TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER

DEPARTMENT: PUBLIC WORKS

DATE: OCTOBER 20, 2008

CMR:412:08

REPORT TYPE: CONSENT

SUBJECT: Adoption of a Resolution Authorizing the City Manager to Execute the Implementation Agreement Between the City of Palo Alto And Bay Area Clean Water Agencies for the Disbursement of $972,800 in State Grant Funds for the Mountain View/Moffett Area Recycled Water Pipeline Project (CIP WQ-04010)

RECOMMENDATION

Staff recommends that Council adopt the attached resolution authorizing the City Manager or designee to execute the Implementation Agreement (Attachment A) with the Bay Area Clean Water Agencies (BACWA) for the disbursement of a $972,800 State grant to the City of Palo Alto (City) for the Palo Alto, Mountain View/Moffett Area recycled water pipeline project.

BACKGROUND

BACWA is a Joint Powers Authority existing under the laws of the State of California and consisting of various wastewater agencies in the San Francisco Bay Area Region. On behalf of the wastewater agencies in the nine Bay Area counties that surround the San Francisco Bay, BACWA has applied for a Proposition 50 Chapter 8 Grant from the Department of Water Resources (DWR) for implementation of recycled water and water conservation projects that are included in the integrated regional water management plan (IRWMP). The Mountain View/Moffett Area recycled water pipeline project is one of the projects in the IRWMP.

The Mountain View/Moffett Area recycled water pipeline project is a joint project between the cities of Mountain View to construct a reclaimed water pipeline from the Palo Alto Regional Water Quality Control Plant (RWQCP) to the Mountain View Shoreline community. The City of Palo Alto, as the owner and operator of the RWQCP, is the lead agency for the project. The two cities have worked together and sought grant funds for the project since the fall of 2003. The cities’ partnership qualified the project as a regional project that would benefit the Bay Delta water supply, and maximized the opportunity for grant funding. The project has received other State grants and loans, and was fully funded in 2007 when construction began. Much of the project is now complete and the project is within budget. In March 2007, DWR awarded BACWA a $12.5 million grant in State funding to reimburse for implementation of projects in the IRWMP. The share of grant funding for the Mountain View/Moffett Area recycled water pipeline project is $972,800 for the construction, implementation, environmental mitigation and enhancement.
The Implementation Agreement governs the process, by which each of the participating agencies will submit their reimbursement requests to BACWA, and how BACWA will disburse the State grant funds to each of the participating agencies. When BACWA has executed the implementation agreements with the participating agencies, it will then sign a State Agreement with DWR. The State agreement will govern the process by which DWR will disburse the State grant funds to BACWA. It is anticipated that the State Agreement will be executed in November this year. A copy of the State Agreement is attached as Exhibit A to the Implementation Agreement (Attachment A).

**DISCUSSION**

Under the Implementation Agreement, the City is entitled to a reimbursement of $972,800 for the City’s implementation of the Mountain View/Moffett Area recycled water pipeline project, and City agrees to the following:

1. The City will implement, operate, and maintain the Mountain View/Moffett area recycled water pipeline in accordance with the work plan, schedule, and other attachments to the Implementation Agreement; and

2. The City will cooperate with BACWA and each of the participating agencies in fulfilling the obligations under the State Agreement for disbursement of the State Grant funds to BACWA; and

3. The City will submit project reports in accordance with the Implementation Agreement.

The City Attorney’s office has reviewed the Implementation Agreement.

**RESOURCE IMPACT**

The Mountain View/Moffett Area recycled water pipeline project is fully funded. There is no budget increase associated with the project, and no additional funding is requested. However, the City is committed to seek State and Federal grants to reduce costs of the project to the City. The City’s share of the State grant is $972,800. This grant will repay part of the construction cost of the project, which totals $16 million.

**POLICY IMPLICATIONS**

The recommendations of this staff report are consistent with City Council’s sustainability policy.

**ENVIRONMENTAL REVIEW**

Execution of the Implementation Agreement does not constitute a project under the California Environmental Quality Act pursuant to Public Resources Code Section 21065. A Mitigated Negative Declaration and mitigation/monitoring and reporting plan was prepared and adopted by Council for the Mountain View/Moffett Area recycled water pipeline project on January 12, 2004.

**ATTACHMENTS**

Attachment A: Implementation Agreement
Attachment B: Resolution