

CITY OF SANTA ROSA
BOARD OF PUBLIC UTILITIES

TO: CHAIR AND BOARD MEMBERS
FROM: KATIE ROBINSON, ADMINISTRATIVE ANALYST
SUBJECT: CLEAN WATER STATE REVOLVING FUND APPLICATION AND
WATER INFRASTRUCTURE FINANCE AND INNOVATION ACT
LETTER OF INTEREST AND LOAN APPLICATION FOR THE
FULTON ROAD SEWER LIFT STATION RELOCATION PROJECT

AGENDA ACTION: MOTION

RECOMMENDATION

It is recommended by Santa Rosa Water that the Board of Public Utilities, by motion, recommend that the City Council authorize the submission of a Financial Assistance Application to the State Water Resources Control Board for Clean Water State Revolving Fund financing and a Letter of Interest and loan application to the U.S. Environmental Protection Agency for Water Infrastructure Finance and Innovation Act financing; and authorize the City Manager or designee to represent the City in connection with the financing agreements, including taking all actions necessary to execute and administer the agreements and any amendments thereto.

EXECUTIVE SUMMARY

Santa Rosa Water seeks authorization for the City to submit a Clean Water State Revolving Fund (CWSRF) Financial Assistance Application to the State Water Resources Control Board (Water Board) and a Letter of Interest and loan application to the U.S. Environmental Protection Agency (EPA) for Water Infrastructure Finance and Innovation Act (WIFIA) financing for the Fulton Road Sewer Lift Station Relocation Project (Project).

BACKGROUND

The Clean Water State Revolving Fund (CWSRF) was established through the 1987 amendments to the federal Clean Water Act as a source of low-interest financing for eligible water-quality infrastructure projects. In California, the CWSRF program is administered by the State Water Resources Control Board and provides long-term, below-market-rate financing for the planning, design, and construction of wastewater collection and treatment facilities.

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CWSRF programs operate similarly to revolving loan funds. Federal and state contributions capitalize the programs, which provide low-interest loans for critical water-quality projects. Loan repayments are returned to the CWSRF and used to finance other water-quality and public-health infrastructure projects.

Established in 2014, the Water Infrastructure Finance and Innovation Act (WIFIA) program provides supplemental, flexible, low-cost credit assistance through the EPA to eligible public and private borrowers. WIFIA loans may cover up to 49 percent of eligible project costs and may be combined with other funding sources, including State Revolving Fund assistance.

The Project will abandon the existing Sewer Lift Station at Fulton Road and West College Avenue and construct a replacement facility on City-owned property located approximately 600 feet to the west. The Project will improve pumping efficiency by approximately 30 percent, increasing overall pumping capacity and system performance. These improvements will significantly reduce the risk of sanitary sewer overflows, unplanned outages, and emergency repairs, while decreasing maintenance costs and enhancing long-term reliability and resilience.

With an anticipated cost of \$35,000,000, Santa Rosa Water is seeking a \$17,150,000 WIFIA loan and a \$17,850,000 CWSRF loan to be paid back over a 30-year period. This combined financing approach will provide low-cost funding to support construction of this critical infrastructure improvement while maintaining affordability for ratepayers.

PRIOR BOARD OF PUBLIC UTILITIES REVIEW

On November 1, 2018, the Board of Public Utilities: (1) adopted the Mitigated Negative Declaration; (2) approved the Project; (3) adopted the Mitigation Monitoring and Reporting Program; (4) directed staff to file a Notice of Determination; and (5) approved the acquisition of 1225 Fulton Road, Santa Rosa.

On March 6, 2025, the Board of Public Utilities approved Project Work Order No. A010135-2016-36 under the Master Professional Services Agreement with Brelje & Race Consulting Engineers of Santa Rosa, California, to provide professional engineering design services.

ANALYSIS

The Fulton Road Sewer Lift Station has reached the end of its useful service life and requires relocation and reconstruction. The existing site provides limited space for safe employee access, and the aging facility has become increasingly vulnerable to operational challenges. The Project will improve system robustness, reduce vulnerability to service disruptions, and enhance the responsiveness of this critical wastewater facility during extreme events, including wildfires, power disruptions, and intense

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storms, thereby supporting the continued protection of public health and water quality.

Santa Rosa Water is submitting a CWSRF Application to the Water Board and a Letter of Interest and application for a WIFIA loan to the EPA to provide funding for the Project.

The WIFIA program offers flexible debt financing that will minimize the burden on cash funding. Loan repayments can be deferred for up to five years after Project completion and can be customized to match anticipated revenue for up to 35 years after Project completion. The federal requirements for the WIFIA loan program contain vague and uncertain terms on compliance with federal Equal Employment Opportunity requirements that will be reviewed in detail by City Attorney's office prior to final application submittal.

The CWSRF program offers financing terms of up to 30 years, with no maximum funding limit and an interest rate equal to one-half of the most recent state general obligation bond rate.

Interest rates for both loans are set on the date of loan closing and do not accrue until the loan is drawn against.

FISCAL IMPACT

If approved, the proposed WIFIA and CWSRF loans would provide up to \$35,000,000 to finance eligible Project costs. The City would be responsible for repayment of principal and interest in accordance with the final financing agreements. Debt-service payments are anticipated to be funded by the Local Wastewater Fund and will be included in future budget requests. Approval of the recommended action would have no impact on the General Fund.

ENVIRONMENTAL IMPACT

On November 1, 2018, the Board of Public Utilities adopted a Mitigated Negative Declaration and Mitigation Monitoring and Reporting Program and approved the Fulton Road Sewer Lift Station Relocation Project. The recommended action concerns applications for financing for the previously approved Project and does not modify the Project's physical scope or authorize any physical activity beyond that previously reviewed and approved. Staff has determined that no substantial changes to the Project, substantial changes in circumstances, or new information of substantial importance require additional environmental review pursuant to CEQA Guidelines Section 15162. Accordingly, the previously adopted Mitigated Negative Declaration remains applicable, and no further environmental review is required.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

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Not applicable.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Attachment 1 – Draft Council – WIFIA Authorizing Resolution
- Attachment 2 – Draft Council – CWSRF Reimbursement Resolution
- Attachment 3 – Draft Council – CWSRF Financing Authorizing Resolution

PRESENTER

Katie Robinson, Administrative Analyst