



RECYCLED WATER COMMITTEE MEETING

MINUTES

THURSDAY, AUGUST 6, 2020
2:00 PM

(Paragraph numbers coincide with agenda item numbers)

1. CALL TO ORDER:

A regular meeting of the Santa Clara Valley Water District (Valley Water) Recycled Water Committee (Committee) was called to order via Zoom video teleconference at 2:00 p.m.

1.1 Roll Call.

Committee member in attendance was District 6 Director T. Estremera, Chairperson presiding, and Committee members participating by teleconference were District 2 Director B. Keegan, and District 7 Director G. Kremen, constituting a quorum of the Committee.

Staff members in attendance were H. Ashktorab, H. Barrientos, R. Callender, G. De La Piedra, R. Fuller, G. Hall, M. King, C. Kwok-Smith, M. Richardson, D. Rocha, E. Sans, M. Silva, M. Sinaki, D. Taylor, D. Tucker, and T. Yoke.

Also in attendance were Valley Water consultant contractors P. Daniel, Liquisti, LLC, and J. Jamieson, Illuminati Infrastructure Advisors.

2. TIME OPEN FOR PUBLIC COMMENT ON ANY ITEM NOT ON THE AGENDA:

Chairperson Estremera declared time open for public comment on any item not on the agenda. There was no one present who wished to speak.

3. APPROVAL OF MINUTES:

3.1 Approval of Minutes.

Recommendation: Approve the minutes of the January 21, 2020, meeting.

The Committee considered the attached minutes of the January 21, 2020 meeting. It was moved by Director Kremen, seconded by Director Keegan, and unanimously carried that the minutes be approved as presented.

4. ACTION ITEMS:

4.1 Review P3 Project Cost and Financing Sensitivity Analysis.

Recommendation: Receive information on the P3 cost and financing sensitivity analysis.

Mr. Darin Taylor, Chief Financial Officer, reviewed the information on this item, per the attached Committee Agenda Memo, and corresponding presentation materials contained in Attachment 1.

Mr. Taylor provided information on a construction cost sensitivity analysis based on 20% less or more than the \$500M capital cost estimate of a purified water program project discussed at the June 16, 2020 Board meeting. He also provided a sensitivity analysis relative to the interest rates assumed for financing construction presented on June 16, 2020. The Committee requested staff to return with a dollar-per-acre-foot analysis based on bookends of 30% and 0% for Valley Water's capital cost share with P3 partners. The Committee also requested that the results include the impact on rates by groundwater zones.

Mr. Stan Williams, a member of the public, Principal of Stan Williams Water Resources Consulting, suggested that Valley Water's financial analysis could differentiate the cost of plant versus pipeline construction similar to what the San Diego County Water Authority has done.

4.2 Public/Private Partnership Implementation Approach.

Recommendation:

- A. Recommend to the Board that it approve the Design-Build-Finance-Operate-Maintain Implementation/Procurement procedures for Public/Private Partnership (P3) proposed in this agenda item for procurement of the necessary facilities and services to accomplish purification and delivery to groundwater recharge ponds of the product water;
- B. Recommend that the Board direct staff to return for Board approval to launch a P3 procurement plan as soon as the necessary elements for a proposed project including (a) agreement for long-term supply of treated wastewater, (b) agreement enabling management of reverse osmosis concentrate, and (c) agreement for siting of the purification facilities, are sufficiently secured for the proposed project; and
- C. Review a schedule for implementation of the P3 procurement process.

Ms. Roslyn Fuller, Deputy Operating Office reviewed the information on this item, per the attached Committee Agenda Memo, and the corresponding presentation materials contained in Attachment 2 were reviewed by HDR sub-consultants contractors as follows: Ms. Jill Jamieson, CEO of Illuminati Infrastructure Advisors, reviewed Slides 1 through 2; and Mr. Philippe Daniel, Principal of Liquisti, LLC, reviewed Slides 3 through 6.

Ms. Jamieson discussed the advantages of the traditional Design-Build-Finance-Operate-Maintain (DBFOM) P3 implementation over the limitations of a one-bidder progressive approach. She informed the Committee that a traditional DBFOM will generate short-listed partners and meet Committee objectives of accelerating projects and having price certainty before negotiation, and will allow staff to gain familiarity with P3 partners and their designs while in the competitive process.

Mr. Williams expressed opposition to the proposed traditional DBFOM approach of P3 implementation, reminded the Committee of the extensive consultant contract efforts already expended on the progressive approach, and cautioned the Committee on the effect on Valley Water's reputation that could result from the process iterations.

Mr. Daniels, in response to a Zoom Chat question by Mr. Val Franco, public member, informed the Committee that the P3 program will consist of one project, and the scheduled release of the Request For Proposals would be dependent on a decision to be made by the Board.

The Committee requested that the current short list entities be polled to find out if they are still interested in being considered for the P3 program.

