



WASHOE COUNTY

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CM/ACM KS
Finance DS
DA N/A
Risk Mgt. N/A
Comptroller MS

STAFF REPORT

BOARD MEETING DATE: December 8, 2015

DATE: November 5, 2015
TO: Board of County Commissioners
THROUGH: Ben Hutchins, CPA, Director, Finance and Administration Division
Community Services Department, 954-4646, bhutchins@washoecounty.us
THROUGH: Dave Solaro, Arch., P.E., Director
Community Services Department, 328-3600, dsolaro@washoecounty.us
SUBJECT: Acknowledge receipt of the Washoe County Water and Sanitary Sewer
Financial Assistance Program Status Report as of September 30, 2015.
(All Commission Districts.)

SUMMARY

This report is an update on activities undertaken pursuant to Section 7.4 of Washoe County Ordinance No. 1449 passed July 27, 2010. Ordinance No. 1449 established a Water and Sanitary Sewer Financial Assistance Program authorizing the use of gifts, grants, monies and loans to assist property owners to pay fees and on-site costs associated with conversion from private water and sewer systems to Washoe County public water and sewer systems. Section 7.4 of the ordinance requires the Administrator to report to the Board of County Commissioners (Board), on a quarterly basis, the activities associated with this program including loans made and loan repayment activity.

Since inception of the program thirteen loans have been approved with a total original loan amount of \$163,066.66. As of September 30, 2015, there were eight loans still outstanding with a total remaining loan balance of \$93,067.95.

Since September 30, 2014:

- there were no new loans,
- five loans were paid in full (early),
- payments for five of the remaining loans were current, and
- three loans were past due for a total of \$978.58 (includes \$174.21 in late fees).

Washoe County Strategic Objective supported by this item: Stewardship of our Community.

PREVIOUS ACTION

On October 28, 2014, the Board approved revisions amending Chapter 40 of the Washoe County Code that authorized eligible residential property owners receiving water service from the Truckee Meadows Water Authority to participate in the water and sanitary

AGENDA ITEM # 0415

sewer financial assistance program. Revisions to Chapter 40 also included reduced reporting requirements to the Board from quarterly to annually.

The Board has been provided and acknowledged receipt of quarterly reports of the Water and Sanitary Sewer Financial Assistance Program status since February 2011 through September 30, 2014.

On July 27, 2010, the Board adopted Ordinance No. 1449 which amended Chapter 40 of the Washoe County Code by adding provisions governing the administration of the Water and Sanitary Sewer Financial Assistance Program.

On July 27, 2010, the Board adopted formal policies and procedures related to implementing the Water and Sanitary Sewer Financial Assistance Program. In the summer of 2008, the Board included in its 2009 Legislative Agenda a request for legislation to give the County authority to create a financing program to assist property owners in connecting to its community water and sewer systems. Pursuant to this action, a bill draft was developed that ultimately became Assembly Bill 54 (AB54).

BACKGROUND

Based on studies performed and data reviewed by the Community Services Department (CSD), many domestic water wells have failed or no longer provide safe drinking water because of over-appropriation of water resources, declining water tables, poor water availability due to geologic structure, and/or water quality issues caused by natural contaminants or groundwater contamination caused by septic system effluent. Converting parcels served by domestic wells or on-site septic systems to available public water or sewer systems, where such systems are or can reasonably be made available, would substantially reduce the identified negative impacts to property owners.

Pursuant to Assembly Bill 54, the Board passed Ordinance No. 1449 (Bill No. 1630) and approved the written policies and procedures on July 27, 2010, which established a Water and Sanitary Sewer Financial Assistance Program authorizing the use of grants, gifts or other available monies to provide loans to assist qualified property owners to pay fees and on-site costs associated with conversion from private water and sewer systems to Washoe County public water and sewer systems. That ordinance required the Administrator to report to the Board on a quarterly basis on the activities associated with this program, including loans made and loan repayment activity. On October 28, 2014 the Board approved revisions to the reporting requirement from quarterly to annually.

As of September 30, 2015, the CSD had received sixteen applications for the Water and Sanitary Sewer Financial Assistance Program. Out of these applications, thirteen completed construction and connected to the County's water and sewer system. Two loan offers expired, and one loan was denied due to a negative credit history and an inability to demonstrate sufficient income to repay the loan; however, this applicant has since connected through the Mt. Rose Fan-Galena Area Well Mitigation Program. The total original principal amount of the thirteen loans where construction is complete is \$163,066.66. As of September 30, 2015, there were eight loans still outstanding with a total remaining loan balance of \$93,067.95.

