



State Water Resources Control Board

Division of Administrative Services

1001 I Street • Sacramento, California 95814 • (916) 341-5082 • FAX (916) 341-5060

Mailing Address: P.O. Box 100 • Sacramento, California 95812-0100

Internet Address: <http://www.swrcb.ca.gov>



Gray Davis
Governor

Arton H. Hickox
Secretary for
Environmental
Protection



MWWDPROG

FEB 28 2001

RECEIVED



2001062909

MAR 05 2001

City Manager

City of San Diego
Attn: Michael Uberuaga
202 C Street
San Diego, CA 92101

*Bill Hickey
MWWD*

Sign

RE: AGREEMENT NO. 8-839-550-0

Enclosed for your records is a fully executed copy of the above referenced agreement. Please take a few minutes to thoroughly read through it to be sure you understand all the terms and conditions.

Request for payment of services completed outside the term of this contract WILL NOT BE PAID. It is imperative that you notify your State Water Resources Control Board Contract Manager immediately, in writing, of any changes or delays that may impact the scope of work or term of this agreement.

If you have any questions about this agreement, please contact the State Water Resources Control Board Manager responsible for this agreement.

*Submit By Water Reclamation
Plant Package 2*

Contracts Section
Division of Administrative Services

Enclosure(s)

SWRCB (Rev. 1/99)

STATE REVOLVING FUND LOCAL MATCH LOAN PROGRAM CONTRACT
BETWEEN THE
STATE WATER RESOURCES CONTROL BOARD
AND

CITY OF SAN DIEGO

CONTRACT NO. 8-839-550-0
LOAN NO. C-06-4119-410

RECEIVED

MAR 05 2001

City Manager

This Local Match loan contract is made this 2nd day of **March, 1999**, between the State of California, acting by and through the State Water Resources Control Board, hereafter referred to as the "SWRCB", and **City of San Diego**, a municipality of the State of California, hereafter referred to as the "Agency".

WHEREAS:

1. The federal Clean Water Act (33 U.S.C.A. §1251 et seq.) and state law (Division 7, Chapter 6.5, California Water Code) authorize the SWRCB to enter into contracts with municipalities and other public agencies for financial assistance for construction of publicly owned treatment works; and
2. The Agency has made application for a Local Match loan related to construction of the Project hereafter described, and said Project has been determined by the SWRCB to be eligible for a Local Match loan pursuant to applicable federal and state laws, rules, regulations and guidance; and
3. The SWRCB has authorized loan funding for the Project hereafter described. (See SWRCB Resolution No. 97-105, approved on November 18, 1997).

NOW, THEREFORE, It is Agreed as Follows:

SECTION 1. PROJECT DESCRIPTION.

The Project, commonly known as **Construction of the South Bay Water Reclamation Plant** generally consists of **construction of operation and maintenance buildings**, as more particularly described in the Local Match loan application of the Agency and the approved plans and specifications for the project.

SECTION 2. INCORPORATION OF DOCUMENTS; ORDER OF PRECEDENCE;
GENERAL AGENCY COMMITMENTS.

This contract incorporates herein, or by reference, the documents listed below. In the event of any inconsistency in the contract documents, except as otherwise specifically provided, the inconsistency shall be resolved by giving precedence in the following order:

- (1) The provisions of this Local Match loan contract document;
- (2) the Local Match loan Contract Special Conditions (**Exhibit A**);
- (3) the Approval to Award letter (**Exhibit B**);
- (4) the Approved Plans and Specifications and Applicable Effluent Limitations (**Exhibit C**);
- (5) the Plans and Specifications Approval letters (**Exhibit D**);
- (6) the Facilities Plan Approval letter (**Exhibit E**);
- (7) the Preliminary Local Match loan Repayment Schedule and any amendments thereto (**Exhibit F**); and
- (8) the Local Match loan Contract Standard Conditions (**Exhibit G**).

The Agency accepts and agrees to comply with all terms, provisions, conditions, and commitments of this contract, including all incorporated documents, and to fulfill all assurances, declarations, representations, and commitments made by the Agency in its application, accompanying documents, and communications filed in support of its request for Local Match loan.

SECTION 3. STATE MATCH ACCOUNT.

The Agency will establish a local state match account. The Agency will deposit sufficient funds in the account to make payments to the contractor(s) in an amount equal to the percentage of federal contributions required by the federal Clean Water Act to be matched with state funds (currently 16.667%) and will include the required state match amount in all payments made to the contractor(s).

SECTION 4. ESTIMATED COST OF PROJECT.

The estimated reasonable cost of the total Project at the time of Board Approval, including associated planning and design costs, is **six million four hundred eighty-nine thousand dollars (\$6,489,000)** to the Agency.

SECTION 5. MAXIMUM LOCAL MATCH LOAN AMOUNT.

Subject to all of the terms, provisions, and conditions of this contract, and subject to the availability of federal funds, the SWRCB will make a Local Match loan from the State Revolving Fund, created by Water Code Section 13477, in an amount not to exceed **three million thirty thousand four hundred twenty-one dollars (\$3,030,421)** to the Agency. This amount is based on the Approval to Award letter from the SWRCB dated May 24, 2000 (Exhibit B), and includes **two million five hundred twenty-five thousand three hundred forty-one dollars (\$2,525,341)** from the State Revolving Fund Loan Account and **five hundred five thousand eighty dollars (\$505,080)** from the Agency local state match account described in Section 3.

SECTION 6. INTEREST RATE.

The Local Match loan interest rate shall be set at zero percent per annum.

SECTION 7. COMPLETION OF PROJECT.

The Agency agrees to expeditiously proceed with and complete construction of the Project in substantial accordance with Project plans and specifications approved by the SWRCB.

SECTION 8. PROJECT CERTIFICATION.

One year after Project completion, the Agency shall certify to the SWRCB whether or not the Project, as of that date, meets applicable design specifications and effluent limitations. If the Agency cannot certify that the Project meets such specifications and limitations at that time, the Agency will, at its own expense and in a timely manner, expeditiously make all needed corrections and perform all additional work necessary to allow affirmative certification for the Project.

Failure to submit an affirmative certification within 15 months, or a negative certification with a corrective action report that meets the above requirements and is satisfactory to the Division within 15 months, of the project completion date will result in an interest penalty of 0.1 percent per day being assessed on the

outstanding Local Match loan balance due. The interest penalty will begin on the first day after expiration of the appropriate deadline.

SECTION 9. DISBURSEMENT.

Local Match loan funds will be disbursed in accordance with the disbursement provisions of Exhibit G attached hereto.

SECTION 10. REPAYMENT OF LOCAL MATCH LOAN.

Local Match loan funds, including the state match described in Section 3, shall be repaid in accordance with the provisions of Exhibit G, attached hereto, and as indicated in appropriate Local Match loan Repayment Schedules in Exhibit F, also attached hereto.

SECTION 11. DEDICATED SOURCE OF REVENUE.

The Agency shall adopt an ordinance or resolution designating a source of revenue for repayment of this Local Match loan. The dedicated source of revenue shall comply with the requirements of the federal Clean Water Act and any applicable federal and state laws, rules and regulations and shall have received SWRCB approval.

The Agency shall at all times maintain sufficient revenue to provide reasonable assurance of repayment of this Local Match loan.

SECTION 12. SUBORDINATION AND FUTURE LOCAL DEBT.

- A. The obligation of the Agency to make all payments required by this contract to the SWRCB solely from Net System Revenues is subordinate in right of payment to Parity Obligations existing on the date of execution of this contract and additional Parity Obligations incurred pursuant to Section 11 (B) below.
- B. The Agency may incur additional Parity Obligations (the payments of which are senior or prior in right to the payment by the Agency of its obligations required by this contract (and all other contracts between the Agency and the SWRCB that, by their terms, expressly provide therefore)) provided that:
 - 1. All Parity Obligations (including the Parity Obligations proposed to be incurred) shall have an "A" rating (without regard to any refinement or gradation of such rating category by a numerical modifier or otherwise) or better by at least two nationally recognized rating agencies.
 - 2. The Agency fixes, prescribes and collects rates and charges for the Wastewater Service which will be sufficient to ensure that Net System Revenues to pay the obligations required by this contract are at least 1.1 times the current year's debt service on the obligations required by this contract.
- C. For purposes of this Section and Article 15, Paragraph (D) of Exhibit G the capitalized terms "Net System Revenues" and "Parity Obligations" and "Wastewater Service" shall have the meanings given to such terms in the certain Master Installment Purchase Agreement, dated as of September 1, 1993, between the Agency and the Public Facilities Financing Authority of the City of San Diego, as originally executed and as it may from time to time be amended or supplemented in accordance with the provisions thereof.

SECTION 13. FINANCIAL MANAGEMENT SYSTEM AND STANDARDS.

