



CITY OF SALINAS COUNCIL STAFF REPORT

DATE: October 23, 2018

DEPARTMENT: PUBLIC WORKS

FROM: DAVID JACOBS, DIRECTOR

BY: BRIAN FRUS, SENIOR ENGINEER

TITLE: AGREEMENT WITH MONTEREY ONE WATER CONCERNING
ELECTRICAL IMPROVEMENTS AT THE INDUSTRIAL
WASTEWATER TREATMENT FACILITY

RECOMMENDED MOTION:

A motion to approve a resolution to approve an agreement with Monterey One Water regarding the funding and mutual responsibilities related to electrical improvements at the Industrial Wastewater Treatment Facility.

RECOMMENDATION:

Staff recommends that council approve a resolution to approve an agreement with Monterey One Water regarding the funding and mutual responsibilities related to electrical improvements at the Industrial Wastewater Treatment Facility.

EXECUTIVE SUMMARY

The City of Salinas and Monterey One Water (M1W) have worked in tandem for a number of years to increase water recycling and to improve groundwater quality for the Castroville Seawater Intrusion Project (CSIP). M1W in coordination with the City, successfully secured a \$10M state grant to construct improvements at the City's Industrial Wastewater Treatment Facility (IWTF) and the Salinas Pump Station to advance the capture and reuse of stormwater. Design plans for Phase 1B of the Salinas Treatment Facility Storage and Recovery Project prepared under the joint direction of the City and M1W to implement the grant-funded improvements are complete and include necessary electrical improvements to the facility.

Staff recognized an opportunity to save costs by implementing the electrical improvements concurrently with the grant-funded work by including it as a base bid item. Hence, City and M1W staff drafted an agreement covering funding and mutual responsibilities for the project. The agreement allows the City to review the bid solicitation and necessitates that M1W will share the bids with the City for review, though M1W will make the final determination as to the award of the project. It also indicates the City will be responsible for the costs associated with the electrical improvements and their reimbursement to M1W but requires M1W to reject all bids should costs prove excessive or beyond the City's ability to fund.

BACKGROUND:

The City of Salinas operates an Industrial Wastewater Treatment Facility (IWTF) which takes discharges primarily from produce washing from a group of 24 industrial users. Located south of the City along the Salinas river, the IWTF comprises 276 acres and includes an aeration lagoon, percolation ponds, drying beds, an influent pump station and related controls. Operational expenses are paid from an enterprise fund, which in turn receives revenue from each of the industrial users.

The City of Salinas and Monterey One Water (M1W) have been working collaboratively for over 6 years to increase the amount of water available for recycling and to improve groundwater conditions for the Castroville Seawater Intrusion Project (CSIP). In October 2015, the City and M1W signed a 30-year *Agreement for Conveyance and Treatment of Industrial Waste Water by and Between the City and M1W* by City of Salinas Resolution 20862 under which M1W agreed to provide new facilities to convey untreated industrial wash water and stormwater generated in the City and effluent from the IWTF to the Regional Treatment Plant (RTP). A portion of these infrastructure improvements were completed that now allow industrial wastewater to be conveyed directly to the RTP.

M1W in coordination with the City, also submitted the 30-year agreement to successfully secure \$10M in Proposition 1 grant funds from State Water Resources Control Board (SWRCB) to construct improvements at the City's IWTF and the Salinas Pump Station to facilitate the capture and reuse of stormwater (State Agreement No. D1712659). Plans and specifications were prepared under the collaborative direction of the City and M1W to implement these improvements and are now complete. In addition to the grant-funded work, the plans included electrical improvements to the Aeration Lagoon Motor Control Centers at an estimated value of \$1.2 million.

Staff weighed the merits and necessity of the electrical improvements and determined that they are warranted at this time. The electrical equipment includes control panels and transformers used to regulate large motors associated with the Aeration Lagoon. All this equipment is approaching the end of its useful life, is in poor condition and thus due for replacement. In addition, modifications to enable M1W to monitor operation of the Aeration Lagoon will be included to assist in their operations.

To meet the schedule outlined in the grant, M1W staff will notify their board of the intent to advertise for bid submittals for Phase 1B of the Salinas Treatment Facility Storage and Recovery Project based on the plans and specifications issued for bid date October 15, 2018 prepared under joint direction of the City and M1W. In addition to notification, the agreement will be presented to the M1W Board of Directors for approval at their October 29, 2018 meeting. The grant-funded construction components will all be listed as base bid items in the advertisement. Staff recommends that the City also include the electrical improvements to the Aeration Lagoon Motor Control Centers as a base bid item on the same bid solicitation to economize on efforts and pricing.

In general, inclusion of construction items in the base bid allows for savings in two ways. First base bid items are used to determine the overall lowest bidder, thus the bid submitted should be more competitive. Second by eliminating mobilization costs and construction management efforts

that would have to be duplicated if the projects were bid and constructed separately the project should be more economical to implement.

