

**SAN JOSE/SANTA CLARA TREATMENT PLANT ADVISORY COMMITTEE**

CHUCK REED, CHAIR  
BOB LIVENGOOD, VICE-CHAIR  
KEVIN MOORE, MEMBER  
PATRICIA MAHAN, MEMBER  
MADISON NGUYEN, MEMBER

KEN YEAGER, MEMBER  
JOHN GATTO, MEMBER  
ED SHIKADA, MEMBER  
NORA CAMPOS, MEMBER

**AGENDA**

**4:30 p.m.**

**April 8, 2010**

**Room T-1047**

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**1. ROLL CALL**

**2. MINUTES**

A. February 25, 2010

**3. UNFINISHED BUSINESS**

**4. CORRESPONDENCE**

**5. REPORTS**

A. Open Purchase Orders Greater Than \$100,000  
The attached monthly Procurement and Contract Activity Report summarizes the purchase and contracting of goods with an estimated value between \$100,000 and \$1 million and of services between \$100,000 and \$250,000.

**6. AGREEMENTS**

A. Technical Committee Recommendation (Handout)

B. Action Item – TPAC Recommendation for Approval-Plant Master Requested

**The following action is scheduled to be considered by the San Jose City Council on, April 20, 2010:**

1. Accept this progress report highlighting activities since December 2009 on the master plan for the San José/Santa Clara Water Pollution Control Plant (Plant) and recommend that this progress report be placed on the April 20, 2010 Council Agenda for discussion.

C. Action Item – TPAC Recommendation for Approval Requested – San Jose State University Recycled Water Project

**The following actions are scheduled to be considered by the San Jose City Council on, April 20, 2010: (Memo to be distributed separately.)**

1. Adopt a resolution making findings from the San José State EIR for on campus recycled water project improvements (PP10-006) in conformance with CEQA Guidelines, Sections 15091 and 15093.
2. Adopt a resolution authorizing the City Manager to negotiate and execute an agreement with San Jose State University for services related to construction of recycled water facilities at a total cost to the City not to exceed Four Hundred Twenty-Two Thousand Dollars (\$422,000).  
**To be heard with Item 6.D.1&2 and 6.E.1.**

D. Action Item – TPAC Recommendation for Approval Requested – South Bay Water Recycling Phase 1C Facilities

**The following actions are scheduled to be considered by the San Jose City Council on, April 20, 2010: (Memo to be distributed separately.)**

1. Adopt a resolution authorizing the City Manager to negotiate and execute an agreement with U.S. Bureau of Reclamation to accept \$6.460 million in grant funds, of which \$6.310 million will be for design and construction of South Bay Water Recycling Phase 1C facilities, and \$150,000 will be retained by the Bureau of Reclamation for administrative and other costs.
2. Adopt the following Appropriation Ordinance and Funding Sources Resolution amendments in the San José-Santa Clara Treatment Plant Capital Fund:
  - a. Establish an estimate for Recovery Act – Federal Revenue in the amount of \$1,875,000;
  - b. Establish an appropriation to the Environmental Services Department for Recovery Act – South Bay Water Recycling Phase IC in the amount of \$6,310,000.
  - c. Decrease the appropriation to the Environmental Services Department for Revised South Bay Action Plan - SBWR Extension by \$4,435,000.

**To be heard with Item 6.C.1&2, and 6.E.1**

- E. Action Item – TPAC Recommendation for Approval Requested – Seventh Amendment with City of Santa Clara for South Bay Water Recycling

**The following actions are scheduled to be considered by the San Jose City Council on, April 20, 2010: (Memo to be distributed separately.)**

1. Adopt a resolution authorizing the City Manager to negotiate and execute the Seventh Amendment to the construction service agreement with City of Santa Clara for the South Bay Water Recycling Program, revising the approved project list, increasing the maximum amount payable by the City of San José by Three Million Fifty Thousand Dollars (\$3,050,000) to a total maximum amount not to exceed Thirty-three Million Four Hundred and Fifty Thousand Dollars (\$33,450,000).

**To be heard with Item 6.C.1&2 and 6.D.1&2**

- F. Action Item – TPAC Recommendation for Approval Requested – Electric Storage Bid Award

**The following action is scheduled to be considered by the San Jose City Council on, April 20, 2010:**

1. Report on bids and award of construction contract for the project ELECTRIC CART STORAGE to the lowest responsive bidder, R.A.N. Electric, Inc., in the amount of \$138,000, and approval of a contingency in the amount of \$13,800.

- G. Action Item – TPAC Recommendation for Approval Requested – Valve Replacement Project

**The following action is scheduled to be considered by the San Jose City Council on, April 20, 2010:**

1. Report on bids and award of construction contract for the RAS & SS VALVE REPLACEMENT PROJECT SECONDARY – TUNNEL BATTERY B (B-1 THRU B-6) to the low bidder, Anderson Pacific Engineering Construction, Inc., in the amount of \$587,000, and approval of a contingency in the amount of \$58,700.

**The following items were approved by the San Jose City Council on March 2, 2010.**

Advanced Water Treatment Facility

1. Adopt a resolution approving the Santa Clara Valley Water District “Mitigated Negative Declaration for Advanced Water Treatment Facility (AWTF)” and direction to City staff to implement the mitigation measures identified in the Mitigated Negative Declaration as applicable to City activities related to the AWTF.

2. Adopt a resolution authorizing the City Manager or designee to (1) award the “Contract for AWTF Early Earthworks” to the lowest responsive and responsible bidder and to establish a ten percent (10%) construction contingency, in an amount, including the contract award plus contingency, not to exceed \$2 million; and (2) decide any timely protest(s), make the City’s final determinations to the lowest responsive and responsible bidder, or to reject all bids and rebid the project.
3. Approve “Agreement Between the City of San José and the Santa Clara Valley Water District for Integration of Facilities and Programs for the Use of Recycled Water in Santa Clara County” to promote cooperation between City and District related to the management and operation of their respective recycled water facilities for a term of forty years at an initial cost to the City not to exceed \$11 million (including the cost of the AWTF Earthwork contract) and an ongoing net cost to City of not to exceed \$2 million per year.
4. Approve “Ground Lease and Property Use Agreement By and Between the City of San José and the Santa Clara Valley Water District for Advanced Water Treatment Facility” for a term of forty years to allow the District to construct and operate an AWTF on approximately five (5) acres of property located at the San José/Santa Clara Water Pollution Control Plant and to use other Plant property to connect the AWTF to the Plant.

**The following items were approved by the San Jose City Council on March 2, 2010.**

Filter Rehabilitation

1. Reject all bids for the San José/Santa Clara Water Pollution Control Plant, Filter Rehabilitation, FY 2009/2010 project.
2. Adopt a resolution authorizing the City Manager or her designee to:
  - (a) Award the contract for the San José/Santa Clara Water Pollution Control Plant, Filter Rehabilitation, FY 2009/2010 project to the lowest responsive and responsible bidder in an amount not to exceed \$300,000 and approval of a 10% construction contingency, subject to the concurrence of the Treatment Plant Advisory Committee; and
  - (b) Decide any timely bid protest(s), make the City’s final determination as to the lowest responsive and responsible bidder, or to reject all bids and re-bid the project.

**7. MISCELLANEOUS**

- A. The next TPAC meeting will be Thursday, May 13, 2010, at 4:30 p.m. City Hall, Environmental Services, 10<sup>th</sup> Floor, Room 1047.

**8. OPEN FORUM**

**9. ADJOURNMENT**

NOTE: If you have any changes or questions, please contact Monica Perras, Environmental Services, 408-975-2515.

To request an accommodation or alternative format for City-sponsored meetings, events or printed materials, please call Monica Perras at (408) 975-2515 or (408) 294-9337 (TTY) as soon as possible, but at least three business days before the meeting/event.

**Availability of Public Records.** All public records relating to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that are distributed to a majority of the legislative body will be available for public inspection at San Jose City Hall, 200 East Santa Clara Street, 10<sup>th</sup> Floor, Environmental Services at the same time that the public records are distributed or made available to the legislative body.

**DRAFT**  
**MINUTES OF THE**  
**SAN JOSÉ/SANTA CLARA**  
**TREATMENT PLANT ADVISORY COMMITTEE**  
City Hall, Environmental Services, 10<sup>th</sup> Floor, Room 1047  
Thursday, February 25, 2010 at 4:30 p.m.

**1. ROLL CALL**

Minutes of the Treatment Plant Advisory Committee convened this date at 4:30 p.m. Roll call was then taken, with the following members in attendance:

Committee members: Chuck Reed (Chair), Bob Livengood (Vice Chair), Kevin Moore, Patricia Mahan, Madison Nguyen, John Gatto.

Staff present: Monica Perras, Dale Ihrke, John Stufflebean, Mollie Dent, Kirsten Struve, Bhavani Yerrapotu, John Newby, Eric Rosenblum.

Others present: Kathleen Phalen (City of Milpitas), Steve Machida (Cupertino Sanitary District), Robert Reid (West Valley Sanitation District), Bob Wilson, Chris DeGroot, Alan Kurotori, (City of Santa Clara), David Wall (San José City Resident) Jim Fiedler (SCVWD).

**2. APPROVAL OF MINUTES**

Minutes of January 14, 2010.

Motion by Committee member Mahan and second by Committee member Moore to accept the minutes of January 14, 2010. Committee member Gatto abstained.

**3. UNFINISHED BUSINESS**

- A. McCarthy Property: Discussion of Committee questions concerning history of purchase of McCarthy Property interest, potential liability related discontinuance of solar drying operation, prioritization of discontinuance of solar drying operation, and potential for shifting costs associated with that project to the developer or either to the developer or the homeowners over time, for a portion of the costs, including use of an assessment district formed on the McCarthy property to provide a funding source for the costs.

Request for deferral to May TPAC unanimously approved.  
David Wall submitted a speaker card stating neutral on this item.

**4. CORRESPONDENCE**

**5. REPORTS**

- A. Open Purchase Orders Greater Than \$100,000

The attached monthly Procurement and Contract Activity Report summarizes the purchase and contracting of goods with an estimated value between \$100,000 and \$1 million and of services between \$100,000 and \$250,000.

Item 5.A was approved unanimously.

6. **AGREEMENTS**

A. Technical Committee Recommendation (Handout)

Item 6.A was approved unanimously.

B. Agreements – TPAC Recommendation for Approval Requested

**The following item was approved by the San Jose City Council on March 2, 2010:**

1. Adopt a resolution approving the Santa Clara Valley Water District “Mitigated Negative Declaration for Advanced Water Treatment Facility (AWTF)” and direction to City staff to implement the mitigation measures identified in the Mitigated Negative Declaration as applicable to City activities related to the AWTF.
2. Adopt a resolution authorizing the City Manager or designee to (1) award the “Contract for AWTF Early Earthworks” to the lowest responsive and responsible bidder and to establish a ten percent (10%) construction contingency, in an amount, including the contract award plus contingency, not to exceed \$2 million; and (2) decide any timely protest(s), make the City’s final determinations to the lowest responsive and responsible bidder, or to reject all bids and rebid the project.
3. Approve “Agreement Between the City of San José and the Santa Clara Valley Water District for Integration of Facilities and Programs for the Use of Recycled Water in Santa Clara County” to promote cooperation between City and District related to the management and operation of their respective recycled water facilities for a term of forty years at an initial cost to the City not to exceed \$11 million (including the cost of the AWTF Earthwork contract) and an ongoing net cost to City of not to exceed \$2 million per year.
4. Approve “Ground Lease and Property Use Agreement By and Between the City of San José and the Santa Clara Valley Water District for Advanced Water Treatment Facility” for a term of forty years to allow the District to construct and operate an AWTF on approximately five (5) acres of property located at the San José/Santa Clara Water Pollution Control Plant and to use other Plant property to connect the AWTF to the Plant.