The Agency agrees to comply with federal standards for financial management systems. The Agency agrees that, at a minimum, its fiscal control and accounting procedures will be sufficient to permit preparation of reports required by the federal government and tracing of Local Match loan funds to a level of expenditure adequate to establish that such funds have not been used in violation of federal or state law or the terms of this contract. To the extent applicable, the Agency agrees to be bound by and to comply with the provisions and requirements of the federal Single Audit Act of 1984 (Pub. L. 98-502) and Office of Management and Budget (OMB) Circular No. A-128.

SECTION 14. ACCOUNTING STANDARDS.

The Agency will maintain separate Project accounts in accordance with generally accepted government accounting standards including those contained in the "Standards for Audit of Governmental Organizations, Programs, Activities and Functions" promulgated by the U.S. General Accounting Office.

SECTION 15. PROHIBITED CONTRACT.

The Agency agrees that it will preclude its contractors and subcontractors from contracting with any party which is debarred, suspended, or otherwise excluded from or ineligible for, participation in federal assistance programs under Executive Order 12549, "Debarment and Suspension".

SECTION 16. COPYRIGHTS.

The Agency agrees that the U.S. Environmental Protection Agency shall have a royalty-free, nonexclusive and irrevocable license to reproduce, publish, otherwise use, and to authorize others to use, for federal government purposes: (a) the copyright in any work developed under this Local Match loan contract and (b) any rights of copyright which the Agency may purchase where costs of such purchase are reimbursed with Local Match loan funds.

SECTION 17. USER CHARGE SYSTEM.

The Agency shall adopt and maintain in effect a user charge system which at all times complies with the requirements of Section 204(b)(1) of the federal Clean Water Act and applicable federal and state rules, regulations and guidelines.

SECTION 18. OPERATION AND MAINTENANCE.

The Agency agrees to properly staff, operate and maintain all portions of the Project during its useful life in accordance with all applicable federal and state laws, rules and regulations.

SECTION 19. USEFUL LIFE OF PROJECT.

For purposes of this contract, the parties agree that the useful life of the Project is 20 years from and after Project completion.

SECTION 20. ASSIGNABILITY.

To the extent permitted by federal and state laws, rules, and regulations, the SWRCB may, assign, grant a security interest in, or otherwise encumber this contract and any right, or rights hereunder, including any payment or payments to be received hereunder.

SECTION 21. STATE REVIEWS AND INDEMNIFICATION.

The parties agree that review or approval of Project plans and specifications by the SWRCB is for administrative purposes only and does not relieve the Agency of its responsibility to properly plan, design, construct, operate, and maintain the Project. As between the SWRCB and the Agency, the Agency agrees that it has sole responsibility for proper planning, design, construction, operation, and maintenance of the Project, and the Agency agrees to indemnify the SWRCB, the State of California and their officers, agents, and employees against and to hold the same free and harmless from any and all claims, demands, damages, losses, costs, expenses, or liability due or incident to planning, design, construction, operation, or maintenance of the Project.

SECTION 22. TERM.

This contract shall take effect upon Department of General Services' approval of the contract, and the contract shall remain in effect for the useful life of the Project or until the date of final Local Match loan repayment, whichever period is longer, unless sooner terminated pursuant to the provisions hereof.

IN WITNESS THEREOF, the parties have executed this contract on the dates set forth below.

CITY OF SAN DIEGO
AGENCY

By: _____
Authorized Representative

Michael Uberuaga
Typed Name

City Manager
Title

By: _____
Designated Representative

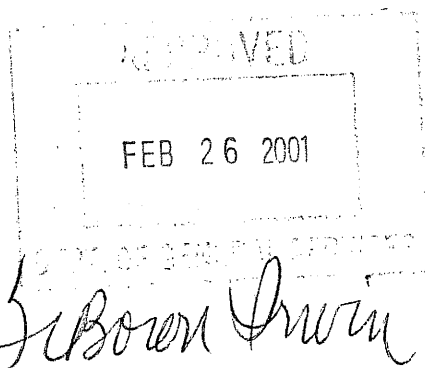
Frank Belock, Jr.
Typed Name

Deputy City Manager
Title

Dated: DEC 22 2000

STATE OF CALIFORNIA
STATE WATER RESOURCES CONTROL BOARD

STATE OF CALIFORNIA
DEPARTMENT OF GENERAL SERVICES



By: Boni Brown, Chief
Division of Administrative Services

2/7/01
DATE

Dated: _____
(Date Stamp)

EXHIBIT A

LOCAL MATCH LOAN CONTRACT SPECIAL CONDITIONS

No special conditions are attached to this loan.

EXHIBIT B

APPROVAL TO AWARD LETTER

See Approval to Award letter dated May 24, 2000. This letter explains how the maximum Local Match loan amount, as described in Section 4, was determined.



State Water Resources Control Board

Division of Clean Water Programs

2014 T Street • Sacramento, California 95814 • (916) 227-4400
Mailing Address: P.O. Box 944212 • Sacramento, California • 94244-2120
FAX (916) 227-4349 • Internet Address: <http://www.swrcb.ca.gov>



Winston H. Hickox
Secretary for
Environmental
Protection

MAY 24 2000

CERTIFIED MAIL NO. P 088 540 543
Return Receipt Requested

Mr. F. D. Schlesinger, Director
Metropolitan Wastewater Department
City of San Diego
600 B Street, Suite 500
San Diego, CA 92101

Dear Mr. Schlesinger:

APPROVAL TO AWARD (ATA) - SOUTH BAY WATER RECLAMATION PLANT (CP-2)
OPERATION & MAINTENANCE BUILDINGS, CITY OF SAN DIEGO, STATE
REVOLVING FUND (SRF) LOAN PROJECT NO. C-06-4119-410

We have reviewed the ATA request package submitted with the SRF ATA Form 555-1 executed on June 14, 1999. The approved amount has been reduced, based on the City's December 27, 1999 letter from Mr. Mick Gammon, Supervising Management Analyst. The Planning and Design Section approves the ATA construction budget request as follows:

CONTRACTOR	AMOUNT BID	APPROVED
Nielsen Dillingham Builders, Inc.	\$5,866,398	\$2,517,690

The Division of Clean Water Programs establishes the SRF ATA budget as follows:

	REQUESTED	APPROVED
A. Construction	\$3,041,735	\$2,517,690
B. Allowances	\$584,692	
1. Planning		\$82,218
2. Design		\$145,849
3. Construction		\$231,658
4. Administration		\$22,659
5. Prime Engineering		\$10,347
6. Value Engineering		\$20,000
TOTAL	\$3,626,427	\$3,030,421

Please refer to the enclosed Form No. 259 for the construction eligibility calculations.

California Environmental Protection Agency

RNAME

5-23-00
970

Joseph

3/24/00
12/1/00

Handwritten signatures and dates: 5/24/00, 5/24/00

Please provide this office with a written response within 30 days of the date of this letter stating your agreement or disagreement with this decision.

Send your response to:

Mr. Fred Johansen
Administration and Certification Section
State Water Resources Control Board
P.O. Box 944212
Sacramento, CA 94244-2120

If you have not contacted Mr. Johansen within 30 days, this letter will serve as our final decision.

DISBURSEMENT SCHEDULE

1. Within thirty 30 days, please submit to Ms. Ame Mathies, at the above address, a preliminary **SRF Disbursement Schedule** (see enclosed format) which shows the estimated monthly amounts to be requested during the construction period. The total should equal the approved SRF ATA budget amount. This is needed to establish a preliminary disbursement schedule for your proposed loan contract.
2. The binding loan commitment takes, approximately, three months to process following your agreement on the **SRF ATA budget**, submittal of a preliminary **SRF Disbursement Schedule** and the completion of any other prerequisites.
3. Please remember that the disbursements for costs incurred prior to the binding loan commitment may be subject to the refinance rules in the SRF Policy.

CONSTRUCTION CONTRACT REQUIREMENTS

1. Mail the following documents to Mr. Al Garbutt.
 - A. One copy of the **executed construction contract**,
 - B. One copy of the form (see enclosed format) entitled **Certification of Bond and Insurance Coverage**, and
 - C. One copy of the **Notice to Proceed**.
2. Recipients of SRF loan assistance are required to report MBE/WBE utilization to the Division. **Form MBE/WBE UR334** and the associated **instructions for completing the UR 334** are enclosed.

Mr. F. D. Schlesinger

- 3 -

If you have any questions, please contact Mr. Ken Gonzales at (916) 227-4434.

Sincerely,

ORIGINAL SIGNED BY

Mike Harper, Chief
Administration Unit

Enclosures

bcc: Fred Johansen, DCWP
Dan Little, DCWP
Al Garbutt, DCWP
Ame Mathies, DCWP
Eva Kawada, DCWP

S:\reimbur\finadmin\payments\ken\ATA4119-410 5/23/00 jfo



EXHIBIT C

APPLICABLE EFFLUENT LIMITATIONS

Incorporated by reference are the following supporting documents:

SEE WASTE DISCHARGE REQUIREMENTS ORDER NO. 2000-129, AND NPDES PERMIT NO. CA0109045, ADOPTED BY THE CALIFORNIA REGIONAL WATER QUALITY CONTROL BOARD, SAN DIEGO REGION, ON SEPTEMBER 13, 2000

APPROVED PLANS AND SPECIFICATIONS

Incorporated by reference are the Plans and Specifications approved by the Division on March 2, 1999, which are the basis for the construction contract to be awarded by the **City of San Diego** to the Nielsen Dillingham Builders, Inc., following competitive advertising.

