# **City Of Garden Grove**

### INTER-DEPARTMENT MEMORANDUM

To: Matthew Fertal From: Keith G. Jones

Dept: General Manager Dept: Public Works

Subject: PRIVATE SEWER LATERAL Date: January 22, 2008

LOAN PROGRAM

### **OBJECTIVE**

To obtain the Board of Directors approval on the proposed Private Sewer Lateral Loan Program and authorize the General Manager or his designee to execute all loan documents necessary to implement the program.

## **BACKGROUND**

To comply with the Orange County Coastkeeper Settlement Agreement in 2006, the Garden Grove Sanitary District (GGSD) is required to implement a Private Sewer Lateral Low Interest Loan Program. As part of the requirements, GGSD agreed to commit an annual allocation of \$45,000 per year through 2010 to fund low interest loans to property owners for the repair and/or replacement of their private sewer laterals.

#### DISCUSSION

Funding of the program is limited to \$45,000 annually and is available on a first-come, first-serve basis to qualified applicants. The proposed loan program will provide Garden Grove single-home property owners a maximum of \$10,000 to repair and or replace their damaged private sewer laterals. Eligible property owners will be required to complete an application and submit written or video assessment of their sewer lateral from a licensed contractor. Staff will review the assessment and determine eligibility.

The loan will accrue simple annual interest at the City's current portfolio rate, which is currently 4.06 percent. The loan, including accrued interest, is due and payable in 15 years, upon transfer or lease of property, refinancing, or when the borrower no longer occupies the property as his or her principal place of residence. Payments will be made on a monthly basis and there are no prepayment penalties.

The borrower will be required to sign loan documents, which have been approved by District Counsel. The Private Sewer Lateral Loan Program Guidelines, outlining the Program's review and loan procedures, as well as loan terms, have been attached for your reference. Staff is currently in the process of amending the current agreement with Ameri-National, who administers the City's home-

PRIVATE SEWER LATERAL LOAN PROGRAM January 22, 2008 Page 2

improvement loans. The amended contract will expand the scope of work to include administration of the Private Sewer Lateral Loan Program. Ameri-National will process loan documents, record and track payments, and provide other necessary loan management services.

# FINANCIAL IMPACT

There is no financial impact to the General Fund. Sewer Enterprise funds for the program are available in the adopted budget.

## **COMMUNITY VISION**

To maintain and upgrade the sewer system to ensure maximum protection of public health and the environment by implementing programs and policies to prevent sewer system overflows, as outlined in the City's Strategic Plan.

### RECOMMENDATION

It is recommended that the Garden Grove Sanitary District Board:

- Approve the proposed Private Sewer Lateral Loan Program
- Authorize the General Manager or his designee to execute all loan documents necessary to implement the program

KEITH G. JONES
Director of Public Works

By: Ann Cao

Sr. Administrative Analyst

Attachment: Private Sewer Lateral Loan Program Guidelines