



# City of San Juan Bautista

*The "City of History"*

[www.san-juan-bautista.ca.us](http://www.san-juan-bautista.ca.us)

## **AGENDA**

### **CITY COUNCIL TOWN HALL MEETING**

**TUESDAY ~ NOVEMBER 30, 2021 ~ 6:00 P.M.**

#### **LUCK LIBRARY**

**801 Second Street, San Juan Bautista, CA**

THIS MEETING WILL BE OPEN TO THE PUBLIC UNDER THE FOLLOWING CONDITIONS: All Attendees must comply and wear a face covering if not fully vaccinated and show proof. If providing proof attendees will not need to wear a face covering. If you are exempt from the state face covering guidance or not fully vaccinated, you will be required to wear a face shield which will be provided to attend the meeting; All attendees must comply with any other rules of procedures/instructions announced by the Chair and/or County Staff. Any violations of the above may result in the Chair closing the meeting, effective immediately, or clearing the room, as well as other enforcement actions. The meeting will be available through Zoom for those who wish to join or require accommodations with the instructions below:

The meeting can also be accessed by the public in the following methods: Through Zoom (<https://zoom.us/join>) per the instruction stated below, and other methods as described further below with the following ID:

**Join Zoom Webinar** <https://zoom.us/j/86535680083>  
**or call 1 (669) 900-6833**  
**Webinar ID: 865 3568 0083**

Participating by Zoom: Three ways to attend Zoom meetings: on a web browser, through the Zoom App, or over the phone. Each webinar will have an ID, which is a unique number associated with an instant or scheduled meeting (found at the top of this text). The chat feature is disabled for all participants. Additionally, the video function is not available to the public.

Zoom regularly provides new versions of the Zoom desktop client and Zoom mobile app to release new security features and fix bugs. To ensure you can join the meeting and participate through public comment, please launch the web address to download the Zoom application: <https://zoom.us/support/download>. Furthermore, we recommend upgrading to the latest version of Zoom once it is available. Please visit <https://support.zoom.us/hc/en-us/articles/201362233-Upgrade-update-to-the-latest-version> to ensure you have the newest Zoom update.

When you wish to speak, press \*9 on your telephone keypad or if joining by Zoom, use the raise your hand icon. When called to speak, please limit your comments to three (3) minutes, or such other time as the Mayor may decide, consistent with the time limit for all other speakers for the particular agenda item. Comments from other platforms will not be considered during the meeting. If you would like to participate you MUST log in to Zoom.

If you have any questions, please contact the Deputy City Clerk at (831) 623-4661, Ext. 13 or email [deputycityclerk@san-juan-bautista.ca.us](mailto:deputycityclerk@san-juan-bautista.ca.us).

Written comments may be mailed to the Deputy City Clerk at City Hall (P.O. Box 1420, San Juan Bautista, CA 95045), or emailed to [deputycityclerk@san-juan-bautista.ca.us](mailto:deputycityclerk@san-juan-bautista.ca.us) not later than 5:00 p.m., November 30, 2021, and will be read into the record during public comment on the item.

In compliance with the Americans with Disabilities Act, the City will make reasonable arrangements to ensure accessibility to this meeting. If you need special assistance to participate in this meeting, please contact the Deputy City Clerk a minimum of 48 hours prior to the meeting at (831) 623-4661.

If you challenge any decision made at this meeting in court, you may be limited to raising only those issues you or someone else raised at the public hearing held at this meeting, or in written correspondence delivered to the City Council at, or prior to, the public hearing. Please take notice that the time within which to seek judicial review of any final administrative determination reached at this meeting is governed by Section 1094.6 of the California Code of Civil Procedure.

A Closed Session may be called during this meeting pursuant to Government Code Section 54956.9 (d)(2) if a point has been reached where, in the opinion of the legislative body of the City on the advice of its legal counsel, based on existing facts and circumstances, there is a significant exposure to litigation against the City.

Materials related to all items on this agenda are available on the City website [www.san-juan-bautista.ca.us](http://www.san-juan-bautista.ca.us) subject to Staff's ability to post the documents before the meeting, or by emailing [deputycityclerk@san-juan-bautista.ca.us](mailto:deputycityclerk@san-juan-bautista.ca.us) or calling the Deputy City Clerk (831) 623-4661 during normal business hours.

