

**COMMISSION OF SILICON VALLEY CLEAN WATER
JOINT POWERS AUTHORITY
REGULAR MEETING – Monday, March 18, 2019
8:00 a.m.**

Place: Pelican Conference Room
Silicon Valley Clean Water
1400 Radio Road, 2nd Floor
Redwood City, California

COMMISSIONERS

COUNCIL MEMBER WARREN LIEBERMAN, PhD., BELMONT – CHAIR

COUNCIL MEMBER ALICIA AGUIRRE, REDWOOD CITY – VICE CHAIR

BOARD MEMBER GEORGE OTTE, P.E., WEST BAY SANITARY DISTRICT – SECRETARY

MAYOR MARK OLBERT, SAN CARLOS – MEMBER

MANAGER: TERESA A. HERRERA

ATTORNEY FOR THE AUTHORITY: CHRISTINE C. FITZGERALD

CONTROLLER: KIMBRA MCCARTHY

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, please 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.

5. SAFETY MOMENT and REPORTS

- A. Safety Moment
- B. Manager's Report
- C. Financial Reports
 - 1. Investment Report
- D. Engineering Projects Status Update
- E. Commission Requested Staff-Level Action Items
- F. RESCU Program Design-Build Project Status Update

6. MATTERS OF COMMISSION MEMBER'S INTEREST

7. CONSIDERATION OF MOTION APPROVING CONSENT CALENDAR

8. BUSINESS ITEMS

A. CONSIDERATION OF RESOLUTION APPROVING CONSTRUCTION CONTRACT FOR THE CHLORINE CONTACT TANK VALVE REPLACEMENT AND SURFACE REHABILITATION PROJECT (CIP #9107)

Proposed Action:

Move approval of RESOLUTION APPROVING CONSTRUCTION CONTRACT DOCUMENTS FOR CHLORINE CONTACT TANK VALVE REPLACEMENT AND SURFACE REHABILITATION PROJECT (CIP #9107); ACCEPTING BID OF LOWEST RESPONSIBLE BIDDER, REJECTING ALL OTHER BIDS; AND AUTHORIZING EXECUTION OF AGREEMENT, DIRECTING RETURN OF SECURITY DEPOSITS AND AUTHORIZING MANAGER TO APPROVE CONTRACT CHANGE ORDERS UP TO TEN PERCENT OF THE CONTRACT PRICE FOR SAID PROJECT- ERS INDUSTRIAL SERVICES, INC. (\$2,087,340)

B. AMENDMENT TO AGREEMENT FOR BIOSOLIDS DRYING AND DISPOSAL

Proposed Actions

- i. Move adoption of RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF AMENDMENT TO AGREEMENT FOR BIOSOLIDS DRYING AND DISPOSAL FACILITY IN AN AMOUNT NOT TO EXCEED \$1,900,000 AND AUTHORIZE MANAGER TO APPROVE UP

TO TEN PERCENT OF AMENDMENT COST FOR CONTINGENCY, SUBJECT TO LEGAL COUNSEL APPROVAL OF DOCUMENTS AS TO FORM (BioForceTech Inc.)

- ii. Move approval of BUDGET FOR ENGINEERING AND AUTOMATION PROGRAMMING WORK AT A COST NOT TO EXCEED TWO HUNDRED FIFTY THOUSAND DOLLARS (\$250,000) AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS

- C. FY 2019-20 BUDGET WORKSHOP EVALUATION – INFORMATIONAL ONLY – NO ACTION TO BE TAKEN. COMMISSION WILL PROVIDE DIRECTION TO STAFF AS NEEDED

9. CLOSED SESSION

A. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Government Code Section 54956.9 (One Potential Case)

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 roll call 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 – February 25, 2019 Meeting
- B. CONSIDERATION OF MOTION APPROVING CLAIMS AND CHECKS DATED FEBRUARY 22, 2019, FEBRUARY 25, 2019, AND MARCH 1, 2019, AND NECESSARY PAYMENTS THROUGH MARCH 1, 2019
- C. CONSIDERATION OF RESOLUTION REVIEWING AND UPDATING SILICON VALLEY CLEAN WATER RESERVE FUND POLICY
 Proposed Action:
 Move adoption of RESOLUTION APPROVING AND ADOPTING REVISION C TO ADMINISTRATIVE POLICY 2013-03 ESTABLISHING SILICON VALLEY CLEAN WATER'S RESERVE FUND POLICY AND PROCEDURES
- D. CONSIDERATION OF MOTION APPROVING FINAL ACCEPTANCE OF CHLORINE CONTACT TANK PASS 1 SURFACE REHABILITATION PROJECT (CIP #9107) AND AUTHORIZATION TO FILE NOTICE OF COMPLETION.
 Proposed Action:
 Move approval to ACCEPT CHLORINE CONTACT TANK PASS (CCT) 1 SURFACE REHABILITATION (CIP #9107) AND AUTHORIZE FILING NOTICE OF COMPLETION – F.D. THOMAS, INC.
- E. CONSIDERATION OF MOTION APPROVING AMENDMENT TO GENERAL COUNSEL LEGAL SERVICES AGREEMENT FOR FITZGERALD LAW OFFICES FOR SVCW LEGAL SERVICES
 Proposed Action:
 Move approval of RESOLUTION APPROVING FIRST AMENDMENT TO GENERAL COUNSEL LEGAL SERVICES AGREEMENT (FITZGERALD LAW OFFICES)

AGENDA ITEM 5A

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SAFETY MOMENT

10 Office Ergonomics Tips to Help You Avoid Fatigue

The goal of office ergonomics is to design your office work station so that it fits you and allows for a comfortable working environment for maximum productivity and efficiency. Follow these quick and easy office ergonomics tips to decrease fatigue, discomfort and physical stress while also increasing comfort and productivity.

1. Make sure that the weight of your arms is supported at all times. If your arms are not supported, the muscles of your neck and shoulders will be crying by the end of the day.
2. Watch your head position and try to keep the weight of your head directly above its base of support (neck). Don't "crane" your head and neck forward.
3. Don't be a slouch! Slouching puts more pressure on the discs and vertebrae of your back. Use the lumbar support of your chair and avoid sitting in a way that places body weight more on one than on the other. Move your chair as close to your work as possible to avoid leaning and reaching. Make sure to "scoot" your chair in every time you sit down.
4. The monitor should be placed directly in front of you, with the top no higher than eye level. The keyboard should be directly in front of the monitor, so you don't have to frequently turn your head and neck.
5. Talking on the phone with the phone receiver jammed between the neck and ear is really bad practice. You know that's true, so don't do it!
6. The keyboard and the mouse should close enough to prevent excessive reaching which strains the shoulders and arms.
7. Avoid eye strain by making sure that your monitor is not too close, it should be at least an arm's length away.
8. Take steps to control screen glare, and make sure that the monitor is not placed in front of a window or a bright background.
9. You can rest your eyes periodically for several seconds by looking at objects at a distance to give your eyes a break.
10. The feet should not be dangling when you are seated. If your feet don't comfortably reach the floor or there is pressure on the backs of your legs, use a footrest or lower the keyboard and chair.

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AGENDA ITEM 5B

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Recurring and Upcoming Commission
Actions Updated for March 2019 Meeting

January	February	March	April
Long - Range Financial Plan		Budget Workshop	Budget Adoption Approve WIFIA Loan Agreement
May	June	July	August
Consider Local Limits Ordinance	Update Debt Policy Approve Resolution 77-6 "Personnel Resolution"	Commission Chair, Vice Chair, and Secretary Appointment Update Investment Policy	Conflict of Interest Update (Biennial)
September	October	November	December
			Commission Meeting schedule for following year Audited Financial Statements

 - Recurring Commission Actions

 - Upcoming Commission Actions

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AGENDA ITEM 5C

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SILICON VALLEY CLEAN WATER

JOINT POWERS AUTHORITY ~ A PUBLIC ENTITY



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650.591.7121 | FAX: 650.591.7122
WWW.SVCW.ORG

CITY OF SAN CARLOS | CITY OF REDWOOD CITY | CITY OF BELMONT | WEST BAY SANITARY DISTRICT

SILICON VALLEY CLEAN WATER INVESTMENT LISTING February 28, 2019

Broker/Dealer Investment Name	Composite Credit	Maturity	Coupon Rate	Yield to Maturity	Par Value	Market Value	Estimated Annual				
							Cost	\$ Yield Earnings			
Annual OPS and CAP Budget Reserve											
FEDERAL HOME LN MTG CORP PARTN GOLD	N.A.	02/01/2020	5.000%	3.12	15,445	15,599	16,294	487			
FEDERAL HOME LOAN BKS CONS BDS	AA+	12/13/2019	2.375%	2.55	60,000	59,902	60,743	1,526			
FEDERAL HOME LOAN BKS CONS BDS	AA+	02/18/2021	1.375%	2.47	30,000	29,355	30,263	724			
FEDERAL HOME LOAN BKS CONS BDS	AA+	07/01/2019	4.375%	2.57	50,000	50,405	50,644	1,294			
FEDERAL HOME LOAN BKS CONS BDS	AA+	09/13/2019	4.500%	2.62	100,000	101,197	103,311	2,648			
FEDERAL NATL MTG ASSN	AA+	06/22/2020	1.500%	2.51	30,000	29,585	30,191	741			
FEDERAL NATL MTG ASSN	AA+	11/30/2020	1.500%	2.50	100,000	98,234	99,751	2,455			
FEDERAL NATL MTG ASSN	AA+	02/26/2021	1.375%	2.49	100,000	97,813	99,790	2,437			
FEDERAL NATL MTG ASSN GTD REMIC	NR	09/25/2019	2.171%	2.37	122,908	122,294	124,521	2,902			
FEDERAL NATL MTG ASSN	AA+	09/25/2020	1.750%	2.66	100,000	98,723	100,475	2,629			
FEDERAL HOME LN MTG CORP MULTICLASS	NR	11/25/2019	1.869%	3.12	111,252	110,439	111,095	3,441			
FEDERAL HOME LN MTG CORP	AA+	05/30/2019	1.750%	2.41	30,000	29,931	30,127	721			
FEDERAL HOME LN MTG CORP	AA+	10/02/2019	1.250%	2.53	30,000	29,747	30,078	751			
FEDERAL HOME LN MTG CORP MULTICLASS	N.A.	04/15/2020	4.000%	3.83	257	257	265	10			
FEDERAL NATL MTG ASSN GTD PASSTHRU	N.A.	12/01/2019	5.500%	3.01	5,651	5,663	5,976	170			
FEDERAL NATL MTG ASSN GTD PASSTHRU	N.A.	03/01/2020	5.500%	4.32	136	135	140	6			
FEDERAL NATL MTG ASSN GTD PASSTHRU	N.A.	04/01/2020	5.000%	3.12	7,758	7,885	8,190	246			
SMALL BUSINESS ADMIN GTD LN POOL	N.A.	02/25/2019	5.075%		599	599	621	-			
UNIVERSITY CALIF REVS FOR PREV GEN	AA	07/01/2019	1.796%	2.77	50,000	49,830	49,928	1,380			
MONTGOMERY CNTY MD CTF5 PARTN COPS	N.A.	11/01/2019	1.200%	2.73	100,000	98,794	100,019	2,697			
RICHMOND VA GO PUB IMPT BDS C	AA	07/15/2021	2.599%	2.68	100,000	99,859	102,935	2,671			
PORT MORROW ORE TRANSMISSION F REV	AA	09/01/2021	2.737%	2.82	100,000	99,751	103,258	2,817			
WACO TEX INDPT SCH DIST REF BDS	N.A.	02/15/2020	4.000%	2.71	110,000	111,236	114,357	3,012			
FEDERAL HOME LN MTG CORP	AA+	12/30/2019	1.500%	2.76	80,000	79,149	80,000	2,183			
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	07/19/2021	2.030%	2.75	60,000	59,268	60,000	1,627			
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	01/24/2022	2.050%	2.79	40,000	39,418	40,000	1,101			
FEDERAL HOME LN MTG CORP MEDIUM	AA+	07/27/2020	1.625%	2.61	80,000	78,938	80,000	2,058			
FEDERAL HOME LN MTG CORP	AA+	05/15/2020	1.600%	2.63	150,000	148,242	150,000	3,903			
FEDERAL HOME LN MTG CORP	AA+	05/01/2020	1.375%	2.51	70,000	68,984	69,795	1,731			
FEDERAL NATL MTG ASSN	AA+	10/07/2021	1.375%	2.47	70,000	68,018	69,371	1,678			
FEDERAL HOME LN MTG CORP	AA+	01/13/2022	2.375%	2.47	35,000	34,911	35,749	861			
FEDERAL HOME LOAN BKS CONS BDS	AA+	07/29/2020	1.830%	2.56	140,000	138,636	140,578	3,546			
FEDERAL HOME LOAN BKS CONS BDS	AA+	06/12/2020	1.750%	2.55	140,000	138,615	140,487	3,540			
FEDERAL NATL MTG ASSN	AA+	05/06/2021	1.250%	2.46	90,000	87,638	89,277	2,156			
FEDERAL NATL MTG ASSN	AA+	08/17/2021	1.250%	2.45	90,000	87,361	89,062	2,139			
FEDERAL NATL MTG ASSN	AA+	09/28/2020	1.750%	2.65	30,000	29,629	30,000	786			
ALTRIA GROUP INC SR NT	BBB	08/09/2022	2.850%	3.50	30,000	29,346	30,230	1,027			
US TREASURY NOTE	NR	03/15/2020	1.625%	2.54	50,000	49,499	49,813	1,257			
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	09/11/2020	1.620%	2.73	140,000	138,030	138,371	3,768			
FEDERAL HOME LN MTG CORP	AA+	03/26/2021	2.700%	2.82	50,000	50,006	49,938	1,411			
FEDERAL HOME LOAN BKS CONS BDS	AA+	09/15/2020	2.500%	2.74	100,000	99,999	99,925	2,738			
FEDERAL NATL MTG ASSN	AA+	03/26/2021	2.700%	2.88	100,000	100,032	100,000	2,878			
FEDERAL NATL MTG ASSN	AA+	10/19/2022	3.000%	3.17	50,000	50,024	50,000	1,587			
US TREASURY NOTE	NR	07/31/2020	2.000%	2.50	20,000	19,854	19,847	496			
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	09/19/2022	3.170%	3.21	80,000	80,201	80,000	2,575			
FEDERAL HOME LOAN BKS CONS BDS	AA+	09/27/2021	3.000%	2.98	100,000	100,317	100,000	2,988			
US TREASURY NOTE	NR	11/30/2020	1.625%	2.48	100,000	98,473	97,686	2,441			
US TREASURY NOTE	NR	09/15/2021	2.750%	2.44	80,000	80,634	79,756	1,963			
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	12/05/2022	3.370%	3.40	60,000	60,095	60,000	2,046			
CASH & EQUIVALENTS	-	-	-	2.31	-	193,227	193,227	4,464			
Annual OPS and CAP Budget Reserve Total						\$	3,555,775	\$	3,596,085	\$	94,719
Capital Improvement Program Reserve											
APPLE INC SR FLT NT	AA+	02/07/2020	2.851%	2.85	100,000	100,150	99,821	2,856			
CALIFORNIA ST GO BDS TAXABLE	AA-	10/01/2019	6.200%	3.34	100,000	102,307	104,087	3,413			
CHEVRON CORPORATION SR NT	AA	03/03/2019	4.950%	1.84	100,000	100,220	101,483	1,839			
CISCO SYS INC SR GLBL NT	A+	01/15/2020	4.450%	2.66	125,000	127,018	128,151	3,379			
EXXON MOBIL CORP SR FLT NT	AA+	03/15/2019	2.938%	3.03	100,000	100,019	99,935	3,026			
FEDERAL HOME LOAN BKS CONS BDS	AA+	12/13/2019	2.375%	2.55	340,000	339,446	342,193	8,649			
FEDERAL HOME LOAN BKS CONS BDS	AA+	02/18/2021	1.375%	2.47	100,000	97,851	100,876	2,413			
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	04/06/2020	5.300%	2.84	450,000	464,567	474,098	13,212			
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	09/03/2019	5.320%	2.81	50,000	50,832	51,857	1,429			
FEDERAL HOME LOAN BKS CONS BDS	AA+	09/11/2020	2.875%	2.52	60,000	60,337	61,683	1,523			
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	06/24/2019	1.520%	2.63	250,000	249,160	250,000	6,553			
FEDERAL HOME LOAN BKS CONS BDS	AA+	08/15/2019	5.125%	2.61	60,000	60,853	62,144	1,589			
FEDERAL HOME LOAN BKS CONS BDS	AA+	06/12/2020	4.625%	2.59	200,000	205,724	208,370	5,326			
FEDERAL HOME LOAN BKS CONS BDS	AA+	07/01/2019	4.375%	2.57	25,000	25,202	25,322	647			
FEDERAL HOME LOAN BKS CONS BDS	AA+	12/13/2019	4.125%	2.65	125,000	126,653	128,795	3,358			
FEDERAL HOME LOAN BKS CONS BDS	AA+	03/13/2020	4.125%	2.58	700,000	712,369	725,659	18,386			
FEDERAL NATL MTG ASSN	AA+	01/21/2020	1.625%	2.56	100,000	99,119	100,675	2,540			
FEDERAL NATL MTG ASSN	AA+	06/22/2020	1.500%	2.51	50,000	49,308	50,318	1,236			
FEDERAL NATL MTG ASSN	AA+	11/30/2020	1.500%	2.50	170,000	166,998	169,564	4,173			
FEDERAL NATL MTG ASSN	AA+	12/28/2020	1.875%	2.48	325,000	321,428	329,115	7,978			
FEDERAL NATL MTG ASSN	AA+	02/26/2021	1.375%	2.49	240,000	234,751	239,851	5,850			
FEDERAL HOME LN MTG CORP MULTICLASS	NR	06/25/2020	3.531%	3.09	100,000	100,518	106,188	3,110			
FEDERAL HOME LN MTG CORP	AA+	03/27/2019	3.750%	2.30	500,000	501,045	505,728	11,524			
FEDERAL HOME LN MTG CORP	AA+	05/30/2019	1.750%	2.41	50,000	49,885	50,212	1,202			

Broker/Dealer Investment Name	Composite Credit	Maturity	Coupon Rate	Yield to Maturity	Par Value	Market Value	Estimated Annual	
							Cost	\$ Yield Earnings
FEDERAL HOME LN MTG CORP	AA+	10/02/2019	1.250%	2.53	50,000	49,578	50,130	1,252
FEDERAL NATL MTG ASSN GTD PASSTHRU	N.A.	04/01/2019	5.000%		223	226	235	-
FEDERAL NATL MTG ASSN GTD PASSTHRU	N.A.	07/01/2019	4.821%	4.28	129,883	130,517	144,089	5,586
MICROSOFT CORP NT	AAA	06/01/2019	4.200%	2.40	100,000	100,533	101,177	2,411
MONTGOMERY CNTY MD CTFS PARTN COPS	N.A.	11/01/2019	1.200%	2.73	100,000	98,794	100,019	2,697
RICHMOND VA GO PUB IMPT BDS C	AA	07/15/2021	2.599%	2.68	100,000	99,859	102,935	2,671
BANK NEW YORK MTN BK ENT FR	A+	11/27/2020	2.450%	2.72	100,000	99,252	101,724	2,697
GILEAD SCIENCES INC SR NT	A-	09/01/2020	2.550%	2.86	100,000	99,433	102,154	2,843
WISCONSIN ST GEN FD ANNUAL APP REV	AA-	05/01/2021	1.616%	2.68	100,000	97,647	100,080	2,618
PORT MORROW ORE TRANSMISSION F REV	AA	09/01/2021	2.737%	2.82	225,000	224,440	232,331	6,338
WACO TEX INDPT SCH DIST REF BDS	N.A.	02/15/2020	4.000%	2.71	165,000	166,855	171,536	4,518
FEDERAL NATL MTG ASSN	AA+	05/26/2021	1.800%	2.68	260,000	254,808	260,000	6,834
FEDERAL HOME LN MTG CORP	AA+	12/30/2019	1.500%	2.76	260,000	257,234	260,000	7,095
FEDERAL HOME LN MTG CORP	AA+	12/30/2020	1.750%	2.63	340,000	334,907	340,000	8,798
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	07/19/2021	2.030%	2.75	80,000	79,024	80,000	2,170
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	01/24/2022	2.050%	2.79	120,000	118,254	120,000	3,304
FEDERAL HOME LN MTG CORP MEDIUM	AA+	07/27/2020	1.625%	2.61	80,000	78,938	80,000	2,058
FEDERAL HOME LN MTG CORP	AA+	05/15/2020	1.600%	2.63	220,000	217,422	220,000	5,725
FEDERAL HOME LN MTG CORP	AA+	10/26/2021	2.000%	2.62	220,000	216,968	220,000	5,691
FEDERAL HOME LOAN BKS CONS BDS	AA+	04/27/2022	2.300%	2.60	220,000	218,495	219,505	5,677
FEDERAL HOME LN MTG CORP	AA+	05/01/2020	1.375%	2.51	290,000	285,789	288,978	7,173
FEDERAL NATL MTG ASSN	AA+	10/07/2021	1.375%	2.47	140,000	136,035	138,742	3,356
FEDERAL HOME LN MTG CORP	AA+	01/13/2022	2.375%	2.47	310,000	309,213	315,227	7,625
FEDERAL NATL MTG ASSN	AA+	01/05/2022	2.000%	2.49	610,000	601,625	608,456	14,974
FEDERAL HOME LOAN BKS CONS BDS	AA+	06/12/2020	1.750%	2.55	170,000	168,319	170,592	4,299
FEDERAL NATL MTG ASSN	AA+	05/06/2021	1.250%	2.46	170,000	165,538	168,635	4,072
FEDERAL NATL MTG ASSN	AA+	08/17/2021	1.250%	2.45	170,000	165,016	168,229	4,041
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	07/19/2022	1.900%	2.66	165,000	161,362	165,556	4,287
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	08/03/2022	1.900%	2.64	165,000	161,321	165,348	4,264
FEDERAL NATL MTG ASSN	AA+	04/05/2022	1.875%	2.49	170,000	166,733	170,498	4,148
FEDERAL HOME LOAN BKS CONS BDS	AA+	08/15/2022	1.850%	2.60	130,000	126,987	130,836	3,300
FEDERAL NATL MTG ASSN	AA+	09/28/2020	1.750%	2.65	120,000	118,516	120,000	3,145
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	04/04/2022	2.100%	2.81	220,000	216,905	220,000	6,089
FEDERAL HOME LN MTG CORP	AA+	10/12/2021	2.000%	2.63	120,000	118,276	120,000	3,109
BANK AMER CORP FR	A	05/13/2021	5.000%	2.93	75,000	78,104	79,599	2,287
CONSTELLATION BRANDS INC SR GBLB NT	BBB-	11/06/2020	2.250%	3.05	25,000	24,585	24,942	749
HOME DEPOT INC SR GBLB NT	A	04/01/2021	2.000%	2.53	80,000	78,988	79,838	2,000
LORILLARD TOB CO SR NT	BBB	05/01/2020	6.875%	3.38	25,000	26,061	26,634	881
MORGAN STANLEY SR NT	A-	01/27/2020	2.650%	2.91	80,000	79,752	80,383	2,323
ORACLE CORP SR GBLB	A+	05/15/2022	2.500%	2.86	80,000	79,054	80,069	2,264
PHILIP MORRIS INTL INC SR NT	A	03/26/2020	4.500%	2.78	25,000	25,482	25,918	708
STARBUCKS CORP SR GBLB	BBB+	02/04/2021	2.100%	2.88	80,000	78,799	79,979	2,268
3M CO FR	A+	06/26/2022	2.000%	2.71	100,000	97,675	99,090	2,650
FEDERAL HOME LN MTG CORP	AA+	12/29/2021	2.250%	2.68	120,000	118,939	120,000	3,191
FEDERAL HOME LOAN BKS CONS BDS	AA+	10/26/2022	2.280%	2.68	100,000	98,792	99,600	2,650
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	09/11/2020	1.620%	2.73	400,000	394,372	395,347	10,766
FEDERAL HOME LOAN BKS CONS BDS	AA+	11/29/2021	1.875%	2.47	300,000	295,296	296,489	7,279
FEDERAL HOME LOAN BKS CONS BDS	AA+	12/15/2021	2.200%	2.68	300,000	298,068	298,050	7,979
FEDERAL NATL MTG ASSN	AA+	11/26/2019	1.750%	2.59	300,000	298,116	299,264	7,721
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	05/17/2021	1.970%	2.75	100,000	98,743	98,615	2,712
FEDERAL HOME LOAN BKS CONS BDS	AA+	09/15/2020	2.500%	2.74	160,000	159,998	159,880	4,381
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	11/22/2021	2.740%	2.98	100,000	100,001	99,975	2,982
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	09/01/2021	2.750%	2.97	60,000	60,001	59,970	1,780
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	06/01/2020	2.450%	2.81	90,000	89,767	89,978	2,522
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	03/07/2022	2.850%	2.98	100,000	100,001	100,000	2,976
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	09/20/2021	2.840%	2.96	100,000	100,001	100,000	2,962
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	03/29/2021	2.710%	2.88	80,000	80,002	80,000	2,305
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	06/29/2022	3.000%	3.08	100,000	100,003	100,000	3,076
FEDERAL HOME LN MTG CORP	AA+	12/14/2022	2.250%	2.83	25,000	24,969	24,663	705
FEDERAL HOME LN MTG CORP	AA+	11/24/2021	2.650%	2.88	100,000	100,005	99,750	2,878
FEDERAL HOME LN MTG CORP	AA+	02/24/2023	3.000%	3.12	80,000	80,010	79,984	2,492
FEDERAL HOME LOAN BKS CONS BDS	AA+	12/13/2022	2.130%	2.97	129,630	126,691	126,397	3,760
FEDERAL NATL MTG ASSN	AA+	03/26/2021	2.700%	2.88	100,000	100,032	100,000	2,878
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	08/16/2021	1.680%	2.69	100,000	97,879	97,005	2,632
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	04/18/2022	2.830%	3.04	150,000	150,062	150,000	4,566
FEDERAL HOME LN MTG CORP	AA+	03/15/2023	3.000%	3.17	150,000	150,032	149,850	4,760
FEDERAL HOME LOAN BKS CONS BDS	AA+	03/27/2023	3.000%	3.20	150,000	150,062	150,000	4,802
FEDERAL HOME LOAN BKS CONS BDS	AA+	07/27/2022	1.700%	2.67	150,000	145,637	144,383	3,887
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	06/14/2021	2.810%	2.95	100,000	100,002	100,000	2,951
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	06/20/2022	3.090%	3.21	200,000	200,004	199,850	6,416
FEDERAL HOME LOAN BKS CONS BDS	AA+	06/28/2022	3.060%	3.10	100,000	100,135	100,000	3,106
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	09/19/2022	3.170%	3.21	160,000	160,402	160,000	5,150
FEDERAL HOME LOAN BKS CONS BDS	AA+	09/27/2021	3.000%	2.98	120,000	120,380	120,000	3,586
FEDERAL HOME LN MTG CORP	AA+	06/28/2023	3.250%	3.26	160,000	160,301	159,920	5,224
FEDERAL NATL MTG ASSN	AA+	11/27/2020	1.500%	2.73	100,000	98,070	97,509	2,672
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	09/27/2022	3.230%	3.28	180,000	180,095	179,827	5,914
US TREASURY NOTE	NR	09/15/2021	2.750%	2.44	120,000	120,952	119,634	2,945
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	09/19/2023	3.200%	3.20	150,000	150,003	149,025	4,802
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	05/08/2023	3.440%	14.75	180,000	180,009	180,000	26,544
FEDERAL HOME LN MTG CORP	AA+	09/27/2023	3.200%	3.23	150,000	150,372	149,400	4,862
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	12/05/2022	3.370%	3.40	250,000	250,398	250,000	8,524
CASH & EQUIVALENTS	-	-	-	2.31	-	1,645,367	1,645,367	38,008
Capital Improvement Program Reserve Total						\$ 17,993,038	\$ 18,179,318	\$ 505,559
Stage 2 Capacity Reserve								
CISCO SYS INC SR GBLB NT	A+	01/15/2020	4.450%	2.66	75,000	76,211	76,891	2,027
FEDERAL HOME LN MTG CORP PARTN GOLD	N.A.	02/01/2019	5.000%		227	228	239	-
FEDERAL HOME LN MTG CORP PARTN GOLD	N.A.	11/01/2020	4.500%	3.11	5,954	6,055	6,207	188
FEDERAL HOME LOAN BKS CONS BDS	AA+	12/13/2019	2.375%	2.55	100,000	99,837	101,238	2,544
FEDERAL HOME LOAN BKS CONS BDS	AA+	02/18/2021	1.375%	2.47	100,000	97,851	100,876	2,413
FEDERAL HOME LOAN BKS CONS BDS	AA+	09/11/2020	2.875%	2.52	60,000	60,337	61,683	1,523
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	06/24/2019	1.520%	2.63	200,000	199,328	200,000	5,242
FEDERAL HOME LOAN BKS CONS BDS	AA+	08/15/2019	5.125%	2.61	50,000	50,711	51,787	1,325
FEDERAL HOME LOAN BKS CONS BDS	AA+	07/01/2019	4.375%	2.57	100,000	100,809	101,288	2,588
FEDERAL HOME LOAN BKS CONS BDS	AA+	03/13/2020	4.125%	2.58	125,000	127,209	129,521	3,283
FEDERAL NATL MTG ASSN	AA+	01/21/2020	1.625%	2.56	100,000	99,119	100,675	2,540
FEDERAL NATL MTG ASSN	AA+	06/22/2020	1.500%	2.51	100,000	98,616	100,635	2,471
FEDERAL NATL MTG ASSN	AA+	11/30/2020	1.500%	2.50	100,000	98,234	100,599	2,455
FEDERAL NATL MTG ASSN	AA+	12/28/2020	1.875%	2.48	175,000	173,077	177,216	4,296
FEDERAL NATL MTG ASSN	AA+	02/26/2021	1.375%	2.49	180,000	176,063	180,205	4,387

