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File No.: 15-0653

Agenda Date: 1/12/2016

Item No.: \*5.3.

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## BOARD AGENDA MEMORANDUM

### SUBJECT:

Update on the Expedited Purified Water Program-Project No. 91304001 San Jose.

### RECOMMENDATION:

- \*A. Receive and discuss other Expedited Purified Water Program updates and provide direction to staff as needed.
- \*B. Affirm proceeding with dual track solicitation for Statements of Qualification for both a Progressive Design-Build project delivery and a Public-Private Partnership project delivery;
- \*C. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 1 to Agreement A3611A for Financial Advisory Services between the Santa Clara Valley Water District (District) and Public Resources Advisory Group to increase the maximum contract amount by \$1,331,000 for a total contract value of \$2,256,000; and
- \*D. Do not proceed with a Project Labor Agreement for the Expedited Purified Water Program.

### SUMMARY:

The Expedited Purified Water Program (Program) is part of the District's strategy to respond to the current drought and is consistent with Board direction to expand Santa Clara County (County)'s water supply. As currently conceived, the Program could provide up to 45,000 acre-feet per year (AFY) of purified water for indirect and/or direct potable reuse to supplement groundwater recharge from other existing sources such as imported water and stored local water supplies.

### ***Program Background***

The Expedited Purified Water Program (Program) is part of the District's strategy to respond to the current drought and is consistent with: Board direction to develop recycled water (Board Policy E-2.1.4), and the Board Appointed Officer's (BAO)'s interpretation that the annual recycled water production meets at least 10% of the County's water demands by 2025 (Outcome Measure 2.1.4.1). As currently conceived, the Program could provide up to 45,000 AFY of purified water for indirect potable reuse to supplement groundwater recharge from other existing sources such as imported and stored local water supplies. The Program consists of several key components: (1) Silicon Valley Advanced Water Purification Center (SVAWPC) Expansion; (2) Ford Recharge Ponds Indirect Potable Reuse Facility; (3) Mid-Basin Injection Wells; (4) Los Gatos Recharge Ponds; (5) Westside Injection Wells (or central pipeline direct potable reuse as a future alternative); and (6) Sunnyvale Indirect Potable Reuse.

Due to the ongoing drought, there is increasing urgency for the District to expedite the Program at an acceptable risk and cost to the District. The successful implementation of the Program will mitigate the risk of land subsidence and salt water intrusion, which could significantly impact the infrastructure and economy of the County.

The District’s approach to implementing the Program is currently organized into 12 strategies as shown in Table 1. The primary focus of this agenda item pertains to Strategy 6 - Expedite Purified Water Expansion Program (Public Track) and Strategy 7 - Develop Public-Private Partnership for the Program (P3 Track).

Table 1-Recycled and Purified Water Program Implementation Strategies

| Strategic Planning                                     | Operations & Capital Program                                     | Board Support & Outreach   | Administrative & Financial Management                      |
|--|--|--|--|
| 1. Complete & Implement Master Plans                   | 5. Deliver projects in CIP                                       | 8. Support Board engagement in policy & governance               | 11. Develop and implement financing plan                   |
| 2. Promote & conduct research to support potable reuse | 6. Expedite purified water expansion program (Public Track)      | 9. Build community & 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  |  |  |  |

**A. Dual Track Solicitation for Statements of Qualification**

Staff has prepared the Request for Qualifications (RFQ) for both a Progressive Design-Build (PDB) project delivery approach and the Public-Private Partnership (P3) project delivery approach. Three RFQs are anticipated to be released on Friday, January 15, 2016. One will be a P3 RFQ for the Program, and the other two will be PDB RFQs for two Program elements-one for the Silicon Valley Advanced Water Purification Center (SVAWPC) expansion, and the second for the main pipeline that

will convey the purified water from the expanded SVAWPC to the Los Gatos Recharge Ponds.

At the December 4, 2015 special Board meeting, staff presented a series of policy issues for Board consideration and discussion. Several important policy questions related to the alternative project delivery approaches are:

1. Is the District open to working with a P3 entity to implement the expedited purified water program if the District's financial and operational interests can be met with such an arrangement?
2. Is the District open to a P3 entity providing operations and maintenance (O&M) for the new purified water facilities and associated infrastructure if the District's financial and operational interests can be met with such an arrangement?
3. Is the District open to contracting with one P3 entity vs. spreading design-build or design-bid-build work among multiple firms and contractors?

Staff recommends the Board affirm the current plan to proceed with a dual track solicitation for Statements of Qualification for both a Progressive Design-Build and a Public-Private Partnership approach for project delivery. Staff plans to schedule a work study session with the Board in February 2016 to present and discuss in greater detail the steps that will follow over the next several months with regards to the dual track process.

### ***B. Financial Advisory Services Contract Amendment***

Background. In 2012, the Public Resources Advisory Group (PRAG) was selected through a formal, competitive Request for Proposal (RFP) process. The Consultant Review Board consisted of three members from the District's Financial Planning and Management Division and one external member from the City of Cupertino Finance Department.

On September 11, 2012, the Board authorized the CEO to negotiate and execute the Financial Advisory Services Agreement (Agreement) with PRAG with an initial term of five years, and an option to extend the term of the agreement for two additional 2-year periods, for a maximum contract amount of \$925,000. The contract was executed by the parties and became effective on October 1, 2012 (Agreement No. A3611A). The main deliverables of the Agreement include the following:

- 1) Issuance of debt to meet the District's short-term and long-term capital financing needs;
- 2) Restructuring of existing debt to ensure optimal debt financing portfolio strategy;
- 3) On-going management of the District's debt portfolio in the most effective manner while adhering to all federal, state, local and other contractual compliance requirements; and
- 4) Providing general financial advisory, financial analysis and other special projects as requested by the District.

Financial Advisory Services for Public-Private Partnership (P3). Staff had informed the Board of the need for financial advisory services to evaluate and analyze alternative project delivery methods in the Board Memorandums dated March 12 and April 28, 2015. In May 2015, staff requested PRAG to

provide specialized financial advisory service to evaluate the public-private partnership (P3) project delivery method for the Program. To facilitate this service request, PRAG subcontracted the scope of services related to P3 to Clean Energy Capital (CEC), who had provided financial advisory services for the Poseidon Desalination P3 projects in Carlsbad and Huntington Beach. The work completed by CEC to date includes the Board Work Study Session on project delivery methods held on June 22, 2015, the Final Report on Program Delivery Methods, presented to the Board on July 28, 2015, and additional analysis of key legal/financial issues, as presented to the Board on September 22, 2015. The total amount of \$119,000, expended for work performed through September 22, 2015, is accounted for under the current PRAG contract.

In response to the Board's direction on July 28, 2015, to pursue a dual track procurement strategy, staff recommends that the Board authorize the CEO to negotiate and execute Amendment No. 1 to Agreement A3611A for Financial Advisory Services to increase the maximum contract amount by \$1,331,000 for a total not-to-exceed fee of \$2,256,000. The Amendment No. 1 will incorporate the tasks outlined in Table 2 below to complete all financial advisory work for the P3 procurement process, beginning with the preparation of the RFQ through final P3 contract negotiations. Actual costs billed to the District will be based on the number of hours CEC expended for each task at the hourly rate per the Agreement (billing rate varies by position title to a maximum of \$350/hour), up to the not-to-exceed fee of \$1,331,000.

The proposed Amendment No. 1 has no impact on the Board-approved FY 2016 budget as funding for financial advisory services was incorporated in the current fiscal year's budget for the Indirect Potable Reuse - Planning project.

Table 2-Clean Energy Capital's P3 Advisory Services Fees

| Task | Description  | Fee         | Target Schedule                      |
|------|--|-------------|--------------------------------------|
| 1    | Support District through P3 RFQ Issuance             | \$144,000   | Currently underway through Jan. 2016 |
| 2    | Support District through P3 SOQ Evaluation           | \$85,000    | March 2016                           |
| 3    | Support District through P3 RFP Issuance             | \$117,000   | June 2016                            |
| 4    | Support District through P3 Proposal Evaluation      | \$205,000   | December 2016                        |
| 5    | Support District in P3 Contract Negotiations/Stage 1 | \$390,000   | December 2017                        |
| 6    | Support District in P3 Contract Negotiations/Stage 2 | \$390,000   | December 2018                        |
|      | Total Not-to-Exceed Fee                              | \$1,331,000 |                                      |

### ***C. Project Labor Agreement***

At the December 4, 2015 special Board meeting, staff presented information on Project Labor Agreements (PLAs). A Board decision on whether to pursue a PLA for the Program will impact the overall Program delivery schedule. At this time, staff recommends the Board not pursue a PLA for the Program for the following reasons:

1. A PLA has never been used for a District project.
2. No District construction project to date has been delayed due to construction worker strikes, lockouts, or similar labor-related job disruptions despite the lack of PLAs.
3. A PLA must be in place before a Request for Proposals (RFP) can be issued to both PDB and P3 entities. As staff reported to the Board on December 4, 2015, the East Bay Municipal Utility District (EBMUD) recently instituted a pilot program to develop a PLA for one of its projects. This PLA development has been underway for almost one year, and has stalled due to various concerns raised by different parties involved in the process. If the Board chooses to proceed with a PLA for the Program, the current schedule (June 2016) for releasing an RFP to shortlisted PDB and P3 entities would be delayed to mid-2017, or later. Staff believes this would not align well with the urgency to proceed with planning efforts related to the Program.
4. The District diligently monitors its contractors on all construction projects to verify that prevailing wages are paid to their workers in compliance with state law. The District requires that all contractors and sub-contractors submit certified payroll to District staff in support of the monthly progress payment application. If the certified payroll documents are not submitted in a timely manner, the District withholds a penalty from the progress payment in accordance with California Labor Code §1776. Based on review of the certified payroll records, if wages/benefits to any construction worker are found to be below the California Department of Industrial Relations' prevailing wage rates for the work performed, the District withholds a penalty from the progress payment in accordance with California Labor Code §1775.

#### ***D. Program Updates***

In the December 4, 2015 special Board Meeting, Board members requested an update on District staff's efforts to address necessary contractual issues with the City of San Jose (City) -- to allow the Expedited Purified Water Program to proceed - and on the District's public outreach program related to potable water reuse. Updates on these two topics are provided as follows.

##### **1. Integration Agreement with City of San Jose for Advanced Water Purification Expansion**

Background: On March 2, 2010, the City and the District entered into the following two agreements: (i) A Ground Lease and Property Use Agreement (Ground Lease Agreement) to provide for the construction and operation of the Silicon Valley Advanced Water Purification Center (SVAWPC) and related facilities on a portion of the City's Regional Wastewater Facility (RWF); and (ii) Recycled Water Facilities and Programs Integration Agreement (Integration Agreement) to financially support the production and use of recycled water in the County, and to coordinate and cooperate in meeting both party's needs.

On October 23, 2012, the City and the District entered into a third agreement entitled Operations and Maintenance of the SVAWPC (Operations and Maintenance Agreement). The key provisions of these three agreements that are likely to be impacted by development of the Program are provided in

Attachment 1 to this agenda memorandum.

Next steps: If the SVAWPC will be expanded as part of the Program, the above-described agreements will need to be amended or superseded by new agreements to address property use and lease terms for the expanded facility, volume of effluent from the City's Plant that will be available to the Program, amount of brine from the expanded SVAWPC that will be accepted by the City, as well as other terms for the operation and maintenance of the expanded SVAWPC. The key issues that must be addressed by the District and City are summarized in Table 3 as follows. A meeting was held on December 4, 2015, between senior leaders from both the District and the City to set forth a process on reaching resolution on these issues. City leaders expressed their overall support for moving forward with the Program.

Table 3-Expedited Purified Water Program - Key Contractual Issues to Be Considered between the City of San Jose and District

| Issue   | Current Arrangement   | District's Proposed Changes <sup>1</sup>   | Comments   |
|---|---|--|--|
| <b>Purpose</b>  | "...enhance the quality of non-potable recycled water"  | Create new potable water supply and reduce land subsidence risk  | County water supply alternatives are limited and may limit growth  |
| <b>Land Lease</b>                                     | Provision of land for current 8 mgd facility at an annual rent of \$10 per year   | Provision of land adjacent to current 8 mgd facility for facility expansion.   | City is keeping adjacent land open until July 1, 2020 date in current agreement.   |
| <b>Flow from Regional Wastewater Facility (Plant)</b> | "...twelve (12) million gallon per day (mgd) of Plant secondary effluent... at a cost saving to the Plant for tertiary treatment..."        | Up to an additional fifty (50) mgd of City's Plant secondary or tertiary effluent.                                   | Potable reuse program size governed by the available secondary or tertiary effluent from the City's Plant.   |
| <b>Brine (RO Concentrate) Discharge</b>               | "...up to 2 mgd will be accepted at the Plant provided that the discharge is compatible with ability of the Plant to meet its NPDES permit" | Up to an additional 8 mgd with protections to City should brine stream be the source of NPDES permit non-compliance. | District has contracted specialists for brine toxicity studies and dilution credits; awaiting City input on strategy and concurrence on testing protocols. |

<sup>1</sup> Per the March 2, 2010 Integration Agreement, page 13-14: "Mutual consent of the governing bodies of the Parties shall be required prior to any changes...including but not limited to...any expansion of the AWTF in size of capacity, including any increase in brine discharge."

## 2. Public Outreach

The Public Outreach services agreement with Katz & Associates was amended on July 8, 2015, as per Board authorization on April 28, 2015. As of October 2015, the purified water outreach team has been fully staffed with the addition of a new tour program manager to help serve as a public tour

guide and help increase stakeholder engagement.

Major milestones that have been achieved in the past several months include:

- a. A Community Open House was held on October 24, 2015, at the Silicon Valley Advanced Water Purification Center (SVAWPC) that featured an interactive kids' fun zone, water gallery videos, tours and a water taste test station. Over 650 members of the public attended the event. Purified water taste samples (from purified water which was further treated with an advanced oxidation process) were made available to all the attendees. Over 90% voluntarily tasted the water. Based on 200 event surveys collected, 86% of the respondents think advanced purified water is safe to drink today. Furthermore, 95% support using advanced purified water to replenish our groundwater basins. In addition, 45 on-camera testimonials in multiple languages were collected from attendees stating their vocal support for expanding the use of purified water, and over 60 supporter cards were filled out at the event giving the District permission to use their name and city in support of purified water to display on our website or other media.
- b. The District offered over 150 water taste test samples at San Jose's VERGE Conference on October 29, 2015, where entrepreneurial business leaders in Silicon Valley convened to discuss technology and sustainability. Attendees voiced and showed their support for the expansion of potable reuse by readily taking taste tests and allowing District staff to take photos for social media use.

Public outreach milestones that are currently in progress include:

- a. Setting up a special meeting and tour of the SVAWPC with County Health Officers / Public Health Director and the County Department of Environmental Health in late January or early February, 2016. The goal is to propose a potable reuse symposium for health professionals to increase support of this key stakeholder group.
- b. Refining stakeholder lists and strategy to identify groups to target and gain official statements or letters of support, and offer speaker bureau presentations to key groups.
- c. Identifying community and multicultural events to participate in and offer taste tests.
- d. Developing youth/school tour program curriculum to offer more tours to youth.
- e. Exploring partnerships with universities for class projects.

#### FINANCIAL IMPACT:

There are adequate funds in the Indirect Potable Reuse Planning Project's FY 2015-16 Board-adopted Budget to encumber the additional \$1,331,000 for the Financial Advisory Services amended agreement.

**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 change in the physical environment.

**ATTACHMENTS:**

Original Board Agenda Memo

Original Attachment 1: Key Provisions

\*Supplemental Board Agenda Memo

\*Supplemental Attachment 1: Amendment

\*Supplemental Attachment 2: PowerPoint

**UNCLASSIFIED MANAGER:**

Katherine Oven, 408-630-3126

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### RECOMMENDATION:

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been fully staffed with the addition of a new tour program manager to help serve as a public tour guide and help increase stakeholder engagement.

Major milestones that have been achieved in the past several months include:

- a. A Community Open House was held on October 24, 2015, at the Silicon Valley Advanced Water Purification Center (SVAWPC) that featured an interactive kids' fun zone, water gallery videos, tours and a water taste test station. Over 650 members of the public attended the event. Purified water taste samples (from purified water which was further treated with an advanced oxidation process) were made available to all the attendees. Over 90% voluntarily tasted the water. Based on 200 event surveys collected, 86% of the respondents think advanced purified water is safe to drink today. Furthermore, 95% support using advanced purified water to replenish our groundwater basins. In addition, 45 on-camera testimonials in multiple languages were collected from attendees stating their vocal support for expanding the use of purified water, and over 60 supporter cards were filled out at the event giving the District permission to use their name and city in support of purified water to display on our website or other media.
- b. The District offered over 150 water taste test samples at San Jose's VERGE Conference on October 29, 2015, where entrepreneurial business leaders in Silicon Valley convened to discuss technology and sustainability. Attendees voiced and showed their support for the expansion of potable reuse by readily taking taste tests and allowing District staff to take photos for social media use.

Public outreach milestones that are currently in progress include:

- a. Setting up a special meeting and tour of the SVAWPC with County Health Officers / Public Health Director and the County Department of Environmental Health in late January or early February, 2016. The goal is to propose a potable reuse symposium for health professionals to increase support of this key stakeholder group.
- b. Refining stakeholder lists and strategy to identify groups to target and gain official statements or letters of support, and offer speaker bureau presentations to key groups.
- c. Identifying community and multicultural events to participate in and offer taste tests.
- d. Developing youth/school tour program curriculum to offer more tours to youth.
- e. Exploring partnerships with universities for class projects.

#### FINANCIAL IMPACT:

There are adequate funds in the Indirect Potable Reuse Planning Project's FY 2015-16 Board-adopted Budget to encumber the additional \$1,331,000 for the Financial Advisory Services amended agreement.

**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 change in the physical environment.

**ATTACHMENTS:**

Attachment 1: Key Provisions of Existing Agreements with City of San Jose

A PowerPoint Presentation will be provided as a Supplemental Agenda Item by January 8, 2016.

**UNCLASSIFIED MANAGER:**

Katherine Oven, 408-630-3126

## **Key Provisions of the Silicon Valley Advanced Water Purification Center (SVAWPC) Agreements between the City of San Jose and the District**

The following are key provisions of the three agreements entered into by the City of San Jose and the District for the construction and operation of the Silicon Valley Advanced Water Purification Center (SVAWPC):

1. Ground Lease and Property Use Agreement Between the City of San Jose and the Santa Clara Valley Water District for Advanced Water Treatment Facility (Ground Lease Agreement) (executed on March 2, 2010):

- a. The District leased City property (about 5 acres) along Zanker Road across the street from its Regional Wastewater Facility (RWF) to construct and operate the SVAWPC.
- b. The term of the lease is 40 years, ending June 20, 2050, and the annual rent is \$10.
- c. The SVAWPC will treat up to 12 million gallons per day (mgd) of the RWF's secondary effluent resulting in a cost savings to the RWF of avoided tertiary treatment that would otherwise be required.
- d. The SVAWPC will produce up to 8 mgd of reverse-osmosis treated water for blending with the RWF's existing recycled water.
- e. Microfiltration return water from the SVAWPC shall be treated by the RWF; up to 2 mgd of the reverse osmosis reject (RO concentrate) shall be blended with RWF effluent prior to discharge to San Francisco Bay.
- f. Alterations or improvements to the Premises, Ancillary property, SVAWPC, or related facilities requires prior written approval from the City.

