

J. MICHAEL CAREY
City Clerk

FRANK T. MARTINEZ
Executive Officer

When making inquiries
relative to this matter
refer to File No.

99-2456

CITY OF LOS ANGELES

CALIFORNIA



JAMES K. HAHN
MAYOR

Office of the
CITY CLERK
Council and Public Services
Room 395, City Hall
Los Angeles, CA 90012
Council File Information - (213) 978-1043
General Information - (213) 978-1133
Fax: (213) 978-1040

HELEN GINSBURG
Chief, Council and Public Services Division

PLACE IN FILES

NOV 18 2003

DEPUTY *VM*

May 16, 2003

Councilmember Holden
Councilmember Reyes
City Administrative Officer
Chief Legislative Analyst
City Attorney
Controller, Room 300
Accounting Division, F&A
Disbursement Division
Board of Public Works
Bureau of Sanitation

PLACE IN FILES

MAY 22 2003

DEPUTY

RE: ZERO-PERCENT INTEREST STATE REVOLVING FUND LOAN FOR THE PLANNING,
DESIGN AND CONSTRUCTION OF THE NORTH OUTFALL SEWER-EAST CENTRAL
INTERCEPTOR SEWER PROJECT

At the meeting of the Council held MAY 2, 2003, the following action was
taken:

Attached report adopted.....	_____
Attached motion (Holden - Reyes) adopted.....	_____ <u>X</u> _____
Attached resolution adopted.....	_____
Mayor approved.....	_____
FORTHWITH.....	_____
Mayor concurred	_____ <u>5-13-03</u> _____
To the Mayor FORTHWITH	_____
Motion adopted to approve committee report recommendation(s)...	_____
Motion adopted to approve communication recommendation(s).....	_____

City Clerk
kw

steno\992456



Mayor's Time Stamp

RECEIVED

'03 MAY -6 P4:10

DEPUTY MAYOR

RECEIVED
CITY CLERK'S OFFICE

2003 MAY -6 PM 4:07

CITY CLERK

BY _____
DEPUTY

SUBJECT TO MAYOR'S APPROVAL

COUNCIL FILE NO. 99-2456

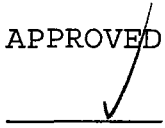
COUNCIL DISTRICT NO. _____

COUNCIL APPROVAL DATE MAY 2, 2003

RE: ZERO-PERCENT INTEREST STATE REVOLVING FUND LOAN FOR THE PLANNING,
DESIGN AND CONSTRUCTION OF THE NORTH OUTFALL SEWER-EAST CENTRAL
INTERCEPTOR SEWER PROJECT

LAST DAY FOR MAYOR TO ACT MAY 16 2003
(10 Day Charter requirement as per Charter Section 341)

DO NOT WRITE BELOW THIS LINE - FOR MAYOR OFFICE USE ONLY

APPROVED


*DISAPPROVED

*Transmit objections in
writing pursuant to Charter
Section 341

DATE OF MAYOR APPROVAL OR DISAPPROVAL _____

MAY 13 2003 MAY 15 2003


MAYOR

RECEIVED
CITY CLERK'S OFFICE
2003 MAY 14 PM 1:25
BY _____
CITY CLERK
DEPUTY

VERBAL MOTION

I HEREBY MOVE that Council ADOPT the following recommendations of the Board of Public Works (BPW) (Item No. 14, CF 99-2456) relative to zero-percent interest State Revolving Fund (SRF) Loan for the planning, design and construction of the North Outfall Sewer-East Central Interceptor Sewer Project, **SUBJECT TO THE APPROVAL OF THE MAYOR:**

1. ADOPT the accompanying RESOLUTION to amend the Resolutions previously adopted by the Council on February 9, 2000 and November 3, 2000, which authorized the City to apply for and receive an SRF Loan from the State Water Resources Control Board (SWRCB) and identified the source of funds for repayment of such loan, to reflect administration changes and the increase in funding from \$241,000,000 to the SWRCB approved loan of \$264,633,453.
2. INSTRUCT the Director, Bureau of Sanitation, or designee, as the authorized representative for the City, to submit the adopted Resolution to the SWRCB.

Fiscal Impact Statement: None submitted by the BPW. Neither the City Administrative Officer nor the Chief Financial Analyst has completed a financial analysis of this report.

(Environmental Quality and Waste Management Committee waived consideration of the above matter)

PRESENTED BY _____
NATE HOLDEN
Councilmember, 10th District

SECONDED BY _____
ED REYES
Councilmember, 1st District

Resol. 4
Motion
ADOPTED

May 2, 2003

CF 99-2456

MAY 02 2003

LOS ANGELES CITY COUNCIL

COUNCIL VOTE

May 2, 2003 11:13:28 AM, #4

Items for Which Public Hearings Have Not Been Held - Items 7-31
Voting on Item(s): 8-11,14,16a-16k,18-23,25,27,29
Roll Call

BERNSON	Absent
GALANTER	Yes
GARCETTI	Absent
GREUEL	Absent
HAHN	Absent
HOLDEN	Yes
LABONGE	Yes
*MISCIKOWSKI	Yes
PACHECO	Yes
PARKS	Yes
PERRY	Yes
REYES	Yes
WEISS	Yes
ZINE	Yes
PADILLA	Yes
Present: 11, Yes: 11 No: 0	

14
Friday
5/2/03
PLEASE SCHEDULE THIS ITEM FOR COUNCIL ON FRIDAY, MAY 2, 2003, per Councilmember Holden's request:

99-2456 COMMUNICATION FROM THE BOARD OF PUBLIC WORKS (BPW) and RESOLUTION relative to zero-percent interest State Revolving Fund (SRF) Loan for the planning, design and construction of the North Outfall Sewer-East Central Interceptor Sewer Project.

Recommendations for Council action, SUBJECT TO THE CONCURRENCE OF THE MAYOR:

1. ADOPT the accompanying RESOLUTION to amend the Resolutions previously adopted by the Council on February 9, 2000 and November 3, 2000, which authorized the City to apply for and receive an SRF Loan from the State Water Resources Control Board (SWRCB) and identified the source of funds for repayment of such loan, to reflect administration changes and the increase in funding from \$241,000,000 to the SWRCB approved loan of \$264,633,453.
2. INSTRUCT the Director, Bureau of Sanitation, or designee, as the authorized representative for the City, to submit the adopted Resolution to the SWRCB.

Fiscal Impact Statement: None submitted by the BPW. Neither the City Administrative Officer nor the Chief Financial Analyst has completed a financial analysis of this report.

(Environmental Quality and Waste Management Committee waived consideration of the above matter)

IS
04/28/03
#992456.blb.wpd

SUGGESTED NOTIFICATION OF COUNCIL ACTION

Council File No.

99-2456

[illegible]

J. MICHAEL CAREY
City Clerk

FRANK T. MARTINEZ
Executive Officer

When making inquiries
relative to this matter
refer to File No.

TY OF LOS ANGELES
CALIFORNIA



JAMES K. HAHN
MAYOR

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Council File Information - (213) 978-1043
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Fax: (213) 978-1040

HELEN GINSBURG
Chief, Council and Public Services Division

99-2456

April 16, 2003

ENVIRONMENTAL QUALITY & WASTE MANAGEMENT COMMITTEE

In accordance with Council Rules, communication from the Board of Public Works relative to Resolution pertaining to loan approval from the State Water Resources Control Board in the amount of \$264,633,453, for the planning, design and construction of the North Outfall Sewer-East Central Interceptor Sewer Project, was referred on April 16, 2003, to the ENVIRONMENTAL QUALITY & WASTE MANAGEMENT COMMITTEE.

City Clerk
amm



BOARD OF PUBLIC WORKS
MEMBERS

VALERIE LYNNE SHAW
PRESIDENT

ELLEN STEIN
VICE PRESIDENT

JANICE WOOD
PRESIDENT PRO-TEMPORE

ADRIANA RUBALCAVA
COMMISSIONER

RONALD LOW
COMMISSIONER

CITY OF LOS ANGELES
CALIFORNIA



JAMES K. HAHN
MAYOR

April 11, 2003

RECEIVED
CITY CLERK'S OFFICE

2003 APR 15 AM 7:09

CITY CLERK

BY _____
DEPUTY

C.F. # 99-2456

OFFICE OF THE
BOARD OF PUBLIC WORKS
200 N. Spring St., Rm. 355, City Hall
LOS ANGELES, CA 90012

JAMES A. GIBSON
EXECUTIVE OFFICER

GENERAL INFORMATION
(213) 978-0261
FAX: (213) 978-0278
TDD: (213) 978-2310

City Council
Room 395, CH

At its meeting of April 11, 2003, the Board of Public Works adopted the following motion to wit:

"On February 9, 2000, the City Council adopted a resolution authorizing the Director of the Bureau of Sanitation to submit a loan application to the State Water Resources Control Board in the amount not to exceed \$241,000,000 for the planning, design and construction of the North Outfall Sewer-East Central Interceptor Sewer Project. The City Council also adopted a resolution on November 3, 2000, agreeing to meet certain conditions in return for a \$241,000,000 zero-percent interest loan.

The City submitted the loan application on February 16, 2000 and on February 8, 2001, the State Water Resources Control Board approved a loan for \$264,633,453.

The State Water Resources Control Board has requested that the City of Los Angeles submit a revised zero-percent interest resolution to reflect administration changes and the increase in funding from \$241,000,000 to \$264,633,453. The State Water Resources Control Board will send the loan contract to the City of Los Angeles for execution after they receive the new resolution.

IT IS THEREFORE MOVED that the Board forward the attached resolution forthwith, to the Mayor and the City Council with the recommendation that the City Council adopt the resolution.

IT IS FURTHER MOVED that the Director of the Bureau of Sanitation, as the authorized representative for the City of Los Angeles, be instructed to submit the Council adopted resolution to the State Water Resources Control Board."

Respectfully submitted,

James A. Gibson

James A. Gibson
Executive Officer
Board of Public Works

ENV QUAL & WASTE MGT

APR 16 2003

JAG:cg

AN EQUAL OPPORTUNITY - AFFIRMATIVE ACTION EMPLOYER

RESOLUTION

WHEREAS, as a requirement of a Cease and Desist order issued by the Regional Water Quality Control Board, the City is constructing the North Outfall Sewer-East Central Interceptor Sewer Project, which is an improvement to the System; and

WHEREAS, the City applied to the State Water Resources Control Board for a State Revolving Fund (SRF) Loan in the amount of \$241,000,000 to assist in financing the construction of the North Outfall Sewer-East Central Interceptor Sewer Project; and

WHEREAS, the State Water Resources Control Board has approved an SRF loan for \$264,633,453 to assist in financing the construction of the North Outfall Sewer-East Central Interceptor Sewer Project; and

WHEREAS, the SRF loan program policy requires that the sale of future local debt be on parity with, or subordinate to, the SRF debt unless the applicant agrees to provide the state match amount for the loan in return for a zero-percent interest loan; and

WHEREAS, the SRF loan program policy also requires that the sale of future local debt be on parity with, or subordinate to, the SRF debt unless the applicant pledges that net revenues from the ownership and operation of the wastewater collection and treatment system available to pay the SRF loan after payment on all obligations which are senior to and have priority over the SRF loan are at least 1.1 times the current year's debt service on the SRF loan; and

WHEREAS, the City has issued bonds and notes and plans to issue in the future additional bonds and notes (collectively, the "Bonds") pursuant to the Wastewater System Revenue Bonds General Resolution (the "General Resolution") adopted by the Council on November 10, 1987, and the Wastewater System Subordinate Revenue Bonds General Resolution (the "Subordinate General Resolution") adopted by the Council on March 26, 1991; and

WHEREAS, the General Resolution and the Subordinate General Resolution provide that the City may create or permit to create a charge or lien on the Revenues (as defined in the General Resolution and the Subordinate General Resolution) ranking junior and subordinate to the charge or lien of the Bonds;

NOW, THEREFORE, BE IT RESOLVED that, subject to the approval of the Mayor, the Resolutions previously adopted by the Council on February 9, 2000 and November 3, 2000 which authorized the City to apply for and receive an SRF loan from the State Water Resources Control Board and identified the source of funds for repayment of such loan are hereby amended to reflect the State Water Resources Control Board approved loan amount of \$264,633,453.