Motion by Committee member Mahan, second by Committee member Moore to accept Items 6.B.1, 2, 3 & 4. Committee Member Gatto opposed Item 6.B.3.

C. Agreements – TPAC Recommendation for Approval Requested

**The following items were approved by the San Jose City Council on March 2, 2010:**

1. Reject all bids for the San José/Santa Clara Water Pollution Control Plant, Filter Rehabilitation, FY 2009/2010 project.
2. Adopt a resolution authorizing the City Manager or her designee to:
  - (a) Award the contract for the San José/Santa Clara Water Pollution Control Plant, Filter Rehabilitation, FY 2009/2010 project to the lowest responsive and responsible bidder in an amount not to exceed \$300,000 and approval of a 10% construction contingency, subject to the concurrence of the Treatment Plant Advisory Committee; and
  - (b) Decide any timely bid protest(s), make the City's final determination as to the lowest responsive and responsible bidder, or to reject all bids and bid the project.

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Item 6.C.1 & 2 approved unanimously.

D. Informational Items – TPAC Item Previously Recommended for Approval

**The following item was approved by the San Jose City Council on January 12, 2010:**

1. Adopt a resolution authorizing the City Manager to submit a grant proposal to the California Energy Commission, Alternative and Renewable Fuel and Vehicle Technology Program, for up to \$10,000,000 for the development of a biomethane transportation fuel production facility on Water Pollution Control Plant lands, subject to the concurrence of the Treatment Plant Advisory Committee.

Item 6.B.1 was approved unanimously.

David Wall submitted a speaker card against this item

E. Informational Item – TPAC Item Previously Recommended for Approval

**The following items were approved by the San Jose City Council on January 26, 2010.**

Report on Request for Proposal (RFP) for security guard services at the Water Pollution Control Plant (WPCP) and adoption of a resolution authorizing the Director of Finance to:

1. Execute an agreement with First Alarm Security & Patrol, Inc. (Aptos, CA) for security guard services for an initial fourteen month term for the period February 1, 2010 to March 31, 2011, and a maximum compensation not to exceed \$225,139.
2. Execute amendments to the agreement to add and delete guard services as required subject to appropriation of funds.

3. Exercise two, one-year options to extend the agreement subject to annual appropriation of funds.

Item 6.C.1-3 was approved unanimously.

David Wall submitted a speaker card against this item.

7. **MISCELLANEOUS**

- A. The next TPAC will be on March 11, 2010 at 4:30 p.m. City Hall, Environmental Services, 10<sup>th</sup> Floor, Room 1047.

8. **PUBLIC COMMENT**

David Wall submitted a speaker card stating strengthening JPA's.

10. **ADJOURNMENT**

- A. The Treatment Plant Advisory Committee adjourned at 4:55 p.m.

Chuck Reed, Chair  
Treatment Plant Advisory Committee

**City Manager's Contract Approval Summary**  
**For Procurement and Contract Activity between \$100,000 and \$1 Million for Goods and \$100,000 and \$250,000 for Services**

December 22, 2009 - March 24, 2010

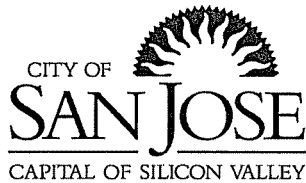
Description of Contract Activity <sup>1</sup>	Fiscal Year	Req#/RFP#	PO#	Vendor/Consultant	Original \$ Amount	Start Date	End Date	Additional \$ Amount
APPROX 400 TONS ALUM INUM SULFATE	FY09-10	11600	00000	General Chemical Corp	\$180,000	6/3/10		
HYDROGEN PEROXID E	FY09-10	11607	44262	US Peroxide LLC	\$340,000	3/1/10	2/28/11	
Misc Emergency	FY09-10	11747	00000	Monterey Mechanical	\$100,000	3/2/10		
Overhaul of TPS & Floway Pumps	FY09-10	11751	00000	Alfred Conhagen	\$130,000	3/2/10		
Misc Emergency	FY09-10	11749	00000	DW Nicholson	\$100,000	3/2/10		
OEA 11237, FOR THE CLEANING OF DIGESTERS	FY09-10	11612	00000	North American Digester	\$250,000	2/1/10		

<sup>1</sup> This report captures in process contract activity (Requisition Number or RFP Number) and completed contract activity (Purchase Order Number, Contract Term, and Contract Amount)

**City Manager's Contract Approval Summary**  
**For Procurement and Contract Activity between \$100,000 and \$1 Million for Goods and \$100,000 and \$250,000 for Services**

**Total \$ Amount**

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# Memorandum

**TO:** TRANSPORTATION &  
ENVIRONMENT COMMITTEE

**FROM:** John Stufflebean

**SUBJECT:** PLANT MASTER PLAN  
UPDATE – April 2010

**DATE:** 03-19-10

Approved

Date

3/24/10

## RECOMMENDATION

Accept this progress report highlighting activities since December 2009 on the master plan for the San José/Santa Clara Water Pollution Control Plant (Plant) and recommend that this progress report be placed on the April 20, 2010 Council Agenda for discussion.

## OUTCOME

Acceptance of this report will allow staff to continue on course with the planned Plant Master Plan activities.

## BACKGROUND

In November 2007, the Environmental Services Department (ESD) embarked on a three-year process to develop a 30-year master plan for the Plant. The Plant serves the homes of 1.4 million residents and roughly 17,000 main commercial/industrial sewer connections across San José, Santa Clara, Milpitas, Cupertino, Campbell, Los Gatos, Monte Sereno, and Saratoga. Using principles of sustainability, the master plan will chart a course to continue the Plant's success in protecting public health and the environment and supporting the region's economy. It will address the infrastructure needs of the 53-year old facility as well as odor control issues, flood protection for the Plant, new regulations, and possible new land uses for portions of the Plant's 2,600-acre site.

The Plant Master Plan process integrates the following three activities:

- 1) Technical evaluation – to develop liquids and solids treatment options that address population growth and evolving regulations, and incorporate green technologies that enhance the Plant's capacity to produce renewable energy while minimizing its environmental impacts.
- 2) Land use alternatives evaluation – to conduct a site analysis to consider possible economic, environmental, and social uses of the Plant lands.

- 3) Community and stakeholder engagement – to obtain and use community and stakeholder input in the master planning process.

## **ANALYSIS**

Since staff last reported to the T&E Committee on the Plant Master Plan in December 2009, the following activities have taken place:

### ***Technical Evaluation***

The consultant team and City staff are refining the technical alternatives for liquids and solids treatment and optimization of energy production. These alternatives will be presented to the Technical Advisory Group (TAG) for final review in the summer of 2010. The TAG is composed of nationally recognized wastewater experts.

The Plant's adopted Capital Improvement Program (CIP) was evaluated and the proposed FY2010-14 CIP will reflect the findings of the technical analysis to ensure that current capital projects align with the master planning vision. Project scopes in the proposed 2010-2014 CIP will align with future possible Master Plan scenarios, and include combining rehabilitation efforts with piloting newer technologies. Piloting is critical to ensuring that a new process works with the specificities of the Plant and will be cost effective to maintain over the long-term. Piloting is particularly important for the solids treatment process, where future regulations and land use considerations could drive the need for an approach that is more expensive than current open air drying.

Along with several critical rehabilitation projects, the proposed 2010-2014 CIP will specify and prioritize additional projects that align with the Master Plan's energy and operational efficiency goals. Examples of key projects include upgrading meters that control Plant processes; retrofitting aeration tanks with energy efficient air supply systems; and replacing older power generation equipment with more energy efficient equipment.

### ***Land Use Alternatives Development***

A workshop with tributary agency and City staff was held in December 2009 to review land use alternatives prepared by the consultant team based on City and tributary agency needs, economic analysis, regulatory agency input, and community input (residents expressed their values for the site through various input mechanisms between May and November 2009). Feedback from the land use workshop was combined with additional economic analysis of possible land use elements and input from the Plant Master Plan Community Advisory Group (CAG) to develop three land use alternatives for presentation to the public in April/May 2010.

Staff have also been collaborating with Zanker Resources Landfill and the Santa Clara Valley Water District on two projects to ensure they align with the Master Plan vision. The Zanker project would develop a biogas facility on Plant lands located on the north side of Los Esteros Road (the site of the former Nine Par landfill); the Water District project involves a long-term lease of Plant lands to build and operate an Advanced Water Treatment Facility adjacent to the

South Bay Water Recycling Transmission Pump Station to provide additional filtration capacity for the Plant and generate highly purified recycled water from the Plant's effluent.

### ***Public Outreach Activities***

Public outreach activities since December 2009 included the following:

#### **To support development of land use alternatives:**

*Values survey:* Staff developed and launched a questionnaire as part of the May 2009 community workshop to capture the community's values related to possible uses for Plant lands. Through the workshop, the 2009 Plant tours, and the project Web site, the community submitted more than 1,500 surveys. The results indicate that respondents understand the Plant's infrastructure needs and land use opportunities, and would support a plan that incorporates a variety of land uses and makes the Plant a place people would want to come and visit. The results of the values survey are summarized in Attachment A, *2009 Community Land Use Values Survey Report*.

#### **To raise public awareness of the Plant's infrastructure needs:**

*Plant Tours:* Tours are a proven tactic for educating the public on the Plant's important role in daily life and for engaging residents in the master planning process. In 2009, more than 2,570 people toured the Plant (adding up to roughly 6,000 people across the 2008 and 2009 tour seasons). Between May and November 2009, tours contributed 1,411 of the total 1,506 values surveys that were collected, and 431 people signed up to receive Plant Master Plan updates. In 2010 Plant Tours will again take place from May to November. May tours will be filled from the 400-person waiting list, and the June through November tours will be publicized.

*Web Site:* The project Web site, [www.sanjoseca.gov/esd/plantmasterplan](http://www.sanjoseca.gov/esd/plantmasterplan), is updated regularly to publicize opportunities for public involvement, including Community Advisory Group meetings, Plant tours, and the spring 2010 community workshops. The site provides fact sheets, media coverage, project reports, and presentations. Between January 2009 and February 2010, the Web received 307,680 page hits.

*Media Coverage:* Staff continues to hold Plant Master Plan presentations with media outlets to prepare and inform editors and reporters about the project's many facets and the spring 2010 public unveiling of the land use alternatives. Coverage since December 2009 has included:

- Jan. 27, 2010 – *San Jose Mercury News* and *Willow Glen Resident* ran a story on the Plant Master Plan.
- Feb 3, 2010 – The press conference held by Gov. Arnold Schwarzenegger and Pennsylvania Gov. Edward G. Rendell with Mayor Reed on *Building America's Future*, a national campaign aimed at highlighting the importance of infrastructure investment and related jobs creation, resulted in media coverage. The Plant was selected as the press conference site because it is emblematic of the nation's wastewater infrastructure needs. TV news coverage included KRON Channel 4 that evening and played on their website for the following week; a piece entitled "Water Can Get Us Working" also appeared on [nbcbayarea.com](http://nbcbayarea.com) and focused on the press event.

- Feb. 23, 2010 - *San Jose Mercury News* and *Cupertino Courier* highlighted the project's land use planning process.

**To engage ratepayers and stakeholders:**

*Community Advisory Group:* The Community Advisory Group has met at least monthly to discuss Plant Master Plan topics related to biosolids, land use, and sea level rise/climate change. At the series of meetings on land use, group members were given information on opportunities and constraints for economic, environmental, and social land uses and participated in a group exercise to select and prioritize possible land uses. The group's input is provided to the Plant Master Plan Steering Committee, which consists of City and tributary agency staff, to contribute to the development of the land use alternatives.

