



DATE: October 7, 2025

TO: Mayor and City Council

FROM: Director of Public Works

SUBJECT: Adopt a Resolution Authorizing the City Manager to Execute Amendment No. 2 to the Professional Services Agreement with NHA Advisors, LLC, to Extend the Agreement and Increase the Contract Amount by \$45,000, for a New Total Not-to-Exceed Amount of \$195,000, 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 City Council adopts the attached resolution (Attachment II) authorizing the City Manager to execute Amendment No. 2 to the Professional Services Agreement (PSA) with NHA Advisors, LLC (NHA) to extend the PSA and increase the contract amount by \$45,000 for a total not-to-exceed (NTE) amount of \$195,000 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

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 \$150,000. The City originally anticipated executing its WIFIA loan in April, 2025. However, the loan execution was put on hold by the EPA Administrator and Office of Management and Budget. Since the delay in WIFIA funding, NHA has continued assistance in providing additional funding scenarios and financial modeling. Staff now require continuing support services until the loan execution for the Phase II Project and recommends that City Council authorize the City Manager to extend the PSA and increase the PSA with NHA Advisors by \$45,000 for a total NTE \$195,000.

BACKGROUND

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, City Council authorized design and engineering services with Brown & Caldwell for the Phase II Project. On December 12, 2023², City Council authorized applying for the United States Environmental Protection Agency (EPA) WIFIA loan program.

The original 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 invited, 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.

On October 8, 2024³, City Council authorized the City Manager to execute Amendment No. 1 to the PSA with NHA Advisors to increase the contract by \$45,000 for a not-to-exceed \$195,000 for additional financial analysis and counsel through the close of the WIFIA loan. 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.

DISCUSSION

The City originally anticipated executing its WIFIA loan on April 11, 2025. However, the EPA notified the City on April 10, 2025, that the loan execution was put on hold by the EPA Administrator and Office of Management and Budget. If there is any movement by the EPA

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

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

³ <https://hayward.legistar.com/LegislationDetail.aspx?ID=6885669&GUID=F1A030B7-82F9-42B4-842F-7727793FF7B9>

to execute the WIFIA loan, it could require rapid action from the City, including financial related tasks that may be required to complete by NHA Advisors.

The existing agreement with NHA Advisors was originally set to expire on June 30, 2025. Due to the delay in WIFIA funding, staff recommends that City Council authorize the City Manager to amend the existing PSA with NHA Advisors to extend the PSA to June 30, 2026, and to increase the contract by a negotiated amount of \$45,000 for a not-to-exceed \$195,000, should there be any action from the EPA to finalize the loan execution.

If request for the WIFIA loan is denied, then no further funds will be expended in this contract. Additionally, City Council will need to determine how to proceed with acquiring the remaining required funds, either through open market municipal bonds or otherwise.

ECONOMIC IMPACT

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

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, which is an enterprise fund:

Project	Amount
WRRF New Administration Building & Lab Project No. 07786	\$ 9,000
WRRF Phase II Improvements Project No. 07760	\$ 36,000
Total	\$45,000

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

STRATEGIC ROADMAP

This agenda item supports several goals in City 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 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

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. 2 to the existing PSA with NHA Advisors.

Prepared by: Elli Lo, Senior Management Analyst

Recommended by: Alex Ameri, Director of Public Works

Approved by:



Jayanti Addleman, Interim City Manager