DATE: March 24, 2026

TO: Mayor and City Council

FROM: Director of Public Works

SUBJECT Adopt a Resolution Authorizing the City Manager to Approve an Amendment to the Professional Service Agreement with Brown and Caldwell for the Water Resource Recovery Facility's (WRRF) New Administration Building and Laboratory Project, Project No. 07786

RECOMMENDATION

That City Council adopts the attached resolution (Attachment II) authorizing the City Manager to amend the professional services agreement (PSA) with Brown and Caldwell, California Corporation (Brown and Caldwell), increasing the contract amount by $832,758 to include additional engineering services during construction for the WRRF New Administration Building and Laboratory Project, Project.

SUMMARY

The WRRF Administration Building and Laboratory Project includes the construction of a two-story operations and laboratory building in the footprint of the old administration building parking lot.

Brown and Caldwell has performed design, pre-construction, and bidding services for the WRRF New Administration Building and Laboratory Project. Staff is requesting City Council approval to amend the PSA with Brown and Caldwell to increase the budget for engineering services during construction by re-allocating budget previously planned for optional services that are not to be performed. The amendment would increase the authorized budget by an amount of $832,758.

FISCAL IMPACT

This item does not impact the General Fund or Measure C.

The WRRF Administration Building and Laboratory Project is funded by wastewater enterprise funds. The Adopted FY 2026 through FY 2035 Capital Improvement Program (CIP) includes the Administration Building and Laboratory Project as Project No. 07786 in the Sewer Improvement Fund (Fund 612), with a total CIP budget of $63,278,513.

The breakdown for project costs is as follows for Project No. 07786:

Total Administration Building and Laboratory Project Cost	
Construction Contract (Contractor)	$39,970,000
Construction Contingency (10% of Construction Contract)	$3,997,000
Engineering Services (previously authorized)	$3,074,994
Engineering Services During Construction (previously authorized)	$1,034,034
Engineering Services During Construction (current request)	**$832,758**
Construction Management (Consultant, previously authorized)	$3,428,409
Construction Admin – City Staff (Estimated)	$630,000
Building IT Equipment (Estimated)	$300,000
Building Security and Systems Programming (Estimated)	$100,000
Payment to Building Department for Building Permit (Estimated)	$600,000
Total	$53,967,195

As part of the funding strategy, the City intends to finance this project, as well as the WRRF Phase II Improvement Project, by the U.S. Environmental Protection Agency's Water Infrastructure Financing and Innovation Act (WIFIA) loan program, publicly-sold revenue bonds and sewer fund reserves. On February 18, 2025[1], City Council authorized the issuance of the 2025 Wastewater Revenue Bonds up to $135 million, which closed in March of 2025 at a value of $124,885,000. A portion of the revenue bond is being used to fund the construction of the Administrative Building and Laboratory Project. The WIFIA loan is expected to be approximately $244 million. Since April 2025, WIFIA loan signoff has been on hold by the EPA.

BACKGROUND

The WRRF new Administration Building and Laboratory Project includes the construction of a 21,600 square-foot two-story administration and laboratory building and a new parking lot. This new building will house administration, operations, maintenance, engineering, and laboratory facilities. Upon completion of the new building, the existing building would be demolished.

Engineering services for this project are being provided by Brown and Caldwell. Their contract includes design of the Administration Building and Laboratory Project as well as the WRRF Phase II Improvement Project. On July 5, 2022[2], City Council Authorized an agreement with Brown and Caldwell for design services for the both the WRRF Phase II Improvement Project, which consists of significant upgrades throughout the WRRF, as well as the Administration Building and Laboratory Project. On December 6, 2022[3], City Council

