



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Kerrie Romanow

SUBJECT: SEE BELOW

DATE: September 24, 2012

Approved

Date

10/2/12

**SUBJECT: FIRST AMENDMENT TO ESA + J&S JOINT VENTURE AGREEMENT
TO EXPEDITE PLANT MASTER PLAN IMPLEMENTATION**

RECOMMENDATION

Approve a First Amendment to the Agreement between the City of San José and Environmental Science Associates, Inc. and Jones & Stokes Associates, Inc. (ESA + J&S) to expand their services on the Plant Master Plan environmental documentation to include a) a separate CEQA process for a co-generation facility, b) coordination with regulatory agencies, and c) minor additional work within the original scope. The amendment would increase the maximum compensation by \$453,971 not to exceed \$2,453,971, and to extend the term through June 30, 2014.

OUTCOME

The proposed amendment enables City staff to expedite critical infrastructure projects at the Plant as well as streamline implementation of Plant Master Plan projects. The amendment allows a more rapid construction of the critically-needed new co-generation facility and enables additional support on CEQA and other permitting work.

BACKGROUND

The Plant Master Plan (PMP) is the outcome of a three-year public engagement process to determine the best way to rebuild the aging San Jose/Santa Clara Water Pollution Control Plant (Plant) and identify the best land uses of the Plant's 2,600-acre site. The Plant is a critical facility that protects the public health, Bay, and economy.

On September 14, 2010, Council approved an agreement with ESA + J&S for the first phase of environmental documentation services related to the PMP.

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On April 19, 2011, Council provided direction to proceed with the preparation of the Environmental Impact Report (EIR) for the Plant Master Plan Preferred Alternative. The City exercised its option with ESA + J&S for support in preparing the EIR. The agreement was extended through December 31, 2013, with a compensation increase from \$600,000 to \$2,000,000 to accommodate more extensive EIR-related tasks.

Staff anticipates that Council will consider the EIR in June 2013, for certification. Prior to implementation of PMP projects, detailed project-level CEQA analyses will be necessary to supplement the program-level analysis in the EIR, including such analyses on critically-needed projects.

ANALYSIS

ESA + J&S has developed expertise with Plant processes and projects and has staffing capacity to accommodate the proposed expanded scope of work that includes the following:

Amendment Enables Separate CEQA Process for New Co-generation Facility.

The Plant's aging electrical generation equipment is failing more quickly than anticipated. The decreased reliability of this equipment necessitates earlier than planned replacement. The project proposes to replace this equipment with a system that generates electricity by capturing and using waste heat. The facility would involve construction of a new building that would house three gas turbines with generation capacity of up to 4.6 MW of electricity each, a standby power system, and a gas treatment system for onsite uses. Because of the Plant's critical need for reliable energy, staff recommends that this construction project begin in 2013. For this to happen, a separate CEQA analysis must be developed for the co-generation facility. Without the new facility, the Plant is vulnerable to the loss of electrical operating power in the event that PG&E supplied power is interrupted.

Amendment Enables Coordination with Regulatory Agencies.

The original contract allowed only CEQA-related tasks for the EIR. The proposed amendment enables ESA + J&S to handle the securing of various permits that will be necessary for several PMP projects. ESA + J&S would coordinate the permit process with agencies such as the U.S. Army Corps of Engineers, Regional Water Quality Control Board, US Fish and Wildlife Service, State Historic Preservation Office, Bay Conservation and Development Commission, Bay Area Air Quality Management District, California Department of Fish and Game, and others.

Amendment Provides Compensation for Minor Additional Work.

At the direction of City staff, the consultant was asked to perform a small amount of additional work on tasks related to EIR alternate options covered in the original agreement. This amendment provides for compensation of \$25,287 to cover this additional work.

EVALUATION AND FOLLOW UP

Staff will present an update on the Plant Master Plan CEQA process and Capital Improvement Projects (CIP) to the Transportation and Environment Committee in November 2012.

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)

Since this recommendation has no direct or indirect impact on the community at large, no public outreach was performed. This recommendation only seeks to amend an existing consultant agreement with additional funds and an expanded scope of work, thereby streamlining and expediting Plant Master Plan projects.

COORDINATION

This memo was coordinated with the Department of Planning, Building & Code Enforcement, the City Manager's Budget Office, and the City Attorney's Office.

The proposed First Amendment to the Agreement with ESA+J&S Joint Venture will be agendized on October 11, 2012, for consideration and recommendation by the Treatment Plant Advisory Committee (TPAC).

COST IMPLICATIONS

The proposed First Amendment to the Agreement would increase the compensation by \$453,971 to a maximum amount of \$2,453,971. The proposed increase of \$453,971 would pay for the cost of an expanded scope of work that includes a) a separate CEQA process for a co-generation facility, b) coordination with regulatory agencies, and c) minor additional work within the original scope.

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BUDGET REFERENCE

Fund #	Appn. #	Appn. Name	Total Appn.	Amount for Agreement	Adopted 2012-2013 Budget Page	Last Budget Action (Date, Ord. No.)
512	4120	Plant Master Plan	\$900,000	\$453,971	V-182	6/19/2012 Ord. 29102
Total Funding Available				\$453,971		

CEQA

Not a Project, File No.PP10-066(a), Agreements and Contracts for purchase of professional services.

/s/

KERRIE ROMANOW

Director, Environmental Services Department

For questions please contact René Eyerly, Acting Environmental Sustainability Manager at (408) 975-2594.