BE IT FURTHER RESOLVED, that the City of Los Angeles hereby agrees to the following in return for a zero-percent interest SRF loan whose payment is secured by a charge or lien on revenues which is subordinate to the charge or lien on any existing or future Bonds:

1. To contribute the state match share equal to 16.667 percent of the eligible project costs, in an estimated amount of \$44,105,575, based on eligible project costs of \$264,633,453.
2. To pledge that net revenues available to pay the SRF loan debt service after payment on all obligations which are senior to and have priority over the SRF loan are at least 1.1 times the current year's debt service on the SRF loan.
3. To pay an administrative fee of up to 0.575 % of the eligible project costs for the administrative match amount, if requested by the State Water Resources Control Board, prior to the issuance of the zero percent interest SRF loan contract, provided that the fee shall be waived by the State Water Resources Control Board if sufficient monies to fund the administrative match are available from other sources.
4. To establish a state match account for the project, and deposit sufficient funds, as necessary, to make the state match payments to the contractor(s).
5. To provide the State Water Resources Control Board, Division of Clean Water Programs (Division) a certification with each progress payment request stating that the appropriate state match amount for the requested payment has been paid to the contractor(s).
6. To provide the Division with copies of the cancelled checks, or other acceptable documentation, documenting payment of the state match amount, on a quarterly basis.

BE IT FURTHER RESOLVED, that the Resolution previously adopted by the Council on November 3, 2000 which authorized the City to receive a zero-percent SRF loan from the State Water Resources Control Board and the terms and conditions of such loan in the amount of \$241,000,000 is hereby rescinded and superseded by this Resolution.

CERTIFICATION

I do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the Los Angeles City Council held on _____, 2003.

J. MICHAEL CAREY
City Clerk

Judi Clarke - Re: COUNCIL FILE 99-2456

From: Dion O'Connell
To: Clarke, Judi
Date: 04/16/2003 9:23 AM
Subject: Re: COUNCIL FILE 99-2456

Judi:

I asked Chris Westhoff & Mary Dennis, the two most likely to be involved in such an issue. They are not aware of the whereabouts of the file.

Dion O'Connell
Deputy City Attorney
Government Counsel Division
LA City Attorney's Office
1800 City Hall East
200 North Main St.
LA, CA 90012
213.485-4218 (phone)
213.847-0399 (fax)
doconne@atty.lacity.org

>>> Judi Clarke 04/15/03 11:48AM >>>

Hi Dion,

This file is relative to the North Outfall Sewer-East Central Interceptor Sewer Project. Council File Index indicates that the file it checked out to City Attorney, but there is no "contact" name. Can you locate it for me. I need the file back in the office because the Board of Public Works sent a transmittal that should be attached to this file.

Thanks

Judi (one of the voting clerks in council)

RESOLUTION

WHEREAS, as a requirement of a Cease and Desist order issued by the Regional Water Quality Control Board, the City is constructing the North Outfall Sewer-East Central Interceptor Sewer Project, which is an improvement to the System; and

WHEREAS, the City applied to the State Water Resources Control Board for a State Revolving Fund (SRF) Loan in the amount of \$241,000,000 to assist in financing the construction of the North Outfall Sewer-East Central Interceptor Sewer Project; and

WHEREAS, the State Water Resources Control Board has approved an SRF loan for \$264,633,453 to assist in financing the construction of the North Outfall Sewer-East Central Interceptor Sewer Project; and

WHEREAS, the SRF loan program policy requires that the sale of future local debt be on parity with, or subordinate to, the SRF debt unless the applicant agrees to provide the state match amount for the loan in return for a zero-percent interest loan; and

WHEREAS, the SRF loan program policy also requires that the sale of future local debt be on parity with, or subordinate to, the SRF debt unless the applicant pledges that net revenues from the ownership and operation of the wastewater collection and treatment system available to pay the SRF loan after payment on all obligations which are senior to and have priority over the SRF loan are at least 1.1 times the current year's debt service on the SRF loan; and

WHEREAS, the City has issued bonds and notes and plans to issue in the future additional bonds and notes (collectively, the "Bonds") pursuant to the Wastewater System Revenue Bonds General Resolution (the "General Resolution") adopted by the Council on November 10, 1987, and the Wastewater System Subordinate Revenue Bonds General Resolution (the "Subordinate General Resolution") adopted by the Council on March 26, 1991; and

WHEREAS, the General Resolution and the Subordinate General Resolution provide that the City may create or permit to create a charge or lien on the Revenues (as defined in the General Resolution and the Subordinate General Resolution) ranking junior and subordinate to the charge or lien of the Bonds;

NOW, THEREFORE, BE IT RESOLVED that, subject to the approval of the Mayor, the Resolutions previously adopted by the Council on February 9, 2000 and November 3, 2000 which authorized the City to apply for and receive an SRF loan from the State Water Resources Control Board and identified the source of funds for repayment of such loan are hereby amended to reflect the State Water Resources Control Board approved loan amount of \$264,633,453.

BE IT FURTHER RESOLVED, that the City of Los Angeles hereby agrees to the following in return for a zero-percent interest SRF loan whose payment is secured by a charge or lien on revenues which is subordinate to the charge or lien on any existing or future Bonds:

1. To contribute the state match share equal to 16.667 percent of the eligible project costs, in an estimated amount of \$44,105,575, based on eligible project costs of \$264,633,453.
2. To pledge that net revenues available to pay the SRF loan debt service after payment on all obligations which are senior to and have priority over the SRF loan are at least 1.1 times the current year's debt service on the SRF loan.
3. To pay an administrative fee of up to 0.575 % of the eligible project costs for the administrative match amount, if requested by the State Water Resources Control Board, prior to the issuance of the zero percent interest SRF loan contract, provided that the fee shall be waived by the State Water Resources Control Board if sufficient monies to fund the administrative match are available from other sources.
4. To establish a state match account for the project, and deposit sufficient funds, as necessary, to make the state match payments to the contractor(s).
5. To provide the State Water Resources Control Board, Division of Clean Water Programs (Division) a certification with each progress payment request stating that the appropriate state match amount for the requested payment has been paid to the contractor(s).
6. To provide the Division with copies of the cancelled checks, or other acceptable documentation, documenting payment of the state match amount, on a quarterly basis.

BE IT FURTHER RESOLVED, that the Resolution previously adopted by the Council on November 3, 2000 which authorized the City to receive a zero-percent SRF loan from the State Water Resources Control Board and the terms and conditions of such loan in the amount of \$241,000,000 is hereby rescinded and superseded by this Resolution.

CERTIFICATION

I do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the Los Angeles City Council held on _____, 2003.

J. MICHAEL CAREY
City Clerk

J. MICHAEL CAREY
City Clerk

FRANK T. MARTINEZ
Executive Officer

When making inquiries
relative to this matter
refer to File No.

99-2456

CITY OF LOS ANGELES
CALIFORNIA



RICHARD J. RIORDAN
MAYOR

Office of the
CITY CLERK
Council and Public Services
Room 615, City Hall
Los Angeles, CA 90012
Council File Information - (213) 485-5703
General Information - (213) 485-5705
Fax: (213) 847-0636
Fax: (213) 485-8944

HELEN GINSBURG
Chief, Council and Public Services Division

November 7, 2000

City Attorney (with file)
Office of Administrative and
Research Services
Bureau of Sanitation
Board of Public Works

Controller: Room 1200
Accounting Division, F&A
Disbursement Division
Honorable Richard Riordan, Mayor

RE: ORDINANCE FOR RECEIPT OF STATE REVOLVING FUND LOAN FOR THE NORTH
OUTFALL SEWER - EAST CENTRAL INTERCEPTOR SEWER PROJECT

At the meeting of the Council held November 3, 2000, the following
action was taken:

Attached report adopted	_____
Attached motion () adopted.....	_____
Attached resolutions adopted.....	_____ X
Mayor concurred.....	_____
FORTHWITH.....	_____
Motion adopted to approve attached report.....	_____
Motion adopted to approve communication.....	_____ X
To the Mayor FORTHWITH.....	_____
Findings adopted.....	_____
Negative Declaration adopted.....	_____
Categorically exempt.....	_____
Generally exempt.....	_____

J. Michael Carey

City Clerk
et

steno\992456

Schedule for Council
11-3-00
OCT 26 2000
COMMUNICATION

TO: LOS ANGELES CITY COUNCIL File No. 99-2476
FROM: COUNCIL MEMBER MARK RIDLEY-THOMAS, CHAIR
ENVIRONMENTAL QUALITY AND WASTE MANAGEMENT COMMITTEE

OCT 27 2000

Public Comments Yes No
XX

61

COMMUNICATION FROM CHAIR, ENVIRONMENTAL QUALITY AND WASTE MANAGEMENT COMMITTEE relative to Ordinance for receipt of State Revolving Fund (SRF) Loan for the North Outfall Sewer - East Central Interceptor Sewer Project (NOS-ECIS).

Recommendations for Council action:

1. ADOPT Resolution to repay the SRF Loan (Project No. C-06-4493-110) from the Sewer Construction and Maintenance Fund after required payments for operations and maintenance, debt service, and other payments are made, as provided by the Wastewater bond covenants.
2. REQUEST City Attorney to Prepare and Present Ordinance, as substantially submitted by the Board of Public Works in its transmittal dated March 27, 2000, to establish the Wastewater Capital SRF Loan Reserve Fund in order to comply with State terms.
3. ADOPT Resolution pledging to provide State match and to comply with certain administrative procedures as directed by the State.

Fiscal Impact Statement: The Office of Administrative and Research Services (OARS) reports that this loan from the State Water Resources Control Board (SWRCB) will be repaid from revenues of the Sewer Construction and Maintenance Fund. There is no impact on the General Fund.

SUMMARY

In its transmittal dated September 15, 2000, OARS reports that the Board of Public Works adopted a report of the Bureau of Sanitation recommending actions to accept funds from the SRF Loan Program administered by the SWRCB. On February 9, 2000, Council approved the application for a loan from the SRF to help finance construction of the NOS-ECIS Project which has an estimated construction cost of over \$250 million. The total loan amount will be based upon the actual eligible project costs determined by the SWRCB.

OARS further reports that three Council actions are needed to complete the processing for this loan: 1) a resolution to dedicate a revenue source for repayment of the loan; 2) an ordinance to establish a Wastewater Capital SRF Loan Reserve Fund; and 3) a resolution to pledge that the City will provide the State match toward eligible project costs in return for a zero interest loan.

OARS states that after submitting the application for the loan, the City learned that certain State regulations require that the loan be on a par with senior bond obligations. The covenants of the Wastewater Revenue Bonds do not allow such parity for other debt. Therefore, the SWRCB has indicated that the following criteria must be met in order to subordinate the loan it is making:

1. The Wastewater Program senior bonds (the Wastewater Revenue Bonds) are rated "A" or higher by at least two rating agencies.
2. The City pledges to ensure that there is debt coverage for the loan of at least 110 percent of the cost of the annual debt service on the loan.
3. The City agrees to pay the State match of 16.667 percent of the eligible project costs.

Although paying the State match reduces the amount of the loan, agreeing to that provision makes this an interest free loan.

OARS further states that all criteria have been met by the Wastewater Program; and that the actions recommended herein to ensure compliance with the provisions of the SRF have been studied and discussed by appropriate City staff and are in harmony with the covenants of the Wastewater Senior bonds.

At its regular meeting held October 18, 2000, the Environmental Quality and Waste Management Committee Chair considered this matter and recommended that Council approve OARS' recommendations. This matter is now submitted to Council for consideration.

