



DATE: June 25, 2024

TO: Mayor and City Council

FROM: Director of Public Works

SUBJECT: Adopted a Resolution Authorizing the City Manager to Negotiate and Execute a Professional Services Agreement (PSA) with NHA Advisors LLC for Municipal Advisory Services in an Amount Not-to-Exceed \$90,000 for the Water Resource Recovery Facility (WRRF) 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 Municipal Advisory Services in an Amount Not-to-Exceed \$90,000 for the Water Resource Recovery Facility (WRRF) Improvements - Phase II Project.

SUMMARY

Pursuing municipal bonds requires information and documents demonstrating the borrower's financial creditworthiness. City's financial advisor typically prepare these required documents since the documents involve in-depth financing strategies and credit rating analysis of the Wastewater Enterprise Fund. Staff recommends that Council authorizes the PSA with NHA Advisors in an amount not-to-exceed \$90,000, for the preparation of the municipal bond documents and municipal advisory services for the Water Resource Recovery Facility (WRRF) Improvements - Phase II Project.

BACKGROUND AND DISCUSSION

Formerly known as the Water Pollution Control Facility (WPCF), the WRRF 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 WRRF has undergone several major upgrades to meet more stringent discharge requirements, as well as increasing capacity as the City's population and industry have grown. The WRRF 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 response to growing concerns about nutrients in treated wastewater and their impacts on the 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 February of 2024, the Regional Water Quality Control Board released the Draft version of the 3rd Nutrients Watershed Permit. As currently written, this permit would require the East Bay Dischargers Authority (of which the City of Hayward is a member) to reduce nutrients by approximately 50% by 2034.

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 WRRF to upgrade its treatment process to incorporate nutrient reduction in the treated effluent to meet the upcoming requirements. In July 2022, Council authorized design and engineering services with Brown & Caldwell for the WRRF Improvements – Phase II Project (Phase II Project). In March 2024, Council authorized entering into a professional services agreement with Carollo Engineers to provide construction management services for the Phase II Project.

As part of the overall funding strategy, Staff are in the process of applying for a United States Environmental Protection Agency (USEPA) Water Infrastructure Finance and Innovation Act (WIFIA) loan program, pursuing the option of municipal bonds, and monitoring the funding availability from the Clean Water State Revolving Fund. In April 2024, Council authorized applying for the WIFIA loan program. In May 2024, Council adopted an Ordinance adding Article 22, Chapter 8 to the Hayward Municipal Code regarding Water and Wastewater Enterprise Revenue Bond Law. Pursuing municipal bonds requires information and documents demonstrating the borrower's financial creditworthiness. City's financial advisor typically prepare these required documents since the documents involve in-depth financing strategies and credit rating analysis of the Wastewater Enterprise Fund.

ECONOMIC IMPACT

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

FISCAL IMPACT

The current construction cost is currently estimated to be between \$281 and \$397 million, and the total project cost is estimated to be between \$370 and \$498M. This project will affect sewer service rates and sewer connection fees. The preliminary projected sewer service rate impacts in the next ten years are anticipated to range from 7% to 10% per year along with significant increases in sewer connection fees. These are preliminary projections, and the actual rate and connection fee impacts will have to be confirmed by a formal rate and connection fee study.

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

Project	Amount
WRRF Primary Effluent Flow Equalization Project No. 07749	\$ 13,500
WRRF New Administration Building & Lab Project No. 07786	\$ 18,000
WRRF Phase II Improvement Project No. 07760	\$ 58,500
Total	\$ 90,000

There will be no impact to the General Fund.

STRATEGIC ROADMAP

This agenda item supports the various goals of Council's Strategic Roadmap. The WRRF 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 project:

Invest in Infrastructure.

Enhance local water supplies and wastewater systems

Project FP12: Continue Water Pollution Control Facility Phase II upgrade

SUSTAINABILITY FEATURES

The WRRF Improvement - Phase II Project will help maintain and improve the ecology and health of the Bay which is vital for the region and the State. The Phase II Project will position the City to meet the nutrient limits as specified in the Water Board's 3rd Watershed Permit that requires plants to reduce nitrogen loading to the Bay.

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

The Administration Building will be reviewed by the City's Building Division for conformance with State and local requirements related to sustainability (i.e., California Building Code, California Energy Code, etc.) which requires a minimum level of energy efficiency, resource conservation, material recycling, etc. In addition, the building will be designed and constructed to meet the City required Leadership in Energy and Environmental Design (LEED) standards for a Silver Certification.

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 includes a web page to be hosted on the City's website which is periodically updated 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 pursuing municipal bond.

Prepared by: Elli Lo, Senior Management Analyst

Recommended by: Alex Ameri, Director of Public Works

Approved by:

A handwritten signature in blue ink, appearing to be 'DC' or similar initials, with a long horizontal stroke extending to the right.

Dustin Claussen, Interim City Manager