

CITY OF YUBA CITY  
STAFF REPORT

**Date:** October 4, 2022  
**To:** Honorable Mayor & Members of the City Council;  
**From:** Public Works Department  
**Presentation By:** Ben Moody, Public Works & Development Services Director

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**Summary**

**Subject:** Wastewater Treatment Facility (WWTF) Effluent Outfall Diffuser Relocation Project – State Revolving Fund grant/loan application

**Recommendation:** A. Adopt a Resolution designating and authorizing the Public Works Director or designee to execute the Clean Water State Revolving Fund Construction Financial Assistance Application and Amendments or Changes thereto, and to certify financing agreement disbursement on behalf of the City for the WWTF Effluent Outfall Diffuser Relocation Project upon future Council approval.

B. Adopt a Resolution stating the City's intent to comply with all conditions of the State Water Resources Control Board's Clean Water State Revolving Fund Loan Program Reimbursement Resolution requirements for the WWTF Effluent Outfall Diffuser Relocation Project.

**Fiscal Impact:** Staff time managing existing consultant contracts and supporting the application process. The total project cost and funding terms are dependent on the level of funding success through the program, which is yet to be determined.

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**Purpose:**

To submit an application to acquire grant and low-interest loan funds for the design and construction of the WWTF Effluent Outfall Diffuser Relocation Project. The project is necessary to assure continuous and reliable discharge of treated water from the Wastewater Treatment Facility to the Feather River in compliance with permit requirements.

**Council's Strategic Goals:**

This project addresses the City Council's goal for infrastructure by identifying and addressing the City's infrastructure financial needs.

**Background:**

The City of Yuba City Wastewater Treatment Facility (WWTF) treats wastewater from the City's collection system and disposes of the treated effluent. Operation of the WWTF and discharge of treated effluent to the Feather River is regulated by the Central Valley Regional Water Quality Control Board (CVRWQCB) through amended Order No. R5-2019-0017-01 and National Pollution Discharge

Elimination System (NPDES) Permit No. CA0079260 (WWTF Permit).

Historically, the WWTF has had two options to dispose of treated effluent: (1) discharge directly into the Feather River via an outfall diffuser pipe located upstream of Shanghai Falls; or (2) discharge into percolation/evaporation ponds located on the east side of the main river channel just downstream of Shanghai Falls. Use of the outfall diffuser pipe is only permitted when river depths are sufficient to allow the treated effluent to adequately mix with river water to meet NPDES permit dilution requirements.

In 2011, the bed of the Feather River scoured in close proximity to the existing outfall diffuser pipe, cutting a deep channel to the east. This redirected a large portion of the river flow to the newly formed channel, leaving the outfall diffuser pipe exposed under normal river flows. The outfall diffuser pipe is currently unavailable for use at river flows of less than approximately 10,000 cubic feet per second (cfs), effectively rendering it unable to meet permit requirements except during high flow events.

Currently, the City's only option to reliably discharge treated effluent has been to the effluent disposal ponds. These ponds are limited in capacity for continuous use and require routine monitoring and maintenance. Additionally, the ponds are vulnerable to damage during times of high water and can subsequently become unavailable to use for an extended period of time.

Since the scour event in 2011, the City has actively been studying potential replacement options for the outfall diffuser pipe, including assessment studies performed by the City's consultant, Environmental Science Associates, in 2013 and 2017. Additionally, another City consultant, CH2M Hill Engineers Inc. of Sacramento, CA, now Jacobs Engineering Group, Inc. (Jacobs), has been providing professional services necessary for the WWTF Effluent Outfall Diffuser Relocation Project (Project), including predesign, design, environmental, permitting, and easement acquisition services.

The Fiscal Year 2022-2027 Capital Improvement Program Budget anticipates a total project cost of \$41 million for the Project. Staff have been researching various grant and loan opportunities to support this significant cost.

The State Water Resources Control Board (SWRCB) provides grant and loan funding to local public agencies for water and wastewater infrastructure projects through the Clean Water State Revolving Fund (SRF). The Project is eligible for this funding.

### **Analysis:**

The SRF program provides a mechanism for distributing a variety of federal and State funds to local agencies in the form of grants, low-interest loans, and low-interest loans with principal forgiveness. This includes federal funding approved as part of the Bipartisan Infrastructure Law.