Broker/Dealer Investment Name	Composite Credit	Maturity	Coupon Rate	Yield to Maturity	Par Value	Market Value	Estimated Annual	
							Cost	\$ Yield Earnings
FEDERAL HOME LN MTG CORP	AA+	03/27/2019	3.750%	2.30	250,000	250,523	252,850	5,762
FEDERAL HOME LN MTG CORP	AA+	05/30/2019	1.750%	2.41	100,000	99,770	100,424	2,404
FEDERAL HOME LN MTG CORP	AA+	08/01/2019	1.250%	2.49	100,000	99,381	100,442	2,477
FEDERAL HOME LN MTG CORP	AA+	10/02/2019	1.250%	2.53	100,000	99,155	100,260	2,505
FEDERAL NATL MTG ASSN GTD PASSTHRU	N.A.	12/01/2020	4.000%	3.05	22,628	23,270	23,710	710
FEDERAL NATL MTG ASSN GTD PASSTHRU	N.A.	07/01/2019	4.821%	4.28	108,635	109,165	120,517	4,672
JPMORGAN CHASE & CO SR NT	A	03/01/2021	2.550%	2.91	50,000	49,628	50,681	1,442
LANCASTER CNTY NEB SCH DIST NO SCH	AA+	01/15/2021	4.550%	3.24	50,000	51,373	52,254	1,666
NORFOLK VA GO CAP IMPT BDS 2010 B	AA	03/01/2019	4.650%	2.61	100,000	100,158	101,330	2,617
UNIVERSITY CALIF REVS FOR PREV GEN	AA	07/01/2019	1.796%	2.77	50,000	49,830	49,928	1,380
MONTGOMERY CNTY MD CTFIS PARTN COPS	N.A.	11/01/2019	1.200%	2.73	100,000	98,794	100,019	2,697
BANK NEW YORK MTN BK ENT FR	A+	11/27/2020	2.450%	2.72	150,000	148,878	152,586	4,045
GILEAD SCIENCES INC SR NT	A-	09/01/2020	2.550%	2.86	150,000	149,150	153,231	4,264
WISCONSIN ST GEN FD ANNUAL APP REV	AA-	05/01/2021	1.616%	2.68	100,000	97,647	100,080	2,618
FEDERAL HOME LN MTG CORP	AA+	08/25/2021	1.500%	2.68	90,000	88,530	90,000	2,368
METRO WASTEWTR RECLAMATION DIS REV	AA+	04/01/2019	4.718%	2.64	100,000	100,320	101,809	2,652
WACO TEX INDPT SCH DIST REF BDS	N.A.	02/15/2020	4.000%	2.71	55,000	55,618	57,179	1,506
FEDERAL HOME LN MTG CORP	AA+	03/30/2021	1.500%	2.60	60,000	58,726	60,000	1,525
FEDERAL HOME LN MTG CORP	AA+	09/30/2021	1.250%	3.52	100,000	98,412	99,900	3,460
FEDERAL NATL MTG ASSN	AA+	09/30/2019	1.250%	2.66	60,000	59,494	59,985	1,583
FEDERAL NATL MTG ASSN	AA+	05/26/2021	1.800%	2.68	60,000	58,802	60,000	1,577
FEDERAL HOME LN MTG CORP	AA+	12/30/2020	1.750%	2.63	100,000	98,502	100,000	2,588
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	07/19/2021	2.030%	2.75	80,000	79,024	80,000	2,170
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	01/24/2022	2.050%	2.79	60,000	59,127	60,000	1,652
FEDERAL HOME LN MTG CORP MEDIUM	AA+	07/27/2020	1.625%	2.61	40,000	39,469	40,000	1,029
FEDERAL HOME LN MTG CORP	AA+	10/26/2021	2.000%	2.62	150,000	147,933	150,000	3,880
FEDERAL HOME LOAN BKS CONS BDS	AA+	04/27/2022	2.300%	2.60	150,000	148,974	149,663	3,870
FEDERAL HOME LN MTG CORP	AA+	05/01/2020	1.375%	2.51	260,000	256,225	258,975	6,431
FEDERAL NATL MTG ASSN	AA+	10/07/2021	1.375%	2.47	80,000	77,734	79,281	1,918
FEDERAL HOME LN MTG CORP	AA+	01/13/2022	2.375%	2.47	120,000	119,695	122,023	2,952
FEDERAL NATL MTG ASSN	AA+	01/05/2022	2.000%	2.49	220,000	216,979	219,544	5,401
FEDERAL HOME LOAN BKS CONS BDS	AA+	06/12/2020	1.750%	2.55	260,000	257,429	260,905	6,575
FEDERAL NATL MTG ASSN	AA+	05/06/2021	1.250%	2.46	260,000	253,175	257,913	6,228
FEDERAL NATL MTG ASSN	AA+	08/17/2021	1.250%	2.45	260,000	252,377	257,292	6,181
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	07/19/2022	1.900%	2.66	290,000	283,606	290,977	7,535
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	08/03/2022	1.900%	2.64	290,000	283,533	290,612	7,494
FEDERAL NATL MTG ASSN	AA+	04/05/2022	1.875%	2.49	300,000	294,234	300,879	7,321
FEDERAL HOME LOAN BKS CONS BDS	AA+	08/15/2022	1.850%	2.60	85,000	83,030	85,547	2,158
FEDERAL NATL MTG ASSN	AA+	09/28/2020	1.750%	2.65	180,000	177,773	180,000	4,718
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	04/04/2022	2.100%	2.81	280,000	276,060	280,000	7,749
FEDERAL HOME LN MTG CORP	AA+	10/12/2021	2.000%	2.63	180,000	177,413	180,000	4,664
HOME DEPOT INC SR GLBL NT	A	04/01/2021	2.000%	2.53	60,000	59,241	59,879	1,500
ORACLE CORP SR GLBL	A+	05/15/2022	2.500%	2.86	120,000	118,582	120,103	3,396
PHILIP MORRIS INTL INC SR NT	A	03/26/2020	4.500%	2.78	55,000	56,061	57,020	1,558
STARBUCKS CORP SR GLBL	BBB+	02/04/2021	2.100%	2.88	60,000	59,099	59,984	1,701
FEDERAL HOME LN MTG CORP	AA+	12/29/2021	2.250%	2.68	80,000	79,293	80,000	2,127
FEDERAL HOME LOAN BKS CONS BDS	AA+	11/29/2021	1.875%	2.47	120,000	118,118	118,596	2,912
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	11/22/2021	2.740%	2.98	100,000	100,001	99,975	2,982
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	03/07/2022	2.850%	2.98	80,000	80,001	80,000	2,381
FEDERAL HOME LN MTG CORP	AA+	02/24/2023	3.000%	3.12	60,000	60,008	59,988	1,869
FEDERAL NATL MTG ASSN	AA+	03/26/2021	2.700%	2.88	140,000	140,045	140,000	4,029
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	04/18/2022	2.830%	3.04	150,000	150,062	150,000	4,566
FEDERAL HOME LN MTG CORP	AA+	03/15/2023	3.000%	3.17	150,000	150,032	149,850	4,760
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	06/14/2021	2.810%	2.95	100,000	100,002	100,000	2,951
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	06/20/2022	3.090%	3.21	100,000	100,002	99,925	3,208
FEDERAL HOME LOAN BKS CONS BDS	AA+	06/28/2022	3.060%	3.10	100,000	100,135	100,000	3,106
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	09/19/2022	3.170%	3.21	200,000	200,502	200,000	6,438
FEDERAL HOME LOAN BKS CONS BDS	AA+	09/27/2021	3.000%	2.98	160,000	160,507	160,000	4,782
FEDERAL HOME LOAN BKS CONS BDS	AA+	08/10/2023	1.500%	3.75	200,000	195,382	192,000	7,331
US TREASURY NOTE	NR	11/30/2020	1.625%	2.48	160,000	157,557	156,297	3,906
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	09/27/2022	3.230%	3.28	200,000	200,106	200,000	6,571
FEDERAL HOME LOAN BKS CONS BDS	AA+	04/30/2021	2.000%	2.60	200,000	197,358	194,471	5,129
FEDERAL HOME LOAN BKS CONS BDS	AA+	10/25/2021	3.170%	3.11	200,000	200,634	200,000	6,236
FEDERAL NATL MTG ASSN	AA+	10/28/2020	0.014	2.73	40,000	39,268	38,822	1,072
US TREASURY NOTE	NR	09/15/2021	0.0275	2.44	60,000	60,476	59,817	1,473
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	05/08/2023	0.0344	14.75	300,000	300,015	300,000	44,240
FEDERAL HOME LN MTG CORP	AA+	09/27/2023	0.032	3.23	150,000	150,372	149,400	4,862
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	05/06/2022	0.0327	3.81	200,000	200,028	200,000	7,619
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	12/05/2022	0.0337	3.40	100,000	100,159	100,000	3,409
CASH & EQUIVALENTS	-	-	-	2.31	-	490,358	490,358	11,327
Stage 2 Capacity Reserve Total						\$ 11,116,000	\$ 11,236,339	\$ 341,169
Subtotal, Bank of the West						\$ 32,664,813	\$ 33,011,742	\$ 941,446
Bank of New York (Trustee)								
2009 Reserve Account - Federal National Mortgage Assn 313i	Aaa	7/26/2019	1.150%	1.16		4,748,500	4,780,000	54,970
2009 Reserve Account - BMW BK North Amer Salt Lake 0558	Aa	7/24/2019	2.000%	2.01		149,477	150,000	3,000
2009 Reserve Account - Morgan Stanley Treas Sec X9USDMORS	-	-	0.000%	2.25		191,546	161,769	4,303
2009 Reserve Account - Morgan Stanley Treas Sec X9USDMORS	-	-	0.000%	2.25		62,656	62,656	1,407
2009 Revenue FD Account - Morgan Stanley Treas Sec Portfolio X9USDMOR	-	-	0.000%	2.25		3,836	3,829	86
2009 Revenue FD Account - Morgan Stanley Treas Sec INST X9USDMORS	-	-	0.000%	2.25		1,810,760	1,810,760	40,675
2014 Revenue Account - Goldman FS Money MKT INST 474 X9USDGLD4	-	-	0.000%	2.62		11	11	0
2014 Revenue Account - Goldman Sachs Fin Sq Instl X9USDGLD4	-	-	0.000%	2.64		414	414	11
2014 Revenue Account - Cash	-	-	0.000%	-		2,488,564	2,488,564	-
2014 Interest Account - Goldman Sachs Fin Sq Instl X9USDGLD4	-	-	0.000%	2.66		13	13	0
2014 Principal Account - Goldman Sachs Fin Sq Instl X9USDGLD4	-	-	0.000%	2.65		7	7	0
2014 COI Account - Cash	-	-	0.000%	-		2	2	-
2015 Project Account - Cash	-	-	0.000%	-		2	2	-
2015 Revenue Account - JP Morgan Prime MMKT Instl X9USDJPMP	-	-	0.000%	2.5		163	163	4
2015 Revenue Account - Cash	-	-	0.000%	-		744,606	744,606	-
2009 Escrow - Tunisia Government Aid Bonds 066716AG6	Aaa	7/16/2019	1.686%	1.69		40,162,066	40,944,692	680,672
2009 Escrow - Cash	-	-	0.000%	-		951,716	951,716	-
Subtotal, Bank of New York (Trustee)						\$ 51,314,337	\$ 52,099,203	\$ 785,130
Less Amounts held in Escrow for 2009 Bond Defeasance						\$ (41,113,782)	\$ (41,896,408)	\$ (680,672)
Net Total, Bank of New York (Trustee)						\$ 10,200,555	\$ 10,202,795	\$ 104,458

Broker/Dealer	Composite Credit	Maturity	Coupon Rate	Yield to Maturity	Par Value	Market Value	Cost	Estimated Annual \$ Yield Earnings
Investment Name								
Zions Bank (Trustee)								
US Treasury Notes 912828P95	Aaa	3/15/2019	1.000%	2.11	10,300,000	10,294,428	10,186,941	217,212
US Treasury Notes 912828ST8	Aaa	4/30/2019	1.250%	2.12	16,430,000	16,394,708	16,268,909	347,568
US Treasury Notes 912828SX9	Aaa	5/31/2019	1.125%	2.14	13,550,000	13,504,455	13,384,330	288,995
Toronto Dominion Bank NY Cert Depos 89113XZJ6	P-1	3/8/2019	2.500%	2.50	6,300,000	6,299,853	6,300,000	157,496
CAMP Pool	NR			2.62		24,547,181	24,547,181	643,136
Total, Zions Bank (Trustee)						\$ 71,040,625	\$ 70,687,362	\$ 1,654,408
Uninvested Operating Cash	-					7,653,258	7,653,258	-
California Local Agency Investment Fund	LAIF	-		2.355		\$ 713,065	\$ 713,065	16,793
Total Working Capital						8,366,323.15	8,366,323.15	16,793
TOTAL CASH & INVESTMENTS, UNRESTRICTED AND WITH TRUSTEE						\$ 122,272,316	\$ 122,268,222	\$ 2,717,105
						Weighted Average Yield to Maturity % 2.22%		

Summary by Investment Type:	Market Value
US Treasuries	\$ 42,849,833
Agencies	30,652,484
Commercial Paper / Corporate Bonds	2,190,796
Municipal Bonds / Notes	1,803,111
Money Market / Certificates of Deposit	44,063,026
Local Agency Investment Fund	713,065
TOTAL	\$ 122,272,316

Summary by Purpose / Restriction Level	Market Value
Working Capital	\$ 8,366,323
Operations & Capital Budget Reserve	3,555,775
Capital Improvement Program Reserve	17,993,038
Stage 2 Capacity Reserve	11,116,000
Debt Reserve	10,200,555
Debt Proceeds	71,040,625
TOTAL	\$ 122,272,316

Summary by Liquidity:	Market Value
0-1 years	\$ 97,763,198
1 years	8,435,940
2 years	8,492,184
3-5 years	7,580,993
TOTAL	\$ 122,272,316

SVCW has sufficient liquid resources available to meet expenditure requirements per SVCW's investment policy.
All SVCW investments are in compliance with SVCW's Investment Policy.

M. Anderson

3/6/2019

AGENDA ITEM 5D

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**ENGINEERING REPORT: FEBRUARY 2019
CAPITAL IMPROVEMENT PROGRAM**

CCT Concrete and Steel Protective Coatings Project (9017): Repair cracks in concrete walls and ceiling of CCT, repair and replace valves, replace coatings on steel piping inside tank.

A condition assessment of the interior of the Chlorine Contact Tank highlighted many cracks in the concrete ceiling and walls and failed coatings on valves and steel piping within the tank. Leaky valves have also been identified that need to be rehabilitated and replaced. The work to rehabilitate the tank has been staged over several dry weather seasons. The upcoming construction contract includes work to rehabilitate passes 2 and 3 over the 2019 and 2020 dry weather season. Design was completed by Kennedy/Jenks.

Planned Commission Actions: Award Construction Contract – March 2019

BioForceTech (CIP #9231): Partner with biosolids drying and disposal company, BioForceTech for an alternative biosolids handling facility.

SVCW entered into an agreement with BFT in 2015 for biosolids drying and disposal. After 4 years the air permit for the facility has been received and the plant is ready to operate at its full functionality. Amend the agreement between BFT and SVCW to purchase the facility and transfer ownership and operation of the plant within 12 months.

Planned Commission Actions: Approve Contract Amendment – March 2019

Digester 1 Rehabilitation (CIP #9215): Perform steel repairs and replace coatings on Digester 1, including piping and changes to level monitoring system.

Digester Nos. 3 and 2 were rehabilitated and upgraded in 2011 and 2013, respectively. Digester No. 1 is the only digester that has not been rehabilitated under the CIP program. Several repairs are needed on Digester No. 1, including the replacement of deteriorated mix piping and nozzles, and replacement of coatings and insulation on the exterior of the cover. Kennedy/Jenks has completed the design for the Digester 1 rehabilitation.

Planned Commission Actions: Award Construction Contract – May 2019

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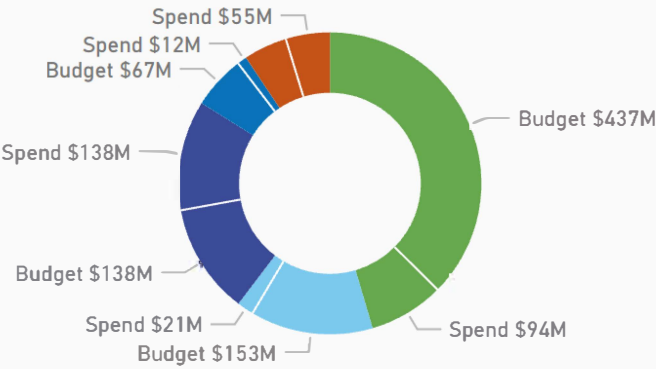
CIP Spend Analysis

2018 CIP Budget

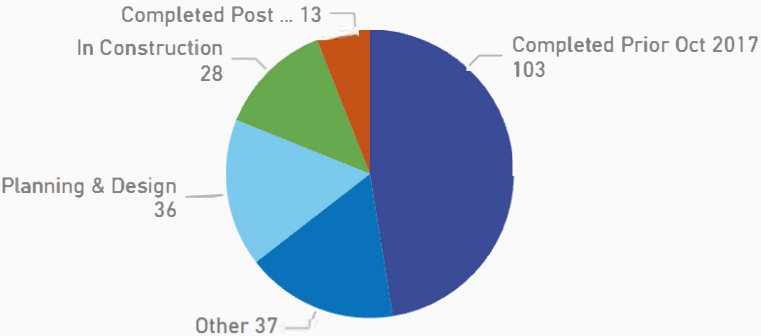
	Project Phase	Project Count	2018 CIP Budget	Actual Spend	Remaining	% Unspent
	Completed Prior Oct 2017	103	\$138,103,158	\$137,638,396	\$464,762	0.34%
	Completed Post Oct 2017	13	\$54,325,725	\$55,001,950	\$-676,226	-1.24%
	In Construction	28	\$437,398,793	\$93,834,223	\$343,564,570	78.55%
	Planning & Design	36	\$152,865,372	\$20,991,943	\$131,873,429	86.27%
	Other	37	\$66,873,374	\$11,835,953	\$55,037,421	82.30%
Total		217	\$849,566,422	\$319,302,466	\$530,263,956	62.42%



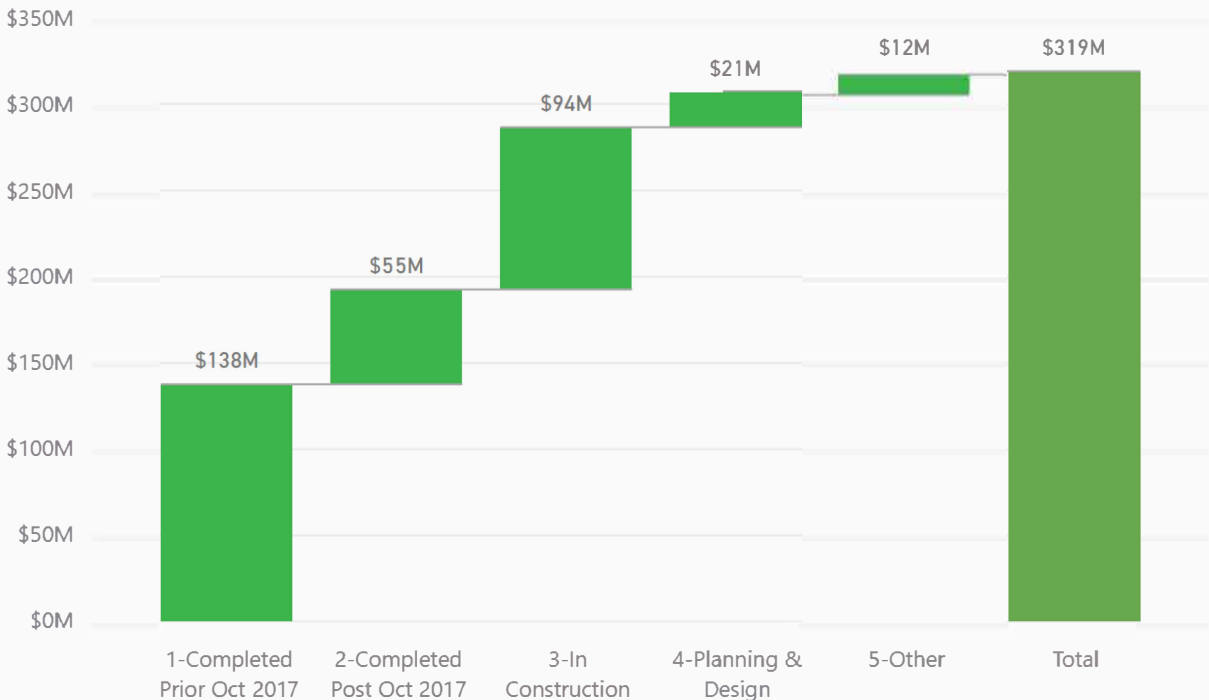
Budget and Spend by Project Phase



ProjectCount 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 2017 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
Updated: 03/10/2019

MARCH 18, 2019
AGENDA ITEM 5E

Commission Meeting Date		Action Item	Requested or Estimated Date for Completion	Status			Date of Completion	Notes
				Ongoing	In Progress	Complete		
2/25/2019		No new items at this meeting						Direction provided to Counsel and staff re: closed session items only
1/28/2019		No new items at this meeting						
12/6/2018	1	Private property easements: keep Commission apprised if/when impasse during easement negotiations	2/25/2019		✓			Reported to Commission status of two private property owners. One has agreed to terms; continue towards resolution with the other.
11/8/2018	1	Draft Letter to County Manager for Commissioner Chair Signature	11/9/2018			✓	11/8/2018	Letter related to intended use of existing 48-in Force Main after Gravity Pipeline is put into use.
10/11/2018	1	No new items at this meeting						
8/23/2018	1	Item 8B error in bid summary sheet; note in minutes	10/11/2018			✓	10/3/2018	
7/12/2018	1	Provide interim financials for end of FY17-18	8/23/2018			✓	8/11/2018	Interim financials provided; audited financials to be presented to Commission in October/November 2018
	2	Reschedule December meeting to late November or early December	8/23/2018			✓	7/15/2018	December Commission meeting scheduled for December 6
	3	Prepare Commission member on-boarding package	first quarter 2019			✓	1/28/2019	Binder provided to RWC Commissioner. Provided to other Commissioners at January meeting.
6/28/2018	1	No new items at this meeting						
6/14/2018	1	8B - Front of Plant project, report back if allowance is used	N/A			✓	12/6/2018	Report provided to Commission: Allowance for 40 additional piles or 1,530 extra length of piles. Of the allowance, an additional 76 feet of pile was used; this translates to \$5,890 used of the \$358,575 allowance.
	2	8C - Line of Credit; report back if proportion of use changes from JPA apportionment	N/A			✓	6/15/2018	Confirmed that use is proportional to JPA apportionment; should use of the LOC proportionally change, report this to Commission.
	3	8E - JPA Amendment; re-initiate "clean up" to JPA	N/A		✓			Make required and requested changes to the JPA a priority. Letter distributed to member agencies requesting input. Input received and Manager to schedule a meeting time with member agency staff to review.

Silicon Valley Clean Water
Commissioners' Requested Action Items
Updated: 03/10/2019

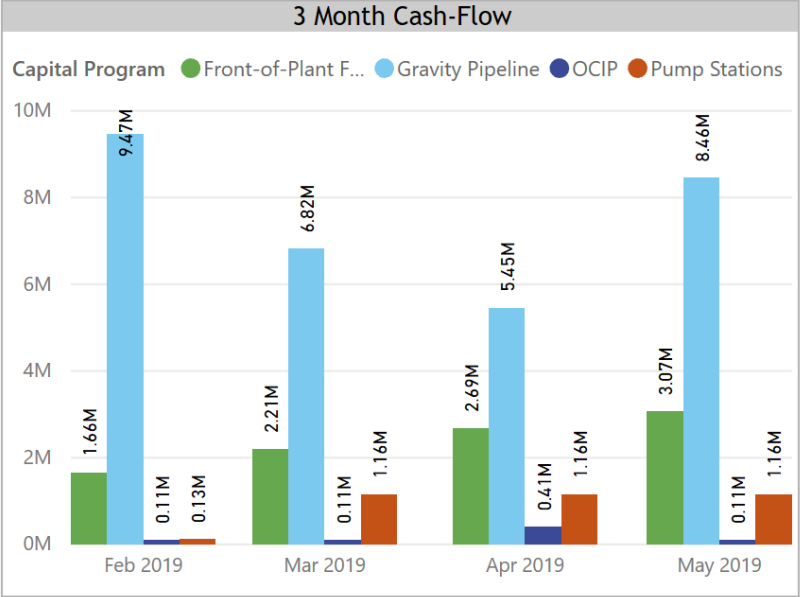
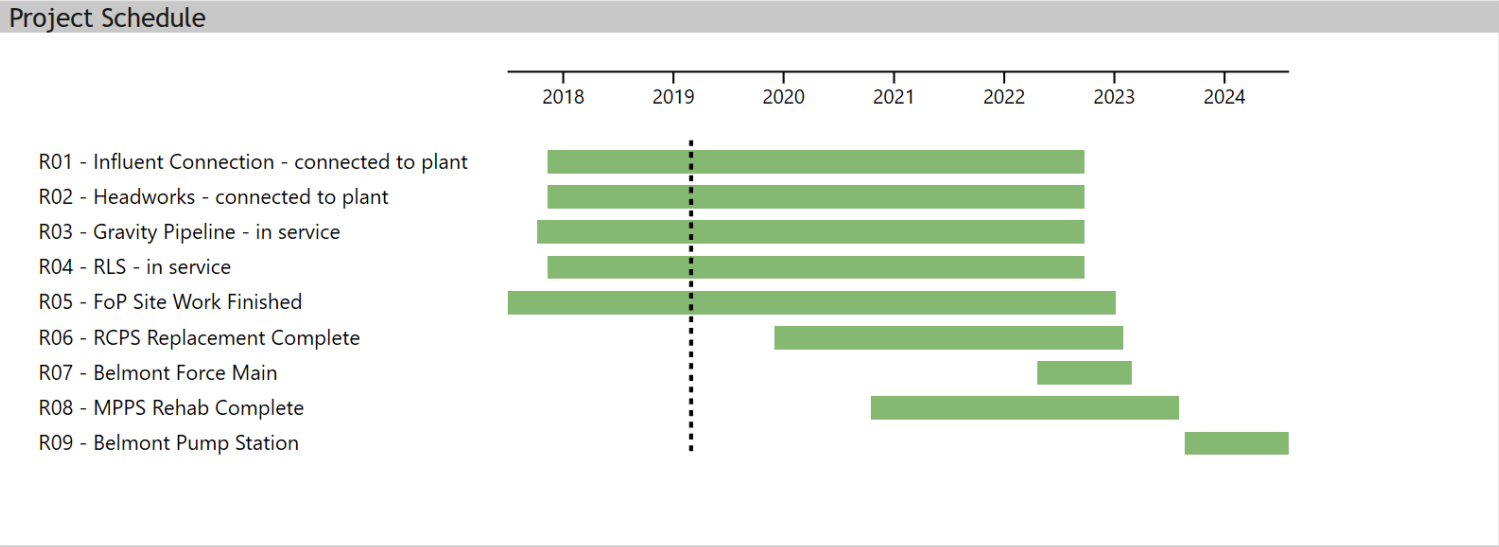
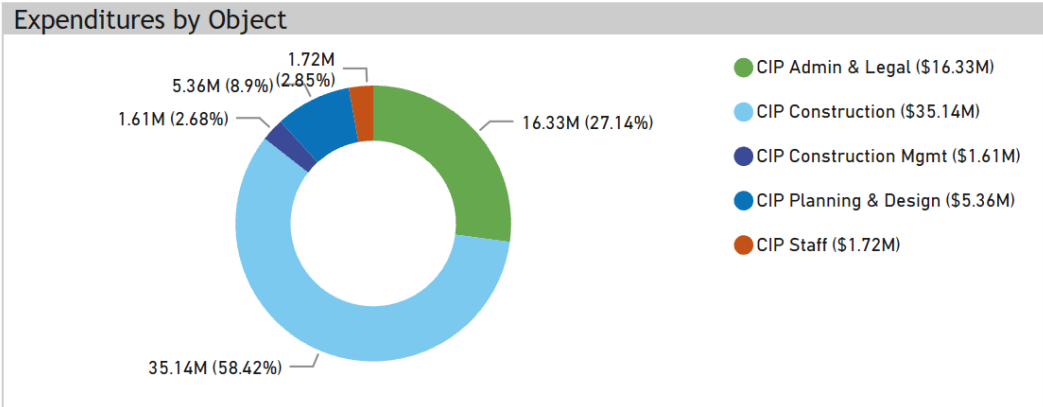
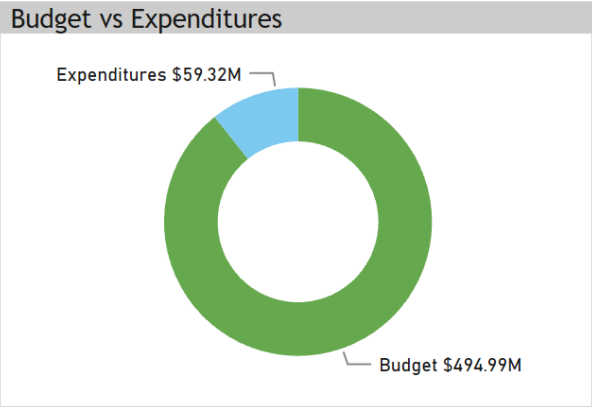
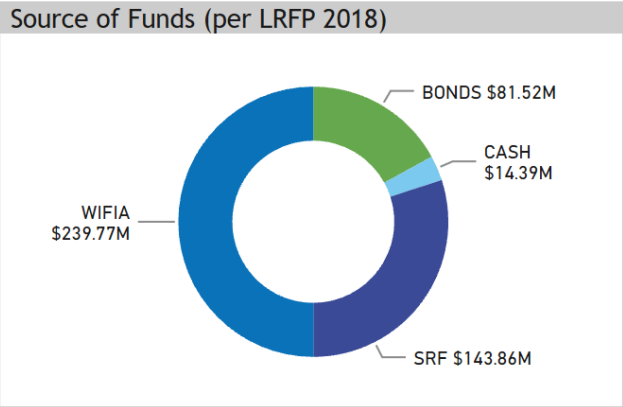
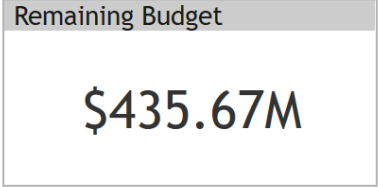
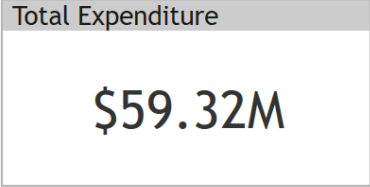
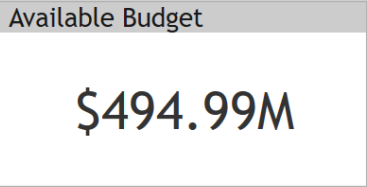
MARCH 18, 2019
AGENDA ITEM 5E

Commission Meeting Date	Action Item		Requested or Estimated Date for Completion	Status			Date of Completion	Notes
				Ongoing	In Progress	Complete		
5/10/2018	1	No new items at this meeting						
4/12/2018	1	Prepare letter Opposing AB1912	N/A			✓	4/17/2018	Prepare for John Seybert signature. Include all Commission names and who they're representing.
	2	FY18-19 Operating Budget	1-2 weeks			✓	5/2/2018	Send e-version, along with Benchmarking Chart of SVCW costs compared to other Bay Area WWTP costs, to Commissioners (Benchmarking Only), Member Agency Finance Directors and Tech Committee members.
3/8/2018	1	Reflect in LRFP how SVCW's procurement process and management strategies are saving costs	N/A			✓	1/28/2019	In response to the fact that SVCW staff is implementing significant projects with relatively little overhead costs.
	2	Recycled Water Workshop in Stanford	April			✓	4/12/2018	Reported highlights from the Recycled Water Workshop held at Stanford on March 9
	3	Operating Budget Benchmarking	April			✓	4/12/2018	Benchmark SVCW's operating budget increase with other agencies in the Bay Area; reported out at April meeting.
> One Year	1	When SVCW can begin exporting power to grid, make public for positive public relations standpoint	N/A		✓			The anticipated timeframe for SVCW to begin exporting power is late summer/fall 2019. Public notice will be prepared and distributed.
	2	Project delay costs	N/A	✓			Ongoing	Inform Commission of any potential delays that could add time and costs to projects they have authorized.
	3	Greendale property construction progress	2/28/2019		✓			One item of work remains to complete; the Engineering Director is handling coordination with the contractor. A summary of costs was presented to the Commission at the October 2018 meeting.
	4	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.

AGENDA ITEM 5F

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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.



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 Facilities, Influent Connector Pipe, Storage and Chemical Offload Facilities, Civil site work, Emergency Overflow pipe to storage basin and related process support systems. Work is being implemented under a Progressive Design-Build procurement process in stages.

