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To: [Council, City](#); [Council Agenda Email](#)
Cc: [Executive Leadership Team](#); [ORG - Clerk's Office](#)
Subject: Council Agenda Consent Questions for March 1, Item 6
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Council Question Response

Dear Mayor and Council Members:

On behalf of City Manager Ed Shikada, please find below the staff responses to inquiries made by Council Member Tanaka in regard to the March 1, 2021 Council Meeting agenda.

Item 6: Resolution for Secondary Treatment Upgrades & CEQA Exempt Determination

1. What progress has been made at the plant since 2018?

These are descriptions of the status of the most significant construction work at the RWQCP since 2018:

- *Sludge Dewatering and Truck Loadout Facility* – completed construction in 2019 and decommissioned incinerator.
- *Primary Sedimentation Tanks and Equipment Room Electrical Upgrades Rehabilitation Project* – completed final design and project is currently out for contractor bid.
- *Outfall Line Construction Project* – completed design and project is being evaluated for potential impacts with future levees.
- *Secondary Treatment Upgrades Project* – completed 60% design.
- *Advanced Water Purification System Project* – design consultant selected.
- *12 kV Power Distribution Upgrades Project* – completed 60% design.

2. How much of our \$77.3 million loan is still outstanding?

The \$77.3M is separated into five different loans; three of these are existing, and two are being finalized with the State Revolving Fund (SRF) program.

- *Ultraviolet Disinfection Facility* - \$6.2M is still outstanding (of \$8.6M borrowed); final payment will occur in FY30-31.
- *Palo Alto/Mountain View Recycled Water Pipeline* - \$4.8M is still outstanding (of \$9M borrowed); final payment will occur in FY28-29.

- *Sludge Dewatering and Loadout Facility* - \$24.5M is still outstanding (of \$29.2M borrowed less \$4M grant); final payment will occur in FY48-49.
- *Outfall Line Construction Project* - all (\$11.1M) is outstanding; will begin repayments one year after construction completion.
- *Primary Sedimentation Tanks and Equipment Room Electrical Upgrades Rehabilitation Project* – all (\$19.4M) is outstanding; will begin repayments one year after construction completion.

3. What is the role of the contracted provider if the city is providing all administrative assistance?

The contracted provider, Brown and Caldwell, provides engineering design services for the Secondary Treatment Upgrades project. Brown and Caldwell also has a subconsultant on their team providing environmental specialty professional services; this is the team that prepared the CEQA documentation referenced in the staff report.

4. What is the actual projected amount?

The 30% design cost estimate is a total project cost of \$129 million. A recent 60% design cost estimate is under review and indicates it may be prudent to revise the estimate upward, and staff is therefore using a total cost figure of \$160 million for the purposes of the loan application. The actual project cost amount will be more closely established upon award of construction and construction management contracts in approximately late 2022 or early 2023.

5. Are the partner jurisdictions (Los Altos, Los Altos Hills, Mountain View, Stanford University, and East Palo Alto Sanitary District) also applying for loans?

No, as the administering agency Palo Alto is handling the financing. Partner jurisdictions pay their portion of the project's debt service through annual charges, which the City receives as operating revenues.

6. What will the impact of the plant be if we do not repair it? Equipment including electrical gear, pumps and pipes, blowers, and other wastewater treatment equipment that are currently beyond their useful life, which includes all the equipment in the project, would eventually fail and put the plant at significant risk of violation of its NPDES permit.

Violation of the Plant's permit threatens San Francisco Bay and puts the City at risk of fines, litigation, and more significant penalties. Failure to complete the project also prevents the City from complying with anticipated state regulatory requirements for nitrogen removal from the wastewater.

7. How much money is being “reimbursed” and how much is taken as a loan?

All of the money is being taken as a loan. The SRF program fulfills disbursement requests as the City submits them during construction for costs incurred in a specific period (for example, quarterly). Interest accrues on each disbursement as of the date of the disbursement. After completion of construction, a payment schedule is prepared based on the actual amount of disbursements over the course of the project and the associated interest, and any unused funds are disobligated from the City's loan. The first loan payment is due one year after construction completion. Reimbursement from partner agencies is described in the answer to question #5 above.

Thank you.

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