

FC 1025 (09-20-13)

Meeting Date: 09/22/15  
Agenda Item: **4.1**  
Unclassified Manager: G. Hall  
Extension: 2750  
Director(s): All

## BOARD AGENDA MEMO

**SUBJECT:** Update on Strategies for Development of Recycled and Purified Water in Santa Clara County

**RECOMMENDATION:**

Receive, review, and discuss updated information on strategies for development of recycled and purified water in Santa Clara County, and provide direction to staff as necessary.

**SUMMARY:**

Staff will present current information on the 12 District strategies for recycled water, activities by District and agencies within the County, and status of efforts advancing recycled and purified water projects to sustain at least 22,000 acre-feet of recycled water and meet up to 45,000 acre-feet of potable reuse annually by 2025.

The strategies are:

- Strategy 1: Complete and implement District recycled water master plans
- Strategy 2: Promote and conduct research to support potable water reuse
- Strategy 3: Integrate recycled water development with groundwater management
- Strategy 4: Develop ownership/partnership strategy for countywide recycled water systems
- Strategy 5: Deliver recycled water projects in the District's Capital Improvement Program (CIP)
- Strategy 6: Expedite purified water expansion program (Public Track)
- Strategy 7: Develop and implement Public-Private-Partnership (P3) for Expedited Purified Water Program
- Strategy 8: Support Board engagement in recycled water policy and governance
- Strategy 9: Build community/stakeholder support for potable water reuse
- Strategy 10: Promote legislation and regulations to advance potable water reuse
- Strategy 11: Develop and implement recycled water program financing plan
- Strategy 12: Develop District workforce to support expanded recycled water program

These strategies can be organized under the broader categories of strategic planning, operations and capital program, Board support and outreach, and administrative and financial management as shown in Table 1 on the following page.

**REVISED  
REFERENCE CORRESPONDING  
SUPPLEMENTAL MEMO**

Table 1: Expedited Purified Water Program Strategies			
Strategic Planning	Operations and Capital Program	Board Support and Outreach	Administrative and Financial Management
1. Complete and Implement Master Plans	5. Deliver projects in CIP	8. Support Board engagement in policy and governance	11. Develop and implement financing plan
2. Promote and conduct research to support potable reuse	6. Expedite purified water expansion program (Public Track)	9. Build community and stakeholder support for potable reuse	12. Develop District workforce to support expanded program
3. Integrate with groundwater management	7. Develop public-private-partnership for the Program (P3 Track)	10. Promote legislation and regulations to advance potable reuse	
4. Develop partnership strategy for countywide system			

**Strategy Information:**

**Strategy 1: Complete and Implement District Recycled Water Master Plans**

Background:

The 2015 CEO outcome measures currently under review by the Board include the following:

- OM 2.1.4.a. At least 22,000 acre-feet per year of non-potable recycled water use is sustained.
- OM 2.1.4.b. At least 20,000 acre-feet per year of potable reuse by 2020.
- OM 2.1.4.c. Up to 45,000 acre-feet per year of potable reuse by 2025.

The Board-adopted 2012 Water Supply Master Plan sets the objectives of developing at least 20,000 acre-feet of potable water reuse by 2030, in addition to maintaining current non-potable recycled water use of at least 20,000 acre-feet per year. The outcome measures stated above exceed the 2012 Water Supply Master Plan objectives. Achieving these objectives must be accomplished in partnership with the recycled water producers in Santa Clara County (County), and must be based on a comprehensive plan in order to ensure that public funds are effectively and efficiently invested. Staff is pursuing additional development of relationships and agreements to support the implementation of all recycled and purified water expansion efforts in the County.

Current Status:

1. *South Bay Water Recycling (SBWR) Strategic and Master Planning Report*

The SBWR, in collaboration with the District, completed the SBWR Strategic and Master Planning Report in December 2014.