Respectfully submitted,



Council Member Mark Ridley-Thomas, Chair
Environmental Quality and Waste Management Committee

AA
10/25/00
#992456a

ADOPTED
MOTION ADOPTED TO APPROVE COMMUNICATION RECOMMENDATIONS
NOV 03 2000

LOS ANGELES CITY COUNCIL
Resolutions Adopted

RESOLUTION

WHEREAS, THE City of Los Angeles (the "City") is undertaking various capital improvements to its wastewater system (the "System"); and

WHEREAS, in order to finance certain of such improvements the City has issued bonds and plans to issue additional bonds (the "Bonds") pursuant to the Wastewater System Revenue Bonds General Resolution (the "General Resolution") adopted by the Council on November 10, 1987, and various supplemental resolutions, and has issued and may issue additional commercial paper revenue notes (the "Notes") pursuant to the Wastewater System Subordinate Revenue Bonds General Resolution (the "Subordinate General Resolution") adopted by the Council on March 26 1991, and various supplemental resolutions; and

WHEREAS, as a requirement of a Cease and Desist order issued by the Regional Water Quality Control Board the City will be constructing the North Outfall Sewer-East Central Interceptor Sewer Project, which is an improvement to the System; and

WHEREAS, the City has applied to the State Water Resources Control Board for a State Revolving Fund (SRF) Loan in the amount of \$241,000,000 to assist in financing the construction of the North Outfall Sewer-East Central Interceptor Sewer Project; and

WHEREAS, all SRF loan recipients are required to dedicate a source of revenue for repayment of the SRF loan; and

WHEREAS, all SRF loan recipients are required to create a Wastewater Capital SRF Loan Reserve Fund for expansion, major repair, or replacement of their wastewater treatment facilities;

NOW THEREFORE, BE IT RESOLVED that, subject to the approval of the Mayor, the City of Los Angeles hereby dedicates the Revenues (as defined in the General Resolution) of the System to repayment of any and all State Revolving Fund loans on Project No. C-06-4493-110, provided that such dedicated revenue shall be subordinate to the City's obligations to pay operation and maintenance expenses for the System, debt service on all Bonds and Notes, payments required to the Reserve Fund and the Emergency Fund (defined in the General Resolution and the Subordinate General Resolution), and 45 days of operations and maintenance for the System, all as required by Section 5.03 of the General Resolution and Section 3.05 of the Subordinate General Resolution. This dedicated source of revenue shall remain in effect until such loan (or loans) is fully discharged unless modification or change of such dedication is approved in writing by the State Water Resources Control Board and;

TRANSMITTAL #1

BE IT FURTHER RESOLVED that the City of Los Angeles adopt the attached Ordinance adding Chapter 109 to Division 5 of the Los Angeles Administrative Code, to provide for a Wastewater Capital SRF Loan Reserve Fund for the expansion, repair or replacement of the City's wastewater treatment facilities. The Wastewater Capital SRF Loan Reserve Fund shall be administered in accordance with the guidelines found in the "Policy for Implementing the State Revolving Fund for Construction of Wastewater Treatment Facilities" adopted by the State Water Resources Control Board on April 18, 1998.

CERTIFICATION

I do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the Los Angeles City Council held on

NOV 03 2000

(Date)

I CERTIFY THAT THE FOREGOING
RESOLUTION WAS ADOPTED BY THE
COUNCIL OF THE CITY OF LOS ANGELES
AT ITS MEETING OF NOV 03 2000
BY A MAJORITY OF ALL ITS MEMBERS.



J. MICHAEL CAREY
CITY CLERK

BY Josefina A. Reyes
DEPUTY

RESOLUTION

WHEREAS, as a requirement of a Cease and Desist order issued by the Regional Water Quality Control Board the City will be constructing the North Outfall Sewer-East Central Interceptor Sewer Project, which is an improvement to the System; and

WHEREAS, the City has applied to the State Water Resources Control Board (SWRCB) for a State Revolving Fund (SRF) Loan in the amount of \$241,000,000 to assist in financing the construction of the North Outfall Sewer-East Central Interceptor Sewer Project; and

WHEREAS, the SRF loan program policy requires that the sale of future local debt be on parity with, or subordinate to, the SRF debt unless the applicant agrees to provide the state match amount for the loan in return for a zero-percent interest loan; and

WHEREAS, The City has issued bonds and plans to issue additional bonds (the "Bonds") pursuant to the Wastewater System Revenue Bonds General Resolution (the "General Resolution") adopted by the Council on November 10, 1987; and

WHEREAS, the General Resolution provides that the City may create or permit to create a charge or lien on the Revenues (as defined in the General Resolution) ranking junior and subordinate to the charge or lien of the Bonds;

NOW THEREFORE, BE IT RESOLVED that, subject to the approval of the Mayor, the City of Los Angeles hereby agrees to the following in return for a zero-percent interest SRF Loan:

1. To contribute the state match share equal to 16.667 percent of the eligible project costs, in an estimated amount of \$40,167,000, based on eligible project costs of \$241,000,000.
2. To pay an administrative fee of up to 0.575 % of the eligible project costs for the administrative match amount, if requested by the SWRCB, prior to the issuance of the zero percent interest SRF loan contract, provided that the fee shall be waived by the SWRCB if sufficient monies to fund the administrative match are available from other sources.
3. To establish a state match account for the project, and deposit sufficient funds, as necessary, to make the state match payments to the contractor(s).
4. To provide the SWRCB, Division of Clean Water Programs (Division) a certification with each progress payment request stating that the appropriate state match amount for the requested payment has been paid to the contractor(s).

TRANSMITTAL #3

5. To provide the Division with copies of the cancelled checks documenting payment of the state match amount, on a quarterly basis.

CERTIFICATION

I do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the Los Angeles City Council held on

NOV 03 2000

(Date)

I CERTIFY THAT THE FOREGOING
RESOLUTION WAS ADOPTED BY THE
COUNCIL OF THE CITY OF LOS ANGELES
AT ITS MEETING OF NOV 03 2000
BY A MAJORITY OF ALL ITS MEMBERS.



J. MICHAEL CAREY,
CITY CLERK

BY Josefina S. Reyes
DEPUTY

COUNCIL VOTE

03-Nov-00 10:55:27 AM, #3

Items for Which Public Hearings Have Not Been Held - Items 8-20
Voting on Item(s): 8-10,12-15,17-20
Roll Call

BERNSON	Yes
CHICK	Yes
FEUER	Yes
*GALANTER	Yes
GOLDBERG	Yes
HERNANDEZ	Yes
HOLDEN	Absent
MISCIKOWSKI	Absent
PACHECO	Yes
PADILLA	Yes
RIDLEY-THOMAS	Yes
SVORINICH	Absent
WACHS	Absent
WALTERS	Yes
FERRARO	Absent
Present: 10, Yes: 10 No: 0	

ENVIRONMENTAL QUALITY & WASTE MANAGEMENT COMMITTEE
Report/Communication for Signature

Council File Number 99-2456

Committee Meeting Date 10-18-00

Council Date 11-3-00

COMMITTEE MEMBER	YES	NO	ABSENT
COUNCILMEMBER RIDLEY-THOMAS, CHAIR	✓		
COUNCILMEMBER WACHS			✓
COUNCILMEMBER GALANTER			✓

Remarks Receipt of State Revolving Fund
Loan for NOS-ECIS - approve OARS recs.

Alan Alietti, Legislative Assistant I ---- Telephone 485-4836

RESOLUTION

WHEREAS, THE City of Los Angeles (the "City") is undertaking various capital improvements to its wastewater system (the "System"); and

WHEREAS, in order to finance certain of such improvements the City has issued bonds and plans to issue additional bonds (the "Bonds") pursuant to the Wastewater System Revenue Bonds General Resolution (the "General Resolution") adopted by the Council on November 10, 1987, and various supplemental resolutions, and has issued and may issue additional commercial paper revenue notes (the "Notes") pursuant to the Wastewater System Subordinate Revenue Bonds General Resolution (the "Subordinate General Resolution") adopted by the Council on March 26 1991, and various supplemental resolutions; and

WHEREAS, as a requirement of a Cease and Desist order issued by the Regional Water Quality Control Board the City will be constructing the North Outfall Sewer-East Central Interceptor Sewer Project, which is an improvement to the System; and

WHEREAS, the City has applied to the State Water Resources Control Board for a State Revolving Fund (SRF) Loan in the amount of \$241,000,000 to assist in financing the construction of the North Outfall Sewer-East Central Interceptor Sewer Project; and

WHEREAS, all SRF loan recipients are required to dedicate a source of revenue for repayment of the SRF loan; and

WHEREAS, all SRF loan recipients are required to create a Wastewater Capital SRF Loan Reserve Fund for expansion, major repair, or replacement of their wastewater treatment facilities;

NOW THEREFORE, BE IT RESOLVED that, subject to the approval of the Mayor, the City of Los Angeles hereby dedicates the Revenues (as defined in the General Resolution) of the System to repayment of any and all State Revolving Fund loans on Project No. C-06-4493-110, provided that such dedicated revenue shall be subordinate to the City's obligations to pay operation and maintenance expenses for the System, debt service on all Bonds and Notes, payments required to the Reserve Fund and the Emergency Fund (defined in the General Resolution and the Subordinate General Resolution), and 45 days of operations and maintenance for the System, all as required by Section 5.03 of the General Resolution and Section 3.05 of the Subordinate General Resolution. This dedicated source of revenue shall remain in effect until such loan (or loans) is fully discharged unless modification or change of such dedication is approved in writing by the State Water Resources Control Board and;

TRANSMITTAL #1

BE IT FURTHER RESOLVED that the City of Los Angeles adopt the attached Ordinance adding Chapter 109 to Division 5 of the Los Angeles Administrative Code, to provide for a Wastewater Capital SRF Loan Reserve Fund for the expansion, repair or replacement of the City's wastewater treatment facilities. The Wastewater Capital SRF Loan Reserve Fund shall be administered in accordance with the guidelines found in the "Policy for Implementing the State Revolving Fund for Construction of Wastewater Treatment Facilities" adopted by the State Water Resources Control Board on April 18, 1998.

CERTIFICATION

I do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the Los Angeles City Council held on

NOV 03 2000

(Date)

I CERTIFY THAT THE FOREGOING
RESOLUTION WAS ADOPTED BY THE
COUNCIL OF THE CITY OF LOS ANGELES
AT ITS MEETING OF NOV 03 2000
BY A MAJORITY OF ALL ITS MEMBERS.



J. MICHAEL CAREY,
CITY CLERK

BY Josefina S. Reyes
DEPUTY

RESOLUTION

WHEREAS, as a requirement of a Cease and Desist order issued by the Regional Water Quality Control Board the City will be constructing the North Outfall Sewer-East Central Interceptor Sewer Project, which is an improvement to the System; and

WHEREAS, the City has applied to the State Water Resources Control Board (SWRCB) for a State Revolving Fund (SRF) Loan in the amount of \$241,000,000 to assist in financing the construction of the North Outfall Sewer-East Central Interceptor Sewer Project; and

WHEREAS, the SRF loan program policy requires that the sale of future local debt be on parity with, or subordinate to, the SRF debt unless the applicant agrees to provide the state match amount for the loan in return for a zero-percent interest loan; and

WHEREAS, The City has issued bonds and plans to issue additional bonds (the "Bonds") pursuant to the Wastewater System Revenue Bonds General Resolution (the "General Resolution") adopted by the Council on November 10, 1987; and

WHEREAS, the General Resolution provides that the City may create or permit to create a charge or lien on the Revenues (as defined in the General Resolution) ranking junior and subordinate to the charge or lien of the Bonds;

NOW THEREFORE, BE IT RESOLVED that, subject to the approval of the Mayor, the City of Los Angeles hereby agrees to the following in return for a zero-percent interest SRF Loan:

1. To contribute the state match share equal to 16.667 percent of the eligible project costs, in an estimated amount of \$40,167,000, based on eligible project costs of \$241,000,000.
2. To pay an administrative fee of up to 0.575 % of the eligible project costs for the administrative match amount, if requested by the SWRCB, prior to the issuance of the zero percent interest SRF loan contract, provided that the fee shall be waived by the SWRCB if sufficient monies to fund the administrative match are available from other sources.
3. To establish a state match account for the project, and deposit sufficient funds, as necessary, to make the state match payments to the contractor(s).
4. To provide the SWRCB, Division of Clean Water Programs (Division) a certification with each progress payment request stating that the appropriate state match amount for the requested payment has been paid to the contractor(s).

TRANSMITTAL #3

5. To provide the Division with copies of the cancelled checks documenting payment of the state match amount, on a quarterly basis.

CERTIFICATION

I do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the Los Angeles City Council held on

NOV 03 2000

(Date)

I CERTIFY THAT THE FOREGOING
RESOLUTION WAS ADOPTED BY THE
COUNCIL OF THE CITY OF LOS ANGELES
AT ITS MEETING OF NOV 03 2000
BY A MAJORITY OF ALL ITS MEMBERS.



J. MICHAEL GAREY,
CITY CLERK

BY Josefina S. Reyes
DEPUTY

Council File No.

99-2456

[illegible]

J. MICHAEL CAREY
City Clerk

When making inquiries
relative to this matter
refer to File No.