2. Recycled Water Facilities and Programs Integration Agreement between the City of San Jose and the Santa Clara Valley Water District (Integration Agreement) (executed on March 2, 2010):

- a. Agreement term is for 40 years and is synchronized with the Ground Lease Agreement.
- b. Provides for the creation of a recycled water policy advisory committee, with three members from the District's Board of Directors and three members from the City of San Jose and Santa Clara's councils; establishes staff-level Technical Working Group.
- c. Joint Board/City Council decisions on export of recycled water outside this County; integrated management on Third Party recycled water agreements and on recycled water capital investment decisions.
- d. Coordinated community outreach on recycled water.
- e. City of San Jose will undertake the site preparation for the SVAWPC; the City will contribute \$11M towards the cost of SVAWPC construction; the District will own and operate the SVAWPC; the District will contribute \$1M annually to the City starting in July 2010 until the SVAWPC is operational.

- f. Sets forth formulas for sharing the cost of the Operations and Maintenance (O&M) of the RFW and SVAWPC facilities.
- g. City will not lease to third parties, plan for development, or construct permanent improvements on its lands adjacent to the SVAWPC site prior to July 1, 2020.
- h. Mutual consent of governing bodies of both the District and the City is required prior to any material changes in the operation of the SVAWPC, including any expansion of the SVAWPC and brine discharge, and providing advanced treated water to any facility other than South Bay Water Recycling.

3. Agreement between the City of San Jose and the Santa Clara Valley Water District for Operation and Maintenance of the Silicon Valley Advanced Water Purification Center (Operation and Maintenance Agreement) (executed on October 23, 2012):

- a. District to operate and maintain SVAWPC to accept up to 12 mgd of secondary effluent from RWF.
- b. City shall supply the District with up to 12 mgd of secondary effluent.
- c. Sets forth limitations for SVAWPC wastewater discharge to the RWF; sets forth sampling requirements, documentation, reporting, and sharing of data for RO concentrate discharge to ensure compliance with City's NPDES permit.
- d. Establishes 1.5 mgd as maximum wastewater discharge from SVAWPC to RWF; establishes 2 mgd as maximum RO Concentrate flow from SVAWPC to RWF effluent stream.
- e. The City shall maintain a valid National Pollutant Discharge Elimination System permit allowing for the discharge of treated wastewater to the South San Francisco Bay.

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File No.: 15-0670

Agenda Date: 1/12/2016  
Item No.: \*5.3. Supp

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## SUPPLEMENTAL BOARD AGENDA MEMORANDUM

### SUBJECT:

Update on the Expedited Purified Water Program-Project No. 91304001 San Jose.

### REASON FOR SUPPLEMENTAL MEMORANDUM:

This Supplemental Agenda Memorandum is required to transmit: (1) A re-ordering of staff recommendations based on the final PowerPoint presentation; (2) a brief update on an additional Program-related matter; (3) the PowerPoint presentation for the Expedited Purified Water Program Update; and (4) Draft Amendment to the Consultant Agreement A3611A between Santa Clara Valley Water District and Public Resources Advisory Group. (see changes in sections with\*)

### RECOMMENDATION:

- A. \*Receive and discuss Expedited Purified Water Program updates and provide direction to staff as needed.
- B. \*Affirm proceeding with dual track solicitation for Statements of Qualification for both a Progressive Design-Build project delivery and a Public-Private Partnership project delivery;
- C. \*Authorize the Chief Executive Officer to negotiate and execute Amendment No. 1 to Agreement A3611A for Financial Advisory Services between the Santa Clara Valley Water District (District) and Public Resources Advisory Group to increase the maximum contract amount by \$1,331,000 for a total contract value of \$2,256,000; and
- D. \*Do not proceed with a Project Labor Agreement for the Expedited Purified Water Program.

### SUMMARY:

#### \*A. Expedited Purified Water Program Updates

\*In the December 4, 2015 special Board Meeting, Board members requested an update on the District's public outreach program related to potable water reuse and on District staff's efforts to address necessary contractual issues with the City of San Jose (City) to allow the Expedited Purified Water Program to proceed. Updates on these two topics and an update on the groundwater studies pertaining to the Campell well site are provided as follows.

#### \*1. Public Outreach

The Public Outreach services agreement with Katz & Associates was amended on July 8, 2015, as per Board authorization on April 28, 2015. As of October 2015, the purified water outreach team has been fully staffed with the addition of a new tour program manager to help serve as a public tour guide and help increase stakeholder engagement.

Major milestones that have been achieved in the past several months include:

- a. A Community Open House was held on October 24, 2015, at the Silicon Valley Advanced Water Purification Center (SVAWPC) that featured an interactive kids' fun zone, water gallery videos, tours and a water taste test station. Over 650 members of the public attended the event. Purified water taste samples (from purified water which was further treated with an advanced oxidation process) were made available to all the attendees. Over 90% voluntarily tasted the water. Based on 200 event surveys collected, 86% of the respondents think advanced purified water is safe to drink today. Furthermore, 95% support using advanced purified water to replenish our groundwater basins. In addition, 45 on-camera testimonials in multiple languages were collected from attendees stating their vocal support for expanding the use of purified water, and over 60 supporter cards were filled out at the event giving the District permission to use their name and city in support of purified water to display on our website or other media.
- b. The District offered over 150 water taste test samples at San Jose's VERGE Conference on October 29, 2015, where entrepreneurial business leaders in Silicon Valley convened to discuss technology and sustainability. Attendees voiced and showed their support for the expansion of potable reuse by readily taking taste tests and allowing District staff to take photos for social media use.

Public outreach milestones that are currently in progress include:

- a. Setting up a special meeting and tour of the SVAWPC with County Health Officers / Public Health Director and the County Department of Environmental Health in late January or early February, 2016. The goal is to propose a potable reuse symposium for health professionals to increase support of this key stakeholder group.
- b. Refining stakeholder lists and strategy to identify groups to target and gain official statements or letters of support, and offer speaker bureau presentations to key groups.
- c. Identifying community and multicultural events to participate in and offer taste tests.
- d. Developing youth/school tour program curriculum to offer more tours to youth.
- e. Exploring partnerships with universities for class projects.

## \*2. Current Agreements with City of San Jose for Advanced Water Purification Expansion

Background: On March 2, 2010, the City and the District entered into the following two agreements:  
(i) A Ground Lease and Property Use Agreement (Ground Lease Agreement) to provide for the

construction and operation of the Silicon Valley Advanced Water Purification Center (SVAWPC) and related facilities on a portion of the City's Regional Wastewater Facility (RWF); and (ii) Recycled Water Facilities and Programs Integration Agreement (Integration Agreement) to financially support the production and use of recycled water in the County, and to coordinate and cooperate in meeting both party's needs.

On October 23, 2012, the City and the District entered into a third agreement entitled Operations and Maintenance of the SVAWPC (Operations and Maintenance Agreement). The key provisions of these three agreements that are likely to be impacted by development of the Program are provided in Attachment 1 to this agenda memorandum.

Next steps: If the SVAWPC will be expanded as part of the Program, the above-described agreements will need to be amended or superseded by new agreements to address property use and lease terms for the expanded facility, volume of effluent from the City's Plant that will be available to the Program, amount of brine from the expanded SVAWPC that will be accepted by the City, as well as other terms for the operation and maintenance of the expanded SVAWPC. The key issues that must be addressed by the District and City are summarized in Table 2. A meeting was held on December 4, 2015, between senior leaders from both the District and the City to set forth a process on reaching resolution on these issues. City leaders expressed their overall support for moving forward with the Program.

\*Table2-Expedited Purified Water Program - Key Contractual Issues to Be Considered between the City of San Jose and District

| Issue  | Current Arrangement  | District's Proposed Changes <sup>1</sup>   | Comments   |
|--|--|--|--|
| Purpose  | "...enhance the quality of non-potable recycled water"   | Create new potable water supply and reduce land subsidence risk                    | County water supply alternatives are limited and may limit growth  |
| Land Lease                                     | Provision of land for current 8 mgd facility at an annual rent of \$10 per year  | Provision of land adjacent to current 8 mgd facility for facility expansion.       | City is keeping adjacent land open until July 1, 2020 date in current agreement.                           |
| Flow from Regional Wastewater Facility (Plant) | "...twelve (12) million gallon per day (mgd) of Plant secondary effluent... at a cost saving to the Plant for tertiary treatment..." | Up to an additional fifty (50) mgd of City's Plant secondary or tertiary effluent. | Potable reuse program size governed by the available secondary or tertiary effluent from the City's Plant. |

|                                  |   |  |  |
|----------------------------------|---|--|--|
| Brine (RO Concentrate) Discharge | “...up to 2 mgd will be accepted at the Plant provided that the discharge is compatible with ability of the Plant to meet its NPDES permit” | Up to an additional 8 mgd with protections to City should brine stream be the source of NPDES permit non-compliance. | District has contracted specialists for brine toxicity studies and dilution credits; awaiting City input on strategy and concurrence on testing protocols. |
|----------------------------------|---|--|--|

f. <sup>1</sup> Per the March 2, 2010 Integration Agreement, page 13-14: “Mutual consent of the governing bodies of the Parties shall be required prior to any changes...including but not limited to... any expansion of the AWTF in size of capacity, including any increase in brine discharge.”

\*3. Monitoring Well Installation

On April 28, 2015 the Board authorized the CEO to execute a single source agreement with Todd Groundwater for groundwater studies to support the Expedited Purified Water Program. The agreement scope of services includes groundwater modeling, monitoring well construction, and dissolution studies. Immediately after agreement execution on June 2, 2015, work began to update groundwater modeling and locate IPR monitoring well sites. Installation of monitoring wells allows for the collection of soil samples to support dissolution studies and groundwater data to support regulatory compliance. Soil samples collected during drilling will be used in laboratory dissolution studies to evaluate the potential for purified water to cause leaching of contaminants or affect permeability. Potential issues identified can be mitigated through conditioning of purified water during the treatment process. To support future regulatory compliance, the wells must be located a specific distance downgradient of the recharge site based on groundwater travel time.

Staff identified John D. Morgan Park in Campbell as a suitable monitoring well site to monitor effects of groundwater recharge in the vicinity of the Los Gatos Recharge Ponds. On August 18, 2015, the Campbell City Council granted conceptual well construction approval at the park, and directed City staff to work with the District on site-specific details. The project location in a heavily-used park in a residential area resulted in unanticipated site requirements such as 24-foot high sound walls and parking lot work including restriping, repair, and resurfacing. This type of work, which is necessary both before and after well construction, is subject to public works requirements, including competitive bidding. Also, after further analysis, District staff identified additional project components that constitute public work. Based on these changed circumstances and staff analysis, staff is working to amend the agreement with Todd Groundwater to delete these public work components and to consolidate the site work and construction of four planned monitoring wells into a single scope of work that will undergo a competitive bidding process. This approach will ensure full compliance with the Public Contract Code and will not affect critical-path IPR work. The schedule for installing the monitoring well in John D. Morgan Park has been moved to fall of 2016.

\*B. Dual Track Solicitation for Statements of Qualification

Staff has prepared the Request for Qualifications (RFQ) for both a Progressive Design-Build (PDB) project delivery approach and the Public-Private Partnership (P3) project delivery approach. Three RFQs are anticipated to be released on Friday, January 15, 2016. One will be a P3 RFQ for the Program, and the other two will be PDB RFQs for two Program elements-one for the Silicon Valley Advanced Water Purification Center (SVAWPC) expansion, and the second for the main pipeline that will convey the purified water from the expanded SVAWPC to the Los Gatos Recharge Ponds.

At the December 4, 2015 special Board meeting, staff presented a series of policy issues for Board consideration and discussion. Several important policy questions related to the alternative project delivery approaches are:

1. Is the District open to working with a P3 entity to implement the expedited purified water program if the District's financial and operational interests can be met with such an arrangement?
2. Is the District open to a P3 entity providing operations and maintenance (O&M) for the new purified water facilities and associated infrastructure if the District's financial and operational interests can be met with such an arrangement?
3. Is the District open to contracting with one P3 entity vs. spreading design-build or design-bid-build work among multiple firms and contractors?

Staff recommends the Board affirm the current plan to proceed with a dual track solicitation for Statements of Qualification for both a Progressive Design-Build and a Public-Private Partnership approach for project delivery. Staff plans to schedule a work study session with the Board in February 2016 to present and discuss in greater detail the steps that will follow over the next several months with regards to the dual track process.

### C. Financial Advisory Services Contract Amendment

Background. In 2012, the Public Resources Advisory Group (PRAG) was selected through a formal, competitive Request for Proposal (RFP) process. The Consultant Review Board consisted of three members from the District's Financial Planning and Management Division and one external member from the City of Cupertino Finance Department.

On September 11, 2012, the Board authorized the CEO to negotiate and execute the Financial Advisory Services Agreement (Agreement) with PRAG with an initial term of five years, and an option to extend the term of the agreement for two additional 2-year periods, for a maximum contract amount of \$925,000. The contract was executed by the parties and became effective on October 1, 2012 (Agreement No. A3611A). The main deliverables of the Agreement include the following:

- 1) Issuance of debt to meet the District's short-term and long-term capital financing needs;
- 2) Restructuring of existing debt to ensure optimal debt financing portfolio strategy;
- 3) On-going management of the District's debt portfolio in the most effective manner while adhering to all federal, state, local and other contractual compliance requirements; and
- 4) Providing general financial advisory, financial analysis and other special projects as requested

by the District.

Financial Advisory Services for Public-Private Partnership (P3). Staff had informed the Board of the need for financial advisory services to evaluate and analyze alternative project delivery methods in the Board Memorandums dated March 12 and April 28, 2015. In May 2015, staff requested PRAG to provide specialized financial advisory service to evaluate the public-private partnership (P3) project delivery method for the Program. To facilitate this service request, PRAG subcontracted the scope of services related to P3 to Clean Energy Capital (CEC), who had provided financial advisory services for the Poseidon Desalination P3 projects in Carlsbad and Huntington Beach. The work completed by CEC to date includes the Board Work Study Session on project delivery methods held on June 22, 2015, the Final Report on Program Delivery Methods, presented to the Board on July 28, 2015, and additional analysis of key legal/financial issues, as presented to the Board on September 22, 2015. The total amount of \$119,000, expended for work performed through September 22, 2015, is accounted for under the current PRAG contract.

In response to the Board's direction on July 28, 2015, to pursue a dual track procurement strategy, staff recommends that the Board authorize the CEO to negotiate and execute Amendment No. 1 to Agreement A3611A for Financial Advisory Services to increase the maximum contract amount by \$1,331,000 for a total not-to-exceed fee of \$2,256,000. The Amendment No. 1 will incorporate the tasks outlined in Table 3 below to complete all financial advisory work for the P3 procurement process, beginning with the preparation of the RFQ through final P3 contract negotiations. Actual costs billed to the District will be based on the number of hours CEC expended for each task at the hourly rate per the Agreement (billing rate varies by position title to a maximum of \$350/hour), up to the not-to-exceed fee of \$1,331,000.

The proposed Amendment No. 1 has no impact on the Board-approved FY 2016 budget as funding for financial advisory services was incorporated in the current fiscal year's budget for the Indirect Potable Reuse - Planning project.

\*Table 3-Clean Energy Capital's P3 Advisory Services Fees

| Task | Description  | Fee         | Target Schedule                      |
|------|--|-------------|--------------------------------------|
| 1    | Support District through P3 RFQ Issuance             | \$144,000   | Currently underway through Jan. 2016 |
| 2    | Support District through P3 SOQ Evaluation           | \$85,000    | March 2016                           |
| 3    | Support District through P3 RFP Issuance             | \$117,000   | June 2016                            |
| 4    | Support District through P3 Proposal Evaluation      | \$205,000   | December 2016                        |
| 5    | Support District in P3 Contract Negotiations/Stage 1 | \$390,000   | December 2017                        |
| 6    | Support District in P3 Contract Negotiations/Stage 2 | \$390,000   | December 2018                        |
|      | Total Not-to-Exceed Fee                              | \$1,331,000 |                                      |

#### \*D. Project Labor Agreement

At the December 4, 2015 special Board meeting, staff presented information on Project Labor Agreements (PLAs). A Board decision on whether to pursue a PLA for the Program will impact the overall Program delivery schedule. At this time, staff recommends the Board not pursue a PLA for the Program for the following reasons:

1. A PLA has never been used for a District project.
2. No District construction project to date has been delayed due to construction worker strikes, lockouts, or similar labor-related job disruptions despite the lack of PLAs.
3. A PLA must be in place before a Request for Proposals (RFP) can be issued to both PDB and P3 entities. As staff reported to the Board on December 4, 2015, the East Bay Municipal Utility District (EBMUD) recently instituted a pilot program to develop a PLA for one of its projects. This PLA development has been underway for almost one year, and has stalled due to various concerns raised by different parties involved in the process. If the Board chooses to proceed with a PLA for the Program, the current schedule (June 2016) for releasing an RFP to shortlisted PDB and P3 entities would be delayed to mid-2017, or later. Staff believes this would not align well with the urgency to proceed with planning efforts related to the Program.
4. The District diligently monitors its contractors on all construction projects to verify that prevailing wages are paid to their workers in compliance with state law. The District requires that all contractors and sub-contractors submit certified payroll to District staff in support of the monthly progress payment application. If the certified payroll documents are not submitted in a timely manner, the District withholds a penalty from the progress payment in accordance with California Labor Code §1776. Based on review of the certified payroll records, if wages/benefits to any construction worker are found to be below the California Department of Industrial Relations' prevailing wage rates for the work performed, the District withholds a penalty from the progress payment in accordance with California Labor Code §1775.

#### FINANCIAL IMPACT:

There are adequate funds in the Indirect Potable Reuse Planning Project's FY 2015-16 Board-adopted Budget to encumber the additional \$1,331,000 for the Financial Advisory Services amended agreement.

