

LRPC Talking Points – Dec 12, 2015

Estimated 2016 Budgeted E&I Reserve Acct \$613K

- Already separately budgeted in 2016 E&I accounts are:
 - a) Engineering/Consulting for Infrastructure Improvements \$35K
 - b) WMP Infrastructure Improvements “Pressure Zone Study” \$20K
 - c) USDA Loan Services (MC Engineering) through Application with Preliminary Engineers Report (PER), CEQA, NEPA \$65K

1. Water Meters

- Meter Study & Implementation
 - a) LRPC to review data compiled by Sharon
 - b) Determine study participants to receive 60 meters purchased
 - c) Get 60 meters installed ASAP
 - d) Determine full list of parcels from which to collect usage data
 - e) Compile history of usage (last 2 years?) from already existing meters
 - f) Complete study by 3rd Qtr 2016
 - g) Determine new rate structure based on study results
- Meter Cost Estimates, Timelines, and Options
 - a) Meters initially estimated in 2014 WMP (CIP) for 1449 unmetered at \$608.6K
 - b) Dave’s revised estimate Dec 2014 was \$686.1K for all new meters 1,712 connections; \$401/connection (HW, SW, Maint Support, & Training). Does not include installation labor
 - c) Grant Application in mid-2014 estimated \$662.3K (Materials) and \$846.4K (Labor) for total of **\$1.509M** with a 1 year installation period
 - d) Current USDA Loan Application includes Installation of 1,714 meters at \$586.2K and Software/Mobile Meter Unit at \$97.5K plus 10% Contingency \$68.4K totaling **\$752.1K**. (Does not include meter materials)
 - e) Info from Dave in Nov 20 email states remaining cost to purchase meters and equipment \$626.7K plus installation cost based on last estimate \$475/service at \$684K = **\$1.311M**

NOTE: USDA Loan approval process expected to take until 3rd or 4th Qtr 2016

2. Infrastructure Improvements

- WMP (CIP) 2014 estimated 8 year plan (2016-2023) at **\$8.683M**
- USDA Loan Application Feasibility Report, Proposed Infrastructure Project Cost Estimates total **\$6.779M**; does not include Pressure Zone Study (\$20K Included in our 2016 E&I Budget), Dean Project (\$1.01M) and Julia Project (\$1.202M)
- Not sure why Dean and Julia were not included in Pre-Application
- John Pedri has indicated we are eligible for funding
- Meeting scheduled with Frank Risso (USDA) to discuss the BLSMWC application submittal & conduct a project/construction site visit on Monday, December 14th

NOTE: USDA Loan approval process expected to take until 3rd or 4th Qtr 2016

3. USDA Loan Process

- Completed Pre-Application & currently in Step 2, Preliminary Engineers Report (PER)

- Currently includes a combination of Water Meter Projects (\$752.1K) and Infrastructure Projects (\$6.779M) totaling \$7.531M

AGENCY	FUNDING TYPE & TERM	FUNDING PROCESS	APPROX. TIMELINE	ENGINEERING COST TO COMPLETE (ROUGH)
USDA - RURAL DEVELOPMENT	Low Int. Loan @ 3.0% 40 years	1. Pre-app. 2. Application w/ Preliminary Engrs Report/CEQA/NEPA 3. Financing & Agency Approvals, ballots, per bylaws...etc.... 4. Design 5. Construction	1 month 4-6 mos. May 2016 3-4 mos. Sep 2016 6-8 mos. 14-18 mos.	\$ 1000 \$ 50-60k w/ all costs eligible for loan funding and reimbursement. \$ 10-20k w/ all costs eligible for loan funding and reimbursement Typically 7-8% of construction w/ all costs reimbursable Bids and also use 3-5 % of construction for CM and grant monitoring w/ all cost reimbursable

4. Private Financing Option

- Dave has held further discussions with Frank Gill from Holman Capital regarding private financing options to support a portion of our capital improvements, or interim financing during the USDA Loan approval process
- Rates for a 15 year loan appear to be fairly competitive. Currently investigating the tax consequences of the loan; payments on the debt are taxable based on our 501 (C) 12 status, which will impact the interest rate
- ***Recommend we aggressively pursue this interim financing to proceed forward now with selected Capital Improvements. This is a good alternative option to make some progress over the next year while pursuing the USDA Loan funds***

5. New Office

- Rent at Robobank uncertain beyond June 2016 (Closing branch)
- What are our options; logical outcomes?
- Should we be searching for other rentals?
- Building a new office has been a LRPC lower priority following water meters, treatment plant upgrades and infrastructure improvements
- Current estimate to complete new office building is \$265K-\$300K