



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Dennis Hawkins, CMC
City Clerk

**SUBJECT: PLANT MASTER PLAN –
SELECTION OF PREFERRED
ALTERNATIVE**

DATE: 04-04-11

RECOMMENDATION

As recommended by the Transportation and Environment Committee on April 4, 2011 and outlined in the attached memo previously submitted to the Transportation and Environment Committee:

- (a) Provide direction to proceed with the preparation of an Environmental Impact Report (EIR) and development of the final documents for the San José/Santa Clara Water Pollution Control Plant Master Plan (Plant Master Plan) Recommended Preferred Alternative consisting of long-term wastewater treatment capital projects, including odor control projects and changes to the Plant's biosolids drying, filtration and disinfection processes; and changes in use of the Plant lands to add a mix of recreational, environmental, and economic development uses;
- (b) Approve option to extend the term of Agreement with Environmental Science Associates and Jones & Stokes Associates, Inc. (ESA + J&S) for Plant Master Plan environmental documentation to December 31, 2013 and to increase the maximum amount of compensation by \$1,400,000, from \$600,000 to \$2,000,000; and
- (c) Direct staff to provide an update to Council on the following efforts in May 2011:
 - (1) Status of efforts to prioritize the identification of sources and potential solutions for elimination of odors coming from the Plant.
 - (2) Study to evaluate timing, cost, and delivery options for capital projects relating to biosolids dewatering and drying.



Memorandum

TO: TRANSPORTATION &
ENVIRONMENT COMMITTEE

FROM: John Stufflebean
Joseph Horwedel

SUBJECT: PLANT MASTER PLAN -
SELECTION OF PREFERRED
ALTERNATIVE

DATE: March 24, 2011

Approved  Date 3/25/11

RECOMMENDATION

a.) Recommend that the City Council:

1. Provide direction to proceed with the preparation of an Environmental Impact Report (EIR) and development of the final documents for the San Jose/Santa Clara Water Pollution Control Plant Master Plan (Plant Master Plan) Recommended Preferred Alternative consisting of long-term wastewater treatment capital projects, including odor control projects and changes to the Plant's biosolids drying, filtration and disinfection processes; and changes in use of the Plant lands to add a mix of recreational, environmental, and economic development uses.
2. Approve option to extend the term of Agreement with Environmental Science Associates and Jones & Stokes Associates, Inc. (ESA+J&S) for Plant Master Plan environmental documentation to December 31, 2013 and to increase the maximum amount of compensation by \$1,400,000, from \$600,000 to \$2,000,000.
3. Direct staff to provide an update to Council on the following efforts in May 2011:
 - a. Status of efforts to prioritize the identification of sources and potential solutions for elimination of odors coming from the Plant.
 - b. Study to evaluate timing, cost, and delivery options for capital projects relating to biosolids dewatering and drying.

b.) Recommend that this report be placed on the April 19, 2011, Council Agenda.

OUTCOME

Approval of the a Plant Master Plan Preferred Alternative and the recommended contract amendment by Council will allow staff and consultants to proceed with the preparation of a final

Plant Master Plan and the Plant Master Plan EIR for public comment and Council consideration by Spring 2013.

EXECUTIVE SUMMARY

Development of the Plant Master Plan Recommended Preferred Alternative, based on the principles of sustainability, has been a three-year process that included extensive community and stakeholder input and rigorous technical analysis and review. The purpose of the Plant Master Plan is to ensure the Plant's continued role in protecting public health and the environment, while supporting the region's economy and creating a new vision for San José's South Bay shoreline.

This Recommended Preferred Alternative includes two components:

- **Technical Alternative:** The technical component consists of process changes and long-range capital projects that will enable the San Jose/Santa Clara Water Pollution Control Plant (Plant) to meet future regulatory requirements and population demands using sustainable, energy-efficient and cost-effective solutions. The capital projects include odor control projects and a major change in how biosolids are treated. The current process which uses over 500 acres of open air lagoons and drying beds is proposed to be phased out over the next 15 years and replaced with an enclosed, mechanical process. These changes will shrink the Plant's operational footprint and are anticipated to reduce odors, thereby enabling new land uses along the South San Francisco Bay shoreline.
- **Land Use Alternative:** The land use component proposes a mix of new land uses on the Plant bufferlands and current biosolids processing area that include: economic development with a focus on Clean Tech and job creation; recreational uses including trails and parks; and enhancement of upland habitats and restoration of marshland habitats.

