



THE CITY OF SAN DIEGO

MEMORANDUM

DATE: February 21, 2013

TO: Honorable Council President Todd Gloria and Members of the Budget and Finance Committee

FROM: Lee Ann Jones-Santos, Deputy Director, Public Utilities Department

SUBJECT: Fiscal Year 2013 State Revolving Fund Loans

---

On January 16, 2013 the Office of the City Comptroller presented the Charter Section 39 Report as of Period 5 to the Budget and Finance Committee. At that meeting, Council President Gloria inquired about the negative year-to-date revenue variances for the Public Utilities Department related to State Revolving Fund (SRF) loans, and requested that additional information be provided.

Through Period 5 (ending November 30, 2013), the Public Utilities Department had received approximately \$7,059 in SRF loan proceeds, compared to \$26.4 million through the same period in FY 2012. These amounts are broken out by fund as reflected below:

	<b>FY 2012</b>	<b>FY 2013</b>	
	<b>Period 5</b>	<b>Period 5</b>	<b>Variance</b>
Sewer Funds	3,110,093	-	(3,110,093)
Water Fund	23,332,450	7,059	(23,325,391)

Despite the variances in year-to-date proceeds through Period 5, the Department is projecting to receive substantial SRF proceeds by year-end. The following compares FY 2013 projected SRF proceeds to FY 2012 actual receipts:

	<b>FY 2012</b>	<b>FY 2013</b>	
	<b>Actual</b>	<b>Projected</b>	<b>Variance</b>
Sewer Funds	11,619,289	34,155,000	22,535,711
Water Fund	38,000,000	7,200,000	(30,800,000)

It is important to note that SRF loan proceeds, as with grants and bond proceeds, are received on a reimbursement basis after work is completed. As a result, timing of the receipts of SRF loan proceeds is partially dependent upon capital improvement program execution schedules. In addition, timing of receipts may be delayed due to financial conditions at the State level.

The \$38 million received by the Water Fund in FY 2012 consisted of two loans related to mandated upgrades to the Miramar and Otay Water Treatment Plants. While the funding agreements for these projects were executed in the 2004-2005 timeframe, the funds were placed on hold by the State and were not received by the City until FY 2012. The \$7.2 million projected to be received in FY 2013 consists of two loans related to pipeline improvement.

On the Wastewater side, the \$11.6 million received in FY 2012 was related to the Point Loma Grit Processing Improvement Project and various pipeline rehabilitation projects. In FY 2013, the Wastewater Funds are projecting to receive approximately \$8.6 million related to the Point Loma Grit Processing Improvement Project, and \$24.9 million for pipeline rehabilitation projects.



Lee Ann Jones-Santos  
Deputy Director, Public Utilities Department

LAJS/th

cc: Jay Goldstone, Chief Operating Officer  
Scott Chadwick, Interim Chief Operating Officer  
Andrea Tevlin, Independent Budget Analyst  
Roger Bailey, Director of Public Utilities