

REQUEST FOR COUNCIL ACTION CITY OF SAN DIEGO	CERTIFICATE NUMBER (FOR COMPTROLLER'S USE ONLY) n/a
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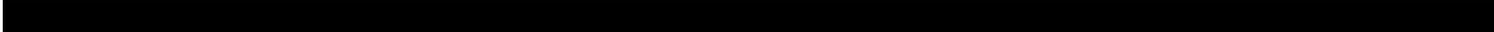
TO: CITY COUNCIL	FROM (ORIGINATING DEPARTMENT): Public Utilities - Water	DATE: 08/14/2013
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SUBJECT: California Department of Public Health Safe Drinking Water State Revolving Fund Loan Application for the Alvarado 2nd Extension Pipeline & Morena Blvd Cast Iron Replacement Project.

PRIMARY CONTACT (NAME, PHONE): Wilson Kennedy, 858-614-4070	SECONDARY CONTACT (NAME, PHONE): Terrell Breaux, 858-292-6469
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COMPLETE FOR ACCOUNTING PURPOSES

FUND					
DEPT / FUNCTIONAL AREA					
ORG / COST CENTER					
OBJECT / GENERAL LEDGER ACCT					
JOB / WBS OR INTERNAL ORDER					
C.I.P./CAPITAL PROJECT No.					
AMOUNT	0.00	0.00	0.00	0.00	0.00



FUND					
DEPT / FUNCTIONAL AREA					
ORG / COST CENTER					
OBJECT / GENERAL LEDGER ACCT					
JOB / WBS OR INTERNAL ORDER					
C.I.P./CAPITAL PROJECT No.					
AMOUNT	0.00	0.00	0.00	0.00	0.00

COST SUMMARY (IF APPLICABLE): The estimated total project cost for the Alvarado 2nd Extension Pipeline & Morena Blvd Cast Iron Replacement Project is \$64,000,000. Total project costs will be funded in its entirety by the California Department of Public Health Safe Drinking Water State Revolving Fund Loan Program.

ROUTING AND APPROVALS

CONTRIBUTORS/REVIEWERS:	APPROVING AUTHORITY	APPROVAL SIGNATURE	DATE SIGNED
Public Utilities - Water	Liaison Office	Sasaki, Ann	8/19/2013
Environmental Analysis	CFO		
Financial Management	DEPUTY CHIEF		
Equal Opportunity Contracting	COO		
Comptroller	CITY ATTORNEY		
	COUNCIL PRESIDENTS OFFICE		

PREPARATION OF: RESOLUTIONS ORDINANCE(S) AGREEMENT(S) DEED(S)

1. Authorize the Mayor and/or designee to execute, for and on behalf of the City of San Diego, a Safe Drinking Water State Revolving Fund Loan (SDWSRF), Funding Agreement, Amendments, Reimbursement Claims, Final Release Form, and take related actions for the Alvarado 2nd Extension Pipeline & Morena Blvd Cast Iron Replacement Project.
2. Authorize the Mayor and/or designee to dedicate revenues from its Water Fund Rates, charges and assessments on parity with all other parity obligations of the Water Enterprise Fund in an amount sufficient to repay the SDWSRF loan for the Project. This dedication shall remain in full force and effect until such Funding Agreements are fully discharged, unless modification or change of such dedication is approved by the State of California, Department of Public Health. 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.
3. Authorize the City Engineer, or other registered engineer designated by the Mayor, to execute the Budget and Expenditure Summary, Claim Reimbursement and Certificate of Project Completion forms.
4. Authorize the City Engineer or other registered engineer designated by the Mayor to certify that the project is complete and ready for final inspection.
5. Authorize the Chief Financial Officer to apply for, accept, appropriate and expend up to \$64,000,000 in State Revolving Fund Loan funds for reimbursement to the Water Fund, contingent upon the City Comptroller certifying that the funds are available and contingent upon the loan being secured.
6. Authorize the \$64,000,000 loan to be repaid over 20 years at 1.7875 percent interest rate.
7. Determining that this activity is categorically exempt from CEQA pursuant to State CEQA Guidelines, Section 15302 (Replacement/Reconstruction).

STAFF RECOMMENDATIONS:

Approve requested actions.

SPECIAL CONDITIONS (REFER TO A.R. 3.20 FOR INFORMATION ON COMPLETING THIS SECTION)

COUNCIL DISTRICT(S):	Council District Two
COMMUNITY AREA(S):	Citywide
ENVIRONMENTAL IMPACT:	This activity is categorically exempt from CEQA pursuant to State CEQA Guidelines, Section 15302 (Replacement/Reconstruction)
CITY CLERK INSTRUCTIONS:	This item is subject to Charter Section 99 requirements (10 day public noticing and 6 votes required.) Return one copy of the executed city council Action and a copy of the ordinance to Terrell Breaux, (858) 292-6469, MS 901.

COUNCIL ACTION
EXECUTIVE SUMMARY SHEET
CITY OF SAN DIEGO

DATE: 08/14/2013

ORIGINATING DEPARTMENT: Public Utilities - Water

SUBJECT: California Department of Public Health Safe Drinking Water State Revolving Fund Loan Application for the Alvarado 2nd Extension Pipeline & Morena Blvd Cast Iron Replacement Project.

COUNCIL DISTRICT(S): Council District Two

CONTACT/PHONE NUMBER: Wilson Kennedy/858-614-4070

DESCRIPTIVE SUMMARY OF ITEM:

Council authorization to apply for, accept, appropriate and expend funds from the California Department of Public Health (CDPH) Safe Drinking Water State Revolving Fund (SDWSRF) for the Alvarado 2nd Extension Pipeline & Morena Blvd Cast Iron Replacement Project; and take related actions.

