



## Agenda Memorandum

Agenda Item – 4.A.

City Council Meeting  
January 23, 2023



### **Strategic Priority 1: Preparedness and Resilience**

Build a system of intentional support for residents, businesses and the environment that mitigates risks and proactively seeks out ways to ensure the community not only endures, but thrives.



### **Strategic Priority 5: Robust Infrastructure**

Provide safe and equitable access to core services and amenities by safeguarding, maintaining and improving the city's water, wastewater, stormwater, mobility and roadway systems.

**Subject:** Westminster's Replacement Drinking Water Treatment Facility Evaluation Overview and Options

**Prepared By:** Sarah Borgers, Interim Public Works & Utilities Director

### **Recommended City Council Action:**

Receive a presentation regarding Westminster's Replacement Drinking Water Treatment Facility Evaluation Overview and Options.

### **Summary Statement:**

- This memorandum is intended to provide City Council with an overview and update on the Westminster Replacement Drinking Water Treatment Facility project.
- On November 29, 2021, City Council directed staff to stop work on the then-proposed WATER 2025 project that was being designed to replace the aging Semper Water Treatment Facility (Semper).
- City Council directed Staff to evaluate alternatives to the WATER 2025 project that would appropriately address infrastructure needs while ensuring affordability of water for customers. CDM Smith, Inc. (CDM) was tasked with completing this re-evaluation from a technical standpoint.
- Ahead of the completion of the eminent domain proceedings, four alternatives have been developed for City Council's consideration: 1) Upgrade Semper on the Semper Site; 2) New

Facility using Alternate Land; 3) New Facility on the existing MSC/Fleet Site; and 4) Construct a Smaller Facility on the Westminster Boulevard Site.

- Eminent domain proceedings have now been completed, and the valuation of the Westminster Boulevard property has been set. The presentation to accompany this memo will include this updated cost information.
- Staff will provide an overview of the four options for City Council, providing a forum for City Council to discuss the options and provide direction to Staff on appropriate next steps.
- Policy direction is requested regarding how to proceed with the land acquisition related to the results of eminent domain proceedings. If City Council would like to proceed with an appeal of the eminent domain verdict, the difference between the original amount paid to the property owner and the Court's verdict on property value would need to be appropriated and deposited in an escrow account while the appeal process is completed.

**Fiscal Impact:**

\$0 in expenditures

**Source of Funds:**

Not applicable

**Policy Issue(s):**

Does City Council wish to receive a presentation regarding the Replacement Drinking Water Treatment Facility evaluation overview and options?

**Alternative(s):**

City Council could choose not to receive this overview presentation. Staff does not recommend this alternative as the eminent domain case has now received a verdict and Staff is in a position to present and review with City Council four alternative options for the Replacement Drinking Water Treatment Facility. The results of the eminent domain proceedings help inform the alternatives for consideration and the presentation will provide the information for City Council's consideration.

**Background Information:**

Semper is the larger of the City's two drinking water treatment plants. It has a rated capacity of 44 million gallons per day (MGD) and is the work horse for the City's drinking water treatment system. Semper was constructed in 1969 and expanded multiple times since then. Some of Semper remains in serviceable condition and can continue to be used. Other portions of the plant need substantial remediation to ensure infrastructure reliability. Even with substantial remediation, the Semper plant would not be able to treat for water quality events stemming from wildfire, algae blooms, or similar events and would not treat for contaminants of concern, such as per- and polyfluoroalkyl substances (PFAS). PFAS are a group of chemicals used to make fluoropolymer coatings and products that resist heat, oil, stains, grease, and water found in many products, and concerning because they do not break down, can move through soil and contaminate drinking water sources, and build up in fish and wildlife according to the Centers for Disease Control and Prevention.

The original WATER 2025 project was developed to replace Semper and was planned to be built on a property on Westminster Boulevard just north of 98th Avenue. Based on 2011-2013 water

consumption data, the originally proposed WATER 2025 facility had an ultimate build-out capacity of 60 MGD to address build-out development for the City. The location of the Westminster Boulevard site was chosen after an extensive site selection process that began with 63 sites and included several technical criteria such as topography, hydraulics, and fit with surrounding uses. A shortlist of sites was reviewed through a series of public meetings that resulted in the selection of the Westminster Boulevard location. The City then entered into eminent domain proceedings to acquire the land. The final verdict of that proceeding was received at the end of December 2022. The total costs shown in this presentation have been updated with this new information.

