



# City of Sunnyvale

## Agenda Item-No Attachments (PDF)

---

File #: 16-0654, Version: 1

---

### **REPORT TO COUNCIL**

#### **SUBJECT**

Award of a Multi-year Contract for Consultant Services Associated with the Development of Recycled Water and Potable Re-use Projects (F16-145) and Approve Budget Modification No. 11 to Appropriate \$250,000 to a new project titled Recycled & Potable Water Plan Development.

#### **REPORT IN BRIEF**

Approval is requested to approve Budget Modification No. 11 to appropriate \$250,000 from the Water and Wastewater Fund Reserves to a new project titled Recycled & Potable Water Plan Development and to award a three-year contract to CDM Smith Inc., in the amount of \$250,000, for on-call consultant services to support the development of recycled water and potable re-use projects for the Environmental Services Department. Approval is also requested to delegate authority to the City Manager to renew the agreement for a period of up to two years, subject to available funding and acceptable pricing and service.

#### **EXISTING POLICY**

Consistent with the provision of Sunnyvale Municipal Code Section 2.08.070(b)(1), contracts for the procurement of professional or specialized services are exempt from competitive bidding.

#### **ENVIRONMENTAL REVIEW**

This award is for on-call consultant services and is not a project which has the potential for causing a significant effect on the environment under the California Environmental Quality Act ("CEQA") Guidelines section 15378(a).

#### **BACKGROUND AND DISCUSSION**

Over the last three years the City has been working in partnership with the Santa Clara Valley Water District (District) to further the development of recycled water and potable re-use projects in the County. The City currently has several cost share agreements and Memoranda of Understanding with the District outlining our mutual interests in these various projects and pursuits (Attachment 1).

These projects are in different stages of implementation, with some already in construction (Wolfe Road Pipeline), some at preliminary design level (Membrane Bio-Reactor (MBR) concept) and other ideas simply at a concept level (potential for potable re-use implementation in conjunction with Conventional Activated Sludge (CAS)). The District has also been leading regional collaboration meetings with the cities of Sunnyvale, Palo Alto and Mountain View to explore options for expanding potable and non-potable reuse in the county. In addition, some private developments within the vicinity of Sunnyvale and surrounding cities, in conjunction with their water retailers, are interested in securing non-potable and potable water supplies for their users. All of these projects and plans are linked to the rebuild of the Water Pollution Control Plant (WPCP) and phasing of the various projects to be implemented at the WPCP.

The City has been working with a program management consultant, CDM Smith, to help develop the rebuild program and support staff with implementation. These various planning efforts related to potable and non-potable reuse are beyond the scope of the current rebuild program of the WPCP.

The expansion of potable and non-potable recycled water production could be achieved through a variety of approaches. Each option is complex with varying costs, environmental impacts and opportunities for cost-sharing partnerships as well as the potential for regulatory challenges. As a result, the City requires the expertise of industry specialists to ensure a full understanding of the risks and benefits prior to selecting a path forward. CDM Smith is uniquely qualified to provide these services to the City due to their work related to the WPCP rebuild.

Meanwhile, the City continues to get requests for providing non-potable recycled water and potentially potable recycled water from individual private developers, commercial establishments and private water retailers. The City would have to evaluate each of these requests and establish opportunities to integrate them into the rebuild program as well as develop plans to mitigate any impacts and risks associated with these projects.

As proposed, with the implementation of the CAS technology, the WPCP rebuild program is estimated to cost \$450 Million over the next 15 to 20 years. The District estimates the Sunnyvale potable reuse project to be on the order of \$250 Million over the next 5 to 7 years. The magnitude of the impact of a program of this size and an accelerated implementation plan would be significant and requires dedicated technical resources for the City to plan and coordinate so that the technical, regulatory and operational linkages are thoroughly evaluated and reflected in any facility designs and long term agreements.

