



Agenda Date: 5/15/2019

Agenda Placement: 8F

Napa Sanitation District Board Agenda Letter

TO: Honorable Board of Directors

FROM: Jeff Tucker - Director of Administrative Services/CFO
NS-Administration

REPORT BY: Jeff Tucker, Director of Administrative Services/CFO - 707-258-6000

SUBJECT: Adopt Resolution of District Intention to Issue Tax-Exempt Obligations

RECOMMENDATION

Adopt Resolution of District Intention to Issue Tax-Exempt Obligations.

EXECUTIVE SUMMARY

The current Capital Improvement Plan (CIP) for FY 2018/19 and the proposed CIP for FY 2019/20 include a project to rehabilitate and repair the 66-inch sewer trunk main between Kaiser Road and the Influent Pump Station (IPS) (CIP #19701). On May 15, 2019, the Board will consider awarding a task order for condition assessment and design services for this project. This resolution should only be considered if the task order is approved by the Board.

The attached resolution establishes NapaSan's intention to issue debt for the 66-inch sewer trunk main rehabilitation and repair project. Approval of the attached resolution will allow the District to reimburse itself from bond or loan proceeds for costs associated with the identified capital projects that occur prior to the actual sale of the bonds.

The resolution sets the maximum amount of debt that could be issued in support of the identified projects, and is a requirement of the Internal Revenue Service when costs are going to be reimbursed using tax-exempt bond financing. It is currently estimated that the 66-inch sewer main rehabilitation and repair project will cost approximately \$10 million. However, a larger amount (\$20 million) is included in the event the total costs are higher than currently estimated. This is a standard business practice for governments when adopting these types of resolutions.

It is also recommended practice that the resolution include an additional "backup" project to be finance from the sale of bonds. This is because the sale precedes the completion of the capital project, and it is possible that the

project can come in under budget, due to better than expected bids or the issuance of construction change orders. In these cases, the remaining bond proceeds still need to be expended on an eligible project, so the "back up" project is used for this purpose. In this resolution, the 2020 Collection System Rehabilitation project (CIP #19703) has been designated as that project.

FISCAL IMPACT

Is there a Fiscal Impact? No

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

None.

SUPPORTING DOCUMENTS

A . Resolution

Napa Sanitation District: Approve

Reviewed By: Jeff Tucker