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COMMITTEE ACTION SHEET

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03/10

COUNCIL DOCKET OF \_\_\_\_\_

Supplemental     Adoption     Consent     Unanimous Consent    Rules Committee Consultant Review

R -

O -

California Department of Public Health Safe Drinking Water State Revolving Fund Loan Application

Reviewed     Initiated    By NR&C    On 12/03/08    Item No. 5

RECOMMENDATION TO:

Forward this item to the full City Council.

VOTED YEA: Frye, Faulconer, Peters

VOTED NAY:

NOT PRESENT: Atkins

CITY CLERK: Please reference the following reports on the City Council Docket:

REPORT TO THE CITY COUNCIL NO.

INDEPENDENT BUDGET ANALYST NO.

COUNCIL COMMITTEE CONSULTANT ANALYSIS NO.

OTHER:

Water Department's November 24, 2008, Executive Summary Sheet

**EXECUTIVE SUMMARY SHEET**  
CITY OF SAN DIEGO

DATE ISSUED: November 24, 2008  
 ATTENTION: Natural Resources & Culture Committee  
 Agenda of December 3, 2008  
 ORIGINATING DEPARTMENT: Water Department  
 SUBJECT: California Department of Public Health Safe Drinking Water  
 State Revolving Fund Loan Application  
 COUNCIL DISTRICTS: All  
 CONTACT/PHONE NUMBER: Rod Greek (619) 980-5928/Kim Vance (619) 533-5466

REQUESTED ACTION:

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 Water Treatment Plant, Phase IV, Project No 3710020-028.

STAFF RECOMMENDATION:

- 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 (SRF) Loan, Funding Agreement, Amendments, Reimbursement Claims, and Final Release form for the Alvarado Water Treatment Plant Upgrade & Expansion Phase IV project.
- Authorize the Mayor and/or designee to designate revenues from Water Fund rates, charges and assessments, and financing proceeds as the dedicated source of revenue for matching funds required under the Funding Agreement in the amount of \$33,275,113. This dedication shall remain in full force and effect until such funding agreement is fully discharged, unless modification or change of such dedication is approved by the State of California.
- Authorize the City Engineer, or other registered engineer designated by the Mayor, to execute the Budget and Expenditure Summary and Certificate of Project Completion forms.
- Authorize the City Auditor and Comptroller to accept, appropriate, and expend up to \$12,000,000 for reimbursement by a State Revolving Fund loan contingent upon the City Auditor and Comptroller first certifying that funds are available.
- Authorize the City Auditor and Comptroller, upon advice from the administering department, to transfer excess funds, if necessary, to the appropriate reserves.
- Authorize the \$12,000,000 loan to be repaid over 20 years at a 2.3086 percent interest rate.
- Authorize for the record, that the final Alvarado Water Treatment Plant Upgrade & Expansion (LDR 98-0130) EIR has been reviewed and considered prior to approving the project; directing the City Clerk to file a Notice of Determination.

EXECUTIVE SUMMARY:

In January 2008, the Water Department submitted a Safe Drinking Water State Revolving Fund (SRF) Loan application to the California Department of Public Health (CDPH) for the Alvarado Water Treatment Plant Upgrade & Expansion, Phase IV (AWTP) project. On September 29, 2008, CDPH determined that Project No. 3710020-028 was eligible for a construction loan in the amount of \$12 million and a Safe Drinking Water State Revolving Fund Notice of Acceptance of Application (NOAA) was sent to the City of San Diego Water Department indicating that funds are being reserved for the project. The NOAA also outlines the terms and conditions the City must meet prior to issuance of a funding agreement.

The Safe Drinking Water State Revolving Fund is a low interest loan program with a fixed rate, allowing up to \$20 million per project and up to \$30 million per entity. 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.

