

**COMMISSION OF SILICON VALLEY CLEAN WATER
JOINT POWERS AUTHORITY
REGULAR MEETING – Monday, April 15, 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 TO RATIFY SVCW MANAGER'S DECLARATION OF EXISTENCE OF AN EMERGENCY CONDITION AND APPROVE REPAIR OF ESSENTIAL FACILITIES

Proposed Action:

Move adoption of RESOLUTION DECLARING EXISTENCE OF EMERGENCY CONDITION REQUIRING IMMEDIATE EXPENDITURE OF FUNDS IN FURTHERANCE OF PUBLIC HEALTH, WELFARE AND SAFETY AND APPROVING AND RATIFYING EXECUTION OF CONTRACTS FOR REPAIR OF ESSENTIAL PUBLIC FACILITIES RELATING THERETO (EFFLUENT PIPELINE) (4/5^{ths} weighted vote required)

B. CONSIDERATION OF MOTION APPROVING TASK ORDERS FOR LEGAL COUNSEL AND SVCW PROJECT REPRESENTATIVE FOR THE MAPLE STREET FORCE MAIN MODIFICATIONS PROJECT

Proposed Actions:

- i. Move approval of RESOLUTION AUTHORIZING EXECUTION OF LEGAL SERVICES AGREEMENT RELATED TO MAPLE STREET FORCE MAIN MODIFICATIONS PROJECT (CIP #9504) IN AN AMOUNT NOT TO EXCEED \$80,000 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – HANSON BRIDGETT LLC

- ii. Move approval of TASK ORDER FOR SERVICES RELATED TO MAPLE STREET FORCE MAIN MODIFICATIONS PROJECT (CIP #9504) IN AN AMOUNT NOT TO EXCEED \$177,000 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – COLLABORATIVE STRATEGIES CONSULTING INC.

C. CONSIDERATION OF RESOLUTION APPROVING FISCAL YEAR 2019-20 ANNUAL OPERATING AND CAPITAL EXPENDITURES BUDGET

Proposed Actions:

- i. Move approval of RESOLUTION ADOPTING FISCAL YEAR 2019-20 REVENUE PLAN IN THE AMOUNT OF \$25,209,277 IN NET OPERATING REVENUES REQUIRED AND \$1,684,325 FOR REVENUE-FUNDED CAPITAL PROJECTS
- ii. Move approval of RESOLUTION ADOPTING FISCAL YEAR 2019-20 CASH RESERVE DESIGNATIONS IN THE AMOUNT OF \$1,052,583
- iii. Move approval of RESOLUTION ADOPTING FISCAL YEAR 2019-20 DEBT SERVICE EXPENDITURES IN AN AMOUNT OF \$20,287,459
- iv. Move approval of RESOLUTION 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

9. CLOSED SESSION - NOT USED

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 – March 18, 2019 Meeting
- B. CONSIDERATION OF MOTION APPROVING CLAIMS AND CHECKS DATED MARCH 8, 2019, MARCH 22, 2019, AND APRIL 1, 2019 AND NECESSARY PAYMENTS THROUGH APRIL 1, 2019
- C. CONSIDERATION OF MOTION APPROVING FINAL ACCEPTANCE OF PUMP STATION VALVE REPLACEMENT PHASE II PROJECT AT MENLO PARK AND SAN CARLOS PUMP STATIONS AND AUTHORIZATION TO FILE NOTICE OF COMPLETION

Proposed Action:

Move approval to ACCEPT THE PUMP STATION VALVE REPLACEMENT – PHASE II PROJECT (CAPITAL PROJECT #286) AND AUTHORIZE FILING NOTICE OF COMPLETION – D.W. NICHOLSON

- D. CONSIDERATION OF MOTION APPROVING TASK ORDER FOR ENGINEERING SERVICES DURING CONSTRUCTION FOR THE CHLORINE CONTACT TANK VALVE REPLACEMENT AND SURFACE REHABILITATION PROJECT (CIP #9107)

Proposed Action:

Move approval of TASK ORDER FOR ENGINEERING SERVICES DURING CONSTRUCTION IN SUPPORT OF CONSTRUCTION OF CHLORINE CONTACT TANK VALVE REPLACEMENT AND SURFACE REHABILITATION PROJECT (CIP #9107) - KENNEDY/JENKS CONSULTANTS, INC. (\$192,974)

- E. CONSIDERATION OF RESOLUTION APPROVING MASTER SERVICES AGREEMENT FOR HAMNER JEWELL & ASSOCIATES FOR PROPERTY ACQUISITION RELATED SERVICES

Proposed Actions:

- i. Move adoption of RESOLUTION AUTHORIZING EXECUTION OF MASTER SERVICES AGREEMENT FOR PROPERTY ACQUISITION SERVICES – HAMNER JEWELL & ASSOCIATES

- ii. Move approval of TASK ORDER FOR GRAVITY PIPELINE EASEMENT ACQUISITION ASSISTANCE SERVICES IN THE AMOUNT OF \$75,000 BRINGING TOTAL AUTHORIZATION OF RELATED WORK TO \$147,000.

F. CONSIDERATION OF MOTION APPROVING REMOVAL OF ASSETS FROM SVCW FINANCIAL RECORDS TO REFLECT ASSET DISPOSALS OCCURRING IN THE CURRENT FISCAL YEAR

Proposed Action:

Move approval to REMOVE FIXED ASSET NUMBER 13187 WITH A TOTAL REMAINING BOOK VALUE OF \$29,720.71 FROM SVCW FINANCIAL RECORDS

G. CONSIDERATION OF MOTION APPROVING SUBMITTAL OF LETTERS OF SUPPORT TO LOCAL MEMBERS OF CONGRESS TO APPROPRIATE FUNDING FOR THE U.S. BUREAU OF RECLAMATION'S TITLE XVI WATER RECLAMATION AND REUSE PROGRAM

Proposed Action:

Move approval to SUBMIT LETTER OF SUPPORT FOR CONGRESSIONAL APPROPRIATION OF FUNDS FOR THE U.S. BUREAU OF RECLAMATION'S TITLE XVI WATER RECLAMATION AND REUSE PROGRAM

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AGENDA ITEM 5A

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SAFETY MOMENT**Spring Forward and Review Your Safety Checklist**

With spring upon us and warmer months just around the corner, households will soon be tackling the annual chore of spring cleaning! Spring is the perfect time to consider taking on the important, but often over looked, chores that can add up to real energy savings and will help keep your household safe.

Kitchen

- Vacuum refrigerator coils –Dust that builds up on refrigerator coils can cause the motor to work harder, using more energy.
- Clean oven and range – A range or oven darkened from heavy use absorbs more heat, reducing its efficiency.
- Call PG&E at 1-800-PGE-5000 to schedule a free inspection of your gas appliances to make sure they are working safely

Hallways

- Clean or replace HVAC filters –A dirty filter will slow air flow and cause your system to use more energy.
- Replace smoke and carbon monoxide detector batteries
 - Test your smoke alarms every month and replace the battery at least once a year. If the alarm makes a "chirping" sound, replace the battery immediately.
 - Smoke alarms should be in every bedroom and in the common areas on each floor of a home. Mount them at least 10 feet from the stove to reduce false alarms, less than 12 inches from the ceiling and away from windows, doors and ducts.
 - Anything that burns fuel can potentially become a source of carbon monoxide, an invisible, odorless gas that can kill. CO alarms should be installed in a central location outside each bedroom and on every level of the home.

Garage

- Move flammables - Clear away flammable materials and liquids from gas furnaces and other heat sources.
- Clean out dryer ducts – Blocked dryer ducts make your machine work harder than necessary.

Outdoor

- Call 811 – Locate underground utility lines before digging any holes in the yard.
- Have solar panels cleaned – Having panels cleaned once a year can help maintain their output potential.

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AGENDA ITEM 5B

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Recurring and Upcoming Commission Actions
Updated for April 2019 Meeting

January	February	March	April
Long - Range Financial Plan		Budget Workshop	Budget Adoption
May	June	July	August
Approve WIFIA Loan Agreement	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



1400 RADIO ROAD
REDWOOD CITY, CALIFORNIA 94065
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 March 31, 2019

Broker/Dealer Investment Name	Composite Credit	Maturity	Coupon Rate	Yield to Maturity	Par Value	Market Value	Cost	Estimated Annual \$ Yield Earnings
Annual OPS and CAP Budget Reserve								
FEDERAL HOME LN MTG CORP PARTN GOLD	N.A.	02/01/2020	5.000%	3.02	12,540	12,679	13,230	383
FEDERAL HOME LOAN BKS CONS BDS	AA+	12/13/2019	2.375%	2.45	60,000	59,988	60,743	1,469
FEDERAL HOME LOAN BKS CONS BDS	AA+	02/18/2021	1.375%	2.29	30,000	29,480	30,211	676
FEDERAL HOME LOAN BKS CONS BDS	AA+	07/01/2019	4.375%	2.43	50,000	50,244	50,644	1,221
FEDERAL HOME LOAN BKS CONS BDS	AA+	09/13/2019	4.500%	2.49	100,000	100,913	101,660	2,513
FEDERAL NATL MTG ASSN	AA+	06/22/2020	1.500%	2.38	30,000	29,681	30,191	706
FEDERAL NATL MTG ASSN	AA+	11/30/2020	1.500%	2.34	100,000	98,591	99,751	2,302
FEDERAL NATL MTG ASSN	AA+	02/26/2021	1.375%	2.30	100,000	98,254	99,783	2,263
FEDERAL NATL MTG ASSN	AA+	09/25/2020	1.750%	2.37	100,000	99,086	100,357	2,344
FEDERAL HOME LN MTG CORP MULTICLASS	NR	11/25/2019	1.869%	2.96	102,215	101,653	102,071	3,011
FEDERAL HOME LN MTG CORP	AA+	05/30/2019	1.750%	2.36	30,000	29,967	30,127	708
FEDERAL HOME LN MTG CORP	AA+	10/02/2019	1.250%	2.46	30,000	29,818	30,078	733
FEDERAL HOME LN MTG CORP MULTICLASS	N.A.	04/15/2020	4.000%	3.84	130	130	134	5
FEDERAL NATL MTG ASSN GTD PASSTHRU	N.A.	12/01/2019	5.500%	2.87	3,382	3,386	3,577	97
FEDERAL NATL MTG ASSN GTD PASSTHRU	N.A.	03/01/2020	5.500%	3.92	83	83	86	3
FEDERAL NATL MTG ASSN GTD PASSTHRU	N.A.	04/01/2020	5.000%	3.02	6,480	6,625	6,840	200
UNIVERSITY CALIF REV FV FOR PREV GEN	AA	07/01/2019	1.796%	3.02	50,000	49,913	49,928	1,506
MONTGOMERY CNTY MD CTF FV PARTN COPS	N.A.	11/01/2019	1.200%	2.68	100,000	99,108	100,019	2,652
RICHMOND VA GO PUB IMPT BDS C	AA	07/15/2021	2.599%	2.49	100,000	100,307	102,935	2,493
PORT MORROW ORE TRANSMISSION F REV	AA	09/01/2021	2.737%	2.60	100,000	100,295	102,725	2,604
WACO TEX INDPT SCH DIST REF BDS	N.A.	02/15/2020	4.000%	2.57	110,000	111,192	112,914	2,857
FEDERAL HOME LN MTG CORP	AA+	12/30/2019	1.500%	2.98	80,000	79,356	80,000	2,366
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	07/19/2021	2.030%	2.49	60,000	59,600	60,000	1,483
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	01/24/2022	2.050%	2.43	40,000	39,724	40,000	965
FEDERAL HOME LN MTG CORP MEDIUM	AA+	07/27/2020	1.625%	2.48	80,000	79,185	80,000	1,960
FEDERAL HOME LN MTG CORP	AA+	05/15/2020	1.600%	2.51	150,000	148,676	150,000	3,736
FEDERAL HOME LN MTG CORP	AA+	05/01/2020	1.375%	2.40	70,000	69,207	69,822	1,660
FEDERAL NATL MTG ASSN	AA+	10/07/2021	1.375%	2.25	70,000	68,478	69,410	1,540
FEDERAL HOME LN MTG CORP	AA+	01/13/2022	2.375%	2.25	35,000	35,097	35,749	788
FEDERAL HOME LOAN BKS CONS BDS	AA+	07/29/2020	1.830%	2.38	140,000	138,999	140,578	3,310
FEDERAL HOME LOAN BKS CONS BDS	AA+	06/12/2020	1.750%	2.37	140,000	138,881	140,487	3,293
FEDERAL NATL MTG ASSN	AA+	05/06/2021	1.250%	2.28	90,000	88,085	89,331	2,008
FEDERAL NATL MTG ASSN	AA+	08/17/2021	1.250%	2.28	90,000	87,829	89,124	2,003
FEDERAL NATL MTG ASSN	AA+	09/28/2020	1.750%	2.50	30,000	29,730	30,000	744
ALTRIA GROUP INC SR NT	BBB	08/09/2022	2.850%	2.93	30,000	29,929	30,202	876
US TREASURY NOTE	NR	03/15/2020	1.625%	2.39	50,000	49,636	49,876	1,188
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	09/11/2020	1.620%	2.35	140,000	138,607	138,779	3,254
FEDERAL HOME LN MTG CORP	AA+	03/26/2021	2.700%	2.77	50,000	50,031	49,938	1,384
FEDERAL HOME LOAN BKS CONS BDS	AA+	09/15/2020	2.500%	2.73	100,000	100,035	99,925	2,726
FEDERAL NATL MTG ASSN	AA+	03/26/2021	2.700%	2.81	100,000	100,095	100,000	2,816
FEDERAL NATL MTG ASSN	AA+	10/19/2022	3.000%	3.01	50,000	50,010	50,000	1,503
US TREASURY NOTE	NR	07/31/2020	2.000%	2.35	20,000	19,906	19,847	468
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	09/19/2022	3.170%	3.15	80,000	80,218	80,000	2,528
FEDERAL HOME LOAN BKS CONS BDS	AA+	09/27/2021	3.000%	2.94	100,000	100,279	100,000	2,944
US TREASURY NOTE	NR	11/30/2020	1.625%	2.32	100,000	98,854	97,686	2,291
US TREASURY NOTE	NR	09/15/2021	2.750%	2.24	80,000	80,949	79,756	1,812
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	12/05/2022	3.370%	3.37	60,000	60,071	60,000	2,022
US TREASURY NOTE	NR	12/31/2019	1.875%	2.42	240,000	239,006	239,016	5,782
CASH & EQUIVALENTS	-	-	-	2.35	-	110,392	110,392	2,594
Annual OPS and CAP Budget Reserve Total						\$ 3,582,257	\$ 3,607,920	\$ 90,788
Capital Improvement Program Reserve								
APPLE INC SR FLT NT	AA+	02/07/2020	2.947%	2.57	100,000	100,182	99,821	2,574
CALIFORNIA ST GO BDS TAXABLE	AA-	10/01/2019	6.200%	2.50	100,000	101,843	104,087	2,548
CISCO SYS INC SR GLBL NT	A+	01/15/2020	4.450%	2.57	125,000	126,644	128,151	3,248
FEDERAL HOME LOAN BKS CONS BDS	AA+	12/13/2019	2.375%	2.45	340,000	339,932	342,193	8,322
FEDERAL HOME LOAN BKS CONS BDS	AA+	02/18/2021	1.375%	2.29	100,000	98,265	100,703	2,254
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	04/06/2020	5.300%	2.71	450,000	463,109	474,098	12,541
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	09/03/2019	5.320%	2.55	50,000	50,621	50,932	1,290
FEDERAL HOME LOAN BKS CONS BDS	AA+	09/11/2020	2.875%	2.37	60,000	60,406	61,267	1,433
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	06/24/2019	1.520%	2.40	250,000	249,553	250,000	5,999
FEDERAL HOME LOAN BKS CONS BDS	AA+	08/15/2019	5.125%	2.47	60,000	60,600	61,076	1,494
FEDERAL HOME LOAN BKS CONS BDS	AA+	06/12/2020	4.625%	2.42	200,000	205,148	208,370	4,958
FEDERAL HOME LOAN BKS CONS BDS	AA+	07/01/2019	4.375%	2.43	25,000	25,122	25,322	610
FEDERAL HOME LOAN BKS CONS BDS	AA+	12/13/2019	4.125%	2.51	125,000	126,495	128,795	3,169
FEDERAL HOME LOAN BKS CONS BDS	AA+	03/13/2020	4.125%	2.44	700,000	710,927	717,172	17,318
FEDERAL NATL MTG ASSN	AA+	01/21/2020	1.625%	2.44	100,000	99,363	100,675	2,420
FEDERAL NATL MTG ASSN	AA+	06/22/2020	1.500%	2.38	50,000	49,468	50,318	1,176
FEDERAL NATL MTG ASSN	AA+	11/30/2020	1.500%	2.34	170,000	167,605	169,564	3,914
FEDERAL NATL MTG ASSN	AA+	12/28/2020	1.875%	2.30	325,000	322,673	329,115	7,434
FEDERAL NATL MTG ASSN	AA+	02/26/2021	1.375%	2.30	240,000	235,810	239,783	5,431
FEDERAL HOME LN MTG CORP MULTICLASS	NR	06/25/2020	3.531%	2.94	100,000	100,553	106,188	2,951
FEDERAL HOME LN MTG CORP	AA+	05/30/2019	1.750%	2.36	50,000	49,945	50,212	1,180
FEDERAL HOME LN MTG CORP	AA+	10/02/2019	1.250%	2.46	50,000	49,697	50,130	1,222
FEDERAL NATL MTG ASSN GTD PASSTHRU	N.A.	04/01/2019	5.000%	-	10	10	10	-
FEDERAL NATL MTG ASSN GTD PASSTHRU	N.A.	07/01/2019	4.821%	4.01	129,341	129,695	143,488	5,201
MICROSOFT CORP NT	AAA	06/01/2019	4.200%	2.72	100,000	100,238	101,177	2,725
MONTGOMERY CNTY MD CTF FV PARTN COPS	N.A.	11/01/2019	1.200%	2.68	100,000	99,108	100,019	2,652
RICHMOND VA GO PUB IMPT BDS C	AA	07/15/2021	2.599%	2.49	100,000	100,307	102,935	2,493
BANK NEW YORK MTN BK ENT FR	A+	11/27/2020	2.450%	2.55	100,000	99,548	101,724	2,534
GILEAD SCIENCES INC SR NT	A-	09/01/2020	2.550%	2.61	100,000	99,868	101,621	2,605
WISCONSIN ST GEN FD ANNUAL APP REV	AA-	05/01/2021	1.616%	2.52	100,000	98,005	100,080	2,469

