



REPORT TO COUNCIL City of Sacramento

915 I Street, Sacramento, CA 95814-2604
www. CityofSacramento.org

Consent
May 5, 2009

Honorable Mayor and
Members of the City Council

Title: Authorization to Apply for State Revolving Fund (SRF) Financial Assistance and Declaration of Official Intent to Reimburse Certain Expenditures from Proceeds of Obligations

Location/Council District: Citywide

Recommendation: Adopt Resolutions: (1) Authorizing the City Manager to sign and file on behalf of the City of Sacramento Financial Assistance Applications from the State Water Resources Control Board (SWRCB) for seven specified Department of Utilities projects; and (2) Declaring the City's official intent to reimburse certain project expenditures from such funding.

Contact: David L. Brent, Engineering Manager, 808-1420; Rick Matsuo, Supervising Engineer, 808-1728

Presenters: N/A

Department: Utilities

Division: Engineering Services

Organization No: 14001311

Description/Analysis

Issue: On February 17, 2009, the American Recovery and Reinvestment Act of 2009 (ARRA) became federal law. Within California, the ARRA will provide at least \$280 Million to fund wastewater and drainage infrastructure projects. The money will be distributed from the State Revolving Fund Program, the State Water Resources Control Board – Clean Water Program in the form of low interest loans and/or grants. To date, the criteria as to whether a project can receive a loan or

grant has not yet been established. Priorities for the program will focus on "shovel-ready" projects that will create jobs immediately.

This report requests authorization to file Financial Assistance Applications on behalf of the City, and also requests adoption of a declaration of the City's official intent to reimburse certain project expenditures if funding is obtained, as required to comply with applicable federal regulations. The Utilities Department will bring back its recommendation to Council for approval of the qualified SRF loan and/or grant projects at a later date.

Policy Considerations: This report's recommendation is consistent with the City's Strategic Plan goals of improving and expanding public safety and achieving sustainability and livability.

Environmental Considerations:

California Environmental Quality Act (CEQA):

The application for funding of projects from the ARRA is exempt from CEQA because it does not constitute a "project" subject to environmental review (CEQA Guidelines Section 15378 (b)(4)).

Sustainability Considerations: The projects are consistent with the City's Sustainability Master Plan goals to help reduce flooding, improve service and reliability which will reduce energy-intensive maintenance efforts, and reduce sanitary sewer outflows, which is one of the City's sustainability targets.

Other: Not Applicable

Commission/Committee Action: None

Rationale for Recommendation: This will allow the City to apply for funding under the ARRA, which would allow needed improvement of various wastewater and drainage facilities.

Financial Considerations: There is sufficient funding in the various projects to perform the staff work necessary to secure the loans and/or grants.

MBE/WBE and Emerging Small Business Development (ESBD): MBE/WBE and ESBD considerations do not pertain to these loan and/or grant applications. Any projects for which funding is accepted will require compliance with applicable MBE/WBE and/or ESBD requirements.

Respectfully Submitted by: 
David L. Brent
Engineering Services Manager

Approved by: 
for 
Marty Hanneman
ACM/Director of Utilities

Recommendation Approved:

