

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: 3/10/2016
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SUBJECT: State Water Board Drinking Water State Revolving Fund Financing Agreements for various Water Fund projects

PRIMARY CONTACT (NAME, PHONE): Seth Gates, (858) 614-4030 MS 901	SECONDARY CONTACT (NAME, PHONE): Carmel Wong, (858) 614-5755 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 cost is \$229,379,511 for the following projects: Pacific Beach Pipeline South; 69th and Mohawk Pump Station; University Avenue Pipeline Replacement; Morena Reservoir Outlet Tower Upgrade; Lower Otay Outlet Tower; and Miramar Clearwell Improvements. The combined loan total is \$209,822,855 with an estimated interest cost of \$48,757,250 over the 20-year term. Financing will be provided through the State Water Board Drinking Water State Revolving Fund Program.

ROUTING AND APPROVALS

CONTRIBUTORS/REVIEWERS:	APPROVING AUTHORITY	APPROVAL SIGNATURE	DATE SIGNED
Environmental Analysis	Comptroller	ORIG DEPT. Jones-Santos, Lee Ann	03/16/2016
Equal Opportunity Contracting		CFO	
Liaison Office		DEPUTY CHIEF LoMedico, Stacey	04/04/2016
Debt Management		COO	
Financial 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, State Water Board Drinking Water State Revolving Fund (DWSRF) Financing Agreements, Amendments, Reimbursement Claims, Final Release Forms, and take related actions;
2. Authorize the Mayor and/or designee to dedicate revenues from its Water Utility Fund rates, charges and assessments on parity with all other parity obligations of the Water Utility Fund, in an amount sufficient to repay the DWSRF for the Projects. This dedication shall remain in full force and effect until such Financing Agreements are fully discharged, unless modification or change of such dedication is approved by the State Water Board. If for any reason, said resources of revenue prove insufficient to satisfy the debt service of the DWSRF financing agreements, sufficient funds shall be raised through increased water rates, user charges, or assessments or any other legal means available to meet these financing obligations and to operate and maintain these Projects.
3. Authorize the Chief Financial Officer or designee to apply for, accept, appropriate and expend up to \$38,617,469 for the Pacific Beach Pipeline South project; \$18,800,000 for the 69th and Mohawk Pump Station project; \$10,700,000 for the University Avenue Pipeline Replacement project; \$22,200,000 for the Morena Reservoir Outlet Tower Upgrade project; \$5,505,386 for the Lower Otay Outlet Tower project; and \$114,000,000 for the Miramar Clearwell Improvements project in DWSRF funds for reimbursement to the Water Utility Fund, contingent upon the City Comptroller certifying that the funds are available and contingent upon the financing being secured.
4. Authorize the financing of \$38,617,469 for the Pacific Beach Pipeline South project; \$18,800,000 for the 69th and Mohawk Pump Station project; \$10,700,000 for the University Avenue Pipeline Replacement project; \$22,200,000 for the Morena Reservoir Outlet Tower Upgrade project; \$5,505,386 for the Lower Otay Outlet Tower project; and \$114,000,000 for the Miramar Clearwell Improvements project.

See Attachment 1 for additional actions.

STAFF RECOMMENDATIONS:

Approve the requested actions and adopt the ordinances.

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

COUNCIL DISTRICT(S):	2, 3, 5, 9 and Non-City
COMMUNITY AREA(S):	Pacific Beach, Midway – Pacific Highway, Mission Beach, Peninsula; Uptown, Greater North Park; Scripps Miramar Ranch; College Area, Mid – City; Eastern Area; Non City
ENVIRONMENTAL IMPACT:	This activity is not subject to CEQA pursuant Section 15060(c)(3). This determination is predicated on Section 15004 of the guidelines, which provides direction to lead agencies on the appropriate timing for environmental review. The Project(s) for which this action is intended will require preparation of environmental documents in accordance with State CEQA Guidelines.
CITY CLERK INSTRUCTIONS:	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: 3/10/2016

ORIGINATING DEPARTMENT: Public Utilities

SUBJECT: State Water Board Drinking Water State Revolving Fund Financing Agreements for various Water Fund projects

COUNCIL DISTRICT(S): 2, 3, 5, 9 and Non-City

CONTACT/PHONE NUMBER: Seth Gates/(858) 614-4030 MS 901

DESCRIPTIVE SUMMARY OF ITEM:

Authorization to enter into low interest Drinking Water State Revolving Fund Financing Agreements with the State Water Board to finance the following projects: Pacific Beach Pipeline South, 69th and Mohawk Pump Station, University Avenue Pipeline Replacement, Morena Reservoir Outlet Tower Upgrade, Lower Otay Outlet Tower, and Miramar Clearwell Improvements. Pacific Beach Pipeline South, 69th and Mohawk Pump Station, University Avenue Pipeline Replacement were previously authorized for financing, however, the State Water Board has since required additional language in the ordinances.

STAFF RECOMMENDATION:

Approve the requested actions and adopt the ordinances.

EXECUTIVE SUMMARY OF ITEM BACKGROUND:

The Public Utilities Department has submitted applications to the State Water Board for Drinking Water State Revolving Fund (DWSRF) financing for the following six projects: Pacific Beach Pipeline South, 69th & Mohawk Pump Station, University Avenue Pipeline Replacement, Morena Reservoir Outlet Tower Upgrade, Lower Otay Outlet Tower, and Miramar Clearwell Improvements.

The DWSRF is a low interest financing program with a fixed loan interest rate estimated at 1.6%. The repayment term is 20 years with annual payments to be made from the Water Utility. For the total loan request for the six projects listed above, the annual repayment obligation is estimated to be \$13,269,877. The timing of the loan execution and draw of funds from the approved loans will vary and are dependent on the individual project timelines. The DWSRF program offers interest rates lower than the 20-year long term bonds. As such, the Water Utility relies on the DWSRF program for all eligible projects and supplements this loan mechanism in combination with the bond program.

