



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** John Stufflebean

**SUBJECT:** SEE BELOW

**DATE:** 02-25-08

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Approved

*Christine J. Shippy*

Date

*3-3-08*

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**COUNCIL DISTRICT:** 4

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

## RECOMMENDATION

Approval of the Fifth Amendment to the construction service agreement with City of Santa Clara for the South Bay Water Recycling Program, revising the approved project list and extending the term of the agreement by two years to June 30, 2010, at no additional cost to the City.

## OUTCOME

The approval of the Fifth Amendment will allow the City of Santa Clara to design and construct extensions of the recycled water distribution system to serve additional users and further reduce discharges to the Bay.

## BACKGROUND

On May 24, 1995, the City of San José entered into an agreement with the City of Santa Clara in the amount of \$12,600,000 for design and construction services to extend the recycled water system within the boundaries of Santa Clara. San José and Santa Clara subsequently executed four amendments to the original agreement increasing the total compensation to \$27.4 million and increasing the scope of services. These additional services included design and construction of additional recycled water pipeline extensions, and administration of a grant program to convert customers from existing potable water connections to the recycled water system. In addition, the Amendments provided the option for additional pipeline extensions upon authorization and additional funding by San José.

In summer 2007, several high volume water users approached Santa Clara requesting recycled water service to their facilities. Santa Clara determined that construction of pipeline necessary to

serve these users was "SC-2," one of the optional pipeline alignments that had not yet been authorized by San José.

### **ANALYSIS**

Santa Clara approached San José with a proposal to reprioritize the projects in the existing agreement to expedite construction of the requested pipeline. To facilitate funding the project within the current total compensation, Santa Clara staff proposed to eliminate "Juliette Lane," one of the currently funded projects after determining that the recycled water use that pipeline was originally intended to serve was no longer needed.

To meet the aggressive timeline required by the customer, Santa Clara will need to reallocate staff working on other recycled water extension projects. This reallocation will delay completion of the SC-6 Central Park extension, the last of the projects authorized under the current agreement. Therefore, Santa Clara has requested a time extension of two years until June 30, 2010, to allow sufficient time for the completion of all authorized projects.

City staff reviewed Santa Clara's proposal and agrees with their conclusion and recommendation.

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

The project is on schedule with a projected completion date of June 30, 2010. No appropriation adjustment is required to fund the award of the project. No additional follow up actions with the Council are expected at this time.

### **PUBLIC OUTREACH/INTEREST**

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

- Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**



HONORABLE MAYOR AND CITY COUNCIL

02-25-08

Subject: Fifth Amendment to Agreement with the City of Santa Clara

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**CEQA**

Resolution No. 64667 and Addenda thereto, File No. PP91-090, EIR for San José Nonpotable Reclamation Project

A handwritten signature in black ink, appearing to read "John Stufflebean". The signature is written in a cursive, flowing style.

JOHN STUFFLEBEAN  
Director, Environmental Services

For questions please contact Mansour Nasser, Deputy Director, Environmental Services Department, at (408) 277-4218.