

SANTA BARBARA COUNTY BOARD AGENDA LETTER



Clerk of the Board of Supervisors
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Santa Barbara, CA 93101
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Agenda Number:
Prepared on: 12/28/05
Department Name: Housing and Comm. Dev.
Department No.: 055
Agenda Date: 1/10/06
Placement: Administrative
Estimate Time:
Continued Item: YES
If Yes, date from: December 6, 2005

TO: Board of Supervisors

FROM: Ed Moses, Director
Housing and Community Development

STAFF CONTACT: Tim Wong
x3523

SUBJECT: Predevelopment Loan Agreement for Ventucopa Water System Study (5th District)

Recommendation(s):

That the Board of Supervisors:

1. Find that predevelopment study described below is exempt from the California Environmental Quality Act (CEQA) per Guidelines Section 15262.
2. Authorize the Director of Housing and Community Development to execute a \$33,250 Loan Agreement in substantially the form of the attachments to this Board letter, with the Ventucopa Water Company for the feasibility study of the Ventucopa water system.

Alignment with Board Strategic Plan:

The recommendation(s) are primarily aligned with Goals No. 7, Strengthen the Safety and Well-Being of Children and Their Families to Ensure a Strong Future for our Community, and Goal No. 5, Maintain and Enhance the Quality of Life for all Residents.

Executive Summary and Discussion:

Ventucopa is a small community with a population of approximately 100 people in the very northeastern corner of the County. A majority of the populace is comprised of very low income retirees, mostly farmers and laborers. Because of the low income of the residents, the area is eligible for the expenditure of State Community Development Block Grant (CDBG) funds. Without the use of such funds, the low income residents of the community lack the resources to fund a comprehensive water quality test or a study of how to upgrade the system so it is consistent with modern standards.

In 2004, the County Board of Supervisors authorized County Housing and Community Development to apply for a \$35,000 Planning and Technical Assistance (PTA) grant from State Housing and Community Development to do a feasibility study of the Ventucopa Water System. Now that the County has received the grant, \$1,750 of the \$35,000 will be used for administration of the grant and the remainder will be to fund the feasibility study. The study is to determine what is necessary to provide the community with a functional, modern water system that can support the community presently as well as in the future. County HCD will provide oversight of the consultant selection process and completion of the study.

The water system serving the community was constructed in the 1940's and is in need of major improvements. The system operator, Ventucopa Water Company, is required by deed to provide water to the community. A single landowner structured as the Ventucopa Water Company provides water to the community on a fee basis. It has made minor repairs to the system but does not have the capital to upgrade the system or fund major improvements. The system is currently experiencing multiple problems. The secondary backup water source is not connected to the primary source. The storage capacity is inadequate. In addition, there are no individual water meters.

County HCD is proposing to enter into a predevelopment loan with the Ventucopa Water Company to fund this study through the PTA grant. The terms of the loan are for a 3%, deferred, 10 year term, forgiven at the end of the term. The loan will be forgiven if the County approves the submitted feasibility study. As part of the study, a water quality test will be performed. This test has never been performed in the past. This is essential to set a benchmark so that future water quality tests will show the improvement or deterioration of the water.

The State of California CDBG program is a primary source of grant funds for public facilities serving low income communities. County HCD is the department charged with applying for and administering CDBG grants in Santa Barbara County. County HCD recognizes that dependable infrastructure is a vital component to providing safe and adequate affordable housing. In order to maintain this affordable housing, County HCD applied for a CDBG grant in 2004 to look at options to improve water quality for this community. The goal of this study will be to determine the best way to improve and maintain adequate water quality for the community.

With the completion of the feasibility study, the Ventucopa Water Company hopes to use the information to apply for United States Department of Agriculture (USDA) and other federal grants to pay for the recommended improvements. County HCD staff is working with the State Department of Health Services to help secure a low interest loan with the State to immediately implement the recommendations of the completed feasibility study.

At the December 6, 2005 Board meeting, Supervisor Centeno had some additional questions regarding this item. HCD Staff met with Supervisor Centeno on December 13, 2005 to answer his questions. Responses to his questions have been included in the Board letter as Attachment A.

Mandates and Service Levels:

None

Fiscal and Facilities Impacts:

The County will receive \$1,750 for the administration of the grant. As a provision of the loan agreement, Ventucopa Water Company shall be responsible for the preparation of the feasibility study. The County has no financial exposure associated with this project if the funds are spent in compliance with the terms of the CDBG program. County HCD will work with the Ventucopa Water Company to ensure that is accomplished.

The Housing Finance Division Budget is found in the County Budget on pages D252-253.

Special Instructions:

Staff will provide the Clerk with a Notice of CEQA exemption for posting.

Concurrence:

Auditor Controller

