



NEVADA COUNTY SANITATION DISTRICT NO. 1
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Sean Powers
Deputy District Administrator

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Director of Public Works

File: 300.1960 373

NEVADA COUNTY SANITATION DISTRICT NO. 1 BOARD OF DIRECTORS
Board Agenda Memo

MEETING DATE: December 13, 2016
TO: Board of Directors
FROM: Steve Castleberry, Director of Public Works

SUBJECT: Resolution Authorizing the Execution of Loan Agreement for CWSRF Project No. C-06-8077-110/ between Nevada County Sanitation District No. 1 and the State Water Resources Control Board for the Cascade Shores Community Leachfield Project in the Amount of \$2.2 million with \$1.1 million of that to be forgiven and Directing the Auditor Controller to Amend the Fiscal Year 2016/17 Budget for Zone 8 (Cascade Shores) – 4/5 Affirmative Vote Required – District I

RECOMMENDATION: Approve the attached Resolution.

FUNDING: Funding will impact the Nevada County Sanitation District No. 1, Zone 8 (Cascade Shores) budget for Fiscal Years 2016/17, 2017/18 and 2018/19. A budget amendment is needed and has been included for consideration. There is no impact on the General Fund.

BACKGROUND:

In February 2016, the Sanitation District Board of Directors approved Resolution SD16-003 supporting a Clean Water State Revolving Fund Small Community Grant (CWSRF SCG) application to fund the Cascade Shores Community Leachfield Project. The proposed project, which includes a revised collection system and a pressure-injection community leachfield, was developed in response to a Time Schedule Order (TSO) of violation issued by the Regional Water Quality Control Board (RWQCB).

On December 6, the State Water Resources Control Board (SWRCB) approved a draft loan agreement for the project. The agreement proposes to loan the Sanitation District \$1,100,000 at a maximum interest rate of 1.7% over a 30 year loan period. In addition, the agreement would grant the District an additional \$1,100,000 (with no payback) for the project. The resulting annual additional payment for Cascade Shores Zone 8 would not exceed \$49,000.

The agreement requires the Sanitation District to establish an initial restricted account of \$60,000 to be used only for maintenance and operations of the Cascade Shores facilities. The Fiscal Year 2015/16 ending fund balance of \$94,114 for Cascade Shores Zone 8 meets this requirement. In addition, the agreement calls for an additional restricted account of \$60,000 to be established within one year of the completion of construction. Loan payments will begin at that same time.

Within the first year of operation, staff forecasts an operational savings sufficient to develop a Zone 8 Fund Balance of \$140,000, which would meet requirements under the agreement.

It is requested that the Board of Directors authorize the District Administrator to execute the agreement with the SWRCB on behalf of Nevada County Sanitation District No. 1 in a form in substantial conformance with the attached agreement and to amend the Fiscal Year 2016/17 budget to accept and spend funds.

Please contact me if additional information is required.

Item Initiated and Approved by: Steve Castleberry, Director of Public Works

SC:cn

Submittal Date: November 18, 2016