To complete the SRF financial assistance application, the SWRCB requires a resolution authorizing a representative of the City to sign and submit the financial assistance application, negotiate and execute a financial assistance agreement and certify financing agreement disbursements on behalf of the City. Staff is recommending that the Public Works Director be authorized to sign these documents on behalf of the City.

The City would not be obligated to borrow the full amount approved by the State through the SRF application process. Thus, the City can continue to pursue alternate sources of funding, such as other grant funding, different loan sources, or revenue bonds.

The deadline for applying for SRF funding for the 2023-2034 fiscal year is December 31, 2022. State review and approval is anticipated by March or April of 2023. If the financial assistance application is approved, staff will return to Council with the grant/loan terms and request further direction related to

acceptance of the financial assistance agreement conditions.

Staff is also exploring other funding alternatives, including funding through the Water Infrastructure Finance and Innovation Act of 2014 (WIFIA). WIFIA provides a separate track for seeking federal funding.

**Fiscal Impact:**

Staff has been coordinating the preparation and submission of the SRF application to determine possible State funding options. Submitting the application does not commit the City to a financial obligation at this time. The current interest rate on a 30-year SRF loan is 2.00%. Assuming no principal forgiveness, a \$35,000,000 amount will have an estimated repayment of approximately \$3.1 million per year.

Project funding alternatives need to be fully analyzed prior to moving forward with entering into a funding agreement and/or bidding the project due to the substantial project cost, current utility needs, and recent cost increases for operations. Staff anticipates presenting Council with a project funding strategy that will include options related to any potential awarded grants, State and Federal funding program options, and the use of rate payer funds prior to moving forward with any funding agreements for the project.

Funding activities will be ongoing as staff concurrently works through finalizing the project design, big package, and obtaining necessary permits over the next 9-12 months.

**Alternatives:**

1. Do not adopt the recommended Resolutions.
2. Direct staff to pursue other means of financing.

**Recommendation:**

- A. Adopt a Resolution designating and authorizing the Public Works Director or designee to execute the Clean Water State Revolving Fund Construction Financial Assistance Application and Amendments or Changes thereto, and to certify financing agreement disbursement on behalf of the City for the WWTF Effluent Outfall Diffuser Relocation Project upon Council approval.
- B. Adopt a Resolution stating the City's intent to comply with all conditions of the State Water Resources Control Board's Clean Water State Revolving Fund Loan Program Reimbursement Resolution requirements for the WWTF Effluent Outfall Diffuser Relocation Project.

**Attachments:**

1. Resolution - Wastewater Treatment Facility (WWTF) Effluent Outfall Diffuser Relocation Project Authorizing Public Works Director Actions
2. Resolution - Wastewater Treatment Facility (WWTF) Effluent Outfall Diffuser Relocation Project Designating Reimbursement

Prepared By:  
Katherine Willis  
Environmental Compliance Manager

Submitted By:  
Diana Langley  
City Manager

# ATTACHMENT 1

**RESOLUTION NO. \_\_\_\_**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF YUBA CITY  
DESIGNATING AND AUTHORIZING THE PUBLIC WORKS DIRECTOR TO  
EXECUTE THE CLEAN WATER STATE REVOLVING FUND CONSTRUCTION  
FINANCIAL ASSISTANCE APPLICATION AND AMENDMENTS OR  
CHANGES THERETO AND CERTIFY FINANCING AGREEMENT  
DISBURSEMENTS ON BEHALF OF THE CITY OF YUBA CITY FOR THE  
WASTEWATER TREATMENT FACILITY EFFLUENT OUTFALL DIFFUSER  
RELOCATION PROJECT**

WHEREAS, the City of Yuba City (City) has applied for funding with the State Water Resources Control Board (SWRCB) for the construction of the Wastewater Treatment Facility (WWTF) Effluent Outfall and Diffuser Relocation Project; and

WHEREAS, prior to the SWRCB executing a Clean Water State Revolving Fund Construction Loan Agreement (Agreement), the City is required to adopt a Resolution authorizing an officer to execute said Agreement and amendments, designating a person or persons to approve claims for reimbursement, designating a person or persons to sign the Budget and Expenditure Summary, designating a person or persons to sign a Certification of Project Completion, designating a person or persons to review and approve claim forms, and designating a person to sign the Final Release form;

