



## **RESOLUTION No. \_\_\_\_\_**

### **OF THE BOARD OF SUPERVISORS OF THE COUNTY OF NEVADA**

**RESOLUTION AMENDING THE PROGRAM FOR THE ABATEMENT OF THE PRINCIPAL AMOUNTS OF CERTAIN COUNTY LOANS MADE FOR PUBLIC SEWER SYSTEMS IN NEVADA COUNTY SANITATION DISTRICT NO. 1 TO INCLUDE THE ABATEMENT OF INTEREST AMOUNTS, AND DECLARING THE ACCRUED INTEREST AMOUNTS FOR CERTAIN LOANS IN THE AMOUNT OF \$129,949 TO BE ABATED AND CANCELED, AND DECLARING THE PRINCIPAL AND INTEREST IN THE AMOUNT OF \$154,666 PURSUANT TO RESOLUTION 19-197 TO BE ABATED AND CANCELED**

WHEREAS, The Board of Supervisors ("the Board"), by Resolution 07-620, adopted December 18, 2007, has found that increasingly high user rates for the services of public sewer systems are a matter of great concern in Nevada County; and

WHEREAS, the Board, by Resolution 07-620, has found that "impaired assets" may result from a variety of causes, all related to unexpected or early obsolescence, including but not limited to facilities damaged by natural causes, facilities at risk of damage by natural causes, engineering designs for facilities that are uneconomic to construct or use, and facilities that are constructed but not used to the benefit of the ratepayers; and

WHEREAS, the Board, by Resolution 07-620, has found that relief from the principal amounts due on such loans is warranted to meet the social needs of the population of the County, and also for the protection in the County of the public's health, safety and welfare, in that unreasonably high sewer rates due to loans for impaired assets can adversely and unfairly impact sewer system users on fixed or low incomes, with a subsequent risk of forcing such users from the occupancy of their homes; and

WHEREAS, the Board, by Resolution No. 07-620, pursuant to Government Code section 26227, established the Program for the Abatement of the Principal Amounts of Certain County Loans Made for Public Sewer Systems in Nevada County Sanitation District No. 1 (herein after referred to as "the Program"); and

WHEREAS, the Board finds that accrued interest on loans constitutes a burden similar to the principal of such loans; and

WHEREAS, the Board finds that relief from the accrued interest amounts due on such loans is warranted to meet the social needs of the population of the County, and also for the protection in the County of the public's health, safety, and welfare, in that unreasonably high sewer rates due to loans for impaired assets can adversely and unfairly impact sewer system users on fixed or low incomes, with a subsequent risk of forcing such users from the occupancy of their homes; and

WHEREAS, it is the intent of the Board that this Resolution resolve all outstanding principal and interest of loans made to Nevada County Sanitation District No. 1 prior to this date; and

WHEREAS, the paragraphs below list specific information for the County loans subject to this Resolution, for which interest amounts will be abated and canceled subject to the terms and conditions set by the Board of Supervisors:

- A. By Resolution No. 94-60, adopted on February 22, 1994, the County of Nevada extended a loan ("the February 1994 loan") in the principal amount of \$128,422 to the Sanitation District for the purpose of financing construction of a wastewater treatment facility ("the 1996 WWTF"J located in Zone 8 (Cascade Shores); and the 1996 WWTF is an impaired asset because it had become outmoded and would not serve its intended useful life of 20-30 years because of a natural disaster (landslide on May 9, 2005) with consequential risks from upslope instability, accidental discharge, and potential fines from the Central Valley Regional Water Quality Control Board("CVRWQCB"); and
- B. By Resolution No. 03-285, adopted on June 24, 2003, the County of Nevada extended a loan ("the June 2003 Loan") in the principal amount of \$45,000 to the Nevada County Sanitation District No. 1 to assist with cash flow problems associated with the financing of testing and analysis for a new Wastewater Treatment Plant design ("2005 WWTP Design") to be located 111 Zone 8 (Cascade Shores); the 2005 WWTP Design is an impaired asset because the 2005 WWTP Design is economically infeasible to use, as shown by two failed attempts at competitive bidding for WWTP construction based on the 2005 WWTP Design; and, further, it is unlikely that the District's costs attributable to the 2005 WWTP Design would ever be recovered since recovered would require an unreasonable increase in future sewer rates for capital facilities and operations, and that increase is unlikely to receive property owner assent pursuant to "Proposition 218" [Cal. Constitution Article XIII D]; and
- C. By Resolution No. 05-308, adopted on June 28, 2005, the County of Nevada extended a loan ("the June 2005 Loan") in the principal amount of \$100,000 to the Nevada County Sanitation District No. 1, to finance engineering and related services for the 2005 WWTP Design for Zone 8; and the 2005 WWTP Design is an impaired asset, as described in Paragraph B above; and
- D. By Resolution No. 05-526, adopted on October 11, 2005, the County of Nevada extended a loan ("the October 2005 Loan") in the principal amount of \$200,000 to the Sanitation District to finance engineering and related services for the 2005 WWTP Design for Zone 8; and the 2005 WWTP Design is an impaired asset, as described in Paragraph B above; and
- E. By Resolution No. 06-49, adopted on January 24, 2006, the County of Nevada General Liability Self-insurance Fund extended a loan ("January 2006 Loan") in the principal amount of \$150,000 to the Nevada County Sanitation District No. 1 (in effect a loan back to the Nevada County Sanitation District No. 1 from the Nevada County Sanitation District No. 1's prior required contribution to that Self-insurance Fund) in order to assist with cash flow problems associated with the financing of engineering and related services, and other project costs, for the 2005 WWTP Design for Zone 8; and the 2005 WWTP Design is an impaired asset, as described in Paragraph B above; and
- F. By Resolution 19-197, adopted May 14, 2019, the County of Nevada approved an interest-bearing loan of \$143,000 from the General Fund to Cascade Shores Operations and Maintenance Fund 4734 for the cost of additional geotechnical borings for the proposed Cascade Shores Leach field Project.; and that the Cascade Shores Leach field Project is an impaired asset because the geotechnical findings resulting from borings proved the proposed project to be infeasible.

NOW, THEREFORE, BE IT HEREBY RESOLVED that the Board of Supervisors authorizes the following:

1. Pursuant to Government Code section 26227, the Board of Supervisors amends the Program for the Abatement of the Principal Amounts of Certain County Loans Made for Public Sewer Systems in Nevada County Sanitation District No. 1, as

established in Resolution 07-620, adopted December 18, 2007, to include the abatement and cancelation of interest amounts, thereby establishing the Program for the Abatement of the Principal and Interest Amounts of Certain County Loans Made for Public Sewer Systems in Nevada County Sanitation District No. 1.

2. The accrued interest amount of \$129,949 resulting from the County loans referenced in paragraphs A through E herein is hereby declared to be abated and canceled, thereby relieving the Nevada County Sanitation District No. 1 of any obligation of repayment of the accrued interest.
3. The principal of \$143,000 and accrued interest of \$11,666 from the County loan referenced in paragraph F herein, totaling 154,666, is hereby declared to be abated and canceled, and the amounts shall no longer constitute a legal and collectible debt, thereby relieving the Nevada County Sanitation District No. 1 of any obligation of repayment.
4. It is the intent of the Board that this Resolution resolve all outstanding principal and interest of loans made to Nevada County Sanitation District No. 1 prior to this date.
5. The Auditor-Controller of the County of Nevada is hereby directed to implement the directives in this Resolution upon the financial records of the Nevada County Sanitation District No. 1.