



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: July 29, 2014

TO: Mayor and Councilmembers

FROM: Public Works Department, Water Resources Division

SUBJECT: Increase In Professional Services For Reactivation Of The Charles E. Meyer Desalination Facility

RECOMMENDATION: That Council:

- A. Appropriate \$643,959 from the Water Fund reserves for the transfer of funds to the Water Drought Fund for reactivation of the Charles E. Meyer Desalination Facility;
- B. Increase estimated revenues and appropriations in the Drought Fund in the amount of \$643,959 for the Charles E. Meyer Desalination Facility;
- C. Authorize an increase in the extra services amount with Carollo Engineers, Inc., Professional Services Contract for Preliminary Design Services for Recommissioning the Charles E. Meyer Desalination Facility, City Agreement No. 24,833, in the amount of \$343,959, for a total contract expenditure authority of \$1,164,587; and
- D. Authorize the City Attorney to negotiate and execute a Professional Services contract with Latham & Watkins LLP in an amount not to exceed \$200,000 for legal support services related to the City's existing Coastal Development Permit for the Charles E. Meyer Desalination Facility.

DISCUSSION:

On May 6, 2014, Council approved a Professional Services contract with Carollo Engineers, Inc., (Carollo) in the amount of \$746,025 for Preliminary Design Services for recommissioning the Desal Facility. Council authorized the Public Works Director to approve expenditures of up to \$74,603 for extra services of Carollo for necessary unforeseen changes in the scope of work, for a total contract amount of \$820,628. Council also approved a professional services contract with McCabe & Company, Inc., for lobbying services in an amount not to exceed \$90,000 related to the City's existing CDP for the Desal Facility, as well as a professional services contract with Hanson Bridgett LLP in an amount not to exceed \$25,000 for legal services related to Desal Facility contractual requirements.

Proposed Work

As design and discussions concerning existing and new project permits have proceeded, regulatory agencies have requested a number of studies. The cost of these studies significantly exceeds the extra services of \$74,603 that were approved by Council on May 6, 2014 for the Preliminary Design Services Agreement with Carollo. These studies are necessary to renew and/or obtain new permits to reactivate the Desal Facility. The cost for the permitting studies, described below, is approximately \$299,095. This cost may grow as additional information becomes available and discussions continue with permitting agencies. Therefore, staff is requesting 15 percent, or \$44,864, in extra services to cover costs for unforeseen additional permitting studies, for a total amount not to exceed \$343,959. These additional extra services will increase the previous contract amount of \$820,628 with Carollo to a not-to-exceed total amount of \$1,164,587.

El Estero Outfall Brine Mixing Model – Computer modeling of El Estero’s outfall diffuser system is needed to assess the mixing of wastewater effluent and Desal Facility brine with seawater. The modeling is required by the Regional Water Quality Control Board and may result in required modifications to the diffuser system to ensure proper mixing and protection of the ocean environment near the outfall. The cost to model brine mixing is expected to be \$45,759.

Intake Water Quality Monitoring – The California Department of Public Health is requiring a 12- to 24-month sourcewater sampling program near the Desal Facility’s intake. Also, a minimum of 12 months of sampling is needed for the City’s design engineer to determine if additional treatment equipment is required. The monitoring cost for the initial 12-month period is \$113,446. Approval for a separate contract for the subsequent 12-month monitoring period will be requested if it is decided to reactivate the Desal Facility.

Biological Assessment – California Coastal Commission (CCC) staff has advised the City that offshore intake repair and maintenance activities associated with the Desal Facility reactivation will require an amendment to the existing CDP, or a separate CDP. A biological assessment is needed of the seafloor surrounding the intake structure and in any areas affected by the project contractor’s anchoring activities. The assessment will be included in the CDP application. In addition, the assessment will characterize the biota (coverage, type, density, estimated biomass) on the intake structure and surrounding area and analyze the biological impact of biomass removal from the structure. The assessment will include any recommendations for mitigation and will also apply to any permits required by the Army Corps of Engineers, per the Clean Water Act, Section 404. The cost proposal for the biological assessment related to the CDP, possible Corps permitting and additional possible permitting assistance is \$139,890.