1. Call to Order
  - Pledge of Allegiance
  - Roll Call
2. Discussion Items
  - A. Town Hall Meeting to Discuss the City's Water and Sewer Rates
3. Adjournment



## CITY OF SAN JUAN BAUTISTA CITY COUNCIL REPORT

**AGENDA TITLE:** STATUS OF THE WASTEWATER TREATMENT PLANT, NEW FORCE MAIN PROJECT TO HOLISTER, CURRENT PROJECT COST ESTIMATES, PROPOSED SEWER RATES, AND THE IMPORT OF DRINKING WATER

**MEETING DATE:** November 30, 2021

**DEPARTMENT HEAD:** Don Reynolds, City Manager

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### **RECOMMENDED ACTION(S):**

It is recommended that the City Council receive a status report about the City's wastewater treatment system, plans to improve it, the cost, proposed sewer rate increase, and the status of importing drinking water.

### **BACKGROUND INFORMATION:**

The City has focused much attention to improving its wastewater treatment system, (Wastewater Treatment Plant, "WWTP") and the ability to import fresh drinking water for the past two years. This work began in earnest after the Environmental Protection Agency ("EPA") and the Regional Water Quality Control Board (RWQCB) performed a site inspection in June 2019, and mandated the City to pay fines for failure to comply with its discharge permit related to the National Pollution Discharge Elimination System (NPDES) dating back to 2007, and bring the effluent discharge from the WWTP into compliance with this NPDES Permit by December 2023.

Staff's attached report from October 19, 2021 provides a thorough background of work leading up to the proposed rates changes. It describes the Town Hall meeting October 7, and the steps taken to gain compliance for its wastewater treatment plant. It introduced the rate study, its methodology and the City Council accepted it. On October 30<sup>th</sup> 2021, the City mailed its notice of intent to increase sewer rates (aka "the Proposition 218 Notices"), establishing a public hearing date of December 14, 2021. *Because that October notice announced a virtual meeting, it will not be open for public participation except by Zoom. Those who need technological support in this participation are welcome to come to the Library and join the meeting from this group setting.*

Between 2010 and 2015, sewer rates increased each year on average by 7.8% (from \$54 to \$79) for a single-family home. Between 2015-2019 rates increased 1.5% per year to the current \$84 per home. For the past 20-years, increasing rates have not included capital improvement costs. This

proposed increase of \$13-15 per year for five years, is the first time in more than 20-years, that the sewer rate increase includes capital improvements (“CIPs”). The cost of the CIP to design and build the force main to Hollister is currently estimated to cost \$18 million (as described in more detail below).

## **STATUS AND UPDATES:**

### **TREATMENT PLANT STATUS**

A study commissioned in December 2018, identified more than dozen critical risks associated the current WWTP. Many of these issues including emergency power have been stabilized. Where the City’s WWTP can handle the volume it receives, the quality of its effluent water discharged into the creek remain a serious concern. In May and again last month, the electrical circuitry failed causing urgent large-scale repairs.

The second attachment is the most recent report filed with the RWQCB. The City had four violations including high levels of chloride, sodium, and ammonia and “chronic toxicity.” The City continues to incur penalties every quarter at \$3,000 each, adding \$12,000 to the current tally of over \$800,000. The City could very-well invest more than \$10-million in this plant and install reverse osmosis technology to remove the salts, just to have its other systems fail due to age and deferred maintenance.

### **INDUSTRIAL USER STATUS**

Clarification is being sought between the three commercial growers that have to rely on San Juan Bautista to treat their domestic waste water. A meeting occurred this week with Taylor Farms the City’s largest sewer customer (it now owns Earthbound Farms). Next week, a meeting with Coke and Taylor Farms are planned, as well as a meeting with Hollister. The City has received verbal agreements from Coke and Taylor to reconfigure their pump lift station on San Justo Road to join the City’s new force main. We have several details to discuss with Hollister and the Water Board regarding new operating permit requirements that will establish the water quality limits to be received from the three users and sent to the Hollister plant.

### **WASTEWATER FORCEMAIN TO HOLLISTER PROJECT STATUS**

The City’s sewer compliance project is further along than expected. This project is at the 65% design phase, and cost estimates have been updated since last considered in November 2020. The Plans and Preliminary Design Report have been circulated to all of the stakeholders for comment. When these comments are received, revisions will be made and the documents be made public on the City’s web-site.

The construction cost increased 100% from \$6 million to \$12 million since this time one year ago, and staff is evaluating why this occurred. The second attachment is the November 23, 2021 letter

from Stantec that includes a detailed review of the cost increases. Some of the reasons include these considerations:

1. To avoid reliance on private property owners for access to the sewer line, and to reduce the cost of right-of-way acquisition, the City finalized its basis for design adding a mile of pipe to keep the whole pipeline in County roads.
2. Where the City saves \$1 million in right-of-way budget, this is not a net savings as using the County road increases the cost of traffic control, and the need to repair the asphalt disturbance.
3. County requires 100% of the pipe to be in the road, and not in the shoulder. These negotiations continue.
4. The need to completely demolish existing pumping apparatus at the current WWTP, and replace it with a larger capacity system.
5. The cost of Polyurethane pipe has increased by more than 50%.
6. Supply shortages have caused a lot of uncertainty, and estimators are being ultra conservative, adding contingencies and contractor "mark-ups" where they haven't before.
7. Cost of living increases ("ENR") of 40% in the construction industry are prevalent.

