

**MINUTES OF SILICON VALLEY CLEAN WATER
REGULAR MEETING – NOVEMBER 9, 2017
8:00 a.m.**

ITEM 1

CALL TO ORDER

Commissioner Chair, Mr. Seybert called the meeting to order at 8:00 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
Bill Bryan, SVCW Senior Engineer
Cindy Hui, SVCW Financial Analyst
Jennifer Flick, SVCW Human Resources Director
Robert Huffstutler, SVCW Operations Director
Ilana Schmidt, SVCW Administrative Assistant
Krista Politzer, SVCW Administrative Assistant
Sylvia Alejos, SVCW Administrative Assistant
Derek Rampone, City of Redwood City
Molly Flowerday, City of Redwood City
E.J. Shalaby, DNS Strategic Partners, LLC
Bill Tanner, Tanner Pacific, Inc.
Mike Jaeger, Tanner Pacific, Inc.
Mark Minkowski, Kennedy/Jenks
John Mahoney, PMA Consultants
Charlie Joyce, Brown and Caldwell
Benjamin Buenrostro, SVCW Retiree
Ken Kaufman, SVCW Retiree

ITEM 3

PLEDGE OF ALLEGIANCE

Teresa 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 the importance of protecting your hearing by avoiding exposure to loud sounds and protecting your ears by wearing hearing protection when exposed to noisy situations.

ITEM 5B

MANAGER'S REPORT

SVCW Events: Mr. Child presented invitations to the Commissioners for Linda Bruemmer's Retirement Party on November 29, 2017 as well as SVCW's Annual Holiday Potluck on December 13, 2017.

ITEM 5C

FINANCIAL REPORTS

Mr. Anderson discussed key highlights in SVCW's Quarterly Financial Report. Based on the first quarter expenditures, SVCW is on track with the FY 2017-018 budget. There are timing matters but nothing that won't be resolved by the end of the year.

Mr. Anderson has been meeting with respective staff from member agencies to discuss options to fund the upcoming Capital Improvement Program (CIP) projects. SVCW needs about \$518 Million Dollars to fund the RESCU Program (conveyance system projects) and Wastewater Treatment Plant projects, but excludes upcoming nutrient removal work. Mr. Anderson said the pace of expenditures is essentially on pace with SVCW's January 2017 Long-Range Financial Plan (LRFP).

Due to the current shortage of available funding from the California State Revolving Fund (SRF) it has become necessary to obtain funds through a bond sale. The 2017 LRFP anticipated using SRF funding at this time and a bond sale could increase long-term program

costs, but staff will continue to pursue both SRF and other Federal Government low cost funding options to reduce borrowing costs. Mr. Anderson is working with Member Agency staff to identify the best alternative for each of them. The funding needed for the next 18 to 24 months is \$200 Million dollars and Mr. Anderson noted that spending will not be linear, but will start slowly and ramp up significantly in the last months.

Mr. Anderson reported that both the City of San Carlos and Redwood City have done their analysis and feel they are best served by issuing the full amount of their share of \$200 Million dollars to avoid interest rate risk later on. Belmont will do what they've done in the past which is issue bonds on their own and provide cash contributions when needed. West Bay Sanitary District has evaluated their needs and are leaning towards issuing their share of \$100 Million dollars now and their share of the second \$100 Million dollars later. Mr. Anderson said he anticipates bringing forth a recommendation at the December 14, 2017 meeting and until then, discussions will continue with the member agencies.

Commissioner Otte commented that there are ways through the bonding process that the Agency can tailor to each one of the boards requests without significantly affecting the impact of other agencies.

Commissioner Seybert stopped further discussion as the item is only a report on the agenda. To facilitate discussion, the item will be brought back to the Commission as a Business Item on a future Agenda.

ITEM 5F

2018 COMMISSION MEETING SCHEDULE

After review of the proposed meeting schedule for 2018, the Commissioners agreed to reschedule the January 11, 2018 meeting to January 18, 2018 due to a request from Commissioner Seybert, and set the other meetings for the year on the second Thursday of each month. Ms. Schmidt will send meeting invitations to the Commissioners via email.

