

**COMMISSION OF SILICON VALLEY CLEAN WATER
JOINT POWERS AUTHORITY
REGULAR MEETING – Monday, July 20, 2020
8:00 a.m.**

TO ADDRESS THE *COVID-19 PANDEMIC*, THIS MEETING WILL BE CONDUCTED TELEPHONICALLY OR OTHERWISE ELECTRONICALLY PURSUANT TO THE PROVISIONS OF GOVERNOR NEWSOM’S EXECUTIVE ORDER N-29-20. THE COMMISSION BOARD ROOM WILL BE CLOSED TO THE PUBLIC. THE PUBLIC MAY OBSERVE AND COMMENT BY TELEPHONE OR ELECTRONIC MEANS AS DESCRIBED ON PAGE 6 OF THIS AGENDA.

SEE PAGE 6 OF THIS AGENDA FOR MEETING ACCESS INFORMATION AND INSTRUCTIONS

COMMISSIONERS

COUNCIL MEMBER ALICIA AGUIRRE, REDWOOD CITY – CHAIR
BOARD MEMBER GEORGE OTTE, WEST BAY SANITARY DISTRICT – VICE CHAIR
COUNCIL MEMBER MARK OLBERT, SAN CARLOS – SECRETARY
MAYOR WARREN LIEBERMAN, BELMONT – MEMBER

MANAGER: TERESA A. HERRERA

ATTORNEY FOR THE AUTHORITY: CHRISTINE C. FITZGERALD

CONTROLLER: MICHELLE P. FLAHERTY

TREASURER: MATTHEW ANDERSON

AMERICANS WITH DISABILITIES ACT

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact SVCW (650) 591-7121. Notification in advance of the meeting will enable the Authority to make reasonable arrangements to ensure accessibility to this meeting.

AGENDA

1. CALL TO ORDER
2. ROLL CALL
3. PLEDGE OF ALLEGIANCE
4. PUBLIC COMMENT

Any member of the public may address and ask questions of the Chair under this item relating to any matter within the Commission’s jurisdiction that does not appear as a separate item on the Agenda. An opportunity will be provided for members of the public to address the Chair and ask questions about any item that is listed on the

agenda at the time the Commission considers the item and before action is taken. If you address the Commission on a non-agenda item, be aware that the Ralph M. Brown Act (Gov. C. § 54950 et seq.) prohibits the Commission from acting on or discussing such matters at this meeting. Any such item may be referred to staff for a decision with regard to placing it on a future agenda for discussion, action or a report. Written comments received within two hours of the beginning of the meeting will be read into the meeting record.

5. SAFETY MOMENT and REPORTS

- A. Safety Moment.....pg. 9
- B. Manager's Report.....pg. 13
- C. Financial Reports
 - 1. Investment Report.....pg. 17
 - 2. Memorandum from Chief Financial Officer.....pg. 23
- D. Engineering Projects CIP Spend Analysis.....pg. 29
- E. Commission Requested Staff-Level Action Items.....pg. 35
- F. RESCU Program Design-Build Project Status Update.....pg. 41

6. MATTERS OF COMMISSION MEMBER'S INTEREST

- A. Election of New Chairperson, Vice Chairperson and Appoint New Secretary

7. CONSIDERATION OF MOTION APPROVING CONSENT CALENDAR (begins pg. 51)

8. BUSINESS ITEMS

- A. CONSIDERATION OF RESOLUTION APPROVING MANAGER'S FISCAL YEAR 2020-2021 ANNUAL SALARY AND FISCAL YEAR 2019-2020 BONUS (pg. 81)

Proposed Actions:

- i. Chair to summarize recommended action in accordance with Government Code Section 54953(c)(3)
- ii. Move adoption of RESOLUTION APPROVING ANNUAL COMPENSATION FOR THE SILICON VALLEY CLEAN WATER MANAGER

- B. CONSIDERATION OF RESOLUTION APPROVING PUBLIC AGENCIES POST-EMPLOYMENT BENEFITS TRUST ADMINISTERED BY PFM ASSET MANAGEMENT, LLC (pg. 85)

Proposed Action

Move adoption of RESOLUTION OF THE SILICON VALLEY CLEAN WATER COMMISSION APPROVING THE ADOPTION OF THE POST-EMPLOYMENT BENEFITS SECTION 115 TRUST PROGRAM ADMINISTERED BY PFM ASSET MANAGEMENT, LLC TO PREFUND PENSION BENEFIT OBLIGATIONS; AND AUTHORIZE THE MANAGER TO EXECUTE CONTRACT DOCUMENTS

C. CONSIDERATION OF MOTION APPROVING UNDERGROUND FUEL TANK REPLACEMENT (CIP #9041) ENGINEERING DESIGN SERVICES TASK ORDER (pg. 91)

Proposed Action:

Move approval of DESIGN SERVICES TASK ORDER FOR UNDERGROUND FUEL TANK REPLACEMENT (CIP# 9041) IN AN AMOUNT NOT TO EXCEED \$148,800 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS - KENNEDY/JENKS CONSULTANTS, INC.

9. CLOSED SESSION

A. CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Pursuant to Government Code Section 54956.8

Property Description: 525 Skyway Road, San Carlos

SVCW Negotiators: Kim Hackett, Authority Engineer

Negotiating Parties: Samantha Bechtel, General Manager, Izzy's Steak House

Under Negotiation: Price and terms

10. RECONVENE IN OPEN SESSION – Announce action taken in Closed Session, if any

11. ADJOURN

CONSENT CALENDAR

NOTICE TO PUBLIC

All matters listed under CONSENT CALENDAR are considered to be routine. There may be discussion on items on the CONSENT CALENDAR. All items will be enacted by one motion with a voice vote unless members of the Commission, staff, or public request specific items be removed from the CONSENT CALENDAR for separate action.

7. A. APPROVAL OF MINUTES – June 15, 2020 (pg. 51)

B. CONSIDERATION OF MOTION APPROVING CLAIMS AND CHECKS DATED JUNE 12, 2020 AND JUNE 26, 2020 AND NECESSARY PAYMENTS THROUGH JUNE 26, 2020 (pg. 59)

C. CONSIDERATION OF MOTION APPROVING CONSTRUCTION CONTRACT CHANGE ORDER FOR WWTP RELIABILITY IMPROVEMENTS PHASE 2 PROJECT (CIP# 9503) (pg. 63)

Proposed Action:

Move approval of CONTRACT CHANGE ORDERS FOR THE WWTP RELIABILITY IMPROVEMENTS PHASE 2 PROJECT (CIP #9503) IN THE AMOUNT OF \$301,399 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – C. OVERAA & CO

D. CONSIDERATION OF MOTION APPROVING ANNUAL GLOBAL TASK ORDER FOR PROFESSIONAL CONSTRUCTION MANAGEMENT SERVICES (pg. 67)

Proposed Action:

Move approval of TASK ORDER SCOPE AND BUDGET FOR CONSTRUCTION MANAGEMENT SERVICES IN AN AMOUNT NOT TO EXCEED \$3,625,000 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS - TANNER PACIFIC INC.

E. CONSIDERATION OF MOTION APPROVING FINAL ACCEPTANCE OF THICKENING IMPROVEMENTS – PHASE 1 PROJECT (CIP #9168) AND AUTHORIZATION TO FILE NOTICE OF COMPLETION (pg. 71)

Proposed Action:

Move approval of MOTION TO ACCEPT THICKENING IMPROVEMENTS - PHASE 1 PROJECT (CIP #9168) AND AUTHORIZE FILING NOTICE OF COMPLETION – C. OVERAA & CO

F. CONSIDERATION OF RESOLUTION APPROVING AGREEMENT FOR GRANT FUNDING FROM THE U.S. BUREAU OF RECLAMATION (pg. 77)

Proposed Action:

Move adoption of RESOLUTION ACCEPTING GRANT FUNDING, AUTHORIZING MANAGER TO NEGOTIATE AGREEMENTS WITH THE UNITED STATES BUREAU OF RECLAMATION, STANFORD UNIVERSITY, AND RELATED CONTRIBUTORS AND APPROVING EXECUTION OF SAID AGREEMENTS

Microsoft Teams Access Information
Silicon Valley Clean Water
Regular Meeting
Monday, July 20, 2020

WEBSITE: [Link to access meeting](#)

MEETING ID: 981 109 037#

CALL IN PHONE NUMBER: [+1 747-216-0281](#)

You may view video during the meeting via live stream. An audio will be available after the meeting at SVCW's website. If you experience technical difficulties or have technical questions prior to or during the meeting, please contact Teams meeting support at 707-862-0859. Note: Public participation is not permitted during closed session discussion items.

Public Comment

Public comment may be made by joining the meeting using the link or phone number above or by emailing comments to commission@svcw.org up to two hours prior to the scheduled meeting time. All comments should be in accordance with the three-minute per speaker limit. Indicate in your email the agenda item to which your comment applies. If you have anything that you wish distributed to the Commission and included for the official record, please include it in your email. Comments that require a response may be deferred for staff reply.

SVCW's Clerk will read all written comments into the meeting record.

Accessibility for Individuals with Disabilities

Upon request, SVCW will provide for access to individuals with disabilities to fully engage in the meeting process. Joining the meeting via the teleconference instructions above will provide access to open captioning. For other accommodations, please email your request to commission@svcw.org or call 650-591-7121 at least four (4) days prior to the scheduled meeting time. Requests will be granted whenever possible and resolved in favor of accessibility.

Subject to Change:

Given the current public health emergency and the rapidly evolving federal, state, and local orders, the format of this meeting may be altered or the meeting may be canceled. You may check on the status of the meeting by visiting SVCW's website www.svcw.org.

AGENDA ITEM 5A

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Electrical Safety While Working from Home

ELECTRICAL SAFETY
While Working From Home

Do you have a **home office** or **work from home**? Follow these **electrical safety tips** to keep you and your home safe from electrical hazards.

1. **Avoid overloading outlets.** (Illustration: A power strip with multiple plugs, crossed out with a red X.)

2. **Unplug appliances** when not in use to save energy and minimize the risk of shock and fire. (Illustration: A hand unplugging a cord from a wall outlet.)

3. **Regularly inspect** electrical cords and extension cords for damage. (Illustration: A magnifying glass over a frayed electrical cord.)

4. Extension cords should only be used on a **temporary basis**. (Illustration: A coiled extension cord with a clock icon.)

5. **Never plug a space heater or fan** into an **extension cord** or **power strip**. (Illustration: A space heater with a red X over it.)

6. **Never run cords** under **rugs / carpets, doors, or windows**. (Illustration: A power cord running under a rug, crossed out with a red X.)

7. **Plug in smartly.** Make sure cords do not become tripping hazards. (Illustration: A person tripping over a cord.)

8. Keep papers and other potential combustibles at least **three feet away** from space heaters and other heat sources. (Illustration: A stack of papers with a red X over it.)

9. **Make sure you use proper wattage** for lamps / lighting. (Illustration: A lamp with a red X over it.)

10. **Make sure your home has smoke alarms.** Test them monthly, change batteries yearly, and replace the unit every 10 years. (Illustration: A smoke alarm.)

Wherever you work, it's always important to be safe.