Broker/Dealer Investment Name	Composite Credit	Maturity	Coupon Rate	Yield to Maturity	Par Value	Market Value	Estimated Annual	
							Cost	\$ Yield Earnings
PORT MORROW ORE TRANSMISSION F REV	AA	09/01/2021	2.737%	2.60	225,000	225,664	231,131	5,858
WACO TEX INDPT SCH DIST REF BDS	N.A.	02/15/2020	4.000%	2.57	165,000	166,789	169,371	4,285
FEDERAL NATL MTG ASSN	AA+	05/26/2021	1.800%	2.54	260,000	256,079	260,000	6,512
FEDERAL HOME LN MTG CORP	AA+	12/30/2019	1.500%	2.98	260,000	257,907	260,000	7,688
FEDERAL HOME LN MTG CORP	AA+	12/30/2020	1.750%	2.57	340,000	336,185	340,000	8,627
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	07/19/2021	2.030%	2.49	80,000	79,467	80,000	1,977
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	01/24/2022	2.050%	2.43	120,000	119,173	120,000	2,896
FEDERAL HOME LN MTG CORP MEDIUM	AA+	07/27/2020	1.625%	2.48	80,000	79,185	80,000	1,960
FEDERAL HOME LN MTG CORP	AA+	05/15/2020	1.600%	2.51	220,000	218,057	220,000	5,480
FEDERAL HOME LN MTG CORP	AA+	10/26/2021	2.000%	2.47	220,000	218,002	220,000	5,387
FEDERAL HOME LOAN BKS CONS BDS	AA+	04/27/2022	2.300%	2.37	220,000	220,158	219,505	5,220
FEDERAL HOME LN MTG CORP	AA+	05/01/2020	1.375%	2.40	290,000	286,714	289,025	6,875
FEDERAL NATL MTG ASSN	AA+	10/07/2021	1.375%	2.25	140,000	136,956	138,820	3,080
FEDERAL HOME LN MTG CORP	AA+	01/13/2022	2.375%	2.25	310,000	310,862	315,227	6,982
FEDERAL NATL MTG ASSN	AA+	01/05/2022	2.000%	2.25	610,000	605,510	608,606	13,600
FEDERAL HOME LOAN BKS CONS BDS	AA+	06/12/2020	1.750%	2.37	170,000	168,642	170,592	3,998
FEDERAL NATL MTG ASSN	AA+	05/06/2021	1.250%	2.28	170,000	166,382	168,736	3,794
FEDERAL NATL MTG ASSN	AA+	08/17/2021	1.250%	2.28	170,000	165,900	168,345	3,784
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	07/19/2022	1.900%	2.32	165,000	162,901	165,556	3,779
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	08/03/2022	1.900%	2.31	165,000	162,875	165,305	3,766
FEDERAL NATL MTG ASSN	AA+	04/05/2022	1.875%	2.24	170,000	168,207	170,498	3,775
FEDERAL HOME LOAN BKS CONS BDS	AA+	08/15/2022	1.850%	2.38	130,000	128,210	130,735	3,046
FEDERAL NATL MTG ASSN	AA+	09/28/2020	1.750%	2.50	120,000	118,921	120,000	2,974
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	04/04/2022	2.100%	2.45	220,000	218,753	220,000	5,366
FEDERAL HOME LN MTG CORP	AA+	10/12/2021	2.000%	2.47	120,000	118,814	120,000	2,939
BANK AMER CORP FR	A	05/13/2021	5.000%	2.76	75,000	78,430	79,599	2,162
CONSTELLATION BRANDS INC SR GLBL NT	BBB-	11/06/2020	2.250%	2.87	25,000	24,751	24,942	709
HOME DEPOT INC SR GLBL NT	A	04/01/2021	2.000%	2.50	80,000	79,102	79,838	1,978
LORILLARD TOB CO SR NT	BBB	05/01/2020	6.875%	3.20	25,000	26,014	26,634	831
MORGAN STANLEY SR NT	A-	01/27/2020	2.650%	2.77	80,000	79,910	80,383	2,213
ORACLE CORP SR GLBL	A+	05/15/2022	2.500%	2.65	80,000	79,717	80,069	2,111
PHILIP MORRIS INTL INC SR NT	A	03/26/2020	4.500%	2.65	25,000	25,435	25,615	675
STARBUCKS CORP SR GLBL	BBB+	02/04/2021	2.100%	2.57	80,000	79,275	79,979	2,041
3M CO FR	A+	06/26/2022	2.000%	2.45	100,000	98,831	99,134	2,422
US TREASURY NOTE	NR	03/15/2020	1.625%	2.39	1,000,000	992,720	992,852	23,756
FEDERAL HOME LN MTG CORP	AA+	12/29/2021	2.250%	2.54	120,000	119,527	120,000	3,038
FEDERAL HOME LOAN BKS CONS BDS	AA+	10/26/2022	2.280%	2.52	100,000	99,478	99,600	2,509
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	09/11/2020	1.620%	2.35	400,000	396,020	396,510	9,299
FEDERAL HOME LOAN BKS CONS BDS	AA+	11/29/2021	1.875%	2.25	300,000	296,925	296,489	6,681
FEDERAL HOME LOAN BKS CONS BDS	AA+	12/15/2021	2.200%	2.53	300,000	298,455	298,050	7,542
FEDERAL NATL MTG ASSN	AA+	11/26/2019	1.750%	2.43	300,000	298,611	299,414	7,256
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	05/17/2021	1.970%	2.39	100,000	99,243	98,615	2,369
FEDERAL HOME LOAN BKS CONS BDS	AA+	09/15/2020	2.500%	2.73	160,000	160,056	159,880	4,362
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	11/22/2021	2.740%	2.89	100,000	100,002	99,975	2,888
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	09/01/2021	2.750%	2.88	60,000	60,002	59,970	1,728
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	06/01/2020	2.450%	2.86	90,000	89,964	89,978	2,575
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	03/07/2022	2.850%	2.91	100,000	100,002	100,000	2,908
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	09/20/2021	2.840%	2.91	100,000	100,002	100,000	2,913
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	03/29/2021	2.710%	2.82	80,000	80,002	80,000	2,253
FEDERAL HOME LN MTG CORP	AA+	12/14/2022	2.250%	2.75	25,000	25,006	24,677	687
FEDERAL HOME LN MTG CORP	AA+	11/24/2021	2.650%	2.70	100,000	100,035	99,750	2,701
FEDERAL HOME LOAN BKS CONS BDS	AA+	12/13/2022	2.130%	2.57	129,630	128,534	126,397	3,308
FEDERAL NATL MTG ASSN	AA+	03/26/2021	2.700%	2.81	100,000	100,095	100,000	2,816
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	08/16/2021	1.680%	2.33	100,000	98,517	97,504	2,292
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	04/18/2022	2.830%	2.93	150,000	150,027	150,000	4,397
FEDERAL HOME LOAN BKS CONS BDS	AA+	03/27/2023	3.000%	3.04	150,000	150,005	150,000	4,559
FEDERAL HOME LOAN BKS CONS BDS	AA+	07/27/2022	1.700%	2.49	150,000	147,053	144,383	3,666
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	06/14/2021	2.810%	2.90	100,000	100,003	100,000	2,896
FEDERAL HOME LOAN BKS CONS BDS	AA+	06/28/2022	3.060%	3.05	100,000	100,122	100,000	3,058
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	09/19/2022	3.170%	3.15	160,000	160,437	160,000	5,057
FEDERAL HOME LOAN BKS CONS BDS	AA+	09/27/2021	3.000%	2.94	120,000	120,335	120,000	3,533
FEDERAL HOME LN MTG CORP	AA+	06/28/2023	3.250%	3.23	160,000	160,254	159,920	5,170
FEDERAL NATL MTG ASSN	AA+	11/27/2020	1.500%	2.45	100,000	98,427	97,736	2,414
US TREASURY NOTE	NR	09/15/2021	2.750%	2.24	120,000	121,423	119,634	2,717
FEDERAL HOME LN MTG CORP	AA+	09/27/2023	3.200%	3.12	150,000	150,434	149,400	4,692
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	12/05/2022	3.370%	3.37	250,000	250,298	250,000	8,425
US TREASURY NOTE	NR	12/31/2019	1.875%	2.42	1,000,000	995,860	995,898	24,090
US TREASURY NOTE	NR	10/31/2020	2.440%	2.56	600,000	599,232	599,160	15,364
CASH & EQUIVALENTS	-	-	-	2.35	-	1,041,917	1,041,917	24,485
Capital Improvement Program Reserve Total					\$	18,277,539	\$ 18,404,377	\$ 461,359
Stage 2 Capacity Reserve								
CISCO SYS INC SR GLBL NT	A+	01/15/2020	4.450%	2.57	75,000	75,986	76,891	1,949
FEDERAL HOME LN MTG CORP PARTN GOLD	N.A.	11/01/2020	4.500%	3.05	4,663	4,744	4,861	145
FEDERAL HOME LOAN BKS CONS BDS	AA+	12/13/2019	2.375%	2.45	100,000	99,980	101,238	2,448
FEDERAL HOME LOAN BKS CONS BDS	AA+	02/18/2021	1.375%	2.29	100,000	98,265	100,703	2,254
FEDERAL HOME LOAN BKS CONS BDS	AA+	09/11/2020	2.875%	2.37	60,000	60,406	61,267	1,433
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	06/24/2019	1.520%	2.40	200,000	199,642	200,000	4,799
FEDERAL HOME LOAN BKS CONS BDS	AA+	08/15/2019	5.125%	2.47	50,000	50,500	50,897	1,245
FEDERAL HOME LOAN BKS CONS BDS	AA+	07/01/2019	4.375%	2.43	100,000	100,487	101,288	2,442
FEDERAL HOME LOAN BKS CONS BDS	AA+	03/13/2020	4.125%	2.44	125,000	126,951	128,026	3,093
FEDERAL NATL MTG ASSN	AA+	01/21/2020	1.625%	2.44	100,000	99,363	100,675	2,420
FEDERAL NATL MTG ASSN	AA+	06/22/2020	1.500%	2.38	100,000	98,936	100,635	2,352
FEDERAL NATL MTG ASSN	AA+	11/30/2020	1.500%	2.34	100,000	98,591	100,599	2,302
FEDERAL NATL MTG ASSN	AA+	12/28/2020	1.875%	2.30	175,000	173,747	177,216	4,003
FEDERAL NATL MTG ASSN	AA+	02/26/2021	1.375%	2.30	180,000	176,857	180,109	4,073
FEDERAL HOME LN MTG CORP	AA+	05/30/2019	1.750%	2.36	100,000	99,889	100,424	2,359
FEDERAL HOME LN MTG CORP	AA+	08/01/2019	1.250%	2.42	100,000	99,598	100,221	2,406
FEDERAL HOME LN MTG CORP	AA+	10/02/2019	1.250%	2.46	100,000	99,393	100,260	2,443
FEDERAL NATL MTG ASSN GTD PASSTHRU	N.A.	12/01/2020	4.000%	2.95	19,432	20,016	20,361	590
FEDERAL NATL MTG ASSN GTD PASSTHRU	N.A.	07/01/2019	4.821%	4.01	108,182	108,478	120,014	4,350
JPMORGAN CHASE & CO SR NT	A	03/01/2021	2.550%	2.70	50,000	49,834	50,547	1,346
LANCASTER CNTY NEB SCH DIST NO SCH	AA+	01/15/2021	4.550%	3.28	50,000	51,342	52,254	1,682
UNIVERSITY CALIF REVS FOR PREV GEN	AA	07/01/2019	1.796%	3.02	50,000	49,913	49,928	1,506
MONTGOMERY CNTY MD CTFs PARTN COPS	N.A.	11/01/2019	1.200%	2.68	100,000	99,108	100,019	2,652
BANK NEW YORK MTN BK ENT FR	A+	11/27/2020	2.450%	2.55	150,000	149,322	152,586	3,802
GILEAD SCIENCES INC SR NT	A-	09/01/2020	2.550%	2.61	150,000	149,802	152,432	3,907
WISCONSIN ST GEN FD ANNUAL APP REV	AA-	05/01/2021	1.616%	2.52	100,000	98,005	100,080	2,469
FEDERAL HOME LN MTG CORP	AA+	08/25/2021	1.500%	2.61	90,000	89,055	90,000	2,322
METRO WASTEWTR RECLAMATION DIS REV	N.A.	04/01/2019	4.718%	2.82	100,000	100,000	101,809	2,816
WACO TEX INDPT SCH DIST REF BDS	N.A.	02/15/2020	4.000%	2.57	55,000	55,596	56,457	1,428
FEDERAL HOME LN MTG CORP	AA+	03/30/2021	1.500%	2.50	60,000	59,007	60,000	1,477
FEDERAL HOME LN MTG CORP	AA+	09/30/2021	1.250%	3.39	100,000	98,853	99,900	3,355
FEDERAL NATL MTG ASSN	AA+	09/30/2019	1.250%	2.93	60,000	59,643	59,985	1,749
FEDERAL NATL MTG ASSN	AA+	05/26/2021	1.800%	2.54	60,000	59,095	60,000	1,503
FEDERAL HOME LN MTG CORP	AA+	12/30/2020	1.750%	2.57	100,000	98,878	100,000	2,537

Broker/Dealer	Composite							Estimated Annual		
Investment Name	Credit	Maturity	Coupon Rate	Yield to Maturity	Par Value	Market Value	Cost	\$ Yield Earnings		
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	07/19/2021	2.030%	2.49	80,000	79,467	80,000	1,977		
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	01/24/2022	2.050%	2.43	60,000	59,587	60,000	1,448		
FEDERAL HOME LN MTG CORP MEDIUM	AA+	07/27/2020	1.625%	2.48	40,000	39,592	40,000	980		
FEDERAL HOME LN MTG CORP	AA+	10/26/2021	2.000%	2.47	150,000	148,638	150,000	3,673		
FEDERAL HOME LOAN BKS CONS BDS	AA+	04/27/2022	2.300%	2.37	150,000	150,108	149,663	3,559		
FEDERAL HOME LN MTG CORP	AA+	05/01/2020	1.375%	2.40	260,000	257,054	258,975	6,164		
FEDERAL NATL MTG ASSN	AA+	10/07/2021	1.375%	2.25	80,000	78,261	79,326	1,760		
FEDERAL HOME LN MTG CORP	AA+	01/13/2022	2.375%	2.25	120,000	120,334	122,023	2,703		
FEDERAL NATL MTG ASSN	AA+	01/05/2022	2.000%	2.25	220,000	218,381	219,594	4,905		
FEDERAL HOME LOAN BKS CONS BDS	AA+	06/12/2020	1.750%	2.37	260,000	257,923	260,905	6,115		
FEDERAL NATL MTG ASSN	AA+	05/06/2021	1.250%	2.28	260,000	254,467	258,066	5,802		
FEDERAL NATL MTG ASSN	AA+	08/17/2021	1.250%	2.28	260,000	253,729	257,469	5,788		
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	07/19/2022	1.900%	2.32	290,000	286,311	290,977	6,642		
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	08/03/2022	1.900%	2.31	290,000	286,265	290,537	6,618		
FEDERAL NATL MTG ASSN	AA+	04/05/2022	1.875%	2.24	300,000	296,835	300,879	6,661		
FEDERAL HOME LOAN BKS CONS BDS	AA+	08/15/2022	1.850%	2.38	85,000	83,830	85,480	1,992		
FEDERAL NATL MTG ASSN	AA+	09/28/2020	1.750%	2.50	180,000	178,382	180,000	4,461		
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	04/04/2022	2.100%	2.45	280,000	278,412	280,000	6,829		
FEDERAL HOME LN MTG CORP	AA+	10/12/2021	2.000%	2.47	180,000	178,222	180,000	4,409		
HOME DEPOT INC SR GLBL NT	A	04/01/2021	2.000%	2.50	60,000	59,327	59,879	1,484		
ORACLE CORP SR GLBL	A+	05/15/2022	2.500%	2.65	120,000	119,575	120,103	3,166		
PHILIP MORRIS INTL INC SR NT	A	03/26/2020	4.500%	2.65	55,000	55,958	56,353	1,485		
STARBUCKS CORP SR GLBL	BBB+	02/04/2021	2.100%	2.57	60,000	59,456	59,984	1,530		
US TREASURY NOTE	NR	03/15/2020	1.625%	2.39	720,000	714,758	714,853	17,104		
FEDERAL HOME LN MTG CORP	AA+	12/29/2021	2.250%	2.54	80,000	79,685	80,000	2,026		
FEDERAL HOME LOAN BKS CONS BDS	AA+	11/29/2021	1.875%	2.25	120,000	118,770	118,596	2,672		
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	11/22/2021	2.740%	2.89	100,000	100,002	99,975	2,888		
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	03/07/2022	2.850%	2.91	80,000	80,002	80,000	2,326		
FEDERAL NATL MTG ASSN	AA+	03/26/2021	2.700%	2.81	140,000	140,133	140,000	3,942		
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	04/18/2022	2.830%	2.93	150,000	150,027	150,000	4,397		
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	06/14/2021	2.810%	2.90	100,000	100,003	100,000	2,896		
FEDERAL HOME LOAN BKS CONS BDS	AA+	06/28/2022	3.060%	3.05	100,000	100,122	100,000	3,058		
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	09/19/2022	3.170%	3.15	200,000	200,546	200,000	6,321		
FEDERAL HOME LOAN BKS CONS BDS	AA+	09/27/2021	3.000%	2.94	160,000	160,446	160,000	4,711		
FEDERAL HOME LOAN BKS CONS BDS	AA+	08/10/2023	1.500%	3.71	200,000	196,498	192,645	7,294		
US TREASURY NOTE	NR	11/30/2020	1.625%	2.32	160,000	158,166	156,297	3,666		
FEDERAL HOME LOAN BKS CONS BDS	AA+	04/30/2021	2.000%	2.46	200,000	198,340	194,471	4,873		
FEDERAL HOME LOAN BKS CONS BDS	AA+	10/25/2021	3.170%	3.09	200,000	200,678	200,000	6,199		
FEDERAL NATL MTG ASSN	AA+	10/28/2020	1.400%	2.73	40,000	39,432	38,934	1,075		
US TREASURY NOTE	NR	09/15/2021	2.750%	2.24	60,000	60,712	59,817	1,359		
FEDERAL HOME LN MTG CORP	AA+	09/27/2023	3.200%	3.12	150,000	150,434	149,400	4,692		
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	12/05/2022	3.370%	3.37	100,000	100,119	100,000	3,370		
US TREASURY NOTE	NR	12/31/2019	1.875%	2.42	600,000	597,516	597,539	14,454		
US TREASURY NOTE	NR	10/31/2020	2.440%	2.56	600,000	599,232	599,160	15,364		
CASH & EQUIVALENTS	-	-	-	2.35	-	689,113	689,113	16,194		
Stage 2 Capacity Reserve Total					\$	11,894,129	\$	11,972,694	\$	302,692
Subtotal, Bank of the West					\$	33,753,924	\$	33,984,990	\$	854,839
Bank of New York (Trustee)										
2009 Reserve Account - Federal National Mortgage Assn 3136C	Aaa	7/26/2019	1.150%	1.15		4,760,115	4,780,000		54,741	
2009 Reserve Account - BMW BK North Amer Salt Lake 05580/	Aa	7/24/2019	2.000%	2.00		149,715	150,000		2,994	
2009 Reserve Account - Morgan Stanley Treas Sec X9USDMORS			0.000%	2.27		192,418	192,418		4,368	
2009 Reserve Account - Morgan Stanley Treas Sec X9USDMORS		-	0.000%	2.27		62,656	62,656		1,422	
2009 Revenue FD Account - Morgan Stanley Treas Sec Portfolio X9USDMORS		-	0.000%	2.27		5,617	5,617		128	
2009 Revenue FD Account - Morgan Stanley Treas Sec INST X9USDMORS		-	0.000%	2.30		13	13		0	
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%	2.63		414	414		11	
2014 Revenue Account - Cash		-	0.000%	-		15	15		-	
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%	2.53		163	163		4	
2015 Revenue Account - Cash		-	0.000%	-		6	6		-	
2009 Escrow - Tunisia Government Aid Bonds 066716AG6	Aaa	7/16/2019	1.686%	1.69		40,256,940	40,944,692		680,342	
2009 Escrow - Cash		-	0.000%	-		4,091	4,091		-	
Subtotal, Bank of New York (Trustee)					\$	45,432,200	\$	46,140,121	\$	744,012
Less Amounts held in Escrow for 2009 Bond Defeasance					\$	(40,261,031)	\$	(40,948,783)	\$	(680,342)
Net Total, Bank of New York (Trustee)					\$	5,171,169	\$	5,191,339	\$	63,669


Broker/Dealer Investment Name	Composite Credit	Maturity	Coupon Rate	Yield to Maturity	Par Value	Market Value	Cost	Estimated Annual \$ Yield Earnings
Zions Bank (Trustee)								
US Treasury Notes 912828ST8	Aaa	4/30/2019	1.250%	2.51	16,430,000	16,412,749	16,268,909	411,960
US Treasury Notes 912828SX9	Aaa	5/31/2019	1.125%	2.44	13,550,000	13,520,095	13,384,330	329,890
CAMP Pool	NR			2.59		21,557,828	21,557,828	558,348
2018 Acquisition Account - Euro		-	0.000%	-		4,659,537	4,659,537	-
Total, Zions Bank (Trustee)						\$ 56,150,208	\$ 55,870,604	\$ 1,300,198
Uninvested Operating Cash		-				911,802	911,802	-
California Local Agency Investment Fund		LAIF	-	2.392		\$ 913,065	\$ 913,065	21,841
Total Working Capital						1,824,867.82	1,824,867.82	21,841
TOTAL CASH & INVESTMENTS, UNRESTRICTED AND WITH TRUSTEE						\$ 96,900,170	\$ 96,871,801	\$ 2,240,547
						Weighted Average Yield to Maturity %		2.31%

Summary by Investment Type:	Market Value
US Treasuries	\$ 35,521,519
Agencies	27,791,017
Commercial Paper / Corporate Bonds	1,996,850
Municipal Bonds / Notes	1,706,494
Money Market / Certificates of Deposit	28,971,224
Local Agency Investment Fund	913,065
TOTAL	\$ 96,900,170

Summary by Purpose / Restriction Level	Market Value
Working Capital	\$ 1,824,868
Operations & Capital Budget Reserve	3,582,257
Capital Improvement Program Reserve	18,277,539
Stage 2 Capacity Reserve	11,894,129
Debt Reserve	5,171,169
Debt Proceeds	56,150,208
TOTAL	\$ 96,900,170

Summary by Liquidity:	Market Value
0-1 years	\$ 74,139,317
1 years	9,193,411
2 years	8,186,834
3-5 years	5,380,608
TOTAL	\$ 96,900,170

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

AGENDA ITEM 5D

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

CCT Concrete and Steel Protective Coatings Project (9107): 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 seasons. Design was completed by Kennedy/Jenks. Contract was awarded to ERS Industrial in March 2019.