Available Budget

\$137.81M

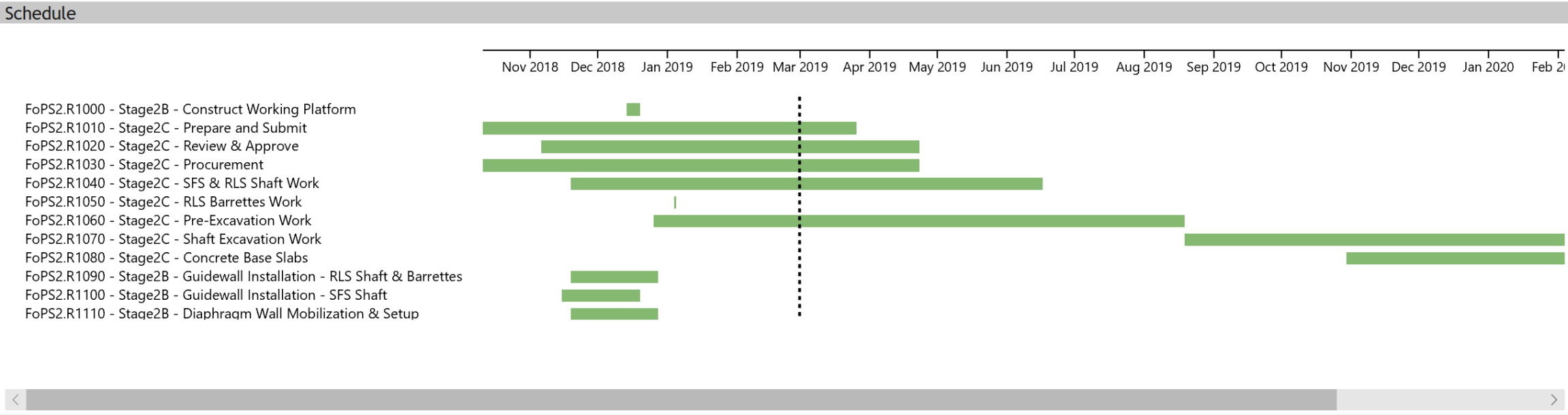
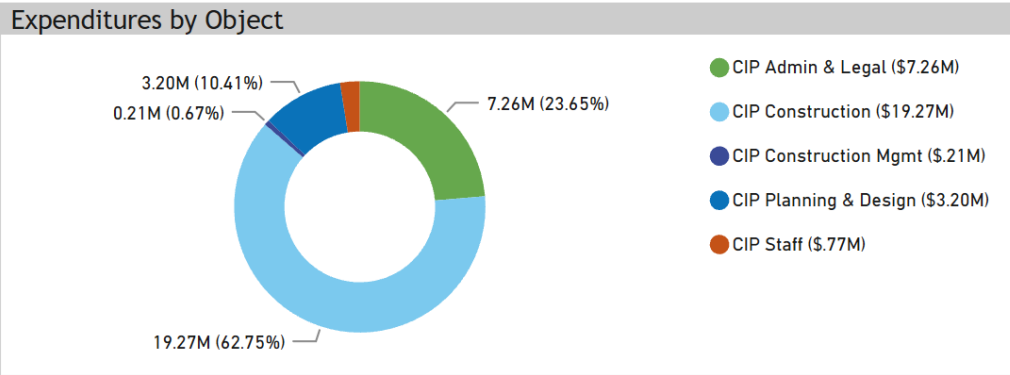
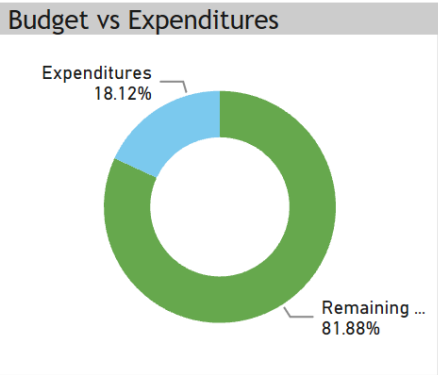
Total Expenditure

\$30.50M

Remaining Budget

\$107.31M

Milestone Schedule		
	Start	Finish
100 Percent (%) Design Documents	12/6/2018	7/31/2019
Stage 2C - RLS Shaft Construction	10/11/2018	2/25/2020
Headworks Completed/Early Start-Up	12/6/2018	10/24/2021
SFS/RLS Operational	12/6/2018	8/28/2022
Stage 2D - Balance of Stage 2 Work Final Completion	12/6/2018	10/20/2022



Major Accomplishments this Period

Design	<ul style="list-style-type: none"> - SPJV continues reviewing and implementing SVCW's follow-up responses to the 60% design package resubmittal and developing the 100% design package - Continued detailing the instrumentation and controls for RLS control strategies - Continued development of all FoP control narratives - Revised the Master Equipment List
Procurement of Trade Packages	<ul style="list-style-type: none"> - Stage 2D Amendment was approved at the December Commission - Completed review of the major equipment list with preferred manufacturers - WIFIA applications are in progress
Construction	<ul style="list-style-type: none"> - Completed the installation of fifteen barettas for the RLS shaft - Began the installation of the support of exvacation panels for the RLS shaft

Upcoming Key Activities

Continue detailing RLS and Headworks facilities
Complete the installation of the RLS and SFS Support of Excavation Walls
Procurement of major equipment

3 - Month Look Ahead

	Start	End	March	April	May
Installation of RLS and SFS Support of Excavation Walls	November 12, 2018	June 17, 2019	X	X	X
Develop 100% Design Package	December 6, 2018	July 31, 2019	X	X	X
Headworks Facility Civil Work	March 7, 2019	August 1, 2019	X	X	X

Safety Spot Light

Category	Value
Lost Time	0
Near Misses	0
Recorded Losses	0

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.

Available Budget

\$253.25M

Total Expenditure

\$27.09M

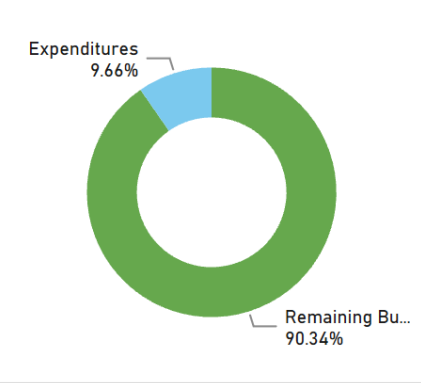
Remaining Budget

\$226.16M

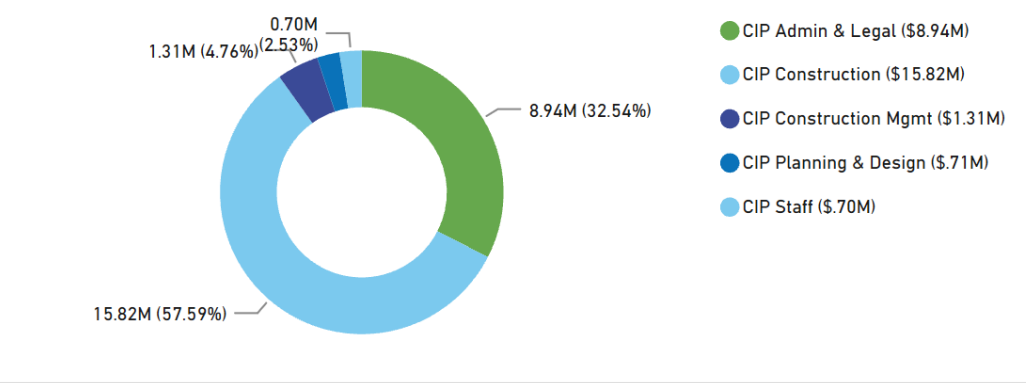
Milestone Schedule

	Start	Finish
Notice to Proceed - Stage 1 Services		10/13/2017
Stage 1 Services Complete	10/13/2017	1/21/2019
100% Design Documents		4/29/2019
TBM Procurement and Delivery		7/5/2019
Airport Access Shaft Construction	12/14/2018	7/26/2019
Procurement of BCDC permit		5/31/2019
Bair Island Shaft Construction	6/20/2019	3/30/2020
TBM Drive (AAS to Bair Island)	10/9/2019	5/7/2020
San Carlos Shaft Construction	8/20/2020	1/7/2021
TBM Drive (AAS to SFS)	9/10/2020	8/13/2021
FRP Pipe Installation	7/27/2021	5/16/2022
Final Commissioning		7/13/2022

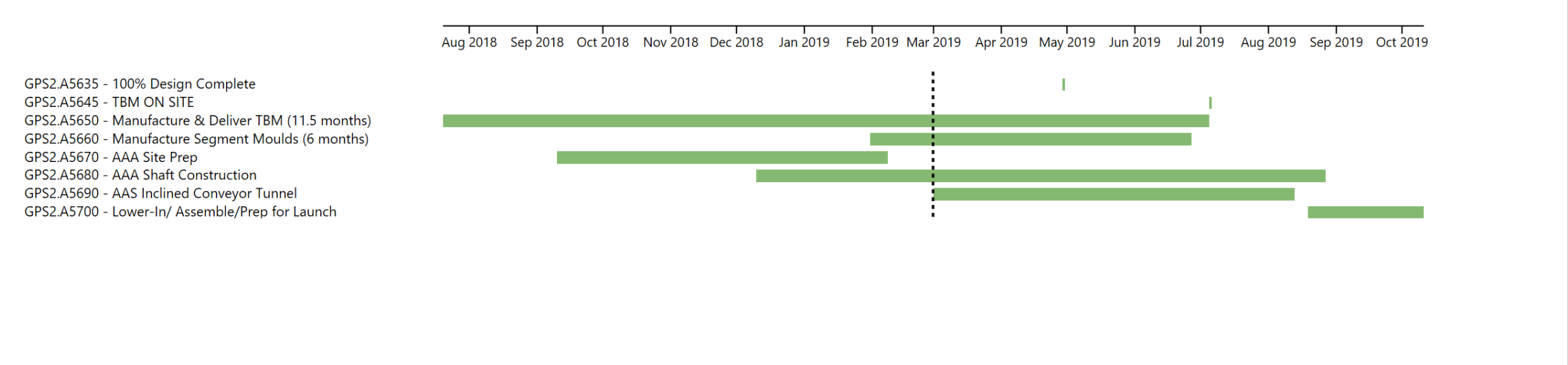
Budget vs Expenditures



Expenditures by Object



Schedule



As of : 2019 - 02

Major Accomplishments this Period

▼	
Design	-Continued Construction Phase Instrumentation & Monitoring design -Continued Specification development
Procurement of Trade Packages	- Executed contract with Grout Plant, Depressurization Well, and Site Utility subcontractors. - Continued discussions with FRP pipe manufacturers. SVCW reviewing durability report in parallel. - Outreach in conformance with SRF and WIFIA funding requirements
Construction	-SOE subcontractor completed installation all slurry wall panels for the Airport Access Shaft

Upcoming Key Activities

San Carlos/Bair Island Piping Design
Airport Access Shaft Utility and Depressurization Well Installation
Excavation of Airport Access Shaft
Inclined Conveyor Design
BCDC Permit in Progress

3 - Month Look Ahead

	▲ Start	End	March	April	May
100% Design Completion	August 10, 2018	April 29, 2019	X	X	
Factory Acceptance of TBM	November 1, 2018	April 16, 2019	X	X	
Shaft Instrumentation Installation	March 19, 2019	April 18, 2019	X	X	
Cap Beam Installation	April 19, 2019	May 16, 2019		X	X
Airport Access Shaft Excavation	May 17, 2019	June 26, 2019			X

Safety Spot Light

Category	Value
Lost Time	0
Near Misses	0
Recorded Losses	0

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 rehabilitated. 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. This project also includes replacement of the Belmont Force Main and will be implemented via a Progressive Design-Build Process.

Available Budget

\$103.93M

Total Expenditure

\$1.74M

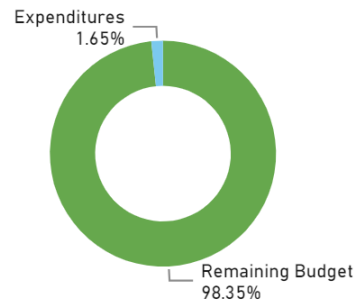
Remaining Budget

\$102.19M

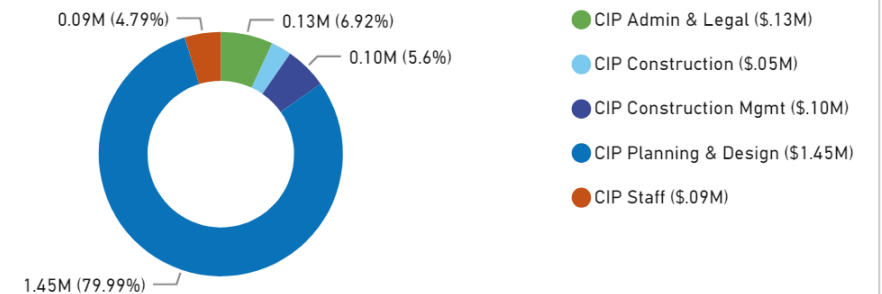
Milestone Schedule

	Start	Finish
PSI Project Procurement process approved by Commission	7/13/2018	7/13/2018
Recommend Award of DB Agreement to Commission	2/25/2019	2/25/2019
Basis of Design Report (BODR)	2/26/2019	7/16/2019
30 Percent (%) Design Documents	7/17/2019	9/11/2019
60 Percent (%) Design Documents	9/12/2019	11/4/2019
Stage 1 Services Complete	1/9/2020	1/9/2020

Budget vs Expenditures

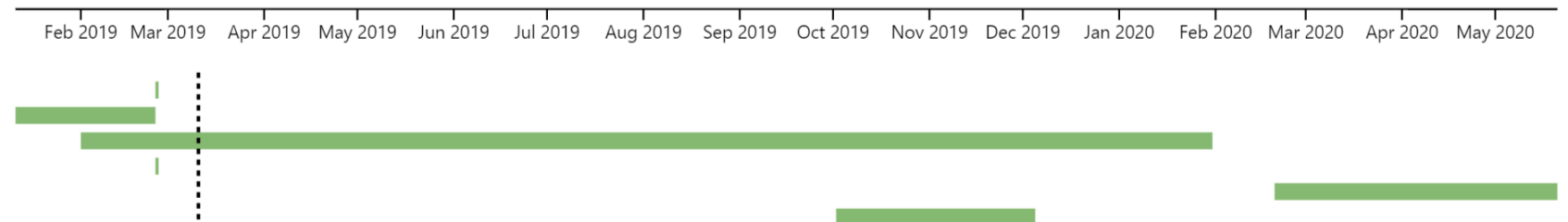


Expenditures by Object



Schedule

PSS1.A1080 - Approve DB & Issue NTP
PSS1.A1090 - Negotiate with Selected Team
PSS1.A1095 - Stage 1
PSS1.A1100 - Evaluation Committee Recommendation
PSS1.A1400 - Obtain BCDC Permit - PS
PSS1.A1420 - DJPA/WRA TO for Mitigation Monitoring - PS



Major Accomplishments this Period

- ▼
- Design

- Recommended that the Commission award the Design-Build Project to Shea-Parsons JV for Stage 1 Services
 - Held a kickoff meeting with the project's stakeholders

Upcoming Key Activities

-
- Issue NTP for Stage 1 Services

Development of the Basis of Design Report

Alternative Analysis Workshops

3 - Month Look Ahead

	Start	End	March	April	May
Alternative Analysis	February 14, 2019	May 16, 2019	X	X	X
Basis of Design Report	February 28, 2019	July 16, 2019	X	X	X
Project Execution Plan	March 4, 2019	April 4, 2019	X	X	
Geotechnical Investigation Plan	March 8, 2019	April 17, 2019	X	X	

Safety Spot Light

Category	Value
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
SPECIAL MEETING – February 25, 2019
8:00 a.m.**

ITEM 1

CALL TO ORDER

The meeting was called to order at 8:02 a.m.

ITEM 2

ROLL CALL - Commissioners Duly Appointed by Each Agency

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

Staff, Consultants and Visitors Present

Teresa A. Herrera, SVCW Manager
Christine C. Fitzgerald, SVCW Legal Counsel
Jennifer Flick, Human Resources Manager
Matt Anderson, SVCW Chief Financial Officer/Assistant Manager
Kim Hackett, SVCW Authority Engineer
Monte Hamamoto, SVCW Chief Operating Officer
Arvind Akela, SVCW Engineering Director
Kara Tremblay, SVCW Engineering
Jessica Mangual, SVCW Secretary Pro Tem
EJ Shalaby, Senior Consultant, DNS Strategic Partners
Derek Rampone, City of Redwood City
Steven Machida, City of San Carlos
Bill Tanner, Tanner Pacific, Inc.
Mark Minkowski, Kennedy/Jenks
Charlie Joyce, Brown & Caldwell
Aren Hansen, Brown & Caldwell
Robert Donaldson, Collaborative Strategies
David Ferris, Cascade Integration and Development
Nate Olson, Cascade Integration and Development
Bruce Burnworth, MPF Consulting
Roanne Ross, West Yost

ITEM 3

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was recited by those in attendance.

ITEM 4**PUBLIC COMMENT**

There were no public comments.

ITEM 5**SAFETY MOMENT AND REPORTS**

February is Heart Healthy Month and the safety moment noted steps that can be taken to improve one's heart health.

The Manager's Report consisted of a written agenda item noting upcoming action items; no discussion is to take place as it is for information only. Two articles had been placed at the Commissioners seats which reflected favorable publicity for SVCW projects. Status of WIFIA funding is positive; EPA will increase the amount of the loan and each member agency is on track for April approvals.

ITEM 6A**MATTERS OF COMMISSION MEMBER'S INTEREST**

No discussion.

ITEM 7**CONSIDERATION OF MOTION APPROVING CONSENT CALENDAR ITEMS 7A THROUGH 7D**

Motion/Second: Mr. Olbert / Ms. Aguirre

The Motion carried by Unanimous Roll Call Vote

ITEM 8A**CONSIDERATION OF MOTION APPROVING NOMINATION AND ELECTION OF A COMMISSION VICE CHAIRMAN**

Proposed Action:

Move approval of MOTION TO NOMINATE AND ELECT A VICE CHAIRMAN OF THE COMMISSION OF SILICON VALLEY CLEAN WATER

Commissioner Otte nominated Commissioner Aguirre to the position of Vice Chairman.

The Motion carried by Unanimous Roll Call Vote

ITEM 8B**CONSIDERATION OF MOTION APPROVING CONTRACT CHANGE ORDER TO NEW 12kV SWITCHGEAR PROJECT****Proposed Action:**

Move approval of MOTION APPROVING CONTRACT CHANGE ORDER FOR NEW 12kV SWITCHGEAR PROJECT (CIP #9807) IN THE AMOUNT OF \$452,504 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – JF SHEA/PARSON JOINT VENTURE

Motion/Second: Mr. Otte / Ms. Aguirre

The Motion carried by Unanimous Roll Call Vote

ITEM 8C**CONSIDERATION OF RESOLUTION AND MOTIONS APPROVING DESIGN-BUILD AGREEMENTS FOR STAGE 1 OF THE PUMP STATIONS IMPROVEMENT PROJECT (CIP #9501)****Proposed Actions:**

- i. Move adoption of RESOLUTION APPROVING DESIGN BUILD AGREEMENT FOR PUMP STATIONS IMPROVEMENT PROJECT (CIP #9501); AUTHORIZING EXECUTION OF AGREEMENT AND AUTHORIZING MANAGER TO APPROVE CONTRACT CHANGE ORDERS UP TO TEN PERCENT OF THE CONTRACT PRICE FOR SAID PROJECT – SHEA/PARSONS JOINT VENTURE - \$7,995,000
- ii. Move approval of TASK ORDER SCOPE AND BUDGET FOR OWNER'S ADVISOR SERVICES FOR THE PUMP STATIONS IMPROVEMENT PROJECT (CIP #9501) IN AN AMOUNT NOT TO EXCEED \$1,100,000 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – BROWN AND CALDWELL
- iii. Move approval of TASK ORDER SCOPE AND BUDGET FOR OWNER'S ADVISOR SERVICES FOR PUMP STATIONS IMPROVEMENTS PROJECT (CIP #9501) IN AN AMOUNT NOT TO EXCEED \$247,360 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – FREYER AND LAURETA
- iv. Move approval of TASK ORDER SCOPE AND BUDGET FOR AUTOMATION DESIGN SERVICES FOR PUMP STATIONS IMPROVEMENT PROJECT (CIP #9501) IN AN AMOUNT NOT TO EXCEED \$147,465 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – CASCADE INTEGRATION AND DESIGN

- v. Move approval of TASK ORDER SCOPE AND BUDGET FOR CONSTRUCTION QUALITY ASSURANCE SERVICES FOR THE PUMP STATIONS IMPROVEMENTS PROJECT (CIP #9501) IN AN AMOUNT NOT TO EXCEED \$789,360 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AS-NEEDED BASIS – TANNER PACIFIC, INC.
- vi. Move approval of TASK ORDER SCOPE AND BUDGET FOR PROJECT MANAGEMENT ASSISTANCE FOR PUMP STATIONS IMPROVEMENT PROJECT (CIP #9501) IN AN AMOUNT NOT TO EXCEED \$1,459,584 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – COLLABORATIVE STRATEGIES CONSULTING, INC.
- vii. Move approval of TASK ORDER SCOPE AND BUDGET FOR PROGRAM MANAGEMENT ASSISTANCE FOR THE RESCU PROGRAM (CIP #9500) IN AN AMOUNT NOT TO EXCEED \$593,600 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – WEST YOST ASSOCIATES

Motion/Second: Ms. Aguirre / Mr. Olbert

The Motion carried by Unanimous Roll Call Vote

ITEM 9

CLOSED SESSION

Closed Session was called to order at 8:35 a.m.

ITEM 10

RECONVENE FROM CLOSED SESSION

Open Session reconvened at 9:16 a.m.

As to Agenda Item 9A no reportable action was taken and direction was given to staff and counsel.

As to Agenda Item 9B no reportable action was taken.

As to Agenda Item 9C the Commission unanimously approved an agreement to transfer an easement from the City of San Carlos to SVCW for the Gravity Pipeline Project.

As to Agenda Items 9D and 9E no reportable action was taken.

ITEM 11

ADJOURN

There being no further business, the meeting adjourned at 9:17a.m.

Minutes prepared by Teresa A. Herrera

George Otte, Secretary

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AGENDA ITEM 7B

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SVCW WARRANT REGISTER

SVCW Warrant Register dated February 12, 2019 - March 1, 2019, was scanned and a copy was emailed to Commissioners and Legal Counsel on March 7, 2019.

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AGENDA ITEM 7C

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SILICON VALLEY CLEAN WATER RESERVE FUND POLICY AND PROCEDURES

ISSUE

Review and update Silicon Valley Clean Water (SVCW) Reserve Fund Policy.

BACKGROUND

In August 2013, SVCW adopted a Reserve Fund Policy and Procedures to formally establish operating and capital reserve funds that protect the fiscal solvency of the agency. There are three separate reserve funds:

1. The Annual Operations and Capital Budget Reserve Fund has a \$3.6 million balance as of February 28, 2019. It protects Member Agencies from having to quickly contribute cash if emergency events occur that cause immediate expenditures.
2. The Capital Improvement Program Reserve Fund has an \$18 million balance as of February 28, 2019. This reserve is two-fold. As it grows it will reduce SVCW's dependence on future debt as it gradually sets aside funds for future capital improvement projects. Secondly, a portion of this reserve is designated to meet loan requirements for a debt reserve.
3. The Stage 2 Capacity Reserve Fund has an \$11.1 million balance as of February 28, 2019. This fund holds all proceeds generated from sewer connection fees and may only be spent on capital projects that expand SVCW's operational capacity.

DISCUSSION

Since originally adopted in 2013, amendments to the Reserve Fund policy were limited to changes in grammar and syntax. Recommended changes as set forth in the attached *Rev: C of Administrative Policy No. 2013-03 (Rev Date: 03/15/2019)* propose to codify the practice of designating a portion of the Capital Improvement Reserve Fund to meet specific requirements of the State Water Resource Control Board.

RECOMMENDATION

Move adoption of RESOLUTION APPROVING AND ADOPTING REVISION C TO ADMINISTRATIVE POLICY 2013-03 ESTABLISHING SILICON VALLEY CLEAN WATER'S RESERVE FUND POLICY AND PROCEDURES

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ADMINISTRATIVE POLICY NO. 2013-03_ APPROVED BY: _____

Rev: C

Rev Date: 06/08/201703/15/2019

ISSUE DATE: 08/08/2013

Approved by SVCW Commission at Meeting of ~~June 8~~March 18, 20179 by Resolution SVCW ~~17-3019-~~_____

SUBJECT: SVCW Reserve Fund Policy and Procedures

PURPOSE

In order to prudently protect the fiscal solvency of the Authority, it is important to maintain a minimum level of reserves. Reserves are important to mitigate the negative impact of revenue shortfalls from economic fluctuations, to fund unforeseen expense requirements, to provide stable rates for member entities, to fund future long-term capital needs, and to provide a minimum level of cash to avoid the need to borrow and pay interest for cash management purposes.

Silicon Valley Clean Water (SVCW) historically maintained minimum reserve levels when reaching budgetary decisions. However, it is the desire of the SVCW Commission to develop a written policy establishing target minimum reserve levels that encourage both the Commission and staff to focus on this important fiscal consideration to ensure the continued fiscal stability of the Authority.

This policy mandates the minimum reserve levels necessary to maintain credit worthiness and to adequately provide for:

- Economic certainty during financial hardships or downturns in the local, state or national economy;
- Economic certainty in the event of local disasters or catastrophic events;
- Coverage of debt reserve requirements
- Coverage for capital obligations;
- Cash flow requirements;
- Rate stability and;
- Legal requirements.

POLICY

The Authority shall maintain reserve balances for the Annual Operations Budget, the Capital Equipment Replacement Fund, the Capital Improvement Program Fund and the Stage 2 Capacity Expansion Fund. The Authority shall target the minimum reserve level and funding sources for each of the four funds as follows:

1. ANNUAL OPERATIONS AND CAPITAL BUDGET RESERVE FUND

The Annual Operations and Capital Budget Reserve Fund shall be maintained at a minimum balance of Ten Percent (10%) of the approved annual Operations and Capital budgeted Authority expenses, plus One Million Dollars (\$1,000,000.00). This fund will allow for continued

operation in times of local, regional, state or national crisis or for unbudgeted, unexpected operational, maintenance or capital expenses approved by the SVCW Commission on a case by case basis.

Funding for the Annual Operations and Capital Budget Reserve Fund will be funded by each member agency in an amount equal to their percentage of capacity ownership in the SVCW. The reserve shall be funded to its minimum balance at the beginning of each fiscal year as part of the annual budget process. Any reserve balance will be available for spending on unanticipated, unbudgeted operating and maintenance or capital expenses approved by the Commission during that fiscal year. Any balance in excess of the 10% plus \$1,000,000 reserve level, at the end of the fiscal year, shall be used to offset the upcoming year's share of the Annual Operations Budget for each member agency in an amount equal to their percentage of capacity ownership in the SVCW. All interest derived from the fund balance shall be credited to this fund.

2. CAPITAL IMPROVEMENTS PROGRAM RESERVE FUND

The Capital Improvement Program Reserve Fund shall be funded in an amount equal to the annual calculated depreciation of the SVCW facilities to meet the long term needs of replacing the capital assets when their useful life has been met. This will allow most major expenses in the future, related to the facilities reaching the end of their useful life, to be paid for on a "pay as you go" basis and limit the need for borrowing. However, since there is no inflationary portion added to the depreciation, there will likely be the need to borrow some funds to complete major facility replacement at some point in the future. This fund shall also provide funding, as available, for required plant improvements mandated by regulatory changes. This fund will maintain the dedicated minimum debt service amounts required by State Revolving Fund loans and other CIP loans not held in escrow.

Funding for the Capital Improvement Program Reserve Fund will be funded by each member agency in an amount equal to their percent of capacity ownership in the SVCW and will be contributed in addition to and at the same time as the member entity's monthly Annual Operating Budget payments. There is no limit to the amount of funds that can accumulate in this fund. All interest derived from the fund balance shall be credited to this fund.

To meet specific debt reserves required by State Revolving Fund loans received from the California State Water Resource Control Board, SVCW may designate specific amounts as debt service reserves equivalent to one year's debt service for each respective State Revolving Fund loan.

3. STAGE 2 CAPACITY FUND

The Stage 2 Capacity Fund shall be utilized to pay for capital projects that increase the treatment capacity of the SVCW facilities. The fund shall be a "pay as you go" fund that derives income from fees paid by new customers to buy capacity for the use of the SVCW facilities. Projects to enhance capacity will be built when there are adequate cash reserves to fund the project or at the discretion of the SVCW Commission.

Payments will be made in accordance with the requirements of the SVCW Joint Powers Agreement (JPA) for new connections to the system. There is no limit to the amount of funds that can accumulate in this fund. All interest derived from the fund balance shall be credited to this fund.

IMPLEMENTATION

- **ANNUAL OPERATIONS AND CAPITAL BUDGET RESERVE FUND**

Initial funding for the Annual Operations and Capital Budget Reserve was funded from current reserves in the amount of Three Million Two Hundred Forty Thousand Dollars (\$3,240,000) upon adoption of this policy, and shall be adjusted annually to maintain the minimum balance required as part of the annual budget process.

- **CAPITAL IMPROVEMENTS PROGRAM RESERVE FUND**

Initial funding for the Capital Improvement Program Reserve Fund was funded with the balance of available funds in the current Fund 14 and Fund 17 and non- operating funds in Funds 11 and 18. The balance of these funds, less \$3,240,000 (initial funding for the Annual Operations and Capital Budget Reserve) is approximately Twelve Million Four Hundred Thousand Dollars \$(12,400,000) as of June 30, 2013.

Each fiscal year, beginning in Fiscal Year 2014-2015 an amount of One Million Dollars (\$1,000,000) shall be budgeted and added to the Capital Improvements Reserve Fund as part of the annual budget process. This is done to increase the balance to meet expected State Revolving Fund reserve requirements.

In order to address the goal of funding the depreciation of the SVCW facilities over the life of the facilities, the annual contribution of \$1,000,000 will be increased, beginning in Fiscal Year 2020–2021, by Five Hundred Thousand Dollars (\$500,000) per fiscal year, each fiscal year until the annual contribution equals the annual depreciation. The annual contribution, once equivalent to the annual depreciation, shall continue to be made in an amount equal to the annual depreciation each fiscal year as part of the annual budget process.

Funds required to be held in reserve for State Revolving Funds or Bonds shall be deposited to the Capital Improvements Program Reserve Fund once the loans are paid off and shall not be used to pay the final payments for said loans.

- **STAGE 2 CAPACITY FUND**

Funding for the Stage 2 Capacity Fund is established and shall continue in accordance with the SVCW Joint Powers Agreement (JPA).

- **GENERAL POLICY PRACTICES**

All reserves will be reviewed by SVCW Finance Department and SVCW Controller at least annually to verify the organization is in compliance with this policy and a report will be presented to the SVCW Commission as part of the annual budget approval process.

The reserve funds will be invested in accordance with the investment policy adopted by the SVCW Commission.

Transfers between the reserve funds will be made only at the direction of the SVCW Commission.

Except in the case of emergency as defined by the Silicon Valley Clean Water JPA, the spending of reserves will be approved in advance by the SVCW Commission.

AGENDA ITEM 7D

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**CHLORINE CONTACT TANK PASS 1
SURFACE REHABILITATION (CIP #9107)
FINAL PROJECT ACCEPTANCE**

ISSUE

Final Acceptance of Chlorine Contact Tank Pass 1 Surface Rehabilitation Project (CIP #9107) and Authorization to File Notice of Completion.

BACKGROUND

The Chlorine Contact Tank (CCT) contains the final process for SVCW's wastewater before it is discharged to the bay. After secondary treatment and filtration, hypochlorite (a strong chlorine bleach solution) is added to the plant effluent to disinfect the water. After hypochlorite is added, the water is slowed down and directed into the CCT. The CCT is comprised of three long "passes" (basically, three separate channels); the three passes are connected such that the water follows in a serpentine path to allow enough time for the chlorine to adequately kill the remaining biological activity in the water. At the end of the last pass, sodium bisulfite is added to neutralize any remaining chlorine in the water to avoid discharging chlorinated water into the bay. This entire process is termed "Chlorination/De-chlorination" and is the final step in the overall treatment train.

The CCT has been in service since the plant began operation in 1980. In 2018, V&A Consulting Engineers (V&A), a consulting firm that specializes in concrete and metal corrosion, completed their evaluation of the Chlorine Contact Tank. The results of the report indicated that while a majority of the original coating of the tank has failed, the concrete has not significantly deteriorated due to corrosion. However, the inspection noted hundreds of cracks in the walls of the tanks that were recommended to be sealed. The investigation also noted that some of the steel piping and valves in the CCT are showing signs of deterioration and recommended that these be recoated and or replaced.

Because the three passes within the CCT are connected in a serpentine manner and due to the criticality of this process it is impossible to take the entire tank out of service at once. It is possible however, to take individual passes out of service during low flow periods of the year. The first phase of Pass 1 Surface Rehabilitation included concrete and steel surface repairs and removal of abandoned pipe and was completed last year. Similar first phase of repairs for Passes 2 and 3 are expected to be completed this year. Second phases of Passes 1, 2, and 3 will include several valve replacements and actuator upgrades and are expected to be completed next year.

DISCUSSION

Based on the recommendations of V&A and the design engineer Kennedy Jenks, engineering staff prepared drawings and specifications for the remaining concrete and steel coating repairs of Pass 1. In June 2018, the Commission approved a contract to F.D. Thomas, Inc. in the amount of \$389,359.00. Notice to Proceed was issued on July 20, 2018.

