SAN JOSÉ/SANTA CLARA TREATMENT PLANT ADVISORY COMMITTEE

CHUCK REED, CHAIR
JOSE ESTEVES, MEMBER
PAT KOLSTAD, MEMBER
JAMIE MATTHEWS, MEMBER
MADISON NGUYEN, MEMBER
CHUCK PAGE, MEMBER
JOHN GATTO, MEMBER
ED SHIKADA, MEMBER
KANSEN CHU, MEMBER

AGENDA/TPAC

4:30 p.m. **October 10, 2013** **Room 1734**

1. **ROLL CALL**

2. **APPROVAL OF MINUTES**

   A. September 12, 2013

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

4. **DIRECTOR'S REPORT** (verbal)

   A. Directors Verbal Report

5. **AGREEMENTS/ACTION ITEMS**

   A. Semi Annual Regional Wastewater Facility CIP Report

   Staff Recommendation:
   1. Accept the Semiannual Status Report on the San José-Santa Clara Regional Wastewater Facility Capital Improvement Program for the period January through June 2013; and
   2. Cross-reference this item to the October 29, 2013 Council meeting for acceptance.

   The Semi Annual Regional Wastewater Facility CIP Report is scheduled for Council Consideration on October 29, 2013

   B. Facility Technical Training Contract

   Staff Recommendation: Adoption of a resolution to authorize the City Manager to execute an agreement with CTS International Corp (CTS) for consultant services to develop technical training at the San José-Santa Clara Regional Wastewater Facility, formally referred to as the San Jose/Santa Clara Water Pollution Control Plant, from the date of execution through June 30, 2017 in an amount not to exceed $2,250,000, and to provide for up to two, one-year options to extend the term through June 30, 2019, subject to the appropriation of funds.

The Facility Technical Training Contract is scheduled for Council Consideration on October 22, 2013

C. Annual Insurance Renewal Process

Staff Recommendation:

(a) Adopt a resolution authorizing the City Manager to select and purchase certain City property and liability insurance policies for the period from October 1, 2013 to October 1, 2014, at a total cost not to exceed $1,500,000 for all policies, with the following insurance carriers, subject to the appropriation of funds:

(1) Lexington Insurance Company, (Boston, MA) for Property Insurance, including Boiler & Machinery.

(2) QBE Insurance Corporation, (New York, NY) to provide the following coverage:

(a) Airport Owners and Operators Liability including War Risks & Extended
Perils Coverage (Primary and Excess).

(b) Police Aircraft Hull & Liability including War Risks & Extended Perils.

(3) St Paul/Travelers Insurance Company, (Hartford, CT) for Automobile Liability (Airport fleet vehicles including Shuttle Bus, and the San Jose-Santa Clara Regional Wastewater Facility (fleet vehicles) and Airport Shuttle Bus physical damage.

(4) Indian Harbor Insurance Company, (Stamford, CT) for Secondary Employment Law Enforcement Professional Liability.

(b) Adopt the following 2013-14 Appropriation Ordinance amendments in the Convention and Cultural Affairs Fund:

(1) Increase the Insurance Expenses appropriation to the Finance Department for Insurance Expenses by $702000; and

(2) Decrease the Ending Fund Balance by $70,000

The Annual Insurance Renewal Process was considered by Council on September 24, 2013

6. OTHER BUSINESS/CORRESPONDENCE

7. STATUS OF ITEMS PREVIOUSLY RECOMMENDED FOR APPROVAL BY TPAC

A. Consultant Agreement for Digester and Thickener Facilities Upgrade Project

Staff Recommendation: Approve a consultant agreement with Brown and Caldwell to provide engineering services for the Digester and Thickener Facilities Upgrade Project at the San Jose-Santa Clara Regional Wastewater Facility (formerly known as the San Jose/Santa Clara Water Pollution

Control Plant). This agreement will be effective from the date of execution to December 31, 2019, for total amount not to exceed $12,017,526.

The Consultant Agreement for Digester and Thickener Facilities Upgrade Project is scheduled to be heard by City Council on October 8, 2013.

B. Program Management Consultant Agreement

Staff Recommendation:

(a) Approve a Master Services Agreement with MWH Americas, Inc. for Program Management Consultant Services at the San José-Santa Clara Regional Wastewater Facility, (formerly known as the San Jose/Santa Clara Water Pollution Control Plant), for a term beginning from the date of execution through September 30, 2018, including up to two, one-year extension options, in an initial amount not to exceed $7,295,000, and a maximum agreement amount not to exceed $39 million, subject to the appropriation of funds.

(b) ~~Adopt a resolution authorizing the City Manager to exercise the City's option to extend the agreement for up to two, one-year terms, subject to the appropriation of funds.~~

(c) Adopt the following 2013-2014 Appropriation Ordinance Amendments in the San José-Santa Clara Treatment Plant Capital Fund:
   (1) Decrease the Ending Fund Balance in the amount of $4,372,000; and
   (2) Increase the Program Management appropriation to the Environmental Services Department in the amount of $4,372,000.

On September 17, 2013, the Program Management Consultant Agreement was heard and tabled for further discussion and action by Council on September 24, 2013.

On September 24, 2013, Council approved staff recommendation A with modifications and staff recommendation C. Council did not approve staff recommendation B.

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.

9. MISCELLANEOUS

A. The next TPAC meeting is November 14, 2013, at 4:30 p.m. City Hall, City Manager's Office, 17th Floor, Room 1734.

10. OPEN FORUM

11. ADJOURNMENT

NOTE: If you have any changes or questions, please contact Jennifer Hade, Environmental Services, 408-975-2515.
To request an accommodation or alternative format for City-sponsored meetings, events or printed materials, please call Jennifer Hade at (408) 975-2515 or (408) 294-9337 (TTY) as soon as possible, but at least three business days before the meeting/event.

Availability of Public Records. All public records relating to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that are distributed to a majority of the legislative body will be available for public inspection at San Jose City Hall, 200 East Santa Clara Street, 10th Floor, Environmental Services at the same time that the public records are distributed or made available to the legislative body.

2A

MINUTES OF THE
SAN JOSE/SANTA CLARA
TREATMENT PLANT ADVISORY COMMITTEE

City Hall, City Manager's Office, 17th Floor, Room 1734
Thursday, September 12, 2013 at 4:30 p.m.

1. ROLL CALL

Minutes of the Treatment Plant Advisory Committee convened this date at 4:37 p.m. Roll call was then taken, with the following members in attendance:

Committee members: Kansen Chu, Jose Esteves, John Gatto, Pat Kolstad, Jamie Matthews, Madison Nguyen, Chuck Page, Chuck Reed, Ed Shikada

2. APPROVAL OF MINUTES

A. August 15, 2013
Committee member Page noted that he was left off the attendance list but was present at the August 15 TPAC meeting.
Item 2.A was approved with one change.

3. UNFINISHED BUSINESS/REQUEST FOR DEFERRALS

4. DIRECTORS REPORT

A. Directors Verbal Report:
Kerrie Romanow, Director of the Environmental Services Department stated that in late August the department made some compensation changes and reclassifications for Operators and Mechanics which impacted 91 employees. Additionally, the Operations division has been reorganized to compress two classifications into one. This increases the department's flexibility and efficiency.

Kerrie added that as part of recruitment efforts, Environmental Services held a career fair at the end of August and more than a hundred people attended. Another one will be held in November.

Arn Andrews, Assistant Finance Director and Laura Burke, Principal Accountant, Environmental Services gave a presentation on the Initial Capital Improvement Program Financing Schedule.

The Committee requested that future updates include more detail on how the funding is spread over time.

DRAFT

5. AGREEMENTS/ACTION ITEMS

A. Consultant Agreement for Digester and Thickener Facilities Upgrade Project

Staff Recommendation: Approve a consultant agreement with Brown and Caldwell to provide engineering services for the Digester and Thickener Facilities Upgrade Project at the San José-Santa Clara Regional Wastewater Facility (formerly known as the San José/Santa Clara Water Pollution Control Plant). This agreement will be effective from the date of execution to December 31, 2019, for a total amount not to exceed $12,017,526.

The Consultant Agreement for Digester and Thickener Facilities Upgrade Project is scheduled for Council Consideration on September 24, 2013.

Staff was directed to provide the Committee members the detailed technical study on upgrading the digesters.

Motion by Committee Member Matthews, second by Committee Member Nguyen to approve item 5.A with the direction to staff listed above. Item 5.A. was approved unanimously.

B. Program Management Consultant Agreement

Staff Recommendation:

(a) Approve a Master Services Agreement with MWH Americas, Inc. for Program Management Consultant Services at the San José-Santa Clara Regional Wastewater Facility, (formerly known as the San Jose/Santa Clara Water Pollution Control Plant), for a term beginning from the date of execution through September 30, 2018, including up to two, one-year extension options, in an initial amount not to exceed $7,295,000, and a maximum agreement amount not to exceed $39 million, subject to the appropriation of funds.

(b) Adopt a resolution authorizing the City Manager to exercise the City's option to extend the agreement for up to two, one-year terms, subject to the appropriation of funds.

(c) Adopt the following 2013-2014 Appropriation Ordinance Amendments in the San José-Santa Clara Treatment Plant Capital Fund:
   (1) Decrease the Ending Fund Balance in the amount of $4,372,000; and
   (2) Increase the Program Management appropriation to the Environmental Services Department in the amount of $4,372,000.

The Program Management Consultant Agreement is scheduled for Council Consideration on September 17, 2013.

Ashwini Kantak, Assistant Director, Environmental Services gave a presentation on the Capital Improvement Program, Program Management Services.

Staff was directed to provide the Committee members a copy of the selection process and an estimate of staff costs.

The Committee recommended not adopting the resolution [Item 5.B(b)]

Motion by Committee Member Matthews, second by Committee Member Kolstad to approve item 5.B(a) and 5.B(c) with the directions to staff listed above. Item 5.B(a) and 5.B(c) were approved 8-1. Item 5.B(b) was not approved.

6. OTHER BUSINESS/CORRESPONDENCE

7. STATUS OF ITEMS PREVIOUSLY RECOMMENDED FOR APPROVAL BY TPAC

A. Annual Insurance Renewal Policy

Staff Recommendation: Accept the informational memo.

The Annual Insurance Renewal Policy was approved by the San Jose City Council on September 24, 2013.

B. First Amendment to Master Agreement with ERM-West, Inc., for Environmental Health and Safety Consulting Services

Staff Recommendation: Approve the First amendment to the Master Agreement with ERM-West Inc. for environmental health and safety consulting services to increase the total compensation by $300,000 for a maximum not to exceed amount of $550,000.

The First Amendment to Master Agreement with ERM-West, Inc., for Environmental Health and Safety Consulting Services was approved by the San Jose City Council on August 20, 2013.

C. First Amendment to the Zero Waste Project Ground Lease by and between the City of San Jose and Zero Waste Energy Development Company, LLC

Staff Recommendation: Authorize the City Manager to execute the First Amendment to the Zero Waste Project Ground Lease by and between the City of San Jose and Zero Waste Energy Development Company, LLC, permitting the tenant to sublease certain portions of the ground lease area for parking at the discretion of the City Manager.

Deferred from June 13, 2013

The First Amendment to the Zero Waste Project Ground Lease by and between the City of San Jose and Zero Waste Energy Development Company, LLC was approved by the San Jose City Council on August 20, 2013.

D. Regional Wastewater Facility Master Agreements Audit Report

Staff Recommendation: Accept the Regional Wastewater Facility Master Agreements Audit Report and recommend for Council consideration on August 20, 2013.

The Regional Wastewater Facility Master Agreements Audit Report was approved by the San Jose City Council on September 10, 2013.

E. Status Report on Agreement with Telstar to Provide Temporary Staffing at the San Jose-Santa Clara Regional Wastewater Facility

Staff Recommendation: Adopt a resolution to authorize the City Manager to execute the first one-year option to extend the Agreement for August 17, 2013, through August 16, 2014 for a maximum compensation not to exceed $1,670,000, and to execute up to three one-year options through August 16, 2017, to extend the Agreement, subject to the appropriation of funds.

The Status Report on Agreement with Telstar to Provide Temporary Staffing at the San Jose-Santa Clara Regional Wastewater Facility was approved by the San Jose City Council on August 27, 2013.

Items 7 A-E were approved to note and file.

8. REPORTS

A. Open Purchase Orders Greater Than $100,000

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.

9. MISCELLANEOUS

Committee member Page requested that TPAC packets be delivered to the Committee members in a timely manner.

The next TPAC meeting is October 10, 2013, at 4:30 p.m. City Hall, City Manager's Office, 17th Floor, Room 1734.

10. PUBLIC COMMENT

None

11. ADJOURNMENT

A. The Treatment Plant Advisory Committee adjourned at 6:15 p.m.

Chuck Reed, Chair
Treatment Plant Advisory Committee

5A

T&E AGENDA: 10-07-13
ITEM: d(3)

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: TRANSPORTATION AND ENVIRONMENT COMMITTEE

FROM: Kerrie Romanow
David Sykes

SUBJECT: SEE BELOW

DATE: September 24, 2013

Approved

Date 9/26/13

SUBJECT: SAN JOSE-SANTA CLARA REGIONAL WASTEWATER FACILITY CAPITAL IMPROVEMENT PROGRAM SEMIANNUAL STATUS REPORT, JANUARY – JUNE 2013

RECOMMENDATION

1. Accept the Semiannual Status Report on the San José-Santa Clara Regional Wastewater Facility Capital Improvement Program for the period January through June 2013; and
2. Cross-reference this item to the October 29, 2013 Council meeting for acceptance.

OUTCOME

This Semiannual Status Report on the San José-Santa Clara Regional Wastewater Facility (formerly known as the San Jose/Santa Clara Water Pollution Control Plant) Capital Improvement Program (CIP) provides the Transportation and Environment Committee (T&E), the Treatment Plant Advisory Committee (TPAC), and Council with current information on the progress of CIP implementation and the active projects in the Fiscal Year 2012-2013 adopted capital budget.

BACKGROUND

The San José-Santa Clara Regional Wastewater Facility (Facility) is embarking on a CIP of unprecedented scale, primarily due to aging infrastructure and the need to improve and update numerous treatment processes. Given the magnitude of the CIP anticipated over the next several years, staff believes it is critical to provide regular updates on CIP projects to Council, the City of Santa Clara, and the tributary agencies.

The Office of the City Auditor Report 12-06 "Environmental Services: A Department at a Critical Juncture" also recommended the Environmental Services Department provide regular status reports to TPAC and the City Council on the Master Plan implementation, including overall progress to date and individual project updates, performance measures, and any issues

that have arisen, in particular those that may have rate impacts. This Semiannual Status Report responds to the Auditor's recommendation by providing visibility and accountability for this significant CIP effort.

The first Semiannual Status Report was published in April 2013 and focused on progress and activities from July through December 2012.

ANALYSIS

This report highlights key projects and activities completed between January and June 2013. Significant accomplishments during this six-month period include:

- Contract award for an Executive Program Advisor
- Contract award for a Program Technical Coordinator
- RFQ advertisement for Program Management Services
- RFQ advertisement for Digester and Thickener Facilities Upgrade Project
- Completion of five construction projects totaling nearly $12 million
- Award of six new constructions contracts totaling nearly $6 million
- Award of five new consultant service orders totaling over $2 million
- Substantial design progress on the Digester Gas Compressor Upgrade and Digester Gas Storage Replacement projects
- Design development and CEQA review for new Emergency Generators
- Substantial feasibility evaluations for new engine generators and tertiary filters

In addition, staff continued to work on exploring financing options and alternative project delivery methods, including obtaining design-build authority for implementation of Package 2 projects. Package 2 includes new technology projects (e.g., Biosolids Transition, Energy Generation, and New Filter Improvements) and will be financed to ease the rate impacts on users. The Draft Environmental Impact Report (DEIR) for the Plant Master Plan Preferred Alternative was also circulated for public review with EIR certification planned for Fall 2013. Separate reports discussing the above items are being provided to T&E in October 2013.

Significant activity is expected in the upcoming six-month period and will be discussed in the next Semiannual Status Report to T&E. Major work efforts include:

- Award a consultant contract for Program Management services
- Substantial completion of CIP project validation by the program management team
- Award a design services contract for Digester and Thickener Facilities Upgrade Project
- Completion of process analysis for future operation of the digesters
- Initiation of an analysis on biosolids treatment and disposal options
- Issuance of RFPs for Digester Gas Compressor Upgrade and Emergency Generator projects
- Completion of a Project Definition Report for Cogeneration facility

EVALUATION AND FOLLOW-UP

No follow up action is required at this time. Staff will continue to provide regular updates to T&E, TPAC and Council to inform of significant changes or issues (particularly as related to rate impacts) as the program implementation progresses. In addition to the Semiannual Status Report, progress reports will also be presented to TPAC on a monthly basis.

PUBLIC OUTREACH/INTEREST

- ☐ **Criterion 1**: Requires Council action on the use of public funds equal to $1 million or greater. **(Required: Website Posting)**
- ☐ **Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- ☐ **Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This report does not meet the criteria listed above. This memorandum will be posted on the City's website for the October 29, 2013 Council agenda.

COORDINATION

This report has been coordinated with the City Manager's Budget Office and will be coordinated with the Treatment Plant Advisory Committee.

CEQA

Not a Project, File No. PP10-069(a), Staff Reports / Annual Reports

/s/
KERRIE ROMANOW
Director, Environmental Services

/s/
DAVID SYKES
Director, Public Works

For questions please contact Ashwini Kantak, Assistant Director of Environmental Services, at (408) 975-2553.

Attachment

San José-Santa Clara Regional Wastewater Facility
Capital Improvement Program

Semiannual Status Report
January-June 2013

San José-Santa Clara Regional Wastewater Facility

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

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Eastward view of the secondary treatment tanks, which use bacteria to clean wastewater.

San José-Santa Clara Regional Wastewater Facility
Capital Improvement Program
Semiannual Status Report
January - June 2013

I. Introduction

Report Objective and Contents

This report provides information on the implementation of capital improvement projects at the San José-Santa Clara Regional Wastewater Facility* (Facility). All projects discussed in the report are guided by the Draft Plant Master Plan (Draft PMP) and included in the 2013-2017 Adopted Capital Improvement Program (CIP). South Bay Water Recycling projects, which are not considered Facility projects, are not part of this report.

The projects discussed in the report are tracked in the Capital Project Management System (CPMS) database and fall under one of three classifications:

- **Construction Projects**: Capital improvement projects that are designed by City staff or consultants, then bid to a contractor for construction. Such projects may also be built by City staff, or by other entities through an agreement.
- **Non-Construction Projects:** Non-construction projects that may lead to the construction of capital improvements such as feasibility studies, pilot studies, and master planning efforts.
- **Public Art Projects**: The CIP also funds projects that involve public art installations; these projects may be associated with a specific capital improvement or may be part of a larger public art strategy with funding support from the CIP.

This report also describes the policy context that guides decision making; outlines accomplishments and specific issues; provides detailed summaries of project schedules and budgets; and highlights key projects in the CIP.

Facility Background

The Facility is a regional advanced wastewater treatment plant that serves eight South Bay cities and four sanitation districts:

- City of San José
- City of Santa Clara
- City of Milpitas
- Cupertino Sanitary District (Cupertino)
- West Valley Sanitation District (Campbell, Los Gatos, Monte Sereno and Saratoga)
- County Sanitation Districts 2-3 (unincorporated)
- Burbank Sanitary District (unincorporated)

Jointly owned by the cities of San José and Santa Clara, the Facility is managed and operated by the City of San José's Environmental Services Department (ESD).

The Facility is the largest tertiary wastewater treatment plant in the western United States. Operating on a 24-hour schedule, 365 days per year, the Facility treats an average of 110 million gallons per day (mgd) of wastewater, has an average dry weather flow design capacity of 167 mgd, and peak hourly flow capacity of 271 mgd. The Facility's operational area occupies 180 acres of a 2,600-acre site at the southern edge of the San Francisco Bay.

Constructed in 1956 as a primary treatment plant for agricultural wastewater and a growing population, the Facility subsequently expanded in response to continued population and economic growth and to meet state regulations. Facilities for secondary treatment were constructed in 1964, followed by another expansion to tertiary treatment in 1979 to meet Clean Water Act regulations. Additional expansions included the South Bay Water Recycling facility in 1998, and an advanced recycled water treatment plant, currently under construction in partnership with the Santa Clara Valley Water District (SCVWD).

Facility groundbreaking, 1956

* Formerly the San Jose/Santa Clara Water Pollution Control Plant

Importance to the Region and Environment

As the South Bay has grown, so has the critical importance of the Facility to the region. The Facility ensures that the wastewater it receives is cleaned to meet strict standards to protect public health and the environment. The Facility serves more than 1.4 million residents and approximately 17,000 businesses in an area greater than 300 square miles. South Bay communities depend on it to reliably protect their quality of life as well as safeguard wildlife habitat and Bay water quality. Businesses such as food service, automotive, metal finishing, photo processing, and manufacturing rely on the Facility to ensure that their wastewater is further treated to meet regulations. In protecting residents, businesses, and the environment, the Facility supports the local economy.

The Facility recycles about 10 mgd of its highly treated wastewater annually for use in landscape irrigation, industrial processes, cooling towers, and toilet flushing in certain commercial areas of San José, Santa Clara, and Milpitas. The recycled water program saves an average of 2.2 billion gallons of drinking water each year. Advanced treatment for recycled water is currently under joint development by the Facility and SCVWD; such treatment allows for expanded uses of recycled water.

Facility Energy Accomplishments

- **2010:** The Facility was honored with a Green California Leadership Award for its energy innovations.
- **2009:** The federal Environmental Protection Agency included the Facility in a nationwide list of the top 10 on-site alternative energy producers and users.

The Facility generates up to 75 percent of its own energy, an important contribution to local air quality and energy reliance efforts. Like other similar plants, the Facility is a large energy user. Its secondary treatment aeration process, followed by process pumping and heating, represent two major sources of demand. The Facility's daily energy demand can range from eight to 11 megawatts (MW). By using on-site power generation equipment and a blend of digester, landfill, and natural gases, the Facility can produce as much as 8 MW of power daily. The Facility has been recognized for its energy accomplishments, and is working towards accomplishing the City's Green Vision goal of 100 percent energy self-sufficiency by 2022.

Infrastructure Condition Assessment and Draft PMP

Most of the Facility's infrastructure is now more than 50 years old and has exceeded its useful life, with repairs needed to every process area. Still, the Facility must continue to provide uninterrupted service and meet the strict requirements of more than 18 federal, 13 state, and four regional regulations for treated wastewater discharge, use of recycled water, disposal of biosolids, air emissions, safety requirements, and land use controls. The Facility's key role as protector of public and environmental health underscores the critical need for infrastructure rehabilitation and replacement.

In 2007, the Facility completed an Infrastructure Condition Assessment report that identified nearly $1 billion in needed projects to refurbish the Facility's aging electrical, mechanical, and structural assets. The report recommended $250 million in immediate critical repairs to the Facility's electrical and solids digestion systems and $750 million in other significant but lower-priority capital replacements. The report also identified a funding gap of approximately $40 million annually, based on a recommended capital reinvestment level of $250 million per five-year CIP cycle to address decades of deferred maintenance.

> Rebuilding and improving the Facility is among the largest public works efforts in the South Bay's history.

As the assessment study focused only on existing condition deficiencies, staff recommended the development of a master plan that would address how the different treatment processes interrelate, the impacts of future regulations, changes to flow and loads, risks from rising sea level, and opportunities for implementing new technology or process optimization.

In late 2007, the San José City Council and the Treatment Plant Advisory Committee (TPAC) approved a consultant agreement to develop a Plant Master Plan. A Steering Committee comprised of staff from the cities of San José, Santa Clara, and the tributary agencies guided the three-year planning process, with extensive technical oversight and stakeholder input. The project team provided regular updates to TPAC and San José's Transportation and Environment Council Committee (T&E). This work resulted in the Draft Plant Master Plan (Draft PMP) Preferred Alternative, approved by TPAC and the City Council in April 2011.

CURRENT FACILITY OPERATIONAL AREA

Existing Facility and residual solids management areas

Draft PMP Update

Master Plan activities completed for this reporting period include circulation of the Draft Environmental Impact Report (DEIR) for public review from January 2013 through March 2013. Staff generated an amended EIR with comments received from members of the public and other agencies.

Staff estimates that the amended EIR will be available for public review in October 2013. The San José Planning Commission's public hearing to certify the EIR is targeted for October 2013. Subsequent to EIR certification, the Planning Commission and Council will consider formal adoption of the Plant Master Plan in November 2013. As co-owner, the Santa Clara City Council will also consider approval of the Plant Master Plan, prior to the San José City Council's final action.

II. Program Overview

The Draft PMP envisions approximately $2 billion in investments over the next 30 years to rebuild and modernize the Facility. More than 100 capital improvement projects are recommended, with the most critical rehabilitation work scheduled over the first 15 years.

