



Santa Clara Valley Water District

File No.: 20-0128

Agenda Date: 1/28/2020

Item No.: *6.3.

BOARD AGENDA MEMORANDUM

SUBJECT:

Authorize the Chief Executive Officer to Negotiate and Execute a Single Source Consultant Services Agreement with Stantec Consulting Services, Inc. for a not-to-exceed amount of \$397,753 for services related to Pursuing Outside Funding Sources in support of the Pacheco Reservoir Expansion Project, Project No. 91954002. (PREVIOUSLY LISTED AS ITEM 5.2)

RECOMMENDATION:

Authorize the Chief Executive Officer to negotiate and execute a single source consultant services agreement (Agreement) with Stantec Consulting Services, Inc. for a not-to-exceed amount of \$397,753 to provide services related to pursuing a Water Infrastructure Finance and Innovation Act (WIFIA) loan and investigating other potential funding sources for the Pacheco Reservoir Expansion Project that does not substantially differ from the agreement attached to this memorandum.

SUMMARY:

The Pacheco Reservoir Expansion Project (Project) is a multi-agency effort to provide water supply reliability, environmental restoration, and other benefits through construction of new facilities and long-term operational strategies. The Project would include construction of a new dam, conveyance facilities, and appurtenant infrastructure at an estimated cost of \$1.3 billion (2019).

On August 14, 2017, Valley Water submitted an application to the California Water Commission (CWC) for the California Proposition 1 Water Storage Investment Program (WSIP) funding for the Project. The CWC conditionally approved Valley Water's full funding request of \$484.55 million on July 24, 2018, which included an Early Funding award of \$24.2 million. The Early Funding award was authorized by the CWC to reimburse Valley Water for funds expended starting August 14, 2017 for efforts related to the completion of the Environmental Documentation and Permitting for the Project.

The Project has been identified as the preliminary National Economic Development Alternative within the San Luis Reservoir Low Point Improvement Project (SLLPIP) Federal Feasibility Report, led by the United States Bureau of Reclamation (USBR). USBR also released the public draft Environmental Impact Statement/Environmental Impact Report for the SLLPIP on July 26, 2019. Valley Water's participation in the SLLPIP provides a nexus for potential partial federal funding of the Project. Subject to successful completion of their review of the Project, USBR would be the Project

sponsor to recommend WIIN Act funding.

Valley Water continues to explore additional project funding through the Federal Water Infrastructure Improvements for the Nation (WIIN) Act, and low cost financing through the Environmental Protection Agency's (EPA's) Water Infrastructure Finance and Innovation Act (WIFIA), as well as other Federal and State funding and financing programs.

Valley Water requires the services of a qualified consultant with prior successful experience to prepare applications for low interest loans under the EPA's WIFIA and investigate other potential funding sources. Valley Water staff does not have the resources, experience, and knowledge to gather the information needed for this effort. Staff recommends the selection of Stantec Consulting Services (Stantec) to provide the services needed to prepare the WIFIA application. Stantec is experienced in preparing WIFIA loan applications which staff at Valley Water currently lacks. Stantec's preparation of the WIFIA application is expected to vastly improve Valley Water's chances of receiving a WIFIA loan for the Project.

As part of the effort to retain a consultant expeditiously to assist in the pursuit of a loan, staff contacted the Pacheco Reservoir Expansion Project (PREP) Program Management Consultant (PMC). Neither the PMC, nor its subconsultants, have the experience required to generate the WIFIA Letter of Intent and the loan application. Staff also reached out to Valley Water's Financial Planning and Management group who confirmed that no current or past on-call consultants had the required experience to perform the work.

Staff recommends selecting Stantec based on its proposed project team's qualifications, expertise, and experience. In addition, Stantec has demonstrated experience in securing more than a billion dollars for past clients pursuing WIFIA loans. In 2019, Stantec completed three successful Letters of Interest for WIFIA loans.

As Stantec is part of a consultant team helping Valley Water with the planning, design, and environmental permitting of the Project, Stantec's staff that will prepare the WIFIA loan documents will have immediate access to previously collected and generated information about the Pacheco Reservoir Expansion Project. This familiarity will result in Stantec needing less time to become familiar with the Project details, which is critical to ensure the preparation of a timely and robust application for a WIFIA loan.

FINANCIAL IMPACT:

Funding for this item is included in the FY 2020 Pacheco Reservoir Expansion Project budget, Project No. 91954002. Cost of services to be provided by the Consultant is not-to-exceed \$397,753, with both basic services and optional services. Optional services are budgeted in the event that a second application is needed, based on readiness of the Project to receive a WIFIA loan. Basic services are anticipated to be completed within 24 months and optional services may require 12 additional months to complete.

CEQA:

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

ATTACHMENTS:

Attachment 1: Draft Agreement

UNCLASSIFIED MANAGER:

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