



AGENDA REPORT

CITY OF SAN CLEMENTE

City Council Meeting

910 Calle Negocio
2nd Floor
San Clemente, California
www.san-clemente.org

Meeting Date: 3/21/2023

Agenda Item: 6H

Department: Public Works

Prepared By: Belgin Cuhadaroglu, Associate Civil Engineer

Subject:

ADOPT RESOLUTION FOR A FINANCIAL ASSISTANCE APPLICATION TO THE STATE WATER RESOURCES CONTROL BOARD FOR THE WATER RECYCLING FUNDING PROGRAM

Fiscal Impact:

Receipt of the grant from the State Water Resources Control Board (SWRCB) will potentially provide up to 35 percent of the construction cost for the Recycled Water Quality Improvement Project (the Project). The estimated cost of the project is approximately \$13,000,000. The design phase of the Project is funded for \$995,207 in Fiscal Year 2023 with additional funding anticipated in Fiscal Year 2024 from local reserves and a Federal Loan.

Summary:

City Council adoption of Resolution 23-08 (Attachment 1), and authorization for the City Manager, or his/her designee to submit a Financial Assistance Application to the SWRCB for construction for the Project will allow the City to submit an application for funding.

Background:

Considering the impacts of climate change and the subsequent increase in severe, more frequent, and longer duration of droughts in California, it is crucial for water agencies to engage in comprehensive planning to develop and implement sustainable sources of water, such as, recycled water use. The effects of drought are demonstrated with the Governor of California declaring a statewide State of Emergency due to the drought. The Governor's State of Emergency declaration is accompanied by a call for all state residents to cut down on water use by 15 percent. With climate change resulting in hotter, drier summers and reduced precipitation, severe and prolonged droughts are forecast to be a normal part of California's future.

The City provides wastewater treatment of approximately 3.6 million gallons per day (MGD) at its Water Reclamation Plant (WRP). A portion of the wastewater is treated at a tertiary level where it is used for recycled water irrigation and WRP processes. Currently, the City is in the design phase of the Project. This Project will install new microfiltration (MF) and reverse osmosis systems (RO) at WRP to improve water quality by reducing total dissolved solids to meet regulatory permit limits (see Attachment 2 for location). This Project will provide high quality recycled water allowing the City to continue meeting its existing recycled water demand of approximately 1,165 acre feet per year (AFY), potentially expand its recycled water system, while also supplying up to 2,195 AFY to the Santa Margarita Water District. Sale of recycled water to the Santa Margarita Water District will offset a portion of the project cost and operation.

Discussion:

The SWRCB's Financial Assistance Funding Programs include grant funding for construction of treatment systems and water-recycling facilities to assist public agencies in addressing drought impacts through implementation of projects. The Water Recycling Funding Program (WRF) construction grant is one of the SWRCB's Financial Assistance Funding Program that provides 35 percent of the construction costs, up to \$15,000,000. Projects must meet certain minimum requirements to be eligible for this grant, including non-state matching funds of 50 percent. City staff will propose funding as part of the Fiscal Year 2024 Capital Improvement Program Budget from local reserves and a loan from the Water Infrastructure Finance and Innovation Act (WIFIA) program which could be used as the required matching funds.

Staff has prepared the necessary submittal documents to satisfy the requirements and demonstrate eligibility for the SWRCB's Financial Assistance Program Funding. While the City has met all of these eligibility requirements, SWRCB requires approval of the attached resolution prior to any consideration of City applications.

City Council Options and Recommended Actions:

City Council Options

- Adoption of Resolution 23-08 allowing the submission of a request for financial assistance from the State Water Resources Board for a Recycled Water Quality Improvement Project
- Continue the Item with direction to staff to provide additional information
- Deny Resolution 23-08 and the application for financial assistance

Staff Recommendation

Staff recommends City Council adoption of Resolution No. 23-08 entitled A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN CLEMENTE, CALIFORNIA, AUTHORIZING A FINANCIAL ASSISTANCE APPLICATION TO THE STATE WATER RESOURCES CONTROL BOARD FOR THE RECYCLED WATER QUALITY IMPROVEMENT PROJECT AT THE CITY OF SAN CLEMENTES WATER RECLAMATION PLANT.

