

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	DATE: 4/30/2015
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SUBJECT: State Water Resources Control Board (SWRCB), Drinking Water State Revolving Fund Loan Application for the La Jolla View Reservoir Project

PRIMARY CONTACT (NAME, PHONE): Jeanne Cole,(858) 292-6313 MS 901	SECONDARY CONTACT (NAME, PHONE): Wilson Kennedy, (858) 614-4070 MS 901
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COMPLETE FOR ACCOUNTING PURPOSES

FUND					
FUNCTIONAL AREA					
COST CENTER					
GENERAL LEDGER ACCT					
WBS OR INTERNAL ORDER					
CAPITAL PROJECT No.					
AMOUNT	0.00	0.00	0.00	0.00	0.00



FUND					
FUNCTIONAL AREA					
COST CENTER					
GENERAL LEDGER ACCT					
WBS OR INTERNAL ORDER					
CAPITAL PROJECT No.					
AMOUNT	0.00	0.00	0.00	0.00	0.00

COST SUMMARY (IF APPLICABLE): The estimated total project costs for the La Jolla View Reservoir Project is approximately \$16,500,000. The State Water Resources Control Board will fund the full amount.

ROUTING AND APPROVALS

CONTRIBUTORS/REVIEWERS:	APPROVING AUTHORITY	APPROVAL SIGNATURE	DATE SIGNED
Environmental Analysis	Comptroller	ORIG DEPT.	Crane, Thomas
Financial Management		CFO	
Equal Opportunity Contracting		DEPUTY CHIEF	
Liaison Office		COO	
Debt Management		CITY ATTORNEY	Palmucci, Ray
		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 Drinking Water State Revolving Fund Loan (DWSRF) Loan, Funding Agreement, Amendments, Reimbursement Claims, Final Release Form, and take related actions for the La Jolla View Reservoir 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

DWSRF 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 Water Resources Control Board (SWRCB.) If for any reason, said resources of revenue prove insufficient to satisfy the debt service of the DWSRF 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 \$16,500,000 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 \$16,500,000 loan to be repaid over 20 years at an interest rate that is 1/2 the most recent general obligation bond rate. The current Drinking Water SRF Loan rate is 1.663 percent.

See Attachment 1 for additional actions.

STAFF RECOMMENDATIONS:

Approve the requested actions and adopt the ordinance.

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

COUNCIL DISTRICT(S):	Council District 1
COMMUNITY AREA(S):	Citywide
ENVIRONMENTAL IMPACT:	This activity will not result in a direct or reasonably foreseeable indirect physical change in the environment, and is therefore not subject to CEQA pursuant to State CEQA Guidelines Section 15060(c) (2).
CITY CLERK INSTRUCTIONS:	Return one copy of the executed City Council Action and a copy of the ordinance to Jennifer Wolverton, (858) 644-4479, MS 901. This item is subject to Charter Section 99 (10 day published notice, approval by Ordinance and 6 votes required)

COUNCIL ACTION
EXECUTIVE SUMMARY SHEET
CITY OF SAN DIEGO

DATE: 4/30/2015

ORIGINATING DEPARTMENT: Public Utilities

SUBJECT: State Water Resources Control Board (SWRCB), Drinking Water State Revolving Fund Loan Application for the La Jolla View Reservoir Project

COUNCIL DISTRICT(S): Council District 1

CONTACT/PHONE NUMBER: Jeanne Cole/(858) 292-6313 MS 901

DESCRIPTIVE SUMMARY OF ITEM:

Authorization to enter into low interest State Revolving Fund loans with the State Water Resources Control Board to fund the La Jolla View Reservoir Project. City will enter in two State Revolving loans, one for the planning of the LJVR in an amount not to exceed \$2,262,900. The second loan will be for the design and construction of the LJVR in an amount not to exceed \$14,237,100.

STAFF RECOMMENDATION:

Approve the requested actions and adopt the ordinance.

EXECUTIVE SUMMARY OF ITEM BACKGROUND:

The Public Utilities Department will be submitting an application for construction to the State Water Resources Control Board (SWRCB), Drinking Water State Revolving Fund (DWSRF) for the La Jolla View Reservoir Project. The estimated total project cost for the project is \$16,500,000. The SWRCB will fund the full amount.

The DWSRF is a low interest loan program with a fixed 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 borrowing of an eligible project is a low 1.663% 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 La Jolla View Reservoir Project, which is the same source of repayment for other outstanding parity, subordinate bond obligations, and outstanding SRF loans of the water system.

