



Memorandum

TO: TREATMENT PLANT
ADVISORY COMMITTEE

FROM: John Stufflebean

SUBJECT: McCARTHY PROPERTY

DATE: 05-06-10

Approved

Date

This memorandum supplements the attached memorandum dated December 3, 2009, to the Treatment Plant Advisory Committee containing information regarding the Plant's interests in the McCarthy Property in Milpitas. Specifically, this memorandum updates the information previously provided regarding the amount of Plant funds paid to McCarthy and the value of the Plant's property rights.

Plant funds in the amount of \$6,534,000 were paid to McCarthy pursuant to the 1998 settlement agreement described in the December 9, 2009 memo. As indicated in the December 9, 2009 memo, the current fair market value of the deed restriction and land acquired by the Plant is unknown. The value to the Plant is also unknown, but may be more than current fair market because the value to the Plant needs to consider the cost impact to the Plant of allowing residential so close to the biosolids drying area, while it is still in operation.

The Plant Master Plan assumptions regarding the drying beds have not changed since the December 9, 2009 memorandum. The Master Plan alternatives that are currently being reviewed all indicate that the earliest timeframe for beginning to change the biosolids drying process is 10 to 12 years; and the alternatives assume that open air drying will be phased out over the next 30 years. The Plant Master Plan consultants cost estimate for an alternative approach that would allow open air dewatering and drying operations to be discontinued in a shorter, three to four year, time frame is still \$13 million per year for a period of 10 to 12 years, with estimated capital costs still at about \$450 million in capital costs to convert to a permanent alternative biosolids processing and disposal technology, within the 10 to 12 year time frame.

Staff will be prepared to respond to questions and concerns at the TPAC meeting on May 13, 2010. The City's Attorney Office will be verbally answering the legal questions on which the Committee requested information. For further information, please contact Dale Ihrke, Deputy Director, at 945-5198.

John Stufflebean
Director, Environmental Services



May 6, 2010
Treatment Plant Advisory Committee
c/o John Stufflebean
Director Environmental Services Department
City of San Jose
200 East Santa Clara Street
10th Floor
San Jose, CA 95113-1905

Subject: McCarthy Ranch TPAC Meeting 05/13/10

Dear TPAC Members,

We are requesting that our item scheduled on the 05/13/10 TPAC agenda discussing the McCarthy property be deferred until we have a better understanding on how the Plant Master Plan is progressing and what improvements the plan contemplates. We have been working diligently to understand all the issues involved in this matter and appreciate the Board's willingness to address our concerns in the near future. We will be in contact with San Jose City staff and will ask to be agendaized when appropriate.

Thank you,

Joe McCarthy
McCarthy Ranch

CC: Via E-Mail

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