

**COMMISSION OF SILICON VALLEY CLEAN WATER
JOINT POWERS AUTHORITY
REGULAR MEETING – Monday, April 20, 2020
8:00 a.m.**

TO ADDRESS THE *COVID-19 PANDEMIC*, THIS MEETING WILL BE CONDUCTED TELEPHONICALLY OR OTHERWISE ELECTRONICALLY PURSUANT TO THE PROVISIONS OF GOVERNOR NEWSOM'S EXECUTIVE ORDER N-29-20. THE COMMISSION BOARD ROOM WILL BE CLOSED TO THE PUBLIC. THE PUBLIC MAY OBSERVE AND COMMENT BY TELEPHONE OR ELECTRONIC MEANS AS DESCRIBED ON PAGE 6 OF THIS AGENDA.

SEE PAGE 6 OF THIS AGENDA FOR MEETING ACCESS INFORMATION AND INSTRUCTIONS

COMMISSIONERS

COUNCIL MEMBER ALICIA AGUIRRE, REDWOOD CITY – CHAIR
BOARD MEMBER GEORGE OTTE, WEST BAY SANITARY DISTRICT – VICE CHAIR
COUNCIL MEMBER MARK OLBERT, SAN CARLOS – SECRETARY
MAYOR WARREN LIEBERMAN, BELMONT – MEMBER

MANAGER: TERESA A. HERRERA

ATTORNEY FOR THE AUTHORITY: CHRISTINE C. FITZGERALD

CONTROLLER:

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, 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. Written comments received within two hours of the beginning of the meeting will be read into the meeting record.

5. SAFETY MOMENT and REPORTS

- A. Safety Moment
- B. Manager's Report
 - 1. Upcoming Commission Items
 - 2. Memorandum from Manager
- C. Financial Reports
 - 1. Investment Report
 - 2. Memorandum from Chief Financial Officer
- D. Engineering Projects Status Update
- E. Commission Requested Staff-Level Action Items
- F. RESCU Program Design-Build Project Status Update

6. MATTERS OF COMMISSION MEMBER'S INTEREST

7. CONSIDERATION OF MOTION APPROVING CONSENT CALENDAR

8. BUSINESS ITEMS

- A. CONSIDERATION OF RESOLUTION DECLARING EMERGENCY CONDITION DUE TO COVID-19, RATIFYING MANAGER DECISIONS, AUTHORIZING EXPANDED MANAGER POWERS, AUTHORIZING USE OF ELECTRONIC SIGNATURES AND ESTABLISHING TEMPORARY COMMISSION MEETING LOCATION

Proposed Action:

Move adoption of RESOLUTION DECLARING EXISTENCE OF EMERGENCY CONDITIONS RELATED TO COVID-19 PANDEMIC, AUTHORIZING MANAGER TO TAKE NECESSARY ACTIONS AND RATIFYING EMERGENCY ACTIONS TAKEN, AUTHORIZING USE OF ELECTRONIC SIGNATURES AND TEMPORARILY CHANGING THE COMMISSION'S REGULAR MEETING PLACE

- B. CONSIDERATION OF RESOLUTION AND MOTIONS APPROVING PUMP STATIONS IMPROVEMENTS PROJECTS (CIP 9501) STAGE 2B DESIGN-BUILD AMENDMENT AND CONSULTANT TASK ORDERS

Proposed Action:

- i. Move adoption of RESOLUTION APPROVING STAGE 2B AMENDMENT TO THE DESIGN-BUILD AGREEMENT FOR PUMP STATIONS IMPROVEMENTS PROJECT (CIP #9501); 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 – SHEA PARSONS JOINT VENTURE - \$28,033,000

- ii. Move approval of TASK ORDER SCOPE AND BUDGET FOR OWNER'S ENGINEERING ADVISOR SERVICES FOR THE PUMP STATION IMPROVEMENTS PROJECT (CIP #9501) IN AN AMOUNT NOT TO EXCEED \$2,300,000 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 CONTROL SYSTEM DEVELOPMENT AND IMPLEMENTATION FOR THE PUMP STATION IMPROVEMENTS PROJECT (CIP #9501) IN AN AMOUNT NOT TO EXCEED \$1,640,000 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – CONTROL INTEGRATION AND DEVELOPMENT
- iv. Move approval of TASK ORDER SCOPE AND BUDGET FOR CONSTRUCTION QUALITY ASSURANCE SERVICES FOR THE PUMP STATION IMPROVEMENTS PROJECT (CIP #9501) IN AN AMOUNT NOT TO EXCEED \$5,548,500 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – TANNER PACIFIC INC
- v. Move approval of TASK ORDER SCOPE AND BUDGET FOR ENVIRONMENTAL CONSULTING SERVICES FOR THE RESCU PROGRAM (CIP #9501, 9502, 6008) IN AN AMOUNT NOT TO EXCEED \$193,420 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – JHS CONSULTING

C. CONSIDERATION OF RESOLUTION APPROVING THE FISCAL YEAR 2020-21 ANNUAL OPERATING AND CAPITAL BUDGET

Proposed Action:

Move adoption of RESOLUTION TO APPROVE:

- i. FISCAL YEAR 2020-21 REVENUE PLAN IN THE AMOUNT OF \$26,628,984 IN NET OPERATING REVENUES REQUIRED AND \$1,295,500 FOR REVENUE-FUNDED CAPITAL PROJECTS
- ii. FISCAL YEAR 2020-21 CASH RESERVE DESIGNATIONS IN THE AMOUNT OF \$1,500,000 TO THE CAPITAL IMPROVEMENT PROGRAM RESERVE FUND AND \$24,866 TO THE OPERATING RESERVE FUND
- iii. FISCAL YEAR 2020-21 DEBT SERVICE EXPENDITURES IN AN AMOUNT OF \$19,646,217
- iv. AUTHORIZING SVCW MANAGER TO IMPLEMENT, MANAGE AND APPROVE EXPENDITURES AUTHORIZED WITHIN THE FISCAL YEAR 2020-21 ANNUAL OPERATING AND CAPITAL EXPENDITURES BUDGET AS ADOPTED BY THE SILICON VALLEY CLEAN WATER COMMISSION

9. CLOSED SESSION
 - A. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
Significant exposure to litigation pursuant to paragraph (2) or (3) of subdivision (d) of Government Code Section 54956.9 (One Potential Case)
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 voice 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 – March 9, 2020

B. CONSIDERATION OF MOTION APPROVING CLAIMS AND CHECKS DATED MARCH 2, MARCH 6, MARCH 11, MARCH 20, 2020 AND NECESSARY PAYMENTS THROUGH MARCH 20, 2020

C. CONSIDERATION OF MOTION TO ACCEPT THE RECYCLED WATER SUPPLY LINE REPAIR PROJECT (PROJECT #290) AND AUTHORIZE TO FILE NOTICE OF COMPLETION

Proposed Action:

Move adoption OF MOTION TO ACCEPT RECYCLED WATER SUPPLY LINE REPAIR PROJECT (PROJECT #290) AND AUTHORIZE FILING NOTICE OF COMPLETION – SHEA PARSONS JOINT VENTURE

D. CONSIDERATION OF MOTION TO ACCEPT REPAIRS TO THE DUAL MEDIA FILTER (DMF) INFLUENT PIPE AND WEST ACCESS ROADWAY

Proposed Action:

Move adoption of MOTION TO ACCEPT EMERGENCY REPAIR OF THE DMF INFLUENT PIPE (CIP #313) – POWER ENGINEERING CONTRACTORS AND ANDREINI BROTHERS

Microsoft Teams Access Information
Silicon Valley Clean Water
Regular Meeting
Monday, April 20, 2020

WEBSITE: [Link to access meeting](#)

MEETING ID: 705 873 405#

CALL IN PHONE NUMBER: 1-747-216-0281

You may view video during the meeting via live stream. An audio will be available after the meeting at SVCW's website. If you experience technical difficulties or have technical questions prior to or during the meeting, please contact Teams meeting support at 707-862-0859. Note: Public participation is not permitted during closed session discussion items.

Public Comment

Public comment may be made by joining the meeting using the link or phone number above or by emailing comments to commission@svcw.org up to two hours prior to the scheduled meeting time. All comments should be in accordance with the three-minute per speaker limit. Indicate in your email the agenda item to which your comment applies. If you have anything that you wish distributed to the Commission and included for the official record, please include it in your email. Comments that require a response may be deferred for staff reply.

SVCW's Clerk will read all written comments into the meeting record.

Accessibility for Individuals with Disabilities

Upon request, SVCW will provide for access to individuals with disabilities to fully engage in the meeting process. Joining the meeting via the teleconference instructions above will provide access to open captioning. For other accommodations, please email your request to commission@svcw.org or call 650-591-7121 at least four (4) days prior to the scheduled meeting time. Requests will be granted whenever possible and resolved in favor of accessibility.

Subject to Change:

Given the current public health emergency and the rapidly evolving federal, state, and local orders, the format of this meeting may be altered or the meeting may be canceled. You may check on the status of the meeting by visiting SVCW's website www.svcw.org.

AGENDA ITEM 5A

Tips for Safe Grocery Shopping

Before you go to the store

- **Consider whether you really need to go shopping:** Americans are being told to stay home as much as possible, and that means limiting trips to the grocery store.
- **Delivery may be an option instead:** Getting groceries delivered helps reduce the number of people going into stores and helps people follow social distancing rules.
- If you can't get delivery, try **shopping at off-peak hours** and buying as many items as you can from one store (rather than visiting multiple stores).
- **Don't bring the whole family**

At the store

- **Sanitize your hands often:** Use hand sanitizer before entering the store and after leaving. You should also consider using hand sanitizer before and after selecting produce items.
- If your store isn't providing disinfecting wipes, **bring your own wipes** to use on carts, basket handles and card readers.
- **Wear a mask:** This recommendation is intended to prevent the spread of COVID-19 from people who are infected, but don't realize it because they aren't showing symptoms.
- **Practice social distancing:** As with any public setting, you should maintain a distance of at least 6 feet (1.8 meters) from others.
- **Touch only what you buy**
- **Don't touch your face:** Avoid touching your eyes, nose and mouth with unwashed hands.

When you get home

- **Wash your hands:** You should wash your hands after handling food packaging.
- **Clean packaging with disinfectant** before setting it onto your kitchen surfaces or transfer food from its packaging into another container that's clean.
- **Rinse your produce:** it's always a good idea — even when there's no pandemic — to rinse fresh fruit and vegetables with water or vegetable wash. If you choose to use soap, ensure you rinse the soap off thoroughly as consuming it could lead to nausea and upset stomach.
- **Wash reusable bags:** If you use reusable grocery bags (although most grocery stores have banned them), you should wash them after a trip to the store.

AGENDA ITEM 5B1

Recurring and Upcoming 2020 Commission Actions
Updated for April 2020 Meeting

January <ul style="list-style-type: none"> • Long Range Financial Plan • CIP Update (annual or biennial) • Review Investment Policy 	February <p>No Meeting</p>	March <ul style="list-style-type: none"> • Budget Workshop • Review Investment Policy 	April <ul style="list-style-type: none"> • Budget Approval • Review Debt Policy • Consider Emergency Declaration
May <ul style="list-style-type: none"> • Initiate Manager Performance Evaluation • Local Limits Adoption 	June <ul style="list-style-type: none"> • Approve Resolution 77-6 “Personnel Resolution” • Perform Manager Evaluation 	July <p>Commission Chair, Vice Chair, and Secretary Appointment</p>	August <p>Conflict of Interest Update (Biennial; even-numbered years)</p>
September <p>Review Reserve Funds Policy</p>	October	November	December <ul style="list-style-type: none"> • Commission Meeting schedule for following year • Audited Financial Reports

 - Recurring Commission Actions

 - Upcoming Commission Actions

AGENDA ITEM 5B2



April 6, 2020

To: SVCW Commissioners

From: Teresa Herrera

Subject: Initiatives Enabling a Effective and Efficient Pandemic Response

Recognition came early that the SARS-CoV-2 was a serious and highly contagious virus easily transmitted from person to person and that the best manner of dealing with it was via limiting aerosol transmission. SVCW staff moved into action quickly by preparing and implementing its Pandemic Emergency Response Plan (PERP). The primary action of PERP was and is to implement social distancing to the maximum extent possible while concurrently meeting SVCW's core mission. Implementing PERP in an orderly and comprehensive manner was achieved, in large part, by the capital projects completed over the past 10-12 years. This memo highlights those CIP projects that have facilitated SVCW's strong and swift response.

In 2008 SVCW embarked on its capital improvement program to repair, replace, and improve facilities owned and operated by the agency. Many of the facilities were past their useful lives and in varying states of disrepair. At that time, the Commission made the hard decisions necessary to ensure SVCW's vitality into the future.

Thus far, nearly \$500 million has been spent on facilities' improvements and implementable initiatives to increase staff's capabilities and safety. While there are many projects/ improvements /initiatives directly contributing to our pandemic response capabilities (listed on the following pages), below are a few projects that I want to highlight. This by no means diminishes the importance of those listed on the following pages.

Remote access to all SVCW information, data, and control systems.

We are now able to access every software program remotely, safely, and securely.

SCADA (Supervisory Control and Data Acquisition) allows onsite operators to control nearly all the treatment plant and remote pump station equipment from the control room. SCADA remote access allows offsite personnel to monitor all process activities and assist onsite staff with troubleshooting needs.

Information Technology improvements and our Automation initiative make this possible.

Teleworking by management staff has been possible for nearly ten years using platforms that are secure and scalable.

RESCU introduced the use of Microsoft Teams nearly 3 years ago which was then introduced to SVCW employee intranet use 1.5 years ago. This made remote collaboration for the majority of our workgroup a smooth transition.

Influent Bar Screens

Reducing the number of mechanics to two during PERP implementation would not have been possible without the bar screens. This project was particularly problematic to implement due to budget issues and controversy about necessity. I would say that this project, alone, has paid for itself many times over.

Prior to the bar screens, rags, large debris, and other inorganic material would enter the treatment stream, in turn, literally clogging and rendering inoperable much of the plant's equipment mechanisms unless significant mechanic-time was put towards repairs.

Pump Stations Improvements and 48-inch Force Main Replacement

Prior to improvements made at all pump stations, SVCW had a mechanic dedicated to these facilities; now the facilities need only be visited periodically. Improvements are interim until the comprehensive pump station projects are completed via RESCU. Interim improvements were done to balance the immediate critical repair needs with the knowledge that equipment would be replaced in a 5-year time frame. While challenging to have the interim repairs approved, they were necessary to keep the stations operational and, now in hindsight, saves need for one more mechanic to report onsite.

The 48-inch section of force main had many breaks requiring emergency repairs; it was easily the most problematic facility in the conveyance system. Operators would walk the entire force main on a daily basis to exercise air relief valves and check for leaks; now no visual inspection is required.

A wider range of projects implemented since the inception of the CIP is responsible for allowing SVCW to move to a pandemic response operational status quickly and smoothly. Some of those projects are highlighted in the following pages. In conversations I've had with other wastewater agency general managers, we are in a much stronger position than most and well ahead of the curve. Sincere appreciation goes to you, our Commissioners, who enable us to continually improve our facilities.

Specific projects and initiatives that enable SVCW to respond to both the coronavirus pandemic and its ongoing mission to protect public health and the environment:

1. **IT Network:** For the past decade SVCW built a robust IT network with strong cyber security. Staff has been able to work remotely for years using tools that were scalable. For example, VPN access is done via a DUO virtual token app that makes it possible to set up a new user within minutes without physical tokens and face-to-face contact.
2. **Laptops:** Management, Directors, and Supervisors exclusively use laptops and were immediately able to work from home.
3. **ERP system:** SVCW implemented its own Financial and Asset Management software in July 2018 (Microsoft Dynamics), which is accessed via remote desktop. During the pandemic:
 - a. With the exception of printing / mailing checks, accounting staff now work from home.
 - b. Materials management can manage with only one staff person in the warehouse to receive parts and supplies while the other two work remotely on requisitions, negotiations, and purchases.
4. **Single Number Reach:** Six months ago IT implemented Single Number Reach, which integrates work calls with cell phones so key people are always reachable.
5. **The Hub:** Earlier this year SVCW leveraged SharePoint's new user interface to create a communications platform for management to communicate to staff. Provides an any-time link where information is consolidated.
6. **Microsoft Teams:** The Teams application, initially introduced to the RESCU program, is now a critical application across all of SVCW. Working from home is much more productive through using the app (conference calls, video calls, instant messaging, file sharing, etc) across divisions and workgroups.
7. **On site cameras:** Several years ago, SVCW added Pan-Tilt-Zoom (PTZ) cameras at critical process points throughout the treatment plant and pump stations. This has enabled the light crew onsite to "visit" areas throughout the facilities without leaving the control room.
8. **Pump Stations**
 - a. Valve Replacement Project. Assessed all valves in pump stations, identifying those needing replacement to improve reliability. Replaced valves at all pump stations that were identified as needing to be replaced. This resulted in daily visits to pump stations by mechanics no longer being needed.
 - b. Programmable Logic Controllers (PLC) Upgrade. Replaced the old unreliable PLC's at all pump stations to the Allen Bradley Control Logics platform which matches the new PLC's within the treatment plant. This eliminated frequent PLC failures and greatly improved pump station operability from the treatment plant control room or offsite SCADA controls.
 - c. Installation of Vaughn Chopper pumps at the Redwood City Pump Station. A significant amount of rags and other large debris entered this pump station,

requiring Utility Workers to rake the bar screens at this station daily. Early in 2019, chopper pumps were installed which eliminates the need for daily bar-screen raking.

- d. Replacement of the 48" Force-main. As noted above, this project eliminated the force main leaks previously experienced on the section from Redwood City Pump Station to Bair Island. This removes the need for daily inspections.

9. Treatment Plant:

a. Automation

- o The current level of automation completed at the treatment plant has greatly improved the operator control and process reliability
- o Makes it possible for a reduced operations staff to continue compliant operation during this Pandemic
 - Reduced operation staff onsite completes all critical operation and preventive maintenance
 - Single operator on off shifts can monitor and make necessary changes through SCADA automation
 - Through automation and remote computer access, operators on call working remotely can monitor and assist onsite operators with technical issues and process changes
 - Automation and SCADA provide automated data collection and alarming to assist operators with troubleshooting and process control
- o Reporting to comply with SVCW regulations is possible given the access to data from a remote location.

b. Bar-screens

- o Installation of influent mechanical bar-screens has significantly reduced the large debris and rags that enters the treatment plant
- o Greatly reduced operator and mechanic time de-ragging pumps and equipment
- o Greatly improved the life and reliability of sludge pumping equipment and solids handling equipment

c. Gravity Belt Thickener

- o Provides automated process to waste and thicken activated sludge to maintain proper process control
- o Eliminated the manual removal of rags and solids by Operators from the old gravity thickeners

d. Fournier Fan Press

- o Provides automated solids dewatering
- o Replaced the operator- and mechanic-intense centrifuge unit that required frequent monitoring, adjustment, and repairs

e. New Aeration Blowers and Invent Mixers

- o Provides accurate and automated control of the activated sludge process
- o Eliminated operator continual monitoring and manual adjustment

There are many more projects that improved operation and efficiency. The projects above have reduced operator time required for many of the former manual operations.

AGENDA ITEM 5C1

Silicon Valley Clean Water Authority
Cash & Investments Summary Report
March 31, 2020

Description	Market Value	% of Total Holdings	Yield
<u>Reserve Accounts</u>			
Operating Reserve* - Securities	\$ 3,349,499	1.6%	1.76%
Operating Reserve - Money Market Fund Balance	416,750	0.2%	0.83%
CIP Reserve* - Securities	19,294,531	9.1%	1.94%
CIP Reserve - Money Market Fund Balance	931,536	0.4%	0.83%
Stage 2 Capacity Reserve* - Securities	13,296,584	6.3%	1.94%
Stage 2 Capacity Reserve - Money Market Fund Balance	301,044	0.1%	0.83%
Total Market Value: Operating and Reserve Accounts	\$ 37,589,944	17.8%	1.88%
Total Accrued Interest: Operating and Reserve Accounts	181,226		
GRAND TOTAL, OPERATING AND RESERVE ACCOUNTS	\$ 37,771,170		
<u>Bond and Notes Accounts</u>			
Zions Bank (Trustee)			
2018 Project Fund Account - CAMP	\$ 17,864,244	8.5%	1.22%
2018 Revenue Account	5,003	0.0%	0.02%
2018 Acquisition Account - Euro for TBM Purchase	770,414	0.4%	-
2019A Notes WIFIA* - Securities	94,149,493	44.6%	1.85%
2019A Notes WIFIA - Money Market Fund	31,119,028	14.7%	0.02%
2019A Capitalized Interest Account* - Securities	25,046,670	11.9%	1.77%
2019A Capitalized Interest Account - Money Market Fund	7,214	0.0%	0.02%
2019 Cost of Issuance	36,249	0.0%	0.02%
Bank of New York (Trustee)			
2014 Revenue Account	450	0.0%	0.72%
2014 Interest Account - Money Market Fund	13	0.0%	0.78%
2014 Principal Account - Money Market Fund	7	0.0%	0.70%
2014 Cost of Issuance Account - Cash	2	0.0%	-
2015 Project Account - Cash	2	0.0%	-
2015 Revenue Account	173	0.0%	1.01%
Total Market Value: Bond Proceeds Accounts	\$ 168,998,962	80.1%	1.43%
Accrued Interest: Bond Proceeds Accounts	785,850		
Uninvested Operating Cash (including outstanding checks)	1,009,931	0.5%	-
Local Agency Investment Funds (LAIF) Balance	3,512,016	1.7%	1.79%
Total Cash & Investments	\$ 212,077,928	100.00%	1.50%

April 13, 2020

Matt Anderson

Date

Chief Financial Officer / Assistant Manager

* Monthly report of security transactions and interest available upon request

- 1. All operating fund accounts are in compliance with SVCW's Investment Policy, and all bond proceeds accounts are in compliance with the relevant bond documents.*
- 2. SVCW has adequate funding levels for more than six months of operations and claim payments, as referenced in CA Code Section 53646.*
- 3. Market valuations for the Operating and Reserve accounts along with the 2018 and 2019A bond proceeds accounts are provided by PFM Asset Management LLC (PFM). Generally, PFM's market prices are derived from closing bid prices as of the last business day of the month as supplied by ICE Data Services or Bloomberg. Where prices are not available from generally recognized sources the securities are priced using a yield-based matrix system to arrive at an estimated market value. Prices that fall between data points are interpolated. Non-negotiable FDIC-insured bank certificates of deposit are priced at par. Although PFM believes the prices to be reliable, the values of the securities do not always represent the prices at which the securities could have been bought or sold.*
- 4. Market valuations for the 2009, 2014, and 2015 bond proceeds accounts are provided by Bank of New York Mellon.*
- 5. In accordance with Generally Accepted Accounting Principles (GAAP), month-end holdings and information are reported on a trade date basis.*
- 6. The yields shown for securities portions of the operating and reserve accounts and the 2019A bond proceeds accounts are the yields to maturity at cost.*
- 7. The yield for LAIF is the average monthly effective yield. Source: https://www.treasurer.ca.gov/pmia-laif/historical/avg_mn_ylds.asp*
- 8. The yields shown for the PFM-managed money market funds are the Yield to Maturity at Cost, and the Yield to Maturity at Market sourced from the respective fund providers' statements. Yields for BNY-managed funds are Market Yields sourced from the respective fund providers' statements.*
- 9. The yield shown for CAMP is the monthly distribution yield.*

Silicon Valley Clean Water
Operating and Reserve Funds - Sector Allocation & Compliance March 31, 2020

Security Type	Operating Reserve	CIP Reserve	Capacity Reserve	Total Market Value	% of Total Portfolio	% Allowed by Policy	In Compliance	% Change vs. Prior Month
U.S. Treasury	\$ 1,478,952	\$ 6,827,028	\$ 4,250,725	\$ 12,556,706	33.2%	100%	✓	2.1%
Federal Agency/GSE	\$ 1,263,339	\$ 4,090,353	\$ 3,022,045	\$ 8,375,736	22.2%	100%	✓	(3.8%)
Federal Agency CMO	\$ -	\$ 2,690,921	\$ 1,704,469	\$ 4,395,390	11.6%	100%	✓	(0.2%)
Federal Agency MBS	\$ 28	\$ 1,504,723	\$ 1,426,906	\$ 2,931,657	7.8%	100%	✓	0.7%
Municipal	\$ -	\$ 278,204	\$ 201,920	\$ 480,124	1.3%	100%	✓	(0.0%)
Corporate Notes	\$ 607,180	\$ 3,903,302	\$ 2,690,520	\$ 7,201,002	19.1%	30%	✓	(0.7%)
Securities Sub-Total	\$ 3,349,499	\$ 19,294,531	\$ 13,296,584	\$ 35,940,614	95.2%		✓	
Accrued Interest	16,646	100,071	64,509	181,226	0.5%			
Securities Total	\$ 3,366,145	\$ 19,394,602	\$ 13,361,093	\$ 36,121,840	95.6%			
Money Market Fund	416,750	931,536	301,044	1,649,330	4.4%	20%	✓	1.9%
Total Investments	\$ 3,782,895	\$ 20,326,138	\$ 13,662,137	\$ 37,771,170	100%			
<i>As % of 6/30/20 Target:</i>	<i>104%</i>	<i>104%</i>	<i>100%</i>	<i>103%</i>				

AGENDA ITEM 5C2



April 9, 2020

To: SVCW Commissioners

From: Matt Anderson

Subject: Capital Improvement Program Funding Strategy

SVCW is the lead agency to raise necessary capital for construction of wastewater conveyance, treatment, and disposal facilities. Since it was first introduced in 2008, the CIP has been frequently updated, most recently in January 2020. The entire program is currently estimated, over a 22-year period from inception to completion, to cost approximately \$931 million. Completed projects include the replacement of leaking forcemain sections, upgrades to electrical systems, improvements to treatment processes, installation of energy generation solutions, and construction of influent screens. Project benefits include enhanced safety, lowered environmental risk, improved treatment reliability, and reduced costs.

The largest and most critical element of the CIP is the Regional Environmental Sewer Conveyance Upgrade Program ("RESCU"), which has been under construction since November 2018. Construction includes of a 3.2-mile gravity pipeline to replace an aging pipeline system. It also includes a new headworks facility and rehabilitation / replacement of three pump stations. RESCU, when complete, is estimated to cost \$554 million.

To date, approximately \$470 million has been spent on the entire CIP, \$202 million of which on RESCU. To fund the remaining \$464 million of CIP projects, the Authority is updating its funding strategy. The strategy follows the framework described in the January 2020 Long Range Financial Plan ("LRFP") update. The LRFP is based upon financial planning models that include long-term forecasts of operating and capital expenditures. The document evaluated the capital financing markets and debt service capacity of each SVCW Member Agency.

SVCW has leveraged several different resources to finance the CIP. This has included five series of wastewater revenue bonds, three financing agreements with the California State Water Resources Control Board and, most recently in July 2019, a Water Infrastructure Finance & Innovation Act ("WIFIA") loan with the United States Environmental Protection Agency ("EPA"). As of March 31, 2020, unspent proceeds from these financings was approximately \$162 million.

Source of CIP Funds to date (\$ millions)			
Description	All-in TIC / Interest Rate	Max Proceeds	Available Proceeds at 3/31/2020
Bonds			
2008 Wastewater Revenue Bonds*	5.03%	\$ 10.01	\$ -
2009 Wastewater Revenue Bonds*	5.12%	55.86	-
2014 Wastewater Revenue Bonds	4.18%	65.54	-
2015 Wastewater Revenue Bonds	3.75%	30.00	-
2018 Wastewater Revenue Bonds	3.43%	148.98	17.86
Subtotal - Bonds		310.38	17.86
Cash Contributions in lieu of Debt			
Belmont		46.84	0.81
Redwood City		10.00	-
West Bay Sanitary District		13.02	7.46
Subtotal - Cash		69.85	8.27
Government Loans			
SWRCB SRF - Control Building	2.60%	11.36	-
SWRCB SRF - WWTP Improvements	1.80%	31.55	-
SWRCB SRF - Conveyance Planning	1.60%	14.00	-
U.S. EPA WIFIA / Notes - RESCU Program	2.40%	218.00	135.82
Subtotal - Government Loans		274.91	135.82
Grant Funding			
PG&E Cogeneration Grant		2.40	0.32
California Energy Commission		0.50	-
Subtotal - Grant Funding		2.90	0.32
TOTAL		\$ 658.05	\$ 162.28

* Bond series advanced refunded in 2014

With approximately \$464 million in remaining CIP expenditures, SVCW will enact a comprehensive debt strategy to fund the program in a cost-effective way.

PLANNED ACTIONS

In accordance with the 2020 update of its Long-Range Finance Plan ("LRFP"), SVCW continues to strive for the lowest-cost financing available. Several tactics will be pursued:

- **Increase the size of the low-cost EPA WIFIA Loan:** SVCW has started discussions with the EPA regarding a potential to maximize the amount borrowed from the WIFIA loan. The WIFIA program will lend up to a maximum of 49% of eligible project expenditures. Compared to SVCW's original loan application, there is an opportunity to increase the loan size up to \$65 million. If successfully borrowed at the original WIFIA loan's interest rate of 2.40%, it would supplant the issuance of wastewater revenue bonds.

