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ORDINANCE NUMBER O- 20039 (NEW SERIES)

DATE OF FINAL PASSAGE APR 21 2011

AN ORDINANCE OF THE COUNCIL OF THE CITY OF SAN DIEGO AUTHORIZING STATE REVOLVING FUND LOAN APPLICATION FOR THE OTAY WATER TREATMENT PLANT, PHASE I PROJECT.

WHEREAS, in January 2008, the Public Utilities Department submitted a Safe Drinking Water State Revolving Fund Loan [SDWSRF] application to the California Department of Public Health [CDPH] for the Otay Water Treatment Plant Upgrade & Expansion, Phase I [OWTP] project; and

WHEREAS, on July 3, 2009, CDPH determined that Project No. 3710020-059 was eligible for a construction loan in the amount of \$11 million; however, with the withdrawal of the SDWSRF loan application for the OWTP Phase II project, and a subsequent review of eligible project costs, it was determined that the \$7 million in loan funding is available for the OWTP Phase I project; and

WHEREAS, CDPH recommended that the City of San Diego submit an official request to utilize the additional funding and increase the loan amount from \$11 million to \$18 million; and

WHEREAS, the SDWSRF is a low interest (2.5017%) loan program with a fixed rate, allowing up to \$20 million per project, to provide public water systems in California the opportunity to utilize subsidized funding to correct infrastructure problems; and

WHEREAS, the SDWSRF financing is projected to save rate payers approximately \$14.9 million over the life of the loan based upon a true interest cost of 5.3% over 30 years for bonds;

NOW, THEREFORE,

BE IT ORDAINED, by the Council of the City of San Diego, as follows:

Section 1. That the Mayor or his designee is authorized and empowered to execute, for and on behalf of the City of San Diego, a Safe Drinking Water State Revolving Fund [SDWSRF]

Loan, Funding Agreement, Amendments, Reimbursement Claims, Final Release form and to take related actions for the Otay Water Treatment Plant Upgrade & Expansion Phase I Project.

Section 2. That the Mayor or his designee is authorized and empowered to dedicate revenues from Water Fund rates, charges and assessments, and financing proceeds on parity with all other parity obligations of the Water Enterprise Fund in an amount sufficient to repay the SDWSRF loan for the Project, and this dedication shall remain in full force and effect until such funding agreement is fully discharged, unless modification or change of such dedication is approved by the CDPH, and if for any reason, said sources of revenue prove insufficient to satisfy the debt service of the SDWSRF loan, sufficient funds shall be raised through increased water rates, user charges, or assessments or any other legal means available to meet this loan obligation and to operate and maintain this Project.

Section 3. That the City Engineer, or other registered engineer designated by the Mayor, is authorized and empowered to execute the Budget and Expenditure Summary and Certificate of Project Completion forms.

Section 4. That the City Engineer, or other registered engineer designated by the Mayor, is authorized and empowered to certify that the project is complete and ready for final inspection.

Section 5. That the Chief Financial Officer is authorized and empowered to apply for, accept, appropriate and expend up to \$20,000,000 in State Revolving Fund loans for reimbursement to the Water Fund, contingent upon the City Comptroller certifying that funds are available and contingent upon the loan being secured.

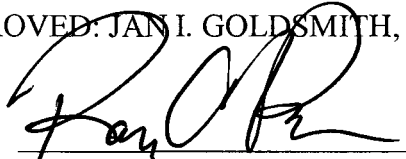
Section 6. That the Chief Financial Officer, upon advice from the administering department, is authorized to transfer excess funds, if necessary, to the appropriate reserves.

Section 7. Authorizing the \$18,000,000 loan to be repaid over 20 years at a 2.5017 percent interest rate.

Section 8. That a full reading of this ordinance is dispensed with prior to its passage, a written or printed copy having been made available to the City Council and the public prior to the day of its passage.

Section 9. That this ordinance shall take effect and be in force on the thirtieth day from and after its final passage.

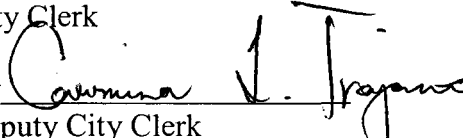
APPROVED: JANI I. GOLDSMITH, City Attorney

By   
Raymond C. Palmucci  
Deputy City Attorney

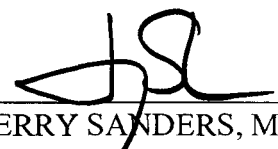
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2/25/2011  
Or.Dept:Water  
Prolaw 2011-05312

I hereby certify that the foregoing Ordinance was passed by the Council of the City of San Diego, at this meeting of APR 12 2011

ELIZABETH S. MALAND  
City Clerk

By   
Deputy City Clerk

Approved: 4.21.11  
(date)

  
JERRY SANDERS, Mayor

Vetoed: \_\_\_\_\_  
(date)

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JERRY SANDERS, Mayor