SAN JOSÉ/SANTA CLARA TREATMENT PLANT ADVISORY COMMITTEE

CHUCK REED, CHAIR
JOSE ESTEVES, MEMBER
PAT KOLSTAD, MEMBER
JAMIE MATTHEWS, MEMBER
MADISON NGUYEN, MEMBER
CHUCK PAGE, MEMBER
JOHN GATTO, MEMBER
JENNIFER MAGUIRE, MEMBER
KANSEN CHU, MEMBER

AGENDA/TPAC

4:30 p.m. **March 13, 2014** **Room 1734**

1. **ROLL CALL**

2. **APPROVAL OF MINUTES**

   A. February 13, 2014

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

4. **DIRECTOR'S REPORT** (verbal)

   A. Directors Verbal Report

5. **AGREEMENTS/ACTION ITEMS**

   A. Gasification Demonstration Agreement with Zero Waste Energy

   Staff Recommendation:

   1. Negotiate and execute a right of entry agreement with JUM Global, LLC and Zero Waste Energy, LLC to construct and operate a small scale demonstration unit that will test gasification of local biosolids and wood waste from the residential yard trimmings collection program at the San José-Santa Clara Regional Wastewater Facility for a term beginning April 1, 2014, through June 30, 2015, at a cost not to exceed $1,586,688.67.

   2. Execute an amendment to the Grant Agreement between the City and the California Energy Commission to change the technology provider from Harvest Power, Inc. to JUM Global, LLC and Zero Waste Energy, LLC.

   3. Adopt the following 2013-2014 Appropriation Ordinance Amendments in the Integrated Waste Management Fund:
      a) Decrease the Operations & Maintenance Reserve appropriation in the amount of $1,600,000;

b) Increase the appropriation to the Environmental Services Department: California Energy Commission Grant: Biomass to Energy Technology Project, in the amount of $1,600,000.

The Gasification Demonstration Agreement with Zero Waste Energy is scheduled for Council consideration on March 18, 2014.

B. Master Agreements for Environmental Consulting Services

Staff Recommendation:

1. Cornerstone Earth Group from the date of execution through December 31, 2016 in an amount not to exceed $350,000;

2. URS Corporation from the date of execution through December 31, 2016 in an amount not to exceed $350,000;

3. Haley & Aldrich from the date of execution through December 31, 2016 in an amount not to exceed $250,000; and

4. Environmental Resource Management, Inc. from the date of execution through December 31, 2016 in an amount not to exceed $250,000.

The Master Agreements for Environmental Consulting Services is scheduled for Council consideration on March 18, 2014.

6. OTHER BUSINESS/CORRESPONDENCE

A. Memo from Mayor Reed, Vice Mayor Nguyen, and Councilmembers Herrera and Chu
Subject: McCarthy Ranch Property Development Restrictions

B. Memo from Richard Doyle, City Attorney
Subject: McCarty Ranch Property Development Restrictions

7. STATUS OF ITEMS PREVIOUSLY RECOMMENDED FOR APPROVAL BY TPAC

A. Master Agreement for O&M Engineering Service for Facility

1. Approval of consultant Master Service Agreement with HydroScience Engineers, Incorporated for engineering support and services for the San José/Santa Clara Regional Wastewater Facility for various Operation and Maintenance (O&M) projects requiring engineering support and services on as needed basis for a period of one year from the date of execution for an amount not to exceed $500,000, and up to three one-year options.

2. Adoption of a resolution authorizing the City Manager to exercise up to three one-year options to extend the term of the agreement for an amount not to exceed $500,000 for each option term, and a total amount not to exceed $2,000,000 for the initial term and all options, subject to the annual appropriation of funds.

The Master Agreement for O&M Engineering Service for Facility was approved by Council on February 25, 2014.

B. Regional Wastewater Facility Program Start Up and Validation Efforts

Accept this report on the progress of the Program Management start-up and validation efforts of the San José-Santa Clara Regional Wastewater Facility CIP Program.

The Regional Wastewater Facility Program Start Up and Validation Efforts was approved by Council on February 25, 2014.

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 $1.08 million and of services between $100,000 and $270,000.

9. MISCELLANEOUS

A. The Special TPAC Study Session on Biosolids will be held on April 10, 2014, from 2:30 p.m. to 4:30 p.m. City Hall, Wing Committee Rooms 118/119/120

B. The next TPAC meeting is April 10, 2014, at 4:30 p.m. City Hall, Wing Committee Rooms 118/119/120.

10. OPEN FORUM

11. ADJOURNMENT

NOTE: If you have any changes or questions, please contact Jennifer Hade, Environmental Services, (408) 975-2515.

To request an accommodation or alternative format for City-sponsored meetings, events or printed materials, please contact Jennifer Hade at (408) 975-2515 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.

2A

MINUTES OF THE
SAN JOSE/SANTA CLARA
TREATMENT PLANT ADVISORY COMMITTEE

City Hall, City Manager's Office, 17th Floor, Room 1734
Thursday, February 13, 2014 at 4:30 p.m.

1. ROLL CALL

Minutes of the Treatment Plant Advisory Committee convened this date at 4:30 p.m. Roll call was then taken, with the following members in attendance:

Committee members: Committee Chair Chuck Reed, Kansen Chu, Jose Esteves, John Gatto, Pat Kolstad, Jennifer Maguire, Jamie Matthews, Chuck Page

Absent: Committee member Madison Nguyen

Chair Reed introduced new Committee Member, Jennifer Maguire who is replacing Committee Member Ed Shikada.

