July 1, 2016

NOTICE OF AMENDED MEETING AGENDA & REQUEST FOR RSVPS

Members of the Joint Recycled Water Committee
  SCVWD Director Tony Estremera, Committee Member
  SCVWD Director Barbara Keegan, Committee Member
  SCVWD Director Gary Kremen, Committee Member

And Supporting Staff Members
  Norma Camacho, Interim Chief Executive Officer
  Stan Yamamoto, District Counsel
  Anthony Fulcher, Sr. Assistant District Counsel
  Jim Fiedler, Chief Operating Officer, Water Utility
  Katherine Oven, Deputy Operating Officer, Water Utility Capital
  Garth Hall, Deputy Operating Officer, Water Supply Division
  Angela Cheung, Deputy Operating Officer, Water Utility & Maintenance
  Chris Elias, Deputy Administrative Officer, District Communications
  Hossein Ashktorab, Water Use Efficiency Unit Manager, Recycled & Purified Water
  Luis Jaimes, Senior Project Manager, Recycled & Purified Water
  Miguel Silva, Assistant Engineer II (Civil), Recycled & Purified Water
  Phillippe Daniel, Contractor
  Rick Callender, Deputy Administrative Officer
  Marta Lugo, Public Information Representative III
  Elise Latejou-Durand, Environmental Planner II
  Toni Vye, Staff Analyst, Recycled & Purified Water
  Natalie Dominguez, Board Administrative Assistant II, Clerk of the Board

A meeting of the Santa Clara Valley Water District Recycled Water Committee will take place at 12:00 p.m., on Wednesday July 6, 2016, at the Santa Clara Valley Water District Headquarters Building Boardroom, 5700 Almaden Expressway, San Jose, California.

Enclosed for your convenience is a copy of the amended agenda and corresponding materials. Please bring these materials to the meeting with you.

Please RSVP at your earliest convenience to Lin Moore, by calling 408-630-2306, or by email to lmoore@valleywater.org.

Regards,

Natalie F. Dominguez
Natalie F. Dominguez
Board Administrative Assistant
Santa Clara Valley Water District
Office of Clerk of the Board

Enclosures
Recycled Water Committee
Tony Estremera, Board Member, Santa Clara Valley Water District, Chairperson
Gary Kremen, Board Member, Santa Clara Valley Water District, Vice Chairperson
Barbara Keegan, Board Member, Santa Clara Valley Water District

*APPENDED AGENDA
Recycled Water Committee

Santa Clara Valley Water District Headquarters Board Room
5700 Almaden Expressway, San José, California

Wednesday, July 6, 2016
12:00 PM

Time Certain:

12:00 p.m. 1. Call to Order/Roll Call.

12:00 p.m. 2. Time Open for Public Comment on Any Item Not on the Agenda.
Comments should be limited to two minutes. If the Committee wishes to discuss a subject raised by the speaker, it can request placement on a future agenda.

3. Approval of Minutes. May 12, 2016.
Recommendation: Approve the minutes.

4. Action Items.

*4.1 Update on Sunnyvale Recycled and Purified Water Efforts. (G. Hall)

Recommendation:

Receive presentation, provide guidance, and discuss next steps.

*4.2 Update on Expedited Purified Water Program – Dual Track Procurement. (K. Oven)

Recommendation:

A. Receive an update on procurement methods for the Expedited Purified Water Program
B. Discuss approach for deciding between the procurement methods
C. Recommend that the Santa Clara Valley Water District Board consider and approve appropriate action

*4.3 Programmatic Name and Branding of “Expedited Purified Water Program.” (C. Elias)

Recommendation:

Receive information and discuss next steps.

*4.4 Update on South County Recycled Water Expansion. (G. Hall)

Recommendation:

A. Receive briefing on the “2015 South County Recycled Water Master Plan Update”
B. Discuss joint governance concepts for recycled water involving the South County Regional Wastewater Authority
C. Discuss cost saving opportunities associated with the City of Gilroy and land developments
5. **Clerk Review and Clarification of Committee Requests and Recommendations.**
   This is an opportunity for the Clerk to review and obtain clarification on any formally moved, seconded, and approved requests and recommendations made by the Committee during discussion of Item 4.

6. **Adjourn.**

   Adjourn to regularly scheduled meeting at 12:00 p.m., on September 7, 2016, at Santa Clara Valley Water District, Headquarters Boardroom, 5700 Almaden Expressway, San José, CA
A scheduled meeting of the Recycled Water Committee (Committee) was held in the District Headquarters Building, Conference Room A-124, at the Santa Clara Valley Water District, 5700 Almaden Expressway, San Jose, California.

1. CALL TO ORDER/ROLL CALL.

The meeting was called to order at 1:45 p.m., with the following Committee members in attendance: District 2 Director B. Keegan, and District 6 Director T. Estremera, Chairperson presiding, and constituting a quorum.

District 7 Director G. Kremen was excused from attending.


Guests in attendance were Ms. Michele Young, City of San Jose South Bay Water Recycling Manager; Mr. John Stufflebean, Director of Environmental Services Department, City of Sunnyvale; and Mr. Phil Bobel, Assistant Director of Public Works, and Ms. Karin North, Manager Watershed Protection, City of Palo Alto.

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.

It was moved by Director Keegan, seconded by Director Estremera, and carried to approve the minutes of March 1, 2016, as presented.

4. ACTION ITEMS.

4.1. Proposed Agenda for the Recycled Water Policy Advisory Committee (City of San Jose/SCVWD/City of Santa Clara-TPAC).
Mr. Garth Hall, Deputy Operating Officer, reviewed the information on this item, per the attached Committee Agenda Memo; and reviewed presentation materials, Slides 1 through 6. The Committee noted the information without formal action.

4.2. Operations and Maintenance (O&M) Budgets for South Bay Water Recycling (SBWR) and Silicon Valley Advanced Water Purification Center (SVAWPC) FY16-17.

Mr. Hall reviewed the information on this item, per the attached Committee Agenda Memo, and reviewed Slides 7 through 9; and Ms. Michelle Young, City of San Jose South Bay Water Recycling Manager, reviewed Slide 10. The Committee noted the information without formal action.

