



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: March 5, 2013

TO: Mayor and Councilmembers

FROM: Water Resources Division, Public Works Department

SUBJECT: Authorization To Apply For A State Revolving Fund Loan For Wastewater Capital Projects Of Approximately \$20 Million

RECOMMENDATION: That Council:

- A. 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 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 Barbara Stating the City's Intent to Reimburse Expenditures Paid Prior to Either the Issuance of Obligations or the Approval by the State Water Resources Control Board of the Project Funds for the Secondary Treatment Process Improvements Project at the El Estero Wastewater Treatment Plant.

DISCUSSION:

The El Estero Wastewater Treatment Plant (El Estero) has been in service for over 32 years. Recent consultant engineering assessment and preliminary design work has demonstrated that significant process improvements must be made to upgrade the level of secondary treatment provided at El Estero. These improvements are needed in order to produce treated wastewater that can be effectively filtered for recycled water production and to reliably meet wastewater discharge permit limits. In prior years, El Estero has incurred stipulated penalties from the State Water Resources Control Board (SWRCB) related to treated effluent quality.

Staff is currently in the preliminary design phase for a large secondary treatment process improvement project at El Estero. The first portion of the preliminary design phase provides for refurbishment of the major air process equipment associated with the secondary treatment process aeration basins. The second portion of the preliminary design phase provides for an upgrade of the secondary clarifiers, including improvements to return activated sludge pumping equipment and piping. The preliminary design phase work will be completed by 2013.

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Final design phase work is anticipated to be completed by mid-2014 with construction work beginning later that year. Construction work is estimated to be completed by mid-year in 2016. A preliminary cost estimate for these secondary treatment improvement projects approximates \$20 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 members at the SWRCB Board who administer SRF loans have advised City staff that there may be an opportunity to qualify for SRF funding for the secondary treatment improvements at El Estero.

If SRF funding is not able to be secured this year, staff will need to pursue issuance of 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 City Administrator or his designee as the authorized representative to apply for the loan; and
- Authorization to reimburse the City from SRF project funds for expenditures made for the projects prior to receiving SRF monies.

At its meeting of February 11, 2013, the Board of Water Commissioners voted 5 to 0 to concur with staff's recommendations as stated above.

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

SUBMITTED BY: Christine F. Andersen, Public Works Director

APPROVED BY: City Administrator's Office