

**COMMISSION OF SILICON VALLEY CLEAN WATER
JOINT POWERS AUTHORITY
SPECIAL MEETING – Thursday, December 6, 2018
8:00 a.m.**

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

COMMISSIONERS

COUNCIL MEMBER JOHN SEYBERT, REDWOOD CITY – CHAIR
COUNCIL MEMBER WARREN LIEBERMAN, PhD., BELMONT – VICE CHAIR
BOARD MEMBER GEORGE S. OTTE, P.E., WEST BAY SANITARY DISTRICT – MEMBER
MAYOR ROBERT GRASSILLI, SAN CARLOS – SECRETARY

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 (verbal)
- 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

October 2018

6. MATTERS OF COMMISSION MEMBER'S INTEREST

- A. Elect New Commission Chair and New Commission Secretary

7. CONSIDERATION OF MOTION APPROVING CONSENT CALENDAR

8. BUSINESS ITEMS

- A. PUBLIC HEARING TO CONSIDER RESOLUTION OF NECESSITY AUTHORIZING EMINENT DOMAIN PROCEEDINGS FOR THE ACQUISITION OF A SUBSURFACE EASEMENT FROM PROPERTY LOCATED AT 930 GOVERNOR'S BAY DRIVE, REDWOOD CITY (APN 095-380-210) FOR THE GRAVITY PIPELINE PROJECT

Proposed Actions:

- Open Public Hearing and Receive Testimony
 - Close Public Hearing
 - i. Move adoption of RESOLUTION OF THE COMMISSION OF SILICON VALLEY CLEAN WATER DECLARING THE NECESSITY FOR AND AUTHORIZING THE ACQUISITION OF CERTAIN INTERESTS IN REAL PROPERTY FOR THE REGIONAL ENVIRONMENTAL SEWER CONVEYANCE UPGRADE PROGRAM GRAVITY PIPELINE PROJECT (APN 095-380-210 YOUNG/LEUNG) (2/3rds weighted vote count required)
- B. PUBLIC HEARING TO CONSIDER RESOLUTION OF NECESSITY AUTHORIZING EMINENT DOMAIN PROCEEDINGS FOR THE ACQUISITION OF A SUBSURFACE EASEMENT FROM

PROPERTY LOCATED AT 928 GOVERNOR'S BAY DRIVE, REDWOOD CITY (APN 095-380-220) FOR THE GRAVITY PIPELINE PROJECT

Proposed Actions:

- Open Public Hearing and Receive Testimony
 - Close Public Hearing
 - i. Move adoption of RESOLUTION OF THE COMMISSION OF SILICON VALLEY CLEAN WATER DECLARING THE NECESSITY FOR AND AUTHORIZING THE ACQUISITION OF CERTAIN INTERESTS IN REAL PROPERTY FOR THE REGIONAL ENVIRONMENTAL SEWER CONVEYANCE UPGRADE PROGRAM GRAVITY PIPELINE PROJECT (APN 095-380-220 LAU/CHANG) (2/3rds weighted vote count required)
- C. PUBLIC HEARING TO CONSIDER RESOLUTION OF NECESSITY AUTHORIZING EMINENT DOMAIN PROCEEDINGS FOR THE ACQUISITION OF A SUBSURFACE EASEMENT FROM PROPERTY LOCATED WITHIN A COMMON AREA AND PRIVATE STREET ALONG GOVERNOR'S BAY DRIVE, REDWOOD CITY FOR THE GRAVITY PIPELINE PROJECT

Proposed Actions:

- Open Public Hearing and Receive Testimony
 - Close Public Hearing
 - i. Move adoption of RESOLUTION OF THE COMMISSION OF SILICON VALLEY CLEAN WATER DECLARING THE NECESSITY FOR AND AUTHORIZING THE ACQUISITION OF CERTAIN INTERESTS IN REAL PROPERTY FOR THE REGIONAL ENVIRONMENTAL SEWER CONVEYANCE UPGRADE PROGRAM GRAVITY PIPELINE PROJECT (LOT B, LOT F AND PORTION OF GOVERNOR'S BAY DRIVE HOA) (2/3rds weighted vote count required)
- D. CONSIDERATION OF RESOLUTION APPROVING STAGE 2D AMENDMENT TO THE FRONT OF PLANT (FOP) DESIGN-BUILD AGREEMENT WITH SHEA PARSONS JOINT VENTURE (SPJV), APPROVE TASK ORDER FOR OWNER'S ENGINEERING ADVISOR SERVICES FOR BROWN & CALDWELL AND FREYER & LAURETA, AND APPROVE A TASK ORDER FOR CONSTRUCTION QUALITY ASSURANCE SERVICES FOR TANNER PACIFIC ASSOCIATED WITH THE FRONT OF PLANT PROJECT (CIP #9502). APPROVE PROGRAM MANAGEMENT SERVICES FOR THE OVERALL RESCU PROGRAM (CIP #S 6008, 9501, AND 9502)

Proposed Actions:

- i. Move adoption of RESOLUTION APPROVING STAGE 2D AMENDMENT TO THE DESIGN-BUILD AGREEMENT FOR FRONT OF PLANT PROJECT (CIP #9502); AUTHORIZING EXECUTION OF STAGE 2D AMENDMENT AND AUTHORIZING MANAGER TO APPROVE CONTRACT CHANGE ORDERS AND ALLOWANCES UP TO TEN PERCENT OF THE CONTRACT PRICE FOR SAID AMENDMENT – SHEA PARSONS JOINT VENTURE - \$93,904,235 MILLION
- ii. Move approval of TASK ORDER SCOPE AND BUDGET FOR OWNER’S ADVISOR SERVICES FOR THE FRONT OF PLANT PROJECT STAGE 2D (CIP #9502) IN AN AMOUNT NOT TO EXCEED \$3,200,000 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – BROWN AND CALDWELL CONSULTANTS
- iii. Move approval of TASK ORDER SCOPE AND BUDGET FOR OWNER’S ADVISOR SERVICES FOR THE FRONT OF PLANT PROJECT STAGE 2D (CIP #9502) IN AN AMOUNT NOT TO EXCEED \$600,000 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – FREYER AND LAURETA CONSULTANTS
- iv. Move approval of TASK ORDER SCOPE AND BUDGET FOR OWNER’S ADVISOR SERVICES FOR THE FRONT OF PLANT PROJECT STAGE 2D (CIP #9502) IN AN AMOUNT NOT TO EXCEED \$400,000 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – BEECHER ENGINEERING CONSULTANTS.
- v. Move approval of TASK ORDER SCOPE AND BUDGET FOR CONSTRUCTION QUALITY ASSURANCE SERVICES FOR THE FRONT OF PLANT PROJECT STAGE 2D (CIP #9502) IN AN AMOUNT NOT TO EXCEED \$7,700,000 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – TANNER PACIFIC INC.
- vi. Move approval of TASK ORDER SCOPE AND BUDGET FOR PROGRAM MANAGEMENT SERVICES FOR RESCU PROGRAM (CIP #6008, 9501, 9502) IN AN AMOUNT NOT TO EXCEED \$5,700,000 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – KENNEDY/JENKS CONSULTANTS

9. CLOSED SESSION

A. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

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

B. CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Pursuant to Government Code Section 54956.8

Property Description: San Carlos Airport Property, various locations

SVCW Negotiators: Lillian Jewell (Hamner, Jewell & Associates);

SVCW Manager, Teresa A. Herrera; Bruce Burnworth (*MPF Consulting, Inc.*)

Negotiating Parties: County of San Mateo

Under Negotiation: Price and terms

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

11. ADJOURN

CONSENT CALENDAR

NOTICE TO PUBLIC

All matters listed under CONSENT CALENDAR are considered to be routine. There may be discussion on items on the CONSENT CALENDAR. All items will be enacted by one motion with a 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 – November 8, 2018 Meeting
- B. CONSIDERATION OF MOTION APPROVING CLAIMS AND CHECKS DATED NOVEMBER 1, 2018, NOVEMBER 2, 2018, AND NOVEMBER 16, 2018, AND NECESSARY PAYMENTS THROUGH NOVEMBER 16, 2018
- C. CONSIDERATION OF RESOLUTION APPROVING WIFIA REVIEW SERVICES BY ENVIRONMENTAL PROTECTION AGENCY AND FINANCIAL ADVISORY SERVICES AND RESOLUTION APPROVING LEGAL ADVISORY SERVICES FOR WIFIA LOAN APPLICATION

Proposed Actions:

- i. Move approval of WIFIA REVIEW SERVICES IN AN AMOUNT NOT TO EXCEED \$100,000 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
 - ii. Move approval of WIFIA FINANCIAL SERVICES SUPPORT IN AN AMOUNT NOT TO EXCEED \$107,000 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – FIELDMAN, ROLAPP & ASSOCIATES
 - iii. Move adoption of RESOLUTION APPROVING LEGAL SERVICES AGREEMENT AND APPROVE TASK ORDER FOR WIFIA LEGAL SERVICES IN AN AMOUNT NOT TO EXCEED \$75,000 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – STRADLING YOCCA CARLSON & RAUTH, P.C.
- D. CONSIDERATION OF MOTION ACCEPTING AND RECEIVING SILICON VALLEY CLEAN WATER BASIC FINANCIAL STATEMENTS AND AUDITOR'S REPORTS FOR FISCAL YEAR 2017-18

Proposed Action:

Move approval of RECEIPT AND ACCEPTANCE OF BASIC FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT FOR YEAR ENDED JUNE 30, 2018

- E. CONSIDERATION OF RESOLUTION APPROVING MASTER SERVICES AGREEMENT AND MOTION APPROVING A TASK ORDER SCOPE AND BUDGET FOR INFORMATION SERVICES TO ACCESS COMMUNICATIONS

Proposed Action:

Move adoption of RESOLUTION APPROVING MASTER SERVICES AGREEMENT FOR COMPUTER NETWORK INFRASTRUCTURE ENHANCEMENTS AND APPROVE PURCHASE ORDER SCOPE AND BUDGET FOR FIBER OPTIC DESIGN AND INSTALLATION 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 – ACCESS COMMUNICATIONS, INC.

- F. CONSIDERATION OF RESOLUTION REVISING COMMISSION MEETING DAY AND REVISION TO ADMINISTRATIVE POLICIES 1980-01 and 1987-04

Proposed Actions:

- i. Move adoption of RESOLUTION ESTABLISHING DAY, TIME AND PLACE OF REGULAR MEETINGS OF THE COMMISSION OF SILICON VALLEY CLEAN WATER AND RESCINDING RESOLUTION NO. SVCW 16-08
- ii. Move adoption of RESOLUTION APPROVING AND ADOPTING REVISION D TO ADMINISTRATIVE POLICY 1980-01 ESTABLISHING COMMISSION AGENDA PREPARATION PROCEDURE AND IMPLEMENTATION OF BROWN ACT AND RESCINDING ADMINISTRATIVE POLICY 1987-04

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AGENDA ITEM 5A

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SAFETY MOMENT
Holiday Tree Safety

1. **Choose fresh over cheap and dry.** The fresher the tree, the less likely it will pose a fire hazard. Look for flexible needles that don't break and a trunk with sap.
2. **Keep the water coming.** The tree stand should contain a continuous source of water and be sturdy enough to resist toppling by kids or pets.
3. **Don't choke the cord.** Attach maximum three strings of lights to any one extension cord, then place cords along walls to prevent a tripping hazard. Never run them under rugs or carpets.
4. **Trees don't need warmth.** Keep the tree away from heat sources such as fireplaces, candles and even a TV.
5. **Not any lights will do.** Use low energy, safe lighting that's been certified by a safety testing lab. Don't use damaged or frayed cords.
6. **Shut the lights.** Never leave the lights on overnight. Same goes for any appliances not in use when you are home or away.
7. **Don't keep a dry tree around.** Dispose of it at this point properly. Don't even keep it in the garage.
8. **Artificial tree safety awareness.** Artificial trees should be flame resistant and have a seal from an approved safety testing laboratory if the tree contains a built-in lighting set.
9. **Death by artificial tree.** If the tree is metal, never use electric lights, as they can charge the tree and lead to electrocution.
10. **Keep a fire extinguisher nearby.** Make sure everyone knows its location and how to use it.

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AGENDA ITEM 5C

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AGENDA ITEM 5C DECEMBER 6, 2018

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 October 31, 2018

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%	3.08	20,738	20,997	21,879	647
FEDERAL HOME LOAN BKS CONS BDS	AA+	12/13/2019	2.375%	2.77	60,000	59,731	61,111	1,654
FEDERAL HOME LOAN BKS CONS BDS	AA+	02/18/2021	1.375%	2.90	30,000	28,978	30,263	840
FEDERAL HOME LOAN BKS CONS BDS	AA+	07/01/2019	4.375%	2.76	50,000	50,529	51,283	1,396
FEDERAL HOME LOAN BKS CONS BDS	AA+	09/13/2019	4.500%	2.78	100,000	101,520	103,311	2,821
FEDERAL NATL MTG ASSN	AA+	06/22/2020	1.500%	2.87	30,000	29,355	30,253	841
FEDERAL NATL MTG ASSN	AA+	11/30/2020	1.500%	2.89	100,000	97,217	99,795	2,809
FEDERAL NATL MTG ASSN	AA+	02/26/2021	1.375%	2.91	100,000	96,607	99,740	2,812
FEDERAL NATL MTG ASSN	AA+	11/27/2018	1.625%	2.24	60,000	59,969	60,229	1,345
FEDERAL NATL MTG ASSN GTD REMIC	NR	09/25/2019	2.171%	2.51	132,555	131,599	134,295	3,299
FEDERAL NATL MTG ASSN	AA+	09/25/2020	1.750%	3.05	100,000	97,680	100,475	2,977
FEDERAL HOME LN MTG CORP MULTICLASS	NR	11/25/2019	1.869%	3.11	112,020	110,866	111,862	3,446
FEDERAL HOME LN MTG CORP	AA+	05/30/2019	1.750%	2.60	30,000	29,856	30,254	775
FEDERAL HOME LN MTG CORP	AA+	10/02/2019	1.250%	2.71	30,000	29,594	30,078	803
FEDERAL HOME LN MTG CORP MULTICLASS	N.A.	04/15/2020	4.000%	4.07	501	501	516	20
FEDERAL NATL MTG ASSN GTD PASSTHRU	N.A.	12/01/2019	5.500%	3.06	9,690	9,747	10,247	298
FEDERAL NATL MTG ASSN GTD PASSTHRU	N.A.	03/01/2020	5.500%	4.54	250	250	259	11
FEDERAL NATL MTG ASSN GTD PASSTHRU	N.A.	04/01/2020	5.000%	3.13	10,316	10,628	10,890	333
SMALL BUSINESS ADMIN GTD LN POOL	N.A.	02/25/2019	5.075%	0.68	6,639	6,605	6,889	45
UNIVERSITY CALIF REVS FOR PREV GEN	AA	07/01/2019	1.796%	-	50,000	49,668	49,856	-
MONTGOMERY CNTY MD CTFS PARTN COPS	N.A.	11/01/2019	1.200%	2.92	100,000	98,216	100,029	2,865
RICHMOND VA GO PUB IMPT BDS C	AA	07/15/2021	2.599%	3.37	100,000	98,522	103,510	3,324
PORT MORROW ORE TRANSMISSION F REV	AA	09/01/2021	2.737%	3.25	100,000	98,416	103,258	3,199
WACO TEX INDPT SCH DIST REF BDS	N.A.	02/15/2020	4.000%	2.96	110,000	111,206	114,357	3,296
FEDERAL HOME LN MTG CORP	AA+	12/30/2019	1.500%	2.66	80,000	78,806	80,000	2,092
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	07/19/2021	2.030%	3.02	60,000	58,309	60,000	1,763
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	01/24/2022	2.050%	3.25	40,000	38,652	40,000	1,256
FEDERAL HOME LN MTG CORP MEDIUM	AA+	07/27/2020	1.625%	2.95	80,000	78,292	80,000	2,306
FEDERAL HOME LN MTG CORP	AA+	05/15/2020	1.600%	2.93	150,000	147,236	150,000	4,310
FEDERAL HOME LN MTG CORP	AA+	05/01/2020	1.375%	2.81	70,000	68,500	69,754	1,927
FEDERAL NATL MTG ASSN	AA+	10/07/2021	1.375%	2.96	70,000	66,836	69,313	1,978
FEDERAL HOME LN MTG CORP	AA+	01/13/2022	2.375%	2.98	35,000	34,341	35,870	1,022
FEDERAL HOME LOAN BKS CONS BDS	AA+	07/29/2020	1.830%	2.91	140,000	137,507	140,769	4,000
FEDERAL HOME LOAN BKS CONS BDS	AA+	06/12/2020	1.750%	2.85	140,000	137,526	140,648	3,914
FEDERAL NATL MTG ASSN	AA+	05/06/2021	1.250%	2.91	90,000	86,384	89,198	2,516
FEDERAL NATL MTG ASSN	AA+	08/17/2021	1.250%	2.94	90,000	85,912	88,970	2,522
FEDERAL NATL MTG ASSN	AA+	09/28/2020	1.750%	3.04	30,000	29,363	30,000	893
ALTRIA GROUP INC SR NT	A-	08/09/2022	2.850%	3.63	30,000	29,154	30,230	1,059
US TREASURY NOTE	NR	03/15/2020	1.625%	2.80	50,000	49,214	49,813	1,379
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	09/11/2020	1.620%	2.93	140,000	136,749	138,371	4,008
FEDERAL HOME LN MTG CORP	AA+	03/26/2021	2.700%	3.01	50,000	49,486	49,938	1,489
FEDERAL HOME LOAN BKS CONS BDS	AA+	09/15/2020	2.500%	2.94	100,000	99,332	99,925	2,924
FEDERAL NATL MTG ASSN	AA+	03/26/2021	2.700%	3.06	100,000	99,285	100,000	3,038
FEDERAL NATL MTG ASSN	AA+	10/19/2022	3.000%	2.92	50,000	49,455	50,000	1,444
US TREASURY NOTE	NR	07/31/2020	2.000%	2.86	20,000	19,707	19,797	564
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	09/19/2022	3.170%	3.30	80,000	79,777	80,000	2,635
FEDERAL HOME LOAN BKS CONS BDS	AA+	09/27/2021	3.000%	3.05	100,000	99,862	100,000	3,050
FEDERAL HOME LOAN BKS CONS BDS	AA+	10/29/2021	3.150%	3.19	100,000	99,824	100,000	3,182
US TREASURY NOTE	NR	11/30/2020	1.625%	2.88	100,000	97,469	97,586	2,809
CASH & EQUIVALENTS	-	-	-	2.09	-	129,263	129,263	2,702
Annual OPS and CAP Budget Reserve Total						\$ 3,514,497	\$ 3,584,082	\$ 100,638
Capital Improvement Program Reserve								
APPLE INC SR FLT NT	AA+	02/07/2020	2.591%	2.58	100,000	100,235	99,821	2,584
BERGEN CNTY N J TAXABLE GO BDS 2008	N.A.	11/01/2019	6.000%	-	100,000	100,000	102,183	-
CALIFORNIA ST GO BDS TAXABLE	AA-	10/01/2019	6.200%	2.80	100,000	103,020	104,087	2,886
CHEVRON CORPORATION SR NT	AA-	03/03/2019	4.950%	2.87	100,000	100,704	101,483	2,891
CISCO SYS INC SR GLBL NT	A+	01/15/2020	4.450%	2.98	125,000	127,116	129,705	3,787
COLGATE PALMOLIVE CO MTNS FR	NR	11/01/2018	1.500%	-	100,000	100,000	100,081	-
EXXON MOBIL CORP SR FLT NT	AA+	03/15/2019	2.484%	2.68	100,000	100,046	99,935	2,678
FEDERAL HOME LN MTG CORP PARTN GOLD	N.A.	02/01/2019	5.000%	3.38	3,169	3,184	3,341	108
FEDERAL HOME LOAN BKS CONS BDS	AA+	12/13/2019	2.375%	2.77	340,000	338,473	343,278	9,372
FEDERAL HOME LOAN BKS CONS BDS	AA+	02/18/2021	1.375%	2.90	100,000	96,594	100,876	2,800
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	04/06/2020	5.300%	3.07	450,000	465,701	474,098	14,306
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	09/03/2019	5.320%	2.75	50,000	51,093	51,857	1,405
FEDERAL HOME LOAN BKS CONS BDS	AA+	09/11/2020	2.875%	2.93	60,000	59,936	61,683	1,753
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	06/24/2019	1.520%	2.48	250,000	248,358	250,000	6,162
FEDERAL HOME LOAN BKS CONS BDS	AA+	08/15/2019	5.125%	2.76	60,000	61,132	62,144	1,687
FEDERAL HOME LOAN BKS CONS BDS	AA+	06/12/2020	4.625%	3.00	200,000	205,520	211,110	6,159
FEDERAL HOME LOAN BKS CONS BDS	AA+	12/14/2018	3.750%	2.47	250,000	250,418	253,048	6,195
FEDERAL HOME LOAN BKS CONS BDS	AA+	07/01/2019	4.375%	2.76	25,000	25,265	25,641	698
FEDERAL HOME LOAN BKS CONS BDS	AA+	12/13/2019	4.125%	2.79	125,000	126,851	130,679	3,537
FEDERAL HOME LOAN BKS CONS BDS	AA+	03/13/2020	4.125%	2.83	700,000	711,949	725,659	20,148
FEDERAL NATL MTG ASSN	AA+	01/21/2020	1.625%	2.77	100,000	98,629	101,010	2,728
FEDERAL NATL MTG ASSN	AA+	06/22/2020	1.500%	2.87	50,000	48,926	50,422	1,402
FEDERAL NATL MTG ASSN	AA+	11/30/2020	1.500%	2.89	170,000	165,269	169,637	4,775

Broker/Dealer	Composite	Coupon	Yield to	Par Value	Market Value	Cost	Estimated
Investment Name	Credit	Maturity	Rate	Maturity			Annual \$ Yield Earnings
FEDERAL NATL MTG ASSN	AA+	12/28/2020	1.875%	2.89	325,000	318,204	330,129
FEDERAL NATL MTG ASSN	AA+	02/26/2021	1.375%	2.91	240,000	231,857	239,751
FEDERAL NATL MTG ASSN	AA+	11/27/2018	1.625%	2.24	150,000	149,924	150,573
FEDERAL HOME LN MTG CORP MULTICLASS	NR	06/25/2020	3.531%	3.20	100,000	100,504	106,188
FEDERAL HOME LN MTG CORP	AA+	03/27/2019	3.750%	2.45	500,000	502,700	505,728
FEDERAL HOME LN MTG CORP	AA+	05/30/2019	1.750%	2.60	50,000	49,760	50,423
FEDERAL HOME LN MTG CORP	AA+	10/02/2019	1.250%	2.71	50,000	49,323	50,130
FEDERAL NATL MTG ASSN GTD PASSTHRU	N.A.	04/01/2019	2.680%	2.94	458,085	457,288	477,125
FEDERAL NATL MTG ASSN GTD PASSTHRU	N.A.	04/01/2019	5.000%	2.80	3,457	3,562	3,644
FEDERAL NATL MTG ASSN GTD PASSTHRU	N.A.	07/01/2019	4.821%	4.02	199,979	201,691	221,852
MICROSOFT CORP NT	AAA	06/01/2019	4.200%	2.68	100,000	100,752	102,344
MONONA WIS TAXABLE PROM NTS 2015B	AAA	06/01/2020	3.250%	2.25	100,000	100,046	100,618
MONTGOMERY CNTY MD CTFS PARTN COPS	N.A.	11/01/2019	1.200%	2.92	100,000	98,216	100,029
RICHMOND VA GO PUB IMPT BDS C	AA	07/15/2021	2.599%	3.37	100,000	98,522	103,510
BANK NEW YORK MTN BK ENT FR	A+	11/27/2020	2.450%	3.29	100,000	98,326	102,146
GILEAD SCIENCES INC SR NT	A-	09/01/2020	2.550%	3.23	100,000	98,816	102,154
WISCONSIN ST GEN FD ANNUAL APP REV	AA-	05/01/2021	1.616%	3.30	100,000	95,869	100,096
PORT MORROW ORE TRANSMISSION F REV	AA	09/01/2021	2.737%	3.25	225,000	221,436	232,331
WACO TEX INDPT SCH DIST REF BDS	N.A.	02/15/2020	4.000%	2.96	165,000	166,808	171,536
FEDERAL NATL MTG ASSN	AA+	05/26/2021	1.800%	3.03	260,000	251,493	260,000
FEDERAL HOME LN MTG CORP	AA+	12/30/2019	1.500%	2.66	260,000	256,121	260,000
FEDERAL HOME LN MTG CORP	AA+	12/30/2020	1.750%	2.91	340,000	331,347	340,000
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	07/19/2021	2.030%	3.02	80,000	77,745	80,000
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	01/24/2022	2.050%	3.25	120,000	115,956	120,000
FEDERAL HOME LN MTG CORP MEDIUM	AA+	07/27/2020	1.625%	2.95	80,000	78,292	80,000
FEDERAL HOME LN MTG CORP	AA+	05/15/2020	1.600%	2.93	220,000	215,945	220,000
FEDERAL HOME LN MTG CORP	AA+	10/26/2021	2.000%	2.98	220,000	212,247	220,000
FEDERAL HOME LOAN BKS CONS BDS	AA+	04/27/2022	2.300%	3.10	220,000	214,929	219,505
FEDERAL HOME LN MTG CORP	AA+	05/01/2020	1.375%	2.81	290,000	283,785	288,908
FEDERAL NATL MTG ASSN	AA+	10/07/2021	1.375%	2.96	140,000	133,672	138,625
FEDERAL HOME LN MTG CORP	AA+	01/13/2022	2.375%	2.98	310,000	304,163	316,073
FEDERAL NATL MTG ASSN	AA+	01/05/2022	2.000%	2.97	610,000	591,566	608,407
FEDERAL HOME LOAN BKS CONS BDS	AA+	06/12/2020	1.750%	2.85	170,000	166,996	170,787
FEDERAL NATL MTG ASSN	AA+	05/06/2021	1.250%	2.91	170,000	163,169	168,485
FEDERAL NATL MTG ASSN	AA+	08/17/2021	1.250%	2.94	170,000	162,279	168,055
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	07/19/2022	1.900%	3.15	165,000	158,522	165,634
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	08/03/2022	1.900%	3.14	165,000	158,448	165,348
FEDERAL NATL MTG ASSN	AA+	04/05/2022	1.875%	2.98	170,000	163,868	170,498
FEDERAL HOME LOAN BKS CONS BDS	AA+	08/15/2022	1.850%	3.11	130,000	124,614	130,836
FEDERAL NATL MTG ASSN	AA+	09/28/2020	1.750%	3.04	120,000	117,454	120,000
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	04/04/2022	2.100%	3.20	220,000	212,824	220,000
FEDERAL HOME LN MTG CORP	AA+	10/12/2021	2.000%	3.02	120,000	116,117	120,000
BANK AMER CORP FR	A-	05/13/2021	5.000%	3.46	75,000	77,638	80,486
CONSTELLATION BRANDS INC SR GLBL NT	BBB-	11/06/2020	2.250%	3.51	25,000	24,417	24,942
HOME DEPOT INC SR GLBL NT	A	04/01/2021	2.000%	3.18	80,000	77,754	79,838
LORILLARD TOB CO SR NT	BBB	05/01/2020	6.875%	3.67	25,000	26,231	27,166
MORGAN STANLEY SR NT	A-	01/27/2020	2.650%	3.19	80,000	79,418	80,571
ORACLE CORP SR GLBL	A+	05/15/2022	2.500%	3.44	80,000	77,433	80,078
PHILIP MORRIS INTL INC SR NT	A	03/26/2020	4.500%	3.16	25,000	25,450	25,918
STARBUCKS CORP SR GLBL	BBB+	02/04/2021	2.100%	3.32	80,000	77,859	79,979
3M CO FR	A+	06/26/2022	2.000%	3.31	100,000	95,414	99,023
FEDERAL HOME LN MTG CORP	AA+	12/29/2021	2.250%	3.30	120,000	116,929	120,000
FEDERAL HOME LOAN BKS CONS BDS	AA+	10/26/2022	2.280%	3.11	100,000	96,802	99,600
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	09/11/2020	1.620%	2.93	400,000	390,712	395,347
FEDERAL HOME LOAN BKS CONS BDS	AA+	11/29/2021	1.875%	2.97	300,000	290,568	295,904
FEDERAL HOME LOAN BKS CONS BDS	AA+	12/15/2021	2.200%	3.12	300,000	293,190	298,050
FEDERAL NATL MTG ASSN	AA+	11/26/2019	1.750%	2.72	300,000	296,895	299,041
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	05/17/2021	1.970%	3.04	100,000	97,535	98,338
FEDERAL HOME LOAN BKS CONS BDS	AA+	09/15/2020	2.500%	2.94	160,000	158,931	159,880
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	11/22/2021	2.740%	3.27	100,000	98,699	99,975
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	09/01/2021	2.750%	3.13	60,000	59,470	59,970
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	06/01/2020	2.450%	2.99	90,000	89,197	89,978
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	03/07/2022	2.850%	3.15	100,000	98,954	100,000
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	09/20/2021	2.840%	3.12	100,000	99,058	100,000
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	03/29/2021	2.710%	3.05	80,000	79,488	80,000
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	06/29/2022	3.000%	3.26	100,000	99,372	100,000
FEDERAL HOME LN MTG CORP	AA+	12/14/2022	2.000%	3.26	25,000	24,673	24,641
FEDERAL HOME LN MTG CORP	AA+	11/24/2021	2.650%	3.03	100,000	98,717	99,750
FEDERAL HOME LN MTG CORP	AA+	02/24/2023	3.000%	3.24	80,000	78,982	79,984
FEDERAL HOME LOAN BKS CONS BDS	AA+	12/13/2022	2.130%	3.11	129,630	124,192	125,993
FEDERAL NATL MTG ASSN	AA+	03/26/2021	2.700%	3.06	100,000	99,285	100,000
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	08/16/2021	1.680%	3.13	100,000	96,468	97,005
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	04/18/2022	2.830%	3.21	150,000	148,476	150,000
FEDERAL HOME LN MTG CORP	AA+	03/15/2023	3.000%	3.23	150,000	147,839	149,850
FEDERAL HOME LOAN BKS CONS BDS	AA+	03/27/2023	3.000%	3.25	150,000	148,316	150,000
FEDERAL HOME LOAN BKS CONS BDS	AA+	07/27/2022	1.700%	3.13	150,000	142,943	143,580
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	06/14/2021	2.810%	3.11	100,000	99,206	100,000
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	06/20/2022	3.090%	3.30	200,000	198,110	199,850
FEDERAL HOME LOAN BKS CONS BDS	AA+	06/28/2022	3.060%	3.25	100,000	99,360	100,000
FEDERAL HOME LOAN BKS CONS BDS	AA+	05/02/2023	3.150%	3.32	200,000	197,730	199,650
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	09/19/2022	3.170%	3.30	160,000	159,554	160,000
FEDERAL HOME LOAN BKS CONS BDS	AA+	09/27/2021	3.000%	3.05	120,000	119,834	120,000
FEDERAL HOME LN MTG CORP	AA+	06/28/2023	3.250%	3.35	160,000	159,378	159,920
FEDERAL NATL MTG ASSN	AA+	11/27/2020	1.500%	3.00	100,000	96,634	97,167
FEDERAL HOME LOAN BKS CONS BDS	AA+	10/29/2021	3.150%	3.19	120,000	119,789	120,000
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	09/27/2022	3.230%	3.30	180,000	179,224	179,827
CASH & EQUIVALENTS	-	-	-	2.09	-	581,158	581,158
Capital Improvement Program Reserve Total						\$ 17,490,850	\$ 17,865,703
Stage 2 Capacity Reserve							\$ 511,023
CISCO SYS INC SR GLBL NT	A+	01/15/2020	4.450%	2.98	75,000	76,270	77,823
FEDERAL HOME LN MTG CORP PARTN GOLD	N.A.	02/01/2019	5.000%	3.38	3,169	3,184	3,341
FEDERAL HOME LN MTG CORP PARTN GOLD	N.A.	11/01/2020	4.500%	3.10	8,612	8,746	8,978
FEDERAL HOME LOAN BKS CONS BDS	AA+	12/13/2019	2.375%	2.77	100,000	99,551	101,852
FEDERAL HOME LOAN BKS CONS BDS	AA+	02/18/2021	1.375%	2.90	100,000	96,594	100,876
FEDERAL HOME LOAN BKS CONS BDS	AA+	09/11/2020	2.875%	2.93	60,000	59,936	61,683
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	06/24/2019	1.520%	2.48	200,000	198,686	200,000
FEDERAL HOME LOAN BKS CONS BDS	AA+	08/15/2019	5.125%	2.76	50,000	50,944	51,787
FEDERAL HOME LOAN BKS CONS BDS	AA+	07/01/2019	4.375%	2.76	100,000	101,058	102,565
FEDERAL HOME LOAN BKS CONS BDS	AA+	03/13/2020	4.125%	2.83	125,000	127,134	129,521
FEDERAL NATL MTG ASSN	AA+	01/21/2020	1.625%	2.77	100,000	98,629	101,010
FEDERAL NATL MTG ASSN	AA+	06/22/2020	1.500%	2.87	100,000	97,851	100,844
FEDERAL NATL MTG ASSN	AA+	11/30/2020	1.500%	2.89	100,000	97,217	100,746
FEDERAL NATL MTG ASSN	AA+	12/28/2020	1.875%	2.89	175,000	171,341	177,762
FEDERAL NATL MTG ASSN	AA+	02/26/2021	1.375%	2.91	180,000	173,893	180,148
FEDERAL NATL MTG ASSN	AA+	01/14/2019	3.275%	2.50	100,000	100,180	100,860

