control and Water Conservation District, hereinafter referred to as "NCFCWCD", on April 5, 1966 in order to receive State Water Project water entitlements and has entitlement to conveyance capacity in the North Bay Aqueduct system; and

G. Napa entered into Amendment No. 13 to Agreement No. 1482 with the Napa County Flood Control and Water Conservation District on October 6, 2009 in order to amend Napa's entitlement schedule for the State Water Project water to be the maximum Table A entitlement of 21,900 acre-feet in 2010 and in each subsequent year thereafter rather than incrementally increasing entitlements annually to achieve the maximum Table A entitlement of 21,900 acre-feet in 2021; and

H. On May 6, 2011, Napa completed improvements to the Edward I. Barwick Jamieson Canyon Water Treatment Plant in order to maximize the use of State Water Project entitlements and thereby maintain additional storage in Lake Hennessey for dry-year use; and

I. Napa's water supply from the State Water Project, Lake Hennessey, and Milliken Reservoir is sufficient to deliver potable water to St. Helena in the quantities specified in the Water Supply Agreement, previous Amendments and this Amendment; and

J. Napa owns and operates treatment and transmission facilities sufficient to deliver potable water to St. Helena in the quantities specified in the Water Supply Agreement, the 2009 and 2011 Amendments 1 and 2 respectively and this Amendment #3; and

NOW THEREFORE, the parties mutually agree that the 2006 Agreement as amended by Amendments 1, 2, and 3, shall be amended as follows:

1) Paragraph 4 is replaced in its entirety by the following:

4) Quantity of Water Deliveries: The quantity of water to be made available and delivered each fiscal year to St. Helena under this Agreement is as follows:

- i) Base Supply – Napa shall deliver and St. Helena shall accept 600 acre-feet of water annually.
- ii) Optional Supply – St. Helena may request an additional 200 acre-feet of water annually. If, in Napa's sole discretion, water supply is available to fulfill the request, Napa will deliver the requested quantity of water to St. Helena. If supplies are not available and if Napa attempts to acquire supplemental dry-year water on a single year basis from an outside source; Napa will add St. Helena's requested quantity to the total quantity requested. Napa makes no guarantees that dry-year water will be available or purchased in any given year. Napa reserves the exclusive right to determine the terms of purchase and to avoid such

purchase if the terms are unacceptable or if Napa's need for the water is alleviated. If Napa executes a supplemental dry-year water purchase on a single year basis, St. Helena agrees to purchase the requested amount or a proportional share thereof at the rate described in Paragraph 6) b) iii). See Exhibit A for example.

2) Paragraph 6, Section b) is replaced in its entirety by the following:

6) Price and Payment:

b) St. Helena:

- i) Base Supply: St. Helena shall pay Napa a rate of \$5.78 per 1,000 gallons of water. On January 1, 2012 the rate shall increase 3%. On July 1, 2012 and each July 1 thereafter, the rate shall increase 3%. See Exhibit A for example calculations.
- ii) Base Supply: On July 1, 2022 and July 1, 2032 the rate shall be adjusted to equal 8% below the rate associated with the then current Outside City single family residential customers. If the adjustment is greater than +/-3%, then +/-3% shall take effect on July 1, 2022 and the remaining amount shall be equally distributed on July 1, 2023 and July 1, 2024 in addition to the +3% annual adjustment applicable in those years pursuant to paragraph 6)b)i). See Exhibit A for example calculations.
- iii) Optional Supply: If Napa supplies water from existing sources, St. Helena shall pay the rate in effect pursuant to paragraph 6)b)i) and 6)b)ii). If Napa purchases supplies from an outside source, St. Helena shall pay Napa the actual price paid by Napa to fulfill St. Helena's requested quantity from an outside source plus a 10% administration fee. In addition, St. Helena shall pay Napa the then current treat and wheel rate in effect to American Canyon (current rate is \$2.69/1,000 gallons). See Exhibit A for example calculations.
- iv) Napa shall bill St. Helena monthly for water supplied during the previous month, and St. Helena shall pay

the bill within thirty (30) days of the date of the bill. Delinquent bills shall bear interest at the rate of ten percent (10%) per annum.

