



**COUNTY OF SAN MATEO**  
Inter-Departmental Correspondence  
Public Works



**Date:** October 15, 2014  
**Board Meeting Date:** November 18, 2014  
**Special Notice / Hearing:** None  
**Vote Required:** Majority

**To:** Honorable Board of Supervisors, Acting as the Governing Board of the Burlingame Hills Sewer Maintenance District

**From:** James C. Porter, Director of Public Works

**Subject:** State Water Resources Control Board Clean Water State Revolving Fund Financial Assistance for Burlingame Hills Sewer Maintenance District Collection System Capital Improvements

**RECOMMENDATION:**

Acting as the Governing Board of the Burlingame Hills Sewer Maintenance District, adopt a Resolution:

- A) Authorizing the President of the Board or his/her designee to negotiate and execute a Financial Assistance Agreement from the State Water Resources Control Board and any amendments or changes thereto, and certify disbursement requests and compliance with applicable state and federal laws; and
- B) Dedicating the net revenues collected through the Sewer Service Charges and the Burlingame Hills Sewer Fund for payment of the funds accessed through the Clean Water State Revolving Fund.

**BACKGROUND:**

On May 19, 2009, your Board adopted Resolution No. 070109 authorizing the Director of Public Works to submit a Financial Assistance Application and execute financing agreement(s) with the State Water Resources Control Board (SWRCB) for the Clean Water State Revolving Fund (CWSRF) to fund the construction of Collection System Improvement Projects (Projects) in the Burlingame Hills Sewer Maintenance District (District).

On September 11, 2012, your Board adopted Resolution No. 072154A dedicating the District's net revenues to payment of any and all Clean Water State Revolving Fund financing for Project No. 7810-110. This dedicated source of net revenues shall remain

in effect throughout the term of such financing unless modification or change of such dedication is approved in writing by the State Water Resources Control Board.

On July 15, 2014, your Board adopted Ordinance No. 04710 setting the FY 2014-15 sewer service rates for the District. A portion of the District's rate is intended to support projects within the District. These projects will increase the size of sewer mains where capacity is insufficient.

**DISCUSSION:**

The operation, maintenance, repair, and replacement of the District's sanitary sewer facilities are funded by the annual sewer service charges collected from property owners in the District. The Projects have been postponed because the annual sewer service rates had not been sufficient to fund the improvement on a "pay-as-you go" basis. We believe it is prudent and cost effective to fund the construction of the Projects through the CWSRF loan program to realize the effectiveness of economies of scale to minimize construction costs and enable a substantial amount of work to be completed at one time. The District's sewer service rate has been calculated to include sufficient funding to repay a CWSRF loan at a low interest rate estimated at 1.90% and with a thirty (30) year term. The Installment Sale Agreement (Agreement), which is attached as Exhibit A, sets forth the terms of the CWSRF loan.

Current SWRCB policy requires that adopted resolutions pledging revenues for payment of CWSRF financing shall also constitute a lien in favor of the SWRCB on the dedicated revenue without any further action necessary. County Counsel has determined it is a limited but material change to your Board's adopted Resolution No. 072154A.

County Counsel has reviewed and approved the Resolution and Agreement as to form.

Approval of this action will contribute to the Shared Vision 2025 outcome of a Healthy Community by enabling the District to secure a loan to finance the Projects which are integral parts of maintaining the integrity of the sanitary sewer infrastructure that protect the environment for the benefit of the public.

**FISCAL IMPACT:**

The thirty (30) year low interest CWSRF loan will be repaid by the District's net revenues from the sewer service charges levied on properties receiving sewer service from the District. The anticipated loan amount, annual loan payments, and anticipated sewer service charges to be collected for loan repayment are summarized below.

Estimated Loan Amount	\$2,300,000
Estimated Interest Rate as of September 2014 (%)	1.90
Loan Terms (Years)	30
Estimated Annual Loan Payment	\$101,288
Loan Repayment Component in Annual Sewer Service Rate	\$152,000

There is no impact to the General Fund.

Attachment: Exhibit A – Installment Sale Agreement No. XXXXX

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