



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Vice Mayor Chappie Jones

**SUBJECT:** Santa Clara Valley Water Districts  
Efforts to Develop Purified Water  
Projects in Santa Clara County

**DATE:** March 18, 2021

Approved

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## **RECOMMENDATION**

Accept staff's recommendation to accept the report regarding the status of the Santa Clara Valley Water District's (Valley Water) Purified Water Project in Santa Clara County in addition to the following recommendations:

1. Continue discussions with Valley Water on their Purified Water Project to partner on the implementation of a potable water reuse project with an initial focus on a Palo Alto/Mountain View style agreement with continued negotiations regarding the long-term ground lease of RWF lands, revisions to the 2010 Integration Agreement, and reverse osmosis concentrate (ROC).
2. Establish an executive negotiation team made up of two representatives from San José City Council, two members of the Valley Water Board, technical staff, and legal staff, for formal meetings between the City of San José, the City of Santa Clara, and Valley Water to work through the remaining terms of difference in order to come to a conclusion in a timely manner.
3. Return to the San José City Council on June 15, 2021 with an update regarding the status of the negotiations pertaining to a purified water project effort.
4. Return to the San José City Council in December 2021 for action/consideration for an agreement with Valley Water.

## **BACKGROUND**

In January of 2020, after an initial meeting with Valley Water, I committed to working with city staff and Valley Water in an effort to reach an agreement to advance the strategic expansion of water reuse in San José. Through collaborative efforts, Valley Water, the City of San José, and the City of Santa Clara established a negotiation team to develop and expand programs and partnerships for water reuse, including both recycled water and potable reuse. Despite setting an aggressive timeline and assigning staff from my office to attend these negotiation meetings, the

efforts were hindered by COVID-19. As staff continued to navigate through the unprecedented pandemic, the meetings were resumed via Zoom and the timeline was extended.

On September 1, 2020, the San José City Council directed the City Manager to prioritize the pursuit of expanded recycled water use with Valley Water to increase local, drought-resilient supply and reduce reliance on imported water. Since that time, Valley Water, the City of San José, and the City of Santa Clara have been continuing in negotiations in an effort to reach an agreement.

## **ANALYSIS**

The initial scope of this effort was to reach a Palo Alto/Mountain View style agreement giving Valley Water an option to reserve 9 MGD of wastewater effluent for future use. During the negotiation process, the anticipated scope was expanded to include additional points of interest for Valley Water and city staff, such as revisions to the 2010 Integration Agreement. However, to effectively reach an agreement in a timely manner, I recommend that we continue on in our efforts towards a Palo Alto/Mountain View style agreement with long-term negotiation efforts on additional issues such as the long-term ground lease of RWF land, revisions to the 2010 Integration Agreement, and discussion regarding reverse osmosis concentrate. City staff has voiced interest in continuing these negotiations but has made clear that intertwining these three issues with the current negotiations will impede on their ability to come to an agreement quickly, given the imminent legal and political barriers that will arise from these discussions.

Additionally, members of the City Council and City staff recognize the complexities surrounding the current negotiations and completing a deal with Valley Water. For this reason, I recommend the establishment of an executive negotiating team made up of two representatives from the San José City Council and two representatives from the Valley Water Board, as well as technical and legal staff, for formal meetings to work through the remaining terms of difference in order to come to an agreement. This recommendation is intended to offer the policy making bodies the opportunity to engage in the specific terms and conditions that are currently under discussion between the two agencies staff, with legal and political support, in order to expedite the negotiating process for this project.

Finally, I recommend extending the project deadline to December 2021 to give members of the negotiation team enough time to ensure that the agreement is financially feasible and legally sound before it is presented to each respective City Council (San José and Santa Clara) and the relevant committees.

Although conversations are still ongoing and several items need to be worked through, this project is consistent with the South Bay Water Recycling (SBWR) strategic and master plan and Climate Smart San José goals to further strategic expansion of recycled water to increase supply and reduce reliance on imported water. The time for decisions is here, and San José should be positioned to proceed forward and ensure a viable project that is cost effective for our community to ensure a sustainable water supply for our residents.