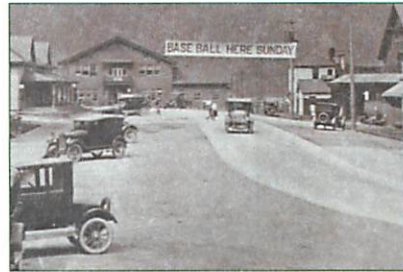


# Scotia:

Moving Towards  
Self-Determination



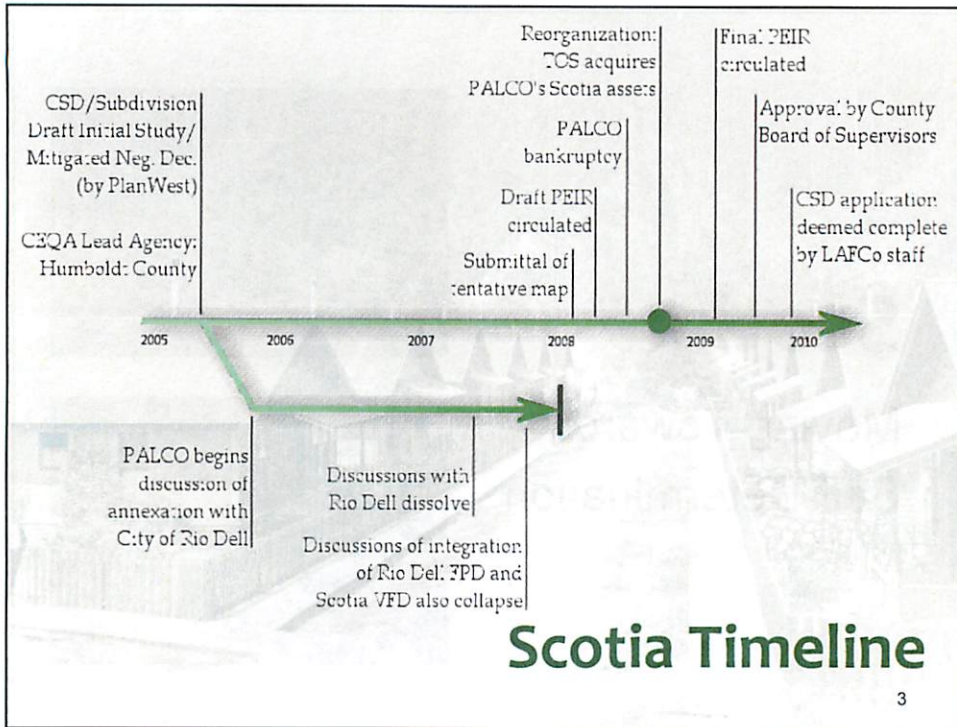
1

# Scotia:

Moving Towards Self-Determination

- Community Services District (CSD)  
Process and Timeline
- Scotia Services and Infrastructure
- Fiscal Solvency
- Scotia CSD versus Annexation
- Frequently Asked Questions

2



## Scotia Subdivision and CSD Project

(application 2005)

- County General Plan Amendment
- Rezoning
- Tentative Map Subdivision
- Environmental Impact Report

*'Environmentally superior alternative'*

**All approved and certified  
New ordinances and resolutions  
Findings and conclusions  
adopted November 2009**

**County Conditions of Approval**

- Implement infrastructure repairs and relocation
- Approval of CSD (LAFCo)

[pending, application is complete]

4

## LAFCo Must Decide:

- Whether the Scotia CSD will be
  - Able to provide services into the future
  - Financially sound

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## Town of Scotia Company Project Applicant



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## Scotia CSD: Preferred Alternative

- Locally-run agency
- Provides basic civic services
- Locally elected Board of Directors
- Manage Scotia's town assets and infrastructure
  - Wastewater collection, treatment and disposal
  - Water treatment and distribution
  - Storm drainage
  - Streets and alleys
  - Street lighting
  - Fire protection
  - Parks and recreation

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## Wastewater Collection



- Inspections Summer 2006
- Assessment
  - 50+ years old
  - Smaller lines in need of repair/replacement
  - Need to reduce infiltration and inflow
  - Lower trunk lines are in working condition