Broker/Dealer	Composite	Coupon	Yield to	Par Value	Market Value	Cost	Estimated
Investment Name	Credit	Maturity	Rate	Maturity			Annual \$ Yield Earnings
FEDERAL HOME LN MTG CORP	AA+	03/27/2019	3.750%	2.45	250,000	251,350	252,850
FEDERAL HOME LN MTG CORP	AA+	05/30/2019	1.750%	2.60	100,000	99,519	100,846
FEDERAL HOME LN MTG CORP	AA+	08/01/2019	1.250%	2.65	100,000	98,951	100,442
FEDERAL HOME LN MTG CORP	AA+	10/02/2019	1.250%	2.71	100,000	98,645	100,260
FEDERAL NATL MTG ASSN GTD PASSTHRU	N.A.	12/01/2020	4.000%	3.18	34,625	35,193	36,281
FEDERAL NATL MTG ASSN GTD PASSTHRU	N.A.	07/01/2019	4.821%	4.02	167,264	168,696	185,558
JPMORGAN CHASE & CO SR NT	A	03/01/2021	2.550%	3.44	50,000	49,012	50,681
LANCASTER CNTY NEB SCH DIST NO SCH	AA+	01/15/2021	4.550%	3.34	50,000	51,352	52,994
NORFOLK VA GO CAP IMPT BDS 2010 B	AA	03/01/2019	4.650%	3.40	100,000	100,701	101,330
UNIVERSITY CALIF REVS FOR PREV GEN	AA	07/01/2019	1.796%	-	50,000	49,668	49,856
MONTGOMERY CNTY MD CTFS PARTN COPS	N.A.	11/01/2019	1.200%	2.92	100,000	98,216	100,029
BANK NEW YORK MTN BK ENT FR	A+	11/27/2020	2.450%	3.29	150,000	147,489	153,219
GILEAD SCIENCES INC SR NT	A-	09/01/2020	2.550%	3.23	150,000	148,224	153,231
WISCONSIN ST GEN FD ANNUAL APP REV	AA-	05/01/2021	1.616%	3.30	100,000	95,869	100,096
FEDERAL HOME LN MTG CORP	AA+	08/25/2021	1.500%	3.17	90,000	86,990	90,000
METRO WASTEWTR RECLAMATION DIS REV	AA+	04/01/2019	4.718%	2.56	100,000	100,768	101,809
WACO TEX INDPST SCH DIST REF BDS	N.A.	02/15/2020	4.000%	2.96	55,000	55,603	57,179
FEDERAL HOME LN MTG CORP	AA+	03/30/2021	1.500%	2.93	60,000	57,929	60,000
FEDERAL HOME LN MTG CORP	AA+	09/30/2021	1.250%	3.62	100,000	97,122	99,900
FEDERAL NATL MTG ASSN	AA+	09/30/2019	1.250%	2.88	60,000	59,174	59,985
FEDERAL NATL MTG ASSN	AA+	05/26/2021	1.800%	3.03	60,000	58,037	60,000
FEDERAL HOME LN MTG CORP	AA+	12/30/2020	1.750%	2.91	100,000	97,455	100,000
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	07/19/2021	2.030%	3.02	80,000	77,745	80,000
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	01/24/2022	2.050%	3.25	60,000	57,978	60,000
FEDERAL HOME LN MTG CORP MEDIUM	AA+	07/27/2020	1.625%	2.95	40,000	39,146	40,000
FEDERAL HOME LN MTG CORP	AA+	10/26/2021	2.000%	2.98	150,000	144,714	150,000
FEDERAL HOME LOAN BKS CONS BDS	AA+	04/27/2022	2.300%	3.10	150,000	146,543	149,663
FEDERAL HOME LN MTG CORP	AA+	05/01/2020	1.375%	2.81	260,000	254,428	258,975
FEDERAL NATL MTG ASSN	AA+	10/07/2021	1.375%	2.96	80,000	76,384	79,215
FEDERAL HOME LN MTG CORP	AA+	01/13/2022	2.375%	2.98	120,000	117,740	122,351
FEDERAL NATL MTG ASSN	AA+	01/05/2022	2.000%	2.97	220,000	213,352	219,537
FEDERAL HOME LOAN BKS CONS BDS	AA+	06/12/2020	1.750%	2.85	260,000	255,406	261,204
FEDERAL NATL MTG ASSN	AA+	05/06/2021	1.250%	2.91	260,000	249,553	257,683
FEDERAL NATL MTG ASSN	AA+	08/17/2021	1.250%	2.94	260,000	248,191	257,026
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	07/19/2022	1.900%	3.15	290,000	278,615	291,114
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	08/03/2022	1.900%	3.14	290,000	278,484	290,612
FEDERAL NATL MTG ASSN	AA+	04/05/2022	1.875%	2.98	300,000	289,179	300,879
FEDERAL HOME LOAN BKS CONS BDS	AA+	08/15/2022	1.850%	3.11	85,000	81,478	85,547
FEDERAL NATL MTG ASSN	AA+	09/28/2020	1.750%	3.04	180,000	176,180	180,000
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	04/04/2022	2.100%	3.20	280,000	270,866	280,000
FEDERAL HOME LN MTG CORP	AA+	10/12/2021	2.000%	3.02	180,000	174,175	180,000
HOME DEPOT INC SR GLBL NT	A	04/01/2021	2.000%	3.18	60,000	58,316	59,879
ORACLE CORP SR GLBL	A+	05/15/2022	2.500%	3.44	120,000	116,149	120,118
PHILIP MORRIS INTL INC SR NT	A	03/26/2020	4.500%	3.16	55,000	55,991	57,020
STARBUCKS CORP SR GLBL	BBB+	02/04/2021	2.100%	3.32	60,000	58,394	59,984
FEDERAL HOME LN MTG CORP	AA+	12/29/2021	2.250%	3.30	80,000	77,953	80,000
FEDERAL HOME LOAN BKS CONS BDS	AA+	11/29/2021	1.875%	2.97	120,000	116,227	118,362
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	11/22/2021	2.740%	3.27	100,000	98,699	99,975
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	03/07/2022	2.850%	3.15	80,000	79,163	80,000
FEDERAL HOME LN MTG CORP	AA+	02/24/2023	3.000%	3.24	60,000	59,236	59,988
FEDERAL NATL MTG ASSN	AA+	03/26/2021	2.700%	3.06	140,000	138,999	140,000
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	04/18/2022	2.830%	3.21	150,000	148,476	150,000
FEDERAL HOME LN MTG CORP	AA+	03/15/2023	3.000%	3.23	150,000	147,839	149,850
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	06/14/2021	2.810%	3.11	100,000	99,206	100,000
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	06/20/2022	3.090%	3.30	100,000	99,055	99,925
FEDERAL HOME LOAN BKS CONS BDS	AA+	06/28/2022	3.060%	3.25	100,000	99,360	100,000
FEDERAL HOME LOAN BKS CONS BDS	AA+	05/02/2023	3.150%	3.32	150,000	148,298	149,738
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	09/19/2022	3.170%	3.30	200,000	199,442	200,000
FEDERAL HOME LOAN BKS CONS BDS	AA+	09/27/2021	3.000%	3.05	160,000	159,779	160,000
FEDERAL HOME LOAN BKS CONS BDS	AA+	08/10/2023	1.500%	4.03	200,000	191,790	192,000
US TREASURY NOTE	NR	11/30/2020	1.625%	2.88	160,000	155,950	156,138
FEDERAL FARM CR BKS CONS SYSTEMWIDE	AA+	09/27/2022	3.230%	3.30	200,000	199,138	200,000
FEDERAL HOME LOAN BKS CONS BDS	AA+	04/30/2021	0.02	2.99	200,000	194,410	194,471
FEDERAL HOME LOAN BKS CONS BDS	AA+	10/25/2021	0.0317	3.21	200,000	199,850	200,000
FEDERAL NATL MTG ASSN	AA+	10/28/2020	0.014	2.98	40,000	38,871	38,653
CASH & EQUIVALENTS	-	-	-	2.09	-	926,391	926,391
Stage 2 Capacity Reserve Total						\$ 10,964,315	\$ 11,202,636
Subtotal, Bank of the West						\$ 31,969,662	\$ 32,652,420
Bank of New York (Trustee)							
2009 Reserve Account - Federal National Mortgage Assn 3136G3Q73	Aaa	7/26/2019	1.150%	1.16		4,727,611	4,780,000
2009 Reserve Account - BMW BK North Amer Salt Lake 05580ACK8	Aa	7/24/2019	2.000%	2.01		149,035	150,000
2009 Reserve Account - Morgan Stanley Treas Sec X9USDMORS	-	-	0.000%	2.00		161,392	161,392
2009 Reserve Account - Morgan Stanley Treas Sec X9USDMORS	-	-	0.000%	2.00		62,656	62,656
2009 Revenue FD Account - Morgan Stanley Treas Sec Portfolio X9USDMORS	-	-	0.000%	2.00		3,829	3,829
2009 Revenue FD Account - Morgan Stanley Treas Sec INST X9USDMORS	-	-	0.000%	2.01		13	13
2014 Revenue Account - Goldman FS Money MKT INST 474 X9USDGLD4	-	-	0.000%	2.35		11	11
2014 Revenue Account - Goldman Sachs Fin Sq Instl X9USDGLD4	-	-	0.000%	2.31		414	414
2014 Revenue Account - Cash	-	-	0.000%	-		11	11
2014 Interest Account - Goldman Sachs Fin Sq Instl X9USDGLD4	-	-	0.000%	2.35		13	13
2014 Principal Account - Goldman Sachs Fin Sq Instl X9USDGLD4	-	-	0.000%	2.37		7	7
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%	2.25		163	163
2015 Revenue Account - Cash	-	-	0.000%	-		5	5
2009 Escrow - United States Treasury 912828B33	Aaa	1/31/2019	1.500%	1.50		601,788	610,349
2009 Escrow - Tunisia Government Aid Bonds 066716AG6	Aaa	7/16/2019	1.686%	1.70		40,047,813	40,944,692
2009 Escrow - Cash	-	-	0.000%	-		3,857	3,857
Subtotal, Bank of New York (Trustee)						\$ 45,758,623	\$ 46,717,417
Less Amounts held in Escrow for 2009 Bond Defeasance						\$ (40,653,458)	\$ (41,558,898)
Net Total, Bank of New York (Trustee)						\$ 5,105,165	\$ 5,158,519

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 912828RH5	Aaa	9/30/2018	0.000%	-	-	-	-	-
US Treasury N/B 912828U99	Aaa	12/31/2018	1.250%	2.04	3,370,000	3,364,584	3,348,674	68,638
US Treasury Notes 912828B33	Aaa	1/31/2019	1.500%	2.07	1,500,000	1,496,981	1,492,441	30,987
US Treasury Notes 912828B33	Aaa	1/31/2019	1.500%	2.06	1,500,000	11,576,649	11,542,000	238,479
US Treasury Notes 912828C24	Aaa	2/28/2019	1.500%	2.09	15,500,000	15,453,981	15,411,602	322,988
US Treasury Notes 912828P95	Aaa	3/15/2019	1.000%	2.11	10,300,000	10,247,295	10,186,941	216,218
US Treasury Notes 912828ST8	Aaa	4/30/2019	1.250%	2.12	16,430,000	16,330,516	16,268,909	346,207
US Treasury Notes 912828SX9	Aaa	5/31/2019	1.125%	2.14	13,550,000	13,439,378	13,384,330	287,603
Toyota Motor Credit Corp Comm Paper 89233HM35	P-1	3/8/2019	0.000%	2.32	3,900,000	3,891,962	3,833,557	90,294
Toyota Motor Credit Corp Comm Paper 89233HM43	P-1	3/8/2019	0.000%	2.33	2,400,000	2,394,898	2,359,238	55,801
Toronto Dominion Bank NY Cert Depos 89113XZJ6	P-1	3/9/2019	2.500%	2.50	6,300,000	6,288,559	6,300,000	157,214
CAMP Pool	NR			2.30		16,634,858	16,634,858	382,602
Total, Zions Bank (Trustee)						\$ 101,119,661	\$ 100,762,551	\$ 2,197,030
Uninvested Operating Cash	-					\$ 6,979,373	\$ 6,979,373	\$ -
California Local Agency Investment Fund	LAIF			2.144		708,783	708,783	15,196
Total Working Capital						\$ 7,688,155	\$ 7,688,155	\$ 15,196
TOTAL CASH & INVESTMENTS, UNRESTRICTED AND WITH TRUSTEE						\$ 145,882,643	\$ 146,261,645	\$ 3,210,515
						Weighted Average Yield to Maturity %		2.20%

Summary by Investment Type:	Market Value
US Treasuries	\$ 72,546,605
Agencies	30,532,403
Commercial Paper / Corporate Bonds	8,562,501
Municipal Bonds / Notes	1,992,121
Money Market / Certificates of Deposit	31,540,230
Local Agency Investment Fund	708,783
TOTAL	\$ 145,882,643

Summary by Purpose / Restriction Level	Market Value
Working Capital	\$ 7,688,155
Operations & Capital Budget Reserve	3,514,497
Capital Improvement Program Reserve	17,490,850
Stage 2 Capacity Reserve	10,964,315
Debt Reserve	5,105,165
Debt Proceeds	101,119,661
TOTAL	\$ 145,882,643

Summary by Liquidity:	Market Value
0-1 years	\$ 120,048,873
1 years	8,345,999
2 years	8,521,593
3-5 years	8,966,179
TOTAL	\$ 145,882,643

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

10/31/2018

AGENDA ITEM 5D

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**ENGINEERING REPORT: NOVEMBER 2018
CAPITAL IMPROVEMENT PROGRAM IMPLEMENTATION**

Front of Plant Project (9502): Using Progressive Design Build process, provide a surge shaft, receiving lift station, headworks with screening and grit removal, influent connector pipeline, and all required support facilities for a complete project.

On November 9, 2017 the Commission awarded a Progressive Design Build contract to Shea/Parsons Joint Venture (SPJV) for Stage 1 of the Front of Plant project. SPJV, SVCW staff, and consultants have met weekly to coordinate and discuss proposed designs, develop O/M options, and coordinate efforts between construction teams. While the designs were being developed, early construction packages have been authorized by the Commission to begin preparation work and order large equipment. The 60% design has been completed and a lump sum construction price has been negotiated with SPJV. The Stage 2D amendment includes the scope and budget to complete the construction of the project.

Planned Commission Actions: Approve Stage 2D Design Build Amendment – December 2018
Approve Quality Assurance, Owners Advisor, and Program Management Task Orders – December 2018

Gravity Pipeline Project (6008): Replace existing 54" force main with a deep gravity pipeline using tunneling methods of construction and a progressive design build procurement process.

On November 8, 2018 the Commission approved the Stage 2B Design Build Amendment, with Barnard/Bessac Joint Venture (BBJV) to complete the design and construction for the gravity pipeline project. SVCW staff and consultants are managing the project and completing the effort to obtain the necessary permits and easements, assure that the requirements of the CEQA documents are being met, and assure that the project is being coordinated with the other RESCU projects.

Planned Commission Actions: Consider Resolution of Necessity Authorizing Eminent Domain Proceedings – December 2018

Pump Stations Rehabilitation and Replacement (9501): Rehabilitate or Replace three pump stations and connect them to the new Gravity Pipeline. This project also includes replacing the Belmont Force Main.

The RESCU Program includes rehabilitation or replacement of the Belmont, Redwood City, and Menlo Park Pump Stations, as well as the construction of the Belmont Force Main to connect the Belmont system to the Gravity Pipeline. Preliminary design work has been completed by Brown and Caldwell. SVCW has decided to deliver these projects as a combined Progressive Design Build Project, with Brown and Caldwell acting as Owner's Advisor. SVCW received Statements of Qualifications from four

qualified Design Builders and has shortlisted two of them. Requests for Proposal have been sent to each Design Build Entity and proposals are due December 10, 2018.

Planned Commission Actions: Award Design-Build Project – February 2019

Emergency Repair of the 12kV Vault (9808): Respond to emergency condition of existing 12 kV service.

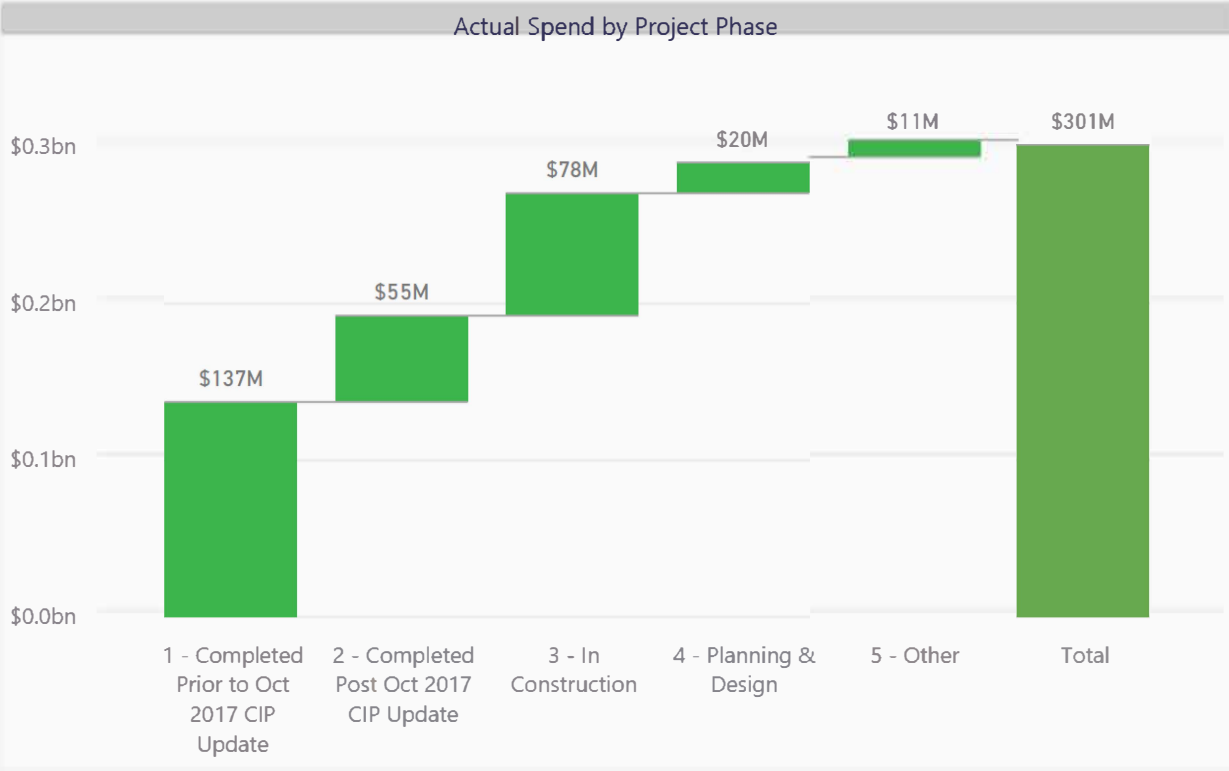
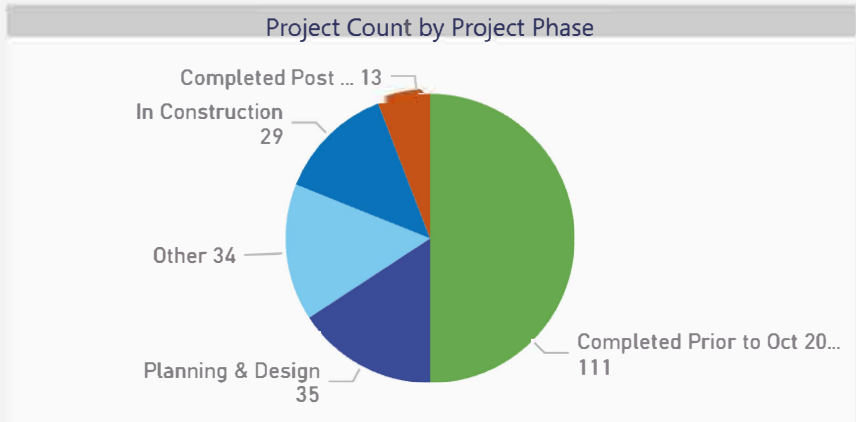
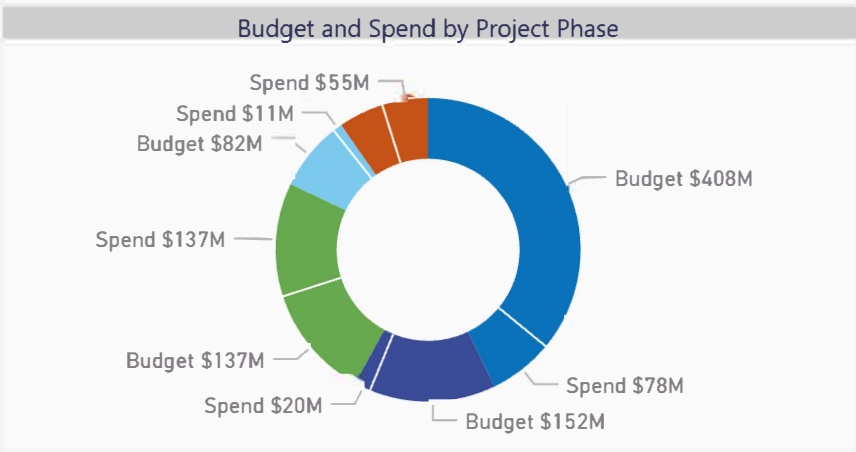
On September 14, 2017 the Commission approved the emergency expenditure of funds for the repair of essential facilities. On November 9, 2017 The Commission approved a total budget amount of \$2,347,412 which includes the initial emergency authorization of \$300,000 to perform work on a time and material basis to resolve the failing 12kV electrical vault. Beecher Engineering, Power Engineering and DW Nicholson designed a permanent repair to reroute route the 12 kV conduits that supply power to the Solids Handling Building (SHB) and ultimately to all plant equipment and processes.

A new concrete vault was placed on the main building side of the tunnel and is incorporated into the tunnel structure. A new conduit run was constructed along the building to the new vault at the tunnel. Power Engineering completed excavation under the SHB by the transformers and constructed a new duct bank structure under the transformers to connect the 12kV power lines to the new vault at the tunnel. The underground tunnel is pile supported and will offer the most stable pathway between the buildings to ensure the new conduits and vault will not subside in the future.

Planned Commission Actions: Accept Project and File Notice of Completion – January 2018

CIP Spend Analysis

Project Phase	Project Count	2017 CIP Budget	Actual Spend	Remaining	% Unspent
Completed Prior to Oct 2017 CIP Update	111	\$137,234,509	\$137,275,195	N/A	N/A
Completed Post Oct 2017 CIP Update	13	\$54,325,725	\$55,116,083	\$-790,359	-1.45%
In Construction	29	\$408,098,403	\$77,983,813	\$330,114,590	80.89%
Planning & Design	35	\$151,762,465	\$19,617,836	\$132,144,628	87.07%
Other	34	\$82,244,938	\$11,050,664	\$71,194,274	86.56%
Total	222	\$833,666,040	\$301,043,591	\$532,663,133	63.89%



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: 11/28/2018

DECEMBER 6, 2018
AGENDA ITEM 5E

Commission Meeting Date	Action Item		Requested or Estimated Date for Completion	Status			Date of Completion	Notes
				Ongoing	In Progress	Complete		
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		✓			Ready for new Commissioners to bring up to date/provide background information on SVCW policies and strategy
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		✓			Allowance was provided for up to 40 additional piles
	2	8C - Line of Credit; report back if proportion of use changes from JPA apportionment	N/A			✓	6/15/2018	Confirmed that use is proportional to JPA apportionment; should use of the LOC proportionally change, report this to Commission.
	3	8E - JPA Amendment; re-initiate "clean up" to JPA	N/A		✓			Make required and requested changes to the JPA a priority. Letter distributed to member agencies requesting input. Input received and Manager to schedule a meeting time with member agency staff to review.
5/10/2018	1	No new items at this meeting						
4/12/2018	1	Prepare letter Opposing AB1912	N/A			✓	4/17/2018	Prepare for John Seybert signature. Include all Commission names and who they're representing.
	2	FY18-19 Operating Budget	1-2 weeks			✓	5/2/2018	Send e-version, along with Benchmarking Chart of SVCW costs compared to other Bay Area WWTP costs, to Commissioners (Benchmarking Only), Member Agency Finance Directors and Tech Committee members.
3/8/2018	1	Prepare memo for LRFP indicating how many dollars SVCW's procurement process and management strategies are saving	N/A		✓			In response to the fact that SVCW staff is implementing significant projects with relatively little overhead costs.

Silicon Valley Clean Water
Commissioners' Requested Action Items
Updated: 11/28/2018

DECEMBER 6, 2018
AGENDA ITEM 5E

Commission Meeting Date	Action Item		Requested or Estimated Date for Completion	Status			Date of Completion	Notes
				Ongoing	In Progress	Complete		
	2	Recycled Water Workshop in Stanford	April			✓	4/12,2018	Reported highlights from the Recycled Water Workshop held at Stanford on March 9
	3	Operating Budget Benchmarking	April			✓	4/12/2018	Benchmark SVCW's operating budget increase with other agencies in the Bay Area; reported out at April meeting.
1/18/2018	1	RESCU Program and Project Updates	N/A	✓				When available, upload monthly dashboard summary reports onto website and email to Tech Cmte members.
	2	Gravity Pipeline Acquisitions	N/A		✓			Report out on acquisition results when available.
12/14/2017	1	Change Design-Build Policy to reflect a sunset date of December 31, 2024 to current amount of \$300k Manager-authorization level for construction change orders unless extended by the Commission at a later date	12/14/2017			✓		Changes made to Approved Resolution
> 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 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	12/15/2018		✓			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.

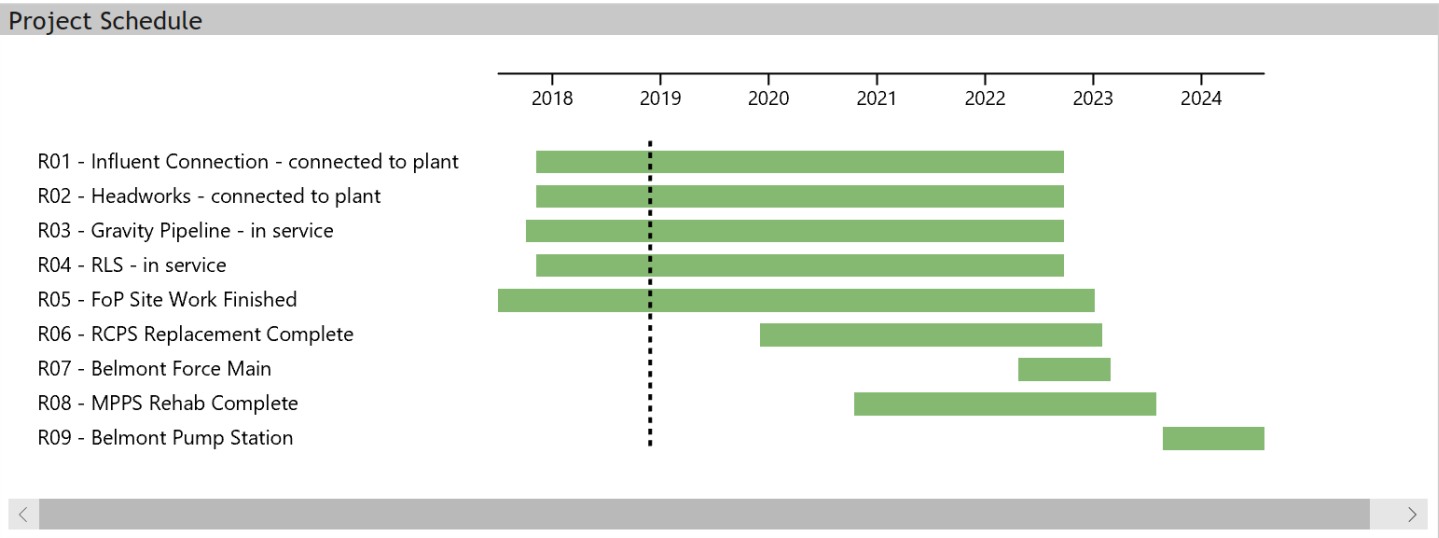
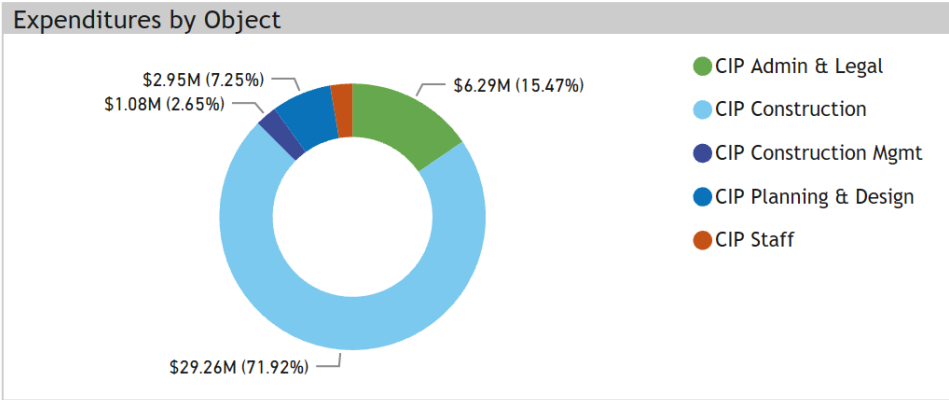
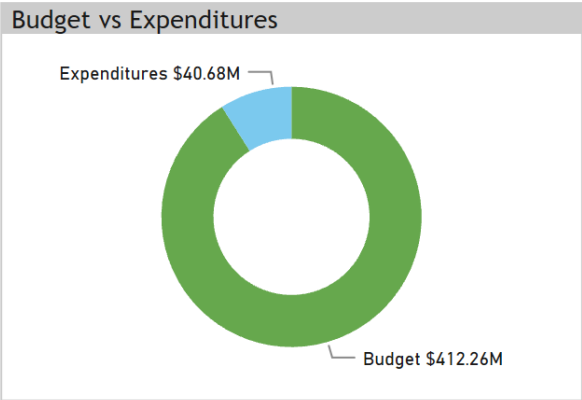
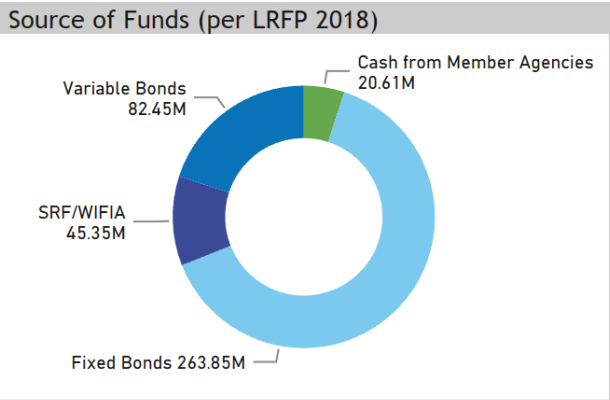
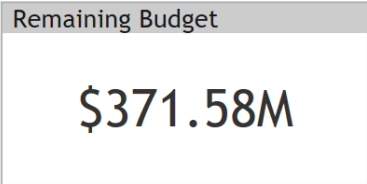
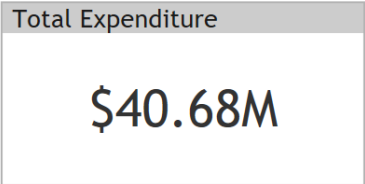
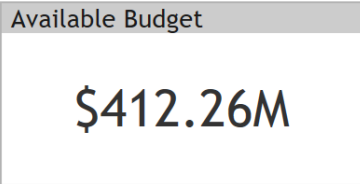
AGENDA ITEM 5F

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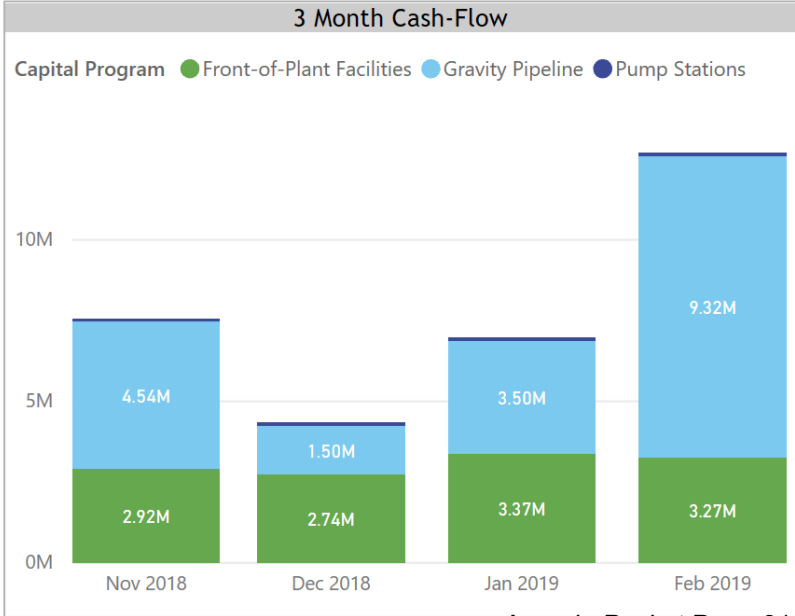
Overview



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 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.



