



Local Agency Formation Commission
2222 M Street
Merced, CA 95340
Phone (209) 385-7671 / Fax (209) 726-1710
www.lafcomerced.org

Date: April 16, 2020 (Agenda)
To: LAFCO Commissioners
From: Bill Nicholson, Executive Officer
RE: Request from the Delhi County Water District to Waive the Application Processing Fees for an Annexation of Two Existing Residential Neighborhoods or Consider Processing the Annexation of the Two Neighborhoods As One Application
(Agenda Item VII.C.)

The Delhi County Water District has been successful in obtaining grant funding through the Department of Water Resources (DWR) for the extension of potable water services for two existing neighborhoods in the Delhi Community. These disadvantaged neighborhoods have experienced contaminated on-site wells with high nitrate levels. The neighborhoods also rely on septic systems on substandard sized residential lots with some systems failing or being inadequately maintained. While grant funding for connection to the District's wastewater system has not been obtained, annexation of the properties into the District will facilitate future grant application success.

To assist the District in obtaining the DWR grant, a technical assistance grant was received with Proposition 1 funding allowing the District hire Self Help Enterprises to provide technical support in the DWR grant application and technical matters. The Proposition 1 grant was also used to hire the Leadership Council for Justice & Accountability to assist in public outreach and engagement of residents in both neighborhoods. In the attached letter from Self Help Enterprises and the Leadership Council (see Attachment 1), the consultants, on behalf of the District, are requesting the Commission approve a fee waiver to maximize the District's expenditure of remaining funds without having to seek additional funding sources.

To process the annexation applications through LAFCO, the fees would total \$5,400 for two separate annexation applications. Both neighborhoods are located within the District's sphere of influence, so only an annexation application is necessary. However, there are additional costs to prepare the annexation maps and legal descriptions by a licensed surveyor, and for payment of the State Board of Equalization fees of approximately \$2,400.

In order to approve a fee waiver, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 contains a requirement that the Commission must make a determination that it: "...finds that payment would be detrimental to the public interest." In this instance, the Commission could find that resolution of an existing health and safety threat from contaminated drinking water in two disadvantaged neighborhoods consisting of 67 homes, would justify waiving the Commission's processing fees for an annexation into the Delhi County Water District. In addition, the annexation will facilitate efforts to obtain funding for future wastewater treatment system connection to replace failing individual septic systems.

As additional background, the Commission approved a similar request for a fee waiver for processing the Merquin and Winton Cemetery District Reorganization in 2012, in the amount of \$7,400. The net impact to LAFCO in this instance would be the loss of \$5,400 in revenue associated with staff processing costs, and related postage, copying and legal notice costs. These costs could be reduced if the two neighborhoods were processed under one application.

REQUESTED ACTION

Consider approval of the requested waiver of processing fees for Delhi County Water District application in the total amount of \$5,400.00 and allow processing of the annexation of two neighborhoods under one application.

If the Commission supports this request, the following finding should be included as part of the motion:

The Commission waives the annexation processing fees for the Delhi County Water District annexation in accordance with Government Code section 56383(d), based on the finding that charging \$5,400.00 in application processing fees would be detrimental to the public interest in resolving an existing health and safety threat from contaminated drinking water in two disadvantaged neighborhoods consisting of 67 homes, and improving the ability to replace failing septic systems in the future with a connection to the District's wastewater treatment system.

ATTACHMENTS

1. Letter from Self Help Enterprises and the Leadership Council for Justice and Accountability dated March 11, 2020 on behalf of the Delhi County Water District
2. Copy of Funding Agreement cover page between the California Department of Water Resources and the Delhi County Water District, with associated Work Plan
3. Maps of the Corner Street and Letteau Avenue neighborhoods
4. Delhi County Water District Sphere of Influence Map



March 11, 2020

Attachment 1

Sent Via Email

Local Agency Formation Commission of Merced County
2222 M Street
Merced, CA 95340

Re: Delhi County Water District Drinking Water/Wastewater Projects

Dear Honorable Commissioners:

We are writing regarding annexation of two neighborhoods in Delhi to allow Delhi County Water District ("Delhi CWD") to extend drinking water and wastewater service to homes served by contaminated domestic wells and failing septic tanks. In particular, we write to share the attached funding agreement between Delhi CWD and the Department of Water Resources ("DWR") for the drinking water project, and to request a waiver of the fees charged by Merced LAFCo for the annexation.

