



CITY OF COMMERCE AGENDA REPORT

TO: Honorable City Council

Item No. _____

FROM: City Manager

SUBJECT: Water Replenishment District PFAS Remediation Program
Participation Agreement for Construction of Treatment System at
Station 7

MEETING DATE: February 8, 2022

RECOMMENDATION:

That the City Council adopt a Resolution approving a PFAS Remediation Program Participation Agreement and Financial Capability Resolution with the Water Replenishment District for the construction of treatment at Station 7.

BACKGROUND/ANALYSIS:

In July 2018, the State of California Division of Drinking Water (DDW) established a Response Level (RL) of 70 part per trillion (ppt) for perfluorooctanoic acid (PFOA) and 70 ppt for perfluorooctane sulfonate (PFOS), two types of PFAS. In February 2020, DDW revised the RLs to a lower threshold of 10 ppt for PFOA and 40 ppt for PFOS. PFAS are typically found in Class B firefighting foam, carpets, rugs, textiles, non-stick cookware, metal plating, tech industry, and food packaging. Some PFAS may pose human health and ecological health concerns.

In March 2019, DDW ordered the sampling of approximately 600 wells adjacent to landfills and airports for PFAS for four (4) quarters. In September 2020, DDW expanded the order to approximately another 900 wells with ongoing monitoring with expansion to require sampling of wells on and near military bases in 2021. The data collected from this Statewide effort will be used to determine further action and the creation of a Maximum Contaminant Level (MCL).

On January 1, 2020, the Health and Safety Code Section 116378 made effective a requirement that all community water systems, including pumpers like Commerce, must either notify their customers of PFAS detections exceeding the RLs or shut down the well providing water. As a result, Commerce shut down Well 7-01 in February 2020 and began purchasing and importing water at a higher cost than pumping it from the ground.

Since WRD's mission is to protect and preserve the groundwater supplies within the Central Basin Municipal Water District for beneficial uses, WRD created a PFAS

Remediation Program to fund treatment projects in the district. The goal of the Program is to 1. Prevent contaminants from entering groundwater supplies in the district; 2. Remove contaminants; 3. Determine the existence, extent, and location of the contaminants; 4. Determine the sources of the contaminants; and perform studies to gather the needed data.

California Water Service Company (Cal Water) and City staff have been monitoring this statewide issue and applied for a grant through WRD's new PFAS Remediation Program. WRD received 15 applications from cities, private water companies, mutual water companies and special districts. The funding amounts vary among pumpers and based on a 2-year pumping average of 1,145 acre feet per year for Commerce.

Initially, WRD planned to only partially fund the City of Commerce for its treatment construction costs, which would have left a \$1 million shortfall the City would have needed to fund to complete the project to put the well back in operation. After approximately eight months of working with WRD staff, the City and Cal Water were able to justify the need for the total project cost of \$2,449,817.36 and WRD's Board approved funding this amount on January 20, 2022. Cal Water and staff will oversee the project and anticipate completion by the end of June 2022.

WRD asks that the City execute the PFAS Remediation Participation Agreement and Financial Capability Resolution for the City to cover unforeseen costs which may exceed the approved grant amount and for costs not covered by the grant program such as ongoing operating and maintenance. Staff recommends executing the necessary documents in order to move forward with the remediation program.

ALTERNATIVES:

1. Approve staff recommendation
2. Disapprove staff recommendation
3. Provide further direction to staff

FISCAL IMPACT:

The total estimated cost to construct treatment at Station 7 is approximately \$2,449,817.36, which will be covered by WRD and billable on a monthly basis or by project milestone completion. However, depending on customer water usage, the City may owe Cal Water approximately \$2.5 million for purchased water due to the PFAS-related well shut down by the end of June 2022 when the treatment project will be completed and the well operational again. At that time, the City and Cal Water can determine a final amount owed and method of payment. Currently, the Water Utility Fund balance is \$3 million which may be used to reimburse Cal Water.

RELATIONSHIP TO STRATEGIC GOALS:

The agenda item relates to the 2016 Strategic Plan

Fiscal Sustainability

Guiding Principle 5:

Create and pursue opportunities for collaboration and regional partnerships to maximize resources and address regional issues.

Respectfully submitted: Edgar P. Cisneros, City Manager

Approved by: Daniel Hernandez, Director of Public Works

Prepared by: Gina Nila, Deputy Director of Public Works Operations

Reviewed by: Vilko Domic, Assistant City Manager

Approved as to form: Noel Tapia, City Attorney

Attachment:

1. Resolution
2. WRD PFAS Remediation Program Participation Agreement
3. WRD Financial Capability Resolution