



- Board of Directors
Engineering and Operations Committee

8/20/2013 Board Meeting

8-6

Subject

Adopt resolution supporting Metropolitan's applications for low-interest financing from the Safe Drinking Water State Revolving Fund

Executive Summary

Metropolitan has been invited by the California Department of Public Health (CDPH) to apply for low-interest financing from the Safe Drinking Water State Revolving Fund (SRF) for two projects at the Palos Verdes Reservoir and the F. E. Weymouth Water Treatment Plant. This action authorizes the General Manager to apply to CDPH for SRF funding.

Details

The Safe Drinking Water State Revolving Fund, which was created under the 1996 Amendments to the Safe Drinking Water Act, has been authorized to provide long-term financing to qualifying projects at an annual interest rate of 1.7875 percent. This rate is approximately 140 basis points less than Metropolitan's currently available long-term borrowing rate of 3.20 percent. The SRF will fund up to \$20 million for any single project, with a limit of \$30 million per utility for multiple projects, except that the funding limitations do not apply during June, which is the month preceding the federal deadline for obligation of funds to applicants from a federal funding application.

Staff intends to apply for approximately \$20 million from the SRF to finance replacement of the 28-acre floating cover at Palos Verdes Reservoir. The Palos Verdes Reservoir is located in the city of Rolling Hills Estates, where it receives treated water from the Second Lower Feeder and the Palos Verdes Feeder. The reservoir has a storage capacity of 1,080 acre-feet, and serves a key role hydraulically within the Central Pool portion of Metropolitan's distribution system.

The CDPH requires that all finished water reservoirs be covered. The floating cover at Palos Verdes Reservoir is 25 years old and needs to be replaced. In addition, the reservoir's existing gunite-concrete floor has several areas of damage, which will require installation of a new membrane liner and subdrain system to collect and convey drainage flows, and to reduce excess hydrostatic pressure on the floor.

Staff also intends to apply for approximately \$10.5 million from the SRF to finance improvements at the Weymouth plant which will enhance compliance with the U. S. Environmental Protection Agency's Disinfectants/Disinfection By-Products Rule following completion of the Weymouth ozonation facilities. These improvements will include: (1) a new aqueous ammonia tank farm and upgrades to the chlorine system to enhance bromate control using chloramines introduced upstream of the ozone contactors; (2) a new sulfuric acid facility to enhance coagulation when the levels of organic matter in source water are high, and when the plant relies upon chlorine as the primary disinfectant; and (3) a new sodium hypochlorite facility to chlorinate filter backwash water to control filter biomass build-up and prevent excessive pressure drop through the filters.

This action adopts a resolution authorizing the General Manager to apply for SRF financing for the two projects. The loan applications must be accompanied by a resolution ([Attachment 1](#)) authorizing Metropolitan's designated representative to apply for the financing.

Policy

Source Water Quality Protection adopted on February 10, 1998

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA because it involves the creation of government funding mechanisms or other government fiscal activities, which do not involve any commitment to any specific project, which may result in a potentially significant physical impact on the environment (Section 15378(b)(4) of the State CEQA Guidelines). In addition, where it can be seen with certainty that there is no possibility that the proposed action in question may have a significant effect on the environment, the proposed action is not subject to CEQA (Section 15061(b)(3) of the State CEQA Guidelines).

The CEQA determination is: Determine that the proposed action is not subject to the provisions of CEQA pursuant to Sections 15378(b)(4) and 15061(b)(3) of the State CEQA Guidelines.

CEQA determination for Option #2:

None required

Board Options

Option #1

Adopt the CEQA determination that the action is not subject to CEQA, and the board resolution authorizing the General Manager to apply for Safe Drinking Water State Revolving Fund financing for two projects, with separate applications for: (a) the Palos Verdes Reservoir floating cover replacement, and (b) enhanced bromate control, coagulation, and filter biomass control at the Weymouth plant.

Fiscal Impact: Up to \$5.1 million of potential long-term savings

Business Analysis: Based on the 1.7875 percent interest rate of the SRF loan versus Metropolitan's currently available long-term rate of 3.20 percent, the total savings are estimated to be approximately \$5.1 million over the repayment period of the loan.

Option #2

Do not apply for the Safe Drinking Water SRF financing for the two projects.


Fiscal Impact: None

Business Analysis: Metropolitan would forego an opportunity to receive low-interest financing.

Staff Recommendation

Option #1


 _____ 7/29/2013
 Gordon Johnson Date
 Manager/Chief Engineer
 Engineering Services


 _____ 7/31/2013
 Jeffrey Lightlinger Date
 General Manager

Attachment 1 – Resolution Supporting Safe Drinking Water State Revolving Fund Applications

Resolution Supporting Safe Drinking Water State Revolving Fund Applications

RESOLUTION ____

RESOLUTION OF THE BOARD OF DIRECTORS
OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
AUTHORIZING SUBMITTAL OF APPLICATIONS FOR STATE REVOLVING FUND FUNDING
FROM THE CALIFORNIA DEPARTMENT OF PUBLIC HEALTH
FOR
THE PALOS VERDES RESERVOIR COVER REPLACEMENT and WEYMOUTH ENHANCED
BROMATE CONTROL / COAGULATION / FILTER BIOMASS CONTROL PROJECTS

WHEREAS, The Metropolitan Water District of Southern California has the authority to construct, operate, and maintain drinking water treatment facilities and distribute water supplies to its member agencies; and

WHEREAS, The Metropolitan Water District of Southern California desires to enhance the provision and protection of the drinking water supplied to the consumers of its 26 member agencies;

THEREFORE BE IT RESOLVED by The Metropolitan Water District of Southern California, pursuant and subject to all of the terms and provisions of the Safe Drinking Water State Revolving Fund (SDWSRF) program, that applications be made to the State of California Department of Public Health for funding; and

BE IT FURTHER RESOLVED that the General Manager of said Metropolitan Water District of Southern California is hereby authorized and directed to cause the necessary data to be prepared and applications to be signed and filed with the State of California Department of Public Health.

I HEREBY CERTIFY that the foregoing is a full, true, and correct copy of the resolution adopted by the Board of Directors of The Metropolitan Water District of Southern California at its meeting held August 20, 2013.

Secretary of the Board of Directors
of The Metropolitan Water District
of Southern California