



EDMUND G. BROWN JR.  
GOVERNOR

MATTHEW RODRIGUEZ  
SECRETARY FOR  
ENVIRONMENTAL PROTECTION

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## State Water Resources Control Board

November 16, 2016

Mr. Richard A. Haffey  
District Administrator  
Nevada County Sanitation District No. 1  
950 Maidu Avenue  
Nevada City, CA 95959

### **NEVADA COUNTY SANITATION DISTRICT NO. 1, AGREEMENT NO. 13-829-550, PROJECT NO. C-06-7638-110**

Enclosed is Amendment No. 2 to your Finance Agreement for your approval and signature. This Amendment cannot be considered binding by either party until approved by the State Water Resources Control Board. The State is not obligated to make any payments for services performed prior to final approval of any Agreement.

If the District is in agreement with all terms and conditions of the Amendment, please sign and date two (2) signature pages and return no later than thirty (30) calendar days from the date of this letter to:

#### US Mail

Ms. Amor Moskaira  
Contract Analyst  
State Water Resources Control Board  
Division of Financial Assistance  
P.O. Box 944212  
Sacramento, CA 94244

#### Overnight Mail

Ms. Amor Moskaira  
Contract Analyst  
State Water Resources Control Board  
Division of Financial Assistance  
1001 I Street, 16<sup>th</sup> Floor  
Sacramento, CA 95814

Expeditious handling of this Amendment is appreciated. Please contact Ms. Moskaira at (916) 445-5172 or [amor.moskaira@waterboards.ca.gov](mailto:amor.moskaira@waterboards.ca.gov).

Once final approval is obtained, we will forward you an executed copy for your records.

Enclosure

# SMALL COMMUNITY GRANT RESIDUAL BONDS



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NEVADA COUNTY SANITATION DISTRICT NO. 1  
AND  
CALIFORNIA STATE WATER RESOURCES CONTROL BOARD

GRANT AGREEMENT  
PUBLICLY OWNED TREATMENT WORKS (POTW) CONSTRUCTION FINANCING  
PENN VALLEY SEWER SYSTEM CONNECTION PROJECT

PROJECT NO. C-06-7638-110  
AGREEMENT NO. 13-829-550

**AMENDMENT NO. 2**  
**DATED AS OF OCTOBER 14, 2016**

AMOUNT: ~~\$5,000,000~~ **\$6,000,000**

START DATE: APRIL 14, 2014  
END DATE: ~~JUNE 1, 2047~~ **OCTOBER 12, 2047**  
DATED AS OF APRIL 14, 2014

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The parties mutually agree to this amendment as follows. All actions noted below are by this reference made a part of the Agreement, originally executed on June 17, 2014, **and subsequently amended on March 4, 2016,** and incorporated herein:

Changes made in this amendment are shown as follows in the attached Exhibits:

- Exhibit A – Scope of Work & Incorporated Documents (2 pages attached)\*
- Exhibit A-FBA – Final Budget Approval (4 pages attached)\*\*
- Exhibit B – Project Financing Amount (1 page attached)\*

\* Text additions are displayed in bold and underline.

\*\* Except as otherwise noted, text deletions are displayed as strike through text (i.e., strike out)

All other terms and conditions shall remain the same.

**NEVADA COUNTY SANITATION DISTRICT NO. 1:**

By: \_\_\_\_\_

Name: Richard A. Haffey

Title: District Administrator

Date: \_\_\_\_\_

**STATE WATER RESOURCES CONTROL BOARD:**

By: \_\_\_\_\_

Name: Darrin Polhemus

Title: Deputy Director, Division of Financial Assistance

Date: \_\_\_\_\_

EXHIBIT A – SCOPE OF WORK & INCORPORATED DOCUMENTS

1. The Recipient agrees to start construction no later than the ~~estimated~~ date of ~~July 31, 2016~~ **September 19, 2016**.
2. The ~~estimated~~ Completion of Construction date is hereby established as ~~June 1, 2017~~ **October 12, 2017**.
3. The Recipient agrees to ensure that its final Request for Disbursement is received by the Division no later than six months after Completion of Construction date, unless prior approval has been granted by the Division. If the Recipient fails to do so, then the undisbursed balance of this Agreement will be deobligated.
4. Incorporated by reference into this Agreement are the following documents:
  - (a) the Final Plans & Specification, **dated January 29, 2016 and January 2016 respectively; and Addendum No. 1 issued on June 24, 2016**, which are the basis for the construction contract to be awarded by the Recipient **to Koch & Koch, Inc.** (~~Agreement will be amended to incorporate such document~~);
  - (b) the Waste Discharge Requirement Order No. 5-01-210; and
  - (c) the Recipient's Authorized Representative Resolution No. SD12-07 dated April 24, 2012.
5. Scope of Work.

