

**MINUTES OF THE
SAN JOSÉ/SANTA CLARA
TREATMENT PLANT ADVISORY COMMITTEE**

San José City Hall, T-1734
Thursday, May 16, 2019 at 4:01 p.m.

1. ROLL CALL

Minutes of the Treatment Plant Advisory Committee convened this date at 3:58 p.m.
Roll call was taken with the following members in attendance:

Committee Members: Debi Davis, Dev Davis, Steven Leonardis, Sam Liccardo, Carmen Montano, David Sykes, Kathy Watanabe, Lan Diep (4:02 p.m.), John Gatto (4:03 p.m.)

2. APPROVAL OF MINUTES

A. April 11, 2019

On a motion made by Committee Member Leonardis and a second by Committee Member Watanabe, TPAC recommended approval of the minutes with the amendment of the date.

Ayes – 8 (Dev Davis, Diep, Gatto, Leonardis, Liccardo, Montano, Sykes, Watanabe)

Absent– 1 (Dev Davis)

3. UNFINISHED BUSINESS/REQUEST FOR DEFERRALS

4. DIRECTOR'S REPORT

A. Director's Report (verbal)

Director Kerrie Romanow was available for questions regarding the CIP update included in the TPAC packet this month. Director Romanow introduced Simon Alder as the new Stantec Program Manager.

Chair Liccardo asked if there was going to be any adjustment of timing on any of the capital projects due to inflation.

Assistant Director Napp Fukuda replied that all projects were being analyzed.

5. **AGREEMENTS/ACTION ITEMS**

A. **First Amendment to the Master Agreement with Golder Associates for Environmental Support Services**

Staff Recommendation:

Approve the First Amendment to the Master Agreement with Golder Associates for environmental consulting services, increasing the amount of compensation by \$500,000, for a total agreement not to exceed \$1,000,000. No extension is being recommended on the term of the agreement, which expires on June 30, 2020.

This item is scheduled for consideration by the City Council on May 21, 2019.

Assistant Director Napp Fukuda described this Agreement to the Committee and was available for questions.

Ayes – 8 (Debi Davis, Diep, Gatto, Leonardis, Liccardo, Montano, Sykes, Watanabe)

Absent – 1 (Dev Davis)

B. **Agreements with ABB Inc., DBA ABB DE, Inc., for a Distributed Control Unit (DCU) upgrade and ongoing support and maintenance at the San José/Santa Clara Regional Wastewater Facility**

Staff Recommendation:

Adopt a resolution authorizing the City Manager to:

- a. Negotiate and execute an agreement with ABB Inc., dba ABB DE, Inc., (Wickliffe, OH) to upgrade distributed control units at the San José/Santa Clara Regional Wastewater Facility, including hardware, software, programming, configuration, and related professional services, beginning May 1, 2019 and ending December 31, 2022 for a maximum not-to-exceed compensation of \$6,377,000, subject to the appropriation of funds; and
- b. Execute the Water Care Enhanced Agreement with ABB Inc., dba ABB DE, Inc. (Wickliffe, OH) and annual purchase orders pursuant to the

terms of the Water Care Enhanced Agreement for ongoing support and maintenance (\$233,194 per year) and as-needed parts replacement and repair and rebuilding services (estimated at \$500,000-\$750,000 per year) for a five-year term beginning May 1, 2019 and ending April 30, 2024 and for a combined compensation not to exceed \$3,915,970, subject to the appropriation of funds; and

- c. Negotiate and execute amendments and change orders to the agreements as required for unanticipated changes, subject to the appropriations of funds.

This item is scheduled for consideration by the City Council on May 21, 2019.

Assistant Director Napp Fukuda described this Agreement to the Committee and was available for questions.

Chair Liccardo asked if we were sole sourcing because they were the only respondents when the original RFP went out.

Jennifer Chang, Deputy Director of Purchasing and Risk Management with the Department of Finance came forward to explain why ABB was the only choice. She explained that they were the only providers of the particular system being used.

On a motion made by Committee Member Debi Davis and a second by Committee Member Leonardis, TPAC recommended approval of staff's recommendation for Item 5.B.

Ayes – 8 (Debi Davis, Diep, Gatto, Leonardis, Liccardo, Montano, Sykes, Watanabe)

Absent – 1 (Dev Davis)

C. Discharge Regulations and Future Impacts on the San José-Santa Clara Regional Wastewater Facility

Staff Recommendation:

Accept the annual update on regulatory items related to the San José-Santa Clara Regional Wastewater Facility.

