



**COUNTY OF NEVADA
 COMMUNITY DEVELOPMENT AGENCY
 DEPARTMENT OF PUBLIC WORKS
 950 MAIDU AVENUE, P.O. BOX 59902
 NEVADA CITY, CA 95959-7902
 (530) 265-1411 FAX (530) 265-9849 www.mynevadacounty.com**

Trisha Tillotson
 Community Development Agency Director

Trisha Tillotson
 Acting Director of Public Works

**NEVADA COUNTY BOARD OF SUPERVISORS
 Board Agenda Memo**

MEETING DATE: May 24, 2022

TO: Board of Supervisors

FROM: **Trisha Tillotson, Director of Community Development Agency, and Acting Director of Public Works**

SUBJECT: 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

RECOMMENDATION: Approve the attached Resolution.

FUNDING: The proposed recommendation would eliminate principal and interest burdens on the Sanitation District, thereby eliminating payments made to the General Fund on an annual basis. The annual loss of revenue to the General Fund is approximately \$35,090.

BACKGROUND: On December 18, 2007, the Board of Supervisors adopted Resolution 07-620, establishing a Program for the Abatement of the Principal Amounts of Certain County Loans Made for Public Sewer Systems in Nevada County Sanitation District No. 1 (the Program) for “impaired assets” in Zone 8, Cascade Shores per the following Resolutions:

Resolution	Resolution Date	Loan Principal	Principal Abated
94-60	2/22/1994	\$ 128,422	\$ 64,211
03-285	6/24/2003	\$ 45,000	\$ 45,000
05-308	6/28/2005	\$ 100,000	\$ 100,000
05-526	10/11/2005	\$ 200,000	\$ 200,000
06-049	1/24/2006	\$ 150,000	\$ 150,000
Total:			\$ 559,211

The justification for the abatement of principal due on the above referenced loans was that the loans were issued in support of “impaired assets.” In Resolution 07-620, the Board found that

"impaired assets" may result from a variety of causes, all related to unexpected or early obsolescence, and that relief from the principal amounts due on such loans is warranted in that, among other things, 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.

Given that the accrued interest on the above referenced loans constitutes a similar and correlated financial burden as the principal, which was abated, this Resolution would amend the Program established in Resolution 07-620 to allow for the abatement of accrued interest amounts associated with the same loans for which principal was abated. The accrued interest for these loans currently totals \$129,949.

Additionally, on May 14, 2019, per Resolution 19-197, 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. The resultant findings from geotechnical borings rendered the project infeasible, and thus an impaired asset, as defined above. As such, this Resolution would also leverage the amended Program to abate both the principal and accrued interest amounts on said loan.

The Nevada County Sanitation District No. 1 requests for the accrued interest totaling \$129,949 on loans abated and canceled per Resolution 07-620 (Table above) be abated and canceled. The District also requests for the loan per Resolution 19-197 and accrued interest totaling \$154,666 (\$143,000 loan + \$11,666 interest) be abated and canceled.

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

Item Initiated by: Alicia Chaturvedula, Chief Fiscal Administrative Officer
Approved by: Trisha Tillotson, Director of Community Development Agency, and
Acting Director of Public Works

Submittal Date: April 4, 2022
Revision Date: May 12, 2022