

ORDINANCE NO.

ORDINANCE OF THE COUNCIL OF THE CITY OF PALO ALTO
AMENDING THE BUDGET FOR THE FISCAL YEAR 2008-09 TO
PROVIDE AN ADDITIONAL APPROPRIATION OF \$35,000 TO
CAPITAL IMPROVEMENT PROGRAM (CIP) PROJECT WS-07001,
RECYCLED WATER DISTRIBUTION SYSTEM EXTENSION

The Council of the City of Palo Alto does ordain as follows:

SECTION 1. The Council of the City of Palo Alto finds
and determines as follows:

A. Pursuant to the provisions of Section 12 of Article III of
the Charter of the City of Palo Alto, the Council on June 9, 2008
did adopt a budget for fiscal year 2008-09; and

B. In fiscal year 2006-07, the City Council appropriated
\$250,000 for CIP Project WS-07001, Recycled Water Distribution
System Extension (Project), and in fiscal year 2007-08 City
Council increased the appropriation by \$30,000 bringing the total
appropriation to \$280,000; and

C. In April 2007, the City Council awarded a contract to RMC
Water Environment, Inc. (RMC) to prepare a recycled water facility
plan and the associated environmental documents for the Project,
and in June 2008, the City Council approved the first amendment to
the contract as discussed in CMR:255:08; and

D. Since the approval of the original scope of work of RMC in
April 2007 and the changes in the scope of work in June 2008, the
scope of work had expanded due to various factors discussed in
CMR:431:08; and

E. An additional appropriation of \$35,000 will be needed to
provide the necessary resources for the additional scope of work.
The Water Fund Rate Stabilization Reserve will provide the funds;
and

F. The appropriation of funds for CIP Project WS-07001,
Recycled Water Distribution System Extension, is a one-time event,
and in future years maintenance and replacement costs will be
included in the Water Fund budget; and

G. City Council authorization is needed to amend the 2008-09
budget to make available the funds required for the additional
scope of work of CIP Project WS-07001, Recycled Water Distribution
System Extension.

SECTION 2. The sum of Thirty-Five Thousand Dollars (\$35,000)
is hereby appropriated to CIP Project WS-07001, Recycled Water

Distribution System Extension.

SECTION 3. The Water Fund Rate Stabilization Reserve is hereby reduced by Thirty-Five Thousand Dollars (\$35,000) to Six Million Eight Hundred Eighty Eight Thousand Dollars (\$6,883,000).

SECTION 4. The transactions above will have no impact on the General Fund Budget Stabilization Reserve.

SECTION 5. As specified in Section 2.28.080(a) of the Palo Alto Municipal Code, a two-thirds vote of the City Council is required to adopt this ordinance.

SECTION 6. As provided in Section 2.04.330 of the Palo Alto Municipal Code, this ordinance shall become effective upon adoption.

SECTION 7. The Project is currently undergoing an environmental review consisting of an Initial Study and Mitigated Negative Declaration, as required by the California Environmental Quality Act.

INTRODUCED AND PASSED:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

ATTEST:

APPROVED:

City Clerk

Mayor

APPROVED AS TO FORM:

City Manager

Deputy City Attorney

Director of Utilities
Department

Director of Administrative
Services



RECYCLED WATER DISTRIBUTION SYSTEM EXTENSION (WS-07001)

Description: This project extends the existing recycled water distribution system to serve customers in Palo Alto. The primary new infrastructure will be a pipeline to deliver recycled water for irrigation and other nonpotable uses such as for processes and cooling towers to City-owned facilities and commercial customers. The target service area is the Stanford Research Park and the project will serve City parks and other users along the pipeline route.

Justification: Recycled water is a locally controlled water resource that is available even in water shortages such as droughts. Water resources are constrained in the Bay Area and there are ongoing pressures to maximize the use of locally available supplies. There are adequate supplies of recycled water produced at the Palo Alto Regional Water Quality Control Plant to meet this project's needs. In addition, the cost of imported water supplies from San Francisco is projected to triple in the next 10 years.

Consultant Services Scope: Completion of a Recycled Water Facilities Plan and preparation of environmental documents before June 30, 2009.

