

**COMMISSION OF SILICON VALLEY CLEAN WATER
JOINT POWERS AUTHORITY
REGULAR MEETING – Monday, October 19, 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 4 OF THIS AGENDA.

SEE PAGE 4 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
MAYOR WARREN LIEBERMAN, BELMONT – SECRETARY
COUNCIL MEMBER MARK OLBERT, SAN CARLOS – MEMBER

MANAGER: TERESA A. HERRERA

ATTORNEY FOR THE AUTHORITY: CHRISTINE C. FITZGERALD

CONTROLLER: MICHELLE P. FLAHERTY

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.....pg. 6
- B. Manager's Report.....pg. 9
- C. Financial Reports
 - 1. Investment Report.....pg. 11
- D. Engineering Capital Projects Report.....pg. 15
- E. Commission Requested Staff-Level Action Items.....pg. 19
- F. RESCU Program Design-Build Project Status Update.....pg. 22

6. MATTERS OF COMMISSION MEMBER'S INTEREST

7. CONSIDERATION OF MOTION APPROVING CONSENT CALENDAR (begins pg. 30)

8. BUSINESS ITEMS

- A. CONSIDERATION OF MOTION APPROVING RESCU PROGRAM PUMP STATIONS IMPROVEMENTS PROJECT 33-INCH FORCE MAIN CONDITION ASSESSMENT (pg.62)

Proposed Action:

Move approval of CONTRACT CHANGE ORDER TO THE PUMP STATIONS IMPROVEMENTS PROJECT (CIP #9501) IN THE AMOUNT NOT TO EXCEED \$408,000 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – JFSHEA/PARSONS JOINT VENTURE

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 –

- i. September 21, 2020 Regular Meeting (pg. 30)
- ii. September 25, 2020 Special Meeting (pg. 36)

B. CONSIDERATION OF MOTION APPROVING CLAIMS AND CHECKS DATED SEPTEMBER 1, 2020, SEPTEMBER 4, 2020 AND SEPTEMBER 18, 2020 AND NECESSARY PAYMENTS THROUGH SEPTEMBER 18, 2020 (pg. 39)

C. CONSIDERATION OF RESOLUTION AND MOTION APPROVING MEMORANDUM OF AGREEMENT WITH SAN FRANCISCO PUBLIC UTILITY COMMISSION, CITY OF SAN MATEO, REDWOOD CITY, AND WATER AGENCIES FOR POTABLE REUSE EXPLORATORY PLAN (pg. 41)

Proposed Action:

- i. Move adoption of RESOLUTION AUTHORIZING MEMORANDUM OF AGREEMENT WITH SAN FRANCISCO PUBLIC UTILITY COMMISSION, CITY OF SAN MATEO, AND WATER AGENCIES FOR POTABLE REUSE EXPLORATORY PLAN.
- ii. Move approval of TASK ORDER AND BUDGET FOR PREP PHASE 3 (CIP# 9232) IN AN AMOUNT NOT TO EXCEED \$282,161 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – KENNEDY/JENKS

D. CONSIDERATION OF RESOLUTION APPROVING REVISION TO SVCW POLICY 2019-01, DEBT DISCLOSURE PROCEDURES POLICY (pg. 44)

Proposed Action:

Move adoption of RESOLUTION APPROVING AND ADOPTING REVISION A TO ADMINISTRATIVE POLICY 2019-01, DEBT DISCLOSURE PROCEDURES

Microsoft Teams Access Information
Silicon Valley Clean Water
Regular Meeting
Monday, October 19, 2020

WEBSITE: [Link to access meeting](#)

MEETING ID: #337 956 865#

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

When to Visit the Dentist

When to see the dentist

To prevent gum disease and other oral health problems, schedule regular dental cleanings and exams that include X-rays. In the meantime, contact your dentist if you notice any signs or symptoms that could suggest oral health problems, such as:

- Red, tender or swollen gums
- Gums that bleed when you brush or floss
- Gums that begin pulling away from your teeth
- Loose permanent teeth
- Unusual sensitivity to hot and cold
- Persistent bad breath or an unusual taste in your mouth
- Painful chewing
-

Remember, early detection and treatment of problems with your gums, teeth and mouth can help ensure a lifetime of good oral health.

Brushing for oral health

Keeping the area where your teeth meet your gums clean can prevent gum disease, while keeping your tooth surfaces clean can help you stave off cavities and gum disease.

Consider these brushing basics:

- **Brush your teeth twice a day.** When you brush, don't rush. Take about two minutes to do a thorough job. Don't brush right after eating, especially if you had something acidic such as grapefruit or soda. Don't forget to clean your tongue, which harbors bacteria, with a toothbrush or tongue scraper.
- **Use the proper equipment.** Use a fluoride toothpaste and a soft-bristled toothbrush that fits your mouth comfortably. Consider using an electric or battery-operated toothbrush, which can reduce plaque and a mild form of gum disease (gingivitis) more than does manual brushing. These devices are also helpful if you have arthritis or other problems that make it difficult to brush effectively.
- **Practice good technique.** Hold your toothbrush at a slight angle — aiming the bristles toward the area where your tooth meets your gum. Gently brush with circular short back-and-forth motions. Brushing too hard or with hard bristles can hurt your gums.

Brush your teeth for two minutes. Remember to brush the outside, inside and chewing surfaces of your teeth, as well as your tongue.

- **Keep your equipment clean.** Always rinse your toothbrush with water after brushing. Store your toothbrush in an upright position and allow it to air-dry until using it again.

Try to keep it separate from other toothbrushes in the same holder to prevent cross-contamination. Don't routinely cover toothbrushes or store them in closed containers, which can encourage the growth of bacteria, mold and yeast.

- **Know when to replace your toothbrush.** Invest in a new toothbrush or a replacement head for your electric or battery-operated toothbrush every three months — or sooner if the bristles flay or become irregular.

Flossing for oral health

You can't reach the bacteria in the tight spaces between your teeth and under the gum line with a toothbrush. That's why daily flossing is important. When you floss:

- **Don't skimp.** Break off about 18 inches (46 centimeters) of dental floss. Wind most of the floss around the middle finger on one hand, and the rest around the middle finger on the other hand. Grip the floss tightly between your thumbs and forefingers.
- **Be gentle.** Guide the floss between your teeth using a rubbing motion. Don't snap the floss into your gums. When the floss reaches your gum line, curve it against one tooth, making a c shape.
- **Take it one tooth at a time.** Slide the floss into the space between your gum and tooth. Use the floss to gently rub the side of the tooth in an up-and-down motion. Unwind fresh floss as you progress to the rest of your teeth.
- **Keep it up.** If you find it hard to handle floss, use an interdental cleaner — such as a dental pick, pre-threaded flosser, tiny brushes that reach between teeth, a water flosser, or wooden or silicone wedge plaque remover.

As long as you do a thorough job, it doesn't matter if you brush or floss first.

Other oral health care tips

In addition to daily brushing and flossing, consider using mouthwash containing fluoride to promote oral health.

Also, resist the temptation to use toothpicks or other objects that could injure your gums and let in bacteria. If you smoke, try to quit. Using tobacco increases your risk of many diseases, including gum disease and tooth loss.

AGENDA ITEM 5B

Recurring and Upcoming 2020 Commission Actions
Updated for September 2020 Meeting

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


 - Recurring Commission Actions

 - Upcoming Commission Actions

AGENDA ITEM 5C1

Silicon Valley Clean Water Authority
Cash & Investments Summary Report
September 30, 2020

Description	Market Value	% of Total Holdings	Yield
<u>Reserve Accounts</u>			
Operating Reserve* - Securities	\$ 3,340,250	2.1%	1.4%
Operating Reserve - Money Market Fund Balance	485,826	0.3%	0.1%
CIP Reserve* - Securities	17,181,520	10.6%	2.0%
CIP Reserve - Money Market Fund Balance	876,823	0.5%	0.1%
Stage 2 Capacity Reserve* - Securities	13,425,045	8.3%	2.0%
Stage 2 Capacity Reserve - Money Market Fund Balance	311,666	0.2%	0.1%
Total Market Value: Operating and Reserve Accounts	\$ 35,621,131	22.0%	1.8%
Total Accrued Interest: Operating and Reserve Accounts	162,802		
GRAND TOTAL, OPERATING AND RESERVE ACCOUNTS	\$ 35,783,933		
<u>Bond and Notes Accounts</u>			
Trustee Accounts:			
2018 Project Fund Account - CAMP	\$ 15,014,317	9.3%	0.3%
2018 Revenue Account	5,022	0.0%	0.0%
2019A Notes WIFIA* - Securities	65,153,608	40.2%	1.9%
2019A Notes WIFIA - Money Market Fund	6,889,244	4.3%	0.0%
2019A Capitalized Interest Account* - Securities	21,993,612	13.6%	1.8%
2019A Capitalized Interest Account - Money Market Fund	8,176	0.0%	0.0%
2019 Cost of Issuance	30,269	0.0%	0.0%
2014 Revenue Account	452	0.0%	0.1%
2014 Interest Account - Money Market Fund	13	0.0%	0.1%
2014 Principal Account - Money Market Fund	7	0.0%	0.1%
2014 Project Account - Cash	2	0.0%	-
2015 Project Account - Cash	2	0.0%	-
2015 Revenue Account	173	0.0%	0.2%
Total Market Value, Trustee Accounts	\$ 109,094,896	67.4%	1.6%
Accrued Interest:	306,207		
Uninvested Operating Cash (including outstanding checks)	5,051,762	3.1%	
Local Agency Investment Funds (LAIF) Balance	12,105,840	7.5%	0.7%
Total Cash & Investments	\$ 162,342,638	100.00%	1.5%


Matt Anderson
Chief Financial Officer / Assistant Manager

10/12/2020
Date

* 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 Sept. 30, 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	1,200,679	5,482,465	4,524,201	11,207,346	31.3%	100%	✓	(0.3%)
Supnationals	125,735	0	0	125,735	0.4%	100%	✓	(0.0%)
Federal Agency/GSE	1,220,230	2,979,426	2,193,268	6,392,925	17.9%	100%	✓	(1.2%)
Federal Agency CMO	0	2,685,313	1,905,809	4,591,122	12.8%	100%	✓	(0.2%)
Federal Agency MBS	0	1,466,217	1,372,175	2,838,392	7.9%	100%	✓	(0.4%)
Municipal	0	658,580	509,294	1,167,874	3.3%	100%	✓	0.9%
Corporate Notes	668,373	3,909,519	2,920,298	7,498,190	21.0%	30%	✓	(0.3%)
Asset-Backed Securities	125,233	0	0	125,233				
Securities Sub-Total	\$ 3,340,250	\$ 17,181,520	\$ 13,425,045	\$ 33,946,816	94.5%		✓	
Accrued Interest	12,833	88,064	61,905	162,802	0.5%			
Securities Total	\$ 3,353,083	\$ 17,269,585	\$ 13,486,951	\$ 34,109,618	95.0%			
Money Market Fund	485,826	876,823	311,666	1,674,315	4.7%	20%	✓	(95.0%)
Total Investments	\$ 3,838,909	\$ 18,146,408	\$ 13,798,617	\$ 35,783,933	100%			
<i>As % of 6/30/20 Target:</i>	<i>102%</i>	<i>103%</i>	<i>100%</i>	<i>102%</i>				

AGENDA ITEM 5D

**ENGINEERING REPORT: SEPTEMBER 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 and consultant project teams are intricately involved in all stages of work.

All three projects are in their construction phases.

The Pump Stations Improvements project included scope to inspect the 33" force main between the Menlo Park Pump Station and the Redwood City Pump Station (Segment 1). Rehabilitating this force main was not included in the CIP nor RESCU, as it has experienced few leaks, is relatively new compared with the other conveyance pipelines, and constructed for its intended purpose of a force main. The inspection report indicates that the pipeline is in good condition, with no visible corrosion. However, the four junction boxes along the pipeline alignment do exhibit corrosion effect and need to be recoated. SVCW has received a quote from the PSI contractor, SPJV, to recoat these boxes as a Contract Change Order to the project.

Planned Commission Actions: Approve Contract Change Order – October 2020

Laboratory HVAC Rehabilitation (9251): Rehabilitate and replace aging mechanical components and ducting for the Laboratory HVAC system and install cooling system for new server room located in Lab Building.

The Lab building was built in 1993, and there have been no upgrades or significant rehabilitation of the system since the original construction. Many components of the system have fallen into disrepair and replacement parts are challenging to locate. Integral Group has completed the design for the system rehabilitation. The project was publicly advertised for bid on September 14th with bids due on November 3, 2020. A recommendation for awarding the project will be presented to the Commission at the November 2020 meeting.

Planned Commission Actions: Award Construction Contract – November 2020

Standby Generators Feed Relocation & Electrical Panel Upgrades Project (9240): Relocate feeders for Standby Generators 4 and 5 to connect to 12kV switchgear and provide power to all plant processes. Replace aging panels.

