

**COUNTY OF SONOMA
AGENDA ITEM
SUMMARY REPORT**

Clerk of the Board Use Only
Meeting Date **Held Until**

Agenda Item No: **Agenda Item No:**

Department:
 South Park County Sanitation District

() 4/5 Vote Required

Contact:
 Victor Swift

Phone:
 (707) 547-1975

Board Date:
 08-11-09

Deadline for Board Action:

AGENDA SHORT TITLE:
 South Park CSD Biwana Collection System Replacement Project – Reimbursement of Costs from State Revolving Fund Loan

REQUESTED BOARD ACTION(S):
 Resolution stating the intention of District to seek reimbursement of certain project costs for the Biwana Collection System Replacement Project incurred prior to execution of a State Revolving Fund (SRF) loan from proceeds of SRF loan for project costs that are properly chargeable to a capital account under general federal income tax principles.

CURRENT FISCAL YEAR FINANCIAL IMPACT

<u>EXPENDITURES</u>		<u>ADD'L FUNDS REQUIRING BOARD APPROVAL</u>	
Estimated Cost	\$ -0-	Contingencies	\$
		(Fund Name:)	
Amount Budgeted	\$ -0-	Unanticipated Revenue	\$
		(Source:)	
Other Avail Approp (Explain below)	\$	Other Transfer(s)	\$
		(Source:)	
Additional Requested:	\$ -0-	Add'l Funds Requested:	\$ -0-

Explanation (if required):

Prior Board Action(s):
 06/02/0 Resolution No. 09-0492 authorizing the General Manager/Chief Engineer to sign and file, for and on behalf of the District a financial assistance application to the State Water Resources Control Board for State Revolving Fund Loan funding for the Biwana Collection System Replacement Project, and take all actions necessary to secure such funding.

Alternatives - Results of Non-Approval:
 Low-interest loan financing would not be available to the South Park CSD Biwana Collection System Replacement Project.

Background:

The South Park County Sanitation District (District) Biwana Collection System Replacement Project (Project) consists of replacement of approximately 6,000 lineal feet of 6-inch and 8-inch sewer and appurtenances including 136 laterals and 20 manholes.

On June 2, 2009, the Board of Directors of the District authorized the General Manager/Chief Engineer to finance the costs of planning, designing, and constructing the Project with a State Revolving Fund (SRF) loan from the State Water Resources Control Board (SWRCB).

The District will incur costs for planning, environmental impact analysis, acquiring of easements integral to the collection system, and designing the Project prior to executing a loan contract. Upon signing a loan contract, the District intends to reimburse some of these costs with loan funds. Since the SWRCB funds its SRF program by selling tax-exempt bonds, it requires the District to adopt a Resolution stating such intent, and confirming that the expenses that are reimbursed from loan funds are those which qualify as capital expenses under federal tax principles. This Resolution is necessary to provide the SWRCB and investors who purchase the tax-exempt bonds that fund the SRF program with assurance that the District's use of the funds will not jeopardize the bonds' tax-exempt status. The expenses for which reimbursement will be sought have been identified as qualifying expenses in the SRF program policy. Under the terms of the Resolution, which is based on a model provided by the state, reimbursement will be limited to those expenses incurred within sixty (60) days before the Resolution is adopted.

REQUESTED BOARD ACTION(S):

Resolution stating the intention of District to seek reimbursement of certain project costs for the Biwana Collection System Replacement Project incurred prior to execution of a State Revolving Fund (SRF) loan from proceeds of SRF loan for project costs that are properly chargeable to a capital account under general federal income tax principles.

Attachments: Resolution (R1)

On File With Clerk:

CLERK OF THE BOARD USE ONLY

Board Action (If other than "Requested")

Vote: