

**COMMISSION OF SILICON VALLEY CLEAN WATER
JOINT POWERS AUTHORITY
SPECIAL MEETING – Monday, January 25, 2021
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 RON COLLINS, 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. 17
- F. RESCU Program Design-Build Project Status Update.....pg. 20

6. MATTERS OF COMMISSION MEMBER'S INTEREST

7. CONSIDERATION OF MOTION APPROVING CONSENT CALENDAR (begins pg. 28)

8. BUSINESS ITEMS

- A. CONSIDERATION OF RESOLUTION AUTHORIZING SILICON VALLEY CLEAN WATER TO ISSUE DEBT FOR THE REFUNDING OF A STATE REVOLVING FUND LOAN (pg. 63)

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 THE SRF CONTROL BUILDING LOAN

- B. CONSIDERATION OF MOTION TO APPROVE TASK ORDERS AND CONSTRUCTION CONTRACT CHANGE ORDER TO PROTECT SVCW FORCE MAIN INFRASTRUCTURE TO ACCOMMODATE CONSTRUCTION OF THE 1548 MAPLE STREET DEVELOPMENT IN REDWOOD CITY AND CONSIDERATION OF RESOLUTION APPROVING REIMBURSEMENT AGREEMENT WITH DEVELOPER (pg. 66)

Proposed Actions:

- i. Move approval of TASK ORDER FOR DESIGN SERVICES RELATED TO MAPLE STREET FORCE MAIN MODIFICATIONS PROJECT (CIP #9504) IN AN AMOUNT NOT TO EXCEED \$126,100 AND AUTHORIZE MANAGER

TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – KENNEDY/JENKS CONSULTANTS

- ii. Move approval of TASK ORDER FOR CONSTRUCTION MANAGEMENT SERVICES RELATED TO MAPLE STREET FORCE MAIN MODIFICATIONS PROJECT (CIP #9504) IN AN AMOUNT NOT TO EXCEED \$460,422 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – TANNER PACIFIC INC.
- iii. Move approval of TASK ORDER FOR PROJECT MANAGEMENT SERVICES RELATED TO MAPLE STREET FORCE MAIN MODIFICATIONS PROJECT (CIP #9504) IN AN AMOUNT NOT TO EXCEED \$171,612 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – COLLABORATIVE STRATEGIES CONSULTING INC.
- iv. Move approval of CONTRACT CHANGE ORDER TO PUMP STATIONS IMPROVEMENTS PROJECT IN AN AMOUNT NOT TO EXCEED \$3,119,136 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – POWER ENGINEERING CONSTRUCTION
- v. Move adoption of RESOLUTION APPROVING AGREEMENT WITH 1548 MAPLE LLC FOR REIMBURSEMENT OF COSTS RELATED TO MAPLE STREET FORCE MAIN MODIFICATIONS PROJECT AND AUTHORIZING MANAGER TO FINALIZE TERMS AND EXECUTE AGREEMENT

9. CLOSED SESSION

- A. CONFERENCE WITH LEGAL COUNSEL — ANTICIPATED 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 –December 14, 2020 – Special Meeting (pg. 28)

B. CONSIDERATION OF MOTION APPROVING CLAIMS AND CHECKS DATED DECEMBER 1, DECEMBER 11, AND DECEMBER 24, 2020 AND NECESSARY PAYMENTS THROUGH DECEMBER 24, 2020 (pg. 34)

C. CONSIDERATION OF MOTION APPROVING TASK ORDER WITH FIELDMAN, ROLAPP & ASSOCIATES FOR LONG-TERM FINANCIAL PLANNING ADVISORY SERVICES (pg. 36)

Proposed Action:

Move approval of TASK ORDER SCOPE OF WORK AND BUDGET FOR CIP FINANCIAL PLANNING SERVICES (CIP #9158) IN THE AMOUNT NOT TO EXCEED \$500,000– FIELDMAN, ROLAPP & ASSOCIATES

D. CONSIDERATION OF RESOLUTION APPROVING UPDATE TO SILICON VALLEY CLEAN WATER INVESTMENT POLICY AND GUIDELINES (pg. 39)

Proposed Action:

Move adoption of RESOLUTION APPROVING AND ADOPTING REVISION “T” TO ADMINISTRATIVE POLICY 1992-01 ESTABLISHING SILICON VALLEY CLEAN WATER’S INVESTMENT POLICY AND GUIDELINES

E. CONSIDERATION OF MOTION APPROVING TASK ORDER FOR KENNEDY JENKS CONSULTANTS DESIGN AND BID PERIOD SERVICES SCOPE OF WORK AND BUDGET FOR RETURN ACTIVATED SLUDGE PIPELINE REHABILITATION PROJECT (CIP #9120) (pg. 60)

Proposed Action:

Move approval of TASK ORDER SCOPE OF WORK AND BUDGET FOR DESIGN AND BID PERIOD SERVICES RELATED TO THE RETURN ACTIVATED SLUDGE PIPELINE REHABILITATION PROJECT (CIP #9120) IN THE AMOUNT NOT TO EXCEED \$327,980 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – KENNEDY JENKS CONSULTANTS

Microsoft Teams Access Information
Silicon Valley Clean Water
Regular Meeting
Monday, January 25, 2021

WEBSITE: [Link to access meeting](#)

MEETING ID: [202103613#](#)

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

Ocean Safety – Watch Out for Rip Currents!

Rip currents are a danger many of us may not think about while on vacation but is a deadly phenomenon every year on America's beaches. A rip current is a strong but narrow current that flows away from the beach. Rip currents are particularly dangerous because they are difficult to identify, and the worst events can occur during otherwise good weather when your guard might be let down.

Sometimes you can spot a rip current because it can look darker than surrounding waters. They are areas where waves do not break, with breaking waves on either side. You can sometimes see water, or seaweed, moving away from the beach.

If you are headed to the beach, always be aware of current weather conditions and the rip current threat. There are color-coded flags placed on many beaches each day to communicate the current threat.

A green flag (low risk) indicates that strong rip currents are not likely. A yellow flag (moderate risk) means that there is a good chance for strong rip currents and a red flag (high risk) signals that strong rip currents are expected.

If you are caught in a rip current, here are some safety tips ([from NOAA](#)):

- Remain calm to conserve energy and think clearly.
- Never fight against the current.
- Think of it as a treadmill that can't be turned off, which you need to step to the side of.
- Swim out of the current in a direction following the shoreline.
- If you are unable to swim out of a rip current, float or calmly tread water. When out of the current, swim toward shore.
- If you are still unable to reach the shore, draw attention to yourself by waving your arm and yelling for help.

If you see someone in trouble, get help from a lifeguard and throw the victim something that floats. Many people drown while trying to save someone else from a rip current.

AGENDA ITEM 5B

Recurring and Upcoming 2021 Commission Actions
Updated for January 2021 Meeting

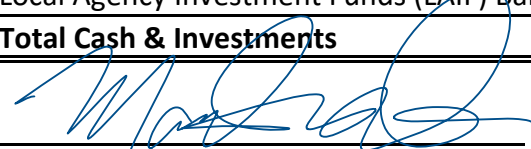
January	February	March	April
<ul style="list-style-type: none"> Review Investment Policy 	<ul style="list-style-type: none"> Long Range Financial Plan (typically in January) CIP Update (annual or biennial) (typically in January) 	<ul style="list-style-type: none"> Budget Workshop 	<ul style="list-style-type: none"> Budget Approval
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"> Commission Meeting schedule for following year Audited Financial Report

-  - Recurring Commission Actions
-  - Upcoming Commission Actions

AGENDA ITEM 5C

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

Description	Market Value	% of Total Holdings	Yield
<u>Reserve Accounts</u>			
Operating Reserve* - Securities	\$ 3,508,083	2.7%	1.2%
Operating Reserve - Money Market Fund Balance	331,419	0.3%	0.0%
CIP Reserve* - Securities	17,433,788	13.6%	1.9%
CIP Reserve - Money Market Fund Balance	290,578	0.2%	0.0%
Stage 2 Capacity Reserve* - Securities	13,688,946	10.7%	1.9%
Stage 2 Capacity Reserve - Money Market Fund Balance	985,115	0.8%	0.0%
Total Market Value: Operating and Reserve Accounts	\$ 36,237,929	28.2%	1.8%
Total Accrued Interest: Operating and Reserve Accounts	172,293		
GRAND TOTAL, OPERATING AND RESERVE ACCOUNTS	\$ 36,410,222		
<u>Bond and Notes Accounts</u>			
Trustee Accounts:			
2018 Project Fund Account - CAMP	\$ 14,895,051	11.6%	0.1%
2018 Revenue Account	5,022	0.0%	0.0%
2019A Notes WIFIA* - Securities	47,284,592	36.8%	2.1%
2019A Notes WIFIA - Money Market Fund	7,055,845	5.5%	0.0%
2019A Capitalized Interest Account* - Securities	21,899,765	17.1%	1.6%
2019A Capitalized Interest Account - Money Market Fund	8,176	0.0%	1.6%
2014 Revenue Account	451	0.0%	0.0%
2014 Interest Account - Money Market Fund	13	0.0%	-
2014 Principal Account - Money Market Fund	7	0.0%	-
2015 Revenue Account	173	0.0%	0.1%
Total Market Value, Trustee Accounts	\$ 91,149,096	71.0%	1.5%
Accrued Interest:	387,895		
Operating Cash (includes outstanding checks)	761,734	0.6%	
Local Agency Investment Funds (LAIF) Balance	220,677	0.2%	0.5%
Total Cash & Investments	\$ 128,929,625	100.00%	1.6%


Matthew P Anderson
Chief Financial Officer / Assistant Manager

1/14/2021
Date

* Monthly report of security transactions and interest available upon request

Silicon Valley Clean Water
Operating and Reserve Funds - Sector Allocation & Compliance Dec. 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	\$ 1,096,689	\$ 5,666,875	\$ 4,760,800	\$ 11,524,364	31.7%	100%	✓	(0.3%)
Supranationals	200,866	-	-	200,866	0.6%	100%	✓	(0.0%)
Federal Agency/GSE	1,319,013	2,964,059	2,240,932	6,524,004	17.9%	100%	✓	(0.9%)
Federal Agency CMO	-	2,576,735	1,827,339	4,404,074	12.1%	100%	✓	(0.6%)
Federal Agency MBS	-	1,326,379	1,239,571	2,565,950	7.0%	100%	✓	(0.4%)
Municipal	-	1,084,342	845,137	1,929,479	5.3%	100%	✓	0.7%
Corporate Notes	665,974	3,815,399	2,775,167	7,256,540	19.9%	30%	✓	(0.6%)
Asset-Backed Securities	225,541	-	-	225,541	0.6%	10%	✓	(0.0%)
Securities Sub-Total	\$ 3,508,083	\$ 17,433,788	\$ 13,688,946	\$ 34,630,817	95.1%			
Accrued Interest	10,169	90,991	71,132	172,293	0.5%			
Securities Total	\$ 3,518,252	\$ 17,524,780	\$ 13,760,079	\$ 34,803,110	95.6%			
Money Market Fund	331,419	290,578	985,115	1,607,112	4.4%	20%	✓	2.0%
Total Investments	\$ 3,849,671	\$ 17,815,358	\$ 14,745,193	\$ 36,410,222	100%			
As % of 6/30/21Target:	102%	100%	100%	100%				

This report contains financial information which has not been reviewed or audited by an independent auditor, does not reflect the application of generally accepted accounting principles in all instances and is subject to future revision. This report has not been prepared with a view to informing an investment decision in any of the Authority's bonds, notes or other obligations. Any projections, plans or other forward-looking statements included in this report are subject to a variety of uncertainties that could cause any actual plans or results to differ materially from any such statement. The information herein is not intended to be used by investors or potential investors in considering the purchase or sale of the Authority's bonds, notes or other obligations and investors and potential investors should rely only on information filed by the Authority on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System for municipal securities disclosures and website, maintained on the World Wide Web at <https://emma.msrb.org>

- 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*
- 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.*

AGENDA ITEM 5D

**ENGINEERING REPORT: DECEMBER 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.

A new development is occurring (1548 Maple Street) in the vicinity of the Redwood City Pump Station. Work to protect SVCW's force mains in the area is required; a Contract Change Order to the PSI project will be presented to the Commission for approval to complete required protective work.

Planned Commission Actions: Approve PSI Project Contract Change Order -
January 2021

Return Activated Sludge (RAS) Pipeline Rehabilitation Project (9120): Rehabilitation of RAS pumps suction pipeline.