CITY OF LOS ANGELES

CALIFORNIA



RICHARD J. RIORDAN
MAYOR

Office of the
CITY CLERK
Council and Public Services
Room 615, City Hall
Los Angeles, CA 90012
Council File Information - (213) 485-5703
General Information - (213) 485-5705

99-2456

October 4, 2000

ENVIRONMENTAL QUALITY & WASTE MANAGEMENT COMMITTEE

In accordance with Council Rules, communication from OARS relative to ordinance for receipt of State Resolving Fund Loan for the North Outfall-East Central Interceptor Sewer Project, was referred on October 4, 2000, to the ENVIRONMENTAL QUALITY & WASTE MANAGEMENT COMMITTEE.

J. Michael Carey

City Clerk
amm

cm

RECEIVED
CITY CLERK'S OFFICE
00 OCT -3 AM 9:09
BY _____
CITY CLERK



TRANSMITTAL

0610-01876-0242

TO The Council	DATE OCT 02 2000	COUNCIL FILE No.
FROM The Mayor <i>CAW</i>	COUNCIL DISTRICT	

**Resolutions and Proposed Ordinance for Receipt of
State Revolving Fund Loan for the
North Outfall-East Central Interceptor Sewer Project (NOS-ECIS)**

Transmitted for your consideration.

See Report of the Office of Administrative and Research Services attached.

MAYOR

ENV QUAL & WASTE MGT

OCT 4 2000



REPORT FROM

OFFICE OF ADMINISTRATIVE and RESEARCH SERVICES

Date: September 15, 2000

OARS File No. 0610-01876-0242
Council File No.
Council District:

To: The Mayor

From: William T Fujioka, Director

WTF
by m +

Reference: Report of the Board of Public Works dated March 27, 2000

Subject: Resolutions and Ordinance Required for Accepting Funds from the State Revolving Fund Loan Program for the North Outfall Sewer-East Central Interceptor Sewer Project (NOS-ECIS)

SUMMARY

The Board of Public Works has adopted a report of the Bureau of Sanitation recommending actions to accept funds from the State Revolving Fund Loan Program (SRF) administered by the State Water Resources Control Board (SWCRB). In a previous action (C.F. 99-2456), the Council approved the application for a loan from the SRF to help finance construction of the North Outfall Sewer-East Central Interceptor Sewer Project (NOS-ECIS) which has an current estimated construction cost of over \$250 million. The total loan amount will be based on the actual eligible project costs determined by the SWRCB.

Three Council actions are needed to complete the processing for this loan: 1) a resolution to dedicate a revenue source for repayment of the loan, 2) an ordinance to establish a Wastewater Capital SRF Loan Reserve Fund and 3) a resolution to pledge that the City will provide the State match toward the eligible project costs in return for a zero interest loan. These documents are forwarded with the report from the Board of Public Works.

After submitting the application for the loan, the City learned that certain State Regulations require that the loan be on a par with senior bond obligations. The covenants of the Wastewater Revenue Bonds do not allow such parity for other debt. Therefore, the SWRCB has indicated that the following criteria must be met in order to subordinate the loan it is making:

1. The Wastewater Program senior bonds (the Wastewater Revenue Bonds) are rated "A" or higher by at least two rating agencies;

(Summary continued)

2. The City pledges to ensure that there is debt coverage for the loan of at least 110 percent of the cost of the annual debt service on the loan; and,
3. The City agrees to pay the State match of 16.667 percent of the eligible project costs.

All the criteria have been met by the Wastewater Program. The Wastewater Revenue Bonds have been rated "A" or higher since the first issuance in 1987. The debt coverage ratio for the SRF loan is the same as the one set for the Wastewater Commercial Paper Program which has always been exceeded. Lastly, the City will pay the State match of 16.67 percent of the total eligible project costs. The City recognizes that while this total eligible cost, determined by the State, can be a substantial portion of the project, no more than \$25 million (less the 16.67 percent match, approximately \$4 million) will be received in any one fiscal year. Although paying the State match reduces the amount of the loan, agreeing to that provision makes this an interest-free loan. The City will not be paying debt service which would be substantial over the expected twenty year repayment period. An administrative fee of approximately 0.575 percent of eligible project costs may also be requested, unless funds are available from another source within SWRCB.

The actions necessary to comply with the provisions of the SRF have been studied and discussed by staff not only in the Bureau of Sanitation, but also in the Bureau of Accounting, the City Attorney's office, the Office of Administrative and Research Services, and the Wastewater Program Bond Counsel, to ensure that the pledges for this loan are in harmony with the covenants of the Wastewater senior bonds. Based on the comments and concerns of these parties, the documents accompanying this Board report have been prepared and forwarded for Mayor and Council approval. The recommended actions are similar to ones used in many types of debt financing.

The documents and their purposes are:

1. A resolution to permit revenues from the Sewer Construction and Maintenance Fund to be used to repay the State Revolving Fund loan (Project No. C-06-4493-110) after required payments for operations and maintenance, debt service and other payments are made, as provided by the Wastewater bond covenants;
2. A proposed ordinance to establish a Wastewater Capital SRF Loan Reserve Fund which will operate pursuant to the terms of the State; and,
3. A resolution pledging that the City will meet the conditions established by the State which will make this a zero percent interest loan for the NOS-ECIS project.

(Recommendations attached)

RECOMMENDATIONS

That the Council, subject to the approval of the Mayor:

1. Adopt the Resolution to repay the State Revolving Fund loan (Project No. C-06-4493-110) from the Sewer Construction and Maintenance Fund after required payments for operations and maintenance, debt service and other payments are made, as provided by the Wastewater bond covenants;
2. Direct the City Attorney to prepare an ordinance, substantially as attached, and present it for Council adoption, in order to establish the Wastewater Capital SRF Loan Reserve Fund to meet terms of the State program; and,
3. Adopt the Resolution pledging the City to provide the State match and to comply with certain administrative procedures as directed by the State.

FISCAL IMPACT STATEMENT

This loan from the State Water Resources Control Board will be repaid from revenues of the Sewer Construction and Maintenance Fund. There is no impact on the General Fund.

WTF:BDC:tah

CITY OF LOS ANGELES
CALIFORNIA

BOARD OF PUBLIC WORKS
MEMBERS

ELLEN STEIN
PRESIDENT
(213) 485-3378

VALERIE LYNNE SHAW
VICE PRESIDENT
(213) 485-3376

MARIBEL MARIN
PRESIDENT PRO-TEMPORE
(213) 485-3379

TOD A. BURNETT
(213) 485-3377

WOODY FLEMING
(213) 485-3375

2000 APR -5 PM 4:34

CITY ADMINISTRATIVE OFFICER



RICHARD J. RIORDAN
MAYOR

OFFICE OF THE
BOARD OF PUBLIC WORKS
433 S. Spring St., Suite 600
LOS ANGELES, CA 90013

JAMES A. GIBSON
BOARD SECRETARY

GENERAL INFORMATION
(213) 485-3381
FAX: (213) 847-1445
TDD: (213) 847-4750

March 27, 2000

#1 SAN

Mayor Richard J. Riordan
8th Floor
City Hall East
Attn: June Lagmay

Subject: RESOLUTION AND ORDINANCE - STATE REVOLVING FUND (SRF) LOAN -
NORTH OUTFALL SEWER-EAST CENTRAL INTERCEPTOR SEWER PROJECT

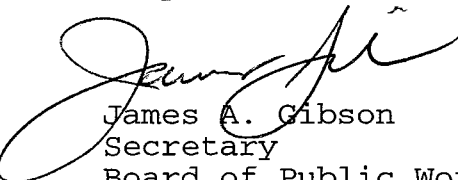
As recommended in the accompanying report of the Director of the Bureau of Sanitation, which this Board has adopted, the Board of Public Works requests approval and forwarding to the City Council with the request that the City Council:

1. Adopt a Resolution (Transmittal No. 1) dedicating a source of revenue to repay the State Revolving Fund loan for the North Outfall Sewer-East Central Interceptor Sewer project;
2. Adopt an Ordinance (Transmittal No. 2) creating a Wastewater Capital SRF Loan Reserve Fund for the expansion, major repair, or replacement of the City's wastewater treatment facilities, and;
3. Adopt a Resolution (Transmittal No. 3) agreeing to contribute 16.667 percent of the eligible project cost in return for a zero-percent interest SRF loan for the North Outfall Sewer-East Central Interceptor Sewer project.

FISCAL IMPACT

Deposit of any required funds to the Wastewater Capital State Revolving Fund (SRF) Loan Reserve Fund will be from the Sewer Construction and Maintenance Fund. There is no General Fund Fiscal Impact.

Respectfully yours,


James A. Gibson
Secretary
Board of Public Works

DEPARTMENT OF PUBLIC WORKS

BUREAU OF SANITATION
BOARD REPORT NO. 1
MARCH 27, 2000

ADOPTED BY THE BOARD OF
PUBLIC WORKS OF THE CITY
of Los Angeles, California

MAR 27 2000

AND REFERRED TO THE MAYOR

Secretary

RESOLUTIONS AND ORDINANCE - STATE REVOLVING FUND (SRF) LOAN - NORTH
OUTFALL SEWER-EAST CENTRAL INTERCEPTOR SEWER PROJECT

RECOMMENDATIONS

Approve and forward this report forthwith, with its transmittals, to the Mayor and the City Council with the recommendation that the City Council:

1. Adopt a Resolution (Transmittal No. 1) dedicating a source of revenue to repay the State Revolving Fund loan for the North Outfall Sewer-East Central Interceptor Sewer project;
2. Adopt an Ordinance (Transmittal No. 2) creating a Wastewater Capital SRF Loan Reserve Fund for the expansion, major repair, or replacement of the City's wastewater treatment facilities, and;
3. Adopt a Resolution (Transmittal No. 3) agreeing to contribute 16.667 percent of the eligible project cost in return for a zero-percent interest SRF loan for the North Outfall Sewer-East Central Interceptor Sewer project.

FISCAL IMPACT STATEMENT

Deposit of any required funds to the Wastewater Capital SRF Loan Reserve Fund will be from the Sewer Construction and Maintenance Fund. There is no General Fund Fiscal Impact.

TRANSMITTALS

1. Copy of proposed Resolution dedicating a source of revenue to repay the SRF loan.
2. Copy of proposed Wastewater Capital SRF Loan Reserve Fund Ordinance.
3. Copy of proposed Resolution agreeing to contribute 16.667 percent of the eligible project cost in return for a zero-percent interest SRF loan.

DISCUSSION

The City will start construction of the North Outfall Sewer-East Central Interceptor (NOS-ECIS) Project on October 1, 2000, as a requirement of a Cease and Desist order issued by the Regional Water Quality Control Board. On February 16, 2000, the City submitted an application to the State Water Resources Control Board for a \$241,000,000 State Revolving Fund (SRF) Loan to assist in financing the construction of the NOS-ECIS Project.

The State Water Resources Control Board's policy for implementing the SRF loan program requires that all SRF loan recipients dedicate a source of revenue for

BUREAU OF SANITATION
BOARD REPORT NO. 1
MARCH 27, 2000

Page 2

repayment of the SRF loan and create a Wastewater Capital SRF Loan Reserve Fund for expansion, major repair, or replacement of their wastewater treatment facilities. The SRF loan contract will not be issued until these two conditions are met.

The SRF loan program policy also requires that the sale of future local debt be on parity with, or subordinate to, the SRF debt unless all of the following criteria are met:

1. The applicant's non-subordinate debt is rated "A", or higher, by at least two nationally recognized rating agencies.
2. The applicant pledges that the net revenues available to pay the SRF loan are at least 1.1 times the current year's debt service on SRF loans.
3. The applicant agrees to pay the 20 percent state match amount (16.667% of eligible project costs) for their loan in return for a zero interest loan.

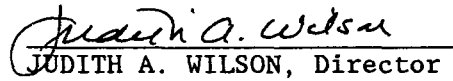
The City has issued bonds and plans to issue additional bonds (the "Bonds") pursuant to the Wastewater System Revenue Bonds General Resolution (the "General Resolution") adopted by the Council on November 10, 1987. The General Resolution provides that the City may create or permit to create a charge or lien on the Revenues (as defined in the General Resolution) ranking junior and subordinate to the charge or lien of the Bonds. Therefore, the SRF loan must be subordinate to the Bonds.