Staff is working in collaboration with respective agencies on the implementation of the SBWR Strategic and Master Plan recommendations and related projects as follows:

- a. Staff is coordinating with City of San José staff in the City's optimization of SBWR operations within existing system constraints.
- b. The City of San José is focusing on short-term infrastructure maintenance and improvement projects to ensure reliable recycled water deliver to the existing customer base, and support short-term recycled water flows identified in the SBWR Strategic and Master Planning Report recommendations.
- c. The City of San José is implementing SBWR studies to review filter loading rates and contact time in order to increase the reliability of recycled water production.
- d. The City of Milpitas provided information for District review, regarding their interest in recycled water access for new customers, including golf courses and a County park that were previously using raw water resources, to ensure that groundwater will not be negatively impacted.
- e. The District and City of San José are coordinating to support potable reuse projects.
- f. Staff is developing a scope of work for evaluation of a conceptual alignment for recycled water delivery to Cinnabar Hills Golf Club and a purified/recycled water blend to Coyote Creek Golf Club.

2. *South County Recycled Water Master Plan*

The District, in partnership with the South County Regional Wastewater Authority (SCRWA) and in collaboration with Cities of Gilroy and Morgan Hill, is developing an update to the 2004 South County Recycled Water Master Plan (2004 Master Plan). The District executed a contract with MWH on September 23, 2014, to prepare an update to the master plan. An amendment to the original contract was executed on July 6, 2015, to evaluate further expansion of recycled water beyond current distribution alignments and to evaluate the potential for potable reuse in Morgan Hill. A set of public meetings is proposed to be held in November/December 2015 to present the draft master plan updates. An update to the Board is scheduled for November 24, 2015.

Staff is working in collaboration with respective agencies on the following implementation measures:

- a. Further design and construction of the short-term and long-term recommended pipeline projects in South County. See Strategy 5 for additional details.
- b. Implementation of a groundwater monitoring program along the existing and proposed alignments of the South County recycled water system to support California Environmental Quality Act (CEQA) compliance. See Strategy 3 for additional details.
- c. Discussions between the District and SCRWA on potential capital improvement projects and agreements that may stem from the updates pending to the 2004 Master Plan.

3. *Sunnyvale Master Plan*

The City of Sunnyvale completed the City of Sunnyvale Feasibility Study for Recycled Water Expansion in June 2013 and is developing a water pollution control plant (WPCP) upgrade plan. In collaboration with the District, treatment alternatives for recycled and purified water are under consideration.

The Sunnyvale/District Joint Recycled Water Advisory Committee met on June 2, 2015, to discuss and provide its feedback on various topics including Sunnyvale's master planning treatment alternatives, public outreach, CEQA timeline, and the District's Expedited Recycled and Purified Water Program. The agenda under development for the forthcoming meeting includes the advanced water treatment technology alternatives co-located with Sunnyvale's upgraded WPCP or located near that plant, Sunnyvale plant master plan update, and cost sharing opportunities.

On June 24, 2015, a public meeting was held by the City of Sunnyvale with the District to present the Sunnyvale WPCP Master Plan, including potable reuse treatment alternatives, and to solicit public comments on the scope and focus of the environmental review.

The District and Sunnyvale are evaluating potential cost-share opportunities for indirect potable reuse (IPR) projects and treatment alternatives.

District and Cities of Cupertino and Sunnyvale are evaluating potential connections for recycled water to supply proposed redevelopments of the Vallco Shopping Mall and the Hamptons apartment complex.

4. *Palo Alto Master Plan*

Since 2005, the District has collaborated and shared costs with Cities of Palo Alto and Mountain View on a recycled water quality, application, and use project.

The City of Palo Alto Recycled Water Facility Plan was completed in December 2008. Board Chair and staff attended the Palo Alto Utility Advisory Commission meeting on September 2, 2015, to support adoption of Palo Alto's Environmental Impact Report for expansion of the recycled water system to supply properties west of El Camino Real along Page Mill Road. District Board Chair commented on the District's recycled water goals regarding recycled and purified water in the County, its support for recycled water expansion in the Palo Alto and Mountain View area, and the Board commitment in \$3 million financial support for recycled water expansion in this area. In addition, the Commission acknowledged that recycled water quality (high total dissolved solids) is one of the challenges for expanding recycled water in Palo Alto and Mountain View. District staff has expressed willingness to support efforts by the cities to address these challenges.