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FISCAL CONSIDERATIONS:

The funding agreement, when issued for the Alvarado WTP Upgrade & Expansion Phase IV project, will provide a \$12 million loan to be repaid over 20 years at a 2.3086 percent interest rate. Semiannual principal and interest payments will be approximately \$376,266.73 and will normally begin after project completion, which is scheduled for August, 2010. The total project costs for the AWTP Upgrade & Expansion, Phase IV project, CIP No. 73-261.3 is estimated to be \$65,275,113.

Of the total project cost, approximately \$20 million will be funded by the CDPH Proposition 50 program. The remaining costs will be funded by the Water Operating Fund or Water Department financing proceeds. The Water Department has sufficient capacity to issue additional debt following the rate increases approved by the City Council on February 26, 2007.

EQUAL OPPORTUNITY CONTRACTING

This agreement is subject to the City's Equal Opportunity Contracting (San Diego Ordinance No. 18173, Section 22.2701 through 22.2702) and Non-Discrimination in Contracting Ordinance (San Diego Municipal Code Sections 22.3501 through 22.3517).

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

On May 30, 2008, Resolution No. R-303743 was passed authorizing the execution of a \$20 million Proposition 50 Grant Funding agreement and authorized expenditure of funds for the Alvarado WTP Upgrade & Expansion Phase IV project.

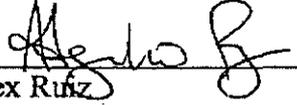
A request to authorize advertising for bid/award for the AWTP Upgrade and Expansion -- Ozone Project was heard at NR&C on July 18, 2007 and forwarded to the City Council without a recommendation. At the October 29, 2007 City Council meeting, the request was passed by City Council with the direction to add architectural enhancements and color to the building and provide Council an annual project update.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

Community meetings were conducted to inform members of the public, including the Friends of Lake Murray, Mission Trails Regional Park Citizen's Advisory Committee and Task Force, and local residents of the scope and schedule of the AWTP Upgrade & Expansion project. Other outreach efforts included fact-sheets, newsletters and updates on the City of San Diego website.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

The key stakeholders are the City of San Diego, Water Department Customers, Mission Trails Regional Park Citizen's Advisory Committee and Task Force, San Diego County Water Authority and the California Department of Public Health.

 11/10/08  
\_\_\_\_\_  
Alex Ruiz  
Assistant Water Department Director

 11.20.08  
\_\_\_\_\_  
J.M. Barrett  
Director of Public Utilities

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DOCKET SUPPORTING INFORMATION  
CITY OF SAN DIEGO

DATE:

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**EQUAL OPPORTUNITY CONTRACTING PROGRAM EVALUATION**

January 8, 2009

03/10

SUBJECT: California Department of Public Health Safe Drinking Water State Revolving Fund Loan Application

**GENERAL CONTRACT INFORMATION**

Recommended Consultant: California Department of Public Health

Amount of this Action: \$12,000,000.00

**SUBCONSULTANT PARTICIPATION**

There is no subconsultant activity associated with this action.

**EQUAL EMPLOYMENT OPPORTUNITY COMPLIANCE**

Equal Opportunity Required:

This agreement is not subject to the City's Equal Opportunity Contracting (San Diego Ordinance No. 18173, Section 22.2701 through 22.2702) and Non-Discrimination in Contracting Ordinance (San Diego Municipal Code Sections 22.3501 through 22.3517) since the participant is a Government Agency.

**ADDITIONAL COMMENTS**

This action is a request for Authorization to accept, appropriate, and expend up to \$12,000,000.00 for reimbursement by a State Revolving Fund loan.