If Council approves the Preferred Alternative for the Plant Master Plan, staff and the environmental consultants (ESA+J&S) will develop the EIR and provide a final Master Plan for consideration by early 2013.

This report discusses the input received on the Draft Recommended Alternative since November 2010, and provides a description of the Recommended Preferred Technical Alternative and Land Use Alternative as well as a description of the proposed contract amendment and environmental review process. In addition, some critical Plant infrastructure repairs that are proceeding independently from, and regardless of, a Plant Master Plan are identified.

BACKGROUND

The Plant serves approximately 1.4 million residents and about 17,000 main commercial/industrial sewer connections in the cities of San José, Santa Clara, Milpitas, Cupertino, Campbell, Los Gatos, Monte Sereno, and Saratoga. While the Plant has successfully served the community for 55 years, aging pipes, pumps, concrete, and electrical systems need long-range attention in order to continue those successful operations well into the future.

On March 27, 2007, the Council accepted staff's report analyzing the infrastructure, planning, and financing needs of the City's wastewater treatment facilities and provided direction to staff to proceed with the development of a Master Plan for the Plant. In November 2007, Council approved a contract with Carollo Engineers to develop a 30-year Master Plan for the Plant.

The Plant Master Plan project team has been guided by the Plant Master Plan Steering Committee, made up of staff from the Plant's two co-owning cities (San José and Santa Clara) and from the tributary agencies served by the Plant. The project team also provided quarterly updates to the Treatment Plant Advisory Committee (TPAC) and San José's Transportation and Environment Council Committee (T&E) to obtain comments from elected officials.

As described in the December 2010 T&E Committee staff report, staff developed the Draft Recommended Alternative with extensive technical oversight, agency feedback, and public and stakeholder input. In addition, staff addressed comments from the Plant's tributary partners, including the Milpitas Guiding Principles for San Jose/Santa Clara Water Pollution Control Plant Master Plan Reconstruction and Land Use Alternatives (Milpitas Guiding Principles), as discussed in the December 14, 2010 staff report.

Inviting stakeholder and community input on possible new land uses and proposed Plant improvements has been a key part of the planning process. To date, there have been three phases of public input, in addition to ongoing input from the Community Advisory Group (CAG):

1. May to November 2009: input was collected on community values for the Plant lands, and this input was used to develop three land use alternatives.
2. May to November 2010: input was collected on the three land use alternatives – *Back to the Bay*, *Riparian Corridor*, and *Necklace of Lakes*. The input was used to refine the alternatives into one Draft Recommended Alternative.
3. November 2010 to January 2011: input on the Draft Recommended Alternative was collected and used to develop the Recommended Preferred Alternative.

Five community workshops were held in January 2011 to collect public input on the Draft Recommended Alternative at various locations throughout the Plant's service area. More than 180 total participants attended the workshops and 25 comments were received using an on-line interactive map and comment form. An Input Summary detailing the comments received from November 2010 to January 2011 on the Draft Recommended Alternative, including comment letters and petitions, is provided as Attachment A.

ANALYSIS

If the Plant Master Plan is fully adopted, approved, and implemented by the City, it will ensure that existing and proposed onsite uses are consistent with the City's land use goals, policies, and designations. The Plant Master Plan Recommended Preferred Alternative includes:

- A variety of long-range improvements to the Plant's facilities and operations over the next 30 years (through the year 2040); and
- Proposed new uses for the Plant lands not already reserved for wastewater treatment or buffer, including commercial, retail, and light industrial development; creating and/or restoring habitat and natural corridors to support wildlife; and a regional community park and trails to connect the Bay Trail and meet future recreational demand.

A detailed discussion of the goals and objectives for the Plan and a description of the proposed elements follow below.