Specialized Legal Services -- Because of the unique and complex nature of regulations associated with CDPs, staff recommends contracting with a legal firm that specializes in

CDPs for desalination facilities. Staff recommends that Council authorize the City Attorney to negotiate and execute a legal services contract with Latham & Watkins LLP (L&W) in an amount not to exceed \$200,000. L&W specializes in complex regulatory matters and are best suited to provide legal support services related to the CDP. While staff had originally thought that Best, Best and Krieger might provide these services in connection with their work on the City's NPDES Permit for the Desal Facility, the City Attorney has concluded that L&W is best suited to provide the services on this critical aspect of the project.

BUDGET/FINANCIAL INFORMATION:

Staff is requesting that Council authorize the transfer of reserves in the amount of \$643,959 from the Water Fund to the Drought Fund to cover the additional costs related to the reactivation the Desal Facility. Staff is requesting additional funding to cover the cost of internal billable staff from other City departments and divisions who provide necessary services required to support the permitting process. At this time, staff support is estimated to cost \$100,000, which is sufficient to support such staffing needs through February 2015. Based on Fiscal Year 2014 preliminary year-end projections, there will be sufficient reserve funds in the Water Fund for this use.

The following summarizes estimated preliminary design and permitting costs:

PRELIMINARY DESIGN AND PERMITTING COSTS

| | |
|--|---------------------|
| PREVIOUSLY AUTHORIZED FUNDS | |
| Preliminary Design and Extra Services – Carollo - May 6, 2014 | \$ 820,628 |
| Lobbying Services – McCabe & Company, Inc. - May 6, 2014 | \$ 90,000 |
| Legal Services – Contract Req, Hanson Bridgett LLP - May 6, 2014 | \$ 25,000 |
| EI Estero Effluent Sampler Station Project - June 17, 2014 | \$ 41,069 |
| Legal Services – NPDES Permit, BBK - July 1, 2014 | \$ 200,000 |
| Desal-Based Water Rate Study – Raftelis - Action to be taken by Council on July 29, 2014 (from reserves) | \$ 42,397 |
| Subtotal | \$1,219,094 |
| REQUESTED FUND AUTHORIZATION | |
| Additional Extra Services Funds for Permit Studies, Carollo | \$ 343,959 |
| CDP Permitting Legal Services, Latham and Watkins LLP | \$ 200,000 |
| Internal Billable Staff | \$ 100,000 |
| Subtotal | \$643,959 |
| TOTAL PRELIMINARY DESIGN AND PERMITTING COSTS | \$ 1,863,053 |

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At its meeting on July 14, 2014, this item was presented to the Water Commission. The Commissioners voted 5/0/0 in concurrence with staff's recommendations.

PREPARED BY: Joshua Haggmark, Acting Water Resources Manager/RLR/mh

SUBMITTED BY: Rebecca J. Bjork, Public Works Director

APPROVED BY: City Administrator's Office



Increase in Professional Services for the Reactivation of the Charles E. Meyer Desalination Facility



July 29, 2014

Outline

- ◆ Brief Project Overview
- ◆ Summary of Extra Services
- ◆ Cost
- ◆ Schedule
- ◆ Recommendation





Preliminary Design Services Contract

- ◆ Facility Assessment
- ◆ Permits
- ◆ Operating Scenarios
- ◆ Contract Documents for Design/Build/Operate (DBO) Services

Additional Services Overview



- ◆ Desal Preliminary Design (Carollo)
 - El Estero Outfall Brine Mixing Model - \$45,759
 - Intake Water Quality Monitoring - \$113,446
 - Biological Assessment - \$139,890
- ◆ Coastal Development Permit Legal Support Services - \$200,000
- ◆ Internal City Staffing Support - \$100,000



Cost

- ◆ \$1,219,094 - Current Authorized Funding for Preliminary Design and Permitting Services
- ◆ \$643,959 – Proposed Additional Funding for Permit Studies, Legal Services, and City Staff
- ◆ \$1,863,053 – Total Recommended Authorization for Reactivation of the City’s Desalination Facility

