



# City Manager's Office

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## MEMORANDUM

**DATE:** 10/25/2023

**TO:** Honorable Mayor and City Council

**THROUGH:** Doug Thornley, City Manager Approved Electronically

**FROM:** Trina Magoon, Director of Utility Services  
Dustin Waters, Assistant Director of Utility Services  
Joe Coudriet, Senior Civil Engineer

**SUBJECT:** Council Update on the Advanced Purified Water Facility at American Flat Project, including Project Updates, Cost Estimate, Project Funding, Public Outreach, and Key Milestones

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### Summary:

The OneWater Nevada Advanced Purified Water Facility at American Flat (APWF) Project is a joint effort between the City of Reno (Reno) and the Truckee Meadows Water Authority (TMWA). This memo provides an update on key project elements as we move towards 60% design and full project implementation.

### Project Updates:

- TMWA entered into an agreement with AECOM Technical Services for final design of the APWF Project and retained Rock Solid Solutions as an Independent Cost Estimator (ICE) for the project in May 2023.
  - The costs associated with the final design and ICE are being split 70% Reno and 30% TMWA through the existing interlocal agreement.
- The ICE worked closely with the design team, Construction Manager at Risk (CMAR), TMWA and Reno staff to develop a reconciled project cost. The reconciled cost was developed through a series of meetings between the ICE, CMAR, design consultant, TMWA and Reno staff to verify assumptions for each cost line item, contingencies, etc.
- The 30% Design Plans were submitted to the Nevada Department of Environmental Protection (NDEP) in August 2023.
- A value engineering workshop was held in September 2023 with all project stakeholders, resulting in several value-added concepts that are currently being vetted.
- Environmental Science Associates (ESA) was selected as environmental consultant to

advise on the National Environmental Policy Act (NEPA) process, timing, and concerns related to environmental permitting. ESA should be under contract within 1 month.

### **Cost Estimate:**

The total project cost was originally estimated in the Basis of Design Report (BODR) at \$117.9 million, in May 2022.

The project's ICE estimates industrial and wastewater project construction costs have increased 60 – 75% since 2020/2021 and the project's CMAR contractor has experienced an approximate 75% increase in water/wastewater project costs. Furthermore, according to the Bureau of Labor and Statistics, the producer price index (PPI) for non-farm industries has increased approximately 72% over the last three years. These increases are consistent with project price increases experienced by recently encumbered projects by the City.

Upon completion of the project's 30% design, the total cost was updated to \$220.9 million. In addition to inflationary impacts, other major contributors to the increased project cost include the following key components that have been added to the project over the last couple years:

- PFAS treatment processes
- Public education and engagement center
- Enhanced piping and pumping capacity

This estimate was validated by the project's ICE, with input from the entire project team, including the design team and CMAR contractor. Given the significant cost increases to the project since the last pricing update, both Reno and TMWA have been evaluating the project's value as RSWRF's effluent management solution in the North Valleys, as well as funding scenarios.

The alternative to this effluent management solution includes design and construction of the Red Rock Reservoir, which will take in excess of 7-10 years to design, permit and construct, and would be comparable in cost. Additionally, if the City of Reno does not move forward with the APWF project, Reno could possibly lose the opportunity for the USBR Grant funding of \$30M plus, based on the interagency and multi-use benefits, as well as the \$90M in potential water rights sales.

### **Project Funding:**

The City/TMWA project team is seeking the following funding sources for the project:

- On February 22, 2022 TMWA and the City completed and submitted a final feasibility study that was approved by the United States Bureau of Reclamation (USBR) for potential funding under the WaterSmart Title XVI program (USBR Title XVI). TMWA filed an application in March 12, 2022, but was unsuccessful in obtaining grant funding during the 2022 funding year. The next USBR Title XVI opportunity has opened and TMWA and the City will re-apply by early December with an opportunity for \$30M or more. No funding has been awarded yet for this project under this program.
- The City is currently evaluating NDEP State Revolving Fund (SRF) Loan,

Environmental Protection Agency (EPA) Water Infrastructure Finance and Innovation Act (WIFIA), or cash funding to partially fund the City’s portion of the project construction costs.

### **Public Outreach:**

Public outreach for this project has been underway for multiple years. The following outreach has occurred, or planned for, in 2023:

- Public Meeting - Aug 15, 2023: Silver Knolls Community Organization - Red rock Fire House - 6:30 p.m.
- Media Interview - Aug 18, 2023 - TMWA's Dr. Lydia Teel interview regarding the APWF on National Public Radio’s (NPR's) "Science Friday," a national radio show broadcast on over 800 radio stations.
- Tour - Aug 21, 2023: WNDD tour of RSWRF - OneWater Nevada Education Trailer - 9 a.m. to 11 a.m.
- Public Meeting - Aug 29, 2023: Tuesday, Public Education Meeting #1 - at Reno Stead Airport, Freedom Flight Terminal - 6:00 p.m. - 8:00 p.m.
- Public Meeting - Oct 5, 2023: Thursday, Public Education Meeting #2 - at Reno Stead Airport, Freedom Flight Terminal - 6:00 p.m. - 8:00 p.m.
- Media Interview - Oct 11, 2023 - TMWA’s John Enloe and Lydia Teel interviewed on “Face the State”.
- Public Meeting - Oct 16, 2023 - North Valleys Water Management Subcommittee Meeting - 6:00 p.m. at North Valleys Library.
- Public Meeting (planned) - Nov 16, 2023: A+ Public Workshop - at Reno Stead Airport, Freedom Flight Terminal.

### **Key Milestones:**

Key project milestones are outlined below with touchpoints for future Council direction in **bold**:

- Now - Fall 2024: Environmental Permitting and Final Design
- Fall 2024: **CMAR Guaranteed Maximum Price (GMP) and Early Procurement**
- Spring 2025: Begin Construction Activity
- Fall 2027: Finish Construction
- Dec. 2027 to June 2028: Startup, commissioning, and six-month operational prove up period; sending advanced purified water to the American Flat farm for irrigation.
- Fall 2028: Project complete with all required NDEP permits and Advanced Purified Water injection into the aquifer via A+ permit begins.