The City has an estimator reviewing cost estimates for both projects. At this point, the revised total project cost estimate of \$20 million has been reduced to \$18 million.

## 6.5 ENGINEER'S OPINION OF PROBABLE COSTS

The total capital cost for this project is estimated to be \$18,166,200 and is detailed in Table 25. This table differs from the alternative analysis estimates, in that it includes refined costs for engineering and environmental services based on actual scopes of work developed during detailed design (which is less than assumed for comparative analysis). Further, the table includes costs of counsel and refinancing expenses, that are considered equivalent for all options previously considered.

**Table 25 Total Project Capital Cost Estimate**

ITEM	Subtotal	Total
Property Purchase / Lease Agreements		\$0
Easement Acquisition / Right of Way / Water Rights		\$0
Bond Counsel		\$40,000
Legal Counsel		\$30,000
Interest/Refinancing Expense		\$500,000
Other (connection fee)		\$2,547,200
Environmental Services		
- CEQA Environmental Report	\$70,000	
- NEPA Environmental Report	\$30,000	
- Environmental Mitigation Contract Services	\$60,000	
Total - Environmental Services:		\$160,000
Engineering Services		
Basic Services:		
- Preliminary Engineering Report (PER)	\$112,000	
- Preliminary and Final Design Phase Services	\$683,000	
- Bidding/Contract Award Phase Services	\$28,000	
- Construction and Post-Construction Phase Services (w/o inspection)	\$360,000	
- Resident Project Representative Services (resident inspector)	\$504,000	
Additional Services:		
- Permitting	\$69,000	
- Regulatory Compliance Reports	\$5,000	
- Environmental Mitigation Services (Construction Phase)	\$63,000	
- Easement Acquisition/ROW's Services (Construction Phase)	--	
- Surveying Services (Construction Phase)	\$10,000	
- Operation & Maintenance Manual(s)	\$25,000	
- Geotechnical Services	\$105,000	
- Hydrogeologist Services	--	
- Materials Testing Services (Construction Phase)	\$25,000	
- Other Services (describe)	---	
Total - Engineering Services:		\$1,989,000
Equipment/Materials (Direct purchase using approved methods, separate from construction bid/cost)	--	
Construction Cost Estimate (ENRCCI 12,650)		\$11,217,000
Contingency (15% of construction cost estimate)		\$1,683,000
<b>TOTAL PROJECT COST ESTIMATE:</b>		<b>\$18,166,200</b>



It is clear that the published rate study accepted by the City Council October 19, 2021, accounted for future cost escalators, and many of the cost increase justifications described above. Attached is a memorandum from Bartell Wells reassuring the City that the proposed rates are sufficient to pay for the current cost of the sewer project.

The Bartell wells rate study assumes the following funding sources and debt costs are met.

### 6.6.3 Debt Repayments

Based on the 2015 wastewater installment sale agreement, (as detailed in Appendix B.1), the City issued a bond that paid for the 2008 Water and Sewer capital improvements. The sewer enterprise funds are obligated to pay the principal loan amount (\$5,238,000) and the debt service paid during 2020 totals \$301,112. The bonds bear interest ranging from 3 to 5-percent and are payable semi-annually, ending on October 2043.

Based on a total Project Cost of \$18,166,200 (as shown in Table 25) and an estimated \$6,300,000 in grants from various funding sources (USDA, State Revolving Fund, and/or Community Development Block Grants), the City will need to borrow \$11,866,200 to pay for the project. Based on an assumed interest rate of 2.0% (potential USDA interest rate) and a 40-year term loan, the annual debt service will be \$433,778.

The City has limited revenues available to support another loan obligation while keeping user fees manageable for the small city of San Juan Bautista. The City is hoping they will be eligible for additional grant assistance from other sources.

On a conservative basis, it is proposed that one-third of the cost will be paid by grants, and two-thirds by loans. The rates are based on this annual debt service estimated to be \$433, 778 per year. The 2015 debt is locked, but can be refinanced after ten-years (2025). The notice of intent to increase the sewer rates is required to be made public 45-days prior to taking action. That action is planned for a public hearing December 14, 2021.

The project schedule has been updated and appears to be on track to be completed before the EPA deadline of December 2023.



## 6.2 PROPOSED PROJECT SCHEDULE

Implementation of the project will follow the timeline required to secure funding and to complete the environmental CEQA and permitting process, establish user rates, complete the Proposition 218 process for those rates, and complete design and construction. An estimate of the timeline, subject to change, is presented in Table 23.