Beecher Engineering has provided design drawings for this project, which will provide additional reliability and flexibility in the Standby Power System. This project also

avoids the need to install new generators to support the future Front of Plant equipment, saving hundreds of thousands of dollars. The project will be advertised for bid in early November and staff anticipates bringing a recommendation to award the construction contract award to the Commission in December.

Planned Commission Actions: Award Construction Contract – December 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.

The remaining work to be completed includes improvements to the HVAC system in the Solids Handling Building and miscellaneous support systems for the installed equipment.

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

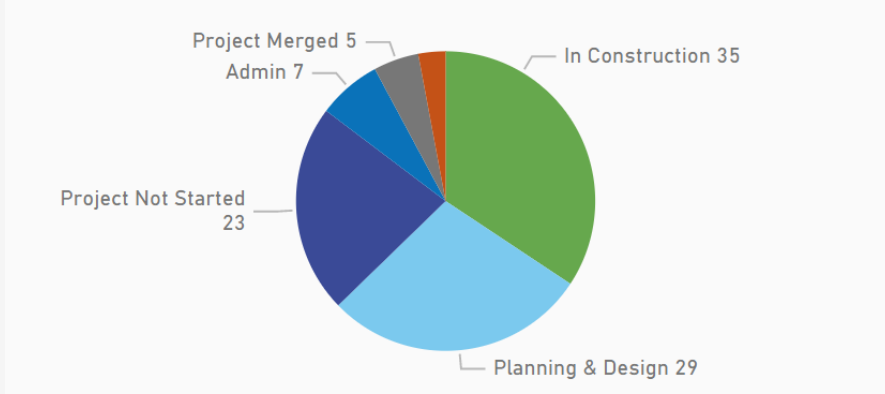
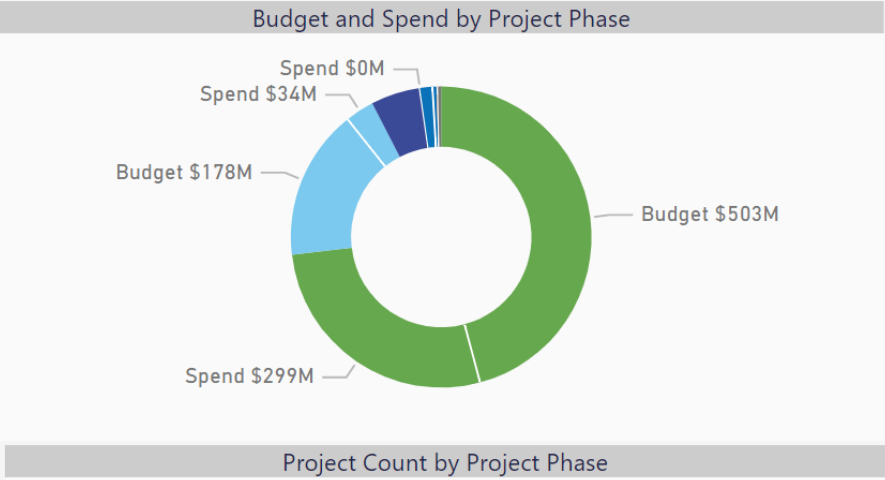
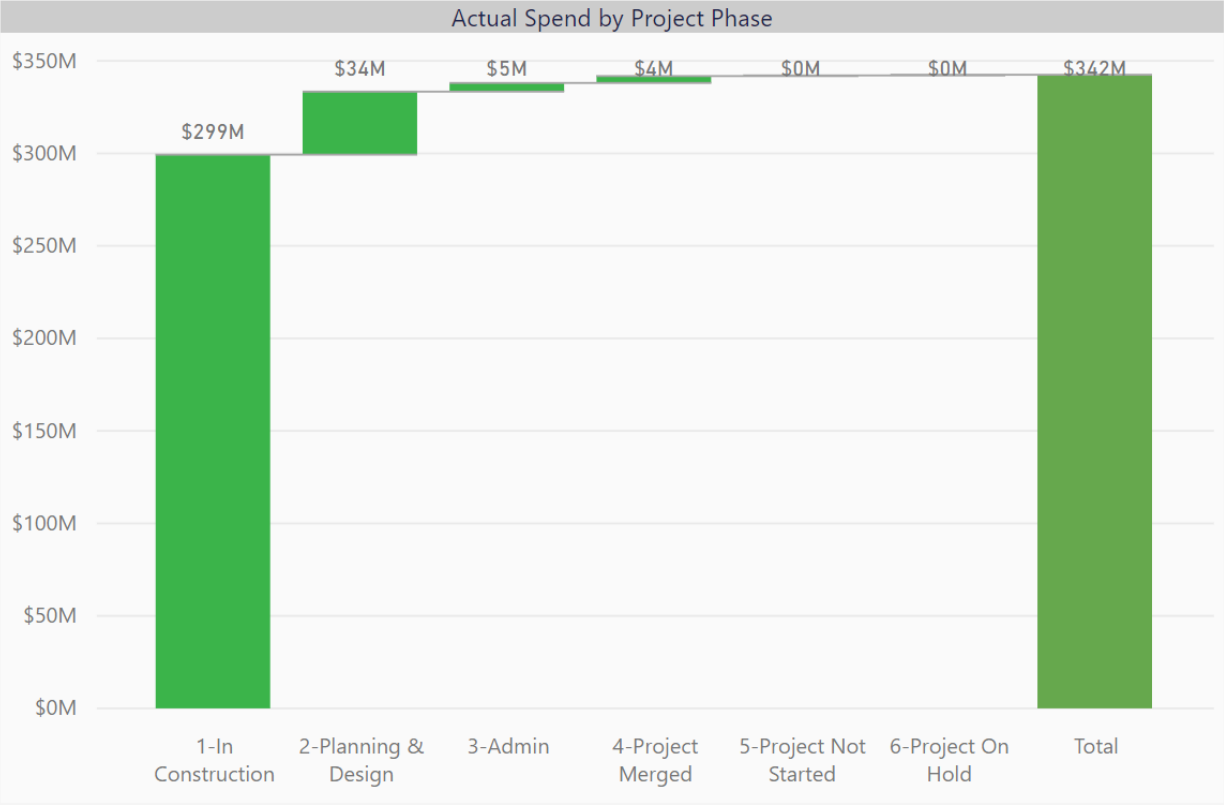
Primary Channels Rehabilitation and Hatch Replacement (9241): Rehabilitation of primary sedimentation tanks influent channels and effluent channels and replacement of primary sedimentation tanks hatch covers.

Primary sedimentation tanks face one of the harshest wastewater environments since the raw sewage comes to these tanks first for primary treatment. These concrete structures are from original plant construction and protection of the concrete is a high priority re-occurring activity. This project consists of concrete rehabilitation, application of protective coatings, and replacement of existing hatches in the Primary Sedimentation Tanks and Channels. Design has been completed by Kennedy/Jenks and the project will be publicly bid in October.

Planned Commission Actions: Award Construction Contract – December 2020

CIP Spend Analysis

Project Phase	Project Count	2020 Budget	Spend	Remaining	Unspent %
In Construction	35	\$502,867,058	\$299,303,734	\$203,563,324	40.48%
Planning & Design	29	\$177,584,452	\$34,072,839	\$143,511,614	80.81%
Admin	7	\$14,458,911	\$4,689,245	\$9,769,666	67.57%
Project Merged	5	\$0	\$3,726,617	\$-3,726,617	N/A
Project Not Started	23	\$58,190,153	\$347,208	\$57,842,944	99.40%
Project On Hold	3	\$1,480,974	\$356,960	\$1,124,014	75.90%
Total	102	\$754,581,548	\$342,496,603	\$412,084,944	54.61%



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**

Updated: 10/08/2020

**OCTOBER 19, 2020
AGENDA ITEM 5E**

Commission Meeting Date		Action Item	Requested or Estimated Date for Completion	Status			Date of Completion	Notes
				Ongoing	In Progress	Complete		
9/21/2020	1	Administrative Policies	N/A	✓				With respect to policies, if there's need to waive or gain exception to term(s), bring the issue forward for Commission's consideration.
8/17/2020	1	Public Outreach	N/A	✓				Continue working with Communications Manager to continuously improve public outreach.
7/20/2020	1	Change SVCW Bylaws wrt terms of office	Nov		✓			Bylaws note change to officers in July each year whereby city and agency elections are in November and new terms begin January. Discuss a possible change to bylaws.
6/15/2020	1	Pump Stations Improvements - Capital vs Life Cycle Costs	N/A		✓			Reducing pump stations from 5 to 2 have been reported to save long-term costs; provide analysis results to Commissioners.
5/18/2020	1	Modify Agenda and Distribution Method	6/15/2020			✓	6/10/2020	1-Add page numbers for agenda items on agenda, 2-Mail hard copy packets to Warren and George, 3 - Email Teams meeting information to Commissioners
	2	Research on illness transmission in sewers	N/A		✓			Ask researchers when results might be available; get info to Commissioners.
4/20/2020	1	Emergency Declaration	N/A	✓			4/20/2020	Manager to reach out via email, special meetings, etc to Commission as needed when decisions are required or made
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			✓	6/15/2020	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. On hold due to Covid-19
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.

Silicon Valley Clean Water
Commissioners' Requested Action Items

Updated: 10/08/2020

OCTOBER 19, 2020
AGENDA ITEM 5E

Commission Meeting Date	Action Item		Requested or Estimated Date for Completion	Status			Date of Completion	Notes
				Ongoing	In Progress	Complete		
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
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.
> 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 has begun working on consolidation.
	2	Project delay costs	N/A	✓			Ongoing	Inform Commission of any potential delays that could add time and costs to projects they have authorized.
	3	Maple Street Development	N/A	✓				SVCW and RWC staff coordinating efforts and messages to developer to protect mutual and exclusive interests.
	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

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

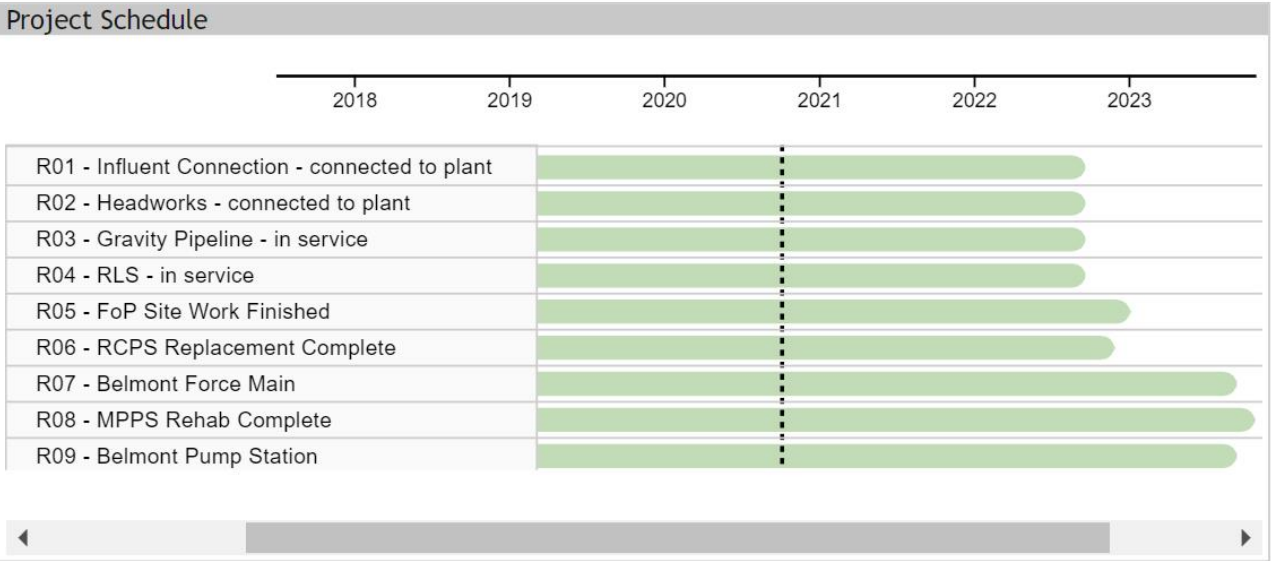
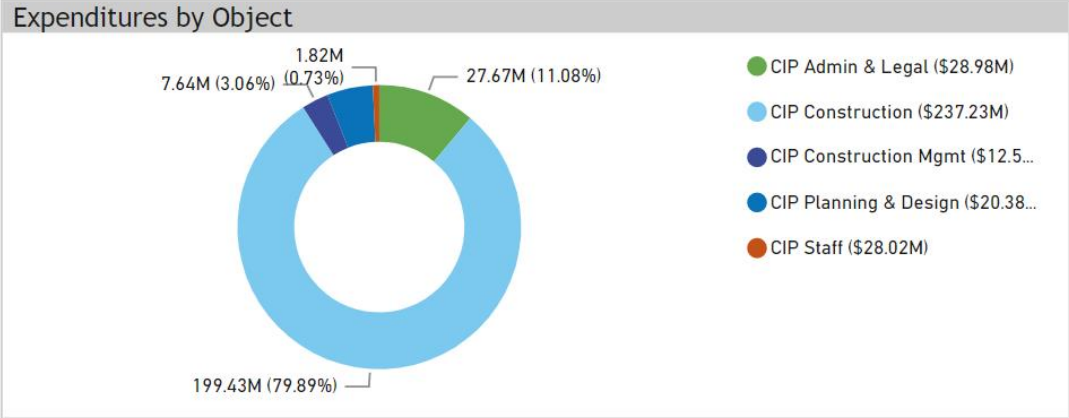
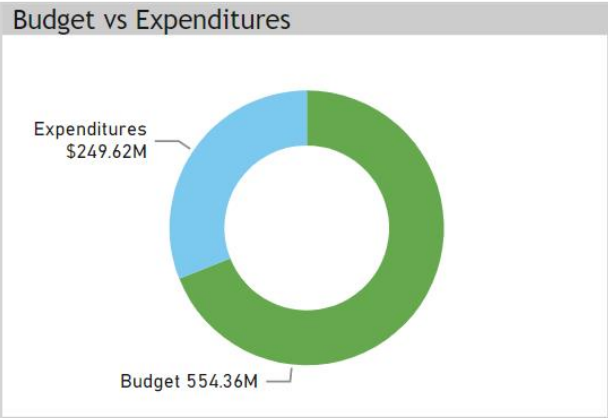
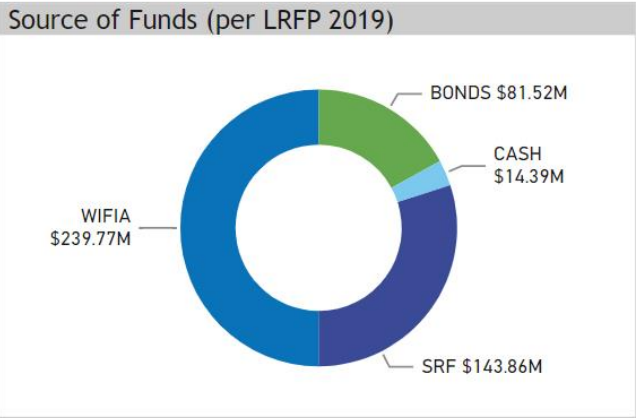
\$554.36M

