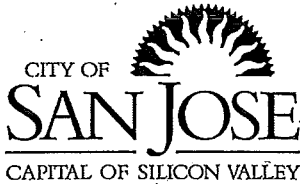


Pkts



Memorandum

TO: TREATMENT PLANT
ADVISORY COMMITTEE

FROM: Carl W. Mosher

SUBJECT: SEE BELOW

DATE: July 21, 2005

**SUBJECT: CONSULTANT AGREEMENT WITH H.T. HARVEY FOR LAND USE
PLANNING AT THE WATER POLLUTION CONTROL PLANT**

INFORMATION

At its May 2005 meeting, the Treatment Plant Advisory Committee (TPAC) requested that additional information be provided to TPAC for discussion at the August meeting regarding the H.T. Harvey contract for land use planning at the Water Pollution Control Plant (Plant). The purpose of this memorandum is to transmit that information to TAC and TPAC members prior to their respective meetings. Attached please find the scope of services for the contract, a copy of a presentation to be given to TPAC at the August 2005 meeting, and Environmental Services response to questions by TPAC member Jamie Matthews from Santa Clara.

In October 2000, the San Jose City Council approved a policy entitled "Policy on Use of San Jose/Santa Clara Water Pollution Control Plant (Plant) Lands," (Policy) to guide land use decisions on Plant lands. Plant lands are administered by the City of San Jose on behalf of a joint powers authority. It has now been determined that a more comprehensive planning process for the Plant lands, similar to a master plan or specific area plan that can be linked to the General Plan is desirable to better define the Plant's future needs and appropriate buffer land uses.

In June 2003, the San Jose City Council approved the purchase of salt pond A18 as additional buffer land for the Plant. A18 is an 856-acre parcel immediately North of the existing Plant lands and is adjacent to other salt ponds in the South Bay. The purchase of Pond A18 is expected to be finalized later this year, requiring the City to assume the permit responsibilities for the pond currently being performed by Cargill, including the need to prepare a report on potential alternative uses of the property by February 2008.

Environmental Services, with assistance from Planning Department staff and TAC members, selected H.T. Harvey and Associates to assist the City in land use planning efforts at the Plant, including salt pond A18.

The Plant is one of the most critical services provided to the citizens and businesses in the tributary area. Proper wastewater treatment is essential for the community's environmental and

economic health and quality of life now and in the long-term future. The Plant must meet some of the most stringent permit limits in the nation with respect to pollutants and amount of water discharged due to the sensitivity of the South Bay ecosystem, while it maintains one of the least expensive operations compared to similarly sized Plants.

Economic growth and development in the tributary area may require expansion of the treatment plant. In addition, recycled water has become an essential component of the water supply for the valley. Further improvement of water quality and the potential need for expanded treatment capacity may require expansion of the treatment system on Plant lands. It is more cost-effective to expand the current Plant than to have satellite plants that need to be built, permitted, and managed.

A planning effort is therefore essential to ensure the continued operation and potential expansion of the Plant, while addressing issues such population increase and capacity issues, water quality issues, addressing the flow trigger, ecosystem protection and habitat on-site, flood control issues, cost, adjacent uses/odors, linkage to the ongoing salt pond restoration effort, and pressures for uses of buffer lands that may be incompatible with operations or future expansion. Security is an additional issue emerging as a top priority for wastewater plants nationwide (January 2005 GAO report). The loss of a treatment plant would affect other vital services such as power plants, and according to the report, the computer chip industry could suffer millions of dollars caused by the loss of a wastewater treatment plant.

Saltpond A18 will be integrated into the planning effort to achieve maximum benefits from the use of that property. For example, a portion of A18 could be used for drying beds to address odor issues for the adjacent community. Use of A18 for such purpose could provide areas adjacent to Coyote Creek that could have potential opportunities for mitigation banking. Alternative uses for A18 could also address flood control and discharge flow restriction requirements. In addition, A18 could provide a stronger link to the ongoing Federal and State salt pond restoration process, which expects to publish environmental documents in 2007/2008 for phase 1 restoration projects. The City has a critical interest in this project with respect to flood control in Alviso and water quality and habitat issues that could affect the Plant. Therefore, A18 alternatives should be linked to the adjacent restoration process wherever possible and can provide an opportunity for increased public support and community involvement. Alternatives for the entire Plant lands that would be studied include constructed treatment wetlands, appropriate dual uses that generate revenue, those that would increase cost-effectiveness and/or uses that avoid/reduce maintenance and operational costs.

The goals of the planning effort are to:

- Develop a comprehensive long-term plan for Treatment Plant lands that ensures that the Plant can continue to operate, expand, and meet regulatory requirements in a cost-effective manner.
- Explore creative ways to use Pond A18 that address many of the issues facing the Plant, City, and tributary area and integrate it into the overall Treatment Plant operational needs.