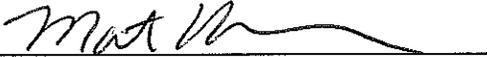
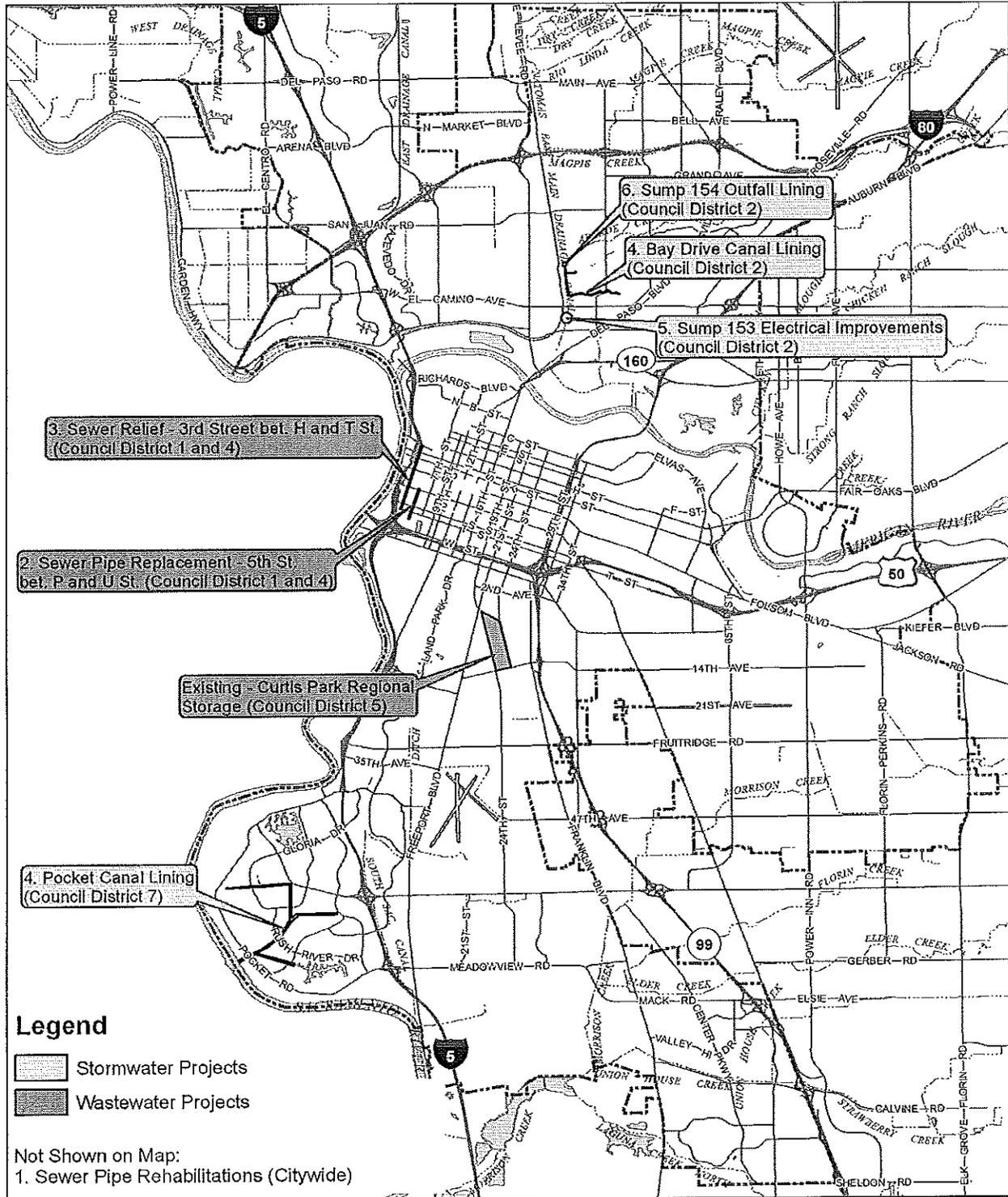

Don Ray Kerridge
City Manager

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Attachment 1



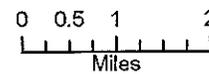
Legend

- Stormwater Projects
- Wastewater Projects

Not Shown on Map:
1. Sewer Pipe Rehabilitations (Citywide)



CITY OF SACRAMENTO
DEPARTMENT OF UTILITIES



Attachment 2**Background**

The American Recovery and Reinvestment Act of 2009 (ARRA) was enacted on February 17, 2009. Within California, the ARRA will provide at least \$280 Million to fund wastewater and drainage infrastructure projects. The money will be distributed by the State Water Resources Control Board (SWRCB) in the form of low interest loans and/or grants. The criteria as to whether a project can receive a loan or grant has not yet been established. Priorities for the program will focus on "shovel-ready" projects that will create jobs immediately.