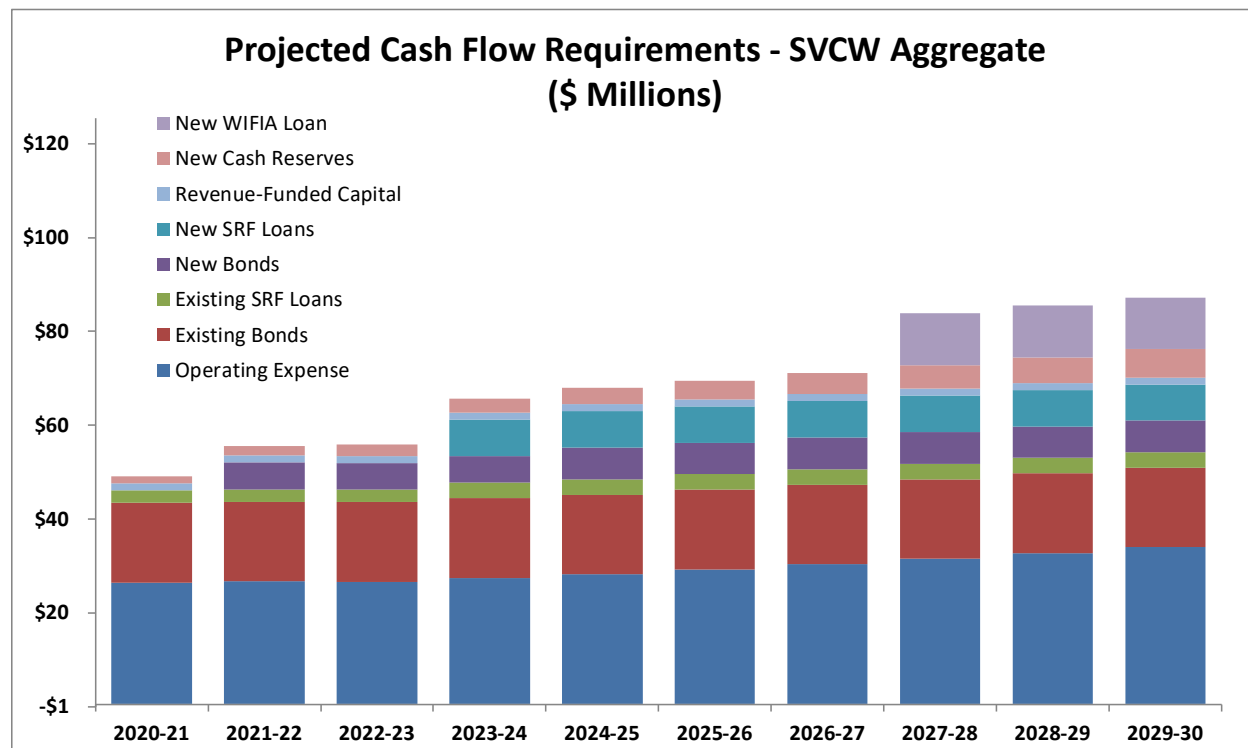
- **Reprice the WIFIA Loan interest rate:** It may be possible to reprice the WIFIA loan to a lower interest rate. This opportunity was made possible by the 2019 financing structure, when SVCW coupled the WIFIA Loan with Interim Notes to finance the RESCU construction period. While the Notes structure saves approximately \$5.5 million in interest expense during construction, it also means SVCW has not had to withdraw from the WIFIA loan itself. As such, the EPA may allow the loan to be reset to current rates, which may produce significant savings.
- **Refund outstanding Bonds at lower interest rates:** As recently-volatile conditions in the capital markets subside, there may be an opportunity to refinance outstanding SVCW Bonds with lower-interest taxable bonds. With preparation of preliminary official statements and resolutions, SVCW and its members would be poised to take advantage of such favorable conditions when they arise.
- **Close a \$169 million State Revolving Fund (“SRF”) Loan:** SVCW is in final discussions with the State Water Resource Control Board (“SWRCB”) for an SRF Loan to partially fund the RESCU program. The financial review is nearly complete and legal review has commenced. SRF interest rates are currently 1.20%.
- **Prepare to finance the next 3-4 years of unfunded CIP:** Approximately \$476 million of capital expenditures remain. The \$162 million currently available will be deployed across RESCU and wastewater treatment projects.
 - **Treatment Projects:** The 2018 Bond series proceeds of \$17 million is earmarked for wastewater treatment projects. There remains another \$112 million in treatment projects, leaving \$90 million in treatment projects to be funded. It is estimated that approximately \$80 million would be needed over the next three to four years.
 - **RESCU Projects:** Completion of RESCU is anticipated to cost \$352 million, which will be mostly funded by \$145 million of currently-available proceeds and the \$169 million SRF Loan. Afterwards, if the WIFIA loan cannot be increased as desired, approximately \$40 million may need to be funded.

Separate from negotiations with the SWRCB and the EPA, key activities for bond issuance is as follows:

- April 2020: SVCW and Members commence preparation of documents
- July-August 2020: Commission, Member Councils/Boards adopt resolutions
- September 2020: Price 2020 wastewater revenue bonds
- October 2020: Closing documents, proceeds delivered

FINANCIAL OUTLOOK

The January 2020 Long Range Financial Plan details SVCW's ongoing cash flow requirements, inclusive of operating and debt service payments. The herein-described debt strategy is anticipated to remain within those values.



If, however, tactics to reduce borrowing costs are successful, advantages include:

- **WIFIA Loan increase:** Compared to issuing bonds in similar market conditions, interest expense would decline by a Net Present Value \$16.6 million over the 30-year repayment period.
- **WIFIA Repricing:** For each 10 basis points reduction (e.g. 2.30% versus the current 2.40%) SVCW would save \$179 thousand annually, or a Net Present Value of \$3.3 million over the 30-year repayment period.
- **Advance Refunding:** If the 2014 and 2015 outstanding bond series were refunded, by SVCW Policy the action must deliver a minimum of 5% savings. If market conditions allow, this translates to a savings of Net Present Value \$5.1 million.

There will be a brief presentation under this agenda item to further elaborate on the herein described debt strategy. There is no action requested of the Commission at this time.

AGENDA ITEM 5D

**ENGINEERING REPORT: MARCH 2020
CAPITAL IMPROVEMENT PROGRAM**

RESCU Program (6008, 9501, 9502): Design and construct conveyance system improvements.

SVCW has awarded progressive design build contracts to Barnard Bessac Joint Venture for the Gravity Pipeline (GP) Project and Shea Parsons Joint Venture for the Front of Plant (FoP) and Pump Stations Improvements (PSI) Projects. These projects are in varying states of design and construction. SVCW staff is tracking potential changes to the work to assure that they are completed within budget.

The PSI project is nearing 60% design completion. The Commission has approved the Stage 2A contract amendment for the Menlo Park Pump Station Rehabilitation design and construction. Stage 2B and 2C amendments are expected for the Belmont Pipeline and the Redwood City Pump Station in April and June, respectively.

Planned Commission Actions: Approve PSI Contract Change Order for Stage 2B Design and Construction – April 2020

Approve Task Orders for Professional Services – April 2020

Approve PSI Contract Change Order for Stage 2C Design and Construction – June 2020

Thickening Improvements – Phase 1 (9168): Procure and install two rotary drum thickeners to thicken primary sludge.

At its March 2017 meeting, the Commission authorized purchase of two rotary drum thickeners to replace the Gravity Thickeners which are past the point of their useful lives. Overaa Construction was awarded the construction contract to install the thickeners, which will thicken primary sludge before it enters the digesters. The rotary drum thickeners will also be used to facilitate future recuperative thickening of the digester contents to improve digester volatile solids destruction resulting in increased digester gas production. This project is nearing completion and project acceptance will be sought in May.

Planned Commission Actions: Accept Project/File Notice of Completion – May 2020

Wastewater Treatment Plant Improvements Phase 2 (9503): Rehabilitation and/or replacement of seven treatment plant mechanical processes.

This project includes improvements and rehabilitation of several processes throughout the plant. The design-build project was awarded to Overaa Construction in April 2018. The project is now in the startup phase, with the majority of the mechanical and electrical improvements completed. Project acceptance will be sought in June.

The construction activity on this project has been suspended due to the COVID-19 emergency, in accordance with County Order No. c19-5b.

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

Food Waste Receiving Station and Digester Improvements (9229): Construct receiving facilities, digester improvements, and gas utilization facilities associated with food waste processing.

SVCW and South Bay Waste Management Authority (SBWMA) have been in discussions to develop a food waste project. SBWMA will remove organic matter from its waste stream, process the organic matter, then deliver it to SVCW to be further processed in the anaerobic digesters. The additional organic matter will increase the biogas created in the digesters which can be used as an energy source. SBWMA is developing a pilot project for its facilities and SVCW is prepared to receive the material. Along with the pilot project and presuming success, SVCW staff will begin the process to develop the full-scale project to accept and process organic material. The full-scale project is planned to be delivered via a design-build approach.

A Memorandum of Understanding (MOU) for the pilot phase of this project was approved at the March 2020 Commission meeting.

The implementation of the pilot project has been delayed by the COVID-19 emergency.

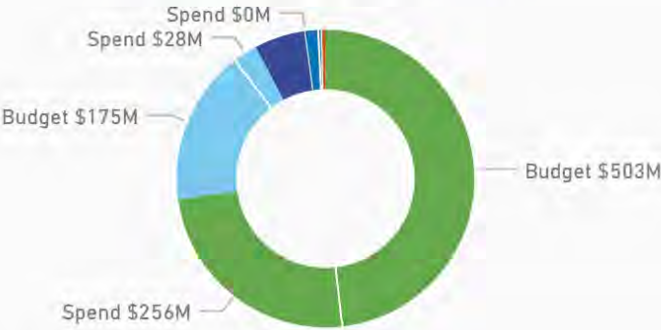
Planned Commission Actions: TBD

CIP Spend Analysis

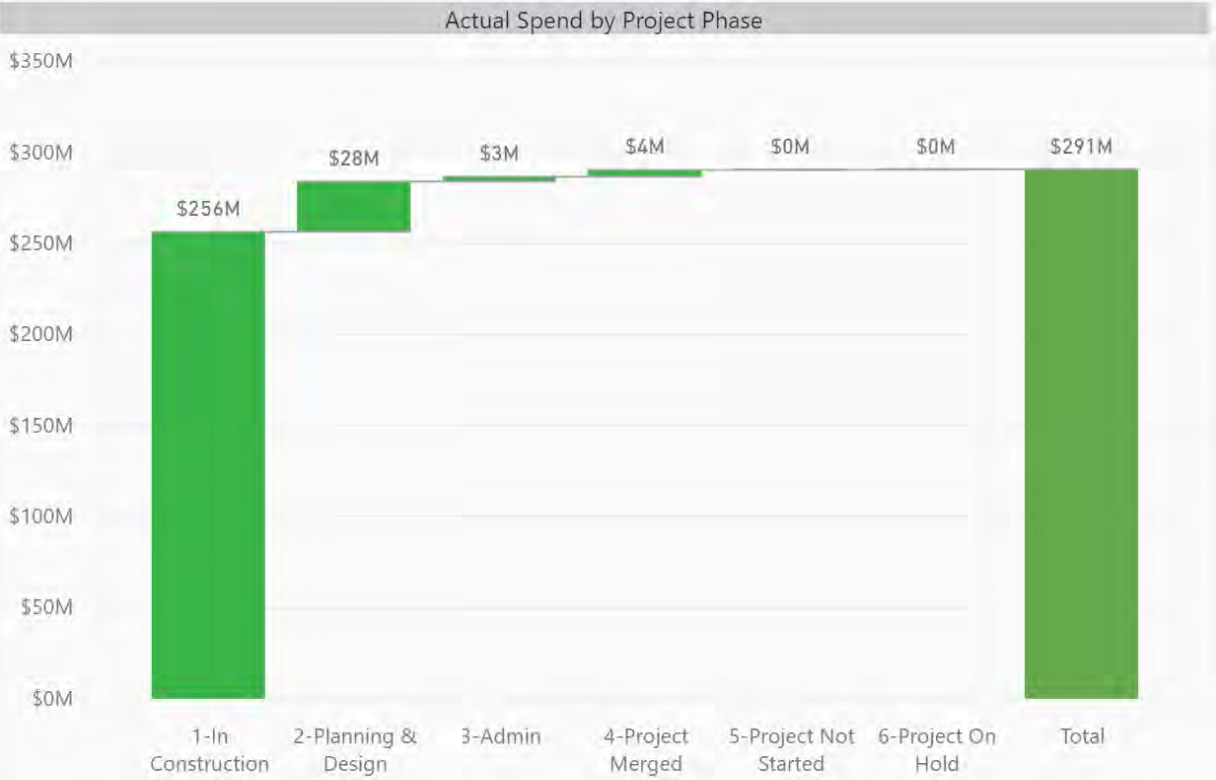
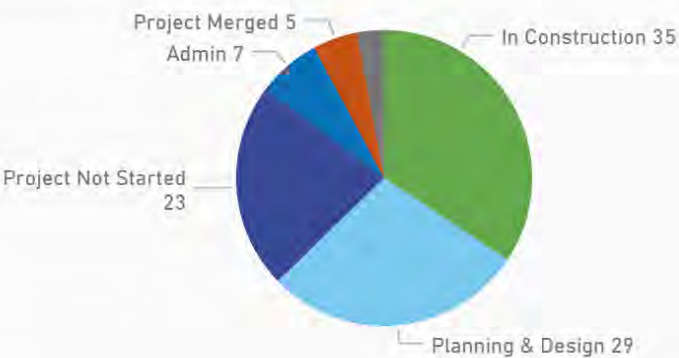
Project Phase	Project Count	2020 Budget	Spend	Remaining	Unspent %
In Construction	35	\$502,867,058	\$256,467,500	\$246,399,557	49.00%
Planning & Design	29	\$175,400,121	\$27,579,070	\$147,821,051	84.28%
Admin	7	\$14,458,911	\$2,673,927	\$11,784,984	81.51%
Project Merged	5	\$0	\$3,725,762	\$-3,725,762	N/A
Project Not Started	23	\$58,190,153	\$63,743	\$58,126,410	99.89%
Project On Hold	3	\$1,480,974	\$356,321	\$1,124,653	75.94%
Total	102	\$752,397,216	\$290,866,324	\$461,530,892	61.34%



Budget and Spend by Project Phase



Project Count by Project Phase



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 2018 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.

AGENDA ITEM 5E

Silicon Valley Clean Water
Commissioners' Requested Action Items

APRIL 20, 2020
AGENDA ITEM 5E

Updated: 04/07/2020

Commission Meeting Date	Action Item		Requested or Estimated Date for Completion	Status			Date of Completion	Notes
				Ongoing	In Progress	Complete		
3/9/2020	1	Finance Section on Agenda Letters	4/20/2020			✓	4/20/2020	Answer the question: is the cost associated with an item in line with expectations?
	2	Succession and Retention Staff Planning	N/A		✓			In response to hardships to staff from high cost of living and the large number upcoming retirements, report out on activities related to retention and succession planning.
	3	1406 Radio Road Building	N/A		✓			Research and make recommendation related to historic registry restraints on what can/can't be done with buildings
1/27/2020	1	Clarify verbiage in Local 39-SVCW MOU Side Letter	N/A			✓	3/2/2020	Clarify that the term "bi-weekly" equates to two times per month; i.e., coincides with pay periods.
	2	Clarify Financial Impact section on Agenda Letters	3/9/2020			✓	3/2/2020	Simplify the financial impact section to enable the reader to more readily decipher the information.
	3	Investment Policy Re-work	3/9/2020			✓	2/24/2020	SVCW CFO reach out to Bel CFO to discuss strategy further. Bring item to March meeting for consideration.
	4	CIP Update Document	N/A			✓	1/28/2020	Email CIP document to WBSD Commissioner and upload to website. For future, include CIP document with the agenda packet, especially the CEQA table.
12/16/2019	1	WWTP Underslab Piping	N/A			✓	1/27/2020	Describe plans for investigating condition of underslab piping
	2	Improve readability of presentations	1/27/2020			✓	3/9/2020	Some slides hard to read on screen and in handouts; improve all powerpoint presentations' readability.
	3	Practice for use of risk registers on projects	N/A			✓	1/9/2020	Information shared at Technical Committee meeting.
11/18/2019	1	Data reporting solutions associated with ERP	N/A			✓	12/16/2020	Consider use of Tableau software as opposed to the proposed Power BI. Memo with decision-making process points presented to Commission.
	2	Investment Policy	3/9/2020			✓	3/9/2020	Further discussion between SVCW and member agency staff occurred. Item was approved at March meeting.
	3	Investment Report	12/16/2019			✓	12/10/2019	Operating and Reserve Funds Sector Allocations table: Add total % change vs prior month to summary
	4	County Easement	12/16/2019			✓	12/10/2019	Discussed item under Closed Session - December meeting
	5	Reserve Policy	12/16/2019			✓	12/10/2019	Add escalator to reserves annual contributions; using ENR Construction Cost Index for S.F. Bay Area December of each year

Silicon Valley Clean Water
Commissioners' Requested Action Items

APRIL 20, 2020
AGENDA ITEM 5E

Updated: 04/07/2020

Commission Meeting Date	Action Item		Requested or Estimated Date for Completion	Status			Date of Completion	Notes
				Ongoing	In Progress	Complete		
10/21/2019	1	Research video recording meetings	N/A			✓	12/10/2019	Reach out to Menlo Park FD and Town of Atherton regarding video recording meetings. Outreach completed. Recommendation is to not pursue.
	2	Change information on financial reports and RESCU updates	N/A			✓	11/18/2019	On financial reserves report, add comparison of reserves collected to policy targets. On RESCU report, add information on change orders issued on projects.
9/16/2019	1	Research viability of videoing meetings	10/21/2019			✓	10/21/2019	An agenda item was added to the agenda and discussion ensued. Further research was requested.
	2	Review necessity for roll call vote on agenda items	10/21/2019			✓	9/18/2019	Roll call votes are not necessary.
8/19/2019	1	Nepotism and Fraternalization Policy	9/16/2019			✓	9/5/2019	Review member agencies' policies and compare with proposed. Item was brought back to Commission in September.
	2	Recycled Water Facilities	N/A			✓	8/23/2019	Review payment for facilities repair with RWC. Per the agreement, repairs are RWC's responsibility.
7/15/2019	1	No new items at this meeting						
6/17/2019	1	No new items at this meeting						Direction provided to Counsel and staff re: closed session items only
5/20/2019	1	Send Updated Agenda Item 5E				✓	5/20/2019	The incorrect version was included in the agenda packet. A corrected version was emailed to Commissioners on 5/20/19.
	2	Days Since Last Incident Sign - Pelican Board Room				✓	7/15/2019	The sign is on display in Pelican Room
4/15/2019	1	Maple Street Development	N/A	✓				SVCW and RWC staff coordinating efforts and messages to developer to protect mutual and exclusive interests.
> One Year	1	8E - JPA Amendment; re-initiate "clean up" to JPA	N/A		✓			Make required and requested changes to the JPA a priority. Comments received; Manager to begin working on consolidation.
	2	When SVCW can begin exporting power to grid, make public for positive public relations standpoint	N/A		✓			While the 12kV switchgear is ready to export power, the contract with P.G.&E. and documentation with CA Energy Commission will not be complete until April 2020. Public notice will be prepared and distributed when appropriate.
	3	Project delay costs	N/A	✓			Ongoing	Inform Commission of any potential delays that could add time and costs to projects they have authorized.

**Silicon Valley Clean Water
Commissioners' Requested Action Items**

**APRIL 20, 2020
AGENDA ITEM 5E**

Updated: 04/07/2020

Commission Meeting Date	Action Item		Requested or Estimated Date for Completion	Status			Date of Completion	Notes
				Ongoing	In Progress	Complete		
	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

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 and Pump Stations includes four 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.

Available Budget

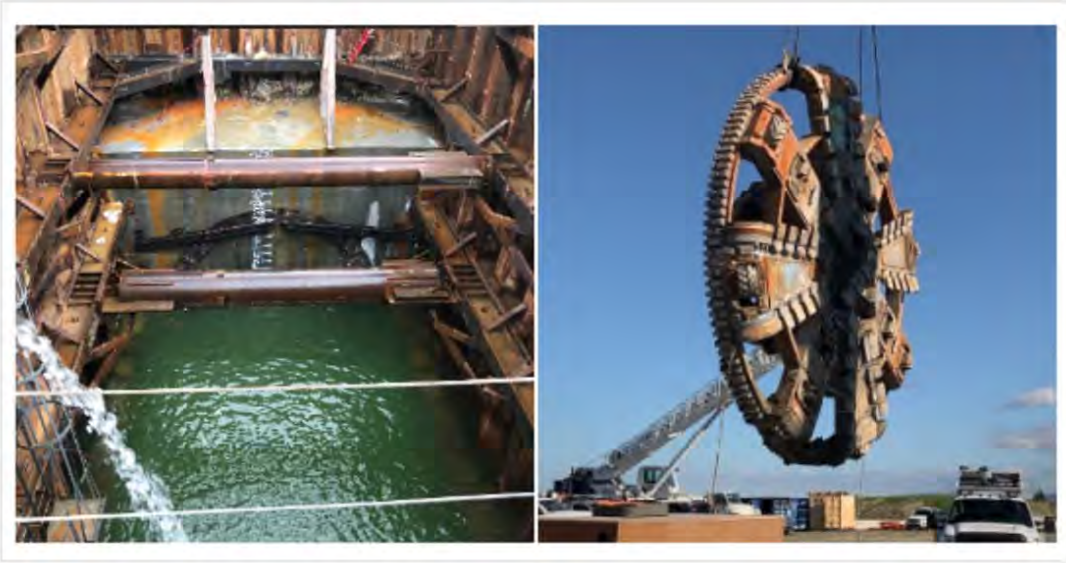
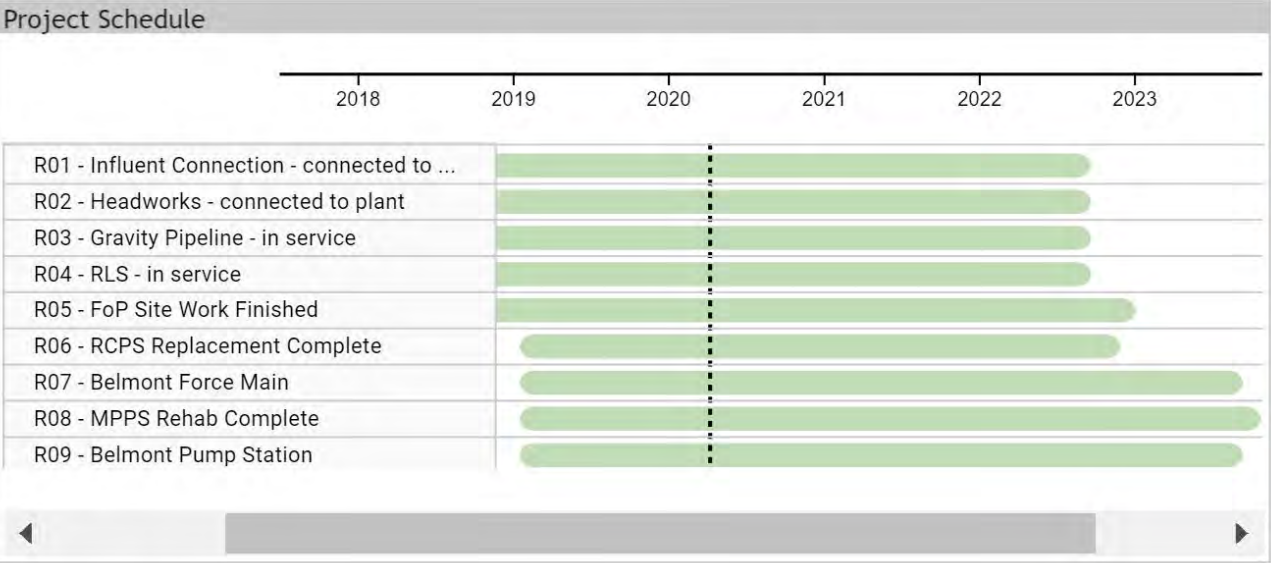
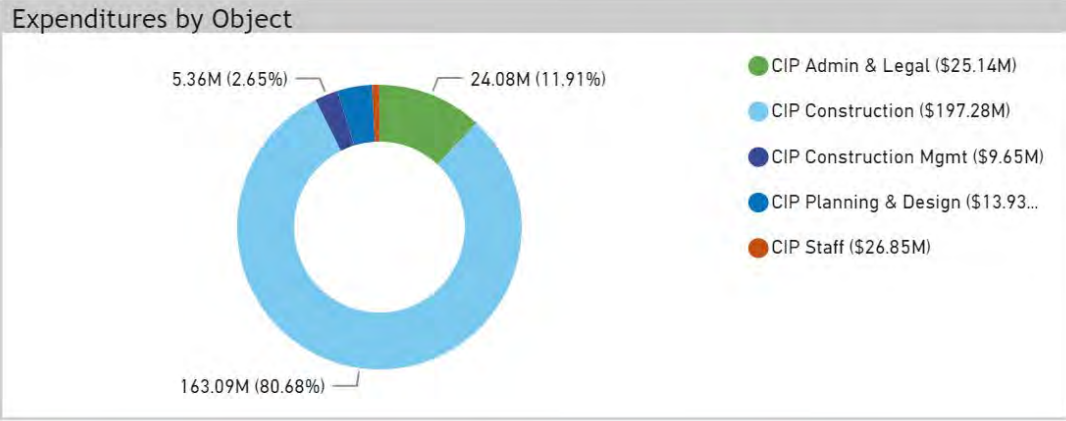
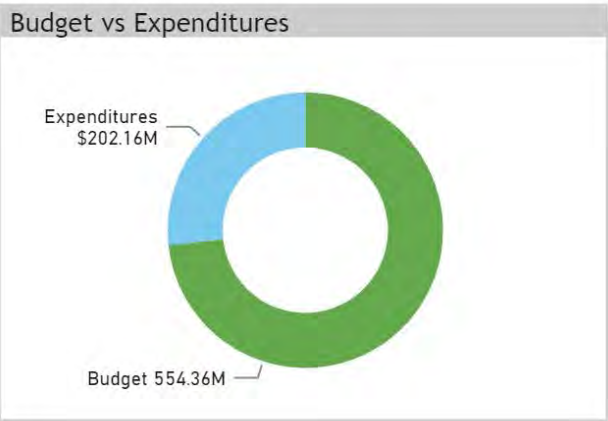
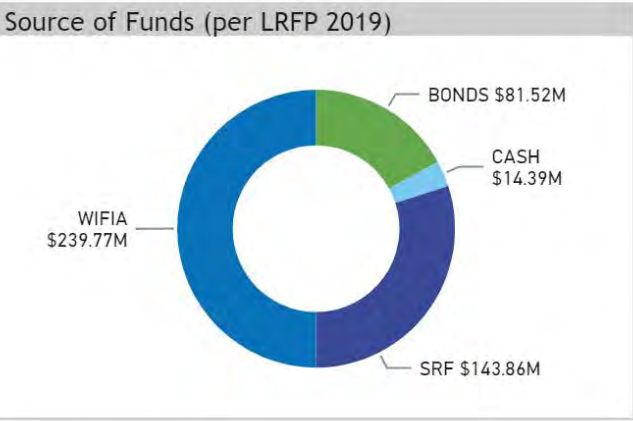
\$554.36M

Total Expenditure

\$202.16M

Remaining Budget

\$352.20M



AGENDA ITEM 5F

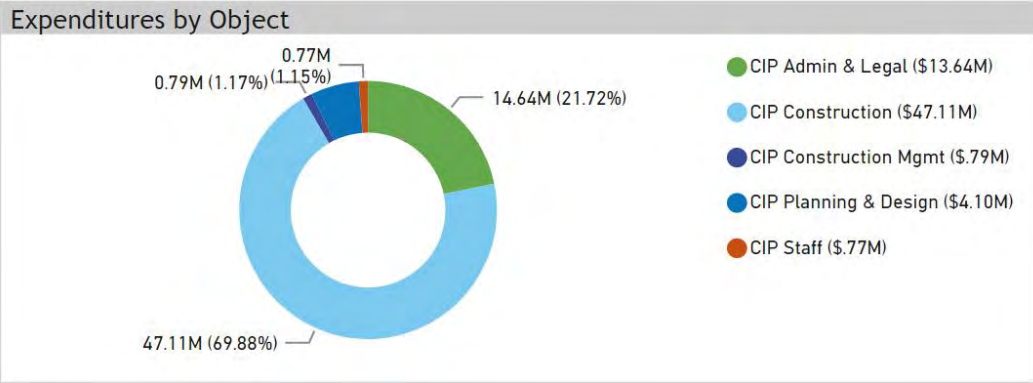
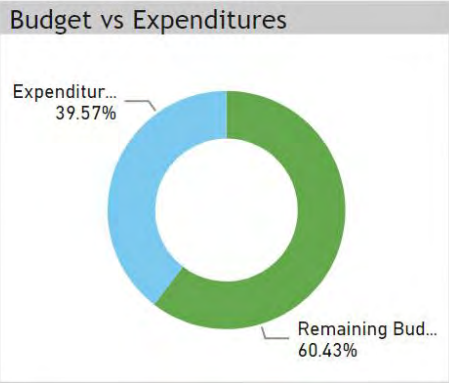
Front of Plant Progressive DB Project



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
100 (%) Design Documents	11/1/2019	12/4/2019
Stage 2C - RLS Shaft Construction	10/11/2018	2/25/2020
Headworks Facility Completed	12/6/2018	10/24/2021
SFS/RLS Operational	12/6/2018	8/28/2022
Stage 2D - Balance of Stage 2 Work Final Completion	12/6/2018	10/20/2022



Construction KPIs

43.03%

% Complete

39.26%

% Expenditures



Major Accomplishments this Period

▼	
Design	- SPJV is finalizing the submittals for major equipment. Following approval, SPJV will finalize the control narrative and begin developing the control strategies.
Procurement of Trade Packages	<ul style="list-style-type: none"> - SPJV finalized submittals for the various valves, pumps and instrumentation, the RLS elevator, and jib crane - SPJV is finalizing submittals for various valves, the odor control system, electrical equipment and instrumentation. - WIFIA and SRF requirements compliance for trade packages are in progress - SPJV executed contracts with multiple subcontractors for upcoming work
Construction	<ul style="list-style-type: none"> - Completed placement of all the walls for the Headworks Facility and began the installation of various equipment pads - Project construction stopped for two weeks starting 3/30/20 for COVID-19 precaution; construction to resume 4/13/20

Potential Issues

Air Gap Tank Project

3 - Month Look Ahead

	Start	End	April	May	June
Installation of Electrical Room Deck & Concrete Fill Areas	February 2, 2020	May 14, 2020	X	X	
Installation of Headworks Channel Decks	January 3, 2020	May 27, 2020	X	X	
Installation of RLS Second Pass Walls	March 18, 2020	July 21, 2020	X	X	X

Project Changes

Change order for odor control system
Credit for deletion of 48" bypass from 54" force main
Credit for the deletion of the chemical storage system
Electrical System
New County/Local Sales Tax
Project Management past December 2021

Safety Spot Light

Lost Time	0
Near Misses	4
Recorded Losses	2

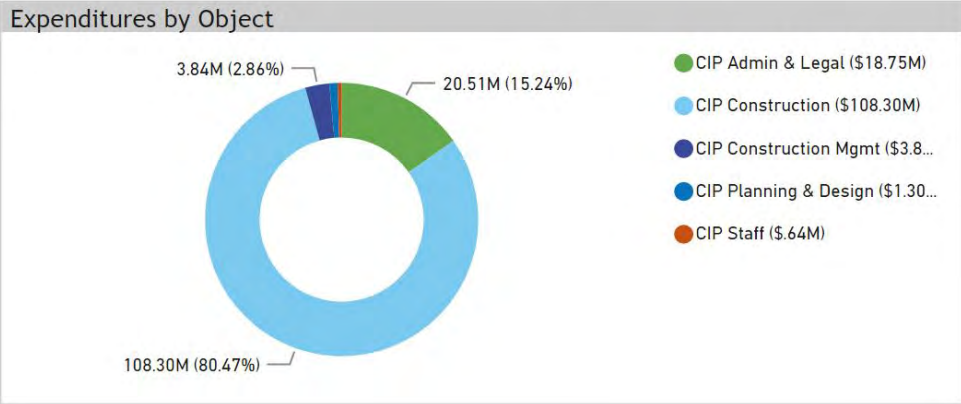
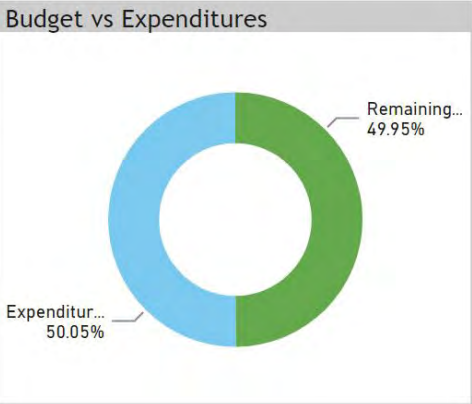
Gravity Pipeline Progressive DB Project



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.