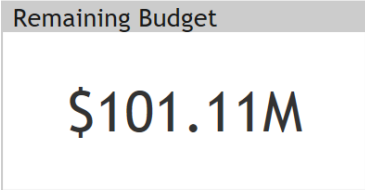
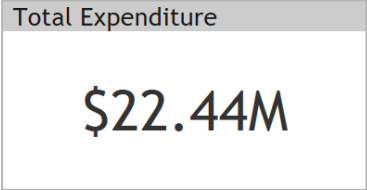
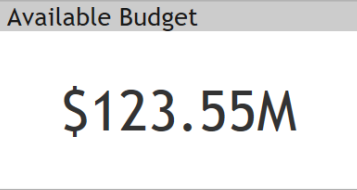
As of : 2018 - 11



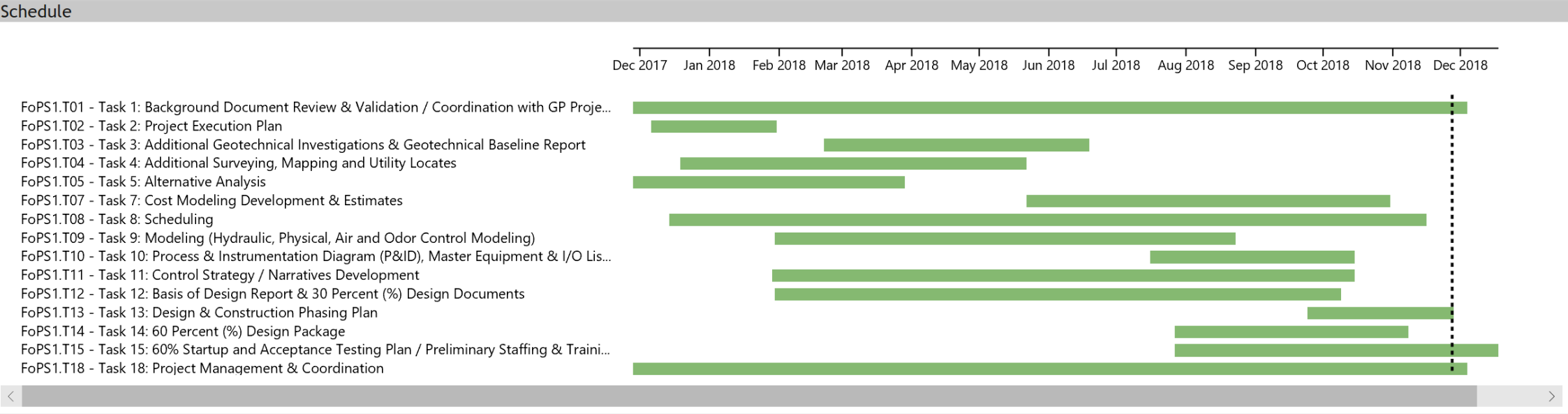
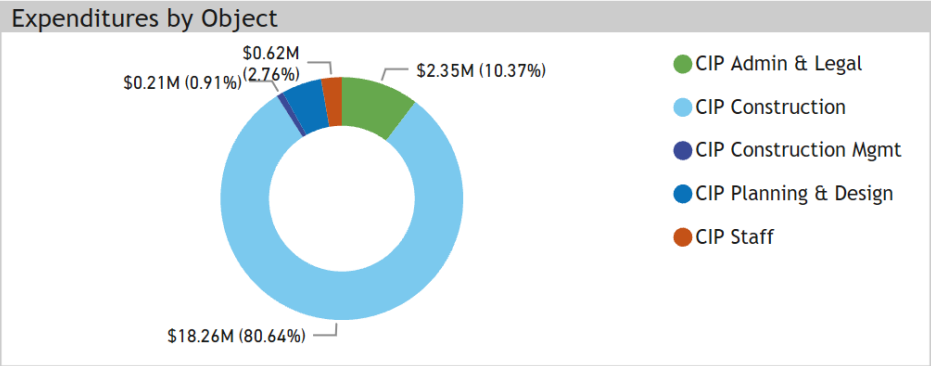
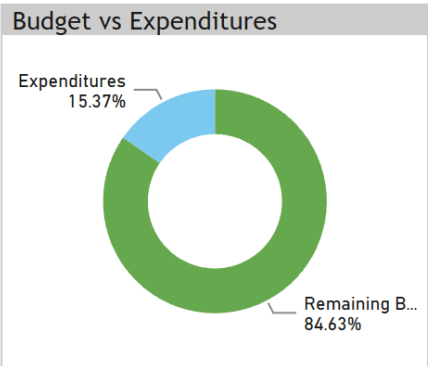
Front of Plant Progressive DB Project



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.



Milestone Schedule		
	Start	Finish
Notice to Proceed - Stage 1 Services		11/28/2017
Basis of Design Report (BODR)	1/30/2018	5/23/2018
30 Percent (%) Design Documents	5/24/2018	7/26/2018
60 Percent (%) Design Documents	7/27/2018	10/15/2018
Stage 2A - Piles	6/14/2018	11/12/2018
Stage 2B - RLS Shaft Preparation	7/12/2018	12/26/2018
Stage 2C - RLS Shaft Construction	8/23/2018	12/9/2019
Stage 2D - Balance of Stage 2 Work	12/6/2018	
Stage 1 Services Complete		12/31/2018





Major Accomplishments this Period

Design	<ul style="list-style-type: none">- SPJV held a review meeting with SVCW to review the comments from the 60% design package.- Continued design of instrumentation and controls for RLS control strategies.- SPJV held a meeting to coordinate asset tracking and the BIM model deliverable at the completion of the project
Procurement of Trade Packages	<ul style="list-style-type: none">- Team began the independent 60% cost estimate review- SPJV evaluated trade bid packages and confirmed compliance with SRF and WIFIA compliance
Construction	<ul style="list-style-type: none">- Completed pile installation- Began preparation work for the installation of guidewalls- Began mobilization of the diaphragm wall equipment

Upcoming Key Activities

Complete negotiations of Lump Sum cost with SPJV-SVCW
Finalize Cost Review Milestone
Submit SPJV initial 60 % Cost Submittal
Continue detailing RLS and Headworks facilities
Review SPJV's responses to 60% Design Package comments
Complete the installation of the RLS and SFS Support of Excavation Walls

3 - Month Look Ahead

	Start	End	December	January	February
Finalize 60% Design Package	September 24, 2018	December 6, 2018	X		
Installation of RLS and SFS Support of Excavation Wall	November 12, 2018	March 17, 2019	X	X	X
Stage 2 Negotiations	November 14, 2018	November 26, 2018	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

\$221.88M

Total Expenditure

\$16.92M

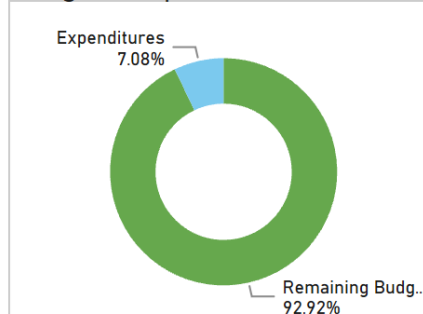
Remaining Budget

\$204.96M

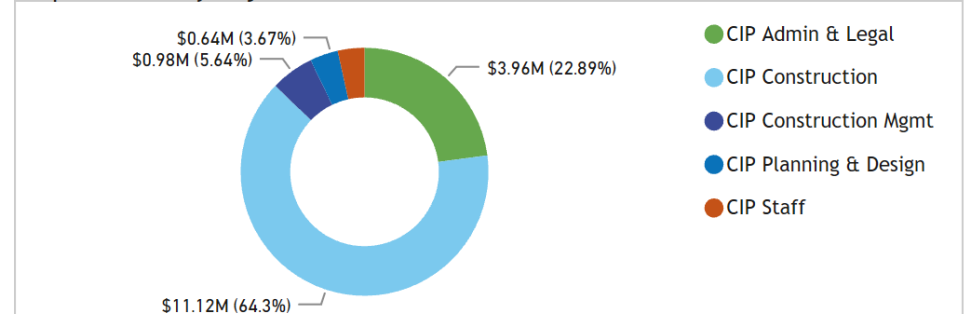
Milestone Schedule

	Start	Finish
Notice to Proceed - Stage 1 Services		10/13/2017
Basis of Design Report (BODR)		10/26/2018
30 Percent (%) Design Documents	11/2/2018	
60 Percent (%) Design Documents	12/5/2018	
Stage 2A Approval - TBM Purchase, Airport Clear and Grub, Crane purchase		8/23/2018
Stage 2B Approval - Balance of Stage 2 Work	9/17/2018	11/8/2018
Stage 1 Services Complete	10/13/2017	12/21/2018
Airport Access Shaft Construction	12/14/2018	8/5/2019

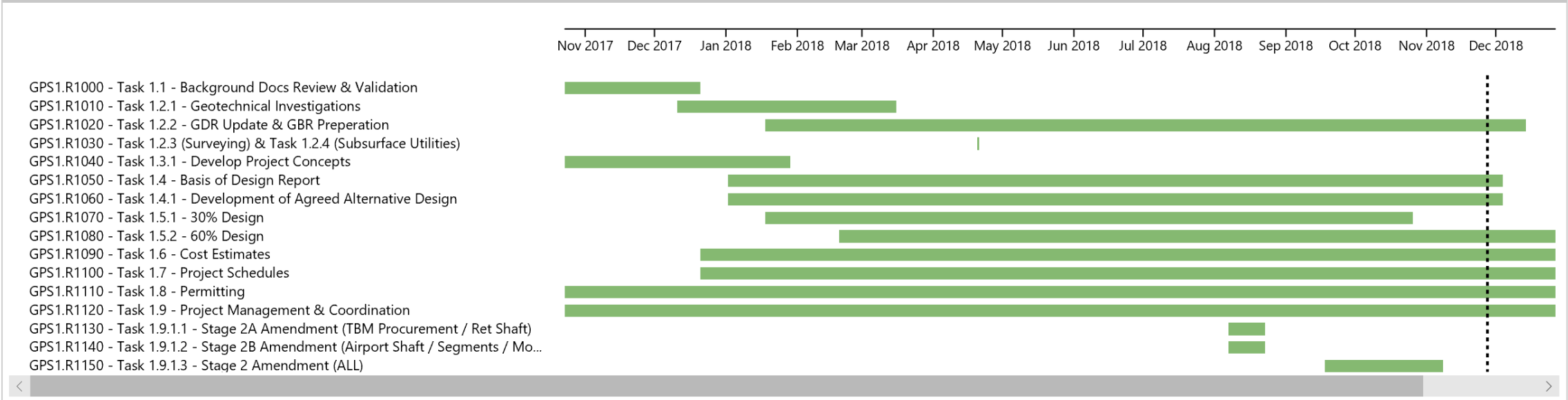
Budget vs Expenditures



Expenditures by Object



Schedule



As of : 2018 - 11

Major Accomplishments this Period

Design	<ul style="list-style-type: none"> - Completed Project GBR - Continued sediment transport modeling - Continued air flow and H2S concentration modeling. Coordinating with FoP DB team - Progressed Airport Access Shaft design to 100% -Continued design of Bair Island and San Carlos shafts to 60% -Continued cost savings initiatives to lower Project cost -Finalized muck conveyance due to unforeseen FAA issues related to crane height. -Compiled BODR completed
Procurement of Trade Packages	<ul style="list-style-type: none"> - Selected SOE Subcontractor - Ongoing discussions with FRP pipe manufacturers - Completed review of TBM manufacturer's design - Outreach in conformance with SRF and WIFIA funding requirements
Construction	<ul style="list-style-type: none"> - Continued TBM Launch Site preparation - NTP for Balance of Stage 2 Final Design and Construction

Upcoming Key Activities

Airflow and grit transport design
 Airport Access shaft coordination with San Carlos Airport
 Inner Bair Island retrieval shaft design
 San Carlos Pump Station connection piping design
 Construction of Airport Access Shaft support of excavation
 Tunnel conveyor procurement

3 - Month Look Ahead

	Start	End	December	January	February
Airport Access Shaft Construction	December 14, 2018	August 5, 2019	X	X	X
Airport Access Shaft Site Preparation	September 17, 2018	December 14, 2018	X		
Bair Island Shaft Design (100% Design)	August 8, 2018	December 21, 2018	X		
Conveyor and other tunneling equipment	November 8, 2018	August 5, 2019	X	X	X
Hydraulic Design (100% Design)	August 15, 2018	December 21, 2018	X		
San Carlos Shaft Design (100% Design)	August 15, 2018	December 21, 2018	X		
TBM Procurement	January 22, 2018	August 23, 2019	X	X	X
Tunnel Design (100% Design)	April 26, 2018	December 21, 2018	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

\$66.83M

Total Expenditure

\$1.34M

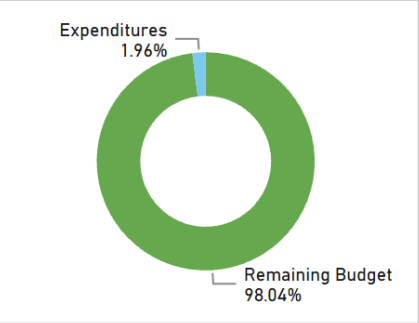
Remaining Budget

\$65.50M

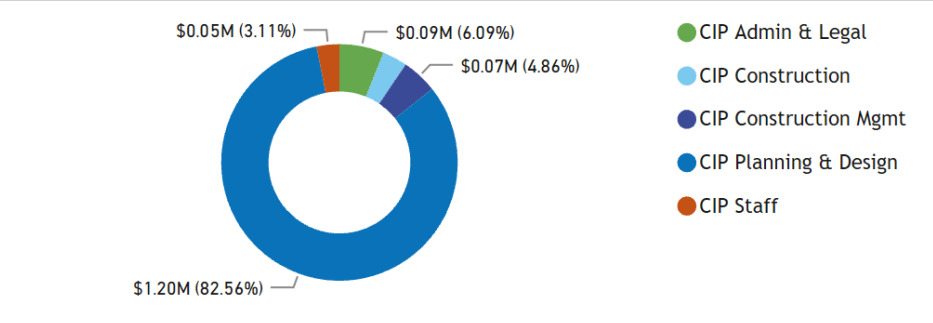
Milestone Schedule

	Start	Finish
PSI Project Procurement process approved by commission	7/13/2018	7/13/2018
Issue RFQ	7/16/2018	7/16/2018
D/B Selection Process - short list established	7/16/2018	9/28/2018
RFP issued	10/1/2018	
D/B Selection Process - proposals submitted	12/10/2018	
D/B interviews completed and D/B firm selected	1/11/2019	
Recommend Award of DB Agreement to Commission	2/14/2019	

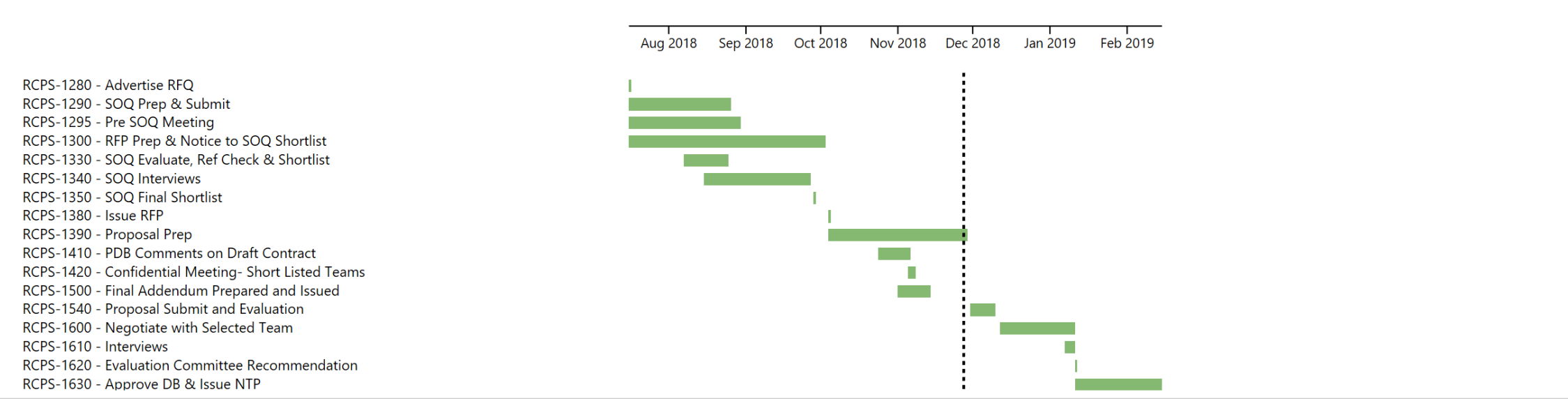
Budget vs Expenditures



Expenditures by Object



Schedule



As of : 2018 - 11

Major Accomplishments this Period

- Design
- RFP issued
 - Initial interviews completed
 - Two DB firms short listed
 - DB agreement questions received
 - Confidential meetings with DBs were held
 - Completed site visits to reference facilities

Upcoming Key Activities

- Review Agreement questions from short listed D/Bs
- D/Bs submit proposals
- D/Bs submit cost proposals

3 - Month Look Ahead

	Start	End	December	January	February
Commission Approval to Award Contract	January 14, 2019	January 14, 2019			X
Hold D/B Interviews - WO 1/7	January 9, 2019	January 10, 2019		X	
Issue RFP and Receive Proposals	October 1, 2018	December 10, 2018	X	X	X
Select Design Builder	December 10, 2018	January 11, 2019		X	X
Stage 1 Notice of Award	January 15, 2019	January 15, 2019		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 – November 8, 2018
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 John Seybert, Redwood City – Chair
Council Member Warren Lieberman, PhD., Belmont– Vice Chair
Mayor Robert Grassilli, San Carlos – Secretary
Board Member George B. Otte, P.E., West Bay Sanitary District

Staff, Consultants and Visitors Present

Teresa A. Herrera, SVCW Manager
Christine C. Fitzgerald, SVCW Legal Counsel
Jennifer Flick, Human Resources Manager
Matt Anderson, SVCW Assistant Manager/Chief Financial Officer
Monte Hamamoto, SVCW Chief Operating Officer
Kim Hackett, SVCW Authority Engineer
Arvind Akela, SVCW Senior Engineer
Eric Hansen, SVCW Senior Engineer
Jessica Mangual, SVCW Administrative Clerk
EJ Shalaby, Senior Consultant, DNS Strategic Partners
Bill Tanner, Tanner Pacific, Inc.
Mark Minkowski, Kennedy/Jenks
Dan Schall, Barnard Bessac Joint Venture
Jack Sucilsky, Barnard Bessac Joint Venture
Jeff Higgins, Barnard Bessac Joint Venture
Olivier Robert, Barnard Bessac Joint Venture
Bruce Burnworth, MPF Consulting
Ken Kaufmann, SVCW Retiree

ITEM 3

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was recited by those in attendance.

ITEM 4

PUBLIC COMMENT

The Chairman recognized Mr. Ken Kaufmann, an SVCW Retiree, who addressed the Commission regarding Agenda Item 9C. Mr. Kaufman explained the background to the 2002 creation of the Performance Incentive program and also noted the loss of income that he, along with other retirees' of SVCW are facing. Mr. Kaufman appealed to the Commission to work towards a solution to address his and the other retirees' concerns.

ITEM 5A THROUGH 5F

SAFETY MOMENT AND REPORTS

The safety moment relayed the importance of protecting one's eyes from injury.

The Commissioners were invited to SVCW's upcoming Holiday Potluck Luncheon scheduled for Wednesday, December 12th.

SVCW was invited to submit an application to EPA for WIFIA funding; very good news for the agency. Further information was provided under Item 5C, Financial Reports.

The Financial Report presentation emphasized year-to-date expenditures versus budget (favorable and as expected), update on the funding mechanisms for the Capital Improvement Program (via SRF and WIFIA) and a planning calendar for upcoming activities (Long Range Financial Plan in January and Budget in April).

ITEM 6

MATTERS OF COMMISSION MEMBER'S INTEREST

Commission Meeting dates for 2019 were included in the agenda packet.

Congratulations were given to Commissioners Lieberman and Otte for their respective re-elections.

ITEM 7

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

Motion/Second: Mr. Grassilli / Mr. Lieberman

The Motion carried by Unanimous Roll Call Vote

ITEM 8A

CONSIDERATION OF RESOLUTION ADOPTING FINDINGS THAT THE PUMP STATION IMPROVEMENTS PROJECT (CIP #9501) IS A "SUBSTANTIALLY COMPLEX" PROJECT PURSUANT TO PUBLIC CONTRACT CODE SECTION

7201(B)(4) AND APPROVE THE RETENTION OF 10% OF ALL PROGRESS PAYMENTS MADE DURING STAGE 2 OF EACH PROJECT

A staff presentation was provided giving the background of the project and rationale for the action.

The Public hearing was open. There were no public speakers and a motion to close the public hearing was made.

Motion/Second: Mr. Lieberman / Mr. Grassilli

The Motion carried by Unanimous Roll Call Vote

- i. Move adoption of RESOLUTION FINDING THAT THE PUMP STATION IMPROVEMENTS PROJECT (CIP #9501) IS "SUBSTANTIALLY COMPLEX" AND APPROVING RETENTION OF 10% OF EACH PROGRESS PAYMENT FOR STAGE 2 OF THE PROJECT

Motion/Second: Mr. Grassilli / Mr. Otte

The Motion carried by Unanimous Roll Call Vote

ITEM 8B

CONSIDERATION OF RESOLUTION ADOPTING RECOMMENDED CHANGES TO THE CAPITAL IMPROVEMENT PROGRAM (CIP) COSTS, UPDATED FOR ANTICIPATED ESCALATION DUE TO MARKET CONDITIONS AND INFLATION AND CHANGES TO PROJECTS

Move adoption of RESOLUTION APPROVING AND ADOPTING THE 2018 UPDATE OF THE SILICON VALLEY CLEAN WATER CAPITAL IMPROVEMENT PROGRAM PLAN AND CORRESPONDING CEQA CONCLUSIONS

Motion/Second: Mr. Otte / Mr. Grassilli

The Motion carried by Unanimous Roll Call Vote

ITEM 8C

CONSIDERATION OF RESOLUTION APPROVING STAGE 2B AMENDMENT TO THE GRAVITY PIPE (GP) DESIGN-BUILD AGREEMENT WITH BARNARD BESSAC JOINT VENTURE (BBJV), APPROVE KENNEDY/JENKS TASK ORDER FOR OWNER'S ENGINEERING ADVISOR SERVICES AND TANNER PACIFIC TASK ORDER FOR CONSTRUCTION QUALITY ASSURANCE SERVICES ASSOCIATED WITH STAGE 2 OF THE GRAVITY PIPELINE PROJECT (CIP #6008).

It was noted that the dollar amount listed in the agenda write up represented the entire Stage 2 amount and the Stage 2B Amendment amount is actually \$183,222,407; Stage 2A amount previously authorized was \$23,477,593.

Proposed Actions:

- i. Move adoption of RESOLUTION APPROVING STAGE 2B AMENDMENT TO THE DESIGN-BUILD AGREEMENT FOR GRAVITY PIPELINE PROJECT (CIP #6008); AUTHORIZING EXECUTION OF STAGE 2B AMENDMENT AND AUTHORIZING MANAGER TO APPROVE CONTRACT CHANGE ORDERS AND ALLOWANCES UP TO TEN PERCENT OF THE CONTRACT PRICE FOR SAID AMENDMENT – BARNARD-BESSAC JOINT VENTURE – \$183,222,407 ~~\$206.7 MILLION~~
- ii. Move approval of TASK ORDER SCOPE AND BUDGET FOR OWNER'S ADVISOR SERVICES FOR THE GRAVITY PIPELINE PROJECT STAGE 2 (CIP #6008) IN AN AMOUNT NOT TO EXCEED \$4,000,000 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – KENNEDY/JENKS CONSULTANTS
- iii. Move approval of TASK ORDER SCOPE AND BUDGET FOR CONSTRUCTION QUALITY ASSURANCE SERVICES FOR THE GRAVITY PIPELINE PROJECT STAGE 2 (CIP #6008) IN AN AMOUNT NOT TO EXCEED \$7,500,000 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – TANNER PACIFIC INC.

Motion/Second: Mr. Otte / Mr. Lieberman

The Motion carried by Unanimous Roll Call Vote.

ITEM 9

CLOSED SESSION

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

ITEM 10

RECONVENE FROM CLOSED SESSION

Open Session reconvened at 9:26 a.m.

Ms. Fitzgerald reported that as to Item 9A, no reportable action was taken. As to Item 9B the Commission unanimously voted to file an Appeal in the case of Silicon Valley Clean Water vs CalPERS. As to Item 9C, no reportable action was taken and direction was given to counsel and staff. As to Items 9D through 9G, no reportable action was taken and direction was given to staff and counsel.

ITEM 11

ADJOURN

There being no further business, the meeting adjourned at 9:27 a.m. with a reminder that the next Commission Meeting will take place on Thursday, December 6th

Minutes prepared by Teresa A. Herrera

Robert Grassilli, Secretary

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AGENDA ITEM 7B

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SVCW WARRANT REGISTER

SVCW Warrant Register dated November 2018, was scanned and a copy was emailed to Commissioners and Legal Counsel on November 29, 2018.

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AGENDA ITEM 7C

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**WATER INFRASTRUCTURE FINANCING AND INNOVATION ACT (WIFIA)
LEGAL AND FINANCIAL ADMINISTRATIVE ASSISTANCE**

ISSUE

Approval of Legal Services Agreement and Task Orders for Administrative Assistance Services Associated with the Water Infrastructure Finance and Innovation Act (WIFIA) Loan Program and other Governmental Finance Opportunities

BACKGROUND

Since the inception of its 2008 Capital Improvement Program (CIP), Silicon Valley Clean Water (SVCW) completed over 100 projects and invested approximately \$290 million to rehabilitate and replace aging infrastructure. Total expenditures, once the CIP is complete, are estimated at \$849 million. The majority of the remaining expenditures are to replace a conveyance system built in the 1960s.

As described in the updated January 2018 Long Range Financial Plan, SVCW strives to fund the CIP with the most cost-effective financing possible. To date, the lowest cost source of funds has been the subsidized State Revolving Fund (SRF) program administered by the California State Water Resources Control Board (SWRCB). To illustrate, SVCW has thus far secured three separate SRF loans for a total of \$55 million at interest rates ranging from 1.6 to 2.6 percent.

In December 2016 the federal government passed legislation to fund the Water Infrastructure Finance and Innovation Act (WIFIA). Administered by the United States Environmental Protection Agency (EPA), the WIFIA mission is to accelerate investments in water and wastewater infrastructure by providing long-term, low-cost, flexible credit assistance to creditworthy water and wastewater projects of national and regional significance. After failing to be selected in 2017, SVCW again submitted a second WIFIA Letter of Interest in July 2018. In October 2018, the EPA announced it had selected SVCW to apply for up to \$181 million in WIFIA funds.

DISCUSSION

Governmental loan programs like WIFIA require considerable administrative and financial support during the application process. Activities where assistance is needed include development of effective communication to policy-makers, financial pro-forma, revenue feasibility studies, consultations with rating agencies, and proposed terms of the financing agreements. SVCW staff negotiated scopes of work and budgets for the administrative and financial support associated with the WIFIA loan process, and recommends securing the support of three organizations:

- The United States Environmental Protection Agency will conduct technical, environmental, financial, and legal review of SVCW's WIFIA application. The EPA retains third-party consultants, the fees for which are passed along to applicants. It therefore requires SVCW to pay a lump sum fee of \$100,000 when submitting its application.

- Fieldman, Rolapp & Associates (FRA) is a California municipal financial advisory firm with extensive experience in wastewater finance issues. The firm is familiar with SVCW, having entered into a Master Services Agreement (MSA) in July 2015 to develop financial models and debt strategies used for SVCW long range financial planning. Additionally, FRA has direct experience with other agencies' WIFIA applications. Critical FRA activities include financial modeling support and responding to EPA analytical questions. Over the next twelve months, FRA fees are estimated at a not-to-exceed amount \$107,000. Costs will be billed on a time and expense basis.
- Stradling Yocca Carlson & Rauth, P.C. (Stradling) is a California law firm with more than 35 years of municipal finance practice. Its public finance practice centers on bond counsel representation for a variety of public agencies, with an emphasis on water project and water agency financing. Stradling has partnered with FRA to recently close an Orange County agency's WIFIA loan. In support of SVCW's WIFIA application, Stradling fees are estimated at a not-to-exceed fee of \$75,000. Costs will be billed on a time and expense basis.

FINANCIAL IMPACT

Funds will derive from CIP Project #9158, CIP Financial Assistance. To date, \$510,307 remains unspent. The total not-to-exceed budgets for this action is \$282,000.

RECOMMENDATION

- i. Move approval of WIFIA REVIEW SERVICES IN AN AMOUNT NOT TO EXCEED \$100,000 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
- ii. Move approval of WIFIA FINANCIAL SERVICES SUPPORT IN AN AMOUNT NOT TO EXCEED \$107,000 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – FIELDMAN, ROLAPP & ASSOCIATES
- iii. Move adoption of RESOLUTION APPROVING LEGAL SERVICES AGREEMENT AND APPROVE TASK ORDER FOR WIFIA LEGAL SERVICES IN AN AMOUNT NOT TO EXCEED \$75,000 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – STRADLING YOCCHA CARLSON & RAUTH, P.C.

AGENDA ITEM 7D

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ANNUAL AUDITED FINANCIAL REPORT AS OF JUNE 30, 2018

ISSUE

Receipt of Silicon Valley Clean Water (SVCW) Basic Financial Statements and Auditor's Reports for Fiscal Year 2017-18.

BACKGROUND

Each year, in compliance with Government Accounting Standards Board requirements, SVCW issues basic financial statements and an auditor's report. This report (Attachment A) is complete and ready for the Commission's review. It provides detailed financial information for the Commission, ratepayers, and SVCW investors. The accounting firm Chavan & Associates, LLP concluded its audit of SVCW's financial statement for fiscal year 2017-18 and rendered an unqualified ("clean") opinion.

DISCUSSION

The financial report describes stable SVCW financial results during an active fiscal year. Noteworthy items and comparisons to the prior year include:

- SVCW issued revenue bonds in February 2018, generating \$141 million for CIP projects. As of June 30, 2018, approximately \$122 million in proceeds remained. This new debt resulted in significant increases in cash and investments, accrued interest payable, and noncurrent liabilities.
- Accounts receivable associated with a State Revolving Fund loan decreased by \$9.5 million due to reimbursements received from the State of California.
- SVCW implemented a new Governmental Accounting Standards Board regulation (GASB 75) during the fiscal year, which required public agencies to recognize liabilities associated with Other Postemployment Benefits (OPEB), including retiree medical costs. This adjustment resulted in a \$2.6 million removal of an OPEB asset and established a \$764 thousand adjustment in Deferred Outflows of Resources.
- SVCW's Pension liability increased by \$1.3 million in Deferred Outflows and Deferred Inflows, reflecting less than anticipated investment earnings.
- SVCW invested nearly \$38.5 million in capital improvement projects during the fiscal year. Approximately \$13.2 million was spent on key projects that included a new 12kV main switchgear, wastewater treatment plant improvements, and new solids thickening processes. Nearly \$24 million was for planning, preliminary design, and the environmental reports needed for the Regional Environmental Sewer Conveyance Upgrade (RESCU) program.
- SVCW received no Stage 2 Capacity reserve fund remittances from Members during the fiscal year. As of June 30, 2018, \$9.7 million remains available for potential projects that would increase treatment capacity.
- Other operating and capital improvement reserves increased by \$1.1 million, reaching a \$20.6 million balance at June 30, 2018. These funds provide fiscal solvency in the event of large expenditures caused by unforeseen catastrophes and are available to meet State Revolving Fund loan reserve requirements.