The City currently meets criteria No. 1 and No. 2 and will need to continue to meet these requirements for each year the SRF loan remains outstanding. The adoption of the Resolution (Transmittal No. 3) will satisfy criteria No. 3 above. This will allow the SRF loan to remain subordinate to the Bonds.

The Bureau of Accounting, City Administrative Officer, Bond Counsel and the City Attorney have reviewed this report.

(SK JL)

Respectfully submitted,


JUDITH A. WILSON, Director
Bureau of Sanitation

Prepared by:
Alex Vazquez, FMD
Ext. 473-8087
032700-1

RESOLUTION

WHEREAS, THE City of Los Angeles (the "City") is undertaking various capital improvements to its wastewater system (the "System"); and

WHEREAS, in order to finance certain of such improvements the City has issued bonds and plans to issue additional bonds (the "Bonds") pursuant to the Wastewater System Revenue Bonds General Resolution (the "General Resolution") adopted by the Council on November 10, 1987, and various supplemental resolutions, and has issued and may issue additional commercial paper revenue notes (the "Notes") pursuant to the Wastewater System Subordinate Revenue Bonds General Resolution (the "Subordinate General Resolution") adopted by the Council on March 26 1991, and various supplemental resolutions; and

WHEREAS, as a requirement of a Cease and Desist order issued by the Regional Water Quality Control Board the City will be constructing the North Outfall Sewer-East Central Interceptor Sewer Project, which is an improvement to the System; and

WHEREAS, the City has applied to the State Water Resources Control Board for a State Revolving Fund (SRF) Loan in the amount of \$241,000,000 to assist in financing the construction of the North Outfall Sewer-East Central Interceptor Sewer Project; and

WHEREAS, all SRF loan recipients are required to dedicate a source of revenue for repayment of the SRF loan; and

WHEREAS, all SRF loan recipients are required to create a Wastewater Capital SRF Loan Reserve Fund for expansion, major repair, or replacement of their wastewater treatment facilities;

NOW THEREFORE, BE IT RESOLVED that, subject to the approval of the Mayor, the City of Los Angeles hereby dedicates the Revenues (as defined in the General Resolution) of the System to repayment of any and all State Revolving Fund loans on Project No. C-06-4493-110, provided that such dedicated revenue shall be subordinate to the City's obligations to pay operation and maintenance expenses for the System, debt service on all Bonds and Notes, payments required to the Reserve Fund and the Emergency Fund (defined in the General Resolution and the Subordinate General Resolution), and 45 days of operations and maintenance for the System, all as required by Section 5.03 of the General Resolution and Section 3.05 of the Subordinate General Resolution. This dedicated source of revenue shall remain in effect until such loan (or loans) is fully discharged unless modification or change of such dedication is approved in writing by the State Water Resources Control Board and;

TRANSMITTAL #1

BE IT FURTHER RESOLVED that the City of Los Angeles adopt the attached Ordinance adding Chapter 109 to Division 5 of the Los Angeles Administrative Code, to provide for a Wastewater Capital SRF Loan Reserve Fund for the expansion, repair or replacement of the City's wastewater treatment facilities. The Wastewater Capital SRF Loan Reserve Fund shall be administered in accordance with the guidelines found in the "Policy for Implementing the State Revolving Fund for Construction of Wastewater Treatment Facilities" adopted by the State Water Resources Control Board on April 18, 1998.

CERTIFICATION

I do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the Los Angeles City Council held on

(Date)

RESOLUTION

WHEREAS, the City will be constructing the North Outfall Sewer-East Central Interceptor Project as a requirement of a Cease and Desist order issued by the Regional Quality Control Board; and

WHEREAS, the City has applied to the State Water Resources Control Board for a State Revolving Fund (SRF) Loan in the amount of \$75,000,000 to assist in financing the construction of the North Outfall Sewer-East Central Interceptor Project; and

WHEREAS, all SRF loan recipients are required to dedicate a source of revenue for repayment of the SRF loan; and

WHEREAS, all SRF loan recipients are required to create a Wastewater Capital Reserve Fund for expansion, major repair, or replacement of their wastewater treatment facilities;

NOW THEREFORE, BE IT RESOLVED that the City of Los Angeles hereby dedicates the Sewer Service Charge proceeds to repayment of any and all State Revolving Fund loans on Project No. C-06-4493-110. This dedicated source of revenue shall remain in effect until such loan (or loans) is fully discharged unless modification or change of such dedication is approved in writing by the State Water Resources Control Board and;

BE IT FURTHER RESOLVED that the City of Los Angeles adopt the attached Ordinance adding Chapter 509 to Division 5 of the Los Angeles Administrative Code, to provide for a Wastewater Capital Reserve Fund for the expansion, repair or replacement of the City's wastewater treatment facilities. The Wastewater Capital Reserve Fund shall follow the guidelines found in the State Water Resources Control Board's "Policy for Implementing the State Revolving Fund for Construction of Wastewater Treatment Facilities".

PRESENTED BY _____

SECONDED BY _____

RESOLUTION

WHEREAS, as a requirement of a Cease and Desist order issued by the Regional Water Quality Control Board the City will be constructing the North Outfall Sewer-East Central Interceptor Sewer Project, which is an improvement to the System; and

WHEREAS, the City has applied to the State Water Resources Control Board (SWRCB) for a State Revolving Fund (SRF) Loan in the amount of \$241,000,000 to assist in financing the construction of the North Outfall Sewer-East Central Interceptor Sewer Project; and

WHEREAS, the SRF loan program policy requires that the sale of future local debt be on parity with, or subordinate to, the SRF debt unless the applicant agrees to provide the state match amount for the loan in return for a zero-percent interest loan; and

WHEREAS, The City has issued bonds and plans to issue additional bonds (the "Bonds") pursuant to the Wastewater System Revenue Bonds General Resolution (the "General Resolution") adopted by the Council on November 10, 1987; and

WHEREAS, the General Resolution provides that the City may create or permit to create a charge or lien on the Revenues (as defined in the General Resolution) ranking junior and subordinate to the charge or lien of the Bonds;

NOW THEREFORE, BE IT RESOLVED that, subject to the approval of the Mayor, the City of Los Angeles hereby agrees to the following in return for a zero-percent interest SRF Loan:

1. To contribute the state match share equal to 16.667 percent of the eligible project costs, in an estimated amount of \$40,167,000, based on eligible project costs of \$241,000,000.
2. To pay an administrative fee of up to 0.575 % of the eligible project costs for the administrative match amount, if requested by the SWRCB, prior to the issuance of the zero percent interest SRF loan contract, provided that the fee shall be waived by the SWRCB if sufficient monies to fund the administrative match are available from other sources.
3. To establish a state match account for the project, and deposit sufficient funds, as necessary, to make the state match payments to the contractor(s).
4. To provide the SWRCB, Division of Clean Water Programs (Division) a certification with each progress payment request stating that the appropriate state match amount for the requested payment has been paid to the contractor(s).

TRANSMITTAL #3

5. To provide the Division with copies of the cancelled checks documenting payment of the state match amount, on a quarterly basis.

CERTIFICATION

I do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the Los Angeles City Council held on

(Date)

POLICY FOR IMPLEMENTING
THE STATE REVOLVING FUND FOR
CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES

Prepared by:
THE DIVISION OF CLEAN WATER PROGRAMS

STATE WATER RESOURCES CONTROL BOARD
STATE OF CALIFORNIA

adopted on February 16, 1995

last amended on June 18, 1998

Wastewater Capital Reserve Fund (WCRF)

- a. All recipients of SRF loans shall create a dedicated WCRF for expansion, major repair, or replacement of their wastewater treatment facilities.
- b. The SRF loan contract will not be issued until an ordinance creating the WCRF is enacted by the local governing body.
- c. The recipient shall deposit sufficient funds to build up the WCRF at a minimum rate of one-half of one (0.5) percent of the SRF loan amount each year for a period of ten (10) years.
- d. All interest earned on deposits to the WCRF shall remain in the WCRF for the uses specified below. The recipient shall replace any amounts expended from the WCRF by depositing at a minimum annual rate of ten (10) percent of the expended amount.
- e. The recipient's unused bonding capability for the wastewater enterprise may be used to offset, dollar for dollar, the required cash deposits to the WCRF.
- f. Unused bonding capability means, with respect to each SRF loan contract issued after January 21, 1993, an amount equal to unissued bonds or other indebtedness authorized either by vote of the local electorate or by provisions of local or other law under which the borrower would be legally permitted to issue such bonds or other indebtedness without approval by the local electorate or by any other public entity.

The amounts required to be deposited in the WCRF may be reduced by any amounts held and not previously allocated for the purposes of this calculation. The amounts may be held in any fund or account established pursuant to a resolution or indenture of a borrower pursuant to which any bonds or other indebtedness have been issued and are outstanding, which amounts may be used for the purposes for which the WCRF is established.

- g. Money deposited in the WCRF shall be available for the costs for planning, design, and construction of capital improvements (See IX.D.1.a. above) to the wastewater treatment facilities.
- h. The recipient shall prepare and submit a report on WCRF activities and fund status beginning five (5) years after the Division's approval of the final Revenue Program. A report shall be due every five (5) years for the life of the loan contract.
- i. The requirement to create and maintain a WCRF shall remain in force for the life of the loan contract. At the end of the loan contract, disposition of the WCRF will be a local responsibility.
- j. Failure to meet the provisions of this Section could result in the immediate recall and repayment of all SRF loan funds disbursed to the recipient.

2. Draft Revenue Program

The applicant will be required to identify and make projections of the amount of revenue available from specific sources necessary to repay the SRF loan.

A draft Revenue Program must be prepared and submitted with the Project Report. Facilities Plan Approval will not be issued until the Division has approved the draft Revenue Program. The draft Revenue Program must include a draft ordinance or resolution committing a source or sources of funds for repayment. The draft Revenue Program shall be updated as appropriate and submitted with the final plans and specifications.

As indicated at the time of the preliminary loan commitment, the applicant will be required to identify a "dedicated" source of revenue to repay the loan. Revenue will be considered dedicated when the applicant passes an ordinance or a resolution committing a source, or sources, of funds for repayment. The resolution, or ordinance, dedicating a source of funding for repayment of the SRF loan must be adopted by the applicant and approved by the Division before the loan contract is issued.

most cost-effective alternative for wastewater treatment and sludge disposal. Refer to Pages G - 16 and G - 17 of these Guidelines.

SECTION 4 - DEDICATED SOURCE OF REVENUE

- A. Section 603(d)(1)(C) of the Federal Clean Water Act Amendments require each loan recipient to establish one or more dedicated sources of revenue for repayment of the loan. A dedicated source can be a special assessment, general taxes, general obligation bonds, revenue bonds, user charges, or other sources.
- B. Revenue will be considered dedicated when the municipality passes an ordinance or resolution committing a source of funds for repayment. The ordinance or resolution dedicating a source of funding for repayment of the loan must be adopted before issuance of the loan contract.
- C. Ordinance or resolution language equivalent to the following would be acceptable:
 1. The (municipality) hereby dedicates the following source of revenue (user charge, proceeds of revenue bonds, etc.) to repayment of any and all State Revolving Fund loans on Project No. C-06-_____ - _____. This dedicated source of revenue shall remain in effect until such loan or loans are fully discharged unless modification or change of such dedication is approved in writing by the State Water Resources Control Board.

RESOLUTION NO. _____

RESOLUTION OF THE _____ OF THE _____
ESTABLISHING A WASTEWATER CAPITAL RESERVE FUND IN ACCORDANCE
WITH THE STATE WATER RESOURCES CONTROL BOARD'S REQUIREMENTS OF
THE STATE REVOLVING FUND LOAN PROGRAM

WHEREAS, the _____ of the _____ authorized the _____
manager to apply for a State Revolving Fund (SRF) loan to fund all or a portion of the cost of
expansion and improvement of the wastewater treatment facilities; and

WHEREAS, the State Water Resources Control Board requires, as a condition of approval of
the loan, the establishment of a Wastewater Capital Reserve Fund for future expansion, major
repair or replacement costs:

NOW THEREFORE BE IT RESOLVED by the _____ of the _____
that:

1. A dedicated Wastewater Capital Reserve Fund shall be created, and,
2. Said Wastewater Capital Reserve Fund shall be administered, by the _____, as required by
the "Policy For Implementing The State Revolving Fund For Construction Of Wastewater
Treatment Facilities" adopted by the State Water Resources Control Board on *April 18*, 1998.