Goals and Objectives

The following goals for the Plant Master Plan were developed based on the principles of sustainability:

- Operational: Result in a reliable, flexible Plant that can respond to changing conditions
- Economical: Maximize economic benefits for customers through cost-effective options
- Environmental: Improve habitat and minimize impacts to the local and global environment
- Social: Maximize community benefits through improved aesthetics and recreational uses

The following 15 objectives guided the development of the Recommended Preferred Alternative:

- Protect the environment, public health, and safety through reliable wastewater treatment that can accommodate population growth and meet foreseeable future regulations.
- Maximize the long-range efficient use of the Plant's existing facilities and reduce the footprint of the existing biosolids treatment area.
- Maintain cost-effective Plant operations and competitive sewer rates through enhanced operations, flexibility, and rigorous evaluation of new technologies.
- Reduce visual, noise, and odor impacts from Plant operations to neighboring land uses to the extent practicable.
- Promote additional resource recovery from Plant operations by supporting recycled water production, increasing biogas production, and diversifying biosolids reuse options.
- Pursue energy self sufficiency and reduced greenhouse gas emissions by promoting renewable energy generation, increased energy efficiency, and enclosed biosolids processing.
- Allow for the beneficial use of Plant effluent through multiple effluent release points and creation of freshwater habitats.
- Allow for complementary economic development that enhances job growth, generates revenue, provides for partnerships with educational institutions, and supports the regional growth of the Clean Tech industry.

- Locate economic development on Plant lands to maximize viability and visibility.
- Protect the small-town character of the Alviso Village.
- Allow for complementary recreational uses, including interconnected trails to the Bay, environmental education, and addressing regional recreational needs.
- In partnership with other agencies, protect, enhance, and/or restore habitat, including upland areas, wetlands, and riparian vegetation near creeks.
- Allow for Pond A18 to provide water quality, ecosystem benefits, and flood control benefits.
- Promote access to recreational, educational, and economic development uses by improving transportation connections through the Plant lands.
- In partnership with other agencies, protect the Plant from flooding and risks associated with sea level rise.

Critical Infrastructure Rehabilitation

The total projected capital cost of all the technical improvements identified by the Plant Master Plan process is estimated at \$2.2 billion over 30 years (escalated at two percent annually) for all capital projects, including immediate and critical rehabilitation and repair. Even without a Plant Master Plan, there are critical replacement and rehabilitation projects needed for most of the liquids treatment process, energy generation, and electrical reliability. The Plant Master Plan consultant team validated the assumptions made in the 2007 Infrastructure Condition Assessment (CH2MHill) for certain critical projects. The team identified the following repair, replacement, and rehabilitation projects as activities that are critical to ongoing, reliable operation of the Plant and therefore need to occur during the current five-year Capital Improvement Program (CIP) timeframe, independent of whether any Plant Master Plan is developed or approved:

- *Headworks*: Replace the original headworks structure by expanding the new headworks to accommodate the dry and wet weather peak flows; provide additional flow equalization; and improve routing of piping.
- *Primary (physical) Treatment*: Repair and rehabilitate primary tanks.
- *Secondary (biological) Treatment*: Repair and rehabilitate secondary tanks; install fine bubble diffusers to save energy; improve interconnections among the tanks to improve operational flexibility.
- *Solids Thickening*: Repair and improve thickening facilities to enhance the thickened sludge concentration and thereby reduce the need for additional digester capacity.
- *Digesters*: Rehabilitate and improve digesters; replace gas lines.
- *Electrical Reliability*: Increase electrical reliability through newly replaced conduits, motor control centers, and switchgears.
- *Energy Generation*: Replace existing inefficient engines and generators with more energy efficient gas turbines.

As the need for these critical near-term replacement, rehabilitation, and repair projects was previously known (and then confirmed through the Plant Master Plan process), they will undergo separate environmental clearance under the California Environmental Quality Act (CEQA); the

EIR for the Plant Master Plan will consider the potential for these and other past, present, and reasonably foreseeable projects at and near the Plant to contribute to cumulative environmental impacts. Critical replacement, repair, and rehabilitation projects have been incorporated into the current 5-year CIP.