Director Keegan requested that the Committee be better briefed on the complexities of the “Integration Agreement.”, and that the SBWR O&M costs for “maintenance” be broken down into “normal” versus “deferred” maintenance costs.


Ms. Katherine Oven, Deputy Operating Officer, reviewed the information on this item, per the attached Committee Agenda Memo; and staff reviewed the attached presentation materials as follows: Ms. Oven, Slides 11 through 18, Mr. Philippe Daniel, Temporary Contract Employee, Slides 19 through 21, and Mr. Hall, Slide 22. The Committee noted the information without formal action.

4.4. Pure Water Silicon Valley Stakeholder Outreach Plan.

Ms. Marta Lugo, Public Information Representative III, reviewed the information on this item, per the attached Committee Agenda Memo, and reviewed presentation Slides 23 through 31. The Committee noted the information without formal action.

4.5. Sunnyvale Purified Water Project.

Mr. Luis Jaimes, Senior Project Manager, reviewed the information on this item, per the attached Committee Agenda Memo, and reviewed presentation Slides 32 through 38. The Committee noted the information without formal action.

4.6. Recycled and Purified Water Efforts in Northwest County.

Mr. Henry Barrientos, Associate Civil Engineer, reviewed the information on this item, per the attached Committee Agenda Memo, and reviewed presentation Slides 39 through 42. The Committee noted the information without formal action.

Chairperson Estremera expressed support for a 90%-10% cost sharing contribution to Palo Alto for the development of a Northwest County Recycled Water Strategic Report (Master Plan), and Director Keegan requested that she be provided with a table summarizing corresponding in-kind benefits assessment and justification, to assist her in deciding whether she supported a District cost share split on the Master Plan as well.
4.7. South County Recycled Water Expansion.

Mr. Hossein Ashktorab, Water Use Efficiency Manager, reviewed the information on this item, per the attached Committee Agenda Memo, and reviewed presentation Slides 43 and 44. The Committee noted the information without formal action.


Mr. Ashktorab reviewed the information on this item, per the attached Committee Agenda Memo, and reviewed presentation Slides 45 and 46. The Committee noted the information without formal action.


The Committee identified the following topic for the next meeting: Discussion of the Recycled Water Program Name.

The following direction was given to staff:

- Provide the Committee with a “closed door” briefing on the current Integration Agreement soon after the Recycled Water Policy Advisory Committee meeting scheduled for May 19, 2016;
- Agendize a discussion of the recycled water program name;
- Provide regular updates to the Board of Directors on outreach activities for the recycled water program; and
- Agendize a Board discussion on the groundwater study relative to the recycled water program.

4.10. Next Meeting Dates.

The Committee concurred to schedule bi-monthly meetings.

5. CLERK REVIEW AND CLARIFICATION OF COMMITTEE REQUESTS AND RECOMMENDATIONS.

Ms. Natalie Dominguez, Board Administrative Assistant II, confirmed there were no formal Committee requests or recommendations for Board consideration.

6. ADJOURN.

Chairperson Estremera adjourned the meeting at 2:50 p.m., to a future meeting to be scheduled by the Chairperson, and posted in accordance with the Brown Act.

Respectfully submitted,

Natalie F. Dominguez
Board Administrative Assistant II

Approved:
SUBJECT: Update on Sunnyvale Recycled and Purified Water Efforts.

RECOMMENDED ACTION:

Receive presentation, provide guidance, and discuss next steps.

SUMMARY:

The Santa Clara Valley Water District (District) is currently engaged in potential potable and non-potable water reuse efforts with the City of Sunnyvale (City).

The purpose of this agenda item is to provide the Committee with a preliminary evaluation of a preferred potable reuse option, and to provide additional information regarding risk factors related to the potable reuse options being evaluated in partnership with the City. This information would support a staff recommendation on the preferred potable reuse option at the next Committee meeting, planned for September 2016. This agenda item also provides an update on the existing and planned expansion of the non-potable reuse system in the City and the west side of the County.

On the potable reuse side, staff continues to evaluate three options in collaboration with the City to produce purified water to be potentially used for potable reuse projects on the west side of Santa Clara County (County). Two of the options involve construction of a membrane bioreactor (MBR) and other elements of a water purification facility (WPF) within the site of the City’s Water Pollution Control Plant (WPCP) to treat wastewater for potable reuse. A third option involves construction of a WPF using advanced treatment technology at an off-site location near the WPCP. Based on updated information since the May 12, 2016 Recycled Water Committee (Committee) meeting, staff has preliminarily identified the off-site potable reuse option (Option 3) as the preferred alternative. District and City staff continue to meet regularly to develop a Memorandum of Understanding (MOU) to establish mutual commitments for the development of a WPF.

On the non-potable reuse side, the Wolfe Road Recycled Water Facilities Project construction to serve Apple Campus 2 is moving forward. The facilities are expected to be tested and ready for operation by January 2017. Additional commercial developers have opened preliminary discussions with staff to evaluate the feasibility of extending the Wolfe Road recycled water pipeline further into Cupertino. Furthermore, District staff is engaged with staff from the Cities of Sunnyvale, Mountain View and Palo Alto to explore the feasibility of connecting the recycled water distribution facilities of Mountain View and Sunnyvale.
Background

Potable Reuse Options

As reported to the Committee on May 12, 2016, the District, in cooperation with the City, continues to evaluate potable reuse options. As described previously, the three options under consideration are: (1) MBR cost share, (2) MBR treated water purchase, and (3) off-site District WPF. Attachment 1 (PowerPoint Presentation) includes an updated project risk analysis table on factors related to water availability, cost, land siting, reverse osmosis concentrate management, permitting, urgency of decision, and technology. The project risk analysis has been revised since the May 12, 2016 Committee meeting to reflect additional information on factors related to water availability, which have a direct impact on cost and the timeline for selecting a preferred option.

The previous technical analysis for a WPF at Sunnyvale assumed that 10 MGD of purified water could be produced to supply the proposed Westside injection well facility. However, the projected amount of secondary-treated wastewater to be available for purification is now estimated by Sunnyvale staff to be only sufficient to produce approximately 5 MGD of purified water. Potential permitting requirements may limit the amount of effluent available from the WPCP. The lower estimate for purified water production has a direct impact on the estimated cost of water.

