



## STAFF REPORT TO THE CITY COUNCIL

**DATE:** Regular Meeting of April 12, 2016

**TO:** Honorable Mayor and Members of the City Council

**SUBMITTED BY:** Scott Buenting, Associate Engineer, Capital Improvements Division *SB*

**APPROVED BY:** *RB* Ron Bernal, Public Works Director/City Engineer *RB*

**SUBJECT:** Resolution Authorizing Pledged Revenue Funds to the State Water Resources Control Board for a Drinking Water State Revolving Fund Loan up to \$1,000,000 for the Brackish Water Desalination Project (P.W. 694)

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### RECOMMENDED ACTION

It is recommended that the City Council adopt the attached resolution and authorize the City Manager to execute a financing agreement and pledge revenue funds from the Water Enterprise Fund to the State Water Resources Control Board for a Drinking Water State Revolving Fund Loan up to \$1,000,000 for the Brackish Water Desalination Project.

### STRATEGIC PURPOSE

This item supports Strategy K-1 in the Strategic Plan by ensuring well maintained public facilities and Strategy K-2 by protecting Antioch's Water Rights and delivering high quality water to our customers and exploring the feasibility of desalinization. By investigating and pursuing alternative potable water sources, especially in times of severe drought and to improve treated water reliability, this project is an important part of maintaining a highly functioning and reliable water system.

### FISCAL IMPACT

There is no financial impact to this action. The Pledged Revenue Funds resolution is part of the Drinking Water State Revolving Fund Loan application. The cost of the loan application is included in an existing contract with Carollo Engineers.

### DISCUSSION

As the purveyor of the Antioch water system, the City treats and distributes raw water obtained from two sources; the San Joaquin River and the Contra Costa Canal. The City's ability to divert water from the San Joaquin River is dependent upon the concentration of chlorides in the water. During dry years, as we are currently experiencing, the chloride levels in the river exceed that which is currently treatable at the Water Treatment Plant and therefore prohibit the City from obtaining water from the river. At these times, the City relies solely upon the Contra Costa Water District through the Contra Costa Canal for our raw water.

With pre-1914 adjudicated water rights to divert water for the needs of Antioch from the San Joaquin River, the City is in a unique and fortunate position of being able to pursue alternative means for treating water with high chloride levels. This process is often referred to as desalination, and involves removing chlorides from the water through membranes and disposing of the highly concentrated waste called "brine." The term desalination is actually more accurately used for ocean water that has very high chloride content. The chloride levels in the San Joaquin River are up to 100 times lower than that of ocean water; therefore the water is considered brackish. Chloride removal from brackish water involves a similar process, but at a greatly reduced level of effort and cost.

On January 26, 2016, the City council authorized the filing of a financial assistance application with the State Water Resources Control Board for a Drinking Water State Revolving Fund Loan up to \$1,000,000 for the Brackish Water Desalination project. This low interest loan will be used to fund additional planning, engineering and environmental certification for the project. As part of the loan application, the City is required to establish a dedicated source of revenue for repayment. Since this project will enhance the City's water system, the loan is recommended to be secured by Water Enterprise funds.

**ATTACHMENTS**

A: Authorizing Resolution

**ATTACHMENT "A"**

**RESOLUTION NO. 2016/\*\***

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ANTIOCH  
AUTHORIZING THE CITY MANAGER OR DESIGNEE TO SIGN A FINANCING  
AGREEMENT, AMENDMENTS AND CERTIFICATIONS FOR FUNDING UNDER THE  
DRINKING WATER STATE REVOLVING FUND (DWSRF); AUTHORIZING THE CITY  
MANAGER OR DESIGNEE TO APPROVE CLAIMS FOR REIMBURSEMENT;  
AUTHORIZING THE CITY MANAGER OR DESIGNEE TO EXECUTE BUDGET AND  
EXPENDITURE SUMMARY; AUTHORIZING THE CITY MANAGER OR DESIGNEE TO  
SIGN THE FINAL RELEASE FORM AND PLEDGING AND DEDICATING NET WATER  
REVENUES FROM THE WATER ENTERPRISE FUND TO PAYMENT OF DWSRF  
FINANCING FOR THE BRACKISH WATER DESALINATION PROJECT  
(P.W. 694)**

**WHEREAS**, the City Council of the City of Antioch seeks financing from the State Water Resources Control Board for the project commonly known as the Brackish Water Desalination Project (Project); and

**NOW, THEREFORE, BE IT RESOLVED AND ORDERED**, that

1. The City Manager or designee is hereby authorized and directed to sign and file, for and on behalf of the City of Antioch a financial assistance application for a financing agreement from the State Water Resources Control Board for the Project;
2. The City Manager or designee is hereby authorized to sign the DWSRF program financing agreement for the Project and any amendments thereto, and provide the assurances, certifications and commitments required therefore;
3. The City Manager or designee is hereby authorized to represent the City of Antioch in carrying out the City of Antioch's responsibilities under the financing agreement, including approving and submitting disbursement requests (including Claims for Reimbursement) or other required documentation, compliance with applicable state and federal laws, and making any other necessary certifications;
4. The City of Antioch does hereby dedicate and pledge its net water revenues and its water enterprise fund to payment of the DWSRF financing for the Project. The City of Antioch commits to collecting such revenues and maintaining such fund(s) throughout the term of such financing and until the City of Antioch has satisfied its repayment obligation thereunder unless modification or change is approved in writing by the State Water Resources Control Board. So long as the financing agreement(s) are outstanding, the City of Antioch pledge hereunder shall constitute a lien in favor of the State Water Resources Control Board on the foregoing fund(s) and revenue(s) without any further action necessary. So long as the financing agreement(s) are outstanding, the City of Antioch commits to maintaining the fund(s) and revenue(s) at levels sufficient to meet its obligations under the financing agreement(s). If for any reason, the said source of revenues proves insufficient to satisfy the debt service of the DWSRF obligation, sufficient funds shall be raised through increased water

rates, user charges, or assessments or any other legal means available to meet the DWSRF obligation and to operate and maintain the project; and

5. The authority granted hereunder shall be deemed retroactive. All acts authorized hereunder and performed prior to the date of this Resolution are hereby ratified and affirmed. The State Water Resources Control Board is authorized to rely upon this Resolution until written notice to the contrary, executed by each of the undersigned, is received by the State Water Resources Control Board. The State Water Resources Control Board shall be entitled to act in reliance upon the matters contained herein, notwithstanding anything to the contrary contained in the formation documents of the City of Antioch or in any other document.

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**I DO HEREBY CERTIFY** that the foregoing is a full, true and correct copy of a resolution duly and regularly adopted by the City Council of the City of Antioch at a regular meeting thereof held on the 12<sup>th</sup> day of April, 2016 by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

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**ARNE SIMONSEN  
CITY CLERK OF THE CITY OF ANTIOCH**

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