



COUNTY OF LOS ANGELES
DEPARTMENT OF PUBLIC WORKS

"To Enrich Lives Through Effective and Caring Service"

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GAIL FARBER, Director

December 18, 2012

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

43 December 18, 2012

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

**LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 29, MALIBU
RESOLUTION TO APPLY FOR A LOAN FROM THE
SAFE DRINKING WATER STATE REVOLVING FUND
PROGRAM FOR THE OWEN TANK REPLACEMENT PROJECT
(SUPERVISORIAL DISTRICT 3)
(3 VOTES)**

SUBJECT

This action is to adopt a resolution authorizing the Director of Public Works or her designee to apply for a loan from the Safe Drinking Water State Revolving Fund Program administered by the State of California Department of Public Health for the purpose of funding the Owen Tank Replacement Project on behalf of the Los Angeles County Waterworks District No. 29, Malibu.

IT IS RECOMMENDED THAT THE BOARD ACTING AS THE GOVERNING BODY OF THE LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 29, MALIBU:

Adopt the resolution authorizing the Director of Public Works or her designee to apply for a loan from the Safe Drinking Water State Revolving Fund Program on behalf of the Los Angeles County Waterworks District No. 29, Malibu, for the Owen Tank Replacement Project.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended action is to allow the Los Angeles County Waterworks District No. 29, Malibu (District), to apply for a loan for the Owen Tank Replacement Project, a capital improvement project. Securing this loan will allow the District to use existing funds towards other upgrades of critical infrastructure. A Master Plan study that assessed the District's distribution system deficiencies, prepared in October 2012, identified a long list of upgrades to existing pipelines,

booster stations, regulating stations, and showed the need for more than 18 additional reservoirs. This loan will help the District address the identified deficiencies by enabling a greater number of capital improvement projects to be completed over a shorter period of time. This project consists of constructing a new 500,000-gallon steel tank and appurtenances at 2300 South Tuna Canyon Road in the unincorporated community of Topanga to replace an existing 100,000-gallon bolted steel tank at the same site. The purpose of the project is to improve the water system reliability and operations in the area by providing additional water storage capacity for both domestic and fire protection. The application will be submitted in Fiscal Year 2012-13, and the estimated loan amount will be \$1,600,000.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan directs the provisions of Operational Effectiveness (Goal 1) and Fiscal Sustainability (Goal 2) by pursuing funding for a project that enhances water system reliability and protects customers of the District from potential water delivery interruption.

FISCAL IMPACT/FINANCING

There will be no impact to the County General Fund.

The loan principal amount is estimated to be about \$1,600,000. As stated in the State Revolving Fund loan guidelines, the "interest rate is 50 percent of the average interest rate paid by the State on general obligation bonds issued in the prior calendar year." Based on another loan the District secured in 2008 and the bond interest rate cited in 2012 Business Week article, it is estimated that the interest rate would be between 2.3 percent and 2.8 percent.

At an assumed rate of 2.8 percent, the total cost of the loan would be about \$500,000 bringing the total to be paid back to almost \$2,100,000. The loan will be repaid over a period of 20 years through semiannual payments. Funds for the loan repayment will be set aside through the annual budget process in future years within the District's Accumulative Capital Outlay Fund – Malibu (N33).

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Per Section 55339 of the California Water Code, the District may contract with the State of California Department of Public Health (CDPH) to finance any water system improvement project if the term of the contract does not exceed 30 years.

The CDPH requires a Board-adopted resolution to file the Safe Drinking Water State Revolving Fund loan application. The enclosed resolution is approved as to form by County Counsel.

If the loan application is successful, the District will return to the Board for acceptance of the funds.

ENVIRONMENTAL DOCUMENTATION

The District will prepare all necessary environmental documentation for the project in compliance with the California Environmental Quality Act and its implementing guidelines.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There will be no negative impact on current County services or projects as a result of the recommended action.

CONCLUSION

Please return two adopted copies of this letter and two signed originals of the resolution to the Department of Public Works, Waterworks Division.

Respectfully submitted,

A handwritten signature in black ink that reads "Gail Farber". The signature is written in a cursive, flowing style.

GAIL FARBER
Director

GF:AA:dvt

Enclosures

c: Chief Executive Office (Rita Robinson)
County Counsel
Executive Office

**RESOLUTION AUTHORIZING THE DIRECTOR OF PUBLIC WORKS
OR HER DESIGNEE TO APPLY FOR A SAFE DRINKING WATER
STATE REVOLVING FUND LOAN FOR THE
OWEN TANK REPLACEMENT PROJECT**

WHEREAS, the Los Angeles County Board of Supervisors is the governing body of the Los Angeles County Waterworks District No. 29, Malibu (District); and

WHEREAS, the District is improving system reliability by increasing water storage capacity to meet customer needs; and

WHEREAS, the District is pursuing funding from the Safe Drinking Water State Revolving Fund to construct additional water storage facilities to improve system reliability and operation; and

WHEREAS, the application by the District will be furnished to the California Department of Public Health to obtain a loan to fund the project.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Supervisors of the County of Los Angeles, as the governing body of the Los Angeles County Waterworks Districts, does hereby authorize and direct the Director of Public Works or her designee to prepare the necessary data, make investigations, sign, and file an application with the California Department of Public Health to obtain a loan to fund the Owen Tank Replacement Project.

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The foregoing Resolution was on the 18th day of Dec., 2012, adopted by the Board of Supervisors of the County of Los Angeles as the governing body of the Los Angeles County Waterworks District No. 29, Malibu.



SACHI A. HAMAI
Executive Officer of the
Board of Supervisors of the
County of Los Angeles

BY 
Deputy

APPROVED AS TO FORM:

JOHN F. KRATTLI
County Counsel

By 
Deputy