Milestone Schedule		
	Start	Finish
100% Design Documents		8/7/2020
TBM Drive (AAS to Bair Island)	9/17/2019	4/3/2020
San Carlos Shaft Construction	7/27/2020	8/25/2020
TBM Drive (AAS to SFS)	7/28/2020	7/13/2020
FRP Pipe Installation	6/24/2021	4/5/2022
Final Commissioning		7/1/2022



Construction KPIs



As of : 2020 - 04



Major Accomplishments this Period

Design	- BBJV continued development of 100% San Carlos Shaft and Adit design
Procurement of Trade Packages	- San Carlos Shaft SOE contract in progress - TBM Removal crane contract in progress - Outreach in conformance with SRF and WIFIA funding requirements
Construction	- BBJV completed TBM assembly in tunnel and has constructed approximately 5000 LF (1000 rings) - BBJV completed preparation for TBM removal from the Bair Island Shaft - Second shipment of FRPM pipe continued production in Jakarta, Indonesia

Potential Issues

Muck Disposal Site

3 - Month Look Ahead

	Start	End	April	May	June
100% Design Completion	August 10, 2018	August 7, 2020	X	X	X
Second Shipment of FRP Pipe	April 15, 2020	May 15, 2020	X	X	
TBM mining for Bair Island Drive	September 17, 2019	April 3, 2020	X		
TBM Removal and Reassembly	April 6, 2020	July 27, 2020	X	X	X

Project Changes

New County/Local Sales Tax and US Tariffs

Safety Spot Light

Lost Time	1
Near Misses	0
Recorded Losses	1

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 replaced with a gravity pipeline. 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. RCPS will be designed to pump the MPPS flows during wet weather events.

Available Budget

\$119.68M

Total Expenditure

\$13.74M

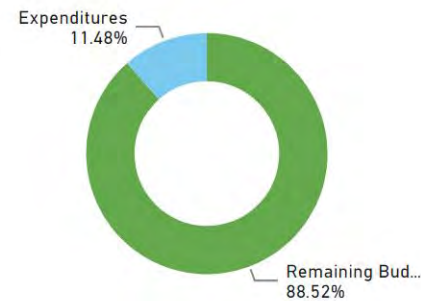
Remaining Budget

\$105.94M

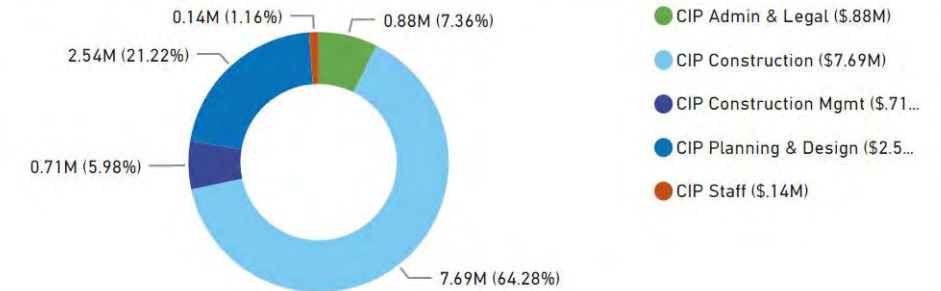
Milestone Schedule

	Start	Finish
PSI Project Procurement process approved by Commission	7/13/2018	7/13/2018
Recommend Award of DB Agreement to Commission	2/25/2019	2/25/2019
Basis of Design Report (BODR)	7/1/2019	10/7/2019
30 Percent (%) Design Documents	7/2/2019	9/19/2019
MPPS and BGP 60 Percent (%) Design Documents	8/19/2019	1/13/2020
RCPS 60 Percent (%) Design Documents	9/12/2019	3/25/2020
Stage 1 Services Complete - MPPS	2/28/2019	3/9/2020
Stage 1 Services Complete - BGP	2/28/2019	4/20/2020
Stage 1 Services Complete - RCPS	2/28/2019	6/15/2020

Budget vs Expenditures

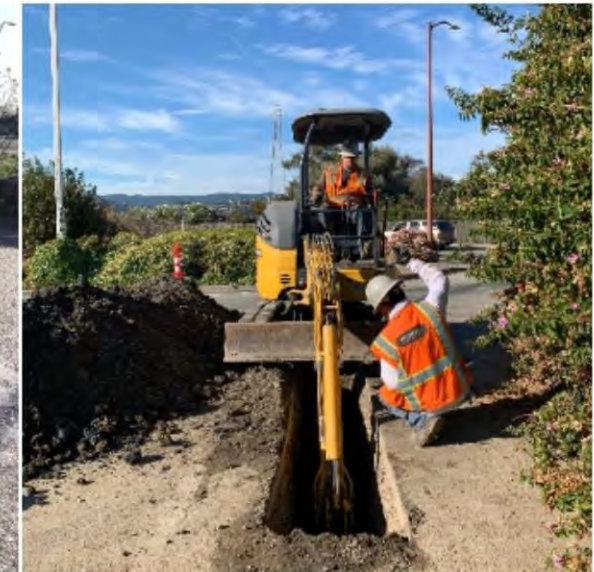


Expenditures by Object



Phase 2 is scheduled to start on 3/16/2020.

No % Complete or % Expenditures available at this time.



Major Accomplishments this Period

- Design
- Finalized MPPS Stage 2 Cost; SVCW Commission approved MPPS Stage 2 Amendment.
 - Re-evaluating BPS design based on input from CalTrans. Developing revised drawings.
 - Held workshop to review updated RCPS drawings.

Potential Issues

CalTrans easement denied for BPS gravity pipe; reassessing design

3 - Month Look Ahead

	Start	End	April	May	June
60% Design Package	August 19, 2019	May 25, 2020	X	X	
Basis of Design Report	May 24, 2019	April 8, 2020	X		
BIM Model Development, Analysis, and Support	August 19, 2019	June 15, 2020	X	X	X
Cost Modeling Development and Estimates	May 3, 2019	May 29, 2020	X	X	
Modeling	May 24, 2019	April 8, 2020	X		
Permitting & Public Outreach Support	February 28, 2019	June 15, 2020	X	X	X
Preliminary Staffing & Staff Training Plan	October 16, 2019	April 15, 2020	X		
Preliminary Startup, Testing and Acceptance Plan	October 16, 2019	April 22, 2020	X		

Project Changes

No issues to note for this period.

Safety Spot Light

Lost Time	0
Near Misses	0
Recorded Losses	0

AGENDA ITEM 7A

**MINUTES OF SILICON VALLEY CLEAN WATER
SPECIAL MEETING – March 9, 2020
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 Alicia Aguirre, Redwood City - Chair
Board Member George Otte, P.E., West Bay Sanitary District – Vice Chair
Council Member Mark Olbert, San Carlos – Secretary
Council Member Warren Lieberman, PhD., Belmont

Staff, Consultants and Visitors Present

Teresa A. Herrera, SVCW Manager
Christine Fitzgerald, SVCW Legal Counsel
Jennifer Flick, SVCW Human Resources Director
Matt Anderson, SVCW Chief Financial Officer/Assistant Manager
Monte Hamamoto, SVCW Chief Operating Officer
Kim Hackett, SVCW Authority Engineer
Arvind Akela, SVCW Engineering Director
Eric Hansen, SVCW Engineering
Jessica Mangual, SVCW Secretary Pro Tem
EJ Shalaby, Senior Consultant, DNS Strategic Partners
Molly Flowerday, City of Redwood City
Bill Tanner, Tanner Pacific, Inc.
Mark Minkowski, Kennedy/Jenks
Leslie Murphy, PFM Asset Management

ITEM 3

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was recited by those in attendance.

ITEM 4

PUBLIC COMMENT

Mr. Jim Lewis, a member of the public, shared his appreciation for the safety moment included in SVCW's monthly Commission packet. He shared his support for the Daughters of American Revolution placing a plaque on SVCW's building (1406 Radio Rd) to commemorate the history of the building.

ITEM 5

SAFETY MOMENT AND REPORTS

The safety moment included instructions on how to stop the spread of germs.

Under the Managers Report, two items were reported:

Daughters of American Revolution requested to place a plaque on the building located at 1406 Radio Rd to acknowledge the history and importance of the building. Input and direction were requested and received from the Commission.

SVCW's Emergency Response Plan for Covid-19 is ongoing.

For the remaining written reports contained within the agenda packets, there were no questions nor comments.

ITEM 6

MATTERS OF COMMISSION MEMBER'S INTEREST

There were no comments.

ITEM 7

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

A. APPROVAL OF MINUTES – January 27, 2020

B. CONSIDERATION OF MOTION APPROVING CLAIMS AND CHECKS DATED JANUARY 2 – FEBRUARY 21, 2020 AND NECESSARY PAYMENTS THROUGH FEBRUARY 21, 2020

C. CONSIDERATION OF MOTION APPROVING REMOVAL OF FIXED ASSETS FROM SVCW FINANCIAL RECORDS

Proposed Action:

Move approval to REMOVE ASSETS FROM SVCW FINANCIAL RECORDS TO REFLECT ASSET DISPOSALS OCCURRING IN THE CURRENT YEAR

D. CONSIDERATION OF RESOLUTION RATIFYING APPROVAL OF MEMORANDUM OF UNDERSTANDING AND AUTHORIZING ACCEPTANCE OF A CERTAIN HEREIN DESCRIBED REAL PROPERTY INTEREST FOR THE GRAVITY PIPELINE PROJECT AND AUTHORIZING EXECUTION OF ALL DOCUMENTS NECESSARY AND APPROPRIATE FOR SAID TRANSACTION

Proposed Action:

Move adoption of RESOLUTION RATIFYING APPROVAL OF MEMORANDUM OF UNDERSTANDING AND AUTHORIZING ACCEPTANCE OF EASEMENT INTERESTS IN CERTAIN REAL PROPERTY HEREIN DESCRIBED (APNs 095-220-140, 046-081-580, 046-082-010, 046-081-790, 095-030-230)

- E. CONSIDERATION OF RESOLUTION APPROVING STAGE 2A AMENDMENT TO THE PUMP STATIONS IMPROVEMENTS PROJECT (PSI) DESIGN-BUILD AGREEMENT WITH SHEA PARSONS JOINT VENTURE (SPJV).

Proposed Action:

Move adoption of RESOLUTION APPROVING STAGE 2A AMENDMENT TO THE DESIGN-BUILD AGREEMENT FOR PUMP STATIONS IMPROVEMENTS PROJECT (CIP #9501); AUTHORIZING EXECUTION OF STAGE 2A 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 - \$20,100,000

Commissioner Olbert had questions regarding Consent Calendar Items 7D and 7E and Ms. Herrera and Ms. Hackett responded to the questions regarding the two items.

Regarding Item 7D, Commissioner asked if there were changes included in the text that was approved by the County. Ms. Herrera responded that no changes were made.

Regarding Item 7E, Commissioner asked how this new cost compares to what SVCW originally expected and if there was significant cost difference. Ms. Hackett responded that there was not a significant cost difference and that the difference is within the range of costs SVCW considered in the risk register.

Motion/Second: Mr. Olbert / Mr. Otte

The Motion carried by Unanimous Vote

ITEM 8A

CONSIDERATION OF RESOLUTION ADOPTING REVISION TO SILICON VALLEY CLEAN WATER'S INVESTMENT POLICY AND GUIDELINES

Proposed Action:

Move adoption of RESOLUTION APPROVING AND ADOPTING REVISION "S" TO ADMINISTRATIVE POLICY 1992-01 ESTABLISHING SILICON VALLEY CLEAN WATER'S INVESTMENT POLICY AND GUIDELINES

Motion/Second: Mr. Olbert / Mr. Otte

The Motion carried by Unanimous Vote

ITEM 8B

CONSIDERATION OF RESOLUTION APPROVING MEMORANDUM OF UNDERSTANDING (MOU) BETWEEN SILICON VALLEY CLEAN WATER (SVCW) AND SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY (SBWMA) TO CONDUCT JOINT PILOT PROJECT

Proposed Action:

Move approval of MEMORANDUM OF UNDERSTANDING BETWEEN SILICON VALLEY CLEAN WATER AND SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY TO CONDUCT JOINT PILOT PROJECT

Motion/Second: Mr. Olbert / Mr. Lieberman

The Motion carried by Majority Vote: 3 votes yes, with Commissioner Aguirre abstaining

ITEM 8C

RECEIVE PRESENTATION ON THE FISCAL YEAR 2020-21 PROPOSED ANNUAL OPERATING AND CAPITAL EXPENDITURES BUDGET

Proposed Action:

No Commission action is requested or required for this item

ITEM 9

No Closed Session

ITEM 10

No Closed Session items to report

ITEM 11

ADJOURN

There being no further business, the meeting adjourned at 9:45 a.m.

Minutes prepared by Teresa A. Herrera
Reviewed by General Counsel

Mark Olbert, Secretary

AGENDA ITEM 7B

SVCW WARRANT REGISTER

SVCW Warrant Register dated February 25, 2020 – March 11, 2020 and March 12, 2020 – March 23, 2020, were scanned and a copy was emailed to Commissioners and Legal Counsel on April 15, 2020.

AGENDA ITEM 7C

**RECYCLED WATER SUPPLY LINE REPAIR PROJECT (PROJECT #290)
FINAL PROJECT ACCEPTANCE**

ISSUE

Final Acceptance of the Recycled Water Supply Line Repair Project (Project #290) and Authorization to File Notice of Completion

BACKGROUND

The Recycled Water Facility ("Facility") at Silicon Valley Clean Water was constructed in 2006 to provide recycled water to the City of Redwood City. The Facility includes a disinfection system and storage and pumping facilities, all located on the SVCW plant property. The system is fed filtered water from the B-side Dual Media Filters ("DMF") at the SVCW Plant via a 36-inch pipe. The pipe begins at the DMFs and is mounted above ground until it reaches a main access road on the Plant site, where it transitions below grade and eventually connects to the Facility. Because of ongoing soil movement in the area, the original pipe installation in 2006 included a flexible rubber spool to accommodate differential settlement. Due to excessive settlement of the underground portion of the pipe, the flexible coupling had been stretched to its limit and was at risk of failure.

DISCUSSION

Drawings and specifications were prepared for the replacement of the flexible coupling and expansions joints, and installation of modular seals. The project was publicly advertised for bids and, in August 2019, the Commission approved a contract with Shea Parsons Joint Venture in the amount of \$315,000. Notice to Proceed was issued on September 17, 2019.

The project included replacing the existing flexible coupling on the 36-inch pipe and replacing each of the three existing expansion joints within the Facility's expansion joint vault. During the course of the project, five contract change orders were issued in the total amount of \$17,130. The change orders addressed differing site conditions and added a pipe support to carry the additional load of the heavy flexible coupling. Change orders constitute 5.4% of the contract value. Substantial Completion was achieved on February 25, 2020. The certificate is attached.

FINANCES

Funding for this project comes from Fund 19, which is the fund that captures all recycled water expenses incurred by SVCW. The total project expenditures as of the end of March 2020 are \$354,514 including construction, engineering, and construction management costs. The City of Redwood City will reimburse SVCW for the total cost of this project. The City had been provided a budget estimate of \$400,000 for the work.

RECOMMENDATION

Move approval OF MOTION TO ACCEPT RECYCLED WATER SUPPLY LINE REPAIR PROJECT (PROJECT #290) AND AUTHORIZE FILING NOTICE OF COMPLETION – SHEA PARSONS JOINT VENTURE

**Silicon Valley Clean Water
Recycled Water Supply Line Repair Project
SUBSTANTIAL COMPLETION CERTIFICATE**

The following portions of the Recycled Water Supply Line Repair Project are accepted as Substantially Complete in accordance with Specification Sections 00700-8.6 and 00800-1.5 and as defined herein.

As of February 25th, 2020, these portions of the Project are accepted:

1. All work on the Project except as noted below:
 - a. All work on the attached Punch List, dated February 25th, 2020.

As of the above dates the following responsibilities are agreed to:

1. Authority:
 - a. The Authority assumes responsibility for security, maintenance (except as noted below), heat, utilities, damage to the Work (except as caused by the Contractor's actions) and insurance for the facilities.
2. Shea Parsons Joint Venture (SPJV):
 - a. The Contractor shall maintain and provide proof of insurance as required by Specification Section 00800-3.1.4 for all work required to complete the Punch List and for five years following Final Completion as required by Specification Section 00800-3.2 or as otherwise referenced in the technical specifications.
 - b. The Contractor shall be responsible for repairs or maintenance, as necessary, until the Contractor has submitted, and the Authority has accepted all Record Documents and Operation & Maintenance Manuals.
 - c. The Contractor shall work in an expeditious manner to complete the remaining work and administrative requirements on the Project including the items on the Punch List, dated February 25th, 2020, within sixty (60) days from the date of this certificate.

This Certificate does not constitute an acceptance of Work not in accordance with the Contract Documents nor is it a release of Contractor's obligation to complete the Work in accordance with the Contract Documents. The one year (365 Calendar Days) warranty for the accepted Work shall commence per Specification Section 01740-1.0 on the date of Acceptance by Silicon Valley Clean Water.

The undersigned hereby acknowledge agreement to the above provisions:

Contractor: J.F. Shea/Parsons Joint Venture

Construction Manager: Tanner Pacific, Inc.

By: 

Tom Fluehr

Title: Project Manager

Date: 2/26/2020

By: 

Demi Pacifuentes, P.E.

Title: Construction Manager

Date: 02/26/2020

AGENDA ITEM 7D

**DMF INFLUENT PIPE REPAIR (PROJECT #313)
FINAL PROJECT ACCEPTANCE**

ISSUE

Final Acceptance of Repairs to the Dual Media Filter (DMF) Influent Pipe and West Access Roadway.

BACKGROUND

On November 5, 2019, plant staff noticed water seeping from the plant facility onto the West Access Road near the DMF structure, resulting in a sinkhole in the road. A dye test confirmed that the flow was emanating from a leak in the 66-inch pipe underneath the main structure that feeds the DMF system from the Secondary Clarifiers.

The SVCW Manager Declared an emergency, which was ratified by the Commission at the November 2019 Commission Meeting, authorizing up to \$300,000 in expenditures. At the January 2020 Commission Meeting, an additional \$98,500 was authorized to repair the road that was damaged as part of the leak.

Power Engineering was employed to perform a SCUBA dive to review the condition of the interior of the pipe. After discovering a 6-inch hole during the dive, a second dive team was utilized to temporarily patch the hole. The DMF process was taken out of service to allow workers into the pipe to further investigate and permanently repair the pipe failures. Several more small holes were discovered and repairs were made. The repairs were recoated to protect from further corrosion. Power Engineering installed three manhole access hatches on the above-grade portion of the DMF feed pipe to make future access into the pipe for internal inspection easier.

Additionally, Andreini Brothers Inc. was hired to perform paving repairs along the West Access Road on areas damaged by the leak. The contractor dug 3-feet below grade to install the proper subgrade for paving, then paved the road.

DISCUSSION

Pipe repair and paving work was completed by February 26, 2020. The work by Andreini Brothers and Power Engineering on this project was complete, well executed and acceptable to SVCW.

FINANCES

Funding for this emergency work will be from Capital Project #313, with the allocated budget of \$398,500. The final cost of the project is \$384,630.

RECOMMENDATION

Move approval of MOTION TO ACCEPT EMERGENCY REPAIR OF THE DMF INFLUENT PIPE (CIP #313) – POWER ENGINEERING CONTRACTORS AND ANDREINI BROTHERS

AGENDA ITEM 8A

**DECLARATION OF EMERGENCY
CORONAVIRUS PANDEMIC****ISSUE**

Declaration of Existence of an Emergency Condition, Ratifying Manager Decisions, Authorizing Expanded Manager Powers, Authorizing Use of Electronic Signatures and Establishing Temporary Meeting Location

BACKGROUND

The World Health Organization classified COVID-19 a pandemic on March 11, 2020. The situation remains dire with cases within the United States, California, and the Bay Area increasing daily. The state of California and seven Bay Area Counties responded to the pandemic by issuing Shelter at home orders on March 19th and March 17th/March 31st (revised), respectively.

On March 5, 2020, the SVCW Manager designated a SVCW task force to prepare a Pandemic Emergency Response Plan (PERP) to protect the health of SVCW employees and ensure that SVCW's core mission would continue to be met throughout the pandemic. At that time, when asked how long the agency would be operating under the PERP status, the Manager noted that the organization needs to be prepared for a 6- to 8-month time frame. On March 10th portions of the PERP were implemented including cancelling attendance at all conferences and offsite training sessions, restricting the number of people in any single meeting room, contact with essential vendors and suppliers and identifying back up suppliers for chemicals used in the treatment process. Finally, reinforcing the strict hygienic protocols already typically used in wastewater facilities became a daily activity. On March 16th, the entire PERP was implemented.

DISCUSSION

Under PERP operations, approximately 85% of staff is working remotely from their respective residences. The following staff positions are required to be onsite at any one time: operators, mechanics, an instrumentation technician, electrician, laboratory analysts, and accountants. Additionally, one administrative assistant and one senior manager are onsite. All onsite staff with the exception of operators and laboratory analysts are present Monday through Friday; the operators and laboratory analysts are required onsite 7 days per week. Operations is staffed 24 hours a day (in three eight-hour shifts).

Decisions made by the SVCW Manager to date include:

- Identification of essential onsite workers and minimum onsite staffing
- Allowing all staff to remotely log into SVCW IMS systems and determining that use of personal equipment for such log in activities will not be reimbursed by SVCW
- Designation of remote workers and providing administrative leave for those who do not have 40 hours of remote work available
- Actions necessary to implement San Mateo County and State shelter-in-place orders

- Designation of Essential Businesses providing services to maintain SVCW operations and back up contracts should an essential business no longer be able to provide services.

This action item requests that the above decisions be ratified by the Commission, along with the Chair's decision to temporarily change the Commission's regular meeting place from its physical location at the Authority's Administration Building to a remote location to allow for social distancing as required by both local and state orders.

Additionally, given the unknown nature and duration of the pandemic, certain emergency actions may need to be made in a timely and proactive manner by the Manager. To enable effective and quick decisions and actions, this agenda item requests that the Commission declare existence of an emergency condition and authorize expanded Manager powers.

Declaring an emergency in response to the SARs-CoV-2 pandemic will grant the SVCW Manager temporary emergency powers to perform all acts necessary and appropriate, in a timely and proactive manner, and in the Manager's reasonable discretion to ensure the management and operation of SVCW's facilities and employees during the crisis, including assurance that SVCW is complying with federal, state and local orders. Additionally, an increased dollar spending limit of up to \$300k (which is the same Manager limit as when other emergency declarations are required) and authority to enter into contracts that may be required due to COVID-19 is requested.

Examples of actions that may be needed include:

- Shelter-in-place order for SVCW staff causing need for sleeping quarters to be quickly deployed at the treatment plant site.
- Override of Local 39 Union MOU terms
- Force majeure decisions for construction contracts
- Hiring of temporary operators or other essential staff
- Contracts for alternative vendors, suppliers, and service providers

Finally, this item requests that the Commission authorize use of electronic signatures in place of wet (manual) signatures (as allowed by law under the Uniform Electronic Transaction Act (CC §§1633.1-.17; GC §16.5)) on all SVCW documents to ensure compliance with shelter in place orders and so that SVCW can continue to conduct its business quickly, securely and efficiently.

FINANCES

There is no financial impact to current decisions made by the Manager. There could be financial impact for future necessary actions.

RECOMMENDATION

Move adoption of RESOLUTION DECLARING EXISTENCE OF EMERGENCY CONDITIONS RELATED TO COVID-19 PANDEMIC, AUTHORIZING MANAGER TO TAKE NECESSARY ACTIONS AND RATIFYING EMERGENCY ACTIONS TAKEN,

AUTHORIZING USE OF ELECTRONIC SIGNATURES AND TEMPORARILY
CHANGING THE COMMISSION'S REGULAR MEETING PLACE

AGENDA ITEM 8B

**RESCU PROGRAM
PUMP STATIONS IMPROVEMENTS PROJECT (CIP 9501)
STAGE 2B DESIGN-BUILD AMENDMENT AND CONSULTANT TASK ORDERS**

ISSUE

Approve Stage 2B Amendment to the Pump Stations Improvements Project (PSI) Design-Build Agreement with Shea Parsons Joint Venture (SPJV). Approve Task Orders for Owner's Engineering Advisor Services for Brown & Caldwell (BC); for Construction Quality Assurance Services for Tanner Pacific (TPI); and for Automation Development Services for Cascade Integration and Development (CID) associated with the Pump Station Improvements Project (CIP #9501); JHS consulting Programmatic Environmental Support Services.

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. RESCU is comprised of three projects: Pump Stations Improvements, Gravity Pipeline, and Front of Plant. The Pump Stations Improvements (PSI) Project improves the facilities that move flow from the member agency collection systems into the SVCW force main and gravity pipeline system, which will then discharge flow to the Front of Plant facilities. The PSI Project includes rehabilitating the Menlo Park Pump Station and building a new Redwood City Pump Station. Originally the project included renovating the Belmont Pump Station however through the Stage 1 design process the project team has confirmed that it is feasible to abandon the pump station and, instead, build a gravity sewer to connect Belmont flows to the gravity pipeline; lowering long term costs for the Authority. The San Carlos Pump Station will also be abandoned and flow from San Carlos will discharge via a drop structure into the gravity pipeline at this pump station location.

In February 2019, the Commission approved the SPJV Design-Build Agreement which included provisions for Stage 1 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 \$7,995,000.

The Design-Build Agreement allows for release of Stage 2 activities in "packages" rather than waiting for the entire project to reach 60% design. This allows advancement of any one of the three component projects.

In March 2020, the Commission approved a Stage 2A Amendment – the PSI Menlo Park Pump Station Improvements in the amount of \$20.1 million. The total executed amount for Stages 1 and 2A of the PSI project currently is \$28,095,000. This Stage 2B Amendment will authorize SPJV to construct the Belmont Gravity Pipe element of the project. Future Stage 2 amendments will include a Stage 2C amendment for the Redwood City Pump Station element of the project which will complete the PSI project.

Also recommended for approval in this action item are Task Orders for Brown and Caldwell and Tanner Pacific for Construction Quality Assurance Services associated with Stage 2 of the Pump Station Improvements Project and Cascade Integration and Development for developing and implementing the SCADA system control strategies and all software programming. The Commission authorized task orders for these Owners Advisor firms for Stage 1 in February 2019. New scopes of work and budgets for these firms have been prepared to continue Owner's Advisor, Control Integration, and Quality Assurance services beyond this Stage 2B amendment and includes services for the future Stage 2C Redwood City Pump Station project.

In addition to these project-specific consultants, another consultant, JHS Consulting, has been providing environmental and CEQA consulting services for all three projects in RESCU. JHS's services include providing guidance to the project teams for compliance with the Programmatic EIR and monitoring implementation of the EIR mitigation measures.

DISCUSSION

Stage 2B Amendment. The scope of work to be authorized by the Stage 2B Amendment is completion of the design from 60% to 100% and construction of the Belmont Gravity Pipe Micro-Tunnel (BGP-MT). The main components of the BGP-MT sub-project include:

- Installation of a Gravity pipeline using micro tunneling technology
- Connection to the existing Belmont gravity system at the location of the existing Belmont Pump Station
- Demolition of the Existing Belmont Pump Station

Stage 1 of the contract for the BGP-MT portion of the project has been completed with great success and 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 the various project challenges. As part of Stage 1, SPJV has prepared Basis of Design, 30%, and 60% design reports for the project.

There are three components to the PSI project. Developing 100% plans for the Menlo Park Pump Station were approved in March and are underway. The BGP-MT portion of the project has completed its 60% design. The remaining Redwood City Pump Station portion of the project 60% design is under development.

Prior to bringing the Stage 2B 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 entire SVCW project team also conducted rigorous design submittal reviews throughout Stage 1. SVCW has met with SPJV to negotiate final terms of the Stage 2B 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 2B Amendment described above is \$28,033,000. This fits within SVCW's CIP budget for Project #9501, which has an allocated budget of \$119.7 million in the 2020 CIP Update.

The Stage 2 schedule provides for substantial completion of the Pump Stations Improvements project (ready for sewage) on or about October 2022 once the Gravity Pipe and Front of Plant Projects are completed with Final PSI Completion in December 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. Additional as-needed tasks include services related to change order reviews and possible higher than anticipated levels of oversight and assistance to SVCW. The term of the Brown and Caldwell Task Order extends through the completion, acceptance and testing of all of the PSI components, with an approximate duration of 32 months scheduled to last through closeout of the PSI project.

