

**MEMORANDUM**

**TO:** Programs, Projects, and Operations Subcommittee

**FROM:** Zach Nelson, Project Manager

**SUBJECT:** Review and Recommendation on Dakota County Rural Water Kramper Lake/Hubbard & Fiddler Creek Water Main Extension, USDA Funding Agreement

**DATE:** July 1, 2020

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During the September 2019 District Board of Director’s Meeting, staff discussed the need for a feasibility study to extend a Dakota County Rural Water main to serve the recreation area. The feasibility study was completed by Olsson. The study revealed that it is possible to serve the recreation area with the extension of a Dakota County Rural Water System main, however a new booster pump station and standpipe would need to be built to provide adequate capacity to the recreation area and existing customers. In February of 2020 the District’s Board of Directors approved a design contract with Olsson for the design of the Kramper Lake/Hubbard & Fiddler Creek Water Main Extension Project.

Now that design work is underway, District staff has been working to secure financing for the project. An application was submitted to the Water/Wastewater Advisory Committee (WWAC). The committee is comprised of various governmental agencies that review potential projects and provide guidance on funding options. After review, WWAC has proposed that the District receive funding from the USDA Rural Development Program. The USDA Rural Development Program has proposed the following financing package:

Project Cost	\$ 3,233,000
Applicant Initial Contribution	\$ 200,000
Grant	\$ 1,268,000
Loan	\$ 1,765,000
<b>Total Package</b>	<b>\$ 3,233,000</b>
Loan Rate	1.875%
Loan Term	40 years

Under the proposed financing package approximately 40% of the project cost will be covered by grant funds. The remaining 60% will be covered with a 40-year loan at an interest rate of 1.875%. A portion of the debt service on the loan would be paid by the District and reimbursed annually by the Nebraska Game and Parks Commission for water service at the Danish Alps/Kramper Lake Recreation Area. The remaining portion would be paid from usage rates by new customers on the Dakota County Rural Water System.

**Staff recommends that the Subcommittee recommend to the Board that the General Manager be authorized to execute documents required to receive United States Department of Agriculture Rural Development Financial Assistance for the Dakota County Rural Water Kramper Lake/Hubbard & Fiddler Creek Water Main Extension Project, subject to changes deemed necessary by the General Manager and approval as to form by District Legal Counsel.**