A preliminary cost estimate for Sunnyvale potable reuse options is summarized in Table 1. The calculations for a 10 million gallons per day (MGD) WPF are shown together with calculations for a plant with 5 MGD capacity over a 30-year project life.

<table>
<thead>
<tr>
<th>Option</th>
<th>Cost Share MBR</th>
<th>Buy MBR Water</th>
<th>Off-site AWTF</th>
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<tbody>
<tr>
<td>10 MGD Estimate</td>
<td>$2,300/AF</td>
<td>$2,500/AF</td>
<td>$2,200/AF</td>
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<td>5 MGD Estimate</td>
<td>$3,000/AF</td>
<td>$3,400/AF</td>
<td>$2,600/AF</td>
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</table>

Notes:
1. This summary of costs is within the range of an American Association of Cost Engineering Class 5 Estimate.
2. These preliminary unit costs incorporate provisional estimates from the City of Sunnyvale and the District’s consultant.

The increased uncertainty of water availability and associated increased unit cost projections, especially for Options 1 and 2, make Option 3 more attractive. Construction of the off-site option has the added benefit that it could be phased incrementally to accommodate future increases in flow, such as that made available by an intertie with Mountain View’s recycled water system. Furthermore, Option 3 could be constructed sooner than Options 1 or 2 since it does not require the synchronized scheduling with the City’s construction of its WPCP upgrade project.

**Option 1 – District-City MBR Cost Share and On-Site Water Purification Facility (WPF):**

This option focuses on a possible cost-sharing partnership between the City and District for the construction of an MBR water treatment system within the fence line of the WPCP. Staff from both agencies have been meeting regularly over the past year to estimate the cost of building an MBR relative to a Conventional Activated Sludge (CAS) system at the WPCP. The cost estimate has been reviewed by staff from both agencies and the District’s consultant. In addition to the MBR system, the District would need to fund the construction of a WPF, as well as a distribution and recharge/injection system for the purified water.

**Option 2 – MBR Treated Water Purchase and On-Site WPF:**
As an alternative to cost-sharing the construction of an MBR treatment process, this second option focuses on negotiating a purchase agreement for MBR-treated water, whereby the City would produce MBR-treated water to be purchased by the District. The MBR-treated water would be further treated at the WPF (developed and owned by the District) and would be located within the WPCP fence line.

**Option 3 – Receive Secondary Treated Wastewater from the City and Treat Further at an Off-Site WPF:**

This concept includes the District acquiring a site in the vicinity of the WPCP to build a WPF (and all related infrastructure) to receive treated wastewater, and produce purified water. The joint District and City project team has identified the City’s decommissioned landfill site as a potential site for the WPF.

**Reverse Osmosis (RO) Concentrate Management (ROCM) Solution**

Water purification through reverse osmosis produces highly treated water as well as a side stream of the removed impurities. This reverse osmosis concentrate must be handled in an environmentally and economically sustainable manner. ROCM could affect the schedule and quantity of water available for potable reuse. For all three Sunnyvale options, ROCM might employ a phased approach, with a gradual increase over time allowing receiving waters to be monitored for potential impacts. ROCM potential alternatives include shallow water outfall, treatment wetlands, and deep bay outfall. A consultant contract for development of countywide ROCM solutions is expected to begin by late 2016. The ROCM contract will include detailed analysis of the Sunnyvale alternatives.

**Timeline for Sunnyvale Potable Reuse Options**

Staff plans to develop further information on the City’s landfill site for Option 3 and incorporate that information into a presentation to the Sunnyvale-District Joint Recycled Water Committee. A further update and request for Committee input is planned for the September 2016 Committee meeting.

The timeline for selection of Options 1 or 2, if one of these were the District’s proposed direction, would call for such a decision preferably by September 2016 to avoid incurring redesign costs for the electrical system at the WPCP.

Staff from the City and the District have jointly developed outline terms for a MOU, which are summarized in Attachment 2. Staff from both agencies will continue to work together to develop a MOU by December 2016, with the goal of finalizing an Integration Agreement for the recommended option thereafter.

**Non-Potable Reuse Options**

The Wolfe Road Project is a partnering project between the District, the City, California Water Service Company (Cal Water), and Apple Inc. (Apple). Its purpose is to expand the recycled water distribution system in the City and provide service to Apple’s Campus 2 in Cupertino. The project was jointly funded by the parties above, with additional grant funding from the Department of Water Resources. The facilities are expected to be tested and ready for operation by January 2017.

Representatives of the proposed Hamptons and Vallco developments in Cupertino initiated preliminary meetings with staff from the City of Cupertino, City of Sunnyvale, Cal Water, and the District to discuss the potential of extending the recycled water pipeline from Homestead Road to Stevens Creek Boulevard to serve the two proposed developments. District staff has attended
these meetings to gather information regarding the developers’ proposals as they prepare to seek project approval from the City of Cupertino. The developers have indicated that if they receive project approval, they would be willing to fully fund the design and construction of the Wolfe Road Recycled pipeline extension from Homestead Road to Stevens Creek Boulevard, with ownership of the pipeline to be dedicated to the District.

Additional opportunities for recycled water expansion in the Cities of Palo Alto and Mountain View include a possible intertie between the Mountain View and Sunnyvale recycled water systems for service to customers such as Google and NASA Ames. Initial discussions with staff from the Cities of Palo Alto, Mountain View and Sunnyvale, and the District were held on June 16, 2016. Staff will continue to attend such meetings to gather information and will update the Board on any specific plans developed.