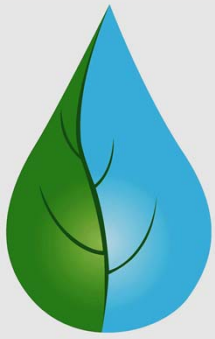
- Total revenue for the fiscal year was \$45.8 million, a \$4.5 million increase from the prior year due to increased member contributions for debt service.
- Total expenses ended the fiscal year at \$44.1 million, a \$4.5 million increase (13.8%) compared to the prior year. Operating expenses were \$2.3 million more than prior year due to increase in personnel, pension, and OPEB costs. Non-operating expenses increased by \$3.5 million (46.2%) due to increase in interest expense associated with additional long-term debt. Depreciation decreased by \$442 thousand as older assets matured during the fiscal year.

FINANCIAL IMPACT

There is no financial impact associated with this report.

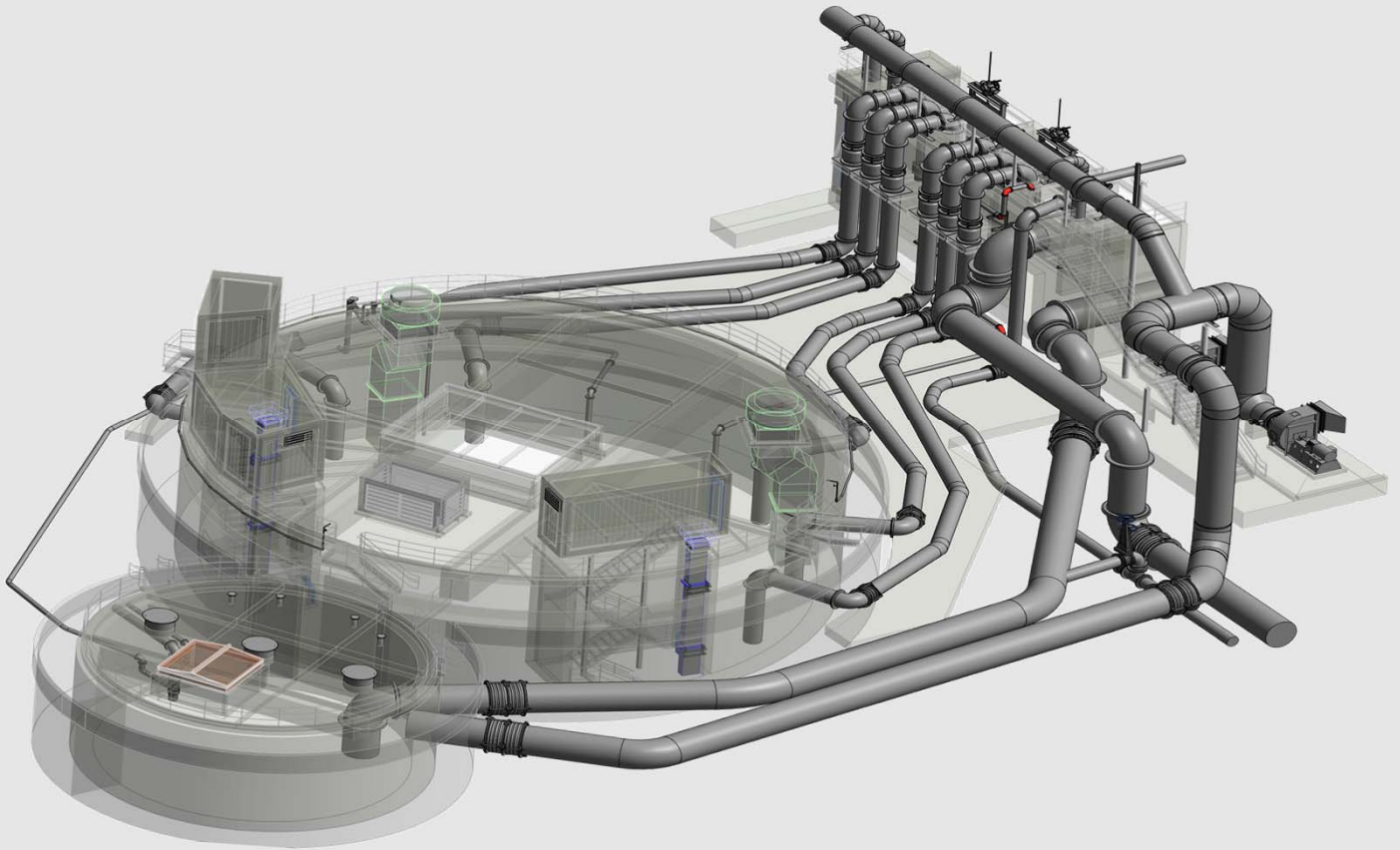
RECOMMENDATION

Move approval of RECEIPT AND ACCEPTANCE OF BASIC FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT FOR YEAR ENDED JUNE 30, 2018



SVCW

Silicon Valley Clean Water



ANNUAL FINANCIAL REPORT

For The Year Ending
June 30, 2018

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SILICON VALLEY CLEAN WATER

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
JUNE 30, 2018**

* * *



Chavan & Associates, LLP
Certified Public Accountants
1475 Saratoga Ave., Suite 180
San Jose, CA 95129

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Silicon Valley Clean Water

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INDEPENDENT AUDITOR'S REPORT

To the Commission of
Silicon Valley Clean Water
Redwood City, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Silicon Valley Clean Water ("SVCW") as of and for the fiscal years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise SVCW's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

SVCW's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to SVCW's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SVCW's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of SVCW, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Change in Accounting Principle

As discussed in Note 1 to the financial statements, SVCW adopted new accounting guidance, GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB). SVCW currently funds this obligation on a pay-as-you go basis and through contributions to a trust. SVCW anticipates that its ongoing funding and current resources are sufficient to meet its obligations as they come due. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of pension contributions - CalPERS, schedule of proportionate share of net pension liability, schedule of OPEB contributions, and schedule of changes in net OPEB liability, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise SVCW's financial statements as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and are not a required part of the financial statements. These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures,



including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the financial statements as a whole. The Schedule of Analysis of Net Position has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2018 on our consideration of SVCW's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SVCW's internal control over financial reporting and compliance.

C & A LLP

November 11, 2018
San Jose, California

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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Silicon Valley Clean Water
Management Discussion and Analysis
June 30, 2018

Silicon Valley Clean Water (the “Authority”, or “SVCW”) has issued its financial statements for the fiscal year ended June 30, 2018 in conformity with the format prescribed by the provisions of Government Accounting Standards Board Statement 34 (GASB 34). The Management of SVCW presents the following narrative overview and analysis of the financial activities, with comparative data for the fiscal year ended June 30, 2017. The Management Discussion and Analysis (MD&A) section is an overview of SVCW’s financial activities and is an integral part of the accompanying Basic Financial Statements. This information should be read in conjunction with the audited financial statements that follow this section.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

SVCW’s revenues and expenses are recognized on a full accrual basis; revenues are recognized in the period in which they are earned and expenses are recognized in the period incurred. The basic financial statements are comprised of two components: Financial Statements and Notes to the Financial Statements. The Financial Statements report information about SVCW accounting using methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities and include:

- The *Statement of Net Position* presents SVCW assets and liabilities, with the difference between the two reported as *net position*. This statement provides information about the nature and amounts of investments in resources (assets) and obligations to creditors (liabilities). It also provides the basis for evaluating the capital structure of the SVCW. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of SVCW is improving or deteriorating.
- The *Statement of Activities and Changes in Net Position* accounts for revenues and expenses and reflects the results of SVCW operations over the course of the fiscal year. This statement can be used as an indicator of the extent to which SVCW recovers its costs through charges.
- The final required Financial Statement is the *Statement of Cash Flows*, with the primary purpose of providing information about SVCW’s cash receipts and cash payments during the reporting period. In addition to cash receipts and payments, this statement illustrates net changes in cash resulting from operations and investments. It also answers questions about the sources and uses of cash, and describes the change in cash balance during the reporting period.

The Notes to Financial Statements provide information that is not displayed on the face of the financial statements but is essential to a reader’s full understanding.

ORGANIZATION AND BUSINESS

SVCW is a joint exercise of powers authority that provides wastewater transmission, treatment, and effluent disposal to the cities of Belmont, Redwood City, and San Carlos, and the West Bay Sanitary District (collectively, the “Members”), all of which are located in the northern part of Silicon Valley between the cities of San Francisco and San Jose. SVCW’s wastewater treatment plant is located in the City of Redwood City and serves more than 200,000 people and businesses located predominantly in San Mateo County, California. SVCW operates in a robust Bay Area economy with a customer base that includes Oracle Corporation, EA Sports, and Facebook. In response to SVCW capital needs, ratepayers have already accommodated the majority of rate increases needed for large infrastructure improvements.

Silicon Valley Clean Water
Management Discussion and Analysis
June 30, 2018

SVCW owns and operates a regional wastewater treatment plant with an average dry weather flow permit capacity of 29 million gallons per day, an approximately nine-mile influent force main pipeline that conveys wastewater from the Members to SVCW's treatment plant, five wastewater pump stations, 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.

A four-member "Commission" consisting of one appointed member from each of the Members' governing bodies governs SVCW. Voting is proportional to the Members' respective ownership interests in SVCW's wastewater system. A proportionally-weighted vote of at least three-fourths of the total Commission votes is required to adopt or amend bylaws, rules, and regulations; to adopt or modify any budget; to approve any capital costs, materials and construction contracts, appropriations, or transfers of more than \$50,000; 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 majority of total possible votes. Any amendment of the Joint Powers Agreement requires the concurrence of all Members. In addition, any amendment to the Joint Powers Agreement must also be approved by a 4/5 vote by each of the Members' governing bodies.

The Joint Powers Agreement sets forth how SVCW's operating and capital costs are allocated to the Members. Operating costs are allocated to each Member based on a three-year average of each Member's annual pro-rata share of total wastewater flow and strength loadings as measured by biological oxygen demand ("BOD") and suspended solids ("SS"). As a result, the Budget for fiscal year 2018-19 allocates operating and maintenance costs to the Members as follows:

- City of Redwood City 46.4%
- West Bay Sanitary District 28.6%
- City of San Carlos 12.7%
- City of Belmont 12.3%

Capital costs are allocated per Members' share of capacity owned in various components of the wastewater system as established in the Joint Powers Agreement. All SVCW capital improvement expenditures are allocated as follows:

- City of Redwood City 48.57%
- West Bay Sanitary District 26.84%
- City of San Carlos 15.14%
- City of Belmont 9.45%

The following table shows a history of average daily wastewater flow conveyed to SVCW from each Member for the last five fiscal years. Note that four years of an official drought were ended with heavy rains experienced in fiscal year 2017-18:

<u>Member</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>
Redwood City	6.6	6.1	6.4	7.8	7.2
West Bay	3.5	3.6	3.8	3.9	3.4
San Carlos	1.9	1.8	1.5	2.7	2.0
Belmont	<u>1.9</u>	<u>1.9</u>	<u>1.7</u>	<u>2.0</u>	<u>1.6</u>
<u>Total</u>	13.9	13.4	13.4	16.4	14.2

Silicon Valley Clean Water
Management Discussion and Analysis
June 30, 2018

FINANCIAL ANALYSIS

Our analysis of SVCW begins on page 17 of the Financial Statements. One of the most important questions asked about SVCW's finances is "Is SVCW as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities and Changes in Net Position report information about SVCW's activities in a way that will help answer this question. These two statements report the net position of SVCW and changes in them, which helps measure the financial health of the organization. Over time, increases or decreases in SVCW's net position are one indicator of whether its financial health is improving or deteriorating. However, it is important to keep these indicators in context with other non-financial factors such as changes in economic conditions, population growth, climate, zoning, or the regulatory environment.

SVCW's fiscal year 2017-18 operating revenues and expenses were comparable both to the prior fiscal year as well as to the 2017-18 Budget. SVCW also invested \$38.5 million cash into constructing assets associated with its ongoing Capital Improvement Program. Key projects included sectional replacement of the effluent pipeline, upgrades to the electrical power system, improvements to primary sedimentation tanks, and modernizing solids thickening processes.

The Capital Improvement Program is largely funded through long-term borrowings and, to a lesser extent, member agency cash contributions. As of June 30, 2018, SVCW long-term debt was \$344 million, a net increase of \$142 million from prior year after issuing \$141 million in additional Wastewater Revenue Bonds, which included \$9.4 million in premiums and after amortizations and principal payments. The State Revolving Fund (SRF) loan balances decreased by \$4.2M after disbursements and repayments during the year.

SVCW Commission has an established reserve policy to protect its fiscal solvency. As of June 30, 2018, cash reserves were \$150 million (a \$121 million increase over the prior year) to prepare for required debt reserves and to ease economic uncertainty in the event of unforeseen large expenditures or catastrophic events. In addition, the Authority has a \$7.7 million debt reserve associated with bond and SRF debt service requirements.

Like other governmental agencies, SVCW implemented Governmental Accounting Standards Board Statement No. 75 (GASB 75) in fiscal year 2017-18. The 2017-18 financial statements reflect a one-time \$3.7 million decrease to net position for the net liability associated with its Other Postemployment Benefit (OPEB) obligations.

FINANCIAL HIGHLIGHTS

- SVCW net position decreased during fiscal year 2017-18 by \$2.01 million (2.46%) from the previous year. Current and other assets increased by \$108 million as proceeds from bond issuances, which have been invested in short term maturities to meet SVCW's near-term construction needs. Total capital assets increased by \$32 million, a change that included spending \$38.5 million of Cash/bond proceeds held by Fiscal Agent on Construction in Progress, which increased \$37 million. The Net Position balance also reflects a \$2.12 million increase in deferred outflows associated with prior years' pension contributions to CalPERS and adjustments that were recognized in the 2017-18 fiscal year.
- SVCW issued revenue bonds in February 2018, generating \$141 million for CIP projects. As of June 30, 2018, approximately \$122 million in proceeds remained. This new debt resulted in significant increases in cash and investments, accrued interest payable, and noncurrent liabilities.

Silicon Valley Clean Water
Management Discussion and Analysis
June 30, 2018

- Accounts receivable associated with an active State Revolving Fund loan decreased by \$9.5 million due to reimbursements received from the State of California.
- SVCW implemented a new Governmental Accounting Standards Board regulation (GASB 75) during the fiscal year, which required public agencies to recognize liabilities associated with OPEB, including retiree medical costs. This adjustment resulted in a \$2.6 million removal of an OPEB asset and established a \$764 thousand adjustment in Deferred Outflows of Resources.
- SVCW's Pension liability increased by \$1.3 million in Deferred Outflows and Deferred Inflows, reflecting less than anticipated investment earnings.
- Operating revenues increased \$6.8 million (17.6%) from the previous year due to increased member contributions for debt service. The current year included \$3.7 million of cash-in-lieu financing from Belmont as well as \$1.9 million of debt service contribution for payments on the State Revolving Fund loan on the WWTP Phase 1 project, for which no such contributions were required in the prior year.
- Total expenses ended the fiscal year at \$44 million, a \$4.6 million increase (11.6%) compared to the prior year. Operating expenses were \$2.3 million more than prior year, specifically in personnel costs, as deferred inflows associated with CalPERS pension earnings were recognized in the 2017-18 fiscal year. Non-operating expenses increased by \$3.5 million (46.2%) due to increased debt service costs. Depreciation decreased by \$442 thousand as SVCW as older assets matured during the fiscal year.
- Current cash and investment balances more than tripled to \$96 million due to the \$141 million bond issuance during the year.

NET POSITION

A summary of SVCW's Statement of Net Position is presented in Table 1, which indicates a \$2.0 million decrease in SVCW's net position from fiscal year 2016-17. Significant changes during the fiscal year included:

- Current Assets plus the Investment in Real Estate and an OPEB asset increased by \$108 million, largely from the issuance of revenue bonds totaling \$141 million.
- Restricted assets increased by \$2.1 million (37.3%) from the prior year-end balance of \$7.7 million as SVCW set aside debt service reserves for State Revolving Fund loans.
- Capital assets, net of depreciation, increased by \$31.96 million (12.7%) reflecting the continued investment in critical infrastructure improvements as SVCW proceeds with its long-term Capital Improvement Program.
- Total SVCW liabilities increased by \$146.7 million (64.96%), a net change that reflects the revenue bond issuance of \$141 million, plus premiums and net of principal payments.
- Deferred Outflows and Deferred Inflows represent changes in the components of Authority's pension liability. Specifically, the changes are to recognize in the total pension liability and in the pension plan's fiduciary net position. The most significant change in deferred inflows and outflows was the impact of differences between past years' projected investment earnings and the actual experiences. Such changes are spread to pension expense over a period of five years.

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TABLE 1
Condensed Statement of Net Position

	Fiscal Year 2018	Fiscal Year 2017	Dollar Change	Percent Change
Current and other assets	\$ 156,442,864	\$ 48,000,613	\$ 108,442,251	225.92%
Restricted assets	7,693,222	5,602,191	2,091,031	37.33%
Capital assets	283,126,844	251,171,625	31,955,219	12.72%
Total Assets	447,262,930	304,774,429	142,488,501	46.75%
Deferred Outflows	6,236,059	4,117,386	2,118,673	51.46%
Total Liabilities	372,589,353	225,860,283	146,729,070	64.96%
Deferred Inflows	1,243,778	1,352,904	(109,126)	-8.07%
Net investment in capital assets	61,254,055	51,472,947	9,781,108	19.00%
Restricted	7,693,222	5,063,980	2,629,242	51.92%
Unrestricted	10,718,581	25,141,701	(14,423,120)	-57.37%
Total Net Position	\$79,665,858	\$81,678,628	\$ (2,012,770)	-2.46%

Table 2 below shows the activities associated with construction funds during the year. Members also contributed \$1 million and \$2.7 million, respectively, to Capital Reserves and pay-go capital projects, respectively. Approximately \$17.4 million was received into the Capital Improvement Fund for debt service.

As part of continued expenditures on its Capital Improvement Program, SVCW spent \$38.5 million on capital projects during fiscal year 2017-18. Specific expenditures included new 12kV main switchgear, wastewater treatment plant improvements, and new solids thickening processes.

TABLE 2
Construction Fund Activity

	Capital Reserve (13 Fund)	New Capital (14 Fund)	Replacement (17 Fund)	Stage 2 (15 Fund)	Capital Improve ment Program (20-22 Fund)	Totals
Member contributions	\$ 1,000,008	\$ 2,676,888	\$ -	\$ -	\$ 17,438,142	\$ 21,115,038
Operating income	-	6,811	-	-	-	6,811
Interest	49,237	2,407	12,443	9,416	354,164	427,667
Total Revenue	\$ 1,049,245	\$ 2,686,106	\$ 12,443	\$ 9,416	\$ 17,792,306	\$ 21,549,516
Cash to construction	\$ -	\$ 1,112,683	\$ -	\$ 189	\$ 37,413,028	\$ 38,525,900

While the Statement of Net Position shows the change in financial position from year to year, the Statement of Activities and Changes in Net Position (Table 3 below) provides answers as to the nature

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and source of the changes. It shows that total 2017-18 revenues increased from the prior year by \$4.5 million (10.9%). Operating Revenues increased by \$6.76 million (17.6%), reflecting increased contributions for debt service. Capital Contributions revenue decreased by \$2.6 million (100%), representing less Stage 2 capacity remittances from Members. Non-operating Revenues decreased \$0.4 million.

Fiscal year 2017-18 total expenses increased by \$5.4 million (13.8%) over the prior year, which included changes in several key expenditures:

- Depreciation expense decreased \$443 thousand (4.8%) which was due to the maturity of certain assets placed in service as compared to nondepreciable construction-in-progress which costs recorded as assets yet to be placed into service.
- Operating expenses were \$2.28 million (10.4%) more than the prior year. Most of this increase was related to recognizing pension expense amortizations.
- Non-operating expenses increased by \$3.5 million, reflecting increased interest expense on the outstanding debt.

TABLE 3
Condensed Statements of Activities and Changes in Net Position

	Fiscal Year 2018	Fiscal Year 2017	Dollar Change	Percent Change
Operating revenues	\$ 45,091,922	\$ 38,333,303	\$ 6,758,619	17.6%
Non-operating revenues	730,108	373,424	356,684	95.5%
Capital Contributions	-	2,600,122	(2,600,122)	-100.0%
Total Revenues	45,822,030	41,306,849	4,515,181	10.9%
Depreciation expense	8,836,703	9,279,531	(442,828)	-4.8%
Operating expense	24,169,268	21,892,649	2,276,619	10.4%
Non-operating expense	11,142,216	7,619,930	3,522,286	46.2%
Total Expenses	44,148,187	38,792,110	5,356,077	13.8%
Changes in Net Position	1,673,843	2,514,739	(840,896)	-33.4%
Prior period adjustment - OPEB	(3,686,613)	-	(3,686,613)	100.0%
Beginning net position	81,678,628	79,163,889	2,514,739	3.2%
Beginning net position - adjusted	77,992,015	79,163,889	(1,171,874)	-1.5%
Ending Net Position	\$ 79,665,858	\$ 81,678,628	\$ (2,012,770)	-2.5%

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BUDGETARY HIGHLIGHTS

The SVCW Commission adopts an annual Operating Fund budget that provides for current activities and establishes a short-term spending plan aligned with SVCW financial goals. Budgets are prepared on the accrual basis of accounting. Table 4 below compares actual and budgeted expenditures for the Operating Fund during the year ended June 30, 2018.

TABLE 4
FY 2017-2018 Actual vs Budget

	Actual	Budget	Dollar Variance	Percent Variance
Member Contributions	\$ 23,190,732	\$ 23,291,325	\$ (100,593)	-0.43%
Source Control Revenue	73,859	56,486	17,373	30.76%
Other Revenue	484,207	565,122	(80,915)	-14.32%
Total Operating Revenue	23,748,798	23,912,933	(164,135)	-0.69%
Operations	8,143,844	8,781,725	637,881	7.26%
Maintenance	6,260,649	6,091,043	(169,606)	-2.78%
Laboratory	1,608,484	1,721,762	113,278	6.58%
Environmental Services	1,028,493	1,095,896	67,403	6.15%
Engineering	638,272	554,380	(83,892)	-15.13%
Informationl Services	1,568,661	1,697,101	128,440	7.57%
Safety	368,354	381,463	13,109	3.44%
Administration	3,740,008	3,589,562	(150,446)	-4.19%
Depreciation	8,836,703	8,836,703	-	0.00%
Total Operating Expenses	32,193,468	32,749,635	556,167	1.70%
Operating Income/(Loss)	\$ (8,444,670)	\$ (8,836,702)	\$ 392,032	4.44%

Inclusive of \$8.84 million in depreciation, SVCW reported an Operating Fund loss of \$8.45 million, which was \$392 thousand less than budgeted during fiscal year 2017-18. Member Contributions revenue was slightly less than budgeted and Other Revenue ended the year \$81 thousand (14.3%) less than budgeted. Total expenditures were \$556 thousand (1.7%) less than budgeted and was largely due to the timing of recognizing deferred inflows associated with CalPERS pension earnings.

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CAPITAL ASSETS

SVCW has a Long Range Capital Improvement Program to improve existing facilities, build new facilities, rehabilitate assets, repair or replace infrastructure, preserve assets, enhance safety and security, and perform needed maintenance. Significant investments in infrastructure have included replacement of significant lengths of the influent conveyance pipe, modernization of electronic control systems for activated sludge handling, upgrades of electrical systems. More recently, SVCW entered into design-build agreements for its Regional Environmental Sewer Conveyance Upgrade (RESCU) program. This program replaces an existing forcemain with a gravity pipeline and constructs essential pretreatment facilities.

Consistent with the Capital Improvement Program, the Commission approved these and other capital improvements to protect public health, the environment, and agency facilities. Table 5 below provides a summary of SVCW capital assets and shows how, at the ends of fiscal years 2016-17 and 2017-18, Net Property Plant & Equipment (PP&E) was \$156.6 million and \$151.6 million, respectively.

Additional information about SVCW's capital acquisitions and construction is presented in Note 5 to the financial statements.

TABLE 5
Capital Assets

	Balance at June 30, 2017	Additions	Deletions	Adjustments & Transfers	Balance at June 30, 2018
Land	\$ 1,282,081	\$ -	\$ -	\$ -	\$ 1,282,081
Buildings & Struct.	84,204,563	-	-	394,586	84,599,149
Pipelines	55,151,004	-	-	-	55,151,004
Pump Stations	7,068,516	-	-	107,075	7,175,591
Machines & Equip.	89,271,776	-	(309,264)	3,464,847	92,427,359
Total PP&E, Cost	236,977,940	-	(309,264)	3,966,508	240,635,184
Accum. Depreciation	80,336,566	8,836,703	(124,673)	-	89,048,596
Total PP&E, Net	\$ 156,641,374	\$ (8,836,703)	\$ (184,591)	\$ 3,966,508	\$ 151,586,588
Construction in Progress:					
Stage 2 Capacity	\$ 2,934,429	\$ -	\$ -	\$ 189	\$ 2,934,618
General	91,595,822	39,629,151	-	(2,619,335)	128,605,638
Total CIP	\$ 94,530,251	\$ 39,629,151	\$ -	\$ (2,619,146)	\$ 131,540,256

LONG TERM DEBT

Including a Line of Credit but excluding Unamortized Premium on outstanding Bonds, SVCW had total long-term debt outstanding of \$318 million as of June 30, 2018, a \$130 million increase from June 30, 2017. Components of SVCW's long-term debt liability as of June 30, 2018 include \$268.3

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million of Wastewater Revenue Bonds (excluding unamortized premiums of \$25.7 million), Notes Payable obligations to the California Clean Water State Revolving Fund for approximately \$50 million, and a line of credit drawn amount of \$55 thousand.

When SVCW credit rates were last assigned in January 2018, Moody's maintained its Wastewater Revenue Bonds rating of Aa2, and Standard & Poor's Ratings Services separately affirmed its 'AA' long-term rating with a stable outlook.

Wastewater Revenue Bonds

SVCW has \$268.3 million outstanding in Wastewater Revenue Bonds par value, the proceeds for which were used to acquire and construct wastewater system improvements. These Bonds are limited obligations of SVCW, payable solely from and secured solely by the revenues pledged under the Indenture, consisting primarily of payments made by the City of Redwood, the City of San Carlos, and the West Bay Sanitary District (the "Participating Members). Table 6 below shows the total bonds outstanding for the fiscal years ended June 30, 2017 and 2018:

TABLE 6
Wastewater Revenue Bonds

Bond	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds	Issued (Redeemed)	Bonds
					Outstanding July 01, 2017		Outstanding June 30, 2018
2009 Revenue Bond	2009	8/1/2039	1.74-8.1%	\$ 55,855,000	\$ 3,765,000	\$ (1,210,000)	\$ 2,555,000
2014 Revenue Bond	2014	2/1/2044	3.0-5.0%	60,000,000	57,195,000	(1,060,000)	56,135,000
2015 Revenue Bond	2015	8/1/2045	2.0-5.0%	70,200,000	69,430,000	(780,000)	68,650,000
2018 Revenue Bond	2018	8/1/2049	3.125-5%	140,955,000	-	140,955,000	140,955,000
Total Wastewater Revenue Bonds				\$ 327,010,000	\$ 130,390,000	\$ 137,905,000	\$ 268,295,000

State Water Resources Control Board Loan

SVCW has financed three projects by entering into separate sale-repurchase agreements with the State Water Resources Control Board (SWRCB). Combined, the principal due on these agreements totaled \$50 million as of June 30, 2018. The project funds, together with all accrued interest, are repaid in annual installments commencing one year after the completion of construction.

In August 2011, SVCW secured SWRCB funding for the construction of an administration and plant control building. The outstanding liability was \$9.1 million as of June 30, 2018 and is scheduled to be fully repaid by June 2033.

In March 2012, SVCW entered a similar agreement with the SWRCB for up to \$35.4 million for certain improvements to the wastewater treatment plant. As of June 30, 2018, SVCW had incurred \$30.7 million in expenditures and the project was completed in July 2018. The total outstanding balance at completion was \$30.2 million. The first annual payment of \$1.89 million was made October 31, 2017 and the final payment is scheduled October 31, 2036.

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In May 2018, SVCW entered a third SWRCB agreement for up to \$14 million to plan improvements to its conveyance system. As of June 30, 2018, SVCW had incurred the full \$10.7 million in expenditures under this project by year-end. SVCW intends to consolidate this loan into a subsequent construction loan associated with conveyance projects in 2018.

Line of Credit

On May 29, 2018, SVCW secured a \$35 million line of credit with Wells Fargo Bank. Advances on the line of credit provide for an interest rate based on either a fixed per annum rate of interest equal to the LIBOR rate plus the Applicable LIBOR Rate Margin, or a variable per annum rate of interest equal to the Base Rate plus the Applicable Base Rate Margin. SVCW had \$55 thousand outstanding on the line of credit at June 30, 2018.

More detailed information about SVCW's long-term debt, Notes Payable, and Line of Credit is presented in note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The approved Operating Budget for fiscal year 2018-19 recommends expenditures based on a prioritization of needs, goals and objectives; it also anticipates external cost pressures and provides a roadmap to meet the needs of the community in the coming fiscal year. The Budget considered ordinary inflationary pressures, and incorporated savings from operational improvements. Personnel costs are relatively unchanged in terms of staffing levels, though adjusted to incorporate terms of a Memorandum of Understanding (MOU) between SVCW and the International Union of Operating Engineers Stationary Local 39, AFL-CIO. A new MOU was ratified in October 2018 and expires on June 30, 2023.

Each Member Agency has proactively raised sewer rates to support its allocable share of funding requirements for SVCW's operations and Capital Improvement Program, as well to meet their own operating and capital needs.

Table 7 compares the fiscal year 2018-19 Operating Fund Budget to the fiscal year 2017-18 actual results. Total 2018-19 Operating Expenses are anticipated to increase \$1.6 million (5.0%) from prior year actual expenditures. The largest increase over 2017-18 actual expenditures is in personnel costs. In addition to a \$680 thousand impact of recognizing the timing Deferred Inflows related to CalPERS pension earnings, the Budget provides \$661 thousand for routine salary increases and filling of two vacant positions. Other non-personnel budgeted costs are generally consistent 2017-18 actuals as SVCW continues to incur savings from more efficient capital projects and equipment, as well as other process optimization efforts.

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TABLE 7
FY 2018-2019 Budget vs FY 2017-2018 Actual

	FY 2018-2019 Budget	FY2017-2018 Actual	Dollar Change	Percent Change
Member Contributions	\$ 24,213,623	\$ 23,190,732	\$ 1,022,891	4.4%
Source Control Revenue	65,000	73,859	(8,859)	-12.0%
Other Revenues	701,198	484,207	216,991	44.8%
Total Operating Revenue	24,979,821	23,748,798	1,231,023	5.2%
Operations	9,187,056	8,143,844	1,043,212	12.8%
Maintenance	6,359,611	6,260,649	98,962	1.6%
Laboratory	1,764,871	1,608,484	156,387	9.7%
Environmental Services	1,173,532	1,028,493	145,039	14.1%
Engineering	763,033	638,272	124,761	19.5%
Information Systems	1,687,333	1,568,661	118,672	7.6%
Safety	401,813	368,354	33,459	9.1%
Administration	3,642,071	3,740,008	(97,937)	-2.6%
Depreciation	8,836,703	8,836,703	-	0.0%
Total Operating Expenses	33,816,023	32,193,468	1,622,555	5.0%
Operating Income/(Loss)	\$ (8,836,202)	\$ (8,444,670)	\$ (391,532)	-4.6%

CONTACTING SILICON VALLEY CLEAN WATER MANAGEMENT

This financial report is designed to provide SVCW officers, investors, stakeholders, and other interested parties with a general overview of SVCW's financial condition. If you have any questions about this report or need additional financial information, please contact the offices of the General Manager or the Chief Financial Officer at Silicon Valley Clean Water, (650) 832-6224, 1400 Radio Road, Redwood City, CA, 94065.

