



RECYCLED WATER LIAISON COMMITTEE

Kansen Chu, *Council Member, City of San José*

Tony Estremera, *Board Member, Santa Clara Valley Water District*

Rosemary Kamei, *Board Member, Santa Clara Valley Water District*

Patrick Kwok, *Board Member, Santa Clara Valley Water District*

Patricia Mahan, *Mayor, City of Santa Clara & Chair of Treatment Plant Advisory Committee*

Pierluigi Oliverio, *Council Member, City of San José*

AGENDA

Recycled Water Liaison Committee

Roosevelt Community Center

901 East Santa Clara Street

San Jose, CA 95116

THURSDAY APRIL 09, 2009

9:30 A.M. – 11:30 A.M.

Meeting Objective: Review and Finalize Draft Agreement Recommendations

Chair: Kansen Chu, *Council Member, City of San José*

Facilitator: Paul Brown, *Camp Dresser & McKee Inc.*

CALL TO ORDER:

1. Roll Call.
2. Introductions
3. Approval of February 19, 2009 Minutes
4. Overview of Recycled Water Liaison Committee
5. Review Key Terms of Proposed Recycled Water Framework Agreement
6. Discuss Agreement Recommendations and Next Steps
7. Public Comment
8. Adjourn

TO ARRANGE AN ACCOMMODATION UNDER THE AMERICANS WITH DISABILITIES ACT TO PARTICIPATE IN THIS PUBLIC MEETING, PLEASE CALL (408) 535-8555 OR (408) 294-9337 (TTY) AT LEAST 48 HOURS BEFORE THE MEETING.

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 City Hall, Office of the City Clerk, 200 East Santa Clara Street, Wing – 2nd Fl., San José, CA 95113 at the same time that the public records are distributed or made available to the legislative body.



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MINUTES

Recycled Water Liaison Committee

SANTA CLARA VALLEY WATER DISTRICT

BOARD ROOM

5700 ALMADEN EXPRESSWAY

SAN JOSE, CA 95118

THURSDAY, FEBRUARY 19, 2009

9:30 AM

(Paragraph numbers coincide with agenda item numbers)

CALL TO ORDER:

1. Roll Call: The following Committee members and staff were in attendance:

City of San José City (City): Council member Kansen Chu.

Council member Pierluigi Oliverio arrived shortly after roll call.

Santa Clara Valley Water District (District): District 1 Director Rosemary Kamei; District 5 Director Patrick Kwok, At-Large Director Tony Estremera. Director Kamei presided as Chair for the meeting.

City of Santa Clara: Mayor Patricia Mahan, Former Chair of the Treatment Plant Advisory Committee.

City of San José staff in attendance: Mollie Dent, Senior Deputy City Attorney; John Stufflebean, Environmental Services Director; Mansour Nasser; and Eric Rosenblum.

City of Santa Clara staff in attendance: Alan Kurotori, Director of Water and Sewer; and Bob Wilson.

District staff in attendance: Sharon Judkins, Interim Chief Executive Officer; Debra Cauble; District Counsel; Jim Fiedler, Chief Operating Officer; Hossein Ashktorab; Pamela John; Camille Tavlian; Keith Whitman; and Stanley Zhu.

Facilitator: Paul Brown, Camp Dresser and McKee, Inc.

Guests: Bahman Sheikh, Water Reuse Consultant, Philip Anthony, Director (Orange County Water District); Steve Sheldon, President, Board of Directors (Orange County Water District); Michael R. Markus, General Manager (Orange County Water District); James Ferryman, Board of Directors (Orange County Sanitation District); and James Herberg, Director of Engineering (Orange County Sanitation District).

2. Public Comment

There was no public comment.

3. Approval of November 20, 2008 Minutes.

It was moved by Mayor Mahan, seconded by Council member Chu, and unanimously carried, that the November 20, 2008 Recycled Water Liaison Committee (RWLC) minutes be approved, as presented.

