

SAN JOSÉ/SANTA CLARA TREATMENT PLANT ADVISORY COMMITTEE

SAM LICCARDO, CHAIR
DEBI DAVIS, VICE CHAIR
LAN DIEP, MEMBER
DAVID SYKES, MEMBER
DEV DAVIS, MEMBER

CARMEN MONTANO, MEMBER
KATHY WATANABE, MEMBER
STEVEN LEONARDIS, MEMBER
JOHN GATTO, MEMBER

MEETING AGENDA/TPAC

4:00 p.m.

October 10, 2019

Room 1734

1. **ROLL CALL**

2. **APPROVAL OF MINUTES**

A. September 12, 2019

3. **UNFINISHED BUSINESS/REQUEST FOR DEFERRALS**

4. **DIRECTOR'S REPORT**

- A. Director's Report (verbal)
- Monthly Progress Report (August)

5. **AGREEMENTS/ACTION ITEMS**

- A. San José-Santa Clara Regional Wastewater Facility Capital Improvement Program Semiannual Status Report

Staff Recommendation:

Accept the semiannual status report on the San José-Santa Clara Regional Wastewater Facility Capital Improvement Program for the period of January 2019 through June 2019.

- B. Report on Bids and Award of Construction Contract for 7731- Nitrification Clarifier Rehabilitation – Phase 1 Project at the San José- Santa Clara Regional Wastewater Facility

Staff Recommendation:

- (a) Report on bids and award the construction contract for 7731-Nitrification Clarifier Rehabilitation - Phase 1 Project to the low bidder, C. Overaa & Co.,

in the amount of \$26,184,000 and approve a 20 percent contingency in the amount of \$5,237,000.

- (b) Adopt a resolution authorizing the Director of Public Works to negotiate and execute one or more change orders in excess of \$100,000 for the duration of the project, not to exceed the total contingency amount approved for the project.

C. Sale of a Small Fragment of Land Along Highway 237

Staff Recommendation:

Approving the real property transfer of the approximately 1,744 square feet of land to the Santa Clara Valley Transportation Authority (VTA) and authorizing the City Manager to negotiate and execute a Purchase and Sale Agreement and all other documents necessary, for the sale of the property in the amount of \$5,000.

6. **OTHER BUSINESS/CORRESPONDENCE**

7. **STATUS OF ITEMS PREVIOUSLY RECOMMENDED FOR APPROVAL BY TPAC**

A. Amendments to the Master Consultant Agreements with AECOM Technical Services, Inc., Brown and Caldwell and Black & Veatch Corporation for General Engineering Services at the San José-Santa Clara Regional Wastewater Facility Capital Improvement Program

Staff Recommendation:

- (a) Approve the First Amendment to the Master Agreement with AECOM Technical Services, Inc. for the 7995 - General Engineering Services, extending the term from June 30, 2021 to June 30, 2024 at no additional cost to the City.
- (b) Approve the First Amendment to the Master Agreement with Brown and Caldwell for the 7995 - General Engineering Services, extending the term from June 30, 2021 to June 30, 2023 at no additional cost to the City.
- (c) Approve the First Amendment to the Master Agreement with Black & Veatch Corporation for the 7995 - General Engineering Services, extending the term from June 30, 2021 to December 31, 2023 at no additional cost to the City.

This item was approved by the City Council on September 24, 2019.

B. Report on Bids and Award of Construction Contract for 8983- Environmental Services Building Lab HVAC Dusting Replacement Project at the San José-Santa Clara Regional Wastewater Facility Capital Improvement Program

Staff Recommendation:

Report on bids and award of contract for the 8983 – Environmental Services Building Lab HVAC Ducting Replacement Project to the sole bidder, Kinetics Mechanical Services, Inc., in the amount of \$538,000, and approval of a fifteen percent contingency in the amount of \$80,700.

This item was approved by the City Council on September 24, 2019.

C. First Amendment to the Master Agreement with Cornerstone Earth Group for Environmental Support Services

Staff Recommendation:

Approve the First Amendment to the Master Agreement with Cornerstone Earth Group for environmental consulting services, increasing the amount of compensation by \$500,000, for a total agreement not to exceed \$1,000,000. No extension is being recommended on the term of the agreement, which expires on June 30, 2020.

This item was approved by the City Council on September 24, 2019.

D. Approval of a Design-Build Contract with Walsh Construction Company, LLC for the Digested Sludge Dewatering Facility Project at the San José-Santa Clara Regional Wastewater Facility

Staff Recommendation:

1. Adopt a resolution adopting an Addendum to the Environmental Impact Report for the San José-Santa Clara Regional Wastewater Facility in accordance with the California Environmental Quality Act (CEQA), as amended, and adopting a related Mitigation Monitoring and Reporting Program.
2. Approve the design-build contract with Walsh Construction Company, LLC for the Digested Sludge Dewatering Facility at the RWF in an amount not to exceed \$7,492,564 for the performance of Preliminary Services under the contract.
3. Approve a design contingency in the amount of \$749,256 for City-approved changes to the scope of Preliminary Services.
4. Adopt a resolution authorizing the City Manager or his designee to:
 - a. Negotiate and execute separate amendments to the contract to direct Walsh Construction to repair critically deteriorated infrastructure that

requires immediate repair, which may be discovered during subsurface investigations, in an amount not to exceed \$500,000.

- b. Negotiate and execute separate amendments to the contract to allow Walsh Construction to proceed with discrete portions of the Design-Build Work (referred to as “Early Work Packages”) prior to the City’s execution of the Definitive Contract Amendment in an amount not to exceed \$10,800,000, which amounts will be subject to the base Guaranteed Maximum Price;
- c. Negotiate and execute change orders in excess of \$100,000 up to the amount of the approved contingency for changes to the scope of the Preliminary Services and/or Early Work Packages.

This item was approved by the City Council on September 17, 2019.

E. Approval of Citywide Insurance Renewals

Staff Recommendation:

Adopt a resolution authorizing the Director of Finance to:

- (a) Select and purchase City property and liability insurance policies for the period October 1, 2019 to October 1, 2020, at a total cost not to exceed \$2,250,000, as well as an 18.0% contingency for additional property or assets scheduled, subject to the appropriation of funds with the following insurance carriers:
 - (1) Factory Mutual Insurance Company for Property Insurance, including Boiler & Machinery and TRIA Coverage;
 - (2) Beazley Syndicate 2623/623 at Lloyd’s for Terrorism Insurance;
 - (3) Old Republic Insurance Company, for Airport Owners and Operators Liability including War Risks & Extended Perils Coverage (including Excess Automobile and Employers’ Liability) and Police Aircraft Hull & Liability including War Risks & Extended Perils Coverage;
 - (4) QBE Specialty Insurance Company for Secondary Employment Law Enforcement Professional Liability;
 - (5) Hartford Life and Accident Insurance Company for Accidental Death, Accidental Dismemberment, and Paralysis Policy for the Police Air Support Unit; and
 - (6) Berkley Insurance Company for Government Fidelity/Crime Coverage.
- (b) Select and purchase additional insurance coverage not-to-exceed \$450,000 for the following products:
 - (1) Up to \$15 million in excess property coverage for the flood peril for locations in high and moderate hazard flood zones for the period October

1, 2019, to October 1, 2020, at a cost not to exceed \$150,000 subject to the appropriation of funds;
(2) Auto Liability insurance for Airport fleet vehicles including Shuttle Buses; Regional Wastewater Facility fleet vehicles; and Airport Shuttle Bus physical damage for the period October 1, 2019, to October 1, 2020, at a cost not to exceed \$120,000 for the Airport and \$100,000 for the Regional Wastewater Facility, subject to the appropriation of funds; and
(3) Up to \$25 million in Excess Auto Liability insurance for Airport fleet vehicles including Shuttle Buses for the period October 1, 2019, to October 1, 2020, at a cost not to exceed \$80,000, subject to the appropriation of funds.

This item was approved by the City Council on September 17, 2019.

8. REPORTS

A. Open Purchase Orders Greater Than \$100,000 (including Service Orders)

The attached monthly Procurement and Contract Activity Reports summarize the purchase and contracting of goods with an estimated value between \$100,000 and \$1.17 million and of services between \$100,000 and \$290,000.

9. MISCELLANEOUS

A. The next monthly TPAC Meeting is on **November 14, 2019, at 4:00 p.m.**, City Hall, Room 1734.

10. OPEN FORUM

11. ADJOURNMENT

NOTE: If you have any changes or questions, please contact Eva Roa, Environmental Services (408) 975-2547.

To request an accommodation or alternative format for City-sponsored meetings, events or printed materials, please contact Eva Roa (408) 975-2547 or (408) 294-9337 (TTY) as soon as possible, but at least three business days before the meeting/event.

Availability of Public Records. All public records relating to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that are distributed to a majority of the legislative body will be available for public inspection at San Jose City Hall, 200 East Santa Clara Street, 10th Floor, Environmental Services at the same time that the public records are distributed or made available to the legislative body.

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

San José City Hall, T-1734
Thursday, September 12, 2019 at 4 p.m.

1. ROLL CALL

Minutes of the Treatment Plant Advisory Committee convened this date at 4p.m. Roll call was taken with the following members in attendance:

Committee Members: Debi Davis, Dev Davis, John Gatto, Steven Leonardis, Sam Liccardo, Carmen Montano, Jim Ortbal, Kathy Watanabe, Lan Diep (4:04pm)

2. APPROVAL OF MINUTES

A. June 13, 2019

On a motion made by Committee Member Debi Davis and a second by Committee Member Leonardis, TPAC recommended approval of the minutes with the amendment of Debi Davis' name instead of Sam Liccardo as signatory.

Ayes – 8 (Debi Davis, Dev Davis, Gatto, Leonardis, Liccardo, Montano, Ortbal, Watanabe)

Absent– 1 (Diep)

3. UNFINISHED BUSINESS/REQUEST FOR DEFERRALS

4. DIRECTOR'S REPORT

A. Director's Report (verbal)

Director Kerrie Romanow announced the appointment of Mariana Chavez-Vazquez as the Regional Wastewater Facility CIP Deputy Director.

Director Romanow also updated the Committee that the Parks Recreation Neighborhood Services Department was meant to present on the South Bay Trail planning this month but the South Bay trail planning feasibility study was delayed and they would need to come to the November TPAC.

Director Romanow made note that the monthly reports of May, June, and July were in the packet but that the July Budget tracking tables and graphs were blank due to technical difficulties with San Jose's new budget tracking software and that the budget tracking tables and graphs would be updated in the next monthly report.

Member Gatto asked Director Romanow about the study students were doing regarding the piece of property that might be available and where it stood.

Director Romanow stated that Berkley had won the study he was speaking of, the Golden Shovel, and that she thought the Department had released an Info memo some time ago but that she would double check.

Member Gatto asked if the committee would be getting a presentation. Director Romanow answered that the teams were not able to prepare any presentations, but she would check to see if the Department had released an Info memo with a summary of all information and bring it back to the committee.

5. AGREEMENTS/ACTION ITEMS

A. Amendments to the Master Consultant Agreements with AECOM Technical Services, Inc., Brown and Caldwell and Black & Veatch Corporation for General Engineering Services at the San José-Santa Clara Regional Wastewater Facility Capital Improvement Program

Staff Recommendation:

- (a) Approve the First Amendment to the Master Agreement with AECOM Technical Services, Inc. for the 7995 - General Engineering Services, extending the term from June 30, 2021 to June 30, 2024 at no additional cost to the City.
- (b) Approve the First Amendment to the Master Agreement with Brown and Caldwell for the 7995 - General Engineering Services, extending the term from June 30, 2021 to June 30, 2023 at no additional cost to the City.
- (c) Approve the First Amendment to the Master Agreement with Black & Veatch Corporation for the 7995 - General Engineering Services, extending the term from June 30, 2021 to December 31, 2023 at no additional cost to the City.

This item is scheduled for consideration by the City Council on September 24, 2019.

Assistant Director Napp Fukuda described these Agreements to the Committee and was available for questions.

On a motion made by Committee Member Gatto and a second by Committee Member Leonardis, TPAC recommended approval of this item.

Ayes – 9 (Debi Davis, Dev Davis, Diep, Gatto, Leonardis, Liccardo, Montano, Ortbal, Watanabe)

B. Report on Bids and Award of Construction Contract for 8983- Environmental Services Building Lab HVAC Ducting Replacement Project at the San José-Santa Clara Regional Wastewater Facility Capital Improvement Program

Staff Recommendation:

Report on bids and award of contract for the 8983 – Environmental Services Building Lab HVAC Ducting Replacement Project to the sole bidder, Kinetics Mechanical Services, Inc., in the amount of \$538,000, and approval of a fifteen percent contingency in the amount of \$80,700.

