

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: KIMBERLY ZUNINO, DEPUTY DIRECTOR ADMINISTRATION,
SANTA ROSA WATER
SUBJECT: APPROPRIATE FUNDING FROM THE SUBREGIONAL
CONSTRUCTION BOND FUND BALANCE AND LOCAL
WASTEWATER RESERVE FOR FUTURE CONTINGENCIES TO
THE DISINFECTION UPGRADE PROJECT

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by Santa Rosa Water that the Council, by resolution, appropriate \$32,581,129.61 from the Subregional Construction Bond Fund and \$10,000,000 from the Local Wastewater Fund Reserve for Future Contingencies to the Disinfection Upgrade account so sufficient funding is available for the construction contract award.

EXECUTIVE SUMMARY

This appropriation will fund the Laguna Treatment Plant Disinfection Improvements Project so that the construction contract may be awarded to replace the Ultraviolet (UV) and hypochlorite disinfection systems, install new effluent and stormwater diversion facilities, and construct a new office trailer for Laguna Treatment Plant (LTP) staff.

BACKGROUND

Ultraviolet Light (UV) is the primary disinfection process for the Laguna Treatment Plant (LTP). In 2012, the Division of Drinking Water (DDW) re-evaluated and subsequently de-rated the disinfection system capacity, resulting in deficiency under certain wet weather flow and/or low UV transmittance conditions. Additionally, the existing UV equipment was commissioned in 1998 and is at the end of its useful life. These conditions triggered the need to evaluate disinfection equipment options to ensure that LTP has adequate disinfection capacity of up to 67 million gallons per day. Through various analyses, the City determined that replacing the existing UV system with a new UV system is the most feasible approach to address the capacity and reliability deficiencies.

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The project was initiated in 2016 but later put on hold for further evaluation. After the evaluation, it was determined that replacement of the system was necessary and project estimates were developed to determine the amount of funding Santa Rosa Water would need to secure to complete the project. The original estimate which included design, construction management, construction and inspection was in the range of \$70 million. Therefore, the City issued Wastewater Revenue Bond Series 2020A in the amount of \$70 million.

PRIOR CITY COUNCIL REVIEW

Each year, the City Council reviews the Subregional Capital Improvement Program (CIP) budget with the fiscal year budget process. The Project has been included in several years of the Subregional CIP fiscal year budgets since 2016.

On October 27, 2020, City Council approved, by resolution, the issuance of Wastewater Revenue Bonds, Series 2020A to fund capital projects of the wastewater system.

ANALYSIS

In July 2020, \$10.5 million was appropriated to the project and in July 2021, \$26.7 million was appropriated to the project key, \$7 million of which is encumbered for construction management and construction inspection. The subregional construction bond fund balance is currently \$32,581,129.61.

The Project was advertised on January 28, 2022, and final bids were received on March 29, 2022. The low bid was 13.5% over Engineer's estimate due to substantial increases in construction costs. Therefore, in addition to the remainder of the construction bond fund balance, funding will also need to be appropriated from the Local Wastewater Reserve for Future Contingencies to award the construction contract.

The contract is expected to be awarded by the Board of Public Utilities in May 2022.

FISCAL IMPACT

Santa Rosa Water has sufficient funding for the additional needs for the project. The funding will therefore not impact customer rates. The Local Wastewater Reserve for Future Contingencies will be reimbursed from the Subregional CIP Funding which may delay future Subregional CIP Projects.

ENVIRONMENTAL IMPACT

On November 6, 2003, the Board of Public Utilities certified the Final Environmental Impact Report (EIR) for the Incremental Recycled Water Program (IRWP).

To satisfy the requirements of the California Environmental Quality Act (CEQA), on November 19, 2020, the Board adopted Resolution No. 1241 and approved an

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Addendum to the IRWP program EIR to address minor changes to the Laguna Plant Upgrade component including adding facilities proposed by this project that were not previously evaluated, as allowed by CEQA Guidelines Section 15162 and 15164. The Addendum concluded that this project is within the scope of the IRWP program EIR and that no further environmental documentation is required.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

On January 7, 2016, the Board approved a Project Work Order under the Master Professional Services Agreement with Carollo Engineers, Inc., to provide Professional Engineering Services for the LTP Disinfection Improvements project.

On November 17, 2016, the Board approved the original Memorandum of Understanding with Calgon Carbon, guaranteeing an equipment purchase price of \$4,656,500.00 for a period of 18 months.

On August 16, 2018, staff conducted a staff briefing with the Board to provide an update on the Laguna Treatment Plant Disinfection Improvements project. The staff briefing covered the status of the project, associated activities, and anticipated schedules.

On November 15, 2018, staff conducted a staff briefing with the Board to provide an update on the LTP Disinfection Improvements Project. The staff briefing covered the status of the project, associated activities, and anticipated schedules.

On July 18, 2019, the Board conducted a study session for an update to the LTP Disinfection Improvements project. Staff reviewed the history of the project, the current status of the project, and the anticipated future activities and schedules.

On August 15, 2019, the Board approved Project Work Order Amendment No. 1 under the Master Professional Services Agreement with Carollo Engineers, Inc., to provide professional engineering services for the LTP Disinfection Improvements project.

On August 6, 2020, the Board approved an Amended and Restated Memorandum of Understanding with Calgon Carbon, guaranteeing an equipment purchase price of \$5,634,700.00 for a period of 22 months, and approved a Professional Services Agreement with Calgon Carbon for design support services in an amount not to exceed \$86,000.00.

On November 19, 2020, the Board took the following actions: 1) found and determined that the November 2020 Addendum to the Incremental Recycled Water Program Environmental Impact Report (IRWP Program EIR) was the appropriate CEQA documentation for the project, 2) approved the project, 3) approved Amendment No. 2 to Project Work Order No. A010014-2011-09 with Carollo Engineers to provide Professional Engineering Services During Construction for the project in the amount of \$1,981,132, with a \$150,000 contingency for a total Amendment No. 2 amount of

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\$2,131,132, and a total contract amount not to exceed \$6,519,386, and 4) approved a Professional Services Agreement with Psomas to provide construction management and inspection services for the Laguna Treatment Plant Disinfection Improvements Project in the amount of \$4,077,950 with a \$393,796 contingency for a total contract amount not to exceed \$4,471,746.

On May 20, 2021, the Board approved a sole source specification of various electrical and mechanical equipment for the project.

On September 16, 2021, the Board approved Amendment No. 3 to Project Work Order No. A010012-2011-09 with Carollo Engineers for additional design services and supplier coordination in the amount of \$750,000 for a total contract amount of \$7,269,386.

On December 16, 2022, the Board approved a Second Amended and Restated Memorandum of Understanding with De Nora UV Technologies (formerly Calgon Carbon), guaranteeing a Best and Final equipment purchase price of \$5,923,491.28 until December 31, 2022.

NOTIFICATION

None

ATTACHMENTS

- Resolution

CONTACT

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