



Staff Report

File #: 21-0588

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

DATE: 06/16/2021

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

FROM: Department of Water and Power

SUBJECT:
Western Riverside County Regional Wastewater Authority Fiscal Year 2022 budget.

EXECUTIVE SUMMARY:

The City of Corona is a member agency of the Western Riverside County Regional Wastewater Authority which operates a regional wastewater treatment facility in Eastvale. Each year the Western Riverside County Regional Wastewater Authority adopts an annual budget for operating and capital expenses. Corona's Fiscal Year 2022 obligation is \$5,140,749, which was partially included in the City's Fiscal Year 2022 Water Reclamation operating budget. The budget has been approved by the Board of Directors of the Western Riverside County Regional Wastewater Authority and requires ratification by each member agency.

RECOMMENDED ACTION:

That the:

- a. City Council approve the proposed Western Riverside County Regional Wastewater Authority Fiscal Year 2022 budget.
- b. City Council approve an appropriation of \$622,398 from the Water Reclamation Utility Fund 572 to the Fiscal Year 2022 Water Reclamation Operating Budget.
- c. Corona Utility Authority review, ratify, and to the extent necessary, direct the City Council to take the above actions.

BACKGROUND & HISTORY:

The Western Riverside County Regional Wastewater Authority exists for the purposes of planning,

constructing, and operating a cost-effective regional water reclamation treatment system for the benefit of its member agencies. The City of Corona Department of Water and Power is part of Western Riverside County Regional Wastewater Authority. Western Riverside County Regional Wastewater Authority also consists of the City of Norco, Jurupa Community Services District, Home Gardens Sanitary District, and Western Municipal Water District.

On July 18, 2012, the City Council and the Corona Utility Authority approved a Project and Capacity Agreement for the expansion of the Western Riverside County Regional Wastewater Authority treatment facility from 8million gallons per day to 14 million gallons per day. The expansion provided for needed operational capacity required by Corona and other member agencies. The City did not have a share of the treatment capacity prior to the expansion.

The Western Riverside County Regional Wastewater Authority treatment plant expansion was completed in Fiscal Year 2018. According to Addendum No. 6 to the Joint Exercise of Powers Agreement creating the Western Riverside County Regional Wastewater Authority (City of Corona Membership), the City of Corona is responsible for its fair share responsibility of administrative costs of the plant. The City's original owned capacity was 2.37 million gallons per day. However, a Transfer Agreement with Home Gardens Sanitary District, approved by City Council on April 17, 2019 transferred that agency's capacity to the City, increasing capacity to 2.62 million gallons per day.

ANALYSIS:

Western Riverside County Regional Wastewater Authority (WRCRWA) Fiscal Year (FY) 2022 proposed budget was approved by the Board of Directors on April 22, 2021. However, the approved budget requires ratification by each member agency's governing body. Corona's Fiscal Year 2022 obligation is \$5,140,749 outlined in the table below. This amount represents the City's share of the new improvements and the associated costs of operation. Staff has reviewed the budget documents and recommends that the City Council approve the item.

Expenditure Category	Amount	Fund Name
<u>Operations:</u>		
Treatment System	\$972,575	Water Reclamation Fund 572
Conveyance System	\$0	
General & Administration	\$247,421	Water Reclamation Fund 572
<u>Debt Service:</u>		
SRF Loan Payment	\$1,903,189	Water Reclamation Capacity Fund 440
<u>Capital:</u>		
Non-Replacement Capital	\$1,891,997	Water Reclamation Fund 572
Asset Replacement Reserve	\$125,567	Water Reclamation Fund 572
Total Member Contribution	\$5,140,749	

FINANCIAL IMPACT:

As a member agency of WRCRWA, the City of Corona is responsible for the operation and maintenance costs of the plant for 2.62 million gallons per day (MGD) (of the total 14.0 MGD plant capacity) and the debt service related to the State Revolving Fund (SRF) loan for 2.62 MGD (of the 6.0 MGD) associated with the treatment plant expansion. The City's current obligation, as outlined above, is \$5,140,749 for Fiscal Year 2022 based on WRCRWA's budget. The final values for WRCRWA's budget were not available when the FY 2022 Operating Budget was prepared. Staff used estimates based on previous fiscal years' expenses and requested \$4,518,351 for Fiscal Year 2022. Approval of the recommended action will result in an additional appropriation of \$622,398 from Water Reclamation Utility Fund 572 to the Water Reclamation Operating Budget.

Expenditure Category	Amount	Budgeted Amount	Appropriation Required
<u>Operations:</u>	\$1,219,996	\$1,620,246	(\$400,250)
<u>Debt Service:</u>	\$1,903,189	\$1,903,189	\$0
<u>Capital:</u>	\$2,017,564	\$994,916	\$1,022,648
Total	\$5,140,749	\$4,518,351	\$622,398

Fund	07/01/21 Est. Working Capital	Budgeted Revenues/ Sources	Budgeted Expenditures/ Uses	Working Capital Impacts	06/30/22 Est. Working Capital
Water Reclamation Utility Fund 572	\$38,460,751	\$32,893,509	(\$39,000,327)	Appropriation (\$622,398)	\$31,731,535

ENVIRONMENTAL ANALYSIS:

This action is categorically exempt pursuant to Section 15301 of the Guidelines for the California Environmental Quality Act (CEQA), which states that operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of use beyond that existing at the time of the CEQA determination, and is therefore exempt from CEQA. This action involves budget approval. Therefore, no environmental analysis is required.

PREPARED BY: KATIE HOCKETT, ASSISTANT GENERAL MANAGER

REVIEWED BY: TOM MOODY, GENERAL MANAGER

Attachments:

1. Exhibit 1 - WRCRWA Fiscal Year 2022 proposed budget