



STAFF REPORT

TO: THE HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL
MEETING DATE: APRIL 21, 2025
FROM: CITY MANAGER TOM DUBOIS
SUBJECT: RESOLUTION APPROVING SHORT TERM LOAN BY CITY OF SUTTER CREEK FOR THE HENDERSON UNDER DRAIN REPAIR

RECOMMENDATION:

Staff recommends Council approve a short-term loan from the City of Sutter's Creek Wastewater Capital Fund to ARSA, not to exceed \$300,000, to be repaid by June of 2026.

BACKGROUND:

The outlet of the Henderson dam has been failing for years, and we have been notified by the Department of Dam Safety that repairs must be made.

Technical requirements are attached as "Underdrain Repair Project Specifications"

ARSA reserved \$400,000 in capital this fiscal year and plans to reserve an additional \$400,000 for capital repairs in the upcoming fiscal year. However, that money is paid by the member agencies throughout the year and won't be available to ARSA until June of 2026. We have all the reservoirs low and with dry weather, we put the project out to bid to do the repairs in August / September of 2025.

DISCUSSION:

ARSA received five bids for the project as follows:

	<u>Base Bid Amount</u>	<u>Additive Alternative #1</u>
1. Campbell Construction	\$491,000.00	\$19,321.00
2. Soracco	\$791,831.00	\$37,536.00
3. KW Emerson	\$889,416.17	\$20,714.36
4. Sierra Mountain Construction	\$948,000.00	\$18,904.00
5. Bear Mountain Construction	\$975,417.46	\$20,735.92

No discrepancies were noted in the bid review; and the low bid was recorded from Campbell Construction in the amount of \$520,312 (base bid of \$491,000 and additive/alt bid item No. 1 of \$19,312). With Engineering management and contingency fees, the total project cost is \$681,012 (Low bid amount \$510,312, construction contingency \$76,500, Bidding and construction consulting \$94,200). With \$400,000 in ARSA Capital Reserves there is a shortfall of \$281,012.

ARSA could delay the project a year and take the risk that the reservoirs will be low in 2026 and that costs will not go up that much. Or ARSA could get a market rate loan to fund the difference and do the repairs in 2025.

Because Sutter Creek is 85% of ARSA, Staff is recommending that the City of Sutter Creek provide a zero-interest loan to ARSA to bridge the short-term gap in funding. Funds would be used from our Wastewater enterprise fund, which is reserved for this purpose, and would go to pay ARSA in the future. This has the advantage of saving time and money, allowing ARSA to get the work done at a cost that came in below engineering estimates.

If the DWSRF grant is awarded, ARSA would immediately pay back Sutter Creek and put any remaining funds into Capital Reserves.

Staff is asking Council to approve a short-term loan to ARSA, not to exceed \$300,000, and to be paid back by June 2026.

BUDGET IMPACT:

Wastewater Capital Reserves are currently unallocated as we work on planning a Wastewater treatment plant (WWTP) and funds are available. This would save the City and ARSA the cost of incurring loan origination fees and interest.

ATTACHMENT:

Resolution
Technical Specs