Each DWSRF loan application is assessed and negotiated by the State Water Board based upon program policy and borrower's credit considerations. The Public Utilities and Debt Management departments expect to negotiate DWSRF loan terms that are acceptable to both the State Water Board and the City, including an interest rate cap for multi-phase projects, debt service reserve requirements, coverage covenants, and repayment terms. The financing agreements will be executed when all terms are finalized.

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:

Repayment of the loan includes the interest only payment during construction, followed by a 20-year repayment term beginning no later than one year from project completion.

Assuming a 1.6% interest rate over a 20-year term for each DWSRF financing agreement (except University Avenue which assumes a rate of 2.085%), following is the estimated annual debt service for each project:

Based on a financing amount of \$38,617,469 for the Pacific Beach Pipeline South project, the annual debt service in FY18 is \$79,490 ramping up to \$2.3 million for 20 years after the estimated project completion in March 2020.

Based on a financing amount of \$18,800,000 for the 69th and Mohawk Pump Station project, the annual debt service in FY18 is \$49,562 ramping up to \$1.1 million for 20 years after the estimated project completion in March 2019.

Based on a financing amount of \$26,000,000 for the University Avenue Pipeline Replacement project, the annual debt service in FY17 is \$169,988 ramping up to \$1.6 million for 20 years after the estimated project completion in July 2018.

Based on a financing amount of \$22,200,000 for the Morena Reservoir Outlet Tower Upgrade project, the annual debt service in FY18 is \$25,428 ramping up to \$1.3 million for 20 years after the estimated project completion in March 2019.

Based on a financing amount of \$5,505,386 for the Lower Otay Outlet Tower project, the annual debt service in FY18 is \$27,572 ramping up to \$322,748 for 20 years after the estimated project completion in July 2018.

Based on a financing amount of \$114,000,000 for the Miramar Clearwell Improvements project, the annual debt service in FY18 is \$296,091 ramping up to \$6.7 million for 20 years after the estimated project completion in March 2020.

Currently, DWSRF financing is based on a 20-year term and at an interest rate of 1.6%. The actual debt service impact would depend on the timing of the capital improvement project execution. By entering into the DWSRF financing agreements, the City will commit to maintain the funds and revenues at sufficient levels to meet its obligation under the financing agreements. Also, DWSRF financing agreements are treated as "Parity Obligations" whereby 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 DWSRF financing on the aforementioned projects, which is the same source of repayment for other outstanding parity and subordinate bond obligations, and outstanding DWSRF obligations of the Water System.

EQUAL OPPORTUNITY CONTRACTING INFORMATION:

This agreement is not subject to the City's Equal Opportunity Contracting (San Diego Ordinance No. 18173, Sections 22.3501 through 22.2708) and Non Discrimination in Contracting Ordinance (San Diego Municipal Code Sections 22.3501 through 22.3517); however, future, contracts or agreements associated with this action will be subject to the City's Equal Opportunity Contracting requirements.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

Ordinance No. 20207 for the University Avenue Pipeline Replacement Financing Agreement passed in October 2012.

Additionally, the following ordinances were previously passed by City Council for the DWSRF loan applications for the same projects currently seeking authorization with this action:

Ordinance No. 20387 for the University Avenue Pipeline Replacement project passed in July 2014; Ordinance No. 20548 for the Pacific Beach Pipeline South project passed in August 2015; and Ordinance No. 20546 for the 69th and Mohawk Pump Station project passed in August 2015. However, due to the merger of the California Department of Public Health with the State Water Resources Control Board, new ordinances are needed for these Financing Agreements to reflect the State Water Board's current language requirements.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS: N/A

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

The key stakeholders are the City of San Diego and Water ratepayers who would benefit from the debt service savings created by financing the aforementioned projects with low-interest DWSRF loans compared to financing with fixed rate bonds.

Jones-Santos, Lee Ann
Originating Department

LoMedico, Stacey
Deputy Chief/Chief Operating Officer

ATTACHMENT1

5. Authorizing an ordinance stating that: (a) the Director of Public Utilities or designee is hereby authorized and directed to sign and file, for and on behalf of the Public Utilities Department, a financial assistance application for a financing agreement from the State Water Board for each of the six projects: Pacific Beach Pipeline South, 69th and Mohawk Pump Station, University Avenue Pipeline Replacement, Morena Reservoir Outlet Tower Upgrade, Lower Otay Outlet Tower, and Miramar Clearwell Improvements; (b) the Chief Financial Officer or designee is hereby authorized to sign the DWSRF program financing agreements for each of the six projects and any amendments thereto, and provide the assurances, certifications and commitments required therefor; (c) the City Engineer or designee is hereby authorized to represent the Public Utilities Department in carrying out the City of San Diego's responsibilities under the financing agreement, including approving and submitting certified disbursement requests (including Claims for Reimbursement) or other required documentation, compliance with applicable state and federal laws, and making any other necessary certifications; (d) the City does hereby dedicate and pledge its net water revenues and its Water Utility Fund to payment of the DWSRF financing for each of the six projects. The City commits to collecting such revenues and maintaining such fund(s) throughout the term of such financing and until the City has satisfied its repayment obligation thereunder unless modification or change is approved in writing by the State Water Board. So long as the financing agreement(s) are outstanding, the City pledge hereunder shall constitute a lien in favor of the State Water 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 commits to maintaining the fund(s) and revenue(s) at levels sufficient to meet its obligations under the financing agreements(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 each of the six projects; (e) and 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 Board is authorized to rely upon this Ordinance until written notice to the contrary, executed by each of the undersigned, is received by the State Water Board. The State Water 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 or in any other document.

