

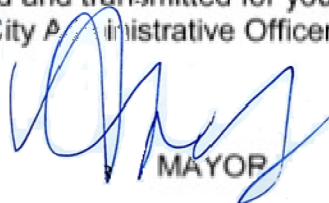
0150-10925-0000

TRANSMITTAL

TO The Council	DATE 11/22/17	COUNCIL FILE NO.
FROM The Mayor		COUNCIL DISTRICT

**Authority to Apply For, Accept, Negotiate, and Execute an Agreement for
Financial Assistance from the California State Water Resources Control Board's
Water Recycling Funding Program for the Donald C. Tillman
Advanced Water Purification Facility and Groundwater Replenishment Project**

Approved and transmitted for your consideration.
See the City Administrative Officer report attached.



MAYOR

(Ana Guerrero)

RHL:WKP:06180015I

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: November 17, 2017

CAO File No. 0150-10925-0000

Council File No.

Council District:

To: The Mayor
The Honorable City Council

From: Richard H. Llewellyn, Jr., Interim City Administrative Officer

Reference: Transmittal from the Board of Public Works dated April 10, 2017

Subject: **AUTHORITY TO APPLY FOR, ACCEPT, NEGOTIATE, AND EXECUTE AN AGREEMENT FOR FINANCIAL ASSISTANCE FROM THE CALIFORNIA STATE WATER RESOURCES CONTROL BOARD'S WATER RECYCLING FUNDING PROGRAM FOR THE DONALD C. TILLMAN ADVANCED WATER PURIFICATION FACILITY AND GROUNDWATER REPLENISHMENT PROJECT**

RECOMMENDATIONS

That the Council, subject to the approval of the Mayor:

1. Authorize the Director of the Bureau of Sanitation, or designee, to apply for, accept, negotiate, and execute all documents, including but not limited to, applications, agreements, or amendments, subject to the approval of the City Attorney as to form and legality, which may be necessary to secure financial assistance of up to \$460,000,000 from the California State Water Resources Control Board's Water Recycling Funding Program for the Donald C. Tillman Water Reclamation Plant Advanced Water Purification Facility and Groundwater Replenishment Project; and,
2. Present and adopt the accompanying Resolutions as required by the State.

SUMMARY

Executive Directive No. 5 and the Sustainable City pLAn instruct City departments to reduce imported water usage and increase recycled water production efforts and usage. As such, the Bureau of Sanitation (Bureau) is planning to construct an Advanced Water Purification Facility (AWPF) at the Donald C. Tillman Water Reclamation Plant (DCTWRP). The AWPF uses microfiltration, reverse osmosis, and advanced oxidation technology to treat municipal wastewater. The AWPF will produce 35 million gallons per day (MGD) of highly purified recycled water that will be conveyed to the Hansen Dam and Pacoima Spreading Grounds to replenish groundwater reservoirs.

This project is estimated to cost \$460 million and is currently proposed to be debt financed through Wastewater bonds at an interest rate of 3.75 percent. The Bureau is currently conducting a pilot test of the AWPf technology and construction is scheduled to commence in March 2020.

The California State Water Resources Control Board (SWRCB) administers the Water Recycling Funding Program (WRFP), which provides low-interest financing for the planning, design, and construction of water recycling projects that offset or augment state fresh water supplies. Funding for the WRFP is provided by the Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Proposition 1), the Safe Drinking Water, Clean Water, Watershed Protection, and Flood Protection Act (Proposition 13), and the Clean Water State Revolving Fund (CWSRF). The DCTWRP AWPf and Groundwater Replenishment Project meet the eligibility requirements for financial assistance from the WRFP.

The Bureau reports that the WRFP is currently offering financial assistance through the CWSRF at an interest rate of 1.8 percent. The Bureau estimates approximately \$121 million in savings from a CWSRF loan versus issuing Wastewater bonds at an interest rate of 3.75 percent. In accordance with State requirements, Council adoption of the accompanying Resolutions is required to apply for WRFP financial assistance. In addition, Los Angeles Administrative Code Section 14.6 requires Mayor and Council approval for the application of any competitive and/or discretionary grant that requires a commitment of General Funds, matching funds, or any other commitment of City resources.

The Council has authorized the Bureau to apply for, accept, negotiate, and execute other grant agreements for financial assistance from the CWSRF for the Terminal Island Water Reclamation Plant AWPf Expansion Project (C.F. 15-0018-S1) and Fourth Avenue and Slauson Avenue Sewer Rehabilitation Project (C.F. 11-0574). This request is consistent with prior requests for financial assistance from the CWSRF.

FISCAL IMPACT STATEMENT

There is no impact to the General Fund as a result of participating in the California State Water Resources Control Board's Water Recycling Program. Should the Bureau of Sanitation accept and execute an agreement with the State for financial assistance, all project costs will be paid from the Sewer Capital Fund.