Project Criteria. Capital projects recommended by the Draft PMP were evaluated and prioritized based on six criteria:

1. **Infrastructure condition:** Risk of failure requires repairs or rehabilitation
2. **Regulatory requirements:** Future regulations require new or modified infrastructure
3. **Economic benefit:** Opportunities exist to save operations and maintenance costs by modifying or replacing infrastructure
4. **Improved performance benefit:** Modifying or replacing existing infrastructure improves reliability or treatment performance
5. **Increased flows or increased loading:** Increased flows trigger the need for additional infrastructure
6. **Policy decision:** Policy direction triggers improvements

Recommended Projects

Table 1 — Summary of Recommended Capital Improvements summarizes all recommended projects by process area over a 30-year planning period. A detailed list of projects in each process area is located on page 35. Thirty-six projects have been incorporated into the CIP budget, which provides $339.2 million in funding, $144.3 million of which is allocated in Fiscal Year (FY) 2012-2013. Highlights of selected capital projects begin on page 21.

Table 1 — Summary of Recommended Capital Improvements

Process Area	Adopted FY 2013-2017	Draft PMP Cost Estimate*
1. Preliminary Treatment Projects	$13.4 M	$151.2 M
2. Primary Treatment Projects	$33.2 M	$150.4 M
3. Secondary Treatment Projects	$35.9 M	$240.0 M
4. Tertiary Treatment Projects	$2.8 M	$201.0 M
5. Biosolids Digestion	$64.6 M	$156.3 M
6. Biosolids Residual Sludge Management	$1.6 M	$362.3 M
7. Power Generation	$4.6 M	$166.2 M
8. Electrical Systems	$3.0 M	$32.6 M
9. Advanced Process Control and Automation Systems	$6.5 M	$9.8 M
10. Site Facility Improvements	$32.3 M	$599.5 M

**Cost estimates follow the American Associate of Cost Engineering International (AACE International) Recommended Practice No. 18R-97 estimate classes 5 and 4. Typical accuracy range for Class 5 estimates are -20 percent to -50 percent on the low side, and +30 percent to +100 percent on the high side. Class 4 estimates are -15 percent to -30 percent on the low side, and +20 percent to +50 percent on the high side. Cost estimates for engineering, construction, and contingencies are escalated to the midpoint construction at 2 percent per annum.*

Program Management Strategy

ESD staff developed a program management strategy to facilitate implementation of the ambitious program recommended in the Draft PMP. The CIP incorporates this strategy, which utilizes outside consultants and technical experts to:

- Develop alternative implementation strategies;
- Address construction sequencing for uninterrupted Facility operations; and
- Provide additional expertise in light of current staff vacancies at the Facility.

Elements of the program management strategy include:

- Partnering with the City's Public Works Department to optimize capital project delivery;
- Hiring expert consultants to advise and assist with program management, technical direction and coordination, design and design/build procurements; and
- Implementing a phased approach that organizes Draft PMP projects into three separate "packages." The package approach is designed to minimize disruptions to Facility operations, lower the risk of permit violations, meet the Facility's good neighbor goals, and manage rate impacts.

A program management team comprised of City staff and outside consultants will be located at the Facility to most effectively manage the program, share knowledge, and coordinate with Facility staff. This integrated team will provide program support, including design and construction management, cost estimating, scheduling, document control, change management, budgeting, and reporting.

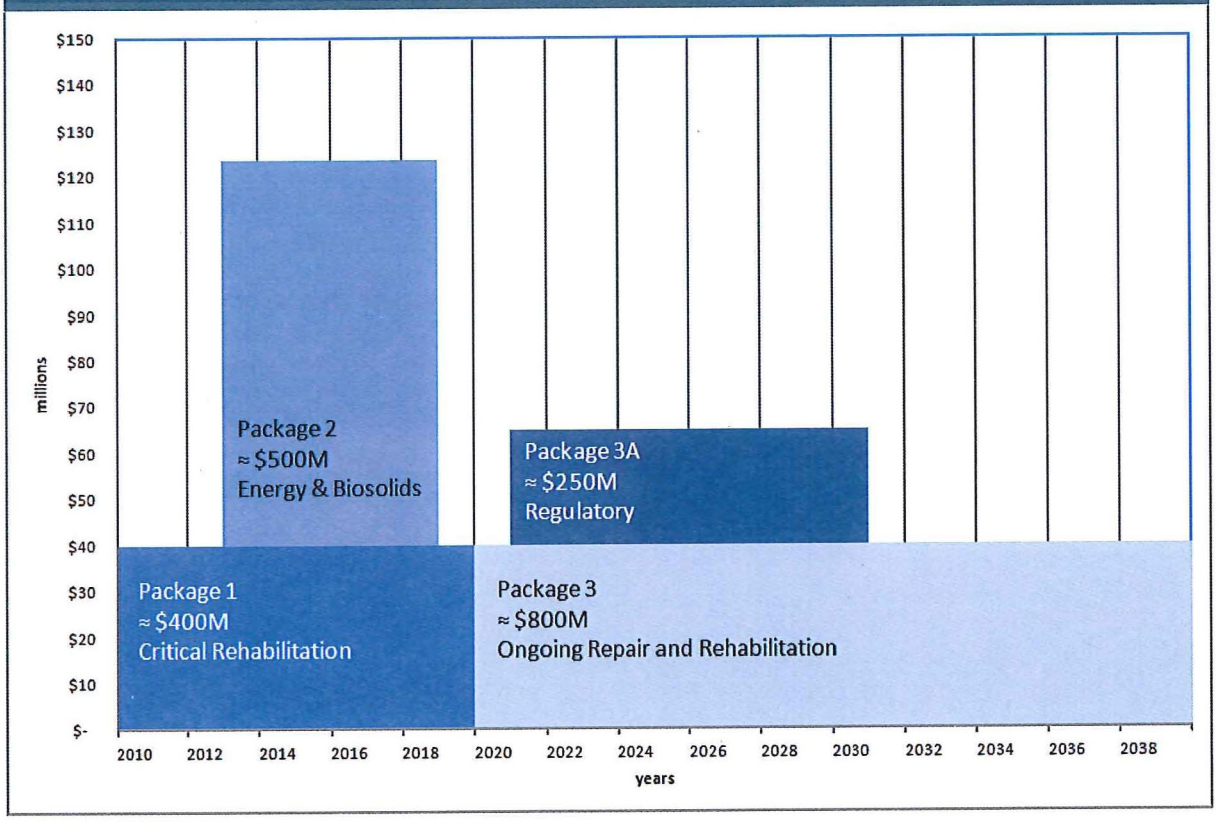
> The CIP program strategy to rebuild and modernize the Facility includes partnering with the Public Works Department; hiring consultants for additional expertise in several key areas; and organizing capital projects into three "packages."

Project Packages

In February 2012, the City Council approved the packaged delivery approach. This concept is illustrated in **Figure 1** on the next page.

- **Package 1** – This package includes critical rehabilitation projects in various process areas such as rebuilding the headworks; rehabilitating and seismically upgrading the primary and secondary tanks; rehabilitating the digesters, covers, and mixing systems; upgrading the gas handling and heating systems; and upgrading the electrical distribution systems. Altogether, costs for these projects are estimated to average $40 million per year over the next 10 years, for a projected total of $400 million. Package 1 projects will be supported by the current rate structure with moderate increases in future years.
- **Package 2** – This package includes projects that meet the priorities set forth by the Draft PMP and address significant challenges faced by the Facility, such as deteriorating power generation equipment and filter systems; and odor impacts to neighboring communities. Package 2 projects include transitioning from open-air biosolids drying to mechanical dewatering and drying; installing new gas turbines or advanced internal combustion engines to replace aging engine generators; and replacing existing gravity filters with newer filtration technology. Package 2 involves implementation of significant new technologies at an estimated cost of about $500 million over six years. Package 2 projects will be financed to ease rate impacts on users and spread the costs over the infrastructure life. To the extent possible, existing funds will be used to pay for early project work.
- **Package 3 and 3A** – This package includes projects that are expected to exceed the 10-to-15 year implementation horizon, such as estimated end-of-life replacement of existing infrastructure and new projects that may be required based on future regulations or changes in wastewater flows and volume loads. The total cost of these projects over the 20-year period is estimated at $1.05 billion, with a highly variable annual cost that is dependent on future regulatory and flow triggers.

Figure 1 — Proposed Project Packages 1, 2, 3, and 3A



Package 1
Critical Rehabilitation

- Headworks Rehabilitation
- Primary Rehabilitation
- Secondary Rehabilitation
- Digester Rehabilitation
- Electrical Systems
- Controls and Automation
- Site Facility Improvements

Package 2
New Technology

- Legacy Lagoon Cleanup
- Solids Dewatering and Drying
- Energy Generation
- Filter Reconstruction

Package 3 and 3A
Regulatory, Flow, and Unspecified Repair and Rehabilitation

- Ongoing Repair and Rehabilitation
- Regulatory-Driven Improvements
- Flow-Driven Improvements

III. Program Accomplishments and Challenges

Several capital program milestones were achieved during the last two quarters of FY 2012-2013, including completion of five projects:

Projects Completed	
On Schedule	On Budget
80 percent	40 percent

Administration Building Standby Generator

Start date: July 2010
Baseline completion date: NA **Actual completion date:** April 2013
Baseline Budget: $262,520 **Actual Expenses:** $306,059
Original contract amount: $147,620 **Approved change orders:** $14,118 (9.6%)

This project installed a standby diesel generator and supporting infrastructure to provide emergency power for the Facility's administration building. Emergency power is necessary in the event of an electrical power failure. The building houses the Facility's complex Distributed Control System (DCS) and computer servers that control critical aspects of plant operations.

Facilities Roof Replacement

Start date: October 2010
Baseline completion date: December 2012
Actual completion date: February 2013
Baseline Budget: $870,770 **Actual Expenses:** $694,860
Original contract amount: $600,770 **Approved change orders:** $22,462 (3.7%)

This project refurbished six roofs, including those of the Blower Generator, Nitrification, Sludge Controls, Filtration Influent Pump Station, Woodshop,and Maintenance buildings. The Facility has 25 major buildings with more than 287,000 square feet (SF) of roofing area that is 20 to 30 years old and requires maintenance.

Fire Main Replacement – Phase 2

Start date: October 2011
Baseline completion date: May 2013 **Actual completion date:** May 2013
Baseline Budget: $1,398,550 **Actual Expenses:** $1,266,004
Original contract amount: $910,000 **Approved change orders:** $177,993 (19.6%)

A 2007 condition assessment revealed corrosion and failure potential throughout the Facility's fire main piping system. This project is the second phase of a multi-phased project to address the assessment and replace existing fire main piping. Phase 2 replaced approximately 4,640 linear feet (LF) of main piping. The Facility's fire protection system is comprised of roughly 15,000 LF of piping, pumps, fire hydrants, and associated valves and appurtenances. The original system was installed in stages over the past 50 years to meet Facility expansion needs.

Handrail Replacement – Phase 4

Start date: September 2010
Baseline completion date: June 2013 **Actual completion date:** June 2013
Baseline Budget: $765,680 **Actual Expenses:** $846,194
Original contract amount: $398,900 **Approved change orders:** $69,558 (17.4%)

This project is the fourth phase in a multi-phased project to replace handrails and make minor repairs to deteriorated concrete. Phase 4 replaced approximately 2,500 LF of handrails in the secondary aeration process area. The Facility has approximately 17,000 LF of handrails.

M1/M2/M3 Switchgear Replacement

Start date: July 2009
Baseline completion date: June 2013 **Actual completion date:** June 2013
Baseline Budget: $10,402,025 **Actual Expenses:** $10,971,668
Original contract amount: $8,386,978 **Approved change orders:** $1,249,143 (14.9%)

This project replaced three switchgears that had been in service for more than 40 years. The old switchgears were underrated for connection to the Facility's upgraded ring bus electrical distribution system. The new switchgears improve reliability and provide operating flexibility for the Facility.

New construction contracts were awarded for six projects:

115 KV Circuit Breaker Replacement

Award date: April 2013 **Scheduled completion date:** August 2014
Baseline Budget: $655,420 **Contract amount:** $344,927

This project replaces two 115 kilovolt (KV) circuit breakers located in Substation No. 1. The breakers are 30 years old and require frequent maintenance due to gas leaks. The circuit breaker replacement will improve operations and reliability of the 115 KV system, and will reduce ongoing maintenance efforts and costs.

These six projects will improve Facility operations by repairing worn and corroded equipment and upgrading obsolete systems.

Dissolved Air Flotation Dissolution Improvements

Award date: February 2013 **Scheduled completion date:** April 2014
Baseline Budget: $891,000 **Contract amount:** $535,000

This project installs new manifold and discharge pipes; check, gate, and butterfly valves; and actuators in the sludge control building. The dissolved air flotation system thickens the waste activated sludge from the secondary treatment process. Due to age, the existing discharge pipes, manifold, and valves are corroded, leaking, and vulnerable to failure. This project will improve system operations and reliability.

Don Edwards National Wildlife Refuge

Distributed Control System Upgrade

Award date: June 2013 **Scheduled completion date:** June 2016
Baseline Budget: $4,064,000 **Contract amount:** $1,814,785

This project upgrades the DCS to support numerous operational areas. The DCS is comprised of software and hardware components that have been in place since the early 1990s. The existing operating system platform is nearing obsolescence and does not allow for expansion. This upgrade includes the system software and hardware, user interface, technical training, and system testing.

Distributed Control System Fiber Optics Network Expansion

Award date: June 2013 **Scheduled completion date:** July 2014
Baseline Budget: $957,000 **Contract amount:** $589,000

This project expands the fiber optics network capacity to support the DCS. The fiber optics network serves as the communications connection between the DCS and various process areas and field devices. This project will install approximately 36,000 LF of new fiber optic cables in existing and new electrical and communication conduit, as well as 100 high-density fiber patch panels and enclosures.

Handrail Replacement – Phase 5

Award date: June 2013 **Scheduled completion date:** September 2015
Baseline Budget: $1,855,093 **Contract amount:** $1,254,630

This project is the fifth phase in a multi-phased project that replaces existing steel handrails and repairs deteriorated concrete surfaces around the secondary aeration tanks. The existing handrails are more than 40 years old and have deteriorated due to long-term exposure to the Facility's harsh environment. Phase 5 replaces approximately 8,500 LF of handrails.

Influent Magnetic Meter and Valve Replacement for Nitrification Clarifiers A-5 and A-6

Award date: May 2013 **Scheduled completion date:** June 2014
Baseline Budget: $437,330 **Contract amount:** $270,300

Due to age and corrosion, the influent magnetic flowmeters and signal converters in nitrification clarifiers A-5 and A-6 are out of service. Additionally, the butterfly valves leak and flow control valve actuators are not properly functioning. This project will replace these components along with associated electrical, instrumentation, and structural improvements.

Street Rehabilitation – Phase 2

Award date: June 2013 **Scheduled completion date:** April 2014
Baseline Budget: $443,600 **Contract amount:** $279,598

This project is the second phase of a multi-phased rehabilitation of the Facility's five miles of streets and access roads. Many street sections have pavement failure, unraveling, potholing, damaged curbs and gutters, and poor drainage. This project rehabilitates approximately 2,600 LF of pavement along Main Street from the Facility's main gate to Center Street.

Rehabilitated Facility street

Additional Accomplishments

- Five service orders totaling $2.3 million were awarded under existing master agreements to initiate consultant work on several projects, including Ammonia & TSS Meters Installation, Digester Gas Storage Replacement, Emergency Diesel Generators, and the New Cogeneration Facility.
- Staff advertised a Request for Proposals (RFP) on February 25, 2013 for engineering design, construction support, testing, and commissioning services for the Digester and Thickener Facilities Upgrade project. Contract negotiations are currently underway and award is expected in October 2013.
- Staff advertised an RFP on March 28, 2013 for a program management firm to provide a broad array of services and program tools to manage the capital program. Key services to be provided include validating the existing and proposed CIP and Draft PMP projects, and establishing program-wide standards and systems, including budgetary and schedule controls. Contract negotiations are currently underway and award is expected in October 2013.
- On January 24, 2013, the City Manager approved a one-year consultant contract for a Program Technical Coordinator to lead coordination and communication between Facility's Operations and Maintenance staff and Capital Program staff, for optimal CIP implementation.
- On March 26, 2013, Council approved an initial one-year consultant contract for an Executive Program Advisor, with the option of yearly contract renewal for the next four years. The Executive Program Advisor will lead capital program planning, organization, and management for the Facility.

To address staffing, systems, and program delivery challenges, a program management consultant will begin working with Facility staff in Fall 2013.

Challenges

For successful delivery of the large and complex Facility CIP, staff must meet the following key challenges:

- **Recruit and fill key vacancies** – Experienced project managers, designers and process engineers; operations and maintenance staff; and additional program support staff are critical to program success. Some of these staff are already in place; however, a number of vacancies in both the CIP and Operations and Maintenance divisions still need to be filled. Recruitments are underway with the recognition that new staff will need time and training to become completely familiar with the Facility, its systems and operations.
- **Build foundational systems** – Key systems are required for the long-term success and effective CIP oversight. Schedule and budget control, document management, and asset management systems are all needed. Development and rollout of these systems may present some initial challenges for staff. However, with training and continued use, the systems should promote accountability, efficiency, and improved planning and decision making.
- **Develop program delivery processes** – Clear governance, processes, and procedures are needed to manage risk and provide a standard approach for effective and efficient program and project delivery. Standardized project delivery tools; design standards and specifications; control system and integration strategies; startup; commissioning; and training procedures all need to be developed and implemented.

To address these challenges, a program management consultant will be brought on board in Fall 2013. The months following will be critical for the program as in-house staff and consultant staff integrate and collaborate on efforts including:

- Establishing the program management plan and office;
- Validating and prioritizing the more than 100 projects recommended by the Draft PMP, including conducting gap analyses and construction sequencing reviews; and
- Developing communications and program decision-making protocols.

Other significant challenges include exploring financing options and alternative delivery methods, including obtaining design-build authority for implementation of Package 2 projects.

IV. CIP Project Performance

Performance Measures

A key goal of this Semiannual Status Report is to provide regular updates on project performance based on schedule and budget commitments. Project schedules and budgets described in this report follow the same definitions and conventions as the Citywide CIP Annual Status Report.

Schedules

Baseline schedules are established as a commitment for delivery and a measurement of on-time project delivery performance. Project schedules are set once project scope and requirements have been established, and fall into one of the following categories:

- **On schedule:** Projects are considered to be on schedule if completed within two months of the committed completion date. Projects are also in this category if no schedule commitment existed prior to this report.
- **Extended schedule:** Projects have extended schedules if they are running more than two months behind the committed delivery date.
- **Schedule reset:** Project schedules are reset when committed schedules are no longer feasible as a result of significant changes in scope, bid protests, or Council-directed reprioritization. This reset process occurs as part of the City Council's consideration of the Citywide Annual CIP Status Report.
- **Schedule pending**: Projects that do not have schedules at the time of this report are noted as pending. The schedules for these projects are uncertain due to incomplete scoping, community concerns, or funding issues.
- **Schedule on hold:** Project schedules that have been deferred are placed on hold.

Phases

CIP projects are described as progressing through the following phases:

- **Planning**. Work can include condition assessments, pilot tests, feasibility studies, scope development, preliminary engineering, and environmental clearance.
- **Design.** Work can include preparation and review of plans and specifications, selection and management of consultants, and project coordination.
- **Bridging Documents.** These documents and drawings describe all components that go into building, and are designed to give each design-build bidder a clear understanding of what the Facility requirements on a given project.
- **Bid and Award.** Work can include bid advertisement, pre-bid meetings, preparation of addenda, evaluation of bids, and recommendation for award.
- **Construction.** Work can include execution of contract and issuance of the Notice to Proceed, construction management, and construction inspection.
- **Design-Build.** A combination of design and construction phase tasks performed by the design-build contractor, based on plans and specifications developed during the bridging documents phase.
- **Post-construction/startup.** Work can include final inspection, project closeout, warranty tracking and documentation, operations and maintenance training, startup, and commissioning.

Budgets

Baseline budgets are established as a commitment for delivery and a measurement of on-budget project delivery performance. Project budgets are generally established once the project scope is complete and a schedule has been determined. Projects are considered on budget if total project costs are within 1 percent of the established baseline budget. The baseline budget may differ from the CIP budget in that baseline budgets may include funding that has not yet been identified and appropriated by the City Council. Any resets of baseline budgets will occur during Council consideration of the Citywide Annual CIP Status Report.

Performance Summary

Table 2 shows active projects by phase. Several projects are in the Conceptual Planning phase, which precedes the Planning phase. These projects do not yet have detailed scopes, schedules, or budgets. In order for a baseline schedule and budget to be established, a project in the Conceptual Planning phase will require further clarification and refinement of project goals; environmental clearance; and engineering analysis, such as feasibility studies and technology evaluations. Projects in the Conceptual Planning phase are included in **Table 3** on page 20.

In addition, a summary chart of current active projects with budgets and schedules is provided on the next page in **Figure 2**.

The Facility's CIP projects have been renumbered according to the Capital Project Management System (CPMS). This system links interested viewers to a web-based database that provides greater detail on projects. The CPMS can be accessed at: **http://sanjoseca.gov/index.aspx?NID=295**

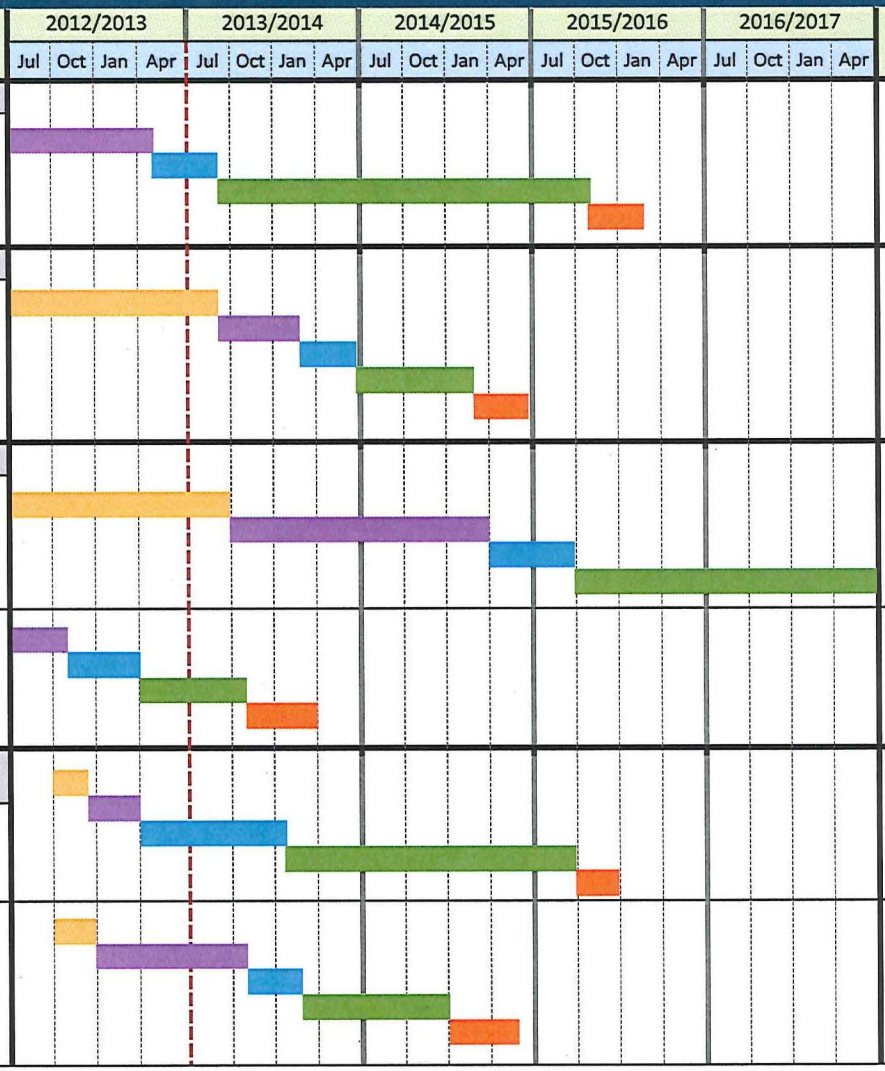
Table 2 — Active Projects by Phase

Project Phase	Number of Projects
Conceptual Planning	11
Planning	4
Design/Bridging Documents	8
Bid and Award	4
Construction	3
Design-Build	0
Post-Construction/Startup	6
Total	**36**