STAFF RECOMMENDATION:

Approve requested actions.

EXECUTIVE SUMMARY OF ITEM BACKGROUND:

In June 2013, the Public Utilities Department submitted a Safe Drinking Water State Revolving Fund (SDWSRF) Statement of Intent to the California Department of Public Health (CDPH) for the Alvarado 2nd Extension Pipeline & Morena Blvd Cast Iron Replacement Project. It is anticipated that a full application for planning will be submitted by September 20, 2013, followed by an application for construction in late 2013, once planning/design for this project has reached ninety percent completion. The estimated total project cost for the Alvarado 2nd Extension Pipeline & Morena Blvd Cast Iron Replacement Project is \$64,000,000. Total project costs will be funded in its entirety by the California Department of Public Health Safe Drinking Water State Revolving Fund Loan Program.

The SDWSRF is a low interest loan program with a fixed rate. CDPH now has the authority to issue funding to public water systems that exceeds the \$20M per project cap so long as the loan has a non-zero percent interest rate. It provides public water systems in California the opportunity to utilize subsidized funding to correct infrastructure problems, to assess and protect source water, and to improve technical, managerial and financial capability. The current interest rate for the SRF loan is a low 1.7875% for a 20-year term. Utilizing the SRF program for eligible projects results in significant debt service savings when compared to financing with 30-year fixed rate bonds. Also, SRF Loans are treated as "Parity Obligations" under the SRF Loan documents whereby SRF repayment will be on the same lien as the Water System's senior bond obligations. The City also dedicates net revenues of the Water Utility Fund for repayment of SRF financing on the Alvarado 2nd Extension Pipeline & Morena Blvd Cast Iron Replacement Project, which is the same source of repayment for other outstanding parity, subordinate bond obligations, and outstanding SRF loans of the water system.

The Alvarado 2nd Extension Pipeline & Morena Blvd Cast Iron Replacement Project will improve reliability to the coastal Pacific Beach/La Jolla Zones by replacing the aging Kearny Mesa Pipeline as the lead supply, and adding a second transmission route to the coastal zones.

The project consists of 22,504 linear feet of new 48" pipeline from the western terminus of the existing 48" Alvarado 2nd Pipeline (at I-805 and Friars Road to Morena Boulevard and Napa Street.) The project will also replace 17,032 linear feet of existing 20"/16" cast-iron Morena Boulevard Pipeline with new 36" Morena Boulevard Pipeline. Additionally, 15,598 linear feet of parallel 16" distribution line from Friars Road and Morena to Morena and Balboa Avenue will also be replaced.

FISCAL CONSIDERATIONS:

The funding agreement, when issued for the Alvarado 2nd Extension Pipeline & Morena Blvd Cast Iron Replacement Project, will provide a \$64,000,000 loan to be repaid over 20 years at a 1.7875 percent interest rate. Semiannual principal and interest payments will begin after project completion. The total project costs for planning and construction of the Alvarado 2nd Extension Pipeline & Morena Blvd Cast Iron Replacement Project (Project No. 3710020-068) will be funded in its entirety by the California Department of Public Health Safe Drinking Water State Revolving Fund Loan Program.

EQUAL OPPORTUNITY CONTRACTING INFORMATION (IF APPLICABLE):

This agreement is subject to the City's Equal Opportunity Contracting (San Diego Ordinance No. 18173, Sections 22.2i01 through 22.2708) and Non Discrimination in Contracting Ordinance (San Diego Municipal Code Sections 22.3501 through 22.3517).

PREVIOUS COUNCIL and/or COMMITTEE ACTION (describe any changes made to the item from what was presented at committee):

This item is scheduled to go to NR&C on September 25.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

Not applicable

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

The key stakeholders are the City of San Diego and Public Utilities Department ratepayers.

Sasaki, Ann

Originating Department

Deputy Chief/Chief Operating Officer

MAYORAL SUPPORTING INFORMATION
CITY OF SAN DIEGO

DATE: August 28, 2013

EQUAL OPPORTUNITY CONTRACTING PROGRAM EVALUATION

SUBJECT: California Department of Public Health Safe Drinking Water State Revolving Fund Loan Application for the Alvarado 2nd Extension Pipeline & Morena Blvd. Cast Iron Replacement Project (1472)

GENERAL CONTRACT INFORMATION

Recommended Contractor: Undetermined at this time

Amount of this Action: \$64,000,000

Funding Source: California Department of Public Health Safe Drinking Water State Revolving Fund Loan Program

Goals: Pending agency requirements

SUBCONTRACTOR PARTICIPATION

There is no subcontractor activity associated with this action. Any future subcontracting activity will be subject to agency requirements.

EQUAL EMPLOYMENT OPPORTUNITY COMPLIANCE

Equal Opportunity Required.

This action does not authorize entering into any contract or agreement at this time; however, future contracts or agreements associated with this action will be subject to the City's Equal Opportunity Contracting (San Diego Ordinance No. 18173, Section 22.2701 through 22.2708) and Non-Discrimination in Contracting Ordinance (San Diego Municipal Code Sections 22.3501 through 22.3517)

ADDITIONAL COMMENTS

Subcontracting goals for this project will be calculated by the Public Works Department and approved by the Equal Opportunity Contracting Program Manager prior to advertisement in accordance with agency requirements.

Total project cost will be funded in its entirety by the California Department of Public Health Safe Drinking Water State Revolving Fund Loan Program.

This action is to authorize the Chief Financial Officer to apply for, accept, appropriate and expend up to \$64,000,000 in State Revolving Fund Loan funds.

This loan is to be repaid over 20 years.

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