ATTACHMENT(S):

Attachment 1: PowerPoint Presentation
Attachment 2: Sunnyvale-District Outline Terms for a Memorandum of Understanding
<table>
<thead>
<tr>
<th>#</th>
<th>Item</th>
<th>Option 1: Membrane Bioreactor (MBR) Cost Share</th>
<th>Option 2: MBR Water Purchase</th>
<th>Option 3: Off-site Water Purification Facility</th>
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<tr>
<td></td>
<td><strong>Length of Agreement</strong></td>
<td>44 Years Exp. 2060 (Proposed)</td>
<td>44 Years Exp. 2060 (Proposed)</td>
<td>44 Years Exp. 2060 (Proposed)</td>
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<td><strong>District Role</strong></td>
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<td>• Cost-share: MBR water production</td>
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<td>• Owner/producer: purified water (PW)</td>
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<td>• Lead Reversal Osmosis (RO) concentrate management</td>
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<td>Partner recycled water (RW)</td>
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<td>• Option to be Producer/Wholesaler for complete system in future</td>
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<td>Lead RO concentrate management</td>
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<td><strong>System Ownership</strong></td>
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<td>Owner/producer: purified water</td>
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<td>• District obtains rights to MBR effluent</td>
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<td>Option to be Producer/Wholesaler for complete system in future</td>
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<td>• District develops and owns Advanced Water Purification Facility (AWPF)</td>
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<td>• District option to acquire the entire Sunnyside recycled water distribution system</td>
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<td><strong>Water Quantity</strong></td>
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<td>• Receive up to 13 million gallons per day (MGD) of MBR effluent for AWPF</td>
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<td>• Sunnyside may need to preserve base flow for maintenance of Ponds 1 and 2, internal WPCP process needs and minimum discharges to the bay</td>
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<td><strong>Land Requirements for Advanced Water Purification Facility</strong></td>
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<td>• District option to acquire a long-term lease of Sunnyside lands inside WPCP for AWPF</td>
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<td><strong>RO Concentrate Management</strong></td>
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<td>• District lead RO concentrate management</td>
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<td></td>
<td>• Active collaboration/cooperation on future RO concentrate management including local/regional outfalls and engineered wetlands</td>
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<td><strong>District Costs</strong></td>
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<td>• Capital:</td>
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<td>• o Share of Sunnyside WPCP MBR upgrades</td>
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<td>• o AWPF</td>
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<td>• o Distribution system for PW</td>
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<td>• o RO concentrate management infrastructure</td>
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<td>• o Alternative for existing customers</td>
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<td>• Operations and Maintenance (O&amp;M) cost:</td>
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<td>• o Annual (MBR) incremental WPCP costs</td>
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<td>• o AWPF O&amp;M</td>
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<td>• o Production and conveyance of purified water</td>
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<td>• o RO concentrate management</td>
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<td>• o Alternative for existing customers</td>
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<td><strong>City Costs</strong></td>
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<td>• Capital and O&amp;M expenditures not to exceed cost of Conventional Activated Sludge (CAS), including consideration for additional benefits of MBR</td>
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<td><strong>Water Quality</strong></td>
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<td>• Produce MBR effluent in partnership with Sunnyside</td>
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<td>• Produce purified water from AWPF</td>
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<td><strong>Environmental Review</strong></td>
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<td>• City will be the CEQA Lead Agency for the WPCP Master Plan, which will include an MBR Option</td>
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<td></td>
<td>• Collaborate to mitigate potential zero-discharge issues at Sunnyside facility</td>
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<td>• District lead for project CEQA of AWPF/IRP facilities</td>
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<td><strong>Permitting</strong></td>
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<td>• Cooperate on permitting for zero discharge and RO concentrate management</td>
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<td>• CEQA and other permitting for IPR</td>
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<td><strong>Governance Coordination</strong></td>
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<td>• Joint Sunnyvale/District Elected Official Committee</td>
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<td>• Technical Advisory Group</td>
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<td><strong>Sunnyvale’s Existing Non-potable Customers</strong></td>
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<td>• Cooperate to mitigate potential impacts to existing non-potable customers</td>
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**Item 4.1, Attachment 2**

Page 1 of 1
COMMITTEE AGENDA MEMO

SUBJECT: Update on Expedited Purified Water Program – Dual Track Procurement.

RECOMMENDED ACTION:

A. Receive an update on procurement methods for the Expedited Purified Water Program

B. Discuss approach for deciding between the procurement methods

C. Recommend that the Santa Clara Valley Water District Board consider and approve appropriate action

SUMMARY:

This item follows up on direction from the Recycled Water Committee (Committee) at its May 12, 2016 meeting to provide an approach in selecting a single procurement method of either a progressive design build (PDB) or a public-private partnership (P3) prior to issuing Requests for Proposals (RFPs).

BACKGROUND:

The Expedited Purified Water Program (Program) was initiated in response to the extended drought in California. It seeks to accelerate implementation of potable reuse to provide greater water supply reliability to Santa Clara County and to avert groundwater depletion that could result in ground surface subsidence. The Santa Clara Valley Water District (District) Board of Directors (Board) charge was to develop up to 45,000 AFY. To do so will involve three major components:

1. Production of purified water from wastewater sources
2. Conveyance of that purified water to its distribution points
3. Distribution points:
   a. Groundwater recharge via percolation ponds or injection wells with subsequent extraction by well users
   b. Surface water augmentation and subsequent treatment at one of the District’s conventional water treatment plants

To expedite the Program, the Board directed District staff (Staff) in 2015 to initiate several studies to assess the detailed feasibility issues associated with each of these major components and to pursue a dual track procurement process for implementing the Program.
Staff will present several policy issues to the Board over the next several months, as the supporting information becomes available. This includes:

1. To continue on the dual track procurement approach or to select one procurement method prior to issuing RFPs
2. Whether to proceed, in advance of formal regulations, with purified water being treated at the District’s surface water treatment plants as well as being recharged to the groundwater basin
3. Which components (e.g., expansion of the existing Silicon Valley Advanced Water Purification Center (SVAWPC), an indirect potable reuse agreement with the City of Sunnyvale, a Ford Ponds satellite facility, injection wells, etc.) should be included in the Program?
4. Should the Program be implemented in a single stage or in multiple stages?

The first issue is presented to the Committee for consideration today.

**Program Delivery Methods under Consideration**

In the interest of exploring different project delivery methods that could expedite the Program schedule, reduce costs, and enable the transfer of risks, the Board directed Staff to pursue a dual-track procurement process whereby implementation of Program components would be procured either through a:

1. Progressive Design-Build method, or
2. Public-Private Partnership (P3) method.

Both of these methods represent departures from the District’s historical design-bid-build approach for capital construction, and were identified for their ability to deliver the Program faster and at lower costs. A key difference between the two methods is that the P3 method would encompass a private entity undertaking the design, construction, financing, and possibly long-term operations and maintenance for components of the Program or the entire Program.

