

RESOLUTION NO. 77-19

A RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF RIDGECREST CONCURRING WITH THE
LETTER OF CONDITIONS FOR ASSESSMENT
DISTRICT NO. 10

WHEREAS, the City Council is desirous of creating an assessment district for the construction of sewers in certain portions of the City of Ridgecrest; and

WHEREAS, assistance is being sought from Farmers Home Administration to construct said sewers; and

WHEREAS, Farmers Home Administration has submitted to the City a letter of conditions to be met in order to receive the requested assistance; and

WHEREAS, the City Council reviewed the conditions set forth in the Farmers Home Administration letter dated February 9, 1977, at the City Council's regular meeting of February 16, 1977, finding the City can meet the enumerated conditions:

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF RIDGECREST RESOLVES AS FOLLOWS:

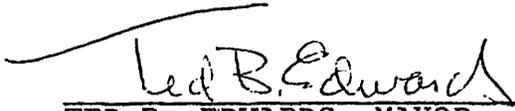
1. That the City Council has reviewed the letter and believes that all conditions can be met and so indicates on F.H.A. Form 442-46 (Rev. 1-9-69) attached hereto.

APPROVED AND ADOPTED this 16th day of February, 1977, by the following roll call vote:

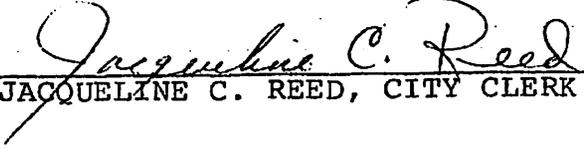
AYES: Vice-Mayor Chieze, Councilmembers Green, Karlberg and Smith.

NOES: None.

ABSENT: Mayor Edwards.


TED B. EDWARDS, MAYOR

ATTEST:


JACQUELINE C. REED, CITY CLERK

CERTIFIED AS A TRUE COPY


Clerk of the City of Ridgecrest, Calif.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION
459 Cleveland Street
Woodland, California 95695

LETTER OF CONDITIONS

Honorable Ted B. Edwards
Mayor, City of Ridgecrest
139 Balsam Street
Ridgecrest, California 93555

February 9, 1977

Subject: Application of the City of Ridgecrest for FmHA Financial Assistance to Construct a Sewage Collection System in its Assessment District No. 10 in Kern County, California

Dear Mayor Edwards:

This letter establishes conditions which must be understood and agreed to by the subject entity, hereafter called the "applicant," before further consideration may be given to the application and which must be met before the loan can be closed.

This is not to be considered as loan approval or as a representation as to the availability of funds. The docket may be completed on the basis of a loan not to exceed \$2,456,000. If FmHA makes the loan, the annual percentage rate will be that charged by FmHA at the time the loan is approved.

Please complete and return to the above address the attached Form FmHA 442-46, "Letter of Intent to Meet Conditions," and Form FmHA 440-1, "Request for Obligation of Funds," if you desire that further consideration be given to your application. The execution of these and all other documents required by FmHA must be authorized by appropriate resolutions of the applicant's governing body. All other material requested relative to this application will be forwarded to Mr. Howard Holden, FmHA County Supervisor, Room 238, 800 Truxtun Avenue, Bakersfield, California 93301. The following conditions will apply:

1. Repayment Schedule: The loan will be repayable over a period not to exceed 25 years from the date of loan closing.
2. Contributions by Applicant:
 - a. The applicant will certify prior to loan closing that a minimum of 340 users will connect to the facility when constructed and that a minimum of 2,175 parcels will be assessed for repayment of the FmHA loan.

*Farmers Home Administration is an Equal Opportunity Lender.
Complaints of racial or ethnic discrimination should be sent to:
Secretary of Agriculture, Washington, D.C. 20250*

- b. Evidence that city of Ridgecrest's funds in the amount of \$100,000 are available for the project construction must be provided by the applicant.

3. Security Requirements:

- a. The applicant will execute the attached Form FmHA 442-47, "Loan Resolution."
- b. The applicant will evidence the loan with 1915 Act improvement bonds issued pursuant to applicable California statutes. The bonds must be prepared in accordance with applicable FmHA instructions. FmHA can only accept bonds as security for the loan in even dollar amounts. The collection officer for the entity should collect cash payments to reflect this policy. The assistance and opinion of a recognized bond counsel must be obtained and the bonds sold publicly if required by State statutes.
- c. Interim financing during the construction will be required provided it is available at reasonable interest rates. Multiple advances of FmHA funds will be used only if interim credit is not available.
- d. The applicant must present satisfactory evidence that it has obtained, or can obtain, any and all lands, rights-of-way, easements, permits and franchises as are required by the engineering plans. The following forms, copies of which are attached, will be used for such purposes:

Form FmHA 442-20, "Right-of-Way Easement," (suggested form).

Form FmHA 442-21, "Right-of-Way Certificate," with map attached.

Form FmHA 442-22, "Opinion of Counsel Relative to Rights-of-Way."

The applicant's counsel is advised that FmHA will require written consents to the granting of easements over private lands from holders of prior liens on such lands and that counsel will be responsible for obtaining such consents.