This item is scheduled for consideration by the City Council on September 24, 2019.

Assistant Director Napp Fukuda described this item to the Committee and was available for questions.

Committee Member Gatto asked if this would be considered maintenance or Capital improvement.

Assistant Director Fukuda clarified that this would be considered Capital because it is not a small endeavor and requires major work.

Committee Member Gatto asked what the life expectancy for the replacement fume hoods and ducts.

Assistant Director Fukuda answered that hopefully the same amount of time that they have currently lasted, which has been approximately 25 years with proper maintenance.

On a motion made by Committee Member Debi Davis and a second by Committee Member Watanabe, TPAC recommended approval of this item.

Ayes – 9 (Debi Davis, Dev Davis, Diep, Gatto, Leonardis, Liccardo, Montano, Ortbal, Watanabe)

C. First Amendment to the Master Agreement with Cornerstone Earth Group for

Environmental Support Services

Staff Recommendation:

Approve the First Amendment to the Master Agreement with Cornerstone Earth Group for environmental consulting services, increasing the amount of compensation by \$500,000, for a total agreement not to exceed \$1,000,000. No extension is being recommended on the term of the agreement, which expires on June 30, 2020.

This item is scheduled for consideration by the City Council on September 24, 2019.

Assistant Director Napp Fukuda described this item to the Committee and was available for questions.

On a motion made by Committee Member Debi Davis and a second by Committee Member Watanabe, TPAC recommended approval of this item.

Ayes – 8 (Debi Davis, Dev Davis, Diep, Gatto, Liccardo, Montano, Ortbal, Watanabe)

Nay – 1 (Leonardis)

D. Approval of a Design-Build Contract with Walsh Construction Company, LLC for the Digested Sludge Dewatering Facility Project at the San José-Santa Clara Regional Wastewater Facility

Staff Recommendation:

1. Adopt a resolution adopting an Addendum to the Environmental Impact Report for the San José-Santa Clara Regional Wastewater Facility in accordance with the California Environmental Quality Act (CEQA), as amended, and adopting a related Mitigation Monitoring and Reporting Program.
2. Approve the design-build contract with Walsh Construction Company, LLC for the Digested Sludge Dewatering Facility at the RWF in an amount not to exceed \$7,492,564 for the performance of Preliminary Services under the contract.
3. Approve a design contingency in the amount of \$749,256 for City-approved changes to the scope of Preliminary Services.
4. Adopt a resolution authorizing the City Manager or his designee to:

- a. Negotiate and execute separate amendments to the contract to direct Walsh Construction to repair critically deteriorated infrastructure that requires immediate repair, which may be discovered during subsurface investigations, in an amount not to exceed \$500,000.
- b. Negotiate and execute separate amendments to the contract to allow Walsh Construction to proceed with discrete portions of the Design-Build Work (referred to as “Early Work Packages”) prior to the City’s execution of the Definitive Contract Amendment in an amount not to exceed \$10,800,000, which amounts will be subject to the base Guaranteed Maximum Price;
- c. Negotiate and execute change orders in excess of \$100,000 up to the amount of the approved contingency for changes to the scope of the Preliminary Services and/or Early Work Packages.

This item is scheduled for consideration by the City Council on September 17, 2019.

Assistant Director Napp Fukuda noted that the Agenda showed that item 6A would be heard first and then this item would be heard. Assistant Director Fukuda introduced RWF Capital Improvement Program Deputy Director Mariana Chavez-Vasquez to present.

Deputy Director Mariana Chavez-Vasquez presented the information regarding item 6A, the Biosolids Disposition Market Assessment.

Committee Member Gatto praised the report as being very thorough, detailed and answering most of his questions.

However, he was curious as to how some of the companies that are listed are just picking up the biosolids and dropping them off, and how these companies would make a profit.

Deputy Director Chavez-Vasquez clarified that that the companies aren’t in the business of Biosolids but are certified fertilizer producers. She said she wasn’t sure how the market group works but that the companies seem confident that the market exists.

Director Romanow reminded the committee that these companies would be paid to pick up the Biosolids, so that is a portion of the profit.

Committee Gatto clarified that all the service providers listed would be paid to take the material. He questioned, had there been any thought to it being done in-

house?

Director Romanow stated that while this had been considered, consultant advice and research found that having a public-private partnership would prove the most successful due to the private corporation having the skill of marketing and offloading the material. We could also develop local options for land application where there might be different benefits to the community. She stated that a three to five year bridge is needed while all the other options are framed up and if they can be framed up sooner than that, that would be ideal however, it is unlikely that a processing facility will be built fast enough. Yet, since there are other facilities that also would like to contribute, it is viable that someone may build something, maybe not on Wastewater land, but somewhere.

Committee Member Gatto asked if that was still an option.

Director Romanow said yes and that she would like to minimize the trucking distance due to Greenhouse gas emissions as well as increasing the cost and therefore if there was a local option then it would be better.

Committee Member Gatto asked if there would be a period of time in which there would be a duplication of materials, since there would also be sludge coming out of the lagoons?

Deputy Director Chavez-Vasquez answered yes and that they were looking in to options on how to deal with this, either by trying to receive regulatory relief or perhaps a local option of soil blending.

Committee Member Gatto asked if it was viable to create a composting facility?

Director Romanow stated that she wasn't sure. She stated it depends on where you are and when you are doing it, as well as the prohibitive cost to build. She assured the committee that all options are being explored as well as looking at risk management due to changing markets and being mindful of cost.

Deputy Director Chavez-Vasquez also stated that looking at the age of the facility could impact cost. Being that an older facility would be less expensive due in part to less regulations whereas a newer facility would be constrained to more regulations and be a more expensive facility.

Dean Stanford had a public comment regarding the Biosolids memo regarding possibly using the sludge from the Lagoons for the Parks Proposal he was bringing to the committee.

Deputy Director Chavez-Vasquez moved on to present item 5.D. She was available for questions.

Committee Member Montano asked whether not using pilings would compromise safety.

Deputy Director Chavez-Vasquez answered no.

Assistant Director Fukuda added that surcharging the site would entail using gravel or dirt piled on site to allow the area to settle/compact for six months to a year in-lieu of pilings.

Deputy Director Chavez-Vasquez clarified that there are less expensive options than pilings if time allows.

Committee Member Gatto asked what the ten acres was based on.

Deputy Director Chavez-Vasquez answered that it was based on the preliminary layout of the facility and what is needed to house the equipment, etc.

Committee Member Gatto asked who did the preliminary report.

Deputy Director Chavez-Vasquez answered that it was done by Brown & Caldwell, the City's owner's advisors.

On a motion made by Committee Member Debi Davis and a second by Committee Member Dev Davis, TPAC recommended approval of this item.

Ayes – 8 (Debi Davis, Dev Davis, Diep, Gatto, Liccardo, Montano, Ortbal, Watanabe)

Nay – 1 (Leonardis)

E. Approval of Citywide Insurance Renewals

Staff Recommendation:

Adopt a resolution authorizing the Director of Finance to:

- (a) Select and purchase City property and liability insurance policies for the period October 1, 2019 to October 1, 2020, at a total cost not to exceed \$2,250,000, as well as an 18.0% contingency for additional property or assets scheduled, subject to the appropriation of funds with the following insurance carriers:

- (1) Factory Mutual Insurance Company for Property Insurance, including Boiler & Machinery and TRIA Coverage;
- (2) Beazley Syndicate 2623/623 at Lloyd's for Terrorism Insurance;

- (3) Old Republic Insurance Company, for Airport Owners and Operators Liability including War Risks & Extended Perils Coverage (including Excess Automobile and Employers' Liability) and Police Aircraft Hull & Liability including War Risks & Extended Perils Coverage;
- (4) QBE Specialty Insurance Company for Secondary Employment Law Enforcement Professional Liability;
- (5) Hartford Life and Accident Insurance Company for Accidental Death, Accidental Dismemberment, and Paralysis Policy for the Police Air Support Unit; and
- (6) Berkley Insurance Company for Government Fidelity/Crime Coverage.

(b) Select and purchase additional insurance coverage not-to-exceed \$450,000 for the following products:

- (1) Up to \$15 million in excess property coverage for the flood peril for locations in high and moderate hazard flood zones for the period October 1, 2019, to October 1, 2020, at a cost not to exceed \$150,000 subject to the appropriation of funds;
- (2) Auto Liability insurance for Airport fleet vehicles including Shuttle Buses; Regional Wastewater Facility fleet vehicles; and Airport Shuttle Bus physical damage for the period October 1, 2019, to October 1, 2020, at a cost not to exceed \$120,000 for the Airport and \$100,000 for the Regional Wastewater Facility, subject to the appropriation of funds; and
- (3) Up to \$25 million in Excess Auto Liability insurance for Airport fleet vehicles including Shuttle Buses for the period October 1, 2019, to October 1, 2020, at a cost not to exceed \$80,000, subject to the appropriation of funds.

This item is scheduled for consideration by the City Council on September 17, 2019.

On a motion made by Committee Member Gatto and a second by Committee Member Debi Davis, TPAC recommended approval of this item.

Ayes – 9 (Debi Davis, Dev Davis, Diep, Gatto, Leonardis, Liccardo, Montano, Ortbal, Watanabe)

6. OTHER BUSINESS/CORRESPONDENCE

- A. Update on Biosolids Disposition Market Assessment for the San Jose-

Santa Clara Regional Wastewater Facility

TO BE HEARD WITH ITEM 5.D

Please see notes regarding this item under Item 5D.

- B. Comment Letter – City of San José SCR, Response to Tentative Order from the City of San Jose, as Administering Agency for the San Jose-Santa Clara Regional Wastewater Facility

Assistant Director Napp Fukuda presented this item to the Committee and was available for questions.

Committee Member Gatto asked if this project was considered during the creation of the Plant Master Plan.

Director Romanow answered that the project was contemplated but that it wasn't funded at the time.

Chair Liccardo asked for clarification of impacted areas.

Assistant Director Fukuda showed on the map in where impacted areas are.

Committee Member Montano asked what the area is capped with.

Assistant Director Fukuda answered that the clean soil in between the lagoons would suffice to cap the area.

7. **STATUS OF ITEMS PREVIOUSLY RECOMMENDED FOR APPROVAL BY TPAC**

- A. Amendments to the Master Consultant Agreements with Consolidated Engineering Labs, Construction Testing Services, Inc., and Signet Testing Labs, Inc. for Special Inspection and Materials Testing Services for the San José-Santa Clara Regional Wastewater Facility Capital Improvement Program

Staff Recommendation:

Approve the Amended and Restated Master Consultant Agreements with Consolidated Engineering Laboratories, Construction Testing Services, Inc., and Signet Testing Labs, Inc. for special inspection and materials testing services to allow for premium pay, reductions in the minimum limits for Professional Liability Errors and Omissions insurance from \$5,000,000 to \$2,000,000 per claim limit, and revisions to the Schedule of Rates and Charges, with no extensions of the term or increases to the maximum total compensation.

This item was approved by the City Council on June 25, 2019.

8. REPORTS

A. Open Purchase Orders Greater Than \$100,000 (including Service Orders)

The attached monthly Procurement and Contract Activity Report summarizes the purchase and contracting of goods with an estimated value between \$100,000 and \$1.17 million and of services between \$100,000 and \$290,000.

9. MISCELLANEOUS

A. The next TPAC Meeting is on **October 10, 2019, at 4:00 p.m.**, City Hall, Room 1734.

10. OPEN FORUM

Dean Stanford, citizen and park advocate, came to speak regarding the creation of a park using the 800-acres of flexible space.

Daniel Canfield, representative of the California Department of Parks and Recreation, came to speak in support of Dean Stanford's proposal of a park.

11. ADJOURNMENT

A. The Treatment Plant Advisory Committee adjourned at 4:46 p.m.

Sam Liccardo, Chair

TREATMENT PLANT ADVISORY COMMITTEE



San José-Santa Clara
Regional Wastewater Facility

Capital Improvement Program Monthly Status Report: August 2019

October 3, 2019

This report summarizes the progress and accomplishments of the Capital Improvement Program (CIP) for the San José-Santa Clara Regional Wastewater Facility (RWF) for August 2019.