6. Authorizing an ordinance stating that: (a) the City hereby states its intention and reasonably expects to reimburse expenditures paid prior to the issuance of the Obligations or the approval by the State Water Board of each of the Project Funds; (b) the reasonably expected maximum principal amount of the Project Funds are: \$38,617,469 for Pacific Beach Pipeline South; \$18,800,000 for the 69th and Mohawk Pump Station project; \$26,000,000 for the University Avenue Pipeline Replacement project; \$22,200,000 for the Morena Reservoir Outlet Tower Upgrade project; \$5,505,386 for the Lower Otay Outlet Tower project; and \$114,000,000 for the Miramar Clearwell Improvements; (c) this ordinance is being adopted no later than 60 days after the date on which the City will expend monies for the construction portion of the project costs, to be reimbursed with Project Funds; (d) each City expenditure will be of a type properly chargeable to a capital account under general federal income tax principles; (e) to the best of our knowledge, the City is not aware of previous adoption of official intents by the City that have been made as a matter of course for the purpose of reimbursing expenditures and for which tax-exempt obligations have not been issued; (f) this ordinance is adopted as official intent of the

ATTACHMENT1

City 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; (g) all the recitals in this ordinance are true and correct and the City so finds, determines and represents.



THE CITY OF SAN DIEGO

Report to the City Council

DATE ISSUED: March 8, 2016

REPORT NO: 16-021

ATTENTION: Honorable Council President Sherri Lightner and Members of the City Council

SUBJECT: State Water Board Drinking Water State Revolving Fund Financing Agreements for various Water Fund projects

REQUESTED ACTION:

1. Authorize the Mayor and/or designee to execute, for and on behalf of the City of San Diego, State Water Board Drinking Water State Revolving Fund (DWSRF) Financing Agreements, Amendments, Reimbursement Claims, Final Release Forms, and take related actions;
2. Authorize the Mayor and/or designee to dedicate revenues from its Water Utility Fund rates, charges and assessments on parity with all other parity obligations of the Water Utility Fund, in an amount sufficient to repay the DWSRF for the Projects. This dedication shall remain in full force and effect until such Financing Agreements are fully discharged, unless modification or change of such dedication is approved by the State Water Board. If for any reason, said resources of revenue prove insufficient to satisfy the debt service of the DWSRF financing agreements, sufficient funds shall be raised through increased water rates, user charges, or assessments or any other legal means available to meet these financing obligations and to operate and maintain these Projects.
3. Authorize the Chief Financial Officer or designee to apply for, accept, appropriate and expend up to \$38,617,469 for the Pacific Beach Pipeline South project; \$18,800,000 for the 69th and Mohawk Pump Station project; \$10,700,000 for the University Avenue Pipeline Replacement project; \$22,200,000 for the Morena Reservoir Outlet Tower Upgrade project; \$5,505,386 for the Lower Otay Outlet Tower project; and \$114,000,000 for the Miramar Clearwell Improvements project in DWSRF funds for reimbursement to the Water Utility Fund, contingent upon the City Comptroller certifying that the funds are available and contingent upon the financing being secured.
4. Authorize the financing of \$38,617,469 for the Pacific Beach Pipeline South project; \$18,800,000 for the 69th and Mohawk Pump Station project; \$10,700,000 for the University Avenue Pipeline Replacement project; \$22,200,000 for the Morena Reservoir Outlet Tower Upgrade project; \$5,505,386 for the Lower Otay Outlet Tower project; and \$114,000,000 for the Miramar Clearwell Improvements project.

5. Authorizing an ordinance stating that: (a) the Director of Public Utilities or designee is hereby authorized and directed to sign and file, for and on behalf of the Public Utilities Department, a financial assistance application for a financing agreement from the State Water Board for each of the six projects: Pacific Beach Pipeline South, 69th and Mohawk Pump Station, University Avenue Pipeline Replacement, Morena Reservoir Outlet Tower Upgrade, Lower Otay Outlet Tower, and Miramar Clearwell Improvements; (b) the Chief Financial Officer or designee is hereby authorized to sign the DWSRF program financing agreements for each of the six projects and any amendments thereto, and provide the assurances, certifications and commitments required therefor; (c) the City Engineer or designee is hereby authorized to represent the Public Utilities Department in carrying out the City of San Diego's responsibilities under the financing agreement, including approving and submitting certified disbursement requests (including Claims for Reimbursement) or other required documentation, compliance with applicable state and federal laws, and making any other necessary certifications; (d) the City does hereby dedicate and pledge its net water revenues and its Water Utility Fund to payment of the DWSRF financing for each of the six projects. The City commits to collecting such revenues and maintaining such fund(s) throughout the term of such financing and until the City has satisfied its repayment obligation thereunder unless modification or change is approved in writing by the State Water Board. So long as the financing agreement(s) are outstanding, the City pledge hereunder shall constitute a lien in favor of the State Water 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 commits to maintaining the fund(s) and revenue(s) at levels sufficient to meet its obligations under the financing agreements(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 each of the six projects; (e) and 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 Board is authorized to rely upon this Ordinance until written notice to the contrary, executed by each of the undersigned, is received by the State Water Board. The State Water 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 or in any other document.

6. Authorizing an ordinance stating that: (a) the City hereby states its intention and reasonably expects to reimburse expenditures paid prior to the issuance of the Obligations or the approval by the State Water Board of each of the Project Funds; (b) the reasonably expected maximum principal amount of the Project Funds are: \$38,617,469 for Pacific Beach Pipeline South project; \$18,800,000 for the 69th and Mohawk Pump Station project; \$26,000,000 for the University Avenue Pipeline Replacement project; \$22,200,000 for the Morena Reservoir Outlet Tower Upgrade project; \$5,505,386 for the Lower Otay Outlet Tower project; and \$114,000,000 for the Miramar Clearwell Improvements; (c) this ordinance is being adopted no later than 60 days after the date on which the City will expend monies for the construction portion of the project costs, to be reimbursed with Project Funds; (d) each City expenditure will be of a type properly chargeable to a capital account under general federal income tax principles; (e) to the best of our knowledge, the City is not aware of previous adoption of official intents by the City that have been made as a matter of course for the purpose of reimbursing expenditures and for which tax-exempt obligations have not been issued; (f) this ordinance is adopted as official intent of the City 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; (g) all the recitals in this ordinance are true and correct and the City so finds, determines and represents.

STAFF RECOMMENDATION:

Approve the requested actions and adopt the ordinances.

