



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** John Stufflebean

**SUBJECT:** SEE BELOW

**DATE:** 06-05-06

Approved

Date

5/31/06

**COUNCIL DISTRICT:** City-Wide

**SUBJECT**    **ADOPTION OF A RESOLUTION AUTHORIZING THE CITY  
MANAGER TO NEGOTIATE AND EXECUTE AN AGREEMENT WITH  
THE SANTA CLARA VALLEY WATER DISTRICT FOR COST  
SHARING IN IMPLEMENTATION OF WATER CONSERVATION  
PROGRAMS FOR FISCAL YEAR 2006-2007**

## **RECOMMENDATION**

Approval of an agreement with Santa Clara Valley Water District for cost sharing associated with implementation of water conservation programs in FY 2006-2007, under which the City will receive an amount not to exceed \$280,000 from Santa Clara Valley Water District and Santa Clara Valley Water District will be paid an amount not to exceed \$479,821 by the City, for a net cost to the City of \$199,821.

## **OUTCOME**

In support of the San José/Santa Clara Water Pollution Control Plant National Pollutant Discharge Elimination System (NPDES) permit, this agreement will achieve up to 161,469 gallons of measurable flow savings along with other added benefits such as the protection of future water supply. Pilot programs for new water conservation technologies will help assess and determine areas where future flow savings might be achieved.

This agreement is a cost-effective means of contributing to two desired outcomes for the Environmental and Utility Services core service area:

1. Safe, Reliable and Sufficient Water Supply
2. Healthy Streams, River, Marsh and Bay

## **BACKGROUND**

The City's Water Efficiency Program promotes indoor water conservation to businesses through financial incentives and through cost sharing agreements between the City and the Santa Clara Valley Water District (District). Indoor water conservation protects future water supply. Furthermore, continuing water conservation in order to limit flows to the San José/Santa Clara Water Pollution Control Plant (Plant) is a requirement of the Plant's discharge NPDES permit.

## **ANALYSIS**

The recommended agreement continues the cooperative water conservation efforts established between the District and the City in earlier cost sharing agreements. Under this agreement the City will reimburse the District \$2.05 per gallon per day of flow reduction achieved through District implementation of the following District programs within the tributary area of the Plant: high efficiency washing machine replacement incentive programs for businesses and residents; and high efficiency or dual flush toilet replacement programs for residents and businesses. The reimbursement rate of \$2.05 per gallon per day will repay the District approximately half the cost of the incentives or equipment changes provided by the District's water conservation programs that result in established water savings per retrofit.

The District will also continue to receive reimbursement under the agreement on a \$25 per unit basis for the Water Wise House Call program, which helps residents make their homes more water efficient, (about a third of the District's implementation cost). The District will be reimbursed \$5 per unit for water softener replacement incentives and urinal valve retrofits. They will receive reimbursement of \$25 per pre-rinse spray valve replacement and \$435 per grant funded Cooling Tower Conductivity Controller and \$785 per non-grant funded installation. The District will also be reimbursed \$20 per unit for the installation of dual-flush flushometer valves. This pilot project will test a promising new technology for reducing water use from flushometer valve toilets.

This combination of reimbursement approaches, per gallon saved and per unit retrofit, will help promote programs with the greatest potential for water savings in a cost-effective manner while still providing sufficient program flexibility to the District.

The agreement also continues the District reimbursement to the City for up to \$250,000 to cover one half the cost of rebates provided to businesses within the Plant's tributary area that use the Water Efficient Technology program to reduce flows.

The agreement also provides complete reimbursement from the District to the City for the City's Neighborhood Preservation Water Conservation Program for an amount not to exceed \$30,000. This City program provides vouchers (maximum of \$2,000) to low-income San José homeowners who upgrade their properties in water-conserving ways. The program's brochure is

distributed by Code Enforcement. The City has agreements in place with local nurseries to accept the vouchers. The program supports the City's Strong Neighborhoods Initiative.

### **ALTERNATIVES**

Based on the analysis of funding the Cost Sharing Agreement with the District, staff considered the three alternatives in developing the recommendation for Council consideration.

1. Develop, implement and fund water conservation programs in house and/or through contractors and consultants.
2. Develop, implement and fund water conservation programs at a greatly reduced level.
3. Cease to offer and fund water conservation programs.

Because of reduced staffing levels and changes in City priorities, the Water Efficiency Team has expanded its scope to include Business Environmental Assistance Programs in support of San José's Economic Development Strategy. Were alternative #1 to be adopted, new business initiatives would have to be curtailed.

Reducing the scope of the water conservation program would decrease costs. However, it would also greatly reduce the amount of water conservation that could be achieved, potentially increasing the need for other programs, such as increased water recycling or wetlands mitigation, to reduce the volume and impacts of Plant discharge to the Bay. It would also negatively impact the ability to help preserve future water supply.

Complete elimination of the water conservation program would require amendment of the Plant's NPDES Permit.

Approval of an agreement with the District for cost sharing associated with implementation of water conservation programs will allow the Plant to meet its permit requirements, as well as help preserve future water supply in a cost effective manner. This will allow goals to be accomplished while minimizing the demand on staff.

### **PUBLIC OUTREACH**

Public Outreach was not undertaken for this cost sharing agreement between the District and the City. Past cost sharing agreements between the City and the District have contributed to the success of the City's efforts to limit flows to the Plant. At present, the recommended agreement will continue to ensure this success.

### **COORDINATION**

This agreement and memorandum have been coordinated with the City Attorney's Office, Risk

Management, Planning, Building and Code Enforcement Department and the Budget Office and is scheduled to be heard at the June 8, 2006 Treatment Plant Advisory Committee meeting.

**COST IMPLICATIONS**

The cost to the City for this cost-sharing agreement will not exceed \$479,821. Revenues will be up to \$280,000. Funding for this agreement is included in the Environmental Services Department Proposed 2006-2007 Operating Budget.

This recommendation meets the general principles of the Council approved budget strategy to protect vital core City services (Environmental Services: Protect Natural and Energy Resources).

**BUDGET REFERENCE**

| Fund #       | Appn # | Appn. Name              | RC#    | Total Appn.  | Amt. for Contract | 2006-2007 Proposed Operating Budget Page* | Last Budget Action (Date, Ord. No.) |
|--------------|--------|-------------------------|--------|--------------|-------------------|---|-------------------------------------|
| 513          | 0762   | Non-Personal/ Equipment | 100684 | \$30,168,232 | \$479,821         | VIII-42                                   |                                     |
| 446          | 0762   | Non-Personal/ Equipment | 700760 | \$3,081,347  | \$30,000          | VIII-42                                   |                                     |
| <b>Total</b> |        |                         |        |              | <b>\$509,821</b>  |   |                                     |

\* The 2006-2007 Proposed Operating Budget is scheduled for City Council adoption on 06/27/06.

**CEQA**

Not a project.

  
for JOHN STUFFLEBEAN  
Director, Environmental Services

For questions please contact Junko Vroman, Associate Environmental Services Specialist, at (408) 975-2579.