

**COMMISSION OF SILICON VALLEY CLEAN WATER
JOINT POWERS AUTHORITY
REGULAR MEETING – Monday, September 11, 2023
8:00 a.m.**

Place: Pelican Conference Room
Silicon Valley Clean Water
1400 Radio Road, 2nd Floor
Redwood City, California

Consistent with Government Code Section 54953, this meeting will be held both in person and virtually. See page 7 of this agenda for virtual meeting access information and instructions.

COMMISSIONERS

COUNCIL MEMBER ALICIA AGUIRRE, REDWOOD CITY – CHAIR
BOARD MEMBER GEORGE OTTE, WEST BAY SANITARY DISTRICT – VICE CHAIR
COUNCIL MEMBER RON COLLINS, SAN CARLOS – SECRETARY
VICE MAYOR, DAVINA HURT, BELMONT

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.

5. SAFETY MOMENT and REPORTS

- A. Safety Moment.....pg. 9
- B. Manager's Report
 - 1. Upcoming Commission Actions.....pg. 11
- C. Financial Report
 - 1. Investment Report June.....pg. 13
 - 2. Investment Report July.....pg. 17
- D. Engineering Capital Projects Report.....pg. 21
- E. Commission Requested Staff-Level Action Items..... pg. 26
- F. RESCU Program Design-Build Project Status Update..... pg. 29

6. MATTERS OF COMMISSION MEMBER'S INTEREST (pg. 38)

- A. Memo: Strategic Plan Development

7. CONSIDERATION OF MOTION APPROVING CONSENT CALENDAR (begins pg. 43)

8. BUSINESS ITEMS –

- A. CONSIDERATION OF MOTIONS APPROVING ADDITIONAL OWNER ASSIST FUNDING FOR TANNER PACIFIC FOR CONSTRUCTION MANAGEMENT AND QUALITY ASSURANCE SERVICES, COLLABORATIVE STRATEGIES CONSULTING FOR PUMP STATIONS IMPROVEMENTS PROJECT MANAGEMENT SERVICES, AND BEECHER ENGINEERING, INC. FOR ELECTRICAL ENGINEERING CONSULTING SERVICES (pg. 124)

Proposed Actions:

- i. Move approval of TASK ORDER SCOPE AND BUDGET AMENDMENT FOR CONSTRUCTION MANAGEMENT AND QUALITY ASSURANCE SERVICES FOR PUMP STATIONS IMPROVEMENTS PROJECT (CIP #9501); IN AN AMOUNT NOT TO EXCEED \$1,430,000 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – TANNER PACIFIC INC.
- ii. Move approval of TASK ORDER SCOPE AND BUDGET AMENDMENT FOR PROJECT MANAGEMENT ASSISTANCE FOR PUMP STATIONS IMPROVEMENTS PROJECT (CIP #9501); IN AN AMOUNT NOT TO

EXCEED \$280,000 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – COLLABORATIVE STRATEGIES CONSULTING INC.

iii. Move approval of TASK ORDER SCOPE AND BUDGET AMENDMENT FOR OWNER'S ADVISOR SERVICES FOR PUMP STATIONS IMPROVEMENTS PROJECT (CIP #9501); IN AN AMOUNT NOT TO EXCEED \$20,000 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – BEECHER ENGINEERING, INC.

iv. Move approval of TASK ORDER SCOPE AND BUDGET AMENDMENT FOR CONSTRUCTION MANAGEMENT AND QUALITY ASSURANCE SERVICES FOR FRONT OF PLANT PROJECT (CIP #9502); IN AN AMOUNT NOT TO EXCEED \$510,000 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – TANNER PACIFIC INC.

B. CONSIDERATION OF RESOLUTION AND MOTIONS APPROVING DESIGN-BUILD AGREEMENT FOR FINAL EFFLUENT PUMP STATION IMPROVEMENTS WITH W.M. LYLES CO.; APPROVE TASK ORDER FOR OWNER'S ENGINEERING ADVISORY SERVICES WITH CDM SMITH; APPROVE A TASK ORDER FOR CONSTRUCTION QUALITY ASSURANCE SERVICES WITH TANNER PACIFIC, INC. (pg. 128)

Proposed Actions:

i. Move adoption of RESOLUTION APPROVING DESIGN BUILD AGREEMENT FOR FINAL EFFLUENT PUMP STATION IMPROVEMENTS PROJECT (CIP #9223); AUTHORIZING EXECUTION OF AGREEMENT AND AUTHORIZING MANAGER TO APPROVE CONTRACT CHANGE ORDERS UP TO TEN PERCENT OF THE CONTRACT PRICE FOR SAID PROJECT – W.M. LYLES CO. - \$1,350,917

ii. Move approval of TASK ORDER SCOPE AND BUDGET FOR OWNER'S ADVISOR SERVICES FOR PUMP STATIONS IMPROVEMENT PROJECT (CIP #9223) IN AN AMOUNT NOT TO EXCEED \$190,280 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – CDM SMITH INC.

iii. Move approval of TASK ORDER SCOPE AND BUDGET FOR CONSTRUCTION QUALITY ASSURANCE SERVICES FOR FINAL EFFLUENT PUMP STATION IMPROVEMENTS PROJECT (CIP #9223) IN AN AMOUNT NOT TO EXCEED \$247,500 AND AUTHORIZE MANAGER

TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL
WORK ON AN AS-NEEDED BASIS – TANNER PACIFIC INC.

- C. CONSIDERATION OF RESOLUTIONS APPROVING ANNUAL SALARY FOR
FISCAL YEAR 2023-2024 AND BONUS FOR FISCAL YEAR 2022-2023 FOR
THE MANAGER OF SILICON VALLEY CLEAN WATER (pg. 133)

Proposed Actions:

- i. Chair to summarize recommended action in accordance with Government
Code Section 54953(c)(3)
- ii. Move adoption of RESOLUTION APPROVING ANNUAL COMPENSATION
FOR THE SILICON VALLEY CLEAN WATER MANAGER
- iii. Move adoption of RESOLUTION APPROVING AND ADOPTING
UPDATED CONSOLIDATED PAY SCHEDULE FOR ALL REPRESENTED
AND UNREPRESENTED EMPLOYEES OF SILICON VALLEY CLEAN
WATER FOR FISCAL YEAR 2023-2024

9. CLOSED SESSION – NOT USED

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 – July 10, 2023 - Regular Meeting and August 14, 2023 – Special Meeting (pg. 43)

- B. CONSIDERATION OF MOTION APPROVING CLAIMS AND CHECKS DATED JUNE 27 – AUGUST 7, 2023 AND NECESSARY PAYMENTS THROUGH AUGUST 7, 2023 (pg. 49)

- C. CONSIDERATION OF RESOLUTION APPROVING REVIEW AND UPDATE TO SVCW COMMISSION POLICY 1992-01, INVESTMENT POLICY AND GUIDELINES (pg. 51)

Proposed Action:

Move adoption of RESOLUTION APPROVING AND ADOPTING REVISION V TO COMMISSION POLICY 1992-01, SILICON VALLEY CLEAN WATER'S INVESTMENT POLICY AND GUIDELINES

- D. CONSIDERATION OF RESOLUTION APPROVING REVISIONS TO SVCW COMMISSION POLICY 2017-01, STATEMENT OF DEBT MANAGEMENT POLICY (pg. 71)

Proposed Action:

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

- E. CONSIDERATION OF RESOLUTION APPROVING REVISIONS TO SVCW COMMISSION POLICY 2000-01, PROCEDURE FOR ADMINISTRATIVE PENALTIES (pg. 105)

Proposed Action:

Move adoption of RESOLUTION APPROVING AND ADOPTING REVISION A TO COMMISSION POLICY 2000-01, PROCEDURE FOR ADMINISTRATIVE PENALTIES

F. CONSIDERATION OF RESOLUTION APPROVING SVCW STANDARD SHORT FORM AND PROCUREMENT CONTRACT DOCUMENTS, VERSION SEPTEMBER 2023 (pg. 114)

Proposed Action:

Move adoption of RESOLUTION APPROVING SVCW'S STANDARD SHORT-FORM AND PROCUREMENT CONTRACT DOCUMENTS - VERSION SEPTEMBER 2023

G. CONSIDERATION OF RESOLUTIONS REJECTING BID FROM SYNAGROW-WWT, INC. AND APPROVING PURCHASE ORDER WITH WASTEWATER SOLIDS MANAGEMENT COMPANY FOR THE DIGESTER NO. 3 CLEANING AND REHABILITATION PROJECT (CIP #9245) (pg. 118)

Proposed Actions:

- i. Move adoption of RESOLUTION REJECTING ALL BIDS FOR THE 2023 DIGESTER NO. 3 CLEANING PROJECT (CIP #9245)
- ii. Move adoption of RESOLUTION APPROVING PURCHASE ORDER FOR DIGESTER 3 TRANSFER AND CLEANING IN AN AMOUNT NOT-TO-EXCEED \$99,960 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – WASTEWATER SOLIDS MANAGEMENT COMPANY

H. CONSIDERATION OF RESOLUTION REJECTING BID FROM ACCO ENGINEERED SYSTEMS, INC. FOR THE CHILLER REPLACEMENT PROJECT (Capital Project # 0342) (pg. 122)

Proposed Action:

Move adoption of RESOLUTION REJECTING SINGLE BID RECEIVED FOR THE CHILLER REPLACEMENT PROJECT (CAPITAL PROJECT # 0342)

Microsoft Teams Access Information
Silicon Valley Clean Water
Regular Meeting
Monday, September 11, 2023

WEBSITE: [Link to access meeting](#)

MEETING ID: 270 547 566 14

CALL IN PHONE NUMBER: +1 747-216-0281 **ID:** 925 412 740#

You may log in via URL located on SVCW's website at <https://svcw.org/about/governance/commission-meetings>. 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. Members of the public may provide public comments via the Teams platform by using the "raise hand" feature or, if calling in by phone, by unmuting and beginning to speak. In response to a "raised hand", SVCW will unmute the member of public and allow them to speak. In response to a phone request to speak, SVCW will ask what is the nature of the comment and will provide directions to follow to provide comment. Public comments will be limited to three minutes.

Public comment may also be made by emailing comments to commission@svcw.org up to two hours prior to the scheduled meeting time. 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.

