

MEMO

TO: Board of Directors

FROM: District Manager

SUBJECT: APPLICATION FOR SAFE DRINKING WATER
STATE REVOLVING FUNDS.

DATE: January 11, 2008

RECOMMENDATION:

It is recommended that the Board of Directors review and approve the attached resolution authorizing the District Manager to submit an application on behalf of the District to the California Department of Public Health for consideration and determination of eligibility for Safe Drinking Water State Revolving Funds.

BACKGROUND:

Olympia Mutual Water Company (OMC) is a privately owned mutual water company which was formed in 1948. OMC currently provides water service to approximately 52 property owner members. OMC is generally located along West Zayante Road in the area bounded by Newton, Lilac, Madrone, Azalea, Pine and Elm Drives. See Attachment 1. The existing water source for OMC is a single underground spring, which has been classified as "under the influence of surface water". In December 2003 Santa Cruz County Environmental Health Department (OMC's primary agency) issued a Compliance Order which required OMC to bring the source water source and system into compliance with the Surface Water Treatment Rule. The Surface Water Treatment Rule requires a multibarrier treatment and filtration process.

In 2003 OMC submitted an application for Safe Drinking Water State Revolving Funds (SDVSRF) for system improvements. Proposed improvements included the construction of a new treatment plant and storage tanks. Pursuant to SDVSRF requirements consolidation with another water system must be evaluated as an alternative project. Consolidation means the physical connection into another water system with the elimination of the merged system.

Preliminary review of a proposed consolidation of OMC with the District indicates that the project is a viable alternative to the construction of new treatment facilities. Staff has discussed this matter with representatives of OMC. OMC would like to proceed forward and consider a proposed consolidation project with SLWD. Funding through the SDVSRF Program requires a long lead time (generally 2-3 years). The attached resolution would authorize the District to submit an application for SDVSRF relative to a proposed consolidation project. Said authorization is limited solely to the application process, and is not

commitment to proceed with the proposed consolidation project. The application will be reviewed for technical funding requirements and priority ranking.

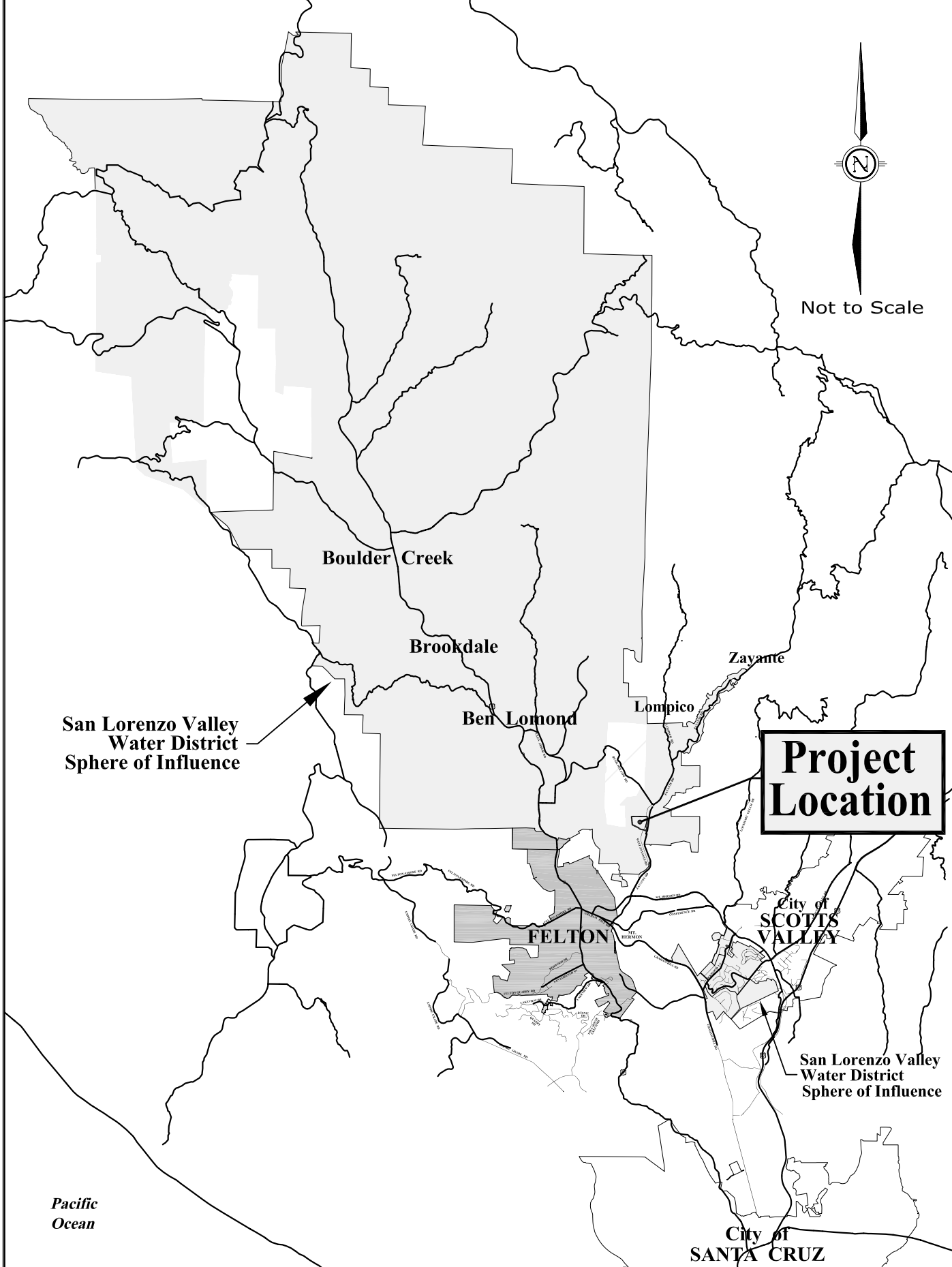
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Jane A. Miller
District Manager

JAMbsb

Olympia Mutual Water Company CONSOLIDATION PROJECT



SAN LORENZO VALLEY WATER DISTRICT

RESOLUTION NO. (07-08)

SUBJECT: AUTHORIZATION TO SUBMIT SAFE DRINKING WATER STATE REVOLVING FUND APPLICATION

WHEREAS, the San Lorenzo Valley Water District desires to submit an application for construction funds to the California Department of Public Health, Safe Drinking Water State Revolving Fund Program and

WHEREAS, said application is pursuant to a proposed consolidation project for Olympia Mutual Water Company

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the San Lorenzo Valley Water District the District Manager is hereby authorized and directed to prepare and submit said application.

FURTHER, be it resolved that the District Manager of San Lorenzo Valley Water District is hereby designated as authorized representative relative to said application and authorized and directed to sign the application on behalf of the San Lorenzo Valley Water District

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PASSED AND ADOPTED by the Board of Directors of the San Lorenzo Valley Water District, County of Santa Cruz, State of California, on the 17th day of January, 2008 by the following vote of the members thereof:

- AYES:
- NOES:
- ABSTAIN
- ABSENT:

Brandon Barchi, District Secretary
San Lorenzo Valley Water District