SUBJECT: APPROVAL OF ADDENDUM NO. 3 TO P.O. NO. 012302 TO CAROLLO ENGINEERS CONTRACT - EVALUATION OF WASTEWATER DISPOSAL PROPERTY OPTIONS

SOURCE: Engineering and Building Department

COMMENT: Under the new Waste Discharge Requirements, the City has several options to consider for management of its irrigation, using treated wastewater, and spreading of biosolids. In order to arrive at the most desirable alternative it is necessary for appraisals to be performed and life cycle costs of each alternative calculated. All collected data will be used to construct a matrix to assist the City Council in making the final decision.

Staff has prepared Addendum No. 3 to P.O. No. 012302 to Carollo’s contract requesting that Carollo evaluate five alternatives described in the addendum and recommend one alternative based on the consultant’s expertise.

RECOMMENDATION: That City Council:

1. Authorize an allocation of $10,000 from the Waste Water Capital Reserve Fund to Capital Project No. 89-9674-88;
2. Approve Addendum No. 3 to P.O. No. 012302 adding $10,000 to Carollo’s contract; and
3. Authorize the Director of Public Works to sign Addendum No. 3 to P.O. No. 012302.

ATTACHMENT: Addendum No. 3 to P.O. No. 012302
ADDENDUM NO. 3
P.O. NO. 012302

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PORTERVILLE’S WWTF RECLAMATION AREA AND PERCOLATION FIELDS

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CITY OF PORTERVILLE

AND

CAROLLO ENGINEERS

Addendum No. 3 to P.O. No. 012302 is issued by the City of Porterville (CITY) and accepted by Carollo Engineers, P.C. (CONSULTANT) pursuant to the mutual promises, covenants and conditions contained in the Service Agreement between the above named parties dated August 7, 2001, in connection with the necessary work to comply with California Regional Water Quality Control Board, Central Valley Region, Waste Discharge Requirements (Order No. 5-01-103) and Cease and Desist Order No. 5-01-104, and the preparation of an application from the Central Valley Infrastructure Grant Program.

PURPOSE:

The City of Porterville finds the need to analyze different alternatives related to the application of treated effluent and the spreading of sludge to crop land in the city’s reclamation site area.

The City respectfully requests the assistance of Carollo Engineers to review, analyze, comment and provide recommendations on five alternatives which will be presented to the City Council for their action. Each alternative must undergo an economic analysis which considers the engineering practicability of the alternative as well as timing issues which may delay the implementation of the alternative. An example of a timing issue would be environmental concerns that prevent or overly delay a good economic alternative. **Central to this will be a real estate economic analysis.** In each case, the appraised value for the purchase or lease of the property will be established. Recent land purchase and lease rates are available for Carollo’s review. **However, it is important that Carollo research and arrive at independent appraised purchase and lease rates.** Other revenues and costs will be defined to establish 10 year and 20 year comparisons.

The final deliverable from Carollo Engineers shall be a matrix which includes the various factors deemed important and relevant towards making a sound final decision. The “decision points” with weighting factors shall be presented to the City for discussion and approval. The final matrix will be a collaborative effort between Carollo Engineers and the City of Porterville.
The five alternatives are as follows:

Alternative No. 1  Bob Nuckols Management Company Proposal

This alternative requires that the City enter into a land lease agreement for the property owned by Mr. Robert Nuckols. Further, the proposal requires that the City enter into a long term agreement with Robert Nuckols for farm management purposes which include the management of treated effluent and sludge application on the leased property and City owned property. A copy of Mr. Nuckol’s proposal is attached herein for Carollo’s use. A confidential copy of appraised land lease rates for properties in the Airport area will be forthcoming.

Alternative No. 2.  Purchase of Nuckols Property

2.a)  This alternative considers the purchase of the Nuckols ranch (approximately two hundred acres) and includes entering into a long term agreement with Robert Nuckols as farm manager. Farm management duties are as described in the proposal described in Alternative No. 1. A confidential copy of appraised land purchase costs will be forthcoming. The City will rely on Carollo’s experience in determining a farm management fee that considers farmer owned equipment.

2.b)  This alternative is similar to Alternative 2.a) except, the City recruits a farm manager other than Robert Nuckols. The farm management fee needs to consider scenarios with farmer owned equipment and City owned equipment.

Alternative No. 3  Purchase of Replacement Property

This alternative considers the purchase of approximately 200 acres to replace the property owned by Robert Nuckols. Carollo should consider only those properties contiguous to the current farming operation to minimize pipe/ditch and other improvement construction costs. As in Alternative 2.b), farm management does not include Robert Nuckols.

Alternative No. 4  Cash Subsidy - Nuckols Farms

This alternative considers paying Nuckols Farms a yearly cash subsidy to offset poor crop yields or depressed market prices. The intent of this alternative is to consider maximum effluent and sludge application as opposed to maximizing crop yields. A “Minimum Crop Yield” or “Minimum Gross Salary” baseline must be developed to determine the yearly subsidy amount. The City envisions a baseline developed from a review of crop yields over a ten year period and/or baseline developed from a ten year income analysis.

Alternative No. 5  Consultant’s Alternative

This alternative allows the consultant to exercise his/her creative juices. This alternative may include any combination of the above alternatives or none of the above alternatives.
The City looks to the consultant to explore reasonable options that may or may not be from direct experience and compare same to Alternatives 1 through 4.

The Consultant shall meet with the City to discuss and better understand the alternatives described above and shall submit a final decision making matrix to the City by August 30, 2002.

PAYMENT:

The services requested herein shall be provided for a “not to exceed” fee of $10,000. Payments will be made monthly on presentation of documented invoices and shall be based on a percentage of completion.

IN WITNESS WHEREOF, duly authorized representatives of the CITY and the CONSULTANT have executed Addendum No. 3 to P.O. No. 012302 evidencing its issuance by CITY and accepted by CONSULTANT.

CAROLLO ENGINEERING

Representative

Date

CITY OF PORTERVILLE

Harold L. Hill, Acting Director of Public Works

Date