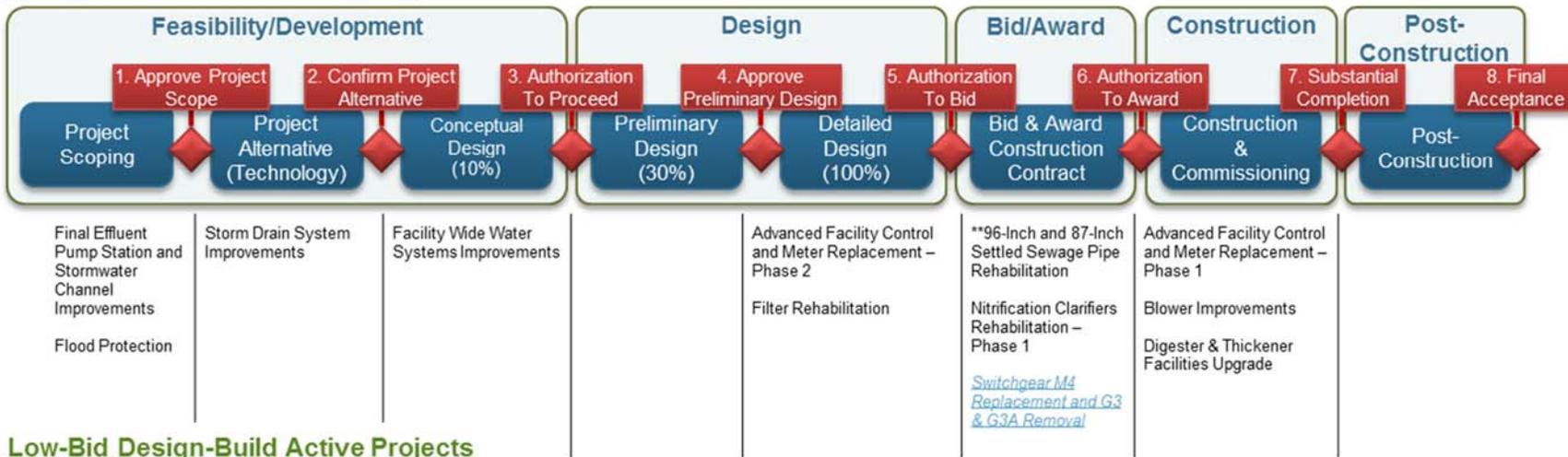
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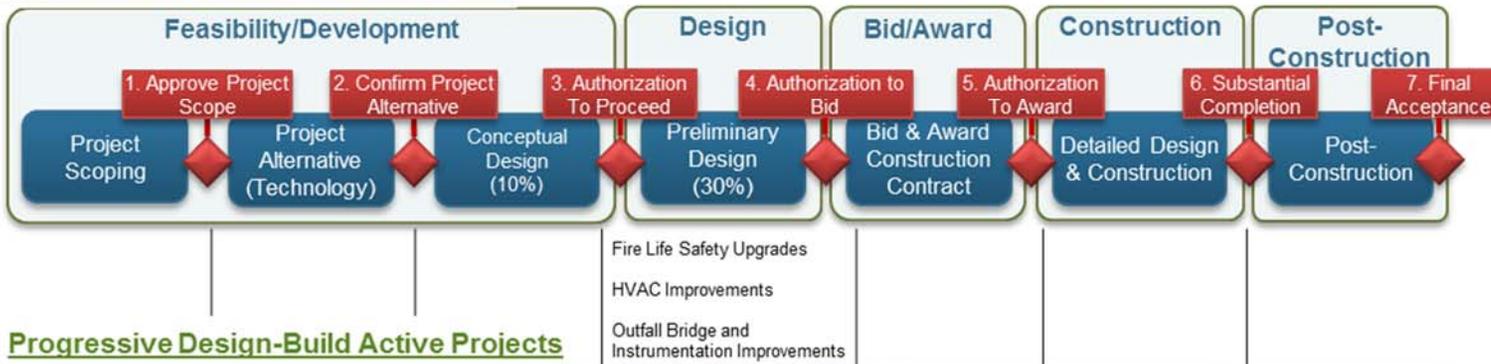


Project Delivery Models

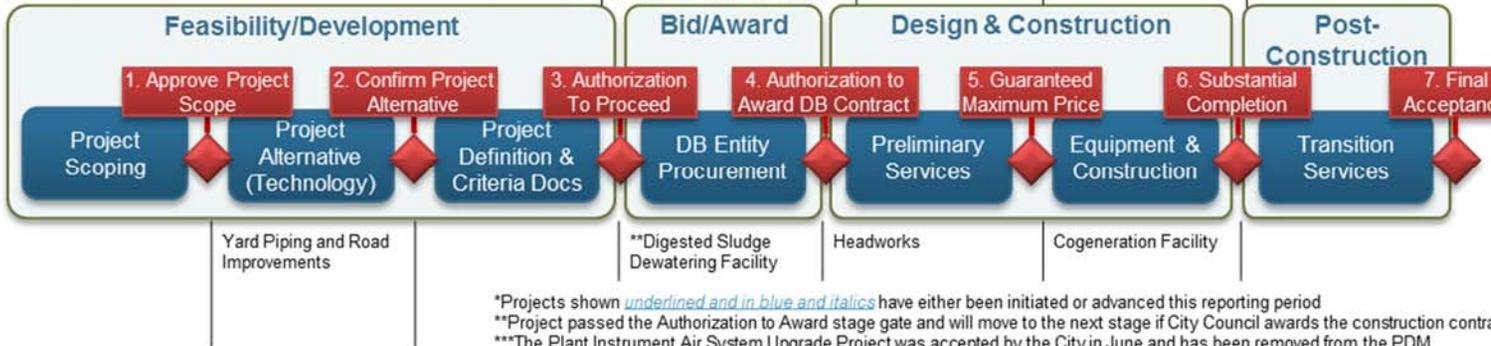
Design-Bid-Build Active Projects



Low-Bid Design-Build Active Projects



Progressive Design-Build Active Projects



*Projects shown underlined and in blue and italics have either been initiated or advanced this reporting period
 **Project passed the Authorization to Award stage gate and will move to the next stage if City Council awards the construction contract.
 ***The Plant Instrument Air System Upgrade Project was accepted by the City in June and has been removed from the PDM.

Key

- Phases
- Stages
- ◆ Stage Gates



Program Summary

August 2019

In August, the Switchgear M4 Replacement and G3 & G3A Removal Project passed the Project Delivery Model (PDM) Stage Gate 5: Authorization to Bid and the City advertised the construction contract for bids, which will be opened in late September. In addition, the Digested Sludge Dewatering Facility Project passed Stage Gate 4: Authorization to Award DB Contract. Staff will recommend the design-build contract for award to the Treatment Plant Advisory Committee (TPAC) and City Council (Council) in September.

The Digester and Thickener Facilities Upgrade Project contractor completed the exterior insulation on Digester 5 (see Figure 1) and installed gas dome lids and set the sludge circulating heat exchanger equipment for Digesters 5 and 6. Ten of the remaining 13 elevated pipe rack footings and columns were constructed and several hundred feet of gas pipeline was tested. The contractor will construct the final three footings and columns in October 2019.



Figure 1: Recently applied insulation on Digester 5

The Cogeneration Facility Project design-builder completed the medium voltage electrical duct banks and continued working on the Power and Air Operations Center fire suppression system and supports for hot water piping. They also continued to install the cooling towers and gas cleaning equipment. In addition, the design-builder began construction of the building that houses the motor control center (MCC) and is due to be delivered in early September 2019.

The Blower Improvements Project contractor mobilized temporary shower trailers at Building 40 to enable demolition of locker rooms. The contractor completed construction of the concrete masonry unit (CMU) walls for the new electrical room.

The Advanced Facility Control and Meter Replacement – Phase 1 Project contractor continued to conduct pre-operational testing in preparation for functional testing in October 2019 and full operational testing in November 2019. For a more detailed update on projects in construction, refer to the Program Highlight (pages 4-5).

The City received two bids for the 96-Inch and 87-Inch Settled Sewage Pipe Rehabilitation Project. Both bids were higher than the engineer's estimate of \$3.4 million. Staff evaluated the bids, assessed the reasons for the price variance, and will be recommending the construction contract for award to TPAC and Council in November.

For the Advanced Facility Control and Meter Replacement – Phase 2 Project, staff evaluated the three statements of qualification (SOQ) received and determined that all three contractors are qualified to bid on the project. The City also received and began evaluating the pre-qualification SOQs for the Filter Rehabilitation Project.

Look Ahead

The following key activities are forecast for September and October 2019:

- The City will open bids for the Switchgear M4 Replacement and G3 & G3A Removal Project.
- The City will issue a notice of determination of pre-qualified contractors for the Filter Rehabilitation Project.
- Staff will recommend the following to TPAC and Council: (1) amend three general engineering master consultant agreements for various CIP projects to extend their terms; (2) award the design-build contract for the Digested Sludge Dewatering Facility Project; and (3) award the construction contract for Nitrification Clarifier Rehabilitation - Phase 1 Project.
- Five projects will seek to advance through stage gates, including:
 - Advanced Facility Control and Meter Replacement – Phase 2 – Stage Gate 5: Authorization to Bid;
 - Fire Life Safety Upgrades - Stage Gate 4: Authorization to Bid;
 - Headworks Critical Improvements – Stage Gate 8: Final Acceptance;
 - Iron Salt Feed Station - Stage Gate 8: Final Acceptance; and
 - Yard Piping and Road Improvements – Stage Gate 2: Confirm Project Alternative.



Program Highlight – Construction Activity

Construction on the **Digester and Thickener Facilities Upgrade Project** reached 78 percent completion as of August 2019. Contractor Walsh Construction (Walsh) continued to make significant progress at several project work sites – Digesters 5 through 8; pipe rack footings and columns; pipe rack sections; dissolved air flotation thickener (DAFT) tanks 1 through 6; thickened sludge pump area; sludge screening building; polymer and odor control structures; east and west electrical buildings; load center; new flare system; and various piping, electrical/mechanical equipment installations.



Figure 2: Pipe rack system and Digester 6

Structural and earth work for Digesters 5 through 8 is nearing completion, as is pipe rack system work around the digesters, (see Figure 2). Spray foam insulation work is complete for Digester 5 and in progress for Digester 6. Construction of the pipe rack system and the digester gas (DG) line to remote Digester 9 through 16 is complete. Functional testing of the Digester 16 connection and associated DG line on the pipe rack is complete, with operational testing in progress.

Mechanical systems for DAFT tanks 1 through 6 (drives, motors, skimmers, scrapers, cross screws, pressure retention tanks, and aluminum DAFT tank covers) are complete. Various electrical equipment (motor control centers; switchgears; instruments; rough-in/wiring; tanks and piping; HVAC and foul air ductwork; fire sprinkler and fire suppression systems; canopy systems; architectural finish; and hardware installations) for the sludge screening building, polymer and odor control structures and existing sludge control building are either complete or near completion. Installation and third-party testing of transformers

and load center equipment are complete. Foundation work for the east and west electrical buildings is complete, with remaining structural work in progress.

In preparation for the upcoming phased DAFT startup, the contractor installed a new temporary pressure flow reroute pumping and piping system to facilitate the replacement of the aging pipes.

As of August 2019, the **Cogeneration Facility Project** reached 53 percent completion. Highlights since the last update include completion of the walls and roof for two main buildings, significant concrete pours for various areas, and new equipment installation.

In mid-June 2019, design-builder CH2M Hill Engineers (CH2M) completed the masonry walls around the new cogeneration and operations buildings. By early July, the buildings were enclosed with the metal roof deck installation. CH2M deployed a large crane to lift pieces of the roof joist and metal deck into place. Inside the cogeneration building, welders erected the pipe rack structure that will eventually carry water and fuel pipes to the new engines.



Figure 3: Bottom left: Pipe support structure under construction. Middle: Hydrogen sulfide and siloxane removal equipment. Middle right: Electrical ductbank concrete pour.

In the area just south of the cogeneration building, CH2M poured multiple foundation slabs that will support new switchgear, MCC, water boilers, oil storage tanks, and the butler building. Most of this equipment will be installed

by mid-September and the remaining equipment will be installed this winter. In the digester gas treatment equipment outdoor area, the contractor installed the siloxane and hydrogen sulfide removal equipment to prevent corrosion of the new mechanical parts and instruments. Additionally, the contractor placed the cooling towers and chillers. Functioning as a heat sink, cooling towers capture excess heat from the engines and release it into the environment.

To provide power to the new instruments and equipment, CH2M built new duct banks that carry conduits from existing power sources. Hundreds of plastic conduits form a maze-like, underground network in the surrounding areas. Two notable types of equipment are the switchgear and the MCC. The switchgear offers protection from short-circuiting and provides isolation points for specific electrical circuits. The MCC controls the start-up/shut-down of equipment electrical motors (e.g., a water pump). The switchgear and MCC have been installed inside the electrical equipment indoor area within the Cogeneration Electrical and Mechanical Building, but have not been activated yet.