The scope of work included additional access point installation, concrete coating removal on the walls and ceiling, chemical and epoxy crack repair, and repair and recoating of metallic piping in CCT Pass 1.

Five (5) contract change orders were executed for: lead testing, repair of metal pipe, additional concrete coating removal, a coating system modification and a credit for the unused bid item allowance for concrete crack repair. The authorized contract change order final total was in the amount of \$34,093.21 or less than 10% above bid. The final construction contract amount is \$423,452.21.

Substantial Completion was achieved and the certificate was issued December 17, 2018 (attached). The quality of work by the Contractor on the project is excellent and CCT Pass 1 is now in operation. Staff recommends the project be accepted and Notice of Completion for the project issued.

FINANCIAL IMPACTS

The funding for this project comes from CIP #9107: CCT Concrete and Steel Protective Coating Replacement. The CIP Budget is \$6,508,246. The total project expenditures as of the end of January are \$1,307,363 including construction, engineering and construction management costs.

RECOMMENDATION

Move approval to ACCEPT CHLORINE CONTACT TANK PASS (CCT) 1 SURFACE REHABILITATION (CIP #9107) AND AUTHORIZE FILING NOTICE OF COMPLETION – F.D. THOMAS, INC.

**Silicon Valley Clean Water
Chlorine Contact Tank Pass 1 Surface Rehabilitation
SUBSTANTIAL COMPLETION CERTIFICATE**

The following portions of the Chlorine Contact Tank Pass 1 Surface Rehabilitation are accepted as Substantially Complete in accordance with Specification Sections 00700-8.6 and 00800-1.5 and as defined herein.

As of December 17, 2018, 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 December 17, 2018.

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. F.D. Thomas, Inc.:
 - 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 December 17, 2018, 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.

The undersigned hereby acknowledge agreement to the above provisions:

Contractor: F.D. Thomas, Inc.

Construction Manager: Tanner Pacific, Inc.

By: 
Corey Hall

By: 
Demi Pacifuentes

Title: Project Manager

Title: Construction Manager

Date: 12/28/18

Date: 12/28/18

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AGENDA ITEM 7E

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**FIRST AMENDMENT TO SVCW GENERAL COUNSEL LEGAL SERVICES
AGREEMENT (FITZGERALD LAW OFFICES)**

ISSUE

Amend SVCW General Counsel Legal Services Agreement for Fitzgerald Law Offices for SVCW legal services.

BACKGROUND

At the March 10, 2016 Commission meeting, Christine C. Fitzgerald of Fitzgerald Law Offices was appointed General Counsel to Silicon Valley Clean Water (SVCW), following the resignation of Mr. David E. Schricker after over forty years of general counsel service.

DISCUSSION

Fitzgerald Law Offices (formerly the Law Offices of Herman H. Fitzgerald) was retained as special eminent domain counsel by SVCW in 1992. Over the years, the firm provided specialized acquisition services and general counsel services in Mr. Schricker's absence until his retirement. For the five years preceding Mr. Schricker's retirement, Christine Fitzgerald not only provided legal services to SVCW as an expert in needed acquisition transactions and eminent domain litigation related to the implementation of the SVCW Capital Improvement Program, but also provided general legal counsel services in support of Mr. Schricker as required. In her over 30 years of experience, Ms. Fitzgerald has represented upwards of twenty (20) public agencies throughout California including cities, counties, redevelopment agencies and special districts, appearing before their governing boards and working directly with staff and consultants. With this in mind, the Commission appointed Ms. Fitzgerald in 2016 to provide General Counsel legal services to SVCW while utilizing and directing special counsel acquisition and litigation services as needed to meet the legal needs of SVCW. Since her appointment, Ms. Fitzgerald has developed substantial knowledge of SVCW's operations necessary to advise SVCW and effectively represent its interests; working with both staff and consultants, she supports the legal needs of SVCW in a way that makes her an invaluable asset to the day to day operations of the authority.

Since 2016, services as General Counsel for Ms. Fitzgerald have been billed on a Time and Materials basis at the rate of \$270 per hour (no retainer), and at the rate of \$300 per hour for specialized acquisition and litigation services. It is now proposed that the hourly rates be increased to \$290 per hour for general services and \$325 for specialized acquisition and litigation services. These proposed billing rates are in line with rates charged for comparable experience in general counsel services and acquisition/litigation matters.

Finally, in accordance with California's conflict of interest laws, please see attached memorandum from Ms. Fitzgerald addressing this item.

FINANCIAL IMPACT

Services as General Counsel for Ms. Fitzgerald will be billed on a Time and Materials basis at the rate of \$290 per hour, an increase of 7.4% (rounded) from the current contract rate; specialized acquisition and litigation services will be billed on a Time and Materials basis at the rate of \$325 per hour, an increase of 8.33% from the current contract rate.

For perspective, the Commission had previously authorized the Manager to approve consultant billing rate increases at a rate of 3% per year; were this same metric used, the allowable increase would be 9.3% or \$295 per hour.

RECOMMENDATION

Move adoption of RESOLUTION APPROVING FIRST AMENDMENT TO GENERAL COUNSEL LEGAL SERVICES AGREEMENT (FITZGERALD LAW OFFICES)

FITZGERALD LAW OFFICES
A PROFESSIONAL CORPORATION

CHRISTINE C. FITZGERALD

345 LORTON AVENUE, SUITE 301
BURLINGAME, CALIFORNIA 94010
TELEPHONE (650) 348-5195
FACSIMILE (650) 239-1207

MEMORANDUM

To: Honorable Commissioners, Silicon Valley Clean Water

From: Christine C. Fitzgerald

Re: March 18, 2019 Agenda Item 7E

In connection with the above referenced agenda item which concerns a proposed increase in the amount of compensation for performance of general counsel services to SVCW, please be advised that I am representing myself in a personal capacity with regard to the proposed amendment to the existing legal services agreement and not participating in the contract decision in my official capacity as SVCW General Counsel pursuant to California's conflict of interest laws.

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FIRST AMENDMENT TO LEGAL SERVICES AGREEMENT

This *First Amendment to Legal Services Agreement* is made and entered as of the 18th day of March, 2019, by and between Silicon Valley Clean Water Joint Powers Authority (“Authority” or “SVCW”) and Fitzgerald Law Offices, a Professional Corporation (“Attorney”). Authority and Attorney are hereinafter collectively referred to as the “Parties” and singularly as a “Party”.

RECITALS

WHEREAS, SVCW and Attorney entered into that certain Legal Services Agreement dated March 10, 2016 (“Agreement”), for General Counsel legal services to be performed by Attorney for the Authority.

WHEREAS, the Parties desire to modify the Agreement in accordance with the terms and conditions as hereinafter set forth.

AGREEMENT

NOW, THEREFORE, the Parties hereto agree as follows:

“3. COMPENSATION.

Authority shall compensate Attorney for the services described in paragraph 2 of this Agreement at the rates specified in Exhibit A, revised as of March 18, 2019, attached hereto and incorporated herein by this reference.”

ALL OTHER TERMS AND CONDITIONS OF THE AGREEMENT SHALL REMAIN THE SAME AND IN FULL FORCE AND EFFECT.

IN WITNESS WHEREOF, this *First Amendment to Legal Services Agreement* has been executed as of the day and year first above written.

SILICON VALLEY CLEAN WATER
a public agency of the State of California

By: _____
Chair, Commission of Silicon Valley Clean Water

ATTEST:

Secretary, Silicon Valley Clean Water

FITZGERALD LAW OFFICES

By: _____

Print Name: _____

Print Title: President, Fitzgerald Law Offices

EXHIBIT A (updated 3/2019)

GENERAL LEGAL SERVICES

Attorney shall provide, through its own services or those of such members or associates of Attorney's law firm or associated with Attorney's law firm, the following routine services (not intended to be exhaustive) at the rate of **\$290.00/hr**:

- Render legal advice (both oral and written, as requested of, or determined by, Attorney) to the Commission, Manager, staff and consultants on all legal matters pertaining to SVCW business and operations;
- Attend all regularly scheduled and special Commission meetings, unless excused therefrom by the Chairman; attend staff and/or consultant meetings, workshops, technical committee meetings as requested by the Commission or SVCW Manager, as needed;
- Prepare and/or review agendas, resolutions, staff reports, agreements, contracts, forms, notices, declaration, certificates, deeds, leases and similar legal documents necessary or appropriate for conducting SVCW's business;
- Assist with Public Records Act requests;
- Advise on labor and employment matters not included in special services;
- Provide advice on conflicts of interest, whether relating to the Political Reform Act, the Brown Act, the Government Claims Act, or other areas;
- Perform routine legal work, supervise and administer negotiations pertaining to property acquisition, property disposal, public improvements, public rights of way and easements, and matters relating to public entities;
- Make recommendations concerning the selection of outside legal counsel on appropriate matters and supervise such outside legal counsel handling transactional or litigation matters on behalf of SVCW;
- Provide legal services on-site during regularly scheduled office hours as otherwise mutually agreed or requested by the SVCW Manager;
- Monitor new legislative developments and provide updates on new legislation and case law which could affect SVCW;
- Perform research and interpret laws, court decisions and other legal authorities in order to prepare legal opinions and to advise the Commission, the SVCW Manager and SVCW Department Heads on legal matters pertaining to SVCW operations;
- Represent SVCW in litigation and/or arbitration or other judicial proceedings, including activities preliminary to such proceedings with respect to which SVCW is or may become a party either at the institution of SVCW or instituted against SVCW;
- Represent SVCW with respect to proceedings of other public agencies held in a quasi-judicial, legislative or other capacity, including but not limited to permitting, licensing and enforcement proceedings;
- Represent and advise SVCW with respect to such matters as contract or other negotiations regarding disputes in avoidance of litigation and similar such matters.

SPECIAL LEGAL SERVICES

Attorney shall provide, through its own services or those of such members or associates of Attorney's law firm or associated with Attorney's law firm, the following special services at the rate of \$325.00/hr:

- Non-complex litigation, including CEQA litigation;
- Eminent Domain litigation.

SPECIAL OUTSIDE COUNSEL SERVICES*

The following special counsel services that may be necessary by SVCW require the retention of outside counsel upon approval by the Authority's Commission:

- Complex litigation;
- Employment- related hearings, including PERB hearings, arbitrations, grievance hearings, fact-finding hearings, and disciplinary hearings;
- Complex CEQA and environmental issues consultation and litigation;
- Construction litigation
- Bond counsel and specialized finance services;
- Regulatory and administrative hearings before other public agencies;
- Other special counsel work approved by the Commission

*Attorney will maintain a pool of qualified legal specialists, available as needed.

AGENDA ITEM 8A

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**CHLORINE CONTACT TANK VALVE REPLACEMENT AND
SURFACE REHABILITATION PROJECT (CIP #9107)
AWARD OF CONSTRUCTION CONTRACT**

ISSUE

Award of Construction Contract for the Chlorine Contact Tank Valve Replacement and Surface Rehabilitation Project (CIP #9107)

BACKGROUND

The Chlorine Contact Tank (CCT) contains the final process for SVCW's wastewater before it is discharged to the bay. After secondary treatment and filtration, hypochlorite (a strong chlorine bleach solution) is added to the plant effluent to disinfect the water. After hypochlorite is added, the water is slowed down and directed into the CCT. The CCT is comprised of three long "passes" (basically, three separate channels); the three passes are connected such that the water follows in a serpentine path. The CCT allows sufficient time for the chlorine to adequately kill the remaining biological activity in the water. At the end of the last pass, sodium bisulfite is added to neutralize any remaining chlorine in the water to avoid discharging chlorinated water into the Bay. This entire process is termed "Chlorination/De-chlorination" and is the final step in the overall treatment train.

The CCT has been in service since the plant began operation in 1980. In 2018, V&A Consulting Engineers, a consulting firm that specializes in concrete and metal corrosion, completed their evaluation of the Chlorine Contact Tank. The results of the report indicated that while a majority of the original coating of the tank has failed, the concrete has not significantly deteriorated due to corrosion. However, the inspection noted hundreds of cracks in the walls of the tanks that were recommended to be sealed. The investigation also noted that some of the steel piping and valves in the CCT are showing signs of deterioration and recommended that these be recoated and/or replaced.

Because the three passes within the CCT are connected in a serpentine manner and due to the criticality of this process it is impossible to take the entire tank out of service at once. It is possible however, to take individual passes out of service during low flow periods of the year. The first phase of Pass 1 Surface Rehabilitation included concrete and steel surface repairs and removal of abandoned pipe. This work was completed last year and project acceptance is included in this March agenda for approval under a separate agenda item. This project will complete the second phase of Pass 1, and both phases of Passes 2 and 3 over a two year period and will include several valve replacements and actuator upgrades along with concrete repair and coating.

DISCUSSION

Engineering staff prepared drawings and specifications for the repairs of Passes 1, 2, & 3 based on V&A recommendations. The two-year project was publicly advertised for bidding on January 25, 2019. A mandatory pre-bid meeting was held on February 7, 2019 and seven potential bidders attended. Bids were due on March 11, 2019 and 2 bids were received. The bid results, in the amounts of \$2,087,340 (ERS Industrial Services, Inc.)

and \$2,883,357 (Redwood Painting Co, Inc.) are shown in the attached bid summary table. The engineer's estimate of probable cost is \$2,322,000.

SVCW staff recommends that the Commission award the construction contract for CIP #9107: Chlorine Contact Tank Valve Replacement and Surface Rehabilitation Project to responsive low bidder ERS Industrial Services, Inc.


FINANCIAL IMPACTS

The funding for this project comes from CIP #9107: CCT Concrete and Steel Protective Coating Replacement. The allocated budget for this project is \$6,508,246. To date, \$1,307,363 has been expended. This project will be paid from the remaining budget of \$5,200,883.

RECOMMENDATION

Move adoption of RESOLUTION APPROVING CONSTRUCTION CONTRACT DOCUMENTS FOR CHLORINE CONTACT TANK VALVE REPLACEMENT AND SURFACE REHABILITATION PROJECT (CIP #9107); ACCEPTING BID OF LOWEST RESPONSIBLE BIDDER, REJECTING ALL OTHER BIDS; AND AUTHORIZING EXECUTION OF AGREEMENT, DIRECTING RETURN OF SECURITY DEPOSITS AND AUTHORIZING MANAGER TO APPROVE CONTRACT CHANGE ORDERS UP TO TEN PERCENT OF THE CONTRACT PRICE FOR SAID PROJECT – ERS INDUSTRIAL SERVICES, INC. (\$2,087,340)

SVCW
CCT Valve Replacement Surface Rehabilitation, CIP #9107
Bidders Checklist
Monday, March 11, 2019; 2:00 pm

												
Name of Bidder	Addendum	Proposal	Proposal Guaranty Bond	Cert. of Bidders Exp. & Qualifications	Cert. of Subcontractor's Experience & Quals.	Desig. of Subcontractors	Site Visit Affidavit	Schedule of Major Equipment & Material Suppliers	Ackw. of Insurance Req's.	Noncollusion Affidavit	Affidavit of Safety Compliance	Total Bid Amt.
	#1, 2, 3	Section 00300	Section 00410	Section 00420	Section 00420A	Section 00430	Section 00440	Section 00450	Section 00470	Section 00480	Section 00490-1,2,3, Parts A, B, C, D	
1 ERS Industrial Svcs. Inc.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	\$2,087,340.00
2 Redwood Painting	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	\$2,883,357.00
** Pending Commission Approval. Next Commission meeting is scheduled for Monday, March 18, 2019.												

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AGENDA ITEM 8B

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AMENDMENT TO AGREEMENT FOR BIOSOLIDS DRYING AND DISPOSALISSUE

Approval of Amendment to Agreement with BioForceTech Inc. for Biosolids Drying and Disposal

BACKGROUND

Since the late 1980's Silicon Valley Clean Water (SVCW) has disposed of its biosolids through contracts with private companies that haul the biosolids to various approved landfills for burial and alternative daily cover or to dedicated agricultural land application and compost sites.

The disposal of biosolids is a major expense for any wastewater treatment facility and the industry as a whole is confronted with shrinking options and increasing costs for biosolids disposal. The cost per ton of biosolids disposed has increased approximately ten percent per year, every year for the past decade and there is not an anticipated end to this trend. In fact, the potential for more severe increases exists as the options for disposal continue to shrink.

SVCW currently has only one biosolids disposal contract in place. Synagro Inc. is a major biosolids disposal company in the United States and the SVCW contract with them allows for disposal via agricultural land application, at a landfill or for composting. While this contract provides three methods for disposal, it is with one company that has little control over their cost of disposal due to the fact that they are using other people's or agency's properties for the majority of their operation. This fact makes the Synagro disposal options susceptible to closures and/or increases in cost.

There is a movement in many California counties to either ban the practice of accepting biosolids from operations outside those counties or to impose a tariff on biosolids allowed into those counties. Tipping fees at landfills and composting facilities have increased each year and the cost of agricultural land application is expected to increase dramatically in the next two to three years due to the implementation of tariffs on the practice. The current average cost per ton of biosolids disposed by Synagro for SVCW is \$50 per ton and this price will increase to \$56 per ton in fiscal year 19/20 for a resultant budgeted amount of \$568 thousand.

Over the years, SVCW and the California wastewater industry has seen biosolids disposal options in California tighten. Therefore, since 2013, SVCW has sought other options for biosolids handling and disposal. Two efforts have been running concurrently: 1) participation in a regional wastewater agency effort through the Bay Area Biosolids to Energy Coalition (BAB2E) and 2) partnership with a private company, BioForceTech. The goal of the BAB2E coalition is to find a disposal option that will allow the production of some level of energy to be created from the disposal of biosolids and at a cost of less than \$100 per ton. Though that effort was begun in 2013, there have been no developments and, in fact, the coalition has been idle for the past year. In contrast to that effort, SVCW and BioForceTech developed a system that does provide an

alternative for drying and disposal of the biosolids. SVCW was approached in 2013 by the firm of BioForceTech with a new process that uses very little energy to dry biosolids. The company is from Italy and at they were looking for a partner in the United States to test their process, with the ultimate goal of installing a facility utilizing their equipment in this country. SVCW agreed to work with them in the testing process and to evaluate the potential for a full-scale installation at the Authority's site.

The testing went very well beginning with a pilot plant and then a full scale single drying unit; the process proved successful in providing the outcome they expected. Testing of the full scale system began in 2014 and because it was proving valid, in 2015 SVCW entered into an long-term agreement with BioForceTech. The agreement anticipated start up of the facility within a year of the agreement date, end of 2016. The cost to SVCW per the agreement ranged from \$55 to \$73 per ton of biosolids (cost dependent on the biosolids dryness SVCW provided to BioForceTech) with the cost increasing by an inflationary factor for the ten-year duration of the agreement. Authorization provided by the Commission approved up to \$450 thousand per year for biosolids drying and disposal via BioForceTech.

DISCUSSION

The system consists of 5 dryers and a pyrolysis unit. Pyrolysis is the thermal decomposition of organic material (dried biosolids) operating at temperatures between 600 and 1600°F without the addition of air or oxygen. The end products of pyrolysis are a synthetic gas (syngas) and biochar both of which have monetary value.

Pyrolysis has never been permitted in California by the EPA or the State Air Resources Control Board so BioForceTech needed to approach both regulatory agencies for a permit. BioForceTech began the process in early 2015 and submitted applications in Fall 2015. For this entire time, BioForceTech has not been able to fully utilize the pyrolysis system except to perform operational and air emission tests to prove that the system works and that little to no noxious air pollutants are produced and emitted into the atmosphere. The permit was finally received at the end of February 2019 and the plant is now ready to operate fully. During the time that the permit for pyrolysis was being processed, BioForceTech was able to operate the dryers. Through this interim operational process, some improvements to the system have been identified.

Because the permitting process took so long and BioForceTech has operated with no revenue for the past six years, they are facing the need to shut down the plant and close the business. In this case, per the agreement, SVCW could take over the facility as is or require BioForceTech to remove all equipment and return the site to its beginning condition. The SVCW Manager does not think this is a prudent path to take as there is a risk to SVCW (and the entire wastewater industry) should BioForceTech go out of business. It would bring SVCW back to its position of six years ago with only having a single option for biosolids disposal which is a high-risk situation.

The BioForceTech president and SVCW management have held discussions on the best way to move forward with the system and have come to agreement on terms which

is now being presented to the Commission for approval. The proposal is to pay BioForceTech \$1.9 million for specific improvements to the plant, with an upfront payment of \$285 thousand so BioForceTech can pay two employees to begin to shift the operation and maintenance to SVCW. At the end of a 12-month period, SVCW would own the plant, staff would be trained, and BioForceTech employees will have moved on. The \$1.9 million would pay for the following improvements:

- Replacement of top conveyors that provide biosolids to the dryers
- Automation and electrical changes to meet SVCW standards and enable SVCW operators to run the plant through SCADA
- Modifications to the pyrolysis delivery loading and offloading systems to simplify the process including a biochar bagging system
- Two employees for 12-months to operate the system and train SVCW staff
- Other miscellaneous improvements to the system (conveyor lift system, unload tank, compressed air system replacement, weighing system)

At this time, SVCW management believes it is in the best interest of the Authority to proceed with an amendment to the agreement with BioForceTech for the disposal of a portion of the biosolids produced by the Authority. The benefits of moving forward with an amendment are:

- SVCW has more than one option for disposal of its biosolids; this is particularly important due to the shrinking options available throughout California.
- SVCW owns the plant at 50% of the depreciated cost (the current depreciated value of the system is \$4.04 million)
- Staff is trained to operate and maintain the system by BioForceTech employees
- BioForceTech will remain in business and can provide this system to other California treatment plants (they are currently in discussions with Palo Alto and San Mateo)
- SVCW would pay no tipping fees to BioForceTech for the 12 month period; the rate set forth in the current agreement ranges from \$55 per ton to \$73 per ton depending on the dryness of biosolids SVCW sends to the plant. Approximately 40% (~4,000 tons) of SVCW biosolids can be processed in the BioForceTech plant. This equates to \$220k to \$292k per year.
- The elimination of many truck trips from the SVCW facility to the out-of-county disposal locations; over 500 truck trips per year will be eliminated due to the drying on-site versus disposal at the current offsite locations.
- The portion of land being leased to BioForceTech for \$1.00 per year will be returned to SVCW for its sole use.

If the Commission concurs with moving forward with an amendment to the current contract, the Manager will work with Legal Counsel to create the amendment language. The Manager recommends purchasing the BioForceTech facility in the amount of \$1.9 million including a 12-month operation and maintenance period within which SVCW staff will be trained on operating the system. The Manager also recommends additional authorization of up to \$250 thousand for work that may be needed by SVCW staff to ensure a smooth transition; it is anticipated that this authorization will be used primarily for engineering and automation programming coordination.

FINANCIAL IMPACT

Funds have not been allocated specifically for this amendment, as the original contract called for a 10-year operational period after which time, the facility would be purchased for the depreciated value (estimated at \$2.1 million). However, there remains funds in the CIP project #9231 – BioforceTech Dryer System in the amount of \$440 thousand and in CIP project #9169 and 9173 – Dewatering and Solids Handling Improvements Phases II and III there is \$2.1 million budgeted. The latter two projects have work that will still need to be done and it is intended that the annual operational cost savings will be transferred back into those CIP projects.

From an operational standpoint, the financial outlook over the long term will save SVCW money. Assuming no change to Synagro disposal costs, the savings from disposing of 40% of SVCW biosolids via the BioForceTech system is a savings of at least \$220 thousand in tipping fees alone. As Synagro unit costs increase over time, as is expected, this savings will continue to grow. At this rate, SVCW will recoup its costs in at most 9 years. The larger benefit to SVCW is having an onsite alternative to its current singular offsite biosolids disposal options. This also does not take into account the value of syngas and biochar that will be produced by the BioForceTech system. The quantities and value of each are still being determined.

RECOMMENDATION

- i. Move adoption of RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF AMENDMENT TO AGREEMENT FOR BIOSOLIDS DRYING AND DISPOSAL FACILITY IN AN AMOUNT NOT TO EXCEED \$1,900,000 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT OF AMENDMENT COST FOR CONTINGENCY, SUBJECT TO LEGAL COUNSEL APPROVAL OF DOCUMENTS AS TO FORM (BioForceTech Inc.)
- ii. Move approval of BUDGET FOR ENGINEERING AND AUTOMATION PROGRAMMING WORK AT A COST NOT TO EXCEED TWO HUNDRED THOUSAND (\$250,000) AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS.

AGENDA ITEM 8C

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CONSIDERATION OF FISCAL YEAR 2019-20 ANNUAL OPERATING AND CAPITAL EXPENDITURES BUDGET

ISSUE

Receive presentation on the Fiscal Year 2019-20 Proposed Annual Operating and Capital Budget

BACKGROUND

Prior to May 1 of each calendar year, Silicon Valley Clean Water must adopt an Operating and Capital Expenditures Budget (Budget) for the upcoming Fiscal Year. The Budget outlines revenues needed for operations, maintenance, administration and compliance monitoring activities. Furthermore, it describes additional cash flow requirements to meet capital projects, debt service, and cash reserves needs.

The long-term Capital Improvement Program (CIP), originally developed in 2008 and most recently updated in October 2018, identified the funds needed for both capital replacement projects (depreciation) and system improvements projects. While this budget does not seek approval for the overall CIP, it does incorporate the long term impact of capital expenditures and proposes a funding strategy. This CIP funding strategy incorporates analysis from the January 2019 Long Range Financial Plan update.

DISCUSSION

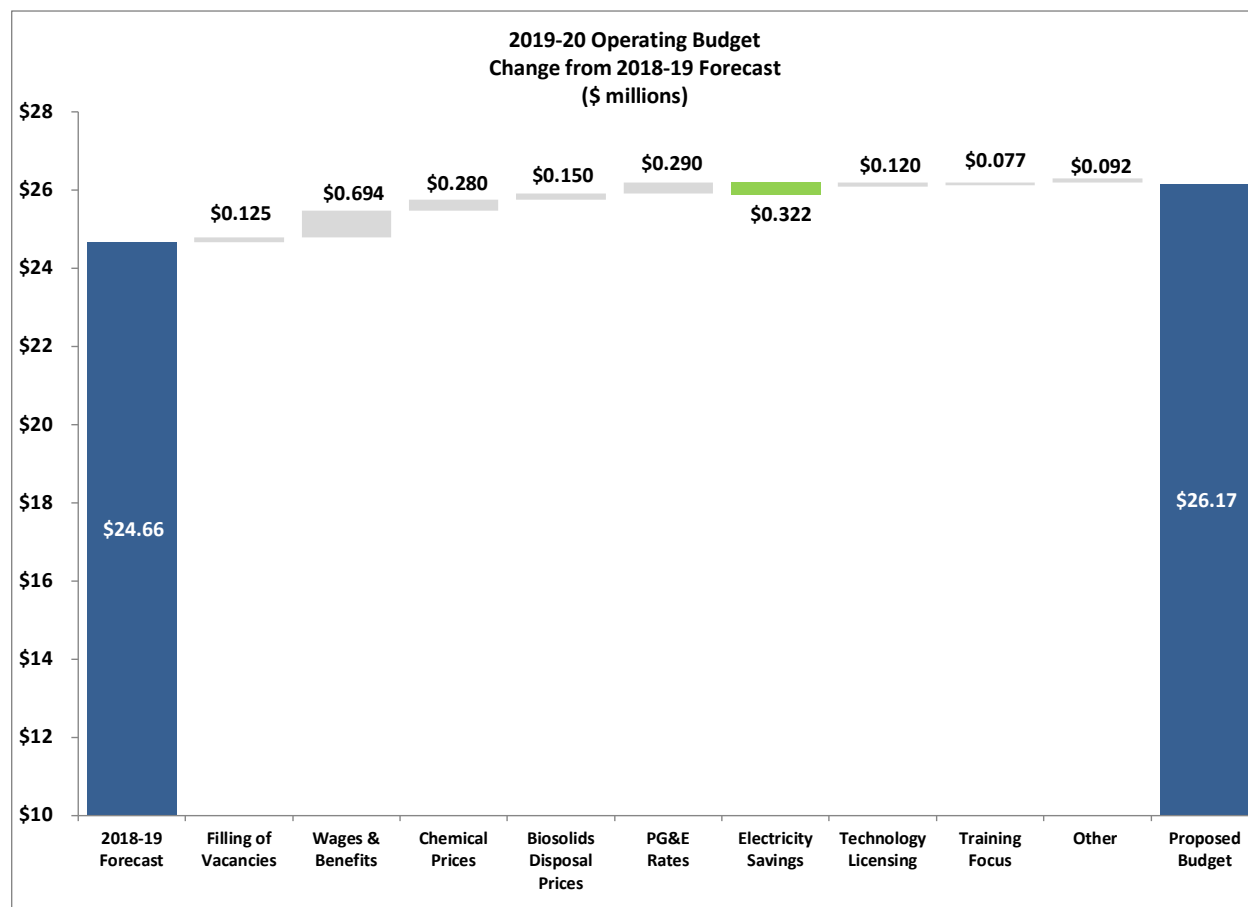
This 2019-20 Proposed Budget includes \$25.16 million for Net Operating Expenses, a 3.9% increase from the prior year Budget. It also provides for a \$1.68 million contribution to Revenue-Funded Capital to support immediate capital projects not in the CIP. Cash Reserves Designations of \$1.05 million follows Commission-adopted policy. Finally, the CIP will be financed consistent with the 2019 Long Range Financial Plan, in which debt payments were estimated at \$20.3 million in 2019-20.

Year-over-year Budgeted Member Entity Contributions				
Description	2018-19 Adopted Budget	2019-20 Proposed Budget	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Gross Operating Expenses	\$ 24,979,821	\$ 26,219,289	\$ 1,239,468	4.96%
Less Miscellaneous Revenue	(766,198)	(1,059,500)	293,302	38.28%
Net Operating Expenses	\$ 24,213,623	\$ 25,159,789	\$ 946,166	3.91%
Revenue-Funded Capital	1,485,500	1,684,325	198,825	13.38%
Reserve Designations	984,034	1,047,634	63,600	6.46%
Total Contributions before Debt Service	\$ 26,683,157	\$ 27,891,748	\$ 1,208,591	4.53%
Debt Service, Participating members	\$ 20,389,946	\$ 20,287,459	\$ (102,487)	(0.50%)
Total Member Contributions	\$ 47,073,103	\$ 48,179,208	\$ 1,106,105	2.35%

Operating Budget:

Specific to the operating budget only, the following table and chart compares next year's Proposed Operating Budget to 2018-19's forecasted expenditures. Comments below explain certain inflationary pressures as well as savings planned for next year.

Silicon Valley Clean Water Expenditure Summary - By Objective						
Description	2017-18 Actual	Adopted 2018-19 Budget	2018-19 Forecast	Proposed 2019-20 Budget	\$ Incr/(Decr) v. Forecast	% Incr/(Decr) v. Forecast
Personnel	\$ 15,207,143	\$ 15,733,910	\$ 15,698,059	\$ 16,617,606	\$ 919,547	5.9%
Utilities	1,687,808	1,722,015	1,664,548	1,706,040	41,492	2.5%
Administrative Expenses	294,882	475,993	524,270	516,149	(8,121)	(1.5%)
Equipment & Supplies Expense	2,983,773	2,663,872	2,568,308	2,587,690	19,382	0.8%
Chemicals	1,132,356	1,521,768	1,304,688	1,584,372	279,684	21.4%
Professional & Contractual Services	2,451,240	2,492,590	2,563,998	2,791,690	227,692	8.9%
Training, Memberships, Travel	300,671	369,673	338,708	415,742	77,034	22.7%
TOTAL	\$ 24,057,873	\$ 24,979,821	\$ 24,662,570	\$ 26,219,289	\$ 1,556,719	6.3%



- Personnel costs will increase by \$919 thousand, or 5.6% compared to the 2018-19 Forecast. Approximately \$175 thousand of this increase is due to vacant positions during the first half of 2018-19. The remaining increase is largely due to cost-of-living and step adjustments.
- Utilities costs are increasing by \$41.5 thousand, or 2.5%, substantially below the anticipated 7% increase in PG&E's rates. This modest increase is achievable by increasing the amount of energy currently produced by cogeneration engines. Whereas currently in-house cogeneration on average provides 67% of the treatment plant's energy, this will increase to approximately 80% upon completion of a new 12kV switchgear project and reduce costs by \$166 thousand next fiscal year. Additionally, energy reductions of a new thickening process will further reduce costs by \$41 thousand next fiscal year.
- Administrative Expense will decrease by \$8.1 thousand (1.5%), due to timing. SVCW does not anticipate the recruiting costs incurred in the current fiscal year.
- Chemicals will increase by \$279.7 thousand, or 21.4%. Chemical providers have advised that prices will increase by approximately 10% to 30% next fiscal year. Additionally, SVCW has increased its use of corrosion-arresting chemicals to slow deterioration in the conveyance system.
- Professional & Contractual Services will increase by \$227.7 thousand, or 8.7%, the majority of which was caused by increased price of biosolids disposal. As a growing number of counties regulate biosolid disposal sites, the distance and costs of disposal have increased.
- Training, Memberships, and Travel will increase by \$77 thousand (22.7%). SVCW is emerging from a period of employees being heavily involved in project design and operational shutdowns to support projects and, thus, training has been on hold within certain Divisions. The organization intends to increase training and education opportunities to ensure employees perform effectively.

