



REPORT to the MAYOR and MEMBERS of the CITY COUNCIL
From the CITY MANAGER

DATE: February 13, 2024

SUBJECT: A. Resolution Authorizing Execution of a Loan Agreement (No. 8608-110) with the State of California for a State Revolving Fund Loan

B. Resolution Accepting the Funds from the State Revolving Fund Loan (No. 8608-110) and Appropriating the Expenditure in a Capital Improvement Program Project Account for Inflow and Infiltration Project Phase 6

ISSUING DEPARTMENT: Public Works

SUMMARY:

Issues:

- A. Should the City of La Mesa authorize execution of a loan agreement (No. 8608-110) with the State of California for a State Revolving Fund Loan?
- B. Should the City of La Mesa accept the funds from the State Revolving Fund Loan (No. 8608-110) and appropriate the expenditure in a Capital Improvement Program Project Account for Inflow and Infiltration Project Phase 6?

Recommendation:

- A. Authorize execution of a loan agreement (No. 8608-110) with the State of California for a State Revolving Fund Loan.
- B. Accept the funds from the State Revolving Fund loan (No. 8608-110) and appropriate the expenditure in a Capital Improvement Program Project Account for Inflow and Infiltration Project Phase 6.

Fiscal Impact:

The loan amount is for up to \$7M, but only the amount necessary for the design and construction will be charged to Inflow and Infiltration Project Phase 6. The repayment of the loan will start one calendar year after the construction completion and acceptance of the construction by the City and will be for a period of 20 years at 1.65% interest.

City's Strategic Goals:

- Invest in infrastructure to serve the needs of the community.
- Promote a high quality of life that current and future generations can afford to call home.

Environmental Review:

The project is categorically exempt under California Environmental Quality Act Exemption Class 2: 15302(c)- Replacement of Existing Facilities Filed April 23, 2023.

Climate Action Plan Reduction Strategy:

- W-3 Pure Water Program – Participate in the Pure Water Program to convert wastewater to potable drinking water.

BACKGROUND:

In December 2010, during a very heavy rain event, the sewer system across the City was inundated by storm water inflow and infiltration resulting in sanitary sewer overflows.

In March 2011, the Regional Water Quality Control Board issued Investigative Order R9-2011-0040 directing the City to show the circumstances involved in the spills, and to provide technical reports.

In December 2012, the Regional Water Quality Control Board issued Administrative Civil Liability (ACL) R9-2012-0014 for \$948,816 based on the findings following the Investigative Order. The City was able to settle the ACL for \$413,856 and was also required to complete a Supplementary Environmental Project.

As a response, the City prioritized sewer capital projects both included in the Wastewater Master Plan, and those designed protect the environment. The City of La Mesa's

wastewater CIP goals are to:

- Avoid sanitary sewer overflows;
- Reduce financial burdens;
- Enhance the environment;
- Eliminate liabilities; and
- Reduce the required maintenance efforts.

In December 2020, the City Council approved resolution 2020-144 authorizing submitting an initial application to the State for the SRF loan. A required modified version was also approved by the City Council May 23, 2023, by resolution 2023-060.

In March 2021, the City hired environmental and engineering design consultants to prepare environmental documents and design replacement and rehabilitation of sewer in the Vista La Mesa neighborhood of La Mesa. The scope of work for Inflow and Infiltration Project Phase 6 includes determining the optimum alignment, and system improvements.

In October 2021, the City submitted the loan applications to the State Board. The State Board notified the City of eligibility and placement on the funding list in 2022. The final agreement was drafted and issued in December 2023.

DISCUSSION:

The Inflow and Infiltration Project Phase 6 contains a notable amount of concrete sewer pipe and slip-lined pipe that generally contribute a significant amount of inflow and infiltration due their poor condition or restricted capacity. Additionally, concrete sewer has limited lifespan due to sewer gas corrosion. Consequently, these pipes will be replaced.

Sewer and manholes will be replaced/rehabilitated within roadway and easements in portions of: (**Attachment C**)

- Shirlene Place
- King Street
- Lois Street
- Marian Street
- Charles Street
- Violet Street
- Hybeth Drive
- Blackton Drive

The scope of the project includes replacement and rehabilitation of 15,377 feet of sewer

pipe and 54 manholes. The project time is estimated at 250 working days and the tentative project start date is Spring 2024 with completion in winter of 2024/2025.

In order to be able to complete a project of this magnitude, the City requires the SRF funding to augment its CIP budget. The SRF loan is a low interest loan available to local agencies and districts from the State Water Resources Control Board to fund sewer and water projects. The loan provides a means to construct projects that otherwise would not be completed due to the agencies' available funding restrictions. The City has previously taken advantage of the low interest loan program and has upgraded other portions of the sewer system over the past 20 years.

The City of La Mesa has previously received six State Revolving Fund (SRF) loans for Inflow and Infiltration Mitigation and trunk line projects beginning in 2004. Please see **Attachment D** for the SRF loans and status.

Upon approval of the resolutions to execute the loan agreement and appropriate funds, the City will set up a Capital Improvement Program project account to proceed with the execution of the construction and construction management contracts.

Depending on bid results, the total cost of the project may exceed \$7M, and an additional funding source and/or adding on additional SRF loan funds may be required. A separate bid award will require approval by La Mesa City Council following the advertisement period.

CONCLUSION:

Staff recommends that the City Council adopt the attached resolutions:

- A. Authorizing execution of a loan agreement (No. 8608-110) with the State of California for a State Revolving Fund Loan;
- B. Accepting the funds from the State Revolving Fund Loan (No. 8608-110) and appropriating its expenditure in a Capital Improvement Project Inflow and Infiltration Project Phase 6.

Reviewed by:



Greg Humora
City Manager

Respectfully submitted by:



Michael Throne, PE
Director of Public Works

- Attachments:
- A – Resolution- SRF Agreement
Appendix A to Resolution A- SRF Agreement
 - B – Resolution- Appropriation of Funds
 - C – Project Map
 - D – Current SRF Loans and Status