SWEETWATER SPRINGS WATER DISTRICT

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

FROM: Steve Mack, General Manager

MEETING DATE: October 3, 2013

Subject: DISCUSSION/ACTION RE DISTRICT LENDING PRACTICES

RECOMMENDED ACTION: Receive a presentation from the General Manager re District lending practices.

FISCAL IMPACT: none

DISCUSSION:

Director Victoria Wikle asked that the District's lending policy be added to the agenda for this meeting. The text of her email on this subject was as follows:

> The district pays interest when it borrows but hasn't been charging interest when it loans. Interest rates are low now but will go up someday. I would like the board to discuss interest charging policy when lending for example for time payments or any other occasions when district is in effect lending.

The item that brought this subject up was the proposal to allow the Monte Rio Chamber of Commerce to pay the capacity charge for the Monte Rio Triangle, which is privately owned, over 20 years. The District has one other capacity charge over time payment happening now. This other capacity charge payment over time has a 6-year duration. Those are the only two instances I know of this being done by the District and both were done in unusual circumstances.

Other lending practices, much more common, but not frequent, are allowing time for payment of large water bills, always, in my recollection, because of unsuspected high water usage due to water leaks. We will sometime allow customers up to one year to pay off these high water bills. We have approximately 3-4 of these per year.

The Board should also know that the District forgives up to 50% of the water usage charges when water bills due to leaks are over $200 more than the customer's typical bill per District Policy 3060.100. We allow this on a one-time basis with proof that the leak has been repaired in a timely manner. We had 44 leak adjustments in the past fiscal year with an average adjustment of $430.