

SAN JOSÉ/SANTA CLARA TREATMENT PLANT ADVISORY COMMITTEE

JAMIE MATTHEWS, CHAIR
SAM LICCARDO, VICE CHAIR
PIERLUIGI OLIVERIO, MEMBER
DAVID SYKES, MEMBER
MANH NGUYEN, MEMBER

PAT KOLSTAD, MEMBER
JOSE ESTEVES, MEMBER
STEVEN LEONARDIS, MEMBER
JOHN GATTO, MEMBER

AGENDA/TPAC

4:00 p.m.

November 19, 2015

Room 1734

1. **ROLL CALL**

2. **APPROVAL OF MINUTES**

A. October 8, 2015

3. **UNFINISHED BUSINESS/REQUEST FOR DEFERRALS**

4. **DIRECTOR'S REPORT**

A. Directors Report (verbal)

- Monthly Progress Report

5. **AGREEMENTS/ACTION ITEMS**

A. **San José- Santa Clara Regional Wastewater Facility Master Agreements Amendments**

Recommendation:

- (a) General discussion of interests and concerns related to the proposed amendments to the Master Agreement for the San José-Santa Clara Regional Wastewater Facility; and
- (b) Direct staff to return with the draft Amendment and Restatement of the Master Agreements to include amendments that would be necessary to secure State Revolving Fund loans and short term financing for the Tributary Agencies' obligation for the capital projects in FY 15-16; and
- (c) Direct staff to coordinate with the City of Santa Clara to evaluate the scope of the proposed amendments, and return to the City Council with recommendations on whether to proceed with negotiations, and a process and budget to negotiate the amendments as part of the FY 2016-2017 budget.

The proposed recommendation is scheduled for Council Consideration on December 1, 2015.

B. Approval of Final Proposer Ranking and Authorization to Negotiate the Design-Build Contract for the Cogeneration Facility Project at the San José- Santa Clara Regional Wastewater Facility

Staff Recommendation:

Adopt a resolution:

- (a) Approving the final proposer ranking for design-build firms for the Cogeneration Facility at the San José – Santa Clara Regional Wastewater Facility.
- (b) Authorizing the City Manager to negotiate the design-build contract for the Cogeneration Facility Project with CH2M HILL Engineers, Inc. (CH2M HILL)
- (c) Authorizing the City Manager to terminate negotiations with CH2M HILL, and to negotiate the design-build contract for the Cogeneration Facility Project with the second-ranked proposer, in the event that the City Manager determines that the City and CH2M HILL cannot agree upon the terms of the design-build contract.
- (d) Finding the Initial Study and Mitigated Negative Declaration for the San José-Santa Clara Regional Wastewater Facility (RWF) Cogeneration Project is complete, and was prepared in compliance with the California Environmental Quality Act (CEQA), and incorporating environmental mitigation measures as set forth in the Mitigation Monitoring and Reporting program for the project.

The proposed resolution is scheduled for Council consideration on December 1, 2015.

C. Second Amendment for Legal Services Agreement for Regional Wastewater Facility Capital Program

Recommendation to:

Adopt a resolution authorizing the City Attorney to execute a Second Amendment to the legal services agreement with Hawkins, Delafield & Wood LLP, to modify the initial term of December 1, 2014 through December 1, 2015, to December 1, 2014 through June 20, 2016, to coincide with the fiscal year appropriations which will increase the amount available in the initial term to \$700,000, and to modify the number of option terms from two terms to one term, without increasing the total maximum amount of compensation of \$1,000,000 available under the contract, subject to appropriation of funds by City Council, to support the San José-Santa Clara Regional Wastewater Facility ("RWF") capital improvement program.

The proposed recommendation is scheduled for Council consideration on December 1, 2015.

D. Master Consultant Agreement with CDM Smith Inc. for Engineering and Construction Management Services for the “7701- Headworks Project” at the San José- Santa Clara Regional Wastewater Facility

Recommendation to:

Approve a master consultant agreement with CDM Smith Inc. to provide engineering and construction management services for the Headworks Improvements (including Headworks Critical Improvements) and New

Headworks at the San José-Santa Clara Regional Wastewater Facility for a period beginning on the date of execution through December 31, 2022 in a total amount not to exceed \$9,670,000, subject to the appropriation of funds.

The proposed award and approval is scheduled for Council consideration on December 1, 2015.

E. Report on Bids and Award of Contract for 7946- Process Water Pumps Replacement Project

Staff Recommendation:

- (a) Award of a construction contract for 7946 – Process Water Pumps Replacement Project to the low bidder, Anderson Pacific Engineering Construction, Inc., in the amount of \$382,100
- (b) Approval of a construction contingency of 15 percent in the amount of \$57,315.

The proposed award and approval is scheduled for Council consideration on December 1, 2015.

F. Execute An Open Purchase Order with ABB Inc.

Authorize the City Manager to:

- (a) Execute an Open Purchase Order with ABB Inc. (Wickliss, OH) for hardware repair, replacement, and rebuilding services for the Distributed Control Systems (DCS) at the Regional Wastewater Facility, for the term December 1, 2015 through November 30, 2016 in an amount not to exceed \$750,000 per year; and
- (b) Execute change orders to purchase additional parts and services subject to the appropriation of funds; and
- (c) Execute additional purchase orders for the subsequent annual purchase of hardware repair, replacement, and rebuilding services through November 30, 2018 subject to the appropriation of funds.

The proposed purchase order is scheduled for Council consideration on December 1, 2015.

G. Clean Water State Revolving Fund Loan Application

Staff Recommendation:

Adopt the following resolutions:

- (a) Authorize the City Manager to execute and deliver documents to the State Water Resources Control Board to complete the financial assistance application for a Clean Water State Revolving Fund Loan to finance the Digester and Thickener Facilities Upgrade Project at the San José-Santa Clara Water Pollution Control Plant;
- (b) Declare the official intent of the City of San José to reimburse itself for certain capital expenditures related to the Digester and Thickener Facilities Upgrade Project from the proceeds of the Clean Water State Revolving Fund Financing Agreement Project Funds; and
- (c) Pledge revenues received from the San José Sewer Service and Use Charge, the City of Santa Clara, and from Outside Users that are deposited into the San José-Santa Clara Treatment Plant Fund pursuant to San José Municipal

Code Chapter 4.80 and written agreements with these agencies for each agency's share of the capital cost including repayment of any and all Clean Water State Revolving Fund financings for the Digester and Thickener Facilities Upgrade Project.

The proposed resolutions were adopted by Council on November 10, 2015.

6. OTHER BUSINESS/CORRESPONDENCE

A. No items to report.

7. STATUS OF ITEMS PREVIOUSLY RECOMMENDED FOR APPROVAL BY TPAC

A. San José –Santa Clara Regional Wastewater Facility Capital Improvement Program Semiannual Status Report

Staff Recommendation:

Accept the semiannual status progress report on the San José-Santa Clara Regional Wastewater Facility Capital Improvement Program (CIP) for the period January through June 2015.

The report was accepted by Council on October 27, 2015.

B. Odor Control Implementation Plan for San José–Santa Clara Regional Wastewater Facility

Staff Recommendation:

(a) Adopt the Odor Control Implementation Plan for the San José-Santa Clara Regional Wastewater Facility (RWF).

(b) Direct staff to proceed with implementation of the Phase I odor control improvements, except for the odor control improvements for the Digested Sludge Dewatering Facility project, to achieve the adopted odor goals at the approved fence line for the RWF.

(c) Defer odor control improvements for the Digested Sludge Dewatering Facility project to mitigate on-site impacts at the southern odor fence line for the purpose of promoting development along the southern fence line until alternate funding sources can be identified to pay for the improvements.

(d) Defer consideration of the Phase II odor control improvements until the decommissioning of the lagoons and drying beds has been completed.

(e) Defer consideration of the Phase III odor control improvements until the extent of public access at Pond A18 and the proposed shoreline levee has been determined.

The implementation plan was adopted by Council on October 27, 2015.

C. Purchase of California Carbon Allowances for 2014

Staff Recommendation:

Adoption of a resolution authorizing the City Manager to negotiate and execute an agreement between the City of San José and a carbon credit seller approved by the California Air Resources Board for the purchase of California Carbon Allowances

for the San José-Santa Clara Regional Wastewater Facility as part of the California Cap-and-Trade Program for an amount not to exceed \$320,000.

The resolution was adopted by Council on October 20, 2015.

D. First Amendment to the Master Agreement with Haley & Aldrich for Environmental Support Services

Staff Recommendation:

Approve the First Amendment to the Master Agreement with Haley & Aldrich, for environmental consulting services, increasing the amount of compensation by \$200,000, for a total agreement not to exceed \$450,000, with no extension on the term of the agreement, which expires on March 1, 2017.

The amendment was approved by Council on October 20, 2015.

E. Pond A18 and Shoreline Levee

Staff Recommendation:

Direct staff to enter into discussions with the Santa Clara Valley Water District on the terms of a memorandum of understanding related to Pond A18 and the Shoreline Levee to facilitate the implementation of the Shoreline Levee Study.

Staff recommendation was approved on October 20, 2015.

F. Clean Water State Revolving Fund Loan Application Information Memorandum

Staff Recommendation:

Accept the informational memo regarding the status of the City's application to the State Water Resource Control Board for Clean Water State Revolving fund loan for the Digester and Thickener Facilities Upgrade project.

The memo and draft resolution will be posted on the November 10, 2015 City Council agenda.

8. REPORTS

A. Open Purchase Orders Greater Than \$100,000 (including Service Orders)

The attached monthly Procurement and Contract Activity Report summarizes the purchase and contracting of goods with an estimated value between \$100,000 and \$1.08 million and of services between \$100,000 and \$270,000.

9. MISCELLANEOUS

A. The next TPAC meeting is December 10, 2015, at 4:30 p.m. City Hall, Room 1734.

10. OPEN FORUM

11. ADJOURNMENT

NOTE: If you have any changes or questions, please contact Melrose Cacal, Environmental Services (408) 975-2547.

To request an accommodation or alternative format for City-sponsored meetings, events or printed materials, please contact Melrose Cacal (408) 975-2547 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, 10th Floor, Environmental Services at the same time that the public records are distributed or made available to the legislative body.

**MINUTES OF THE
SAN JOSE/SANTA CLARA
TREATMENT PLANT ADVISORY COMMITTEE**
City Hall, Council Chambers
Thursday, October 8, 2015 at 4:30 p.m.

1. **ROLL CALL**

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

Committee members: Jose Esteves, John Gatto, Pat Kolstad, Steven Leonardis, Sam Liccardo, Jamie Matthews, Manh Nguyen, Dave Sykes, Pierluigi Oliverio (arrived at 4:33 P.M.)

2. **APPROVAL OF MINUTES**

A. September 10, 2015

Item 2.A was approved to note and file.

Ayes – 7 (Esteves, Gatto, Kolstad, Leonardis, Liccardo, Nguyen, Sykes)

Nays – 0

Absent – 1 (Oliverio)

3. **UNFINISHED BUSINESS/REQUEST FOR DEFERRALS**

4. **DIRECTORS REPORT**

A. Directors Report (verbal)

Monthly progress report – referred to CIP Report

Chair Matthews allowed discussion on aspects of Master Agreement per request of Committee Member Gatto. Attorney Rosa Tsongtaarii advised that there was no item on the agenda for discussion. She suggested that future item be agendaized for discussion of updates to the Master Agreement.

On a motion by Committee Member Gatto and a second by Committee Member Esteves, TPAC unanimously agreed to add item regarding updates on the Master Agreement Amendments to the November 2015 TPAC Meeting agenda.

5. **AGREEMENTS/ACTION ITEMS**

A. San José –Santa Clara Regional Wastewater Facility Capital Improvement Program Semiannual Status Report

Staff Recommendation:

Accept the semiannual status progress report on the San José-Santa Clara Regional Wastewater Facility Capital Improvement Program (CIP) for the period January through June 2015.

The proposed report is scheduled for Council consideration on November 3, 2015.

On a motion by Committee Member Sykes and a second by Committee Member Liccardo, TPAC unanimously approved to accept the staff recommendation for item 5.A.

Ayes – 8 (Esteves, Gatto, Kolstad, Leonardis, Liccardo, Matthews, Nguyen, Oliverio, Sykes)

Nays – 0

Absent- 0

David Wall spoke on this item.

B. Odor Control Implementation Plan for San José–Santa Clara Regional Wastewater Facility

Staff Recommendation:

- (a) Adopt the Odor Control Implementation Plan for the San José-Santa Clara Regional Wastewater Facility (RWF).
- (b) Direct staff to proceed with implementation of the Phase I odor control improvements, except for the odor control improvements for the Digested Sludge Dewatering Facility project, to achieve the adopted odor goals at the approved fence line for the RWF.
- (c) Defer odor control improvements for the Digested Sludge Dewatering Facility project to mitigate on-site impacts at the southern odor fence line for the purpose of promoting development along the southern fence line until alternate funding sources can be identified to pay for the improvements.
- (d) Defer consideration of the Phase II odor control improvements until the decommissioning of the lagoons and drying beds has been completed.
- (e) Defer consideration of the Phase III odor control improvements until the extent of public access at Pond A18 and the proposed shoreline levee has been determined.

Ashwini Kankar and Jay Witherspoon presented on this item.

The proposed implementation plan is scheduled for Council consideration on October 27, 2015.

On a motion by Committee Member Liccardo and a second by Committee Member Kolstad, TPAC unanimously approved to accept the staff recommendation for item 5.B.

Ayes – 8 (Esteves, Gatto, Kolstad, Leonardis, Liccardo, Matthews, Nguyen, Oliverio, Sykes)

Nays – 0

Absent- 0

David Wall spoke on this item.

C. Purchase of California Carbon Allowances for 2014

Staff Recommendation:

Adoption of a resolution authorizing the City Manager to negotiate and execute an agreement between the City of San José and a carbon credit seller approved by the California Air Resources Board for the purchase of California Carbon Allowances for the San José-Santa Clara Regional Wastewater Facility as part of the California Cap-and-Trade Program for an amount not to exceed \$320,000.

The proposed resolution is scheduled for Council consideration on October 20, 2015.

On a motion by Committee Member Kolstad and a second by Committee Member Oliverio, TPAC unanimously approved to accept the staff recommendation for item 5.C.

Ayes – 8 (Esteves, Gatto, Kolstad, Leonardis, Liccardo, Matthews, Nguyen, Oliverio, Sykes)

Nays – 0

Absent- 0

David Wall spoke on this item.

D. First Amendment to the Master Agreement with Haley & Aldrich for Environmental Support Services

Staff Recommendation:

Approve the First Amendment to the Master Agreement with Haley & Aldrich, for environmental consulting services, increasing the amount of compensation by \$200,000, for a total agreement not to exceed \$450,000, with no extension on the term of the agreement, which expires on March 1, 2017.

The proposed amendment is scheduled for Council consideration on October 20, 2015.

On a motion by Committee Member Liccardo and a second by Committee Member Kolstad, TPAC unanimously approved to accept the staff recommendation for item 5.D.

Ayes – 8 (Esteves, Gatto, Kolstad, Leonardis, Liccardo, Matthews, Nguyen, Oliverio, Sykes)

Nays – 0

Absent- 0

E. Pond A18 and Shoreline Levee

Staff Recommendation:

Direct staff to enter into discussions with the Santa Clara Valley Water District on the terms of a memorandum of understanding related to Pond A18 and the Shoreline Levee to facilitate the implementation of the Shoreline Levee Study.

The proposed directive is scheduled for Council consideration on October 20, 2015.

On a motion by Committee Member Leonardis and a second by Committee Member Oliverio, TPAC unanimously approved to accept the staff recommendation for item 5.E.

Ayes – 8 (Esteves, Gatto, Kolstad, Leonardis, Liccardo, Matthews, Nguyen, Oliverio, Sykes)

Nays – 0

Absent- 0

David Wall spoke on this item.

F. Clean Water State Revolving Fund Loan Application Information Memorandum

Staff Recommendation:

Accept the informational memo regarding the status of the City's application to the State Water Resource Control Board for Clean Water State Revolving fund loan for the Digester and Thickener Facilities Upgrade project.

Staff anticipates that the Council Memo and final draft versions of all the resolutions will be posted for the San José City Council consideration for the November 3, 2015 City Council meeting, or as soon thereafter as possible.

On a motion by Committee Member Liccardo and a second by Committee Member Oliverio, TPAC unanimously approved to adopt the staff recommendation for item 5.F.

Ayes – 8 (Esteves, Gatto, Kolstad, Leonardis, Matthews, Nguyen, Oliverio, Sykes,)

Nays – 0

Absent – 0

6. **OTHER BUSINESS/CORRESPONDENCE**

- A. Information Memorandum: 9/08/15 Pond A18 Emergency Replacement Update

Item 6.A. was approved to note and file.

Discussion regarding re-schedule November 2015 TPAC Meeting. It was reported that next meeting would likely be on November 19, 2015.

7. **STATUS OF ITEMS PREVIOUSLY RECOMMENDED FOR APPROVAL BY TPAC**

- A. **Approval of Citywide Insurance Renewals**

Staff Recommendation:

Adopt a resolution authorizing the City Manager or Director of Finance, to:

- a. Select and purchase certain City property and liability insurance policies for the period October 1, 2015 to October 1, 2016 at a total cost not to exceed \$1,700,000, with the following insurance carriers:
 - i. American Home Assurance Company for Property & Casualty Insurance, including Boiler & Machinery.
 - ii. Old Republic Aerospace, Phoenix Aviation Managers, for Airport Owners and Operators Liability including War Risks & Extended Perils Coverage (Primary and Excess) and Police Aircraft Hull & Liability including War Risks & Extended Perils.
 - iii. The Travelers Indemnity Company of CT for Automobile Liability, or other insurance carriers that the City is currently in negotiations with, (Airport fleet vehicles including Shuttle Buses, Regional Wastewater Facility fleet vehicles, and Airport Shuttle Bus physical damage).
 - iv. Indian Harbor Insurance Company for Secondary Employment Law Enforcement Professional Liability.
- b. Select and purchase Government Fidelity/Crime Coverage for the period December 18, 2015 to December 18, 2016, at a cost not to exceed \$26,000.

The resolution was adopted by Council on September 22, 2015.

Item 7.A was approved to note and file.

8. **REPORTS**

There were no items to report.

9. **MISCELLANEOUS**

There were no items to report.

10. **PUBLIC COMMENT**

David Wall spoke on several items.

11. **ADJOURNMENT**

A. The Treatment Plant Advisory Committee adjourned at 5:40 p.m.

Jamie Matthews, Chair
TREATMENT PLANT ADVISORY COMMITTEE



San José-Santa Clara
Regional Wastewater Facility

Capital Improvement Program Monthly Status Report for September 2015

November 5, 2015

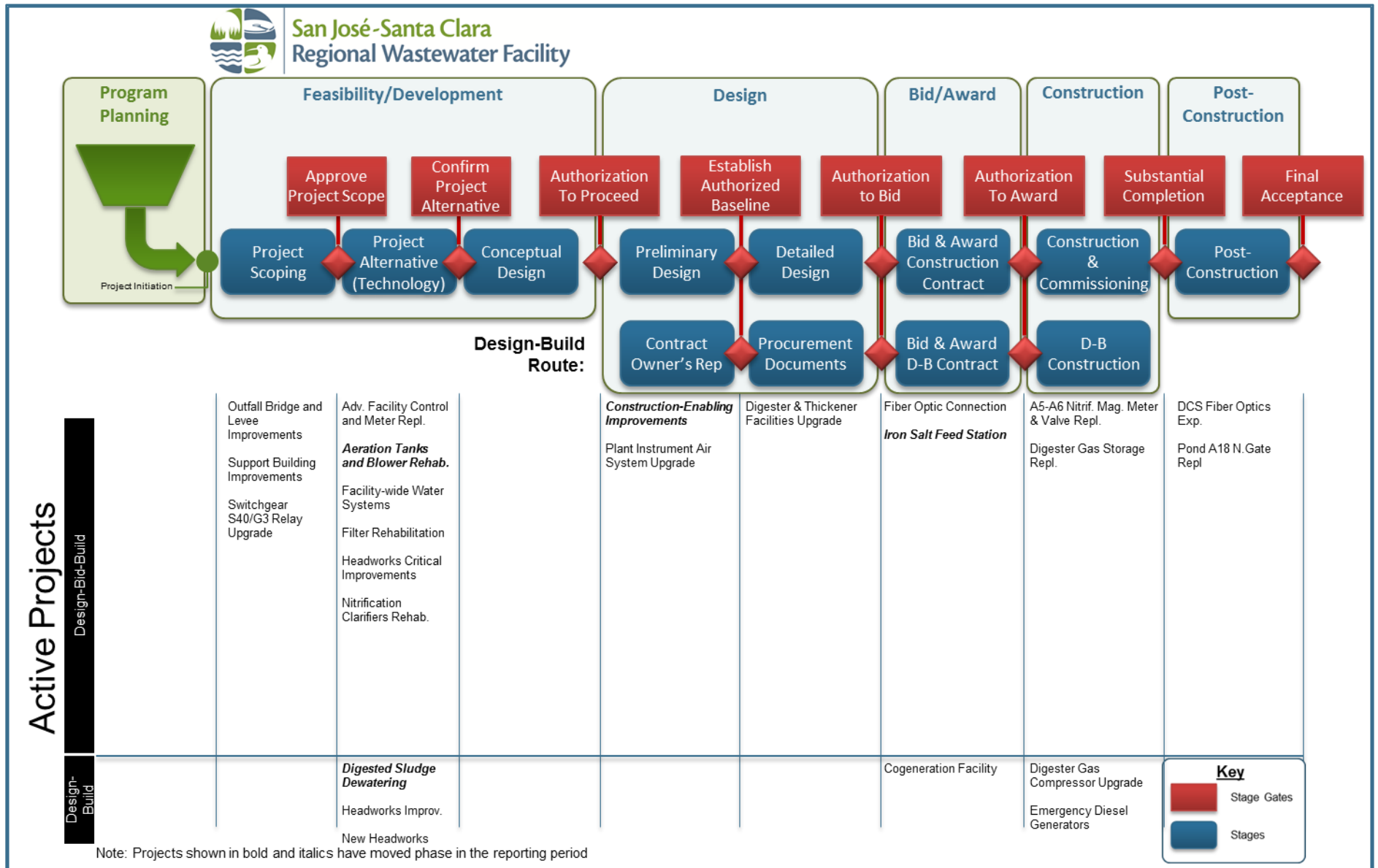
This report provides a summary of the progress and accomplishments of the Capital Improvement Program (CIP) for the San José-Santa Clara Regional Wastewater Facility (Wastewater Facility or RWF) for the period of September 2015.