Owner's Supervisory Control and Data Acquisition (SCADA) Integration Services Cascade Integration and Development (CID) Stage 2 services as Owner's Control System Integrator will include:

- Facilitating and managing Control Narrative workshops and the Control Narrative and Control Strategy development.
- Review & comment on design submittals and vendor packages.
- Prepare software design and development of a software design document.
- Provide complete Programmable Logic Controllers (PLCs), Human-Machine Integration and Panelview software applications.
- Configure network devices and PLC equipment.
- Configure i-Historian and develop reports as defined by the control strategy.
- Configure alarming as defined by the control strategy.
- Implement software acceptance testing.
- Witness factory testing of control equipment and panels and implement loop testing.
- Provide pre-commissioning activities, Record Drawing development and Performance Acceptance testing.
- SVCW Operator training and developing revised technical manuals
- Developing special warranty requirements, and
- Developing and implementing the project acceptance punch list.

The CID task order will extend for a duration of 32 months and is assumed to last through closeout of the PSI project.

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 covers a duration of 32 months, assumed to last through closeout of the PSI project.

The recommended Task Orders represent the total for all services needed by SVCW for Owner Engineering Advisor, Controls Integration, and Quality Assurance tasks for the entire PSI Project.

Negotiated budgets for professional services described above are:

Owners Advisors:

Brown and Caldwell	\$2.3 million or 2.7% of projected total construction cost
Cascade Integration	\$1.64 million or 1.9% of projected total construction cost

Quality Assurance

Tanner Pacific Inc.	\$5,548,500, or 1.9% of projected total construction cost
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For the above calculation, a value of \$84.8 million is projected as the construction cost of the Stage 2A, 2B, and 2C amendments which comprise the entire PSI project.

Programmatic Environmental Support Services JHS Consulting's Scope of Work includes Project Meetings and Coordination, Mitigation Monitoring for CEQA Conformance, and as-needed services for consulting with Design Builders and their environmental teams. The duration of this task order is 36 months, to allow for completion and startup of all three RESCU Projects. The budget of \$193,420 will be split amongst the three RESCU project budgets.

FINANCES

Scope represented by the PSI Stage 2 work will be funded from the Pump Station Improvements Project (CIP #9501), which has an allocated budget in the 2020 CIP Update of \$119.7 million.

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

SPJV (Stage 2B Amendment)	\$28,033,000
Brown and Caldwell (Engineering Owner's Advisor)	\$2,300,000
Cascade Integration (Control System Development)	\$1,640,000
Tanner Pacific (Quality Assurance)	\$5,548,500
<hr/>	
Total	\$37.5 Million

To date, approximately \$13.7 million has been expended on the project.

Allocated Project Budget	Authorized Stage 2A Cost	Stage 2B Cost Plus Owners Advisors	Current Future Cost Estimate*
\$119.7 million	\$20.1 million	\$37.5 million	\$113.3 million

*inclusive of future Stage 2C lump sum budget

With the authorization of this amendment and Task Orders, staff anticipates that this project will be completed within budget.

RECOMMENDATION

- i. Move adoption of RESOLUTION APPROVING STAGE 2B AMENDMENT TO THE DESIGN-BUILD AGREEMENT FOR PUMP STATIONS IMPROVEMENTS PROJECT (CIP #9501); 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 – SHEA PARSONS JOINT VENTURE - \$28,033,000
- ii. Move approval of TASK ORDER SCOPE AND BUDGET FOR OWNER’S ENGINEERING ADVISOR SERVICES FOR THE PUMP STATION IMPROVEMENTS PROJECT (CIP #9501) IN AN AMOUNT NOT TO EXCEED \$2,300,000 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – BROWN AND CALDWELL CONSULTANTS
- ii. Move approval of TASK ORDER SCOPE AND BUDGET FOR CONTROL SYSTEM DEVELOPMENT AND IMPLEMENTATION FOR THE PUMP STATION IMPROVEMENTS PROJECT (CIP #9501) IN AN AMOUNT NOT TO EXCEED \$1,640,000 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – CONTROL INTEGRATION AND DEVELOPMENT
- iv. Move approval of TASK ORDER SCOPE AND BUDGET FOR CONSTRUCTION QUALITY ASSURANCE SERVICES FOR THE PUMP STATION IMPROVEMENTS PROJECT (CIP #9501) IN AN AMOUNT NOT TO EXCEED \$5,548,500 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – TANNER PACIFIC INC.
- v. Move approval of TASK ORDER SCOPE AND BUDGET FOR ENVIRONMENTAL CONSULTING SERVICES FOR THE RESCU PROGRAM (CIP #9501, 9502, 6008) IN AN AMOUNT NOT TO EXCEED \$193,420 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – JHS CONSULTING

AGENDA ITEM 8C

**FISCAL YEAR 2020-21 ANNUAL OPERATING
AND CAPITAL EXPENDITURES BUDGET**

ISSUE

Approval of the Fiscal Year 2020-21 Annual Operating and Capital Budget

BACKGROUND

Prior to May 1 of each calendar year, Silicon Valley Clean Water must adopt an Operating and Capital Expenditures Budget (Budget) for the upcoming Fiscal Year. The Budget outlines revenues SVCW needs for operations, maintenance, administration and compliance monitoring activities. Furthermore, it describes cash flow requirements to meet capital projects, debt service, and cash reserve needs.

The long-term Capital Improvement Program (CIP), originally developed in 2008 and most recently updated in January 2020, identifies the funds needed for both capital replacement projects (depreciation) and system improvements projects. This Budget incorporates the long-term impact of capital expenditures and proposes a funding strategy for the CIP. The CIP funding strategy incorporates analysis from the January 2020 Long Range Financial Plan update.

Staff presented the Budget to the Commission on March 9, 2020. There have been no changes since that presentation except for updated application of flow and loading values. The allocation method for SVCW operating costs amongst the member agencies uses a combination of three flow and loading factors: Flow, Biochemical Oxygen Demand (BOD), and Suspended Solids (SS) over a three-year trailing average. These allocations are indicated in the table at the end of the Discussion section.

DISCUSSION

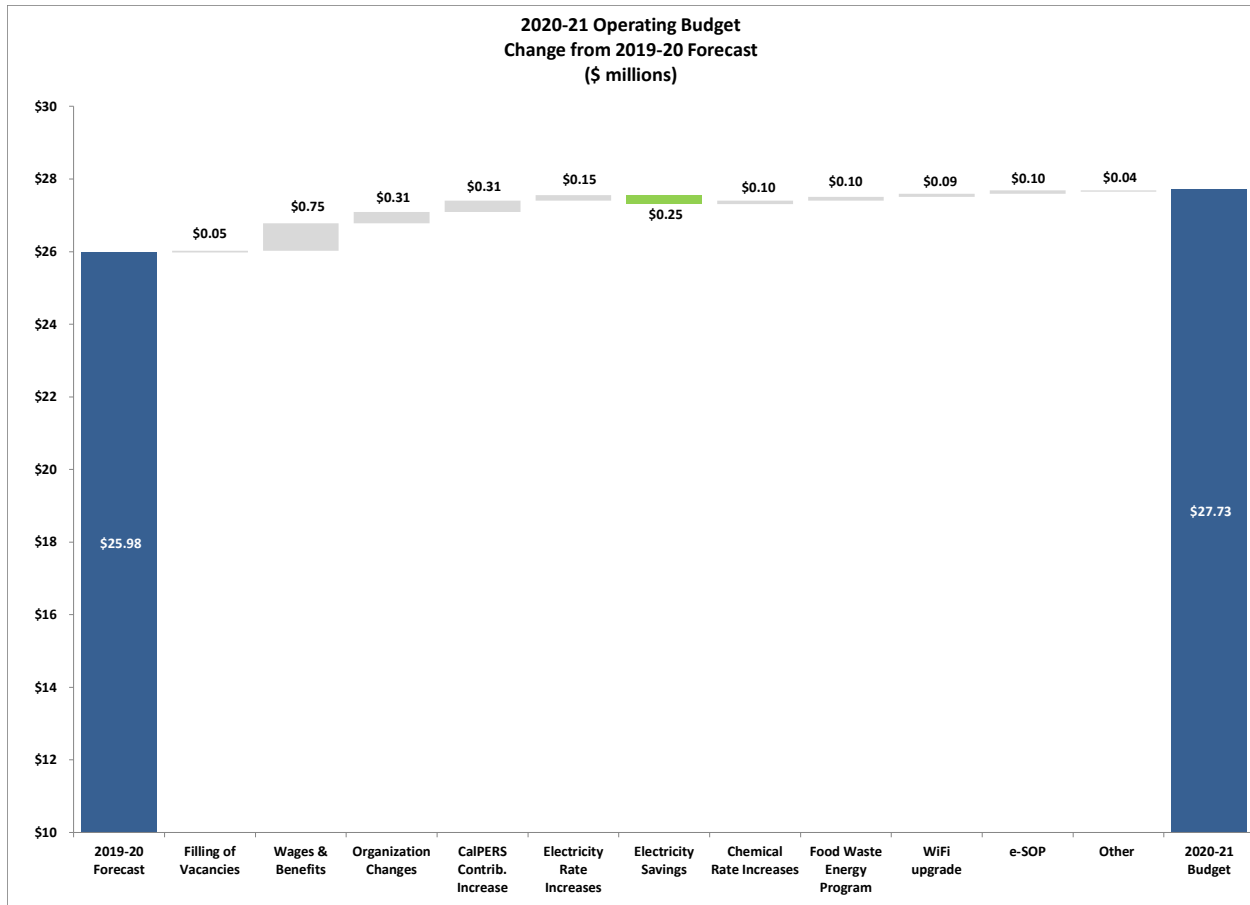
The 2020-21 Budget anticipates Total Member Contributions will increase by \$861.9 thousand, or 1.79%. The Budget allots \$26.6 million for Net Operating Expenses and \$1.29 million for Revenue-Funded Capital projects next year. Reserve Designations are aligned with Agency policy and include \$1.52 million in contributions. Debt Service Payments are budgeted to be \$19.65 million.

Year-over-year Budgeted Member Entity Contributions				
Description	2019-20 Adopted Budget	2020-21 Proposed Budget	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Gross Operating Expenses	\$ 26,268,777	\$ 27,728,484	\$ 1,459,707	5.56%
Less: Miscellaneous Revenue	(1,059,500)	(1,099,500)	40,000	3.78%
Contributions, Net Operating Expenses	\$ 25,209,277	\$ 26,628,984	\$ 1,419,707	5.63%
Add: Revenue-Funded Capital Projects	1,684,325	1,295,500	(388,825)	(23.08%)
Contributions, Before Reserves & Debt Service	\$ 26,893,602	\$ 27,924,484	\$ 1,030,882	3.83%
Add: Reserve Designations	1,052,583	1,524,866	472,283	44.87%
Add: Debt Service, Participating members	20,287,459	19,646,217	(641,242)	(3.16%)
Contributions, Total	\$ 48,233,644	\$ 49,095,567	\$ 861,923	1.79%

Operating Budget:

Specific to the operating budget only, the following table and chart compares next year's Proposed Operating Budget to 2019-20's forecasted expenditures. Comments below explain certain inflationary pressures as well as savings planned for next year.

Silicon Valley Clean Water Expenditure Summary - By Objective						
Description	2018-19 Actual	Adopted 2019-20 Budget	2019-20 Forecast	Proposed 2020-21 Budget	\$ Incr/(Decr) v. Forecast	% Incr/(Decr) v. Forecast
Personnel	\$ 16,671,032	\$ 16,617,606	\$ 16,448,116	\$ 17,853,205	\$ 1,405,089	8.5%
Utilities	1,482,703	1,707,756	2,006,739	1,733,449	(273,290)	(13.6%)
Administrative Expenses	535,838	516,149	397,839	623,021	225,182	56.6%
Equipment & Supplies Expense	2,535,814	2,552,722	2,571,085	2,599,502	28,417	1.1%
Chemicals	1,105,788	1,697,916	1,590,201	1,703,871	113,670	7.1%
Professional & Contractual Services	2,669,282	2,760,886	2,653,955	2,820,575	166,620	6.3%
Training, Memberships, Travel	347,063	415,742	310,599	394,861	84,262	27.1%
TOTAL	\$ 25,347,520	\$ 26,268,777	\$ 25,978,534	\$ 27,728,484	\$ 1,749,950	6.7%



- Personnel costs will increase by \$1.41 million, or 8.5% compared to the 2019-20 Forecast. Approximately \$50 thousand of this increase is due to a vacant position during the first half of 2019-20. The remaining increase is largely due to \$750 thousand of cost-of-living and step adjustments, a \$313 thousand increase in CalPERS-required contribution rates, and \$311 thousand for organizational changes to support succession planning.
- Despite anticipated rate increases from PG&E for electricity, utilities costs will decrease by \$273 thousand compared to the Forecast, or 13.7%. During fiscal year 2019-20 PG&E imposed a retroactive billing adjustment associated with the new switchgear and meter at the treatment plant. This one-time charge of \$350 thousand will not reoccur.
- Administrative Expense will increase by \$225 thousand (56.6%); comprised of a \$100 thousand increase in annual permit fees and \$58 thousand included for public outreach (public outreach was not budgeted for fiscal year 19-20 and should be included in the upcoming year's budget).
- Chemical costs will increase by \$101.2 thousand, or 6.4%, as staff has been notified that chemical prices will increase.

- Professional & Contractual Services will increase by \$86.6 thousand, or 3.3%, the majority of which is to begin implementation of a new electronic Standard Operating Procedures (“smart-SOP”) program. Smart-SOP is a cloud-based solution to provide consistent instructions and training to operators.
- Training, Memberships, and Travel will increase by \$84 thousand (27.1%). In response to changes in labor law, SVCW temporarily suspended training and travel early in the 2019-20 fiscal year as it amended a Standard Administrative Procedure associated with travel. The organization expects ordinary training and education practices next fiscal year.

Revenue-Funded Capital:

Revenue-Funded Capital Expenditures funds individual capital projects less than \$1 million each that can be completed within one year. These projects address immediate needs for equipment and facilities and typically include minor construction projects, major maintenance projects, and preliminary engineering analysis for major capital improvements. The proposed budget includes revenue-funded capital expenditures of \$1.29 million.

Proposed 2020-21 Revenue-Funded Capital Expenditures	
Project Name	One-time Cost
Rebuild dewatering Fournier filter presses #1 and #2	\$ 250,000
Replace IT Business Network Access Switches	204,000
Install Crane / Monorail system for Solids Handling Bldg Equipment	200,000
Purchase replacement Bio-Solids Dump/Transfer Truck	140,000
Replace cogeneration engines' generator units	87,500
Expand emergency alert and surveillance system at Treatment Plant	85,000
Upgrade Primary Sedimentation Tank equipment	65,000
Improve Front Gate controls	60,000
Improve loading slab at biosolids loading area	50,000
Facility Reconfigurations	50,000
Replace Laboratory Automated BOD Analyzer	48,000
Replace fleet equipment, Environmental Services pickup truck	34,000
Purchase Dranetz Energy Power Monitoring Equipment	22,000
TOTAL	\$ 1,295,500

- Fournier Press rebuild: The Fournier filter presses, used to remove water from biosolids prior to disposal, have exhibited wear of certain parts over time. This wear damaged the filter screens and must be addressed. To reduce the wear on screens in the future, more frequent maintenance of the Fournier Presses is now in place.
- The Information Technology business network includes eight access switches throughout the treatment plant that were installed in 2012 and are now at end-of-life.
- A crane system is proposed for the basement of the Solids Handling Building where recently-installed equipment must be maintained. This equipment includes rotary drum thickeners, large pumps, and electrical control panels. With a crane system, mechanics can perform maintenance safely and efficiently.
- An existing dump truck, used for biosolids transfer to drying beds, is frequently out of service and jeopardizes the operation. A replacement truck mitigates this risk and optimizes use of drying beds, in turn, supporting reduction in costs.

Reserves:

Operating Reserve contributions follows policy to ensure a balance of \$3.77 million is in place by the end of the fiscal year. As investment earnings generate most of the necessary amounts, the contribution to Operating Reserves will be \$25.7 thousand in 2020-21. Separately, this Budget recognizes a required \$1.5 million contribution to Capital Improvement Program Reserves to comply with Policy.

Debt Service:

SVCW's Debt structure for next fiscal year is unchanged, though debt service payments will decrease by \$641 thousand as series 2009A Wastewater Revenue Bonds were fully retired in 2019.

SVCW has to date secured approximately \$647 million of financing for CIP projects, of which \$265 million remained available at June 30, 2019. Per the January 2020 Long Range Financial Plan, remaining CIP project expenditures were \$561 million.

The January 2020 Long Range Financial Plan considered remaining CIP expenditures, their timing, and available sources of funds to recommend a debt structure that recognizes much of the remaining CIP is to be funded through a combination of governmental loans from the U.S. Environmental Protection Agency as well as the California State Water Resource Control Board.

Allocation by Member:

SVCW Budget is allocated to members according to prescribed instructions in the Joint Powers Authority (JPA) Agreement. Funding for capital projects and CIP Reserve contributions are allocated per percentages associated with dry weather capacity. The Capital and Reserve allocations for fiscal year 2020-21 are included in the following table. There are no changes to these values from the March 2020 Commission meeting budget presentation.

2020-21 Capital and Reserve Allocation Calculations					
Description	City of Belmont	Redwood City	City of San Carlos	West Bay San District	TOTAL
Capital and Reserve Allocation Factors	9.45%	48.57%	15.14%	26.84%	100.00%
CAPITAL IMPROVEMENT					
Plant (cash-funded capital)	\$ 10,868	\$ 55,856	\$ 17,411	\$ 30,866	\$ 115,000
Pump Stations	-	-	-	-	-
Force Main	-	-	-	-	-
Equipment	111,557	573,369	178,728	316,846	1,180,500
Subtotal	\$ 122,425	\$ 629,224	\$ 196,139	\$ 347,712	\$ 1,295,500
RESERVE CONTRIBUTIONS					
Operating Reserve	\$ 2,350	\$ 12,078	\$ 3,765	\$ 6,674	\$ 24,866
CIP Reserve	141,750	728,550	227,100	402,600	1,500,000
Subtotal	\$ 144,100	\$ 740,628	\$ 230,865	\$ 409,274	\$ 1,524,866
Contributions for Capital & Reserves	\$ 266,525	\$ 1,369,852	\$ 427,003	\$ 756,986	\$ 2,820,366

The allocation method for SVCW operating costs uses a combination of three flow and loading factors: Flow, Biochemical Oxygen Demand (BOD), and Suspended Solids (SS) over a three-year trailing average. The below table illustrates year-over-year changes and indicates how flow and loading proportions change over time between member entities. These metrics are presented to the SVCW Technical Committee for validation.

Three-year Average Flow and Loading Averages - by Member				
Agency	Factor	2019-20 Adopted Budget	2020-21 Proposed Budget	Point Increase/ (Decrease)
Belmont	Flow	11.82%	11.60%	(0.22)
	Biochem. Oxygen Demand	12.29%	11.91%	(0.38)
	Suspended Solids	11.72%	11.69%	(0.03)
Redwood City	Flow	49.49%	50.47%	0.98
	Biochem. Oxygen Demand	44.89%	47.29%	2.40
	Suspended Solids	47.62%	48.39%	0.77
San Carlos	Flow	14.45%	14.80%	0.35
	Biochem. Oxygen Demand	12.83%	12.84%	0.01
	Suspended Solids	12.19%	12.58%	0.39
WBSD	Flow	24.24%	23.13%	(1.11)
	Biochem. Oxygen Demand	29.99%	27.96%	(2.03)
	Suspended Solids	28.47%	27.34%	(1.13)

The draft budget presented in March did not include changes in flow & loading. When these updates are incorporated into the operating budget, allocations are as follows:

2020-21 Budget Revenue Allocation to Member Agencies - Proposed									
Description				Belmont	Redwood City	San Carlos	West Bay San District	TOTAL	
Allocation Factors									
Flow				11.60%	50.47%	14.80%	23.13%	100%	
Biochemical Oxygen Demand (BOD)				11.91%	47.29%	12.84%	27.96%	100%	
Suspended Solids (SS)				11.69%	48.39%	12.58%	27.34%	100%	
Operating Expenditures	Weightings								
	Flow	BOD	SS						
	Operations	26.5%	33.5%	40.0%	\$ 1,239,059	\$ 5,126,509	\$ 1,399,015	\$ 2,789,718	\$ 10,554,300
	Maintenance	26.5%	33.5%	40.0%	802,421	3,319,954	906,009	1,806,636	6,835,021
	Laboratory	26.5%	33.5%	40.0%	221,890	918,053	250,535	499,582	1,890,060
	Environmental Services	26.5%	33.5%	40.0%	122,642	507,421	138,474	276,126	1,044,663
	Engineering	26.5%	33.5%	40.0%	116,237	480,923	131,243	261,706	990,110
	Safety	100.0%	0.0%	0.0%	61,952	269,546	79,043	123,531	534,072
	Information Services	26.5%	33.5%	40.0%	201,786	834,875	227,836	454,318	1,718,814
	Administrative Services	100.0%	0.0%	0.0%	482,727	2,100,281	615,894	962,542	4,161,444
Subtotal				\$ 3,248,716	\$ 13,557,561	\$ 3,748,048	\$ 7,174,158	\$ 27,728,484	
Subtract Miscellaneous Income	26.5%	33.5%	40.0%	\$ 129,080	\$ 534,057	\$ 145,743	\$ 290,620	\$ 1,099,500	
2020-21 Net Operating Revenue Required				\$ 3,119,636	\$ 13,023,504	\$ 3,602,305	\$ 6,883,538	\$ 26,628,984	
2019-20 Net Operating Revenue Required				3,004,200	11,999,297	3,341,409	6,864,371	25,209,277	
\$ Increase / (Decrease)				115,436	1,024,207	260,896	19,167	1,419,707	
% Increase / (Decrease)				3.84%	8.54%	7.81%	0.28%	5.63%	

RECOMMENDATION

Move adoption of RESOLUTION TO APPROVE:

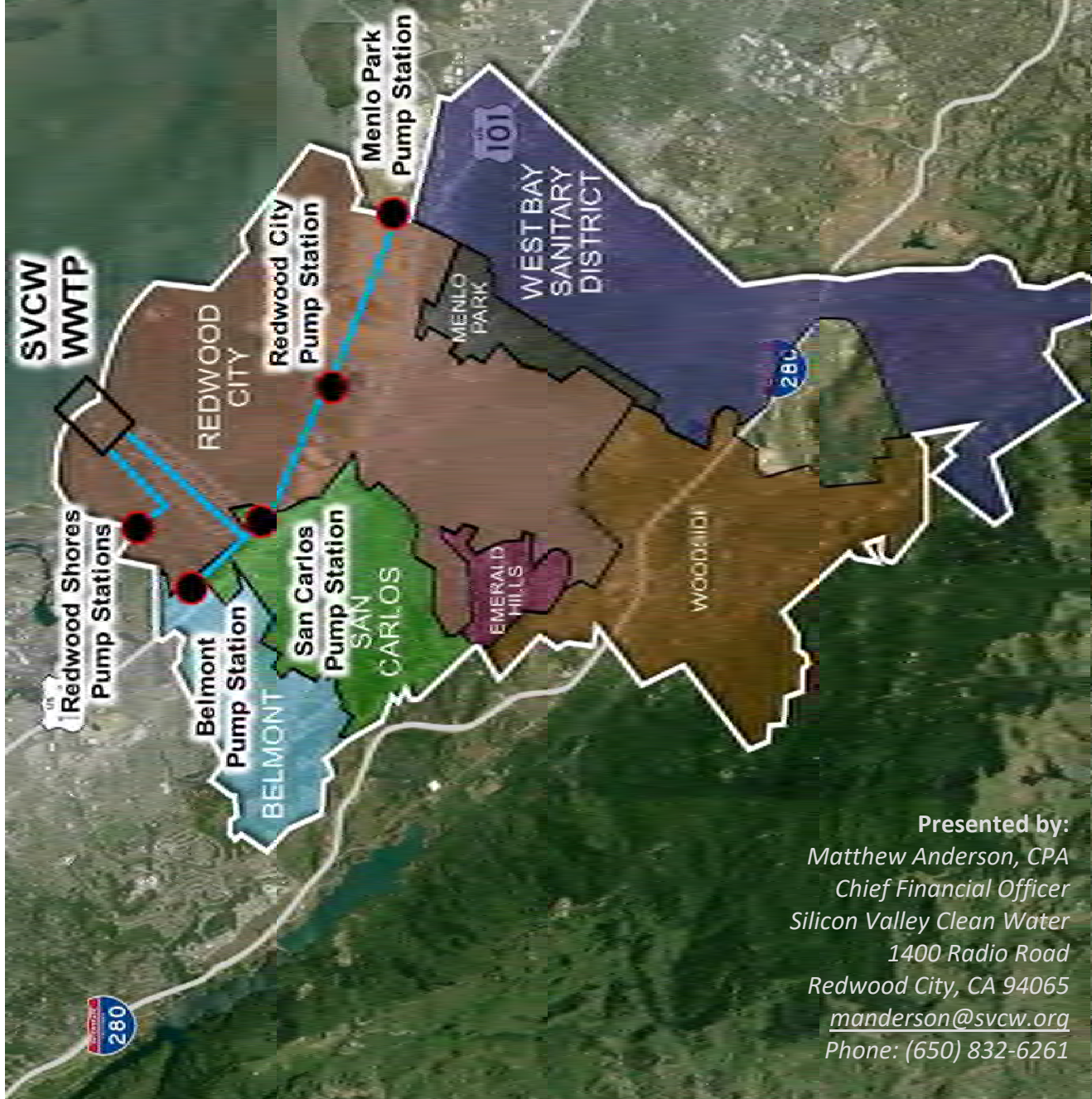
- FISCAL YEAR 2020-21 REVENUE PLAN IN THE AMOUNT OF \$26,628,984 IN NET OPERATING REVENUES REQUIRED AND \$1,295,500 FOR REVENUE-FUNDED CAPITAL PROJECTS
- FISCAL YEAR 2020-21 CASH RESERVE DESIGNATIONS IN THE AMOUNT OF \$1,500,000 TO THE CAPITAL IMPROVEMENT PROGRAM RESERVE FUND AND \$24,866 TO THE OPERATING RESERVE FUND
- FISCAL YEAR 2020-21 DEBT SERVICE EXPENDITURES IN AN AMOUNT OF \$19,646,217
- AUTHORIZING SVCW MANAGER TO IMPLEMENT, MANAGE AND APPROVE EXPENDITURES AUTHORIZED WITHIN THE FISCAL YEAR 2020-21 ANNUAL OPERATING AND CAPITAL EXPENDITURES BUDGET AS ADOPTED BY THE SILICON VALLEY CLEAN WATER COMMISSION



DRAFT 2020-21 OPERATING BUDGET

PROPOSED APRIL 20, 2020

Silicon Valley Clean Water



Presented by:
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Commissioners

<u>Name</u>	<u>Title</u>	<u>Member Agency</u>
Alicia Aguirre	Chair	City of Redwood City
George Otte	Vice Chair	West Bay Sanitary District
Mark Olbert	Secretary	City of San Carlos
Warren Lieberman	Member	City of Belmont

SVCW Staff

<u>Name</u>	<u>Title</u>
Teresa Herrera	Manager
Matthew Anderson	Assistant Manager & Chief Financial Officer
Monte Hamamoto	Chief Operating Officer
Kim Hackett	Authority Engineer
Bob Huffstutler	Operations Director
Rosendo Gallegos	Maintenance Director
Bob Wandro	Laboratory / Environmental Services Director
Arvind Akela	Engineering Director
David Lee	Safety Director
Jen Flick	Human Resources Director
Brent Brown	Information Systems Director
Cindy Hui	Accounting Supervisor
Krista Politzer	Financial Analyst

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SECTION 1 – OVERVIEW

Organization and Business

Silicon Valley Clean Water (SVCW, or “the Agency”) was founded in 1975 as the successor to the Strategic Consolidation Sewerage Plan, from which SVCW took title to property including sanitary sewerage pumping stations, as well as transmission and outfall facilities originally constructed by that plan. SVCW now provides wastewater transmission, treatment, and effluent disposal services for the surrounding communities including the Cities of Belmont, Redwood City, and San Carlos as well as West Bay Sanitary District (Member Entities).

The regional wastewater treatment plant has an average dry weather flow permitted capacity of 29 million gallons per day, an approximately nine-mile influent force main pipeline that conveys wastewater from the SVCW Member Entities to five pump stations, the treatment plant, 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.

SVCW is a joint exercise of powers agency reporting to the Member Entities located in the northern part of Silicon Valley between the cities of San Francisco and San Jose. The Agency’s wastewater treatment plant is in the City of Redwood City and serves more than 200,000 people and businesses in San Mateo County, California. SVCW operates in a strong Bay Area economy, with a customer base that includes large business customers such as Oracle Corporation, EA Sports, and Facebook.

Governance & Management

The Agency is governed by a four-member Commission consisting of one appointed member from each of the Member Entities’ governing bodies. Current Commissioners are:

<u>Commissioner</u>	<u>Commission Title</u>	<u>Entity Represented</u>
Alicia Aguirre	Chair	City of Redwood City
George Otte	Vice Chair	West Bay Sanitary District
Mark Olbert	Secretary	City of San Carlos
Warren Lieberman	Member	City of Belmont

Voting is proportional to the Member Entities' respective ownership interests in the Agency's wastewater system. There is currently a total of 100 votes which are allocated as follows:

- City of Redwood City 42 votes
- West Bay Sanitary District 28 votes
- City of San Carlos 19 votes
- City of Belmont 11 votes

A vote of at least seventy five percent is required to adopt or amend bylaws, rules, and regulations; to adopt or modify any budget; to approve any capital costs, contracts, appropriations, or transfers of more than \$75,000; 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 simple majority of the votes. In addition, any amendment to the Joint Powers Agreement must be approved by a four-fifths vote by each of the SVCW Member Entities' governing bodies.

Financial Oversight and Control

SVCW sets an annual budget according to goals established by the Commission that support operational priorities, the Capital Improvement Program (CIP) and the Long Range Financial Plan (Financial Plan). The Proposed 2020-21 Budget is consistent with those goals and reflects a progressive approach to controlling costs, minimizing unplanned expenditures, limiting risks, and investing in projects and programs that benefit the community.

SVCW has no taxing power. The Agency receives nearly all its funding, other than interest earnings and other miscellaneous revenues, from payments made by the Member Entities. Each month, Member Entities make payments for operations, capital repairs, and cash reserves. Debt service payments are made according to schedules set by SRF loans and Bond issuances. After the close of the fiscal year, the annual payments made by each Member are reconciled against the actual expenditures allocated to each Member, and any difference is applied toward fund reserves held by the Agency on behalf of each Member.