5. *District County-wide Recycled Water Master Plan*

A staff workshop will be held in early October to discuss the plans and detailed schedule for development of a District County-wide recycled water master plan. The current schedule for completion of this master plan is December 2016.

## **Strategy 2: Promote and Conduct Research to Support Potable Water Reuse**

### Background:

As the District moves towards potable reuse, it is vital to demonstrate that purified water can be produced consistently at the Silicon Valley Advance Water Purification Center (SVAWPC) in a manner that fully protects public health. Research at SVAWPC and other sites, including universities, will help to fine-tune and enhance potable reuse technology and processes to reduce costs and improve operational parameters.

### Current Status:

1. Implement Potable Reuse Demonstration Test Plan (PR Testplan) at SVAWPC by December 2015

The PR Testplan (began in September 2014) builds a comprehensive water quality data set for future potable reuse applications. This water quality data set (i.e., constituents of emerging concern) will assist the District in gaining public support through showcasing the District's ability to reliably produce purified drinking water. The PR Testplan will also be instrumental in gaining regulatory agencies' approval of future permit applications for potable reuse projects implemented by the District.

The District's intent is to have the PR Testplan Final Report run through rigorous quality control and assurance protocols and then shared with the National Water Resources Institute Independent Advisory Panel (IAP), a panel of blue-ribbon experts responsible for reviewing the District's potable reuse plans and projects. After the IAP has reviewed the PR Testplan Final Report, it will be shared with regulators, staff from other agencies, other stakeholders, and the public.

2. Staff collaborates with other entities, including universities, County recycled water producers, consultants, and research foundations, to conduct research related to potable reuse projects, technologies, and processes.

Staff collaborates with several professors from Stanford University along with staff from Morgan Hill to develop a scope of work for a Staged Anaerobic Fluidized Bed Membrane Bioreactor research project, and a pilot mobile unit which could, for example, potentially serve in the future as a "scalping" facility for producing non-potable recycled water for industrial and irrigation purposes in Morgan Hill.

Recently, staff initiated the Membrane Bioreactor (MBR) Demonstration Study, the goal of which is to determine whether MBRs can satisfy the permit requirements of the State's Division of Drinking Water or whether a further additional treatment step is needed.

Staff has also participated in numerous research projects funded through the WaterReuse Research Foundation (WRRF), the Water Research Foundation (WRF), and other funding entities. Examples include WRRF 12-06: "Guidelines for Engineered Storage for Potable Reuse," WRF 4536: "Blending Requirements for Water from Direct Potable Reuse Treatment Facilities," and WRRF 14-16: "Operational, Monitoring, and Response Data from Unit Processes in Full-Scale Water Treatment, IPR, and DPR".

### **Strategy 3: Integrate Recycled Water Development with Groundwater Management**

#### Background:

Accelerating development of both potable and non-potable water supplies must be accomplished in coordination with the Board's Ends Policy to "aggressively protect the groundwater basin." Using existing non-potable recycled water for irrigation in sensitive parts of the basin can affect groundwater quality. Improving recycled water quality through advanced water purification creates greater potential to expand non-potable use and also to use this source of supply at groundwater recharge ponds or injection wells to replenish the basin (i.e., IPR). This strategy includes a range of activities to support the development of recycled water and IPR projects and integrate these projects with effective groundwater management.

#### Current Status:

The current focus of this strategy as it relates to expanded non-potable reuse is to install nine groundwater monitoring wells at three sites in Gilroy. These wells will allow for the evaluation of potential groundwater quality changes after irrigation with tertiary treated recycled water, and will help meet South County Recycled Water Master Plan Environmental Impact Report requirements. Staff expects well construction to be completed by October.

