

**Sierra County
Board of Supervisors'
Agenda Transmittal &
Record of Proceedings**

MEETING DATE: May 7, 2019	TYPE OF AGENDA ITEM: <input checked="" type="checkbox"/> Regular <input type="checkbox"/> Timed <input type="checkbox"/> Consent
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DEPARTMENT: Department of Public Works and Transportation APPROVING PARTY: Tim H. Beals, Director PHONE NUMBER: 530-289-3201

AGENDA ITEM: Sierra Brooks Water System Project Approval of Project Certifications remaining to be issued for completion of the terms of Letter of Conditions issued by USDA.

SUPPORTIVE DOCUMENTS ATTACHED: Memo Resolution Agreement Other

BACKGROUND INFORMATION: Please see attached background statement and recommendation.

FUNDING SOURCE: CSA5 ZONE 5A
GENERAL FUND IMPACT: No General Fund Impact
OTHER FUND:
AMOUNT: \$ N/A

ARE ADDITIONAL PERSONNEL REQUIRED? <input type="checkbox"/> Yes, -- -- <input checked="" type="checkbox"/> No	IS THIS ITEM ALLOCATED IN THE BUDGET? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No IS A BUDGET TRANSFER REQUIRED? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
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SPACE BELOW FOR CLERK'S USE

BOARD ACTION: <input type="checkbox"/> Approved <input type="checkbox"/> Approved as amended <input type="checkbox"/> Adopted <input type="checkbox"/> Adopted as amended <input type="checkbox"/> Denied <input type="checkbox"/> Other <input type="checkbox"/> No Action Taken	<input type="checkbox"/> Set public hearing For: _____ <input type="checkbox"/> Direction to: _____ <input type="checkbox"/> Referred to: _____ <input type="checkbox"/> Continued to: _____ <input type="checkbox"/> Authorization given to: _____	Resolution 2019- _____ Agreement 2019- _____ Ordinance _____ Vote: Ayes: Noes: Abstain: Absent: <input type="checkbox"/> By Consensus
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COMMENTS:

CLERK TO THE BOARD _____	DATE _____
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Agenda Item: Sierra Brooks Water System Project-Approval of Project Certifications remaining to be issued for completion of the terms of the Letter of Conditions issued by USDA.

Background:

The July 31, 2013 Letter of Conditions issued by USDA is the official list of obligations that the County undertakes in participating in a USDA grant/loan and project. I have attached Page 4 of the July 31, 2013 Letter of Conditions and there are four (4) certifications needed. See 5a,5b, 5c, and 5d on attached. Here is the response to each requested certification:

- 1) For 5a: All benefitted parcels are assessed. There were 376 separate assessments but one was for 2.5 units of benefit and one for 0.5 units of benefit which comes to 377 units of benefit.
- 2) For 5b: There are at least 205 current residential users connected to the system. County staff will verify this number and if found different or should clarification be needed to incorporate a description of those properties containing more than one (1) unit of benefit, it will be included.
- 3) For 5c: Special Counsel Jon Cristy drafted an opinion letter on the rate increases and proposed to deliver it at closing. If needed, Special Counsel Cristy can finalize the opinion and send it at any time. This together with the official minutes from the Board of Supervisors meeting referenced that can be provided by the Clerk, we have satisfied this required certification.
- 4) For 5d: the response is not applicable to this project.

Recommendation:

It is recommended that the Board authorize the Director of Transportation to execute an email or letter to USDA outlining the responses to the remaining four (4) certifications required from the July 31, 2013 Letter of Conditions, with explanations as outlined in the "background" paragraphs above.

5. **Applicant Certifications**

- a. The applicant will certify that all parcel holders who benefit from the project will be assessed in accordance with State law to repay the USDA loan, with a minimum of 377 users being assessed. The proposed assessment roll must be approved by the USDA Rural Development prior to adoption by the County and parcel owner notification.
- b. The applicant will certify that at least 205 residential users are currently connected to the system.
- c. The applicant's attorney will provide his/her opinion that rate increases required for this project have been adopted in accordance with Section 6 of Article XIID of the California Constitution as well as other requirements of California law. The applicant will provide a copy of the Minutes from the public meeting. All voter approval requirements under state law must be obtained before the issuance of the USDA Offer to Purchase Bonds (or COPS).
- d. If relying on mandatory connection requirements, you must provide evidence of the ordinance and a certification attesting to the number of users that will be required to connect to the proposed system prior to advertisement for construction bids.

6. **Insurance and Bonding Requirements** – The applicant must provide evidence of adequate insurance and fidelity bond coverage by loan closing or start of construction, whichever occurs first. Adequate coverage, in accordance with USDA Rural Development's regulations, must then be maintained for the life of the loan. It is the responsibility of the applicant and not that of USDA Rural Development to assure that adequate insurance and fidelity bond coverage is maintained. Applicants are encouraged to review coverage amounts and deductible provisions with their attorney, consulting engineer, and/or insurance provider(s).

- a. **Property Insurance** – Fire and extended coverage will be required on all above-ground structures, including applicant-owned equipment and machinery housed therein. This requirement does not apply to water reservoirs, stand pipes and elevated tanks. Provide USDA Rural Development with proof of coverage and attach Lender's Loss Payable Endorsement (438 BFU or equivalent) naming the UNITED STATES OF AMERICA as lender.
- b. **Workers' Compensation Insurance** – The applicant will be required to carry workers' compensation insurance for all employees in accordance with California law. Provide USDA Rural Development with proof of coverage.
- c. **General liability and vehicular coverage** must be maintained – Provide USDA Rural Development with proof of coverage.