This item was accepted by the T&E Committee on May 6, 2019.

Assistant Director Napp Fukuda described the intent of the report-out memo to

the Committee and was available for questions.

On a motion made by Committee Member Debi Davis and a second by Committee Member Leonardis, TPAC recommended approval of staff's recommendation for Item 5.C.

Ayes – 8 (Debi Davis, Diep, Gatto, Leonardis, Liccardo, Montano, Sykes, Watanabe)

Absent – 1 (Dev Davis)

D. Proposed 2020-2024 CIP Budget

Staff Recommendation: TPAC approval of the San José/Santa Clara Regional Wastewater Facility Control Proposed 2020-2024 Capital Improvement Program.

The San José/Santa Clara Regional Wastewater Facility Proposed 2020-2024 Capital Improvement Program is scheduled for Council consideration on June 11, 2019, and for adoption on June 18, 2019.

Assistant Director Napp Fukuda explained that items 5.D. and 5.E would be presented together. Assistant Director Fukuda introduced Allen Fong, Administrative Officer, and Interim Deputy Director of the Regional Wastewater Facility (RWF) CIP, Marinna Chavez-Vazquez, who gave an overview presentation of the capital and operating budgets, and were subsequently available for questions.

Committee Member Montano asked if the future projects were based on population growth or capacity.

Interim Deputy Director of the RWF CIP, Marinna Chavez-Vazquez replied that there were different drivers, but all projects were based on the Plant Master Plan.

Director Romanow replied that part of the Plant Master Plan was looking at the forecast for each of the participating cities and ensuring that the Facility could accommodate that however, none of the projects were meant to increase capacity.

Committee Member Montano asked for a copy of the Plant Master Plan. She also asked if there had been an estimation of when the Plant will meet its capacity since her city was dealing with a population growth.

Director Romanow explained how the contract worked with each city - each tributary city owns a certain amount of capacity and each city is forecasting their own population growth. As they think they may need more capacity, they reach out to the rest of the group to purchase theirs. The next twenty- or thirty-year forecast did not show the necessity to increase capacity however the Plant Master Plan dictates that if a tributary city needs additional capacity and there is no more available, that the city requesting the additional capacity would fully bear the cost of expansion.

Committee Member Montano asked if there would be a tour to the Facility for new members to TPAC.

Director Romanow answered that a scheduled tour and dates were currently being organized to have members and elected officials from other organizations be invited.

Committee Member Gatto asked why the Legacy Pond item was in the O&M Budget as opposed to a Capital project.

Director Romanow replied that to her understanding this was due to it being a State required cleanup which meant that it would be a maintenance project but that she would confirm.

Committee Member Gatto also asked why the proposed additional O&M positions for shutdowns to support the Capital projects were listed on the O&M Budget and not the Capital project.

Director Romanow responded that it was the generally accepted way that Accounting had been doing it as well as being bound by the Master Agreement definitions and because they are articulated as such in the Agreement that this is how they are charged.

Committee Member Gatto gave background to his question that when the Master Plan was first being developed there was a timing and cost schedule that went with it. When the Master Plan was first developed there was concern that there was spiking in a few years and everyone agreed that this shouldn't occur. Committee Member Gatto said that this proposed budget does not honor this agreement and that this is a spike.

Administrative Officer Allen Fong reiterated the question that Member Gatto was asking – how the timing of the projects over the five years can impact, from year to year, the cost distribution between the agencies and how there should be a different approach to how the projects are timed so that the costs are

distributed more evenly across the five years.

Member Gatto said that this was exactly what he was asking.

Allen replied that the timing of projects can be complex. Although they try to maintain an even distribution over the five years, many factors take place that may lead to certain years having spikes.

Interim Deputy Director of the RWF CIP, Marinna Chavez-Vazquez, also explained the reasoning behind the projects and the timing of them.

Member Gatto said he couldn't understand why there couldn't be more flexibility moving the projects around so that the cost distribution over the years would be more even.

Chair Liccardo asked Member Gatto why he was concerned about spiking if since the point of having financing was to be able to distribute outflows of dollars and burdens and obligations of dollars in an even way when we live in a spiking world.

Member Gatto responded that some agencies might not be able to finance everything smoothly. Spikes put a tremendous burden on the resources an agency has.

