

AGENDA ITEM NO. 1K
COUNCIL MEETING 9/30/08

APPROVED BY

DEPARTMENT DIRECTOR

CITY MANAGER

September 30, 2008

FROM: RENE A. RAMIREZ, Director
Public Utilities Department *MR*

BY: GARTH GADDY, Assistant Director *GRG*
Department of Public Utilities - Water Division

SUBJECT: ADOPT RESOLUTION AUTHORIZING SIGNATURE OF A FUNDING AGREEMENT AND RELATED DOCUMENTS FOR A PROPOSITION 50 GRANT IN THE AMOUNT OF \$655,115 FOR A MEMBRANE BIOFILM REACTOR DEMONSTRATION PROJECT THROUGH THE WATER SECURITY, CLEAN DRINKING WATER, COASTAL AND BEACH PROTECTION ACT OF 2002 AT CITY OF FRESNO WELL SITE 180-2 AND AUTHORIZE THE DIRECTOR OF PUBLIC UTILITIES OR HIS DESIGNEE TO EXECUTE ALL NECESSARY DOCUMENTS

KEY RESULT AREA

Public Safety

RECOMMENDATIONS

Staff recommends that the City Council:

1. Adopt Resolution authorizing signature for Proposition 50, Chapter 6b (Demonstration Project) grant funding.
2. Authorize the Director of Public Utilities or his designee to execute all necessary documents on behalf of the City of Fresno.

EXECUTIVE SUMMARY

The City of Fresno, Water Division submitted a Pre-Application to the Department of Water Resources (DWR) through the California Department of Public Health (CDPH) as an expression of interest in available Proposition 50 grant funds. Grant funding would be used for evaluation of an alternative groundwater treatment method using a demonstration Membrane Biofilm Reactor (MBfR) Unit to reduce and/or eliminate Nitrate (NO₃) and Diromochoropropane (DBCP) contamination from groundwater pumped for potable use. A proposed grant amount of \$655,115 will furnish necessary funding for the project, information for comparative analysis with other treatment methods, project up-grade feasibility, and enable continued progress in providing customers a safe and reliable water source.

REPORT TO THE CITY COUNCIL

Adopt Resolution for Grant Funding Under Proposition 50; Demonstration Project at Well Site 180-2

September 30, 2008

Page 2

KEY OBJECTIVE BALANCE

Affirmative Council action on this matter optimizes the three key objectives of customer satisfaction, employee satisfaction, and financial management. Customer satisfaction is achieved by evaluating potential alternative treatment capabilities in providing safe and reliable water services to a growing customer base. Employee satisfaction is derived from the fact that the professional and technical staff who took part in the preparation of the grant application has done so in a thorough and professional manner, thereby enhancing the sense of accomplishment by securing grant funding. Prudent financial management is exemplified in procurement of grant funding, allowing re-directed utilization of existing revenues in minimizing cost impacts on other essential projects.

BACKGROUND

On November 5, 2002, California voters passed Proposition 50, "The Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002". Proposition 50 (Prop 50) is a \$3.44 billion general obligation bond to fund a variety of water projects including competitive grants for water management and water quality improvement projects. The CDPH has been delegated the responsibility for the administration of the competitive grant program within the State through its agent, the California Department of Water Resources.

The Prop 50 package MBfR demonstration project unit is to be installed, operated and monitored at Well Site 180-2 located at 2547 South Minnewawa Avenue by, and in cooperation with, Applied Process Technology, Incorporated (APT). Site selection was based on, 1) historical water quality testing of groundwaters impacted by elevated levels of Nitrate (NO₃) and Diromochopropane (DBCP), and 2) the potential for result comparison with other existing treatment methods.

The project will utilize a slip-stream of groundwater pumped from the well and piped to the MBfR unit. Varied flow rates (10 to 25 gallons per minute) and unit operational conditions will test system performance with respect to contaminant removal and operating and maintenance requirements. In addition, MBfR unit efficiencies and operational parameters will provide a comparative analysis with existing granulated activated charcoal (GAC) site treatment. In addition to contaminant removal performance, the MBfR system will be evaluated with respect to potable water production and compliance with associated regulatory requirements. Finally, cost data will be collected to facilitate economic analyses for a full-scale system.

The MBfR system has been successfully demonstrated in the laboratory and has conducted effective small pilot scale studies at the La Puente Valley County Water District and City of Modesto. The successful demonstration of the MBfR process will facilitate CDPH conditional acceptance of the technology and a necessary milestone for implementation of MBfR technology as a viable alternative treatment method for the reduction/removal of groundwater contaminants on a commercial level.

