



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

DATE: May 23, 2023

SUBJECT: RESOLUTION TO AUTHORIZE THE SUBMITTAL OF AN APPLICATION TO THE CALIFORNIA STATE WATER RESOURCES CONTROL BOARD FOR A STATE REVOLVING LOAN FOR THE INFLOW AND INFILTRATION PROJECT PHASE 6 FOR A NOT-TO-EXCEED AMOUNT OF \$7,000,000

ISSUING DEPARTMENT: PUBLIC WORKS

SUMMARY:

Issues:

Should the City Council approve the attached resolution authorizing submittal of a loan application to the California State Water Resources Control Board for a State Revolving Fund loan for the Inflow and Infiltration Mitigation Project Phase 6 for a not-to exceed amount of 7,000,000?

Recommendation:

Staff recommends that the City Council approve the resolution and authorize submittal of an application to the California State Water Resources Control Board for a State Revolving Fund loan for the Inflow and Infiltration Mitigation Project Phase 6 for a not-to-exceed amount of \$7,000,000.

Fiscal Impact:

No General Funds monies will be used for the project. Should the City be approved for a loan, wastewater funds will be used for the repayment of the SRF loan. All expenditures for this loan will be made solely from wastewater enterprise funds. Individual contracts will be brought to the City Council in the future for approval based on City purchasing rules.

City's Strategic Goals:

- Continue to improve high quality municipal services

Environmental Review:

Submittal of an application is not considered a project pursuant to CEQA.

BACKGROUND:

This resolution was originally brought to La Mesa City Council and approved December 8, 2020. The State Board is requiring additional language in the resolution as to what was presented in 2020. The new added language refers to the authorized representative and the certification of disbursement requests. This project has a completed design and the anticipated funding timeframe is August 2023.

Storm water Inflow and Infiltration (I&I) occurs when the sewer system deteriorates and allows for storm water and/or ground water to enter the wastewater conveyance. Inflow and Infiltration occurs during rain events when the primary structure of the sewer pipe may be intact, but the pipe is conveying significantly more volume than its intended design, typically due to joint leakage. A greater amount of wastewater is carried downstream to the Point Loma Wastewater Treatment Plant (PLWTP) resulting in increased treatment costs. Additionally, the excessive flows in the sewer system can lead to sanitary sewer overflows (SSO) in heavy rainfall events. Eliminating inflow and infiltration will reduce the City's financial and environmental liabilities and potential for regulatory fines for sanitary sewer overflow.

By eliminating storm water inflow and infiltration into the sewer, the City will reduce its wastewater treatment and transportation costs to the City of San Diego and will reduce the potential for SSOs. Additionally, lower sewer flow puts fewer burdens on the treatment plant and any reduction of sewer flows into the regional facilities will also assist with the environmental challenges associated with the sewer treatment and Clean Water Act compliance. Such reductions in flow and costs will also benefit La Mesa rate payers in the long run.

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.

DISCUSSION:

The Inflow and Infiltration project Phase 6 contains a notable amount of concrete sewer pipe and slip lined pipe. Both concrete and slip lined pipe generally contribute a significant amount of

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inflow and infiltration due their poor condition or restricted capacity. This project is in one of University sewer basins in the Vista La Mesa neighborhood bound by Waite Drive to the south, University Avenue to the north, City Limit with the City of San Diego to the west and Massachusetts Avenue to the east (**Attachment B**). This basin was a tributary to a large SSO in 2010. The project is 64 sewer pipe segments totaling approximately 15,500 linear feet of replacement and rehabilitation.

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 C** for the SRF loans and status. The SRF loans have allowed the City to address the systemic wastewater issues that would otherwise not be addressed due to the project size, costs and City CIP budget limitations.

The cost of the project is estimated at \$7M. This includes planning, design, environmental study, surveying, construction, inspection, construction management and administration costs. Due to the magnitude of the cost being beyond the City's CIP budget, the City is proposing to apply for a new SRF loan. No City funds are allocated for this project under the approved CIP Budget. It is proposed that the City should proceed in applying for SRF funding to expedite the replacement of the concrete sewer pipe and avoid potential liabilities, additional costs and environmental issues that may arise. However, it is noted that applying and eventual approval of the loan does not obligate the City financially or legally to receive the funds and proceed with the project.

Upon approval of the City's application by the State Board, staff will seek the City Council's approval throughout the delivery of the project from acceptance of the loan to the construction award via individual contract award actions based on the City's purchasing rules.

The following are the major milestones to complete the project after approval of the loan:

1. Execute a loan agreement
2. Advertise and award a construction contract
3. Complete the construction

The above process will take approximately one to two years to complete. The City will then be required to make annual repayments towards the loan for 20 years starting one year after the date of completion of the project construction. Depending on the bond markets and economy, the interest rates typically vary from 1.5% to 2.5%.

CONCLUSION:

Staff recommends that the City Council approve the resolution and authorize submittal of an application to the California State Water Resources Control Board for a State Revolving Fund loan for the Inflow and Infiltration Mitigation Project Phase 6 for a not-to-exceed amount of \$7,000,000.

Reviewed by:



Greg Humora
City Manager

Respectfully submitted by:



Michael Throne, PE
Director of Public Works

- Attachments:
- A. Resolution
 - B. Project Map- Phase 6
 - C. State Revolving Fund Loans History and Status