The foregoing resolution was adopted by the _____ of the _____ at its
meeting held on the _____ day of _____, _____, by the following vote:

AYES:

NOES:

ABSTAIN:

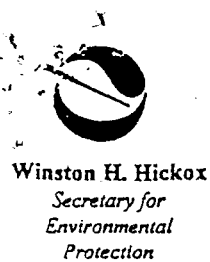
ABSENT:

ATTEST;

APPROVED AS TO FORM:

Name
Title

Name
Title



State Water Resources Control Board

Division of Clean Water Programs

2014 T Street • Sacramento, California 95814 • (916) 227-4400
Mailing Address: P.O. Box 944212 • Sacramento, California • 94244-2120
FAX (916) 227-4349 • Internet Address: <http://www.swrcb.ca.gov>

Attachment 7


Gray Davis
Governor

LOS - 6 1009

Mr. Shahram Kharaghani
Financial Management Division
Department of Public Works
City of Los Angeles
433 South Spring Street, 4th Floor
Los Angeles, CA 90013

Dear Mr. Kharaghani:

DRAFT REVENUE PROGRAM APPROVAL — CITY OF LOS ANGELES, STATE REVOLVING FUND (SRF) PROJECT NO. C-06-4493-110

The draft wastewater revenue program for the City of Los Angeles, submitted with your letter dated October 15, 1999, is approved for compliance with SRF requirements for Revenue Programs.

The following SRF Program requirements must be satisfied before the Division can issue a loan contract:

1. An ordinance or resolution dedicating a source of revenue for repayment of the SRF loan must be adopted and approved. To avoid delays, it is recommended that a draft of this ordinance or resolution be submitted for our review at your earliest convenience. This will avoid delays in State Water Board action on your loan commitment. The proposed ordinance should contain language equivalent to the following:

"The City of Los Angeles hereby dedicates the following source of revenue (user charge, proceeds of revenue bonds, etc.) to repayment of any and all State Revolving Fund loans on Project No. C-06-4493-110. This dedicated source of revenue shall remain in effect until such loan (or loans) is fully discharged unless modification or change of such dedication is approved in writing by the State Water Resources Control Board."

2. An ordinance or resolution dedicating a "Wastewater Capital Reserve Fund" (WCRF) must also be adopted and approved. Detailed requirements for the WCRF will be found on Pages 18 and 19 of the June 18, 1998 version of the "Policy For Implementing The State Revolving Fund For Construction Of Wastewater Treatment Facilities".

California Environmental Protection Agency

Mr. Shahram Kharaghani

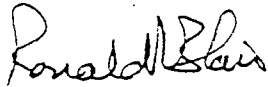
- 2 -

DEC - 6 1999

A final revenue program and a draft sewer rate ordinance must be submitted and approved by this office prior to payout of loan proceeds in excess of 90 percent of the loan amount.

If you have any questions about this letter, please contact me at (916) 227-4489.

Sincerely,



Ronald R. Blair
Revenue Program Specialist



State Water Resources Control Board

Division of Clean Water Programs

Winston H. Hickox
Secretary for
Environmental
Protection

2014 T Street • Sacramento, California 95814 • (916) 227-4400
Mailing Address: P.O. Box 944212 • Sacramento, California • 94244-2120
FAX (916) 227-4349 • Internet Address: <http://www.swrcb.ca.gov>



Gray Davis
Governor

FEB - 8 2000

Mr. Alex Vazquez, Project Manager
City of Los Angeles
Department of Public Works
433 South Spring Street, Suite 400
Los Angeles, CA 90013

Dear Mr. Vazquez:

COMMENTS ON FACILITY PLANNING DOCUMENTS AND REQUIREMENTS FOR
FACILITY PLAN APPROVAL: CITY OF LOS ANGELES (CITY), EAST CENTRAL
INTERCEPTOR SEWER PROJECT (ECIS) PHASE I; STATE REVOLVING FUND (SRF)
PROJECT NO. C-06-4493-110

The Division of Clean Water Programs (Division) has reviewed the City's facility planning documentation submitted September 30, 1999, and December 3, 1999. The focus of this comment letter is the report entitled "Preliminary Engineering Report East Central Interceptor Sewer (East-West Segment) Phase I" dated December 1993, as it most closely represents a project report for the City's subject project. Accordingly, we have the following discussion and comments regarding the City's proposed project.

The *Policy for Implementing the State Revolving Fund for Construction of Wastewater Treatment Facilities* (SRF Policy) Section IX. contains the required elements of a facilities plan. An SRF Policy is enclosed for your use (see Enclosure 1). A complete project report in an SRF loan application should include these elements. Some may not apply to the City's project. These items should be briefly discussed as to why they do not apply. For example, Section IX.A.3. regarding the reuse and disposal of sludge can be addressed briefly and concluded as not applicable in this case.

All project report/facility plans must contain the cost effectiveness evaluation of alternatives (Section IX.A.2.) and their respective present worth costs calculated over a 20-year planning period.

Please provide the following:

1. Project needs and benefits. According to the report, the purpose of the ECIS is to provide a relief conduit and a detention facility for storing excess peak wet weather flow (PWWF). Accordingly, in addition to the discussion in the report, information on excessive Infiltration and/or Inflow (I/I) should be included since it is the basis for the project. Excess PWWF is defined by the Environmental Protection Agency (EPA) as flows in

California Environmental Protection Agency

FEB - 8 2000

Mr. Alex Vazquez

- 2 -

excess of 275 gallons per capita per day during peak storm events. For the purposes of the SRF program, the flow parameter used for eligibility for PWWF is defined as the arithmetic mean of the maximum peak flow rate sustained over three consecutive hours during the maximum 24 hour wet weather period. Please see the SRF Policy Appendix H starting on Page 9 for definitions and discussion of flows.

2. A project description of the eligible portion of the project. As you know, the State Water Resources Control Board (SWRCB) has directed that loan funding for major pipeline rehabilitation projects (EPA Needs Category IIIB on the Statewide project Priority List) be "deferred". The work on the rehabilitation portion of the City's project is therefore not currently fundable. The portion of the project required to provide capacity for projected flow conveyance needs is eligible work. Projected flow conveyance needs are calculated from per capita flows. Population projections should be from an independent agency such as the Department of Finance or a regional council of governments to support the wastewater flow forecasts.
3. The necessary storage and hydraulic capacity projected for 40 years. The SRF Policy allows for 40 years of reserve capacity (calculated from the construction start date) for interceptor pipelines.
4. The number of construction contracts the City plans to advertise for bid for the project and whether a loan contract for each is needed. The report indicates that Phase I is composed of three segments: (1) the ECIS East West-Conveyance Tunnel, (2) the ECIS Storage Tunnel, and (3) the North Outfall Replacement Sewer Control Structure. If three SRF loan contracts are needed, please provide three corresponding construction contracts (see No. 5 below).
5. A construction schedule for the Phase I project (Enclosure 2).
6. The most recent engineer's estimate for the eligible project.
7. The estimated total costs for construction and the estimated capital SRF loan outlay for the eligible project expected during construction, presented on a State fiscal year basis (July 1 to June 30). This information will be included in the fiscal impact statement in the Division's staff report which will be presented to the SWRCB for a preliminary loan commitment once facility planning is complete.
8. Documentation necessary for final Section 106 cultural resources clearance. Please contact Ms. Cookie Hirn at (916) 227-4410 regarding the requirements for clearance.
9. Information on the stability of the potable water supply for the service area (SRF Policy Section IX.A.10.g.). The information the City provides will also be included in the Division's staff report.
10. Verification whether the City is a signatory to the *Memorandum of Understanding Regarding Urban Water Conservation in California*. If not, the City must submit a water conservation plan which meets the SRF Policy requirements (Section IX.C.)

FEB - 8 2000

Mr. Alex Vazquez

- 3 -

11. A completed Financial Assistance Application form (Enclosure 3).

12. The resolutions required for the SRF loan (and also requested in the application) include:

- A resolution authorizing filing an application and designating an authorized representative (Attachment 4 of the Financial Assistance Application). This resolution must be certified as original by providing: (1) an original document, (2) a notarized document, (3) a photocopy certified by an embossed and signed seal, or (4) a letter by competent counsel testifying as to its originality.
- A resolution for a "Local Match Loan" if the City is applying for a local match loan (original or certified copy). The local match loan option is described in SRF Policy Section V. A sample resolution is contained in Appendix Q.
- A resolution dedicating a source of revenue for repayment of the SRF loan (Appendix page G-11, Section 4.C.1.) as described in Mr. Ron Blair's December 6, 1999, letter.
- A resolution establishing a "Wastewater Capital reserve Fund" (Appendix page G-15).

If you have any questions, or wish to discuss the City's project, please do not hesitate to call me at (916) 227-4575.

Sincerely,



Dan Little, P.E.
Associate Engineer

Enclosure 1, SRF Policy
Enclosure 2, Project Schedule
Enclosure 3, Financial Assistance Application

cc: Mr. Shahram Kharaghani, Ph.D., P.E.
Financial Management Division
Bureau of Sanitation
City of Los Angeles Department of Public Works

J. MICHAEL CAREY
City Clerk

When making inquiries
relative to this matter
refer to File No.

CITY OF LOS ANGELES

CALIFORNIA



RICHARD J. RIORDAN
MAYOR

Office of the
CITY CLERK
Council and Public Services
Room 615, City Hall
Los Angeles, CA 90012
Council File Information - (213) 485-5703
General Information - (213) 485-5705

99-2456

PLACE IN FILES

FEB 14 2000

DEPUTY

February 9, 2000

Office of the Mayor
City Administrative Officer
Chief Legislative Analyst
Bureau of Sanitation
City Attorney

Controller, Room 1200
Accounting Division, F & A
Disbursement Division
Board of Public Works

RE: APPLICATION FOR LOAN FROM THE STATE REVOLVING FUND LOAN PROGRAM FOR
THE NORTH OUTFALL SEWER - EAST CENTRAL INTERCEPTOR SEWER PROJECT

At the meeting of the Council held February 9, 2000, the following
action was taken:

Attached report adopted	_____X_____
Attached motion () adopted	_____
Attached resolution adopted	_____X_____
Mayor concurred.....	_____
FORTHWITH.....	_____
Ordinance adopted.....	_____
Motion adopted to approve attached report.....	_____
Motion adopted to approve communication.....	_____
To the Mayor FORTHWITH.....	_____
Ordinance Number.....	_____
Publication date.....	_____
Effective date.....	_____
Mayor vetoed.....	_____
Mayor approved.....	_____

J. Michael Carey

City Clerk
bs

steno\992456

FF



AA 2-11-00

TO THE COUNCIL OF THE
CITY OF LOS ANGELES

Your ENVIRONMENTAL QUALITY AND WASTE MANAGEMENT COMMITTEE

reports as follows:

	<u>Yes</u>	<u>No</u>
Public Comments	<u>XX</u>	<u>—</u>

ENVIRONMENTAL QUALITY AND WASTE MANAGEMENT COMMITTEE REPORT and RESOLUTION relative to application for loan from the State Revolving Fund Loan Program for the North Outfall Sewer - East Central Interceptor Sewer Project (NOS-ECIS).

Recommendations for Council action:

1. APPROVE the loan application to the State Water Resources Control Board for the construction of the NOS-ECIS Project.
2. ADOPT accompanying Resolution approving submission of the loan application.
3. AUTHORIZE the Director, Bureau of Sanitation, to negotiate loan terms and execute loan documents on behalf of the City, subject to the review and concurrence of the City Administrative Officer (CAO) and the approval of the City Attorney as to form and legality.

Fiscal Impact Statement: The CAO reports that if this loan is approved by the State Water Resources Control Board, repayment of the loan and debt service will be from the Sewer Construction and Maintenance Fund. There is no impact to the General Fund.

SUMMARY

In its report dated October 29, 1999, the Bureau of Sanitation reports that the NOS-ECIS project will allow wastewater to be diverted from the middle portion of the North Outfall Sewer which provides much needed relief for the City's stressed conveyance system. In addition, the project is needed to provide additional capacity for future wastewater flow. The Bureau of Sanitation also notes that construction of the NOS-ECIS project is a requirement of a Cease and Desist Order (CDO), issued by the Regional Water Quality Control Board, as a result of various wet weather sanitary overflows that occurred during the 1998 El Nino rainy season.