- v) In the event that St. Helena contests the accuracy of any bill submitted to it pursuant to this paragraph, it shall give Napa notice thereof at least ten (10) days prior to the day upon which payment of the stated amounts is due. To the extent that Napa finds St. Helena's contentions regarding the bill to be correct, it shall revise the bill accordingly, and St. Helena shall make payment of the revised amounts on or before the due date. To the extent that Napa does not find St. Helena's contentions to be correct or where time is not available for a review of such contentions prior to the due date, St. Helena shall make payment of the stated amounts on or before the due date, but may make the contested part of such payment under protest and seek to recover the amount thereof from Napa.
- vi) St. Helena shall be obligated to pay Napa for all water delivered by Napa to the point of delivery, which amount shall be no less than 600 acre-feet annually, whether or not St. Helena is able to make beneficial use of the total quantity of such water.
- vii) In the event of any default by St. Helena in the payment of any money required to be paid to Napa hereunder, Napa may, upon not less than one months' written notice to St. Helena, suspend deliveries of water under this Agreement for so long as such default continues: *Provided*, That during such period St. Helena shall remain obligated to make all payments required under this Agreement. Action taken pursuant to this paragraph shall not deprive Napa of or limit the applicability of any remedy provided by this Agreement or by law for the recovery of money due or which may become due under this Agreement.
- viii) St. Helena's failure or refusal to accept delivery of water to which it is entitled under paragraph 4 shall in no way relieve St. Helena of its obligation to make payments to Napa as provided for in this Agreement. In June of each year, Napa shall bill

St. Helena for the difference between metered usage and the amount of water entitled or requested pursuant to the provision in paragraph 4.

3) Paragraph 8 is replaced in its entirety by the following:

- 8) Time of Delivery: Water shall be made available to St. Helena at the point of delivery at all times except as provided for in paragraph 10.

4) Paragraph 10 is replaced in its entirety by the following:

- 10) Interruption of Delivery: Napa may temporarily discontinue or reduce water deliveries as herein provided for the purposes of investigation, inspection, maintenance, repair or replacement of its water system facilities necessary for the delivery of water to St. Helena, as well as due to outages in, or reduction in capabilities of such facilities beyond Napa's control, or in the event of an emergency. Napa shall provide notice as far in advance as practicable of any such interruption, except in the case of emergency in which case no advance notice will be required, but notice will be given as promptly as feasible. Napa will use its best efforts to avoid and minimize any such temporary interruption of deliveries, and shall resume deliveries as soon as Napa determines, in its sole and exclusive discretion, that it is practicably feasible to do so. In the event of a delivery interruption, Napa shall make water available to St. Helena to make up for the loss of water deliveries during the interruption, on a reasonable schedule coordinated with St. Helena. Interruption in deliveries shall not affect St. Helena's payment obligation set forth herein unless the interruptions exceed 20 calendar days annually. If the days of interruptions exceed 20 days, St Helena may request the 600 acre feet annual delivery be reduced by 2 acre feet per calendar day of interruption in excess of 20 days.

- 5) Except as provided in (1), (2), (3) and (4) above, all of the terms and provisions of the 2011 Agreement shall remain, after the effective date set forth above, in full force and effect as previously approved.

Attachment 8

IN WITNESS WHEREOF, St. Helena and Napa do hereby agree to the full performance of the terms set forth herein.