4. Presentation and Discussion on Orange County Water District's and Orange County Sanitation District's Long-Term Recycled Water Agreement

Chairperson Rosemary Kamei turned the meeting over to Paul Brown, Camp Dresser and McKee, Inc., who served as facilitator for the meeting.

Mr. Brown stated that the committee was fortunate to have members from both the Board of Directors and executive management of the Orange County Water District (OCWD) and the Orange County Sanitation District (OCSD) to present their experience in developing their Groundwater Replenishment System (GRS).

Mr. James Ferryman, Director, OCSD, described the mission and charge of both OCWD and OCSD. He described the initial partnership with OCWD in the 1990's as a collaboration to solve outfall flow needs and increase water supply and groundwater replenishment. Mr. Ferryman also described OCSD's operations and strategic plan as focused on meeting reclamation requirements, above OSHA discharge requirements, with anticipation towards reaching full secondary treatment by the year 2012.

Mr. Ferryman introduced Mr. Steve Sheldon, President, Board of Directors (OCWD) who presented OCWD's history, mission and function to protect the water quality, manage pumping and replenish the groundwater basin for Orange County.

Mr. Sheldon introduced Mr. Philip Anthony, Immediate Past President, Board of Directors, OCWD, to whom he credited for founding the project. Mr. Anthony described the history of the partnership between OCSD and OCWD, born from a cooperative solution to the needs of each agency. He described that, while OCSD supplied the water free of charge, capital costs were shared equally to expand the initial project to a larger plant, which has been in operation for the past year. In addition, Mr. Anthony stated that both state and federal grants helped to cover remaining capital costs.

Mr. Anthony described the three-step filtration process applied to the secondary water received from OCWD, which produces virtually distilled water. He also stated this water, when placed into the groundwater basin, improves the average quality of the water. The benefit for OCWD is an increased water supply, which today is cheaper than imported water, including energy costs for transmission.

Mr. Anthony credited much of the project's success to their outreach program, which began in the mid 1990's. and which continues to date. They hired a preeminent consultant who developed their outreach program that focused on outreach to decision makers like the various Chambers of Commerce and community interests groups. He stated that OCWD was dedicated to helping Santa Clara Valley Water District and others who wish to learn from their experience, and he invited all to take a tour of their plant.

Mr. Anthony introduced Mr. Michael Markus, General Manager, OCWD, who credited the vision and leadership of the governing boards and staff of each agency for their success. Mr. Markus covered the timeline, agreements, contracts and cost sharing arrangements for the GRS, from the preliminary design period to the final agreement currently in place. He stated that, while capital costs are shared, OCWD is responsible for the operational costs and management, with OCSD contributing a small percentage of the advanced oxidation treatment. Mr. Markus also mentioned that the agencies also agree to share additional costs, as a result of any regulatory changes.

Mr. Markus stated that the parties are looking at expanding the plant to 100 MGD soon.

5. Presentation and Discussion on Key Areas for South Bay Water Recycling/Santa Clara Valley Water District Draft Agreement

Mr. Brown, Facilitator facilitated the questions of the committee.

Director Kamei asked OCWD how the project augmented the reliability and quality of their water supply. Mr. Anthony stated that the project provided OCWD with additional supplies for the intrusion barrier, increased the water supply for regional growth, and reduced the need for imported water.

Director Estremera asked if OCWD had any experience as a water retailer of recycled water. Mr. Ferryman stated that OCSD does not sell the recycled water. Mr. Anthony OCWD has the advantage of receiving the water from OCSD free of charge for recycling and placement into the seawater intrusion barrier. Mr. Sheldon stated that Orange County does not have purple pipe or a residential/retail recycled water program.