As part of the District's efforts to expedite IPR projects, work is being conducted to improve groundwater flow models to allow for improved simulation of purified water movement underground. The District is also working closely with the City of Campbell to construct monitoring wells in John D. Morgan Park. These wells, and planned monitoring wells near other proposed IPR sites, will allow for the collection water quality data to support future permitting efforts related to IPR. Soil samples collected during drilling will also be tested in a laboratory to assess potential water quality changes from the use of purified water for recharge.

### **Strategy 4: Develop Ownership/Partnership Strategy for Countywide Recycled Water Systems**

#### Background:

In Santa Clara County, there are various entities including the District, the Cities of San Jose and Santa Clara (together functioning as SBWR), City of Sunnyvale, City of Palo Alto, San Jose Water Company, SCRWA, California Water Services Company, and other cities. These entities have different visions and spheres of operation (e.g., city jurisdictions) and limited authority or commitment to develop recycled water systems and operate them in Santa Clara County. Coincident with the District's effort to accelerate the development of recycled and purified water in the County, new and restructured existing partnerships are necessary to encompass ownership, development, and operation and maintenance of recycled and purified water systems. The concept of a County-wide consistent and coordinated approach to recycled and purified water service has yet to be embraced by the above entities.

#### Current Status:

Staff is developing alternative partnership/agency models for recycled water service in the County. In conjunction, staff is developing a decision memo that will establish a business case for future different governance scenarios between the District and recycled water producers,

wholesalers, and retailers. This memo will focus on the status of existing and future agreements; relationships with producers, wholesalers, and retailers; and facility and distribution alternatives. An update on these partnership/agency models will be presented to the Board by fall 2016.

The next steps are to:

1. Continue discussions with the City of San José on the future funding and development of the SBWR recycled water system, including various ways in which the District could be of assistance for expanding recycled water.
2. Negotiate and, with Board approval, execute a long-term integration agreement with Sunnyvale by June 2016.
3. Continue discussions with SCRWA and its members on clarifying the respective roles of SCRWA and the District in future delivery of recycled water in South County.

### **Strategy 5: Deliver Recycled Water Projects in the District's CIP**

#### Background:

The District is working in partnership with the County's wastewater agencies and private entities to expand the use of recycled water in the County. Current projects underway with SCRWA and the City of Sunnyvale are helping to demonstrate the viability of recycled water and the integration of this resource into the District's water management portfolio.

#### Current Status:

1. Wolfe Road Recycled Water Facilities: Staff is preparing Final Plans and Specifications and will request Board authorization to seek construction bids in November 2015.
2. South County Recycled Water Pipeline – Phase 1B: Design continues for an additional 13,000 lineal feet (LF) of 30-inch and 36-inch pipeline to be installed across Highway 101 and Monterey Road to connect with recycled water pipelines currently being installed by private developers. The anticipated start of construction for these segments is early fiscal year (FY) 2017.
3. South County Recycled Water Pipeline – Phase 2: The District is cost-sharing the installation of recycled water pipeline into west Gilroy by private developers as they build new roads and residential developments. By the end of this calendar year, over 13,000 LF of recycled water pipeline will have been installed by developers for Meritage Homes and Glen Loma Ranch. An additional 12,000 LF of pipeline will be installed over the next two to three years.

### **Strategy 6: Expedite Purified Water Expansion Program (Public Track)**

#### Background:

Projects that will implement potable reuse cost effectively, considering groundwater recharge and system operations over the long term, should be implemented as soon as possible. The strategy includes implementation of four purified water projects as presented in the December 2014 SBWR Strategic and Master Plan Report developed jointly by development of advanced water treatment at Sunnyvale's WPCP and the Cities of San José, Santa Clara, and the District. The strategy also includes evaluating extension/repurposing of the Sunnyvale Wolfe Road

**SUBJECT:** Update on Strategies for Development of Recycled and Purified Water in Santa Clara County

09/22/15

Project (currently in design to deliver recycled water to the new Apple campus) to deliver purified water for groundwater recharge.

