

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS  
BOARD ACTION SUMMARY

DEPT: Chief Executive Office

BOARD AGENDA: 7.B.5  
AGENDA DATE: April 17, 2018

**SUBJECT:**

Approval to Authorize the Auditor-Controller to Act as a Final Authority to Modify Loan Terms for the Emergency Domestic Water Well Financial Assistance Program

**BOARD ACTION AS FOLLOWS:**

**RESOLUTION NO. 2018-0154**

On motion of Supervisor Withrow , Seconded by Supervisor Chiesa  
and approved by the following vote,

Ayes: Supervisors: Olsen, Chiesa, Withrow, Monteith, and Chairman DeMartini

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None


1)  Approved as recommended

2)  Denied

3)  Approved as amended

4)  Other:

**MOTION:**

  
\_\_\_\_\_  
PAM VILLARREAL, Assistant Clerk

ATTEST:

File No.

**THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS  
AGENDA ITEM**

DEPT: Chief Executive Office

BOARD AGENDA:7.B.5  
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CONSENT:

CEO CONCURRENCE: YES

4/5 Vote Required: No

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**SUBJECT:**

Approval to Authorize the Auditor-Controller to Act as a Final Authority to Modify Loan Terms for the Emergency Domestic Water Well Financial Assistance Program

**STAFF RECOMMENDATION:**

1. Authorize the Auditor-Controller or designee to act as a final authority to modify loans for the Emergency Domestic Water Well Financial Assistance Program.

**DISCUSSION:**

On August 26, 2014, in an attempt to bridge the drought crisis by offering near-term solutions to those impacted and in financial need, the County adopted the Emergency Domestic Water Well Assistance Program. The program is designed to assist residential citizens living within the unincorporated areas of Stanislaus County in defraying the cost of repair or replacement of domestic-use water supply wells, which have lost their ability to pump groundwater, through loans from the County Economic Development Bank. At the time of program approval, \$200,000 was set aside for loan assistance, and in September 2015, an additional \$200,000 from the County Economic Development Bank was allocated towards the program.

Loan amounts are available to unincorporated, owner-occupied, residential parcels with a household income not to exceed 150% of the household median income for Stanislaus County (at the time of the program initiation median income in Stanislaus County was \$55,548). Loans are capped at \$20,000 inclusive of all fees at a simple interest rate of 1% to be repaid within five to seven years. Preference is given to the elderly with fixed incomes; however, program funds are distributed on a first-come, first-served basis.

The County has partnered with the Housing Authority of the County of Stanislaus (HACS), to implement the program. HACS receives loan applications, reviews for program eligibility, conducts the title search, prepares debt to income ratio analysis, reviews well estimates for completeness, and prepares recommendations to the County Auditor-Controller. The Auditor-Controller has final authority on approving or denying the loans. If the loan is approved, HACS pays the contractor and collects loan payments from the homeowner applicant.

Since inception of the program, nine applications were received and approved. One applicant did not want a lien on their property and the loan was voided. The average value of the eight remaining loans is \$17,202.50, and a total of \$137,621 has been loaned. Loans have been made to individuals in the Ceres, Denair, Hughson, Modesto, Newman, and Oakdale areas of the County.

Recently, HACS received communication from a homeowner who is struggling to make payments due to health issues, asking for reduced payments. The Chief Executive Office is recommending the Board authorize the Auditor-Controller, in consultation with the Chief Executive Office and County Counsel, to modify loan terms associated with the Emergency Domestic Water Well Assistance Program. Loan modifications will be on an as-needed basis for individuals who are experiencing hardship and have requested relief.

Staff is making this recommendation due to the nature of the loans and the targeted population that the program was intended to help. As previously mentioned, preference was given to elderly individuals with fixed incomes. At the time of program implementation it could be reasonably predicted that a loan recipient would experience a hardship, and therefore require relief through a loan modification. In addition, the County placed a lien on the each loan recipient's property to ensure it receives full payment on the loan. Therefore staff does not foresee that loan modifications will result in any additional risk to the County.

**POLICY ISSUE:**

The Auditor-Controller was previously granted with final authority to approve and deny loans. The Board is being asked to consider delegating the authority to modify loans to the Auditor-Controller.

**FISCAL IMPACT:**

The Domestic Water Well Assistance Program was allocated \$400,000. Of this amount \$137,621 was loaned to eight individuals. To date, \$39,419 has been repaid. It is anticipated any loan modifications made will have a minimal financial impact on the County.

**BOARD OF SUPERVISORS' PRIORITY:**

The recommended action is consistent with the Board's priority of *Supporting Community Health* by adding flexibility to a program designed to provide access to clean water.

**STAFFING IMPACT:**

Existing Auditor-Controller, Chief Executive Office, County Counsel will oversee the loan modifications.

**CONTACT PERSON:**

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