Clarifier tank

Figure 2 — 2013-2017 Project Schedule and Budget Chart

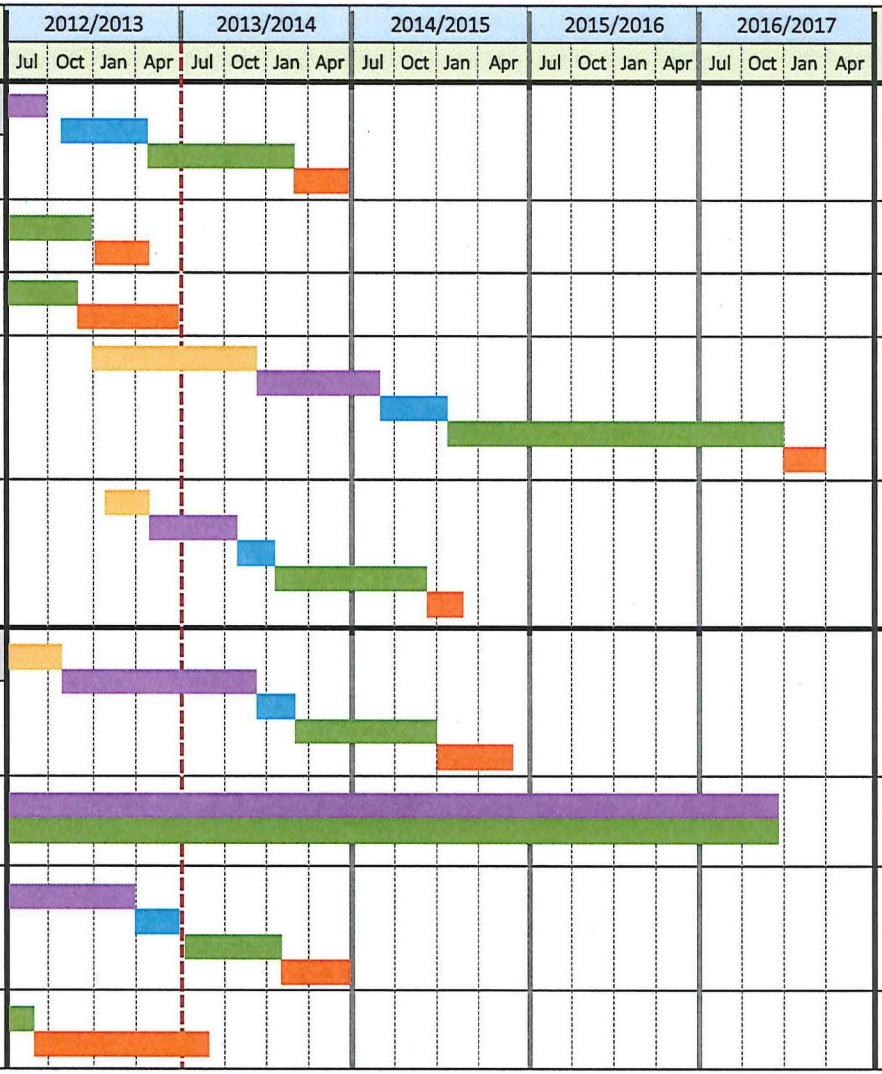
CPMS No.	Projects by Category	Estimated Total Project Budget	Expenditures to Date
	Preliminary Treatment		
6013	Headworks No. 2 Enhancement – Phase 1	$9,050,000	$916,100
	Primary Treatment		
6717	Iron Salt Feed Station	$1,990,000	$90,200
	Biosolids		
7382	Digester and Thickener Facilities Upgrade	$62,429,000	$1,159,900
6631	Dissolved Air Flotation Dissolution Improvements	$891,000	$831,700
	Electrical Systems and Power Generation		
7100	Digester Gas Compressor Upgrade	$11,400,000	$627,100
7157	Digester Gas Storage Replacement	$3,300,000	$532,600



Planning | Design | Bid and Award | Construction | Post-Construction/Startup | Report Date

Figure 2 continued

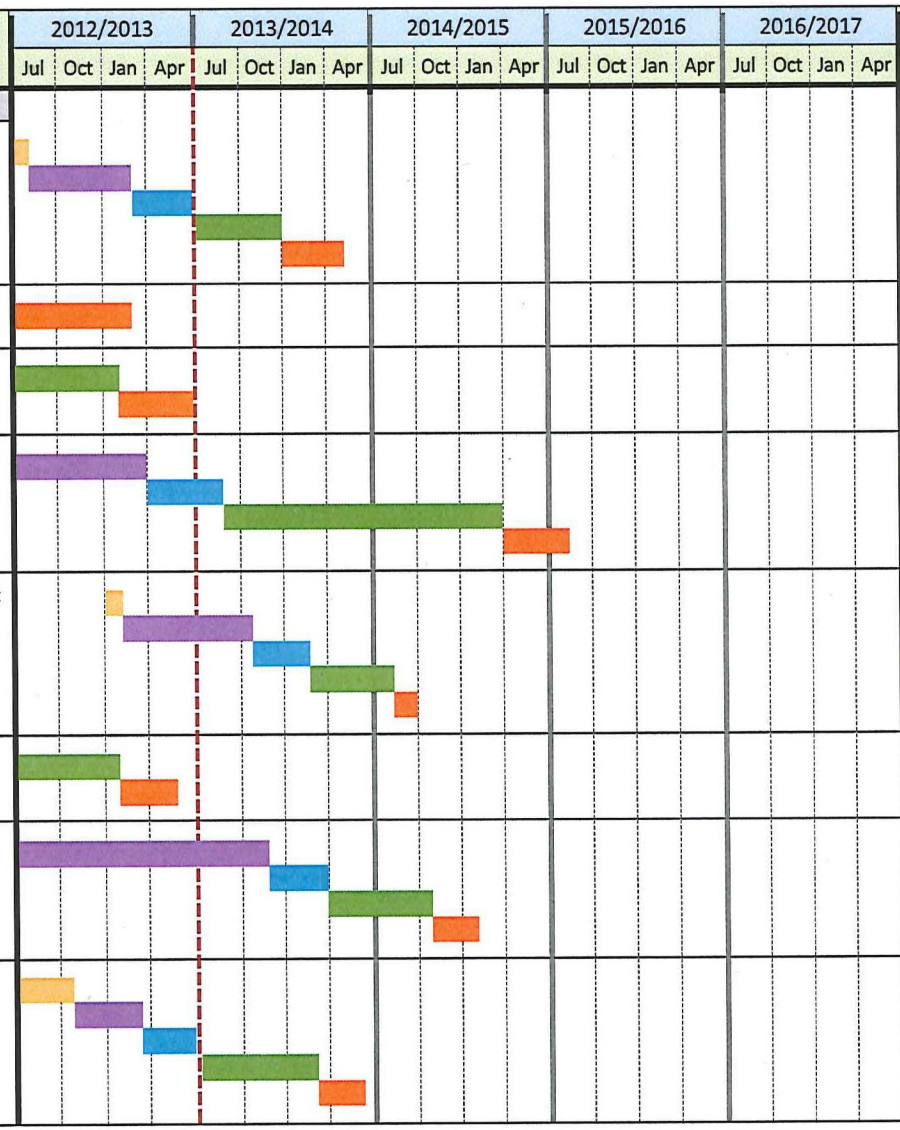
CPMS No.	Projects by Category	Estimated Total Project Budget	Expenditures to Date
	Electrical Systems and Power Generation	$655,000	$558,600
7079	115kV Circuit Breaker Replacement		
6718	Administration Building Standby Generator	$263,000	$306,000
6298	M1/M2/M3 Switchgear Replacement	$10,402,000	$10,971,700
7418	New Cogeneration Facility	$80,000,000	$780,900
7394	Emergency Diesel Generators	$18,000,000	$406,900
	Advanced Process Control and Automation	$3,360,000	$552,800
6996	Ammonia and TSS Meter Replacement		
7045	Distributed Control System Upgrade	$4,064,000	$2,484,800
6927	DCS Fiber Optic Network Expansion	$957,000	$808,800
6778	RSM Supernatant Ammonia Management	$508,000	$478,500



Planning | Design | Bid and Award | Construction | Post-Construction/Startup | Report Date

Figure 2 continued

CPMS No.	Projects by Category	Estimated Total Project Budget	Expenditures to Date
Site Facility			
7076	Influent Magnetic Meter and Valve Replacement for Nitrification Clarifiers A-5 and A-6	$438,000	$326,700
6649	Facilities Roof Replacement	$871,000	$694,600
6653	Handrail Replacement – Phase 4	$766,000	$846,200
6835	Handrail Replacement – Phase 5	$1,855,000	$1,586,100
7249	Training Trailer Replacement	$700,000	$32,600
6449	Fire Main Replacement – Phase 2	$1,399,000	$1,266,000
6998	Fire Main Replacement – Phase 3	$2,100,000	$61,700
7086	Street Rehabilitation – Phase 2	$444,000	$370,700



Planning | Design | Bid and Award | Construction | Post-Construction/Startup | Report Date

Table 3 – 2013-2017 Project Schedule and Budget – Conceptual Planning	
Project by Category	Adopted Project Budget
Preliminary Treatment	
Headworks No. 1 Repair and Rehabilitation	$5,975,000
Headworks No. 2 Expansion	$79,400,000
Primary Treatment	
East Primary Rehabilitation	$82,025,000
Secondary Treatment	
Biological Nutrients Removal 1 and 2 Connection	$14,486,000
Fine Bubble Membrane Diffuser Conversion	$36,400,000
Secondary and Nitrification Clarifier Rehabilitation	$26,427,000
Tertiary Treatment	
New Filter Complex	$1,000,000
Biosolids	
Biosolids Transition	$1,000,000
Electrical Systems and Power Generation	
Switchgears S40, G3 & G3A, and M4 Controls Upgrade	$1,300,000
Site Facility	
Plantwide Facilities	$650,000

V. Capital Project Highlights

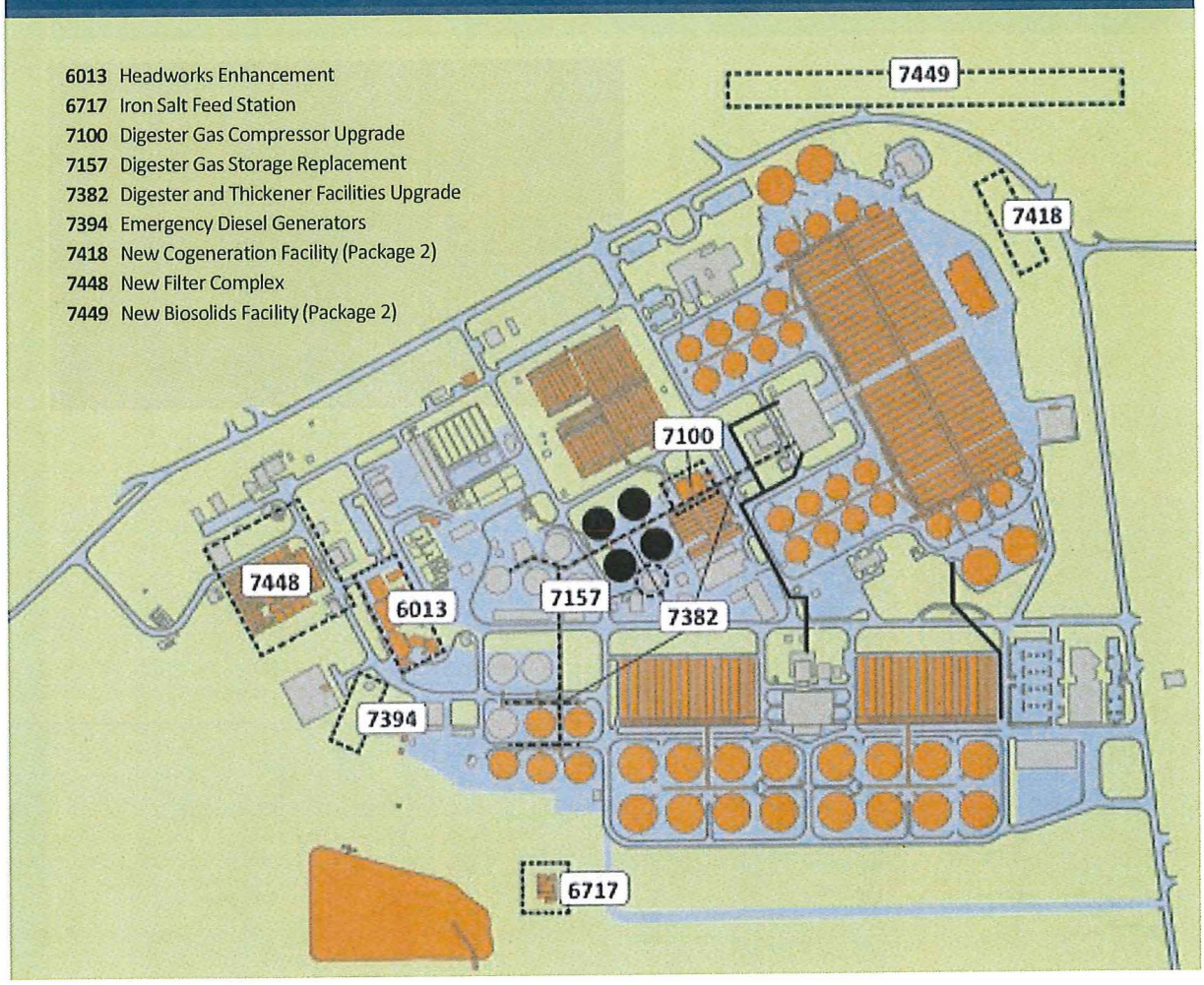
This section provides a detailed look at selected CIP projects and key Facility improvements. These projects showcase work that is critical to ongoing Facility operations. Some, like the New Cogeneration Facility project, also pave the way for continued innovation and efficiency in how the Facility produces and uses energy.

Figure 4 below shows the location of each project at the Facility site.

In addition to information on project description, benefits, status, schedule, and budget, each page in the highlights section shows a budget estimate level. Capital project budget estimate levels are defined as:

- **Program level:** Created for long-term planning and initial feasibility studies; level of certainty plus or minus 35 percent.
- **Preliminary level:** Based on planned sizes of buildings and functional areas, not formal engineering work; level of certainty plus or minus 20 percent.
- **Budget level:** Based on current scope and schematic design work derived from previous similar projects; level of certainty plus or minus 10 percent.
- **Engineer's level:** Based on final construction plans and specifications; level of certainty plus or minus five percent.

Figure 4 – Locations of Highlighted Projects



PRELIMINARY TREATMENT

Headworks bar screens

Headworks No. 2 Enhancement Phase 1

Estimate Type: Budget Level
Current Project Budget: $9,050,000
CPMS No. 6013

Description

This project will make enhancements to Headworks No. 2 so that it can ultimately serve as the main headworks. Phase 1 work will include modifications to the raw sewage distribution structure, construction of a new connection pipeline, and re-routing of recycle and other process water flows that currently connect to Headworks No. 1.

Current Status

The project design is being finalized. The project bid and award is on hold pending completion of a third party headworks expansion and operational feasibility review. This review will identify improvements necessary to provide reliable short- and long-term preliminary treatment and a strategy for future expansion of the headworks capacity to best suit Facility requirements.

Next Milestone

Complete third party feasibility review: *Fall 2013*

PRIMARY TREATMENT

Dosing station

Iron Salt Feed Station

Estimate Type: Program Level
Current Project Budget: $1,990,000
CPMS No. 6717

Description

This project will design and construct a chemical dosing station to add iron salt and polymer to incoming wastewater. Iron salt helps control the formation of hydrogen sulfide gas, reduce corrosion and odor, and enhance the settling of sludge. Hydrogen sulfide gas is sometimes present at high levels in the Facility's digesters, and is a potential air quality problem. Work will include construction of a chemical feed station and a concrete containment structure, as well as installation of pumps, piping, and instrumentation to dose and deliver the iron salt solution.

Current Status

Staff are studying suitable locations for the new chemical feed station and are negotiating a consultant service order. Design was anticipated to start in Spring 2013; however, the start date was rescheduled to Fall 2013 due to staffing issues.

Next Milestone

Issue service order for design services: *Fall 2013*

For more information on CIP projects, visit **http://ca-sanjose.civicplus.com/index.aspx?NID=295**

TERTIARY TREATMENT

Disc filters

New Filter Complex

Estimate Type: Program Level
Conceptual Program Budget: $134,000,000
Current Project Budget: $1,000,000
CPMS No. 7448

Description

The Facility's 1970s-era gravity filters need to be refurbished or replaced with more efficient and advanced filter technologies. This project will evaluate and potentially pilot test one or more new replacement filter technologies in advance of a full-scale transition to a new filter complex.

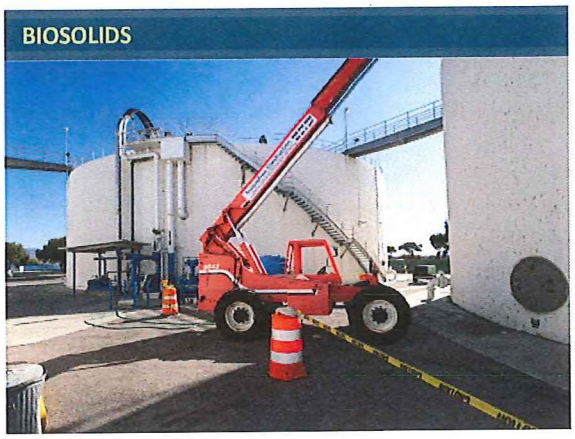
Current Status

A feasibility study is underway with completion projected for Fall 2013. Facility staff participated in a technology review workshop and completed site visits of other deep gravity and disc filter facilities to obtain input on these technologies from other agencies. Depending on the outcome of the technology evaluation and pilot testing efforts, additional funding for full-scale project implementation may be incorporated in future CIPs.

Next Milestone

Final evaluation report: *Fall 2013*

BIOSOLIDS



Digesters

Digester and Thickener Facilities Upgrade

Estimate Type: Budget Level
Current Project Budget: $62,429,000
CPMS No. 7382

Description

The Facility has 16 anaerobic digesters constructed between 1956 and 1983. Six of these digesters are out of service due to age and condition; all are more than 30 years old. The first phase of this project will rehabilitate four digesters (Nos. 5, 6, 7, and 8), including installing new covers and mixing systems; heating system and gas collection system upgrades; structural and seismic retrofits; electrical, instrumentation and control system upgrades; and Dissolved Air Flotation Thickeners modifications to allow for sludge co-thickening including new odor control.

Current Status

A Request for Qualifications (RFQ) for professional engineering services was issued in March 2013. Contract negotiations are underway with the contract award scheduled for September 2013.

Next Milestone

Design contract award: *Fall 2013*
Design completion: *Spring 2015*

For more information on CIP projects, visit **http://ca-sanjose.civicplus.com/index.aspx?NID=295**

BIOSOLIDS

Lagoon for drying sludge

New Biosolids Facility

(Package 2)

Estimate Type: Program Level
Conceptual Program Budget: $326,000,000
Current Project Budget: $1,000,000
CPMS No. 7449

Description

Covered mechanical dewatering and drying of sludge, coupled with new odor treatment technologies, would require a much smaller operational footprint than the Facility's current air-drying method. It would also improve odor impacts to surrounding communities. This project will study, evaluate, and develop a project definition report in advance of full-scale transition to a new biosolids processing operation. Reserves have been set aside in the CIP for further development of a new biosolids processing complex concept. Depending on the outcome of the technology study, additional funding for full-scale project implementation may be incorporated in future CIPs as part of Package 2 projects.

Current Status

An Owner's Engineer is being hired to assist with scope definition and project delivery approach. An Owner's Engineer is an engineer or firm who acts as an advocate for the owner on highly specialized and complex projects. Because this project is in the conceptual planning phase, a detailed schedule and budget is not yet available.

Next Milestone

Issue service order for an Owner's Engineer and seek design-build authority from state legislators: *Fall 2013*

ELECTRICAL SYSTEMS AND POWER GENERATION

Existing digester gas compressor

Digester Gas Compressor Upgrade

Estimate Type: Budget Level
Current Project Budget: $11,400,000
CPMS No. 7100

Description

The Facility operates three digester gas compressors located in the Sludge Control Building: two smaller gas compressors installed in 1964, and one installed in 1984. The two older compressors are increasingly unreliable and difficult to maintain. The newer compressor is also nearing the end of its useful life due to continuous use. This project will construct an approximately 4,400 SF building to house two new gas compressors, located north of the existing Sludge Control Building.

Current Status

The preliminary engineering design was completed in April 2013. Staff are currently preparing contractor prequalification documents for low-bid/design-build procurement.

Next Milestone

Design completion and contractor prequalification: *Fall 2013*

For more information on CIP projects, visit **http://ca-sanjose.civicplus.com/index.aspx?NID=295**

Gas holder

Digester Gas Storage Replacement

Estimate Type: Budget Level
Current Project Budget: $3,300,000
CPMS No. 7157

Description

The Facility has an existing digester gas holding tank that was originally built in 1984. The tank's gas holder experienced two failures, one in 2002, and one in 2012. A structural evaluation during the 2012 failure revealed the gas holder cover skirt was damaged beyond repair. This project will replace the existing wet seal gas holder with a new gas storage unit.

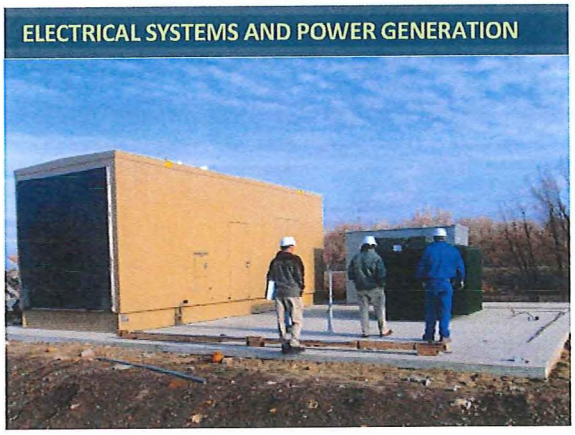
Current Status

The conceptual design has been finalized for the type of gas storage unit that is to replace the existing gas holder. Different gas holders were compared on capital, operation, maintenance, and overall life-cycle costs. A preliminary design review is underway to confirm project direction prior to proceeding with the detailed design.

Next Milestone

Design completion: *Fall 2013*

ELECTRICAL SYSTEMS AND POWER GENERATION



1.5 MW standby generator

Emergency Diesel Generators

Estimate Type: Program Level
Current Project Budget: $18,000,000
CPMS No. 7394

Description

This project was recommended in the 2012 Energy Management Strategic Plan for energy reliability in the event of power loss. The project installs four emergency diesel generators with capacity of 3 MW each. The generators will automatically start and energize the Facility's ring bus electrical distribution system within five minutes after a power outage. The generators will be located south of Substation 1, in the southwest area of the Facility, and will connect to the M3 switchgear.

Current Status

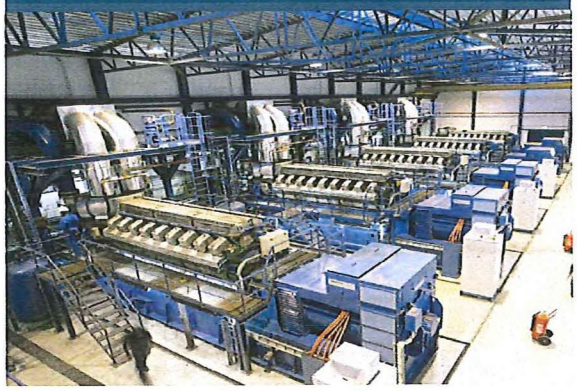
The project will be bid as low-bid/design-build. Bridging and contractor prequalification documents are being developed.

Next Milestone

Thirty percent Conceptual Design Documents: *Fall 2013*

For more information on CIP projects, visit **http://ca-sanjose.civicplus.com/index.aspx?NID=295**

ELECTRICAL SYSTEMS AND POWER GENERATION



4 MW advanced internal combustion engines

New Cogeneration Facility
(Package 2)

Estimate Type: Program Level
Conceptual Program Budget: $80,000,000
Current Project Budget: $1,300,000
CPMS No. 7418

Description

Improvements will include a new cogeneration building that will house four new, advanced 4 MW internal combustion engines. The engines' fuel source will be a blend of Facility digester gas and natural gas. Additional improvements include a gas treatment system, a new gas conveyance pipeline, emissions controls, system controls, and maintenance spaces.

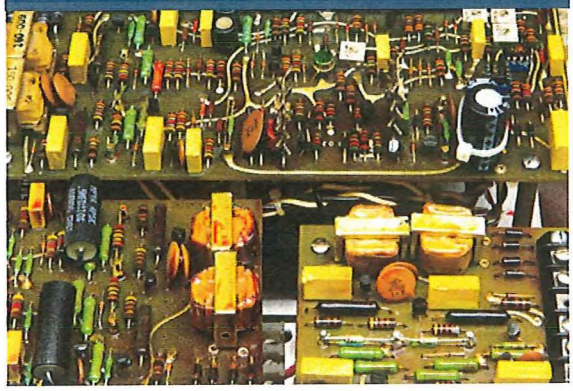
Current Status

A detailed study of engine requirements was performed and an engine was selected. Staff is currently finalizing the scope definition and project delivery approach. An RFP will be issued for an architect/engineer team to produce a set of abbreviated construction documents and specifications.

Next Milestone

Scope completion: *Fall 2013*

ADVANCED PROCESS CONTROL AND AUTOMATION



Distributed control system

Distributed Control System (DCS) Upgrade

Estimate Type: Budget Level
Current Project Budget: $4,064,000
CPMS No. 7045

Description

This project upgrades the Facility's DCS, which monitors and controls many operational areas. The DCS is comprised of software and hardware components that have been in place since the early 1990s. The existing operating system platform is nearing obsolescence and will be phased out by the manufacturer in 2015. This upgrade includes the system software and hardware, user interface, technical training, and system testing.

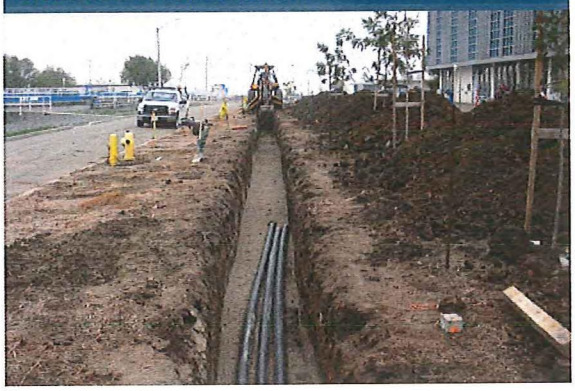
Current Status

An RFQ was issued in August 2012. The contract was awarded in June 2013.