ITEM 6

MATTERS OF COMMISSION MEMBER'S INTEREST

Commissioner Seybert requested a large sign be made and posted where the front of the plant work is being done to inform the public of what's going on and details about the RESCU program.

ITEM 7

CONSIDERATION OF MOTION APPROVING CONSENT CALENDAR

Motion/Second: Mr. Lieberman / Mr. Grassilli

The Motion carried by Unanimous Roll Call Vote.

ITEM 8A

CONSIDERATION OF RESOLUTION AND MOTIONS APPROVING DESIGN-BUILD AGREEMENTS FOR STAGE 1 OF THE FRONT OF PLANT PROJECT (CIP #6013, 6014, 9160)

Ms. Herrera said this is the second of the two-large progressive design build projects being awarded and will follow the same format as the previous month's award for the Gravity Pipeline Project.

Ms. Herrera displayed an aerial photograph of the front of the plant and the various facilities that will be located there in the future. There are many approvals needed. The first is to approve a contract with the recommended Progressive Design-Build firm, followed by several actions to approve services of consultants to support SVCW management of the projects.

The proposed recommendation is to approve a contract with the Progressive Design-Build (PDB) firm of JF Shea/Parsons, who have created a joint venture for this project. The management support authorizations consist of Task Orders for Owner's Engineering Advisors with the firms of Brown and Caldwell and Freyer and Laureta, along with Task Orders with Kennedy/Jenks for overall RESCU program management assistance/owner's representative assistance and with Tanner Pacific, Inc. for program management, document management, cost control, reporting and estimating services.

Ms. Herrera stated this has been a very rigorous process with no appeals received and the process is on schedule. Ms. Herrera displayed a PowerPoint slide, after receiving a question about how each firm was scored relative to the others, pointing out the criteria and points given to each. She then explained the overall project will be completed in two stages. Stage 1 work will bring the design to about 60% level and includes developing costs for completion of the Stage 2 work, which is finishing the design and completing construction of the project.

Ms. Herrera mentioned there was a question at last month's Commission Meeting about the proposed costs on the Gravity Pipeline project and how close they had been to each other. In response to that questions, she stated that two of the three costs for Stage 1 on this project had been very close, but the third had been almost double the other's cost proposal.

Commissioner Grassilli asked when appeals could be made. Ms. Herrera said there are five days to make an appeal after announcing who the Agency has selected for recommendation, which was already done and no appeals were made.

Commissioner Seybert asked if the lowest scoring firm was due to price? Ms. Herrera said no, although they did submit the lowest price.

Commissioner Lieberman asked why the cost of the third firm was almost double. Mr. Child stated that his speculation, and it is purely a guess, is that Stage 1 work is mostly engineering and the lower prices were from firms led by a construction firm, while the higher price was from team led by an engineering firm.

Commissioner Grassilli asked if there was an engineering estimate done for this project. Ms. Herrera said there was and it came in at \$7.5 Million dollars.

Commissioner Seybert said the information provided shows the top firm scored about 90% and asked if there were any areas that stood out or where there was a question about them. Ms. Herrera replied that there were a few points here and there for all the firms, but nothing came to mind in either case. She explained that the selection panel was a diverse group and though the actual score of each firm varied by person and category, the decision to recommend Shea/Parsons was unanimous.

Commissioner Lieberman said we are bidding on a large number of sizeable contracts, typically not in the hundreds of millions, but still very big dollar amounts. He said he had been watching what happened in Puerto Rico with the infrastructure system and clearly the type of bids received there ranged broadly from large companies to companies that didn't have adequate internal staff to handle the work and used sub-contractors. The work attracted a large range of qualified bidders.

Commissioner Lieberman continued that when bids are brought to the SVCW Commission, for the most part, we don't see anything like the diversity or range of that type of bidding behavior and speculated this may be because SVCW projects are not typically large enough, but this scenario seemed to attract more. The differential between what they were bidding and the next lowest bidder was almost the size of the project. He'd like a sense of whether SVCW is attracting the range of bidders that may be seen in Puerto Rico's larger infrastructure efforts?