The new cogeneration facility connects into the digester system through the hot water supply loop and the digester gas line. The hot water pipeline collects excess heat from the engines and transfers it into the digesters. The heat promotes an ideal environment for microorganisms used in the digestion process. Cool water from the digester is transported back to the engines, and the cycle repeats. The digester gas line feeds biogas from the digesters to the engines, which creates energy for the RWF. CH2M has constructed most of these pipes in the cogeneration area and will be ready to connect to the pipes already installed by Walsh for the Digester Project. Teams from both projects will need to coordinate carefully prior to commissioning the system.



Figure 4: New VFD room in Building 40

Construction for the **Blower Improvements Project** began January 16, 2019. The project will upgrade the RWF's secondary aeration blowers in the Blower Generation Building (Building 40), Secondary Blower Building, and Tertiary Blower Building, which provide air crucial to the wastewater treatment process. Bringing innovation and greater efficiency, many of the upgrades consist of long-manufacturing-time equipment such as variable frequency drives (VFDs) and reduced voltage soft starters, which will enable the emergency diesel generators to start the equipment during an emergency. Figure 4 shows the demolition and construction of a former workshop in Building 40, where a new CMU wall is being constructed and the room prepared to house three VFDs. Large openings above the doorways are for new ductwork associated with each VFD.

The **Advanced Facility Control and Meter Replacement – Phase 1 Project** reached 67 percent completion as of August. The project will replace and/or upgrade the control equipment in the Secondary B Battery and Nitrification B Battery treatment areas. The project scope includes replacing 52 flow meters; 24 valves; 12 valve actuators; 26 sensors and transmitters; associated piping modifications; and electrical improvements. Major construction work will be performed during the planned maintenance shutdown periods for each battery in 2019 and 2020, respectively.

Contractor Overaa Construction began work on Secondary B Battery in May and is now in the final stretch of construction planned for this maintenance period. The team is starting pre-operational testing activities and working on outstanding minor items. Overaa Construction anticipates completing all Secondary B Battery testing in December 2019. Construction on the Nitrification B Battery area will start in May 2020 and be completed in November 2020.



Figure 5: Contractor tightening bolts on new meter and pipes

Program Performance Summary

Eight key performance indicators (KPIs) have been established to measure overall CIP success. Each KPI represents a metric that will be monitored on a regular basis. Through the life of the CIP, KPIs that best reflect the current program will be selected and measured. KPIs are reset each fiscal year.

Program Key Performance Indicators – Fiscal Year 2019-2020

KPI	Target	Fiscal Year to Date			Fiscal Year End		
		Actual	Status	Trend	Forecast	Status	Trend
Stage Gates	90%	80% 4/5 ¹			95% 19/20		
Measurement: Percentage of initiated projects and studies that successfully pass each stage gate on their first attempt. Target: Green: >= 90%; Amber: 75% to 90%; Red: < 75%							
Schedule²	90%	N/A 0/0	N/A	N/A	N/A 0/0	N/A	N/A
Measurement: Percentage of CIP projects delivered within 2 months of approved baseline Beneficial Use Milestone. ³ Target: Green: >= 90%; Amber: 75% to 89%; Red: < 75%							
Budget⁴	90%	N/A 0/0	N/A	N/A	N/A 0/0	N/A	N/A
Measurement: Percentage of CIP projects that are accepted by the City within the approved baseline budget. ³ Target: Green: >= 90%; Amber: 75% to 89%; Red: < 75%							
Expenditure	\$369M	\$168M			\$451M		
Measurement: CIP FY18-19 committed costs. Target: Committed cost meets or exceeds 70% of planned Budget. 70% of \$528M = \$369M. Therefore Fiscal Year End Green: >=\$369M; Amber: \$290M to \$369M; Red: < \$290M							
Procurement	80%	100% 2/2 ⁵			100% 8/8		
Measurement: Number of consultant and contractor procurements advertised compared to planned for the fiscal year. Target: Green: >= 80%; Amber: 70% to 79%; Red: < 70%							
Safety	0	0			0		
Measurement: Number of OSHA reportable incidents associated with CIP delivery for the fiscal year. Criteria: Green: zero incidents; Amber: 1 to 2; Red: > 2							
Environmental	0	0			0		
Measurement: Number of permit violations caused by CIP delivery for the fiscal year. Target: Green: zero incidents; Amber: 1 to 2; Red: > 2							
Vacancy Rate⁶	10%	22% 19/86			9% 8/86		
Measurement: Ratio of the number of vacant approved positions to approved positions. Target: Green: <= 10%; Amber: 10% to 20%; Red: > 20%							

Notes

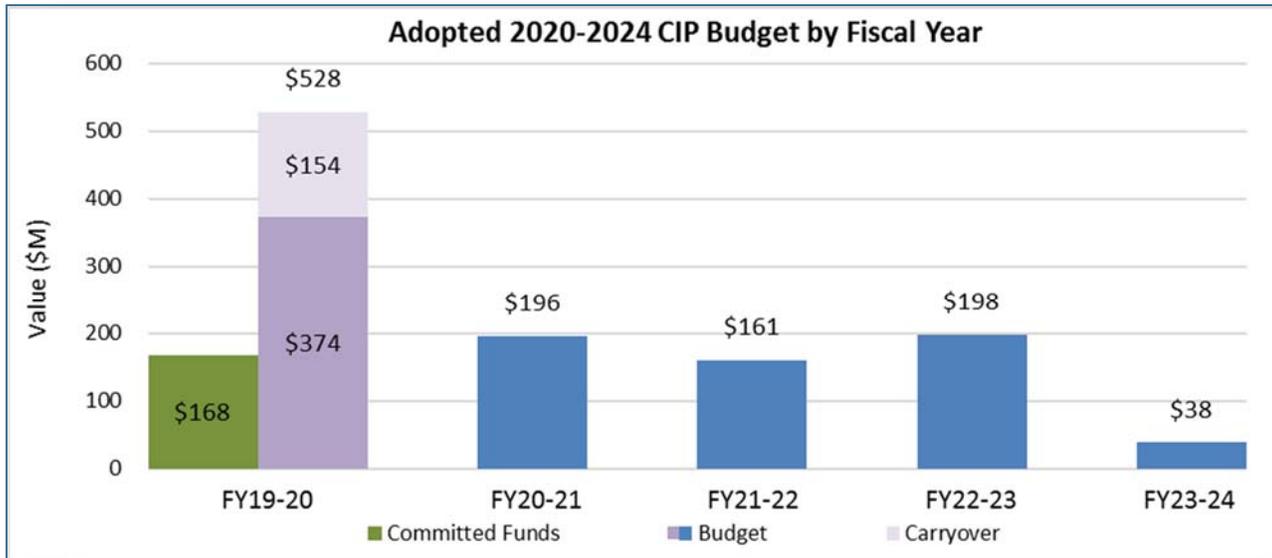
- The 96-Inch and 87-Inch Settled Sewage Pipe Rehabilitation Project passed Stage Gate 6: Authorization to Award & Establish Baseline. The Digested Sludge Dewatering Facility Project passed Stage Gate 4: Authorization to Award DB Contract, and will recommend Council award the design-build contract in September 2019. The Switchgear M4 Replacement and G3 & G3A Removal Project passed Stage Gate 5: Authorization to Bid, and will advertise the construction contract this reporting period.
- The CIP does not anticipate any projects reaching Beneficial Use this fiscal year.
- The baseline Beneficial Use date and the baseline budget for each project are established at construction contract award and execution.
- The Budget KPI has been revised to reflect the Plant Instrument Air System Upgrade Project actual acceptance date in June of last fiscal year. The CIP does not anticipate accepting any projects this fiscal year.
- The City advertised the Switchgear M4 Replacement and G3 & G3A Removal Project construction contract.
- The vacancy rate KPI measures CIP-approved positions, including ESD, Public Works, and program management consultant full-time staff.



Program Budget Performance Summary

This section summarizes the cumulative monthly budget performance for fiscal year (FY)19-20 based on the Adopted 2020-2024 CIP.

Adopted 2020-2024 CIP Expenditure and Encumbrances



Notes:

Committed Funds: Total of expenditures and encumbrances.

Expenditure: Actual cost expended, either by check to a vendor or through the City's financial system, for expenses such as payroll or for non-personal expenses that do not require a contract.

Encumbrance: Financial commitments such as purchase orders or contracts that are committed to a vendor, consultant, or contractor. An encumbrance reserves the funding within the appropriation and project.

The FY19-20 budget is \$399 million, which consists of \$339.6 million in new funds and \$59.7 million in rebudgets. For purposes of this monthly report, the adopted FY19-20 budget is adjusted from \$399 million to \$374 million due to the exclusion of certain appropriations that are not measured as part of the expenditure KPI. Excluded appropriations include City Hall Debt Service Fund; Clean Water Financing Authority Debt Service Payment Fund; Debt Service Repayment for Plant Capital Improvement Projects (San José only debt service); Equipment Replacement Reserve; Ending Fund Balance; Public Art; and Urgent and Unscheduled Treatment Plant Rehabilitation. Similar adjustments have been made to the budgets for FY20-21 through FY23-24.

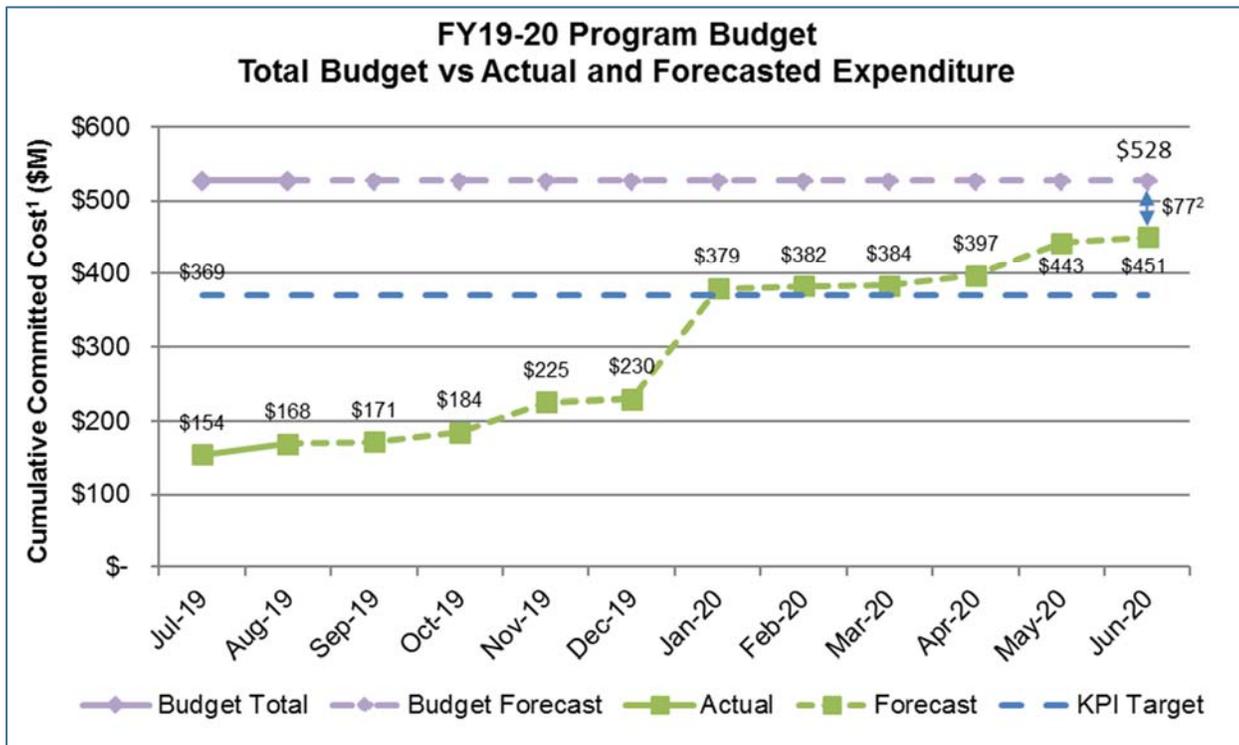
Carryover: Encumbrance balances at the end of the previous fiscal year are automatically carried forward to the current fiscal year as carryover funding to pay invoices for approved construction contracts and consultant agreements. FY19-20 carryover is \$154 million.

Budget of \$374 million and carryover of \$154 million totals \$528 million for FY19-20.



Fiscal Year 2019-2020 Program Budget Performance

The FY19-20 CIP budget is comprised of approximately \$374 million in new and rebudgeted funds, plus encumbered carryover of \$154 million, for a total of \$528 million. This excludes City Hall Debt Service Fund; Clean Water Financing Authority Debt Service Payment Fund; Debt Service Repayment for Plant Capital Improvement Projects (San José only debt service); Equipment Replacement Reserve; Ending Fund Balance; Public Art; and Urgent and Unscheduled Treatment Plant Rehabilitation items. Overall, the forecast fiscal year-end committed funds exceed the fiscal year-end target by \$82 million.