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# Wastewater Collection



## Conditions of Approval

- Move existing lines into common right-of-way
- Line/replace sewer mains as required
- Replace residential collection system
  - Collection lines
  - Replace sewer laterals (house connections)
  - Install cleanouts
  - Replace manholes

## Estimated Improvements

- ~ 85% repair/replacement
- ~ \$4,288,000

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# Wastewater Collection Improvements



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## Wastewater Treatment

- Currently operates under Scotia's existing NPDES permit
- Provides adequate service for existing uses in Scotia
- Expected to also provide adequate service for future uses
  - Scotia is essentially built out
  - Historically served much greater demand

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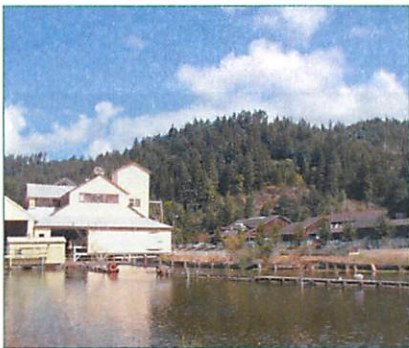
## Wastewater Treatment

- Conditions of Approval
  - Reduce flows (repair sewer lines)
  - Replace pumps and motors
  - Add additional process after trickling filter
  - Add additional secondary clarifier
  - Move electrical controls out of 100-year floodplain
  - Consistent with projected requirements of NPDES permit
- Estimated Improvements
  - ~ 30% repair/replacement
  - ~ \$2,396,000



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## Wastewater Disposal



- Existing NPDES Permit
  - Allows discharge to:
    - Eel River (winter)
    - Percolation ponds (summer)
  - Recent study for disposal alternatives
    - Clean, treated effluent evaporation through Log Pond (summer)
    - Sludge drying beds
- Estimated Improvements
  - Minimal changes
  - ~\$385,000

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## Water Supply & Treatment

- Meets existing State & Federal Drinking Water Regulations
- Untreated water storage capacity = 1,000,000 gallons
- Treatment capacity – Exceeds needs of Scotia CSD
- Treated storage capacity = 400,000 gallons
- Conditions of Approval
  - Seismic upgrade for treated and untreated water tanks
- Estimated Improvements
  - ~ Minor changes
  - ~ \$770,000



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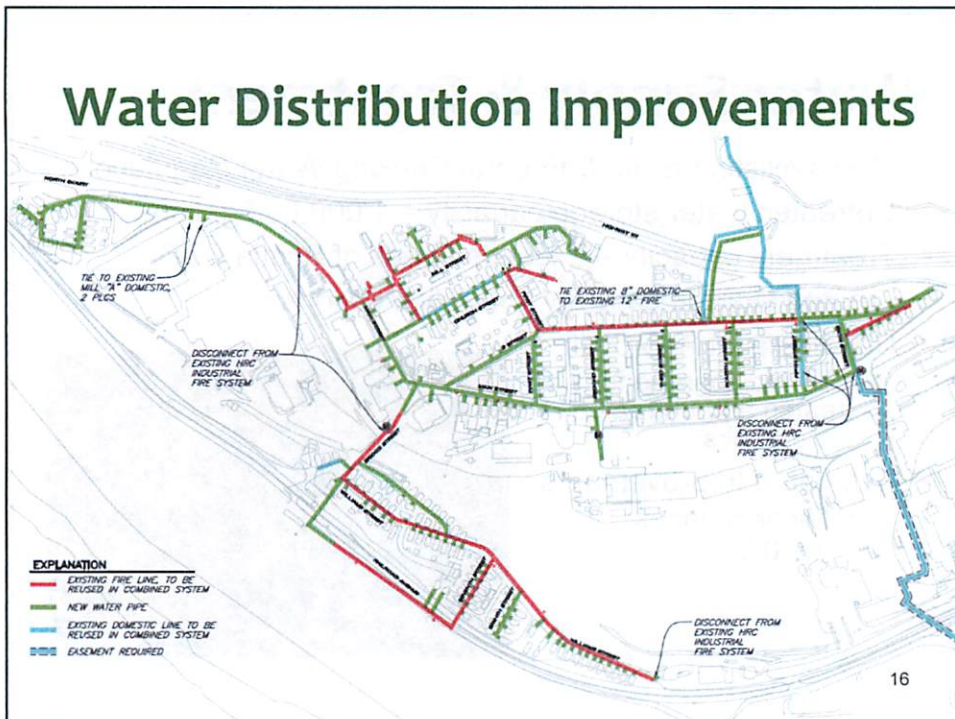
# Water Distribution