Revenue-Funded Capital:

Revenue-Funded Capital Expenditures are for capital projects that are less than \$1 million and completed within one year. These projects address immediate needs for equipment and facilities and typically include minor construction projects, major maintenance projects, and preliminary engineering analysis for major capital improvements. The proposed budget includes revenue-funded capital expenditures of \$1.68 million.

2019-20 Budget, Revenue-Funded Capital	
Description	One-time Cost
CISCO Application Centric Infrastructure (ACI) Software-Defined Network solution	\$ 650,000
SCADA Networking Solutions	545,000
Concrete leveling at 109 deck (3 areas identified)	100,000
Lab ICP Mass Spectrometer Instrument	95,000
Primary Sedimentation Tanks 1 and 2 equipment replacement	80,000
Grade and baserock Maintenance storage area	75,000
Old SHB polymer storage area & compressor room modifications.	45,000
HP air compressor to replaced back up air compresor #3	40,000
Electrical /instrumentation shop relocation	30,000
Reach Lift Equipment (157")	24,325
GRAND TOTAL, REVENUE-FUNDED CAPITAL	\$ 1,684,325

- The current information technology network was designed and installed over a decade ago and needs replacement. This budget proposes to replace existing technology equipment including core switches, load balancers, and servers. As an added benefit, the software-defined solution includes concurrent redundancy to better meet business continuity needs, avoids the future replacement of expensive storage devices, and will handle higher data transfer rates in the future.
- As RESCU capital program is being planned and built, it is significantly increasing the number of connected devices and adding complexity to SVCW's industrial network. SVCW must invest to ensure a robust SCADA (Supervisory Control and Data Acquisition) solution can accommodate existing and future environments.
- The laboratory has a ten-year-old Inductively-Coupled Plasma (ICP) optical emission spectrometer that is due for replacement. This instrument performs trace level analysis of metals in wastewater and is used to certify water quality.
- Concrete resurfacing is needed to address uneven surfaces on the operating deck that create tripping hazards and/or water puddling.

- Primary Sedimentation Tank equipment, used to separate scum and solids from wastewater, is scheduled to be replaced in 2019-20.
- Space for storage and operational support has grown as new treatment processes require more instrumentation support, more chemical staging area, and new maintenance equipment.
- Standard equipment replacements schedules include a compressors and a standup warehouse pallet jack.

Reserves:

The Operating Reserve contributions follows policy to ensure a balance of \$3.61 million is in place by the end of the fiscal year and will require a contribution of \$47.6 thousand. This Budget also recommends a \$1 million contribution to Capital Reserves to meet the projected requirement of nearly \$18.2 million by June 30, 2020 and maintain compliance with SVCW Reserve Policy.

Debt Service:

SVCW has to date secured approximately \$492 million in financing for CIP projects. As of January 2019, remaining CIP project expenditures were approximately \$559 million.

The January 2019 Long Range Financial Plan considered remaining CIP expenditures, their timing, and available sources of funds to recommend a debt structure that anticipates much of the remaining CIP will be funded through a combination of governmental loans from the U.S. Environmental Protection Agency as well as the California State Water Resource Control Board. Compared to the current fiscal year, debt service payments in 2019-20 will remain relatively unchanged at \$20.3 million due to the deferred repayment structure of governmental loans from the U.S. EPA and the California State Water Resource Control Board.

RECOMMENDATION

No Commission action is requested or required at this meeting. Staff will present information and receive direction for proposed budget modifications and return at the April SVCW Commission Meeting with an updated budget proposal to present to the Commission for approval at that time.

It is anticipated the following items, or modified versions per Commission direction, will be proposed for adoption by resolution at the April 2019 Commission Meeting:

- i. FISCAL YEAR 2019-20 REVENUE PLAN IN THE AMOUNT OF \$25,159,789 IN NET OPERATING REVENUES REQUIRED AND \$1,684,325 FOR REVENUE-FUNDED CAPITAL PROJECTS
- ii. FISCAL YEAR 2019-20 CASH RESERVE DESIGNATIONS IN THE AMOUNT OF \$1,047,634

- iii. FISCAL YEAR 2019-20 DEBT SERVICE EXPENDITURES IN AN AMOUNT OF \$20,287,459
- iv. AUTHORIZING SVCW MANAGER TO IMPLEMENT, MANAGE AND APPROVE EXPENDITURES AUTHORIZED WITHIN THE FISCAL YEAR 2019-20 ANNUAL OPERATING AND CAPITAL EXPENDITURES BUDGET AS ADOPTED BY THE SILICON VALLEY CLEAN WATER COMMISSION

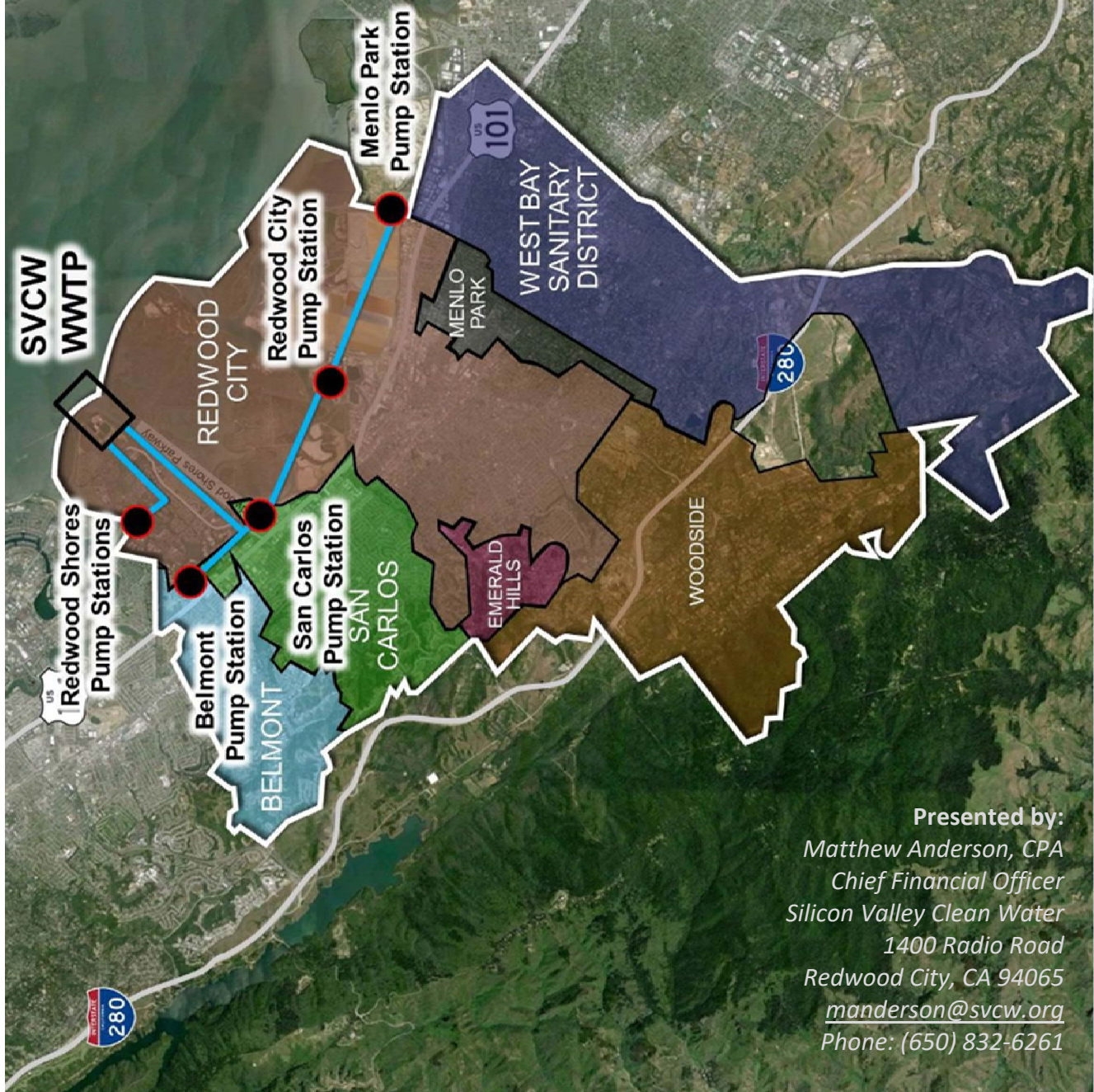


Silicon Valley Clean Water

2019-20 Proposed Budget

March 18, 2019

Silicon Valley Clean Water



Presented by:
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Commissioners

<u>Name</u>	<u>Title</u>	<u>Member Agency</u>
Warren Lieberman	Chair	City of Belmont
Alicia Aguirre	Vice Chair	City of Redwood City
George Otte	Secretary	West Bay Sanitary District
Mark Olbert	Member	City of San Carlos

SVCW Staff

<u>Name</u>	<u>Title</u>
Teresa Herrera	Manager
Matthew Anderson	Assistant Manager & Chief Financial Officer
Monte Hamamoto	Chief Operating Officer
Kim Hackett	Authority Engineer
Arvind Akela	Engineering Director
Cindy Hui	Accounting Supervisor
Krista Politzer	Financial Analyst

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SECTION 1 – OVERVIEW

Organization and Business

Silicon Valley Clean Water (SVCW, or “the Agency”) was founded in 1975 as the successor to the Strategic Consolidation Sewerage Plan, from which SVCW took title to property including sanitary sewerage pumping stations, as well as transmission and outfall facilities originally constructed by that plan. SVCW now provides wastewater transmission, treatment, and effluent disposal services for the surrounding communities including the Cities of Belmont, Redwood City, and San Carlos as well as West Bay Sanitary District (Member Entities).

The regional wastewater treatment plant has an average dry weather flow permitted capacity of 29 million gallons per day, an approximately nine-mile influent force main pipeline that conveys wastewater from the SVCW Member Entities to five pump stations, the treatment plant, and a 1.25 mile effluent disposal pipeline that discharges treated effluent into the San Francisco Bay. SVCW also provides recycled water to the City of Redwood City.

SVCW is a joint exercise of powers agency reporting to the Member Entities, all of which are located in the northern part of Silicon Valley between the cities of San Francisco and San Jose. The Agency’s wastewater treatment plant is located in the City of Redwood City and serves more than 220,000 people and businesses in San Mateo County, California. SVCW operates in a strong Bay Area economy, with a customer base that includes large business customers such as Oracle Corporation, EA Sports, and Facebook.

Governance & Management

The Agency is governed by a four-member “Commission” consisting of one appointed member from each of the Member Entities’ governing bodies. Current Commission Members are:

<u>Commissioner</u>	<u>Commission Title</u>	<u>Entity Represented</u>
Warrant Lieberman	Chair	City of Belmont
Alicia Aguirre	Vice Chair	City of Redwood City
George Otte	Secretary	West Bay Sanitary District
Mark Olbert	Member	City of San Carlos

Voting is proportional to the Member Entities' respective ownership interests in the Agency's wastewater system. There are currently a total of 100 votes which are allocated as follows:

- City of Redwood City 42 votes
- West Bay Sanitary District 28 votes
- City of San Carlos 19 votes
- City of Belmont 11 votes

A vote of at least seventy five percent is required to adopt or amend bylaws, rules, and regulations; to adopt or modify any budget; to approve any capital costs, contracts, appropriations, or transfers of more than \$75,000; to employ the manager and certain consultants; to sell or dispose of property; and to approve other designated items. Other actions of the Commission must be approved by a simple majority of the votes. In addition, any amendment to the Joint Powers Agreement must be approved by a four-fifths vote by each of the SVCW Member Entities' governing bodies.

Financial Oversight and Control

SVCW sets an annual budget according to goals established by the Commission that support operational priorities, the Capital Improvement Program (CIP) and the Long Range Financial Plan (Financial Plan). The Adopted 2018-19 Budget is consistent with those goals and reflects a progressive approach to controlling costs, minimizing unplanned expenditures, limiting risks, and investing in projects and programs that benefit the community.

SVCW has no taxing power. The Agency receives nearly all of its funding, other than interest earnings and other miscellaneous revenues, from payments made by the Member Entities. Each month, Member Entities make payments for operations, capital repairs, and cash reserves. Debt service payments are made according to schedules set by SRF loans and Bond issuances. After the close of the fiscal year, the annual payments made by each Member are reconciled against the actual expenditures allocated to each Member, and any difference is applied toward fund reserves held by the Agency on behalf of each Member.

Debt Reserves

The Agency has debt reserves as well a Commission-adopted reserve policy that was established to mitigate the negative impact of revenue shortfalls from economic fluctuations, to fund unforeseen expense requirements, to provide stable rates for member entities, and to help fund future long-term capital needs. The Operating Reserve is equal to 10% of the approved Operating and Capital Budget plus \$1 million. The Capital Improvement Program Reserve is set at an amount equal to the annual calculated depreciation of SVCW facilities to meet the long-term

needs of replacing capital assets upon reaching the end of their useful life. Each year, if the funds held in the above reserves fall below targeted levels, the Commission considers budget adjustments to return reserves to their target levels. The Agency has the ability to amend its reserve policy at any time.

Long Range Financial Plan

SVCW Member Entities' sewer rates provide the underlying repayment security for all SVCW financing. As such, SVCW developed a Long Range Financial Plan (LRFP) to provide a roadmap for funding the CIP and ongoing operating costs. The Financial Plan is updated annually and presented to the Commission for approval. It also informs Member Entities when considering sewer rates.

A LRFP combines financial projections with strategy. The Governmental Finance Officers Association (GFOA) recommends that all governments regularly engage in long-term financial planning as a collaborative process to consider future scenarios and help navigate challenges. By aligning financial capacity with long-term service objectives, SVCW and its Member Entities gain insight as to financial resources needed to support strategies. With this information, SVCW Member Entities can balance objectives and financial challenges.

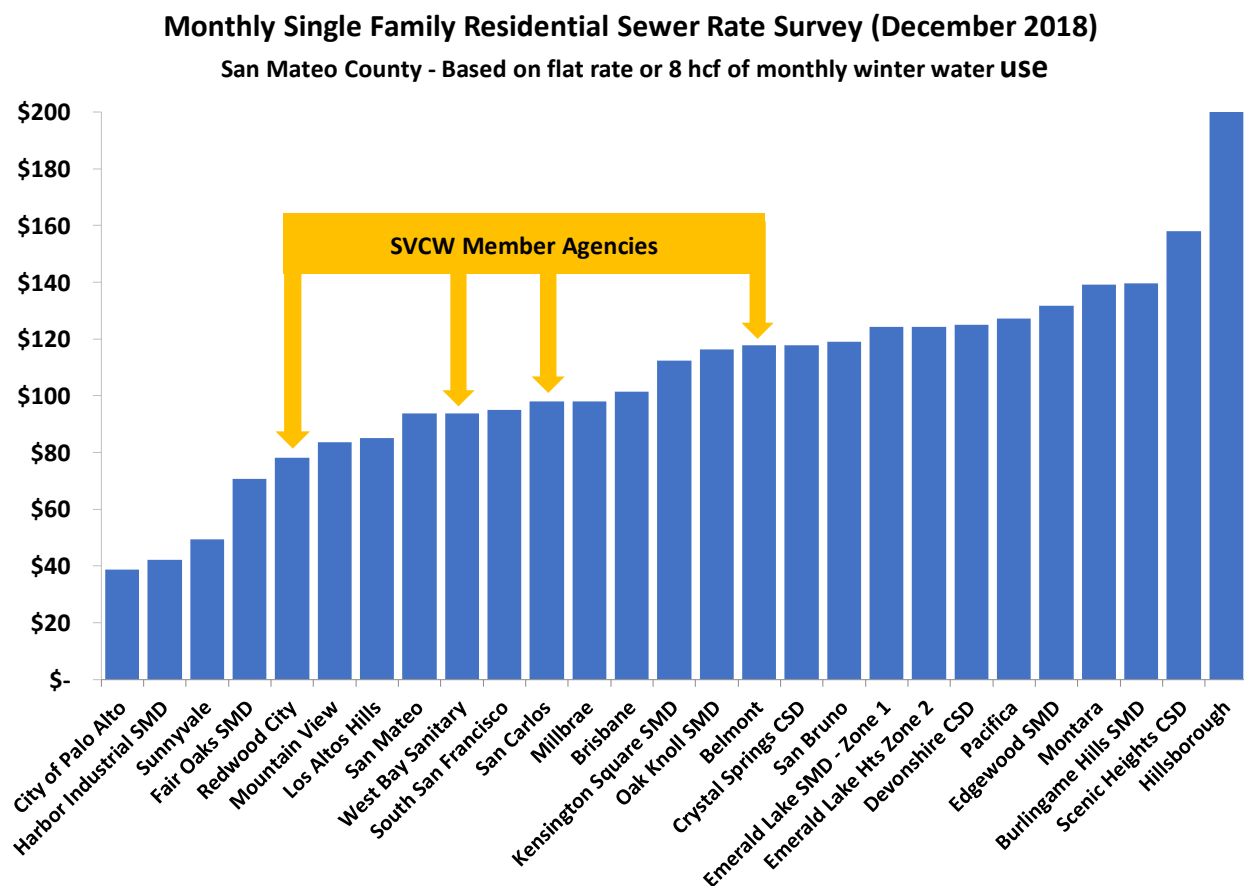
SVCW has a goal to manage its finances and meet critical funding needs, while recognizing the need to maintain reasonable wastewater rates. Going forward the LRFP is enacted through setting of annual budgets, achieving financial performance measures, and incorporating Commission-directed actions. The Financial Plan is derived from planning models that forecast operating and capital expenditures. It includes reasonably conservative assumptions and attempts to account for uncertainties. It aims to generate adequate cash reserves for capital projects while maintaining good standing in the credit markets to provide ready access to cost-effective capital financing when needed. It evaluates the capital financing and debt service coverage policies to optimize cash funding of capital investments. Finally, it continues to evaluate cash reserve policies that must consider intergenerational equity in regards to funding capital projects and raising rates.

Comparative Residential Sewer Charges

Since the introduction of the CIP, Member Agencies have been proactively raising sewer rates to support their allocable share of SVCW expenditures, as well as their own sewer operating and capital programs. While to date, rate increases have been substantial, going forward only modest increases are anticipated. The following table shows residential monthly sewer rates of Member Entities over the past ten years.

Residential Sewer Rates by Member Agency Based on 8 HCF of flow										
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Belmont	\$48.06	\$51.34	\$72.13	\$77.33	\$82.77	\$88.13	\$88.13	\$99.47	\$105.35	\$117.74
Redwood City	\$44.70	\$48.72	\$53.10	\$57.88	\$63.09	\$68.77	\$74.95	\$75.11	\$76.68	\$78.24
San Carlos	\$43.76	\$46.82	\$50.10	\$53.10	\$67.29	\$80.75	\$88.82	\$88.82	\$93.26	\$97.93
West Bay SD	\$46.67	\$54.17	\$57.50	\$62.67	\$68.33	\$74.42	\$81.08	\$85.92	\$89.33	\$93.83

Member Agencies' rates are among the middle tier of San Mateo County sewer rates, as shown in the following chart of regional monthly sewer service charges for a typical single family. It should be noted that many of these other agencies are now initiating their own large capital improvement programs, and are anticipated to face significant rate increases going forward.



Accomplishments:

Each year, SVCW management sets goals to ensure its communities' wastewater is conveyed and treated in a safe and dependable manner. Key achievements during the past year include:

Operations:

- Renewed SVCW's five-year National Pollutant Discharge Elimination Systems (NPDES) permit from the U.S. EPA. This permit expires March 31, 2023.
- Treated over 5.2 billion gallons of sewage from member agencies in compliance with NPDES permit
- Processed 10,796 wet tons of biosolids.
- Completed all 2018 bioassay tests successfully to validate effluent quality.
- Contracted a study of Nutrient Removal Technologies to consider alternative ways to meet future NPDES discharge requirements.
- Completed installation and functional testing of new Rotary Drum Thickener process equipment.
- Installed new Hypochlorite and Bisulfite dosing Carrier Water Systems.
- Installed new food waste handling facility at grease septic pit to support pilot study.
- Completed Food Waste study with Kennedy Jenks Engineering and California Energy Commission.
- Completed site visits and final selection for Pump Station Design Project.
- Attended Water Technology Alliance Fact Finding technology tour in Denmark
- Adjusted treatment processes to support Chlorine Contact Tank Pass #1 recoating and crack repair.
- Participated in development of Stage 2 Chlorine Contact tank Pass 2 and 3 recoating, valve replacement and installation of new overflow wall in wet pit "B" for 1st pass level control.
- Drafted operations and maintenance guidance document for use in all upcoming projects (FOP, PSI, GP and Plant Reliability)
- Implemented new Elogger Anywhere solution on mobile devices for remote logging.
- Developed and incorporated the solids process reads into Elogger to eliminate paper-based read sheets.
- Participated in plant automation planning and design decisions.
- Partnered with Kennedy Jenks Engineering and Stanford University in pilot project for Anaerobic Fluidized Bed Membrane Bio Reactor for treating wastewater.
- Replaced SCPS 48" V4 force main valve and MPPS Flow Equalization Valve 404.
- Joined Information Technology Division to install SCADA video wall for improved monitoring of plant processes and security.
- Began dosing ferric chloride into Redwood Shores force main to better manage plant odors and inhibit concrete corrosion by reducing hydrogen sulfide gas.

- Installed barscreen debris compactor at Redwood City Pump Station to improve safety and reduce labor requirements.
- Hosted Hach WIMS (water information management system) Bay Area user group.
- Hosted meetings with Consulate General of Denmark to improve wastewater treatment processes.
- Participated in U.S. EPA 2018 Anaerobic Digester Data Collection Study.
- Witnessed Clemson Hydraulic Modeling Study for RESCU Program Front of Plant Receiving Lift Station.
- Participated in planning sessions to configure Cogsdale Operations and Maintenance Corrective and Preventative Maintenance Work Order Development

Maintenance:

- Completed a total of 10,061 corrective and predicted work orders.
- Installed trash compactor at RWCPs to compact trash removed from incoming flow at this location. This greatly improved operators' safety by not having to load and offload buckets of rags to truck and haul them to plant. Also improved men power efficiency.
- Completed PLC upgrade to Controllogix PLC system at the Redwood city pump station Facility. All equipment controls completed, tested and new graphics generated and integrated.
- Completed PLC upgrade to Controllogix PLC system at the San Carlos pump station Facility and Booster station. All equipment controls completed, tested and new graphics generated and integrated.
- Completed PLC upgrade to Controllogix PLC system at the Belmont pump station Facility. All equipment controls completed, tested and new graphics generated and integrated.
- Completed installation and repairs of all sewage pumps discharge and check valves at the San Carlos Pump Station.
- Completed installation of upgraded Hypo Diffuser system and carrying dosing water to the chlorination dosing system in "CL2 Mix Box".
- Installed PH and conductivity sensors system at the Menlo Park PS to monitor incoming waste water flow to the station.
- Installed PH and conductivity sensors system at the Redwood City PS to monitor incoming waste water flow to the station.
- Installed PLC controls and integrated to SCADA to the Redwood City PS odor control hypo dosing system.
- Replaced aged compressor that supply dry air to the Laboratory building.
- Replaced unreliable "Hot water loop" 3-way mix valve actuators and controls with new and improved technology (LINAX actuators)

- Replaced an existing sewage chopper pump at the Redwood City pump station with a higher flow and discharge head pressure capacity to improve wet weather pumping conditions at this pump station.
- Modified digester tanks condensation traps with self-drain p-traps system to ensure condensation is continuously draining.
- Installed digester gas conditioning wireless gas temperature monitoring system for process controls.
- Replaced an old 30" valve on the force main that returns flow from the "Flow Equalization Facility" (FEF) to the Menlo Park pump station.
- Replaced an old Force main 48" valve that diverts flow to the San Carlos Booster Station during high wet weather flows.

Environmental Services:

- Performed 144 industrial sampling events.
- Reissued 4 mandatory wastewater discharge permits which provided succession training for staff.
- Partnered with lab staff to perform 100 pump station sampling events, sampling continues to include the Port of Redwood City dedicated sampling location, allowing more accurate data from the Port which contributes to overall Redwood City total.
- Evaluated and permitted approximately 35 non-routine and groundwater requests for discharge. Requests for Groundwater Discharge from construction sites has increased due to increased construction activity in Belmont, Menlo Park and San Carlos. The requests for Low Volume Discharge permits increased. Low Volume Discharges are ongoing non-hazardous wastewater discharges. These types of discharges are originating from the new biotechnology laboratory facilities moving into Menlo Park, Redwood City and San Carlos. This has provided opportunity for staff succession training.
- ES staff partnered with the Engineering department to develop a discharge strategy for the discharge of high salinity groundwater from the SVCW Front of the Plant construction projects. ES staff is involved with permitting the discharge of groundwater from the SVCW RESCU Project sites. This includes coordinating discharge requests from non SVCW contractors. This has provided opportunity for staff succession training.
- A local limits update has been started. This update identifies pollutants in the plant incoming wastewater and provides a technical base to develop limits for these compounds. The last local limits study was performed in 1989. This provides opportunity for staff succession training.
- Coordinated water conservation presentations made to 4,852 students, teachers and parents. Conveyed pollution prevention message to over 120 elementary students.

- Performed 639 Fats, Oils and Grease inspections and visits at commercial restaurants in Redwood City, San Carlos and unincorporated San Mateo County. Outreach for proper disposal of grease removal devices was done also at these sites.
- Taught sewer science course to 900 local high school students.
- Sponsored two Marine Science Institute voyages for schools.
- Staffed a booth at the Marine Science Institute's Earth Day event attended by 2,700 community members, and 150 members at the Belmont Earth Day event.
- Conducted multiple treatment plant tours for over 360+ community members.

Laboratory:

- With the issuance of a new 5-year NPDES Permit in April of 2018, the Laboratory staff successfully implemented changes to the sampling frequency and testing of the SVCW Influent and Effluent. The NPDES Permit is extremely detailed concerning compliance.
- Two Laboratory Analyst Is were promoted to Laboratory Analyst IIs and are being trained in the more sophisticated laboratory methods due to the retirement of a senior laboratory member.
- The Laboratory supported the Operations Department with around-the-clock testing for new process equipment and projects including the Rotary Drum thickeners, Gravity Thickeners, and Food Waste Project.
- Laboratory Staff generated 30,000 reportable results during 2018 in support of Plant Operations, Permit Regulations, Environmental Services, and customer projects. These results included daily pH measurements of the Effluent to trace metal analysis of Industrial User samples collected by SVCW Environmental Inspectors.

Safety:

- Developed and implemented new system to track safety issues, capture accident details, and streamline incident reporting to actively identify and eliminate or control health and safety hazards.
- Trained and certified 5 employees through a 40 hour Confined Space Rescue Class to provide additional confined space rescue expertise during emergencies.
- Collaborated with O&M Directors and Supervisors to develop and implement a daily safety moment awareness program by employees for employees to encourage more buy-in to improve our safety culture.
- Continued to refine the SMART system and observed employee usage to help prevent injuries and accidents. Provided additional SMART posters, banners, stickers, and trainings to staff to raise safety awareness to reduce injuries.

- Achieved 100% completion of bi-monthly tailgates on targeted areas by supervisors to improve safety mindfulness.
- Maintained Experience Modification to 64%, resulting in a 36% discount in our workers' compensation insurance rate; thus, saving over \$132,000 in premiums.

Engineering:

- Completed 6 Construction Projects, improving the reliability and efficiency of the treatment processes. Projects included installing pump station valve replacement, food waste receiving pilot project, Front of Plant site preparation project, Primary Sedimentation Tank rehabilitation project and phase 1 of chlorine contract tank rehabilitation.
- Completed the work to address the emergency conditions related to 12 kV vault repair.
- Negotiated contracts and completed Stage 1 design work with two Design-Build firms for implementation of two high-profile RESCU projects: Gravity Pipeline and Front of Plant Improvements. Both projects are under construction.
- Completed the selection of design-build team for Pump Station Improvements and negotiated the Stage 1 contract for design work.
- Completed the assessment of photo-voltaic system and energy storage using a battery system.
- Negotiated the contract for design and installation of a 1MW/2MWh energy storage system using Tesla batteries to shave electrical utility demand. SVCW has been awarded a \$1 million SGIP (Self-Generation Incentive Program) incentive for implementation of this project.
- Started construction for a new 12kV Switchgear that will allow redundancy to the electrical supply throughout the plant, enable export-import to fully utilize all biogas generated, and power the Front of the Plant Improvements. The new switchgear will also be located on elevated platform above the 100-year flood level.
- Completed construction of Food Waste Receiving Pilot project. This California Energy Commission (CEC) sponsored project faced numerous challenges including permitting challenges from BAAQMD and CalRecycle as well as challenges in securing feedstock. SVCW continues to progress on its commitment to organic codigestion and is working with its sister agency SBWMA to explore the implementation of its full-scale organics codigestion project.

- Progressed discussions with regional partners on feasibility of developing potable reuse as a new water supply.
- Completed construction of rehabilitation of Phase 1 of chlorine contact tank project.
- Started construction of Control Building HVAC system.
- Completed selection of a design-build team for WWTP Reliability Improvements, negotiated contract and completed the 100% design work. Also started construction of the project. This project includes replacement of both DMF backwash pumps, replacement of all four aeration blowers with high efficiency turbo blowers, and replacement of centrifuge with two high-efficiency rotary presses amongst other improvements.

Information Systems:

- Solved SCADA Multicasting issue that had inhibited redundancy at the Programmable Logic Controller (PLC) level.
- Helped configure the hosted environment for the new financial system infrastructure to meet security and access requirements.
- Configured SDWAN Viptela Solution for Azure to monitor bandwidth of the hosted financial system.
- Assisted Instrumentation team to upgrade new Building Management System that monitors the air handling in the control building.
- Upgraded Cisco IP Phone System to latest version, extending its useful life for another year.
- Configured new front gate keycard and access systems.
- Upgraded TRAPS Anti-malware/Antivirus to a cloud-based solution with reporting features.
- Oversaw SCADA emergency fiber project to ensure redundant connectivity at the PLC level.
- Installed and Configured Cisco Hyperflex system and Fabric Interconnects to provide additional processing and memory capacity, as well as improve fault tolerance.
- Fully updated Vcenter and Unified Computing System infrastructure to support virtual networking and computing solutions.

- Installed new multimedia displays in lunch room, worked with administration to implement hardware & software solutions.
- Implemented Security Mentor training program to raise staff awareness of their role in ensuring computer security.
- Implemented Microsoft Teams product to introduce new audio-conferencing functionality.
- Increased forensic logging thru SPLUNK, which improves diagnostic capabilities in the event of security events or hardware failures.
- Introduced online Emergency Console Server to add diagnostic tools used in the event of hardware failure.

Administration & Finance:

- Effective July 01, 2018, implemented Phase I of the new Microsoft Dynamics financial system. SVCW is now using the system for all general ledger, purchasing, accounts payable, and inventory management activity.
- Submitted Letter of Interest for a Water Infrastructure Finance and Innovation Act (WIFIA) loan to the U.S. Environmental Protection Agency and, once selected, completed the formal WIFIA application process.
- Successfully negotiated and concluded negotiations with Stationary Engineers, Local 39 AFL-CIO union representatives. Memorandum of Understanding covers a five-year period and ensures that both SVCW and its represented employees are well positioned relative to the labor market.
- Completed the 2017-18 financial statement audit, including capitalization of \$4 million in construction projects completed during the year and \$40 million in Construction-in-Progress.
- Updated the Long-Range Finance Plan in January 2019 for changes in debt mix, construction schedule, and inflationary factors. If SVCW successfully secures its new debt structure from the U.S. Environmental Protection Agency and the state of California Water Resources Control Board, it may reduce borrowing costs by an estimated Net Present Value \$40 million.
- Transitioned into the new manager and senior management team upon appointment of the new Manager in July 2018.
- Created and distributed an on-boarding document for current and new Commissioners. The document includes mission and vision statements which direct the ongoing administration of the agency.

