



Legislation Details (With Text)

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Title: Actions pertaining to a \$12,000,000 State Revolving Fund Low Interest Loan through the State Water Resources Control Board for construction of a 6-million gallon finished water reservoir at the City of Fresno's Northeast Surface Water Treatment Facility (Council District 6)

1. ***RESOLUTION - Authorizing its Director of Public Utilities (Director) or designee to sign financing agreement, amendments, and certifications for funding under the Drinking Water State Revolving Fund (DWSRF); authorizing its director or designee to approve claims for reimbursement; authorizing its Director or designee to execute budget and expenditure summary; authorizing its director or designee to sign the final release form and its Director or designee to sign the certification of project completion; and pledging and dedicating net water revenues to payment of DWSRF Financing

2. ***RESOLUTION - To pledge revenues and fund(s) to satisfy repayment obligations for financial assistance agreement with the California State Water Resources Control Board for a 6-million gallon water storage tank at the City of Fresno's Northeast Surface Water Treatment Facility

Sponsors: Department of Public Utilities

Indexes:

Code sections:

Attachments: 1. 2017-05-18 RESOLUTION - SRF Pledge.pdf, 2. 2017-05-18 RESOLUTION - SRF Reimbursement.pdf

Date	Ver.	Action By	Action	Result
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REPORT TO THE CITY COUNCIL

May 18, 2017

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

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

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

SUBJECT

Actions pertaining to a \$12,000,000 State Revolving Fund Low Interest Loan through the State Water Resources Control Board for construction of a 6-million gallon finished water reservoir at the City of Fresno's Northeast Surface Water Treatment Facility (Council District 6)

1. ***RESOLUTION - Authorizing its Director of Public Utilities (Director) or designee to sign financing agreement, amendments, and certifications for funding under the Drinking Water State Revolving Fund (DWSRF); authorizing its director or designee to approve claims for reimbursement; authorizing its Director or designee to execute budget and expenditure summary; authorizing its director or designee to sign the final release form and its Director or designee to sign the certification of project completion; and pledging and dedicating net water revenues to payment of DWSRF Financing
2. ***RESOLUTION - To pledge revenues and fund(s) to satisfy repayment obligations for financial assistance agreement with the California State Water Resources Control Board for a 6-million gallon water storage tank at the City of Fresno's Northeast Surface Water Treatment Facility

RECOMMENDATION

Staff Recommends that the City Council:

1. Adopt Pledge Revenue and Reimbursement resolutions for a State Revolving Fund Low Interest Loan for \$12,000,000 through the State Water Resources Control Board for construction of a 6-million gallon finished water reservoir at the City of Fresno's Northeast Surface Water Treatment Facility;
2. Authorize the Director of Public Utilities or designee(s) to execute all documents on behalf of the City.

EXECUTIVE SUMMARY

The long-term over-pumping of our groundwater aquifer and effects of recent multi-year drought conditions warrant continued and aggressive action in meeting the City of Fresno's (City's) goals for restoration of aquifer groundwater levels, and achievement of a balanced water resource portfolio by 2025.

Council adoption of these State Water Resources Control Board (State Board) Pledge Revenue and Reimbursement Resolutions is necessary to satisfy those requirements for execution of funding agreement and provide a viable and effective low cost avenue to initialize construction of a 6-million gallon (6MG) finished water reservoir at the City's 30-million gallon per day (30MGD) Northeast Surface Water Treatment Facility (NESWTF). This new finished water reservoir will provide greater operational flexibility including year-round operation capabilities, aid in stabilizing water chemistry, maintain fire flow protection requirements, and provide for future site build-out to its ultimate capacity of 60MGD to meet the City's long-term water resource goals.

BACKGROUND

The Federal Safe Drinking Water Act Amendments of 1996 authorized the creation of a drinking water state revolving fund program.

On January 1, 2015, Fund policy changes by the State Board were implemented and now provide for funding of additional water infrastructure projects which include water storage tanks, and transmission/supply pipelines. Additional changes in annual application processes include opportunities to submit water infrastructure construction funding applications on an ongoing (rolling) basis throughout the year.

The estimated total amount for completion of this project is \$12,000,000. Compared to an average standard bond interest rate of 5.5%, a typical State Revolving Fund interest rate of 1.6% would result in a rate payer savings of approximately \$9,411,118 over a 30-year term.

The Pledge Revenue and Reimbursement Resolutions for this project have been approved as to form by the City Attorney's Office. Council adoption of these Resolutions will enable the State Board to proceed in issuance of an executed funding agreement.

ENVIRONMENTAL FINDINGS

Adoption of funding resolutions 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

Local Preference was not implemented because this action does not include a bid or an award of a City construction contract.

FISCAL IMPACT

There is no impact to the General Fund. There is sufficient fiscal capacity remaining in the five-year utility rate plan that was approved by City Council on February 26, 2015, to pay for the debt service costs for this project. 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.

Attachments:

Pledge Revenue Resolution
Reimbursement Resolution