SWEETWATER SPRINGS WATER DISTRICT

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

FROM: Steve Mack, General Manager

Meeting Date : March 3, 2016

SUBJECT: DISCUSSION/ACTION REGARDING PROGRESS WITH A POSSIBLE LOAN/BOND WITH USDA INCLUDING COMMENTS FROM THE PUBLIC

RECOMMENDED ACTION: Receive a presentation by the General Manager on the progress with the bond/grant from USDA to fund the 2017 CIP, provide and opportunity for public comment on loan opportunity, 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 which is which is replacement of approximately 6,800 ft of existing main and 75 services on Old River Rd at Morningside east to the eastern section of Foothill Drive and include Orchard Rd and Foothill Drive and River Rd on river side of the road. 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 three 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 with a 40-year term. The annual payment would be approximately $60,000.

The District has given notice to Coastland Engineering to proceed with the Preliminary Engineering Report and Environmental Report which must be done prior to loan application submission. We expect those items to be completed in approximately one month.

Part of the loan application process requires that notice of a public meeting on this item must be included in the loan application submission. The District advertised this public meeting in the Sonoma West Times in the March 17th edition and a copy of that will be included in the application submission.