This project includes rehabilitation of RAS pumps suction pipe that has lost 10% to 30% of wall thickness due to corrosion. Design by Kennedy/Jenks includes preparing plans and specifications. The project will be procured under design-bid-build method.

Planned Commission Actions: Approve Design Services Task Order – January 2021

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 and miscellaneous support systems for the installed equipment.

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

AGENDA ITEM 5E

Silicon Valley Clean Water
Commissioners' Requested Action Items

JANUARY 25, 2021
AGENDA ITEM 5E

Updated: 1/14/2021

Commission Meeting Date		Action Item	Requested or Estimated Date for Completion	Status			Date of Completion	Notes
				Ongoing	In Progress	Complete		
12/14/2020	1	2021 Commission Meeting Dates	12/14/2020			✓		Confirm dates for Commission meetings in 2021. Done at 12/14 meeting. Three Special meetings scheduled due to holidays.
	2	Project Changes/Commission Notification	N/A	✓				Ensure Commission is kept apprised of possible/potential project cost and/or schedule increases.
11/16/2020	1	Muck Disposal	N/A	✓				Report monthly on availability and cost for muck disposal for Gravity Pipeline project.
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 UC Berkeley.
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

Silicon Valley Clean Water
Commissioners' Requested Action Items

JANUARY 25, 2021
AGENDA ITEM 5E

Updated: 1/14/2021

Commission Meeting Date	Action Item		Requested or Estimated Date for Completion	Status			Date of Completion	Notes
				Ongoing	In Progress	Complete		
1/27/2020	1	Clarify verbiage in Local 39-SVCW MOU Side Letter	N/A			✓	3/2/2020	Clarify that the term "bi-weekly" equates to two times per month; i.e., coincides with pay periods.
	2	Clarify Financial Impact section on Agenda Letters	3/9/2020			✓	3/2/2020	Simplify the financial impact section to enable the reader to more readily decipher the information.
	3	Investment Policy Re-work	3/9/2020			✓	2/24/2020	SVCW CFO reach out to Bel CFO to discuss strategy further. Bring item to March meeting for consideration.
	4	CIP Update Document	N/A			✓	1/28/2020	Email CIP document to WBSD Commissioner and upload to website. For future, include CIP document with the agenda packet, especially the CEQA table.
12/16/2019	1	WWTP Underslab Piping	N/A			✓	1/27/2020	Describe plans for investigating condition of underslab piping
	2	Improve readability of presentations	1/27/2020			✓	3/9/2020	Some slides hard to read on screen and in handouts; improve all powerpoint presentations' readability.
	3	Practice for use of risk registers on projects	N/A			✓	1/9/2020	Information shared at Technical Committee meeting.
> 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

Overview



RESCU Program describes eleven projects which constitute full replacement and rehabilitation of SVCW's conveyance system. RESCU includes the Gravity Pipeline, Front of Plant, Pump Stations, and Belmont Force Main projects. The Front of Plant includes six and Pump Stations includes four of the eleven projects. The Conveyance System Improvements Environmental Impact Report completed and adopted by the SVCW Commission in April 2017 covers work to be done under all the RESCU Program projects.

Available Budget

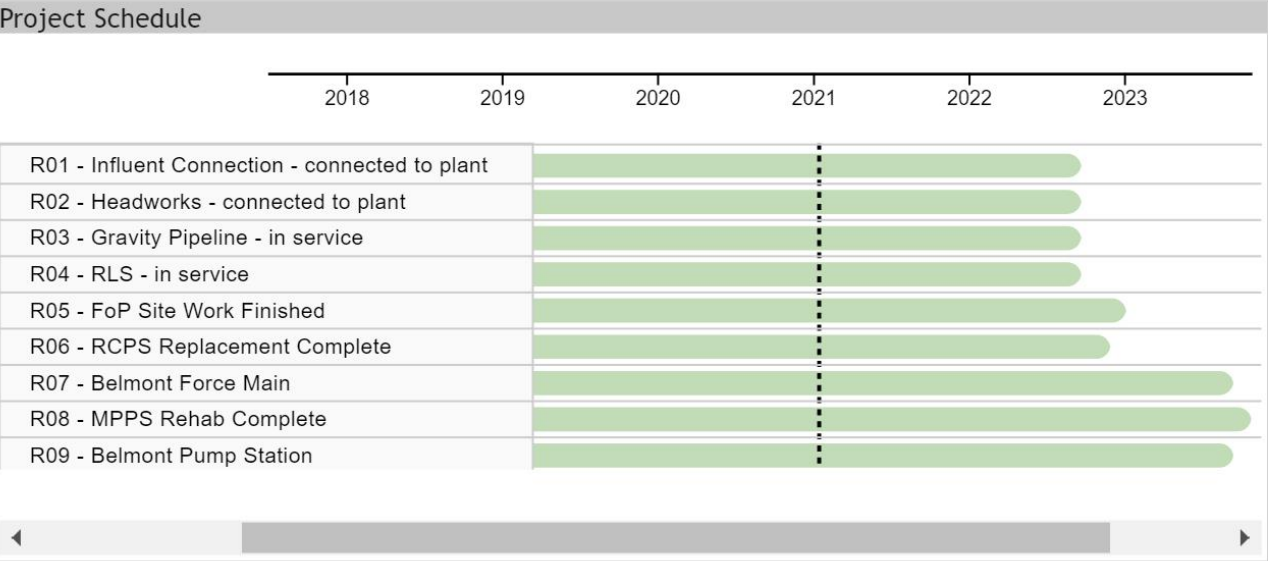
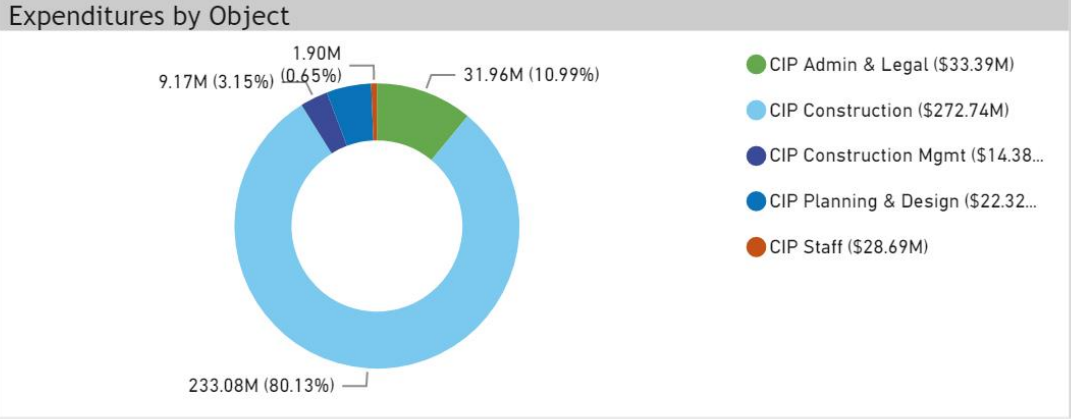
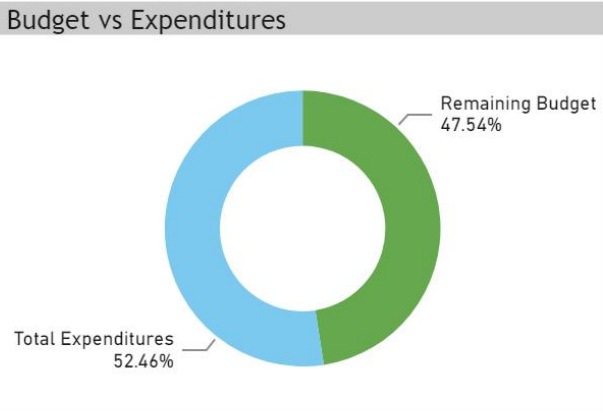
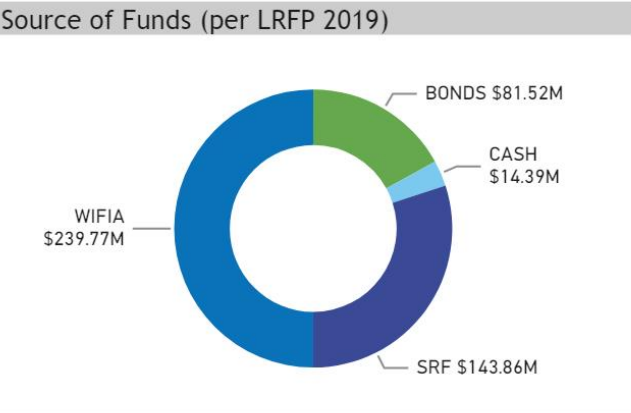
\$554.36M

Total Expenditure

\$290.88M

Remaining Budget

\$263.48M



AGENDA ITEM 5F

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

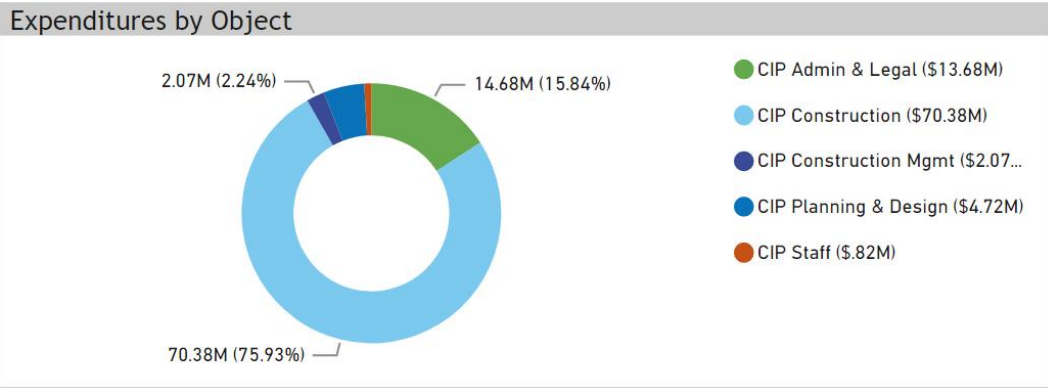
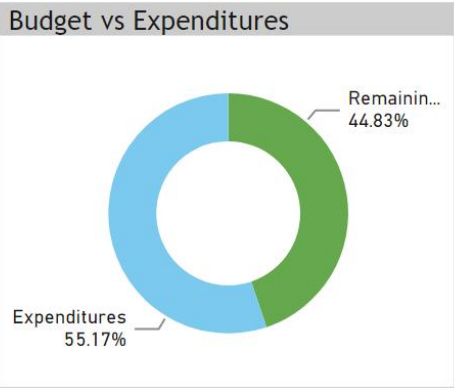
Total Expenditure

\$89.35M

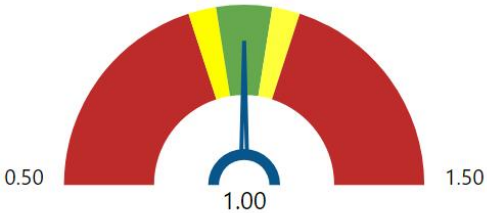
Remaining Budget

\$72.60M

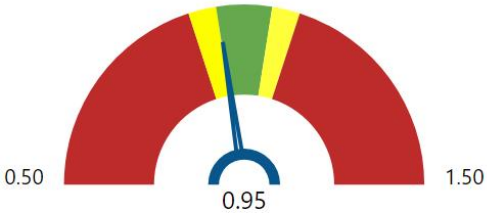
Milestone Schedule		
	Start	Finish
Influent Pipeline Completed	7/24/2020	4/13/2022
Headworks Facility Completed	12/6/2018	11/5/2021
SFS/RLS Completed	12/6/2018	7/1/2022
Start-up and Commissioning	1/28/2022	8/31/2022



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. O&M is reviewing a chapter of the first draft. - SPJV continued developing the start-up and testing plan for Operations to review. - SPJV continued detailing the design of the utilidor, the 60" IPL Flow Meter and hose bib 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 electrical subcontractor continued installation of lighting fixtures at the Headworks Facility. - SPJV's specialty subcontractor completed installation of the roofing membrane system at the Electrical Building. - SPJV's HVAC subcontractor continued installing ducting in the Storage Rooms and Electrical Room, and continued installing HVAC mechanical equipment on the roof of the Electrical Building. - SPJV's specialty subcontractor continued coating the Headworks Facility channels. - SPJV installed the mounting plates in the two enclosed stairwells in the RLS shaft and completed the installation of the aluminum stair systems. - SPJV began construction the CMU retaining wall. SPJV backfilled the 63-inch IPL in Zone 1, 2, 3 and 4.

