



Los Angeles
Department of
Water & Power

RESOLUTION NO. _____

BOARD LETTER APPROVAL

A handwritten signature in black ink, appearing to read 'Anselmo G. Collins', written over a horizontal line.

ANSELMO G. COLLINS
Senior Assistant General Manager
Water System

A handwritten signature in black ink, appearing to read 'Janisse Quiñones', written over a horizontal line.

JANISSE QUIÑONES
Chief Executive Officer and Chief Engineer

DATE: February 11, 2025

SUBJECT: Reimbursement Resolution for Safe Drinking Water State Revolving Loan Fund Construction Financing for Mission Wells Chloramination Station

SUMMARY

Water System requests approval of a reimbursement resolution required for issuance of an agreement for low-interest financing from the California State Water Resources Control Board's (SWRCB) Safe Drinking Water State Revolving Fund (DWSRF) for Mission Wells Chloramination Station (Project). DWSRF will provide up to \$27,241,768 in low-interest financing for the Project and will result in an estimated \$18,921,738 in total interest savings.

City Council approval is not required.

RECOMMENDATION

It is recommended that the Board of Water and Power Commissioners adopt the attached Resolution establishing the eligibility of specified Project expenditures for DWSRF reimbursement.

ALTERNATIVES CONSIDERED

Declining to approve the reimbursement resolution will render LADWP unable to enter into a DWSRF financing agreement for the Project.

Water Revenue Bonds are the alternative financing mechanism for capital improvement projects. The current interest rate for 30-year-tax exempt bonds is 4.792 percent.

Should the Water System finance the Project via Water Revenue Bonds, qualifying Project expenditures and associated interest payments will cost a total of \$51,635,177. By contrast, utilizing DWSRF financing will bring the cost of those expenses to \$35,865,048.

FINANCIAL INFORMATION

DWSRF financing will result in a positive fiscal benefit to LADWP because it will provide low-interest (1.9 percent) financing for the Project, with a repayment period of up to 30 years. Repayment commences one year after funded projects are certified to be complete. Total estimated interest savings from this DWSRF agreement, based on the current tax-exempt bond rates, is \$15,770,129.

BACKGROUND

The Federal Safe Drinking Water Act Amendments of 1996 authorized the creation of DWSRF to provide low-interest loans and other assistance to public water systems. DWSRF, which is administered by the State Water Board, is a self-perpetuating fund and is used to ensure public health protection and compliance with drinking water standards. Applications to DWSRF are accepted on a continuous basis.

Since 1999, LADWP has been awarded a total of \$1,367,550,946 from DWSRF, including \$45,000,000 in grants from the American Recovery and Reinvestment Act of 2009, and \$14,400,000 in grants from the base DWSRF.

Water System submitted a DWSRF construction financing application for the Project in December 2021. Pursuant to guidelines of the DWSRF program, prior to the issuance of a financing agreement, a Board Resolution is required to establish the eligibility of specified Project expenditures from DWSRF.

Water System will seek Board authorization to execute the DWSRF agreement for the Project following review of terms and conditions for form and legality.

ENVIRONMENTAL DETERMINATION

Determine item is in compliance with California Environmental Quality Act (CEQA) Guidelines Section 15062 (NOE previously posted). In accordance with CEQA Guidelines Section 15301, Class 1, the operation, repair, maintenance, or minor alteration of existing facilities, including the existing groundwater pumping facility, for modernization for compliance with federal regulations is Categorical Exempt. On June 23, 2022, a Notice of Exemption was filed with the State Clearinghouse for the Mission Wells Chloramination Station Project (State Clearinghouse No. 2022060522).

CITY ATTORNEY

The Office of the City Attorney reviewed and approved the Resolution as to form and legality.

ATTACHMENTS

- Resolution