July 21, 2005

Subject: Agreement with H.T. Harvey & Associates for Land Use Planning at WPCP and Pond A18

Page 3

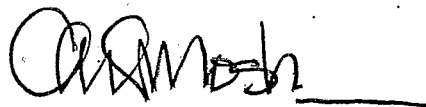
- Explore any appropriate dual uses of the Plant's buffer lands that may generate revenue or avoid maintenance costs.
- Protect public health, the environment, the community's quality of life and ability to grow sustainably.

Steps in the Planning process will be to:

- Assemble a team including ESD and Planning staff and representatives from TAC and TPAC to assist the planning effort.
- Identify opportunities and constraints for the development of a master plan and use of Plant lands by performing an existing conditions assessment and, if needed, collect additional information.
- Develop and evaluate preliminary alternatives for uses of Plant lands and A18.
- Update TAC on a bi-monthly basis.
- Develop and implement a public participation and stakeholder process.
- Development of a master plan within three to five years based on opportunities, constraints, alternatives evaluation, and stakeholder participation to meet goals of preserving public health, quality of life and the environment, sustainability, and economic growth.
- Prepare documents necessary for the Environmental Review/CEQA process.

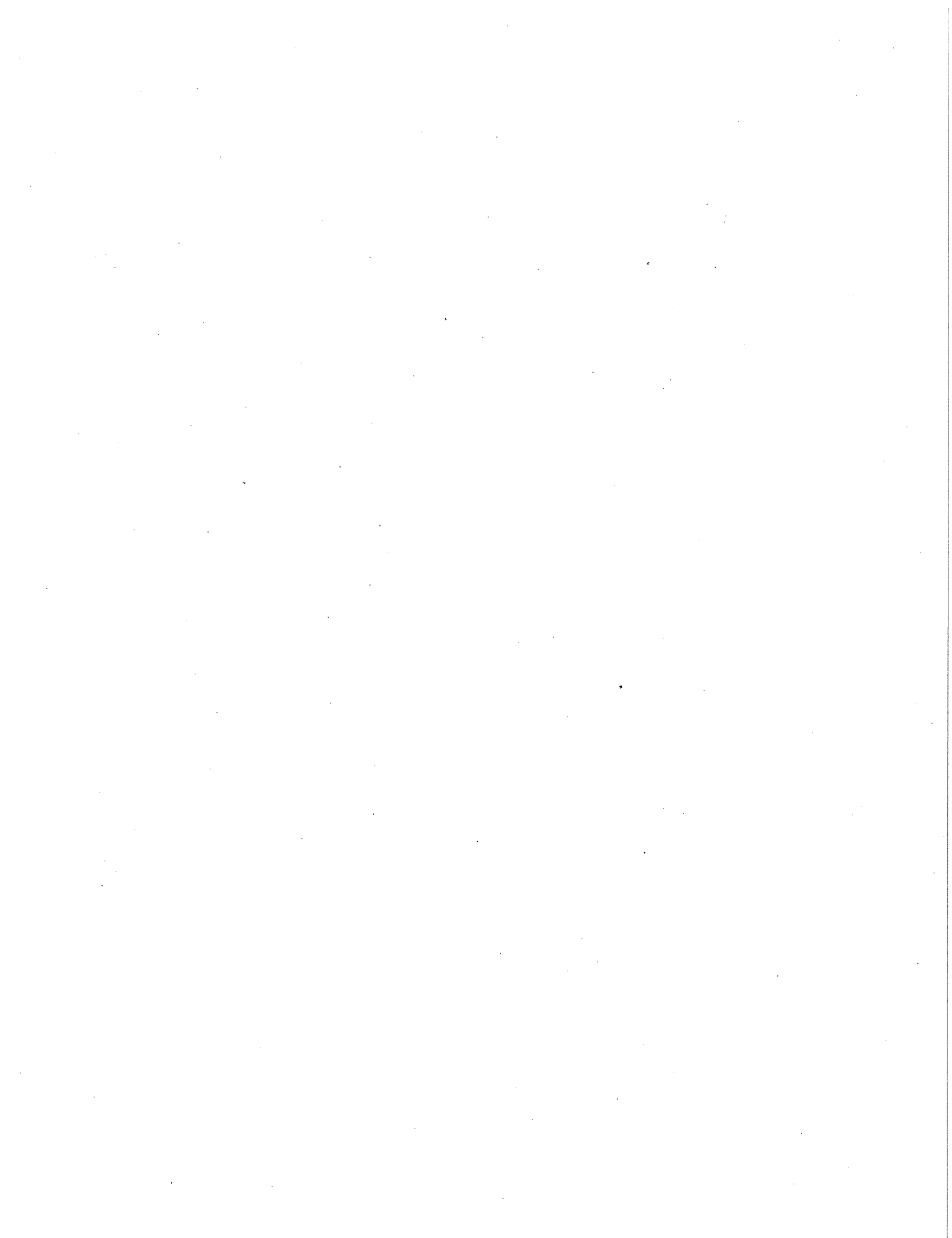
H.T. Harvey will be providing in-depth technical, regulatory, and land use planning expertise not available within the City. The H.T. Harvey's team includes CH2M Hill, Phil Williams and Associates (PWA), J.D. Powers and Associates, and Apex Strategies (Eileen Goodwin). This consultant team is highly qualified to perform the work and has a good working relationship with the agencies that would need to approve projects on Plant lands.