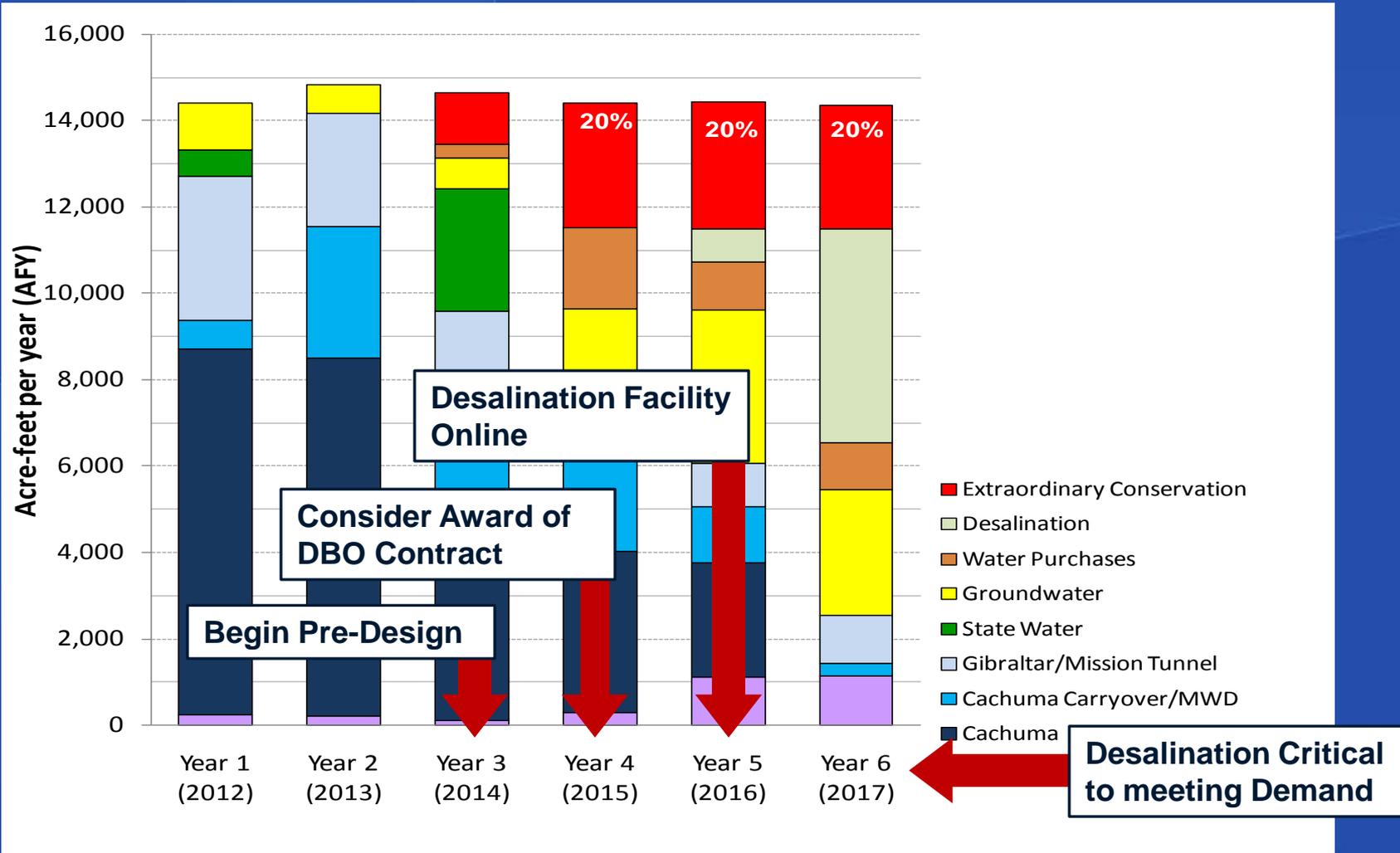


Major Schedule Milestones

- ◆ May 6, 2014 – Award of Preliminary Design and Permitting Services Contracts
- ◆ September 23, 2014 – Present Summary of Preliminary Design Findings with Recommendations
- ◆ November 2014 – Release RFP for DBO Services
- ◆ February 2015 – Receive Proposals for DBO Services
- ◆ April 2015 – Council to Consider Award depending on Water Supply Status
- ◆ Summer 2016 – Projected Start of Desal Operation

Supply Strategy/Desal Timeline

(based on no reservoir inflows, no State Water)





Recommendation

- ◆ Appropriate \$643,959 from Water Fund reserves to the Water Drought Fund;
- ◆ Authorize an increase of \$343,959 in the extra services contract with Carollo, for a total contract expenditure authority of \$1,164,587; and
- ◆ Authorize the City Attorney to negotiate and execute a contract with Latham & Watkins in an amount not to exceed \$200,000 for legal support services.



**For information & assistance on
water conservation:**

www.SantaBarbaraCA.gov/WaterWise

Call: 564-5460