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 change 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

Emergency Kit Supply List

**Recommended Items to Include in a Basic Emergency Supply Kit:**

- ☐ Water and non-perishable food for several days
- ☐ Extra cell phone battery or charger
- ☐ Battery-powered or hand crank radio that can receive NOAA Weather Radio tone alerts and extra batteries
- ☐ Flashlight and extra batteries
- ☐ First aid kit
- ☐ Whistle to signal for help
- ☐ Dust mask, to help filter contaminated air and plastic sheeting and duct tape to shelter-in-place
- ☐ Moist towelettes, garbage bags and plastic ties for personal sanitation
- ☐ Non-sparking wrench or pliers to turn off utilities
- ☐ Can opener (if kit contains canned food)
- ☐ Local maps

FEMA's Ready Campaign

educates and empowers Americans to take some simple steps to prepare for and respond to potential emergencies, including those from natural hazards and man-made disasters. Ready asks individuals to do three key things: get an emergency supply kit, make a family emergency plan, and be informed about the different types of emergencies that could occur and appropriate responses. Everyone should have some basic supplies on hand in order to survive several days if an emergency occurs. This list of emergency supply kit items is only a starting point. It is important that individuals review this list and consider the unique needs of their family, including pets, for items to include. Individuals should also consider having at least two emergency supply kits, one full kit at home and smaller portable kits in their workplace, vehicle or other places they spend time.



Federal Emergency Management Agency
Washington, DC 20472

**Additional Items to Consider Adding to an Emergency Supply Kit:**

- ☐ Prescription medications and glasses
- ☐ Infant formula and diapers
- ☐ Pet food, water and supplies for your pet
- ☐ Important family documents such as copies of insurance policies, identification and bank account records in a portable waterproof container
- ☐ Cash and change
- ☐ Emergency reference material such as a first aid book or information from www.ready.gov
- ☐ Sleeping bag or warm blanket for each person. Consider additional bedding if you live in a cold-weather climate.
- ☐ Complete change of clothing including a long sleeved shirt, long pants and sturdy shoes. Consider additional clothing if you live in a cold-weather climate.
- ☐ Fire Extinguisher
- ☐ Matches in a waterproof container
- ☐ Feminine supplies, personal hygiene items and hand sanitizer
- ☐ Mess kits, Paper cups, plates and disposable utensils, paper towels
- ☐ Paper and pencil
- ☐ Books, games, puzzles or other activities for children

**Emergency Supply List**

FEMA

www.ready.gov

AGENDA ITEM 5B

Recurring and Upcoming 2023 Commission Actions
Updated for September 2023 Meeting

<p>January</p> <ul style="list-style-type: none"> • Review Investment Policy • Long Range Financial Plan 	<p>February</p> <ul style="list-style-type: none"> • Meeting Cancelled 	<p>March</p> <ul style="list-style-type: none"> • Operating Budget Workshop 	<p>April</p> <ul style="list-style-type: none"> • Operating Budget Approval • Consider MOU w/Local 39
<p>May</p> <ul style="list-style-type: none"> • Initiate Manager Performance Evaluation 	<p>June</p> <ul style="list-style-type: none"> • Approve Resolution 77-6 “Personnel Resolution” • Perform Manager Evaluation • Review Reserve Funds Policy • Receive Q1 Investment Summary 	<p>July</p> <ul style="list-style-type: none"> • Elect Chair, Vice Chair; Appoint Secretary 	<p>August</p> <ul style="list-style-type: none"> • Special Meeting
<p>September</p> <ul style="list-style-type: none"> • Review Investment Policy • Review Debt Management Policy 	<p>October</p> <ul style="list-style-type: none"> • Conflict of Interest Update (Biennial; even numbered years) • Investment Program Status Annual Update 	<p>November</p> <ul style="list-style-type: none"> • Audited Financial Report • CIP Update (biennial) 	<p>December</p> <ul style="list-style-type: none"> • Commission Meeting Schedule for following year

-  - Recurring Commission Actions
-  - Upcoming Commission Actions

AGENDA ITEM 5C1

**Silicon Valley Clean Water Authority
Cash & Investments Summary Report
June 30, 2023**

Description	Market Value	% of Total Holdings	Yield to Market
<u>Reserve Accounts</u>			
Operating Reserve* - Securities	\$ 3,113,021	2.42%	1.47%
Operating Reserve - Money Market Fund Balance	777,971	0.61%	4.97%
CIP Reserve* - Securities	19,746,980	15.38%	2.18%
CIP Reserve - Money Market Fund Balance	1,807,433	1.41%	4.97%
Stage 2 Capacity Reserve* - Securities	13,514,340	10.53%	1.88%
Stage 2 Capacity Reserve - Money Market Fund Balance	565,588	0.44%	4.97%
Total Market Value: Operating and Reserve Accounts	\$ 39,525,334	30.8%	2.24%
Total Accrued Interest: Operating and Reserve Accounts	147,433		
GRAND TOTAL, RESERVE ACCOUNTS	\$ 39,672,767		
<u>Trustee Accounts:</u>			
2018 Bond Project Fund Account - CAMP	\$ 6,562,958	5.11%	5.24%
2018 Bond Revenue Account	2,276	0.00%	4.75%
2019A Notes WIFIA - Money Market Fund	1,629,400	1.27%	4.75%
2019A Notes Capitalized Interest Account - Money Market Fund	12,369	0.01%	4.75%
2019A Notes Capitalized Interest Account* - Securities	6,199,224	4.83%	2.46%
2021 Refunding Bonds Revenue Account	1,270	0.00%	4.75%
2021A Notes (RESCU) - Money Market Fund	638	0.00%	4.75%
2021A Notes (RESCU) - LAIF**	9,236,518	7.19%	3.17%
2021B Notes (WWTP) - Money Market Fund	12,934,011	10.07%	4.75%
2021B Notes (WWTP) - CAMP	12,749,247	9.93%	5.24%
2021B Notes (WWTP)* - Securities	12,340,286	9.61%	2.54%
2021B Notes (WWTP) - LAIF**	22,825,675	17.78%	3.17%
2021 Notes Capitalized Interest Account - Money Market Fund	1,325,813	1.03%	4.75%
Total Market Value, Trustee Accounts	\$ 85,819,686	66.85%	3.79%
Accrued Interest:	254,193		
Operating Cash (includes outstanding checks)	2,578,822	2.01%	0.00%
Local Agency Investment Funds (LAIF) Balance	455,045	0.35%	3.17%
Total Cash & Investments	\$ 128,780,512	100.00%	3.23%



Matthew P Anderson
Chief Financial Officer / Assistant Manager

7/17/2023

Date

* Monthly report of security transactions and interest available upon request

**Market value of LAIF based on the most available Fair Value factor

Silicon Valley Clean Water
Operating and Reserve Funds - Sector Allocation & Compliance June 30, 2023

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	\$ 1,865,511	\$ 9,747,066	\$ 6,111,141	\$ 17,723,718	45%	100%	✓	(1.4%)
Supranationals	171,882	-	-	171,882	-	15%	✓	0.0%
Federal Agency/GSE	494,329	1,080,061	756,085	2,330,475	6%	100%	✓	(0.1%)
Federal Agency/CMBS	-	1,071,150	766,347	1,837,497	5%	100%	✓	(0.2%)
Federal Agency CMO	-	543,870	434,184	978,054	2%	100%	✓	(0.1%)
Federal Agency MBS	-	1,994,744	1,448,238	3,442,981	9%	100%	✓	(0.2%)
Municipal	-	845,006	684,397	1,529,404	4%	30%	✓	(0.0%)
Corporate Notes	464,777	4,070,728	3,016,208	7,551,713	19%	30%	✓	(0.1%)
Asset-Backed Securities	116,523	394,355	297,740	808,618	2%	10%	✓	(0.2%)
Securities Sub-Total	3,113,021	19,746,980	13,514,340	36,374,342	92%			
Accrued Interest	7,712	79,569	60,151	147,433				
Securities Total	3,120,734	19,826,550	13,574,492	36,521,775				
Money Market Fund	777,971	1,807,433	565,588	3,150,992	8%	20%	✓	2.3%
Total Investments	\$ 3,898,705	\$ 21,633,982	\$ 14,140,080	\$ 39,672,767	100%			
As % of 6/30/22 Target:	96.9%	95.3%	100.0%	97.1%				

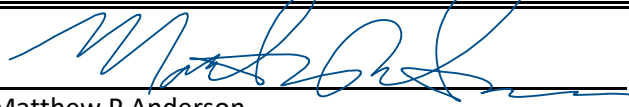
This report contains financial information which has not been reviewed or audited by an independent auditor, does not reflect the application of generally accepted accounting principles in all instances and is subject to future revision. This report has not been prepared with a view to informing an investment 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 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 bond, 2019A note, 2021 bond, 2021A and 2021B notes proceeds accounts are provided by PFM Asset Management LLC (PFM). Generally, PFM's market prices are derived from closing bid prices as of the last business day of the month as supplied by ICE Data Services or Bloomberg. Where prices are not available from generally recognized sources the securities are priced using a yield-based matrix system to arrive at an estimated market value. Prices that fall between data points are interpolated. Non-negotiable FDIC-insured bank certificates of deposit are priced at par. Although PFM believes the prices to be reliable, the values of the securities do not always represent the prices at which the securities could have been bought or sold.*
- 4. In accordance with Generally Accepted Accounting Principles (GAAP), month-end holdings and information are reported on a trade date basis.*
- 5. The yields shown for securities portions of the operating and reserve accounts and the 2019A and 2021A&B notes proceeds accounts are the yields to maturity at cost.*
- 6. The yield for LAIF is the average monthly effective yield. Source: https://www.treasurer.ca.gov/pmia-laif/historical/avg_mn_ylds.asp*
- 7. 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.*
- 8. Yield shown for CAMP is the monthly distribution yield.*
- 9. Amounts will slight differ due to timing of custodian account reports.*

AGENDA ITEM 5C2

**Silicon Valley Clean Water Authority
Cash & Investments Summary Report
July 31, 2023**

Description	Market Value	% of Total Holdings	Yield to Market
<u>Reserve Accounts</u>			
Operating Reserve* - Securities	\$ 3,073,980	2.17%	1.48%
Operating Reserve - Money Market Fund Balance	851,275	0.60%	5.18%
CIP Reserve* - Securities	21,351,865	15.04%	2.29%
CIP Reserve - Money Market Fund Balance	462,540	0.33%	5.18%
Stage 2 Capacity Reserve* - Securities	13,481,316	9.50%	1.88%
Stage 2 Capacity Reserve - Money Market Fund Balance	637,803	0.45%	5.18%
Total Market Value: Operating and Reserve Accounts	\$ 39,858,781	28.1%	2.23%
Total Accrued Interest: Operating and Reserve Accounts	180,374		
GRAND TOTAL, RESERVE ACCOUNTS	\$ 40,039,155		
<u>Trustee Accounts:</u>			
2018 Bond Project Fund Account - CAMP	\$ 6,592,580	4.64%	5.31%
2018 Bond Revenue Account	5,318,693	3.75%	4.98%
2019A Notes WIFIA - Money Market Fund	1,635,745	1.15%	4.98%
2019A Notes Capitalized Interest Account - Money Market Fund	12,418	0.01%	4.98%
2019A Notes Capitalized Interest Account* - Securities	6,213,451	4.38%	2.46%
2021 Refunding Bonds Revenue Account	7,766,152	5.47%	4.98%
2021A Notes (RESCU) - Money Market Fund	524	0.00%	4.98%
2021A Notes (RESCU) - LAIF	7,619,764	5.37%	3.31%
2021B Notes (WWTP) - Money Market Fund	13,791,097	9.72%	4.98%
2021B Notes (WWTP) - CAMP	12,806,792	9.02%	5.31%
2021B Notes (WWTP)* - Securities	10,207,645	7.19%	2.62%
2021B Notes (WWTP) - LAIF	23,359,284	16.46%	3.31%
2021 Notes Capitalized Interest Account - Money Market Fund	1,330,975	0.94%	4.98%
Total Market Value, Trustee Accounts	\$ 96,655,120	68.09%	4.10%
Accrued Interest:	1,509,113		
Operating Cash (includes outstanding checks)	2,719,980	1.92%	0.00%
Local Agency Investment Funds (LAIF) Balance	2,716,816	1.91%	3.31%
Total Cash & Investments	\$ 143,640,184	100.00%	3.48%


