# SWEETWATER SPRINGS WATER DISTRICT

**TO:** Board of Directors **AGENDA NO. V-C**

**FROM:** Steve Mack, General Manager

**Meeting Date : March 3, 2016**

**SUBJECT: DISCUSSION/ACTION REGARDING PROGRESS WITH A POSSIBLE LOAN/BOND WITH USDA**

**RECOMMENDED ACTION:** Receive a presentation by the General Manager on the progress with the bond/grant from USDA to fund the 2017 CIP, and provide direction to staff.

**FISCAL IMPACT:** none

**DISCUSSION:**

As we discussed at recent Board meeting items, the District does not have sufficient funds to construct the 2017 CIP. We now know that the engineers estimate of probable cost, based on the preliminary design, is $1.98 million. This puts the project clearly in the range of needing financing if we choose to do this project on schedule in FY 2017.

At the last two Board meetings, we have discussed the possibility of a US Department of Agriculture (USDA) loan/bond to fund the 2017 CIP. The terms would be 2.5% interest with 25% loan forgiveness. The annual payment would be approximately $60,000.

The timing for getting this bond done is such that the funds likely would not be available until the summer some time - July or August. I have been making progress on completing the USDA loan/grant process and have learned about some steps that need to be completed prior to submitting the online application:

- We will need completed Preliminary Engineering Reports and Environmental Reports. I am talking with Coastland Engineering about this and expect to have a proposal by the Board meeting.

- We need to advertise a notice of intent to enter into a financing agreement with USDA and provide an opportunity for the public to comment at a public meeting. The soonest public meeting for this to happen is the April 7 Board meeting. We have put in the request for the ad to Sonoma West.

- I'm not certain of the exact bond amount as I was told the engineering costs could be included but Coastland has warned me that perhaps those costs cannot be included because they weren't competitively bid. If not included engineering costs will be included as match and would replace the cash matching funds that I had originally included.

- I have done nothing about bond counsel - that can wait until the April meeting.
- I may learn of other items that need completion or done differently for this process - I've been learning something new every week, it seems.