Preferred Technical Alternative to be included in the Plant Master Plan EIR

Specific components of the Recommended Preferred Technical Alternative have been defined in varying levels of detail. The environmental analysis will reflect this level of detail at either a project or programmatic level of detail. While the environmental work is being done, staff will also be working with the Plant's partners on financing options for the Preferred Technical Alternative.

Biosolids Process

Instead of using over 500 acres of open air lagoons and drying beds, the Recommended Preferred Alternative for the Plant Master Plan proposes using a new, enclosed mechanical dewatering and drying processes that will minimize odors, and result in a smaller footprint of approximately 160 acres. The new process will also help prepare the Plant for future greenhouse gas regulations and landfill closure, and allow for diversification of disposal and reuse of the biosolids as a resource. The biosolids process changes for dewatering and drying are included in the Recommended Preferred Alternative and will be analyzed at a project level of detail in the Plant Master Plan EIR. The 30-year project costs for all biosolids improvements as currently proposed in the Recommended Preferred Alternative are estimated at \$530 million, of which \$230 million will be expended by 2025 for transitioning from the current lagoon/drying bed operation. Due to the higher energy inputs, these processes will result in higher operating costs.

The magnitude and complexity of the transition to a new biosolids process for the Plant that treats the wastewater of 1.4 million people makes it one of the largest in the country. Therefore, the Recommended Preferred Alternative proposes a phased approach to implementation. This phased approach includes field piloting of potential processes to ensure that the significant investment will be successful and the performance and reliability are optimized while minimizing environmental impacts. Each treatment plant's solids are unique and processes must be chosen and fine-tuned to ensure successful operation and optimized operational expenses. Given the significance of the project, and the need for a phased program to help ensure success, the Recommended Preferred Technical Alternative is therefore to transition to a new technology within 11 to 15 years. The recommended approach also allows for potential new technologies to be incorporated in the future. Stakeholders have expressed concern that this traditional delivery approach may not provide the shortest overall implementation schedule. Further information on a study to assess the costs and economic benefits of possible capital project delivery options, such as design-build and design-build-operate delivery methods that may allow for accelerated implementation once CEQA clearance is obtained, will be provided in May 2011.

Odor Control

The Recommended Preferred Alternative also includes projects to further reduce odors throughout the Plant. Odor control for headworks, primary, and the thickening process are proposed to be included in the EIR for the Plant Master Plan at a project level of detail. The proposed capital investment for odor control on these processes is \$70 million and will include covering processes and treatment of the captured air. Odor control will result in increased operating and maintenance costs.

At the December 14, 2010, Council meeting, staff received direction from the Council to prioritize the identification of sources and potential solutions for elimination of odors coming from the Plant and present options for the elimination of odors, with timelines and cost estimates to do so. As part of the Plant Master Plan project, Carollo Engineers performed a preliminary analysis of the main odor sources at the Plant that could result in off-site odors and recommended improvements to these processes to be undertaken. The capital projects required to address odors are included in this Recommended Preferred Technical Alternative. Staff will provide a more detailed update on the efforts to assess odors in May 2011.

New Technologies

New technologies that may be needed to meet future regulations such as new filters and disinfection facilities for discharge to the Bay and provision of recycled water or future renewable energy projects such as solar arrays are included in the EIR at the programmatic level.

Preferred Land Use Alternative to be included in the Plant Master Plan EIR

Economic Development

The Recommended Preferred Alternative would allocate approximately 400 acres of Plant lands for economic development such as light industrial, office/research and development (R&D), and retail uses and an institute, including roads needed to access these uses. The intent of the economic development is to create jobs and to generate revenue. The City would retain ownership of lands designated for development. The timing of development would be based on the infrastructure improvements needed to reduce odors from Plant operations and biosolids management, provide services such as electricity and potable water to the area, and market conditions. Potential land uses under consideration for these areas are summarized as follows:

- *Light Industrial.* Approximately 158 acres of light industrial development along the frontage of State Route (SR) 237 and in the current biosolids drying area is proposed, with a focus on Clean Tech manufacturing.
- *Office / Research & Development.* A range of between 23 to 44 acres of office/ R&D near the area designated for light industrial uses is proposed. This area could support a range of activities such as research, laboratory, product development and testing, engineering and sales activities, and any other basic research functions leading to new product development.
- *Retail/Commercial.* A range of 16 to 37 acres of retail/commercial development along SR 237 is proposed. This area may provide for retail and service establishments to serve

local employees and residents as well as destination retail. Establishments could include general retail, restaurants, supermarkets, gas stations, and personal service uses.