*PMP Bulletin:* A Plant Master Plan bulletin was emailed in February 2010 to stakeholders and interested community members who sign up via the project Web site. The bulletin provided an update of the technical and land use progress made on the Plant Master Plan in 2009. Bulletins will continue to be emailed on a periodic basis throughout the life of the project.

*Speakers Bureau:* Since December 2009, staff presented project updates to the Alviso Collaborative, the Utility Management Conference in San Francisco, and Santa Clara University environmental studies students. In addition, City staff met with the U.S. Army Corps of Engineers to provide Plant-related flood risk and cost information pertinent to developing a plan for tidal flood protection as part of the Corps' Shoreline Study.

***Next Steps***

Building on the above activities, the next steps in the Plant Master Plan process include:

- ***Spring 2010 Community Workshops:*** As outlined in Attachment B: *2010 Community Workshop Schedule*, five community workshops are scheduled for early May at locations in the Plant service area: downtown San José, Alviso, Santa Clara, Milpitas, and Cupertino. The workshops will provide an overview of the Plant Master Plan and three land use alternatives. Attendees will then walk to topic-specific stations where they can submit comments on the different aspects of each alternative. Members of the Community Advisory Group will see the alternatives at their next CAG meeting on April 28 and are invited to attend the workshop in the city or area that they represent. Input received at these workshops will be used to help develop a recommended alternative, projected for completion by December 2010.
- ***"Rebuild the Plant" Awareness/Education Campaign.*** Staff are working to launch an educational campaign throughout the Plant service area in April 2010. The goal is to create greater awareness of the Plant and its functions in protecting public health and the environment and that the Plant needs rebuilding. Area residents who, as a result of publicity, visit the project Web site will learn more about the Plant and how they can help the Plant do its job by keeping pollutants out of wastewater. As the City and several tributary agencies embark on rate increases, awareness of the Plant and its critical role in daily life will help residents understand the value they receive for their sewage fees. Campaign tactics include ads in transit shelters, restrooms, theaters, and Web sites; radio spots in English and Spanish; and an informational kiosk placed in libraries and community centers. These tactics will be

supported by media coverage that staff are working to cultivate through editorial board presentations.

- **Community Workshop Publicity.** Working with representatives from the tributary agencies, staff are aiming to create interest in the spring 2010 community workshops. Some advertising and direct mail tactics are planned along with low-cost and free tactics such as calendar listings, eblasts, articles in tributary and stakeholder newsletters, bill inserts, and media coverage.
- **Community Advisory Group Workplan.** Following the spring community workshops, the Community Advisory Group will develop a 2010-2011 work plan at their May meeting.
- **Technical Alternatives Development:** Staff will finalize the technical alternatives and obtain a final technical review by the Technical Advisory Group in the summer of 2010.
- **Environmental Review:** The proposed alternatives for the Plant Master Plan will require a programmatic Environmental Impact Report (EIR)/Environmental Impact Statement (EIS) to be prepared in accordance with the California Environmental Quality Act (CEQA) and National Environmental Protection Act (NEPA). A Request for Qualifications is currently being developed to obtain consultant services for the environmental impact analysis. It is anticipated that the contract for environmental review consultant services will be considered by Council this summer. Staff from both the Environmental Services and Planning Departments are coordinating this effort.
- **Mid-Point Survey.** A telephone survey to measure changes in public awareness and understanding of the Plant and wastewater system is planned for early summer 2010. This survey is a follow-up to the baseline survey conducted in August 2008. A final, endpoint survey at the conclusion of the Plant Master Plan process will more fully evaluate any changes in public opinion and understanding as a result of outreach, publicity, and media coverage.

## EVALUATION AND FOLLOW UP

Staff will return to the T&E Committee in the fall of 2010 to present a status update on the project, including results of the public workshops. Evaluation of the alternatives based on multiple criteria will be discussed as part of the community workshops.

## PUBLIC OUTREACH/INTEREST

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or

a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This recommendation does not meet any of the criteria listed above. If the Committee recommends consideration of this report by the full Council, it will be posted on the City's Internet website for the April 20, 2010 Council Agenda.

Engaging the public and the many stakeholder groups is an essential component to developing the Plant Master Plan. The communications strategy for the Plant Master Plan was developed by City staff with input from the Master Plan Steering Committee and the Plant's Technical Advisory Committee. The tributary-wide Public Outreach Working Group, composed of staff from the cities and sanitation districts, has been giving input on the public outreach strategy since December 2007. The Community Advisory Group is meeting monthly and will share insights on public outreach.

### **COORDINATION**

This report has been coordinated with the City Attorney's Office and is scheduled to be reported at the April 2010 Treatment Plant Advisory Committee meeting.

### **FISCAL/POLICY ALIGNMENT**

This item is consistent with Council approved Budget Strategy Memo General Principle #2, "We must focus on protecting our vital core City services."

/s/

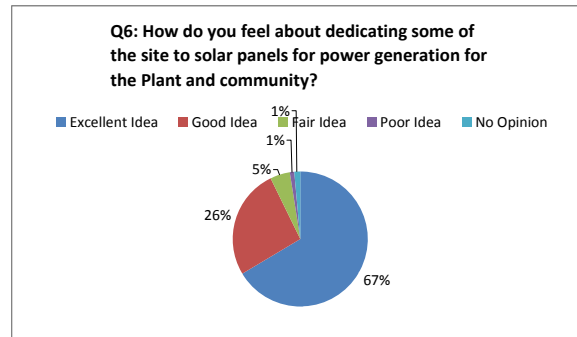
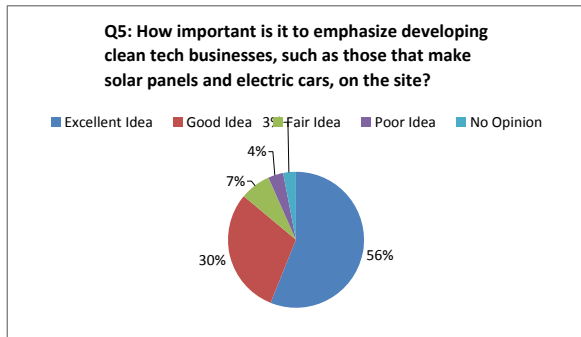
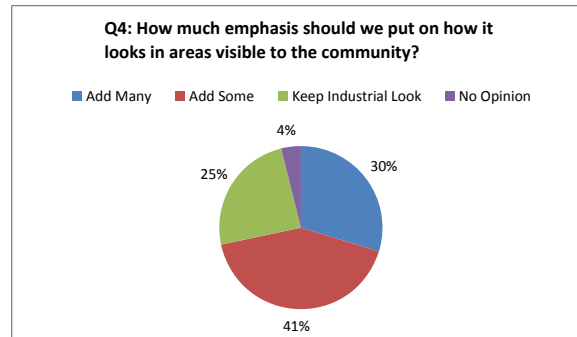
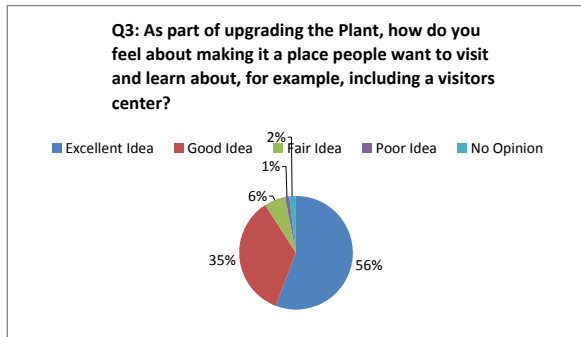
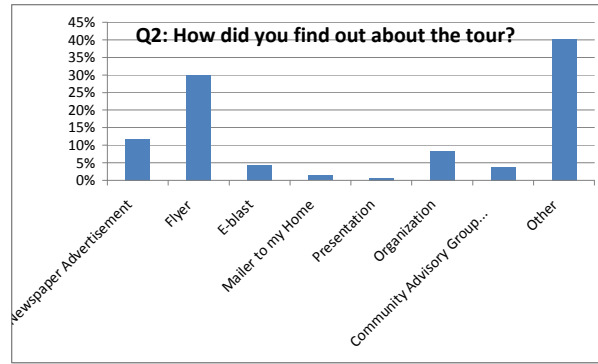
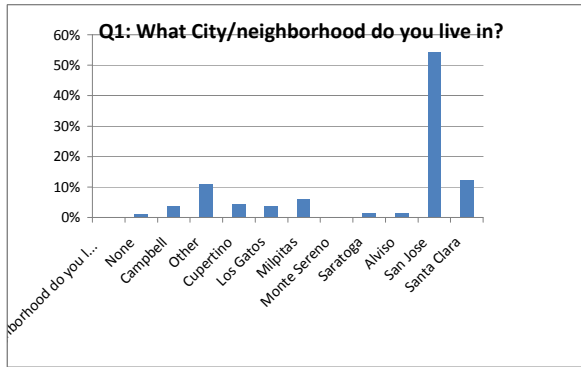
JOHN STUFFLEBEAN

Director, Environmental Services

For questions, please contact Bhavani Yerrapotu, Division Manager, Technical Services at 945-5321, or Jennifer Garnett, Communications Manager at 535-8554.

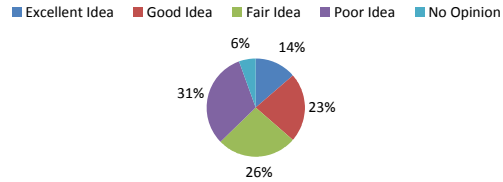
#### Attachments:

- A. 2009 Community Land Use Values Survey Report
- B. 2010 Community Workshop Schedule

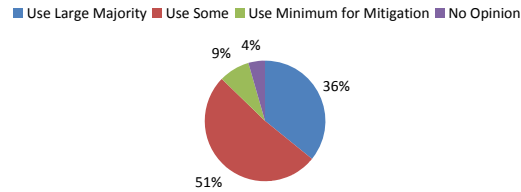




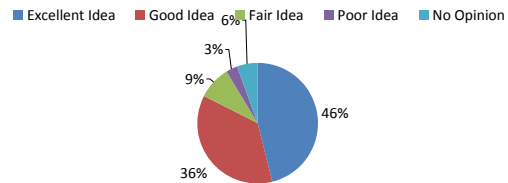
**Q7: Given that retail can generate significant revenues, how do you feel about retail development and entertainment, such as shopping, on the site?**



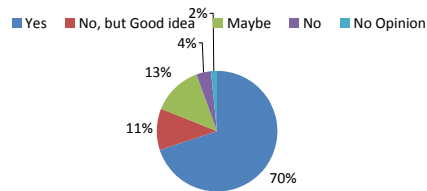
**Q8: The Plant is already a site for a number of habitats. How do you feel about dedicating more open space for wildlife habitat?**



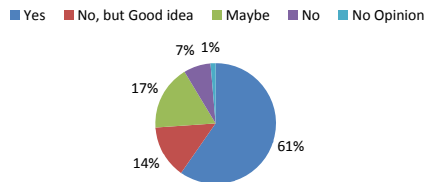
**Q9: We could have more water on and around the site. How do you feel about re-creating sloughs, creating ponds or restoring wetlands on the site?**



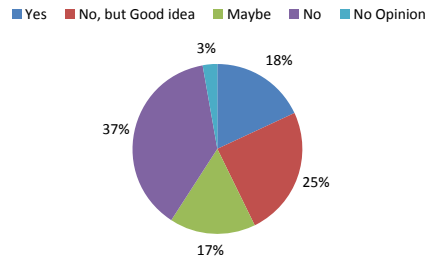
**Q10: Would you use viewing platforms and other features that allow people to watch the wildlife and habitat?**