3 - Month Look Ahead

	Start	End	January	February	March
Construction of Stairwell and Elevator Structures at RLS Roof	October 12, 2020	January 26, 2021	X		
Construction of the IPL Retaining Wall	September 1, 2020	January 28, 2021	X		
Form/Set Rebar/Place Concrete for Precast RLS Roof Sections	December 30, 2020	March 10, 2021	X	X	X
Install 3W Connection Piping	February 10, 2021	March 9, 2021		X	X
Install BTF & GAC Odor Control Units	December 22, 2020	January 26, 2021	X		
Install Grit Removal Equipment	January 5, 2021	April 14, 2021	X	X	X
Install permanent lighting around Headworks Facility	November 24, 2020	March 24, 2021	X	X	X
Install RLS Pump Discharge Piping	January 6, 2021	March 17, 2021	X	X	X
Install Supports and FRP Ducting for Odor Control System	January 18, 2021	May 12, 2021	X	X	X
Northern Storm Drain System Installation	December 29, 2020	March 2, 2021	X	X	X
Supports, Piping and Meters in the Headworks Influent Channel	January 20, 2021	March 29, 2021	X	X	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

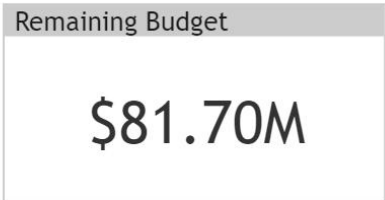
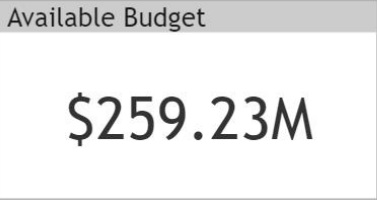
Safety Spot Light

Lost Time	0
Near Misses	5
Recorded Losses	2

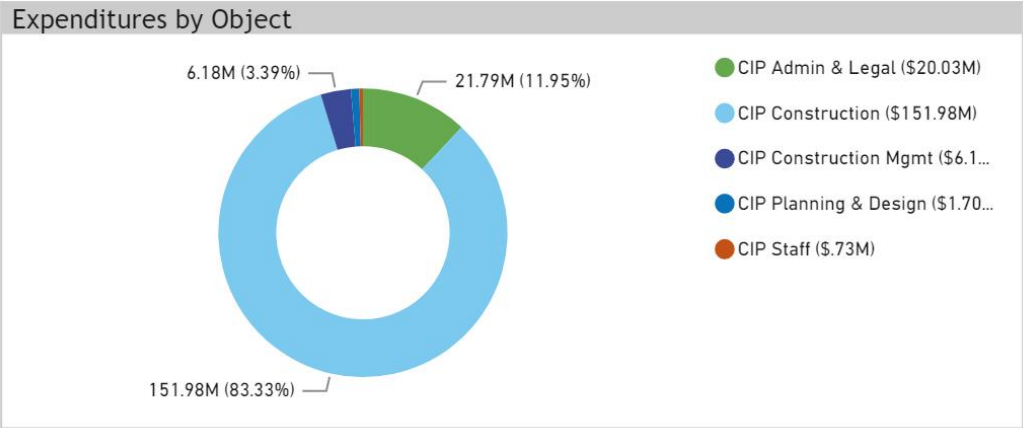
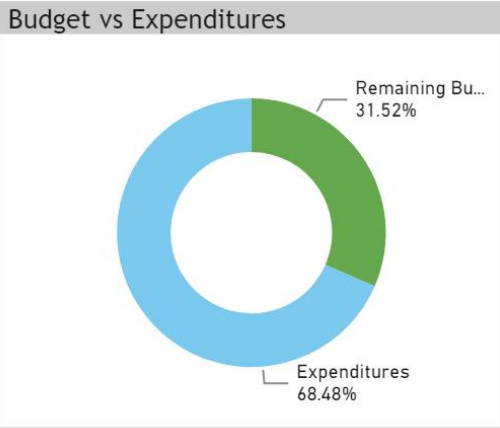
Gravity Pipeline Progressive DB Project (CIP 6008)



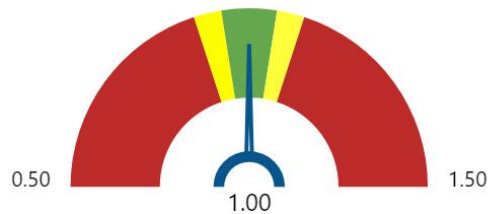
The Gravity Pipeline (GP) Project consists of the design, construction, permitting, start-up, commissioning, and closeout of approximately 17,600 feet of wastewater gravity FRP pipe inside a concrete-segment tunnel. The work includes three shafts and will interface directly with the Front of Plant (FoP)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



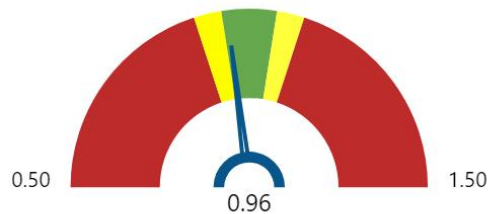
Milestone Schedule		
	Start	Finish
100% Design Documents		3/2/2021
San Carlos Shaft Construction	6/15/2020	2/26/2021
TBM Drive (AAS to SFS)	7/6/2020	6/11/2021
FRP Pipe Installation	11/16/2020	3/4/2022
Final Commissioning		7/1/2022



Cost Performance Index (CPI)



Schedule Performance Index (SPI)



Major Accomplishments this Period

Design	- BBJV continues 100% design development for San Carlos and Bair Island piping.
Procurement of Trade Packages	- Muck Offhaul contract with Oyster Bay was executed - SFS Ground Improvement package in progress - Outreach in conformance with SRF and WIFIA funding requirements
Construction	- BBJV continued tunneling the second drive to the SFS - BBJV completed site access modifications at the San Carlos Pump Station - BBJV continued pipe installation from Bair Island to San Carlos Pump Station

Potential Issues

Additional costs for SFS Break-in approach
Elevated levels of potentially hazardous chemicals detected during construction of San Carlos shaft support of excavation.
San Carlos Site Access Modifications

3 - Month Look Ahead

	Start	End	January	February	March
100% Design Completion	August 10, 2018	March 2, 2021	X	X	X
FRP Pipe installation from Bair Island	November 16, 2020	January 15, 2021	X		
San Carlos Adit Construction	March 1, 2021	June 9, 2021			X
San Carlos Shaft Excavation	January 25, 2021	February 26, 2021	X	X	
Second tunnel drive to SFS	July 6, 2020	June 11, 2021	X	X	X
SFS Break-in Preparation	November 25, 2020	April 12, 2021	X	X	X

Project Changes

Bair Island Force Main Exposure and Additional Monitoring
Bair Island Weir Optimization
Exceedence of Muck Offhaul Allowance
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

\$29.53M

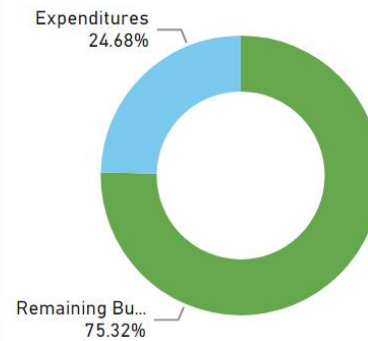
Remaining Budget

\$90.15M

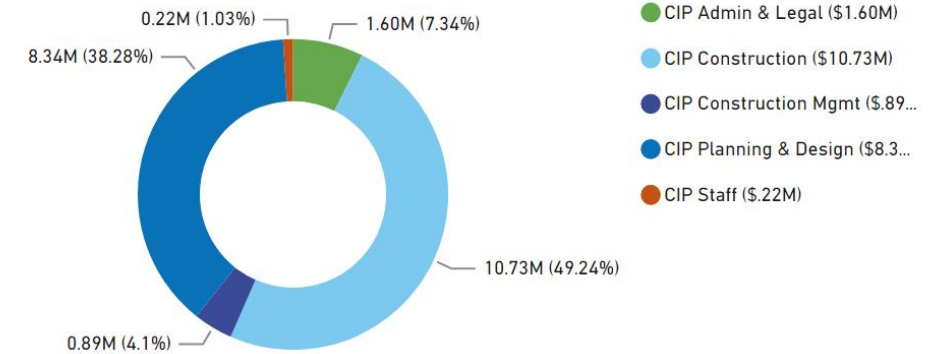
Milestone Schedule

	Start	Finish
MPPS - Mobilize	4/1/2021	4/21/2021
MPPS - Site Modifications	4/22/2020	10/28/2022
MPPS - Pump Station Rehabilitation	8/27/2021	10/19/2022
BGP - Mobilize	12/21/2020	1/12/2021
BGP - Pipe Installation Completed	1/7/2021	2/3/2023
RCPS - Remaining Work Package Development	11/11/2020	1/13/2021
RCPS - Site Demo	11/30/2020	1/7/2021
RCPS - PG&E Service Work	3/2/2021	5/21/2021
RCPS - Facility Construction	1/8/2021	6/5/2023
Segment 1 Force Main Junction Box Recoating	12/2/2020	3/2/2021

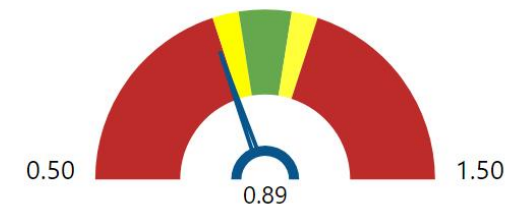
Budget vs Expenditures



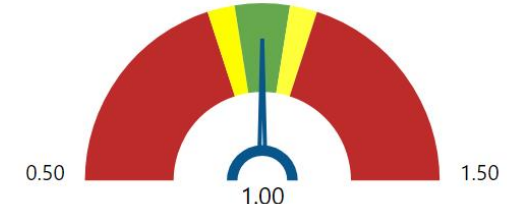
Expenditures by Object



Schedule Performance Index (SPI)



Cost Performance Index (CPI)



Major Accomplishments this Period

Design	- Developing the final 100% construction drawings.
Construction	- Completed asphalt and scrubber bed demolition at the RCPS. - Mobilized in the Izzy's Parking Lot for BGP work.

Potential Issues

Schedule challenges from permitting and land acquisition conditions

3 - Month Look Ahead

	Start	End	January	February	March
BGP - Phase 1	December 21, 2020	March 31, 2021	X	X	X
BGP - Phase 2	March 18, 2021	November 11, 2021			X
BGP - Procurement	December 31, 2020	August 13, 2021	X	X	X
MPPS - Procurement	December 31, 2020	August 27, 2021	X	X	X
RCPS - 100% Design Development - Remaining Work	November 11, 2020	January 13, 2021	X		
RCPS - Permits & Easements Acquisition	June 11, 2020	March 1, 2021	X	X	X
RCPS - PG&E Service	March 2, 2021	May 21, 2021			X
RCPS - Procurement	December 31, 2020	July 16, 2021	X	X	X
RCPS - Site Demo	November 30, 2020	January 7, 2021	X		
RCPS - Wet Well & Screening Building Excavation and Backfill	January 8, 2021	March 18, 2022	X	X	X
Segment 1 Force Main Junction Box Recoating	December 2, 2020	March 2, 2021	X	X	X

Project Changes

BGP Design Development
Segment 1 Force Main Junction Box Repairs

Safety Spot Light

Lost Time	0
Near Misses	0
Recorded Losses	0

AGENDA ITEM 7A

MINUTES OF SILICON VALLEY CLEAN WATER

SPECIAL MEETING – December 14, 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
Cameron Zeller, Tanner Pacific, Inc
Sheryl Chia, Kennedy/Jenks
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
Molly Flowerday, City of Redwood City
Lesley Murphy, PFM

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 on how to safely decorate for the holidays.

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

ITEM 6**MATTERS OF COMMISSION MEMBER'S INTEREST**

Commission meeting calendar was discussed and set for calendar year 2021.

