


January 23, 2009

Webtide Unsolicited Proposal

Yesterday, the Cape Charles Town Council voted to reject the Webtide unsolicited proposal for consideration under the Public-Private Education Facilities and Infrastructure Act (PPEA). The reasons for this decision are summarized in the attached staff report. It is important to understand that this action was specific to the proposal submitted by Webtide. It was not a vote against a regional system, nor does it preclude establishment of a regional system by other means.

The concept of wastewater plant effluent reuse has been linked to a proposed regional system. This is an attractive concept that the Town of Cape Charles supports. However, it is important to understand that this is a complicated proposition that carries significant added cost (pumping, piping, reject storage and off-season storage). The state requirements are contained in 9 VAC 25-740, Water Reclamation and Reuse Regulation. While the details can not be made public due to Webtide's designation of confidentiality, their proposal does not include a clear, comprehensive path for effluent reuse. In fact, one of the alternative approaches described in the proposal is not a recognized reuse category under the state regulation. It should be noted that effluent reuse can be a feature of either a regional system or the Town's system. It is a matter of available reuse options and the cost of implementation.

 <p>TOWN OF CAPE CHARLES</p>	<b>AGENDA TITLE:</b> Webtide Unsolicited Proposal.		<b>AGENDA DATE:</b> January 22, 2009
	<b>SUBJECT/PROPOSAL/REQUEST:</b> Decide whether to accept or reject the unsolicited proposal for consideration under the PPEA.		<b>ITEM NUMBER:</b> 1.
	<b>ATTACHMENTS:</b> None.		<b>FOR COUNCIL:</b> Action (X) Information ( )
	<b>STAFF CONTACT (s):</b> Bob Panek	<b>REVIEWED BY:</b> Joe Vaccaro, Town Manager	

**BACKGROUND:**

The Town received an unsolicited proposal, dated December 29, 2008, from Webtide to build and operate a regional water and wastewater system to serve Cape Charles, Cheriton and portions of Northampton County as a Public-Private Partnership. Webtide is a consortium of engineering, construction, utility operation and consulting firms assembled by Webster Investors, LLC. The Town has studied this concept since early 2008 under a Memorandum of Understanding (MOU) with the Town of Cheriton and Webster. The Town terminated the MOU in November because of an overall lack of progress.

**DISCUSSION:**

The Town must decide whether to accept or reject the unsolicited proposal for consideration under the Public-Private Education Facilities and Infrastructure Act (PPEA). If accepted, a substantial process of further analysis, solicitation of competing proposals and negotiation to conclude a comprehensive agreement would ensue. The Town can not afford to continue in parallel the design and engineering work on our new wastewater treatment plant, now at 30% design, if the proposal is accepted for consideration.

Council met in Executive Session earlier this evening to review the proposal with staff and representatives of Cheriton and Northampton County. A closed meeting was necessary because Webtide designated almost all of the relevant information as confidential.

The staff review of the proposal concludes the following:

1. Omits required financial statements.
2. Omits significant elements required for a functioning regional system.
3. Contains significant capital cost risk.
4. Contains significant operating cost risk.
5. Contains significant schedule risk.
6. Provides no financing advantages.
7. Delivers capability later than now planned.
8. Provides no advantage over normal public procurement procedures.

It will therefore be a major effort to negotiate this to a comprehensive agreement and it is doubtful that a reasonable cost can be agreed to. Also, it is difficult to argue that the proposal comports with the public purpose of the PPEA statute; i.e, accelerated schedule, cost efficiency, private investment, and advantages over normal procurement procedures.

**RECOMMENDATION:**

Staff asks Council to reject the unsolicited proposal.