This project will replace the existing La Jolla View Reservoir (LJVR) and pipelines with new 3.1 MG pre-stressed concrete with base elevation of 550 feet, an overflow elevation of 590 feet, and diameter of approximately 120 feet. The new pipelines will be approximately 2,700 linear feet. This project will also consist of the following: reconstruction of the existing paved access road to the new LJVR with two parking spaces; installation of hydraulic monitoring equipment which will connect to the City's Supervisory Control and Data Acquisition (SCADA) System; demolition of the existing steel LJVR and re-grade the site; and demolition of the existing

La Jolla Exchange Place Reservoir (LJEPR) including removal of the above-grade features associated with the reservoir and abandon in place the remaining portions of the reservoir.

CITY STRATEGIC PLAN GOAL(S) / OBJECTIVE(S):

Goal #2: Work in partnership with all of our communities to achieve safe and livable neighborhoods.

Objective #3: Invest in infrastructure.

FISCAL CONSIDERATIONS:

The funding agreement, when issued for the La Jolla View Reservoir Project, will provide a loan up to \$16,500,000 to be repaid over 20 years at a 1.663 percent interest rate. This SRF Loan is to be repaid over 20 years at an interest rate that is ½ the most recent general obligation bond rate, the current Drinking Water SRF Loan rate is 1.663%. This rate could change depending on if the next bond sale occurs prior to the agreement being fully executed. Semiannual principal and interest payments will begin after project completion.

Based on the estimated loan amount of \$16,500,000, the annual debt service is expected to commence in FY19 for approximately \$122 thousand and ramp up to a total annual maximum of \$964.7 thousand for the next 20 years. The actual debt service impact would depend on the timing of the CIP execution. By entering into the SRF funding agreement, the Water Utility will covenant that each Fiscal Year the Net System Revenues will equal at least 120% of senior/parity debt service. Any potential impact on water rates from the proposed loan and the coverage requirements will be evaluated in the future Water Cost of Service Study.

EQUAL OPPORTUNITY CONTRACTING INFORMATION:

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).

PREVIOUS COUNCIL and/or COMMITTEE ACTION: N/A

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS: N/A

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

The key stakeholders are the City of San Diego, Water and Wastewater ratepayers.

Crane, Thomas

Originating Department

Deputy Chief/Chief Operating Officer

GENERAL INFORMATION PACKAGE (PLANNING)

I. TYPE OF ASSISTANCE REQUESTED

Estimated Amount of Assistance Requested: \$ 2,262,900

Project Title: La Jolla View Reservoir

II. APPLICANT INFORMATION

Applicant Name: City Of San Diego

Street Address: 202 C St	City: San Diego	State: CA	Zip+4 Code: 92101-4806
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Type of Ownership: Public Ownership Private Ownership

Charter City/County: Yes No

Mailing Address: 9192 Topaz Way	City: San Diego	State: Ca	Zip+4 Code: 92123
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Congressional District(s): 52

State Senate District(s): 39

State Assembly District(s): 75

County: San Diego	Federal Tax ID No.: 95-6000776
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Water System No: 3710020

Data Universal Numbering System (DUNS) No.: 826399206

Authorized Representative Name, Title: Marie Wright-Travis, Assistant Director Public Utilities Department

Phone No.: (858) 614-4085	Email Address: mwright@sandiego.gov
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Contact Person Name: Hengameh Maher

Phone No.: (858) 614-5751	Email Address: hmaher@sandiego.gov
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Project Engineer and License No: Hossein Azar 46009

Phone No.: (619) 533-4162	Email Address: hazar@sandiego.gov
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Environmental Firm Name:

Phone No.: ()	Email Address:
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Local Counsel Name: Ray Palmucci

Phone No.: (619) 236-7725	Email Address: rpalmucci@sandiego.gov
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III. PROJECT INFORMATION AND PROPOSED SCHEDULES

Project Description: *(Enter a brief description of the project)*

This project will replace the existing La Jolla View Reservoir (LJVR) and pipelines with a new 3.1 MG pre-stressed concrete LJVR in the Park with base elevation 550 feet, an overflow elevation of 590 feet, and diameter of approximately 120 feet. In addition, construct approximately 2,700 linear feet of new piping, reconstruct the existing paved access road to the new LJVR with two parking spaces, install hydraulic monitoring equipment which will connect to the City's Supervisory Control and Data Acquisition (SCADA) System, demolish the existing steel LJVR and re-grade the site and demolish the existing La Jolla Exchange Place Reservoir (LJEPR) including removal of the above-grade features associated with the reservoir and abandoning in place the remaining portions of the reservoir.