#### 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 change in the physical environment.

#### ATTACHMENTS:

- \*Supplemental Attachment 1: Draft Amendment
- \*Supplemental Attachment 2: PowerPoint

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File No.: 15-0670

Agenda Date: 1/12/2016  
Item No.: \*5.3. Supp

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UNCLASSIFIED MANAGER:  
Katherine Oven, 408-630-3126

**AMENDMENT NO. 1  
TO  
AGREEMENT FOR FINANCIAL ADVISORY SERVICES AGREEMENT A3611A  
BETWEEN SANTA CLARA VALLEY WATER DISTRICT  
AND  
PUBLIC RESOURCES ADVISORY GROUP, INC.**

This Amendment No. 1 (Amendment), effective as of the date it is fully executed by the Parties amends the term and conditions of the Financial Advisory Services Agreement A3611A (Agreement) dated October 1, 2012 between SANTA CLARA VALLEY WATER DISTRICT (District) and PUBLIC RESOURCES ADVISORY GROUP, Inc. (PRAG), collectively the "Parties."

**WHEREAS**, PRAG is currently providing the District with financial advisory services, on an as-requested basis, as specified in SECTION 1 of the Agreement; and

**WHEREAS**, the current not-to-exceed amount of the Agreement is \$925,000 (per Board approval on 9/11/2012); and

**WHEREAS**, the current expiration date of the Agreement is September 30, 2017; and

**WHEREAS**, the Agreement provides the District with an option to extend the term of the Agreement for two additional two-year renewal periods; and

**WHEREAS**, per SECTION 6 of the Agreement, the District consented to PRAG's assignment of certain work related to Public-Private Partnerships for the District's Expedited Purified Water Program to Clean Energy Capital Securities, LLC pursuant to the terms and conditions of the Subcontracting Agreement between PRAG and Clean Energy Capital Securities, LLC dated May 21, 2015, as amended by Amendment Number 1 dated September 8, 2015; and

**WHEREAS**, the District desires to increase the total not-to-exceed amount for the Agreement to \$2,256,000 to pay for services related to the Expedited Purified Water Program, including work rendered by Clean Energy Capital Securities, LLC on Public-Private Partnerships and financial advisory services for future debt issuances for the Expedited Purified Water Program ; and

**WHEREAS**, the District also desires to extend the term of the Agreement through September 30, 2021; and

**NOW, THEREFORE**, in consideration for the mutual promises and agreements contained herein and notwithstanding anything to the contrary in the Agreement, PRAG and the District hereby agree as follows:

1. In the Agreement, delete Section 2 in its entirety and replace with the following:
  2. The term of this Agreement commences on October 1, 2012, and expires on September 30, 2021, unless said term is modified by a written amendment hereto, signed by both parties.

2. In the Agreement, EXHIBIT B, add the following as Section 12:

12. PRAG's subcontractor Clean Energy Capital Securities, LLC (CEC) shall be available to provide the District with services to support the District's use of the public-private partnership procurement methodologies available under California law (P3 Procurement) to develop the District's Expedited Purified Water Program. The table below specifies the various stages of the P3 Procurement; the estimated billable amount to complete each P3 Procurement stage; and the targeted month each P3 Procurement stage is expected to be completed. The estimated billable amount does not represent a commitment by the District to expend said amount. Instead, the District will pay CEC on a time and material basis at the hourly rates set forth in EXHIBIT C for services that CEC actually provides the District, subject to a total not to exceed amount of \$1,331,000. The District makes no guarantee as to the amount of services it will seek from CEC.

| Task | Description   | Estimated Billable Amount | Target Schedule |
|------|---|---------------------------|-----------------|
| 1    | Support District through P3 RFQ Issuance<br>- Develop P3 RFQ / Incorporate comments / revise / finalize<br>- Review P3 comparables<br>- Develop P3 distribution list<br>- Board Meeting support<br>- Participate in calls/meetings with District<br>- Such other services as are reasonably requested by District                                     | \$144,000                 | Jan-16          |
| 2    | Support District through P3 SOQ Evaluation<br>- Review of SOQs<br>- P3 Term sheet Development<br>- Support private activity development / private letter ruling<br>- Develop P3 / DB evaluation criteria<br>- Board Meeting support<br>- Participate in calls/meetings with District<br>- Such other services as are reasonably requested by District | \$85,000                  | Mar-16          |

| Task | Description  | Estimated Billable Amount | Target Schedule |
|------|--|---------------------------|-----------------|
| 3    | Support District through P3 RFP Issuance <ul style="list-style-type: none"> <li>- Develop P3 RFP / Incorporate comments / revise / finalize</li> <li>- P3 Term sheet Development</li> <li>- Support private activity development / private letter ruling</li> <li>- Develop P3 / DB evaluation criteria</li> <li>- Board Meeting support</li> <li>- Participate in calls/meetings with District</li> <li>- Such other services as are reasonably requested by District</li> </ul>  | \$117,000                 | Jun-16          |
| 4    | Support District through P3 Proposal Evaluation <ul style="list-style-type: none"> <li>- Implement P3 evaluation</li> <li>- Support private activity development / private letter ruling</li> <li>- Board Meeting support</li> <li>- Participate in calls/meetings with District</li> <li>- Such other services as are reasonably requested by District</li> </ul>   | \$205,000                 | Dec-16          |
| 5    | Support District through P3 Contract Negotiations/Stage 1 <ul style="list-style-type: none"> <li>- Support the District in negotiations with P3 Entity</li> <li>- Prepare spreadsheets, term sheets and other collateral</li> <li>- Conduct financial due diligence</li> <li>- Coordinate activities with rest of negotiating team</li> <li>- Board Meeting support</li> <li>- Participate in calls/meetings with District</li> <li>- Such other services as are reasonably requested by District</li> </ul>   | \$390,000                 | Dec-17          |
| 6    | Support District through P3 Contract Negotiations/Stage 2 <ul style="list-style-type: none"> <li>- Support the District in negotiations with P3 Entity</li> <li>- Prepare spreadsheets, term sheets and other collateral</li> <li>- Conduct financial due diligence</li> <li>- Oversee / Participate in financial execution</li> <li>- Coordinate activities with rest of negotiating team</li> <li>- Board Meeting support</li> <li>- Participate in calls/meetings with District</li> <li>- Such other services as are reasonably requested by District</li> </ul> | \$390,000                 | Dec-18          |

| Task | Description                       | Estimated Billable Amount | Target Schedule |
|------|-----------------------------------|---------------------------|-----------------|
|      | <b>Total Not-to-Exceed Amount</b> | \$1,331,000               |                 |

3. In the Agreement, Exhibit C, delete Section A in its entirety and replace with the following:

A. The maximum amount payable by the District under this Agreement is \$2,256,000. No more than \$1,331,000 of the \$2,256,000 maximum amount may be expended for the Expedited Purified Water Program, for services rendered by CEC through PRAG. Any portions of this \$1,331,000 not spent on CEC services may be available for other services under this Agreement.

4. All other terms and conditions of Agreement A3611A not otherwise amended as stated in this Amendment No. 1 remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Amendment No. 1 to Agreement A3611A and agree to its terms upon the date the last party signs this Amendment No. 1.

**SANTA CLARA VALLEY WATER DISTRICT**

**PUBLIC RESOURCES ADVISORY GROUP, Inc**

\_\_\_\_\_  
Beau Goldie  
Chief Executive Officer

Date

\_\_\_\_\_  
Edmund Soong  
Executive Vice President

Date

# Update: Expedited Purified Water Program

Board of Directors Meeting  
January 12, 2015



# Expedited Purified Water Program Update

## ➤ Program Updates

- Overview

- Public Outreach

- Integration Agreement with San Jose

- Monitoring Well Installation

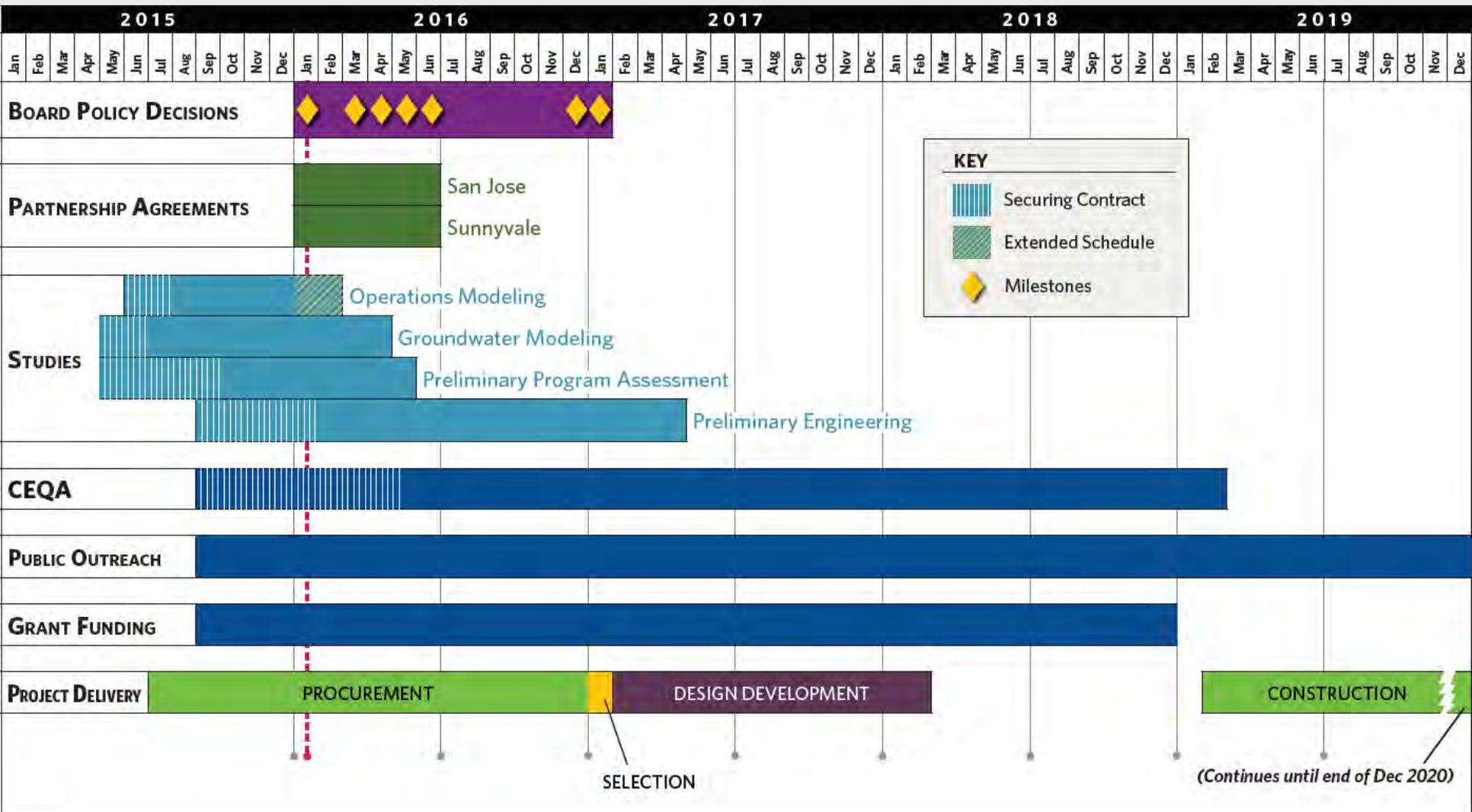
## ➤ Staff Recommendations

- Affirm Dual Track RFQ Solicitation

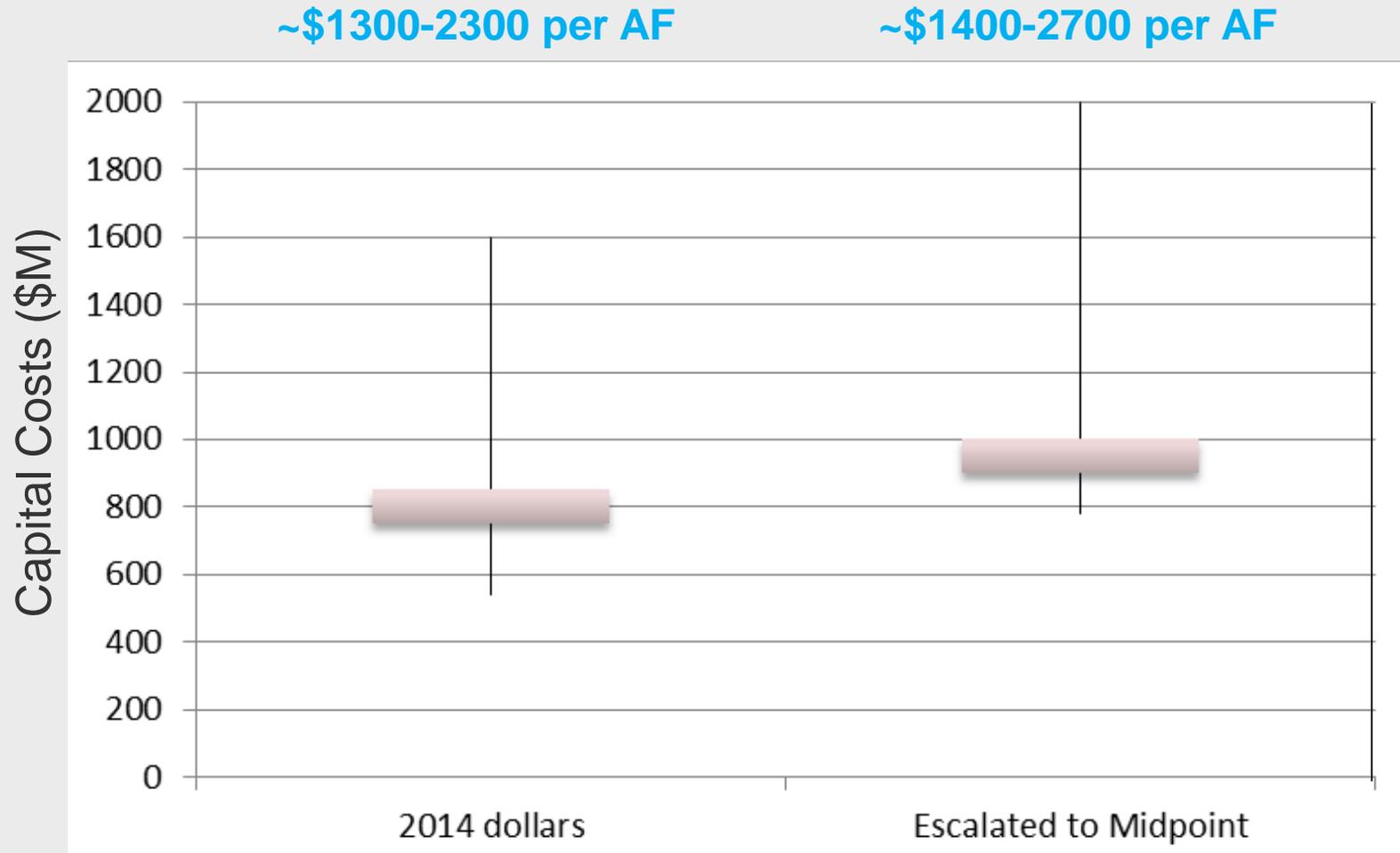
- Authorize Amendment No. 1 for Financial Advisory Services

- Do not proceed with Project Labor Agreement for Program

# A. Program Overview: Schedule



# A. Program Overview: Capital (\$M) and Unit Costs



**Assumptions:** a) Entire cost covered by bonds, b) 30 years @ 5.5% interest (with inflation at 2.5%, effective 3% rate), c) 45,000 AFY and d) full utilization

# A. Program Overview: Board Policy Decisions for 2016

Progressive Design  
Build (PDB) OR  
Public-Private-  
Partnership (P3)

**Jan**  
**Mar**  
**Dec**

Direct Potable  
Reuse

**Mar-Apr**

Program  
Components

**May-Jun**

Staging of Purified  
Water Expansion

**Jun-Jul**



# A. Pure Water Silicon Valley Expedited Purified Water Outreach Update



# Presentation outline

- **Part 1:**
  - **Public perception & messaging: 2010, 2014, 2015**
- **Part 2:**
  - Purified water outreach tools
- **Part 3:**
  - SVAWPC outreach anchor
- **Conclusion:**
  - Plans for 2016 and beyond

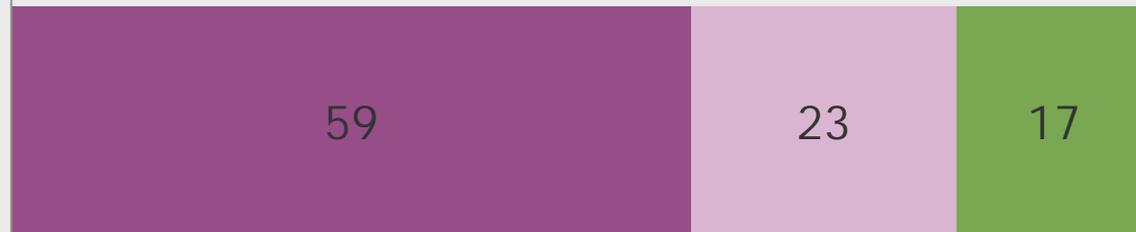
## Part 1

# Public perception & messaging: 2010, 2014, 2015

# Research conducted in 2010

■ Favorable    ■ Don't know    ■ Unfavorable/Oppose

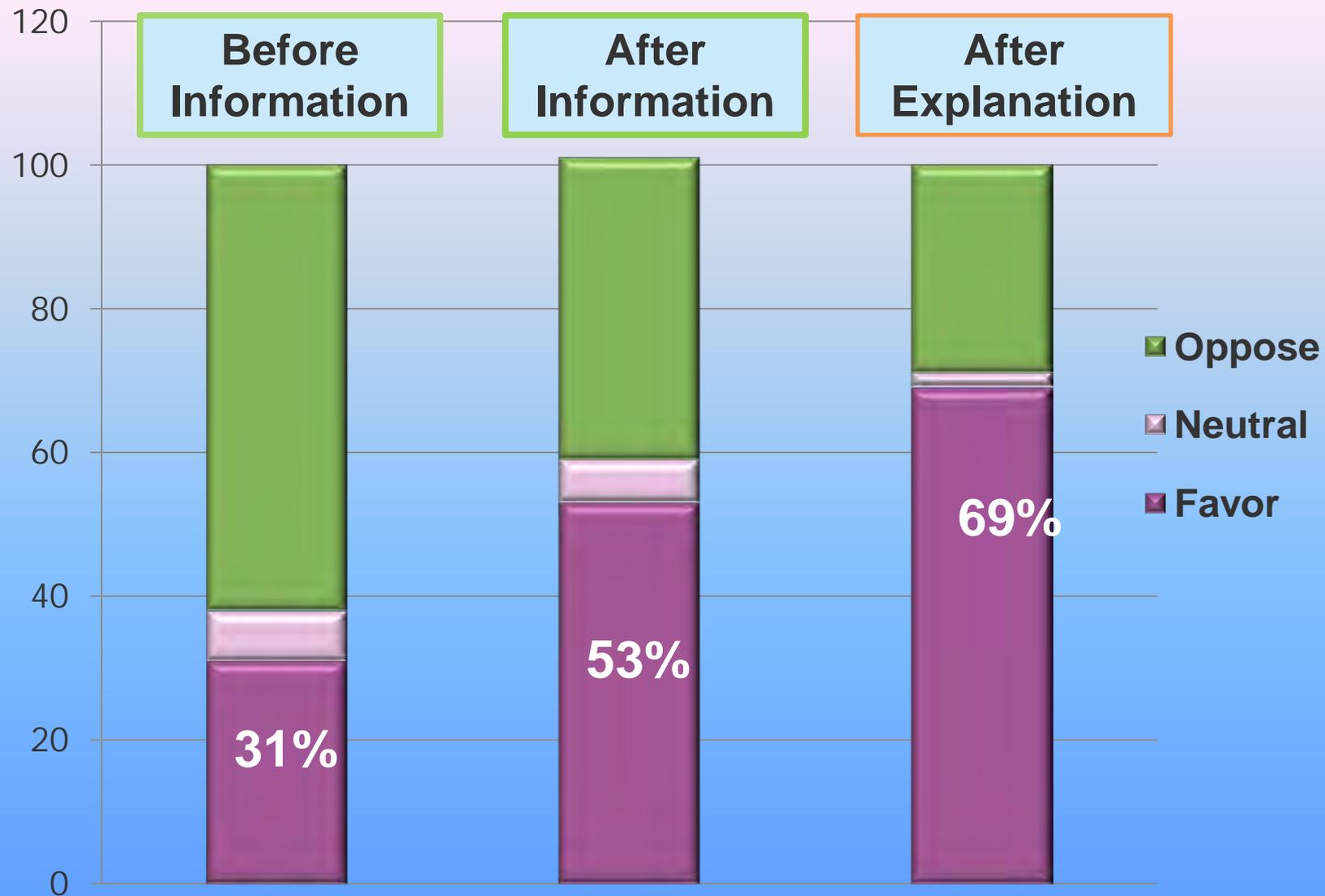
Do you have a favorable or unfavorable opinion of recycled water?



