

**COMMISSION OF SILICON VALLEY CLEAN WATER
JOINT POWERS AUTHORITY
REGULAR MEETING – Monday, November 16, 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 5 OF THIS AGENDA.

SEE PAGE 5 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. 7
- 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. 18
- F. RESCU Program Design-Build Project Status Update.....pg. 21

6. MATTERS OF COMMISSION MEMBER'S INTEREST

7. CONSIDERATION OF MOTION APPROVING CONSENT CALENDAR (begins pg. 29)

8. BUSINESS ITEMS

- A. CONSIDERATION OF MOTION APPROVING RESCU GRAVITY PIPELINE PROJECT (CIP 6008) CONTRACT CHANGE ORDER FOR MUCK DISPOSAL (pg. 36)

Proposed Action:

Move approval of CONTRACT CHANGE ORDER FOR THE GRAVITY PIPELINE PROJECT (CIP #6008) IN THE AMOUNT NOT TO EXCEED \$6,136,406 – BARNARD BESSAC JOINT VENTURE

- B. CONSIDERATION OF RESOLUTION AUTHORIZING EXECUTION AND DELIVERY OF CONSTRUCTION INSTALLMENT SALE AGREEMENT LOAN WITH THE STATE WATER RESOURCES CONTROL BOARD RELATED TO SVCW CAPITAL IMPROVEMENT PROGRAM (pg. 40)

Proposed Action:

Move adoption of RESOLUTION OF THE COMMISSION OF SILICON VALLEY CLEAN WATER AUTHORIZING THE EXECUTION AND DELIVERY OF THE CONSTRUCTION INSTALLMENT SALE AGREEMENT BETWEEN SILICON VALLEY CLEAN WATER AND THE STATE WATER RESOURCES CONTROL BOARD RELATING TO THE CAPITAL IMPROVEMENT PROGRAM AND APPROVING OTHER MATTERS IN CONNECTION THEREWITH

- C. CONSIDERATION OF RESOLUTION AUTHORIZING SILICON VALLEY CLEAN WATER TO ISSUE DEBT IN THE PRINCIPAL AMOUNT NOT TO EXCEED \$160 MILLION AND TO APPROVE RELATED FINANCING DOCUMENTS AND ALL ACTIONS NEEDED TO CLOSE THE BOND ISSUE (pg. 44)

Proposed Action:

Move adoption of RESOLUTION OF THE COMMISSION OF SILICON VALLEY CLEAN WATER AUTHORIZING THE ISSUANCE AND SALE OF 2021 WASTEWATER REVENUE BONDS TO REFUND OUTSTANDING 2014 AND 2015 SERIES BONDS AND SRF CONTROL BUILDING LOAN APPROVING RELATED FINANCING DOCUMENTS AND OFFICIAL ACTIONS

- D. CONSIDERATION OF RESOLUTION APPROVING VARIOUS AMENDMENTS TO SVCW BYLAWS (pg. 49)

Proposed Action:

Move adoption of RESOLUTION APPROVING AMENDMENTS TO THE BYLAWS OF SILICON VALLEY CLEAN WATER AND ADOPTING AMENDED AND RESTATED BYLAWS OF SILICON VALLEY CLEAN WATER ($\frac{3}{4}$ weighted vote count required)

9. CLOSED SESSION

- A. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (Gov't. Code §54956.9(d)(1))
Re: *Daniel Child v. Silicon Valley Clean Water* (San Mateo County SC No. 20-CIV-01384)

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 – October 19, 2020 Regular Meeting (pg. 29)
- B. CONSIDERATION OF MOTION APPROVING CLAIMS AND CHECKS DATED OCTOBER 1, OCTOBER 2, OCTOBER 16, OCTOBER 30, AND NOVEMBER 2, 2020 AND NECESSARY PAYMENTS THROUGH NOVEMBER 2, 2020 (pg. 34)

Microsoft Teams Access Information
Silicon Valley Clean Water
Regular Meeting
Monday, November 16, 2020

WEBSITE: [Link to access meeting](#)

MEETING ID: 687 836 41#

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

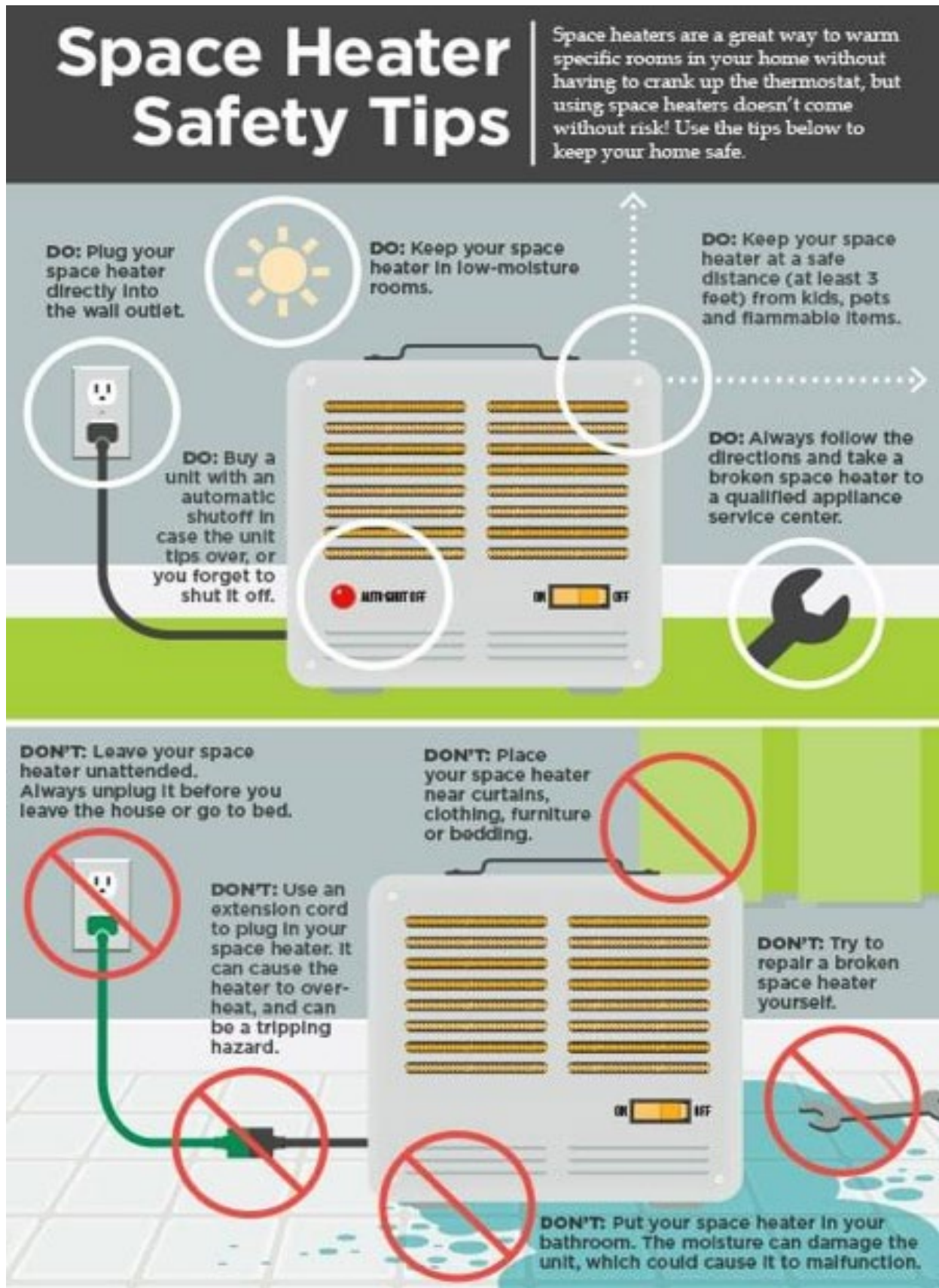
Upon request, SVCW will provide for access to individuals with disabilities to fully engage in the meeting process. Joining the meeting via the teleconference instructions above will provide access to open captioning. For other accommodations, please email your request to commission@svcw.org or call 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

Space Heater Safety Tips



AGENDA ITEM 5B

Recurring and Upcoming 2020 Commission Actions
Updated for November 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"> • Consider Bylaws Update 	<ul style="list-style-type: none"> • Commission Meeting schedule for following year • Audited Financial Reports

