



RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: SEPTEMBER 23, 2024

SUBJECT: AUTHORIZATION FOR APPLICATION TO THE U.S. ENVIRONMENTAL PROTECTION AGENCY'S STATE AND TRIBAL ASSISTANCE GRANTS PROGRAM FOR RIVERSIDE PUBLIC UTILITIES DEPARTMENT'S PFAS TREATMENT PROJECT, AUTHORIZATION FOR EXECUTION OF ALL REQUIRED DOCUMENTS BY THE CITY MANAGER OR DESIGNEE, AND ACCEPTANCE OF A CONGRESSIONAL EARMARK IN THE AMOUNT OF \$959,752 – SUPPLEMENTAL APPROPRIATION

ISSUES:

Consider recommending that the City Council authorize application to the U.S. Environmental Protection Agency's State and Tribal Assistance Grants Program for Riverside Public Utilities Department's PFAS Treatment Project, authorize the execution of all required documents by the City Manager or designee, and accept a Congressional earmark in the amount of \$959,752.

RECOMMENDATIONS:

That the Board of Public Utilities recommend that the City Council:

1. Authorize application to the U.S. Environmental Protection Agency's State and Tribal Assistance Grants Program for the Riverside Public Utilities Department's PFAS Treatment Project;
2. Upon Grant award, authorize the City to receive a Congressional earmark in the amount of \$959,752 from the U.S. Environmental Protection Agency's State and Tribal Assistance Grants Program for the Riverside Public Utilities Department's PFAS Treatment Project;
3. With five affirmative votes, authorize the Chief Financial Officer, or his designee, to record an increase in estimated revenues and a supplemental appropriation in the amount of \$959,752 in the Water Fund State Operating Grants revenue and PFAS – Grant Portion expenditure accounts;
4. With five affirmative votes, authorize the Chief Financial Officer, or his designee, to record an appropriation transfer of \$239,938 from the Public Utilities Facility Rehab Account to the PFAS – RPU Portion Account;
5. Authorize the City Manager, or designee, to sign all necessary documents for the application to, and implementation of this grant program including application materials,

contracts, extensions, and other necessary documents related to the application and implementation of the grant funds.

BACKGROUND:

In April 2024, the United States Environmental Protection Agency (USEPA) established the first-ever nationwide, legally enforceable drinking water standards to protect communities from Per- and Polyfluoroalkyl Substances (PFAS) in their drinking water. Public water systems have five years (by 2029) to implement solutions that reduce PFAS in drinking water below the standard. PFAS has impacted several Riverside groundwater drinking sources and will require treatment to meet the new standard.

In conjunction with the City Manager's office, Riverside Public Utilities (RPU) staff submitted a Fiscal Year 2024 Community Project Funding (earmark) request to Congressman Mark Takano's office to help fund the cost of PFAS treatment. The project was one of four regional water projects selected by Congressman Takano to move forward for consideration by The United States House Appropriations Subcommittee on Interior, Environment, and Related Agencies (Interior). On March 9, 2024, the Interior signed into law the spending bill, which will be funded from the State and Tribal Assistance Grants account designated for certain clean water and drinking water infrastructure projects.

DISCUSSION:

Upon City Council approval, RPU staff will submit a grant application to the USEPA's State and Tribal Assistance Grants Program to receive the earmark funds to help fund RPU's PFAS North Orange Well Field Treatment Project. The project involves the final design to construct new treatment vessels and associated piping, mechanical equipment, electrical and instrumentation components, and approximately 3,600 feet of new supply pipelines, along with all related appurtenances and incidental work at an estimated cost of \$21 million. Staff identified this work in RPU's 2022 PFAS treatment study completed by HDR, Inc. in November 2022 and is necessary to maximize the reduction of PFAS found in RPU's groundwater wells situated within its North Orange Well Field and to meet the USEPA's 2029 PFAS drinking water compliance deadline.

A 20% non-federal fund cost-share is required as part of the grant and will cover up to \$959,752 in design, construction costs, and other applicable expenses; the Congressional earmark will help to fund these costs. The 20% match for the total amount of the grant is \$239,938. RPU is also engaged in PFAS litigation, which could yield additional funding to address PFAS treatment.

STRATEGIC PLAN ALIGNMENT:

This item contributes to **Strategic Priority No. 4 - Environmental Stewardship** and Goal 4.2 – Sustainably manage local water resources to maximize reliability and advance water reuse to ensure safe, reliable, and affordable water to our community.

This item also aligns with each of the Cross-Cutting Threads as follows:

1. **Community Trust** – This item brings awareness and transparency to the City's pursuit of available federal funding opportunities for RPU's capital improvement project to meet new regulatory requirements and helps build community trust.

2. **Equity** – This item will help fund the design of a treatment plant to remove PFAS compounds from RPU’s water supply. Since RPU’s water supply is blended prior to entering the distribution system, all customers will receive the benefit of treated water that meets the new regulatory requirements.

3. **Fiscal Responsibility** – RPU strives to provide high quality energy and water at a low cost to our customers. This item allows the City to utilize federal funding in alignment with its Mission to benefit City residents.

4. **Innovation** – This project will utilize best available technology that will reduce PFAS concentrations in RPU’s drinking water.

5. **Sustainability & Resiliency** – This item will be critical to meet federal and state regulations that ensure the protection of public health, the environment, and water resources.

FISCAL IMPACT:

The total fiscal impact of this action is an increase in revenue and expenditures in the amount of \$959,752, or the actual award amount, plus a required 20% match of \$239,938. The total grant award is up to \$959,752, with required matching funds of \$239,938. Sufficient funds are available for the required match and will be transferred to the PFAS Treatment Project Grant Account, 6810230-440301, from the Public Utilities Facility Rehab Account, 6230000-470803. Upon Council approval and receipt of the grant award, an increase in revenue will be recorded, and an equal amount of expenditures will be appropriated in an amount up to \$959,752 in the Water Fund, PFAS Treatment Project, Revenue and Expenditure accounts listed in the table below.

The PFAS Treatment Project will be brought back for award of the Design contract to the Board of Public Utilities and the City Council as applicable in the future, and will include the 20% cost share match, as required by the grant.

| Fund | Program | Account | Amount |
|-------------|---------------------------|----------------|--------------------|
| Water Fund | <i>Revenue</i> | | |
| | PFAS Treatment Project | 6810230-334300 | \$959,752 |
| | <i>Expenditures</i> | | |
| | PFAS Treatment Project | 6810230-440220 | \$959,752 |
| | PFAS Treatment Project | 6810230-440301 | *\$239,938 |
| | Total Expenditures | | \$1,199,690 |

Prepared by: David A. Garcia, Interim Utilities General Manager
 Certified as to availability of funds: Kristie Thomas, Finance Director/Assistant Chief Financial Officer
 Approved by: Rafael Guzman, Assistant City Manager
 Approved as to form: Phaedra A. Norton, City Attorney

Attachment: Presentation