Mayor Mahan asked whether the agencies had ever considered placing the plant in another location besides adjacent to the treatment plant and inquired of the advantages of being next to one another. Mr. Anthony explained that the two plants have always been co-located. Plans to obtain other basins for percolation and satellite plants were abandoned for financial, political and environmental reasons. He stated that there were definite operational advantages to being located next to one other; for example, the utilization of gravity to bring the secondary effluent from OCSD to the microfiltration step, as well as the waste streams' ability to use the ocean outfall.

Councilmember Oliverio asked if the public outreach included any demonstrations on the quality of the water. Mr. Anthony stated they did use the comparison of bottled water quality, which he described as uncontrolled and unreliable. They were able to demonstrate that their advanced treated recycled water was virtually distilled water quality and dependable. In addition, he explained the rigorous testing involved and the results which demonstrated consistently high water quality. Mr. Anthony also described the demonstration model at the plant, which allows the public to see the water in its various treatment phases and taste the end product.

Director Kwok asked about the distance of the groundwater application sites and if the construction of a conveyance system was needed. Mr. Sheldon stated that, for their project, it was approximately fifteen miles, with a cost of approximately \$60 million to OCWD, under the cost sharing arrangement.

Director Kwok asked about issues surrounding minimum discharge requirements and third party agreements. Mr. Herberg stated that there were very minimum issues for OCSD with discharge to the deep ocean. As for third party agreements, he stated that OCSD does not have a retail distribution system for their treated effluent, but has contractual obligations with OCWD. This agreement contains minimum flow supply requirements from OCSD to OCWD.

Mr. Brown asked how the parties arrived at an even 50-50 cost share for the project. Mr. Anthony stated that the capital costs for OCWD associated with building a new plant and the costs for OCSD to build a new outfall were relatively close. Mr. Sheldon also stated that there had been, from the start, a co-mixture of leadership among the municipalities which serve on each Board; therefore, there was the benefit of a long term history between them that helped in negotiating the 50-50 cost share.

Director Kamei asked if there were any effects to the groundwater from the recharge. Mr. Anthony responded there were no effects to replenishing, since the quality of water was so pure compared to natural sources of water, and if anything, groundwater quality improves over time.

Director Kwok asked if OCWD and OCSD had any suggestions for the Liaison Committee which could help in reaching a decision as to building a new plant or expanding on existing recycled water operations. Mr. Anthony responded it would depend on the application of recycled water. He suggested for additional irrigation or industrial uses, expansion of the present plant might be sufficient. If the desire was to replenish the groundwater supply, he suggested pursuing a replenishment system, similar to the OCWD/OCSD system.

The committee members took a brief recess and returned to the meeting.

After the recess, Mr. Brown reviewed the potential components of the agreement, including: the parties, term of agreement, roles and responsibilities, water quality, source control, non potable recycled water expansion, stream flow augmentation, baseline and Advanced Water Treatment (AWT) storage, filtration and treatment, non potable rates and charges, operations and maintenance, public outreach, grant assistance, third party and non-competition agreements, cost sharing and required studies.

The committee discussed some of the challenges for the parties, which included transmission requirements and costs, flow caps, water supply and revenue guarantees, and retailer interests.

Director Kwok expressed a preference to have tertiary water, as opposed to secondary effluent, for the AWT system.

Director Estremera advised the committee to carefully consider any mutuality of the long term interests of the parties in coming to a decision on an agreement.

Mr. Stufflebean stated that the City of San Jose is committed to achieving a recycled water agreement with the District for the future of the region; however, he added that, since it receives its funding from a sewer agency, it is limited to funding operations which have a sewer purpose.

Mr. Brown returned the meeting to Chairperson Kamei. The committee discussed its meeting schedule and next steps.

6. Adjournment to Next Meeting

The committee agreed to reschedule the next meeting from March 19, 2009 to April 9, 2009. The meeting was adjourned at 12:30 p.m. to the next meeting scheduled at 9:30 a.m. on April 9, 2009, which location will be announced at a later date.