Total Expenditure

\$249.62M

Remaining Budget

\$304.74M



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 System, Influent Connector Pipe, Emergency Overflow pipe to an existing storage basin and other related process support systems. Work is being implemented under a Progressive Design-Build procurement process in stages.

Available Budget

\$161.95M

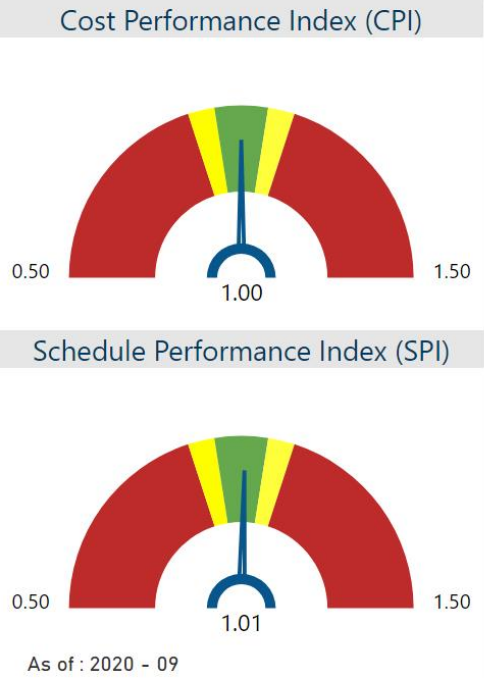
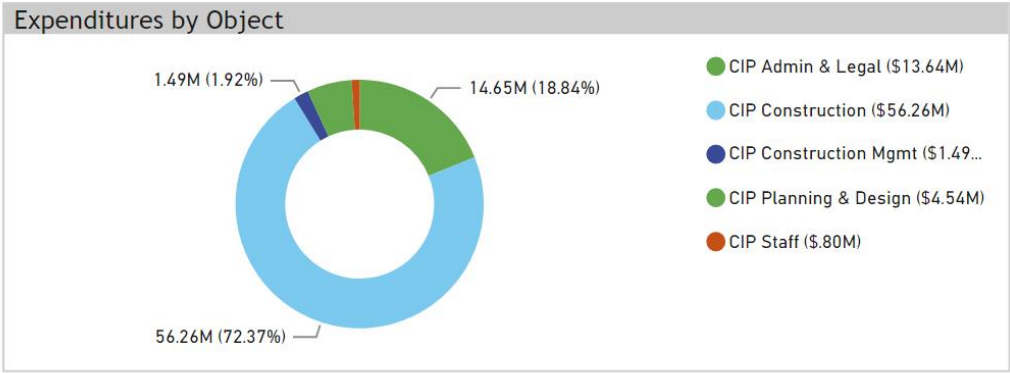
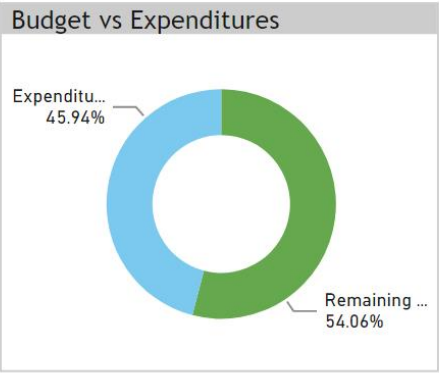
Total Expenditure

\$74.41M

Remaining Budget

\$87.55M

Milestone Schedule		
	Start	Finish
Influent Pipeline Completed	7/24/2020	5/19/2021
Headworks Facility Completed	12/6/2018	10/24/2021
SFS/RLS Completed	12/6/2018	7/1/2022
Start-up and Commissioning	1/28/2022	8/31/2022



Major Accomplishments this Period

	▼
Design	<ul style="list-style-type: none"> - SPJV continued developing the control strategies in coordination with Operations staff. - SPJV developed the third revision of the start-up and testing plan for Operations to review. - SPJV detailed the design of the utilidor as well as the pressure transmitter and indicator in the RLS.
Procurement of Trade Packages	<ul style="list-style-type: none"> - WIFIA and SRF requirements compliance for trade packages are in progress. - Issued PO for fabrication of the metal stairs, decking, and railing in the RLS and Headworks Facility. - Issued PO for fabrication of odor control units, and bar screens. - Issued PO for fabrication of the RLS jib crane.
Construction	<ul style="list-style-type: none"> - SPJV's electrical subcontractor continued the installation of the cable tray, conduits and pull boxes in the Storage Rooms and Electrical Room. - SPJV's HVAC subcontractor finished layout work in the Storage Rooms and Electrical Room and began installing supports and ducting. - SPJV completed installation of the stairwells at the Headworks Facility. - SPJV's coating subcontractor completed sandblasting of the headworks channels and continued resurfacing with mortar prior to coating installation. - SPJV completed construction of the structural concrete for the two enclosed stairwells in the RLS. - SPJV placed and encased the 63-inch pipe in CLSM for HDPE Zone 1 (200 feet) of the 63-inch interconnection pipeline (IPL). - SPJV continued excavation for the retaining wall in Zone 3 for the construction of the 63-inch IPL. - SPJV abandoned and began demolition of the Air Gap Building that is in the alignment of the IPL.

3 - Month Look Ahead

	Start	End	October	November	December
Construction of Cast-in-Place Sections of RLS Roof	August 31, 2020	December 2, 2020	X	X	X
Construction of Stairwell and Elevator Structures at RLS Roof	October 12, 2020	December 23, 2020	X	X	X
Construction of the IPL Retaining Wall	September 1, 2020	December 10, 2020	X	X	
Install Bar Screens/Supports, Piping and Meters in the Headworks Influent Channel	October 15, 2020	November 25, 2020	X	X	
Install Protective Coatings in the Headworks Channels	July 27, 2020	October 15, 2020	X		

Potential Issues

3 water pipeline size upgrade and additional fixtures and piping
Intrinsically Safe Relay Panel
Utilidor extension for piping

Project Changes

Change order for odor control system
Change order for relocating potable water line and Air Gap Tank Facility
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	5
Recorded Losses	2

Gravity Pipeline Progressive DB Project

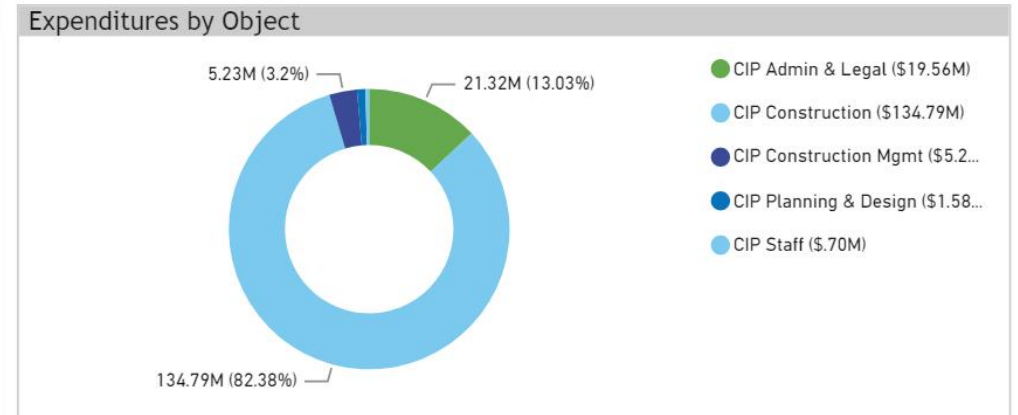
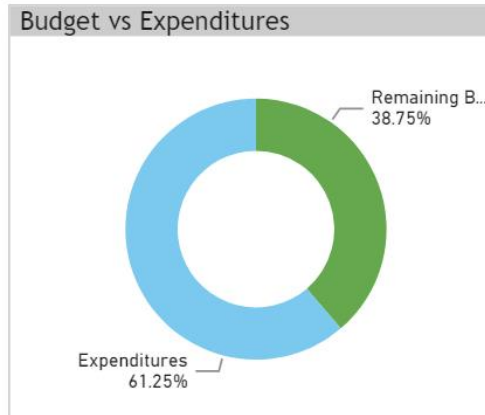
▼ The Gravity Pipeline (GP) Project consists of the design, construction, permitting, start-up, commissioning, and closeout of approximately 17,600 feet of wastewater gravity FRP pipe inside a concrete-segment tunnel. The work includes three shafts and will interface directly with the Front of Plant (FoP) Project at the Surge & Flow Shaft (SFS). Work is being implemented under a Progressive Design-Build procurement process.

Available Budget
\$259.23M

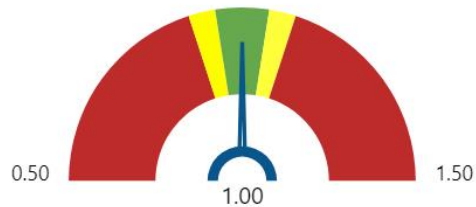
Total Expenditure
\$158.77M

Remaining Budget
\$100.46M

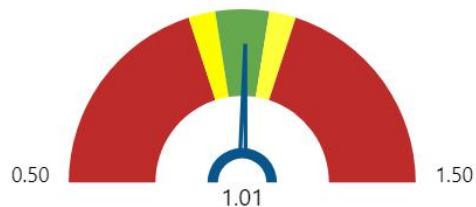
Milestone Schedule		
	Start	Finish
100% Design Documents		2/8/2021
San Carlos Shaft Construction	6/15/2020	12/30/2020
TBM Drive (AAS to SFS)	7/6/2020	6/8/2021
FRP Pipe Installation	11/2/2020	2/25/2022
Final Commissioning		7/1/2022



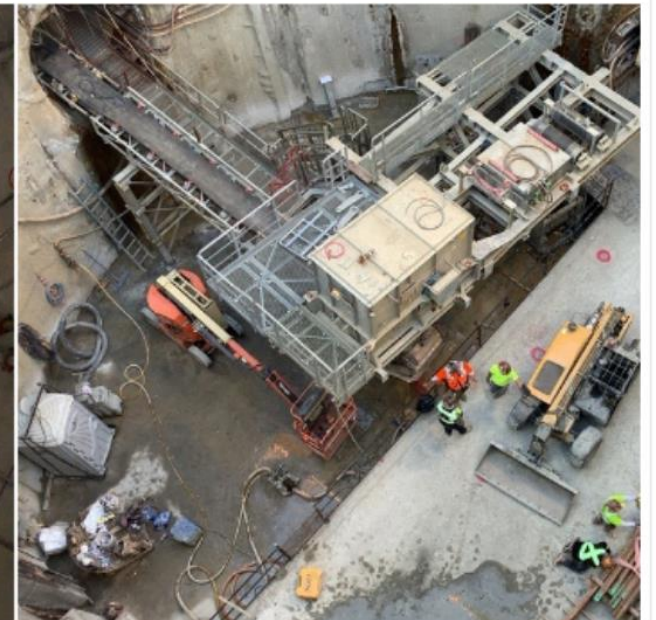
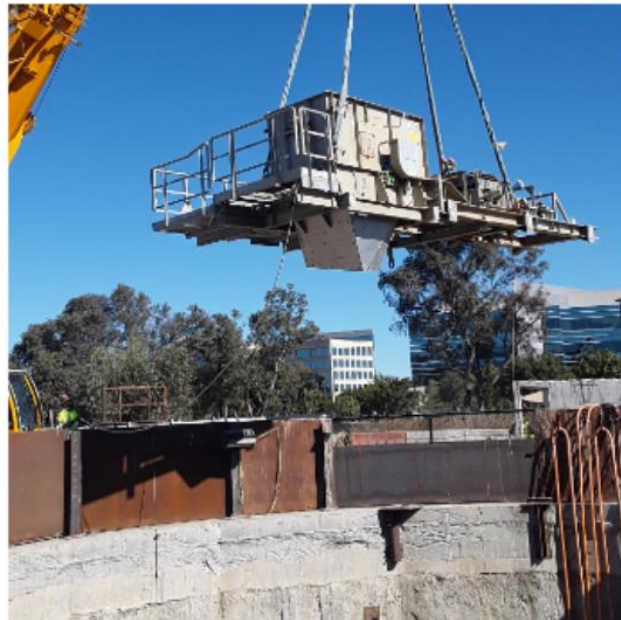
Cost Performance Index (CPI)