EXECUTIVE SUMMARY OF ITEM BACKGROUND:

The Public Utilities Department is submitting applications to the State Water Board for Drinking Water State Revolving Fund (DWSRF) financing for the following six projects: Pacific Beach Pipeline South, 69th & Mohawk Pump Station, University Avenue Pipeline Replacement, Morena Reservoir Outlet Tower Upgrade, Lower Otay Outlet Tower, and Miramar Clearwell Improvements.

The Pacific Beach Pipeline South project (S12015) will replace approximately 7.8 miles of existing 8-inch, 12-inch, 16-inch, and 24-inch water mains and appurtenances installed as early as 1951; associated water services, and fire hydrants. It also includes the demolition of the abandoned Pacific Beach Reservoir and will upgrade/relocate a pressure reducing station. Construction of this project will be combined with the Pacific Beach Pipeline South sewer main replacement project. The estimated total cost of the Pacific Beach Pipeline South project is \$42,874,125. The State Water Board will fund \$38,617,469 of the total project cost.

The 69th Street & Mohawk Pump Station project (S12011) will replace old pipelines and install new pipelines that are proposed along Mohawk, 67th, 68th, and 69th Streets, El Cajon Boulevard, and College Grove Drive. The project scope includes the replacement of the existing 69th and Mohawk Pump Station, installation of 1,300 linear feet of new pipelines, and replacement and upsizing of 5,460 linear feet of existing pipelines for a total length of 6,760 linear feet of new or replaced pipelines. The pipelines will be 4-8 feet deep with a trench width of approximately 2-4 feet. The estimated total project cost is \$18,800,000. The State Water Board will fund the full amount.

The University Avenue Pipeline Replacement project (S11021) consists of replacing existing 20-inch, 24-inch, 30-inch and 36-inch cast iron main with 16-inch PVC pipe. The Project limits are from the intersection of Polk Avenue and Oregon Street to the intersection of West Lewis Street and Stephens Street for the University Avenue Pipeline; a portion of Park Boulevard Pipeline at the intersection of Robinson and Park Boulevard; the Robinson Pipeline from west of Park Boulevard up to Fifth Avenue; and the Fifth Avenue Pipeline from north of Robinson Avenue up to Washington Street. The length of the cast iron replacement is approximately 22,862 feet. Since the passage of Ordinance O-20207 in October 2012, the project costs have increased to \$26,000,000 due to City design guideline changes and Caltrans requirements as identified below:

1. Caltrans did not allow the City to replace the existing pipeline which is affixed to the side of the Robinson Avenue Bridge. Since the existing pipeline cannot be replaced, it is necessary to add a new tunnel at highway 163 and Robinson Avenue.
2. The City design guidelines have changed for large size pipelines. The City will be using 16-inch PVC for this project and as a result will need 5 feet of cover (backfill over the pipe) instead of 3 feet of cover.
3. Additional ADA work was added to the project.
4. Additional new fire hydrants were added to replace the old ones.

The requested action will increase the City's financing amount by \$10,700,000 to \$26,000,000 through the existing agreement with State Water Board for the University Avenue Pipeline Replacement project. The State Water Board will fund the full amount.

The Morena Reservoir Outlet Tower Upgrade project (S00041) will replace the existing, seismically inadequate, outlet tower with a new one constructed of reinforced concrete. The project also improves maintenance access for City staff by installing a pedestrian bridge between the tops of the dam and new tower. The hundred year old existing outlet tower, constructed with unreinforced masonry will also be demolished and the existing outlet tunnel enlarged, providing a way to meet Department of Health, Division of Safety of Dams (DSOD) regulations to both drain the lake in 120 days and be able to lower it 10% within ten days of a major seismic event. The estimated total project cost is \$22,200,000. The State Water Board will fund the full amount.

The Lower Otay Outlet Tower (S12018) will be seismically retrofitted (structurally upgraded) to meet today's seismic codes. The area around the tower will also be dredged in order to remove sediment build up around the foundation, providing the ability to draft water at lower lake levels from the Lower Otay Lake to the Otay Water Treatment Plant. The estimated total project cost is \$5,505,386. The State Water Board will fund the full amount.

The Miramar Clearwell Improvements project (S11024) will involve replacement of the existing Clearwells with 2 new rectangular Clearwells and a combined capacity of 58.3 MGD and overflow level for 712 feet. This project will include a new security guard facility with entrance security surveillance equipment. Once complete, a photovoltaic system will be installed (1 Megawatt peak output) to reduce the cost of electricity at the Miramar Water Treatment Plant. The estimated total project cost is \$114,000,000. The State Water Board will fund the full amount.

The DWSRF is a low interest financing program with a fixed loan interest rate estimated at 1.6%. The repayment term is 20 years with annual payments to be made from the Water Utility. For the total loan request for the six projects listed above, the annual repayment obligation is estimated to be \$13,269,877. The timing of the loan execution and draw of funds from the approved loans will vary and are dependent on the individual project timelines. The DWSRF program offers interest rates lower than the 20-year long term bonds. As such, the Water Utility relies on the DWSRF program for all eligible projects and supplements this loan mechanism in combination with the bond program.

Each DWSRF loan application is assessed and negotiated by the State Water Board based upon program policy and borrower's credit considerations. The Public Utilities and Debt Management departments expect to negotiate DWSRF loan terms that are acceptable to both the State Water Board and the City, including an interest rate cap for multi-phase projects, debt service reserve requirements, coverage covenants, and repayment terms. The financing agreements will be executed when all terms are finalized.

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:

Repayment of the loan includes the interest only payment during construction, followed by a 20-year repayment term beginning no later than one year from project completion.

Assuming a 1.6% interest rate over a 20-year term for each DWSRF financing agreement (except University Avenue which assumes a rate of 2.085%), following is the estimated annual debt service for each project:

Based on a financing amount of \$38,617,469 for the Pacific Beach Pipeline South project, the annual debt service in FY18 is \$79,490 ramping up to \$2.3 million for 20 years after the estimated project completion in March 2020.