- e. Based on the proposed budget, the average annual user charge for 340 residential connections will be \$107.99 per connection. It is anticipated that charges will be collected by tax billings. A proposed budget reflecting the average annual residential user charge must be adopted by the applicant and returned with the Form FmHA 440-1.

4. Business Operations:

- a. The applicant is a legally organized city and will be operated and managed under applicable State statutes.
- b. The applicant will conduct and develop its accounting systems, management reports, and audits in accordance with Section 1823.14 of the attached Appendix A of FmHA Instruction 442.1.
- c. The applicant must show evidence that it will be in full compliance with the requirements of the State Controller's office relative to reporting of its business operations. The accounting system is available upon request from:

State Controller's Office
Division of Local Governmental Fiscal Affairs
Post Office Box 1019
Sacramento, California 95805

- d. Prior to project completion, the applicant must have an acceptable maintenance and management plan. The plan will include written agreements when necessary for management and maintenance of the proposed system.
- e. All residents in the service area, regardless of race, color, creed or national origin, must be offered an opportunity to become users of the facility.

5. Insurance and Bonding:

- a. **Property Insurance:** Fire and extended coverage in a minimum amount to be recommended by the consulting engineer will be required on all above-ground structures, including applicant-owned equipment and machinery housed therein. This requirement does not apply to water reservoirs, standpipes and elevated tanks.
- b. **Workers' Compensation:** The applicant will be required to carry workers' compensation insurance for all its employees in accordance with California law.

- c. Public liability and property damage insurance in a minimum amount recommended by the applicant's attorney must be approved by FmHA prior to loan closing.
- d. Fidelity Bond: The Ridgecrest City Treasurer will handle payments for the district. The attorney for the district must determine that the present bond is adequate to include a minimum amount of \$50,000 for the district. If the bond is adequate, an endorsement for the required amount will be obtained showing the United States of America, Farmers Home Administration, as co-obligee for this amount.

6. Written Agreements for Professional Services Required:

- a. The city counsel for the city of Ridgecrest will perform as local attorney.
- b. The special counsel agreement for assessment district No. 10 dated May 29, 1975, is acceptable to FmHA.
- c. The Agreement for Engineering Services dated April 2, 1975, is acceptable to FmHA.
- d. The applicant will obtain FmHA approval of its accounting financial reporting systems, including an agreement with its accountant or auditor, prior to the FmHA loan closing. The attached Audit Agreement may be used as a guide.

7. Construction Contract:

- a. All development will be completed by contract. The planning, bidding, contracting and constructing must comply with Appendix B of FmHA Instruction 442.1 and such additions as are necessary to comply with California law. The contract documents must be approved by FmHA prior to advertising for bids. The collection and sewer treatment portions of the system will be prepared on two separate bid schedules of the contract documents.
- b. The final plans and specifications for the project must be reviewed and approved by the State water pollution control agency and the appropriate health department. Evidence of the review and approval must be provided for FmHA's records. The review will be performed by:

The State Water Resources Control Board
1416 Ninth Street, Room 1015
Sacramento, California 95814

- c. FmHA must also be provided with evidence that the proposed project is consistent with other development plans for the county and State.
- d. The applicant will be subject to the provisions of:
 - (1) Equal opportunity in employment under construction financed with FmHA loan and grant funds and will be required to execute the attached Form FmHA 400-1, "Equal Opportunity Agreement."
 - (2) Nondiscrimination by recipients of FmHA financial assistance under Title VI of the Civil Rights Act of 1964 and will be required to execute the attached Form FmHA 400-4, "Nondiscrimination Agreement."

8. Handling of Project Funds:

Project funds will be deposited in a separate construction account. If interim financing is not available, advances of FmHA funds will be requested in sufficient amounts to insure that ample funds will be on hand to pay costs of construction, rights-of-way and land, and legal, engineering, interest and other expenses as needed for each 30-day period.

- a. Form AD 629, "Outlay Report and Request for Reimbursement for Construction Programs," will be prepared to reflect all project costs after construction bids have been opened.
- b. The applicant will prepare Form FmHA 440-11, "Estimate of Funds Needed," to show the amount of funds needed during each 30-day period.
- c. Form AD 627, "Report of Federal Cash Transaction," will be prepared and submitted with each Form FmHA 440-11 after the initial advance of FmHA funds is made.
- d. Payments to the contractor(s) will be made in accordance with the amounts approved by FmHA on Form FmHA 424-18, "Partial Payment Estimate," and Form AD 629. Each payment estimate must be approved by the governing body.
- e. A final Form AD 627 will be submitted to FmHA to include the final advance no later than 90 days after the final advance has been made.

Copies of all forms referred to above are attached.

9. Transaction Closing:

The loan will be closed subject to applicable FmHA instructions, legal requirements of the Office of the General Counsel, U.S. Department of Agriculture and bond counsel, availability of funds, and this letter of conditions.

10. Additional Copies of this Letter:

The extra copies of this letter are for distribution to the applicant's engineer, local counsel and bond counsel.

11. This letter of conditions will remain valid until June 30, 1977, unless extended in writing.

Sincerely,

Wallis B. McArthur

WALLIS B. McARTHUR
Community Programs Specialist

Attachments

cc: State Director, FmHA, Woodland
Regional Attorney, OGC, San Francisco
County Supervisor, FmHA, Bakersfield
District Director, FmHA, Visalia