**Feedback from Interested Respondents on Dual Track Approach**

Prior to issuing the Request for Qualifications (RFQ) in January 2016, the District elicited feedback from the respondent community on a number of questions regarding the dual track approach. One of the consistent themes in the responses was a request for the District to decide on a single track promptly, and at the latest, prior to issuing the RFPs.

The District received five (5) Statements of Qualification (SOQs) for the P3 track and nine (9) SOQs for the two Program elements included in the PDB tracks on April 15, 2016. Two firms have been shortlisted on the P3 track, with 3 firms shortlisted for each of the PDB elements (one for the SVAWPC expansion project and one for the Los Gatos pipeline conveyance project).

**Decision for a Single Project Delivery Method**

Staff is proposing the following steps for obtaining a Board decision on the project delivery method:

1. **Characterization of the Key Issues** (July-August): Staff will summarize all relevant information pertaining to the following questions and seek the input of independent procurement experts:
   
   a. What are the unique and particular risks that would be transferred to a P3 entity over a PDB entity?
b. What is the potential range of value to the District of transferring those risks?
c. What value does private financing provide relative to debt service coverage ratio and rate impacts?

2. Work-Study Session with the Recycled Water Committee (early September): Along with independent experts, Staff will present pros/cons/case studies for both delivery methods and answer the Committee’s questions as it formulates a recommendation to the Board on a project delivery method.

3. Special Board Meeting for Similar Work-Study Session (late September): Based on Committee feedback, a work-study session will be tailored for consideration of the entire Board.

Staff requests Committee direction on this approach.

ATTACHMENT(S):

Attachment 1: PowerPoint Presentation
COMMITTEE AGENDA MEMO

SUBJECT: Programmatic Name and Branding of “Expedited Purified Water Program.”

RECOMMENDED ACTION:

Receive information and discuss next steps.

SUMMARY:

The Santa Clara Valley Water District’s (District) communications outreach staff would like to solicit input and guidance from Recycled Water Committee members on whether keeping the existing programmatic name “Expedited Purified Water Program” or renaming the program is sensible for overall branding for both internal and external audiences.

The program name “Expedited Purified Water Program” evolved last spring from the initiation of the District accelerating the expansion of five proposed purified water projects for potable reuse. With increased public outreach efforts to describe the accelerated expansion of purified water projects and potable reuse, the District’s communications staff proposes to change the programmatic name. This would assist in efforts to better describe to the community and key stakeholders how the overall program unifies all the projects and purified water facilities and can be used uniformly across all marketing and public outreach materials.

Staff will present a short presentation on several options; including:

1. Keep the name, “Expedited Purified Water Program” and make no further changes.
2. Modify the existing name and develop a uniform branding for all purified water programs.

ATTACHMENT(S):

Attachment 1: PowerPoint Presentation
This page intentionally left blank.
COMMITTEE AGENDA MEMO

SUBJECT: Update on South County Recycled Water Expansion.

RECOMMENDED ACTION:

A. Receive briefing on the “2015 South County Recycled Water Master Plan Update”

B. Discuss joint governance concepts for recycled water involving the South County Regional Wastewater Authority

C. Discuss cost saving opportunities associated with the City of Gilroy and land developments

SUMMARY:

A final 2015 South County Recycled Water System Master Plan Update (Master Plan Update) is scheduled to be presented to the South County Regional Wastewater Authority (SCRWA) Board on July 6, 2016, and the Santa Clara Valley Water District Board of Director’s (Board) on July 26, 2016 for acceptance. The Master Plan update was prepared by the Santa Clara Valley Water District (District), in partnership with SCRWA, and in collaboration with the cities of Gilroy and Morgan Hill. A copy of the final Master Plan Update is provided as Attachment 2 to this memorandum.

Staff provides information to the Recycled Water Committee (Committee) in furtherance of the Committee's interests expressed at its May 12, 2016 meeting to explore different governance approaches with SCRWA, and to advance the South County Recycled Water Program. The District initiated efforts on May 4, 2015 to develop a joint governance framework to facilitate policy-level discussion on recycled and purified water expansion of drought-proof recycled and purified water in the southern region of the county (South County) (see Attachment 3). On June 5, 2015, the City of Gilroy responded (Attachment 4) that “whether we [City of Gilroy] do so through our existing collaborative structure, or an ad-hoc committee, pursuit of greater recycled water goals for South County is worth of the attention of both SCRWA and the District.”

Staff also wishes to brief the Committee on staff’s recommendation for the Board (currently scheduled for the July 26, 2016 Board Meeting) to authorize the Chief Executive Officer (CEO) and staff to negotiate and execute a reimbursement agreement with Gilroy. The agreement would commit the District to fund an increase in pipe size (12-inch to 24-inch) for 4,850 feet of recycled water pipe installation within Meritage Homes’ Hecker Pass new developments known
as West Cluster Hoey and MDM. The Master Plan update supports a 24-inch recycled water pipeline through the Meritage Homes development. Funding the increase in pipe size within the referenced development phases will also be consistent with another District/City of Gilroy agreement (executed on February 24, 2015) whereby 9,200 feet of recycled water pipeline were upsized within the Meritage Homes Hecker Pass East Cluster. If the Board authorizes staff to negotiate an agreement with Gilroy for Meritage Homes Hecker Pass West Cluster Hoey and MDM and staff is successful in reaching an agreement, this effort will be funded by $1.6 million from the existing budget (Project Number 91094010) that was previously earmarked for reimbursements related to the KB Home development. On January 14, 2014, the Board approved a budget adjustment of $3 million for reimbursement to Gilroy for the installation of a recycled water pipeline as part of the KB Home development project. However, KB Home withdrew from the negotiations with Gilroy and an agreement was never executed.