EXHIBIT D

PLANS AND SPECIFICATIONS APPROVAL LETTER

See the Plans and Specifications approval letter dated March 2, 1999 for the **Construction of the South Bay Water Reclamation Plant Project**.



Winston H. Hickox
Secretary for
Environmental
Protection

State Water Resources Control Board

Division of Clean Water Programs

2014 T Street • Sacramento, California 95814 • (916) 227-4400
Mailing Address: P.O. Box 944212 • Sacramento, California • 94244-2120
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Gray Davis
Governor

MAR 2 1999

Mr. F. D. Schlesinger, Director
Metropolitan Wastewater Department
City of San Diego
600 B Street, Suite 500
San Diego CA 92101-4587

Dear Mr. Schlesinger:

FINAL PLANS AND SPECIFICATIONS (P&S) APPROVAL; CITY OF SAN DIEGO (CITY),
SOUTH BAY WATER RECLAMATION PLANT CONSTRUCTION PACKAGE NO. 2
OPERATIONS AND MAINTENANCE BUILDINGS, STATE REVOLVING FUND (SRF) PROJECT
NO. C-06-4119-410

The Division of Clean Water Programs (Division) received the City's signed P&S Approval Form and Project Performance Certification Standards for the subject project on March 2, 1999. The Division hereby approves the P&S for South Bay Water Reclamation Plant Construction Package No. 2, Operations and Maintenance Buildings, including Addenda "A" and "B" approved January 7, 1999, with the conditions noted in this letter, in the enclosed approval form, and in the SRF Loan Contract.

Approval of the Final P&S for construction of this project assumes that Construction Package Nos. 1 and 3, the site preparation contract and the process units and controls, will be constructed and operational in accordance with their respective milestone schedules as contained in the Facility Plan Approval letter dated September 24, 1997. The Regional Water quality Control Board (RWQCB) must adopt National Pollutant Discharge Elimination System (NPDES) Permit before the South Bay Water Reclamation Plant can be operated. Please inform the Division of the planned schedule for adoption of the NPDES Permit including the submittal of the Report of Waste Discharge to the RWQCB and the public hearing for the tentative NPDES permit. The Division cannot proceed to execution of a SRF loan contract for the City until the RWQCB has adopted an NPDES permit for the operation of, and discharge of effluent from, the South Bay Water Reclamation Plant.

Approval of this project does not relieve the City of its responsibility to complete construction and operate the South Bay Water Reclamation Plant pursuant to the proposed discharge requirements as discussed in the RWQCB's letter to the City dated September 11, 1997.

This approval assumes that the City has obtained the necessary approval(s), permit(s), or exemption(s) from other regulatory agencies, especially where construction activities might affect public health or water quality. This approval does not supersede any RWQCB or local health department orders or requirements

me 2 Mar 99
SURNAME
DWR 540 REV. 1/86

3/2/99

California Environmental Protection Agency

Recycled Paper

Addressee

- 2 -

Date

MAR 2 1999

The City must assure that the selected bidder is not excluded (debarred) from participating in federally funded programs. Contractor(s) status regarding debarment can be determined by contacting your project manager, Mr. Dan Little.

Additionally, submit the enclosed "State Revolving Fund Approval-to-Award Request" (SRF 555-1) form along with other items listed under Item IV. Please submit a copy of the completed Form 4700-5 with the bid package.

If you have any questions regarding the enclosed P&S Approval form, please call Mr. Little at (916) 227-4575.

Sincerely,

ORIGINAL SIGNED BY

Farouk T. Ismail, Ph.D., P.E.
Chief, Planning & Design Section

Enclosures

cc: Ms. Ann Sasaki, Project Manager
Metropolitan Wastewater Department

Mr. Richard J. Enriquez, Grants and Loans Administrator (w/encs.)
Metropolitan Wastewater Department

bcc: Howard Whitver, DCWP
Nick Kontos, DCWP
Ken Gonzales, DCWP
Al Garbutt, DCWP

s:/plan_sec/planning/littled/sthbyn22.doc/2 MAR 99/DAN/ANNE

**CLEAN WATER PROGRAMS
ADDENDUM APPROVAL FORM**

Project No.	SRF Loan No. C-06-4119-410	Date:	January 7, 1999
Applicant	City of San Diego		
Address	600 B Street, Suite 500, San Diego, CA 92101-4587		
Auth. Rep.	Mr. F. D. Schlesinger, Director	Engineer	Ms. Ann Sasaki
Address	(same as above)	Address	(same as above)
Phone	(619) 533-4200	Phone	(619) 533-4211
Project Description	South Bay Water Reclamation Plant, CP-2 Operations and Maintenance Buildings		

ADDENDA DESCRIPTIONS:

Addendum A, dated October 27, 1998:

1. Bidders questions,
2. Deletions, revisions, replacements, and additions to Contract Documents, General Conditions and Requirements, and Technical Specifications, and Drawings.

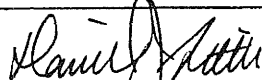
Addendum B, dated October 30, 1998:

1. Adds specification to certify that computer systems for Year 2000 compliance.

ADDENDA APPROVAL AND ELIGIBILITY SUMMARY:

Addendum	SWRCB Approval Date	Est. Eligibility Increase	Est. Eligibility Decrease	Estimated Eligibility Determination
A	January 7, 1999	0%	0%	same as original
B	January 7, 1999	0%	0%	same as original
Totals		0%	0%	same as original

APPROVAL BY STATE

Date 3/2/99	Signature 	Name and Title Daniel J. Little, P.E., Associate Engineer
-----------------------	---------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------

		City of San Diego South Bay Water Reclamation Plant Operations and Maintenance Buildings C-06-4119-410										
		Ineligible costs in engineers estimate for CP-2										
Description	Footnote	Labor	Materials	Equip.	Supplies	Subcon.	Contr. OH	Taxes	Profit	Escalation	Bnds&Ins	
Site Work												
Field Pers-Superintendent, Engineer, Project Manager	1	364000										
OSHA/Safety programs. Photography	1,2				6800							
Field office expense-equip, supplies,electr, telephone	2		13302									
Temporary Energy	2				2700							
Subtotals		364000	13302	0	9500	0	87243	998	30944	22435	1934	530356
Operations Building												
Concrete Block Specialty	3				30000							
Architectural Finishes & Misc. Items	3				10000							
Custom Reception Desk	4				5000							
Flashing & Framing Storefront & Skylight	3				70000							
Skylight-6 vent insul plxgl dome & 1 lean-to skyroof	3	1070	5600		41							
Appliances-microwave oven & refrigerator	4	192	2625									
Subtotals		1262	8225	0	41	115000	1014	617	9962	7223	623	143966
Maintenance Building												
Concrete Block Specialty	3				1000							
Automotive spray painting booth	5	1391	9200									
Skylight-plastic roof domes, 10 or more units	3	526	1845		20							
Subtotals		1917	11045	0	20	1000	1414	828	1119	811	70	18224
Total												692546
Footnotes												
1 - These costs can be included in SRF allowance for construction management or prime engineering												
2 - O&M costs												
3 - Architectural extra												
4 - Appliances and furniture are not eligible												
5 - Not necessary for water quality improvement												

	Estimate	Contin.	Ineligible	Eligible	*Eligible %	Adj Elig \$	* Eligibility adjusted for the
Sitework	629472	26379	530356	72737	11.55530	72737	operations & maintenance
*Oper Bld	2540875	102304	143966	2294605	55.00000	1262033	buildings based on square
*Maint Bld	2210893	87908	18224	2104761	75.00000	1578571	footage vs. MGD curves for a
Subtotal	5381240	216591	692546	4472103	54.13883	2913341	6.5 MGD vs. a 14 MGD plant
Mobilize	10000		4586	5414	54.13883	5414	
Total	5391240				54.13883	2918754	

**CLEAN WATER PROGRAMS
PLANS AND SPECIFICATIONS APPROVAL FORM**

Project No.	C-06-4119-410	Date:	March 2, 1999
Applicant	CITY OF SAN DIEGO, METROPOLITAN WASTEWATER DEPARTMENT		
Address	600 B Street, Suite 500, San Diego, CA 92101-4587		
Auth. Rep.	Mr. F. D. Schlesinger, Director	Engineer	Ms. Ann Sasaki
Address	(same as above)	Address	(same as above)
Phone	(619) 533-4200	Phone	(619) 533-4211
Project Description	South Bay Water Reclamation Plant, CP-2 Operations and Maintenance Buildings		

List the eligible items (identify by bid item and schedule):

The eligibility determinations identified below are based on the review of the final plans and specifications received in this office on October 2, 1998, the Bid Schedule contained in the Contract Specifications pages 00300-3 and 00300-4, the Final Prebid Construction Cost Estimate dated May 1997, the Facilities Plan Approval letter dated September 24, 1997, the revised Facilities Plan Approval letter dated October 2, 1997, the Addenda dated October 27, 1998, and October 30, 1998, and documentation submitted March 1, 1999.