It was moved by Chair Estremera, seconded by Director Keegan, and unanimously carried that the Committee approve the recommendation to the Board (1) that the DBFOM method be adopted for procurement of the necessary facilities and services to accomplish purification and delivery to groundwater recharge ponds of the product water; (2) that the Board direct staff to return for Board approval to launch P3 procurement plan as soon as the necessary elements for a proposed project are sufficiently secured for the proposed project; and (3) that the Board encourage bidders from the current short-listed P3 entities to participate in the new Request for Qualifications, with staff to evaluate whether credit points may be applied for investments already put in their original bids.

4.3 Public/Private Partnership Staffing Plan.

Recommendation: A. Receive information on Public/Private Partnership (P3) staffing plan; and
 B. Provide feedback to staff.

Mr. Garth Hall, Acting Chief Operating Officer, reviewed the information on this item, per the attached Committee Agenda Memo, and corresponding presentation materials in Attachment 1.

Mr. Hall described the formation and role of a senior executive staff Steering Committee to provide strategic oversight. He also said that no new staff hiring was anticipated at this time, and that heavy consultant use was planned.

The Committee noted the information without formal action.

4.4 Update on the Countywide Water Reuse Master Plan.

- Recommendation:
- A. Receive information on the status, findings, and next steps for the Countywide Water Reuse Master Plan; and
 - B. Recommend the Board of Directors authorizes the Chief Executive Officer to negotiate and execute an amendment (Amendment No. 3) consistent with staff recommendations to the Agreement with Brown & Caldwell for the Countywide Water Reuse Master Plan Project (Agreement No. A4120A).

Mr. Miguel Silva, Associate Engineer-Civil, reviewed the information on this item, per the attached Committee Agenda Memo, and corresponding presentation materials contained in Attachment 1.

It was moved by Chair Estremera, seconded by Director Kremen, and unanimously carried that the Committee recommend that the Board of Directors authorize the CEO to negotiate and execute Amendment No. 3 of Brown & Caldwell Agreement No. A4120A for the Countywide Water Reuse Master Plan Project for \$285,000.

4.5 Update on Reverse Osmosis Concentrate Management (ROCM) Plan.

Recommendation: Receive information and discuss next steps.

Mr. Henry Barrientos, Senior Water Resources Specialist, reviewed the information on this item, per the attached Committee Agenda Memo, and corresponding presentation materials contained in Attachment 1.

The Committee stated that they want to hear from P3 entities on the integration of reverse osmosis in their design packages.

4.6 Update on South Santa Clara County Water Reuse Opportunities.

Recommendation: Receive information and discuss next steps.

Mr. David Tucker, Associate Engineer-Civil, reviewed the information on this item, per the attached Committee Agenda Memo, and corresponding presentation materials contained in Attachment 1.

The Committee noted the information without formal action.

4.7 Update on South Santa Clara County Water Reuse Governance.

Recommendation: Receive information and discuss next steps.

Mr. Rick Callender, Chief Executive Officer, informed the Committee of meetings between himself and the Cities of Morgan Hill and Gilroy City Managers on a possible collaboration on governance on wastewater treatment outside of South County Recycled Water Authority. This is in response to the Board's expression of interest to establish collaborative governance with the cities of South County.

Mr. Callender proposed to the Committee that a letter be sent to both cities that would indicate next steps to accomplish this objective.

It was moved by Director Keegan, seconded by Director Kremen, and unanimously carried that the Committee present to the full Board of Directors a draft letter to the Cities of Gilroy and Morgan Hill, proposing a discussion on South County recycled water governance, formation of a Committee among the cities and Valley Water, and developing an integration agreement among members.

- 4.8 Discuss the 2020 Recycled Water Committee Work Plan and Meeting Schedule, Consider the Need to Schedule the Committee's Next Meeting Date, and if Necessary Consider Authorizing the Committee Chair to Discuss the Future Recycled Water Committee Meeting Date with the Board Chair.

Recommendation:

- A. Discuss the 2020 Recycled Water Committee Work Plan;
- B. Consider the need to schedule the Committee's next meeting date; and
- C. If necessary, consider authorizing the Committee Chair to discuss the future Recycled Water Committee meeting date with the Board Chair.

The Committee announced a change of meeting schedule from an as-needed to a monthly basis. Subsequent to the meeting, Chair Estremera gave further instructions to Ms. Candice Kwok-Smith, Board Support Officer, to set the monthly meetings to the 4th Wednesdays monthly, from 12:00 p.m. to 2:00 p.m.

7. ADJOURN:

- 7.1 Chairperson Estremera adjourned the meeting at 4:00 p.m. to the next regularly scheduled meeting at 12:00 p.m. on September 23, 2020, in the Santa Clara Valley Water District Headquarters Boardroom, 5700 Almaden Expressway, San Jose, California.

Eva Marie Sans
Assistant Deputy Clerk II

Approved:



Date:

09/23/2020

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