The information provided in the submitted Pre-Application was deemed eligible by CDPH and DWR for grant funding. Subsequently, on March 20, 2007, Council approved the environmental Notice of Exemption (NOE) for the project and adopted Resolution 2007-100 authorizing application of Grant funding for the amount of \$706,588.

To preclude any contamination potential, project waste streams are directed to the sanitary sewer, therefore, in review by DWR of the submitted project technical scope and final application documents, grant compensations related to project filtration components were removed and the final total grant amount was adjusted to \$655,115.

REPORT TO THE CITY COUNCIL

Adopt Resolution for Grant Funding Under Proposition 50; Demonstration Project at Well Site 180-2

September 30, 2008

Page 3

As the CDPH and DWR have approved execution of a Letter of Commitment (LOC) to be forwarded to the City, the Department of Public Utilities (DPU) seeks Council approval for execution of the grant funding agreement. Upon receipt, the funding Agreement will be subject to approval by the City Attorney's Office as to form prior to signature by the Department Director.

FISCAL IMPACT

Grant. No additional funding will be required.

Attachment(s):
- Resolution

RESOLUTION NO. _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF FRESNO, CALIFORNIA, AUTHORIZING SIGNATURE OF A FUNDING AGREEMENT AND RELATED DOCUMENTS FOR PROPOSITION 50 GRANT FUNDING UNDER THE WATER SECURITY, CLEAN DRINKING WATER, COASTAL AND BEACH PROTECTION ACT OF 2002 AT CITY OF FRESNO WELL SITE 180-2.

WHEREAS, the City of Fresno desires to receive and utilize state grant funds available through Proposition 50, "The Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002" (Cal. Water Code 79500 et seq.) provided by the California Department of Water Resources (hereinafter referred to as "DWR"), and as administered by the California Department of Public Health (hereinafter referred to as CDPH); and

WHEREAS, on January 5, 2007 the City of Fresno made a pre-application to the State of California as an expression of interest in available grant funds under the Proposition 50 Program for a groundwater treatment project; and

WHEREAS, on March 20, 2007, the Council of the City of Fresno adopted Resolution No. 2007-100 which provided authorization to submit an application for Proposition 50 grant funds in the amount of \$706,558; and

WHEREAS, upon review by DWR of the project technical scope, the filtration components of the project were removed and the grant amount was adjusted to a total amount of \$655,115; and

WHEREAS, the procedures established by DWR require the applicant to submit a resolution from its governing board authorizing entry into the funding agreement for Fresno Well 180-2, Nitrate/DBCP Membrane Biofilm Reactor Demonstration Project (Project No. P50-051) ("Funding Agreement") and execution of related documents.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Fresno:

Section 1. The City of Fresno Director of Public Utilities or designee thereof is hereby authorized on behalf of the City of Fresno to sign the Funding Agreement with DWR, including any amendments thereof, subject to prior approval as to form by the City Attorney's Office.

Section 2. The City of Fresno Director of Public Utilities or designee thereof is hereby authorized on behalf of the City of Fresno to approve Claims for Reimbursement under the Proposition 50 Program, Chapter 6b Project.

Section 3. The City of Fresno Engineer or designee thereof is hereby authorized on behalf of the City of Fresno to (i) execute the Budget and Expenditure Summary under the Proposition 50 Program, Chapter 6b Project, (ii) sign the Final Release Form under the Proposition 50 Program, Chapter 6b Project, and (iii) certify that the project is complete and ready for final inspection.

Section 4. The City of Fresno agrees to abide by the statutes and regulations governing Proposition 50 as well as the terms and conditions of the Funding Agreement as set forth by DWR.

CLERK'S CERTIFICATION

STATE OF CALIFORNIA)
COUNTY OF FRESNO) ss.
CITY OF FRESNO)

I, REBECCA E. KLISCH, City Clerk of the City of Fresno, certify that the foregoing resolution was adopted by the Council of the City of Fresno, California, at a regular meeting held on the _____ day of _____, 2008.

AYES :
NOES :
ABSENT :
ABSTAIN :

Mayor Approval: _____, 2008

Mayor Approval/No Return: _____, 2008

Mayor Veto: _____, 2008

Council Override Vote: _____, 2008

REBECCA E. KLISCH
City Clerk

By _____
Deputy

APPROVED AS TO FORM:
JAMES C. SANCHEZ
City Attorney

By Stacie L. Melikian 9/22/08
Stacie L. Melikian Date
Deputy