Planned Commission Actions: Approve Engineering Services During Construction
Task Order – April 2019

Electrical Panel Replacement and Generator Modifications (9033): Modify the plant standby generator system to improve reliability and capacity. Remove and replace aging electrical infrastructure.

Standby Generators 4 and 5 will be connected to the new 12kV switchgear under this project, allowing these generators to power all of the plant loads, including the front of plant. Implementing this project will eliminate the need to provide additional standby generators to the Front of Plant facilities. An aging Motor Control Center and other panels which are past the point of their useful life will be included in the scope of this project.

Planned Commission Actions: Approve Design Task Orders – June 2019

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

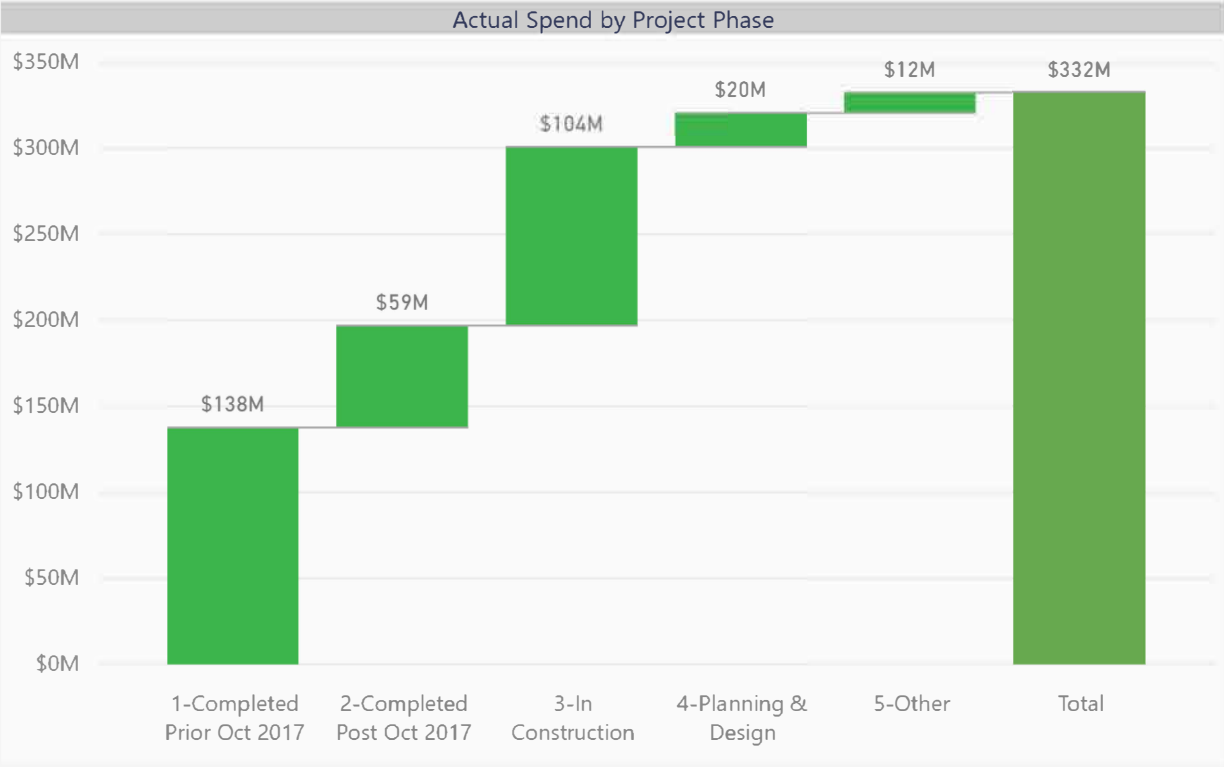
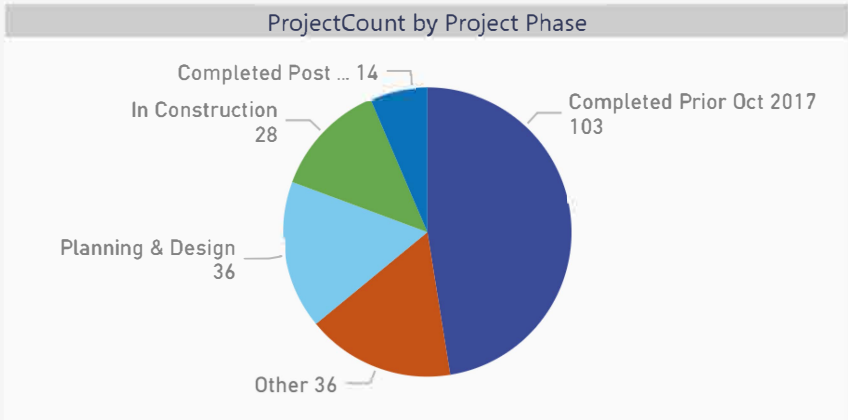
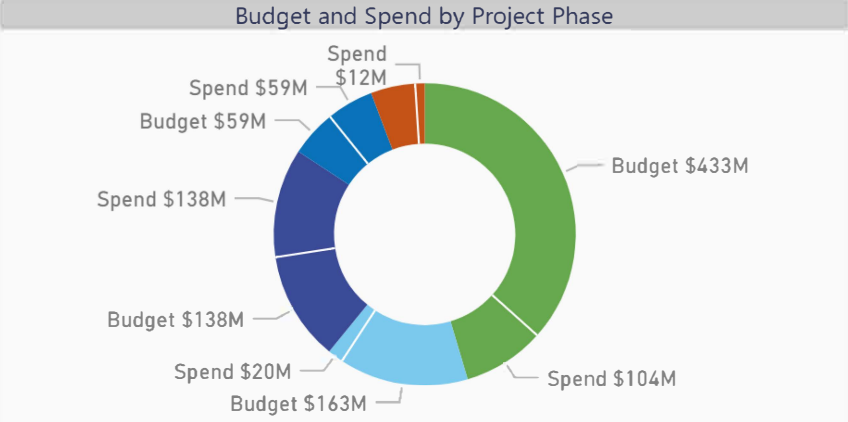
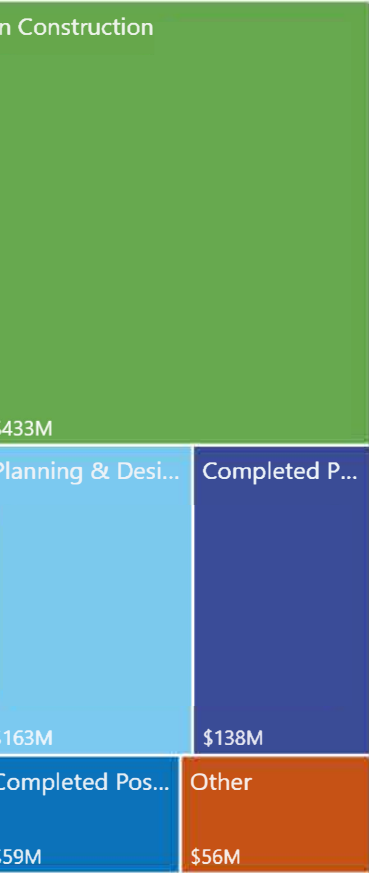
At the March 2017 meeting, the Commission authorized purchase of two rotary drum thickeners to replace the Gravity Thickeners which are past the point of their useful lives. Overaa Construction was awarded the construction contract to install the thickeners, which will thicken primary sludge before it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

Planned Commission Actions: Accept Project/File Notice of Completion – June 2019

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CIP Spend Analysis

Project Phase	Project Count	2018 CIP Budget	Actual Spend	Remaining	% Unspent
Completed Prior Oct 2017	103	\$138,103,158	\$137,645,142	\$458,015	0.33%
Completed Post Oct 2017	14	\$58,806,039	\$59,256,233	\$-450,195	-0.77%
In Construction	28	\$432,888,860	\$103,715,604	\$329,173,256	76.04%
Planning & Design	36	\$163,404,992	\$19,743,211	\$143,661,781	87.92%
Other	36	\$56,363,374	\$11,935,722	\$44,427,652	78.82%
Total	217	\$849,566,422	\$332,295,912	\$517,270,509	60.89%



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: 04/01/2019

APRIL 15, 2019
AGENDA ITEM 5E

Commission Meeting Date		Action Item	Requested or Estimated Date for Completion	Status			Date of Completion	Notes
				Ongoing	In Progress	Complete		
3/18/2019		Emergency Declaration	4/15/2019			✓	4/10/2019	Ratify emergency declaration at April meeting
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.

Silicon Valley Clean Water
Commissioners' Requested Action Items
Updated: 04/01/2019

APRIL 15, 2019
AGENDA ITEM 5E

Commission Meeting Date	Action Item		Requested or Estimated Date for Completion	Status			Date of Completion	Notes
				Ongoing	In Progress	Complete		
	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.
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.
> 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.

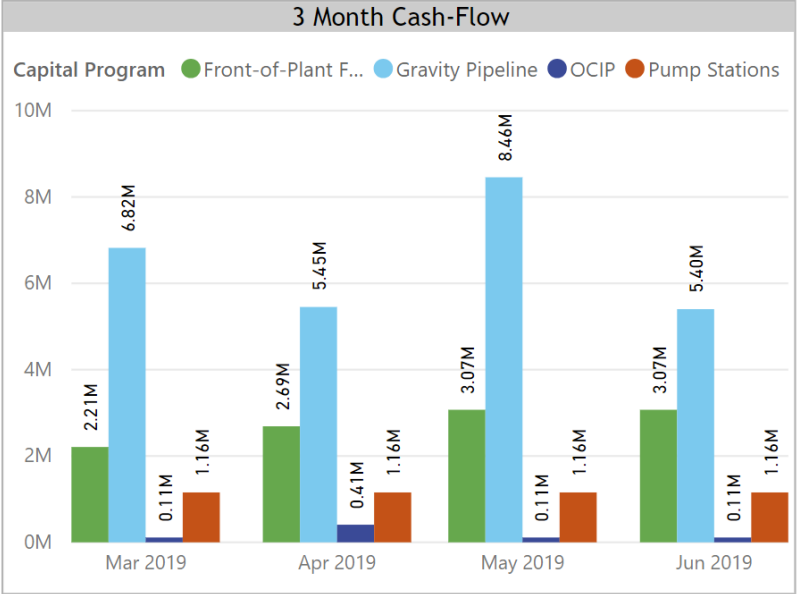
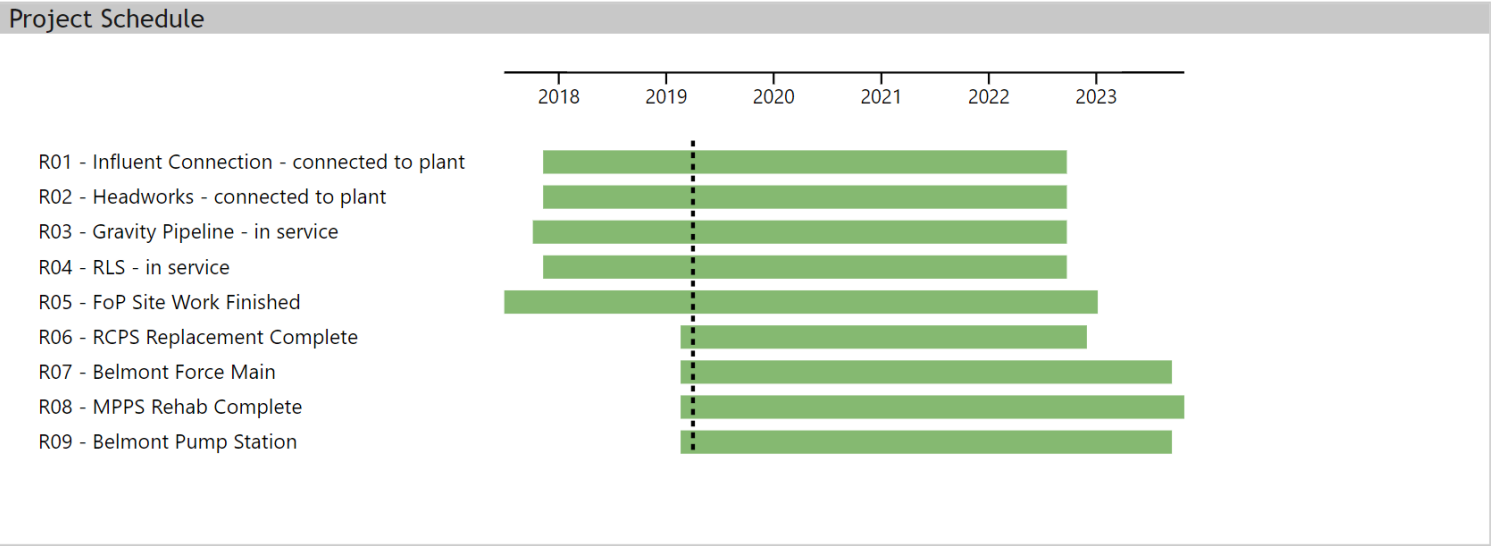
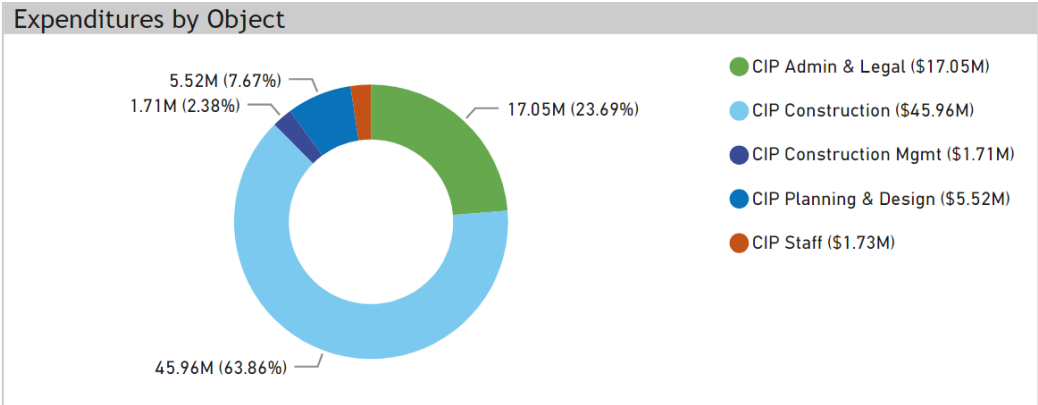
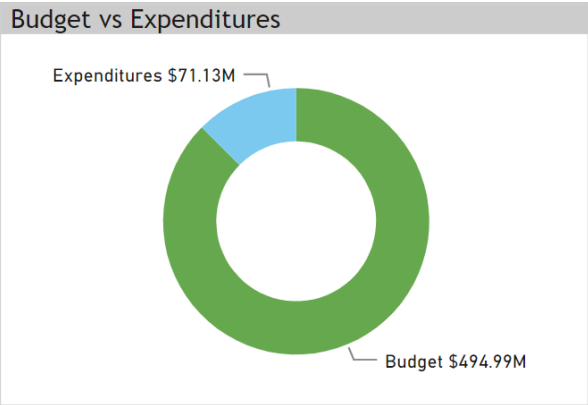
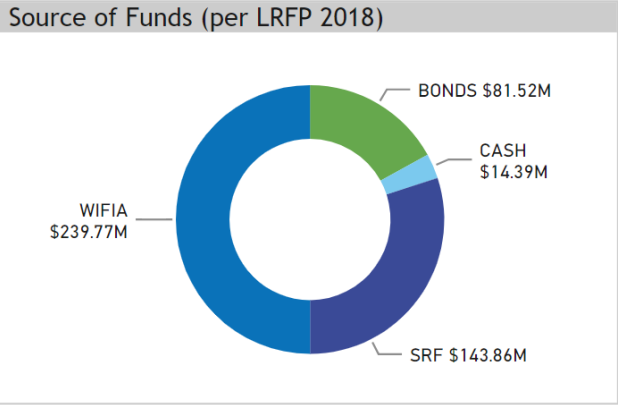
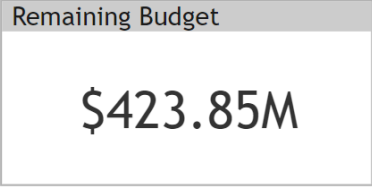
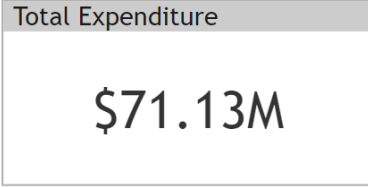
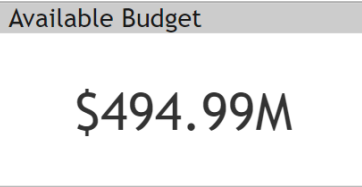
AGENDA ITEM 5F