...use of appropriately treated recycled water for adding to drinking water supplies?



# Education leads to public acceptance



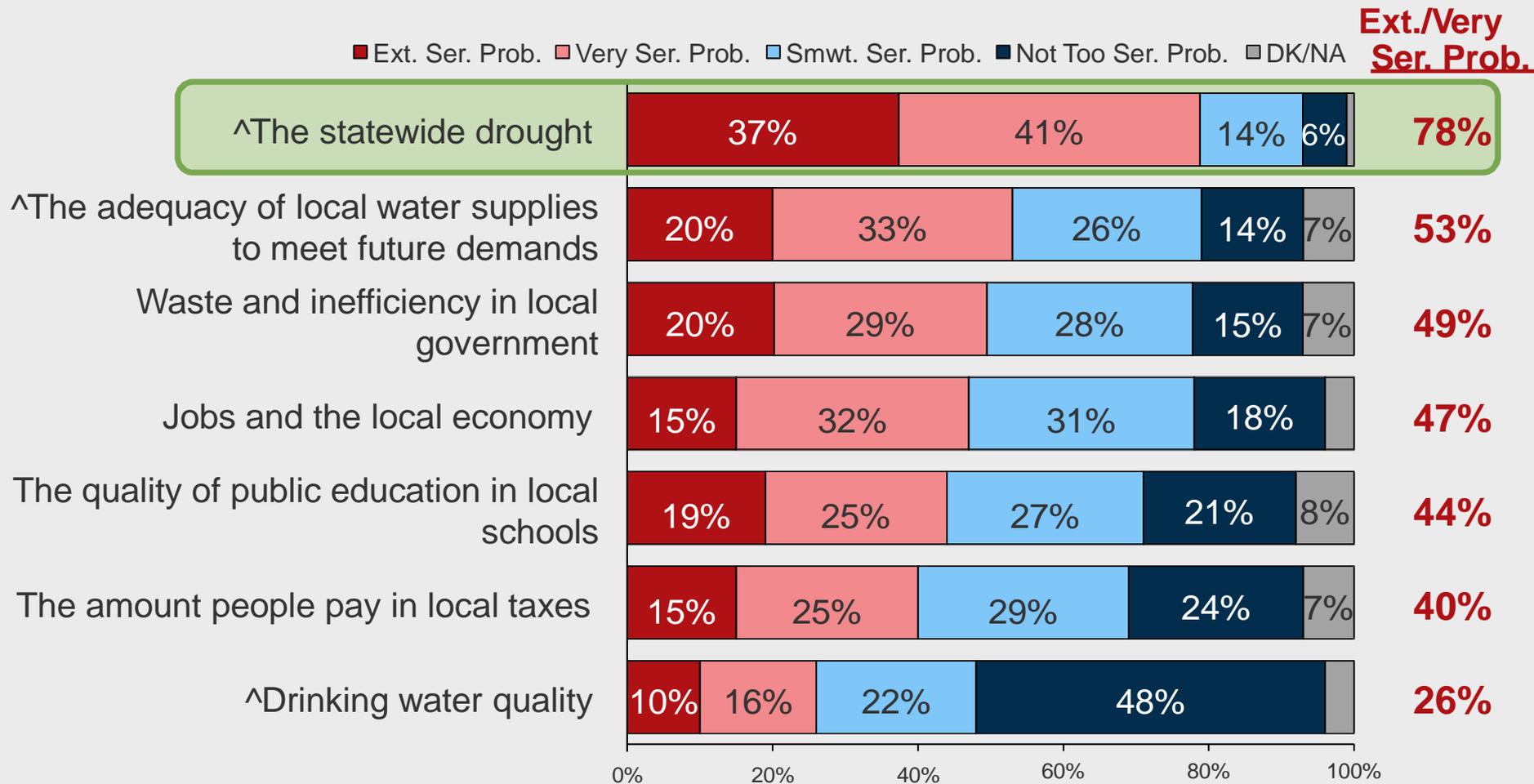
# Research conducted July 2014

## *Advancing DPR Public Acceptance- Opinion Research*

- In 2014, WateReuse Research Foundation analyzed public perception about Potable Reuse – specifically DPR.
- Santa Clara County and the city of San Diego were selected as the 2 model focus communities.
- Focus groups & telephone surveys conducted
- Communication tools developed and made available statewide based on findings.
- Informing our own existing recycled and purified water strategic communications plan & outreach efforts

# Concern about the drought in target communities runs very high.

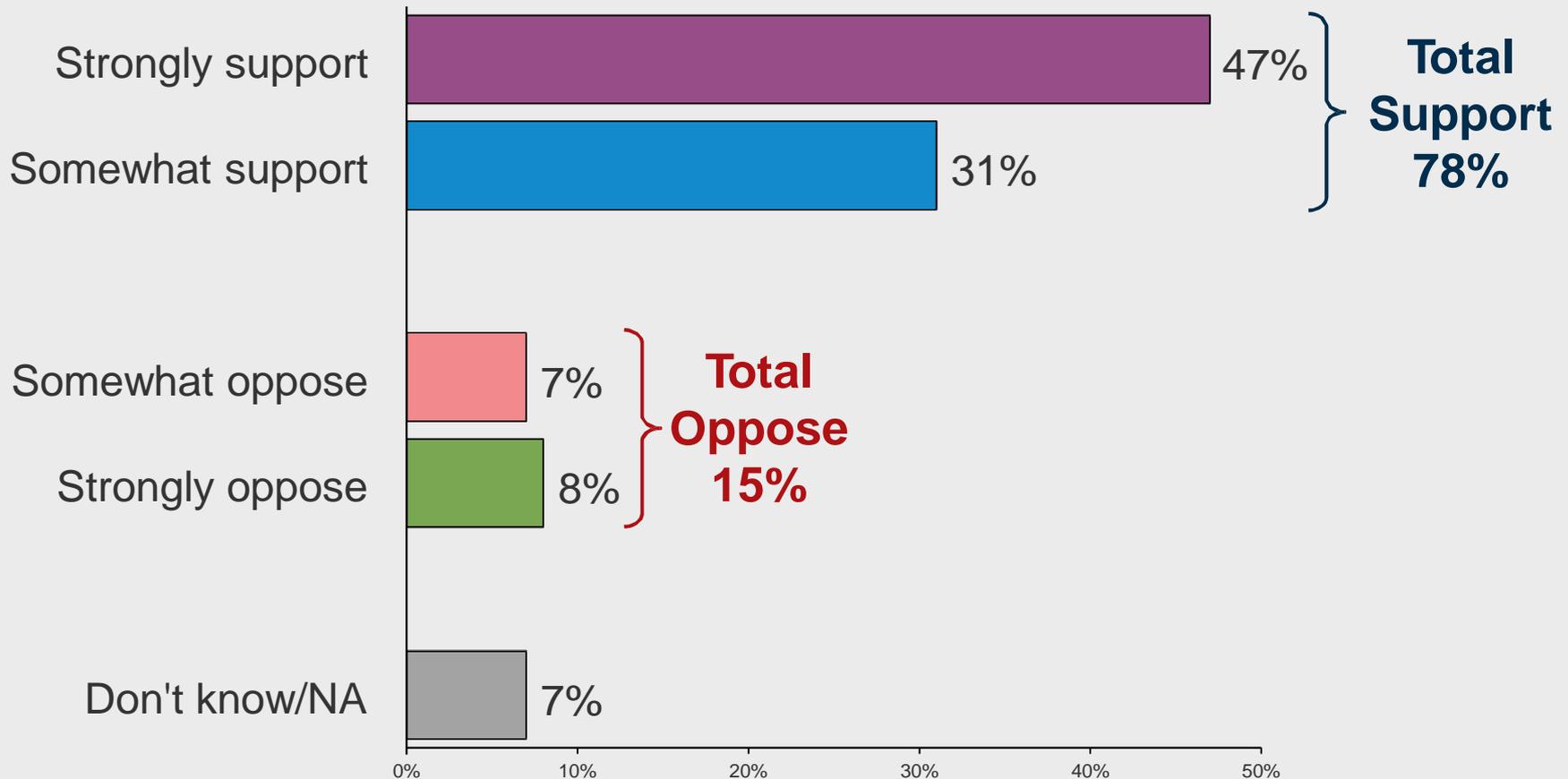
*I'd like to read you some problems facing your area that other people have mentioned. Please tell me whether you think it is an extremely serious problem, a very serious problem, somewhat serious problem, or not too serious a problem in your area.*



Q2. ^Not Part of Split Sample.

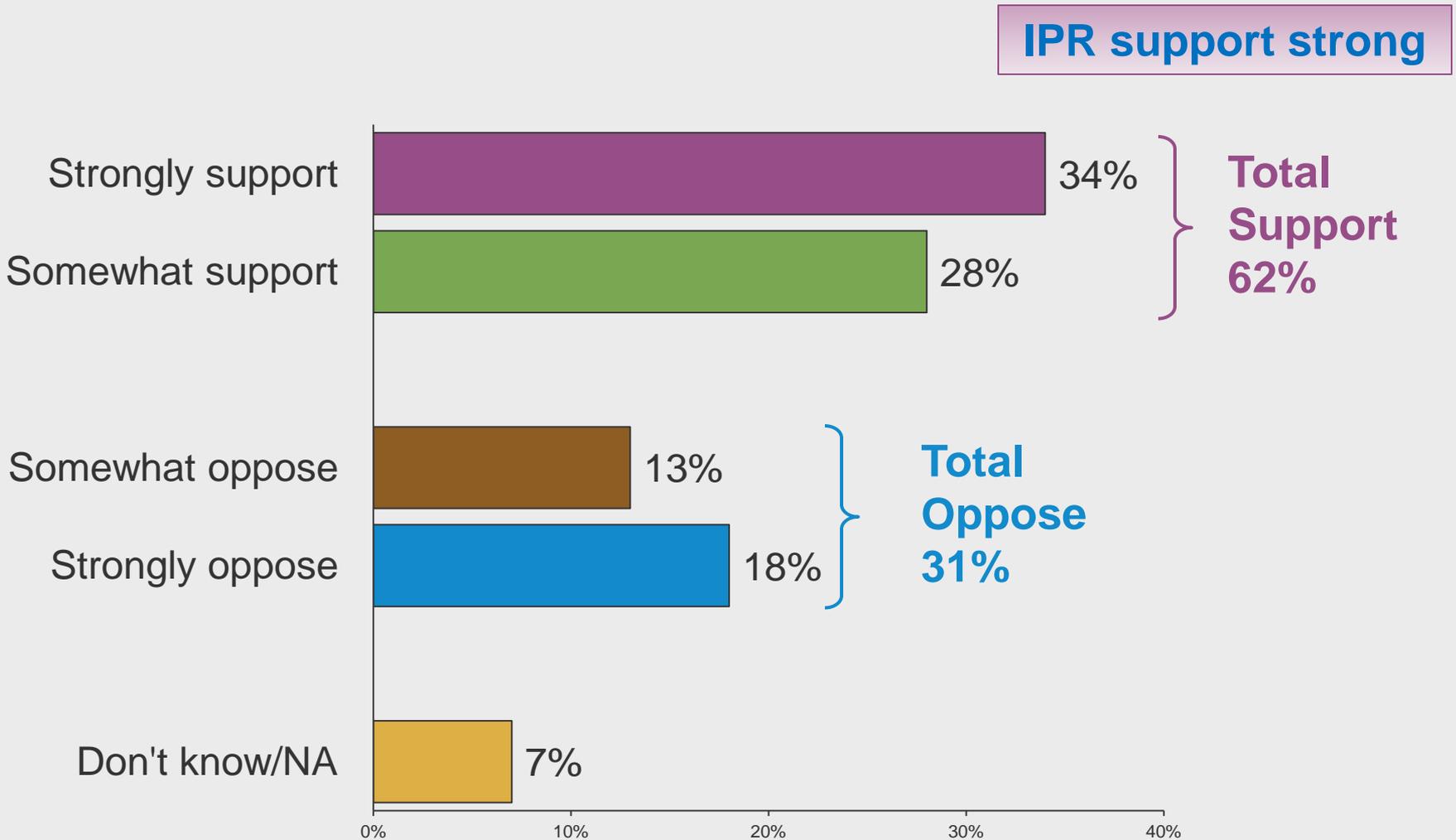
# Water reuse strongly supported

*Do you support or oppose recycling water for local reuse on a community-wide scale?*



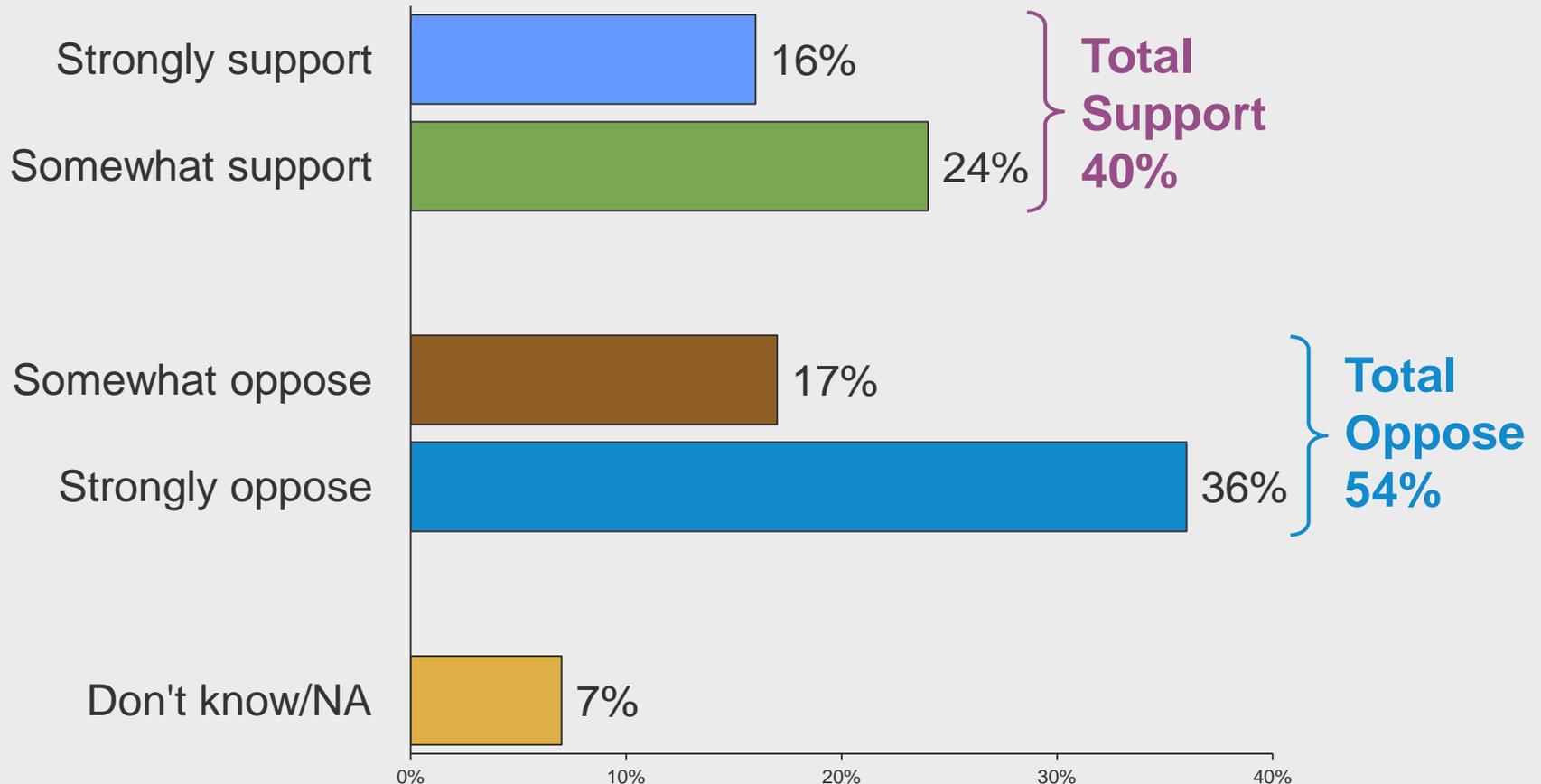
# A majority of voters support indirect reuse of recycled water for drinking (IPR)

Would you support or oppose indirect reuse of recycled water in your community?