ITEM 7**CONSIDERATION OF MOTION APPROVING CONSENT CALENDAR ITEMS 7A THROUGH 7G**

- A. APPROVAL OF MINUTES – November 16, 2020 Regular Meeting
- B. CONSIDERATION OF MOTION APPROVING CLAIMS AND CHECKS DATED OCTOBER 30, NOVEMBER 13, AND NOVEMBER 25, 2020 AND NECESSARY PAYMENTS THROUGH NOVEMBER 25, 2020
- C. CONSIDERATION OF MOTION APPROVING MITIGATION MONITORING AND CEQA COMPLIANCE TASK ORDER

Proposed Action:

Move approval of TASK ORDER SCOPE AND BUDGET FOR ENVIRONMENTAL CONSULTING SERVICES DURING DESIGN-BUILD IN AN AMOUNT OF \$284,900 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – DAVID J POWERS AND ASSOCIATES

- D. CONSIDERATION OF RESOLUTION APPROVING UPDATED SVCW STANDARD CONTRACT DOCUMENTS, VERSION DECEMBER 2020

Proposed Action:

Move adoption of RESOLUTION APPROVING SVCW'S STANDARD LONG-FORM CONTRACT DOCUMENTS, STANDARD SHORT-FORM CONTRACT DOCUMENTS AND STANDARD PROCUREMENT CONTRACT DOCUMENTS - VERSIONS DECEMBER 2020

E. CONSIDERATION OF MOTION ACCEPTING ANNUAL AUDITED FINANCIAL REPORT AS OF JUNE 30, 2020

Proposed Action:

Move approval of RECEIPT AND ACCEPTANCE OF BASIC FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT FOR YEAR ENDED JUNE 30, 2020

F. CONSIDERATION OF RESOLUTION AND MOTION AWARDED CONSTRUCTION CONTRACT AND APPROVAL OF TASK ORDER FOR ENGINEERING SERVICES DURING CONSTRUCTION FOR THE PRIMARY CHANNELS REHABILITATION AND HATCH REPLACEMENT PROJECT (CIP #9241)

Proposed Actions:

- i. Move adoption of RESOLUTION APPROVING CONSTRUCTION CONTRACT DOCUMENTS FOR PRIMARY CHANNELS REHABILITATION AND HATCH REPLACEMENT PROJECT (CIP #9241); ACCEPTING BID OF LOWEST RESPONSIBLE BIDDER, REJECTING ALL OTHER BIDS; AND AUTHORIZING EXECUTION OF AGREEMENT, DIRECTING RETURN OF SECURITY DEPOSITS AND AUTHORIZING MANAGER TO APPROVE CONTRACT CHANGE ORDERS UP TO TEN PERCENT OF THE CONTRACT PRICE FOR SAID PROJECT – ERS INDUSTRIAL SERVICES, INC. (\$2,374,020)
- ii. Move approval of TASK ORDER SCOPE AND BUDGET FOR ENGINEERING SERVICES DURING CONSTRUCTION FOR PRIMARY CHANNELS REHABILITATION AND HATCH REPLACEMENT PROJECT (CIP #9241) IN AN AMOUNT NOT TO EXCEED \$197,520 AND AUTHORIZE MANAGER TO APPROVE UP TO A TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – KENNEDY JENKS

G. CONSIDERATION OF RESOLUTION AND MOTIONS AWARDED CONSTRUCTION CONTRACT AND APPROVAL OF TASK ORDERS FOR ENGINEERING SERVICES DURING CONSTRUCTION FOR THE STANDBY GENERATORS FEED RELOCATION & ELECTRICAL PANEL UPGRADES (CIP #9240)

Proposed Actions:

- i. Move adoption of RESOLUTION ACCEPTING CONTRACT DOCUMENTS AND ACCEPTING BID OF LOWEST RESPONSIBLE BIDDER FOR THE STANDBY GENERATORS FEED RELOCATION & ELECTRICAL PANEL UPGRADES PROJECT (CIP #9240); REJECTING ALL OTHER BIDS, AUTHORIZING EXECUTION OF AGREEMENT FOR SAID WORK,

DIRECTING RETURN OF SECURITY DEPOSITS THEREFORE, AND AUTHORIZE MANAGER TO APPROVE CHANGE ORDERS UP TO TEN PERCENT OF THE CONTRACT VALUE FOR SAID PROJECT \$3,024,200 – D.W.Nicholson

- ii. Move approval of TASK ORDER SCOPE OF WORK AND BUDGET FOR ENGINEERING SERVICES DURING CONTRUCTION AND REPLAY PROGRAMMING FOR THE STANDBY GENERATORS FEED RELOCATION & ELECTRICAL PANEL UPGRADES (CIP #9240) PROJECT IN AN AMOUNT NOT TO EXCEED \$392,028 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – BEECHER ENGINEERING
- iii. Move approval of TASK ORDER SCOPE OF WORK AND BUDGET FOR STRUCTURAL AND CIVIL ENGINEERING DESIGN SERVICES FOR THE STANDBY GENERATORS FEED RELOCATION & ELECTRICAL PANEL UPGRADES (CIP #9240) PROJECT IN AN AMOUNT NOT TO EXCEED \$93,007 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – BROWN AND CALDWELL

Motion/Second: Mr. Olbert / Mr. Otte

The Motion carried by Unanimous Roll Call Vote

ITEM 8A

CONSIDERATION OF RESOLUTION AND MOTIONS AWARDDING CONSTRUCTION CONTRACT AND TASK ORDER FOR ENGINEERING SERVICES DURING CONSTRUCTION FOR THE LABORATORY HVAC REHABILITATION PROJECT (CIP #9251)

Proposed Actions:

- i. Move approval to SUSPEND COMPETITIVE BIDDING REQUIREMENTS FOR LABORATORY HVAC REHABILITATION PROJECT (CIP #9251) ON THE GROUNDS THAT THE PUBLIC INTEREST WOULD NOT BE SERVED BY STRICT COMPLIANCE WITH SAID REQUIREMENTS (5/7th WEIGHTED VOTE COUNT REQUIRED)
- ii. Move adoption of RESOLUTION APPROVING CONSTRUCTION CONTRACT DOCUMENTS FOR LABORATORY HVAC REHABILITATION PROJECT (CIP #9251) AND AWARD OF CONTRACT; AUTHORIZE EXECUTION OF AGREEMENT AND AUTHORIZE MANAGER TO APPROVE CONTRACT CHANGE ORDERS UP TO TEN PERCENT OF THE CONTRACT PRICE FOR SAID PROJECT – BLOCKA CONSTRUCTION, INC. (\$2,282,650)

- iii. Move approval of TASK ORDER FOR ENGINEERING SERVICES DURING CONSTRUCTION FOR LABORATORY HVAC REHABILITATION PROJECT (CIP #9251) IN AN AMOUNT NOT TO EXCEED \$80,000 AND AUTHORIZE MANAGER TO APPROVE UP TO A TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – INTEGRAL GROUP

Motion/Second: Mr. Olbert / Mr. Otte

The Motion carried by Unanimous Roll Call Vote

ITEM 8B

CONSIDERATION OF MOTION APPROVING CONTRACT CHANGE ORDER TO THE PUMP STATIONS IMPROVEMENTS PROJECT (PSI) DESIGN-BUILD AGREEMENT WITH SHEA PARSONS JOINT VENTURE (SPJV) FOR THE BELMONT GRAVITY PIPELINE CONSTRUCTION

Proposed Action:

Move approval of CONTRACT CHANGE ORDER TO THE PUMP STATIONS IMPROVEMENTS PROJECT (CIP #9501) IN THE AMOUNT NOT TO EXCEED \$4,155,170 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – JFSHEA/PARSONS JOINT VENTURE

Motion/Second: Dr. Lieberman / Mr. Olbert

The Motion carried by Unanimous Roll Call Vote

ITEM 9

CLOSED SESSION – No closed session

ITEM 10

RECONVENE IN OPEN SESSION – No closed session

ITEM 11

ADJOURN

There being no further business, the meeting adjourned at 9:11 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 November 30 – December 14, 2020 and December 15 – December 28, 2020, were scanned and a copy was emailed to Commissioners and Legal Counsel on January 20, 2021.

AGENDA ITEM 7C

**SVCW LONG-TERM FINANCIAL PLANNING
FINANCIAL ADVISORY SERVICES TASK ORDER APPROVAL**

ISSUE

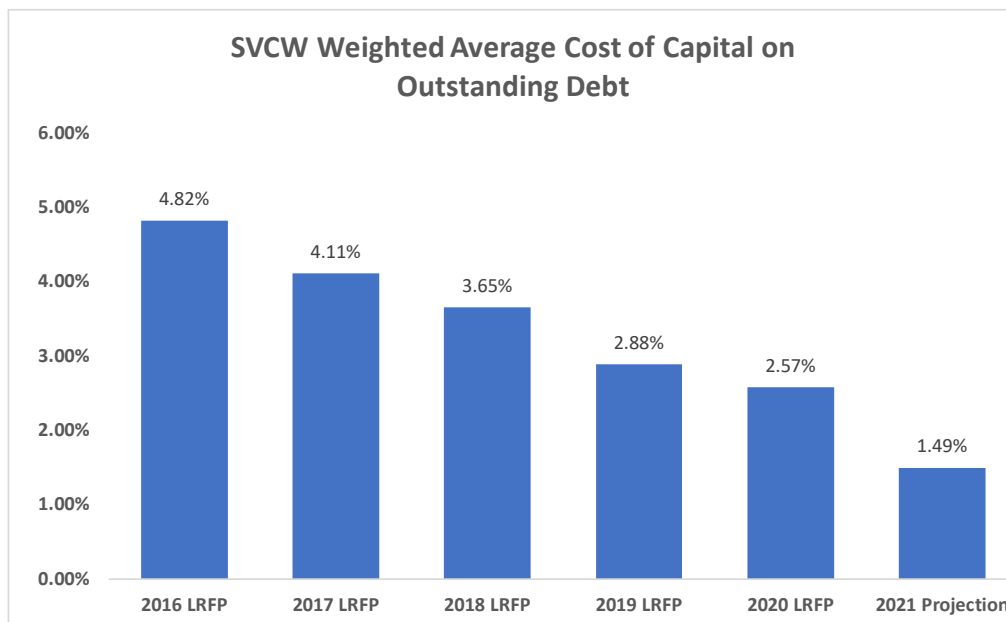
Approve Task Order with Fieldman, Rolapp & Associates for Long-Term Financial Planning Advisory Services

BACKGROUND

Over 200 projects in SVCW's Capital Improvement Program (CIP) have been completed and the largest program within the CIP, Regional Environmental Sewer Conveyance Upgrade (RESCU) program, is in construction. Funding projects within the CIP largely has been through a variety of long-term debt structures, the most significant of which includes governmental loans from the U.S. Environmental Protection Agency (EPA) and the State Water Resources Control Board (SWRCB). Through development and updates to its Long-Range Financial Plan (LRFP), SVCW and Fieldman, Rolapp & Associates (FRA) developed a debt strategy aimed at lowering borrowing costs.

DISCUSSION

Since 2015 FRA has advised SVCW with financial models and debt advisory services. As a Municipal Advisory Firm, FRA assisted in the applications for EPA's Water Infrastructure Financial Innovation Act Loans and SWRCB State Revolving Fund Loans. It also supported the issuance of three series of Wastewater Revenue Bonds and Interim Construction Notes. Finally, FRA helped negotiate and secure SVCW's Line of Credit. Through these activities, and as market conditions improved, SVCW's Weighted Average Cost of Capital has continually improved.



FRA is well-known and highly regarded in the California utilities market for its services related to water and wastewater. Mr. Robert Porr, as Senior Vice President, serves as

Engagement/Project Manager for SVCW. FRA's expertise and statewide experience augments SVCW staff to achieve its goal to obtain low-cost borrowing.

As SVCW continues to seek low-cost borrowing, FRA will assist staff to complete the necessary transactions. Additionally, FRA will provide assistance to staff in its annual updates to its Long-Range Finance Plan. Staff anticipates presenting the 2021 LRFP to the Commission at its February meeting.

Since July 2015, SVCW has authorized \$670 thousand to FRA for its services. Remaining work includes two additional WIFIA Loans, possibly two issuances of Interim Notes to support those WIFIA Loans, one new SRF Loan, one renewal of a Line of Credit, and ongoing planning services. Budget for FRA's services is anticipated to be approximately \$500 thousand and is expected to last until the end of 2023, when the funding for known CIP projects is complete. Work will be authorized and charged on a time and expense basis.

FINANCES

Funds derive from CIP project #9158, CIP Financial Assistance, which has a remaining balance of \$504,313 as of January 01, 2021.

