

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
ACTION AGENDA SUMMARY

DEPT: Chief Executive Office

BOARD AGENDA # B-9

Urgent Routine

AGENDA DATE August 26, 2014

CEO Concurs with Recommendation YES NO
(Information Attached)

4/5 Vote Required YES NO

SUBJECT:

Approval to Adopt an Emergency Domestic Water Well Financial Assistance Pilot Program and the use of Economic Development Bank Fund Balance for the Pilot Program

STAFF RECOMMENDATIONS:

1. Adopt the Emergency Domestic Water Well Financial Assistance Pilot Program (Program) and direct staff to implement the program at the soonest practicable date.
2. Approve the use of \$200,000 of Economic Development Bank fund balance for the Program.

FISCAL IMPACT:

Financial assistance under this pilot program would be available to those residential citizens living within the unincorporated areas of Stanislaus County, to assist with defraying the cost of repair or replacement of adversely affected, domestic use water supply wells that have lost their ability to pump groundwater. The program allocates \$200,000 for loan assistance from the County Economic Development Bank. The Economic Development Bank currently has an unencumbered fund balance of \$1.6 million. Once the \$200,000 budget has been expended the pilot program will be suspended pending loan repayments and/or future Board directive.
(Continued on Page 2)

BOARD ACTION AS FOLLOWS:

No. 2014-450

On motion of Supervisor O'Brien, Seconded by Supervisor Chiesa

and approved by the following vote,

Ayes: Supervisors: O'Brien, Chiesa, Withrow, Monteith, and Chairman De Martini

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) Approved as recommended

2) Denied

3) X Approved as amended

4) Other:

MOTION: Adopted the Emergency Domestic Water Well Financial Assistance Pilot Program with the following **amendments:** (1) change the applicant income to not to exceed 150% of the household median income for Stanislaus County, (2) eliminate the requirement for a minimum credit score and have the committee determine credit worthiness, with a model of 43% total debt as used in other governmental programs, and (3) add a cap of \$20,000 per loan inclusive of all fees; directed staff to implement the program as amended at the soonest practical date; and, approved the use of \$200,000 Economic Development Bank Fund Balance fund balance for the Pilot Program

ATTEST:


CHRISTINE FERRARO TALLMAN, Clerk

File No.

FISCAL IMPACT (Continued):

The program will be monitored by the Department of Environmental Resources and tracked quarterly by the Auditor Controller and Chief Executive Office.

DISCUSSION:

With California facing one of the most severe droughts on record, Governor Brown declared a drought State of Emergency in January 2014 and directed state officials to take all necessary actions to prepare for water shortages. Locally, Stanislaus County has stepped into the groundwater discussion in October 2013 by developing a baseline Groundwater Ordinance, investing in a Water Resources Manager staff position, forming a Water Advisory Committee (and technical advisory subcommittee), and developing a five-year strategy for improved groundwater data collection, data sharing, and cost sharing among participant sectors, and continues to work toward the development of a regional governance structure.

While each of these efforts is critically important, the steps taken to date are not immediate assistance strategies that can be applied to the growing number of local domestic/residential well owners that are experiencing “dry well” conditions. To help alleviate these concerns, near-term action plans are necessary.

The United States Department of Agriculture (USDA), Rural Assistance Development Fund, has loan and grant funding available for a limited group of well owners. The focus of the USDA program is on small, rural community water systems and provides a low interest rate loan and grant funding that addresses financial assistance to individual homeowners. The criteria that must be met for the grant program requires that (1) the homeowner is 62 or older; (2) has an annual household income is \$21,000 or less and (3) the home is less than 1,800 square feet.

The Stanislaus County Emergency Domestic Well Recovery Loan Program has been developed in an attempt to bridge this current drought crisis and offer some near-term solutions to those most impacted and in financial need, while allowing the longer term strategies to develop and take shape.

Staff suggests that eligibility for available funds be determined as follows:

Eligibility

- Applicants for loans may have an income of up to 170% of the median income for Stanislaus County unincorporated area (\$94,432). Note: Median income Stanislaus County \$55,548.
- The program target is the unincorporated, owner occupied, residential parcels.