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Project Delivery Model



Program Summary

September 2015

In September, the CIP progressed on multiple fronts, including the successful advancement of programmatic studies and projects through stage gates of the Project Delivery Model (PDM) process. The four projects that advanced through stage gates were the Iron Salt Feed Station Project (Authorization To Bid); Construction-Enabling Improvements Project (Authorization To Proceed); Digested Sludge Dewatering Facility and the Aeration Tanks and Blower Rehabilitation Projects (both Approve Project Scoping).

The CIP also met a number of key procurement milestones. Staff advertised a Request for Qualifications (RFQ) for the Nitrification Clarifiers Rehabilitation Project. This project will address the necessary mechanical, structural, and electrical repairs and upgrades required to maintain operational performance of the existing 16 nitrification clarifiers at the RWF for decades to come. Staff also issued a Contractor Prequalification Document for the Digester and Thickener Facilities Upgrade project, and advertised the Iron Salt Feed Station Project for bidding.

Staff received two design-build proposals for the Cogeneration Facility Project and began evaluating the documents. A contract award is scheduled for March 2016. Technical evaluations for the Facility Wide Water Project were completed this month and staff will be making recommendations for consultant selection shortly. Negotiations with the selected consultants for the Headworks and Filter Rehabilitation projects were completed this month and staff will advance recommendations to the Treatment Plant Advisory Committee (TPAC) and City Council (Council) for consultant awards for these projects in November and December respectively. Staff received proposals for the Design and Construction Management Software (DCMS) procurement and began technical evaluations this month. Demonstrations of the shortlisted vendor software packages are planned for October.

The 50 percent design milestone was reached this month for the Plant Instrument Air System Upgrade Project and review of the design submission commenced. Work also continued to finalize outstanding design issues for the Digester and Thickener Facilities Upgrade Project this month and the 90% design submission is forecast for early October. Contractor prequalification documents and State Revolving Fund (SRF) documents for this project were finalized this month.

In addition, construction work continued at the RWF for a number of CIP projects including the Emergency Diesel Generators, Digester Gas Compressor Upgrade and Digester Gas Storage Replacement. The Handrail Replacement - Phase V Project was accepted this month.

Look Ahead

In October, staff will continue to move forward on numerous efforts related to consultant and design-build procurements for CIP projects including the Cogeneration Facility; Headworks Improvements; New Headworks; Facility Wide Water Systems Improvement; Filter Rehabilitation; Nitrification Clarifiers Rehabilitation; and Advanced Facility Control and Meter Replacement.

Procurements for a number of programmatic services are also expected to advance, including for General Engineering Services; DCMS; Value Engineering and Peer Review Services; System Integration Services; Construction Management Services; and Audit Services. RFQ documents will be issued for the Advanced Facility Control and Meter Replacement Project.

Three projects will seek to advance through stage gates in October. They include the Construction-Enabling Improvements Project; the Plant Instrument Air System Upgrade Project (both Establish Authorized Baseline); and the Architectural Guidelines Programmatic Study (Final Acceptance).

Staff will present recommendations from the Odor and Corrosion Strategy study to the Transportation and Environmental Committee (T&E), TPAC and Council in October. The study's three main elements are: validation of the odor goal assumed in the Plant Master Plan (PMP); establishing an odor fence line at which the adopted odor goal is to be met; and development of an Odor Implementation Plan (OIP) to meet adopted odor goals.

Also in October, the Digester and Thickener Facilities projects will reach the 90 percent design milestone, and contractor prequalification shortlists will be finalized. Formal project management training for all CIP project managers and project engineers will continue, with sessions on project budgeting, estimating, monitoring, control, and reporting.

The third annual Vendor Open House will take place at the RWF November 4. Previous CIP open house events were held in 2012 and 2014.



Program Highlight – Design Guidelines

To assist in the delivery of the CIP, the Program Team is hiring third-party design consultants to bring supplementary resources and expertise to CIP projects. During project design, program design standards will be used to promote consistency in the application of construction materials, process equipment, piping systems, and control systems. These design guidelines will incorporate existing City standards and guidelines for new processes and buildings, and will continue the use of systems and materials that have proved to be effective at the RWF. The guidelines will also create standard formats for how information is to be presented. Figure 1 below shows the structure of the Design Guidelines Library.

Over the years, many RWF projects have been designed by different engineering firms, resulting in a variety of different piping, valving, control, and equipment selections. The current design guidelines will focus on those systems that have been the most successful, decreasing the variety and variability of systems at the RWF. Each third-party design firm will continue to apply professional engineering judgment in developing designs while adhering to the design guidelines. When a situation arises where the guidelines are not appropriate, sound engineering judgment and the best interests of the RWF will be used to arrive at a decision.

As new designs are prepared and options consolidated, it is critical to continue to engage Operations and Maintenance (O&M) staff in the process. O&M participation in project development planning and design has been extensive and at a level not often seen in similar capital programs at public works agencies. Integrating experienced engineering design skills with O&M's practical experience and RWF knowledge quickly drives project details to functional and effective solutions. In addition, O&M staff more rapidly develops a detailed understanding of each RWF treatment system's capabilities.

Another key element in the design guideline structure is the change process. Suggested improvements may be offered up for consideration by any design team member. These suggested changes are evaluated by CIP Engineering Manager and implemented for the benefit of subsequent projects.

The City's standard contracting specifications have been adapted into an industry standard format. These documents incorporate state and federal funding requirements. General technical specifications have been standardized for all projects and are available to all project managers, making the preparation, bidding and construction use of these documents more consistent and more efficient.

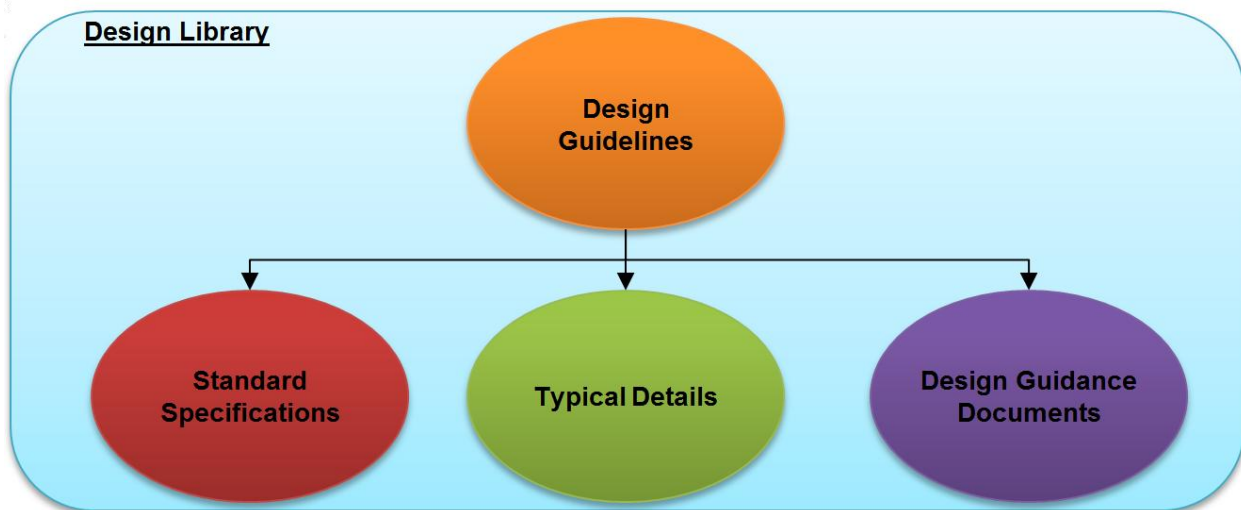


Figure 1—Structure of the Design Guidelines Library

Program Performance Summary

Eight key performance indicators (KPIs) have been established to measure the overall success of the CIP. Each KPI represents a metric which will be monitored on a regular frequency. Through the life of the CIP, KPIs will be selected and measured which best reflect the current maturity of the program. An additional KPI has been added for FY15-16 to measure project stage gate compliance.

Program Key Performance Indicators – Fiscal Year 2015-2016

KPI	Target	Year to Date			Fiscal Year End		
		Actual	Status	Trend	Forecast	Status	Trend
Stage Gates	80%	100% (6/6) ¹			100% (28/28)		
Measurement: Percentage of initiated projects and studies that successfully pass each stage gate. Criteria: Red: < 70%; Amber: 70% to 80%; Green: >=80%							
Schedule	85%	50% (1/2) ²			25% (1/4) ³		
Measurement: Percentage of CIP projects delivered within 2 months of approved baseline Beneficial Use Milestone. Criteria: Red: < 75%; Amber: 75% to 85%; Green: >=85%							
Budget	90%	100% (3/3) ⁴			83% (5/6) ⁵		
Measurement: Percentage of CIP projects that are completed within the approved baseline budget. Criteria: Red: < 80%; Amber: 80% to 89%; Green: >=90%							
Expenditure⁶	\$154M	69M			\$191M ⁷		
Measurement: CIP Fiscal Year 15/16 committed costs. Committed cost meets or exceeds 70% of planned Budget (70% of \$220M = \$154M)							
Procurement	80%	100% (5/5) ⁸			100% (17/17)		
Measurement: Number of consultant and contractor procurements for initiated projects and program-wide services advertised compared to planned for the fiscal year. Criteria: Red: < 70%; Amber: 70% to 79%; Green: >=80%							
Safety	0	0			0		
Measurement: Number of OSHA reportable incidents associated with CIP construction for the fiscal year. Criteria: Red: > 2; Amber: 1 to 2; Green: zero incidents							
Environmental	0	0			0		
Measurement: Number of permit violations caused by CIP construction for the fiscal year. Criteria: Red: > 2; Amber: 1 to 2; Green: zero incidents							
Staffing⁹	80%	100% (1/0)			86% (25/29)		
Measurement: Number of planned positions filled for the fiscal year. Criteria: Red: < 70%; Amber: 70% to 79%; Green: >=80%							

Notes

- For the Stage Gate KPI Year to Date (YTD), the number of completed stage gates increased from two to six. The following projects successful completed their stage gates in September - Aerations Tanks and Blower Rehabilitation, Construction-Enabling Improvements, Digested Sludge Dewatering and Iron Salt Feed Station.
- For the Schedule KPI YTD, the total of completed projects being measured decreased from three to two and the number of completed projects decreased from two to one compared to last month due to the exclusion of the Pond A18 Northern Gate Replacement Project as the project did not follow the standard PDM process due to the emergency nature of the project.
- For the Schedule KPI Fiscal Year End (FYE), the total forecasted number of FYE completed projects being measured decreased from five to four and the number of forecast completed projects decreased from two to one compared to last month due to the exclusion of the Pond A18 Northern Gate Replacement Project as the project did not follow the standard PDM process due to the emergency nature of the project.
- For the Budget KPI YTD, three out of three projects were completed within the approved baseline budget. These three projects are Fire Main replacement – Phase III project, which was accepted in July 2015, Training Trailer Replacement project, which was accepted in August 2015 and the Handrail Replacement project, which was accepted in September 2015.
- For the Budget KPI FYE, the forecasted number of completed projects within the approved baseline budget decreased from six to five. The count decreased compared to last month due to the exclusion of the Pond A18 Northern Gate Replacement Project as it did not follow the standard PDM process due to the emergency nature of the project.
- The FY15-16 budget excludes reserves, ending fund balance, South Bay Water Recycling, Public Art and Urgent and Unscheduled Rehab.items.
- The FYE Forecast Expenditure value has been updated following finalization of anticipated expenses and encumbrances.
- For the Procurement KPI Year to Date, the number of procurements increased from three to five. Construction contracts for the Iron Salt Feed Station Project and for the Nitrification Clarifiers Rehabilitation Project were advertised in September 2015.
- The City Staffing level KPI for planned recruitments for positions that are vacant at the start of the fiscal year, KPI measured quarterly; all other KPIs measured are monthly. KPI measurement does not account for staff turn-over throughout the fiscal year.

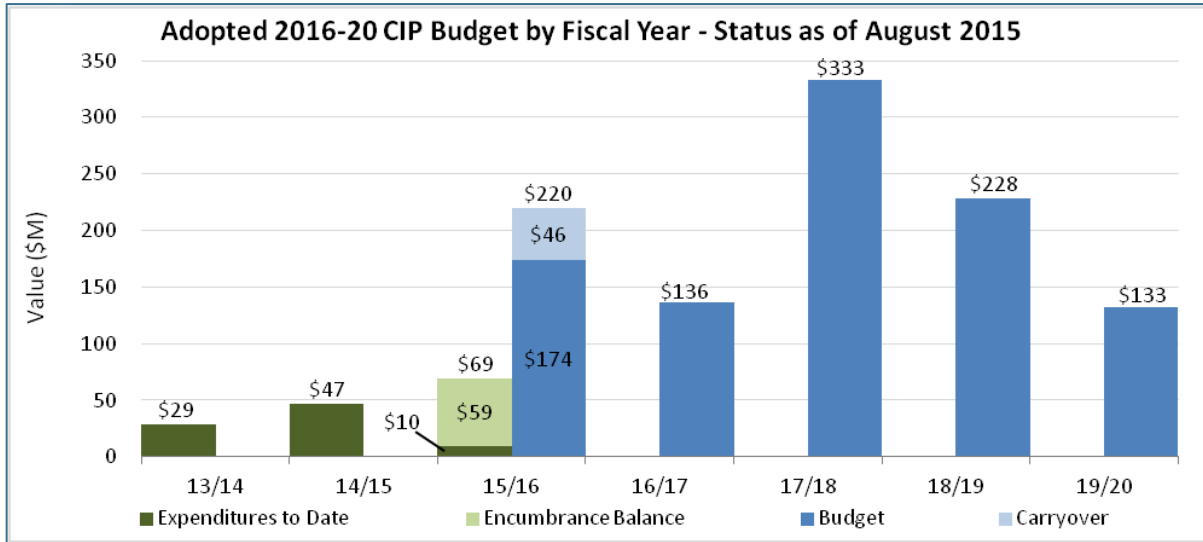


Program Cost Performance

This section provides a summary of CIP cost performance for all construction projects and non-construction activities for FY15-16 and the 2016-2020 CIP.

Adopted 2016-2020 CIP Expenditure and Encumbrances

To accommodate the proposed increase in expenditures and encumbrances over the next five years, the City is implementing a long-term financial strategy to fund the needed, major capital improvements while minimizing the impact to ratepayers. FY 13-14 and FY14-5 expenditures have been adjusted to reflect the CIP portion of the 512 funding, excluding South Bay Water and Urgent and Unscheduled Cost (\$2.6M and \$1.5M respectively).



Notes

Expenditure: Actual cost expended, either by check to a vendor or through the City's Financial System for expense such as Payroll or non-personal expenses that do not require a contract.

Encumbrance: Financial commitments, such as purchase orders or contracts, which are committed to a vendor, consultant, or contractor. The encumbrance reserves the funding within the appropriation and project.

Encumbrance Balance: The amount of the remaining encumbrance committed after payments.

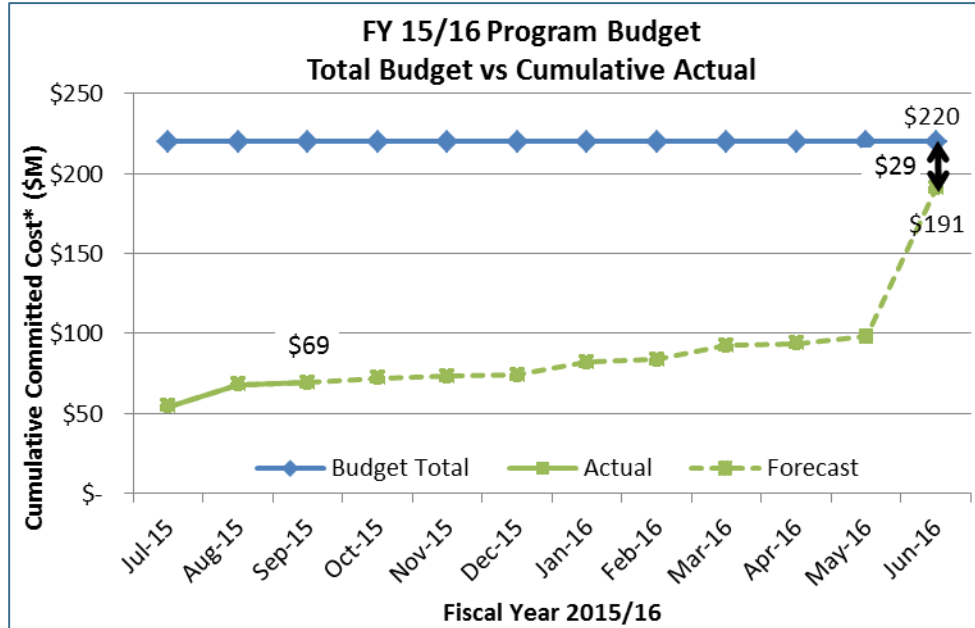
Budget: Adopted FY 2016-2020 Budget. This is new funding plus rebudgeted funds.

Carryover: Encumbrance Balances at the end of a FY become Carryover Funding. This is different from rebudgets, in that this is done automatically in order to utilize the funding previously committed, but not yet paid.



Fiscal Year 2015-2016 Program Budget Performance

The fiscal year program budget is \$220 million. The budget amount of \$220 million represents the 2015-2016 budget of \$174 million plus carryover of \$46 million. The budget amount excludes Reserves, Ending Fund Balance, South Bay Water Recycling, Public Art, and Urgent and Unscheduled Rehabilitation items.













*Committed costs are expenditures and encumbrance balances, including carryover (encumbrance balances from the previous fiscal year).







Project Performance

There are currently six active projects in the construction or post-construction phase with a further 18 projects in feasibility/development, design or bid and award phases (see PDM graphic at the front of this report). All active projects are listed in the tables below. Projects in the construction phase have cost and schedule baselines established and are monitored using the City's Capital Project Management System (CPMS). These projects have green/red icons included in the table below to indicate whether they are on budget and schedule using the CPMS data as a source.

Project Performance – Baselined Projects

Project Name	Phase	Estimated Beneficial Use Date ¹	Cost Performance ²	Schedule Performance ²
Distributed Control System (DCS) Fiber Optics Network Expansion	Post-Construction	May 2014 ³		
Pond A18 Northern Gate Structure	Post-Construction	Aug 2015 ³	N/A ⁴	N/A ⁴
Digester Gas Storage Replacement	Construction	Nov 2015		
A5-A6 Nitrification Mag. Meter & Valve Replacement	Construction	Mar 2016		
Emergency Diesel Generators	Construction	Aug 2016		
Digester Gas Compressor Upgrade	Construction	Sep 2016		

KEY:

Cost:		On Budget		>1% Over Budget
Schedule:		On Schedule		>2 months delay

Notes

1. Beneficial Use is defined as when the work is sufficiently complete, in accordance with the contract documents, so that the City can occupy or use the work. Beneficial use dates are being reviewed as part of project schedule reviews.
2. An explanation of cost and schedule variances on specific projects identified in this table is provided on page 12.
3. Actual Beneficial Use Date
4. Due to the emergency nature of the Pond A18 Northern Gate Replacement project, cost and schedule performance measurement criteria have not been applied.



Project Performance – Pre-Baselined Projects

Project Name	Phase	Estimated Beneficial Use Date ¹
Fiber Optic Connection	Bid & Award	Jul 2016
Iron Salt Feed Station	Bid & Award	Mar 2017
Cogeneration Facility	Procurement	Mar 2019
Plant Instrument Air System Upgrade	Design	Jan 2018
Digester & Thickener Facilities Upgrade	Design	Mar 2019
Construction-Enabling Improvements	Feasibility/Development	Oct 2016
Headworks Critical Improvements	Feasibility/Development	Apr 2017
Switchgear S40/G3 Relay Upgrade	Feasibility/Development	Oct 2019
Adv. Facility Control & Meter Replacement	Feasibility/Development	May 2020
Headworks Improvements	Feasibility/Development	Mar 2021
Outfall Bridge and Levee Improvements	Feasibility/Development	Jun 2021
Facility-wide Water Systems Improvements	Feasibility/Development	Sep 2021
Digested Sludge Dewatering Facility	Feasibility/Development	Dec 2021
Filter Rehabilitation	Feasibility/Development	Jan 2022
New Headworks	Feasibility/Development	Jun 2022
Nitrification Clarifiers Rehabilitation	Feasibility/Development	Aug 2022
Aeration Tanks and Blower Rehabilitation	Feasibility/Development	Nov 2023
Support Building Improvements	Feasibility/Development	Jan 2027

Notes

1. Beneficial Use is defined as when the work is sufficiently complete, in accordance with the contract documents, so that the City can occupy or use the work. Beneficial use dates are being reviewed as part of project schedule reviews.



Significant Accomplishments

The projects below are described under different “packages.” In the CIP, packages are groups of projects organized within the same treatment process area.