2. APPROVAL OF MINUTES

A. December 12, 2013
Item 2.A was approved.

3. UNFINISHED BUSINESS/REQUEST FOR DEFERRALS

4. DIRECTORS REPORT

A. Directors Verbal Report:

Kerrie Romanow, Director, Environmental Services stated staff has been working closely with TAC members on validation efforts and progress on the Capital Program.

She also noted that the Environmental Services Department is making progress in hiring and will soon make offers to 6 Operators in Training. The candidates are all from within the City of San José.

On January 23, 2014 there was an arc flash at building 40 which caused a fire. Although no one was injured, there were some challenges with the life safety system so a consultant has been hired to investigate. Additionally, the Fire Department is working with staff on Facility inspections and emergency response.

Finally, staff would like to schedule a study session for TPAC members to discuss the biosolids transition options and get direction on where staff should focus their

efforts. She suggested that the April 10, 2014 meeting start earlier, at 2:00. The first portion of the meeting could be dedicated to the study session with the regular meeting to follow.

The Committee discussed and agreed to have a study session on April 10, 2014, from 2:00 pm to 4:30 pm followed by the regular TPAC meeting at 4:30 pm.

5. AGREEMENTS/ACTION ITEMS

A. Master Agreement for O&M Engineering Service for Facility

Staff Recommendation:

1. Approval of consultant Master Service Agreement with HydroScience Engineers, Incorporated for engineering support and services for the San José/Santa Clara Regional Wastewater Facility for various Operation and Maintenance (O&M) projects requiring engineering support and services on as needed basis for a period of one year from the date of execution for an amount not to exceed $500,000, and up to three one-year options.

2. Adoption of a resolution authorizing the City Manager to exercise up to three one-year options to extend the term of the agreement for an amount not to exceed $500,000 for each option term, and a total amount not to exceed $2,000,000 for the initial term and all options, subject to the annual appropriation of funds.

The Master Agreement for O&M Engineering Service for Facility is scheduled for Council consideration on February 25, 2014.

David Wall, Public spoke on this item.

Motion by Committee Member Matthews, second by Committee Member Gatto to approve item 5.A. Item 5.A. was approved unanimously.

B. Regional Wastewater Facility Program Start Up and Validation Efforts

Staff Recommendation: Accept this report on the progress of the Program Management start-up and validation efforts of the San José-Santa Clara Regional Wastewater Facility CIP Program.

The Regional Wastewater Facility Program Start Up and Validation Efforts is scheduled for Council consideration on February 25, 2014.

Ashwini Kantak, Assistant Director, Environmental Services and John Buttz, Program Manager, MWH Consulting, gave a presentation.

David Wall, Public spoke on this item.

DRAFT

Motion by Committee Member Page, second by Committee Member Gatto to approve item 5.B. Item 5.B. was approved unanimously.

6. OTHER BUSINESS/CORRESPONDENCE

7. STATUS OF ITEMS PREVIOUSLY RECOMMENDED FOR APPROVAL BY TPAC

A. Second Amendment to Agreement with ESA and J&S Joint Venture

Approve the Second Amendment to the Agreement Between the City of San José and Environmental Science Associates, Inc. and Jones & Stokes Associates, Inc. doing business as ESA + J&S Joint Venture for California Environmental Quality Act support and other regulatory compliance services to amend the scope of services, and to increase the maximum compensation by $179,672, for a not to exceed amount $2,633,589 through the term of the contract ending June 30, 2014.

The Second Amendment to Agreement with ESA and J&S Joint Venture was approved by Council on December 17, 2013.

B. Regional Wastewater Facility Staffing

Accept this status report on the staffing situation at the San Jose-Santa Clara Regional Wastewater Facility.

The Regional Wastewater Facility Staffing was approved by Council on December 17, 2013.

C. South Bay Water Recycling Update on Strategic Planning Effort

Accept the progress report highlighting activities on the South Bay Water Recycling master planning activities.

The South Bay Water Recycling Update on Strategic Planning Effort was approved by Council on December 17, 2013.

D. First Amendment to Citywide Security Guard Services Agreements

Adopt a resolution to authorize the City Manager to execute the First Amendment to the Citywide Security Guard Services Agreements with First Alarm Security & Patrol Services (San Jose, CA) and National Security Industries * Services (San Jose, CA), to require each vendor to pay employees paid on an hourly rate consistent with the paid time off requirement pursuant to the City's Living Wage Policy 3-3 as amended on June 4, 2013.

DRAFT

The First Amendment to Citywide Security Guard Services Agreements was approved by Council on December 17, 2013.

E. Execute a Purchase Order with Jeffco Painting and Coating, Inc.

(a) Execute a Purchase Order with Jeffco Painting and Coating, Inc. (Vallejo, CA) for sandblasting and painting services at the San Jose-Santa Clara Regional Wastewater Facility (Wastewater Facility) for the period Decmeber 17, 2013 through December 16, 2014, with total compensation not to exceed $400,000; and

(b) Exercise four additional one-year options to renew the Purchase Order, subject to the appropriation of funds.

The First Amendment to Citywide Security Guard Services Agreements was approved by Council on December 17, 2013.

Items 7 A-E were approved to note and file.

DRAFT

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 $1.08 million and of services between $100,000 and $270,000.

Item 8.A was approved to note and file.

9. MISCELLANEOUS

The next TPAC meeting is March 13, 2014, at 4:30 p.m. City Hall, City Manager's Office, 17th Floor, Room 1734.