The Bureau of Sanitation further reports that the Federal Clean Water Act (CWA) provides for the creation of a State Revolving Fund (SRF) Loan Program capitalized in part by Federal funds. The primary purpose of the Program is to implement the CWA and various State laws, by assisting in the financing of wastewater treatment facilities, including intercepting sewers, necessary to prevent water pollution. The NOS-ECIS project is on the approved Final 1999/2000 SRF Loan Program Project Priority List.

In its report dated December 13, 1999, the CAO states that the NOS-ECIS project has an estimated construction cost of \$215 million. The current loan rate from the SRF Loan Program for 20 year loans is 2.7 percent, which compares favorably to the recent January 1999 revenue bonds that have a rate of 4.6 percent. The maximum amount which the City can borrow from the SRF Loan Program for this project is \$75 million as there is an annual maximum of \$25 million and ECIS is expected to take three years to construct. The CAO reports that the Bureau of Sanitation estimates the interest savings compared to the standard revenue bonds to be \$17.7 million over the life of the loan. Repayment would commence after construction has been completed.

At its regular meeting on January 19, 2000, the Environmental Quality and Waste Management Committee considered this matter and, in concurrence with CAO recommendations, recommends that Council approve the loan application. This matter is now submitted to Council for consideration.

Respectfully submitted,

ENVIRONMENTAL QUALITY AND WASTE MANAGEMENT COMMITTEE

Mark Killy
Ruth Galanter

AA
01/28/00
#992456

REPT. & RESOL.
ADOPTED

FEB 09 2000

LOS ANGELES CITY COUNCIL

COUNCIL VOTE

09-Feb-00 10:40:32 AM, #3

Items For Which Public Hearings Have Been Held - Items 4-10

Voting on Item(s): 7-8,10

Roll Call

BERNSON	Absent
CHICK	Yes
FEUER	Yes
GALANTER	Yes
GOLDBERG	Absent
HERNANDEZ	Yes
HOLDEN	Yes
MISCIKOWSKI	Yes
PACHECO	Absent
PADILLA	Yes
RIDLEY-THOMAS	Yes
SVORINICH	Yes
WACHS	Absent
WALTERS	Yes
*FERRARO	Yes

Present: 11, Yes: 11 No: 0

ENVIRONMENTAL QUALITY & WASTE MANAGEMENT COMMITTEE
Report/Communication for Signature

Council File Number 99-2456
Committee Meeting Date 1-19-2000
Council Date 2-9-00

COMMITTEE MEMBER	YES	NO	ABSENT
COUNCILMEMBER RIDLEY-THOMAS, CHAIR	✓		
COUNCILMEMBER WACHS			✓
COUNCILMEMBER GALANTER	✓		

Remarks State Revolving Fund Loan / North Out-
fall Sewer - East Central Interceptor Sewer Project

SUGGESTED NOTIFICATION OF COUNCIL ACTION

[illegible]

J. MICHAEL CAREY
City Clerk

When making inquiries
relative to this matter
refer to File No.

CITY OF LOS ANGELES
CALIFORNIA



RICHARD J. RIORDAN
MAYOR

Office of the
CITY CLERK
Council and Public Services
Room 615, City Hall
Los Angeles, CA 90012
Council File Information - (213) 485-5703
General Information - (213) 485-5705

99-2456

January 4, 2000

ENVIRONMENTAL QUALITY & WASTE MANAGEMENT COMMITTEE

In accordance with Council Rules, communication from the City Administrative Officer (CAO) relative to application for loan from the State Revolving Fund Loan Program for the North Outfall Sewer - East Central Interceptor Sewer Project, was referred on December 29, 1999, to the ENVIRONMENTAL QUALITY & WASTE MANAGEMENT COMMITTEE.

City Clerk
amm



gc

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99 DEC 28 AM 10:58
BY CITY CLERK
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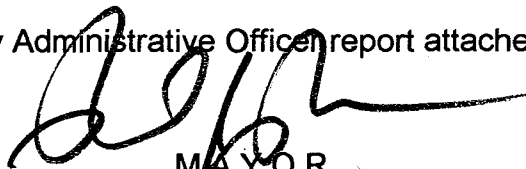


TRANSMITTAL

0610-01876-0236

TO	DATE	COUNCIL FILE No.
The Council	DEC 21 1999	99-2456 98-2021
FROM	COUNCIL DISTRICT	
The Mayor		

Transmitted for your consideration. See
City Administrative Officer report attached.


MAYOR
kw

ENV QUAL & WASTE MGT

DEC 29 1999

CITY ADMINISTRATIVE OFFICER

TO The Mayor	DATE 12-13-99	CAO FILE No. 0610-01876-0236
REFERENCE Report of the Board of Public Works dated October 29, 1999		COUNCIL FILE No.
SUBJECT Application for Loan from the State Revolving Fund Loan Program for the North Outfall Sewer-East Central Interceptor Sewer Project (NOS-ECIS)		COUNCIL DISTRICT

SUMMARY

The Board of Public Works has forwarded an application developed by the Bureau of Sanitation for a loan from the State Revolving Fund Loan Program (SRFLP) administered by the State Water Resources Control Board (SWRCB). The loan will be used to help finance construction of the North Outfall Sewer-East Central Interceptor Sewer Project (NOS-ECIS) which has an estimated construction cost of \$215 million. The current loan rate from the SRFLP for 20 year loans is 2.7 percent, which compares favorably with the recent January 1999 revenue bonds which have a rate of 4.6 percent. The maximum amount which the City can borrow from the SRFLP for the NOS-ECIS project is \$75 million as there is an annual maximum of \$25 million and ECIS is expected to take three years to construct. (These maximum amounts may change depending on the demand on the fund.) The Bureau of Sanitation estimates the interest savings compared to the standard revenue bonds to be \$17.7 million over the life of the loan. Repayment would commence after construction is completed. Inasmuch as repayment of the loan and debt service will be from the Sewer Construction and Maintenance Fund, this loan will have no impact on the City's debt capacity.

The Board report also requests that the Director of the Bureau of Sanitation be authorized to act on behalf of the City to conduct negotiations on the loan with the SWRCB and execute all documents necessary to complete the project.

The total cost of NOS-ECIS is \$277,250,000. Although there is currently a limit on the annual loans, the loan documents request a loan for \$241 million, the estimated eligible needs for the ECIS project. This ensures that the City has gone on record about the project scope and may be able to receive additional funds if they are available. This loan amount includes the construction cost (\$215 million), project planning (\$2.8 million), project design (\$6.8 million), administration/legal (\$1.8 million) and construction management (\$14.6 million). The City will fund \$36,250,000 of additional costs for planning, design and construction management as well as right of way and contingencies. The City's

(Summary continued)

William T. Fujioka
CITY ADMINISTRATIVE OFFICER



portion and all costs not covered by the State Loan will be financed from Wastewater revenue bonds and available cash from revenues to the Sewer Construction and Maintenance Fund.

Background

The State has had a Revolving Loan Program since 1988. It was established as the federal government began phasing out its EPA Clean Water Grants which were so important to the early funding of the City's multi-billion dollar overhaul of the wastewater treatment system. However, initial provisions of the Loan Program were not attractive alternatives to the City for financing its wastewater rehabilitation program. The amount of State funding was extremely low in terms of the projects which the City had to build at the time. Many City projects cost several hundred million dollars each and the maximum total Statewide award was under \$150 million. In addition, there were detailed paperwork, Statewide priority project ranking and State oversight requirements, all of which did not compare well with the process of getting the capital funding from the Wastewater revenue bonds.

Every year, however, City staff and the financial advisor have monitored the changing status of the SRFLP to see if it would be a viable alternative to the higher cost revenue bonds. This year, the funding cap per project was raised to \$25 million per year and the NOS-ECIS project is on the approved priority list. Thus, the Bureau of Sanitation has developed the application and forwarded it for approval by the Council and Mayor.

RECOMMENDATIONS

That the Council:

1. Approve the loan application to the State Water Resources Control Board for the construction of the North Outfall Sewer-East Central Interceptor Sewer Project (NOS-ECIS) and authorize the Director of the Bureau of Sanitation to execute the loan documents on behalf of the City; and,
2. Adopt the Resolution approving the submission of the loan application and designate the Director of the Bureau of Sanitation to act as the agent for the City in negotiating the loan terms and preparation and execution of the loan documents throughout the construction project.

FISCAL IMPACT STATEMENT

If this loan is approved by the State Water Resources Control Board, repayment of the loan and debt service will be from the Sewer Construction and Maintenance Fund. There is no impact on the General Fund.

BDC:lm

34709b70



CITY OF LOS ANGELES
CALIFORNIA

BOARD OF PUBLIC WORKS
MEMBERS

ELLEN STEIN
PRESIDENT
(213) 485-3378

VALERIE LYNNE SHAW
VICE PRESIDENT
(213) 485-3376

MARIBEL MARIN
PRESIDENT PRO-TEMPORE
(213) 485-3379

TOD A. BURNETT
(213) 485-3377

WOODY FLEMING
(213) 485-3375



RICHARD J. RIORDAN
MAYOR

OFFICE OF THE
BOARD OF PUBLIC WORKS
433 S. Spring St., Suite 600
LOS ANGELES, CA 90013

JAMES A. GIBSON
BOARD SECRETARY

GENERAL INFORMATION
(213) 485-3381
FAX: (213) 847-1445
TDD: (213) 847-4750

October 29, 1999

#1 SAN

Mayor Richard J. Riordan
8th Floor
City Hall East
Attn: June Lagmay

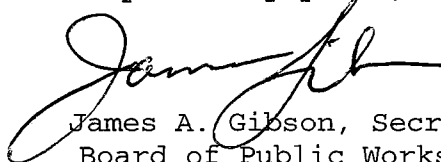
Subject: APPLICATION FOR STATE REVOLVING FUND LOAN - NORTH OUTFALL
SEWER-EAST CENTRAL INTERCEPTOR SEWER PROJECT

As recommended in the accompanying report of the Director of the Bureau of Sanitation, which this Board has adopted, the Board of Public Works request approval and forwarding to the City Council for approval to submit the attached loan application to the State Water Resources Control Board (SWRCB) for the construction of the North Outfall Sewer-East Central Interceptor Sewer (NOS-ECIS) project. The Board also requests adoption of the attached proposed Resolution by the City Council approving the submission of the loan application and appointing the Director of the Bureau of Sanitation as agent of the City to conduct all negotiations and the execute and submit all grant documents necessary for the completion of the project.

FISCAL IMPACT

The construction cost for the NOS-ECIS project is estimated at \$215 million over a three-year period. The project is eligible for a State Revolving Fund (SRF) loan amount of \$75 million. Payment on the loan would begin after construction of the project is completed. It is to the City's advantage to finance the capital program using SRF loan funds in lieu of revenue bond proceeds. The current SRF loan interest is 2.7 percent to be repaid in 20 years, while the latest wastewater revenue bond series issued in January 15, 1999, yielded 4.6 percent term bonds due in 20 years. The total interest saving is estimated to be \$17.7 million over the full loan period.

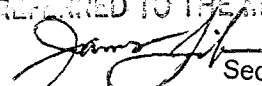
Respectfully yours,


James A. Gibson, Secretary
Board of Public Works

28 114 4-10N 66.
JAG:mp

DEPARTMENT OF PUBLIC WORKS

BUREAU OF SANITATION
BOARD REPORT NO. 1
OCTOBER 29, 1999

OCT 29 1999
AND REFERRED TO THE MAYOR

Secretary

APPLICATION FOR STATE REVOLVING FUND LOAN - NORTH OUTFALL SEWER-EAST
CENTRAL INTERCEPTOR SEWER PROJECT

RECOMMENDATIONS

1. Approve and forward this report forthwith, with its transmittals, to the Mayor and the City Council with the recommendation that the City Council approve the submission of the loan application (Transmittal No. 1) to the State Water Resources Control Board (SWRCB) for the construction of the North Outfall Sewer-East Central Interceptor Sewer (NOS-ECIS) Project.
2. Request the City Council to adopt the Resolution (Transmittal No. 2) approving the submission of the loan application and appointing the Director of the Bureau of Sanitation as agent of the City to conduct all negotiations and to execute and submit all grant documents necessary for the completion of the project.

FISCAL IMPACT STATEMENT

The receipt of loan funds will replace funds that otherwise will be provided by City of Los Angeles Wastewater System Revenue Bonds. There is no General Fund Fiscal Impact.