Biosolids Package

Digester and Thickener Facilities Upgrade

The detailed design continued this month. The design consultant is currently preparing the 90 percent completion level design documents. Design highlights include:

- A commissioning and startup workshop was held with O&M Staff in order to review actual digester and dissolved air flotation tank startup procedures and performance requirements.
- The project team continued with the pre-qualification process for pre-selection of qualified construction contractors for the Project. The prequalification RFQ was advertised this month. A pre-qualification plant walk-through for contractors was held September 22.
- The SRF documents were finalized this month and submitted to the state for review.

Digester Gas Storage Replacement

Work continued on the digester gas storage tank, with leak testing performed. Results indicated successful completion of the test and were approved. The contractor is currently working to address outstanding construction items and has ordered parts for upgrading the davit crane system. The contractor is also preparing a startup and commissioning plan.

Facilities Package

Cogeneration Facility

Design-build proposals were received from the two shortlisted firms on September 8. Staff is evaluating and ranking the proposals. Formal interviews are scheduled for early October.

Facility-wide Water System Improvements

The City received SOQs from two firms. Evaluations and interviews were conducted in September, and rankings have been posted. Staff began discussions with the top-ranked firm and expect to recommend award of an agreement to TPAC and Council in December.

Liquids Package

Filter Rehabilitation

Negotiations with the selected consultant were completed in September. Staff anticipates that the agreement will be recommended to TPAC and the Council for award in December.

Headworks Improvements and New Headworks

Negotiations with the selected consultant were completed in September. Staff anticipates that the agreement will be recommended to TPAC and the Council for award in December.

Iron Salt Feed Station

Staff received stage gate approval and authorization to bid on September 10. The project consists of an iron salt feed station that delivers ferric chloride to the headworks to lower hydrogen sulfide levels in digester gas, and a polymer feed station that delivers polymer to the East Primary Junction Box to increase solids removal in the primary clarifiers. Staff advertised the project for bidding September 23.

Aeration Tanks and Blower Rehabilitation

Staff held the final Blower Evaluation Technical Memorandum Workshop on September 10, the stage gate for approval of scope September 24, and obtained conditional approval. The stage gate recommendation was to procure a single design consultant but require two designs. The first project would be the Blower Rehabilitation Project, which needs to be accelerated so that it is operational at the same time the Cogeneration Project is commissioned. The second project would be the Aeration Tank Rehabilitation project.



Nitrification Clarifiers Rehabilitation

Staff completed the RFQ and scope of work for the project. The project includes the replacement of 16 clarifier sludge and scum collector mechanisms and other related miscellaneous improvements. The RFQ was advertised September 28.

Advanced Facility Control and Meter Replacement

Staff completed the RFQ and scope of work for the project and anticipates advertising the RFQ in October. The project includes replacement of over 300 meters and control devices throughout the treatment plant. Staff also developed a final isolation strategy memo for internal review September 28 which helped define a potential construction sequencing and project phasing approach to coordinate with ongoing O&M projects.

Power and Energy

Digester Gas Compressor Upgrade

The underground conduits and piping in the cooling tower and chiller area have been installed. The forms for the new Compressor Building roof are being installed. All equipment and material for the project have been approved and ordered. The Construction is 34 percent complete.

Plant Instrument Air System Upgrade

The consultant has submitted the 50 percent detail design for the City's review. The consultant also conducted a workshop for the 50 percent detail drawing review. The project will seek to advance through the Stage Gate 4 (Establish Baseline) in October and is forecasted to complete 90 percent detailed design by February 2016.

Programmatic Studies

Odor and Corrosion Control Study

Staff completed the Odor Control Implementation Plan memorandum to be presented at the TPAC meeting in October.

Automation Master Plan and Process Control Approach

Staff completed the draft final of Governance of Automation Guidelines; Distributed Control System Guidelines; Network and Communication Guidelines; Equipment and Instrumentation Guideline; Control System Hierarch Guideline; and Cyber Security Guidelines for review. Staff held a Develop Implementation Plan Kickoff workshop on Sept 21 and a Knowledge Management Recommendation workshop on September 22.

Traffic Circulation and Impacts

Staff held a workshop to discuss the Traffic Management Plan submittal in early September; CIP staff provided the consultant with comments later in the month. The study is still on schedule to be completed in November.

Flood Protection Study

Staff completed review of two deliverables--the draft RWF Data Review and Existing Conditions Summary Report and the draft RWF Internal Stormwater Drainage System Report—and provided comments on both deliverables to the consultant. Staff received the draft Flood Protection Guidelines for Future RWF Projects. The study is still on schedule to be completed by December.



Explanation of Project Performance Issues

A5-A6 Nitrification Magnetic Meter & Valve Replacement

In September 2014, during startup, the project team discovered that the actuators that had been specified and installed were incompatible with the available power supply. Engineering staff determined it would be cost more to modify the electrical system than to order and install compatible actuators. In addition, O&M staff requested that the actuators match the custom actuators used in the other 14 clarifiers. The City pursued various options to resolve the issue and has recently requested a proposal from the contractor to install new actuators based on a revised specification. The existing funding will not likely be sufficient and the project will need Council approval for additional funds. There will be a 14-16 weeks lead time for ordering custom-built actuators. Contractor mobilization, actuator installation, wiring, troubleshooting and punch list-sign off will take a minimal of three weeks. Beneficial Use is expected by March 2016.

Digester Gas Compressor Upgrade

During the course of the design portion of this design build project, it was determined that some of the equipment for this project would need to meet the explosion-proof classification of Class 1, Division 1 of the National Electric Code. This classification was more stringent than what was originally called for in the bid documents. Cost and schedule impacts were received from contractor, Anderson Pacific. Council approved additional project funding and a three month time extension due to motor upgrade during its June 16, 2015 session. Beneficial Use is expected by September 2016.

Digester Gas Storage Replacement

During a comprehensive review of the gas storage tank design submittal by the design consultant, Brown and Caldwell, it was identified that the removable piston legs used in the proposed design by the sub-contractor did not meet the design standards and would have caused problems in the intended use of the tank. As a result, the sub-contractor re-designed the tank with permanent piston legs with a subsequent delay in mobilization until the re-design of the tank was reviewed and approved. The re-design was subsequently completed and has been approved. There were several leak tests performed on the gas holder to ensure gas tightness of the tank. Leakage test results have been submitted and the gas storage tank has passed the required leakage test. The contractor is expected to complete all approved work by November 10. The phased introduction of gas during the commissioning process is planned to begin by November 12. The project is within budget, and Beneficial Use is expected by the end of November 2015.



Project Profile

Pond A18 Northern Gate Structure Replacement

Background

The RWF owns Pond A18, a former salt pond located along the RWF's northwestern boundary, as shown in Figure 2. The pond is isolated from South San Francisco Bay and the adjacent RWF operations area by a levee originally constructed in the mid-1950s. At that time, tidal marsh and bay mud was dredged to form the levee, a cycle that was repeated multiple times prior to the City's acquisition of the property in 2003. Two gate structures were installed on the levee in 2004 to allow for water transfers between the bay and the pond. One structure is located in the southwest portion of the pond and the other in the northwest section. Buried beneath each structure are two 4-foot-diameter pipes with slide/flap gates at each pipe end that help control the amount of water that can flow back and forth between the two water bodies. The structures' external components were constructed with chemically pressure-treated timber, both to withstand the harsh marine environment and to allow for expected settlement and movement that occurs with bay mud materials.

Following a November 2014 condition assessment of the structures, a draft report in January 2015 indicated severe structural integrity at the northern gate structure. After subsequent field investigations revealed additional degradation, RWF staff sought Council approval to immediately move forward with urgent actions to replace the structure before a larger failure and potential levee breach could occur.

On March 3, 2015, the City Council adopted Resolution No. 77296, which declared that emergency replacement of Pond A18's northern gate structure was necessary to address critical structural failure and to avoid the potentially significant impacts of breaching the Pond A18 levee system. Staff obtained the necessary emergency permits with the US Army Corps of Engineers and Federal Fish and Wildlife Service, then worked with several contractors to obtain bids to perform the engineering and construction work to replace the damaged northern gate structure. On March 30, 2015, the Director of Public Works awarded a construction contract to Galindo Construction, Inc.

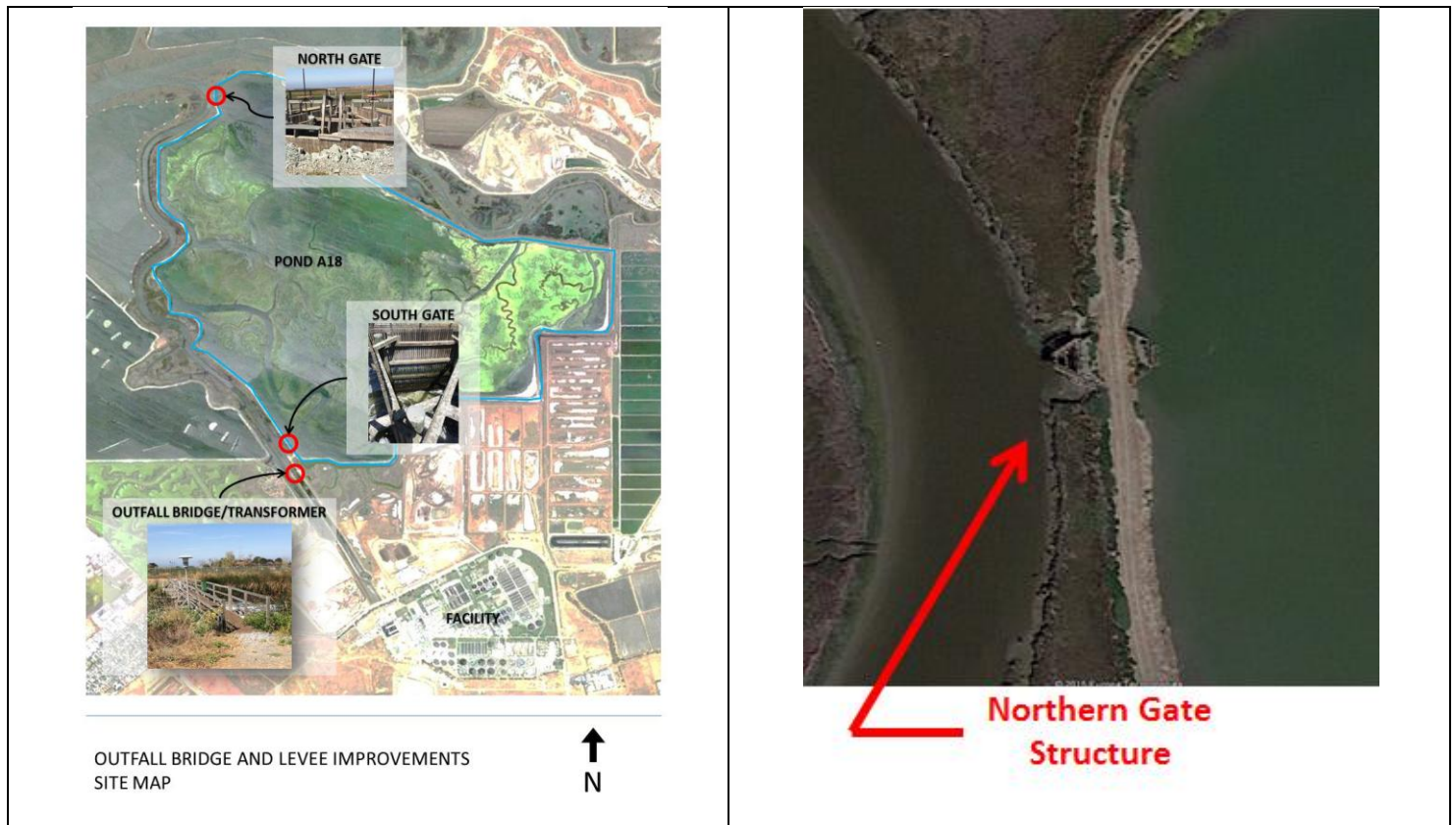


Figure 2 – Aerial Views of Northern Gate Structure

Construction

Constructing a project located at the edge of San Francisco Bay presents many challenges. Access to the site was limited by having to travel roughly two miles on unimproved dirt roads, making delivery of equipment and materials difficult. The slightest amount of rain or heavy dew made traveling to the site unsafe.

Mobilization began in early May 2015, following completion of contract documents. Initial construction work focused on partial demolition and staging for installation of the cofferdams that would isolate the northern gate structure from adjacent Artesian Slough and Pond A18. Once the cofferdams were in place, the contractor completed the demolition of the structure, then removed the gate valves and HDPE pipes to inspect them for damage and make necessary repairs. With the entire levee section removed, the contractor installed new timber piles, utilizing a 15-ton crane to lift them into place and drive them deeply into the bay mud material. These piles would become the main structural support for the entire structure. Once all 17 piles were installed, the remaining structural components could be constructed. Progress continued with installation of additional subsurface structural supports, pipes, valves, headwalls, and wingwalls before the levee materials were reinstalled. Next, the contractor assembled the splash pad and trash rack, installed rock slope protection to protect the structure and levee from erosive wave action, and removed the cofferdam system before completing construction of the catwalks and cleaning up the site.

During construction, water transfer from Artesian Slough to Pond A18 at the northern gate structure was prevented, disrupting the normal operations of Pond A18. RWF staff diligently monitored and managed the southern gate structure gate valves to ensure the pond remained within acceptable environmental and water quality standards. The contractor worked quickly and continuously, allowing the northern gate structure to begin routine water transfers on August 21, 2015. The structure was officially completed on August 31. Photos of the construction progress are shown in Figure 3.

Installation of Cofferdam System to Isolate Work Area



Removal of Pipes and Levee Material



Piles and Pipes Installed, Headwall Installation Work



Completed Northern Gate Structure



Figure 3 – Photos of Northern Gate Structure Construction

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Regional Wastewater Facility Treatment – Current Treatment Process Flow Diagram

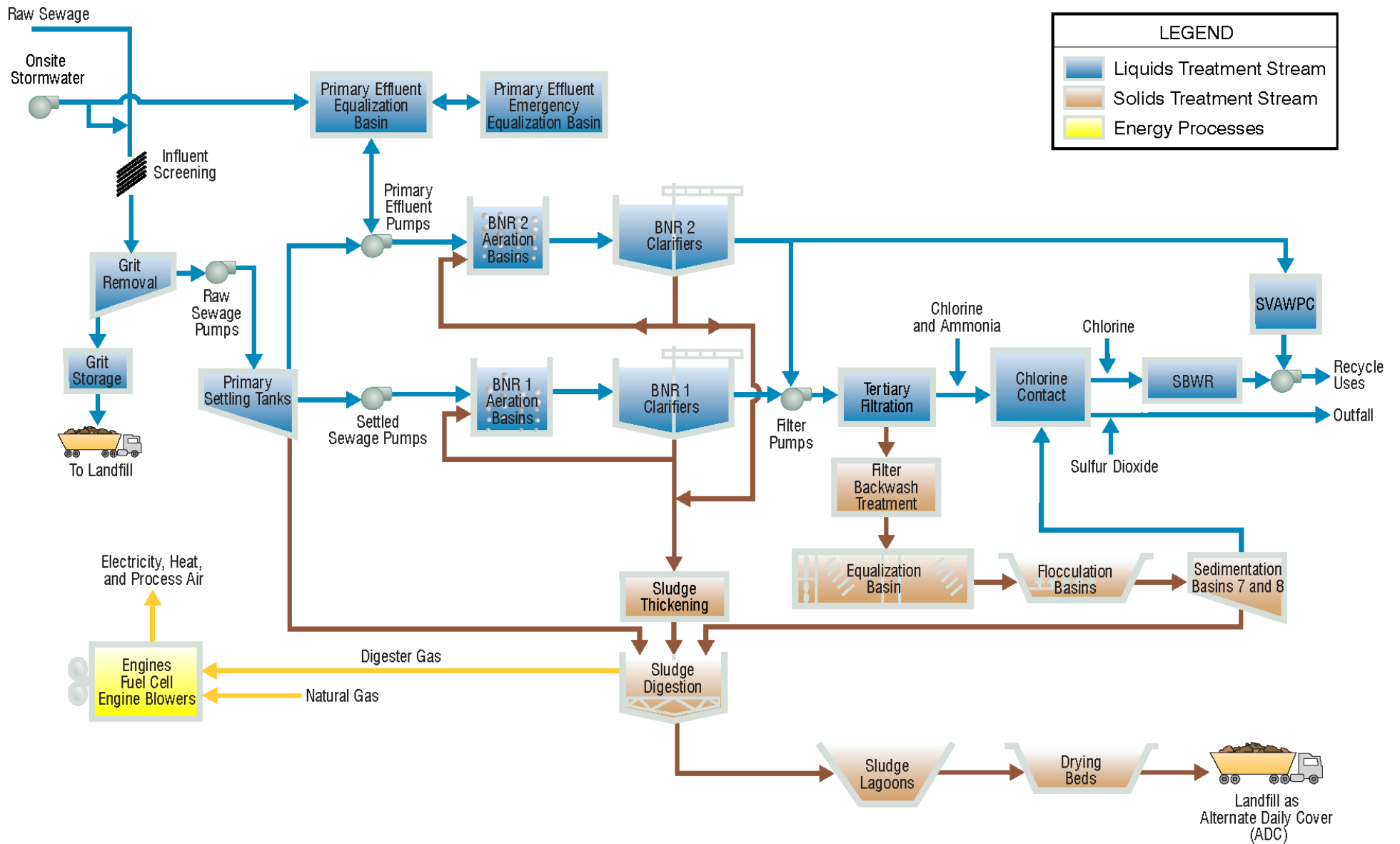


Figure 4 — Current Treatment Process Flow Diagram



Regional Wastewater Facility Treatment – Proposed Treatment Process Flow Diagram

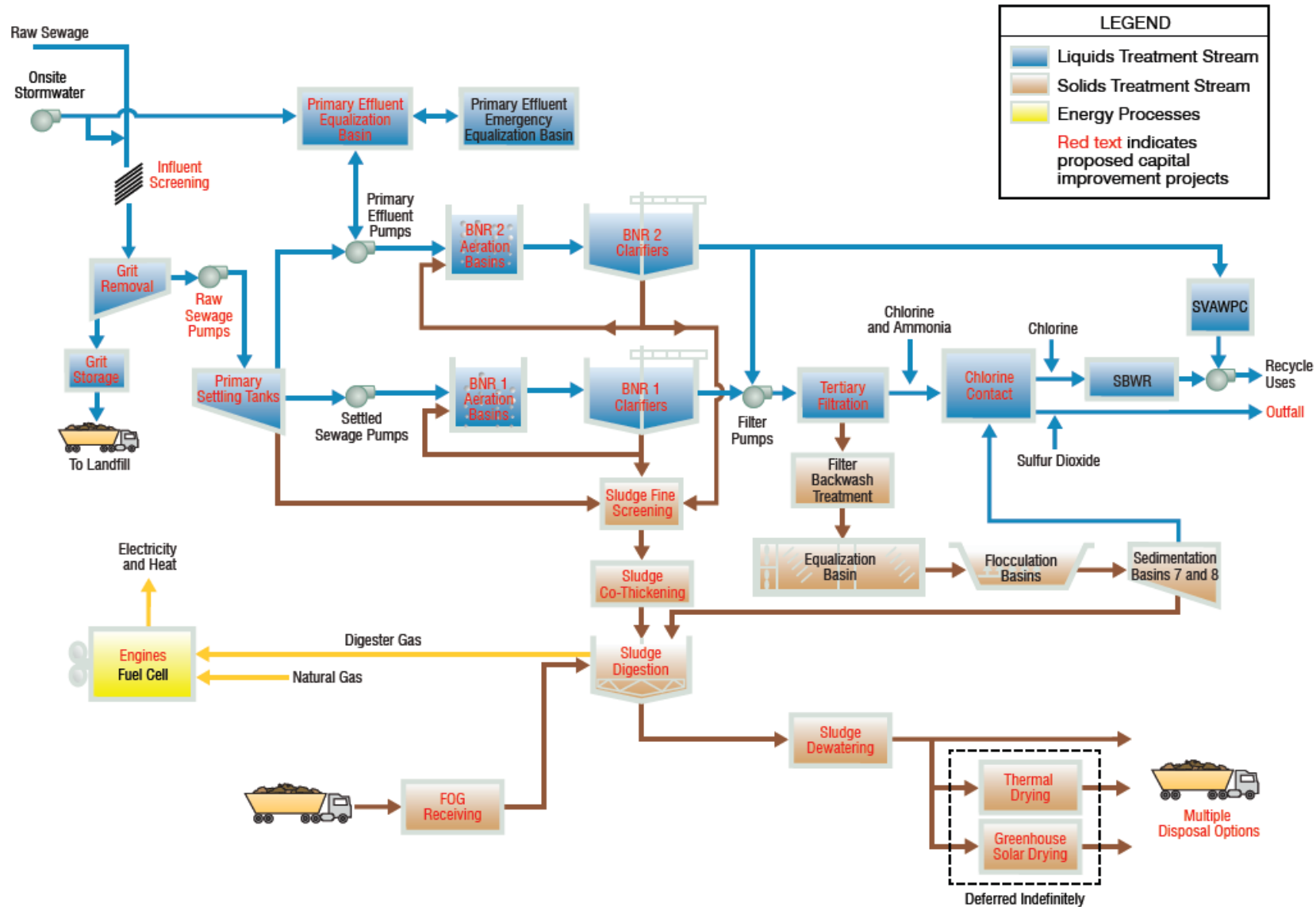


Figure 5 — Proposed Treatment Process Flow Diagram



Active Construction Projects – Aerial Plan



Figure 6—Active Construction Projects



Memorandum

TO: TREATMENT PLANT
ADVISORY COMMITTEE

FROM: Kerrie Romanow

SUBJECT: SEE BELOW

DATE: October 30, 2015

Approved

Date

11/10/15

**SUBJECT: SAN JOSE-SANTA CLARA REGIONAL WASTEWATER FACILITY
MASTER AGREEMENT AMENDMENTS**

Please find the attached staff report on the proposed amendments to the Master Agreement for the Regional Wastewater Facility for the purposes of general discussion of interests and concerns at the Treatment Plant Advisory Committee Meeting on November 19, 2015.

