



DATE: October 8, 2024

TO: Mayor and City Council

FROM: Director of Public Works

SUBJECT: Adopt a Resolution Authorizing the City Manager to Execute Amendment No. 1 to the Professional Services Agreement with NHA Advisors, LLC, and Increase the Contract Amount by \$65,000 for a Total Not-to-Exceed \$150,000 for Water Infrastructure Finance and Innovation Act (WIFIA) Loan Application and Financial Consulting Services related to the Water Resource Recovery Facility (WRRF) Improvements – Phase II Project

RECOMMENDATION

That Council adopts the attached resolution (Attachment II) authorizing the City Manager to execute Amendment No. 1 to the Professional Services Agreement (PSA) with NHA Advisors, LLC to increase the contract amount by \$65,000 for a total not-to-exceed (NTE) amount of \$150,000 for Water Infrastructure Finance and Innovation Act (WIFIA) Loan Application and financial consulting services related to the Water Resource Recovery Facility (WRRF) Improvements – Phase II Project (Phase II Project).

SUMMARY

On March 15, 2024, the City entered into an agreement with NHA Advisors, LLC for professional services related to Water Infrastructure Finance and Innovation Act (WIFIA) loan application preparation and related consulting services, in an amount not-to-exceed \$85,000. Staff now requires additional support related to developing a long-term financing strategy and expanded financial modeling for the Phase II Project WIFIA loan application and recommends that Council authorize the City Manager to increase the PSA with NHA Advisors by \$65,000 for a total NTE \$150,000.

BACKGROUND AND DISCUSSION

WRRF was originally constructed in 1952 to treat wastewater flows from Hayward residents and businesses prior to discharge into the San Francisco Bay. Over the years, the facility has undergone several major upgrades to meet more stringent discharge requirements, as well as increasing capacity to meet the City's growing population and industries. WRRF treats an average flow of approximately eleven million gallons per day

and meets current regulatory requirements for discharge of treated effluent to the deep waters of the San Francisco 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). The Facilities Plan identifies the necessary improvements to upgrade the treatment process and meet the upcoming nutrient reduction requirements. On July 5, 2022¹, Council authorized design and engineering services with Brown & Caldwell for the Phase II Project. On December 12, 2023², Council authorized applying for the United States Environmental Protection Agency (EPA) WIFIA loan program.

The existing scope of services (Exhibit A to the PSA) includes tasks related to project due diligence, preparation of the WIFIA loan application, the credit rating process, and the WIFIA loan closing/funding process. The WIFIA loan application is a two-step process, a Letter of Intent (LOI) and, if invite, a more comprehensive application. Both steps require information and documents demonstrating the borrower's financial creditworthiness and are typically prepared by the City's financial advisor. Following the submission of the LOI on January 31, 2024, the City was invited to prepare an application, which was submitted on July 12, 2024.

As the City prepares for the WIFIA loan application review period and upcoming credit rating process, staff anticipates the need for additional financial analysis and counsel through the close of the WIFIA loan, which is expected to be completed in early 2025. These tasks are related to the evaluation of additional funding options, amending existing State Revolving Fund Agreements, additional scenario analysis and financial modeling, and enhanced coordination with Phase II Project team and bond counsel.

Staff recommends that Council authorize the City Manager to amend the existing PSA with NHA Advisors to increase the contract by a negotiated amount of \$65,000 for a not-to-exceed \$150,000 for these services.

ECONOMIC IMPACT

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

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

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

FISCAL IMPACT

This agenda item will not impact the General Fund. The funding for this item will be allocated from the following projects in Sewer Improvement Fund 612 as follows:

Project	Amount
WRRF New Administration Building & Lab Project No. 07786	\$ 13,000
WRRF Primary Effluent Flow Equalization Project No. 07749	\$ 9,750
WRRF Phase II Improvements Project No. 07760	\$ 42,250
Total	\$65,000

The projects listed above have sufficient funds to support the amendment to the PSA.

STRATEGIC ROADMAP

This agenda item supports several goals in Council’s Strategic Roadmap. The WRRF Improvements – Phase II Project will increase the reliability of the City’s treatment plant and construct process improvements to meet more stringent nutrient discharge 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:

1. *Confront Climate Crises & Champion Environmental Justice.*
2. *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.
3. *Invest in Infrastructure.*
4. *Invest in Water Supplies, Sanitation Infrastructure & Storm Sewers*
Project N19: Update Water Pollution Control Facility Phase II Plan

SUSTAINABILITY FEATURES

The WRRF Improvements – Phase II Project will maintain and improve the health of the San Francisco Bay, which is a vital resource for the region and the State. The Phase II Project will also satisfy the early actor requirements specific 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 sustainability requirements and standards for energy efficiency, resource conservation, material recycling, etc. In addition, the building will be design 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 City-hosted web page with periodic updates throughout the multi-year duration of the project.

NEXT STEPS

If approved, City Manager will be authorized to take the necessary steps to execute Amendment No. 1 to the existing PSA with NHA Advisors.

Prepared by: Sharon Hu, Management Analyst

Recommended by: Alex Ameri, Director of Public Works

Approved by:



Dustin Claussen, Interim City Manager