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BASIC FINANCIAL STATEMENTS

Silicon Valley Clean Water
Statement of Net Position
June 30, 2018
(With Comparative Totals as of June 30, 2017)

Assets	2018	2017
Current Assets:		
Cash and investments	\$ 125,837,918	\$ 30,047,972
Cash restricted for debt service	7,693,222	5,602,191
Accounts receivable	712,420	10,194,719
Interest receivable	513,042	514,607
Employee notes receivable	16,523	21,741
Inventory	1,854,529	1,828,192
Prepaid expenses	98,445	198,984
Total Current Assets	136,726,099	48,408,406
Noncurrent Assets:		
Investment in real estate	2,552,962	2,552,962
Cash and investments	24,857,025	-
OPEB asset	-	2,641,436
Capital assets:		
Depreciable capital assets - net	150,304,507	155,359,294
Non depreciable capital assets:		
Land	1,282,081	1,282,081
Construction in progress:		
Stage 2	2,934,618	2,934,429
General	128,605,638	91,595,821
Total capital assets - net	283,126,844	251,171,625
Total Noncurrent Assets	310,536,831	256,366,023
Total Assets	\$ 447,262,930	\$ 304,774,429
Deferred Outflows of Resources		
Pension adjustments	\$ 5,046,304	\$ 3,609,256
OPEB adjustments	763,957	-
Deferred Loss on Defeasance	425,798	508,130
Total Deferred Outflows of Resources	\$ 6,236,059	\$ 4,117,386
Liabilities		
Current Liabilities:		
Accounts payable	\$ 5,581,300	\$ 3,062,607
Accrued payroll and employee benefits	892,491	682,100
Accrued interest payable	6,227,056	4,166,921
Unearned revenue	287,447	297,280
Noncurrent liabilities due within one year	8,292,753	5,749,478
Total Current Liabilities	21,281,047	13,958,386
Noncurrent liabilities due in more than one year	351,308,306	211,901,897
Total Liabilities	\$ 372,589,353	\$ 225,860,283
Deferred inflows of Resources		
Pension adjustments	\$ 1,243,778	\$ 1,352,904
Total Deferred Inflows of Resources	\$ 1,243,778	\$ 1,352,904
Net Position		
Net Investment in Capital Assets	\$ 61,254,055	\$ 51,472,947
Restricted for:		
Debt service	7,693,222	5,063,980
Unrestricted	10,718,581	25,141,701
Total Net Position	\$ 79,665,858	\$ 81,678,628

The notes to basic financial statements are an integral part of this statement

Silicon Valley Clean Water
Statement of Activities and Changes in Net Position
For the Fiscal Year Ended June 30, 2018
(With Comparative Totals for the Fiscal Year Ended June 30, 2017)

	2018	2017
Operating Revenues:		
Member contributions for services	\$ 23,412,008	\$ 22,768,357
Member contributions for cash reserves	3,676,896	3,315,348
Member contributions for debt service	17,438,142	11,877,963
Sources control charges	73,859	69,724
Miscellaneous revenues	491,017	301,911
Total operating revenues	<u>45,091,922</u>	<u>38,333,303</u>
Operating Expenses:		
Operations	8,286,120	8,043,786
Maintenance	6,276,632	5,690,268
Laboratory	1,610,107	1,437,783
Environmental services	1,023,191	914,870
Engineering	830,765	399,315
Information systems	1,560,575	1,655,229
Safety	366,455	322,260
Administration	4,215,423	3,429,138
Depreciation	8,836,703	9,279,531
Total operating expenses	<u>33,005,971</u>	<u>31,172,180</u>
Operating Income (Loss)	<u>12,085,951</u>	<u>7,161,123</u>
Nonoperating Revenues (Expenses):		
Grants	262,635	271,125
Stage 2 capacity fees	-	2,600,122
Interest by fund:		
Operations fund	40,696	16,419
Stage 2 capacity fund	135,533	13,260
Capital improvement reserve fund	231,573	23,665
Capital improvement fund	2,405	1,224
Self insurance fund	57	33
Operating reserve fund	50,445	15,903
Recycled water fund	50	29
Capital improvement fund	242,910	89,670
Net increase (decrease) in fair value of investments	(236,196)	(57,904)
Interest expense	(11,941,492)	(8,200,112)
Premium amortization	941,868	628,383
Gain (loss) on disposal of fixed assets	(142,592)	(48,201)
Total nonoperating revenues (expenses)	<u>(10,412,108)</u>	<u>(4,646,384)</u>
Change in Net Position	1,673,843	2,514,739
Beginning Net Position	81,678,628	79,163,889
Prior Period Adjustments	<u>(3,686,613)</u>	<u>-</u>
Ending Net Position	<u><u>\$ 79,665,858</u></u>	<u><u>\$ 81,678,628</u></u>

The notes to basic financial statements are an integral part of this statement

Silicon Valley Clean Water
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2018
(With Comparative Totals for the Fiscal Year Ended June 30, 2017)

	2018	2017
Cash Flows from Operating Activities:		
Cash received from member agencies	\$ 44,331,023	\$ 43,123,993
Cash paid to suppliers for goods and services and employees for services	(23,937,654)	(23,564,270)
Other cash received (paid)	491,017	301,911
Net Cash Provided (Used) by Operating Activities	<u>20,884,386</u>	<u>19,861,634</u>
Cash Flows from Capital and Related Financing Activities:		
Cash received from member agencies other than for services	427,442	2,138,907
Cash received from grants	262,635	271,125
Proceeds from capital debt	177,319,484	14,396,887
Interest paid on capital debt	(9,799,025)	(8,161,620)
Principal paid on capital debt	(28,342,054)	(11,019,946)
Cash received on the sale of capital assets	41,996	-
Purchases and construction of capital assets	(38,525,900)	(30,856,221)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>101,384,578</u>	<u>(33,230,868)</u>
Cash Flows from Investing Activities:		
Noncash equivalent investments	(126,001,716)	-
Investment income	469,038	111,718
Net Cash Provided (Used) by Investing Activities	<u>(125,532,678)</u>	<u>111,718</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(3,263,714)	(13,257,516)
Cash and Cash Equivalents Beginning	35,650,163	48,907,679
Cash and Cash Equivalents Ending	<u>\$ 32,386,449</u>	<u>\$ 35,650,163</u>
Reconciliation of Operating Income (Loss) to Cash Flows Provided (Used) by Operating Activities:		
Operating Income (Loss)	\$ 12,085,951	\$ 7,161,123
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	8,836,703	9,279,531
Amortization of issuance costs	-	-
Depreciation and capital asset adjustments	-	-
Pension expense adjustment - GASB 68	-	(264,929)
OPEB expense adjustment - GASB 75	(3,686,613)	-
Net change in:		
Accounts receivable	(265,267)	6,050,834
Employee notes receivable	5,218	(9,069)
Inventory	(26,337)	(107,577)
Prepaid expenses	100,539	(160,447)
Deposits	-	93,300
Net OPEB asset	2,641,436	(635,345)
Deferred outflows of resources for benefits	(2,201,005)	-
Accounts payable	68,083	(176,206)
Accrued payroll and employee benefits	210,391	(476,327)
Unearned revenue	(9,833)	(949,164)
Deferred inflows of resources for benefits	(109,126)	-
Net pension liability	2,225,236	-
Net OPEB liability	1,000,631	-
Accrued compensated absences	8,379	55,910
Net Cash Provided (Used) by Operating Activities	<u>\$ 20,884,386</u>	<u>\$ 19,861,634</u>
Reconciliation of Cash and Cash Equivalents:		
Cash and investments	\$ 158,388,165	\$ 35,650,163
Less: investments with original maturities in excess of three months	(126,001,716)	-
Cash and Cash Equivalents	<u>\$ 32,386,449</u>	<u>\$ 35,650,163</u>

The notes to basic financial statements are an integral part of this statement

Silicon Valley Clean Water
Notes to Financial Statements
June 30, 2018

NOTE 1 - NATURE OF ORGANIZATION

Silicon Valley Clean Water (SVCW, or “the Authority”), formerly South Bayside System Authority, was founded in 1975 as the successor to the Strategic Consolidation Sewerage Plan. SVCW took title to all property of the Strategic Consolidation Sewerage Plan. SVCW maintains and operates sanitary sewerage pumping, transmission and outfall facilities constructed by the Strategic Consolidation Sewerage Plan. In addition, SVCW has constructed and is operating sewerage treatment plant facilities. The members of SVCW are the Cities of Belmont, Redwood City, San Carlos, and the West Bay Sanitary District.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Accounting

All activities of SVCW are accounted for within enterprise funds. SVCW's financial statements include a Statement of Net Position, a Statement of Activities and Changes in Net Position and a Statement of Cash Flows.

The financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of SVCW's assets (including capital assets, as well as infrastructure assets), deferred outflows of resources, liabilities, deferred inflows of resources, and long-term liabilities are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Deferred outflows of resources is a consumption of net assets by SVCW that is applicable to a future reporting period. For example, prepaid items and deferred charges. Deferred inflows of resources is an acquisition of net assets by SVCW that is applicable to a future reporting period. For example, unearned revenue and advance collections.

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred inflows from unearned revenue.

SVCW applies all applicable GASB pronouncements for certain accounting and financial reporting guidance. In December of 2010, GASB issued *GASB No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement incorporates pronouncements issued on or before November 30, 1989 into GASB authoritative literature. This includes pronouncements by the Financial Accounting Standards Board (FASB), Accounting Principles Board Opinions (APB), and the Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure, unless those pronouncements conflict with or contradict with GASB pronouncements.

Statement of Net Position

The statement of net position is designed to display the financial position of SVCW. SVCW's net position is classified into three categories as follows:

- Net investment in capital assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and

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deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position, as applicable.

- **Restricted** - This component of net position consists of constraints placed on an assets use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or law and regulations of other governments, and reduced by liabilities and deferred inflows of resources related to those assets. It also pertains to constraints imposed by law or constitutional provisions or enabling legislation.
- **Unrestricted** - This component of net position consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position. SVCW first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Statement of Revenues, Expenses, and Changes in Net Position

The statement of revenues, expenses, and changes in net position is the operating statement for proprietary funds. This statement distinguishes between operating and non-operating revenues and expenses and presents a separate subtotal for operating revenues, operating expenses, and operating income. Operating revenues in the enterprise funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Budgets and Budgetary Accounting

SVCW adopted a one year budget which provides for the general operations of SVCW. Budgets are prepared on the accrual basis of accounting. Project-length financial plans are adopted for all capital projects.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash represents balances that can be readily withdrawn without substantial notice or penalty. Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates, and have an original maturity date of three months or less.

In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures (Amendment of GASB No.3)*, certain disclosure requirements for deposits and investment risks were made in the areas of interest rate risk and credit risk. The credit risk disclosures include the following components; overall credit risk, custodial credit risk and concentrations of credit risk. In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

Investments

SVCW participates in various investments, including an investment pool managed by the State of California known as the Local Agency Investment Fund (LAIF), which has invested a portion of the pooled funds in structured notes and asset-backed securities. LAIF's investments are subject to credit risk

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with the full faith and credit of the State of California collateralizing these investments. In addition, the structured notes and asset-backed securities are subject to market risk as to change in interest rates.

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. In determining this amount, three valuation techniques are available:

- Market approach - This approach uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.
- Cost approach - This technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.
- Income approach - This approach converts future amounts (such as cash flows) into a current discounted amount.

Each of these valuation techniques requires inputs to calculate a fair value. Observable inputs have been maximized in fair value measures, and unobservable inputs have been minimized.

Receivables

Receivables include amounts due from member assessments, services performed for other agencies, and from the state of California. All receivables are current and reported net of an allowance for uncollectible accounts. The allowance for uncollectible accounts was zero as of June 30, 2018.

Inventories

Inventories are valued using the average cost method. Inventories are recorded as expenses when consumed rather than when purchased.

Capital Assets

Property, plant and equipment purchased after June 30, 1992 are stated at cost. Prior acquisitions are stated at their appraised value as of June 30, 1992. Property, plant and equipment contributed to SVCW are stated at estimated fair value at the time of contribution. SVCW policy has set the capitalization threshold for reporting capital assets at \$20,000. Depreciation is computed using the straight-line method over the estimated useful lives of the assets generally as outlined by the State Controller's Report on Fixed Assets. The purpose of depreciation is to spread the cost of plant and equipment equitably among all customers over the life of these assets, so that each customer's bill includes a pro rata share of the cost of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of plant and equipment cost.

Depreciation of all plant and equipment in service is charged as an expense against operations each year and the total amount of depreciation taken over the years, called accumulated depreciation, is reported on the statement of net position as a reduction in the book value of the capital assets.

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SVCW has assigned the useful lives listed below to plant and equipment:

Buildings and Structures	50-70
Pipelines	35
Pump Stations	7-25
Machinery and Equipment	5-10

Compensated Absences

SVCW has a policy whereby an employee can accumulate unused vacation. Compensated absences are recorded as a liability when accrued. Accumulated vacation is computed using current employee accumulated vacation hours at current pay rates. SVCW does not offer payment for sick leave at termination or retirement.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Authority's California Public Employees' Retirement System (CalPERS) plans (the Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense information about the fiduciary net position of SVCW's Retiree Benefits Plan (the OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

Accounting Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes.

Subsequent Events

Management has reviewed subsequent events and transactions that occurred after the date of the financial statements through the date the financial statements were issued. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles. Management has determined that there are no non-recognized subsequent events that require additional disclosure.

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New Accounting Pronouncements

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

The provisions in Statement 75 are effective for the fiscal year ended June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPEB plans.

The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This Statement also addresses certain circumstances in which a nonemployer entity provides financial support for OPEB of employees of another entity.

In this Statement, distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet the following criteria:

- Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, the OPEB plan administrator, and the plan members.

As of June 30, 2018, according to GASB 75, the Authority's net OPEB liability must be recognized. Therefore, the previous net OPEB liability as of June 30, 2017 in the amount of \$3,686,613 has been shown as a restatement of net position in the Statement of Activities as a separate line item.

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GASB Statement No. 86, Certain Debt Extinguishment Issues

The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017. Earlier application is encouraged. This statement did not have an impact on the Authority's financial statements.

Upcoming New Accounting Pronouncements

GASB Statement No. 83, Certain Asset Retirement Obligations

This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2018. Earlier application is encouraged. The Authority doesn't believe this statement will have a significant impact on the Authority's financial statements.

GASB Statement No. 84, Fiduciary Activities

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2018. Earlier application is encouraged. The Authority doesn't believe this statement will have a significant impact on the Authority's financial statements.

GASB issued Statement No. 87, Leases

The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for the fiscal year ending June 30,

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2021. The Authority doesn't believe this statement will have a significant impact on the Authority's financial statements.

GASB Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements

This Statement addresses additional information to be disclosed in the notes to the financial statements regarding debt, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2018. Earlier application is encouraged. The Authority doesn't believe this statement will have a significant impact on the Authority's financial statements.

GASB Statement No. 89, Accounting for Interest Cost Incurred Before the End of the Construction Period

This Statement addresses interest costs incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2019. Earlier application is encouraged. The Authority doesn't believe this statement will have a significant impact on the Authority's financial statements.

NOTE 3 - CASH AND INVESTMENTS

SVCW's cash and investments consisted of the following as of June 30, 2018 and 2017:

Cash and Investments	June 30, 2018	June 30, 2017	Investment Rating	Input Level
Cash:				
Demand deposits	\$ (243,580)	\$ 290,844	n/a	n/a
Cash on hand	1,000	1,000	n/a	n/a
Total Cash	(242,580)	291,844		
Investments:				
US Treasuries	81,115,604	138,850	Aaa	1
Agencies	28,600,304	25,366,854	AA+	1
Commercial paper/corp bonds	12,716,610	2,398,117	BBB-/AA+	1
Municipal bonds/notes	2,328,770	3,911,208	AA-/AA+	1
Money Market/Certificates of Deposit	32,801,075	2,026,757	n/a	2
Local Agency Investment Fund	1,068,382	1,516,533	Not rated	n/a
Total Investments	158,630,745	35,358,319		
Total Cash and Investments	<u>\$ 158,388,165</u>	<u>\$ 35,650,163</u>		

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The following is a summary of the Authority's cash and investments as of June 30, 2018:

Description	Available	Restricted	Total
Current Cash and Investments	\$ 3,694,400	\$ 122,143,518	\$ 125,837,918
Noncurrent Cash and Investments	24,857,025	7,693,222	32,550,247
Total Cash and Investments	<u>\$ 28,551,425</u>	<u>\$ 129,836,740</u>	<u>\$ 158,388,165</u>

The following is a summary of the Authority's investments by maturity as of June 30, 2018:

Maturity	June 30, 2018	June 30, 2017
0-1 years	\$ 128,912,881	\$ 10,814,114
1-2 years	12,801,244	4,479,197
2-3 years	6,529,172	13,498,717
2-5 years	10,387,448	6,566,291
Total Investments	<u>\$ 158,630,745</u>	<u>\$ 35,358,319</u>

Cash Deposits

Interest bearing bank balances are insured up to \$250,000 per bank by the Federal Deposit Insurance Company ("FDIC"). SVCW's cash in bank did not exceed the insured limit as of June 30, 2018. All of SVCW's deposits with financial institutions were held in collateralized accounts.

Fair Value Measurements

GASB 72 established a hierarchy of inputs to the valuation techniques above. This hierarchy has three levels:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable
- Level 3 inputs are unobservable inputs, such as a property valuation or an appraisal.

Collateral and Categorization Requirements

The California Government Code requires California banks and savings and loan associations to secure an agency's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of an agency's deposits. California law also allows financial institutions to secure an agency's deposits by pledging first trust deed mortgage notes having a value of at least 150% of an agency's total deposits.

Restricted Cash

SVCW's restricted cash consisted of \$129,836,740 in cash and investments as of June 30, 2018 held by trustees or fiscal agent, of which \$7,693,222 was pledged for the payment or security of bonds.

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Local Agency Investment Fund

LAIF allows local agencies such as SVCW to participate in a Pooled Money Investment Account managed by the State Treasurer's Office and overseen by the Pooled Money Investment Board and State Treasurer investment committee. The Local Agency Investment Advisory Board oversees LAIF. The investments with LAIF are not classified for credit risk due to their diverse nature and are stated at cost, which approximates fair value. The total amount invested by all public agencies in LAIF, as of June 30, 2018, was approximately \$88.4 billion. Of that amount, 99.17% is invested in non-derivative financial products and .83% in structured notes and asset-backed securities.

Investment Policy

SVCW's investment guidelines as defined by its written investment policy were approved by the Commission, who also establishes its implementation and direction. Monthly, the Board ratifies the investments that have been made. SVCW's investment policy follows the California Government Code which authorizes SVCW to invest in the following:

Authorized Investment Type	Maximum Maturity	Maximum Investment in One Issuer
Certificates of Deposit	1 years	\$ 2,000,000
Bankers' Acceptances	180 days	3,000,000
Commercial Paper	15 days	1,000,000
Treasury Bills, Notes and Bonds	5 years	2,000,000
Securities in U.S. Government Agencies	5 years	-
Passbook Savings Accounts	-	250,000
Local Agency Investment Fund (LAIF)	-	40,000,000

Risk Disclosures

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are described below:

- *Interest Rate Risk* - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to the changes in market interest rates. In order to limit loss exposure due to Interest Rate Risk, the investment policy limits the length of maturity of investments.
- *Credit Risk* - Credit risk is the risk of loss due to the failure of the security issuer. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. In order to limit loss exposure due to Credit Risk, the investment policy limits purchases of investments to those rated A-1 by Standard & Poor's or P-1 by Moody's Investors Service.
- *Custodial Credit Risk* - Custodial credit risk is the risk that in the event of a bank failure, SVCW's deposits may not be returned to it. Or, in the case of investments, the risk of loss of the investment due failure, impairment or malfeasance of the third party whose name in which the investment is held and who has physical possession of the instrument. In order to limit loss exposure due to Custodial

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Credit Risk, the investment policy requires all securities be received and delivered using the standard delivery versus payment (DVP) procedure, and all securities be held by a third party bank or trust department under the terms of a custody or trustee agreement. None of SVCW's investments were subject to custodial credit risk.

- *Concentration of Credit Risk* - See the chart above for SVCW's limitations on the amount that can be invested in any one issuer. As of June 30, 2018, 1% of SVCW's cash was invested in LAIF, 18% in agencies, 8% in commercial paper and corporate bonds, 1% in municipal bonds and notes, 21% in money market accounts, and 51% in U.S. treasuries.

NOTE 4 - EMPLOYEE NOTES RECEIVABLE

All full-time and part-time SVCW employees are eligible to obtain an interest-free loan to purchase a computer or certain tools. All requests for loans must be approved by the Department Manager and Administrative Services Manager. Repayment of these loans is handled through payroll deductions which are spread equally over a two year period. Employees must pay off any outstanding balance of their loans upon ending employment with SVCW. As of June 30, 2018 and 2017, outstanding balances for notes receivable were \$16,523 and \$21,741, respectively.

NOTE 5 - CAPITAL ASSETS (PROPERTY, PLANT AND EQUIPMENT)

SVCW's capital assets consisted of the following as of June 30, 2018:

Capital Assets	Balance July 01, 2017	Additions	Deletions	Adjustments/ Transfer	Balance June 30, 2018
Non-depreciable:					
Land	\$ 1,282,081	\$ -	\$ -	\$ -	\$ 1,282,081
Construction in Progress					
Stage 2	2,934,429	-	-	189	2,934,618
General	91,595,822	39,629,151	-	(2,619,335)	128,605,638
Total Non-Depreciable	95,812,332	39,629,151	-	(2,619,146)	132,822,337
Depreciable:					
Buildings and structures	84,204,563	-	-	394,586	84,599,149
Pipelines	55,151,004	-	-	-	55,151,004
Pump station	7,068,516	-	-	107,075	7,175,591
Machinery and equipment	89,271,776	-	(309,264)	3,464,847	92,427,359
Total Depreciable	235,695,859	-	(309,264)	3,966,508	239,353,103
Less Accumulated Depreciation for:					
Buildings and structures	(35,657,001)	(2,621,143)	-	-	(38,278,144)
Pipelines	(8,171,738)	(1,700,362)	-	-	(9,872,100)
Pump station	(5,501,196)	(162,687)	-	-	(5,663,883)
Machinery and equipment	(31,006,631)	(4,352,511)	124,673	-	(35,234,469)
Total Accumulated Depreciation	(80,336,566)	(8,836,703)	124,673	-	(89,048,596)
Total Depreciable PPE - Net	155,359,293	(8,836,703)	(184,591)	3,966,508	150,304,507
Total PPE - Net	\$ 251,171,625	\$ 30,792,448	\$ (184,591)	\$ 1,347,362	\$ 283,126,844

Depreciation expense for the year ended June 30, 2018 and 2017 was \$8,836,703 and \$9,279,531, respectively.

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NOTE 6 - NONCURRENT LIABILITIES

SVCW's noncurrent liabilities consisted of the following as of June 30, 2018:

Description	Balance			Balance June 30, 2018	Due Within One Year
	July 01, 2017	Additions	Deductions		
Wastewater Revenue Bonds	\$ 130,390,000	\$ 140,955,000	\$ 3,050,000	268,295,000	\$ 5,620,000
Unamortized Premium	17,190,519	9,404,525	941,868	25,653,176	-
Note Payable	54,220,350	14,028,523	18,235,742	50,013,131	1,850,519
Line of Credit	3,500,000	19,961,131	23,406,131	55,000	-
Net OPEB Liability	-	5,199,411	4,198,780	1,000,631	-
Net Pension Obligation	11,536,951	8,204,123	5,978,887	13,762,187	-
Compensated Absences	813,555	8,379	-	821,934	821,934
Total Noncurrent Liabilities	\$ 217,651,375	\$ 197,761,092	\$ 55,811,408	\$ 359,601,059	\$ 8,292,453

Wastewater Revenue Bonds

SVCW's Wastewater revenue bonds consisted of the following as of June 30, 2018:

Waterwater Revenue Bond	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds		Redeemed	Bonds Outstanding June 30, 2018
					Outstanding July 01, 2017	Issued		
2009 Bond	2009	2039	1.74-8.1%	\$ 55,855,000	\$ 3,765,000	\$ -	\$ 1,210,000	\$ 2,555,000
2014 Bond	2014	2044	3-5%	60,000,000	57,195,000	-	1,060,000	56,135,000
2015 Bond	2015	2045	2-5%	70,200,000	69,430,000	-	780,000	68,650,000
2018 Bond	2018	2049	3.125-5%	140,955,000	-	140,955,000	-	140,955,000
Total Wastewater Revenue Bonds				\$ 327,010,000	\$ 130,390,000	\$ 140,955,000	\$ 3,050,000	\$ 268,295,000

2009 Wastewater Revenue Bonds

In July 2009, SVCW issued \$55,855,000 of Revenue Bonds. The Bonds were issued to finance the acquisition and construction of capital improvements to SVCW's wastewater system; fund the debt service reserve fund, and pay costs of issuing the Bonds. The Bonds are limited obligations of SVCW which are payable solely from and secured solely by the revenues pledged under the indenture, consisting primarily of payments made by the City of Redwood, the City of San Carlos, and the West Bay Sanitary District (the "Participating Members"). Annual principal and interest payments on the bonds are expected to require less than 10 percent of net revenues.

2014 Wastewater Revenue Bonds

In March 2014, SVCW issued \$60,000,000 of Revenue Bonds. The Bonds were issued to finance the acquisition and construction of capital improvements to SVCW's wastewater system and pay costs of issuing the Bonds. The Bonds are limited obligations of SVCW which are payable solely from and secured solely by the revenues pledged under the indenture, consisting primarily of payments made by the City of Redwood, the City of San Carlos, and the West Bay Sanitary District (the "Participating Members"). Annual principal and interest payments on the bonds are expected to require less than 10 percent of net revenues.

2015 Wastewater Revenue Bonds

Wastewater Revenue Bonds in the amount of \$70,200,000 were executed on November 24, 2015. The funds were used to refund the Authority's current outstanding Wastewater Revenue Bonds captioned 2008 Wastewater Revenue Bonds and 2009 Build America Bonds, and to finance certain improvements to the Authority's

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wastewater treatment system. In conjunction with the issuance of the 2015 Wastewater Revenue Bonds and in accordance with the Authority's refunding plan, \$53,246,823 was deposited with an escrow agent to provide for payment when due of all principal and interest with respect to the 2008 and 2009 refunded Bonds. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately \$703,660. The difference, reported in the accompanying financial statements as a deduction from bonds payable, will be amortized over the useful life of the refunded bonds using the straight-line method. For financial reporting purposes, the refunded portion of the debt is considered defeased and therefore removed as a liability from these financial statements. As of June 30, 2018 there was \$44,765,000 of defeased 2009 bonds outstanding, both to be paid from escrow funds. Interest is payable semi-annually on February 1st and August 1st of each year while principal payments are made on August 1st of each year commencing 2016, with interest rates ranging from 2% to 5%. These wastewater revenue bonds are secured by a pledge of Member revenues.

2018 Wastewater Revenue Bonds

In February 2018, SVCW issued \$140,955,000 in Revenue Bonds. The Bonds were issued to finance the acquisition and construction of capital improvements to SVCW's wastewater system and pay costs of issuing the Bonds. The Bonds are limited obligations of SVCW which are payable solely from and secured solely by the revenues pledged under the indenture, consisting primarily of payments made by the City of Redwood, the City of San Carlos, and the West Bay Sanitary District (the "Participating Members"). Annual principal and interest payments on the bonds are expected to require less than 10 percent of net revenues.

Wastewater Revenue Bonds Debt Service

The debt service requirements for the bonds as of June 30, 2018 were as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2019	\$ 5,620,000	\$ 15,164,923	\$ 20,784,923
2020	5,540,000	13,456,840	18,996,840
2021	5,610,000	11,405,619	17,015,619
2022	5,890,000	11,119,619	17,009,619
2023	6,185,000	10,819,369	17,004,369
2024-2028	35,920,000	49,035,219	84,955,219
2029-2033	43,830,000	39,105,144	82,935,144
2034-2038	53,135,000	28,349,334	81,484,334
2039-2043	56,215,000	16,310,681	72,525,681
2044-2048	42,670,000	5,244,938	47,914,938
2049	7,680,000	134,400	7,814,400
Total	\$ 268,295,000	\$ 200,146,086	\$ 468,441,086

Wastewater Revenue Bonds - Build America Bonds Refundable Credit

SVCW elected to treat the 2009 Wastewater Revenue Bonds as Build America Bonds under section 54AA of the Tax Code, which entitles it to a refundable credit from the United States Treasury equal to 35% of the interest payable on the bonds. Since March 2013, the Internal Revenue Service has reduced the refundable credit amounts by imposing sequestration rates. The sequestration rate from October 1, 2017 to September 30, 2018, the sequestration rate was 6.6%. The credit is reported as member contributions. The 2018 credit received by SVCW totaled \$1,218,466.

Silicon Valley Clean Water
Notes to Financial Statements
June 30, 2018

Notes Payable

SVCW has financed multiple projects by entering into two separate sale-repurchase agreements with the State Water Resources Control Board (SWRCB). Combined, these agreements totaled \$50,013,131 as of June 30, 2018. The project funds, together with all accrued interest, are repaid in annual installments commencing one year after the completion of construction.

In August 2011, SVCW secured SWRCB funding for the construction of an administration and plant control building. The SWRCB reimbursed SVCW for project-related expenditures as incurred, and the outstanding liability was \$9,125,927 as of June 30, 2018. This amount is scheduled to be fully repaid by June 2033.

In March 2012, SVCW entered a similar agreement with the SWRCB for up to \$35,385,953 for certain improvements to the wastewater treatment plant. The SWRCB reimbursed SVCW for project-related expenditures as incurred, and the outstanding liability was \$30,155,838 as of June 30, 2018. This amount will be repaid by October 2036.

In February 2016, SVCW entered a similar agreement with the SWRCB for up to \$14,000,000 to plan and design certain improvements to the conveyance system. As of June 30, 2018, SVCW had incurred \$10,731,365 in expenditures. This planning is scheduled to be completed in fiscal year 2018-19 and the total incurred expenditures will either be repaid by September 2028 or combined into a subsequent construction loan. The SWRCB has not established the debt service payments for the entirety of the expenditures incurred by SVCW. The following summarizes the scheduled future debt service requirements for the SWRCB loans as of June 30, 2018:

Fiscal Year	Principal	Interest to Maturity	Total
2019	\$ 1,850,519	\$ 780,079	\$ 2,630,599
2020	1,887,870	742,728	2,630,599
2021	1,925,999	704,599	2,630,599
2022	1,964,922	665,677	2,630,598
2023	2,004,656	625,943	2,630,599
2024-2028	10,648,926	2,504,066	13,152,993
2029-2033	11,774,482	1,378,510	13,152,993
2034-2038	7,224,390	327,997	7,552,388
Total	\$ 39,281,766	\$ 7,729,600	\$ 47,011,365

Line of Credit

SVCW has a \$35,000,000 line of credit with Wells Fargo Bank. Advances on the line of credit provide for an interest rate based on either a fixed per annum rate of interest equal to the LIBOR rate plus the Applicable LIBOR Rate Margin, or a variable per annum rate of interest equal to the Base Rate plus the Applicable Base Rate Margin. SVCW had \$55,000 outstanding on the line of credit at June 30, 2018.