/s/

KERRIE ROMANOW
Director, Environmental Services

For questions, please contact Ashwini Kankar, Assistant Director, at (408) 975-2553.



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Kerrie Romanow

SUBJECT: SEE BELOW

DATE: October 30, 2015

Approved

Date

11/10/15

**SUBJECT: SAN JOSE-SANTA CLARA REGIONAL WASTEWATER FACILITY
MASTER AGREEMENT AMENDMENTS**

RECOMMENDATION

- A. Accept the staff report on the proposed amendments to the Master Agreement for the San José-Santa Clara Regional Wastewater Facility¹;
- B. Direct staff to return with the draft Amendment and Restatement of the Master Agreements to include amendments that would be necessary to secure State Revolving Fund loans and short term financing for the Tributary Agencies' obligation for the capital projects in 2015-2016; and
- C. Direct staff to coordinate with the City of Santa Clara to evaluate the scope of the proposed amendments, and return to the City Council with recommendations on whether to proceed with negotiations, and a process and budget to negotiate the amendments as part of the 2016-2017 budget process.

OUTCOME

Approval of staff recommendations will enable staff to advance Master Agreement Amendments which will assist the Tributary Agencies with funding capital improvements at the San José-Santa Clara Regional Wastewater Facility through State Revolving Fund loans (if approved) and short term financing such as a Commercial Paper program. Directing staff to facilitate discussion between the joint owners on additional amendments and bring back recommendations during the next budget process will allow adequate time for the two owners to review and discuss changes proposed by the Tributary Agencies, evaluate any changes the owners may want to

¹ The legal, official name of the facility remains San José-Santa Clara Water Pollution Control Plant, but beginning in early 2013, the facility was approved to use a new common name, the San José-Santa Clara Regional Wastewater Facility.

negotiate, and to develop a resourcing plan and budget if the owners decide to consider additional amendments.

BACKGROUND

The RWF is jointly owned by the cities of San José and Santa Clara and provides wastewater treatment to the City of Milpitas, West Valley Sanitation District, Cupertino Sanitary District, Burbank Sanitation District, and County Sanitation District 2-3, collectively known as the Tributary Agencies. The City of San José is the administering agency for the RWF and is responsible for the operations and maintenance of the RWF as well as for constructing any capital improvements.

The contractual agreements between the two owners and each of the Tributary Agencies, also known as Master Agreements, were originally executed in March 1983 with a term ending in 2031. The Master Agreements with the Tributary Agencies were subsequently amended several times to reflect the addition of the reclamation facility required by the NPDES permit, and capacity transfers between agencies. Since consideration exchanged between the agencies varied for the capacity transfer, the amendments for each Tributary Agency are unique. San José, as the Administering Agency and co-owner of the RWF, has certain powers and duties including, but not limited to, the obligation to maintain, repair, expand, replace, improve and operate the RWF. San José and Santa Clara, as co-owners, would also share in the cost to maintain the RWF to the extent revenues from outside users are insufficient. Tributary Agencies, as outside users of the RWF services, also have certain powers and duties including the duty to pay their proportionate share of the operation and maintenance cost, and for capital cost associated with maintaining their reserved capacity in the RWF. Tributary Agencies have contractual rights through the Master Agreement to make recommendations through the Treatment Plant Advisory Committee (TPAC) pertaining to the RWF's maintenance, repair, expansion, replacement, improvement, and operation.

Based on prior direction from TPAC and the City Council, staff is currently working on amendments to the Master Agreements to incorporate operating reserve contributions and to revise the term of the agreement to facilitate short term and long term borrowing on behalf of the Tributary Agencies. These amendments need to be executed, at the latest, by January 2016, prior to execution of an approximately \$120,000,000 State Revolving Fund loan agreement for the Digester and Thickener Facilities project in early 2016. In order for San José to execute a loan agreement for the entire project amount, San José must be able to demonstrate the ability to repay from the San José sanitary sewer service charge, and revenue from outside users for the term of the loan. Consequently, the proposed amendments to the Master Agreement must include a term that, at a minimum, aligns with the 30-year term of the loan agreement. If an agency does not wish to execute these amendments by the required timeline, the SRF loan amount will need to be adjusted accordingly.

The Master Agreement amendments will also incorporate language related to a Commercial Paper (CP), or similar program and enable agency participation in the aforementioned borrowing programs. Based on prior feedback from multiple Tributary Agencies, this program is needed prior to April 1, 2016. San José does not require CP until 2016-2017 and will only establish a CP program if a Tributary Agency confirms participation and provides approved Master Agreement amendments by January 2016.

Broad changes to the Master Agreements have not been contemplated for this fiscal year, and staff has not received prior direction from TPAC or Council to explore changes other than those directly necessary to borrowing and operating reserves.

ANALYSIS

In October 2015, staff from the Tributary Agencies provided red lined Master Agreements to jointly request specific, substantive changes to the existing Master Agreements, beyond those discussed over the past year related to securing financing. These changes will need careful evaluation and consideration by the two owners as they could materially change the rights and obligations of the owners. For example, the two owners would need to assess the implications of many of the changes requested by the Tributary Agencies, including but not limited to annual caps on capital expenditures, payments from tributary agencies based only on expenditures, and changes to the liability provisions. Additionally, if there are to be material revisions to the Master Agreements, the two owners may want to consider additional changes. Since prior TPAC and City Council direction was only focused on limited changes necessary to secure SRF loans and CP, neither of the two owners has been briefed on the implications of a broader revision nor provided direction to staff to evaluate other changes. This evaluation by each owner and subsequent negotiations will divert attention from time-sensitive projects, pending additional resources.

Based on the changes being requested by the Tributary Agencies and the uncertainty about additional changes each of the owners may want to evaluate, staff is estimating about \$300,000 to \$1,000,000 in additional costs to negotiate more comprehensive amendment to the Master Agreements. These costs may include, but not be limited to, funding for additional staff resources, legal counsel, and specialized consultant resources. If the two owners and the Tributary Agencies are amenable to incurring these additional costs, staff can bring forward a budget proposal as part of the 2016-2017 budget process. Additional direction will be needed on how to allocate these additional costs between the owners and Tributary Agencies.

EVALUATION AND FOLLOW-UP

Staff is continuing work on the amendments to facilitate financing and will bring them forward in late 2015 or early 2016 if Tributary Agencies wish to access SRF or CP financing. If directed by the city councils of the two owners to consider additional amendments, staff will also bring

back a budget proposal and timeline to negotiate additional Master Agreement amendments as part of the 2016-2017 budget process.

POLICY ALTERNATIVES

Alternative #1: Direct staff to only negotiate amendments to the Master Agreements to establish operating reserves and provisions that would be required by the creditors to enable financing, and not consider other material changes to the Master Agreements.

Pros: This will allow staff to focus on delivering the \$1,400,000,000 CIP, integrating new staff into the RWF and operating and maintaining the RWF. Additionally, this would avoid added rate payer costs required to support contract negotiations.

Cons: The opportunity to consider contractual changes that may be in the interest of all parties would be lost.

Reason for not recommending: There would be a lost opportunity to evaluate all potential proposed changes to determine if staff would recommend further negotiations.

Alternative #2: Direct staff to negotiate the proposed amendments to the Master Agreement from the Tributary Agencies.

Pros: Assuming successful conclusion of negotiations, all parties would only need to execute one amendment.

Cons: Devoting time and resources now to protracted negotiations would divert staff from delivering the \$1,400,000,000 CIP, integrating new staff into the facility and operating and maintaining the RWF. All agencies could potentially lose the opportunity to secure a low cost financing through the SRF loan for a project critical to RWF operations. Staff would not have the necessary time to evaluate the proposed changes so that the city councils for each of the joint owners can be properly informed of all the material changes before providing direction to proceed with negotiation. The additional cost to support additional negotiation could increase the cost to the ratepayers beyond the increase to support the CIP.

Reason for not recommending: Material changes with potential long term impacts to San José and Santa Clara must first be fully analyzed and considered by their respective city councils before the city councils can provide direction to proceed with negotiations.

PUBLIC OUTREACH

This memorandum will be posted on the City's website for the December 1, 2015, City Council agenda. This memorandum will also be scheduled to be heard at the TPAC meeting on November 19, 2015.

COORDINATION

This memorandum has been coordinated with the Office of the City Attorney and the Finance Department.

FISCAL/POLICY ALIGNMENT

This recommendation is consistent with the Council-approved budget strategy to focus on rehabilitating aging RWF infrastructure, improve efficiency and reduce operating costs.

COST SUMMARY/IMPLICATIONS

There are no cost implications associated with work efforts to amend and restate the Master Agreements to secure SRF and short term financing on behalf of the Tributary Agencies in 2015-2016. Any costs associated with the actual financing will be brought forward as separate items to City Council. If the direction from the San José and Santa Clara city councils is to proceed with negotiations on additional amendments to the Master Agreements beyond what has previously been discussed and directed by the city councils, associated costs may be brought forward for consideration as part of the 2016-2017 budget process.

CEQA

Not a Project File No. PP10-069(a), Staff Reports/Assessments/Annual Reports/Informational Memos that involve no approvals of any City Actions.

/s/
KERRIE ROMANOW
Director, Environmental Services

For questions, please contact Ashwini Kantak, Assistant Director, at (408) 975-2553.



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Barry Ng
Kerrie Romanow

SUBJECT: SEE BELOW

DATE: October 29, 2015

Approved

Date

11/12/15

SUBJECT: APPROVAL OF FINAL PROPOSER RANKING AND AUTHORIZATION TO NEGOTIATE THE DESIGN-BUILD CONTRACT FOR THE COGENERATION FACILITY PROJECT AT THE SAN JOSE-SANTA CLARA REGIONAL WASTEWATER FACILITY

RECOMMENDATION

Adopt a resolution:

- (a) Approving the final proposer ranking for design-build firms for the Cogeneration Facility at the San José – Santa Clara Regional Wastewater Facility;
- (b) Authorizing the City Manager to negotiate the design-build contract for the Cogeneration Facility Project with CH2M HILL Engineers, Inc. (CH2M HILL);
- (c) Authorizing the City Manager to terminate negotiations with CH2M HILL, and to negotiate the design-build contract for the Cogeneration Facility Project with the second-ranked proposer, in the event that the City Manager determines that the City and CH2M HILL cannot agree upon the terms of the design-build contract; and
- (d) Finding the Initial Study and Mitigated Negative Declaration for the San José-Santa Clara Regional Wastewater Facility¹ (RWF) Cogeneration Project is complete, and was prepared in compliance with the California Environmental Quality Act (CEQA), and incorporating environmental mitigation measures as set forth in the Mitigation Monitoring and Reporting program for the Project.

¹ The legal, official name of the facility remains San José/Santa Clara Water Pollution Control Plant, but beginning in early 2013, the facility was approved to use a new common name, the San José-Santa Clara Regional Wastewater Facility.

October 29, 2015

Subject: Approval of Final Proposer Ranking and Authorization to Negotiate the Design-Build Contract for the Cogeneration Facility Project

Page 2

OUTCOME

Council approval of the final ranking and authorization to the City Manager to negotiate with the top-ranked firm CH2M HILL, will allow the development of a design-build contract for the Cogeneration Facility Project. In the event the negotiations with CH2M HILL are not successful, negotiations will proceed with CDM-MM, a CA Joint Venture and the second-ranked proposer.

EXECUTIVE SUMMARY

Power generation facilities at the RWF range from 20 to over 60 years of age and are becoming increasingly unreliable. In 2012, the City completed a comprehensive study of the RWF's power generation equipment and concluded that the existing cogeneration equipment needs to be replaced in order to provide reliable on-site power and heat.

On October 7, 2014, the City Council approved the use of the design-build project delivery method for design and construction of the Cogeneration Facility Project (Project). The City selected the design-builder CH2M HILL, utilizing a two-step selection process in accordance with Public Contract Code, Sections 22160-22169 (State Law), which governs certain local agency design-build projects. The first step was the issuance of a Request for Qualifications (RFQ) in order to solicit information in the form of Statements of Qualifications (SOQs) for the purpose of short listing design-build entities.

The RFQ was issued on April 17, 2015. Of the 11 firms that submitted SOQs, three firms were shortlisted and invited to participate in the Request for Proposals (RFP) process. On July 14, 2015, the RFP was issued. Within a few weeks of issuance of the RFP, one firm withdrew from the process on the basis that it could not commit their proposed team to the Project.

On October 7, 2015, the remaining two proposals were evaluated by a selection panel comprised of City staff, a representative from a building trades organization, and a representative of the San Francisco Public Utilities Commission – Wastewater Enterprise. The process was coordinated with the City Attorney's Office to ensure process integrity, and the Public Works Department provided coordination and oversight. The selection panel evaluated the written proposals and then held interviews with the candidate firms. The selection panel ranked CH2M HILL as the highest ranked firm to implement the Project.

Upon Council approval of the final ranking, staff will enter into negotiations with CH2M HILL to develop the contract for the Project. In the event the City Manager determines that the City and CH2M HILL cannot agree upon the terms of the design-build contract, staff recommends that Council authorize the City Manager to commence negotiations with the second-ranked proposer.

The design-build contract will include the scope and costs of preliminary services, scope of work, and Project schedule. In addition, the contract will specify that the process arrive at a guaranteed maximum price (GMP) for the Project under a definitive contract amendment. The current schedule provides for staff to return to Council in March 2016 for approval of the contract, approval of the design costs, and a delegation of authority to the City Manager to negotiate and award the GMP for an estimated base amount not to exceed \$65,000,000.

BACKGROUND

In 2012, the City completed an Energy Management Strategic Plan that assessed the RWF's existing and future power demands and condition of the existing energy systems. The study identified existing, aging cogeneration equipment as a critical issue that would need to be addressed in order to maintain onsite production of a reliable supply of power and heat. Cogeneration equipment at the RWF consists of internal combustion engines which utilize available digester gas (produced on-site by the anaerobic digestion process) to produce a significant portion of the RWF's power requirements, as well as producing heat required by the anaerobic digestion tanks.

Existing cogeneration equipment at the RWF ranges from 20 to 60 years of age, and has been subject to breakdowns of increasing frequency and severity. The limited ability to acquire parts for aging equipment is equally a critical consideration. As a result, the 2012 study recommended that the existing cogeneration equipment be replaced in order to provide reliable on-site power and heat.

In 2013, the City engaged the consulting firm Black and Veatch Corporation to prepare the Cogeneration Facility Project Definition Report (PDR), which serves as the guide document for the development of a basis of design for the new Cogeneration Facility. As described in the PDR, the new Cogeneration Facility will consist of advanced generation internal combustion engines selected based on their low capital cost, high electrical efficiency, and high availability of high-grade heat for the anaerobic digesters. The new engines will replace all existing RWF cogeneration equipment with the exception of the recently installed Fuel Cell. Power output from the new Cogeneration engines and the existing Fuel Cell is expected to meet projected RWF power and heat demands through 2036. In addition, the Project scope includes a digester gas treatment system, boilers, control system and monitoring system with connectivity to the RWF's Distributed Control System, electrical switchgear, various appurtenances to support the engines and building, digester gas pipeline and natural gas pipeline, heat recovery systems, and civil work including parking areas and utilities (water, stormwater and sanitary sewer lines). The project scope has gone through a rigorous decision making process to ensure that the project includes appropriate technology and systems to efficiently generate power and heat for the RWF for the next generation.

On October 7, 2014, the City Council adopted Resolution No. 77180, approving the use of the design-build project delivery method for the Cogeneration Facility pursuant to State Law. The City is proceeding with the delivery of the Project pursuant to State Law instead of the City's Charter and design-build ordinance given the regional nature of the RWF which serves a number of different agencies and jurisdictions. Staff recommended using the design-build delivery method to complete the Project because of the potential for expedited project delivery, improved project coordination, potential cost savings, design innovation and efficiencies, and single point of contracting responsibility. The City used a similar process for the delivery of the Airport, Convention Center, and the United States Patent and Trademark Office projects. This will be the first time this delivery method will be used at the RWF.

On August 18, 2015, the City Council approved a Master Consultant Agreement with Black and Veatch Corporation to provide professional technical services in support of the Project. Black and Veatch will assist the City during the pre-design, design, construction, start-up and commissioning phases of the Project.

The current Project budget includes design and construction costs estimated at \$65 million, and an additional \$20 million reserved for City-controlled design and construction contingency and project delivery costs.

ANALYSIS

Selection Process and Results

The RFQ was issued on April 17, 2015, with Statements of Qualifications (SOQs) returned on June 2, 2015. The RFQ consisted of a pre-qualification questionnaire intended to address the minimum general requirements that should be met by design-build firms (acceptable safety record, licenses and registrations, workers compensation history, etc.) and a requirement to list key personnel including their project experiences. The RFQ also required that the design-build firm had completed a design-build project similar to the Cogeneration Facility Project and demonstrated financial capability.

Of the 11 firms that submitted SOQs, three firms were shortlisted and invited to participate in the RFP process:

- CDM-MM, a CA Joint Venture
- CH2M HILL (with Overaa as key subcontractor)
- AECOM / W.M. Lyles (a proposed joint venture)

Within a few weeks of issuance of the RFP, AECOM advised the City that they were withdrawing from the process on the stated basis that it was unable to commit the proposed team to the Project. Therefore, two proposals were evaluated by a selection panel. The selection panel was comprised of three members of Senior Staff, individuals from the Public Works Department and Environmental Services Department, a representative from a building trades

organization, and a representative of San Francisco Public Utilities Commission – Wastewater Enterprise. The process was coordinated with the City Attorney’s Office to ensure process integrity, and the Public Works Department provided coordination and oversight.

State Law allows the use of “best value” as a design-builder selection method so that competitive proposals can be evaluated by using the criteria and selection procedures specifically identified in the RFP. “Best value” means a value determined by evaluation of objective criteria that may include, but not be limited to price, features, functions, life-cycle costs, experience, and past performance. Responsive proposers are to be ranked based on a determination of value provided.

Key elements reviewed in the RFP included:

- Technical approach to meet Project objectives;
- A design-build price consisting of a preliminary (pre-design) services fee, general conditions fee, and design-builder fee;
- Approach to how life-cycle cost will be addressed during the project cost evaluation process;
- A bonding capacity of at least \$65 million;
- Ability to meet all insurance mandates as dictated by the RFP;
- Strategy for local subcontracting, commitment to providing a skilled and trained workforce, and labor peace; and
- The City’s small and local business preference.

Proposals were received by the City on September 8, 2015. The selection panel evaluated the written proposals and then held interviews with the candidate firms. The selection committee consisted of the following members:

Name	Represents	Position
Dave Sykes	City Manager’s Office	Assistant City Manager
Barry Ng	Department of Public Works	Director
Ashwini Kantak	Department of Environmental Services	Assistant Director
John Cannon	Department of Public Works	Principal Engineer
Ron Nickels	Department of Environmental Services	Division Manager, Energy and Automation
Nelso Petroni	Department of Environmental Services	Principal Engineer (Electrical)
Rick Mangan	Santa Clara and San Benito Counties Building and Construction Trades Council	Labor Representative
John Powell	San Francisco Public Utilities Commission – Wastewater Enterprise	Maintenance Manager

The proposals were first reviewed for proposal responsiveness and then evaluated in accordance with the point scale advertised in the RFP. The specific selection criteria against which proposals were evaluated is summarized below:

<u>Description</u>	<u>Weight</u>
Project Approach	20 %
Conceptual Design	10 %
Subcontracting and Workforce	5 %
Life-Cycle Cost	5 %
Interview	25 %
Small and Local Business Preference	10 %
Price	5 %
Experience; carry-over of the RFQ score	<u>20 %</u>
	100 %

First, the selection panel individually evaluated proposals for the first four categories listed above, and then discussed the written proposals. On October 7, 2016, the selection panel conducted interviews with CDM-MM and CH2M HILL. After the interviews were individually scored and discussed by the selection panel, the small and local business preference score, price score and experience score were added for the final score that resulted in the following final ranking:

<u>Proposer</u>	<u>Ranking</u>
CH2M HILL Engineers, Inc.	1
CDM-MM, a CA Joint Venture	2

The selection panel ranked CH2M HILL as the highest ranked firm to implement the Project. While both firms were well qualified, CH2M HILL distinguished itself from the other proposer during the interview phase by demonstrating a clear understanding of Project objectives, outlining innovative approaches to completing the Project, and confirming their highly experienced professionals were dedicated to the success of the Project. The CH2M HILL team consists of a project manager and team leaders with extensive design-build experience, including the design and construction of cogeneration facilities.

Headquartered near Denver, Colorado, employee-owned CH2M HILL is a global leader in consulting, design, design-build, operations and program management for government, civil, industrial and energy clients. With \$6,000,000,000 in revenue (2014) and 25,000 employees, the firm's work is concentrated in the areas of water, transportation, environment, nuclear, energy, facilities and urban environments. CH2M HILL has engaged locally based C. Overaa & Company (Overaa) as the key subcontractor for the Project. Overaa was the General Contractor for the Santa Rosa Cogeneration Project and the East Bay Municipal Utility District Power

Generation Station, and is currently partnered with CH2M HILL for the \$141,000,000 Woodland Davis Clean Water Agency Supply Project (design-build-operate project delivery) in Woodland, California.