 - Recurring Commission Actions

 - Upcoming Commission Actions

AGENDA ITEM 5C

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

Description	Market Value	% of Total Holdings	Yield
<u>Reserve Accounts</u>			
Operating Reserve* - Securities	\$ 3,535,668	2.3%	1.3%
Operating Reserve - Money Market Fund Balance	297,734	0.2%	0.0%
CIP Reserve* - Securities	17,837,763	11.5%	2.0%
CIP Reserve - Money Market Fund Balance	314,014	0.2%	0.0%
Stage 2 Capacity Reserve* - Securities	13,495,917	8.7%	1.9%
Stage 2 Capacity Reserve - Money Market Fund Balance	215,986	0.1%	0.0%
Total Market Value: Operating and Reserve Accounts	\$ 35,697,082	23.1%	1.8%
Total Accrued Interest: Operating and Reserve Accounts	139,713		
GRAND TOTAL, OPERATING AND RESERVE ACCOUNTS	\$ 35,836,795		
<u>Bond and Notes Accounts</u>			
Trustee Accounts:			
2018 Project Fund Account - CAMP	\$ 15,016,722	9.7%	0.2%
2018 Revenue Account	5,022	0.0%	0.0%
2019A Notes WIFIA* - Securities	65,045,488	42.1%	1.9%
2019A Notes WIFIA - Money Market Fund	6,889,280	4.5%	0.0%
2019A Capitalized Interest Account* - Securities	21,948,201	14.2%	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%	-
2015 Revenue Account	173	0.0%	0.1%
Total Market Value, Trustee Accounts	\$ 108,943,803	70.5%	1.6%
Accrued Interest:	447,843		
Operating Cash (includes outstanding checks)	9,261,012	6.0%	
Local Agency Investment Funds (LAIF) Balance	620,677	0.4%	0.6%
Total Cash & Investments	\$ 155,110,130	100.00%	1.5%



Matt Anderson
Chief Financial Officer / Assistant Manager

11/10/2020

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 Oct. 31, 2020

Security Type	Operating Reserve	CIP Reserve	Capacity Reserve	Total Market Value	% of Total Portfolio	% Allowed by Policy	In Compliance	% Change vs. Prior Month
U.S. Treasury	1,198,086	5,765,953	4,469,719	11,433,758	31.9%	100%	✓	0.3%
Supnationals	125,639	0	0	125,639	0.4%	100%	✓	(0.0%)
Federal Agency/GSE	1,318,878	3,309,366	2,343,727	6,971,971	19.5%	100%	✓	0.4%
Federal Agency CMO	0	2,637,988	1,874,222	4,512,210	12.6%	100%	✓	(0.4%)
Federal Agency MBS	0	1,416,692	1,326,731	2,743,423	7.7%	100%	✓	(0.7%)
Municipal	0	902,937	715,032	1,617,969	4.5%	100%	✓	2.1%
Corporate Notes	667,814	3,804,827	2,766,486	7,239,127	20.2%	30%	✓	(1.0%)
Asset-Backed Securities	225,251	0	0	225,251	0.6%	10%	✓	0.6%
Securities Sub-Total	\$ 3,535,668	\$ 17,837,763	\$ 13,495,917	\$ 34,869,348	97.3%			
Accrued Interest	7,144	75,674	56,895	139,713	0.4%			
Securities Total	\$ 3,542,812	\$ 17,913,437	\$ 13,552,812	\$ 35,009,061	97.7%			
Money Market Fund	297,734	314,014	215,986	827,734	2.3%	20%	✓	(97.3%)
Total Investments	\$ 3,840,546	\$ 18,227,451	\$ 13,768,798	\$ 35,836,795	100%			
<i>As % of 6/30/21Target:</i>	<i>102%</i>	<i>102%</i>	<i>100%</i>	<i>101%</i>				

AGENDA ITEM 5D

**ENGINEERING REPORT: OCTOBER 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 team are intricately involved in all stages of work.

All three projects are in their construction phases.

The GP Project team has been actively pursuing alternative locations for muck disposal to reduce costs on the project to the extent possible, as the disposal costs are on track to significantly exceed the allowance budget. A Contract Change Order to address muck disposal costs will be presented at the November 2020 Commission meeting.

Planned Commission Actions: Approve Contract Change Order for Muck Disposal Allowance Item (Gravity Pipeline Project) – November 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 HVAC system since the original construction. Many components of the system have fallen into disrepair. Integral Group completed design drawings and specifications for the rehabilitation of the system. The project was advertised for bid on September 14th and will be presented to the Commission for award at the December 2020 meeting.

Planned Commission Actions: Award Construction Contract – December 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 allow for more flexibility in the Standby Power System and avoid the need to install new generators to support the future Front of Plant equipment. The project was publicly advertised for bids on November 3rd and award of the project is expected to be presented to the Commission at the December 2020 meeting.

Planned Commission Actions: Award Construction Contract – 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 environment since the raw sewage comes to these tanks first for primary treatment. These concrete structures are from original plant construction and rehabilitating and coating the structures are an ongoing maintenance item; typically, on an 8- to 10-year cycle. This project consists of concrete rehabilitation, application of protective coatings, and replacement of existing hatches in the Primary Sedimentation Tanks and Channels. Design is complete and the project was publicly bid in early November; award of the project is expected to be presented to the Commission at the December 2020 meeting.

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 and minor close out items remaining.

Planned Commission Actions: Accept Project/File Notice of Completion – January 2021

AGENDA ITEM 5E

Silicon Valley Clean Water
Commissioners' Requested Action Items

NOVEMBER 16, 2020
AGENDA ITEM 5E

Updated: 11/05/2020

Commission Meeting Date		Action Item	Requested or Estimated Date for Completion	Status			Date of Completion	Notes
				Ongoing	In Progress	Complete		
10/19/2020	1	No Action Items						
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	11/16/2020		✓			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. This is an ongoing effort amongst CA agencies, Stanford University, and UCBerkeley.
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.

Silicon Valley Clean Water
Commissioners' Requested Action Items

NOVEMBER 16, 2020
AGENDA ITEM 5E

Updated: 11/05/2020

Commission Meeting Date	Action Item		Requested or Estimated Date for Completion	Status			Date of Completion	Notes
				Ongoing	In Progress	Complete		
	4	CIP Update Document	N/A			✓	1/28/2020	Email CIP document to WBSD Commissioner and upload to website. For future, include CIP document with the agenda packet, especially the CEQA table.
12/16/2019	1	WWTP Underslab Piping	N/A			✓	1/27/2020	Describe plans for investigating condition of underslab piping
	2	Improve readability of presentations	1/27/2020			✓	3/9/2020	Some slides hard to read on screen and in handouts; improve all powerpoint presentations' readability.
	3	Practice for use of risk registers on projects	N/A			✓	1/9/2020	Information shared at Technical Committee meeting.
11/18/2019	1	Data reporting solutions associated with ERP	N/A			✓	12/16/2020	Consider use of Tableau software as opposed to the proposed Power BI. Memo with decision-making process points presented to Commission.
	2	Investment Policy	3/9/2020			✓	3/9/2020	Further discussion between SVCW and member agency staff occurred. Item was approved at March meeting.
	3	Investment Report	12/16/2019			✓	12/10/2019	Operating and Reserve Funds Sector Allocations table: Add total % change vs prior month to summary
	4	County Easement	12/16/2019			✓	12/10/2019	Discussed item under Closed Session - December meeting
	5	Reserve Policy	12/16/2019			✓	12/10/2019	Add escalator to reserves annual contributions; using ENR Construction Cost Index for S.F. Bay Area December of each year
> 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