Schedule Performance Index (SPI)



As of : 2020 - 09



Major Accomplishments this Period

▼	
Design	- Arup began 60-100% design development of the San Carlos and Bair Island piping amendments
Procurement of Trade Packages	- San Carlos Shaft SOE contract executed - Outreach in conformance with SRF and WIFIA funding requirements
Construction	- BBJV continued tunneling the second drive to the SFS - DrillTech began secant pile mobilization at the San Carlos Shaft location

Potential Issues

Muck disposal costs exceed contract allowance

3 - Month Look Ahead

	Start	End	October	November	December
100% Design Completion	August 10, 2018	February 8, 2021	X	X	X
FRP Pipe installation from Bair Island	November 2, 2020	December 18, 2020	X	X	X
San Carlos Adit Construction	December 31, 2020	April 13, 2021		X	X
San Carlos Shaft Construction	June 15, 2020	December 30, 2020	X	X	X
Second tunnel drive to SFS	July 6, 2020	June 8, 2021	X	X	X

Project Changes

Bair Island Force Main Exposure and Additional Monitoring
Bair Island Weir Optimization
New County/Local Sales Tax and US Tariffs
Soil Conditioner Leak at CPT Hole STA 171 + 80

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

\$21.97M

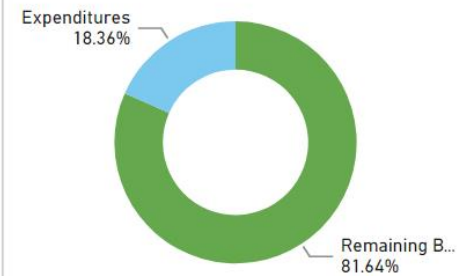
Remaining Budget

\$97.70M

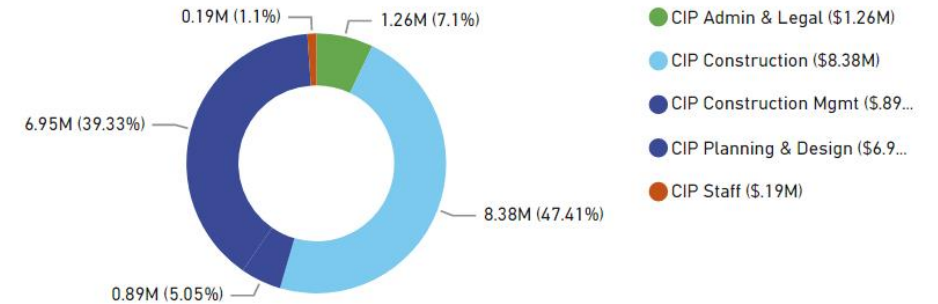
Milestone Schedule

	Start	Finish
100% Design Documents - MPPS	4/27/2020	10/15/2020
100% Design Documents - BGP	6/2/2020	10/30/2020
Mobilize - BGP	10/31/2020	11/22/2020
Pipe Installation Completed - BGP	11/22/2020	1/29/2023
Mobilize - MPPS	1/1/2021	1/15/2021
Early Work Package Development - RCPS	7/8/2020	10/15/2020
Mobilize - RCPS	9/24/2020	10/7/2020

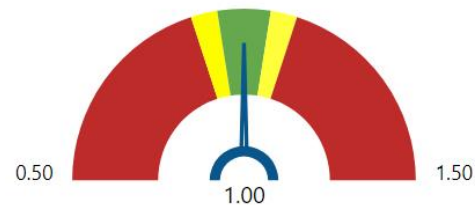
Budget vs Expenditures



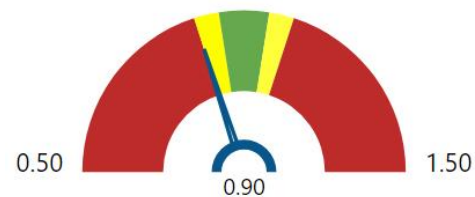
Expenditures by Object



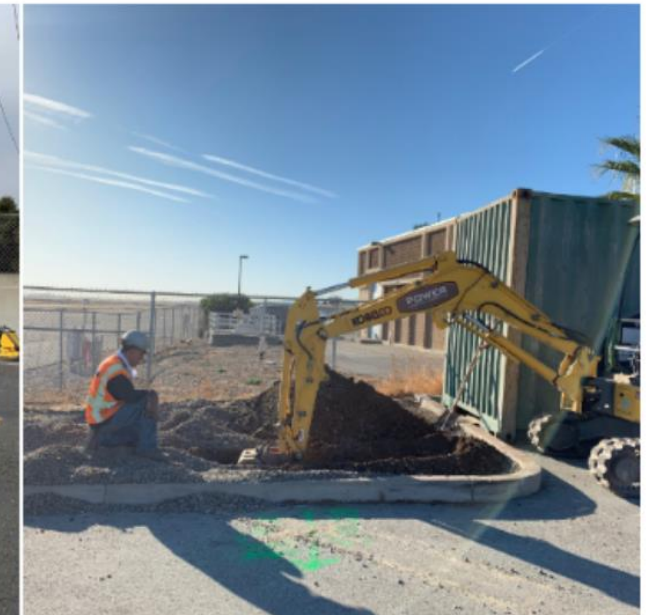
Cost Performance Index (CPI)



Schedule Performance Index (SPI)



As of : 2020 - 09



Major Accomplishments this Period

	▼
Design	<ul style="list-style-type: none"> - Continued developing the 100% design documents for MPPS. - Began developing the 100% design documents for the portion of the BGP project inside the San Carlos Pump Station. - Continued developing the 100% design documents for RCPS.
Construction	<ul style="list-style-type: none"> - Set settlement monitoring points at the Redwood City Pump Station and adjacent public facilities.

Potential Issues

Schedule challenges from permitting and land acquisition conditions

3 - Month Look Ahead

	Start	End	October	November	December
100% Design Development - Early Work - RCPS	August 31, 2020	October 15, 2020	X		
100% Design Development - MPPS	April 27, 2020	October 15, 2020	X		
100% Design Development - Open Cut/San Carlos - BGP	August 26, 2020	October 30, 2020	X		
100% Design Development - Remaining Work - RCPS	August 7, 2020	January 5, 2021	X	X	X
Construct JS-1 and JS-2	November 22, 2020	April 12, 2021		X	X
Mobilize - BGP	October 31, 2020	November 22, 2020	X	X	
Mobilize - RCPS	September 24, 2020	October 7, 2020	X		
Permits & Easements Acquisition - RCPS	June 11, 2020	February 2, 2021	X	X	X
Procurement - BGP	October 14, 2020	June 15, 2021	X	X	X
Procurement - MPPS	December 24, 2020	June 29, 2021			X
Procurement - RCPS	December 24, 2020	August 22, 2021			X
Site Demo - RCPS	October 15, 2020	November 23, 2020	X	X	
Wet Well & Screening Building Excavation and Backfill	November 24, 2020	August 17, 2022		X	X

Project Changes

No changes to report.

Safety Spot Light

Lost Time	0
Near Misses	0
Recorded Losses	0

AGENDA ITEM 7Ai

**MINUTES OF SILICON VALLEY CLEAN WATER
REGULAR MEETING – September 21, 2020
8:00 a.m.**

**This meeting took place remotely pursuant to
SVCW Resolution No. 20-08 due to coronavirus pandemic**

ITEM 1

CALL TO ORDER

The meeting was called to order at 8:01 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 Warren Lieberman, PhD., Belmont – Secretary
Council Member Mark Olbert, San Carlos

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
Aniruddha Bhagwat, SVCW Senior Engineer
Jessica Mangual, SVCW Secretary Pro Tem
Eric Hansen, SVCW Senior Engineer
EJ Shalaby, Senior Consultant, DNS Strategic Partners
Bill Tanner, Tanner Pacific, Inc.
Mike Jaeger, Tanner Pacific, Inc.
John Mahoney, Tanner Pacific, Inc.
Mark Minkowski, Kennedy/Jenks
Steven Machida, City of San Carlos
Aren Hansen, Brown & Caldwell
Derek Rampone, City of Redwood City
Theresa Yee, City of Redwood City
Sergio Ramirez, West Bay Sanitary District
Ellen Clark, PFM
Douglas Brown, Stradling Yocca Carlson & Rauth
Lora Carpenter, Fieldman Rolapp
Robert Porr, Fieldman Rolapp

ITEM 3

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was recited by those in attendance

ITEM 4

PUBLIC COMMENT

There was no Public Comment

ITEM 9

CLOSED SESSION

Commission granted a motion to move Closed Session

Motion/Second: Mr. Lieberman / Mr. Otte

The Motion carried by Unanimous Roll Call Vote

Prior to convening in Closed Session, SVCW General Counsel Christine C. Fitzgerald stated as follows: Pursuant to paragraph 2 of subdivision (e) of Govt Code Section 54956.9, the facts and circumstances supporting item 9C arise from SVCW's construction of the RESCU Program Pump Stations Improvements Project on a portion of property located on Skyway Road and owned by the City of San Carlos; Commissioner Olbert also recused himself from all Closed Session Agenda Items which relate to matters concerning property owned by the City of San Carlos, the SVCW Member Agency which he represents, based on a conflict of interest.

A. CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Pursuant to Government Code Section 54956.8

Property Description: 525 Skyway Road, San Carlos

SVCW Negotiators: Kim Hackett, Authority Engineer

Negotiating Parties: Samantha Bechtel, General Manager, Izzy's Steak House

Under Negotiation: Price and terms

B. CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Pursuant to Government Code Section 54956.8

Property Description: 525 Skyway Road, San Carlos

SVCW Negotiators: Kim Hackett, Authority Engineer

Negotiating Parties: City of San Carlos

Under Negotiation: Price and terms

C. 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)

Closed Session was then called to order at 8:06 a.m.

ITEM 10

RECONVENE IN OPEN SESSION

Open Session reconvened at 8:31 a.m.

Ms. Fitzgerald reported that as to Items 9A, 9B, and 9C no reportable action was taken and Commission gave direction to staff and Counsel.

ITEM 5

SAFETY MOMENT AND REPORTS

Instructions for enabling live captioning on the remote meeting site were provided.

Safety Moment concerned tips for fire safety and tips to help plan your home fire escape.