Respectfully submitted,

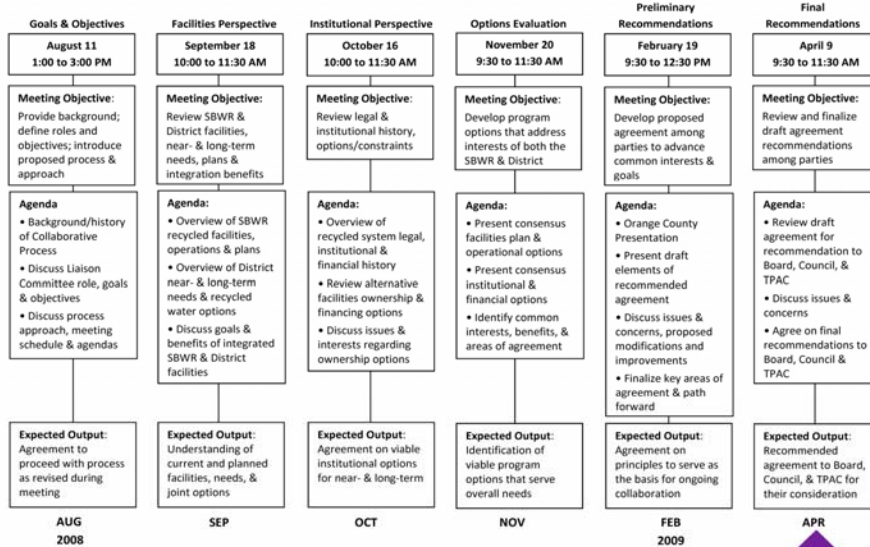
Camille Tavlian
Board Administrative Assistant

Recycled Water Liaison Committee

April 9, 2009



Recycled Water Liaison Committee Schedule & Agendas



Main Components of Framework Agreement

- Preamble
- Recitals
- Agreement Clauses
 1. Coordination
 2. PAC, TAC
 3. Benefits to District
 4. Benefits to City
 5. Roles and Responsibilities
 6. Advanced Water Treatment
 7. General Provisions

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Preamble and Recitals

- Foundation for the Development of a More Detailed Agreement
- In Effect Until July 1, 2040, with Mutual Options to Extend, Supersede or Terminate
- Recitals
 - Parties' Responsibilities and Interests
 - Historical Context
 - Key Accomplishments
 - Past Agreements
 - Goals and Objectives

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1. Coordination

- The Parties Commit to Coordination and Collaborative Planning
- Export of Recycled Water Only with Joint Agreement of City Council and District Board



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2a. Policy Advisory Committee

- The Parties Establish a Policy Advisory Committee (PAC)
- Composed of :
 - A Minimum of Two District Board Members
 - Equal Number of Treatment Plant Advisory Committee (TPAC) Agency Members



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2b. Technical Advisory Committee

- The Parties Establish a Technical Advisory Committee (TAC)
- Key Purpose:
 - Coordinate on Relevant Activities
 - Collaborative Planning
 - Sharing Information



3. Benefits to District

- The City Reserves the Rights for the District to Obtain:
 - A Minimum of 50,000 Acre-Feet Per Year of Secondary Treated Water and Subject to Availability
 - Other Available Secondary Treated Water
 - Advanced Water Treatment Brine to Plant Outfall
 - Use of City Site



4. Benefits to City

- City Receives Annual Payments of \$1 Million
- Enhanced Recycled Water Quality



5. Roles and Responsibilities

- The Parties Agree to Work Together Cooperatively:
 - Public Outreach and Participation
 - Studies
 - Conveyance and Distribution
 - Streamflow Augmentation
 - Feasibility Studies
 - Collaborative Research Projects
 - Pursuit of Grants and Funding
 - Capital Investment Decision Making
 - Operational Planning for Development or Use of Recycled Water, Including Third Party Agreements