City and M1W staff drafted an agreement to include the project as a base bid item and to define the funding and mutual responsibilities. The agreement includes language that:

1. Allows the City to review the bid solicitation prior to it being released for bids.
2. Necessitates that M1W will share the bids with the City to be reviewed by both parties though M1W will make the final determination whether the bidders are responsive and responsible and award the project.
3. Indicates the City will be responsible for the costs associated with the electrical improvements and their reimbursement to M1W.
4. Requires M1W to agree to reject all bids should the project costs prove to be excessive or beyond the City's ability to fund.

The agreement also declares the City's intention to pursue a good faith-effort to develop a future agreement that will govern the construction and operation of the grant-funded facilities on City property, as this is a State requirement to disburse funds. This agreement is scheduled to be in place prior to M1W making the bid award at their January 29, 2019 Board of Directors meeting. Staff is in the process of developing the final language for this future agreement.

In conclusion, staff recognizes the need to perform necessary upgrades to the IWTF and has an opportunity to save costs at the same time by taking advantage of a timely opportunity to include the electrical improvement work as a base bid item along with the grant-funded work being implemented by M1W.

CEQA CONSIDERATION:

The grant-funded work implements a component of the Pure Water Monterey Groundwater Replenishment Project ("PWM") that the M1W (MRWPCA, at the time) Board approved on October 8, 2015. The M1W Board certified the Environmental Impact Report ("EIR") for the GWR Project as complete and in compliance with the California Environmental Quality Act ("CEQA"), and adopted the findings required by CEQA on October 8, 2015. On October 30, 2017, M1W adopted an addendum to the EIR to address changes to the PWM and approved those changes.

Based on analysis by M1W and City staff, no subsequent or supplemental EIR is required for approval of the agreement because:

1. The action will not require major revisions of the certified PWM EIR because the project modifications will not result in new significant environmental effects or a substantial increase in the severity of previously identified environmental effects;
2. No substantial changes have occurred with respect to the circumstances under which the project is undertaken which will require major revisions of the previous certified PWM EIR due to the involvement of new significant effects or a substantial increase in the severity of previously identified environmental effects;

3. No new information of substantial importance, which was not known and could not have been known with the exercise of reasonable diligence at the time the previous EIR was certified as complete, shows any of the following:
 - a. The project will have one or more significant effects not discussed in the previous certified PWM EIR;
 - b. Significant effects previously examined will be substantially more severe than shown in the previous certified PWM EIR;
 - c. Mitigation measures or alternatives previously found not to be feasible would in fact be feasible, and would substantially reduce one or more significant effects of the project but the project proponents decline to adopt the mitigation measure or alternative;
 - d. Mitigation measures or alternatives which are substantially different from those analyzed in the previous certified PWM EIR would substantially reduce one or more significant effects of the PWM, but the project proponents decline to adopt the mitigation measure or alternative.

This agreement is approved based on the EIR as certified and the Addendum as adopted. A CEQA memorandum was prepared to document changes to the Salinas Treatment Facility Storage and Recovery Component of the PWM reflected in this design and is attached for further clarification.

STRATEGIC PLAN INITIATIVE:

The proposed project and agreement relate to the following City Council's Strategic Plan Initiatives:

1. Economic Diversity and Prosperity: Enables improvements to the Industrial Waste Water Treatment Facility which will ultimately benefit local agricultural interests.
2. Well Planned City and Infrastructure: This project helps provide safe, secure sources of water.

DEPARTMENTAL COORDINATION:

This project will rely on coordination between the Public Works Sewer and Water, Waste and Energy (WWE) divisions. WWE will provide engineering support and decision making during the project while Sewer will need to coordinate on-site activities with the continued operation of the facility. In addition, the success of this undertaking is very dependent on a cooperative working relationship with M1W.

FISCAL AND SUSTAINABILITY IMPACT:

The commitment to fund this project will be requested at the time of the bid award if staff recommends such action. The engineers estimated cost for the project is \$1,219,920 with engineering services during construction projected to be \$86,000 and administration and inspection another \$122,000, bringing the total to \$1,427,920.

IWTF repairs are funded under CIP 9794, which has a budget of \$5,916,655 for fiscal year 2018-19--all of which is unspent, save an encumbrance of \$3,877. CIP 9794 draws from the Industrial Waste enterprise fund 6200, which receives its revenue from the industrial users. Thus, this project will have no impact on the General Fund.

ATTACHMENTS:

- Resolution
- Memorandum of Agreement for Funding and Mutual Responsibilities Related to the Electrical Improvements at the Industrial Wastewater Treatment Facility by and Between the City of Salinas and Monterey One Water, October 23, 2018
- CEQA Memorandum - Monterey One Water, February 27, 2018
- Proposition 1 Storm Water Grant