

**MINUTES OF SILICON VALLEY CLEAN WATER
REGULAR MEETING – FEBRUARY 9, 2017**

ITEM 1

CALL TO ORDER

The meeting was called to order at 4:03 p.m.

ITEM 2

ROLL CALL - Commissioners Duly Appointed By Each Agency

Mayor John Seybert, Redwood City – Chair

Council Member Warren Lieberman, PhD., Belmont– Vice Chair

Board Member George S. Otte, P.E., West Bay Sanitary District

Mayor Robert Grassilli, San Carlos – Secretary

Staff, Consultants and Visitors Present

Christine C. Fitzgerald, SVCW Legal Counsel

Daniel T. Child, SVCW Manager

Teresa Herrera, SVCW Assistant Manager/Authority Engineer

Monte Hamamoto, SVCW Wastewater Superintendent

Matt Anderson, SVCW Chief Financial Officer

Linda Bruemmer, SVCW Administrative Services Director

Kim Hackett, SVCW Engineering Director

Bill Bryan, SVCW Senior Engineer

Cindy Hui, SVCW Financial Analyst

Bob Huffstutler, SVCW Operations Director

Keith McClure, SVCW Operations Supervisor

Ilana Schmidt, SVCW Administrative Assistant

Jennifer Chang, City of Redwood City

Bill Tanner, Tanner Pacific, Inc.

Mike Jaeger, Tanner Pacific, Inc.

Aren Hansen, Brown and Caldwell

Mark Minkowski, Kennedy/Jenks

Ken Kaufman, SVCW Retiree

ITEM 3

PLEDGE OF ALLEGIANCE

Mr. Otte led those attending the meeting in the recital of the Pledge of Allegiance.

ITEM 4

PUBLIC COMMENT

There was no Public Comment.

ITEM 5A

SAFETY MOMENT

Mr. Child's Safety Moment discussed portable generators and how to properly maintain and operate them.

ITEM 5B

MANAGER'S REPORT

March Commission Meeting: Mr. Child confirmed the changed date and time for SVCW's March Commission Meeting which will be held on March 23, 2017 at 8:00 a.m. Commissioner Grassilli thanked the Board for being flexible and accommodating his schedule.

Front Gate: Mr. Child followed up with discussion regarding front gate entry on meeting days and asked Commissioners about their preference. It is possible to program the front gate to remain open for Commission Meetings, but as Commissioner Seybert pointed out, one can easily find out when there are meetings and then access the plant without permission. The final decision was to issue ID badges to each Commissioner to grant entry into the Plant.

Compensation Study: Mr. Child anticipated sharing the results with the Board today, but the information presented by the consulting firm covered salaries only and should of included benefits as well. The consultants are re-working the findings and will include total compensation for a more accurate picture of SVCW's current pay status compared to other local employers. The report will be ready to present at next month's meeting and will be used in conjunction with budget discussion and presentation.

WIFIA: Mr. Child and Mr. Anderson will be going to Washington D.C. to meet with several Congressional delegates and USEPA officials to investigate potential finance and grant programs to fund the Capital Improvement Program work.

ITEM 5C2

FINANCE STATUS UPDATE

Mr. Anderson began with the budget, stating that year to date SVCW is \$1.1 Million Dollars favorable (9% under budget). One third of the savings is in personnel and some vacancies incurred, plus timing in terms of payments budgeted throughout the year. Mr. Anderson proceeded to discuss trends in interest rates. The issuance of new debt is still planned for the coming fiscal year as identified in the Long-Term Financial Plan. Mr. Anderson displayed a graph of the last two years of interest rates highlighting the fall and rise of long-term rates. He noted it is important to keep an eye on interest rates due to SVCW's continued need to borrow money to finance the investment in capital infrastructure. The data is insightful in terms of the rate of spending and when to issue debt. Mr. Anderson then explained that at the recommendation of the Commission at last month's meeting, he has evaluated the yield curve for the past year. The yield curve shows long-term debt has again become more expensive and in comparison to October 2015 (last time SVCW debt issued) is about the same. There is expected to be a big increase in yield curve maturities through 2020, where it is then expected it will flatten out. This reinforces the message that it is again getting more expensive to borrow money. With that said, SVCW is gearing up for the next round of large investments and needs liquidity to pay for the projects. In looking at

SVCW's needs, there are two options, 1) issue more long-term debt or, 2) use short term funds available from our Line of Credit (LOC) up to the approved \$30 million dollar limit and then issue long-term debt at a later date to repay the LOC. Mr. Anderson recommended pursuing the issuance of long-term debt this Spring or Summer because interest rates change very quickly and seem to be moving in an upward direction. Mr. Anderson stated that he is still reviewing his recommendation and acknowledged that neither he or anyone he knows, can predict what interest rates will do in the coming months.

Mr. Anderson displayed a calendar of events, with the first item being the budget presentation next month. He is also planning to bring a new Debt Policy for the Commission to review and adopt at the March meeting. The driving force behind adopting the debt policy is that the CDIAC (California Debt and Investment Advisory Commission) must track and report all state and local outstanding debt. In order to track the debt, Agencies must certify they have an adopted debt policy, report proposed debt to CDIAC and submit annual reports for any issuance of debt. The debt policy will, among other required items, address receiving funding through SRF (State Revolving Fund) and WIFIA (Water Infrastructure Financing and Innovation Act). Mr. Anderson added this must be done prior to April 10, 2017.