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Overview



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



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

\$33.80M

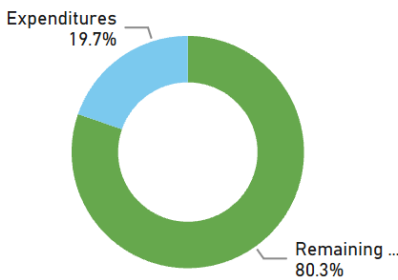
Remaining Budget

\$104.00M

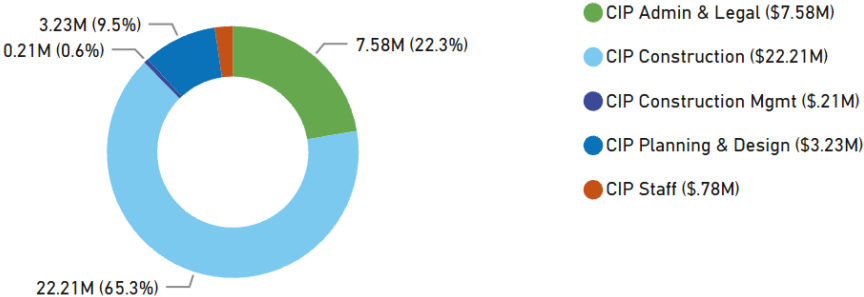
Milestone Schedule

	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

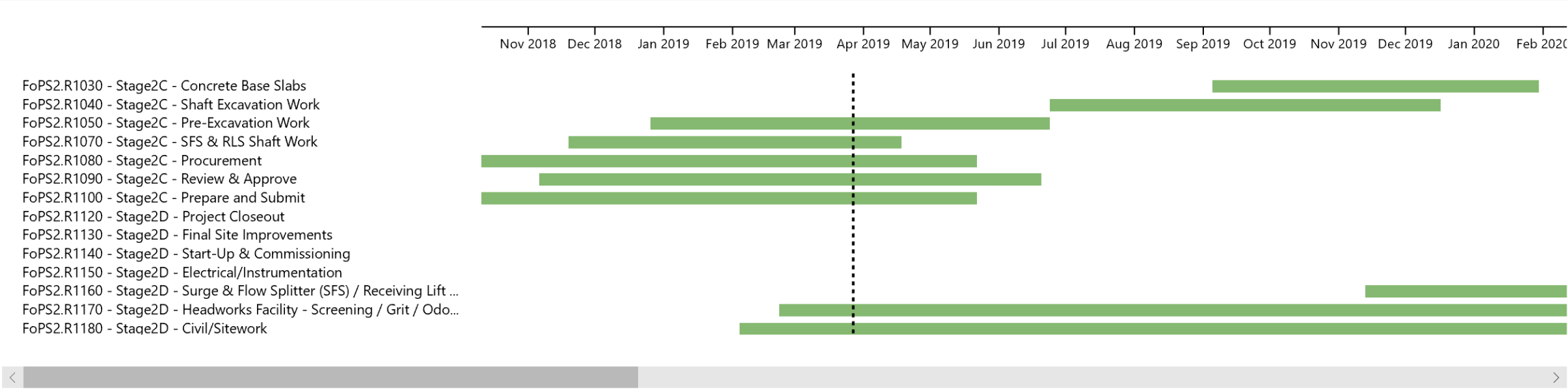
Budget vs Expenditures



Expenditures by Object



Schedule





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">- Completed review of the major equipment list with preferred manufacturers- WIFIA applications are in progress- SPJV executed contracts with multiple subcontractors for upcoming work
Construction	<ul style="list-style-type: none">- Completed the installation of eight of the sixteen support of excavation panels for the SFS/RLS shafts- Completed the excavation and grading for the headcell area in the Headworks Facility

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	April	May	June
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

\$35.49M

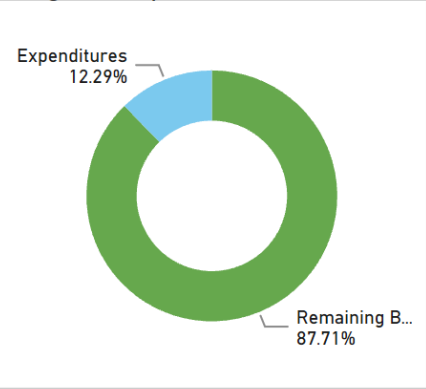
Remaining Budget

\$217.76M

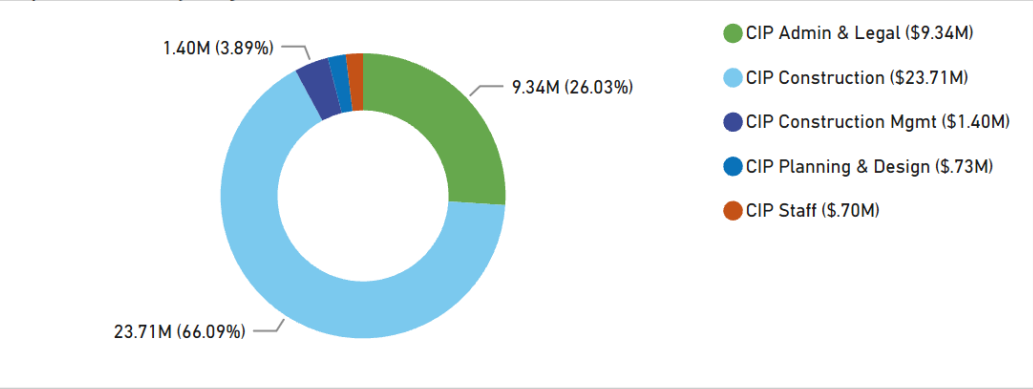
Milestone Schedule

	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

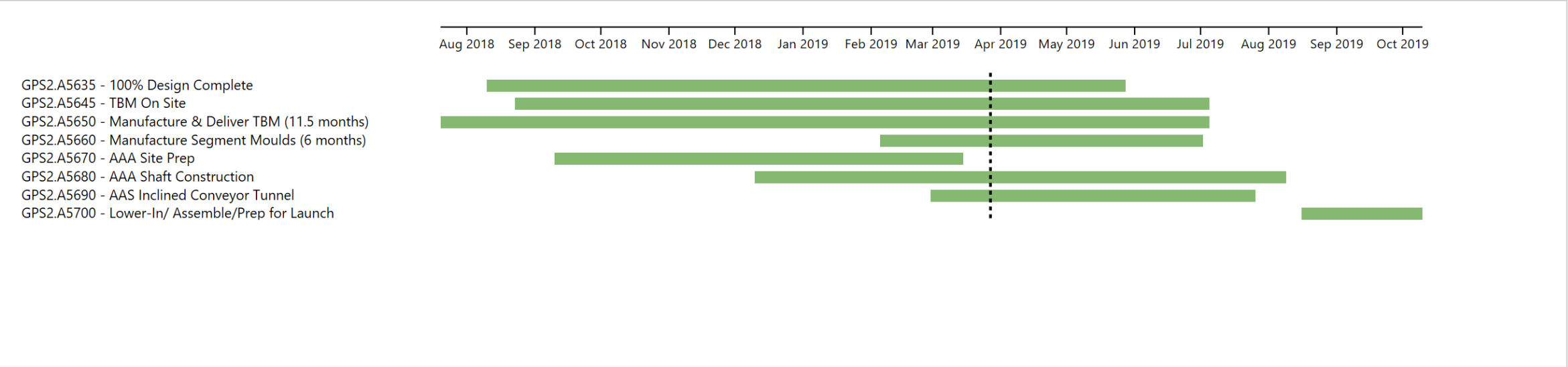
Budget vs Expenditures



Expenditures by Object



Schedule



As of : 2019 - 03

Major Accomplishments this Period

Design	<ul style="list-style-type: none"> -Continued Construction Phase Instrumentation & Monitoring design -Continued Specification development -Began coordination with Pump Stations Improvement project for San Carlos inlet connection
Procurement of Trade Packages	<ul style="list-style-type: none"> - Executed contract with Instrumentation & Monitoring, Electrical Substation, Depressurization well, and Cap beam subcontractors. - Continued discussions with FRP pipe manufacturers. SVCW reviewing durability report in parallel. - Outreach in conformance with SRF and WIFIA funding requirements
Construction	<ul style="list-style-type: none"> -Well subcontractor installed depressurization wells -Instrumentation & Monitoring subcontractor installed ground monitoring at Airport Access Shaft site -BBJV placed cap beam on the Airport Access Shaft -DrillTech mobilized and installed sheet piles for the conveyor tunnel installation.

Upcoming Key Activities

San Carlos/Bair Island Piping Design
 Excavation of Airport Access Shaft
 Inclined Conveyor Tunnel Installation
 TBM Delivery
 BCDC Permit in Progress

3 - Month Look Ahead

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

\$1.85M

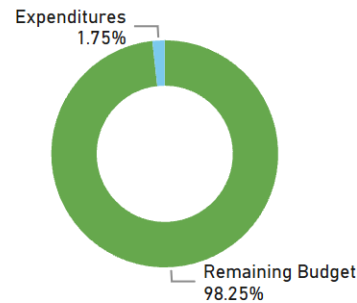
Remaining Budget

\$102.07M

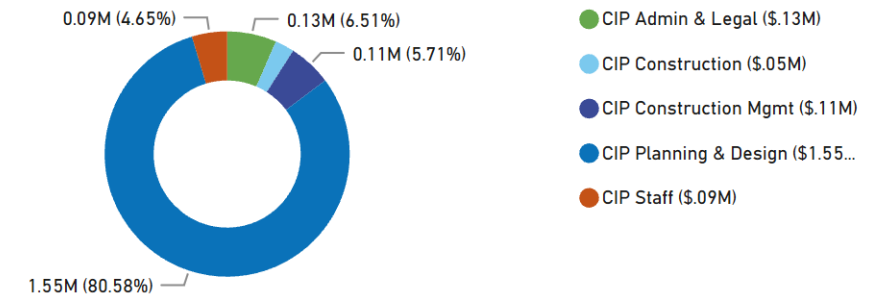
Milestone Schedule

	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

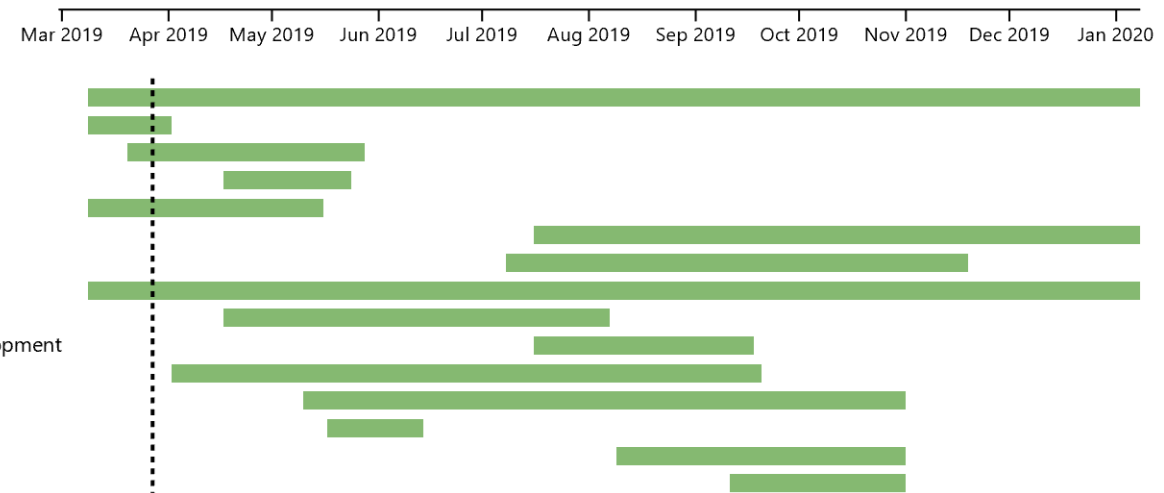


Expenditures by Object



Schedule

- PSS1.R1000 - Task 1: Background Document Review & Validation / Coordination with GP Project
- PSS1.R1010 - Task 2: Project Execution Plan
- PSS1.R1020 - Task 3: Additional Geotechnical Investigations & Geotechnical Baseline Report
- PSS1.R1030 - Task 4: Additional Surveying, Mapping and Utility Locates
- PSS1.R1040 - Task 5: Alternative Analysis
- PSS1.R1050 - Task 6: BIM Model Development, Analysis & Support
- PSS1.R1060 - Task 7: Cost Modeling Development & Estimates
- PSS1.R1070 - Task 8: Scheduling
- PSS1.R1080 - Task 9: Modeling (Hydraulic, Physical, Air, Odor & Corrosion Control Modeling)
- PSS1.R1090 - Task 10: Process & Instrumentation Diagram (P&ID), Master Equipment & I/O List Development
- PSS1.R1100 - Task 11: Control Strategy / Narratives Development
- PSS1.R1110 - Task 12: Basis of Design Report & 30 Percent (%) Design Documents
- PSS1.R1120 - Task 13: Design & Construction Phasing Plan
- PSS1.R1130 - Task 14: 60 Percent (%) Design Package
- PSS1.R1140 - Task 15: Preliminary Startup, Testing and Acceptance Testing Plan



Major Accomplishments this Period	
Design	<div><div></div><div><ul style="list-style-type: none">- Began alternatives analyses- Began preliminary site surveying- Ongoing coordination with GP project</div></div>

Upcoming Key Activities
<div><div></div><div><ul style="list-style-type: none">Condition assessments for each pump stationMPPS Alternatives Analysis Workshop</div></div>

3 - Month Look Ahead					
	Start	End	April	May	June
Alternative Analysis	February 14, 2019	May 16, 2019	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		
Geotechnical Investigation Plan	March 8, 2019	April 17, 2019	X		
Design and Construction Phasing Plan	May 17, 2019	June 14, 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
REGULAR MEETING – March 18, 2019
8:00 a.m.**

ITEM 1

CALL TO ORDER

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

ITEM 2

ROLL CALL - Commissioners Duly Appointed by Each Agency

Council Member 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 (Absent / No Alternate)

Staff, Consultants and Visitors Present

Teresa A. Herrera, SVCW Manager
Christine C. Fitzgerald, SVCW Legal Counsel
Matt Anderson, SVCW Chief Financial Officer/Assistant Manager
Kim Hackett, SVCW Authority Engineer
Arvind Akela, SVCW Engineering Director
Eric Hansen, SVCW Engineering
Robert Wandro, SVCW Lab Director
Kara Tremblay, SVCW Engineering
Jessica Mangual, SVCW Secretary Pro Temp
EJ Shalaby, Senior Consultant, DNS Strategic Partners
Derek Rampone, City of Redwood City
Bill Tanner, Tanner Pacific, Inc.
Mark Minkowski, Kennedy/Jenks
Aren Hansen, Brown & Caldwell
Robert Donaldson, Collaborative Strategies Consulting

ITEM 3

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was recited by those in attendance.

ITEM 4

PUBLIC COMMENT

There was no Public Comment

ITEM 5A

SAFETY MOMENT AND REPORTS

For this month's Safety Moment, ten office ergonomics tips to help avoid fatigue were distributed and discussed.

The Manager's Report included an update on the emergency condition declared last week and an item to ratify the emergency condition will be placed on the April Commission meeting. The Manager has accepted a nomination to participate on the California Sanitation Risk Management Authority Workers' Compensation Committee. The WIFIA program funding is anticipated to be brought forth to the Commission in May.

ITEM 6A

MATTERS OF COMMISSION MEMBERS INTEREST

No discussion.

ITEM 7

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

Motion/Second: Mr. Otte / Ms. Aguirre

The Motion carried by Unanimous Roll Call Vote

ITEM 8A

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)

Motion/Second: Ms. Aguirre / Mr. Otte

The Motion carried by Unanimous Roll Call Vote

ITEM 8B

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'S APPROVAL OF DOCUMENTS AS TO FORM – BIOFORCE TECH, 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.

Motion/Second: Mr. Otte / Ms. Aguirre

The Motion carried by Unanimous Roll Call Vote

ITEM 8C

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

The Commission received a detailed presentation on the draft FY 2019-20 budget followed by a question and answer period. The budget will be presented again to the Commission in April for discussion and approval.

ITEM 9

CLOSED SESSION

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

ITEM 10

RECONVENE FROM CLOSED SESSION

Open Session reconvened at 8:50 a.m.

Ms. Fitzgerald reported as to Agenda Item 9A no reportable action was taken.

ITEM 11

ADJOURN

There being no further business, the meeting adjourned at 8:50 a.m.

Minutes prepared by Teresa A. Herrera

George B. Otte, Secretary

AGENDA ITEM 7B

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SVCW WARRANT REGISTER

SVCW Warrant Register dated March 1, 2019 – April 1, 2019, was scanned and a copy was emailed to Commissioners and Legal Counsel on April 9, 2019.

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AGENDA ITEM 7C

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**PUMP STATION VALVE REPLACEMENT PHASE II (PROJECT #286)
FINAL PROJECT ACCEPTANCE**

ISSUE

Final Acceptance of Pump Station Valve Replacement Phase II Project at Menlo Park and San Carlos Pump Stations and Authorization to File Notice of Completion.

BACKGROUND

SVCW's Maintenance Division had identified valves in existing pump stations that required replacement in advance of the larger pump station rehabilitation projects that are part of the RESCU program. The RESCU program is scheduled to be complete in 2023 which means the existing pump stations need to remain operational until then. There were two phases of work for pump station valve replacement; in 2017, two of four large valves were replaced in the San Carlos Booster Station (V1 and V2) with the plan to replace two other large valves (V3 and V4) in 2018. Additionally, there are several fittings and smaller valves in the San Carlos Pump Station that required replacement. All the valve work was identified and included in SVCW's capital budget in 2017; it is not a part of the capital improvement program.

The San Carlos Pump Station was built in 1982 and contains a Booster Pump Station which was designed to assist with high wet weather flows from West Bay Sanitary District (WBSD) and Redwood City (RWC). During dry weather, flows from WBSD and RWC are pumped through the force main then joined by San Carlos flows at the San Carlos Pump Station. From here, flows continue to the plant (Belmont flows join the force main downstream of the San Carlos Pump Station). During wet weather, flows from WBSD and RWC are too high to flow all the way to the treatment plant and, therefore, they are "boosted" at the San Carlos Booster Station. To enable flows to be diverted, valves V1 and V2 are opened and either Valve 3 or 4 is opened (these two valves exist for redundancy purposes in case one of the valves fails, there is another valve able to be used). Valves V1 and V2 are on the pipe coming from the force main to the booster station while V3 and V4 are in line with the force main. Closing either V3 or V4 valves is the only way to get water to the booster station, therefore, these valves are critical to operations.

When SVCW Maintenance staff performed a condition assessment, Valves V3 and V4 were found to be in poor condition. Maintenance staff also identified two 18-inch swing check valves and three 18-inch concentric reducers in the San Carlos Pump Station that required replacement. SVCW already owned one swing check valve that matched the old valve and, therefore, only one was required to be purchased.

Additionally, there was a 30-inch valve outside of the Menlo Park Pump Station that is used to return flows from the Flow Equalization Facility (FEF) that needed replacing. Maintenance staff previously purchased the valve and it was stored in the SVCW warehouse. Due to the high level of effort required for the replacement, it was decided to add the FEF valve replacement to this valve replacement project.

DISCUSSION

SVCW's Engineering staff, with assistance from the design firm of Freyer and Laureta, worked with Maintenance staff to identify the project needs and to scope the required work. Since either V3 or V4 are closed to divert flow to the San Carlos Booster Pump Station and the likelihood of both valves failing before 2023 is low, it was decided only one of the valves needed to be replaced. V3 is in better condition than V4 and will remain in place for redundancy. A valve that had previously been used in the 48-inch force main replacement project had been stored at the treatment plant and was available to be used in this configuration. The valve had only been in service for a year and was in excellent condition. This is an excellent example of staff working to reduce project costs by only scoping work that was necessary and finding opportunities to re-use material and equipment.

The scope of work for the construction project included replacing valves and pipe connections inside San Carlos Pump Station, installing the replacement valve for V4, and replacing the FEF return valve near the Menlo Park Pump Station.

Construction documents were completed by Freyer and Laureta and bid documents were publicly advertised on July 20, 2018. Bids were received on Thursday, August 9, 2018 and D.W. Nicholson was the lowest responsible bid in the amount of \$334,600. The Commission awarded the installation contract to D.W. Nicholson on August 23, 2018.

Notice to Proceed was issued on September 21, 2018 and construction commenced. D.W. Nicholson replaced the valves at the San Carlos Pump Station followed by the FEF valve. Due to material and weather delays a no cost time extension was issued. Substantial Completion was issued on January 25, 2019 and the Substantial Completion Certificate is attached. Work performed by D.W. Nicholson was excellent and O&M staff are satisfied with the outcome.

FINANCIAL IMPACT

Costs for the project procured materials and installation were \$39,436 and \$344,397 respectively, giving a total construction cost of \$383,833. The total budget for Capital Project #286 is \$610,000. A project construction cost 38% below the estimate is a credit to SVCW's Operations and Maintenance Divisions as they were instrumental in finding ways to keep costs low.