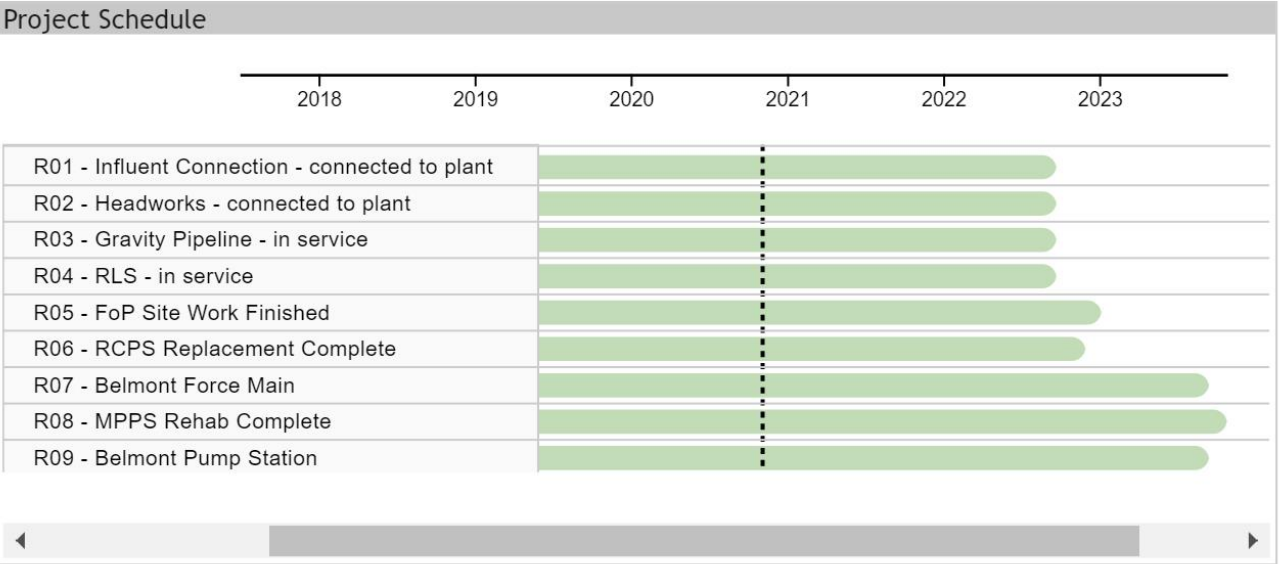
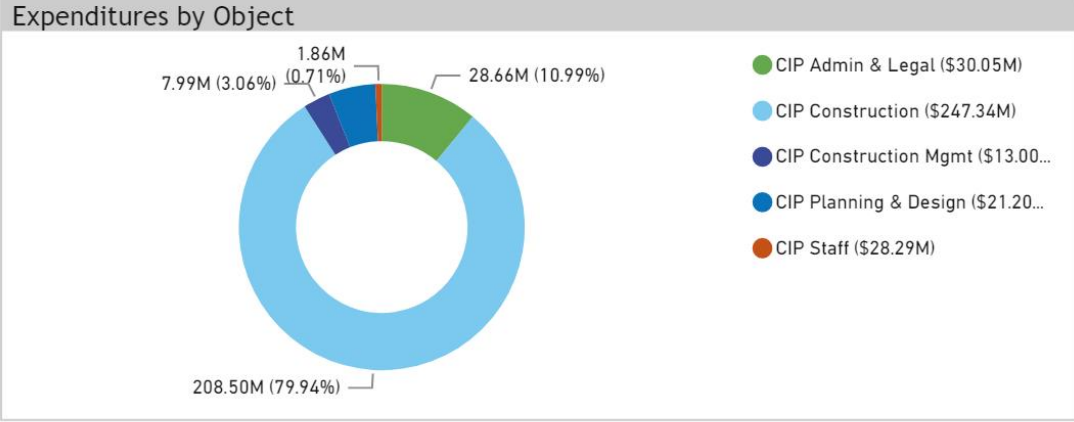
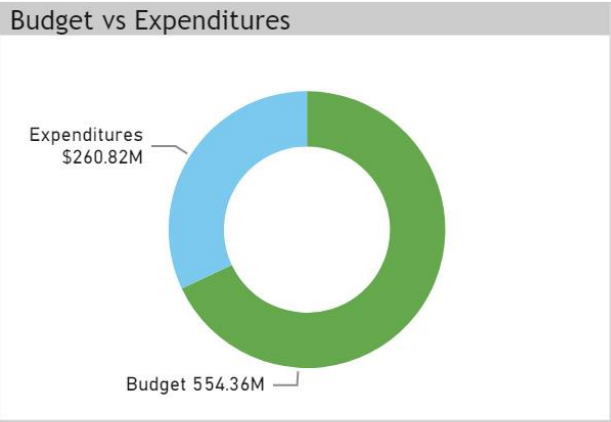
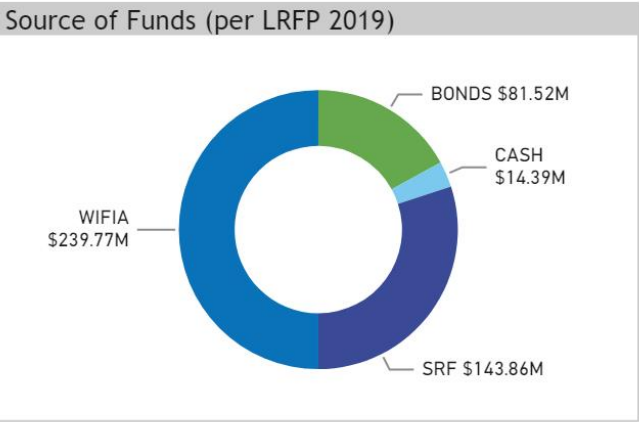
\$554.36M

Total Expenditure

\$260.82M

Remaining Budget

\$293.54M



Front of Plant Progressive DB Project (CIP 9502)

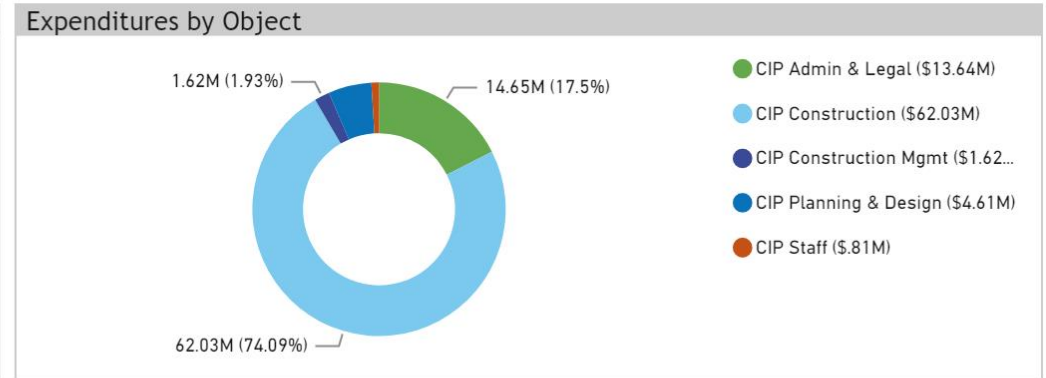
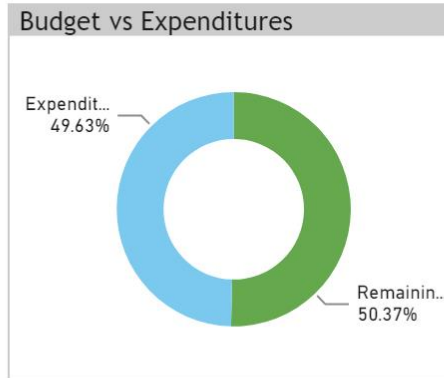
The Front of Plant (FoP) Project consists of the design, construction, permitting, start-up, commissioning, and final acceptance for the Receiving Lift Station (RLS), Surge and Flow Splitter (SFS), Headworks Facility, Odor Control System, Influent Connector Pipe, Emergency Overflow pipe to an existing 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

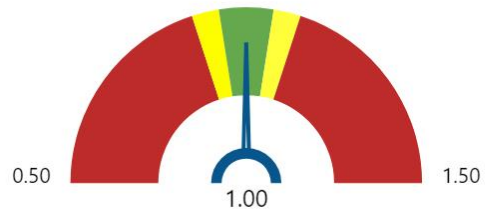
Total Expenditure
\$80.38M

Remaining Budget
\$81.57M

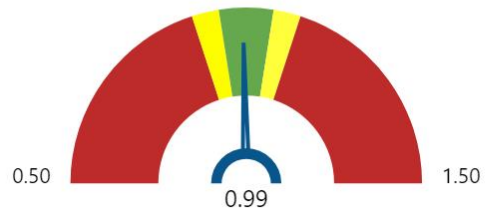
Milestone Schedule		
	Start	Finish
Influent Pipeline Completed	7/24/2020	4/13/2022
Headworks Facility Completed	12/6/2018	11/5/2021
SFS/RLS Completed	12/6/2018	7/1/2022
Start-up and Commissioning	1/28/2022	8/31/2022



Cost Performance Index (CPI)



Schedule Performance Index (SPI)



Major Accomplishments this Period

▼	
Design	<ul style="list-style-type: none"> - SPJV continued developing the control strategies in coordination with Operations staff. - SPJV continued developing the start-up and testing plan for Operations to review. - SPJV continued detailed the design of the utilidor with the Operations and Maintenance staff.
Procurement of Trade Packages	- WIFIA and SRF requirements compliance for trade packages are in progress.
Construction	<ul style="list-style-type: none"> - SPJV's electrical subcontractor continued the installation of the cable tray, conduits and pull boxes in the Electrical Room and el. 125 deck. - SPJV's HVAC subcontractor finished installing ducting in the Storage Rooms and Electrical Room. - SPJV's coating subcontractor resurfaced and coated the Headworks Facility channels. - SPJV began installing mounting plate in the two enclosed stairwells in the RLS for the future installation of the metal stairs. - SPJV set structural steel supports for the RLS roof and placed a section of the cast-in-place RLS roof. - SPJV placed the first of two retaining wall slabs in Zone 3 for the construction of the 63-inch IPL. - SPJV completed the demolition of the Air Gap Building and rerouted the potable water line that was in conflict with the alignment of the IPL. - SPJV installed and commissioned the 18-inch Redwood Shores forcemain bypass to remove the section of the forcemain that was in conflict with the alignment of the IPL.