Next Milestone

Project completion: *Summer 2016*

For more information on CIP projects, visit **http://ca-sanjose.civicplus.com/index.aspx?NID=295**



Fire main trench

Fire Main Replacement Phase 3

Estimate Type: Budget Level
Current Project Budget: $2,100,000
CPMS No. 6998

Description

This project will replace approximately 8,000 LF of pipe along with associated valves, fire hydrants, and appurtenances. The Facility's fire protection system has more than 15,000 LF of fire mains consisting of cast iron and ductile iron pipes installed in stages over the past 50 years. A 2007 condition assessment revealed corrosion and potential piping failure throughout the system. As a result, a phased approach for replacement of the existing fire main system with corrosion-resistant plastic piping was initiated in FY 2007-2008.

Current Status

Fifty percent design drawings and specifications completion is expected by July 2013.

Next Milestone

Design completion: *Fall 2013*

For more information on CIP projects, visit **http://ca-sanjose.civicplus.com/index.aspx?NID=295**

The following Financial Summaries Chart reflects project costs as adopted in the 2012-2013 CIP Budget. The chart also includes reserves, transfers, and non-construction elements that are not discussed in this status report.

2013-2017 Adopted Capital Improvement Program – Use of Funds (Combined)

	Estimated 2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	5-Year Total
Construction Projects							
Public Art							
Public Art	193,000	546,000	12,000	123,000	3,000		684,000
Total	**193,000**	**546,000**	**12,000**	**123,000**	**3,000**		**684,000**
Preliminary Wastewater Treatment							
1. Headworks No. 1 Repair and Rehabilitation		600,000	5,050,000	325,000			5,975,000
2. Headworks No. 2 Enhancement	500,000	6,715,000	225,000				6,940,000
3. Headworks No. 2 Expansion		500,000					500,000
Total	**500,000**	**7,815,000**	**5,275,000**	**325,000**			**13,415,000**
Primary Wastewater Treatment							
4. East Primary Rehabilitation, Seismic Retrofit, and Odor Control	13,000	1,715,000	2,000,000	5,000,000	9,760,000	12,820,000	31,295,000
5. Iron Salt Feed Station	422,000	1,918,000					1,918,000
Total	**435,000**	**3,633,000**	**2,000,000**	**5,000,000**	**9,760,000**	**12,820,000**	**33,213,000**
Secondary Wastewater Treatment							
6. Biological Nutrients Removal 1 and Biological Nutrients Removal 2 Connection		876,000	1,000,000	12,328,000	282,000		14,486,000
7. Fine Bubble Membrane Diffuser Conversion		1,000,000		2,166,000	1,770,000	2,478,000	7,414,000
8. Secondary and Nitrification Clarifier Rehabilitation	594,000	3,175,000	516,000	2,800,000	6,939,000	578,000	14,008,000
Total	**594,000**	**5,051,000**	**1,516,000**	**17,294,000**	**8,991,000**	**3,056,000**	**35,908,000**

Financial Summaries continued from page 28

	Estimated 2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	5-Year Total
Construction Projects							
Tertiary Wastewater Treatment							
9. Alternative Disinfection	1,000	1,000,000					1,000,000
10. Filter Improvements		822,000					822,000
11. New Filter Technology		1,000,000					1,000,000
Total	**1,000**	**2,822,000**					**2,822,000**
Biosolids							
12. Biosolids Transition Technology*		1,000,000					1,000,000
13. Digester Rehabilitation	660,000	12,480,000	47,000,000	3,000,000	1,100,000		63,580,000
14. Dissolved Air Flotation Rehabilitation and Odor Control	158,000	1,000,000					1,000,000
15. Inactive Lagoons Biosolids Removal	267,000	585,000					585,000
Total	**1,085,000**	**15,065,000**	**47,000,000**	**3,000,000**	**1,100,000**		**66,165,000**
Electrical Systems and Power Generation							
Fuel Cell	1,145,000	20,000					20,000
16. Combined Heat and Power Equipment Repair and Rehabilitation		3,200,000					3,200,000
17. Combined Heat and Power Technology Evaluation*		1,300,000					1,300,000
18. Plant Electrical Reliability	8,910,000	1,047,000	2,000,000				3,047,000
Total	**10,055,000**	**5,567,000**	**2,000,000**				**7,567,000**
Advanced Process Control & Automation							
19. Advanced Process Control and Automation	498,000	1,847,000	640,000				2,487,000
20. Treatment Plant Distributed Control System	65,000	2,500,000	500,000	500,000	500,000		4,000,000
Total	**563,000**	**4,347,000**	**1,140,000**	**500,000**	**500,000**		**6,487,000**

**Package 2 project*

Financial Summaries continued from page 29

	Estimated 2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	5-Year Total
Construction Projects							
Site Facility Maintenance and Improvements							
Outfall Channel and Levee Improvements	250,000						
WPCP Reliability Improvements	21,000						
21. Equipment Replacement	3,959,000	1,663,000	1,663,000	1,663,000	1,663,000	1,663,000	8,315,000
22. Plant Infrastructure Improvements	8,898,000	4,665,000	1,000,000	1,000,000	1,000,000	1,000,000	8,665,000
23. Plantwide Facilities		645,000					645,000
24. Treatment Plant Engine Rebuild	1,000,000	1,000,000	1,000,000				2,000,000
25. Treatment Plant Fire Main Replacement	1,155,000	1,245,000					1,245,000
26. Treatment Plant Street Resurfacing	360,000	715,000	500,000	500,000	500,000	500,000	2,715,000
27. Unanticipated/Critical Repairs	250,000	250,000	250,000	250,000	250,000	250,000	1,250,000
28. Urgent and Unscheduled Treatment Plant Rehabilitation	250,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	7,500,000
Total	**16,143,000**	**11,683,000**	**5,913,000**	**4,913,000**	**4,913,000**	**4,913,000**	**32,335,000**
South Bay Water Recycling							
Recovery Act - South Bay Water Recycling Phase 1C	1,075,000	72,000					72,000
SBWR Customer Connection Program	1,000,000						
SBWR Reservoir Facility	2,939,000	120,000					120,000
29. SBWR Backup Water	838,000	2,162,000					2,162,000
30. SBWR Extension	9,788,000	4,093,000					4,093,000
31. SBWR System Reliability and Infrastructure Replacement		2,000,000	1,500,000	1,500,000	1,500,000		6,500,000
Total	**15,640,000**	**8,447,000**	**1,500,000**	**1,500,000**	**1,500,000**		**12,947,000**
TOTAL CONSTRUCTION PROJECTS	**45,209,000**	**64,976,000**	**66,356,000**	**32,655,000**	**26,767,000**	**20,789,000**	**211,543,000**

Financial Summaries continued from page 30

	Estimated 2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	5-Year Total
Non-Construction Projects							
General Non-Construction							
Capital Program and Public Works Department Support Service Costs	300,000	574,000	580,000	586,000	592,000	598,000	2,930,000
Transfer to Clean Water Financing Authority Debt Service Payment Fund	6,956,000	6,947,000	6,953,000	6,915,000	6,943,000	6,787,000	34,545,000
32. Payment for Clean Water Financing Authority Trustee	5,000	5,000	5,000	5,000	5,000	5,000	25,000
33. Plant Master Plan	2,086,000	900,000					900,000
34. Preliminary Engineering		1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	5,000,000
35. Program Management		2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	10,000,000
36. SBWR Master Plan		2,304,000					2,304,000
37. State Revolving Fund Loan Repayment	4,464,000	4,464,000	4,464,000	4,464,000	4,464,000	4,464,000	22,320,000
Total	**13,811,000**	**18,194,000**	**15,002,000**	**14,970,000**	**15,004,000**	**14,854,000**	**78,024,000**
Contributions, Loans and Transfers to General Fund							
Transfer to the General Fund: Human Resources/Payroll System Upgrade	10,000						
Total	**10,000**						
Contributions, Loans and Transfers to Special Funds							
Transfer to the City Hall Debt Service Fund	47,000	77,000	82,000	85,000	89,000	93,000	426,000
Transfer to the Federated Retirement Fund for 2010-2011 Additional Payment	58,000						
Total	**105,000**	**77,000**	**82,000**	**85,000**	**89,000**	**93,000**	**426,000**

Financial Summaries continued from page 31

	Estimated 2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	5-Year Total
Non-Construction Projects							
Reserves							
Reserve for Advanced Process Control and Automation		3,000,000					3,000,000
Reserve for Biosolids Transition		5,000,000					5,000,000
Reserve for Digester Rehabilitation		5,000,000					5,000,000
Reserve for East Primary Rehabilitation, Seismic Retrofit, and Odor Control		1,000,000					1,000,000
Reserve for Electrical Systems and Power Generation		10,000,000					10,000,000
Reserve for Equipment Replacement		5,000,000					5,000,000
Reserve for Headworks		6,000,000					6,000,000
Reserve for New Filter Complex		6,000,000					6,000,000
Total		**41,000,000**					**41,000,000**
TOTAL NON-CONSTRUCTION	**13,926,000**	**59,271,000**	**15,084,000**	**15,055,000**	**15,093,000**	**14,947,000**	**119,450,000**
Ending Fund Balance	**104,635,097**	**20,091,097**	**6,417,097**	**5,316,097**	**6,785,097**	**8,187,097**	**8,187,097***
TOTAL USE OF FUNDS	**163,770,097**	**144,338,097**	**87,857,097**	**53,026,097**	**48,645,097**	**43,923,097**	**339,180,097***

* The 2012-2013 through 2015-2016 Ending Balances are excluded from the FIVE-YEAR TOTAL USE OF FUNDS to avoid multiple counting of the same funds.

VII. Looking Ahead

Aerial view of Facility site looking eastward.

Significant activity is expected over the next six months, particularly in establishing an integrated program management office. This office will oversee an intensive process to validate and prioritize more than 100 projects recommended by the Draft PMP, and is expected to result in potential cost savings and more informed decision making for future CIPs. Key upcoming activities include:

- Award of the program management contract;
- Substantial completion of CIP project validation by the program management team;
- Initiation of design for the Digester and Thickener Facilities Upgrade Project;
- Completion of an anaerobic digestion process analysis and a preferred approach selection;
- Initiation of an analysis on biosolids treatment and disposal options;
- Issuance of RFPs for the Digester Gas Compressor Upgrade and Emergency Generator projects; and
- Completion of a Project Definition Report for the Cogeneration Facility Project.

Glossary

Biogas	A renewable energy source produced by the breakdown of organic matter, such as sewage or green waste, in the absence of oxygen. Biogas is comprised of methane, carbon dioxide, and small amounts of hydrogen sulfide and other components.
Biosolids	Treated sewage sludge.
Bufferlands	Open acreage used by wastewater treatment plants as a buffer between facility operations and nearby communities. Bufferlands minimize odor and operational impacts on neighboring communities, and often serve as wildlife habitat.
Cogeneration	The process of recovering and reusing industrial waste heat to produce electricity.
CPMS	The Capital Project Management System, a web-based database updated regularly to provide San José Councilmembers, administrators and the public access to current information on CIP projects.
DCS	A Distributed Control System, or DCS, is a computerized system that allows treatment facility staff to remotely monitor and control treatment processes.
Effluent	Treated wastewater that is discharged from a treatment facility.
EIR	An Environmental Impact Report (EIR) is a public document required under the California Environmental Quality Act to describe potential environmental impacts associated with a project. An EIR also describes measures to mitigate the impacts.
Headworks	Facilities that first receive incoming wastewater at a treatment plant. The headworks screen and remove sticks, grit, and other solid material from influent to protect downstream equipment in the treatment process.
Influent	Untreated wastewater that flows into a treatment facility.
mgd	Million gallons per day.
Preliminary treatment	The preparatory wastewater treatment stage, in which influent passes through headworks, which screen and remove sticks, rocks and debris; and grit chambers, which remove sand and gravel.
Primary treatment	The initial treatment for incoming wastewater, in which gravity settles solid material and rotating bars skim floating fats, oil, and grease from influent.
Ring bus system	An electrical substation switching arrangement of breakers connected in a closed loop.
Secondary treatment	The second stage of wastewater treatment, in which aeration tanks pump air into wastewater to promote the growth of naturally-occurring bacteria that remove organic pollutants.
Tertiary treatment	The final stage in advanced wastewater treatment, in which wastewater flows through filter beds, then through sodium bisulfite tanks to become 99 percent clean.
Wastewater	Water that enters the sanitary sewer system for processing at a treatment plant.

Appendix

Preliminary Treatment Projects – Adopted FY 2013-2017 CIP budget: $13.4 million		
Draft PMP ID #	**Project**	**Draft PMP Cost Estimate*** *(in millions)*
1	Headworks Enhancements Phase 1 and Phase 2	$6.7 ±
2	Miscellaneous Headworks 1 Repairs	$5.9 ±
3	Headworks 2 Modifications	$62.6 ±
4	Headworks Odor Control	$22.7 ±
5	Expand and Line Raw Equalization Basin to 10 MG	$9.0 ±
6	Demo Headworks 1	$11.5 ±
7	Refurbish/Demo P&E Building	$11.3 ±
8	Consolidate Influent Piping	$21.5 ±
	Program Subtotal	**$151.2 ±**
Primary Treatment Projects – Adopted FY 2013-2017 CIP budget: $33.2 million		
9-10	East Primaries Steel Conversion, Coating Rehabilitation, Concrete Repair, and Seismic Modification for Odor Control	$50.1 ±
11	Primary Treatment Odor Control	$49.9 ±
12	Tunnel Rehabilitation: West Primaries	$1.8 ±
13	Tunnel Rehabilitation: East Primaries	$2.4 ±
14	Iron Salt Facilities	$2.5 ±
15	Demo West Primaries	$22.1 ±
16	Additional 12 MG PE Equalization Basin	$21.6 ±
	Program Subtotal	**$150.4 ±**
Secondary Treatment Projects – Adopted FY 2013-2017 CIP budget: $35.9 million		
17	Secondary Air Plenum Filtration	$1.7±
18	Connect BNR1 and BNR2 Clarifiers	$14.6 ±
19	Connect Aeration Headers	$4.7 ±
20	Aeration Tank Rehabilitation (BNR 1 and BNR 2)	$62.1 ±
21	Rehabilitation of Remaining Secondary Clarifiers (BNR 2)	$13.2 ±
22	CFD Modeling and Rehabilitation of 1 Secondary Clarifier	$1.2 ±
23	Rehabilitation of Remaining Secondary Clarifiers (BNR 1)	$28.9 ±
24	Conversion to Fine Bubble Diffusers	$35.4 ±

Secondary Treatment Projects – Adopted FY 2013-2017 CIP budget: $35.9 million		
Draft PMP ID #	**Project**	**Draft PMP Cost Estimate*** *(in millions)*
25	Foam and Scum Control	$1.4 ±
26	Nocardia Control	$7.7 ±
27	Field Verification of Foam and Scum Control Options	$1.1 ±
29	Conversion to NAS (TN < 8mg/L regulation) – Alternative 2	$68.0 ±
28, 30	Other Alternatives	—
	Program Subtotal	**$240.0 ±**
Tertiary Treatment Projects – Adopted FY 2013-2017 CIP budget: $2.8 million		
31	Underdrain and Media (Remaining Bank A7 filters)	$3.2±
32	Miscellaneous Filtration Repairs	$12.2 ±
33	Field Verification of Alternative Filter Technology	$3.2 ±
34	Underdrain and Media (1 filter) + Field Verification	$0.4 ±
35	New Filters: 128 mgd Tetra Denite plus 52 mgd New Tertiary (NAS mode only) – Alternative 1	$132.6 ±
39	New Ultraviolet Disinfection Facilites – Alternative 3	$49.4 ±
36-38, 40-41	Other Alternatives	—
		$201.0 ±
Biosolids Digestion – Adopted FY 2013-2017 CIP budget: $64.6 million		
44	WAS and Primary Sludge Fine Screening	11.8 ±
45	Digester Gas Manifold and Tunnel Improvements	$14.7 ±
46	Tunnel Rehabilitation: Digesters and DAFT	6.8 ±
47-49	Digester Cover and Mixing Upgrades (4 digesters)	30.1 ±
50	Digester Cover and Mixing Upgrades (3 digesters)	26.0 ±
51	Digester Cover and Mixing Upgrades (3 digesters)	27.9 ±
52	DAFT Final Upgrades (6 DAFTs)	4.6 ±
53	Digester Heating Upgrades	0.7 ±
54	Struvite Control Chemical Feed	0.2 ±
55	Digestion Pre-Treatment Field Verification	11.4 ±
56	FOG Receiving Station and 1/2-Mile Access Road	9.2 ±
57	Fourteen-inch Digested Sludge Line Replacement (parallel pipe)	12.9 ±
	Program Subtotal	**$156.3 ±**

Biosolids Residual Sludge Management – Adopted FY 2013-2017 CIP budget: $1.6 million		
Draft PMP ID #	**Project**	**Draft PMP Cost Estimate*** *(in millions)*
42	Inactive Lagoons Rehabilitation Phase 1	13.9 ±
43	Inactive Lagoons Rehabilitation Phase 2	13.9 ±
58	Sludge Dewatering Field Verification	2.3 ±
59	2/3 Full Mechanical Dewatering (Centrifuges) Plus Feed Storage Tank	84.7 ±
60	Cake Storage	15.1 ±
61	1/3 Full Mechanical Dewatering (Centrifuges)	41.9 ±
62	Lagoons/Drying Bed Retirement	3.0 ±
63	2/3 Covered Lagoons (180 days storage)	32.0 ±
64	Emergency Biosolids Storage	7.6 ±
65	1/3 Covered Lagoons (180 days storage)	19.8 ±
66	Sludge Drying Field Verification	1.8 ±
67	2/3 Thermal Drying for 20 Percent of Solids Stream	68.5 ±
68	1/3 Thermal Drying for 20 Percent of Solids Stream	27.7 ±
69	Biosolids Greenhouse Demonstration Project (w/ BFPs)	9.0 ±
70	2/3 Greenhouse: Full Scale (w/o dewatering)	13.3 ±
71	1/3 Greenhouse: Full Scale (w/o dewatering)	7.8 ±
	Program Subtotal	**362.3±**
Power Generation – Adopted FY 2013-2017 CIP budget: $4.6 million		
72	Energy Strategic Plan	0.4 ±
73	Fuel Cell	1.4 ±
74	Facility Electrical Reliability (PER) – 4.6 MW Gas Turbine Phase 1 (w/o gas storage)	36.0 ±
75	Gas Turbine Phase 2 (9.2 MW) (2 turbines)	39.0 ±
76	Gas Turbine Phase 3 (4.6 MW)	23.7 ±
77	Digester Gas Storage, Compressors, and Piping	15.3 ±
78	Solar Power Facility Phase 1 (1 MW) – PPA	0.8 ±
79	Solar Power Facility Phase 1 (1 MW) – Direct Purchase	7.3 ±
80	Solar Power Facility Phase 2 (5 MW)	42.3 ±
	Program Subtotal	**$166.2 ±**

Electrical Systems – Adopted FY 2013-2017 CIP budget: $3.0 million		
Draft PMP ID #	**Project**	**Draft PMP Cost Estimate*** *(in millions)*
81	PER – 115 kV Breaker Replacement	2.9 ±
82	PER – M1, M2, M3 Switchgear Replacement	0.5 ±
83	PER – MCC H1, H2, J1, J2	0.2 ±
84	PER – MCC Phase II Replacements	0.3 ±
85	PER – S11 Switchgear Replacement	9.9 ±
86	PER – S40 and G3 Switchgear Update	14.2 ±
87	PER – Standby Generator (Admin Building)	0.6 ±
88	Double-ended Substation with Switchgear for Solids Handling Processes	4.0 ±
	Program Subtotal	**$32.6 ±**
Advanced Process Control Systems Projects – Adopted FY 2013-2017 CIP budget: $6.5 million		
89-91	Advanced Process Control and Automation	9.6 ±
92	EG2 and EG3 Engine Control Panel Upgrade	0.2 ±
93	Side Stream Nitrogen Removal	—
	Program Subtotal	**$9.8 ±**
Site Facility Improvements – Adopted FY 2013-2017 CIP budget: $32.3 million		
94-96	Miscellaneous Heating and Cooling Upgrades	3.0 ±
97	Handrail Replacement	5.0 ±
98	Site Facility Improvements – Phase 1 (through 2025)	9.1 ±
99	Site Facility Improvements – Phase 2 (2026 through 2040)	12.2 ±
100	Yard Piping	16.5 ±
101	Unanticipated/Critical Repairs	25.4 ±
102	Unspecified Remaining Repair and Rehabilitation (2025 through 2040)	416.0 ±
103-104	Tunnel Rehabilitation: BNR 1 and BNR 2	10.3 ±
105	3W Pump Station Improvements	1.1 ±
106-109	Warehousing Facility Additions and Support Building Improvements	100.9 ±
110-112	Public Art Reserve – 2010 to 2040	TBD
	Program Subtotal	**$599.5 ±**

** Cost estimates follow the American Associate of Cost Engineering International (AACE International) Recommended Practice No. 18R-97 estimate classes 5 and 4. Typical accuracy range for Class 5 estimates are -20 percent to -50 percent on the low side, and +30 percent to +100 percent on the high side. Class 4 estimates are -15 percent to -30 percent on the low side, and +20 percent to +50 percent on the high side. Cost estimates for engineering, construction, and contingencies are escalated to the midpoint construction at 2 percent per annum.*

COUNCIL AGENDA: 10/22/13
ITEM: 5B

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: Kerrie Romanow

SUBJECT: SEE BELOW

DATE: October 1, 2013

Approved

Date 9/30/13

SUBJECT: AGREEMENT WITH CTS INTERNATIONAL CORP FOR TECHNICAL TRAINING SERVICES AT THE SAN JOSE-SANTA CLARA REGIONAL WASTEWATER FACILITY

RECOMMENDATION

Adopt a resolution to authorize the City Manager to execute an agreement with CTS International Corp (CTS) for consultant services to develop technical training at the San José-Santa Clara Regional Wastewater Facility from the date of execution through June 30, 2017, in an amount not to exceed $2,250,000, and to provide for up to two, one-year options to extend the term through June 30, 2019, subject to the appropriation of funds.

OUTCOME

Council approval and award of this agreement would enable the San José-Santa Clara Regional Wastewater Facility (Wastewater Facility) to develop and implement a competency based training system that consistently advances the competence of the Wastewater Facility employees, and allows us to train and integrate new employees more quickly.

EXECUTIVE SUMMARY

The Wastewater Facility has been experiencing a high turnover rate in operations and maintenance staffing during the last several years. The protracted training time for new staff makes it especially challenging to quickly integrate new staff. As the Wastewater Facility embarks on a major re-build over the next several years, it will be especially critical for the operations and maintenance staff to be very familiar with the Wastewater Facility and to be able to provide feedback to guide the Capital Improvement Program. Thus, the Wastewater Facility faces two key training challenges: 1) training new staff as quickly as possible, and 2) retaining and leveraging its institutional knowledge to the maximum extent possible. To address these

challenges, the Wastewater Facility plans to develop and implement a competency based training program that systematically and consistently captures and transfers the documented procedures and technical knowledge required to support reliable operations.

To select a training consultant, the City went through a Request For Qualifications (RFQ) process and selected CTS International, Inc. for the project. Negotiations have resulted in the agreement recommended for approval under this Council action. Additional recommendations authorize the City Manager to extend the agreement if necessary. Completion of a training assessment, training module development for eight disciplines, and train-the-trainer instruction, is projected to take a minimum of three years. Budgeted training funds are anticipated to be sufficient to cover the $2,250,000 amount of this agreement. The approximate expenditure per fiscal year is $750,000.

BACKGROUND

The Wastewater Facility, formally referred to as the San José/Santa Clara Water Pollution Control Plant, has experienced a high turnover rate in operations and maintenance staffing during the last several years. Filling vacancies has been challenging, particularly in the job classifications of Plant Operator, Plant Mechanic, Heavy Diesel Equipment Operator, Industrial Electrician and Instrument Control Technician. The Wastewater Facility vacancy rate with regard to these work groups has averaged between 20% and 26% over the last three years. With respect to these "hard to fill" job classifications, the Wastewater Facility started FY 2012-13 with 34 vacancies. From July 1, 2012 to June 30, 2013, 17 hires were offset by 14 separations, ending the fiscal year with 31 vacancies.

For many of the Wastewater Facility's critical job classifications, the candidate pool is extremely limited, and the City and other wastewater treatment facilities are competing for this limited candidate pool. When entry level positions are filled, it currently takes approximately two years for apprentice wastewater operators and four years for apprentice wastewater mechanics to be fully trained in the areas and functions required to competently perform their jobs.

In the past, training has taken place informally by pairing experienced employees who showed a talent for providing instruction with less-experienced workers to pass on their knowledge. The problem with using this type of informal system to meet training needs is that the effectiveness of the instruction cannot be measured reliably. And, since no formal curriculum is in place, each training instance was unique in its contents. Finally, with the high attrition and vacancy rate, there is not enough experienced staff to pass on the institutional knowledge or to provide the training.