ESFi.org | www.facebook.com/ESFi.org | www.twitter.com/ESFiDotorg | www.youtube.com/ESFiDotorg

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AGENDA ITEM 5B

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Recurring and Upcoming 2020 Commission Actions
Updated for July 2020 Meeting

January	February	March	April
<ul style="list-style-type: none"> • Long Range Financial Plan • CIP Update (annual or biennial) • Review Investment Policy 	No Meeting	<ul style="list-style-type: none"> • Budget Workshop • Review Investment Policy 	<ul style="list-style-type: none"> • Budget Approval • Consider Emergency Declaration
May	June	July	August
<ul style="list-style-type: none"> • Initiate Manager Performance Evaluation • Review Reserve Funds Policy 	<ul style="list-style-type: none"> • Approve Resolution 77-6 "Personnel Resolution" • Perform Manager Evaluation 	<ul style="list-style-type: none"> • Commission Chair, Vice Chair, and Secretary Appointment 	<ul style="list-style-type: none"> • Conflict of Interest Update (Biennial; even-numbered years) • Review Debt Policy
September	October	November	December
<ul style="list-style-type: none"> • Local Limits Adoption 			<ul style="list-style-type: none"> • Commission Meeting schedule for following year • Audited Financial Reports

 - Recurring Commission Actions

 - Upcoming Commission Actions

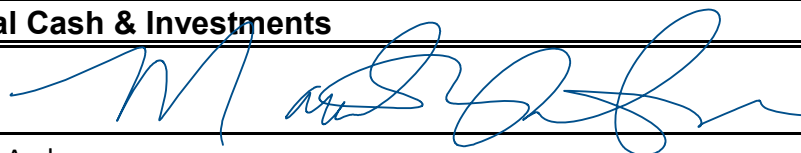
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AGENDA ITEM 5C1

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Silicon Valley Clean Water Authority
Cash & Investments Summary Report
June 30, 2020

Description	Market Value	% of Total	Yield
<u>Reserve Accounts</u>			
Operating Reserve* - Securities	\$ 3,474,797	1.9%	1.56%
Operating Reserve - Money Market Fund Balance	338,675	0.2%	0.06%
CIP Reserve* - Securities	17,331,060	9.5%	2.06%
CIP Reserve - Money Market Fund Balance	3,589,500	2.0%	0.06%
Stage 2 Capacity Reserve* - Securities	13,602,550	7.5%	2.01%
Stage 2 Capacity Reserve - Money Market Fund Balance	74,191	0.0%	0.06%
Total Market Value: Operating and Reserve Accounts	\$ 38,410,774	21.2%	1.87%
Total Accrued Interest: Operating and Reserve Accounts	179,871		
GRAND TOTAL, OPERATING AND RESERVE ACCOUNTS	\$ 38,590,644		
<u>Bond and Notes Accounts</u>			
Zions Bank (Trustee)			
2018 Project Fund Account - CAMP	\$ 15,833,933	8.7%	0.48%
2018 Revenue Account	5,005	0.0%	0.01%
2018 Acquisition Account - Euro for TBM Purchase	770,414	0.4%	
2019A Notes WIFIA* - Securities	84,595,912	46.6%	1.88%
2019A Notes WIFIA - Money Market Fund	12,829,922	7.1%	0.01%
2019A Capitalized Interest Account* - Securities	24,993,453	13.8%	1.77%
2019A Capitalized Interest Account - Money Market Fund	7,226	0.0%	0.01%
2019 Cost of Issuance	36,271	0.0%	0.01%
Bank of New York (Trustee)			
2014 Revenue Account	452	0.0%	0.26%
2014 Interest Account - Money Market Fund	13	0.0%	0.31%
2014 Principal Account - Money Market Fund	7	0.0%	0.28%
2014 Cost of Issuance Account - Cash	2	0.0%	-
2015 Project Account - Cash	2	0.0%	-
2015 Revenue Account	173	0.0%	0.37%
Total Market Value: Bond Proceeds Accounts	\$ 139,072,785	76.6%	1.52%
Accrued Interest: Bond Proceeds Accounts	518,692		
Uninvested Operating Cash (including outstanding checks)	3,821,191	2.1%	
Local Agency Investment Funds (LAIF) Balance	262,910	0.1%	1.22%
Total Cash & Investments	\$ 182,266,221	100.00%	1.56%



July 13, 2020

Matt Anderson

Date

Chief Financial Officer / Assistant Manager

** Monthly report of security transactions and interest available upon request*

- 1. All operating fund accounts are in compliance with SVCW's Investment Policy, and all bond proceeds accounts are in compliance with the relevant bond documents.*
- 2. SVCW has adequate funding levels for more than six months of operations and claim payments, as referenced in CA Code Section 53646.*
- 3. Market valuations for the Operating and Reserve accounts along with the 2018 and 2019A bond proceeds accounts are provided by PFM Asset Management LLC (PFM). Generally, PFM's market prices are derived from closing bid prices as of the last business day of the month as supplied by ICE Data Services or Bloomberg. Where prices are not available from generally recognized sources the securities are priced using a yield-based matrix system to arrive at an estimated market value. Prices that fall between data points are interpolated. Non-negotiable FDIC-insured bank certificates of deposit are priced at par. Although PFM believes the prices to be reliable, the values of the securities do not always represent the prices at which the securities could have been bought or sold*
- 4. Market valuations for the 2009, 2014, and 2015 bond proceeds accounts are provided by Bank of New York Mellon.*
- 5. In accordance with Generally Accepted Accounting Principles (GAAP), month-end holdings and information are reported on a trade date basis.*
- 6. The yields shown for securities portions of the operating and reserve accounts and the 2019A bond proceeds accounts are the yields to maturity at cost.*
- 7. The yield for LAIF is the average monthly effective yield. Source: <https://www.treasurer.ca.gov/pmia->*
- 8. The yields shown for the PFM-managed money market funds are the Yield to Maturity at Cost, and the Yield to Maturity at Market sourced from the respective fund providers' statements. Yields for BNY-managed funds are Market Yields sourced from the respective fund providers' statements.*
- 9. The yield shown for CAMP is the monthly distribution yield.*

Silicon Valley Clean Water Operating and Reserve Funds - Sector Allocation & Compliance June 30, 2020								
Security Type	Operating Reserve	CIP Reserve	Capacity Reserve	Total Market Value	% of Total Portfolio	% Allowed by Policy	In Compliance	% Change vs. Prior Month
U.S. Treasury	\$ 1,430,792	\$ 5,494,134	\$ 4,533,052	\$ 11,457,978	29.7%	100%	✓	(3.2%)
Supernationals	\$ 125,735	\$ -	\$ -	\$ 125,735	0.3%	100%	✓	(0.0%)
Federal Agency/GSE	\$ 1,271,559	\$ 3,456,352	\$ 2,635,590	\$ 7,363,501	19.1%	100%	✓	(1.9%)
Federal Agency CMO	\$ -	\$ 2,581,542	\$ 1,825,521	\$ 4,407,063	11.4%	100%	✓	(0.4%)
Federal Agency MBS	\$ -	\$ 1,425,271	\$ 1,359,332	\$ 2,784,603	7.2%	100%	✓	(0.5%)
Municipal	\$ -	\$ 284,619	\$ 205,870	\$ 490,489	1.3%	100%	✓	0.0%
Corporate Notes	\$ 646,710	\$ 4,089,143	\$ 3,043,186	\$ 7,779,039	20.2%	30%	✓	0.7%
Securities Sub-Total	\$ 3,474,797	\$ 17,331,060	\$ 13,602,550	\$ 34,408,407	89.2%		✓	
Accrued Interest	12,983	94,003	72,885	179,871	0.5%			
Securities Total	\$ 3,487,780	\$ 17,425,062	\$ 13,675,436	\$ 34,588,278	89.6%			
Money Market Fund	338,675	3,589,500	74,191	4,002,367	10.4%	20%	✓	5.1%
Total Investments	\$ 3,826,455	\$ 21,014,563	\$ 13,749,627	\$ 38,590,644	100%			
<i>As % of 6/30/20 Target:</i>	<i>106%</i>	<i>108%</i>	<i>100%</i>	<i>105%</i>				

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AGENDA ITEM 5C2

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July 20, 2020

To: SVCW Commissioners

From: Matt Anderson (CFO/Assistant Manager) and Arvind Akela (Engineering Director)

Subject: PG&E retroactive billing – informational item only

ISSUE

This memorandum provides information to the Commission on charges received late from Pacific Gas & Electric company (PG&E) for electrical usage from December 2018 to March 2020. No action is being requested.

BACKGROUND

During construction of new 12kV Switchgear (CIP #9807), a new primary electrical service to the plant and a duplicate meter were installed. Installation of new switchgear meant SVCW operated on two primary service feed lines to the treatment plant. Though not typical, careful planning and a good relationship with PG&E allowed this approach. By operating on two switchgears, SVCW avoided several months of high cost and pollution of using rental diesel generator power.

DISCUSSION

When operating on two service lines, PG&E had separate revenue meters; one each on the original and new switchgear. While cutting over from the old to the new switchgear, PG&E did not provide accurate billings between December 2018 and March 2020. Throughout this duplicative meter period, PG&E billed solely on the original switchgear/meter and did not include power supplied through the new meter. While staff noticed that PG&E bills were lower than typical, the lower costs were initially attributed to cogeneration output. Electricity readings in the two meters were not compared to the PG&E bills and the discrepancy was not noticed.

PG&E notified SVCW in January 2020 of the underbilling and sent a corrected bill for the periods from December 2018 through September 2019. Later, in its March 2020 billing statement, PG&E provided a second corrected bill to rectify the charges from September 2019 through February 2020. Using SVCW's own operations data of electricity usage, SVCW Operations has now validated the accuracy of the PG&E bills.

As of June 2020, SVCW is current on all charges and there will be no further retroactive charges from PG&E. Additionally, the service meter on the original switchgear has been removed.

FINANCIAL IMPACT:

The 2019-20 Operating Budget for Silicon Valley Clean Water is approximately \$26.3 million, which includes \$950 thousand for electrical supply to the wastewater treatment plant paid to PG&E. This budgeted value is net of energy savings produced from cogeneration engines, which reduces annual electricity costs by an estimated \$1.9 million.

Receiving retroactive charges from PG&E is a timing matter. There is no financial impact other than delayed payments to PG&E. An accrual was made in January 2020 that covered charges from December 2018 through September 2019 and accounted for the known amounts at that time. The additional underbilling from October 2019 through March 2020 will be recognized in the 2019-20 fiscal year. The total adjustment and costs are illustrated below:

SVCW Treatment Plant - Corrected Electricity Usage and Billing							
Bill Date	kWh Usage			\$ Value			
	Total kWh Orig. Billed	Corrected kWh	Increase kWh	Original Billed & Paid	Corrected Bill Amount	\$ Difference	
Dec-18	254,243	268,684	14,441	\$ 40,645	\$ 56,007	\$ 15,361	
Jan-19	280,544	346,511	65,967	42,215	65,451	23,236	
Feb-19	263,010	384,054	121,044	40,652	68,024	27,372	
Mar-19	253,924	367,437	113,513	40,611	69,109	28,498	
Apr-19	280,192	353,500	73,308	43,422	65,822	22,400	
May-19	262,680	301,420	38,740	55,075	87,360	32,285	
Jun-19	253,924	472,198	218,274	55,512	124,297	68,785	
Subtotal - FY 2018-19	1,848,517	2,493,804	645,287	\$ 318,133	\$ 536,070	\$ 217,937	
Jul-19	280,192	499,289	219,097	58,179	123,258	65,079	
Aug-19	262,680	444,045	181,365	56,392	118,591	62,199	
Sep-19	262,680	472,662	209,982	56,944	121,641	64,698	
Oct-19	271,436	352,606	81,170	58,135	105,826	47,690	
Nov-19	3,652	227,976	224,324	-	56,409	56,409	
Dec-19	11,334	272,224	260,890	-	59,552	59,552	
Jan-20	9,502	341,886	332,384	11,461	67,056	55,595	
Feb-20	N/A	267,270		-	60,991	60,991	
Mar-20	N/A	243,242		-	45,352	45,352	
Subtotal - FY 2019-20	1,101,476	3,121,200	1,509,212	\$ 241,111	\$ 758,675	\$ 517,564	
TOTAL	2,949,993	5,615,004	2,154,499	\$ 559,244	\$ 1,294,745	\$ 735,501	

There is a financial year impact of charges that belonged to the 2018-19 fiscal year. Whereas approximately \$218 thousand should have been recognized from December 2018 through June 2019, these charges will appear in the 2019-20 fiscal year and cause a budget variance.

To avoid this in the future, Finance and Operations staff will more closely analyze monthly charges versus budget and accrue as needed.

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AGENDA ITEM 5D

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**ENGINEERING REPORT: JUNE 2020
CAPITAL IMPROVEMENT PROGRAM**

RESCU Program (6008, 9501, 9502): Design and construct conveyance system improvements.

SVCW has awarded progressive design build contracts to Barnard Bessac Joint Venture for the Gravity Pipeline (GP) Project and Shea Parsons Joint Venture for the Front of Plant (FoP) and Pump Stations Improvements (PSI) Projects. These projects are in varying states of design and construction. SVCW staff and consultant project team are intricately involved in all stages of work.

All three projects are now in their construction phases.

The GP Project team has been actively pursuing alternative locations for muck disposal to reduce costs on the project to the extent possible. Two sites have positive potential; Alviso in the South Bay and Baylands in Brisbane. Negotiations are ongoing for both sites; USFish and Wildlife Service for Alviso and Baylands developer for the Brisbane site. Staff expects to bring one or more MOUs/Agreements to the Commission in August.

The Plant's potable water air gap tank and facilities are located within the sphere of the FoP Project and facilities need to be moved to allow construction to continue. Design has been completed and a cost estimate is being prepared to bring to the August Commission meeting for authorization as a change order.

Planned Commission Actions: Approve Contract Change Order for Front of Plant Project – August 2020

Approve Memorandum of Understanding with USFWS and/or Agreement with Baylands – August 2020

Thickening Improvements – Phase 1 (9168): Procure and install two rotary drum thickeners to thicken primary sludge.