In addition, the consultant team has specific expertise in developing an effective community involvement and outreach program for this effort. Members of the team have participated in the Alviso Masterplan development process and the ongoing Coyote Valley planning effort. Once preliminary alternatives have been developed for discussion, a community involvement program will be implemented to solicit input on the proposed alternatives. This community involvement program will include meetings with stakeholders and residents, preparation of outreach materials, and potentially working with the Alviso Water Task Force to reach Alviso residents.



CARL W. MOSHER
Director, Environmental Services

Enclosure



Land Use Planning Contract with H.T. Harvey

EXHIBIT A

SCOPE OF SERVICES

CONSULTANT shall support the CITY's planning effort for Plant lands and A18. No work shall be done under this scope except pursuant to written task orders issued by the City's Director of Environmental Services or designee. Each task order shall include a detailed scope of work, budget and list of deliverables for the work to be performed. Tasks will include but are not limited to:

Task 1. Plant Land Use Master Planning Assistance

1.1 *Define Issues, Review Existing Information:* CONSULTANT shall review existing information on the current status of Plant lands, including operational needs, existing proposals for use of buffer lands, current uses of adjacent properties, and significant habitat issues. CONSULTANT will identify data gaps in existing information that would need to be filled with additional survey work.

Deliverable: Summary of Existing Information and Identification of Data Gaps

1.2 *Collect Additional Information and Characterize Current Existing Condition:* Consultant will update existing information based on the data gaps identified in Task 1.1 to characterize the current existing conditions on Plant lands. This task may include reconnaissance surveys to update the distribution of habitats and special status species.

Deliverable: Existing Conditions Report

1.3 *GIS Maps:* CONSULTANT shall assist in the preparation or update of GIS maps that summarize information gathered in tasks 1.1 and 1.2.

Deliverable: Updated Existing Conditions GIS Maps in ArcGIS.

1.4 *Analyze Data and Prepare Opportunities/Constraints and Preliminary Alternatives Report:* CONSULTANT shall analyze data gathered in tasks 1.1 through 1.3 and prepare a land use opportunities and constraints report. This task will also include the development of preliminary land use alternatives based on the opportunities and constraints identified. Preliminary alternatives will be graphically depicted using GIS and will include preliminary cost/benefit analysis of potential alternatives and feasibility analysis. CONSULTANT shall also identify any recommended technical studies that would be needed to further evaluate alternatives.

Deliverable: Land Use Opportunities/Constraints and Preliminary Alternatives Report

1.5 *Assist the City with Schedule Development for the Planning Process:* CONSULTANT shall assist the City in developing a schedule for the planning process.

1.6 *Master plan/Specific Area Plan Development:* CONSULTANT shall assist the City in determining the format of the plan to be developed by analyzing the pros and cons of a master plan versus a specific area plan for the Plant. CONSULTANT shall assist in developing the master plan, including development of unique land use planning designations for Plant uses.

Task 2: Salt Pond A18 Planning Assistance

2.1 *Review Existing Information:* CONSULTANT shall review existing information on the physical, biological and chemical conditions of Pond A18, including existing information on both the pond and adjacent areas (topography/bathymetry, hydrology, geomorphology, water and sediment chemistry, vegetation, wildlife, public access, levee conditions, and cultural resources). This task shall include review of the closure report on A18 to be prepared by Cargill, as well as other relevant reports and data. CONSULTANT shall identify data gaps that would need to be filled to facilitate the development and evaluation of broad design alternatives.

Deliverable: Summary of Existing Information and Identification of Data Gaps linked to Task 1.1 findings.

2.2 *Collect Additional Information and Characterize Current Existing Condition:* CONSULTANT shall conduct surveys to fill the data gaps identified in task 2.1. CONSULTANT shall analyze the data to characterize and document the existing biological, physical and chemical conditions to serve as a baseline for the alternatives development. This task will include the preparation or update of GIS maps to document existing conditions.

