

State promises \$195 million loan for Fresno water project

By George
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In September 2013, plant operator Brad Hoagland inspects equipment in the filter gallery at the city of Fresno's water treatment plant in northeast Fresno.

MARK CROSSE — THE FRESNO BEE

Fresno's ambitious water project has qualified for a state loan big enough to make a sizable dent in the typical home's monthly bill.

The help from Sacramento lenders could be enough to give Mayor Ashley Swearingin a winning hand when she pitches her water-rate plan to the City Council Feb. 26.

Swearingin told The Bee on Wednesday that state officials have agreed to loan \$195 million at low interest to help fund her proposed \$429 million upgrade to the city's water system.

The mayor had been expecting a state loan of \$50 million. To fully fund the project, City Hall would have been almost entirely dependent on the private lending market with its higher interest rates. The bond market now would be less of a factor in the project's cost.

Swearingin said savings from the big state loan will go to ratepayers. The monthly bill after five years for the typical single-family residence would be about \$3 less than originally projected.

Swearingin said Wednesday that she believes the state loan will cause the uncertain among the public to rally behind a project designed to solve Fresno's long-standing water challenges.

Water "is a significant problem for our community," Swearingin said. "The solutions are not free. We believe we're putting forward the most reasonable solution that's within our reach."

Swearingin was joined at The Bee by Council Member Steve Brandau, whose news conference last month added another twist to a story full of them. Brandau at the time said he was putting his previous support for the project on hold until City Hall had explored every chance of lowering the financial burden on ratepayers.

Brandau had in mind something along the lines of a dramatically bigger state loan. He wouldn't specifically commit on Wednesday to supporting the mayor next week, but he sure appears to be leaning that way.

"I voted yes before," Brandau said. "For me to make a final yes, I had to see something. I believe I've seen it."

Among some City Hall nose-counters, Brandau is seen as a potential fourth vote in favor of the plan. Swearingin hasn't given up shooting for a 7-0 vote.

Swearingin and Brandau have scheduled a news conference for 10:30 a.m. Thursday at downtown's historic Water Tower to discuss the latest turns in the water drama.

Swearingin has been trying for nearly two years to get a new rate plan in place. She said an overhaul of Fresno's water system and a reform of consumption habits are vital to the city's future. At the heart of her project is a new surface water treatment plant in southeast Fresno and the pipes it requires.

Controversy is the project's constant companion. A Proposition 218 protest vote ended Feb. 5 with more than 41,000 ballots opposing the proposed rate plan. The response wasn't enough to kill the project, but was more than enough to grab the administration's attention.

In an issue flooded with numbers, one set of figures (courtesy of the Public Utilities Department) has stood above all. A typical single-family residence now pays a monthly water bill of \$24.49. Five years into the mayor's proposed rate plan, that same ratepayer would face a monthly bill of \$52.18.

Swearingin for weeks has been focused on narrowing that gap while ensuring Fresnoans both today and unborn have sufficient water.

City officials recently unveiled a program that would deliver about \$1 million a year in help for low-income ratepayers. This would cut about \$5 a month from the bill of an estimated 17,000 ratepayers.

City officials are ramping up the public-education machine. They say the new rate plan is structured in a way that generates impressive savings from relatively modest conservation.

Now comes the big state loan. Swearingin said the state's commitment over 30 years will save \$104 million in the project's total cost.

City officials use the typical single-family residence, much discussed for two years, to suggest how these efforts could affect a monthly water bill for low-income Fresnoans.

There's the \$5 a month from the assistance program.

There's \$5 a month in savings (after five years) if the ratepayer cuts consumption by 17%. City officials actually hope all Fresnoans voluntarily reduce consumption by 30% within five years.

Finally, there's the \$3 per month break thanks to the state's more generous low-interest loan.

The typical single-family residence at one point in this long debate was looking at monthly bill of \$52.18 within five years. Instead, that same family could have a monthly water bill in five years of about \$39, a 60% bump, to be sure, but considerably lower than estimates when the mayor first went to the council with her vision in 2013.

Swearingin said she's learned along the way.

"We have to be very persistent and diligent to work with the public, our opponents and our supporters to keep pushing toward a solution," she said.

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