



STAFF REPORT

DATE: 11/20/2024
TO: Honorable Mayor and City Council Members
FROM: Utilities Department

2024-150

REQUEST FOR CITY COUNCIL AND CORONA UTILITY AUTHORITY ACTION

SUBJECT:

RESOLUTION AUTHORIZING THE SUBMITTAL OF APPLICATION TO THE CALIFORNIA STATE WATER RESOURCES CONTROL BOARD FOR DRINKING WATER STATE REVOLVING FUND FINANCIAL ASSISTANCE FOR THE PFAS REMOVAL PROJECT

EXECUTIVE SUMMARY:

Staff is proposing to submit a funding application in the amount of \$10,000,000 to the California State Water Resources Control Board for the PFAS Removal Project. The proposed funding will partially offset the cost of the PFAS and 1, 2, 3-TCP Remediation Capital Improvement Project No. UT-2024-10.

RECOMMENDED ACTION:

That the City Council:

- a. Adopt Resolution No. 2024-105, authorizing the Director of Utilities to serve as Corona's authorized representative in seeking financial assistance and, if awarded, authorizing the acceptance of such financial assistance on behalf of the City and amending the budget for the applicable fiscal year accordingly.
- b. Adopt Resolution No. 2024-106, declaring the City's intention to comply with all conditions of the California State Water Resources Control Board's Drinking Water

State Revolving Fund loan program reimbursement resolution requirements for the PFAS Removal Project.

- c. Designate the City Manager, or his designee, to receive and spend the California State Water Resources Control Board Drinking Water State Revolving Fund financial assistance funds in accordance with all applicable program guidelines and state and federal laws.
- d. Authorize the City Manager, or his designee, to act as an agent with legal authority to enter into the agreement, conduct all negotiations, execute and submit all documents including, but not limited to, applications, agreements, payment requests, and any other required correspondence which may be necessary for the completion of the program that is consistent with or in furtherance of the City Council's actions hereunder.
- e. Authorize the City Manager, or his designee, to prepare and process any budgetary adjustments to receive and record the Drinking Water State Revolving Fund financial assistance funds.

That the Corona Utility Authority review, ratify, and, to the extent necessary, direct that the City Council take the above actions.

BACKGROUND & HISTORY:

The California State Water Resources Control Board's Drinking Water State Revolving Fund (DWSRF) is a financial assistance program designed to help public water systems and communities. The DWSRF provides low-interest loans, grants, and other financial assistance to eligible public water systems for projects that improve the quality, safety, and reliability of drinking water.

The DWSRF loan program requires that any entity seeking financial assistance must formally authorize the application process through its governing body. As a condition of receiving funds, a resolution to designate an Authorized Representative must be approved, adopted, and included in the financial assistance application. Additionally, a resolution affirming the City's commitment to comply with all conditions of the loan program's reimbursement requirement is necessary.

ANALYSIS:

The California State Water Resources Control Board (SWRCB) has allocated significant funding for Per- and Polyfluoroalkyl Substances (PFAS)-related initiatives. The PFAS funding provides essential financial resources to public water systems for the installation of treatment technologies specifically designed to remove PFAS from drinking water. The Utilities Department is requesting an estimated amount of financial assistance in the amount of \$10,000,000, which can be awarded as a combination of a loan and a principal forgiveness grant. If this financial application is awarded, the funding will help offset the significant costs associated with the installation of a granular activated carbon treatment at two well site locations (Well Nos. 7A and 8A) to remove PFAS and other volatile organic

compounds to acceptable state-mandated levels from the groundwater supply, and the adding of an additional ion exchange treatment vessel to the Ion Exchange Treatment Plan to improve the City's water quality and reduce its reliance on imported water supplies. This PFAS removal project, known as the PFAS and 1, 2, 3-TCP Remediation Capital Improvement Project No. UT-2024-10, is planned to begin construction in Fiscal Year 2026 with an estimated construction cost of \$11,442,500.

As required by the DWSRF financial application package, Staff recommends the approval of the resolution authorizing the Director of Utilities to submit a loan application to the SWRCB for the DWSRF financial assistance for the PFAS removal project and the resolution to declare the City's intent to comply with the program reimbursement requirements. If received, this funding will partially offset the cost of UT-2024-10 through a combination of a principal forgiveness grant and a low-interest loan.

FINANCIAL IMPACT:

Approval of the recommended actions may result in an appropriation up to \$10,000,000 in the PFAS and 1, 2, 3-TCP Remediation Capital Improvement Project No. UT-2024-10 and an offsetting revenue budget of the same amount in the Water Utility Grant/Agreement Fund 571.

ENVIRONMENTAL ANALYSIS:

This action is exempt pursuant to Section 15061(b)(3) of the Guidelines for the California Environmental Quality Act (CEQA), which states that a project is exempt from CEQA if the activity is covered by the commonsense exemption that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. This action seeks the approval of the Council to adopt Resolution Nos. 2024-105 and 2024-106 authorizing the submittal of a financial assistance application, and there is no possibility that approving the recommended action will have a significant effect on the environment. Therefore, no environmental analysis is required.

PREPARED BY: JACQUELINE ZUKERAN, UTILITY BILLING AND ADMINISTRATION MANAGER

REVIEWED BY: TOM MOODY, DIRECTOR OF UTILITIES

ATTACHMENTS:

1. Exhibit 1 – Resolution No. 2024-105
2. Exhibit 2 – Resolution No. 2024-106