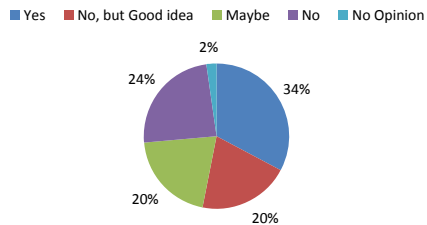
**Q11: The site can accommodate recreational opportunities. Would you use trails for walking, biking, or horseback riding on this site?**



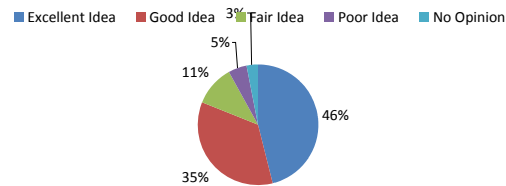
**Q12: Would you use sports fields on this site?**



**Q13: Would you use water recreation, such as canoeing and kayaking, on this site?**



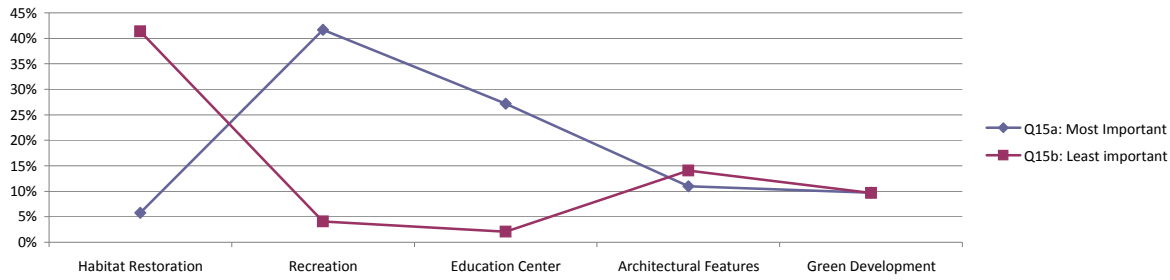
**Q14: How do you feel about developing an educational facility such as a living or natural museum that demonstrates the native habitats?**



40%

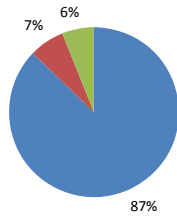


### Q15a/15b: Most/least like to see on the site?



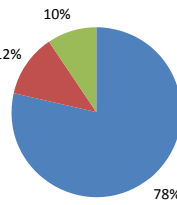
#### Q16: Understand the Plant's Needs

■ Understand ■ Uncertain ■ No Opinion



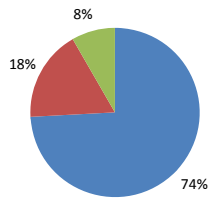
#### Q17: Understand Possible New Land Uses

■ Understand ■ Uncertain ■ No Opinion



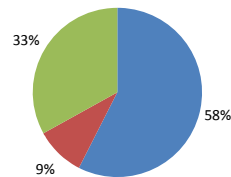
#### Q18: Understand How will the Input be Used

■ Understand ■ Uncertain ■ No Opinion



#### Q19: Participate in Future Workshops

■ Yes ■ No ■ Uncertain





## 2009 Community Land Use Values Survey Report

March 10, 2010

In November 2008, the Environmental Services Department (ESD) embarked on a three-year process to develop a 30-year Master Plan for the San Jose/Santa Clara Water Pollution Control Plant (Plant). The Plant serves 1.4 million people and 17,000 business sewer connections across San José, Santa Clara, Milpitas, Cupertino, Los Gatos, Saratoga, Campbell, Monte Sereno, and unincorporated pockets within or near those cities. The plan aims to chart a course to continue the Plant's success in protecting the public health and environment and supporting the region's economy. It will address the infrastructure needs of the 54-year old facility as well as odor control issues, flood protection, new regulations, and possible land uses for the 2,600-acre Plant site.

The Plant Master Plan process integrates the following three aspects:

- 1) Technical options evaluation – to identify and consider newer, greener technologies for treating wastewater.
- 2) Land use scenario evaluation – to conduct a site analysis as a basis for considering various scenarios for future uses of the Plant lands.
- 3) Community and stakeholder engagement – to obtain community and stakeholder input into the Master Plan process.

As part of the initial community workshop introducing the Plant Master Plan in May 2009, staff developed and launched a questionnaire to help capture the community's values related to possible uses for Plant lands. Through this workshop, the 2009 Plant tours, and the project Web site, the community submitted more than 1,500 surveys from May through November. The results indicate that respondents understand the Plant's infrastructure needs and land use opportunities, and would support a plan that incorporates a variety of land uses and makes the Plant a place people would want to come and visit.

Collectively, the survey results have helped staff better understand the diversity of community priorities and confirmed the value of continued outreach to illustrate the Plant's critical need to rebuild its core infrastructure. Charts showing the full results for all 19 questions are included in Appendix A; result highlights are included below:

- Operational: 91% of respondents indicated that the Plant should be rebuilt as a place people would want to come and visit, and nearly three-quarters said at least some architectural elements should be emphasized in those areas visible to the community;
- Economical: There was strong support for using at least some of the site for solar panels (92%) or for clean tech economic development (86%); there was significantly less support for retail and entertainment development with a third thinking it was a poor idea, a quarter thinking it was fair, and about 37% thinking it was a good or excellent idea;
- Environmental: More than 80% of respondents supported environmental uses on the site such as dedicating more space for wildlife habitat (87%), increasing or improving the

sloughs, ponds, and wetlands (82%), and installing viewing platforms to observe the wildlife and habitat (81%);

- Social: An educational facility and recreational trails rated favorably with 81% and 74% respectively, however the results for sports fields and water recreation revealed larger minorities against. 43% would use or think sports fields are a good idea contrasted with a 38% who did not. A little more than half liked water recreation, while a quarter did not.

The tours and the value survey have been successful tools in engaging the public with the complex infrastructure and land use needs of the Plant Master Plan and have provided staff with helpful quantitative information on the priorities of this portion of the Plant's service area community.

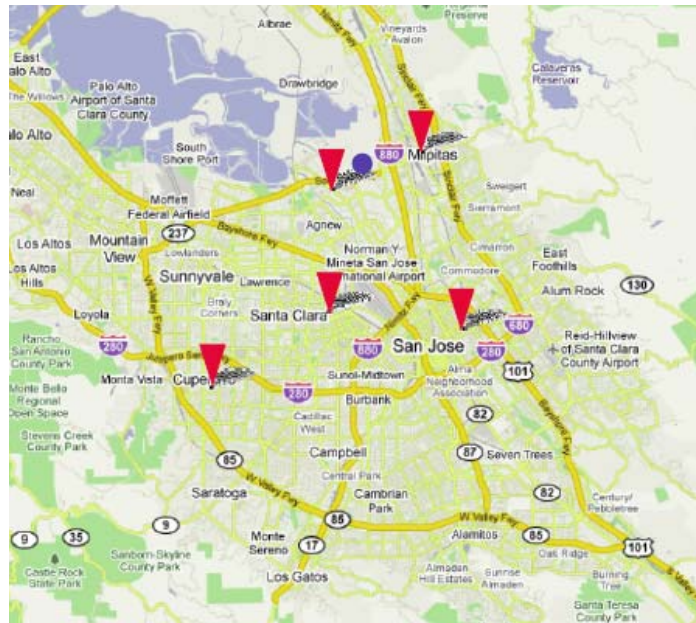
For questions, please contact Jennifer Garnett, Communications Manager, Communications Division, ESD at 535-8554.



**Plant Master Plan  
Community Workshops #2  
April 28, 2010 – May 19, 2010**

The project team is preparing alternative configurations for operations and land uses of the Plant site. Feedback on the public’s likes, dislikes, and improvements for each alternative will be collected during a series of five workshops in multiple locations between April 28 and May 19. The feedback will be used to create one final alternative plan. Each meeting is anticipated to run for about two to three hours and include a presentation and break out group sessions.

**Community Workshop Locations • April 28 – May 19**



<b>Service Area</b>	<b>Location</b>	<b>Day</b>
Community Advisory Group	Roosevelt Community Center 901 East Santa Clara Street, San Jose, CA 95116	Wed., April 28 6:00 – 8:00 p.m.
Milpitas	Milpitas City Hall 455 East Calaveras Boulevard, Milpitas, CA 95035	Sat., May 1 9:30 – 11:30 a.m.
Santa Clara	Santa Clara Library 2635 Homestead Road, Santa Clara, CA 95051	Tues., May 4 6:00 – 8:00 p.m.
San Jose	Roosevelt Community Center 901 East Santa Clara Street, San Jose, CA 95116	Sat., May 8 2:30 – 4:30 p.m.
Alviso	Alviso Library 5050 North 1 <sup>st</sup> Street, San Jose, CA 95002	Wed., May 12 6:00 – 8:00 p.m.
Cupertino and West Valley cities	Cupertino Community Hall 10350 Torre Avenue, Cupertino, CA 95014	Wed., May 19 6:00 – 8:00 p.m.

The workshop presentation will be taped and posted to the Plant Master Plan Web site.



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** John Stufflebean

**SUBJECT:** SEE BELOW

**DATE:** 03-29-10

Approved

Date

4/2/10

**COUNCIL DISTRICT:** City-Wide

**SUBJECT: AGREEMENT BETWEEN THE CITY OF SAN JOSÉ AND SAN JOSE STATE UNIVERSITY FOR CONSTRUCTION SERVICES RELATED TO RECYCLED WATER SYSTEM IMPROVEMENTS**

## RECOMMENDATION

1. Adopt a resolution making findings from the San José State EIR for on campus recycled water project improvements (PP10-006) in conformance with CEQA Guidelines, Sections 15091 and 15093.
2. Adopt a resolution authorizing the City Manager to negotiate and execute an agreement with San Jose State University for services related to construction of recycled water facilities at a total cost to the City not to exceed Four Hundred Twenty-Two Thousand Dollars (\$422,000).

## OUTCOME

Approval of a construction services agreement with San Jose State University (SJSU) for services related to construction of recycled water facilities with an estimated cost of \$787,000 will allow the City to work with SJSU to provide recycled water to the Martin Luther King Jr. Joint Library and the SJSU main campus, and will allow the US Bureau of Reclamation to reimburse the City for up to 25% of the total project cost through the Title XVI Program.

## BACKGROUND

In March 2009, the U.S. Bureau of Reclamation announced a competitive grant program funded by a new appropriation from the American Recovery and Reinvestment Act of 2009 (ARRA).

On July 23, 2009 the City Manager submitted SF-424, "Application for Federal Assistance for Phase 1C - San José Area Water Reclamation and Reuse Program" requesting an award of \$6.46 million in federal stimulus funds towards design and construction of \$14.8 million in South Bay Water Recycling pipeline extensions and related facilities, including a 25% federal share of all eligible design and construction costs and an additional \$3.35 million in federal funds appropriated through the ARRA program (over and above the 25% federal share) in lieu of receiving the remaining reimbursement for Phase 1A projects through the annual Congressional appropriations process.

The list of projects approved by the U.S. Bureau of Reclamation in the application for federal funding included "San Jose State University Improvements." That project, with a total estimated cost of \$787,000, provides for connection of the Martin Luther King, Jr. Joint Library to the recycled water systems and improvements to allow for the use of recycled water for flushing toilets and other appropriate indoor applications as well as for improvements to the SJSU water distribution system to allow for the use of recycled water to irrigate the landscape on the University's main campus. In order to accomplish the work, SJSU has proposed to provide \$365,000 in funds and has requested a City contribution not to exceed \$422,000 of which up to \$336,000 could come from ARRA funding at the overall federal share of 43%, leaving an unreimbursed cost to the City of about \$86,000.

