

MINUTES OF SILICON VALLEY CLEAN WATER  
SPECIAL MEETING – OCTOBER 5, 2017

**ITEM 1**

CALL TO ORDER

Commissioner Chair, Mr. Seybert called the meeting to order at 8:01 a.m.

**ITEM 2**

ROLL CALL - Commissioners Duly Appointed by Each Agency

Mayor John Seybert, Redwood City – Chair  
Council Member Warren Lieberman, PhD., Belmont– Vice Chair  
Mayor Robert Grassilli, San Carlos – Secretary  
Board Member George S. Otte, P.E., West Bay Sanitary District

Staff, Consultants and Visitors Present

Christine C. Fitzgerald, SVCW Legal Counsel  
Daniel T. Child, SVCW Manager  
Teresa Herrera, SVCW Assistant Manager / Chief Engineering Officer  
Matt Anderson, SVCW Chief Financial Officer / Administration Manager  
Monte Hamamoto, SVCW Chief Operating Officer  
Bruce Burnworth, SVCW Senior Engineer  
Cindy Hui, SVCW Financial Analyst  
Jennifer Flick, SVCW Human Resources Director  
Robert Huffstutler, SVCW Operations Director  
Ilana Schmidt, SVCW Administrative Assistant  
Derek Rampone, City of Redwood City  
E.J. Shalaby, DNS Strategic Partners, LLC  
Bill Tanner, Tanner Pacific, Inc.  
Mark Minkowski, Kennedy/Jenks  
Aren Hansen, Brown & Caldwell  
John Mahoney, PMA Consultants, LLC

**ITEM 3**

PLEDGE OF ALLEGIANCE

Ms. Herrera, SVCW's Assistant Manager/Chief Engineering Officer, led those attending the meeting in the recital of the Pledge of Allegiance.

**ITEM 4**

PUBLIC COMMENT

There was no Public Comment.

**ITEM 5A**  
SAFETY MOMENT

Mr. Child discussed violence in the workplace and tips to assess a workplace's vulnerability and increase awareness of potential threats.

**ITEM 5B**  
MANAGER'S REPORT

SAF-MBR: Mr. Child reminded Commissioners of the Kickoff Event at Stanford University on October 6<sup>th</sup> where he will give the opening speech. He added this is an exciting technology that SVCW is proud to be a part of.

SRF Meeting: Messrs. Child and Anderson and Ms. Herrera attended an SRF meeting in Sacramento on October 4, 2017 regarding available funding for the CIP. SRF just approved \$1 Billion Dollars in bonds. There may be future opportunity to obtain SRF funding, but short term they still have very limited capacity related to SVCW's needs

12kV Clarification: Mr. Child wanted to clarify that Agenda Item 8B (New 12kV Switchgear Project) is not related to the Declaration of Emergency made in September. Mr. Child updated the Commission on the emergency and said cost estimates are coming in around \$2 Million Dollars. This will be added to the CIP and will keep the Commission informed of the Emergency until it is closed.

Harbor Industrial: Mr. Child and Ms. Herrera will present an update to the Harbor Industrial Association regarding the CIP on the afternoon of October 5, 2017.

Front of Plant Project: Mr. Child informed the Commission of a couple complaints received on September 29<sup>th</sup> from parents who witnessed dump trucks not coming to a complete stop near Sandpiper Elementary. Mr. Child and SVCW addressed the incident immediately and was pleased to share that the parents were grateful for SVCW's instant response and prompt results.

**ITEM 5C3**  
FINANCIAL REPORTS

There were no questions on the Financial Reports.

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

There were no matters of Commission Member's interests discussed.

**ITEM 7**

**CONSIDERATION OF MOTION APPROVING CONSENT CALENDAR**

**Motion/Second: Mr. Lieberman / Mr. Otte**

The Motion carried by Unanimous Roll Call Vote.

**ITEM 8A**

**CONSIDERATION OF RESOLUTION AND MOTIONS APPROVING DESIGN-BUILD AGREEMENTS FOR STAGE 1 OF THE GRAVITY PIPELINE PROJECT (CIP #6008)**

Ms. Herrera displayed a snapshot of the entire Design-Build team for the Gravity Pipeline Project and recommends awarding the contract to Barnard-Bessac Joint Venture as well as approving Task Orders for Owner's Advisor and Construction Management/Quality Assurance Services. Ms. Herrera explained in detail how SVCW arrived at selecting Barnard-Bessac using a rigorous and defensible selection process. Barnard-Bessac and Arup are highly experienced in doing deep shafts, tunneling, lift stations and drop structures and have highly qualified environmental and permitting team on staff. Ms. Herrera emphasized the importance that they have solid contacts with tunnel boring machine manufacturers and concrete segment manufacturers, two key elements in this project. Ms. Herrera said the current schedule for Stage 1 is approximately eighteen months and the Stage 1 Contract amount is on a time and expense basis for payment with a not-to-exceed amount of \$7,989,358.00. Ms. Herrera was pleased to share there were no appeals during the process and negotiations were successful.