Matthew P Anderson
Chief Financial Officer / Assistant Manager

8/17/2023
Date

* Monthly report of security transactions and interest available upon request

Silicon Valley Clean Water Operating and Reserve Funds - Sector Allocation & Compliance July 31, 2023								
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	\$ 1,870,122	\$ 10,854,008	\$ 6,118,719	\$ 18,842,848	47%	100%	✓	2.4%
Supranationals	172,372	-	-	172,372	0%	15%	✓	0.4%
Federal Agency/GSE	496,199	1,076,644	753,827	2,326,670	6%	100%	✓	(0.1%)
Federal Agency/CMBS	-	1,442,171	761,193	2,203,363	6%	100%	✓	0.9%
Federal Agency CMO	-	526,952	422,090	949,042	2%	100%	✓	(0.1%)
Federal Agency MBS	-	1,968,255	1,428,864	3,397,119	9%	100%	✓	(0.2%)
Municipal	-	846,685	685,717	1,532,402	4%	30%	✓	(0.0%)
Corporate Notes	436,427	4,256,883	3,023,781	7,717,091	19%	30%	✓	0.3%
Asset-Backed Securities	98,861	380,267	287,125	766,253	2%	10%	✓	(0.1%)
Securities Sub-Total	3,073,980	21,351,865	13,481,316	37,907,162	95%			
Accrued Interest	9,654	116,025	54,695	180,374				
Securities Total	3,083,634	21,467,891	13,536,012	38,087,536				
Money Market Fund	851,275	462,540	637,803	1,951,619	5%	20%	✓	(3.1%)
Total Investments	\$ 3,934,909	\$ 21,930,430	\$ 14,173,815	\$ 40,039,155	100%			
As % of 6/30/24 Target:	94.0%	88.7%	100.0%	92.9%				

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 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 bond, 2019A note, 2021 bond, 2021A and 2021B notes proceeds accounts are provided by PFM Asset Management LLC (PFM). Generally, PFM's market prices are derived from closing bid prices as of the last business day of the month as supplied by ICE Data Services or Bloomberg. Where prices are not available from generally recognized sources the securities are priced using a yield-based matrix system to arrive at an estimated market value. Prices that fall between data points are interpolated. Non-negotiable FDIC-insured bank certificates of deposit are priced at par. Although PFM believes the prices to be reliable, the values of the securities do not always represent the prices at which the securities could have been bought or sold.*
- 4. In accordance with Generally Accepted Accounting Principles (GAAP), month-end holdings and information are reported on a trade date basis.*
- 5. The yields shown for securities portions of the operating and reserve accounts and the 2019A and 2021A&B notes proceeds accounts are the yields to maturity at cost.*
- 6. The yield for LAIF is the average monthly effective yield. Source: https://www.treasurer.ca.gov/pmia-laif/historical/avg_mn_ylds.asp*
- 7. 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.*
- 8. Yield shown for CAMP is the monthly distribution yield.*
- 9. Amounts will slight differ due to timing of custodian account reports.*

AGENDA ITEM 5D

**ENGINEERING REPORT: AUGUST 2023
CAPITAL IMPROVEMENT PROGRAM****UPCOMING COMMISSION ACTIONS:**

RESCU Program (6008, 9501, 9502): Design and Construct Conveyance System Improvements

SVCW 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. SVCW staff and consultant project team are intricately involved in all stages of work.

GP project construction is complete. Construction continues on the PSI and FoP projects. Acceptance of the GP project will occur concurrently with acceptance testing of the FoP project. The FoP and PSI Projects are expected to be completed in late 2023 and late 2024 respectively. Refer to Commission Item 5F for status updates.

Planned Commission Actions: Authorize Task Order Amendments for Owner's Assist Services – September 2023

Final Effluent Project (CIP#9223): Progressive Design Build Agreement Award

SVCW staff is in the process of procuring a design-build team for design and construction of Final Effluent Pumps Upgrade project. The Final Effluent Pump project will replace all five pumps that pump the final treated effluent into the San Francisco Bay. These pumps were installed as part of the initial plant construction and have been operational since the Plant was commissioned in 1982.

Planned Commission Actions: Award Stage 1 Progressive Design-Build Agreement and Task Orders – September 2023

Update SVCW Contract Documents: Approve Revised Contract Documents

Updates to the Short-Form and Procurement Documents have been prepared and staff recommends the Commission approve the revised version effective September 2023.

Planned Commission Actions: Approval of the revised Short-Form and Procurement Documents – September 2023

Digester No. 3 Cleaning (9245): Cleaning of Digester No. 3

This project includes transfer of sludge and cleaning of Digester No. 3. SVCW received one bid with a price significantly higher than budgeted. Staff recommend rejecting the bid. Staff also solicited quotes for modified scope of work for transferring sludge and cleaning it from three different contractors and received one quote.

Planned Commission Actions: Reject Bid and Approve Purchase Order – September 2023

Chiller Replacement Project (342): Installation of Water-Cooled Chillers

This project includes replacement of existing air conditioning chillers. The chillers have been operational for more than a decade and need replacement. The chiller that fits the existing footprint is being phased out starting January 1, 2024. SVCW is pre-purchasing the chillers to secure their availability. An installation contract was let to bid and one non-responsive bid was received. Staff will rebid the installation contract.

Planned Commission Actions: Reject Nonresponsive Bid – September 2023
Award Installation Contract – October 2023

Digester No. 1 Rehabilitation (9215): Rehabilitation of Digester No. 1

This project includes repair of coatings and structural elements in Digester No. 1. Construction is nearly complete and is in the commissioning phase.

Planned Commission Actions: Accept the Project and File Notice of Completion – October 2023

Diesel Aboveground Storage Tank Project (329): Install an aboveground Diesel Tank for Standby Generators

This project includes replacement of the existing underground single wall diesel tank with an aboveground double walled diesel tank as mandated by the State of California. The project will complete well before the 2025 state deadline.

Planned Commission Actions: Accept the Project and File Notice of Completion – October 2023

2023 CIP Update: Approve CIP 2023 Update

SVCW engineering division updates the CIP every two years to mark the completed projects and revise the list of projects. CIP2023 will also update the total CIP budget.

Planned Commission Actions: Approval of the CIP 2023 Update – October 2023

Sidestream Treatment for Nutrient Removal (CIP#9401): Approval of Design Task Order for Sidestream Treatment

SVCW staff is in the process of selecting a design team for the design of a nutrient removal project. The selection process includes proposal and interview. A total of

three teams are participating and the final selection is expected by the end of September.

Planned Commission Actions: Approve Design Task Order – October 2023

ONGOING PROJECTS IN CONSTRUCTION:

SAF-MBR (9236): Pilot Testing New Treatment Systems in Conjunction with Stanford University

SAF-MBR is operational with particular equipment being tested. Additional equipment continues to be procured to further test different scenarios of treatment.

TASK ORDERS APPROVED CALENDAR YEAR 2023:

A commissioner has requested a list of approved task orders be provided to the Commission on an ongoing basis. The list will be a regular attachment to this agenda item.

SVCW Engineering Division - Task Order Summary 01/01/2023-08/15/2023

Task Order Date	Consultant	TO Amt.	Project #	Project Name	Scope of Work	Commission Approval Date
Commission-Approved Task Orders:		\$2,172,465				
1/11/2023	Kennedy Jenks	\$281,100	9120	RAS Rehabilitation	Engineering Services During Construction	12/22/2022
1/17/2023	Brown & Caldwell	\$607,033	9600	Buried & Exposed Process Pipe Repair	Engineering Planning Services	12/12/2022
3/28/2023	Beecher Engineering	\$251,702	9247	SHB Electrical Rehabilitation	Electrical Engineering for Kohler Standby Power	3/13/2023
3/30/2023	CDM Smith	\$200,000	9223	Final Effluent Pump Replacement	Phase I Owner's Advisory Services - Progressive Design Build	3/13/2023
4/14/2023	Tanner Pacific	\$37,000	362	Emergency Force Main Leak Repair @ RWS	Construction Management Support	4/10/2023
5/23/2023	Brown & Caldwell	\$395,630	9600	Buried Exposed Pipe Repair	Engineering Design Services	4/10/2023
6/26/2023	WET Water Environment Technical	\$400,000	9130	Capital Improvements Engineering	CIP/Operations Technical & Advisory Consulting Services	4/10/2023
Manager-Approved Task Orders*:		\$729,215				
1/19/2023	Zenith Engineers	\$11,840	341	Rotary Drum Thickener Process Pipe Upgrades	Structural Engineering Services	
2/15/2023	West Yost	\$38,942	9223	Final Effluent Pump Replacement	Owner's Advisor (OA) Services	
2/21/2023	CDM Smith	\$74,109	9257	Food Waste Improvements	Geotechnical Investigation and Reports	
2/21/2023	Freyer & Laureta	\$68,140	9232	Long Term Strategic Recycled Water Planning	WWTP Consulting Services	
2/24/2023	Freyer & Laureta	\$12,000	9257	Food Waste Improvements	Topography Survey	
3/9/2023	JHS Consulting	\$5,200	810	As Needed Services FY 22-23	Environmental Review/CEQA: As-Needed Services	
3/20/2023	Kennedy Jenks	\$36,000	810	As Needed Services FY 22-23	As-Needed Engineering Services	
4/7/2023	Cascade Integration & Development	\$25,272	9242	Fixed Film Reactor Rehabilitation	Control Narrative Review & Control Strategies Dev. Svcs. Design Phase I	
4/10/2023	Kennedy Jenks	\$71,291	9244 @ 50% 9245 @ 50%	Digester 2 & 3 Cleaning & Rehabilitation	Condition Assessment/Evaluation Engineering Support Services	
4/28/2023	Zenith Engineers	\$7,680	9014	Process Tanks Concrete & Steel Protective Coatings Replacement	Structural Engineering Services for RCPS	
5/8/2023	DHI Water Environment	\$38,000	9401	Side Stream Treatment	Plant Stress Testing, WEST Software License, Extended Support Agreement	
6/26/2023	Zenith Engineers	\$3,060	810	As Needed Services FY 22-23	Structural Engineering Services for Pipe Support	
6/27/2023	Kennedy Jenks	\$12,491	810	As Needed Services FY 22-23	Digester Foaming Evaluation: As-Needed Engineering Services	
8/1/2023	Beecher Engineering	\$40,000	810	As-Needed Services FY 23-24	Electrical Engineering Support	
8/1/2023	Cascade Integration & Development	\$98,000	810	As-Needed Services FY 23-24	IAP, SCADA, PLC, Network Support	
8/3/2023	Sierra Research/Trinity Consultants	\$10,000	810	As-Needed Services FY 23-24	Air Quality Permitting & Consulting Services	
8/4/2023	Zenith Engineers	\$4,400	9107	CCT Concrete & Steel Protective Coating Replc.	Design Structural Modifications Eng. Svcs.	
8/4/2023	Pagilla, Krishna	\$5,000	810	As-Needed Services FY 23-24	Academic Advisory Consulting Services	
8/7/2023	Tanner Pacific	\$40,000	810	As-Needed Services FY 23-24	Construction Management General Support Services	
8/7/2023	Tanner Pacific	\$5,000	810	As-Needed Services FY 23-24	Contract Advisory Services, Record Drawings	
8/7/2023	Larry Walker Associates	\$8,000	810	As-Needed Services FY 23-24	NPDES Permit: As-Needed Support Services	
8/7/2023	Stemstrom, Michael	\$5,000	810	As-Needed Services FY 23-24	Academic Advisory Consulting Services	
8/7/2023	Tchobanoglous, George	\$5,000	810	As-Needed Services FY 23-24	Academic Advisory Consulting Services	
8/7/2023	Kennedy Jenks	\$30,000	810	As-Needed Services FY 23-24	As-Needed Engineering Services	
8/15/2023	Kennedy Jenks	\$74,790	9223	Final Effluent Pump Replacement	Design Build Early Work Engineering Services	

