# Failed deadline may cost EDC taxpayers millions

**By Kathryn Reed**

Even though the funding for El Dorado County's new public safety headquarters in Placerville has not been secured, the price has escalated by millions of dollars, all because of inaction by the chief administrative officer.

Supervisor Shiva Frentzen wrote a letter to her colleagues and then read it into the record at the May 10 board meeting. In part it talks about how she requested an agenda item for that day's meeting about the debt service on the facility.

"This request was to address Sheriff [John] D'Agostini's concern about the $2.2 million annual debt service for the public safety facility based on the 2.875 percent APR. The verbal update that I received from assistant CAO stated that the county will miss the deadline to lock in at rate of 2.875 percent APR resulting in a possible rate of 3.5 percent APR. Failure to lock in at 2.875 percent APR could cost the El Dorado County taxpayers an additional $10 million over the next three to four decades," Frantzen said.

She wanted time to discuss this revelation. She was denied the opportunity to do so in a formal manner, and the other board members had little to say after she read the letter.

Frantzen, before Tuesday, even suggested a special meeting should be called just to discuss this issue. It never happened.

CAO Larry Combs, who is an interim leader working part time, sent a letter May 9 to the board and sheriff saying a comprehensive presentation about the facility is set for June 14. That discussion, he said, will include "construction plan including possible phasing, updated costs, likely financing terms within the USDA loan, and related repayment/budgeting options."

(Combs didn't check D'Agostini's availability for that date. The sheriff will be out of town regarding a federal subpoena.)

The discrepancy in interest rates is because the county is unable to make a June 1 deadline to seek federal financing.

Combs' letter goes on to say, "Staff convened a meeting of the Facility Finance Committee on March 30, 2016, to seek a recommendation, for board approval, to proceed with the USDA financing option. At that time it was believed that there was a possibility that, if all components of the application came together in time, the county may be able to meet the USDA's June 1, 2016, deadline to receive the second quarter interest rate of 2.875 percent. However, upon subsequent discussions with USDA representatives in April, a number of actions were identified as needing to occur prior to final application submittal, which precluded staff from being able to submit a complete application by June 1. The current 2.875 percent interest rate expires June 30, 2016. A new interest rate will be announced at that time. Given the current market, it is unlikely that the quoted interest rate will vary significantly."

No matter the interest rate, the 2016-17 budget presented by Combs to the supervisors does not include the debt service for the facility. Combs has said, "Current debt payment estimates for a loan of $50 million and a term of 40 years equal approximately $2.2 million per year."

D'Agostini took issue with Combs' letter, firing back a response to the Auburn resident as well as to the supervisors.

"The $2-plus million to purchase the property was monies from the sheriff's office's prior year fund balance that was specifically set aside for such purpose," the sheriff wrote.

“Arch Nexus (the design firm) and the sheriff’s office will have the necessary information for the loan application ready by the deadline.”

He disagreed with the CAO’s assessment that the architect had a role in delaying the process.

D’Agostini stressed the need for time lines and more factual information from the CAO’s office.