The purpose of the Clean Water Program is to implement the federal Clean Water Act and various State laws by providing financial assistance for the construction of facilities or implementation of measures necessary to address water quality problems and to prevent pollution in California waterways. The Division of Financial Assistance (DFA) administers the implementation of the SWRCB's financial assistance programs that include loan and grant funding for construction of municipal sewage and water recycling facilities, remediation for underground storage tank releases, watershed protection projects, nonpoint source pollution control projects, etc.

Listed and described below are seven (7) projects that the Department of Utilities has identified as meeting eligibility requirements per the current SRF policy. All projects have been submitted and placed on the Clean Water pre-application project priority list. The Department of Utilities is preparing applications for the Clean Water SRF Program (SWRCB) projects listed below. Following resolution of the program's loan/grant criteria, the Department of Utilities will bring back its recommendation to Council of the qualified SRF loan and/or grant projects at a later date.

**CLEAN WATER SRF PROGRAM
STATE WATER RESOURCES CONTROL BOARD (SWRCB)****Wastewater Projects****1. Sewer Pipe Rehabilitations (Citywide)**

Various pipes have failed due to root intrusion, structural cracking, and other structural defects, which have lead to excessive customer complaints and maintenance costs, along with occasional sanitary sewer overflows. This project will restore the reliability of portions of the city sewer system by rehabilitating the deteriorated sanitary sewer pipe using cured-in-place internal liners and deteriorated manholes. Estimated project cost: \$2,660,000.

2. Sewer Pipe Replacement – 5th St. bet. P and U St. (Council Districts 1 and 4)

This project consists of constructing a parallel 60-inch combined system pipe from U Street to S Street and replacing the existing 24-inch pipeline with a 72-inch pipe from S Street to P Street. In addition, all connecting manholes and services will be replaced. The project will continue the Department of Utilities efforts to reduce flooding of combined sewer in the downtown area of Sacramento and will also replace 100 year old pipe that has outlived its

useful life and will thus improve the reliability of the system. Estimated project cost: \$2,400,000.

3. Combined Sewer System Relief - 3rd St. bet. H and T St. (Council Districts 1 and 4)

Construct new 42-inch and 48-inch combined system pipeline in 3rd Street from H Street to T Street. The relief pipeline will replace existing deteriorated pipelines and divert Combined Sewer System (CSS) flows from the Richards Blvd area and the Downtown Railyards away from downstream portions of the CSS that are currently surcharged during storms. Estimated project cost: \$6,500,000.

Existing - Curtis Park Regional Storage (Council District 5)**

Consistent with the City of Sacramento General Plan Update and the CSS Rehabilitation and Improvement Plan and associated environmental documents, the project consists of constructing a large underground regional storage facility for the CSS. The proposed project would store approximately 300,000 cubic feet of stormwater during heavy rainfall periods in order to reduce potential flooding. Estimated cost: \$10 to \$12 million

** Previously submitted under existing SRF Clean Water Program

Stormwater Projects

4. Pocket Canal and Bay Drive Canal Lining (Council Districts 2 and 7)

Project will construct gunite lining and landscaping on channel sideslopes to prevent continuing erosion and possible flooding, facilitate maintenance, and reduce maintenance costs. Estimated project cost: \$3,000,000.

5. Sump 153 Electrical Improvements (Council District 2)

The electrical equipment at this pump station is over 42 years old, and parts are either not available or difficult to find. This project replaces this electrical equipment which supports the drainage pumps and other equipment at the facility. Estimated project cost: \$350,000.

6. Sump 154 Outfall Lining (Council District 2)

The outfall pipes at this sump are currently corroded and there is concern that if the outfall pipe were to fail during high water conditions in Arcade Creek it could cause levee distress or failure. This project will consist of installing an internal liner to protect the outfall. Estimated project cost: \$120,000.

RESOLUTION NO.