The eligibility determination for the contract bid items, as shown in the Bid Schedule on pages 00300-3 through 00300-4 of the contract specifications, are as follows:


Bid Item	Description	Low Bid	Percent Eligibility	Eligible S
1	General Construction	\$5,617,398	54.13883% <i>See Condition No. 1</i>	\$3,041,194
2	Sheeting, Shoring, and Bracing	\$1,000	54.13883% <i>See Condition No. 1</i>	\$541
3	Mothballing Equipment and Facilities	\$15,000	0% <i>See Condition No. 2</i>	0
4	Preventative Maintenance and Warranty Extension	\$18,000	0% <i>See Condition No. 3</i>	0
5	Allowance for Partnering	\$20,000	0% <i>See Condition No. 3</i>	0
6	Allowance for Field Orders	\$195,000	0% <i>See Condition No. 3</i>	0
Totals		\$5,866,398		\$3,041,735

CONDITIONS OF APPROVAL

Plans and Specifications for your project are approved with the following conditions:

- Based on the City's South Bay Water Reclamation Final Prebid Construction Cost Estimate dated May 1997, the eligible dollars are determined for the Site Work, Operations Building, and Maintenance Building (see Attachment 1). The eligible percentage is then calculated based on the engineer's estimate. The buildings are sized for a 14 MGD plant which is the planned expansion in the next phase

APPROVAL BY STATE

Date 3/2/99	Signature 	Name and Title Daniel J. Little, P.E., Associate Engineer
----------------	--------------------------------------------------------------------------------------------------	--------------------------------------------------------------


(CONTINUATION SHEET)

Project No. C-06-4119-410
Applicant CITY OF SAN DIEGO

of construction. The eligible plant size, as determined in the September 24, 1997, Facility Plan Approval letter, is 6.5 MGD. In accordance with Division of Clean Water Programs design review practice, the eligibility is pro-rated based on expected floor space needed for a 6.5 MGD activated sludge plant compared to a 14 MGD activated sludge plant. Based on the Division's square footage vs. MGD curves, the operations space for a 6.5 MGD plant is fifty-five (55) percent needed for a 14 MGD plant, and the maintenance space is seventy five (75) percent. These percentages are applied to the operations and maintenance buildings, respectively, resulting in an adjusted eligibility percentage for each. These adjustments are not applied to the sitework cost. Mobilization is the same eligible percentage as the construction.

2. Bid item 3 is considered Incidental to the Contract and may be deleted in its entirety. Therefore, it is not eligible as the work described under this item may not need to be performed.
3. In accordance with the SRF Policy, Preventative Maintenance, Warranty Extension, and Allowance for Field Orders are ineligible.
4. The review of the Plans and Specifications (P&S) is for eligibility and administrative purposes, and to assess the likelihood that the project will achieve its intended purpose. The structural, mechanical, and electrical aspects of the P&S are not reviewed in detail.
5. Acceptance of the P&S by the State Water Resources Control Board does not relieve the City and the design engineer of their legal liability for the adequacy of the design.
6. The Final P&S Approval cannot be issued until the loan applicant's authorized representative has signed and returned this form, the attached Addendum Approval Form, and the attached Project Performance Certification Standards, thus indicating agreement. Final P&S Approval will then be issued under a separate letter with the aforementioned items attached.

I agree with the above eligibility decisions.


F. D. Schlesinger

3/2/99

Authorized Representative

3-2-99

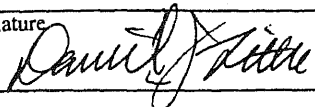
Date

APPROVAL BY STATE

Date

3/2/99

Signature



Name and Title

Daniel J. Little, P.E., Associate Engineer

CLEAN WATER PROGRAMS
PROJECT PERFORMANCE CERTIFICATION STANDARDS

I, F. D. Schlesinger, as the authorized representative for the City of San Diego, hereby agree to the following project performance standards for the South Bay Water Reclamation Plant Construction Package No. 2 - Operations and Maintenance Buildings, SRF Loan No. C-06-4119-410

1. All components of the project shall meet the material, workmanship, specifications, testing, and performance standards identified in the contract plans and specifications and will be operational at the time of project performance certification.
2. Each component requiring testing under the specifications shall be tested to determine that the performance objectives stated in the specifications can be met under full load conditions.
3. The City shall include this information in the project performance certification report due one year after initiation of operation. The report shall include a description of the test conditions and the attained performance of each item tested.
4. The operation and maintenance tracking system must include all new mechanical and electrical equipment, spare parts, and a record of preventive and corrective maintenance tasks scheduled and performed.
5. A log of the operation and maintenance of all mechanical and electrical components/systems shall be maintained. This log shall include, but not necessarily be limited to testing of piping, electrical, and mechanical systems, motor control centers, HVAC, communications and intercommunications, security, and fire detection and protection systems.

At the end of the one year project performance period, the prime engineer shall prepare a Project Performance Certification Report analyzing the ability of the funded facilities and/or systems to meet performance objectives and specifications. A Certificate of Performance shall be submitted to the Division for review. The report, at minimum, shall contain a summary and discussion of the components/systems described above.

6. If any component of the project does not meet the material, workmanship, specifications, or performance standards contained in the construction contract documents, the City or its prime engineer must provide a discussion of probable causes and corrective actions.
7. The City shall correct any performance problems identified by the prime engineer's report at other than State expense.

Project No. SRF Loan No. C-06-4119-410

Applicant City of San Diego

CLEAN WATER PROGRAMS
PROJECT PERFORMANCE CERTIFICATION STANDARDS

I agree with the project performance standards identified above.

7087

Mr. F. D. Schlesinger

Authorized Representative

3/2/99

Date

Project No. SRF Loan No. C-06-4119-410

Applicant City of San Diego

EXHIBIT E

FACILITIES PLAN APPROVAL LETTER

See the Facilities Plan Approval letters dated October 2, 1999 and September 24, 1997.



1997



Pete Wilson
Governor

Mr. F. D. Schlesinger, Director
Metropolitan Wastewater Department
600 B Street, Suite 500
San Diego, CA 92101-4587

FPA

State Water
Resources
Control Board

Dear Mr. Schlesinger:

Division of
Clean Water
Programs

REVISED FACILITY PLAN APPROVAL: SOUTH BAY WATER RECLAMATION PLANT,
CITY OF SAN DIEGO, STATE REVOLVING FUND (SRF) LOAN
NO. C-06-4119-310, 410, AND 510

Mailing Address:
P.O. Box 944212
Sacramento, CA
94244-2120

This letter revises the September 24, 1997, Facilities Plan Approval letter for the subject project. In that letter, the cost of the ineligible tertiary facilities was not subtracted from the estimated construction cost for Package No. 3.

2014 T Street,
Suite 130
Sacramento, CA
95814
(916) 227-4400
FAX (916) 227-4349

The estimated eligible cost on Page 3 second paragraph for Construction Package No. 3 should read \$48 million. The estimated eligible costs for Construction Packages Nos. 1 and 2 remain the same. The total estimated eligible construction cost for the facilities is thereby adjusted to \$60 million.

The total estimated eligible project cost including applicable allowances for engineering, administration, and construction management is therefore adjusted to \$69.5 million.

All other eligibility decisions and the schedule contained in the September 24, 1997, Facilities Plan Approval remain the same including the appeal language under Condition No. 2. If the City is in agreement with the decisions in that letter and the decision contained herein, please state so in writing pursuant to the instructions under Condition No. 2. The Division of Clean Water Programs cannot present your project to the State Water Resources Control Board for a preliminary loan commitment until agreement has been reached.

I would like to take this opportunity to express my appreciation to your staff, especially Mr. Mick Gammon, Mr. Richard Enriquez, Mr. Jim Wageman, and Ms. Ann Sasaki. Their knowledge, cooperation, and responsiveness has enabled us thus far to meet State and Federal regulations at advanced stages of project development.

If you have any questions concerning this letter, please do not hesitate to call Mr. Dan Little at (916) 227-4575.

Sincerely,

ORIGINAL SIGNED

Jim Putman, Chief
Loans and Grants Branch

- | | | |
|-----|---------------------|----------------------|
| cc: | Farouk Ismail, DCWP | Howard Whitver, DCWP |
| | John Herren, DCWP | Dick Wasser, DCWP |
| | Ron Blair, DCWP | Sandy Houck, DCWP |
| | Nick Kontos, DCWP | Ame Mathies, DCWP |
| | Wayne Hubbard, DCWP | Ilene Smith, DCWP |

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WNE
20 SEP 97
SLURNAME
DWR 540 REV. 1/96

Little
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mission is to preserve and enhance the quality of California's water resources, and ensure their proper allocation and efficient use for the benefit of present and future generations.



