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**SUBJECT:** Increase the funding authorization with Overaa & Company; TW Associates LLC, dba MISCOWater LLC; and Water Works Engineers, LLC, for the Wastewater Treatment Plant Expansion – Phase II

**DEPARTMENT:** Public Works

**STAFF:** Casey Wichert, Director of Public Works  
Mark Huber, Wastewater Operations Manager  
Vatsal Patel, Engineering Manager

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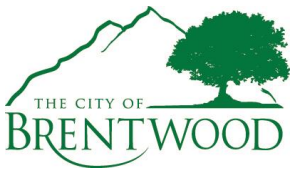
### **TITLE/RECOMMENDATION**

Adopt a Resolution 1) approving an increase in funding authorization with C. Overaa & Company (“Overaa”) in the amount of \$1,500,000; 2) approving an increase in funding authorization with TW Associates LLC, dba MISCOWater LLC (“MISCOWater”) in the amount of \$2,500,000; 3) approving an increase in funding authorization with Water Works Engineers, LLC (“Water Works”) in the amount of \$650,000, for the Wastewater Treatment Plant Expansion – Phase II, CIP Project No. 592-59140 (“Project”) and 4) authorizing the City Manager or designee to execute necessary documents to effectuate these actions.

City Council adopted a Mitigated Negative Declaration for the Wastewater Treatment Plant – Phase II on August 9, 2016. A Supplemental Mitigated Negative Declaration, which evaluated modifications related to this Project, was adopted in 2023. Finally, an Addendum to these documents, which analyzes additional Project revisions, is on tonight’s agenda for City Council’s consideration.

### **FISCAL IMPACT**

Council approval of this action would authorize \$4.65 million in additional funding authorization, as detailed below. Excluding potential future bond funding, current Project funding of \$93,635,000 is included in the 2025/26 – 2029/30 Capital Improvement Program (“CIP”) which has sufficient funding for the requested additional funding. The Project is funded by Wastewater Development Impact Fees, the Wastewater Enterprise Fund, Wastewater Replacement Fund, and a State Revolving Fund loan to be repaid by the Wastewater Enterprise Fund and Wastewater



**CITY COUNCIL AGENDA ITEM NO. H.7  
12/09/2025**

Development Impact Fees. SRF loan repayments will be funded by 69% Wastewater Development Impact Fees and 31% Wastewater Enterprise Fund.

Details of the proposed increases are summarized below:

**Construction Contract with Overaa:**

The construction contract with Overaa was originally approved in the amount of \$44,516,000, plus a 10% contingency of \$4,451,600, for a total funding authorization amount of \$48,967,600. Staff is requesting an increase of \$1,500,000, for a new total funding authorization amount of \$50,467,600.

**Equipment Purchase Agreement with MISCOWater:**

The agreement for biosolids drying and pyrolysis system with MISCOWater was originally approved in the amount of \$18,991,000, plus a 10% contingency of \$1,899,100, for a total funding authorization amount of \$20,890,100. Staff is requesting an increase of \$2,500,000, for a new total funding authorization amount of \$23,390,100,

**Civil Engineering Services Agreement with Water Works:**

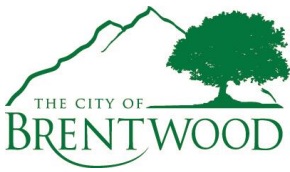
The agreement with Water Works was originally approved in the amount of \$986,960, plus a 10% contingency of \$98,696, for a total funding authorization amount of \$1,085,656. Staff is requesting an increase of \$650,000, for a new total funding authorization amount of \$1,735,656.

**BACKGROUND**

The existing 5.0 million gallons per day ("mgd") Wastewater Treatment Plant ("Plant") completed construction in 2003 and was planned and built to facilitate future expansions. The Plant is currently at 82% capacity, and the Project is needed to service final estimated buildout population of the City anticipated in the current General Plan.

Construction of the Wastewater Treatment Plant Expansion – Phase II ("Expansion") began in FY 2020/21 and the improvements include expanding the hydraulic treatment capacity of the Plant from 5.0 mgd to 6.4 mgd.

On October 14, 2025, the City Council received an update on the Wastewater Treatment Plant Expansion – Phase II Project and provided direction needed to complete the capacity expansion portion of the Project, and asked staff to bring back



additional information and options related to the biosolids system upgrade portion of the Project.