- *Institute.* The Recommended Preferred Alternative also proposes to reserve 45 acres along SR 237 for the establishment of a Clean Tech and water institute. It is envisioned that such an institute could serve as an incubator and demonstration facility for water and energy related technologies, providing a campus setting for academic and corporate institutions.
- *Renewable Energy Field.* Approximately 60 acres are proposed to be reserved for renewable energy fields such as solar panel installation. In addition, it is proposed that buildings on the site would require solar panels on rooftops.
- *Roads.* A road network to support the proposed land uses would require approximately 64 acres of rights-of-way. New roadways are proposed to connect Nortech Parkway and Zanker Road and provide access to Dixon Landing Road and Interstate-880 to the north.

The consultant, Bay Area Economics, estimated job creation for this development. The direct jobs that would be created by this Recommended Preferred Alternative are projected at 17,000 permanent jobs and 800 construction jobs, with additional indirect employment to support the new uses.

Environmental Uses

Approximately 1,190 acres of the Plant's property acres are proposed for habitat restoration, to be implemented in partnership with other entities (to be determined in the future). The following habitat types would be protected, created, or restored under the Recommended Preferred Alternative:

- *Freshwater Wetlands.* Approximately 60 acres of freshwater wetlands would be created to beneficially use fully treated effluent. These wetlands would further improve effluent quality through natural biological processes. Adding the wetland as a discharge location, in addition to the existing Artesian Slough discharge location, could benefit salt marsh habitat in San Francisco Bay and provide wildlife viewing areas that will be made accessible through a network of nature trails.
- *Burrowing Owl Habitat.* Approximately 180 acres of grassland habitat would be protected and managed to support burrowing owls, a California species of special concern.
- *Riparian Habitat.* Approximately 170 acres of riparian habitat, including a restored Artesian Slough corridor, would be provided.
- *Marsh / Mudflats.* Situated on the site in the location of the existing Pond A18, nearly 800 acres of salt marsh habitat and tidal areas adjacent to the Bay could be constructed to help provide flood protection and restore a transition from the salt marsh habitat through brackish to perched freshwater wetlands and upland grasslands. This habitat would also support special status species such as the clapper rail and salt marsh harvest mouse and provide large contiguous areas for these inhabitants.

As part of the Plant Master Plan, staff has been working with the Army Corps of Engineers and the Santa Clara Valley Water District on the South Bay Shoreline Study to determine the appropriate alignment for Bay-side levees to protect the Plant from sea level rise and tidal flooding and ensure that lands are designated in the Recommended Preferred Alternative for future levee placement.

Recreational Uses

The Recommended Preferred Alternative proposes a mixture of recreational and educational facilities on land surrounding the Plant's operational area, to be developed in partnership with other agencies. Proposed facilities include:

- *Trails.* 16 miles of new trails and connection to the Bay Trail.
- *Park.* A new 40-acre park with sports fields.
- *Habitat Areas.* Access to the Plant's freshwater wetlands and Bay front for bird watching and hiking.
- *Education/Nature Center.* A nature and education center adjacent to proposed habitat areas near the Bay.

Phasing and Fiscal Information

The development of the Plant lands under the Recommended Preferred Alternative is contingent on market demand. In addition to market demand, phasing of the development and availability of land will depend on the infrastructure improvements at the Plant to control odors and change the solids processing technologies.