Based on a financing amount of \$18,800,000 for the 69th and Mohawk Pump Station project, the annual debt service in FY18 is \$49,562 ramping up \$1.1 million for 20 years after the estimated project completion in March 2019.

Based on a financing amount of \$26,000,000 for the University Avenue Pipeline Replacement project, the annual debt service in FY17 is \$169,988 ramping up to \$1.6 million for 20 years after the estimated project completion in July 2018.

Based on a financing amount of \$22,200,000 for the Morena Reservoir Outlet Tower Upgrade project, the annual debt service in FY18 is \$25,428 ramping up to \$1.3 million for 20 years after the estimated project completion in March 2019.

Based on a financing amount of \$5,505,386 for the Lower Otay Outlet Tower project, the annual debt service in FY18 is \$27,572 ramping up to \$322,748 for 20 years after the estimated project completion in July 2018.

Based on a financing amount of \$114,000,000 for the Miramar Clearwell Improvements project, the annual debt service in FY18 is \$296,091 ramping up to \$6.7 million for 20 years after the estimated project completion in March 2020.

Currently, DWSRF financing is based on a 20-year term and at an interest rate of 1.6%. The actual debt service impact would depend on the timing of the capital improvement project execution. By entering into the DWSRF financing agreements, the City will commit to maintain the funds and revenues at sufficient levels to meet its' obligations under the financing agreements. Also, DWSRF financing agreements are treated as "Parity Obligations" whereby 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 DWSRF financing on the aforementioned projects, which is the same source of repayment for other outstanding parity and subordinate bond obligations, and outstanding DWSRF obligations of the Water System.

EQUAL OPPORTUNITY CONTRACTING INFORMATION (if applicable):

This agreement is not subject to the City's Equal Opportunity Contracting (San Diego Ordinance No. 18173, Sections 22.2701 through 22.2708) and Non Discrimination in

Contracting Ordinance (San Diego Municipal Code Sections 22.3501 through 22.3517); however, future, contracts or agreements associated with this action will be subject to the City's Equal Opportunity Contracting requirements.

PREVIOUS COUNCIL and/or COMMITTEE ACTIONS:

Ordinance No. 20207 for the University Avenue Pipeline Replacement Financing Agreement passed in October 2012.

Additionally, the following ordinances were passed for the State Water Board DWSRF loan applications: Ordinance No. 20387 for the University Avenue Pipeline Replacement project passed in July 2014; Ordinance No. 20548 for the Pacific Beach Pipeline South project passed in August 2015; and Ordinance No. 20546 for the 69th and Mohawk Pump Station project passed in August 2015. However, due to the merger of the California Department of Public Health with the State Water Resources Control Board, new ordinances are needed for these Financing Agreements to reflect the State Water Board's current language requirements.

COMMUNITY PARTICIPATION AND OUTREACH EFFORTS:

Not applicable.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

The key stakeholders are the City of San Diego and Water ratepayers who would benefit from the debt service savings created by financing the aforementioned projects with low-interest DWSRF loans compared to financing with fixed rate bonds.

Respectfully submitted,

Halla Razak
Director of Public Utilities

Paz Gomez
Deputy Chief/Chief Operating Officer

DOCKET SUPPORTING INFORMATION
CITY OF SAN DIEGO
EQUAL OPPORTUNITY CONTRACTING EVALUATION

DATE:
March 22, 2016

SUBJECT: State Water Board Drinking Water State Revolving Fund Financing Agreements
for Various Water Fund Projects

GENERAL CONSULTANT INFORMATION

Recommended Consultant: State Water Board Drinking Water State Revolving Fund (Gov't Agency)

Amount of this Action: \$ 229,349,511.

Funding Source: State Revolving Fund Loan

Goal: TBD

SUBCONSULTANT PARTICIPATION

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

EQUAL EMPLOYMENT OPPORTUNITY COMPLIANCE

Equal Opportunity: N/A

This agreement is not 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); however, future contracts or agreements associated with this action will be subject to the City's Equal Opportunity Contracting requirements.

ADDITIONAL COMMENTS

Projects are Pacific Beach Pipeline South; 69th and Mohawk Pump Station; University Avenue Pipeline Replacement; Morena Reservoir Outlet Tower Upgrade; Lower Otay Outlet Tower; and Miramar Clearwell Improvements. The estimate interest cost for the combined loans over the life of the 20 year financing period is \$47,038,266.

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10/16 50

ORDINANCE NUMBER O- 20207 (NEW SERIES)

DATE OF FINAL PASSAGE OCT 25 2012

AN ORDINANCE OF THE COUNCIL OF THE CITY OF
SAN DIEGO APPROVING STATE REVOLVING FUND LOAN
APPLICATION FOR THE UNIVERSITY AVENUE PIPELINE
REPLACEMENT PROJECT.

WHEREAS, in July 2012, the Public Utilities Department [PUD] submitted a Safe Drinking Water State Revolving Fund [SRF] Loan application to the California Department of Public Health [CDPH] for the University Avenue Pipeline Replacement Project [Project]; and

WHEREAS, the funding agreements, when issued for the Project, will provide two loans totaling \$15,300,000 for planning and construction of the Project and will be funded in its entirety by the CDPH SRF Loan Program; and

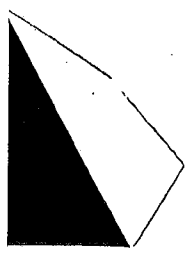
WHEREAS, the SRF is a low interest loan program with a fixed rate, allowing up to \$20 million per project to provide public water systems in California the opportunity to utilize subsidized funding to correct infrastructure problems, to assess and protect source water, and to improve technical, managerial and financial capability; and

WHEREAS, the current interest rate for the SRF loan borrowing of an eligible project is a low 2.0933% for a 20-year term, thus, utilizing the SRF program for eligible projects results in significant debt service savings when compared to financing with 20-year fixed rate bonds;

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 authorized to execute, for and on behalf of the City of San Diego, a CDPH SRF Loan, Funding Agreement, Amendments, Reimbursement Claims, Final Release Form, and take related actions for the Project.



