



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Kerrie Romanow

SUBJECT: SEE BELOW

DATE: October 1, 2012

Approved

Date

10/4/12

SUBJECT: AGREEMENT WITH THE SANTA CLARA VALLEY WATER DISTRICT FOR THE OPERATION AND MAINTENANCE OF THE SILICON VALLEY ADVANCED WATER PURIFICATION CENTER

RECOMMENDATION

Adopt a resolution authorizing the City Manager to execute an agreement between the City of San José and the Santa Clara Valley Water District for the operation and maintenance of the Silicon Valley Advance Water Purification Center.

OUTCOME

Expanding upon 2010 cost sharing and property use agreements, this agreement will define the roles and responsibilities between the City and District to effectively connect and operate our respective water recycling facilities.

BACKGROUND

The City's Environmental Services Department operates South Bay Water Recycling (SBWR), which includes the distribution and wholesale of recycled water generated by the Plant. The Plant is a regional wastewater treatment facility serving the communities of San José and Santa Clara, the Plant's co-owners, and the cities of Milpitas, Campbell, Cupertino, Los Gatos, Saratoga, and Monte Sereno, who are administratively represented through tributary agencies (i.e. the City of Milpitas, West Valley Sanitation District, Cupertino Sanitary District, County Sanitation District 2-3, and the Burbank Sanitary District).

SBWR currently delivers approximately 10,000 acre-feet per year (AFY) or 9,000,000 gallons per day (mgd) of recycled water through 130 miles of distribution pipelines throughout San José, Santa Clara, and Milpitas. Over 640 customers use recycled water for a variety of different purposes including industrial cooling, landscape irrigation, and dual plumbed buildings.

October 1, 2012

Subject: Agreement with the District to coordinate recycled water operations and maintenance activities

Page 2

The City and District support the production and use of recycled water consistent with each party's own interests, wastewater diversion for the City and water supply for the District, and have collaborated in various ways since 1998. In March 2010, Council approved the Recycled Water Facilities and Integration Agreement (Integration Agreement) and the Ground Lease and Property Use Agreement (Ground Lease Agreement) with the District to develop and operate the Silicon Valley Advanced Water Purification Center (SVAWPC) on Plant bufferlands. These two 40 year agreements establish the legal framework to promote cooperation between the City and District on the management and operation of their respective recycled water facilities. Per the Integration Agreement, the City contributed up to \$11,000,000 towards the construction of the SVAWPC, and the City and District will share operating costs of their respective water recycling facilities once the SVAWPC becomes operational.

The SVAWPC will process secondary treated effluent delivered from the Plant and further treat it by passing it through microfiltration and reverse osmosis facilities. Orange County has been using microfiltration-reverse osmosis technology to replenish groundwater since 2008. The SVAWPC product water will then be blended with tertiary-treated recycled water from the Plant to improve the quality of recycled water delivered. For current SBWR customers, the most noticeable effect will be the reduction in total dissolved solid (TDS), or the "hardness" of the water. SBWR currently delivers recycled water with a TDS level of approximately 715 mg/l (milligrams/liter). With this blending, facility operators are aiming for a TDS total of 500 mg/l. Lowering the TDS will open up more areas within Santa Clara County for expanded recycled water use. The SVAWPC is expected to become operational in early 2013.

In late 2010 City and District staff initiated discussions to determine the most efficient approaches toward integrating the SCAWPC with SBWR, with special emphasis on the operation and maintenance of the SVAWPC and connection to Plant facilities and infrastructure. The complexity of integrating two facilities necessitated the development of a legal structure to memorialize our decisions regarding the operation and maintenance of the SCAWPC.

ANALYSIS

The term for the proposed "Agreement between the City of San José and the Santa Clara Valley Water District for Operation and Maintenance of the Silicon Valley Advance Water Purification Center" aligns with the Ground Lease Agreement through June 30, 2050. The new agreement describes in more detail the roles and responsibilities for the City and District in the operation and maintenance of the SVAWPC, in addition to the terms and conditions found in the Integration and Ground Lease agreements. The agreement describes the District's obligations for the operation and maintenance of the SVAWPC; the City's obligations to supply secondary treated wastewater and recycled water; communication and coordination activities; and monitoring, regulatory, and water quality requirements. The agreement further specifies the quality of advance treated recycled water produced, SVAWPC waste stream discharge provisions, product water sampling and monitoring, and facility documentation and reporting requirements. This agreement expands upon the roles and responsibilities of earlier City/District agreements, therefore no costs will result from implementation of this new agreement.

October 1, 2012

Subject: Agreement with the District to coordinate recycled water operations and maintenance activities

Page 3

EVALUATION AND FOLLOW-UP

Staff will be presenting an update on City-District collaboration supporting the production and use of recycled water in Santa Clara County at the April 2013 meeting of the Recycled Water Policy Advisory Committee.

PUBLIC OUTREACH/INTEREST

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

This recommendation does not meet any of the above criteria, however it will be heard at the October 11, 2012 Treatment Plant Advisory Committee (TPAC) meeting, and will be posted on the City's website for the October 16, 2012 City Council meeting.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office. This item is scheduled to be heard at the October 11, 2012 Treatment Plant Advisory Committee meeting.

CEQA

Not a Project, File No.PP10-066, Agreements.

/s/

KERRIE ROMANOW

Director, Environmental Services Department

For questions please contact David Tucker, SBWR Program Manager, at (408) 795-1865.