



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: FEBRUARY 19, 2019

FROM: PUBLIC UTILITIES DEPARTMENT WARD: ALL

SUBJECT: MEMORANDUM OF UNDERSTANDING BETWEEN PUBLIC WORKS AND PUBLIC UTILITIES DEPARTMENTS; CAPITAL EXPENDITURE OF \$3,750,000, IN FIVE SEPARATE RECURRING ANNUAL PAYMENTS OF \$750,000 FOR PUBLIC UTILITIES DEPARTMENT'S SHARE OF THE RECYCLED WATER IMPROVEMENTS AT THE RIVERSIDE REGIONAL WATER QUALITY CONTROL PLANT

ISSUES:

Approve the Memorandum of Understanding between the Public Works and Public Utilities Departments; and approve the capital expenditure for \$3,750,000 in five annual payments of \$750,000 for Public Utilities Department's share of the recycled water system improvements at the Riverside Regional Water Quality Control Plant.

RECOMMENDATIONS:

That the City Council:

1. Approve the Memorandum of Understanding between the Public Works and Public Utilities Departments designating the roles and responsibilities of the parties regarding the operation and maintenance of the recycled water system within the Riverside Regional Water Quality Control Plant; and
2. Approve the capital expenditure for \$3,750,000, in five annual payments of \$750,000 for Public Utilities Department's share of the recycled water system improvements at the Riverside Regional Water Quality Control Plant.

BOARD RECOMMENDATION:

On December 10, 2018, the Board of Public Utilities, with eight members present, unanimously voted to recommend that the City Council approve the Memorandum of Understanding (MOU) between Public Works (PW) and Public Utilities Departments (RPU) designating the roles and responsibilities of the parties regarding the operation and maintenance of the recycled water system within the Riverside Regional Water Quality Control Plant (RWQCP); and approve the capital expenditure for \$3,750,000, in five annual payments of \$750,000 for Public Utilities Department's share of the recycled water system improvements at the Riverside Regional Water Quality Control Plant.

BACKGROUND:

Since the early 2000s, PW has undertaken modernization and expansion of the RWQCP to include additional treatment capacity and the use of new membrane bioreactor technology to meet the City's growing needs. The treated effluent from the RWQCP serves as the source of recycled water for RPU. In anticipation of construction and operation of the recycled water system, RPU Executive staff has been in close coordination with PW to ensure that the expansion of the RWQCP incorporates changes needed to provide additional recycled water flows. Based on this interdepartmental coordination, the attached MOU was created to establish guidelines and the understanding between PW and RPU related to operations, maintenance, communication, and costs associated with the recycled water system in order for PW to supply RPU's recycled water distribution system.

DISCUSSION:

Under the MOU, PW will operate and maintain the RWQCP and be responsible for providing recycled water that meets California Code of Regulations Title 22 requirements under its Waste Discharge and Producer/User Reclamation Permit. PW will perform all water quality testing, inspection, monitoring, and regulatory reporting. RPU will be responsible for any necessary water quality testing, inspection, monitoring, and regulatory reporting within the recycled water distribution system outside of the RWQCP and will complete all necessary reporting to comply with its Master Reclamation Permit with California State Water Resources Control Board, Division of Drinking Water (DDW).

PW and RPU are responsible for maintenance and repairs of all pipelines, valves, meters, conduit, and other equipment pertaining to the recycled water system on their respective sides of the recycled water system. PW will be responsible for maintenance of all pipelines, valves, meters, and other equipment within the RWQCP; RPU will be responsible for maintenance and repair of all pipelines, valves, meters, and other equipment within the recycled water distribution system. Maintenance of RPU's underground facilities within the RWQCP will be repaired by PW at RPU's expense. Maintenance costs for the recycled water booster station will be shared between both departments equally.

RPU and PW staff worked together in identifying incremental capital costs to PW during the upgrade of the RWQCP. A total cost of \$3,750,000 was agreed upon and includes a construction cost of \$2,768,313 and an estimated interest cost of \$974,616 for the bonds used to fund the RWQCP expansion. The table below provides the breakdown of costs.

Item	RPU's Share of		Total
	Construction Costs	Interest Paid	
Recycled Water Booster Station	\$2,103,839	\$762,176	\$2,866,015
36-Inch Pipeline	\$664,474	\$212,440	\$876,914
Totals	\$2,768,313	\$974,616	\$3,742,929
RPU Payment to PW			\$3,742,929
Total To Use			<u>\$3,750,000</u>

FISCAL IMPACT:

The total fiscal impact for this item is \$3,750,000.00 for payment from the Water Enterprise Fund to the Public Works Sewer Enterprise Fund over a total of five years to be made in five annual payments of \$750,000. Sufficient funds for payment of Years 1 and 2 to Public Works are budgeted and available in the Recycled Water Facilities Account No. 6230000-470811. The remaining balance of \$2,250,000.00 for annual payments for Years 3 to 5 will be budgeted and included as part of the Fiscal Year 2020/21 – 2021/22 biennial budget process.

Prepared by: Todd M. Corbin, Utilities General Manager
Certified as to
availability of funds: Edward Enriquez, Chief Financial Officer/City Treasurer
Approved by: Al Zelinka, FAICP, City Manager
Approved as to form: Gary G. Geuss, City Attorney

Attachments:

1. Memorandum of Understanding for Production and Distribution of Recycled Water
2. Minutes from December 10, 2018 Board of Public Utilities Meeting
3. Presentation