

**MEMORANDUM
DEPARTMENT OF FACILITY SERVICES
COUNTY OF PLACER**

To: BOARD OF SUPERVISORS

Date: MAY 3, 2011

From:  JAMES DURFEE / WILL DICKINSON 

Subject: **STATE REVOLVING FUND ASSISTANCE APPLICATION: DEDICATION OF NET REVENUE FOR THE PLANT 1 UPGRADE AND EXPANSION PROJECT**

ACTION REQUESTED / RECOMMENDATION: Staff recommends that your Board adopt the attached Resolution dedicating net revenues received by Sewer Maintenance District (SMD 1) for payment of any and all Clean Water State Revolving Fund (CWSRF) Program financings for the SMD 1 Wastewater Treatment Plant Upgrade and Expansion Project (Upgrade Project).

BACKGROUND: On May 18, 2010, your Board authorized the Director of Facility Services to file a CWSRF financial assistance application for the Project. At that time your Board was informed that additional actions would be necessary in order to complete the application process, to wit: 1) an Ordinance or Resolution dedicating a revenue source for repayment of the borrowed funds; and, 2) a Reimbursement Resolution indicating the intent of the Agency to comply with Treasury Regulation section 1.150-2 regarding issuance of tax-exempt obligations. A separate memo is before your Board regarding the Reimbursement Resolution.

Net revenues are funds remaining after operational needs, including revenue from sewer service charges, connection fees and reserve fund balances. The dedication of these funding sources complies with the SMD 1's planned repayment method for the Upgrade Project. The portion of the repayment for the CWSRF financial assistance that will benefit existing rate payers, approximately 48%, will be funded by sewer service charges on connected users. The remaining 52% of the loan repayment will be funded from connection fees from future customers. In the event of a shortfall in connection fees, the use of reserve funds will be available for debt repayment.

The Upgrade Project design is now 90% complete and the environmental document has been released for public comment. It is anticipated that Staff will request permission to advertise for construction bids in approximately June 2011. In order to maintain the Upgrade Project timeline as communicated to the State Water Resources Control Board, approval of this Resolution is necessary.

ENVIRONMENTAL CLEARANCE: Approval of the recommended action is not a project as defined in the California Environmental Quality Act, because this action does not commit your Board to the Upgrade Project. The CWSRF will not consider the financial assistance application complete until all necessary environmental documents for the Project are certified.

FISCAL IMPACT: The anticipated amount of the assistance agreement for the Upgrade Project is \$64.2 million, repaid over a 20 year term. Approval of this request will have no impact upon the County General Fund.

JD:WD:KK:LM

ATTACHMENT: RESOLUTION

CC: COUNTY EXECUTIVE OFFICE

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**Before the Board of Supervisors
County of Placer, State of California**

**In the matter of: A RESOLUTION DEDICATING
A SOURCE OF NET REVENUE FOR REPAYMENT
OF THE ANTICIPATED STATE REVOLVING
FUND PROGRAM FINANCING FOR THE SEWER
MAINTENANCE DISTRICT 1 WASTEWATER
TREATMENT PLANT UPGRADE AND EXPANSION
PROJECT**

Resolution _____

The following RESOLUTION was duly passed by the Board of Supervisors of the County of Placer at a regular meeting held _____, by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Chairman, Board of Supervisors

Attest:
Clerk of said Board

WHEREAS, Sewer Maintenance District 1 has a need to acquire funding to upgrade and expand its existing wastewater treatment plant in order to comply with new discharge standards; and

WHEREAS, State Water Resources Control Board administers the Clean Water State Revolving Fund program on behalf of the people of the State of California and has money available for eligible wastewater projects; and

WHEREAS, State Water Resources Control Board requires that, prior to issuance of the financing agreement, the governing Board of the sewer maintenance district must dedicate a source of net revenue for repayment of the State Revolving Fund loans, as follows:

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors, County of Placer, State of California, that Sewer Maintenance District 1 hereby dedicates net revenue to payment of any and all Clean Water State Revolving Fund Program financing on SMD 1 Wastewater Treatment Plant Upgrade and Expansion, Project No. C-06-5275-110. This dedicated source of net revenue shall remain in effect throughout the term of such financing unless modification or change of such dedication is approved in writing by the State Water Resources Control Board.