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 7D

- A. APPROVAL OF MINUTES – August 17, 2020
- B. CONSIDERATION OF MOTION APPROVING CLAIMS AND CHECKS DATED JULY 31, 2020, AUGUST 7, 2020, AND AUGUST 21, 2020 AND NECESSARY PAYMENTS THROUGH AUGUST 21, 2020
- C. CONSIDERATION OF RESOLUTION APPROVING REVISIONS TO SVCW ADMINISTRATIVE POLICY 2017-01, STATEMENT OF DEBT MANAGEMENT POLICY

Proposed Action:

Move adoption of RESOLUTION APPROVING AND ADOPTING REVISION C TO ADMINISTRATIVE POLICY 2017-01, STATEMENT OF DEBT MANAGEMENT POLICY

D. CONSIDERATION OF RESOLUTION ADOPTING INVESTMENT POLICY STATEMENT FOR SILICON VALLEY CLEAN WATER'S SECTION 115 PENSION LIABILITY STABILIZATION TRUST

Proposed Actions:

Move adoption of RESOLUTION OF THE SILICON VALLEY CLEAN WATER COMMISSION APPROVING THE ADOPTION OF INVESTMENT POLICY STATEMENT

Motion/Second: Mr. Olbert / Mr. Otte

The Motion carried by Unanimous Roll Call Vote

ITEM 8A

CONSIDERATION OF RESOLUTION AUTHORIZING SILICON VALLEY CLEAN WATER TO COLLABORATE WITH ITS MEMBER AGENCIES, MUNICIPAL ADVISOR, AND BOND AND DISCLOSURE COUNSEL TO REFUND BONDS AND TO UTILIZE A NEGOTIATED BID METHOD

Proposed Action:

Move adoption of RESOLUTION OF THE COMMISSION OF SILICON VALLEY CLEAN WATER AUTHORIZING AND DIRECTING STAFF TO TAKE CERTAIN PRELIMINARY ACTIONS WITH RESPECT TO THE ISSUANCE OF REFUNDING BONDS

Motion/Second: Mr. Olbert / Mr. Otte

The Motion carried by Unanimous Roll Call Vote

ITEM 8B

CONSIDERATION OF RESOLUTION APPROVING ADDITIONAL EXPENDITURES FOR PERMANENT REPAIRS TO THE EFFLUENT PIPELINE AND TERMINATION OF EMERGENCY CONDITION

Proposed Actions:

- i. Move adoption of RESOLUTION TERMINATING THE SUSPENSION OF COMPETITIVE BIDDING REQUIREMENTS CONFERRED BY RESOLUTION NO. 19-09 AND THE CORRESPONDING MANAGER AUTHORITY AND APPROVAL OF ADDITIONAL AND FINAL EXPENDITURES UP TO \$250,000 (EFFLUENT PIPE LEAK REPAIR - Project #289)
- ii. Move approval of MOTION TO ACCEPT EFFLUENT PIPE LEAK REPAIR PROJECT (Project #289) – POWER ENGINEERING CONTRACTORS

Motion/Second: Mr. Olbert / Mr. Otte

The Motion carried by Commissioners Aguirre, Olbert, and Otte. Commissioner Lieberman departed the meeting at 9:09 a.m. and was absent from the vote.

ITEM 8C

EXECUTE AN AMENDED WATER INFRASTRUCTURE FINANCE AND INNOVATION ACT LOAN AGREEMENT WITH THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

Proposed Action:

Move adoption of RESOLUTION OF THE COMMISSION OF SILICON VALLEY CLEAN WATER AUTHORIZING THE EXECUTION AND DELIVERY OF AN AMENDMENT TO, OR A RE-EXECUTION AND DELIVERY OF, THE WIFIA LOAN AGREEMENT TO LOWER THE INTEREST RATE THEREIN AND CERTAIN OTHER MATTERS

Motion/Second: Mr. Olbert / Mr. Otte

The Motion carried by Commissioners Aguirre, Olbert, and Otte. Commissioner Lieberman departed the meeting at 9:09 a.m. and was absent from the vote.

ITEM 11

ADJOURN

There being no further business, the meeting adjourned at 9:25 a.m.

Minutes prepared by Teresa A. Herrera
Reviewed by General Counsel

Warren Lieberman, Secretary

AGENDA ITEM 7Aii

**MINUTES OF SILICON VALLEY CLEAN WATER
SPECIAL MEETING –September 25, 2020
8:30 a.m.**

**This meeting took place remotely pursuant to
SVCW Resolution No. 20-08 due to coronavirus pandemic**

ITEM 1

CALL TO ORDER

The meeting was called to order at 8:33 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 Warren Lieberman, PhD., Belmont – Secretary
Council Member Mark Olbert, San Carlos - absent

Staff, Consultants and Visitors Present

Teresa A. Herrera, SVCW Manager
Christine Fitzgerald, SVCW Legal Counsel
Matt Anderson, SVCW Chief Financial Officer/Assistant Manager
Kim Hackett, SVCW Authority Engineer
Jessica Mangual, SVCW Secretary Pro Tem

ITEM 3

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was recited by those in attendance

ITEM 4

PUBLIC COMMENT

There was no Public Comment

ITEM 5

SAFETY MOMENT AND REPORTS

Not Used

ITEM 6

MATTERS OF COMMISSION MEMBER'S INTEREST

No Items

ITEM 7

CONSIDERATION OF MOTION APPROVING CONSENT CALENDAR ITEMS

Not Used

ITEM 8A

BUSINESS ITEMS

Not Used

ITEM 9

CLOSED SESSION

SVCW General Counsel Christine C. Fitzgerald stated as follows: Pursuant to paragraph 2 of subdivision (e) of Govt Code Section 54956.9, the facts and circumstances supporting item 9C arise from SVCW's construction of the RESCU Program Pump Stations Improvements Project on a portion of property located on Skyway Road and owned by the City of San Carlos

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)

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

ITEM 10

RECONVENE IN OPEN SESSION

Open Session reconvened at 8:53 a.m.

Ms. Fitzgerald reported that as to Item 9A no reportable action was taken and Commission gave direction to staff and Counsel.

ITEM 11

ADJOURN

There being no further business, the meeting adjourned at 8:54 a.m.

Minutes prepared by Teresa A. Herrera
Reviewed by General Counsel

Warren Lieberman, Secretary

AGENDA ITEM 7B

SVCW WARRANT REGISTER

SVCW Warrant Register dated August 25 – September 7, 2020 and September 8 – September 21, 2020, were scanned and a copy was emailed to Commissioners and Legal Counsel on October 13, 2020.

AGENDA ITEM 7C

**MEMORANDUM OF AGREEMENT WITH SAN FRANCISCO PUBLIC UTILITY
COMMISSION, CITY OF SAN MATEO, REDWOOD CITY, AND WATER AGENCIES
FOR POTABLE REUSE EXPLORATORY PLAN**

ISSUE

Move approval of Memorandum of Agreement with San Francisco Public Utilities Commission, Bay Area Water Supply Conservation Agency, City of San Mateo, Redwood City, and California Water Services and approval of Task Order to Kennedy/Jenks for Potable Reuse Exploratory Plan (PREP) Phase 3

BACKGROUND

The San Francisco Public Utilities Commission, Bay Area Water Supply Conservation Agency, Redwood City, and California Water Service (Water Agencies) manage raw water and retail water supplies for the mid-peninsula region, including the entire SVCW service area. The City of San Mateo manages a wastewater treatment plant in the region of similar size to SVCW and can be a source for additional water supply.

In 2016 SVCW entered into a Memorandum of Understanding with the Potable Reuse Exploratory Plan (PREP) stakeholders, which coincided with entering a 5th year of drought in California. In 2018, the State Water Resources Control Board finalized regulations for Indirect Potable Reuse, including Surface Water Augmentation. Regulations for Direct Potable Reuse are expected to be finalized by the State in the next few years. Since 2016, the PREP has completed two phases of planning and this request will represent the third phase.

While water agencies are concerned with available water supplies, SVCW's focus is on new effluent regulations from the San Francisco Regional Water Quality Control Board, specifically as relates to reducing the concentration of nutrients in our effluent. In addressing these new regulations, SVCW recognizes the value of recycled water as a way to reduce effluent nutrient concentrations by diverting flows towards beneficial uses for landscape irrigation. Further development of recycled water for new potable reuse demands will also help reduce costs to treat and reduce nutrients to the Bay. To explore this new demand, SVCW has begun discussions with local Water Agencies to understand this new demand and the mutual benefits that can be gained.

DISCUSSION

The proposed Memorandum of Agreement (MOA) between SVCW, City of San Mateo, and Water Agencies will provide preliminary planning information to assess the viability of Potable Reuse in the form of a consultant generated technical memorandum. This technical memorandum will highlight opportunities for mutual benefit. In October, the SFPUC is expected to authorize their General Manager to negotiate and execute an MOA with stakeholders for an amount not to exceed \$160,661 for a total MOA amount not to exceed \$282,161 that will terminate on December 31, 2022.

Participating agencies will share this cost based on not exceeding initial contribution amounts on previous phases of the study. In 2018, SVCW contributed a total of \$35,750 towards completion of Phase 2 and, under the proposed MOA for Phase 3, will provide up to an additional \$35,750. In addition, SVCW will manage the consulting agreement and invoice the individual stakeholders for their cost share.

Agency	Proportion	Cost Share
SVCW	12.75%	\$35,750
City of San Mateo	12.75%	\$35,750
BAWSCA	3.5%	\$10,000
Cal Water Services	7%	\$20,000
Redwood City	7%	\$20,000
San Francisco PUC	57%	\$160,661
Total	100%	\$282,161

Phase 2 concluded that Indirect Potable Reuse as Surface Water Augmentation is feasible in the Mid-Peninsula Region and Phase 3 will further assess its benefits as compared to Direct Potable Reuse.

Staff recommends that the SVCW Manager be authorized to negotiate and execute an MOA with City of San Mateo and Water Agencies for an amount not to exceed \$35,750. Once finalized, the results of the PREP technical memorandum will be presented to the Commission.

FINANCES

Project #/Project	CIP Allocated Funds	Funds Expended/ Encumbered
9232 - Long Term Strategic Recycled Water Planning	\$1 million	
Phases 1 & 2		\$234 thousand
Phase 3 (this item)		\$35 thousand
Total Expended/Encumbered (upon approval)		\$269 thousand
Total Available Funds	\$731 thousand	

Should a project be deemed worthy to move forward, additional Commission Action and associated budget would be developed.

RECOMMENDATION

- i. Move adoption of RESOLUTION AUTHORIZING MEMORANDUM OF AGREEMENT WITH SAN FRANCISCO PUBLIC UTILITY COMMISSION, CITY OF SAN MATEO, AND WATER AGENCIES FOR POTABLE REUSE EXPLORATORY PLAN.
- ii. Move approval of TASK ORDER AND BUDGET FOR PREP PHASE 3 (CIP# 9232) IN AN AMOUNT NOT TO EXCEED \$282,161 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – KENNEDY/JENKS

AGENDA ITEM 7D

**REVISION TO SVCW ADMINISTRATIVE POLICY 2019-01
DEBT DISCLOSURE PROCEDURES**

ISSUE

Approve Revision to SVCW Policy 2019-01, Debt Disclosure Procedures Policy

BACKGROUND

SVCW participates in federal governmental loan programs including the federal Water Infrastructure Finance and Innovation Act ("WIFIA"). It is important to update policies and procedures to ensure SVCW staff are aware of and prepared to meet federal debt disclosure requirements.

DISCUSSION

Administrative Policy 2019-01 describes SVCW procedures related to debt obligations that will ensure SVCW continues to comply with all applicable disclosure obligations and requirements under federal securities laws. The purpose, background, and procedures are outlined in the attached debt disclosure procedures policy.

The Securities and Exchange Commission ("SEC"), on February 7, 2020 released a staff legal bulletin ("Bulletin") concerning secondary market disclosure in the municipal bond market. The Bulletin included SEC staff views on a variety of matters, including but not limited to, the applicability of the federal securities laws to public agency websites, reports delivered to governmental and institutional bodies and statements made by public officials including board members. Documents, reports, and other written statements of the Authority that contain current financial and operational conditions of the Authority may be included on the Authority's website as appropriate. The Authority and its Bond Counsel will be cognizant of those reviews and will consider whether those reviews require the Authority to make secondary market disclosures.

The proposed change to the Policy is attached reflecting secondary market disclosure requirements noted in the SEC Bulletin. The SVCW Manager recommends approval of the proposed amendment to SVCW Administrative Policy 2019-01, Revision A dated October 19, 2020.

FINANCES

There are no direct financial impacts to this action.

RECOMMENDATION

Move adoption of RESOLUTION APPROVING AND ADOPTING REVISION A TO ADMINISTRATIVE POLICY 2019-01, DEBT DISCLOSURE PROCEDURES

Rev: ~~Issue~~^ARev Date:
~~02/25/2019~~10/19/2020

Issue Date: 02/25/2019

Approved by the SVCW Commission at Meeting of ~~February 25, 2019~~October 19, 2020 by
Resolution No. SVCW ~~19-0320-~~_____

SUBJECT: Debt Disclosure Procedures**APPLICABLE CODES AND REGULATIONS:**

Section 17 of the Securities Act of 1933 and Section 10(b) of the Securities and Exchange Act of 1934, and regulations adopted by the Securities and Exchange Commission under those acts, particularly “Rule 10b-5” under the 1934 Act

PURPOSE:

These Debt Disclosure Procedures (the “Procedures”) memorialize and communicate procedures in connection with obligations, including notes, bonds, loans and other debt obligations, issued by or on behalf of the Silicon Valley Clean Water (the “Authority”) so as to ensure that the Authority continues to comply with all applicable disclosure obligations and requirements under the federal securities laws.

BACKGROUND:

The Authority may from time to time issue revenue bonds, notes, loans or other debt obligations (collectively, “Obligations”) payable directly or indirectly by all or certain of its members (the “Members”) in order to fund or refund capital investments, other long-term programs and working capital needs. In offering Obligations to the public, and at other times when the Authority makes certain reports, the Authority must comply with the “anti-fraud rules” of federal securities laws. (“Anti-fraud rules” refers to Section 17 of the Securities Act of 1933 and Section 10(b) of the Securities and Exchange Act of 1934, and regulations adopted by the Securities and Exchange Commission under those acts, particularly “Rule 10b-5” under the 1934 Act.)