Supplemental Information: This project does not look financially feasible if viewed only from the City of Palo Alto perspective. State grant funds are available for recycled water projects. In addition, funds may be available from the Santa Clara Valley Water District and the San Francisco Public Utilities Commission. Since the project must receive outside funds to be feasible, getting the project in the "ready to go" stage is vital. For state grant funds, being "ready to go" means having completed a facilities plan and environmental review.

CIP FACTS:

- **Project Status:** Continuing
 - **Timeline:** FY 2008-2012
 - **Managing Department:** Utilities
 - **Comprehensive Plan:** Supports Comprehensive Plan Policy N-20 - Maximize the conservation and efficient use of water in and existing residences, businesses, and industries.
 - **Board/Commission Review:** PTC, UAC
- IMPACT ANALYSIS:**
- **Environmental:** Project will require environmental review.
 - **Design Elements:** Any above ground structures will go through the appropriate review process.
 - **Operating:** Project will increase utilities operating costs.

PY Budget	\$280,000
PY Actuals as of 10/21/2008	\$273,035

FUTURE FINANCIAL REQUIREMENTS

	2008-09	2009-10	2010-11	2011-12	2012-13	Total Funding
Pre-Design Costs						
Design Costs	\$35,000					\$35,000
Construction Costs						
Other						
Total Budget Request	\$35,000					\$35,000
Revenues:						
Source of Funds:	Water Rate Stabilization Reserve					
Council Policy Direction:	Consistent with the Water Integrated Resource Plan Guidelines, adopted by Council in December 2003.					

AMENDMENT NO. TWO TO CONTRACT NO. C07120333
BETWEEN THE CITY OF PALO ALTO AND
RMC WATER AND ENVIRONMENT, INC.

This Amendment No. Two to Contract No. C07120333 ("Contract") is entered into November 10, 2008, by and between the CITY OF PALO ALTO, a charter city and a municipal corporation of the State of California ("CITY"), and RMC Water and Environment, Inc., a California corporation, located at 2290 North First Street Suite 212, San Jose, CA 95131 ("CONSULTANT").

R E C I T A L S:

WHEREAS, the Contract was entered into between the parties for the provision of Recycled Water Facility Plan and Preparation of Environmental Documents; and

WHEREAS, the parties wish to amend the Agreement to increase the compensation by an additional \$35,000 for provision of financial planning, revisions to the environmental reports, preparation of environmental reports, and project management;

NOW, THEREFORE, in consideration of the covenants, terms, conditions, and provisions of this Amendment, the parties agree:

SECTION 1. Section 2 entitled "TERM" is hereby amended to read as follows:

"TERM". The services and/or materials furnished under the Agreement shall commence on April 17, 2007 and shall be completed before June 1, 2009.

SECTION 2. Section 4 entitled "NOT TO EXCEED COMPENSATION" is hereby amended to read as follows:

"SECTION 4. NOT TO EXCEED COMPENSATION". The compensation to be paid to CONSULTANT for performance of the Services described in Exhibit "A", including both payment for professional services and reimbursable expenses, shall not exceed Two Hundred Seventy Two Thousand Seven Hundred Eighty Dollars (\$272,780). In the event Additional Services are authorized, the total compensation for services and reimbursable expenses shall not exceed Twenty Nine Thousand Nine Hundred Twenty dollars (\$29,920). The applicable rates and schedule of payment are set out in Exhibit "C", entitled "COMPENSATION," which is attached to and made a part of this agreement.

Additional Services, if any, shall be authorized in accordance with and subject to the provisions of Exhibit "C". CONSULTANT shall not receive any compensation for Additional Services performed without the prior written authorization of CITY. Additional Services shall mean any work that is determined by CITY to be necessary for the proper completion of the Project, but which is not included within the Scope of Services described in Exhibit "A".

SECTION 3. Exhibit "A" to the Agreement is hereby amended to include additional work required for financial planning, revisions to the mitigated negative declaration, preparation of reports, and project management.

SECTION 4. Except as herein modified, all other provisions of the Agreement, including any exhibits and subsequent amendments thereto, shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have by their duly authorized representatives executed this Amendment on the date first above written.

CITY OF PALO ALTO:

RMC WATER AND ENVIRONMENT, INC.