Mr. Lieberman commented on the year-to-date budget update. In going through the report it looked like there are some significant variances, many were, to a large part, explained by timing issues. Mr. Anderson concurred with his statement and added the Agency is working to better streamline the budget to address season-based and decision-based activities.

Commissioner Otte asked Mr. Anderson how much money he anticipates receiving from WIFIA. Mr. Anderson replied that WIFIA will fund up to 49% of a project and with a \$400 Million Dollar project, he hopes to get close to \$200 Million Dollars. Mr. Grassilli said it's important to be optimistic, but also realistic, as many other Agencies across the country will actively pursue this money too. Mr. Otte asked what the interest rates are expected? Mr. Anderson replied that he expects the rate to be approximately 2.5%. Mr. Child added that he hopes SVCW has an advantage in this first round of WIFIA loans since the project we have will be truly "shovel ready" by the time the money becomes available.

Mr. Seybert encouraged fellow Board Members to reach out to Mr. Child and Mr. Anderson with any questions or comments in regards to the budget prior to the March meeting.

ITEM 5F

CONVEYANCE SYSTEM PROGRAM UPDATE

Ms. Herrera updated the Commission with a timeline of events. In terms of funding, next steps are the SRF Planning Loan, the SRF Construction Loan Application and the WIFIA Letter of Interest. Ms. Herrera added the Final Environmental Impact Report is in progress and staff has a meeting scheduled with the Audubon Society to address concerns they submitted in a comment letter. Lastly, SVCW is preparing the Progressive Design-Build Request for Qualifications.

ITEM 6

MATTERS OF COMMISSION MEMBER'S INTEREST

Commissioner Lieberman asked how SVCW operated during the storms and if any issues arose. Mr. Child said SVCW experienced very high flows, well over Eighty (80) MGD (million gallons per day) peak flow rates. He added that the storm on January 10, 2017 resulted in the highest record ever for flow coming in to the plant. Mr. Lieberman asked if the fact the ground is so saturated with water presents additional issues. Mr. Hamamoto, SVCW's Wastewater Superintendent replied that since this year's storms began, the ground has been saturated to the point that the rain runs right through it and into the wastewater system because there is nowhere else for it to go. Mr. Child added that another issue with saturated ground is rather than experiencing peak flows that go up and then quickly down, the flows go up and stay up for quite some time as the water in the ground drains into the system.

ITEM 7

CONSIDERATION OF MOTION APPROVING CONSENT CALENDAR

Motion/Second: Mr. Grassilli / Mr. Lieberman

The motion carried by unanimous roll call vote.

ITEM 8A

CONSIDERATION OF RESOLUTION APPROVING CONTRACT DOCUMENTS FOR FLO-BEAST INSTALLATION PROJECT (CIP #9229)

Ms. Herrera began her presentation with background information. In May of 2016, the Commission approved purchase of the Flo-Beast Receiving Unit and it took approximately six-months to receive the new unit. It is now ready for installation. Ms. Herrera displayed a picture of SVCW's Fats, Oils and Greases (FOG) Receiving Station which is where the Flo-Beast will be permanently stationed. She proceeded to show what unscreened FOG looks like, resulting in clogged pipes and solidification in the tanks. The Flo-Beast cleans up the FOG by removing inorganic material through screening and separating it into a dumpster. It's very important to have clean FOG because it is directly injected into the Digesters. SVCW solicited bids from multiple contractors, but received only one bid from D.W. Nicholson in the amount of Ninety-Six Thousand Four-Hundred Thirty-two Dollars (\$96,432). Ms. Herrera also mentioned that the installation cost does go towards the matching fund requirement for the Organic Food-Waste Project grant that SVCW received from the California Energy Commission. She also noted that the FOG Program has proven to be a positive cash flow program. Ms. Herrera concluded with her recommendation to award the Installation Contract to D.W. Nicholson.

Motion/Second: Mr. Lieberman / Mr. Otte

Move adoption of RESOLUTION APPROVING CONTRACT DOCUMENTS FOR FLO-BEAST INSTALLATION CONTRACT - CIP #9229; AUTHORIZING EXECUTION OF AGREEMENT AND AUTHORIZING MANAGER TO APPROVE CHANGE ORDERS UP TO

TEN PERCENT OF THE CONTRACT VALUE FOR SAID PROJECT – (\$96,432) – D.W. Nicholson Corporation

The resolution carried by unanimous roll call vote.

ITEM 9

CLOSED SESSION

Closed Session was called to order at 4:24 p.m.

A. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Pursuant to Government Code §54956.9(d)(1)

Case Name: *In the Matter of the Calculation of Final Compensation of David A. Hall, Respondent, and Silicon Valley Clean Water, Respondent* (Board of Administration, California Public Employees' Retirement System, Agency Case No. 2015-1236 OAH NO. 2016030664)

B. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Government Code §54956.9 (12 potential cases): CalPERS' Determination to Exclude Performance Pay from Retirement Benefit Calculations and Opportunity to Appeal Determination

ITEM 10

RECONVENE IN OPEN SESSION

Open Session reconvened at 4:34 p.m. Legal Counsel reported that discussion was held on the above items, instruction was given to Staff and Counsel by the Commission and no action was taken.

ITEM 11

ADJOURN

There being no further business, the meeting adjourned at 4:36 p.m.



Robert Grassilli, Secretary

By: Daniel T. Child, Manager