Sweetwater Springs Water District

ORIGINAL

To: Board of Directors **Agenda Item No.** V-B

From: Chuck Howell, General Manager **Meeting Date:** January, 3 2008

Subject: Discussion/Action re: RRROC Funding request, and Other Sources of Funding

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Recommended Action: This item was placed on the agenda as a Discussion/Action item to update the Board on my progress with relating to the Districts request to RRROC for matching funding for identified CIP projects, and my conversations with Brandis Tallman LLC regarding private placement funding.

Fiscal Impact: $983,500 for FY 07/09.

Discussion: Subsequent to the RRROC approval of our request for matching funding, I have been closely involved with CDC Staff (Boris Sztorch) providing pertinent information and documentation to them to support our case that the District has exhausted all available sources of revenue prior to requesting redevelopment funding. I supplied them with copies of our requests for Prop 50 funding, and our recent rate case showing projected rate increases, and costs to borrow the monies from financial institutions. The rate case clearly indicates that the District can borrow the money, and then raise rates to our customers. The primary concern of this approach is the affordability of those rates to our customers. I am fully aware that redevelopment funds can only be used if there are no other sources of revenue.
To date, the following has transpired:

1. The Board of Directors of SSWD passed Resolution No 07-17 at the request of County Counsel providing specific language as per Redevelopment Law at a special meeting on 9/27/07
2. CDC has prepared a Staff Report for the County Board of Supervisors to be voted on at their meeting of 10-9-07
3. This agenda item will be on the consent calendar
4. CDC Staff has received no notice of opposition from any of the Supervisors
5. A funding agreement is being prepared for District review
6. At their regularly scheduled meeting of 10-9-07, the County BOS deferred this item for 30 days, and formed an ad-hoc committee of Mike Riley, and Paul Kelly to come back to the full Board at their meeting of 11-6-07. The County

Administrative Officer made a strong recommendation that CDC funding not be used to subsidize utility ratepayers at the expense of the General Fund.

7. At CDC request, the District passed Resolution 07-19 declaring no reasonable means of financing available.
8. The District supplied the CDC Staff with all information requested to the ad-hoc committee prior to their meeting. (Exhibit A) 10-19-07
9. The District supplied the CDC Staff with additional information requested by M.R. (Exhibit B) 10-25-07
10. The ad-hoc committee met, attending were Mike Riley, Paul Kelly, Kathleen Kane (CDC) and the County Admin. Officer.
11. On 11-16-07 I met with Boris Sztorch, and supplied him with copies of District Maps with RRRedevelopment Area overlaid showing the correlation between the two districts. I was also informed that the CBOS would not be hearing this until after the first of 2008 due to Mike R. availability
12. On 11-26-07 I met with Kathleen Kane and supplied her with additional District rate structures. She informed me that the SCWA has been tasked with compiling a rate comparison including all of the surrounding Cities. She informed me that the ad-hoc committee will be meeting on Wed. December 5, 2007.
13. At their meeting of 12-11-07 the CBOS **approved** our request for funding, and I am in the process of working together with CDC staff to finalize the funding agreement. CDC Staff has been very cooperative, and public support on this request has been much appreciated.
14. I am working on preparing an RFP for Engineering Service, and Construction Management to go out as soon as possible. I have additionally scheduled a presentation by the Firm of Brandis & Tallman regarding the market for financing our share of the projected project costs.

I have additionally had numerous conversations with Brandis Tallman regarding the District's potential needs for private placement loan funding. Interest rates are relatively unstable right now, and with the turmoil in the investment market at this time, there can always be fluctuations of rates. Presently rates are between 4.75 and 5.1% interest. The Board will have to make a decision to either finance the Districts share of the $1.967M or use District Reserve Funding. I will be using SERF reserves until the Board makes a final decision as to when to finance. I will come back with a recommendation at the March meeting