## ANALYSIS

SJSU was among the first facilities to connect to the SBWR system and they continue to lead the development of innovative uses of recycled water. Their use of recycled water to provide cooling to their power plant (up to 200,000 gallons per day during the summer) is often cited as an example of appropriate industrial use and has encouraged a number of facilities across the Nation to emulate their success. Recycled water is also widely used for irrigation on campus. Through a recent SJSU initiative to increase their sustainable environmental practices, their facilities staff have focused on opportunities to increase the use of recycled water on campus, which gave rise to their request for City participation in this joint project.

Under the terms of the proposed agreement, the City would provide funding towards construction of two projects: 1) conversion of the Martin Luther King, Jr. Joint Library so that recycled water can be used for toilet flushing and other appropriate indoor uses; and 2) conversion of the entire main campus irrigation system to use recycled water.

Completed in 2003, the joint-City of San José-and-San José State University library was constructed with dual-plumbing to supply recycled water to toilets and urinals throughout the building. However, at the time the building was constructed there was no recycled water main in East San Fernando Street, so the recycled water risers were temporarily connected to the campus domestic water supply. A recycled water main was installed in 2007 and a recycled water turnout to the library was provided at 5th and San Fernando Streets. The SJSU Package 1-Library project will provide for installation of break-tanks to connect recycled water to the building, perform final separation form the campus drinking water system and replace the building booster pumps at a project cost of approximately \$260,000.

The SJSU Package 2 - Main Campus Retrofit project will convert the campus irrigation system to recycled water as well as install necessary pipeline improvements to provide recycled water to the Student Union Expansion and Renovation Project. To ensure proper installation of all facilities and prevention of any potential cross connections, the project will include construction of a pipeline from 9th and San Fernando to the south end of the Industrial Studies (IS) Building for connection to the Student Union Building's dual plumbing system as well as modifications to connect the irrigation system including removal of reduced pressure valves at the south end of the pipeline and pipeline improvements at 4th and San Fernando to loop the irrigation system. The estimated cost of this project is approximately \$527,000.

The total cost of both projects is estimated to be \$787,000, of which SJSU will contribute \$365,000 and the City will provide the balance of the cost in an amount not to exceed \$422,000. As a result, if the project cost exceeds the estimated amount SJSU will be responsible for any increase, but the City's share will be reduced by any savings that may occur. In addition, since the City is an authorized Title XVI project sponsor, the total shared project cost may be submitted for reimbursement which could result in as much as \$336,000 in federal grant funding, which would further reduce the City share to \$86,000.

SJSU EIR was adopted by the Board of Trustees of the California State University on January 29, 2002

#### **EVALUATION AND FOLLOW-UP**

Upon Council adoption of the proposed resolutions, the City Manager will negotiate and execute an Agreement with San Jose State University to design and construct up to \$787,000 in recycled water system improvements. The SJSU Facilities Manager will coordinate construction with the City Library Director and the Dean of the SJSU Library to minimize any inconvenience to library operations. Consistent with the terms of the proposed Cooperative Agreement with the US Bureau of Reclamation, the University will provide the City with quarterly updates of construction progress for submittal to Reclamation. In addition, as system improvements are completed SJSU will notify City staff to certify compliance of recycled water connections with local and state regulations, and the new connection will be noted in regular SBWR performance reports and in updates to the City's Green Vision Plan.

#### **PUBLIC OUTREACH/INTEREST**

- Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a

Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

The initial construction of recycled water facilities at SJSU occurred in 2000 following regular meetings of representatives of various stakeholder groups (e.g. Sierra Club, League of Women Voters, Silicon Valley Chamber of Commerce) met regularly in 1998 and 1999 to create the present plans for extension of the recycled water systems. In addition, public meetings on the local use of recycled water were held in the cities of San José, Santa Clara, and Milpitas during the summer and fall of 2000. Since that time, staff members from the cities of San José Water Company, San José Municipal Water, Santa Clara and Milpitas have attended monthly meetings to review South Bay Water Recycling planning and operations.

### COORDINATION

This memo has been coordinated with the City's Attorney's office, Library, Planning and Risk Management, and the City Manager's Budget Office. This memo is scheduled to be heard at the April 8, 2010 Treatment Plant Advisory Committee (TPAC) meeting.

### COST IMPLICATIONS

1. AMOUNT OF RECOMMENDATION:	<b>\$422,000</b>
Project Delivery	\$56,840
Construction	\$365,160
<b>Total Current Year Costs</b>	<b>\$422,000</b>
Prior Year Expenditures	0
<b>Total Project Costs</b>	<b>\$422,000</b>

2. SOURCE OF FUNDING: San José/Santa Clara Treatment Plant Capital Fund
3. OPERATING COST: The cost of operating South Bay Water Recycling will not noticeably increase due to the increased supply of an additional 100 acre-feet per year (AFY) of recycled water demand, which will bring in approximately \$20,000 per year in additional revenues.

03-29-10

**Subject: Agreement With SJSU For Construction of Recycled Water Facilities**

Page 5

**BUDGET REFERENCE**

Fund #	Appn #	Appn. Name	RC #	Total Appn.	Amt. for agreement with SJSU	Adopted Capital Budget Page	Last Budget Action (Date, Ord. No.)
<b>Total Funding For Agreement</b>					\$422,000		
<b>Funding Available</b>							
512		Recovery Act – South Bay Water Recycling Phase IC*		\$6,310,000	\$336,000	NA	TBD
512	6589	Revised South Bay Action Plan - SBWR Extension		\$17,642,000	\$86,000	V-150	11/17/2009, Ord No. 28669
<b>Total Funding for Agreement</b>					<b>\$422,000</b>		

*\* This appropriation would be established with Council adoption of the recommendation in the **COOPERATIVE FUNDING AGREEMENT WITH THE US BUREAU OF RECLAMATION FOR DESIGN AND CONSTRUCTION OF SOUTH BAY WATER RECYLING- PHASE 1C IMPROVEMENTS** memorandum.*

**CEQA**

Resolution No. 64667 (PP91-090) and Addenda thereto, including Addendum PP03-350, for Civic Center Recycled Water Line Project. In this action, Council will adopt a resolution making findings from the San Jose State University Master Plan 2001 Update Final EIR, adopted by the Board of Trustees of the California State University on January 29, 2002, in conformance with the CEQA Guidelines, Sections 15091 and 15093.

In addition to CEQA, this project has been reviewed by the US Bureau of Reclamation for compliance with the National Environmental Policy Act (NEPA). As the lead agency, Reclamation has issued a Finding of No Significant Impact (FONSI) for each of the proposed projects.

/S/

JOHN STUFFLEBEAN

Director, Environmental Services

For questions, please contact Mansour Nasser, Deputy Director, at (408) 277-2558.



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** John Stufflebean  
Jennifer Maguire

**SUBJECT:** SEE BELOW

**DATE:** 03-29-10

Approved

Date

4/2/10

**SUBJECT: COOPERATIVE FUNDING AGREEMENT WITH THE US BUREAU OF RECLAMATION FOR DESIGN AND CONSTRUCTION OF SOUTH BAY WATER RECYLING**

## RECOMMENDATION

1. Adopt a resolution authorizing the City Manager to negotiate and execute an agreement with U.S. Bureau of Reclamation to accept \$6.460 million in grant funds, of which \$6.310 million will be for design and construction of South Bay Water Recycling Phase 1C facilities, and \$150,000 will be retained by the Bureau of Reclamation for administrative and other costs.
2. Adopt the following Appropriation Ordinance and Funding Sources Resolution amendments in the San José-Santa Clara Treatment Plant Capital Fund:
  - a. Establish an estimate for Recovery Act – Federal Revenue in the amount of \$1,875,000;
  - b. Establish an appropriation to the Environmental Services Department for Recovery Act – South Bay Water Recycling Phase IC in the amount of \$6,310,000.
  - c. Decrease the appropriation to the Environmental Services Department for Revised South Bay Action Plan - SBWR Extension by \$4,435,000.

## OUTCOME

Approval of a Cooperative Funding Agreement with the US Bureau of Reclamation (Reclamation) will allow the City accept a reimbursable federal grant funding of \$6,460,000 to complete design and construction of the final South Bay Water Recycling (SBWR) Phase 2 facilities with an estimated cost of \$14,777,000 through the 2009 American Recovery and Reinvestment Act (ARRA) as administered by the US Bureau of Reclamation Title XVI program. Of this \$6.46 million, \$150,000 will be retained by Reclamation for administrative costs.

## **EXECUTIVE SUMMARY**

The recommended agreement with the U.S. Bureau of Reclamation will allow the City to receive reimbursable proceeds of up to \$6.31 million from the 2009 American Recovery and Reinvestment Act (ARRA) to construct \$14.78 million worth of recycled water projects in the Cities of San José and Santa Clara. The \$6.46 million grant agreement amount includes payment of \$3.35 million for which the City is eligible for reimbursement under a grant originally awarded in awarded in 1995. Including the funding that was authorized by the 1995 grant agreement, but never appropriated by Congress, the reimbursement for the projects covered by the grant increases from 25% to 43% of the project cost, but requires the funds to be used to construct new recycled water projects. The projects covered by the grant agreement will be constructed using \$14.412 million from existing South Bay Action Plan appropriations and a \$365,000 contribution from San Jose State University. After auditable compliance with all ARRA regulations and reimbursement, approximately \$6.31 million will be reimbursed to the San José/Santa Clara Water Pollution Control Plant Capital Fund, while the balance of the grant (\$150,000) will be retained by Reclamation for administrative and other costs. Constructing these projects will add approximately 9 miles to the SBWR distribution system, initially increasing deliveries of recycled water by over 1400 acre-feet per year (AFY), and raising revenues by up to \$300,000 per year with an additional 600 AFY of reuse potential.

## **BACKGROUND**

In September 1993, as the administering agency of the San José/Santa Clara Water Pollution Control Plant (Plant), the San José City Council authorized design and construction of a project to divert up to 15 million gallons per day (mgd) of treated effluent from the south Bay during the summer by providing nonpotable recycled water to customers in Milpitas, Santa Clara and San José. Between 1993 and 1999 the City built SBWR Phase 1A facilities at a cost of approximately \$140 million including four pump stations, a reservoir, and over sixty miles of pipeline. In June 2000, the Council approved an additional \$100 million for the "Revised South Bay Action Plan," including \$82.5 million in the 2001-2005 Capital Budget to expand the SBWR system and increase its reliability. Between 2000 and 2009, at a cost of approximately \$83 million, the City built SBWR Phase 1B facilities including two reservoirs and more than 40 miles of recycled water pipeline, as well as various reliability improvements. Between the Phase 1A and 1B programs, approximately \$17 million in authorized funding remains available for construction of additional water recycling facilities.

In September 1995 the City and Reclamation executed Cooperative Agreement 5-FG-20-12650 allowing the City to receive grant funding through the USBR Title XVI Program as authorized by Section 1607, "San José Area Reclamation and Reuse Program" of the of the federal "Reclamation Projects Authorization and Adjustment Act of 1992" (PL102-575). This Cooperative Agreement allowed Reclamation to reimburse the City up to \$35 million, representing a federal share of 25% of the estimated \$140 million cost of the Phase 1A project. The Agreement was originally funded with a Congressional appropriation of \$1.75 million, and has been modified annually as additional funds have been appropriated. To date the City has received \$31.6 million from Reclamation, leaving an unfunded obligation of about \$3.35 million.

In March 2009 Reclamation announced a competitive grant program funded by a new appropriation from the American Recovery and Reinvestment Act of 2009 (ARRA). The competition was open only to agencies whose projects were already authorized under Title XVI, and included a special provision that granted a greater federal share (over 25%) to agencies like San José that had not yet been fully reimbursed for previously completed projects. On July 1, 2009 the City was notified that Reclamation was prepared to award \$6.46 million in ARRA grant funding towards construction of up to \$26 million in proposed recycled water pipeline extensions and related improvements to increase the amount of recycled water supplied through the SBWR system.