10. PUBLIC COMMENT

David Wall, Public spoke on odors and accounting.

11. ADJOURNMENT

A. The Treatment Plant Advisory Committee adjourned at 5:08 p.m.

Chuck Reed, Chair
Treatment Plant Advisory Committee

5A

COUNCIL AGENDA: 3/18/14
ITEM:

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: Kerrie Romanow

SUBJECT: **AGREEMENT FOR ENERGY TECHNOLOGY DEMONSTRATION PROJECT**

DATE: February 26, 2014

Approved

Date 2/28/14

RECOMMENDATION

Adopt a Resolution to authorize the City Manager to:

a) Negotiate and execute a right of entry agreement with JUM Global, LLC and Zero Waste Energy, LLC to construct and operate a small scale demonstration unit that will test gasification of local biosolids and wood waste from the residential yard trimmings collection program at the San José-Santa Clara Regional Wastewater Facility for a term beginning April 1, 2014, through June 30, 2015, at a cost not to exceed $1,586,689, subject to the appropriation of funds.

b) Negotiate and execute an amendment to the Grant Agreement between the City and the California Energy Commission to change the technology provider from Harvest Power, Inc. to JUM Global, LLC and Zero Waste Energy, LLC.

OUTCOME

Approval of this recommendation would enable the City to complete a long-term feasibility study for an emerging waste conversion technology through gasification with grant funds from the California Energy Commission (CEC). This project would showcase an innovative technology and advance the City's Green Vision Goal 5 to divert 100% of waste from landfill and convert waste to energy. It also implements the Green Vision Annual Report Work Plan adopted by Council in March 2013.

BACKGROUND

On April 19, 2011, the Council authorized staff to negotiate and execute agreements with Harvest Power, Inc. and the CEC to develop a feasibility study (Phase I) for a gasification project to demonstrate whether biomethane is suitable for generating vehicle fuel produced through the gasification of biosolids and wood waste from the residential yard trimming collection program. In June 2014, the City joined the Bay Area Biosolids to Energy Coalition (BAB2E), and used the

City's $215,000 match for the feasibility study as a credit towards the City's participation fees for 2011-2012.

Based on the feasibility study results, staff and the CEC determined that it is technically feasible to continue with the construction/operation phase (Phase II) of the project. On September 30, 2013, Harvest Power withdrew from the project due to economic concerns with their chosen technology vendor. After reviewing over twenty technologies, staff determined that JUM Global, LLC and their partner Zero Waste Energy, LLC (JUM/ZWE) were a suitable substitute for Harvest Power for the demonstration phase of the project. On November 25, 2013, the CEC approved JUM/ZWE as the new technology provider and authorized the City to use the remaining balance of the grant in the amount of $1,586,689 for Phase II.

ANALYSIS

In order to secure the use of remaining CEC grant funds, staff recommends amending the Grant Agreement between the City and the CEC to change the technology provider from Harvest Power to JUM/ZWE. It is also recommended that a Right of Entry for Construction and Operation of the Energy Technology Demonstration Unit between the City and JUM/ZWE be negotiated and executed, which would delineate the right to enter for construction and operation of the demonstration unit. The proposed agreement would also include the construction and operational requirements for JUM/ZWE and the resource commitments from each party. The agreement between JUM/ZWE and the City must conform to the grant requirements of the CEC, including, but not limited to: operation of a technology demonstration, match funding from vendor partners, in-kind contributions from the City (detailed below), and submittal of CEC required reports. The following summarizes business terms that would be included in the proposed agreement.

Access to the Facility
Use of the premises by JUM/ZWE shall be limited to construction and operation of the demonstration unit, as prescribed by San José-Santa Clara Regional Wastewater Facility (Facility) security staff.

Construction
JUM/ZWE shall construct a 25-by-25 foot pad on the premises for the demonstration unit within the Facility site in compliance with all the terms and conditions set forth in the proposed agreement. The demonstration unit operation will require less than 5,000 square feet of unutilized space at the Facility. Construction would commence in April 2014.

Operations and Maintenance
Beginning June 1, 2014, JUM /ZWE will operate the demonstration unit eight hours per day, five days per week, in all weather conditions. JUM/ZWE staffing of the demonstration unit shall be at an appropriate level to operate and maintain the unit with staff on-site from 7:00 a.m. to 5:00 p.m. Monday through Friday, and with maintenance personnel on-call 24 hours a day, seven days a week. JUM/ZWE will operate and maintain the demonstration unit to process biosolids and

biomass. JUM/ZWE will also manage activities related to the processing and disposal of these materials delivered to the project site.

Access to Utilities
JUM/ZWE will secure and pay for any electricity and gas required for operation of the demonstration unit. Installation of all utility connections shall be at JUM/ZWE's sole cost and expense and are subject to the agreement provisions regarding JUM/ZWE improvements. Recycled water and sewer services will be provided by the City.

Feedstock Delivery and Byproduct Disposal
This demonstration project is part of the Environmental Services Department's (ESD) strategic plan that helps the City evaluate alternative disposal options for two hard to manage waste products: biosolids produced by the Facility, which are currently used as alternative cover at Newby Island Landfill in San José and must be moved from open air drying beds adjacent to the Facility; and wood waste from residential yard trimmings collection program. About 10,000 tons of this waste is currently trucked to the Central Valley and used for boiler fuel annually.