JLR

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**REQUEST FOR COUNCIL ACTION**  
CITY OF SAN DIEGO

CERTIFICATE NUMBER  
(FOR AUDITOR'S USE ONLY)  
NA

TO: CITY COUNCIL FROM (ORIGINATING DEPARTMENT): Water Department DATE: 12/17/2008

SUBJECT: California Department of Public Health Safe Drinking Water State Revolving Fund Loan Application

PRIMARY CONTACT (NAME, PHONE): Rod Greek, 619-980-5928 SECONDARY CONTACT (NAME, PHONE): Kim Vance, 619-533-5466

COMPLETE FOR ACCOUNTING PURPOSES

FUND	41500					
DEPT.	760					
ORGANIZATION						
OBJECT ACCOUNT	76410					
JOB ORDER	189031					
C.I.P. NUMBER	732613					
AMOUNT	\$12,000,000.00	0.00	0.00	0.00	0.00	0.00

FUND						
DEPT.						
ORGANIZATION						
OBJECT ACCOUNT						
JOB ORDER						
C.I.P. NUMBER						
AMOUNT	0.00	0.00	0.00	0.00	0.00	0.00

COST SUMMARY (IF APPLICABLE): The total project cost is estimated to be \$65,275,113, funded in part by a \$20,000,000 grant from the CDPH Proposition 50 Program, to be deposited into the Water Operating Fund 41500

ROUTING AND APPROVALS

CONTRIBUTORS/REVIEWERS:		APPROVING AUTHORITY	APPROVAL SIGNATURE	DATE SIGNED
Grants Administration	Liaison Office	ORIG DEPT.	Ruiz, Alex	12/24/2008
Environmental Analysis	Financial Management	CFO		
Water Department	Comptroller	DEPUTY CHIEF	Barrett, Jim	2/5/2009
Equal Opportunity Contracting		COO		
Debt Management		CITY ATTORNEY	Palmucci, Ray	2/9/2009
		COUNCIL PRESIDENTS OFFICE	Halsey, Keely	2/11/2009

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

1. Authorizing the Mayor and/or designee to execute, for and on behalf of the City of San Diego, a Safe Drinking Water State Revolving Fund (SRF) Loan, Funding Agreement, Amendments, Reimbursement Claims, and Final Release form for the Alvarado Water Treatment Plant Upgrade & Expansion Phase IV project.
2. Authorizing the Mayor and/or designee to designate revenues from Water Fund rates, charges and assessments, and financing proceeds as the dedicated source of revenue required under the Funding Agreement in the amount of \$33,275,113. This dedication shall remain in full force and effect until such funding agreement is

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fully discharged, unless modification or change of such dedication is approved by the State of California.

3. Authorizing the City Engineer, or other registered engineer designated by the Mayor, to execute the Budget and Expenditure Summary and Certificate of Project Completion forms.
4. Authorizing the City Auditor and Comptroller to accept, appropriate, and expend up to \$12,000,000 for reimbursement by a State Revolving Fund loan and certifying that funds are available contingent upon the loan being secured.
5. Authorizing the City Auditor and Comptroller, upon advice from the administering department, to transfer excess funds, if necessary, to the appropriate reserves.
6. Authorizing the \$12,000,000 loan to be repaid over 20 years at a 2.3086 percent interest rate.

**STAFF RECOMMENDATIONS:**

Approve the requested actions.

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

<b>COUNCIL DISTRICT(S):</b>	All
<b>COMMUNITY AREA(S):</b>	All
<b>ENVIRONMENTAL IMPACT:</b>	This activity is covered under the Alvarado Water Treatment Plant Upgrade and Expansion (LDR 98-0130) Environmental Impact Report. The activity is adequately addressed in the environmental document and there is no change in circumstance, additional information, or project changes to warrant additional environmental review. Because the prior environmental documents adequately covered this activity as part of the previously approved project, the activity is not a separate project for purposes of CEQA review per CEQA Guidelines Sections §15060(c)(3) and 15378(c).
<b>CITY CLERK INSTRUCTIONS:</b>	Please return one copy of the executed City Council Action and a copy of the resolution to Kim Vance, (619) 533-5466, MS 904-A This Item is subject to Charter Section 99 requirements (10 day public noticing and 6 votes required)

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**COUNCIL ACTION  
EXECUTIVE SUMMARY SHEET  
CITY OF SAN DIEGO**

DATE: 12/17/2008

ORIGINATING DEPARTMENT: Water Department

SUBJECT: California Department of Public Health Safe Drinking Water State Revolving Fund  
Loan Application

COUNCIL DISTRICT(S): All

CONTACT/PHONE NUMBER: Rod Greek/619-980-5928

**REQUESTED ACTION:**

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 Water Treatment Plant, Phase IV, Project No 3710020-028.

