TO: HONORABLE CITY COUNCIL
FROM: CITY MANAGER
DEPARTMENT: PUBLIC WORKS
DATE: FEBRUARY 17, 2004
CMR:145:04

SUBJECT: UPDATE ON THE MOUNTAIN VIEW / MOFFETT AREA WATER RECYCLING FACILITY PLAN

This is an informational report and no Council action is required.

DISCUSSION
This staff report presents to Council a copy of the Mountain View-Moffett Water Recycling Facility Plan Report (Attachment A). The facility plan defines the project elements, develops a funding strategy for the project, and prepares for the implementation of the project. The findings and recommendations in the facility planning report (Report) were summarized in CMR:101:04 (Attachment B). Staff will submit the Report to the State before the planning grant deadline of February 28, 2004. The Report will be the basis for a State grant for the construction of the project, and will be circulated for public review by the State.

In CMR:101:04, staff reported that Palo Alto Utilities Department (CPAU) would be recommending participation in the project to Council through the budget process. On January 13, 2004, the Utilities Department discussed the project with the Utilities Advisory Commission (UAC). The UAC made a unanimous recommendation to the Council that CPAU participate in the project. The UAC recommends that the Water Fund Capital Improvement Program (CIP) contribute $1 million to upsize the pipe to 30-inch, ensuring adequate future capacity, and recommends that the Water Fund contribute an additional $1 million if and when the Water Utility extends distribution lines to Palo Alto customers. In order to ensure adequate identified funding for the State grant application and project construction, staff will be recommending that Palo Alto contribute $2 million to the project. Staff plans to return to Council during the budget process to request that Palo Alto contribute $1 million from the Water Fund CIP and $1 million from the Wastewater Treatment Rate Stabilization Reserve (RSR). It is anticipated that when CPAU decides to use recycled water in the future, CPAU will then repay the wastewater treatment reserve.

City of Mountain View staff will be recommending to their Council on February 24, 2004 for approval of the project and budget of $8.1 million for its share of the construction costs. Staff will return to Council in early March this year for a resolution and authorization to apply for the State construction grant. On a parallel track, staff will also be working with the
City of Mountain View on a memorandum of understanding for the funding, and a user agreement.

**ATTACHMENTS**
Attachment A: Mountain View-Moffett Water Recycling Facility Plan Report (Council only)
Attachment B: CMR:101:04

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