The City will provide and deliver biosolids from the Facility's drying beds to be used as one of the feedstocks for the demonstration project. For the biomass feedstock, the City will secure wood waste from the residential yard trimming collection program, which is processed and stored at the Zanker Road Resource Recovery Facility. Deliveries of required feedstock will occur two to three days per week during pilot operation hours. A bunker adjacent to the gasification unit will be constructed to hold up to five tons of feedstock, which will operate the system for two to three days. JUM/ZWE will be responsible for the handling and proper disposition of all byproducts resulting from operation of the demonstration unit, including ash, char, and precipitate. Based on the testing results of each byproduct, disposal of the precipitate and char/ash will be processed at the Facility and Zanker Facilities respectively. If testing shows that the precipitate or char/ash does not meet the criteria for treatment at the Facility or disposal at Zanker Facilities, JUM/ZWE will transport the byproducts to a hazardous waste disposal facility.

Contractor Payment/Grant Reimbursement
The CEC funds are distributed through a reimbursement process after the required match funds from JUM/ZWE are expended. City staff will prepare a monthly reimbursement request containing JUM/ZWE's expenditures and the City's in-kind contributions. After the reimbursement is received from the CEC, City staff will then pay the CEC-approved reimbursement to JUM/ZWE. The City will only compensate JUM/ZWE after the funds are received from the CEC.

Ownership of Demonstration Equipment and Restoration of the Site
JUM/ZWE will be required to transport the unit from the existing site in Las Vegas, NV and install the demonstration unit at the Facility. JUM/ZWE shall retain ownership of the demonstration unit at the end of the project term. JUM/ZWE will also be required to remove the equipment at the end of the demonstration and restore the Facility site to a condition that is the same or better than prior to construction.

Project Timeline
The City has a three-year agreement (August 25, 2011, to April 30, 2015, with the option to extend the agreement to Summer 2015) with the CEC to site and operate a demonstration unit with sufficient material testing periods to meet the grant objectives and expend the grant funds within the required project timeline. The table below highlights key milestones in the project implementation plan.

Task	Approximate Timeline of Project
Construction – Operation	Appx 12 months
Equipment Procurement	Spring 2014
Construction	Spring 2014
Commissioning of the Unit	Summer 2014
Feedstock testing – wood waste	2014 - 2015
Feedstock testing – bio solids	2014 - 2015
Operating/Capital Cost Analysis	Monthly
Fueling Station Viability	Summer 2015
Long Term Feasibility Analysis	Summer 2015
Reporting	Continuous
Data Collection & Reporting	Monthly
Publish Report of Findings	Summer 2015

Technology Feasibility
The demonstration will provide data for a long-term feasibility study that will confirm the viability of the new technology. The study will include an analysis of key engineering, feedstock, permitting, and economic considerations required for the potential development of commercial units in California. To compile this study, JUM/ZWE will provide key reports including: maintenance requirements for the demonstration unit; feedstock to energy efficiency; emissions and byproducts handling with any special waste disposal costs; and construction and unit removal costs which includes interconnections, and restoration of Facility land used for the demonstration.

City of San José In-Kind Contribution
The CEC grant requires a match from the City and JUM/ZWE equal to the grant funding being provided by the State. Nearly the entire match is coming from JUM/ZWE. The City's match for Phase II is limited to City staff time and use of Facility land for the demonstration unit. Staff and JUM/ZWE identified a site location that will optimize pilot activity without impacting existing Facility operations.

Limited staff support will be required from ESD. Existing staff will monitor the project implementation and confirm successful installation of the demonstration unit within the Facility's existing infrastructure and operations.

The demonstration unit will use 12,000-14,000 gallons of recycled water for cooling, which will then be returned for processing at the Facility. JUM/ZWE will confirm testing parameters and timelines that comply with the Facility NPDES permit. If discharge thresholds are at any time

above industrial discharge permitting limits, JUM/ZWE will pay any additional costs for appropriate disposal. The gas production levels for the demonstration are so small that it is inefficient to use the gas at the Facility. The resulting gas flare during the demonstration period was determined to be a less than significant impact based on environmental review.

JUM/ZWE Contribution

The value of JUM/ZWE's combined contribution for the project is estimated to be $3,602,689. It is anticipated that $1,586,689 will be reimbursed through the CEC grant. JUM/ZWE will submit invoices in 2013-2014; however, reimbursement will be made in 2014-2015 after grant reimbursements have been received. This contribution includes the construction of a pad, bunker, assembly, utility connections, and use of the demonstration unit in conformance with public works requirements. JUM/ZWE's contribution also includes staffing resources and personnel with the following expertise: Construction Manager, Chief Technology Officer, Lead Engineer, Operations Manager, Economic Feasibility Analyst, and Technology Feasibility Analyst.

Planned Phase II Budget					
	Remaining CEC Share[1]	Remaining SJ Match[2]	ZWE Match	JUM Match	Total
Project Grand Totals	$1,586,689	$550,270	$100,000	$1,916,000	$4,152,959

[1] This is the remaining amount for Phase II of the $1.9 million grant awarded.
[2] This represents the remainder of the $671,701 that was approved by the City Council for this project on April 19, 2011 Item 7.2.

EVALUATION AND FOLLOW-UP

The results of the demonstration will be included in a long-term feasibility study submitted to the CEC for publication in summer 2015. Staff will present the results of the demonstration as part of the Green Vision Annual Report in 2015.