The protracted training time for new staff makes it especially challenging to quickly integrate new staff and the goal of this formal training program is to significantly reduce integration time. As the Wastewater Facility embarks on a major re-build over the next several years, it will be especially critical for the operations and maintenance staff to be very familiar with the

Wastewater Facility and to be able to provide feedback to guide the Capital Improvement Program. Thus, the Wastewater Facility faces two key training challenges: 1) training new staff as quickly as possible, and 2) retaining and leveraging its institutional knowledge to the maximum extent possible. To address these challenges, the Wastewater Facility plans to develop and implement a competency based training program that systematically and consistently captures and transfers the documented procedures and technical knowledge required to support reliable operations.

ANALYSIS

A Request for Qualifications (RFQ) was advertised using the City's e-procurement outreach platform on February 11, 2013, for the purpose of describing the technical training project and soliciting an approach to the project. The RFQ was viewed by 114 firms, however, CTS was the sole proposer. Companies that had downloaded the RFQ were polled for feedback about their decision not to submit a proposal. Eighteen companies responded. Although there are numerous consultants that can provide training or training program development services, a trades-related, competency-based training program that fits the needs of a wastewater treatment facility, was not within the scope of services for 77% of the respondents. Other, less common reasons given were: concern over a potential conflict of interest with the Program Management RFQ being issued by the Facility Capital Improvement Project group; and, concern over the investment it takes to put together a proposal.

A five member evaluation team comprised of trades staff and members of the Environmental Services training unit reviewed the proposal, subsequently conducted an oral interview and recommended that CTS was qualified to complete the project. Staff recommends awarding the contract to CTS for the following reasons: CTS met the requisite qualifications and submittal requirements as set forth in the RFQ, and is well qualified to perform the scope of work. CTS staff has extensive experience developing competency based training for the operations and maintenance trades at the Union Sanitary District (Union City, California) and specifically developed training modules for wastewater operators and wastewater mechanics. Additionally, CTS developed standard operating procedures for the City of San Mateo, covering specific equipment used by collection systems workers.

The training model that is proposed will capture institutional knowledge and serve as the framework for a comprehensive training program that is competency based. CTS will develop and implement a training program that is tailored to the Wastewater Facility's systems and equipment. The project scope includes a needs assessment and training modules for each of eight operations and maintenance disciplines: (1) Wastewater Operators, (2) Wastewater Mechanics, (3) Wastewater Mechanics -- Heavy Diesel Equipment Operator/Mechanics specialization, (4) Industrial Electricians, (5) Instrument Control Technicians, (6) HVAC Mechanics, (7) Industrial Painters, and (8) Process and Systems Control Specialists.

The needs assessment will examine what factors stimulate successful or unsuccessful knowledge transfer within the existing training system to determine whether current issues are performance problems, system or technology issues, or training issues. Using the information obtained through the needs assessment, the Consultant will determine the training needs for each of the eight disciplines.

Development of training modules will include interviews with Wastewater Facility Subject Matter Experts (SME) on the proper operating procedures for a particular area or piece of equipment. Each training module will consist of a job competency requirement document, a set of standard answers, standard operating procedures, a training curriculum, classroom instruction on the module topic, and in-person competency assessments. A draft scope of services (Attachment A) has been attached to provide further detail on the anticipated services and deliverables.

Given the limited staffing resources at the Wastewater Facility, training module development will be performed with as little Wastewater Facility staff time as possible. However, some level of participation by Wastewater Facility management and subject matter experts is necessary to enable the development of a customized training for Wastewater Facility staff. Each Wastewater Facility trade group will be expected to provide 25 staff hours for the Training Needs Assessment, and approximately 35 staff hours for the development of each training module.

As the modules are developed, CTS will deliver the initial training of each module to all appropriate Wastewater Facility staff. The initial training will ensure current staff receive the same level of training; will establish a baseline of competency for existing staff; and will lay the framework for subsequent training modules. As new employees are hired, they will receive the same training as existing Wastewater Facility staff using an approach that is systematic, consistent, and expedited. As part of this agreement, CTS will develop a schedule for training of new and promoted staff, as well as any needed refresher courses. Attachment B outlines the development of a training module.

The hourly rate for the principal consultant is $163. Rates for the consultant's staff ranges from $65 to $128 per hour. These rates were found to be very competitive when compared with hourly rates of other training consultants that have been used by the City in the past, which have ranged from $200 - $300 an hour. For the CTS Agreement, estimated hours per task were used to produce the "not to exceed" amount. Billing will be based on the actual hours. If the tasks take less time than estimated, the City will realize savings in the contract. If the tasks take longer than estimated, the City will pay no more than the "not to exceed" amount.

The project timeline commences January 2014 and is expected to span multiple years. The estimated cost not to exceed $2,250,000 includes the training needs assessment, training module development, initial training delivery, initial development of the training program management, and a train-the-trainer component. Once the program is established and the Wastewater Facility vacancy rate decreases, training will be completed by Wastewater Facility staff.

EVALUATION AND FOLLOW UP

The Consultant will provide bi-weekly progress reports to the contract manager and Wastewater Facility management. Wastewater Facility management will review and provide feedback to the Consultant prior to finalizing each task and delivering each training module. At each progress report and submittal of a draft document, the work of the consultant will be evaluated. The Consultant will administer tests before and after the trainings. Results of tests taken after the training, as well as feedback from employee supervisors and Wastewater Facility management will be used to measure the effectiveness of the training program.

POLICY ALTERNATIVES

Alternative #1: Complete the project using City staff.
Pros: No additional consultant costs.
Cons: The City does not have staff or expertise to manage the development of a formal technical training program.
Reason for not recommending: CTS has the experience and expertise required to develop a comprehensive competency-based training program, current Wastewater Facility staff does not.

Alternative #2: Continue with current training programs.
Pros: No consultant costs.
Cons: The Wastewater Facility will not implement a competency based training system, and the time to integrate new hires will remain at 2 years.

Alternative #3: Re-issue a RFQ for Technical Training services.
Pros: Potential for increased proposals and alternative solutions.
Cons: Re-issue would result in further delays in implementing an essential and critical training program.
Reason for not recommending: Re-issue would delay the project by 1 year, and may not result in proposals from more qualified consultants. CTS, the selected consultant is uniquely qualified to perform this project.

PUBLIC OUTREACH/INTEREST

☒ **Criteria 1**: Requires Council action on the use of public funds equal to $1,000,000 or greater.**(Required: Website Posting)**

☐ **Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**

☐ **Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This item meets Criteria 1: Requires Council action on the use of public funds equal to $1,000,000 or greater. The staff report will be posted on the Council Agenda website for the October 22, 2013 Council meeting.

COORDINATION

This agreement and memorandum has been coordinated with, the City Manager's Budget Office, Human Resources and the City Attorney's Office. This item is scheduled to be heard at the October 10, 2013 Treatment Plant Advisory Committee meeting.

FISCAL/POLICY ALIGNMENT

This project is consistent with the following General Budget Principles "We must focus on protecting our vital core city services for both the short- and long-term" and the ESD's core service "Manage wastewater for suitable discharge into the south San Francisco Bay and for beneficial reuse to protect the environment and public health."

COST SUMMARY/IMPLICATIONS

Completion of a training assessment and training module development for eight disciplines has been projected to take a minimum of three years. The 2013-2014 Adopted Budget includes funding of $750,000 for this project. It is anticipated that expenditures will be approximately $750,000 per year, for a total amount not to exceed $2,250,000. Funding for this project will be included in the budget process, and is subject to the approval of the Adopted Budget.

SOURCE OF FUNDING: 513 – San José/Santa Clara Treatment Plant Operating Fund.

FISCAL IMPACT: Existing funds are available in the current fiscal year for the initial term of this project, and budgeted at $750,000 dollars annually. No additional appropriation action is required.

BUDGET REFERENCE

Fund #	Appn #	Appn. Name	RC #	Total Appn.	Amt. for Contract	2013-2014 Proposed Operating Budget Page	Last Budget Action (Date, Ord. No.)
513	0762	ESD-Non Personal/Equipment	900000	$28,567,518	$750,000	XI-85	06/18/2013, 29271

CEQA

Not a Project, File No. PP10-066(e), Services that involve no physical changes to the environment.

/s/ Ashwini Kantak for
KERRIE ROMANOW
Director, Environmental Services

For questions please contact Ashwini Kantak, Assistant Director, at (408) 975-2553.

Attachments:
A. Draft Scope of Services
B. Training Module Development Outline

Attachment A

DRAFT SCOPE OF SERVICE

General Description of Project for which Consultant will Provide Services:

The Consultant will provide professional consulting services to perform the assessment, recommendation, development, delivery, and facilitation of a technical training program that supports the reliable operation of the San José-Santa Clara Regional Wastewater Facility (Facility). Technical training modules will be developed for eight (8) different trades, working on systems at the Facility:

1. Wastewater Treatment Operator
2. Wastewater Mechanic
3. Wastewater Mechanic - Heavy Diesel Equipment Operator Mechanic Specialty
4. Industrial Electrician
5. Instrument Control Technician
6. HVAC Mechanic
7. Industrial Painter
8. Process Systems Control Specialist

Service Order #1 will commence the project by starting with two (2) trades: Wastewater Treatment Operator and Wastewater Mechanic.

Task No. 1 will be the performance of a Training Needs Assessment for each trade: Wastewater Treatment Operator and Wastewater Mechanic.

Task No. 2 will be the development of the first training module for Wastewater Treatment Operator, and the development of the first training module for Wastewater Mechanic.

The final number of modules that will comprise the complete Wastewater Treatment Operator Training Program or the complete Wastewater Mechanic Training Program will be determined in the Training Needs Assessment.

Task No. 1: Training Needs Assessment

A. Services: Conduct two Training Needs Assessments (TNA): one for Wastewater Treatment Operator and one for Wastewater Mechanic by examining the factors that stimulate successful or unsuccessful knowledge transfer within the existing training system to determine whether current issues are performance problems, system or technology issues, or required/desired training issues. The TNA will determine current processes, outcomes, and deficiencies.

The Consultant Chief Learning Officer will ascertain optimals, actuals, feelings, causes, and solutions from a variety of sources. Sources will include management, front line supervisors, line staff, existing documentation, and best practices within the wastewater community. Questions that will be asked of Facility staff and researched by the Consultant include, but are not limited to:

- What is the nature of optimal performance or expertise?
- How is the environment for learning and development now?
- What are employees doing now that works?
- What are employees doing now that does not work?
- What are the feelings of employees about their job in regards to performance and technology?
- What do sources think is causing the problem?
- How do sources think the problem can be solved?
- Are there existing best practices that can be employed as solutions?

The Consultant will schedule interviews with designated staff, both individual and group. It is anticipated that there will be one initial group interview for each job category during the needs assessments. The group interview will build off of the individual responses to generate a consensus on issues and their possible solutions. It is estimated that Facility staff will supply three to six employees from each job category for interviews. One-on-one interviews will last no more than one hour. The initial group interview will last no more than two hours. Dates and times will be agreed upon between the Consultant and the City of San José.

A draft of the TNA will be routed to designated employees for review and comment prior to strategic planning.

A final group meeting will be held to develop a Training Needs Strategic plan. It is anticipated that this meeting will last six hours.

The Consultant will request that one employee be assigned to supply needed documentation and access to data to support development of the TNA. It is estimated that this task will require up to five hours a week by Facility staff.

Using the answers garnered from the interviews, outcomes from the group meeting and strategic planning, the Consultant will develop and deliver the final draft of the TNA.

Total hours to complete: 280 Total compensation not to exceed: $45,640

B.1 General Deliverable: Training Needs Assessment report containing:

a. Defined Optimals. The vision of Facility management and staff as it relates to what are the desired processes and outcomes for the training system.

b. Defined Actuals. The actual processes and outcomes currently experienced at the Facility.

c. Interview Outcomes. The results of both individual and group interviews performed with Facility management and staff.

d. Discover Current Processes, Outcomes, and Causes. Identify current processes, outcomes and causes of issues discovered through interviews and research of documentation.

e. Defined Solutions. The recommended solutions to the issues identified in the report.

B.2 Specific Deliverables

(1) #1 Activities performed by 1/17/14:

- Facilitate kick-off meeting (Up to 2 hours)
  - Schedule meeting
  - Invite attendees
    - Facility Operations Management
    - Facility Maintenance Management
    - Senior Wastewater Treatment Operators
    - Senior Wastewater Mechanics
    - Human Resources
    - City Contract Supervisors
  - Develop and distribute meeting literature
  - Provide overview of Needs Assessment process/outcomes and Module Development
- Conduct Discovery
  - Investigate current Facility processes for plant operations and maintenance
    - Review existing Standard Operating Procedures
    - Review existing policies
    - Requires staff to provide the Consultant access to documentation
  - Research best practices
    - Interview Facility Operations and Maintenance management from other wastewater treatment plants
    - Review existing literature from within the treatment plant operations and maintenance community of practice
      - WE&T Magazine
      - CWEA Journals/Periodicals
    - O&M processes from other wastewater treatment plants
- Identify and schedule up to six interviews within each job category
- Conduct two Needs Assessment interviews in each job category (1 hour each)
  - Meet with Facility Operations Manager or designated representative
  - Meet with Facility Maintenance Manager or designated representative
  - Meet with a senior/front line supervisor Wastewater Treatment Operator
  - Meet with a senior/front line supervisor Wastewater Mechanic
- Conduct job task analysis (results provided in bi-weekly progress report)
  - Identify and document existing Wastewater Treatment Operator tasks
    - Requires two 1 hour interview sessions with senior Wastewater Treatment Operator
  - Identify and document existing Wastewater Mechanic tasks
    - Requires two 1 hour interview sessions with senior Wastewater Mechanic
- Provide bi-weekly progress report
  - Requires a 1 hour meeting with designated staff and/or contract supervisor
    - Recommend at least Facility Operations and Maintenance Managers and contract supervisor

(2) #2 Activities performed by 1/31/14:

- Conduct two Needs Assessment interviews in each category (1 hour each)
  - Meet with a journeyman level Wastewater Treatment Operator
  - Meet with a journeyman level Wastewater Mechanic
  - Meet with a junior level Wastewater Treatment Operator
  - Meet with a junior level Wastewater Mechanic
- Conduct Discovery
  - Investigate and document current Facility processes for plant operations and maintenance
    - Review existing Standard Operating Procedures
    - Review existing policies
    - Research and document Facility preventive maintenance practices. Requires 1 hour meeting with senior Wastewater Mechanic or Superintendent
    - Review infrastructure repair, fail, and replacement history. Requires a two hour meeting with Maintenance and Operations Superintendents
- Conduct job task analysis (results provided in bi-weekly progress report)
  - Continue to identify and document existing Wastewater Treatment Operator tasks
    - Requires two 1 hour interview sessions with senior Wastewater Treatment Operator
  - Continue to identify and document existing Wastewater Mechanic tasks
    - Requires two 1 hour interview sessions with senior Wastewater Mechanic
- Provide bi-weekly progress report
  - Requires a 1 hour meeting with designated staff and/or contract supervisor
    - To be submitted to Plant Operations and Maintenance Managers and contract supervisor

(3) #3 Activities performed by 2/14/14:

- Conduct at one interview in each category (1 hour each)
  - Meet with Facility Operations Manager or designated representative
  - Meet with Facility Maintenance Manager or designated representative
- Conduct interview with Facility Safety Officer/Office (3 hours)
  - Discuss integration of safety into Facility operations and maintenance
- Conduct Discovery
  - Investigate and document current Facility processes
- Conduct job task analysis (results provided in bi-weekly progress report)
  - Continue to identify and document existing Wastewater Treatment Operator tasks
    - Requires two 1 hour interview sessions with senior Wastewater Treatment Operator
  - Continue to identify and document existing Wastewater Mechanic tasks
    - Requires two 1 hour interview sessions with senior Wastewater Mechanic
- Develop and submit draft TNA for review by Facility staff (Estimate 1 hour a day for staff to complete edits and return to the Consultant)
  - Facility Operations Manager or designated representative
  - Facility Maintenance Manager or designated representative
    - Draft to Facility by February 10, 2013
- Provide bi-weekly progress report
  - Recommend at least Facility Operations and Maintenance Managers and contract supervisor

(4) #4 Activities performed by 2/25/14:

- Facilitate strategic planning meeting (based on TNA outcomes) (Up to eight hours)
  - Scheduled for February 24
    - Facility Operations Management
    - Facility Maintenance Management
    - Senior Wastewater Treatment Operators
    - Senior Wastewater Mechanics
    - Human Resources
    - City Contract Supervisors
- Submit training strategic plan for Wastewater Treatment Operator and Wastewater Mechanic (Outcomes from group strategic planning meeting)
- Conduct Discovery
  - Investigate and document current SJ-SC Facility processes
- Continue edits to draft TNA (Estimate 1 hour a day for staff to complete edits and return to the Consultant)
  - Complete edits by February 21
- Develop and submit final Training Needs Assessments for Wastewater Treatment Operator and Wastewater Mechanic
  - Submit to Plant Management by COB February 25
- Provide bi-weekly progress report

C. **Completion Time:** The Consultant must complete the services and deliverables for this task in accordance with whichever one of the following time is marked:

☒ On or before the following date: Feb 25, 2014.

☐ On or before ____ Business Days from _____.

Task No. 2: Training Module Development

A. **Services:** Development of the first Training Modules (TM), one for Wastewater Treatment Operator and one for Wastewater Mechanic. The Consultant will draft the training module, instruct classes and assess the competency of Facility employees. It is estimated that the Consultant will need access to Facility Wastewater Treatment Operators and Wastewater Mechanics up to five hours a week to verify technical information and processes. Dates and times will be agreed upon between the Consultant and the City of San José.

Using existing technical documentation, Standard Operating Procedures, and Operating Manuals (O&M), the Consultant will develop knowledge and skill competencies that are the minimum necessary to be considered competent to operate equipment or understand processes. Along with the competencies, the Consultant will develop standard answers that will act as the basis for training and competency assessment. For each training module, the Consultant will also develop one Standard Operating Procedure, if required to support training and process accomplishment.

The Consultant will develop an integrated curriculum and instructor guide (C/IG). The C/IG will be used to guide the development of PowerPoint slides, static displays for training aids, and use of existing plant infrastructure to support training. PowerPoint slides will consist of bullets, graphics and video to enhance the learning experience. Static displays may include pumps, motors, valves, and mock-ups of plant processes. Whenever possible, The Consultant will use existing plant infrastructure to tie learning to the employees operating environment.

Total hours to complete: 1120 Total cost not to exceed: $ 144,760

B.1 General Deliverables: For the Wastewater Treatment Operator and Wastewater Mechanic, the TMs will contain the following:

a. One (1) Job Competency Requirement (JCR) in Microsoft Word 2010

b. One (1) Standard Answer (SA) in Microsoft Word 2010

c. One (1) Standard Operating Procedure in the existing SOP software used by Facility

d. One (1) Curriculum in Microsoft Word 2010

e. One (1) Presentation Microsoft PowerPoint 2010

f. One (1) Handout or training aid in Microsoft Word 2010

g. One (1) electronic version of a., b., d., e., and f.

B.2 Specific Deliverables:

(1) #5 Activities performed by 3/14/14:

- Facilitate kick-off meeting for Wastewater Treatment Operators and Wastewater Mechanics. (At least one day and two night 30 minute meetings, appropriate number of meetings to be agreed upon between the Consultant and the City)
  - All available staff
- Conduct job task competency analysis
  - Results provided in bi-weekly progress report
    - Draft Standard Answers
    - Draft Job Competency Requirement
  - Research and document minimum knowledge and skills necessary to become certified/qualified in Wastewater Treatment Operations and Wastewater Maintenance
    - Requires meeting with senior Wastewater Treatment Operator for five hours each week (1/hr a day)
    - Requires meeting with senior Wastewater Mechanic for five hours each week (1/hr a day)
- Provide bi-weekly progress report

(2) #6 Activities performed by 3/28/14:

- Conduct job task competency analysis
  - Results provided in bi-weekly progress report
    - Draft Standard Answers
    - Draft Job Competency Requirement
    - Draft Standard Operating Procedure

- Research and document minimum knowledge and skills necessary to become certified/qualified in Wastewater Treatment Operations and Wastewater Maintenance
  - Requires meeting with senior Wastewater Treatment Operator for five hours each week (1/hr a day)
  - Requires meeting with senior Wastewater Mechanic for five hours each week (1/hr a day)

- Submit draft Standard Answers to designated Facility Operations and Maintenance management for review by March 24
  - Requires up to four hours a week for review by Facility staff
  - Staff returns draft to the Consultant with comments/edits
- Provide bi-weekly progress report

(3) #7 Activities performed by 4/15/14:

- Conduct job task competency analysis
  - Results provided in bi-weekly progress report
    - Draft Standard Answers
    - Draft Job Competency Requirement
      - With competency assessment
    - Draft Standard Operating Procedure
    - Draft course curriculum
      - Integrated schedule and instructor guide
      - PowerPoint presentation
      - Student handouts/aids (if required for course)
  - Research and document minimum knowledge and skills necessary to become certified/qualified in Wastewater Treatment Operations and Wastewater Maintenance
    - Requires meeting with senior Wastewater Treatment Operator for five hours each week (1/hr a day)
    - Requires meeting with senior Wastewater Mechanic for five hours each week (1/hr a day)
- Continue review of draft training module documents by staff
  - Requires up to eight hours a week for review by Facility staff
  - Staff returns draft to the Consultant with comments/edits
- Submit final training module to management for approval
  - If review complete
  - If review is not complete, continues to next Service Order and #8 billing
  - Approval estimated to take 1 to 2 hours depending on how in-depth final review is by management
- Provide bi-weekly progress report

C. **Completion Time:** The Consultant must complete the services and deliverables for this task in accordance with whichever one of the following time is marked:

☒ On or before the following date: April 15, 2014.

☐ On or before ____ Business Days from _____.

Attachment B - Training Module Development Outline

I. Conduct Training Needs Assessment
   a. Discovery Process
      i. What training already occurs at the Facility?
      ii. What training tools are used at the Facility?
      iii. Interview management, staff, and newer employees about their experiences with the way training is done.
      iv. Research of industry best practices as needed.
      v. With Facility management and subject matter experts (SME), determine how to best present the Facility systems and equipment to maximize learning and retention of information.
      vi. Approximately 25 hours of City staff participation required.
   b. Results
      i. Defined vision and objects (desired processes and outcomes) for a Facility training system.
      ii. Statement describing the current state of training at the Facility and identifying issues.
      iii. Recommended solutions to the identified issues.
      iv. Specified number and topics for training modules to be developed.
      v. Input to the training strategic plan.

II. Training Module Development
   a. Task competency analysis by interviews, observation, and use of SMEs (City staff or CTS staff).
   b. Research and document minimum knowledge and skills necessary to be competent.
   c. Develop Job Competency Requirement – a compilation of the minimum knowledge and skills that an individual must know (knowledge) and demonstrate (skill) in order to safely and competently operate or maintain equipment or systems, either routine or abnormal.
   d. Develop Standard Answer document – consists of an approved process or statement that answers the competency questions listed in the job competency requirement sections.
   e. Develop Standard Operating Procedure.
   f. Develop Curriculum for training delivery.
   g. Develop Presentation for use in training delivery.
   h. Develop Handout or Training Aid.
   i. Approximately 35 hours of City staff participation required.

III. Staff Training
   a. Pre-test to assess competency before training.
   b. Classroom training.
   c. Practical demonstration, used in conjunction with and to augment classroom instruction.
   d. Training assessment (either written, oral, or practical demonstration).

IV. Ongoing Staff Competency Assessment

a. Initial assessment when employee attends a course.
b. Follow-up evaluation done after a predetermined period of time after the initial training.
c. When the performance of an employee requires an assessment due to an accident or question of competence.

V. Key Deliverables

a. A uniform, agency-wide documentation system that standardizes and facilitates competency.
b. Maintenance of a level of employee expertise by providing fully qualified employees who have met or exceeded the minimum standards for the Facility's routine and abnormal duties.
c. Promotion of initiative and responsibility by providing the employee with specific objectives, job relevant training requirements, and a list of readily available references and resources.
d. Facilitates cross training.

VI. Performance Measures

a. The state of competency for the Facility as a whole will be measured by having all appropriate staff take designated trainings and associated competency assessments.
b. With this competency data, management can inventory each competency Facility-wide and make decisions about training system refinements, workforce development, and react to critical competency deficiencies.

Master Consultant Agreement

This Master Agreement is between the City of San Jose, a municipal corporation ("City"), and CTS International Corp, a California Corporation ("Consultant").

This Master Agreement is made and entered into this ___ day of _____ 2013 ("Contract Date")

THE CITY AND CONSULTANT AGREE AS FOLLOWS:

1. AGREEMENT SCOPE

1.1 **General:** The Consultant will provide professional consulting services to the City on an as-needed basis pursuant to individual service orders issued in accordance with the terms and conditions of this Master Agreement. The type of professional consulting services the Consultant will provide can be described generally as: the assessment, recommendation, development, delivery, and facilitation of a competency based technical training program to support the reliable operation of the San José/Santa Clara Regional Wastewater Facility, formally known as the San José/Santa Clara Water Pollution Control Plant.

1.2 **Exhibits:** This Master Agreement consists of this agreement form, all Approved Service Orders (defined in Subsection 3.2 below), and the following exhibits, which are incorporated herein by reference:

Exhibit A: Service Order Form

Exhibit B: Schedule of Rates and Charges

Exhibit C: Insurance Requirements

Exhibit D: Notice of Exercise of Option to Extend Agreement

1.3 **"Director":** "Director" means the Director of the Department of Environmental Services, or the Director's designee.