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SECTION 2 – OPERATING BUDGET SUMMARY

The 2019-20 Operating and Revenue-Funded Budget anticipates approximately \$25.16 million in Net Operating Expenses and \$1.68 million for Revenue-Funded Capital projects next year. Reserve Designations are aligned with Agency policy and include \$1.05 million in Cash Reserve Contributions. Debt Service Payments are budgeted to be \$20.29 million in 2019-20.

Year-over-year Budgeted Member Entity Contributions				
Description	2018-19 Adopted Budget	2019-20 Proposed Budget	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Gross Operating Expenses	\$ 24,979,821	\$ 26,219,289	\$ 1,239,468	4.96%
Less Miscellaneous Revenue	(766,198)	(1,059,500)	293,302	38.28%
Net Operating Expenses	\$ 24,213,623	\$ 25,159,789	\$ 946,166	3.91%
Revenue-Funded Capital	1,485,500	1,684,325	198,825	13.38%
Reserve Designations	984,034	1,047,634	63,600	6.46%
Total Contributions before Debt Service	\$ 26,683,157	\$ 27,891,748	\$ 1,208,591	4.53%
Debt Service, Participating members	\$ 20,389,946	\$ 20,287,459	\$ (102,487)	(0.50%)
Total Member Contributions	\$ 47,073,103	\$ 48,179,208	\$ 1,106,105	2.35%

- Gross Operating Expenditures will increase by \$1.24 million (4.96%), of which \$694 thousand was from ordinary inflationary pressures on wages and other personnel costs. Non-personnel cost increases were caused by price increases for chemicals and biosolids disposal.
- Miscellaneous Revenue will be \$293.3 thousand higher next year as SVCW initiates a stormwater monitoring program, recognizes higher volume in food grease receipts, and raises the rates SVCW charges for laboratory and source control services.
- Revenue-funded capital spending will be \$1.68 million, or \$199 thousand more than the 2018-19 Budget to address immediate needs for technology, facilities, and equipment.
- Reserve Designations will increase by \$63.6 thousand next year. The 2019-20 Budget follows Reserve Policy and contributes \$1 million annually to the CIP Reserve and \$47.6 thousand to Operating Reserves.
- Debt Service Payments are relatively unchanged, a \$102 thousand decrease from current year. Further description in Section 5 draws its analysis from SVCW's January 2019 Long-Range Financial Plan. While a significant amount of new debt is being secured to finance \$559 million in capital improvement projects over the next several years, this debt will largely be sourced from federal and state loans which are structured to be repaid after completion of construction.

Expenditure Allocations:

Operating Revenues are allocated according to the Joint Powers Agreement (JPA) between Member Entities. The allocation methodology uses a combination of three flow and loading factors: Flow, Biochemical Oxygen Demand (BOD), and Suspended Solids (SS). These factors are based on three-year averages and updated annually. SVCW applies the JPA-defined formula to allocate annual budgeted operating costs to Member Entities.

The updated three-year flow and loading factors below illustrate how flow and loading figures changed proportionate to Member Agencies' absolute figures.

Three-year Average Flow and Loading Averages - by Member				
Agency	Factor	2018-19 Adopted Budget	2019-20 Adopted Budget	Point Increase/ (Decrease)
Belmont	Flow	12.43%	11.82%	(0.61)
	Biochem. Oxygen Demand	12.44%	12.29%	(0.15)
	Suspended Solids	11.97%	11.72%	(0.25)
Redwood City	Flow	47.49%	49.49%	2.00
	Biochem. Oxygen Demand	44.63%	44.89%	0.26
	Suspended Solids	46.74%	47.62%	0.88
San Carlos	Flow	13.89%	14.45%	0.56
	Biochem. Oxygen Demand	12.29%	12.83%	0.54
	Suspended Solids	11.57%	12.19%	0.62
WBSD	Flow	26.19%	24.24%	(1.95)
	Biochem. Oxygen Demand	30.64%	29.99%	(0.65)
	Suspended Solids	29.72%	28.47%	(1.25)

The above year-over-year changes reflect relative flow and loading behaviors between Member Entities. These metrics are presented to the SVCW Technical Committee for validation.

Member Agency Operating Contributions Calculation:

Flow and Loading factors are incorporated in the below table to allocate budgeted operating expenditures:

2019-20 Budget Revenue Allocation to Member Agencies - Adopted									
Description				Belmont	Redwood City	San Carlos	West Bay San District	TOTAL	
Allocation Factors									
Flow				11.82%	49.49%	14.45%	24.24%	100%	
Biochemical Oxygen Demand (BOD)				12.29%	44.89%	12.83%	29.99%	100%	
Suspended Solids (SS)				11.72%	47.62%	12.19%	28.47%	100%	
Operating Expenditures	Weightings								
	Flow	BOD	SS						
	Operations	26.5%	33.5%	40.0%	\$ 1,161,587	\$ 4,592,948	\$ 1,265,301	\$ 2,710,779	\$ 9,730,616
	Maintenance	26.5%	33.5%	40.0%	772,899	3,056,065	841,909	1,803,704	6,474,578
	Laboratory	26.5%	33.5%	40.0%	211,372	835,772	230,245	493,276	1,770,665
	Environmental Services	26.5%	33.5%	40.0%	148,127	585,699	161,353	345,682	1,240,862
	Engineering	26.5%	33.5%	40.0%	96,585	381,901	105,209	225,400	809,095
	Safety	100.0%	0.0%	0.0%	57,165	239,347	69,884	117,231	483,627
	Information Services	26.5%	33.5%	40.0%	216,440	855,811	235,765	505,103	1,813,120
	Administrative Services	100.0%	0.0%	0.0%	460,593	1,928,490	563,077	944,567	3,896,727
Subtotal				\$ 3,124,770	\$ 12,476,033	\$ 3,472,743	\$ 7,145,743	\$ 26,219,289	
Subtract Miscellaneous Income	26.5%	33.5%	40.0%	\$ 126,477	\$ 500,095	\$ 137,770	\$ 295,158	\$ 1,059,500	
2019-20 Net Operating Revenue Required				\$ 2,998,293	\$ 11,975,938	\$ 3,334,973	\$ 6,850,585	\$ 25,159,789	
2018-19 Net Operating Revenue Required				2,973,317	11,245,294	3,067,987	6,927,025	24,213,623	
\$ Increase / (Decrease)				24,976	730,644	266,986	(76,440)	946,166	
% Increase / (Decrease)				0.84%	6.50%	8.70%	(1.10%)	3.91%	

Miscellaneous Revenue:

Miscellaneous Revenue is derived from grease and septic receipts, property leases, and services performed by the Laboratory and Environmental Services Divisions. In 2018-19 SVCW will continue to receive Pacific Gas & Electric grant revenue associated with electricity production from the cogeneration engines.

2019-20 Budget Miscellaneous Revenue						
Description	2017-18 Actual	2018-19 Adopted Budget	2018-19 Forecast	2019-20 Proposed Budget	\$ Incr/(Decr) v. Forecast	% Incr/(Decr) v. Forecast
Grease & Septic Receiving	\$ 324,150	\$ 275,000	\$ 325,000	\$ 325,000	\$ -	0.0%
Cell Tower Lease	25,276	26,034	25,000	25,000	-	0.0%
Property Lease	32,857	15,163	48,000	48,000	-	0.0%
Equipment Sales	42,000	30,000	30,000	30,000	-	0.0%
Source Control	72,782	65,000	70,000	87,500	17,500	25.0%
Laboratory Services	25,696	30,000	35,000	50,000	15,000	42.9%
Interest Earnings	38,968	25,000	40,000	40,000	-	0.0%
Cogen Performance Incentive	262,635	275,000	275,000	275,000	-	0.0%
Stormwater Monitoring	-	-	-	154,000	154,000	-
Other	65,367	25,000	25,000	25,000	-	0.0%
TOTAL	\$ 889,731	\$ 766,198	\$ 873,000	\$ 1,059,500	\$186,500	21.4%

Capital and Reserve Contributions:

As described in Section 4 of this budget, Revenue-financed Capital projects are estimated at \$1.68 million in 2019-20. Those costs are allocated to Members according to JPA-defined percentages, which are based on each Member Agency's dry weather capacity owned and its allocated share of future dry weather capacity.

2019-20 Capital and Reserve Allocation Calculations										
Description		City of Belmont		Redwood City		City of San Carlos	West Bay San District	TOTAL		
Capital and Reserve Allocation Factors		9.45%		48.57%		15.14%	26.84%	100.00%		
CAPITAL IMPROVEMENT										
Plant (cash-funded capital)	\$	46,241	\$	237,665	\$	74,084	\$	131,335	\$	489,325
Pump Stations		-		-		-		-		-
Force Main		-		-		-		-		-
Equipment		112,928		580,412		180,923		320,738		1,195,000
Subtotal	\$	159,169	\$	818,077	\$	255,007	\$	452,073	\$	1,684,325
RESERVE CONTRIBUTIONS										
Operating Reserve	\$	4,501	\$	23,136	\$	7,212	\$	12,785	\$	47,634
CIP Reserve		94,500		485,700		151,400		268,400		1,000,000
Subtotal	\$	99,001	\$	508,836	\$	158,612	\$	281,185	\$	1,047,634
Contributions for Capital & Reserves	\$	258,170	\$	1,326,913	\$	413,619	\$	733,258	\$	2,731,959

Section 5 of this Budget briefly reviews the CIP and its associated debt service payments, which vary as certain Members opt to self-finance a portion of the CIP rather than participate in SVCW debt. Cash reserves, discussed in Section 6, reflect SVCW policy.

Total Member Entity Contributions:

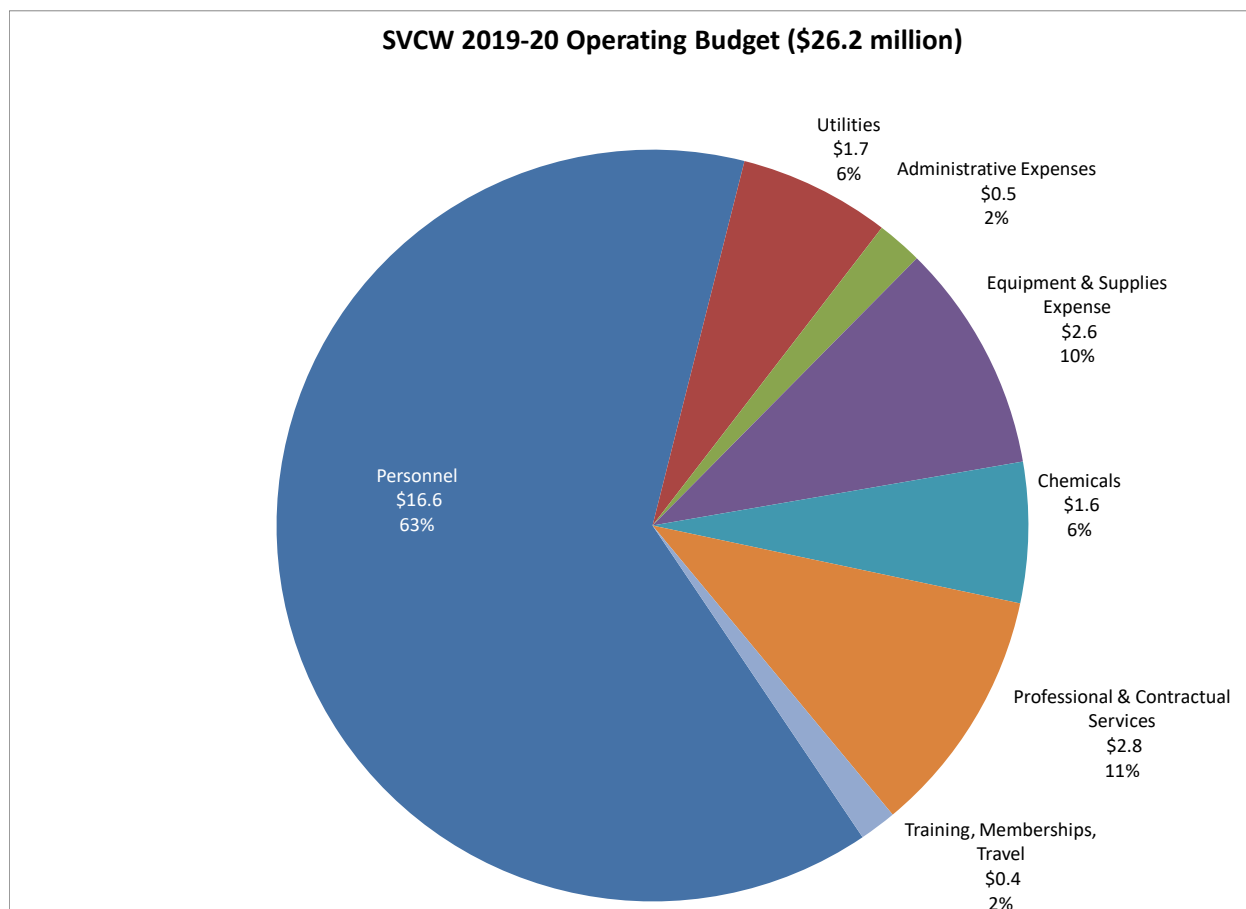
Total 2019-20 contributions (including debt service) will be \$48.2 million, as allocated in the table below:

2019-20 Budget - Total Contributions by Member Agency						
Description	City of Belmont	Redwood City	City of San Carlos	West Bay San District	TOTAL	
Net Operating Expenditures	\$ 2,998,293	\$ 11,975,938	\$ 3,334,973	\$ 6,850,585	\$ 25,159,789	
Revenue-Funded Capital Expenditures	159,169	818,077	255,007	452,073	1,684,325	
Reserve Contributions	99,001	508,836	158,612	281,185	1,047,634	
Projected Debt Service	178,425	10,999,297	3,477,413	5,632,324	20,287,459	
Total Contributions to SVCW	\$ 3,434,888	\$ 24,302,148	\$ 7,226,005	\$ 13,216,166	\$ 48,179,208	

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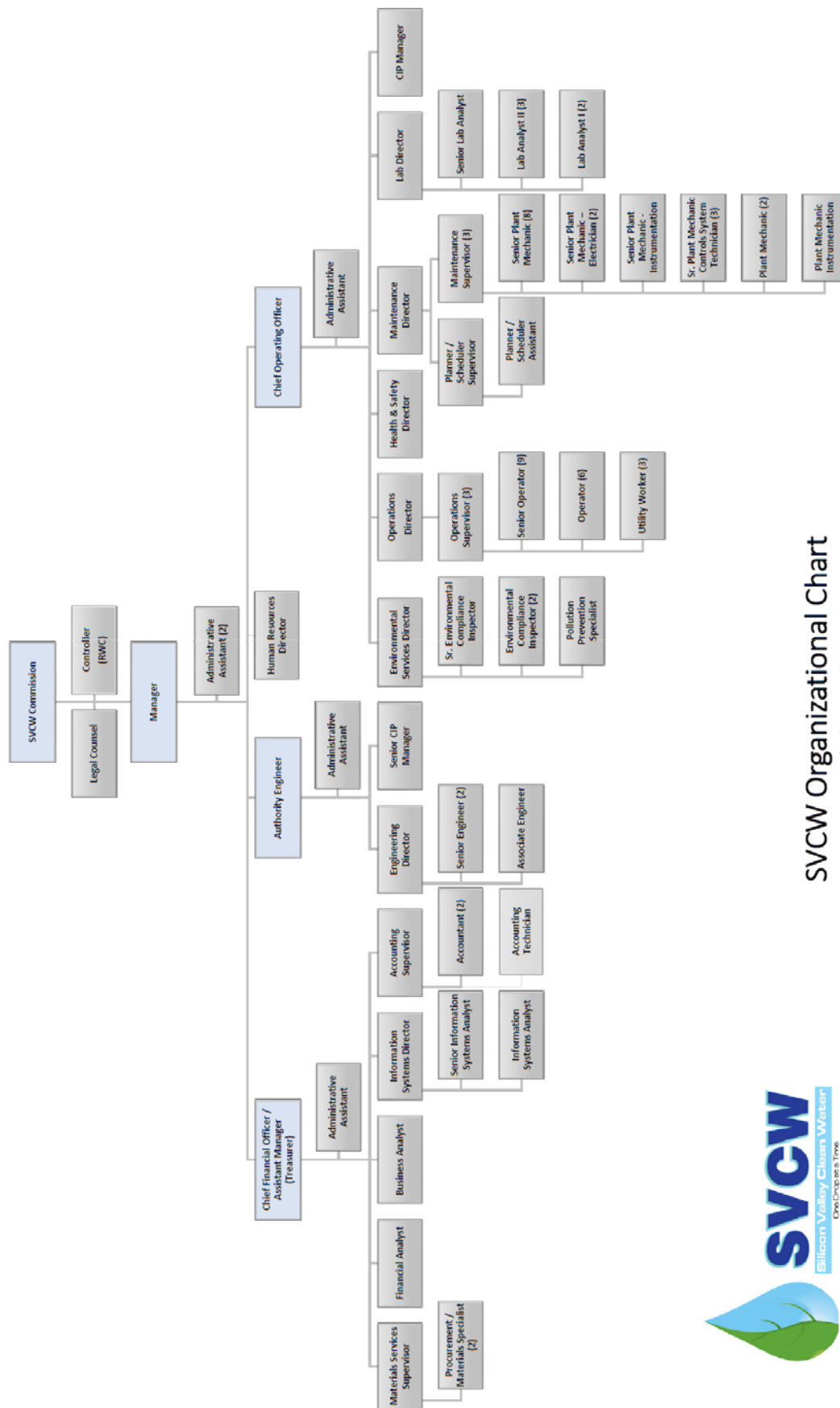
SECTION 3 – GROSS OPERATING EXPENDITURES

The FY 2019-20 Gross Operating Budget will be \$26.2 million. The below chart illustrates the significant expenditure categories, showing 63% of expenditures are for personnel-related costs associated with approximately 79 full-time equivalent employees in the Operating Budget.



Personnel:

Operating Budget staffing levels have ranged from 72 to 79 full time equivalents across eight divisions since 2010 when SVCW increased staffing to address critical maintenance matters and develop a capital improvement program. Those positions, as well employees dedicated to the Capital Improvement Program, are illustrated in the following organization chart.

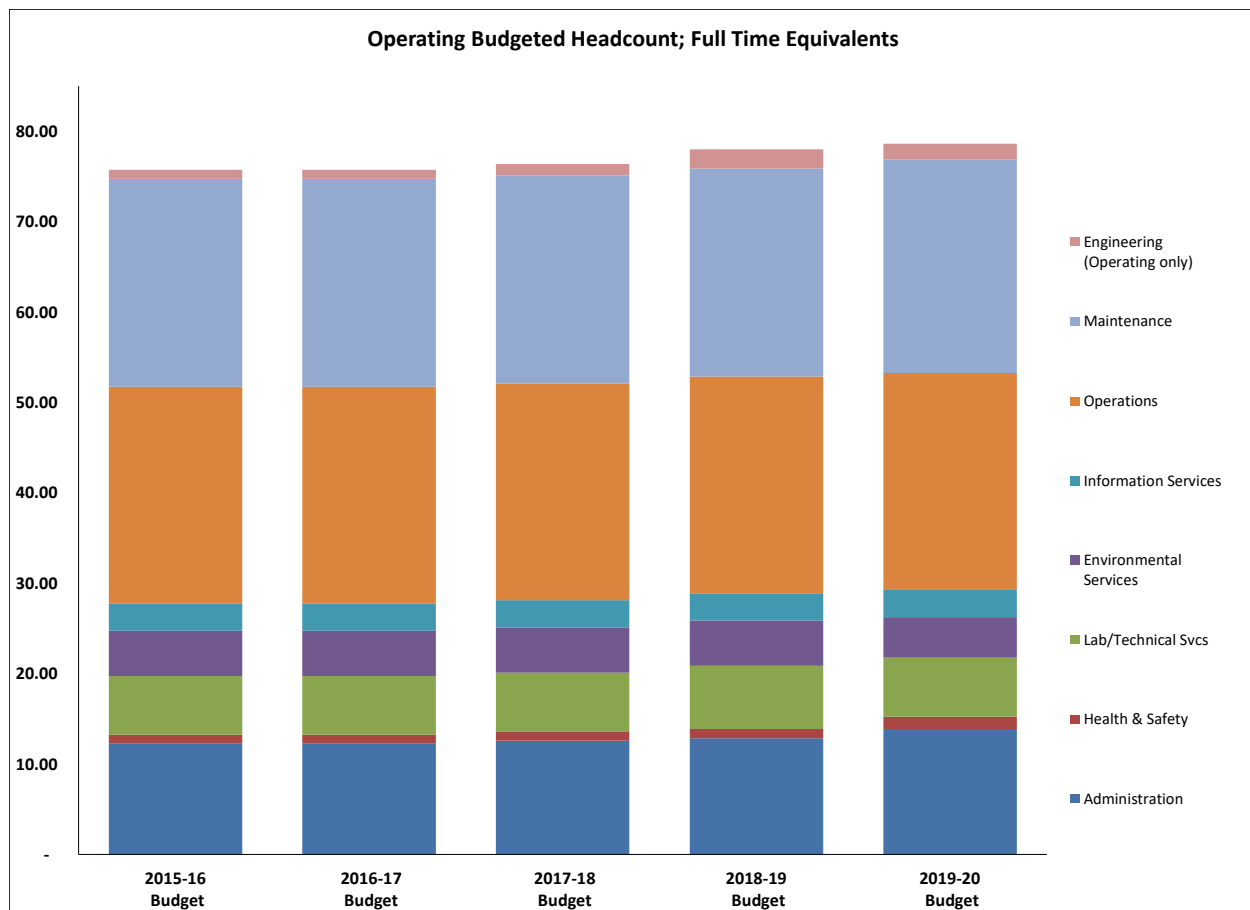


SVCW Organizational Chart
Revised January 2019

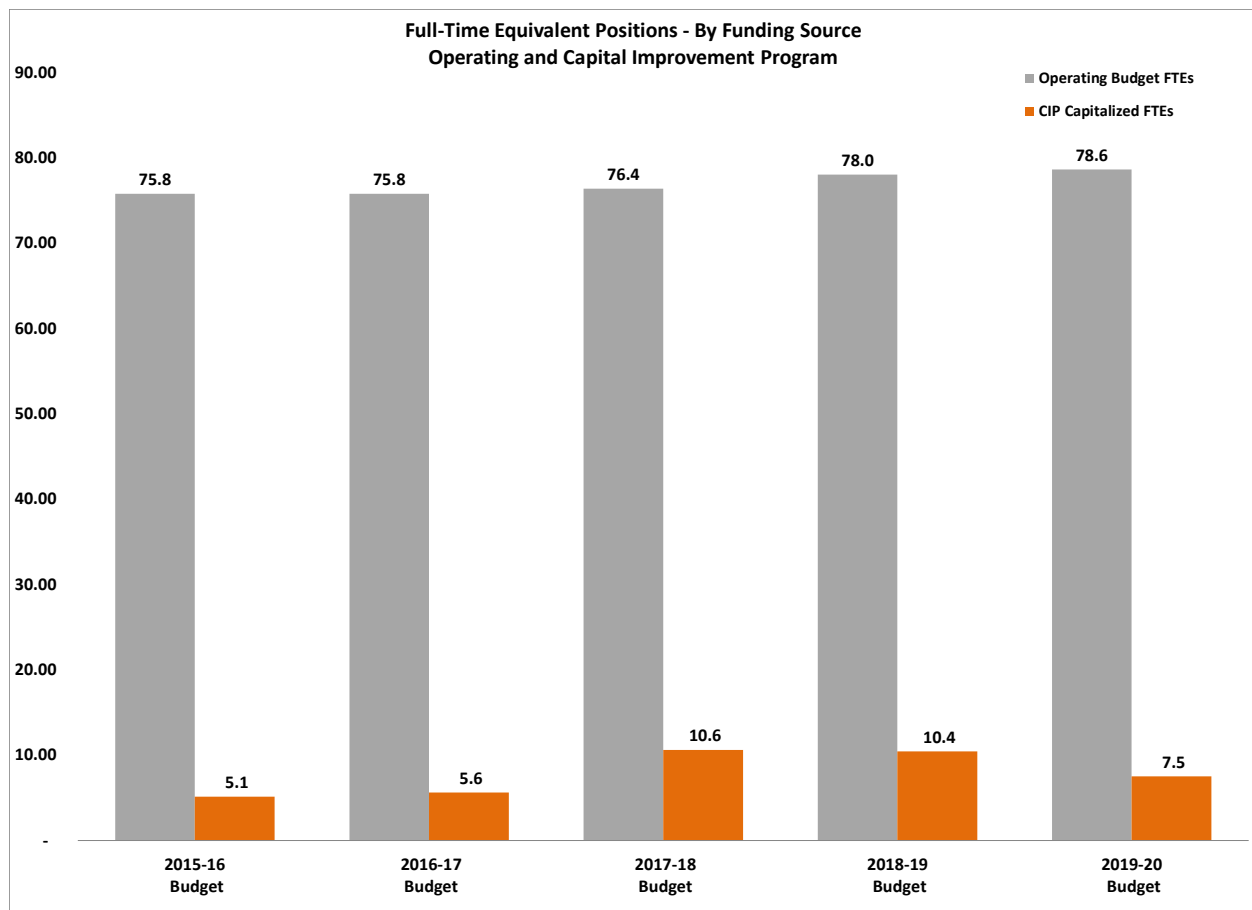


As noted in the table below, the number of positions in the Operating Budget will increase by less than one Full Time Equivalent position. The Maintenance Division will replace a consultant's retirement with an instrumentation mechanic to build expertise on industrial control systems. Concurrently, Maintenance has agreed to reassign 40% of a mechanic to focus on safety matters. The Environmental Services Division will retire next fiscal year and management is considering effective ways to respond to the vacancy. The Engineering Division will reduce one part-time engineering position, and Administration recently hired an Accounting Technician to respond to increased RESCU-related volume and prepare for implementing an in-house payroll solution.

Full-time Equivalent Headcount - Operating Budget						
Department	2015-16 Budget	2016-17 Budget	2017-18 Budget	2018-19 Budget	2019-20 Budget	Increase/ (Decrease)
Operations	24.00	24.00	24.00	24.00	24.00	-
Maintenance	23.00	23.00	23.00	23.00	23.60	0.60
Lab/Technical Svcs	6.50	6.50	6.50	7.00	6.50	(0.50)
Environmental Services	5.00	5.00	5.00	5.00	4.50	(0.50)
Engineering (Operating only)	1.00	1.00	1.25	2.15	1.75	(0.40)
Health & Safety	1.00	1.00	1.00	1.00	1.40	0.40
Information Services	3.00	3.00	3.00	3.00	3.00	-
Administration	12.25	12.25	12.63	12.88	13.88	1.00
TOTAL Full Time Equivalents	75.75	75.75	76.38	78.03	78.63	0.60



In addition to the Operating Budget headcount figures, certain Engineering Division positions are dedicated to capital improvement projects. It should be noted that the Operating Budget excludes those costs. As SVCW is now in a critical phase of its Capital Improvement Program, projects are now much larger and complex and require additional departmental administration. The chart below defines the number of positions that have been traditionally charged to capital projects versus operating costs, and further illustrates how the 2019-20 Budget continues to dedicate approximately seven staff to manage increasingly large and complex projects.



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Operating Costs Summary by Objective:

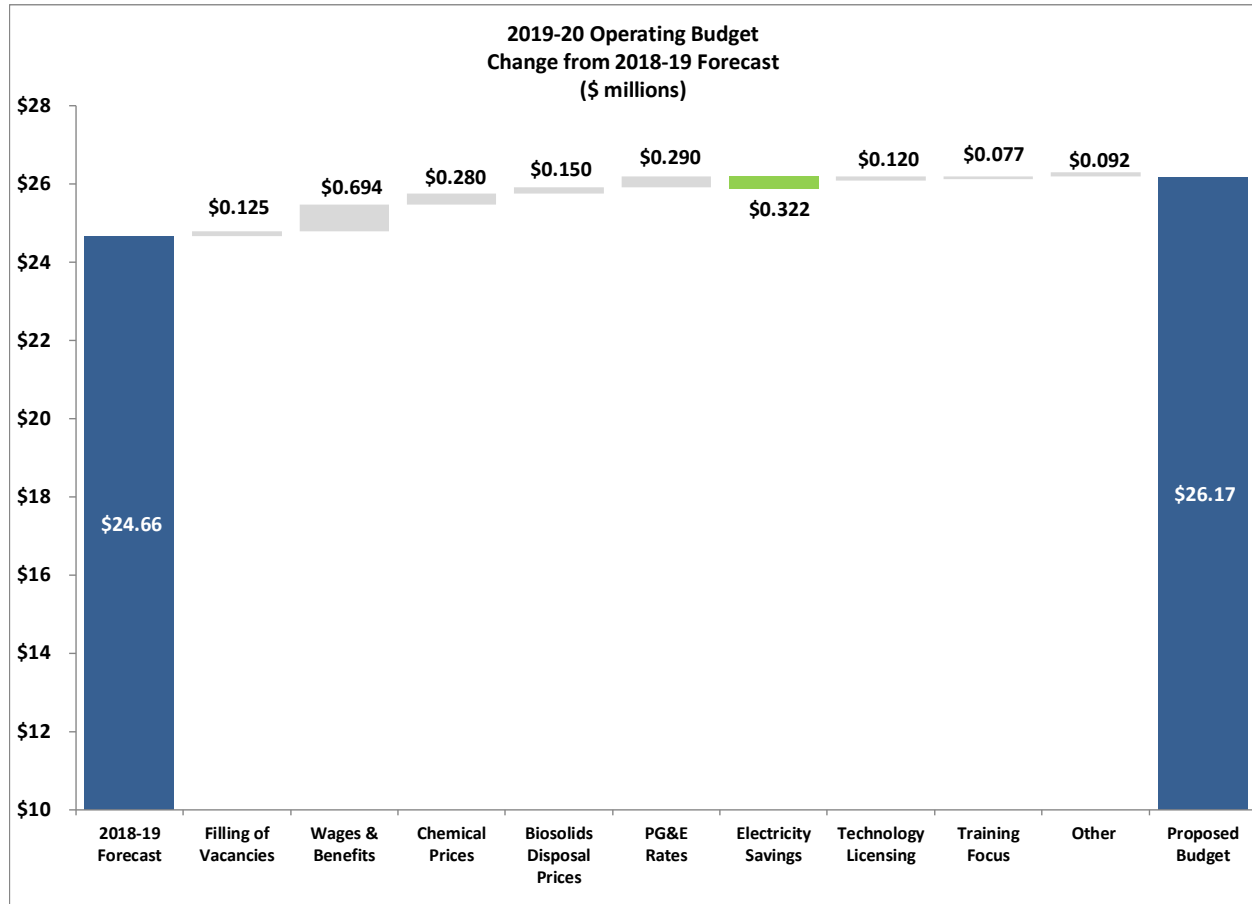
Gross Operating Expenses (compared to 2018-19 Forecast) increases by \$1.56 million, or 6.3%.