3 - Month Look Ahead

	Start	End	November	December	January
Construction of Cast-in-Place Sections of RLS Roof	August 31, 2020	December 2, 2020	X	X	
Construction of Stairwell and Elevator Structures at RLS Roof	October 12, 2020	December 23, 2020	X	X	
Construction of the IPL Retaining Wall	September 1, 2020	December 28, 2020	X	X	
Form/Set Rebar/Place Concrete for Precast RLS Roof Sections	December 24, 2020	February 5, 2021		X	X
Install Bar Screens/Supports, Piping and Meters in the Headworks Influent Channel	October 15, 2020	November 25, 2020	X		
Install permanent lighting around Headworks Facility	November 24, 2020	December 4, 2020	X	X	
Install Supports and FRP Ducting for Odor Control System	January 25, 2021	February 12, 2021			X

Potential Issues

Intrinsically Safe Relay Panel
Plant water pipeline size upgrade and related fixtures
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 (CIP 6008)



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

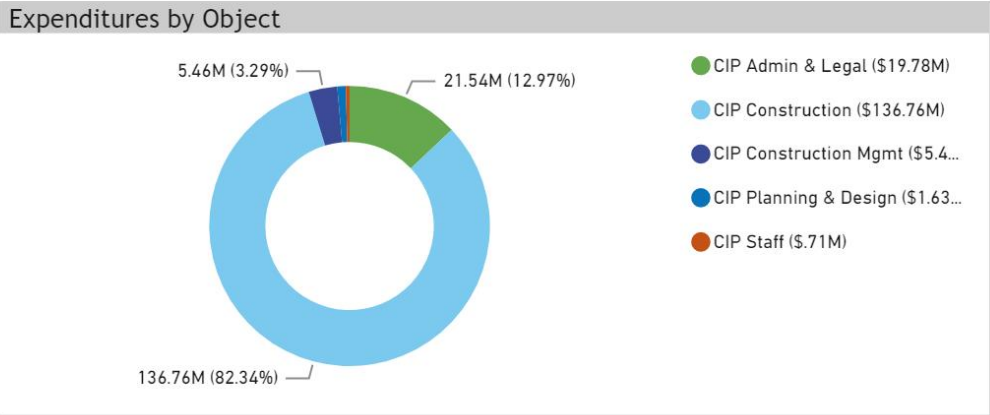
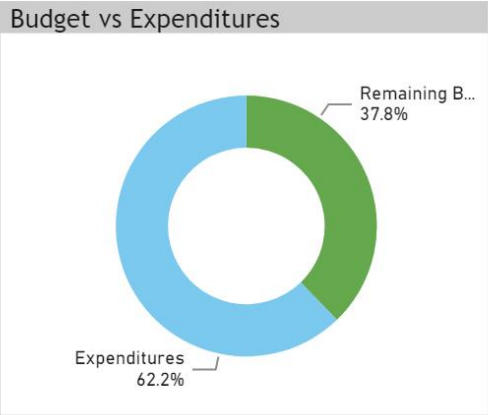
Total Expenditure

\$161.25M

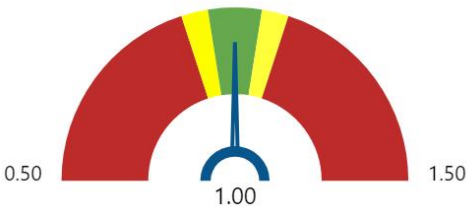
Remaining Budget

\$97.98M

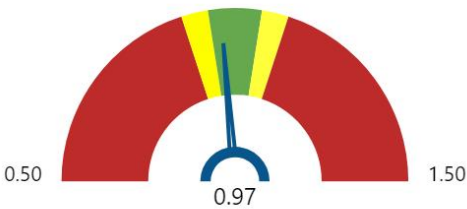
Milestone Schedule		
	Start	Finish
▲ 100% Design Documents		2/22/2021
San Carlos Shaft Construction	6/15/2020	1/4/2021
TBM Drive (AAS to SFS)	7/6/2020	6/7/2021
FRP Pipe Installation	11/16/2020	2/24/2022
Final Commissioning		7/1/2022



Cost Performance Index (CPI)



Schedule Performance Index (SPI)



As of : 2020 - 10



Major Accomplishments this Period

Design	- BBJV Submitted 100% design of San Carlos and Bair Island drop structures.
Procurement of Trade Packages	- FRP Pipe trucking to Bair Island package in progress - Outreach in conformance with SRF and WIFIA funding requirements
Construction	- BBJV continued tunneling the second drive to the SFS - DrillTech continues secant pile install at the San Carlos Shaft location - BBJV to begin pipe install at Bair Island

Potential Issues

Elevated levels of potentially hazardous chemicals detected during construction of San Carlos shaft support of excavation.
Muck disposal costs exceed contract allowance

3 - Month Look Ahead

	Start	End	November	December	January
100% Design Completion	August 10, 2018	February 22, 2021	X	X	X
FRP Pipe installation from Bair Island	November 2, 2020	December 18, 2020	X	X	
San Carlos Adit Construction	January 5, 2021	April 15, 2021			X
San Carlos Shaft Construction	June 15, 2020	January 4, 2021	X	X	X
Second tunnel drive to SFS	July 6, 2020	June 7, 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 (CIP 9501)



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

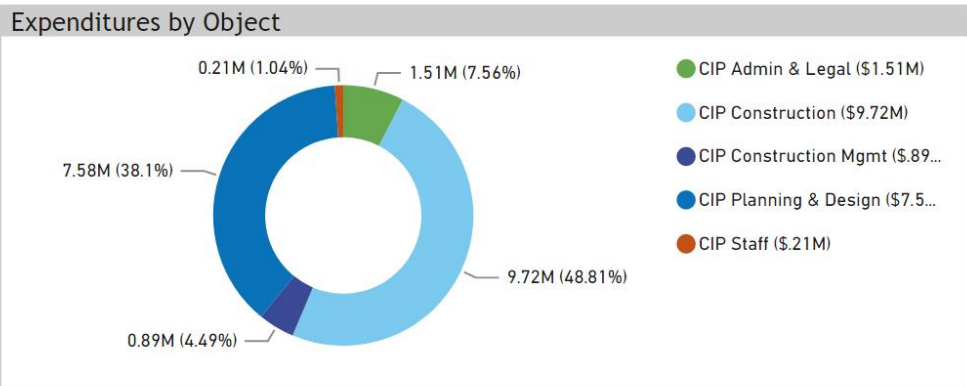
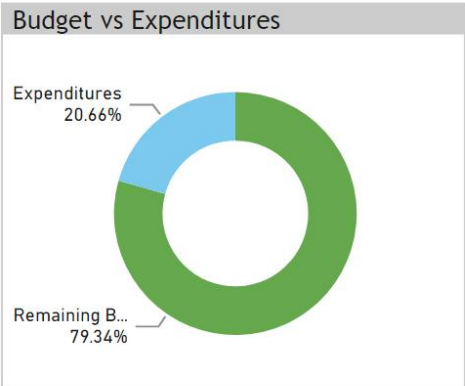
\$24.73M

Remaining Budget

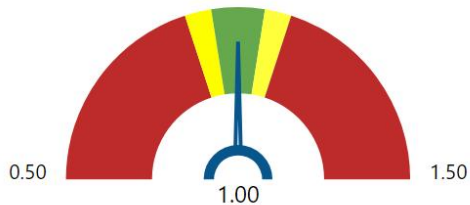
\$94.95M

Milestone Schedule

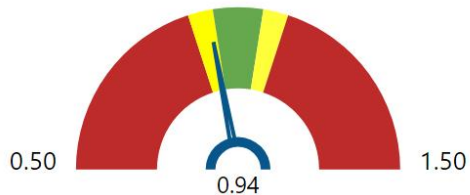
	Start	Finish
100% Design Documents - MPPS	4/27/2020	10/27/2020
Mobilize - MPPS	4/1/2021	4/21/2021
100% Design Documents - BGP	6/2/2020	11/16/2020
Mobilize - BGP	11/16/2020	12/4/2020
Pipe Installation Completed - BGP	1/5/2021	1/12/2023
Early Work Package Development - RCPS	7/8/2020	10/24/2020
Mobilize - RCPS	10/12/2020	10/30/2020
Site Demo - RCPS	11/2/2020	1/5/2021



Cost Performance Index (CPI)



Schedule Performance Index (SPI)



As of : 2020 - 10



Major Accomplishments this Period	
▼	
Design	<div>- Continued developing the 100% design documents for MPPS. - Continued developing the 100% design documents for the portion of the BGP project inside the San Carlos Pump Station. - Issued the final 100% drawings for the RCPS Early Work Package.</div>
Construction	<div>- Began mobilizing at the RCPS.</div>

Potential Issues
<div>Schedule challenges from permitting and land acquisition conditions</div>

