



State Revolving Fund (SRF) Loan Program



SRF LOAN PROGRAM

- The Federal Water Pollution Control Act (Clean Water Act or CWA), as amended in 1987, provides for establishment of a Clean Water State Revolving Fund (CWSRF) program.

SRF LOAN PROGRAM

- The CWSRF Loan Program provides low-interest loan funding for construction of publicly-owned wastewater treatment facilities, local sewers, sewer interceptors, water recycling facilities and other wastewater projects.



PUBLIC UTILITIES WASTEWATER PARTICIPATION IN SRF LOAN PROGRAM

- First loan was executed in 1999.
- City has received approximately \$160 million in SRF Loans.
- A \$34.9 million financing agreement executed June 24, 2010 for the Point Loma Grit Processing Improvement Project (up to \$46m)
- Eleven previous SRF loans are in repayment status.

SRF LOAN PROGRAM INTEREST RATES AND TERM

- The current SRF loan interest rate is 2.7%.
 - The 2.7% is based upon one-half of the most recent State General Obligation Bond.
 - SRF loans are paid back over a 20 year period from the dedicated net revenues of the Wastewater Enterprise fund.
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PROJECT AND FISCAL CONSIDERATIONS

- The loan would be used to fund the Sewer Pipeline Rehabilitation Project.
- The State has determined a funding amount of \$80 million for the project to be used over an approximately 4 year period.
- The SRF Loan Program offers a lower interest rate compared to traditional bond funding. By utilizing an SRF loan for this project the savings would be approximately \$58.4 million over a 20 year term.

REQUESTED ACTION

- Authorize entering into an SRF Funding Agreement and related ordinance items, including dedicated source of revenue and reimbursement requirements as requested by the State Water Resources Control Board as conditions of financing.