Current Status:

The District's planning, design, and construction elements are organized as the "public track" under the dual-track approach to implement an Expedited Recycled and Purified Water Program approved by the Board on July 28, 2015. Updates on this strategy are provided under a separate Agenda Item in this September 22, 2015 Board Agenda, with the subject heading Expedited Purified Water Program.

**Strategy 7: Develop and Implement Public-Private-Partnership (P3) for Expedited Purified Water Program**

Background:

Projects that will advance potable reuse cost effectively for the District and with acceptable risk transfers among the contracting parties should be implemented as soon as possible. Initial steps in this strategy include developing a general overview of P3 project financing, evaluating key threshold legal and financial issues associated with P3, and implementing a P3 competitive solicitation process.

Current Status:

Work under this strategy is organized as the "P3 track" under the Expedited Recycled and Purified Water Program that was approved by the Board on July 28, 2015. Updates on this strategy are provided under a separate Agenda Item in this September 22, 2015 Board Agenda, with the subject heading Expedited Purified Water Program.

**Strategy 8: Support Board Engagement in Recycled Water Policy and Governance**

Background:

The Board provides policy direction on development of recycled water and linkage with the community to advance potable water reuse and holds the District accountable for the effective and efficient use of public funds to accomplish this purpose. The Board has established policy committees with elected officials representing recycled water producers to facilitate progress on these efforts. As the District develops its near-term project initiatives, the Board is an advocate for providing safe, clean, purified water for the County.

Current Status:

Staff is providing support to the following policy committees:

1. *Joint Recycled Water Policy Advisory Committee (RWPAC)  
City of San Jose/SCVWD/City of Santa Clara-TPAC*

On April 16, 2015, the RWPAC elected a new chair and vice chair, received update on IPR timeline and suggested to expedite the IPR projects, and adopted a fiscal year 2016 budget.

The next RWPAC meeting is scheduled for April 2016; however, the committee asked for additional meeting(s) beforehand.

2. *SCRWA Board and Technical Advisory Committee (TAC)*

Board Vice Chair Kennedy, Director Santos and staff attend the monthly SCRWA Board and TAC meetings. On August 4, 2015, staff provided an update to the SCRWA Board on implementation of the 2004 Master Plan recommended projects and work being performed to update the 2004 Master Plan. Staff also participated in the SCRWA TAC meeting to receive input about potential recycled water fill station alternatives that are being evaluated.

On May 4, 2015, the District Board Chair wrote to the Chair of SCRWA suggesting two possible ways of formalizing joint oversight of SCRWA-District recycled water programs (Attachment 1). On June 5, 2015, SCRWA's General Manager replied, indicating that various ways to structure oversight deserve attention (Attachment 2). Copies of these two letters appear in Non-Agenda Memos dated May 8, 2015 and June 12, 2015, respectively.

3. *Joint Recycled Water Advisory Committee (City of Sunnyvale/SCVWD)*

On June 2, 2015, a joint committee meeting was held to discuss the Sunnyvale WPCP CEQA process, advanced water treatment for potable reuse, and the District's Expedited Recycled and Purified Water Program. The committee concurred with staff's plan to quantify costs of all alternatives, including use of land parcels adjacent to Sunnyvale's WPCP, for expanding recycled and purified water. The next joint meeting is tentatively scheduled for October 28, 2015.

The District and Sunnyvale entered into a reimbursement agreement in December 2014 for the environmental review of an advanced water treatment option to support potable reuse, the "MBR option". The reimbursement agreement includes a December 2015 milestone for District commitment of additional funds to the MBR option; however Sunnyvale staff is evaluating whether an extension of this decision milestone would be possible.

Irrespective of whether the MBR option or an alternative advanced water treatment plan is selected, a long term integration agreement will also need to be prepared. The current deadline for execution is June 2016.

4. *Joint Recycled Water Advisory Committee (City of Palo Alto/City of Mountain View/SCVWD)*

The Palo Alto, Mountain View, and District Joint Recycled Water Advisory Committee was established in 2015. On July 29, 2015, the committee elected a chair and vice chair, received and discussed recommendations to develop a committee work plan, and discussed Palo Alto's Recycled Water Master Plan. The next joint meeting may be scheduled in October 2015.

