



AGENDA MEMORANDUM

First Reading Ordinance for the City Council Meeting October 17, 2023
Second Reading Ordinance for the City Council Meeting of October 31, 2023

DATE: October 17, 2023

TO: Peter Zaroni, City Manager

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<p style="text-align: center;"><u>Professional Services Award</u> Seawater Desalination – Title XVI Funding Support</p>

CAPTION:

Ordinance authorizing a professional services contract with Freese and Nichols, Corpus Christi, to perform engineering services for the United States Bureau of Reclamation Title XVI Desalination Construction Grant Program in an amount not to exceed \$220,517.00, appropriating \$220,517.00 from the unreserved fund balance in the Drought Surcharge Exemption Fund; and amending the FY 2024 Operating Budget.

SUMMARY:

This ordinance authorizes approval of an agreement with Freese and Nichols for the preparation of a feasibility report to be submitted to the United States Bureau of Reclamation. As part of the proposed agreement, a report will be prepared in compliance with Title XVI WaterSmart's Water Infrastructure Improvement Program. The Water Smart Program is a national program that was initiated by the current administration. The program focuses on collaborative efforts to plan and implement actions to increase water supply reliability and provide investments to modernize infrastructure.

The proposed agreement's scope will include the preparation and filing of an application for grant financial assistance from the United States Bureau of Reclamation Title XVI as well as updating

the cost model for the Inner Harbor Seawater Desalination project.

BACKGROUND AND FINDINGS:

In 1992, The Federal Water Infrastructure Improvements for the Nation (WIIN) Act authorized the United States Bureau of Reclamation (USBR) to provide grant financial assistance for desalination construction projects. Eligibility for this grant program requires the completion of a feasibility study report prepared in compliance with the Title XVI WIIN Desalination Construction Program, and the USBR Manual. Ultimate approval of a feasibility study and its compliance is given by the USBR.

The proposed agreement seeks to authorize Freese and Nichols for the preparation of a Title XVI Feasibility Study Report as well as preparing and filing an application for grant financial assistance under the USBR's Seawater Desalination Construction Program. The proposed agreement's scope also includes updating the cost model for the Inner Harbor Seawater Desalination project. The updated cost model is a requirement of the grant application. The updated cost model is expected to be completed by the end of this year.

Once the application is accepted by USBR, the potential award could result in up to \$30,000,000 or more in grant funds for the City's seawater desalination project. With this feasibility study, CCW could also apply for additional programs that would provide grant funding up to \$180,000,000.

With regard to the Inner Harbor location, CCW has obtained the intake permit and is currently working with TCEQ to obtain the associated discharge permit.

The list below includes the items necessary for completion of the feasibility study as part of the grant application as defined in the USBR Manual.

- a. Project Management and Coordination of the grant application
- b. Project Identifiers
- c. Statements of Problems and Needs
- d. Water Reclamation and Reuse Opportunities
- e. Description of Alternative Water Sources
- f. Economic Analysis of the City's Seawater Desalination Project
- g. Selection of the Proposed Water Reclamation, Recycling or Desalination Project
- h. Environmental Consideration and Potential Effects
- i. Legal and Institutional Requirements
- j. Financial Capability of Sponsor
- k. Research Needs

PROJECT TIMELINE

2023 - 2024
October - July
Title XVI Funding Support

The specific cost analysis will be completed and submitted for review in six to eight weeks after

the notice to proceed. The cost analysis is expected to be completed by the end of this year.

COMPETITIVE SOLICITATION PROCESS:

Freese and Nichols was selected in May 2023 under RFQ No. 4413 for Seawater Desalination - Title XVI Program Funding Support. Freese and Nichols was the highest ranked firm.

The selection committee was comprised of representatives from the City of Corpus Christi Water Department (CCW), Engineering Services, and City Manager's Office. The final evaluation ranked Freese and Nichols as the highest ranked firm based on eight factors: 1) Experience on projects of similar scope and complexity, 2) Demonstrated capacity & capacity on comparable projects. 3) Past Performance, 4) Team members with experience and qualifications, 5) Team members experience with work of similar scope and complexity, 6) Availability of Resources to accomplish the work, 7) Demonstrated understanding of scope of services, 8) Demonstrated understanding and experience with similar service with a public agency.

Freese and Nichols was previously selected as the Owner's Representative for Seawater Desalination project. Freese and Nichols and the Corpus Christi Water Department worked with stakeholders consisting of City leadership, CCW customers, industrial leaders, and the economic development corporation for the region to guide and define the project. The topics discussed while defining the project included providing additional water sources for the region, evaluating economics, cost modeling, environmental assessments, and feasibility studies for the Seawater Desalination project.

ALTERNATIVES:

The alternative is to not to award the proposed agreement; however, this will result in the feasibility report and grant application not being submitted for the Seawater Desalination project as well as the updated cost model not being completed.

FISCAL IMPACT:

The fiscal impact for FY 2024 is an amount up to \$220,517.00, with FY 2024 funding appropriated from Drought Surcharge Exemption Fund unreserved fund balance.

Fund: Drought Surcharge Exemption (Fund 4023)
Department: Water (45)
Org: Water Administration (30000)
Account: Professional Services (530000)
Activity: 23208 - Seawater Desal-Title XVI Grant Study
Amount \$220,517.00

RECOMMENDATION:

Staff recommends approval of this agreement with Freese and Nichols, as presented.

LIST OF SUPPORTING DOCUMENTS:

Evaluation Matrix
Proposal