Notes:

1. Committed costs are expenditures and encumbrance balances, including carryover (encumbrance balances from the previous fiscal year).
2. The variance between budget and commitments can be primarily attributed to the following factors:
 - a. One construction contract is now anticipated to be awarded in FY20-21 instead of FY19-20, based on updated schedules:
 - i. Outfall Bridge and Instrumentation Improvements Project.
 - b. Several consultant service orders are not anticipated to be awarded in FY19-20:
 - i. Aeration Tank Rehabilitation Project conceptual through final design.
 - ii. Flood Protection Project alternatives analysis and conceptual design.
 - c. The Yard Piping and Road Improvements Project design and first phase of construction will no longer occur this fiscal year.
 - d. The Nitrification Clarifiers Rehabilitation – Phase 1 construction bids came in under budget.
 - e. Several other minor encumbrances for consultant services are either lower than budgeted or are anticipated to be awarded in FY20-21.
 - f. Several authorized positions remain vacant, resulting in lower personal services expenses than budgeted.



Project Performance Summary

There are currently four projects in the construction and post-construction phases and an additional 15 projects in feasibility/development, design, bid and award, or design and construction phases (see PDM, page 2). Projects in the construction phase have established cost and schedule baselines and are monitored using the City's Capital Project Management System (CPMS). Green/red icons are included in the table below to indicate whether these projects are on budget and schedule.

Project Performance – Baselined Projects

Project Name	Phase	Estimated Beneficial Use Date ¹	Cost Performance ²	Schedule Performance ²
1. Cogeneration Facility	Design & Construction	Sep 2020		
2. Digester and Thickener Facilities Upgrade	Construction	Nov 2020		
3. Advanced Facility Control & Meter Replacement - Phase 1	Construction	June 2021		
4. Blower Improvements	Construction	Sep 2022		

Key:

Cost:	 On Budget	 >1% Over Budget	Schedule:	 On Schedule	 >2 months delay
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Notes

- Beneficial Use is defined as work that is sufficiently complete, in accordance with contract documents, that it can be used or occupied by the City. Beneficial Use dates are reviewed as part of project schedule reviews.
- An explanation of cost and schedule variances on specific projects identified in this table is provided on page 12.
- Actual Beneficial Use date.
- The Plant Instrument Air System Upgrade Project was removed from the table as the City accepted the project in June.



Project Performance – Pre-Baselined Projects

Project Name	Phase	Estimated Beneficial Use Date ¹
1. 96-Inch and 87-Inch Settled Sewage Pipe Rehabilitation	Bid/Award	Nov 2020
2. Nitrification Clarifiers Rehabilitation – Phase 1	Bid/Award	Dec 2022
3. Digested Sludge Dewatering Facility	Bid/Award	Apr 2023
4. Outfall Bridge and Instrumentation Improvements	Design	Dec 2021
5. Switchgear M4 Replacement and G3 & G3A Removal	Design	May 2022
6. Advanced Facility Control & Meter Replacement - Phase 2	Design	Dec 2022
7. Filter Rehabilitation	Design	Mar 2023
8. Fire Life Safety Upgrades	Design	Mar 2023
9. HVAC Improvements	Design	Mar 2023
10. Headworks	Design and Construction	Jan 2023
11. Storm Drain System Improvements	Feasibility/Development	Nov 2023
12. Flood Protection	Feasibility/Development	Feb 2024
13. Facility Wide Water Systems Improvements	Feasibility/Development	Aug 2024
14. Final Effluent Pump Station and Stormwater Channel Improvements	Feasibility/Development	Feb 2025
15. Yard Piping and Road Improvements	Feasibility/Development	Nov 2027

Notes

1. Beneficial Use is defined as work that is sufficiently complete, in accordance with contract documents, that it can be used or occupied by the City. Beneficial Use dates are reviewed as part of project schedule reviews.



Project Significant Accomplishments

Biosolids Package

Digester and Thickener Facilities Upgrade Project

- Contractor Walsh Construction installed the exterior insulation for Digester 5. On Digesters 5 and 6, they installed the gas dome lids and set the sludge circulating heat exchanger equipment.
- Near the DAFT gallery, Walsh installed a temporary reroute of waste activated sludge from the secondary treatment process to the DAFT tanks allowing multiple deteriorated pipes to be replaced.
- Walsh completed 10 of the remaining 13 elevated pipe rack footings and columns, and they installed and tested several hundred feet of natural gas pipeline. The remaining three footings and columns will be completed in October 2019.

Facilities Package

96-Inch and 87-Inch Settled Sewage Pipe Rehabilitation Project

- The City received two bids both higher than the engineer's estimate. Staff evaluated the bids, assessed the reasons for the price variance, and will recommend that Council award the construction contract to the lowest bidder in November.

Fire Life Safety Upgrades Project

- Design consultant Kennedy/Jenks (K/J) submitted the final 30 percent design and the project team began reviewing the final submittal.

Liquids Package

Advanced Facility Control and Meter Replacement – Phase 1 Project

- Contractor Overaa Construction continued to conduct pre-operational testing and address installation issues. The project team anticipates completing functional testing in October 2019 and full operational testing in November 2019.

Advanced Facility Control and Meter Replacement – Phase 2 Project

- The City completed the evaluation of pre-qualification submittals and determined that all three contractors are qualified to bid on the project. Design consultant Black & Veatch will complete the 100 percent design in September.

Blowers Improvements Project

- Contractor Monterey Mechanical continued Building 40 VFD room modifications including the completion of the CMU wall for the new electrical room and mobilized temporary shower trailers to enable demolition of the locker rooms.

Filter Rehabilitation Project

- The City received and began evaluating pre-qualification SOQs. Staff will issue a notice of contractors qualified to bid on the project in September.

Headworks Project

- The design-builder CH2M submitted the 60 percent design documents and will hold a review workshop next month.

Power and Energy Package

Cogeneration Facility Project

- Design-builder CH2M completed the medium voltage electrical duct banks and continued working on the interior of the Power and Air Operations Center (Building 46), including the fire suppression system, supports for hot water piping, and painting.
- CH2M continued installing the hot water and digester gas piping in the secondary aeration area and working on the cooling towers and gas cleaning equipment. In addition, CH2M began construction of the butler building that houses the electrical equipment.

Switchgear M4 Replacement and G3 & G3A Removal Project

- On August 14, the City advertised the project construction documents for bid. Bids will be opened in September 2019.



Explanation of Project Performance Issues

Digester and Thickener Facilities Upgrade Project

This project encountered numerous unforeseen conditions at the beginning of construction in 2016, described below. In 2017, design modifications were required to address seismic risks, and discovery of hazardous materials required extensive cleanup. Delays for these conditions have amounted to 273 working days. The original construction completion and Beneficial Use date of September 2019 has been delayed and rescheduled to November 2020.

The City has negotiated contract change orders for the following unforeseen conditions discovered in 2016:

- Major corrosion of an underground, 78-inch settled sewage pipeline and junction structure required construction of a temporary reroute so that the pipeline could be replaced during the 2018 dry season. In May of 2018, the contractor started full-time operation of this temporary pumping and pipeline system and began replacing the 78-inch settled sewage pipeline. This work was completed in late September 2018.
- A 36-inch biochemical oxygen demand pipe was found to be obstructing the new sludge screening building foundation. The contractor removed this pipe and relocated several gas drain vaults and associated piping prior to foundation construction.
- Multiple conflicts between contract work and existing utilities required numerous relocations including water, natural gas, digester gas, landfill gas, storm drains, and sanitary sewer pipelines. The contractor completed necessary relocations and rerouting, especially near the new digester gas pipe rack footings. Many of these modifications also required design changes.
- Bay Area Air Quality Management District (BAAQMD) venting restrictions also delayed digester work. The contractor completed the temporary digester gas connections, and the temporary system became operational in February 2018.

The City has negotiated contract change orders for the following issues discovered in 2017 and 2018:

- Digester structural redesign: The design consultant revised the structural drawings to address seismic concerns by enlarging the foundation ring beam at the base of each of the four digesters. The City issued a final, global change order in February 2019 to cover work activities.
- Distributed control system architectural changes: The design guidelines for the distributed control system were developed after the project plans were completed. Several changes were required for fiber optic cable, electrical wiring, patch panels, converters, communications instrumentation, and emergency power supply. Drawings, color-coding labeling, and process diagrams needed to be revised to reflect these changes.
- Fire Department requirements: Fire permit requirements changed after the design was completed. The Fire Marshal required additional alarms and electrical connections. A new electrical fire suppression system was installed to meet current environmental requirements. At one structure, the Fire Marshal required a full discharge test of the system.
- Structural issues: Designer Brown and Caldwell (B&C) modified the west electrical building foundation design to avoid an unforeseen conflict and protect the structural integrity of an existing underground tunnel; provided a new design to anchor the pressure flow pipes in the DAFT gallery to the ceiling and floor slabs to avoid conflicts with multiple existing pipes; and redesigned structural supports to meet code regulations.
- During construction, Walsh discovered that the DAFT gallery under-slab drains were not functioning properly. The City directed Walsh to replace the drain and pump system.
- Construction delays required the contractor to pay for a warranty extension on six liquid ring gas compressors.

Once mitigation of PCB-impacted soils and concrete was completed, the federal Environmental Protection Agency (EPA) issued a final conditional approval in late 2018. In compliance with the EPA-approved, risk-based management plan, removal and disposal of all contaminated materials in all four affected digesters and all tunnel joints was completed. All contaminated soils have been removed and disposed of and the impacted concrete has been encased or removed. The last portion of the work was finished in August 2019. The project team anticipates submittal of final work reports to the EPA in September 2019.

In November 2017, Council approved a construction contingency increase of \$15 million. The City issued change orders against the increased contingency for delays associated with the conditions discovered in 2016.

In June 2018, Council approved a second construction contingency increase of \$25 million for additional costs associated with the seismic redesign, hazardous material remediation, and extended construction duration.

To minimize further delays, the contractor is executing several tasks concurrently that originally had been planned in series.



Project Profile – Plant Instrument Air System Upgrade

The RWF's pneumatic operations and valve and instrument controls utilize a high-pressure instrument air supply system. The former system was comprised of three water-cooled air compressors located in the basement of the Secondary Blower Building (SBB) (see Figure 6). This below-ground location made the system vulnerable to flooding and consequential power loss. The source of the system's cooling water will also become unavailable in the near future, due to the decommissioning of the existing engine generators and chillers, once the new cogeneration facility was commissioned in 2020.

New Air Compressors

The project replaced the old, water-cooled air compressors with three new, air-cooled air compressors, which were completed and commissioned in late 2018 (see Figure 7). The new air system has sufficient reservoirs to provide suitable redundancy in the event of extended power loss. Its flow capacity is 620 cubic feet per minute, sufficient to meet RWF requirements.



Figure 6: Site Map

Reliable Instrument Air System

The new compressors are housed in a new building located above the 100-year flood elevation, greatly reducing the risk of flooding (see Figure 8). The compressors' electrical panel is fed from two independent 4160-volt power sources (switchgear S2 in the Sludge Control Building and switchgear S3 in the SBB), improving the system's reliability.

This \$4.6 million project was delivered using the traditional design-bid-build approach. The project scope was approved in August 2014, with design consultant CH2M completing the design in April 2016. Council awarded the construction contract to Anderson Pacific Construction, Inc. in August 2016. The project achieved Beneficial Use in November 2018 and the City accepted the completed project in June 2019.