Since September 30, 2014:

- there were no new loans,
- five loans were paid in full (early),
- payments for five of the remaining loans were current, and
- three loans were past due for a total of \$978.58 (includes \$174.21 in late fees).

On May 1st of each year any loan that has four delinquent installments has all delinquent amounts - plus any accrued service charges, fees, interest and penalties - added to the real property tax roll July 1st and collected through the procedures set forth in NRS 244.36605. Currently, \$1,388.74 has been attached to the tax roll for collection for one of the loans.

FISCAL IMPACT

The total original principal amount of all outstanding loans was \$163,066.66, of which \$68,549.63 was direct cash outlays by the County to pay on-site construction costs. The remaining loan balance represents connection fees owed to the County. As of September 30, 2015, the total remaining principal amount of all outstanding loans was \$93,067.95. All loan recipients make quarterly installments over 20 years. Interest rates are based on the weighted average cost of debt held by the County's Utilities, which is recalculated on July 1st of each year. Program interest rates offered to date range from 4.88% to 5.03%.

Loans and related activity are recorded in Fund 5120 using cash from the County's utility fund as previously approved by the Board.

RECOMMENDATION

It is recommended that the Board of County Commissioners acknowledge receipt of the Washoe County Water and Sanitary Sewer Financial Assistance Program Status Report as of September 30, 2015.

POSSIBLE MOTION

Should the Board agree with staff's recommendation, a possible motion would be:
"Move to acknowledge receipt of the Washoe County Water and Sanitary Sewer Financial Assistance Program Status Report as of September 30, 2015."

Attach.

**Washoe County Water & Sanitary Sewer Financial Assistance Program
Status Report
As of September 30, 2015**

| Status and Area | Water or Sewer | On-Site Costs | Utility Fees | Grants | Callahan Ranch Mitigation | Original Loan Amount | Loan Balance @ 9/30/15 |
|------------------------------|----------------|------------------|-------------------|--------------------|---------------------------|----------------------|------------------------|
| CONSTRUCTION COMPLETE | | | | | | | |
| 1) Mayberry Ranch Estates | S | 7,200.00 | 16,576.23 | (5,100.00) | - | 18,676.23 | 15,604.69 |
| 2) Mayberry Ranch Estates | S | 9,250.00 | 16,576.23 | (5,100.00) | - | 20,726.23 | 17,317.32 |
| 3) Callahan Ranch | W | 5,164.30 | 15,243.00 | - | (15,243.00) | 5,164.30 | - |
| 4) Lemmon Valley | W | 6,510.72 | 8,930.44 | - | - | 15,441.16 | - |
| 5) Mayberry Ranch Estates | S | 8,050.00 | 16,576.23 | (5,100.00) | - | 19,526.23 | 16,600.90 |
| 6) Lemmon Valley | W | 6,328.83 | 8,930.44 | - | - | 15,259.27 | - |
| 7) Cold Springs | S | 2,165.00 | 5,250.00 | - | - | 7,415.00 | 6,323.68 |
| 8) Spanish Springs | S | 4,798.36 | 9,443.00 | (9,443.00) | - | 4,798.36 | 4,204.03 |
| 9) Lemmon Valley | W | 12,895.94 | 12,895.94 | - | - | 12,895.94 | - |
| 10) Lemmon Valley | W | 3,120.00 | 8,715.76 | - | - | 12,235.76 | 10,873.77 |
| 11) Lemmon Valley | W | 3,121.00 | 9,115.76 | - | - | 12,236.76 | 11,519.84 |
| 12) Callahan Ranch | W | 7,200.00 | 7,050.00 | - | (7,050.00) | 7,200.00 | - |
| 13) Spanish Springs | W | 5,641.42 | 5,850.00 | - | - | 11,491.42 | 10,623.72 |
| Total final costs | | 68,549.63 | 141,153.03 | (24,743.00) | (22,293.00) | 163,066.66 | 93,067.95 |
| Summary | | | | | | | |
| Sewer related | | S | 31,463.36 | (24,743.00) | - | 71,142.05 | 60,050.62 |
| Water related | | W | 37,086.27 | - | (22,293.00) | 91,924.61 | 33,017.33 |
| Total final costs | | | 68,549.63 | (24,743.00) | (22,293.00) | 163,066.66 | 93,067.95 |

LOAN OFFER EXPIRED (outstanding over 1 year)

- 14) Cold Springs S
- 15) Lemmon Valley W

DENIED (subsequently connected through the mitigation program)

- 16) Callahan Ranch W