

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL

FROM: MEGAN BASINGER, INTERIM DEPUTY DIRECTOR
WATER

SUBJECT: APPROPRIATION OF SUBREGIONAL WASTEWATER FUNDS
FOR SUBREGIONAL SYSTEM IMPROVEMENTS

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Water Department and the Santa Rosa Subregional Wastewater Technical Advisory Committee that the Council, by resolution, appropriate \$1.8 million of reserves in Subregional Wastewater funds for Subregional System improvements.

EXECUTIVE SUMMARY

Annually, the Cities of Santa Rosa, Rohnert Park, Sebastopol, Cotati and the South Park Sanitation District (SPSD) contribute to the maintenance and operation of the Subregional System. In FY 2014/15, excess funds from the participating agencies in the amount of \$6.3 million were reviewed by the Subregional Technical Advisory Committee (TAC) that subsequently recommended that \$1.8 million be appropriated to Subregional System Improvement projects and the remaining \$4.5 million be retained for rate smoothing in the upcoming fiscal year.

BACKGROUND

The Subregional System (System) serves Santa Rosa and four other agencies: Rohnert Park, Sebastopol, Cotati and the South Park Sanitation District (SPSD). Annually, the member agencies contribute to the operations and maintenance, as well as debt service, of the System to ensure that the entire system continues to meet regulatory and permit requirements to serve the wastewater treatment, reuse, and disposal needs of Santa Rosa, Rohnert Park, Sebastopol, Cotati, and the SPSD.

In FY 2014/2015, the Wastewater Debt Service allocation was changed to reflect the needs of the entire System fund. Participating agencies were provided with the option

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to receive a larger than normal refund or to leave the funds in the Subregional User Agency Reserve to offset the costs of System improvements. The funds, totaling \$6.3 million, were identified to be used as follows: \$4.5 million for FY 2017/2018 rate smoothing for participating agencies and \$1.8 for Subregional system improvements.

On May 19, 2016, the Santa Rosa Wastewater Subregional Technical Advisory Committee reviewed the recommendation and approved that the \$1.8 million be appropriated to the Subregional projects described below. These funds are in addition to the currently budgeted Subregional Capital Improvement Program fund.

PRIOR CITY COUNCIL REVIEW

On April 12, 2016 the Council reviewed and approved the Preliminary 2016/17 Subregional System Operating and Maintenance, Capital Improvement and Debt Service Budget and Allocation of Costs. The item included information on the reduction of debt service, the use of \$4.5 million for rate smoothing, and the future allocation of one-time funds available for Capital Improvement projects.

ANALYSIS

By appropriating \$1.8 million in Subregional Agency Reserves, the Council is allowing several projects to advance that will assist in the operation, efficiency, and permit compliance of the Subregional system. The projects are as follows:

1. Nutrient Removal Infrastructure - \$500,000

The project, already being studied, will provide infrastructure upgrades necessary to produce low nutrient recycled water in the event that future discharge is necessary during wet weather. Santa Rosa Water is required by the North Coast Regional Water Quality Control Board, through the National Pollutant Discharge Elimination System Permit, to meet "no net loading" of total phosphorus to the water bodies of the greater Laguna de Santa Rosa. These infrastructure improvements would be pursued in conjunction with existing nutrient offset projects.

2. Laguna Treatment Plant (LTP) Administration Building Refurbishment/Expansion - \$525,000

Funds will be applied to reconfiguring existing office space to provide additional workspaces for recently approved positions and provide a limited amount of space for future staffing increases, as well as replacing carpet and repairing water damage in the LTP Administration Building and the LTP Annex.

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3. Laguna Treatment Plant Security Improvements – \$150,000

This project is the second phase of a three phase project to separate LTP into a secure operational zone and public access zone. Phase I entailed relocating the main entrance from the middle of LTP to the southern edge. These funds will be applied to Phase 2 which is comprised of an east-west alignment of security fencing and operational access gates along the southern (public) access of LTP and implementing public access controls within and adjacent to the LTP administration building. The third phase, yet to be funded, will include the repair and upgrading of perimeter fencing around the secure operational zone created by Phase 2.

4. Mitigation Bank Development - \$100,000

This project will fund the ongoing analysis of a potential endangered species (e.g., California Tiger Salamander) mitigation bank on one or more Subregional parcels. If mitigation credits are eventually obtained, they would be used for Subregional projects only, unless other City uses are approved by the TAC and Board of Public Utilities.

5. Acquisition of Buffer Parcel(s)/Subregional CIP Contingency - \$ 525,000

It has been a long term practice of Santa Rosa Water (SRW) to purchase buffer property around the LTP when such property becomes available. While several surrounding parcels have been acquired, there are still a few remaining properties of interest to Santa Rosa Water. These funds were used to purchase one of the remaining privately owned parcels adjacent to LTP and the monies were temporarily moved from the Subregional CIP Contingency in order to complete close of escrow. The Subregional CIP Contingency will be restored with these funds.

FISCAL IMPACT

The funds are available for appropriation and expenditure in the Subregional Waste Operations Enterprise Fund. Appropriation of fund balance will help advance projects that are currently identified in the Water Department's five-year Capital Improvement Plan and assist in improving the operation of the Subregional System.

ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guideline section 15378.

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BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

On May 19, 2016, TAC reviewed a list of potential projects at the Laguna Treatment Plant to be funded with funds retained from Subregional contributions. The TAC approved a total of \$1.8 million in projects.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Resolution

CONTACT

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