State Use Only	
DWSRF Project #	
Project Manager	
Date Received	

Water System Permit No.: 68-15

Current Year Estimated Population Served: 1.3 M

No. of Active Service Connections: 278,694

Estimated Project Schedule:		Estimated or Actual Date
	Complete Planning Application	
	1) General Information Package	April 2015
	2) Technical Package	April 2015
	3) Environmental Package	April 2015
	4) Financial Security Package	April 2015
	Select Alternative/Engineering Report	
	Complete CEQA/NEPA	November 2016
	Complete Project Plans and Specifications	November 2016

Consultation with Other Agencies

Please list other Federal and State agencies that have been involved in this project (e.g. planning, CEQA/NEPA consultation, funding, etc.), their contact information if known, and estimated dates for resolution of any issues.

N/A

Partnering Agencies

Please list all other agencies that have an interest in this project. Provide contact information if known.

N/A

IV. Managerial Information

1. Classification of Water System

- Community
- Non-transient non-community
- Transient non-community
- Not currently classified as a public water system – Please explain:

2. Indicate the Ownership of the Water System (check all that apply):

Public Ownership

- Municipality
- County Agency
- Special District
- State Agency
- School
- Other: _____

Private Ownership

- Corporation
- Limited Liability Company
- Partnership
- Sole Proprietorship
- Non-profit organization
- Other: _____

Please include the ownership documentation (See instructions for further information) (label as **Attachment G1**)

If the water system is privately-owned, what is the name and title of the individual with authority to engage the water system in a DWSRF financing agreement?

If the water system is a Corporation, Limited Liability Company, or Partnership, then the following must be completed:

A. California Secretary of State Entity Number: _____

B. Status with California Secretary of State: Active Suspended Forfeited Dissolved

3. Does the California Public Utilities Commission (CPUC) regulate your system? Yes No
If Yes, Please attach a list and a description of all matter relating to your water system that are currently pending before the CPUC (label as **Attachment G2**).

4. Names, titles and duties of key officers. If there are more than 3, attach organization chart providing this information (label as **Attachment G3**):
See Attachment G3

5. Is there any litigation pending relation to the operation of the water system of the proposed project?
 Yes No

If **yes**, attach a description of the litigation and the potential costs (label as **Attachment G4**).

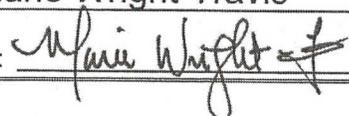
6. Is the applicant leasing land or major water system facilities? Yes No

If **yes**, describe the terms of the lease or attach a copy of the lease agreement (label as **Attachment G5**).
(NOTE: If the lease is critical to the location or operation of the proposed project facilities, the term of the lease must be equal to or greater than the loan repayment period.)

CERTIFICATION AND SIGNATURE OF AUTHORIZED REPRESENTATIVE

To the best of my knowledge and belief, I certify that I am authorized to submit this application; the information provided in this application is true and correct; the documentation has been duly authorized by the governing body of the applicant; and the entity possesses the legal authority to apply for the financing and enter into a financing agreement with the State Water Resources Control Board and to finance and construct the proposed facilities.

Name of Authorized Representative: Marie Wright-Travis Title: Assistant Director Public Utilities

Signature of Authorized Representative:  Date: April 22, 2015

ATTACHMENT CHECKLIST

Check the box next to each item attached to your application.

- G1 – Ownership Documentation
- G2 – CPUC Documentation (if applicable)
- G3 – Organization Chart (if applicable)
- G4 – Pending Litigation (if applicable)
- G5 – Lease Agreement (if applicable)

**PUBLIC UTILITIES DEPARTMENT
Management
April 1, 2015**

**DIRECTOR
HALLA RAZAK**
30004213
Org. 600000011
Cost Center: 20000000001

Assistant Director
Water Quality
ROBERT MULVEY
30004215
Org. 60000790
Cost Center: 20000000001

Deputy Director
Environmental Monitoring &
Technical Services
PETER WROOM
30004502
Org. 60000879
Cost Center: 2000160001

Deputy Director
Water System Operations
JESUS MEDA
30004421
Org. 60000778
Cost Center: 2013181101

Deputy Director
Wastewater Treatment &
Disposal
CHERYL LESTER
30004432
Org. 60000832
Cost Center: 2012110001

Program Manager
Water Quality
CRAIG BOYD
30004218
Org. 60006553
Cost Center: 2013181101

Assistant Director
Distribution & Collection
STAN GRIFFITH
30004212
Org. 60001130
Cost Center: 20000000001

Deputy Director
Wastewater Collection
AGNES GENEROSO
30004682
Org. 60000941
Cost Center: 2011130001