Compliance with Local Preference Ordinance

The City's Local Preference Ordinance for professional service contracts where price is not the determinative factor allows proposers to receive a five point credit if they have a local office. Local business enterprises that also qualify as small business enterprises are given an additional credit equal to five points. The Local Preference Ordinance applies to the RFP, because the Cogeneration Facility Project includes professional design services.

Each of the proposers qualified for the local business preference. Neither of the proposers qualified as a small business enterprise. Consequently, five points were added to the scores of the local proposers. In this case, the five points did not change the outcome of the evaluation process.

Process Integrity

Representatives from Environmental Services, Public Works, City Attorney's Office and City Manager's Office have collaboratively worked to develop a process that is fair and transparent. The RFQ and the RFP were prepared in accordance with State Law. In addition, the RFQ and RFP process followed integrity guidelines set forth by the Procurement Manager of the Department of Public Works. All participants in the preparing, reviewing, and scoring of the RFQ and RFP have signed conflict of interest statements.

The City employed a single point of contact strategy to ensure communication was consistent with all potential proposers. In addition, a web-based procurement tool (BidSync) was employed to answer questions and provide clarifications. The RFP also included a provision for convening "individual commercially confidential meetings," in which both proposers participated, to elicit constructive comments and questions from proposers that would ultimately lead to properly focused and highly informative proposals.

Contract Negotiation Process

A draft design-build contract was included in the RFP. This form of agreement was developed by Staff and the City Attorney's Office in consultation with attorneys from the City's outside counsel (Hawkins Delafield and Wood) for the Project. Staff will negotiate the final terms of the agreement, along with the price for preliminary (pre-construction) services, the general conditions fee, and the design-builder fee. In March 2016, staff will return to Council to recommend: 1) approval of the contract; 2) approval of a "not to exceed" fixed or lump sum price for the design component of the Project; and 3) delegation of authority to the City Manager to negotiate and award the guaranteed maximum price (GMP) for a base amount of \$65,000,000.

October 29, 2015

Subject: Approval of Final Proposer Ranking and Authorization to Negotiate the Design-Build Contract for the Cogeneration Facility Project

Page 8

GMP is a pricing method used in design-build projects, in which the City pays the design-builder on a defined cost-reimbursable basis subject to a maximum limit, above which the City is not obligated to pay for services within the original scope. The current Project budget includes an additional \$20,000,000 reserved for City-controlled design and construction contingency and project delivery costs.

After Contract approval, staff and the design-build firm will engage in an on-going design effort with design documents to be delivered at 30 percent, 60 percent and possibly 100 percent completion. The City will have the option at each design submittal to accept and negotiate a lump sum cost or a GMP. The City will not commit construction funds until a GMP has been successfully negotiated. If the City and CH2M HILL cannot reach agreement on any Project component at any stage of the negotiations, the City can terminate the contract with CH2M HILL and initiate a new procurement for the remaining design and construction work.

Contract provisions setting out the schedule for design development and sequencing of projects as well as the appropriate performance bonds, payment bonds, and project insurance will be negotiated during this period. Information regarding these contract provisions will be presented to Council in the memorandum for the contract approval in March 2016.

EVALUATION AND FOLLOW-UP

Upon City Council's approval of staff's recommendation negotiations will commence with CH2M HILL to finalize the design-build contract. The design-build contract for this Project is expected to be brought to the City Council for approval in March 2016.

PUBLIC OUTREACH

This memorandum will be posted on the City's website for the December 1, 2015, Council meeting. TPAC will consider staff's recommendation at the November 19, 2015, meeting. Information about the proposed procurement strategy was shared during the Vendor Open House event held at the RWF on Thursday, September 25, 2014. More than 80 prospective consultants, contractors, and equipment suppliers attended the event. Information from the event has also been posted to BidSync and the CIP Document Library on the City's website. During the advertisement period of the RFQ, a RFQ conference was held and a tour of the Project site followed.

The City intends to utilize the Clean Water State Revolving Fund Program to finance the Project, providing an opportunity for CH2M HILL to seek the use of disadvantaged business enterprises (e.g., minority businesses, women businesses, small businesses) to satisfy its equipment, supplies, construction, and service procurement.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office, the Finance Department, the Planning, Building and Code Enforcement Department and the City Manager's Budget Office.

FISCAL/POLICY ALIGNMENT

This Project is consistent with the Council-approved budget strategy to address rehabilitation and replacement of critical infrastructure and equipment at the RWF and to improve operational efficiency.

COST SUMMARY/IMPLICATIONS

The anticipated base contract value for this design-build work is approximately \$65 million. The issuance of the RFQ and the RFP, and the final ranking of design-build firms do not have direct cost implications since they merely facilitate the selection process.

CEQA

Mitigated Negative Declaration (MND), File No. PP14-005

A Mitigated Negative Declaration (MND) was prepared by the Director of Planning, Building and Code Enforcement for the Project (Attachment A). The 20-day public review period for the MND began on Friday, April 11, 2014, and ended on Monday, May 12, 2014. The MND, Initial Study and reference documents are available online at <http://www.sanjoseca.gov/DocumentCenter/View/29166>.

The MND states that the proposed Project will not have significant effects on the environment, because mitigation measures have been made a part of the Project. The primary environmental issues addressed in the Initial Study include air quality, impacts to raptors or migratory birds, and the potential to encounter archaeological resources or hazardous materials during excavation. The MND includes mitigation measures that would reduce any potentially significant Project impacts. The mitigation measures and manner of implementation are identified in the *Mitigation Monitoring and Reporting Program* (MMRP) for the Project (Attachment B).

HONORABLE MAYOR AND CITY COUNCIL

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As part of today's action, staff is requesting Council to approve the attached mitigation measures and the manner of implementation, as set forth in the MMRP, and direct implementation of these measures as part of the Project.

/s/

/s/ Ashwini Kantak for

BARRY NG
Director of Public Works

KERRIE ROMANOW
Director, Environmental Services

For questions, please contact John Cannon, Principal Engineer, Department of Public Works, at (408) 635-4006.

Attachments

ATTACHMENT A

HONORABLE MAYOR AND CITY COUNCIL

October 21, 2015

Subject: Approval of Final Proposer Ranking and Authorization to Negotiate the Design-Build Contract for the Cogeneration Facility Project



Department of Planning, Building, and Code Enforcement
HARRY FREITAS, DIRECTOR

County Clerk-Recorder
County of Santa Clara
70 W. Hedding St., San Jose, CA, 95110

File No. PP14-005

Office of Planning and Research
State of California
P.O. Box 3044, Sacramento, CA, 95812

SCH # 2014042039

NOTICE OF DETERMINATION FOR A MITIGATED NEGATIVE DECLARATION

Project File No. PP14-005. San José / Santa Clara Regional Wastewater Facility Cogeneration Project. The Project would include the installation of up to four 3.125 MW natural gas/biogas fired reciprocating engines (up to 12.5 MW total). The proposed engines would meet or exceed Achieved in Practice emissions standards maintained by the Bay Area Air Quality Management District (BAAQMD). The proposed engines would be housed in a new, 36,300 square foot (330 feet x 110 feet) Cogeneration Building that would be constructed within the Project area near Zanker Road. The Cogeneration Building would be constructed as a high-bay concrete design, with a height similar to the existing Blower Generation Building. The proposed Cogeneration Building would also include a new stack for air emissions. The stack would be 24 inches in diameter and would reach to approximately 40 feet in height, which is the same height as the existing stack for the adjacent Blower Generation Building.

The Facility is located at the southern end of the San Francisco Bay within the northernmost portion of the City of San José, north of State Route 237, west of Interstate 880 (700 Los Esteros Road, APN: 015-31-024).

This is to advise that the Director of the Environmental Services Department of the City of San José approved the above-described project on May 22, 2014. Specifically, the Director submitted a written application to the Office of Planning and Research to proceed with the Cogen design-build project authorized by section 21093 of Article 5.5 of the California Public Contract Code. This State approval will precede Council approval for this project. The Director has made the following determinations regarding the project:

1. The project will not have a significant effect on the environment.
2. A Mitigated Negative Declaration was prepared for this project pursuant to the provisions of CEQA.
3. Mitigation measures were made a condition of approval of the project.
4. A Mitigation Monitoring or Reporting Program was adopted for this project.
5. Findings were made pursuant to the provisions of CEQA.

The Mitigated Negative Declaration, Initial Study, and record of project approval may be examined at the City of San José, Department of Planning, Building and Code Enforcement, 200 East Santa Clara Street, 1st Floor Tower, San José CA 95113-1905. This notice complies with Section 21108 and 21152 of the Public Resources Code.

The above-described project was approved and issued on **May 22, 2014.**

Harry Freitas, Director
Planning, Building and Code Enforcement

Date: 5/23/2014

John Paribson File#: 18692 5/23/2014
Deputy

ATTACHMENT A

HONORABLE MAYOR AND CITY COUNCIL

October 21, 2015

Subject: Approval of Final Proposer Ranking and Authorization to Negotiate the Design-Build Contract for the Cogeneration Facility Project



Environmental Services Department
Sustainability and Compliance Division

FINAL DIRECTOR'S DETERMINATION

FILE NO.	PP14-005
LOCATION OF PROPERTY	The Project area is an approximately 4.5 acre site located within the central operational area of the San José / Santa Clara Regional Wastewater Facility, which is located at the southern end of the San Francisco Bay within the northernmost portion of the City of San José, immediately north of State Route 237, west of Interstate 880. (700 Los Esteros Road)
ZONING DISTRICT	R-1-8 Single-Family Residence District
GENERAL PLAN DESIGNATION	PQP Public/Quasi Public
ENVIRONMENTAL STATUS	Mitigated Negative Declaration
APPLICANT	City of San Jose, Environmental Services Department, Sanhita Ghosal, ESS Phone: (408) 975-2604
ADDRESS	200 East Santa Clara Street, Tower 10, San Jose, CA 95113

DETERMINATION

The San José / Santa Clara Regional Wastewater Facility Cogeneration project (Project) is **approved**. The Project would include the installation of up to four 3.125 MW natural gas/biogas fired reciprocating engines (up to 12.5 MW total). The proposed engines would meet or exceed Achieved in Practice emissions standards maintained by the Bay Area Air Quality Management District (BAAQMD). The proposed engines would be housed in a new, 36,300 square foot (330 feet x 110 feet) Cogeneration Building that would be constructed within the Project area near Zanker Road. The Cogeneration Building would be constructed as a high-bay concrete design, with a height similar to the existing Blower Generation Building. The proposed Cogeneration Building would also include a new stack for air emissions. The stack would be 24 inches in diameter and would reach to approximately 40 feet in height, which is the same height as the existing stack for the adjacent Blower Generation Building.

ATTACHMENT A

HONORABLE MAYOR AND CITY COUNCIL

October 21, 2015

Subject: Approval of Final Proposer Ranking and Authorization to Negotiate the Design-Build Contract for the Cogeneration Facility Project

File no. PP14-005

Page 3 of 3

The Director of Environmental Services, based on the factual findings above, hereby makes the following findings:

1. The project will not have significant effects on the environment, because mitigation measures have been made a part of the project.
2. The Initial Study/MND prepared for the Project has been completed in compliance with CEQA and consistent with state and local guidelines implementing CEQA.
3. Findings were made pursuant to the provisions of CEQA.
4. A Mitigation Monitoring and Reporting Program was adopted for this project.
5. The project proponent is responsible for implementing the mitigation measures and providing reports or evidence of compliance to Planning, as described in the mitigation measure.
6. The Director of Environmental Services has independently reviewed and analyzed the Initial Study/MND and other information in the record and has considered the information contained therein, prior to acting upon or approving the Project.
7. The Initial Study/MND represents the independent judgment and analysis of the City as lead agency for the Project. The Director of Environmental Services designates the Director of Planning at the Director's Office at 200 East Santa Clara Street, Tower, 3rd Floor, San Jose, CA 95113, as the custodian of environmental documents and records of proceedings on which this decision is based.
8. That the Director of Environmental Services does hereby approve construction of the Project, for which the Initial Study/MND was prepared (Planning File No. PP14-005) and adopts the MMRP prepared for the Project. The Initial Study/MND and MMRP are: (1) on file in the Office of the Director of Planning, located at 200 East Santa Clara Street, Tower, 3rd Floor, San Jose, CA 95113 and (2) available for inspection by any interested person.

DETERMINED this 23rd day of May, 2014.

Kerrie Romanow, Director
Environmental Services



ATTACHMENT A

HONORABLE MAYOR AND CITY COUNCIL

October 21, 2015

Subject: Approval of Final Proposer Ranking and Authorization to Negotiate the Santa Clara County Clerk-Recorder's Office

Santa Clara County Clerk-Recorder's Office
State of California



Document No.: 18692
Number of Pages: 5
Filed and Posted On: 5/23/2014
Through: 6/22/2014
CRO Order Number:
Fee Total: 2,231.25

County of Santa Clara
Office of the County Clerk-Recorder
Business Division

County Government Center
70 West Hedding Street, E. Wing, 1st Floor
San Jose, California 95110 (408) 299-5688

REGINA ALCOMENDRAS, County Clerk-Recorder
by Vanessa Ortiz, Document Examiner,

CEQA DOCUMENT DECLARATION

ENVIRONMENTAL FILING FEE RECEIPT

PLEASE COMPLETE THE FOLLOWING:

- 1. LEAD AGENCY: City of San Jose
- 2. PROJECT TITLE: San Jose/Santa Clara Regional Wastewater Facility Cogeneration Project (PP14-005)
- 3. APPLICANT NAME: Sanhita Ghosal, Environmental Services PHONE: (408) 975-2604
- 4. APPLICANT ADDRESS: 200 E. Santa Clara Street, T-10, San Jose CA 95113
- 5. PROJECT APPLICANT IS A: Local Public Agency School District Other Special District State Agency Private Entity
- 6. NOTICE TO BE POSTED FOR 30 DAYS.
- 7. **CLASSIFICATION OF ENVIRONMENTAL DOCUMENT**

a. PROJECTS THAT ARE SUBJECT TO DFG FEES

- 1. **ENVIRONMENTAL IMPACT REPORT** (PUBLIC RESOURCES CODE §21152) \$ 3,029.75 \$ 0.00
- 2. **NEGATIVE DECLARATION** (PUBLIC RESOURCES CODE §21080(C)) \$ 2,181.25 \$ 2,181.25
- 3. **APPLICATION FEE WATER DIVERSION** (STATE WATER RESOURCES CONTROL BOARD ONLY) \$ 850.00 \$ 0.00
- 4. **PROJECTS SUBJECT TO CERTIFIED REGULATORY PROGRAMS** \$ 1,030.25 \$ 0.00
- 5. **COUNTY ADMINISTRATIVE FEE** (REQUIRED FOR a-1 THROUGH a-4 ABOVE) \$ 50.00 \$ 50.00
Fish & Game Code §711.4(e)

b. PROJECTS THAT ARE EXEMPT FROM DFG FEES

- 1. NOTICE OF EXEMPTION (\$50.00 COUNTY ADMINISTRATIVE FEE REQUIRED) \$ 50.00 \$ 0.00
- 2. A COMPLETED "CEQA FILING FEE NO EFFECT DETERMINATION FORM" FROM THE DEPARTMENT OF FISH & GAME, DOCUMENTING THE DFG'S DETERMINATION THAT THE PROJECT WILL HAVE NO EFFECT ON FISH, WILDLIFE AND HABITAT, OR AN OFFICIAL, DATED RECEIPT / PROOF OF PAYMENT SHOWING PREVIOUS PAYMENT OF THE DFG FILING FEE FOR THE *SAME PROJECT IS ATTACHED (\$50.00 COUNTY ADMINISTRATIVE FEE REQUIRED)
- DOCUMENT TYPE: ENVIRONMENTAL IMPACT REPORT NEGATIVE DECLARATION \$ 50.00 \$ 0.00

c. NOTICES THAT ARE NOT SUBJECT TO DFG FEES OR COUNTY ADMINISTRATIVE FEES

- NOTICE OF PREPARATION NOTICE OF INTENT NO FEE \$ NO FEE

8. OTHER: _____ FEE (IF APPLICABLE): \$ _____

9. TOTAL RECEIVED..... \$ 2,231.25

*NOTE: "SAME PROJECT" MEANS NO CHANGES. IF THE DOCUMENT SUBMITTED IS NOT THE SAME (OTHER THAN DATES), A "NO EFFECT DETERMINATION" LETTER FROM THE DEPARTMENT OF FISH AND GAME FOR THE SUBSEQUENT FILING OR THE APPROPRIATE FEES ARE REQUIRED.

THIS FORM MUST BE COMPLETED AND ATTACHED TO THE FRONT OF ALL CEQA DOCUMENTS LISTED ABOVE (INCLUDING COPIES) SUBMITTED FOR FILING. WE WILL NEED AN ORIGINAL (WET SIGNATURE) AND THREE COPIES. (YOUR ORIGINAL WILL BE RETURNED TO YOU AT THE TIME OF FILING.)

CHECKS FOR ALL FEES SHOULD BE MADE PAYABLE TO: SANTA CLARA COUNTY CLERK-RECORDER

PLEASE NOTE: FEES ARE ANNUALLY ADJUSTED (Fish & Game Code §711.4(b)); PLEASE CHECK WITH THIS OFFICE AND THE DEPARTMENT OF FISH AND GAME FOR THE LATEST FEE INFORMATION.

"... NO PROJECT SHALL BE OPERATIVE, VESTED, OR FINAL, NOR SHALL LOCAL GOVERNMENT PERMITS FOR THE PROJECT BE VALID, UNTIL THE FILING FEES REQUIRED PURSUANT TO THIS SECTION ARE PAID." Fish & Game Code §711.4(c)(3)

MITIGATION MONITORING AND REPORTING PROGRAM

Environmental Impacts	Mitigation Measures	Responsibility for Monitoring Compliance	Method of Monitoring Compliance	Timing of Compliance
<p>Air Quality Project construction would be required to comply with applicable Bay Area Air Quality Management District (BAAQMD) basic construction control measures.</p>	<p>Measure AIR-1: During Project construction, the City, through its construction contractor(s), shall ensure that the following BAAQMD construction control measures are implemented.</p> <p>BAAQMD Basic Construction Mitigation Measures</p> <ol style="list-style-type: none"> 1. All exposed surfaces (e.g., parking areas, staging areas, soil piles, graded areas, and unpaved access roads) shall be watered two times per day. 2. All haul trucks transporting soil, sand, or other loose material off-site shall be covered. 3. All visible mud or dirt track-out onto adjacent public roads shall be removed using wet power vacuum street sweepers at least once per day. The use of dry power sweeping is prohibited. 4. All vehicle speeds on unpaved roads shall be limited to 15 mph. 5. All roadways, driveways, and sidewalks to be paved shall be completed as soon as possible. Building pads shall be laid as soon as possible after grading unless seeding or soil binders are used. 6. Idling times shall be minimized either by shutting equipment off when not in use or reducing the maximum idling time to 5 minutes (as required by the California airborne toxics control measure Title 13, Section 2485 of California Code of Regulations [CCR]). Clear signage shall be provided for construction workers at all access points. 7. All construction equipment shall be maintained and properly tuned in accordance with manufacturer’s specifications. All equipment shall be checked by a certified visible emissions evaluator. 8. Post a publicly visible sign with the telephone number and person to contact at the lead agency regarding dust complaints. This person shall respond and take corrective action within 48 hours. The Air District’s phone number shall also be visible to ensure compliance with applicable regulations. 	<p>Director of Planning, Building & Code Enforcement</p>	<p>Submittal of construction contractor agreement</p>	<p>Prior to and during construction</p>
<p>Project construction would result in criteria pollutant emissions relevant to applicable air quality standards, and would be</p>	<p>Mitigation Measure AIR-2: See Mitigation Measure AIR-1</p>	<p>Director of Planning, Building & Code Enforcement</p>	<p>The City shall coordinate with BAAQMD and ensure construction contractor incorporates Technology Feasible BACT into the</p>	<p>Prior to construction, and on-going; operation</p>

ATTACHMENT B

MITIGATION MONITORING AND REPORTING PROGRAM

required to implement BAAQMD basic construction control measures.

Project construction could contribute to a cumulatively considerable net increase of criteria air pollutants

Biological Resources

Project construction could affect or interfere with special-status bird species.

Mitigation Measure AIR-3:
See **Mitigation Measure AIR-1**

Mitigation Measure BIO-1: Raptor and Migratory Bird Nest Measure. If Project construction is scheduled during the breeding season for raptors or migratory birds (February 1–August 31), a qualified wildlife biologist will be retained to conduct a survey for nesting raptors and migratory bird nests. If an active nest is discovered, a no-disturbance buffer zone around the nest tree (or, for ground-nesting species, the nest itself) shall be established. The no-disturbance zone shall be marked with flagging or fencing that is easily identified by the construction crew. In general, the minimum buffer zone widths shall be as follows: 100 feet (radius) for non-raptor species and 300 feet (radius) for raptor species. Buffer widths may be modified based on discussion with the California Department of Fish and Wildlife (CDFW). Buffers shall remain in place as long as the nest is active or young remain in the area and are dependent on the nest.

Construction activities that are scheduled to begin before the breeding season (i.e., begin between September 1 and January 31) can proceed without surveys. Optimally, all necessary vegetation removal should be conducted before the breeding season (generally between February 1 and August 31) so that nesting birds or raptors would not occur in the construction area during construction activities.

Mitigation Measure BIO-2: Minimize Construction Effects on

Ordinance Trees to Be Retained. The Project proponent shall implement the following tree-protection measures prior to and during project construction.

- Retain a certified arborist to oversee protection of native trees to be retained on the Project area.
- Require that any tree or root pruning occurring for construction is first approved by the certified arborist.
- Require that the certified arborist evaluate injuries to retained trees as soon as possible for appropriate treatment.

The Project would remove or damage trees protected under the City’s Tree Ordinance.

proposed cogeneration engines.

