

**CITY OF YUBA CITY
STAFF REPORT**

Date: May 18, 2010
To: Honorable Mayor & Members of the City Council
From: Utilities Department
Presented by: Maria C. Solis, Assistant Director of Utilities

Summary

Subject: Application to acquire future American Recovery and Reinvestment Act (ARRA) Grant Funds and/or a Clean Water State Revolving Fund (SRF) Loan.

Recommendation: Adopt a resolution designating and authorizing the City Manager to submit a Financial Assistance Application on behalf of the City, not to exceed \$14.2 million for implementation of Wastewater Infrastructure Projects.

Fiscal Impact: None at this time. Maximum future fiscal impact is approximately \$670,000 per year at an estimated 2.6% interest, 30 year loan term if no grants are acquired. Submitting the application does not commit the City to any financial obligation at this time.

Background:

The 2008 Federal Stimulus Package provided wastewater infrastructure ARRA grants to be distributed to public agencies through the Clean Water State Revolving Fund Loan Program. Grants were distributed to public agencies which had shovel ready projects and for projects that had previously been approved for a SRF loan or had a substantially completed SRF loan application. At the time the 2008 Stimulus Package was available, Yuba City did not have a completed SRF loan application in with the State.

In anticipation of a future Federal Stimulus Package, it is in the City's best interest to prepare a SRF loan application now to be eligible for future ARRA grant funds. The City will be eligible to apply for a low interest SRF loan up to a maximum amount of \$14.2 million, to fund the replacement and/or rehabilitation of essential, aging wastewater infrastructure. Without the low interest SRF loan, these essential projects will need to be funded by grants or future substantial rate increases to be paid by the rate payers within the City.

Analysis:

To complete the SRF loan application the Department of Water Resources requires a resolution authorizing a representative of the City to sign and submit the loan application. Staff is recommending that the City Manager be authorized to sign the loan application documents on behalf of the City.

The SRF loan process takes between six months to a year for review and approval by the State. If the loan is approved, staff will return to the Council with the loan terms and request further direction related to acceptance of loan conditions. Completion of an SRF loan application and completion of engineering plans and specifications will position the City to take full advantage of future ARRA grant funds that may become available early 2011.

Fiscal Impact:

None at this time. Maximum future fiscal impact is approximately \$670,000 per year at an estimated 2.6% interest rate, 30 year term on a \$14,200,000 loan. Submitting the application does not commit the City to any financial obligation at this time. In January of 2011, staff anticipates presenting the Council with a rate study outlining a sewer rate increase required to cover the cost of the annual loan payment.

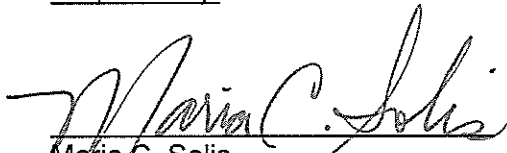
Alternatives:

1. Do not adopt the recommended resolution.
2. Direct staff to pursue other means of financing
3. Delay application process pending approval of wastewater rate study.

Recommendation:


Adopt a resolution designating and authorizing the City Manager to submit a Financial Assistance Application on behalf of the City, not to exceed \$14.2 million for funding Wastewater Infrastructure Projects.

Prepared By:



Maria C. Solis
Assistant Director of Utilities

Submitted By:




Steven R. Jepsen
City Manager

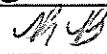
Reviewed By:

Department Head

Finance

City Attorney





RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF YUBA CITY DESIGNATING AND
AUTHORIZING A REPRESENTATIVE TO SUBMIT A FINANCIAL ASSISTANCE
APPLICATION ON BEHALF OF THE CITY FOR IMPLEMENTATION OF WASTEWATER
INFRASTRUCTURE PROJECTS**

BE IT RESOLVED, by the City Council of the City of Yuba City that the City Manager is hereby authorized and directed to sign and file, on behalf of the City of Yuba City, a Financial Assistance Application for a loan from the Clean Water State Revolving Fund in the estimated amount of \$14.2 million, for the design and construction of the various wastewater infrastructure Upgrades and rehabilitation projects, and

BE IT RESOLVED, that the City Council of the City of Yuba City hereby agrees and further authorizes the City Manager to certify that Yuba City has and will comply with all applicable state and federal statutory and regulatory requirements related to any federal and state loan/grants received, and

CERTIFICATION

I do hereby certify that the foregoing resolution was duly and regularly introduced, passed, and adopted by the City Council of the City of Yuba City at a regular meeting thereof held on the 18th day of May, 2010.

AYES:

NOES:

ABSTAIN:

ABSENT:

Mayor

Attest:

City Clerk