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6. Advanced Water Treatment

- City and District Agree on Purpose of Advanced Water Treatment (AWT) Plant and to Collaborative Development and Use of the AWT
 - Demonstration of Advanced Treatment Technology
 - Public Involvement and Outreach
 - Microfiltration & Reliability Benefit
 - Enhanced Recycled Water Quality
 - Potential for Indirect Potable Reuse



NEXT STEPS

- April 23 Joint Council/Board Meeting
- District Board Approval
- Treatment Plant Advisory Committee (TPAC) recommendation and City Council Approval
- Execution of Framework Agreement
- Formation of Policy Advisory Committee (elected officials) and Technical Advisory Committee (staff)
- Development of Detailed Agreement by June 30, 2013



Recycled Water Liaison Committee

Key Agreement Terms

April 9, 2009

Recommendations of Key Terms for the Recycled Water Framework Agreement

1. Commitment to Coordination and Collaborative Planning

The City and the District will coordinate and share information, and work collaboratively on the planning, investment, and development of recycled water. This commitment to long-term collaboration will support the ability of the Parties to successfully advance their mutual interests as well as support and enhance each Party's ability to carry out its individual mission.

The Parties will agree that any export of recycled water outside of Santa Clara County will occur only after the joint agreement of the City Council and District Board.

The Parties will further agree to work cooperatively on a range of special studies, technical investigations, and master planning. The Parties may cost share on such studies and efforts as jointly agreed upon. The studies considered for the near term are: public outreach, the feasibility study for conveyance and utilization of advanced treated water for potential future indirect potable reuse, and stream flow augmentation.

Finally, the Parties will agree that the processes necessary to support such collaboration and joint decision making will be developed and supported by the staff of the Parties, as appropriate.

2. Policy and Technical Advisory Committees

A Policy Advisory Committee (PAC) will be created, composed of a minimum of two District Board members and an equal number of Treatment Plant Advisory Committee (TPAC) voting agencies. The PAC will meet no less than annually, or as agreed upon by the PAC. A key purpose of the PAC will be to discuss policy issues relevant to recycled water and to make decisions or recommendations consistent with the authority granted to the PAC by the City Council and District Board. The PAC will be subject to the Brown Act.

A staff level Technical Advisory Committee (TAC) will be created to coordinate the technical work required to develop a long-term agreement. The TAC will meet at least monthly, or as

needed, to accomplish its technical work and will be composed of an equal number of staff of the City and District, or as mutually agreed upon. A key purpose of the TAC is coordination of relevant activities, collaborative planning, sharing of information, and facilitating joint decision making in those applicable areas of interest to the Parties.

3. Benefits to the District

Four priorities of use of treated wastewater produced by the San José/Santa Clara Water Pollution Control Plant will be recognized. First priority is that flow, if any, required to meet minimum environmental or NPDES permit requirements for discharge to the Bay. Second priority is the non-potable demand of the existing South Bay Recycled Water system, including future expansion up to a maximum of 40,000 acre-feet per year. The third priority is the District's right to all that remaining secondary treated water (a minimum of 50,000 acre-feet per year) that exists beyond the first two priorities, subject to its availability. The fourth and final priority is the reservation for the District for the remaining secondary treated water at any time that is not being fully used by the first three priorities, subject to its availability. A fee schedule to implement the actual delivery of this fourth priority will be developed in the detailed agreement and will take into account the point of delivery and time of delivery.

4. Benefits to the City

In exchange for the City reserving the right to a minimum of 50,000 acre-feet per year of secondary water, subject to its availability, for the District from its San José/Santa Clara Water Pollution Control Plant, the District will pay the City the amount of \$1 million annually by June 30 beginning in 2010 and through the term of this agreement. This annual payment will be escalated based on the San Francisco- Oakland CPI, not to exceed 2% (ceiling) annually, and not to be decreased by less than 0% (floor). An additional benefit to the City from the future advanced treatment facility will be enhanced recycled water quality for non-potable uses.

