

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



FROM: Supervisor Jeff Stone, District 3

SUBMITTAL DATE: April 4, 2012

SUBJECT: Conceptual Approval for Utilizing Transient Occupancy Tax (TOT) Generated from the Temecula Valley Wine Country Region to Pay for Sewer Improvements

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve in concept the allocation of TOT in the amount of \$5 million from the Temecula Valley Wine Country Community Plan region to pay for sewer improvements as planned by the Eastern Municipal Water District (EMWD);
2. Direct the Executive Office to return with an agreement between the County and EMWD, which includes terms specifying a payment schedule for the initial amount of \$2 million based on construction milestones; and
3. Direct the Executive office to return with an agreement for a loan from the Waste Management Enterprise Fund for the initial amount of \$2 million, and a repayment plan that uses existing TOT generated from the Wine Country Area.

BACKGROUND: The Temecula Valley Wine Country Community Plan was initiated by the County Board of Supervisors in 2008 to ensure that Wine Country continues to grow in an orderly manner that maximizes its unique viticulture potential and also secures timely provision of needed infrastructure that promotes a sustainable tourist destination.

In the County's initial environmental assessment it was determined that the anticipated growth in the Community Plan may have an impact on ground water quality, as various existing wineries and their ancillary uses (restaurants, lodging, event facilities, etc.) within the Temecula Valley Wine Country region are currently using septic systems to treat wastewater onsite. Some of the treated wastewater from these septic systems is being discharged into the Temecula Aquifer.

When the County of Riverside issued a Notice of Preparation for the Community Plan Environmental Impact Report (EIR No. 524), the Rancho California Water District (RCWD) also noted concerns regarding groundwater quality of the aquifer as well as existing septic wastewater treatment problems.

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Jeff Stone, Supervisor
Third Supervisorial District

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BACKGROUND continued: In order to accomplish the objectives of the Community Plan, County staff embarked upon a partnership with the RCWD and EMWD to discuss the necessity for sewer infrastructure that would keep up with anticipated growth and ensure long-term sustainability of groundwater quality within the Temecula Aquifer.

A further study was prepared and published by the RCWD, called the Temecula Valley Wine Country – Groundwater Quality Assessment Report in February of 2012, concluded that groundwater quality in the upper aquifer has exceeded the San Diego Regional Water Quality Control Board's Basin Plan Objective. This means that without sewer infrastructure the vision of the Community Plan and its associated growth cannot be realized.

During this period, EMWD prepared and published a Wine Country (Sewer) Infrastructure Study based upon the growth assumptions of the Community Plan. This study divided the Community Plan into three construction phases of sewer infrastructure, which will assist the County in achieving the vision of the plan.

Total cost of Phases I, II, and III as currently envisioned is estimated at \$55 million. Recognizing the near-term growth demands of this region, the County and EMWD agreed to concentrate their efforts on sewer improvements within Phases I and II of the Infrastructure Study (Attachment A). The preliminary costs have been identified to be approximately \$16 million for the two combined phases.

In coordination, the County and EMWD have conducted multiple meetings with winery proponents to discuss various funding and financing options to pay for the necessary sewer improvements. Subsequently, five of the large winery proponents have signed Letters of Intent to financially participate in the Temecula Valley Country (Sewer) Infrastructure Project. The share of costs associated with these five winery partners is estimated to be approximately \$4 million.

The Wine Country Community Plan is critical to the growth and prosperity of Southwest Riverside County and was developed to protect a unique and vital economic engine of the County, in the form of increased property values, sales tax revenue, and Transient Occupancy Tax (TOT) revenue. This benefit to the County is why I am asking that the Board join with me in committing a total of \$5 million for this project. This commitment from the County will jump start sewer construction within the Wine Country region and ensure ongoing economic prosperity of Southwest Riverside County.

The funding will be in a form of a loan from the Waste Enterprise Fund. Repayment to the Waste Management Enterprise fund will be made, with interest, from the current and anticipated TOT that is generated from the Wine Country Community Plan area. Current TOT generated from the area is approximately \$215,000, with an expectation of an increase to \$475,805 in 2015.

An initial commitment of \$2 million for this project will be formally allocated in an agreement between the county and EMWD, which will specify payments based on construction milestones. A request for the Board to approve the remaining \$3 million will occur at a later date and once the project is under construction, and as the county realizes the anticipated TOT increase in the area.

ATTACHMENT A

Notes:
 1. The High Flow Scenario is based on an average daily flow from Wine Country of 1.32 mgpd, which is equivalent to connecting approximately 5,000 EDUs.
 2. Existing system improvements are recommended if EMWD DWF Criteria is exceeded during peak hourly dry weather flow.
 3. Recommended pumping capacity, force main size and force main length for the proposed Wine Country Lift Stations are presented in the green text box.
 4. The peak hourly DWF for Warm Springs and Diaz Lift Stations are presented in the yellow text box.
 5. The same extent of improvements are required along the existing Nicolas Road Sewers for both the High and Low Flow Scenarios.