Director of Planning, Building & Code Enforcement and CDFW, USFWS

The City shall incorporate appropriate language into contract documents; monitor to ensure contractor implements measures in contract documents; report noncompliance to the Director of Planning, Building & Code Enforcement; and ensure corrective action documentation for consulting biologist and provide copy to the Director of Planning, Building & Code Enforcement. The City or consulting biologist shall conduct surveys as required; if nesting raptors and/or migratory bird nests are found, establish and maintain buffer zones as required.

Prior to, during, and after ground disturbing activities

Director of Planning, Building & Code Enforcement

The City shall incorporate appropriate language into contract documents; monitor to ensure contractor implements measures in contract documents; report noncompliance to the Director of Planning, Building & Code Enforcement; and ensure corrective action documentation for consulting arborist and provide copy to the Director of Planning,

Prior to final design approval

MITIGATION MONITORING AND REPORTING PROGRAM

Cultural Resources

Project construction could cause accidental discovery and disturbance to previously unknown archaeological resources.

Mitigation Measure CUL-1: Accidental Discovery of Archaeological Resources.

If discovery is made of items of historic or archaeological interest, the City's contractor shall immediately cease all work activities in the vicinity (within approximately 100 feet) of the discovery. Prehistoric archaeological materials might include obsidian and chert flaked-stone tools (e.g., projectile points, knives, scrapers) or toolmaking debris; culturally darkened soil ("midden") containing heat-affected rocks, baked clay fragments, or faunal food remains (bone and shell); stone milling equipment (e.g., mortars, pestles, handstones, or milling slabs); and battered stone tools, such as hammerstones and pitted stones. Historic-period materials might include the remains of stone, concrete, or adobe footings and walls; filled wells or privies; and deposits of metal, glass, and/or ceramic refuse. After cessation of excavation the contractor shall immediately contact the City. The contractor shall not resume work until authorization is received from the City.

Any inadvertent discovery of cultural resources during construction shall be evaluated by a qualified archaeologist. If it is determined that the project could damage a historical resource or a unique archaeological resource (as defined pursuant to the CEQA Guidelines), mitigation shall be implemented in accordance with PRC Section 21083.2 and Section 15126.4 of the CEQA Guidelines, with a preference for preservation in place. Consistent with Section 15126.4(b)(3), this may be accomplished through planning construction to avoid the resource; incorporating the resource within open space; capping and covering the resource; or deeding the site into a permanent conservation easement. If avoidance is not feasible, the archaeologist shall develop a treatment plan in consultation with the City and appropriate Native American representatives (if the find is of Native American origin).

Mitigation Measure CUL-2: Accidental Discovery of Human Remains.

Pursuant to Section 7050.5 of the Health and Safety Code, and Section 5097.94 of the Public Resources Code of the State of California, in the event of the discovery of human remains during construction, there shall be no further excavation or disturbance of the site or any nearby area reasonably suspected to overlie adjacent remains. The Santa Clara County Coroner

Project construction could cause accidental discovery and/or disturbance to previously unknown human remains.

Director of Planning, Building & Code Enforcement, Qualified archaeologist

Director of Planning, Building & Code Enforcement

The certified arborist shall conduct surveys as required; protected trees shall be replaced as required.

The City shall incorporate language into contract documents related to archaeological discoveries. If a discovery of cultural resources is made, City shall ensure that contractor ceases construction, contacts the City, and halts construction until authorization is received from the City.

If qualified archaeologist finds the inadvertent discovery be potentially significant, the archaeologist shall develop a treatment plan in consultation with the City and appropriate Native American representatives.

The City shall incorporate language into contract documents related to accidental discovery of human remains. In the event of an accidental discovery, ensure that contractor notifies the Santa Clara County Coroner

During construction

During construction

MITIGATION MONITORING AND REPORTING PROGRAM

shall be notified and shall make a determination as to whether the remains are Native American. If the Coroner determines that the remains are not subject to his authority, he shall notify the Native American Heritage Commission who shall attempt to identify descendants of the deceased Native American. If no satisfactory agreement can be reached as to the disposition of the remains pursuant to this State law, then the land owner shall re-inter the human remains and items associated with Native American burials on the property in a location not subject to further subsurface disturbance.

and, if necessary, the Native American Heritage Commission.

Hazards and Hazardous Materials

Project construction could encounter contaminated soils, potentially causing release of hazardous materials into the environment and/or exposing workers to hazardous materials.

Mitigation Measure HAZ-1a: Pre-Construction Hazardous Materials Assessment. Prior to issuance of grading permits for Project construction, the City or its contractor shall ensure that a limited soil and/or groundwater investigation is performed at proposed construction work areas to characterize soil and/or groundwater quality. Generally, for projects within 250 feet of a known underground fuel tank leak or spill, the City shall perform the site assessment in general accordance with protocols described in the SWRCB Leaking Underground Fuel Tank Guidance Manual (September 2012), and coordinate with the RWQCB as required. For all other projects, the City shall conduct a site assessment including potential testing of soil and/or groundwater, and if testing reveals soil and/or groundwater concentrations that exceed applicable regulatory screening levels, the City shall contact the SCCDEH or RWQCB, as appropriate, to secure regulatory oversight.

The work plan will establish the sampling and laboratory analysis program which may include the following: analysis of subsurface soil samples within the WPCP for total petroleum hydrocarbons (as gasoline, diesel, and waste oil), Title 22 metals, and VOCs or any other chemicals of concern to evaluate the potential presence of contamination; groundwater samples if subsurface excavations are anticipated to require dewatering; and additional analyses for VOCs and SVOCs for groundwater samples collected at construction locations within 1000 feet of adjacent landfills.

The results of the hazardous materials assessment shall be incorporated into the Site Health and Safety Plan prepared in accordance with Mitigation Measure HAZ-1b and the Soil and Groundwater Management Plan prepared in accordance with Mitigation Measure HAZ-1c to determine whether: specific soil and groundwater management and disposal procedures for contaminated materials are required; excavated soils are suitable for reuse; and construction worker health and safety procedures for working with contaminated materials are required. If the pre-construction hazardous materials assessment identifies the presence of soil and/or

Director of Planning, Building & Code Enforcement

The City shall incorporate appropriate language into contract documents; monitor to ensure soil and/or groundwater investigation is performed; report to the Santa Clara County Department of Environmental Health or RWQCB, as appropriate; and ensure incorporation of hazardous materials assessment into the Health and Safety Plan; and ensure corrective action.

Prior to construction

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MITIGATION MONITORING AND REPORTING PROGRAM

groundwater contamination at concentrations in excess of applicable regulatory screening levels (ESLs or CHHSLs) for proposed site use, the City shall complete site assessment and remedial activities required by the regulatory agency to ensure that residual soil and/or groundwater contamination, if any, shall not pose a continuing significant threat to groundwater resources, human health, or the environment.

Mitigation Measure HAZ-1b: Health and Safety Plan. The City shall require the construction contractor to retain a qualified environmental professional to prepare a site-specific Health and Safety Plan (HASP) in accordance with federal OSHA regulations (29 CFR 1910.120) and Cal/OSHA regulations (8 CCR Title 8, Section 5192). Because anticipated contaminants vary depending upon the location of proposed improvements in the project area and may vary over time, the HASP shall address site-specific worker health and safety issues during construction of the individual projects. The HASP shall include the following information.

- Results of sampling conducted in accordance with Mitigation Measure HAZ-1a.
- All required measures to protect construction workers and the general public by including engineering controls, monitoring, and security measures to prevent unauthorized entry to the construction area and to reduce hazards outside of the construction area. If prescribed contaminant exposure levels are exceeded, personal protective equipment shall be required for workers in accordance with state and federal regulations.
- Required worker health and safety provisions for all workers potentially exposed to contaminated materials, in accordance with state and federal worker safety regulations, and designated qualified individual personnel responsible for implementation of the HASP.
- The contractor shall have a site health and safety supervisor fully trained pursuant to hazardous materials regulations be present during excavation, trenching, or cut and fill operations to monitor for evidence of potential soil contamination, including soil staining, noxious odors, debris or buried storage containers. The site health and safety supervisor must be capable of evaluating whether hazardous materials encountered constitute an incidental release of a hazardous substance or an emergency spill. The site health and safety supervisor shall direct procedures to be followed in the event that an unanticipated hazardous materials release with the potential to impact health and safety is

Director of Planning, Building & Code Enforcement

The City shall incorporate appropriate language into contract documents; retain a qualified environmental professional to prepare the site-specific Health and Safety Plan; and ensure implementation of the plan throughout the construction phase.

The City and/or contractor shall retain a site health and safety supervisor to be on-site during the construction phase; monitor and document implementation of HASP protection measures; report noncompliance to the Director of Planning, Building & Code Enforcement; and ensure corrective action.

Prior to and during construction

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encountered. These procedures shall be in accordance with hazardous waste operations and regulations and specifically include, but are not limited to, the following: immediately stopping work in the vicinity of the unknown hazardous materials release; notifying Santa Clara County Department of Environmental Health and retaining a qualified environmental firm to perform sampling, remediation, and/or disposal.

- Documentation that HASP measures have been implemented during construction.
- Provision that submittal of the HASP to the City, or any review of the contractor’s HASP by the City, shall not be construed as approval of the adequacy of the contractor’s health and safety professional, the contractor’s HASP, or any safety measure taken in or near the construction site. The contractor shall be solely and fully responsible for compliance with all laws, rules, and regulations applicable to health and safety during the performance of the construction work.

Mitigation Measure HAZ-1c: Soil and Groundwater Management Plan.

The City shall require the construction contractor to prepare and implement a Soil and Groundwater Management Plan, subject to review by the City, that specifies the method for handling and disposal of contaminated soil and groundwater prior to construction. The plan shall include all necessary procedures to ensure that excavated materials and fluids generated during construction are stored, managed, and disposed of in a manner that is protective of human health and in accordance with applicable laws and regulations. The plan shall include the following information.

- Step-by-step procedures for evaluation, handling, stockpiling, storage, testing, and disposal of excavated material, including criteria for reuse and offsite disposal. All excavated materials shall be inspected prior to initial stockpiling, and spoils that are visibly stained and/or have a noticeable odor shall be stockpiled separately to minimize the amount of material that may require special handling. In addition, excavated materials shall be inspected for buried building materials, debris, and evidence of underground storage tanks; if identified, these materials shall be stockpiled separately and characterized in accordance with landfill disposal requirements. If some of the spoils do not meet the reuse criteria and/or debris is identified, these materials shall be disposed of at a permitted landfill facility.
- Procedures to be implemented if unknown subsurface conditions

Director of Planning, Building & Code Enforcement

The City shall incorporate appropriate language into contract documents; retain a qualified environmental professional to prepare the Soil and Groundwater Management Plan; and ensure implementation of the plan throughout the construction phase.

Prior to and during construction

MITIGATION MONITORING AND REPORTING PROGRAM

or contamination are encountered, such as previously unreported tanks, wells, or contaminated soils.

- Procedures for containment, handling and disposal of groundwater generated from construction dewatering, the method to analyzed groundwater for hazardous materials likely to be encountered and the appropriate treatment and/or disposal methods.

Project construction could intersect contaminated groundwater from adjacent hazardous materials site listings.

Mitigation Measure HAZ-1a:

See **Mitigation Measure HAZ-1a**

Mitigation Measure HAZ-1b: See

Mitigation Measure HAZ-1b

Mitigation Measure HAZ-1c:

See **Mitigation Measure HAZ-1c**

MITIGATION MONITORING AND REPORTING PROGRAM

Cumulative When considered in combination with other cumulative scenario projects, Project construction could overlap with the construction of other cumulative scenario projects, resulting in cumulative scenario traffic impacts.

Mitigation Measure C-TR: Implement Coordinated Transportation Management Plan.

Prior to construction, the City's contractor(s) shall develop a Coordinated Transportation Management Plan and work with other projects' contractors and appropriate City departments (e.g., Emergency Services, Fire, Police, Transportation) to prepare and implement a transportation management plan for roadways adjacent to and directly affected by the Project as well as planned Facility improvements and land uses, and to address the transportation impact of the overlapping construction projects within the vicinity of the Project in the region. The transportation management plan shall include, but not be limited to, the following requirements:

- Coordination of individual traffic control plans for the Project with nearby projects.
- Coordination between the Project contractor and other project contractors in developing circulation and detour plans that include safety features (e.g., signage and flaggers). The circulation and detour plans shall address:
 - Full and partial roadways closures
 - Circulation and detour plans to include the use of signage and flagging to guide vehicles through and/or around the construction zone, as well as any temporary traffic control devices
 - Bicycle/Pedestrian detour plans, where applicable
 - Parking along public roadways
 - Haul routes for construction trucks and staging areas for instances when multiple trucks arrive at the work sites
- Protocols for updating the transportation management plan to account for delays or changes in the schedules of individual projects.
- A comprehensive and continual outreach program to notify affected citizens (i.e. residents of Alviso, commuters, etc.) of all construction activity and roadway closures for the duration of the projects.

Director of Planning, Building & Code Enforcement

The City shall incorporate appropriate language into contract documents related to development of a Coordinated Transportation Management Plan; ensure that contractor(s) coordinate with appropriate City departments to prepare plan; and ensure that contractor(s) coordinate with other project contractors through development of the transportation management plan.

Prior to and during construction

ATTACHMENT B



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Richard Doyle
City Attorney

SUBJECT: Second Amendment for Legal
Services Agreement for
Regional Wastewater Facility
Capital Program

DATE: October 20, 2015

RECOMMENDATION

Adopt a resolution authorizing the City Attorney to execute a Second Amendment to the legal services agreement with Hawkins, Delafield & Wood LLP, to modify the initial term of December 1, 2014 through December 1, 2015, to December 1, 2014 through June 20, 2016, to coincide with the fiscal year appropriations which will increase the amount available in the initial term to \$700,000, and to modify the number of option terms from two terms to one term, without increasing the total maximum amount of compensation of \$1,000,000 available under the contract, subject to appropriation of funds by City Council, to support the San José-Santa Clara Regional Wastewater Facility ("RWF") capital improvement program.

OUTCOME

The outcome of the recommended action will ensure that Hawkins, Delafield and Wood will be able to seamlessly continue providing legal support for the design and construction of the Cogeneration Facility Project, as well as the development of a bank of forms, documents and information that can be used to support the capital improvement program in the future.

BACKGROUND

The RFW is owned jointly by the cities of San José and Santa Clara. The ownership agreement designates San José as having primary responsibility for administering, operating and maintaining the RFW. It expressly states that San José has the power to "make, award and enter into contracts with third parties for the construction, improvement, replacement, expansion, or repair" of the RFW.

Over the years, San José and Santa Clara have entered into a variety of separate agreements to provide wastewater treatment services to the cities of Milpitas, Cupertino, Campbell, Los Gatos, Monte Sereno and Saratoga, and to unincorporated areas of the Santa Clara County. Currently, the RFW provides tertiary treatment of up to 167 million

gallons of wastewater a day to approximately 1.4 million residents and about 17,000 commercial/industrial sewer connections. It operates 24 hours a day, 7 days a week.

The RWF uses a five-year capital improvement program to plan and identify capital improvement projects. Historically, the total cost of the capital improvement projects identified in the five-year capital improvement program has ranged from 50 to 150 million dollars.

The RWF is now over 50 years old and is in need of significant capital improvements. Following an extensive master planning and program validation effort, the Facility is undertaking a major capital improvement program involving an increased level of capital investment to fund significant infrastructure rehabilitation projects. The program is anticipated to increase the five-year capital improvement program to upwards of one billion.

The Office of the City Attorney provides legal support services to City staff administering the RWF. Given the large volume of construction work planned for the RWF in a relatively short period of time, and the size and complexity of that work, City staff requested the City Attorney's Office to engage outside legal counsel with an expertise in primarily the following areas to work with the City Attorney's Office in:

1. Advising the City with the analysis of the various alternative methods available to it for delivering major public works construction projects, including design-build projects; and
2. Advising the City on implementing, administering and managing major public works construction projects undertaken at the Facility using various project delivery methods, including design-build projects.

ANALYSIS

Following a request for qualifications process held earlier in 2014, on November 24, 2014, the City entered into a contract for legal services with Hawkins, Delafield & Wood LLP to provide the above-referenced services. Compensation and the term of the original agreement were as follows:

- The initial term of the contract was one year (calendar year commencing on Dec. 2, 2014 and ending on Dec. 1, 2015), with maximum compensation not to exceed \$180,000.00.
- There were two one-year options to extend the term of the agreement, with the maximum compensation for each option year not to exceed \$160,000.

- The City Attorney is authorized to exercise each of the options subject to the appropriation of funds.

Due to an increase in the amount of legal services requested by the City and provided by Hawkins Delafield in the first months of the contract, a First Amendment was approved by the City Council on May 20, 2015 which modified the original agreement as follows:

- The initial term of the contract was one year (calendar year commencing on Dec. 2, 2014 and ending on Dec. 1, 2015), with maximum compensation not to exceed \$400,000.00.
- There were two one-year options to extend the term of the agreement, with the maximum compensation for each option year not to exceed \$300,000.
- The City Attorney was authorized to exercise each of the options subject to the appropriation of funds by the Council.

A second amendment is necessary because the work necessary in the Initial Term is not complete and it is necessary that Hawkins Delafield continue providing comprehensive and in depth legal services for the City's Cogeneration Facility Project. The procurement process for this complex progressive design build project has been completed. The next step in the project will be contract negotiations with the successful design-builder for the project which will begin as soon as the City Council approves staff's proposed design-builder; staff anticipates that will happen in November 2015.

In order to continue receiving legal services from Hawkins Delafield through the upcoming contract negotiations, it is necessary that initial term of its agreement be changed from December 1, 2014 through December 1, 2015, to December 1, 2014 through June 20, 2016 which is more in line with the fiscal year appropriations for the project. This will increase the amount available for the initial twelve (12) month term from \$400,000 to \$700,000 under the revised eighteen (18) month term. As a result of the restructuring of the contract periods the option terms will be reduced from two to one. The new option period will begin on July 1, 2016 and end June 30, 2017. This means that the total maximum amount of \$1,000,000 under the agreement will be available for up to a two and a half year term instead of a three year term. If the City requires additional legal services from this firm beyond that period City staff will return to Council for further appropriations.

COORDINATION

This memorandum has been coordinated with the Department of Public Works, Department of Environmental Services, and the City Manager's Budget Office.

FISCAL/POLICY ALIGNMENT

The recommended action is consistent with the City Council approved budget strategy to focus on rehabilitating aging facility infrastructure, improve efficiency, and reduce operating costs. The recommended action is also consistent with the budget strategy principle of focusing on protecting vital core services.

COST SUMMARY/IMPLICATIONS

1. AMOUNT OF RECOMMENDATION (transferring to Initial Term): \$300,000

Initial Term Maximum Compensation

Agreement for Legal Services with Contract with Hawkins Delafield & Wood, LLP	\$180,000
First Amendment to Hawkins Delafield & Wood LLP	\$220,000
Second Amendment to Hawkins Delafield & Wood LLP	\$300,000
TRANSFERRED TO INTIAL TERM	
TOTAL INITIAL TERM	\$700,000

2. COST ELEMENTS OF LEGAL SERVICES AGREEMENT: The legal services are reimbursed on an hourly rate as set forth in the legal services agreement.
3. SOURCE OF FUNDING: Fund 512 - San José/Santa Clara Treatment Plant Capital Fund.
4. FISCAL IMPACT: The consultant contract has been reviewed and was determined that it will have no significant adverse impact on the General Fund operating budget.

OPERATING COSTS: Approval of the recommendation will have no significant adverse impact on the General Fund operating budget.

BUDGET REFERENCE

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

Fund #	Appn # / RC#	Appn. Name	Current Appn.	Amount for Project	2015-2016 Adopted Capital Budget	Last Budget Action (Date, Ord. #)
Remaining Project Costs						
512	7454 / 171594	Energy Generation Improvements	\$16,600,000	\$300,000	V-183	06/23/2015 Ord. # 29589

* Costs to be incurred in future fiscal years are subject to Council approval of funds.

CEQA

Not a project.

RICHARD DOYLE
City Attorney

By



Danielle Kenealey
Chief Deputy City Attorney

cc: Norberto Dueñas

For questions please contact Jennifer Pousho, Sr. Deputy City Attorney,
at 408-535-1900.



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Kerrie Romanow

SUBJECT: SEE BELOW

DATE: October 29, 2015

Approved

Date

11/12/15

SUBJECT: MASTER CONSULTANT AGREEMENT WITH CDM SMITH INC. FOR ENGINEERING AND CONSTRUCTION MANAGEMENT SERVICES FOR THE "7701 – HEADWORKS PROJECT" AT THE SAN JOSÉ-SANTA CLARA REGIONAL WASTEWATER FACILITY

RECOMMENDATION

Approve a Master Consultant Agreement with CDM Smith Inc. to provide engineering and construction management services for the Headworks Improvements (including Headworks Critical Improvements) and New Headworks at the San José-Santa Clara Regional Wastewater Facility for a period beginning on the date of execution through December 31, 2022 in a total amount not to exceed \$9,670,000, subject to the appropriation of funds.

OUTCOME

Approval of the master consultant agreement with CDM Smith Inc. (CDM Smith) will provide the City with the ability to obtain professional engineering and construction management services needed for the delivery of the Headworks Improvements (including Headworks Critical Improvements) and New Headworks (collectively referred to as the Headworks Project or Project) at the San José-Santa Clara Regional Wastewater Facility¹ (RWF). Approval of this master consultant agreement will not result in any physical changes to the environment as Council will need to take additional actions before construction on any part of the Project commences.

¹ The legal, official name of the facility remains San José-Santa Clara Water Pollution Control Plant, but beginning in early 2013, the facility was approved to use a new common name, the San José-Santa Clara Regional Wastewater Facility.

