

MINUTES OF SILICON VALLEY CLEAN WATER
SPECIAL MEETING – MARCH 23, 2017

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

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

Jennifer Flick, SVCW Human Resources Director

Kim Hackett, SVCW Engineering Director

Bruce Burnworth, SVCW Senior Engineer

Arvind Akela, SVCW Senior Engineer

Cindy Hui, SVCW Financial Analyst

Bob Huffstutler, SVCW Operations Director

Ilana Schmidt, SVCW Administrative Assistant

Derek Rampone, City of Redwood City

Grace Le, City of San Carlos

Aren Hansen, Brown and Caldwell

Mark Minkowski, Kennedy/Jenks

Robert Porr, Fieldman, Rolapp & Associates

ITEM 3

PLEDGE OF ALLEGIANCE

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

ITEM 4

PUBLIC COMMENT

There was no Public Comment.

ITEM 5A

SAFETY MOMENT

Mr. Child discussed fire safety during the winter and ways to keep your home safe.

ITEM 5B

MANAGER'S REPORT

Mr. Child began by stating that from this point forth, the Commissioners will start hearing the term "RESCU" for the Conveyance System Program. Staff found that projects on the WIFIA side of Federal Funding Programs tend to identify projects with acronym names, so for the SVCW Conveyance System loan pursuit, the name will be the Regional Environmental Sewer Conveyance Upgrade or RESCU.

Recently SVCW has been working with the San Francisco Public Utilities Commission, California Water, BASCWA and others on the indirect potable reuse of our recycled water program. The Agency has an MOU with them to investigate going forward and last week the agencies were approached by the City of San Mateo requesting to join the group. Additional participants are welcome as it will spread the cost between more impacted communities and more involvement by others will help arrive at the best solutions.

SVCW is assembling a Letter of Interest which is the first step of the WIFIA loan process. The Letter of Interest is due on or before April 10th. If the Letter of Interest is accepted, the next step is to complete the official project application.

The Member Agency City Mayors have submitted a signed Letter of Support for the WIFIA loan. SVCW has been told by representatives working for the Agency in Washington that local support is very important in the loan approval process. In addition, SVCW has also been advised to have confirmed Letters of Support coming from Representatives Eschco and Speier and along with Senator Feinstein. Senator Harris' office is still working on a letter, but has not confirmed receipt in time for submission with our Letter of Interest. Though the County of San Mateo is not a Member Agency of SVCW, SVCW does serve many areas in the county. Mr. Child asked if any of the SVCW Commissioners has ready contact with a member of the County Board of Supervisors and would be willing to request a Letter of Support for our WIFIA loan. After some discussion, Mr. Seybert directed Mr. Child to contact Marcy in Supervisor Warren Slocum's office for assistance.

ITEM 5C

FINANCIAL REPORT

Mr. Seybert asked if there were any questions on the Financial Report. There were none.

ITEM 5F

CONVEYANCE SYSTEM PROGRAM UPDATE

Ms. Herrera distributed a handout updating the Commission on Conveyance System activities. There was no discussion.

ITEM 6

MATTERS OF COMMISSION MEMBER'S INTEREST

Mr. Seybert began by stating that at last week's Utilities Committee Meeting in Redwood

City a discussion was held regarding upcoming requirements to divert less water from rivers associated with the Hetch Hetchy system. If these are implemented, it will mean higher minimum flow in the rivers, which could result in less water available for human uses, especially during a draught. It is forecast that in a future draught, a fifty percent (50%) cut back in available water supply is likely. Mr. Seybert expressed Redwood City's concern that the issue of portable reuse has got to be fast tracked in our communities. Their staff is being asked to continue to do whatever they can in this regard since if this law passes, the only solution to a drought is going to be potable reuse.

Mr. Grassilli expressed his thanks to the Commission and SVCW staff for changing the date of this month's Commission Meeting.

In addition, SVCW's newest Commissioner, Mr. Otte, thanked SVCW staff for spending time to familiarize him with SVCW through a tour of the SVCW facilities.

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 AND MOTION AWARDDING CONTRACT FOR THE ROTARY DRUM THICKENER AND APPROVING DESIGN SERVICES

Mr. Seybert asked if both items – the Drum Thickener and Design Services could be treated as one. Ms. Fitzgerald approved combining the items and asked that the Minutes reflect that both items were voted upon.

Ms. Herrera began the discussion by showing several slides of the thickening system. In the past, there were four Gravity Thickeners, however, two thickeners catastrophically failed a few years ago and were taken off-line. Two Gravity Belt Thickeners (GBT) were constructed for thickening the Waste Activated Sludge, while Primary Sludge has continued to be thickened in the two remaining Gravity Thickeners.

Unfortunately, approximately a month ago, the two remaining Gravity Thickeners also failed. One was a catastrophic failure that was not able to be repaired and while the final Gravity Thickener was able to be put back on line through the expertise of the SVCW maintenance team.

The Engineering Department has been considering the best solution for thickening both Waste Activated Sludge and Primary Sludge in the future. Currently, Primary Sludge is taken from the tanks and is sent to the Degritter in the Solids Handling Building (SHB) and then pumped all the way back to the Gravity Thickeners, and from there it is once again pumped to the SHB for injection to the digesters. This process is very inefficient and costly as the material is pumped at least three times at a distance of nearly 500 feet each time.

The purchase and installation of Rotary Drum Thickeners, placing them just below the De-gritter in the Solids Handling Building, will greatly reduce the amount of pumping required to prepare and inject the solids into the digesters.

The proposed action is for the purchase of two Rotary Drum Thickeners. The Engineering Department is currently preparing contract documents for installation and anticipate bid results coming to the Commission in May or June for consideration and approval.