At build-out, the positive fiscal impact is projected to be \$1.1 million based on property and sales tax revenue, with substantial additional benefit to Santa Clara County and local School Districts. The annual projected ground lease revenue at build-out is projected to be \$10.5 million. The timing of infrastructure capital investment precedes the development of the land and potential resulting revenues. Therefore, revenues at build out have the potential to offset future operating and maintenance costs for the Plant but do not offset the capital investment for the Plant.

The economic analysis using the IMPLAN economic assessment model for Santa Clara County showed that the total economic impact of this development, considering construction and permanent economic activity, is approximately \$16.5 billion – a substantial benefit to the region.

The Recommended Preferred Alternative is shown as a conceptual map as Attachment B. An Executive Summary of the Draft Plant Master Plan is provided as Attachment C.

CEQA

The completion of an EIR is required by CEQA to provide environmental clearance to allow the City Council to consider implementation of all or some of the actions recommended in the Plant Master Plan. An Environmental Impact Statement (EIS) or Environmental Assessment (EA) may also be required to comply with the National Environmental Policy Act (NEPA) if funds or partnerships for actions in the Plant Master Plan will use any federal funding. Critical repair and

rehabilitation projects will be covered by a separate CEQA process and considered in the cumulative impact section of the Plant Master Plan EIR.

The Plant Master Plan EIR will include:

- Project-level analysis for well-defined wastewater capital projects (e.g., the construction of new solids dewatering equipment).
- Programmatic level analysis of wastewater capital projects planned in the later years of the Plan or without specific definition and detail (e.g., filter replacement). As these projects move forward in the future, additional environmental documentation will be required.
- Programmatic analysis of all future uses of Plant lands. The EIR will provide analysis of key issues, such as biological and cultural resources, and traffic. Additional environmental documentation would be needed for future development project entitlements and construction within the land use areas.

The City Council approved an agreement with ESA+J&S in September 2010 to begin work on the first phase of environmental documentation services (draft project description, review of environmental studies, existing conditions report and draft Notice of Preparation) to the Plant Master Plan CEQA analysis. The recommendation in this report includes exercising an option to extend the agreement and add funds to complete the environmental impact analysis for the Preferred Alternative.

The scope for the additional work for ESA+J&S amendment includes:

- Completed CEQA project description
- Completed Technical Studies
- Administrative Draft EIR
- Screencheck EIR
- Draft EIR
- First amendment of draft EIR
- Mitigation, Monitoring and Reporting program
- EIR certification
- Agency consultation
- NEPA compliance, if needed

Public scoping meetings for the EIR are proposed for June 2011, with completion of the EIR process in early 2013.

EVALUATION AND FOLLOW-UP

It is anticipated that at the time a final Plant Master Plan is brought forward to Council for consideration, which at present is anticipated to be in early 2013, the Plant Master Plan item will likely need to include proposed actions to amend the Alviso Master Plan, incorporated within the

City's General Plan, and possibly amendments to the General Plan as well. This ensures that the City's land use goals, strategies and plans for this area remain aligned and consistent.

An update on the Plant's odor analysis and options for alternative delivery options for biosolids dewatering and drying that may accelerate the timing of implementation once CEQA clearance is complete will be presented to TPAC and Council in the May 2011.

POLICY ALTERNATIVES

Alternative #1: Direct staff to proceed with an alternative that provides more opportunities for habitat restoration.

Pros: Providing more land for habitat restoration would address stakeholder input and concerns, including the Water, Environment, and Ecology alternative requested by several stakeholders.

Cons: This policy alternative does not meet the City's project objectives including job creation, revenue, and enhancement of recreation opportunities.

Reason for not recommending: Land use experts and City staff agree that the Plant site is uniquely situated to attract Clean Tech development and job growth consistent with the draft Envision San José 2040 job targets. In addition, the Plant site has been identified by the San José Parks Department and the Parks Departments of tributary agencies as a unique opportunity for a regional park. The CEQA analysis will include discussion of means to reduce the environmental effects of the Recommended Preferred Alternative and including consideration of a reduced level of development. The Recommended Preferred Alternative includes nearly 1,200 acres of environmental uses.

Alternative #2: Direct staff to proceed with an alternative that provides more opportunities for economic development and job growth.