- Existing Domestic and Fire Water Distributions are Separate
  - Convert to residential combined domestic/fire
- Conditions of Approval
  - Replace all residential service connections
  - Install water meters
  - Replace all pipe under 3-inch diameter
  - Place water distribution pipe into common right-of-way
  - New fire hydrants
- Estimated Improvements
  - ~ 95% replacement
  - ~ \$2,850,000



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# Water Distribution Improvements



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# Stormwater



- Existing line sizes are appropriate
- Conditions of Approval
  - Drainage report and hydrological analysis
  - Separate municipal and industrial flows
  - Place storm drain lines into common right-of-way
  - Replace/repair select storm drain lines
  - Replace/repair select drop inlets and manholes in residential areas
- Estimated Improvements
  - ~ 65% repair/replacement
  - ~ \$1,602,000

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# Stormwater Improvements



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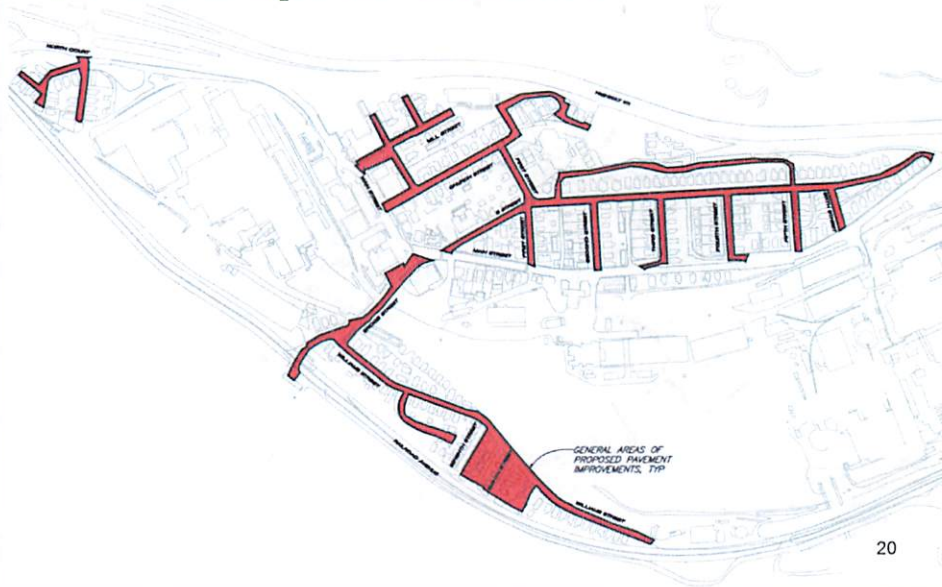
## Streets and Roads

- Evaluation based on *AASHTO Standards for Secondary Roads*
- Previous studies show roads in Fair to Good condition
- Conditions of Approval
  - Overlay roads after infrastructure repairs are completed
    - ADA access at intersections
  - Upgrade signage and striping
- Estimated Improvements
  - ~ 85% resurfaced
  - ~ \$1,793,000



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## Road Improvements



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## Fire Protection

- Full-time chief, 2 part-time assistant chiefs, ~20 volunteer firefighters
- 45 calls a year, 80% medical
- 1,000,000-gallons untreated fire water storage
- Fire insurance rating better than 69% of communities in the U.S.