Director Romanow answered that the five-year forecast has not changed as much, and it has smoothed out in comparison to earlier years.

Chair Liccardo asked Director Romanow to confirm that the timing of the projects was being done to satisfy the functional, operational and regulatory compliance of the Plant. Director Romanow replied affirmatively as well as saying that the projects were planned being financially thoughtful.

Member Gatto then asked if the \$333 million that was shown for 2018-2019 had been spent.

Director Romanow pointed to the Monthly Report to show the trajectory of how much had been spent towards that expenditure.

Administrative Officer Allen Fong clarified that some of the budgeted money will carry over into the next year.

Assistant Director Napp Fukuda also noted that looking at the Monthly Report

again, that the goal is to spend the budgeted amount but that the realities of possibly pushing out projects would mean that it would carry over. Assistant Director Fukuda explained the chart on the page and clarified where the numbers came from and how they match up with the Budget that was passed last year.

Committee Member Gatto asked if that meant this was how much each agency was meant to contribute.

Administrative Officer Fong pointed out Attachment A of the back of the CIP packet that shows the CIP cost allocation by agency by fiscal year over the next ten years.

On a motion made by Committee Member Diep and a second by Committee Member Debi Davis, TPAC recommended approval of staff's recommendation for Item 5.D. and 5.E.

Ayes – 7 (Debi Davis, Diep, Leonardis, Liccardo, Montano, Sykes, Watanabe)

Absent – 1 (Dev Davis)

Nay– 1 (Gatto)

E. Proposed 2019-2020 O&M Budget

Staff Recommendation: TPAC approval of the San José/Santa Clara Regional Wastewater Facility Control Proposed 2019-2020 Operating Budget.

The San José/Santa Clara Regional Wastewater Facility Proposed 2019-2020 Operating Budget is scheduled for Council consideration on June 11, 2019, and for adoption on June 18, 2019.

6. **OTHER BUSINESS/CORRESPONDENCE**

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

A. San José- Santa Clara Regional Wastewater Facility Capital Improvement Program Semiannual Status Report

Staff Recommendation:

Accept the semiannual status report on the San José-Santa Clara Regional Wastewater Facility Capital Improvement Program for the period of July 2018-

December 2018.

This item was approved by the T&E Committee on April 8, 2019.

B. Actions Related to the Purchase Order for Clarifier Coating Rehabilitation Services

Staff Recommendation:

Adopt a resolution authorizing the City Manager to:

- (a) Execute a Purchase Order with Euro Style Management, Inc. (North Highlands, CA) for clarifier coating rehabilitation services at the San José-Santa Clara Regional Wastewater Facility for an initial twelve-month period, starting on or about May 1, 2019 and ending on or about April 30, 2020, for an amount not to exceed \$717,200; and
- (b) Exercise up to four one-year options to extend the term of the Purchase Order with the last option year ending on or about April 30, 2024, subject to the annual appropriation of funds.

Desired Outcome: Increase the life expectancy of the Regional Wastewater Facility clarifier tanks.

This item was approved by the City Council on April 23, 2019.

C. Actions Related to the Purchase Order for Sand Blasting and Painting Services

Staff Recommendation:

Adopt a resolution authorizing the City Manager to:

- (a) Execute a Purchase Order with Jeffco Painting and Coating, Inc. (Vallejo, CA) for sandblasting and painting services at the San Jose-Santa Clara Regional Wastewater Facility for an initial twelve-month period, starting on or about May 1, 2019 and ending on or about April 30, 2020, for an amount not to exceed \$400,000; and
- (b) Exercise up to four one-year options to extend the term of the Purchase Order with the last option year ending on or about April 30, 2024, subject to the appropriation of funds.

Desired Outcome: To complete scheduled sandblasting and painting

projects at the Regional Wastewater Facility to ensure equipment and infrastructure are preserved.

This item was approved by the City Council on April 23, 2019.

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 \$1.17 million and of services between \$100,000 and \$290,000.

9. MISCELLANEOUS

- A. The next TPAC Meeting is on **June 13, 2019, at 4:00 p.m.**, City Hall, Room 1734.

10. OPEN FORUM

11. ADJOURNMENT

- A. The Treatment Plant Advisory Committee adjourned at 4:44 p.m.



Debi Davis, Vice Chair

TREATMENT PLANT ADVISORY COMMITTEE