



TO: Tony Ndah, Deputy Administrative Officer
General Services Division
Darin Taylor, Chief Financial Officer

FROM: Charlene Sun
Treasury and Debt Manager
Financial Planning and Management
Services Division

SUBJECT: Single-Source Justification Memo
for Amendment No. 2 for the
Consultant Agreement with Stantec
Consulting Services (A4482G-CAS
5222) to provide support for the U.S.
Army Corps of Engineers Water
Infrastructure Financing Program
(CWIFP)

DATE: January 29, 2024

The purpose of this justification memo is to request approval to amend the single-source Justification for Exception from the Competitive Procurement Process request which was initially approved on May 31, 2021 (Attachment 1) and amended by Board action on October 25, 2022 (Attachment 2). Upon approval of this memo to amend the single-source request, the Treasury Unit will seek Valley Water Board approval of Amendment No. 2 for the Consultant Agreement with Stantec Consulting Services A4482G (Consultant). The Consultant is currently providing professional funding and compliance services to Valley Water for the low-cost loans through the Water Infrastructure Finance and Innovation Act (WIFIA) program as administered by the United States Environmental Protection Agency (EPA), as well as for other federal and state grant funding programs. Amendment No. 2 for the Consultant Agreement will increase the not-to-exceed amount from \$1,500,000 to \$2,245,000 to fund the new scope of work related to the CWIFP and state/federal grants. The term of the Agreement will remain unchanged, which expires on December 31, 2027, with two optional two-year renewals.

Executive Summary

Valley Water executed the initial Consultant Agreement as a single source in June 2021 for a not-to-exceed amount of \$224,852, to assist with the research, preparation and submission of the U.S. Environmental Protection Agency (EPA) WIFIA Letters of Interest (LOI) and loan applications for the Safe, Clean Water Program, Pacheco Reservoir Expansion (Pacheco) and Anderson Dam Seismic Retrofit (Anderson) projects. A single-source Justification for Exception from the Competitive Procurement Process was approved by the Procurement Board Authorized Officer (BAO) on May 31, 2021. The Consultant Agreement was amended on October 25, 2022 to increase the not-to-exceed amount for the Agreement to \$1,500,000 and the term was extended to December 31, 2027 with two optional two-year renewals, pursuant to Board action taken at the October 25, 2022 Board meeting. Through October 2023, a total of \$666,174 has been expended, with \$833,826 remaining in the Agreement. If Amendment No. 2 is not approved, there is insufficient funding under the existing Agreement to complete the new scope of work related to the United States Army Corps of Engineers (USACE) CWIFP federal financial assistance program and state/federal grants planned for the Watersheds and Water Utility programs.

To-date, the Consultant has successfully assisted Valley Water with submitting and executing multiple complex and large grant and loan applications. Valley Water was successful in the applications for over \$2.2 billion in WIFIA loans for the Safe Clean Water Program, Anderson and Pacheco projects, which closed in 2023. Most recently, the Consultant assisted with submitting over \$170 million in various federal grant applications for the Coyote Creek and Sunnyside East Channel Flood Protection Projects.

In November 2023, the Treasury and Debt Unit received executive management direction to submit preliminary applications to the USACE's CWIFP to seek additional federal financial assistance for Anderson and the Dam Safety Program which encompasses the Almaden, Calero, Coyote and Guadalupe Dam Seismic Retrofit Projects. Stantec assisted with this new work effort and staff submitted \$2 billion in CWIFP loan funding



requests on December 15, 2023. In addition to the CWIFP new scope of work, the Grants unit was also tasked with collaborating with Stantec to develop a Water Utility Grants Roadmap to implement a systematic method of preparing grant applications for key high value Water Utility projects over the next 5 years. To ensure adequate funding is available to support these new work efforts that will take a significant amount of time and resources to negotiate, execute and implement, staff is requesting a \$745,000 increase to the Consultant Agreement, for a total not-to-exceed amount of \$2,245,000. Without this increase in funding, the existing contract not-to-exceed amount is projected to be fully expended in FY 2025, which will delay staff's efforts to implement the CWIFP and Water Utility Grants Roadmap.

Staff anticipates receiving the invitation from the USACE to proceed with the full application process in March 2024, and the full application will be developed and submitted in July 2024, to achieve loan closing date in late 2024. This expedited timeframe is crucial to ensure Valley Water secures the CWIFP funding for the various dam projects which are under state and federal orders to be retrofitted to meet various standards.

The Consultant has a proven track record of successfully leading the WIFIA application process for Valley Water as well as other public agencies across the country and has greatly assisted Valley water's efforts in securing WIFIA loans. Staff recommends approval of the single source contract amendment with the Consultant to ensure proper resources are in place to implement the CWIFP Loan Program which is time sensitive. The Consultant is already familiar with Valley Water's project financing and processes and the proposed hourly rates are in-line with other professional services procured by the Financial Planning Division on a competitive basis.

Staff recommends amending the Consultant Agreement as a single source in accordance with Executive Limitation (EL) 5.3 based on its project team's qualifications and expertise, and its knowledge of Valley Water's finances and project needs. Valley Water requires the services of a qualified consultant with both prior experience in preparing applications for state/federal loans and grants as well as assisting clients in ongoing state/federal program compliance. To date, the Consultant has assisted more than a dozen borrowers secure WIFIA loans, totaling over \$4 billion in WIFIA credit assistance. The Consultant has set up several WIFIA compliance systems for Valley Water and actively assists with WIFIA loan administration and federal cross-cutter compliance (e.g. America Iron and Steel, National Environmental Policy Act, Equal Employment Opportunity). The successful implementation of the CWIFP Program and state/federal grants will require an expansion of the scope of work that is beyond the current contract terms, thus an amendment is required. The Consultant's good work and in-depth familiarity with Valley Water's projects and financing make it uniquely well qualified to provide these services.

Attachments:

Attachment 1: Initial Single-source Justification for Exception from the Competitive Procurement Process, approved May 31, 2021

Attachment 2: Amendment No. 1 to Single-source Justification for Exception from the Competitive Procurement Process, approved October 25, 2022

Approved By:
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Darin Taylor _____ 1/29/2024
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Approved by BAO Procurement Designee:

DocuSigned by:
Tony Ndaan _____ 1/29/2024
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Tony Ndaan Date
Deputy Administrative Officer
General Services Division

CC: Alicia Fraumeni, Treasury and Debt Unit, Brian Mendenhall