EXECUTIVE SUMMARY

The RWF's primary treatment system includes two headworks systems, Headworks 1 and Headworks 2. Headworks 1 is aged and in need of replacement. Headworks 2, which is mostly used during high wet weather flows, is in need of upgrades to improve its reliability. The overall effort to make these improvements and construct a new Headworks makes up the majority of the Project. The Project also includes some work that needs to be completed immediately referred to as Headworks Critical Improvements. The Headworks Critical Improvements will be expedited due to operational and safety concerns and will be delivered using the traditional design-bid-build method. The Headworks Improvements and New Headworks will be delivered using the progressive design-build delivery method.

To ensure the Project is properly supported through its completion, staff is seeking to hire a consultant to provide engineering services for the Headworks Critical Improvements, as well as owner's representative and construction management services for the Headworks Improvements and New Headworks. Given the length of the Project schedule and because staff is uncertain about what resources will be available in-house when construction begins on the Headworks Improvements and New Headworks parts of the Project, the scope of services includes a comprehensive list of possible construction management tasks. This is in alignment with the overall staffing strategy of the program, which is to maximize the use of in-house resources, to the extent there is relevant expertise available and at a level that is sustainable in the long term. For specialized and one-time work, in-house resources will be supplemented by consultant resources. It is important to note that although \$4,700,000 of the \$9,670,000 is estimated for a comprehensive suite of construction management services the actual services performed by the consultant will, depend on the type and amount of City resources available at that time. The timing of services provided will also be dependent on the completion of the environmental review process required by the California Environmental Quality Act (CEQA).

Staff has completed the evaluation of two consulting firms that responded to a Request for Qualifications (RFQ). CDM Smith was the top ranked consultant and staff has negotiated an agreement with CDM Smith that is being recommended for award. The master consultant agreement will have a total maximum compensation of \$9,670,000 and a term that ends December 31, 2022. After execution, CDM Smith would proceed with specified tasks under the master consultant agreement upon issuance of service orders by the City. CDM Smith will be compensated based on actual hourly wages times a multiplier. Different multipliers will be used depending on the type of service provided, and the multipliers will not change during the term of the agreement.

BACKGROUND

The wastewater treatment process at the RWF consists of preliminary treatment, secondary treatment by the activated sludge process, secondary clarification, filtration, disinfection and dechlorination. The Headworks is at the very beginning of this complex treatment process and

functions to remove inorganic material, such as sticks, stones, grit and sand from the influent wastewater stream to protect and reduce wear on the downstream process equipment. Key components of the Headworks facility include pumps, mechanical screens, screen compactors, grit removal systems, and grit washing systems. As with most types of mechanical equipment, maintenance requirements and reliability are very important aspects of the day-to-day operations. In addition, the Headworks must be able to respond to a wide range of hydraulic loading conditions to account for daily and seasonal fluctuations.

Description of Existing Headworks Facilities

At the RWF, two separate Headworks facilities provide the preliminary treatment. The original Headworks facility, Headworks 1, includes: screens, grit removal through aerated grit chamber and detritor systems, screenings and grit handling facilities, and pumping facilities. Headworks 1 has been in operations for over 50 years and has a rated capacity of 271 million gallons per day (mgd). Headworks 2, which was commissioned in 2008, includes screens, vortex grit removal units, screenings and grit handling facilities, and a pump station. Headworks 2 has a rated capacity of 160 mgd and was built to supplement the original headworks in response to a wet weather event that occurred in 1998 when the RWF experienced an estimated peak wet weather flow of 330 mgd.

Condition Assessment and Operational Issues with the Headworks Facilities

In 2010, Carollo Engineers completed a headworks condition assessment report (in parallel with the PMP), which recommended the following as the most feasible long-term approach for providing reliable preliminary treatment at the RWF:

- Decommissioning of Headworks 1
- Expansion of Headwork 2 capacity from 160 mgd to 400 mgd (i.e., building a “mirror image of Headworks 2)
- Modifications to the raw equalization basin, including additional capacity
- Consolidation of the influent sewers to simplify future flow management

However, since its startup in 2008, Headworks 2 has experienced frequent operational and maintenance issues including but not limited to inaccurate flow metering, operational reliability issues with the screens, sluiceway, and screenings washer compactor, underperformance of the grit removal system, along with some issues with the electrical and instrumentation components. In consideration of this, staff commissioned an independent study with AECOM in February 2013 to evaluate the Headworks expansion strategy recommended by the PMP, document existing operational and performance issues, and to develop interim and long term operational goals for the headworks facility. In 2014, AECOM completed the Headworks Expansion Feasibility and Operational Review report. The final report identified several key findings including but not limited to:

- Headworks 1 is operable but the infrastructure and equipment is aged. Structural conditions include surface deterioration and spalling, corrosion of equipment and structures, and the seismic design does not meet lifetime requirements to be operational

post-earthquake. Electrical and controls upgrades and/or replacement are also needed to address safety and operational needs.

- Headworks 2 flow meter does not provide accurate information due to the location geometry and needs to be relocated in the long term. The screenings removal system has multiple issues with screens, sluiceway, screenings washer compactor and other systems. The screens handling system should be modified to provide redundancy and simplified screens handling. Based on limited sampling, the grit removal system is underperforming considerably below industry standards. Flow splitting strategies to manage flows between the Headworks 1 and 2 are unclear and difficult to achieve without operator intervention.

The final Headworks Expansion Feasibility and Operational Review report recommended short-term improvements, intermediate improvements, and several options for long-term improvements.

Headworks Project Description

The Project consists of the following three parts, listed in order of their scheduled completion dates: (1) Headworks Critical Improvements; (2) Headworks Improvements; and (3) New Headworks. The Headworks Critical Improvements will include performing the urgent repairs on existing gates, screens, and power controls. The Headworks Improvements will include improving the reliability of Headworks 2 and rehabilitating Headworks 1 to enable it to remain in operation until the completion of a new Headworks. The Headworks Improvements also include short-term structural repairs and the re-routing of flows from Headworks 1 to Headworks 2 in preparation for the decommissioning of Headworks 1. The New Headworks will include the design and construction of a new Headworks facility. The New Headworks will also include a new pump station, screens, grit removal, piping and other appurtenances to replace the aging Headworks 1. Attachment A shows the location of the existing Headworks facilities and anticipated location of the new Headworks facility.

The current Project schedule includes the following major milestones:

- Headworks Critical Improvements substantially complete by summer 2017;
- Headworks Improvements substantially complete by spring 2021; and
- New Headworks substantially complete by summer 2022.

Project Delivery Method

On March 24, 2015, Council delegated authority to the Directors of Environmental Services and Public Works to determine the appropriate delivery method, including low bid design-build and progressive design-build, for Capital Improvement Program (CIP) projects at the RWF. On May 6, 2015, staff informed Council that the Directors had approved the decision to use the progressive design-build method to deliver the Headworks Improvements and New Headworks projects. Progressive design-build was selected to transfer most of the performance risk away from the City and have a single point of responsibility for both the design and construction. Construction of the Headworks Project is anticipated to be complex, particularly when

integrating new features with the existing RWF operations. A key advantage of using progressive design-build is the increased potential for innovative solutions to complex issues.

The Headworks Critical Improvements will be delivered following the traditional design-bid-build method due to the straightforward nature of the work.

ANALYSIS

On April 27, 2015, the City issued a Request for Qualifications (RFQ) seeking professional services from qualified firms to act as the design engineer, owner's representative and construction manager for the Project. As described in the RFQ, the scope of services for the Headworks Critical Improvements include providing design services, assisting during the bid and award of a construction contract, and offering engineering services during construction. Services for the Headworks Improvements and New Headworks parts of the Project include conducting alternatives analyses, preparing a conceptual design, preparation of documents needed to procure a design-build entity and supporting the City during the design and construction phases. The consultant will prepare, through a subconsultant, the environmental review documents required under CEQA prior to the City Council's award of any construction contracts for the Project and issuance of any service orders under the master consultant agreement for construction-related services. The consultant will also be tasked with obtaining the necessary permits for the Project, such as those identified through the CEQA review process, and assisting the City obtain financing from the Clean Water State Revolving Fund (SRF).

The City received two responsive Statements of Qualifications (SOQs) by the submittal deadline of June 3, 2015. A technical evaluation panel consisting of staff from the Public Works Department and the Environmental Services Department as well as an independent consultant reviewed and scored the SOQs. Evaluations of the SOQs were based on the following criteria:

- Expertise of the proposed Project team members;
- Experience providing services for past headworks and design-build projects;
- Approach to handling project delivery challenges, managing deliverables and sequencing project elements;
- Multiplier as a cost component; and
- The City's Local and Small Business Preference Ordinance.

The proposals were first reviewed for proposal responsiveness and then evaluated in accordance with the point scale advertised in the RFP. The specific selection criteria against which proposals were evaluated is summarized below:

Description	Weight
Responsiveness	Pass/Fail
Expertise	15%
Experience	15%
Approach	20%
Cost Form	10%
Local Business Enterprise	5%
Small Business Enterprise	5%
Interview	30%
TOTAL	100%

Based on evaluations of the SOQs and interviews, the final rankings are as follows:

Rank	Firm	Expertise	Experience	Approach	Cost	LBE	SBE	Interview	Total
1	CDM Smith	11.63	12.95	15.95	9.1	5	0	27.5	82.13
2	AECOM	12.45	13.28	14	10	5	0	19.7	74.43

Both of the responding firms qualified as local business enterprises; neither qualified as small business enterprises.

Staff recommends approval of a master consultant agreement with the top ranked firm, CDM Smith. CDM Smith demonstrated a high level of technical expertise, knowledge of the RWF, and extensive experience with other headworks projects, hydraulic modeling and negotiating guaranteed maximum prices for progressive design-build projects. They proposed a team of well-qualified personnel with extensive experience in providing similar services for projects at other treatment facilities including:

- West Point Headworks Upgrade and Screenings Handling Facilities;
- Sacramento Regional Bar Screen Replacement;
- Upper Blackstone Wastewater Treatment Facility;
- Apra Harbor Wastewater Treatment Plant Repairs and Upgrades;
- Joint Base Lewis-McChord Wastewater Treatment Plant;
- Robert W. Hite Treatment Facility; and
- North Primary Bar Screen and Grit Improvements

CDM Smith’s proposed approach, team experience, and understanding of the Project provided staff with a high level of confidence in selecting them to provide the various services needed for this Project.

As presented to Council on March 24, 2015, the staffing strategy for delivering the CIP projects includes a combination of City staff, Program consultant management staff, and third-party design consultants and construction managers to ensure the needed resources and expertise are provided for each project. Staff intends to use City resources when required expertise is available in-house and to staff the program at a level that is sustainable in the long term. Consultants will be used to supplement staff resources when there is no in-house expertise available or when the work is one time and staff will not be needed on an ongoing basis. The approach for this project is in alignment with this staffing strategy. Managing a project of a highly technical nature, with a design build project delivery approach, will require a depth and breadth of resources not currently available within existing City staff. It is important to note however, that \$4,700,000 of the total \$9,670,000 or almost 50% of the total contract is for a comprehensive suite of construction management services. As the City builds up the number of staff and the appropriate expertise on the construction management front, the actual extent of services provided by the consultant will depend on the type and amount of City resources available at that time. Pursuant to the master consultant agreement, CDM Smith will support City staff in managing the Project through service orders. Tasks in the service orders may include, but are not limited to:

- Confirming applicable regulatory and permitting agency requirements, such as preparing documents required for CEQA review; coordinating with agencies to obtain the necessary approvals and permits for the Project; and monitoring compliance with such permits.
- Developing components of the SRF application and addressing questions from SRF staff.
- Preparing a final design (100% level of completion); developing cost estimates; supporting during bid and award; and providing engineering services during construction of the Headworks Critical Improvements.
- Conducting alternatives analyses; preparing a conceptual design (not to exceed 30% level of completion); providing assistance during the procurement of a design-build entity; overseeing the design process and conducting technical review of submittals by the design-build entity; evaluating and validating cost proposals, especially during guaranteed maximum price negotiations; providing construction management services; and assisting the City during the acceptance testing and post-construction period of Headworks Improvements and New Headworks. Important to note is that CDM Smith's responsibilities will not include the preparation of a final design or the construction of the Headworks Improvements or New Headworks.

The City will not be obligated to issue any service orders under the master consultant agreement. As stated in the agreement, service orders for work beyond design of the Headworks Critical Improvements, conceptual design of the Headworks Improvements and New Headworks and bid assistance for all parts of the Project, may not be issued until after completion of the CEQA review and approval of the CEQA document by City Council. Only after further City Council action would service orders for construction management services or other work to be performed concurrently with construction or post-construction be issued. In all instances, no construction activities for any part of the Project will begin until the necessary CEQA review process has been completed.

The agreement's total maximum compensation of \$9,670,000 represents approximately 11 percent of the current estimated total Project construction cost of approximately \$86,000,000, and 7.6 percent of the total Project cost of \$126,600,000, which staff considers to be in alignment with industry standard. CDM Smith will be compensated based on actual hourly wages times a multiplier of 3.0 for off-site engineering and owner's representative services for the Project. A multiplier of 2.2 will be applied to compensate CDM Smith for on-site construction management services provided for the Headworks Improvement and New Headworks parts of the Project. The 2.2 multiplier will not apply to engineering services during construction of the Headworks Critical Improvements.

The cost for comprehensive construction management services was included in the total maximum compensation as the progressive design-build delivery method is relatively new to the RWF and because staff is not certain about what resources will be available within the Public Works Department several years from now when construction of the Headworks Improvements and New Headworks would begin.

EVALUATION AND FOLLOW-UP

After completion of the CEQA review and prior to the issuance of any service orders for work beyond design of the Headworks Critical Improvements, conceptual design of the Headworks Improvements and New Headworks, and bid assistance with all parts of the Project, staff will return to Council for its consideration and action on the CEQA document or documents. If the Council approves the CEQA clearance at that time, service orders for the remainder of the scope of services could be issued. If the Council does not approve the CEQA clearance, the service orders that relied on that review would not be issued.

All service orders issued under this master consultant agreement will be reported to the Treatment Plant Advisory Committee (TPAC) as part of the monthly summary of procurement and contract activity. A progress report on this and other RWF CIP projects will be made to the Transportation and Environment Committee and to the Council on a semiannual basis.

POLICY ALTERNATIVES

Alternative: Direct City staff to provide the required services with in-house resources, which would require hiring several new staff members with knowledge and expertise in a variety of professional disciplines.

Pros: Increased work options for City staff and increased staff capacity for future projects.

Cons: City staff currently does not possess the capacity and expertise needed for the anticipated scope of services relating to the Project's progressive design-build phases. As the Project's progressive design-build phases proceed, if additional staff members are not hired, the lack of flexibility to scale resources may cause delays completing the Project.

Reason for not recommending: The challenges of implementing a project of this size and complexity, in addition to the use of an alternative project delivery method, will require the assistance of specialized expertise and experience that does not currently exist within RWF CIP staff.

PUBLIC OUTREACH

This memorandum will be posted on the City's website for the December 1, 2015, City Council agenda. This memorandum will also be scheduled to be heard at the TPAC meeting on November 19, 2015.

COORDINATION

This memorandum has been coordinated with the City Manager's Budget Office, the City Attorney's Office and the Department of Planning, Building and Code Enforcement.

FISCAL/POLICY ALIGNMENT

This Project is consistent with the Council-approved budget strategy to focus on rehabilitating aging RWF 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: \$9,670,000

2. COST ELEMENTS OF MASTER AGREEMENT:

Project Administration	\$1,370,000
Headworks Critical Improvements (Engineering Services)	\$310,000
Project Alternatives	\$1,380,000
Conceptual Design	\$800,000
Bid/Procurement	\$270,000
Design Review Support	\$840,000
Construction Management	\$4,700,000
TOTAL AGREEMENT AMOUNT	\$9,670,000

3. SOURCE OF FUNDING: San José-Santa Clara Treatment Plant Capital Fund (Fund 512)
4. FISCAL IMPACT: This Project is funded through the San José-Santa Clara Treatment Plant Capital Fund and will have no impact on the San José-Santa Clara Treatment Plant Operating Fund (Fund 513).

BUDGET REFERENCE

The table below identifies the fund and appropriations that will fund the master consultant agreement recommended as part of this memorandum.

Fund #	Appn. #	Appn. Name	Total Appn.	2015-2016 Adopted Capital Budget Page	Last Budget Action (Date, Ord. No.)
512	7448	Headworks Improvements	\$4,106,000	V-171	06/23/2015 Ord. No. 29589
512	7449	New Headworks	\$3,771,000	V-172	06/23/2015 Ord. No. 29589
Total Current Funding Available			\$7,877,000		

Services performed by CDM Smith Inc. under this agreement will be authorized by service orders. An appropriation is not required for the execution of the master service agreement, but is required for each service order authorized under this agreement. The appropriations listed above are included in the 2015-2016 Adopted Capital Budget and may be utilized for service orders issued in 2015-2016. Future funding is subject to appropriation and, if needed, will be included in the development of future year budgets during the annual budget process.

HONORABLE MAYOR AND CITY COUNCIL

October 29, 2015

Subject: Master Consultant Agreement with CDM Smith Inc. for the Headworks Project

Page 11

CEQA

The recommended master consultant agreement with CDM Smith is statutorily exempt under CEQA Guidelines Section 15262, Feasibility and Planning Studies, with respect to the scope of work that is limited to conceptual design, assistance with the bid/procurement process, alternatives analysis and CEQA review. Although the proposed master consultant agreement includes providing services during construction, which is not exempt, the service orders for such work, including any construction management and post-construction tasks, would not be issued unless and until the appropriate CEQA review is completed and the City Council takes further action to approve the resulting CEQA clearance.

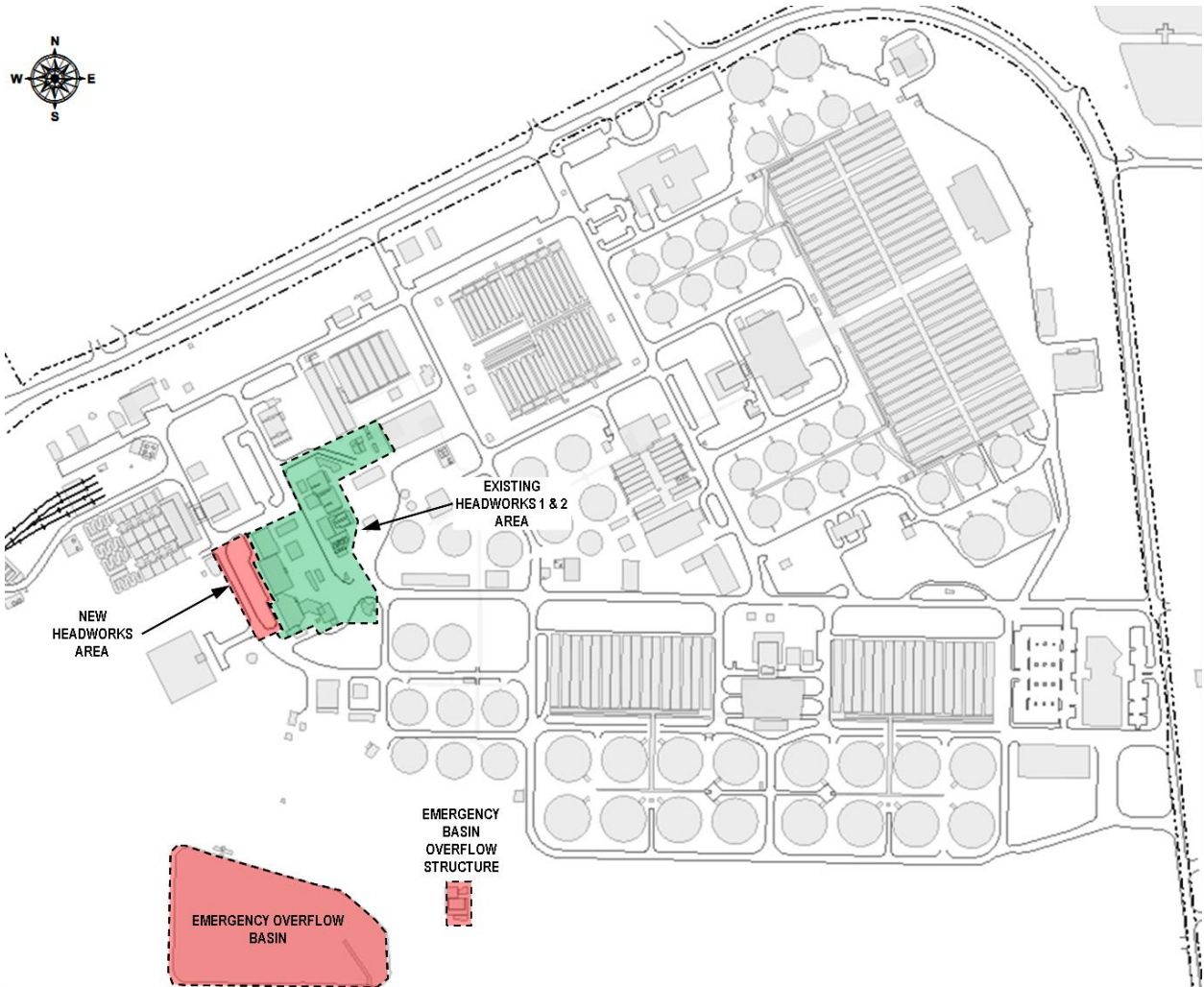
/s/ Ashwini Kantak for
KERRIE ROMANOW
Director, Environmental Services

For questions, please contact Ashwini Kantak, Assistant Director of the Environmental Department, at 408-975-2553.