NOW, THEREFORE, be it resolved and ordered by the City Council of the City of Yuba City as follows:

1. The Public Works Director (the "Authorized Representative") is hereby authorized to sign the Initial Clean Water State Revolving Fund Construction Loan Funding Agreement, and any amendments made thereof, from the SWRCB for the construction of the WWTF Effluent Outfall and Diffuser Relocation Project.
2. The Authorized Representative is designated to provide the assurances, certifications and commitments required for the executing of the agreement from the SWRCB and any amendments thereto.
3. The Authorized Representative is designated to represent the City in carrying out the City's responsibilities under the agreement, including certifying disbursement requests on behalf of the City and in compliance with applicable state and federal laws.

The foregoing Resolution was duly and regularly introduced, passed, and adopted by the City Council of the City of Yuba City at a regular meeting thereof held on the 4th day of October, 2022.

AYES:

NOES:

ABSENT:

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Dave Shaw, Mayor

ATTEST:

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Ciara Wakefield, Deputy City Clerk

APPROVED AS TO FORM  
COUNSEL FOR YUBA CITY:

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Shannon Chaffin, City Attorney  
Aleshire & Wynder, LLP

# ATTACHMENT 2

**RESOLUTION NO. \_\_\_\_**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF YUBA CITY  
STATING ITS INTENTION TO COMPLY WITH ALL CONDITIONS OF THE  
STATE WATER RESOURCE CONTROL BOARD'S CLEAN WATER STATE  
REVOLVING FUND LOAN PROGRAM REIMBURSEMENT RESOLUTION  
REQUIREMENTS FOR THE WASTEWATER TREATMENT FACILITY  
EFFLUENT OUTFALL DIFFUSER RELOCATION PROJECT**

WHEREAS, the City of Yuba City (the "Agency") desires to finance the costs of constructing certain public facilities and improvements relating to its wastewater system, including certain treatment facilities, pipelines and other infrastructure (the "Project"); and

WHEREAS, the Agency intends to finance the construction and/or reconstruction of the Project or portions of the Project with moneys ("Project Funds") provided by the State of California, acting by and through the State Water Resources Control Board (the State Water Board); and

WHEREAS, the State Water Board may fund the Project Funds with proceeds from the sale of obligations the interest upon which is excluded from gross income for federal income tax purposes (the "Obligations"); and

WHEREAS, the Agency has determined that those moneys to be advanced on and after the date hereof to pay the Expenditures are available only for a temporary period and it is necessary to reimburse the Agency for the Expenditures from the proceeds of the Obligations.

NOW, THEREFORE, be it resolved by the City Council of the City of Yuba City as follows:

Section 1. The Agency hereby states its intention and reasonably expects to reimburse Expenditures paid prior to the issuance of the Obligations or the approval by the State Water Board of the Project Funds.

Section 2. The reasonably expected maximum principal amount of the Project Funds is \$35,000,000.

Section 3. This resolution is being adopted no later than 60 days after the date on which the Agency will expend moneys for the construction portion of the Project costs to be reimbursed with Project Funds.

Section 4. Each Agency expenditure will be of a type properly chargeable to a capital account under general federal income tax principles.

Section 5. To the best of our knowledge, this Agency is not aware of the previous adoption of official intents by the Agency that have been made as a matter of course for the purpose of reimbursing expenditures and for which tax-exempt obligations have not been issued.

Section 6. This resolution is adopted as official intent of the Agency in order to comply with Treasury Regulation §1.150-2 and any other regulations of the internal Revenue Service relating to the qualification for reimbursement of Project costs.

Section 7. All the recitals of this Resolution are true and correct and this Agency so finds, determines, and represents.

The foregoing Resolution was duly and regularly introduced, passed, and adopted by the City Council of the City of Yuba City at a regular meeting thereof held on the 4<sup>th</sup> day of October, 2022.

AYES:

NOES:

ABSENT:

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Dave Shaw, Mayor

ATTEST:

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Ciara Wakefield, Deputy City Clerk

APPROVED AS TO FORM  
COUNSEL FOR YUBA CITY:

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Shannon Chaffin, City Attorney  
Aleshire & Wynder, LLP