ATTACHMENT(S):

Attachment 1:  PowerPoint Presentation
Attachment 2:  2015 South County Recycled Water Master Plan Update Report
Attachment 3:  Letter from SCVWD to City of Gilroy dated May 4, 2015
Attachment 4:  Response Letter from City of Gilroy dated June 5, 2015
2015 South County Recycled Water Master Plan Update

FINAL | May 2016

A complete copy of this report is available to view/download at the following link:  http://www.valleywater.org/Services/RecycledWater.aspx
May 4, 2015

Mr. Gordon Siebert, Chair
South County Regional Wastewater Authority
1500 Southside Drive
Gilroy, CA 95020

Subject: Proposed Collaboration Process in Policy Discussion for Recycled and Purified Water Expansion—Santa Clara Valley Water District and South County Regional Wastewater Authority

Dear Mr. Siebert:

The Santa Clara Valley Water District (District) Board of Directors (Board) is seeking a process to facilitate policy-level discussion on recycled and purified water and for opportunities to advance the expansion of drought-proof recycled and purified water in South County. The District has a goal of meeting at least 10 percent of the County's water demands with recycled and purified water by the year 2025. With this region experiencing record dry hydrology, and with the District's Board of Directors adopting Resolution 15-24 calling for a 30 percent water use reduction, the District suggests selecting one of the following two collaboration options to expand recycled and purified water development:

A. Appoint one District Board member to the South County Regional Wastewater Authority (SCRWA) Board, or
B. Create a joint recycled water advisory committee composed of SCRWA Board and District Board members.

The District currently has three joint committees with Santa Clara County's recycled water producers: the Joint Recycled Water Advisory Committee with Palo Alto, the Joint Recycled Water Committee with Sunnyvale, and the Joint Recycled Water Policy Advisory Committee with San José/Santa Clara. While the District's Board has had successful collaboration with other retailers through option B, we are presenting another viable option for your consideration. As a follow-up, and at your convenience, please contact Mr. Beau Goldie, Chief Executive Officer, at (408) 630-2634, to discuss SCRWA's interest in either of the above options and the next steps we might take together to move forward.

Sincerely,

Gary Kremen
Chair/Board of Directors

c: SCRWA Board Members (5), 1500 Southside Drive, Gilroy, CA 95020
Karl Bjarke, City of Morgan Hill, 17575 Peak Avenue, Morgan Hill, CA 95037
Rick Smelser, City of Gilroy, 7351 Rosanna Street, Gilroy, CA 95020
Board of Directors (7), B. Goldie, M. King, J. Fiedler, G. Hall, H. Ashktorab

tv.mf:0420a-l.docx
June 5, 2015

Mr. Beau Goldie, CEO
Santa Clara Valley Water District
5750 Almaden Exppressway
San Jose, CA 95118-3614

Subject: Proposed Collaboration Process in Policy Discussion for Recycled and Purified Water Expansion – Santa Clara Valley Water District and South County Regional Wastewater Authority

Dear Mr. Goldie,

The city of Gilroy has received and reviewed the letter sent by the Santa Clara Valley Water District ("District") related to the above-captioned matter. The District's letter articulates an ambitious goal of providing at least 10% of the county's water demands from recycled and purified water by 2025 and sets forth two separate proposals for engaging in a collaborative effort at discussing the future of recycled water and purified water expansion in South County.

As you may be aware, the South County Regional Wastewater Authority ("SCRWA") is a joint powers authority of the cities of Gilroy and Morgan Hill, and Gilroy administers the SCRWA on behalf of both entities. The SCRWA provides tertiary treated effluent to the District for delivery to recycled water customers in South County. The SCRWA and the District are collaborating on a jointly funded update to the South County Recycled Water Master Plan which is scheduled to be concluded in 2016, and which emphasizes the existing excellent cooperative relationship between the parties.

Though there is not an interest in amending the current SCRWA joint powers authority membership, we do suggest that the District and SCRWA continue to work together on the delivery of recycled water in South County, as we have for many years. Whether we do so through our existing collaborative structure, or an ad-hoc committee, pursuit of greater recycled water goals for South County is worthy of the attention of both SCRWA and the District.

Very truly yours,

Thomas J. Haglund
City Administrator & SCRWA General Manager

Discover Gilroy at www.cityofgilroy.org
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**Agenda Outline**

4.1 Update on Sunnyvale Recycled and Purified Water Efforts

4.2 Update on Expedited Purified Water Program – Dual Track Procurement

4.3 Programmatic Name and Branding of “Expedited Purified Water Program”

4.4 Update on South County Recycled Water Expansion
4.1 Update on Sunnyvale Recycled and Purified Water Efforts
4.1. Sunnyvale Recycled and Purified Water Efforts

A. Potable Water
   1. Options
   2. Project Risks
   3. Terms of Agreement
   4. Timeline

B. Non-Potable Water
   1. Apple
   2. Hamptons
   3. Vallco
   4. Potential connection to Mountain View customers (Google and NASA)

Microfiltration system at Silicon Valley Advanced Water Purification Center

Preparatory work for Wolfe Road project

Page 28
A. City plans to upgrade Water Pollution Control Plant (WPCP)

B. City-District collaboration to evaluate water treatment options that meet dual objectives of wastewater treatment and water supply
   • Membrane bioreactor with space for on-site WPF* (Options 1 and 2)
   • Secondary treated water to off-site WPF (Option 3)

C. Staff has preliminarily identified Option 3 as the preferred option

*WPF = Water Purification Facility
4.1 Membrane Bioreactor (MBR) Cost-Share (Option 1)

- **Cost-share** on the MBR with the City
- WPCP land lease option with the City
- RO concentrate management with the City
4.1 MBR Treated Water Purchase (Option 2)

- **Purchase** MBR-treated water from the City
- WPCP land lease option with the City
- RO concentrate management with the City
- Developed cost estimate based on City’s preliminary data
4.1 Offsite Water Purification Facility (Option 3)

- Build WPF near WPCP
- Receive treated wastewater from the City
- District leads RO concentrate management
- Developed preliminary cost estimates
- Completed independent cost review of option
4.1 Possible Site for Option 3 - Sunnyvale Landfill

Sunnyvale landfill sites adjacent to WPCP
APN 110-03-047 (9 acres) and 110-03-048 (9.1 acres)
## 4.1 Potable Water Project Risks