NOTE 7 - INTERFUND TRANSACTIONS

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate

Silicon Valley Clean Water
Notes to Financial Statements
June 30, 2018

benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Interfund Due-to/from

Interfund receivables and payables as of June 30, 2018 were as follows:

Fund Description	Due From	Due To
Operations	\$ 6,842,631	\$ -
Capital Improvement Program	-	5,126,156
Recycled Water	65,471	-
Self Insurance	212,399	-
Construction Stage 2	886,232	-
Capital Improvements	5,598,318	-
Capital Improvement Program Reserve	-	11,713,556
Operating Reserve	3,234,661	-
Totals	<u>\$ 16,839,712</u>	<u>\$ 16,839,712</u>

Interfund Transfers

Interfund transfers consist of transfers from funds receiving revenue to funds through which the resources are to be expended and transfers of capital assets upon completion of construction. Interfund transfers for the June 30, 2018 fiscal year were as follows:

Fund Description	Transfers In	Transfers Out
Operations	\$ 3,969,844	\$ -
Capital Improvement Program	-	2,652,773
Capital Improvements	-	1,317,071
Totals	<u>\$ 3,969,844</u>	<u>\$ 3,969,844</u>

NOTE 8 - DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plans

Plan Description - All qualified permanent and probationary employees are eligible to participate in the Agency's Miscellaneous Employee Pension Plans (the Plans); cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Agency resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death

Silicon Valley Clean Water
Notes to Financial Statements
June 30, 2018

Benefit. The cost of living adjustments for the Plans are applied as specified by the Public Employees' Retirement Law. The Plans' provisions and benefits in effect at June 30, 2016, are summarized as follows:

	Miscellaneous		
	Tier 1	Tier 2	Tier 3
Hire date	Prior to 6/27/11	6/28/11 to 1/1/13	On/After 1/1/13
Benefit formula	2% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 Years	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life	Monthly for Life
Retirement age	55	60	62
Monthly benefits as a % of eligible compensation	2.0% to 2.42%	2.00%	2.000%
Required employee contribution rates	7.000%	7.00%	6.250%
Required employer contribution rates	15.081%	7.34%	6.777%

Employees Covered - At June 30, 2018, the following employees were covered by the benefit terms for the Plans:

	Miscellaneous
Active	79
Transferred	23
Separated	69
Retired	22
Total	193

Contributions - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rates are the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Agency is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2018, SVCW contributed \$1,479,709 into the Plans.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2018, the Agency reported net pension liabilities for its proportionate shares of the net pension liability as follows:

	Proportionate Share of Net Pension Liability/(Asset)
Miscellaneous	\$ 13,762,187

The Agency's net pension liability for the Plans is measured as the proportionate share of the net pension liability. The net pension liability of the Plan are measured as of June 30, 2017, and the total pension liability for the Plans used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. The Agency's

Silicon Valley Clean Water
Notes to Financial Statements
June 30, 2018

proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The Agency's proportionate share of the net pension liability for the Plans as of June 30, 2017 and 2018 was as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2017	0.33211%
Proportion - June 30, 2018	0.34911%
Change - Increase/(Decrease)	<u>0.01701%</u>

For the year ended June 30, 2018, the Agency recognized pension expense of \$2,158,771. At June 30, 2018, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ 2,530,587	\$ 192,960
Differences between Expected and Actual Experience	20,395	292,202
Differences between Projected and Actual Investment Earnings	572,313	-
Differences between Employer's Contributions and Proportionate Share of Contributions	-	632,494
Change in Employer's Proportion	443,300	126,122
Pension Contributions Made Subsequent to Measurement Date	1,479,709	-
Total	<u>\$ 5,046,304</u>	<u>\$ 1,243,778</u>

The Agency reported \$1,479,709 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Fiscal Year Ending June 30:</u>	<u>Deferred Outflows/ (Inflows) of Resources</u>
2019	\$ 387,132
2020	1,426,947
2021	848,531
2022	(339,794)
2023	-
Thereafter	-
Total	<u>\$ 2,322,816</u>

Silicon Valley Clean Water
Notes to Financial Statements
June 30, 2018

Actuarial Assumptions - The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	(1)
Investment Rate of Return	7.5% (2)
Mortality	(3)

(1) Varies by age and service

(2) Net of pension plan investment expenses, including inflation

(3) Derived using CalPERS' membership data for all funds

Discount Rate - The discount rate used to measure the total pension liability was 7.15 percent for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

Silicon Valley Clean Water
Notes to Financial Statements
June 30, 2018

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10 (a)</u>	<u>Real Return Years 11+ (b)</u>
Global Equity	47.00%	4.90%	5.38%
Fixed Income	19.00%	0.80%	2.27%
Inflation Sensitive	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%
Total	<u>100.00%</u>		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount

Rate - The following presents the Agency's proportionate share of the net pension liability for the Plans, calculated using the discount rate for the Plans, as well as what the Agency's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>Miscellaneous</u>
1% Decrease	6.15%
Net Pension Liability	\$ 22,103,726
Current	7.15%
Net Pension Liability	\$ 13,762,187
1% Increase	8.15%
Net Pension Liability	\$ 6,853,574

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Silicon Valley Clean Water
Notes to Financial Statements
June 30, 2018

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description

SVCW's Retiree Healthcare Plan (the Plan) is a single-employer defined benefit healthcare plan administered by SVCW. The plan provides healthcare benefits to eligible retirees and their dependents. Benefit provisions are established and may be amended through agreements and memorandums of understanding between SVCW, its management employees, and unions representing SVCW employees.

Benefits

Following is a description of the current retiree benefit plan. The following table describes benefits available to those hired prior to January 30, 2011. Employees hired on or after this date are entitled only to statutory minimum benefits under sections of the Government Code collectively known as PEMHCA.

	All Non- Represented Employees	Operating Engineers
Benefits Provided:	Medical Only	Medical Only
Duration of Benefits:	Lifetime	Lifetime
Required Services:	Retirement under CalPERS	Retirement under CalPERS
Minimum Age:	Retirement under CalPERS	Retirement under CalPERS
Dependent Coverage:	Yes	Yes
Contribution Percentage:	100% to cap	100% to cap
Cap:	Bay Area Kaiser Rate	Bay Area Kaiser Rate

Employees Covered by Benefit Terms

At June 30, 2017 (the valuation date), the benefit terms covered the following employees:

Active employees	82
Inactive employees	37
Total employees	119

Contributions

The Authority makes contributions based on an actuarially determined rate and are approved by the authority of the Authority's Board. Total contributions during the year were \$763,957. Total contributions included in the measurement period were \$748,838. The actuarially determined contribution for the measurement period was \$135,456. The Authority's contributions were 6.84% of payroll during the fiscal year ended June 30, 2018. Employees are not required to contribute to the plan.

Silicon Valley Clean Water
Notes to Financial Statements
June 30, 2018

Actuarial Assumptions

The following summarized the actuarial assumptions for the OPEB plan included in this fiscal year:

Valuation Date:	June 30, 2017
Measurement Date:	June 30, 2017
Actuarial Cost Method:	Entry-Age Normal Cost Method
Amortization Period:	20 years
Asset Valuation Method:	Level percentage of payroll, closed
Actuarial Assumptions:	
Discount Rate	7.00%
Inflation	2.75%
Salary Increases	2.75%
Healthcare Trend Rate	4.00%
Investment Rate of Return	7.00%
Mortality	2014 CalPERS Active Mortality for Misc.
Retirement	Rx PA Misc 2% @ 55 Rx PA Misc 2% @ 60 Rx PA Misc 2% @ 62 min age 52

Discount Rate

The projection of cash flows used to determine the discount rate assumed that the Authority contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to cover all future OPEB payments. Therefore, the discount rate was set to be equal to the long-term expected rate of return which was applied to all periods of projected benefit payments to determine the total OPEB liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Silicon Valley Clean Water
Notes to Financial Statements
June 30, 2018

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage of Portfolio	Long-Term Expected Rate of Return
US Large Cap	43.00%	7.795%
US Small Cap	23.00%	7.795%
Long-Term Corporate Bonds	12.00%	5.290%
Long-Term Government Bonds	6.00%	4.500%
Treasury Inflation-Protected Securities (TIPS)	5.00%	7.795%
US Real Estate	8.00%	7.795%
All Commodities	3.00%	7.795%
Total	100.00%	

Net OPEB Liability

The Authority's net OPEB liability was measured as of June 30, 2017 (measurement date), and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017 (valuation date) for the fiscal year ended June 30, 2018 (reporting date). The following summarizes the changes in the net OPEB liability during the year ended June 30, 2018:

Fiscal Year Ended June 30, 2018 (Measurement Date June 30, 2017)	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2017	\$ 6,741,417	\$ 4,947,399	\$ 1,794,018
Service cost	36,426	-	36,426
Interest in Total OPEB Liability	461,630	-	461,630
Employer contributions	-	748,838	(748,838)
Actual investment income	-	547,183	(547,183)
Administrative expenses	-	(4,578)	4,578
Benefit payments	(328,838)	(328,838)	-
Net changes	169,218	962,605	(793,387)
Balance at June 30, 2018	\$ 6,910,635	\$ 5,910,004	\$ 1,000,631
Covered Payroll at Measurement Date	\$ 10,877,839		
Total OPEB Liability as a % of covered payroll	63.53%		
Plan Fid. Net Position as a % of Total OPEB Liability	85.52%		
Service cost as a % of covered payroll	0.33%		
Net OPEB Liability as a % of covered payroll	9.20%		

Silicon Valley Clean Water
Notes to Financial Statements
June 30, 2018

Deferred Inflows and Outflows of Resources

At June 30, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	\$ -	\$ -
Difference between actual and expected earnings	-	-
Change in assumptions	-	-
OPEB contribution subsequent to measurement date	763,957	-
Totals	\$ 763,957	\$ -

Of the total amount reported as deferred outflows of resources related to OPEB, \$763,957 resulting from Authority contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net OPEB liability in the year ended June 30, 2019.

OPEB Expense

The following summarizes the OPEB expense by source during the year ended June 30, 2018:

Service cost	\$ 36,426
Interest in TOL	461,630
Expected investment income	(547,183)
Administrative expenses	4,578
OPEB Expense	\$ (44,549)

The following summarizes changes in the net OPEB liability as reconciled to OPEB expense during the year ended June 30, 2018:

Net OPEB liability ending	\$ 1,000,631
Net OPEB liability beginning	(1,794,018)
Change in net OPEB liability	(793,387)
Employer contributions and implicit subsidy	748,838
OPEB Expense	\$ (44,549)

Sensitivity to Changes in the Discount Rate

The net OPEB liability of the Authority, as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher, is as follows:

		Discount Rate		
		6.0%	7.0%	8.0%
		(1% Decrease)	(Current Rate)	(1% Increase)
Net OPEB Liability (Asset)	\$	1,930,974	\$ 1,000,631	\$ 244,796

Silicon Valley Clean Water
Notes to Financial Statements
June 30, 2018

Sensitivity to Changes in the Healthcare Cost Trend Rates

The net OPEB liability of the Authority, as well as what the Authority's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than current healthcare cost trend rates, is as follows:

		Trend Rate		
		3.0%	4.0%	5.0%
		(1% Decrease)	(Current Rate)	(1% Increase)
Net OPEB Liability (Asset)	\$	221,003	\$ 1,000,631	\$ 1,946,510

NOTE 10 - RISK MANAGEMENT

SVCW is a member of the California Sanitation Risk Management Authority (CSRMA) which covers the general liability claims up to \$10,750,000 and provides coverage of Employment Practices Liability (EPL) up to \$10,750,000. Excess public entity general liability insurance of \$10,750,000 is obtained by CSRMA commercially, resulting in a total coverage of \$25,000,000. SVCW has a self-insured retention of \$10,000 per general liability claim and \$25,000 per EPL claim. Once SVCW's self-insured retention is met, CSRMA becomes responsible for payment of all claims up to the limit.

SVCW also has workers' compensation insurance with CSRMA which covers workers' compensation claims up to \$750,000. Excess public entity workers' compensation and employee's liability insurance are obtained by CSRMA commercially up to statutory limit and \$25,000,000 respectively. SVCW has a self-insured retention of \$750,000 per claim.

The contributions made to each risk pool equal the ratio of their respective payrolls to the total payrolls of all entities participating in the same layer of each program, in each program year. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after retrospective rating. CSRMA's audited financial statements may be obtained by writing them at c/o Alliant Insurance Services, 100 Pine Street, 11th Floor, San Francisco, CA 94111.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

SVCW is at risk to be a defendant in various lawsuits which arise in the normal course of business. The final disposition of these legal actions and claims was not determinable. However, in the opinion of management, the outcome of any litigation of these matters will not have a material effect on the financial position or changes in net position of the SVCW.

SVCW had outstanding construction contract commitments on capital projects totaling \$39,076,908 at June 30, 2018.

SVCW has a month to month operating lease with San Mateo County for use of real property to facilitate construction activities for the 63" Forcemain Reliability Improvement Project. The monthly rent is \$97,300 per month with five option years totaling \$5,838,000. SVCW also has a lease with West Bay Sanitary District for \$300,000 per year for a Flow Equalization facility. Finally, SVCW leases various portables from module modular at approximately \$175,000 per year. Rent expense was \$1,672,554 during the year for these three lease agreements.

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REQUIRED SUPPLEMENTARY INFORMATION

Silicon Valley Clean Water
Schedule of Pension Contributions - CalPERS
For the Fiscal Year Ended June 30, 2018

	2018	2017	2016	2015
Contractually Required Contributions (Actuarially Determined)	\$ 1,479,709	\$ 1,251,217	\$ 1,127,516	\$ 1,031,475
Contributions in Relation to Actuarially Determined Contributions	1,479,709	1,251,217	1,127,516	1,031,475
Contribution Deficiency (Excess)	-	-	-	-
Covered Employee Payroll	\$ 11,882,052	\$ 10,137,714	\$ 9,454,067	\$ 9,115,492
Contributions as a Percentage of Covered Payroll	12.45%	12.34%	11.93%	11.32%

Notes to Schedule:

Valuation Date: June 30, 2016
Assumptions Used: Entry Age Method used for Actuarial Cost Method
Level Percentage of Payroll and Direct Rate Smoothing
3.8 Years Remaining Amortization Period
Inflation Assumed at 2.75%
Investment Rate of Returns set at 7.5%
CalPERS mortality table using 20 years of membership data for all funds

** Fiscal year 2015 was the first year of implementation, therefore only four years are shown.

Silicon Valley Clean Water
Schedule of Proportionate Share of Net Pension Liability
For the Fiscal Year Ended June 30, 2018

	2018	2017	2016	2015
Proportion of Net Pension Liability	0.34911%	0.33211%	0.30498%	0.32474%
Proportionate Share of Net Pension Liability	\$ 13,762,187	\$ 11,536,951	\$ 8,367,040	\$ 8,025,843
Covered Employee Payroll	\$ 10,137,714	\$ 9,454,067	\$ 9,115,492	\$ 8,842,027
Proportionate Share of NPL				
as a % of Covered Employee Payroll	135.75%	122.03%	91.79%	90.77%
Plan's Fiduciary Net Position as a % of the TPL	77.31%	78.40%	83.30%	83.03%

** Fiscal year 2015 was the first year of implementation, therefore only four years are shown.

Silicon Valley Clean Water
Schedule of OPEB Contributions
For the Fiscal Year Ended June 30, 2018

	Fiscal Year Ended June 30, 2018
Actuarially determined contribution (ADC)	\$ 135,456
Less: actual contribution in relation to ADC	(763,957)
Contribution deficiency (excess)	<u>\$ (628,501)</u>
 Covered payroll for the fiscal year	 \$ 11,176,980
Contributions as a percentage of covered payroll	6.84%

Notes to Schedule:

Assumptions and Methods

Valuation Date:	June 30, 2017
Measurement Date:	June 30, 2017
Actuarial Cost Method:	Entry-Age Normal Cost
Amortization Period:	20 years
Asset Valuation Method:	Level percentage of payroll, closed
Actuarial Assumptions:	
Discount Rate	7.00%
Inflation	2.75%
Salary Increases	2.75%
Healthcare Trend Rate	4.00%
Investment Rate of Return	7.00%
Mortality	2014 CalPERS Active Mortality for Misc.
Retirement	Rx PA Misc 2% @ 55 Rx PA Misc 2% @ 60 Rx PA Misc 2% @ 62 min age 52

Other Notes

GASB 75 requires a schedule of contributions for the last ten fiscal years, or for as many years as are available if less than ten years are available. GASB 75 was adopted as of June 30, 2018.

Silicon Valley Clean Water
Schedule of Net OPEB Liability
For the Fiscal Year Ended June 30, 2018

	Fiscal Year Ended June 30, 2018
Total OPEB liability	
Service cost	\$ 36,426
Interest	461,630
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments	(328,838)
Implicit subsidy fullfilled	-
Net change in Total OPEB Liability	169,218
Total OPEB Liability - beginning	6,741,417
Total OPEB Liability - ending	<u>\$ 6,910,635</u>
 Plan fiduciary net position	
Employer contributions	\$ 748,838
Employer implicit subsidy	-
Employee contributions	-
Net investment income	547,183
Difference between estimated and actual earnings	-
Benefit payments	(328,838)
Implicit subsidy fullfilled	-
Other	-
Administrative expense	(4,578)
Net change in plan fiduciary net position	962,605
Plan fiduciary net position - beginning	4,947,399
Plan fiduciary net position - ending	<u>\$ 5,910,004</u>
 Net OPEB liability (asset)	 \$ 1,000,631
 Plan fiduciary net position as a percentage of the total OPEB liability	 85.52%
 Covered employee payroll for the plan	 \$ 10,877,839
 Net OPEB Liability as a percentage of covered payroll	 9.20%
 Total OPEB Liability as a percentage of covered payroll	 63.53%

GASB 75 requires a schedule of contributions for the last ten fiscal years, or for as many years as are available if less than ten years are available. GASB 75 was adopted as of June 30, 2018.

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SUPPLEMENTARY INFORMATION

Silicon Valley Clean Water
Combining Schedule of Net Position
Enterprise Funds
June 30, 2018

	Operating Reserve	Capital Improvement Program Reserve	Capital Improvements	Construction Stage 2
Assets				
Current Assets:				
Cash and investments	\$ 553,368	\$ 696,325	\$ -	\$ 1,618,905
Cash restricted for debt service	-	2,630,598	-	-
Accounts receivable	-	12,617	33,773	-
Interest receivable	-	-	-	-
Employee notes receivable	-	-	-	-
Due from other funds	3,234,661	-	5,598,318	886,232
Inventory	-	-	-	-
Prepaid expenses	-	-	-	-
Total Current Assets	3,788,029	3,339,540	5,632,091	2,505,137
Noncurrent Assets:				
Investment in real estate	-	-	-	-
Cash and investments	2,942,820	13,786,930	-	8,127,275
Capital assets:				
Depreciable capital assets - net	-	-	-	-
Non depreciable capital assets:				
Land	-	-	-	-
Construction in progress:				
Stage 2	-	-	-	2,934,618
General	-	-	2,913,585	-
Total capital assets - net	-	-	2,913,585	2,934,618
Total Noncurrent Assets	2,942,820	13,786,930	2,913,585	11,061,893
Total Assets	\$ 6,730,849	\$ 17,126,470	\$ 8,545,676	\$ 13,567,030
Deferred Outflows of Resources				
Pension adjustments	\$ -	\$ -	\$ -	\$ -
OPEB adjustments	-	-	-	-
Deferred Loss on Defeasance	-	-	-	-
Total Deferred Outflows of Resources	\$ -	\$ -	\$ -	\$ -
Liabilities				
Current Liabilities:				
Accounts payable	\$ -	\$ -	\$ 41,326	\$ -
Accrued payroll and employee benefits	-	-	-	-
Accrued interest payable	-	-	-	-
Due to other funds	-	11,713,556	-	-
Unearned revenue	-	7,875	11,698	-
Noncurrent liabilities due within one year	-	-	-	-
Total Current Liabilities	-	11,721,431	53,024	-
Noncurrent liabilities due in more than one year	-	-	-	-
Total Liabilities	\$ -	\$ 11,721,431	\$ 53,024	\$ -
Deferred inflows of Resources				
Pension adjustments	\$ -	\$ -	\$ -	\$ -
Total Deferred Inflows of Resources	\$ -	\$ -	\$ -	\$ -
Net Position				
Net Investment in Capital Assets	\$ -	\$ -	\$ 2,913,585	\$ 2,934,618
Restricted for:				
Debt service	-	2,630,598	-	-
Unrestricted	6,730,849	2,774,441	5,579,067	10,632,412
Total Net Position	\$ 6,730,849	\$ 5,405,039	\$ 8,492,652	\$ 13,567,030

(Continued)

Silicon Valley Clean Water
Combining Schedule of Net Position
Enterprise Funds
June 30, 2018

	Self Insurance	Recycled Water	Capital Improvement Program	Operation	Total
Assets					
Current Assets:					
Cash and investments	\$ -	\$ -	\$ 122,143,518	\$ 825,802	\$ 125,837,918
Cash restricted for debt service	-	-	5,062,624	-	7,693,222
Accounts receivable	-	-	51,500	614,530	712,420
Interest receivable	-	-	503,715	9,327	513,042
Employee notes receivable	-	-	-	16,523	16,523
Due from other funds	212,399	65,471	-	6,842,631	16,839,712
Inventory	-	-	-	1,854,529	1,854,529
Prepaid expenses	-	-	-	98,445	98,445
Total Current Assets	212,399	65,471	127,761,357	10,261,787	153,565,811
Noncurrent Assets:					
Investment in real estate	-	-	2,552,962	-	2,552,962
Cash and investments	-	-	-	-	24,857,025
Capital assets:					
Depreciable capital assets - net	-	-	-	150,304,507	150,304,507
Non depreciable capital assets:					
Land	-	-	-	1,282,081	1,282,081
Construction in progress:					
Stage 2	-	-	-	-	2,934,618
General	-	-	125,692,053	-	128,605,638
Total capital assets - net	-	-	125,692,053	151,586,588	283,126,844
Total Noncurrent Assets	-	-	128,245,015	151,586,588	310,536,831
Total Assets	\$ 212,399	\$ 65,471	\$ 256,006,372	\$ 161,848,375	\$ 464,102,642
Deferred Outflows of Resources					
Pension adjustments	\$ -	\$ -	\$ -	\$ 5,046,304	\$ 5,046,304
OPEB adjustments	-	-	-	763,957	763,957
Deferred Loss on Defeasance	-	-	425,798	-	425,798
Total Deferred Outflows of Resources	\$ -	\$ -	\$ 425,798	\$ 5,810,261	\$ 6,236,059
Liabilities					
Current Liabilities:					
Accounts payable	\$ 349	\$ 47,264	\$ 4,680,550	\$ 811,811	\$ 5,581,300
Accrued payroll and employee benefits	-	-	6,988	885,503	892,491
Accrued interest payable	-	-	6,227,056	-	6,227,056
Due to other funds	-	-	5,126,156	-	16,839,712
Unearned revenue	-	18,724	-	249,150	287,447
Noncurrent liabilities due within one year	-	-	7,470,819	821,934	8,292,753
Total Current Liabilities	349	65,988	23,511,569	2,768,398	38,120,759
Noncurrent liabilities due in more than one year	-	-	336,490,488	14,817,818	351,308,306
Total Liabilities	\$ 349	\$ 65,988	\$ 360,002,057	\$ 17,586,216	\$ 389,429,065
Deferred inflows of Resources					
Pension adjustments	\$ -	\$ -	\$ -	\$ 1,243,778	\$ 1,243,778
Total Deferred Inflows of Resources	\$ -	\$ -	\$ -	\$ 1,243,778	\$ 1,243,778
Net Position					
Net Investment in Capital Assets	\$ -	\$ -	\$ (96,125,736)	\$ 151,531,588	\$ 61,254,055
Restricted for:					
Debt service	-	-	5,062,624	-	7,693,222
Unrestricted	212,050	(517)	(12,506,775)	(2,702,946)	10,718,581
Total Net Position	\$ 212,050	\$ (517)	\$ (103,569,887)	\$ 148,828,642	\$ 79,665,858

(Concluded)

Silicon Valley Clean Water
Combining Schedule of Activities and Changes in Net Position
Enterprise Funds
For the Fiscal Year Ended June 30, 2018

	Operating Reserve	Capital Improvement Program Reserve	Capital Improvements	Construction Stage 2
Operating Revenues:				
Member contributions for services	\$ -	\$ -	\$ -	\$ -
Member contributions for cash reserves	-	1,000,008	2,676,888	-
Member contributions for debt service	-	-	-	-
Sources control charges	-	-	-	-
Miscellaneous revenues	-	-	6,810	-
Total operating revenues	-	1,000,008	2,683,698	-
Operating Expenses:				
Operations	-	-	-	-
Maintenance	-	-	-	-
Laboratory	-	-	-	-
Environmental services	-	-	-	-
Engineering	-	-	-	-
Information systems	-	-	-	-
Safety	-	-	-	-
Administration	6,076	28,758	-	16,866
Depreciation	-	-	-	-
Total operating expenses	6,076	28,758	-	16,866
Operating Income (Loss)	(6,076)	971,250	2,683,698	(16,866)
Nonoperating Revenues (Expenses):				
Grants	-	-	-	-
Interest Income:				
Operations fund	-	-	-	-
Stage 2 capacity fund	-	-	-	135,533
Capital improvement reserve fund	-	231,573	-	-
Capital improvement fund	-	-	2,405	-
Self insurance fund	-	-	-	-
Operating reserve fund	50,445	-	-	-
Recycled water fund	-	-	-	-
Capital improvement fund	-	-	-	-
Net increase (decrease) in fair value of investments	(38,003)	(182,335)	-	(126,116)
Interest expense	-	-	-	-
Premium amortization	-	-	-	-
Gain (loss) on disposal of fixed assets	-	-	-	-
Total nonoperating revenues (expenses)	12,442	49,238	2,405	9,417
Income (Loss) Before Transfers	6,366	1,020,488	2,686,103	(7,449)
Transfers In	-	-	-	-
Transfers Out	-	-	(1,317,071)	-
Change in Net Position	6,366	1,020,488	1,369,032	(7,449)
Beginning Net Position	6,724,483	4,384,551	7,123,620	13,574,479
Prior Period Adjustment	-	-	-	-
Ending Net Position	\$ 6,730,849	\$ 5,405,039	\$ 8,492,652	\$ 13,567,030

(Continued)

Silicon Valley Clean Water
Combining Schedule of Activities and Changes in Net Position
Enterprise Funds
For the Fiscal Year Ended June 30, 2018

	Self Insurance	Recycled Water	Capital Improvement Program	Operation	Total
Operating Revenues:					
Member contributions for services	\$ -	\$ 221,276	\$ -	\$ 23,190,732	\$ 23,412,008
Member contributions for cash reserves	-	-	-	-	3,676,896
Member contributions for debt service	-	-	17,438,142	-	17,438,142
Sources control charges	-	-	-	73,859	73,859
Miscellaneous revenues	-	-	-	484,207	491,017
Total operating revenues	-	221,276	17,438,142	23,748,798	45,091,922
Operating Expenses:					
Operations	-	184,256	-	8,101,864	8,286,120
Maintenance	-	48,257	-	6,228,375	6,276,632
Laboratory	-	9,915	-	1,600,192	1,610,107
Environmental services	-	-	-	1,023,191	1,023,191
Engineering	-	-	195,783	634,982	830,765
Information systems	-	-	-	1,560,575	1,560,575
Safety	-	-	-	366,455	366,455
Administration	349	-	486,965	3,676,409	4,215,423
Depreciation	-	-	-	8,836,703	8,836,703
Total operating expenses	349	242,428	682,748	32,028,746	33,005,971
Operating Income (Loss)	(349)	(21,152)	16,755,394	(8,279,948)	12,085,951
Nonoperating Revenues (Expenses):					
Grants	-	-	-	262,635	262,635
Interest Income:					
Operations fund	-	-	-	40,696	40,696
Stage 2 capacity fund	-	-	-	-	135,533
Capital improvement reserve fund	-	-	-	-	231,573
Capital improvement fund	-	-	-	-	2,405
Self insurance fund	57	-	-	-	57
Operating reserve fund	-	-	-	-	50,445
Recycled water fund	-	50	-	-	50
Capital improvement fund	-	-	242,910	-	242,910
Net increase (decrease) in fair value of investments	-	-	111,256	(998)	(236,196)
Interest expense	-	-	(11,941,492)	-	(11,941,492)
Premium amortization	-	-	941,868	-	941,868
Gain (loss) on disposal of fixed assets	-	-	-	(142,592)	(142,592)
Total nonoperating revenues (expenses)	57	50	(10,645,458)	159,741	(10,412,108)
Income (Loss) Before Transfers	(292)	(21,102)	6,109,936	(8,120,207)	1,673,843
Transfers In	-	-	-	3,969,844	3,969,844
Transfers Out	-	-	(2,652,773)	-	(3,969,844)
Change in Net Position	(292)	(21,102)	3,457,163	(4,150,363)	1,673,843
Beginning Net Position	212,342	20,585	(107,027,050)	156,665,618	81,678,628
Prior Period Adjustment	-	-	-	(3,686,613)	(3,686,613)
Ending Net Position	\$ 212,050	\$ (517)	\$ (103,569,887)	\$ 148,828,642	\$ 79,665,858

(Concluded)

Silicon Valley Clean Water
Combining Schedule of Cash Flows
Enterprise Funds
For the Fiscal Year Ended June 30, 2018

	Operating Reserve	Capital Improvement Program Reserve	Capital Improvements	Construction Stage 2
Cash Flows from Operating Activities:				
Cash received from member agencies	\$ -	\$ 987,391	\$ 2,667,505	\$ -
Cash paid to suppliers for goods and services and employees for services	(6,076)	(28,758)	-	(16,866)
Other cash received (paid)	-	-	6,810	-
Net Cash Provided (Used) by Operating Activities	(6,076)	958,633	2,674,315	(16,866)
Cash Flows from Capital and Related Financing Activities:				
Cash received from member agencies other than for services	-	-	(33,773)	461,215
Cash received from grants	-	-	-	-
Contributions (to) from other funds	(1,799)	11,249	(1,530,264)	72,024
Proceeds from capital debt - net	-	-	-	-
Interest paid on capital debt	-	-	-	-
Principal paid on capital debt	-	-	-	-
Cash received on the sale of capital assets	-	-	-	-
Purchases and construction of capital assets	-	-	(1,112,683)	(189)
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,799)	11,249	(2,676,720)	533,050
Cash Flows from Noncapital Financing Activities:				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	-	-	-	-
Cash Flows from Investing Activities:				
Noncash equivalent investments	(3,175,290)	(16,078,774)	-	(8,914,357)
Investment income	12,442	49,238	2,405	9,417
Net Cash Provided (Used) by Investing Activities	(3,162,848)	(16,029,536)	2,405	(8,904,940)
Net Increase (Decrease) in Cash and Cash Equivalents	(3,170,723)	(15,059,654)	-	(8,388,756)
Cash and Cash Equivalents Beginning	3,491,621	16,094,733	-	9,220,579
Cash and Cash Equivalents Ending	\$ 320,898	\$ 1,035,079	\$ -	\$ 831,823
Reconciliation of Operating Income (Loss) to Cash Flows Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ (6,076)	\$ 971,250	\$ 2,683,698	\$ (16,866)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	-	-	-	-
OPEB expense adjustment - GASB 75	-	-	-	-
Net change in:				
Accounts receivable	-	(12,617)	-	-
Employee notes receivable	-	-	-	-
Inventory	-	-	-	-
Prepaid expenses	-	-	-	-
Net OPEB asset	-	-	-	-
Deferred outflows of resources for benefits	-	-	-	-
Accounts payable	-	-	-	-
Accrued payroll and employee benefits	-	-	-	-
Unearned revenue	-	-	(9,383)	-
Deferred inflows of resources for benefits	-	-	-	-
Net pension liability	-	-	-	-
Net OPEB liability	-	-	-	-
Accrued compensated absences	-	-	-	-
Net Cash Provided (Used) by Operating Activities	\$ (6,076)	\$ 958,633	\$ 2,674,315	\$ (16,866)
Reconciliation of Cash and Cash Equivalents:				
Cash and investments	\$ 3,496,188	\$ 17,113,853	\$ -	\$ 9,746,180
Less: investments with original maturities in excess of three months	(3,175,290)	(16,078,774)	-	(8,914,357)
Cash and Cash Equivalents	\$ 320,898	\$ 1,035,079	\$ -	\$ 831,823
Noncash Transactions:				
Changes in fair values of investments	\$ (38,003)	\$ (182,335)	\$ -	\$ (126,116)
Noncash transfers of capital assets	\$ -	\$ -	\$ (1,317,071)	\$ -

(Continued)

Silicon Valley Clean Water
Combining Schedule of Cash Flows
Enterprise Funds
For the Fiscal Year Ended June 30, 2018