RECOMMENDATION

Move approval to ACCEPT THE PUMP STATION VALVE REPLACEMENT – PHASE II PROJECT (CAPITAL PROJECT #286) AND AUTHORIZE FILING NOTICE OF COMPLETION – D.W. NICHOLSON

**Silicon Valley Clean Water
Pump Station Valve Replacement Phase II
SUBSTANTIAL COMPLETION CERTIFICATE**

The following portions of the Pump Station Valve Replacement Phase II are accepted as Substantially Complete in accordance with Specification Sections 00700-8.6 and 00800-1.5 and as defined herein.

As of January 25th, 2019, 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 January 25th, 2019.

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. D.W. Nicholson:
 - 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 January 25th, 2019, 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: D. W. Nicholson

Construction Manager: Tanner Pacific, Inc.

By: Phillip Grove
Phil Grove

By: 
Joél Cabrera, P.E.

Title: Project Manager

Title: Construction Manager

Date: _____

Date: 3/11/19

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AGENDA ITEM 7D

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**CHLORINE CONTACT TANK VALVE REPLACEMENT AND SURFACE
REHABILITATION PROJECT (CIP #9107)
ENGINEERING SERVICES DURING CONSTRUCTION**

ISSUE

Approve a Task Order for Engineering Services During Construction 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. The CCT is comprised of three long passes; 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.

Rehabilitation of the CCT is being completed over two construction contracts. The first contract was completed during the dry weather season of 2018. The second contract was awarded at the March 2019 Commission meeting.

DISCUSSION

Kennedy/Jenks provided the design services for the Chlorine Contact Tank Valve Replacement and Surface Rehabilitation Project. They have provided a scope and budget for Engineering Services During Construction (ESDC).

ESDC are needed to support the various technical engineering elements including Requests for Information regarding design, technical review and approval of contractor submittals, technical input and recommendations on contract change orders, preparing record drawings, assessing previously unknown discovered conditions, and reviewing constructability recommendations made by the contractor to reduce costs during construction.

Typically, ESDC consultant task orders are presented to the Commission at the same time as recommendation to award a construction contract. In this case, staff needed to

wait until the general contractor was on board to determine if bid alternate work should be included in the project. The bid alternate covers work to install a weir wall at the wet pit and was included in the award. It was only after bids came in and the bid alternate included that staff was able to finalize negotiations with Kennedy/Jenks. Negotiations are now complete and staff recommends the Commission approve a task order for Engineering Services During Construction with Kennedy Jenks, Inc. under CIP #9107: Chlorine Contact Tank Valve Replacement and Surface Rehabilitation Project in the not-to-exceed amount of \$192,974.

FINANCIAL IMPACTS

This project is budgeted under the CIP as project #9107: CCT Concrete and Steel Protective Coating Replacement, with an appropriated budget of \$5,521,003. To date, approximately \$1,307,363 has been expended. Including the recently approved construction contract in the amount of \$2,087,340, approval of this Task Order will be within SVCW's CIP project budget.

RECOMMENDATION

Move approval of TASK ORDER FOR ENGINEERING SERVICES DURING CONSTRUCTION IN SUPPORT OF CONSTRUCTION OF CHLORINE CONTACT TANK VALVE REPLACEMENT AND SURFACE REHABILITATION PROJECT (CIP #9107); KENNEDY/JENKS CONSULTANTS, INC. (\$192,974)

AGENDA ITEM 7E

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**RESCU PROGRAM PROPERTY AND EASEMENT ACQUISITIONS
MASTER SERVICES AGREEMENT FOR HAMNER JEWELL**

ISSUE

Approval of Master Services Agreement and Task Order for Hamner Jewell & Associates for Property Acquisition Related Services.

BACKGROUND

When SVCW initiated the Gravity Pipeline project, there were six property acquisition tasks identified; four were private property easements and two were public easements and permits. To assist SVCW's project team and Legal Counsel obtain the necessary easements, the firm of Hamner Jewell & Associates (HJA) was contacted. This company had been used on previous projects by project team members while at different public agencies and has an excellent reputation. HJA's company focus is all aspects of government real estate services including right of way acquisitions, valuation, permitting, and real property consulting; they have an outstanding reputation for assisting public agencies obtain necessary real property acquisitions, including subsurface easements similar to that needed for the RESCU program.

In 2017, HJA provided a scope of work and budget for assisting with four of the six necessary subsurface easements. At that time, a professional services agreement was entered into between HJA and Fitzgerald Law Offices, SVCW's Legal Counsel, for HJA to assist and work under legal direction during the acquisition process in anticipation of eminent domain litigation in order to maintain the confidential attorney-client and work-product privileges. HJA has been working with SVCW staff and Counsel to facilitate obtaining the necessary easements for Gravity Pipeline project.

DISCUSSION

Of the four subsurface easements for which HJA was originally contracted, three are complete and one is near complete. All four easements have been or are being obtained without litigation and the work done thus far by HJA has been extremely professional and successful.

There are two other activities that have been identified that could use the services of HJA. One is working with San Mateo County for necessary permits related to the Gravity Pipeline and one is responding to a developer in Redwood City who is requesting a vacation of easement from the 48-inch force main for the development. Since the experience with HJA has been so positive thus far and the risk of legal action is extremely small at this point, staff is recommending that SVCW enter into a Master Services Agreement directly with HJA rather than through SVCW's Legal Counsel to enable staff to use HJA's services when necessary. Additionally, staff is seeking an amendment to HJA's originally scoped work to cover expenses related to the Gravity Pipeline project. Approximately \$72 thousand has been expended to date by HJA for the Gravity Pipeline project easements. To finalize the last private easement and to include working with San Mateo County for additional easements and permit, staff is requesting that an additional \$75 thousand be added to reflect the additional scope of

work. The budget for working with the developer near the Redwood City Pump Station is currently authorized at an amount of \$24 thousand and it is not anticipated that more is needed.

As with all consulting agreements, work will be authorized via task orders and will be paid on a time-and-expense basis.

FINANCIAL IMPACT

There are no direct financial impacts to approval of this Mater Services Agreement. Specific work is authorized via Task Orders as needed and charged to specific projects for which Hamner Jewell provides services. In the case of the Gravity Pipeline project, an amendment to their currently authorized work in the amount of \$75 thousand will be provided which will bring their total authorization for Gravity Pipeline-related work to \$147 thousand. In accordance with SVCW policy, any future Task Order with a value in excess of \$75,000 will be brought to the Commission for approval.

RECOMMENDATION

- i. Move adoption of RESOLUTION AUTHORIZING EXECUTION OF MASTER SERVICES AGREEMENT FOR PROPERTY ACQUISITION SERVICES – HAMNER JEWELL & ASSOCIATES
- ii. Move approval of TASK ORDER FOR GRAVITY PIPELINE EASEMENT ACQUISITION ASSISTANCE SERVICES IN THE AMOUNT OF \$75,000 BRINGING TOTAL AUTHORIZATION OF RELATED WORK TO \$147,000

AGENDA ITEM 7F

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REMOVAL OF FIXED ASSETS FROM THE FINANCIAL RECORDS OF SVCW**ISSUE**

Approve Removal of Assets from SVCW Financial Records to Reflect Asset Disposals Occurring in the Current Fiscal Year.

BACKGROUND

Per Section 3.5 of the SVCW Joint Powers Agreement and per SVCW Policy 1981-02 Revision E, asset and inventory items no longer useful must be removed from SVCW's financial asset records. Further, the disposal of any asset with a value greater than \$25,000 must receive Commission approval.

DISCUSSION

The following item is recommended to be sold and removed from SVCW financial records.

Asset #	Description	Acquired Date	Original Value	Book Value	Reason For Disposal
13187	2017 Jeep Wrangler	May 2017	\$39,013.44	\$29,720.71	Replaced with electric vehicle

Removing this asset from SVCW financial records improves the accuracy of SVCW accounting for financial assets.

RECOMMENDATION

Move approval to REMOVE FIXED ASSET NUMBER 13187 WITH A TOTAL REMAINING BOOK VALUE OF \$29,720.71 FROM SVCW FINANCIAL RECORDS

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AGENDA ITEM 7G

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**SUPPORT FOR FEDERAL FUNDING OF BUREAU OF RECLAMATION'S TITLE XVI
WATER RECLAMATION AND REUSE PROGRAM**

ISSUE

Approve Submittal of Letters of Support to Local Members of Congress to Appropriate Funding for the U.S. Bureau of Reclamation's Title XVI Water Reclamation and Reuse Program

BACKGROUND

Title XVI has been in place since 1992 and provides federal funding for water reuse projects in water short areas of the United States, primarily the western states. Funding for Title XVI requires ongoing appropriation by Congress.

SVCW entered into an MOU several years ago with Redwood City, City of San Mateo, San Francisco Public Utilities Commission, Bay Area Water Supply Conservation Agency and the California Water Services to investigate the feasibility of producing highly treated water for purposes of unrestricted reuse. The program is called PREP – Potable Reuse Exploratory Program – and each participant agency provides funding for the program. SVCW's monetary contribution thus far has been minimal although the energy and enthusiasm for the program is high. The program has received grant funding from EPA and continually seeks grants or low cost loans for helping to support the efforts. Title XVI funds have been identified as an important source of money, if available.

DISCUSSION

The Manager recommends the individual Commissioners sign a letter of support for Congress to appropriate funds to the Title XVI program. Four letters have been prepared, one each to local congressional representatives and, if approved by the Commission, each Commissioner will be asked to sign the letters. Staff will follow up and send the letters after they are signed.

RECOMMENDATION

Move approval to SUBMIT LETTER OF SUPPORT FOR CONGRESSIONAL APPROPRIATION OF FUNDS FOR THE U.S. BUREAU OF RECLAMATION'S TITLE XVI WATER RECLAMATION AND REUSE PROGRAM

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April 15, 2019

The Honorable Dianne Feinstein
United States Senate
331 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Feinstein:

Thank you for the support and leadership you have provided the Bay Area and California towards the development of sustainable water supplies. On behalf of Silicon Valley Clean Water, a California Joint Powers Authority (SVCW), I write to urge you to provide \$150 million or more, for the Bureau of Reclamation's Title XVI water reclamation and reuse program in Fiscal Year 2020 Energy and Water Development Appropriations bill, under the Bureau of Reclamation for the Title XVI program, in order to assure the development of opportunities to generate new, sustainable and reliable water supplies by partnering with Reclamation through the expansion of water reuse.

At the requested funding level, Reclamation will be able to significantly expand opportunities for water reuse planning assistance and partner with non-Federal water agencies to help accelerate construction of individually authorized and WIIN Act eligible Title XVI water reuse projects. The Title XVI program is the only federal program that provides funding specifically for water reuse projects. Title XVI is a successful federal cost-shared program that, since 1992, has provided approximately \$690 million for water reuse projects west wide and has leveraged more than \$2.7 billion in non-federal funding. In 2017 alone, according to Reclamation, that investment yielded an estimated 388,416 acre-feet of new, additional water for many water short areas in the West.

Because of the success of the program and the very serious water supply challenges facing much of the West, the Title XVI program is severely oversubscribed. There is a backlog of between \$275 million and \$300 million for the 53 projects individually authorized to compete for construction assistance under this program. In addition, there are 45 water reuse projects eligible to compete for WIIN Act authorized Title XVI assistance and the demand for Title XVI assistance continues to grow. Based on agency data, the Congressional Research Service recently estimated that as of early 2018, the backlog of remaining federal funding for the 98 authorized Title XVI projects (both "traditional" and WIIN Act authorized projects) was over \$1 billion.

And this does not include additional investments that will be required to partner with public agency organizations like SVCW. With our regional partners, the City of San Mateo, the San Francisco Public Utilities Commission, the Bay Area Water Supply Conservation Agency, and California Water Services, SVCW is evaluating the feasibility of producing highly treated, potable quality, recycled water (advanced purified water) to help address water supply reliability concerns and drought preparedness through the development of a drought-proof water supply for our region. As this effort progresses, we hope to partner with Reclamation through the Title XVI water reuse program for public outreach demonstration of advanced water treatment technology to improve the quality of our recycled water supply as well as full construction of an advanced treatment facility, anticipated before 2040. Furthermore, the interest in developing locally sustainable water supplies is very high in the Bay Area. Through efforts with our partners at ReNUWIt, a National Science Foundation funded engineering research center with Stanford University and the University of California, Berkeley, we held a meeting on potable reuse partnerships in March of 2018 where over 87 different Bay Area organizations were represented. As an outcome of that meeting, through local agency and federal funding from the EPA, we are moving forward with a Bay Area One Water Network, planned for this year. Through this regionally

coordinated network, information sharing, support and confidence from all neighboring agencies in new water supply sources will help ensure that public support and project scheduling is kept on-time to support the anticipated needs for new reliable and resilient sources of water needed to maintain our environment and the quality of life expected in the Bay Area.

As you know, recycled water plays a critically important role in stable, dependable water supply portfolios across the western states. Hydrologic uncertainty, variabilities in precipitation, and frequent intense drought have placed recycled water permanently in the forefront of water managers' tools to provide reliable surface and groundwater supplies and its many benefits fully justify up to \$150 million for Title XVI in Fiscal Year 2020.

We greatly appreciate your strong support for this important program and your consideration of our request. Please feel free to contact me should you have any questions.

Sincerely,

The same letter should also be sent to:

The Honorable Anna G. Eshoo
202 Cannon House Office Building
Washington, DC 20515

The Honorable Jackie Speier
2465 Rayburn House Office Building
Washington, DC 20515

The Honorable Kamal Harris
U.S. Senate
112 Hart Senate Office Building
Washington, DC 20510

AGENDA ITEM 8A

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**DECLARATION OF EMERGENCY
EFFLUENT PIPE LEAK**

ISSUE

Ratification of the SVCW Manager's Declaration of Existence of an Emergency Condition and Approving Repair of Essential Facilities.

BACKGROUND

Early March 2019, SVCW staff began to notice excess water coming from an area close to where the effluent pipe exits the treatment plant main structure. Shortly after staff noticed water coming from this area, water samples were taken and it was found to contain bisulfite, a chemical SVCW uses to dechlorinate the water prior to discharge in the Bay. This was a telltale indication that it is likely plant effluent and not groundwater. From where the leak was emanating was still in question. Staff contacted Power Engineering (contractors who SVCW has identified as responding to emergency situations related to the influent or effluent pipelines) to assist in finding the cause of the leak.

To determine the location and cause of the leak, an entire plant shutdown was required. This occurred in the overnight between March 13th/14th. The resulting opinion from that investigation was that the leak is occurring from a 2-inch valve fitting set upon the top of the effluent pipe. This fitting was placed as a temporary connection for SVCW's effluent sampling station while a permanent station was being constructed and is no longer in use.

On March 14, 2019, an Emergency Declaration was issued by the SVCW Manager to protect the public health and authorize Power Engineering to proceed with permanent repairs to the pipeline. A status update was provided to the Commission at the meeting of March 18, 2019, indicating that staff and Power Engineering were reviewing design approaches to the permanent repair.

DISCUSSION

Given the results of the March 13/14 investigation, methods of repairing the leak were developed, consisting of two steps. On the night of April 4th/morning of April 5th, a plant shutdown was scheduled with the intention to allow the contractor to enter the interior of the pipe and place a plug from inside the pipe upwards into the fitting. This would be the first step to stop the leak so that the second step of the permanent repair can proceed.

The shutdown did occur and the contractor entered the pipe. Unfortunately, what was detected as the cause of leak did not coincide with the original conclusion. Rather, it was noticed that an excessive amount of pipe settlement had occurred (approximately one foot) and the flange connection between the main structure and the HDPE pipe sheared.

As of the writing of this agenda item, a repair for the leak has not been developed. However, this remains a high priority situation and the proper response to the

emergency nature of this situation remains. Currently, the water leaking from the pipe is being captured and returned into the plant's stormwater system; there are no permit violations as no unauthorized discharge are entering the waters of the state.

FINANCIAL IMPACT

The cost for this work is not budgeted in the SVCW Annual Operations Budget or Revenue Funded Capital Budget and will come from the SVCW Operations Reserve Fund. Declaration of an Emergency situation authorizes the SVCW Manager to commit resources to correct the emergency in an amount up to \$300,000. Thus far approximately \$42 thousand has been expended. It is unknown at this time what will be the cost for a repair and the Commission will be apprised of the status at their April and succeeding meetings.

RECOMMENDATION

Move adoption of RESOLUTION DECLARING EXISTENCE OF EMERGENCY CONDITION REQUIRING IMMEDIATE EXPENDITURE OF FUNDS IN FURTHERANCE OF PUBLIC HEALTH, WELFARE AND SAFETY AND APPROVING AND RATIFYING EXECUTION OF CONTRACTS FOR REPAIR OF ESSENTIAL PUBLIC FACILITIES RELATING THERETO (EFFLUENT PIPELINE) (4/5th weighted vote required)

AGENDA ITEM 8B

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**MAPLE STREET FORCE MAIN MODIFICATIONS (CIP 9504)
SVCW LEGAL SERVICES AND PROJECT REPRESENTATIVE SERVICES**

ISSUE

Approve Task Orders for Legal Counsel and SVCW Project Representative for the Maple Street Force Main Modifications Project

BACKGROUND

Silicon Valley Clean Water has numerous critical assets located throughout its member agency communities. Assets include a treatment plant, four pump stations and a booster station, and a force main conveyance system. Specifically, these assets include two mission-critical facilities on Maple Street in Redwood City; a 48-inch force main located within the Maple Street right-of-way and the Redwood City Pump Station.

Like many Bay Area communities, property development activity in SVCW's service area is very high. The City of Redwood City has approved the "1548 Maple Street" development being built by STRADA Investment Group (STRADA). This development project is starting now and will continue until an estimated completion date of end of calendar year 2020. Its primary location is in the former Dock Town area of Redwood City and includes areas of Maple Street.

This local area development activity will also include extension of Blomquist Street which will require significant modifications to Maple Street.

DISCUSSION

1548 Maple Street and the Blomquist Extension projects will require SVCW to coordinate closely with both the developer and Redwood City staff to protect SVCW infrastructure. There are three specific areas of challenge that SVCW faces with these projects.

Challenge Area 1: The 1548 Maple Street developer, STRADA, is working with Redwood City to vacate a portion of Maple Street under which SVCW's 48-inch force main lies. The street vacation requires the developer to reserve an easement in favor of SVCW within the newly configured Maple Street where SVCW's force main facilities will be relocated. Additionally, the development includes raising the street and surrounding area by seven feet, therefore requiring infrastructure modifications related to force main valves and air relief valves. The modifications will require careful and precise coordination with the developer's activities. SVCW's construction forces will need to make the modifications (as opposed to developer construction crews) due to the complexity of work and criticality of this pipeline and all costs will need to be reimbursed by STRADA to SVCW. Therefore, a protective contract agreement between STRADA and SVCW is critical as is careful scheduling coordination and accurate cost tracking for reimbursement purposes.

Challenge Area 2: Developer activities will need to be managed such that any work on Maple Street and/or the Blomquist Extension will not restrict SVCW operations and maintenance staff from attending to important routine and non-routine duties at the Redwood City Pump Station. Access to this pump station is required 24 hours a day, 7

days a week, 365 days a year. The pump station's current condition requires significant attention by O&M staff. At any given time, and most importantly during wet weather events, an interruption of service by this pump station of even 30 minutes could result in a Sanitary Sewer Overflow of millions of gallons of raw sewage.

Challenge Area 3: Developer activities will need to be coordinated so that construction planned for the RESCU program Pump Stations Improvement (PSI) Project at the Redwood City Pump Station is not negatively impacted. Clear access to this pump station for the Design-Builder is necessary to avoid any interruptions to construction progress. Some of the proposed changes to Maple Street could pose significant impact to SVCW's contractor access. The current schedule indicates the PSI project construction to begin March 2020 thus over-lapping activities of both projects for the balance of 2020.