<table>
<thead>
<tr>
<th>Item</th>
<th>Risk</th>
<th>Option 1 Cost Share MBR</th>
<th>Option 2 Buy MBR Water</th>
<th>Option 3 Off-site AWTF</th>
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<td>1</td>
<td>Water Availability</td>
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<td>Cost Considerations</td>
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<tr>
<td>3</td>
<td>Land</td>
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<td>Medium*</td>
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<td>4</td>
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<td>5</td>
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<tr>
<td>7</td>
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<td>Low</td>
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</tbody>
</table>

* Updated since 5/12/16 Recycled Water Committee Meeting
### 4.1 Potable Water Project Risks

#### Water Availability

- Potential effluent discharge requirements (-)
- Declining WPCP influent (-)
- Expansion of recycled water service (-)
- Potential additional flow from Palo Alto’s system (+)

<table>
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<th>Item</th>
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<td>Medium*</td>
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</tbody>
</table>
4.1 Potable Water Project Risks

Cost Considerations

- Estimates for Options 1 and 2 unit costs have increased due to lowered estimated wastewater source flows
- Options 1 and 2 require construction of a 26 MGD MBR facility, versus a purification center scaled to 5-10 MGD
- Option 1 requires synchronized scheduling with WPCP upgrades
- Option 1 requires complex negotiations to allocate costs
- Option 2 requires a water purchase agreement, potentially at a fixed cost regardless of water availability and production

<table>
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</thead>
<tbody>
<tr>
<td>2</td>
<td>Cost Considerations</td>
<td>Medium</td>
<td>Medium</td>
<td>Low*</td>
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<td>10 MGD Estimate</td>
<td>$2,300/AF</td>
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<tr>
<td>5 MGD Estimate</td>
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<td>$3,400/AF</td>
<td>$2,600/AF</td>
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</table>
4.1 Potable Water Project Risks

Land/Siting

- Options 1 and 2 co-locate the WPF within the WPCP footprint, lowering site costs
- Options 1 and 2 are schedule-driven by WPCP construction sequencing
- Option 3 potentially uses the City’s decommissioned landfill site or a purchased/leased site
- Option 3 allows for phased development, with potential need for expanded site

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<td>Land</td>
<td>Low</td>
<td>Low</td>
<td>Medium*</td>
</tr>
</tbody>
</table>
4.1 Potable Water Project Risks

Reverse Osmosis Concentrate Management (ROCM)

- ROCM solution has not yet been identified
- District has commissioned studies to identify ROCM solutions
- Alternatives include wetlands and outfalls

<table>
<thead>
<tr>
<th>Item</th>
<th>Risk</th>
<th>Option 1</th>
<th>Option 2</th>
<th>Option 3</th>
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<tr>
<td>4</td>
<td>RO Concentrate</td>
<td>Medium</td>
<td>Medium</td>
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</tbody>
</table>
4.1 Potable Water Project Risks

Permitting

• Permitting challenges remain high for all options

• Options 1 and 2 require construction of equalization basins and related infrastructure in sensitive areas

• Regulatory uncertainty due to multiple agencies with jurisdiction over project

• Continued outflows of treated wastewater may be required to support Pond 1, Pond 2 and Moffett Channel (applies to all three options)

<table>
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<tr>
<td>5</td>
<td>Permitting</td>
<td>High</td>
<td>High</td>
<td>High</td>
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</tbody>
</table>
4.1 Potable Water Project Risks

Urgency of Decision

- City will begin wastewater facility design by mid-2016 to meet WPCP regulatory timelines
- Options 1 and 2 call for decision on MBR off-ramp by September 2016 to avoid costly redesign
- Option 3 can be developed independently of WPCP upgrade schedule

<table>
<thead>
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<tr>
<td>6</td>
<td>Urgency of Decision</td>
<td>High</td>
<td>High</td>
<td>Low*</td>
</tr>
</tbody>
</table>
Technology (MBR)

- MBR use in IPR treatment trains requires new permitting steps
- District is conducting an MBR validation study for future permitting
- Option 3 utilizes proven treatment technology implemented in California, therefore permitting is simpler
Option 3 Minimizes Risks

- 5 MGD reasonable target, with increased potential capacity in the future
- Water purification facility (WPF) can be phased incrementally
- WPF can be implemented before or after WPCP upgrades
- Allows time to develop an ROCM solution
- Lower unit cost than Options 1 and 2 MBR solutions for 5 MGD
4.1 Outline Terms for a Memorandum of Understanding

Continue to develop Sunnyvale-District Memorandum of Understanding (MOU) in 2016 with the goal of negotiating an integration agreement later.

<table>
<thead>
<tr>
<th>#</th>
<th>Agreement Term</th>
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<tbody>
<tr>
<td>1</td>
<td>Length of Agreement</td>
</tr>
<tr>
<td>2</td>
<td>District Role</td>
</tr>
<tr>
<td>3</td>
<td>System Ownership</td>
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<td>RO Concentrate Management</td>
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<td>District Costs</td>
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<td>City Costs</td>
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<td>Environmental Review</td>
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<td>10</td>
<td>Grant and External Funding</td>
</tr>
<tr>
<td>11</td>
<td>Governance Coordination</td>
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<tr>
<td>12</td>
<td>Sunnyvale’s Existing Non-potable Customers</td>
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## 4.1 Sunnyvale IPR Schedule

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<tr>
<td>District’s go/no-go decision on Options 1 or 2</td>
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<tr>
<td>District Recycled Water Committee Review</td>
<td></td>
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<tr>
<td>Joint Recycled Water Committee with Sunnyvale and District Review</td>
<td></td>
</tr>
<tr>
<td>Staff presentation to full Board</td>
<td></td>
</tr>
<tr>
<td>Develop Memo of Understanding with City</td>
<td></td>
</tr>
</tbody>
</table>
4.1 Non-Potable Water (Wolfe Road)
4.1 Non-Potable Water (Wolfe Road) - Apple

- Installation of pipe started June 17, 2016
- Expected to be operational by January 2017
- Public outreach is ongoing
- Project website: [www.valleywater.org/wolferoad](http://www.valleywater.org/wolferoad)
4.1 Non-Potable Water (Wolfe Road) - Hamptons

• Begin construction in 2016, if approved

• Approximately 1,300 feet of 24 inch pipeline

• Developer would build pipeline extension

• Coordination with existing Wolfe Road partners plus Cupertino, Hamptons, and Vallco
4.1 Non-Potable Water (Wolfe Road) - Vallco

