



**DATE:** September 19, 2017

**TO:** Mayor and City Council

**FROM:** Director of Utilities & Environmental Services

**SUBJECT:** Recycled Water Storage and Distribution System Project: Authorization to Execute an Amendment to Professional Services for Recycled Water Customer Retrofit Conversions to Increase the Contracted Amount for Additional Services

### **RECOMMENDATION**

That Council adopts the attached resolution authorizing the City Manager to amend the professional services agreement (PSA) with HydroScience Engineers, Inc., (HydroScience) to increase the contract amount by \$150,000 to a not to exceed amount of \$860,000, to provide additional support services.

### **BACKGROUND**

The City's current Capital Improvement Program includes the Recycled Water Treatment and Distribution System Project (Recycled Water Project), which would provide a locally sustainable and drought-proof supply of recycled water to customers for irrigation and industrial uses. The Recycled Water Project includes the design of irrigation system retrofits necessary to convert customers from the City's potable drinking water system to the new recycled water system. There are a significant number of supporting tasks that must also be completed to comply with State regulations for use of recycled water, including conducting site visits, properly training site supervisors on the use of recycled water, and testing and inspecting the installed customer retrofits to ensure complete separation of the recycled water and potable drinking water systems. The field work includes retrofitting the piping on a customer's property for the site to be able to use recycled water. This specialized work requires extensive knowledge and experience with recycled water regulations and customer irrigation systems.

On January 6, 2017, a request for proposals was issued to qualified consulting firms to assist with the design and other related tasks required to convert customers to recycled water. On February 28, 2017, Council approved execution of an agreement with HydroScience in an amount not to exceed \$710,000.

On March 20, 2017, the City and HydroScience entered into a PSA for HydroScience to provide engineering, design, and construction support services to retrofit customer sites to use recycled water.

## DISCUSSION

The site retrofit work requires close coordination with customers, regulatory agencies, and the consultant designing the storage and distribution system. Staff has requested that HydroScience provide additional related support services, not anticipated when the PSA was executed, including:

- Permitting assistance, including preparing the City's Recycled Water Use Guidelines to comply with State regulations for use of recycled water and instruct customers on the proper design, construction, operation, and maintenance requirements for using recycled water.
- Reviewing and developing customer outreach and educational materials on the use of recycled water for irrigation and industrial purposes.
- Evaluating and reviewing site plans for new customers where the City has or may require use of recycled water as a condition of approval.
- Reviewing the storage and distribution system final design submittals and providing comments to the City on ways to improve the cost-effectiveness and constructability of the Recycled Water Project.
- Preparing a complete and responsive application for funding assistance under the Bureau of Reclamation Title XVI Water Recycling Funding Opportunity No. BOR-DO-17-F-028.

The cost of the additional support services requested to date is approximately \$100,000, of which approximately \$75,000 is related to added work for permitting and design of the Recycled Water Project, and \$25,000 is related to assisting in the preparation of a Title XVI grant application. Due to the extremely short deadline of just 30 days, staff requested HydroScience's assistance in preparing the grant application, given their success and familiarity with the Title XVI funding process.

The contract with HydroScience was negotiated assuming that approximately 35 customers would be determined feasible to connect to the recycled water system. The final number of customers retrofitted will be determined based on overall feasibility and the customer's willingness to commit to using recycled water. Given the uncertainty in the number of customers to be retrofitted and the level of effort expended so far during the planning and design phase, the existing contract amount appears insufficient to absorb the estimated \$100,000 needed to compensate HydroScience for additional services already requested by staff.

In addition, given the higher than anticipated effort required so far to respond to regulatory and permitting requirements, staff anticipates continuing to utilize support from HydroScience to address recycled water permitting requirements and design issues as the Recycled Water Project progresses into construction. Therefore, staff is recommending an additional allowance of \$50,000 be included in the increased contract amount for future work to be authorized by staff, for a total budget increase of \$150,000 for additional support services and a total not to exceed

contract amount of \$860,000. A breakdown of the recommended increase in budget requested is shown in Table 1.

**Table 1. Proposed HydroScience Contract Increase**

<b>Additional Support Services</b>	<b>Estimated Cost</b>
Permitting	\$35,000
Customer outreach	\$5,000
New customer evaluations	\$5,000
Design review and coordination	\$30,000
Grant application	\$25,000
<i>Subtotal</i>	<i>\$100,000</i>
Additional future support services (estimated)	\$50,000
<b>TOTAL</b>	<b>\$150,000</b>

### **ECONOMIC IMPACT**

There are no economic impacts to Hayward customers.

### **STRATEGIC PRIORITIES**

This agenda item supports the Tennyson Corridor Strategic Initiative. The purpose of this initiative is to develop an attractive, cohesive, thriving Tennyson Corridor through thoughtful engagement with residents, businesses and community partnerships. There are two sites located in the Tennyson Corridor that are proposed to be connected to the recycled water system, and would therefore support the following goal and objectives:

Goal 3: Improve Community Appearance.

Objective 1: Enhance landscaping.

Objective 3: Decrease blight.

The use of recycled water will help create attractive outdoor spaces in the Tennyson Corridor. Since recycled water is a sustainable and drought-proof source of supply, customers will be able to maintain their landscaping during water supply shortages when drinking water supplies are limited.

### **FISCAL IMPACT**

The Recycled Water Project, which includes the work being performed by HydroScience, is included in the current Ten-Year Capital Improvement Program with total funding of \$19.3 million. The City has secured \$5.8 million in California Proposition 1 grant funding and \$13.5 million in a low interest Clean Water State Revolving Fund loan to help finance the project. The City is also pursuing federal grant funding through the Bureau of Reclamation's Title XVI Water

Recycling and Reuse Program. The Recycled Water Project will not utilize any General Fund monies.

## **SUSTAINABILITY FEATURES**

The use of recycled water will reduce the demand for drinking water and improve the reliability and availability of drinking water, while providing a sustainable and drought-proof water supply for some irrigation uses. It will also reduce the volume of wastewater and associated residual pollutants discharged to San Francisco Bay, which is required to meet increasingly stringent discharge regulations.

## **PUBLIC CONTACT**

The City and HydroScience are working closely with potential recycled water customers, including the Hayward Area Parks and Recreation District (HARD) and the Hayward Unified School District, to initiate site surveys and prepare retrofit designs. HydroScience will also be implementing educational efforts to train site supervisors, including City staff, on the use of recycled water to ensure a smooth transition.

## **NEXT STEPS**

If Council approves the \$150,000 increase in the contract amount with HydroScience, staff will increase the budget with HydroScience to a not to exceed amount of \$860,000 for additional recycled water support services.

*Prepared by:* Jan Lee, Water Resources Manager

*Recommended by:* Alex Ameri, Director of Utilities & Environmental Services

*Approved by:*



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Kelly McAdoo, City Manager