**Increase in Funding Authorization with C. Overaa & Company:**

In June 2020, the City Council awarded a contract to C. Overaa & Company for the expansion. Construction began in 2020; however, supply chain issues related to the COVID-19 pandemic, design complications, and historic inflation caused delays and complications resulting in significant cost increases.

While the expansion scope of work is 95% complete, the remaining task of installing a new 21kV PG&E service connection, and some start-up and commissioning activities have been significantly delayed. These items are part of the critical path and the project cannot be closed out and accepted until these items are complete.

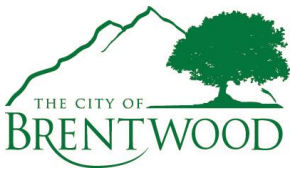
Staff is waiting on the final cost accounting of the construction change orders with Overaa.

**Increase in Funding Authorization with MISCOWater:**

Biosolids are one end product of the wastewater treatment process. Installation of the biosolids drying and pyrolysis equipment ("Equipment") is necessary for compliance with requirements set forth by Senate Bill ("SB") 1383, as biosolids are no longer allowed to be disposed of in landfills. Staff researched several technologies capable of processing biosolids into a Class A product, which can be disposed of in ways other than landfills. Class A biosolids may be land-applied, which means they are used as fertilizer and in some cases can be a marketed commodity, rather than being disposed of as a waste product.

In February 2023, the City Council approved an agreement to purchase the Equipment from MISCOWater, which includes 1) the drying and pyrolysis system and special services during design for construction contract documents; 2) equipment supply and delivery; 3) services during construction; and 4) operational assistance for one year.

In November 2025, Contract Change Order No. 1 (utilizing contingency funds) was executed in the amount of \$154,756.92. However, there are additional changes to the Equipment that are necessary to realize a significant construction savings, and to integrate the Equipment into the existing wastewater treatment process. Additionally, the Equipment that has been purchased and/or delivered is subject to current United States tariffs that did not exist when the Equipment was originally purchased. The total cost of these additional changes is \$3.4 million and the



**CITY COUNCIL AGENDA ITEM NO. H.7  
12/09/2025**

requested \$2.5 million increase, along with utilization of previously approved contingency of \$688,069, would be sufficient to cover the cost of the additional changes, and remaining tariffs.

**Increase in Funding Authorization with Water Works:**

In November 2023, an agreement for Civil Engineering Services was awarded to Water Works to perform the civil, structural, and electrical design work necessary to install the biosolids drying and pyrolysis system. Engineering design work for the supporting infrastructure began later that year.

Installation of the biosolids drying and pyrolysis equipment had been incorporated into the larger Solid Waste ("SW") Organics Diversion project because doing so made the Equipment and its installation eligible for \$21M in tax incentives. However, the SW Organics Diversion became infeasible due to the final project cost estimate reaching \$160 million. With the SW Organics Diversion project not moving forward, additional design services are required to relocate and integrate the Equipment into the existing wastewater treatment process. The total estimate of these costs are \$650,000.

Therefore, staff is recommending approving the increased funding, and authorizing the City Manager or designee to execute the necessary documents to effectuate these actions.

**CITY COUNCIL STRATEGIC INITIATIVE**

Focus Area 1 - Goal 2: Water, Wastewater, and Solid Waste Services: Provide safe and sustainable water, wastewater, and solid waste services for the build-out of the City per the City's General Plan.

**PREVIOUS ACTION**

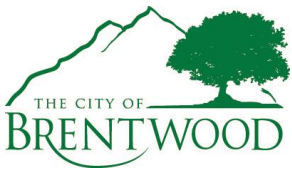
Previous Action by the City Council is included on Attachment 1.

**DATE OF NOTICE**

Not Applicable.

**ENVIRONMENTAL DETERMINATION**

City Council adopted a Mitigated Negative Declaration for the Wastewater Treatment



Plant – Phase II on August 9, 2016. A Supplemental Mitigated Negative Declaration, which evaluated modifications related to this Project, was adopted in 2023. Finally, an Addendum to these documents, which analyzes additional Project revisions, is on tonight’s agenda for City Council’s consideration.

### **ALTERNATIVE OPTION(S)**

Alternative Options to the Staff Recommendation:

1. Do not approve staff’s recommendation.
2. Modify staff’s recommendation.
3. Continue item with direction for staff to return with additional information.

### **ATTACHMENT(S)**

1. Previous Action
2. Resolution– Increase Funding Authorization with Overaa
3. Resolution– Increase Funding Authorization with MISCOWater
4. Resolution– Increase Funding Authorization with Water Works