Deliverable: Existing Conditions Report with GIS Maps

2.3 *Identify Opportunities and Constraints and Develop Broad Design Alternatives:*

CONSULTANT shall identify opportunities for Pond A18 land uses to meet the Plant's planning objectives, including innovative approaches and linkage to current and future Plant operation needs. A minimum of 5 alternatives shall be developed and evaluated including a no project alternative. Land uses reviewed shall, at a minimum, include potential reconfiguration of residual sludge management area, riparian and tidal marsh restoration, use of effluent/recycled water, improved flood control, and potential for mitigation credit. Opportunities for multiple benefits of each alternative should be evaluated and must include potential uses for all of Plant lands.

Deliverable: Pond A18/Plant Lands Alternatives Development Report, including opportunities and constraints.

2.4 *Status Report Preparation:* CONSULTANT shall support preparation of status report to the Regional Water Quality Control Board. The status report is a requirement of the discharge permit for A18 and must describe the status of the planning effort, timeline for implementation, and how potential uses protect water quality and beneficial uses.

Task 3: Project Management and Coordination

CONSULTANT shall supervise work assignments, scheduling, and logistics. In addition to regular communication with the CITY's project manager, CONSULTANT shall attend meetings of the CITY's land use planning team as requested and shall prepared detailed project plans prior to commencing each task. The Project Plans shall include, but not be limited to, detail regarding level of effort, budget, scheduling, and deliverables. CONSULTANT shall not proceed with work on any task until CITY has issued a Notice to Proceed. CONSULTANT shall not exceed the budgeted amount for any task as set forth in the approved Project Plans. The Project Plans can be modified with written concurrence of the City's Director of Environmental Services.

Deliverables: Project Plans, Invoices and Project reports

Task 4: Support Design of Public Participation/Stakeholder Process

CONSULTANT shall support a public outreach/stakeholder process for the master planning effort. This task could include preparation of educational materials and planning and facilitation of meetings with agencies and stakeholders.

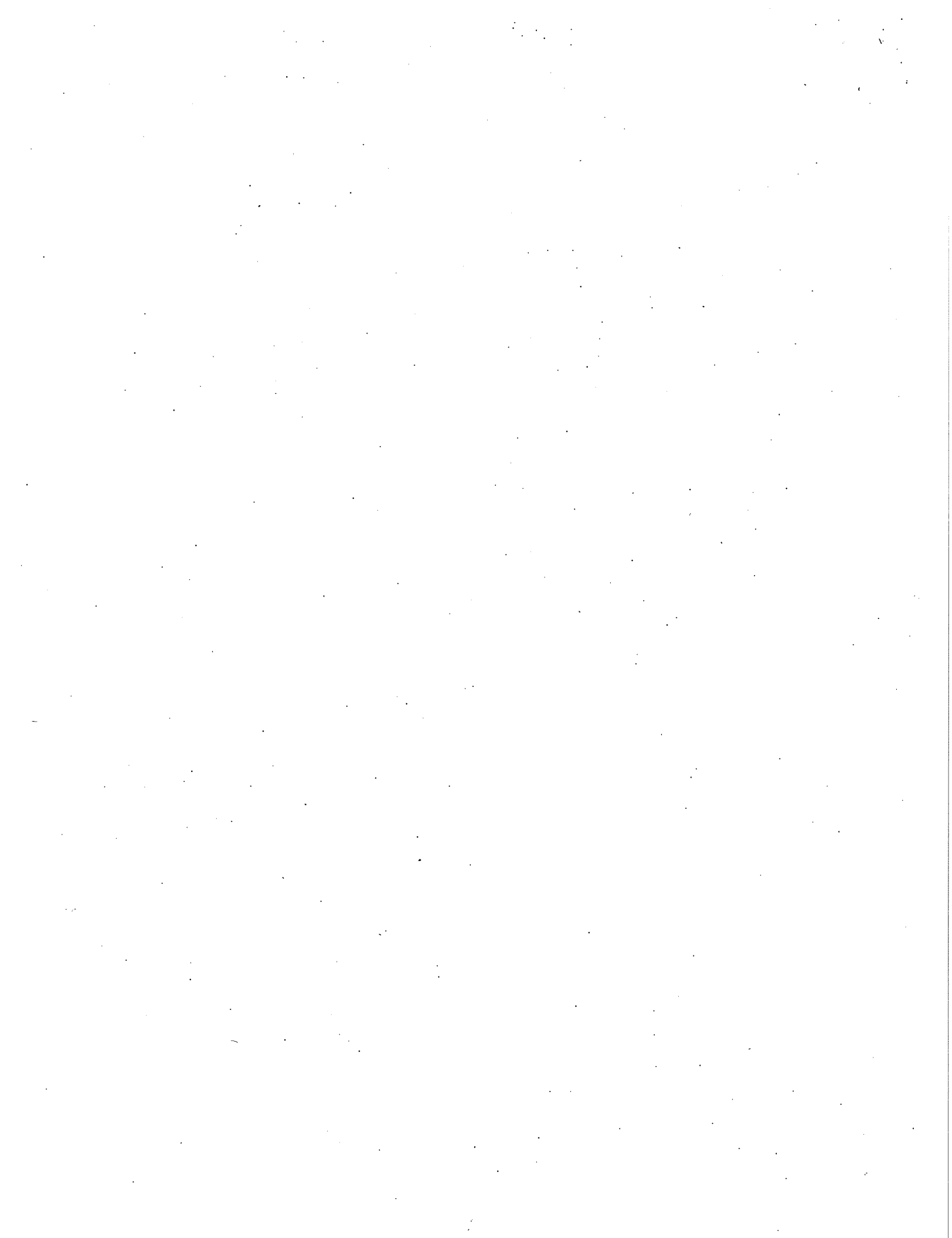
Task 5: Support Environmental Review/CEQA/NEPA Documentation