SEP 24 1997



Pete Wilson
Governor

CERTIFIED MAIL NO. Z 233 757 003

Return Receipt Requested

W/EPA

State Water
Resources
Control Board

Mr. F.D. Schlesinger, Director
Metropolitan Wastewater Department
600 B Street, Suite 500
San Diego, CA 92101-4587

Division of
Clean Water
Programs

Dear Mr. Schlesinger:

Mailing Address:
P.O. Box 944212
Sacramento, CA
94244-2120

FACILITIES PLAN APPROVAL, SOUTH BAY WATER RECLAMATION PLANT, CITY OF
SAN DIEGO, STATE REVOLVING FUND (SRF) LOAN NO. C-06-4119-310, 410, AND 510

2014 T Street,
Suite 130
Sacramento, CA
95814
(916) 227-4400
FAX (916) 227-4349

In accordance with the State Water Resources Control Board's February 1995, Policy for
Implementing the State Revolving Fund (SRF) for Construction of Wastewater Treatment Facilities
(Policy), as amended on January 18, 1996, the Division of Clean Water Programs (Division) herewith
approves the facilities plan for the subject project. Our approval is based on the following
determinations:

1. Complete project report documentation including the "South Metro Interceptor System
Wastewater Management Plan for modifications to the Metropolitan Sewerage System" dated
March 1993, the "General Unit Process Design Criteria" dated May 8, 1997, the "Metropolitan
Wastewater Plan" dated August 1995, and supplemental information dated September 9, 1997,
has been submitted and it complies with Section VIII. A. of the Policy;
2. The environmental documentation meets all of the environmental review requirements and the
Division's Environmental Services Unit approved the documents on September 19, 1997;
3. A draft revenue program was approved by the Division on September 15, 1997, and
4. The City is a signatory to the State Water Coalition's Memorandum of Understanding Regarding
Urban Water Conservation in California.

PROJECT DESCRIPTION

The proposed project is described as Alternative 5 in Chapter 6 of the "South Metro Interceptor
System Wastewater Management Plan for modifications to the Metropolitan Sewerage System" dated
March 1993. The proposed facilities will consist of a 7 million gallon per day liquid train tertiary
treatment plant, including screening, grit removal, primary sedimentation, flow equalization, aeration
basins, secondary clarification, tertiary filtration, waste backwash tank, and ultraviolet radiation
disinfection systems. There are no solids treatment facilities as biosolids are returned to the South
Metro Interceptor System for treatment at the Point Loma Wastewater Treatment Plant until the South
Sludge Processing Facility is constructed.

The Division has made the determination that the items listed below will be eligible for a SRF loan.
Where applicable, eligible capacity will be adjusted at the time of approval to award the construction
contract to account for any changes in the estimated date for initiation of construction.

Anne 225887
Littu
9/21/97

Whitney
9/22/97 (for Tsmail)

SURNAME
DWR 540 REV. 1/96

mission is to preserve and enhance the quality of California's water resources, and
ensure their proper allocation and efficient use for the benefit of present and future generations

1. The following items will be eligible for SRF loans:

- A. Construction of facilities necessary to achieve secondary treatment of wastewater effluent for ocean discharge in accordance with the Regional Water Quality Control Board National Pollutant Discharge Elimination System (NPDES) permit requirements. This may include necessary sitework, structural work, and pumping and yard piping systems. Eligible process units and systems include influent screening, grit removal, primary sedimentation tanks, flow equalization basins, aeration basins, secondary clarification tanks, and secondary effluent ultraviolet radiation disinfection. Eligibility also includes control systems, necessary support facilities (i.e. reasonable administration and laboratory building space), and electrical and instrumentation required for 12 years of reserve capacity;
- B. Special equipment necessary to maintain the facilities, including one set of the manufacturer's list of spare parts;
- C. Necessary insurance related to the construction contract; and
- D. Allowances for planning, design, construction, prime engineering, and administration (see Appendix I of the Policy).

2. The following items are not eligible for loans:

- A. Construction contingencies;
- B. Construction change orders and claims;
- C. Facilities under construction, if any, prior to the issuance of Final Plans and Specifications Approval by the Division; and
- D. All other items not included in the construction contract except allowances.

3. The eligible design parameters are:

Population (SANDAG, year 2010)	80,959
Average Annual Daily Flow (AADF)	6.5 MGD
Peak Wet Weather Flow (PWWF)	13.0 MGD
Biochemical Oxygen Demand (BOD ₅)	
Influent (270 mg/l)	14,637 lbs/day
Effluent (30 mg/l)	1,626 lbs/day
Total Suspended Solids (TSS)	
Influent (300 mg/l)	16,263 lbs/day
Effluent (30 mg/l)	1,626 lbs/day

AADF is based on population times per capita flow of 80 gallons per day. The peaking factor of 2.0 for PWWF is based on the flow from the smaller service area tributary to Pump Station No. 1 which encompasses the service area tributary to the South Bay Water Reclamation Plant.

There are three construction packages for bid. Package No. 1 is estimated at \$4 million and is for the site grading work. Package No. 2 is estimated at \$8 million and is for the operations and maintenance buildings. Package No. 3 is estimated at \$63 million and is the process units and controls.

The combined estimated construction cost of the three packages is \$75 million. The estimated loan eligible construction cost is \$86.7 million and is based on the engineers estimate for construction plus applicable allowances for engineering and administration from the tables the table in Appendix I of the SRF Policy.

PROJECT MILESTONES

This approval is based on submittals and milestone dates according to the following schedule:

	<u>Package #1</u>	<u>Package #2</u>	<u>Package #3</u>
Submit loan application	Completed 5/8/97	Completed 5/8/97	Completed 5/8/97
Value engineering report	Completed 5/8/97	Completed 5/8/97	Completed 5/8/97
Submit final plans and specs	Completed 5/27/97	11/12/97	11/12/97
Approve plans and specs	10/17/97	1/12/98	1/12/98
Advertise for bids	Completed 8/14/97	3/19/98	1/8/98
Open bids	10/21/97	5/12/98	3/12/98
Initiate construction (NTP)	12/8/97	8/17/98	6/5/98
Submit final revenue program	5/20/98	10/6/99	5/2/2000
Complete construction	6/8/98	9/30/2000	9/30/2000
Initiate facilities operation	1/3/2001	1/3/2001	1/3/2001
Performance certification	1/3/2002	1/3/2002	1/3/2002

Mr. F.D. Schlesinger

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SEP 24 1997

Special attention to the project milestones schedule is critical. Schedules must be compatible with requirements of any Regional Water Quality Control Board (RWQCB) enforcement actions related to the planned facilities. Approval of a schedule not compatible with RWQCB requirements does not relieve the applicant of its responsibility to achieve compliance with said requirements.

CONDITIONS OF APPROVAL

1. This approval includes only that project described above and does not include any associated projects which may have been referred to in the facility planning documentation submitted for this project. This approval does not guarantee that loan assistance will be awarded for this project.
2. This letter constitutes a Final Staff Decision. The Division will request that the SWRCB make a preliminary loan commitment for this project's SRF loan AFTER an agreement in writing from the City on the eligibility decisions, schedule, and other conditions contained herein has been received. To expedite this process, please notify me immediately in writing if you agree with this letter as currently written, so I can start the process to procure the SWRCB approval for a SRF loan for your project.

If you are NOT in agreement, then you must request a Final Division Decision within sixty (60) days from the date of this letter. Your request should be specific on the items of disagreement, and suggest the exact changes with which you would be in agreement. Please send the request to:

Mr. Harry M. Schueller, Chief
Division of Clean Water Programs
P.O. Box 944212
Sacramento, CA 94244-2120

Again, we **MUST** reach agreement in writing before your proposed project can be scheduled for SWRCB approval of a preliminary funding commitment.

Please contact Mr. Dan Little at (916) 227-4575 if you have any questions or comments regarding this letter.