Attachment:

1. Resolution
2. Location Map

Notification:

None.

Attachment 1

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN CLEMENTE, CALIFORNIA, AUTHORIZING A FINANCIAL ASSISTANCE APPLICATION TO THE STATE WATER RESOURCES CONTROL BOARD FOR THE RECYCLED WATER QUALITY IMPROVEMENT PROJECT AT THE CITY OF SAN CLEMENTES WATER RECLAMATION PLANT.

WHEREAS, the increasing frequency of multiyear droughts presents a significant risk to California's ability to ensure adequate water supplies for communities, agriculture, and fish and wildlife; and

WHEREAS, The Water Boards recognize the importance of recycled water as a critical water supply for California on August 5, 2022; and

WHEREAS, the City of San Clemente proposes to implement the Recycled Water Quality Improvement Project; and

WHEREAS, the objectives of the Recycled Water Quality Improvement Project is to reduce the use of potable water for irrigation and other non-potable uses by supplying those demands with recycled water; and

WHEREAS, , the City of San Clemente (the City) desires to finance the costs of constructing and/or upgrading the existing recycled water system to produce disinfected tertiary treated effluent that meets Title 22 permit requirements; and

WHEREAS, the City intends to finance the construction and/or reconstruction of the Project or portions of the Project with moneys (Project Funds) provided by the State of California, acting by and through the State Water Resources Control Board (State Water Board); and

WHEREAS, the State Water Board may fund the Project Funds with proceeds from the sale of obligations, the interest upon which is excluded from gross income for federal income tax purposes (the Obligations); and

WHEREAS, prior to either the issuance of the Obligations or the approval by the State Water Board of the Project Funds, the City desires to incur certain capital expenditures (the Expenditures) with respect to the Project from available moneys of the City; and

WHEREAS, State Water Resources Control Board requires a City Resolution for authorizing City staff to file applications on behalf of the City.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SAN CLEMENTE HEREBY RESOLVES AS FOLLOWS:

SECTION 1. The City Council approves the filing of a financial assistance application for construction of the Recycled Water Quality Improvement Project, under and pursuant to the terms and provisions of the State Water Resources Control Board' financial assistance programs.

SECTION 2. The City Manager or his/her designee is hereby authorized and directed to sign and file, for and on behalf of the City of San Clemente, a financial assistance application for a financing agreement from the State Water Resources Control Board for the construction of the Recycled Water Quality Improvement Project.

SECTION 3. The City Manager, 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 4. The City Manager, or his/her designee, is designated to represent the City of San Clemente (the City) in carrying out the City's responsibilities under the financing agreement, including certifying disbursement requests on behalf of the City and compliance with applicable state and federal laws.

SECTION 5. The City Clerk shall certify to the passage and adoption of this resolution and enter it into the book of original resolutions.

PASSED AND ADOPTED this _____ day of March, 2023.

Mayor of the City of
San Clemente, California

ATTEST:

CITY CLERK of the City of
San Clemente, California

STATE OF CALIFORNIA)
COUNTY OF ORANGE) §
CITY OF SAN CLEMENTE)

I, LAURA CAMPAGNOLO, City Clerk of the City of San Clemente, California, do hereby certify that Resolution No. _____ was adopted at a regular meeting of the City Council of the City of San Clemente held on _____ day of March 2023, by the following vote:

AYES:

NOES:

ABSENT:

CITY CLERK of the City of
San Clemente, California

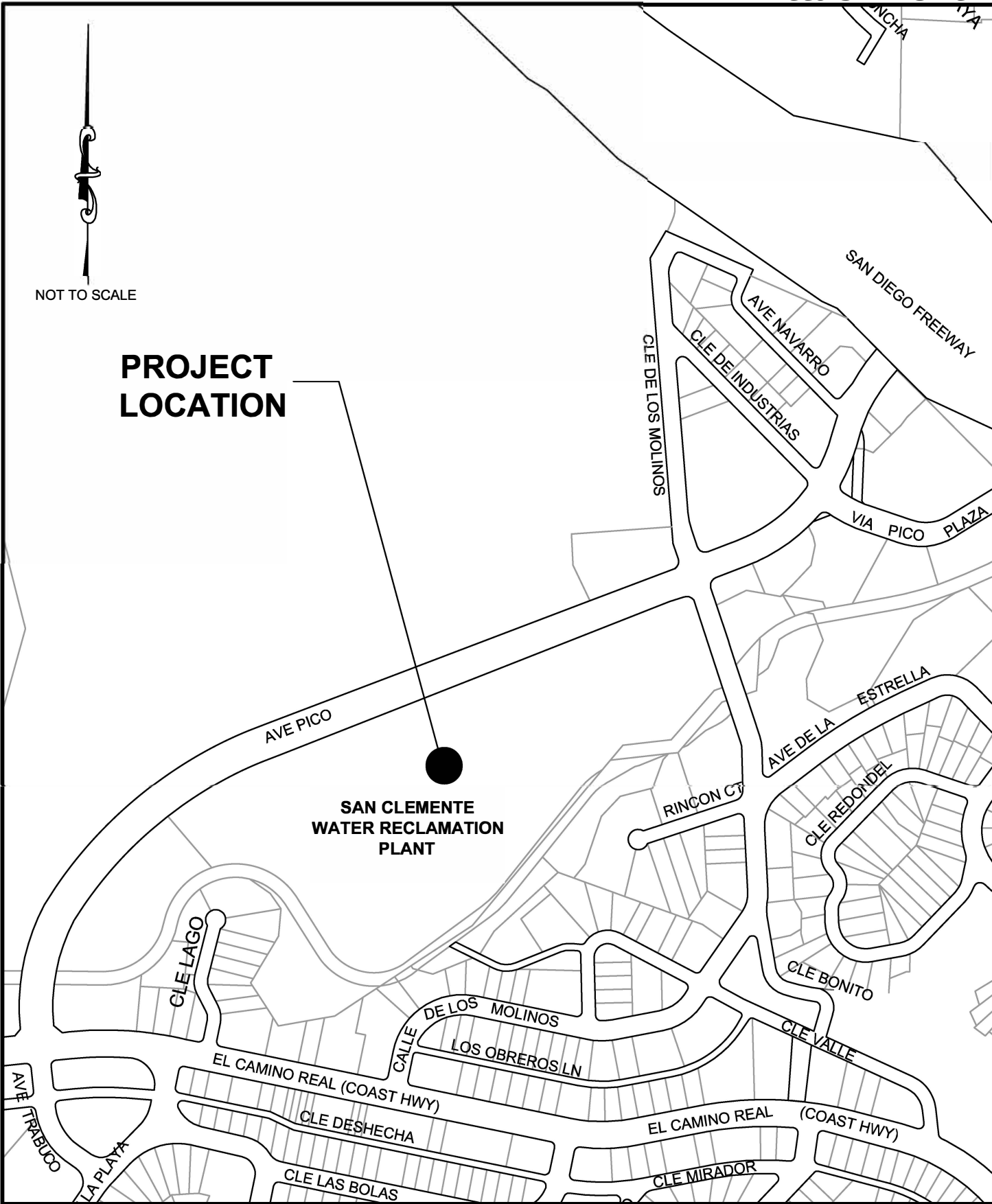
Approved as to form:

City Attorney



NOT TO SCALE

PROJECT LOCATION



**SAN CLEMENTE
WATER RECLAMATION
PLANT**



City of San Clemente

910 Calle Negocio, Suite 100
San Clemente, CA 92673
Tel (949) 361-6100
Fax (949) 361-8316

LOCATION MAP

**WRP
Recycled Water Quality
Improvement Project**

P.N. 13203