

**MINUTES OF THE  
SAN JOSE/SANTA CLARA  
TREATMENT PLANT ADVISORY COMMITTEE**  
City Hall, Council Chambers  
Thursday, September 10, 2015 at 4:30 p.m.

**1. ROLL CALL**

Minutes of the Treatment Plant Advisory Committee convened this date at 4:31 p.m. Roll call was taken, with the following members in attendance:

**Committee members:** Jose Esteves, John Gatto, Pat Kolstad, Steven Leonardis, Manh Nguyen, Pierluigi Oliverio, Dave Sykes, Jamie Matthews (arrived at 4:46 pm)

**Absent:** Sam Liccardo

Committee Member Kolstad was asked to chair meeting in absence of Jamie Matthews. All agreed.

**2. APPROVAL OF MINUTES**

A. August 13, 2015

**Item 2.A was approved to note and file.**

**Ayes – 7** (Esteves, Gatto, Kolstad, Leonardis, Nguyen, Oliverio, Sykes,)

**Nays – 0**

**Absent – 2** (Liccardo, Matthews)

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

**4. DIRECTORS REPORT**

A. Directors Report 9/10/15

Director Romanow shared news of a recent Organizational Excellence award from the California Association of Sanitation Agencies for the Wastewater Facility CIP program. This award recognized the excellent work the team has done in setting up and implementing one of the largest wastewater CIP programs in the state.

Director Romanow also provided an update on the financing for the RWF CIP. A detailed report has been included as an attachment to these minutes.

Acting Chair Kolstad allowed discussion on Items 6B-E under this item as requested by Committee Member Gatto, after confirming that there were no objections.

Jamie Matthews arrived a few minutes in to the discussion, assumed duties of the Chair and facilitated discussion on Items 6B-E.

Discussion Conclusion: Staff stated that a substantive amount of information had already been provided to all agencies; however they were unable to provide exact repayment terms ahead of the actual financing. Staff also reiterated that an indication of interest in external financing was not binding; any commitment would be memorialized through a subsequent agreement. At the request of several TPAC members, the deadline for confirming participation in external financing was extended to Tuesday, September 15, 2015. Staff also confirmed that, in accordance with prior TPAC direction and contrary to mistaken assumptions, the Master Agreement amendments would be focused on operating reserve contributions and changes necessary to facilitating the financing such as financing terms and agreement terms. Some TPAC members stated that they are interested in pursuing other changes to the Master Agreement. Staff indicated that other changes to the Master Agreement could be considered separately from the proposed amendments.

Subsequent to the meeting adjournment, West Valley Sanitation District and Cupertino noted their interest in external financing. Staff will follow up with Burbank and CSD 2-3 on their responses, which were still pending.

5. **AGREEMENTS/ACTION ITEMS**

A. **Burrowing Owl Habitat Improvements at the Regional Wastewater Facility**

**Staff Recommendation:**

Accept this progress report highlighting ongoing habitat management activities for the Western Burrowing Owl on San José-Santa Clara Regional Wastewater Facility bufferlands.

**The proposed progress report is scheduled for Council consideration on October 6, 2015.**

**On a motion by Committee Member Kolstad and a second by Committee Member Gatto, TPAC unanimously approved to adopt the staff recommendation for item 5.A.**

**Ayes – 8** (Esteves, Gatto, Kolstad, Leonardis, Matthews, Nguyen, Oliverio, Sykes,)

**Nays – 0**

**Absent – 1** (Liccardo)

Ken Davies presented on this item with a PowerPoint detailing the progress of the habitat management.

Committee Member Esteves inquired as to whether or not there was space for more owls, as they are looking to find a safe home for owls recovered from their various sites. Ken Davies confirmed this was a possibility.

**B. Approval of Citywide Insurance Renewals**

**Staff Recommendation:**

Adopt a resolution authorizing the City Manager or Director of Finance, to:

- a. Select and purchase certain City property and liability insurance policies for the period October 1, 2015 to October 1, 2016 at a total cost not to exceed \$1,700,000, with the following insurance carriers:
  - i. American Home Assurance Company for Property & Casualty Insurance, including Boiler & Machinery.
  - ii. Old Republic Aerospace, Phoenix Aviation Managers, for Airport Owners and Operators Liability including War Risks & Extended Perils Coverage (Primary and Excess) and Police Aircraft Hull & Liability including War Risks & Extended Perils.
  - iii. The Travelers Indemnity Company of CT for Automobile Liability, or other insurance carriers that the City is currently in negotiations with, (Airport fleet vehicles including Shuttle Buses, Regional Wastewater Facility fleet vehicles, and Airport Shuttle Bus physical damage).
  - iv. Indian Harbor Insurance Company for Secondary Employment Law Enforcement Professional Liability.
- b. Select and purchase Government Fidelity/Crime Coverage for the period December 18, 2015 to December 18, 2016, at a cost not to exceed \$26,000.

