

Council Agenda Bill

AB Number

AB25-048

Agenda Bill Information

Title*

Awarding the Reclaimed Water Distribution System Improvements

Action*

Motion

Council Agenda Section

Committee Report

Council Meeting Date*

04/14/2025

Staff Member

Andrew Vining

Department*

Public Works

Committee

Parks and Public Works

Committee Date

04/08/2025

Exhibits

Packet Attachments - if any

x1 (Resolution).docx	14.57KB
x2 (Exhibit A Agreement).pdf	98KB
x3 (Bid Tab).pdf	597.45KB
x4 (Letter Recommending Award).pdf	2.08MB
x5 (Irrigation Pump Station Tech Memo).pdf	2.68MB

Summary

Introduction*

Brief summary.

This agenda bill seeks to adopt Resolution 1713 awarding the Reclaimed Water Distribution System Improvements construction contract to Prospect Construction, Inc. This project is funded through a low-interest loan received from the Department of Ecology Clean Water State Revolving Fund. The improvements will upgrade the aging reclaimed water distribution system and bring it into compliance with current state standards.

Proposed Motion

Move to approve Resolution 1713 awarding the Reclaimed Water Distribution System Improvements to Prospect Construction, Inc. and authorize the Mayor to sign.

Background/Overview*

What was done (legislative history, previous actions, ability to hyperlink)

LEGISLATIVE HISTORY

State Legislation

The state legislature approved the Reclaimed Water Use Act in 1992 codified as RCW 90.46. This act encouraged using reclaimed water for land application, industrial, and commercial uses. In 1997 the Water Reclamation and Reuse Standards were developed to support this act. Most recently in 2006 this act was amended to expand uses of reclaimed water and directed state agencies to develop framework for safe and beneficial use of reclaimed water – this amendment is the origin of the reclaimed water rule.

Following the 2006 legislative direction state agencies (Department of Health and Department of Ecology) jointly began developing the framework over a 12-year period based on stakeholder feedback. In 2018 the Reclaimed Water Rule (WAC 173-219) was adopted to encourage the use of reclaimed water to help meet the growing need for clean water across the state by establishing regulatory framework for the generation, distribution, and the use of reclaimed water for beneficial use. Concurrently agencies published the Reclaimed Water Facilities Manual or “Purple Book” which provides more in-depth guidance for utilities that produce reclaimed water.

City Legislation

Following the state adoption of Reclaimed Water Rule in 2018 the City began evaluating options to ensure compliance with updated state standards. On February 25, 2019 under [AB19-022](#) City Council authorized RH2 Engineering (RH2) to prepare a Reclaimed Water Irrigation System Analysis Feasibility Study to provide agency coordination and evaluate potential solutions to meet the Reclaimed Water Rule standards. During this period the City also renewed its Water Reclamation Facility NPDES Permit WA0022403 (Permit) which authorizes the production and distribution of up to 1.56 million gallons of Class A Reclaimed Water daily. The City provided comment to the City’s draft permit on February 24, 2020 and received responses from Ecology documented in the permit. The final Permit outlines necessary improvements to the City’s reclaimed water distribution system and an associated compliance schedule. The following related agenda bills were presented to Council to facilitate these

improvements and continue production of Class A water. On November 28, 2022 City Council approved [AB22-146](#) Resolution No. 1632 authorizing a contract with RH2 to complete a Reclaimed Water Distribution System Engineering Report. This contract was amended on October 3rd, 2023 under [AB23-110](#) which authorized RH2 to complete design of the reclaimed water reservoir improvements. On October 28th, 2024 under [AB24-116](#) Administration provided a project update to Council and solicited public comments. On March 10th, 2025 City Council approved [Resolution No. 1709](#) accepting a \$8.651M low (1.6 percent) interest loan from the Department of Ecology Clean Water State Revolving Fund (CWSRF) to apply towards project design and construction costs.

BACKGROUND

To meet the compliance schedule the Reclaimed Water Distribution System Improvements were advertised to bidders on February 20th, 2025. Three bids were received, and the lowest bid was from Prospect Construction, Inc. for \$7,178,870 including tax. City staff and consultants determined Prospect Construction, Inc. to be the lowest responsive and responsible bidder. Early bidding and award of these improvements allows for the contractor to procure equipment with long lead times and phase construction appropriately. Construction is expected to begin late spring 2025 such that the new reservoir and pump station are completed prior to summer 2026. To meet the NPDES Permit requirements the improvements must be completed prior to June 30th, 2026.

Analysis*

These improvements will bring the Class A water distribution system to current standards to ensure safe and reliable delivery of reclaimed water and preservation of potable water resources. The lowest bid received was \$7,178,870 which is 3 percent below the engineers estimate of \$7,401,000. Evaluation of the bids shows that bidding was competitive between contractors and that the lowest bidder provided lower pricing across multiple bid items. City Staff and RH2 Engineering have reviewed the bids and recommended awarding the Reclaimed Water Distribution System Improvements to Prospect Construction, Inc.

Budgetary Status*

This is an extra-budget expenditure.

Fiscal Impact

Amount of Expenditure	Amount Budgeted	Appropriation Requested
\$7,178,870.00	\$8,651,047.00	\$529,006.00

Budget Summary

Administration recommends approving the contract with Prospect Construction in the amount of \$7,178,870 for Eagle Lake Water Reclamation Basin Improvements Project. This project was incorporated in the 2025-26 Biennial Budget (Ord. 1296) as a part of the continuing appropriations for capital projects within the Utility Capital Fund (#417). Over the life of this project, \$937,938 has been spent, with \$464,577 encumbered for previously approved contracts, and \$496,860 encumbered for estimated City employee labor during the biennium. With the addition of the Prospect Construction contract of \$7,178,870, the project has a life-of-project budget shortfall of \$427,198.

The City will also be seeking a construction management contract for the project. This additional contract is expected to increase the project shortfall. Administration anticipates bringing an amendment forward to increase the life-of-project budget to include the current shortfall and the additional construction management contract. This shortfall will be somewhat mitigated by an \$8,651,000 Department of Ecology loan, of which \$1,785,000 was not included within the original 2025-2026 budget or the rates currently proposed within the utility rate study. Additionally, the city is currently requesting an increase to this loan. At the stated loan rate of 1.6%, a \$1 million increase in loan value would cost the city approximately \$42 thousand annually over 30 years.

Fiscal Impact Screenshot

Eagle Lake Water Reclamation Basin Improvements	
	Life-of-Project Budget (Multiple Bienniums)
Beginning Budget	\$ 8,651,047
Expenditures	\$ (937,938)
Outstanding Contract Value (Previously Approved)	\$ (464,577)
Estimated Labor Value for Remainder of Biennium (City Employees)	\$ (496,860)
Current Available Budget	\$ 6,751,672
Value of this Contract (AB25-048)	\$ (7,178,870)
Available Budget / (Shortfall) after AB25-048	\$ (427,198)