[1] https://hayward.legistar.com/LegislationDetail.aspx?ID=7146239&GUID=AD61FF11-52D4-46A2-905C-C06B5D86B90F
[2] https://hayward.legistar.com/MeetingDetail.aspx?ID=984055&GUID=9012B38D-23E9-440B-BC47-106F185E4401&Options=info|&Search=
[3] https://hayward.legistar.com/MeetingDetail.aspx?ID=1056026&GUID=C06C0ECB-9E30-4702-8C4D-C92F59A4E428&Options=info|&Search==

authorized an amendment to the PSA with Brown and Caldwell for final design services for the Administration Building and Laboratory Project and subsequently authorized final design for the WRRF Phase II Improvement Project on December 5, 2023[4]. On March 18, 2025[5], City Council approved a resolution authorizing the City Manager to award a construction contract with Rodan Builders for the Administration Building and Laboratory Project, and also to authorize an amendment with Brown and Caldwell for engineering services during construction for the Administration Building and Laboratory Project. The total Brown and Caldwell Contract amount authorized by Council to date is $18,095,574.

The amount authorized to date excludes an as-yet unauthorized amount of $5,430,220, largely for engineering services during construction for the WRRF Phase II Improvement Project. The Contract Fee Schedule also includes $1,211,530 for optional services that has not been authorized, resulting in a total potential contract amount of $24,737,325 if all future and optional services are ultimately authorized. As the project has progressed, it has been determined that most of the remaining optional services are no longer required.

DISCUSSION

Construction on the Administration Building and Laboratory Project commenced in May of 2025, with an anticipated completion date of September 2027.

Engineering Services during Construction includes tasks such as review of shop drawings and submittals to ensure conformity with the construction contract documents and design intent, responding to Requests for Information from the construction contractor, and other items. Brown and Caldwell's fee for engineering services during construction for the Administration Building and Laboratory is $1,034,034. This budget was originally estimated during the original contract negotiations in 2022 based on a rough estimate of project size and complexity at the time. During the final design stage, some items were added to the project and the project complexity increased, ultimately increasing the scope of engineering services during construction that have not been captured in a prior amendment. Table 1 below lists the items in the engineering services during construction Scope and how they have increased since the original scope and fee negotiations.

Table 1.

Task	Task Description	Original Estimate	Current Projection	Increase
Submittal Reviews	Consultant shall review and respond to submittals and resubmittals	200	602	402
Requests For Information	Consultant will review and respond to RFIs	200	324	124

[4] https://hayward.legistar.com/LegislationDetail.aspx?ID=6439978&GUID=188C3EC0-FA52-4EC0-BC46-564035DDE84A&Options=&Search=
[5] https://hayward.legistar.com/LegislationDetail.aspx?ID=7261917&GUID=9C91003F-560A-40D0-9411-C34987A272F2&Options=&Search=

Task	Task Description	Original Estimate	Current Projection	Increase
Design Clarifications	Consultant Shall Prepare Design Clarifications	40	40	0
Contract Change Orders	Consultant shall review requested CCOs submitted by the contractor for accuracy and correctness at the City's request	40	40	0
Site Visits	Consultant shall conduct site visits to review construction-related issues at City's request	80	80	0
Progress Meetings	Consultant shall attend progress meetings at the City's request during construction	50	100	50
Record Drawings	Consultant shall prepare record drawings by incorporating plan revisions during construction, to be submitted as .pdf files in half size (11 x 17), full-size (22 x 34) and Revit and AutoCAD files	250	Projecting increase to 415 not included in this amendment	N/A

As can be seen above, the number of submittals and RFIs has significantly increased relative to the original scope. Given the complexity of the project, Brown and Caldwell's presence has also been required at most weekly meetings with the contractor, which was not originally envisioned.

Staff have negotiated an increase in the fee for engineering services during construction of $832,758. This number is based on Table 1 and was developed to be consistent with the originally estimated fee for each of the items above.

Of the $1,211,530 identified as optional services in the contract, staff have identified $1,069,324 that will no longer be needed. These tasks include a potential expansion to the solids thickening facility and improvements to the cogeneration system. Part of Brown and Caldwell's scope was to prepare a Biosolids and Energy Roadmap Report. One main conclusion of this report was that these improvements do not need to be constructed until the mid 2030's, and were ultimately not included in the WRRF Phase II Improvement Project. The proposed amendment would re-allocate $832,758 to engineering services during construction for the Administration Building and Laboratory Project. The remaining $236,566 would remain as an unallocated budget under optional services. As a result, this amendment does not result in an overall change to the total potential contract amount of $24,737,325 if all future and optional services are ultimately authorized.

