



Agenda Item: 14.B
Date of Meeting: August 12, 2024
Department: Public Works

STAFF REPORT

To: City Council
From: Nora Gamino
Subject: **Task Order Amendment for the West Line Water Main Replacement Project**
Prepared On: July 31, 2024
Attachments: Task Order 1 Amendment
Task Order 1
2023.10.23 Staff Report

Background/History:

Task Order #1 was issued to Wood Rodgers, Inc on October 26, 2023 for the design and engineering of the West Line Street Water Main Replacement. For additional details regarding the need for the project, please see the attached Staff Report from the October 23, 2023 City Council Meeting for the approval of the design contract and the attached Task Order #1.

Analysis/Discussion:

The project is currently more than 60% designed and is estimated to cost over \$2,000,000 to construct. The timeline for construction is being driven by the upcoming Caltrans Bishop Pavement Project. The goal is to complete construction on the water line before late summer of 2025 when it is expected Caltrans will begin their work on this section of road.

The City does not have a cash balance or anticipated future cash flows within the Water Fund to cover a capital expense of this size up-front. Alternative funding sources and financing options have been investigated as listed below:

1. State Water Resource Control Board: The Clean Water State Revolving Fund could be an option for financing, however due to the timeline constraints of the project, this option is not viable. The process to apply and meet State requirements is lengthy and they have not been responsive to inquiries.
2. Inyo County Loan Program: The maximum term on an Inyo County loan is 60 months. For a project of this size, the City's Water Fund cannot meet these repayment terms.
3. USDA Rural Development: The Water and Environment Program offers low interest loans with 40-year fixed terms. They can process loan approvals relatively quickly with the submission of a complete application.

Applying for a USDA Rural Development (RD) loan is the only feasible option for construction

funding with the expedited construction timeline. A preliminary engineering report (PER) and NEPA compliance are required to apply for a USDA RD loan. These two items are not currently part of the scope of work under Wood Rodgers current task order. The development of the simple PER is \$32,000 and preparation of a NEPA report is \$15,000. The City will also have to comply with CEQA, but that was included in the original scope of work with Wood Rodgers.

If this task order amendment is not approved, we can still complete the design and the California Environmental Quality Act (CEQA) process while exploring other funding options. However, this could lead to Caltrans moving forward with their planned road project, which may severely damage the City's water main. Although Caltrans would be responsible for repairing any damage they cause, the City will have to dig into the road eventually to replace the water line. This approach contradicts one of the main goals of the project, which is to proactively prevent costly and disruptive damage to the water main. By adopting a proactive strategy, we can save money and successfully implement a "dig-once" approach, minimizing the need for multiple excavations.

Economic Impacts:

Completing this water line replacement proactively, prior to the Bishop Pavements Project, will result in cost savings for both the City and Caltrans. It will also prevent unexpected services disruptions to residents and businesses along West Line Street.

Budget Impacts:

This item is not currently included in the 2024-2025 Fiscal Year Budget. An adjustment to the Water Fund for capital improvements (004-051-56027) in the amount of \$47,000 is being proposed to cover the cost of the contract.

Legal Review:

Not required.

Recommended Action:

Council consideration to approve the Public Works Director to sign an amendment to existing Task Order #1 with Wood Rodgers for a revised scope as described for \$47,000 and approve a budget adjustment to the Water Fund as proposed.

Approved By: Ethan Aukee 8/1/2024

Approved By: Robin Picken 8/2/2024

Approved By: Deston Dishion 8/2/2024

Approved By: