



# COUNTY OF SONOMA

575 ADMINISTRATION  
DRIVE, ROOM 102A  
SANTA ROSA, CA 95403

## SUMMARY REPORT

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**Agenda Date:** 4/30/2024

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**To:** Board of Supervisors

**Department or Agency Name(s):** Sonoma County Public Infrastructure

**Staff Name and Phone Number:** Johannes J. Hoevertsz,

**Vote Requirement:** Majority

**Supervisorial District(s):** Countywide

**Title:**

Sonoma Public Infrastructure Disaster Finance Amended and Restated Intradepartmental Revolving Credit Line

**Recommended Action:**

Adopt a Resolution Amending and Restating an Intradepartmental Revolving Credit Line in the Amount of \$10 million for the Department of Public Infrastructure to Facilitate Grant-Eligible Road Repair Projects.

**Executive Summary:**

The Department of Public Infrastructure (SPI) is requesting the Board adopt a resolution amending and restating the intradepartmental revolving credit line between the Roads Division and the Integrated Waste Division of SPI. The credit line was originally established on May 25, 2021, to fund disaster-related repairs to the County road system and related infrastructure. The credit line has not yet been used, but SPI desires to use the credit line this year for Federal Emergency Management Agency (FEMA)-eligible flood repair projects that are in various stages of the FEMA grant approval process. In its current form, the procedural requirements of the credit line present an obstacle to its use - particularly the requirement that each project must have a full funding commitment from FEMA. Through this item, SPI recommends the Board reduce the amount of credit from \$13 million to \$10 million due to availability of funds in the lender fund, remove the requirement that each project have a full funding commitment from FEMA to allow loans for projects that are grant eligible but not yet fully obligated by FEMA, and make other minor changes.

**Discussion:**

The County of Sonoma has been impacted by eight federally declared disasters since January 1, 2017, including four fire events (Sonoma Complex Fires, Kincade Fire, LNU Complex Fires, and Glass Fire), as well as four major storm/flood events (January 2017, February 2017, February 2019, and January 2023). Each one of these events caused significant damage to the County's transportation infrastructure requiring a substantial commitment of resources to immediately clear disaster debris from County roads (FEMA Category A), perform emergency repairs and implement protective measures to prevent further losses (FEMA Category B), and make permanent repairs to damaged roads and bridges (FEMA Category C).

Permanent repairs associated with major flood events often require large-scale construction projects to rebuild or reinforce severely damaged sections of roads. These projects typically require engineering and design work, environmental permitting, right-of-way acquisition, and coordination of construction resources

across multiple years. As a result, permanent road repairs associated with flood events often require significant financial resources and can take five or more years to complete.

These projects also require extensive coordination with California Office of Emergency Services (Cal OES) and FEMA throughout the planning, design, environmental, right-of-way, and construction phases of the project, and can take years to navigate through the grant approval process. SPI often does not have a fully obligated project approval from FEMA at the time it commences construction, and such approval comes at a later date. This presents an obstacle to using the credit line for FEMA flood projects because the credit line requires a FEMA commitment before SPI can draw funds. Because the County will have already had to pay significant design, pre-construction, and even construction costs before it has a formal commitment from FEMA to cover the full cost of the project, the credit line in its current form has not been an effective financial tool.

On May 25, 2021, the Board adopted a resolution approving a \$13 million credit line between the Integrated Waste Division of SPI and the Roads Division of SPI. The lender fund is the Former Rural Landfills Fund (41122), and loans are made using the reserve cash available in that fund.

The County uses the Former Rural Landfills Fund to monitor and maintain closed landfills in unincorporated Sonoma County. Because these services will be required in perpetuity, the Fund maintains a significant cash balance to address long term, future liabilities. The Former Rural Landfill Fund reserve is comprised of an initial contribution of \$12.3 million, set aside by the Integrated Waste Division through the collection of landfill tip fees, in order to provide for long-term post closure landfill maintenance activities of the former rural landfills.

The borrower fund is the Road Fund (11051). The credit line was established to fund repairs to County roads and related infrastructure damaged by FEMA declared disasters. However, due to the procedural requirements of the credit line, as well as the timing of repairs and various cash flow management actions, the Roads Division has not yet had to draw on the credit line.

With several large disaster repair construction projects scheduled for the summer of 2024, SPI desires to draw \$10 million under the credit line in May 2024. In consultation with County Counsel and the Auditor, Controller, Treasurer, Tax Collector (ACTTC), SPI recommends the following changes to the original credit line:

1. Reduce the maximum disbursement amount of the credit line from \$13 million to \$10 million to account for the reduced amount of reserve funds in the Former Rural Landfills Fund.
2. Remove the requirement that a project covered with a loan disbursement must have a FEMA “commitment” to account for the unique nature of the FEMA grant process through which the County often does not receive a fully obligated project commitment from FEMA until after it commences project construction. This change could increase the risk should FEMA not fully reimburse the County for project costs covered with a loan from the credit line. If this occurs, and the Road Fund does not have sufficient funds to make the Former Rural Landfills Fund whole at the time of loan maturity, SPI will return to the Board to request additional funding to make the Former Rural Landfills Fund whole.
3. Extend the date the Roads Division can request funds from May 25, 2026, to June 30, 2026.
4. Extend the date for the Roads Division to repay all principal and interest (maturity date) from May 25,

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2028, to June 30, 2028.

5. Modify the repayment terms to provide more flexibility for the Roads Division to make repayments at its discretion as funds become available up until the loan maturity date of June 30, 2028.

**Strategic Plan:**

N/A

**Racial Equity:**

**Was this item identified as an opportunity to apply the Racial Equity Toolkit?**

No

**Prior Board Actions:**

5/25/21 Item #19 - Transportation and Public Works Disaster Finance Intradepartmental Revolving Credit Line

**FISCAL SUMMARY**

**Narrative Explanation of Fiscal Impacts:**

There is no budgetary impact at this time. Financial impacts of transfers between Integrated Waste and Roads Division will be addressed during future consolidated budget adjustments and/or budget requests. Interest payments will be drawn from available sources such as parking fines, vehicle fines, or unrestricted contributions from the General Fund. Principal payments will be made with a combination of grant reimbursements from FEMA, Cal/OES, the Federal Highway Administration, and appropriations from HUTA and SB1.

**Narrative Explanation of Staffing Impacts (If Required):**

None.

**Attachments:**

Resolution Amending and Restating the Credit Line

**Related Items "On File" with the Clerk of the Board:**

None.