Silicon Valley Clean Water Expenditure Summary - By Objective						
Description	2017-18 Actual	Adopted 2018-19 Budget	2018-19 Forecast	Proposed 2019-20 Budget	\$ Incr/(Decr) v. Forecast	% Incr/(Decr) v. Forecast
Personnel	\$ 15,207,143	\$ 15,733,910	\$ 15,698,059	\$ 16,617,606	\$ 919,547	5.9%
Utilities	1,687,808	1,722,015	1,664,548	1,706,040	41,492	2.5%
Administrative Expenses	294,882	475,993	524,270	516,149	(8,121)	(1.5%)
Equipment & Supplies Expense	2,983,773	2,663,872	2,568,308	2,587,690	19,382	0.8%
Chemicals	1,132,356	1,521,768	1,304,688	1,584,372	279,684	21.4%
Professional & Contractual Services	2,451,240	2,492,590	2,563,998	2,791,690	227,692	8.9%
Training, Memberships, Travel	300,671	369,673	338,708	415,742	77,034	22.7%
TOTAL	\$ 24,057,873	\$ 24,979,821	\$ 24,662,570	\$ 26,219,289	\$ 1,556,719	6.3%

Comparing the 2019-20 Budget to the 2018-19 Forecast:

- Personnel costs will increase by \$919 thousand, or 5.9% compared to the 2018-19 Forecast. Approximately \$175 thousand of this increase is due to vacant positions during the first half of 2018-19. The remaining increase is largely due to cost-of-living and step adjustments.
- Utilities costs are increasing by \$41.5 thousand, or 2.5%, substantially below the anticipated 7% increase in PG&E's rates. This modest increase is achievable by increasing the amount of energy currently produced by cogeneration engines. Whereas currently in-house cogeneration on average provides 67% of the treatment plant's energy, this will increase to approximately 80% upon completion of a new 12kV switchgear project and reduce costs by \$166 thousand next fiscal year. Additionally, energy reductions of a new thickening processes will further reduce costs by \$41 thousand next fiscal year.
- Administrative Expense will decrease by \$8.1 thousand (1.5%), due to timing. SVCW does not anticipate the recruiting costs incurred in the current fiscal year.
- Chemicals will increase by \$279.7 thousand, or 21.4%. Chemical providers have advised that prices will increase by approximately 10% to 30% next fiscal year. Additionally, SVCW has increased its use of corrosion-arresting chemicals to slow deterioration in the conveyance system.
- Professional & Contractual Services will increase by \$227.7 thousand, or 8.7%, the majority of which was caused by increased price of biosolids disposal. As a growing number of counties regulate biosolid disposal sites, the distance and costs of disposal have increased.

- Training, Memberships, and Travel will increase by \$77 thousand (22.7%). SVCW is emerging from a period of employees being heavily involved in project design and operational shutdowns to support projects. The organization intends to provide training and education to ensure employees perform effectively.



Silicon Valley Clean Water Operating Expenditures						
Description	2017-18 Actual	Adopted 2018-19 Budget	2018-19 Forecast	Proposed 2019-20 Budget	\$ Incr/(Decr) v. Forecast	% Incr/(Decr) v. Forecast
Personnel:						
Salaries	\$ 10,514,212	\$ 11,223,994	\$ 11,412,567	\$ 11,690,427	\$ 277,861	2.4%
Overtime	292,501	250,149	204,090	278,675	74,584	36.5%
Other Employee Benefits	2,419	-	-	-	-	-
Retirement Benefit Contributions	1,867,219	1,367,491	1,420,376	2,192,917	772,541	54.4%
Health Insurance	1,478,494	1,693,869	1,510,744	1,634,875	124,131	8.2%
Payroll Tax	3,106	-	-	-	-	0.0%
Workers' Compensation	190,997	238,464	229,337	246,798	17,461	7.6%
Health Insurance - Retiree	701,108	791,213	753,934	396,865	(357,069)	(47.4%)
Medicare	157,087	168,730	167,011	177,049	10,038	6.0%
Subtotal: Personnel Costs	15,207,143	15,733,910	15,698,059	16,617,606	919,547	5.9%
Utilities	1,687,808	1,722,015	1,664,548	1,706,040	41,492	2.5%
Administrative Expenses	294,882	475,993	524,270	516,149	(8,121)	(1.5%)
Equipment & Supplies Expense:						
Office Supplies	46,220	16,800	48,764	23,012	(25,752)	(52.8%)
Rentals & Leases	71,665	64,224	59,245	81,328	22,083	37.3%
Supplies & Expenses	733,213	527,031	498,795	642,392	143,597	28.8%
Equipment Maint - Materials	941,114	821,834	761,251	869,628	108,377	14.2%
Equipment Maint - Services	1,041,146	1,086,775	1,089,122	898,742	(190,380)	(17.5%)
Non-Capital Equipment	150,415	147,208	111,131	72,588	(38,543)	(34.7%)
Subtotal: Equipment & Supplies	2,983,773	2,663,872	2,568,308	2,587,690	19,382	0.8%
Chemicals	1,132,356	1,521,768	1,304,688	1,584,372	279,684	21.4%
Professional Services	1,027,371	848,506	888,172	870,182	(17,990)	(2.0%)
Contractual Services	1,423,869	1,644,084	1,675,826	1,921,508	245,682	14.7%
Memberships & Meetings	69,107	87,544	70,296	78,317	8,021	11.4%
Conferences & Travel	91,354	119,533	111,032	125,273	14,241	12.8%
Training	140,210	162,596	157,381	212,152	54,772	34.8%
TOTAL EXPENDITURES	\$ 24,057,873	\$ 24,979,821	\$ 24,662,580	\$ 26,219,289	\$ 1,556,709	6.3%

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Total Operating Expenditures by Division

Compared to the 2018-19 Forecast, Divisional changes in budget ranged according to individual strategies. Analysis of each Division is described on the following several pages.

Silicon Valley Clean Water Expenditure Summary - By Division						
Description	2017-18 Actual	Adopted 2018-19 Budget	2018-19 Forecast	Proposed 2019-20 Budget	\$ Incr/(Decr) v. Forecast	% Incr/(Decr) v. Forecast
Operations	\$ 8,362,803	\$ 9,187,056	\$ 8,969,185	\$ 9,730,616	\$ 761,432	8.5%
Maintenance	6,472,619	6,359,611	6,241,824	6,474,578	232,753	3.7%
Laboratory Services	1,665,523	1,758,907	1,755,478	1,770,665	15,187	0.9%
Environmental Services	1,074,415	1,173,532	1,164,815	1,240,862	76,047	6.5%
Engineering	648,525	763,033	716,731	809,095	92,364	12.9%
Safety	377,629	401,813	414,866	483,627	68,761	16.6%
Information Services	1,596,401	1,687,833	1,612,257	1,813,120	200,863	12.5%
Administration	3,859,958	3,648,035	3,787,415	3,896,727	109,302	2.9%
TOTAL	\$ 24,057,873	\$ 24,979,821	\$ 24,662,570	\$ 26,219,289	\$ 1,556,719	6.3%

Operations

The Operations Division treats the wastewater of the Member Agencies economically and efficiently while meeting or exceeding all requirements of the National Pollutant Discharge Elimination System (NPDES) permit. A stable, well-trained work force monitors and controls process stability while striving to develop new and better operating methods.

The Division has a total of 24 full-time equivalent positions including an Operations Director and three Operations Supervisors. Staff also includes eight Senior Operators, seven Operators, three Utility Workers, and an Administrative Assistant. The Division also includes costs associated with the Wastewater Superintendent position. There are no changes in headcount planned next year.

Operations Department Expenditures						
Description	2017-18 Actual	Adopted 2018-19 Budget	2018-19 Forecast	Proposed 2019-20 Budget	\$ Incr/(Decr) v. Forecast	% Incr/(Decr) v. Forecast
Personnel:						
Salaries	\$ 3,032,581	\$ 3,298,328	\$ 3,361,307	\$ 3,456,955	\$ 95,648	2.8%
Overtime	151,070	148,103	126,985	156,977	29,992	23.6%
Retirement Benefit Contributions	528,282	394,653	424,682	674,084	249,402	58.7%
Health Insurance	470,402	497,786	470,884	546,182	75,298	16.0%
Workers' Compensation	65,232	82,519	79,470	84,065	4,595	5.8%
Health Insurance - Retiree	218,959	242,208	233,545	124,100	(109,445)	(46.9%)
Medicare	45,613	50,471	50,170	52,882	2,712	5.4%
Subtotal: Personnel Costs	4,512,139	4,714,068	4,747,043	5,095,244	348,202	7.3%
Utilities	1,521,136	1,551,375	1,498,010	1,534,200	36,190	2.4%
Administrative Expenses	703	-	-	-	-	
Equipment & Supplies Expense:						
Rentals & Leases	7,239	-	920	4,404	3,484	378.7%
Supplies & Expenses	15,793	702	5,826	38,268	32,442	556.8%
Equipment Maint - Materials	8,190	-	32,065	-	(32,065)	(100.0%)
Equipment Maint - Services	89	-	-	-	-	0.0%
Non-Capital Equipment	4,668	15,096	7,565	-	(7,565)	(100.0%)
Subtotal: Equipment & Supplies	35,979	15,798	46,376	42,672	(3,704)	(8.0%)
Chemicals	1,132,356	1,521,768	1,304,688	1,584,372	279,684	21.4%
Professional Services	48,484	-	22,002	-	(22,002)	(100.0%)
Contractual Services	1,067,563	1,316,019	1,277,810	1,418,424	140,614	11.0%
Memberships & Meetings	3,742	7,884	5,210	8,304	3,094	59.4%
Conferences & Travel	7,708	22,104	22,387	300	(22,087)	(98.7%)
Training	32,993	38,040	45,659	47,100	1,441	3.2%
TOTAL EXPENDITURES	\$ 8,362,803	\$ 9,187,056	\$ 8,969,185	\$ 9,730,616	\$ 761,432	8.5%

As compared to the 2018-19 Forecast, significant increases / decreases in the operating budget for Operations include:

- Personnel costs will increase \$335.6 thousand, or 7.1%, representing annual adjustments in compensation. Overtime increases by \$30 thousand and are based on a three-year trailing average, driven by an increased frequency and intensity of wet weather events.
- Budgeted Utilities Expense will marginally increase by \$36.2 thousand, or 2.4%. This increase is less than a projected PG&E rate increase of 10%, worth \$330 thousand. Additionally, cogeneration engine savings increases by \$167 thousand next year as SVCW completes a switchgear project to allow increase power production. SVCW has also replaced thickening process equipment which operates more efficiently and saves \$41 thousand in electricity.
- Chemical costs will increase by \$279.7 thousand (21.4%) next year. The majority of this increase is attributable to higher prices as advised by vendors. Additionally, SVCW has increased its use of nitrate to inhibit corrosion that otherwise occurs in the conveyance pipes.
- Contractual Services will increase by \$140.6 thousand (11%) in 2019-20. The cost of biosolids removal will increase as more California counties move to regulate disposal sites, thereby affecting the costs and distance involved.

Maintenance

The Maintenance Division is a service and support function whose objective is to assure that all equipment and facilities operate in a reliable and safe manner through well-planned and administered programs of preventative maintenance, corrective maintenance, replacement, and modification. Maintenance programs are implemented by a well-trained staff utilizing modern administrative and technical tools and skills.

There are 23.6 full-time equivalent positions in the Maintenance Division. It works under the direction of the Maintenance Director, three Maintenance Supervisors, and a Planner/Scheduler Supervisor. Staff includes nine Senior Plant Mechanics, two Plant Mechanics, four Instrumentation Mechanics, and three Senior Electrical Mechanics. In response to a consultant no longer being available next year, Maintenance headcount increases by one Instrumentation Mechanic to deepen in-house knowledge. Additionally, next year SVCW will dedicate 0.40 of a Maintenance position to the Safety division to strengthen the safety program.

Maintenance Services Department Expenditures							
Description	2017-18 Actual	Adopted 2018-19 Budget	2018-19 Forecast	Proposed 2019-20 Budget	\$ Incr/(Decr) v. Forecast	% Incr/(Decr) v. Forecast	
Personnel:							
Salaries	\$ 3,013,481	\$ 3,211,494	\$ 3,273,098	\$ 3,326,069	\$ 52,971	1.6%	
Overtime	67,390	61,810	40,569	71,155	30,586	75.4%	
Retirement Benefit Contributions	535,492	394,649	420,987	664,241	243,253	57.8%	
Health Insurance	482,968	542,043	485,926	532,126	46,200	9.5%	
Workers' Compensation	66,356	81,740	78,648	85,535	6,887	8.8%	
Health Insurance - Retiree	211,970	232,116	223,303	117,810	(105,493)	(47.2%)	
Medicare	44,845	48,098	47,775	50,832	3,057	6.4%	
Subtotal: Personnel Costs	4,422,797	4,571,951	4,570,306	4,847,768	277,461	6.1%	
Utilities	9,069	-	636	-	(636)		
Administrative Expenses	15	-	2,557	-	(2,557)		
Equipment & Supplies Expense:							
Office Supplies	178	-	103	-	(103)	(100.0%)	
Rentals & Leases	15,161	26,496	20,746	26,004	5,258	25.3%	
Supplies & Expenses	263,566	122,392	89,518	93,972	4,454	5.0%	
Equipment Maint - Materials	910,875	810,084	714,124	760,584	46,460	6.5%	
Equipment Maint - Services	723,077	742,272	665,341	538,320	(127,021)	(19.1%)	
Non-Capital Equipment	18,840	24,000	23,380	25,596	2,216	9.5%	
Subtotal: Equipment & Supplies	1,931,697	1,725,244	1,513,212	1,444,476	(68,736)	(4.5%)	
Contractual Services	55,325	6,396	87,664	92,574	4,910	5.6%	
Memberships & Meetings	5,233	5,880	4,257	6,576	2,319	54.5%	
Conferences & Travel	5,986	10,475	11,551	10,980	(571)	(4.9%)	
Training	42,497	39,665	51,641	72,204	20,563	39.8%	
TOTAL EXPENDITURES	\$ 6,472,619	\$ 6,359,611	\$ 6,241,824	\$ 6,474,578	\$ 232,753	3.7%	

As compared to the 2018-19 Forecast, significant increases / decreases in the operating budget for Maintenance include:

- Personnel costs will increase \$277.4 thousand, or 6.1%, largely due to contractual increases in wages (step increases and cost-of-living adjustments) and associated benefits.
- Total Equipment & Supplies expenses will decrease by \$68 thousand (4.5%) as certain costs for facilities management, fleet repairs, and fuel are shifted from Maintenance to the Purchasing group in the Administration Division. This change in responsibility allows the Maintenance Division to better focus on wastewater activities.
- Training increases by \$20.6 thousand (39%), as the Maintenance Division strives to deepen its knowledge of critical investments being made in automation and instrumentation.

Laboratory Services

The Laboratory Services Division performs all laboratory support for process control and regulatory compliance. Staff is scientifically trained and technically experienced to perform the collection and analysis of wastewater samples.

The Laboratory Director oversees two Water Quality Specialists, a Lab Analyst I, a Lab Analyst II, a Senior Lab Analyst, and a Lab Assistant.

Laboratory Services Department Expenditures							
Description	2017-18 Actual	Adopted 2018-19 Budget	2018-19 Forecast	Proposed 2019-20 Budget	\$ Incr/(Decr) v. Forecast	% Incr/(Decr) v. Forecast	
Personnel:							
Salaries	\$ 760,974	\$ 849,969	\$ 865,589	\$ 856,429	\$ (9,160)	(1.1%)	
Overtime	26,416	17,756	15,283	20,689	5,406	35.4%	
Retirement Benefit Contributions	129,670	98,386	103,125	145,349	42,224	40.9%	
Health Insurance	101,163	138,623	101,287	101,478	191	0.2%	
Payroll Tax	-	-	-	-	-	0.0%	
Workers' Compensation	17,254	22,456	21,280	22,783	1,503	7.1%	
Health Insurance - Retiree	57,039	64,680	65,174	33,150	(32,024)	(49.1%)	
Medicare	11,657	13,217	12,951	13,464	513	4.0%	
Subtotal: Personnel Costs	1,104,173	1,205,086	1,184,690	1,193,342	8,652	0.7%	
Administrative Expenses	223,822	281,593	299,535	291,990	(7,545)	(2.5%)	
Equipment & Supplies Expense:							
Office Supplies	180	-	-	-	-		
Rentals & Leases	1,305	996	498	-	(498)	(100.0%)	
Supplies & Expenses	111,869	105,000	97,180	99,996	2,816	2.9%	
Equipment Maint - Materials	8,825	8,004	10,002	18,000	7,998	80.0%	
Equipment Maint - Services	49,385	46,779	50,011	50,514	503	1.0%	
Non-Capital Equipment	38,382	23,112	25,943	31,200	5,257	20.3%	
Subtotal: Equipment & Supplies	209,946	183,891	183,634	199,710	16,076	8.8%	
Professional Services	8,717	6,000	3,000	6,000	3,000	100.0%	
Contractual Services	82,581	55,221	71,172	50,228	(20,944)	(29.4%)	
Memberships & Meetings	8,138	7,982	1,850	10,438	8,588	464.2%	
Conferences & Travel	12,042	8,500	7,094	8,170	1,076	15.2%	
Training	16,104	10,634	4,503	10,787	6,284	139.6%	
TOTAL EXPENDITURES	\$ 1,665,523	\$ 1,758,907	\$ 1,755,478	\$ 1,770,665	\$ 15,187	0.9%	

As compared to the 2019-20 Forecast, significant increases / decreases in the operating budget for Laboratory Services include:

- Due to the organizational considerations, Personnel costs are anticipated to increase only \$8.6 thousand, or 0.7%.
- Contractual Services will decline by \$20.9 thousand (29%). During the current year SVCW incurred costs associated with finalizing its NPDES permit renewal. Those costs will not be needed next year.

Environmental Services

The Environmental Services Division supports process control and regulatory compliance. The experienced staff collects samples from on site and in the field, and also administers the Industrial Pretreatment and the Pollution Prevention Programs. The Division issues permits to entities that handle wastewater, groundwater discharge, septic and restaurant grease. It also conducts sanitary sewer complaint response, fats oils and grease inspections and performs public and educational outreach for the communities within our service area.

The current Director of Environmental Services will retire after the first quarter of the new fiscal year, and Management is considering organizational strategies. The Director oversees three Environmental Compliance Inspectors and a Pollution Prevention Specialist.

Environmental Services Department Expenditures							
Description	2017-18 Actual	Adopted 2018-19 Budget	2018-19 Forecast	Proposed 2019-20 Budget	\$ Incr/(Decr) v. Forecast	% Incr/(Decr) v. Forecast	
Personnel:							
Salaries	\$ 681,367	\$ 717,491	\$ 736,151	\$ 748,487	\$ 12,336	1.7%	
Overtime	9,894	8,303	4,701	9,830	5,129	109.1%	
Retirement Benefit Contributions	123,233	90,202	99,318	158,756	59,438	59.8%	
Health Insurance	79,596	85,451	78,914	79,926	1,012	1.3%	
Workers' Compensation	14,619	18,165	17,551	17,727	175	1.0%	
Health Insurance - Retiree	45,922	50,460	48,325	24,650	(23,675)	(49.0%)	
Medicare	9,770	10,662	10,644	11,129	485	4.6%	
Subtotal: Personnel Costs	964,401	980,734	995,603	1,050,503	54,900	5.5%	
Administrative Expenses	30,952	40,757	33,289	37,961	4,672	14.0%	
Equipment & Supplies Expense:							
Rentals & Leases	-	1,320	660	1,320	660	100.0%	
Supplies & Expenses	5,706	10,500	18,430	19,746	1,316	7.1%	
Equipment Maint - Materials	-	996	498	-	(498)	(100.0%)	
Equipment Maint - Services	-	1,200	600	1,200	600	100.0%	
Non-Capital Equipment	7,184	6,600	9,930	12,996	3,066	30.9%	
Subtotal: Equipment & Supplies	12,890	20,616	30,118	35,262	5,144	17.1%	
Professional Services	20,405	50,000	50,500	33,000	(17,500)	(34.7%)	
Contractual Services	32,256	55,244	39,459	57,824	18,365	46.5%	
Memberships & Meetings	2,343	3,813	1,668	2,264	596	35.7%	
Conferences & Travel	5,096	12,900	7,245	9,200	1,955	27.0%	
Training	6,072	9,468	6,933	14,848	7,915	114.2%	
TOTAL EXPENDITURES	\$ 1,074,415	\$ 1,173,532	\$ 1,164,815	\$ 1,240,862	\$ 76,047	6.5%	

As compared to the 2018-19 Forecast, significant increases / decreases in the operating budget for Environmental Services include:

- Personnel costs will increase \$54.9 thousand, or 5.5% the net post-reorganization result of anticipated increases in pay and associated benefits.
- Administrative Expenses include annual permit fees for air quality, fire, and hazardous materials. They will increase by \$4.7 thousand, due to recent price increases.
- Professional Services will decrease by \$17.5 thousand, reflecting work that is being done in the current fiscal year to study local pollution limits and draft language for a new ordinance. This work will not be needed next year.
- Contractual Services will increase by \$18.4 thousand for costs associated with the new stormwater monitoring program.

Engineering

The Engineering Division is responsible for improvements and replacement of SVCW capital facilities. Engineering staff provides oversight, direction, and management of the capital improvement projects. It works to build safe, innovative, sustainable, efficient, and cost-effective infrastructure that ensures the longevity of SVCW facilities and protects the investments made by customers. Engineering achieves this through building successful partnerships with peers, consultants, and contractors from a project's inception through construction and into start-up with the highest levels of professionalism, integrity, and fairness.

The Division is currently focused on the RESCU program and improvements to the wastewater treatment plant. It works under the direction of the Authority Engineer and an Engineering Director, whose staff includes three Senior Engineers, one CIP Manager, two Administrative Assistants, and one Engineering Intern during the summer. Engineering labor is predominantly charged to capital projects; therefore the 2019-20 Operating Budget contains 75% of the Engineering Director and 25% of a Senior Engineer.

Engineering Department Expenditures							
Description	2017-18 Actual	Adopted 2018-19 Budget	2018-19 Forecast	Proposed 2019-20 Budget	\$ Incr/(Decr) v. Forecast	% Incr/(Decr) v. Forecast	
Personnel:							
Salaries	\$ 167,889	\$ 389,184	\$ 361,658	\$ 404,877	\$ 43,220	12.0%	
Overtime	351	-	-	-	-	-	
Retirement Benefit	82,317	44,546	33,235	54,086	20,850	62.7%	
Health Insurance	21,658	51,979	47,183	46,538	(645)	(1.4%)	
Payroll Tax	534	-	-	-	-	0.0%	
Workers' Compensation	525	897	1,082	1,054	(28)	(2.6%)	
Health Insurance -	10,253	21,698	21,034	8,415	(12,619)	(60.0%)	
Medicare	2,642	5,643	5,148	5,871	723	14.0%	
Subtotal: Personnel	286,169	513,947	469,340	520,841	51,501	11.0%	
Utilities	585	-	196	-	(196)	(100.0%)	
Administrative Expenses	39	-	3,229	5,004	1,775	55.0%	
Equipment & Supplies Expense:							
Office Supplies	1,527	-	1,748	924	(824)	(47.1%)	
Supplies & Expenses	29,310	8,616	4,436	3,600	(836)	(18.8%)	
Equipment Maint -	7,133	-	-	-	-		
Subtotal: Equipment &	37,970	8,616	6,184	4,524	(1,660)	(26.8%)	
Professional Services	254,213	189,000	193,541	204,000	10,459	5.4%	
Contractual Services	10,050	-	-	-	-	-	
Memberships & Meetings	9,551	20,870	12,688	20,146	7,458	58.8%	
Conferences & Travel	38,704	24,000	24,483	45,700	21,217	86.7%	
Training	11,244	6,600	7,070	8,880	1,810	25.6%	
TOTAL EXPENDITURES	\$ 648,525	\$ 763,033	\$ 716,731	\$ 809,095	\$ 92,364	12.9%	

As compared to the 2018-19 Forecast, significant increases / decreases in the operating budget for Engineering include:

- Personnel costs will increase \$51.5 thousand, approximately \$10 thousand of which is due to the increasing assignment of labor to the Operating Budget. As the CIP matures and completes projects, the Engineering Division is shifting resources to support wastewater operations. The remaining increase represents ordinary inflationary pressures.
- Professional Services expense will increase by \$10.5 thousand next fiscal year, as consulting services may be needed after the reduction in one Engineering position.
- Conferences expense will increase by \$21 thousand. Additional funds are needed for the Engineering Director who was elected Vice President of the California Water Environment Association (CWEA), a wastewater education authority that certifies, trains, and develops wastewater professionals. Additionally, the Engineering department intends to attend several conferences focused on the topics of water reuse and nutrient removal, both of which are critical engineering issues for SVCW.

Safety

The Safety Division develops, implements, and oversees all safety programs for the agency. It is staffed with one Health and Safety Director. To deepen safety preparedness from the perspective of an operations and maintenance employee, 40% of one mechanic has been assigned to safety matters.

Safety Department Expenditures							
Description	2017-18 Actual	Adopted 2018-19 Budget	2018-19 Forecast	Proposed 2019-20 Budget	\$ Incr/(Decr) v. Forecast	% Incr/(Decr) v. Forecast	
Personnel:							
Salaries	\$ 167,164	\$ 183,951	\$ 194,334	\$ 244,829	\$ 50,495	26.0%	
Retirement Benefit Contributions	16,580	13,099	14,717	33,838	19,121	0.0%	
Health Insurance	26,959	28,735	28,441	29,513	1,072	3.8%	
Workers' Compensation	3,543	4,562	4,367	6,053	1,686	38.6%	
Health Insurance - Retiree	9,275	10,092	9,804	7,140	(2,664)	(27.2%)	
Medicare	2,378	2,667	2,733	3,550	817	29.9%	
Subtotal: Personnel Costs	225,899	243,106	254,396	324,923	70,527	27.7%	
Administrative Expenses	14,121	25,500	27,436	25,500	(1,936)	(7.1%)	
Equipment & Supplies Expense:							
Rentals & Leases	622	-	-	-	-	0.0%	
Supplies & Expenses	76,429	70,682	70,235	70,685	450	0.6%	
Equipment Maint - Materials	4,632	2,750	3,927	2,748	(1,179)	(30.0%)	
Equipment Maint - Services	2,777	6,000	1,562	6,000	4,438	284.1%	
Non-Capital Equipment	597	2,800	6,513	2,796	(3,717)	(57.1%)	
Subtotal: Equipment & Supplies	85,057	82,232	82,237	82,229	(8)	(0.0%)	
Professional Services	4,553	-	-	-	-		
Contractual Services	23,672	26,400	20,927	26,404	5,477	26.2%	
Memberships & Meetings	1,350	2,760	7,169	2,760	(4,409)	(61.5%)	
Conferences & Travel	2,873	3,815	3,636	3,815	179	4.9%	
Training	20,104	18,000	19,065	17,996	(1,069)	(5.6%)	
TOTAL EXPENDITURES	\$ 377,629	\$ 401,813	\$ 414,866	\$ 483,627	\$ 68,761	16.6%	

As compared to the 2018-19 Forecast, significant increases / decreases in the operating budget for Safety include:

- Personnel costs will change \$70.5 thousand (27%). Approximately \$65 thousand is the 40% reassignment of a mechanic's time to safety matters. The balance of the increase is inflationary pressure on pay and associated benefits.

Information Services

The Information Services Division manages all technology and information systems of the agency. The Information Services Director oversees two Senior Information System Analysts.

Information Services Department Expenditures							
Description	2017-18 Actual	Adopted 2018-19 Budget	2018-19 Forecast	Proposed 2019-20 Budget	\$ Incr/(Decr) v. Forecast	% Incr/(Decr) v. Forecast	
Personnel:							
Salaries	\$ 470,853	\$ 512,648	\$ 535,992	\$ 550,517	\$ 14,525	2.7%	
Overtime	15,661	-	-	-	-	-	
Retirement Benefit Contributions	101,823	88,115	89,997	124,596	34,599	38.4%	
Health Insurance	43,308	46,656	36,329	45,859	9,530	26.2%	
Workers' Compensation	10,589	13,186	12,758	14,065	1,306	10.2%	
Health Insurance - Retiree	27,740	30,276	28,992	15,300	(13,692)	(47.2%)	
Medicare	7,182	7,710	7,797	8,249	452	5.8%	
Subtotal: Personnel Costs	677,156	698,590	711,866	758,586	46,720	6.6%	
Utilities	157,018	170,640	165,706	171,840	6,134	3.7%	
Equipment & Supplies Expense:							
Office Supplies	32,106	-	30,353	900	(29,453)	(97.0%)	
Administrative Expenses	143	-	1,265	-	(1,265)	-	
Rentals & Leases	43,860	34,200	34,347	40,800	6,453	18.8%	
Supplies & Expenses	134,465	132,900	101,303	222,080	120,777	119.2%	
Equipment Maint - Services	236,784	257,380	309,325	223,700	(85,625)	(27.7%)	
Equipment Maint - Materials	-	-	499	88,296	87,797	17594.6%	
Non-Capital Equipment	73,464	75,600	37,800	-	(37,800)	(100.0%)	
Subtotal: Equipment & Supplies	520,822	500,080	514,892	575,776	60,884	11.8%	
Professional Services	197,715	231,000	198,533	218,504	19,971	10.1%	
Contractual Services	39,792	64,000	7,005	67,700	60,695	866.5%	
Memberships & Meetings	1,761	1,523	1,980	1,523	(457)	(23.1%)	
Conferences & Travel	472	7,000	3,744	5,000	1,256	33.5%	
Training	1,665	15,000	8,531	14,191	5,660	66.3%	
TOTAL EXPENDITURES	\$ 1,596,401	\$ 1,687,833	\$ 1,612,257	\$ 1,813,120	\$ 200,863	12.5%	

As compared to the 2018-19 Forecast, total expenditures in the Information Services Division will increase by \$200.8 thousand. Significant variances include:

- Personnel costs will increase \$46.7 thousand, or 6.6%, for anticipated increases in pay and associated benefits.
- Utilities will increase by \$6 thousand as telecommunication rates increase for remote connectivity to pump stations.
- Overall equipment and supply costs will increase next year as timing of multi-year software licenses are paid.
- The Information Services Division has added approximately \$96 thousand to professional and contractual services in anticipation of initiatives to improve SCADA solutions.

Administrative Services

The Administrative Services Division provides legal, financial, personnel, and administrative support to the Commission, Manager, and other Divisions. It is committed to presenting a positive and professional image of SVCW to the general public and Member Agencies. The Division is responsible for human resources, accounting, purchasing, risk management, and asset management. All costs associated with the Commission, Manager's office, General Counsel, and CFO are included in the Administrative Services Division. Additionally, certain accounting and payroll processing services provided by Redwood City are included.

Administrative staff includes the Manager, an Administrative Assistant, the Human Resources Director, and the Chief Financial Officer / Assistant Manager who oversees a Materials Services Supervisor (with a staff of two Purchasing Coordinators and an administrative assistant. The Chief Financial Officer also manages the accounting group that consists of an Accounting Supervisor, two Accountants, one Accounting Technician, a Financial Analyst, and a Business Analyst.

Administrative Services Department Expenditures							
Description	2017-18 Actual	Adopted 2018-19 Budget	2018-19 Forecast	Proposed 2019-20 Budget	\$ Incr/(Decr) v. Forecast	% Incr/(Decr) v. Forecast	
Personnel:							
Salaries	\$ 2,219,903	\$ 2,060,928	\$ 2,085,784	\$ 2,102,264	\$ 16,480	0.8%	
Overtime	21,719	14,178	15,207	20,025	4,817	31.7%	
Other Employee Benefits	2,419	-	-	-	-	-	
Retirement Benefit Contributions	349,822	243,842	231,444	337,968	106,524	46.0%	
Health Insurance	252,440	302,595	264,649	253,254	(11,396)	(4.3%)	
Payroll Tax	2,277	-	-	-	-	0.0%	
Workers' Compensation	12,879	14,940	14,180	15,517	1,337	9.4%	
Health Insurance - Retiree	119,950	139,683	123,757	66,300	(57,457)	(46.4%)	
Medicare	33,000	30,262	29,794	31,073	1,279	4.3%	
Subtotal: Personnel Costs	3,014,409	2,806,427	2,764,816	2,826,400	61,584	2.2%	
Administrative Expenses	25,087	128,143	156,947	155,694	(1,253)	(0.8%)	
Equipment & Supplies Expense:							
Office Supplies	12,229	16,800	16,234	21,188	4,954	30.5%	
Rentals & Leases	3,478	1,212	2,074	8,800	6,726	324.3%	
Supplies & Expenses	96,075	76,239	112,205	94,045	(18,160)	(16.2%)	
Equipment Maint - Materials	8,592	-	16,708	-	(16,708)	(100.0%)	
Equipment Maint - Services	21,901	33,144	45,711	79,008	33,297	72.8%	
Non-Capital Equipment	7,280	-	-	-	-	-	
Subtotal: Equipment & Supplies	149,555	127,395	192,932	203,041	10,109	5.2%	
Professional Services	493,284	372,506	420,596	408,678	(11,918)	(2.8%)	
Contractual Services	112,630	120,804	171,789	208,354	36,565	21.3%	
Memberships & Meetings	36,989	36,832	35,474	26,306	(9,168)	(25.8%)	
Conferences & Travel	18,473	30,739	30,892	42,108	11,216	36.3%	
Training	9,531	25,189	13,979	26,146	12,167	87.0%	
TOTAL EXPENDITURES	\$ 3,859,958	\$ 3,648,035	\$ 3,787,425	\$ 3,896,727	\$ 109,302	2.9%	

As compared to the 2018-19 Forecast, significant increases / decreases in the operating budget for Administrative Services include:

- Personnel costs will increase \$61.5 thousand, or 2.2%. The Division experienced the retirement of the Manager which was filled internally. One position was added (an Accounting Technician) at a cost of \$104 thousand to help manage the increased volume and complexity associated with the RESCU program. Ordinary inflationary increases for step and cost-of-living adjustments were budgeted as normal.
- Administrative expenses will decrease as the current year experienced a placement fee associated with recruiting an accounting position.
- Professional services costs will decline by \$11.9 thousand (2.8%) as SVCW expects to conclude legal matters not expected to recur next year.
- Contractual Services will increase by \$31.6 thousand, specifically for services related to public relations and management reporting for RESCU-related activities.