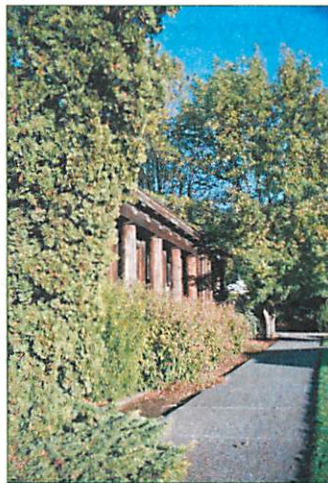


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## Parks and Recreation

- Community park (Fireman's Park)
  - fenced park with redwood trees, picnic tables, and barbeque pits
- Baseball field (Carpenter's Field)
  - fenced park with bleachers
- Soccer field (Slaughterhouse Field)
  - grass, fenced park
- Pocket parks throughout town

**Transferred to CSD**



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## Scotia CSD: A Thorough Analysis

- *“The DEA provides a thorough and, for some systems, a **technically detailed analysis** of Scotia’s infrastructure...”*
- *“... is particularly **comprehensive and technically specific** in its analysis of the water and wastewater treatment systems... the detail afforded them is entirely appropriate...”*
- *“the DEA provides a **comprehensive picture of the capital costs**... to bring the infrastructure into reasonable compliance...”*

Dino Serafini, Pacific Municipal Consultants (PMC), reviewing the Scotia Detailed Engineering Analysis for LAFCo

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## Scotia CSD Fiscal Solvency

- Very conservative 5-year operating budget prepared for proposed Scotia CSD
  - ◆ Based on projected, detailed staffing levels and materials requirements for ongoing operations and maintenance.
  - ◆ Contains a 5-year Capital Improvement Plan for completion of all required upgrades and rehabilitations.

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## Scotia CSD Fiscal Solvency

- Taxes and user fees to pay all annual expenses associated with ongoing operations and maintenance, debt service for Scotia CSD portion of capital improvement costs -- **PLUS**
  - ◆ Setting aside money into sinking fund, from Year One, for replacement of Fire Equipment
  - ◆ Establishing an annual replacement fund for other CSD Facilities after Year Five

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## Scotia Year 5 Budget

Revenues		Expenditures	
Carry-over (prev. year)	\$ 168,000	O&M	\$ 908,000
Taxes	\$ 109,000	CSD Debt Service	\$ 410,000
User Fees	\$ 1,243,000	Fire Equip. Replacem.	\$ 64,000
Miscellaneous	\$ 37,000	Replacement Fund	\$ 175,000
	<b>\$ 1,557,000</b>		<b>\$ 1,557,000</b>
TOS/Marathon Tax Assessment Bond	\$12,670,000	Total Capital Expenditures	\$17,679,000
CSD Revenue Bond	\$ 5,009,000		
	<b>\$17,679,000</b>		<b>\$17,679,000</b>

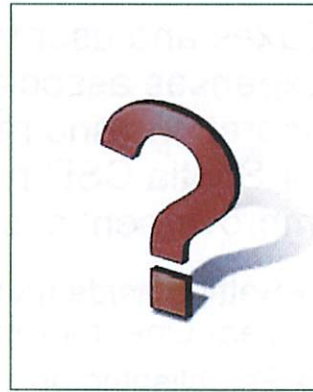
Scotia CSD Year-5 Budget, from May 2009 Financial Analysis (Appendix C to Scotia Municipal Service Review)

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Scotia CSD proposal  
is well established