Attachment

ATTACHMENT A

Headworks Project Location within the San José-Santa Clara Regional Wastewater Facility



CITY COUNCIL ACTION REQUEST

Department(s): Environmental Services	CEQA: Exempt, File No. PP13-039	Coordination: PW, Finance, PBCE, CMO - Budget, CAO, TPAC	Dept. Approval: /s/ Kerrie Romanow
Council District(s): City-Wide			CMO Approval: 

SUBJECT: REPORT ON BIDS AND AWARD OF CONTRACT FOR 7946 – PROCESS WATER PUMPS REPLACEMENT PROJECT

RECOMMENDATION:

1. Award of a construction contract for 7946 – Process Water Pumps Replacement Project to the low bidder, Anderson Pacific Engineering Construction, Inc., in the amount of \$382,100.
2. Approval of a construction contingency of 15 percent in the amount of \$57,315.

BASIS FOR RECOMMENDATION:

There are two large process water pumps located at San José-Santa Clara Regional Wastewater Facility (RWF) that convey process water to the cooling loops of the large engine generators, cooling systems of the anaerobic digesters, etc. The pumps are over 20 years old and inefficient. They have experienced occasional failures over the years and are unreliable. Also the projected increase in the consumption of process water for various processes at RWF indicates a need for additional pumping capabilities for the process water system.

This project includes the removal of the existing process water pumps and motors, installation of two new large pumps, addition of a third smaller pump to improve system efficiency, and modifications to the associated piping and appurtenances.

Six qualified bid packages were received and opened on September 10, 2015. Five of the bids were higher and one bid was lower than the Engineer's Estimate of \$442,000. Anderson Pacific Engineering Construction, Inc., of Santa Clara, CA, submitted the low bid in the amount of \$382,100, which is 13.5% below the Engineer's Estimate. Staff considers this reasonable for the work involved.

The project site is located in the heavily congested basement of the Filtration Pump Station building. There are numerous electrical conduits, process pipes, multiple pumps, and other appurtenances in the basement. This setting increases the possibility of encountering circumstances that may cause delays, impact on other processes, and prolong process water shutdowns. Therefore, staff recommend a contingency of 15 percent for this project to cover any additional unforeseen expenses.

COST AND FUNDING SOURCE:

1. AMOUNT OF RECOMMENDATION/COST OF PROJECT:	\$382,100
2. COST OF PROJECT:	
Project Delivery	\$190,450*
City Pre-Purchased Equipment	\$190,962
Construction	\$382,100
Contingency	\$57,315
TOTAL PROJECT COST	<u>\$820,827</u>
Expenditures to Date:	\$326,412
REMAINING PROJECT COSTS	<u>\$494,415</u>

* Project delivery includes \$162,956 for design services and construction support by the design consultant, \$17,414 for construction management and inspections by PW/ESD Construction Management group, and \$10,080 for project award and close-out.

3. SOURCE OF FUNDING: San José-Santa Clara Regional Treatment Plant Capital Fund (512), Appropriation 4332 – Equipment Replacement (\$1,663,000, 2015-2016, Ord. No. 29589 on 06/23/2015)

FOR QUESTIONS CONTACT: Ashwini Kantak, Assistant Director, Environmental Services 408-975-2553

Attachment - Project Location Map

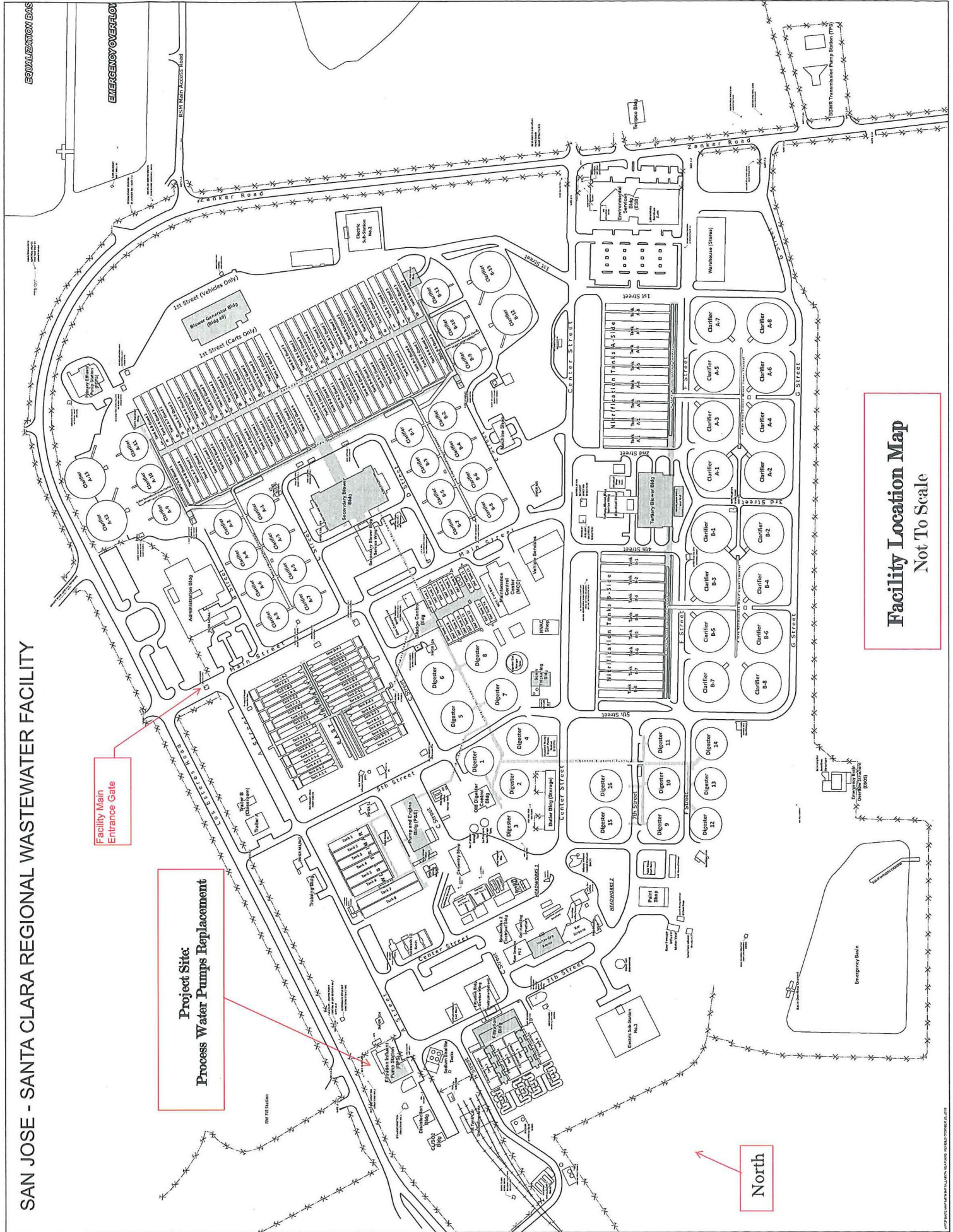
SAN JOSE - SANTA CLARA REGIONAL WASTEWATER FACILITY

Facility Main Entrance Gate


Project Site:
Process Water Pumps Replacement

North

Facility Location Map
Not To Scale



CITY COUNCIL ACTION REQUEST

Department(s): Finance	CEQA: Not a Project, File No. PP10-066(a), Agreements and Contracts	Coordination: ESD, CAO, CMO - Budget Office On November 19, 2015, the Treatment Plant Advisory Committee is scheduled to consider this item.	Dept. Approval: /s/ Julia H. Cooper
Council District(s): Citywide			CMO Approval: 

SUBJECT: EXECUTE A PURCHASE ORDER WITH ABB INC.

RECOMMENDATION:

Adopt a resolution authorizing the City Manager to:

1. Execute an Open Purchase Order with ABB Inc. (Wicklisse, OH) for hardware repair, replacement, and rebuilding services for the Distributed Control Systems (DCS) at the Regional Wastewater Facility, for the term December 1, 2015 through November 30, 2016, in an amount not to exceed \$750,000 per year;
2. Execute change orders to purchase additional parts and services subject to the appropriations of funds; and
3. Execute additional purchase orders for the subsequent annual purchase of hardware repair, replacement, and rebuilding services through November 30, 2018 subject to the appropriation of funds.

Desired Outcome: Parts and services required on an ongoing basis to keep the Distributed Control System (DCS) functioning in optimal condition at the Regional Wastewater Facility.

BASIS FOR RECOMMENDATION:

The DCS monitors and controls critical aspects of the Facility's electrical, hydraulic, biological, and chemical processes. Typical parameters monitored include flows, levels, pressure, temperature, pH, water turbidity, equipment status indications, and alarm indications.

ABB has provided the control system hardware and software at the Regional Wastewater Facility since 1994.

In 2013, the system was upgraded and ABB was selected to perform the upgrade through a competitive RFP process. Council approved the Control Systems upgrade project on June 18, 2013 item 2.17.

ABB's upgrade proposal included a Service Grid Agreement that established pricing for all parts, labor, and related maintenance and repairs. ABB has agreed to extend the pricing and terms of the Agreement through 2018. Any price increases after 2018 must be requested and substantiated by ABB, and subject to final approval by the City.

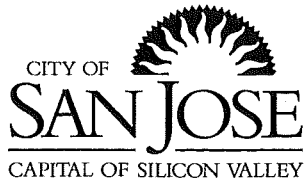
Recommendation Summary: Execute an Open Purchase Order with ABB Inc. in order to maintain the DCS in good working order at the Regional Wastewater Facility

This item is consistent with the Council-approved Environmental and Utility Services Mission: "Provide environmental leadership through policy development, program design, and reliable utility services."

COST AND FUNDING SOURCE:

Fund #	Appn #	Appn. Name	Total Appn.	Amt. for Recommendation	2015-2016 Budget Page	Last Budget Action (Date, Ord. No)
512	7394	Treatment Plant Distributed Control System	\$500,000	\$250,000	V-186 (Capital)	6/23/2015; Ord. 29589
513	0762	ESD Non-Personal/Equipment	\$31,662,570	\$500,000	XI-79 (Operating)	06/23/2015; Ord. 29589

FOR QUESTIONS CONTACT: Mark Giovannetti, Purchasing Deputy Director at 408-535-7052



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Kerrie Romanow
Julia H. Cooper

SUBJECT: SEE BELOW

DATE: October 16, 2015

Approved

D. D. S. Y. L.

Date

10/30/15

SUBJECT: CLEAN WATER STATE REVOLVING FUND LOAN APPLICATION

RECOMMENDATION

Adopt the following resolutions:

- A. Authorize the City Manager to execute and deliver documents to the State Water Resources Control Board to complete the financial assistance application for a Clean Water State Revolving Fund Loan to finance the Digester and Thickener Facilities Upgrade Project at the San Jose-Santa Clara Water Pollution Control Plant;
- B. Declare the official intent of the City of San José to reimburse itself for certain capital expenditures related to the Digester and Thickener Facilities Upgrade Project from the proceeds of the Clean Water State Revolving Fund Financing Agreement Project Funds; and
- C. Pledge revenues received from the San José Sewer Service and Use Charge, the City of Santa Clara, and from Outside Users that are deposited into the San José-Santa Clara Treatment Plant Fund pursuant to San José Municipal Code Chapter 4.80 and written agreements with these agencies for each agency's share of the capital cost including repayment of any and all Clean Water State Revolving Fund financings for the Digester and Thickener Facilities Upgrade Project.

OUTCOME

Council approval of the recommendation will allow the City to submit these resolutions as part of the application for Clean Water State Revolving Fund ("SRF") loans to finance the Digester and Thickener Facilities Upgrade Project consistent with the "Ten-Year Funding Strategy" approved by Council on June 2, 2015.

BACKGROUND

The Plant Master Plan (PMP), adopted in 2013 by the San José and Santa Clara City Councils, identified over \$2,100,000,000 in long-term capital improvement projects to upgrade and rebuild the San José-Santa Clara Regional Wastewater Facility (RWF) over the next 30 years, with more than \$1,400,000,000 occurring in the first 10 years. The PMP is a high level planning document with over 100 projects. Between February and October 2014, staff completed a project validation process, a systematic approach to project identification, prioritization, and sequencing that utilized combined knowledge from City of San José staff, consultant engineers and executive leadership. The validation process resulted in 33 capital project packages that are to be initiated in the next ten years, estimated to cost up to \$1,400,000,000.

A capital improvement program of this size requires significant financial resources in order to ensure successful and timely project delivery. Between February 2014 and February 2015, staff worked with program management and financial consultants to develop a long-term funding strategy to provide sustained funding for the implementation of projects identified in the Master Plan and project validation process, while minimizing potential impacts on rate payers and ensuring intergenerational equity.

As part of this effort, staff engaged representatives from Santa Clara and the Tributary Agencies to provide regular progress updates and requested feedback. In addition, status updates were provided to the Transportation and Environment Committee in February 2014 and February 2015, and a Special Session of the Treatment Plant Advisory Committee (TPAC) was held on April 17, 2014. The San José-Santa Clara Regional Wastewater Facility Ten-Year Funding Strategy was presented to TPAC on March 12, 2015. At the meeting, TPAC directed staff to return with additional information related to reserve requirements and financing costs.

The San José-Santa Clara Regional Wastewater Facility Ten-Year Funding Strategy was presented to and approved by TPAC on May 14, 2015 and by San José City Council on June 2, 2015. This preliminary funding strategy was comprised of a ten year funding forecast, guiding principles and fiscal best practices, and preliminary funding scenarios. The estimated forecast indicated annual expenditures ranging from \$150,000,000 to \$320,000,000 in the 10 year period. Capital costs over the 10 year period were estimated at \$1,400,000,000. As indicated in the Ten-Year Funding Strategy memo and report, funding future capital improvements at RWF will require a combination of cash and debt financing, including SRF Loans. With approval of the Ten-Year Funding Strategy, Council approved a recommendation to "Direct staff to pursue State Revolving Fund (SRF) loans for RWF capital improvement projects to the maximum extent possible" in light of the relatively low interest rates charged to borrowers.

ANALYSIS

The Clean Water State Revolving Fund Loan Program (CWSRF or SRF) is designed to help California meet the goals of the Federal Clean Water Act (33 U.S.C.A. 1251 et seq.). The program is funded by federal grants and State bond funds. The purpose of the SRF loan program is to implement the Clean Water Act and various state laws by providing financial assistance for the construction of facilities or implementation of measures necessary to address water quality problems and to prevent pollution of the waters of the State. SRF loans are intended to fund construction of wastewater treatment facilities, to implement the nonpoint source (NPS) projects or programs, and to fund storm water treatment and other point source projects.

The City is finalizing the application process for a SRF loan for the Digester and Thickener Facilities Upgrade Project (Project). This Project will rehabilitate four anaerobic digesters and retrofit six dissolved air flotation thickener (DAFT) units to allow for co-thickening of primary and secondary sludge. This Project also includes installing a new heating system, an overhead gas collection conveyance system, a new gas flare, and a new sludge screening facility, including odor control treatment. The rehabilitated digestion facilities will operate as a Temperature Phased Anaerobic (TPAD) system for improved biogas production and pathogen destruction, and will be designed to comply with current building codes. Costs to cover engineering consultant services for the planning and design of this project as well as the construction cost of the facility would be eligible for reimbursement from the SRF loan.

In addition to the SRF loan application for the Digester and Thickener Facilities Upgrade Project, staff will be pursuing SRF loans for eligible RWF Capital Improvement Program (CIP) projects identified in the Ten-Year Funding Strategy.

The SRF loan process requires submission of four packages:

- (1) General Information Package
- (2) Technical Package
- (3) Environmental Package
- (4) Financial Security Package

The SRF loan process was initiated upon submission of the General Information Package in February 2015.

The SRF Financial Security Package requires the borrower to adopt three resolutions for submission with its loan application as described below. In order to meet the timeline to obtain loan approval for the Digester Project contract award in spring 2016, staff recommends that this loan application initially be submitted by San José as opposed to a joint application with Santa Clara or by the San José-Santa Clara Clean Water Financing Authority. The amount of the loan requested will be the entire amount of the Digester Project, including the share of Santa Clara and the Tributary Agencies. The Tributary Agencies would need to amend their master agreements with San José and Santa Clara to extend the term to match the SRF repayment

period. San José would rely on the agreements with the Tributary Agencies and Santa Clara to repay their portion of the loan.

The proposed resolutions are required to be submitted with the Financial Security Package of the SRF application, and would require the City to commit the following:

- Designate the City Manager to execute and deliver documents to the State Water Resources Control Board for the purpose of securing the loan but the final terms of the financing agreement will be brought to the City Council for consideration and approval if the loan is awarded.
- Enable the City to recover certain capital soft cost expenditures such as design incurred by the City for the Digester Project prior to the approval of the financing by the State Water Board subject to submission of additional information, and for construction costs incurred after approval of the financing.
- The pledge resolution would pledge revenues received from the San José Sewer Service and Use Charge, the City of Santa Clara, and the Tributary Agencies (“Outside Users”) that are deposited into the San José-Santa Clara Treatment Plant Fund pursuant to San José Municipal Code Chapter 4.80 and written agreements with these agencies for each agency’s share of the capital cost of the RWF including repayment of any and all Clean Water State Revolving Fund financings for the Digester Project. The proposed pledge of revenue is subject to the prior pledge of San José for repayment of the San José-Santa Clara Clean Water Financing Authority Sewer Revenue Bonds, Series 2005A and Series 2009A that refinanced the CWFA bonds that paid for a portion of the South Bay Water Recycling Project.

The pledge of revenue would not be effective until the City executes the financing agreement. The scope of the pledge must still be negotiated in the financing agreement with the State. In initial discussions with the State, the State would prefer to have the priority of its loan on an equal basis with San José’s existing pledge under the bond documents for the CWFA Series 2005A and Series 2009A Bonds and would also prefer an express pledge of all revenue from the San José Sewer Service and Use Charge.

Staff, however, wishes to maintain flexibility for future financings. With respect to the priority of the existing bonds, staff, working with its financial advisor and bond counsel, has been discussing closing off the pledge for the CWFA Series 2005A and Series 2009A Bonds in order to start fresh with new documents for the loans and other debt issued for the RWF Master Plan projects. Similarly, related to the revenues pledged for the loan repayment, City staff wishes to preserve as much as possible the flexibility in the future to pledge the San José Sewer Service and Use Charge for additional bonds. This charge is for both operation and maintenance and capital cost for the sewer collection system and the RWF.

Over the next few months the City will work with the State to determine if certain revisions can be made to the State's requirements relating to the priority of current outstanding debt, and the scope of the pledge of revenues. In addition, staff will continue working with staff from the City of Santa Clara on the details for this and future SRF loan applications, and decisions reached may require submitting an amended loan application. There are many details that need to be worked though over the next several months, which will impact how any debt issuance, including SRF loans, is structured.

EVALUATION AND FOLLOW-UP

Staff intends to submit the entire SRF loan package to the State in November. The City anticipates receiving pre-approval of the loan for the Digester and Thickener Facilities Upgrade Project by spring 2016. If the loan is approved by the State for this project, staff will return to Council to execute SRF Financing Agreement, and take appropriate budget actions.

PUBLIC OUTREACH

This memorandum will be posted on the City's Internet website for the November 10, 2015 City Council agenda. TPAC accepted an information memo on this topic on October 8, 2015. This memo will be on the November 19, 2015 TPAC agenda for its concurrence.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office and City Manager's Budget Office.

COST SUMMARY/IMPLICATIONS

The Adopted 2016-2020 CIP did not incorporate SRF funding since the receipt of this funding is not guaranteed. If SRF funding is received for this project, we will adjust the next five-year CIP budget accordingly. The SRF loan application for the Digester and Thickener Facilities Upgrade project requests a loan amount for future construction costs, as well as for planning, design, and program costs previously spent on this project. If the entire requested loan amount is approved, a true-up of past years' budgets will be necessary. It should also be noted that SRF funding is approved for specific projects, not the entire program. Thus, for the purposes of budget planning, until SRF funding is approved for specific projects, cash funding or other type of financing will be assumed to fund those projects. Furthermore, since SRF funding is provided on a reimbursement basis for incurred expenses, San José, Santa Clara, and each of the tributary agencies will need to cover upfront costs either through cash or short term financing.

HONORABLE MAYOR AND CITY COUNCIL

October 16, 2015

Subject: Clean Water State Revolving Funds Loan Application

Page 6

FISCAL POLICY/ALIGNMENT

This recommendation is consistent with the following General Budget Principle: "We must focus on protecting our vital core city services for both the short and long-term."

CEQA

Not a Project, File PP10-069(a), City Organizational & Administrative Activities.

/s/ Ashwini Kantak
KERRIE ROMANOW
Director of Environmental Services

/s/
JULIA H. COOPER
Director of Finance

For questions, please contact Ashwini Kantak, Assistant Director, Environmental Services at (408) 975-2553 or Derek Hansel, Assistant Director, Finance at (408) 535-7041.

City Manager's Contract Approval Summary
For Procurement and Contract Activity between \$100,000 and \$1.08 Million for Goods and \$100,000 and \$270,000 for Services

SEPTEMBER 30, 2015 - OCTOBER 31, 2015

Description of Contract Activity ¹	Fiscal Year	Req#/RFP#	PO#	Vendor/Consultant	Original \$ Amount	Start Date	End Date	Additional \$ Amount	Total \$ Amount	Comments
ENTERPRISE ENGINE PARTS	15-16	20644	52056	RECIPROCATING INTELLIGENCE	\$100,000	10/13/2015	10/12/2016			
SAND BLASTING AND PAINTING SERVICES	15-16	21792	52110	JEFFCO PAINTING & COATING, INC	\$400,000	12/17/2015	12/16/2016			

¹ This report captures completed contract activity (Purchase Order Number, Contract Term, and Contract Amount)