At its March 2017 meeting, the Commission authorized purchase of two rotary drum thickeners to replace the Gravity Thickeners which are past the point of their useful lives. Overaa Construction was awarded the construction contract to install the thickeners, which will thicken primary sludge before it enters the digesters. The rotary drum thickeners will also be used to facilitate future recuperative thickening of the digester contents to improve digester volatile solids destruction resulting in increased digester gas production. This project is complete and ready for acceptance.

Planned Commission Actions: Accept Project/File Notice of Completion – July 2020

Wastewater Treatment Plant Improvements Phase 2 (9503): Rehabilitation and/or replacement of seven treatment plant mechanical processes.

This project includes improvements and rehabilitation of several processes throughout the plant. The design-build project was awarded to Overaa Construction in April 2018. The project is now in the startup phase, with the majority of the mechanical and electrical improvements completed.

The remaining work to be completed includes improvements to the HVAC system and miscellaneous support systems for the installed equipment.

Two items of out-of-scope work have been identified for completion of the project and will be presented to the Commission in July for authorization. A new overhead crane system and ventilation system improvements will allow the process equipment to be operated and maintained efficiently and safely.

Planned Commission Actions: Authorize Contract Change Orders – July 2020

Underground Fuel Tank Replacement (9041): Decommission and replace underground diesel storage tank.

Diesel for Standby Generators 1 through 3 is stored in a 15,000 underground storage tank that was installed at the time the treatment plant was originally constructed. The tank is a single-wall type and does not meet the modern standards for an underground storage tank that would be built today. SVCW received notification from the State Water Resources Control Board that all single-wall underground storage tanks must be decommissioned by 2025. San Mateo County Department of Health administers regulations related to fuel tanks within county boundaries and staff has been in communication with the County regarding required work. SVCW staff have negotiated a scope of work and budget for Kennedy/Jenks to provide design services for a replacement, above ground tank.

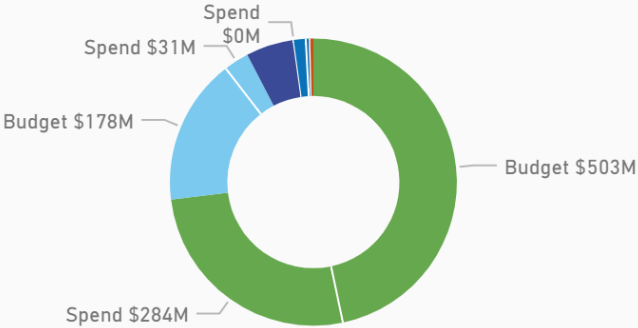
Planned Commission Actions: Authorize Design Task Order – July 2020

CIP Spend Analysis

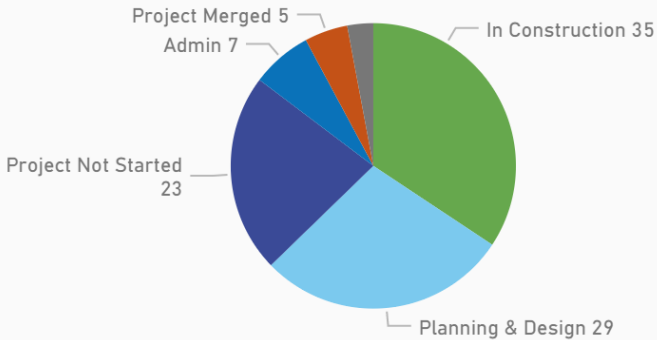
Project Phase	Project Count	2020 Budget	Spend	Remaining	Unspent %
In Construction	35	\$502,867,058	\$283,732,249	\$219,134,809	43.58%
Planning & Design	29	\$177,584,452	\$30,586,145	\$146,998,308	82.78%
Admin	7	\$14,458,911	\$3,590,910	\$10,868,001	75.16%
Project Merged	5	\$0	\$3,726,617	\$-3,726,617	N/A
Project Not Started	23	\$58,190,153	\$233,885	\$57,956,268	99.60%
Project On Hold	3	\$1,480,974	\$356,321	\$1,124,653	75.94%
Total	102	\$754,581,548	\$322,226,127	\$432,355,421	57.30%



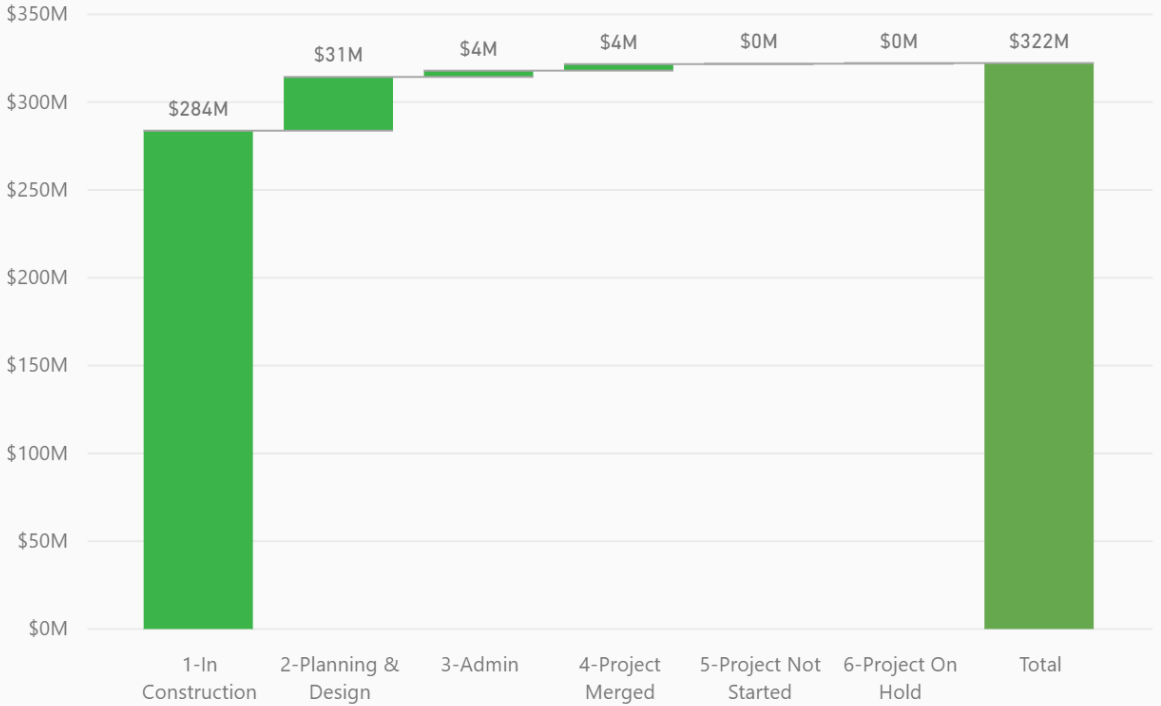
Budget and Spend by Project Phase



Project Count by Project Phase



Actual Spend by Project Phase



This report is a snapshot of CIP spending and displays the cost of projects as they evolve from un-initiated to completed. Within each phase, actual expenditures is compared to the 2018 CIP Budget Plan to arrive at dollars remaining.

"Planning/Design" budget values are not fully encumbered and therefore not meant for comparison to actual expenditures. Only upon completion of the planning and design phase will project budget and actual expenditures be recategorized to "In Construction" and a good measure of budget adherence.

"In Construction" dollar values reflect encumbrances (Budget) and expenditures (Actual Spent to date); comparing these numbers describes budget adherence.

"Other" phase includes projects that are administrative in nature (e.g. SRF loan expenses, Insurance, etc) and/or projects that have not been initiated.

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AGENDA ITEM 5E

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Silicon Valley Clean Water
Commissioners' Requested Action Items

JULY 20, 2020
AGENDA ITEM 5E

Updated: 06/29/2020

Commission Meeting Date		Action Item	Requested or Estimated Date for Completion	Status			Date of Completion	Notes
				Ongoing	In Progress	Complete		
6/15/2020	1	Pump Stations Improvements - Capital vs Life Cycle Costs	7/20/2020		✓			Reducing pump stations from 5 to 2 have been reported to save long-term costs; provide analysis results to Commissioners.
5/18/2020	1	Modify Agenda and Distribution Method	6/15/2020			✓	6/10/2020	1-Add page numbers for agenda items on agenda, 2-Mail hard copy packets to Warren and George, 3 - Email Teams meeting information to Commissioners
	2	Research on illness transmission in sewers	N/A		✓			Ask researchers when results might be available; get info to Commissioners.
4/20/2020	1	Emergency Declaration	N/A	✓			4/20/2020	Manager to reach out via email, special meetings, etc to Commission as needed when decisions are required or made
3/9/2020	1	Finance Section on Agenda Letters	4/20/2020			✓	4/20/2020	Answer the question: is the cost associated with an item in line with expectations?
	2	Succession and Retention Staff Planning	N/A			✓	6/15/2020	In response to hardships to staff from high cost of living and the large number upcoming retirements, report out on activities related to retention and succession planning.
	3	1406 Radio Road Building	N/A		✓			Research and make recommendation related to historic registry restraints on what can/can't be done with buildings
1/27/2020	1	Clarify verbiage in Local 39-SVCW MOU Side Letter	N/A			✓	3/2/2020	Clarify that the term "bi-weekly" equates to two times per month; i.e., coincides with pay periods.
	2	Clarify Financial Impact section on Agenda Letters	3/9/2020			✓	3/2/2020	Simplify the financial impact section to enable the reader to more readily decipher the information.
	3	Investment Policy Re-work	3/9/2020			✓	2/24/2020	SVCW CFO reach out to Bel CFO to discuss strategy further. Bring item to March meeting for consideration.
	4	CIP Update Document	N/A			✓	1/28/2020	Email CIP document to WBSD Commissioner and upload to website. For future, include CIP document with the agenda packet, especially the CEQA table.
12/16/2019	1	WWTP Underslab Piping	N/A			✓	1/27/2020	Describe plans for investigating condition of underslab piping
	2	Improve readability of presentations	1/27/2020			✓	3/9/2020	Some slides hard to read on screen and in handouts; improve all powerpoint presentations' readability.
	3	Practice for use of risk registers on projects	N/A			✓	1/9/2020	Information shared at Technical Committee meeting.
11/18/2019	1	Data reporting solutions associated with ERP	N/A			✓	12/16/2020	Consider use of Tableau software as opposed to the proposed Power BI. Memo with decision-making process points presented to Commission.

Silicon Valley Clean Water
Commissioners' Requested Action Items

Updated: 06/29/2020

JULY 20, 2020
AGENDA ITEM 5E

Commission Meeting Date	Action Item		Requested or Estimated Date for Completion	Status			Date of Completion	Notes
				Ongoing	In Progress	Complete		
	2	Investment Policy	3/9/2020			✓	3/9/2020	Further discussion between SVCW and member agency staff occurred. Item was approved at March meeting.
	3	Investment Report	12/16/2019			✓	12/10/2019	Operating and Reserve Funds Sector Allocations table: Add total % change vs prior month to summary
	4	County Easement	12/16/2019			✓	12/10/2019	Discussed item under Closed Session - December meeting
	5	Reserve Policy	12/16/2019			✓	12/10/2019	Add escalator to reserves annual contributions; using ENR Construction Cost Index for S.F. Bay Area December of each year
10/21/2019	1	Research video recording meetings	N/A			✓	12/10/2019	Reach out to Menlo Park FD and Town of Atherton regarding video recording meetings. Outreach completed. Recommendation is to not pursue.
	2	Change information on financial reports and RESCU updates	N/A			✓	11/18/2019	On financial reserves report, add comparison of reserves collected to policy targets. On RESCU report, add information on change orders issued on projects.
9/16/2019	1	Research viability of videoing meetings	10/21/2019			✓	10/21/2019	An agenda item was added to the agenda and discussion ensued. Further research was requested.
	2	Review necessity for roll call vote on agenda items	10/21/2019			✓	9/18/2019	Roll call votes are not necessary.
8/19/2019	1	Nepotism and Fraternization Policy	9/16/2019			✓	9/5/2019	Review member agencies' policies and compare with proposed. Item was brought back to Commission in September.
	2	Recycled Water Facilities	N/A			✓	8/23/2019	Review payment for facilities repair with RWC. Per the agreement, repairs are RWC's responsibility.
7/15/2019	1	No new items at this meeting						
> One Year	1	8E - JPA Amendment; re-initiate "clean up" to JPA	N/A		✓			Make required and requested changes to the JPA a priority. Comments received; Manager has begun working on consolidation.
	2	When SVCW can begin exporting power to grid, make public for positive public relations standpoint	N/A		✓			While the 12kV switchgear is ready to export power, the contract with P.G.&E. and documentation with CA Energy Commission will not be complete until June 2020. Public notice will be prepared and distributed when appropriate.
	3	Project delay costs	N/A	✓			Ongoing	Inform Commission of any potential delays that could add time and costs to projects they have authorized.