On July 23, 2009 the City Manager submitted SF-424, "Application for Federal Assistance for Phase 1C - San José Area Water Reclamation and Reuse Program" requesting an award of \$6.46 million in federal stimulus funds towards design and construction of \$14.78 million in South Bay Water Recycling pipeline extensions and related facilities. This request would allow the City to receive the remaining \$3.35 million reimbursed through the construction of Phase 1C ARRA projects (over and above the 25% federal share, essentially reducing the time for reimbursement) in lieu of receiving the remaining reimbursement for Phase 1A projects through the current annual Congressional appropriations process, which has been lengthy.

The following is a list of projects included in the application for federal funding, showing the local and federal shares of the total project cost:

<b>Project Name</b>	<b>Description</b>	<b>Cost (\$M)</b>
San José Airport Extension	Approx. 4,500 LF of 12-inch pipe to serve 75 AFY to Mineta-San José International Airport	\$1.720
SBWR Laterals and Garden Improvements	Approx. 1,500 LF of 6-12-in. pipe to serve 100 AFY to civic buildings, a community garden, and access points throughout the service area.	\$0.980
San José School Extensions	Approx. 1,800 LF of 6-inch pipe to serve 75 AFY to four schools in central and south San José.	\$1.140
SJSU Improvements	Approx. 500 LF of 6-8-in pipe to serve up to 150 AFY to SJSU campus for irrigation and indoor use.	\$0.787
Santa Clara Central Park	Approx. 12,000 LF of 8-16 in. pipe to serve 115 AFY to 52-acre Santa Clara Central Park and adjacent customers	\$4.200
Santa Clara Industrial 1	Approx. 3,000 LF of 8-12-inch pipe to serve 300 AFY for cooling and irrigation at data centers and other industrial sites.	\$0.750
Santa Clara Industrial 2	Approx. 6,500 LF of 12-in pipe to serve 140 AFY to Santa Clara industrial sites for cooling and irrigation.	\$1.900
Santa Clara Industrial 3	Approx. 14,000 LF of 12-inch diameter pipe to serve 500 AFY to Santa Clara industrial sites for cooling and irrigation.	\$3.300
	<b>Cost of Proposed Projects to be Completed for Grant Award</b>	<b>14.777</b>
	Proposed San José State University Share (2%)	\$0.365
	Proposed San José Share (55%)	8.102
	Proposed Federal ARRA Share (43%)	6.310

## ANALYSIS

### *Cooperative Funding Agreement with US Bureau of Reclamation*

According to the program solicitation, the purpose of the ARRA grant program is “to quickly and prudently commence activities that preserve and create jobs and to promote economic recovery, and to invest in transportation, environmental protection, and other infrastructure that will provide long-term economic benefits.” ARRA also required that Reclamation provide at least \$126 million in Federal funds “for water reclamation and reuse projects” authorized under its Title XVI program.

By participating in the ARRA grant program and executing a Cooperative Funding Agreement with Reclamation, the City and its tributary partners agree to invest in new water recycling facilities with an estimated cost of \$14.777 million. The projects are projected to initially increase recycled water use by up to 1,400 acre-feet per year, increasing revenues from the SBWR system by more than \$300,000 per year, with the potential to add another 600 AFY. Other conditions associated with participation in the ARRA grant program include the following:

- Compliance with ARRA program features including Davis-Bacon wage rates and “Buy America” provisions;
- Appropriate documentation of all project costs as well as estimation of jobs created as a result of ARRA-sponsored activities; and
- Completion of all projects submitted for reimbursement by September 30, 2011.

As an added incentive to local agencies to participate in the ARRA grant program, Reclamation has also included a provision that “the project sponsor may request Federal funds greater than 25 percent for the proposed activity as long as the overall Federal cost share does not exceed 25 percent of incurred expenses.” The benefit of this provision is that the City can receive reimbursement funds more quickly than would otherwise be the case. Since the origin of the Title XVI program in 1992, many project sponsors (including San José) have not been fully reimbursed for past project expenses. For example, in the fifteen years since receiving its first federal appropriation in 1995, the City has received a total of \$31,650,300 towards the \$35 million federal share for an average of about \$2 million per year. However, in five of the past ten years the City has received less than \$1 million per year, and the 2010-2011 federal budget includes only \$260,000 in reimbursement funds. As a result, even though reimbursements received through the normal process may be used without restriction, staff recommends that the City build the proposed projects and accept the remaining \$3.35 million from ARRA appropriations all at once rather than wait to receive the funds through annual appropriations.

It should also be noted that staff has recently applied for reimbursement for the 25% federal share of the \$82.8 million cost of SBWR Phase 1B facilities. Once a Cooperative Funding Agreement for the \$20.7 million federal share of that project is executed the City would be eligible to receive up to 100% federal funding for construction of new projects in lieu of reimbursement, should more ARRA funding become available.

### *Appropriations Actions*

#### Reimbursements to the San José/Santa Clara Water Pollution Control Plant Capital Fund

Approval of the recommended appropriations actions will allow the City to accept a \$6.46 million grant from the U.S. Bureau of Reclamation through the Title XVI program for a construction program estimated at \$14.8 million. After auditable compliance with all ARRA regulations and submittal of required invoices to Reclamation, the City will receive up to \$6.31 million in reimbursement funds, with the balance (\$150,000) retained by Reclamation for administrative costs. With this recommended action, \$1,875,000 of grant funds is recognized. Through future budget processes, the receipts of the grant balance of \$4,435,000 will be recognized.

Reimbursement funds received by the City will be returned to the San José/Santa Clara Water Pollution Control Plant Capital Fund. It should be noted that to comply with ARRA provisions requiring that funds not be comingled, all revenue and expenditure transactions will be booked to the ARRA Water Program/SJ Area Water Reclamation & Reuse Memo Fund (Fund 561), which will be established as a Memo Fund to the San José/Santa Clara Water Pollution Control Plant Capital Fund. Phase 1C contracts currently in the San José/Santa Clara Water Pollution Control Plant Capital Fund may be liquidated and re-encumbered in the new memo fund.

#### EVALUATION AND FOLLOW-UP

Upon Council adoption of the proposed resolutions, the City Manager will negotiate and execute a Cooperative Agreement with the US Bureau of Reclamation to reimburse the City up to \$6.35 million and City staff will begin design and construction of up to \$14.8 million in recycled water system improvements. Consistent with the terms of the proposed Cooperative Agreement, the City will provide Reclamation with quarterly updates of construction progress, and new customer connections will be noted in regular SBWR performance reports and in updates to the City's Green Vision Plan.

#### PUBLIC OUTREACH/INTEREST

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

During the summer and fall of 2000, the cities of San José, Santa Clara, and Milpitas held public meetings on the local use of recycled water. Also, representatives of various stakeholder groups

(e.g. Sierra Club, League of Women Voters, Silicon Valley Chamber of Commerce) met regularly in 1998 and 1999 to create the present plans for extension of the recycled water systems. In addition, staff members from the cities of San José (San José Municipal Water), Santa Clara and Milpitas, and San José Water Company have attended monthly meetings to review South Bay Water Recycling planning and operations.

**COORDINATION**

This memorandum has been coordinated with the Attorney’s Office, Risk Management, the Planning Department and Public Works, and is scheduled to be heard at the April 8, 2010 Treatment Plant Advisory Committee (TPAC) meeting.

**COST IMPLICATIONS**

1. COST OF PROPOSED PROJECTS FOR GRANT AWARD:	<b>\$14,777,000</b>
Project Delivery	1,749,000
Construction	13,028,000
<b>Total Project Costs</b>	<b>\$14,777,000</b>

**Funding Available:**

Total Current Year Funding Available *	\$8,102,000
<b>Grant Funding Available</b>	<b>\$6,310,000</b>
Proposed Contribution from San José State University	\$365,000
<b>Total Funding Available:</b>	<b>\$14,777,000</b>

\* This funding is available in the Revised South Bay Action Plan - SBWR Extension appropriation.

2. SOURCE OF FUNDING: San José/Santa Clara Water Pollution Control Plant Capital Fund
3. OPERATING COST: Construction of these projects is not expected to noticeably increase operating costs of SBWR. The proposed project includes approximately seven miles of distribution pipe will be maintained under an existing Operations and Maintenance Agreement with the City of Santa Clara, and no additional funds for operations and maintenance are anticipated to be added to that Agreement as a result of this construction. Distribution of an additional 1,400 acre-feet of recycled water per year through the SBWR system should increase annual revenues by approximately \$300,000.

**FISCAL POLICY ALIGNMENT**

In accordance with the Mayor’s prescribed budget strategy, the tasks under this agreement will focus on the protection of a vital core service, emphasizing expenditures that improve reliability of the South Bay Water Recycling system and increasing the “recycling and beneficial reuse of

wastewater.” The project will help stimulate construction spending in our local economy and supports the City’s Green Vision Goal #6, “Recycle or beneficially reuse 100% of wastewater.”

**BUDGET REFERENCE**

The recommended budget actions will increase the revenue estimate in the San José/Santa Clara Water Pollution Control Plant Capital Fund for Recovery Act – Federal Revenue by \$1,875,000. This amount represents the reimbursement the Fund will receive from the Bureau in 2009-2010. The remainder of the reimbursement (\$4,435,000) will be received by the Fund in future years, as more projects eligible for reimbursement are completed. As recommended, the \$4,435,000 balance will be advanced by the Revised South Bay Action Plan – SBWR Extension appropriation, until reimbursement is received from Reclamation. The Revised South Bay Action Plan – SBWR Extension appropriation currently has \$17,642,000, so the recommended budget action will reduce it to \$13,207,000.

In addition to the funding described above, funding available to support production and distribution of recycled water includes revenue received from the Santa Clara Valley Water District. \$918,000 was received in 2009-2010. The recently approved Recycled Water Facilities Integration Agreement with the Santa Clara Valley Water District further provides for \$1 million in funding to be available on or before August 1, 2010 to support expanding the usage of water produced by SBWR.

The recommended budget actions also establish a new appropriation in the San José/Santa Clara Water Pollution Control Plant Capital Fund for Recovery Act – South Bay Water Recycling Phase IC in the amount of \$6,310,000 for construction projects which will receive the Federal reimbursement. Tracking the costs of these projects and associated revenue reimbursements separately is a requirement of the ARRA provisions.

Fund #	Appn #	Appn. Name	Total Appn.	Recommended Action	Adopted Capital Budget Page	Last Budget Action (Date, Ord. No.)
512	6589	Revised South Bay Action Plan - SBWR Extension	\$17,642,000	\$4,435,000	V-150	11/17/2009, Ord. No. 28669

**CEQA**

CEQA for City of San Jose Actions:

Resolution No. 64667 (PP91-090) and Addenda thereto:

San José Airport Extension: Resolution 64667, PP10-020

SBWR Laterals and Garden Improvements: Resolution 64667 and Addendum to Mitigated Negative Declaration, PP10-019

San José School Extensions: Resolution 64667, PP10-018

SJSU Improvements: Resolution to be adopted

CEQA done by City of Santa Clara for City of Santa Clara Actions:

Santa Clara Central Park: PLN 2009-07751; CEQ 2009-01085.

Santa Clara Industrial 1: PLN 2009-07749, CEQ 2009-01083

Santa Clara Industrial 2: PLN 2009-07616, CEQ 2009-01080

Santa Clara Industrial 3A: PLN2009-07929 and CEQ2009-01093

NEPA:

In addition to CEQA, all projects have been reviewed by the US Bureau of Reclamation for compliance with the National Environmental Policy Act (NEPA). As the lead agency, Reclamation has issued a Finding of No Significant Impact (FONSI) for each of the proposed projects.