1.4 **Business Days:** "Business Day" and "Business Days" means the day(s) on which City Hall is open to conduct regular business with the public.

1.5 **Entire Agreement:** This Master Agreement is the final, complete and exclusive understanding of the parties as to the matters contained herein. It supersedes all prior communications and understandings regarding such matters.

1.6 **Amendments:** This Master Agreement may be modified only by a written amendment executed by the parties.

2. AGREEMENT TERM

2.1 **Initial Term:** The term of this Master Agreement is from the Contract Date to June 30, 2017, inclusive, unless terminated earlier pursuant to Section 19 below.

2.2 **Option Term(s):** The City reserves the right to exercise up to two (2) additional one (1) year options to extend the term, upon thirty (30) days written notice in accordance with Exhibit D, and subject to termination pursuant to Section 19 below.

3. SERVICE ORDERS

3.1 **General:** The Consultant will provide professional services to the City pursuant to individual service orders. Each service order will describe the services and deliverables (collectively "Work") the Consultant must provide the time limit within which the Consultant must complete the Work and the compensation for the Work.

3.2 **Approved Service Order:** The Consultant can not start performing any Work until the Director has executed the service order for such Work ("Approved Service Order").

3.3 **Obligation to Issue:** The City has no obligation to issue any Approved Service Orders under this Master Agreement. The City may issue any number of Approved Service Orders provided that the sum of the maximum compensation of all Approved Service Orders can not exceed the Maximum Total Compensation (defined in Subsection 10.1 below).

3.4 **Preparation:** Each Approved Service Order will be in substantially the form specified in **Exhibit A**. Subject to the terms and conditions of this Master Agreement, the Consultant and the City will negotiate the specific requirements of each Approved Service Order.

3.4.1 **Director's Request to Prepare Proposal:** The Director will request the Consultant to prepare a written service order proposal. The Director will either request the Consultant to include a draft scope of Work in its proposal, or provide the Consultant with a draft scope of Work upon which the Consultant must base its proposal.

3.4.2 **Meeting/Site Inspection:** As part of the Director's request for the Consultant to prepare a service order, the Director may require the Consultant to meet to discuss the scope and location of the Work, the schedule of performance, and any other relevant details. The Director may also require the Consultant to conduct a site inspection for the purpose of identifying any issues that may need to be included in the scope of Work.

3.4.3 **Consultant Proposal:** The Consultant will prepare a written service order proposal in accordance with the Director's request. The Consultant will provide the proposal in both paper and electronic form. The proposal must include, but is not limited to, the following:

- The proposed scope of Work;
- The name and assignment of each of Consultant's professional employees who will be principally responsible for performing the Work;
- The names any subconsultants the Consultant would use and the portion of Work they would perform;
- A time schedule and cost for providing the Work;
- Any other information requested by the Director.

3.4.4 **Final Service Order:** Once the Consultant and the Director agree on the terms and conditions of the proposed service order, the City will prepare the final service order.

3.5 **Incorporation of Terms and Conditions:** Each Approved Service Order incorporates the terms and conditions of this Master Agreement, and becomes a part of this Master Agreement.

3.5.1 **No Conflicts:** An Approved Service Order must be consistent with – and can not alter - the terms and conditions of this Master Agreement.

3.5.2 **Agreement Controls:** The terms and conditions of this Master Agreement control over the terms and conditions contained in an Approved Service Order – even if the Approved Service Order expressly states that it is intended to control. Any conflicting terms and conditions in an Approved Service Order are invalid and unenforceable.

3.6 **Performance:** Subject to Subsection 3.5 above, the Consultant must perform the Work in accordance with the specific requirements of the Approved Service Order. The Consultant must coordinate and cooperate with City staff, consultants and contractors in performing the Work, and must perform the Work to the Director's satisfaction.

4. DESIGN SERVICE REQUIREMENTS

4.1 **General:** This Section applies to any design services the Consultant performs as part of an Approved Service Order.

4.2 **Standard Documents:** The Consultant is, or will become, familiar with the City of San Jose, Department of Public Works, Standard Specifications, dated July 1992 (and any amendments thereto), the City of San Jose, Department of Public Works, Standard Details, dated July 1992 (and any amendments thereto), and any other standard documents the City uses to design and implement its capital projects (collectively "Standard Project Documents").

4.3 **Use of Standard Documents:** Unless the Director provides prior written approval to the contrary, the final design documents prepared by the Consultant must be based on, and must incorporate, the Standard Project Documents.

5. CITY'S PROJECT MANAGER

Attachment B of each Approved Service Order will identify the City's project manager. The City can change its project manager by providing the Consultant with written notice.

6. CONSULTANT'S STAFFING

6.1 **Consultant's Project Manager and Other Staffing:** Attachment B of each Approved Service Order will identify the following:

- The Consultant's project manager, and
- The Consultant(s) and/or employee(s) of the Consultant ***principally responsible*** for providing the Work.

Attachment B will also indicate whether any of the identified persons are required to file a Statement of Economic Interests, Form 700 ("Form 700"). Anyone required to file a Form 700 must do so in accordance with the requirements of Subsection 17.2 below.

6.2 **Project Manager's Authority:** The Consultant's project manager must be authorized to act on behalf of the Consultant for purposes of decisions regarding the Approved Service Order.

6.3 **Staffing Changes:** The Director's prior written approval is required for the Consultant to remove, replace or add to any of its staffing identified in Attachment B of an Approved Service Order.

7. USE OF SUBCONSULTANTS

7.1 **Authority to Use:** Attachment B of each Approved Service Order will state whether or not the Consultant can use subconsultants to provide any part of the Work. If Attachment B does not authorize the Consultant to use subconsultants, then the Director's prior written approval is required for the Consultant to use a subconsultant to perform any part of the Work.

7.2 **Use of Subconsultants:** If Attachment B of an Approved Service Order authorizes the use of one or more subconsultants, then it will identify the name of each such subconsultant and the portion of Work each such subconsultant will perform. The Director's prior written consent is required for the Consultant to remove, replace or add to the subconsultants identified in Attachment B.

7.3 **Subconsultant Work:** The Consultant warrants all services and deliverables provided by any subconsultant it uses, and represents that each such subconsultant is specially trained, experienced, and competent to perform its portion of the Work.

8. INDEPENDENT CONTRACTOR

8.1 **General:** The Consultant has complete control over its operations and employees, and is an independent contractor. The Consultant is not an agent or employee of the City, and does not represent or act as the City's agent or employee. The Consultant does not have any rights to retirement benefits or other benefits accruing to City employees, and expressly waives any claim it may have to any such rights.

8.2 **Subcontractors:** As an independent contractor, the Consultant has complete control over its subconsultants, subcontractors, suppliers, agents and any other person or entity with whom the Consultant contracts in furtherance of this Master Agreement and/or any Approved Service Order (collectively "Subcontractors"). Subject to the requirements of Section 7 above, the Consultant is solely responsible for selecting, managing and compensating its Subcontractors, and for ensuring they comply with this Master Agreement.

8.3 **Indemnity:** The Consultant shall place in each Subcontractor agreement indemnity obligations in favor of the City in the exact form and substance of those contained in Section 11 below.

9. STANDARD OF PERFORMANCE

The Consultant represents that it will only perform Work for which it possesses all necessary training, licenses and permits. The Consultant represents that its performance of all such Work will conform to the standard of practice of a professional that specializes in performing professional services of a like nature and complexity.

10. COMPENSATION

10.1 **Maximum Total Compensation:** The maximum total compensation the City will pay the Consultant for all Approved Service Orders issued under this Master Agreement shall not exceed **Two Million Two Hundred and Fifty Thousand Dollars ($2,250,000)** ("Maximum Total Compensation").

10.2 **Maximum Service Order Compensation:** The cover page of each Approved Service Order will specify the maximum amount payable to the Consultant for all professional fees, costs and expenses related to the Consultant providing the Work ("Maximum Service Order Compensation"). The Consultant shall complete all Work required by the Approved Service Order for no more than the Maximum Service Order Compensation.

10.3 **Compensation Table:** Attachment C of each Approved Service Order is a compensation table setting forth the manner in which the City will pay the Maximum Service Order Compensation ("Compensation Table"). Each Compensation Table is subject to the terms and conditions set forth herein.

10.4 **Compensation Table – Part 1:** Part 1 of the Compensation Table addresses compensation for the various tasks performed in accordance with the Approved Service Order. The following terms and conditions apply to Part 1 of the Compensation Table.

10.4.1 **Task Numbers (Column 1):** Column 1 sets forth the task number(s) for which the City will compensate the Consultant. Each task number corresponds to the same task number in Attachment A of the Approved Service Order. If a task number included in Attachment A is not included in the Compensation Table, then the City will not compensate the Consultant separately for that task, and payment for such task is deemed included in the other task(s) for which the Consultant is receiving compensation.

10.4.2 **Basis of Compensation (Column 2):** Column 2 identifies whether the City will pay the Consultant for the task(s) on a time-and-materials basis or on a fixed-fee (or lump-sum) basis.

10.4.3 **Invoice Period (Column 3):** Column 3 identifies when the Consultant must submit its invoice for payment. If invoicing is monthly, the Consultant must submit its invoice to the City by the 10th Business Day of each month for Work completed during the previous month. If invoicing is upon the completion of a task or group of tasks, the Consultant must submit its invoice to the Director within 20 Business Days following completion of the task(s) to the Director's satisfaction. If invoicing is upon the completion of all Work, the Consultant must submit its invoice to the Director within 20 Business Days following completion of all Work to the Director's satisfaction.

10.4.3.1 **Invoice:** Each invoice must include sufficient information and supporting documents to establish to the Director's satisfaction that the Consultant is entitled to the payment requested. The City will pay the undisputed portion of the invoice amount within 20 Business Days of the Director's approval of such undisputed amount.

10.4.3.2 **Invoices Based on Time and Materials:** If time and materials is the basis of compensation, then the Consultant will base its invoice on the hours, professional fees, costs, and charges associated with the Work completed during the invoice period. If the Consultant is entitled to reimbursable expenses and/or separate payment for subconsultant costs, the invoice will include such expenses and/or costs associated with the Work completed during the invoice period. The City will compensate the Consultant in accordance with the Schedule of Rates and Charges attached to this Master Agreement as **Exhibit B**.

10.4.3.3 **Monthly Invoices Based on Fixed Fee:** If the Consultant invoices monthly for a "fixed fee," then the Consultant will base its monthly invoice on the percentage of Work completed during the previous month. If the task(s) completed the previous month involve the Consultant performing construction administration services, the percentage of work completed during the previous month will be measured based on the percentage of construction completed during the previous month. If the Consultant is entitled to reimbursable expenses and/or separate payment for subconsultant costs, the invoice will include such expenses and/or costs incurred during the previous month.

10.4.4 **Compensation (Column 4):** Column 4 sets forth the total compensation the City will pay the Consultant for completing the task(s).

10.4.4.1 **Time & Materials:** If time and materials is the basis of compensation, then the amount in Column 4 is a "not-to-exceed" or maximum amount. Any hours worked for which payment would result in a total exceeding the amount in Column 4 is at no cost to the City. If the Consultant completes the task(s) for less than the amount set forth in Column 4, the Director (in the Director's sole discretion) ***may*** use the cost savings to increase the budget of another task. The Director must authorize such reallocation of cost savings in writing.

10.4.4.2 **Fixed Fee:** If "fixed fee" is the basis of compensation, then the Consultant must complete the task(s) for the amount set forth in Column 4. Any hours worked for which payment would result in a total exceeding the amount in Column 4 are at no cost to the City.

10.5 **Compensation Table – Part 2:** Part 2 of the Compensation Table indicates whether or not the City will reimburse the Consultant separately for expenses incurred in providing the Work. The following terms and conditions apply if the City reimburses the Consultant separately for expenses.

10.5.1 **Subconsultants:** The cost of subconsultants is not treated as a reimbursable expense. Subsection 10.6 below addresses payment for the cost of subconsultants.

10.5.2 **Maximum Amount of Reimbursable Expenses:** The City will reimburse the Consultant for expenses up to the maximum amount set forth in the last column of Part 2. Any expenses that the Consultant incurs in excess of the stated maximum are at no cost to the City.

10.5.3 **Expenses That Are Reimbursable:** The City will reimburse the Consultant for only the expenses set forth below in the Reimbursable Expense Schedule. The City will reimburse these expenses at actual cost plus the specified markup. In no event shall the markup for a reimbursable expense exceed 10 percent.

	Reimbursable Expense Schedule	**Mark Up**
1.	The cost of mailing, shipping and/or delivery of any documents or materials.	10%
2.	The cost of photographing, printing, reproducing and/or copying any documents or materials.	10%
3.	Telephone and facsimile transmission charges.	10%

4.	The rental of any specialized equipment to the extent the City's project manager has preapproved, in writing, the cost of such rental.	10%
5.	With the written pre-authorization of the City's project manager, mileage and other travel-related expenses to the same extent that the City reimburses its employees pursuant to the Employee Travel Policy (City Policy Manual, Sections 1.8.2 and 1.8.3). The Consultant acknowledges that it has received a copy of Sections 1.8.2 and 1.8.3 and is familiar with these sections of the Employee Travel Policy.	No Markup
6.	Any expenses expressly identified as being reimbursable in the Schedule of Rates and Charges or in an Approved Service Order.	As specified, not to exceed 10%

10.6 **Compensation Table – Part 3:** Part 3 indicates whether the City will compensate the Consultant separately for subconsultant costs incurred in providing any part of the Work. If the City will compensate the Consultant for subconsultant costs, the City will do so in accordance with the following terms and conditions.

10.6.1 **Actual Costs:** The Consultant can invoice the City for no more than the actual cost of each subconsultant plus up to a 5 percent markup.

10.6.2 **Schedule of Rates and Charges:** Any subconsultant rates and charges set forth in the Schedule of Rates and Charges must be the subconsultant's actual rates and charges exclusive of any markup. The City will compensate the Consultant in accordance with those rates and charges.

10.6.3 **Maximum Amount:** For each Approved Service Order, the City will compensate the Consultant for all subconsultants in a total amount not to exceed the amount set forth in the last column of Part 3. Any additional subconsultant costs that the Consultant incurs in excess of the specified maximum amount are at no cost to the City.

10.7 **Compensation Table – Part 4:** Part 4 sets forth the lump-sum amount the City will pay the Consultant for preparing the Approved Service Order. The City will pay the Consultant the lump-sum amount within 20 Business Days after the Director executes the Approved Service Order.

10.8 **Schedule of Rates and Charges:** The Schedule of Rates and Charges attached as **Exhibit B** will be used to pay for Work provided on a time-and-materials basis. The Schedule of Rates and Charges is subject to the following requirements.

10.8.1 **Premium Pay:** "Premium Pay" is any higher or additional charge for performing any Work because of activities such as, but not limited to, expediting performance, working over 8 hours per day, working on Saturdays, Sundays or holidays, or working a swing or graveyard shift. The City will pay Premium Pay only in the following circumstances: (a) the Schedule of Rates and Charges provides for the payment of Premium Pay, and (b) the Consultant obtains the Director's prior written consent to perform work in a manner that would require Premium Pay.

10.8.2 **No Increases:** The City will not increase the Schedule of Rates and Charges during the Master Agreement term.

10.8.3 **Conflict:** In the event of a discrepancy between this Section and the Schedule of Rates and Charges, this Section governs.

10.9 **Tax Forms Required:** The following are conditions on the City's obligation to process any payment under the Master Agreement or any Approved Service Order:

10.9.1 **U.S. Based Person or Entity:** If the Consultant is a U.S. based person or entity, the Consultant acknowledges and agrees that the Consultant is required to provide the City with a properly completed Internal Revenue Service Form W-9 before the City will process payment. If the Consultant is a U.S. based person or entity, but has neither a permanent place of business in California nor is registered with the California Secretary of State to do business in California, the Consultant acknowledges and agrees that the Consultant is required to provide the City with a properly completed California Franchise Tax Board form related to nonresident withholding of California source income.

10.9.2 **Non-U.S. Based Person or Entity:** If the Consultant is not a U.S. based person or entity, the Consultant acknowledges and agrees that the Consultant is required to provide the City with the applicable Internal Revenue Service form related to its foreign status and a California Franchise Tax Board form related to nonresident withholding before the City will process payment.

11. INDEMNIFICATION

11.1 **Obligation:** The Consultant shall defend, indemnify and hold harmless the City and its officers, employees and agents against all claims, losses, damages, injuries, expenses or liabilities that – directly or indirectly, or in whole or in part - arise out of, pertain to, or relate to any of the following:

- The Consultant's negligent performance of all or any part of the services or deliverables provided pursuant to an Approved Service Order; or

- Any negligent act or omission, recklessness or willful misconduct of the Consultant, any of its Subcontractors, anyone directly or indirectly employed by either the Consultant or any of its Subcontractors, or anyone that they control; or

- Any infringement of the patent rights, copyright, trade secret, trade name, trademark, service mark or any other proprietary right of any person(s) caused by the City's use of any services, deliverables or other items provided by the Consultant pursuant to an Approved Service Order; or

- Any breach of this Master Agreement by the Consultant or any Subcontractor.

11.2 **Limitation on Obligation:** The obligation in Subsection 11.1 above does not apply to the extent that any claim, loss, damage, injury, expense or liability results from the sole negligence or willful misconduct of the City or its officers, employees or agents.

11.3 **Duty to Defend:** The Consultant's obligation in Subsection 11.1 above applies to the maximum extent allowed by law and includes defending the City as set forth in Sections 2778 and 2782.8 of the California Civil Code. Upon the City's written request, the Consultant, at its own expense, shall defend any suit or action that is subject to the obligation in Subsection 11.1 above.

11.4 **Insurance:** The City's acceptance of any insurance in accordance with Section 12 below does not relieve the Consultant from its obligations under this Section 11. The Consultant's obligations under this Section 11 apply whether or not the insurance required by the Master Agreement covers any damages or claims for damages.

11.5 **Survival:** The Consultant's obligations under this Section 11 survive the expiration or earlier termination of the Master Agreement.

12. INSURANCE REQUIREMENTS

12.1 **General:** The Consultant shall comply with the insurance requirements set forth in **Exhibit C** for the Master Agreement term.

12.2 **Documentation:** Before performing any services, the Consultant must submit to the City's designated risk manager ("Risk Manager"), for the Risk Manager's written approval, all documents demonstrating compliance with the requirements of **Exhibit C**.

12.3 **Changes:** The Risk Manager may amend or waive, in writing, any of the requirements contained in **Exhibit C**.

13. OWNERSHIP OF WORK PRODUCT

13.1 **Ownership:** The City owns all rights in and to any of the following work product (including electronic equivalents) immediately when and as created by the Consultant or any of its Subcontractors pursuant to an Approved Service Order: drawings, plans, elevations, sections, details, schedules, diagrams, specifications, studies, reports, surveys, data, information, models, sketches, and other similar documents and materials (collectively "Work Product").

13.2 **Copyright:** To the extent permitted by Title 17 of the United States Code, the Work Product is deemed a work for hire and all copyrights in such Work Product are the property of the City. In the event it is ever determined that any Work Product is not a work for hire under United States law, the Consultant hereby assigns to the City all copyrights to such works when and as created.

13.3 **City's Reuse:** The City's reuse of any Work Product is subject to California Business and Professions Code Sections 5536.25, 6735, 6735.3, 6735.4 or 8761.2, whichever is applicable.

13.4 **Consultant's Reuse:** With the Director's prior written consent, the Consultant may retain and use copies of the Work Product for reference and as documentation of experience and capabilities.

14. DISCLOSURE OF WORK PRODUCT

14.1 **Prohibition:** Except as authorized by the Director or as otherwise required by law, the Consultant shall not disclose any of the following to a third party: (a) Work Product, (b) discussions between the City and Consultant, or (c) information prepared, developed or received by the Consultant or any of its Subcontractors in the course of performing any Work.

14.2 **Notification:** The Consultant will immediately notify the Director if it is requested by a third party to disclose any Work Product, discussions or information that the Consultant is otherwise prohibited from disclosing.

14.3 **Limit on Prohibition:** The prohibition in Subsection 14.1 above does not apply to disclosures by and between the Consultant and its Subcontractors that are needed to perform any Work.

14.4 **Survival:** This Section 14 survives the expiration or earlier termination of this Master Agreement.

15. AUDIT/INSPECTION OF RECORDS

15.1 **Retention Period:** The Consultant shall retain the following records (collectively "Records") for a minimum of 3 years from the date of the City's final payment to the Consultant under this Master Agreement or for any longer period required by law:

- All ledgers, books of accounts, invoices, vouchers, canceled checks, and other records relating to the Consultant's charges for performing services, or to the Consultant's expenditures and disbursements charged to the City; and
- All Work Product and other records evidencing Consultant's performance.

15.2 **Producing Records:** At any time during the Master Agreement term or during the period of time that the Consultant is required to retain the Records, the City Manager, the Director, the City Attorney, the City Auditor, or a designated representative of any of these officers may request, in writing, production of all or a portion of the Records. The Consultant shall produce the requested Records at City Hall during normal business hours, or at any other location and time mutually agreed upon by the parties. The Consultant shall produce the requested Records at no cost to the City.

15.3 **State Auditor:** In accordance with Government Code Section 8546.7, the Consultant may be subject to audit by the California State Auditor with regard to the Consultant's performance of this Master Agreement if the compensation if the Maximum Total Compensation exceeds $10,000.

16. NONDISCRIMINATION/NON-PREFERENCE

16.1 **Prohibition:** The Consultant shall not discriminate against or grant preferential treatment to any person on the basis of race, sex, color, age, religion, sexual orientation, actual or perceived gender identity, disability, ethnicity or national origin. This prohibition applies to recruiting, hiring, demotion, layoff, termination, compensation, fringe benefits, advancement, training, apprenticeship and other terms, conditions, or privileges of employment, subcontracting and purchasing.

16.2 **Reasonable Accommodation:** The prohibition in Subsection 16.1 above is not intended to preclude the Consultant from providing a reasonable accommodation to a person with a disability.

16.3 **Compliance Reports:** The City's "Compliance Officer", as defined in Section 4.08.020 of the San José Municipal Code, is responsible for administering this Section 16. The Compliance Officer may require the Consultant to file, and cause any Subcontractor to file, reports demonstrating compliance with this Section 16. Any such reports shall be filed in the form and at such times as the Compliance Officer designates. They shall contain such information, data and/or records as the Compliance Officer determines is needed to show compliance with this provision.

16.4 **Violation:** A violation of the prohibition in Subsection 16.1 above or any part of this Section 16 constitutes the following: (a) a material breach of this Master Agreement; (b) a misdemeanor violation of Chapter 4.08 of the San José Municipal Code; and (c) a ground for debarment in accordance with Chapter 4.10 of the San José Municipal Code.

16.5 **Subcontracts:** The Consultant shall include the above Subsections 16.1 through 16.4, inclusive, in each subcontract that it enters into in furtherance of this Master Agreement.

16.6 **Waiver:** The Compliance Officer may waive any of the requirements of this provision if the Compliance Officer determines that the Consultant has its own nondiscrimination/nonpreference requirements or is bound in the performance of this Master Agreement by the nondiscrimination/nonpreference requirements of another governmental agency, and the nondiscrimination/nonpreference provisions of the Consultant or other governmental agency are substantially the same as those imposed by the City.

17. CONFLICT OF INTEREST

17.1 **General:** The Consultant represents that it is familiar with the local and state conflict of interest laws, and agrees to comply with those laws in performing this Master Agreement. The Consultant certifies that, as of the Contract Date, it was unaware of any facts constituting a conflict of interest or creating an appearance of a conflict of interest. The Consultant shall avoid all conflicts of interest or appearances of conflicts of interest in performing this Master Agreement. The Consultant has the obligation of determining if the manner in which it performs any part of this Master Agreement results in a conflict of interest or an appearance of a conflict of interest, and shall immediately notify the City in writing if it becomes aware of any facts giving rise to a conflict of interest or the appearance of a conflict of interest.

17.2 **Filing Form 700:** In accordance with the California Political Reform Act (Government Code Sections 8311-83116), the Consultant shall cause each person identified in Attachment B of an Approved Service Order as having to file a Form 700 to do each of the following:

- Disclose the categories of economic interests in Form 700 as required by the Director;
- Complete and file the Form 700 no later than 30 calendar days after the date the Consultant executes the Approved Service Order; and
- File the original Form 700 with the City's Clerk with a copy submitted to the Director.

17.3 **Future Services:** The Consultant acknowledges each of the following with regard to performing future services for the City:

- The Consultant's performance of Work in an Approved Service Order may create an actual or apparent conflict of interest with regard to the Consultant performing or participating in the performance of some related ***future*** services, particularly when the Work in an Approved Service Order comprises one element or aspect of a multi-phase process or project;
- Such an actual or apparent conflict of interest would be a ground for the City to disqualify the Consultant from performing or participating in the performance of such future services; and
- The Consultant is solely responsible for considering what potential conflicts of interest, if any, performing Work in an Approved Service Order might have on its ability to obtain contracts to perform future services.

17.4 **Violations:** The Consultant's violation of Subsections 17.1 or 17.2 above is a material breach.