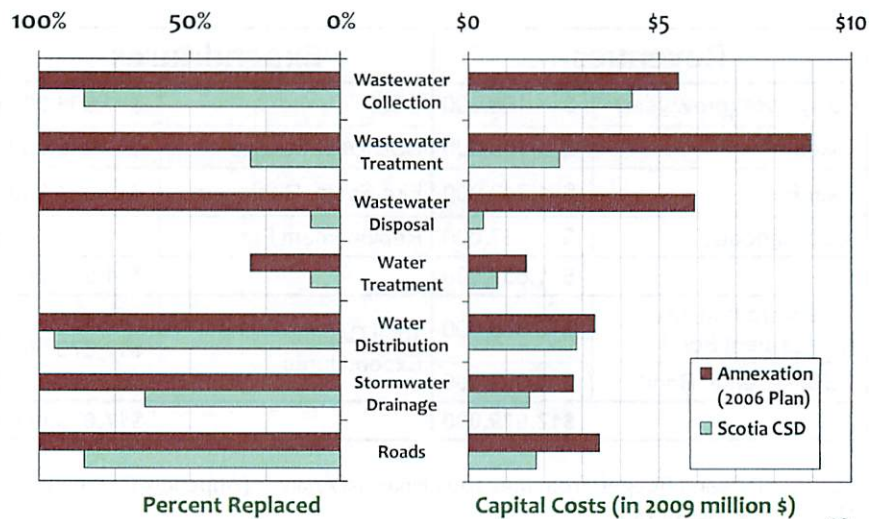
Recent Rio Dell  
proposal is vague



Can't compare where there is  
no proposal

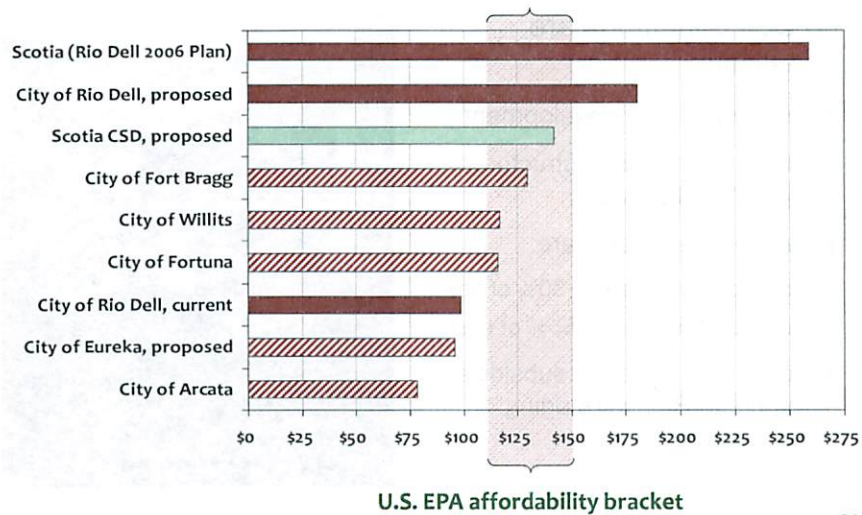
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## Capital Improvements



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## Combined Water + Wastewater Rates



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## Rio Dell Rate Hikes

- *“With a lack of reserves in place, funding for wastewater infrastructure would likely come in the form of a low interest loan... **monthly bills would have to be increased by approximately \$82 per month to fund this loan.**”*

*Rio Dell Municipal Service Review Updated for Annexations, September 2008 (Blue Slide & Metropolitan areas)*

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## Annexation Too Expensive

- Rio Dell conditions are unrealistic:
  - ◆ Treated as new development
  - ◆ Almost all new infrastructure = higher debt service
  - ◆ Wastewater cost share:
    - Scotia generates ~30% of flows
    - expected to pay ~55% of costs
  - ◆ Scotia residents will subsidize repairs to Rio Dell's aging infrastructure



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## Scotia CSD

- Upgrades and modernizes the Scotia working infrastructure
- Rates carefully kept affordable
- Integrates the SVFD
- Less environmental impacts
- Gain local control

## Annexation

- Replaces almost all infrastructure in Scotia (= new development)
- Higher expenses = higher rates
- RDFPD takes over SVFD
- Significant environmental impacts
- Lose local control

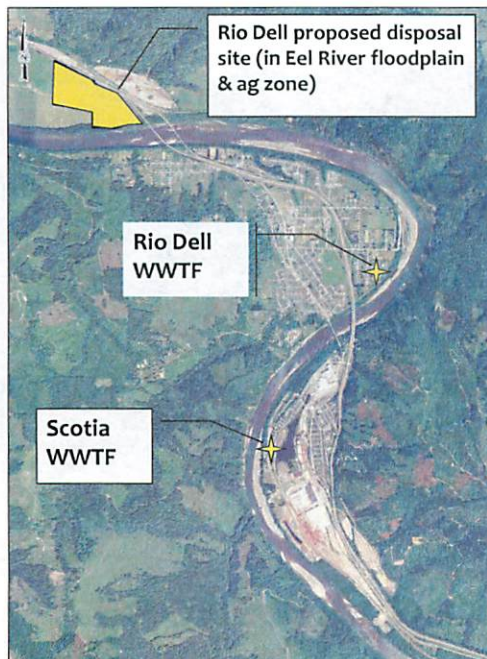
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## Key Element: Integrated Scotia CSD Wastewater Solution

