SWEETWATER SPRINGS WATER DISTRICT

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

FROM: Steve Mack, General Manager

Meeting Date: December 7, 2017

SUBJECT: GUERNEWOOD PARK RESORT WATER SERVICE REQUEST TO THE DISTRICT

RECOMMENDED ACTION: Receive a presentation from General Manager Steve Mack regarding the Guernewood Park Resort request for water service from the District and provide direction to staff.

FISCAL IMPACT: none at this time.

DISCUSSION:

The Guernewood Park Resort is a proposed hotel/motel with a reported 120 rooms and a restaurant which is located next to the Dubrava Condominiums and Hulburt Creek in Guernewood Park.

At the October meeting I reported that we had agreed with the consultant Jean Kapolchok that we could agree to proceed with the modeling needed to determine the District's ability to serve this project if the Project pays for this modeling work through an agreement with the District. We provided an agreement but, at the time of the November meeting, we had not received a signed agreement and check, which would allow the work to proceed. I contacted Ms. Kapolchok about this and she responded that she would look into it. We hadn't received any information prior to the November meeting.

On November 9, 2017, I received an email from Ms. Kapolchok that contained a revised agreement. There were two issues with the revisions:

- The revised agreement included an added indemnity clause on the District. The agreement the District sent Ms. Kapolchok included an indemnity clause against the project proponent. Public agencies do not typically agree to mutual indemnity with private development as private development can spur various kinds of legal issues.

- The revised agreement proposed an initial deposit of $10,000 for modelling work that was estimated (proposed) by Coastland to cost approximately $42,000. The original agreement required the full proposed cost up front with return of any unused funds. Having incremental deposits would be problematic for the District and completion of the modeling work as Coastland would have to track costs, inform the District when a deposit amount was being approached, etc.

I responded to Ms. Kapolchok that these two revisions were not acceptable on November 13. I have not heard back.