PUBLIC OUTREACH/INTEREST

☒ **Criterion 1**: Requires Council action on the use of public funds equal to $1,000,000 or greater. **(Required: Website Posting)**

☐ **Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**

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

The stakeholder input process was established in December 2012, as part of the feasibility study development, in order to determine critical questions that should be addressed by consultants in the review of gasification technology. This process included an informational webinar on January 22, 2013, and used online project management software to give representatives from a broad range of non-profit, government, academia interest groups an opportunity to provide input on the project. ESD continues to monitor the project website for any new comments on the project. The feasibility structure developed during this process will be utilized for the replacement technology, and therefore, the stakeholder comments provide value for the revised project as well.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office and the City Manager's Budget Office. This item is scheduled to be heard at the March 13, 2014, Treatment Plant Advisory Committee meeting.

COST SUMMARY/IMPLICATIONS

The 2014-2015 Proposed Operating Budget will include recommendations to include a CEC grant in the amount of $1.6 million in the Integrated Waste Management Fund and available funding to reimburse JUM Global, LLC and Zero Waste Energy, LLC. The City will reimburse these agencies after reimbursements have been made to the City by the California Energy Commission.

CEQA

Construction and Demonstration Phase - Categorical Exemption, File No. PP14-022 CEQA Guidelines Section 15303(d), New Construction and Conversion of Small Structures.

/s/
KERRIE ROMANOW
Director of Environmental
Services Department

For questions, please contact Jo Zientek, Deputy Director of Environmental Services, at (408) 535-8557.

COUNCIL AGENDA: 3/18/14
ITEM: 7.3

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: Kerrie Romanow

SUBJECT: SEE BELOW

DATE: March 10, 2014

Approved

Date 3/11/14

SUPPLEMENTAL

SUBJECT: ADDITIONAL INFORMATION REGARDING THE ENERGY TECHNOLOGY DEMONSTRATION PROJECT

REASON FOR SUPPLEMENTAL

This supplemental memorandum provides additional information on the Agreement for Energy Technology Demonstration Project Memorandum dated February 26, 2014.

BACKGROUND

The February 26, 2014 memorandum regarding the Agreement for Energy Technology Demonstration Project did not include a precise location for the demonstration project located at the San José-Santa Clara Regional Wastewater Facility (Facility).

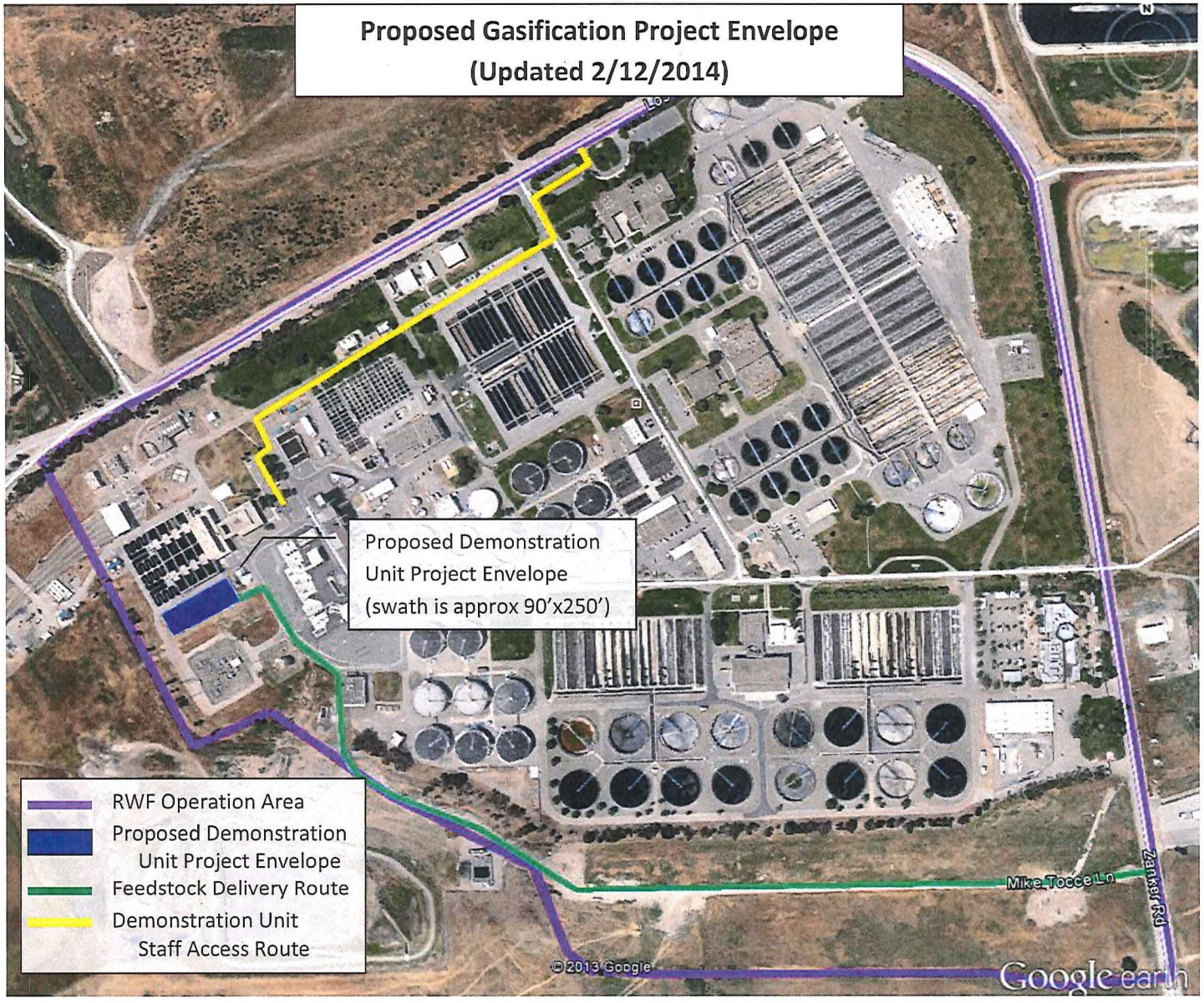
ANALYSIS

The proposed project location for the demonstration unit, as shown in the attached map (Attachment – Location of Demonstration Project), is within the operational area of the Facility. The location is south of the western most building, the Facility's filtration building.