ECONOMIC IMPACT

The new Administration Building and Laboratory will accommodate the projected increase in staff levels due to increasing regulatory requirements at the WRRF and an increase in future wastewater flows. The new Administration Building and Laboratory will support the overall WRRF Phase II Improvement Project, which will keep the WRRF in compliance with regulations and accommodate future population and business growth throughout Hayward. The new building will provide adequate support for any additional laboratory testing and regulatory requirements. The community will enjoy the benefits of the Project, including maintaining effective treatment that provides environmental protection of the San Francisco Bay.

The total cost of both the Administration Building and Laboratory and WRRF Phase II Improvement projects is estimated to be up to $498 million, including capital costs, contingencies, and financing costs. These numbers are currently reflected in the adopted FY 2026 through FY 2035 CIP. The effect of these projects on sewer rates are described in more detail in the Sewer Rate and Connection Fee Study, which was prepared by Water Resources Economics and presented to City Council on February 18, 2025[6].

STRATEGIC ROADMAP

This agenda item supports the Strategic Roadmap of Improve Infrastructure. The Administration Building and Laboratory and WRRF Phase II Improvements Projects will address infrastructure needs and improvements to increase the reliability of the City's treatment plant and construct process improvements to meet more stringent nutrient limits in accordance with upcoming regulatory requirements, while supporting the goals of City Council.

Specifically, this item relates to the implementation of the following projects:
Confront Climate Crises & Champion Environmental Justice.

Mitigate Climate Crisis Impacts through Resilient Design and Community Engagement
Project C14b: Implement Shoreline Master Plan, including mitigating sea level rise in the industrial corridor through building requirements and outreach

Invest in Infrastructure.

Invest in Water Supplies, Sanitation Infrastructure & Storm Sewers
Project N19: Update Water Pollution Control Facility Phase II Plan

SUSTAINABILITY FEATURES

The Administration Building and Laboratory will help improve laboratory and City Staff operations. The building's design will meet State and local requirements related to

[6] https://hayward.legistar.com/LegislationDetail.aspx?ID=7139170&GUID=F5F42295-1235-4AEB-89FD-ED864F22001B

sustainability (i.e., California Building Code, California Energy Code, etc.) which require a minimal level of energy efficiency, resource conservation, material recycling, etc. In addition, the building will be designed and constructed to meet Leadership in Energy and Environmental Design (LEED) standards for a Silver Certification and will be of all-electric design. The new building will also use WRRF's recycled water system to irrigate landscaped areas around the building.

This project is part of an overall effort to help the City maintain its ability to treat wastewater efficiently and adequately before discharging it into San Francisco Bay. The overall program will help maintain and improve the biology and health of the San Francisco Bay which is vital for the region and the State.

The effects and risks of rising seawater levels have been reviewed and are being incorporated into the design of the new facilities.

PUBLIC CONTACT

As part of the funding process, an environmental study (Initial Study and Mitigated Negative Declaration) was posted for public review and comment.

There is currently a webpage hosted on the City's website that posts periodic updates throughout the multi-year duration of the project. This will continue.

NEXT STEPS

This amendment will allow Brown and Caldwell to continue providing engineering services during construction for the duration of the Administration Building and Laboratory Project. Construction is scheduled to be completed in Fall of 2027.

Staff will return to City Council for approval of the final design plans and specifications for and to call for bids later in 2026 for the WRRF Phase II Improvement Project, Project No. 07760. The actual date is to be determined pending when the WIFIA loan financing is secured.

Prepared by: Kyle Carbert, Principal Utilities Engineer

Reviewed by: Zaheer Shaikh, Utilities Engineering Manager

Recommended by: Alex Ameri, Director of Public Works

Approved by:

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Jennifer Ott, City Manager