



Agenda Report

File #: 19-0951

AGENDA REPORT REQUEST FOR CITY COUNCIL AND CORONA UTILITY AUTHORITY ACTION

DATE: 11/20/2019

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 Amendment No. 6 to the Project and Capacity Agreement for the expansion of the Western Riverside County Regional Wastewater Authority Treatment Plant and Amendment No. 1 to the Agreement Between Western Riverside County Regional Wastewater Authority and its Member Agencies for the Repayment of the State Revolving Fund Loan for the Treatment Plant Expansion Project.

RECOMMENDED ACTION:

That the:

1. City Council approve Amendment No. 6 to the Project and Capacity Agreement of the Western Riverside County Regional Wastewater Authority Treatment Plant.
2. City Council authorize the Department of Water and Power General Manager to execute Amendment No. 6 to the Project and Capacity Agreement of the Western Riverside County Regional Wastewater Authority Treatment Plant.
3. City Council approve Amendment No. 1 to the Agreement between Western Riverside County Regional Wastewater Authority and its Member Agencies for the Repayment of the State Revolving Fund Loan for the Treatment Plant Expansion Project.
4. City Council authorize the City Manager, or his designee, to execute Amendment No. 1 to the Agreement between Western Riverside County Regional Wastewater Authority and its Member Agencies for the Repayment of the State Revolving Fund Loan for the Treatment Plant Expansion Project.

5. City Council authorize the City Manager or General Manager, or their designee, to negotiate and execute any extensions and/or amendments which are either non-substantive or are otherwise in compliance with the City Council's actions hereunder.
6. 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 part of the Western Riverside County Regional Wastewater Authority (WRCRWA). WRCRWA is a public agency created to plan, construct and operate a cost-effective regional water reclamation treatment and collection system. WRCRWA is a joint powers authority (JPA) which also consists of the City of Norco, Jurupa Community Services District, Home Gardens Sanitary District (HGSD) and Western Municipal Water District.

Project and Capacity Agreement

On July 18, 2012, the City Council approved the Project and Capacity Agreement for the expansion of the WRCRWA Treatment Plant from 8 million gallons per day (MGD) to 14 MGD. The purpose of Amendment No. 6 is to:

- Change the methodology for cost sharing obligations from each Party from estimated costs to actual costs;
- Establish guidelines for applying the \$580,794 HGSD Grant to the Authority (received through the Small Community Wastewater Grant fund) as a reduction to the principal outstanding on the State Revolving Fund (SRF) Loan with HGSD as the sole beneficiary;
- Document that total project cost exceeds \$10 per gallon per day of treatment capacity for the 6.0 MGD expansion, thereby providing that all parties will share the cost of infrastructure for odor control, centrifuges, and third digester preparation work;
- Memorialize the 0.25 MGD expansion capacity transfer and associated cost transfer from Home Gardens to Corona (approved by Corona City Council and CUA on April 17, 2019 effective April 1, 2019);
- Affirm debt service reserve requirements, funding and payments; and
- Establish methodology for cost sharing obligations for debt service and debt service reserves using the Schedule.

The WRCRWA Treatment Plan Expansion project is now complete. All costs used to this date were estimated and not final. Now that the project is complete and WRCRWA has actual costs, it is necessary to do some "clean up" work on the language in the Project and Capacity Agreement to align with the final values from the expansion project.

Staff recommends the City Council approve Amendment No. 6 to the Project and Capacity Agreement of the Western Riverside County Regional Wastewater Authority Treatment Plant to correctly allocate repayment costs based on owned capacity.

State Revolving Fund Loan Repayment Agreement

WRCRWA parties entered into an Agreement between Western Riverside County Regional

Wastewater Authority and its Member Agencies for the Repayment of the State Revolving Fund Loan (Repayment Agreement) on September 25, 2013. In the Repayment Agreement, the parties agreed to allocate each agency's repayment obligation based on its expansion treatment capacity.

On February 28, 2019 HGSD's Board of Directors approved the transfer of 0.25MGD treatment capacity to Corona. On April 17, 2019, the City Council and Corona Utility Authority approved the proposed transfer of 0.25 MGD treatment capacity from HGSD with an effective date of April 1, 2019. The capacity transfer changes each agency's repayment obligation. As such, it is necessary to memorialize, via Amendment No. 1, that Corona will now be responsible for the repayment obligation associated with 2.62 MGD of expansion capacity and HGSD will be responsible for the repayment obligation associated with 0.13 MGD of expansion capacity.

Staff recommends the City Council approve Amendment No. 1 to the Agreement Between Western Riverside County Regional Wastewater Authority and its Member Agencies for the Repayment of the State Revolving Fund Loan for the Treatment Plant Expansion Project to correctly allocate repayment costs based on owned capacity.

COMMITTEE ACTION:

Not applicable.

STRATEGIC PLAN:

Not applicable.

FISCAL IMPACT:

Repayment of the State Revolving Fund Loan for the Treatment Plant Expansion Project is a debt service item and is budgeted in the Water Reclamation Capacity Fund 440 for Fiscal Year 2019-20.

ENVIRONMENTAL ANALYSIS:

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

PREPARED BY: KATIE HOCKETT, ASSISTANT GENERAL MANAGER

REVIEWED BY: TOM MOODY, GENERAL MANAGER

REVIEWED BY: DEAN DERLETH, CITY ATTORNEY

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

SUBMITTED BY: MITCHELL LANSDELL, INTERIM CITY MANAGER & EXECUTIVE DIRECTOR

Attachments:

1. Amendment No. 6 to the Project and Capacity Agreement of the Western Riverside County Regional Wastewater Authority Treatment Plant
2. Amendment No. 1 to the Agreement Between Western Riverside County Regional Wastewater Authority and its Member Agencies for the Repayment of the State Revolving Fund Loan for

the Treatment Plant Expansion Project