**Strategy 9: Build Community/Stakeholder Support for Potable Water Reuse**

Background:

Providing safe, clean, reliable water supply to meet the future needs of the County depends on public acceptance of potable water reuse. This strategy continues to build community

**SUBJECT:** Update on Strategies for Development of Recycled and Purified Water in Santa Clara County

09/22/15

understanding and support for water purification and potable reuse so that projects will be accepted and funded.

Current Status:

During the first half of the year, District staff finalized the Recycled and Purified Water Communications Strategy Plan and proceeded with the engagement of Katz & Associates (Katz) to support expanded outreach and engagement efforts in support of an expedited purified water program. The amendment was executed July 14, 2015.

In late July, a part-time Katz contractor began working onsite at the District to enhance the tour program by providing project coordination support as well as the event planning for the District's upcoming Community Open House slated for Saturday, October 24.

In August, a project kick-off meeting for public outreach services was held with District Communications and Katz staff to prioritize tasks for immediate, short-term and long-term work plan activities over the next 18 months. Priorities identified over the next three to six months include, but are not limited to: hosting a community open house for the public on October 24; developing key stakeholder lists and outreach plans; implementation of a region wide speaker's bureau that will target key stakeholder audiences; development of a symposium aimed at public health leaders for spring; developing a "water 101 academy" for local supporters; exploring a local university partnership to produce a video and/or social media campaign aimed at younger audiences; developing infographics on potable reuse projects to better educate the general public of the District's expedited purified water program and exploring multi-cultural/ community outreach campaign or events.

**Strategy 10: Promote Legislation and Regulations to Advance Potable Water Reuse**

Background:

The development of indirect and direct potable water reuse is governed by state and federal legislation and regulations. There are ongoing efforts to develop legislation and regulations to ensure that the use of purified water protects public health and that third party (regulatory) oversight is adequate. Additionally, legislation and regulation can help to advance the development of water reuse projects by streamlining CEQA and other regulatory review processes and by providing opportunities for funding.

Current Status:

The State Water Resources Control Board (SWRCB) is working on recycled water surface storage augmentation regulations with a deadline of December 2016. Direct Potable Reuse (DPR) is some ways off as the SWRCB is currently working on a report on the feasibility of DPR for the legislature, also due December 2016.

Staff actively worked on and advocated for SB 88, which streamlines CEQA for recycled water projects. SB 88 was signed into law by the Governor. Staff continues to engage and lobby state agencies to advance permitting for Expedited Recycled and Purified Water Program and others as identified in the Recycled Water Master Plan.

**SUBJECT:** Update on Strategies for Development of Recycled and Purified Water in Santa Clara County

09/22/15

Staff has advocated support for both funding and permitting of the District's purified water projects by elected officials and advocacy stakeholders during tours of the SVAWPC (e.g., with Asm. Evan Low, SJ Councilmember Ash Kalra's office, and the Farm Bureau) and during the August 14, 2015, Drought Tour, which included elected officials at the federal, state, regional, and local levels.

In Congress, four bills have recently been introduced: HR 3045 (Congressman McNerney) and HR 2993 (Congresswoman Matsui), which seek to provide a path for Title XVI funding, and S 1894 (Sen. Feinstein) and S 1837 (Sen. Boxer), which seek to provide funding for recycled and purified water projects. Staff analyzed the bills and recommended a support position on three and a "support and amend" position on the Feinstein bill. These positions were approved by the Board of Directors at the August 25, 2015 Board meeting.

Staff recently coordinated a tour of the SVAWPC for Jared Blumenfeld, Environmental Protection Agency (EPA) Region IX Director, his personal staff, and Division of Drinking Water staff on August 18, 2015. Staff asked the Director and his staff for help in permitting these types of projects, and the Director was receptive to helping move them forward. Staff continues to engage the EPA for support of both funding and permitting.