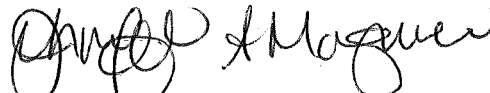
JOHN STUFFLEBEAN  
Director, Environmental Services



JENNIFER A. MAGUIRE  
Budget Director

I hereby certify that there will be available for appropriation in the designated fund and in the amount listed below in 2009-2010 moneys in excess of those heretofore appropriated there from:

San José/Santa Clara Treatment Plant Capital Fund (512)                      \$1,875,000



JENNIFER A. MAGUIRE  
Budget Director

For questions, please contact Mansour Nasser, Deputy Director, at (408) 277-2558.



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** John Stufflebean

**SUBJECT:** SEE BELOW

**DATE:** 04-01-10

Approved

Date

4/2/10

**SUBJECT: SEVENTH AMENDMENT TO AGREEMENT WITH THE CITY OF SANTA CLARA FOR CONSTRUCTION SERVICES FOR SOUTH BAY WATER RECYLING PROGRAM**

## RECOMMENDATION

Adopt a resolution authorizing the City Manager to negotiate and execute the Seventh Amendment to the construction service agreement with City of Santa Clara for the South Bay Water Recycling Program, revising the approved project list, increasing the maximum amount payable by the City of San José by Three Million Fifty Thousand Dollars (\$3,050,000) to a total maximum amount not to exceed Thirty-three Million Four Hundred and Fifty Thousand Dollars (\$33,450,000).

## OUTCOME

Approval of the Seventh Amendment to the construction services agreement with City of Santa Clara for the South Bay Water Recycling Program will allow the Santa Clara Industrial 3A extension project to be built in Santa Clara, increasing the use of recycled water by up to 500 acre-feet per year (AFY), and increasing revenues by up to \$100,000 per year.

## BACKGROUND

In September 1993, as administering agency of the San José/Santa Clara Water Pollution Control Plant (Plant), the San José City Council authorized design and construction of a project to divert up to 15 million gallons per day (mgd) of treated effluent from the south Bay during the summer by providing nonpotable recycled water to customers in Milpitas, Santa Clara and San José. Between 1993 and 1999 the City built SBWR Phase 1A facilities at a cost of approximately \$140 million including four pump stations, a reservoir, and over sixty miles of pipeline. In June 2000, the Council approved an additional \$100 million for the "Revised South Bay Action Plan,"

HONORABLE MAYOR AND CITY COUNCIL

April 1, 2010

**Subject: SEVENTH AMENDMENT TO THE AGREEMENT WITH THE CITY OF SANTA CLARA**

Page 2 of 5

including \$82.5 million in the 2001-2005 Capital Budget to expand the SBWR system and increase its reliability. Between 2000 and 2009, at a cost of approximately \$83 million, the City built SBWR Phase 1B facilities including two reservoirs and more than 40 miles of recycled water pipeline, as well as various reliability improvements. Between the Phase 1A and 1B programs, approximately \$17 million in authorized funding remains that may be applied to construction of additional water recycling facilities.

On May 24, 1995 the City of San José entered into an agreement with the City of Santa Clara in the amount of \$12,600,000 for design and construction services to extend the recycled water system within the boundaries of Santa Clara. The City of San José and Santa Clara subsequently executed six amendments to the original agreement increasing the total compensation to \$30.4 million expanding the recycled water pipeline extensions to be constructed by Santa Clara, and providing funding for administration of a grant program to convert customers from existing potable water connections to the recycled water system.

The Sixth Amendment to the Santa Clara Agreement in November 2009 providing funding for construction of three recycled water projects scheduled to receive funding from the American Recovery and Reinvestment Act of 2009 (ARRA) as well as funding for design of a fourth project that had not yet been certified as compliant with the California Environmental Quality Act (CEQA). Santa Clara Industrial 3A includes approximately 14,000 linear feet of 12-inch diameter pipe extending the SBWR system to a number of new industrial sites. The City of Santa Clara certified the project as compliant with CEQA regulations in January 2010 and it was subsequently certified as compliant with the National Environmental Policy Act (NEPA) in February 2010.

### **ANALYSIS**

On July 1, 2009 the US Bureau of Reclamation notified San José of its intention to award up to \$6.31 million in ARRA funding to reimburse the City approximately 43% of the cost of various water reuse facilities, including Santa Clara Industrial 3A. Now that this project has been certified in compliance with state and federal environmental requirements, this amendment increases the funding available for the Santa Clara agreement by \$3.05 million to fund its construction. Of the total estimated project cost of \$3.3 million, approximately \$1.41 million will be reimbursed to the San José/Santa Clara Water Pollution Control Plant Capital Fund after the construction of this project is complete, all auditable ARRA regulations are complied with, and appropriate invoices and requests for payment are submitted.

### **EVALUATION AND FOLLOW-UP**

Upon Council adoption of the proposed resolutions, the City Manager will negotiate and execute an amendment to the Agreement with the City of Santa Clara to construct an additional \$3,050,000 in recycled water system improvements. Consistent with the terms of the proposed Cooperative Agreement with the US Bureau of Reclamation, the City of Santa Clara will provide the City with quarterly updates of construction progress for submittal to Reclamation. In

April 1, 2010

**Subject: SEVENTH AMENDMENT TO THE AGREEMENT WITH THE CITY OF SANTA CLARA**

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addition, as system improvements are completed the City of Santa Clara will notify City staff to certify compliance of recycled water connections with local and state regulations, and the new connection will be noted in regular SBWR performance reports and in updates to the City's Green Vision Plan.

### **PUBLIC OUTREACH/INTEREST**

- Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

During the summer and fall of 2000, the cities of San José, Santa Clara, and Milpitas held public meetings on the local use of recycled water. Also, representatives of various stakeholder groups (e.g. Sierra Club, League of Women Voters, Silicon Valley Chamber of Commerce) met regularly in 1998 and 1999 to create the present plans for extension of the recycled water systems. In addition, staff members from the cities of San José (San José Municipal Water), Santa Clara and Milpitas, and San José Water Company have attended monthly meetings to review South Bay Water Recycling planning and operations.

### **COORDINATION**

This memo has been coordinated with the City's Attorney's office, the City Manager's Budget Office, Risk Management, and the City of Santa Clara. This memo is scheduled to be heard at the April 8, 2010, Treatment Plant Advisory Committee (TPAC) meeting.

**COST IMPLICATIONS**

1. AMOUNT OF RECOMMENDATION:	<b>\$3,050,000</b>
Project Delivery	\$450,000
Construction	2,600,000
<b>Total Current Year Costs</b>	<b>\$3,050,000</b>
Prior Year Expenditures	30,400,000
<b>Total Project Costs</b>	<b>\$33,450,000</b>
Total Current Year Funding Available	\$3,050,000
Additional Funding Recommended	0
<b>Total</b>	<b>\$3,050,000</b>

2. SOURCE OF FUNDING: 512 – San José/Santa Clara Treatment Plant Capital Fund

3. OPERATING COST:

Delivery of an additional 500 acre-feet of recycled water per year amounts will marginally increase operating costs (primarily for additional pumping), and return approximately \$100,000 per year in revenues. Since new pressure-tested pipelines do not normally require much maintenance, and construction of the proposed Santa Clara extensions will increase the total length of the pipeline network by less than 2% the project is not expected to noticeably increase South Bay Water Recycling annual operating costs.

In accordance with the Mayor's prescribed budget strategy, the tasks under this agreement will focus on the protection of a vital core service, emphasizing expenditures that improve reliability of the South Bay Water Recycling system and increasing the "recycling and beneficial reuse of wastewater."

HONORABLE MAYOR AND CITY COUNCIL

April 1, 2010

**Subject: SEVENTH AMENDMENT TO THE AGREEMENT WITH THE CITY OF SANTA CLARA**

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**BUDGET REFERENCE**

Fund #	Appn #	Appn. Name	RC #	Total Appn.	Amt. for agreement with City of Santa Clara	Adopted Capital Budget Page	Last Budget Action (Date, Ord. No.)
<b>Total Funding For Agreement</b>					\$3,050,000		
<b>Funding Available</b>							
512		Recovery Act – South Bay Water Recycling Phase IC*		\$6,310,000	\$1,433,500	NA	TBD
512	6589	Revised South Bay Action Plan - SBWR Extension		\$17,642,000	\$1,616,500	V-150	11/17/2009, Ord No. 28669
<b>Total Funding for Agreement</b>					<b>\$3,050,000</b>		

*\* This appropriation would be established with Council adoption of the recommendation in the COOPERATIVE FUNDING AGREEMENT WITH THE US BUREAU OF RECLAMATION FOR DESIGN AND CONSTRUCTION OF SOUTH BAY WATER RECYCLING- PHASE 1C IMPROVEMENTS memorandum.*

**CEQA**

Resolution No. 64667 (PP#91-04-090) and Addenda thereto adopted by City of Santa Clara under the following reference numbers:

Santa Clara Industrial 3A: PLN2009-07929 and CEQ2009-01093

/s/

JOHN STUFFLEBEAN  
Director, Environmental Services

For questions please contact Mansour Nasser, Deputy Director, at (408) 277-2558.



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** John Stufflebean

**SUBJECT:** SEE BELOW

**DATE:** 03-22-10

Approved

Date

3/25/10

**COUNCIL DISTRICT:** City-Wide

**SUBJECT: REPORT ON BIDS AND AWARD OF CONTRACT FOR THE SAN JOSE/SANTA CLARA WATER POLLUTION CONTROL PLANT, ELECTRIC CART STORAGE PROJECT**

## RECOMMENDATION

Report on bids and award of construction contract for the project ELECTRIC CART STORAGE to the lowest responsive bidder, R.A.N. Electric, Inc., in the amount of \$138,000, and approval of a contingency in the amount of \$13,800.

## OUTCOME

Award of this construction contract will allow the Electric Cart Storage project to be implemented within the scheduled completion date of October 2010. Approval of the contingency will allow funding any unanticipated work necessary for the proper completion or construction of the project.

## BACKGROUND

The Water Pollution Control Plant operational area covers an area of 176 acres with several dozen buildings and structures that support its operation. To aid the movement of staff between these various buildings Electric Carts are used for personnel and supplies transport. Currently, the Plant has two prefabricated buildings on site to house 24 electric carts. One is located near the eastern end of the Plant, near the secondary treatment process and the other is located near the western end, by the Filtration building.

Under this project, a new electric cart storage building will be constructed towards the southern end, across from the Paint Shop, to accommodate eight carts. The building will provide additional storage and security for the vehicles used by Paint Shop staff, and will include power outlets for charging, a power roll-up door, and two side doors for pedestrian access.

**ANALYSIS**

The project was advertised for bid and a total of eight bids were received and opened on March 4, 2010 with the following results:

<u>Contractor</u>	<u>City</u>	<u>Bid Amount</u>	<u>Variance Amount</u>	<u>Over/(Under) Percent</u>
Ron Paris Construction Co. Inc.	Santa Clara	\$246,090.00	\$156,090.00	173.4%
Rodan Builders, Inc.	Burlingame	\$217,000.00	\$127,000.00	141.1%
George Bianchi Construction, Inc.	San Jose	\$202,160.00	\$112,160.00	124.6%
Frank Surian & Sons, Inc.	Gilroy	\$188,765.00	\$98,765.00	109.7%
D.M. Alegre Construction, Inc.	Tracy	\$142,530.00	\$52,530.00	58.4%
Tucker Construction, Inc.	San Jose	\$139,230.00	\$49,230.00	54.7%
RAN Electric, Inc.	San Leandro	\$138,000.00	\$48,000.00	53.3%
R.L. Ziegenbein Construction	Alamo	\$136,000.00	\$46,000.00	51.1%
<b>Engineer's Estimate</b>		<b>\$90,000.00</b>		

The bid submitted by the apparent low bidder, R.L. Ziegenbein Construction, is nonresponsive because it did not include the mandatory safety record submittals. Appendix B, page B7-1, of the specifications required bidders to submit:

- A. Copy of completed OSHA Form 300A, "Summary of Work-Related Injuries and Illnesses" for the most recent calendar year.
- B. Copy of communication from contractor's workers' compensation insurance carrier indicating the contractor's "Experience Modifier".

