



Legislation Text

File #: 17-482, **Version:** 1

Consider approving the First Amendment to a 2015 agreement between the County of Solano and the Collinsville Levee District for a loan to facilitate levee improvements by extending the loan maturity date from June 30, 2017 to June 30, 2020 for the remaining \$5,245.19 balance

Published Notice Required? Yes ☐ No ☒

Public Hearing Required? Yes ☐ No ☒

DEPARTMENTAL RECOMMENDATION:

The Department of Resource Management recommends that the Board of Supervisors consider approving the First Amendment to a 2015 agreement between the County of Solano and the Collinsville Levee District for a loan to facilitate levee improvements by extending the loan maturity date from June 30, 2017 to June 30, 2020 for the remaining \$5,245.19 balance.

SUMMARY/DISCUSSION:

The original loan agreement (Attached) to the Collinsville Levee District for up to \$50,000.00 was intended to assist the District in securing funding for levee repairs through the California Department of Water Resources (DWR) Levee Subventions Program. Critical repairs were necessary for a section of the levee directly protecting the Collinsville community that had become overgrown with vegetation and needed to be raised in height. Because DWR only reimburses for costs after work is completed, the District was in need of upfront funds to facilitate the work. The County's loan provided that bridge. The original agreement was approved by the Board on April 14, 2015.

The District was successful in receiving funds from the DWR program for FY2014/15 of \$24,202 and for FY2015/16 of \$33,380. Funds from the County's loan were utilized to upfront fund the repairs with a maximum loan balance realized of \$48,294. DWR reimbursements and District fund balance have brought down the loan balance to \$5,245.19. At this point the District is unable to pay the remaining balance under the current conditions of the loan by the June 30, 2017 maturity date.

The District has worked out a repayment schedule with the Auditors Office that would pay off the loan by June 2020 based on anticipated District revenues during that period. They also factored in the District's ability to pay other expenses the District anticipates through June 2020. Loan payoff includes interest stipulated in the original agreement. The amended agreement (Attached) reflects the change in the maturity date.

The loan arrangement has met its intended objectives. It has given the District the ability to participate in the DWR Levee Subventions Program. It has facilitated the necessary work on the noted levee sections and provided sufficient protection to withstand significant stress during this winter's high Sacramento River flows and buffeting winds. The loan balance has been reduced significantly and there is a high degree of confidence it will be fully repaid if the extension is granted.

The Debt Advisory Committee reviewed the proposed amendment on May 19, 2017 and voted to recommend the agreement extension to the Board of Supervisors.

FINANCIAL IMPACT:

Fiscal impacts are minimal and short term in nature. The loan balance has already been reduced significantly due to reimbursement from DWR for the levee work, and there is a plan in place to pay off the remaining \$5,245.19.

ALTERNATIVES:

The Board could waive repayment of the remaining balance. This is not recommended as there would be a General Fund impact and there is a plan in place to re-pay the balance.

The Board could require the remaining balance be paid in full in accordance with the maturity date of the original agreement. Such action is not recommended as the District does not have sufficient revenues or fund balance at this time to pay off the loan and meet other District financial obligations.

OTHER AGENCY INVOLVEMENT:

As noted above, this amendment has been recommended for approval by the Debt Advisory Committee. The Auditors-Controllers Office, the County Treasurer, the County Counsel and the CAO's office have all been consulted on this request as has the Collinsville Levee District.

CAO RECOMMENDATION:

APPROVE DEPARTMENTAL RECOMMENDATION