

**MINUTES OF THE
SAN JOSÉ/SANTA CLARA
TREATMENT PLANT ADVISORY COMMITTEE**

San José City Hall
Thursday, November 13, 2025, at 4:00 p.m.

1. ROLL CALL

The Treatment Plant Advisory Committee Meeting convened at 4:00p.m. Roll call was taken with the following members in attendance.

Committee Members: Domingo Candelas, David Cohen, Albert Gonzalez, Karen Hardy, Patrick Kwok, Manuel Pineda, Lisa Shannon*.

*Alternate for Dan Furtado

Ayes – 7 (Candelas, Cohen, Gonzalez, Hardy, Kwok, Pineda, Shannon)

Nays - 0

Abstain – 0

Absent – 2 (Montano, Mulcahy)

2. APPROVAL OF MINUTES

A. September 11, 2025

Action: On a motion made by Committee Member Albert Gonzalez and a second by Committee Member David Cohen, TPAC recommended approval of the Minutes:

Ayes - 7 (Candelas, Cohen, Gonzalez, Hardy, Kwok, Pineda, Shannon)

Nays - 0

Abstain – 0

Absent – 2 (Montano, Mulcahy)

3. UNFINISHED BUSINESS/REQUEST FOR DEFERRALS

There was no unfinished business.

4. DIRECTOR'S REPORT

Director's Report (verbal)

CIP Quarterly Status Report: July – September 2025

5. **AGREEMENTS/ACTION ITEMS**

A. Master Consultant Agreement with HydroScience Engineers, Inc. for Consultant Engineering Services for the South Bay Water Recycling System Condition Assessment

Staff Recommendation: Approve a two-year term Master Consultant Agreement with HydroScience Engineers, Inc., to support completion of a condition assessment of the South Bay Water Recycling system for a total maximum compensation of \$500,000.

This item will be considered by City Council on November 18, 2025.

Committee Member Patrick Kwok (Kwok) asked if there was only one consultant who participated in the request for proposal. Environmental Services Director Jeff Provenzano (Provenzano) responded that there were two consultants during this request for proposal. Kwok stated he had misspoken and had thought we were discussing item 5.B.

Lisa Shannon (Shannon) (Alternate for Committee Member Dan Furtado) made a statement noting that capital improvement projects are not authorized to be charged to West Valley Sanitation District, or any of the tributary agencies, pursuant to the Master Agreement. Shannon noted that West Valley Sanitation District is prepared to discuss an amendment to the Master Agreement, and that it is not immediately evident how these projects relate to the necessary operation of the RWF.

Kwok commented that HydroScience Engineers is a highly reputable consultant, and that he is glad they were selected. Kwok also noted that the staff report is very detailed. Kwok expressed that he was not sure that the tributary agencies were involved in the discussion. Regional Wastewater Facility General Manager Mariana Chavez-Vazquez (Chavez-Vazquez) noted that Kwok was commenting on item 5.B. Chair Domingo Candelas (Candelas) redirected the conversation to item 5.A.

Kwok commented that the South Bay Water Recycling System was installed due to the flow cap and noted that continuing running the South Bay Water Recycling system is the right thing to do. Kwok asked if the city would consider asking the Valley Water district to run the South Bay Water Recycling System instead. Committee Member David Cohen (Cohen) asked what the net revenue from operating the South Bay Water Recycling System is. Provenzano responded that the operation of the South Bay Water Recycling System began to break even around 2013, and that the current net revenue is around \$8 million. Cohen noted that it seems reasonable to spend \$500,000 on an assessment of the infrastructure while the RWF continues to make money selling recycled water.

Kwok noted that the assessment did not include a master plan. Provenzano responded that replacing the South Bay Water Recycling System would cost billions of dollars. Provenzano also noted that the last condition assessment was about 15 years ago, and that the last report noted that it is much more expensive to replace items than it is to maintain it through

preventative maintenance and smaller projects. Provenzano noted that this assessment is not an update to a master plan, but a condition assessment looking at the existing infrastructure, and informing staff on projects that need to be done over the next several years to keep the system in working condition, in order to save money by making small investments in the system. Kwok commented that even though the South Bay Water Recycling system does provide revenue, the consultant report might recommend a major overhaul of the system, thus costing more money. Kwok asked if the RWF should be in the business of providing water as well as the wastewater business. Kwok asked if staff would consider asking Valley Water district to take control of the South Bay Water system. Committee Member Manuel Pineda (Pineda) commented that this is a larger policy question that can be added to the agenda in the future. Pineda also noted that regardless of a future policy discussion, which would likely be a multi-year process, it would be best to know how the South Bay Water Recycling system is functioning by conducting this assessment. Candelas commented that the approval of this item would allow for a specific infrastructure report summary.