**Table 23 Preliminary Project Schedule**

Task	Completion Data
Implement Pre-Treatment Program	October 2020
Design & Project Management Consultant Selection	February 2021
Collect Samples at Industrial Discharge	April 2021
Begin Design	May 2021
Update Preliminary Engineering Report	November 2021
Submit Updated Construction Funding Application	December 2021
Finalize NEPA and CEQA permitting process	February 2022
Final Design (Drawings and Specifications)	March 2022
Bidding Process	May 2022
Construction NTP	June 2022
Construction Substantially Complete	July 2023
Final Startup, Testing, and Operations	November 2023



### WATER SOURCE STATUS

The City's source water compliance project is being managed by the San Benito County Water District. The City and SBCWD entered into a memorandum of understanding in February. This project is now at the 30% design phase, and the City and District are discussing cost estimates. It is now apparent that completing this project will require a water rate increase, but this won't be determined until early next year. The question is when is the best time to do that. If water rate increases can wait, the City can focus on the compliance issue of removing the City's effluent sewer discharge from the creek.

### DISCUSSION:

The focus of this Town Hall meeting is the proposed increase to sewer rates on December 14, 2021. Rates are not taxes. By law, rates have to be based real operation and capital project costs. The City has been carefully analyzing the cost estimates. Staff and Stantec its Engineer will be prepared to discuss the detailed cost for the Sewer project.

As described, the proposed sewer rate increases are a "worst-case scenario." Paying for this project will include more than \$6 million in grant funding. Currently, the proposed cost to the rate payers will be in the form of debt payment for 2/3 of the project cost, or \$12 million, over 30-years. This equals an annual payment of \$433,778. Bartell Wells will be present to discuss the details of the rate study, re-capping its presentation made to the City Council October 19, 2021.



With an approved CEQA document, and approved rates, (scheduled for December 14, 2021), the City will be the first in line for the USDA's grant and loan assistance. The City is also working on several other federal and state grant and loan opportunities to help reduce the cost increase to rate payers.

**ATTACHMENTS:**

- 1) October 19, 2021 Staff Report
- 2) Latest WWTP Report to the Water Board
- 3) Stantec Cost Estimate Letter, November 23, 2021
- 4) Bartell Wells Analysis of Current Project Cost Estimate and Proposed Rate Increase



Item xx  
City Council  
February 18, 2020  
OCT 19 2021

## CITY OF SAN JUAN BAUTISTA CITY COUNCIL REPORT

**AGENDA TITLE:**                    **WASTEWATER DISCUSSION, ACCEPTANCE OF SEWER RATE STUDY, NOTICE TO RATE PAYERS, AND SETTING A DATE FOR A PUBLIC HEARING TO DISCUSS SEWER RATES INCREASES**

**MEETING DATE:**                October 19, 2021

**DEPARTMENT HEAD:**        Don Reynolds, City Manager

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### **RECOMMENDED ACTION(S):**

It is recommended that the City, in compliance with the United States Department of Agriculture, (USDA), hold a public hearing to discuss solutions to its wastewater problems, and adopt the attached Resolution and accept the draft sewer rate study, authorize the mailing of the Proposition 218 notice to rate payers before Friday October 22, 2021, set a date of December 14, 2021 for a public hearing to discuss sewer rate increases for the next five years.

### **BACKGROUND INFORMATION:**

In July 2019, when the City Manager was hired, he was holding a 25-page report written in 2018, describing the 16 conditions of "Extra High-Risk" and "High-Risk" failure that could take down the old sewer treatment plant at any moment. This report was shared with the City in a public discussion March 17, 2020 (actual discussion occurred in April due to the Pandemic). By August 2020, the City was forced by the Environmental Protection Agency ("EPA") and Regional Water Quality Control Board (RWQCB) to find a solution, and to pay close to \$1 million in fines for violations dating back to 2007. In October 2020, the City considered three different costly options, two upgraded the current WTP, and the 3<sup>rd</sup> will send the wastewater to Hollister. They range in cost from \$15-\$20 million each. The City selected and the EPA approved sending the sewer water to Hollister. The estimated cost to do this is currently \$15 million.

On October 7, 2021, the City held its fifth Town Hall meeting regarding the status of the City's water and wastewater systems. Attached are the slides from that meeting that summarize almost two years of working with the Environmental Protection Agency ("EPA") and Regional Water Quality Control Board (RWQCB) to bring the City's sewer system into compliance with the State and Federal Standards. In 2020, 39 special meetings occurred, and almost every Agenda included water and waste water.