*JPA level of Manager approval is \$75,000

AGENDA ITEM 5E

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

**SEPTEMBER 11, 2023
AGENDA ITEM 5E**

Updated: 07/05/2023

Commission Meeting Date		Action Item	Requested or Estimated Date for Completion	Status			Date of Completion	Notes
				Ongoing	In Progress	Complete		
7/17/2023		Bylaws - Election/Appointment of Officers						Suggested to change bylaws such that new officers elected in February of each year. Decided against and will keep to July.
5/8 & 6/12 2023		No Action Items						
4/10/2023		Financial Funds	N/A			✓	6/12/2023	Described the various funds and reserves contained within SVCW's budget. Next CIP Update will include projects supporting sustainability
3/13/2023		Sustainability Efforts	N/A		✓			Present to Commission efforts related to sustainability, decarbonization, sea level rise, etc. Investigate grants available for EV fleet conversion.
2/13/2023		Meeting Cancelled						
1/9/2023		Water Feature - Avian Habitat	N/A		✓			Reach out to Audubon and other potential community partners. Identify benefits inline with SVCW's Mission.
12/12/2022		No Action Items						
11/14/2022		No Action Items						
10/10/2022	1	Remote Meetings	11/14/2022			✓	11/2/2022	Add 30-day remote meeting per AB361 to November agenda
	2	Hybrid Meetings	N/A			✓	3/1/2023	Show attendees while showing powerpoint presentations for hybrid meeting attendance. MSTeams now allows this.
	3	RESCU Report	N/A			✓	11/7/2022	Change RESCU monthly report to clarify "Project Chagnes" are complete w/amendments finalized.
> One Year		8E - JPA Amendment; re-initiate "clean up" to JPA	N/A		✓			Manager presented a pathway to address critical changes to the JPA at the April 2023 meeting. Commission concurred; Manager following up with Members.
		Project Changes/Commission Notification	N/A	✓			Ongoing	Ensure Commission is kept apprised of possible/potential project cost and/or schedule increases.

Silicon Valley Clean Water
Commissioners' Requested Action Items

SEPTEMBER 11, 2023
AGENDA ITEM 5E

Updated: 07/05/2023

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

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

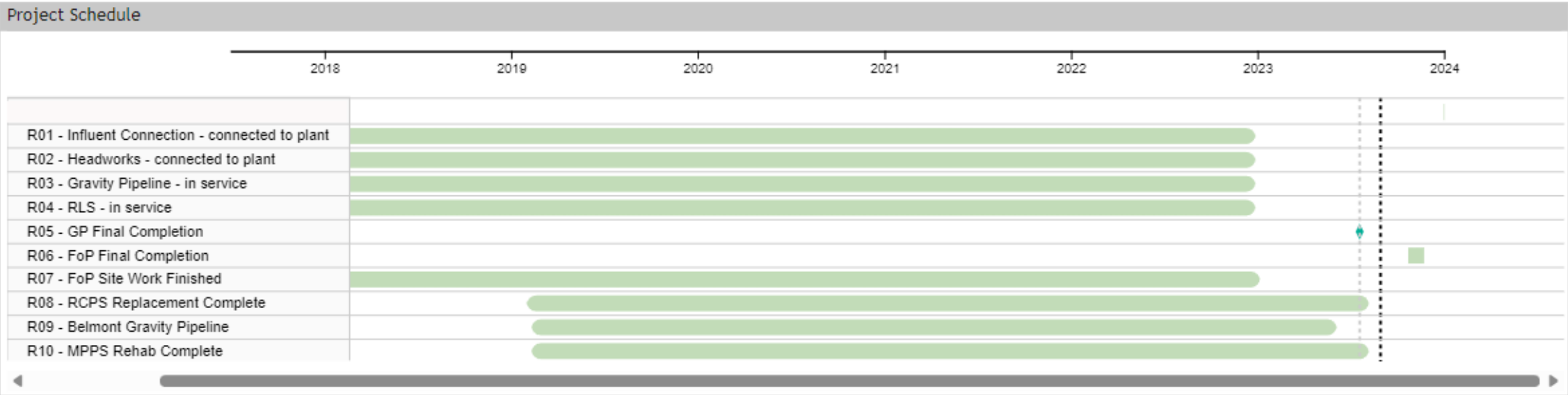
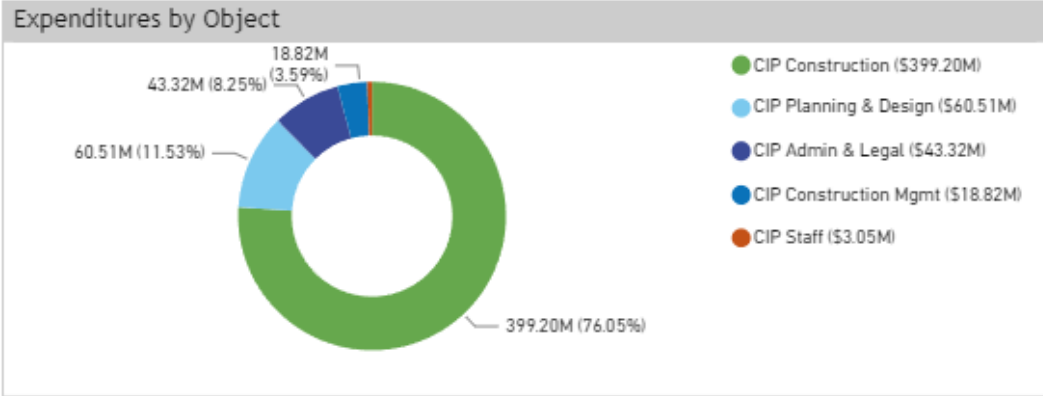
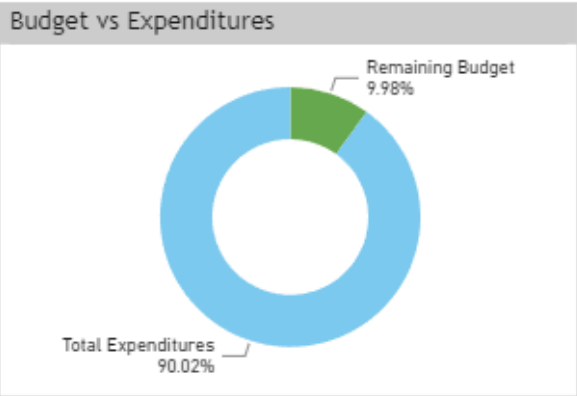
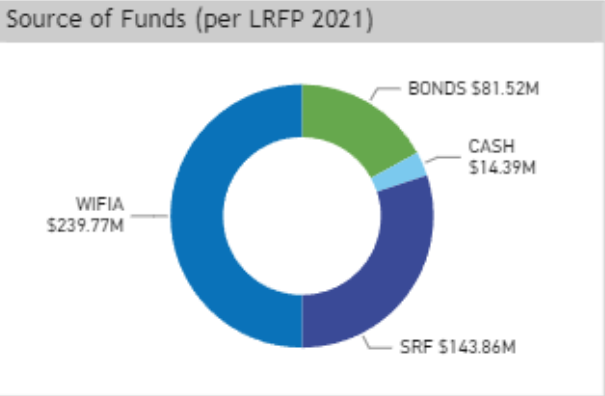
\$582.56M

Total Expenditure

\$524.41M

Remaining Budget

\$58.15M



Startup Overview

Startup Progress

Project	PreCommissioning	Functional Testing (Design verification)	Functional Testing (Dry verification)	Functional Testing (Wet verification)	Acceptance Testing
FoP	100%	100%	100%	100%	0%
GP	100%	0%	0%	0%	0%
MPPS A side	70%	0%	0%	0%	0%
MPPS B side	100%	100%	100%	100%	100%
BGP	0%	0%	0%	0%	0%
RCPS	0%	0%	0%	0%	0%

Major Accomplishments To Date

Front of Plant	<ul style="list-style-type: none"> - FoP Control Strategies completed. - FoP Design Intent presentation completed. - Acceptance Testing plan completed. - All vendor trainings completed.
Gravity Pipeline	<ul style="list-style-type: none"> - GP Design Intent presentation completed. - Acceptance Testing plan completed.
Pump Stations Improvements	<ul style="list-style-type: none"> - MPPS B Side Acceptance Testing completed. - MPPS Design Intent presentation completed. - MPPS Acceptance Testing plan completed. - Control Strategies workshop completed. - MPPS Equipment Tags finalized.
Program	<ul style="list-style-type: none"> - RESCU Commissioning Risk Register workshop completed. - Bi-weekly Risk Register meeting ongoing.

3 - Month Look Ahead

	Start	End	September	October
MPPS A Side Functional Testing	October 10, 2023	October 16, 2023		X
San Carlos Connecting Piping Startup	September 26, 2023	November 10, 2023	X	



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.

