



Dedicated to Preserving the Napa River for Generations to Come

August 5, 2015

Honorable Rodney G. Stone
Presiding Judge
Napa County Superior Court
c/o Court Executive Office
825 Brown Street
Napa, CA 94559

FILED

SEP 23 2015

Clerk of the Napa Superior Court
By: C. Riemann
Deputy

SUBJECT: Agency response to Findings and Recommendations in Grand Jury Report dated March 31, 2015 – *Management of Groundwater and Recycled Water: Is Napa County in Good Hands?*

Dear Judge Stone:

The Board of the Napa Sanitation District (NSD) would like to thank the Grand Jury for its work in researching and preparing its report, *Management of Groundwater and Recycled Water: Is Napa County in Good Hands?* We agree entirely that the appropriate use of recycled water is an important element in our community's strategy to conserve groundwater and potable water, and we commend the Grand Jury's effort to highlight and promote recycled water use.

Since 1945, the Napa Sanitation District has been responsible for the collection and treatment of wastewater for the City of Napa and surrounding unincorporated areas. As part of its operations, the District treats wastewater to levels that are appropriate for use as recycled water in landscape irrigation. The District, on its own and in partnership with Napa County and the Los Carneros Water District, has invested over \$80 million in the necessary treatment processes and distribution infrastructure, with the goal of being able to deliver up to 1,200 million gallons (3,700 acre feet) of recycled water during the summer months to residential, agricultural, commercial and industrial customers.

Based on the Grand Jury's inquiries and research, the report makes several findings. As required under Section 933.05(a) of the California Penal Code, the following represents the District's comments regarding the findings in the report.

Finding #5 – The lack of adequate storage capacity and the need for additional infrastructure prevent NSD from maximizing the amount of recycled water that could be processed.

The District agrees with the finding.

The District, Napa County and the Los Carneros Water District are currently investing over \$45 million to increase significantly the amount of recycled water that is produced by the District and distributed to users. This represents a substantial

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investment in expanding the use of recycled water in the community. With this investment, the District will maximize the amount of recycled water that can be stored, treated and delivered during the summer months, when demand for recycled water is greatest.

Additional recycled water could be provided to the community during the summer irrigation season only if there was additional storage of water collected in the winter and spring, to be delivered during the high-demand summer months. The cost of additional storage is significant and may cost ratepayers up to \$30 million.

Finding #6 – There have been no discussions to date to renew the agreement between NSD and the City of Napa Water Department, expiring in 2017, requiring NSD to reimburse the city one year's revenue for every customer converted from city water to recycled water.

The agreement referenced by the Grand Jury expires in August 2018. Noting the Agreement does not expire for three (3) years, the District has held preliminary discussions with the City of Napa on extending the Agreement, including adding additional service area to the Agreement, but no formal extension has been reached.

It is important to note that the agreement, while it includes elements regarding the reimbursement of lost revenues to the City of Napa Water Department, is primarily an agreement that confers to the District the right to distribute recycled water within part of the City's potable water service area. That agreement also states that recycled water customers that have already converted to recycled water will have the right to continue to receive recycled water, even if the agreement expires and is not renewed.

Finding #7 – Napa State Hospital could cut their potable water usage substantially if they converted their irrigation system to recycled water.

The Napa Sanitation District agrees with this finding.

The report also includes several recommendations that apply specifically to the District. As requested in the Grand Jury report, and as required under Section 933(c) and 933.05(b) of the California Penal Code, the following represents the District's responses to the specific Recommendations made in the report.

Recommendation #4 – NSD to immediately begin exploring additional opportunities to expand their wastewater storage and infrastructure capacity through funds that may be available from the passage of California Proposition 1, the \$7.1 Billion "Water Quality, Supply, and Infrastructure Improvement Act of 2014."

This recommendation is currently being implemented.

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The District is a founding member of the North Bay Water Reuse Authority, which was formed to help communities in Marin, Sonoma and Napa County to develop recycled water projects, complete the environmental analysis and studies required, and find federal and state funding support for the projects.

The District is currently studying the development of new and expanded recycled water storage as part of the NBWRA's current "Phase 2" study. This work will culminate in the necessary analysis, community outreach and reports that are required under NEPA and CEQA to obtain any federal or state grant support, including Proposition 1 funding.

Once the environmental studies are completed, the District intends to apply for federal and state grants, including Proposition 1 funding, to support expansion of recycled water storage and infrastructure capacity projects.

Recommendation #5 – By June 30, 2016, NSD and the City of Napa Water Department to begin negotiations to extend the current agreement that requires NSD to reimburse the Water Department for lost revenue when a city water customer converts to recycled water.

As discussed above, the District and City of Napa staffs have already held preliminary discussions on extension of the service agreement. The District will actively seek an agreement that promotes recycled water use and that provides for the conversion of sites irrigated with potable water to recycled water where appropriate and feasible.

Recommendation #6 – By December 31, 2015, that NSD and the City of Napa Water Department to begin working with local officials, lobbying groups, and trade associations to persuade the State to fund the conversion of Napa State Hospital to recycled water for their irrigation purposes.

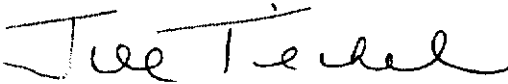
The District has worked with local representatives of Napa State Hospital, as well as the State's Department of Mental Health and State Department of General Services, to assist in the Hospitals conversion from potable water to recycled water for irrigation. District staff has also worked with local and state elected officials to seek support for the conversion to recycled water. The District and the City have also worked cooperatively to provide information and support necessary for conversion. The District will continue to provide support necessary to assist the State in the conversion of its property to recycled water for irrigation purposes.

Again, we would like to thank the Grand Jury for conducting the difficult work of researching and reporting on this vitally important issue. We believe that these responses adequately address the Findings and Recommendations regarding the distribution and

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increased availability of recycled water, and that they serve to promote the underlying goals of the Grand Jury report.

Sincerely,

A handwritten signature in cursive script that reads "Jill Techel". The signature is written in black ink and is positioned above the printed name and title.

Jill Techel
Chair, On behalf of the Board of the Napa Sanitation District

cc: Board of Directors
Tim Healy, General Manager
John Bakker, Legal Counsel