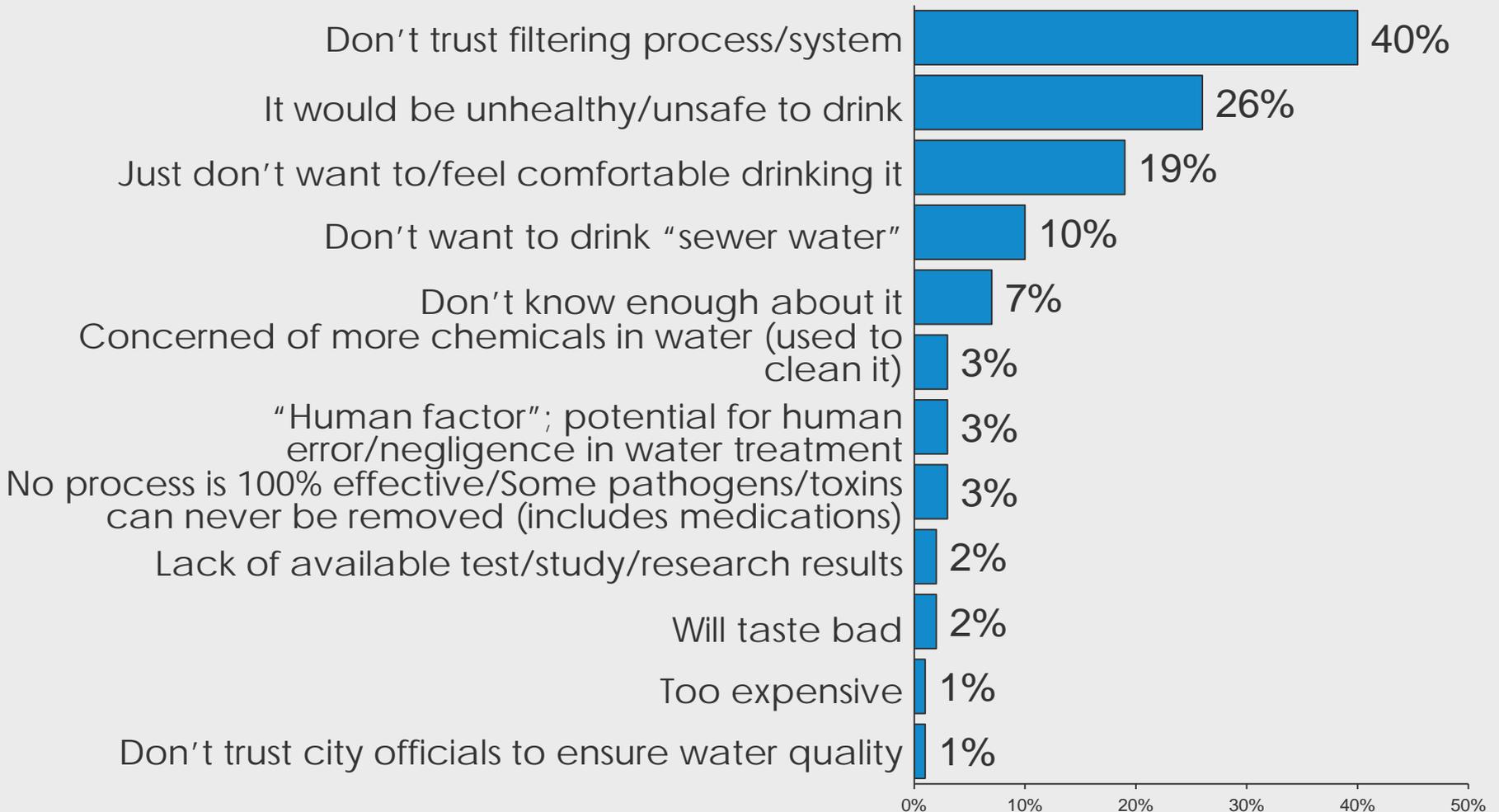
# Initially, most voters *oppose* direct potable reuse (DPR)

*Would you support or oppose the direct reuse of recycled water in your community?*



# Disbelief in the efficacy of the purification system is the biggest obstacle.

Why would you **OPPOSE** direct reuse of recycled water for drinking in your community?

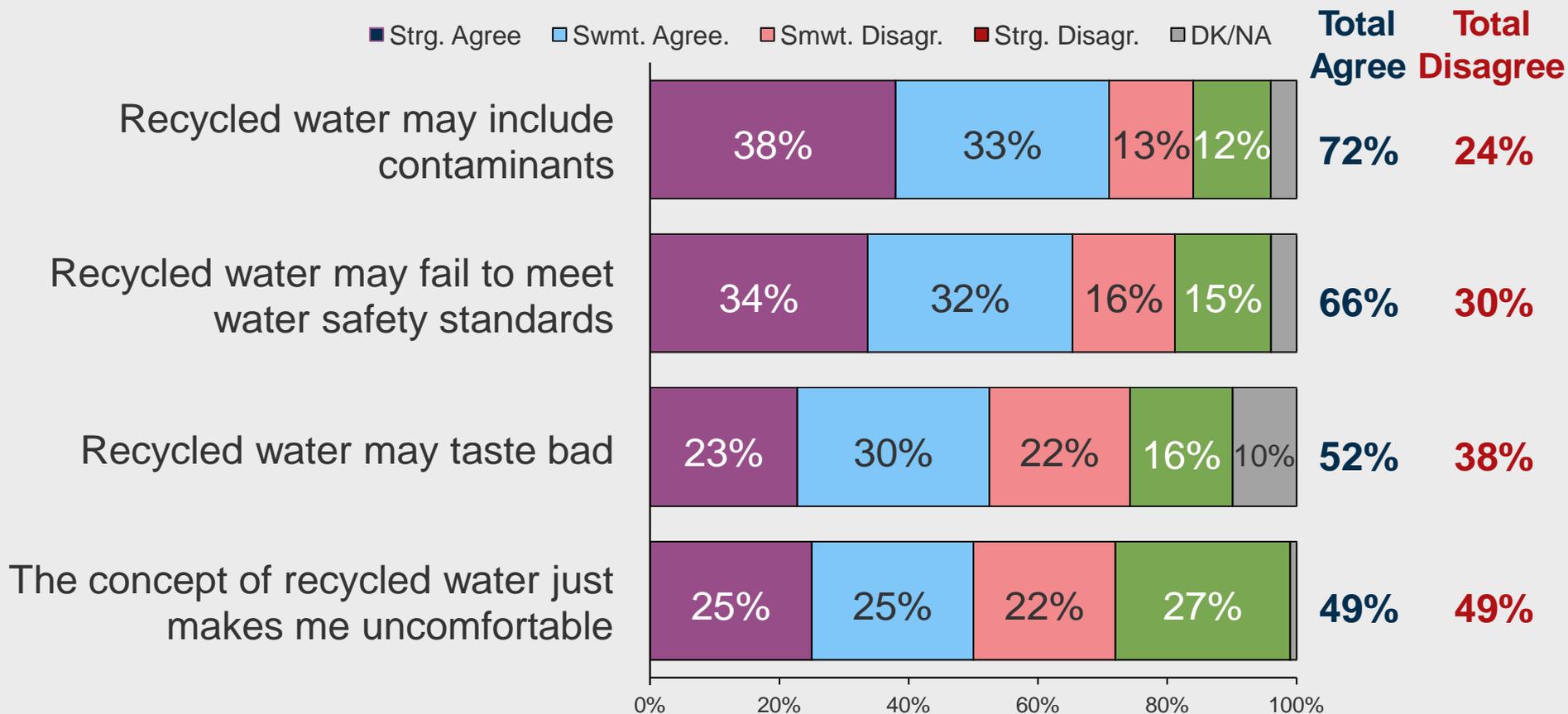


Q14b. Open end; Responses grouped; Asked of direct potable reuse opponents only

Source: FM3

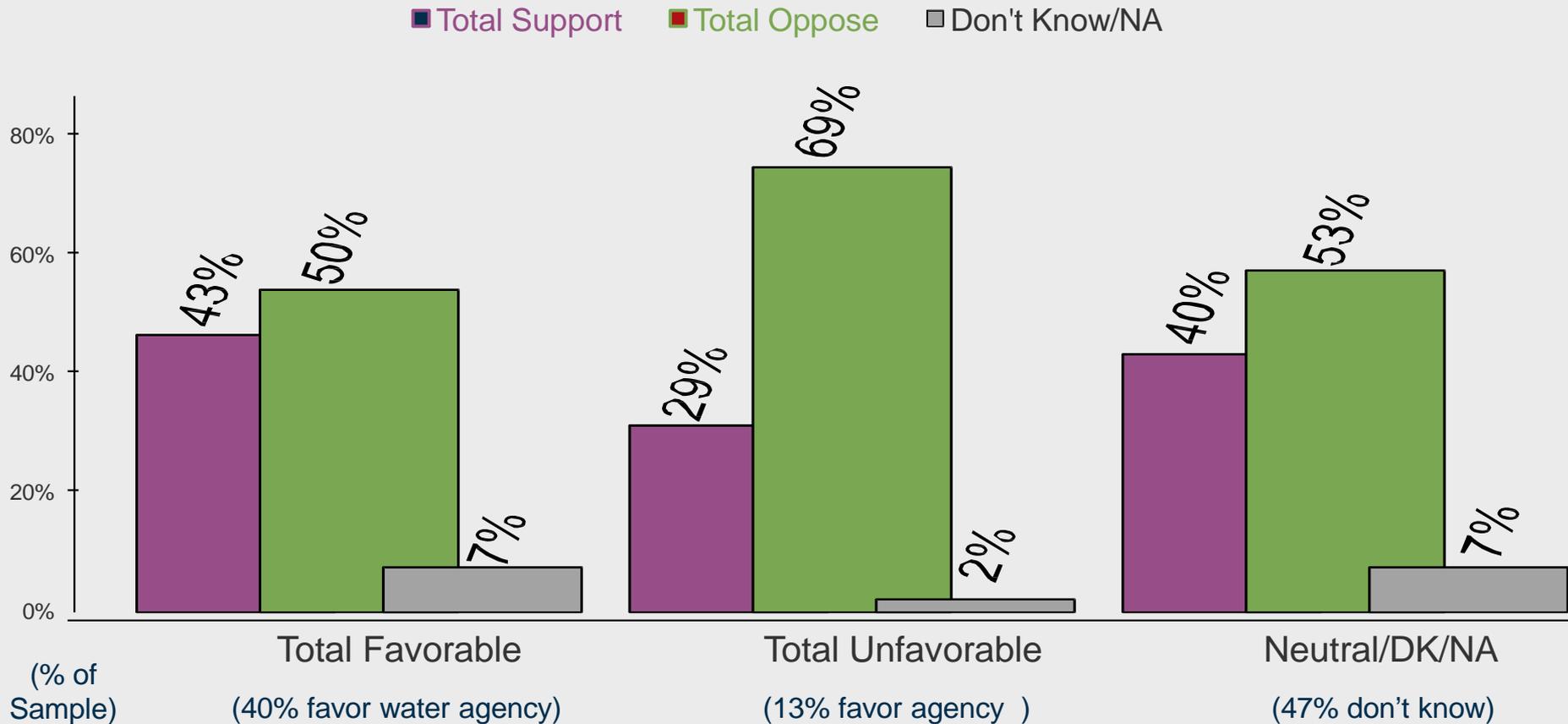
# Safety concerns drive reservations about direct potable reuse.

*I am going to read you a list of concerns some members of the public have expressed about direct reuse of recycled water for drinking. Please tell me whether you personally agree or disagree with that concern.*



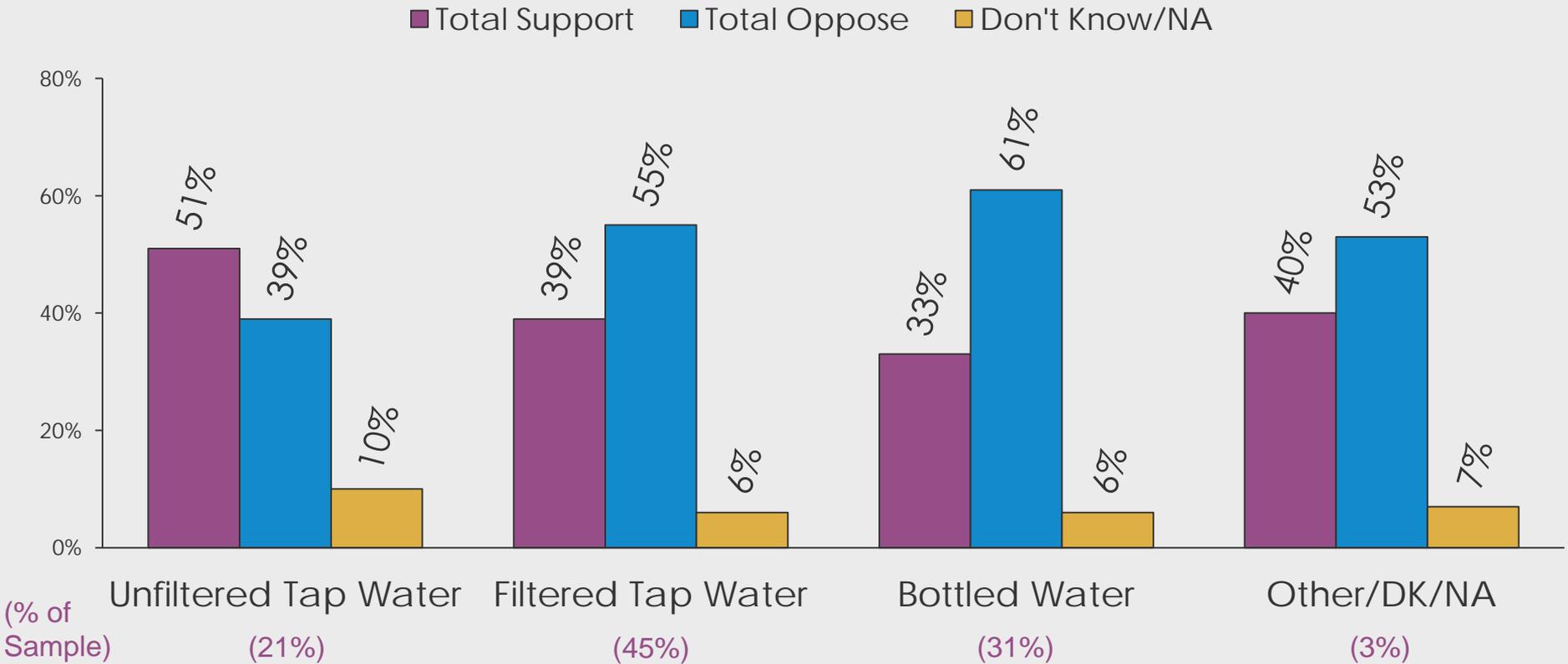
# Those with positive attitudes toward their water agency are more accepting of DPR

## Initial DPR Support by Water Agency Favorability



Interestingly, those who actually drink **unfiltered tap water** are **more** accepting of DPR.

### Initial DPR Support by Primary Source of Water at Home



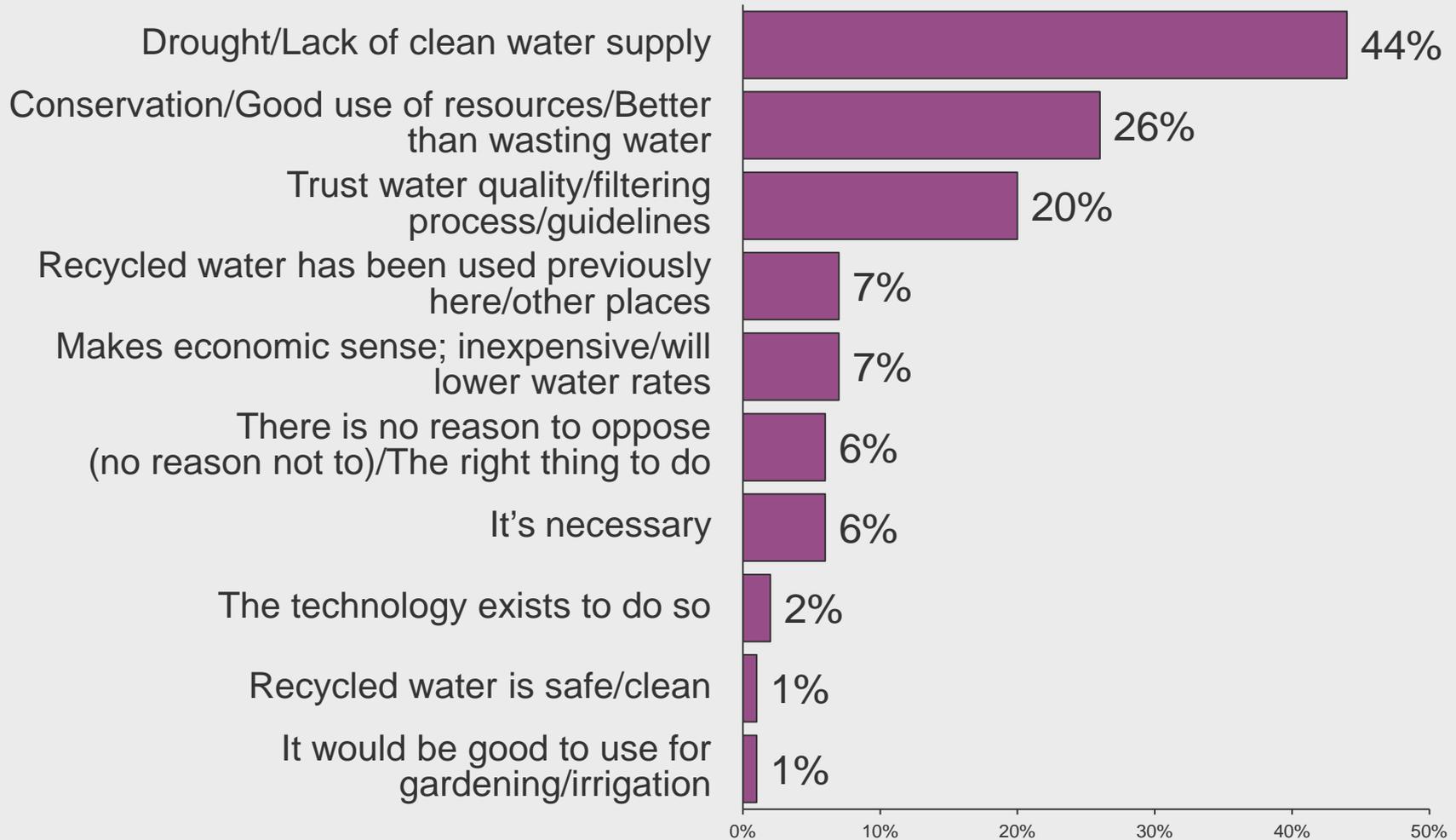
13 Total. Would you support or oppose the direct reuse of recycled water in your community?