Silicon Valley Clean Water
Commissioners' Requested Action Items

JULY 20, 2020
AGENDA ITEM 5E

Updated: 06/29/2020

Commission Meeting Date	Action Item		Requested or Estimated Date for Completion	Status			Date of Completion	Notes
				Ongoing	In Progress	Complete		
	4	Maple Street Development	N/A	✓				SVCW and RWC staff coordinating efforts and messages to developer to protect mutual and exclusive interests.
	5	Connection Fees	NA		✓			Additional plant capacity evaluation is underway to ensure proper flow numbers are used in the calculations. Will be incorporated into upcoming JPA changes.

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AGENDA ITEM 5F

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Overview



RESCU Program describes eleven projects which constitute full replacement and rehabilitation of SVCW's conveyance system. RESCU includes the Gravity Pipeline, Front of Plant, Pump Stations, and Belmont Force Main projects. The Front of Plant includes six and Pump Stations includes four of the eleven projects. The Conveyance System Improvements Environmental Impact Report completed and adopted by the SVCW Commission in April 2017 covers work to be done under all the RESCU Program projects.

Available Budget

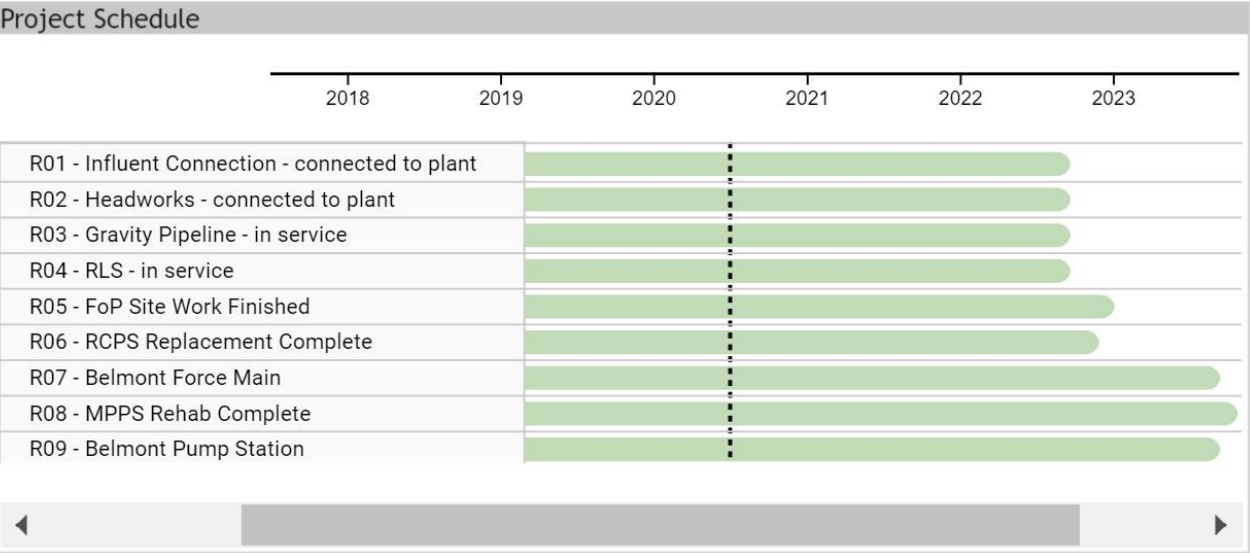
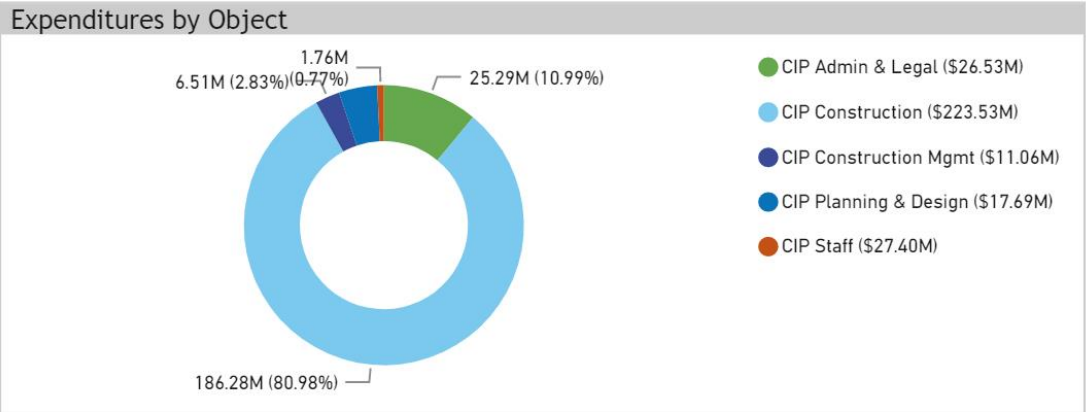
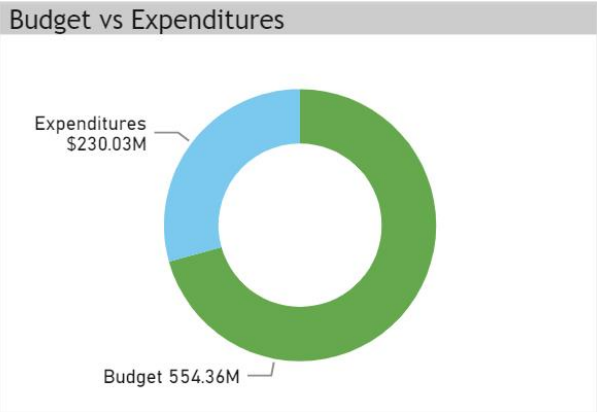
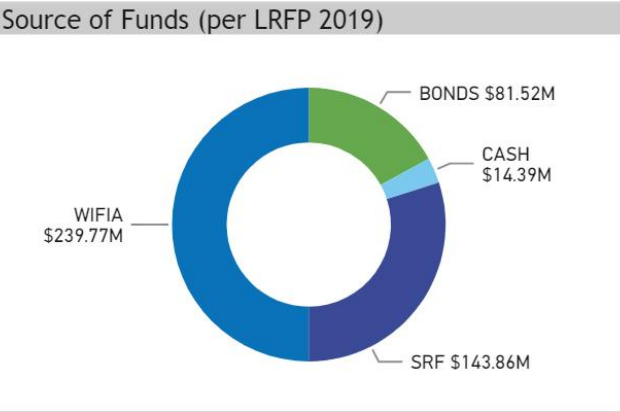
\$554.36M

Total Expenditure

\$230.03M

Remaining Budget

\$324.33M



Front of Plant Progressive DB Project



The Front of Plant (FoP) Project consists of the design, construction, permitting, start-up, commissioning, and final acceptance for the Receiving Lift Station (RLS), Surge and Flow Splitter (SFS), Headworks Facility, Odor Control System, Influent Connector Pipe, Emergency Overflow pipe to an existing storage basin and other related process support systems. Work is being implemented under a Progressive Design-Build procurement process in stages.

Available Budget

\$161.95M

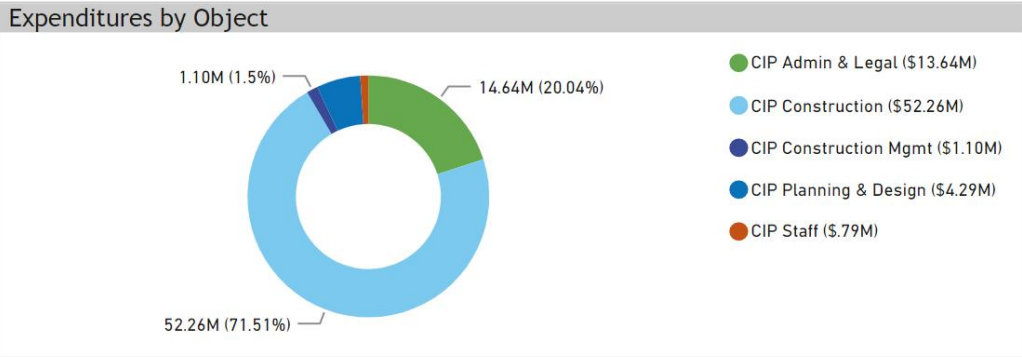
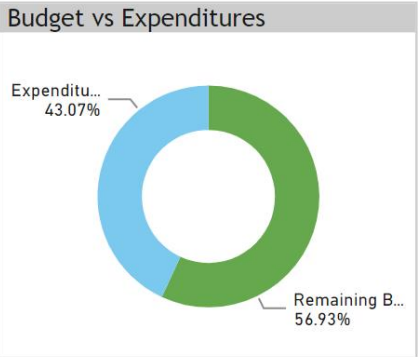
Total Expenditure

\$69.75M

Remaining Budget

\$92.20M

Milestone Schedule		
	Start	Finish
Influent Pipeline Completed	7/24/2020	5/19/2021
Headworks Facility Completed	12/6/2018	10/24/2021
SFS/RLS Completed	12/6/2018	7/1/2022
Start-up and Commissioning	6/11/2021	8/31/2022

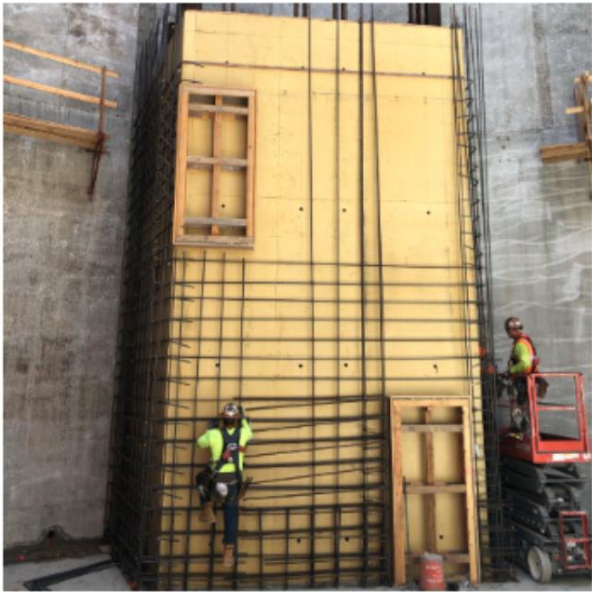


Construction KPIs

46.88%
% Complete

47.49%
% Expenditures

As of : 2020 - 06



Major Accomplishments this Period

▼	
Design	<ul style="list-style-type: none"> - SPJV continue developing the control strategies in coordination with Operations staff. - SPJV held a kickoff meeting to begin discussions with Operations related to the development of the start-up and testing plan. - SPJV continue developing the design of the utilidor extension.
Procurement of Trade Packages	<ul style="list-style-type: none"> - The slide gates to be installed in the headworks channels arrived onsite. - WIFIA and SRF requirements compliance for trade packages are in progress.
Construction	<ul style="list-style-type: none"> - SPJV's electrical subcontractor continued the installation of the cable tray, conduits and pull boxes in the Storage Rooms and Electrical Room. - SPJV completed detailing the concrete chambers for the installation of the grit removal system. - SPJV placed concrete fill (sloping, fillets) in the hydraulic channels in preparation for coatings work. - SPJV completed the concrete placement of three of four 25-foot lifts of the second pass walls in the RLS. - SPJV began the construction of the two enclosed stairwells in the RLS.