Sincerely,

ORIGINAL SIGNED BY

Jim Putman, Chief
Loans and Grants Branch

cc: Mr. Dat Quach, Area Engineer,
San Diego Regional Water
Quality Control Board
9771 Clairemont Mesa Boulevard, Suite A
San Diego, CA 92124-1331

SEP 24 1997

Mr. F.D. Schlesinger

5

bcc: Farouk Ismail, DCWP
Howard Whitver, DCWP
John Herren, DCWP
Dick Wasser, DCWP
Ron Blair, DCWP

Sandy Houck, DCWP
Nick Kontos, DCWP
Ame Mathies, DCWP
Wayne Hubbard, DCWP
Ilene Smith, DCWP

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EXHIBIT "F"
STATE OF CALIFORNIA
STATE WATER RESOURCES CONTROL BOARD
STATE REVOLVING FUND LOCAL MATCH LOAN PRELIMINARY REPAYMENT SCHEDULE

DATE: 17-Nov-00

Recipient : CITY OF SAN DIEGO
 Loan No. : C-06-4119-410
 Contract No.: 8-839-550-0
 Repayment provision: One year after completion of construction
 Construction completion date: February 1, 2001 (estimated)
 Capitalization Grant Funding: FY 2000

LOAN AMOUNT: \$3,030,421
 -Federal Share \$2,525,341 83.333%
 -Local Share \$505,080 16.667%
 INTEREST RATE :
 -Original 0.0%

Date	Disbursement/ Repayment	No	Total Eligible	Federal Disbursement	Local/State Match	Period Interest	Repayment	Interest	Principal	BALANCE	Comments
01-Jan-01	Disbursement*	1	\$2,727,379	\$2,272,807	\$454,572	\$0.00					At least the local/state match amount is to be paid to contractor prior to submitting each loan disbursement request.
01-Feb-01	Disbursement*	2	303,042	\$252,534	50,508	0.00					
01-Feb-02	Principal Balance Due									\$3,030,421.00	Total Local/State Match recipient contribution: \$505,080
01-Feb-02	Repayment*	1					\$151,521.05	\$0.00	\$151,521.05	2,878,899.95	
01-Feb-03	Repayment*	2					151,521.05	0.00	151,521.05	2,727,378.90	
01-Feb-04	Repayment*	3					151,521.05	0.00	151,521.05	2,575,857.85	
01-Feb-05	Repayment*	4					151,521.05	0.00	151,521.05	2,424,336.80	
01-Feb-06	Repayment*	5					151,521.05	0.00	151,521.05	2,272,815.75	
01-Feb-07	Repayment*	6					151,521.05	0.00	151,521.05	2,121,294.70	
01-Feb-08	Repayment*	7					151,521.05	0.00	151,521.05	1,969,773.65	
01-Feb-09	Repayment*	8					151,521.05	0.00	151,521.05	1,818,252.60	
01-Feb-10	Repayment*	9					151,521.05	0.00	151,521.05	1,666,731.55	
01-Feb-11	Repayment*	10					151,521.05	0.00	151,521.05	1,515,210.50	
01-Feb-12	Repayment*	11					151,521.05	0.00	151,521.05	1,363,689.45	
01-Feb-13	Repayment*	12					151,521.05	0.00	151,521.05	1,212,168.40	
01-Feb-14	Repayment*	13					151,521.05	0.00	151,521.05	1,060,647.35	
01-Feb-15	Repayment*	14					151,521.05	0.00	151,521.05	909,126.30	
01-Feb-16	Repayment*	15					151,521.05	0.00	151,521.05	757,605.25	
01-Feb-17	Repayment*	16					151,521.05	0.00	151,521.05	606,084.20	
01-Feb-18	Repayment*	17					151,521.05	0.00	151,521.05	454,563.15	
01-Feb-19	Repayment*	18					151,521.05	0.00	151,521.05	303,042.10	
01-Feb-20	Repayment*	19					151,521.05	0.00	151,521.05	151,521.05	
01-Feb-21	Repayment*	20					151,521.05	0.00	151,521.05	0.00	
			\$3,030,421	\$2,525,341	\$505,080		\$3,030,421.00	\$0.00	\$3,030,421.00		

* Projected disbursements and repayments are subject to recalculation based on actual disbursements.

EXHIBIT G

LOCAL MATCH LOAN CONTRACT STANDARD CONDITIONS

ARTICLE 1. DEFINITIONS.

- (A) "Allowance" means an amount based on a percentage of the accepted bid for an eligible project to help defray the planning, design, and construction engineering and administration costs of the Project.
- (B) "Authorized Representative" means the Mayor of a City, the Chairperson of the County Board of Supervisors, the Chairperson of the Board of Directors of the Agency, or another duly appointed representative. For all authorized representatives, a certified original copy of the authorizing resolution that designates the authorized representative, by title, must accompany any contract, the first disbursement request, and any other documents or requests required or allowed under this contract.
- (C) "Completion of construction" means the date, as determined by the Division after consultation with the Agency, that the work of building and erection of the Project is substantially complete.
- (D) "Dedicated source of revenue" means "Net Service Revenue".
- (E) "Force Account" means the use of the Agency's own employees or equipment for construction of the Project.
- (F) "Division" means the Division of Clean Water Programs of the State Water Resources Control Board, or any other segment of the SWRCB authorized to administer the State Revolving Fund.
- (G) "Initiation of construction" means the date that notice to proceed with work is issued for the Project, or, if notice to proceed is not required, the date of commencement of building and erection of the Project.
- (H) "Official Representatives"
 - (1) The SWRCB Local Match loan Coordinator shall be the Division Chief of the Division of Clean Water Programs.
 - (2) The SWRCB Local Match loan Coordinator shall be the SWRCB's representative for administration of the contract and shall have authority to make determinations and findings with respect to any controversy arising under or in connection with interpretation of the contract.
 - (3) The Agency's Authorized Representative shall be **Michael Uberuaga, City Manager**, or **his designee**, who shall administer the contract and who shall have full authority to act on behalf of the Agency, including authority to execute disbursement requests. All communications given to the Agency representative shall be as binding as if given to the Agency.
 - (4) Either party may change its Official Representative upon written notice to the other party.

- (I) "Project completion" means the date, as determined by the Division after consultation with the Agency, that operation of the Project is initiated or is capable of being initiated, whichever comes first.
- (J) "Revenue Program" means a dedicated source of revenue adopted by the Agency which provides for recovery of appropriate capital costs of the Project, generates adequate income to reasonably assure repayment of Local Match loan funds under this contract, generates adequate income to provide for reasonable operation and maintenance of the Project, and provides adequate income for reasonable future expansion and improvement of the Project.

ARTICLE 2. COMPLIANCE WITH LAW, REGULATIONS, ETC.

- (A) The Agency agrees that it will, at all times, comply with and require its contractors and subcontractors to comply with all applicable federal and state laws, rules, guidelines, regulations, and requirements. Without limitation of the foregoing, the Agency agrees that, to the extent applicable, the Agency will:
 - (1) Comply with, the provisions of the adopted environmental mitigation plan for the term of the Local Match loan contract;
 - (2) Comply with, the SWRCB's "Policy for Implementing the State Revolving Fund for Construction of Wastewater Treatment Facilities", August 18, 1988 (amended September 20, 1990, January 21, 1993, February, 1995, January 18, 1996 and June 18, 1998); and
 - (3) Comply with, and require its contractors and subcontractors on the Project to comply with federal and state minority and women business enterprise (MBE/WBE) requirements.

ARTICLE 3. AWARD OF CONSTRUCTION CONTRACTS; NOTIFICATION OF AWARD AND INITIATION OF CONSTRUCTION.

- (A) The Agency agrees to award the prime construction contract within 180 days (six months) after issuance of the Local Match loan contract. An extension may be granted by the Division.
- (B) The Agency agrees to promptly notify the Division in writing both of the awards of the prime construction contract for the Project and of initiation of construction of the Project. The Agency shall include with the notice of initiation of construction a statement as to the anticipated date of completion of construction of the Project.

ARTICLE 4. CONSTRUCTION ACTIVITIES; NOTIFICATIONS; PROTECTION OF ARCHEOLOGICAL AND HISTORICAL RESOURCES.

- (A) The Agency agrees to promptly notify the Division in writing of:
 - (1) Any substantial change in scope of the Project. The Agency agrees that no substantial change in the scope of the Project will be undertaken until written notice of the proposed change has been provided to the Division and the Division has given written approval for such change;

- (2) Cessation of all major construction work on the Project where such cessation of work is expected to or does extend for a period of 30 days or more;
- (3) Any circumstance, combination of circumstances, or condition, which is expected to or does delay completion of construction for a period of 90 days or more beyond the estimated date of completion of construction previously provided to the Division;
- (4) Discovery of any potential archeological or historical resource. Should a potential archeological or historical resource be discovered during construction of the Project, the Agency agrees that all work in the area of the find will cease until a qualified archeologist has evaluated the situation and made recommendations regarding preservation of the resource, and the Division has determined what actions should be taken to protect and preserve the resource. The Agency agrees to implement appropriate actions as directed by the Division; and
- (5) Completion of construction of the Project.

ARTICLE 5. PROJECT ACCESS.

- (A) The Agency agrees to ensure that the SWRCB, or any authorized representative thereof, will have suitable access to the Project site at all reasonable times during Project construction and thereafter for the useful life of the Project.

ARTICLE 6. MBE/WBE REPORTING.

- (A) The Agency agrees to report MBE/WBE utilization to the Division on the MBE/WBE Utilization Report, SWRCB Form MBE/WBE UR334. Reports must be submitted to the Division within ten (10) calendar days following the end of each fiscal year quarter until such time as the "Notice of Completion" is issued.

ARTICLE 7. PROJECT COMPLETION; INITIATION OF OPERATIONS.

- (A) Upon completion of construction of the Project, the Agency agrees to expeditiously initiate Project operations. At the time of completion of construction, the Division, after consultation with the Agency, will establish a reasonable estimated Project completion date, and the Agency agrees to make all reasonable efforts to meet the date so established. Such date shall be binding upon the Agency unless modified in writing by the Division upon a showing of good cause by the Agency. Extension of the Project completion date by the Division shall not be unreasonably withheld.