/S/ Ashwini Kantak for
KERRIE ROMANOW, DIRECTOR
Environmental Services Department

For questions please contact Jo Zientek, Deputy Director of Environmental Services, at 408-535-8557.

Exhibit A


Proposed Gasification Project Envelope
(Updated 2/12/2014)
Proposed Demonstration
Unit Project Envelope
(swath is approx 90'x250')
RWF Operation Area
Proposed Demonstration
Unit Project Envelope
Feedstock Delivery Route
Demonstration Unit
Staff Access Route
Mike Tocce Ln
Zankar Rd
©2013 Google
Google earth

5B

COUNCIL AGENDA: 3/18/14
ITEM:

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: Kerrie Romanow

SUBJECT: SEE BELOW

DATE: February 24, 2014

Approved

Date 3/4/14

SUBJECT: MASTER SERVICE AGREEMENT WITH CORNERSTONE EARTH GROUP, URS CORPORATION, HALEY & ALDRICH, AND ENVIRONMENTAL RESOURCES MANAGEMENT, INCORPORATED FOR ENVIRONMENTAL CONSULTING SUPPORT FOR VARIOUS CITY PROJECTS

RECOMMENDATIONS

Approve the master agreements with the following firms for environmental consulting services for various City projects:

1. Cornerstone Earth Group from the date of execution through December 31, 2016 in an amount not to exceed $350,000;

2. URS Corporation from the date of execution through December 31, 2016 in an amount not to exceed $350,000;

3. Haley & Aldrich from the date of execution through December 31, 2016 in an amount not to exceed $250,000; and

4. Environmental Resource Management, Inc. from the date of execution through December 31, 2016 in an amount not to exceed $250,000.

OUTCOME

Approval of master service agreements with Cornerstone Earth Group, URS Corporation, Haley & Aldrich, and Environmental Resources Management (ERM), Inc. will provide the City with the ability to provide on-call environmental consultant services for City staff to successfully investigate and rehabilitate impaired City-owned properties and maintain regulatory compliance.

BACKGROUND

Environmental Services Department (ESD) is responsible for regulatory compliance for environmental issues at many City-owned properties. Environmental issues are becoming increasingly complex and specialty-oriented. They typically involve many diverse areas of professional expertise such as: soil and groundwater contamination characterization and remediation, air quality and permitting, compliance permitting, health risk assessments, and asbestos and lead-based paint surveys. The work frequently requires specialized equipment and tools in addition to unique training, expertise, and regulatory knowledge.

Properties of concern include various legacy contaminated sites such as closed landfills and leaking underground storage tank sites as well as newly acquired properties with (potential and/or confirmed) environmental impairments and properties undergoing redevelopment. ESD provides environmental due diligence (e.g. Phase I & II Environmental Site Assessments) as part of the City's property acquisition process. In some instances, environmental consultant services are necessary to perform work that is beyond in-house expertise, existing resources, or requires third-party consultants.

Prior to 2008, staff relied on a project-by-project approach in acquiring consultant services for projects that required outside expertise and/or third-parties. This approach was inefficient and time consuming resulting in project delays and difficulties with meeting regulatory compliance deadlines. Since 2008, ESD has conducted a Request for Qualifications (RFQ) process to enter into master service agreements (MSAs) for on-call environmental consultant services with multiple consulting firms for three year terms. The most recent three-year agreements expired on December 31, 2013.

Staff began a consultant selection process in September 2013 with an RFQ. Of the 19 firms who responded to the RFQ, the top eight were selected for interviews and were interviewed on January 7 and 8, 2014. A combination of the written submittal and the interview scores were used to rank the firms. The top four ranked firms were selected for contract negotiation.

1. Cornerstone Earth Group
2. URS Corporation
3. Environmental Resource Management (ERM), Inc.
4. Haley & Aldrich

The RFQ process encourages local consultant participation by awarding additional points to firms that are classified as local per Council policy. All four firms selected qualified as having local offices and have extensive experience in San José. One firm, Cornerstone Earth Group also qualified as a small business.

ANALYSIS

These master agreements will provide much needed technical expertise and support on an as-needed basis. It is already anticipated that several projects will require such support within the upcoming year. The anticipated projects include necessary monitoring and remediation of impacted groundwater at the former San José Family Shelter, the former Story Road landfill property, and the former 9Par landfill site; and continued groundwater monitoring at the City's Environmental Innovation Center and several closed landfills. In addition to ESD's own projects, the department provides support services to other City Departments such as Public Works, Office of Economic Development and Parks, Recreation, & Neighborhood Services to assist in environmental investigations and compliance on an as-needed basis.