# Water Preferences by Demographic Group

| Unfiltered Tap Water         | Filtered Tap Water           | Bottled Water                |
|------------------------------|------------------------------|------------------------------|
| <i>21% of the Electorate</i> | <i>45% of the Electorate</i> | <i>31% of the Electorate</i> |
| Republicans Ages 50+         | Asians/Pacific Islanders     | Interviewed in Spanish       |
| Ages 75+                     | HH Income \$100,000+         | African-Americans            |
| Ages 65+                     | Ages 30-39                   | Latinos                      |
| Ages 65-74                   | Republicans Ages 18-49       | High School Educated         |
| Use All/Mostly Landline      | College-Educated Men         | Income Under \$50,000        |
| Whites                       | Post-Graduate Educated       | Non-College Educated Women   |
| Post-Graduate Educated       | Four-year College or More    | Some College or Less         |
| Republican Men               | Homeowners                   | Non-College Educated Men     |
| Ages 50+                     | Four-year College Graduates  | Voters of Color              |
| Women Ages 50+               | College-Educated Women       | Some College Education       |
| Men Ages 50+                 | Have Children at Home        | Renters                      |
| Four-year College or More    | Santa Clara                  | San Diego                    |
| Santa Clara                  | Republicans                  | Democrats Ages 18-49         |
| College-Educated Women       | Democrats Ages 18-49         | Ages 18-29                   |
| Republicans                  | Democratic Men               | Interviewed on Cell Phone    |

# A desire for an **expanded water supply** is the primary motivation for DPR supporters.

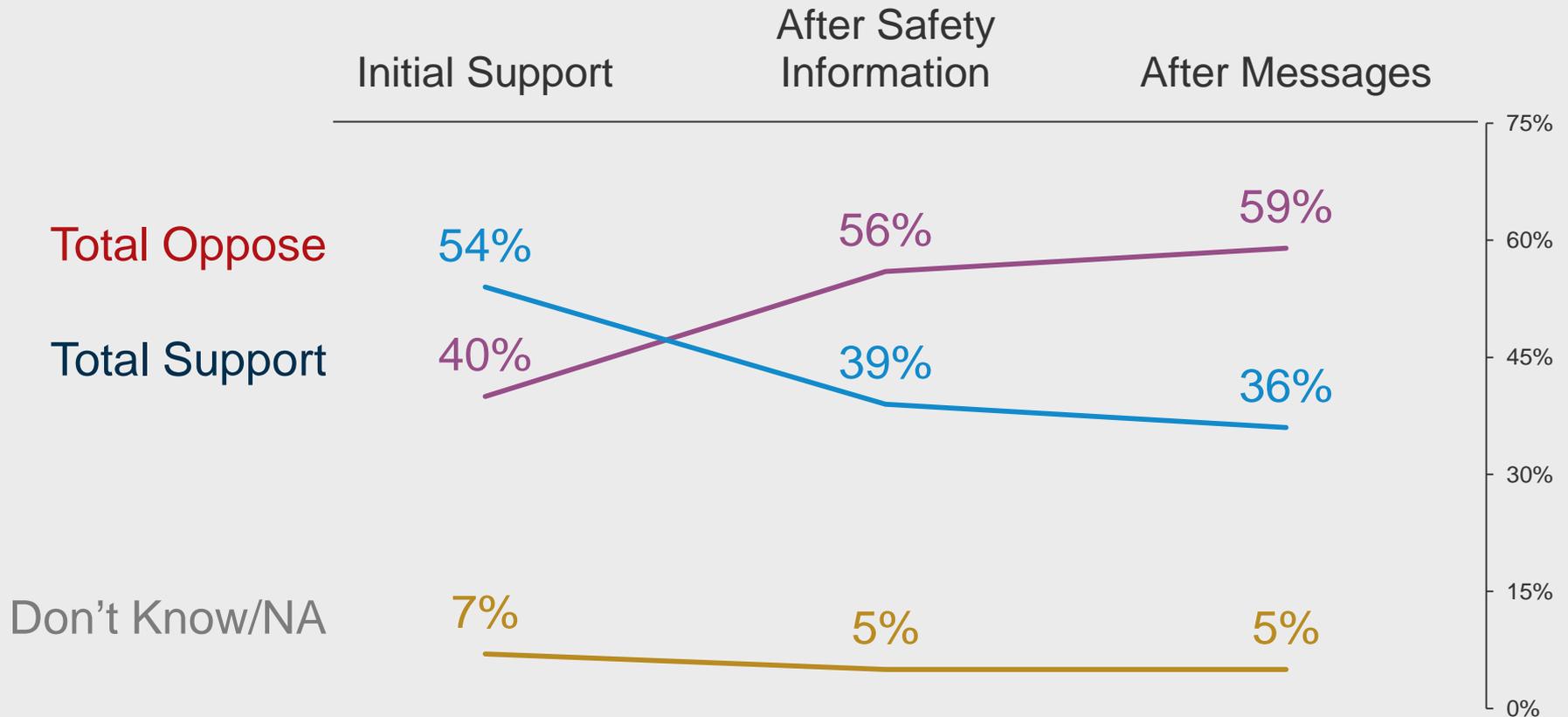
Why would you **SUPPORT** direct reuse of recycled water for drinking in your community?



Q14a. Open end: Responses grouped: Asked of direct potable reuse supporters only

Though they are initially opposed, voters quickly become **more comfortable** with direct potable reuse after information about **safety**.

*Do you support or oppose direct reuse of recycled water in your community for all household purposes, including drinking?*

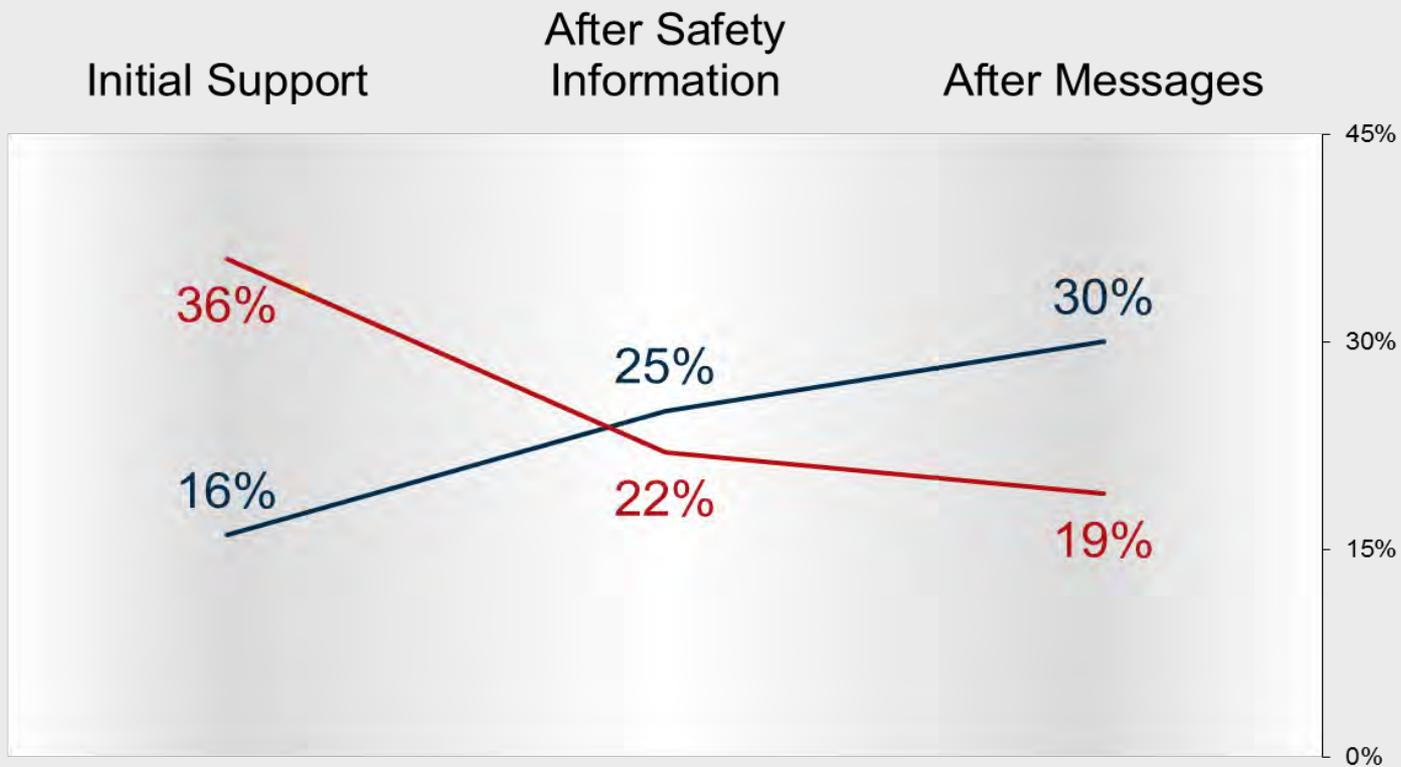


Q13 Total/Q18/Q20.

Source: FM3

*Intensity* of support for DPR also goes up sharply with more information.

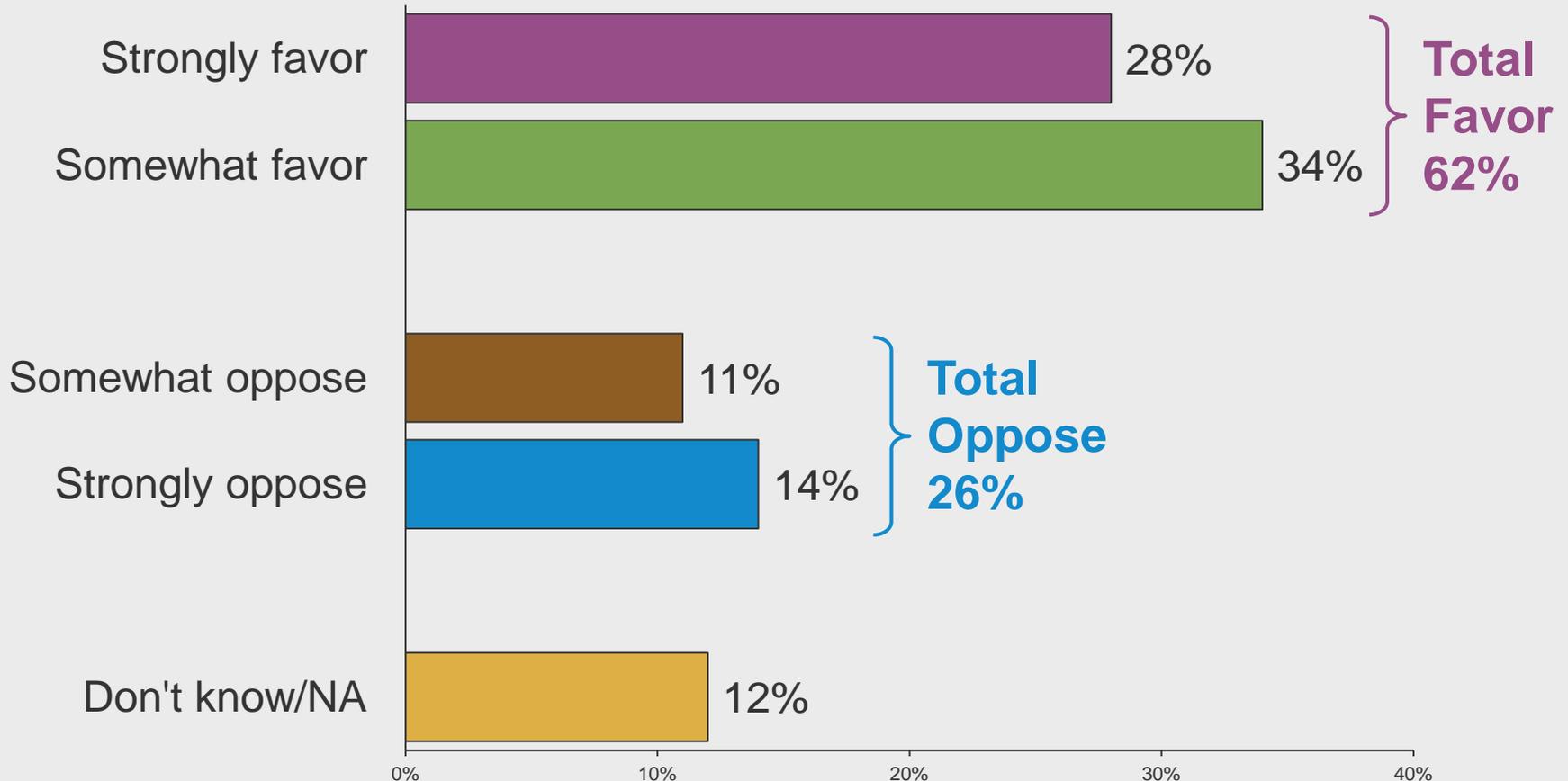
*Do you support or oppose direct reuse of recycled water in your community for all household purposes, including drinking?*



Source: FM3

# Even a **basic description** of the process involved in direct potable reuse **inspires** more **confidence**.

*How would you feel about using advanced treated recycled water as an addition to the supply of drinking water, that is water treated with ultra-filtration, reverse osmosis, and advanced oxidation?*



# Recent polling reported in SJ MERC

## Bay Area Council 2015

88% of public favored expanding recycled water

58% favor adding appropriately treated recycled water to their drinking supply

### Public supports most drought measures

According to the latest Bay Area Council online poll, a majority of Bay Area residents are in favor of building new dams and reservoirs, expanding desalination and recycled water.

|  | Strongly favor | Somewhat favor | Somewhat oppose | Strongly oppose | Don't know |
|--|----------------|----------------|-----------------|-----------------|------------|
| Expanding the use of recycled water  | 50%            | 38%            | 5%              | 2%              | 4%         |
| Increasing efficiency standards for farms  | 46             | 38             | 7               | 3               | 7          |
| Expanding seawater desalination  | 37             | 38             | 9               | 3               | 12         |
| Placing mandatory water restrictions that would be subject to fines and other penalties                | 26             | 42             | 17              | 10              | 5          |
| Adding appropriately treated recycled water to drinking water supplies                                 | 23             | 35             | 18              | 12              | 11         |
| Building new dams and reservoirs   | 23             | 40             | 17              | 6               | 13         |
| Requiring home-owners to pay a "drought fee" of about \$5 per month on top of their monthly water bill | 11             | 25             | 25              | 31              | 8          |
| Raising water rates  | 7              | 24             | 32              | 32              | 6          |

# Demographic Profiles of the Segments

| <b>Consistent Support</b>    | <b>Swing</b>                 | <b>Consistent Oppose</b>     |
|------------------------------|------------------------------|------------------------------|
| <b>38% of the Electorate</b> | <b>31% of the Electorate</b> | <b>32% of the Electorate</b> |
| Ages 18-29                   | Ages 75+                     | Interviewed in Spanish       |
| Independents Ages 18-49      | Women Ages 50+               | African-Americans            |
| Independent Men              | Non-College Educated Women   | High School Educated         |
| College-Educated Men         | Whites                       | Republicans                  |
| Men Ages 18-49               | Santa Clara                  | Republicans Ages 50+         |
| Democrats Ages 18-49         | Democratic Women             | Republican Women             |
| Democratic Men               | Republican Women             | Republican Men               |
| Ages 18-49                   | Interviewed in English       | Republicans Ages 18-49       |
| Use All/Mostly Cell Phone    | Women                        | Women Ages 50+               |
| Men                          | Ages 50+                     | Latinos                      |
| Interviewed on Cell Phone    | College-Educated Women       | Voters of Color              |
| Renters                      | Ages 50-64                   | Use All/Mostly Landline      |
| HH Income \$50,000-\$100,000 | Have Children at Home        | Have Children at Home        |
| San Diego                    | Post-Graduate Educated       | Ages 65+                     |

# Key messages for Santa Clara County

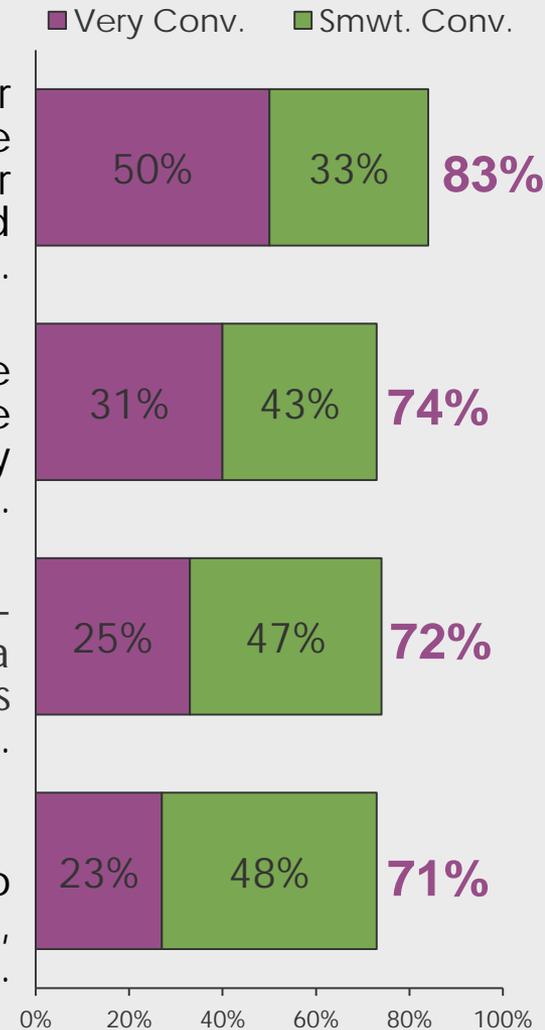
## Water Reuse

**(ENVIRONMENT)** Using recycled water is good for our environment. The more recycled water we use, the less we have to take out of rivers and streams and our scarce groundwater supplies. That's good for rivers, streams, and the fish, plants and wildlife that rely on them.

**(SUPPLY)** We need to consider all options to ensure a reliable and locally-controlled supply of water for ourselves and future generations that will not be dependent on decisions made by agencies in other parts of the state.

