TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER

DEPARTMENT: PUBLIC WORKS

DATE: JANUARY 10, 2005

CMR:111:05

SUBJECT: APPROVAL OF THE OPERATIONAL AND INSTITUTIONAL AGREEMENT WITH THE CITY OF MOUNTAIN VIEW FOR THE MOUNTAIN VIEW/MOFFETT AREA WATER RECYCLING FACILITY PROJECT AS REQUIRED BY THE STATE GRANT PROGRAM

RECOMMENDATION
Staff recommends that Council approve and authorize the Mayor to execute the attached Operational and Institutional Agreement (Attachment A) with the City of Mountain View for the Mountain View/Moffett Area Water Recycling Facility project, required by the state grant program.

DISCUSSION
On March 1, 2004, Council adopted a resolution authorizing the City Manager to file an application for a state grant for the construction of the Mountain View – Moffett Area Water Recycling Facility Plan, CMR:163:04 (Attachment B). The project would construct a pipeline to deliver recycled water from the Regional Water Quality Control Plant (RWQCP) to Mountain View Shoreline area. As a condition of the state grant, the cities of Palo Alto and Mountain View must execute an agreement to establish the operational and institutional arrangements for the recycled water pipeline. The state requires that the agreement be submitted as part of the application for the grant in order to be considered. The State Water Resources Control Board will be considering the grant applications at its January 20, 2005 meeting.

The agreement establishes the following key terms and conditions:

- The term of the agreement is 20 years.
- Palo Alto will contribute $2 million, Mountain View will contribute $8.1 million, and the RWQCP will contribute $2 million.
- The RWQCP will provide 3 mgd to Mountain View and 1 mgd to Palo Alto.
- The RWQCP’s discharge permit requires the RWQCP to treat the wastewater to the standard suitable for reuse. Additionally, the RWQCP currently produces the quantities of recycled water allocated in the Agreement at no additional cost to the RWQCP partners. Accordingly, recycled water will be provided to Mountain View and Palo Alto for reuse at no cost.
- Each city would determine the recycled water rates within its jurisdiction.
- The cities of Palo Alto and Mountain View will own, operate and maintain the pipeline within the jurisdictional limits of each city.
- Provision for cost recoveries for Palo Alto and Mountain View should other jurisdictions wish to connect to the recycled water pipe.
• Agreement can be terminated if we don’t receive grant funding, bids come in too high, or costs escalates beyond the contingency amount during construction.

Council has adopted the mitigated negative declaration for the project. The City of Mountain View has adopted a mandatory reuse ordinance. Each city has included funding for the project in its budget, contingent on the state grant. Staff worked with the City of Mountain View to develop the terms of the agreement. Upon the state’s decision on the grant application, staff will return to Council for a decision on the design and construction of the project. Mountain View will present the attached Agreement to their Council on January 11, 2005.

RESOURCE IMPACT
Council action on this staff report may lead to the award of a $4 million state grant for the Mountain View/Moffett Area Water Recycling Facility project.

POLICY IMPLICATIONS
The recommendation of this staff report is consistent with City policies.

TIMELINE
The design and construction of the Mountain View/Moffett Area Water Recycling Facility project would start in 2005 and complete in the first quarter of 2007. It is anticipated that recycled water delivery will begin the fall of 2007.

ENVIRONMENTAL REVIEW
A mitigated negative declaration for the project has been approved and adopted by Council (Resolution No. 8391) on January 12, 2004.

ATTACHMENTS
Attachment A: Agreement
Attachment B: CMR:163:04

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