- Begin construction in 2017, if approved
- Approximately 4,100 feet of 24 inch pipeline
- Developer would build pipeline extension
- Coordination with existing Wolfe Road partners plus Cupertino, Hamptons, and Vallco
4.1 Non-Potable Water – Potential Connection to Mountain View Customers

Legend
- Palo Alto Existing RW Pipeline
- Palo Alto Proposed RW PL
- Mtn View Proposed RW PL Phase 1
- Mtn View Proposed RW PL Phase 2
- Sunnyvale Existing RW Pipeline
- WTP: Wastewater Treatment Plants
- Approx. Quarter-mile Buffer
- Santa Clara County

Potential Connection

Area of Interest
4.2 Update on Expedited Purified Water Program – Dual Track Procurement
4.2 Update on Dual Track Procurement Process

1. Evaluation of qualifications complete.

2. Short-list published.

3. Respondent feedback: can District select one method prior to issuing Request for Proposals?

4. Committee directed staff on May 12, 2016 to proceed on developing basis for selecting one method.

<table>
<thead>
<tr>
<th>Progressive Design-Build</th>
<th>Public-Private Partnership (P3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SVAWPC Expansion Pipeline</td>
<td>Table Rock (CH2M &amp; Goldman Sachs)</td>
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<tr>
<td>CH2M</td>
<td>CH2M</td>
</tr>
<tr>
<td>Filanc-BV</td>
<td>Ranger Pipelines (HMM)</td>
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<tr>
<td>Poisedon (Sacyr, ARCADIS &amp; Poisedon)</td>
<td></td>
</tr>
<tr>
<td>CDM-PCL</td>
<td>Garney Pacific (Lockwood)</td>
</tr>
</tbody>
</table>
4.2 Board Policy Decisions for Program

- **Progressive Design Build or Public-Private Partnership**
  - Sep ‘16
  - Apr ‘17

- **Direct Potable Reuse**
  - Oct ‘16

- **Program Components**
  - Oct ‘16

- **Staging of Purified Water Expansion**
  - Nov ‘16
4.2 Board Decision in September 2016

• Progressive Design Build or Public-Private-Partnership?

• Key issues

  • What are the unique and particular risks that would be transferred to a P3 entity?
  
  • What is the value of transferring those risks?
  
  • What value does private financing provide for water rates?
4.2 Board Decision in September 2016

• Staff proposes:

  • *Early September* – Work-study session with Recycled Water Committee (involve independent experts to present pros/cons/case studies for both delivery methods).

  • *Late September* – Special Board meeting for similar work-study session.
4.2 Updated Procurement Schedule

- **RFQs Issued** (Jan 2016)
- **Shortlists** (Jun 2016)
- **RFPs Issued** (Aug-Sep Nov-Dec 2016)
- **Decision Point** (Feb-May 2017)
- **Guaranteed Max Price** (Aug-Oct 2018)
4.3 Programmatic Name and Branding of “Expedited Purified Water Program”
4.3 – Keep or Change Program Name?

Purpose:
Solicit input and guidance on whether to keep the existing programmatic name “Expedited Purified Water Program” or whether renaming the program would be more effective for overall branding.

Approaches:
1. Keep the name, “Expedited Purified Water Program” and make no further changes.
2. Modify the existing name and develop a uniform branding for all purified water programs.
4.3 – Program Name Background

1. Programmatic name evolved last spring from the initiation of the water district accelerating the expansion purified water projects for potable reuse and reflects the name of the engineering project.

2. Communications unit proposed the idea of changing the overall program name to better describe to the community and key stakeholders the potable reuse program.

3. It is NOT a renaming or rebranding of our existing facility, Silicon Valley Advanced Purification Center.
4.3 – PROs and CONs for Keeping

**PROS**

1. Established over last year by water district program staff
2. Used in existing internal and external materials
3. Captures the urgency of the water district’s goal to fast track purified water projects
4. Uses “purified” in name, which has good ranking

**CONS**

1. The word “expedited” is subjective, depending on who audience is.
2. The word “expedited” is a mouth full when combined with purified water.
3. Needs explanation & does not leverage the existing facility name (Silicon Valley)
4. It lacks branding synergy with any other similar potable reuse programs throughout the state.
4.3 Name Options

**Expedited Purified Water Program**

- ✔ Existing program name
- ✔ Expedited = fast track
- ✔ Purified = end product
  water & purification process
4.3 Other Existing Program Names

Pure Water Names

✓ Pure Water San Diego
✓ Pure Water Monterey
✓ Pure Water SF – Proposed
✓ Pure Water MonteBello – Proposed
✓ Pure Water Soquel – Proposed

Other Alternative Names

• Advanced Water Purification Program – Padre Dam
• Clean Water Silicon Valley – Redwood City
• Ground Water Replenishment Program – Orange County
4.3 Name Options

Pure Water Silicon Valley

✓ Pure Water = quality of end product
✓ Silicon Valley = leverages region, tech & SVAWCP facility name
✓ Pure Water programs = statewide branding synergy
✓ Website - purewater4u.org (SV)
4.3 Other Variations- Samples

**Purified Water Silicon Valley**
✓ “purified water” similar to “pure water”
✓ “purified” in name = process involved & facility name
  - slightly longer name & URL website, etc.
  - Does not align statewide for branding (*Pure Water San Diego, Pure Water Monterey, etc.*)

**Potable Reuse Silicon Valley**
✓ Easy to use/ remember
  - “Potable Reuse” not commonly known to public – needs definition

**Ground Water Replenishment Program (Silicon Valley)**
✓ talks about the overall water supply benefit
  - might use for more than groundwater

**Other suggestions?**
4.4 Update on South County Recycled Water Expansion
4.4 Update on South County Recycled Water Expansion

• 2015 South County Recycled Water Master Plan Update

  ➢ Scheduled presentation to South County Regional Wastewater Authority Board for acceptance on **July 6, 2016**

  ➢ Scheduled presentation to District Board for acceptance on **July 26, 2016**

• Staff will seek Board approval on July 26, 2016 for CEO to negotiate an agreement with City of Gilroy for two new phases of the Meritage Homes’ development