Vice Chair Karen Hardy (Hardy) made a comment that this assessment will help the entire system, and that it is difficult to draw a hard line on jurisdiction when multiple entities are part of the system.

There was no comment from the public on this item.

Action: On a motion made by Vice Chair Karen Hardy and a second by Committee Member Gonzalez, TPAC recommended approval of the item:

Ayes – 5 (Candelas, Cohen, Gonzalez, Hardy, Pineda)

Nays – 2 (Kwok, Shannon)

Abstain – 0

Absent – 2 (Montano, Mulcahy)

B. Master Consultant Agreement with Raftelis Financial Consultants, Inc. for Wastewater Flow and Loading Study

Staff Recommendation: Adopt a resolution authorizing the City Manager, or her designee, to negotiate and execute a master consultant agreement with Raftelis Financial Consultants, Inc. for an amount not to exceed \$3,700,000.

This item will be considered by City Council on November 18, 2025

There was a presentation by Environmental Services Department Division Manager Nick Ajluni (Ajluni).

Hardy commented that there has not been a flow study in 10 years, and that there has never been an intensive field study. She asked if this flow study will determine whether the tributary agencies are paying too much or not enough, determined by the loads in the flow study. Chavez-Vazquez responded in the affirmative.

Kwok commented that this is a worthwhile project and is long overdue. He noted that he is happy with the report. Kwok commented that his concern had been that there is only one consultant who proposed but is glad to see that Raftelis is a good financial consultant with sub-consultants with expertise in wastewater. Kwok requested more involvement with the tributary agencies on this project. Chavez-Vazquez clarified that this item is just the master agreement, and that the engagement plan with the tributary agencies and their designated technical leads will be a next step in the process, and that the plan is for this to be a collaborative effort.

Shannon stated that West Valley Sanitation District objects to any change in the methodology used for operation and maintenance cost allocation but will participate in the study. She noted that West Valley Sanitation District does not agree to the methodology or future use of this study or any attempts to unilaterally alter their rights or obligations under the Master Agreement.

Committee Member Albert Gonzalez (Gonzalez) commented on the importance of data and noted that Raftelis appears knowledgeable and reputable. Chavez-Vazquez commented that the City does do outreach to attempt to increase participation in requests for proposals, but that the amount of participation is out of the City's control. Chavez-Vazquez expressed confidence in Raftelis and their sub-consultants. Kwok agreed.

Candelas agreed with Hardy that there is a necessity to maximize accuracy in statements and bills for residents.

There was no comment from the public on this item.

Action: On a motion made by Committee Member Patrick Kwok and a second by Vice Chair Karen Hardy, TPAC recommended approval of the item:

Ayes – 6 (Candelas, Cohen, Gonzalez, Hardy, Kwok, Pineda)

Nays – 1 (Shannon)

Abstain – 0

Absent – 2 (Montano, Mulcahy)

C. Master Easements Agreement and Site Works Agreement with Microsoft Corporation and Valley Water for San José-Santa Clara Regional Wastewater Facility

Staff Recommendation: Adopt a resolution authorizing the City Manager, or her designee, to negotiate and execute a:

- a. Master Easement Agreement with Microsoft Corporation in exchange for a payment of no less than \$9,274,314, including \$8,725,000 for the easements and \$549,314 for the city to purchase the potable water line serving the San José-Santa Clara Regional Wastewater Facility, that will:

- i. Convey permanent easements to install below-grade utilities, including potable water lines, recycled water lines, sanitary sewer lines, fire water lines, and storm drains across undeveloped buffer lands situated to the south of the San José-Santa Clara Regional Wastewater Facility operational area;
 - ii. Convey temporary construction easements as required to facilitate execution of the projects contemplated by this Agreement and enumerated in this memorandum;
 - iii. Convey an easement for the extension of McCarthy Lane and provide ingress and egress access across McCarthy Lane; and
 - iv. Convey a temporary construction easement to widen and improve Zanker Road to include bicycle lanes, a center median, pedestrian walkways, and bioswales; and
- b. Site Works Agreement with Microsoft Corporation and Valley Water defining the scope, location, and terms of Microsoft Corporation's construction of a new visitor center on lands of the San José-Santa Clara Regional Wastewater Facility, which are leased to the Santa Clara Valley Water District, and other site improvements; and
- c. Any other documents related to and necessary to execute, administer, and/or enforce the above Agreements.