3 - Month Look Ahead					
	Start	End	November	December	January
100% Design Development - Open Cut/San Carlos - BGP	August 26, 2020	November 16, 2020	X		
100% Design Development - Remaining Work - RCPS	August 7, 2020	January 5, 2021	X	X	X
Construct JS-1 and JS-2	January 5, 2021	March 9, 2021	X		
Mobilize - BGP	November 16, 2020	December 4, 2020	X		
Permits & Easments Acquisition - RCPS	June 11, 2020	February 2, 2021	X	X	X
Procurement - BGP	November 12, 2020	July 15, 2021	X	X	X
Procurement - MPPS	January 19, 2021	July 29, 2021			X
Procurement - RCPS	January 19, 2021	June 22, 2021			X
Site Demo - RCPS	November 2, 2020	January 5, 2021	X	X	X
Wet Well & Screening Building Excavation and Backfill	January 6, 2021	September 26, 2022			X

Project Changes
<div>No changes to report.</div>

Safety Spot Light	
Lost Time	0
Near Misses	0
Recorded Losses	0

AGENDA ITEM 7A

**MINUTES OF SILICON VALLEY CLEAN WATER
REGULAR MEETING – October 19, 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 8:03 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
Jessica Mangual, SVCW Secretary Pro Tem
Eric Hansen, SVCW Senior Engineer
EJ Shalaby, Senior Consultant, DNS Strategic Partners
Bill Tanner, Tanner Pacific, Inc.
John Mahoney, Tanner Pacific, Inc
Sheryl Chia, Kennedy/Jenks
Mark Minkowski, Kennedy/Jenks
Steven Machida, City of San Carlos
Aren Hansen, Brown & Caldwell
Molly Flowerday, City of Redwood City
Derek Rampone, City of Redwood City
Theresa Yee, City of Redwood City
Sergio Ramirez, West Bay Sanitary District

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**

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

Safety Moment concerned tips for when to go to the dentist and how to practice good oral hygiene.

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 –
 - i. September 21, 2020 Regular Meeting
 - ii. September 25, 2020 Special Meeting
- 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
- 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

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

Proposed Action:

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

Motion/Second: Mr. Olbert / Mr. Otte

The Motion carried by Unanimous Roll Call Vote

ITEM 8A

CONSIDERATION OF MOTION APPROVING RESCU PROGRAM PUMP STATIONS IMPROVEMENTS PROJECT 33-INCH FORCE MAIN CONDITION ASSESSMENT

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

Motion/Second: Mr. Otte / Mr. Lieberman

The Motion carried by Unanimous Roll Call Vote

ITEM 9

CLOSED SESSION

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 9A 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 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 8:23 a.m.

ITEM 10

RECONVENE IN OPEN SESSION

Open Session reconvened at 8:30 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 8:30 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 September 22 – October 5, 2020, October 6 – October 19, 2020, and October 20 – November 2, 2020, were scanned and a copy was emailed to Commissioners and Legal Counsel on November 10, 2020.

AGENDA ITEM 8A

**RESCU GRAVITY PIPELINE PROJECT (CIP 6008)
CONTRACT CHANGE ORDER FOR MUCK DISPOSAL****ISSUE**

Authorization to Issue a Contract Change Order for Muck Disposal Additional Costs on the Gravity Pipeline Project (CIP 6008)

BACKGROUND

During negotiations for Stage 2B of the Gravity Pipeline project in October 2018, Barnard Bessac Joint Venture (BBJV), received three quotes for soil offhaul and disposal of the shaft excavation spoils and tunnel muck. These quotes ranged from \$460 per load to \$600 per load and were used as the basis for the lump sum costs during the contract negotiations. To calculate the base contract amount, \$460 per load was used with an estimated 11 cubic yards per load. The tunnel was estimated to produce 136,681 cubic yards of material, so the resulting base contract amount was \$5,715,768. Additionally, an allowance of \$2.5 million was included in the contract to mitigate the variability in the soil market associated with dump fees and site availability. The allowance was based on a 30% increase in dump fees and longer haul routes. The intention was that, once BBJV had used the muck offhaul funds in their original Stage 2B estimate (\$5.7 million), the allowance item (\$2.5 million) would be used with the approval and oversight of SVCW. The contract was arranged in this way so that SVCW would not pay more than necessary for muck disposal since the contract is on a lump sum basis (versus a time and expense basis).

After the Stage 2B contract was executed and before shaft excavation began, BBJV contacted the lowest cost-identified disposal site which was located in Brisbane, California ("Baylands"). Upon contact, it was discovered that the disposal site that provided this original quote was unexpectedly closed by the City of Brisbane. BBJV then reached out to the remaining two sites that provided quotes and both declined to take the material. The SVCW Owner's Representative team and BBJV then worked together to identify other disposal sites, but only one site agreed to take the material. This site was located in Tracy, California ("Greenrock"), and resulted in an increase of roughly twice the originally estimated costs for disposal.

Upon learning that the originally identified sites, and associated prices, were no longer viable, SVCW and BBJV project teams worked diligently to identify and evaluate other disposal site options to mitigate further cost impacts. One potential site became available in the South Bay ("Alviso") and, on August 17, 2020, staff presented an agreement to the Commission with the U.S. Wildlife Service to allow muck to be brought to Alviso. Upon further discussions with the Alviso site managers, significant hurdles were identified which would raise the price to an unacceptable level when compared to other identified sites.

By the time tunneling began, alternative sites had been identified but contracts were not yet in place for disposal and, therefore, the tunnel muck continued to be brought to the Greenrock disposal site. Negotiations have been ongoing to find less costly options, including negotiating with Greenrock to reduce their costs.

DISCUSSION

As previously discussed with the Commission and evidenced by the discussion below, the “dirt market” is extremely volatile. The project team has been working diligently for well over a year to bring certainty to the muck disposal issue with varying levels of success. Staff last reported to the Commission that a budget exceedance in the range of \$5M to \$7M was expected and that an item would be brought forth for consideration when more information was available and before the contract funds were exhausted. Based on expenditures to-date, it is expected that the budget and allowance for muck will be depleted by mid-December 2020.

On August 19, 2020, a Purchase Agreement was executed with Baylands, which had presented the previous lowest quote during the Stage 2 cost development phase. The August 2020 agreement would take material for approximately 130% of the originally estimated offhaul rates. Since August, receipt of muck by Baylands has been restricted due to laboratory analysis issues that put into question meeting that site’s environmental screening limits (results from two laboratories contradicted each other).

On November 3, 2020, negotiations with Greenrock produced a reduction in the offhaul costs if SVCW could guarantee delivery of 22,000 cubic yards. Also on November 3rd, discussions with the City of Brisbane and Baylands indicated that there is interest by both entities to accept SVCW’s muck, however, there remains environmental screening limits that could restrict disposal which the City and Baylands are both addressing with the Regional Water Quality Control Board; staff expects input from the Regional Board within a month’s time.

Another site that has been used for a minimal amount of muck disposal is Ox Mountain. This landfill site is only used for soil that is not able to meet certain environmental “cleanliness” limits. Some of the material excavated at one of the shaft sites has been taken to Ox Mountain.

Costs vary widely for each site, as indicated below. The total amount of muck remaining to be disposed is approximately 95,000 cubic yards or 9,500 loads.

To date, the following per load cost information has been secured. The project team also modeled likely scenarios to facilitate decision-making.

Disposal Site Options and Cost per Load of Muck

Site	Cost/Load
Baylands	\$595
Greenrock	\$700
Ox Mountain	\$838
Alviso	\$650+ \$2M upfront cost

Five scenarios were modeled putting into context the certainties in cost and the probabilities that a particular site will remain viable for the duration of the project.

Scenario 1 – Continue sending muck to Baylands site for remainder of project

Additional Cost - \$5,834,186

Probability of Occurrence – <5%

Baylands not currently accepting muck and earliest likelihood for acceptance is mid-December

Scenario 2 - Baylands shuts down in November and Greenrock accepts remaining muck from project

Additional Cost - \$6,788,050

Probability of Occurrence – 25%

It is unlikely that Baylands will shut down permanently and, therefore, some material is projected to be able to be hauled to this site.

Scenario 3 - Greenrock accepts 22,000 CY and Baylands reopens for remainder of project

Additional Cost - \$6,136,406

Probability of Occurrence – 70-80%

Greenrock has agreed to take 22,000 cubic yards at a reduced cost and Baylands is expected to reopen by the time all of the material for Greenrock is delivered.

Scenario 4 - Greenrock accepts 22,000 CY but Baylands is shut down; remaining muck sent to Ox Mountain

Additional Cost - \$7,647,040

Probability of Occurrence – 15%

Greenrock has agreed to take 22,000 cubic yards at a reduced cost Ox Mountain can take remaining muck but the project team would seek alternative sites prior to this solution.

Scenario 5 - Baylands shuts down and Greenrock not an option; remaining muck sent to Ox Mountain

Additional Cost - \$8,041,701

Probability of Occurrence – <5%

This is not likely to occur as Greenrock has agreed to take 22,000 cubic yards. It is possible that Baylands will shut down for the duration of the project. However, the project team would seek alternative sites prior to taking all material to Ox Mountain. This scenario, however, bookmarks the high side of possible additional costs.