Staff will determine the award of individual service orders to each of the consultant firms based on their expertise, cost and availability. Having multiple firms available will enable staff to issue a Service Order to the firm that is able to complement staff expertise in a specific technical discipline, ensuring the most cost effective and efficient use of staff and consultant resources. Staff will negotiate costs with the consultants on project proposals. When appropriate, ESD will obtain multiple bids to ensure project costs are efficiently managed

Some anticipated projects and respective estimated costs include:

Various Environmental Compliance Activities at City's closed landfills - The City currently manages environmental compliance at several City owned closed landfills under the oversight of the State Regional Water Quality Control Board. Several of the closed landfills (Happy Hollow Parking Lot, Story Road landfills and Singleton Road) have routine groundwater monitoring requirements at an estimated annual cost of $75,000 per year. In addition several other projects are anticipated over the next three years including:

- Installation of a new groundwater monitoring well network at the future Martin Park at an estimated one-time cost of $40,000 with annual monitoring costs of $30,000.
- Updated technical evaluation of the groundwater remediation system at the former Story Road landfill at an estimated cost of $50,000.
- Installation of a groundwater extraction system at the former 9Par landfill due to the recent discovery of solvent contamination in the groundwater at a one time cost of approximately $50,000, with annual operation and maintenance costs of $25,000 per year.

Former San Jose Family Shelter, 1590/1600 Las Plumas Avenue - The City purchased this property in 2010 to become part of the adjoining Environmental Innovation Center. The site has undergone some remediation of contaminated soil and groundwater from a historic underground fuel leak. A site specific remedial evaluation completed by an environmental consultant estimates the cost for remediation at approximately $450,000 over the life of remediation with an estimated $250,000 in costs over the next three years. The City is eligible to be fully reimbursed from the State Underground Storage Tank Cleanup Fund for the cleanup.

Compliance Support at the San José-Santa Clara Regional Wastewater Facility[1] (Wastewater Facility) - The Wastewater Facility is undergoing a large-scale capital improvement program. The Wastewater Facility has several above ground storage tanks that have historically leaked as well as past diesel and chemical spills. Prior to construction on most projects, environmental consultant support will be needed to help characterize these areas for worker health and safety and the management/disposal of contaminated soil. These services are estimated at approximately $50,000 each year for the next three years.

Other pending projects include the former Agnews property that the City and Santa Clara Unified School District have recently been conditionally selected by the State to purchase. While anticipated remediation costs are currently being finalized, environmental consultant services for the further investigation and cleanup of the this property could range from $200,000 to $400,000 over the next three years.

EVALUATION AND FOLLOW-UP

These master agreements will provide staff with the ability to engage the services of an environmental consultant on an as-needed basis, thereby enabling a more cost effective and timely delivery of projects. No additional follow up action with the Council is expected at this time.

POLICY ALTERNATIVES

Alternative #1: All work to be performed by City staff.

Pros: Some of the work would be done by City staff.
Cons: In-house staff does not possess all the required technical capability and specialized equipment across the broad range of expertise anticipated for these projects. Some of the anticipated work will require regulatory oversight and third-party reporting by registered engineers and/or geologists in various technical specialties.
Reason for not recommending: The City would need to hire several new staff members with the knowledge, expertise, and/or certification in a variety of environmental areas such as: hazardous waste investigations, air quality, health risk assessments, remediation system design, and asbestos and lead-based paint surveys. Specialized equipment would need to be obtained or leased to perform duties. Portions of the anticipated work would still need to be performed by third-party licensed engineers, geologists or other specialists to meet regulatory requirements.

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[1] **The legal, official name of the facility remains San Jose/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.*

Alternative #2: Perform a separate RFQ process for each of the large projects described in the analysis section of this memo.

Pros: The RFQ selection process would focus on the specific needs of each project instead of the broader scope of work specified in the recent RFQ.
Cons: The RFQ selection process typically takes six months or more to complete and involves a large amount of staff work to develop project specific RFQ's, solicit responses, interview consultants, negotiate contracts, and obtain Council approval. All of the large projects require more timely response due to upcoming regulatory and/or construction deadlines. By having consultants attached to specific projects, there will be less capacity to respond to unforeseen projects that require immediate response.
Reason for not recommending: This approach will limit the City's flexibility and response time for handling unforeseen environmental projects, possibly leading to missing regulatory deadlines and possibly subject the City to violations and/or fines. Multiple RFQ's for similar services will lead to much higher staff workloads for ESD, other City Departments and Council.

PUBLIC OUTREACH/INTEREST

X **Criteria 1:** Requires Council action on the use of public funds equal to $1,000,000 or greater. **(Required: Website Posting)**

☐ **Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**

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

This item meets Criterion 1: Requires Council action on the use of public funds equal to $1,000,000 or greater. This memorandum will be posted on the City's website for the March 18, 2014 City Council agenda.

COORDINATION

The memorandum has been coordinated with the City Manager's Budget Office, and the City Attorney's Office.

Due to time considerations in the preparation of these agreements, and the fact that these agreements are for other City properties, and may only potentially be used for Facility-funded projects, this item will be heard by at the March 13, 2014 TPAC meeting.

COST SUMMARY/IMPLICATIONS

No funding is needed to approve these Master Service Agreements. Funds will be appropriated as needed for the various City projects upon issuance of each service order.

CEQA

Not a Project, File No. PP10-066(a), Agreements and Contracts.

/s/
KERRIE ROMANOW
Director, Environmental Services

For questions please contact René Eyerly, Sustainability and Compliance Manager at 408-975-2594.

