



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: October 28, 2014

TO: Mayor and Councilmembers

FROM: Creeks Division, Parks and Recreation Department
Facilities Division, Public Works Department

SUBJECT: Introduction Of Ordinance Approving Grant Agreements For Storm Water Infiltration Projects And The Clean Water State Revolving Fund Financing Agreements

RECOMMENDATION:

That Council introduce and subsequently adopt, by reading of title only, An Ordinance of the Council of the City of Santa Barbara Approving and Ratifying the Grant Agreements and the Clean Water State Revolving Fund Financing Agreements Between the City of Santa Barbara and the State Water Resources Control Board That Were Authorized by City Council Resolution Nos. 07-033, 07-043, 12-088, 14-056, 14-057, 09-013, and 09-090 (as Amended by Resolution No. 10-089.)

DISCUSSION:

Pursuant to City Charter provision 521, staff is requesting that City Council approve by ordinance grant and funding agreements that exceed five years with the State Water Resources Control Board that were previously approved through resolutions. This corrective action is required for the agreements to be enforceable. There are no substantive changes in the agreements.

Grant Funding Background

Proposition 84, the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006, was approved by California voters in a general election on November 7, 2006. Proposition 84 provides the State Water Board with \$90 million for matching grants to local public agencies for the reduction and prevention of storm water contamination of rivers, lakes, and streams (PRC § 75050[m]). After bond and program administration costs, approximately \$82 million was made available for projects. Projects must either implement Low Impact Development (LID) strategies or assist in compliance of established storm water Total Maximum Daily Loads. The State Water Resources Control Board (SWRCB) has distributed Storm Water Grant Program (SWGPP) funding through two rounds of funding. The program requires recipients to provide 20 percent matching funds for the grant awards.

Although competition is extremely high for these grant funds, the Creeks Division was awarded a \$2,307,010 grant for the Streets, Sidewalks, and Alleys Project ("Creeks Project"), and the Facilities Division was awarded \$1,151,630 for the Laguna Lot Infiltration Paver Project ("Facilities Project"). These projects were selected because they implement LID strategies and improve water quality in Santa Barbara creeks.

The total estimated cost for the Creeks Project is \$2,920,992. The grant will provide \$2,307,010 toward the design and construction costs. Staff estimates the project will require Measure B matching funds in the amount of \$613,982. Final project costs will be determined once construction bids are received. Measure B matching funds for the Creeks Project are available in the Creeks Division Capital Improvement Program and Creeks Fund reserves.

The total estimated cost of the Facilities Project is \$1,463,744. The grant will provide \$1,151,630 toward the design and construction costs, and the Facilities Capital Fund will fund the remaining estimated balance of \$312,114. On July 15, 2014, the City Council adopted two resolutions authorizing the City Administrator to negotiate and execute the grant agreements necessary to accept funding for the Creeks Project and the Facilities Project.

The Creeks Division has also successfully completed three other projects and studies using grant funding from the State Water Resource Control Board which include the LID Stormwater Infiltration Project authorized by Council Resolution No. 12-088 on December 11, 2012; the Laguna Watershed Study authorized by Council Resolution No. 07-033 on May 15, 2007; and the Source Tracking Protocol Development authorized by Council Resolution No. 07-043 on June 12, 2007.

As the term of the SWRCB grant agreements for the Laguna Watershed Study Project, Source Tracking Protocol Development Study, LID Stormwater Infiltration Project, Creeks Project, and Facilities Project all exceed five (5) years, pursuant to City Charter provision 521, staff is now requesting that the City Council approve by ordinance the grant agreements that were authorized by Resolution Nos. 07-033, 07-043, 12-088, 14-056, and 14-057.

Revolving Loan Fund Background

Cater Advanced Water Treatment Plant and Ortega Ground Water Treatment Plant Projects

The Cater Advanced Water Treatment Plant and Ortega Ground Water Treatment Plant Projects were funded through a state revolving fund loan issued by the SWRCB that was approved by City Council on November 17, 2009. The Council adopted Resolution No. 09-090 which, subject to approval and execution of a funding agreement, approved the loan in the amount of \$29,920,000 at an interest rate of 2.5% to be repaid over 20 years after completion of construction.

The Resolution authorized the Finance Director to take all action necessary to carry-out the fiscal requirements of the Funding Agreement, authorized the Public Works Director to sign and return the Acceptance of the Loan, to negotiate and execute the loan, and to undertake all actions necessary to construct the Cater and Ortega Plant upgrades. Resolution No. 09-090 further authorized and directed the City Administrator to, on behalf of the City, negotiate, prepare and execute the loan and the related security agreement. The Resolution was amended by Resolution 10-089 on November 16, 2010 in order to clarify that Net Revenue from the Water Fund was the dedicated, pledged, source of funding for repayment of the loan.

The loan was subsequently approved and construction has been underway on both projects since that time. Project completion is expected in the very near future. At the time of completion, and when all loan proceeds that will be drawn, have been drawn, the City's 20 year loan repayment obligation will begin. Because this obligation binds the City for a term exceeding 5 years, it is appropriate that in accordance with City Charter section 521, an ordinance be adopted by the City Council to ratify the action taken by the City Council in Resolution 09-090.

FOG and Headworks

The FOG (Fats, Oils and Grease) and Food Waste Biofuel Conversion and the Headworks Screening projects at El Estero Wastewater Treatment plant were funded through two state revolving fund loans that were approved by City Council on March 17, 2009. The City Council adopted Resolution No. 09-013, which authorized and directed the City Administrator to sign and file a Financial Assistance Application and to negotiate and execute a Financial Assistance Agreement with the SWRCB.

The FOG loan, as amended, was authorized in the amount of \$1,600,000. Project completion is expected Construction by the end of 2014 at which point all loan proceeds will be fully disbursed and the City's 20-year repayment obligation will begin.

The Headworks loan, as amended, was authorized in the amount on \$5,200,000. Construction on this project is complete and all loan proceeds are drawn. In July 2014, the City began making payments on the loan according to the 20-year repayment obligation.

Because the FOG and Headworks projects are complete, or nearly complete, and loan proceeds are drawn or nearly drawn, and because the 20-year repayment obligations that bind the City for terms exceeding five years will soon commence (or have commenced), it is appropriate that, in accordance with City Charter section 521, an ordinance be adopted by the City Council to ratify the action taken by the City Council in Resolution 09-013.

Council Agenda Report
Introduction Of Ordinance Approving Grant Agreements For Storm Water Infiltration
Projects And The Clean Water State Revolving Fund Financing Agreements
October 28, 2014
Page 4

PREPARED BY: Cameron Benson, Creeks Restoration/Clean Water Manager
Jim Dewey, Facilities Manager/CB/JD/mh

SUBMITTED BY: Nancy L. Rapp, Parks and Recreation Director
Rebecca Bjork, Public Works Director

APPROVED BY: City Administrator's Office