
675 Wildwood Avenue
Rio Dell, CA 95562
(707) 764-3532
(707) 764-5480 (fax)



DATE: April 2, 2024

TO: Mayor and Members of the City Council

FROM: Travis Sanborn, Finance Director

THROUGH: Kyle Knopp, City Manager

SUBJECT: Resolution No. 1600-2024 – Resolution to Borrow – Rural Community Assistance Corporation

IT IS RECOMMENDED THAT THE CITY COUNCIL:

Approve the Resolution as drafted.

BACKGROUND AND DISCUSSION

Introduction:

This memo provides an update on the financing strategy for the City of Rio Dell's Water Distribution System Improvement Project (Project), authorized by Agreement No. D2202019 with the California State Water Resources Control Board (State Water Board).

Project Overview:

Total Funding: \$12,862,989
Construction Budget: \$10,042,590
Completion Deadline: February 28, 2025

Discussion:

The City is currently soliciting proposals for project completion, with work anticipated to commence in late spring or early summer 2024. As per the agreement, the City is responsible for upfront payments to contractors, with subsequent reimbursement from the State Water Board. The State Water Board anticipates a processing delay, with initial reimbursements not expected before August 2024. The City needs a short-term financing solution to bridge the gap between contractor payments and state reimbursements.

The City has identified RCAC as a potential financing partner based on its expertise in supporting rural communities with infrastructure projects. The City has successfully partnered with RCAC on previous water infrastructure projects (Water Transmission Main, Tank Replacement, and Raw Water Intake System—\$3.6 million).

Staff is currently in discussions with RCAC about finalizing the specific financing terms. Staff anticipates presenting a formal financing proposal to the Council for approval before finalizing any agreements. This proactive approach to financing ensures the timely completion of the Water Distribution System Improvement Project while minimizing any cash flow disruptions. Staff will keep the Council informed of further developments.

ATTACHMENTS

-Resolution No. 1600-2024

-Rural Community Assistance Corporation Application for Infrastructure Construction Loan



RESOLUTION NO. 1600-2024

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIO DELL
RESOLUTION TO BORROW – RURAL COMMUNITY ASSISTANCE CORPORATION**

The City Council of the City of Rio Dell hereby authorizes the submission of a loan application, the incurring of an indebtedness, the execution of a loan agreement and any amendments thereto, a promissory note, and any other documents necessary to secure a loan from Rural Community Assistance Corporation.

WHEREAS, the City of Rio Dell (hereinafter referred to as “City”) is a municipality established under the laws of the State of California and empowered to own property, borrow money and give security for loans.

WHEREAS, Rural Community Assistance Corporation (hereinafter referred to as “RCAC”) is authorized to make loans for housing, environmental infrastructure and community facilities for low-income people; and

WHEREAS, the City wishes to obtain from RCAC a loan for the development of the Rio Dell Water Distribution System Improvement Project (hereinafter referred to as “Project”) on the property located in Rio Dell.

NOW THEREFORE BE IT RESOLVED, by the City Council of the City of Rio Dell

- 1) The City shall submit to RCAC an application for a loan for the Project to be developed in the County of Humboldt in the State of California.
- 2) If the loan is approved, the City is hereby authorized to incur indebtedness in an amount not to exceed the amount approved by RCAC and to enter into a loan agreement with RCAC for the purposes set forth in the loan application and approved by RCAC. It also may give a promissory note and execute security and other instruments required by RCAC to evidence and secure the indebtedness.

- 3) The City is further authorized to request amendments, including increases in the loan amount up to amounts approved by RCAC, and to execute any and all documents required by RCAC to evidence and secure these amendments.
- 4) The City authorizes the City Manager to execute in the name of the City, the loan application and the loan agreement, promissory note, and security and other instruments, and any and all documentation for the disbursement of funds required by RCAC to make and secure the loan and any amendments thereto.
- 5) The City authorizes the City Manager to execute in the name of the City, only that documentation required by RCAC for the disbursement of funds during the term of the loan.
- 6) The City authorizes the City Manager to confirm City bank account information for loan disbursements and payments.

PASSED AND ADOPTED by the City of Rio Dell on this 2nd day of April, 2024 by the following roll call vote:

Ayes:

Noes:

Abstain:

Absent:

Debra Garnes, Mayor

ATTEST: The undersigned Karen Dunham, City Clerk of the City of Rio Dell heretofore named, does hereby attest and certify that the foregoing is a true and full copy of a resolution of the City Council of the City of Rio Dell adopted at a duly convened meeting on the date mentioned above, and that said resolution has not been altered, amended or repealed.

Karen Dunham, City Clerk

Date



Rural Community Assistance Corporation Application for Infrastructure Construction Loan

If your organization has already received an infrastructure feasibility loan or predevelopment loan from RCAC, complete only the organizations name, any changes in other borrower information, the amount needed and term requested, provide any changes or updates to the previous attachments, date and sign. Attach items 8 through 12 below (if not already provided) and a new Resolution to Borrow. Applicants who have not had a previous feasibility loan or predevelopment loan must complete the full application information and provide all attachments.

BORROWER INFORMATION		Date:	
Name of Borrower :		Type of Organization:	<input type="checkbox"/> Nonprofit (Mutual)
Mailing Address:			<input type="checkbox"/> Public Body
Street Address (if different):			<input type="checkbox"/> Tribal
City:		Contact Person:	
County:		Title:	
State:		Telephone:	
Zip Code:		Fax:	
Tax ID Number:		Cell:	
DUNS #:		E-mail:	

PROJECT INFORMATION	
Loan Amount:	
Term Requested:	
Median Household Income:	
Population Served:	
# of Jobs Created:	
# of Jobs Retained:	
Technical Assistance Provider:	

- Please attach the following documents to the application:**
1. Formation documents applicable to type of entity.
 2. Resolution to Borrow (format attached).
 3. Board roster with names, addresses, occupations.
 4. Last two years financial statements (audited if available) and current interim financial statements. If not available discuss alternatives with loan officer.
 5. Current operating budget and rate structure.
 6. Brief system history, current staffing, income levels served, etc.
 7. For public body applicants – Attorney's opinion letter as to ability of organization to incur loan obligation. For nonprofits, complete attached Assurances Statement.
 8. Letter of Conditions from permanent financing lender.
 9. Full copy of Preliminary Engineering Report (PER).
 10. Engineering Agreement with permanent lender approval.
 11. Construction documents with permanent lender approval.
 12. Proposed form of security for interim construction financing.

Credit: I hereby grant Rural Community Assistance Corporation permission to obtain credit information and general references, and to contact borrower's accountant.

Certification: I certify that I am the person authorized by the Board of Directors to execute a loan application and other documents in connection with this request and that the information on this loan application and attachments hereto is complete and current to the best of my knowledge. Furthermore, I understand that intentional misrepresentation of facts may be a basis for denial of credit or an "event of default" as described in the Promissory Note which will evidence the loan request, if approved.

Authorized Signature: _____ Date: _____

Recommended (RCAC or other TA provider)

Signature: _____ Date: _____

Notice: The Federal Equal Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has, in good faith, exercised any right under the Consumer Credit Protection Act. The federal agency that administers compliance with the law concerning this credit is the Federal Trade Commission, Division of Credit Practices, 6th and Pennsylvania Avenue, NW, Washington, DC 20580.