Section 2. That the Mayor, or his designee, is authorized to dedicate revenues from its Water Fund rates, charges and assessments and financing proceeds on parity with all other parity obligations of the Water Enterprise Fund in an amount sufficient to repay the SRF loan for the Project, and 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 CDPH, and 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, assessments or any other legal means available to meet this loan obligation and to operate and maintain this Project.

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

Section 4. That the City Engineer, or other registered engineer designated by the Mayor, is authorized to certify that the Project is complete and ready for final inspection.

Section 5. That the Chief Financial Officer is authorized to apply, accept, appropriate and expend up to \$15,300,000 in SRF loans for reimbursement to the Water Fund, contingent upon the City Comptroller certifying that funds are available and contingent upon the loan being secured.

Section 6. That the Chief Financial Officer is authorized, upon advice from the administering department, to transfer excess funds, if necessary, to the appropriate reserves.

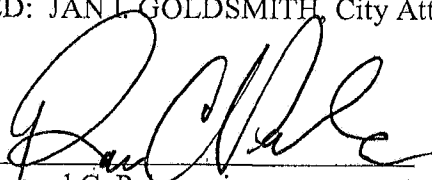
Section 7. Authorizing the \$15,300,000 loan to be repaid over 20 years at a 2.0933 percent interest rate.

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

Section 9. That this ordinance shall take effect and be in force on the thirtieth day from and after its final passage.

APPROVED: JAN I. GOLDSMITH, City Attorney

By


Raymond C. Palmucci
Deputy City Attorney

RCP:cfq
8/22/2012
Or.Dept:Water
Document Number: 416697

I hereby certify that the foregoing Ordinance was passed by the Council of the City of San Diego, at this meeting of OCT 16 2012

ELIZABETH S. MALAND
City Clerk

By 
Deputy City Clerk

Approved: 10.25.12
(date)


JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor

17/1/5/14
57
(O-2014-128)

ORDINANCE NUMBER O- 20387 (NEW SERIES)

DATE OF FINAL PASSAGE JUL 17 2014

AN ORDINANCE OF THE COUNCIL OF THE CITY OF
SAN DIEGO APPROVING A FURTHER STATE REVOLVING
FUND LOAN APPLICATION FOR THE UNIVERSITY AVENUE
PIPELINE REPLACEMENT PROJECT.

WHEREAS, the California Department of Public Health has low interest loan funding available for public water system projects under its State Revolving Fund (SRF) program; and

WHEREAS, in October 2012, the City received such SRF funding in the amount of \$15,300,000 for replacement of the University Avenue Pipeline Project, as authorized by the Council in Ordinance No. O-20207; and

WHEREAS, due to increased costs of the Project in the amount of \$3,400,000, and the availability of an additional \$3,400,000 from the SRF program, the City desires to secure this additional funding for a total loan in the amount of \$18,700,000 from the SRF program, subject to Council approval; 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 authorized to execute, for and on behalf of the City of San Diego, a \$18,700,000 Safe Drinking Water State Revolving Fund (SDWSRF) Loan, Funding Agreement, Amendments, Reimbursement Claims, Final Release Form, and to take related actions in connection with the University Avenue Pipeline Replacement Project.

Section 2. That the Mayor or his designee is authorized to dedicate revenues from the City's Water Fund rates, charges, financing proceeds 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, and 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, and 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.

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

Section 4. That the City Engineer or other registered engineer designated by the Mayor is authorized to certify that the Project is complete and ready for final inspection.


Section 5. That the Chief Financial Officer is authorized to apply for, accept, and expend an amount up to \$18,700,000 in State Revolving Fund loan funds for reimbursement to the Water Fund, contingent on the City Comptroller certifying that funds are available and contingent upon the loan being secured.

Section 6. Authorizing the \$18,700,000 SDWSRF loan to be repaid over twenty years at a rate of 2.085 percent interest.

Section 7. That a full reading of this ordinance is dispensed with prior to its passage, a written or printed copy having been made available to the City Council and the public prior to the day of its passage.

Section 8. That this ordinance shall take effect and be in force on the thirtieth day from and after its final passage.

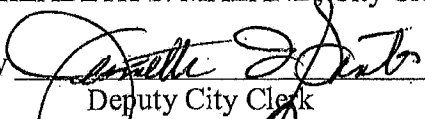
APPROVED: JAN I. GOLDSMITH, City Attorney

By 
Raymond C. Palmucci
Deputy City Attorney

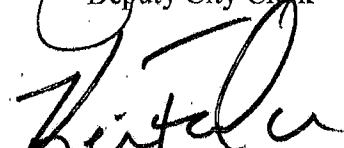
RCP:mb
06/19/14
C.Cert: _____
Or.Dept:P.Utilis
Doc.No:805712

I hereby certify that the foregoing ordinance was passed by the Council of the City of San Diego,
at its meeting of JUL 15 2014.

ELIZABETH S. MALAND, City Clerk

By 
Deputy City Clerk

Approved: 7/16/14
(date)


KEVIN L. FAULCONER, Mayor

Vetoed: _____
(date)

KEVIN L. FAULCONER, Mayor

Passed by the Council of The City of San Diego on JUL 15 2014, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Sherri Lightner	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ed Harris	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Todd Gloria	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Myrtle Cole	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mark Kersey	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lorie Zapf	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Scott Sherman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
David Alvarez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marti Emerald	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Date of final passage JUL 17 2014

AUTHENTICATED BY:

KEVIN L. FAULCONER
Mayor of The City of San Diego, California.

(Seal)

ELIZABETH S. MALAND
City Clerk of The City of San Diego, California.

By Mary Fernandez, Deputy

I HEREBY CERTIFY that the foregoing ordinance was not finally passed until twelve calendar days had elapsed between the day of its introduction and the day of its final passage, to wit, on

JUL 1 2014, and on JUL 17 2014

I FURTHER CERTIFY that said ordinance was read in full prior to passage or that such reading was dispensed with by a vote of five members of the Council, and that a written copy of the ordinance was made available to each member of the Council and the public prior to the day of its passage.