CONSULTANT shall assist the CITY in scoping, planning and preparing environmental documents as needed for this planning process based on existing conditions report prepared in tasks 1 and 2.

Deliverables: CEQA/NEPA Documentation

Task 6: Additional Services As Specified by the City

Additional Services as assigned and specifically authorized by the City based on Development of specific task orders, including budgets, timelines, and deliverables responding to City requests.



**WPCP Land Use Planning
Contract**

TPAC
August 2005

Recommendation

Approval of contract with H.T. Harvey to assist a City/TAC/TPAC steering team in developing a land use master plan for the Plant, including A18.

Value of Treatment Plant

- The Plant is a regional agency and is essential for economic stability in the area.
- Proper wastewater treatment is an essential service for the community's health and quality of life now and in the long-term future.
- The Plant must meet some of the most stringent permit limits in the nation due to the sensitivity of the South Bay ecosystem.
- The Plant must remain a cost-effective operation.

Economic Growth and the Plant

- Tributary area development projects may require expansion of the Plant.
- Recycled water expansion and improvements in quality may require expansion at pump station.
- Increasingly stringent permit limits (flow and pollutants).
- Regulatory certainty for businesses to feel confident about continuing operations or locating new business operations in the San Jose area.
- Security issues as a national priority.

Issues Facing Service Area

- Population increase/future capacity.
- Water quality & flow trigger.
- Ecosystem protection/habitat on-site.
- Flood control issues.
- Adjacent uses/Odor.
- Cost.
- Consistency with Salt Pond Restoration effort.
- Pressures for uses of buffer lands that may be incompatible with operation and future expansion.

A18 Integration

- A18 discharge permit requires submittal of a report to Regional Board that describes the planning process and potential future options for use of A18.
- A18 planning must be integrated with other Plant lands to achieve maximum benefits (e.g. odor, mitigation banking).
- A18 could also address flood control, flow restriction and other regulatory requirements.

Master Plan goals

- Comprehensive long-term plan for Plant lands that ensures that the Plant can continue to operate, expand, and meet regulatory requirements in a cost-effective manner.
- Explore creative ways to use Pond A18 and integrate it into the overall Treatment Plant.
- Explore any appropriate dual uses of the Plant's buffer lands that may generate revenue.
- Protect public health, the environment, the community's quality of life and ability to grow sustainably.

Steps in Planning Process

- Assemble a steering group (ESD, Planning, TAC/TPAC) to assist planning effort.
- Identify opportunities and constraints for the use of Plant lands.
- Develop and evaluate preliminary alternatives for uses of Plant lands and A18.
- Update TAC on a bi-monthly basis.
- Public Participation and Stakeholder Process.
- Development of master plan.
- Environmental Review/CEQA.

Community Involvement

- Consultant team has specific expertise on effective community involvement and outreach strategies.
- Coordinate community issues with TAC/TPAC.
- Develop alternatives for discussion.
- Alviso Water Task Force may be an effective way to reach Alviso community.

Alternatives to be Studied

- Moving drying beds to A18 to reduce odor issues.
- Restore riparian, fresh, brackish and salt marsh.
- Mitigation banking and/or mitigation for future salt marsh conversion.
- Pulse discharge to address 120 MGD issue.
- Cost-effective reuse options for recycled water.
- Treatment wetlands.
- Improved flood protection for the Plant.
- Dual uses that generate revenues, increase cost-effectiveness or avoid/reduce maintenance costs.
- Future needs of the Plant.

Contract Approval

- In-depth technical, regulatory, and land use planning expertise needed.
- H.T. Harvey's team includes CH2M Hill, PWA, J.D. Powers and Associates, and Apex Strategies (Eileen Goodwin).
- Consultant team is qualified to perform the work and has a good working relationship with the agencies that would need to approve projects on Plant lands.