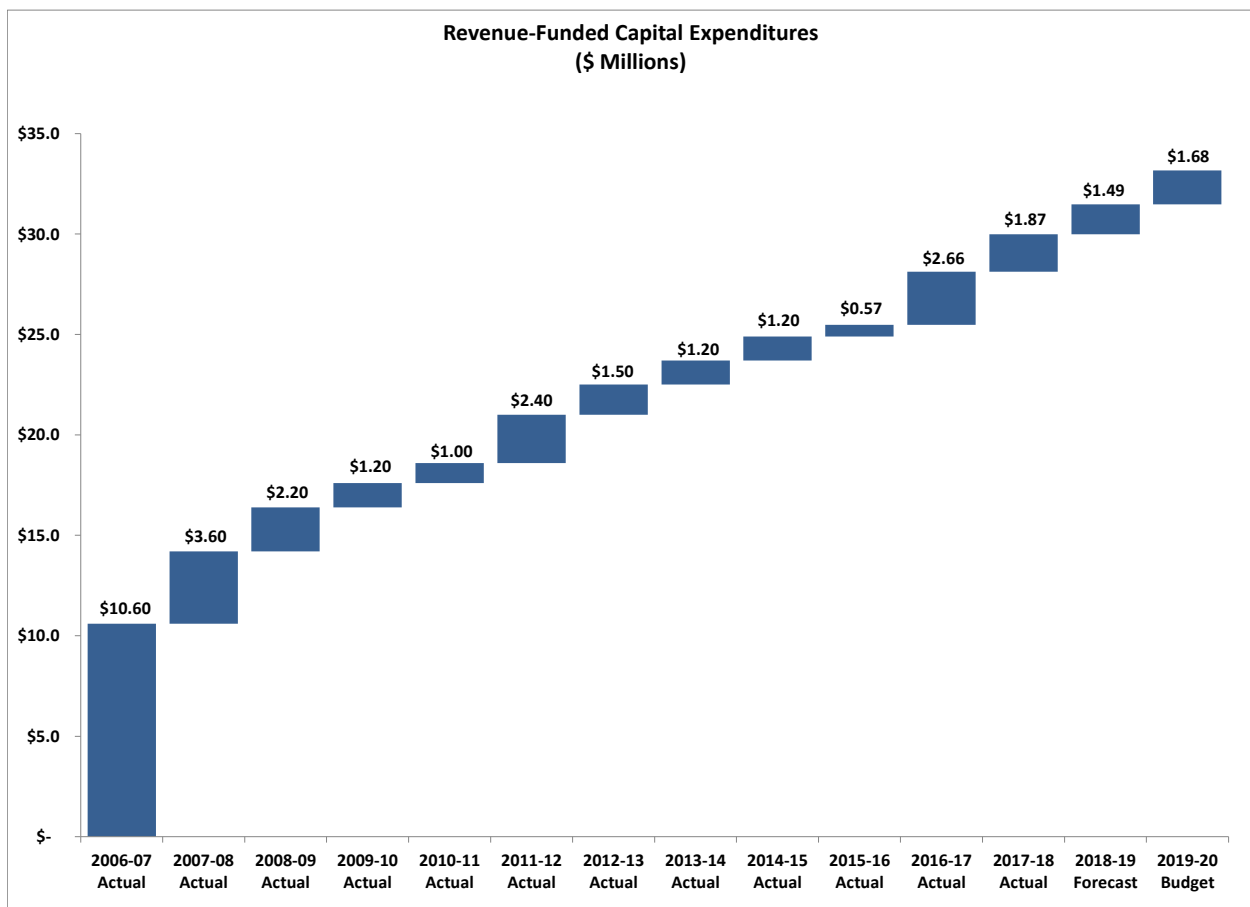
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SECTION 4 – REVENUE-FUNDED CAPITAL EXPENDITURES

Summary:

Revenue-Funded Capital Expenditures are for capital projects that cost less than \$1 million and are completed within one year. These projects offer identifiable improvements in the short term. Revenue-funded capital expenditures may include minor construction projects, major maintenance and rehabilitation projects, planning studies, and preliminary engineering analysis for major capital improvements. It is therefore the practice to fund such projects using available cash rather than financing them over 30 years.

Since 2006-07, SVCW has spent approximately \$30 million on Revenue-Funded capital expenditures. Prior to formally adopting the Capital Improvement Program in fiscal year 2008-09, Member Agencies made large cash contributions of \$10.6 million to address immediate project needs. Since 2008-09, however, SVCW has averaged \$1.7 million annually in Revenue-Funded capital expenditures.



The 2019-20 Budget of \$1.64 million for Revenue-Funded capital expenditures includes:

2019-20 Budget, Revenue-Funded Capital	
Description	One-time Cost
CISCO Application Centric Infrastructure (ACI) Software-Defined Network solution	\$ 650,000
SCADA Networking Solutions	545,000
Concrete leveling at 109 deck (3 areas identified)	100,000
Lab ICP Mass Spectrometer Instrument	95,000
Primary Sedimentation Tanks 1 and 2 equipment replacement	80,000
Grade and baserock Maintenance storage area	75,000
Old SHB polymer storage area & compressor room modifications.	45,000
HP air compressor to replaced back up air compresor #3	40,000
Electrical /instrumentation shop relocation	30,000
Reach Lift Equipment (157")	24,325
GRAND TOTAL, REVENUE-FUNDED CAPITAL	\$ 1,684,325

The above projects are needed to maintain critical operations and increase productivity.

- The current information technology network was designed and installed over a decade ago and needs replacement. This budget proposes to replace existing technology equipment including core switches, load balancers, and servers. As an added benefit, the software-defined solution includes concurrent redundancy to better meet business continuity needs, avoids the future replacement of expensive storage devices, and will handle higher data transfer rates in the future.
- As RESCU capital program is being planned and built, it is significantly increasing the number of connected devices and adding complexity to SVCW's industrial network. SVCW must invest to ensure a robust SCADA (Supervisory Control and Data Acquisition) solution can accommodate existing and future environments.
- The laboratory has a ten-year-old Inductively-Coupled Plasma (ICP) optical emission spectrometer that is due for replacement. This instrument performs trace level analysis of metals in wastewater and is used to certify water quality.
- Concrete resurfacing is needed to address uneven surfaces on the operating deck that create tripping hazards and/or water puddling.
- Primary Sedimentation Tank equipment, used to separate scum and solids from wastewater, is scheduled to be replaced in 2019-20.

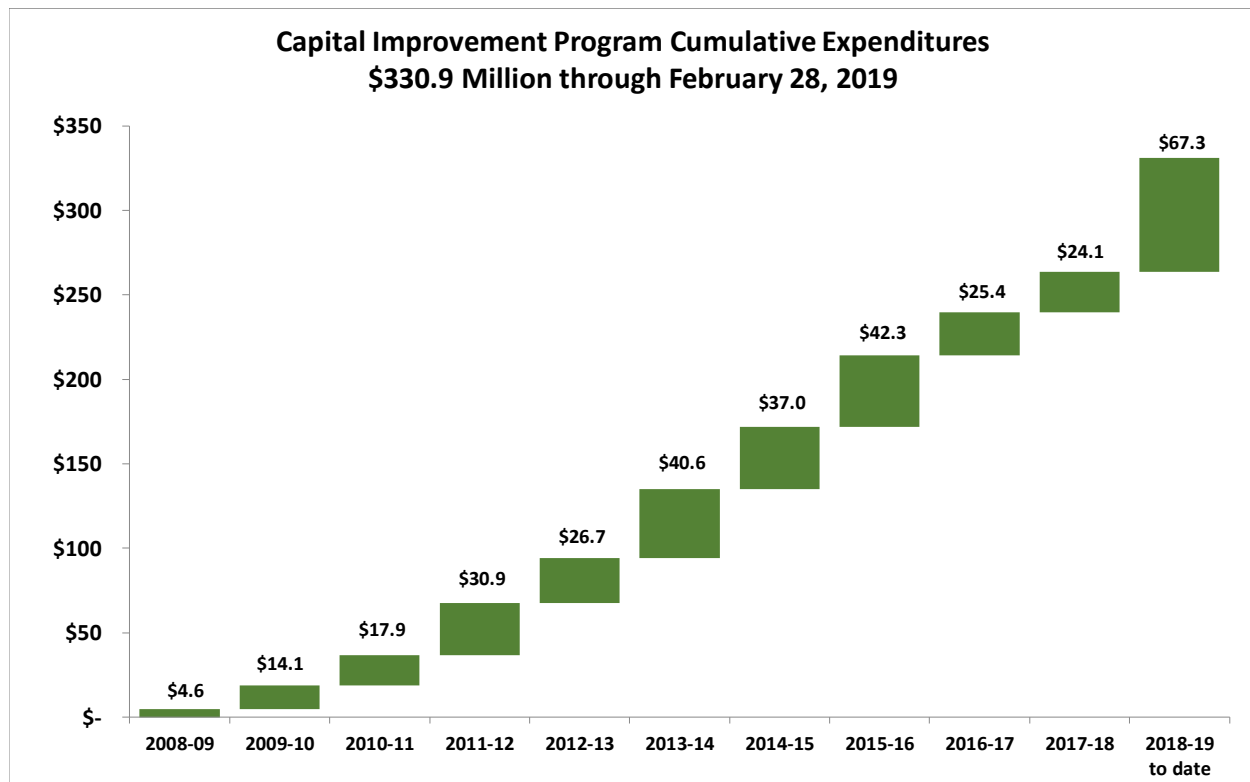
- Space for storage and operational support has grown as new treatment processes require more instrumentation support, more chemical staging area, and new maintenance equipment.
- Standard equipment replacements schedules include a compressors and a standup warehouse pallet jack.

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SECTION 5 – CAPITAL IMPROVEMENT PROGRAM & DEBT SERVICE

Background:

SVCW's wastewater treatment plant was constructed in 1980 and connected to an influent conveyance system built in 1969. In 2006, engineering studies determined the majority of SVCW fixed assets were beyond their useful lives and needed replacement. SVCW therefore initiated its CIP to replace and rehabilitate wastewater conveyance and treatment systems in a structured and prioritized manner. Now in its eleventh year, the CIP has completed over 120 projects and spent \$330.9 million to date.

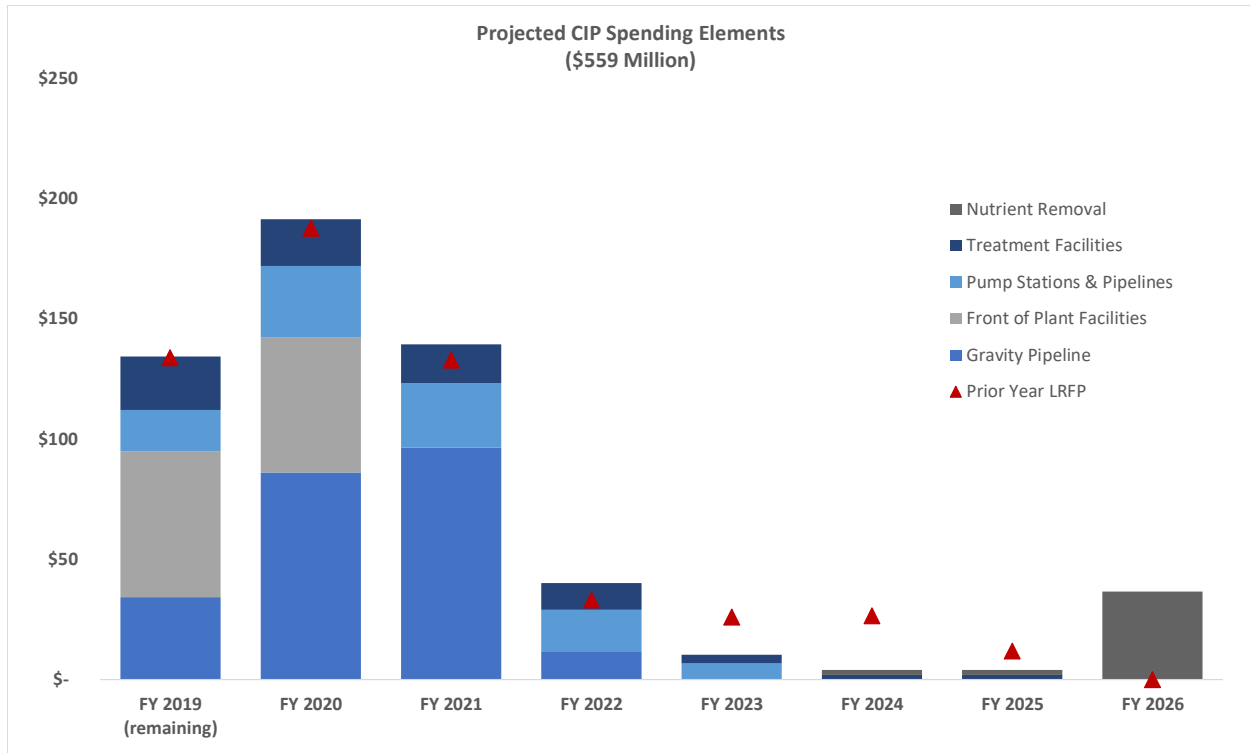


CIP Expenditures Since Inception (\$ Millions) March 2019	
Program	Value
Conveyance System	\$ 141.75
Energy & Automation	87.57
General Plant Facilities	35.25
Plant Process	22.36
Solids Handling	21.49
Corrosion & Odor Control	14.32
CIP Support	7.49
Nutrient Removal	0.67
TOTAL	\$ 330.90

CIP Projected Expenditures:

Each year, SVCW produces a LRFP to describe the total cash flows required by SVCW over the next decade. This includes funding for all SVCW operations, revenue-funded capital projects, Capital Improvement Program projects and their associated debt service payments, and necessary cash reserve contributions. Meant to encourage discussion and support decision making, the LRFP provides up-to-date financial information so that Member Entities have the information needed to understand the financial implications of those decisions and to communicate with internal and external stakeholders. The 2019 LRFP was accepted by the Commission in January 2019.

The CIP is a guiding document of the LRFP, and is currently estimated at \$849 million from inception, with the remaining expenditures inflated to midpoint of construction. At the time of the CIP update in fall of 2018, when approximately \$290 million had been spent to date, approximately \$559 million in expenditures remains to be spent through 2026:



The largest projects comprised in the RESCU program together produce capital expenditures above \$100 million over the next three consecutive years. As construction is completed, fixed assets of each Member Entity will increase by allocable percentages as follows:

SVCW Remaining Capital Expenditures - By Fiscal Year End and Member Allocation (\$ Millions)										
Description	FY 2018 (remaining)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	Total	
Redwood City	\$ 65.2	\$ 92.9	\$ 67.7	\$ 19.4	\$ 5.0	\$ 1.9	\$ 1.9	\$ 17.7	\$	271.6
West Bay SD	36.0	51.3	37.4	10.7	2.8	1.0	1.0	9.8		150.1
San Carlos	20.3	29.0	21.1	6.1	1.6	0.6	0.6	5.5		84.7
Belmont	12.7	18.1	13.2	3.8	1.0	0.4	0.4	3.4		52.8
TOTAL	\$ 134.2	\$ 191.3	\$ 139.3	\$ 40.0	\$ 10.3	\$ 3.8	\$ 3.8	\$ 36.5	\$	559.2

Debt Service:

Due to the compressed timing and large cost to complete the CIP, as well as the lack of significant cash reserves, the most practical funding method has been the use of long-term debt. SVCW updates its LRFP each year to reassess its financial position relative to anticipated cash flows needed from SVCW's Member Entities. It also incorporates CIP construction and expenditure schedules, as well as the current borrowing environment. After considering these factors, the January 2019 LRFP recommended a strategy that recognizes governmental loans are available.

Compared to the January 2018 LRFP, the 2019 LRFP incorporated three significant changes:

- **CIP Update** – In October 2018, SVCW updated its CIP document to incorporate changes in project cost estimates, add or delete projects, and apply inflationary impacts to bring project costs to mid-point of construction. It also included a cost reduction for the Nutrient Removal Program as new information garnered from the Regional Water Quality Control Board more fully defines nutrient-loading issues in the San Francisco Bay. Combined, these factors added \$15.9 million and bring total anticipated CIP expenditures (from inception to completion in 2026) to \$849.6 million.
- **Construction Timing** – Design of SVCW conveyance projects progressed rapidly over the past year. Collectively known as RESCU, the Regional Environmental Sewer Conveyance Upgrade program is using a Progressive Design-Build (PDB) project delivery method. RESCU construction has commenced for the Gravity Pipeline and Front-of-Plant elements. Total remaining costs of RESCU are approximately \$440 million, 90% of which is anticipated be spent by the end of fiscal year 2020-21.
- **Financing Sources** – Whereas in last year's LRFP SVCW assumed a modest amount of funding would come from Government Loans, this updated LRFP contains optimism in securing state and federal loans. In 2018 the California State Water Resource Control Board (the Water Board) included \$141 million for SVCW RESCU projects in its Intended Use Plan. Similarly, the United States Environmental Protection Agency (EPA) invited SVCW to participate in its Water Infrastructure Financing and Innovation Act (WIFIA) program, indicating up to a \$208 million loan amount may be available. This LRFP therefore adjusted the amounts of governmental loans assumed to be available and reduced the amount of bond-financing.

To fund CIP projects to date, SVCW has secured approximately \$492 million from a combination of Wastewater Revenue Bonds, Member Cash Contributions, SRF Loans, and Government Grants. Debt service payments associated with this budget are derived from these borrowings.

Source of CIP Funds to date (\$ millions)			
Description	All-in TIC / Interest Rate	Max Proceeds	Available Proceeds at 2/28/2019
Bonds			
2008 Wastewater Revenue Bonds	5.03%	\$ 10.01	\$ -
2009 Wastewater Revenue Bonds	5.12%	55.86	-
2014 Wastewater Revenue Bonds	4.18%	65.54	-
2015 Wastewater Revenue Bonds	3.75%	30.00	-
2018 Wastewater Revenue Bonds	3.43%	148.98	71.04
Subtotal - Bonds		310.38	71.04
Cash Contributions in lieu of Debt			
Belmont		34.15	8.06
Redwood City		10.00	-
West Bay Sanitary District		13.02	13.02
Subtotal - Cash		57.16	21.08
State Revolving Fund Loans			
Control Building	2.60%	11.36	-
WWTP Improvements	1.80%	31.55	-
Conveyance Planning	1.60%	14.00	2.78
Subtotal - SRF		56.91	2.78
Line of Credit			
Wells Fargo LOC	LIBOR-based	65.00	51.30
Grant Funding			
PG&E Cogeneration Grant		2.40	0.60
California Energy Commission		0.50	-
Subtotal - Grant Funding		2.90	0.60
TOTAL		\$ 492.36	\$ 146.79

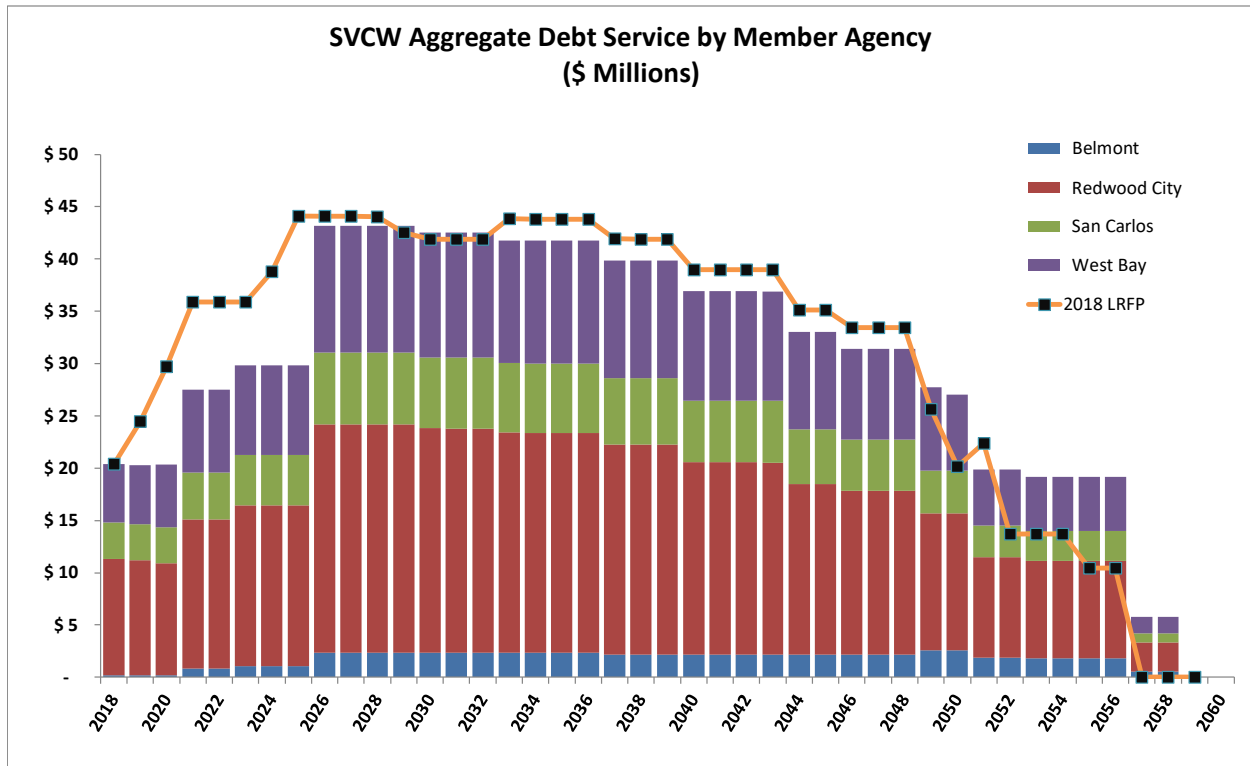
Due to the historical lack of a sinking fund and cash reserves, the recommended debt strategy is in lieu of a pay-go cash strategy. Debt allows SVCW to distribute costs over the expected useful lives of constructed assets and also provide fairness to Members' ratepayers by spreading costs across generations to facilitate moderate and consistent rate increases. The 2019 LRFP recognizes that, for future debt, SVCW will mostly draw from governmental loans and modest amounts of wastewater revenue bonds.

The 2019 LRFP recommends the following debt structure as compared to the prior year's LRFP:

Description	2018 LRFP	2019 LRFP
Remaining CIP to be funded	\$581 Million	\$559 Million
Fixed Rate Bonds / % of New Debt	\$371M / 65%	\$24M / 4.3%
Variable Rate Bonds / % of New Debt	\$115M / 19%	\$48M / 8.5%
Government Loans / % of New Debt	\$65M / 11%	\$349M / 62.4%
Proceeds or Cash / % of New Debt	\$30M / 5%	\$139M / 24.8%
Weighted Average Cost of Capital %	3.64%	2.88%

The updated debt structure will reduce debt service payments through the next 23 years. These savings are significant, especially over the next seven years, due to a unique WIFIA structure that allows debt amortization to be deferred for up to five years after completion of construction.

Over the 41-year period displayed below total aggregate debt service is estimated at \$1.28 billion, or approximately \$40 million (in nominal dollars) less than the prior year's LRFP. If discounted to today's dollars, this difference is valued at a Net Present Value of \$46 million.



Debt Service in 2019-20 will be \$20.29 million and is allocated to Member Entities according to JPA-defined percentage of ownership as well as their participation. As SVCW continues to fund CIP construction, debt service payments will peak in 2027-28 once significant projects are complete and all necessary debt is secured.

SVCW Aggregate Debt Service Cost							
Fiscal year end	Current Bonds	Current SRF	New Bonds	New SRF Debt Service	New Line of Credit Int. Expense	New WIFIA Debt Service	TOTAL
2020	\$ 9,636,538	\$ 2,630,599	\$ 7,820,744	\$ -	\$ 199,579	\$ -	\$ 20,287,459
2021	9,195,000	2,630,599	8,500,619	-	-	-	20,326,217
2022	9,190,000	2,630,599	8,499,619	-	-	-	20,320,217
2023	9,186,875	2,630,599	9,205,285	5,772,203	-	-	26,794,962
2024	9,180,125	3,320,599	9,211,535	5,772,203	-	-	27,484,462
2025	9,189,125	3,320,599	9,205,910	5,772,203	-	-	27,487,837
2026	9,168,750	3,320,599	10,594,055	5,772,203	-	-	28,855,607
2027	9,159,000	3,320,599	10,598,805	5,772,203	-	-	28,850,607
2028	9,163,625	3,320,599	10,595,555	5,772,203	-	8,888,891	37,740,874
2029	9,157,125	3,320,599	10,594,055	5,772,203	-	8,888,891	37,732,874
2030	9,144,375	3,320,599	10,593,805	5,772,203	-	8,888,891	37,719,874

Detailed debt service payment schedules by Member are provided as follows:

Belmont:

Belmont Debt Service Cost							
Fiscal				New Line of			
year end	Current Bonds	Current SRF	Future Bonds	Credit Interest Expense	New SRF Debt Service	New WIFIA Debt Service	TOTAL
2020	\$ -	\$ 178,425	\$ -	\$ -	\$ -	\$ -	\$ 178,425
2021	-	178,425	-	-	-	-	178,425
2022	-	178,425	-	-	-	-	178,425
2023	-	178,425	66,886	-	545,473	-	790,785
2024	-	243,630	66,886	-	545,473	-	855,990
2025	-	243,630	66,886	-	545,473	-	855,990
2026	-	243,630	198,314	-	545,473	-	987,417
2027	-	243,630	198,314	-	545,473	-	987,417
2028	-	243,630	198,314	-	545,473	840,000	1,827,418
2029	-	243,630	198,314	-	545,473	840,000	1,827,418
2030	-	243,630	198,314	-	545,473	840,000	1,827,418

Redwood City:

Redwood City Debt Service Cost							
Fiscal				New Line of			
Year end	Current Bonds	Current SRF	Future Bonds	Credit Interest Expense	New SRF Debt Service	New WIFIA Debt Service	TOTAL
2020	\$ 9,683,971	\$ 1,315,327	\$ -	\$ -	\$ -	\$ -	\$ 10,999,297
2021	9,427,893	1,315,327	0	0	0	0	10,743,220
2022	9,420,607	1,315,327	0	0	0	0	10,735,933
2023	9,423,018	1,315,327	343,774	0	2,803,559	0	13,885,678
2024	9,416,936	1,650,460	343,774	0	2,803,559	0	14,214,729
2025	9,414,793	1,650,460	343,774	0	2,803,559	0	14,212,586
2026	9,411,079	1,650,460	1,019,271	0	2,803,559	0	14,884,369
2027	9,410,286	1,650,460	1,019,271	0	2,803,559	0	14,883,576
2028	9,409,098	1,650,460	1,019,271	0	2,803,559	4,317,335	19,199,722
2029	9,404,820	1,650,460	1,019,271	0	2,803,559	4,317,335	19,195,445
2030	9,392,195	1,650,460	1,019,271	0	2,803,559	4,317,335	19,182,820

San Carlos:

San Carlos Debt Service Cost							
Fiscal				New Line of			
Year end	Current Bonds	Current SRF	Future Bonds	Credit Interest Expense	New SRF Debt Service	New WIFIA Debt Service	TOTAL
2020	\$ 3,067,409	\$ 410,004	\$ -	\$ -	\$ -	\$ -	\$ 3,477,413
2021	2,994,034	410,004	-	-	-	-	3,404,038
2022	2,989,491	410,004	-	-	-	-	3,399,496
2023	2,993,284	410,004	107,160	-	873,912	-	4,384,359
2024	2,999,157	514,470	107,160	-	873,912	-	4,494,699
2025	2,997,949	514,470	107,160	-	873,912	-	4,493,490
2026	2,984,991	514,470	317,722	-	873,912	-	4,691,095
2027	2,985,117	514,470	317,722	-	873,912	-	4,691,221
2028	2,986,950	514,470	317,722	-	873,912	1,345,778	6,038,832
2029	2,986,199	514,470	317,722	-	873,912	1,345,778	6,038,081
2030	2,982,824	514,470	317,722	-	873,912	1,345,778	6,034,706

West Bay Sanitary District:

West Bay Sanitary District Debt Service Cost							
Fiscal				New Line of			
Year end	Current Bonds	Current SRF	Future Bonds	Credit Interest Expense	New SRF Debt Service	New WIFIA Debt Service	TOTAL
2020	\$ 4,705,902	\$ 726,843	\$ -	\$ 199,579	\$ -	\$ -	\$ 5,632,324
2021	4,593,692	726,843	680,000	-	-	-	6,000,535
2022	4,599,521	726,843	680,000	-	-	-	6,006,363
2023	4,588,067	726,843	869,971	-	1,549,259	-	7,734,140
2024	4,587,775	912,039	869,971	-	1,549,259	-	7,919,045
2025	4,594,502	912,039	869,971	-	1,549,259	-	7,925,771
2026	4,588,173	912,039	1,243,254	-	1,549,259	-	8,292,725
2027	4,583,840	912,039	1,243,254	-	1,549,259	-	8,288,392
2028	4,584,572	912,039	1,243,254	-	1,549,259	2,385,778	10,674,902
2029	4,581,599	912,039	1,243,254	-	1,549,259	2,385,778	10,671,930
2030	4,584,599	912,039	1,243,254	-	1,549,259	2,385,778	10,674,930

SECTION 6 – CASH RESERVES DESIGNATION

SVCW has adopted a Cash Reserves Policy that describes the goals and amounts intended to be held in reserves. The reserves can help mitigate the negative impact of revenue shortfalls from economic fluctuations, fund unforeseen expense requirements, provide stable rates for member entities, and fund future long-term capital needs. Each year during the budget process, their balances are reviewed and adjusted as needed.

- The **Operating Reserve** must be maintained at a minimum balance of 10% of the approved Operating Budget, plus \$1 million. This fund allows for continued operation in times of local, regional state, or national crisis or for unbudgeted, unexpected operational, maintenance or capital expenses approved by the SVCW Commission. The projected balance in Operating Reserves is \$3.57 million at June 30, 2019, including investment earnings. This amount is below the policy's required balance of \$3.61 million by approximately \$33 thousand which, per policy, will be added to Member Agencies' 2019-20 contributions.
- The **Capital Improvement Program Reserve** (CIP Reserve) goal is to accrue funds equal to the annual calculated depreciation of SVCW facilities to meet the long term needs of replacing capital assets when their useful life has been met. This would allow major expenses in the future to be paid for on a "pay-go" basis and limit the need for borrowing. Each year, if funds held in these reserves fall below targeted levels, SVCW makes budget adjustments to return to the target level. The CIP Reserve is projected to be \$18.15 million balance by June 30, 2020, which meets SRF reserve requirements. Therefore, this budget calls for the ordinary 2019-20 reserve contributions of \$1 million, per Policy.

Based upon the above, total 2019-20 Reserve Designations are recommended as follows:

Reserve Designations - 2019-20 Budget				
Description	Estimated June 30, 2019 Balance	Target June 30, 2020 Balance	Proposed 2019-20 Contributions	
Operating Reserve	\$ 3,621,929	\$ 3,574,295	47,634	
CIP Reserve	18,486,689	19,486,689	1,000,000	
TOTAL	\$ 22,108,618	\$ 23,060,983	\$	1,047,634