	Self Insurance	Recycled Water	Capital Improvement Program	Operation	Total
Cash Flows from Operating Activities:					
Cash received from member agencies	\$ -	\$ 219,254	\$ 17,394,642	\$ 23,062,231	\$ 44,331,023
Cash paid to suppliers for goods and services and employees for services	-	(217,555)	(579,702)	(23,088,697)	(23,937,654)
Other cash received (paid)	-	-	-	484,207	491,017
Net Cash Provided (Used) by Operating Activities	-	1,699	16,814,940	457,741	20,884,386
Cash Flows from Capital and Related Financing Activities:					
Cash received from member agencies other than for services	-	-	-	-	427,442
Cash received from grants	-	-	-	262,635	262,635
Contributions (to) from other funds	(57)	(1,749)	(783,491)	2,234,087	-
Proceeds from capital debt - net	-	-	157,358,353	19,961,131	177,319,484
Interest paid on capital debt	-	-	(9,799,025)	-	(9,799,025)
Principal paid on capital debt	-	-	(4,935,923)	(23,406,131)	(28,342,054)
Cash received on the sale of capital assets	-	-	-	41,996	41,996
Purchases and construction of capital assets	-	-	(37,413,028)	-	(38,525,900)
Net Cash Provided (Used) by Capital and Related Financing Activities	(57)	(1,749)	104,426,886	(906,282)	101,384,578
Cash Flows from Noncapital Financing Activities:					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	-	-	-	-	-
Cash Flows from Investing Activities:					
Noncash equivalent investments	-	-	(97,833,295)	-	(126,001,716)
Investment income	57	50	362,125	33,304	469,038
Net Cash Provided (Used) by Investing Activities	57	50	(97,471,170)	33,304	(125,532,678)
Net Increase (Decrease) in Cash and Cash Equivalents	-	-	23,770,656	(415,237)	(3,263,714)
Cash and Cash Equivalents Beginning	-	-	5,602,191	1,241,039	35,650,163
Cash and Cash Equivalents Ending	\$ -	\$ -	\$ 29,372,847	\$ 825,802	\$ 32,386,449
Reconciliation of Operating Income (Loss) to Cash Flows Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ (349)	\$ (21,152)	\$ 16,755,394	\$ (8,279,948)	\$ 12,085,951
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	-	-	-	8,836,703	8,836,703
OPEB expense adjustment - GASB 75	-	-	-	(3,686,613)	(3,686,613)
Net change in:					
Accounts receivable	-	-	(43,500)	(209,150)	(265,267)
Employee notes receivable	-	-	-	5,218	5,218
Inventory	-	-	-	(26,337)	(26,337)
Prepaid expenses	-	-	97,300	3,239	100,539
Net OPEB asset	-	-	-	2,641,436	2,641,436
Deferred outflows of resources for benefits	-	-	-	(2,201,005)	(2,201,005)
Accounts payable	349	24,873	-	42,861	68,083
Accrued payroll and employee benefits	-	-	5,746	204,645	210,391
Unearned revenue	-	(2,022)	-	1,572	(9,833)
Deferred inflows of resources for benefits	-	-	-	(109,126)	(109,126)
Net pension liability	-	-	-	2,225,236	2,225,236
Net OPEB liability	-	-	-	1,000,631	1,000,631
Accrued compensated absences	-	-	-	8,379	8,379
Net Cash Provided (Used) by Operating Activities	\$ -	\$ 1,699	\$ 16,814,940	\$ 457,741	\$ 20,884,386
Reconciliation of Cash and Cash Equivalents:					
Cash and investments	\$ -	\$ -	\$ 127,206,142	\$ 825,802	\$ 158,388,165
Less: investments with original maturities in excess of three months	-	-	(97,833,295)	-	(126,001,716)
Cash and Cash Equivalents	\$ -	\$ -	\$ 29,372,847	\$ 825,802	\$ 32,386,449
Noncash Transactions:					
Changes in fair values of investments	\$ -	\$ -	\$ 111,256	\$ (998)	\$ (236,196)
Noncash transfers of capital assets	\$ -	\$ -	\$ (2,652,773)	\$ 3,969,844	\$ -

(Concluded)

Silicon Valley Clean Water
Schedule of Analysis of Net Position
Supplemental Schedule (Unaudited)
For the Year Ended June 30, 2018

Fund / Location	Belmont	Redwood City	San Carlos	West Bay Sanitary District	Total
Operations (Fund 18)					
Balance at June 30, 2017	\$ 13,544,704	\$ 76,420,870	\$ 22,490,924	\$ 41,479,095	\$ 153,935,594
Member Agency Contributions	2,970,936	10,780,992	2,961,084	6,477,720	23,190,732
Other Miscellaneous Revenue	68,363	257,993	69,367	162,341	558,065
Grant Revenue	32,173	121,416	32,646	76,401	262,635
Unrealized Gain / (Loss) on Investments	(122)	(462)	(124)	(290)	(998)
Interest Income	3,473	19,867	5,848	10,778	39,966
Capitalized Projects Transferred from other Funds	375,150	1,928,153	601,034	1,065,506	3,969,844
Gain / (Loss) on Asset Disposal	(13,475)	(69,257)	(21,588)	(38,272)	(142,592)
Operating & Maintenance Costs	(2,947,089)	(11,121,954)	(2,990,393)	(6,998,435)	(24,057,871)
Depreciation Expenditures	(835,068)	(4,291,987)	(1,337,877)	(2,371,771)	(8,836,703)
Balance at June 30, 2018	<u>\$ 13,199,044</u>	<u>\$ 74,045,633</u>	<u>\$ 21,810,920</u>	<u>\$ 39,863,073</u>	<u>\$ 148,918,671</u>
Retiree Medical Health Benefits Reserve (Fund 12)					
Balance at June 30, 2017	\$ 341,688	\$ 1,229,179	\$ 406,687	\$ 752,466	\$ 2,730,021
Prior year restatement - GASB	(12,243)	(44,044)	(14,573)	(26,963)	(97,823)
OPEB Adjustments GASB 75	(439,627)	(1,659,099)	(446,087)	(1,043,980)	(3,588,793)
Contributions to Fund 12	100,607	379,679	102,085	238,911	821,283
Interest Income	91	329	109	201	730
OPEB Adjustments GASB 75 - Deferred Outflows	93,585	353,178	94,960	222,235	763,958
Expenditures	(88,127)	(332,582)	(89,422)	(209,276)	(719,408)
Balance at June 30, 2018	<u>\$ (4,026)</u>	<u>\$ (73,360)</u>	<u>\$ 53,759</u>	<u>\$ (66,404)</u>	<u>\$ (90,031)</u>
Capital Improvement Program Reserve (Fund 13)					
Balance at June 30, 2017	\$ 414,332	\$ 2,129,570	\$ 663,828	\$ 1,176,821	\$ 4,384,551
Member Contributions - Replacement Reserve	94,500	485,700	151,404	268,404	1,000,008
Change in Fair Value, Unrealized Gain/(Loss)	(17,231)	(88,560)	(27,605)	(48,939)	(182,335)
Fees	(2,718)	(13,968)	(4,354)	(7,719)	(28,758)
Interest Income	129	661	206	365	1,360
Interest Income - Distributed	21,755	111,814	34,854	61,789	230,213
Balance at June 30, 2018	<u>\$ 510,768</u>	<u>\$ 2,625,217</u>	<u>\$ 818,332</u>	<u>\$ 1,450,722</u>	<u>\$ 5,405,039</u>
Construction Stage 2 (Fund 15)					
Balance at June 30, 2017	\$ 529,824	\$ 7,157,907	\$ 2,083,198	\$ 3,803,549	\$ 13,574,478
Member Purchases of Capacity	-	-	-	-	-
Interest Income	58	780	227	414	1,479
Interest Income - Distributed	12,668	65,109	20,296	35,982	134,054
Interest / (Unrealized Loss) Investments	(11,918)	(61,255)	(19,094)	(33,850)	(126,116)
Fees	(1,594)	(8,192)	(2,553)	(4,527)	(16,865)
Capitalized Projects Transferred to Fund 18	-	-	-	-	-
Balance at June 30, 2018	<u>\$ 529,038</u>	<u>\$ 7,154,350</u>	<u>\$ 2,082,073</u>	<u>\$ 3,801,569</u>	<u>\$ 13,567,030</u>
Self Insurance (Fund 16)					
Balance at June 30, 2017	\$ 22,651	\$ 88,306	\$ 37,888	\$ 63,498	\$ 212,342
Interest Income	6	24	10	17	57
Expenses / Claims	(44)	(161)	(43)	(101)	(350)
Balance at June 30, 2018	<u>\$ 22,613</u>	<u>\$ 88,168</u>	<u>\$ 37,855</u>	<u>\$ 63,413</u>	<u>\$ 212,050</u>
Operating & Capital Reserve (Fund 17)					
Balance at June 30, 2017	\$ 758,757	\$ 3,310,786	\$ 860,269	\$ 1,794,671	\$ 6,724,483
Member Contributions	-	-	-	-	-
Unrealized Gain / (Loss) on Investment	(4,655)	(17,569)	(4,724)	(11,055)	(38,003)
Fees	(744)	(2,809)	(755)	(1,767)	(6,075)
Interest Income - Distributed	4,698	24,145	7,526	13,343	49,712
Interest Income	83	361	94	196	733
Balance at June 30, 2018	<u>\$ 758,137</u>	<u>\$ 3,314,915</u>	<u>\$ 862,410</u>	<u>\$ 1,795,387</u>	<u>\$ 6,730,849</u>

Continued

Silicon Valley Clean Water
Schedule of Analysis of Net Position
Supplemental Schedule (Unaudited)
For the Year Ended June 30, 2018

Fund / Location	Belmont	Redwood City	San Carlos	West Bay Sanitary District	Total
Revenue-Funded Capital Improvements (Fund 14)					
Balance at June 30, 2017	\$ 731,364	\$ 3,545,318	\$ 840,097	\$ 2,006,842	\$ 7,123,621
Member Contributions - Pay go capital projects	252,972	1,300,164	405,276	718,476	2,676,888
Miscellaneous Revenue (Expense)	643	3,307	1,031	1,828	6,809
Interest Income	227	1,169	364	646	2,406
Capitalized Projects transferred to Fund 18	(124,463)	(639,702)	(199,405)	(353,502)	(1,317,071)
Balance at June 30, 2018	<u>\$ 860,743</u>	<u>\$ 4,210,257</u>	<u>\$ 1,047,363</u>	<u>\$ 2,374,290</u>	<u>\$ 8,492,653</u>
Recycled Water (Fund 19)					
Balance at June 30, 2017	\$ -	\$ 20,585	\$ -	\$ -	\$ 20,585
Interest Income	-	50	-	-	50
RWC Recycled Water O&M Contributions	-	221,276	-	-	221,276
RWC Recycled Water O&M Expenditures	-	(242,429)	-	-	(242,429)
Balance at June 30, 2018	<u>\$ -</u>	<u>\$ (517)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (517)</u>
Plant Capital Improvement Program (Fund 20)					
Balance at June 30, 2017	4,607,810	(54,039,339)	(20,542,682)	(37,052,837)	\$ (107,027,048)
Revenues:					
Contributions to Debt Service	178,425	7,310,193	2,270,872	3,983,398	13,742,888
Cash Contributions in lieu of Debt	3,695,254	-	-	-	3,695,254
Unrealized Gain (Loss)	10,514	54,037	16,844	29,861	111,256
Interest on Trustee Reserves	1,351	136,309	42,501	74,410	254,571
Interest on Cash Contributions	3,533	(7,046)	(2,914)	(5,236)	(11,663)
Capitalized Projects Transferred to Fund 18	(250,687)	(1,288,452)	(401,630)	(712,004)	(2,652,773)
Interest Expense	(57,939)	(5,845,630)	(1,822,651)	(3,191,071)	(10,917,292)
Other Expenses	(4,060)	(409,660)	(127,731)	(223,629)	(765,080)
Balance at June 30, 2018	<u>\$ 8,184,201</u>	<u>\$ (54,089,588)</u>	<u>\$ (20,567,391)</u>	<u>\$ (37,097,108)</u>	<u>\$ (103,569,886)</u>
TOTAL NET POSITION - June 30, 2018	\$ 24,060,518	\$ 37,275,076	\$ 6,145,323	\$ 12,184,942	\$ 79,665,858

Concluded

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OTHER INDEPENDENT AUDITOR'S REPORT



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Commission
Silicon Valley Clean Water

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Silicon Valley Clean Water (SVCW) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise SVCW's basic financial statements, and have issued our report thereon dated November 11, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered SVCW's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SVCW's internal control. Accordingly, we do not express an opinion on the effectiveness of SVCW's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether SVCW's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

C & A LLP

November 11, 2018
San Jose, California

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AGENDA ITEM 7E

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**SCADA/AUTO RESPONSE TO PLANT ALARM CONDITIONS (CIP #8023)
APPROVAL OF MASTER SERVICE AGREEMENT AND PURCHASE ORDER
(ACCESS COMMUNICATIONS, INC.)**

ISSUE

Approval of Master Services Agreement and Purchase Order for Access Communications, Inc. for computer network infrastructure enhancements.

BACKGROUND

On August 27, 2018, the Plant SCADA network lost communication due to a distribution switch failure. This communication failure resulted in loss of visibility of process operations in the control room, although the plant continued to operate via the network of programmable logic controllers (PLCs) (field-level devices that contain programming for each process area).

Another impact of the communication failure was that permit-required data was not collected by the SCADA database (called SCADA iHistorian). During the communication failure, the plant operators operated the plant in manual mode performing visual inspections and running permit-required tests. The most critical permit-required test is for chlorine residual in the effluent. This test is typically run automatically but, in this period of time, Operators collected and analyzed required Total Chlorine Residual samples on the final effluent to ensure no chlorine residual was discharged.

The incident did not result in any permit violations, however, it was reported to the Regional Water Quality Control Board in September via the monthly report.

Using SVCW staff and consultants, the system was patched to temporarily restore communication. During this work effort, the team identified a system issue that prevented the backup SCADA systems to take over communications.

The solution to the deficiency included replacing the failed distribution switch and placing new fiber optic cables to replace some existing damaged cables and to add redundancy. In addition to this physical improvement, SVCW has engaged its SCADA and automation consulting firm to perform an independent audit of the network configuration and make recommendations to ensure robust and reliable operation of the system.

CIP Project #8023, SCADA/Auto Response to Plant Alarm Conditions, was created in 2008 to improve the reliability of the SCADA system and the plant processes. It has been used over the life of the CIP to fund efforts towards improving the SCADA system reliability.

DISCUSSION

Access Communications, Inc is a professional technology infrastructure firm that SVCW has used often to design and install improvements to our network infrastructure. They were asked to assess the fiber optic needs and a proposal from them was received to pull the fibers needed to establish new communication paths and increase the redundancy of

Report By: K.H.

7E-1

the system. The total amount of their work effort is not-to-exceed \$80,000; work will be billed on a time and expense basis.

FINANCIAL IMPACT

CIP Project #8023 has a total budget of \$709,762, with \$483,313 remaining to be spent.

RECOMMENDATION

Move adoption of RESOLUTION APPROVING MASTER SERVICES AGREEMENT FOR COMPUTER NETWORK INFRASTRUCTURE ENHANCEMENTS AND APPROVAL OF PURCHASE ORDER SCOPE AND BUDGET FOR FIBER OPTIC DESIGN AND INSTALLATION 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 – ACCESS COMMUNICATIONS, INC.

AGENDA ITEM 7F

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**CONSIDERATION TO CHANGE COMMISSION MEETING DAY,
REVISION TO ADMINISTRATIVE POLICY 1980-01 AND MERGE LANGUAGE OF
ADMINISTRATIVE POLICY 1987-04 INTO 1980-01**

ISSUE

Approve Change to the Regular Day of the Monthly SVCW Commission Meeting, Revise Administrative Policy 1980-01 to Change the Regular Day of the Monthly SVCW Commission Meetings and Merge Language from Administrative Policy 1987-04 into 1980-01

BACKGROUND

SVCW Administrative Policy 1980-01 refers to the day and time of the meetings. Administrative Policy 1987-04 refers to the day of the meetings and describes procedures for implementing the Brown Act.

The regular meetings of the SVCW Commission have been held at 8:00 a.m. on the second Thursday of each month. The day and time of regular meetings are established by Commission resolution pursuant to the SVCW Bylaws.

DISCUSSION

Beginning in January 2019, two members of the Commission will change due to recent elections in the respective member agency jurisdictions. The meeting day of the second Thursday of each month of 8:00 a.m. is not a convenient time for one or more of the Commissioners and it has been proposed to change the meeting day to the third Monday of each month at the same time (8:00 a.m.) If the Commission desires to change the day or time of its meetings, the Administrative Policy, which references the day and time of Commission meetings, must be amended to correspond to that change via Commission resolution. It is recommended that Administrative Policy 1980-01, Preparation of Commission Agenda, be revised to refer to the adopted resolution and not to reference the day and time of the meetings specifically. It is generally not recommended to list the same information in multiple locations as this can lead to mistakes by omitting a change in one or more of the multiple locations.

Administrative Policy 1987-04 describes procedures for implementing the Brown Act and also references the day of the regular meetings (second Thursday). It is recommended that the pertinent language in this policy be merged into Administrative Policy 1980-01 and this policy number be retired. Having Commission meeting protocols in a single policy location enables interested parties to access pertinent information readily.

The SVCW Manager recommends approval of SVCW Administrative Policy 1980-01, Revision D, dated December 6, 2018. A copy of the policy is attached to this staff report. A copy of Policy 1987-04 is also attached to this staff report for reference.

FINANCIAL IMPACT

There are no direct financial impacts to this action.

RECOMMENDATION

- i. Move adoption of RESOLUTION ESTABLISHING DAY, TIME AND PLACE OF REGULAR MEETINGS OF THE COMMISSION OF SILICON VALLEY CLEAN WATER AND RESCINDING RESOLUTION NO. SVCW 16-08
- ii. Move adoption of RESOLUTION APPROVING AND ADOPTING REVISION D TO ADMINISTRATIVE POLICY 1980-01 ESTABLISHING COMMISSION AGENDA PREPARATION PROCEDURE AND IMPLEMENTATION OF BROWN ACT AND RESCINDING ADMINISTRATIVE POLICY 1987-04

ADMINISTRATIVE POLICY NO. 1980-01 ——— Approved by: _____

Rev: **DC** ———

Rev. Date: **02/11/2016**~~12/06/2018~~

Issue Date: 10/17/80

Approved by Commission at Meeting of ~~February 11, 2016~~December 6, 2018 by Resolution SVCW No. ~~18-xx 16-08 and 16-09~~

SUBJECT: Preparation of Silicon Valley Clean Water Commission Agenda and Procedures for Implementing Brown Act

REFERENCE:

Article II, Section 5(c) of the bylaws of the South Bayside System Authority as adopted by Resolution No. SBSA 75-2; Ralph M. Brown Act ("Brown Act"), Government Code sections 54950-54963.

PURPOSE:

The purpose of this policy is to establish a systematic approach to the preparation of the agenda for the monthly meetings of the Commission of Silicon Valley Clean Water and to establish and adopt the procedures to implement certain requirements of the Brown Act.

RESPONSIBILITY:

The preparation of the agenda is the responsibility of the SVCW Manager. It will be the responsibility of the Manager and the Department Managers to ensure that items for inclusion in the agenda are submitted by the time and in the manner established by this policy.

REQUIREMENTS:

The Commission of Silicon Valley Clean Water holds its regular meetings as adopted by Resolution at a regular or special Commission meeting. on the second (2nd) Thursday of each month Meetings will be held at the Authority's offices located at 1400 Radio Road, Redwood City, CA. The Commission may also hold special meetings as determined by the Chair of the Commission or by the Commission, at the dates, times and places designated thereby.

All meetings of the Commission are open to the public and public comment is solicited. Certain exceptions listed in the next section permitting the Commission to meet in closed session.

The Ralph M. Brown Act, as amended, (Gov't. Code: §§54950, et seq.) requires that an agenda be posted in a location that is freely accessible to members of the public at least 72 hours before each regular meeting and 24 hours before each special meeting.

Closed Sessions:

The Commission of SVCW is permitted to meet in closed session on, among other matters, the following: Personnel, Labor Negotiations, Real Property Negotiations and Pending Litigation.

When a closed session is scheduled it must appear as such on the agenda citing the reason for which it was called.

When calling a closed session for the discussion of pending litigation, the agenda must cite the specific subdivision of Government Code Section 54956.9 that describes the status of the case being considered:

54956.9(d)(1) - Litigation that has been initiated formally and to which SVCW is a party.

54956.9(d)(2) - A point has been reached where, on the advice of legal counsel, there is a significant exposure to litigation against SVCW.

54956.9(d)(3) - Based on existing facts and circumstances the Commission is meeting only to decide whether a closed session is authorized pursuant to paragraph (2).

54956.9(d)(4) - Based on existing facts and circumstances the Commission has decided to or is deciding whether to initiate litigation.

PROCEDURE:

The Commission of Silicon Valley Clean Water ~~holds meetings on the second (2nd) Thursday of each month~~ as established by Resolution adopted by the Commission. All items proposed for consideration at the Commission meeting shall be submitted to the Administrative Assistant assigned to support the Commission and the SVCW Manager on or before ~~the last Wednesday of the month~~ twenty (20) calendar days preceding the upcoming meeting. A draft agenda will be prepared for the review and approval of the Commission Chair on or before ~~the first Monday of the month~~ ten days (10) preceding the upcoming meeting. SVCW General Counsel will review all agenda item descriptions and approve actions for legal compliance.

Upon approval of the SVCW Commission Chair, the agenda will be finalized and mailed no later than ~~the Friday~~ five calendar days preceding the Commission meeting. The agenda will be distributed per the attached mailing list which is a part of this policy. The mailing list may be amended from time to time upon the approval of the SVCW Manager.

The agenda must be posted on the front window of the SVCW Plant Control and Administration Building, visible from the outside, as well as on the SVCW website in accordance with Brown Act requirements, no later than ~~the Friday~~ five calendar days preceding the Commission meeting.

Format:

A sample agenda is attached for reference and is a part of this policy. The agenda items will generally be organized in the same order for regular meetings unless a closed session is scheduled at the beginning of the meeting. Such a closed session, citing the reason, would then become item #4 and all other items will follow in the same order and be numbered sequentially. The SVCW Manager may alter the order of the agenda to better meet the needs of the Commission, the Public or SVCW if deemed necessary and with the approval of the Commission Chair.

Each month the agenda shall be updated to show the date of the meeting for which it is being issued, the date of the meeting for which the minutes are included, and the current period covered by the Schedule of Demands Paid.

The balance of the agenda will vary in length and detail depending on the business to be presented to the Commission.

Conduct of Meeting to Conform to Brown Act Requirements:

1. Consistent with the Brown Act, the Commission shall take no action on any matter not appearing on its posted agenda unless it makes one of the findings authorizing it to do so. Thus, unless an emergency exists or the need to take action arose after posting the agenda, the Commission will not discuss or vote open any item raised by any member of the public or any of its own members unless the item appears on its posted agenda. An item raised during a meeting of the Commission that does not appear on its posted agenda may be placed on a future agenda for action.

2. Any person, including any member of the public or of the Commission, may request that an item be placed on the agenda for the Commission by writing to the Manager at Silicon Valley Clean Water, 1400 Radio Road, Redwood City, CA 94065. The letter must reach the Authority no later than ten (10) calendar days preceding the next regularly scheduled meeting.

3. All persons wishing to address the Commission during the Public Comment portion of its meeting shall limit their comments to three minutes.

4. The total time devoted to the Public Comment portion of the Commission meeting shall not exceed fifteen minutes. Any person wishing to speak at the meeting who is unable to do so as a result of this time limit shall be granted the first right to address the Commission at its next meeting.

Distribution of Agenda:

Full Agenda Packet to:

Each SVCW Commissioner
SVCW Manager
SVCW Dept. Managers
SVCW General Counsel
SVCW Controller/~~Treasurer~~
Redwood City, City Manager
Redwood City, Dir. Pub. Works
~~Redwood City, Finance Department—~~
~~Redwood City, Manager, Engineering~~
San Carlos City Manager
~~San Carlos, City Engineer—~~
~~San Carlos, City Finance Director~~

Agenda Only:

SVCW Workgroup

Agenda or Minutes to any organization or individual requesting.

Belmont, City Manager

West Bay SD Manager

Belmont, Finance Director

Belmont, Director of Public Works/City Eng.

Belmont, City Clerk

West Bay SD District Manager

Brown and Caldwell, Aren Hansen

Collaborative Strategies, Bob Donaldson

Tanner Pacific, Bill Tanner and Joe Covello

The Sandul Company, Duane Sandul

Kennedy Jenks-, Mark Minkowski

West Yost Associates, Roanne Ross

Sample Agenda, Administrative Policy 1980-01, Rev. DC

**COMMISSION OF SILICON VALLEY CLEAN WATER
JOINT POWERS AUTHORITY
REGULAR MEETING – Day of Week, Month Day, Year
time a.m./p.m.**

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

COMMISSIONERS

COUNCIL MEMBER JOHN SEYBERT, REDWOOD CITY – CHAIR
COUNCIL MEMBER WARREN LIEBERMAN, PhD., BELMONT – VICE CHAIR
BOARD MEMBER GEORGE S. OTTE, WEST BAY SANITARY DISTRICT – MEMBER
MAYOR ROBERT GRASSILLI, SAN CARLOS – SECRETARY

MANAGER: TERESA A. HERRERA

AUTHORITY GENERAL COUNSEL: CHRISTINE C. FITZGERALD

CONTROLLER: KIMBRA MCCARTHY

TREASURER: MATT HEW 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 (verbal)**
- C. Financial Reports**
 - 1. Investment Report**
- D. Engineering Projects – Status Update**
- E. Commission Requested Action Items**
- F. RESCU Program Update**

6. MATTERS OF COMMISSION MEMBER'S INTEREST

7. CONSENT CALENDAR

8. ACTION ITEMS

A. CONSIDERATION OF RESOLUTION OR MOTION

Proposed Actions: Move approval of a Motion or Move adoption of a Resolution

9. CLOSED SESSION

10. RECONVENE IN OPEN SESSION

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 – Date of Meeting(s)

| B. CONSIDERATION OF MOTION APPROVING CLAIMS AND CHECKS DATED ____ AND-____
NECESSARY PAYMENTS THROUGH ____

C. CONSIDERATION OF RESOLUTION

| Proposed Action: Move adoption of

D. CONSIDERATION OF MOTION

| Proposed Action: Move approval of



REV: A

REV DATE: 08/23/2010

ISSUE DATE: 7/15/87

Approved by Commission at meeting of July 15, 1987

SUBJECT: PROCEDURES FOR IMPLEMENTATION OF THE BROWN ACT FOR THE MEETINGS OF THE COMMISSION OF THE SOUTH BAYSIDE SYSTEM AUTHORITY

PURPOSE:

The purpose of this policy is to establish and adopt the procedures to implement certain requirements of the Brown Act.

PROCEDURE:

1. The agenda for the monthly meeting of the Commission of the South Bayside System Authority will be posted at the lobby of the Authority's offices at least 72 hours before each regular meeting.
2. All persons wishing to address the Commission during the Public Comment portion of its meeting shall limit their comments to five minutes.
3. The total time devoted to the Public Comment portion of the Commission meeting shall not exceed fifteen minutes. Any person wishing to speak at the meeting who is unable to do so as a result of this time limit shall be granted the first right to address the Commission at its next meeting.
4. Consistent with the Brown Act, the Commission shall take no action on any matter not appearing on its posted agenda unless it makes one of the findings authorizing it to do so. Thus, unless an emergency exists or the need to take action arose after posting the agenda, the Commission will not discuss or vote open any item raised by any member of the public or any of its own members unless the item appears on its posted agenda. An item raised during a meeting of the Commission that does not appear on its posted agenda may be placed on a future agenda for action.
5. Any person, including any member of the public or of the Commission, may request that an item be placed on the agenda for the Commission by writing to the Support Services Manager at the South Bayside System Authority, 1400 Radio Road, Redwood City, CA 94065. The letter must reach the Authority no later than ten (10) days preceding the next regularly scheduled meeting.
6. The regular meetings of the Commission shall normally be held on the second Thursday of each month and shall be held in the Conference Room of the Authority's offices.

AGENDA ITEM 8A

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**GRAVITY PIPELINE PROJECT (CIP #6008)
RESOLUTION OF NECESSITY
SUBSURFACE EASEMENT FROM PROPERTY LOCATED AT
930 GOVERNOR'S BAY DRIVE, REDWOOD CITY**

ISSUE

Consideration of Resolution of Necessity authorizing eminent domain proceedings for the acquisition of a subsurface easement from property located at 930 Governor's Bay Drive, Redwood City (APN 095-380-210) for the Gravity Pipeline Project.

BACKGROUND

This Commission previously approved SVCW's Regional Environmental Sewer Conveyance Upgrade (RESCU) Program (formerly known as the *Wastewater Conveyance System and Treatment Plant Reliability Improvement Project*) and certified the Program's Final Environmental Impact Report (FEIR). The objectives of the Program are:

- Replace the existing wastewater infrastructure and other improvements to the conveyance system to ensure reliable operation of the overall wastewater conveyance system in accordance with San Francisco Bay RWQCB NPDES permit conditions.
- Reduce the likelihood of spills and discharges of untreated sewage to the surrounding environment, which has occurred numerous times with the existing 45-year old concrete sewer force main that operates above its design pressure.
- Implement a Project that minimizes adverse environmental effects, adverse impacts to public health and private property owners, utility interference and disruption during construction, and short-term and long-term costs.
- Improve plant process reliability and increase operational readiness.
- Meet future regulatory requirements imposed by the RWQCB for nutrients discharged into the San Francisco Bay.

The Program includes conveyance system improvements to transport wastewater from member agencies' collection systems to the SVCW wastewater treatment plant. A major component of the conveyance system is the Gravity Pipeline Project ("Project") to be constructed by tunneling methods from the north edge of Inner Bair Island to new Front of Plant facilities at the treatment plant. The Project involves the installation of a sub-surface gravity flow water pipeline by tunneling between forty and sixty feet below the existing ground surface. The majority of the Project will be entirely beneath public rights-of-way. However, in a few locations, the alignment will cross underneath privately-owned property which requires that SVCW acquire subsurface easements from the property owners for the purpose of installing, operating and maintaining an underground pipeline by sub-surface tunneling. The Project requires a total of four (4) subsurface easements from private owners.

For well over the past year, SVCW staff has been in contact with the property owners, apprising them of the Project and the need for the subsurface easements. More recently,

SVCW staff has been actively engaged in negotiations with all of the owners for the purpose of acquiring the easements. In fact, one of the four easements has already been acquired. To date, however, staff has been unable to reach agreement with the remaining three owners. As such, and in order to maintain the Project schedule, it is now necessary to move forward to acquire the easements through the condemnation process should negotiations fail.

DISCUSSION

The Project requires a 280 square feet permanent subsurface easement from a 0.11-acre single family residential property owned by Herman Young and Jaime Leung in Redwood Shores. The subsurface easement generally runs along the perimeter of the residence's backyard and overlaps an existing 10-foot-wide underground sanitary sewer easement in favor of Redwood City. There are no surface rights being acquired and there will be no surface access or disturbance whatsoever. The easement is for exclusive rights to the subsurface volume to 45' to 70' below the ground level and will not interfere with or restrict the owner's use of the surface or subsurface lying above the easement. The easement does not negatively impact the physical use of the use of the property as a single- family residence. Additionally, the entire easement is within building setbacks, although the subsurface limitations will not affect the surface rights of the property. The limitations on surface uses in the after condition are unchanged from the before condition.

In order to acquire private property for a public project, the law requires that SVCW make an offer to the owner to purchase the easement for the amount established as just compensation. (Government Code §§7260-7277.) Based upon valuation assessments of the subsurface easement, SVCW established an amount of just compensation and offered to purchase the easement from the owner based thereon. As part of its offer to purchase, SVCW also offered to reimburse the owners to obtain an independent appraisal as required by the Eminent Domain Law. (Code of Civil Procedure §1263.025.)

PUBLIC HEARING

The Eminent Domain Law requires that the Commission adopt a Resolution of Necessity determining that the public interest and necessity require the acquisition of property and directing the filing of eminent domain action at a properly noticed public hearing. Written notice of the hearing must be sent by first class mail to each person whose property is to be acquired (and whose name and address appears on the last equalized county assessment roll) of the Commission's intention to consider adoption of the Resolution of Necessity. A Notice that the Commission's hearing will take place on December 6, 2018 was mailed and emailed to the property owners Herman H. Young and Jaime S. Leung on November 14, 2018. By email to SVCW's Manager dated November 20, 2018, the owners have requested to appear and be heard at the hearing

At the hearing, the Commission will hear all persons whose property is to be acquired speak in relation to the adoption of the Resolution of Necessity and the filing of the eminent domain action to acquire the property interest. This is not a public hearing in the sense that members of the general public are permitted to speak; rather, the Commission

is only required to hear those persons to whom the Notice of Hearing has been mailed and who have filed a timely request to be heard as specified in the Notice.

The only issues that the owners may speak to are as follows:

- a. Whether the public interest and necessity require the project;
- b. Whether the project is planned and located in the manner that would be most compatible to the greatest public good and the least private injury;
- c. Whether the property sought to be acquired is necessary for the project; and,
- d. Whether the offer of compensation required by Government Code Section 7267.2 has been given to the owner.

The above are the only four matters that may be discussed by the Commission. There can be no testimony or discussion as to the value of the property or the basis of the valuation or whether a fair offer has been made to the property owner.