Pros: Providing additional economic development area in the alternative could enhance job growth and revenues.

Cons: An increased economic development area would reduce space available for environmental restoration and recreational amenities, and increase mitigation requirements.

Reason for not recommending: Economic analysis performed for the Plant Master Plan Recommended Preferred Alternative indicates that 300 acres of development is consistent with the job targets in the Draft Envision San José 2040 Plan and represents the likely capacity of the land to attract future growth.

PUBLIC OUTREACH/INTEREST

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 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)**

- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

Direct engagement with the public and the Plant's many stakeholder groups has been an essential component to developing the Draft Plant Master Plan over the past three years. The communications strategy for the Plant Master Plan was developed by City staff with input from the Plant Master Plan Steering Committee, and implemented using a variety of media, advertising, and community engagement tactics. The tributary-wide Public Outreach Working Group, composed of staff from the cities and sanitation districts, has been providing input on the public outreach plan since December 2007. The Community Advisory Group will have met 20 times, and three public input opportunities were provided in May 2009, May 2010 and January 2011. Staff also met with regulatory and resource agencies to obtain input on the Draft Recommended Alternative.

Based on public input from the Community Advisory Group, the January 2011 workshops and from comment letters received, staff refined the Draft Recommended Alternative into the Recommended Preferred Alternative. Comments received at the January 2011 workshops and through the website showed that while the public supports the long-range Plant improvements and environmental uses planned for the Plant lands, a majority would prefer to see more environmental uses and fewer economic uses, especially given the current economic situation with perceived abundance of vacant office/retail and industrial space.

While most of the comment letters received focused on specific issues or preferences, the letter from the environmental non-profit groups was unique in that it requested the evaluation of an additional alternative that emphasized environment, ecology, and water elements only. A similar letter from these organizations was received in May 2010. Response to this request will be considered in the EIR and evaluated, along with other alternatives identified during the preparation of the EIR.

The following is a summary of the comments received since the Draft Recommended Alternative was presented in November 2010 and staff responses:

Plant operations – The stakeholders recognize the vital need to rebuild the Plant over its long-range future and are generally comfortable with the technical alternative. However, some groups voiced concern about timing of the improvements related to odor reduction (some believed these improvements should go faster, others slower) and costs related to the proposed project for dewatering of the biosolids.

Staff has analyzed the timing of possible improvements and is recommending a 15-year timeframe for the major biosolids and odor improvements to allow time for piloting new technologies, which will reduce the overall risk to the Plant.

Traffic – Community members had varying opinions about the proposed connection to Dixon Landing Road through the Plant lands. Some stated it would improve traffic and connections between Silicon Valley and the East Bay. Others stated that it would increase traffic on SR 237 and through Alviso Village.

The circulation pattern proposed for the Recommended Preferred Land Use Alternative is designed to prevent traffic from negatively affecting the Alviso Village while increasing access to the proposed uses. The Dixon Landing Road connection may also help reduce traffic congestion at the SR 237 and Interstate 880 interchange. A full traffic analysis will be a major component of the EIR.

Development – A majority of respondents would prefer to retain open space and minimize or eliminate development on the Plant lands. Reasons included the currently high vacancy rates, environmental, and traffic impacts.

The economic development projects proposed for the Plant are projected to enhance job growth, generate revenue, provide for partnerships with educational institutions, and support the regional growth of the Clean Tech industry. This site provides a unique location due to the large parcels that will become available as the land needs of the Plant are reduced.

Open space – The comments related to economic development projects were often linked to the concept of preserving open space. Many stakeholders noted that since much of the Valley floor has been fully built out, any available open space should be saved for future generations.

The majority of the site not used for wastewater treatment purposes is proposed to be dedicated to habitat protection and open space, including a large area reserved to protect burrowing owl habitat.

Flooding – Stakeholders, especially those located near the Bay, recognized the flood risk associated with the Plant lands. Groups were concerned that any new development on the Plant lands would not only be at risk but would exacerbate the flood risk to Alviso. These flooding issues, they noted, would only increase with future sea-level rise.