The slides present this history to include the following critical steps:

- 1) Inspection by EPA and RWQCB of the Waste Water Treatment Plant (“WWTP”), June 2019;
- 2) Preparation of Water and Waste Water Master Plans, October 2019;
- 3) EPA Notice of non-compliance, October 2019;
- 4) EPA proposed path to resolve compliance issues and RWQCB notice of pending fines dating back to 2007, February 2020;
- 5) Executing the binding Agreement with the EPA- Administrative Order on Consent-setting forth a compliance date of December 2023 August 2020;
- 6) Approve USDA Required Preliminary Engineer’s report identifying three possible solutions to the City’s sewer compliance issues, all with estimated cost of between \$15 - \$20 million dollars August 2020;
- 7) Applying for USDA grant and Low Interest Loan funds; September 2020
- 8) Selecting a Compliance Project, approved by the EPA October 2020
- 9) Executing a Memorandum of Understanding with San Benito County Water District (SBCWD) February 2021
- 10) Award of Contract to Design Compliance Project February 2021
- 11) Execute a Memorandum of Understanding with the City of Hollister September 2021

The related details of this history can be found in one central location on the City’s web-site here: [https://www.san-juan-bautista.ca.us/alert\\_detail.php](https://www.san-juan-bautista.ca.us/alert_detail.php) The focus of this report is on the City’s sewer system, but the MOU with the SBCWD is a second project to bring fresh surface water into the City as well. Both projects are part of the EPA’s “compliance project.” The SBCWD is responsible for the new source of water project, and it is on the same development trajectory as the Sewer Project.

In summary, in the fall of 2020, the City committed to building a compliance project that sends its sewer water to Hollister. Instead of spending the same amount of money upgrading its old WWTP. The WWTP will be decommissioned, but the reservoirs will be saved for emergency back-up storage.

Since February, the Sewer project design has determined its final route, the right-of-way needed for this path, and the environmental studies are completed. The route selected (shown on pages 12 and 13 of the slides) requires the industrial users to enter the system on San Justo Road enroute to Hollister, rather than sending their sewer to the City first. It relies on County roads, and requires no right-of-way acquisition.

At this time, the MOU with Hollister requires the City to determine if the project is feasible. Two critical components are required: success applying for grants and loans like the USDA program referenced in the chronology, and approval of a sewer rate increase to pay the debt service on the low interest loans associated with that application.

Between 2005 and 2010, rates increased \$17 from \$54 to \$71. In 2011, they increase 11% to \$79. Through 2019, they increased 1.5% per year, or \$1 or \$2 per year to the current rate of \$83.61. They were not increased in 2020 or 2021. These relatively small increases do not account for the cost and capital investment to rebuild the treatment plant.

The City and its grant writer are actively pursuing 4-different grant and loan opportunities. In the fall of 2020, the City applied for the USDA Grant and Loan program, and also applied for two State Revolving Loan Fund programs. The State loans will help with the sewer project and also with the source water project. USDA is waiting for this published public meeting to occur, for the completed environmental studies, and for an approved rate study. Community Development Block Grants are also on the radar. The American Rescue Plan and proposed federal Infrastructure Bill add more optimism to this effort.

At the October 7, 2021, Town Hall meeting, it was announced that the next discussion would be October 19, 2021, when the Sewer Rate Study would be considered for acceptance, the process to adopt new sewer rates would begin. To satisfy the USDA, this meeting has been published in the local paper advertising a "Public Hearing" to continues the City's conversation about solving its sewer water issues, its options, and intent to apply for USDA funding.

#### **DISCUSSION:**

The background provided in this Report is intended to inform rate payers, all new listeners and concerned parties of the path that has been travelled to reach this critical point, and to satisfy the requirements of the USDA. This "Public Hearing" is intended to allow additional dialogue regarding the city's selection of an EPA Compliance project and its anticipated use of USDA funds to pay for it. It is also intending to launch the process of increasing sewer rates. A current approved rate schedule is required by the USDA and other potential funding sources.

The attached Rate Study has been completed to include the cost of the sewer compliance project and some of the anticipated state and federal assistance needed to pay for the project. It concludes that over the next 5-years, starting this year, the City will need to increase its rates by approximately \$65, (between \$8-\$17 dollars per year). This is the first proposed rate increase in twenty years that will effectively re-design how the City treats its wastewater.

**Table A**  
**City of San Juan Bautista**  
**Recommended Sewer Rates**  
**Sewer Rate Study**

Rates	FY 19-20	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
	Existing	Proposed	Proposed	Proposed	Proposed	Proposed
<b>Residential Sewer Rates</b>						
Monthly Fixed Rate	\$83.61	\$95.62	\$109.01	\$124.27	\$141.67	\$148.75
<b>Commercial Sewer Rates</b>						
Min. Monthly Base Charge	\$84.03	\$95.62	\$109.01	\$124.27	\$141.67	\$148.75
<b>Volumetric Rates</b>						
Standard Strength \$/1,000 gal	\$9.10	\$14.51	\$16.54	\$18.86	\$21.50	\$22.57
Moderate Strength \$/1000 gal	\$13.35					
High Strength \$/1,000 gal	\$18.18					

This solution ends the City's role in treating the sewer water, and instead sends it to Hollister's plant.