**STAFF RECOMMENDATION:**

Approve the requested actions.

**EXECUTIVE SUMMARY OF ITEM BACKGROUND:**

In January 2008, the Water Department submitted a Safe Drinking Water State Revolving Fund (SRF) Loan application to the California Department of Public Health (CDPH) for the Alvarado Water Treatment Plant Upgrade & Expansion, Phase IV (AWTP) project. On September 29, 2008, CDPH determined that Project No. 3710020-028 was eligible for a construction loan in the amount of \$12 million and a Safe Drinking Water State Revolving Fund Notice of Acceptance of Application (NOAA) was sent to the City of San Diego Water Department indicating that funds are being reserved for the project. The NOAA also outlines the terms and conditions the City must meet prior to issuance of a funding agreement.

The Safe Drinking Water State Revolving Fund is a low interest loan program with a fixed rate, allowing up to \$20 million per project and up to \$30 million per entity. 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.

**FISCAL CONSIDERATIONS:**

The funding agreement, when issued for the Alvarado WTP Upgrade & Expansion Phase IV project, will provide a \$12 million loan to be repaid over 20 years at a 2.3086 percent interest rate. Semiannual principal and interest payments will be approximately \$376,266.73 and will normally begin after project completion, which is scheduled for August, 2010. The total project costs for the AWTP Upgrade & Expansion, Phase IV project, CIP No. 73-261.3 is estimated to be \$65,275,113.

In addition, of the total project cost, approximately \$20 million will be funded by a separate grant from the CDPH Proposition 50 program. The remaining costs will be funded by the Water Operating Fund or Water Department financing proceeds. The Water Department has sufficient capacity to issue additional debt following the rate increases approved by the City Council on February 26, 2007.

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**EQUAL OPPORTUNITY CONTRACTING INFORMATION (IF APPLICABLE):**

This agreement is subject to the City's Equal Opportunity Contracting (San Diego Ordinance No. 18173, Section 22.2701 through 22.2702) and Non-Discrimination in Contracting Ordinance (San Diego Municipal Code Sections 22.3501 through 22.3517).

**PREVIOUS COUNCIL and/or COMMITTEE ACTION:**

On May 30, 2008, Resolution No. R-303743 was passed authorizing the execution of a \$20 million Proposition 50 Grant Funding agreement and authorized expenditure of funds for the Alvarado WTP Upgrade & Expansion Phase IV project.

A request to authorize advertising for bid/award for the AWTP Upgrade and Expansion – Ozone Project was heard at NR&C on July 18, 2007 and forwarded to the City Council without a recommendation. At the October 29, 2007 City Council meeting, the request was passed by City Council with the direction to add architectural enhancements and color to the building and provide Council an annual project update. This item was heard before the Committee on Natural Resources & Culture on December 3, 2008 and a motion was made to forward the item to the City Council.

**COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:**

Community meetings were conducted to inform members of the public, including the Friends of Lake Murray, Mission Trails Regional Park Citizen's Advisory Committee and Task Force, and local residents of the scope and schedule of the AWTP Upgrade & Expansion project. Other outreach efforts included fact-sheets, newsletters and updates on the City of San Diego website.

**KEY STAKEHOLDERS AND PROJECTED IMPACTS:**

The key stakeholders are the City of San Diego, Water Department Customers, Mission Trails Regional Park Citizen's Advisory Committee and Task Force, San Diego County Water Authority and the California Department of Public Health.

