



# Draft

## CITY OF SANTA BARBARA

### COUNCIL AGENDA REPORT

Agenda Item No. \_\_\_\_\_

File Code No. \_\_\_\_\_

**AGENDA DATE:** February 7, 2017

**TO:** Mayor and Councilmembers

**FROM:** Water Resources Division, Public Works Department

**SUBJECT:** Authorization to Apply For A State Revolving Fund Loan For The Desalination Conveyance Pipeline

#### **RECOMMENDATION:**

That Council adopt, by reading of title only A Resolution Of The Council Of The City Of Santa Barbara Authorizing The City Administrator To Execute And Deliver An Application To The State Water Resources Control Board A Safe Drinking Water State Revolving Fund Funding Application

#### **DISCUSSION:**

In 2015, in response to exceptional drought conditions, the City Council voted unanimously to reactivate the Charles E. Meyer Desalination Plant (Plant) through a design/build/operate contract. The Plant is expected to supply water to the distribution system in March 2017 at 3,125 acre-feet per year (AFY). The City has the ability to expand the Plant in the future up to 10,000 AFY.

To adequately distribute water from an expanded desalination plant, the City must construct a transmission main from the Plant to reach the outer areas of the City's water distribution system. This main would also allow the City to supply desalinated water to neighboring water agencies. The City has completed preliminary design and determined the most appropriate alignment of the conveyance pipeline from the Desal Plant on Yanonali Street to Mission Street where it would tie into an existing transmission main that would allow the water to be moved anywhere in the City. The cost estimate for preliminary and final design and construction of the project is \$10,000,000. The City wishes to pursue a Safe Drinking Water State Revolving Fund (SRF) loan to finance this project to allow working capital to remain free for ongoing operations, maintenance, and repair. SRF loans have historically offered very attractive low interest rates of approximately 2%. Typically, SRF loans take up to a year to secure but based on our recent loan application for Desal we are hopeful that this process might be shorter. Staff is working towards securing a loan that would allow the City to move forward with this project as early as summer 2017. There is no obligation associated with applying for a SRF loan.

In order to initiate the application process, Council is being asked to approve the designation of the City Administrator or his designee as the authorized representative to apply for the loan.

At their regular meeting on October 13, 2014, the Board of Water Commissioners voted 4 to 0 in concurrence with the Council Agenda Report Recommendation.

**PREPARED BY:** Joshua Haggmark, Water Resources Manager/MH/cmw

**SUBMITTED BY:** Rebecca J. Bjork, Public Works Director

**APPROVED BY:** City Administrator's Office

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE COUNCIL OF THE CITY OF  
SANTA BARBARA AUTHORIZING THE CITY  
ADMINISTRATOR TO EXECUTE AND DELIVER AN  
APPLICATION TO THE STATE WATER RESOURCES  
CONTROL BOARD A SAFE DRINKING WATER  
STATE REVOLVING FUND FUNDING APPLICATION

WHEREAS, the City of Santa Barbara (the “Entity”) desires to finance the planning, design, and construction of the Desalination Conveyance Pipeline (“Project”);

WHEREAS, the Entity wishes to apply for Safe Drinking Water State Revolving Fund (“SDWSRF”) funding from the State Water Resource Control Board (“State”) for the Project;

WHEREAS in order to submit the loan application to the State for processing, the City Council must authorize a representative to sign and file the application and to take any and all actions necessary to obtain said funding; and

WHEREAS, the Board of Water Commissioners at their regular meeting on January 19, 2017, voted 4 to 0 in concurrence with the Council Agenda Report Recommendation.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SANTA BARBARA AS FOLLOWS:

SECTION 1. The City Administrator (the “Authorized Representative”) or designee (Finance Director, Public Works Director, or Water Resources Manager) is hereby authorized and directed to sign and file, for and on behalf of the Entity, a Financial Assistance Application for a financing agreement from the State Water Resources Control Board for the planning, design, and construction of the Project.

SECTION 2. This Authorized Representative, or his/her designee, is designated to provide the assurances, certifications, and commitments required for the financial assistance application, including executing a financial assistance agreement from the State Water Resources Control Board and any amendments or changes thereto.

SECTION 3. The Authorized Representative, or his/her designee, is designated to represent the Entity in carrying out the Entity’s responsibilities under the financing agreement, including certifying disbursement requests on behalf of the Entity and compliance with applicable state and federal laws.