(a) Project Objectives

A Cease and Desist Order (CDO) was issued by the Central Valley Regional Water Quality Control Board (Regional Water Board) on August 13, 2009. The CDO requires the District to implement a number of steps culminating in the completion of improvements to alleviate any capacity issues at the current Wastewater Treatment Plant (WWTP) by September 1, 2014. During the development of the Penn Valley WWTP Expansion Feasibility Report it was determined that the best option would be to regionalize with the Lake Wildwood WWTP. Construction of the pipeline and abandonment of the current Penn Valley WWTP will satisfy the Regional Water Board's requirements set forth in the CDO.

(b) Project Description

The current Penn Valley WWTP serves 458 Equivalent Dwelling Units (EDUs) in the town of Penn Valley and the surrounding area. The current process includes a septic tank effluent pump (STEP) system. The septic tanks provide the primary treatment and then wastewater from each tank is pumped into a pressurized sewer system to a lift station. From the lift station the influent is pumped to the WWTP which consists of two lined aerated lagoons and a storage reservoir. The treated effluent is used onsite for spray irrigation of approximately 33 acres of pasture land used for cattle grazing.

The proposed Project consists of collection system improvements, a lift station, and a pipeline that will convey pressurized influent to the Lake Wildwood WWTP. The collection system improvements will reduce the amount of infiltration and inflow into the system. The best identified location for the lift station is at the Penn Valley Fire Department near the corner of Penn Valley Drive and Spenceville Road. The pipeline will continue along Penn Valley Drive until it intersects with Pleasant Valley Drive and Highway 20. The Project will use "no-dig" construction techniques

EXHIBIT A – SCOPE OF WORK & INCORPORATED DOCUMENTS

to cross Highway 20 without interrupting traffic, and the pipeline will continue along Pleasant Valley Drive until it reaches the Lake Wildwood WWTP. The overall pipeline length will be 4.5 miles. Because of the STEP system in Penn Valley, odor control units will be installed at the lift station and the junction manhole where Penn Valley influent mixes with Lake Wildwood influent.

EXHIBIT A – FBA – FINAL BUDGET APPROVAL

**Table 1: Approved Construction Bid Amount**

CONTRACTOR	AMOUNT BID	APPROVED COSTS
Koch & Koch, Inc. <sup>1</sup>	\$6,439,080	\$4,035,000 <sup>1</sup>

Approved cost is lower than amount bid because a portion of the Project was funded with CDBG grants and Nevada County Sanitation District #1 cash and does not include all alternate bid items.

**1 - BUDGET**

**Table 2: Approved Final Project Budget**

PROJECT COST TABLE		
TYPE OF WORK	APPROVED BUDGET	
	SCG	PROP
<b>A. Construction</b>		
Koch & Koch, Inc.	\$1,533,300	\$2,501,700
<b>B. Pre-Purchased Material/Equipment</b>	\$0	\$0
<b>C. Land Purchase</b>	\$10,737	\$6,263
<b>D. Change Order Contingency<sup>2</sup></b>	\$0	\$0
<b>E. Allowances</b>		
Planning	\$158,460	\$258,540
Design	\$271,320	\$442,680
Construction Management	\$231,800	\$378,200
Administration	\$78,660	\$128,340
Value Engineering	\$0	\$0
<b>Subtotal – E</b>	\$740,240	\$1,207,760
<b>Subtotal – ( A+B+C+D+E)</b>	<b>\$2,284,277</b>	<b>\$3,715,723</b>
<b>TOTAL (Subtotal A+B+C+D+E)</b>	<b>\$6,000,000</b>	

Note: Adjustments may be made between Line Items on the Final Disbursement.

<sup>2</sup> Change Order Contingency will come out of local funds from Nevada County Sanitation District #1.

EXHIBIT A – FBA – FINAL BUDGET APPROVAL

**2 - PROJECT ELIGIBILITY DETERMINATION**

The eligibility determinations and conditions of approval identified below are based on the review of:

- Stamped and Signed Final Plan and Specifications (P&S) for the Project received July 18, 2016, dated January 29, 2016 and January 2016 respectively; and
- Addendum No 1 issued June 24, 2016.

The eligibility determination for the bid items shown in the schedule of values provided by the Recipient are as follows:

**Table 3: Eligibility Determination Agreement:**

<b>Bid Item</b>	<b>Description</b>	<b>Percent Eligibility</b>
1	Mobilization/Demobilization	100%
2	Sheeting/Shoring/Bracing	100%
3	Stormwater SWPPP & Implementation	100%
4	Penn Valley Lift Station Excluding Odor Control Unit	100%
5	Connection - 6" Dual Force Main to 10" HDPE	100%
6	Furnish & Install Energy Dissipater Manhole	100%
7	Furnish & Install MH PV1	100%
8	Furnish & Install 10" HDPE	100%
9	Pipe Burst 15" VCP & Install 20" HDPE	100%
10	Insert Valve and Plug Existing Force Main to Penn Valley WWTP	100%
11	Dual 6" FM - HDPE DR 17	45.29% (See Condition 1)
12	Valved Interties	100%
13	Squirrel Creek Bridge Crossing	100%
14	HDD at Pedestrian Bridge w/ 24" Casing	100%
15	Jack and Bore at Highway 20 w/ 24" Casing	100%
16	Combination Air Valve (includes Fittings & Vaults)	100%
17	Fittings, anchor and blind flange for Combination Air Valve	100%
18	Pavement Replacement	100%
Alternate A	Penn Valley Lift Station Odor Control Unit	0% (See Condition 2)
Alternate B	Lake Wildwood Odor Control Unit	100%
Alternate C	Lake Wildwood Grit Removal Unit	0% (See Condition 2)
Alternate D	Penn Valley Collection System Improvements	39.91% (See Condition 2)
Alternate E	Microsurfacing Type III and Striping	0% (See Condition 2)
Alternate F	Lake Wildwood Piping Improvements	100%
Alternate G	Combination Air Valve (includes Fittings & Vaults)	0% (See Condition 2)
Alternate H	Valved Interties	0% (See Condition 2)