1. Repair **Collection System** to Reduce Flows
  - Reduced flow = Better treatment
2. Modify Existing **Treatment Plant**
  - Extends life of plant
  - Provides redundancy
  - Improves performance
3. **Disposal** only of Scotia Wastewater
  - Summer disposal via evaporation (Log Pond)
  - Reduces/eliminates need for storage pond and for pumping
  - Effluent stays in Scotia

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### Rio Dell WWTF?

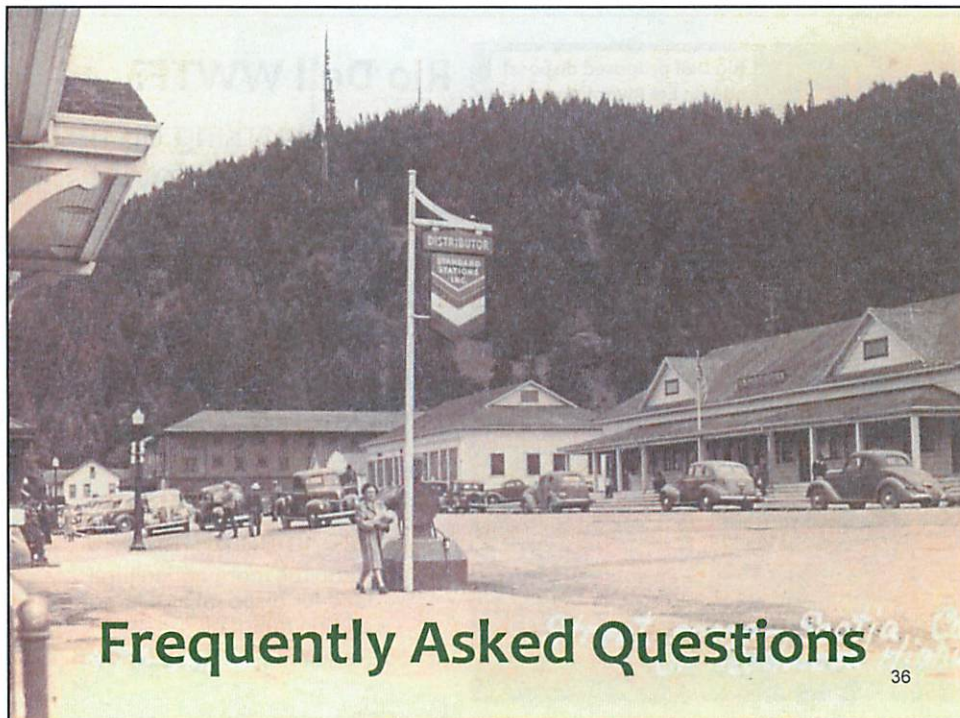
- Rio Dell working on new methods of treatment and disposal
  - 2<sup>nd</sup> EIR addendum in progress
  - RWQCB permitting is not a “slam dunk”
- Rio Dell proposing to include Scotia:
  - May result in significant environmental impacts
    - Requires more agricultural land for disposal and larger carbon footprint
    - Requires 3<sup>rd</sup> EIR addendum

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## In Closing

- With the repairs to its infrastructure and the formation of a CSD to provide services, Scotia will be
  - in **top shape for the next 20 to 30 years**
  - and **financially sound**.
- The CSD formation will give Scotia citizens the chance to **chart their own course**, including possible later annexation if they wish.

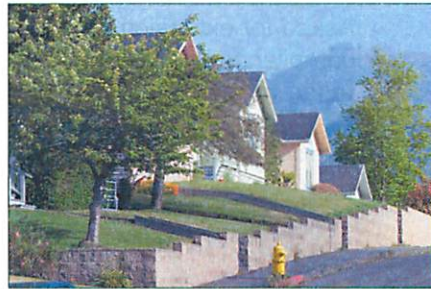
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## Why wasn't annexation to Rio Dell considered?