(Seal)

ELIZABETH S. MALAND
City Clerk of The City of San Diego, California.

By Mary Fernandez, Deputy

Office of the City Clerk, San Diego, California

Ordinance Number O- 20387

55
7-28-15
(O-2015-117)

ORDINANCE NUMBER O- 20548 (NEW SERIES)

DATE OF FINAL PASSAGE AUG 03 2015

AN ORDINANCE OF THE COUNCIL OF THE CITY OF
SAN DIEGO AUTHORIZING THE CITY TO ENTER INTO
LOW INTEREST FINANCING THROUGH THE DRINKING
WATER STATE REVOLVING FUND WITH THE STATE
WATER RESOURCES CONTROL BOARD TO FUND THE
PACIFIC BEACH PIPELINE SOUTH PROJECT.

WHEREAS, the San Diego Public Utilities Department (Department) will be submitting an application for construction funding to the State Water Resources Control Board (State Water Board) for the Pacific Beach Pipeline South Project (Project) with the estimated total Project cost of \$32,238,258. The State Water Board will fund \$30,305,258 of the total project costs through the Drinking Water State Revolving Fund (DWSRF) Program. The balance of \$1,933,000 will come from CALTRANS; and

WHEREAS, the State Water Board provides low interest financing through the (DWSRF) program to provide public water systems the opportunity to utilize subsidized funding to correct infrastructure problems, to assess and protect source water, and to improve technical, managerial and financial capability; and

WHEREAS, the Project will replace approximately 7.6 miles of existing 8-inch, 12-inch, 16-inch, and 24-inch water mains and appurtenances installed as early as 1951 and associated water services, fire hydrants, and it includes the demolition of the abandoned Pacific Beach Reservoir. In addition, it will upgrade/relocate a pressure reducing station. Construction of this project will be combined with Pacific Beach Pipeline South sewer main replacement 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 to execute and file, for and on behalf of the City of San Diego, a DWSRF financial assistance application, funding agreements, amendments thereto, reimbursement claims, final release forms, and to take related actions for the financing agreement from the State Water Board for the Project and any amendments thereto, and provide the assurances, certifications and commitments required therefor.

Section 2. That the Mayor or his designee is authorized to dedicate and pledge its net water revenues and its water enterprise fund to payment of the DWSRF financing for the Project. The City commits to collecting such revenues and maintains such funds throughout the term of such financing and until the City has satisfied its repayment obligation thereunder unless modification or change of such dedication is approved in writing by the State Water Board. So long as the financing agreements are outstanding, the City's pledge hereunder shall constitute a lien in favor of the State Water Board on the foregoing funds and revenues without any further action necessary. So long as the financing agreement(s) are outstanding, the City commits to maintaining the fund and revenues at levels sufficient to meet its obligations under the financing agreements. If for any reason, 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 City's DWSRF obligation and to operate and maintain the Project.

Section 3. That the City Engineer or designee is hereby authorized to represent the Department in carrying out the Department's responsibilities under the financing agreement, including approving and submitting disbursement requests (including Claims for Reimbursement) or other required documentation, to execute the Budget and Expenditure

Summary, Claim Reimbursement and Certificate of Project Completion forms, to certify that the project is complete and ready for final inspection, and to ensure compliance with applicable state and federal laws, and making any other necessary certifications.

Section 4. That the Chief Financial Officer is authorized to apply for, accept, appropriate and expend up to \$30,305,258 in DWSRF 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.

Section 5. That the authority granted hereunder shall be deemed retroactive and all acts authorized hereunder and performed prior to the date of this Ordinance are hereby ratified and affirmed. The State Water Board is authorized to rely upon this Ordinance until written notice to the contrary, executed by each of the undersigned, is received by the State Water Board. The State Water 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.

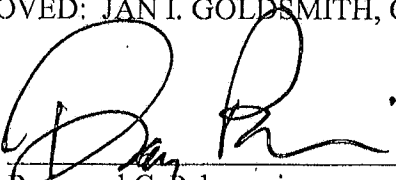
Section 5. That the Chief Financial Officer, upon advice from the administering department, is authorized to transfer excess funds, if any, to the appropriate reserves.

Section 6. That a full reading of this Ordinance is dispensed with prior to its passage, a written or printed copy having been made available to the City Council and the public prior to the day of its passage.

Section 7. That this Ordinance shall take effect and be in force on the thirtieth day from and after its final passage.

APPROVED: JAN I. GOLDSMITH, City Attorney

By


Raymond C. Palmucci
Deputy City Attorney

RCP:mt
6/11/2015
Or.Dept:Public Utilities
Document Number: 1015519

I hereby certify that the foregoing Ordinance was passed by the Council of the City of San Diego, at this meeting of JUL 28 2015.

ELIZABETH S. MALAND
City Clerk

By 
Deputy City Clerk

Approved: 8/3/15
(date)


KEVIN L. FAULCONER, Mayor

Vetoed: _____
(date)

KEVIN L. FAULCONER, Mayor

Passed by the Council of The City of San Diego on JUL 28 2015, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Sherri Lightner	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lorie Zapf	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Todd Gloria	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Myrtle Cole	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mark Kersey	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chris Cate	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Scott Sherman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
David Alvarez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marti Emerald	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Date of final passage AUG 03 2015

AUTHENTICATED BY:

KEVIN L. FAULCONER
Mayor of The City of San Diego, California.

(Seal)

ELIZABETH S. MALAND
City Clerk of The City of San Diego, California.

By *Mary Stenard*, Deputy

I HEREBY CERTIFY that the foregoing ordinance was not finally passed until twelve calendar days had elapsed between the day of its introduction and the day of its final passage, to wit, on

JUL 14 2015

, and on AUG 03 2015

I FURTHER CERTIFY that said ordinance was read in full prior to passage or that such reading was dispensed with by a vote of five members of the Council, and that a written copy of the ordinance was made available to each member of the Council and the public prior to the day of its passage.