The core requirement of these rules is that potential investors in Obligations must be provided with all “material” information relating to the offered Obligations. The information provided to investors must not contain any material misstatements, and the Authority must not omit material information which would be necessary to provide to investors a complete and transparent description of the Obligations and the Authority’s financial condition. In the context of the sale of securities, a fact is generally considered to be “material” if there is a substantial likelihood that a reasonable investor would consider it to be important in determining whether or not to purchase the securities being offered.

When Obligations are issued to the public, the two central disclosure documents which are prepared are a preliminary official statement (“POS”) and a final official statement (“OS”, and collectively with the POS, “Official Statement”). The Official Statement generally consists of (i)

the forepart (which describes the specific transaction including maturity dates, interest rates, redemption provisions, the specific type of financing, the project and other matters particular to the financing, (ii) a section which provides information on the Authority (the “Authority Section”), (iii) appendices prepared by Members participating in the financing which provide information about the participating Members and their wastewater collection and treatment systems or wastewater treatment system, including their financial condition, other operating information and audited financial statements (each a “Member Section”) and (iv) various other appendices, including the Authority’s audited financial report, form of the proposed legal opinion, and forms of continuing disclosure undertakings of the Authority and the Members that participate in the financing. Investors use the Official Statement as one of their primary resources for making informed investment decisions regarding the Obligations.

DISCLOSURE PROCEDURE:

When the Authority determines to issue Obligations, the Chief Financial Officer requests the involved departments to commence preparation of the portions of the Official Statement (including particularly the Authority Section) for which they are responsible and the participating Members to prepare their Member Sections. While the general format and content of the Official Statement, including the Member Sections, may not normally change substantially from offering to offering, except as necessary to reflect major events, the Chief Financial Officer, other relevant Authority staff and relevant Member staff are responsible for reviewing and preparing or updating the portion of the Official Statement which are within their particular areas of knowledge. Once the draft POS has been substantially updated, the entire draft POS is shared with the SVCW Manager for review and input. The Chief Financial Officer will also confirm that each Member Section has been shared with the City Manager or District Manager of such Member.

Members of the financing team, including Bond and Disclosure Counsel and a municipal advisor (the “Municipal Advisor”), assist staff, including Member staff, in determining the materiality of any particular item, and in the development of specific language in the Authority Section or the Member Section. Members of the financing team also assist the Authority in the development of a “big picture” overview of the Authority’s financial condition, included in the Authority section and each Member’s staff with respect to the Member Section. This overview highlights particular areas of interest. Bond and Disclosure Counsel has a confidential, attorney-client relationship with officials and staff of the Authority.

The Chief Financial Officer or a member of the financing team at the direction thereof schedules one or more meetings or conference calls of the financing team (which includes Authority officials, General Counsel, Bond and Disclosure Counsel, the Authority’s Municipal Advisor (and the underwriters of the Obligations, and the underwriters’ counsel, if the proposed financing is being undertaken as a negotiated transaction)) and Member representatives. New drafts of the forepart of the draft POS, the Authority Section and the Member Sections are then circulated and discussed. Such communications may occur via electronic means rather than by meetings or conference calls. During this part of the process, there is substantial contact among Authority staff, participating Member representatives and other members of the financing team to discuss issues which may arise, determine the materiality of particular items and ascertain the prominence in which the items should be disclosed.

Prior to distributing a POS to potential investors, there is typically a formal conference call which includes Authority officials involved in the preparation of the POS and members of the financing team (and the underwriters and the underwriters' counsel, if the financing is a negotiated transaction) during which the POS is reviewed in its entirety to obtain final comments and to allow the underwriters (if the proposed financing is being undertaken as a negotiated transaction), to ask questions of the Authority's senior officials. This is referred to as a "due diligence" meeting. Formal due diligence meetings may also occur with each participating Member.

A substantially final form of the POS is provided to the members of the Authority Commission in advance of approval to afford such members an opportunity to review the POS, ask questions and make comments. The substantially final form of the POS is approved by the Commission which generally authorizes certain senior staff to make additional corrections, changes and updates to the POS in consultation with General Counsel and Bond and Disclosure Counsel.

A substantially final form of each Member Section is provided to the respective Member in advance of approval to afford the city council or governing board of each Member an opportunity to review its Member Section, ask questions and make comments. The substantially final form of such Member Section is approved by the city council or governing board of the Member which generally authorizes certain senior staff to make additional corrections, changes and updates to its Member Section in consultation with counsel, and Bond and Disclosure Counsel.

At the time the POS is posted for review by potential investors, senior Authority officials and senior staff from each participating Member execute certificates deeming certain portions of the POS, or the participating Members Section, as applicable, complete (except for certain pricing terms) as required by SEC Rule 15c2-12.

Between the posting of the POS for review by potential investors and delivery of the final OS to the underwriter for redelivery to actual investors in the Obligations, any changes and developments will have been incorporated into the POS, including particularly the Authority Section and Member Sections, if required. If necessary, to reflect developments following publication of the POS or OS, as applicable, supplements will be prepared and published.

In connection with the closing of the transaction, one or more senior Authority officials and senior staff of participating Member execute certificates stating that certain portions of the OS, as of the date of each OS and as of the date of closing, does not contain any untrue statement of material fact or omit to state any material fact necessary to make the statements contained in the Official Statement in light of the circumstances under which they were made, not misleading. General Counsel and counsel for each Member also provide opinion letters (generally addressed to the underwriters) advising that information contained in the Authority Section or Member Section, as applicable (or specified portions thereof) as of its date did not, and as of the date of the closing, does not contain any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. General Counsel or counsel to the Member, as applicable does not opine to the underwriters or to other third parties as to any financial, statistical, economic or demographic data or forecasts, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, and certain other matters which are customarily excluded. Bond and Disclosure Counsel also provides a negative assurance letter (addressed to the underwriters) with respect to the

Authority Section. Bond and Disclosure Counsel does not give negative assurances to the underwriters or to other third parties as to any financial, statistical, economic or demographic data or forecasts, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, or information contained in appendices to the OS, and certain other matters which are customarily excluded.

AUTHORITY SECTION

The information contained in the Authority Section is developed by personnel under the direction of the Chief Financial Officer, with the assistance of the financing team. In certain circumstances, additional officials will be involved, as necessary. The following principles govern the work of the respective staff that contribute information to the Authority Section:

- Authority staff members involved in the disclosure process are responsible for being familiar with their responsibilities under federal securities laws as described above.
- Authority staff involved in the disclosure process should err on the side of raising issues when preparing or reviewing information for disclosure. Officials and staff are encouraged to consult General Counsel, Bond and Disclosure Counsel or members of the financing team if there are questions regarding whether an issue is material or not.
- Care should be taken not to shortcut or eliminate any steps outlined in the Procedures on an ad hoc basis. However, the Procedures are not necessarily intended to be a rigid list of procedural requirements, but instead to provide guidelines for disclosure review. If warranted, based on experience during financings or because of additional SEC pronouncements or other reasons, the Authority should consider revisions to the Procedures.
- The process of updating the Authority Section from transaction to transaction should not be viewed as being limited to updating tables and numerical information. While it is not anticipated that there will be major changes in the form and content of the Authority Section at the time of each update, everyone involved in the process should consider the need for revisions in the form, content and tone of the sections for which they are responsible at the time of each update.
- The Authority must make sure that the staff involved in the disclosure process is of sufficient seniority such that it is reasonable to believe that, collectively, they are in possession of material information relating to the Authority, its operations and its finances.

Authority staff and members of the finance team are also made available to the participating Members to assist in the development of the Member Sections. The Authority has suggested that each Member adopt disclosure policies to assist with the Member's compliance with federal securities law which detail how the participating Members Section will be prepared.

TRAINING:

Periodic training for Authority staff involved in the preparation of the Official Statement (including the Authority Section) is coordinated by the finance team and the Chief Financial Officer. These training sessions are provided to assist staff members involved in identifying relevant disclosure information to be included in the Authority Section. The training sessions also provide an overview of federal laws relating to disclosure, situations in which disclosure rules

apply, the purpose of the Official Statement and the Authority Section, a description of previous SEC enforcement actions and a discussion of recent developments in the area of municipal disclosure. Attendees at the training sessions are provided the opportunity to ask questions of finance team members, including Bond and Disclosure Counsel, concerning disclosure obligations and are encouraged to contact members of the finance team at any time if they have questions. The Authority may provide Members the opportunity to attend such training.

ANNUAL CONTINUING DISCLOSURE REQUIREMENTS:

In connection with the issuance or execution and delivery of Obligations, the Authority has entered into contractual agreements (“Continuing Disclosure Certificates”) to provide its audited financial statements and notice of certain events relating to the Obligations specified in the Continuing Disclosure Certificates. The Authority must comply with the specific requirements of each Continuing Disclosure Certificate. The Authority’s Continuing Disclosure Certificates generally require that the annual reports be filed no later than nine months after the end of the Authority’s fiscal year (currently March 31 of each year, based on a fiscal year ending on June 30), and material event notices are generally required to be filed within 10 business days of their occurrence.

Specific events which require “material event” notices are set forth in each particular Continuing Disclosure Certificate.

The Chief Financial Officer shall be responsible for preparing and filing the annual reports and material event notices required pursuant to the Continuing Disclosure Certificates, including outreach to participating Members to obtain any operating information which may be required in order for the Authority to complete its annual reports. Particular care shall be paid to the timely filing of any changes in credit ratings on Obligations (including changes resulting from changes in the credit ratings of insurers of particular Obligations).

Effective February 27, 2019, Authority General Counsel, Authority Manager, other senior staff or other executive positions within SVCW will provide written notice to the Chief Financial Officer of receipt by Silicon Valley Clean Water (“SVCW”) of any default, event of acceleration, termination event, modification of terms (only if material or may reflect financial difficulties), or other similar events (collectively, a “Potentially Reportable Event”) under any agreement or obligation to which SVCW is a party and which may be a “financial obligation” as discussed below. Such written notice should be provided by General Counsel to the Chief Financial Officer as soon as General Counsel is placed on written notice by SVCW staff, consultants, or external parties of such event or receives written notice of such event so that the Chief Financial Officer can determine, with the assistance of disclosure counsel, whether notice of such Potentially Reportable Event is required to be filed on EMMA pursuant to the disclosure requirements of SEC Rule 15c2-12. If filing on EMMA is required, the filing is due within 10 business days of such Potentially Reportable Event to comply with the continuing disclosure undertaking for the various debt obligations of SVCW.

General Counsel, Authority Manager, other senior staff or other executive positions within SVCW, as applicable, will report to the Chief Financial Officer the execution by SVCW of any agreement or other obligation which might constitute a “financial obligation” for purposes of Rule 15c2-12 and which is entered into after February 27, 2019. Amendments to existing SVCW agreements or

obligations with “financial obligation” which relate to covenants, events of default, remedies, priority rights, or other similar terms should be reported to the Chief Financial Officer as soon as General Counsel or such other senior staff is placed on written notice by SVCW staff, consultants, or external parties of such event or receives a written notice of such amendment requests. Notice to the Chief Financial Officer is necessary so that the Chief Financial Officer can determine, with the assistance of disclosure counsel, whether such agreement or other obligation constitutes a material “financial obligation” for purposes of Rule 15c2-12. If such agreement or other obligation is determined to be a material “financial obligation” or a material amendment to a “financial obligation” described above, notice thereof would be required to be filed on EMMA within 10 business days of execution or incurrence. The types of agreements or other obligations which could constitute “financial obligations” and which could need to be reported on EMMA are discussed in the memorandum from disclosure counsel attached hereto as **Exhibit A**.

SECONDARY MARKET DISCLOSURE

On February 7, 2020, the SEC released a staff legal bulletin (the “Bulletin”) concerning secondary market disclosure in the municipal bond market. The Bulletin included SEC staff views on a variety of matters, including but not limited to, the applicability of the federal securities laws to public agency websites, reports delivered to governmental and institutional bodies and statements made by public officials including board members. Documents, reports, and other written statements of the Authority that contain current financial and operational conditions of the Authority may be included on the Authority’s website as appropriate. The Authority and its Bond Counsel have reviewed the Bulletin and have incorporated certain SEC staff recommendations into this Policy and into disclosure training for staff and Board members. The Authority and its Bond Counsel will be cognizant of those reviews and will consider whether those reviews require the Authority to make secondary market disclosures.

Exhibit A
Administrative Policy No. 2019-01 Debt Disclosure Procedures
January 19, 2019 Memorandum from Stradling Yocca Carlson & Rauth

An amendment to Securities and Exchange Commission (the “SEC”) Rule 15c2-12 (the “Rule”) becomes effective as to underwriters of publicly offered municipal securities on February 27, 2019 (the “Effective Date”). As a result, we would expect that with respect to any debt offered publicly by Silicon Valley Clean Water (“SVCW”) after the Effective Date to which the Rule applies, SVCW will be required to enter into a continuing disclosure undertaking pursuant to which it will agree to provide notice on the EMMA electronic reporting system (“EMMA”) of the incurrence of any “financial obligation” if material and will be obligated to disclose default on and certain other information with respect to any “financial obligation” regardless of when the financial obligation was incurred.