Staff recommends that the Commission authorize a change order amount not to exceed the value provided under Scenario 3, \$6.14 million, as this scenario has the highest probability of occurring. There is also likelihood that costs can come in lower than this modeled amount as the project team continues to investigate lower cost options. Costs will be tracked closely and only those costs actually expended will be paid.

Reports to the Commission will be provided on a monthly basis to ensure a high level of tracking and transparency to this volatile situation.

FINANCES

The total project budget for the Gravity Pipeline Project is \$259 million. Of that amount, \$7,000,000 has been allocated to account for the risk of exceeding the muck allowance. This Contract Change Order is less than its budgeted amount.

RECOMMENDATION

Move approval of CONTRACT CHANGE ORDER FOR THE GRAVITY PIPELINE PROJECT (CIP #6008) IN THE AMOUNT NOT TO EXCEED \$6,136,406 – BARNARD BESSAC JOINT VENTURE

AGENDA ITEM 8B

**AUTHORIZE EXECUTION AND DELIVERY OF CONSTRUCTION
INSTALLMENT SALE AGREEMENT LOAN WITH THE STATE WATER RESOURCES
CONTROL BOARD RELATED TO SVCW CAPITAL IMPROVEMENT PROGRAM**

ISSUE

Adoption of Resolution Authorizing Silicon Valley Clean Water to Execute and Deliver an Installment Sale Agreement with the State Water Resource Control Board for a Loan Amount Not to Exceed \$180 Million and to Approve other Matters in Relation Therewith

BACKGROUND

Silicon Valley Clean Water (“SVCW” or “the Authority”) launched a Capital Improvement Program (“CIP”) in 2008 to address critical infrastructure needs, including rehabilitation of the Wastewater Treatment Plant and replacement of the conveyance system including the forcemain and related pump stations. SVCW has frequently updated the CIP, most recently in January 2020, with the entire program currently estimated to cost approximately \$990 million from inception to completion. As of June 30, 2020 SVCW had incurred approximately \$527 million of CIP expenditures on projects that included replacement of leaking sections of forcemain, upgrades to treatment plant processes, installation of energy solutions, and significant construction of Regional Environmental Sewer Conveyance Upgrade (“RESCU”) assets. The community has and will benefit as these projects enhance safety, reduce environmental risks, improve reliability of treatment operations, and reduce electricity costs.

To date, SVCW and its members have funded the CIP by issuing debt in a cost-effective manner while balancing financial risks. Sources of funds include State Revolving Fund (“SRF”) loans from the State Water Resources Control Board (“SWRCB” or “the State”), Water Infrastructure Finance and Innovation Act (“WIFIA”) Loans from the U.S. Environmental Protection Agency, tax-exempt Revenue Bonds, cash funding, grants, and a Line of Credit. SVCW incorporates this debt strategy into its annual Long-Range Finance Plan (“LRFP”), which measures the cost of funding the CIP. Each year in January the LRFP is presented to member agencies in preparation for their rate-setting efforts.

DISCUSSION

Approximately \$658 million has been secured for capital projects. SVCW and its Members have supported an incremental approach to funding the CIP as it continuously seeks the lowest cost of financing. The table below shows the largest sources of funds to date include \$310 million from Revenue Bonds and \$275 million from Governmental Loans.

Source of CIP Funds to date (\$ millions)			
Description	All-in TIC / Interest Rate	Max Proceeds	Available Proceeds at 9/30/2020
Bonds			
2008 Wastewater Revenue Bonds*	5.03%	\$ 10.01	\$ -
2009 Wastewater Revenue Bonds*	5.12%	55.86	-
2014 Wastewater Revenue Bonds	4.18%	65.54	-
2015 Wastewater Revenue Bonds	3.75%	30.00	-
2018 Wastewater Revenue Bonds	3.43%	148.98	15.02
Subtotal - Bonds		310.38	15.02
Cash Contributions in lieu of Debt			
Belmont		46.84	2.22
Redwood City		10.00	-
West Bay Sanitary District		13.02	6.14
Subtotal - Cash		69.85	8.36
Government Loans			
SWRCB SRF - Control Building	2.60%	11.36	-
SWRCB SRF - WWTP Improvements	1.80%	31.55	-
SWRCB SRF - Conveyance Planning	1.60%	14.00	-
U.S. EPA WIFIA / Notes - RESCU Program	2.40%	218.00	82.71
Subtotal - Government Loans		274.91	82.71
Grant Funding			
PG&E Cogeneration Grant		2.40	0.32
California Energy Commission		0.50	-
Subtotal - Grant Funding		2.90	0.32
TOTAL		\$ 658.05	\$ 106.41

* Series 2008 and 2009 Bonds previously refunded

The State of California, through the SWRCB SRF Loan Program, offers low interest rates and favorable terms to significantly reduce financing costs. For example, the published SRF interest rate for a 30-year loan is less than half the rate SVCW would likely incur in the public bond market. The loan has a “borrow when needed” structure, which reduces the amount of interest accrued during construction. Another attractive feature is deferral of debt service payments, which would begin one year after construction completion. For the above reasons, the SRF program remains a preferred funding source for SVCW.

The interest rate on this loan is anticipated to be 0.90% and will have a 30-year amortization period. Over the past several months SVCW negotiated terms with the SWRCB to secure a new \$180 million SRF Loan (\$169 million plus accrued interest and closing costs) for the RESCU project. SVCW and its counsel was successful in arguing

that certain unfavorable terms be removed. The State, however, has insisted on two new terms described below (note that five originally proposed terms were viewed as adverse to SVCW interests and successfully negotiated out of the agreement). Member Agency staff were asked to weigh the benefit of the SRF savings to the potential impact of these remaining terms, which include:

- The State intends the new SRF Loan be at parity with other outstanding SVCW debt. Accepting this condition would require SVCW to refund (if economically feasible) Series 2014 and Series 2015 by June 30, 2022, as well as Series 2018 by December 31, 2028; and
- The State will not allow prepayment without advance authorization. For planning purposes, Members should assume such approval may be unlikely and that accepting this term may reduce financial flexibility if future revenues or expenditures significantly change.

As the above terms impact Member Agencies differently, staff of each performed its own analysis of the proposed SRF Loan's benefits and risks. Due to the significant savings of the SRF Loan compared to other sources of funding (like the public bond market), all Members have indicated intention to participate in the SRF Loan. Participation will be at the percentages defined in the SVCW Joint Powers Agreement.

FINANCES

Each year SVCW updates its Long-Range Financial Plan ("LRFP") to provide Members with a ten-year outlook of cash flows needed to fund its operations, capital expenditures, and debt service. The January 2020 LRFP update forecasted the proposed SRF Loan at an interest rate of 1.90% and estimated annual debt service payments of \$7.75 million. As the financial markets changed over the past year, the anticipated interest rate has declined to 0.90% which would reduce the forecasted debt service payments by \$1.14 million annually. Over the amortization period, these comparative savings are valued at \$22.2 million in Net Present Value terms.

RECOMMENDATION

Move adoption of RESOLUTION OF THE COMMISSION OF SILICON VALLEY CLEAN WATER AUTHORIZING THE EXECUTION AND DELIVERY OF THE CONSTRUCTION INSTALLMENT SALE AGREEMENT BETWEEN SILICON VALLEY CLEAN WATER AND THE STATE WATER RESOURCES CONTROL BOARD RELATING TO THE CAPITAL IMPROVEMENT PROGRAM AND APPROVING OTHER MATTERS IN CONNECTION THEREWITH

AGENDA ITEM 8C

**ISSUE REVENUE BONDS TO REFUND SERIES 2014 AND SERIES 2015
BONDS ASSOCIATED WITH THE SVCW CAPITAL
IMPROVEMENT PROGRAM FOR THE CITY OF REDWOOD CITY, THE CITY OF
SAN CARLOS AND THE WEST BAY SANITARY DISTRICT**

ISSUE

Adoption of Resolution Authorizing Silicon Valley Clean Water to Issue Debt in the Principal Amount Not to Exceed \$160 Million and to Approve Related Financing Documents and all Actions Needed to Close the Bond Issue

BACKGROUND

Silicon Valley Clean Water (“SVCW” or “the Authority”) launched a Capital Improvement Program (“CIP”) in 2008 to address critical infrastructure needs, including rehabilitation of the Wastewater Treatment Plant and replacement of the conveyance system including the forcemain and related pump stations. SVCW has frequently updated the CIP, most recently in January 2020, with the entire program currently estimated to cost approximately \$990 million from inception to completion. As of June 30, 2020 SVCW had incurred approximately \$527 million of CIP expenditures on projects that included replacement of leaking sections of forcemain, upgrades to treatment plant processes, installation of energy solutions, and significant construction of Regional Environmental Sewer Conveyance Upgrade (RESCU) assets. The community has and will benefit as these projects enhance safety, reduce environmental risks, improve reliability of treatment operations, and reduce electricity costs.