Potential Issues

3 water pipeline size upgrade and additional fixtures and piping
Air Gap Tank Project
Intrinsically Safe Relay Panel
Utilidor extension for piping

3 - Month Look Ahead

	Start	End	July	August	September
Construction 200 of 850 feet of 63-inch Interconnection Pipe from Effluent Distribution Box to Existing WWTP	June 23, 2020	August 13, 2020	X	X	
Construction of Cast-in-Place Sections of RLS Roof	August 31, 2020	December 2, 2020			X
Install Protective Coatings in the Headworks Channels	July 27, 2020	August 14, 2020	X	X	
Install Slide Gates and Devices at Headworks Channels	August 17, 2020	August 24, 2020		X	
Installation of RLS Second Pass Walls	March 18, 2020	July 21, 2020	X		
Installation of RLS Stairwells No. 1 & No. 2	June 25, 2020	September 2, 2020	X	X	X

Project Changes

Change order for odor control system
Credit for deletion of 48" bypass from 54" force main
Credit for the deletion of the chemical storage system
Electrical System
New County/Local Sales Tax
Project Management past December 2021

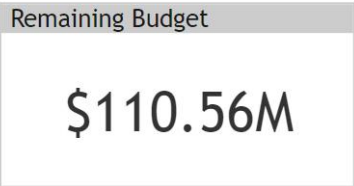
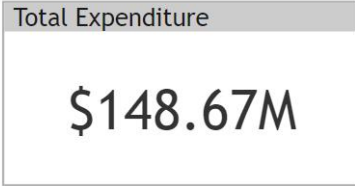
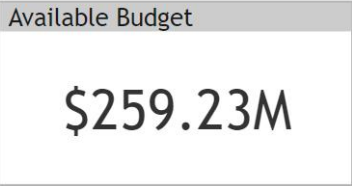
Safety Spot Light

Lost Time	0
Near Misses	5
Recorded Losses	2

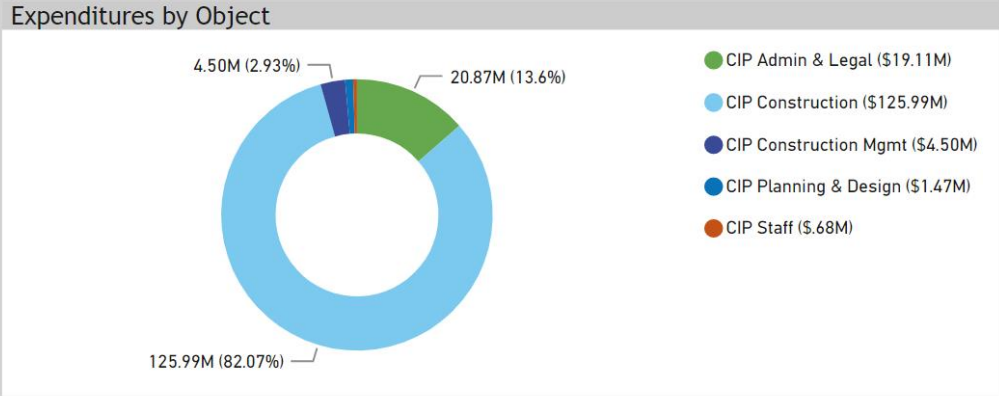
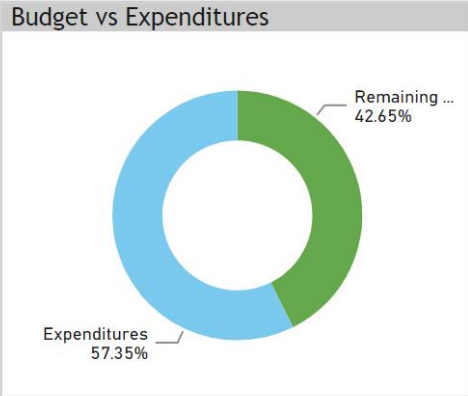
Gravity Pipeline Progressive DB Project



The Gravity Pipeline (GP) Project consists of the design, construction, permitting, start-up, commissioning, and closeout of approximately 17,600 feet of wastewater gravity FRP pipe inside a concrete-segment tunnel. The work includes three shafts and will interface directly with the Front of Plant (FoP) Project at the Surge & Flow Shaft (SFS). Work is being implemented under a Progressive Design-Build procurement process.



Milestone Schedule		
	Start	Finish
100% Design Documents		12/2/2020
Final Commissioning		7/1/2022
FRP Pipe Installation	8/17/2020	3/17/2022
San Carlos Shaft Construction	6/15/2020	1/19/2021
TBM Drive (AAS to SFS)	7/6/2020	6/18/2021



Construction KPIs

51.88%
% Complete

46.70%
% Expenditures

As of : 2020 - 06



Major Accomplishments this Period

	▼
Design	- BBJV submitted 100% San Carlos Shaft and Adit design
Procurement of Trade Packages	- San Carlos Shaft SOE and ground improvement contracts in progress - Outreach in conformance with SRF and WIFIA funding requirements
Construction	- BBJV completed assembly of TBM in the AAS for the second drive to the SFS - BBJV began delivery of the second shipment of FRP Pipe to Sunol, CA

Potential Issues

Muck Disposal Site

3 - Month Look Ahead

	Start	End	July	August	September
100% Design Completion	August 10, 2018	December 2, 2020	X	X	X
San Carlos Shaft Construction	June 15, 2020	January 19, 2021	X	X	X
Second Shipment of FRP Pipe - Delivery/Unloading	April 15, 2020	July 15, 2020	X		
Second tunnel drive to SFS	July 6, 2020	June 18, 2021	X	X	X

Project Changes

Bair Island Force Main Exposure and Additional Monitoring
Bair Island Weir Optimization
New County/Local Sales Tax and US Tariffs

Safety Spot Light

Lost Time	1
Near Misses	0
Recorded Losses	1

Pump Stations



All SVCW pump stations require replacement or rehabilitation. Menlo Park PS will be rehabilitated. Redwood City PS will be replaced. Belmont PS will be replaced with a gravity pipeline. San Carlos PS is no longer needed due to the new gravity pipeline; flows from San Carlos and Belmont will enter into the gravity pipeline via a drop structure at the current San Carlos pump station site. Flows from the MPPS and RCPS will flow through the new 48-inch force main to a drop structure at Inner Bair Island. RCPS will be designed to pump the MPPS flows during wet weather events.

Available Budget

\$119.68M

Total Expenditure

\$17.15M

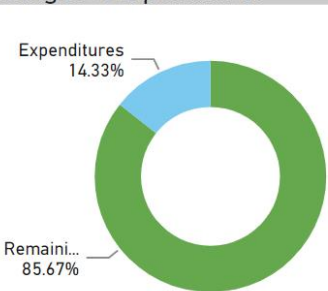
Remaining Budget

\$102.53M

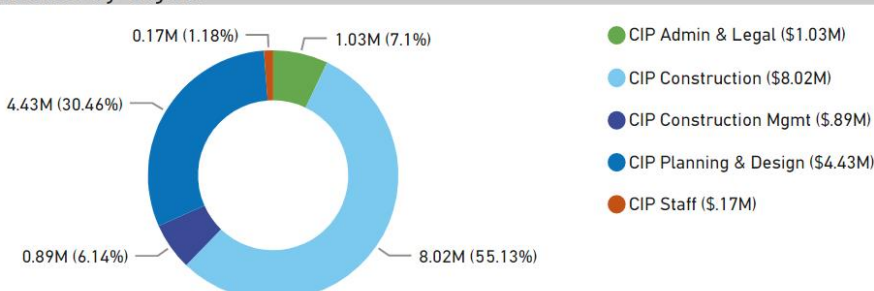
Milestone Schedule

	Start	Finish
Stage 1 Services Complete - MPPS	2/28/2019	4/13/2020
Stage 1 Services Complete - BGP	2/28/2019	5/6/2020
Stage 1 Services Complete - RCPS	2/28/2019	6/15/2020
100% Design Documents - MPPS	4/13/2020	8/25/2020
100% Design Documents - BGP	5/6/2020	8/24/2020
Mobilize - BGP	7/20/2020	8/7/2020

Budget vs Expenditures



Expenditures by Object



Stage 2 field activities for Pump Stations Improvements have not yet started.



Major Accomplishments this Period

- Design
- Continued developing the 100% design documents for MPPS.
 - Continued developing the 100% design documents for BGP.
 - RCPS contract amount was approved by the Commission.

Potential Issues

No issues to note for this period.

3 - Month Look Ahead

	Start	End	July	August	September
100% Design Development - BGP	May 6, 2020	August 24, 2020	X	X	
100% Design Development - MPPS	April 27, 2020	September 2, 2020	X	X	X
Mobilize - BGP	July 20, 2020	August 7, 2020	X	X	
Segment 1 Force Main Inspection	June 8, 2020	July 31, 2020	X		

Project Changes

No changes to report.

Safety Spot Light

Lost Time	0
Near Misses	0
Recorded Losses	0

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AGENDA ITEM 7A

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MINUTES OF SILICON VALLEY CLEAN WATER

REGULAR MEETING – June 15, 2020

8:00 a.m.

**This meeting took place remotely pursuant to
SVCW Resolution No. 20-08 due to coronavirus pandemic**

ITEM 1

CALL TO ORDER

The meeting was called to order at 8:00 a.m.

ITEM 2

ROLL CALL - Commissioners Duly Appointed by Each Agency

Council Member Alicia Aguirre, Redwood City - Chair
Board Member George Otte, P.E., West Bay Sanitary District – Vice Chair
Council Member Mark Olbert, San Carlos – Secretary
Council Member Warren Lieberman, PhD., Belmont

Staff, Consultants and Visitors Present

Teresa A. Herrera, SVCW Manager
Christine Fitzgerald, SVCW Legal Counsel
Jennifer Flick, SVCW Human Resources Director
Matt Anderson, SVCW Chief Financial Officer/Assistant Manager
Monte Hamamoto, SVCW Chief Operating Officer
Kim Hackett, SVCW Authority Engineer
Arvind Akela, SVCW Engineering Director
Jessica Mangual, SVCW Secretary Pro Tem
Eric Hansen, SVCW Senior Engineer
EJ Shalaby, Senior Consultant, DNS Strategic Partners
Bill Tanner, Tanner Pacific, Inc.
Mark Minkowski, Kennedy/Jenks
Aren Hansen, Brown & Caldwell
Bob Donaldson, Collaborative Strategies
Theresa Yee, City of Redwood City
Molly Flowerday, City of Redwood City
Steven Machida, City of San Carlos

ITEM 3

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was recited by those in attendance

ITEM 4

PUBLIC COMMENT

There was no Public Comment

ITEM 5

SAFETY MOMENT AND REPORTS

Instructions for enabling live captioning on the remote meeting site were provided.

Safety Moment concerned tips for beating the heat for a better night sleep.

Manager reported that next month the Commission will need to appoint a Chair, Vice Chair, and Secretary.

Regarding Item 5C2, Memo to Commissioners related to Pension Stabilization Trust Introduction, background was provided and discussion ensued. No action was taken and staff will bring to the Commission a recommendation on creating a Section 115 Trust.

Related to Item 5E, Commission Requested Staff-Level Action Items, last month there was a request to include page numbers on the agenda which was completed. Also, there was a question related to when a report on the wastewater indicator studies for community diseases would yield results; this remains an unknown but Manager will continue to track and report when information is available.

For the remaining written reports contained within the agenda packets, there were no questions nor comments.

ITEM 6

MATTERS OF COMMISSION MEMBER'S INTEREST

Expression of appreciation to staff to follow through with mailing the agenda packet to Commissioners who requested it.

ITEM 7

CONSIDERATION OF MOTION APPROVING CONSENT CALENDAR ITEMS 7A THROUGH 7F

7. A. APPROVAL OF MINUTES – May 18, 2020

B. CONSIDERATION OF MOTION APPROVING CLAIMS AND CHECKS DATED MAY 1, MAY 15, MAY 29, AND JUNE 1, 2020 AND NECESSARY PAYMENTS THROUGH JUNE 1, 2020

C. CONSIDERATION OF MOTION AND RESOLUTION APPROVING TO SOLE SOURCE SPECIFIC EQUIPMENT IN USE AT SVCW FACILITIES

Proposed Action:

- i. Move approval TO SUSPEND COMPETITIVE BIDDING REQUIREMENTS BASED ON PUBLIC CONTRACTS CODE (PCC) SECTION 3400 WHICH AUTHORIZES SILICON VALLEY CLEAN WATER TO PURCHASE SPECIFIC EQUIPMENT WITHOUT SPECIFYING "OR EQUAL" MANUFACTURERS AND EQUIPMENT (SOLE SOURCE) (5/7th weighted vote required)
- ii. Move adoption of RESOLUTION ALLOWING FOR THE SOLE SOURCE SPECIFICATION AND PURCHASE OF STANDARDIZED EQUIPMENT AND MATERIALS AS LISTED, TO MATCH EXISTING, PROVEN EFFECTIVE OR TESTED EFFECTIVE EQUIPMENT FOR A PERIOD OF FIVE YEARS FROM JUNE 2020 THROUGH JUNE 2025

D. CONSIDERATION OF MOTION TO ACCEPT NEW 12KV SWITCHGEAR PROJECT (CIP #9807) AND AUTHORIZE FILING NOTICE OF COMPLETION

Proposed Action:

Move approval of MOTION TO ACCEPT NEW 12KV SWITCHGEAR PROJECT (CIP #9807) AND AUTHORIZE FILING NOTICE OF COMPLETION – JF SHEA/PARSONS JOINT VENTURE

E. CONSIDERATION OF RESOLUTION AUTHORIZING EXECUTION OF A QUITCLAIM DEED OF CERTAIN REAL PROPERTY INTERESTS FOR THE GRAVITY PIPELINE PROJECT

Proposed Action:

Move approval of RESOLUTION AUTHORIZING EXECUTION OF QUITCLAIM DEED OF CERTAIN REAL PROPERTY INTERESTS HEREIN DESCRIBED (APN 095-030-230)

F. CONSIDERATION OF MOTION APPROVING PURCHASE OF CONVEYOR SYSTEM FOR BIOSOLIDS DRYING

Proposed Action:

Move approval of EXPENDITURES TO PURCHASE REPLACEMENT CONVEYOR AT A COST NOT TO EXCEED ONE HUNDRED AND THIRTY-THREE THOUSAND (\$133,000) AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS.