TRANSMITTALS

1. Copy of loan application.
2. Copy of proposed Resolution.

DISCUSSION

The Federal Clean Water Act (CWA) provides for the creation of a State Revolving Fund (SRF) Loan Program capitalized in part by Federal funds. The primary purpose of the SRF Loan Program is to implement the CWA and various State laws, by assisting in the financing of wastewater treatment facilities, including intercepting sewers, necessary to prevent water pollution.

The United States Environmental Protection Agency has delegated the administration of the SRF Loan Program in California to the State Water Resources Control Board (SWRCB). On May 20, 1999 the SWRCB approved raising the funding cap to \$25 million per year. The funding cap is changed every year depending on the availability of funds. On June 17, 1999 the SWRCB approved the Final 1999/2000 SRF Loan Program Project Priority List. The NOS-ECIS project is in the approved priority list.

The NOS-ECIS project will allow wastewater to be diverted from the middle portion of the North Outfall Sewer which provides much needed relief for the City's

BUREAU OF SANITATION
BOARD REPORT NO. 1
OCTOBER 29, 1999

Page 2

stressed conveyance system. In addition, the project is needed to provide additional capacity for future wastewater flow.

Construction of the NOS-ECIS project is a requirement of a Cease and Desist Order (CDO), issued by the Regional Water Quality Control Board, as a result of various wet weather sanitary overflows that occurred during the 1998 El Niño rainy season.

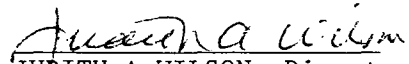
The construction cost for the NOS-ECIS project is estimated at \$215 million over a three-year period. The project is eligible for a SRF loan amount of \$75 million over the three-year period. Payment on the loan would start after construction of the project is completed.

Under current financial conditions, it is more advantageous to finance the capital program using SRF loan funds in lieu of revenue bond proceeds. The current SRF loan interest rate is 2.7% to be repaid in 20 years. The latest wastewater revenue bond series issued in January 15, 1999 yielded 4.6 percent term bonds due in 20 years. Therefore, the annual debt requirement will be lower using the SRF loans to finance a portion of this project. Substantial cost savings would be achieved over the long term due to the lower interest rate. The total interest saving is estimated to be \$17.7 million over the full loan period.

Adoption of the Resolution (Transmittal No. 2) is a requirement of the loan application.

(AG JL)

Respectfully submitted,


JUDITH A. WILSON, Director
Bureau of Sanitation

Prepared by:
Alex Vazquez, FMD
Ext. 847-9667

102999-1

State Water Resources Control Board
Division of Clean Water Programs
Financial Assistance Application

Type of Assistance Requested

- ☒ A. State Revolving Fund Loan Program (SRF) ☐ B. Water Reclamation Loan Program (WRLP) ☐ C. Small Community Grant Program (SCG)

Amount of Assistance Requested: \$ 241,000,000

State Assigned Project No.:

I. Applicant Information

Agency Name: City of Los Angeles
Street Address: 433 S. Spring St., Suite 400, Los Angeles, CA 90013
Mailing Address: Same as above
County: Los Angeles County Federal ID Number: 95-6000735
Authorized Representative, Title: Judith A. Wilson, Director Phone: (213) 485-5112
Contact Person, Title: Alex Vazquez, C.E. Associate III Phone: (213) 847-9667

II. Project Information

1. Project Description: (Attach a brief description. Label as Attachment I)
2. Project Name: North Outfall Sewer - East Central Interceptor Sewer
3. Regional Water Quality Control Board: Los Angeles 4. Est. Construction Start Date: 1-1-2001
5. Current Project Status: ☐ Planning Underway ☒ Planning Complete ☐ Other

6. Estimated Project Capital Costs and Funding Summary:

Cost Classification	SWRCB Program Share, \$	Applicant's Share, \$	Other Loans or Grants, etc., \$	Total, \$
A. Facilities Construction	215,000,000	-	-	215,000,000
B. Facilities Planning (a, c)	2,764,000	236,000		3,000,000
C. Facilities Design (a)	6,814,800	1,185,200		8,000,000
D. Administration and Legal (a)	1,800,000	14,200,000		16,000,000
E. Land and Right-of-Way (b)	-	5,000,000	-	5,000,000
F. Prime Engineering (a, c)	-	-	-	-
G. Contingencies		10,750,000		10,750,000
H. Relocation Payments (a, c)	-	-	-	-
I. Engineering Services During Const. (a)	14,621,200	4,878,800		19,500,000
J. Other Costs (Explain)				
K. Total Capital Costs	241,000,000	36,250,000		277,250,000
L. Additional Cash Flow Needs (d)	Not Fundable			
M. Total Funding Requirements	241,000,000	36,250,000		277,250,000

- (a) An allowance may be provided for planning, design, legal, engineering during construction, relocation payments, and administration costs. For details, please refer to the guidelines of the corresponding program.
(b) WRLP Program only.
(c) SRF Loan Program and SCG Program only.
(d) This is the amount in excess of the total capital costs needed to cover cash flow requirements during construction. This amount is obtained from the cash flow analysis in the Construction Financing Plan.

All costs in Item 6 above are adjusted to the following date: - by using the following rate of inflation
- % annually, or cost index: (name) -, (index value) -

7. Sources of Funds for Capital Costs:

Source	(e)	Amount, \$
A. Loan or Grant Requested		241,000,000
B. Cash Reserves Now on Deposit		-
C. Bonds	(f)	27,000,000
D. Tax Levies	(g)	-
E. Non-cash	(h)	-
F. Short Term Loans or Notes	(h)	-
G. Other State Loans or Grants	(i)	-
H. Other Federal Grants of Loans	(h)	-
I. Other Sewer Service Charge		9,250,000
J. Total	(j)	277,250,000

- (e) Use attachments if necessary (label as Attachment 2).
- (f) Specify type of bonds, provide date of voter approval, total amount of authorized issue, and effective interest rate.
- (g) Specify type of tax and provide the amount to be received by the date of the expected state loan award.
- (h) Provide details of legal authorization, cite appropriate code or other legal reference, specific source of funds, time of expected receipt and, in the case of liabilities, the security provided by the Applicant.
- (i) Provide name of program and law authorizing program, whether grant or loan, date of approval, schedule of payments, and effective interest rate for loan.
- (j) This total should equal the Total in item 6.M. above.

III. Authorization and Other Approvals

- Legal Authority:** Submit a legal opinion, including legal citations, addressing the following issues (label as Attachment 3):
 - The legal authority to enter into a loan or grant contract with the State Water Resources Control Board
 - Any requirements that the applicant hold an election before entering into a loan or grant contract with the State Water Resources Control Board. If an election is required, state the date held or the date scheduled: N/A
- Applicant Authorization:** Submit a certified copy of a resolution adopted by the governing body (label as Attachment 4).
A model resolution is attached for your reference.
- Water Rights:** To comply with Sections 1210 through 1212 of the Water Code, a Petition for Change may be required to be filed and approved by the Division of Water Rights, State Water Resources Control Board.
Have you filed a petition with the Division of Water Rights? ☐ Yes ☒ No

If no, explain: N/A
You should contact the Division of Water Rights, Petition Unit, at (916) 657-1942 for further information.
- Project Report or Facilities Planning Document:** Submit a completed facilities planning document and any supplementary documents that contain the required facilities planning information described in each of the program guidelines (label as Attachment 5).
- Environmental Review:** Refer to the Division of Clean Water Programs *Environmental Review Process Guidelines for State Loan and Small Community Grant Applicants* for details on meeting state environmental review requirements. Submit all available environmental documents for your project (label as Attachment 6). Indicate below those documents submitted:

☐ Negative Declaration ☐ Draft EIR ☒ Final EIR ☐ Notice of Determination
 State Clearinghouse Number: 97021018
- Draft Revenue Program:** Submit a draft revenue program (label as Attachment 7). For more information, please refer to the respective program guidelines. Water reclamation projects funded by the SRF need to submit a draft revenue program satisfying WRLP guidelines only.
- Project Schedule:** Submit a project schedule showing project milestone dates (label as Attachment 8). This schedule should be updated periodically as more information becomes available.

8. **Regional Board Requirements:** Submit adopted or tentative Waste Discharge Requirements, Water Reclamation Requirements, and/or NPDES Permit which the Regional Board has adopted or proposed for the project (label as Attachment 9).

9. **Real Property Acquisition:** Has all necessary land or right-of-way been acquired? ☐ Yes ☒ No

10. **Agreements With Other Parties:** Please list (in section V, on last page of application) all agreements and approvals needed for implementation of the project. Explain status of said agreements and approvals.

IV. Other Submittals

A - State Revolving Fund Loan Program

1. **Water Conservation Plan:** Prior to approval of the project by the State Water Resources Control Board, specific Water Conservation requirements must be achieved. In fulfillment of these requirements, please indicate below what pertinent information you are submitting (label as Attachment 11).

☐ Proof of signed Memorandum of Understanding with the California Urban Water Conservation Council.

☒ Copy of the developed Water Conservation Program for approval by the State Water Resources Control Board.

☐ None at this time. Please explain: _____

2. **Dedicated Source of Revenue:** A "Dedicated Source of Revenue" is required to repay the loan. See revenue program requirements included in the *Policy for Implementing the State Revolving Fund for Construction of Wastewater Treatment Facilities*, as amended. Please attach appropriate resolution or ordinance or indicate schedule to provide dedicated source of revenue (label as Attachment 12). A Dedicated Source of Revenue must be approved before a loan contract can be issued.

3. **Certification of Compliance with Federal Laws and Authorities:** (Attachment 13)

4. **Preaward Compliance Report:** (Attachment 14)

B - Water Reclamation Projects (SRF or WRLP)

This section applies to water reclamation projects for the purpose of providing water supply rather than water pollution control or wastewater disposal. For water reclamation projects funded by the SRF, the documents required under section IV.A. must also be submitted.

1. Estimated Annual Costs:

Cost Classification	Annual Costs, \$	
	First Year	Fifth Year
Debt Service		
Fixed Operation and Maintenance Cost		
Variable Operation and Maintenance Cost		
Other (explain)		
Total Annual Costs		

Assumed Date of Costs for:

First Year of Operation: _____

Fifth Year of Operation: _____

Assumed Cost Index or Rate of Inflation: Index Name: _____ Index Value: _____ or
Inflation Rate: _____ % per yr.

2. Annual Deliveries:

Year of Operation	1	2	3	4	5
No. of Sites					
Amount, Ac-ft/yr					

3. Reclaimed Water User Assurances: Please indicate method of providing user assurances.

☐

User Agreements

☐

Mandatory Use Ordinance

Refer to WRLP guidelines for latest requirements and timing of submittals (label as Attachment 15).

V. Notes or Explanations:

IV. Certification and Signature of Authorized Representative

I certify that the information in this application, including all attachments, is true and correct to the best of my knowledge and belief. I understand that updated information will be required to be submitted later.

Signature: _____

Date: _____

Printed Name: _____

RESOLUTION

BE IT RESOLVED by the City Council of the City of Los Angeles that the Director of the Bureau of Sanitation is hereby authorized and directed to sign and file for and on behalf of the City of Los Angeles, a Financial Assistance Application for a loan from the State Water Resources Control Board in the amount not to exceed \$241,000,000, for the planning, design and construction of the North Outfall Sewer-East Central Interceptor Sewer Project, and

BE IT RESOLVED that the City of Los Angeles hereby agrees and further authorize the aforementioned representative or his/her designee to certify that the Agency has and will comply with all applicable state and federal statutory and regulatory requirements related to any federal and state loan received, and

BE IT FURTHER RESOLVED that the Director of the Bureau of Sanitation or his/her designee of the City of Los Angeles is hereby authorized to negotiate and execute a loan contract and any amendments or change orders thereto and certify loan disbursements on behalf of the City of Los Angeles.

CERTIFICATION

I do hereby certify that the foregoing is a full, true and correct copy of a resolution duly and regularly adopted at a meeting of the Council of the City of Los Angeles held on _____.

I CERTIFY THAT THE FOREGOING
RESOLUTION WAS ADOPTED BY THE
COUNCIL OF THE CITY OF LOS ANGELES
AT ITS MEETING OF FEB 09 2009
BY A MAJORITY OF ALL ITS MEMBERS.



J. MICHAEL CAREY,
CITY CLERK

BY *Donlene G...*
DEPUTY

TRANSMITTAL #2