18. ENVIRONMENTALLY PREFERABLE PROCUREMENT POLICY

18.1 **General:** The Consultant shall perform its obligations under this Master Agreement in conformance with City Council Policy 1-19, entitled "Prohibition of City Funding for Purchase of Single serving Bottled Water," and City Council Policy 4-6, entitled "Environmentally Preferable Procurement Policy."

18.2 **Prohibition of City Funding for Purchase of Single Serving Bottled Water:** The City's policy is that City funds should not be used for the purchase of single-serving bottled water except for any of the following:

- Public safety emergencies, investigations and extended deployments or activation of the Office of Emergency Services;
- Situations where there is a high risk of cross-contamination with non-potable water; or
- Situations where there are no reasonable alternatives to bottled water, such as large public events and when large quantities of water need to be distributed for health and safety reasons.

An invoice seeking reimbursement from City for the cost of single-serving bottled water under one of the above exceptions must be accompanied by a waiver form provided by the City and signed by the Director.

18.3 **Environmentally Preferable Procurement Policy:** The Environmentally Preferable Procurement Policy, along with a brief policy description, is located on the City's website at the following link: http://www.sanjoseca.gov/index.aspx?NID=1774 . Environmental procurement policies and activities related to the completion of any Work will include, whenever practicable, but are not limited to:

- The use of recycled and/or recyclable products in daily operations (i.e. 30%, 50%, 100% PCW paper, chlorine process free, triclosan free hand cleaner, etc.);
- The use of energy-star compliant equipment;
- The use of alternative fuel and hybrid vehicles, and implementation of protocols aimed at increasing the efficiency of vehicle operation;
- The implementation of internal waste reduction and reuse protocol(s); and
- Water and resource conservation activities within facilities, including bans on individual serving bottled water and the use of compostable food service products.

19. TERMINATION

19.1 **For Convenience:** The Director may terminate this Master Agreement and/or any Approved Service Order(s) at any time and for any reason by giving the Consultant written notice of the termination. The written notice must set forth the effective date of the termination, which must be at least 7 Business Days' after the date of the written notice.

19.2 **For Cause:** The Director may terminate this Master Agreement and/or any Approved Service Order(s) immediately upon written notice for any material breach by the Consultant. If the Director terminates the Master Agreement and/or any Approved Service Order(s) for cause and obtains the same services from another consultant at a greater cost, the Consultant is responsible for such excess cost in addition to any other remedies available to the City.

19.3 **Delivery of Work:** If the Director terminates the Master Agreement and/or any Approved Service Order(s) – whether for convenience or for cause – the Director has the option of requiring the Consultant to provide to the City any finished or unfinished Work Product prepared by the Consultant up to the date of Consultant's receipt of the written notice of termination.

19.4 **Compensation:** The City will pay the Consultant the reasonable value of Work satisfactorily rendered by the Consultant to the City up to the date of Consultant's receipt of the written notice of termination. For Work to be "satisfactorily rendered," the Director must determine that the Consultant provided the Work in accordance with the terms and conditions of this Master Agreement and/or any applicable Approved Service Order. The Director will determine the reasonable value of satisfactorily rendered Work based on the Schedule of Rates and Charges and the Compensation Table attached to the appropriate Approved Service Order.

19.5 **Receipt of Notice:** For purposes of this provision, the Consultant's receipt of the written notice of termination will be determined based on the date of actual receipt or based on Subsection 20.2 below, whichever occurs first.

20. NOTICES

20.1 **Manner of Giving Notice:** All notices and other communications required by this Master Agreement must be in writing, and must be made via e-mail, personal service or United States mail, postage prepaid.

20.2 **When Effective:** A notice or other communication that is e-mailed is effective when sent. A notice or other communication that is personally serviced is effective when personally delivered. A notice or other communication that is mailed is effective 3 Business Days after deposit in the United States mail.

20.3 **To Whom Given:** All notices and other communications between the parties regarding a specific Approved Service Order must be given to the project managers identified in the Approved Service Order. All notices and other communications between the parties regarding the Master Agreement must be given to the individuals identified below using the appropriate contact information for giving notice:

To the City:
City of San José
Department of Environmental Services,
Attn: Victoria Baxter
200 E. Santa Clara Street T10
San Jose, CA 95113
408-975-2505
victoria.baxter@sanjoseca.gov

To the Consultant:
CTS International Corp.
Attn: Jim Martinez
1201 W. Selby Lane
Redwood City, CA 94061
650-283-9122
jim.martinez@ctsic-usa.com

20.4 **Changing Contact Information:** Either party may change its contact information for receiving written notices and communications regarding the Master Agreement by providing notice of such change to the other party pursuant to this Section 20.

21. MISCELLANEOUS

21.1 **Gifts Prohibited:** The Consultant represents that it is familiar with Chapter 12.08 of the San José Municipal Code, which generally prohibits a City officer or designated employee from accepting any gift. The Consultant shall not offer any City officer or designated employee any gift

prohibited by Chapter 12.08. The Consultant's violation of this Subsection 21.1 is a material breach.

21.2 **Disqualification of Former Employees:** The Consultant represents that it is familiar with Chapter 12.10 of the City's Municipal Code, which generally prohibits a former City officer and designated employee from providing services to the City connected with his/her former duties or official responsibilities. The Consultant shall not use either directly or indirectly any officer, employee or agent to perform any services if doing so would violate Chapter 12.10. The Consultant's violation of this Subsection 21.2 is a material breach.

21.3 **Waiver of a Violation:** The City's waiver of any violation of this Master Agreement by the Consultant is not a waiver of any other violation by the Consultant.

21.4 **Acceptance of Services Not a Waiver:** The City's acceptance of any service or deliverable is not a waiver or release of any professional duty of care applicable to such service or deliverable, or of any right of indemnification, any insurance requirements, or any other term or condition of this Master Agreement.

21.5 **Compliance with Laws:** The Consultant shall perform all services consistent with all applicable federal, state and local laws, ordinances, codes and regulations. This obligation is not limited in any way by the Consultant's obligation to comply with any specific law, ordinance, code or regulation set forth elsewhere in this Master Agreement.

21.6 **Business Tax:** The Consultant represents and warrants that it currently has a City business tax certificate or exemption, if qualified, and will maintain such certificate or exemption for the Master Agreement term.

21.7 **Assignability:** Except to the extent this Master Agreement authorizes the Consultant to use Subcontractors, the Consultant shall not assign any part of this Master Agreement without the Director's prior written consent. The Director, at the Director's discretion, may terminate this Master Agreement if a violation of this provision occurs.

21.8 **Governing Law:** California law governs the construction and enforcement of this Master Agreement.

21.9 **Disputes:** Any litigation resulting from this Master Agreement will be filed in and resolved by a federal or state court in California.

21.10 **Survival of Provisions:** If a court finds any part of this Master Agreement unenforceable, all other parts shall remain enforceable.

21.11 **Headings:** The section and exhibit headings are for convenience only and are not to be used in its construction.

IN WITNESS WHEROF, the City and Consultant have caused this Master Agreement to be executed by their respective duly authorized representatives as follows.

NOTE: The Consultant must make one of the following representations by placing its initials in the space provided. The City will not process the Master Agreement unless the Consultant has initialed one of the provisions.

____ The Consultant certifies that the Consultant has a permanent place of business in California or is registered with the California Secretary of State to do business in California. The Consultant will file a California tax return and withhold on payments of California source income to nonresidents when required. If the Consultant ceases to have a permanent place of business in California or ceases to do any of the above, the Consultant will promptly notify the City at the address specified in Subsection 20.3 of this Master Agreement.

Or

____ If the Consultant is unable to make the above certification, the Consultant acknowledges and agrees to provide the City with the applicable tax forms issued by the Internal Revenue Service and California Franchise Tax Board, as applicable, as specified in Section 10.9 of this Master Agreement.

City of San José

By _____

Name: NORBERTO DUENAS Date
Title: Deputy City Manager

Consultant

By _____

Name: JIM MARTINEZ Date
Title: Chief Financial Officer

Approval as to Form (City Attorney):

☐ **Master Agreement Form Approved by the Office of the City Attorney**

(Maximum Total Compensation is $100,000 or less, and standard provisions of the Master Agreement form are not altered.)

☒ **Approved as to Form:**

_____
ROSA TSONGTAATARII
Sr. Deputy City Attorney Date

EXHIBIT A

City of San José
Master Consultant Agreement – Approved Service Order
Cover Page

1a. [Insert Contract Name] **1b.** AC Contract No.: [Insert AC No.]

2. Approved Service Order No. [Insert Number]

3. Consultant's Name: [Insert Consultant's Legal Name as it Appears on the Master Agreement]

4. Project Name: [Insert Name of Project for which Consultant will provide services] ("Project")

5. Project Location: [Insert the location of the Project]

6. The Consultant and the City will implement this Approved Service Order in accordance with the Master Agreement, this cover page and Attachments "A" (Tasks), "B" (Terms and Conditions) and "C" (Compensation Table), which are incorporated herein by references.

7. Budget/Fiscal:

a. Current **unencumbered** amount in Master Agreement: $

b. **Maximum Service Order Compensation for this Approved Service Order:** $

c. New unencumbered balance in Master Agreement (7.a – 7.b): $

d. **Appropriation Certification**: I certify that an unexpended appropriation in the amount of the Maximum Service Order Compensation is available in the following fund(s) and that such fund(s) will be encumbered to pay for this Approved Service Order.

Fund: _____ Appn: _____ RC: _____ Amount: $_____

Fund: _____ Appn: _____ RC: _____ Amount: $_____

Fund: _____ Appn: _____ RC: _____ Amount: $_____

Authorized Signature: _____ Date: _____

8. **Division Analyst Approval:** _____ Date: _____

9. **Consultant Approval:** _____ Date: _____

10. **Approval as to Form (City Attorney):**

☐ Service Order Form Approved by the Office of the City Attorney
(Maximum Service Order Compensation is $100,000 or less, and the provisions of the service order form are not altered.)

☐ Approved as to Form: _____ Date: _____
(Sr.) Dept. City Attorney

City Director Approval: _____ Date: _____

Attachment A: Tasks

The Consultant shall provide the services and deliverables set forth in this **Attachment A**. The Consultant shall provide all services and deliverables required by this **Attachment A** to the satisfaction of the City's project manager.

General Description of Project for which Consultant will Provide Services: [Optional provision. Insert a general project description if you believe it would help understand the tasks. Otherwise delete.]

Task No. 1: [Insert title of task.]

A. **Services:** [Insert a description of the services.]

B. **Deliverables:** [Insert a description of the deliverables.]

C. **Completion Time:** The Consultant must complete the services and deliverables for this task in accordance with whichever one of the following time is marked:

☐ On or before the following date: _____.

☐ On or before ____ Business Days from _____.

Task No. 2: [Insert title of task.]

A. **Services:** [Insert a description of the services.]

B. **Deliverables:** [Insert a description of the deliverables.]

C. **Completion Time:** The Consultant must complete the services and deliverables for this task in accordance with whichever one of the following time is marked:

☐ On or before the following date: _____.

☐ On or before ____ Business Days from _____.

Task No. 3: [Insert title of task.]

A. **Services:** [Insert a description of the services.]

B. **Deliverables:** [Insert a description of the deliverables.]

C. **Completion Time:** The Consultant must complete the services and deliverables for this task in accordance with whichever one of the following time is marked:

☐ On or before the following date: _____.

☐ On or before ____ Business Days from _____.

Attachment B: Terms and Conditions

1. **City's Project Manager:** The City's project manager for this Approved Service Order is:

Name:	Phone No.:
Department:	E-mail:
Address:	

2. **Consultant's Project Manager and Other Staffing:** Identified below are the following: (a) the Consultant's project manager for this Approved Service Order, and (b) the Consultant(s) and/or employee(s) of the Consultant who will be principally responsible for providing the services and deliverables. ***If an individual identified below is required to file a Form 700, the Consultant must comply with the requirements of the Master Agreement, entitled "Filing Form 700."***

		Required to File Form 700?	
Consultant's Project Manager		**Yes**	**No**
Name:	Phone No.:		
Address:	E-mail:		
Other Staffing			
Name:	Assignment:		
1.			
2.			
3.			
4.			
5.			

3. **Subconsultants:** Whichever of the following is marked applies to this Approved Service Order:

☐ The Consultant can ***not*** use any subconsultants.

☐ The Consultant can use the following subconsultants to assist in providing the required services and deliverables:

Subconsultant's Name	Area of Work
1.	
2.	
3.	

4. **Reimbursable Expenses:** If the Compensation Table set forth in **Attachment C** of this Approved Service Order states that the City will reimburse the Consultant for expenses, then only the expenses identified in the Master Agreement are Reimbursable Expenses unless the following box is marked and additional reimbursable expenses are set forth:

☐ In addition to the expenses identified in the Master Agreement, the following expenses are Reimbursable Expenses:

Additional Reimbursable Expense(s)	Mark-up
1. _____	_____
2. _____	_____
3. _____	_____

Notwithstanding the foregoing, any additional reimbursable expense(s) set forth in the above table will be disregarded if the Compensation Table states that the City will *not* reimburse the Consultant for any expenses.

[Insert Master Agreement Name]
Service Order No. [Insert Service Order Number]
Consultant: [Inset Consultant's Name]

Attachment C: Compensation Table

The City will compensate the Consultant for providing the services and deliverables set forth in **Attachment A** in accordance this Compensation Table. This Compensation Table is subject to the terms and conditions set forth in the Master Agreement.

Part 1 – Compensation for Services and Deliverables			
Column 1	**Column 2**	**Column 3**	**Column 4**
Task Nos. from Attachment A	**Basis of Compensation**	**Invoice Period**	**Compensation**
	☐ Time & Materials ☐ Fixed Fee	☐ Monthly ☐ Completion of Task(s) ☐ Completion of Work	$
	☐ Time & Materials ☐ Fixed Fee	☐ Monthly ☐ Completion of Task(s) ☐ Completion of Work	$
	☐ Time & Materials ☐ Fixed Fee	☐ Monthly ☐ Completion of Task(s) ☐ Completion of Work	$
	☐ Time & Materials ☐ Fixed Fee	☐ Monthly ☐ Completion of Task(s) ☐ Completion of Work	$
Part 2 – Reimbursable Expenses			
☐ No expenses are separately reimbursable. The amount(s) in Column 4 of Part 1 include(s) payment for all expenses.		☐ Expenses are separately reimbursable in the maximum amount of:	$
Part 3 – Subconsultant Costs			
☐ Subconsultant costs are ***not*** separately compensable. The amount(s) in Column 4 of Part 1 include(s) subconsultant costs.		☐ Subconsultantant costs are separately compensable in the maximum amount of:	$
Part 4 – Compensation for Preparation of Approved Service Order			
The lump-sum compensation the City will pay the Consultant for preparing the Approved Service Order is:			$
Maximum Service Order Compensation (sum of Parts 1 through 4):			$

EXHIBIT B

CLASSIFICATION AND RATES

Classification	Rate
Chief Learning Officer	$ 163.00
Sr. Technical Analyst	$ 128.00
Technical Analyst	$ 98.00
Plant Operator 1	$ 69.00
Plant Operator 2	$ 98.00
Plant Mechanic 1	$ 65.00
Plant Mechanic 2	$ 95.00
Sanitary Engineer 1	$ 65.00
Sanitary Engineer 2	$ 95.00
Heavy Diesel Equip 1	$ 45.00
Heavy Diesel Equip 2	$ 65.00
Industrial Electrician/Instrument Control 1	$ 65.00
Industrial Electrician/Instrument Control 2	$ 69.00
HVAC Mechanic 1	$ 65.00
HVAC Mechanic 2	$ 69.00
Industrial Painter 1	$ 55.00
Industrial Painter 2	$ 65.00
Process Systems Spec. 1	$ 55.00
Process Systems Spec. 2	$ 65.00

EXHIBIT C

STANDARD & OTHER INSURANCE REQUIREMENTS

CONTRACTOR, at CONTRACTOR'S sole cost and expense, shall procure and maintain for the duration of this AGREEMENT, insurance against claims for injuries to persons or damages to property which may arise from, or in connection with, the performance of the services hereunder by the CONTRACTOR, its agents, representatives, employees or subcontractors or suppliers. The cost of such insurance shall be included in the CONTRACTOR'S bid.

I. Minimum Scope and Limit of Insurance

There shall be no endorsements reducing the scope of coverage required below unless approved by the City's Risk Manager.

Type of Insurance	Minimum Limit
1. Commercial General Liability The coverage provided by Insurance Services Office "occurrence" form CG 0001, including coverages for contractual liability, personal injury, broadform property damage, independent contractors, products and completed operations.	$1,000,000 per occurrence for bodily injury, personal injury and property damage or $2,000,000 annual aggregate.
2. Automobile Liability The coverage provided by Insurance Services Office form number CA 0001. Coverage shall be included for all owned, non-owned and hired automobiles.	$1,000,000 combined single limit per accident for bodily injury and property damage.
3. Workers' Compensation and Employer Liability As required by the Labor Code of the State of California.	$1,000,000 combined single limit per accident for bodily injury and property damage.

4. **Other** (as checked below)

	Type of Insurance	Minimum Limit
☐	**4a. Professional Liability/Errors and Omissions** Including coverages for negligent acts, errors or omissions arising from professional services provided under this contract, with any deductible not to exceed $25,000 each claim	Not less than $1,000,000 each claim and annual aggregate
☐	**4b. Environmental & Pollution Liability** Including coverages for sudden and accidental pollution, gradual pollution, transportation and disposal of hazardous materials and cleanup costs, with any deductible not to exceed $25,000 each occurrence, add City as additional insured	Not less than $1,000,000 each occurrence
☐	**4c. Aircraft Liability** Including passenger liability, add City as additional insured	Not less than $2,000,000 each occurrence,
☐	**4d. Crime/Custodial/Security – Commercial Crime Insurance,** Including coverages for loss sustained by a client as a result of employee dishonesty	Not less than $500,000 each loss,
☐	**4e. Garagekeepers Legal Liability** Including coverages for all risks of loss or physical damage to vehicles in care, custody or control, and any deductible not to exceed $5,000 each occurrence	Not less than $500,000 each occurrence,
☐	**4f. Inland Marine** For property of others in transit or storage, and any deductible not to exceed $5,000 each loss, including City as Loss Payee as its interests may appear.	Not less than the replacement value of property in care, custody or control

☐	4g.	**Cyber & Technology Errors & Omissions** Technology/professional liability insurance and data protection liability insurance covering liabilities for financial loss resulting or arising from acts, errors, or omissions, in rendering services provided under this agreement as well as all Vendor costs, including damages it is obligated to pay Client or any third party, which are associated with any Security Breach (as hereafter defined) or loss of Personal Data, regardless of cause (including, without limitation, Vendor negligence or gross negligence and unlawful third party acts). Costs to be covered by this insurance policy shall include without limitation: (a) costs to notify individuals whose Personal Data was lost or compromised; (b) costs to provide credit monitoring and credit restoration services to individuals whose Personal Data was lost or compromised; (c) costs associated with third party claims arising from the Security Breach or loss of Personal Data, including litigation costs and settlement costs; and (d) any investigation, enforcement or similar miscellaneous costs. For the purposes of this Section, " Security Breach" means (1) the failure by the Vendor to properly handle, manage, store, destroy or otherwise control, or the unauthorized disclosure by the Vendor of: (a) Personal Data in any format or (b) third party corporate information in any format specifically identified as confidential and protected under a confidentiality agreement or similar contract; (2) an unintentional violation of the Vendor's privacy policy or misappropriation that results in the violation of any applicable data privacy laws or regulations; or (3) any other act, error, or omission by Vendor in its capacity as such which is reasonably likely to result in the unauthorized disclosure of Personal Data.	Please check with Risk & Insurance for limits

II. Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared to, and approved by, the City's Risk Manager. At the option of the City, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the City, its officials, employees, agents and contractors; or the Contractor shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses in an amount specified by the City's Risk Manager.

III. Other Insurance Provisions

The policies are to contain, or be endorsed to contain, the following provisions:

1. General Liability and Automobile Liability Coverages

   a. The City, its officials, employees, and agents are to be covered as additional insureds as respects: liability arising out of activities performed by, or on behalf of, the Contractor; products and completed operations of the Contractor; premises owned, leased or used by the Contractor; or automobiles owned, leased, hired or borrowed by the Contractor. The coverage shall contain no special limitations on the scope of protection afforded to the City, its officials, employees, and agents.

   b. The Contractor's insurance coverage shall be primary insurance as respects the City, its officials, employees, and agents. Any insurance or self-insurance maintained by the City, its officials, employees, and agents shall be excess of the contractor's insurance and shall not contribute with it.

   c. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the City, its officials, employees, or agents.

   d. Coverage shall state that the Contractor's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

   e. Coverage shall contain a waiver of subrogation in favor of the City, its officials, employees, and agents.

2. Workers' Compensation and Employers Liability

   Coverage shall be endorsed to state carrier waives its rights of subrogation against the City, its officials, and agents.

3. All coverages

   Each insurance policy required by this clause shall be endorsed to state that coverage shall not be suspended, voided, canceled, reduced in coverage or in limits except after thirty (30) days' prior written notice has been given to the City; except that ten (10) days' prior written notice shall apply in the event of cancellation for non-payment of premium.

IV. Acceptability of Insurance

Insurance is to be placed with insurers acceptable to the City's Risk Manager.

V. Verification of Coverage

Contractor shall furnish the City with certificates of insurance and with original endorsements affecting coverage required by this clause. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf.

Copies of all the required ENDORSEMENTS shall be attached to the CERTIFICATE OF INSURANCE which shall be provided by the Contractor's insurance company as evidence of the stipulated coverages.

Proof of insurance shall be either emailed in pdf format to: Riskmgmt@sanjoseca.gov, or mailed to the following postal address (or any subsequent email or postal address as may be directed in writing by the Risk Manager):

City of San Jose – Finance Department
Risk & Insurance
200 East Santa Clara St., 14th Floor
San Jose, CA 95113-1905

VI. Subcontractors

Contractors shall include all subcontractors as insureds under its policies or shall obtain separate certificates and endorsements for each subcontractor.

EXHIBIT D

NOTICE OF EXERCISE OF OPTION TO EXTEND AGREEMENT

AGREEMENT TITLE and DATE:	
CONSULTANT: **Name and Address:**	
DATE:	

(Date the notice is sent must be consistent with the time for exercise set forth in Agreement)

Pursuant to Section 2 of the Agreement referenced above, the City of San José hereby exercises its option to extend the term under the following provisions:

OPTION NO.	

NEW OPTION TERM

Begin date:	
End date:	

MAXIMUM COMPENSATION for New Option Term:	

For the option term exercised by this Notice, the City shall pay the Consultant an amount not to exceed the amount set forth above for Consultant's services and reimbursable expenses, if any. The undersigned signing on behalf of the City of San José hereby certifies that an unexpended appropriation is available for the term exercised by this Notice, and that funds are available as of the date of this signature.

City of San José, a municipal corporation

By _____

Name:
Title: City Manager
Date:

5C

COUNCIL AGENDA: 09/24/13
ITEM: 3.5

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: Julia H. Cooper
Jennifer A. Maguire

SUBJECT: SEE BELOW

DATE: September 3, 2013

Approved

Date 9/9/13

SUBJECT: APPROVAL OF CITYWIDE INSURANCE RENEWALS AND RELATED APPROPRIATION ORDINANCE AMENDMENTS IN THE CONVENTION AND CULTURAL AFFAIRS FUND

RECOMMENDATION

(a) Adopt a resolution authorizing the City Manager to select and purchase certain City property and liability insurance policies for the period from October 1, 2013 to October 1, 2014, at a total cost not to exceed $1,500,000 for all policies, with the following insurance carriers, subject to the appropriation of funds:
   (1) Lexington Insurance Company, (Boston, MA) for Property Insurance, including Boiler & Machinery.
   (2) QBE Insurance Corporation, (New York, NY) to provide the following coverage:
      (a) Airport Owners and Operators Liability including War Risks & Extended Perils Coverage (Primary and Excess).
      (b) Police Aircraft Hull & Liability including War Risks & Extended Perils.
   (3) St Paul/Travelers Insurance Company, (Hartford, CT) for Automobile Liability (Airport fleet vehicles including Shuttle Bus, and the San José-Santa Clara Regional Wastewater Facility (fleet vehicles) and Airport Shuttle Bus physical damage.
   (4) Indian Harbor Insurance Company, (Stamford, CT) for Secondary Employment Law Enforcement Professional Liability.

(b) Adopt the following 2013-14 Appropriation Ordinance amendments in the Convention and Cultural Affairs Fund:
   (1) Increase the Insurance Expenses appropriation to the Finance Department for Insurance Expenses by $70,000; and
   (2) Decrease the Ending Fund Balance by $70,000.

OUTCOME

Approval of these insurance policies will ensure the City maintains appropriate insurance coverage to provide financial protection from catastrophic loss for the City.

EXECUTIVE SUMMARY

The recommended insurance policies will provide the City with protection against loss due to a catastrophic event. Annually, the Finance Department, on behalf of the City, analyzes the City's insurance coverage with the City's Insurance Broker, Gallagher Insurance Services ("Gallagher"). Gallagher receives competitive quotes from the insurance market and presents the results to the City for consideration. After reviewing the scope of coverage, cost, financial strength to pay claims and resources available to provide services, the Finance Department determines the appropriate insurance coverage and recommends the most advantageous insurance polices. All policies are for a one year term.