The Task Order for Kennedy/Jenks will examine engineering details during design progression and essentially look over the shoulders of the designers and prepare Stage 2 cost estimates for comparison. Tanner Pacific will focus on construction-related activities and will perform their own independent Stage 2 cost estimates to compare with Barnard-Bessac and Kennedy Jenks.

Commissioner Lieberman asked if any construction can begin before 100% of the design work is done and if so, as construction begins will it clarify any uncertainties that may modify what the design may be? Ms. Herrera said all the design work will be done, but that doesn't mean they can't get started on other elements, such as designing and procuring the tunnel boring machine.

Commissioner Lieberman asked why the other two shortlisted firms were not selected? Ms. Herrera said coming into the selection process, all the criteria was laid out and Barnard-Bessac was the best firm overall. The shortlisted firms were asked for costs for Stage 1 and indicative for Stage 2. All the estimates were very close for Stage 2 – a spread of approximately \$2M for a project estimated over \$175M.

Commissioner Seybert then asked if costs were coming out to what was predicted? Ms. Herrera responded yes, especially the indicative costs for Stage 2.

Commissioner Seybert added that as SVCW embarks on these large projects and costs and information is put out to the public, it's important to break down the design-build team into plain language.

**Motion/Second: Mr. Grassilli / Mr. Lieberman**

- i. Move adoption of RESOLUTION APPROVING DESIGN BUILD AGREEMENT DOCUMENTS FOR GRAVITY PIPELINE PROJECT (CIP #6008); AUTHORIZING EXECUTION OF AGREEMENT AND AUTHORIZING MANAGER TO APPROVE CONTRACT CHANGE ORDERS UP TO TEN PERCENT OF THE CONTRACT PRICE FOR SAID PROJECT – BARNARD-BESSAC JOINT VENTURE - (\$7,989,358.00)

The Resolution carried by Unanimous Roll Call Vote.

- ii. Move approval of TASK ORDER SCOPE AND BUDGET FOR OWNER'S ADVISOR SERVICES FOR THE GRAVITY PIPELINE PROJECT (CIP #6008) IN AN AMOUNT NOT TO EXCEED \$1,311,606.00 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – KENNEDY/JENKS CONSULTANTS

The Motion carried by Unanimous Roll Call Vote.

- iii. Move approval of TASK ORDER SCOPE AND BUDGET FOR CONSTRUCTION MANAGEMENT/QUALITY ASSURANCE SERVICES FOR THE GRAVITY PIPELINE PROJECT (CIP #6008) IN AN AMOUNT NOT TO EXCEED \$939,767.00 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – TANNER PACIFIC INC.

The Motion carried by Unanimous Roll Call Vote.

**ITEM 8B**

**CONSIDERATION OF MOTIONS APPROVING TASK ORDERS FOR THE NEW 12kV SWITCHGEAR PROJECT (CIP #9807)**

Ms. Herrera explained that this project provides three benefits to SVCW and it provides first and foremost electrical services to the front of the plant facilities, namely the receiving lift station and headworks. In addition, it provides a second feed from PG&E in case there's a single point of failure in the current 12kV switchgear. Ms. Herrera displayed a photo of the current existing 12kV switchgear when it was originally installed. As previously mentioned, the new project needs to provide the front of plant facilities with electrical power and must be placed above the FEMA flood level or 12 feet above ground level. Ms. Herrera concluded her presentation with recommending Beecher Engineering for electrical design services and Kennedy/Jenks for structural mechanical design needs.

Commissioner Seybert asked if the 12kV fails, does it go offline and the other one takes over? Ms. Herrera replied that there will be a parallel switch between the two which will facilitate the switchover automatically.

Commissioner Otte asked if the Plant is dual-fed? Mr. Child responded no, it is single-fed and although the Agency would love to get dual-feed from PG&E, the price is too high and PG&E doesn't see a demand.

Commissioner Seybert asked if this will give SVCW the ability to put power back on the grid? Mr. Child said right now in the middle of the night, the Agency has to throttle back the co-generation output because more power is being generated than needed in the plant. Mr. Child said because of Rule 21, SVCW is currently unable to put power on the grid at night.

Mr. Child said between the Food Waste Project and the Cogeneration facilities, SVCW generation capacity will far exceed its use of power and the Agency is considering several options as to what will most benefit the member agencies and rate payers.

**Motion/Second: Mr. Lieberman / Mr. Otte**

- i. Move approval of TASK ORDER SCOPE OF WORK AND BUDGET FOR ELECTRICAL ENGINEERING SERVICES FOR THE NEW 12kV SWITCHGEAR PROJECT (CIP #9807) IN AN AMOUNT NOT TO EXCEED \$377,756 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – BEECHER ENGINEERING

The Motion carried by Unanimous Roll Call Vote.