By way of brief background, the Corner Street neighborhood has 34 homes reliant on domestic wells and septic tanks on Corner Street, Shanks Road and August Avenue. Similarly, Letteau Avenue has approximately 33 homes reliant on domestic wells and septic tanks. Well testing in both neighborhoods has uniformly shown high levels of nitrate, with results ranging from 2.5 to nearly 5 times the drinking water standard for nitrate. Residents of both neighborhoods are also struggling with failing and/or inadequately maintained septic tanks, which present both a threat to the health of residents and a threat to water quality.

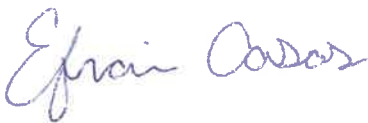
Self Help Enterprises provides technical assistance to Delhi CWD under a Proposition 1 grant, and will assist the District with its application for annexation of the Corner Street and Letteau Avenue neighborhoods. Leadership Counsel for Justice and Accountability ("Leadership Counsel") also has Proposition 1 funding to assist with outreach and engagement of residents of both neighborhoods.

The attached funding agreement between Delhi CWD and DWR should be sufficient to cover the capital costs of extending drinking water to both Delhi neighborhoods. However, funding is limited, and a waiver of LAFCo fees would decrease the potential that more funding will be needed. Annexation will also make extension of sewer service possible in the future, though capital funding for the wastewater project is not yet secured.

The Corner Street neighborhood is severely disadvantaged according to an income survey completed by Leadership Counsel, and the Letteau Avenue neighborhood is also disadvantaged according to census data. The drinking water project will solve a nitrate pollution issue that is a threat to the health of residents. The wastewater project, to the extent funding can be secured and resident interest is confirmed, will also improve public health while eliminating a threat to water quality. We ask that Merced LAFCo waive fees related to annexation of both neighborhoods to support these projects, and for support for annexation once the LAFCo application process is complete.

Thank you in advance for your consideration, and please do not hesitate to contact us with any questions or concerns.

Sincerely,

A handwritten signature in blue ink that reads "Efrain Casas". The signature is written in a cursive, flowing style.

Efrain Casas
Self Help Enterprises

A handwritten signature in blue ink that reads "Michael Claiborne". The signature is written in a cursive, flowing style.

Michael Claiborne
Leadership Counsel for Justice and Accountability

Cc: Leandro Maldonado, Delhi CWD

**FUNDING AGREEMENT BETWEEN THE STATE OF CALIFORNIA (DEPARTMENT OF WATER RESOURCES)
AND
DELHI COUNTY WATER DISTRICT
4600013279
ITEM 3860-101-0001 OF THE BUDGET ACT OF 2014**

Attachment 2

THIS FUNDING AGREEMENT is entered into by and between the Department of Water Resources of the State of California, herein referred to as the "State" and the Delhi County Water District, in the State of California, duly organized, existing, and acting pursuant to the laws thereof, herein referred to as the "Funding Recipient", which parties do hereby agree as follows:

- 1) PURPOSE. State shall provide funding from Item 3860-101-0001 of the Budget Act of 2014 to Funding Recipient to assist in financing the Delhi Drought Water Supply Project, herein referred to as the "Project."
- 2) TERM OF FUNDING AGREEMENT. The term of this Funding Agreement begins on May 10, 2019 and terminates on June 30, 2021. Execution date is the date the State signs this Funding Agreement indicated on page 8.
- 3) FUNDING AMOUNT. The maximum amount payable by the State under this Agreement shall not exceed \$2,117,849.
- 4) FUNDING RECIPIENT'S RESPONSIBILITY. Funding Recipient and its representatives shall:
 1. Faithfully and expeditiously perform or cause to be performed all Project work as described in Exhibit A (Work Plan) and in accordance with Project Exhibit B (Budget) and Exhibit C (Schedule).
 2. Accept and agree to comply with all terms, provisions, conditions, and written commitments of this Funding Agreement, including all incorporated documents, and to fulfill all assurances, declarations, representations, and statements made by Funding Recipient in the application, documents, amendments, and communications filed in support of its request for financing.
 3. Comply with all applicable California laws and regulations.
 4. Implement the Project in accordance with applicable provisions of the law.
 5. Fulfill its obligations under the Funding Agreement and be responsible for the performance of the Project.
- 5) BASIC CONDITIONS. State shall have no obligation to disburse money for a project under this Funding Agreement until Funding Recipient has satisfied the following conditions:
 1. For the term of this Funding Agreement, Funding Recipient submits timely Quarterly Progress Reports as required by Paragraph 13, "Submission of Reports."
 2. Funding Recipient submits all deliverables as specified in Paragraph 13 of this Funding Agreement and in Exhibit A.
 - a. Prior to the commencement of construction or implementation activities, Funding Recipient shall submit the final plans and specifications certified by a California Registered Professional as to compliance for each approved project as listed in Exhibit A of this Funding Agreement.