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- Preference will be given to elderly (65 years and older) fixed income residents. Preference in this instance is defined by repayment option as part of estate resolution and/or sale of property.
- Program funds will be distributed on a first-come, first-served basis provided that a fully completed and approved application is in the record (see attached draft application document).
- Total secured debt on the property, including the loan amount requested in this application, cannot exceed a total debt-to-value ratio of 80%.
- The burden of proof that the application meets the total debt-to-value ratio requirement rests with the applicant.
- In meeting the burden of proof, the County is willing to consider appraisals done within the past year by a qualified appraiser, Assessor Proposition 8 valuations or other forms of information that clearly support the current value of the property.
- Applicants must have reasonable credit histories demonstrating a minimum credit score of 650.

Terms

- Loans under the Program would be approved as part of the County Economic Development Bank - revolving loan program and subject to a simple interest rate of 1% based on outstanding quarterly principal balance.
- All loans would require the landowner to sign a promissory note, secured by a recorded lien, deed of trust or similar instrument, to be repaid within 5 - 7 years, depending upon financial hardship and application review/approval. No pre-payment penalty will be applied (See preference for elder population, above). A late fee will be applied to past due payments.
- The lien or deed of trust recorded against the property will be released upon loan satisfaction.
- The County would retain the services of a local title company to assist with document preparation and recording; title searches as needed; and issuing of title insurance. Any fees due to the title company for such services shall be added to the loan amount.

Standards

- This Emergency Loan Program only applies to verifiable rural domestic well failure situations.
- This program cannot be used for unreasonable well upgrades, or pump improvement projects beyond what is reasonably necessary to maintain a potable water supply.
- Residential (owner/resident) eligibility only.
- Loans for retroactive water well repair will not be considered.

Applications are submitted to the Department of Environmental Resources. Once received, the application is reviewed for completeness, and the applicant will be contacted for any necessary follow up of additional information. Review and approval of applications will be determined by a committee consisting of:

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- One Board of Supervisors member,
- Water Resources Manager,
- Chief Executive Officer, or designee, and
- Auditor Controller, or designee.

The Director of Environmental Resources would serve as the alternate to the Water Resources Manager in his absence. If the Board approves this staff recommendation, information and all forms associated with this program (see attachments) will be placed on the County's water web site at www.stancounty.com/er/groundwater.

POLICY ISSUE:

This action is consistent with the Board's priorities of A Safe Community and A Healthy Community by providing assistance to supply a necessary resource; groundwater.

STAFFING IMPACTS:

Staff from the Chief Executive Office, Department of Environmental Resources and the Auditor-Controller's Office are responsible for the implementation and oversight of this program.

CONTACT INFORMATION

Keith Boggs, Assistant Executive Officer
Jami Aggers, Director, Environmental Resources
Walter Ward, Water Resources Manager

Telephone: 209-525-4307
Telephone: 209-525-6770
Telephone: 209-525-6710

Attachments:

1. Emergency Domestic Well Recovery Loan Program
2. Emergency Domestic Well Recovery Loan Form

Emergency Domestic Well Recovery Loan Program

Application Review Protocol

STEP 1:

- Loan application received by DER for cost of repairing domestic water well failures.
- Department Reviews eligibility requirements to ensure applicant meets the minimum requirements.
- Loan Program Coordination Committee reviews and agrees to move forward based on eligibility requirements.

STEP 2:

- Loan Program Coordination Committee will verify eligibility utilizing the following criteria:
 - Minimum credit score of 650
 - Income of up to 170% of median income (\$94,432)
 - Verify applicant resides in unincorporated, owner occupied, residential parcel.
 - Total secured debt cannot exceed a total debt to value ratio of 80%.
 - Review all Emergency Domestic Well Recovery Loan Program eligibility requirements.
 - Verify estimate of repairs is from a reputable company and does not include unreasonable upgrades or replacement.
 - Certified Local Well Drillers (Well Drillers not on this list should be verified through DER)
 - Cal Water Drilling Inc.
 - Canepa & Sons Inc.
 - Henning Bros Drilling
 - Masellis Drilling
- Applicants who fail to meet the eligibility requirements will be notified in writing within 72 hours.