For purposes of fulfilling the above four findings, the Commission must determine that the public interest and necessity require the Project and the acquisition of the subsurface easement is necessary for the Project. Here, the Project is for an obvious accepted public use, namely, sanitary sewer purposes, and SVCW has the power and statutory authority to acquire property by eminent domain for such purposes. (Code of Civil Procedure Sections 1240.010 - 1240.700; Government Code Section 6508; SVCW *Joint Exercise of Powers Agreement*, Section 4.3, subd. (d).) Moreover, the statutory offer to purchase the easement required by Government Code section 7267.2 has been made to the owners of record, along with the offer to reimburse the owner for appraisal costs as required under Code of Civil Procedure Section 1268.025.¹ Therefore, all four findings can be met and made. A 2/3rds weighted vote count (67%) is required to adopt the Resolution.

If the Resolution is adopted, eminent domain proceedings may be filed in the superior court. Adopting the Resolution does not preclude SVCW from continuing negotiations with the property owners for acquisition of the easement and staff will continue its efforts to acquire the easement. In that manner, staff would hope to minimize, if not eliminate, the expense and effort involved in litigation to both SVCW and the owners.

ADMINISTRATIVE RECORD

In addition to this staff report and the supporting documentation referred to herein, along with the Resolution of Necessity, other matters having been made available, relied upon and made a part of the administrative record herein include: all reports, studies, decisions

¹ SVCW staff sent the statutory offer to the owners on five (5) separate occasions: on **9/17/18** via certified mail, return receipt requested, to the address of record for the property (930 Governors Bay Drive), which was eventually returned marked "unclaimed"; on **10/4/18**, via first class mail, to the address of record; on **10/18/18**, via email to Herman Young; on **10/26/18** via Federal Express to the address of record which was delivered on 10/31/18; on **11/13/18** mailed via first class to the address of record.

and writings pertaining to the RESCU Program and the Gravity Pipeline Project which are on file with the Authority and incorporated herein by this reference (including but not limited to the certified Final EIR (Resolution SVCW No. 17-11) and all such materials contained on the Authority's website regarding the RESCU Program and the Gravity Pipeline Project.

FINANCIAL IMPACT

The acquisition of private easements are funded by CIP #6008, Gravity Pipeline project which has an allocated cost of \$312 million. Approximately \$85 million has been expended to date. Should eminent domain proceedings be required to acquire the property, costs involved would be primarily for legal actions and could be in range of \$100,000 to \$150,000.

RECOMMENDATION

- Open Public Hearing and Receive Testimony
- Close Public Hearing
- i. Move adoption of RESOLUTION OF THE COMMISSION OF SILICON VALLEY CLEAN WATER DECLARING THE NECESSITY FOR AND AUTHORIZING THE ACQUISITION OF CERTAIN INTERESTS IN REAL PROPERTY BY EMINENT DOMAIN PROCEEDINGS FOR THE REGIONAL ENVIRONMENTAL SEWER CONVEYANCE UPGRADE PROGRAM GRAVITY PIPELINE PROJECT (APN 095-380-210 YOUNG/LEUNG) (2/3rds weighted vote count required)

AGENDA ITEM 8B

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**GRAVITY PIPELINE PROJECT (CIP #6008)
RESOLUTION OF NECESSITY
SUBSURFACE EASEMENT FROM PROPERTY LOCATED AT
928 GOVERNOR'S BAY DRIVE, REDWOOD CITY**

ISSUE

Consideration of Resolution of Necessity authorizing eminent domain proceedings for the acquisition of a subsurface easement from property located at 928 Governor's Bay Drive, Redwood City (APN 095-380-220) for the Gravity Pipeline Project.

BACKGROUND

This Commission previously approved SVCW's Regional Environmental Sewer Conveyance Upgrade (RESCU) Program (formerly known as the *Wastewater Conveyance System and Treatment Plant Reliability Improvement Project*) and certified the Program's Final Environmental Impact Report (FEIR). The objectives of the Program are:

- Replace the existing wastewater infrastructure and other improvements to the conveyance system to ensure reliable operation of the overall wastewater conveyance system in accordance with San Francisco Bay RWQCB NPDES permit conditions.
- Reduce the likelihood of spills and discharges of untreated sewage to the surrounding environment, which has occurred numerous times with the existing 45-year old concrete sewer force main that operates above its design pressure.
- Implement a Project that minimizes adverse environmental effects, adverse impacts to public health and private property owners, utility interference and disruption during construction, and short-term and long-term costs.
- Improve plant process reliability and increase operational readiness.
- Meet future regulatory requirements imposed by the RWQCB for nutrients discharged into the San Francisco Bay.

The Program includes conveyance system improvements to transport wastewater from member agencies' collection systems to the SVCW wastewater treatment plant. A major component of the conveyance system is the Gravity Pipeline Project ("Project") to be constructed by tunneling methods from the north edge of Inner Bair Island to new Front of Plant facilities at the treatment plant. The Project involves the installation of a sub-surface gravity flow water pipeline by tunneling between forty and sixty feet below the existing ground surface. The majority of the Project will be entirely beneath public rights-of-way. However, in a few locations, the alignment will cross underneath privately-owned property which requires that SVCW acquire subsurface easements from the property owners for the purpose of installing, operating and maintaining an underground pipeline by sub-surface tunneling. The Project requires a total of four (4) subsurface easements from private owners.

For well over the past year, SVCW staff has been in contact with the property owners, apprising them of the Project and the need for the subsurface easements. More recently, staff has been actively engaged in negotiations with all of the owners for the purpose of

acquiring the easements. In fact, one of the four easements has already been acquired. To date, however, staff has been unable to reach agreement with the remaining three owners. As such, and in order to maintain the Project schedule, it is now necessary to move forward to acquire the easements through the condemnation process should negotiations fail.

DISCUSSION

The Project requires a 245 square foot permanent subsurface easement from a 0.11-acre single family residential property in Redwood Shores owned by Philip Lau and Quina Chang. The subsurface easement is generally located within the northwesterly corner of the residence's front yard and overlaps an existing 10-foot-wide underground sanitary sewer easement in favor of Redwood City. There are no surface rights being acquired and there will be no surface access or disturbance whatsoever. The easement is for exclusive rights to the subsurface volume to 45' to 70' below the ground level and will not interfere with or restrict the owner's use of the surface or subsurface lying above the easement. The easement does not negatively impact the physical use of the use of the property as a single- family residence. Additionally, the owner maintains the same surface rights in the after condition as in the before condition.

In order to acquire private property for a public project, the law requires that SVCW make an offer to the owner to purchase the easement for the amount established as just compensation. (Government Code §§7260-7277.) Based upon valuation assessments of the subsurface easement, SVCW established an amount of just compensation and offered to purchase the easement from the owner based thereon. As part of its offer to purchase, SVCW also offered to reimburse the owners to obtain an independent appraisal as required by the Eminent Domain Law. (Code of Civil Procedure §1263.025.)

PUBLIC HEARING

The Eminent Domain Law requires that the Commission adopt a Resolution of Necessity determining that the public interest and necessity require the acquisition of property and directing the filing of eminent domain action at a properly noticed public hearing. Written notice of the hearing must be sent by first class mail to each person whose property is to be acquired (and whose name and address appears on the last equalized county assessment roll) of the Commission's intention to consider adoption of the Resolution of Necessity. A Notice that the Commission's hearing will take place on December 6, 2018 was mailed to the property owners Philip Lau and Quina Chang on November 14, 2018 and emailed on November 15, 2018. By letter dated November 18, 2018, the owners have notified the SVCW Manager that a representative will attend the hearing.

At the hearing, the Commission will hear all persons whose property is to be acquired speak in relation to the adoption of the Resolution of Necessity and the filing of the eminent domain action to acquire the property interest. This is not a public hearing in the sense that members of the general public are permitted to speak; rather, the Commission is only required to hear those persons to whom the Notice of Hearing has been mailed and who have filed a timely request to be heard as specified in the Notice.

The only issues that the owners may speak to are as follows:

- a. Whether the public interest and necessity require the project;
- b. Whether the project is planned and located in the manner that would be most compatible to the greatest public good and the least private injury;
- c. Whether the property sought to be acquired is necessary for the project; and,
- d. Whether the offer of compensation required by Government Code Section 7267.2 has been given to the owner.

The above are the only four matters that may be discussed by the Commission. There can be no testimony or discussion as to the value of the property or the basis of the valuation or whether a fair offer has been made to the property owner.

For purposes of fulfilling the above four findings, the Commission must determine that the public interest and necessity require the Project and the acquisition of the subsurface easement is necessary for the Project. Here, the Project is for an obvious accepted public use, namely, sanitary sewer purposes, and SVCW has the power and statutory authority to acquire property by eminent domain for such purposes. (Code of Civil Procedure Sections 1240.010 - 1240.700; Government Code Section 6508; SVCW *Joint Exercise of Powers Agreement*, Section 4.3, subd. (d).) Moreover, the statutory offer to purchase the easement required by Government Code section 7267.2 has been made to the owners of record, along with the offer to reimburse up to \$5,000 in appraisal costs as required under Code of Civil Procedure Section 1268.025. Therefore, all four findings can be met and made. A 2/3rds weighted vote count (67%) is required to adopt the Resolution.

If the Resolution is adopted, eminent domain proceedings may be filed in the superior court. Adopting the Resolution does not preclude SVCW from continuing negotiations with the property owners for acquisition of the easement and staff will continue its efforts to acquire the easement. In that manner, staff would hope to minimize, if not eliminate, the expense and effort involved in litigation to both SVCW and the owners.

ADMINISTRATIVE RECORD

In addition to this staff report and the supporting documentation referred to herein, along with the Resolution of Necessity, other matters having been made available, relied upon and made a part of the administrative record herein include: all reports, studies, decisions and writings pertaining to the RESCU Program and the Gravity Pipeline Project which are on file with the Authority and incorporated herein by this reference (including but not limited to the certified Final EIR (Resolution SVCW No. 17-11) and all such materials contained on the Authority's website regarding the RESCU Program and the Gravity Pipeline Project.

FINANCIAL IMPACT

The acquisition of private easements are funded by CIP #6008, Gravity Pipeline project which has an allocated cost of \$312 million. Approximately \$85 million has been expended to date. Should eminent domain proceedings be required to acquire the

property, costs involved would be primarily for legal actions and could be in range of \$100,000 to \$150,000.

RECOMMENDATION

- Open Public Hearing and Receive Testimony
- Close Public Hearing
- i. Move adoption of RESOLUTION OF THE COMMISSION OF SILICON VALLEY CLEAN WATER DECLARING THE NECESSITY FOR AND AUTHORIZING THE ACQUISITION OF CERTAIN INTERESTS IN REAL PROPERTY BY EMINENT DOMAIN PROCEEDINGS FOR THE REGIONAL ENVIRONMENTAL SEWER CONVEYANCE UPGRADE PROGRAM GRAVITY PIPELINE PROJECT (APN 095-380-220 LAU/CHANG) (2/3rds weighted vote count required)

AGENDA ITEM 8C

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**GRAVITY PIPELINE PROJECT (CIP #6008)
RESOLUTION OF NECESSITY
SUBSURFACE EASEMENT WITHIN A COMMON AREA AND PRIVATE STREET
ALONG GOVERNOR'S BAY DRIVE, REDWOOD CITY
(LOT B, LOT F, AND PORTION OF GOVERNOR'S BAY DRIVE)**

ISSUE

Consideration of Resolution of Necessity authorizing eminent domain proceedings for the acquisition of a subsurface easement from property located within a common area and private street along Governor's Bay Drive, Redwood City (Lot B, Lot F and Portion of Governor's Bay Drive) for the Gravity Pipeline Project.

BACKGROUND

This Commission previously approved SVCW's Regional Environmental Sewer Conveyance Upgrade (RESCU) Program (formerly known as the *Wastewater Conveyance System and Treatment Plant Reliability Improvement Project*) and certified the Program's Final Environmental Impact Report (FEIR). The objectives of the Program are:

- Replace the existing wastewater infrastructure and other improvements to the conveyance system to ensure reliable operation of the overall wastewater conveyance system in accordance with San Francisco Bay RWQCB NPDES permit conditions.
- Reduce the likelihood of spills and discharges of untreated sewage to the surrounding environment, which has occurred numerous times with the existing 51-year old concrete sewer force main that operates above its design pressure.
- Implement a Project that minimizes adverse environmental effects, adverse impacts to public health and private property owners, utility interference and disruption during construction, and short-term and long-term costs.
- Improve plant process reliability and increase operational readiness.
- Meet future regulatory requirements imposed by the RWQCB for nutrients discharged into the San Francisco Bay.

The Program includes conveyance system improvements to transport wastewater from member agencies' collection systems to the SVCW wastewater treatment plant. A major component of the conveyance system is the Gravity Pipeline Project ("Project") to be constructed by tunneling methods from the north edge of Inner Bair Island to new Front of Plant facilities at the treatment plant. The Project involves installation of a sub-surface gravity flow pipeline by tunneling between forty and sixty feet below the existing ground surface. The majority of the Project will be entirely beneath public rights-of-way. However, in a few locations, the alignment will cross underneath privately-owned property which requires that SVCW acquire subsurface easements from the property owners for the purpose of installing, operating and maintaining an underground pipeline by sub-surface tunneling. The Project requires a total of four (4) subsurface easements from private owners.

For well over the past year, SVCW staff has been in contact with the property owners,

apprising them of the Project and the need for the subsurface easements. More recently, staff has been actively engaged in negotiations with all of the owners for the purpose of acquiring the easements. In fact, one of the four easements has already been acquired. To date, however, staff has been unable to reach agreement with the remaining three owners. As such, and in order to maintain the Project schedule, it is now necessary to move forward to acquire the easements through the condemnation process should negotiations fail.

DISCUSSION

The Project requires a 3,564 square foot (0.08 acre) permanent subsurface easement from roughly a 1.97 acre property used as common area and a private street for the benefit of the Governor's Bay subdivision in Redwood Shores owned by Greenbriar Partners (Homeowner's Association). Lot F is an open space lot that is improved with playground equipment, landscaping and concrete sidewalks. Lot B is an open space lot that separates Governor's Bay Drive from Redwood Shores Parkway. It is improved with landscaping and concrete sidewalks. Governor's Bay Drive is a private street, used for the benefit of the residents of the Governor's Bay subdivision.

The subsurface easement generally traverses along Redwood Shores Parkway in an east-west direction and overlaps an existing 10-foot-wide underground sanitary sewer easement in favor of Redwood City as well as various existing public service easements. There are no surface rights being acquired and there will be no surface access or disturbance whatsoever. The easement is for exclusive rights to the subsurface volume to 45' to 70' below the ground level and will not interfere with or restrict the use of the surface or subsurface lying above the easement. The easement does not negatively impact the physical use of the property as open space, playground or private street. The property owner maintains the same surface rights in the after condition as in the before condition.

In order to acquire private property for a public project, the law requires that SVCW make an offer to the owner to purchase the easement for the amount established as just compensation. (Government Code §§7260-7277.) Based upon valuation assessments of the subsurface easement, SVCW established an amount of just compensation and offered to purchase the easement from the owner based thereon. As part of its offer to purchase, SVCW also offered to reimburse the owners to obtain an independent appraisal as required by the Eminent Domain Law. (Code of Civil Procedure §1263.025.)

PUBLIC HEARING

The Eminent Domain Law requires that the Commission adopt a Resolution of Necessity determining that the public interest and necessity require the acquisition of property and directing the filing of eminent domain action at a properly noticed public hearing. Written notice of the hearing must be sent by first class mail to each person whose property is to be acquired (and whose name and address appears on the last equalized county assessment roll) of the Commission's intention to consider adoption of the Resolution of Necessity. A Notice that the Commission's hearing will take place on December 6, 2018 was mailed to the Governor's Bay Homeowner's Association representative on

November 14, 2018 and emailed on November 15, 2018.

At the hearing, the Commission will hear all persons whose property is to be acquired speak in relation to the adoption of the Resolution of Necessity and the filing of the eminent domain action to acquire the property interest. This is not a public hearing in the sense that members of the general public are permitted to speak; rather, the Commission is only required to hear those persons to whom the Notice of Hearing has been mailed and who have filed a timely request to be heard as specified in the Notice.

The only issues that the owners may speak to are as follows:

- a. Whether the public interest and necessity require the project;
- b. Whether the project is planned and located in the manner that would be most compatible to the greatest public good and the least private injury;
- c. Whether the property sought to be acquired is necessary for the project; and,
- d. Whether the offer of compensation required by Government Code Section 7267.2 has been given to the owner.

The above are the only four matters that may be discussed by the Commission. There can be no testimony or discussion as to the value of the property or the basis of the valuation or whether a fair offer has been made to the property owner.

For purposes of fulfilling the above four findings, the Commission must determine that the public interest and necessity require the Project and the acquisition of the subsurface easement is necessary for the Project. Here, the Project is for an obvious accepted public use, namely, sanitary sewer purposes, and SVCW has the power and statutory authority to acquire property by eminent domain for such purposes. (Code of Civil Procedure Sections 1240.010 - 1240.700; Government Code Section 6508; SVCW *Joint Exercise of Powers Agreement*, Section 4.3, subd. (d).) Moreover, the statutory offer to purchase the easement required by Government Code section 7267.2 has been made to the owners of record, along with the offer to reimburse up to \$5,000 in appraisal costs as required under Code of Civil Procedure Section 1268.025. Therefore, all four findings can be met and made. A 2/3rds weighted vote count (67%) is required to adopt the Resolution.

If the Resolution is adopted, eminent domain proceedings may be filed in the superior court. Adopting the Resolution does not preclude SVCW from continuing negotiations with the property owners for acquisition of the easement and staff will continue its efforts to acquire the easement. In that manner, staff would hope to minimize, if not eliminate, the expense and effort involved in litigation to both SVCW and the owners.

ADMINISTRATIVE RECORD

In addition to this staff report and the supporting documentation referred to herein, along with the Resolution of Necessity, other matters having been made available, relied upon and made a part of the administrative record herein include: all reports, studies, decisions and writings pertaining to the RESCU Program and the Gravity Pipeline Project which are on file with the Authority and incorporated herein by this reference (including

but not limited to the certified Final EIR (Resolution SVCW No. 17-11) and all such materials contained on the Authority's website regarding the RESCU Program and the Gravity Pipeline Project.

FINANCIAL IMPACT

The acquisition of private easements is funded by CIP #6008, Gravity Pipeline project which has an allocated cost of \$312 million. Approximately \$85 million has been expended to date. Should eminent domain proceedings be required to acquire the property, costs involved would be primarily for legal actions and could be in range of \$100,000 to \$150,000.

RECOMMENDATION

- Open Public Hearing and Receive Testimony
- Close Public Hearing
- i. Move adoption of RESOLUTION OF THE COMMISSION OF SILICON VALLEY CLEAN WATER DECLARING THE NECESSITY FOR AND AUTHORIZING THE ACQUISITION OF CERTAIN INTERESTS IN REAL PROPERTY BY EMINENT DOMAIN PROCEEDINGS FOR THE REGIONAL ENVIRONMENTAL SEWER CONVEYANCE UPGRADE PROGRAM GRAVITY PIPELINE PROJECT (LOT B, LOT F AND PORTION OF GOVERNOR'S BAY DRIVE HOA) (2/3rds weighted vote count required)

AGENDA ITEM 8D

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**FRONT OF PLANT PROJECT AND RESCU PROGRAM
STAGE 2D DESIGN-BUILD AMENDMENT,
OWNER'S ENGINEERING ADVISORS SERVICES,
CONSTRUCTION QUALITY ASSURANCE SERVICES, AND
PROGRAM MANAGEMENT SERVICES**

ISSUE

Approve Stage 2D Amendment to the Front of Plant (FoP) Design-Build Agreement with Shea Parsons Joint Venture (SPJV); Approve Task Orders for Owner's Engineering Advisor Services for Brown & Caldwell, Freyer & Laureta, and Beecher Engineering; and Approve a Task Order for Construction Quality Assurance Services for Tanner Pacific associated with the Front of Plant Project (CIP #9502). Approve Program Management Services for the overall RESCU Program (CIP #s 6008, 9501, and 9502)

BACKGROUND

SVCW's Regional Environmental Sewer Conveyance Upgrade (RESCU) Program includes conveyance system improvements to transport wastewater from member agencies' collection systems to the SVCW wastewater treatment plant. The Gravity Pipeline project will discharge to the Front of Plant (FoP) project which is a major part of the RESCU program and includes: 1) a Receiving Lift Station (RLS) to lift the wastewater from the gravity pipeline to the surface, 2) a Headworks (HWKS) that has screening and de-gritting technology, 3) a new Influent Pipeline (IPL) that carries the flow from the headworks to the plant, and 4) FoP Site Civil Improvements. In addition, the project includes electrical, chemical storage, and odor control support facilities. All of the above listed projects have been combined into one CIP (#9502) Front of Plant Project.

In November 2017, the Commission approved the SPJV Design-Build Agreement which included provisions for both Stage 1 and Stage 2 activities. Stage 1 activities include design services to bring conceptual designs from the 10% level to approximately 60% design level at which point, Stage 2 activities (design completion and construction) could be defined and priced. The Stage 1 Design-Build Agreement budget was \$7,146,186.

The Design-Build Agreement allowed for release of Stage 2 activities in "packages" rather than waiting for the entire project to reach 60% design. This allows advancement of subsurface construction elements and procurement of equipment with long lead times. This approach facilitates schedule compression and reduces overall overhead costs, project management staffing and the effects of inflation and market volatility, which is significant in this local high-growth economy.

In June 2018, the Commission approved a Stage 2A Amendment – Reinforced Concrete Pile fabrication and installation in the amount of \$2.2 million. In July 2018 the Commission approved the Stage 2B Amendment – Support of Excavation mobilization and site preparation in the amount of \$1.3 million. In August 2018, the Commission approved the Stage 2C Amendment in the amount of \$17.5 million. Amendment 2C authorized SPJV to construct the 36-foot inside diameter TBM exterior shaft and 66-foot inside diameter RLS exterior shaft; both shafts' depths are approximately 101 feet.

The total executed amount for Stages 1, 2A, 2B and 2C of the FoP project is \$28,113,793. This Stage 2D Amendment will authorize SPJV to construct the remaining FoP elements and complete the FoP project.

Also recommended for approval in this action item are Task Orders for Brown and Caldwell, Freyer and Laureta and Beecher Engineering for Owner's Advisor Services and Tanner Pacific for Construction Quality Assurance Services associated with Stage 2D of the Front of Plant Project. The Commission authorized a task order for Owners Advisors for Stage 1 in November 2017. That Authorization has been sufficient through Stage 2C. New scopes of work and budgets for these firms have been prepared to continue Owner's Advisory and Quality Assurance services through completion of Stage 2D.

Kennedy/Jenks Consultants have been providing Program Management Services for the RESCU Program since October 2017 when the FoP and Gravity Pipeline Projects entered into their design-build contracts. A new scope and budget for Kennedy/Jenks to continue providing these services through the end of the program have been prepared.

DISCUSSION

Stage 2D Amendment. The scope of work to be authorized by the Stage 2D Amendment is completion of the design from 60% to 100% and construction of the Front of Plant Project. The main components of the FoP Project include:

- Repurposing and completion of the Surge and Flow Splitter (SFS) shaft which was initially constructed for retrieval of the Tunnel Boring Machine. This shaft will allow for surge protection of the Gravity Pipeline and Receiving Lift Station (RLS) and to split incoming flow into the two manifolds of the RLS.
- Construction of an inner shaft wall and the build-out and completion of the RLS, which will house two independent manifolds and six 400 HP dry pit submersible pumps to lift flow into the Headworks and associated ancillary equipment.
- Construction of a new Headworks facility, which will first screen and then de-grit incoming wastewater. The Headworks will house storage bins for the solid wastes generated by the screening and de-gritting process and also all of the major electrical and control systems for the RLS and HWKS.
- Completion of a new 63-inch HDPE Influent Pipeline that will connect the Headworks to the existing WWTP.

Stage 1 of the contract has been completed with great success and the SPJV has submitted a complete and refined set of 60% drawings and specifications for the project elements described above. Extensive engineering work has been completed to address building stability and settlement, deep soil dewatering conditions, corrosion, shaft construction, process performance, hydraulic variations and performance, odor control systems and bulk chemical storage. As part of Stage 1, SPJV has prepared Basis of Design, 30%, and 60% design reports for various parts of the project. 100% plans were prepared for critical path items as listed in early release items 2A, 2B and 2C. Those early release items allowed the Agency to progress ahead of schedule and to reduce overall costs to the project. The remaining sections of the project are at or above the 60% level

to allow a lump sum cost to be negotiated with SPJV and presented as Amendment 2D to the FoP project.

Prior to bringing the Stage 2D Amendment recommendation to the Commission for approval, SVCW's project team completed two independent cost estimates (one by SVCW's Owners Engineering Advisor, Brown and Caldwell, and one by SVCW's Construction Quality Assurance consultant, Tanner Pacific) and both found SPJV costs to be both competitive and reasonable. The SVCW project team also conducted rigorous design submittal reviews throughout Stage 1. SVCW has met with SPJV to negotiate final terms of the Stage 2D Amendment and the agreement will be a lump sum approach with a definitive price to complete the project.

The total authorization requested for the SPJV Stage 2D Amendment described above is \$93,904,235. This fits within SVCW's CIP budget for project #9502, which has an allocated budget cost of \$135,610,964 in the 2018 CIP Update.

The Stage 2 schedule provides for substantial completion of the Front of Plant projects (ready for sewage) in August 2022 with Final Completion in September 2022.

Owner's Engineering Advisor Services Brown and Caldwell Stage 2 services as Owner's Engineering Advisor will include assisting SVCW with oversight and coordination of the Stage 2 work, including: hydraulic and treatment process design submittal reviews, conformance with design intent, technical review of process activities, and coordination with staff. Other anticipated tasks include services related to change order reviews and possible higher than anticipated levels of oversight and assistance to SVCW. The additional tasks will be used only as-needed. The term of the Brown and Caldwell Task Order extends through the completion, acceptance and testing of all of the FoP components, maximum duration to be 48 months.

Owner's Civil Engineering Advisor Services Freyer and Laureta Stage 2 services as Owner's Engineering Advisor will include assisting SVCW with oversight and coordination of the Stage 2 civil work. Services include: Complete site survey conformation and site civil and sub surface design submittals reviews and their processing, checking conformance with design, and technical review of civil activities. Additional tasks are outlined for services related to change order reviews and possible higher than anticipated levels of oversight and assistance to SVCW. The additional tasks will be used only as-needed. The term of the Freyer and Laureta Task Order extends through the completion, acceptance and testing of all of the FoP components, maximum duration to be 48 months.

Owner's Electrical Engineering Advisor Services Beecher Engineering Stage 2 services as Owner's Electrical Engineering Advisor will include assisting SVCW with oversight and coordination of the Stage 2 electrical work. Services include: electrical design submittals reviews and their processing, checking conformance with design, and technical review of facilities' electrical, medium and low voltage design and assistance with PG&E service activities. Additional tasks are outlined for services related to change order reviews and possible higher than anticipated levels of oversight and assistance to

SVCW. These additional tasks will be used only as-needed. The term of the Beecher Engineering Task Order extends through the completion, acceptance and testing of all of the FoP components, maximum duration to be 48 months.

Construction Quality Assurance Services Under their Stage 2 Construction Quality Assurance Services Task Order, Tanner Pacific scope will include assisting SVCW with oversight of construction activities. In a Design-Build environment, Quality Control is the responsibility of Design-Builder (in this case, SPJV). Quality Assurance on the part of SVCW includes “spot-checking” approximately 10% of the quality control being performed by SPJV. Tanner Pacific provides construction management services to SVCW on all its CIP projects and will now provide quality assurance services to this project. The maximum term of the Tanner Pacific Task Order is 48 months, which is assumed to last through closeout of the FoP project.

As a means of minimizing project costs and given the variableness of the need that SVCW will have for assistance for Owner’s Engineering Advisor and Construction Quality Assurance services each of the four task orders is structured with a base amount and additional services tasks. The additional services will only be authorized by the Manager on an as needed basis. The recommended Task Order amounts represent the total of the base and additional services for all Owner Advisor and Quality Assurance tasks.

The total authorization for those services and the percent of total construction costs (tcc) are listed below.

Owners Advisors:

Brown and Caldwell	\$2.0 to \$3.2 million	2.9% of tcc
Freyer and Laureta	\$0.4 to \$0.6 million	0.5% of tcc
Beecher Engineering	\$0.2 to \$0.4 million	0.4% of tcc

Quality Assurance

Tanner Pacific Inc.	\$3.0 to \$7.7 million	7.0% of tcc
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As a means of comparison, engineering services during construction is budgeted by SVCW at 3% of the construction amount and construction management services at 15%.

Program Management Services. Kennedy/Jenks and SVCW management have negotiated a scope and budget for the continued management of RESCU Program. The scope of work includes coordination amongst the three major projects and their respective design-build teams, environmental and permitting oversight, public information/outreach, management and program administration, project controls, risk management, and program communications. The term of the services is through the scheduled completion of the RESCU Program, including the Pump Stations projects; 65 months, or through April 2024. The total negotiated budget through 65 months is \$5,716,650. The cost of this scope is shared between the three RESCU project budgets, and it accounts for approximately 1.2% of construction costs for the program.

FINANCIAL IMPACTS

The scope represented by the FoP Stage 2 work will be funded from the Front of Plant project (CIP #9502), which has an allocated budget in the 2017 CIP Update of \$124 million. Adjusted for increases in costs of construction the 2018 budget for the Front of Plant Project is \$135.6 million.

To date, approximately \$28 million has been expended and obligated. The combined maximum cost of services for the Amendment, Owner's Advisor, and Quality Assurance tasks is \$105.9 million.

With Commission approval of Stage 2D Amendment and authorization for Engineering Advisor and Quality Assurance firms' services, the total authorized amount for CIP #9502 would be \$133.9 million. Being able to come in below the CIP budget can be attributed to the effective application of the Progressive Design Build process the Commission approved in the Spring 2017 and diligent work of SVCW and SPJV design teams to implement cost saving and control methods throughout Stage 1.

The total not-to-exceed budgets for the SPJV Stage 2D Amendment and Owner Engineering Advisors' Stage 2 Task Orders are:

SPJV (Stage 2D Amendment)	\$94.0M
Brown and Caldwell (Engineering Owner's Advisor)	\$3.2M
Freyer and Laureta (Civil Engineering Owner's Advisor)	\$0.6M
Beecher Engineering (Electrical Engineering Owner's Advisor)	\$0.4M
Tanner Pacific (Quality Assurance)	\$7.7M
Total	\$105.9 Million

The Program Management scope will be funded with budget from all three RESCU projects combined. The total not-to-exceed budget for Kennedy/Jenks is \$5,716,650. This represents approximately 1.2% of the total cost of the program.

RECOMMENDATION

- i. Move adoption of RESOLUTION APPROVING STAGE 2D AMENDMENT TO THE DESIGN-BUILD AGREEMENT FOR FRONT OF PLANT PROJECT (CIP #9502); AUTHORIZING EXECUTION OF STAGE 2D AMENDMENT AND AUTHORIZING MANAGER TO APPROVE CONTRACT CHANGE ORDERS AND ALLOWANCES UP TO TEN PERCENT OF THE CONTRACT PRICE FOR SAID AMENDMENT – SHEA PARSONS JOINT VENTURE - \$93,904,235
- ii. Move approval of TASK ORDER SCOPE AND BUDGET FOR OWNER'S ENGINEERING ADVISOR SERVICES FOR THE FRONT OF PLANT PROJECT STAGE 2D (CIP #9502) IN AN AMOUNT NOT TO EXCEED \$3,200,000 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – BROWN AND CALDWELL CONSULTANTS

- iii. Move approval of TASK ORDER SCOPE AND BUDGET FOR CIVIL ENGINEERING OWNER'S ADVISOR SERVICES FOR THE FRONT OF PLANT PROJECT STAGE 2D (CIP #9502) IN AN AMOUNT NOT TO EXCEED \$600,000 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – FREYER AND LAURETA CONSULTANTS
- iv. Move approval of TASK ORDER SCOPE AND BUDGET FOR ELECTRICAL ENGINEERING OWNER'S ADVISOR SERVICES FOR THE FRONT OF PLANT PROJECT STAGE 2D (CIP #9502) IN AN AMOUNT NOT TO EXCEED \$400,000 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – BEECHER ENGINEERING CONSULTANTS.
- v. Move approval of TASK ORDER SCOPE AND BUDGET FOR CONSTRUCTION QUALITY ASSURANCE SERVICES FOR THE FRONT OF PLANT PROJECT STAGE 2D (CIP #9502) IN AN AMOUNT NOT TO EXCEED \$7,700,000 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – TANNER PACIFIC INC.
- vi. Move approval of TASK ORDER SCOPE AND BUDGET FOR PROGRAM MANAGEMENT SERVICES FOR RESCU PROGRAM (CIP #6008, 9501, 9502) IN AN AMOUNT NOT TO EXCEED \$5,716,650 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – KENNEDY/JENKS CONSULTANTS