ARTICLE 8. REVENUE PROGRAM.

- (A) The Agency agrees to prepare and provide an acceptable final Revenue Program to the Division at the time of 90 percent disbursement of Local Match loan funds. Further Local Match loan disbursements may be withheld until an acceptable final Revenue Program is submitted. The Agency further agrees to periodically review and modify the Revenue Program as necessary to assure reasonable adequacy of the Revenue Program. The final Revenue Program and all modifications thereof shall be consistent with applicable guidelines and shall be to the reasonable satisfaction of the Division. The Division may review the Agency's records to assure compliance with the approved Revenue Program at any time during the useful life of the Project.

EXHIBIT F

SRF LOCAL MATCH LOAN REPAYMENT SCHEDULE

See the attached Preliminary Local Match loan Repayment Schedule dated November 17, 2000. The actual Repayment Schedule will be forwarded to the Agency after all disbursements have been issued.

- (B) The Agency agrees to establish and maintain a Wastewater Capital Reserve Fund (WCRF) for expansion, major repair, or replacement of the wastewater facilities and to maintain the WCRF for the term of the Local Match loan contract. The WCRF shall be maintained in compliance with the *"Policy For Implementing The State Revolving Fund For Construction Of Wastewater Treatment Facilities"* in effect at the time the Local Match loan contract is signed by the Authorized Representative of the Agency. The Agency agrees to submit a report on WCRF activities and status five (5) years after the date of the final revenue program approval by the Division. Updated WCRF reports will be submitted every five-(5) years thereafter until the Local Match loan has been fully discharged. Thereafter, the WCRF will no longer be subject to the requirements of this contract or the above referenced policy. Certification by legal counsel of unused bonding capability for the wastewater enterprise may be used to offset required cash deposits to the WCRF.

ARTICLE 9. CONTINUOUS USE OF PROJECT; LEASE OR DISPOSAL OF PROJECT.

- (A) The Agency agrees that it will not abandon, substantially discontinue use of, lease, or dispose of the Project or any significant part or portion thereof during the useful life of the Project without prior written approval of the Division. Such approval may be conditioned as determined to be appropriate by the Division, including a condition requiring repayment of all or any portion of all remaining Local Match loan funds covered by this contract together with accrued interest, and any penalty assessments which may be due.

ARTICLE 10. REPORTS.

- (A) The Agency agrees to expeditiously provide, during construction of the Project and thereafter during the useful life of the Project, such reports, data, and information as may be reasonably required by the Division, including but not limited to material necessary or appropriate for evaluation of the State Revolving Fund Local Match loan Program or to fulfill any reporting requirements of the federal government.

ARTICLE 11. LOCAL MATCH LOAN DISBURSEMENTS; AVAILABILITY OF FUNDS.

- (A) Except as may be otherwise provided in this contract, Local Match loan amounts will be disbursed as follows:
- (1) Upon execution and return of this Local Match loan contract, the Agency may request immediate disbursement of any planning and design allowance included in the Local Match loan amount through submission of Disbursement Request Form 261, or any amendment thereto, duly completed and executed. The planning and design allowance amount due up to the allowance, will be disbursed promptly upon request after approval of this contract by the State Department of General Services;
 - (2) The Agency agrees to submit certification of incurred allowance costs with the allowance pay requests to the Division. The Division will then authorize the disbursement of the federal share of the eligible payment amount;
 - (3) Additional Local Match loan funds will be promptly disbursed to the Agency for disbursement costs incurred by the Agency upon receipt of Disbursement Request Form 261, or any amendment thereto, duly completed and executed. Pursuant to 40 CFR 35.3160(b), Local

Match loan funds for refinanced project costs (costs other than allowances incurred prior to the execution of the Local Match loan contract) or purchase of local debt must be disbursed at a rate no greater than equal amounts spread over the minimum number of quarters required by 40 CFR 35.3155(c).

Disbursement shall not be made more frequently than one a month. The Agency agrees that it will not request disbursement for any Project cost until such cost has been incurred and is due and payable to Project contractors, or before payment of the State Match portion of the eligible invoice amount has been paid to the Project contractors prior to submitting the progress payment request to the Division. Certification of payments must be submitted to the Division with each payment request. The Division will then authorize the disbursement of the federal share of the eligible payment amount;

- (4) Notwithstanding any other provision of this contract, no disbursement shall be required at any time or in any manner which is in violation of or in conflict with federal or state laws, rules, or regulations.
- (B) The SWRCB's obligation to disburse any sum to the Agency under any provision of this contract is contingent upon the availability of sufficient funds to permit the disbursements provided for herein. In the event that sufficient funds do not become available for reasons beyond the reasonable control of the SWRCB, such as failure of the federal or state government to appropriate funds necessary for disbursement of Local Match loan amounts, the SWRCB shall not be obligated to make any disbursements to the Agency under this contract. This provision shall be construed as a condition precedent to the obligation of the SWRCB to any disbursements under this contract. Nothing in this contract shall be construed to provide the Agency with a right of priority for disbursement over any other agency. If any disbursements, which are otherwise due to the Agency under this contract, are deferred because of unavailability of sufficient funds, such disbursements will promptly be made to the Agency when sufficient funds do become available.

ARTICLE 12. WITHHOLDING OF LOCAL MATCH LOAN DISBURSEMENTS.

- (A) The Division may withhold all or any portion of the Local Match loan funds provided for by this contract in the event that:
 - (1) The Agency has materially violated, or threatens to materially violate, any term, provision, condition, or commitment of this contract;
 - (2) The Agency fails to maintain reasonable progress toward completion of the Project; or
 - (3) An acceptable Revenue Program is not submitted at the time of 90 percent disbursement of Local Match loan funds.

ARTICLE 13. RECORDS.

- (A) Without limitation of the requirement to maintain Project accounts in accordance with generally accepted government accounting standards, the Agency agrees to:
 - (1) Establish an official file for the Project, which shall adequately document all significant actions relative to the Project;

- (2) Establish separate accounts which will adequately and accurately depict all amounts received and expended on the Project, including all Local Match loan funds received under this contract;
 - (3) Establish separate accounts which will adequately depict all income received which is attributable to the Project, specifically including any income attributable to Local Match loan funds disbursed under this contract;
 - (4) Establish an accounting system, which will accurately depict final total costs of the Project, including both direct and indirect costs;
 - (5) Establish a Local State Match account prior to issuance of the Local Match loan contract from which the state match portion of the project is being paid. The Agency must deposit sufficient funds in the account as necessary to make payments to the contractor.
 - (6) Establish such accounts and maintain such records as may be necessary for the state to fulfill federal reporting requirements, including any and all reporting requirements under federal tax statutes or regulations; and
 - (7) If Force Account is used by the Agency for any phase of the Project, other than for planning, design and construction engineering, and administration provided for by allowance, accounts will be established which reasonably document all employee hours charged to the Project and the associated tasks performed by each employee. Indirect force account costs may be paid with prior written approval by the Division of the Agency's indirect cost proposal.
- (B) The Agency agrees to require Project contractors and subcontractors to maintain books, records, and other material relative to the Project in accordance with generally accepted accounting standards, and to require such contractors and subcontractors to retain such books, records, and other material for a minimum of three years after Project completion. The Agency further agrees to require that such books, records, and other material shall be subject at all reasonable times to inspection, copying, and audit by the SWRCB and by the U.S. Environmental Protection Agency, or any authorized representatives thereof.
- (C) The Agency agrees to retain its Project records for a minimum of three years after Project completion, and for such longer period as may be required for the state to fulfill federal reporting requirements under federal tax statutes and regulations. All Agency records relative to the Project shall be subject at all reasonable times to inspection, copying and audit by the SWRCB and the U.S. Environmental Protection Agency, or any authorized representatives thereof.
- (D) The Agency agrees to furnish the SWRCB with copies of cancelled checks paid to its contractor(s), at least each quarter documenting payment of the state match amount.

ARTICLE 14. FINAL PROJECT REPORTS; AUDIT

- (A) Within 90 days after Project completion, the Agency agrees to submit to the Division a final Project summary report which briefly describes the Project as completed, its features, estimated capacity, and apparent treatment capability. The report shall note any unusual operational problems that have been

encountered and shall indicate whether the Agency expects to be able to certify that the Project meets applicable design specifications and effluent limitations one year after Project completion.

- (B) Within 120 days after Project completion, the Agency agrees to provide to the Division a final cost summary report on the Project. The summary shall include at a minimum, a statement of:
- (1) Total Project costs;
 - (2) Total Project costs which are eligible for Local Match loan funding under the SWRCB's Local Match loan program and this contract;
 - (3) The total amount of Local Match loan funds received;
 - (4) The amount of interest earned, if any, on Local Match loan funds before disbursement on account of incurred Project costs. If no interest has been earned, this fact shall be expressly stated.
- (C) The report shall be accompanied by such other financial information as may be reasonably required by the Division to verify Agency entitlement to Local Match loan funds, to assure program integrity of the State Revolving Fund Local Match loan Program, and to comply with any federal requirements. A duly authorized representative of the Agency shall certify the report as correct.
- (D) The Division, at its option, may call for an audit of financial information relative to the Project, where the Division determines that an audit is desirable to assure program integrity or where such an audit becomes necessary because of federal requirements. Where such an audit is called for, the audit shall be performed by a Certified Public Accountant independent of the Agency and at the cost of the Agency. The audit shall be in the form required by the Division.

