

# Saddle Creek Community Services District

## Regular Meeting of October 17, 2017

### AGENDA SUPPORTING DATA

#### 7. DISCUSSION AND ACTION ITEMS

- b. Discussion and action to approve a budget of \$600,000 for the planning, design and construction of the initial Road Improvements Project, and to authorize application for loan funding through the Special District Finance Authority.

#### **Recommended Motion**

I move to approve a budget of \$600,000 for the planning, design and construction of the initial Road Improvements Project, and to authorize application for loan funding through the Special District Finance Authority.

#### **Background**

During initial discussions and meetings with the road improvements project design team from Willdan Engineering, it was determined that an initial road improvement project budget of approximately \$600,000 was needed to bring the construction project size to a cost effective level. We have discussed at length proceeding with \$100,000 to \$130,000 in annual improvements to the roads as detailed in the 2016 Pavement Condition Report and discussed in Measure A budget development; which also coincides with the cashflow from Measure A.

It is estimated that a \$600,000 project will fund the planning, design and construction of the first five-year improvements detailed in the 2016 Pavement Report. Due to the current road construction market, building smaller projects of less than \$150,000 could possibly draw fewer bidders, thereby increasing the potential for higher costs per unit being bid, compared to larger projects of more than \$500,000.

As we do not currently have the cash to fund a \$600,000 project, we would either need to:

1. Wait 4-5 years to accrue the funding
2. Build the smaller projects and potentially pay higher construction, engineering and administrative costs annually
3. Secure a loan for the first phase project, while accruing cash to allow for either annual maintenance projects, or combining several years' work into larger, self funded projects in the future.

The California Special District Finance Authority is a joint powers authority formed by CSDA specifically to fund public projects. Attached is a financing quote prepared by the authority, that details an annual debt service payment of \$71,000 for 10 years. Measure A contained funding in the amount of \$130,000 annually for road improvements, leaving \$59,000 annually in available road funding. The attached Finance Authority quote has expired, and I seek Board authorization to secure an updated quote and to lock the interest rate, sign if comparable. We will then proceed with the loan application process so that funding is available at the time the project is bid.