**The proposed resolution is scheduled for Council consideration on September 22, 2015.**

**On a motion by Committee Member Gatto and a second by Committee Member Leonardis, TPAC unanimously approved to adopt the staff recommendation for item 5.B.**

**Ayes – 8 (Esteves, Gatto, Kolstad, Leonardis, Matthews, Nguyen, Oliverio, Sykes)**

**Nays – 0**

**Absent – 1 (Liccardo)**

**6. OTHER BUSINESS/CORRESPONDENCE**

**A. Election of the Chair**

**Nominations:**

- 1. Committee Member Jamie Matthews (nominated by Committee Member Nguyen)**

**Ayes–8 (Esteves, Gatto, Kolstad, Leonardis, Matthews, Nguyen, Oliverio, Sykes)**

Nays – 0  
Absent – 1 (Liccardo)

**Committee Member Jamie Matthews will serve as Chair of the Committee until the next election to be held in FY 2016-2017.**

**Vice Chair Nominations:**

**1. Committee Member Sam Liccardo (nominated by Committee Member Gatto)**

**Ayes–8 (Esteves, Gatto, Kolstad, Leonardis, Matthews, Nguyen, Oliverio, Sykes)**

**Nays – 0**

**Absent – 1 (Liccardo)**

**Committee Member Sam Liccardo will serve as Vice Chair of the Committee until the next election to be held in FY 2016-2017.**

- B. Information Memorandum: 7/29/15 Status of the San Jose-Santa Clara Regional Wastewater Facility Capital Improvement Program
- C. RWF CIP Ten-Year Funding Strategy Agency Participation in External Financing
- D. Letter from Tributary Agencies to City of San Jose dated 8-14-2015
- E. Letter from City of San Jose to Tributary Agencies dated 8-28-2015

**7. STATUS OF ITEMS PREVIOUSLY RECOMMENDED FOR APPROVAL BY TPAC**

**A. Master Consultant Agreement with Black & Veatch Corporation for Technical Support Services for the 7418 – Cogeneration Facility Project at the San José – Santa Clara Regional Wastewater Facility**

**Staff Recommendation:**

- a. Approve a master consultant agreement with Black & Veatch Corporation for technical support services for the 7418 – Cogeneration Facility Project at the San José – Santa Clara Regional Wastewater Facility for a period beginning on the date of execution through June 30, 2019 with an optional one-year extension, in a total amount not to exceed \$2,000,000, subject to the appropriation of funds.
- b. Adopt a resolution authorizing the City Manager to exercise an option to extend the term of the master consultant agreement with Black & Veatch Corporation by one year.

**The proposed agreement was approved by Council on August 18, 2015.**

**Item 7.A was approved to note and file.**

**Ayes – 8** (Esteves, Gatto, Kolstad, Leonardis, Matthews, Nguyen, Oliverio, Sykes,  
**Nays – 0**  
**Absent – 1** (Liccardo)

**8. REPORTS**

A. Open Purchase Orders Greater Than \$100,000 (including Service Orders)

**The attached monthly Procurement and Contract Activity Report summarizes the purchase and contracting of goods with an estimated value between \$100,000 and \$1.08 million and of services between \$100,000 and \$270,000.**

**Item 8.A was approved to note and file.**

**Ayes – 8** (Esteves, Gatto, Kolstad, Leonardis, Matthews, Nguyen, Oliverio, Sykes,  
**Nays – 0**  
**Absent – 1** (Liccardo)

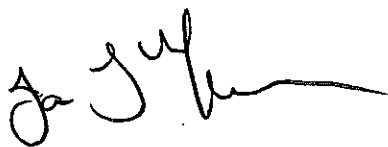
**9. MISCELLANEOUS**

The next TPAC meeting is October 8, 2015, at 4:30 p.m. City Hall, Room 1734.

**10. PUBLIC COMMENT**

**11. ADJOURNMENT**

A. The Treatment Plant Advisory Committee adjourned at 5:24 p.m.



Jamie Matthews, Chair  
TREATMENT PLANT ADVISORY COMMITTEE



Attachment

The Treatment Plant Advisory Committee September 10, 2015  
Director's Report on RWF CIP Financing

As you know, over the past one and a half to two years we've been discussing and planning to meet the TPAC and SJ CITY COUNCIL approved Guiding Principles related to financing the \$1.4 billion CIP. Since we last met in July, we have passed a key milestone for all cities and agencies to decide whether or not they will participate in shared financing programs- commercial paper and state revolving loans.

Your packet contains memos and letters documenting the conversations since we last met.

We have received completed participation forms from the City of Santa Clara and the City of Milpitas. We remain both disappointed and concerned that West Valley Sanitation District, Cupertino, Cupertino 2-3, and Burbank have been non responsive in providing status of their financing decisions. Over the course of the last few years, these agencies have repeatedly expressed concern about their ability to self fund through rate increases or their own financing initiatives. The estimated amount of money each of these agencies will need to self fund is detailed on the 2017-2021 CIP Agency Cost Allocation Table in your packet. This table was provided to agencies with the Participation Form. With no commitment from these agencies of their intent or desire to participate in the external funding programs with San Jose, we will move forward with commercial paper and SRF loans with all three cities.

West Valley, Cupertino, Cupertino 2-3 and Burbank by lack of reply/communication have by default indicated they will move forward independently to meet their financing obligations. We look forward to learning more about the financing plans since timely funding of CIP projects is critical to keeping the program on track.

However, we remain surprised at their decision not to participate in the external financing program. SRF loans provide the lowest cost financing, with interest rates at half the GO bond rate and payments starting a year after completion of construction. Commercial paper provides the rate smoothing all agencies expressed a desire for. It also allows agencies to fund based on expenditures and enables them to cover upfront costs for projects that may receive SRF funding. Together, these two funding vehicles increase the stability of agency payments. This is why San Jose will be participating in both programs.