Staff continues to work with the Santa Clara Valley Water District, Army Corps of Engineers, and California Coastal Conservancy on the South Bay Shoreline Study to ensure flood protection for the Plant as well as the surrounding lands and Alviso Community. Mitigation for increased flood risk due to implementation of the Recommended Preferred Alternative, as well as other land use alternatives, will be addressed as part of the Plant Master Plan EIR.

Consistency with Alviso Master Plan – Some community members involved with the Alviso Master Plan process asked about whether the proposed development in the Plant Master Plan would be consistent with the “public/quasi public” land use designation found in the Alviso Master Plan.

The Recommended Preferred Land Use Alternative has been designed to meet the spirit of and guidelines in the Alviso Master Plan to protect the small town character of Alviso, including the location of the burrowing owl area as a buffer and road alignments that will encourage drivers away from the community. As part of finalizing the Plant Master Plan following Council Consideration, the General Plan land use designations for the Plant lands would be revised to be consistent with land uses in the approved Plant Master Plan.

Recreation – The stakeholders and environmental groups almost unanimously supported the proposed trails network and Bay Trail link through the Plant lands. Some expressed concerns about the trail's impacts to habitat and the need for ongoing trail maintenance.

Trail connection impacts will be analyzed in the Plant Master Plan EIR.

Coyote Creek – A number of community members questioned the feasibility of moving the Water District flood control levee along Coyote Creek to create a delta and upland connection between the Bay and the land. Some believed that this new flow regime could reduce freshwater flows in Coyote Creek downstream of the Plant lands and negatively impact the adjacent habitat, while others supported the idea to re-create this environment.

Due to the complexity of the water flow issues in the Coyote Creek area requiring further analysis and discussion with the Santa Clara Valley Water District and other stakeholders, staff is recommending that the Plant Master Plan Recommended Preferred Alternative not show a levee change at this time, but leave the opportunity open by preserving open space near Coyote Creek to enable reconsideration of this or other opportunities in the future. As a result, the levee alignment for Coyote Creek shown in the Recommended Preferred Alternative is the existing levee and places the discharge of the proposed freshwater wetland to the north rather than into Coyote Creek.

COORDINATION

This report has been coordinated with the City Attorney's Office, the Budget Office, and is scheduled to be reported at the April 2011 Treatment Plant Advisory Committee meeting.

FISCAL/POLICY ALIGNMENT

This recommendation is consistent with the goals and objectives of the Draft Envision San José 2040 General Plan as previously endorsed by the City Council and addresses critical infrastructure investment.

COST SUMMARY/IMPLICATIONS

1. AMOUNT OF RECOMMENDATION/COST OF PROJECT: \$1,400,000
2. SOURCE OF FUNDING: 512 – San Jose/Santa Clara Treatment Plant Capital Improvement Fund
3. FISCAL IMPACT: This will be funded through existing funds in the Environmental Services Department's 2010-2011 Adopted Operating Budget. No additional funding appropriation is necessary to approve this request.

BUDGET REFERENCE

Fund #	Appn. #	Appn. Name	RC.	Total Appn.	Amt. For This Recommendation	2010-2011 Adopted Capital Budget (Page)	Last Budget Action (Date, Ord. No.)
512	4120	Plant Master Plan	144919	3,535,000	1,400,000	V-179	10/19/2010, 28829

CEQA

Not a Project, File No. PP10-069 (a) Staff Reports. The proposed action will allow staff and the consultants to proceed with the analysis of potential environmental impacts of the proposed Plant Master Plan as required by CEQA.

/s/
 JOHN STUFFLEBEAN
 Director, Environmental Services

/s/
 JOSEPH HORWEDEL, Director
 Planning, Building and Code Enforcement

For questions, please contact Bhavani Yerrapotu, Division Manager, Technical Services (ESD) at 945-5321, Jennifer Garnett, Communications Manager (ESD) at 535-8554 or Laurel Prevetti, Assistant Director (PBCE) at 535-7901.

Attachments:

- Attachment A: Input Summary
- Attachment B: Preferred Alternative Map
- Attachment C: Plant Master Plan Executive Summary