EXHIBIT A WORK PLAN

Scope of Work

Project Description

The purpose of this project is to connect approximately 76 households within the two unincorporated neighborhoods to the Delhi County Water District's water distribution system and to abandon and destroy existing private domestic wells. The project comprises the installation of approximately 3,160 feet of water line, water service and lateral connections to each property lot, all necessary appurtenances, and approximately 76 well abandonments.

The two targeted neighborhoods are the unincorporated neighborhood along Letteau Avenue and Flower Street consisting of 40 homes and the unincorporated neighborhood along Corner Street and August Avenue consisting of 36 homes. Residents of these two neighborhoods have been requesting assistance to help alleviate the drought related issues they are experiencing. Due to shallow depth of wells and uncertain groundwater levels, private domestic wells have been at risk. Recent well testing of private wells in these communities has found Nitrate levels between 26 mg/L and 33 mg/L, around 3 times the State Maximum Contaminant Level for nitrate levels in a public water system. Residents of these communities seek to secure a reliable source of drinking water as the diminishing groundwater supply may further degrade the quality of their drinking water.

The project consists of the installation of approximately 1,310 feet of 12-inch water line, 1,755 Feet of 8-inch water line, and 95 feet of 6-inch water line connecting to the Delhi County Water District's water distribution system to supply all 76 households. Project also includes isolation gate valves, tapping sleeve & valve, water service to each lot, lateral connections, well abandonments and other miscellaneous costs outlined in the attached scope of work and budget. Figures A-1 and A-2 show the locations of the project.

Work Plan

Task 1 – Water Line Extension in Public Right of Way

- Complete public right of way construction bidding
- Plan and stage mobilization
- Purchase all necessary materials and equipment
- Complete trench paving
- Perform engineering and surveying
- Pay all required City and County fees, including connection fees, inspection fees, LAFCO fees, and others
- Ensure labor compliance

Deliverables: Design plans, specifications and costs, permits, and as-built drawings.

Task 2 – Private Property Connection (meter to house)

- Complete on-site pre-inspection
- Estimate materials needed

- Develop work plan
- Prepare and secure all necessary permits
- Purchase plumbing materials
- Subcontract as needed
- Monitor work for completion
- Monitor prevailing wage compliance

Deliverables: Documentation on home connection.

Task 3 – Well Destruction

- Complete on-site inspections and inventory
- Prepare necessary mapping with well specifications for bidding
- Secure technical assistance and schedule tracking
- Subcontract well abandonment work, as needed
- Verify work completion, after photos, and pay releases
- Monitor prevailing wage compliance

Deliverables: Documentation on well destruction.

Task 4 – General Provisions

- Undertake project management
- Undertake construction management and inspection
- Make payments to engineers and contractors after inspections and/or approval of work
- Provide information and financial statements to DWR including reports on progress and performance in relation to agreement
- Prepare and retain records and documents sufficient to reflect all charges submitted

Deliverables: Invoices, reports, and other documentation as necessary.



PROJECT NO.	474
DATE	
BY	
CHECKED BY	
SCALE	1" = 100'

Self Help Enterprises
 948 Clark Court
 York, PA 17402
 (717) 765-1111
LETTEAU AVENUE/CORNER STREET
 Proposed Water System Improvements
 Corner Street





DATE	3/4
BY	
CHKD	
APP'D	
DATE	

Self Help Enterprises
 8440 Buick Court
 15515 CA 95131
 (916) 931-3000

LETTAU AVENUE/CORNER STREET
 Proposed Water System Improvements
 Lettau Avenue



NO.	DESCRIPTION

Attachment 4

