



**CITY OF SALINAS  
COUNCIL STAFF REPORT**

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**DATE:** FEBRUARY 6, 2024  
**DEPARTMENT:** PUBLIC WORKS  
**FROM:** DAVID JACOBS, DIRECTOR  
**TITLE:** AMENDMENT NUMBER 2 TO THE INTEGRATED REGIONAL WATER MANAGEMENT SUB-GRANT DISBURSEMENT AGREEMENT WITH M1W

RECOMMENDED MOTION:

A motion to approve a Resolution authorizing the Interim City Manager to execute Amendment Number 2 with the Integrated Regional Water Management (IRWM) sub-grant disbursement agreement with Monterey One Water .

EXECUTIVE SUMMARY:

On February 16, 2021, via Resolution No. 22052 the City Council approved an Integrated Regional Water Management Sub-Grant Disbursement Agreement with the Monterey County Water Resources Agency (MCWRA) and related agreements with Monterey One Water (M1W) and San Jose State University Research Foundation (SJSURF) on behalf of the Central Coast Wetlands Group, a nonprofit corporation.

In March 2023, the City and M1W approved an amendment extending the terms of the Disbursement Agreement to April 1, 2025.

The project components under the Disbursement Agreement include exploration of innovative water quality treatment processes, investigation of the condition of an abandoned City pipeline, and upgrade of electrical components in and around the City-owned Industrial Wastewater Treatment Facility (IWTF). M1W has completed an assessment of alternatives to remove orthophosphate from the treated industrial wastewater. M1W’s remaining responsibilities under the Disbursement Agreement include the assessment and potential repair of an abandoned 33-inch pipeline (“Remaining Work”).

The project to complete the Remaining Work was advertised for bid on November 9, 2023. One bid was received in the amount of \$598,600, which is \$392,221.22 more than the funds available in the grant.

The City received a Proposition 1 Round 2 grant for \$8,799,154 for constructing stormwater improvements at existing facilities to increase water supply reliability and reduce source point pollution. As part of this grant, the 33-inch line was to be used to transfer stormwater to the IWTF. This grant included \$1,500,000 in Proposition 40 funds which have an expiration date of June 30,

2024. To help expend the money the City would like to use \$392,221.22 to complete the 33-inch pipe evaluation.

**BACKGROUND:**

The City of Salinas in coordination with Monterey One Water (M1W), and Central Coast Wetlands Group (CCWG) secured a grant for \$1.13 million from the Proposition 1 California Department of Water Resources (DWR) Integrated Regional Water Management (IRWM) Program (Salinas IRWM Grant). The Salinas IRWM Grant is to be locally administered by the Monterey County Water Resources Agency (MCWRA) with the City as the Sub-Grantee. The Salinas IRWM Grant components will explore innovative water quality treatment processes which include a treatment wetland pilot study and functionality assessment for cost-effective phosphate removal, the condition investigation of an abandoned City pipeline to more efficiently convey and recycle stormwater, and to protect electrical components from flooding at the City-owned Industrial Wastewater Treatment Facility (IWTF).

The \$1.13 million Salinas IRWM Grant award will include the following amounts to be implemented by the corresponding entity:

- \$501,001 for the Central Coast Wetlands Group,
- \$180,140 for the City of Salinas, and
- \$448,752 for Monterey One Water.

The City and MCWRA Sub-Grant Disbursement Agreement related to the Salinas IRWM Grant will disburse these funds to the City.

The project components under the Disbursement Agreement include exploration of innovative water quality treatment processes, investigation of the condition of an abandoned City pipeline, and upgrade of electrical components in and around the City-owned Industrial Wastewater Treatment Facility (IWTF). M1W has completed an assessment of alternatives to remove orthophosphate from the treated industrial wastewater. M1W's remaining responsibilities under the Disbursement Agreement include the assessment and potential repair of an abandoned 33-inch pipeline ("Remaining Work").

M1W went out to bid for the Remaining Work in October 2021, with a bid opening on December 7, 2021, only one bid was received. The submitted bid for the project was nearly double the engineer's estimate, and \$130,000 more than the remaining funding available to M1W under the Disbursement Agreement. Staff met with the project designer and City staff to identify possible changes to the methods of achieving grant objectives, including changing the design and project scope to reduce cost and encourage greater contractor interest. Work was put on hold on this component because all design money had been expended and there was no consensus on how to move forward.

The project to complete the Remaining Work was re-advertised for bid and on November 9, 2023. One bid was received in the amount of \$598,600.

The outcome of the second bid process resulted in a bid price that exceeded the 2021 bid, and thus there remains insufficient funds under the Disbursement Agreement to complete the work. M1W staff have been in contact with the City of Salinas Public Works staff to determine the availability of resources needed to accommodate the higher costs associated with the second bid.

The City of Salinas has identified Proposition 1 Round 2 funding and has agreed to cover the costs associated with the Remaining Work. Amendment No. 2 increases the funding amount to be provided by the City and commits the City to reimburse M1W the costs associated with completing the project, in the sum of \$392,221.22.

CEQA CONSIDERATION:

California Environmental Quality Act compliance for the IRWM Grant Project was completed as part of the Pure Water Monterey Groundwater Replenishment Project Environmental Impact Report (certified October 2015 with Addendum adopted October 2017) and as transmitted on the Environmental Information Form submitted to the Department of Water Resources.

STRATEGIC PLAN INITIATIVE:

The proposed project and agreement meet the City Council's Strategic Plan Initiatives of Infrastructure and Environmental Sustainability.

DEPARTMENTAL COORDINATION:

This project will rely on coordination between the Wastewater and Water, Waste and Energy (WWE) divisions in Public Works. WWE will coordinate the overall execution of the Salinas IRWM Grant Project, and the Wastewater Division providing input from an operations perspective.

FISCAL AND SUSTAINABILITY IMPACT:

The total estimated annual cost for Amendment Number 2 will be covered by the Proposition 1 Round 2 Grant.

ATTACHMENTS:

Resolution  
Amendment No. 2