Ruiz, Alex

Originating Department

Barrett, Jim

Deputy Chief/Chief Operating Officer

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ORDINANCE NUMBER O-\_\_\_\_\_ (NEW SERIES)

DATE OF FINAL PASSAGE \_\_\_\_\_

AN ORDINANCE AUTHORIZING EXECUTION OF FUNDING AGREEMENTS FOR A PUBLIC WORKS CONSTRUCTION LOAN UNDER THE SAFE DRINKING WATER FUND LAW; FOR EXPENDITURE OF FUNDS; AND TAKING RELATED ACTIONS.

WHEREAS, in January 2008, the Water Department submitted a Safe Drinking Water State Revolving Fund [SRF] loan application to the California Department of Public Health [CDPH] for the Alvarado Water Treatment Plant Upgrade and Expansion Phase IV Project [Project]; and

WHEREAS, on May 30, 2008, the City Council adopted Resolution No. R-303743 which authorized the execution of a \$20,000,000 Proposition 50 Grant Funding Agreement and authorized expenditure of funds for the Project; and

WHEREAS, on September 29, 2008, CDPH determined that the Project was eligible for a construction loan in the amount of \$12,000,000 and a Safe Drinking Water State Revolving Fund Notice of Acceptance of Application [NOAA] was sent to the Water Department indicating that funds were reserved for the Project; NOW, THEREFORE:

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

Section 1. That the Mayor or his designee is hereby authorized by ordinance to execute, for and on behalf of the City of San Diego, a Safe Drinking Water State Revolving Fund Loan, Funding Agreement, Amendments, Reimbursement Claims, and Final Release form for the Project.

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Section 2. That the Mayor or his designee is hereby authorized by ordinance to designate revenues from Water Fund rates, charges and assessments, and financing proceeds as the dedicated source of revenue required under the Funding Agreement in an amount not to exceed \$33,275,113, and this dedication shall remain in full force and effect until such Funding Agreement is fully discharged, unless modification or change of such dedication is approved by the State of California.

Section 3. That the City Engineer, or other registered engineer designated by the Mayor, is authorized to execute the Budget and Expenditure Summary and Certificate of Project Completion forms.

Section 4. That the City Auditor and Comptroller is authorized to accept, appropriate, and expend an amount not to exceed \$12,000,000 for reimbursement by a State Revolving Fund loan and certifying that funds are available contingent upon the loan being secured.

Section 5. That the City Auditor and Comptroller is authorized, upon advice from the administering department, to transfer excess funds, if necessary, to appropriate reserves.

Section 6. That the \$12,000,000 loan is authorized to be repaid over 20 years at a 2.3086 percent rate.

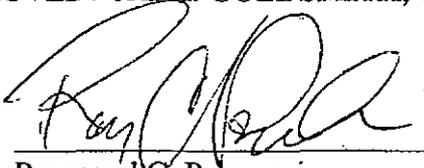
Section 7. That this activity is covered under the Alvarado Water Treatment Plant Upgrade & Expansion Environmental Impact Report LDR No. 98-0130, that there is no change in circumstance, additional information or project changes to warrant additional environmental review and that this project is not a separate project for purposes of review under the California Environmental Quality Act [CEQA], per CEQA Guidelines Sections 15060(c)(3) and 15378(c).

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Section 8. That a full reading of this Ordinance is dispensed with prior to its final passage, a written or printed copy having been available to the City Council and the public a day prior to its final passage.

Section 9. That this Ordinance shall take effect and be in force on the thirtieth (30<sup>th</sup>) day from and after its final passage.

APPROVED: JANI. GOLDSMITH, City Attorney

By   
Raymond E. Palmucci  
Deputy City Attorney

RCP:sc  
02/10/2009  
Or.Dept: Water Dept.  
O-2009-93

I hereby certify that the foregoing Ordinance was passed by the Council of the City of San Diego, at this meeting of \_\_\_\_\_.

ELIZABETH S. MALAND  
City Clerk

By \_\_\_\_\_  
Deputy City Clerk

Approved: \_\_\_\_\_  
(date)

\_\_\_\_\_  
JERRY SANDERS, Mayor

Vetoed: \_\_\_\_\_  
(date)

\_\_\_\_\_  
JERRY SANDERS, Mayor