Debt Reserves

The Agency has debt reserves and a Commission-adopted policy to mitigate the negative impact of revenue shortfalls from economic fluctuations, to fund unforeseen expense requirements, to provide stable rates for member entities, and to help fund future long-term capital needs. The Operating Reserve is equal to 10% of the approved Operating and Capital Budget plus \$1 million. The Capital Improvement Program Reserve is set at an amount equal to the annual calculated depreciation of SVCW facilities to meet the long-term needs of replacing capital assets upon

reaching the end of their useful life. Each year, if the funds held in the above reserves fall below targeted levels, the Commission considers budget adjustments to return reserves to their target levels. The Agency has the ability to amend its reserve policy at any time.

Long Range Financial Plan

SVCW Member Entities' sewer rates provide the underlying repayment security for all SVCW financing. As such, SVCW developed a Long Range Financial Plan (LRFP) to provide a roadmap for funding the CIP and ongoing operating costs. The Financial Plan is updated annually and presented to the Commission for approval. It also informs Member Entities when considering sewer rates.

A LRFP combines financial projections with strategy. The Governmental Finance Officers Association (GFOA) recommends that all governments regularly engage in long-term financial planning as a collaborative process to consider future scenarios and help navigate challenges. By aligning financial capacity with long-term service objectives, SVCW and its Member Entities gain insight as to financial resources needed to support strategies. With this information, SVCW Member Entities can balance objectives and financial challenges.

SVCW has a goal to manage its finances and meet critical funding needs, while recognizing the need to maintain reasonable wastewater rates. Going forward the LRFP is enacted through setting of annual budgets, achieving financial performance measures, and incorporating Commission-directed actions. The Financial Plan is derived from planning models that forecast operating and capital expenditures. It includes reasonably conservative assumptions and attempts to account for uncertainties. It aims to generate adequate cash reserves for capital projects while maintaining good standing in the credit markets to provide ready access to cost-effective capital financing when needed. It evaluates the capital financing and debt service coverage policies to optimize cash funding of capital investments. Finally, it continues to evaluate cash reserve policies that must consider intergenerational equity when funding capital projects and raising rates.

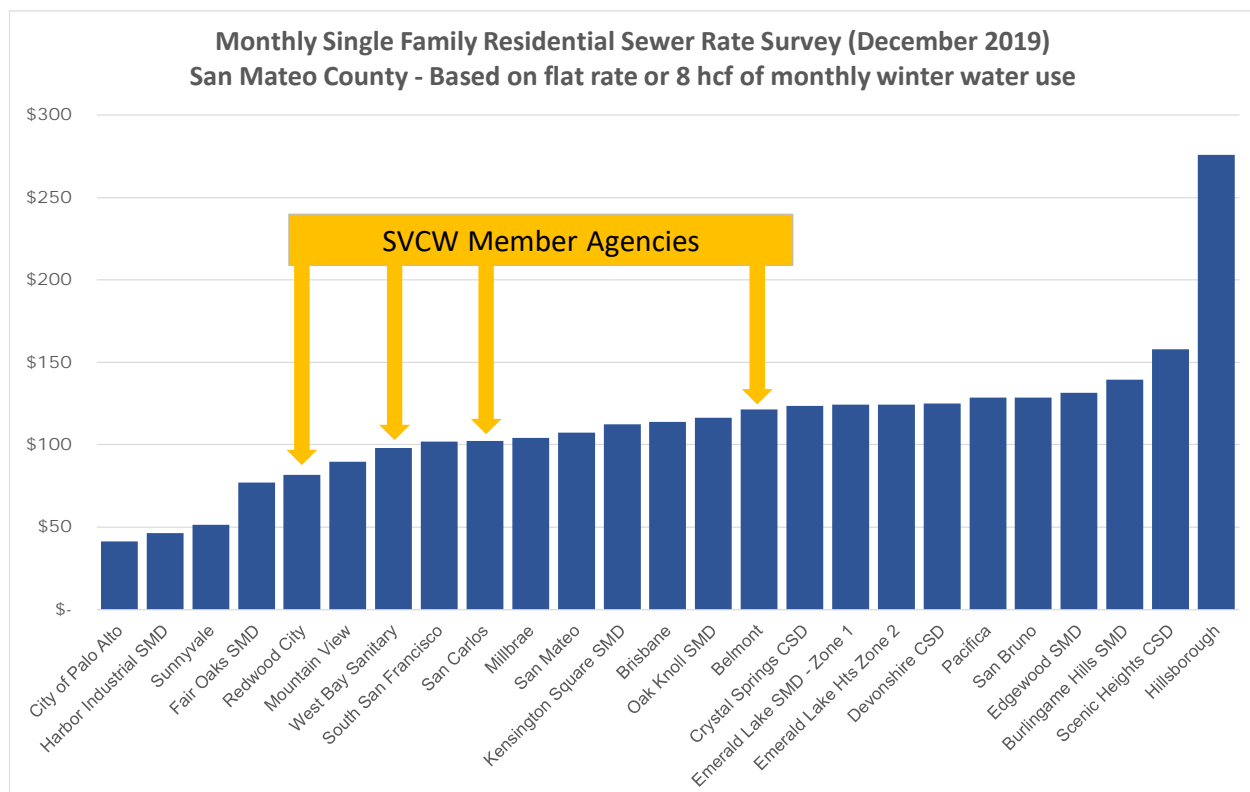
Comparative Residential Sewer Charges

Since the introduction of the CIP, Member Agencies have been proactively raising sewer rates to support their allocable share of SVCW expenditures, as well as their own sewer operating and capital programs. While to date, rate increases have been substantial, going forward only modest increases are anticipated. The following table shows residential monthly sewer rates of Member Entities over the past decade.

Residential Sewer Rates by Member Agency Based on 8 HCF of flow										
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Belmont	\$51.34	\$72.13	\$77.33	\$82.77	\$88.13	\$ 88.13	\$ 99.47	\$ 105.35	\$ 116.14	\$ 121.28
Redwood City	\$48.72	\$53.10	\$57.88	\$63.09	\$68.77	\$74.95	\$75.11	\$76.68	\$78.24	\$81.76
San Carlos	\$46.82	\$50.10	\$53.10	\$67.29	\$80.75	\$88.82	\$88.82	\$93.26	\$97.93	\$102.32
West Bay SD	\$54.17	\$57.50	\$62.67	\$68.33	\$74.42	\$81.08	\$85.92	\$89.33	\$93.83	\$98.08

Residential Sewer Rate Year-over-Year % Increase, by Member Agency										
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Belmont	6.8%	40.5%	7.2%	7.0%	6.5%	0.0%	12.9%	5.9%	10.2%	4.4%
Redwood City	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	0.2%	2.1%	2.0%	4.5%
San Carlos	7.0%	7.0%	6.0%	26.7%	20.0%	10.0%	0.0%	5.0%	5.0%	4.5%
West Bay SD	16.1%	6.1%	9.0%	9.0%	8.9%	8.9%	6.0%	4.0%	5.0%	4.5%

Member Agencies' rates are among the middle tier of San Mateo County sewer rates, as shown in the following chart of regional monthly sewer service charges for a typical single family. It should be noted that many of these other agencies are now initiating their own large capital improvement programs and are anticipated to face significant rate increases going forward.



Accomplishments:

Each year, SVCW management sets goals to ensure its communities' wastewater is conveyed and treated in a safe and dependable manner. Key achievements during the past year include:

Operations:

- Treated over 5.7 billion gallons of wastewater, maintaining full compliance with SVCW's National Pollutant Discharge Elimination (NPDES) System permit.
- Processed and removed 3,822 dry tons of biosolids for land application, composting, alternative daily cover, landfill and Bio Force Tech.
- Produced 243.2 million gallons of recycled water for Redwood City.
- Incurred Zero (0) NPDES Permit Violations in calendar year 2019.
- Achieved full compliance with monthly acute bioassay analysis to ensure NPDES Permit Compliance.
- Installed new distributor arms on Fixed Film Reactor #2; automated controls to better remove dissolved organic materials from the wastewater.
- Assisted Engineering Division and construction contractor to install, startup, and test new Spencer high speed centrifugal blowers, piping and valves to increase oxygen injection levels and encourage production of aerobic microorganisms.
- Upgraded the aeration basin Dissolved Oxygen control system to improve operators' visibility of process behaviors.
- Participated in the startup and commissioning of new Dual Media Filter backwash pumps, valves and piping to better remove unwanted particulates from the filter media. During repairs, successfully rerouted flow around DMF for several months without NPDES permit violation.
- Upon completion of the construction project managed by Engineering Division, successfully tested and commissioned new Rotary Drum Thickeners for improved sludge dewatering.
- Purchased and assisted with installation and testing of new site waste pumps to increase capacity.
- Developed and updated Return Activated Sludge (RAS) pumping control system to improve aeration system process efficiency.
- Installed new Iris valves to increase Dissolved Oxygen control on the aeration basins A & B side.
- Installed and tested New Calcium Nitrate feed system at the Menlo Park Pump Station for corrosion control within the 33" Forcemain.
- Identified significant leak at the DMF feed pipe and assisted in repairs.

- Implemented a new hypo-bisulfite diffuser at the chlorine mix box to provide better mixing, increase sewage water disinfection, and produce chemical savings.
- Created 15 new and revised 18 Standard Operation Procedures for improved education and training of staff.
- Updated five Contingency First Response Packets.
- Attended HachWims conference training designed for administration end-users who develop reports and forms for data collection.
- Furthered succession planning goals by sending staff to Advanced Management & Supervisory Leadership Training program with the Public Utilities & Waterworks Management Institute and Inspired Leadership Strategies hosted by the California Water Environment Associated (CWEA) Santa Clara Valley section.
- Began using SVCW's Microsoft Dynamics Maintenance Management System (MMS) for work orders.
- Participated in extensive plant renovation activity including design meetings, workshops and field trips. Supported system outage requests (SORs) that re-routed sewer flows, changed utilities, and installed temporary equipment.
- Attended the annual Design Build Institute conference for water and wastewater in Cincinnati.
- Awarded scholarship from the Design Build Institute of America (DBIA) for Design Build conference attendance in 2020.
- Attended and witnessed the Hydraulic modeling at Clemson Hydraulics.
- Planned and implemented Confined Space Rescue training for SVCW and local agencies, including member agency staff.
- Hosted CWEA Santa Clara Valley Section February 2019 Meeting and Presentation
- Provided two wastewater certification exam preparation classes for Bayworks on Anaerobic Digestion.

Maintenance:

- Converted to a new Microsoft Dynamics Work Order system, switching from INFOR asset management system that had been used for the past twenty years. Completed a total of 9,082 corrective and predictive work orders.
- Replaced faulty coolant water pump to Co-gen engine #1 cooling water loop. This is a critical system to minimize PG&E electricity usage and maintain co-generation production at maximum.
- Fabricated and installed cogeneration and emergency generators exhaust stack extensions. Improved safety by reducing possibility of CO2 fumes being drawn by HVAC units and introduced into buildings.

- Replaced underperforming EVOQUA equipment with POLYCHEM equipment in Primary Sedimentation Tanks #2, #3, and #4. Completed this critical process improvement in a timely way prior to wet weather despite multiple component malfunctions.
- Repurposed a glycol heat exchanger in the digester gas conditioning system as a water heat exchanger to better manage digester gas temperatures. The results were excellent, with lower gas temperatures providing improvements to the glycol heat exchanger performance.
- Supported a 30 thousand-hour overhaul and inspection on both Cogeneration engines.
- Installed calcium nitrate chemical dosing tanks at Menlo Park Pump Station to assist with odor reduction and corrosion control.
- Installed "Man Catchers" for decant pits at SVCW drying beds and at Belmont pump station to improve safety for those working near open hatches.
- Built a new drain system at Primary sedimentation tanks gallery for lab sampler units. This improved working conditions and mitigated safety hazards.
- Installed multiple transmitters for the food waste pilot project air quality controls.
- Completed the install of a recycled water pressure vessel to address low system pressures in the control building that had existed since inception.
- Completed welding repairs in aeration basin tanks to address corroded 40-inch diameter influent pipes.
- Retrofitted concrete steps with anti-slip aluminum stairs at Redwood City Pump Station, where the slippery wet side stairs posed safety hazards. Installed tread plate to cover the full steps surface to improved walking conditions.
- Relocated the Lab Building Server Room Center Network Equipment rack.
- Installed new Clarifier #2 mix box hypo bisulfite diffuser system to provide better mixing, increase sewage water disinfection, and produce chemical savings.
- Participated in extensive plant renovation activity including design meetings, workshops and field trips. Supported system outage requests (SORs) that re-routed sewer flows, changed utilities, and installed temporary equipment.

Environmental Services:

- Developed a Stormwater Inspections program for the cities of Belmont and San Carlos to fulfill the C.4 Industrial and Commercial Site Controls requirement of their Municipal Regional Stormwater NPDES Permit. Through the oversight and compliance of over 900 industrial/commercial businesses, this program aims to prevent discharge of pollutants and impacts on beneficial uses of receiving waters.
- Coordinated with the City of Redwood City on the update of their Fats, Oils and Grease ordinance.

- Performed over 200 industrial sampling events.
- Reissued 4 mandatory wastewater discharge permits which, in addition to fulfilling need for new permits, also allowed for training of staff.
- Provided training on pump station sampling for the Operations Division, who in turn performed over 100 sampling events. Sampling continued to include the Port of Redwood City dedicated sampling location, allowing more accurate data from the Port which contributes to overall Redwood City total.
- Evaluated and permitted approximately 45 non-routine and groundwater requests for discharge. With the continued growth in development construction within SVCW's service area, there have been an increasing number of requests for non-routine and groundwater discharges into the sewer.
- Completed a local limits analysis study, which identified and provided technically derived limits for pollutants in the plant influent. The last local limits study was performed in 1989.
- Coordinated water conservation presentations reaching over 5,400 students, teachers and parents. Conveyed pollution prevention messages in classrooms reaching over 100 elementary and high school students.
- Presented Sewer Science course to 330 local high school students.
- Sponsored two Marine Science Institute voyages for schools.
- Staffed a booth at the Marine Science Institute's and Belmont's Earth Day event with community member attendance reaching over 2,500 and 150, respectively.
- Reached out to 200 dental offices to implement the EPA Dental Rule.

Laboratory:

- Retained accreditation as a Certified Laboratory for another 2 years from the State Environmental Laboratory Accreditation Program (ELAP). The process included a 2-day audit and the successful analyses of reference samples by every certified method.
- Laboratory Staff generated over 23,000 reportable results during 2019 in support of Plant Operations, Permit Regulations, Environmental Services, and customer projects. These results ranged from simple (daily pH measurements of the Effluent) to highly complex (trace metal analysis of Industrial User samples collected by SVCW Environmental Inspectors) analyses.
- Hired a Laboratory Analyst I to replace a retired senior Analyst.
- Promoted a Senior Laboratory Analyst to Laboratory Supervisor and promoted a Laboratory Analyst II to a Senior Laboratory Analyst.
- Worked with SVCW Operations staff and DHI consultants to monitor nutrients at each stage of the Plant treatment process for several months.

- Conducted a price survey of local contract laboratories and, based on the results, increased the price/sample for testing of routine samples from the Sewer Authority Mid-Coastside (SAM) in Half Moon Bay.
- Purchased a replacement Inductively-Coupled Plasma (ICP) instrument for performing low-level concentrations of toxic metals in permitted industrial samples, pump station samples, and project samples. The new instrument can analyze all metals in a sample simultaneously instead of sequentially, vastly improving testing efficiency.
- Completed 5 years with the Laboratory Information Management System (LIMS). In 2019, the batching function in LIMS was leveraged to meet regulatory documentation requirements. New features in LIMS reports were also developed to alert staff of required sampling, to check the logic of 'sample-life' dates (collected-received-analyzed), and for data reporting.

Safety:

- With exception of one injury in January 2019, went the entire year without a recordable safety incident.
- Developed and implemented a new plant wide evacuation alarm system. This system satisfies current Cal/OSHA standards that require employers to provide an early warning for emergency action and reduce reaction time for employees/vendors/visitors to safely escape the workplace.
- Implemented and utilized CSRMA's new online safety training platform from TargetSolutions.com to supplement our training program. This provides 24/7 online access to schedule, deliver, track, and report training; ultimately, reducing safety risks, time and money.
- Developed and updated the Injury and Illness Prevention Program, Emergency Action Plan, Lock Out/Tag Out (LOTO) Program, Confined Space Program, and Hazard Communication Program to ensure they meet current regulatory standards.
- Refined and updated Employee Safety Training Matrix to achieve 100% of required safety trainings to ensure safe working practices and procedures.
- Launched new safety campaign to raise safety awareness and find creative ideas on how to place safety at the forefront of everything we do. Provided additional posters, banners, stickers, and trainings to staff to raise safety awareness to reduce injuries.
- Executed monthly risk analysis surveys to confirm that our employees are working in a safe manner and using the proper personal protective equipment.

Engineering:

- Engineering department won two awards at the Santa Clara Valley Section of California Water Environment Association (CWEA). Mixer-Aerator upgrades project with Invent Mixer won the Engineering Achievement Award and the Food Waste Receiving Pilot Project won the Research Achievement Award. Both projects also secured 2nd place at the CWEA state level at their respective categories.
- Completed the installation of new 12kV primary switchgear which was placed in service after it passed the PG&E inspection in August 2019. The new 12kV Switchgear will allow redundancy to the electrical supply throughout the plant, enable export-import to fully utilize all biogas generated, and power the Front of the Plant Improvements. The new switchgear is installed on an elevated platform above the 100-year flood level.
- Completed installation of 1MW/2MWh Tesla batteries for energy storage. It is expected to undergo pre-parallel inspection (PPI) in May 2020. Once it passes PPI, the batteries can be used to shave the daily peak power demand times, reducing the need for P.G.&E. power.
- Completed the installation of two Rotary Drum Thickeners (RDTs) in the Solids Handling Building. These RDTs were placed in service in October 2019. These RDTs will replace the gravity thickeners for primary sludge thickening.
- Completed Food Waste Receiving Pilot Project in April 2019. This California Energy Commission (CEC) sponsored project faced numerous challenges including permitting challenges from BAAQMD and CalRecycle as well as challenges in securing feedstock. The final report is pending CEC approval for publishing. SVCW continued to progress on its commitment to organic co-digestion and started working with its sister agency SBWMA to explore the implementation of its full-scale organics co-digestion project. SVCW hired a consultant to conduct the Co-digestion Impact study to understand and prepare for the full-scale implementation of the co-digestion at its digesters.
- Completed the aeration system upgrades by replacing all four centrifugal blowers with Spencer high speed turbo blowers with VFDs, new 316 stainless aeration steel aeration pipe and new Egger Iris aeration control valves. PG&E awarded SVCW with \$19,539 incentive check for this energy efficiency upgrades.
- Replaced the two original Dual Media Filter (DMF) backwash pumps with two new high - efficient Sulzer pumps with VFDs.
- Started the process of acquiring BioforceTech facility. This process will allow SVCW to dispose of over 40% of its biosolids and convert into biochar, a marketable commodity. Under this pursuit, BioforceTech will install three new dryers and upgrades the rest of the biosolids processing facility to bring to SVCW standards.
- Completed the rehabilitation of the first pass of chlorine contact tanks and started on the next phase of rehabilitation of the pass 2 and 3.
- Continued progressing discussions with regional partners on feasibility of developing potable reuse as a new water supply.

- Completed construction of rehabilitation of Phase 1 of chlorine contact tank project.
- Completed construction of the Control Building HVAC system.
- Prepared an Update to the CIP to reflect most current information on facility capital needs. Information from the CIP Update informs the financial planning for the Agency.
- SVCW contractors performed over \$150 million worth of construction work safety-incident free.
- Updated SVCW's Standard Specifications for construction to ensure compliance with new laws, regulations, and safety requirements. These standard specifications are used for every capital construction project undertaken by SVCW.

Information Systems:

- Upgraded entire Information Management System core networking gear to an Application Centric Infrastructure (Software-defined) environment.
- Creation of an "out of band" management network to service severe issues in the event of network loss.
- Implemented multifactor authentication, regional restrictions, and an improved password policy to harden security to Office 365 web portals.
- Increased forensic logging thru SPLUNK; increased reporting services on wireless activity as well as network accesses. Achieved improvements in Homeland Security alerts, SANS and Multistate information Sharing, and Analysis Center to better identify threats and risks.
- Implemented a new Emergency Paging System service for facility IP Phones with phone app alert notifications.
- Initiated an upgrade from TRAPS anti-malware/anti-virus to CORTEX XDR that captures and analyzes threats with advanced AI and zero-day threat protection. Investigating possible data integration with SPLUNK services.
- Coordinated and readied on-premise equipment for hosted environment of the Microsoft Dynamics work order and financial systems infrastructure to meet security and access requirements. These services will be transferred and supported by SVCW equipment.
- Implemented new front gate keycard, camera, and access services for reliability in the system.
- Coordinated installation of several new high-resolution cameras for process monitoring.
- Negotiated contract and managed configuration and installation of new Xerox multifunction printers throughout the plant.

- Continued staff awareness training thru Security Mentor and SVCW IT-initiated 'Phishing' programs to determine users/areas of focus. The service has successfully raised staff preparedness in its first year online.
- Partnered in the design and implementation of the new plantwide Emergency Alarm and Notification System. This multiphase project contributes and improves the safety culture at SVCW.
- Launched a project to upgrade the SVCW WiFi infrastructure to the next generation WiFi6 system. New system will strengthen WiFi access from all points around the plant as SVCW prepares to expand its use of mobile technologies.
- Coordinating investigations on HVAC system issues to determine cause of contaminants reaching the server room and equipment.
- Engaged professional cleaning of the server room and specific equipment in response to contamination event. Will schedule quarterly professional cleanings as a preventative measure.
- Continued assisting consultants and SVCW instrumentation team to install new Building Management System to monitor the HVAC system in the control building.

Administration & Finance:

- Closed a \$218 million Water Infrastructure Finance and Innovation Act (WIFIA) loan with the U.S. Environmental Protection Agency. It is estimated that, compared to issuing wastewater revenue bonds, this governmental loan will save \$47 million in debt service payments over 30 years.
- Took advantage of favorable market conditions by issuing \$197 million in low-interest interim Notes to finance RESCU construction. It is estimated that, compared to accruing interest on the WIFIA loan, Net Present Value savings will be \$5.5 million during the construction period.
- Processed a record number of invoices, reaching over \$150 million in total expenditures on invoices, payroll, and debt service payments during the 2018-19 fiscal year.
- Completed the 2018-19 financial statement audit with a new auditor (Maze & Associates), without issues.
- Updated the Long-Range Finance Plan in January 2020 for changes in debt mix, construction schedule, and project cost estimates.
- Effective June 2019, implemented Phase II of the new Microsoft Dynamics financial system. SVCW is now performing all work orders in the new system.
- Purchasing Division reached 100% system usage to process requisitions, generate purchase orders, receive shipments, match shipments to invoices for payment, perform inventory counts, and implement auto replenishment.

- Purchasing reduced drive belt inventory by 50% by removing obsolete items. The group improved its use of auto-replenishment tools to reduce on hand stock. Negotiated with vendors every 6 months to reduce costs and support local businesses. Locked in pricing with uniform cleaner, landscaper, fire sprinkler testing, and janitorial service. Sold surplus equipment on Public Surplus, installed electric vehicle charging stations in SVCW parking lot. Updated insurance records for vendors, purchased mobile carts to provide ergonomic solutions for employees performing inventory cycle counts.
- Responded to CalPERS audit related to staff uniforms, working with legal counsel to appeal CalPERS decisions. All avenues of appeal exhausted, entered into a settlement agreement with CalPERS in August 2019.
- Negotiated an MOU Side Letter with Stationary Engineers Local 39 for Classic employees to reflect CalPERS determination that uniforms are compensable. Side Letter was agreed upon December 30, 2019 and adopted by the Commission January 2020.
- Contracted with Redwood City for Communications/Public Relations services to further communications goals and priorities to support the local community which SVCW serves. This is vital given the exposure SVCW is receiving from capital projects and ongoing public interest.
- Responded to an increased volume of public records requests, ensuring both public transparency and personal privacy rights are achieved.
- Initiated redesign of SVCW's website to coincide with the increased public interest in SVCW activities.
- Developed and implemented an intranet solution to enable enhanced staff internal communication. This is done via a Sharepoint solution termed "The Hub" and Teams.
- Manager made multiple presentations throughout the community to increase SVCW's visibility. Organizations to which presentations were made include Atherton Earth Day, United States-China Green Energy Commission, Redwood Shores Community and Owners Associations Annual meetings, Sustainable Silicon Valley, and member agency Councils and Board.
- Manager's office continued publishing monthly newsletters which have a statewide audience.
- Exhausted all appeals with CalPERS on Performance Pay issue. Concluded impact of this CalPERS decision on existing employees. Currently working with CalPERS to determine impact on retirees.
- Reviewed all SVCW policies and divided them into Commission-level policies and Manager-level administrative procedures. Approximately 50% complete with updating all Standard Administrative Procedures. Updating Commission level policies are ongoing as needed.

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SECTION 2 – OPERATING BUDGET SUMMARY

The 2020-21 Operating and Revenue-Funded Budget anticipates Total Member Contributions will increase by \$861.9 thousand, or 1.79%. The Budget allots \$26.6 million in Net Operating Expenses and \$1.29 million for Revenue-Funded Capital projects next year. Reserve Designations are aligned with Agency policy and include \$1.52 million in contributions. Debt Service Payments are budgeted to be \$19.65 million.

Year-over-year Budgeted Member Entity Contributions				
Description	2019-20 Adopted Budget	2020-21 Proposed Budget	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Gross Operating Expenses	\$ 26,268,777	\$ 27,728,484	\$ 1,459,707	5.56%
Less: Miscellaneous Revenue	(1,059,500)	(1,099,500)	40,000	3.78%
Contributions, Net Operating Expenses	\$ 25,209,277	\$ 26,628,984	\$ 1,419,707	5.63%
Add: Revenue-Funded Capital Projects	1,684,325	1,295,500	(388,825)	(23.08%)
Contributions, Before Reserves & Debt Service	\$ 26,893,602	\$ 27,924,484	\$ 1,030,882	3.83%
Add: Reserve Designations	1,052,583	1,524,866	472,283	44.87%
Add: Debt Service, Participating members	20,287,459	19,646,217	(641,242)	(3.16%)
Contributions, Total	\$ 48,233,644	\$ 49,095,567	\$ 861,923	1.79%

- Gross Operating Expenditures will increase by \$1.46 million (5.56%), which reflects staffing organizational changes, CalPERS contribution increases, and ordinary inflationary pressure on wages and benefits. Non-personnel cost increases include price increases on electricity and chemicals. Also included is funds for a food waste-to-energy pilot program.
- Miscellaneous Revenue will be \$40 thousand higher than the 2019-20 Budgeted amount after estimating investment returns on operating reserves.
- Revenue-funded capital spending will be \$1.29 million, or \$388.8 thousand less than the 2019-20 Budget as large capital projects are planned and completed.
- Reserve Designations will increase by \$472.2 thousand next year. The 2020-21 Budget follows Reserve Policy, which calls for an annual CIP Reserve contribution of \$1.5 million, an increase of \$500 thousand. The Operating Reserve requires \$24.9 thousand in contributions next year, which is half of the current year after recognizing anticipated investment returns.
- SVCW's Debt structure for next fiscal year is unchanged, though payments will decrease by \$641 thousand after the retirement of series 2009A Wastewater Revenue Bonds in 2019. A further description of Long Term Debt is in Section 5 and draws from SVCW's January 2020 Long-Range Financial Plan.

Expenditure Allocations:

Operating Revenues are allocated according to the Joint Powers Agreement (JPA) between Member Entities. The allocation methodology uses a combination of three flow and loading factors: Flow, Biochemical Oxygen Demand (BOD), and Suspended Solids (SS). These factors are based on three-year averages and updated annually. SVCW applies the JPA-defined formula to allocate annual budgeted operating costs to Member Entities.

The updated three-year flow and loading factors below illustrate how flow and loading figures changed proportionate to Member Agencies' absolute figures.

Three-year Average Flow and Loading Averages - by Member				
Agency	Factor	2019-20 Adopted Budget	2020-21 Proposed Budget	Point Increase/ (Decrease)
Belmont	Flow	11.82%	11.60%	(0.22)
	Biochem. Oxygen Demand	12.29%	11.91%	(0.38)
	Suspended Solids	11.72%	11.69%	(0.03)
Redwood City	Flow	49.49%	50.47%	0.98
	Biochem. Oxygen Demand	44.89%	47.29%	2.40
	Suspended Solids	47.62%	48.39%	0.77
San Carlos	Flow	14.45%	14.80%	0.35
	Biochem. Oxygen Demand	12.83%	12.84%	0.01
	Suspended Solids	12.19%	12.58%	0.39
WBSD	Flow	24.24%	23.13%	(1.11)
	Biochem. Oxygen Demand	29.99%	27.96%	(2.03)
	Suspended Solids	28.47%	27.34%	(1.13)

The above year-over-year changes reflect relative flow and loading behaviors between Member Entities. These metrics are presented to the SVCW Technical Committee for validation.