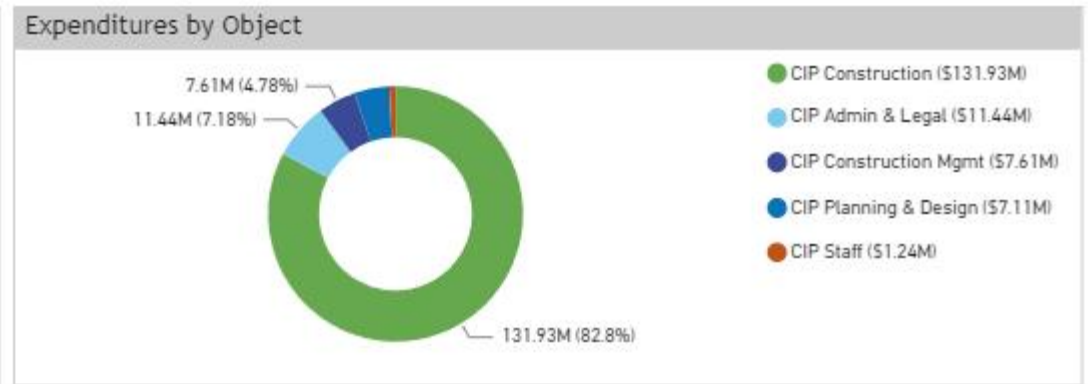
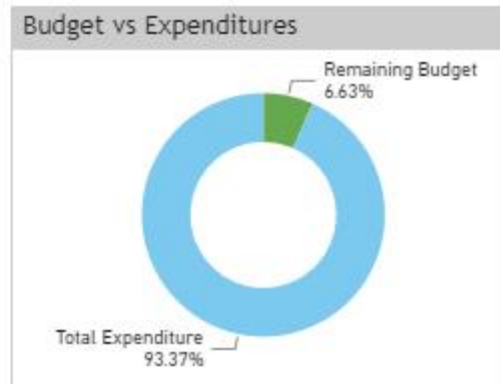
Available Budget
\$168.71M

Total Expenditure
\$157.52M

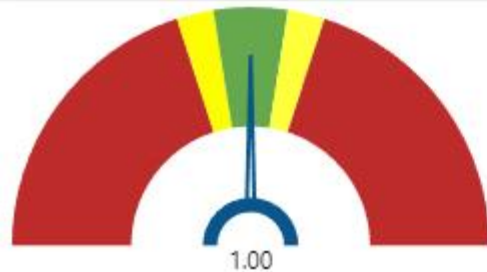
Remaining Budget
\$11.19M

Milestone Schedule		
	Start	Finish
Interconnection Pipe Completed	7/24/2020	8/1/2023
Headworks Facility Completed	12/6/2018	11/30/2022
SFS/RLS Completed	12/6/2018	2/22/2023
Bair Island Connecting Piping Startup	10/3/2022	11/29/2023
San Carlos Connecting Piping Startup	8/5/2022	11/23/2023
Substantial Completion*		1/5/2024

* Schedule extension is currently in discussion



Cost Performance Index (CPI)



Schedule Performance Index (SPI)



Major Accomplishments this Period

Construction	<ul style="list-style-type: none"> - SPJV exposed and plugged the existing 54" FM. - SPJV installed the 60" IPL mag meter, 60" SS IPL wall spool, and final 60" IPL steel pieces. - SPJV fused and installed the 63" HDPE IPL piping, backfilled and hydrotested it (Sta 0+55 to 9+05). - Vendor training is complete. - Force main to gravity pipeline switchover began preliminary testing. The Bair Island bypass was turned on. - PEC completed installation of the leachate discharge piping and installed the 20" FRP fan ducting at the SCPS. Outside the pump station, PEC completed installation of the 10" SSFM to tie into the new manhole.
Design	- SPJV continues design of various site improvements.
Procurement of Trade Packages	- Front of Plant Trade Procurement is complete.

3 - Month Look Ahead

	Start	End	September	October	November
ILS CFRP Repair Work	May 31, 2022	October 10, 2023	X	X	
SCPS Connecting Piping	August 5, 2022	December 1, 2023	X	X	X
Bair Island Connecting Piping	October 3, 2022	December 5, 2023	X	X	X
Start-Up and Commissioning	July 13, 2023	September 27, 2023	X		
Final Site Improvements	December 14, 2022	February 6, 2024	X	X	X

Potential Issues

Utilidor extension for piping
Plant water pipeline size upgrade and related fixtures
Additional cost due to changes to the temporary ILS bypass and procurement delays

Approved Project Changes

San Carlos and Bair Island Connecting Piping
Project Management past December 2021
Power Loss and Recovery and Other Electrical Improvements
New County/Local Sales Tax
Miscellaneous Site Improvements
ILS Pipe Repair
Extended Overhead Costs Associated with CFRP Delays
Electrical System
Credit for the deletion of the chemical storage system
Credit for deletion of 48" bypass from 54" force main
Change order for odor control system
Bair Island and San Carlos Pump Station Pipe Connection Work - mechanical
3 Water and Utilidor Improvements

Safety Spot Light

Lost Time	0
Near Misses	5
Recorded Losses	2

Gravity Pipeline Progressive DB Project (CIP 6008)



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

Available Budget

\$264.36M

Total Expenditure

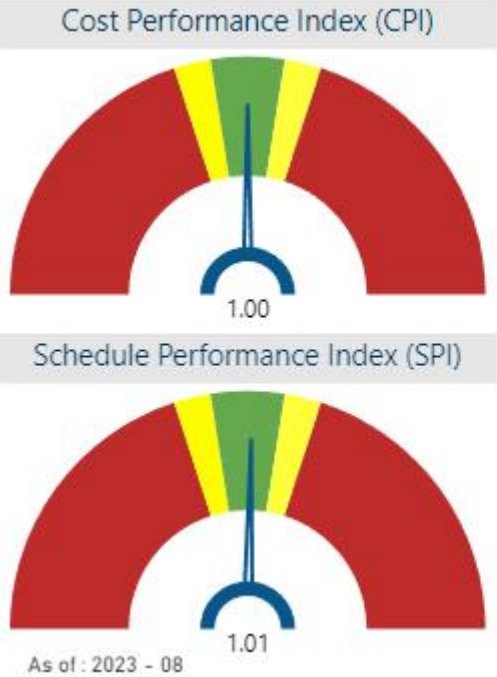
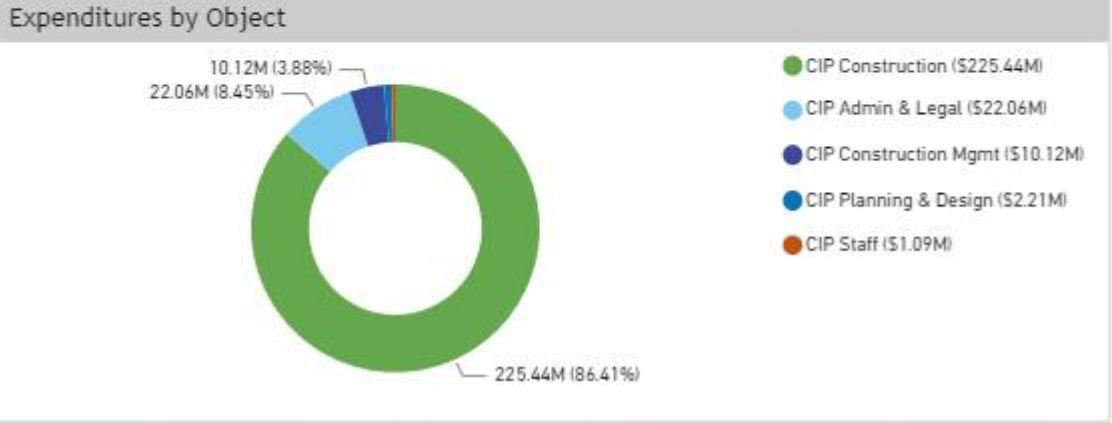
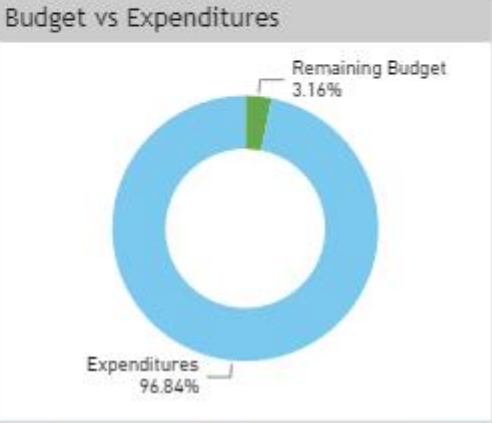
\$256.01M

Remaining Budget

\$8.35M

Milestone Schedule		
	Start	Finish
Conditional Substantial Completion		7/1/2022
Final Completion*		7/20/2023

* Schedule extension is currently in discussion





Major Accomplishments this Period

Construction	- BBJV completed backfill of the Airport Access Shaft. - BBJV completed site restoration at the AAS.
Design	- Gravity Pipeline design is complete.
Muck Disposal	- 79% of Muck Disposal Amendment spent - 21% of Muck Disposal Amendment remaining. Credit was issued for remaining funds.
Procurement of Trade Packages	- Gravity Pipeline Trade Procurement is complete.

3 - Month Look Ahead

	Start	End
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Potential Issues

Approved Project Changes

Soil Conditioner Leak at CPT Hole STA 171 + 80
SFS Slurry Wall Hardness DSC
SCPS Basement Connection
San Carlos Shaft Ammonia Mitigation
San Carlos Adit Ammonia Mitigation
Redwood City Sales Tax Increase 2021
New County/Local Sales Tax and US Tariffs
Exceedence of Muck Offhaul Allowance
Bair Island Weir Optimization
Bair Island Force Main Exposure and Additional Monitoring
Additional Survey at Governors Bay
Acceptance Testing Time Extension

Safety Spot Light

Lost Time	1
Near Misses	4
Recorded Losses	5

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 MPPS and RCPS will flow through the new 48-inch force main to a drop structure at Inner Bair Island. RCPS pumps MPPS flows during wet weather events.