Deputy Director
Water Construction &
Maintenance
ISAM HIREISH
30004223
Org. 60002020
Cost Center: 2013171101

Program Manager
Distribution & Collection
ANTHONY AUSTIN
31006602
Org. 60001130
Cost Center: 20000000001

Assistant Director
Business Support
MARIE WRIGHT-TRAVIS
30005041
Org. 60001131
Cost Center: 20000000001

Deputy Director
Finance & Information
Technology
LEE ANN JONES-SANTOS
30004222
Org. 60000742
Cost Center: 2000110001

Deputy Director
Long Range Planning &
Water Resources
LAN WIBORG
30004216
Org. 60000773
Cost Center: 2000140001

Deputy Director
Customer Support
MIKE VOGL
30004217
Org. 60000750
Cost Center: 2000130001

Assistant Director
Strategic Programs
TOM CRANE
30004214
Org. 60004125
Cost Center: 20000000001

Deputy Director
Employee Services & Quality
Assurance
SUSAN LANIER
30005038
Org. 60002038
Cost Center: 2000120001

Program Manager
Asset Management
SUSAN BOWMAN
30004030
Org. 60000955
Cost Center: 200000000011

OES IV
Strategic Support Services
JOHN GAVARES
30004971
Org. 60002064
Cost Center: 20000000014

Assistant Director
Potable Reuse
JOHN HELMINSKI
30004683
Org. 60006178
Cost Center: 2011130001

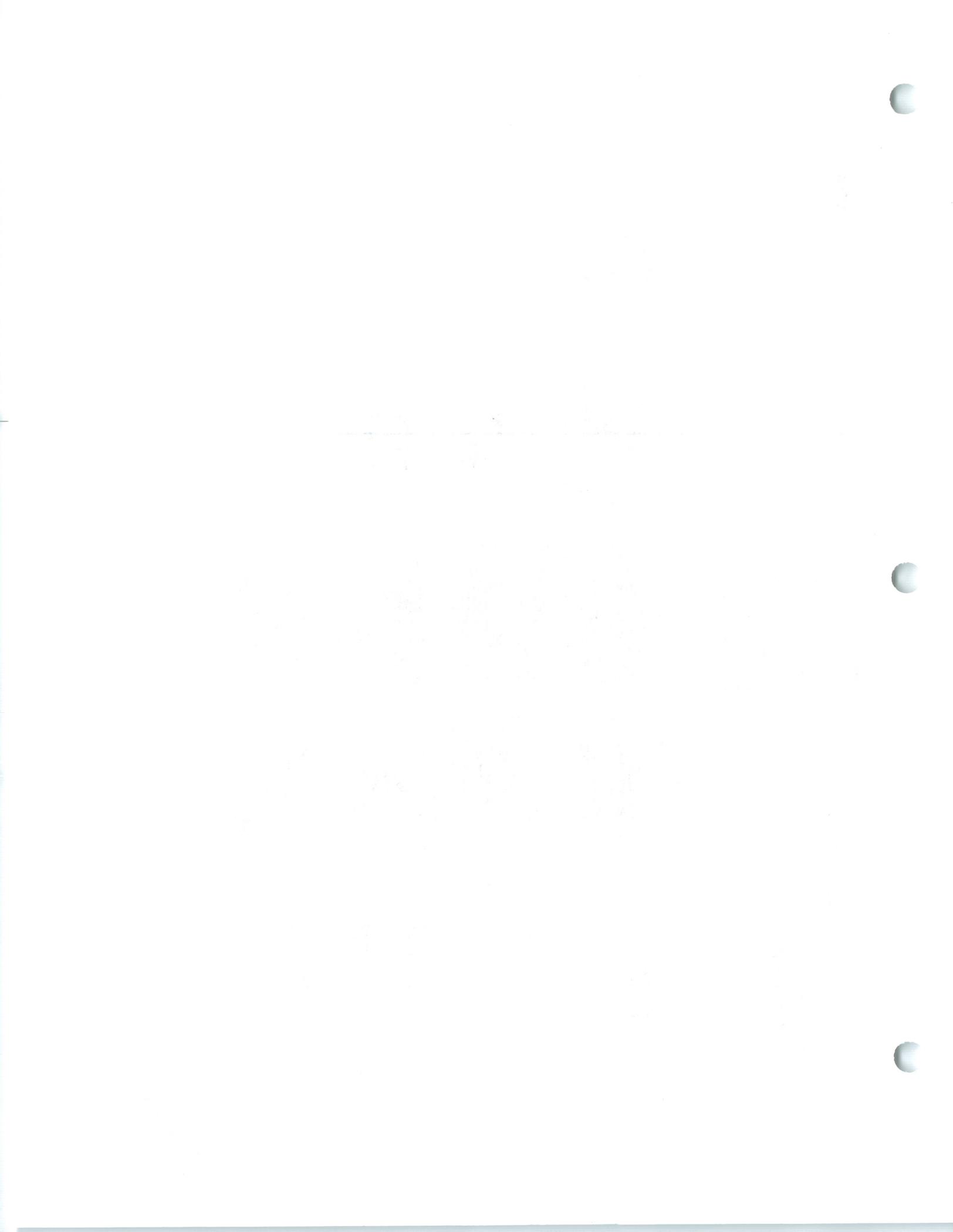
Deputy Director
Engineering & Program
Management
RANIA AMEN
30004681
Org. 60000956
Cost Center: 2000150001