(Seal)

ELIZABETH S. MALAND
City Clerk of The City of San Diego, California.

By *Mary Stenard*, Deputy

Office of the City Clerk, San Diego, California

Ordinance Number O- 20548

ORDINANCE NUMBER O- 20546 (NEW SERIES)

DATE OF FINAL PASSAGE AUG 03 2015

AN ORDINANCE OF THE COUNCIL OF THE CITY OF SAN DIEGO AUTHORIZING THE CITY TO ENTER INTO LOW INTEREST FINANCING THROUGH THE DRINKING WATER STATE REVOLVING FUND WITH THE STATE WATER RESOURCES CONTROL BOARD TO FUND THE 69TH STREET AND MOHAWK PUMP STATION PROJECT.

WHEREAS, the San Diego Public Utilities Department (Department) will be submitting an application for construction funding to the State Water Resources Control Board (State Water Board) for the 69th Street & Mohawk Pump Station Project (Project) with the estimated total Project cost of \$18,800,000 to be fully funded by the State Water Board; and

WHEREAS, the State Water Board provides low interest financing through the Drinking Water State Revolving Fund (DWSRF) program to provide public water systems the opportunity to utilize subsidized funding to correct infrastructure problems, to assess and protect source water, and to improve technical, managerial and financial capability; and

WHEREAS, the Project will replace old pipelines and new pipelines that are proposed along Mohawk, 67th, 68th, and 69th Streets, El Cajon Boulevard, and College Grove Drive within both the College Area and the Mid-City Eastern Area; 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 to execute and file, for and on behalf of the City of San Diego, a DWSRF financial assistance application, funding agreements, amendments thereto, reimbursement claims, final release forms, and to take related actions for the financing agreement from the State Water Board for the Project and any

amendments thereto, and provide the assurances, certifications and commitments required therefor.

Section 2. That the Mayor or his designee is authorized to dedicate and pledge its net water revenues and its water enterprise fund to payment of the DWSRF financing for the Project. The City commits to collecting such revenues and maintains such funds throughout the term of such financing and until the City has satisfied its repayment obligation thereunder unless modification or change of such dedication is approved in writing by the State Water Board. So long as the financing agreements are outstanding, the City's pledge hereunder shall constitute a lien in favor of the State Water Board on the foregoing funds and revenues without any further action necessary. So long as the financing agreement(s) are outstanding, the City commits to maintaining the fund and revenues at levels sufficient to meet its obligations under the financing agreements. If for any reason, 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 City's DWSRF obligation and to operate and maintain the Project.

Section 3. That the City Engineer or designee is hereby authorized to represent the Department in carrying out the Department's responsibilities under the financing agreement, including approving and submitting disbursement requests (including Claims for Reimbursement) or other required documentation, to execute the Budget and Expenditure Summary, Claim Reimbursement and Certificate of Project Completion forms, to certify that the project is complete and ready for final inspection, and to ensure compliance with applicable state and federal laws, and making any other necessary certifications.

Section 4. That the Chief Financial Officer is authorized to apply for, accept, appropriate and expend up to \$18,800,000 in DWSRF 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.

Section 5. That the authority granted hereunder shall be deemed retroactive and all acts authorized hereunder and performed prior to the date of this Ordinance are hereby ratified and affirmed. The State Water Board is authorized to rely upon this Ordinance until written notice to the contrary, executed by each of the undersigned, is received by the State Water Board. The State Water 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.

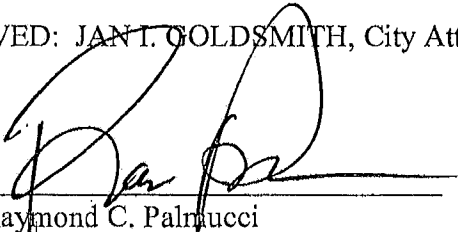
Section 5. That the Chief Financial Officer, upon advice from the administering department, is authorized to transfer excess funds, if any, to the appropriate reserves.

Section 6. That a full reading of this Ordinance is dispensed with prior to its passage, a written or printed copy having been made available to the City Council and the public prior to the day of its passage.

Section 7. That this Ordinance shall take effect and be in force on the thirtieth day from and after its final passage.

APPROVED: JAN I. GOLDSMITH, City Attorney

By


Raymond C. Palmucci
Deputy City Attorney

RCP:mt
6/12/2015
Or.Dept:Public Utilities
Document Number: 10142160

I hereby certify that the foregoing Ordinance was passed by the Council of the City of San Diego, at this meeting of JUL 28 2015.

ELIZABETH S. MALAND
City Clerk

By *Mary Tenenberry*
Deputy City Clerk

Approved: 8/3/15
(date)

Kevin L. Faulconer
KEVIN L. FAULCONER, Mayor

Vetoed: _____
(date)

KEVIN L. FAULCONER, Mayor

Passed by the Council of The City of San Diego on JUL 28 2015, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Sherri Lightner	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lorie Zapf	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Todd Gloria	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Myrtle Cole	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mark Kersey	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chris Cate	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Scott Sherman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
David Alvarez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marti Emerald	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Date of final passage AUG 03 2015

AUTHENTICATED BY:

KEVIN L. FAULCONER
Mayor of The City of San Diego, California.

(Seal)

ELIZABETH S. MALAND
City Clerk of The City of San Diego, California.

By *Mary Stenard*, Deputy

I HEREBY CERTIFY that the foregoing ordinance was not finally passed until twelve calendar days had elapsed between the day of its introduction and the day of its final passage, to wit, on

JUL 14 2015, and on AUG 03 2015

I FURTHER CERTIFY that said ordinance was read in full prior to passage or that such reading was dispensed with by a vote of five members of the Council, and that a written copy of the ordinance was made available to each member of the Council and the public prior to the day of its passage.

(Seal)

ELIZABETH S. MALAND
City Clerk of The City of San Diego, California.

By *Mary Stenard*, Deputy

Office of the City Clerk, San Diego, California

Ordinance Number O- 20546