STEP 3:

- Upon approval CEO/Auditor's Office representatives to the Loan Program Coordination Committee will meet with the applicant and review the "Agreement", indicating the approved repayment schedule which includes a 1% per annum interest rate based on a quarterly principle balance.
 - Applicants 65 or older with fixed incomes qualify for the following:
 - Up to 7 years to repay loan or
 - Estate resolution and/or sale of property
- Upon agreement of terms and conditions of the loan between applicant and County, move to sign and notarize the documents.
- Once the "Agreement" is notarized, it will then be forwarded to the Auditor's Office for disbursement.

STEP 4:

- File property lien with Clerk Recorder's Office.
- Auditor's Office will monitor repayment of loan through Economic Development Bank Fund.

Emergency Domestic Well Recovery Loan Form

Landowner of Record	
Name:	APN:
Address:	Phone Number:
DOB:	E-mail:

Financial Information

Gross Annual Income:
Proof of Income:
Loan Amount:

Well Repairs (To be completed by CA licensed Well Driller)	Existing Well	Replacement Well
Location: Lat/Long:		
Ground Elevation (feet/msl):		
Total Depth (bgs):		
Diameter (in.):		
Pump Type:		
Pump Flowrate Capacity (gpm):		
Pump Depth Setting (bgs):		
Depth to Water (bgs):		
Date of Measurement:		

Well Contractor Information

(to be completed by CA licensed Well Driller)

Company Name:
Business License:
Contact Name/Phone number:
Stanislaus County Well Permit Number:
*Total Installed Cost Estimate:
*Actual Total Installed Costs (itemized parts/labor/materials/equipment):

Signature	Date
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*DOES NOT INCLUDE PUMP REPLACEMENT OR UPGRADE COST

Please attach receipts for all listed expenses, sign the form and send to the Environmental Resources

DER Office Staff Review

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Emergency Domestic Well Recovery Program

**Presentation to the
Stanislaus County Board of Supervisors
August 26, 2014**

Environment

- 2013 was the driest year in recorded history for most areas in California.
- 2014 Governor Brown declares a statewide drought emergency.
- USDA responds with loan programs of limited scope: primarily for water districts - very low income residents.



Eligibility

- Unincorporated, owner occupied residences;
- Applicants may have a combined household income of up to 170% of median income = Not to exceed \$94,432;
- Elder preference will be given (over 65 yrs) on fixed income;
- First come/first served policy;
- Total secured property debt not to exceed 80% loan to value Ratio - Applicant bears burden of proof;
- Applicants must have reasonable credit - minimum credit score of 650;



Terms

- Loans will be approved under existing Economic Development Bank revolving loan program;
- 1% interest rate based upon outstanding quarterly principal balance;
- Promissory note IS REQUIRED. Secured by lien/deed of trust;
- Repayment 5 - 7 years depending upon assessed hardship;
- No pre-payment penalty;
- Fee will be applied to past due payments;
- Cost of title search , document preparation and recording shall be added to the loan amount;



Standards

- ONLY APPLIES to verifiable rural domestic well failure situations;
- Cannot be used for unreasonable well upgrades;
- Residential (owner/resident) eligibility only;
- Loans for retroactive water well repair will NOT be considered;



Application

- Submitted to Department of Environmental Resources;
- Reviewed for completeness;
- Committee application review process, to include:
 - 1 Board Member
 - Water Resources Manager
 - Chief Executive Officer (or designee)
 - Auditor Controller (or designee)

NOTE: DER Director would serve as alternate to the Water Resources Manager in his absence.



Recommendations

- Adopt the Emergency Domestic Water Well Financial Assistance Pilot Program and direct staff to implement the program at the soonest practicable date.
- Approve the use of \$200,000 of Economic Development Bank fund balance for the Program.





Emergency Domestic Well Recovery Program

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