Therefore, the recommendation is twofold: accept the low bid for the purchase of two Rotary Drum Thickeners from West Tech Engineering; and approve engineering services of Kennedy/Jenks for preparation of installation and bid documents, including all work necessary to complete the installation and construction of the project.

Motion/Second: Mr. Grassilli / Mr. Lieberman

Move adoption of RESOLUTION ACCEPTING BID OF LOWEST RESPONSIBLE BIDDER FOR ROTARY DRUM THICKENER AND AUTHORIZING EXECUTION OF AGREEMENT FOR PURCHASE OF ROTARY DRUM THICKENER SYSTEMS TO WESTECH FOR THICKENING UPGRADE – PHASE 1 PROJECT (CIP #9168); REJECTING ALL OTHER BIDS, AUTHORIZING EXECUTION OF AGREEMENT FOR SAID WORK, DIRECTING RETURN OF SECURITY DEPOSITS THEREFORE, AND AUTHORIZE MANAGER TO APPROVE CHANGE ORDERS UP TO TEN PERCENT OF THE CONTRACT VALUE FOR SAID PROJECT (\$814,129.00) – WESTECH ENGINEERING, INC.

Move approval of TASK ORDER SCOPE AND BUDGET FOR ENGINEERING DESIGN SERVICES FOR THICKENING UPGRADE PHASE 1 (CIP #9168) IN AN AMOUNT NOT TO EXCEED \$219,000.00 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AS-NEEDED BASIS – KENNEDY/JENKS.

The resolution and motion carried by unanimous roll call vote.

ITEM 8B

PRESENTATION OF SVCW COMPENSATION EVALUATION – INFORMATIONAL ONLY – INFORMATION WILL BE PRESENTED AT THE COMMISSION MEETING AND THERE IS NO ACTION TO BE TAKEN. COMMISSION WILL PROVIDE DIRECTION TO STAFF AS NEEDED.

Ms. Lori Messler from Gallagher Benefit Service's Fox Lawson Group (Compensation Study Consultant) joined the meeting remotely to present the findings and results to the Commission. She began by explaining the methodology of the Decision Band Method and how it is applied as well as the following criteria used to determine findings: Position description questionnaires filled out by employees, current organization and job documentation, governance, management and employee interviews, best practices in public sector organizations and SVCW classification and compensation philosophies. In

addition, data was used from local participants and private sector survey data representing eighteen organizations and four survey sources.

Commissioner Lieberman inquired why the evaluation did not include any of the SVCW Member Agencies as a source of data. Mr. Child responded that only agencies with wastewater treatment plants were considered in the study, allowing a comparison of similar worksites to SVCW. That is why there are some cities, who do have wastewater treatment plants, included in the information.

Ms. Messler went on to say that overall, the current range maximums of all positions lag the 100th percentile of the market range maximums except for the Administrative Assistant position which is within the highly competitive range.

In addition, Ms. Messler recommended that SVCW maintain the existing step system with a few modifications to allow the Authority to be flexible and promote a high performance work environment. These changes will assist SVCW in better aligning with the current market since the last study done almost ten years ago. The concluding recommendation is for SVCW to perform updates every 3 to 5 years to ensure SVCW's pay scales and benefit package remain competitive.

The Commission directed Mr. Child to address changes needed at this time and present recommendation actions in the Final Budget submitted to the Commission at the April meeting. The Commission also expressed the need to prepare a policy or procedure to keep SVCW compensation up to date in the future and not have such long lapses in evaluating the compensation needs of the Authority.

ITEM 8C

FY 2017-18 BUDGET WORKSHOP EVALUATION – INFORMATIONAL ONLY – NO ACTION TO BE TAKEN. COMMISSION WILL PROVIDE DIRECTION TO STAFF AS NEEDED

Mr. Anderson began his presentation with initiative highlights for 2017-18 which include design-build for the Conveyance System, acquiring new financial software, accessing low-cost debt for CIP financing and maximizing energy savings through operations.

Mr. Anderson presented a graph of operating costs by expense type and stated that, as would be expected, O&M (Operations and Maintenance) costs account for over two-thirds of the budget. Mr. Anderson discussed the operating budget contributions; revenue-funded capital and cash reserves needed to keep rates stable if unforeseen expenditures occur. Mr. Anderson shared member agencies contributions in accordance with flow and loading metrics and noted the proposed budget will be discussed with the Technical Committee and Member Agency's Finance Staff following the Commission Meeting.

Over the past nine years there has been \$230 million dollars spent in the overall Capital Improvement Project and approximately \$590 million of work still needs construction. The largest remaining piece of work being the Conveyance System Program (now known as RESCU), with nutrient removal being a very distant second place.

Mr. Anderson shared upcoming need for incurring additional debt and noted that SVCW is still pursuing SRF Loans as well other funding sources.

Mr. Grassilli and Mr. Lieberman commented on concerns with funding from WIFIA especially with what is happening with the EPA. Mr. Anderson noted their concern, but stated the proposed cuts in many federal agencies are aimed at eliminating perceived excess and based on the recent visit to USEPA Headquarters in Washington DC with Mr. Child, it appears the WIFIA loan program is viable and is optimistic SVCW will receive federal monies.

Mr. Anderson concluded with a calendar of events with the adoption of the 2017-18 Budget at April's Commission Meeting.

ITEM 9

CLOSED SESSION

Closed Session was called to order at 9:13 a.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 9:20 a.m. Ms. Fitzgerald reported that discussion was held on the above items and instructions were 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 9:21 a.m.



Robert Grassilli, Secretary

By: Daniel T. Child, Manager