Member Agency Operating Contributions Calculation:

Flow and Loading factors are incorporated in the below table to allocate budgeted operating expenditures:

2020-21 Budget Revenue Allocation to Member Agencies - Proposed									
Description				Belmont	Redwood City	San Carlos	West Bay San District	TOTAL	
Allocation Factors									
Flow				11.60%	50.47%	14.80%	23.13%	100%	
Biochemical Oxygen Demand (BOD)				11.91%	47.29%	12.84%	27.96%	100%	
Suspended Solids (SS)				11.69%	48.39%	12.58%	27.34%	100%	
Operating Expenditures	Weightings								
	Flow	BOD	SS						
	Operations	26.5%	33.5%	40.0%	\$ 1,239,059	\$ 5,126,509	\$ 1,399,015	\$ 2,789,718	\$ 10,554,300
	Maintenance	26.5%	33.5%	40.0%	802,421	3,319,954	906,009	1,806,636	6,835,021
	Laboratory	26.5%	33.5%	40.0%	221,890	918,053	250,535	499,582	1,890,060
	Environmental Services	26.5%	33.5%	40.0%	122,642	507,421	138,474	276,126	1,044,663
	Engineering	26.5%	33.5%	40.0%	116,237	480,923	131,243	261,706	990,110
	Safety	100.0%	0.0%	0.0%	61,952	269,546	79,043	123,531	534,072
	Information Services	26.5%	33.5%	40.0%	201,786	834,875	227,836	454,318	1,718,814
	Administrative Services	100.0%	0.0%	0.0%	482,727	2,100,281	615,894	962,542	4,161,444
Subtotal				\$ 3,248,716	\$ 13,557,561	\$ 3,748,048	\$ 7,174,158	\$ 27,728,484	
Subtract Miscellaneous Income	26.5%	33.5%	40.0%	\$ 129,080	\$ 534,057	\$ 145,743	\$ 290,620	\$ 1,099,500	
2020-21 Net Operating Revenue Required				\$ 3,119,636	\$ 13,023,504	\$ 3,602,305	\$ 6,883,538	\$ 26,628,984	
2019-20 Net Operating Revenue Required				3,004,200	11,999,297	3,341,409	6,864,371	25,209,277	
\$ Increase / (Decrease)				115,436	1,024,207	260,896	19,167	1,419,707	
% Increase / (Decrease)				3.84%	8.54%	7.81%	0.28%	5.63%	

Miscellaneous Revenue:

Miscellaneous Revenue is derived from grease and septic receipts, property leases, and services performed by the Laboratory and Environmental Services Divisions. In the current year forecast, SVCW recognized a one-time gain on sale of property that will not reoccur next year. SVCW will continue to receive one more year of Pacific Gas & Electric grant revenue associated with electricity production from the cogeneration engines.

2020-21 Budget Miscellaneous Revenue						
Description	2018-19		2019-20	2020-21	\$	%
	Actual	Adopted Budget	Forecast	Proposed Budget	Incr/(Decr) v. Forecast	Incr/(Decr) v. Forecast
Grease & Septic Receiving	\$ 252,361	\$ 325,000	\$ 250,000	\$ 325,000	\$ 75,000	30.0%
Other Miscellaneous Revenue	116,987	128,000	388,000	128,000	(260,000)	(67.0%)
Source Control	34,529	87,500	87,500	87,500	-	0.0%
Laboratory Services	35,449	50,000	42,000	50,000	8,000	19.0%
Interest Earnings	40,104	40,000	80,000	80,000	-	0.0%
Cogen Performance Incentive	273,678	275,000	255,000	275,000	20,000	7.8%
Stormwater Monitoring	16,677	154,000	154,000	154,000	-	0.0%
TOTAL	\$ 769,785	\$ 1,059,500	\$ 1,256,500	\$ 1,099,500	\$(157,000)	(12.5%)

Capital and Reserve Contributions:

As described in Section 4 of this budget, Revenue-financed Capital projects are estimated at \$1.29 million in 2020-21. Contributions to the CIP Reserve follow policy and is scheduled to be \$1.5 million next fiscal year. These costs are allocated to Members according to JPA-defined percentages, which are based on each Member Agency's dry weather capacity owned and its allocated share of future dry weather capacity.

2020-21 Capital and Reserve Allocation Calculations										
Description		City of Belmont		Redwood City		City of San Carlos		West Bay San District		TOTAL
Capital and Reserve Allocation Factors		9.45%		48.57%		15.14%		26.84%		100.00%
CAPITAL IMPROVEMENT										
Plant (cash-funded capital)	\$	10,868	\$	55,856	\$	17,411	\$	30,866	\$	115,000
Pump Stations		-		-		-		-		-
Force Main		-		-		-		-		-
Equipment		111,557		573,369		178,728		316,846		1,180,500
Subtotal	\$	122,425	\$	629,224	\$	196,139	\$	347,712	\$	1,295,500
RESERVE CONTRIBUTIONS										
Operating Reserve	\$	2,350	\$	12,078	\$	3,765	\$	6,674	\$	24,866
CIP Reserve		141,750		728,550		227,100		402,600		1,500,000
Subtotal	\$	144,100	\$	740,628	\$	230,865	\$	409,274	\$	1,524,866
Contributions for Capital & Reserves	\$	266,525	\$	1,369,852	\$	427,003	\$	756,986	\$	2,820,366

Section 5 of this Budget briefly reviews the CIP and its associated debt service payments, which vary as certain Members opt to self-finance a portion of the CIP rather than participate in SVCW debt. Cash reserves, discussed in Section 6, reflect SVCW policy.

Total Member Entity Contributions:

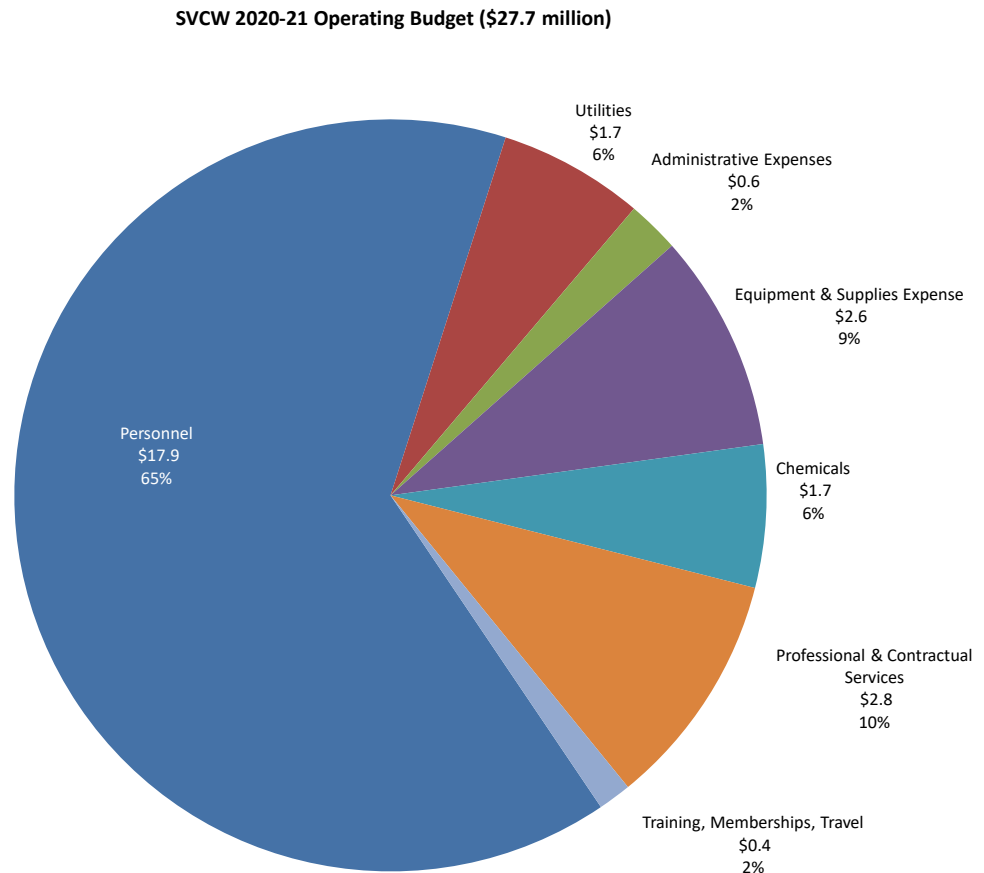
Total 2020-21 contributions (including debt service) will be \$49.1 million, allocated as follows:

2020-21 Budget - Total Contributions by Member Agency						
Description	City of Belmont	Redwood City	City of San Carlos	West Bay San District	TOTAL	
Net Operating Expenditures	\$ 3,119,636	\$ 13,023,504	\$ 3,602,305	\$ 6,883,538	\$ 26,628,984	
Revenue-Funded Capital Expenditures	122,425	629,224	196,139	347,712	1,295,500	
Reserve Contributions	144,100	740,628	230,865	409,274	1,524,866	
Projected Debt Service	178,425	10,743,220	3,404,038	5,320,535	19,646,217	
Total Contributions to SVCW	\$ 3,564,586	\$ 25,136,576	\$ 7,433,346	\$ 12,961,059	\$ 49,095,567	

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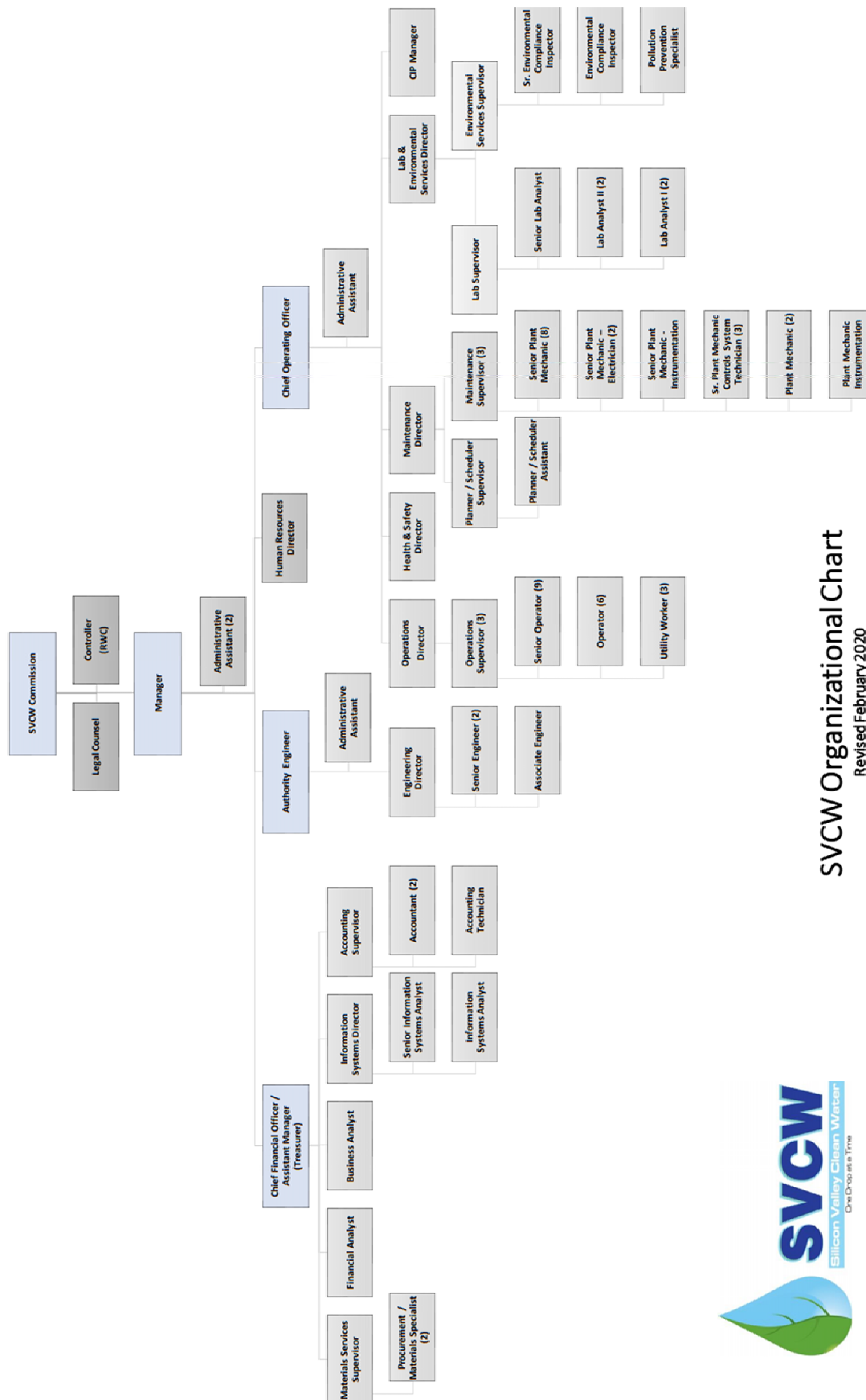
SECTION 3 – GROSS OPERATING EXPENDITURES

The FY 2020-21 Gross Operating Budget will be \$27.7 million. The below chart illustrates the significant expenditure categories, showing 65% of expenditures are for personnel-related costs associated with approximately 79 full-time equivalent employees in the Operating Budget.



Personnel:

Operating Budget staffing levels have ranged from 72 to 79 full time equivalents across eight divisions since 2010 when SVCW increased staffing to address critical maintenance matters and develop a capital improvement program. Those positions, as well employees dedicated to the Capital Improvement Program, are illustrated in the following organization chart.

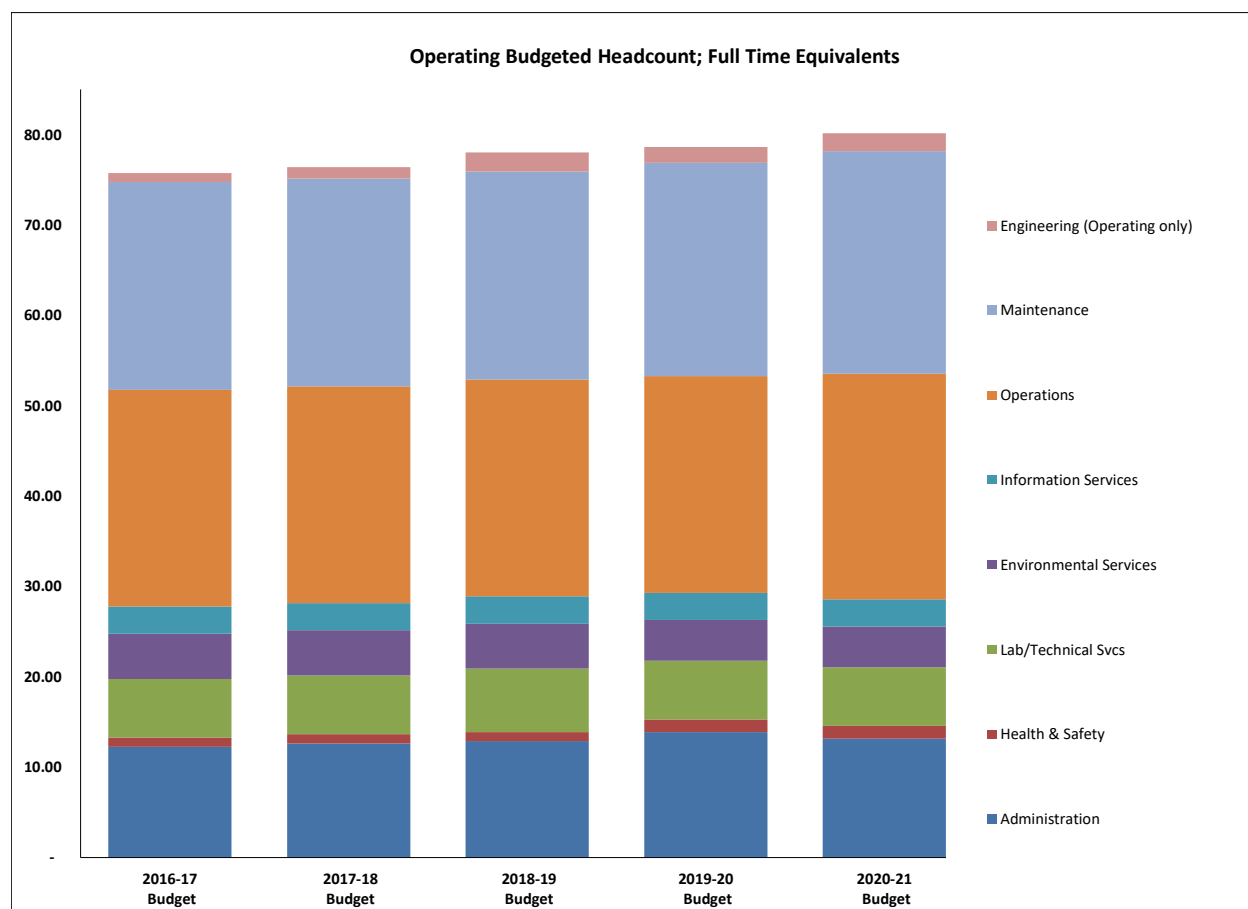


SVCW Organizational Chart
Revised February 2020



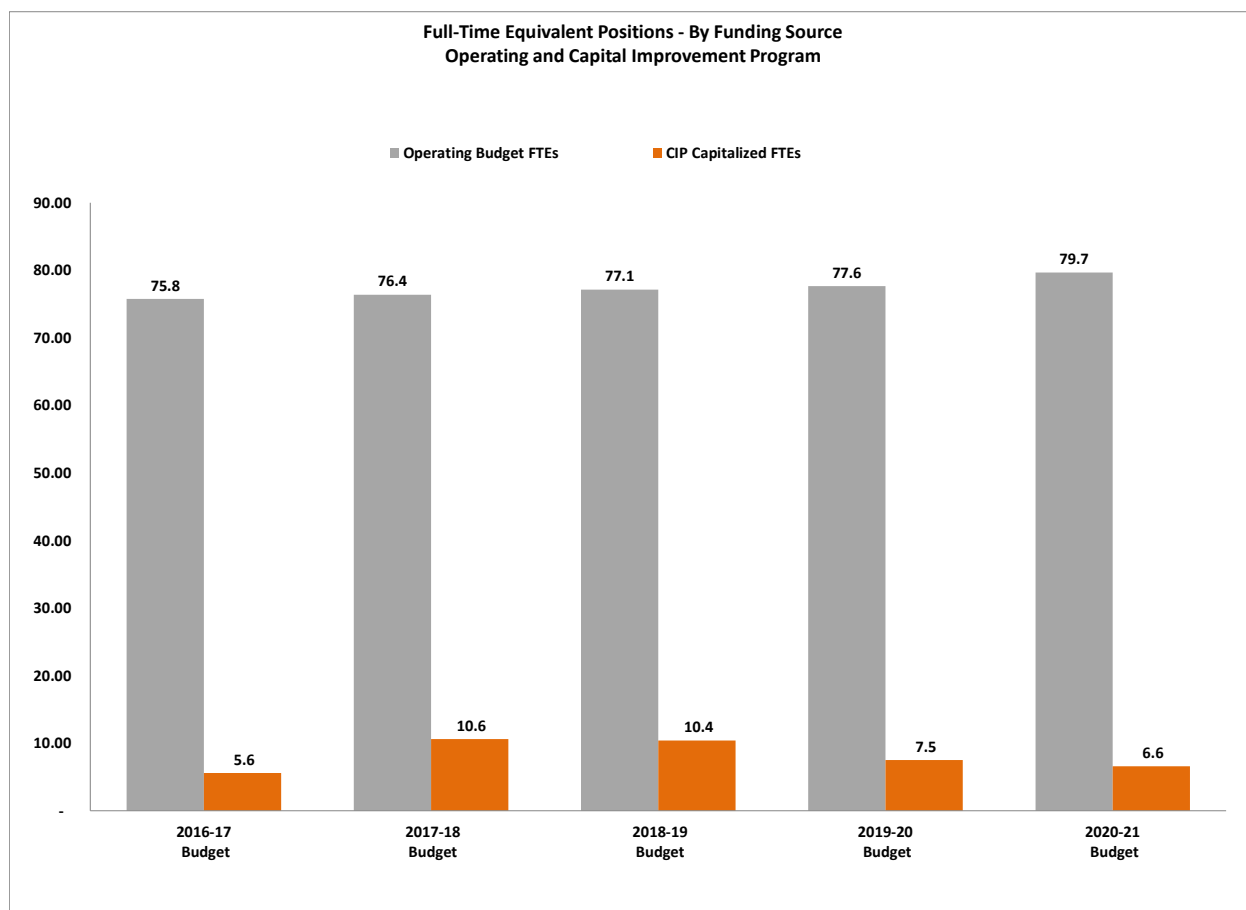
Budgeted positions increase by two Full Time Equivalent positions next year. For leadership succession in the Operations Division, one supervisor position has been added. Future supervisory headcount will return to its original three positions once succession is complete. The Maintenance Division adds an instrumentation and controls mechanic position to backfill the work of a retired consultant. The Engineering Director's time is increasingly spent on non-project workload. Administration, due to changes in workflow and software, will not backfill an Administrative Assistant position. Administration is also converting a portion of a Business Analyst position that, in addition to supporting capital software projects, supports operations.

Full-time Equivalent Headcount - Operating Budget						
Department	2016-17 Budget	2017-18 Budget	2018-19 Budget	2019-20 Budget	2020-21 Budget	Increase/ (Decrease)
Operations	24.00	24.00	24.00	24.00	25.00	1.00
Maintenance	23.00	23.00	23.00	23.60	24.60	1.00
Laboratory	6.50	6.50	7.00	6.50	6.50	-
Environmental Services	5.00	5.00	5.00	4.50	4.50	-
Engineering (Operating only)	1.00	1.25	1.25	1.25	1.50	0.25
Health & Safety	1.00	1.00	1.00	1.40	1.40	-
Information Services	3.00	3.00	3.00	3.00	3.00	-
Administration	12.25	12.63	12.88	13.38	13.15	(0.23)
TOTAL Full Time Equivalents	75.75	76.38	77.13	77.63	79.65	2.02



In addition to the Operating Budget headcount figures, certain Engineering Division positions are dedicated to capital improvement projects. It should be noted that the Operating Budget excludes those costs. As SVCW is now in a critical phase of its Capital Improvement Program, projects are now much larger and complex and require additional departmental administration.

The chart below defines the number of positions that have been traditionally charged to capital projects versus operating costs, and further illustrates how the 2020-21 Budget continues to dedicate approximately seven staff to manage increasingly large and complex projects.



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Operating Costs Summary by Objective:

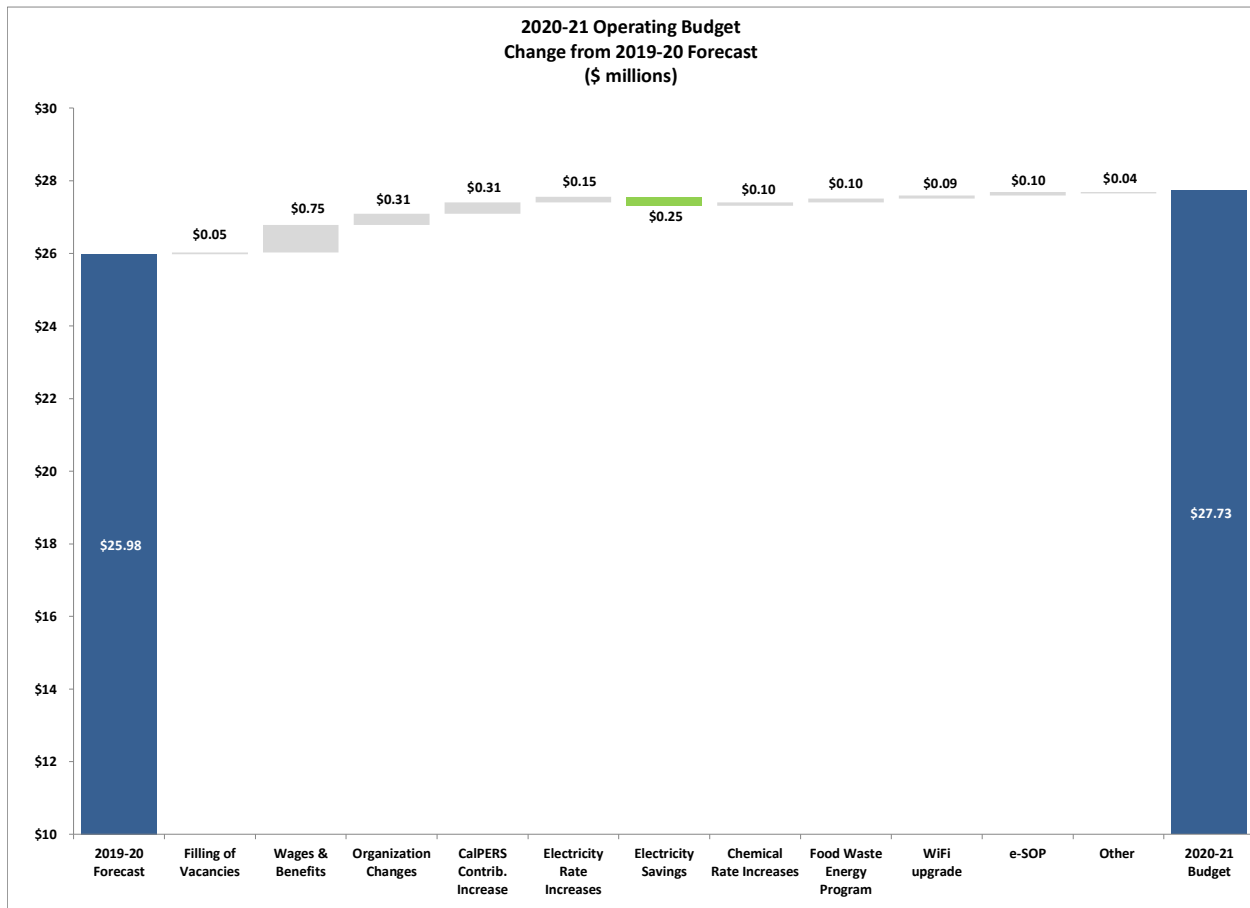
Gross Operating Expenses (compared to 2019-20 Forecast) increases by \$1.75 million, or 6.8%.

Silicon Valley Clean Water Expenditure Summary - By Objective						
Description	2018-19 Actual	Adopted 2019-20 Budget	2019-20 Forecast	Proposed 2020-21 Budget	\$ Incr/(Decr) v. Forecast	% Incr/(Decr) v. Forecast
Personnel	\$ 16,671,032	\$ 16,617,606	\$ 16,448,116	\$ 17,853,205	\$ 1,405,089	8.5%
Utilities	1,482,703	1,707,756	2,006,739	1,733,449	(273,290)	(13.6%)
Administrative Expenses	535,838	516,149	397,839	623,021	225,182	56.6%
Equipment & Supplies Expense	2,535,814	2,552,722	2,571,085	2,599,502	28,417	1.1%
Chemicals	1,105,788	1,697,916	1,590,201	1,703,871	113,670	7.1%
Professional & Contractual Services	2,669,282	2,760,886	2,653,955	2,820,575	166,620	6.3%
Training, Memberships, Travel	347,063	415,742	310,599	394,861	84,262	27.1%
TOTAL	\$ 25,347,520	\$ 26,268,777	\$ 25,978,534	\$ 27,728,484	\$ 1,749,950	6.7%

Comparing the 2020-21 Budget to the 2019-20 Forecast:

- Personnel costs will increase by \$1.41 million, or 8.5% compared to the 2019-20 Forecast. Approximately \$50 thousand of this increase is due to a vacant position during the first half of 2019-20. The remaining increase is largely due to \$750 thousand of cost-of-living and step adjustments, a \$313 thousand increase in CalPERS-required contribution rates, and \$311 thousand for organizational changes to support succession planning.
- Despite anticipated rate increases from PG&E for electricity, utilities costs will decrease by \$273 thousand compared to the Forecast, or 13.7%. During fiscal year 2019-20 PG&E imposed a retroactive billing adjustment associated with the new switchgear and meter at the treatment plant. This one-time charge of \$350 thousand will not reoccur.
- Administrative Expense will increase by \$225 thousand (56.6%), mostly due to an increase in annual permit and nutrient loading fees. Additionally, \$58 thousand was budgeted for public outreach.
- Chemicals will increase by \$113.6 thousand (6.4%), mostly due to price increases. Additionally, approximately \$12.5 thousand is anticipated for food waste pilot costs.
- Professional & Contractual Services will increase by \$166.6 thousand, or 6.3%. The Operations Division will implement a new electronic Standard Operating Procedures ("smart-SOP") program, a cloud-based solution to provide consistent instructions and training to operators. Additionally, approximately \$80 thousand will be incurred for increased biosolids hauling associated with a food waste pilot program.
- Training, Memberships, and Travel will increase by \$84 thousand (27.1%). In response to changes in labor law, SVCW temporarily suspended training and travel early in the 2019-

20 fiscal year as it amended a Standard Administrative Procedure associated with travel. The organization expects ordinary training and education practices next fiscal year.



Silicon Valley Clean Water Operating Expenditures						
Description	2018-19 Actual	Adopted 2019-20 Budget	2019-20 Forecast	Proposed 2020-21 Budget	\$ Incr/(Decr) v. Forecast	% Incr/(Decr) v. Forecast
Personnel:						
Salaries	\$ 12,003,779	\$ 11,690,427	\$ 11,677,161	\$ 12,628,344	\$ 951,183	8.1%
Overtime	255,326	278,675	243,974	282,290	38,316	15.7%
Retirement Benefit Contributions	1,751,109	2,192,917	1,962,618	2,463,337	500,719	25.5%
Health Insurance	1,530,059	1,634,875	1,582,606	1,579,258	(3,349)	(0.2%)
Payroll Tax	4,167	-	762	1,190	428	-
Workers' Compensation	227,311	246,798	248,508	283,116	34,608	13.9%
Health Insurance - Retiree	722,091	396,865	559,703	428,130	(131,573)	(23.5%)
Medicare	177,192	177,049	172,783	187,540	14,757	8.5%
Subtotal: Personnel Costs	16,671,032	16,617,606	16,448,116	17,853,205	1,405,089	8.5%
Utilities	1,482,703	1,707,756	2,006,739	1,733,449	(273,290)	(13.6%)
Administrative Expenses	535,838	516,149	397,839	623,021	225,182	56.6%
Equipment & Supplies Expense:						
Office Supplies	24,560	23,012	23,782	17,555	(6,227)	(26.2%)
Rentals & Leases	56,761	81,328	69,786	85,540	15,754	22.6%
Supplies & Expenses	518,162	607,424	628,809	520,400	(108,409)	(17.2%)
Equipment Maint - Materials	929,081	869,628	861,699	984,572	122,873	14.3%
Equipment Maint - Services	943,033	898,742	931,483	944,265	12,782	1.4%
Non-Capital Equipment	64,217	72,588	55,527	47,170	(8,357)	(15.0%)
Subtotal: Equipment & Supplies	2,535,814	2,552,722	2,571,085	2,599,502	28,417	1.1%
Chemicals	1,105,788	1,697,916	1,590,201	1,703,871	113,670	7.1%
Professional Services	1,003,820	870,182	858,639	822,308	(36,331)	(4.2%)
Contractual Services	1,665,462	1,890,704	1,795,315	1,998,267	202,952	11.3%
Memberships & Meetings	83,597	78,317	68,898	82,520	13,622	19.8%
Conferences & Travel	118,189	125,273	106,127	140,328	34,201	32.2%
Training	145,277	212,152	135,573	172,013	36,440	26.9%
TOTAL EXPENDITURES	\$ 25,347,520	\$ 26,268,777	\$ 25,978,534	\$ 27,728,484	\$ 1,749,950	6.7%

Total Operating Expenditures by Division

Compared to the 2019-20 Forecast, Divisional changes in budget ranged according to individual strategies. Analysis of each Division is described on the following several pages.