### **Strategy 11: Develop and Implement Recycled Water Program Financing Plan**

#### Background:

To ensure sound investment and efficient use of public funds, a financial plan must be developed and implemented. Where feasible, this financial plan will take advantage of other sources of funding from public/public and public/private partnerships, as well as state and federal grants. In recognition of the Countywide benefits of reliable water supply, this strategy may include development of a potential parcel tax initiative for a November 2016 ballot measure.

#### Current Status:

As reported at the June 22, 2015 Board meeting, between FY 2016-17 and FY 2020-21, the current Zone W2 municipal and industrial groundwater production charge projection, if all of the IPR projects are developed on an aggressive schedule, is expected to increase an average of 9.5 percent per year. With an \$800M expedited recycled and purified water program in place and no additional funding identified, the groundwater production charge projection is preliminarily projected to increase an average of 14.6 percent per year during the same time period. Consequently, the program is expected to incrementally increase the groundwater production charge projection an average of 5.1 percent per year.

The District has hired Carollo Engineers (Carollo) to develop a comprehensive plan for securing low interest loans as well as state and federal grants, including Proposition 1 state grants. Staff, with assistance from Carollo will also prepare applications for relevant grants and funding. Staff continues to monitor other potential funding options available to offset expenditures related to the expedited recycled and purified water efforts.

**SUBJECT:** Update on Strategies for Development of Recycled and Purified Water in Santa Clara County

09/22/15

**Strategy 12: Develop District Workforce to Support Expanded Recycled Water Program**

Background:

The District workforce must be developed to support the acceleration of potable water reuse and expansion of the recycled water program. Implementing strategies to accelerate recycled water will result in increased workload in water supply operations and maintenance, groundwater management, water quality, capital project development, government relations, communication, and other key areas of the District.

Current Status:

Human Resources is developing a five year workforce plan to support expanded recycled water programs. The plan will identify needs for additional staff resources, including limited-term and backfill options.

In addition, the Program Management consulting contract for the Expedited Purified Water Program includes a task to support the District's Workforce Development efforts by providing direct training on Project Management to District staff through day-to-day interactions with the Consultant team, noon-time seminars, workshop debriefs, and project management tool development implementation.

**FINANCIAL IMPACT:**

The staff recommendation to receive and discuss this update on strategies for development of recycled and purified water in Santa Clara County does not have financial impacts.

**CEQA:**

The recommended action does not constitute a project under CEQA because it does not have a potential for resulting in direct or reasonably foreseeable indirect physical change in the environment.

**ATTACHMENTS:**

Attachment 1: Letter to SCRWA Chair, dated May 4, 2015

Attachment 2: Letter from SCRWA General Manager, dated June 5, 2015



## BOARD OF DIRECTORS

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May 4, 2015

## CHIEF EXECUTIVE OFFICER

Beau Goldie

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

## CLERK OF THE BOARD

Michele L. King, CMC

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

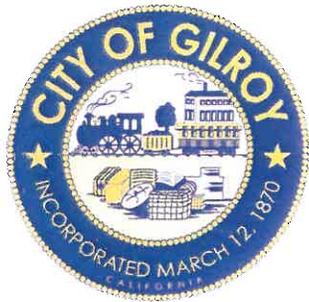
cc: SCRWA Board Members (5), 1500 Southside Drive, Gilroy, CA 95020  
 Karl Bjarke, City of Morgan Hill, 17575 Peak Avenue, Morgan Hill, CA 95037  
 Rick Smelser, City of Gilroy, 7351 Rosanna Street, Gilroy, CA 95020  
 Board of Directors (7), B. Goldie, M. King, J. Fiedler, G. Hall, H. Ashktorab

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Attachment 1

Page 1 of 1





6/9/15 Beau Goldie

Non-Agenda date: June 12, 2015

# City of Gilroy

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**Thomas J. Haglund**  
CITY ADMINISTRATOR

Office of the CEO

06-09-15P02:22 RCVD

**ORIGINAL DOCUMENT IN FILES**

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June 5, 2015

Mr. Beau Goldie, CEO  
Santa Clara Valley Water District  
5750 Almaden Expressway  
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