The Rule provides a general definition of a “financial obligation.” While the impetus for the proposed changes to the Rule was a perception by the SEC and others that municipal issuers were increasingly entering into bank or other private placement debt, the final amendment to the Rule defines “financial obligation” more broadly to include “a debt obligation, derivative instrument or a guarantee of either a debt obligation or a derivative instrument.”

To date the SEC has provided limited guidance on the specific application of the definition of “financial obligation”. The SEC release accompanying the final amendment does suggest a key concept is that a “financial obligation” involves the borrowing of money. In public comments representatives of the SEC have declined to provide a definition of a “guarantee” or a “debt” but did indicate that the SEC will not necessarily look to state law definitions of a “guarantee” or “debt”.

SVCW will need to monitor agreements or other obligations entered into by SVCW after the Effective Date, and any modifications to such agreements or other obligations, carefully to determine whether they constitute “financial obligations” under the Rule and, if material, would need to be disclosed on EMMA within 10 business days of execution or incurrence.

In addition, if SVCW receives a notice of default or an event of default or of an acceleration, termination event, modifications of or other similar event on any agreement or other obligation after the Effective Date, SVCW will need to determine whether such agreement or obligation constitutes a financial obligation (regardless of when originally incurred) and whether such default or other event reflects financial difficulty (ie, reduction in overall liquidity, creditworthiness or debt owner’s rights).

Types of agreement or other obligations which are likely to be “financial obligations” under the Rule include:

- Bank loans or other obligations which are privately placed;
- State or federal loans;
- Commercial paper or other short-term indebtedness for which no offering document has been filed on EMMA;
- Letters of credit, surety policies or other credit enhancement with respect to SVCW’s publicly offered debt;

- Letters of credit, including letters of credit which are provided to third parties to secure SVCW's obligation to pay or perform (an example of this is a standby letter of credit delivered to secure SVCW's obligations for performance under a mitigation agreement);
- Capital leases for property, facilities, fleet or equipment; and
- Agreements which guarantee the payment or performance obligations of a third party (regardless of whether the agreements constitute guarantees under California law).

Types of agreements which could be a "financial obligation" under the Rule include:

- Payment agreements which obligate SVCW to pay a share of another public agency's debt service (for example, an agreement with a joint powers agency whereby SVCW agrees to pay a share of the joint powers agency's bonds, notes or other obligations); and
- Service contracts with a public agency or a private party pursuant to which SVCW is obligated to pay a share of such public agency or private party's debt service obligation (for example, certain types of P3 arrangements).

Types of agreements which may be a "financial obligation" subject to the Rule include:

- Any agreement the payments under which are not characterized as an operation and maintenance expenses for accounting purposes if such agreement could be characterized as the borrowing of money;

The above list is based on disclosure counsel advice as of January 19, 2019. The Chief Financial Officer will continue to work with General Counsel and disclosure counsel to refine the definition of financial obligation going forward based on future SEC guidance.

Approved by the SVCW Commission at Meeting of October 19, 2020 by Resolution No. SVCW 20-36

SUBJECT: Debt Disclosure Procedures

APPLICABLE CODES AND REGULATIONS:

Section 17 of the Securities Act of 1933 and Section 10(b) of the Securities and Exchange Act of 1934, and regulations adopted by the Securities and Exchange Commission under those acts, particularly “Rule 10b-5” under the 1934 Act

PURPOSE:

These Debt Disclosure Procedures (the “Procedures”) memorialize and communicate procedures in connection with obligations, including notes, bonds, loans and other debt obligations, issued by or on behalf of the Silicon Valley Clean Water (the “Authority”) so as to ensure that the Authority continues to comply with all applicable disclosure obligations and requirements under the federal securities laws.

BACKGROUND:

The Authority may from time to time issue revenue bonds, notes, loans or other debt obligations (collectively, “Obligations”) payable directly or indirectly by all or certain of its members (the “Members”) in order to fund or refund capital investments, other long-term programs and working capital needs. In offering Obligations to the public, and at other times when the Authority makes certain reports, the Authority must comply with the “anti-fraud rules” of federal securities laws. (“Anti-fraud rules” refers to Section 17 of the Securities Act of 1933 and Section 10(b) of the Securities and Exchange Act of 1934, and regulations adopted by the Securities and Exchange Commission under those acts, particularly “Rule 10b-5” under the 1934 Act.)

The core requirement of these rules is that potential investors in Obligations must be provided with all “material” information relating to the offered Obligations. The information provided to investors must not contain any material misstatements, and the Authority must not omit material information which would be necessary to provide to investors a complete and transparent description of the Obligations and the Authority’s financial condition. In the context of the sale of securities, a fact is generally considered to be “material” if there is a substantial likelihood that a reasonable investor would consider it to be important in determining whether or not to purchase the securities being offered.

When Obligations are issued to the public, the two central disclosure documents which are prepared are a preliminary official statement (“POS”) and a final official statement (“OS”, and collectively with the POS, “Official Statement”). The Official Statement generally consists of (i) the forepart (which describes the specific transaction including maturity dates, interest rates,

redemption provisions, the specific type of financing, the project and other matters particular to the financing, (ii) a section which provides information on the Authority (the “Authority Section”), (iii) appendices prepared by Members participating in the financing which provide information about the participating Members and their wastewater collection and treatment systems or wastewater treatment system, including their financial condition, other operating information and audited financial statements (each a “Member Section”) and (iv) various other appendices, including the Authority’s audited financial report, form of the proposed legal opinion, and forms of continuing disclosure undertakings of the Authority and the Members that participate in the financing. Investors use the Official Statement as one of their primary resources for making informed investment decisions regarding the Obligations.

DISCLOSURE PROCEDURE:

When the Authority determines to issue Obligations, the Chief Financial Officer requests the involved departments to commence preparation of the portions of the Official Statement (including particularly the Authority Section) for which they are responsible and the participating Members to prepare their Member Sections. While the general format and content of the Official Statement, including the Member Sections, may not normally change substantially from offering to offering, except as necessary to reflect major events, the Chief Financial Officer, other relevant Authority staff and relevant Member staff are responsible for reviewing and preparing or updating the portion of the Official Statement which are within their particular areas of knowledge. Once the draft POS has been substantially updated, the entire draft POS is shared with the SVCW Manager for review and input. The Chief Financial Officer will also confirm that each Member Section has been shared with the City Manager or District Manager of such Member.

Members of the financing team, including Bond and Disclosure Counsel and a municipal advisor (the “Municipal Advisor”), assist staff, including Member staff, in determining the materiality of any particular item, and in the development of specific language in the Authority Section or the Member Section. Members of the financing team also assist the Authority in the development of a “big picture” overview of the Authority’s financial condition, included in the Authority section and each Member’s staff with respect to the Member Section. This overview highlights particular areas of interest. Bond and Disclosure Counsel has a confidential, attorney-client relationship with officials and staff of the Authority.

The Chief Financial Officer or a member of the financing team at the direction thereof schedules one or more meetings or conference calls of the financing team (which includes Authority officials, General Counsel, Bond and Disclosure Counsel, the Authority’s Municipal Advisor (and the underwriters of the Obligations, and the underwriters’ counsel, if the proposed financing is being undertaken as a negotiated transaction)) and Member representatives. New drafts of the forepart of the draft POS, the Authority Section and the Member Sections are then circulated and discussed. Such communications may occur via electronic means rather than by meetings or conference calls. During this part of the process, there is substantial contact among Authority staff, participating Member representatives and other members of the financing team to discuss issues which may arise, determine the materiality of particular items and ascertain the prominence in which the items should be disclosed.

Prior to distributing a POS to potential investors, there is typically a formal conference call which includes Authority officials involved in the preparation of the POS and members of the financing team (and the underwriters and the underwriters' counsel, if the financing is a negotiated transaction) during which the POS is reviewed in its entirety to obtain final comments and to allow the underwriters (if the proposed financing is being undertaken as a negotiated transaction), to ask questions of the Authority's senior officials. This is referred to as a "due diligence" meeting. Formal due diligence meetings may also occur with each participating Member.

A substantially final form of the POS is provided to the members of the Authority Commission in advance of approval to afford such members an opportunity to review the POS, ask questions and make comments. The substantially final form of the POS is approved by the Commission which generally authorizes certain senior staff to make additional corrections, changes and updates to the POS in consultation with General Counsel and Bond and Disclosure Counsel.

A substantially final form of each Member Section is provided to the respective Member in advance of approval to afford the city council or governing board of each Member an opportunity to review its Member Section, ask questions and make comments. The substantially final form of such Member Section is approved by the city council or governing board of the Member which generally authorizes certain senior staff to make additional corrections, changes and updates to its Member Section in consultation with counsel, and Bond and Disclosure Counsel.

At the time the POS is posted for review by potential investors, senior Authority officials and senior staff from each participating Member execute certificates deeming certain portions of the POS, or the participating Members Section, as applicable, complete (except for certain pricing terms) as required by SEC Rule 15c2-12.

Between the posting of the POS for review by potential investors and delivery of the final OS to the underwriter for redelivery to actual investors in the Obligations, any changes and developments will have been incorporated into the POS, including particularly the Authority Section and Member Sections, if required. If necessary, to reflect developments following publication of the POS or OS, as applicable, supplements will be prepared and published.

In connection with the closing of the transaction, one or more senior Authority officials and senior staff of participating Member execute certificates stating that certain portions of the OS, as of the date of each OS and as of the date of closing, does not contain any untrue statement of material fact or omit to state any material fact necessary to make the statements contained in the Official Statement in light of the circumstances under which they were made, not misleading. General Counsel and counsel for each Member also provide opinion letters (generally addressed to the underwriters) advising that information contained in the Authority Section or Member Section, as applicable (or specified portions thereof) as of its date did not, and as of the date of the closing, does not contain any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. General Counsel or counsel to the Member, as applicable does not opine to the underwriters or to other third parties as to any financial, statistical, economic or demographic data or forecasts, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, and certain other matters which are customarily excluded. Bond and Disclosure Counsel also provides a negative assurance letter (addressed to the underwriters) with respect to the

Authority Section. Bond and Disclosure Counsel does not give negative assurances to the underwriters or to other third parties as to any financial, statistical, economic or demographic data or forecasts, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, or information contained in appendices to the OS, and certain other matters which are customarily excluded.

AUTHORITY SECTION

The information contained in the Authority Section is developed by personnel under the direction of the Chief Financial Officer, with the assistance of the financing team. In certain circumstances, additional officials will be involved, as necessary. The following principles govern the work of the respective staff that contribute information to the Authority Section:

- Authority staff members involved in the disclosure process are responsible for being familiar with their responsibilities under federal securities laws as described above.
- Authority staff involved in the disclosure process should err on the side of raising issues when preparing or reviewing information for disclosure. Officials and staff are encouraged to consult General Counsel, Bond and Disclosure Counsel or members of the financing team if there are questions regarding whether an issue is material or not.
- Care should be taken not to shortcut or eliminate any steps outlined in the Procedures on an ad hoc basis. However, the Procedures are not necessarily intended to be a rigid list of procedural requirements, but instead to provide guidelines for disclosure review. If warranted, based on experience during financings or because of additional SEC pronouncements or other reasons, the Authority should consider revisions to the Procedures.
- The process of updating the Authority Section from transaction to transaction should not be viewed as being limited to updating tables and numerical information. While it is not anticipated that there will be major changes in the form and content of the Authority Section at the time of each update, everyone involved in the process should consider the need for revisions in the form, content and tone of the sections for which they are responsible at the time of each update.
- The Authority must make sure that the staff involved in the disclosure process is of sufficient seniority such that it is reasonable to believe that, collectively, they are in possession of material information relating to the Authority, its operations and its finances.

Authority staff and members of the finance team are also made available to the participating Members to assist in the development of the Member Sections. The Authority has suggested that each Member adopt disclosure policies to assist with the Member's compliance with federal securities law which detail how the participating Members Section will be prepared.

TRAINING:

Periodic training for Authority staff involved in the preparation of the Official Statement (including the Authority Section) is coordinated by the finance team and the Chief Financial Officer. These training sessions are provided to assist staff members involved in identifying relevant disclosure information to be included in the Authority Section. The training sessions also provide an overview of federal laws relating to disclosure, situations in which disclosure rules

apply, the purpose of the Official Statement and the Authority Section, a description of previous SEC enforcement actions and a discussion of recent developments in the area of municipal disclosure. Attendees at the training sessions are provided the opportunity to ask questions of finance team members, including Bond and Disclosure Counsel, concerning disclosure obligations and are encouraged to contact members of the finance team at any time if they have questions. The Authority may provide Members the opportunity to attend such training.

ANNUAL CONTINUING DISCLOSURE REQUIREMENTS:

In connection with the issuance or execution and delivery of Obligations, the Authority has entered into contractual agreements (“Continuing Disclosure Certificates”) to provide its audited financial statements and notice of certain events relating to the Obligations specified in the Continuing Disclosure Certificates. The Authority must comply with the specific requirements of each Continuing Disclosure Certificate. The Authority’s Continuing Disclosure Certificates generally require that the annual reports be filed no later than nine months after the end of the Authority’s fiscal year (currently March 31 of each year, based on a fiscal year ending on June 30), and material event notices are generally required to be filed within 10 business days of their occurrence.