BACKGROUND

Every year, the City of San José ("City") purchases insurance to protect the City against a catastrophic event, when the frequency of events cannot be predicted, the severity of potential loss could seriously hamper operations, and where the cost of the insurance policy is not prohibitive.

Annually, the City utilizes its insurance broker, Gallagher, to review and analyze the City's insurance and coverage requirements, and obtain competitive insurance quotes.

The insurance policies addressed in this memorandum have a renewal date of October 1, 2013. The annual premiums are subject to change during the term in the event that the City's requirements change, such as changes to property schedules and equipments lists.

ANALYSIS

In May 2013, Gallagher was selected through a competitive Request for Proposal ("RFP") process as the City's broker. Gallagher's responsibilities include working with staff to analyze the City's needs, and present them to insurance carriers to obtain the most cost effective insurance coverage.

Major insurance companies were solicited to provide quotes for the insurance policies described below. The quotes were compared and evaluated with respect to scope of coverage, cost, the financial strength to pay claims, and the availability of resources to provide services such as claim administration, property inspections and loss control. Appendix A reflects the best value coverage, renewal premiums and insurance carriers available. The quoted renewal premiums are subject to market fluctuations prior to October 1, 2013. Additionally, premiums may change based upon the addition or deletion of covered properties during the policy term.

Appendix B provides a comparison of insurance premiums by fund and type of insurance. This comparison shows that the aggregate insurance quotes received are 2.3% lower than last year. Property insurance premium increases of 2.1% are due to a 1.5% increase in replacement values

of City property to reflect current replacement costs, and an increase in the replacement value of the newly renovated and expanded Convention Center to $535 million.

A. Insurance Coverage Recommended

1. All Risk including Boiler & Machinery Property Insurance

Provides coverage for City owned and leased real and personal property (including buildings, contents, business interruption, boiler and machinery, EDP equipment and media, fine arts, loss of rents, expediting expenses, off premises services interruption, unnamed locations, transit, accounts receivable, valuable papers, and other coverage as detailed in the policy forms subject to sub-limits as defined in the policy). This also includes property owned by the City as Successor Agency to the Redevelopment Agency. The property insurance limit is $1 billion each occurrence with a $100,000 deductible per occurrence. The annual rate for the October 1, 2013 renewal is .0323 per $100 of insured value and is guaranteed for two years. This reflects a 13.8% decrease from the rate of .0375 per $100 of insured value for the October 1, 2012 to October 1, 2013 period.

Insurance Carrier: Lexington Insurance Company

2. Airport Owners and Operators Liability including War Risks & Extended Perils Coverage

Provides coverage for those amounts that the City becomes legally obligated to pay as damage because of bodily injury, property damage and personal injury resulting from airport operations. Additionally, program provides coverage for bodily injury or property damage caused by war and other perils. The coverage increases to $150 million per occurrence and in the annual aggregate as compared to $100 million in the current policy at a lower cost of $85,749 as compared to the current policy's cost of $121,893 (a 30% decrease). Terrorism Risk Insurance Act of 2002 (TRIA) coverage is included at no additional cost.

Insurance Carrier: QBE Insurance Corporation

3. Secondary Employment Law Enforcement Professional Liability

Provides coverage for an actual or alleged error or omission, negligent act, neglect or breach of duty by the City's police officers who have been approved to participate in the Secondary Employment program by the City's Secondary Employment Unit (SEU) while conducting law enforcement activities on behalf of an approved third party secondary employer, which result in bodily injury, property damage or personal injury.

Insurance Carrier: Indian Harbor Insurance Company

4. **Automobile Liability**

   Provides coverage for bodily injury, property damage and personal injury for claims arising out of the operation of the Airport and the San José-Santa Clara Regional Wastewater Facility auto fleets.

   Insurance Carrier: St. Paul / Travelers Insurance Company.

5. **Airport Shuttle Bus –Physical Damage**

   Provides comprehensive physical damage (i.e. fire, theft, vandalism, malicious mischief) and collision damage, subject to a $10,000 deductible for comprehensive and $25,000 deductible for collision.

   Insurance Carrier: St. Paul / Travelers Insurance Company.

6. **Police Aircraft Hull and Liability including War Risks & Extended Perils Coverage**

   Provides coverage for those amounts that the City becomes legally obligated to pay as damages because of bodily injury (including passengers), property damage and hull coverage for the Cessna 182 and American Eurocopter EC 120B. Additionally, program provides coverage for bodily injury or property damage caused by war and other perils resulting from aviation operations. Provides coverage for two (2) aircraft, N408DC and N2705 with current hull values of $1,750,000 and $275,000 respectively and limit of liability of $50,000,000. Terrorism Risk Insurance Act of 2002 (TRIA) coverage is included at no additional cost.

   Insurance Carrier: QBE Insurance Corporation

Appendix A provides a detailed table comparing the current insurance program by coverage levels, carrier(s) and premiums to the recommended renewal program. Please note that respect to Property (including Boiler & Machinery), Automobile Liability (Airport fleet vehicles including Shuttle Buses, and the Santa Clara-San José Regional Wastewater Facility fleet vehicles) and Airport Shuttle Bus physical damage coverages, final coverage levels, carriers and/or premiums may be modified depending on the outcome of pending negotiations. However, the total cost will not exceed $1,500;000 for all policies which are the subject of this memorandum, without further authorization from Council.

B. Insurance Coverage Not Recommended

The insurance coverages described below were reviewed and analyzed by staff and were determined to be cost prohibitive. Staff, in consultation with Gallagher, will continue to review the market on a periodic basis and make the appropriate recommendations to Council should circumstances change.

1. **Terrorism Risk Insurance Act of 2002 (TRIA)**

Provides coverage for insured losses resulting from certified acts of terrorism as defined by TRIA. For those participating, coverage is currently provided through a temporary Federal program. TRIA was extended by Congress on December 31, 2005 for an additional two years to expire on December 31, 2007, and has since been further extended and amended.

Under TRIA, there is a $5,000,000 aggregate requirement. Total damages suffered by all insureds from an "Act of Terrorism" as defined by TRIA must be at least $5,000,000. If the $5,000,000 threshold is met, coverage applies subject to specific policy terms and conditions.

The cost of purchasing TRIA coverage for the property insurance policy is $55,160. This year's insurance renewal includes the Airport Liability and Police Aircraft Liability TRIA coverage at no additional cost.

2. **Excess Workers' Compensation**

Excess insurance indemnifies the City for Workers' Compensation Claims above a defined dollar threshold. In the spring of 2004, the City's previous insurance broker evaluated the benefits and costs of obtaining Excess Workers' Compensation insurance. The cost of purchasing excess Worker's Compensation insurance was determined to be prohibitive at that time.

Last year the Risk Management Staff worked with the insurance broker (Alliant) of the California State Association of Counties Excess Insurance Authority (CSAC-EIA), a large statewide joint powers authority of California public entities, including cities, to evaluate the cost of excess workers' compensation insurance. For a limit of $5,000,000 in employer's liability and statutory for workers' compensation, the evaluation resulted in the following insurance premium estimates based on four different self insurance retention levels:

Self-Insured Retention per Occurrence	Annual Premium
$5 million	$416,906
$3 million	$768,000
$2 million	$1,002,000
$1 million	$1,387,000

The City has not experienced a single workers' compensation claim costing over $2,000,000 in the last 20 years. In light of the City claim cost history, and the high self-insured retentions and annual premiums, it is staff's opinion that it is not cost effective to purchase excess worker's compensation insurance.

3. Excess Liability

Excess liability insurance indemnifies the City for third-party claims alleging Bodily Injury, Property Damage, and Personal Injury arising from City premises, operations and vehicles above a defined dollar threshold.

The City has historically been self-insured for its exposures to third-party liability claims, with the exception of the Airport Owners and Operators Liability Insurance program.

The Finance Department working with the insurance broker of the California State Association of Counties/Cities – Excess Insurance Authority (CSAC-EIA) last year obtained the following coverage indications for excess liability insurance with a coverage limit of $25,000,000:

Self-Insured Retention per Occurrence	Annual Premium
$10 million	$586,823
$5 million	$1,236,823
$3 million	$1,546,059
$2 million	$1,962,477
$1 million	$2,802,274

This insurance would extend to provide coverage for such potentially high damage exposure matters as automobile accidents, as well as certain police actions that are not illegal and paramedic actions. However, the City has not experienced any single loss which would be covered by such insurance over $2,000,000 in the last ten years. Taking continued budgetary constraints under consideration, it is not recommended that excess liability insurance be purchased at this time.

In the event the City experiences a catastrophic loss, options exist for payment of claim(s). Options include the issuance of judgment bonds (no greater than 40 year term), as well as court-ordered installment payments (no greater than 10 year period). It should be noted that these options require either a successful validation action for the first option, and court approval is required for the second option.

In the event that Council directs, staff will continue to explore excess workers' compensation and/or liability coverage options with private carriers. However, based on discussions with Gallagher, there are very few private companies offering excess liability insurance to California public entities presently, and the City should not expect premiums to vary significantly from those provided by CSAC-EIA without a corresponding reduction in coverage.

Insurance carriers are reluctant to provide quotes where likelihood of purchasing insurance is low and development of a formalized application process for excess workers' compensation and liability coverage quotes would be labor intensive for staff.

4. **Earthquake**

   Provides coverage for damage caused by the peril of earthquake or volcanic action. The coverage is limited to direct damage caused by an earthquake.

   Earthquake insurance is another type of coverage that has become cost prohibitive. During last year's marketing efforts (and confirmed in this year's marketing efforts), the cost for $5,000,000 in coverage was in excess of $500,000 annually. The insurance markets that write catastrophic covers (flood, wind, and earthquake) have reduced available capacity along with increasing insurance rates. This pricing level, the minimum deductible of 5% of the values at risk, and the relatively low limits of coverage available, make it uneconomical to purchase coverage citywide.

Appendix B provides a comparison of the allocation of insurance premiums by fund and insurance type between October 2012 renewal and the proposed October 2013 renewal.

EVALUATION AND FOLLOW-UP

The City Council will be informed as to the status of these policies as part of the annual renewal process each September or by Supplemental Memorandum if necessary.

PUBLIC OUTREACH/INTEREST

☒ **Criterion 1**: Requires Council action on the use of public funds equal to $1,000,000 or greater. **(Required: Website Posting)**

☐ **Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**

☐ **Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This item meets Criterion 1 above. Therefore, this memorandum will be posted on the City's website for the September 24, 2013 City Council Agenda.

COORDINATION

This memo has been coordinated with the following departments: Airport, Transportation, Police, Housing, Environmental Services, and the City Attorney's Office.

COST SUMMARY/IMPLICATIONS

Due to the renovation and expansion of the Convention Center, the replacement value has increased to $535,000,000. This has resulted in an increase of the premiums for the property insurance for the Convention Center which is paid from the Convention and Cultural Affairs Fund. In order to pay for these additional costs, the recommended budget actions include an increase in the Insurance Expenses appropriation and a corresponding decrease in the Ending Fund Balance of the Convention and Cultural Affairs Fund.

The balance of the funding associated with the recommendations in this memo was appropriated as part of the 2013-2014 Adopted Budget approved by the City Council on June 18, 2013.

BUDGET REFERENCE

The insurance policies are funded by appropriations in the 2013-2014 Adopted Operating Budget.

The appropriations list below includes the costs for asset management for the Successor Agency which are reflected on line 85 of the Recognized Obligation Payment Schedule 13-14 A for the period of July, 2013 through December, 2013 and are reflected as Asset Management/Successor Agency Lease Obligations. As a result of the known insufficiency in redevelopment property tax increment to meet all obligations in 2013-2014, the Successor Agency may rely on the City's General Fund support to provide funding for this obligation. The $9,498 premium allocated to the Successor Agency has been included in the general fund appropriation.

Fund #	Appn #	Appn. Name	Current Appn.	Recommended Budget Action	Amount for Premium*	2013-2014 Proposed Budget Page**	Last Budget Action (Date, Ord. No.)
001	2001	Insurance Premiums	$548,000		$498,652	IX-21	06/18/2013, Ord. No. 29271
001	2864	Police Officers Professional Liability	$156,000		$135,410	IX-18	06/18/2013, Ord. No. 29271
001	0502	Non-Personal/ Equipment (Police)	$26,605,378		$32,371	VIII-227	06/18/2013, Ord. No. 29271
Fund #	Appn #	Appn. Name	Current Appn.	Recommended Budget Action	Amount for Premium*	2013-2014 Proposed Budget Page**	Last Budget Action (Date, Ord. No.)
536	3405	Insurance Expenses	$130,000	$70,000	$191,499	XI-27	06/18/2013, Ord. No. 29271

536	8999	Ending Fund Balance	$1,104,725	($70,000)	N/A	XI-27	06/18/2013, Ord. No. 29271
518	4722	Rancho Del Pueblo Debt Services (PRNS)	$459,000		$638	XI-75	06/18/2013, Ord. No. 29271
533	0512	Non-Personal/ Equipment (DOT)	$4,932,438		$43,283	XI-41	06/18/2013, Ord. No. 29271
513	0762	Non-Personal/ Equipment (ESD)	$28,564,518		$137,214	XI-85	06/18/2013, Ord. No. 29271
346	0562	Non-Personal/ Equipment (Housing)	$800,634		$2,029	XI-58	06/18/2013, Ord. No. 29271
Totals			**$96,372,012**	**$0**	**$1,489,158**		

* The amount for premium is subject to change up until the beginning date of the new insurance policy. Therefore, current estimates are slightly lower than the recommended contract amount not to exceed $1.5 million.
** The 2013-2014 Budget was adopted on June 18, 2013.

CEQA

Not a Project, File No.PP 10-066 (a) Agreements and Contracts for purchase of insurance.

/s/

JULIA H. COOPER
Director of Finance

JENNIFER A. MAGUIRE
Budget Director

If you have questions, please contact John Dam, Risk Manager, at (408) 975-1438.

Appendix A
Appendix B

APPENDIX A

1.) ALL RISK AND BOILER & MACHINERY PROPERTY INSURANCE

	Current Program 10/1/2012– 10/1/2013	**Renewal Program 10/1/2013– 10/1/2014**
Carrier	Lexington Insurance Company Boston, MA	Lexington Insurance Company Boston, MA
Total Insurable Values	$2,915,840,625	$3,222,174,533
Limit of Liability	$1,000,000,000 subject to a $100,000 Deductible Per Occurrence	$1,000,000,000 subject to a $100,000 Deductible Per Occurrence
Boiler & Machinery	Included	Included
Earthquake	Excluded. Relatively low limits available, 5% deductible, high premium – not recommended	Excluded. Relatively low limits available, 5% deductible, high premium – not recommended
Flood	$100,000,000 but not to exceed $25,000,000 in Zone B and $15,000,000 in Zone A. Locations Specified in the insurance policy on file in Risk Management	$100,000,000 but not to exceed $25,000,000 in Zone B and $15,000,000 in Zone A. Locations Specified in the insurance policy on file in Risk Management
Other Sub-limits	Other sub-limits as outlined in the insurance policy on file in Risk Management	Other sub-limits as outlined in the insurance policy on file in Risk Management
Terrorism and Non Certified Act of Terrorism	Excluded	Excluded
Average Rate Per $100 of Values	.0375	.0323
Annual Premium	$ 1,093,440,Annual Premium $ 35,537 surplus lines taxes, fees (3.25%) **$ 1,128,977 Total Annual**	$ 1,040,762 Annual Premium $ 33,304 Surplus lines Tax & Fees (3.20%) $ 79,000 AJG Brokerage Fee[1] **$ 1,153,066 Total Annual**
Engineering Services	$17,000	$28,750
Multiyear Agreement	Not available	Available – quoted 2 year rate guarantee
Optional TRIA Premium (not recommended for purchase)	$170,094 Additional	$55,160 Additional

[1] The broker's fee is listed as a separate line item, and not included with the premium as requested by the broker. In previous years, premium included commission.

2.) AIRPORT OWNERS AND OPERATORS LIABILITY

	Current Program 10/1/2012 – 10/1/2013	**Renewal Program 10/1/2013 – 10/1/2014**
Carrier	National Union Fire Insurance Company, New York, NY	QBE Insurance Corporation, 88 Pine Street, New York, NY
Coverage and Deductible	Airport Liability - $200,000,000 each occurrence combined single limit for bodily injury and property damage, with a $50,000,000 each occurrence limit for personal injury, war risk liability at $100,000,000 each occurrence and in the annual aggregate and $50,000,000 Excess Automobile and Excess Employers Liability. Deductible: $ 0 each occurrence	Airport Liability - $200,000,000 each occurrence combined single limit for bodily injury and property damage, with a $50,000,000 each occurrence limit for personal injury, war risk liability at $150,000,000 each occurrence and in the annual aggregate and $50,000,000 Excess Automobile and Excess Employers Liability. Deductible: $ 0 each occurrence 3-Year Price Guarantee (see endorsement)
Annual Premium	$114,723	$85,749
Current War Risk & Extended Perils, Terrorism	$7,170	$0
Total (Including Taxes/Fees)	**$121,893 (Gross); $103,610 (Net)**	**$85,749 (Net)[2]**
Optional TRIA premium (not recommended for purchase)	$4,732	Included at No Cost

[2] Net cost does not include commission; where as, gross cost includes commission.

3.) SECONDARY EMPLOYMENT LAW ENFORCEMENT PROFESSIONAL LIABILITY

	Current Program 10/1/2012 – 10/1/2013	**Renewal Program 10/1/2013 – 10/1/2014**
Carrier	Indian Harbor Insurance Company Stamford, CT	Indian Harbor Insurance Company, Stamford, CT
Limits of Insurance and Deductibles	$2,000,000 Each Occurrence $2,000,000 Annual Aggregate Subject to a $100,000 Deductible Each Claim	$2,000,000 Each Occurrence $2,000,000 Annual Aggregate Subject to a $100,000 Deductible including Loss Adjustment Expense (LAE)[3]
Average Rate per Officer	$183 (849 officers at policy inception)	$159 (849 officers at policy inception)
Annual Premium	$150,000	$130,900 (Net)
Surplus Lines Taxes and Fees	$4,875	$4,510
Fees (if any)	$250	None
Total Annual Premium	**$155,125**	**$135,410**

4.) AUTOMOBILE LIABILITY FOR THE AIRPORT FLEET & AIRPORT SHUTTLE BUS FLEET PHYSICAL DAMAGE

	Current Program 10/1/2012 – 10/1/2013	**Renewal Program 10/1/2013 – 10/1/2014**
Carrier	St. Paul/Travelers Hartford, CT	St. Paul/Travelers Hartford, CT
Coverage and Deductibles	**Auto Liability** – Fleet Only $1,000,000 Combined Single Limit (Any Auto) $1,000,000 UM/UIM (Owned Autos) **Physical Damage** – Buses Only Per Schedule Subject to $10,000 Comp/$25,000 Coll Deductible $500 Comp/Coll Deductible for Hired Physical Damage	**Auto Liability** – Fleet Only $1,000,000 Combined Single Limit (Any Auto) $1,000,000 UM/UIM (Owned Autos) **Physical Damage** – Buses Only Per Schedule Subject to $10,000 Comp/$25,000 Coll Deductible $500 Comp/Coll Deductible for Hired Physical Damage
Exposure	Number of Vehicles 82	Number of Vehicles 91
Average Rate Per Unit	$674.87	$696.04
Annual Premium	**$55,340**	**$63,340 (Gross); 57,006 (Net)**

[3] LAE includes staffing and legal costs for processing claims.

5.) AUTOMOBILE LIABILITY - WATER POLLUTION CONTROL PLANT FLEET

	Current Program 10/1/2012– 10/1/2013	Renewal Program 10/1/2013– 10/1/2014
Carrier	St. Paul/Travelers Hartford, CT	St. Paul/Travelers Hartford, CT
Coverage	$1,000,000 Combined Single Limit (Any Auto) $1,000,000 UM/UIM (Owned Autos) $ 5,000 Medical Payments (Any Auto) $ 3,500 Property Damage UM	$1,000,000 Combined Single Limit (Any Auto) $1,000,000 UM/UIM (Owned Autos) $ 5,000 Medical Payments (Any Auto) $ 3,500 Property Damage UM
Exposure	Number of Units 43	Number of Units 41
Average Rate Per Unit	$611.42	$692.54
Annual Premium	**$26,291**	**$28,394 (Gross); $25,555 (Net)**

6.) POLICE AIRCRAFT HULL AND LIABILITY

	Current Program 10/1/2012– 10/1/2013	Renewal Program 10/1/2013– 10/1/2014
Carrier	National Union Fire Insurance Company New York, NY	QBE Insurance Corporation, 88 Pine Street, New York, NY
Coverage	Aircraft Hull and Liability - $50,000,000 each occurrence for liability. Hull coverage: Cessna $ 275,000 Eurocopter $1,750,000 Deductible: Liability – NIL • Hull/Cessna - $500 per occurrence (in-motion) • Hull/Cessna - $100 per occurrence (not in-motion) • Hull/Eurocopter –$25,000 per occurrence (rotors in-motion) • Hull/Eurocopter - $500 per occurrence (rotors not in-motion)	Aircraft Hull and Liability - $50,000,000 each occurrence for liability. Hull coverage: Cessna $ 275,000 Eurocopter $1,750,000 Deductible: Liability – NIL • Hull/Cessna - $0 per occurrence (in-motion) • Hull/Cessna - $0 per occurrence (not in-motion) • Hull/Eurocopter –$0 per occurrence (rotors in-motion) • Hull/Eurocopter - $0 per occurrence (rotors not in-motion) 3-Year Price Guarantee (see endorsement)
Annual Premium	$ 34,539	$31,307
Surplus Lines Taxes and Fees	N/A	
War Liability & Hull – both aircraft	$ 1,478	$ 1,064
Total	**$36,017**	**$32,371**
TRIA (if purchased with War	$ 434	Included Both Hull & Liability with War Premium

APPENDIX B

Insurance Policies with October 1 Renewal Date
Allocation of Insurance Premiums by Fund & Type of Insurance

	FY 2012-13 Premiums 12 Months	FY 2013-14 Premiums 12 Months	Percentage Increase/ Decrease
General Fund - Fund 001			
Property Insurance	$ 521,795	$ 489,154	-6.3%
Police Secondary (1)	$ 155,125	$ 135,410	-12.7%
Police Air Support (Hull & Liability.)	$ 36,017	$ 32,371	-10.1%
Subtotal	**$ 712,937**	**$ 656,935**	**-7.9%**
Airport - Fund 523			
Property Insurance	$ 325,530	$ 305,307	-6.2%
Liability Insurance	$ 121,893	$ 85,749	-29.7%
Auto Liability Insurance	$ 55,340	$ 57,006	3.0%
Subtotal	**$ 502,763**	**$ 448,062**	**-10.9%**
ESD - Fund 513			
Property Insurance	$ 119,215	$ 111,659	-6.3%
Auto Insurance	$ 26,291	$ 25,555	-2.8%
Subtotal	**$ 145,506**	**$ 137,214**	**-5.7%**
Convention and Cultural Affairs - Fund 536			
Property Insurance	$ 103,286	$ 191,499	85.4%
Subtotal	**$ 103,286**	**$ 191,499**	**85.4%**
Municipal Golf Course - Fund 518			
Property Insurance	$ 686	$ 638	-7.0%
Subtotal	**$ 686**	**$ 638**	**-7.0%**
General Purpose Parking - Fund 533			
Property Insurance	$ 46,177	$ 43,283	-6.3%
Subtotal	**$ 46,177**	**$ 43,283**	**-6.3%**
Successor Agency			
Property Insurance (2)	$ 10,125	$ 9,498	-6.2%
Subtotal	**$ 10,125**	**$ 9,498**	**-6.2%**
Housing			
Property Insurance (3)	$ 2,163	$ 2,029	-6.2%
Subtotal	**$ 2,163**	**$ 2,029**	**-6.2%**
TOTAL	**$ 1,523,643**	**$ 1,489,157**	**-2.3%**

(1) Each Police Officer participating in the secondary employment program pays $110 toward the premium cost. Renewal premium is based on 849 officers at policy inception.
(2) The City as Successor Agency to the Redevelopment Agency, has assumed operations previously performed by the Redevelopment Agency. The premium amount has been included in the general fund appropriation.
(3) Allocated premium for Housing will be invoiced directly to Housing for payment.

City Manager's Contract Approval Summary

For Procurement and Contract Activity between $100,000 and $1.08 Million for Goods and $100,000 and $270,000 for Services

SEPTEMBER 1 - SEPTEMBER 30, 2013

8/7

Description of Contract Activity [1]	Fiscal Year	Req#/ RFP#	PO#	Vendor/Consultant	Original $ Amount	Start Date	End Date	Additional $ Amount	Total $ Amount	Comments
NEW:										
WEMCO MODEL C 8"X8 " PUMP S/N 8396858-9	FY13-14	18242		MUNIQUIP, INC.	$152,464					
ONGOING:										
CONFINED SPACE RESCUE TEAM	FY13-14	18067			$250,000	9/15/13	9/14/14			
LIQUID SODIUM HYPOCHLORITE 12.5%	FY13-14	18106	49227	UNIVAR USA INC	$995,000	10/1/13	9/30/14			
SANDBLASTING & PAINTING	FY13-14	18108			$400,000	11/1/13	10/31/14			

[1] This report captures in process contract activity (Requisition Number or RFP Number) and completed contract activity (Purchase Order Number, Contract Term, and Contract Amount)