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Title: Actions pertaining to completion of construction funding applications for City of Fresno's Friant-Kern Canal Pipeline, Kings River Pipeline, and Regional Transmission Mains:

1. ***RESOLUTION - To adopt Pledged Revenue Funds to the State Water Resources Control Board through its Safe Drinking Water State Revolving Fund Low-Interest Loan Program for Friant-Kern Canal Pipeline
2. ***RESOLUTION - To reimburse the State Water Resources Control Board through its Safe Drinking Water State Revolving Fund Low-Interest Loan Program for Friant-Kern Canal Pipeline
3. ***RESOLUTION - To adopt Pledged Revenue Funds to the State Water Resources Control Board through its Safe Drinking Water State Revolving Fund Low-Interest Loan Program for Kings River Pipeline
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5. ***RESOLUTION - To adopt Pledged Revenue Funds to the State Water Resources Control Board through its Safe Drinking Water State Revolving Fund Low-Interest Loan Program for Regional Transmission Mains
6. ***RESOLUTION - To reimburse the State Water Resources Control Board through its Safe Drinking Water State Revolving Fund Low-Interest Loan Program for Regional Transmission Mains
7. Authorize the Director of Public Utilities or designee, to execute all documents on behalf of the City of Fresno

Sponsors: Department of Public Utilities

Indexes:

Code sections:

Attachments: 1. Resolution 1 FKP.pdf, 2. Resolution 2.pdf, 3. Resolution 3 SWRCB - KRP.pdf, 4. Resolution 4.pdf, 5. Resolution 5 .pdf, 6. Resolution 6.pdf

Date	Ver.	Action By	Action	Result
7/30/2015	1	City Council	approved	Pass

REPORT TO THE CITY COUNCIL

July 30, 2015

FROM: THOMAS C. ESQUEDA, Director
Department of Public Utilities

THROUGH: MICHAEL CARBAJAL, Division Manager
Department of Public Utilities - Water Division

BY: GLENN A. KNAPP, PE, Professional Engineer
Department of Public Utilities - Water Division

SUBJECT

Actions pertaining to completion of construction funding applications for City of Fresno's Friant-Kern Canal Pipeline, Kings River Pipeline, and Regional Transmission Mains:

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RECOMMENDATION

Staff recommends that City Council adopt the Pledged Revenue Funds and Reimbursement Resolutions (Resolutions) for submittal to the State Water Resources Control Board (SWRCB) for State Revolving Fund (SRF) Low-Interest Loan construction funding for the City of Fresno's Friant-Kern Canal Pipeline (FKCP), Regional Transmission Mains (RTMs), and Kings River Pipeline (KRP).

EXECUTIVE SUMMARY

On March 5, 2015, Council authorized submittal of funding applications to the State Water Resources Control Board for construction of the City's FKCP, RTMs, and KRP under the Safe Drinking Water State Revolving Fund Low Interest Loan Program. On January 1, 2015, the CDPH was integrated into the State Water Resources Control Board (SWRCB), and in accordance with recent funding program policy changes, the SWRCB requires adoption and submittal the Resolutions prior to extending a funding offer to the City for construction of its proposed FKCP, RTMs, and KRP. Adoption of the Resolutions is an essential 'next-step' in completing the application process for construction funding.

BACKGROUND

The Federal Safe Drinking Water Act (SDWA) Amendments of 1996 authorized the creation of a drinking water state revolving fund program. The Safe Drinking Water State Revolving Fund (SDWSRF) program provides financial assistance in the form of federal capitalization grants to states

that in turn provide low interest loans and other assistance to a public water system. Program goals include both federal and state legislative intent to provide funding for the construction of technically sound drinking water infrastructure projects which encourage energy efficiency and water conservation measures.

The SWRCB has implemented new funding program policy changes (January 1, 2015), where funding applications may include a variety of water infrastructure projects that can now be submitted on a continual (rolling) basis. New policies also detail additional requirements that include submittal of Resolutions and new tax questionnaire forms for review by the SWRCB's Bond Counsel prior to issuance of a funding offer. Submittal of these documents prior to a funding offer is anticipated by the SWRCB to improve efficiency and expedite application processes.

The Resolutions for this project have been approved as to form by the City Attorney's Office. Adoption of these resolutions is necessary to expedite and finalize applications prior to issuance of a funding offer by the SWRCB.

ENVIRONMENTAL FINDINGS

Adoption of funding Resolutions for a SRF loan is not a "project" for the purposes of California Environmental Quality Act (CEQA), as it is a funding mechanism or other government fiscal activity, and does not involve commitment to any specific project which may result in a potentially significant physical impact on the environment as contemplated by CEQA Guidelines Section 15378(b).

LOCAL PREFERENCE

The local preference was not implemented because this is not a competitive bid award.

FISCAL IMPACT

The debt service costs for the construction of the FKCP, RTMs, and KRP under the water rate model used to create the five-year utility rate plan that was adopted by the City Council on February 26, 2015, projected the debt services cost at the interest rates of bonds. All future fiscal year budgets will be developed and proposed to ensure that adequate debt coverage ratios and reserve funds are maintained for all existing and additional debt that is incurred. SRF interest rates are typically at or near 2% with an assumed loan term of 20 years. This would result in considerable savings in debt costs compared to bond financing which is currently estimated at 5% to 6% over 30 years. Total project funding may be realized over multiple annual funding cycles with initial funding anticipated to be at or near \$26,520,000 for the FKCP, \$63,100,000 for the RTMs, and \$77,335,000 for the KRP.

Attachments:

- Resolution - 1
- Resolution - 2
- Resolution - 3
- Resolution - 4
- Resolution - 5
- Resolution - 6