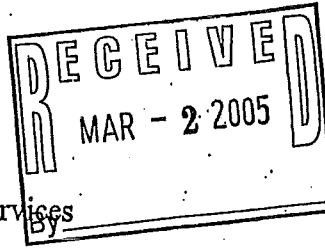
Schedule

- Contract Approval – August 2005.
- Master Planning – 3-5 year process.
- A18 report due – February 2008.
- Salt Pond Restoration Environmental Documents completed – 2007/08 (opportunities for mutually beneficial alternatives).
- Army Corps Shoreline Study ongoing.

C
A
L
I
F
O
R
N
I
A

S
A
N
T
A
C
L
A
R
A

February 25, 2005



Mayor

Patricia M. Mahan

Council Members

Dominic J. Caserta
Will Kennedy
Pat Kolstad
Jamie L. Matthews
Jamie McLeod
Kevin Moore

Mr. Carl Mosher
Director of Environmental Services
City of San Jose
777 N. 1st Street, 3rd Floor
San Jose, CA 95112

Subject: Policy Considerations for TPAC

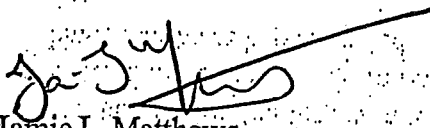
Dear Mr. Mosher:

In my review of certain agenda items brought for consideration by the WPCP Treatment Plant Advisory Committee (TPAC) at recent meetings, I have these questions about established policies related to the ongoing operations of the WPCP.

1. WPCP Lands Use Policy.
In October 2000 the City of San Jose adopted (with concurrence by WPCP - TPAC) "Policy on Use of WPCP Lands". In light of recent and proposed developments, please provide a review of this policy on the use of San Jose/Santa Clara Water Pollution Control Plant Lands including an update on existing land owned and possible uses for that land; potential for revenues derived from those uses; planned area for WPCP expansion needed for treatment; and, any proposals for revenue-producing use on WPCP lands that have been rejected.
2. Issues related to grease-haulers from businesses within the WPCP tributary area. I understand that there is a study underway for the WPCP to provide better treatment of waste grease. This would then allow the WPCP to provide a receiving facility for waste-haulers for fats, oils and grease. Please provide an update on the progress of this study and provide a time-line for when this service could be available for our communities.
3. South Bay Water Recycling (SBWR) and WPCP Capital Projects. Please provide information on how current and future revenues derived from South Bay Water Recycling project (including grants and reimbursements) will be used. Is there a policy for when these funds remain with SBWR or when these funds can be transferred to provide funding for other WPCP capital projects?

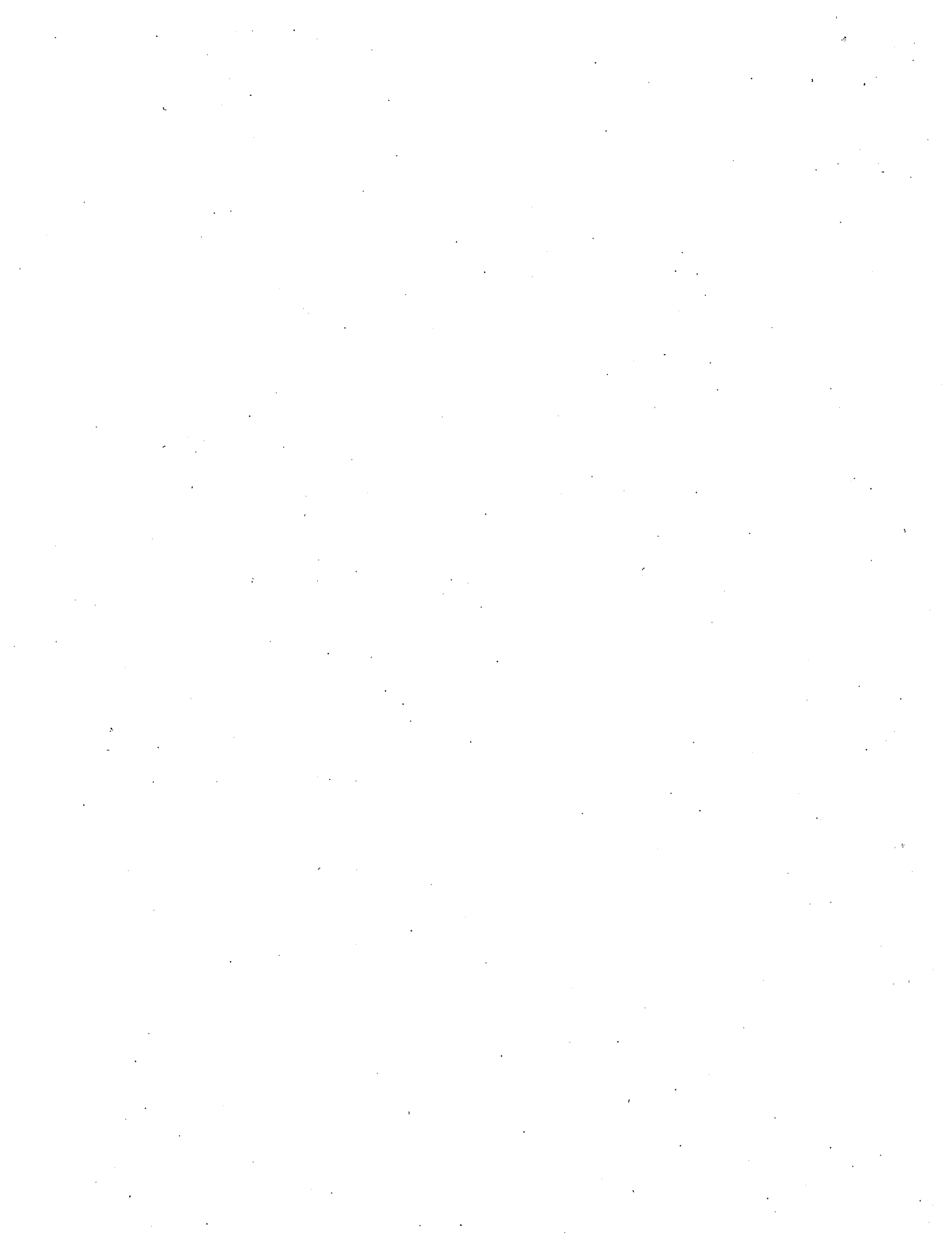
I would like to review these issues with you; and possibly place them on the TPAC Agenda for policy discussion at future meetings.