Figure 7: New Air Compressors



Figure 8: New Plant Air Compressor Building



Figure 9: Refrigerated Air Driers

Regional Wastewater Facility Treatment – Current Treatment Process Flow Diagram

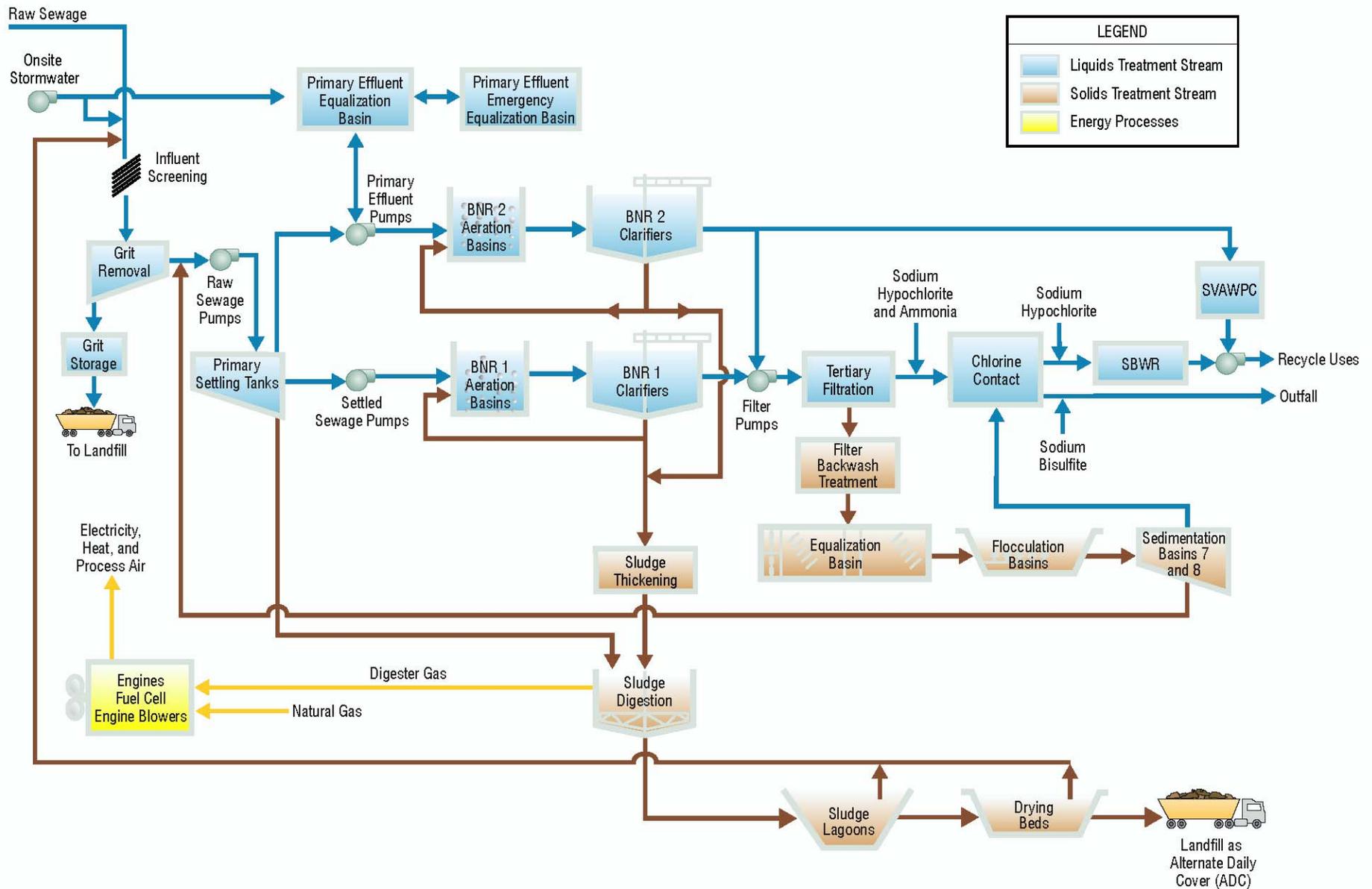


Figure 10 – Current Treatment Process Flow Diagram



Regional Wastewater Facility Treatment – Proposed Treatment Process Flow Diagram

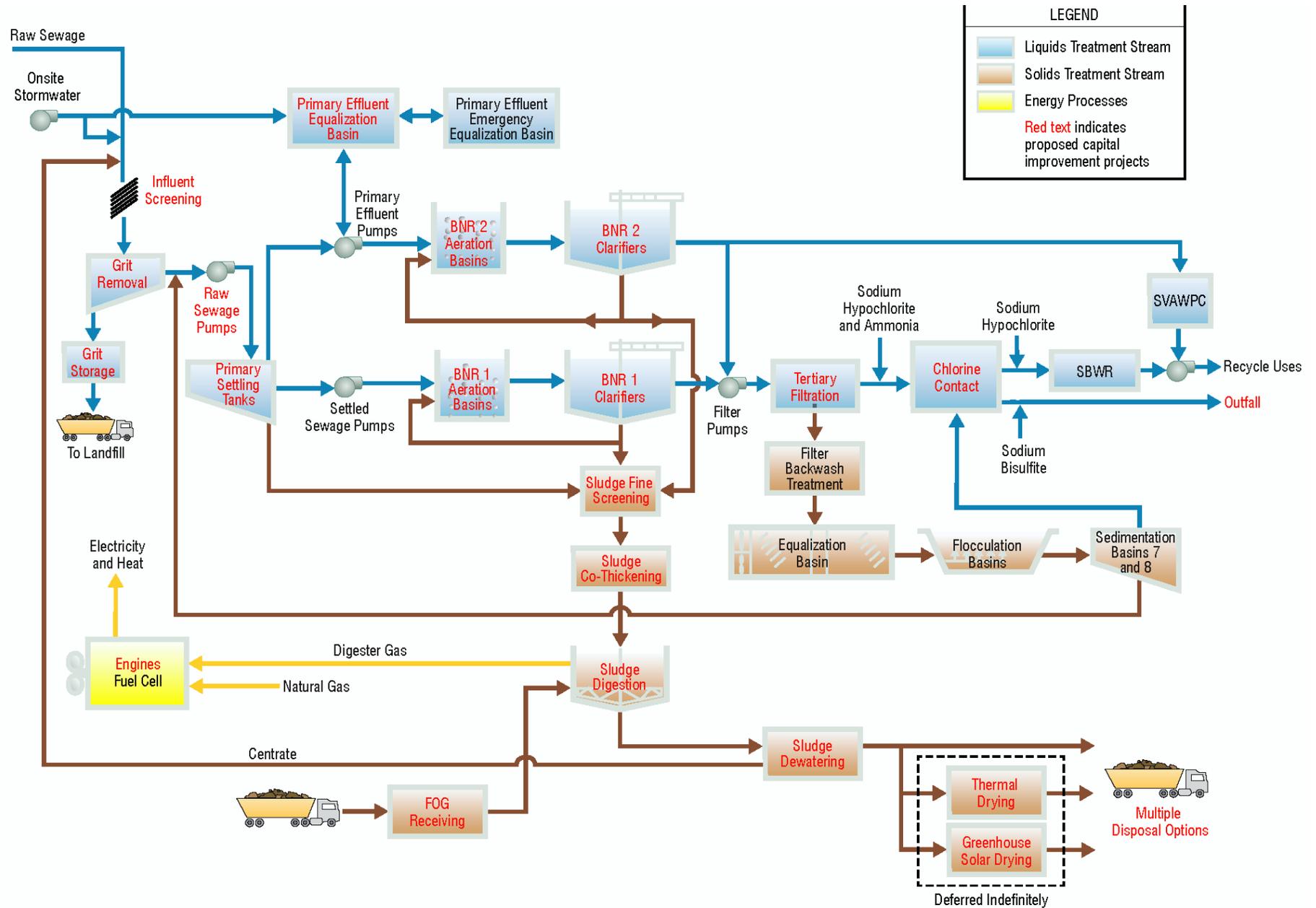


Figure 11 – Proposed Treatment Process Flow Diagram



Active Construction Projects – Aerial Plan

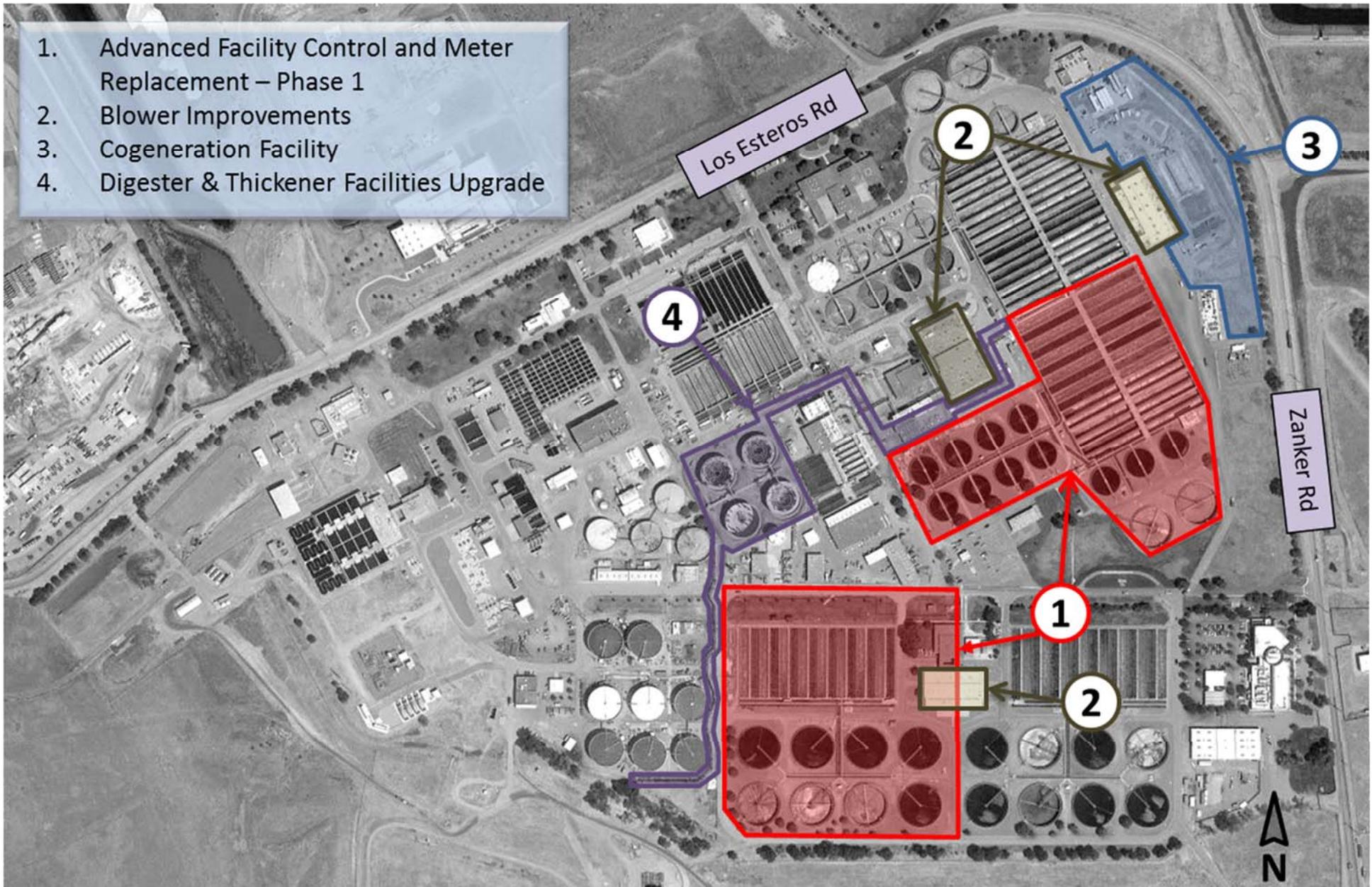


Figure 12: Active Construction Projects



Memorandum

TO: TRANSPORTATION AND ENVIRONMENT COMMITTEE

FROM: Kerrie Romanow
Matt Cano

SUBJECT: SEE BELOW

DATE: September 18, 2019

Approved

Date

9-25-19

**SUBJECT: SAN JOSÉ-SANTA CLARA REGIONAL WASTEWATER FACILITY
CAPITAL IMPROVEMENT PROGRAM SEMIANNUAL STATUS
REPORT**

RECOMMENDATION

Accept the semiannual status report on the San José-Santa Clara Regional Wastewater Facility Capital Improvement Program for the period of January 2019 through June 2019.

OUTCOME

The purpose of this semiannual status report is to provide an update on the implementation of the Capital Improvement Program (CIP) at the San José-Santa Clara Regional Wastewater Facility¹ (RWF) by highlighting key accomplishments during the second half of fiscal year 2018-2019 to the Transportation and Environment Committee (T&E), the Treatment Plant Advisory Committee (TPAC), and City Council (Council).

BACKGROUND

The San José and Santa Clara City Councils adopted the Plant Master Plan (PMP) in November 2013 and December 2013, respectively. The PMP identified more than 100 capital improvement projects totaling over \$2.1 billion to be implemented at the RWF over the next 30 years. A validation process was completed in early 2014 to update and prioritize the recommended PMP projects and additional gap projects into 33 projects to be initiated over 10 years. Beginning in fiscal year 2014-2015, the validation process was used to inform the five-year CIP and ten-year funding strategy. The 2019-2023 adopted CIP includes approximately \$1.4 billion in funding, of which approximately \$895 million is for construction. To provide visibility and accountability

¹ The legal, official name of the facility remains San José/Santa Clara Water Pollution Control Plant, but beginning in early 2013, the facility was approved to use a new common name, the San José-Santa Clara Regional Wastewater Facility.

for this significant CIP effort, staff began providing formal semiannual status reports to T&E, TPAC, and Council in spring 2013.