Motion/Second: Mr. Otte / Mr. Lieberman

The Motion carried by roll call vote: Commissioners Aguirre, Lieberman, and Otte voting yes, and Commissioner Olbert voting yes with the exception of Agenda Item 7C where he voted no.

ITEM 8A

CONSIDERATION OF RESOLUTION AND MOTION APPROVING PUMP STATIONS IMPROVEMENTS PROJECT (CIP 9501) STAGE 2C DESIGN-BUILD AMENDMENT AND CONSULTANT TASK ORDER

Proposed Actions:

- i. Move adoption of RESOLUTION APPROVING STAGE 2C AMENDMENT TO THE DESIGN-BUILD AGREEMENT FOR PUMP STATIONS IMPROVEMENTS PROJECT (CIP #9501); AUTHORIZING EXECUTION OF STAGE 2C AMENDMENT AND AUTHORIZING MANAGER TO APPROVE CONTRACT CHANGE ORDERS AND ALLOWANCES UP TO TEN PERCENT OF THE CONTRACT PRICE FOR SAID AMENDMENT – SHEA PARSONS JOINT VENTURE - \$42,718,238
- ii. Move approval of TASK ORDER AMENDMENT SCOPE AND BUDGET FOR PROJECT MANAGEMENT SERVICES FOR PUMP STATIONS IMPROVEMENT PROJECT (CIP #9501) IN AN AMOUNT NOT TO EXCEED \$735,000 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – COLLABORATIVE STRATEGIES CONSULTING

Motion/Second: Mr. Otte / Mr. Lieberman

The Motion carried by Unanimous Roll Call Vote

ITEM 8B

CONSIDERATION OF RESOLUTIONS ESTABLISHING RATES OF PAY AND CLASSIFICATIONS FOR CONFIDENTIAL GENERAL, UNREPRESENTED GENERAL, PROFESSIONAL AND MANAGEMENT EMPLOYEES; AND APPROVING UPDATED CONSOLIDATED PAY SCHEDULE

Proposed Actions:

Move adoptions of:

- i. RESOLUTION ESTABLISHING RATES OF PAY AND RELATED COMPENSATION PROVISIONS FOR MANAGEMENT EMPLOYEES OF SILICON VALLEY CLEAN WATER AND RESCINDING AND RESTATING CERTAIN PROVISIONS OF RESOLUTION NO. SVCW 19-24 AND RESCINDING ANY AND ALL OTHER RESOLUTIONS OR PORTIONS THEREOF IN CONFLICT HERewith
- ii. RESOLUTION ESTABLISHING RATES OF PAY AND RELATED COMPENSATION PROVISIONS FOR CONFIDENTIAL GENERAL EMPLOYEES OF SILICON VALLEY CLEAN WATER AND RESCINDING RESOLUTION NO. SVCW 19-25 AND ANY AND ALL OTHER RESOLUTIONS OR PROVISIONS THEREOF IN CONFLICT HERewith

- iii. RESOLUTION ESTABLISHING RATES OF PAY AND RELATED COMPENSATION FOR UNREPRESENTED GENERAL EMPLOYEE POSITIONS OF ENGINEERING INTERN, LABORATORY ASSISTANT AND GENERAL INTERN AND RESCINDING RESOLUTION NO. SVCW 19-26 AND ANY AND ALL OTHER RESOLUTIONS OR PORTIONS THEREOF IN CONFLICT HEREWITH
- iv. RESOLUTION ESTABLISHING RATES OF PAY AND RELATED COMPENSATION PROVISIONS FOR PROFESSIONAL EMPLOYEES OF SILICON VALLEY CLEAN WATER AND RESCINDING RESOLUTION NO. SVCW 19-27 AND RESCINDING ANY AND ALL OTHER RESOLUTIONS OR PORTIONS THEREOF IN CONFLICT HEREWITH
- v. RESOLUTION AMENDING SECTION 6 OF RESOLUTION NO. SVCW 77-6, THE SVCW PERSONNEL RESOLUTION, RELATING TO CLASSIFICATION OF POSITIONS AND RESCINDING PARAGRAPH 1 OF RESOLUTION NO. SVCW 19-28 AND ANY AND ALL OTHER RESOLUTIONS OR PROVISIONS THEREOF IN CONFLICT HEREWITH
- vi. RESOLUTION APPROVING AND ADOPTING CONSOLIDATED PAY SCHEDULE FOR ALL REPRESENTED AND UNREPRESENTED EMPLOYEES OF SILICON VALLEY CLEAN WATER FOR FISCAL YEAR 2020-2021

Motion/Second: Mr. Lieberman / Mr. Otte

The Motion carried by roll call vote: Commissioners Aguirre, Lieberman, and Otte voting yes, Commissioner Olbert voting no

ITEM 9

CLOSED SESSION

Closed Session was called to order at 8:41 a.m.

ITEM 10

RECONVENE IN OPEN SESSION

Open Session reconvened at 9:38 a.m.

Ms. Fitzgerald reported that, as to closed session item 9A no reportable action was taken. As to Closed session item 9B, the Commission gave instruction to place the matter of final action on the Managers salary on next month's Agenda in accordance with Govt Code Section 54953, subd. (c) (3), with the following direction: Manager's salary for Fiscal

Year 2020-2021 in the amount of \$29,400 per month in exchange for discontinuance of Manager's housing allowance in the amount of \$2,400; in addition, Manager granted a performance bonus in the amount of 10 percent of Manager's Fiscal Year 2019-2020 salary, and no COLA increase for Fiscal Year 2020-2021.

ITEM 11

ADJOURN

There being no further business, the meeting adjourned at 9:40 a.m.

Minutes prepared by Teresa A. Herrera
Reviewed by General Counsel

Mark Olbert, Secretary

AGENDA ITEM 7B

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SVCW WARRANT REGISTER

SVCW Warrant Register dated June 2 – June 15, 2020 and June 16 – June 30, 2020 were scanned and a copy was emailed to Commissioners and Legal Counsel on July 14, 2020.

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AGENDA ITEM 7C

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**CONSTRUCTION CONTRACT CHANGE ORDER FOR
WWTP RELIABILITY IMPROVEMENTS PHASE 2 PROJECT (CIP# 9503)**

ISSUE

Authorization of Contract Change Orders for WWTP Reliability Improvements Phase 2 Project (CIP #9503) for Overhead Crane and Building Heating, Ventilation, Air Conditioning (HVAC) Improvements

BACKGROUND

WWTP Reliability Improvements Phase 2 Project is a Fixed Price Design-Build project awarded in April 2018 to C. Overaa & Co. with Hyrdoscience as the designer (Overaa). The project has four main aspects:

1. Aeration Basin – replacement of all four original aeration blowers, all air piping, valves, and other related system upgrades
2. Dual Media Filter – replacement of two original DMF backwash pumps, piping and automation
3. 3-Water system repairs
4. Dewatering – installation of two rotary fan presses, four sludge feed pumps, and a conveyor system, with HVAC improvements in the Dewatering Room

The design completed and construction commenced in 2019. As of June 2020, all four major systems have been installed and are in operation.

The dewatering element of the project included installation of two additional rotary fan presses to add reliability to the solids dewatering process. The two existing rotary presses were installed in 2014 as part of the Solids Process Automation project. Each Rotary Fan Press consists of six (6) channels along a shaft with a motor in the center separating the channels into two (2) groups of three (3) channels. The four rotary presses are located in the Dewatering Room in the Solids Handling Building.

DISCUSSION

This Agenda Item is for the authorization of two change orders. The first is to install an overhead crane and the second is for HVAC system installation, both in the Dewatering Room.

Overhead Crane

While the WWTP Reliability Improvements Phase 2 Project was in the design phase, the existing rotary fan presses experienced failures on equipment that is internal to each channel. To perform the maintenance, each 1,700 lb channel must be slid off the shaft to access the next channel. Removing the channels can be done via various methods, including rigging the channels to an A-frame crane or using other lifting equipment with the assistance of a contractor. Based on the experience of having to replace parts within 5 years of installation, SVCW's maintenance division is recommending that preventative maintenance be done every two years on the presses. Based on this interval, the

engineering team began to look at a permanent lifting mechanism in the room rather than hiring contractors every two years to assist with the preventative maintenance task.

The design-build team for the project, with input from SVCW's Operations and Maintenance Divisions, designed an overhead crane system with a 2-ton capacity that can access all four Rotary Presses (the two original presses and the two new presses installed by this project). Overaa has provided a cost estimate of \$175,522 for installation of the 2-ton crane system.

HVAC Improvements

The Solids Handling Building has various levels, rooms and openings requiring the HVAC system to be robust and making it challenging to balance. Wastewater has naturally occurring compounds that are concentrated in treatment plants and can be dangerous at high concentrations. OSHA safety regulations specify higher ventilation rates than typically found in buildings to allow for air movement in wastewater treatment plants. The Dewatering Room requires a minimum of 6 air changes per hour. The original contract documents indicated that the project could tap into the building ventilation system to provide the required ventilation in the room. However, based on the complicated nature of the building's HVAC system, and the difficulty staff has had in balancing the system to meet the needs of all of the rooms in the building, it was decided to provide a separate system, with supply and exhaust fans specifically for the Dewatering Room. Overaa has provided a quote of \$125,877 for this project change.

Quotations for both recommended change orders were verified for reasonableness and deemed to be lower costs than would otherwise be required to complete the work; for example, if the work was separately advertised for bidding. Completing the work via a contract change order will also ensure that SVCW is protected from possible future blame between different contractors should damage occur on any already-installed equipment.

FINANCES

Work under this project is funded from WWTP Reliability Improvements Phase 2 Project (CIP #9503) which has an allocated budget of \$12,810,274. As of June 30, \$10,379,266 has been expended. Execution of the two change orders will add \$301,399 to the contract amount.

The project is nearly complete and is expected to be completed within the budget.

RECOMMENDATION

Move approval of CONTRACT CHANGE ORDERS FOR THE WWTP RELIBAILITY IMPROVEMENTS PHASE 2 PROJECT (CIP #9503) IN THE AMOUNT OF \$301,399 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – C. OVERAA & CO.

AGENDA ITEM 7D

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**PROFESSIONAL CONSTRUCTION MANAGEMENT SERVICES
ANNUAL GLOBAL TASK ORDER**

ISSUE

Approval of Tanner Pacific, Inc. Task Order Scope and Budget for Professional Construction Management Services for SVCW CIP and Capital Projects

BACKGROUND

In March 2016 the Commission approved a Master Services Agreement and corresponding task order with Tanner Pacific, Inc. (TPI) for construction management and construction contract advisory services. Since that time, TPI has provided professional services related to construction management and inspection, including: ensuring construction contractors abide by the project requirements, providing input to designers on bid-ability and constructability of the projects during the design phase, providing review of cost estimates by the designers, customizing the standard contract documents for each project, keeping apprised of ongoing changes in legislation and regulations pertaining to construction and, in turn, updating SVCW's standard contract documents.

DISCUSSION

SVCW has used services of outside construction management specialty firms for its entire existence, beginning with the original treatment plant construction. Construction management is a specialty within itself and to hire staff that could fulfill the functions that TPI fills would involve hiring at least ten additional staff. Several staff members of TPI have worked on SVCW projects for over ten years.

SVCW's last non-RESCU Task Order with TPI was authorized in October 2018. That task order authorization was intended to cover wastewater treatment plant project preconstruction and construction services for a period of 18 months. The budgeted amount for that time period was \$3,446,000. Because of efficient use of resources on the part of the construction management team, the allocated budget has lasted 21 months. In that time period, SVCW completed approximately \$27,000,000 in construction value. This translates to total CM expenditures of 12.7% of the construction completed in this time period. The percent of construction management services costs varies based on complexity of the project, amount of preconstruction guidance needed, and, often times, quality of the low-bid contractor who is awarded the project. SVCW assumes that Construction Management services will equal between 13% and 15% of total construction costs, depending on project complexity.