5. Roles and Responsibilities of the Parties

The City is the administering agency and is responsible for the San José/Santa Clara Water Pollution Control Plant and South Bay Water Recycling, including compliance with the NPDES permit issued by the Regional Water Quality Control Board. The City will have the lead role and responsibility for planning, expansion, operation, and maintenance of the existing non-potable recycled water transmission and distribution system commonly known as South Bay Water Recycling. The City will coordinate and collaborate with the District on those decisions related to the San José/Santa Clara Water Pollution Control Plant and South Bay Water Recycling that may affect the District's interests and rights under this agreement, especially the District's rights to secondary treated water.



The District is the regional water supply and groundwater management agency with county-wide jurisdiction of water supply. The District will have the lead role and responsibility for the planning, expansion, operation, and maintenance of the advanced treatment of recycled water, potential future indirect potable reuse of recycled water, and all use of advanced treated recycled water for potential future recharge and replenishment of the groundwater basin. The District will coordinate and collaborate with the City on those decisions related to the San José/Santa Clara Water Pollution Control Plant and South Bay Water Recycling that may affect the City's interests and rights under this agreement, especially related to the District's planning, design, construction, and operation of the advanced water treatment plant.

The Parties agree to work together cooperatively in all areas of mutual or interdependent interest including but not limited to such topics as public outreach and participation, studies, pursuit of grants and funding, coordination of capital investment decision making, and operational planning and coordination for the development or use of recycled water, including Third Party agreements.

6. Purpose of the Baseline Advanced Treated Recycled Water Facility (abbreviated as Advanced Water Treatment (AWT) Plant) and Collaborative Development of the AWT

The City and District will agree that a site adjacent to the City's Transmission Pumping Station is the preferred location, for the purpose of environmental review, of a baseline Advanced Treated Recycled Water Facility (AWT) and the City will reserve a site at this location for the AWT. It is estimated that the total amount of land necessary for the baseline AWT is 8 acres and for the expansion to 32 million gallons per day facility will be 20 acres. The Parties recognize that a site at this location would provide demonstration value for the District, and data for securing public acceptance and demonstration of capability of a local AWT. This AWT will also provide microfiltration benefit and enhance the recycled water quality for additional non-potable uses.

District and City agree that there is a need for a certain minimum, or baseline, capacity for an AWT for recycled water and that this baseline need has value and benefit to both the non-potable SBWR system and to the future advanced treated system to be developed by the District. The baseline AWT which will be used by the Parties for environmental review can be 10 million gallons per day (MGD) microfiltration capacity, 10 MGD ultraviolet disinfection capacity and 3-8 MGD reverse osmosis capacity.

In accordance with each Party's mission, the District and City agree that the District, as regional water supply agency, will own, operate, and take the lead on the AWT and on the future use and management of advanced treated recycled water. In addition to reserving land for an AWT, the City will also agree to maintain in the Plant's Capital Budget the cash amount of \$11 million as a contribution to construction of the baseline AWT.

The Parties agree that the brine, or AWT concentrate from the centralized AWT located by the City's Transmission Pumping Station, is best managed by blending to its tertiary effluent to the Bay through the existing outfall, but will require an environmental review and approval of the regulatory agencies. The Parties agree to jointly pursue such regulatory approvals and to consideration of blending and use of the Plant's discharge outfall as the preferred project for environmental clearance. The Parties also agree that a fee schedule would need to be developed by both Parties for brine discharge from any future satellite AWT, if any, to the City's sewer.

The Parties will agree that certain capacity in the future baseline AWT will be available to meet the needs of the City in maintaining the quality of the non-potable SBWR recycled water system in recognition of the Plant's cost sharing in the capital investment and operations and maintenance cost of the AWT.

The Parties further agree on the importance and role of the baseline AWT in demonstrating the state of the art technology and its safety, and for public outreach.