The first semiannual status report was published in April 2013 and focused on progress and activities from July 2012 through December 2012. This report is the fourteenth in the report series and highlights key program and project accomplishments from January 2019 through June 2019. This report also compliments monthly CIP status reports, which staff began issuing in April 2014 to provide more frequent and time-relevant updates. Through June 2019, 63 monthly reports had been issued. Copies of the monthly reports are available at <http://www.sanjoseca.gov/Archive.aspx?AMID=190>

ANALYSIS

Significant progress was made in key program areas from January 2019 through June 2019.

A. Biosolids Disposition Market Assessment and Procurement Strategy

In January, as one of the first steps of the RWF's biosolids transition efforts, staff held a kickoff meeting for the biosolids market assessment. During March, the project team surveyed 11 wastewater agencies and 16 potential service providers, including soil blenders and product marketers, to gather information on the current and future market for biosolids transportation and disposition services in the Bay Area. This was followed by several site visits in April and May to validate the survey responses received. In May, staff held a workshop to present the findings and conclusions of the market assessment. Staff will present an update on the market assessment to the Treatment Plant Advisory Committee (TPAC) in September. The project team will continue to develop the procurement strategy and implementation plan during the first half of fiscal year 2019-2020.

B. Recruitments

During the second half of fiscal year 2018-2019, staff successfully filled 13 vacant positions including a principal engineer, a senior engineer, three associate engineers, two civil engineers, a sanitary engineer, a principal construction inspector, a supervising environmental services specialist, two engineering technicians, and a staff specialist. Recruitment for senior engineer, sanitary engineer, and civil engineer positions to support project delivery will continue to be a priority during the first half of fiscal year 2019-2020.

On the project delivery front, there were 20 active projects across various stages of the project delivery model.

A. Feasibility/Development Highlights

Five projects were in the feasibility/development phase during the second half of fiscal year 2018-2019. Key activities completed during this period include the following:

- **Facility-Wide Water Systems Improvements:** In April, the design consultant began conceptual design and development of construction documents to procure a contractor to perform subsurface utility investigations for the project in spring 2020.
- **HVAC Improvements:** The design consultant completed the conceptual design report and began a hazardous materials survey for the project.
- **Storm Drain System Improvements:** In May, the design consultant completed the alternatives analysis report for existing pump stations and storm drain pipes.
- **Yard Piping and Road Improvements:** The project team conducted a series of workshops to review the findings and recommendations from condition assessments completed in summer 2018. The team also began planning the process shutdowns needed to perform condition assessments in summer 2019.

B. Design Highlights

Nine projects were in the design phase during the second half of fiscal year 2018-2019.

Key activities completed during this period include the following:

- **96-inch and 87-inch Settled Sewage Pipes Rehabilitation:** The design consultant completed the 50 percent design in January and final design in May. In April, the City completed a pre-qualification process for the project and determined that three of the six interested firms were qualified to bid on the contract, which will be advertised in July.
- **Advanced Facility Control & Meter Replacement – Phase 2:** During this period, the project team developed the contractor pre-qualification documents, which is anticipated to post in July. The design consultant continued detailed design work, which will be completed in August.
- **Digested Sludge Dewatering Facility:** The project team conducted interviews with three proposers to select a design-builder, and in February began negotiations for preliminary services with the top-ranked design-build entity. The project team will recommend to award the preliminary services contract to Council in September 2019.
- **Filter Rehabilitation:** The design consultant progressed the detailed design. In February, the design consultant completed site investigation work including geotechnical drilling, structural reconnaissance, and electrical infrastructure verification. The project team also began developing the contractor prequalification documents.
- **Fire Life Safety Upgrades and Outfall Bridge and Instrumentation Improvements:** The design consultants for both projects completed conceptual design and began preliminary design work.
- **Headworks:** In May, the design-builder completed the Basis of Design Report and 30 percent design documents. The design-builder also began subsurface investigations of the new headworks site, which will be completed in July. During this period, project workshops continued with the project team and design builder focusing on startup and acceptance testing, cost estimate reviewing, process control, condition assessment planning, equipment selection, and project risks.

- **Nitrification Clarifiers Rehabilitation - Phase 1:** In April, the design consultant completed the 90 percent and final designs. The City also completed the pre-qualification process and determined that all six interested contractors were qualified to bid on the project, which was advertised in May. Bids will be opened in July.
- **Switchgear M4 Replacement and G3 & G3A Removal:** The design consultant completed the 60 percent and 90 percent designs.

C. Construction Highlights

Four projects totaling more than \$232 million were in construction during the second half of fiscal year 2018-2019 (see Attachment A). One of the four projects is being delivered using the progressive design-build method, with the remaining three projects being delivered using the design-bid-build approach. Key activities completed during this period include the following:

- **Advanced Facility Control & Meter Replacement – Phase 1:** In January, the contractor completed the hazardous material survey, and ordered long-lead time equipment. In May, the contractor began installing new flowmeters, control valves, and associated piping in the Battery B secondary tunnels and the secondary returned activated sludge (RAS) meter vaults, aeration tank influent flow meters, and associated piping in the RAS meter vaults, and mounted stands for the dissolved oxygen sensors and transmitters. The contractor also started installing new flow transmitters, surface conduit, power and signal wires for the equipment. Through June 2019, construction was approximately 47 percent complete.
- **Blower Improvements:** In January, staff issued the Notice to Proceed (NTP) to Monterey Mechanical Construction. The contractor completed pre-assessment of all ten existing blowers to establish baseline operating conditions, and prepared critical submittals for the blower motors, switchgear, reduced voltage starters, and variable frequency drives. The existing concrete block walls in Building 40, and electrical and air filtration equipment in the Tertiary Blower Building, were demolished.
- **Cogeneration Facility:** The design-builder completed the concrete masonry unit walls of the main generator building and the power and air operations center building; and installed column anchors in the main generator building in preparation for the placement of bridge crane columns and rails. Through June 2019, construction was approximately 50 percent complete.
- **Digester and Thickener Facilities Upgrade:** During this period, the contractor completed the roofing and concrete parapet walls and installed air conditioning units and foul air collection ducts in the new sludge screening building. The contractor installed and tested the compressed digester gas piping to the cogeneration facility connection point and installed and tested gas piping from the remote digesters (9-16) to the existing flare. The contractor also poured concrete for polymer tanks and pump pads, electrical building foundations, and elevated pipe rack footings and columns. The roofs on Digesters 5, 6 and 8 were completed, and the contractor installed most of the new mechanical equipment inside them. In addition, the contractor completed the installation and pre-operation testing of two of four new master control centers in the existing sludge control building.

Seismic Redesign – The contractor made significant progress on the digester ring beam foundations and had completed the majority of concrete placement for Digesters 5-8.

Handling and Mitigation of polychlorinated biphenyls (PCBs) – In June, the contractor completed the final mitigation of PCB-impacted concrete in the last digester (Digester 7). All PCB-impacted waste material was transported off-site to landfills approved for this purpose. This marked the conclusion of PCB mitigation and the final report is due to the Environmental Protection Agency (EPA) in August.

Through June 2019, construction was approximately 75 percent complete. The project is expected to reach beneficial use in fall 2020.

Two projects were in post-construction during this period, including Construction-Enabling Improvements and Plant Instrument Air System Upgrade.

Staff, contractors, and consultants continue to work safely and there were no reportable incidents to the State's Division of Occupational Safety and Health (Cal/OSHA) during the second half of fiscal year 2018-2019.

Staff expects to achieve the following during the first half of fiscal year 2019-2020:

1. Obtain Council approval to award the preliminary services contract for the Digested Sludge Dewatering Facility project and establish a guaranteed maximum price not-to-exceed amount for Headworks project.
2. Obtain Council approval to award construction contracts for the Nitrification Clarifiers Rehabilitation Phase 1, 96-inch and 87-inch Settled Sewage Pipes Rehabilitation, and Switchgear M4 Replacement and G3 and G3A Removal projects.
3. Finish the 30 percent design and advertise the Fire Life Safety Upgrades project for bid.
4. Continue design on five projects: Advanced Facility Control and Meter Replacement Phase 2, Filter Rehabilitation, Headworks, HVAC Improvements, and Outfall Bridge and Instrumentation Improvements.
5. Prequalify contractors for the Advanced Facility Control and Meter Replacement - Phase 2, Filter Rehabilitation, and HVAC Improvements projects.
6. Amend the master consultant agreements for general engineering services and construction management services.
7. Develop a biosolids procurement strategy and implementation plan.
8. Develop a construction management strategy and testing, startup, and commissioning plan in anticipation of increased construction and commissioning activities in fiscal years 2019-2020 and 2020-2021.
9. Continue recruitment activities to fill remaining RWF CIP vacancies.

EVALUATION AND FOLLOW-UP

No follow-up action is required at this time. Staff will continue to provide regular updates to inform T&E, TPAC, and Council of significant changes or issues (particularly as related to rate impacts) as implementation of the CIP progresses. In addition to semiannual presentations, staff will continue to share monthly progress reports with TPAC.

PUBLIC OUTREACH

This memorandum will be posted on the City's website for the October 7, 2019, T&E agenda.

COORDINATION

This report has been coordinated with the Office of the City Attorney and City Manager's Budget Office.

COMMISSION RECOMMENDATION/INPUT

This item is scheduled to be heard at the October 10, 2019, TPAC meeting.

CEQA

Not a Project, File No. PP17-009, Staff Reports, Assessments, Annual Reports, and Information Memos that involve no approvals of any City action.

/s/
KERRIE ROMANOW
Director, Environmental Services

/s/
MATT CANO
Director, Public Works

For questions, please contact Napp Fukuda, Assistant Director, Environmental Services Department at (408) 973-5353.

Attachment A – Projects in Construction: January 2019 – June 2019

Attachment A – Projects in Construction: January 2019 – June 2019

#	Project Name	Contractor	Amount Awarded	Date Awarded	Estimated Beneficial Use
1.	7757 – Advanced Facility Control Meter Replacement - Phase 1	C. Overaa & Co.	Base Contract: \$5,790,000 Contingency: \$1,158,000	5/22/18	Summer 2021
2.	8073 – Blower Improvements	Monterey Mechanical Company	Base Contract: \$29,498,000 Contingency: \$4,425,000	10/30/18	Fall 2022
3.	7418 – Cogeneration Facility	CH2M HILL Engineers, Inc.	Base Contract: \$89,071,932 Contingency: \$2,100,068	4/26/16 ¹	Fall 2020
4.	7382 – Digester and Thickener Facilities Upgrade	Walsh Construction Company II, LLC	Base Contract: \$107,925,000 Contingency: \$53,490,625	5/24/16	Fall 2020

1. On April 26, 2016, Council approved the design-build contract and authorized the City Manager to negotiate and execute the definitive contract amendment setting the guaranteed maximum price (GMP). On May 25, 2018, the City manager approved the amended contract.



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Kerrie Romanow
Matt Cano

SUBJECT: SEE BELOW

DATE: September 18, 2019

Approved

Date

10/2/19

SUBJECT: REPORT ON BIDS AND AWARD OF CONSTRUCTION CONTRACT FOR 7731 – NITRIFICATION CLARIFIER REHABILITATION - PHASE 1 PROJECT AT THE SAN JOSÉ-SANTA CLARA REGIONAL WASTEWATER FACILITY

RECOMMENDATION

- (a) Report on bids and award the construction contract for 7731-Nitrification Clarifier Rehabilitation - Phase 1 Project to the low bidder, C. Overaa & Co., in the amount of \$26,184,000 and approve a 20 percent contingency in the amount of \$5,237,000.
- (b) Adopt a resolution authorizing the Director of Public Works to negotiate and execute one or more change orders in excess of \$100,000 for the duration of the project, not to exceed the total contingency amount approved for the project.

OUTCOME

Award of the construction contract to C. Overaa & Co. (Overaa), will allow for the construction and completion of the Nitrification Clarifier Rehabilitation - Phase 1 Project (Project), which will improve operational reliability and efficiency of the secondary treatment process at the San José-Santa Clara Regional Wastewater Facility (RWF). Approval of a 20 percent construction contingency will provide funding for unanticipated work necessary for the proper and timely completion of the Project. Adoption of a resolution authorizing the Director of Public Works to negotiate and execute change orders up to the contingency amount will allow for implementation of any changes required in the Project for completion.