The Program Management Consultant team, CDM Smith and their sub-contractors are currently providing implementation support on the WPCP rebuild program. When the program management contract was awarded by Council (RTC No. 14-0264, 03/25/14), staff had envisioned that a program of this magnitude and complexity could involve other needs of support from this consultant team, that were not apparent at the time of the contract award. Staff believes that the need for potable reuse planning support falls under this category of support. Pursuant to Sunnyvale Municipal Code Section 2.08.070 (b)(1) professional and specialized services are exempt from competitive bidding requirements and staff recommends awarding a multi-year contract to CDM Smith (and its sub-contractors) to provide potable reuse planning technical support in the amount of \$250,000. The amount requested is based on an estimated level of effort anticipated by the consulting team over the next two years and the contract will be set up as an on-call contract with staff issuing task orders to request specific services as needed.

Some areas of anticipated support are under the following categories:

- Engineering Evaluation for Potential Reuse Program-Engineering evaluation of alternatives developed by the District for the purification facility and the assumptions and analysis used to develop the design concepts, peer review, and assessments of siting and staging impacts on the operations of the WPCP and the rebuild program. The consulting team will also need to identify risks and benefits to the City and develop recommendations for mitigating or transferring risk.
- Permitting Strategy for Potential Reuse Program- From the efforts of the City, District, and their

consultants, several regulatory issues related to the construction of MBR secondary treatment and Micro Filtration/Reverse Osmosis/Ultra Violet tertiary treatment were identified that warrant further investigation. These issues include impacts to potential jurisdictional habitat during construction, diversion of freshwater from Moffett Channel to aquifer recharge and disposal of RO concentrate. The Consultant will provide support with tasks such as developing preliminary permitting strategies, and monitoring study plan development to support those permits.

- **Technical Support for Financial and Legal Analysis**-The City anticipates entering into legal and financial agreements to pursue grants. Some of the information needed by these grants is likely to be technical in nature and not readily available and will be developed by the consultants. These activities include forecasting rate impacts, craft cost-sharing agreements, and advise on legal risks.

A more detailed scope of work is attached to the contract (Attachment 2).

Through ongoing cost sharing agreements, to the extent possible, the City will seek for reimbursement of costs from the District, any costs associated with specific potable reuse planning/technical evaluation efforts that are above and beyond what the City would have to undertake for our own program implementation.

### **FISCAL IMPACT**

Budget Modification No. 11 has been prepared to appropriate funding for a new project -Recycled & Potable Water Plan Development in the amount of \$250,000 to add to the FY 2016/17 budget. As both the Wastewater and Water utilities benefit from recycled water projects, funding is provided from both enterprises on the same basis as the funding shares used to construct the original recycled water distribution system.

#### **BUDGET MODIFICATION NO. 11 FISCAL YEAR 2016/17**

	<b>Current</b>	<b>Increase (Decrease)</b>	<b>Revised</b>
<b>Water Supply &amp; Distribution Fund</b>			
<u>Reserves:</u>			
Rate Stabilization	\$1,555,111	(\$105,000)	\$1,450,111
<b>Wastewater Management Fund</b>			
<u>Reserves:</u>			
Rate Stabilization	\$3,195,850	(\$145,000)	\$3,050,850
<b>Capital Projects Fund</b>			
<u>Expenditure:</u>			
New Project – Recycled & Potable Water Plan Development	\$0	\$250,000	\$250,000

### **Funding Source**

This project will be funded by the Wastewater and Water Enterprise Funds.

### **PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's website.

### **RECOMMENDATION**

1) Award a three-year contract, in substantially the same form as Attachment 2 of the report and in the amount not to exceed \$250,000 to CDM Smith, Inc.; 2) Approve Budget Modification No. 11 to appropriate \$250,000 from the Water and Wastewater Rate Stabilization Reserves to a new project - Recycled & Potable Water Plan Development; and 3) delegate authority to the City Manager to renew the contract for a period of up to two years, subject to available funding and acceptable pricing/service.

Prepared by: Pete Gonda, Purchasing Officer

Reviewed by: Timothy J. Kirby, Director of Finance

Reviewed by: John Stufflebean, Director, Environmental Services

Reviewed by: Walter C. Rossmann, Assistant City Manager

Approved by: Deanna J. Santana, City Manager

### **ATTACHMENTS**

1. List of Potable and Recycled Water Re-use Agreements
2. Draft Consultant Services Agreement