RECOMMENDATION

Move approval of TASK ORDER SCOPE OF WORK AND BUDGET FOR CIP FINANCIAL PLANNING SERVICES (CIP #9158) IN THE AMOUNT NOT TO EXCEED \$500,000 – FIELDMAN, ROLAPP & ASSOCIATES

AGENDA ITEM 7D

SILICON VALLEY CLEAN WATER INVESTMENT POLICY AND GUIDELINES

ISSUE

Review and Update Silicon Valley Clean Water Investment Policy and Guidelines

BACKGROUND

Investments of SVCW funds are governed by California Government Code Section 53600, et seq and by the Authority's Investment Policy. The Investment Policy serves as a strategic guide for planning, implementation, and oversight of investments.

In July 1992, SVCW adopted an Investment Policy and Guidelines (Policy No. 1992-01, or "the Investment Policy") to formally guide the investment of all surplus funds not required for immediate use by SVCW. The Investment Policy requires annual Commission review and approval of changes proposed by staff. Policy No. 1992-01 was last updated as Revision S at the March 09, 2020 Commission meeting.

DISCUSSION

The Investment Policy governs how SVCW and its investment advisor, PFM Asset Management LLC (PFM), manage three distinct Cash Reserve Funds:

Reserve Fund	As of 11/30/2020 (\$ Millions)
Operating Reserve	\$ 3.84 million
Capital Improvement Plan Reserve	17.59 million
Stage 2 Capacity Reserve	<u>13.75 million</u>
TOTAL	\$35.18 million

Proposed amendments are shown in the attached "redline" version of the Investment Policy. The recommended changes are minor, reflect recent updates to sections of California Government Code, and/or provide additional clarity. They include:

- **Section VI, Subsection 9:** The policy recognizes Assembly Bill 857 ("AB857") which provides for the establishment of public banks by local agencies, subject to approvals by the Department of Business Oversight and the Federal Deposit Insurance Corporation. As a result, subsection (r) was added to Government Code Section 53601, which permits local agencies to invest in commercial paper, debt securities, or other obligations of such public banks.

PFM, SVCW's Financial Advisor, is not aware of any such public banks. It also recommends any such public bank be reviewed for credit quality before SVCW directly invest in the debt obligations of such a bank.

It was noted, however, that the addition of subsection (r) impacted the language in subsection (p) regarding shares of beneficial interest issued by a Joint Powers Authority, which is allowed by SVCW Policy and therefore recommends subsection (r) be included in the policy.

- **Section VI, Subsection 10:** To better assess the creditworthiness of financial instruments, language was added to require the issuing entity “has commercial paper that is rate ‘A-1’ or higher by a National Recognized Statistical Ratings Organization (NRSRO).” Since the issuing entities of the commercial paper in SVCW’s portfolio already meet this requirement, the inclusion of this requirement will not impact the management of its portfolio. Rather, this change brings the written Policy into better alignment with specific Government Code language.
- **Section X:** Language was modified related to the CFO’s reporting of monthly transactions to better reflect current practices of having such reports available.

FINANCES

No financial impact is associated with the proposed changes.

RECOMMENDATION

Move adoption of RESOLUTION APPROVING AND ADOPTING REVISION “T” TO ADMINISTRATIVE POLICY 1992-01 ESTABLISHING SILICON VALLEY CLEAN WATER’S INVESTMENT POLICY AND GUIDELINES

Silicon Valley Clean Water

COMMISSION POLICY NO. 1992-01

APPROVED BY: _____

Revision: ~~S-T~~

Revision Date:

~~3/09/2020~~01/25/2021

Issue Date: 07/20/1992

Approved by the SVCW Commission at a ~~Public~~ Meeting held on ~~March 9, 2020~~January 25, 2021 by Resolution No. SVCW ~~20-0721-01~~

SUBJECT: Silicon Valley Clean Water Investment Policy and Guidelines

PURPOSE:

The purpose of this Investment Policy (the “Policy”) is to establish the investment policy and guidelines to be followed in the investment of all Silicon Valley Clean Water (“SVCW” or the “Authority”) surplus funds not required for immediate use by SVCW. All investment of such surplus monies is governed by California Government Code Section (CGC) 53600, et seq. and by the Policy.

To the extent possible, all money belonging to or in the custody of SVCW required for the immediate use of the Authority shall be deposited for safekeeping pursuant to relevant CGC sections, including Sections 53635.2, 53637-53645 and 53649.

SCOPE:

This Policy applies to all funds and investment activities of the Authority except the investment of bond proceeds, which are governed by the appropriate bond documents, and any pension or other post-employment benefit funds held in a trust.

RESPONSIBILITIES:

The Chief Financial Officer (CFO) shall have the responsibility of investing all Authority surplus funds in accordance with this Policy, providing regular investment reports to the Commission (as described in more detail in Section X of this Policy), and allocating interest to each fund.

The SVCW Commission shall have the responsibility of annually reviewing the Investment Policy and Guidelines and approving proposed changes.

POLICY:

I. INTRODUCTION

Authority monies not required for immediate expenditure will be invested in compliance with governing provisions of law, the Joint Exercise of Powers Agreement establishing the Authority and this Policy.

Funds of the Authority will be invested in accordance with California Government Code Sections 53601 through 53686 and with sound treasury management.

Investments will be made in a range of instruments to ensure diversification of the Authority's portfolio and liquidity of assets.

II. STANDARD OF CARE

Prudence: All investments shall be made within the policy framework of liquidity and safety with the judgment and care which a prudent and intelligent person would, under circumstances then prevailing (including, but not limited to, the general economic conditions and the anticipated needs of SVCW), exercise in the management of his/her affairs. The standard of prudence to be used by investment officials will be the “prudent investor” standard, which states that “when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.”

Ethics: Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program or which could impair their ability to make impartial investment decisions. All investment personnel shall comply with reporting requirements of applicable state laws including annual filing of Statements of Economic Interest.

III. OBJECTIVES The primary investment objectives of this policy in order of priorities are:

Safety: Safety of the principal shall be the top priority in consideration of any investment undertaken by the CFO. The portfolio shall be so diversified that the losses, if any, on particular securities shall be offset by the revenue generated from other investments. The Authority’s portfolio shall be actively managed. Therefore, securities may be sold prior to maturity if doing so would better align the portfolio with its selected performance benchmark, and/or increase the earnings potential or credit quality of the portfolio. The Authority shall seek to preserve principal by mitigating credit risk and market risk.

Credit risk: Defined as the loss due to failure of the issuer of a security, shall be mitigated by investing in investment grade securities and by diversifying the investment portfolio so that failure of any one issue does not unduly harm the Authority's capital base and cash flow. In the event of a downgrade in credit after the date of purchase to a level below the minimum credit standards provided in the California Government Code, the CFO or his/her designee shall advise the Commission of the change at or before the next regular meeting. If the Authority has retained the services of an Investment Advisor, the Investment Advisor will notify the CFO of such a downgrade and will recommend a plan of action.

Market risk: Defined as market value fluctuations due to overall changes in the general level of interest rates, will be mitigated by structuring the investment portfolio so that

securities mature to meet the cash requirements for ongoing operations, thereby limiting the need to sell securities prior to maturity.

Liquidity: The CFO shall keep the portfolio sufficiently liquid to meet the operating and capital needs of the Authority which can be reasonably anticipated from his/her experience of the Authority's operations and adopted budget. S/he shall also review the various construction and other contracts the Authority has entered into to anticipate the cash needs.

Return on Investment: Within the safety and liquidity constraints imposed by law and the Authority's own safety objective and cash flow requirements, the investment portfolio shall be designed to attain the market rate of return.

IV. AUTHORIZATION TO INVEST AND DELEGATION OF AUTHORITY

The CFO shall have the authority to invest the funds of the Authority.

The CFO may delegate day-to-day investment decision-making and execution authority to an investment advisor. Such investment advisor must have not less than five years' experience managing public agency funds subject to California Government Code and must have total public agency assets under management nationwide of at least \$10 billion. The rights and responsibilities delegated to an investment advisor must be in a written agreement. The investment advisor shall make all investment decisions and transactions in accordance with California Government Code and this Policy. No person may engage in an investment transaction except as provided under the terms of this Policy and the procedures established by the CFO and approved by the SVCW Commission.

Investments of Authority monies not required for immediate expenditure will be made in securities or other certificates of indebtedness as provided by Section 53601, et seq. of the California Government Code for the investment of public funds, except those expressly prohibited by this policy.

V. CASH FLOW AND AVAILABILITY

An amount equal to two weeks' cash flow requirements is to be maintained in immediately available investments, such as the State Treasurer's Local Agency Investment Fund, money market funds, or similar liquid instruments.

VI. ACCEPTABLE INVESTMENT INSTRUMENTS

All investments must be made in accordance with this policy and the State of California Government Code Section 53600, et seq. In the case of a discrepancy between this Policy and California Government Code Section 53600, et seq., the more stringent requirements shall apply.

The Authority will limit investments in any one issuer except for obligations of the U.S. Treasury, U.S. federal agencies, U.S. government-sponsored enterprises, U.S. instrumentalities, and pooled funds (e.g., money market funds, local government investment pools, and LAIF) to no more than 5%, regardless of security type.

Where this section specifies a percentage limitation for a particular issuer or security type, that percentage is applicable only at the date of purchase. Credit criteria listed in this section refers to the credit rating category (inclusive of modifiers) at the time the security is purchased.

The Commission may, as part of a bond issuance, direct or authorize staff to invest bond proceeds in investment instruments authorized by the California Government Code that are not contained within this policy.

The Authority's investment portfolio may include the following instruments:

1. **U.S. Treasury Obligations.** United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.
2. **U.S. Federal Agency Obligations.** Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government- sponsored enterprises.
3. **California State and Local Agency Obligations.** Obligations of the State of California or any local agency within the state, including bonds payable solely out of revenues from a revenue- producing property owned, controlled, or operated by the state or any local agency or by a department, board, agency, or authority of the state or any local agency. Obligations eligible for investment under this subdivision with maturities in excess of one year must be rated "A," its equivalent, or better by a Nationally Recognized Statistical Rating Organizations ("NRSRO"). Obligations eligible for investment under this subdivision with maturities under one year must be rated at least "A-1," its equivalent, or better by an NRSRO.
4. **Other State Obligations.** Registered treasury notes or bonds of any of the other 49 United States in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 United States, in addition to California. Obligations eligible for investment under this subdivision with maturities in excess of one year must be rated "A," its equivalent, or better by an NRSRO. Obligations eligible for investment under this subdivision with maturities under one year must be rated at least "A-1," its equivalent, or better by an NRSRO.

No more than 30% of the Authority's portfolio may be invested in California State and Local Agency Obligations (subsection 3 above) and Other State Obligations ([subsection 4 above](#)), collectively.

5. **Medium-Term Notes.** Defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the U.S. or any state, and operating within the U.S. medium-

term notes must be rated "A," its equivalent, or better by an NRSRO. No more than 30% of the Authority's portfolio may be invested in medium-term notes.

6. **Bank Deposits.** Funds may be deposited in federally-insured or collateralized bank deposits to include, but not limited to, demand deposit accounts, savings accounts, market rate accounts, and time deposits. To be eligible to receive deposits from the Authority, the financial institution must be located in California and comply with the requirements listed in Government Code Section 53630 et. seq. The CFO, at his/her discretion, may waive the collateralization requirements for any portion that is insured by the Federal Deposit Insurance Corporation or by the National Credit Union Administration. The Authority shall have a signed agreement with any depository accepting Authority funds per Government Code Section 53649. The final maturity of time deposits may not exceed five years. There is no limit on the percentage of the Authority's portfolio that may be invested in bank deposits. However, a maximum of 50% of the Authority's portfolio may be invested in time deposits.
7. **State of California's Local Agency Investment Fund (LAIF).** The State Treasurer established LAIF for the benefit of local agencies. The Authority may invest up to the maximum amount permitted by the State Treasurer.
8. **Money Market Funds.** Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1, et seq.). To be eligible for investment pursuant to this subdivision these companies will either:
 - Attain the highest-ranking letter or numerical rating provided by not less than two of the three largest NRSROs *or*
 - Have an Investment Advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds and with assets under management in excess of five hundred million dollars (\$500,000,000).

No more than 20% of the Authority's portfolio may be invested in money market funds.