Program Manager
AMY DORMAN
31005977
Org. 60006555
CC: 2000141501

Program Manager
External Affairs
**JONATHAN BRENT
EIDSON**
30004433
Org. 60004926
Cost Center: 20000000012

Executive Secretary
Stephanie Clark
30004149
Org. 60000033
Cost Center: 20000000001

Program Manager
Department Management
BETH MURRAY
31004853
Org. 60000033
Cost Center: 20000000001



DOCKET SUPPORTING INFORMATION
CITY OF SAN DIEGO
EQUAL OPPORTUNITY CONTRACTING EVALUATION

DATE:
May 7, 2015

SUBJECT: State Water Resources Control Board (SWRCB), Drinking Water State Revolving Loan
Application for the La Jolla View Reservoir Project

GENERAL CONSULTANT INFORMATION

Recommended Contractor: TBD

Amount of this Action: \$16,500,000

Funding Source: State Water Resources Control Board

Goal: TBD

SUBCONTRACTOR PARTICIPATION

There is no subcontractor participation associated with this action; however, subsequent actions must adhere to funding agency requirements.

EQUAL EMPLOYMENT OPPORTUNITY COMPLIANCE

Equal Opportunity: N/A

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

Authorization to enter into a low interest State Revolving Fund loan with State Water Resources Control Board to fund the La Jolla Reservoir Project.

There are two State Revolving loans, \$2,262,900 for planning and \$14,237,100 for design and construction.

MM

ATTACHMENT 1

Actions to be Taken Section:

1. The **Public Utilities Director** or designee is hereby authorized and directed to sign and file, for and on behalf of the **City of San Diego Public Utilities Department** a financial assistance application for a financing agreement from the State Water Resources Control Board for the Project;
2. The **Chief Operating Officer** or designee is hereby authorized to sign the DWSRF program financing agreement for the Project and any amendments thereto, and provide the assurances, certifications and commitments required therefore;
3. The **City Engineer** or designee is hereby authorized to represent the **City of San Diego Public Utilities Department** in carrying out the **City of San Diego Public Utilities Department's** responsibilities under the financing agreement, including approving and submitting disbursement requests (including Claims for Reimbursement) or other required documentation, compliance with applicable state and federal laws, and making any other necessary certifications;
4. The **City of San Diego Public Utilities Department** does hereby dedicate and pledge its net water revenues and its water enterprise fund to payment of the DWSRF financing for the Project. The **City of San Diego Public Utilities Department** commits to collecting such revenues and maintaining such fund(s) throughout the term of such financing and until the **City of San Diego Public Utilities Department** has satisfied its repayment obligation thereunder unless modification or change is approved in writing by the State Water Resources Control Board. So long as the financing agreement(s) are outstanding, the **City of San Diego Public Utilities Department** pledge hereunder shall constitute a lien in favor of the State Water Resources Control Board on the foregoing fund(s) and revenue(s) without any further action necessary. So long as the financing agreement(s) are outstanding, the **City of San Diego Public Utilities Department** commits to maintaining the fund(s) and revenue(s) at levels sufficient to meet its obligations under the financing agreement(s). If for any reason, the said source of revenues proves insufficient to satisfy the debt service of the DWSRF obligation, sufficient funds shall be raised through increased water rates, user charges, or assessments or any other legal means available to meet the DWSRF obligation and to operate and maintain the project.; and
5. The authority granted hereunder shall be deemed retroactive. All acts authorized hereunder and performed prior to the date of this Resolution are hereby ratified and affirmed. The State Water Resources Control Board is authorized to rely upon this Resolution until written notice to the contrary, executed by each of the undersigned, is received by the State Water Resources Control Board. The State Water Resources Control Board shall be entitled to act in reliance upon the matters contained herein, notwithstanding anything to the contrary contained in the formation documents of the **City of San Diego Public Utilities Department** or in any other document.