



**DATE:** January 30, 2024

**TO:** Mayor and City Council

**FROM:** Director of Public Works

**SUBJECT:** Adopt a Resolution Authorizing the City Manager to Negotiate and Execute a Professional Services Agreement with NHA Advisors, LLC for Water Infrastructure Finance and Innovation Act (WIFIA) Loan Application and Funding Consulting Services in an Amount Not-to-Exceed \$85,000 for the Water Pollution Control Facility (WPCF) Improvements - Phase II Project

### **RECOMMENDATION**

That Council adopts a resolution (Attachment II) authorizing the City Manager to negotiate and execute a Professional Services Agreement (PSA) with NHA Advisors, LLC (NHA Advisors) for Water Infrastructure Finance and Innovation Act (WIFIA) Loan Application and Funding Consulting Services in an Amount Not-to-Exceed \$85,000 the Water Pollution Control Facility (WPCF) Improvements - Phase II Project.

### **SUMMARY**

The WIFIA loan Letter of Interest (LOI) and application require documents demonstrating the borrower's financial creditworthiness. The City's financial advisor has typically prepared these required documents since the documents involve in-depth financing strategies and credit rating analysis of the Wastewater Enterprise Fund. Staff recommends that Council authorize the PSA with NHA Advisors, in an amount not-to-exceed \$85,000, for the preparation of the WIFIA loan application and related consulting services.

### **BACKGROUND AND DISCUSSION**

The WPCF core infrastructure was originally constructed in 1952 to treat wastewater flows from the City of Hayward's residents and businesses prior to discharge into the San Francisco Bay. Over the years, the WPCF has undergone several major upgrades to meet more stringent discharge requirements, as well as increasing capacity as the City's population and industry has grown. The WPCF now treats an average flow of approximately eleven million gallons per day (MGD) and meets current regulatory requirements for discharge of treated effluent to the deep waters of the San Francisco Bay (Bay).

In May 2019, the San Francisco Bay Regional Water Quality Control Board (Water Board) announced upcoming regulatory requirements limiting discharge of nutrients (nitrogen) to the Bay. In June 2020, the City completed a comprehensive Master Plan update, the WPCF Phase II Facilities Plan (Facilities Plan), to identify improvements required for the WPCF to upgrade its treatment process to incorporate nutrient reduction in the treated effluent to meet the upcoming requirements. On July 5, 2022<sup>1</sup>, Council authorized design and engineering services with Brown & Caldwell for the WPCF Improvements – Phase II Project (Phase II Project). On December 12, 2023<sup>2</sup>, Council authorized applying for a United States Environmental Protection Agency (EPA) WIFIA loan program.

The WIFIA loan application requires a two-step process, a submission of the Letter of Interest (LOI), and, if invited by EPA, a submission of a more comprehensive application. Both LOI and application require information and documents demonstrating the borrower's financial creditworthiness, which are typically prepared by the City's financial advisor. This agreement would be a new agreement with NHA Advisors to complete this scope of work in addition to the other work currently being undertaken by the firm.

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## **ECONOMIC IMPACT**

There is no direct economic impact associated with approving this item.

## **FISCAL IMPACT**

The current total cost for the three WPCF Phase II Improvement projects is now estimated in the range of between \$260 and \$426 million. It is anticipated that these improvements will affect sewer service rates and sewer connection fees; while the extent to which rates will need to be adjusted cannot be determined with certainty at this point, it is anticipated that customers would see substantial increases over the current rates over the next 10 years.

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<sup>1</sup> <https://hayward.legistar.com/LegislationDetail.aspx?ID=5714864&GUID=9ED75AE9-FFB6-4BC4-ACD9-915A6B3F458B&Options=ID|Text|&Search=Brown>

<sup>2</sup> <https://hayward.legistar.com/LegislationDetail.aspx?ID=6448360&GUID=CB5A4ECF-8AF0-49B8-B838-81002AFE119D&Options=ID|&Search=>

The funding for this agreement will be allocated from the following projects in the Sewer Improvement Fund 612.

<b>Project</b>	<b>Amount</b>
WPCF Primary Effluent Flow Equalization Project No. 07749	\$ 9,000
WPCF New Administration Building & Lab Project No. 07786	\$ 11,700
WPCF Phase II Improvement Project No. 07760	\$ 64,300
<b>Total</b>	<b>\$ 85,000</b>

There will be no impact to the General Fund.

**STRATEGIC ROADMAP**

This agenda item supports the various goals of Council’s Strategic Roadmap. The WPCF Improvements Phase II Project 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 the 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 WPCF Improvement Project Phase II will help maintain and improve the biology and health of the Bay which is vital for the region and the State. The Phase II Project will also satisfy the early actor requirements specified in the Water Board’s 2nd Watershed Permit to reduce nitrogen loads to the Bay.

The effects and risks of rising sea water levels will be reviewed and incorporated into the design of the new facilities.

The Administration and Laboratory Building will be reviewed by the Building Division for conformance with State and local requirements related to 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, or better.

## **PUBLIC CONTACT**

As part of the funding process, an environmental study (CEQA and/or Initial Study and Mitigated Negative Declaration) will be posted for public review and comment. In addition, a public hearing will be held to review the environmental study.

The project will include a web page to be hosted on the City's website with periodic updates throughout the multi-year duration of the project.

## **NEXT STEPS**

If Council approves staff's recommendation, staff will take the steps necessary to execute a PSA with NHA Advisors and prepare the required documents for the WIFIA LOI and application.

*Prepared by:* Elli Lo, Senior Management Analyst

*Recommended by:* Alex Ameri, Director of Public Works

Approved by:



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Kelly McAdoo, City Manager