The proposed rate increase presented above is a "worst-case scenario." It is a conservative estimate of necessary rate increases, in the event the City is not successful in its effort to use State and Federal funds to help pay for the compliance project. Before the State and Federal funds can be approved, the City has to demonstrate its ability or willingness, to fund this without help. As mentioned, the City is actively applying for three different State programs that will loan the City funds to build the project at very low interest rates. The rate study however, uses the current conventional interest rates. It assumes that most of the project will be paid by borrowing, when in fact the City is working on three different grant applications as well, to help reduce the burden to rate payers.

*If the City is successful, the cost to the rate payers will decrease, and the rates will not have to increase by as much as the estimates in this "worst-case scenario."*

The results of these funding efforts will be known by December 2021, if the rates are increased as described herein.

The procedure for increasing the sewer rates requires a process known as a "Proposition 218" process. Notices like the one provided in the attached Resolution will be mailed before October 22, 2021. The system allows citizens to protest rate increases, in writing, within 45-days of being mailed to them. The City will consider increasing the rates taking protests into consideration at a special meeting December 14, 2021 (56 days after they are mailed). The attached Resolution recommends the Council take action to initiate the Proposition 218 Process. This is the next critical step.

**FISCAL IMPACT:**

This action by itself does not have a fiscal impact, but if approved December 14, 2021, the City can expect to be able to raise the revenue necessary to re-design the way it treats wastewater.

**STRATEGIC PLAN:**

City Resolution 2021-15 approved the City's Strategic Plan for Fiscal Year 2021/22. This action is clearly identified in the 3<sup>rd</sup> Initiative in this Year's Plan:

- 3) *Invest, maintain, strengthen, plan and renew, our vital infrastructure:*
  - a. *Regionalize the Source of Water, and discharge of Waste Water*
  - b. *Invest in the new Water and Waste Water Master Plans*
  - c. *Fund the priorities in the Pavement Management Plan*
  - d. *Reduce Greenhouse Gasses, develop sustainable independent Power grids*
  - e. *Stormwater, inflow and infiltration*
  - f. *Facilities*
  - g. *Open Space and Active Transportation Plan*

**ATTACHMENTS:**

- 1) Draft Resolution
- 2) Slides from the October 7, 2021 Town Hall Meeting
- 3) Draft rate Study





**Cypress Water Services, Inc.**

**P.O. Box 615**

**Castroville, CA 95012**

**(831) 920-6796 (Office)**

**(408) 766-7618 (Fax)**

**Service@CypressWaterServices.com**

**Facility name:** City of San Juan Bautista Wastewater Treatment Plant  
**Address:** San Juan Bautista Wastewater Treatment Plant  
1300 Third Street  
San Juan Bautista, CA 95045

**Contact person:** Miles Farmer  
**Job Title:** Chief Plant Operator  
**Phone Number:** 831-594-2620

**NPDES Order:** R3-2009-0019, Permit CA 0047902  
**No:** 3 421015001  
**WDID:**  
**Type of Report:** Quarterly

**Months:** April - June  
**Year:** 2021

**Violations:** ☐ No (there no violations to report) ☒ Yes

*If Yes is marked (complete a-g)*

**a) Parameter(s) in Violation:** Effluent Chloride, Sodium, Unionized Ammonia and Chronic Toxicity

**b) Section(s) of NPDES Violated:** IV. Effluent Limitations and Discharge Specifications, Table 5. Effluent Limitations – Discharge Point 001.

V. Receiving Water Limitation, A. Surface Water Limitations, 9. a.

**c) Reported Value(s):**

**Chloride** - The 30 day effluent chloride concentration was 348 mg/L in April, 351 mg/L in May, and 344.25 mg/L in June.

**Sodium** - The 30 day effluent sodium concentration was 259 mg/L in April and 258.5 in June.

**Chronic Toxicity** – In June the effluent Chronic Toxicity limit maximum daily count exceeded 1.0 TUc

**Unionized NH<sub>3</sub>** - In June the maximum day effluent un-ionized ammonia was 0.170 mg/L-N.

**d) NPDES Limit/Condition:** The applicable effluent chloride limit is monthly average cannot exceed 200 mg/L. The applicable effluent sodium limit monthly average cannot exceed 250 mg/L. The applicable effluent unionized ammonia maximum day limit cannot exceed 0.025 mg/L-N. The applicable effluent Chronic Toxicity limit maximum daily count cannot exceed 1.0 TUc.

