



AGENDA MEMORANDUM

Future Item for the City Council Meeting of April 22, 2014
Action Item for the City Council Meeting of April 29, 2014

DATE: April 4, 2014

TO: Ronald L. Olson, City Manager

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Engineering Contract

City of Corpus Christi Desalination Program

CAPTION:

Ordinance amending the FY 2014 Capital Improvement Budget adopted by Ordinance No. 029916 to transfer and appropriate \$1,080,735 from the Unreserved Fund Balance in No. 4041 Raw Water Supply Development Fund to and appropriating in the No. 4080 Water CIP Fund for the City of Corpus Christi Desalination Program; accepting and appropriating a grant in the amount of \$400,000 from the United States Department of Interior Bureau of Reclamation in Fund 1052 Water Grant Fund for Project No. E13063 City of Corpus Christi Desalination Program; amending the FY 2014 Capital Improvement Budget adopted by Ordinance No. 029916 to add Project No. E13063 City of Corpus Christi Desalination Program; increasing expenditures and revenues in the amount of \$1,480,735; authorizing the City Manager, or designee to execute all documents necessary to accept the grant for the City of Corpus Christi Desalination Program Pilot Study; authorizing the City Manager, or designee, to apply for additional federal and state grants with anticipated use of the City of Corpus Christi Desalination Program Pilot Study funds for any grant matches; and authorizing the City Manager or designee to execute Amendment No. 1 to the engineering contract with Freese and Nichols, Inc. of Corpus Christi, Texas in the amount of \$966,699, for a total restated fee not to exceed \$1,016,047 for Project No. E13063 City of Corpus Christi Desalination Program.

PURPOSE:

The purpose of this agenda item is to obtain authority to transfer funds to the City of Corpus Christi Desalination Program project, accept and appropriate a grant, apply for additional grants, and execute Amendment No. 1 to the Freese and Nichols, Inc. engineering contract for the City of Corpus Christi Desalination Program.

BACKGROUND AND FINDINGS:

The Desalination Program consists of three phases: 1) Pilot Study Grant Application and Award, 2) Plant Siting and Variable Salinity Testing Protocol, and 3) and Variable Salinity Data Collection and Technology Testing.

Original Contract: Pilot Study Grant Application and Award (Complete)

Freese and Nichols, Inc. (FNI) assisted the City in responding to a grant application offered by the U.S. Department of Interior Bureau of Reclamation (Reclamation) that would provide funding and federal technical assistance in developing a desalination pilot study assessment.

Because of their unique agency relationships and long standing technical expertise, combined with a short deadline to respond to the federal funding Reclamation invitation, the City selected FNI as the consultant to aid and assist City future efforts with Reclamation on the proposed desalination pilot program.

The grant application was successful in that Reclamation is awarding the City \$400,000 for Phase 3 of the project. Award of the grant by Reclamation completes Phase 1.

Amendment No. 1: Plant Siting and Variable Salinity Testing Protocol (This Item)

Ordinance transferring funds from the Water Supply Reserve Fund provides the program funds to amend FNI's engineering contract for the work described below. Funding for this work was contingent upon receiving the Federal Grant.

FNI will provide four technical memoranda (TM) that will be completed in a period of six months leading up to the implementation of the pilot study. TM No. 1 and TM No. 2 will focus on desalination technologies and pilot plant siting. TM No. 3 and TM No. 4 will focus on the development of requirements and protocols for future work and both will be partially funded using Reclamation grant funds.

Future works: Variable Salinity Data Collection and Technology Testing

Site implementation of the pilot study will be done by assembly and operation of the pilot plant (200,000 gallons per day). Procurement for equipment and operations for data collection and assessment will be ongoing for twenty-five (25) months. State and Federal agencies will participate with technical support for assessment of the pilot plant performance. Information will include the design criteria and estimate costs to move forward with demonstration and/or production facilities.

ALTERNATIVES:

1. Authorize the addition and transfer of money to the Desalination project, acceptance and appropriation of a grant, application for additional grants, and execution of the engineering contract.
2. Do not authorize the addition and transfer of money to the Desalination project, acceptance and appropriation of a grant, application for additional grants, and execution of the engineering contract. (Not Recommended)

OTHER CONSIDERATIONS:

All expenses associated with the pilot project can and will be used as an in-kind match to leverage future state, federal and/or private funding opportunities for City movement towards demonstration and/or production facilities.

The City is uniquely positioned to secure the lead in seawater desalination for the State of Texas.

CONFORMITY TO CITY POLICY:

Conforms to City Fiscal Policy

EMERGENCY / NON-EMERGENCY:

Non-Emergency

DEPARTMENTAL CLEARANCES:

Environmental and Strategic Initiatives
Utilities Department

FINANCIAL IMPACT:

☐ Operating ☐ Revenue ☒ Capital ☐ Not applicable

Fiscal Year 2013-2014	Project to Date Expenditures	Current Year	Future Years	TOTALS
Line Item Budget		\$1,080,735.00	\$1,372,700.00*	\$2,453,435.00
Water Operating	\$101,932.00			\$101,932.00
Bureau of Reclamation Grant		\$400,000.00		\$400,000.00
TOTAL BUDGET	\$101,932.00	\$1,480,735.00	\$1,372,700.00	\$2,955,367.00
Encumbered / Expended Amount	\$101,932.00			\$101,932.00
This Item		\$966,699.00		\$966,699.00
Future Anticipated Expenditures This Project		\$514,036.00	\$1, 324,050.00	\$1,838,086.00
BALANCE	\$0.00	\$0.00	\$48,650.00	\$48,650.00

Fund(s): Water Supply Reserve Fund

Comments: The amended FNI contract requires approximately 180 calendar days with anticipated completion in October 2014. The amendment will result in the expenditure of an amount not to exceed \$966,699.

*Future funding in the amount of \$1,372,700 will be required for future Variable Salinity Data Collection and Technology Testing to support this project. This funding may be secured by a future request through the Raw Water Supply Development Fund and/or by a future grant. If the City receives a grant, less money will be requested through the Raw Water Supply Development Fund.

RECOMMENDATION:

City Staff recommends approval of the Ordinance as proposed.

LIST OF SUPPORTING DOCUMENTS:

Ordinance
Project Budget
Location Map
Contract
Presentation