


MEMORANDUM

DATE: February 23, 2024
TO: Mayor Lankford & City Council
VIA: Mercy Rushing, City Manager

FROM: Cindy Karch, Finance Director 

SUBJECT: Communities Unlimited – Rates Study

Council Meeting Agenda Item for February 26, 2024

Background Information:

Communities Unlimited is a not-for-profit organization that assists communities with numerous initiatives including rate studies. For more information about the program, follow this link: <https://communitiesu.org/>

This agreement is for a rate study for the utility system, and 5-year projections. This study is of no cost to the city other than time submitting requested information.

Recommendation:

No action to be taken at this time.

Final Disposition:

COMMUNITIES Unlimited

Comprehensive Technical Assistance Work Plan for City of Mineola January 12, 2024

Prepared by: Janelle Saucedo

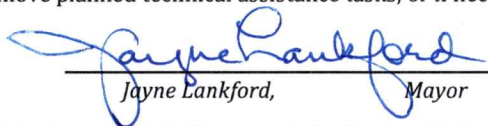
Version 2024.001

TMF Assessment Deficiency	<u>Proposed</u> Technical Assistance Tasks to be Performed	Anticipated Completion Date
1-NA	Perform Analysis: TMF Assessment	1/12/2024
2-NA	RCAP Plans: TA Work Plan/Community Service Agreement	1/12/2024
3-F7	Perform Analysis: Rate Study	8/31/2024

Anticipated Outcomes Resulting from the Proposed Technical Assistance: *Financial Sustainability*

CERTIFICATION OF APPROVAL AND ACCEPTANCE OF OFFER OF TECHNICAL ASSISTANCE

I have reviewed and approved this proposed Work Plan for technical assistance and understand that ALL costs associated with the proposed services are fully subsidized by a technical assistance grant with the US Department of Agriculture - Rural Development and that City of Mineola or Communities Unlimited may amend this agreement to include additional technical assistance, remove planned technical assistance tasks, or if necessary to revoke this agreement.



Jayne Lankford, Mayor

2-13-2024

Date

This Technical Assistance Work Plan was drafted by Janelle Saucedo, Communities Unlimited (CU) after interviewing staff members and conducting a preliminary assessment. This work plan is NOT a binding contract for services but provides a framework of anticipated technical services to be provided by CU. Communities Unlimited will make a good faith effort to complete the tasks outlined in this work plan but reserves the right to drop tasks that can not be completed, add tasks as needed, and / or terminate its technical assistance with City of Mineola. This assistance is provided at NO COST to City of Mineola by Communities Unlimited and is made possible by funding received by the US Department of Agriculture - Rural Development. Questions or Comments may be forwarded to the following persons:

Technical Assistance Provider

Janelle Saucedo

Community Environmental Management Technician

Address Pending, *Pending*, TX *Pending*

479.443.2700

Janelle.Saucedo@CommunitiesU.org

Supervisor

Tom Fulton

East Texas Coordinator - Environmental Services

1201 W Loop 281 STE 402, Longview, TX 75604

903.908.0536

Tom.Fulton@CommunitiesU.org



COMMUNITIES Unlimited

Environmental Services

Communities Unlimited's (CU's) environmental services staff works with rural communities to construct, operate and maintain safe drinking water and sanitary wastewater treatment facilities. This is accomplished through technical assistance, training, loans provided by CU and leveraging other state and federal loans and grants.

CU is the southern regional affiliate of the Rural Community Assistance Partnership (RCAP). CU serves Alabama, Arkansas, Louisiana, Mississippi, Oklahoma, Tennessee, and Texas.

Managerial Assistance

- Developing, as well as updating policies and procedures for testing, recording keeping, etc
- Long range planning
- Budgeting
- Bookkeeping
- Board member training

Financial Assistance

- Rate analysis
- Assistance with RD 442 reporting
- Assistance with identifying funding options for projects

Technical Assistance

- Operations and maintenance review
- Operator training

Other Services

- GIS Mapping
- Private well owner class and private well assessments
- Training

Lending

We provide financing to rural communities and tribal nations to improve and maintain their drinking water and wastewater systems.

We offer flexible loan products to meet your community's needs including loans for:

- Meeting compliance requirements
- Construction projects and system improvements
- Extending service to new customers
- Purchasing equipment
- Improving system security
- Pre-development activities that allow systems to qualify for long-term financing



- 🌐 CommunitiesU.org
- ☎ 479.443.2700
- ✉ info@CommunitiesU.org
- 📘 [/CommunitiesUnlimited](https://www.facebook.com/CommunitiesUnlimited)
- 🐦 [@CommunitiesU](https://twitter.com/CommunitiesU)



*Trouble Financing a water or wastewater project?
The CU Loan Fund for water and wastewater lending can help.*

COMMUNITIES Unlimited

Water and Wastewater Lending

Helping rural communities with their water and wastewater needs

Purpose

The purpose of the CU Loan Fund is to help small, rural communities and tribal nations:

- Meet compliance requirements for public drinking water and wastewater regulations
- Improve public health and system security
- Extend service to new customers or improve service to existing customers
- Create opportunities for economic development

Eligibility

Nonprofit corporations or local government entities may borrow if they:

- Serve a significant number of low-income customers
- Have a population of less than 20,000
- Have the ability to repay the loan with system revenues or provide evidence of permanent take-out financing
- Will accept no-cost technical assistance if it will improve the system's ability to repay the loan

Application Process

The application for the CU Loan Fund is available at www.communitiesU.org/apply-for-a-loan. Click on "Rural Community Water & Wastewater System Financing." The application is the second bullet point.

If you need assistance in completing the application, complete the "Contact Us" form or call 479.443.2700. You will be connected with a Technical Assistance Provider.

Once the application and supporting documentation are provided to CU:

1. You will discuss the project with a Technical Assistance Provider and a Loan Officer.
2. The Director of Lending and Loan Committee will review your application package and make a decision promptly.
3. If approved, a commitment letter will be sent detailing the terms and conditions of approval.
4. Closing of the loan will be scheduled at the convenience of the water/wastewater system.

Products

The CU Loan Fund offers flexible products to meet your community's needs, including:

- Interim financing
- Construction loans and system improvements
- Equipment loans



RATES AND TERMS - WATER & WASTEWATER LOANS

Loan Terms And Conditions

<i>Loan Amount:</i>	<i>Maximum of \$750,000</i>
<i>Maturity:</i>	<i>Maximum of 15 years</i>
<i>Security:</i>	<i>Pledge of System Revenues (typically)</i> <i>Security can be subordinate to existing debt</i>
<i>Origination Fee:</i>	<i>1% of the loan amount</i>
<i>Other Costs:</i>	<i>Third-party costs for UCC filing fees, etc.</i>

The following types of loans are available from CU:

- Fully amortizing loans with equal monthly payments*
- Single payment (balloon) loans are paid at maturity, typically by take-out financing provided by other lenders*
- Lines of credit for eligible borrowers with ongoing projects*

Loan Maturity	Interest Rate	Origination Fee
3 years	3%, first 3 years	1%
4 to 5 years	3.5%, beginning year 4	1%
6 to 10 years	4%, beginning year 4	1%
11 to 15 years	5%, beginning year 4	1%

For example, if an amortizing loan has a maturity of 12 years, the payment amount will be calculated based on a 3% interest rate for the first three years. After 36 months, the rate of the note will increase to 5%, and the payment amount increased to account for the higher rate. This payment amount will continue until the loan is paid in full.

**NOTE: Communities Unlimited, Inc. reserves the right to adjust interest rates, terms, and fees from time to time to reflect current conditions and changes in the marketplace.*