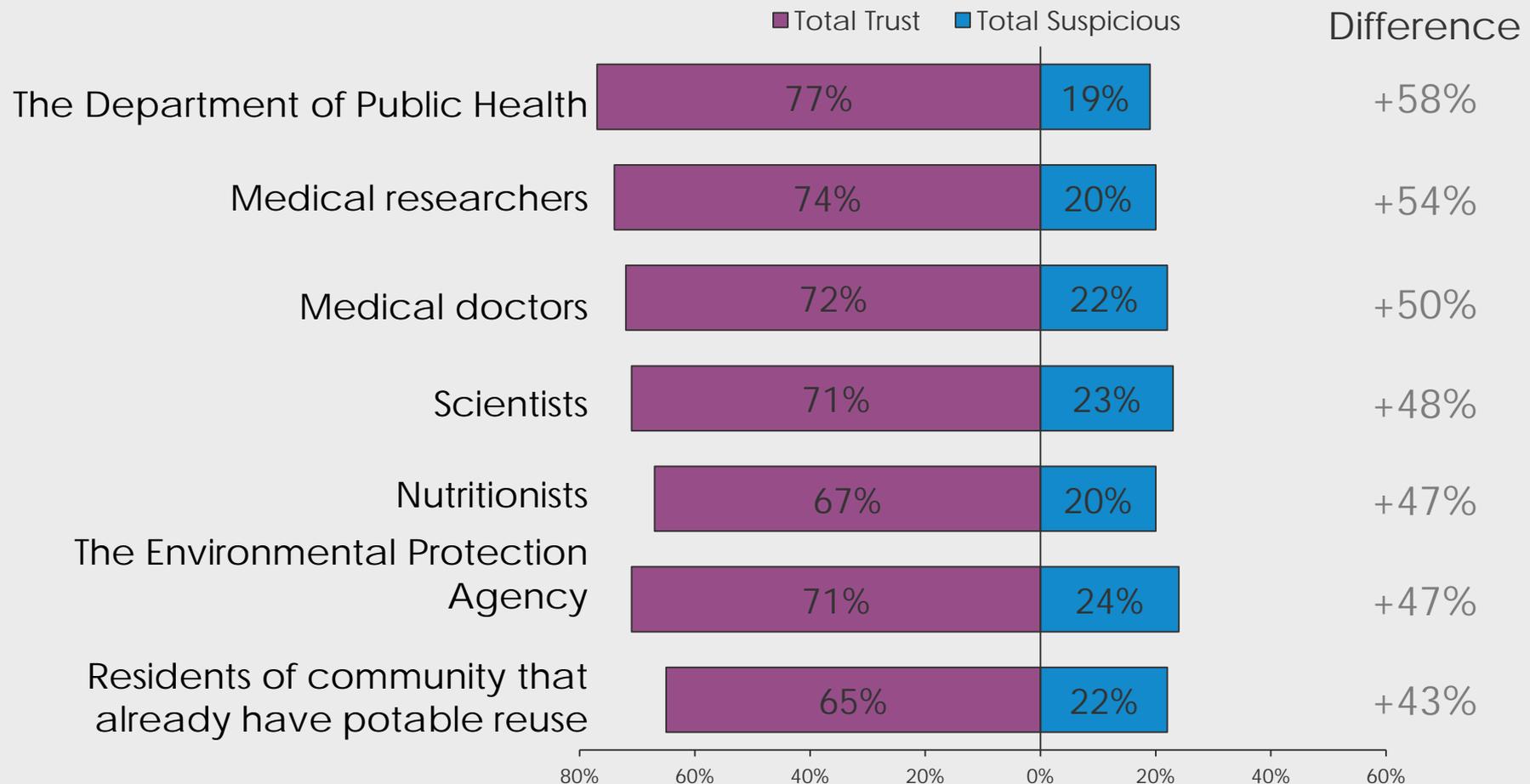
**(PURIFICATION)** The water purification process uses state-of-the-art multi-stage technology and monitoring. It cleans water to a very high standard, and ensures that drinking water produced is safe and free of harmful chemicals and toxins.

**(DROUGHT-PROOF)** Recycling water is a drought-proof way to help ensure a reliable supply of water to meet local needs, independent of climate change or weather in other locations.



# Top messengers are those with scientific expertise

*I am going to read you a list of people and organizations that may provide information about recycled water. Please tell me if you would generally trust that person's or organization's opinion on this issue, or if you would be suspicious of it.*



Part 2:  
Purified water outreach tools

# Building public support – Media relations

# WIRED

KQED NEWSROOM: Silicon Valley Thirsty for Recycled Water  
March 7, 2014



NBC Bay Area: New Water Treatment Plant Coming to Silicon Valley  
March 12, 2014



news • U.S. • around the nation

## Here, Drink A Nice Glass Of Sparkling Clear Wastewater

Listen to the Story  
All Things Considered

### 'TOILET-TO-TAP' WATER PURIFYING HITS CALIFORNIA

'Cleaner than all of our other water sources'

Published: 07/23/2013 at 2:26 AM

**QUEST** The Science of

Home icon | Water | Food | Energy | Climate | B

(SANFRANCISCO.CBSLOCAL) — The source for Santa Clara County's virtually limitless water is the new \$68 million sewage treatment plant. The water won't be going into homes due to the stigma regarding



### Silicon Valley Advanced Water Purification Center To Turn Sewage Into Drinkable Water (VIDEO)

### Water Recycling Comes Of Age In Silicon Valley

Audio Report by Amy Standen for QUEST Northern California on Jul 19, 2013

# Building public support- Materials

- SV Business Journal Ad Supplements
- Fact Sheets
- Program Shells
- FAQs
- Project Maps
- Message Cards
- Tour Brochures

pure  
WATER  
pure  
TECHNOLOGY

Microfiltration

Reverse Osmosis

Purifying Water for a Sustainable Tomorrow

Ultraviolet Light

siliconvalley  
ADVANCED WATER PURIFICATION CENTER

Attachment 2  
Slide 31 of 68

ADVERTISING SUPPLEMENT | JULY 12, 2013

# Building Public Support - Partnership Marketing



- Levi's® Stadium / 49er ads
  - Game Day Print Ad
  - In screen TV (LPTV)
  - Digital Stadium banners

## The Wave of the Future is Here.

*Recycled water makes up a majority of all water used in Levi's® Stadium.*

Levi's® Stadium is the first stadium in California to use recycled water for non-drinking purposes such as irrigating a 27,000 square foot green roof and cooling tower water. Inside, the stadium is dual plumbed with recycled water used for toilet flushing, setting new standards for being green.

The stadium gets its recycled water from the South Bay Water Recycling program which takes treated wastewater cleaned at the San José-Santa Clara Regional Wastewater Facility and blends it with water purified at the newly opened Silicon Valley Advanced Water Purification Center — the newest facility built and operated by the Santa Clara Valley Water District.

The Silicon Valley Advanced Water Purification Center in San José produces up to 8 million gallons of purified water per day, making it the largest advanced water treatment technology plant in northern California. Purified recycled water is one new, locally developed and reliable water supply. Using the latest proven technologies in water purification, it is a drought-proof water supply that can help ensure the Silicon Valley has safe, sustainable water now and into the future.

For more information or to visit the facility for a tour, visit [www.purewater4u.org](http://www.purewater4u.org).



**siliconvalley**  
ADVANCED WATER PURIFICATION CENTER

Santa Clara Valley  
Water District



# Building a virtual presence – Website



Advanced Water Purification Processes

Purification Center Location

Purification Center Virtual Tour

### Sign Up!

Keep up to date with recycled water and other water-related issues!

Sign-up for our emails:

Email \*

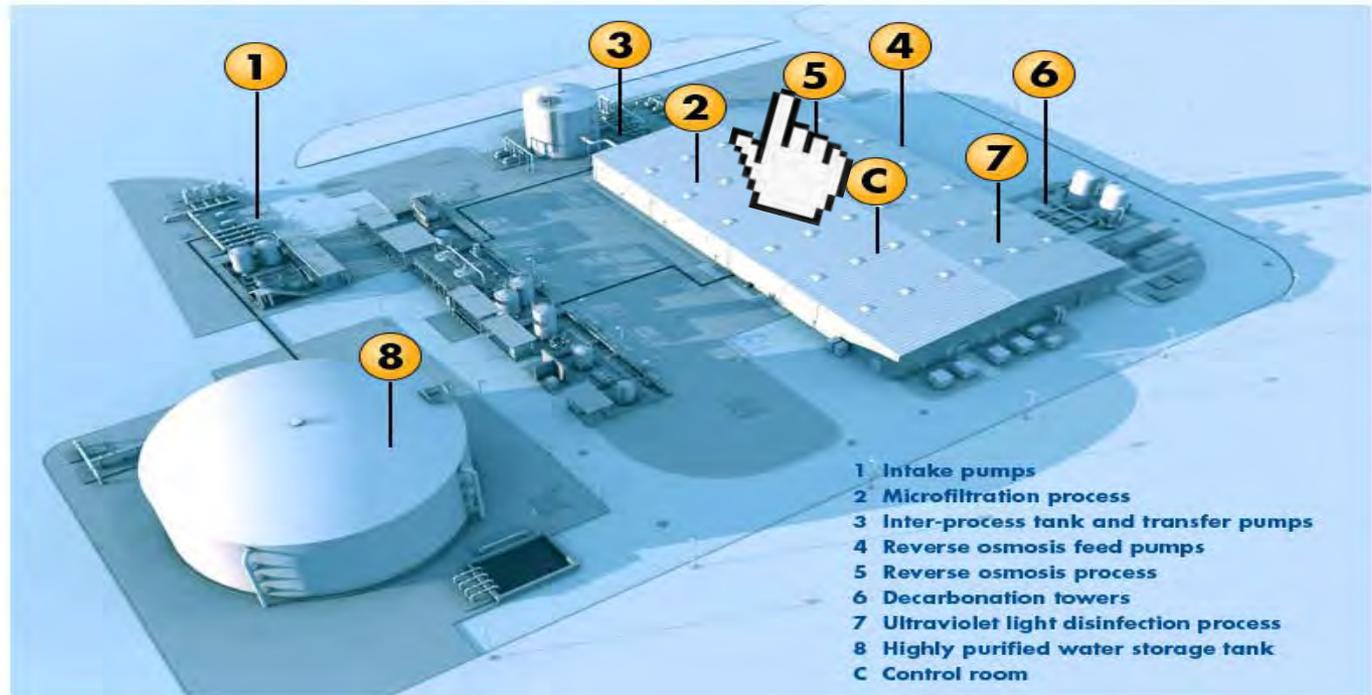
Submit

You can find us on



[Contact Us!](#)

## Silicon Valley Advanced Water Purification Center Virtual Tour



# Building a virtual presence – Social media

- Social media
  - Facebook ads
  - eNews
  - YouTube videos



**Santa Clara Valley Water District**  
April 28

Thank you Santa Clara University engineering students for coming to visit the state-of-the-art Silicon Valley Advanced Water Purification Center. We are no longer a construction site! Public tours will begin after the official grand opening.



Like · Comment · Share 2 Shares

 Kyoyu Yorokobi, Santa Clara County Open Space Authority, Daylon Johnson and 24 others like this.

 **Amber Catherine Kerr** Ooh, exciting! I'd love to go on a tour!  
April 28 at 4:50pm

 **Tracy Dale Burke Broadway** AWESOME! Can't wait to tour it myself!  
April 29 at 9:20am

 **Anderson Brulé Architects** When is your grand opening??  
April 29 at 9:55am

 **Santa Clara Valley Water District** The facility will open this summer for public tours, and we will offer an online tour registration on the website [www.purewater4u.org](http://www.purewater4u.org). In the meantime, don't forget to check out the virtual tour at <http://www.purewater4u.org/SVAWPC-Tour>

 **PureWater4u.org**  
[www.purewater4u.org](http://www.purewater4u.org)  
The Santa Clara Valley Water District is responsible for securing, managing and d...  
[See More](#)

April 29 at 5:27pm · Edited

 **World Aqueduct Day - Día Mundial del Acueducto** Shared

# Building a virtual presence - Videos

- CreaTV Show
- YouTube Channel
- Leverage WaterReuse videos
- Pure Water Silicon Valley Video – next



2. Reverse Osmosis

12:15 / 26:52

People Behind Your Water: Tour the Advanced Water Purification...

SCVWD Valley Water - 80 videos

558 views

Subscribe 42

Like

About Share Add to

Published on May 3, 2013

(Ep. 9) In this episode of "People Behind Your Water" we take a tour of the new Silicon Valley Advanced Water Purification Center, currently under construction and due to open in late Summer 2013.

Show more

# Featured Global Connection Map videos

The screenshot shows a web browser window with the URL <http://raywiggins.com/map/VA/>. The browser's address bar and menu bar are visible. The page content features a blue header with the text "WATER REUSE FOR DRINKING | AROUND THE WORLD" and a green navigation bar with links for "HOME", "LOCATIONS", "FAQ", and "HELP". A map of the San Francisco Bay Area is displayed, with a circular icon over the Santa Clara Valley. An information popup window is overlaid on the map, titled "Santa Clara Valley Water District". The popup contains text describing the district's mission and the Silicon Valley Advanced Water Purification Center (SVAWPC). It also includes a "Featured Videos" section with three video thumbnails: "Santa Clara Valley Water District: The Story", "Santa Clara Valley Water District Need", "Santa Clara Valley Water District Benefits", and "Santa Clara Valley Water District Sustainability". Below the videos are two more sections: "Is it Safe?" and "Fundamentals & Process". At the bottom of the popup, there are two website links: [purewater4u.org](http://purewater4u.org) and [valleywater.org](http://valleywater.org). The background map shows various cities and geographical features, including San Francisco, San Jose, and the San Francisco Bay.

Drinking Water Reuse - Aro...

File Edit View Favorites Tools Help

Convert Select Google Search More Sign In

AP Associated Press Stylebook HootSuite save20gallons.org Suggested Sites Dad suspected in sons...

HOME LOCATIONS FAQ HELP

Map Satellite

## Santa Clara Valley Water District

The Santa Clara Valley Water District ensures a safe, clean water supply to sustain the vibrant Silicon Valley economy and quality of life for nearly 1.9 million residents and thousands of businesses.

The Silicon Valley Advanced Water Purification Center (SVAWPC) is a state-of-the-art facility, which came online in March 2014. The facility takes secondary-treated wastewater and purifies it to a very high quality by using microfiltration, reverse osmosis, and ultraviolet disinfection technologies. The result is 8 million gallons a day of highly purified water that is expected to match California drinking water quality standards.

The facility is the largest of its kind in Northern California. It has dual purposes: (1) to enhance the quality and expand the use of non-potable recycled water, and (2) to demonstrate proven technologies and the ability of the Santa Clara Valley Water District to produce purified water that can potentially be used to expand drinking water supplies.

[purewater4u.org](http://purewater4u.org)

[valleywater.org](http://valleywater.org)

*Featured Videos*

- Santa Clara Valley Water District: The Story
- Santa Clara Valley Water District Need
- Santa Clara Valley Water District Benefits
- Santa Clara Valley Water District Sustainability

Is it Safe?

Fundamentals & Process

Attachment 2  
Slide 36 of 68

Part 3:  
SVAWPC serves as outreach anchor

# Tour program: metrics

As of July 2015

Total FY15:  
989 visitors  
73 tours

Public Tours:

- ▶ 99% rate experience as "excellent" or "good"
- ▶ 94% overall support of potable reuse



**Let's have a tour!**



# Public tour program: pre-post surveys

How do you feel about having **purified water** as part of your **drinking water supply**? (potable reuse)



**94% overall support**

|                  | Pre Tour | Post Tour     |
|------------------|----------|---------------|
|                  | Percent  | Percent       |
| Strongly support | 44.45%   | <b>59.85%</b> |
| Support          | 41.5%    | <b>33.65%</b> |
| Oppose           | 3.6%     | 1.9%          |
| Strongly oppose  | 0%       | 0.35%         |
| No opinion       | 10.65%   | 6.2%          |

# Tour attendees **post** response APW for IPR vs. DPR

Post tour results show *identical* support levels for **both** IPR / DPR

**Total Overall:**

IPR = 90.4%

v.

DPR = 90.7%

|                         | <b>IPR</b> |              | <b>DPR</b> |               |
|-------------------------|------------|--------------|------------|---------------|
|                         | Count      | Percent      | Count      | Percent       |
| <b>Strongly support</b> | 368        | <b>65.3%</b> | 318        | <b>56.3%</b>  |
| <b>Support</b>          | 142        | <b>25.1%</b> | 194        | <b>34.35%</b> |
| Oppose                  | 16         | 2.85         | 16         | 4.5           |
| Strongly oppose         | 6          | 1.05         | 2          | .35           |
| No opinion              | 32         | 5.65         | 35         | 6.2           |

# Tour program survey comments

## Value of Tour (*take-a-ways*)

"My thoughts on bottled water was that it was the cleanest and safest way to consume water and following this tour my perspective changed."

"Waste water is easier to treat than sea water."

## Suggestions/ Improvements:

" If we were able to drink the water."

# Community Open House Oct. 24, 2015

Guided Tours - Taste Tests - Video Testimonials  
Water Gallery - Kids Fun Zone - Santa Clara  
Water Express Truck - Media briefing



# OH event outcomes



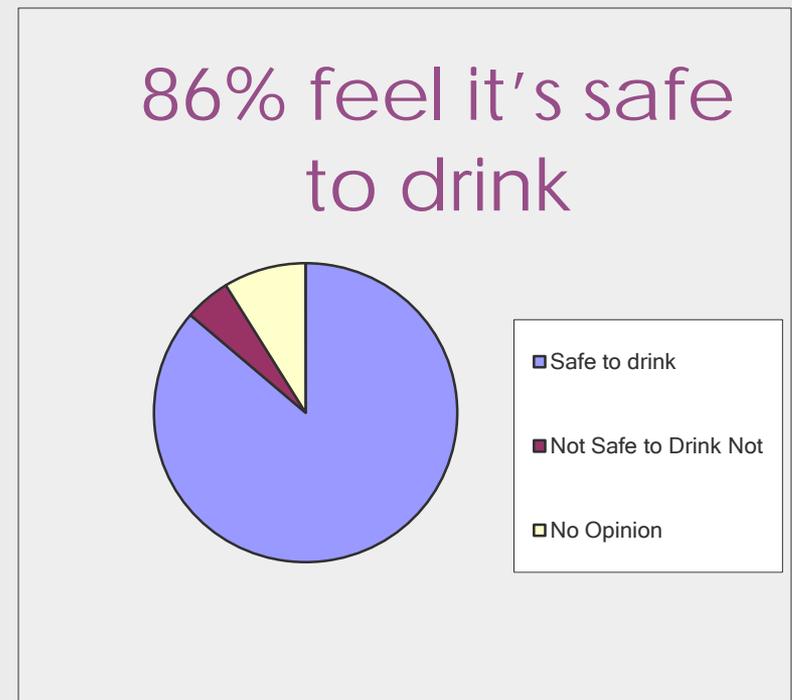
- ▶ Approx. 90% of visitors took taste test challenge
  - ▶ 207 completed surveys
  - ▶ 63 completed supporter cards
  - ▶ 45 video testimonials



# OH event survey results

- ▶ How **safe** do you think it is to drink advanced purified water produced from recycled water **today**?