By St. Helena this 8th day of November, 2011

and By Napa this 15th day of December, 2011

CITY OF NAPA, a municipal corporation

CITY OF ST. HELENA, a municipal corporation

BY: Jill Techel
Jill Techel, Mayor

BY: Alfred Spanton
Mayor

ATTEST: Dorothy Roberts
Dorothy Roberts, City Clerk

ATTEST: Red Huigos
City Clerk

APPROVED AS TO FORM:

APPROVED AS TO FORM:

Michael Barrett
Michael Barrett, City Attorney

City Attorney
City Attorney

COUNTERSIGNED:

COUNTERSIGNED:

Ann Mehta
Ann Mehta, City Auditor

Finance Director
Finance Director

Attachment 8

EXHIBIT A

**AMENDMENT NO. 3 TO
WATER SUPPLY AGREEMENT BETWEEN
THE CITY OF NAPA AND THE CITY OF ST. HELENA
(City of Napa Agreement No. 9381)
(City of St. Helena Agreement No. 2006-131)**



Report to the Utility Rate Ad Hoc Committee
Council Meeting of April 24, 2017

Agenda Section: New Business

Subject: Discussion of and possible addition of Questions for Hansford Economic Consulting; David Fama, Bond Counsel; and Kenneth Decker, Municipal Financial Advisor

Prepared By: April Mitts, Finance Director

BACKGROUND

At the Ad Hoc Committee meeting on April 17, 2017 a discussion began regarding questions to be addressed with the rate consultant, bond counsel, and municipal financial advisor. Ad Hoc Committee members were asked to submit any potential questions to the City's Finance Director to be discussed at the April 24, 2017 meeting. These questions will be presented to each consultant prior to the Ad Hoc meeting on April 26, 2017. Following are the list of questions received for discussion.

FUNDING ISSUES

1. The Ad Hoc committee has been directed by Council to review the Water and Wastewater Study to make recommendation for the first 5 years, however, the rate study calculates rates for the next 10 years. Why is that?
2. How was the funding schedule/forecast in the Rate study determined?
3. What are the various funding sources and options available?
4. Several projects have asset lives for 50 to 80 years. Are there bonding opportunities for these projects?
5. What are the financing assumptions and options for CIP projects in the first five years?
6. What is the proper balance of cash vs. debt?
7. What is the recommended amounts that should be set aside for reserves, sinking funds, designated, and undesignated funds?
8. The CIPs presented in the rate study are presented in a 10-year time frame (2017-2027) – what are the pros and cons of using bonds to fund all the eligible cash CIP identified in the 10-year time frame?
9. Considering the current financial condition of the Utility Enterprise Funds, are there any obstacles to enterprise funding that cannot be reasonably mitigated? e.g., bond covenant breach in existing bond.
10. Can you provide an explanation of the bond covenants the City is currently under?

11. Are there any constraints in regarding to the current out of compliance condition with the City's current bond covenants?
12. Can a single bond issue fund both Water and Wastewater Utilities?
13. In reviewing Attachment 1 (prepared by committee member Tom Vence) which presents a picture of the amount and timing of Cash CIP over \$400,000, would it be reasonable to have multiple bond issues in order to manage timing of CIPs?
 - a. Referring to Attachment 1, would it be reasonable to bundle projects over \$400,000 to come up with one or two single bond issues?
14. Since projects are spread out over 10 years, what are some strategies to minimize idle cash while projects are ready for implementation?
15. Do you have recommendations on term of bonds? i.e. 20-30 years.
16. What are the steps, costs and time frame of obtaining funds from enterprise fund financing?
17. What are some risk factors that may affect the cost (i.e. interest rate) of bond issuance for the Utility, for example, the current bond debt service ratio shortfall, number and timing of projects, utility rates, etc.?
18. What guidelines with respect to potential interest rates and terms of new bond issuance should the Utility follow regarding sinking funds, reserves, and designated and undesignated fund balances?
19. Please provide overview of advantage or disadvantage of enterprise funding for the Utility and for current and future rate payers.
20. What is the history of other California communities using enterprise funding for utilities. Is it reasonable and customary that future rate payers (i.e. if current CIP are funded with debt) contribute to current CIP?

CAPITAL IMPROVEMENT PROJECTS

1. What is the project prioritization (immediate need, number, estimated cost)?
2. Please describe any new water and wastewater CIP not included in Study that could impact investigation of Enterprise funding for existing projects. Provide costs and timing of new CIP.
3. Please provide updated list for water and wastewater CIP utilizing current information as regarding cost and timing.
4. Provide a discussion on how staff proposes to staff, plan and implement the projects outlined in the Study.