Available Budget

\$133.59M

Total Expenditure

\$98.10M

Remaining Budget

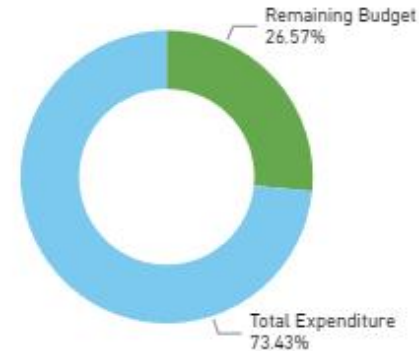
\$35.49M

Milestone Schedule

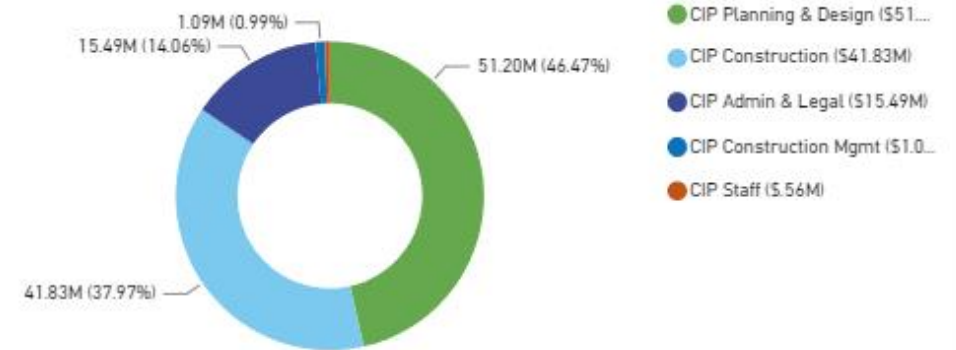
	Start	Finish
MPPS - B-side Pumps Completed	3/15/2022	10/13/2022
MPPS - A-side Pumps Completed	10/4/2022	11/15/2023
BGP - Gravity Pipe Installed	10/26/2023	1/24/2024
BGP - Shaft/Tunneling Work on Shoreway Road	4/12/2021	4/18/2023
RCPS - PG&E Service Work	5/4/2021	3/22/2024
RCPS - Wet Well & Screening Building Completed	4/17/2022	4/15/2024
RCPS - Electrical Building Completed	2/8/2021	10/19/2023
Substantial Completion - MPPS*		8/7/2023
Substantial Completion - RCPS*		8/7/2023
Substantial Completion - BGP*		6/5/2023

* Schedule extension is currently in discussion

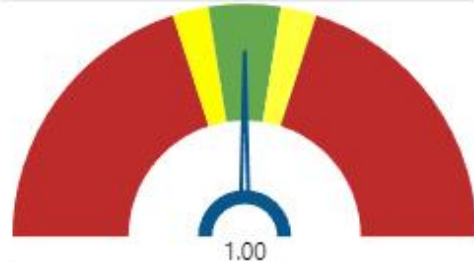
Budget vs Expenditures



Expenditures by Object



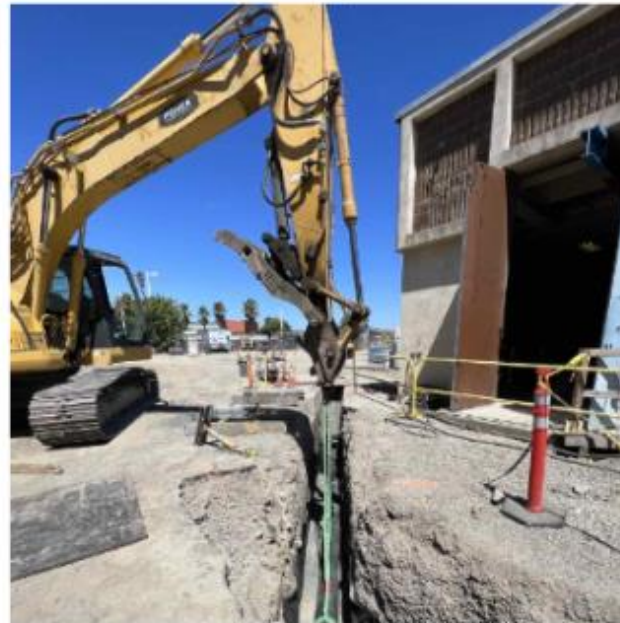
Cost Performance Index (CPI)



Schedule Performance Index (SPI)



As of : 2023 - 08



Pump Stations (CIP 9501)



Major Accomplishments this Period

Construction	<p>- BGP: PEC has begun restoration and demobilization at the JS-4 and RS-4 sites. At JS-4, PEC has formed and poured the curbs, gutters, and sidewalks. They have also graded and compacted the area for paving. At RS-4, PEC has pulled the sheet piles and are prepping the area for paving by removing AC and grading/compacting.</p> <p>- RCPS: Junction Box excavation completed, and the existing 48" Pipe is supported. Junction Box footing and lower walls rebar installed and concrete poured. Concrete Pipe Collars poured around (E) 48" Pipe where it penetrates through Sheet Piles. Pipe spools placed. Discharge piping coated. Site SD piping installed and backfilled.</p> <p>- MPPS: New MCC received, assembled, installed and commissioned. MMC completed cutover of equipment to new PLC and new MCC. Electrical Room flood protection concrete curb poured. New Influent Gate installed, influent box and channel pressure washed to remove old coating, grout resurfaced, and new coating applied; bypass piping removed. Secondary Conductors swapped at PG&E Transformer, conduits passed PG&E Mandrel inspection, and backfill inspection. MPPS Interior painted and exterior cleaned and exterior waterproofing applied. New Supply Fan installed and connected to new PLC and MCC. SPIV relocated connexes and staged materials to allow for Ranger Pipeline access for WBSD's work. Received and installed final VFD, (N) VFD #1. Bathroom drywall and fixtures replaced. (N) Sump Pump and piping installed.</p>
Design	<p>- RCPS: SPIV finalized drawing updates for the 60-inch future Redwood City connection and issued Design Clarification 069, depicting a sleeve with welded steel in place, and guides for future stop logs.</p> <p>- BGP: SPIV finalized drawings for Belmont Pump Station Demolition. SPIV has also received comments from SVCW on the SCPS Declassification drawings.</p>

3 - Month Look Ahead

	Start	End	September	October	November
MPPS - Pump & Motor Rooms	March 15, 2022	September 11, 2023	X		
MPPS - Electrical Room Improvements	July 6, 2021	October 4, 2023	X	X	
BGP - San Carlos Gravity Line Electrical Work	March 16, 2023	September 29, 2023	X		
BGP - SCPS Connection to GP	November 9, 2023	January 10, 2024			X
RCPS - Mechanical - Wet Well	November 28, 2022	April 15, 2024	X	X	
RCPS - Mechanical - Screening Structure	October 31, 2022	January 23, 2024		X	X
RCPS - Electrical / I&C	July 6, 2023	April 4, 2024	X	X	
RCPS - Junction Box	March 24, 2023	May 17, 2024	X	X	X
RCPS - Electrical Building & Restroom	February 8, 2021	October 19, 2023	X	X	
RCPS - Site Utilities	August 8, 2023	June 7, 2024	X		
RCPS - Effluent Piping and Meter Vault	September 29, 2023	May 3, 2024	X	X	X
RCPS - Standby Generator	June 2, 2021	October 5, 2023	X	X	

Potential Issues

San Carlos Pump Station Electrical
 RS2 Recology Changes (Single Lane Closure)
 Redwood City 60-inch Pipe Installation/Connection
 Redwood City 48-Inch Pipe Rehabilitation and condition of existing influent pipe
 MPPS and RCPS PG&E Related-Changes
 Izzys Fence
 Contract time extension
 Challenges from permitting and land acquisition conditions at RCPS

Approved Project Changes

Traffic Control Changes Allowance Release
 Stage 2 Baseline Schedule Revision
 Segment 1 Force Main Junction Box Repairs
 SCPS Electrical
 PSI Catch-up: Revised BGP Piping, Phase Loss Relay, Autostart for Portable Generator (RCPS and MPPS), MPPS Bathroom Items, RCPS Pump Protection Panel Reset Button, Additional Paving Thickness in San Carlos
 Differing Site Conditions and MPPS Generator Warranty Release
 Credit for installation of Segment 2 FM ARV/VRV, Monitoring Off Position, RCPS Standby Generator Cost Increase, RCPS CARVs, Credit for 12" Water Relocation and Calwater Costs
 BGP Design Development
 Bair Island and San Carlos Pump Station Pipe Connection Work - electrical/instrumentation
 Allowance Release, JS-4 Unforeseen Fiber Optic Utility Impacts

Safety Spot Light

Lost Time	0
Near Misses	0
Recorded Losses	0

As of : 2023 - 08

AGENDA ITEM 6A



September 11, 2023

To: SVCW Commission

From: Teresa Herrera, SVCW Manager

Subject: Consideration of Subcommittee Formation for SVCW Strategic Plan

Background:

- Prior to my becoming Manager in 2018, SVCW did not have a strategic plan. I suggested to the Commission that one be prepared, knowing that there would be a significant amount of changes upcoming and also for purposes of providing me some guidance on the Commission's interests.
- I prepared the plan, presented it to the Commission, and they adopted it.
- It is a 5-year plan, as anything longer than 5 years begins to get untenable.
- The 5-year period is over at the end of this year (i.e., it covered the period December 2018 to December 2023)
- I've attached a document indicating the elements in the current Strategic Plan and summary of how the elements have been addressed.

Process for Developing a New Strategic Plan:

In my discussion with the Commission Chairperson, there is expressed interest in establishing a subcommittee, including the Manager, for purposes of advising on elements for a new Strategic Plan. Since the current strategic plan covers a five-year period through December 2023, I suggest that the new plan initiate in January 2024.

The SVCW Bylaws allow for the Commission Chairperson to establish committees of one or more members of the commission or of other interested persons for purposes of advising and making recommendations to the Commission. (Note that such committees are advisory only and not vested with decision-making authority.)

Per Brown Act requirements, if such a subcommittee is composed of more than a majority and, therefore, more than a quorum of the legislative body, it must be noticed and open to public attendance. As such, establishing a specific duration for a subcommittee to meet and a regular meeting schedule will facilitate meeting the Brown Act.

This memo is a touchpoint for discussion on this matter.



**2018 - 2023 SVCW STRATEGIC PLAN
ELEMENTS AND STRATEGIES WITHIN EACH ELEMENT**

Operations Department (includes Maintenance)

Strategic Plan Element	Met?	Notes
Predictive process control & optimization, including Lab and ESD as support	Yes	Hiring process engineer, creating process control specialist
Succession planning	Yes	Internal promotions and outside hires to compensate for retirements.
Transition to single-shift operations due to automation	No	Strategy highly unlikely to be implemented. Significant reduction in staffing for wet weather events and night-shifts resulting from automation.
Predictive maintenance using asset management software	Yes	Development of GP and EIMS

Engineering Division

Strategic Plan Element	Met?	Notes
WWTP: Extend facilities' useful life	Yes	62 projects closed (completed) between FY18-19 & 22-23.
WWTP: Projects with a quick payback	Yes	5 projects closed (completed) between FY18-19 & 22-23.
WWTP: Ensure future Plant reliability	Yes	Innovative processes: BFT, Mango, SAF-MBR. BFT in full-scale operation.
WWTP: Agency cost reductions	Yes/No	Energy efficiency projects brought energy costs down. Staff # and overtime decreased due to new facilities. Automation to allow for single-shift operations-not met.
RESCU: bring facilities online Fall 2022	No	GP met scheduled end date of August 2022 FoP & PSI (partial) 1 year later than anticipated (Fall 2023) PSI (last element) 1.5 years later than anticipated (July 2024)

Business Services/Financial Management

Strategic Plan Element	Met?	Notes
Reserve Funds'	Yes	Policy created & maintained/revised as needed
Long Range Financial Plan	Yes	Consistently created and maintained each year; sent to member agency staff for funding
Investment Policy	Yes	Policy created and maintained/revised to maximize returns on investment while maintaining security and liquidity
Debt Management	Yes	Policy created and maintained to assist in decision-making, forming basis for debt structures.