Sincerely,

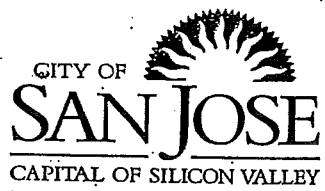

Jamie L. Matthews
Council Member

cc: City Manager
Director of Water & Sewer

Mayor and Council Offices
1500 Warburton Avenue
Santa Clara, CA 95050
(408) 615-2250
FAX (408) 241-6771
www.ci.santa-clara.ca.us



Carl's copy



Environmental Services Department
DIRECTOR'S OFFICE

March 17, 2005

Honorable Jamie Matthews
Council Member
City of Santa Clara
1500 Warburton Avenue
Santa Clara, CA 95050

Subject: Response to Letter dated February 25, 2005 on Policy Considerations for TPAC

Dear Mr. Matthews:

In response to your letter dated February 25 on policy considerations for TPAC, we have prepared the following answers to your questions:

1. WPCP Land Use Policy:

In October 2000 the City of San Jose adopted (with concurrence by WPCP - TPAC) "Policy on Use of WPCP Lands." In light of recent and proposed developments, please provide a review of this policy on the use of San Jose/Santa Clara Water Pollution Control Plant Lands including an update on existing land owned and possible uses for that land; potential for revenues derived from those uses; planned area for WPCP expansion needed for treatment; and, any proposals for revenue-producing use on WPCP lands that have been rejected.

As you mention in your letter, the City of San Jose Council adopted the San Jose/Santa Clara Water Pollution Control Plant (Plant) land use policy in October 2000. This policy has since provided guidance in analyzing potential uses for Plant lands. The specific policies and criteria for buffer land uses were used to develop recommendations for proposed uses such as a golf course, which TPAC found to be an inconsistent use based on these recommendations. While the Policy has provided general guidance, it has now been determined that a more comprehensive planning process for the Plant lands, similar to a master plan, or specific area plan that can be linked to the General Plan, is desirable. As part of this master planning effort, ESD is recruiting a Planner for its Policy and Planning program and has developed a Request for Proposals (RFP) to obtain consultant services to assist in the land use planning process, as well as planning for future uses of salt pond A18. Once the Planner and consultant have been hired, a team will be formed to assist with the planning effort. ESD staff will contact TAC/TPAC members to participate in this team. Any issues that arise and require approval prior to completion of the master plan, which is anticipated to be completed

Mr. Jamie Matthews
March 17, 2005
Page 2

within three to five years, will be brought to TAC, TPAC, and Council as needed. Such issues include the soil storage/reuse policy, the public safety driver training facility, and potential additional grazing options.