9. **Shares of a Joint Powers Authority (JPA).** Shares of beneficial interest issued by a joint powers authority organized pursuant to Government Code Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (r), inclusive, of Government Code Section 53601. Each share will represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares will have retained an investment adviser that meets all of the following criteria:
 - 1) The adviser is registered or exempt from registration with the Securities and Exchange Commission, *and*
 - 2) The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (q), inclusive of California Government Code Section 53601, *and*

- 3) The adviser has assets under management in excess of five hundred million dollars (\$500,000,000).
10. **Commercial Paper.** Commercial paper of “prime” quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical rating organization (NRSRO). The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (1) or (2):
- 1) The entity meets the following criteria:
 - a. Is organized and operating in the United States as a general corporation;
 - b. Has total assets in excess of five hundred million dollars (\$500,000,000); and
 - c. Has debt other than commercial paper, if any, that is rated in a rating category of “A” or its equivalent or higher by an NRSRO.
 - 2) The entity meets the following criteria:
 - a. Is organized within the United States as a special purpose corporation, trust, or limited liability company;
 - b. Has program wide credit enhancements including, but not limited to, overcollateralization, letters of credit, or a surety bond;
 - ~~b-c.~~ Has commercial paper that is rated “A-1” or higher by an NRSRO.-

Eligible commercial paper shall have a maximum maturity of 270 days or less. No more than 15% of the Authority’s portfolio may be invested in commercial paper.

11. **Negotiable Certificates of Deposit.** Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank. The legislative body of the Authority and the treasurer or other officials of the Authority having legal custody of the moneys are prohibited from investing local agency funds, or funds in the custody of the local agency, in negotiable certificates of deposit issued by a state or federal credit union if a member of the legislative body of the local agency, a person with investment decision making authority employed by the investment advisor, if so engaged, or a person with investment decision making authority in the administrative office manager’s office, budget office, auditor-controller’s office, or treasurer’s office of the local agency also serves on the board of directors, or any committee appointed by the board of directors, or the credit committee or the supervisory committee of the state or federal credit union issuing the negotiable certificates of deposit. Eligible negotiable certificates of deposit shall have a maximum remaining maturity of five years or less and shall be rated in a rating category of “A” for long-term, “A-1” for short-term, their equivalent, or better by an NRSRO.

No more than 15% of Authority's portfolio may be invested in negotiable certificates of deposit.

12. **Asset-Backed Securities (ABS).** A mortgage passthrough security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable passthrough certificate, or consumer

receivable-backed bond. Securities eligible for investment under this subdivision shall be rated in a rating category of “AAA” or its equivalent or better by an NRSRO and have a maximum remaining maturity of five years or less.

No more than 10% of the Authority’s portfolio may be invested in these asset-backed securities.

13. **Supranationals.** United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rating category of “AA” or its equivalent or better by an NRSRO.

No more than 15% of the Authority’s portfolio may be invested in these specific supranational obligations.

VII. PROHIBITED INVESTMENTS

The Authority shall not invest any funds in Repurchase Agreements (REPOS) or Reverse Repurchase Agreements (REVERSE REPOS). The Authority shall not purchase or sell securities on margin or invest in financial futures/financial options.

VIII. MAXIMUM MATURITY OF INVESTMENTS

Maturities will be based on a review of cash flow forecasts. Maturities will be scheduled to permit the Authority to meet all projected obligations. The purchase of U.S. Treasury obligations, U.S. federal agency and government-sponsored enterprise (GSE) obligations, and California state and local agency obligations and other state obligations (subsections VI. 1, 2, 3, and 4 above) with maturities in excess of five years is permitted, subject to the following constraints: U.S. Treasury, federal agency/GSE, and California state and local agency obligations and other state obligations shall have a maximum remaining maturity at time of purchase of eleven years or less, and federal agency/GSE mortgage-backed securities (including pass-throughs and CMOs) shall have a maximum remaining average life of ten years or less. This change to the investment program was authorized at the June 17, 2019 meeting of the SVCW Commission.

IX. BROKER/DEALERS AND FINANCIAL INSTITUTIONS

The CFO, or his/her designee, will maintain a list of financial dealers and institutions qualified and authorized to transact business with the Authority.

The purchase by the Authority of any investment, other than those purchased directly from the issuer, will be purchased either from an institution licensed by the State as a broker-dealer, as defined in Section 25004 of the Corporations Code, who is a member of Financial Industry Regulatory Authority (FINRA), or a member of a federally-regulated securities exchange, a National- or State-Chartered Bank, a Federal or State Association (as defined by Section 5102 of the Financial Code), or a brokerage firm designated as a Primary Government Dealer by the Federal Reserve Bank.

The CFO shall annually send a copy of the current Investment Policy to all financial institutions and broker/dealers approved to do business with the Authority. Written confirmation of receipt of this Policy shall be considered evidence that the dealer understands the Authority's investment policies and intends to sell the Authority only appropriate investments authorized by this Investment Policy. Moreover, the Authority will execute an agreement with any broker/dealer prior to doing business with such.

If the Authority has retained the services of an Investment Advisor, the Investment Advisor may use its own list of authorized broker/dealers to conduct transactions on behalf of the Authority.

Purchase and sale of securities will be made on the basis of competitive bids and offers with a minimum of three quotes being obtained, whenever possible.

X. REPORTS TO COMMISSION

On a quarterly basis, the CFO shall provide to the Commission a detailed investment report that shall include the following information: description of investment instrument, issuer name, maturity date, credit rating, interest rate, yield, purchase price, par value, book value, current market value and the source of the valuation. This report shall also state compliance of the portfolio with this Investment Policy, or manner in which the portfolio is not in compliance. The CFO shall also make provide a list of monthly investment transactions available upon request.

XI. PERFORMANCE EVALUATION

The Authority's portfolio shall be structured to achieve a market-average rate of return through various economic cycles, commensurate with the investment risk constraints and the cash flow needs. The benchmark for "market-average rate" shall be the rate of return of an appropriate market-based index which has a duration similar to that of the the Authority's portfolio(s), against which portfolio performance shall be compared on a regular basis.

XII. INTEREST ALLOCATION

Quarterly interest is to be allocated to each fund using the average rate of return and based on the average monthly cash balance for each fund. Residual interest earned will remain in the operations fund.

Funds with a negative cash balance will be charged interest using the average rate of return.

The Authority will further allocate the interest earned for each fund by entity. The interest earnings will be allocated based on the average monthly balance of each entity. The beginning balances for each entity will be taken from the audited financial statements of the previous year.

XIII. SAFEKEEPING OF SECURITIES

All marketable securities owned by the Authority shall be held in safekeeping by a third-party administrator (custody bank or trust department) acting as agent for the Authority

under the terms of a custody or trustee agreement executed by the bank and the Authority. All securities will be received and delivered using the standard delivery versus payment (DVP) procedure.

XIV. INTERNAL CONTROL

The CFO is responsible for establishing and maintaining an internal control structure designed to provide reasonable assurance that the assets of the Authority are protected from loss, theft, or misuse. A CFO's office staff member who is not involved in the purchase of investments, wire transfers, or maintaining the general ledger shall be assigned the responsibility of reviewing and reconciling the monthly reports received from the investment advisor and custody bank. This review shall include, but not be limited to, reconciling the listing and amounts of each investment position and transaction.

Silicon Valley Clean Water

COMMISSION POLICY NO. 1992-01

APPROVED BY: _____

Revision: T

Revision Date: 01/25/2021

Issue Date: 07/20/1992

Approved by the SVCW Commission at a Public Meeting held on January 25, 2021 by Resolution No. SVCW 21-01

SUBJECT: Silicon Valley Clean Water Investment Policy and Guidelines

PURPOSE:

The purpose of this Investment Policy (the “Policy”) is to establish the investment policy and guidelines to be followed in the investment of all Silicon Valley Clean Water (“SVCW” or the “Authority”) surplus funds not required for immediate use by SVCW. All investment of such surplus monies is governed by California Government Code Section (CGC) 53600, et seq. and by the Policy.

To the extent possible, all money belonging to or in the custody of SVCW required for the immediate use of the Authority shall be deposited for safekeeping pursuant to relevant CGC sections, including Sections 53635.2, 53637-53645 and 53649.

SCOPE:

This Policy applies to all funds and investment activities of the Authority except the investment of bond proceeds, which are governed by the appropriate bond documents, and any pension or other post-employment benefit funds held in a trust.

RESPONSIBILITIES:

The Chief Financial Officer (CFO) shall have the responsibility of investing all Authority surplus funds in accordance with this Policy, providing regular investment reports to the Commission (as described in more detail in Section X of this Policy), and allocating interest to each fund.

The SVCW Commission shall have the responsibility of annually reviewing the Investment Policy and Guidelines and approving proposed changes.

POLICY:

I. INTRODUCTION

Authority monies not required for immediate expenditure will be invested in compliance with governing provisions of law, the Joint Exercise of Powers Agreement establishing the Authority and this Policy.

Funds of the Authority will be invested in accordance with California Government Code Sections 53601 through 53686 and with sound treasury management.

Investments will be made in a range of instruments to ensure diversification of the Authority's portfolio and liquidity of assets.

II. STANDARD OF CARE

Prudence: All investments shall be made within the policy framework of liquidity and safety with the judgment and care which a prudent and intelligent person would, under circumstances then prevailing (including, but not limited to, the general economic conditions and the anticipated needs of SVCW), exercise in the management of his/her affairs. The standard of prudence to be used by investment officials will be the “prudent investor” standard, which states that “when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.”

Ethics: Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program or which could impair their ability to make impartial investment decisions. All investment personnel shall comply with reporting requirements of applicable state laws including annual filing of Statements of Economic Interest.

III. OBJECTIVES The primary investment objectives of this policy in order of priorities are:

Safety: Safety of the principal shall be the top priority in consideration of any investment undertaken by the CFO. The portfolio shall be so diversified that the losses, if any, on particular securities shall be offset by the revenue generated from other investments. The Authority’s portfolio shall be actively managed. Therefore, securities may be sold prior to maturity if doing so would better align the portfolio with its selected performance benchmark, and/or increase the earnings potential or credit quality of the portfolio. The Authority shall seek to preserve principal by mitigating credit risk and market risk.

Credit risk: Defined as the loss due to failure of the issuer of a security, shall be mitigated by investing in investment grade securities and by diversifying the investment portfolio so that failure of any one issue does not unduly harm the Authority's capital base and cash flow. In the event of a downgrade in credit after the date of purchase to a level below the minimum credit standards provided in the California Government Code, the CFO or his/her designee shall advise the Commission of the change at or before the next regular meeting. If the Authority has retained the services of an Investment Advisor, the Investment Advisor will notify the CFO of such a downgrade and will recommend a plan of action.

Market risk: Defined as market value fluctuations due to overall changes in the general level of interest rates, will be mitigated by structuring the investment portfolio so that

securities mature to meet the cash requirements for ongoing operations, thereby limiting the need to sell securities prior to maturity.

Liquidity: The CFO shall keep the portfolio sufficiently liquid to meet the operating and capital needs of the Authority which can be reasonably anticipated from his/her experience of the Authority's operations and adopted budget. S/he shall also review the various construction and other contracts the Authority has entered into to anticipate the cash needs.

Return on Investment: Within the safety and liquidity constraints imposed by law and the Authority's own safety objective and cash flow requirements, the investment portfolio shall be designed to attain the market rate of return.

IV. AUTHORIZATION TO INVEST AND DELEGATION OF AUTHORITY

The CFO shall have the authority to invest the funds of the Authority.

The CFO may delegate day-to-day investment decision-making and execution authority to an investment advisor. Such investment advisor must have not less than five years' experience managing public agency funds subject to California Government Code and must have total public agency assets under management nationwide of at least \$10 billion. The rights and responsibilities delegated to an investment advisor must be in a written agreement. The investment advisor shall make all investment decisions and transactions in accordance with California Government Code and this Policy. No person may engage in an investment transaction except as provided under the terms of this Policy and the procedures established by the CFO and approved by the SVCW Commission.

Investments of Authority monies not required for immediate expenditure will be made in securities or other certificates of indebtedness as provided by Section 53601, et seq. of the California Government Code for the investment of public funds, except those expressly prohibited by this policy.

V. CASH FLOW AND AVAILABILITY

An amount equal to two weeks' cash flow requirements is to be maintained in immediately available investments, such as the State Treasurer's Local Agency Investment Fund, money market funds, or similar liquid instruments.

VI. ACCEPTABLE INVESTMENT INSTRUMENTS

All investments must be made in accordance with this policy and the State of California Government Code Section 53600, et seq. In the case of a discrepancy between this Policy and California Government Code Section 53600, et seq., the more stringent requirements shall apply.