In November of 2021, City Council expressed concerns with the cost and scope of the WATER 2025 project and the significant water rate increases for ratepayers. To ensure that every viable option to preserve affordable water rates for residents was examined, City Council directed Staff to stop work on the WATER 2025 project and evaluate alternatives that could better balance the critical need to keep drinking water safe, reliable, and affordable for the community.

Initially, three alternatives were developed: 1) Upgrade Semper on the Semper Site; 2) New Facility using Alternate Land; and 3) New Facility on the existing MSC/Fleet Site. Concurrently, a fourth option, located on the proposed Westminster Boulevard site, was introduced. In this option, Staff was able to successfully right-size the proposed replacement facility using up-to-date water consumption data and down-size associated infrastructure, reducing the scope and cost of the project significantly. Based on this updated water consumption data, options 2 and 3 were also reduced in capacity to provide additional cost savings and an appropriate “apples to apples” comparison of construction costs for all options.

Option 1 to update Semper on the existing Semper site also included a thorough condition assessment of Semper. This assessment identified small, easily addressed shortfalls and larger, more complex issues and provided improved information on the actual status of Semper. In alignment with those findings, all the proposed options include upgrading portions of Semper and continuing to use Semper for the next 18 to 25 years in addition to any other new or upgraded facilities.

Each of these alternatives were evaluated based on criteria set by City Council. The broad evaluative criteria include the following:

- Leveraging existing infrastructure including limiting the construction of new infrastructure such as major pipelines;
- Ability to treat for wildfire and future regulations;
- Flexibility for future replacement; and
- Robust infrastructure.

Each option was evaluated against these criteria. Cost estimates were completed for each of the options and will be provided in the presentation. The cost estimates include inflationary numbers seen over the last several years. The options include right sizing the capacity of the replacement facility, and do not include construction of ozonation capability used primarily to provide additional treatment for wildfire-related issues. The options also do not include the construction of granular activated carbon that can treat for emerging contaminants and regulatory requirements such as PFAS. This approach is a conscious effort to build what is needed now, while allowing for these components to be added in the future. It is proposed that the ozonation component be included as an alternative when the replacement facility is bid out and potentially incorporated into the final project, cost dependent, based on the direction of City Council at that time.

For the purposes of land acquisition costs, a \$16 million dollar placeholder is included in Option 2 at an alternate site and Option 3 at the MSC site since the MSC would have to be moved to accommodate the expansion. Also included in Options 1, 2, and 3 is the cost of abandoning the Westminster Boulevard property eminent domain case. The actual cost per the verdict of the eminent domain case of about \$27 million dollars plus fees is included in Option 4 on the Westminster Boulevard site and is also included in the original Water 2025 cost estimate for comparison purposes. The original Water 2025 cost estimate is escalated to 2022 dollars.

The cost estimates to be provided in the presentation for Options 1, 2, and 3 are “Class 5” estimates. This means that the final cost could be as much as 50% greater than the number shown or as little as 30% less than the value shown. Option 4, along with the original WATER 2025 project cost, is a narrower estimate ranging from -15% to +30% because of the substantial site evaluation done previously through the original WATER 2025 process.

Since November 2021 and the pause on the original WATER 2025 project, substantial progress has been made. City Council's request to bring in outside experts through the Water Roundtable in February 2022 provided valuable insight on best practices. City Council's direction to review, refine, and reimagine the replacement treatment facility options resulted in a complete reset of the thinking and approach to the future of the Utility. The result is a conscious and well-thought-out reduction in the design capacity of the entire Utility system and related infrastructure, building for today while being scalable for future needs. As a result of this work over the past year, the City could potentially reduce the total cost of the replacement water treatment facility by as much as \$100 million.

The policy request for City Council is to review and consider next steps with the land acquisition associated with the eminent domain verdict. If City Council wishes to appeal the verdict, then there would need to be approval of an ordinance appropriating funds to be deposited in the escrow account. This dollar amount would be based on the amount owed to the property owner based on the Court's valuation of the property plus fees, less the funds that were previously paid to the property owner.

In concert with this land acquisition decision, City Council will have the opportunity to review apples costing information, provide definitive direction on the status of the original WATER 2025 project, and provide potential direction on one of the four proposed alternatives.

This overview and discussion supports the City's Strategic Priorities of Preparedness and Resilience and Robust Infrastructure by ensuring City Council has the opportunity to evaluate a range of alternative solutions for Westminster's future drinking water treatment needs.

**Respectfully Submitted,**

*Mark A Freitag*

Mark A. Freitag  
City Manager

**Attachment(s):**

Attachment – Westminster's Replacement Drinking Water Treatment Facility Evaluation Overview and Options Presentation Slides