



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Public Works
Department No.: 054
For Agenda Of: 2/13/2007
Placement: Administrative
Estimate Time:
Continued Item: NO
If Yes, date from:
Vote Required: Majority

TO: Board of Directors, Laguna County Sanitation District
FROM: Department Director(s) Phillip M. Demery, Director, x3010
Contact Info: Mark A. Schleich, Deputy Director, x3600
SUBJECT: Recycled Water User Agreement with American Ethanol, Inc. - Fourth Supervisorial District

County Counsel Concurrence:

As to form: Yes No N/A

Auditor-Controller Concurrence:

As to form: Yes No N/A

Other Concurrence: Risk Management

As to form: Yes No N/A

Recommended Action(s):

That the Board of Directors:

- A. Execute the recycled water user agreement with American Ethanol, Inc.

Summary:

The Laguna County Sanitation District disposes of effluent by treating it to acceptable levels for various reuse applications such as agricultural industrial purposes. Recycled water is used on district property as well at private facilities. The Regional Water Quality Control Board (RWQCB) requires producer/user agreements authorizing the use of water at private facilities. This action requests that a recycled water user agreement with American Ethanol, Inc. be executed for the purposes of establishing American Ethanol, Inc. as an authorized user of district produced recycled water.

Background:

The attached recycled water user agreement has been negotiated with American Ethanol, Inc. American Ethanol, Inc. proposes to use the water for the production of ethanol fuel. The first phase of the ethanol plant is expected to require approximately 620,000 gallons per day (gpd) of recycled water. Ultimate demand may double based on full build out of the ethanol plant. Recycled water will be sold to the user at an approximate rate of \$153.45 per million gallons (\$50/acre-foot) since that amount is comparable to the cost of user's other potential water sources. District revenues may therefore reach \$33,000 per year based on the initial ethanol plant phase. The water will be transported from the district's reclamation plant, across district property and extending to holding

Recycled **Water User Agreement with American Ethanol, Inc. - Fourth Supervisorial District**

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facilities located on property leased by American Ethanol, Inc. along the southern edge of Betteravia Road. Actual delivery is subject to completion and start up of the ethanol production plant, which is anticipated in 2008. Any necessary improvements, if any, to district facilities for the purpose of transporting the water to the site will be the responsibility of the user.

Performance Measures:

This action will provide for additional disposal capacity allowing the district to serve existing and future customers.

Fiscal and Facilities Impacts:

Budgeted: Yes No

Fiscal Analysis:

There are no fiscal impacts with this action. Revenue to the district's operating fund of approximately \$33,000 per year is anticipated at full operation of the first phase of the ethanol plant.

Staffing Impact(s):

Legal Positions:

FTEs:

There are no staffing impacts with this action.

Special Instructions:

Please forward a certified minute order and two (2) of the three (3) original agreements to the Public Works Department, Laguna County Sanitation District, attention Martin Wilder at 620 West Foster Road in Santa Maria and retain one (1) original for the Clerk of the Board.

Attachments:

User agreement.

Authored by:

Martin Wilder, Manager, x8750

cc: File Recycled Water User Agreement, American Ethanol, Inc.