



AGENDA MEMORANDUM

First Reading for the City Council Meeting of October 31, 2017
Second Reading for the City Council Meeting of November 7, 2017

DATE: September 29, 2017

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<p style="text-align: center;"><u>Master Service Agreement</u> Seawater Desalination (Capital Improvement Program)</p>

CAPTION:

Ordinance appropriating \$2,750,000 of Series 2017 Utility Revenue Improvement Bonds in Fund No. 4482 for the Seawater Desalination Project #E15117; changing the FY 2018 Capital Improvement Program Budget adopted by Ordinance 031249 to increase revenues and expenditures by \$2,750,000; authorizing the City Manager or designee to execute Amendment No. 1 of the Seawater Desalination Project #E15117 using a Master Service Agreement with Freese and Nichols, Inc., of Corpus Christi, Texas in the amount of \$2,627,000 for a total restated fee of \$2,974,745 for the Seawater Desalination project; and requiring further authorization to issue the Notice to Proceed for Task Order 1 under the Master Service Agreement. (Capital Improvement Program) (CIP)

PURPOSE:

The purpose of this agenda item is to obtain authority to execute a Master Service Agreement.

BACKGROUND AND FINDINGS:

CIP Description: Seawater Desalination

To provide the City with reliability, security, sustainability and availability of seawater as possible future water source, this project provides preliminary design of seawater desalination plant. The scope of this project includes governmental funds application, plant site selection, desalination technology design, water infrastructure integration plan, source water characterization, project cost analysis, etc.

Project Background:

The City of Corpus Christi (City), as the largest wholesale water provider in the Coastal Bend Region, has a long history of planning for and developing water supplies to meet current and future needs.

Seawater desalination is a recommended water management strategy in both the 2016 Region N Regional Water Plan and 2017 State Water Plan. This strategy is currently recommended to meet manufacturing and steam-electric needs in Nueces and San Patricio Counties starting in the 2030 decade. However, the City anticipates the plant may be designed to produce water meeting drinking water requirements and this water will be fully incorporated into the regional water supply system.

To provide the City and Region with a diverse, reliable, secure, sustainable future water supply and boost development of district economy, the City issued a Request for Qualifications (RFQ) No. 2014-06 - Owner's Representative Services for Industrial Seawater Desalination on September 15, 2014. Based on selection criteria published in the RFQ, Freese and Nichols, Inc., (FNI) team was selected as the most highly qualified consultant firm by the selection committee consisting of technical representatives from the City and area Stakeholders.

On November 18, 2014, by Resolution No. 030355, City Council endorsed and authorized the City Manager's execution of a Letter of Intent to Proceed with the Corpus Christi Regional Economic Development Corporation (CCREDC), the San Patricio Municipal Water District (SPMWD), and the Port Industries of Corpus Christi (PICC) to develop the feasibility for an Industrial Seawater Desalination Facility in the Corpus Christi area.

An original Architect/Engineer contract for Phase I of Seawater Desalination Feasibility was awarded to FNI in May 2015 with the cost shared by City for \$47,745, CCREDC for \$150,000, and PICC for \$150,000.

Phase I of Seawater Desalination Feasibility was accomplished in December 2015 and resulted in definition and selection of a preferred prospective seawater desalination project. In view of the complexity of the seawater desalination project, the stakeholders determined several fundamental activities needed additional definition and concurrence prior to initiating Phase II Project Procurement and Implementation.

In July 2017, the City was awarded \$2.75 million in deferred financing from the State Water Implementation Revenue Fund for Texas (SWIRFT) for planning a seawater desalination treatment project.

SWIRFT funds will be used to support needed additional fundamental activities for planning the seawater desalination project. Project scope includes, but is not limited to, project procurement methodology, concentrate management strategies, seawater desalination project siting, site

surveys and studies, source water characterization, confirmation of plant size, water users, water demand, points of product water delivery, infrastructure integration plan, conceptual design of intake and outfall facilities, power supply agreement, project delivery technical strategy, filing of owner's permit applications, supplemental project definition summary report and project procurement plan, Texas Water Development Board financial assistance (SWIRFT #1, completed), project management, meetings and coordination, and communication and public outreach, etc.

Execution of this project will be through a Master Service Agreement (MSA) to provide required professional engineering services for the Seawater Desalination project. The MSA contract specifies basic scope, terms, and conditions that will govern future Task Orders (TOs). Future TOs will be issued with specific scope of work and associated fees. Total TOs will not exceed the MSA contract value. The first TO will be presented to Council for authorization before the Notice to Proceed is issued. Future TOs will be administratively issued by City Manager or designee.

ALTERNATIVES:

1. Authorize execution of Master Service Agreement. (Recommended)
2. Do not authorize execution of Master Service Agreement. (Not Recommended)

OTHER CONSIDERATIONS:

Not applicable

CONFORMITY TO CITY POLICY:

Conforms to City Fiscal Policy

EMERGENCY / NON-EMERGENCY:

Non-Emergency

DEPARTMENTAL CLEARANCES:

Water Utilities Department

FINANCIAL IMPACT:

☒ Operating ☐ Revenue ☒ Capital ☐ Not applicable

Fiscal Year 2017-2018	Project to Date Expenditures	Current Year	Future Years	TOTALS
Line Item Budget	351,675	0		351,675
Appropriation This Item		2,750,000		2,750,000
Revised Budget	351,675	2,750,000		3,101,675
Encumbered / Expended Amount	351,675			351,675
This Item		2,627,000		2,627,000
Future Anticipated Expenditures		123,000		123,000
BALANCE	0	0		0

Fund: Water Supply CIP No. 9

RECOMMENDATION:

City Staff recommends approval of the Ordinance.

LIST OF SUPPORTING DOCUMENTS:

Ordinance
Project Budget
Location Map
Presentation
Contract
Form 1295 (in contract)