



# Santa Clara Valley Water District

File No.: 24-0627

Agenda Date: 7/9/2024  
Item No.: \*6.2.

## BOARD AGENDA MEMORANDUM

Government Code § 84308 Applies: Yes  No   
(If "YES" Complete Attachment A - Gov. Code § 84308)

### SUBJECT:

Approve a Budget Adjustment for the Desalination Project No. 91441003 and Approve the Agreement No. A5050A With Black & Veatch Corporation, to Provide a Desalination Engineering Feasibility Study, Project No. 91441003, PlanetBids File No. VW0379, for a Total Not-to-Exceed fee of \$1,717,738.

(\*Previously listed as Item 6.1)

### RECOMMENDATION:

- A. Approve a budget adjustment in the amount of \$1,717,738 to Fiscal Year 2025 for the Desalination Engineering Feasibility Study Project; and
- B. Approve the Standard Consultant Agreement with Black & Veatch Corporation, to provide a Desalination Engineering Feasibility Study, Project No. 91441003, PlanetBids File No. VW0379, for a total not-to-exceed fee of \$1,717,738.

### SUMMARY:

Staff seeks Board approval and authorization to execute a consultant agreement with Black & Veatch Corporation (Black & Veatch) to conduct a Desalination Engineering Feasibility Study (Project).

At the October 27, 2023, Recycled Water Committee (Committee) meeting staff presented an update on the completion of an Environmental Feasibility Study for the development of a desalination project in Santa Clara County. The completion of this preliminary study was the first phase in evaluating the potential for design and construction of a desalination facility in the County. As recommended by the Committee, staff has proceeded to implement the second phase to evaluate the engineering feasibility, costs, and regulatory permitting requirements associated with a desalination project in the South San Francisco Bay (South Bay). This is the first time Santa Clara Valley Water District (Valley Water) is evaluating a desalination facility in the South Bay as an alternative water supply. A desalination project will be evaluated in the Water Supply Master Plan 2050 update.

Approval of the Standard Consultant Agreement with Black & Veatch Corporation (Agreement) (Attachment 1) will provide critical information on the feasibility for an alternate water supply as part of Valley Water's water supply portfolio.

**Consultant Selection Process**

Prior to publishing the Request for Proposals (RFP) to solicit a desalination engineering feasibility study, staff conducted outreach to 461 firms registered with the National Institute of Governmental Purchasing, Inc., category codes: 91843 - Environmental Consulting; 92652 - Impact Studies, Environmental; and 92672 - Planning and Advisory Services, Environmental, which are the targeted categories within Valley Water’s Procurement Portal, PlanetBids (PB). Staff also issued advertisements in the SJ Post Record newspaper and Small Business Exchange, Inc.

On January 1, 2024, staff published the RFP for a desalination engineering feasibility study by sending it to 475 firms that were registered with NIGP, category codes: 91843 - Environmental Consulting; 92652 - Impact Studies, Environmental; and 92672 - Planning and Advisory Services, Environmental, which are the targeted categories within PB.

A total of three proposals were received on January 26, 2024, from the following consultant firms: (1) Black & Veatch; (2) CDM Smith, Inc.; and (3) GHD, Inc. Of the total 475 firms informed of the solicitation, 48 firms confirmed interest as prospective proposers in PB.

An Evaluation Committee (EC) consisting of four panelists from Valley Water with subject matter expertise with desalination engineering feasibility study evaluated and ranked the written proposals. Based on the technical and interview evaluations, the EC recommended that staff proceed to contract negotiations with the highest-ranked firm, Black & Veatch.

Negotiations with Black & Veatch have been successfully completed. Staff recommends Board approval of the Standard Consultant Agreement with Black & Veatch, to provide a Desalination Engineering Feasibility Study in a not-to-exceed fee of \$1,717,738. The agreement has a one-year term with an option solely exercisable by Valley Water, to extend it for up to two additional one-year terms.

**Consultant Agreement and Scope of Services**

The recommended Consultant Agreement with Black & Veatch includes the required tasks and budget to provide a desalination engineering feasibility study. A summary of tasks and fees for this Agreement is presented in Table 1 below.

<b>COST BREAKDOWN</b>		
<b>Task</b>	<b>Description</b>	<b>Not-to-Exceed Fees</b>
1	Project Management	\$233,563
2	Data and Information Collection	\$67,034
3	Feasibility Study	\$889,957
4	CEQA and Other Regulatory Review	\$80,537
5	Presentation of Results	\$35,961
6	Supplemental Services	\$410,686

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Total Not-to-Exceed Fees	\$1,717,738
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Scope of services includes project management, data and information collection, feasibility study, CEQA and other regulatory requirements, outreach to stakeholders, presentation of results, and Supplemental Services. Prior to performing any Supplemental Services, the Consultant will be required to obtain written authorization from the Water Utility Capital Division Operating Officer through the issuance of an approved Task Order.

Details on scope, budget, and schedule for Consultant to perform a desalination engineering feasibility study are included in the proposed Agreement (Attachment 1).

**ENVIRONMENTAL JUSTICE AND EQUITY IMPACT:**

Further analysis is necessary to determine the Environmental Justice impacts associated with any potential future desalination project in Santa Clara County. Any analysis of the environmental impact will be completed if a specific project is being proposed for Valley Water’s investment. The findings of that analysis would be presented to the Board during a future update.

**FINANCIAL IMPACT:**

The Desalination Project, Project No. 91441003, is included in the FY 2024-25 Adopted Operating and Capital Budget. A budget adjustment of \$1,717,738 is recommended to increase the FY 2024-25 budget for the Project to accommodate the increase to the FY 2024-25 planned expenditures due to the Standard Consultant Agreement. The funding source will be the Water Enterprise Fund (Fund 61) Operating and Capital Reserves. At the time of this writing, staff anticipates that savings from the Recycled Water Project, Project No. 91101004, will be captured in FY 2023-24, which will fully cover the \$1,717,738 increase to the FY 2024-25 budget for Project No. 91441003.

**CEQA:**

The recommended action does not constitute a project under CEQA because it does not have a potential for resulting in direct or reasonably foreseeable indirect physical change in the environment.

**ATTACHMENTS:**

- Attachment A: Gov. Code 84308
- Attachment 1: Agreement

**UNCLASSIFIED MANAGER:**

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