



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Carl W. Mosher

SUBJECT: SEE BELOW

DATE: 5-23-05

Approved

Date

5/23/05

COUNCIL DISTRICT: 3, 8

SUBJECT: STATE WATER RESOURCES CONTROL BOARD GRANT FOR SOUTH BAY WATER RECYCLING ZONE 3 IMPROVEMENTS PROJECT

RECOMMENDATION

Adoption of a resolution ratifying the grant application that has been submitted to the State Water Resources Control Board (SWRCB) and authorizing the City Manager to execute a grant agreement to accept up to \$4,000,000 in funding from SWRCB for reimbursement of costs associated with the South Bay Water Recycling (SBWR) Zone 3 Improvements Project.

BACKGROUND

The SWRCB, through the Water Recycling Construction Program, offers grant funds to local public agencies to help design and construct water recycling projects. Grant funding is available to reimburse up to 25% of approved expenses for eligible projects. The City's South Bay Water Recycling Project (SBWRP) has been determined to be eligible to receive grant funding under this program.

On June 26, 2001, the City Council approved the SBWRP Near-term Development Plan, which includes a number of projects including the Zone 3 Reservoir and Pipeline and SBWR Reliability Improvement Projects, which together comprise the SBWR Zone 3 System Improvements Project package. The SBWR Zone 3 Reservoir and Pipeline will provide a 5.5 million gallon recycled water storage facility needed to increase the reliability of the recycled water system and supply recycled water to the existing customers during periods of peak demand. The SBWR Reliability Improvement Project includes a number of improvements to the systems pump stations including backup power, miscellaneous piping and control improvements and security enhancements. The estimated cost submitted for grant reimbursement for Zone 3 System

Improvements Project package is \$22,800,000. Funding for the Zone 3 System Improvements Project package comes from the balance of the SBWR Phase 2a, \$82.5 million budget.

On April 19, 2005, Council awarded a contract for the construction of the Zone 3 Reservoir and Pipeline Project to Proven Management in the amount of \$9,384,040. Construction is scheduled to begin in May 2005, with completion in November 2006.

ANALYSIS

On January 20, 2005, staff submitted an application to the SWRCB to obtain grant funding for a portion of the SBWR Zone 3 System Improvements Project package. Staff was recently notified that the project is being considered for a grant of up to \$4,000,000. However, further consideration is contingent on the City meeting certain requirements. Among these include Council adoption of a resolution ratifying the application filed by staff, and authorizing the City Manager to execute a grant agreement to accept up to \$4,000,000 in funding from the SWRCB should the grant be awarded.

OUTCOMES

This action will allow the SWRCB to continue processing the grant application which, if approved, would result in the City being eligible to receive up to \$4,000,000 in funding for the SBWR Zone 3 System Improvements Project package.

PUBLIC OUTREACH

The SBWR development plan was developed in consultation with agency representatives, including staff and elected officials of the Santa Clara Water District, the cities of San Jose, Milpitas, Santa Clara, and other agencies tributary to the San José/Santa Clara Water Pollution Control Plant. Both agency and community stakeholders participated in numerous planning exercises including the Santa Clara County Medical Association, the San Jose Unified School District, the Silicon Valley Chamber of Commerce, the Homebuilders Association, the Farm Bureau and several other business, educational and environmental groups.

COORDINATION

This item has been coordinated with the Department of Public Works, the City Attorney's Office and the City Manager's Budget Office. This item is scheduled to be heard at the June 9, 2005 Treatment Plant Advisory Committee (TPAC) meeting.

COST IMPLICATIONS

If successful, the application will result in grant revenues of up to \$4,000,000 to be reimbursed to the San José-Santa Clara Treatment Plant Capital Fund.

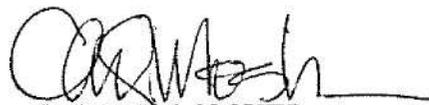
FISCAL IMPACT: In accordance with the Mayor's budget strategy, the funds provided under this agreement will focus on the protection of a vital core service.

BUDGET REFERENCE

Fund #	Appn #	Appn. Name	RC#	Total Appn.	Amt. for Contract	2004-2005 Adopted Capital Budget Page	Last Budget Change (Date, Ord. No.)
512	8150	Earned Revenue	N/A	\$21,405,000	N/A	V-243	2/15/2005, Ord. No. 72540

CEQA

CEQA: Resolution No. 64667, and Mitigated Negative Declaration File No. PP-00-05-072, and addenda thereto, File No. PD03-077, SP04-054 and PD04-68.



CARL W. MOSHER

Director, Environmental Services Department