

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: 4/15/2015
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SUBJECT: State Water Resources Control Board – Authorization to Enter into Low Interest Loans for the Pump Station 2 Power Reliability and Surge Protection Project.

PRIMARY CONTACT (NAME, PHONE): Jeanne Cole,(858) 292-6313 MS 901A	SECONDARY CONTACT (NAME, PHONE): Wilson Kennedy, (858) 614-4070 MS 901A
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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): Funds are available in WBS S-00312 to utilize prior to reimbursement of funding for completed work. These projects are included in the Wastewater Rate Case. The construction packages for these projects will be taken to City Council on separate actions.

ROUTING AND APPROVALS

CONTRIBUTORS/REVIEWERS:	Liaison Office	APPROVING AUTHORITY	APPROVAL SIGNATURE	DATE SIGNED
Environmental Analysis	Liaison Office	ORIG DEPT.	Mulvey, Robert	04/23/2015
Equal Opportunity Contracting		CFO		
Financial Management		DEPUTY CHIEF		
Comptroller		COO		
Debt Management		CITY ATTORNEY	Palmucci, Ray	
		COUNCIL PRESIDENTS OFFICE		

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

1. Authorizing an ordinance that the Mayor or his duly authorized representative enter into an SRF Funding agreement, conduct all negotiations, execute and comply with State Revolving Fund (SRF) financing requirements for financial assistance from the State Water Resources Control Board to fund the Pump Station 2 Power

Reliability and Surge Protection Project, WBS S-00312 in an amount not to exceed \$43 million.

2. Authorizing an ordinance that the City of San Diego hereby dedicates the net revenues of the wastewater enterprise fund as a source of revenue for payment of any and all Clean Water State Revolving Fund financing on the Pump Station 2 Power Reliability and Surge Protection Project, SRF Loan #C-06-8032-110, which is the same source of repayment for other outstanding parity and subordinate obligations of the wastewater system. This dedicated source of revenue shall remain in effect throughout the term of such financing unless modification or change of such dedication is approved in writing by the State Water Resources Control Board.

3. Authorizing an ordinance stating: (a) the City hereby intends and reasonably expects to reimburse expenditures paid prior to issuance of the Obligations or the approval by the State Water Resources Control Board of the Project Funds; (b) that the reasonably expected maximum principal amount of the Project Funds is \$43 million; (c) that this ordinance is being adopted no later than 60 days after the date on which the Agency will expend monies for the portion of the Project costs, to be reimbursed with Project Funds; (d) that each Agency expenditure will be of a type properly chargeable to a capital account under general federal income tax principals; (e) this ordinance is adopted as official intent of the Agency in order to comply with Treasury Regulation §1.150-2 and any other regulations of the Internal Revenue Service relating to the qualification for reimbursement of Project costs and; (f) that all the recitals in this ordinance are true and correct and this Agency so finds, determines and represents.

See Attachment 1 for additional actions.

STAFF RECOMMENDATIONS:

Approve the requested action and adopt the ordinance.

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

COUNCIL DISTRICT(S):	Citywide
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:	Please forward two copies of the Ordinance to MS 901, Attn: Pamela Carreon. This item is subject to Charter Section 99 (10 day published notice, approval by Ordinance and 6 votes required). 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: 4/15/2015

ORIGINATING DEPARTMENT: Public Utilities

SUBJECT: State Water Resources Control Board – Authorization to Enter into Low Interest Loans for the Pump Station 2 Power Reliability and Surge Protection Project.

COUNCIL DISTRICT(S): Citywide

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

DESCRIPTIVE SUMMARY OF ITEM:

Authorization to enter into a low interest State Revolving Fund loan with the State Water Resources Control Board to fund the Pump Station 2 Power Reliability and Surge Protection Project.

STAFF RECOMMENDATION:

Approve the requested action and adopt the ordinance.

EXECUTIVE SUMMARY OF ITEM BACKGROUND:

The City and the Public Utilities Department have participated in the State Revolving Fund (SRF) Loan Program since 1999. The City has been awarded approximately \$225,000,000 in low interest loans under this program. Utilizing the SRF 20-year loan program for this project will result in significant debt service savings when compared to financing with 30-year fixed rate bonds.

Resolution No. 304316 adopted November 13, 2008, authorized the Mayor or his representative to sign and submit applications for financial assistance from the State Water Resources Control Board (SWRCB). The Public Utilities Department staff submitted an application for SRF loan interest financing for the Pump Station 2 Power Reliability and Surge Protection Project, in an amount not to exceed \$43 million. This project is eligible under the SRF Loan Program Guidelines. The project and credit application is currently being reviewed by SWRCB staff. Favorable comments have been received and it is anticipated that this loan request will be approved for funding.