- Carefully considered
- Extensive studies from Nov. 2005 to July 2007
- PALCO spent over \$1 million in studies
- Resulted in an impasse
- Rio Dell saw Scotia as a brand-new development



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## How can you have a CSD next to a city?

- Several examples:
  - City of Arcata – McKinleyville CSD
  - City of Eureka – Humboldt CSD
- Independent communities maintain their special character
- Can still have regional planning



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## Aren't both Scotia and Rio Dell WWTFs under Cease and Desist Orders?

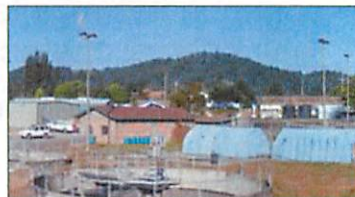
- **Rio Dell – Reactive CDO**
  - Issued in 2003
  - Initiated for chronic violations due to effluent discharge during summer prohibition period
  - Asked for extension for full compliance by 2009 – **failed to meet**
- **Scotia – Proactive CDO**
  - Pre-permit data (2006) showed Scotia WWTF did not meet 85% removal of wastewater constituents
  - Scotia initiated the CDO to protect the facility while making upgrades
  - **Scotia has already met the CDO terms**
  - Anticipate permit requires to be out of river by 2016 (summer flows)



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## Can Rio Dell provide all the services?

- Scotia services different from those in Rio Dell
  - industrial raw water
  - industrial wastewater treatment
  - industrial fire protection
- Rio Dell financially constrained
  - Infrastructure near the end of its design life
  - Rate increases have already been announced
  - New WWTF plans don't include Scotia flows



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## How would police services change in Scotia?

- In 2009, the County Sheriff responded to 200 calls in Scotia
- TOS has offered the Sheriff Department free office space if they feel it would be needed to serve Scotia needs



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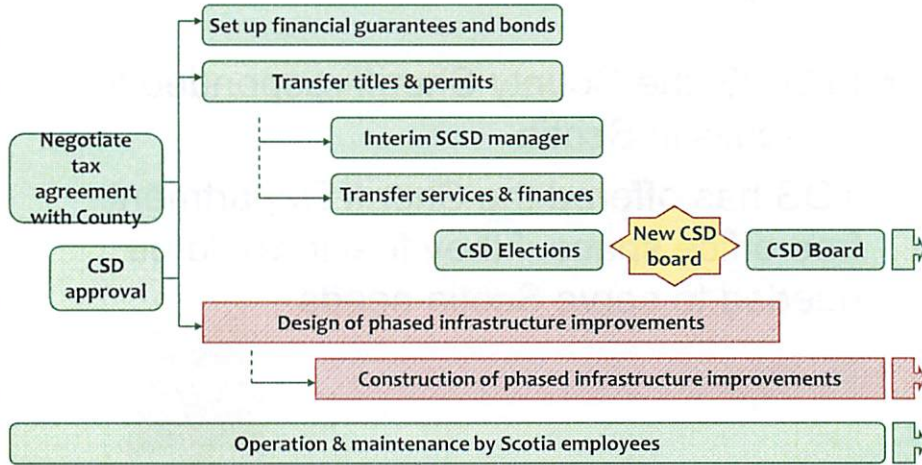
## What will the Scotia CSD user fees be?

Service	O&M	Debt Service	Total
Water	\$ 37.47	\$ 26.92	\$ 64.39
Wastewater	\$ 41.73	\$ 35.56	\$ 77.49
Roads/Street Lighting	\$ 14.54	--	\$ 14.54
Storm Drainage	\$ 13.57	--	\$ 13.57
Parks & Recreation	\$ 4.21	--	\$ 4.21
Fire Protection	\$ 15.80	--	\$ 15.80
<b>TOTALS</b>	<b>\$ 127.32</b>	<b>\$ 62.68</b>	<b>\$ 190.00</b>

Estimated Scotia CSD User Fees by Service in Year 5, from May 2009 Financial Analysis (Appendix C to Scotia Municipal Service Review)

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# How will Scotia transition to a CSD ?



# Scotia CSD Organization

