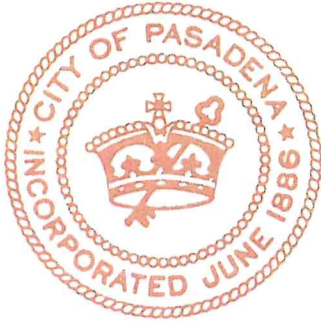




Agenda Report

October 27, 2026

TO: Honorable Mayor and City Council

FROM: Water and Power Department

SUBJECT: ADOPT A RESOLUTION AUTHORIZING THE CITY MANAGER OR DESIGNEE TO ENTER INTO AN AGREEMENT WITH THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY TO ACCEPT GRANT FUNDING FROM THE COMMUNITY GRANT IN THE AMOUNT OF \$959,752 FOR THE SUNSET COMPLEX GROUNDWATER TREATMENT PLANT PROJECT

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the action proposed herein is not a "project" subject to the California Environmental Quality Act ("CEQA") pursuant to Public Resources Code Section 21065 and within the meaning of State CEQA Guideline Section 15378;
2. Adopt a resolution authorizing the City to receive grant funds; and
3. Authorize the City Manager, or designee, to accept the Community Grant from the United States Environmental Protection Agency ("USEPA") in an amount of \$959,752 for the construction of the Sunset Complex Groundwater Treatment Plant, execute agreements with USEPA to receive the grant funding, and administer grant agreements, amendments, and associated contract documents for this grant award and attest to the federal requirements.

BACKGROUND:

During Fiscal Year ("FY") 2024, Congress passed the FY 2024 Consolidated Appropriations Act, also referred to as Environmental Protection Agency's FY 2024 Appropriations Act or Community Grant, where Congress appropriated funds to specifically named community infrastructure projects. Projects funded by Community Grants are designated for the planning, design, and construction of drinking water, wastewater, and stormwater infrastructure and for water quality projects. Through this appropriation, the City of Pasadena was awarded \$959,752 towards the planning, design, and construction of the groundwater treatment plant. This funding is administered by USEPA and subjects the Sunset Complex construction project to federal requirements, such as 2CFR Part 200; 40

USC 1101; 40 CFR Part 33; Brooks Act; Davis Bacon Act; Build America, Buy America Act; American Iron and Steel Requirement; and any relevant Federal Cross-Cutting Requirements.

Pasadena Water and Power ("PWP") operates the Sunset Reservoir, a 15.5-million-gallon drinking water reservoir located adjacent to the City Yard. The Sunset Reservoir is over 125 years old and is in need of replacement. PWP intends to replace this reservoir with two new concrete circular tanks and construct a new groundwater treatment plant to further clean the groundwater basin and enhance resilience and reliability. PWP is in the process of completing the design and anticipates construction in 2027.

It is recommended that the City Council adopt a resolution authorizing the City Manager to execute all agreements with the USEPA to receive \$959,752 in Community Grant funding for the construction of the Sunset Complex Groundwater Treatment Plant.

COUNCIL POLICY CONSIDERATION:

The recommended authorizations are consistent with the Water System and Resources Plan for improved water system resiliency and redundancy. It supports the City Council's General Plan, Public Facilities Element, to improve, maintain and enhance public facilities infrastructure and to implement capital improvements that will maintain and rehabilitate infrastructure.

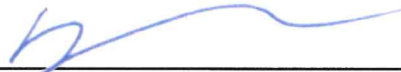
ENVIRONMENTAL ANALYSIS:

CEQA excludes, from environmental review, actions that are not "projects" as defined by Public Resources Code Section 21065 and within the meaning of CEQA Guidelines Section 15378. Sections 21065 and 15378 define a project as an action which may cause either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. Section 15378(b) excludes from the definition of "project" government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment. The action proposed herein, authorizing the acceptance of a grant from the USEPA related to potential future improvements at the Sunset Reservoir site is a government funding mechanism/fiscal activity that does not involve a commitment to any specific project which may result in a potentially significant physical impact on the environment. Rather, the action to accept the subject grant establishes a potential reimbursement mechanism should the City decide to undertake the improvements at the Sunset Reservoir site in the future. Therefore, the proposed action is not a "project" as defined by CEQA. Since the action is not a project subject to CEQA, no environmental document is required. Construction of the Sunset Reservoir would undergo CEQA review and environmental documentation as part of the Conditional Use Permit discretionary process.

FISCAL IMPACT:

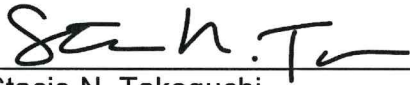
Approval of the recommended action will result in a total grant award of \$959,752. This grant will be appropriated to the Sunset Reservoir Improvements (1075) CIP as part of the recommended FY 2028 CIP budget process. There is no impact to the General Fund.

Respectfully submitted,



DAVID M. REYES
General Manager
Water and Power Department

Prepared by:



Stacie N. Takeguchi
Chief Assistant General Manager
Water and Power Department

Approved by:



MATTHEW E. HAWKESWORTH
Interim City Manager