APPARENT INEQUITIES RELATED TO INDUSTRIAL, COMMERCIAL, AND RESIDENTIAL RATES

1. Why do winery water and wastewater rates result in a decrease?
2. What can be done to mitigate the large rate increases for small businesses who have come to the City Council fearful that they will go out of business?
3. The following is intended to provide some background on the origin of Vineyard Valley(VV) base wastewater service charge. In a letter from the City to (VV) mobile home park dated December 24, 2008, the City agreed to use VV's 6-inch meter to determine base wastewater (WW) service charge for VV.

Then in an agreement between the City and VV dated January 10, 2012 it was again agreed to base the WW service charge on the 6-inch meter and the agreement stated the WW base service charge would increase at same rate as other city wide base rate increases.

- Were the VV documents discussed above reviewed and taken into consideration in the new waste water base rate structure for VV; Was it determined that City did not need to abide by them in moving forward with current rate structure.

The new Study refers to VV as a large water user (fig.15 page 21) but then designates Vineyard Valley WW base service charge as residential user for each unit in park. It treats each unit as a separate virtual meter (customer) with an associated base service charge for each resident. VV residents are not Utility customers and do not have individual meters. VV only has two meters, a 6-inch and a 2-inch that serve entire park.

- Please explain rational for charging VV WW service charge by arbitrarily treating each unit in VV as a residential WW customer category and at the same time referring to VV as a large water user.

This approach, which has also been applied to multi-family, has resulted in the park's WW base service charge to increase from approximately \$2,100 per month to \$9,100 per month (333%) under the current schedule with further steep escalation to occur beginning in November 2017.

4. How many agreements does the City have with other water customers and were the agreements reviewed and taken into consideration when formulating the new rate methodology. What was the outcome.
5. Please provide methodology used to assign base service charge to various wastewater customer categories. How are volume and strength considered in the methodology. There does not seem to be a metric for volume difference in the base wastewater service charge.

PROPOSITION 218

1. Has City staff looked at Cost of Service issues regarding the cost of delivery, maintenance, replacement, administration, liability etc. of providing water to entities outside the City and if so, were these costs allocated to the rates to these entities.

RATE ALLOCATION

1. The projected revenue requirements listed in Table 10 of the Water Technical Memorandum and Table 7 of the Waste Water Technical memorandum have the following assumptions for increase in operating expenses:
 - a. Salaries & Benefits – 5%
 - b. Services – 5%
 - c. Supplies – 5%

- d. Napa Purchased Water – 3% (water only)
- e. Maintenance – 10%
- f. Taxes, Insurance & Contributions – 10%
- g. Capital – 3% (wastewater only)

Can you provide information on where these assumptions came from?

2. How was it determined what is considered costs to current customers vs. costs to future customers?
3. Why was the determination made to change wastewater base rates from being based on the size of the meter to the type of customer (classification)?
4. Why were Meadow wood area surcharges eliminated?
5. What are the cost for our three sources of water and cost of delivery for Napa water?
6. Please confirm committee member Tom Vence's interpretation of the cost centers used as basis of revenue requirements in the rates:

From Table 7 Exhibit A pg 10 WW Study Waste Water
Year 2019

Base	57%	Salary + Benefits	Debt Service	Other
		49%	35%	16%
Use	43%	System Rehab	Reserves	Other
	100%	25%	39%	36%

From Table 10 Exhibit A pg 16 Water Study Water
Year 2019

Base	44%	Salary + Benefits	Debt Service	Other	
		54%	35%	11%	
Use	56%	Napa Water	System Rehab	Capital Projects	Other
	100%	34%	24%	24 %	18%

Note: Table 10 in Water study did not spell out Base % and Use % so Tom developed them using similar assumption for WW in Table 7

ATTACHMENTS

1. Cash CIP timing over \$400,000 – prepared by committee member Tom Vence
None