This item will be considered by City Council on November 18, 2025.

Pineda noted that he would need to abstain from item 5.D. and asked for them to be presented separately. Candelas agreed.

There was a presentation from Director of Real Estate Kevin Ice (Ice).

Hardy asked to confirm that the RWF would be getting money from this agreement, and that there is no issue with the using the land that had previously been leased to Valley Water. She also commented that there would be a future water purification plant, and asked to confirm that there was nothing in this agreement that would preclude that. Provenzano confirmed. Provenzano also noted that item 5.D. will discuss developments in the buffer lands and confirmed that there is plenty of room for the sewer and water lines.

Kwok asked if endangered owls will be relocated. Chavez-Vazquez responded that the endangered species at the RWF are in a different location, and noted that there will be mitigation measures for the construction. Chavez-Vazquez reiterated that this is part of the reason why they want to go through this process only once to minimize the effects to the animals.

Kwok asked if there are any utilities above ground. Chavez-Vazquez responded that all utilities are under ground.

Shannon stated that West Valley Sanitation District is entitled to a fair market credit or payment for this use. She stated that West Valley Sanitation District requests a breakdown of anticipated disbursements. Shannon also stated that West Valley Sanitation District has concerns that the City negotiated work with Microsoft and Valley Water that solely benefits the City and reduces the fair market credit. Shannon asked for a copy of appraisal by Valbridge Property Advisors,. Ice and Chavez-Vazquez responded in the affirmative.

There was no comment from the public on this item.

Action: On a motion made by Vice Chair Hardy and a second by Committee Member David Cohen, TPAC recommended approval of the item:

Ayes – 6 (Candelas, Cohen, Gonzalez, Hardy, Kwok, Pineda)

Nays – 1 (Shannon)

Abstain – 0

Absent – 2 (Montano, Mulcahy)

D. Request for Qualification Selection of Developer and Backup Developer for 159 acres at San José-Santa Clara Regional Wastewater Facility

Staff Recommendation: Adopt a resolution authorizing the City Manager, or her designee, to:

(a) Select Prologis Inc. as the preferred developer pursuant to the Request for Qualifications offered, for the 159 acres of economic development land belonging to the San José-Santa Clara Regional Wastewater Facility, and select a joint venture between Catellus Development Corporation and Deca Companies as the backup developer for these lands;

(b) Negotiate and execute an Exclusive Negotiation Agreement with the selected developer for a term of two years with three one-year option terms at the City of San José's discretion; and

(c) Negotiate and execute an Exclusive Negotiation Agreement with the backup developer, for a term of two years with three one-year option terms at the City of San José's discretion, should negotiations with the selected developer fail to provide an agreement with the terms and conditions sought by the City of San José for this project.

This item will be considered by City Council on November 18, 2025.

Pineda recused himself and left the room, and was not present for the presentation, discussion, or vote for this item.

Ice continued his presentation.

There was a public comment regarding this item submitted via email by Eileen McLaughlin on behalf of The Citizens Committee to Complete the Refuge.

Hardy asked a question regarding the recreation section on the map. She also asked about megawatt capacity. Hardy expressed concern that the previously approved power line that will go to Santa Clara is now causing some disagreement regarding who will get that power. Ice answered that the recreation section is not included in the 159 acres of economic development lands. Ice noted that they would be looking into what to do with that land in the future. Hardy commented that due to the market shift, she understands the pivot to data centers. Hardy also commented that data centers take a lot of electricity and water, and that the use of a blend of reclaimed and purified water decreases backwash problems for data centers. She noted that it should be ensured that data centers are closed loop, using reclaimed water, or both. Cohen asked how the 250 megawatts ties into the LS power line. Ice responded that the 250 megawatts is committed under a cooperation agreement between the City and PG&E, and that it would be from the LS power line. Cohen asked for clarification on the 400-megawatt figure. Ice responded that it is his understanding that there is a possibility to upsize the power from the LS power line in the future. Cohen asked to confirm that the current agreement is for 250 megawatts, and that any additional power is up for future discussion. Ice responded in the affirmative.