Silicon Valley Clean Water Expenditure Summary - By Division							
Description	2018-19 Actual	Adopted 2019-20 Budget	2019-20 Forecast	Proposed 2020-21 Budget	\$ Incr/(Decr) v. Forecast	% Incr/(Decr) v. Forecast	
Operations	\$ 8,487,262	\$ 9,780,104	\$ 9,815,465	\$ 10,554,300	\$ 738,835	7.5%	
Maintenance	6,373,278	6,474,578	6,424,196	6,835,021	410,825	6.4%	
Laboratory Services	1,710,519	1,770,665	1,717,999	1,890,060	172,061	10.0%	
Environmental Services	1,148,001	1,240,862	1,180,373	1,044,663	(135,710)	(11.5%)	
Engineering	902,630	809,095	794,950	990,110	195,160	24.5%	
Safety	421,317	483,627	421,609	534,072	112,463	26.7%	
Information Services	1,545,529	1,813,120	1,746,542	1,718,814	(27,728)	(1.6%)	
Administration	4,758,985	3,896,727	3,877,400	4,161,444	284,044	7.3%	
TOTAL	\$ 25,347,520	\$ 26,268,777	\$ 25,978,534	\$ 27,728,484	\$ 1,749,950	6.7%	

Operations

The Operations Division treats the wastewater of the Member Agencies economically and efficiently while meeting or exceeding all requirements of the National Pollutant Discharge Elimination System (NPDES) permit. A stable, well-trained work force monitors and controls process stability while striving to develop new and better operating methods.

This Division has a total of 25 full-time equivalent positions in 2020-21 including the Chief Operating Officer, an Operations Director, plus four Operations Supervisors. There are also fifteen Operators, three Utility Workers, and one Administrative Assistant. This headcount includes one additional supervisor position next year, as Operations focuses on succession planning for leadership. It is intended that supervisor headcount will, once succession is complete within two years, return to the original three positions.

Operations Department Expenditures							
Description	2018-19 Actual	Adopted 2019-20 Budget	2019-20 Forecast	Proposed 2020-21 Budget	\$ Incr/(Decr) v. Forecast	% Incr/(Decr) v. Forecast	
Personnel:							
Salaries	\$ 3,274,404	\$ 3,456,955	\$ 3,444,876	\$ 3,795,531	\$ 350,655	10.2%	
Overtime	157,022	156,977	158,038	161,516	3,478	2.2%	
Retirement Benefit Contributions	540,143	674,084	611,702	784,297	172,595	28.2%	
Health Insurance	481,563	546,182	528,263	546,758	18,495	3.5%	
Workers' Compensation	78,151	84,065	85,071	101,522	16,451	19.3%	
Health Insurance - Retiree	223,219	124,100	175,677	134,100	(41,577)	(23.7%)	
Medicare	49,667	52,882	51,847	57,473	5,626	10.9%	
Subtotal: Personnel Costs	4,806,072	5,095,244	5,055,474	5,581,196	525,722	10.4%	
Utilities	1,318,313	1,535,916	1,824,226	1,555,609	(268,617)	(14.7%)	
Administrative Expenses	12	-	-	-	-		
Equipment & Supplies Expense:							
Rentals & Leases	1,837	4,404	2,202	6,000	3,798	172.5%	
Supplies & Expenses	25,012	3,300	18,036	3,496	(14,540)	(80.6%)	
Equipment Maint - Materials	67,891	-	833	-	(833)	(100.0%)	
Non-Capital Equipment	17	-	1,941	-	(1,941)	(100.0%)	
Subtotal: Equipment & Supplies	94,827	7,704	23,012	9,496	(13,516)	(58.7%)	
Chemicals	1,105,788	1,697,916	1,590,201	1,703,871	113,670	7.1%	
Professional Services	58,968	-	10,798	-	(10,798)	(100.0%)	
Contractual Services	1,048,756	1,387,620	1,278,472	1,644,300	365,828	28.6%	
Memberships & Meetings	2,877	8,304	5,187	8,276	3,089	59.6%	
Conferences & Travel	17,883	300	4,257	20,304	16,047	377.0%	
Training	33,766	47,100	23,840	31,248	7,408	31.1%	
TOTAL EXPENDITURES	\$ 8,487,262	\$ 9,780,104	\$ 9,815,465	\$ 10,554,300	\$ 738,835	7.5%	

As compared to the 2019-20 Forecast, significant increases / decreases in the operating budget for Operations include:

- Personnel costs will increase \$525.7 thousand, or 10.4%, which includes approximately \$250 thousand of fully-loaded costs for one additional Supervisor position. Additional increases include ordinary contractual increases in compensation and inflationary adjustments to benefits.
- Budgeted Utilities Expense will decrease by \$269 thousand, or 14.7% versus Forecast. This reflects the absence next year of approximately \$250 thousand in one-time PG&E billing for retroactive adjustments. Aside from this matter electricity expenses increase only marginally, which reflects how SVCW plans to increase use of cogeneration engines to offset anticipated rate increases.
- Chemical costs will increase by \$113.6 thousand (7.1%) next year. The majority of this increase is attributable to higher prices, recently confirmed by chemical vendors.
- Contractual Services will increase by \$365.8 thousand (28.6%) in 2020-21. Whereas the Forecast is \$110 thousand less than budget due to delayed biosolids disposal, this is unlikely to reoccur next year. Approximately \$80 thousand is budgeted next year for additional solids disposal related to the Food Waste-to-Energy pilot program. Finally, the Operations Division has budgeted \$96 thousand to begin implementation of the “Smart SOP” program, a cloud-based solution that will provide consistent Operator instructions and training.

Maintenance

The Maintenance Division is a service and support function whose objective is to assure that all equipment and facilities operate in a reliable and safe manner through well-planned and administered programs of preventative maintenance, corrective maintenance, replacement, and modification. Maintenance programs are implemented by a well-trained staff utilizing modern administrative and technical tools and skills.

There are 24.6 full-time equivalent positions in the Maintenance Division. It works under the direction of the Maintenance Director, three Maintenance Supervisors, and a Planner/Scheduler Supervisor. Staff includes twelve Plant Mechanics, five Instrumentation Mechanics, two Senior Electrical Mechanics, and one Assistant Planner/Scheduler. The Division was assisted for many years by an instrumentation consultant who retired this year therefore, Maintenance headcount will increase by one Instrumentation Mechanic to replace this outside consultant.

Maintenance Services Department Expenditures						
Description	2018-19 Actual	Adopted 2019-20 Budget	2019-20 Forecast	Proposed 2020-21 Budget	\$ Incr/(Decr) v. Forecast	% Incr/(Decr) v. Forecast
Personnel:						
Salaries	\$ 3,172,684	\$ 3,326,069	\$ 3,299,877	\$ 3,583,995	\$ 284,118	8.6%
Overtime	47,460	71,155	48,474	65,924	17,450	36.0%
Retirement Benefit Contributions	527,924	664,241	601,131	755,597	154,466	25.7%
Health Insurance	496,881	532,126	506,313	481,511	(24,801)	(4.9%)
Workers' Compensation	76,696	85,535	85,046	96,354	11,308	13.3%
Health Insurance - Retiree	212,827	117,810	164,704	132,060	(32,644)	(19.8%)
Medicare	46,991	50,832	49,359	53,020	3,660	7.4%
Subtotal: Personnel Costs	4,581,929	4,847,768	4,754,904	5,168,461	413,557	8.7%
Utilities	(972)	-	-	-	-	-
Administrative Expenses	2,558	-	-	-	-	-
Equipment & Supplies Expense:						
Office Supplies	115	-	-	-	-	-
Rentals & Leases	9,958	26,004	21,958	22,500	542	2.5%
Supplies & Expenses	71,864	93,972	130,691	100,932	(29,759)	(22.8%)
Equipment Maint - Materials	833,045	760,584	760,394	788,892	28,498	3.7%
Equipment Maint - Services	582,691	538,320	572,103	649,908	77,805	13.6%
Non-Capital Equipment	27,777	25,596	25,519	27,420	1,901	7.5%
Subtotal: Equipment & Supplies	1,525,451	1,444,476	1,510,664	1,589,652	78,988	5.2%
Contractual Services	205,938	92,574	106,061	9,480	(96,581)	(91.1%)
Memberships & Meetings	3,889	6,576	5,955	5,424	(531)	(8.9%)
Conferences & Travel	22,532	10,980	6,338	8,700	2,362	37.3%
Training	31,952	72,204	40,274	53,304	13,030	32.4%
TOTAL EXPENDITURES	\$ 6,373,278	\$ 6,474,578	\$ 6,424,196	\$ 6,835,021	\$ 410,825	6.4%

As compared to the 2019-20 Forecast, significant increases / decreases in the operating budget for Maintenance include:

- Personnel costs will increase \$413.6 thousand, or 8.7%, partially due to one additional instrumentation and controls mechanic position, plus contractual increases in wages (step increases and cost-of-living adjustments) and associated benefits.
- Equipment Maintenance Services will increase by \$77.8 thousand (13.6%) as the Maintenance Division assumes responsibility for SCADA (Supervisory Control and Data Acquisition) technology support, which transfers from the IT Division next fiscal year.
- Contractual Services declines by \$96.6 thousand (91%) as an outside technology consultant has retired. These services will be performed in-house via one additional position.
- Training increases by \$13 thousand (32.4%), as the Maintenance Division assumes responsibility for SCADA and deepens its knowledge of automation and instrumentation.

Laboratory Services

The Laboratory Services Division performs all laboratory support for process control and regulatory compliance. Staff is scientifically trained and technically experienced to perform the collection and analysis of wastewater samples.

The Laboratory Director oversees a Laboratory Supervisor, Environmental Services Supervisor, two Water Quality Specialists, two Lab Analyst I, two Lab Analyst II, a Senior Lab Analyst, and a Pollution Prevention Specialist.

Laboratory Services Department Expenditures							
Description	2018-19 Actual	Adopted 2019-20 Budget	2019-20 Forecast	Proposed 2020-21 Budget	\$ Incr/(Decr) v. Forecast	% Incr/(Decr) v. Forecast	
Personnel:							
Salaries	\$ 823,862	\$ 856,429	\$ 900,010	\$ 919,898	\$ 19,888	2.2%	
Overtime	25,373	20,689	15,116	23,245	8,129	53.8%	
Retirement Benefit Contributions	124,815	145,349	137,014	169,303	32,289	23.6%	
Health Insurance	102,639	101,478	102,053	86,670	(15,383)	(15.1%)	
Workers' Compensation	20,893	22,783	23,831	24,916	1,085	4.6%	
Health Insurance - Retiree	61,944	33,150	48,295	35,550	(12,745)	(26.4%)	
Medicare	12,829	13,464	13,762	13,710	(52)	(0.4%)	
Subtotal: Personnel Costs	1,172,355	1,193,342	1,240,081	1,273,293	33,212	2.7%	
Administrative Expenses	268,937	291,990	212,892	341,075	128,183	60.2%	
Equipment & Supplies Expense:							
Office Supplies	-	-	4	-	(4)	-	
Rentals & Leases	-	-	152	-	(152)	(100.0%)	
Supplies & Expenses	90,344	99,996	97,838	99,996	2,158	2.2%	
Equipment Maint - Materials	9,908	18,000	9,778	35,000	25,222	258.0%	
Equipment Maint - Services	28,395	50,514	61,973	43,749	(18,224)	(29.4%)	
Non-Capital Equipment	24,914	31,200	19,816	12,100	(7,716)	(38.9%)	
Subtotal: Equipment & Supplies	153,562	199,710	189,560	190,845	1,285	0.7%	
Professional Services	1,800	6,000	6,000	6,000	-	-	
Contractual Services	82,437	50,228	56,176	49,247	(6,929)	(12.3%)	
Memberships & Meetings	9,855	10,438	1,789	12,105	10,316	576.6%	
Conferences & Travel	9,971	8,170	5,428	8,490	3,062	56.4%	
Training	11,603	10,787	6,074	9,005	2,931	48.3%	
TOTAL EXPENDITURES	\$ 1,710,519	\$ 1,770,665	\$ 1,717,999	\$ 1,890,060	\$ 172,061	10.0%	

As compared to the 2019-20 Forecast, significant increases / decreases in the operating budget for Laboratory Services include:

- Due to the annualization of the prior year's organizational changes, which combined two director positions over the Lab and Environmental Services into one, Personnel costs are anticipated to increase only \$33.2 thousand, or 2.7%. The savings were net of contractual increases for salary and benefits.
- Administrative expense will increase by \$128.2 thousand, which reflects both an increase in permit fees of and nutrient surcharge fees.
- Equipment Maintenance Materials will increase by \$25.2 thousand to purchase replacement vapor analyzer equipment, whereas the current year forecast did not include a similar purchase.
- Equipment Maintenance Services will decrease by \$18.2 thousand in recognition of less repairs needed on newly-purchased equipment.
- Contractual Services will decline by \$6.9 thousand (12.3%). During the current year SVCW incurred consulting fees associated with finalizing its NPDES permit renewal. Those costs will not be needed next year.
- The budgeted versus forecasted amounts for Memberships and Meetings, Conferences, and Training, will return to ordinary budget levels. Compared to forecast, the combined \$16 thousand increase is the result of lifting a temporary suspension of travel as SVCW amended its Standard Administrative Procedure in response to changes in labor law.

Environmental Services

The Environmental Services Division supports process control and regulatory compliance. The experienced staff collects samples from on site and in the field, and also administers the Industrial Pretreatment and the Pollution Prevention Programs. The Division issues permits to entities that handle wastewater, groundwater discharge, septic and restaurant grease. It also conducts sanitary sewer complaint response, fats oils and grease inspections and performs public and educational outreach for the communities within our service area.

The Director of Environmental Services retired after the first quarter of the current fiscal year and was replaced with the Laboratory Director who now oversees both divisions. There is an Environmental Services Supervisor, two Environmental Compliance Inspectors and a Pollution Prevention Specialist in this Division.

Environmental Services Department Expenditures							
Description	2018-19 Actual	Adopted 2019-20 Budget	2019-20 Forecast	Proposed 2020-21 Budget	\$ Incr/(Decr) v. Forecast	% Incr/(Decr) v. Forecast	
Personnel:							
Salaries	\$ 718,470	\$ 748,487	\$ 747,506	\$ 680,491	\$ (67,014)	(9.0%)	
Overtime	4,852	9,830	5,993	7,307	1,314	21.9%	
Retirement Benefit Contributions	127,236	158,756	143,413	142,302	(1,111)	(0.8%)	
Health Insurance	81,628	79,926	79,343	73,245	(6,098)	(7.7%)	
Workers' Compensation	17,137	17,727	18,281	18,156	(125)	(0.7%)	
Health Insurance - Retiree	46,199	24,650	34,713	24,150	(10,563)	(30.4%)	
Medicare	10,377	11,129	10,831	9,990	(840)	(7.8%)	
Subtotal: Personnel Costs	1,005,899	1,050,503	1,040,079	955,641	(84,437)	(8.1%)	
Administrative Expenses	30,112	37,961	19,141	27,924	8,783	45.9%	
Equipment & Supplies Expense:							
Office Supplies	77	-	43	-	(43)	(100.0%)	
Rentals & Leases	-	1,320	660	-	(660)	(100.0%)	
Supplies & Expenses	933	19,746	5,999	7,100	1,101	18.4%	
Equipment Maint - Materials	6,628	-	-	-	-	-	
Equipment Maint - Services	-	1,200	600	1,500	900	150.0%	
Non-Capital Equipment	6,580	12,996	6,498	4,750	(1,748)	(26.9%)	
Subtotal: Equipment & Supplies	14,218	35,262	13,800	13,350	(450)	(3.3%)	
Professional Services	41,206	33,000	31,500	-	(31,500)	(100.0%)	
Contractual Services	39,543	57,824	60,242	32,288	(27,954)	(46.4%)	
Memberships & Meetings	1,131	2,264	1,059	1,040	(19)	(1.8%)	
Conferences & Travel	5,578	9,200	7,128	11,480	4,352	61.0%	
Training	10,314	14,848	7,424	2,940	(4,484)	(60.4%)	
TOTAL EXPENDITURES	\$ 1,148,001	\$ 1,240,862	\$ 1,180,373	\$ 1,044,663	\$ (135,710)	(11.5%)	

As compared to the 2019-20 Forecast, significant increases / decreases in the operating budget for Environmental Services include:

- Due to the annualization of the prior year's organizational changes, which combined two director positions over the Lab and Environmental Services into one, Personnel costs are anticipated to decrease \$84.4 thousand, or 8.1%. The savings were net of contractual increases for salary and benefits.
- Administrative Expenses include annual permit fees for air quality, fire, and hazardous materials. After a better-than-expected year in 2019-20, costs are anticipated to be higher though still below the current year budgeted amount.
- Professional Services will decrease by \$31.5 thousand, as work completed in the current fiscal year to study local pollution limits and draft language for a new ordinance will not reoccur next fiscal year.
- Contractual Services will decrease by \$27.9 thousand, as costs associated with setting up a new stormwater monitoring program will not occur next fiscal year.

Engineering

The Engineering Division is responsible for improvements and replacement of SVCW capital facilities. Engineering staff provides oversight, direction, and management of the capital improvement projects. It works to build safe, innovative, sustainable, efficient, and cost-effective infrastructure that ensures the longevity of SVCW facilities and protects the investments made by customers. Engineering achieves this through building successful partnerships with peers, consultants, and contractors from a project's inception through construction and into start-up with the highest levels of professionalism, integrity, and fairness.

The Division is currently focused on the RESCU program and improvements to the wastewater treatment plant. It works under the direction of the Authority Engineer and an Engineering Director, whose staff includes three Senior Engineers, one Associate Engineer, a CIP Manager, and two Administrative Assistants. There is also budget for a summer Engineering Intern. Engineering labor is predominantly charged to capital projects; therefore the 2020-21 Operating Budget contains 75% of the Engineering Director and 50% of a Senior Engineer.

Engineering Department Expenditures							
Description	2018-19 Actual	Adopted 2019-20 Budget	2019-20 Forecast	Proposed 2020-21 Budget	\$ Incr/(Decr) v. Forecast	% Incr/(Decr) v. Forecast	
Personnel:							
Salaries	\$ 465,635	\$ 404,877	\$ 396,785	\$ 522,681	\$ 125,895	31.7%	
Retirement Benefit							
Contributions	63,438	54,086	44,300	76,046	31,746	71.7%	
Health Insurance	54,720	46,538	45,579	53,808	8,229	18.1%	
Payroll Tax	479	-	588	1,190	601	102.3%	
Workers' Compensation	1,343	1,054	1,299	1,907	608	46.8%	
Health Insurance - Retiree	23,593	8,415	13,648	10,380	(3,268)	(23.9%)	
Medicare	6,194	5,871	5,596	7,589	1,993	35.6%	
Subtotal: Personnel Costs	615,402	520,841	507,796	673,600	165,804	32.7%	
Utilities	196	-	-	-	-	-	
Administrative Expenses	3,229	5,004	2,514	5,004	2,490	99.1%	
Equipment & Supplies Expense:							
Office Supplies	3,232	924	1,998	960	(1,038)	(52.0%)	
Supplies & Expenses	1,827	3,600	2,027	7,224	5,197	256.3%	
Equipment Maint - Services	-	-	-	-	-	-	
Subtotal: Equipment & Supplies	5,059	4,524	4,026	8,184	4,158	103.3%	
Professional Services	232,554	204,000	209,789	228,996	19,207	9.2%	
Contractual Services	-	-	-	-	-	-	
Memberships & Meetings	14,949	20,146	21,755	21,646	(109)	(0.5%)	
Conferences & Travel	26,604	45,700	44,146	45,600	1,454	3.3%	
Training	4,638	8,880	4,925	7,080	2,155	43.8%	
TOTAL EXPENDITURES	\$ 902,630	\$ 809,095	\$ 794,950	\$ 990,110	\$ 195,160	24.5%	

As compared to the 2019-20 Forecast, significant increases / decreases in the operating budget for Engineering include:

- Personnel costs will increase \$165.8 thousand, approximately \$75 thousand of which is due to the increasing assignment of the Director's time to the Operating Budget. As the CIP matures and completes projects, the Engineering Division is shifting resources to support wastewater operations. The remaining increase represents ordinary inflationary pressure on wages and benefits.
- Professional Services expense will increase by \$19.2 thousand next fiscal year as consulting services are deployed to update engineering specification documents, bidding procedures, and non-project related drawings.

Safety

The Safety Division develops, implements, and oversees all safety programs for the agency. It is staffed with one Health and Safety Director. To deepen safety preparedness from the perspective of an operations and maintenance employee, 40% of one mechanic is assigned to safety matters.

Safety Department Expenditures							
Description	2018-19 Actual	Adopted 2019-20 Budget	2019-20 Forecast	Proposed 2020-21 Budget	\$ Incr/(Decr) v. Forecast	% Incr/(Decr) v. Forecast	
Personnel:							
Salaries	\$ 178,984	\$ 244,829	\$ 220,153	\$ 263,546	\$ 43,393	19.7%	
Overtime	1,346	-	-	1,418	1,418	-	
Retirement Benefit							
Contributions	14,909	33,838	24,488	38,059	13,571	0.0%	
Health Insurance	27,756	29,513	28,476	35,435	6,959	24.4%	
Workers' Compensation	4,254	6,053	5,361	6,998	1,637	30.5%	
Health Insurance - Retiree	9,378	7,140	8,189	7,740	(449)	(5.5%)	
Medicare	2,602	3,550	3,094	3,851	757	24.5%	
Subtotal: Personnel Costs	239,229	324,923	289,760	357,046	67,286	23.2%	
Administrative Expenses	26,783	25,500	21,677	47,450	25,773	118.9%	
Equipment & Supplies Expense:							
Rentals & Leases	2,725	-	450	-	(450)	0.0%	
Supplies & Expenses	80,704	70,685	65,107	71,596	6,489	10.0%	
Equipment Maint - Materials	5,235	2,748	4,229	2,000	(2,229)	(52.7%)	
Equipment Maint - Services	338	6,000	1,500	5,900	4,400	293.3%	
Non-Capital Equipment	4,928	2,796	1,754	2,900	1,146	65.3%	
Subtotal: Equipment & Supplies	93,930	82,229	73,040	82,396	9,356	12.8%	
Professional Services	7,849	-	450	-	(450)		
Contractual Services	17,898	26,404	14,447	24,400	9,953	68.9%	
Memberships & Meetings	11,506	2,760	4,045	3,955	(90)	(2.2%)	
Conferences & Travel	2,873	3,815	4,459	3,825	(634)	(14.2%)	
Training	21,249	17,996	13,731	15,000	1,269	9.2%	
TOTAL EXPENDITURES	\$ 421,317	\$ 483,627	\$ 421,609	\$ 534,072	\$ 112,463	26.7%	

As compared to the 2019-20 Forecast, significant increases / decreases in the operating budget for Safety include:

- Personnel costs will change \$67 thousand (23.2%). Approximately \$42 thousand is due to the 40% reassignment of a mechanic's time to safety matters, which did not occur in the first half of 2019-20. The balance of the increase is inflationary pressure on pay and associated benefits.
- Administrative Expenses increases due to the transfer of \$22 thousand in expense from the Environmental Services Division for management of hazardous waste permits and additional funds for the safety program.
- Contractual Services will increase \$9.9 thousand compared to the current year forecast. This fiscal year to date, expenditures are low, with no incidents requiring hazardous material cleanup.

Information Services

The Information Services Division manages all technology and information systems of the agency. The Information Services Director oversees two Senior Information System Analysts.

Information Services Department Expenditures							
Description	2018-19 Actual	Adopted 2019-20 Budget	2019-20 Forecast	Proposed 2020-21 Budget	\$ Incr/(Decr) v. Forecast	% Incr/(Decr) v. Forecast	
Personnel:							
Salaries	\$ 516,606	\$ 550,517	\$ 555,341	\$ 589,587	\$ 34,246	6.2%	
Retirement Benefit Contributions	104,431	124,596	115,637	148,425	32,788	28.4%	
Health Insurance	44,692	45,859	45,364	45,933	569	1.3%	
Workers' Compensation	12,495	14,065	14,222	15,536	1,314	9.2%	
Health Insurance - Retiree	27,720	15,300	21,510	15,300	(6,210)	(28.9%)	
Medicare	7,592	8,249	8,145	8,549	404	5.0%	
Subtotal: Personnel Costs	713,535	758,586	760,219	823,330	63,111	8.3%	
Utilities	165,166	171,840	182,513	177,840	(4,673)	(2.6%)	
Equipment & Supplies Expense:							
Office Supplies	6	900	(2,011)	-	2,011	(100.0%)	
Administrative Expenses	1,265	-	-	-	-	-	
Rentals & Leases	38,817	40,800	35,014	40,980	5,966	17.0%	
Supplies & Expenses	171,230	222,080	214,565	147,580	(66,985)	(31.2%)	
Equipment Maint - Services	253,694	223,700	218,162	164,404	(53,758)	(24.6%)	
Equipment Maint - Materials	520	88,296	82,898	157,180	74,282	89.6%	
Subtotal: Equipment & Supplies	465,532	575,776	548,628	510,144	(38,484)	(7.0%)	
Professional Services	143,679	218,504	155,990	159,900	3,910	2.5%	
Contractual Services	33,625	67,700	72,164	21,200	(50,964)	(70.6%)	
Memberships & Meetings	1,719	1,523	2,753	2,600	(153)	(5.6%)	
Conferences & Travel	3,931	5,000	3,500	1,500	(2,000)	(57.1%)	
Training	18,343	14,191	20,776	22,300	1,525	7.3%	
TOTAL EXPENDITURES	\$ 1,545,529	\$ 1,813,120	\$ 1,746,542	\$ 1,718,814	\$ (27,728)	(1.6%)	

As compared to the 2019-20 Forecast, total expenditures in the Information Services Division will decrease by \$27.2 thousand. Significant variances include:

- Personnel costs will increase \$63.1 thousand, or 8.3% for anticipated increases in pay and associated benefits.
- Supplies and Equipment, as well as Equipment Maintenance Services, will decline by a combined \$120 thousand as responsibility for the SCADA network transfers to the Maintenance Division.
- Equipment Maintenance Materials will increase by \$74 thousand as SVCW upgrades its Wifi network in preparation for mobile technology deployment.
- Outside Services expense will decline by \$51 thousand, as recently-upgraded technology no longer requires SVCW to pay for outside data storage and backup services.

Administrative Services

The Administrative Services Division provides legal, financial, personnel, and administrative support to the Commission, General Manager, and other Divisions. It is committed to presenting a positive and professional image of SVCW to the general public and Member Agencies. The Division is responsible for human resources, accounting, purchasing, risk management, and asset management. All costs associated with the Commission, Manager's office, General Counsel, and CFO are included in the Administrative Services Division. Additionally, certain accounting and payroll processing services provided by Redwood City are included.

In addition to the SVCW Manager, Administrative Services includes one Human Resources Director, one Materials Services Supervisor (with a staff of two Purchasing Coordinators), and one Administrative Assistant. There is also one Accounting Supervisor, two Accountants, one Accounting Technician, a Financial Analyst, and a Business Analyst in the Division.

Administrative Services Department Expenditures						
Description	2018-19 Actual	Adopted 2019-20 Budget	2019-20 Forecast	Proposed 2020-21 Budget	\$ Incr/(Decr) v. Forecast	% Incr/(Decr) v. Forecast
Personnel:						
Salaries	\$ 2,853,134	\$ 2,102,264	\$ 2,112,613	\$ 2,272,615	\$ 160,003	7.6%
Overtime	19,273	20,025	16,353	22,880	6,527	39.9%
Retirement Benefit Contributions	248,213	337,968	284,934	349,308	64,375	22.6%
Health Insurance	240,180	253,254	247,216	255,898	8,682	3.5%
Payroll Tax	1,318	-	174	-	(174)	0.0%
Workers' Compensation	16,342	15,517	15,397	17,727	2,330	15.1%
Health Insurance - Retiree	117,211	66,300	92,967	68,850	(24,117)	(25.9%)
Medicare	40,941	31,073	30,149	33,359	3,209	10.6%
Subtotal: Personnel Costs	3,536,611	2,826,400	2,799,803	3,020,638	220,834	7.9%
Administrative Expenses	202,944	155,694	141,616	201,568	59,952	42.3%
Equipment & Supplies Expense:						
Office Supplies	21,059	21,188	23,101	16,595	(6,506)	(28.2%)
Rentals & Leases	3,424	8,800	9,350	16,060	6,710	71.8%
Supplies & Expenses	76,248	94,045	95,192	82,476	(12,716)	(13.4%)
Equipment Maint - Materials	5,853	-	3,567	1,500	(2,067)	(57.9%)
Equipment Maint - Services	77,915	79,008	77,145	78,804	1,659	2.2%
Subtotal: Equipment & Supplies	184,499	203,041	208,356	195,435	(12,921)	(6.2%)
Professional Services	517,764	408,678	444,112	427,412	(16,700)	(3.8%)
Contractual Services	237,266	208,354	207,754	217,352	9,598	4.6%
Memberships & Meetings	37,673	26,306	26,356	27,474	1,118	4.2%
Conferences & Travel	28,816	42,108	30,872	40,429	9,557	31.0%
Training	13,412	26,146	18,530	31,136	12,606	68.0%
TOTAL EXPENDITURES	\$ 4,758,985	\$ 3,896,727	\$ 3,877,400	\$ 4,161,444	\$ 284,044	7.3%

As compared to the 2019-20 Forecast, significant increases / decreases in the operating budget for Administrative Services include:

- Personnel costs will increase \$220.8 thousand, or 7.9%. Ordinary inflationary increases for step and cost-of-living adjustments were budgeted as normal. Additionally, one position was decreased (a part-time administrative assistant), offset by partial reallocation of Business Analyst time to the Operating Budget rather than capital project technology projects.
- Administrative expenses will increase by \$59.9 thousand as SVCW secures outside expertise in public relations and communication.
- Professional services costs will decline by \$16.7 thousand (3.8%) as SVCW has concluded legal matters not expected to reoccur next year.
- Training Costs increase by \$12.6 thousand as the Office of the Manager allots funds for leadership training.