To date, SVCW and its members have funded the CIP by issuing debt in a cost-effective manner while balancing financial risks. Sources of funds include State Revolving Fund (“SRF”) loans from the State Water Resources Control Board (“SWRCB” or “the State”), Water Infrastructure Finance and Innovation Act (“WIFIA”) Loans from the U.S. Environmental Protection Agency, tax-exempt Revenue Bonds, cash funding, grants, and a Line of Credit. SVCW incorporates this debt strategy into its annual Long-Range Finance Plan (“LRFP”), which measures the cost of funding the CIP. Each year in January the LRFP is presented to member agencies in preparation for their rate-setting efforts.

DISCUSSION

SVCW and its Members have, to date, taken an incremental funding approach to the CIP. Thus far, approximately \$658 million has been secured for capital projects. The table below shows the largest sources of funds to date include \$310 million from Revenue Bonds and \$275 million from Governmental Loans.

Source of CIP Funds to date (\$ millions)			
Description	All-in TIC / Interest Rate	Max Proceeds	Available Proceeds at 9/30/2020
Bonds			
2008 Wastewater Revenue Bonds*	5.03%	\$ 10.01	\$ -
2009 Wastewater Revenue Bonds*	5.12%	55.86	-
2014 Wastewater Revenue Bonds	4.18%	65.54	-
2015 Wastewater Revenue Bonds	3.75%	30.00	-
2018 Wastewater Revenue Bonds	3.43%	148.98	15.02
Subtotal - Bonds		310.38	15.02
Cash Contributions in lieu of Debt			
Belmont		46.84	2.22
Redwood City		10.00	-
West Bay Sanitary District		13.02	6.14
Subtotal - Cash		69.85	8.36
Government Loans			
SWRCB SRF - Control Building	2.60%	11.36	-
SWRCB SRF - WWTP Improvements	1.80%	31.55	-
SWRCB SRF - Conveyance Planning	1.60%	14.00	-
U.S. EPA WIFIA / Notes - RESCU Program	2.40%	218.00	82.71
Subtotal - Government Loans		274.91	82.71
Grant Funding			
PG&E Cogeneration Grant		2.40	0.32
California Energy Commission		0.50	-
Subtotal - Grant Funding		2.90	0.32
TOTAL		\$ 658.05	\$ 106.41

* Series 2008 and 2009 Bonds previously refunded

For several months, SVCW has been negotiating final terms and conditions with the SWRCB for an additional \$169 million SRF Loan (\$180 million including accrued interest and closing costs). This new SRF loan is anticipated to be at an interest rate of 0.90%. The State has, however, changed its policy regarding SRF security requirements as compared to other outstanding SVCW Debt and are requiring loan terms and conditions that will necessitate not only outstanding Bonds be refunded when economically feasible, but also by specific deadlines. Current market conditions suggest the 2014 and 2015 Series refundings would be viewed as economically feasible by the State which, for these two series, set a refunding deadline of June 30, 2022.

Adoption of the resolution approving the refunding of the 2014 and the 2015 Bonds would also approve the form of the documents listed below and authorize SVCW staff to execute

such documents. The forms of such documents are on file with the SVCW Manager and available for review by Commissioners. Details have been discussed with the respective member agency finance staff.

- Financing Agreement between SVCW and the City of San Carlos, which provides security for the obligations of the City of San Carlos in respect of the refunding bonds.
- Fourth Amendment to Financing Agreement between SVCW and the City of Redwood City, which, together with the Financing Agreement dated as of December 1, 2008 by SVCW and the City of Redwood City, as previously amended, provides security for the obligations of the City of Redwood City in respect of the refunding bonds.
- Fourth Amendment to Financing Agreement between the Authority and the West Bay Sanitary District, which, together with the Financing Agreement dated as of December 1, 2008 by SVCW and the West Bay Sanitary District, as previously amended, provides security for the obligations of the West Bay Sanitary District in respect of the refunding bonds.
- Indenture of Trust between SVCW and Zions Bancorporation, National Association, as trustee, setting forth the terms and provisions relating to the refunding bonds.
- Continuing Disclosure Certificate pursuant to which SVCW will agree to provide updated financial information and certain enumerated events in accordance with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934.
- Purchase Contract between SVCW and J.P. Morgan Securities LLC, as underwriter, setting forth the terms and provisions relating to the sale of the refunding bonds by SVCW to the underwriter.
- Escrow Agreements between SVCW and The Bank of New York Mellon Trust Company, N.A., relating to the deposit of a portion of the proceeds of the refunding bonds to refund and redeem all or a portion of the 2014 Bonds and 2015 Bonds.

Approval of the resolution also authorizes the preparation and distribution of the Preliminary Official Statement for the refunding bonds, which is also on file with the Manager and have been made available for review by the members of the Commission. The resolution authorizes the Manager to certify as to the Preliminary Official Statement other than with respect to information which have been provided by and will be certified to by the cities of Redwood City, San Carlos or West Bay Sanitary District, as applicable.

FINANCES

SVCW 2014 Series Bonds have par value of \$53,860,000 outstanding. The interest rates range from 4.20% to 5.00%, and the series has call dates of February 1, 2022 (~\$5.5 million) and February 1, 2024 (~\$43.1 million).

The 2015 Series Bonds have a par amount of \$64,995,000 outstanding at an interest rate of 5.00%. The series has a call date of August 1, 2025.

Changes in the Internal Revenue Service 2017 tax code now preclude tax-exempt bonds from being issued to refund tax-exempt bonds unless the refunding bonds close within 90 days of call date. Taxable bonds, however, may be issued at any time to refund outstanding bonds. In today's low interest rate environment, even taxable bonds would provide financial benefit. A full refunding of both Bond series is estimated to reduce debt service payments by approximately \$555 thousand annually and generate \$9.9 million in Net Present Value savings, as follows:

2014 and 2015 Series Refundings (\$ Millions)				
Series	Nominal Savings	Net Present Value Savings	Savings %	Escrow Efficiency
2014	\$9.02	\$6.3	11.6%	61%
2015	<u>\$5.14</u>	<u>\$3.6</u>	<u>5.5%</u>	<u>37%</u>
Combined	\$14.16	\$9.9	8.3%	50%

In addition to the refunding of 2014 and 2015 Series Bonds, preliminary analysis indicates it may be financially beneficial to include the SWRCB SRF Control Building loan in the refinancing. This original \$11.5 million loan was executed in 2011 with a 2.6% interest rate and a 20-year amortization, with repayments that started in 2013. At current interest rates, refinancing this loan could reduce cash flows by \$20 thousand to \$50 thousand annually over the next 13 years. If detailed analysis concludes it economically beneficial to refinance this loan, it will be included in the overall refunding activities.

RECOMMENDATION

Move adoption of RESOLUTION OF THE COMMISSION OF SILICON VALLEY CLEAN WATER AUTHORIZING THE ISSUANCE AND SALE OF 2021 WASTEWATER REVENUE BONDS TO REFUND OUTSTANDING 2014 AND 2015 SERIES BONDS AND SRF CONTROL BUILDING LOAN APPROVING RELATED FINANCING DOCUMENTS AND OFFICIAL ACTIONS

AGENDA ITEM 8D

**SVCW BYLAWS
UPDATE AUTHORITY NAME AND REVIEW ELECTION OF OFFICERS**

ISSUE

Approve Amendment to SVCW Bylaws

BACKGROUND

The Silicon Valley Clean Water (SVCW) Commission conducts its business under bylaws established in 1975. There have been nine (9) amendments to the bylaws via Resolutions approved by the Commission. From time to time the bylaws should be reviewed to determine if any further changes are prudent.

DISCUSSION

Minor changes to the bylaws are recommended and one subject is brought to the Commission for discussion and consideration.

The recommended changes to the bylaws are:

- Replace “South Bayside System Authority” to “Silicon Valley Clean Water” throughout the document.
- Reflect how the Secretary of the Commission keeps meeting minutes (Art. III, Sec. 2)
- Note how meeting minutes are forwarded to Commissioners and to member agencies (Art. III, Sec. 3(f)).

Proposed changes noted above are shown in the attached draft bylaws document and draft resolution approving same.

The topic for discussion is related to the current bylaws stipulation that states the Commission Chair and Vice Chair are elected and the Secretary appointed in July of each year. The Commission, at its July 20, 2020 meeting requested that this section of the bylaws be revisited (Art. III, Sec. 2) and possibly changed to January of each year. Should the Commission decide to make this change, it will be reflected in the final version of the bylaws and enabling resolution.

FINANCES

There is no financial impact to this agenda item.