Cohen noted that he had additional comments that he will share at the City Council meeting on November 18th. He commented that the recreation space should be retitled as open space. Chavez-Vazquez responded that changing the designation would require a reopening of the process and would require a more detailed discussion.

Hardy asked to confirm that this item is for the selection of the developer rather than the exact plan proposed. Ice confirmed that this item is for the selection of the developer, and that negotiations have not yet taken place with the developer. Ice stated that the next step is for the developer to prepare a plan, and that the plan shown in the presentation is not a final proposal.

Cohen asked if the backup developer believed the retail space was viable. Ice responded in the negative, and noted that the backup developer included retail space based on the Plant Master Plan direction.

Shannon asked how long it would take to have something up and running. Ice responded that the target for Phase 1 is 2030.

Shannon stated that when this item returns to TPAC, West Valley Sanitation District asks for a fair market credit or payment for this use consistent with its Master Agreement.

Kwok recommended a requirement for the developer to provide odor mitigation measures. Candelas noted that the details and specifics are still to be negotiated, and encourages conversations regarding building traits.

Cohen commented that he hopes that the new extension on the eastern section of Nortech Parkway can be named after Thomas Foon Chew.

Gonzalez commented on the importance of engaging the community in this discussion.

Action: On a motion made by Committee Member Albert Gonzalez and a second by Committee Member David Cohen, TPAC recommended approval of the item:

Ayes – 6 (Candelas, Cohen, Gonzalez, Hardy, Kwok, Shannon)

Nays - 0

Abstain – 0

Absent – 3 (Montano, Mulcahy, Pineda)

6. OTHER BUSINESS/CORRESPONDENCE

There was no other business or correspondence.

7. STATUS OF ITEMS PREVIOUSLY RECOMMENDED FOR APPROVAL BY TPAC

A. Recommendation to the City Council on Insurance Renewals for San José – Santa Clara Regional Wastewater Facility

Staff Recommendation:

Recommend that the City Council authorize the Director of Finance or designee to:

- (a) Select and purchase City property and liability insurance for the San José – Santa Clara Regional Wastewater Facility (RWF) for the period October 1, 2025, to October 1, 2026, at a total cost not-to-exceed \$698,176, as well as an 18.0 percent contingency for additional property or assets scheduled, subject to the appropriation of funds with the following carriers:
 - 1) Factory Mutual Insurance Company for Property Insurance, including Boiler & Machinery and Terrorism Risk Insurance Act Coverage; and
 - 2) Beazley Excess and Surplus Insurance Inc. for Terrorism Insurance; and
 - 3) Axis Surplus Insurance Company, Ironshore Specialty Insurance Company, and The Princeton Excess and Surplus Lines Insurance Company for \$15 million in Excess Flood Insurance on a 50/50 quota share basis; and
 - 4) Gemini Insurance Company for Auto Liability Insurance for the vehicle fleets at the San José – Santa Clara Regional Wastewater Facility.

This item was approved by City Council on September 23, 2025.

8. REPORTS

- A. Open Purchase Orders Greater Than \$100,000 (including Service Orders)**
For Procurement and Contract Activity between \$100,000 and \$1.43 Million for Goods and \$100,000 and \$350,000 for Services.

8. A. Purchase Order Report 9/1/2025 – 10/31/2025

There were no comments from the committee or the public on this item.

9. MISCELLANEOUS

- A.** The next regular TPAC Meeting is scheduled in person on **December 11, 2025, at 4:00 p.m.** at City Hall, Room T1734.

10. OPEN FORUM

Kwok asked to follow up on the possibility of asking Valley Water to take control of the South Bay Water Recycling System. Provenzano responded in the affirmative.

Hardy asked about a possible tour of and meeting at the RWF. Chavez-Vazquez responded that they would like to wait for the dewatering facility to be ready and clean for the committee to tour.

11. ADJOURNMENT

The Treatment Plant Advisory Committee meeting was adjourned at 5:09 p.m.

Domingo Candelas, Chair
TREATMENT PLANT ADVISORY COMMITTEE