

TUOLUMNE CITY SANITARY DISTRICT

TCS
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TUOLUMNE, CA 95379

REGULAR MEETING STAFF REPORT JUNE 1, 2022

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To: Board of Directors

Agenda Item: VI

From: Dave Andres, General Manager

Subject: Wastewater Collection System Project – Interim Financing

Date: May 26, 2022

Background: The District has awarded the bid for the *Wastewater Collection System (WWCS) Construction Project Phase 1* and construction should begin in early August. Due to the estimated cost of the project at \$3,556,413 and the fact that the State Revolving Fund (SRF) has been slow in reimbursing the District for contractor payouts, I am recommending that we seek a line of credit / interim financing with the Rural Community Assistance Corporation (RCAC). Our experience with SRF on the Wastewater Treatment Plant (WWTP) project has been reimbursements taking at least three months, and in some cases longer. As a result, we have been floating the state while waiting for reimbursement and our interest income has been reduced. It is proposed that the District obtain a line of credit with RCAC to avoid this issue on the WWCS project.

Discussion: Founded in 1978, Rural Community Assistance Corporation (RCAC) is a 501(c)(3) nonprofit organization that provides training, technical and financial resources, and advocacy to rural communities. Headquartered in West Sacramento, California, RCAC's employees serve rural communities in Alaska, Arizona, California, Colorado, Hawaii and other Pacific islands, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming. RCAC services are available to communities with populations of fewer than 50,000, other nonprofit groups, tribal organizations, farmworkers, colonias and other specific populations. RCAC's Loan Fund is a financial resource for rural communities. The Loan Fund fills financing gaps and serves agencies who otherwise would not qualify for conventional financing. As of Sept. 30, 2021, RCAC closed 1,576 loans which totaled \$752,511,648 and leveraged more than \$2.586 billion for projects in rural communities. Staff is requesting approval of the attached resolution to participate in a line of credit or other interim financing mechanism on the WWCS project.

Fiscal Impact: *WWCS Construction Contract Phase 1* – Base Bid: \$2,987,734, Alternate Item A: \$143,274, Alternate Item C: \$425,405, Total: \$3,556,413.
RCAC upfront fee of \$30,000, plus 5% annual interest on the outstanding balance.
Estimated RCAC expense: \$80,000 to \$175,000 for the project duration. These cost will be charged against the District’s SRF grant.

Attachment(s): Resolution 2022-06; RCAC Flyer;

Recommendation: Adopt attached Resolution.

Recommended Motion: I move to adopt Resolution No. 2022 - 06 authorizing submittal of an application for interim financing with the Rural Community Assistance Corporation for the Wastewater Collection System Project.

BOARD ACTION:

<input type="checkbox"/> Resolution No _____	Moved by: _____	Second by: _____
_____ AYES	_____ NOES	_____ ABSTAINED
_____ ABSENT	<input type="checkbox"/> No Action Taken	