

HAYWARD CITY COUNCIL

RESOLUTION NO. 24-____

Introduced by Council Member _____

RESOLUTION APPROPRIATING FUNDS FROM WASTEWATER OPERATING FUND TO 1) PREPAY THE 2016 CLEAN WATER STATE REVOLVING FUND LOAN RELATED TO THE FINANCING OF THE RECYCLED WATER PROJECT IN AN AMOUNT NOT-TO-EXCEED \$14.1 MILLION AND 2) ESTABLISH AN INTERFUND LOAN TO FINANCE THE PREPAYMENT

WHEREAS, in 2016, the City sought financial assistance from the State Water Resources Control Board, through the Clean Water State Revolving Fund (SRF) program, for the Recycled Water Project, to construct a new recycled water system; and

WHEREAS, the Recycled Water Project includes construction of a new storage tank and pump station at the wastewater treatment facility, as well as the installation of new distribution pipelines and customer connections; and

WHEREAS, the 2016 SRF Loan agreement was executed on May 31, 2017, amended on November 19, 2018, approving the City to borrow up to \$27,058,436; and

WHEREAS; the City began repayments on the 2016 SRF Loan in FY 2021 using funds from the Recycled Water Enterprise; and

WHEREAS, the current balance on the 2016 SRF Loan is approximately \$14.1 million; and

WHEREAS, the City is now pursuing a loan through the federal Water Infrastructure Finance and Innovation Act (WIFIA) program to finance upgrades to the wastewater treatment facility, which are necessary for meeting nutrient reduction regulatory requirements; and

WHEREAS, the City intends to pledge net revenues from the Wastewater Enterprise for the WIFIA Loan on a senior lien basis, which would be on parity with the 2016 SRF Loan that finances the Recycled Water Project; and

WHEREAS, the City seeks flexibility in operating the recycled water improvements as a separate enterprise or as part of the City's Water Enterprise in the future, so it should choose; and

WHEREAS, City's Wastewater Operating Fund 610 has sufficient working capital to prepay the outstanding balance on the 2016 SRF Loan, while maintaining appropriate levels of reserves, per City reserves policies, in the Wastewater Enterprise; and

WHEREAS, prepayment of the 2016 SRF Loan and removal of debt obligation related to the Recycled Water Enterprise will benefit the Wastewater Enterprise as the City pursues additional financing for the Phase II Project.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Hayward approves the appropriation of funds, interfund transfer, and loan prepayment as follows:

1. Appropriate funds from Wastewater Operating Fund 610 and approve prepayment of the remaining balance of the 2016 SRF Loan related to financing the Recycled Water Project (SRF Project No. C-06-8091-110), in an amount equal to the remaining balance on the loan, not-to-exceed \$14.1 million.
2. Establish an interfund loan from the Wastewater Operating Fund to the Recycled Water Operating Fund for the prepayment of the 2016 SRF Loan so that the Recycled Water Operating Fund 630 repays the Wastewater Operating Fund over a twenty-year period. The interest rate paid by the Recycled Water Operating Fund will equal the City's investment earnings rate to ensure that the Wastewater Operating Fund will not forego any investment earnings as a result of this loan.

IN COUNCIL, HAYWARD, CALIFORNIA _____, 2024

ADOPTED BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:
 MAYOR:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ATTEST: _____
 City Clerk of the City of Hayward

APPROVED AS TO FORM:

City Attorney of the City of Hayward