Information Management

Strategic Plan Element	Met?	Notes
Technology (hardware & software) to support SVCW's functions	Yes	IMS and IAP systems separated; Process control and process engineer hired, using technology (data-driven reports); IMS consistently updated for security and effectiveness.
Consolidate disparate software to provide analytical data enabling accurate reporting, predictive analytics, and supporting strategic goals.	Yes	Several software packages consolidated, providing a central database from which information is pulled.
Simplicity, Security, and Robustness for SVCW's Information management system	Yes	Simplicity: consolidation of software packages. Security: efforts towards cyber-security, including monthly staff training modules. Robustness: solid back up systems, continual improvements for servers and server room.

Office of the Manager - Personnel & Organizational Management

Strategic Plan Element	Met?	Notes
Establish and maintain a cohesive and highly functioning workforce	Yes; ongoing	45 hires since 2018 in response to retirements and resignations. Created new positions to fill gaps: Lab QA Officer, Process Control Specialist, Process Engineer, , Operator-in-Training, Facilities Maintenance Technician
Provide opportunities for advancement and individual enhancements	Yes; ongoing	Internal promotions to fill retirements & resignations: Ops Dir, Ops Supe, Sr. Operator (x3), OIT, Maintenance Dir, Maintenance Supe (x2), Sr. Lab Analyst, Business Ops Associate, Lab QA, Process Control Specialist, Facilities Maintenance Technician

Prepare and implement a succession plan to meet future needs	Yes; ongoing	The two elements above address this. Additionally, over the five-year period, 4 re-organizations (2 major; 2 minor) have occurred. Leadership training provided for 80% of employees.
Develop and maintain a safety and risk management culture	Yes; ongoing	Over the 5-years, reached 365 days without an incident. Followed by reaching 730 days without an incident. As of August 1, 2023, 289 days without an incident. Three long-term WC cases being administered currently.
Establish and keep up to date policies for all aspects of the organization	Yes	In Summer 2019, Commission Policies and Standard Administrative Procedures (SAP) were separated according to appropriate roles/responsibilities. 16 of 28 (57%) Commission Policies updated. 34 of 51 (67%) SAPs updated.
Treat all employees with respect; value individual contributions	Yes	This is a constant and embedded in all that I, management staff, and SVCW emphasizes. Disrespect is not tolerated and disciplinary actions and training result if it does occur.

Office of the Manager - Communications Management

Strategic Plan Element		Met? How?
Internal: Enhance safety culture	Yes	Daily safety messages from Sr. Mgmt staff. Meetings kicked off with safety message.
Internal: Enhance communication	Yes	Lunchroom monitors with messages on various topics. Monthly SnackChats.
External: Member agency staff and governing bodies	Yes/No	Manager began with monthly meetings with all agency managers; this slowed down during Covid. Currently outreach as needed; no set day/time.
External: Social Media & Newsletters	Yes	Websites maintained; video feeds from construction uploaded. LinkedIn, Twitter and Facebook accounts set up and maintained. Twitter will be phased out to be replaced with Instagram. Set up a contract with outside public information representative (via RWC).

AGENDA ITEM 7A

**MINUTES OF SILICON VALLEY CLEAN WATER
SPECIAL MEETING – July 17, 2023
8:00 a.m.**

Place: Pelican Conference Room
Silicon Valley Clean Water
1400 Radio Road, 2nd Floor
Redwood City, California

Members of the public and SVCW staff and consultants were also able to observe and participate remotely per instructions provided in the agenda.

ITEM 1

CALL TO ORDER

The meeting was called to order at 8:00 a.m.

ITEM 2

ROLL CALL - Commissioners Duly Appointed by Each Agency

Council Member Alicia Aguirre, Redwood City – Chair
Board Member George Otte, West Bay Sanitary District – Vice-Chair
Council Member Ron Collins, San Carlos – Secretary

Staff, Consultants and Visitors Present

Teresa A. Herrera, SVCW Manager
Christine C. Fitzgerald, SVCW Legal Counsel
Matt Anderson, SVCW Chief Financial Officer/Assistant Manager
Monte Hamamoto, SVCW Chief Operating Officer
Kim Hackett, SVCW Authority Engineer
Jennifer Flick, SVCW Human Resources Director
Arvind Akela, SVCW Engineering & Environmental Services Director
Jessica Mangual, SVCW Secretary Pro Tem
Anir Bhagwat – SVCW Senior Engineer
Teresa Yee - City of Redwood City

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 and providing public comment during the remote meeting site were provided.

Item 7A Safety Moment concerned tips on international travel.

For other written reports contained within the agenda packet, there were no questions or comments.

ITEM 6

MATTERS OF COMMISSION MEMBER'S INTEREST

Election of New Chairperson, Vice Chairperson, and Appoint New Secretary

Commissioner Aguirre - Chair

Commissioner Otte – Vice Chair

Commissioner Collins - Secretary

Motion/Second: Mr. Collins / Mr. Otte

The Motion carried by Unanimous Vote

ITEM 7

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

- A. APPROVAL OF MINUTES – June 12, 2023 - Regular Meeting
- B. CONSIDERATION OF MOTION APPROVING CLAIMS AND CHECKS DATED MAY 30 – JUNE 26, 2023, AND NECESSARY PAYMENTS THROUGH JUNE 26, 2023
- C. CONSIDERATION OF RESOLUTION APPROVING MASTER SERVICES AGREEMENT WITH JDH CORROSION CONSULTANTS, INC. FOR ON-CALL CORROSION CONSULTING AND CONDITION ASSESSMENT SERVICES

Proposed Action:

Move adoption of RESOLUTION APPROVING MASTER SERVICES AGREEMENT FOR ON-CALL ENGINEERING SERVICES – JDH Corrosion Consultants, Inc.

- D. CONSIDERATION OF RESOLUTION AMENDING SECTION 16 OF RESOLUTION NO. SBSA 77-6 RELATING TO THE INCOME PROTECTION PLAN AND RESCIND RESOLUTION NO. SBSA 80-22

Proposed Action:

Move adoption of RESOLUTION NO. SVCW 23-26 AMENDING SECTION 16 OF RESOLUTION NO. SVCW 77-6 AND RESCINDING RESOLUTION NO. SBSA 80-22

E. CONSIDERATION OF RESOLUTION APPROVING REVISION TO COMMISSION POLICY NO. 1980-01, PREPARATION OF COMMISSION AGENDA AND PROCEDURES FOR IMPLEMENTING BROWN ACT

Proposed Action:

Move adoption of RESOLUTION APPROVING REVISION E TO COMMISSION POLICY NO. SVCW 1980-01

F. CONSIDERATION OF RESOLUTION APPROVING SVCW STANDARD CONTRACT DOCUMENTS, VERSION JULY 2023

Proposed Action:

Move adoption of RESOLUTION APPROVING SVCW'S STANDARD LONG-FORM CONTRACT DOCUMENTS - VERSION JULY 2023

Motion/Second: Mr. Otte / Mr. Collins

The Motion carried by Unanimous Vote

ITEM 8

BUSINESS ITEMS – None

ITEM 9

CLOSED SESSION – None

ITEM 10

RECONVENE IN OPEN SESSION – None

ITEM 11

ADJOURN

There being no further business, the meeting adjourned at 8:12 a.m.

Minutes prepared by Teresa A. Herrera

Reviewed by General Counsel

Ron Collins, Secretary

**MINUTES OF SILICON VALLEY CLEAN WATER
SPECIAL MEETING – August 14, 2023
8:00 a.m.**

Place: Pelican Conference Room
Silicon Valley Clean Water
1400 Radio Road, 2nd Floor
Redwood City, California

Members of the public and SVCW staff and consultants were also able to observe and participate remotely per instructions provided in the agenda.

ITEM 1

CALL TO ORDER

The meeting was called to order at 8:00 a.m.

ITEM 2

ROLL CALL - Commissioners Duly Appointed by Each Agency

Council Member Alicia Aguirre, Redwood City – Chair
Board Member George Otte, West Bay Sanitary District – Vice-Chair
Council Member Ron Collins, San Carlos – Secretary
Vice Mayor Davina Hurt, Belmont – Member

Staff, Consultants and Visitors Present

Teresa A. Herrera, SVCW Manager
Christine C. Fitzgerald, SVCW Legal Counsel
Jessica Mangual, SVCW Secretary Pro Tem

ITEM 3

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was recited by those in attendance

ITEM 4

PUBLIC COMMENT

There was no Public Comment

ITEM 5

SAFETY MOMENT AND REPORTS – None

ITEM 6

MATTERS OF COMMISSION MEMBER'S INTEREST – None

ITEM 7

CONSENT CALENDAR – None

ITEM 8

BUSINESS ITEMS – None

ITEM 9

Closed Session was called to order at 8:01 a.m.

ITEM 10

RECONVENE IN OPEN SESSION

Open Session reconvened at 10:14 a.m.

ITEM 11

ADJOURN

There being no further business, the meeting adjourned at 10:15 a.m.

Minutes prepared by Teresa A. Herrera
Reviewed by General Counsel

Ron Collins, Secretary

AGENDA ITEM 7B

SVCW WARRANT REGISTER

SVCW Warrant Registers dated June 27 – August 7, 2023, were scanned and a copy was emailed to Commissioners and Legal Counsel on September 6, 2023.

AGENDA ITEM 7C

**COMMISSION POLICY 1992-01
INVESTMENT POLICY AND GUIDELINES
ANNUAL REVIEW AND UPDATE**

ISSUE

Review and Update SVCW Commission Policy 1992-01, Investment Policy and Guidelines

BACKGROUND

In July 1992, SVCW adopted an Investment Policy and Guidelines (Commission 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, if any. Policy No. 1992-01 was last updated as Revision U at the March 14, 2022 Commission meeting.

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.

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 06/30/23 (\$ Millions)
Operating Reserve	\$ 3.90 million
Capital Improvement Plan Reserve	21.63 million
Stage 2 Capacity Reserve	<u>14.14 million</u>
TOTAL	\$39.67 million

There were no government code changes that necessitated edits to SVCW’s Investment Policy. Other recommended changes were limited to clarification on forward settlement and maturity dates and for reviews of the policy to be on a regular basis in lieu of an annual basis. These proposed amendments are highlighted in the attached “redline” version of the Investment Policy.

CLIMATE EFFECTS

No climate effects are associated with the proposed changes.

FINANCES

No financial impact is associated with the proposed changes.