Preliminary discussions with STRADA concerning the Maple Street project have begun. Prior to SVCW forces doing any significant technical and coordination activity, a deposit was required from STRADA. After several months of negotiating a deposit agreement, payment was recently received and SVCW can begin discussions and planning in earnest with STRADA.

SVCW's General Counsel performed a preliminary review of the STRADA/RWC Development Agreement and is of the opinion that an agreement (or agreements) with STRADA and SVCW, while necessary, will be time consuming and require a number of components that address SVCW's existing rights in Maple Street vis-a-vis the Development Agreement Law (Gov't. Code 65864, et. seq.) and the City's administrative process within which to protect those rights during the final phases of approval of the development and the vacation of Maple Street.

Because of the substantive impact that STRADA's development will have not only on SVCW's facilities located in Maple Street but also with respect to the PSI Project, the SVCW Manager and Legal Counsel are recommending that SVCW retain outside counsel, specifically SVCW's construction attorney, David Gehrig of the law firm Hanson Bridgett. Rationale for special counsel is that the matter concerns specialized areas of California's Land Use and Development Law that govern the legal framework within which the involved parties (i.e., the developer, RWC and SVCW) have certain statutory rights and obligations. It is important to consult with an attorney who specializes in land use planning to provide guidance on how to navigate the local development process concerning SVCW's rights, which typically involves a myriad of complex and interrelated local, state and federal land use laws and regulations. Moreover, and because of the complex coordination that will be necessary due to multiple projects being constructed simultaneously, construction law expertise is required to negotiate agreements with the developer to coordinate construction activities for both the Maple Street force main modifications and the PSI project.

In addition, staff has reached out to Collaborative Strategies Consulting Inc. (CSC) to augment staff in the technical aspects of the project coordination efforts. CSC currently provides project management and coordination services to SVCW for several current and

past CIP projects and is the project manager for the PSI project. CSC provided project management services for the 48-Inch Reliability Improvement Project completed in January 2016; the very same facility that now will require modifications. With over 30 years of experience working with public infrastructure large diameter pipelines and pump stations as well as a successful track record with private developer/public agency coordination, CSC is well poised to represent SVCW during the 1548 Maple Street and Blomquist Extension projects.

Hanson Bridgett services will involve 1) development of an agreement(s) between the 1548 Maple Street developer and SVCW to coordinate the construction activities of the multiple and simultaneous projects; and, 2) advice and guidance throughout the street vacation process with the City to preserve and reserve SVCW's rights in Maple Street following completion of the development. Upon approval, a task order will authorize Hanson Bridgett to provide legal services related to the project. Services will commence upon approval of the task order and will extend to the completion of developing an agreement, anticipated to be through December 2019. Billing will be on a time-and-expense basis with a not-to-exceed fee of \$80,000.

CSC services will include strategic and tactical planning, coordination of consultants and contractors, communication with SVCW Management, O&M staff, Redwood City Pump Station design-builder, and other stakeholders in support of coordination activities with the property developer. Services will commence upon approval of the task order and will extend to December 2020. Billing will be on a time-and-expense basis with a not-to-exceed fee of \$177,000.

FINANCIAL IMPACT

Work under this task order will be funded from the Maple Street Force Main Modifications Project (CIP #9504), which has been partially funded with an initial deposit of \$50,000 by STRADA. It is SVCW's position with the developer that all expenses incurred under this project will be funded by the developer once the agreement is finalized.

RECOMMENDATION

- i. Move approval of RESOLUTION AUTHORIZING EXECUTION OF LEGAL SERVICES AGREEMENT RELATED TO MAPLE STREET FORCE MAIN MODIFICATIONS PROJECT (CIP #9504) IN AN AMOUNT NOT TO EXCEED \$80,000 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – HANSON BRIDGETT LLC
- ii. Move approval of TASK ORDER FOR SERVICES RELATED TO MAPLE STREET FORCE MAIN MODIFICATIONS PROJECT (CIP #9504) IN AN AMOUNT NOT TO EXCEED \$177,000 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – COLLABORATIVE STRATEGIES CONSULTING INC.

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AGENDA ITEM 8C

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

ISSUE

Approval of the Fiscal Year 2019-20 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. This Commission was presented with and reviewed the 2019-20 draft Budget at its March 2019 meeting.

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. The CIP funding strategy incorporates analysis from the January 2019 Long Range Financial Plan.

DISCUSSION

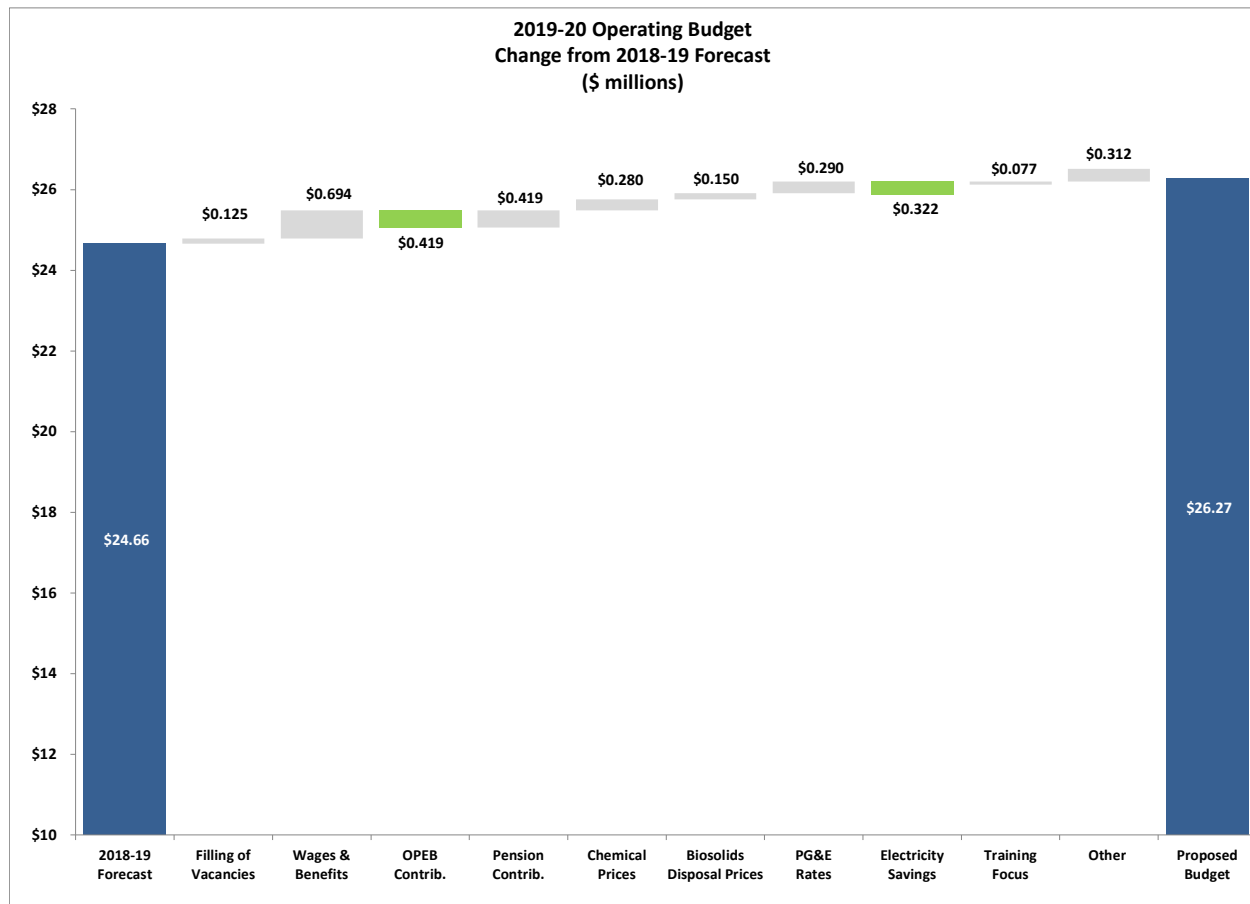
This 2019-20 Proposed Budget includes \$25.2 million for Net Operating Expenses, a 4.1% increase from the prior year Budget. It also provides for a \$1.68 million contribution to Revenue-Funded Capital to support immediate capital projects not in the CIP. Cash Reserves Designations of \$1.05 million 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	\$ 26,268,777	\$ 1,288,956	5.16%
Less Miscellaneous Revenue	(766,198)	(1,059,500)	293,302	38.28%
Net Operating Expenses	\$ 24,213,623	\$ 25,209,277	\$ 995,654	4.11%
Revenue-Funded Capital	1,485,500	1,684,325	198,825	13.38%
Reserve Designations	984,034	1,052,583	68,549	6.97%
Total Contributions before Debt Service	\$ 26,683,157	\$ 27,946,185	\$ 1,263,028	4.73%
Debt Service, Participating members	\$ 20,389,946	\$ 20,287,459	\$ (102,487)	(0.50%)
Total Member Contributions	\$ 47,073,103	\$ 48,233,645	\$ 1,160,542	2.47%

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	1,707,756	43,208	2.6%
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	2,552,722	(15,586)	(0.6%)
Chemicals	1,132,356	1,521,768	1,304,688	1,697,916	393,228	30.1%
Professional & Contractual Service	2,451,240	2,492,590	2,563,998	2,760,886	196,888	7.7%
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	\$ 26,268,777	\$ 1,606,207	6.5%



- 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 the combination of cost-of-living and step adjustments which, in the case of represented employees, is contractual. Note that, in 2019-20, SVCW anticipates its Other Post-Employment Benefits (OPEB) liability will become fully-funded. This Budget therefore proposes to redirect \$419 thousand of OPEB contributions towards SVCW's Net Pension Liability.
- 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 \$393.2 thousand, or 30%. Since last month's draft budget presentation, SVCW received bid prices from chemical companies via the Bay Area Consortium. The Consortium formed in FY17-18 and now is comprised of nearly 100 wastewater agencies throughout northern California. Over the past two years, prices were kept relatively low or even lowered, reflecting large volume discounts from chemical companies. The prices just received for FY19-20 suggest chemical companies seek to bring prices in line with small volume sales. Additionally, SVCW has increased its use of corrosion-arresting chemicals to slow deterioration in outer sections of its conveyance system. Management is currently determining if there are other ways to address the significant chemical price increase.
- Professional & Contractual Services will increase by \$196.9 thousand, or 7.7%, 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. SVCW Management will pursue new biosolids drying technologies to reduce this cost.
- 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 and achieve their highest potential in support of the agency's strive for excellence.

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 replace back-up unit #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 leveling and resurfacing is needed to address uneven surfaces on the operating deck that create tripping hazards and/or water pondling.
- Primary Sedimentation Tank equipment, used to separate scum and solids from wastewater, is scheduled to be replaced in 2019-20.
- Space for maintenance equipment storage and instrumentation support has grown as new automation systems and treatment processes come online; some existing

areas no longer needed for defunct processes will be modified for now current needs.

- Scheduled regular replacement for equipment include an air compressor 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 \$52.6 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

Adopt by resolution the following:

- i. FISCAL YEAR 2019-20 REVENUE PLAN IN THE AMOUNT OF \$25,209,277 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 \$1,052,583
- 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

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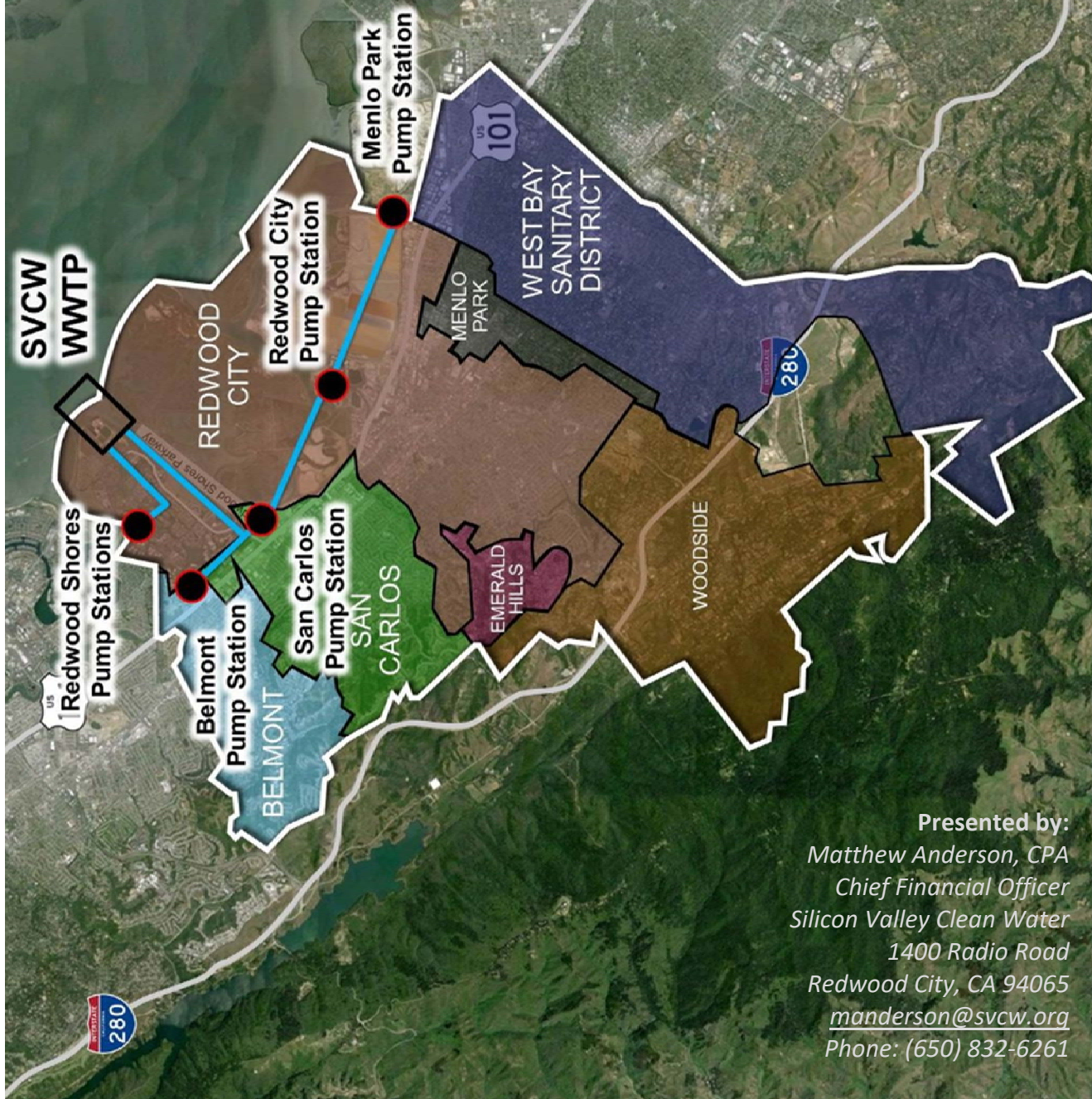


Silicon Valley Clean Water

2019-20 Proposed Budget

April 15, 2019

Silicon Valley Clean Water



Presented by:
Matthew Anderson, CPA
Chief Financial Officer
Silicon Valley Clean Water
1400 Radio Road
Redwood City, CA 94065
manderson@svcw.org
Phone: (650) 832-6261

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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TABLE OF CONTENTS

SECTION 1 – OVERVIEW:	1
Organizational structure and Business	1
Governance and Management	2
Financial Oversight and Control	2
Debt Reserves.....	2
Long Range Financial Plan.....	3
Comparative Sewer Residential Rates	3
2016-17 Accomplishments	5-11
 SECTION 2 – OPERATING BUDGET SUMMARY:	
Total Expenditures and Contributions	13
Expenditure Allocations	14
Miscellaneous Revenue	16
Capital and Reserves.....	16
Total Contributions by Member	17
 SECTION 3 – GROSS OPERATING COSTS:	
Operating Expenditures.....	19
Personnel	20-23
Operating Expenditures Variance Analysis	25-27
Operating Expenditures by Division.....	29-45
 SECTION 4 – REVENUE-FUNDED CAPITAL EXPENDITURES:	
Project Overviews	47-49
 SECTION 5 – CAPITAL IMPROVEMENT PROGRAM AND DEBT SERVICE:	
Background	51
Projected CIP Expenditures.....	52-53
Debt Service	54-60
 SECTION 6 – CASH RESERVES DESIGNATION:	
Analysis and Reserve Designation	61

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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 200,000 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.

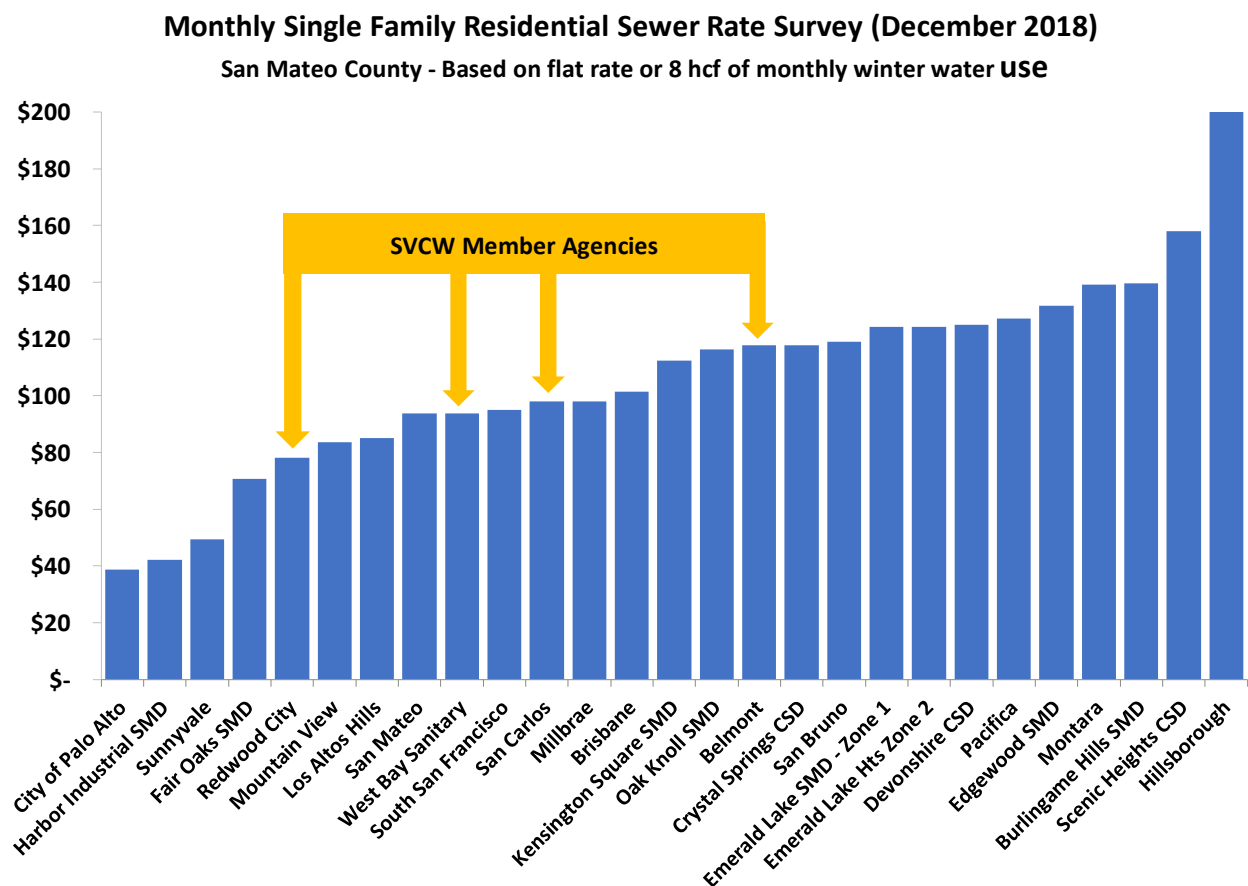
SVCW has a goal to manage its finances and meet critical funding needs, while recognizing the need to maintain reasonable wastewater rates. Going forward the LRFP is enacted through setting of annual budgets, achieving financial performance measures, and incorporating Commission-directed actions. The 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
- Purchased new Forklift to better handle chemical and grit bin positioning.
- 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.
- Attended Design Build Industry Conference in Portland Oregon.