Adopted by the Sacramento City Council

AUTHORIZATION TO APPLY FOR STATE REVOLVING FUND (SRF) FINANCIAL ASSISTANCE WITH THE STATE WATER RESOURCES CONTROL BOARD

BACKGROUND

- A. The Department of Utilities has identified 7 projects that meet eligibility requirements for financial assistance from the State Revolving Fund (SRF), State Water Resources Control Board - Clean Water Program, per the current SRF policy. These projects are listed in recital B below. All projects have been submitted and placed on the Clean Water pre-application project priority list.
- B. State Revolving Fund Program Project List:

*CLEAN WATER PROGRAM
STATE WATER RESOURCES CONTROL BOARD (SWRCB)*

- 1. Sewer Pipe Rehabilitations
- 2. Sewer Pipe Replacement – 5th St. bet. P and U St.
- 3. Combined Sanitary Sewer Relief - 3rd St. bet. H and T St.
- 4. Pocket Canal and Bay Drive Canal Lining
- 5. Sump 153 Electrical Improvements
- 6. Sump 154 Outfall Lining
- 7. Curtis Park Regional Storage

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The City Manager is hereby authorized and directed to sign and file, for and on behalf of the City of Sacramento, Financial Assistance Applications for financing agreements from the State Water Resources Control Board (SWRCB) for any or all of the projects identified in Recital B of this Resolution.
- Section 2. The City Manager or the City Manager's designees are hereby authorized to certify that the City of Sacramento has and will comply with all applicable state and federal statutory and regulatory requirements related to any

financing or financial assistance received from the SWRCB.

Section 3. The City Manager or the City Manager's designees are hereby authorized to negotiate financing agreements from the SWRCB, and, upon approval of the Sacramento City Council, to execute such agreements and any amendments or change orders thereto and certify financing agreement disbursements on behalf of the City of Sacramento.

RESOLUTION NO.

Adopted by the Sacramento City Council

DECLARATION OF OFFICIAL INTENT TO REIMBURSE CERTAIN EXPENDITURES FROM PROCEEDS OF OBLIGATIONS

BACKGROUND

- A. The City of Sacramento desires to finance the costs of constructing and/or reconstructing certain public facilities and improvements relating to its wastewater and drainage systems, including certain pumping facilities, pipelines and other infrastructure, as listed in Exhibit A attached hereto (the "Projects"):
- B. The City intends to finance the construction and/or reconstruction of the Projects or portions of the Projects with moneys ("Project Funds") provided by the State of California, acting by and through the State Water Resources Control Board (SWRCB), if the necessary financing agreement(s) are approved.
- C. The SWRCB may fund the Project Funds with proceeds from the sale of obligations the interest upon which is excluded from gross income for federal income tax purposes (the "Obligations").
- D. Prior to either the issuance of the Obligations or the approval by the SWRCB of the Project Funds the City desires to incur certain capital expenditures (the "Expenditures") with respect to the Projects from available moneys of the City.
- E. Those moneys to be advanced on and after the date hereof to pay the Expenditures are available only for a temporary period and it is necessary to reimburse the City for the Expenditures from the proceeds of the Obligations, if the necessary financing agreement(s) are approved.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The City Council finds, determines and represents that the foregoing recitals are true and correct.
- Section 2. If the necessary financing agreement(s) are approved, 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 SWRCB of the Project Funds.

- Section 3. The reasonably expected maximum principal amount of the SWRCB Project Funds is \$ _____.
- Section 4. This Resolution is being adopted not later than 60 days after the date on which the City will expend moneys for the portion of the costs of the Projects to be reimbursed with Project Funds, if the necessary financing agreement(s) are approved.
- Section 5. Each City expenditure will be of a type properly chargeable to a capital account under general federal income tax principles.
- Section 6. This Resolution is adopted as the official intent of the City solely 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 costs for the Projects, and does not bind the City to make any expenditure, incur any indebtedness or proceed with the Projects.
- Section 7. To the best of its knowledge, the City is not aware of the 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.

EXHIBIT A

CLEAN WATER PROGRAM
STATE WATER RESOURCES CONTROL BOARD (SWRCB):

1. Sewer Pipe Rehabilitations
2. Sewer Pipe Replacement – 5th St. bet. P and U St.
3. Combined Sanitary Sewer Relief - 3rd St. bet. H and T St.
4. Pocket Canal and Bay Drive Canal Lining
5. Sump 153 Electrical Improvements
6. Sump 154 Outfall Lining
7. Curtis Park Regional Storage