Specific events which require “material event” notices are set forth in each particular Continuing Disclosure Certificate.

The Chief Financial Officer shall be responsible for preparing and filing the annual reports and material event notices required pursuant to the Continuing Disclosure Certificates, including outreach to participating Members to obtain any operating information which may be required in order for the Authority to complete its annual reports. Particular care shall be paid to the timely filing of any changes in credit ratings on Obligations (including changes resulting from changes in the credit ratings of insurers of particular Obligations).

Effective February 27, 2019, Authority General Counsel, Authority Manager, other senior staff or other executive positions within SVCW will provide written notice to the Chief Financial Officer of receipt by Silicon Valley Clean Water (“SVCW”) of any default, event of acceleration, termination event, modification of terms (only if material or may reflect financial difficulties), or other similar events (collectively, a “Potentially Reportable Event”) under any agreement or obligation to which SVCW is a party and which may be a “financial obligation” as discussed below. Such written notice should be provided by General Counsel to the Chief Financial Officer as soon as General Counsel is placed on written notice by SVCW staff, consultants, or external parties of such event or receives written notice of such event so that the Chief Financial Officer can determine, with the assistance of disclosure counsel, whether notice of such Potentially Reportable Event is required to be filed on EMMA pursuant to the disclosure requirements of SEC Rule 15c2-12. If filing on EMMA is required, the filing is due within 10 business days of such Potentially Reportable Event to comply with the continuing disclosure undertaking for the various debt obligations of SVCW.

General Counsel, Authority Manager, other senior staff or other executive positions within SVCW, as applicable, will report to the Chief Financial Officer the execution by SVCW of any agreement or other obligation which might constitute a “financial obligation” for purposes of Rule 15c2-12 and which is entered into after February 27, 2019. Amendments to existing SVCW agreements or

obligations with “financial obligation” which relate to covenants, events of default, remedies, priority rights, or other similar terms should be reported to the Chief Financial Officer as soon as General Counsel or such other senior staff is placed on written notice by SVCW staff, consultants, or external parties of such event or receives a written notice of such amendment requests. Notice to the Chief Financial Officer is necessary so that the Chief Financial Officer can determine, with the assistance of disclosure counsel, whether such agreement or other obligation constitutes a material “financial obligation” for purposes of Rule 15c2-12. If such agreement or other obligation is determined to be a material “financial obligation” or a material amendment to a “financial obligation” described above, notice thereof would be required to be filed on EMMA within 10 business days of execution or incurrence. The types of agreements or other obligations which could constitute “financial obligations” and which could need to be reported on EMMA are discussed in the memorandum from disclosure counsel attached hereto as **Exhibit A**.

SECONDARY MARKET DISCLOSURE

On February 7, 2020, the SEC released a staff legal bulletin (the “Bulletin”) concerning secondary market disclosure in the municipal bond market. The Bulletin included SEC staff views on a variety of matters, including but not limited to, the applicability of the federal securities laws to public agency websites, reports delivered to governmental and institutional bodies and statements made by public officials including board members. Documents, reports, and other written statements of the Authority that contain current financial and operational conditions of the Authority may be included on the Authority’s website as appropriate. The Authority and its Bond Counsel have reviewed the Bulletin and have incorporated certain SEC staff recommendations into this Policy and into disclosure training for staff and Board members. The Authority and its Bond Counsel will be cognizant of those reviews and will consider whether those reviews require the Authority to make secondary market disclosures.

Exhibit A
Administrative Policy No. 2019-01 Debt Disclosure Procedures
January 19, 2019 Memorandum from Stradling Yocca Carlson & Rauth

An amendment to Securities and Exchange Commission (the “SEC”) Rule 15c2-12 (the “Rule”) becomes effective as to underwriters of publicly offered municipal securities on February 27, 2019 (the “Effective Date”). As a result, we would expect that with respect to any debt offered publicly by Silicon Valley Clean Water (“SVCW”) after the Effective Date to which the Rule applies, SVCW will be required to enter into a continuing disclosure undertaking pursuant to which it will agree to provide notice on the EMMA electronic reporting system (“EMMA”) of the incurrence of any “financial obligation” if material and will be obligated to disclose default on and certain other information with respect to any “financial obligation” regardless of when the financial obligation was incurred.

The Rule provides a general definition of a “financial obligation.” While the impetus for the proposed changes to the Rule was a perception by the SEC and others that municipal issuers were increasingly entering into bank or other private placement debt, the final amendment to the Rule defines “financial obligation” more broadly to include “a debt obligation, derivative instrument or a guarantee of either a debt obligation or a derivative instrument.”

To date the SEC has provided limited guidance on the specific application of the definition of “financial obligation”. The SEC release accompanying the final amendment does suggest a key concept is that a “financial obligation” involves the borrowing of money. In public comments representatives of the SEC have declined to provide a definition of a “guarantee” or a “debt” but did indicate that the SEC will not necessarily look to state law definitions of a “guarantee” or “debt”.

SVCW will need to monitor agreements or other obligations entered into by SVCW after the Effective Date, and any modifications to such agreements or other obligations, carefully to determine whether they constitute “financial obligations” under the Rule and, if material, would need to be disclosed on EMMA within 10 business days of execution or incurrence.

In addition, if SVCW receives a notice of default or an event of default or of an acceleration, termination event, modifications of or other similar event on any agreement or other obligation after the Effective Date, SVCW will need to determine whether such agreement or obligation constitutes a financial obligation (regardless of when originally incurred) and whether such default or other event reflects financial difficulty (ie, reduction in overall liquidity, creditworthiness or debt owner’s rights).

Types of agreement or other obligations which are likely to be “financial obligations” under the Rule include:

- Bank loans or other obligations which are privately placed;
- State or federal loans;
- Commercial paper or other short-term indebtedness for which no offering document has been filed on EMMA;
- Letters of credit, surety policies or other credit enhancement with respect to SVCW’s publicly offered debt;

- Letters of credit, including letters of credit which are provided to third parties to secure SVCW's obligation to pay or perform (an example of this is a standby letter of credit delivered to secure SVCW's obligations for performance under a mitigation agreement);
- Capital leases for property, facilities, fleet or equipment; and
- Agreements which guarantee the payment or performance obligations of a third party (regardless of whether the agreements constitute guarantees under California law).

Types of agreements which could be a "financial obligation" under the Rule include:

- Payment agreements which obligate SVCW to pay a share of another public agency's debt service (for example, an agreement with a joint powers agency whereby SVCW agrees to pay a share of the joint powers agency's bonds, notes or other obligations); and
- Service contracts with a public agency or a private party pursuant to which SVCW is obligated to pay a share of such public agency or private party's debt service obligation (for example, certain types of P3 arrangements).

Types of agreements which may be a "financial obligation" subject to the Rule include:

- Any agreement the payments under which are not characterized as an operation and maintenance expenses for accounting purposes if such agreement could be characterized as the borrowing of money;

The above list is based on disclosure counsel advice as of January 19, 2019. The Chief Financial Officer will continue to work with General Counsel and disclosure counsel to refine the definition of financial obligation going forward based on future SEC guidance.

AGENDA ITEM 8A

**RESCU PROGRAM PUMP STATIONS IMPROVEMENTS PROJECT
33-INCH FORCE MAIN CONDITION ASSESSMENT****ISSUE**

33-Inch Reinforced Concrete Pipe Force Main Inspection, Condition Assessment and Recommendations for Repair

BACKGROUND

The 33-Inch reinforced concrete pipe force main (known as “Segment 1”) was constructed circa 1976 to convey wastewater from the West Bay Sanitary District’s collection system to the Redwood City Pump Station location where it connects with the 48-Inch force main. This portion of SVCW’s conveyance pipeline was not included in the original CIP nor its subsequent updates. When the CIP was developed in 2008, the pipeline had very low instances of leakage and was significantly newer as compared with the rest of the force main. Additionally, it was constructed as a pressure pipeline unlike the other force main pipelines which were converted from gravity pipes to pressure pipes. The CIP contemplated that a condition assessment of Segment 1 would be completed at some point, at which time a CIP project would be included if necessary. RESCU’s Pump Stations Improvements Project was tasked with completing an inspection of Segment 1 in order to perform a condition assessment and gather recommendations for any immediate or future actions necessary to maintain asset reliability. The inspection and condition assessment are complete and recommendations have been submitted to staff.

The force main is approximately 14,500 feet long (2.75 miles) and has numerous dips in the alignment where it crosses creeks, canals, and marshes. There are four pressurized reinforced concrete junction boxes on the alignment that were installed to facilitate the original construction of Segment 1. The force main and square junction boxes are interconnected with flow passing through the interior channel of each junction box. Each junction box has an access manway into the box using a steel riser with a bolted flange cover.

DISCUSSION

The inspection plan called for shutting down the Segment 1 force main, vacate its contents to the extent possible and to enter the force main at the four box locations. This allowed the interior of each concrete box to be inspected and for data to be collected on the reinforced concrete pipeline condition by using close circuit television video going upstream and downstream from each box location.

The inspection was performed during June and July of 2020. SVCW staff shut down, isolated, and drained the force main for approximately eight hours on four separate occasions so that the assessment could be conducted at the four junction boxes. Power Engineering Construction (PEC) provided access support including traffic control and removal of the steel riser blind flanges. V&A Consulting Engineers, Inc. (V&A) was used as the pipeline corrosion experts to conduct the condition assessment and provide final recommendations. V&A retained the services of Presidio Systems, Inc. to provide closed circuit television video inspection and hydro-jet cleaning of the force main. Shea Parsons

Joint Venture, the Pump Stations Improvements design-build team provided overall support services to the investigating team.

All four junction boxes were inspected and a total of 2,721 feet (19%) of the 14,500 feet Segment 1 force main was inspected via CCTV. It would be expected that corrosion on the reinforced concrete pipe would be most severe near the entry and exit of the junction boxes since this is where the most turbulence would occur and corrosive gasses within the wastewater released if present.

Staff received the condition assessment report from V&A on August 31, 2020. The condition assessment uses a corrosion metric developed by V&A called the VANDA Concrete Condition Index. The index uses five levels to describe the extent of damage to concrete and, from the extent of damage, recommendations for repair are derived.

- VANDA Level 1 - Little or no damage to concrete
 - Surface profile - smooth, apparently intact
 - Spalling - none
 - Reinforcement - not exposed or damaged
- VANDA Level 2 Minor surface damage
 - Surface profile - fine aggregate exposed
 - Spalling - shallow spalling, minimal frequency
 - Reinforcement - not exposed or damaged
- VANDA Level 3 Moderate surface damage
 - Surface profile - large aggregate exposed or protruding
 - Spalling - shallow spalling, minimal frequency
 - Reinforcement - exposed; minor damage, minimal frequency
- VANDA Level 4 Loss of concrete mortar and damage to reinforcement
 - Surface profile - large aggregate exposed, loose, or missing
 - Spalling - deep spalling, moderate frequency
 - Reinforcement - exposed with damage, moderate frequency
- VANDA Level 5 Bulk loss of concrete and reinforcement
 - Surface profile - large aggregate exposed, loose, or missing
 - Spalling - deep spalling, high frequency
 - Reinforcement - consumed; loss of structural integrity

Findings of the condition assessment are split into the junction boxes and the Segment 1 force main and are as follows:

Junction Boxes

Junction Box 1 – VANDA Level 2 condition with minor surface damage

Junction Box 2 – VANDA Level 2 condition with minor surface damage

Junction Box 3 – VANDA Level 3 condition; moderate surface damage on the walls and ceilings of the boxes

Junction Box 4 – VANDA Level 3 condition; moderate surface damage on the walls and ceilings of the boxes

Segment 1 Force Main

Segment 1 is in VANDA Level 1 condition with no damage to the concrete

The condition assessment performed by V&A provides recommendations for repair to the junction boxes as well as a re-inspection interval to Segment 1 force main. Repairs to the junction boxes will involve removing loose material and applying calcium aluminate mortar or to recoat the interior of the boxes with an epoxy coating. V&A further recommends that the force main be reassessed in ten years to monitor degradation and the condition of pipe joints.

Staff has discussed the necessary work with the Pump Stations Improvements project team which is performing work in the vicinity of Segment 1, including replacing several vacuum relief valves on the pipeline. Negotiations to complete the work have ensued and staff recommends that a contract change order be issued to the PSI team to include the recommended rehabilitation work. The PSI team is mobilized and has resources available to seamlessly integrate this work into the overall project.

FINANCES

Work to rehabilitate Segment 1 junction boxes is not included in SVCW's CIP at this time. The work will be reflected as a new project in the 2021 CIP update. The initial cost estimate for the work described above is \$408,000.

RECOMMENDATION

Move approval of CONTRACT CHANGE ORDER TO THE PUMP STATIONS IMPROVEMENTS PROJECT (CIP #9501) IN THE AMOUNT NOT TO EXCEED \$408,000 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – JFSHEA/PARSONS JOINT VENTURE