Mr. Child said the Gravity Pipeline Project had seven different proposals and the Front of Plant Project had five proposals, which in the industry is a very good turnout. Ms. Herrera added that this is the first time SVCW is doing design-build projects. Historically, the Commission has awarded projects with the design-bid-build model and she's seen much more tightening up of bid prices where there's multiple bidders and their prices are closer than seen before. Ms. Herrera said bids seem to be coming in higher as well because contractors in the Bay Area, and even nationally, are so busy.

Mr. Seybert said a project like this is a much narrower band of contractors which doesn't bode well for price but at the same time it's a very narrow group of contractors out there that can do this type of work. He said he wondered why the third cost proposal came in so much higher and thinks it may be because they are not a joint venture.

Mr. Lieberman advised the Agency to use caution with the new bid structure for design-build projects because it may be harder to diagnose what's leading to a reasonable bid versus one that turns out that it won't work and it could be well into the project before a problem is found.

Mr. Otte said all of the teams listed are ones he recognizes in the industry as real established players. Mr. Lieberman said the fact that the agency is seeing these reputable companies suggests that SVCW staff is doing a great job managing the process and communicating with the industry, making sure the right companies are bidding. Mr. Lieberman believes in the end

there will be a good deal of responsibility and accountability coming from the hard efforts put into selecting these firms.

Mr. Child commented the process put together by SVCW Engineering and O&M staff is very detailed and they had done an incredible job in the selection process. He said though he was not directly involved in the day to day process, he had observed their efforts and staff was doing an outstanding job.

Mr. Seybert said the hard work on the front-end specifications is reflected in how close the proposals came in.

Motion/Second: Mr. Lieberman / Mr. Otte

- i. Move adoption of RESOLUTION APPROVING DESIGN BUILD AGREEMENT DOCUMENTS FOR FRONT OF PLANT PROJECT (CIP #6013, 6014,9160); AND AUTHORIZING EXECUTION OF AGREEMENT AND AUTHORIZING MANAGER TO APPROVE CONTRACT CHANGE ORDERS UP TO TEN PERCENT OF THE CONTRACT PRICE FOR SAID PROJECT – SHEA/PARSONS JOINT VENTURE - (\$7,146,186)

The Resolution carried by Unanimous Roll Cal Vote.

- ii. Move approval of TASK ORDER SCOPE AND BUDGET FOR OWNER'S ADVISOR SERVICES FOR THE FRONT OF PLANT (CIP #6013, 6014, 9160); IN AN AMOUNT NOT TO EXCEED \$1,924,279 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – BROWN AND CALDWELL

The Motion carried by Unanimous Roll Call Vote.

- iii. Move approval of TASK ORDER SCOPE AND BUDGET FOR CONSTRUCTION QUALITY ASSURANCE SERVICES FOR THE FRONT OF PLANT (CIP #6013, 6014, 9160); IN AN AMOUNT NOT TO EXCEED \$3,626,362 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.

- iv. Move approval of TASK ORDER SCOPE AND BUDGET FOR OWNER'S ADVISOR SERVICES FOR THE FRONT OF PLANT (CIP #6013, 6014, 9160); IN AN AMOUNT NOT TO EXCEED \$351,160 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – FREYER AND LAURETA

The Motion carried by Unanimous Roll Call Vote.

- v. Move approval of TASK ORDER SCOPE AND BUDGET FOR OWNER'S REPRESENTATIVE ASSISTANCE FOR THE RESCU PROGRAM IN AN AMOUNT NOT TO EXCEED \$614,950 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 9

CLOSED SESSION

Closed Session was called to order at 8:26 a.m.

A. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Government Code §54956.9 (1 potential case)

ITEM 10

RECONVENE FROM CLOSED SESSION

Open Session reconvened at 8:36 a.m. Ms. Fitzgerald reported that in the matter of Closed Session Item 9A, the Commission authorized the initiation of legal proceedings and that the action, the defendants and the other shall, once formally commenced, be disclosed to any person upon inquiry.

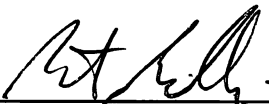
The vote of each Commissioner present are as follows:

Commissioner Grassilli – Yes
Commissioner Lieberman – Yes
Commissioner Seybert – Yes
Commissioner Otte - Yes

ITEM 11

ADJOURN

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



Robert Grassilli, Secretary

By: Daniel T. Child, Manager