**e) Dates of Violation(s):** In April, May and June of 2021 for effluent chloride. April and May 2021 for sodium. June 2021 for un-ionized ammonia and chronic toxicity.

(reference page of report/data sheet):

**f) Explanation of Causes(s):** The effluent chloride and sodium exceedances are caused by residential and commercial use of water softeners as well as by the increase in the mineral concentrations in wastewater resulting from water conservation. The -ionized ammonia exceedance was caused by an excessive level of sludge in Pond 2 seeping into the effluent thereby contaminating it. The cause of the chronic toxicity is unknown and being investigated.

(attach additional information as needed)

2

**g) Corrective Action(s):** The Cities of San Juan Bautista and Hollister have a tentative agreement to pipe all San Juan Bautista influent to Hollister for treatment and disposal. The City Councils of Hollister and San Juan Bautista vote on final approval for the tie-in on 8/16/2021 and 8/17/2021 respectively. Once both parties have approved the tie-in, the project is expected to be completed in 2023 and the City of San Juan Bautista will request to close the discharge permit with the State and EPA. Additionally, regarding un-ionized ammonia, we continue to manually clean Pond 2C area on a routine basis which we feel helps control settled sludge which was not removed during the cleaning of Pond 2 and try our best to maximize the MLSS in Pond 1.

### **Other Information**

The Toxicity Reduction Evaluation (TRE) is still in process and a detail findings letter of this process will be provided to the Central Coast Water Board by 8/31/2021.

No chlorine was used during the quarter for disinfection, only ultraviolet radiation.

### **Peracetic Acid Usage**

Peracetic acid was used at the SJB plant for cleaning the filters and filter piping in during March.

### **I/I Status Report**

The City has purchased a new camera system and has begun televising the sewage system.

In accordance with the Standard Provisions and Reporting Requirements, I certify under penalty of law that this document and all attachments are prepared under my direction or supervision following a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my knowledge of the person(s) who manage the system, or those persons directly responsible for data gathering, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment.

Respectfully Submitted,



Miles Farmer  
Chief Plant Operator  
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831-594-2620



CYPRESS WATER SERVICES





Stantec Consulting Services Inc.  
3875 Atherton Rd, Rocklin, CA 95765

November 23, 2021  
File: 184031441

**Attention: Don Reynolds, City Manager**  
City of San Juan Bautista  
311 Second St  
San Juan Bautista, CA 95045

**Reference: San Juan Bautista Wastewater Improvements Project, Funding Application Costs Over Time**

Dear Mr. Reynolds,

Below is a summary of the San Juan Bautista Wastewater Treatment and Improvements Project Preliminary Engineering Report (PER) timeline and cost changes. The Engineering News Record Construction Cost Index 20-cities average (ENRCCI) is used to help track the escalation in construction costs through the development of the San Juan Bautista Force Main Project:

- June 2020 (ENRCCI 11,436): Stantec originally prepared and submitted (in draft form) the Wastewater and Water PER to USDA for funding assistance.
  - The original draft PER (June 2020) included an alternative evaluation and cost for potable water and wastewater improvements, with a recommendation to construct an on-site WWTP upgrade (upgrading the treatment facilities to an MBR plant) and off-site source control (connection to the West Hills WTP for potable water).
- August 2020: USDA requested that the project be separated into separate water and wastewater projects with separate applications, as the project components would be funded from different sources.
  - The project evaluation criteria were revised, resulting in a modified project recommendation (regionalization with Hollister WWTP and West Hills WTP).
- September 2020 (ENRCCI = 11,499): A modified draft Wastewater PER was submitted to USDA with the source water alternative evaluation included as an appendix. Within the Wastewater PER, the water recommendation was presented in summary only to capture the total project costs associated with each option.
  - The Wastewater project recommendation included a 6.4 mile regional pipeline through farmland to the Hollister WWTP (costing \$6.27M construction cost estimate, based on Master Plan unit prices of \$149/LF reduced for un-paved areas).
- January 2021 (ENRCCI = 11,627): USDA requested revisions to the PER based on state engineer's review (including modifications to equivalent dwelling unit, EDU, calculations).
- February 2021 (ENRCCI = 11,698): A revised PER and funding application was submitted, and the project costs were increased by approximately \$0.5M for potential interim financing and \$1M for

Design with community in mind

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easement costs to address the un-paved alignment. Construction costs of \$6.27M were not updated.

