



Agenda Item No. _____

File Code No.

CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

Item 5

AGENDA DATE: December 9, 2014

TO: Mayor and Councilmembers

FROM: Water Resources Division, Public Works Department

SUBJECT: Authorization to Apply for a State Revolving Fund Loan to Finance Needed Improvements at the El Estero Wastewater Treatment Plant and to Authorize Reimbursement of Certain Expenses with Project Fund Proceeds

RECOMMENDATION: That Council:

- A. Adopt, by reading of title only, a Resolution of the Council of the City of Santa Barbara Authorizing the Acting City Administrator to Execute and Deliver an Application to the State Water Resources Control Board for a Clean Water State Revolving Fund Financing Agreement; and
- B. Adopt, by reading of title only, a Resolution of the Council of the City of Santa Barbarastating the City's Intent to Reimburse Expenditures Paid Prior to the Issuance of Obligations or the Approval by the State Water Resources Control Board of the Project Funds for the Biosolids Processes Improvements Project at the El Estero Wastewater Treatment Plant.

DISCUSSION:

The El Estero Wastewater Treatment Plant (El Estero) has been in service for over 33 years. Recent consultant engineering assessment work has demonstrated that significant improvements must be made to upgrade the solids treatment processes provided at El Estero in order to produce treated biosolids that can be efficiently transported from the facility for final end uses.

Staff has contracted with CDM Smith to provide a comprehensive assessment of the El Estero solids processing structures and equipment to identify those processes in need of rehabilitation or replacement. The assessment work has identified several projects to be designed and constructed over a multi-year time frame. These projects' scope of work involves the sludge thickening, digestion, dewatering, and solids cake handling unit processes.

Final planning phase work is anticipated to be completed by January 2015. Engineering design work will be undertaken in the Fiscal Year 2015-2016 time periods, with construction work beginning in 2016. Construction work is estimated to be completed by

2020. A preliminary cost estimate for these solids handling improvement projects approximates \$22 million.

The State Revolving Fund (SRF) loan program provides 20-year loans at an interest rate lower than the State General Obligation Bond rate. This low interest rate offers significant savings for wastewater rate payers. Staff at the State Water Resources Control Board who administers SRF loans has advised City staff that there may be an opportunity to qualify for SRF funding for these biosolids improvement projects at El Estero.

If SRF funding is not able to be secured in 2015, staff will need to pursue issuance of commercial debt in the form of a Certificate of Participation.

In order to initiate the application process, and to allow for reimbursement of project expenses incurred prior to loan approval, Council is being asked to approve the following two resolutions:

- Designation of the authorized representative and authorization of that individual to apply for a financial assistance application for a financing agreement; and
- Authorization to reimburse the City from SRF project funds for expenditures made for the projects prior to receiving SRF monies.

The SRF resolutions designate the Acting City Administrator, or his designee, as the authorized individual to apply for the loan. It also contains required language regarding reimbursement to City accounts from SRF monies and other language required by the SWRCB, certifying that the City will use the monies for the purposes stated.

At its meeting of December 8, 2014, the Board of Water Commissioners was presented with staff's recommendations as stated above.

PREPARED BY: Chris Toth, Wastewater System Manager/CJT/mh

SUBMITTED BY: Rebecca J. Bjork, Public Works Director

APPROVED BY: City Administrator's Office