Over the next 18 months, it is anticipated that SVCW will complete approximately \$29 million in construction not related to the RESCU projects. SVCW and TPI have negotiated a task order for construction management services in the amount of \$3,625,000, which is 12.5% of the projected construction expenditures. The scope of this contract includes construction management services on all CIP projects except for the RESCU projects. TPI provides Quality Assurance services for the RESCU program under separate authorizations for each RESCU project.

FINANCES

Construction Management Services are budgeted as part of all CIP project budgets and vary between 13% to 15% of the estimated construction cost for each project. The cost associated with the TPI global task order has been negotiated in the amount of \$3,625,000. This amount is within the amounts incorporated for these services in the CIP project budgets and in line with both industry standards and previous SVCW contracts for similar services.

RECOMMENDATION

Move approval of TASK ORDER SCOPE AND BUDGET FOR CONSTRUCTION MANAGEMENT SERVICES IN AN AMOUNT NOT TO EXCEED \$3,625,000 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS - TANNER PACIFIC INC.

AGENDA ITEM 7E

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**THICKENING IMPROVEMENTS - PHASE 1 PROJECT (CIP #9168)
FINAL PROJECT ACCEPTANCE**

ISSUE

Final Acceptance of Thickening Improvements – Phase 1 Project (CIP #9168) and Authorization to File Notice of Completion

BACKGROUND

Silicon Valley Clean Water's wastewater treatment processes can be categorized as solids treatment and liquids treatment. Most of the solids treatment processes are located inside the Solids Handling Building (SHB), a three-story building on the east side of the treatment plant. Solids processing includes solids thickening, pre- and post-digested sludge mixing and pumping, solids dewatering, and grit removal from primary sludge.

The Thickening Improvements - Phase 1 Project was initiated with the primary purpose of installing rotary drum thickeners (RDTs) in the basement of the SHB. RDTs replace the Gravity Thickeners, two of which had completely failed and the other two of which were at risk of failing. The RDTs thicken primary sludge prior to pumping into the digesters and is a much newer, more efficient, and effective method of thickening, particularly when compared to the older gravity thickening process.

As construction progressed on the project, it became apparent that two other planned projects needed to be implemented in conjunction with the RDT work. The first related to the SHB drain system. The entire SHB is outfitted with floor and process drains which collect all liquids; including washdown water and liquids removed from all the solids processes. All drains lead to a concrete pit in the SHB basement called the Site Waste Pump Station. From here, all liquid is pumped back to the plant influent where it enters the liquid treatment process. The Site Waste Pump Station was outfitted with pumps that would not adequately pump flows from the RDTs and the new sludge dewatering processes installed under a separate project. A separate capital project (Project #300) had identified the need to modify the Site Waste Pump Station equipment.

The second planned project related to the solids treatment processes is the ongoing effort to process organic food waste from Recology/SBWMA to produce methane gas. Over the last few years, SVCW has undergone pilot studies to determine the benefits and impacts of processing food waste all of which resulted in positive outcomes. Work on the receiving station was needed to enable a pilot-study level amount of organic waste to be received. This work is contained within CIP project #9229, Food Waste Receiving Project.

DISCUSSION

The Thickening Improvements - Phase 1 Project design was completed by Kennedy Jenks Consultants in July 2017 and the project was publicly advertised for bids on August 8, 2017. C. Overaa & Co. (Overaa) was the lowest responsible bidder in the amount of \$995,000. The construction was completed in 2019 and the RDT systems were commissioned and placed in operation in September 2019. As noted above, two other projects that were tangential to the thickening project were also being implemented at or around this time frame.

For work needed on the Site Waste Pump Station Upgrades, SVCW staff worked with more than half-a-dozen pump manufacturers and found three pump manufacturers that would meet the necessary performance criteria. Staff obtained competitive quotes from the three shortlisted manufacturers and purchased the lowest price pumps. SVCW engineering staff then developed design documents in-house and solicited for three competitive quotes for construction. Overaa submitted the lowest and only bid in the amount of \$150,000. To take advantage of the ability to save administrative costs and time, the work was added as a change order to the Thickening Improvements Phase 1 Project in the amount of \$150,000. The change order was approved by the Commission in December 2019.

The Food Waste Receiving Pilot project was designed by Kennedy/Jenks and was publicly advertised for bids on March 8, 2018. Only one contractor, Overaa, submitted a bid in the amount of \$925,000. SVCW rejected the bid and, since Overaa was onsite doing construction near the vicinity of the receiving station, staff negotiated with Overaa to do the work as a change order in the amount of \$684,000. This change order was approved by the Commission in April 2018.

One additional change order was approved by the SVCW Commission in July 2019 to replace the thickened sludge discharge header pump and pipe. This change order was in the amount of \$84,703. The total of the three Commission-approved change orders issued for this project is \$918,703.

In addition to Commission-approved change orders, an additional \$155,315 or 8.1% of the original contract amount, was approved by the Manager. Substantial Completion was achieved on May 29, 2020. The Substantial Completion Certificate is attached. All work on the project has been constructed to the satisfaction of SVCW staff.

FINANCES

A summary of projects, budgets, and expenditures is shown in the following table:

Project	Budget	Spent as of 6/30/2020
Thickening Improvements Phase 1 Project (CIP #9168)*	\$3,761,095	\$3,696,683
Site Waste Pumps Upgrades (Project #300)*	\$300,000	\$193,457
Food Waste Receiving Pilot Project (CIP#9229)	\$20,404,629	\$1,468,302

*Project Complete

RECOMMENDATION

Move approval of MOTION TO ACCEPT THICKENING IMPROVEMENTS - PHASE 1 PROJECT (CIP #9168) AND AUTHORIZE FILING NOTICE OF COMPLETION – C. OVERAA & CO.

**Silicon Valley Clean Water
Thickening Improvements- Phase 1 CIP# 9168**

SUBSTANTIAL COMPLETION CERTIFICATE

This substantial completion certificate supersedes the substantial completion certificates issued on October 15, 2018 and November 15, 2019. Those scopes of work remain substantially complete. The following portions of the Thickening Improvements- Phase 1 CIP# 9168 are accepted as Substantially Complete in accordance with Specification Sections 00700-8.6 and 00800-1.5 and as defined herein.

As of May 29, 2020, these portions of the Project are accepted:

1. All work on the Project except as noted below:
 - a. All work on the attached Punch List, dated May 29, 2020.

As of the above dates the following responsibilities are agreed to:

1. Authority:
 - a. The Authority assumes responsibility for security, maintenance (except as noted below), heat, utilities, damage to the Work (except as caused by the Contractor's actions) and insurance for the facilities.
2. C. Overaa & Co.:
 - a. The Contractor shall maintain and provide proof of insurance as required by Specification Section 00800-3.1.4 for all work required to complete the Punch List and for five years following Final Completion as required by Specification Section 00800-3.2 or as otherwise referenced in the technical specifications.
 - b. The Contractor shall be responsible for repairs or maintenance, as necessary, until the Contractor has submitted, and the Authority has accepted all Record Documents and Operation & Maintenance Manuals.
 - c. The Contractor shall work in an expeditious manner to complete the remaining work and administrative requirements on the Project including the items on the Punch List, dated May 29, 2020, within sixty (60) days from the date of this certificate.

This Certificate does not constitute an acceptance of Work not in accordance with the Contract Documents nor is it a release of Contractor's obligation to complete the Work in accordance with the Contract Documents. The one year (365 Calendar Days) warranty for the accepted Work shall commence per Specification Section 01740-1.0 on the date of Acceptance by Silicon Valley Clean Water except the work previously accepted by the previous two substantial completion certificates. The warranty for work under the previously issued substantial completion certificates commenced on the date of the issuance of those certificates.

The undersigned hereby acknowledge agreement to the above provisions:

Contractor: C. Overaa & Co.

Construction Manager: Tanner Pacific, Inc.

By: 
David Ensinger

By: 
Andrew Matey, P.E.

Title: Project Manager
Date: 5/29/2020

Title: Construction Manager
Date: 5/29/2020

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AGENDA ITEM 7F

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**APPROVE AGREEMENT FOR GRANT FUNDING FROM
THE U.S. BUREAU OF RECLAMATION**

ISSUE

Approval to Negotiate and Execute an Agreement with the U.S. Bureau of Reclamation and Contributing Entities on the Recent Grant Award, "Linking Anaerobic Wastewater Treatment to Non-Potable and Potable Wastewater Reuse"

BACKGROUND

On January 14, 2016, the SVCW Commission approved up to \$500,000 from its CIP Project #9232, Long Term Strategic Recycled Water Planning, for a matching funds contribution to allow SVCW to pursue the grant entitled "Advancing Water and Energy Efficient Strategies and Technologies" offered by the California Energy Commission (CEC). On July 19, 2016, the proposal submitted by SVCW in collaboration with Stanford University, achieved the highest ranking out of a field of eight applicants and SVCW was offered the \$2 million maximum award. In addition to the \$2 million grant award, there are cash contributions from Stanford in the amount of \$400 thousand as well as in-kind technology/equipment and engineering contributions provided by Suez Water Technologies and Solutions, Valley Water District, and others. With the cash contributions and in-kind equipment and services, the total budget available for the project is \$3,220,000. This represents an increase to SVCW's contribution of greater than 6:1. This funding was the basis for the Staged Anaerobic Fluidized Membrane Bio-Reactor (SAF-MBR) Project.

In 2019, SVCW applied for an additional grant to supplement the SAF-MBR project funds and expand the research associated with the project. On June 18, 2019, the State Water Resources Control Board (Water Board) ranked SVCW in the top 5 out of a field of 8 recipients in the State of California, to receive \$350,000 through Proposition 1 for its application entitled, "Low-Energy Potable Reuse from Wastewater Using Anaerobic Treatment". On October 21, 2019, the Commission approved the Manager to negotiate and execute an agreement with the Water Board.

On September 14, 2019 the Commission approved an application to the U.S. Bureau of Reclamation (USBR) entitled, "Linking Anaerobic Wastewater Treatment to Non-Potable and Potable Wastewater Reuse" that would fund operations of the equipment constructed by the Water Board grant through April 2022. On June 16, 2020, USBR notified SVCW that its application with Stanford University received one of the highest rankings among grant recipients in the country and anticipates awarding the full amount of \$799,908.

Together, the Water Board and USBR grants will provide \$1,149,908 in grant funds in support of non-potable and potable reuse as part of the SAF-MBR Project. Additional in-kind contributions from Suez Water Technologies and Solutions valued at \$180,000 increases this available budget to \$1,329,908. This represents an increase to SVCW's original contribution of greater than 9:1.

Through the SAF-MBR Project, SVCW has developed a strong partnership with Stanford University and Re-Inventing the Nation's Urban Water Infrastructure ("ReNUWIt"), a

National Science Foundation multi-university academic research collaborative. Working in partnership with these entities has created a platform to assist SVCW in the evaluation of innovative and new wastewater treatment technologies. Through this partnership, SVCW increases its ability to understand its options and contribute towards the development of potential regional benefits these technologies may provide.

DISCUSSION

The USBR encourages states in the arid west to develop new treatment systems and evaluate state-of-the-art technology that could result in broad benefits to the industry and reduce demands on imported water. The proposed \$799,908 grant with USBR will cover administrative, materials, laboratory, and research costs to operate and test the SAF MBR facility with the end result of the study to be an analysis of the SAF MBR technology for producing recycled water for potable and non-potable reuse. The study will include water quality analysis, operational considerations, and capital and O&M costs for using this technology to provide water.

Taking advantage of local, state and federal partnerships meets SVCW's mission and core values of providing wastewater treatment for reuse in a responsible and efficient manner and to be innovative regional leaders while operating cost-efficiently. This is a unique opportunity for SVCW to partner with industry leaders in wastewater treatment who also have a significant stake in the successful outcome of this work. Even if the pilot technologies prove unsuccessful, the amount of information SVCW will gain about operation and maintenance costs of new technologies, its wastewater characteristics, and sharing this information with regional, state, and national partners for a relatively small investment is extremely valuable.

Staff recommends the Commission approve a resolution accepting the grant and authorizing the SVCW Manager to negotiate agreements with the United States Bureau of Reclamation and related contributors with no additional matching funds.

FINANCES

No additional funds are needed to satisfy the grant's local match requirement.