- ii. Move approval of TASK ORDER SCOPE OF WORK AND BUDGET FOR ENGINEERING SERVICES FOR THE NEW 12kV SWITCHGEAR PROJECT (CIP #9807) IN AN AMOUNT NOT TO EXCEED \$323,972 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – KENNEDY/JENKS

The Motion carried by Unanimous Roll Call Vote.

**ITEM 8C**

**CONSIDERATION OF RESOLUTION ADOPTING SILICON VALLEY CLEAN WATER'S 2017 CIP UPDATE PLAN AND CEQA COMPLIANCE**

Ms. Herrera stated the last Capital Improvement Program (CIP) Update was in 2015 and the majority of the projects had already been identified as of then. There are a few new projects and she noted there were relatively minor changes in this update. Ms. Herrera added that the goal is to balance the CIP, meaning keep the budget as similar as possible while remaining realistic with what the needs are to keep up with facilities.

Ms. Herrera proceeded to share cost increases and decreases and the outcome is an increase of \$20 Million, with \$15.5 Million being from the construction cost index based on an inflation increase of 3.7% over the past year. There are seven new projects identified with a cost of \$32.6 Million Dollars. Three of these projects are related to the Conveyance System that were not previously captured. In addition, three projects were added due to a very positive Return on Investment (ROI) for the Solar Panels, Battery Storage and Food Waste Program.

The last project is the Declaration of Emergency from the September 14, 2017, meeting for the 12kV conduit cabling failure and was added to the CIP. There are modified projects that reflect the actual final cost of completed projects, with four projects increasing in scope. Ms. Herrera said according to the Engineering News Record (ENR) the go-to source for construction cost indexes and what construction costs are doing in terms of labor and materials showed an increase from October 2016 to October 2017 of 3.7%. The result is an addition of \$15.5 Million Dollars. Finally, there were project reductions that reflect the actual final cost of the project as well as opportunities to reduce project scopes totaling \$59.8 Million Dollars.

Mr. Anderson displayed a graph of forecasted expenditures and needed revenue, noting the largest bar represents the upcoming need for \$200 Million Dollars in bonds. Mr. Anderson added he has been in communications with respective staff at member agencies and hopes to go out for bonds in January 2018. The intent and goal of the current finance plan is to fund the next two years through bonds and then fund future needs with a blend of funding from WIFIA and SRF.

Ms. Herrera said with regards to CEQA conclusions, the majority of SVCW's projects come under the categorical exemption rules. Some projects, particularly those related to the Conveyance System or anything outside the Plant boundary, initially need to be studied to tell SVCW whether or not they are categorically exempt, or if a mitigated negative declaration can be made or that other environmental work is required. Ms. Herrera concluded with recommending adoption of the 2017 CIP Update and CEQA conclusions.

Commissioner Seybert was pleased to hear SVCW is in compliance and there are no CEQA challenges because it can result in significant project delays.

Commissioner Lieberman asked Ms. Herrera to confirm that when looking at the project reductions of \$60 Million Dollars and increases of \$30 Million Dollars, the initial reaction is that the Engineering estimates and the Scope of Work we are anticipating (when it comes to actualization and reality) overall the Agency is conservative and about on target. In other words, net positive about \$30 Million Dollars. Ms. Herrera said it's not an apples to apples scenario because in the reductions, there were scopes that were not needed and projects do change, but yes, overall, SVCW has been very accurate in projecting and budgeting of CIP costs.

Commissioner Lieberman asked Ms. Herrera from her knowledge of the various projects, is she finding the engineering estimates prior to the scopes were higher or lower or just about where they should be? Ms. Herrera responded that what was planned in the CIP and subsequent updates is overall on target.

Commissioner Seybert stated that, in reality, costs are increasing about \$1 Million Dollars a month. He emphasized the importance of minimizing delays and as the program continues, if staff foresees any delays that can be avoided and can potentially save millions of dollars, this should be brought to the attention of the Commission.

Mr. Child said he is working with Legal Counsel to update the Policy authorizing him to approve a higher dollar amount in order to keep the projects moving and will bring a proposal to the Commission for its consideration at December's Commission meeting.

**Motion/Second: Mr. Lieberman / Mr. Grassilli**

Move adoption of RESOLUTION APPROVING AND ADOPTING THE 2017 UPDATE OF THE SILICON VALLEY CLEAN WATER CAPITAL IMPROVEMENT PROGRAM PLAN AND CORRESPONDING CEQA CONCLUSIONS

The Resolution carried by Unanimous Roll Call Vote.

**ITEM 9**

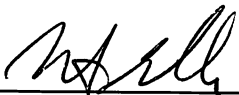
CLOSED SESSION

There was no Closed Session.

**ITEM 10**

ADJOURN

There being no further business, the meeting adjourned at 8:37 a.m.



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Robert Grassilli, Secretary

By: Daniel T. Child, Manager