6A

COUNCIL AGENDA: 03-11-14
ITEM: 4.6

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: CITY COUNCIL

FROM: Mayor Chuck Reed
Vice Mayor Madison Nguyen
Councilmember Rose Herrera
Councilmember Kansen Chu

SUBJECT: **McCarthy Ranch Property Development Restrictions**

DATE: March 7, 2014

APPROVED: Chuck Reed **DATE:** 3/7/14

Rose Herrera
Madison Nguyen

RECOMMENDATION

Direct staff to return to City Council in August 2014, with a resolution authorizing the City Manager to execute an amendment to the McCarthy Ranch Declaration of Covenants, Conditions & Restrictions (CC&R's) and Agreement. The amendment should provide a process that would allow early termination of development restrictions on the McCarthy Ranch property upon occurrence of the following conditions:

i. Completion of the biosolids improvements at the Regional Wastewater Treatment Facility and transition to the new biosolids treatment process;

ii. Verification that no odor problem exists based on an odor modeling methodology to be determined; and,

iii. Payment of a fair market value for the land the City acquired as part of the transaction, or $6 million whichever is the greater, upon the termination of the CC&R's.

BACKGROUND

In 1998, the City recorded development restrictions on the McCarthy Ranch property, prohibiting odor sensitive uses which could be impacted by odors from the Regional Wastewater Treatment Facility. It was agreed that the CC&R's would terminate in March 2058, unless it was established that the odors were no longer likely to be an issue to the future development of the property. As part of that transaction, the City paid $6 million for a six-acre strip of land along the trail, the use of which was restricted to open space purposes only.

The Regional Wastewater Treatment Facility Master Plan was adopted by Council in November 2013, with the support of the Treatment Plant Advisory Committee. The Master Plan includes the biosolids transition project and odor control features. With the plan moving ahead, the terms under which the Council might consider terminating the development restrictions on the McCarthy Ranch property should be revised.

COUNCIL AGENDA: 03-11-14
ITEM: 4.6

63

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: Richard Doyle
City Attorney

SUBJECT: **McCarthy Ranch Property Development Restrictions**

DATE: 3/10/2014

SUPPLEMENTAL MEMORANDUM

SUBJECT: McCarthy Ranch Property Development Restrictions

REASON FOR SUPPLEMENTAL

To provide additional information material to the consideration of whether to allow for early termination of development restrictions on the McCarthy Ranch property, and the conditions for early termination.

DISCUSSION

In 1998, the City, Browning-Ferris Industries of California, Inc., International Disposal Corporation of California, Inc., Santa Clara Audubon Society, Inc., the City of Milpitas, and Joseph McCarthy et al. settled a CEQA lawsuit filed by the City over proposed development of 226 acres of property owned by the McCarthy Trust. As part of the comprehensive settlement between the parties, the City purchased a Covenants, Conditions & Restrictions (CC&R) on 140 acres of McCarthy Ranch property to exclude "odor sensitive uses," and a 6 acre strip of land located along Coyote Creek and within 500 feet of the biosolid drying beds. "Odor sensitive uses" include residential, hotels, boardinghouse, or other similar facility with overnight occupancy, schools, daycare facilities, hospitals, nursing facilities, church, or outdoor amphitheatre.

The cost to the City for both the CC&R and the land was approximately $6,500,000, which was paid for from the Regional Wastewater Treatment Facility funds. The City was required to lease back the 6 acres to McCarthy for a term of five years at $800 per year for use by farm laborers working on McCarthy land. Given the configuration and location of the 6 acres, the primary value of the transaction to the City is in the CC&R.

While the CC&R automatically terminates in 2058, the McCarthy may request early termination in 2048 provided the City, BFI, and McCarthy designate odor experts to confer on whether the occupants of odor sensitive development would be impacted by the odor conditions at that time. If the odor levels at that time would not impact

occupants of odor sensitive development, the CC&R could then be terminated effective March 11, 2048.

Since the City adopted the Regional Wastewater Treatment Facility Master Plan in November 2013, the City is expediting the biosolids transition project. There are still a number of critical stages before the odor impact of the biosolids transition project and other odor mitigation projects can be measured. Staff is in the process of evaluating potential odor mitigation projects, and the timing of these projects to create greater efficiency and minimize cost.

CONCLUSION

Based on the additional information above, if Council directs staff to negotiate an early amendment to the CC&R, Council may also wish to condition the early termination of the CC&R on full completion of the biosolids transition project improvements and other odor mitigation projects; phasing out of all current biosolids processes; and on payment to the City consideration (e.g. fair market value) for both the CC&R and the 6 acre land.

RICHARD DOYLE
City Attorney

cc: Ed Shikada

City Manager's Contract Approval Summary

For Procurement and Contract Activity between $100,000 and $1.08 Million for Goods and $100,000 and $270,000 for Services

FEBRUARY 1, 2014 - FEBRUARY 28, 2014

Description of Contract Activity [1]	Fiscal Year	Req#/ RFP#	PO#	Vendor/Consultant	Original $ Amount	Start Date	End Date	Additional $ Amount	Total $ Amount	Comments
NEW:										
REPAIR & OVERHAUL OF LARGE ELECTRIC MOTORS	FY13-14	18667	49539	DAHL BECK ELECTRIC	$120,000	2/11/14	2/10/15			
COATING REHAILITAION SERVICES OF FIVE (5) CLARIFIER TANKS	FY13-14	18676			$800,000	5/21/14	5/20/15			
ONGOING:										
COMPRESSED GASSES AND WELDING EQUIPMENT SERVICES & SUNDRIES	FY13-14	18297			$100,000					LABORATORY (40K) & MAINTENANCE (60K)

[1] This report captures in process contract activity (Requisition Number or RFP Number) and completed contract activity (Purchase Order Number, Contract Term, and Contract Amount)