- March 2021 (ENRCCI = 11,749): USDA formally returned the application and requested that the City complete the environmental/CEQA report and rate study/Prop 218 prior to submission.
- November 2021 (ENRCCI = 12,647): Stantec submitted a preliminary design report (PDR), which modified the alignment to remain in public roads (extending the length to 7.4 miles), allowing the City to avoid easement costs and negotiations with property owners (or potential opposition) and route the regional pipeline past industrial users to minimize odors by avoiding bringing their sewage into the City prior to pumping to Hollister. Costs estimates indicated a \$12.9M construction costs based on 65% design drawings; not planning parameters.

Between the issuance of the February 2021 PER and the November 2021 PER, the general construction cost index (ENRCCI) increased up by 8%. However, the cost index specific to Public Works Project costs increased by 40% in the past year (as documented by the ENR third quarter cost report). The Public Works construction cost increases are due, in part, to market fluctuations, supply chain disruptions, and worker shortages. **Table 1**, below, is a comparison of the cost differences between the 2020 report (\$15.1M) and 2021 updates (\$18.2M).

In **Table 1**, it can be seen that the primary cost change from the February 2021 to November 2021 is related to the Construction Cost Estimate line item. This cost change is approximately explained by escalating the original pipe costs to be based on in-road cost values, extending the pipe length to follow public rights of way, increasing overall costs by the ENRCCI Public Works escalation to reflect the current construction market, and adding project details related to canal crossings, pigging stations, and previously unknown improvements required at the WWTP for use as a screen and storage facility. These cost changes over time are presented by primary project component in **Table 2**.



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**Table 1 – Total Project Cost Estimate**

		February 2021 PER	November 2021 PER	
ITEM	Subtotal	Total	Subtotal	Total
Property Purchase / Lease Agreements		\$100,000		
Easement Acquisition / Right of Way / Water Rights		\$1,021,000		
Bond Counsel		\$40,000		\$40,000
Legal Counsel		\$30,000		\$30,000
Interest/Refinancing Expense		\$500,000		\$500,000
Other (connection fee)		\$4,670,000		\$2,547,200
Environmental Services				
- CEQA Environmental Report	\$70,000		\$70,000	
- NEPA Environmental Report	\$30,000		\$30,000	
- Environmental Mitigation Contract Services	\$6,000		\$60,000	
Total - Environmental Services:		\$106,000		\$160,000
Engineering Services				
Basic Services:				
- Preliminary Engineering Report (PER)	\$112,000		\$112,000	
- Preliminary and Final Design Phase Services	\$490,000		\$683,000	
- Bidding/Contract Award Phase Services	\$28,000		\$28,000	
- Construction and Post-Construction Phase Services (w/o inspection)	\$117,000		\$360,000	
- Resident Project Representative Services (resident inspector)	\$504,000		\$504,000	
Additional Services:				
- Permitting	\$40,000		\$69,000	
- Regulatory Compliance Reports	\$5,000		\$5,000	
- Environmental Mitigation Services (Construction Phase)	\$10,000		\$63,000	
- Surveying Services (Construction Phase)	\$10,000		\$10,000	
- Operation & Maintenance Manual(s)	\$25,000		\$25,000	
- Geotechnical Services	\$105,000		\$105,000	
- Materials Testing Services (Construction Phase)	\$25,000		\$25,000	
Total Engineering Services		\$1,471,000		\$1,989,000
Construction Cost Estimate		\$6,270,000		\$12,212,000
Contingency (15% of construction cost estimate)		\$941,000		\$1,683,000
<b>TOTAL PROJECT COST ESTIMATE:</b>		<b>\$15,149,000</b>		<b>\$18,166,000</b>
<b>Total Cost Difference</b>		<b>~\$3,000,000</b>		

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**Table 2 – Summary of February Versus November Project Cost Differences.**

Project Component	Cost Change
Change to In-Road Force Main Construction	\$750,000
Force Main ENRCCI Escalation	\$2,000,000
Added Force Main Length to Remain in Public Rights of Way	\$1,100,000
Canal Crossings, Pigging Stations, Hollister Manhole Restoration and SJB WWTP Improvements	\$1,000,000
Pump Station Details and ENRCCI Escalation	\$1,100,000
<b>Approximate Total Construction Cost Changes</b>	<b>\$6,000,000</b>

Note that the construction cost increase of approximately \$6 million presented in Table 2 is offset by reductions in easements and connection fees in the current project, as presented in Table 1. The net cost increase in Table 1 for the project overall is approximately \$3 million.

The cost increases presented here are significant and due in part to project refinement, but primarily to dramatic increases for public works costs in the market at this time. Actual construction costs may be higher or lower than estimated and cannot be known until the City competitively bids the project. Please let us know if you have any questions.

Regards,

**Stantec Consulting Services**



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Batell Wells  
memo is pending  
as of 2:00 PM Wed 11.24  
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