Deputy City Manager

By: _____

APPROVED AS TO FORM:

Name: _____

Senior Asst. City Attorney

Title: _____

Director of Administrative
Services

Attachments:

- Exhibit A - Scope of Services
- Exhibit B - Project Schedule
- Exhibit C - Compensation

The additional scope and cost increase can be attributed to a variety of factors that were not contemplated in the original budget or in Amendment Number One. The additional scope includes;

- **Financial Planning:** The State Water Resources Control Board (SWRCB) recently provided comments on the Draft Facility Plan requesting the City prepare an in-depth financial cash flow analysis for the recycled water project. While a cash flow analysis is common for grant funding applications to the SWRCB, the SWRCB request is unusual at this stage in the process. However, staff believes completion of this activity at this time could result in beneficial cost and time savings in the long term. This task is expected to cost an additional \$3,200.
- **Revisions to the Administrative Draft Initial Study/Mitigated Negative Declaration (IS/MND) document:** The original scope of the project contemplated providing one administrative draft to the City, followed by a public draft and a final document. To date there have been two administrative draft documents provided to the City's Planning Department. A third review of the administrative draft is now deemed necessary. In addition, two issues related to the potential impacts of recycled water use on existing landscape and greenhouse gas emissions have required additional time and resources that was not foreseen in the original Scope of Work. This task is expected to cost an additional \$20,000.
- **Preparation of Reports:** The current Scope of Work contemplated a limited amount of document preparation for the Facility Plan and the MND. Based on previous reviews of the Administrative Draft MND and Draft Facility Plan, staff is anticipating the current budget is inadequate to meet the need for additional copies. This Task is expected to cost an additional \$1,480.
- **Project Management:** The original project schedule has been delayed to address the aforementioned issues. Further extensions of the schedule are requiring additional project management time and effort by the consultant. This Task is expected to cost an additional \$2,400.

The term of the contract is extended to June 1, 2009

Compensation

Exhibit C

Amendment 2

Task 1 – Financial Planning	\$ 3,200
Task 2 – IS/MND Documentation	\$20,000
Task 3 – Preparation of Reports	\$ 1,480
Task 4 – Project Management	<u>\$ 2,400</u>
Total	\$27,080

Additional Services \$ 7,920

Total \$35,000



City of Palo Alto

Recycled Water Facility Plan and Preparation of Environmental Documents

Task	Authorized Budget (as of June 2, 2008)	Total Billed to Date (both in scope and out of scope)	% Expended to Date	% Complete to Date (based on June 2, 2008 Scope)	Unbilled to Date	Remaining Budget (as of August 30, 2008)	Budget Estimate to Complete Work		Estimated Budget Gap	Proposed Revised Budget	
							In Scope (June 2, 2008 version)	Out of Scope		Total Increase in Budget	Revised Budget per Task
Task 1 - Site Investigation	\$ 15,400	\$ 15,406	100%	100%	\$ (6)	\$ (6)			\$ (6)		\$ 15,406
Task 2 - Analysis of Project Alternatives and Recommended Facilities Planning Project	\$ 26,800	\$ 34,186	128%	100%		\$ (7,386)			\$ (7,386)		\$ 34,186
Task 3 - Preparation of Financial & Revenue Plan	\$ 15,700	\$ 11,334	72%	100%		\$ 4,366	\$ 3,200	\$ 3,200	\$ 1,166		\$ 14,534
Task 4 - Environmental Documentation	\$ 128,600	\$ 132,385	103%	90%	\$ 83	\$ (3,868)	\$ 6,000	\$ 14,000	\$ (23,868)		\$ 152,468
Task 5 - Public/Stakeholder Outreach	\$ 15,000	\$ 12,750	85%	100%		\$ 2,250			\$ 2,250		\$ 12,750
Task 6 - Preparation of Facility Plan Reports	\$ 95,100	\$ 31,083	86%	90%	\$ 192	\$ 4,825	\$ 4,825		\$ 0		\$ 36,100
Task 7 - Development of User Agreements/Assurances Elements	\$ 4,200	\$ 105	3%	100%		\$ 4,095			\$ 4,095		\$ 105
Task 8 - Project Management and QA/QC	\$ 25,900	\$ 26,292	102%	95%	\$ 539	\$ (931)		\$ 2,400	\$ (3,331)		\$ 29,231
TOTAL	\$ 267,700	\$ 283,541	98%	93%	\$ 813	\$ 3,346	\$ 10,825	\$ 19,000	\$ (27,079)	\$ 27,080	\$ 294,760