RECOMMENDATION

Move adoption of RESOLUTION ACCEPTING GRANT FUNDING, AUTHORIZING MANAGER TO NEGOTIATE AGREEMENTS WITH THE UNITED STATES BUREAU OF RECLAMATION, STANFORD UNIVERSITY, AND RELATED CONTRIBUTORS AND APPROVING EXECUTION OF SAID AGREEMENTS

AGENDA ITEM 8A

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**ESTABLISH MANAGER'S FISCAL YEAR 2020-2021 ANNUAL SALARY
AND FISCAL YEAR 2019-2020 BONUS**

ISSUE

Approve Annual Salary for Fiscal Year 2020-2021 and Bonus for Fiscal Year 2019-2020 for the Manager of Silicon Valley Clean Water

BACKGROUND

The Silicon Valley Clean Water (SVCW) Manager is employed under the terms and conditions of an employment contract with and approved by the SVCW Commission. The employment contract provides that the Commission establish by resolution the rate of pay for the Manager ("base salary"), subject to adjustments following performance reviews as provided in said contract. Specifically, the contract provides that the Manager is entitled to 1) an annual performance review prior to the close of each fiscal year, which includes consideration of adjustments to the Manager's base salary, 2) consideration of an annual performance incentive payment not to exceed 10% of the Manager's base salary and based upon the Manager's achievement of performance goals as agreed upon for the fiscal year, and 3) automatic cost of living adjustments applied to the Manager's base salary per the CPI formula set forth in the contract.

DISCUSSION

During the SVCW Manager's annual performance review conducted in closed session on June 15, 2020, the Commission considered the job performance of the SVCW Manager for Fiscal Year 2019-2020 based upon certain agreed-upon performance goals. The Brown Act permits closed session discussions for the purpose of adjusting the Manager's annual compensation, including the base salary and incentive payment; however, the law requires that the amount of salary and other compensation of local agency executives be considered and finally approved by Commission vote in an open session.

The Commission made the decision to adjust the SVCW Manager's base salary, to grant a performance bonus, and to forego the cost of living adjustment stipulated in the Manager's contract. In consideration of the state of the economy and its negative impact on the local community, the contractual housing allowance for Fiscal Year 2020-21 of \$2,400 will be cancelled and a like amount transferred into base salary. Additionally, the Commission made the threshold decision to grant a performance bonus at ten percent of the Manager's FY2019-20 annual salary.

In conformance with Brown Act requirements for salaries of local agency executives, final action on the decisions made by the Commission at their June 15, 2020 will be announced and taken in open session.

FINANCES

Ms. Herrera will be paid a monthly salary of \$29,400 and receive a performance bonus of ten percent of her annual salary, equating to \$32,400. SVCW operating budgets for FY19-20 and FY20-21 anticipated these amounts.

RECOMMENDATION

- i. Chair to summarize recommended action in accordance with Government Code Section 54953(c)(3)
- ii. Move adoption of RESOLUTION APPROVING ANNUAL COMPENSATION FOR THE SILICON VALLEY CLEAN WATER MANAGER

AGENDA ITEM 8B

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**PUBLIC AGENCIES POST-EMPLOYMENT BENEFITS TRUST
ADMINISTERED BY PFM ASSET MANAGEMENT, LLC**

ISSUE

Silicon Valley Clean Water (SVCW or Authority) provides its employees with a defined benefit pension through the California Public Employees' Retirement System (CalPERS). Changes in CalPERS' investment returns and employee experience have caused increased payments into the pension plan and reduced its funding status. As agencies across the state anticipate CalPERS will continue to enact changes to improve its financial stability, further increases in required pension contributions are likely.

It is currently estimated that SVCW's pension liability is 78% funded, with a Net Pension Liability of \$16.6 million. SVCW has assessed options to address future increased pension costs and volatility. It will be beneficial for SVCW to establish a Post-Employment Benefits Trust (Trust) as a mechanism to fund future pension liabilities.

BACKGROUND

The United States Internal Revenue Service determined that trusts established for the exclusive purpose of funding public agencies' employee benefit obligations are entitled to certain tax benefits, particularly exemption from income tax. These trusts (referred to as "Section 115 Trusts") were historically used for funding other post-employment benefits (OPEB) obligations, but since 2015 have also become a popular vehicle to fund retirement benefit obligations, particularly in response to increased CalPERS required contributions.

Section 115 Trusts have two main characteristics that make them attractive mechanisms for setting aside funds to offset pension costs. First, the trusts are irrevocable, meaning that resources deposited into the Trust become the property of the Trust and cannot be withdrawn for other non-pension purposes. It is important to note there is no required annual funding amount; SVCW can make deposits into the Trust as funds become available. Afterwards, deposited funds may be withdrawn to assist with pension-related expenditures if needed to stabilize SVCW's budget. Having approval to participate in a Pension Stabilization Trust positions SVCW for future contributions.

The second characteristic making Section 115 Trusts attractive is because investment horizons are typically longer than other cash reserves and, therefore, Trust assets can be placed into a broader range of investments that generally generate greater returns than other governmental funds.

In January 2011 SVCW faced a similar unfunded liability of \$7.6 million associated with its Other Post-Employment Benefits (OPEB). SVCW began to address its OPEB liability by establishing a Section 115 Trust and has remitted regular budgeted contributions to the trust. As a result, as of June 2020 the OPEB liability is nearly fully funded at 95%.

As noted above, CalPERS' changes significantly increased required payments and decreased the funded status of participating agencies' pension plans. The changes were intended to address declines in agencies' funded status caused by investment

losses, increased pay, demographic changes, and contribution policies. SVCW intends to improve the funded status of its pension plan via a mechanism that addresses future volatility of required contributions.

To do so, SVCW staff engaged actuarial consultant GovInvest to assess future CalPERS costs and develop options to address its \$16.6 million Net Pension Liability. Identified options include:

- **Restructure CalPERS' amortization bases:** Also known as a "Fresh Start", members may choose a shorter number of years to address the liability by contributing additional funds. Its benefit is overall lower interest costs. A disadvantage is that it locks the agency into higher annual payments for the duration of the selected amortization period.
- **Make Additional Discretionary Payments (ADPs) directly to CalPERS:** If diligent, SVCW could follow an amortization base and mirror the Fresh Start. Contributions made directly to CalPERS will reduce the liability but will not significantly reduce annual contributions since CalPERS spreads the contributions over the remaining amortization period. This option also has an optical benefit of the liability reduction being directly reflected on the financial statements. A disadvantage of the ADP approach, however, is the loss of control over investment strategies.
- **Establish a Section 115 Trust and prefund with recurring contributions:** Contributions to a Trust are determined via SVCW's policy and budget processes and may be increased or decreased as necessary. The Trust is designed to generate investment income and reduce future cash flow requirements and budget dependencies. Though Trust assets can only be used for retirement plan purposes, they may be used to reimburse an Agency for retirement system contributions and thus stabilize budget volatility. SVCW would have greater control over the investment strategies that can be tailored towards safety of principal and investment horizons.

DISCUSSION

Staff worked with actuarial consultants to forecast future CalPERS rates and to analyze options that address unfunded liabilities and contribution volatility. Staff concluded that a pension trust is an appropriate option for SVCW. Since 2015, hundreds of California public agencies have established their own Section 115 trusts or joined multiple-employer Section 115 trusts established by private trust administration firms.

Assets in the Trust can be used either to make payments directly to a pension system such as CalPERS, or to reimburse the agency for already-incurred pension costs. Trusts are relatively inexpensive to establish or join and offer participating agencies significant flexibility in deciding how much to contribute, how contributions are invested, and when to make payments out of the trust.

Staff reached out to firms that offer Section 115 Trust administrative and management services. Three firms that were identified to provide comparable services include 1)

Public Agency Retirement Services (PARS), 2) CalPERS'-associated California Employers' Pension Prefunding Trust (CEPPT), and 3) PFM Asset Management LLC. Each firm offers the fiduciary responsibility and expertise needed to manage SVCW assets. The table below highlights key parameters of each.

Firm	Experience	# of Strategies	Average Annual Total Returns	Fees / Expenses
PARS	1,500+ accounts 1,000 agencies \$4 billion in managed assets	5	4.6% to 8.5% over ten years	\$0 set up fees 60 basis points (bps) on assets \$0-\$5 million, 55 bps on assets \$5-\$10 million
CEPPT	500+ accounts (predominantly OPEB, as CEPPT is relatively new to the market)	2	4.0% to 5.0% near term Using OPEB as benchmark, 6.2% to 7% long-term	\$0 set up fees 25 basis points on all assets
PFM	300+ accounts 227 clients, including 163 agencies	Tailored	5.15% to 7.15% over ten years (composite)	\$0 set up fees 30 basis points on assets up to \$10 million, plus fixed \$5,000 in annual trustee fees (equal to 50 bps on first \$1 million or 5 bps on assets of \$10 million)

After review of each firm's experience and terms, staff recognizes both PARS and PFM have solid and significant experience and have demonstrated sound investment returns. Based upon experience and its collaborative approach to tailor investment portfolios, staff recommends entering into an agreement with PFM to manage its Pension Stabilization Trust. Regarding costs, PFM fees are initially comparable and, as the portfolio grows, by the end of year two will be less than PARS.

FINANCES

The SVCW 2020-21 operating budget includes approximately \$800 thousand in contributions towards its Net Pension Liability. If deployed through a Section 115 Trust, SVCW could accelerate the fully-funded status of the pension liability to 2030, or ten years faster than CalPERS' current projections. It could also reduce SVCW's required contributions by \$10 million (or Net Present Value \$4.6 million) over the same duration.

RECOMMENDATION

Move adoption of RESOLUTION OF THE SILICON VALLEY CLEAN WATER COMMISSION APPROVING THE ADOPTION OF THE POST-EMPLOYMENT BENEFITS SECTION 115 TRUST PROGRAM ADMINISTERED BY PFM ASSET MANAGEMENT, LLC TO PREFUND PENSION BENEFIT OBLIGATIONS; AND AUTHORIZE THE MANAGER TO EXECUTE CONTRACT DOCUMENTS

AGENDA ITEM 8C

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**UNDERGROUND FUEL TANK REPLACEMENT (CIP #9041)
ENGINEERING DESIGN SERVICES TASK ORDER**

ISSUE

Approval of Task Order with Kennedy Jenks Consultants for Engineering Design Services for the Construction of an Above Ground Diesel Storage Tank (AST).

BACKGROUND

SVCW is required to process sewage 24/7/365, with no planned or unplanned downtime or shutdowns to the treatment processes that would result in untreated water being discharged to the Bay. To ensure continuous operation, the Plant relies on emergency generators in case of power failure. The emergency generators are fueled by diesel. Emergency Generators 1, 2, and 3 are supplied by a 15,000-gallon Underground Storage Tank (UST). This UST was part of the original plant construction and is a single walled tank with leak detection monitoring. The UST is subject to regulation by the San Mateo County Department of Health, including monthly reporting and annual inspections.

On September 25, 2014, a new law (Health and Safety Code, Section 25292.05) became effective that requires closure and removal of all USTs constructed before 1984 and all single walled USTs by December 31, 2025. SVCW's diesel tank falls under both criteria since it is a single-walled tank installed prior to 1984.

DISCUSSION

SVCW Engineering and Maintenance Divisions have determined that an Above Ground Storage Tank (AST) would be appropriate for replacing the underground diesel storage tank. An AST has fewer regulatory requirements and provides improved monitoring against any unforeseen leaks. Building an AST also allows for efficient construction sequencing. SVCW plans on building the AST and associated piping and instrumentation and then decommissioning the UST.

SVCW staff have evaluated the volume needed for emergency power generation and have determined that the tank size can be reduced to 12,000 gallons.

A scope of work was developed with Kennedy Jenks Consultants for engineering design services to prepare biddable specifications and drawings for the necessary Above Ground Diesel Storage Tank improvements as described above. A budget was negotiated with Kennedy Jenks for engineering design services in the amount of \$148,800. The design poses complexities that aren't typical for wastewater treatment plant construction projects; namely, there are new seismic requirements for fuel storage tanks which will require different structural calculations and modeling. These requirements, along with the young bay mud substrata require higher than typical engineering efforts.

The overall CIP project budget is \$925,373 which covers design, construction, and decommissioning the existing tank. While this budget is tight, staff believes it will be adequate to complete the necessary work. This opinion, however, relies on the fact that the existing tank can be decommissioned in place. Discussions have been ongoing with the San Mateo County Health Department on this project and a slight possibility exists

that the County will require the existing tank to be removed entirely. If the County insists on the tank removal, the existing CIP budget will not be sufficient. Staff continues to work with County to allow the existing tank to be decommissioned in place.

FINANCES

Funding for the design will be paid from the Underground Fuel Tank Replacement project (CIP #9041), which has an allocated budget of \$925,373.

RECOMMENDATION

Move approval of DESIGN SERVICES TASK ORDER FOR UNDERGROUND FUEL TANK REPLACEMENT (CIP# 9041) IN AN AMOUNT NOT TO EXCEED \$148,800.00 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS - KENNEDY/JENKS CONSULTANTS, INC.