BACKGROUND

The RWF has 26 clarifiers associated with the secondary aeration basins and 16 clarifiers associated with the nitrification aeration basins. These clarifiers, together with the aeration

basins, form the biological treatment process and function to remove organics from the wastewater.

The 16 nitrification clarifiers are divided into Battery A and Battery B, and were constructed in the 1970s and 1980s. Each battery has eight clarifiers, which are circular reinforced concrete tanks measuring 140 feet in diameter and approximately 16 feet deep. Major mechanical components include sludge collection mechanism, scum skimmer system, weir plates and scum baffle, spray water system, and return activated sludge (RAS) and drain valves. In addition, two motor control centers provide power to the nitrification clarifiers.

Condition assessments have shown that many components of the clarifiers and control equipment are nearing the end of their useful life, are in poor condition, and require replacement or excessive maintenance. Multiple clarifiers have been completely out of service due to corroded clarifier mechanisms, numerous cracks, and leaking valves. Some of the control equipment is difficult to repair because it is no longer supported by the manufacturers, and replacement parts are scarce or not available. Therefore, there is an urgent need to rehabilitate the clarifiers and replace the equipment to ensure continued operational reliability and regulatory compliance for the next 30 years.

The rehabilitation of the clarifiers will be completed in two phases. The Project will replace clarifier mechanisms and appurtenances for eight clarifiers, repair concrete clarifier walls and slabs, replace drain valves and return activated sludge (RAS) valves serving the clarifiers, rehabilitate clarifier basin groundwater pressure relief valves for the sixteen clarifiers, rehabilitate up to eight RAS pipelines, and replace electrical and instrumentation and control equipment for all sixteen clarifiers.

Construction is scheduled to begin in December 2019, with substantial completion in August 2022. Major construction work will be performed during the planned maintenance shutdown periods for each battery in 2020 and 2021, respectively.

Council Resolution No. 71816, adopted on November 4, 2003, requires pre-qualification of contractors on all public works projects in which the Engineer's Estimate is \$10 million or more. The Engineer's Estimate for this project is \$43.1 million, and the Project will be delivered using a conventional design-bid-build delivery method. Based on these factors, staff conducted a pre-qualification process in February 2019. Six general contractors submitted their pre-qualification packages. Staff evaluated the packages and determined that all six general contractors met the pre-qualification requirements. Of the six pre-qualified contractors who were invited to bid on the Project, four submitted bids.

A project labor agreement is applicable to the Project because the Engineer's Estimate is over three million dollars and does not fall under any of the exemption categories.

ANALYSIS

Bids were opened on July 3, 2019 with the following results:

Contractor	Bid Amount	Variance Amount	Over/ (Under) Percent
C Overaa & Co. (Richmond)	\$ 26,184,000	(\$16,881,000)	(39)
Kiewit Infrastructure West Co. (Fairfield)	\$ 27,251,719	(\$ 15,813,281)	(37)
Shimmick Construction Company, Inc. (Oakland)	\$ 35,403,314	(\$ 7,661,686)	(18)
Walsh Construction Company II, LLC (Santa Clara)	\$ 37,778,606	(\$ 5,286,394)	(12)
Engineer's Estimate	\$43,065,000	---	---

A total of four bids were received; all of the bids were below the Engineer's Estimate. Three were responsive and one, submitted by Walsh Construction Company II, LLC, was deemed nonresponsive due to a bid irregularity in the schedule of quantities; one of the bid items contained an allowance and not an item price.

The low bid submitted by Overaa is 39 percent under the Engineer's Estimate. Staff considers the low bid submitted for the Project is acceptable for the work involved and recommends awarding a construction contract to the low bidder. The four submitted bids were reviewed by a third-party cost estimator. The low bid may be attributed to the following factors:

- o Equipment vendor quotes used in the bid are likely lower than the quotes used in the Engineer's Estimate due to the competitive nature of the bidding process.
- o Lower mobilization and labor costs due to Overaa having several construction projects ongoing at the RWF and is very familiar with the site condition and facility operations.
- o The Engineer's Estimate included construction contingencies and overhead costs that might have been higher than actual costs submitted in bids.

The robustness of Overaa's bid can be supported by Kiewit's bid, which was only 4% higher. Both bids were close not only for total bid amounts, but for individual construction line items.

Council Policy provides for a standard contingency of fifteen percent on renovation projects. Staff recommends a 20 percent construction contingency to account for the challenge of maintaining continuous operations at the RWF during construction, complex project interfaces with existing electrical and process control facilities, potential utility conflicts, the challenge of rehabilitating underground pipelines due to confined space, and the potential for conflicts with other concurrent capital improvement projects at the RWF.

Staff also recommends delegating authority to the Public Works Director to execute one or more change orders in excess of \$100,000 for the duration of the Project, for a total not to exceed the contingency approved for the Project, and subject to other applicable limitations on the authority of the Director in the San José Municipal Code. Approval of these recommendations will provide funding for any unanticipated work necessary for the proper and timely completion of the Project.

EVALUATION AND FOLLOW-UP

No follow-up action with City Council is expected at this time. A progress report on this and other RWF capital projects will be made to the Transportation and Environment Committee and the City Council on a semiannual basis. Monthly progress reports of the RWF Capital Improvement Program (CIP) will also be submitted to the Treatment Plant Advisory Committee (TPAC) and posted on the City's website.

PUBLIC OUTREACH

This project was advertised on BidSync.com on May 8, 2019 and advertised in the Italics? This memorandum will be posted on the City's Council Agenda website for the October 22, 2019, City Council meeting.

COORDINATION

This Project and memorandum have been coordinated with the City Attorney's Office, the City Manager's Budget Office, and Departments of Fire, Finance, and Planning, Building and Code Enforcement.

COMMISSION RECOMMENDATION/INPUT

This item is scheduled to be heard at the October 10, 2019 TPAC meeting. A supplemental memo with the committee's recommendation will be included in the amended October 22, 2019 City Council meeting agenda.

FISCAL/POLICY ALIGNMENT

This Project is consistent with the Council-approved focus on rehabilitating aging RWF infrastructure, improving efficiency, and reducing operating costs. This Project is also consistent with the budget strategy principle of focusing on protecting our vital core services.

COST SUMMARY/IMPLICATIONS

1.	AMOUNT OF RECOMMENDATION:	\$ 26,184,000
2.	COST OF PROJECT:	
	Project Delivery	\$ 14,291,000*
	Construction	\$ 26,184,000
	Contingency (20%)	<u>\$ 5,237,000</u>
	Total Project Costs	\$ 45,712,000
	Prior Year Expenditures	<u>\$ 5,853,087</u>
	Remaining Project Costs	\$ 39,858,913

* Project delivery estimate includes: \$5,181,000 for professional consultant services (feasibility/development, design, value engineering, and engineering services during bid and award, construction and post construction phases); \$966,000 for project management during feasibility and development phase; \$1,211,000 for project management during design phase; \$216,000 for project management during bid and award phase; \$1,205,000 for project management during construction; \$5,371,000 for construction management (including special inspections); and \$141,000 for project management during post construction and project closeout phase.

The estimated project delivery cost is 55 % of the construction cost, which is in line with project delivery costs for capital projects at the RWF and other wastewater facilities.

3. COST ELEMENTS OF CONTRACT:
This is a lump sum contract. \$ 26,184,000
4. SOURCE OF FUNDING: Fund 512 – San José-Santa Clara Treatment Plant Capital Fund
5. OPERATING COSTS: The annual costs to operate and maintain the upgraded facilities are not anticipated to impact the San José-Santa Clara Treatment Plant Operating Fund as this is an equipment replacement project, and therefore there will be no additional annual operations and maintenance costs.
6. PROJECT COST ALLOCATION: In accordance with the recommendations set forth in the Capital Project Cost Allocations Technical Memorandum (Carollo Engineers, March 2016), this project is allocated 40% for flow and 60% for biochemical oxygen demand (BOD).

BUDGET REFERENCE

The table below identifies the fund and appropriations proposed to fund the contract recommended as part of this memorandum and remaining project costs, including project delivery, construction, and contingency costs.

Fund #	Appn #	Appn Name	Current Total Appn	Amt for Contract	2019-2020 Adopted Capital Budget Page	Last Budget Action (Date, Ord. No.)
Remaining Project Costs			\$ 39,858,913			
Remaining Funding Available						
512	7074	Nitrification Clarifier Rehabilitation	\$54,316,000	\$ 26,184,000	V-137	06/18/2019 Ord. No. 30286

CEQA

Exempt, File No. PP17-049, CEQA Guidelines Section 15301, Existing Facilities.

/s/
 KERRIE ROMANOW
 Director
 Environmental Services Department

/s/
 MATT CANO
 Director
 Public Works Department

For questions, please contact Napp Fukuda, Assistant Director, Environmental Services Department at (408) 793-5353.

Attachment A – Nitrification Clarifier Rehabilitation - Phase 1 Project Map

Attachment A: Nitrification Clarifier Rehabilitation - Phase 1 Project Map





TREATMENT PLANT ADVISORY COMMITTEE ACTION REQUEST

Department(s): Economic Development	CEQA: Exempt, File No. PP19-076.	Coordination: PW, DOT, ESD, CAO and CMO-Budget	Dept. Approval: /s/ Kim Walesh
Council District(s): 4			CMO Approval: <i>[Signature]</i> 12/19

SUBJECT: SALE OF A SMALL FRAGMENT OF LAND ALONG HIGHWAY 237

RECOMMENDATION:

Approve the real property transfer of approximately 1,744 square feet of land to the Santa Clara Valley Transportation Authority (VTA); making a finding that the property to be sold is Surplus to the needs of the Wasterwater Facility; and authorize the City Manager to negotiate and execute a Purchase and Sale Agreement and all other documents necessary, for the sale of the property in the amount of \$5,000.

BASIS FOR RECOMMENDATION:

State Route (SR) 237 in Santa Clara County connects I-880 and I-680 with US 101 and SR 85, provides an east and west connection between the East Bay Area and the Peninsula. The SR 237 Express Lanes Project is divided into two phases: Phase 1 the express lanes and interchange ramps from Dixon Landing Road to N. 1st Street which became operational in March 2012; and Phase 2 an extension of the 237 express lanes from N. 1st Street to Mathilda Avenue in Sunnyvale, in both directions. The Phase 2 Project (Project) proposes to extend express lanes operations by converting the existing high occupancy vehicle (HOV) lanes to express lanes, beginning at the current Phase 1 project limits and extending to approximately Mathilda Avenue in Sunnyvale.

The subject property, an approximately 1,744 square feet of portion of land located at along SR 237 (APN 015-30-098), is within the Phase 2 Project area and owned by the San Jose – Santa Clara Regional Wastewater Facility (See Exhibits “B” and “C”, attached). The property is encumbered with a PG&E pole line easement across the entire property rendering the property undevelopable, its value is less than \$500,000, and the public interest and necessity will be served by the sale of the property to VTA all of which provide an adequate basis for the property to be declared surplus. In order to complete the required improvements of the Phase 2 Project, VTA has completed the installation of underground conduits including fiber optic cable and electrical cables for lighting and power for the SR 237 Express Lane Project - Phase II. It is necessary for VTA to acquire the subject property in fee rather than easement, per Caltrans requirement, to accommodate on-going access for the operation and maintenance of the underground utilities.

As the location of the subject area is within the front edge of the San Jose – Santa Clara Regional Wastewater Facility property, and it is undevelopable due to the existing PG&E easement and underground conduits equipment, and with the easement reservation for public right of way, public utilities and drainage purposes across the entire property, there are no impacts on the future development opportunity for San Jose-Santa Clara Regional Wastewater Facility. While the City typically prefers to grant property right of this nature by easement, staff sees no reason for the City to own and maintain the property, and therefore staff recommends that the City quitclaim the property in fee. VTA has estimated the value of the property to be transferred is \$2,500. Staff determined that the fair market value of the property is \$5,000 and have negotiated the sale of the subject property for that price, based on a recent 2018 appraisal for the area.

Since the public interest would be served by the conveyance to VTA for the maintenance and operations of the reginal traffic improvement project and has no impact on future development opportunity for San Jose-Santa Clara Regional Wastewater Facility, staff requests that the TPAC recommend approval of the sale of the subject properties to Santa Clara Valley Transportation Authority, according to the terms contained in the Purchase and

Sale Agreement and the Quitclaim Deed. The matter is also pending approval from the City of Santa Clara as a co-owner of the Property.

COST AND FUNDING SOURCE:

The sale price of \$5,000 will be deposited into the "San Jose-Santa Clara Treatment Plant Capital Fund".

FOR QUESTIONS CONTACT: Nanci Klein, Assistant Director, Office of Economic Development 408-535-8184