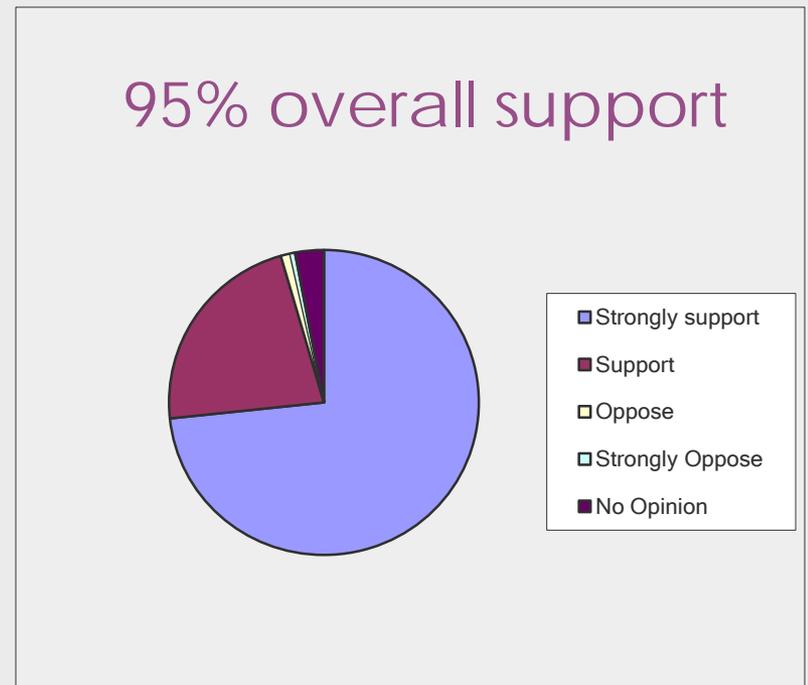
| Answer Options        | Response Percent | Response Count |
|-----------------------|------------------|----------------|
| Safe to drink         | 86.3%            | 176            |
| Not Safe to Drink Not | 4.9%             | 10             |
| No Opinion            | 8.8%             | 18             |
| answered question     |                  | 204            |
| skipped question      |                  | 3              |



# OH event survey results

How do you feel about using advanced purified water to **replenish** our groundwater basins to **augment** our drinking water supplies?

| Answer Options    | Response Percent | Response Count |
|-------------------|------------------|----------------|
| Strongly support  | 73.4%            | 149            |
| Support           | 22.2%            | 45             |
| Oppose            | 1.0%             | 2              |
| Strongly Oppose   | 0.5%             | 1              |
| No Opinion        | 3.0%             | 6              |
| answered question |                  | 203            |
| skipped question  |                  | 4              |



# OH survey comment - highlights

93 people responded in survey comments...

"I feel it is safe drinking water - not concerned anymore about drinking recycled water."

"Fantastic! Yay! Fascinating! I am a liberal arts major and even I understood most of it. Well done."

"The guides were very well informed and provide excellent information! Thank you."

"Keep up the great job! We need this water to protect us against drought NOW and in the future."

# OH testimonials



# VERGE Conference Oct. 29, 2015

Approx. 150 business tech conference attendees stopped by table to take taste tests

*Verbal question posed:*

"What did you think of the purified water?"

"Why aren't we using this as tap/ drinking water today?"

"It tastes just like water!"



Conclusion:  
Plans for 2016 and beyond

# Key Stakeholders

## Reached – via Tours or Meetings

### ▶ Elected Officials & Civic Groups



- ▶ Statewide/ local elected officials
- ▶ League of Women Voters
- ▶ Bay Area Council
- ▶ The Bay Institute

### ▶ SV Businesses



- ▶ Silicon Valley Leadership Group
- ▶ Building + Construction Trades Council
- ▶ Apple, Google, Cisco, etc.
- ▶ Panasonic, AT&T, etc.

### ▶ Environmental groups



- ▶ Regional US EPA Region 9
- ▶ US Fish & Wildlife Services
- ▶ Nature Conservancy
- ▶ Defenders of Wildlife

### ▶ Academics/ Schools



- ▶ SJSU
- ▶ Stanford
- ▶ Santa Clara University
- ▶ UC Berkeley

## Actively Reaching 2016

### ▶ 1<sup>st</sup> Tier



- ▶ Local County Public Health & Environmental Officials



- ▶ Medical/ health practitioners
- ▶ State & local Environmental NGOs

### ▶ 2<sup>nd</sup> Tier



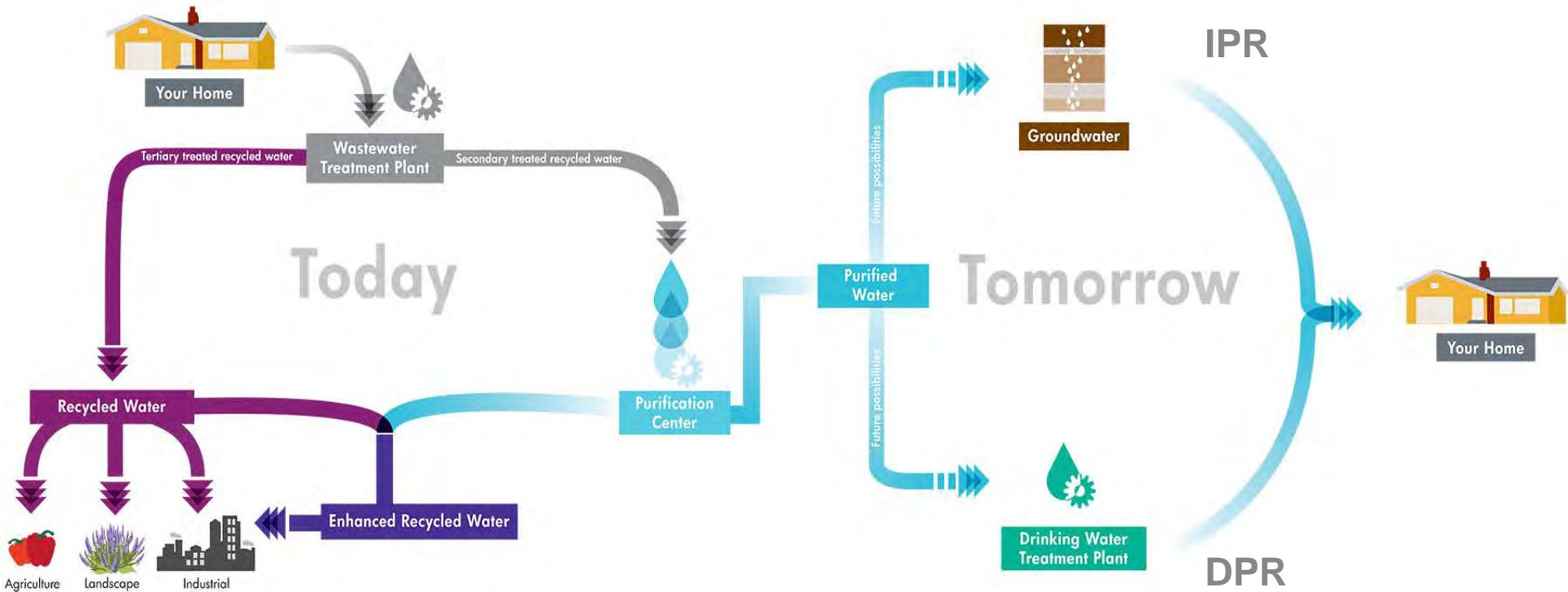
- ▶ Academic professors
- ▶ Multi-Cultural Organizations
- ▶ Neighborhood Associations
- ▶ HOAs

# Continuing to build public support 2016

- Community Outreach
  - Targeted open houses/events
  - External taste test events
  - Multicultural campaigns
  - University partnerships
- Stakeholder Outreach
  - Briefings with key stakeholders
  - Supporter campaign
  - Water summits/ symposiums
  - Speaker's bureau presentations
  - Regional tour program



# Pathways to potable reuse



# Meet the purified water outreach team



**Marta Lugo**  
Program Lead  
Sr. Public Info Rep III



**Michelle Pelayo-Osorio**  
Katz Contractor/  
Community Outreach  
Specialist



**Amy Fry**  
Katz Contractor/  
Program Coordinator



**Marisol Caballero**  
Temp Contractor/  
Public Info Rep I



**Olivia Nunez**  
Temp Contractor/  
Public Info Rep I

Thank you

Questions?



[purewaterSV.org](http://purewaterSV.org)

# A. Program Update

## San Jose Integration Agreements

| Issues             | Current           | Proposed          |
|--------------------|-------------------|-------------------|
| Land               | 5 acres           | 20+ acres         |
| Treated wastewater | 12 mgd            | ~ 50 mgd          |
| Wastewater quality | Secondary treated | Tertiary treated? |
| RO Concentrate     | ~ 2 mgd           | ~ 8 mgd           |

# B. Affirmation of Dual Track SOQ Solicitation

## B. Dual Track Affirmation

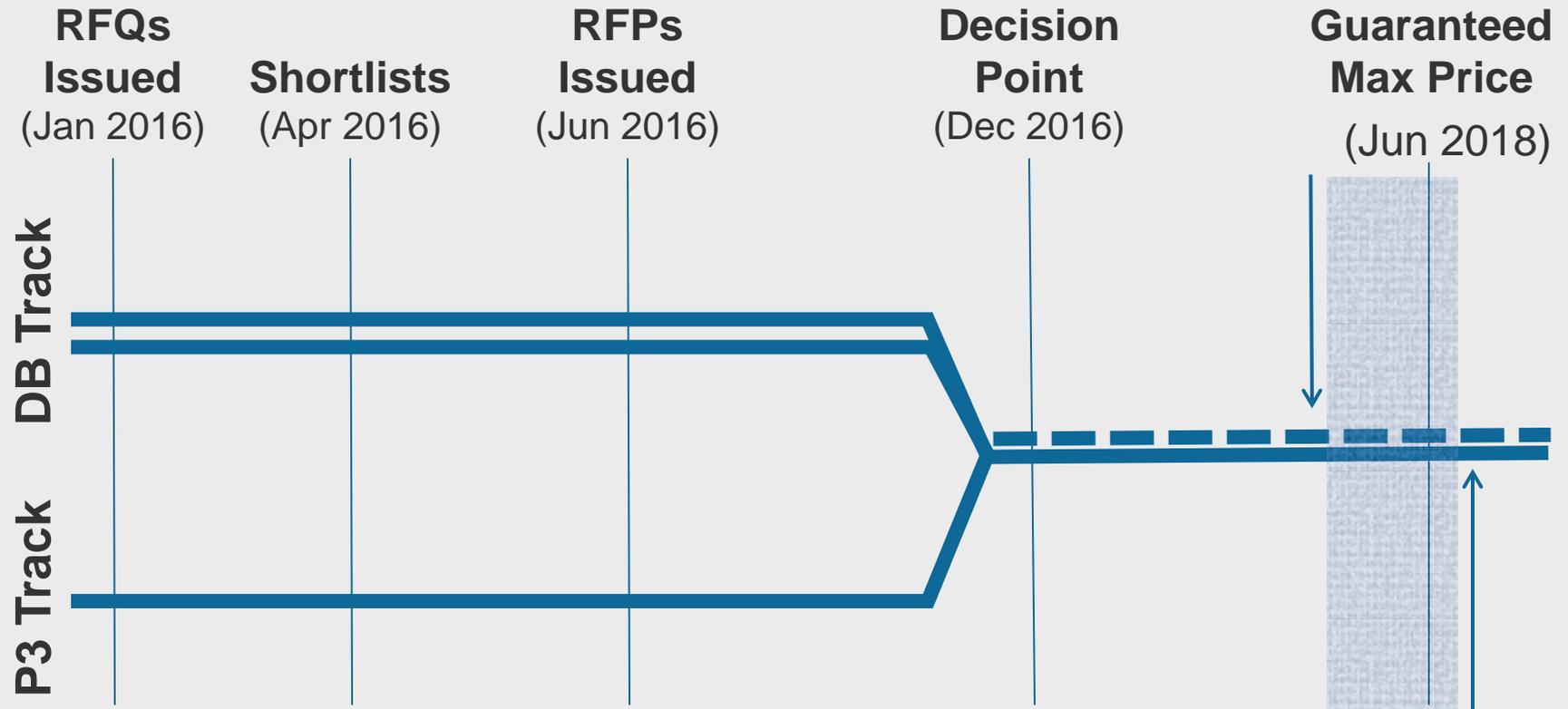
July 28, 2015 Motion: Approve dual track strategy and authorize staff to:

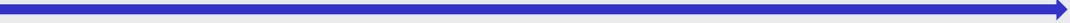
- A. Continue P3 track; research P3 financial and legal issues; develop the RFQ; and provide the Board with update at the September 22, 2015 meeting; and
- B. Continue with planning design of the SVAWPC expansion by DBB or DB.

## B. Dual Track Affirmation

| Step | Description                               | Schedule         |
|------|---|------------------|
| 1    | Request for Qualifications                | January 15, 2016 |
| 2    | SOQ Evaluation and Shortlist              | April 2016       |
| 3    | Further Program Development               | April – May 2016 |
| 4    | Solicit Proposals                         | June 2016        |
| 5    | Evaluation of Proposals                   | Oct – Nov 2016   |
| 6    | District Determination of Delivery Method | December 2016    |
| 7    | Negotiation/Execution Stage 1 Agreement   | April 2017       |
| 8    | Complete Stage 1 Work                     | May 2018         |
| 9    | Decision to Proceed to Stage 2            | July 2018        |
| 10   | Implementation of Stage 2                 | September 2018   |

## B. Dual Track Affirmation



Procurement Steps 1 to 8 

## B. Dual Track Affirmation SOQ Solicitation Threshold Questions

- 1. Is the Board open to working with a P3 entity on implementation of the expedited purified water program if the District's financial and operational interests can be met with such an arrangement?**
- 2. Is the Board open to a P3 entity providing operations and maintenance (O&M) for the new purified water facilities and associated infrastructure if the District's financial and operational interests can be met with such an arrangement?**
- 3. Is the Board open to contracting with one P3 entity vs. spreading design-build or design-bid-build work among multiple firms and contractors?**

## B. Dual Track Affirmation

### SOQ Solicitation Threshold Question - #1

**Is the Board open to working with a P3 entity on implementation of the expedited purified water program if the District's financial and operational interests can be met with such an arrangement?**

| Pros                       | Cons                           |
|----------------------------|--------------------------------|
| Lower total cost potential | Inaugural venture for District |
| Risk transfer              | Operational uncertainties      |
| Faster delivery potential  | Labor concerns                 |

## B. Dual Track Affirmation

### SOQ Solicitation Threshold Question - #2

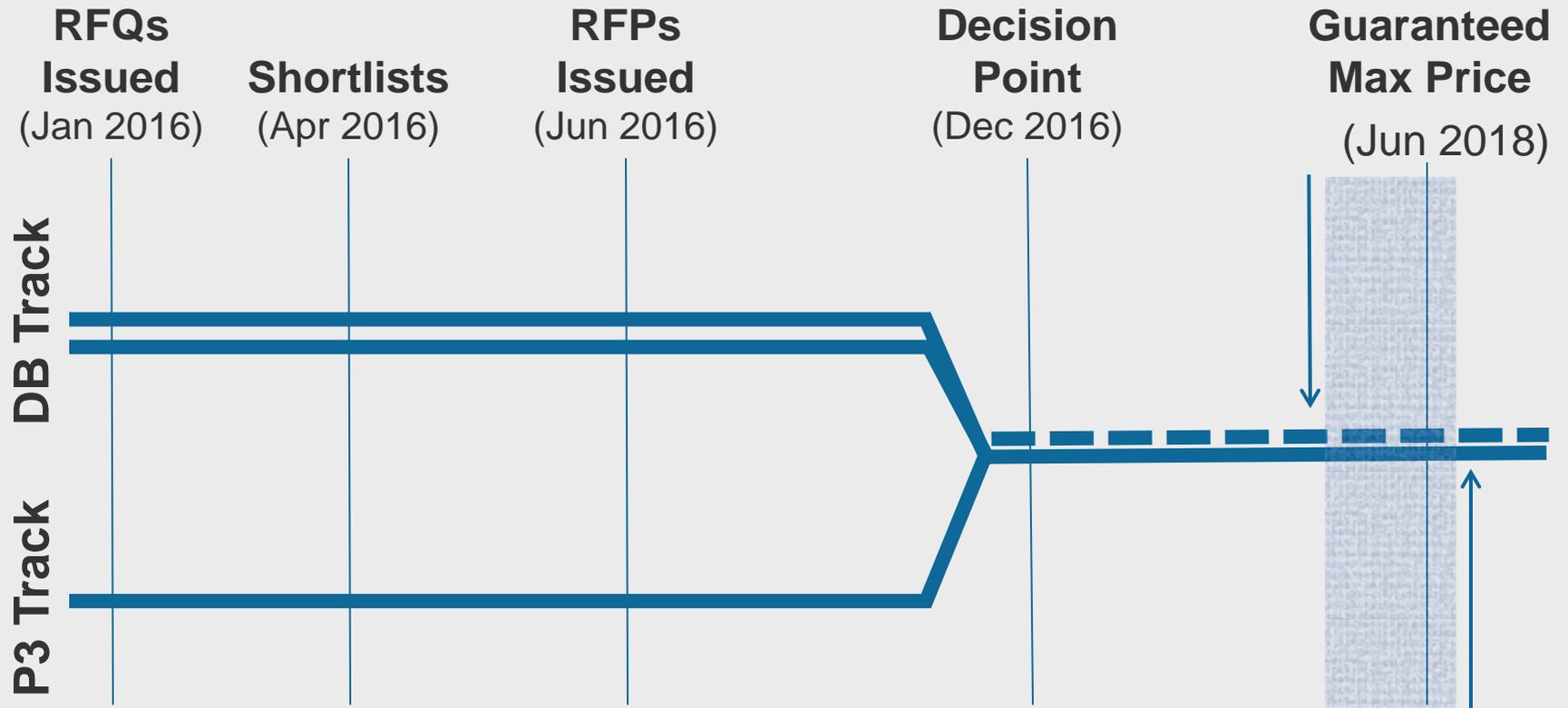
**Is the Board open to a P3 entity providing operations and maintenance (O&M) for the new purified water facilities and associated infrastructure if the District's financial and operational interests can be met with such an arrangement?**

| Pros  | Cons  |
|---|---|
| Ties design to operations for overall performance     | Requires detailed specification of water delivery and facility downtime |
| Potential for efficiency: labor, energy and chemicals | Access to Power and Water Resources Pooling Authority power?            |
| Private entity owns staffing risks                    | Labor concerns  |

**Is the Board open to contracting with one P3 entity vs. spreading design-build or design-bid-build work among multiple firms and contractors?**

| Pros   | Cons   |
|--|--|
| Risk consolidated into a single point of contact   | Risk consolidated, not distributed, amongst multiple parties         |
| Simplifies District management (i.e., don't have to coordinate amongst multiple parties) | Contract with single entity reduces opportunities to distribute work |

## B. Dual Track Affirmation



# C. Financial Advisory Contract Amendment

## C. Financial Advisory Contract Amendment

- ▶ Board approved Financial Advisory Contract in September 2012
- ▶ PRAG subcontract to Clean Energy Capital due to P3 expertise
- ▶ Request increase in Financial Advisory Services Agreement by \$1.45M, to maximum of \$2.375M

# D. Project Labor Agreement

## D. Project Labor Agreement (PLA)

- ▶ PLA's not used on prior projects.
- ▶ Historical risk of delay due to labor concerns very low.
- ▶ District monitors contractors to verify prevailing wage compliance.
- ▶ PLA development = schedule delay.