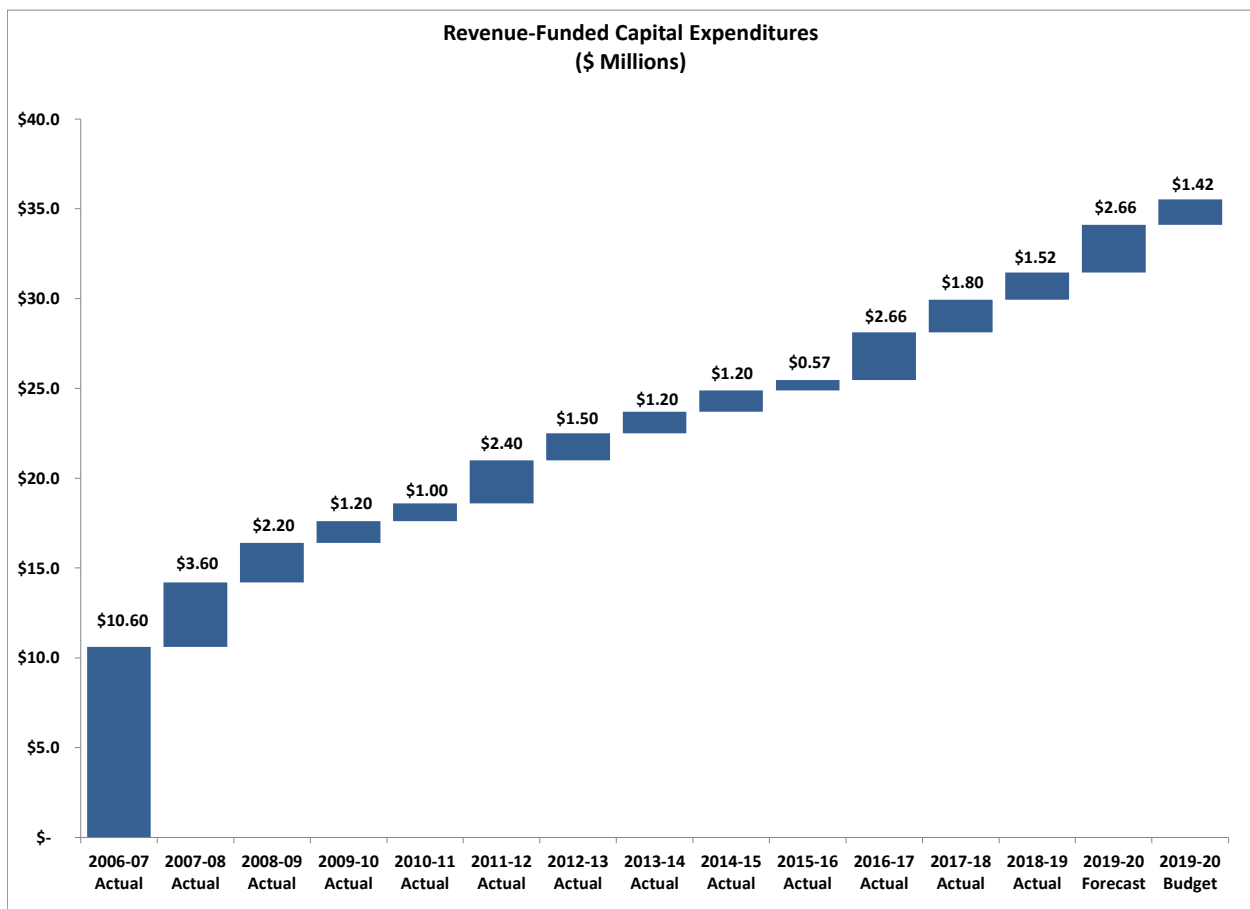
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SECTION 4 – REVENUE-FUNDED CAPITAL EXPENDITURES

Summary:

Revenue-Funded Capital Expenditures are for capital projects costing less than \$1 million and completed within one year. These projects offer identifiable improvements in the short term. Revenue-funded capital expenditures may include minor construction projects, major maintenance and rehabilitation projects, planning studies, and preliminary engineering analysis for major capital improvements. It is therefore the practice to fund such projects using available cash funds rather than financing them over 30 years.

Since 2006-07, SVCW has spent approximately \$35 million on Revenue-Funded capital expenditures. Prior to formally adopting the Capital Improvement Program in fiscal year 2008-09, Member Agencies made large cash contributions of \$10.6 million to address immediate project needs. Since 2008-09, however, SVCW has averaged \$1.7 million annually in Revenue-Funded capital expenditures.



The 2020-21 Budget of \$1.29 million for Revenue-Funded capital expenditures includes:

Proposed 2020-21 Revenue-Funded Capital Expenditures	
Project Name	One-time Cost
Rebuild dewatering Fournier filter presses #1 and #2	\$ 250,000
Replace IT Business Network Access Switches	204,000
Install Crane / Monorail system for Solids Handling Bldg Equipment	200,000
Purchase replacement Bio-Solids Dump/Transfer Truck	140,000
Replace cogeneration engines' generator units	87,500
Expand emergency alert and surveillance system at Treatment Plant	85,000
Upgrade Primary Sedimentation Tank equipment	65,000
Improve Front Gate controls	60,000
Improve loading slab at biosolids loading area	50,000
Facility Reconfigurations	50,000
Replace Laboratory Automated BOD Analyzer	48,000
Replace fleet equipment, Environmental Services pickup truck	34,000
Purchase Dranetz Energy Power Monitoring Equipment	22,000
TOTAL	\$ 1,295,500

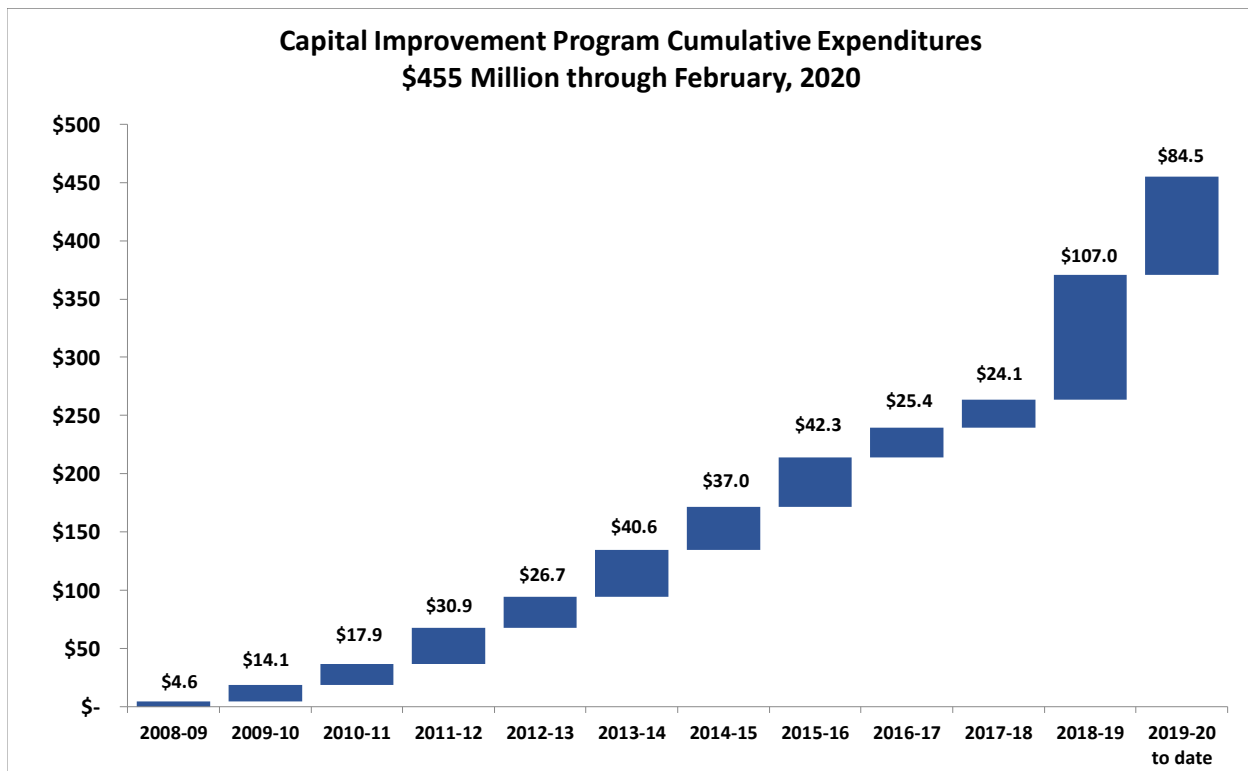
These projects will maintain critical operations and improve productivity. Key projects include:

- Fournier Press rebuild: The Fournier filter presses, used to remove water from biosolids prior to disposal, have exhibited wear of certain parts over time. This wear damaged the filter screens and must be addressed. Moreover, more frequent maintenance of the Fournier Presses is now in place to mitigate such wear in the future.
- The Information Technology business network includes eight access switches throughout the treatment plant that were installed in 2012 and are now at end-of-life.
- A crane system is being proposed for the basement of the Solids Handling Building where recently-installed water treatment equipment must be maintained. This equipment includes rotary drum thickeners, large pumps, and control panels. With a crane system, mechanics can perform maintenance safely and efficiently.
- A current dump truck is frequently out of service and jeopardizes drying bed operations. A replacement truck mitigates this risk and optimizes use of drying beds to reduce costs.

SECTION 5 – CAPITAL IMPROVEMENT PROGRAM & DEBT SERVICE

Background:

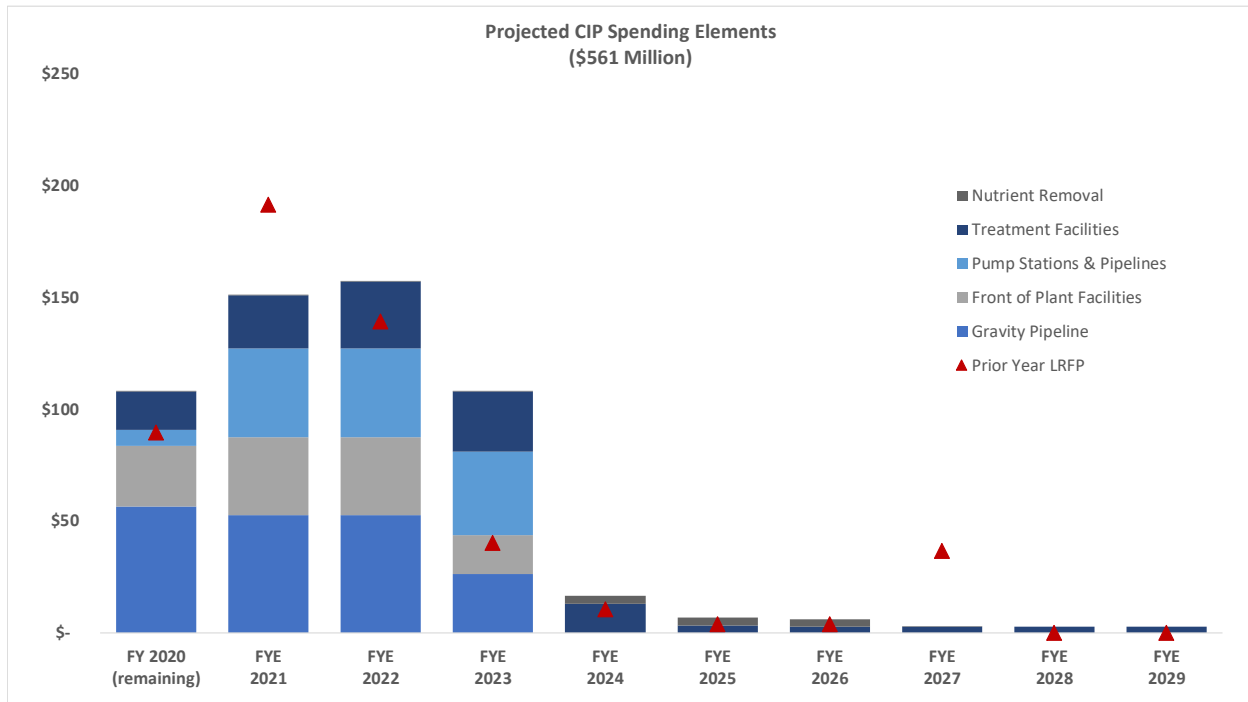
SVCW’s wastewater treatment plant was constructed in 1980 and connected to an influent conveyance system built in 1969. In 2006, engineering studies determined the majority of SVCW fixed assets were beyond their useful lives and needed replacement. In 2008 SVCW initiated its CIP to replace and rehabilitate wastewater conveyance and treatment systems in a structured and prioritized manner. Now in its twelfth year, the CIP has completed over 120 projects and spent \$455 million to date.



CIP Projected Expenditures:

Each year, SVCW produces a LRFP to describe the total cash flows required by SVCW over the next decade. This includes funding for all SVCW operations, revenue-funded capital projects, Capital Improvement Program projects and their associated debt service payments, and necessary cash reserve contributions. Meant to encourage discussion and support decision making, the LRFP provides up-to-date financial information so that Member Entities have the information needed to understand the financial implications of those decisions and to communicate with internal and external stakeholders.

The CIP is a guiding document of the LRFP and is currently estimated at \$932 million over a 22-year period from inception to completion. The majority of remaining expenditures will occur over the next three fiscal years:



The largest projects comprised in the RESCU program together produce capital expenditures greater than \$100 million over the next three consecutive fiscal years. As construction is completed, assets of each Member Entity increase per its allocable percentages as follows:

SVCW Remaining Capital Expenditures - By Fiscal Year End and Member Allocation (\$ Millions)												
Description	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029	Total	
Redwood City	\$ 52.4	\$ 73.3	\$ 76.3	\$ 52.5	\$ 8.0	\$ 3.3	\$ 3.0	\$ 1.3	\$ 1.3	\$ 1.3	\$ 272.5	
West Bay SD	29.0	40.5	42.2	29.0	4.4	1.8	1.6	0.7	0.7	0.7	150.6	
San Carlos	16.3	22.8	23.8	16.4	2.5	1.0	0.9	0.4	0.4	0.4	84.9	
Belmont	10.2	14.3	14.8	10.2	1.6	0.6	0.6	0.2	0.2	0.2	53.0	
TOTAL	\$ 108.0	\$ 150.8	\$ 157.1	\$ 108.0	\$ 16.5	\$ 6.8	\$ 6.1	\$ 2.6	\$ 2.6	\$ 2.6	\$ 561.1	

Debt Service:

Due to the compressed timing and large cost to complete the CIP, as well as the lack of significant cash reserves, the most practical funding method has been the use of long-term debt. SVCW updates its LRFP each year to reassess its financial position relative to anticipated cash flows needed from SVCW's Member Entities. It also incorporates CIP construction and expenditure schedules, as well as the current borrowing environment. After considering these factors, the January 2020 LRFP recommended a strategy that recognizes governmental loans are available.

Compared to the January 2019 LRFP, the 2020 Plan incorporated three significant changes:

- **CIP Update:** SVCW has concurrently updated its CIP document to incorporate changes in project cost estimates and to add or delete projects. It also recognized regulations by the Regional Water Quality Control Board as it determines how to manage nutrient loads in the San Francisco Bay. Combined, these factors added \$81 million and bring total anticipated CIP expenditures (over the 22 years since inception) to \$931.6 million.
- **Construction Timing:** Over the past year, construction commenced on two significant conveyance projects that are part of the RESCU initiative (Regional Environmental Sewer Conveyance Upgrade). Using the Progressive Design-Build (PDB) project delivery method, the two RESCU projects in construction (Gravity Pipeline and the Front of Plant) remain on schedule. Design of the final element (Pump Station Improvements) is nearly complete and construction is now anticipated to commence by summer 2020. There is also timing associated with nutrient removal projects, which is now anticipated to occur after 2030.
- **Financing Sources and Rates:** In addition to adjustments to the size and rates of remaining bond issuances, this 2020 update also reflects an increased State Revolving Fund (SRF) loan from \$141 million to \$169 million. It also recognizes final WIFIA loan rates executed in July 2019 at 2.4%, considerably lower than the 3.45% assumed last year.

To fund CIP projects to date, SVCW has secured approximately \$647 million from a combination of Wastewater Revenue Bonds, Member Cash Contributions, SRF Loans, and Government Grants. Debt service payments associated with this budget are derived from these borrowings.

Source of CIP Funds to date (\$ millions)			
Description	All-in TIC / Interest Rate	Max Proceeds	Available Proceeds at 6/30/2019
Bonds			
2008 Wastewater Revenue Bonds	5.03%	\$ 10.01	\$ -
2009 Wastewater Revenue Bonds	5.12%	55.86	-
2014 Wastewater Revenue Bonds	4.18%	65.54	-
2015 Wastewater Revenue Bonds	3.75%	30.00	-
2018 Wastewater Revenue Bonds	3.43%	148.98	29.30
Subtotal - Bonds		310.38	29.30
Cash Contributions in lieu of Debt			
Belmont		46.84	14.83
Redwood City		10.00	-
West Bay Sanitary District		13.02	13.02
Subtotal - Cash		69.85	27.84
Government Loans			
SWRCB SRF - Control Building	2.60%	11.36	-
SWRCB SRF - WWTP Improvements	1.80%	31.55	-
SWRCB SRF - Conveyance Planning	1.60%	14.00	-
U.S. EPA WIFIA - RESCU Program	2.40%	207.33	207.33
Subtotal - Government Loans		264.24	207.33
Grant Funding			
PG&E Cogeneration Grant		2.40	0.32
California Energy Commission		0.50	-
Subtotal - Grant Funding		2.90	0.32
TOTAL		\$ 647.38	\$ 264.79

Due to the historical lack of a sinking fund and cash reserves, the recommended debt strategy is in lieu of a pay-go cash strategy. Debt allows SVCW to distribute costs over the expected useful lives of constructed assets and also provide fairness to Members' ratepayers by spreading costs across generations to facilitate moderate and consistent rate increases. The 2020 LRFP recognizes that, for future debt, SVCW will mostly draw from governmental loans and modest amounts of wastewater revenue bonds.

The 2020 LRFP recommends the following debt structure as compared to the prior year's LRFP:

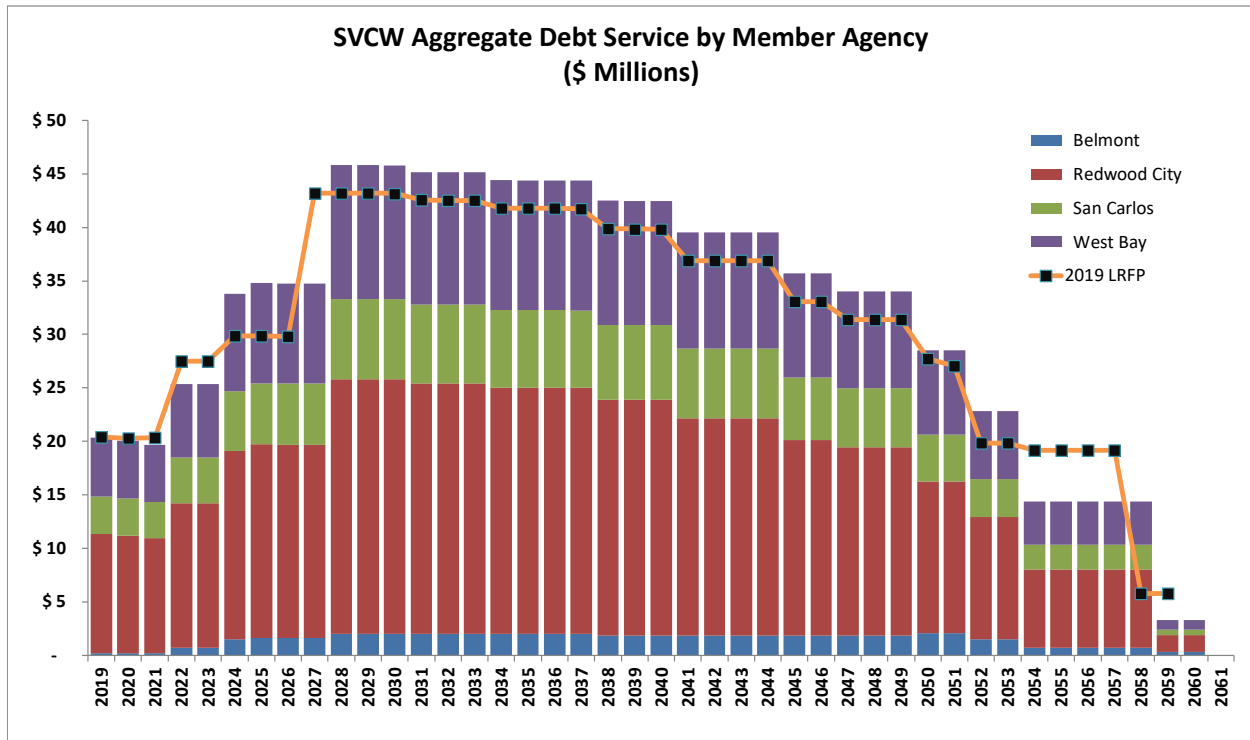
Description	2019 LRFP	2020 LRFP
Remaining CIP to be funded	\$560 Million	\$561 Million
\$ Fixed Rate Bonds / % of New Debt	\$24M / 4%	\$99M / 18%
\$ Variable Rate Bonds / % of New Debt	\$48M / 9%	\$29M / 5%
\$ SRF Loans / % of New Debt	\$141M / 25%	\$169M / 30%
\$ WIFIA Loan / % of New Debt	208M / 37%	\$208M / 37%
Proceeds or Cash / % of New Debt	\$139M / 25%	\$56M / 10%
Weighted Average Cost of Capital %	2.88%	2.57%

The attractive interest rates of WIFIA and the attractive market conditions result in an improved Weighted Average Cost of Capital (WACC), now estimated at 2.57%.

Over the next four decades displayed below, total remaining aggregate debt service is \$1.28 billion, or approximately \$56 million more (in nominal dollars) than prior year's Plan. If discounted to January 2020 dollars, this difference is a Net Present Value of \$22 million.

This Plan anticipates Maximum Annual Debt Service payments (MADS) will increase by \$2.6 million after fiscal year 2027-28. Over the next eight years through fiscal year 2026-27, however, cumulative debt service payments are net neutral.

Over the 41-year period displayed below total aggregate debt service is estimated at \$1.28 billion, or approximately \$40 million (in nominal dollars) less than the prior year's LRF. If discounted to today's dollars, this difference is valued at a Net Present Value of \$46 million.



Debt Service in 2020-21 will be \$19.64 million and is allocated to Member Entities according to JPA-defined percentage of ownership as well as their participation in each debt issuance. As SVCW continues to fund CIP construction, debt service payments will peak in 2027-28 once significant projects are complete and all necessary debt is secured.

SVCW Aggregate Debt Service Cost						
Fiscal year end	Current Bonds	Current SRF	New Bonds	New SRF Debt Service	New WIFIA Debt Service	TOTAL
2021	\$ 17,015,619	\$ 2,630,599	\$ -	\$ -	\$ -	\$ 19,646,217
2022	17,009,619	2,630,599	5,692,220	-	-	25,332,437
2023	17,004,369	2,630,599	5,692,220	-	-	25,327,187
2024	17,003,869	3,320,599	5,692,220	7,753,343	-	33,770,030
2025	17,007,244	3,320,599	6,707,460	7,753,343	-	34,788,645
2026	16,984,244	3,320,599	6,707,460	7,753,343	-	34,765,645
2027	16,979,244	3,320,599	6,707,460	7,753,343	-	34,760,645
2028	16,980,619	3,320,599	6,707,460	7,753,343	11,056,323	45,818,344
2029	16,972,619	3,320,599	6,707,460	7,753,343	11,056,323	45,810,344
2030	16,959,619	3,320,599	6,707,460	7,753,343	11,056,323	45,797,344
2031	16,341,244	3,320,599	6,707,460	7,753,343	11,056,323	45,178,969

Detailed debt service payment schedules by Member are provided as follows:

Belmont:

Belmont Debt Service Cost							
Fiscal year end	Current Bonds	Current SRF	Future Bonds	New Line of Credit Interest Expense	New SRF Debt Service	New WIFIA Debt Service	TOTAL
2021	\$ -	\$ 178,425	\$ -	\$ -	\$ -	\$ -	\$ 178,425
2022	-	178,425	537,915	-	-	-	716,340
2023	-	178,425	537,915	-	-	-	716,340
2024	-	243,630	537,915	-	732,691	-	1,514,236
2025	-	243,630	633,855	-	732,691	-	1,610,176
2026	-	243,630	633,855	-	732,691	-	1,610,176
2027	-	243,630	633,855	-	732,691	-	1,610,176
2028	-	243,630	633,855	-	732,691	397,875	2,008,052
2029	-	243,630	633,855	-	732,691	397,875	2,008,052
2030	-	243,630	633,855	-	732,691	397,875	2,008,052
2031	-	243,630	633,855	-	732,691	397,875	2,008,052

Redwood City:

Redwood City Debt Service Cost							
Fiscal Year end	Current Bonds	Current SRF	Future Bonds	New Line of Credit Interest Expense	New SRF Debt Service	New WIFIA Debt Service	TOTAL
2021	\$ 9,427,893	\$ 1,315,327	\$ -	\$ -	\$ -	\$ -	\$ 10,743,220
2022	9,420,607	1,315,327	2,764,711	-	-	-	13,500,644
2023	9,423,018	1,315,327	2,764,711	-	-	-	13,503,056
2024	9,416,936	1,650,460	2,764,711	-	3,765,799	-	17,597,906
2025	9,414,793	1,650,460	3,257,813	-	3,765,799	-	18,088,865
2026	9,411,079	1,650,460	3,257,813	-	3,765,799	-	18,085,151
2027	9,410,286	1,650,460	3,257,813	-	3,765,799	-	18,084,358
2028	9,409,098	1,650,460	3,257,813	-	3,765,799	5,716,068	23,799,238
2029	9,404,820	1,650,460	3,257,813	-	3,765,799	5,716,068	23,794,960
2030	9,392,195	1,650,460	3,257,813	-	3,765,799	5,716,068	23,782,335
2031	9,034,713	1,650,460	3,257,813	-	3,765,799	5,716,068	23,424,853

San Carlos:

San Carlos Debt Service Cost							
Fiscal Year end	Current Bonds	Current SRF	Future Bonds	New Line of Credit Interest Expense	New SRF Debt Service	New WIFIA Debt Service	TOTAL
2021	\$ 2,994,034	\$ 410,004	\$ -	\$ -	\$ -	\$ -	\$ 3,404,038
2022	2,989,491	410,004	861,802	-	-	-	4,261,298
2023	2,993,284	410,004	861,802	-	-	-	4,265,090
2024	2,999,157	514,470	861,802	-	1,173,856	-	5,549,286
2025	2,997,949	514,470	1,015,509	-	1,173,856	-	5,701,785
2026	2,984,991	514,470	1,015,509	-	1,173,856	-	5,688,827
2027	2,985,117	514,470	1,015,509	-	1,173,856	-	5,688,953
2028	2,986,950	514,470	1,015,509	-	1,173,856	1,780,169	7,470,955
2029	2,986,199	514,470	1,015,509	-	1,173,856	1,780,169	7,470,204
2030	2,982,824	514,470	1,015,509	-	1,173,856	1,780,169	7,466,829
2031	2,884,158	514,470	1,015,509	-	1,173,856	1,780,169	7,368,163

West Bay Sanitary District:

West Bay Sanitary District Debt Service Cost							
Fiscal Year end	Current Bonds	Current SRF	Future Bonds	New Line of Credit Interest Expense	New SRF Debt Service	New WIFIA Debt Service	TOTAL
2021	\$ 4,593,692	\$ 726,843	\$ -	\$ -	\$ -	\$ -	\$ 5,320,535
2022	4,599,521	726,843	1,527,792	-	-	-	6,854,155
2023	4,588,067	726,843	1,527,792	-	-	-	6,842,702
2024	4,587,775	912,039	1,527,792	-	2,080,997	-	9,108,603
2025	4,594,502	912,039	1,800,282	-	2,080,997	-	9,387,820
2026	4,588,173	912,039	1,800,282	-	2,080,997	-	9,381,492
2027	4,583,840	912,039	1,800,282	-	2,080,997	-	9,377,159
2028	4,584,572	912,039	1,800,282	-	2,080,997	3,162,210	12,540,100
2029	4,581,599	912,039	1,800,282	-	2,080,997	3,162,210	12,537,127
2030	4,584,599	912,039	1,800,282	-	2,080,997	3,162,210	12,540,127
2031	4,422,373	912,039	1,800,282	-	2,080,997	3,162,210	12,377,901

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SECTION 6 – CASH RESERVES DESIGNATION

SVCW has adopted a Cash Reserves Policy that describes the goals and amounts intended to be held in reserves. The reserves can help mitigate the negative impact of revenue shortfalls from economic fluctuations, fund unforeseen expense requirements, provide stable rates for member entities, and fund future long-term capital needs. Each year during the budget process, their balances are reviewed and adjusted as needed.

- The **Operating Reserve** must be maintained at a minimum balance of 10% of the approved Operating Budget, plus \$1 million. This fund allows for continued operation in times of local, regional state, or national crisis or for unbudgeted, unexpected operational, maintenance or capital expenses approved by the SVCW Commission. The projected balance in Operating Reserves is \$3.77 million at June 30, 2021, including investment earnings. This amount is below the policy's required balance by approximately \$24.9 thousand which, per policy, will increase required Member contributions.
- The **Capital Improvement Program Reserve** (CIP Reserve) goal is to accrue funds equal to the annual calculated depreciation of SVCW facilities to meet the long-term needs of replacing capital assets when their useful life has been met. This would allow major expenses in the future to be paid for on a "pay-go" basis and limit the need for borrowing. Each year, if funds held in these reserves fall below targeted levels, SVCW makes budget adjustments to return to the target level. The CIP Reserve Policy calls for a \$1.5 million contribution in fiscal year 2020-21.

Based upon the above, total 2020-21 Reserve Designations are proposed as follows:

Reserve Designations - 2020-21 Budget			
Description	Estimated	Target	Adopted
	June 30, 2020 Balance	June 30, 2021 Balance	2020-21 Contributions
Operating Reserve	\$ 3,747,982	\$ 3,772,848	\$ 24,866
CIP Reserve	19,608,200	21,108,200	1,500,000
TOTAL	\$ 23,356,182	\$ 24,881,049	\$ 1,524,866

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