RECOMMENDATION

Move adoption of RESOLUTION APPROVING AMENDMENTS TO THE BYLAWS OF SILICON VALLEY CLEAN WATER AND ADOPTING AMENDED AND RESTATED BYLAWS OF SILICON VALLEY CLEAN WATER (¾ weighted vote count required)

BYLAWS

of

~~SOUTH BAYSIDE SYSTEM AUTHORITY~~SILICON VALLEY CLEAN WATER, AMENDED AND RESTATED

P R E A M B L E

Pursuant to Section 2.9 of that certain agreement entitled, “Joint Exercise of Powers Agreement – ~~South Bayside System Authority~~Silicon Valley Clean Water,” dated November 13, 1975, (the “Agreement”), by and between the Cities of Belmont, Redwood City, and San Carlos, California, and the Menlo Park Sanitary District, these bylaws were adopted by the Commission for ~~South Bayside System Authority~~Silicon Valley Clean Water by Resolution No. SBSA 75-2, adopted November 13, 1975, by said Commission and with certain amendments thereto.

Article I

Name – Legal Documents

Pursuant to Section 2.2 of the Agreement, the public entity created thereby is known as “~~South Bayside System Authority~~Silicon Valley Clean Water,” (hereinafter, the “Authority”). The Authority shall be designated in all legal documents, including but not necessarily limited to, contracts, deeds, and other conveyances of real property interests, as ~~the South Bayside System Authority~~Silicon Valley Clean Water.

Article II

Principal Office

The principal office for the transaction of business of the Authority is hereby fixed and located at the Administration Building, ~~South Bayside System Authority~~Silicon Valley Clean Water, 1400 Radio Road, Redwood City, California¹.

Article III²

¹ Resolution SBSA 99-46 dated 11/17/1999 noting principal office

² ~~Resolution SBSA~~ 05-06 dated 03/16/2005 renumbering Article II to Article III and Restating Sections 2 and 3.

Commission of ~~the South Bayside System Authority~~ Silicon Valley Clean Water

Section 1. General. The membership, organization, term of members, voting authority, and powers of the Commission shall be as set forth in the Agreement.

Section 2. Chair, Vice Chair and Secretary. The Commission shall be presided over by a Chair who shall be a member of the Commission elected from among its members. In the absence of the Chair, the Commission shall be presided over by a Vice Chair elected from among its members. The Chair and Vice Chair elected at the organization meeting of the Authority shall hold office from the date of election until the regular meeting of the Commission in July next following the organization meeting.

Thereafter, the Chair and Vice Chair shall be elected annually at the regular meeting of the Commission in July of each year.

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The Commission shall appoint a Secretary in accordance with the Agreement. The Secretary appointed at the organization meeting of the Authority shall hold office until the regular meeting of the Commission held in July next following the organizational meeting. Thereafter, the Secretary shall be appointed annually at the regular meeting of the Commission in July of each year. The Secretary shall attend all meetings of the Commission and shall ~~cause to be kept~~ ~~keep~~ minutes thereof. He or she shall be the custodian of all resolutions of the Commission, and shall keep and maintain a record of all matters acted upon by motion of the Commission. The secretary shall be custodian of all official records and all legal documents (including, but not necessarily limited to, contracts, deeds, and other conveyances of property interests) of the Authority. He or she shall be empowered to certify copies of such resolutions, records, and documents, that such copies are true copies thereof. He or she shall be empowered to attest to the signature of any officer of the Authority.

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The Secretary shall, pursuant to resolution of the Commission duly adopted, accept all deeds, grants, or other conveyances of real property interests to the Authority. The secretary shall perform such other duties as may be from time to time assigned to him or her by the Commission.

Section 3. Meetings. (a) Regular Meetings. Regular meetings of the Commission shall be held at a date, time and place to be set by resolution duly adopted by the Commission³⁴.

(b) Special Meetings. Pursuant to the provisions of Section 2.5 of the Agreement, special meetings of the Commission may be called in accordance with the provisions of Section 54956 of the Government Code of the State of California.

(c) Ralph M. Brown Act. The provisions of Chapter 9, Part 1, Division II of Title 5 (commencing with §54950) of the Government Code of the State of California, commonly known as the Ralph M. Brown Act, shall apply to meetings of the Commission.

(d) Confidential Communications. All information received by Commission members in a closed session of the Commission is confidential and all such information that is received by the legislative body of a Member Agency in closed session related to the information presented to the Commission in closed session shall be confidential. Members of the Commission and their duly designated alternates who may attend a properly noticed meeting of the Commission in lieu of their Member Agency's regularly appointed Commission member are hereby authorized to disclose information obtained in a closed session of the Commission that has direct financial or liability implications for their respective Member Agencies to the following individuals:

(i) Legal counsel for their Member Agency for purposes of obtaining advice on whether the matter has direct financial or liability implications for their Member Agency and

(ii) Other member of the legislative body of their Member Agency.

(e) Conduct of Meetings. The Commission shall determine its own rules of procedure.

(f) Minutes. The Secretary shall cause to be kept minutes of the meetings of the Commission and shall, ~~as soon as possible after each meeting,~~ cause a copy of the minutes to be forwarded to each member of the Commission and to the Cities of Belmont, Redwood City, and San Carlos, and the West Bay Sanitary District.

³ Resolution SBSA 79-02 Provides for monthly meetings

⁴ Resolution SBSA 05-06 Renumbers Section 5 to Section 3; adds Section 3.(d) and renumbers subsequent paragraphs

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(g) Quorum. Pursuant to the provisions of Section 2.8 of the Agreement, members of the Commission holding a majority of the votes shall constitute a quorum for the transaction of business, except that less than a quorum may adjourn from time to time. In the event that no members of the Commission are present at a meeting, the Secretary shall adjourn such meeting.

(h) Committees. The Chair may establish committees of one or more members of the Commission or of other interested persons for purposes of advising and making recommendations to the Commission on any matter relating to the exercise of the powers of the Authority pursuant to the Agreement, or any other matter relevant to the carrying out of its activities.

Section 4. Actions of the Commission. All actions of the Commission shall be taken by resolution or motion thereof.

Article IV⁵

Commissioner Compensation, Officer and Employees Expenses.

Section 1. Commissioner Compensation⁶. Pursuant to the provisions of Section 2.4 of the Agreement, members of the Commission shall receive compensation in the amount of One Hundred Dollars (\$100.00)⁷ per day for each day's service rendered as a Commission member. Attendance at duly noticed meetings of the Commission shall be considered a day of service. Service as a representative of the Commission by request of, and with prior authorization of the Commission shall also be considered a day of service for compensation purposes. Notwithstanding the foregoing, compensation shall not exceed the amount of One Hundred dollars per member for any calendar day, Six Hundred (\$600.00) per member in any calendar month, nor Two Thousand Four Hundred Dollars (\$2,400.00) per member in any calendar year.

Section 2⁸. Officer and Employee Expenses. Officers and employees of the Authority, including Commission members, shall receive reasonable and necessary

⁵Resolution SBSA 76-01 – new Article IV adopted 1/7/76 and Resolution SBSA 97-42 New Article IV Section 1 adopted 08/20/1997

⁶ The Commission considered a change to compensation in July 2014; item was tabled with no change to compensation.

⁷ Established by CA Codes in 1997; remain valid via latest Codes amendment in 2006.

⁸Resolution SBSA 99-46 New Article IV Section 2 adopted 11/17/1999

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expenses for transportation, costs of living and other business expenses necessarily incurred in the performance of official duties on behalf of the Authority.

Transportation expenses shall be paid whenever an officer or employee is required to travel outside the County of San Mateo in the performance of official duties. Payment of such expenses shall be computed in accordance with administrative policy promulgated by the Manager and approved by the Commission of the Authority. Expenses incurred for costs of living and other business expenses (excluding transportation) shall be paid at the actual cost thereof.

To the extent reasonably practicable, officers and employees shall obtain permission from the Commission, or the Manager, as appropriate, in advance of incurring such expenses. Claims for advances for, or reimbursement of, expenses shall be made upon such forms as may be specified by administrative policy. Claims for reimbursement or reports of expenditures of advancements shall be supported by such receipts, vouchers, or other documentation as the Manager or Controller may reasonably require.”

Article V

Fiscal Year

The fiscal year of the Authority shall be the annual period commencing on July 1 and terminating the following June 30, and such annual budgets of the Authority as may be adopted shall be based upon such fiscal year.

Article VI

Records

The official records of the Authority shall be maintained by the Secretary of the Authority at the Authority’s principal place of business, and shall be kept and maintained in accordance with the requirements of law relating to public records of municipal corporations of the State of California.

Article VII

Relating to the Agreement, Severability

The bylaws shall be deemed to complement and supplement the Agreement, and shall be so interpreted. In the event that any bylaw herein, or any portion, term, or provision hereof should be decided by a court of competent jurisdiction to be illegal or in conflict with any law of the State of California, or otherwise be rendered unenforceable

or ineffectual, the validity of the remaining portions or provisions hereof shall not be affected thereby.

Article VIII

Amendments

Amendments to these bylaws may be made from time to time by the Commission of ~~South Bay Side System Authority~~ Silicon Valley Clean Water pursuant to resolution duly adopted.