The current interest rate for the SRF loan borrowing of an eligible project is a low 1.5% 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 Sewer System’s senior bond obligations. The City also dedicates net revenues of the wastewater enterprise fund for repayment of SRF financing on the Pump Station 2 Power Reliability and Surge Protection Project, which is the same source of repayment for other outstanding parity, subordinate bonds obligations, and outstanding SRF loans of the wastewater system.

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 Pump Station 2 Power Reliability and Surge Protection Project (WBS S-00312), will provide a \$43,000,000 loan to be repaid over 20 years at an interest rate that is ½ the most recent general obligation bond rate, the current Clean Water SRF Loan rate is 1.6%. This rate could change depending on if the next bond sale occurs prior to the agreement being fully executed. Annual principal and interest payments will begin one year after completion of construction per the agreement. The total project costs for planning and construction of the Pump Station 2 Power Reliability and Surge Protection Project (WBS S-00312) will be funded in an amount not to exceed \$43,000,000 by the State Water Resources Control Board Clean Water State Revolving Fund Loan Program.

Based on the estimated loan amount of \$43,000,000, the annual debt service is approximately \$2.5 million and is currently anticipated to commence in FY19 and continue 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 Sewer Utility will covenant that each Fiscal Year the Net System Revenues will equal at least 110% of aggregate annual debt service and at least 120% of senior/parity debt service. Any potential impact on sewer rates from the proposed loan and the coverage requirements will be evaluated in the future Wastewater 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:

Resolution No. 304316 adopted November 13, 2008, authorized the Mayor or his representative to submit applications for financial assistance from the State Water Resources Control Board. The construction packages for this project will be taken to the City Council on separate actions. This item will be presented to the Environmental Committee on May 20, 2015.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS: N/A

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

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

Mulvey, Robert

Originating Department

Deputy Chief/Chief Operating Officer

(R-2009-158)

RESOLUTION NUMBER R- 304316

DATE OF FINAL PASSAGE NOV 13 2008

A RESOLUTION OF THE CITY COUNCIL AUTHORIZING
APPLICATIONS FOR LOANS AND OTHER FINANCIAL
ASSISTANCE FROM THE STATE WATER RESOURCES
CONTROL BOARD.

WHEREAS, the California State Water Resources Control Board has low-interest loans and other financial assistance available for wastewater projects; and

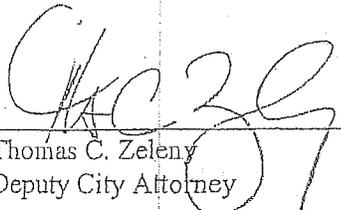
WHEREAS, to continue to apply for loans and other financial assistance, the City needs to update its prior authorization in Resolution No. R-288425, adopted on March 17, 1997; NOW, THEREFORE,

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

1. That the Mayor or his designed representative is authorized to sign and submit applications for loans and other financial assistance from the State Water Resources Control Board for design and construction of wastewater projects.
2. That the Mayor or his designated representative is authorized to certify compliance with all applicable state and federal statutory and regulatory requirements related to loans and other financial assistance from the State Water Resources Control Board.
3. That the above activity is not a project and therefore is not subject to the California Environmental Quality Act pursuant to CEQA Guidelines section 15060(c)(3).

(R-2009-158)

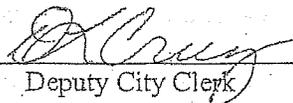
APPROVED: MICHAEL J. AGUIRRE, City Attorney

By 
Thomas C. Zeleny
Deputy City Attorney

TCZ:mb
09/17/08
Aud.Cert:N/A
Or.Dept:MWWD
MWD-9008
R-2009-158

I hereby certify that the foregoing Resolution was passed by the Council of the City of Diego,
at its meeting of OCT 28 2008.

ELIZABETH S. MALAND, City Clerk

By 
Deputy City Clerk

Approved: 11-13-08
(date)


JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor

DOCKET SUPPORTING INFORMATION
CITY OF SAN DIEGO
EQUAL OPPORTUNITY CONTRACTING EVALUATION

DATE:
April 28, 2015

SUBJECT: State Water Resources Control Board- Authorization to Enter into Low Interest Loans for the Pump Station 2 Power Reliability and Surge Protection Project

GENERAL CONSULTANT INFORMATION

Recommended Contractor: TBD
Amount of this Action: \$43,000,000.00 (Not to Exceed)
Funding Source: State 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 Pump Station 2 Power Reliability and Surge Protection Project.

SRF Loan #C-06-8032-110

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.