



Agenda Report

MEETING DATE: Tuesday, June 22, 2021

TO: City Council

FROM: PUBLIC WORKS & UTILITIES DIRECTOR PALMISANO
DANIELLE GREEN, PRINCIPAL ENGINEER

SUBJECT: AUTHORIZE CITY MANAGER TO APPLY FOR FINANCING FOR THE
ZONE 2 RESERVOIR PROJECT THROUGH THE STATE WATER
RESOURCES CONTROL BOARD FUNDING PROGRAMS

STATEMENT OF ISSUES:

The new Zone 2 Reservoir project is currently in design. The City would like to pursue available funding opportunities through the State Water Resources Control Board (SWRCB) Drinking Water State Revolving Fund (DWSRF) Program. A resolution is required to authorize City Manager to submit and execute an application to the program on behalf of the City.

RECOMMENDED ACTION:

It is recommended that City Council designate City Manager as the Authorized Representative for a Financial Assistance Application for the Zone 2 Reservoir Project through the State Water Resources Control Board (SWRCB) to pursue financing opportunities through the Drinking Water State Revolving Fund (DWSRF).

DISCUSSION:

At the January 19, 2021 City Council Meeting, a resolution was adopted awarding a design services contract for the Zone 2 Reservoir Project (WA-20-14829) to Carollo Engineers. Once constructed, this new reservoir will improve reliability of the existing water distribution system as it will allow for needed maintenance and repairs to the existing Burchell Reservoir to extend its useful life, mitigate seismic risk to the existing reservoir, and provide operational flexibility in the City's largest service areas (Pressure Zones 2 and 1).

The estimated construction costs for the new reservoir will be approximately \$10 million dollars and it is anticipated that construction will commence in Fiscal Year 22/23.

Staff recommends pursuing grant and/or loan funding opportunities that are currently or may become available through the SWRCB DWSRF program. In order to pursue these opportunities, a resolution is required to designate and authorize City Manager to apply for and execute financing opportunities with the SWRCB as the City's Authorized Representative.

STRATEGIC PLAN:

This project is consistent with Strategic Plan Goal 03-Infrastructure & Environment.

FINANCIAL IMPACT:

This resolution does not have any financial impact at this time. If the City's application is accepted for financing through SWRCB, the final financing agreement will be brought to Council for approval and the financial impacts will be detailed at that time.

ALTERNATIVE ACTION:

City Council could elect not to authorize City Manager to pursue financing for the project through SWRCB. This would require the City to finance the entire project from the Water Fund or seek alternate funding sources.

ATTACHMENTS AND/OR REFERENCES (If any):

None.