Bid items as shown in the schedule of values provided by the Recipient

**Eligibility Determination Conditions of Approval**

1. Review of contract specifications related to Bid Item 11 results in the determination that 54.71% of Bid Item 11 is not eligible for reimbursement since CDBG is funding the remaining amount.

EXHIBIT A – FBA – FINAL BUDGET APPROVAL

2. Per Nevada County Sanitation District's (District) request, Alternates A, C, and 60.09% of Alternate D will come from local funds. Alternates E, G and H will be 0% eligible unless the District has available funds near the completion of the work.
3. Necessary insurance directly related to the construction contract and extending throughout the period of the construction contract will be eligible for CWSRF financing. This includes builder risk insurance, public liability insurance, fire, and Project specific insurance.
4. Earthquake insurance and "Act of God" insurance are ineligible for funding.
5. Asphalt pavement, corresponding improvements, and excavation and refill materials due to trenching are limited to replacement of the trench width plus one foot on each side of the trench disturbed due to the construction work of the subject contract only. Full lane width paving or slurry seal is eligible only if required by ordinance or code.
6. The cost of local permits and licenses other than those issued by the Recipient are eligible for CWSRF financing.
7. The approved change order contingency may not be increased above the approved contingency shown in Table 2. Any unclaimed construction or allowance costs may also be used towards construction change orders. The change order approval may not: (1) increase the maximum amount of the financing agreement based on Table 2: Approved Construction Budget, (2) increase the term of the financing agreement, or (3) result in a substantial change in the Project scope.
8. Review of the P&S by the Division is conducted to determine eligibility and administrative compliance with the Policy. Issuance of the FBA does not relieve the Recipient and the design engineer of their legal liability for the adequacy of the design.

**3 – PROJECT COMPLETION**

Project Completion Report:

The Project completion report shall contain the following:

1. A description of the final constructed Project.
2. A description of the water quality problem the Project sought to address.
3. A discussion of the Project's likelihood of successfully addressing that water quality problem in the future, and;
4. Summarize compliance with environmental conditions, if applicable.

Project Completion Reporting:

1. The Recipient must notify the appropriate Regional Water Board and the Division that its Project was completed by submitting a Project Completion Report to the Division with a copy to the Regional Water Board. The Project Completion Report must be submitted on or before the due date established per section XIII(B)(2) of the CWSRF Policy.

EXHIBIT A – FBA – FINAL BUDGET APPROVAL

2. The State Water Board expects the Recipient to prepare and send a timely and complete report. The State Water Board may avail itself of any legal means to obtain this report. (See Water Code §13267.)



EXHIBIT B – PROJECT FINANCING AMOUNT

1. Estimated Reasonable Cost. The estimated reasonable cost of the total Project, including associated planning and design costs is five million dollars and no cents (\$5,000,000.00).
2. Project Funding. Subject to the terms of this Agreement, the State Water Board agrees to provide Project Funds in the amount of up to ~~five million~~ **six million** dollars and no cents (~~\$5,000,000.00~~) **(\$6,000,000.00)**.
3. Small Community Grant. Contingent on the Recipient's performance of its obligations under this Agreement, the State Water Board agrees to make a grant of ~~five million~~ **six million** dollars and no cents (~~\$5,000,000.00~~) **(\$6,000,000.00)** from the fund established in section 13477.6 of the Water Code/Residual Bond Funds.
4. The term of this agreement is from April 14, 2014 to ~~June 1, 2047~~ **October 12, 2047**.
5. Budget costs are contained in the Project Cost Table, which is part of Exhibit A-FBA. (~~This Agreement will be amended to incorporate this Exhibit.~~)
6. ~~Preliminary budget costs are as follows:~~

~~\_\_\_\_\_ Allowances (soft costs): \_\_\_\_\_ Planning and Design \_\_\_\_\_ \$500,000~~

~~Construction costs and disbursements are not available until after this Agreement has been amended to incorporate the Final Budget Approval in Exhibit A-FBA.~~

~~Any construction expenses incurred by the Recipient prior to such amendment of this Agreement are at the Recipient's risk. Failure to begin construction according to the timelines set forth in Exhibit A will require the Recipient to repay to the State Water Board all disbursed Project Funds, including Allowances.~~