The second lowest bid, submitted by R.A.N. Electric, Inc., included the necessary safety submittals and is otherwise responsive. Although R.A.N. Electric's bid is 53 percent above the Engineer's Estimate, it is only \$2,000 more than the bid submitted by R.L. Ziegenbein. Potential reasons for the higher bids include underestimated material and mobilization costs by staff higher than expected prices for electrical work, and additional mark-ups due to the use of several subcontractors to perform a small scope of work. Due to the closeness of the four lowest bids, staff considers the bid acceptable for the work involved in the project.

Council Policy provides for a standard contingency of 10% percent on public works projects involving construction of a building. The standard contingency is appropriate for this project.

### EVALUATION AND FOLLOW-UP

The project is currently within budget with a projected completion date of October 2010. No additional follow up actions with the Council are expected at this time.

### POLICY ALTERNATIVES

**Alternative# 1:** Reject bid and drop the project.

**Pros:** Requires no additional expenditure of funds.

**Cons:** Plant electric carts will continue to be stored in an exposed, unsecured location.

**Reason for not recommending:** The electric carts require adequate protection and funding for the project is in place.

### PUBLIC OUTREACH/INTEREST

- Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

To solicit contractors this project was listed on the City's Internet Bid Line and the Environmental Services Department website, and advertised in the *San José Post Record*. Bid packages were provided to various contractor organizations and builder's exchanges. This memo has been posted on the City's website for the April 20, 2010 Council agenda.

### COORDINATION

This project and memorandum have been coordinated with the Office of Risk Management, Equality Assurance, City Manager's Budget Office, and the City Attorney's Office. This item is scheduled to be heard at the April 8, 2010 Treatment Plant Advisory Committee meeting.

**FISCAL/POLICY ALIGNMENT**

This project is consistent with the Council approved Budget Strategy to focus on rehabilitating aging Plant infrastructure, improve efficiency, and reduce operating costs. This project is also consistent with the budget strategy principle of focusing on protecting our vital core services.

**COST SUMMARY/IMPLICATIONS**

1. AMOUNT OF RECOMMENDATION/COST OF PROJECT: \$138,000
 

Project Delivery	\$ 50,200
Construction	138,000
Contingency	13,800
<b>TOTAL PROJECT COSTS</b>	<b>\$202,000</b>
Prior Year Expenditures	(37,217)
<b>REMAINING PROJECT COSTS</b>	<b>\$164,783</b>
  
2. COST ELEMENTS OF AGREEMENT/CONTRACT: \$151,800  
 This is a Lump Sum Contract.
  
3. SOURCE OF FUNDING: 512 – San Jose-Santa Clara Treatment Plant Capital Fund.
  
4. OPERATING COSTS: The proposed operating and maintenance costs of this project have been reviewed and will have no significant impact on the General Fund operating budget.

**BUDGET REFERENCE**

The table below identifies the fund and appropriations proposed to fund the contract recommended as part of this memo and remaining project costs, including project delivery, construction, and contingency costs.

Fund #	Appn #	Appn. Name	RC #	Total Appn	Amt. for Contract	Adopted Budget (Page)	Last Budget Action (Date, Ord. No.)
<b>Remaining Project Costs</b>					<b>\$138,000</b>		
<b>Current Funding Available</b>							
512	5690	Plant Infrastructure Improvements	152685	\$6,763,000	\$138,000	V-152	6/23/2009 Ord. No. 28593
<b>Total Current Funding Available</b>				<b>\$6,763,000</b>	<b>\$138,000</b>		

HONORABLE MAYOR AND CITY COUNCIL

03-22-10

**Subject: Award of Contract for Electric Cart Storage Project**

Page 5

**CEQA**

Exempt, PP08-297

/s/

JOHN STUFFLEBEAN

Director, Environmental Services

For questions please call Bhavani Yerrapotu, Division Manager, Technical Support Services, Environmental Services Dept., at (408) 945- 5321.



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** John Stufflebean

**SUBJECT:** SEE BELOW

**DATE:** 03-22-10

Approved

Date

3/25/10

**COUNCIL DISTRICT:** City-Wide

**SUBJECT: REPORT ON BIDS AND AWARD OF CONTRACT FOR THE SAN JOSÉ/SANTA CLARA WATER POLLUTION CONTROL PLANT, RAS & SS VALVE REPLACEMENT PROJECT, SECONDARY – TUNNEL BATTERY B (B-1 THRU B-6)**

## RECOMMENDATION

Report on bids and award of construction contract for the RAS & SS VALVE REPLACEMENT PROJECT SECONDARY – TUNNEL BATTERY B (B-1 THRU B-6) to the low bidder, Anderson Pacific Engineering Construction, Inc., in the amount of \$587,000, and approval of a contingency in the amount of \$58,700.

## OUTCOME

Award of this construction contract will allow the RAS & SS Valve Replacement project to be implemented within the scheduled completion date of September 2010. Approval of the contingency will allow funding for unforeseen conditions encountered during construction of the project.

## BACKGROUND

The Plant's Secondary Aeration Process provides biological treatment of wastewater that has undergone primary sedimentation (settled sewage). The aeration process takes place in two batteries of tanks: Battery A (North) and Battery B (South). Each battery contains eight (8) aeration tanks. Settled sewage (SS) from the primary settling tanks and return activated sludge (RAS) from the secondary clarifiers are pumped into each of the aeration tanks through separate piping for biological treatment. For optimum process performance, both the settled sewage and the return activated sludge are pumped into each tank in measured volumes. Flow control is

achieved by automatic control of the butterfly valves on each of the SS and the RAS lines to the tanks.

The existing manual and control valves are over 35 years old and they have been difficult to operate and control. These corroded valves are also leaking and in some cases inoperable, resulting in treatment process inefficiencies such as the increased need for aeration, increased energy usage and reduced effluent quality from the Secondary aeration tanks.

The RAS and SS valves replacement have been scheduled to take place in two phases in order to allow continuous biological treatment of the wastewater without interruption. Twelve of the 36-inch SS valves and twelve 30-inch RAS valves in six of the eight tanks in Battery A (tanks A-1 through to A-6) were replaced in Fiscal Year 2008-2009. Twelve of the 36-inch SS valves and twelve 30-inch RAS valves in six of the eight tanks in Battery B (tanks B-1 through to B-6) will be replaced under this project.

Under this project, the existing butterfly valves in Battery B (South side) will be replaced with new butterfly valves, valve actuators, and valve positioners.

### ANALYSIS

The project was advertised for bid and a total of six bids were received and opened on February 25, 2010 with the following bid results:

<u>Contractor</u>	<u>City</u>	<u>Bid Amount</u>	<u>Variance Over/Under City's Internal Estimate of \$661,000</u>	
			<u>Amount</u>	<u>Percent</u>
Spiess Construction Co. Inc.	Santa Maria	\$699,840.00	\$38,840.00	5.9%
Environmental Systems, Inc.	Santa Clara	\$685,600.00	\$24,600.00	3.7%
Con-Quest Contractors, Inc.	San Francisco	\$672,600.00	\$11,600.00	1.8%
Pacific Infrastructure Corp.	Pleasanton	\$668,000.00	\$7,000.00	1.1%
<b>Engineer's Estimate</b>		<b>\$661,000.00</b>		
Casey Construction, Inc.	Emerald Hills	\$608,634.00	(\$52,366.00)	(7.9%)
Anderson Pacific Engineering Construction, Inc.	Santa Clara	\$587,000.00	(\$74,000.00)	(11.2%)

Anderson Pacific Engineering Construction, Inc.'s bid of \$687,000.00 is the low bid. It is 11.2% less than the engineer's estimate. Staff has determined that the bid is responsive. Moreover, Anderson Pacific Engineering Construction, Inc. has satisfactorily completed various construction projects at the Plant in the past, including the previous phase of the RAS and SS valve replacement project. Based on staff's experience with this contractor on prior projects, staff believes that Anderson Pacific possesses adequate knowledge and technical capabilities to implement this project.

Council Policy provides for a standard contingency of 10% on public works projects involving utilities. Staff considers the standard contingency appropriate for this project.

### **EVALUATION AND FOLLOW-UP**

The project is currently within budget with a projected completion date of September 2010. No additional follow up actions with the Council are expected at this time.

### **POLICY ALTERNATIVES**

*Alternative # 1:* Reject bid and drop the project.

**Pros:** Cost saving as the project is not implemented

**Cons:** Continued use of valves and valve actuators that are difficult to operate and control.

**Reason for not recommending:** If the project is not implemented, flows into the aeration tanks cannot be properly operated and adequately controlled. This will result in treatment process inefficiencies such as the increased need for aeration, increased energy usage and reduced effluent quality from the Secondary aeration tanks.

### **PUBLIC OUTREACH/INTEREST**

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. ( **Required: web Posting**)
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. ( **Required: E-mail and Website Posting**)
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing, that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. ( **Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers**).

This action does not meet any of the criteria above. However as a common practice, " Notice to Contractors" inviting qualified contractors to submit bids was published by the Office of the City Clerk in the *San Jose Post Record*, various Builders Exchanges in the Bay Area, and by the

City's Project Engineer on Environmental Services Department website and Public Works Department Bid Hotline. This memo has been posted on the City's website for April 13, 2010 Council Agenda.

**COORDINATION**

This project and memorandum have been coordinated with the Office of Risk Management, Equality Assurance, City Manager's Budget Office, and the City Attorney's Office. As a part of the "contracting-in" evaluation, this project, which was designed in-house by staff, has been approved for outsourcing by the City's Contracting-In Committee due to the lack of technical skills required to implement this project within the City. This item is scheduled to be heard at the April 8, 2010 Treatment Plant Advisory Committee meeting.

**FISCAL/POLICY ALIGNMENT**

This project is consistent with the Council approved Budget Strategy to focus on rehabilitating aging Plant infrastructure, improve efficiency, and reduce operating costs. This project is also consistent with the budget strategy principle of focusing on protecting our vital core services.

**COST SUMMARY/IMPLICATIONS**

1. AMOUNT OF RECOMMENDATION: \$645,700
  
2. COST OF PROJECT

Project Delivery	\$ 222,120
Construction	\$ 587,000
Contingency	<u>\$ 58,700</u>
<b>TOTAL PROJECT COSTS</b>	<b>\$ 867,820</b>
 Prior Year Expenditures	 \$0
<b>REMAINING PROJECT COSTS</b>	<b>\$ 867,820</b>
  
3. SOURCE OF FUNDING: 512 – San José-Santa Clara Treatment Plant Capital Fund.
  
4. FISCAL IMPACT: Existing funds are available for this project. No additional appropriation action is required.

**BUDGET REFERENCE**

Fund #	Appn #	Appn. Name	RC #	Total Appn.	Amt. for Contract	Adopted CIP Budget Page	Last Budget Action (Date, Ord. No.)
<b>Remaining Project Costs</b>					<b>\$645,700</b>		
Current Funding Available							
512	4332	Equipment Replacement	159265	\$4,630,000	\$645,700	V-151	6/23/2009 28593
<b>Total Current Funding Available</b>				<b>\$4,630,000</b>	<b>\$645,700</b>		

**CEQA**

Exempt, PP10-056

/s/

JOHN STUFFLEBEAN  
Director, Environmental Services

For questions please call Bhavani Yerrapotu, Division Manager, Environmental Services Dept., at (408) 945-5321.