



Agenda Report

File #: 19-0347

**AGENDA REPORT
REQUEST FOR CITY COUNCIL AND
CORONA UTILITY AUTHORITY ACTION**

DATE: 4/17/2019

TO: Honorable Mayor and City Council Members
Honorable President and Board Members

FROM: Department of Water and Power

SUBJECT:

City Council and Corona Utility Authority consideration of the City of Corona and Home Gardens Sanitary District Capacity Transfer Agreement.

RECOMMENDED ACTION:

That the:

1. City Council authorize the City Manager, or their designee, to execute the City of Corona and Home Gardens Sanitary District Capacity Transfer Agreement.
2. City Council authorize the City Manager, or their designee, and the City Attorney to negotiate and execute any extensions and/or amendments to the agreement which are either non-substantive or otherwise in compliance with the City Council's actions hereunder.
3. Corona Utility Authority (CUA) review, ratify and to the extent necessary direct that the City Council take the above actions.

ANALYSIS:

The City of Corona is a member agency of the Western Riverside County Regional Wastewater Authority (WRCRWA), a regional Joint Powers Authority which operates a regional wastewater conveyance, treatment and disposal system in western Riverside County. WRCRWA operates a wastewater treatment plant on River Road in Eastvale, CA. The City currently owns 2.37 million gallons per day (MGD) of treatment capacity in the plant. Home Gardens Sanitary District (HGSD) is a member agency for WRCRWA and owns 1.0 MGD of capacity in the treatment plant.

The WRCRWA plant recently underwent an expansion project to increase existing capacity in the plant from 8.0 MGD to 14.0 MGD. WRCRWA applied for and received a State Revolving Fund (SRF)

loan for funding the capital costs of the project. The debt service on the loan is repaid by the member agencies proportionally based on the percentage of the expanded capacity (i.e. the additional 6.0 MGD achieved through the expansion project). Total SRF Loan amount is \$74,110,618.40. Before the transfer, Corona is responsible for 38.41%. After the transfer, Corona will be responsible for approximately 42.46% of the debt service. These numbers are considered “approximate” as the SRF loan has not been finalized by WRCRWA and there may be some minor adjustments during the finalization. The Capacity Agreement allows for minor changes in the percentages as needed.

During 2018, HGSD staff identified excess capacity of 0.25 MGD of their owned 1.0 MGD. The City has a desire to obtain the 0.25 MGD additional capacity. The proposed agreement transfers the 0.25 MGD per day from HGSD to the City. If this transfer is approved, HGSD will own 0.75 MGD and the City will own 2.62 MGD capacity in the plant. According to the terms of the agreement, the City will be responsible for the SRF debt service based on the new capacity allocation. With the transfer, Corona is responsible for 42.46% of the loan. Member agencies of WRCRWA made the first debt service payment in December 2018.

Payments in December 2018:

Western paid 0.86% = \$38,584.21

Jurupa Community Services District paid 46.02% = \$2,064,703.97

Norco paid 9.08% = \$407,377.48

Home Gardens Sanitary District paid 5.63% = \$252,591.99

Corona paid 38.41% = \$1,723,278.56

As part of the terms of this agreement, Corona would assume responsibility for the debt service payment retroactively. Once the capacity transfer is complete, WRCRWA will finalize the debt service. Corona will be responsible for approximately \$181,704.71 for the 0.25 MGD capacity that HGSD paid in December 2018. Rather than pay this money directly to HGSD, WRCRWA will adjust future payments to credit HGSD and charge Corona. This is budgeted as part of the City’s debt service for both the interest and principal. In addition to debt service, the member agencies are also responsible for a percentage of capital improvements at the WRCRWA plant. The WRCRWA FY 2019/2020 budget has not been prepared or finalized at this time. It is prepared each year and then charged to the member agencies as the projects are completed. This is done on a monthly basis and is budgeted in the Water Reclamation Fund. Corona is responsible for the capital improvements associated with the 2.62 MGD of capacity (i.e. 2.62 MGD of the total plant capacity of 14 MGD). These capital improvements are billed to member agencies quarterly based on owned capacity. The Capacity Transfer Agreement will be effective retroactively to April 1, 2019, if approved by both agencies.

The City is also party to two other agreements related to WRCRWA that will require amendment if the proposed capacity transfer is approved. The Agreement between Western Riverside County Regional Wastewater Authority and its Member Agencies for the Repayment of State Revolving Fund Loan (“Repayment Agreement”) and the Project and Capacity Agreement for the Expansion of WRCRWA’s Treatment Plant (“Project Capacity Agreement”) will both require amendments in the future and will be brought back to Council at a future date.

COMMITTEE ACTION:

Not applicable.

STRATEGIC PLAN:

Not applicable.

FISCAL IMPACT:

Funding for the recommended action is available in the Fiscal Year 2018-19 Water Reclamation Fund's operating budget and will be included in the proposed FY 2019-20 budget.

ENVIRONMENTAL ANALYSIS:

No environmental review is required because the proposed action is not a project governed by the California Environmental Quality Act.

PREPARED BY: KATIE HOCKETT, DWP OPERATIONS MANAGER

REVIEWED BY: TOM MOODY, GENERAL MANAGER

REVIEWED BY: KERRY D. EDEN, ASSISTANT CITY MANAGER/ADMINISTRATIVE SERVICES DIRECTOR

REVIEWED BY: MICHELE NISSEN, ASSISTANT CITY MANAGER

SUBMITTED BY: MITCHELL LANSDELL, ACTING CITY MANAGER AND EXECUTIVE DIRECTOR

Attachment:

-City of Corona and Home Gardens Sanitary District Capacity Transfer Agreement