

RESOLUTION NO. 3310-2009

RESOLUTION OF THE FORT BRAGG CITY COUNCIL APPROVING LOAN PROGRAM FOR FAILED BACKFLOW ASSEMBLIES AND APPROPRIATING FUNDS FROM THE WATER ENTERPRISE UNALLOCATED FUND BALANCE (AMOUNT NOT TO EXCEED \$25,000)

WHEREAS, in December of 2008, an annual testing program was instituted to comply with the State Public Health Code, enforcing a testing program for all backflow assemblies to protect the public from any cross connection contamination; and

WHEREAS, to comply with State requirements, the City hired Graham Backflow Services to test all of the backflow prevention assemblies in the City to establish a baseline inventory and to identify failed assemblies; and

WHEREAS, the testing program identified approximately 54 assemblies that failed the testing inspection; and

WHEREAS, in order to expedite the repairs and replacements of failed backflow assemblies the City's Finance & Administration Committee recommend that the City provide a loan program to assist businesses with the necessary repairs/replacements; and

WHEREAS, based on all the evidence presented, the City Council finds as follows:

1. Approving a loan program for failed backflow assemblies and appropriating funds from the Water Enterprise unallocated fund balance in an amount not to exceed \$25,000 would have no long term fiscal impact on the Water Enterprise's budget or funds.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Fort Bragg does hereby establish a Back Flow Assembly Repair & Replacement Loan Program consistent with the Program Guidelines included in Exhibit "A;" and

BE IT FURTHER RESOLVED that the City Council amends the FY 2009-10 Budget to authorize expenditure of up to \$25,000 from the unallocated fund balance in the Water Enterprise Fund for the Back Flow Assembly Repair & Replacement Loan Program.

The above and foregoing Resolution was introduced by Councilmember Melo, seconded by Councilmember Turner, and passed and adopted at a regular meeting of the City Council of the City of Fort Bragg held on the 14th day of September, 2009, by the following vote:

AYES: Councilmembers Turner, Courtney, Gjerde, Melo, and Mayor Hammerstrom.

NOES: None.

ABSENT: None.

ABSTAIN: None.


DOUG HAMMERSTROM,
Mayor

ATTEST:

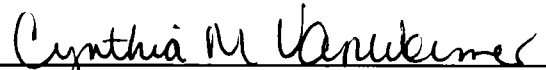

Cynthia M. VanWormer, CMC
City Clerk

Exhibit "A"

GUIDELINES FOR BACKFLOW ASSEMBLY REPAIR & REPLACEMENT LOAN PROGRAM

Purpose: The City of Fort Bragg Backflow Assembly Repair & Replacement Loan Program is intended to help businesses that are required to repair and/or replace failed backflow assemblies as identified by the Cross-Connection Inspection Program conducted by Graham Backflow Services in 2008.

Source of Funding: The source of funding is the Water Enterprise fund and the \$25,000 allocated to this program in FY 2009-2010 is to be loaned out on a first-come, first-served basis to eligible applicants.

Features of Loan Program:

1. Eligible applicants: The Loan Program is intended to provide one-time assistance to existing businesses that are required to repair and/or replace existing failed backflow assemblies.
2. Maximum loan amount: \$2,000.
3. Interest rate: 7%.
4. Term: 12 months.
5. Payment schedule: Monthly, first three months may be deferred upon request.
6. Timely payment incentive: The Loan Program is structured to encourage timely repayment of the loans. If all loan payments are made on time and in full, all interest paid will be deducted from the final payment.
7. Collateral: The loans are unsecured.
8. Loan Fee: None.
9. Prepayment penalty: None.

Loan Review: All loan applicants must complete a loan application and submit required documentation. Loan applications will be reviewed by a "Loan Committee" consisting of the Public Works Director and Finance Director and/or their designees. The Loan Committee shall make recommendations regarding approval of loans and requested deferrals of loan payments and/or restructuring of loans, if necessary.

Loan Approval: The City Manager shall make the final decision on approval or denial of all loan applications submitted, including terms and conditions of loan agreements. All loans shall be reported to the Fort Bragg City Council.