The Authority will limit investments in any one issuer except for obligations of the U.S. Treasury, U.S. federal agencies, U.S. government-sponsored enterprises, U.S. instrumentalities, and pooled funds (e.g., money market funds, local government investment pools, and LAIF) to no more than 5%, regardless of security type.

Where this section specifies a percentage limitation for a particular issuer or security type, that percentage is applicable only at the date of purchase. Credit criteria listed in this section refers to the credit rating category (inclusive of modifiers) at the time the security is purchased.

The Commission may, as part of a bond issuance, direct or authorize staff to invest bond proceeds in investment instruments authorized by the California Government Code that are not contained within this policy.

The Authority's investment portfolio may include the following instruments:

1. **U.S. Treasury Obligations.** United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.
2. **U.S. Federal Agency Obligations.** Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.
3. **California State and Local Agency Obligations.** Obligations of the State of California or any local agency within the state, including bonds payable solely out of revenues from a revenue-producing property owned, controlled, or operated by the state or any local agency or by a department, board, agency, or authority of the state or any local agency. Obligations eligible for investment under this subdivision with maturities in excess of one year must be rated "A," its equivalent, or better by a Nationally Recognized Statistical Rating Organizations ("NRSRO"). Obligations eligible for investment under this subdivision with maturities under one year must be rated at least "A-1," its equivalent, or better by an NRSRO.
4. **Other State Obligations.** Registered treasury notes or bonds of any of the other 49 United States in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 United States, in addition to California. Obligations eligible for investment under this subdivision with maturities in excess of one year must be rated "A," its equivalent, or better by an NRSRO. Obligations eligible for investment under this subdivision with maturities under one year must be rated at least "A-1," its equivalent, or better by an NRSRO.

No more than 30% of the Authority's portfolio may be invested in California State and Local Agency Obligations (subsection 3 above) and Other State Obligations (subsection 4 above), collectively.

5. **Medium-Term Notes.** Defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the U.S. or any state, and operating within the U.S. medium-

term notes must be rated "A," its equivalent, or better by an NRSRO. No more than 30% of the Authority's portfolio may be invested in medium-term notes.

6. **Bank Deposits.** Funds may be deposited in federally-insured or collateralized bank deposits to include, but not limited to, demand deposit accounts, savings accounts, market rate accounts, and time deposits. To be eligible to receive deposits from the Authority, the financial institution must be located in California and comply with the requirements listed in Government Code Section 53630 et. seq. The CFO, at his/her discretion, may waive the collateralization requirements for any portion that is insured by the Federal Deposit Insurance Corporation or by the National Credit Union Administration. The Authority shall have a signed agreement with any depository accepting Authority funds per Government Code Section 53649. The final maturity of time deposits may not exceed five years. There is no limit on the percentage of the Authority's portfolio that may be invested in bank deposits. However, a maximum of 50% of the Authority's portfolio may be invested in time deposits.
7. **State of California's Local Agency Investment Fund (LAIF).** The State Treasurer established LAIF for the benefit of local agencies. The Authority may invest up to the maximum amount permitted by the State Treasurer.
8. **Money Market Funds.** Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1, et seq.). To be eligible for investment pursuant to this subdivision these companies will either:
 - Attain the highest-ranking letter or numerical rating provided by not less than two of the three largest NRSROs *or*
 - Have an Investment Advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds and with assets under management in excess of five hundred million dollars (\$500,000,000).

No more than 20% of the Authority's portfolio may be invested in money market funds.

9. **Shares of a Joint Powers Authority (JPA).** Shares of beneficial interest issued by a joint powers authority organized pursuant to Government Code Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (r), inclusive, of Government Code Section 53601. Each share will represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares will have retained an investment adviser that meets all of the following criteria:
 - 1) The adviser is registered or exempt from registration with the Securities and Exchange Commission, *and*
 - 2) The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (q), inclusive of California Government Code Section 53601, *and*

- 3) The adviser has assets under management in excess of five hundred million dollars (\$500,000,000).
10. **Commercial Paper.** Commercial paper of “prime” quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical rating organization (NRSRO). The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (1) or (2):
- 1) The entity meets the following criteria:
 - a. Is organized and operating in the United States as a general corporation;
 - b. Has total assets in excess of five hundred million dollars (\$500,000,000); and
 - c. Has debt other than commercial paper, if any, that is rated in a rating category of “A” or its equivalent or higher by an NRSRO.
 - 2) The entity meets the following criteria:
 - a. Is organized within the United States as a special purpose corporation, trust, or limited liability company;
 - b. Has program wide credit enhancements including, but not limited to, overcollateralization, letters of credit, or a surety bond;
 - c. Has commercial paper that is rated “A-1” or higher by an NRSRO.

Eligible commercial paper shall have a maximum maturity of 270 days or less. No more than 15% of the Authority’s portfolio may be invested in commercial paper.

11. **Negotiable Certificates of Deposit.** Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank. The legislative body of the Authority and the treasurer or other officials of the Authority having legal custody of the moneys are prohibited from investing local agency funds, or funds in the custody of the local agency, in negotiable certificates of deposit issued by a state or federal credit union if a member of the legislative body of the local agency, a person with investment decision making authority employed by the investment advisor, if so engaged, or a person with investment decision making authority in the administrative office manager’s office, budget office, auditor-controller’s office, or treasurer’s office of the local agency also serves on the board of directors, or any committee appointed by the board of directors, or the credit committee or the supervisory committee of the state or federal credit union issuing the negotiable certificates of deposit. Eligible negotiable certificates of deposit shall have a maximum remaining maturity of five years or less and shall be rated in a rating category of “A” for long-term, “A-1” for short-term, their equivalent, or better by an NRSRO.

No more than 15% of Authority's portfolio may be invested in negotiable certificates of deposit.

12. **Asset-Backed Securities (ABS).** A mortgage passthrough security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable passthrough certificate, or consumer

receivable-backed bond. Securities eligible for investment under this subdivision shall be rated in a rating category of “AAA” or its equivalent or better by an NRSRO and have a maximum remaining maturity of five years or less.

No more than 10% of the Authority’s portfolio may be invested in these asset-backed securities.

13. **Supranationals.** United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rating category of “AA” or its equivalent or better by an NRSRO.

No more than 15% of the Authority’s portfolio may be invested in these specific supranational obligations.

VII. PROHIBITED INVESTMENTS

The Authority shall not invest any funds in Repurchase Agreements (REPOS) or Reverse Repurchase Agreements (REVERSE REPOS). The Authority shall not purchase or sell securities on margin or invest in financial futures/financial options.

VIII. MAXIMUM MATURITY OF INVESTMENTS

Maturities will be based on a review of cash flow forecasts. Maturities will be scheduled to permit the Authority to meet all projected obligations. The purchase of U.S. Treasury obligations, U.S. federal agency and government-sponsored enterprise (GSE) obligations, and California state and local agency obligations and other state obligations (subsections VI. 1, 2, 3, and 4 above) with maturities in excess of five years is permitted, subject to the following constraints: U.S. Treasury, federal agency/GSE, and California state and local agency obligations and other state obligations shall have a maximum remaining maturity at time of purchase of eleven years or less, and federal agency/GSE mortgage-backed securities (including pass-throughs and CMOs) shall have a maximum remaining average life of ten years or less. This change to the investment program was authorized at the June 17, 2019 meeting of the SVCW Commission.

IX. BROKER/DEALERS AND FINANCIAL INSTITUTIONS

The CFO, or his/her designee, will maintain a list of financial dealers and institutions qualified and authorized to transact business with the Authority.

The purchase by the Authority of any investment, other than those purchased directly from the issuer, will be purchased either from an institution licensed by the State as a broker-dealer, as defined in Section 25004 of the Corporations Code, who is a member of Financial Industry Regulatory Authority (FINRA), or a member of a federally-regulated securities exchange, a National- or State-Chartered Bank, a Federal or State Association (as defined by Section 5102 of the Financial Code), or a brokerage firm designated as a Primary Government Dealer by the Federal Reserve Bank.

The CFO shall annually send a copy of the current Investment Policy to all financial institutions and broker/dealers approved to do business with the Authority. Written confirmation of receipt of this Policy shall be considered evidence that the dealer understands the Authority's investment policies and intends to sell the Authority only appropriate investments authorized by this Investment Policy. Moreover, the Authority will execute an agreement with any broker/dealer prior to doing business with such.

If the Authority has retained the services of an Investment Advisor, the Investment Advisor may use its own list of authorized broker/dealers to conduct transactions on behalf of the Authority.

Purchase and sale of securities will be made on the basis of competitive bids and offers with a minimum of three quotes being obtained, whenever possible.

X. REPORTS TO COMMISSION

On a quarterly basis, the CFO shall provide to the Commission a detailed investment report that shall include the following information: description of investment instrument, issuer name, maturity date, credit rating, interest rate, yield, purchase price, par value, book value, current market value and the source of the valuation. This report shall also state compliance of the portfolio with this Investment Policy, or manner in which the portfolio is not in compliance. The CFO shall also make a list of monthly investment transactions available upon request.

XI. PERFORMANCE EVALUATION

The Authority's portfolio shall be structured to achieve a market-average rate of return through various economic cycles, commensurate with the investment risk constraints and the cash flow needs. The benchmark for "market-average rate" shall be the rate of return of an appropriate market-based index which has a duration similar to that of the the Authority's portfolio(s), against which portfolio performance shall be compared on a regular basis.

XII. INTEREST ALLOCATION

Quarterly interest is to be allocated to each fund using the average rate of return and based on the average monthly cash balance for each fund. Residual interest earned will remain in the operations fund.

Funds with a negative cash balance will be charged interest using the average rate of return.

The Authority will further allocate the interest earned for each fund by entity. The interest earnings will be allocated based on the average monthly balance of each entity. The beginning balances for each entity will be taken from the audited financial statements of the previous year.

XIII. SAFEKEEPING OF SECURITIES

All marketable securities owned by the Authority shall be held in safekeeping by a third-party administrator (custody bank or trust department) acting as agent for the Authority

under the terms of a custody or trustee agreement executed by the bank and the Authority. All securities will be received and delivered using the standard delivery versus payment (DVP) procedure.

XIV. INTERNAL CONTROL

The CFO is responsible for establishing and maintaining an internal control structure designed to provide reasonable assurance that the assets of the Authority are protected from loss, theft, or misuse. A CFO's office staff member who is not involved in the purchase of investments, wire transfers, or maintaining the general ledger shall be assigned the responsibility of reviewing and reconciling the monthly reports received from the investment advisor and custody bank. This review shall include, but not be limited to, reconciling the listing and amounts of each investment position and transaction.

AGENDA ITEM 7E

**RETURN ACTIVATED SLUDGE PIPELINE REHABILITATION PROJECT
(CIP # 9120)
DESIGN AND BID PERIOD SUPPORT SERVICES**

ISSUE

Approve Task Order for Kennedy Jenks Consultants Design and Bid Period Services Scope and Budget for Return Activated Sludge Pipeline Rehabilitation Project (CIP #9120)

BACKGROUND

SVCW's activated sludge process promotes microbiology growth that reduces the oxygen demand in the wastewater. Tanks associated with this process include four aeration basins and four clarifiers. In the aeration basins, air is introduced to the wastewater to encourage the growth of microorganisms; in the clarifiers, the microorganisms and other biomass are removed from the water through settling. An important aspect of this process is the pumping of a portion of the settled biomass from the clarifiers back into the aeration basins to maintain the population of microorganisms in the aeration basins. This is called Return Activated Sludge (RAS).

RAS pipes connect the secondary clarifiers to six RAS pumps in the pump room. The RAS pipe material is steel with cement mortar lining. There are four RAS pipes, each 18-inches in diameter and 50 to 150 feet long. Condition assessment reports by Brown and Caldwell and V&A Consulting Engineers from 2009-2010 indicate that these pipes have undergone significant corrosion with a loss of 10% to 30% pipe wall thickness. The worst areas are the RAS pump suction piping near the pump inlets and RAS header piping. Maintenance Division staff has installed patch and clamp repairs to prevent localized leaks, but a permanent rehabilitation solution is needed to stop the corrosion and prevent further degradation, as well as to repair the existing corroded pipe. These pipelines are a critical component of the activated sludge system and a failure could have significant impact on the treatment plant's ability to meet the NPDES permit.

The condition assessment performed approximately ten years ago noted that permanent repairs should be pursued within a ten- to twelve-year time frame. To this end, a rehabilitation project was included in the CIP and investigative work was initiated.