- 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 digesters 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 contact tank rehabilitation.
- Completed the work to address the emergency conditions related to 12 kV vault repair.
- Negotiated contracts and completed Stage 2 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.
- 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.

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SECTION 2 – OPERATING BUDGET SUMMARY

The 2019-20 Operating and Revenue-Funded Budget anticipates approximately \$25.21 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	\$ 26,268,777	\$ 1,288,956	5.16%
Less Miscellaneous Revenue	(766,198)	(1,059,500)	293,302	38.28%
Net Operating Expenses	\$ 24,213,623	\$ 25,209,277	\$ 995,654	4.11%
Revenue-Funded Capital	1,485,500	1,684,325	198,825	13.38%
Reserve Designations	984,034	1,052,583	68,549	6.97%
Total Contributions before Debt Service	\$ 26,683,157	\$ 27,946,185	\$ 1,263,028	4.73%
Debt Service, Participating members	\$ 20,389,946	\$ 20,287,459	\$ (102,487)	(0.50%)
Total Member Contributions	\$ 47,073,103	\$ 48,233,645	\$ 1,160,542	2.47%

- Gross Operating Expenditures will increase by \$1.29 million (5.16%), 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%	\$ 1,167,495	\$ 4,616,307	\$ 1,271,736	\$ 2,724,566	\$ 9,780,104
	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				\$ 3,130,677	\$ 12,499,392	\$ 3,479,178	\$ 7,159,529	\$ 26,268,777	
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				\$ 3,004,200	\$ 11,999,297	\$ 3,341,409	\$ 6,864,371	\$ 25,209,277	
2018-19 Net Operating Revenue Required				2,973,317	11,245,294	3,067,987	6,927,025	24,213,623	
\$ Increase / (Decrease)				30,883	754,003	273,422	(62,654)	995,654	
% Increase / (Decrease)				1.04%	6.71%	8.91%	(0.90%)	4.11%	

Miscellaneous Revenue:

Miscellaneous Revenue is derived from grease and septic receipts, property leases, and services performed by the Laboratory and Environmental Services Divisions. In 2017-18 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	\$	4,969	\$	25,540	\$	7,961	\$	14,113	\$ 52,583
CIP Reserve		94,500		485,700		151,400		268,400	1,000,000
Subtotal	\$	99,469	\$	511,240	\$	159,361	\$	282,513	\$ 1,052,583
Contributions for Capital & Reserves	\$	258,638	\$	1,329,316	\$	414,368	\$	734,586	\$ 2,736,908

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:

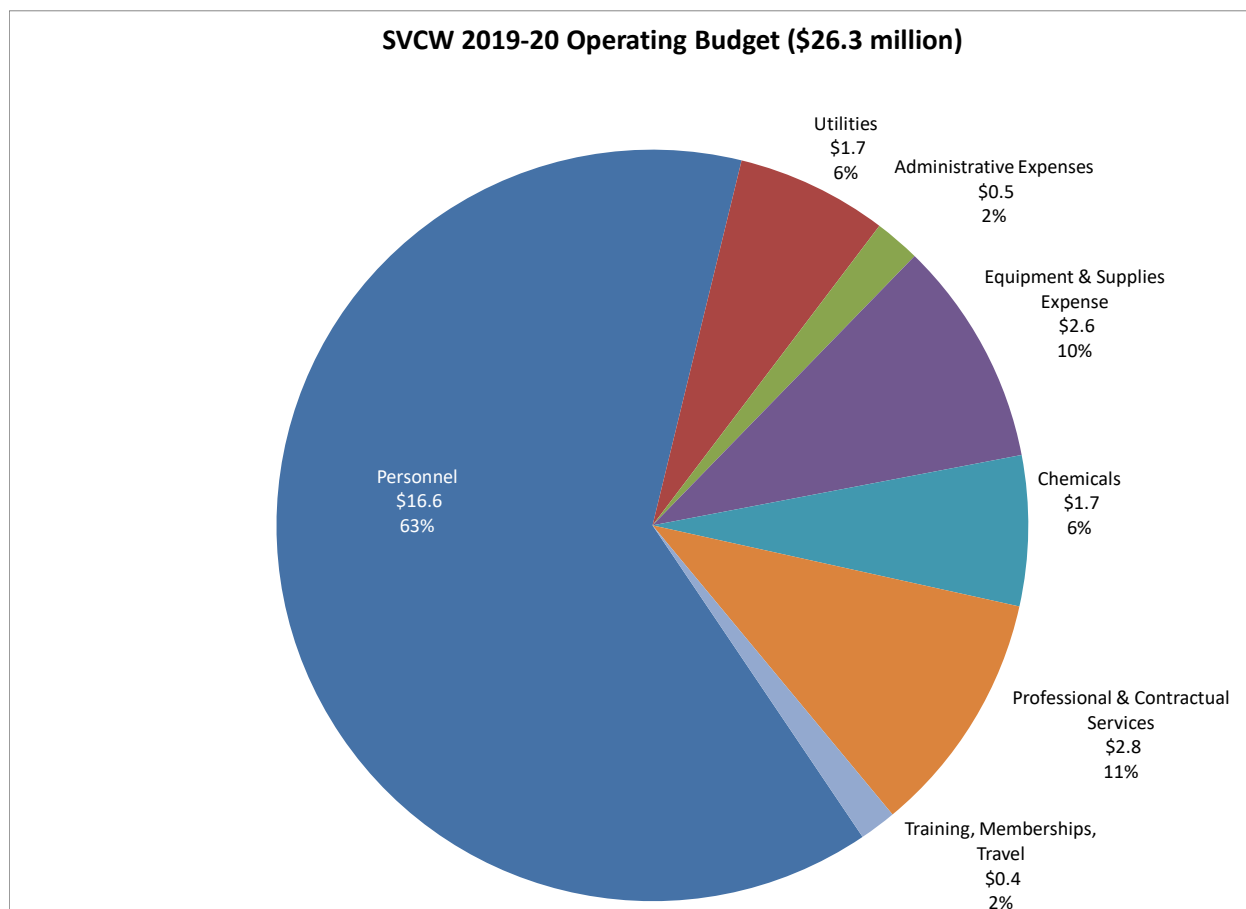
Total 2019-20 contributions (including debt service) will be \$48.2 million, as allocated in the table below:

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	\$ 3,004,200	\$ 11,999,297	\$ 3,341,409	\$ 6,864,371	\$ 25,209,277	
Revenue-Funded Capital Expenditures	159,169	818,077	255,007	452,073	1,684,325	
Reserve Contributions	99,469	511,240	159,361	282,513	1,052,583	
Projected Debt Service	178,425	10,999,297	3,477,413	5,632,324	20,287,459	
Total Contributions to SVCW	\$ 3,441,263	\$ 24,327,911	\$ 7,233,190	\$ 13,231,281	\$ 48,233,645	

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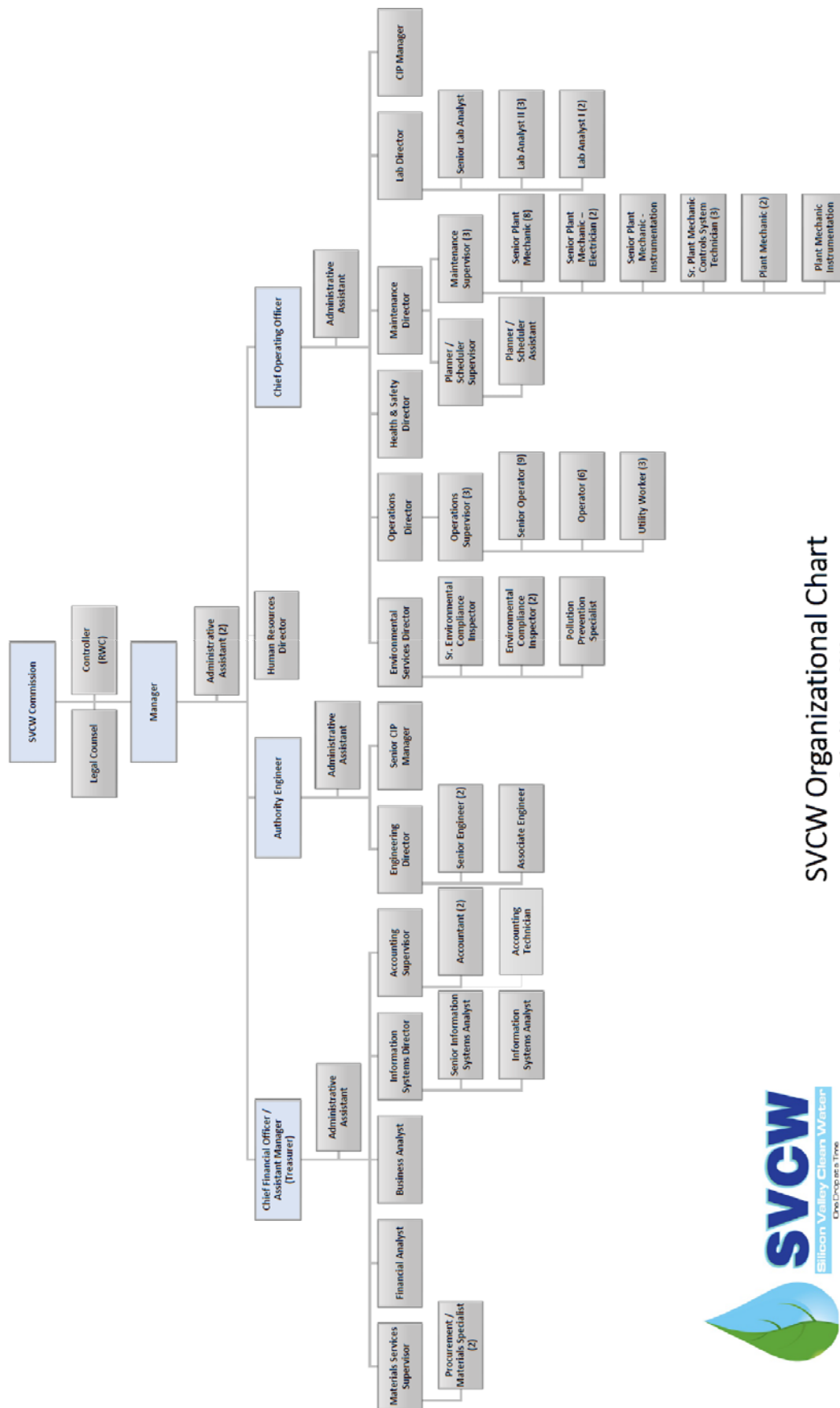
SECTION 3 – GROSS OPERATING EXPENDITURES

The FY 2019-20 Gross Operating Budget will be \$26.3 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.

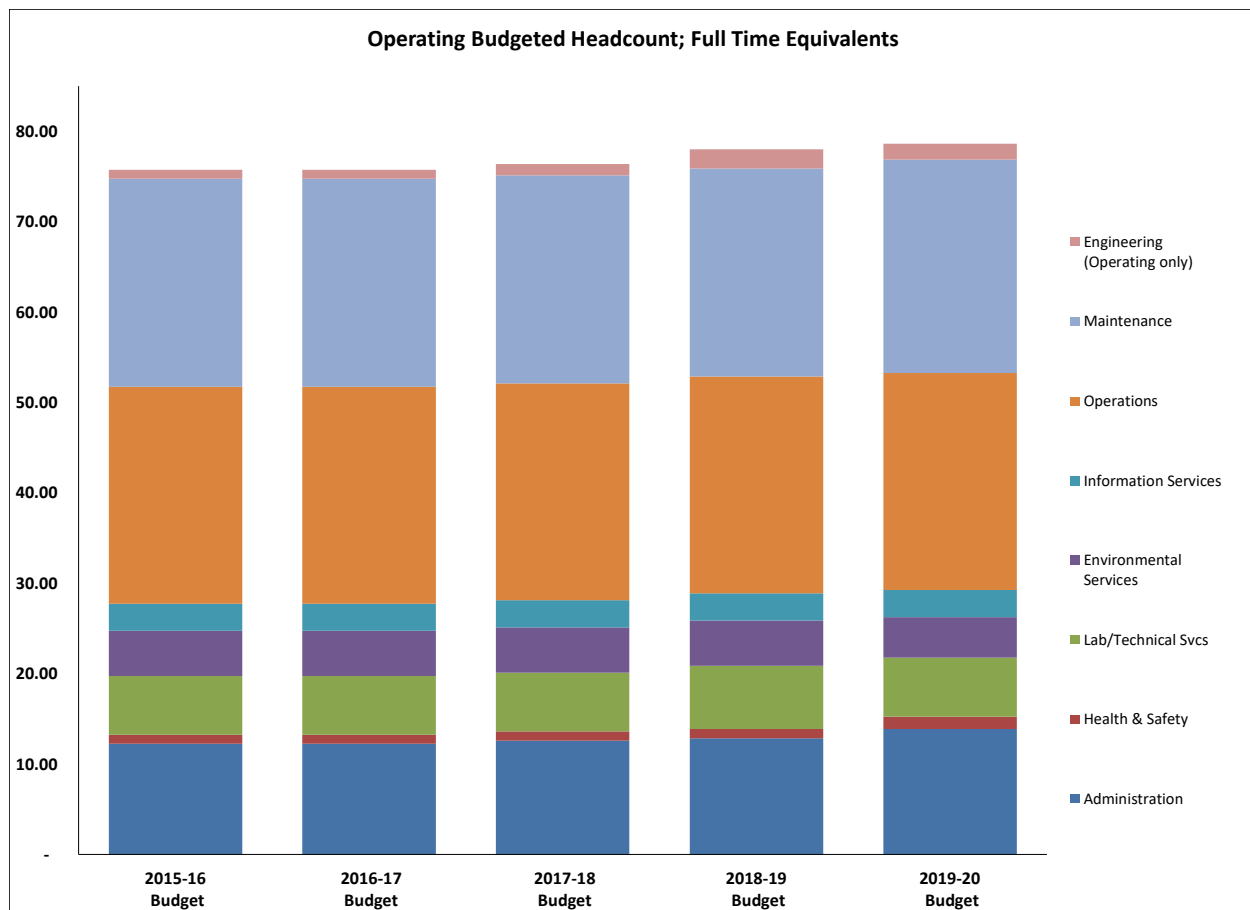


SVCW Organizational Chart
Revised January 2019

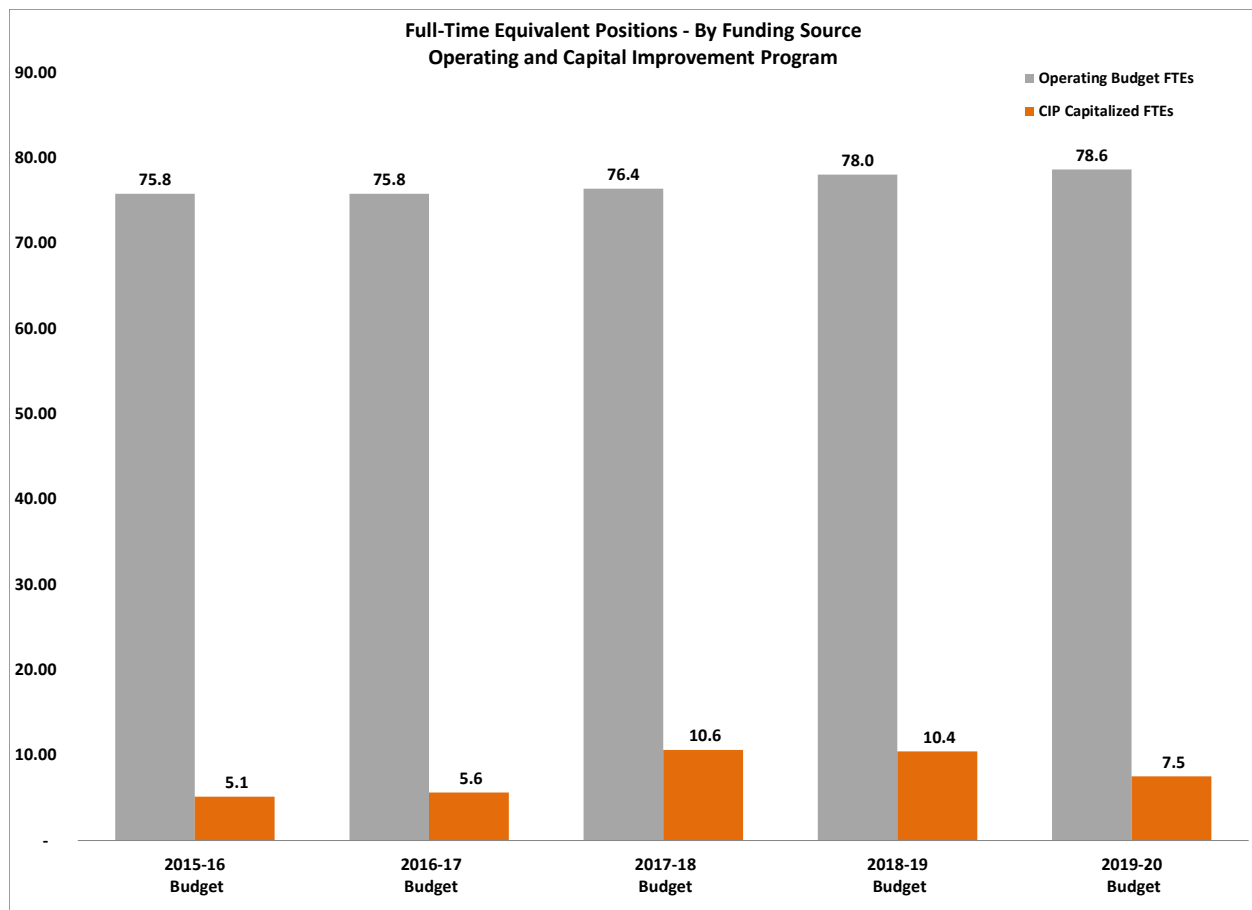


As noted in the table below, the number of positions in the Operating Budget will increase by less than one Full Time Equivalent position. The Maintenance Division will replace a consultant's retirement with an instrumentation mechanic to build expertise on industrial control systems. Concurrently, Maintenance has agreed to reassign 40% of a mechanic to focus on safety matters. The Environmental Services Department will retire next fiscal year and management is considering effective ways to manage the organization. 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:

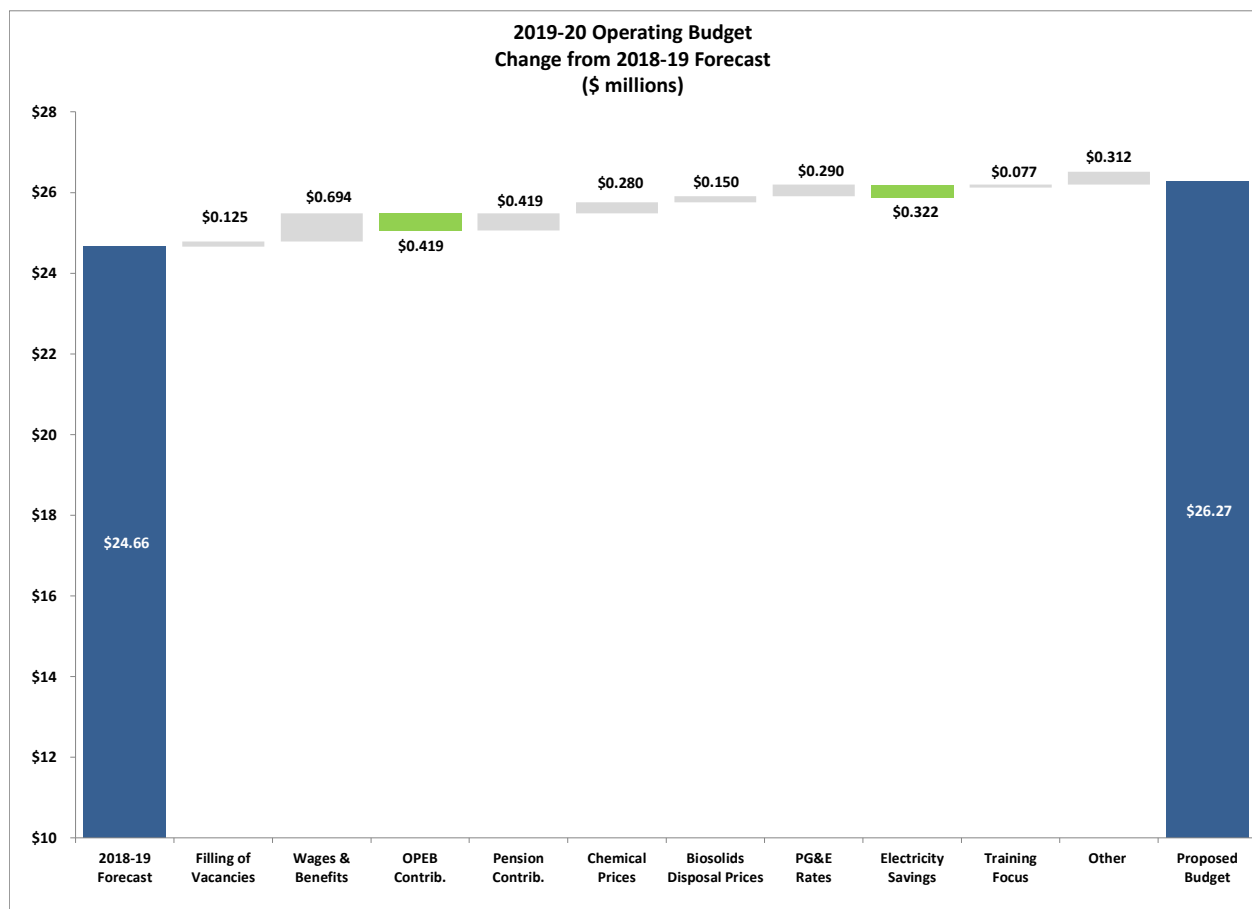
Gross Operating Expenses (compared to 2018-19 Forecast) increases by \$1.56 million, or 6.3%.