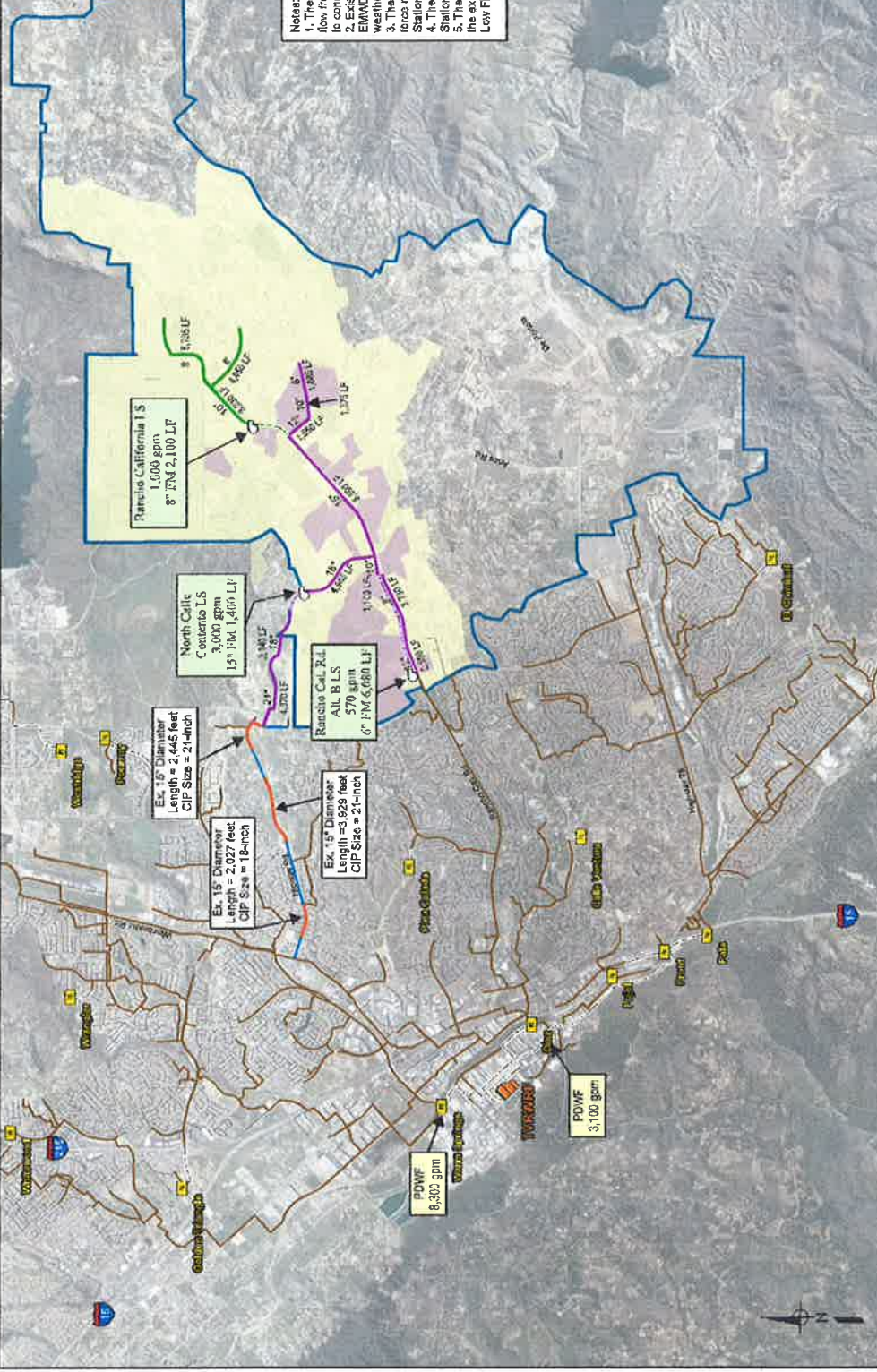
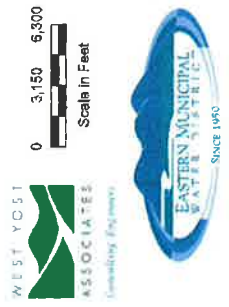


FIGURE 2

Eastern Municipal Water District
Wine Country Infrastructure Study
Modified Alternative B Analysis,
High Flow Scenario



LEGEND

- EMWD Sewers
- EMWD Modeled Sewers
- Existing Lift Station
- Existing Force Main
- Wine Country Parcels included in
 - Phase 1
 - Phase 2
- Wine Country Area
 - Proposed Lift Station
- Wine Country Proposed System
 - Phase 1 Force Main
 - Phase 2 Force Main
 - Phase 2 Gravity
- Recommended Improvements along Nicolas Road
 - Improvements Required
 - Existing Sewers with no improvements
 - Wine Country Policy Plan Area

Scale in Feet: 0, 3,150, 6,300