ARTICLE 15. REPAYMENT; PENALTIES; AGENCY OBLIGATION.

- (A) The Local Match loan amount shall be repaid in full not later than 20 years after the completion of construction. Repayment shall be made in 20 annual installments, with the first repayment due one year after the completion of construction, with annual repayment installments due thereafter until the Local Match loan amount has been paid in full.

The repayment amount is based on a standard fully amortized Local Match loan with equal annual repayments. The remaining balance is the previous balance, plus the disbursements, less the repayment. Repayment calculations will be made beginning one year after completion of construction and continuing each year thereafter for 20 years. Exhibit F is a preliminary repayment schedule based on the provisions of this article and an estimated disbursement schedule. The actual repayments will be based on actual disbursements.

- (B) Upon completion of construction of the Project and submission of necessary reports, the Division will prepare an appropriate Local Match loan Repayment Schedule and supply the same to the Agency. The Local Match loan Repayment Schedule may be amended as necessary to accurately reflect amounts due under this contract. Any amended Local Match loan Repayment Schedule that is necessary will be prepared by the Division and furnished to the Agency.

- (C) The Agency agrees to make each Local Match loan repayment on or before the due date therefore, a ten-(10) day grace period will be allowed. A penalty in the amount of one-tenth of one percent (0.1%) per day of the amount due will be assessed for late repayment. If the repayment is not received by the end of the grace period, the penalty will be assessed from the repayment due date. For purposes of penalty assessment, repayment will be deemed to have been made if repayment is deposited in the U.S. Mail within the grace period with postage prepaid and properly addressed. Any penalties assessed will not be added to the Local Match loan balance, but will be treated as a separate account and obligation of the Agency.
- (D) The Agency as a whole is obligated to make all payments required by this contract to the SWRCB, notwithstanding any individual default by its constituents or others in the payment to the Agency of taxes, assessments, tolls, or other charges levied by the Agency. The Agency shall provide for the punctual payment to the SWRCB of all amounts which become due under this contract and which are received from constituents or others in the payment to the Agency. In the event of failure, neglect or refusal of any officer of the Agency to levy or cause to be levied any tax or assessment necessary to provide payment by the Agency under this contract, to enforce or to collect such tax or assessment, or to pay over to the SWRCB any money collected on the tax or assessment necessary to satisfy any amount due under this contract, the SWRCB may take such action in a court of competent jurisdiction as it deems necessary to compel the performance of all duties relating to the levying and collection of the taxes or assessments and the payment of the money collected therefrom to the SWRCB. Action taken pursuant hereto shall not deprive the SWRCB of, or limit the application of, any other remedy provided by law or by this contract.

ARTICLE 16. TERMINATION; IMMEDIATE REPAYMENT.

- (A) This contract may be terminated by written notice during construction of the Project, or thereafter at any time prior to complete repayment by the Agency, at the option of the SWRCB, upon violation by the Agency of any material provision of this Local Match loan contract after such violation has been called to the attention of the Agency and after failure of the Agency to bring itself into compliance with the provisions of this contract within a reasonable time as established by the Division.
- (B) In the event of such termination, the Agency agrees, upon demand, to immediately repay to the SWRCB an amount equal to the current balance due on the Local Match loan, and all penalty assessments due.

ARTICLE 17. DAMAGES FOR BREACH AFFECTING TAX EXEMPT STATUS.

- (A) In the event that any breach of any of the provisions of this contract by the Agency shall result in the loss of tax exempt status for any state bonds, or if such breach shall result in an obligation on the part of the state to reimburse the federal government by reason of any arbitrage profits, the Agency shall immediately reimburse the state in an amount equal to any damages paid by or loss incurred by the state due to such breach.

ARTICLE 18. DISPUTES.

- (A) Any dispute arising under this contract which is not otherwise disposed of by agreement shall be decided by the Division Chief, or his authorized representative. The decision shall be reduced to writing and a copy thereof furnished to the Agency and to the SWRCB's Executive Director. The decision of the Division shall be final and conclusive unless, within thirty (30) calendar days after

mailing of the Division decision to the Agency, the Agency mails or otherwise furnishes a written appeal of the decision to the SWRCB's Executive Director. The decision of the SWRCB's Executive Director shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent, or capricious, or arbitrary, or so grossly erroneous as necessarily to imply bad faith, or not supported by substantial evidence. In connection with any appeal under this clause, the Agency shall be afforded an opportunity to be heard and to offer evidence in support of its appeal. Pending final decision of a dispute hereunder, the Agency shall continue to fulfill and comply with all the terms, provisions, commitments, and requirements of this Local Match loan contract.

- (B) This clause does not preclude consideration of legal questions, provided that nothing herein shall be construed to make final the decision of the SWRCB, or any official or representative thereof, or any question of law.

ARTICLE 19. SWRCB ACTION; COSTS AND ATTORNEY FEES.

- (A) The Agency agrees that any remedy provided in this contract is in addition to and not in derogation of any other legal or equitable remedy available to the SWRCB as a result of breach of this contract by the Agency, whether such breach occurs before or after completion of the Project, and exercise of any remedy provided by this contract by the SWRCB shall not preclude the SWRCB from pursuing any legal remedy or right which would otherwise be available. In the event of litigation between the parties hereto arising from this contract, it is agreed that the prevailing party shall be entitled to such reasonable costs and/or attorney fees as may be ordered by the court entertaining such litigation.

ARTICLE 20. WAIVER.

- (A) The parties hereto may, from time to time, waive any rights under this contract unless such waiver is contrary to law, provided that any such waiver must be in writing and must be signed by the party making such waiver.

ARTICLE 21. DRUG-FREE WORKPLACE CERTIFICATION.

By signing this contract, the Agency hereby certifies under penalty of perjury under state laws, that the Agency will comply with the requirements of the Drug-Free Workplace Act of 1990, and will provide a drug-free workplace by taking the following actions:

- (1) Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.
- (2) Establish a Drug-Free Awareness Program to inform employees about:
 - a. the dangers of drug abuse in the workplace;
 - b. the person's Agency's policy of maintaining a drug-free workplace;
 - c. any available counseling, rehabilitation and employee assistance programs, and,
 - d. penalties that may be imposed upon employees for drug abuse violations.
- (3) Provide, that every employee who works on the proposed Local Match loan contract will:
 - a. receive a copy of the Agency's drug-free policy statement; and,

- b. agree to abide by the terms of the Agency's statement as a condition of employment on the Local Match loan contract.
- (B) Failure to comply with these requirements may result in suspension of payments under the Local Match loan contract or termination of the Local Match loan contract or both, and the Agency may be ineligible for award of any future contracts if the Division determines that any of the following has occurred:
- (1) The Agency has made false certification; or
 - (2) Violated the certification by failing to carry out the requirements as noted above.

ARTICLE 22. PREVAILING WAGES.

- (A) The Agency agrees to be bound by all the provisions of State Labor Code Section 1771 regarding prevailing wages. The Agency shall monitor all contracts subject to reimbursement from this Local Match loan contract to assure that the prevailing wage provisions of State Labor Code Section 1771 are being met.

ARTICLE 23. NONDISCRIMINATION CLAUSE.

- (A) During the performance of this agreement, the Agency shall not unlawfully discriminate, harass or allow harassment against any employee or applicant for employment because of sex, color, ancestry, religious creed, national origin, physical disability, (including HIV and AIDS), mental disability, medical condition (cancer), age (over 40), marital status, and denial of family care leave. The Agency shall insure that the evaluation and treatment of their employees and applicants for employment are free of such discrimination and harassment. The Agency shall comply with the provisions of the Fair Employment and Housing Act (Government Code, Section 12900 et seq.) and the applicable regulations promulgated thereunder (California Administrative Code, Title 2, Section 7285.0 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code, Section 12990(a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations are incorporated into this contract by reference and made a part hereof as if set forth in full. The Agency shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.
- (B) The Agency shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the contract.
- (C) By signing this agreement, the Agency hereby certifies, unless specifically exempted, compliance with Government Code Section 12990(a-f) and California Code of Regulations, Title 2, Division 4, Chapter 5 in matters relating to reporting requirements and the development, implementation and maintenance of a Nondiscrimination Program. The Agency agrees not to unlawfully discriminate, harass or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (cancer), age (over 40), marital status, and denial of family care leave.
- (D) By executing this agreement, the signer of this agreement on behalf of Agency swears under penalty of perjury under the laws of the State of California that he/she is duly authorized to legally bind the Agency to the above-described certification.

ARTICLE 24. AMENDMENT.

(A) This contract may be amended at any time by mutual written agreement of the parties.

RECEIVED

MAR 05 2001

City Manager