DISCUSSION

SVCW conducted internal evaluations that identified the causes of corrosion as corrosive water chemistry in the return activated sludge and stray current corrosion in the RAS pump room. SVCW then hired Kennedy Jenks Consultants (KJ) to evaluate rehabilitation alternatives of the RAS pipelines. KJ conducted field visits in 2018 and 2019 to evaluate options for RAS pipeline rehabilitation and prepared initial cost estimates. In 2020, KJ performed a screening analysis for RAS pipe rehabilitation options to allow for both current operational modes and possible future operational modes for biological nutrient removal. If this project could allow for flexibility, SVCW will be best prepared to respond to future nutrient removal regulations. KJ also prepared a 3D piping model and updated the construction cost estimate as part of this 2020 effort.

Based on their understanding of the SVCW treatment plant operation, expertise on rehabilitation projects, and previous engineering investigations on the RAS pipeline and pumps, staff asked KJ to perform design and bid-period services for the rehabilitation of these facilities. KJ has been involved in several of SVCW's equipment and pipeline rehabilitation projects and are well suited for this work.

Staff worked with KJ to prepare a scope of work and budget for the design services and negotiated a not-to-exceed fee of \$327,980. The scope of work includes preparing interim designs at 30%, 60%, and 90% and a final biddable set of contract documents, including plans and specifications. The project will use a design-bid-build delivery method and KJ's scope and budget includes bid period services.

FINANCES

Work under this task order will be funded from CIP #9120, Return Activated Sludge Pipeline Rehabilitation Project. The task order not-to-exceed fee of \$327,980 is approximately 12% of the anticipated construction costs. This fee is within industry standards and SVCW budgeting allocations.

CIP #9120 Finances	
Allocated Budget	\$3,268,454
Expenditures to Date	\$168,045
Design and Bid Period Services	\$327,980
Balance Remaining	\$2,772,429

RECOMMENDATION

Move approval of TASK ORDER SCOPE OF WORK AND BUDGET FOR DESIGN AND BID PERIOD SERVICES RELATED TO THE RETURN ACTIVATED SLUDGE PIPELINE REHABILITATION PROJECT (CIP #9120) IN THE AMOUNT NOT TO EXCEED \$327,980 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – KENNEDY JENKS CONSULTANTS

AGENDA ITEM 8A

**RATIFY APPROVAL OF ISSUANCE OF REFUNDING BONDS TO REFUND A
STATE WATER RESOURCES CONTROL BOARD REVOLVING LOAN
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

Adopt Resolution Ratifying Approval of Issuance of Debt by Silicon Valley Clean Water for the Refunding of a State Revolving Fund Loan

BACKGROUND

Since 2008, Silicon Valley Clean Water (SVCW) has funded its Capital Improvement Program (CIP) using a variety of sources including Wastewater Revenue Bonds, a loan from the U.S. Environmental Protection Agency (EPA), and several State Revolving Fund (SRF) loans from the California State Water Resources Control Board (SWRCB). Most recently, in November 2020 the Commission and Member Agencies authorized issuance of a new 2021 taxable bond series to refund outstanding 2014 and 2015 Bonds. At such meeting, the Commission also considered and approved the issuance of bonds to refund a SRF loan from the SWRCB should such refunding be financially beneficial.

DISCUSSION

The 2021 Series Bonds are scheduled to be sold in February 2021. In addition to refunding 2014 and 2015 Series Bonds, additional analysis indicates it is financially beneficial to include an existing SRF loan in the refinancing. SVCW executed a \$11.5 million SRF loan in 2011 to partially fund construction of its Control Building. This loan has outstanding principal of \$8.1 million with an interest rate of 2.60% and a 20-year amortization that began in 2013.

At current market conditions, it may be possible to refinance the SRF Control Building Loan at an interest rate of approximately 1.2%, which would produce immediate debt service savings of \$742 thousand in Fiscal Year 2021 and approximately \$2 thousand annually over the following 13 years. Nominal savings to SVCW over the amortization period are estimated at \$847 thousand, or a Net Present Value of \$763 thousand.

This action has been or is being presented to all participating member agency Councils and Board for approval. To date, one of the three agencies have approved the proposed action; the remaining two agencies will consider the action at their upcoming meetings.

FINANCES

Costs associated with this action are estimated to not exceed \$28 thousand, in the form of bond issuance expenses. There is an estimated net present value savings of \$763 thousand.

RECOMMENDATION

Move adoption of RESOLUTION OF THE COMMISSION OF SILICON VALLEY CLEAN WATER SUPPLEMENTING RESOLUTION NO. 20-39 OF THE COMMISSION TO

RATIFY THE APPROVAL OF THE ISSUANCE OF CERTAIN REFUNDING BONDS TO
REFUND A STATE WATER RESOURCES CONTROL BOARD LOAN AND OTHER
MATTERS IN CONNECTION THEREWITH

This agenda item has been prepared as required by the applicable laws of the State of California, including but not limited to, Government Code Sections 54950 et. seq. and has not been prepared with a view to informing an investment decision in any of the Authority's bonds, notes or other obligations. Any projections, plans, or other forward-looking statements included in the information in this agenda are subject to a variety of uncertainties that could cause any actual plans or results to differ materially from any such statement. The information herein is not intended to be used by investors or potential investors in considering the purchase or sale of the Authority's bonds, notes or other obligations and investors and potential investors should rely only on information filed by the Authority on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System for municipal securities disclosures and website, maintained on the World Wide Web at <https://emma.msrb.org/>

AGENDA ITEM 8B

**MAPLE STREET FORCE MAIN MODIFICATIONS (CIP #9504)
PROFESSIONAL SERVICES TASK ORDERS,
CONSTRUCTION CONTRACT CHANGE ORDER, AND
AUTHORIZATION TO SIGN REIMBURSEMENT AGREEMENT**

ISSUE

Approve Task Orders and Construction Contract Change Order to Protect SVCW Force Main Infrastructure to Accommodate Construction of the 1548 Maple Street Development in Redwood City. Authorize Reimbursement Agreement with Developer.

BACKGROUND

Silicon Valley Clean Water has numerous critical assets located throughout its member agency communities. Assets include a treatment plant, four pump stations and a booster station, and a force main conveyance system.

Like many Bay Area communities, property development activity in SVCW's service area is very high. In 2018, the City of Redwood City approved a Planned Development Permit for the "1548 Maple Street" development. Its primary location is in the former Dock Town area of Redwood City and includes areas of Maple Street. This local area development activity will also include extension of Blomquist Street which will require significant modifications to Maple Street.

Construction of this development will impact three of SVCW's assets in the area of Maple Street. These are: 1) 33-Inch Force Main, which conveys flow between the Menlo Park and Redwood City Pump Stations, 2) 48-Inch Force Main, which conveys flow between the Redwood City and San Carlos Pump Stations, and 3) Redwood City Pump Station. Since 2019, SVCW staff have worked with the developer of 1548 Maple Street to ensure its assets are protected from damage. The two most vulnerable assets of concern are the 33-inch and 48-inch force mains.

DISCUSSION

SVCW has coordinated closely with the developer to ensure that road construction does not adversely impact the force mains. The two force mains have different challenges associated with them.

The 33-Inch Force Main is a reinforced concrete pipe with bell and spigot joints. The new Blomquist Street construction will occur over a pipe length of approximately 170 feet in a location that is underlain by young bay mud. This type of pipe will most likely separate at one or more of the joints unless it is stabilized before road construction begins.

The 48-Inch Force Main is a high-density polyethylene (HDPE) pipe, also underlain by young bay mud. As part of the development project, the elevation of Maple Street will be raised by up to 12 feet. SVCW determined that the additional weight of soil on top of the pipeline has potential to crush this flexible pipe. The developer agreed to construct the road improvements with a lightweight fill material and use construction methods to assure that the raised elevation will not add load to the top of the pipeline. Additionally, SVCW

has valves that need to be accessed from manholes in the street. SVCW contractors will perform the work to bring these boxes and manholes to the new street elevations.

SVCW's approach for any modification and stabilization of SVCW's infrastructure is to manage the project and prepare the design documents using SVCW staff and consultants, to hire the contractor directly, and have all costs reimbursed by the developer. This approach has been consistent through SVCW's existence and will be used for the work required under this agenda item.

SVCW has negotiated scopes of work with Kennedy Jenks for design services, Tanner Pacific, Inc. for construction management and inspection services, and Collaborative Strategies Consultants for project management. Additionally, SVCW has negotiated a construction scope of work and budget with Power Engineering Construction to complete the work as a contract change order to the Pump Stations Improvements Project. This team has successfully worked together on pipeline projects for SVCW over many years, including the 48-Inch Force Main Project. They have been reviewing the design documents for the 1548 Maple Street Project and continue to provide feedback on the construction methods that the developer will use to construct the project without damaging SVCW's facilities. Tasks for each firm are described below and include necessary services for both protection of the 33-inch Force Main and modifications to the 48-inch Force Main appurtenances.

Kennedy Jenks's tasks include alternatives analyses and preparation of design documents for the 33-Inch Force Main stabilization and modifications to the 48-Inch Force Main facilities. Their design budget is \$126,100.

Tanner Pacific will provide constructability reviews, perform quality assurance services and document management services during construction, and perform budget controls services for the project. They will also provide inspection services during construction of the roads by the developer to ensure that the project plans that protect SVCW's existing force mains are followed. Their budget for these services is \$460,422.

Collaborative Strategies Consultants provides project management and coordination services through the alternatives analysis, design, and construction phases of the project. This includes ongoing coordination with the developer, Redwood City, and other stakeholders. The budget for these services is \$171,612.

Work to stabilize the 33-Inch Force Main needs to occur before the developer can begin the majority of its work. Since time is of the essence, SVCW has negotiated a contract change order with Power Engineering, a subcontractor on the Pump Stations Improvements Project, to complete the work. Power Engineering has decades of experience in repairing and building pipelines in young bay mud and has been SVCW's choice for performing emergency force main repairs and pipeline protection for well over 35 years. Tanner Pacific reviewed the construction cost estimate provided by Power Engineering and determined that it is appropriate and commensurate with the scope of

work to be completed. The proposed contract change order is \$3,119,136. This includes work required to protect and modify both force mains.

SVCW staff recommend that the Commission approve these professional agreements and contract change order.

As previously stated, the expenditures that SVCW incurs on this project will be reimbursed by the developer. A reimbursement agreement has been negotiated between SVCW and 1548 Maple LLC that outlines the terms for the reimbursement. The agreement has been vetted with SVCW's construction attorney and the developer and its attorney and minor items remain to be concluded. Staff recommends the Commission approve the reimbursement agreement subject to final review by SVCW's construction attorney.

FINANCES

Work under this task order will be funded from the Maple Street Force Main Modifications Project (CIP #9504). This is a new project number developed to track costs; all expenditures will be funded by the 1548 Maple Street developer.

RECOMMENDATION

- i. Move approval of TASK ORDER FOR DESIGN SERVICES RELATED TO MAPLE STREET FORCE MAIN MODIFICATIONS PROJECT (CIP #9504) IN AN AMOUNT NOT TO EXCEED \$126,100 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – KENNEDY/JENKS CONSULTANTS, INC.
- ii. Move approval of TASK ORDER FOR CONSTRUCTION MANAGEMENT SERVICES RELATED TO MAPLE STREET FORCE MAIN MODIFICATIONS PROJECT (CIP #9504) IN AN AMOUNT NOT TO EXCEED \$460,422 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – TANNER PACIFIC INC.
- iii. Move approval of TASK ORDER FOR PROJECT MANAGEMENT SERVICES RELATED TO MAPLE STREET FORCE MAIN MODIFICATIONS PROJECT (CIP #9504) IN AN AMOUNT NOT TO EXCEED \$171,612 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – COLLABORATIVE STRATEGIES CONSULTING INC.
- iv. Move approval of CONTRACT CHANGE ORDER TO PUMP STATIONS IMPROVEMENTS PROJECT IN AN AMOUNT NOT TO EXCEED \$3,119,136 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – POWER ENGINEERING CONSTRUCTION

- v. Move adoption of RESOLUTION APPROVING AGREEMENT WITH 1548 MAPLE LLC FOR REIMBURSEMENT OF COSTS REALTED TO THE MAPLE STREET FORCE MAIN MODITIONS PROJECT AND AUTHORIZING MANAGER TO FINALIZE TERMS AND EXECUTE AGREEMENT