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	1,707,756	43,208	2.6%
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	2,552,722	(15,586)	(0.6%)
Chemicals	1,132,356	1,521,768	1,304,688	1,697,916	393,228	30.1%
Professional & Contractual Service	2,451,240	2,492,590	2,563,998	2,760,886	196,888	7.7%
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	\$ 26,268,777	\$ 1,606,207	6.5%

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

- Personnel costs will increase by \$919 thousand, or 5.6% compared to the 2017-18 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 the combination of cost-of-living and step adjustments which, in the case of represented employees, is contractual. Note that, in 2019-20, SVCW anticipates its Other Post-Employment Benefits (OPEB) liability will become fully-funded. This Budget therefore proposes to redirect \$419 thousand of OPEB contributions towards SVCW's Net Pension Liability.
- 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 certain recruiting costs to reoccur next fiscal year.
- Chemicals will increase by \$393.2 thousand, or 30%. Chemical providers have advised that prices will increase significantly next fiscal year. Additionally, SVCW has increased its use of corrosion-arresting chemicals to slow deterioration in outer sections of its conveyance system. SVCW management is currently seeking ways to address the significant chemical price increase.

- Professional & Contractual Services will increase by \$196.9 thousand, or 7.7%, 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. SVCW Management will pursue new biosolids drying technologies to reduce this cost.
- 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	1,707,756	43,208	2.6%
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	607,424	108,629	21.8%
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	2,552,722	(15,586)	(0.6%)
Chemicals	1,132,356	1,521,768	1,304,688	1,697,916	393,228	30.1%
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	1,890,704	214,878	12.8%
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	\$ 26,268,777	\$ 1,606,197	6.5%

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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	\$ 9,780,104	\$ 810,920	9.0%
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	\$ 26,268,777	\$ 1,606,207	6.5%

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	1,535,916	37,906	2.5%
Administrative Expenses	703	-	-	-	-	
Equipment & Supplies Expense:						
Rentals & Leases	7,239	-	920	4,404	3,484	378.7%
Supplies & Expenses	15,793	702	5,826	3,300	(2,526)	(43.4%)
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	7,704	(38,672)	(83.4%)
Chemicals	1,132,356	1,521,768	1,304,688	1,697,916	393,228	30.1%
Professional Services	48,484	-	22,002	-	(22,002)	(100.0%)
Contractual Services	1,067,563	1,316,019	1,277,810	1,387,620	109,810	8.6%
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	\$ 9,780,104	\$ 810,920	9.0%

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 \$393.2 thousand (30%) next year. The majority of this increase is attributable to higher prices, recently confirmed by chemical vendors. Over the past three years SVCW had been able to lower chemical prices through participation in a purchasing consortium comprised of Bay-area wastewater plants. Recently, this pricing power seems to have weakened as providers are selectively responding to bids. While budgeting for the higher prices, SVCW will pursue alternative purchasing methods to address these increases. 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 2019-20 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 2019-20 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 2019-20 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 2019-20 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 Department 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, General 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 one Human Resources Director, one Materials Services Supervisor (with a staff of two Purchasing Coordinators), and 1.63 Assistants. The Chief Financial Officer manages 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 Executive 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.

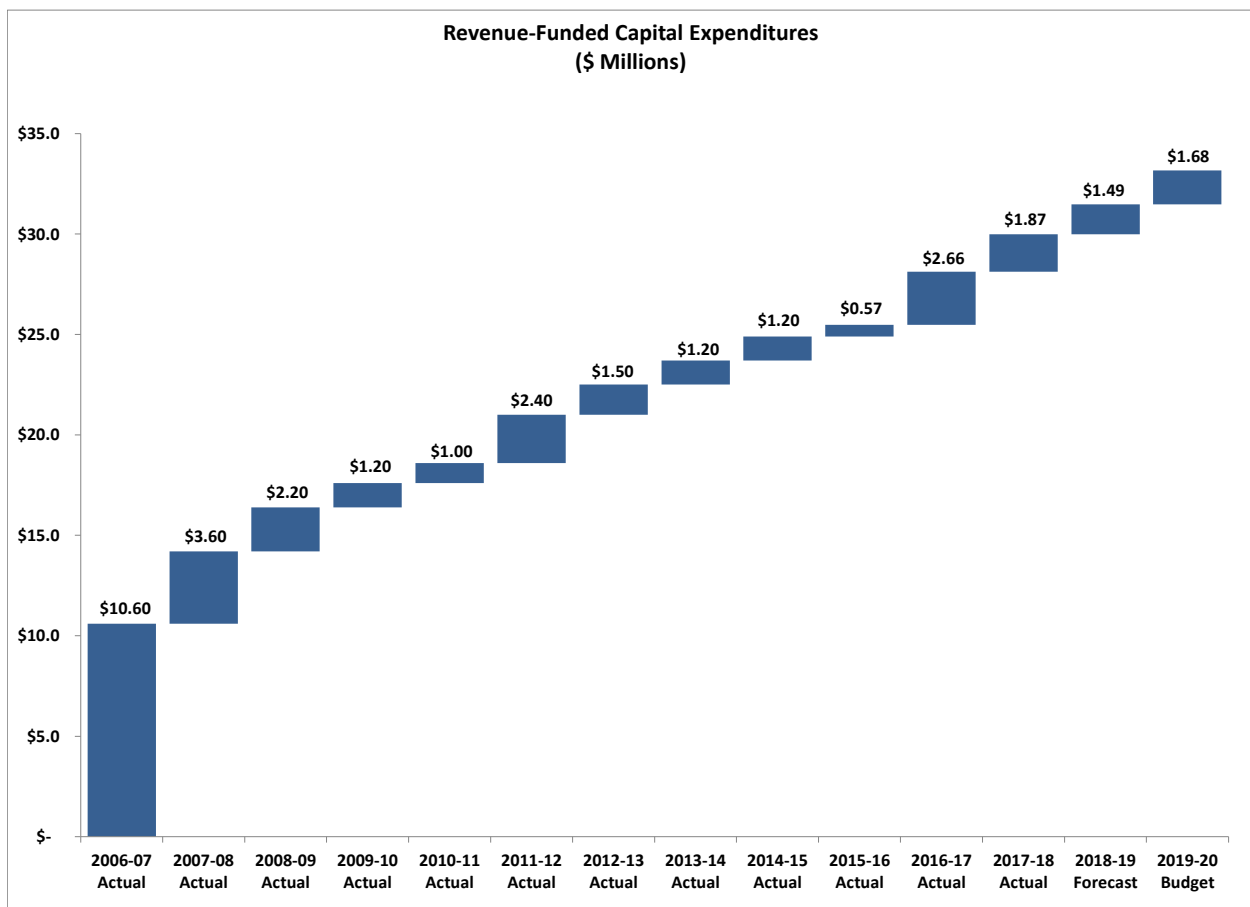
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SECTION 4 – REVENUE-FUNDED CAPITAL EXPENDITURES

Summary:

Revenue-Funded Capital Expenditures are for capital projects that less than \$1 million and 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 funds 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 replace back-up unit #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, 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.

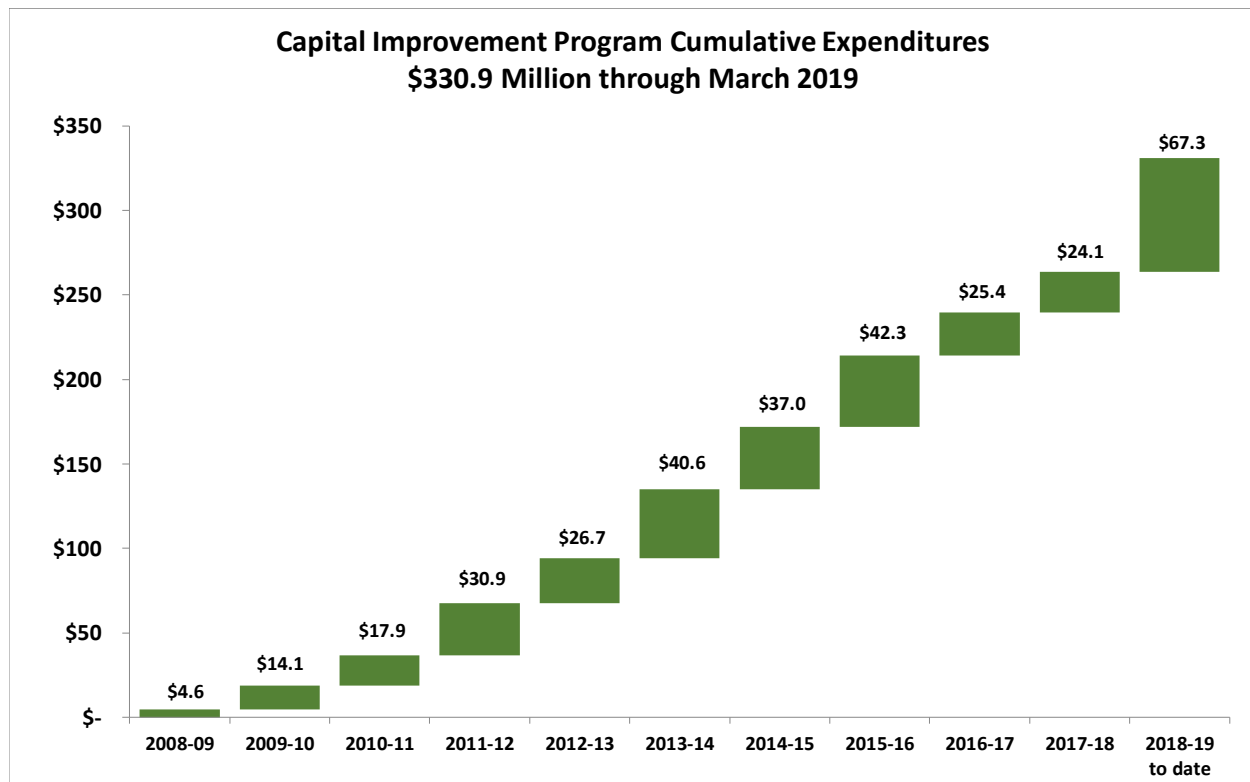
- Space for storage and operational support has grown as new treatment processes require more instrumentation support, more chemical staging area, and new maintenance equipment.
- Standard equipment replacements schedules include a compressors and a standup warehouse pallet jack.

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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.

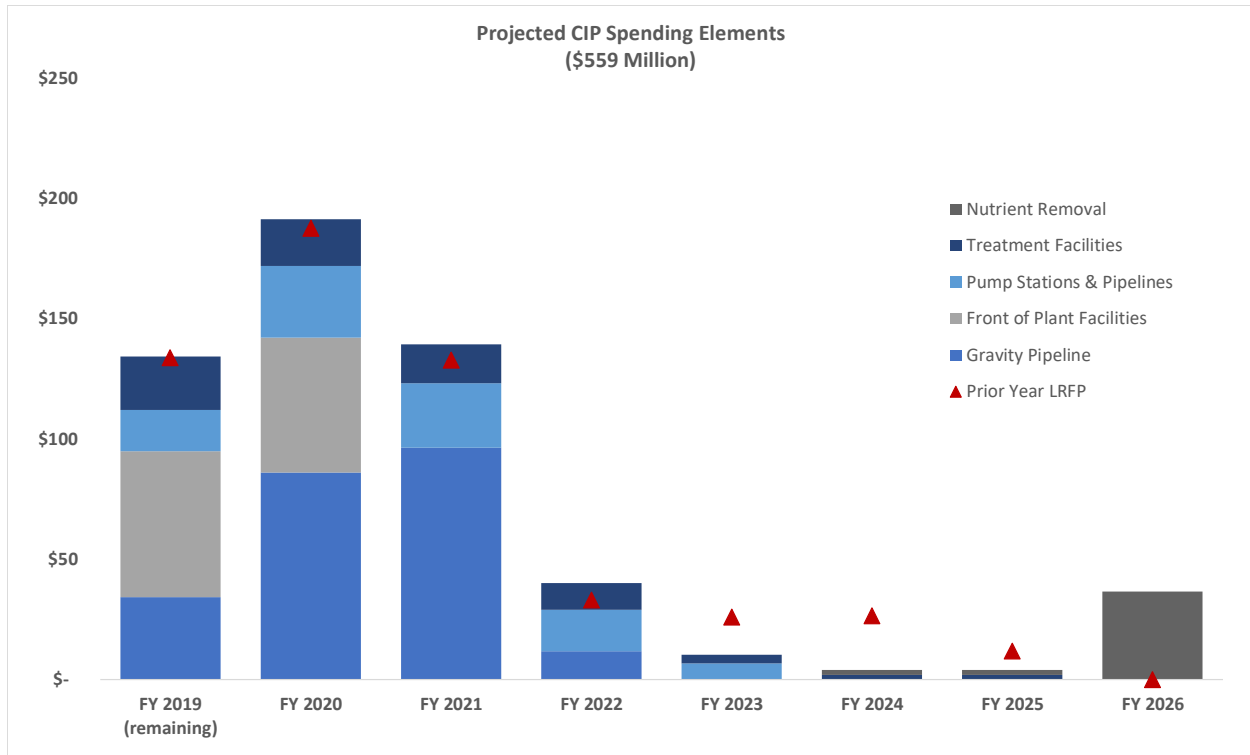


CIP Expenditures Since Inception (\$ Millions) March 2019	
Program	Value
Conveyance System	\$ 141.75
Energy & Automation	87.57
General Plant Facilities	35.25
Plant Process	22.36
Solids Handling	21.49
Corrosion & Odor Control	14.32
CIP Support	7.49
Nutrient Removal	0.67
TOTAL	\$ 330.90

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 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

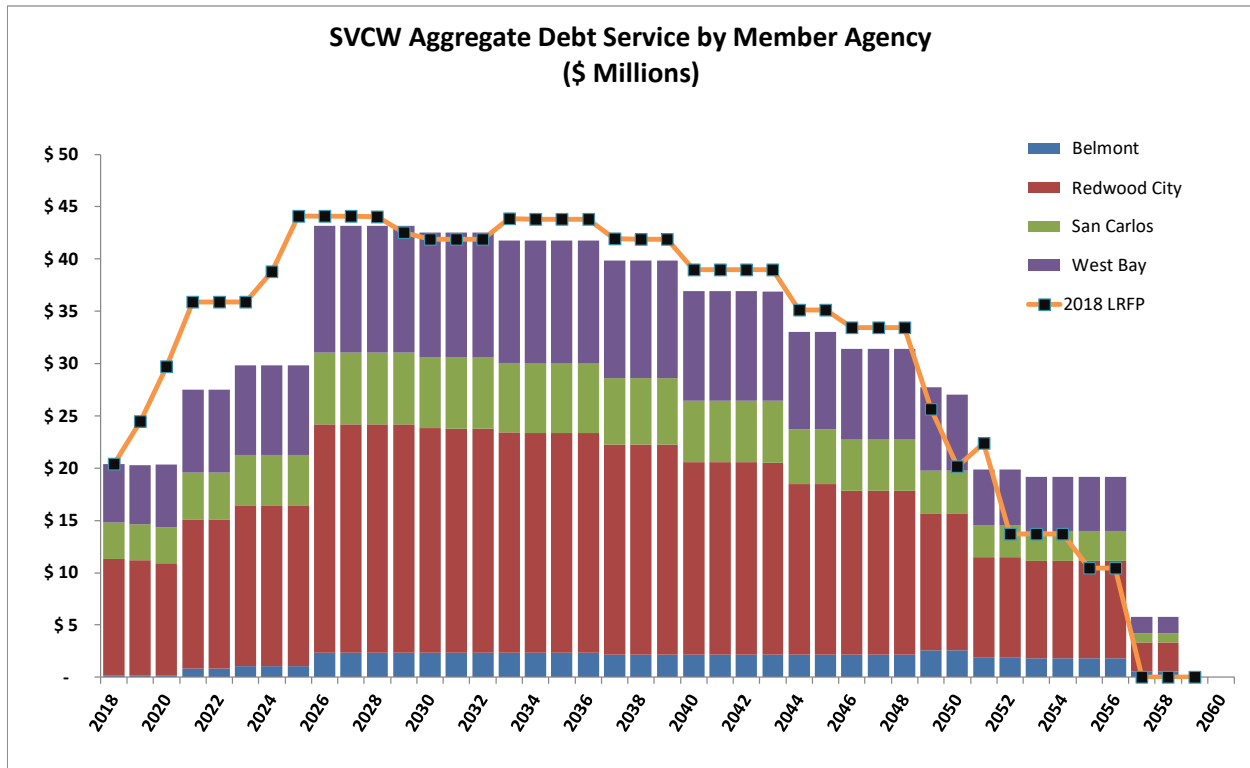
Due to the historical lack of a sinking fund and cash reserves, the recommended debt strategy is in lieu of a pay-go cash strategy. Debt allows SVCW to distribute costs over the expected useful lives of constructed assets and also provide fairness to Members' ratepayers by spreading costs across generations 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
\$ 2,020	\$ 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 \$3.3 million by approximately \$52.6 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 2018-19 Reserve Designations are Adopted as follows:

Reserve Designations - 2019-20 Budget				
Description	Estimated June 30, 2019 Balance	Target June 30, 2020 Balance	Proposed 2019-20 Contributions	
Operating Reserve	\$ 3,574,295	\$ 3,626,878	52,583	
CIP Reserve	18,486,689	19,486,689	1,000,000	
TOTAL	\$ 22,060,983	\$ 23,113,566	\$	1,052,583