Your letter requests an update on existing land owned and possible uses for that land. The current Plant lands comprise 1,760 acres, however, in 2003, the San Jose City Council approved a purchase agreement for salt pond A18, an 856-acre pond located directly North of the existing Plant lands. The purchase of Pond A18 has not yet been finalized, pending Cargill's completion of contract requirements, including permitting and initial operation of the pond to lower salinities and put the pond in a stand-alone condition. Through the RFP process mentioned above, the City is requesting consultant assistance to develop alternatives for potential future uses of pond A18 and the integration of this property with the overall operations of the Plant and potentially the ongoing salt pond restoration effort, as appropriate. The scope requests review of land uses for A18 to include at a minimum, potential reconfiguration of residual sludge management area, riparian and tidal marsh restoration, use of effluent/recycled water to address flow trigger (120 mgd) issue, improved flood control, and potential for mitigation credit. Escrow on Pond 18 is expected to close later this year.

Other current or potential buffer land uses include soil storage, grazing, the public safety training facility, the new interceptor project, recycled water and biosolids application as well as the wet weather reliability project recently approved by San Jose City Council. Riparian restoration/mitigation banking has the potential to provide revenues or cost off-sets if that option is proven feasible. In addition, projects defined through the A18 planning process could avoid future costs by mitigating odors and avoiding safety issues. The public safety driver training facility is studying potential for revenue generation; however, details remain to be worked out. Farming has been determined not to be a revenue source based on responses from requests for bids from farmers.

Your letter requests an analysis of the planned area for Plant expansion needed for treatment. The land use policy identified an area of 200 acres South of the existing operations and an additional 27 acres of expansion area for the recycled water transmission pump system East of Zanker Road. The master planning process described above will provide a more detailed analysis of the needs.

In addition, you requested a list of proposals for revenue-producing use on Plant lands that have been rejected. These proposals include any that are not consistent with the land use policy, such as the golf course proposal. Buffer lands are essential to protect the public from odor and safety issues and the golf course proposal was inconsistent with this function. Proposals that were accepted for revenue generation include: right-of-way for the road to the substation/power plant, easements for transmission lines, including PG&E and Silicon Valley Power, as well as existing leases for the horse boarding facility and Jubilee church. The easement revenue was *over* \$3 million and was deposited in fund 513.

Mr. Jamie Matthews
March 17, 2005
Page 3

If you are interested in assisting in the consultant selection for the land use planning effort, please contact us. A representative from Milpitas is assisting in the Planner hiring process.

2. Issues related to grease haulers from businesses within the WPCP tributary area.

Please provide an update on the progress of this study [underway for the WPCP to provide better treatment of waste grease] and provide a time-line for when this service could be available for our communities.

This program consists of two phases: (1) retrofit a designated digester for grease digestability followed by a pilot study and (2) design and construction of a grease receiving station.

In 1999, the Plant retrofitted an old digester for the grease pilot digestion study. While we were doing some baseline establishment in the initial phase, technical problems occurred related to maintenance and hardware such as structural integrity, motor over-heating and premature pump failure. Attempts have been made to remedy the problems. Last year, the Plant retained the service of an independent pump specialist consultant to do an independent evaluation and has been working with the general contractor and the designer to correct some technical difficulties.

Concurrently in the FY 2004-2005 CIP capital budget, ESD included the design and construction of a grease receiving station. We expect to begin design within the next few months and Council award for the construction in FY 2005-06.

3. South Bay Water Recycling (SBWR) and WPCP Capital Projects

Please provide information on how current and future revenues derived from SBWR (including grants and reimbursements) will be used. Is there a policy for when these funds remain with SBWR or when these funds can be transferred to provide funding for other WPCP capital projects?

Operating revenues derived from the sale of wholesale recycled water including the \$115/AF subsidy paid by the Santa Clara Valley Water District (SCVWD) are deposited in Fund 513 (WPCP Operating Fund). State & Federal grant reimbursements are deposited in Fund 512 (WPCP Capital Fund). Reimbursements paid by SCVWD for projects such as Silver Creek Pipeline are deposited in Fund 512. In FY 2000-01, Council approved \$82.5 million for SBWR Phase II CIP. Currently, there is no policy on how funds are to be transferred to fund future SBWR projects. Our goal is to draft such a policy with cooperation and input from the tributary agencies.

Mr. Jamie Matthews
March 17, 2005
Page 4

In closing, it is our policy to coordinate all Plant activities with the Technical Advisory Committee (TAC) and Treatment Plant Advisory committee (TPAC) and keep the members informed of pending issues. We always welcome comments from the TAC as well as TPAC members and would be glad to meet with you or your technical staff to further discuss these issues.

Sincerely,

A handwritten signature in black ink, appearing to read 'C. Mosher', with a long horizontal line extending to the right.

Carl Mosher
Director, Environmental Services Department

cc: TAC/TPAC members