RECOMMENDATION

Move adoption of RESOLUTION APPROVING AND ADOPTING REVISION V TO COMMISSION POLICY 1992-01, SILICON VALLEY CLEAN WATER’S INVESTMENT POLICY AND GUIDELINES

Silicon Valley Clean Water

COMMISSION POLICY NO. 1992-01

APPROVED BY: _____

Revision: ~~U~~-V

Revision Date:
~~03/14/2022~~09/11/2023

Issue Date: 07/20/1992

Approved by the SVCW Commission at the Meeting held on ~~March 14, 2022~~September 11, 2023 by Resolution No. SVCW ~~22-0723-~~

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 for regular review of ~~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. A security purchased in accordance with this section shall not have a forward settlement date exceeding 45 days from the time of investment. 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. For purposes of compliance with this section, an investment’s term or remaining maturity shall be measured from the settlement date to final maturity.

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 not less than 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.

Silicon Valley Clean Water

COMMISSION POLICY NO. 1992-01

APPROVED BY: _____

Revision: V

Revision Date: 09/11/2023

Issue Date: 07/20/1992

Approved by the SVCW Commission at the Meeting held on September 11, 2023, by Resolution No. SVCW 23-29

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 for regular review of 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. A security purchased in accordance with this section shall not have a forward settlement date exceeding 45 days from the time of investment. 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.. For purposes of compliance with this section, an investment’s term or remaining maturity shall be measured from the settlement date to final maturity.

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 not less than 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 7D

**REVISIONS TO COMMISSION POLICY 2017-01
STATEMENT OF DEBT MANAGEMENT POLICY**

ISSUE

Approve Revisions to SVCW Commission Policy 2017-01, Statement of Debt Management Policy

BACKGROUND

SVCW's Commission Policy 2017-01, Debt Management Policy, establishes policies and procedures for the issuance and management of bonds, capital leases, and other forms of indebtedness, providing guidance for issuance and management of the Authority's debt portfolio, with the goal of financing its capital improvement program in an equitable and low-cost manner.

DISCUSSION

SVCW amends the Debt Management Policy to be consistent with changes in federal and state securities laws and pronouncements of the Securities and Exchange Commission. Amendments are also made to modify strategies as needed.

Proposed changes to the policy are attached and include:

- Grammatical and definition changes offered for clarity, and;
- Reviews and evaluations to be done "regularly" in lieu of annually.
- Language to clarify the required Commission authorizations required when issuing long-term debt.

The SVCW Manager recommends approval of SVCW Commission Policy 2017-01, Revision F, dated September 11, 2023.

CLIMATE EFFECTS

There are no anticipated climate effects from this action.

FINANCES

There are no direct financial impacts to this action.

RECOMMENDATION

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

Silicon Valley Clean Water

Commission Policy 2017-01

Approved by: _____

Rev: EF
3/23/2017

Rev Date: 10/10/2022 09/11/2023

Issue Date:

Approved by Commission at Meeting of ~~October 10, 2022~~ September 11, 2023 by Resolution No. SVCW 23-__2-32

SUBJECT: Statement of Debt Management Policy

APPLICABLE CODES AND REGULATIONS:

Government Code Section 8855, Government Code 5852.1

PURPOSE:

This Debt Management Policy (the “Policy”) establishes the comprehensive policies and procedures for the issuance and management of bonds, capital leases, and other forms of indebtedness (“Debt”) of Silicon Valley Clean Water (the “Authority”, or “SVCW”) The purpose of the Policy is to identify Debt policy objectives, improve the quality of decision making processes, provide a basis for the determination of the appropriate structures, diversify SVCW’s Debt portfolio, to the extent such is cost effective, to support its financial needs and to demonstrate a commitment to best practices in municipal debt management planning and execution.

This Policy provides guidelines for the issuance and management of the Authority’s Debt portfolio. Adherence to the policy will help ensure that the Authority maintains a diversified Debt portfolio that supports its financing needs and minimizes the Authority’s cost of funding.

The Commission of SVCW (the “Commission”) may, in its sole discretion, approve Debt that deviates from this Policy, upon the recommendation of management. The failure of SVCW to comply with any provision of this Policy shall not affect the authorization or the validity or enforceability of any Debt that is otherwise issued in accordance with law. SVCW shall conduct an annual/regular reviews and evaluations of this Policy. As appropriate, SVCW shall amend the Policy to be consistent with changes in the federal and state securities laws, pronouncements of the Securities and Exchange Commission and such other matters as the Chief Financial Officer (“CFO”) deems necessary or desirable.

The Authority’s overarching goal in issuing Debt is to respond to, and provide for, the funding of capital projects and other financing needs of the Authority’s wastewater system while ensuring that Debt is issued and managed prudently. Additional Policy goals are to maintain appropriate Debt and debt service levels through collaborative long-term planning with the Member Agencies, as defined herein, and to maintain a sound fiscal position and protect the credit quality of SVCW.

The Authority believes that Debt can provide an equitable means of financing projects for customers of the Member Agencies and providing access to new capital needed for infrastructure and project needs. Debt will be used to meet financing needs if (i) it meets the goals of equitable treatment of all customers of the Member Agencies, respectively, both current and future; (ii) it

provides for an effective means of paying for assets over their useful lives in lieu of paying for the assets over a much shorter period and thereby avoiding volatility in customers' rates; (iii) it is fiscally prudent, responsible, and diligent under the prevailing economic conditions; and (iv) if there are other important policy reasons therefor.

POLICY:

CREATION AND GOVERNING PRINCIPLES

In the issuance and management of Debt, the Authority shall comply with all legal constraints and conditions imposed by federal, state, and local law. The following section highlights the key governing documents and certain Debt limitations.

GOVERNING LAWS

Joint Powers Act – The Authority is a Joint Exercise of Powers Authority (JPA) organized under the provisions of California law governing the joint exercise of powers, being Chapter 5, Division 7, Title 1 of the Government Code of the State of California. The JPA Act gives the Authority the right to contract, construct works, and to incur indebtedness. The Authority shall comply with all constraints of the JPA Act.

Governance - The Authority is a JPA created by and among the City of Belmont, the City of Redwood City, the City of San Carlos and West Bay Sanitary District (the "Member Agencies"), all of which are located in Silicon Valley between the cities of San Francisco and San Jose. SVCW is governed by a four-member Commission consisting of one appointed member from each of the Members Agencies' elected governing bodies. The Authority was created through an agreement by and among the Member Agencies (the "JPA Agreement") to provide wastewater transmission, treatment and effluent disposal for the Member Agencies and to own and operate the related wastewater facility and all appurtenances related thereto. The Authority shall comply with all constraints of the JPA Agreement.

Federal Tax Law – The Authority shall issue and manage Debt in accordance with the limitations and constraints imposed by federal tax law, to maximize its ability to sell tax-exempt debt. Such constraints include, but are not limited to, private activity tests, review of eligible projects, spend-down tests, and arbitrage rebate limitations.

Securities Law – The Authority shall comply with the requirements of federal and state securities laws in offering Authority Debt and the Authority shall comply with securities law requirements in providing ongoing disclosure to the securities markets.

ETHICAL STANDARDS GOVERNING CONDUCT

Member Agencies' representatives, management and Commissioners of the Authority, consultants, service providers, and underwriters to the Authority shall adhere to standards of conduct as stipulated by the California Political Reform Act, as applicable. All debt financing participants shall maintain the highest standards of professional conduct at all times, in accordance with MSRB Rules, including G-37. Additionally, all debt financing participants will assist

Authority staff to achieve its goals and objectives as defined in this Policy; shall make cooperation with Authority staff its highest priority and shall take reasonable actions to avoid conflicts of interest and immediately advise SVCW of possible conflicts of interest.

PERMITTED DEBT BY TYPE

The Authority may legally issue both short-term and long-term Debt, subject to the limitations of this Policy, using the debt instruments described below. The CFO, in consultation with the SVCW Manager, Authority General Counsel, Bond Counsel, and Municipal Advisor shall determine the most appropriate instrument for a proposed Debt issuance.

JPA Revenue Bonds – SVCW shall issue Limited Obligation Bonds to make proceeds available to finance the acquisition, construction and/or improvement of SVCW's wastewater system. The obligations represent special limited obligations of SVCW which are payable solely from and secured solely by the Net Revenues (as such term is defined in the respective governing documents), pledged under the indenture consisting primarily of payments made by participating Member Agencies.

Lines of Credit - The Authority may enter into financing arrangements providing for interim cash liquidity through a source of funds that can be readily accessed by the Authority for capital needs. The period of a Line of Credit may not exceed five years from its issuance date but can be extended from time to time. Commission action is sufficient to legally authorize the establishment of a line of credit.

Commercial Paper – SVCW may establish a commercial paper program ("Commercial Paper Program") for the purpose of providing funds to finance the acquisition, construction, and rehabilitation of capital improvements and the financing of vehicles and equipment. A Commercial Paper Program may be utilized and commercial paper obligations will be issued from time to time to provide financing for projects, subject to the conditions that the projects and project financing will have prior approval from the Commission. The Authority's commercial paper shall be secured by amounts payable by the Member Agencies to the Authority under a lease, installment sale agreement, or a contract of indebtedness. The CFO shall provide a written report to the Commission twelve months following the initial issuance of commercial paper obligations and annually thereafter so long as there is any commercial paper outstanding. The report shall summarize the status of projects financed with commercial paper; and identifying any certificates of participation or other long-term obligation refunding commercial paper obligations.

Capital Leases – Capital equipment and personal property SVCW may be eligible for capital lease financing. Eligible equipment must have per unit cost of at least \$100,000 unless it is an integral part of a system (such as a computer network) then the aggregate of the various components must be at least \$100,000. The useful life of the asset will be in excess of five years and at least 120% of the financing and refinancing term.

Bond Anticipation Notes – SVCW may issue short-term indebtedness ("BANs") in anticipation of the issuance of revenue bonds or other long-term financing vehicles. The BANs will have a final maturity not exceeding five years from the date of issuance.

Refunding Revenue Bonds – The Authority is authorized to issue refunding revenue bonds to refund outstanding Authority indebtedness pursuant to the State of California local agency refunding revenue bond law (Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California).

Loans – The Authority is authorized to enter into loans, installment payment obligations, or other similar funding structures secured by a prudent source, or sources of repayment. SVCW may enter into Loans with private financial institutions, or federal and state agencies. The CFO shall consult with Bond Counsel and SVCW’s Financial Advisor on any risks associated with entering into the above referenced loans.

Other Obligations - There may be special circumstances when other forms of financing are appropriately utilized by SVCW. SVCW will evaluate such proposed transactions on a case-by-case basis. Such other forms include, but are not limited to, grant anticipation notes and judgment or settlement obligation bonds.

LIMITATIONS ON DEBT ISSUANCE

The CFO shall determine whether proposed Debt transactions comply with the Debt limitations prescribed by the Policy. Proposed Debt transactions that meet the limitations of the Policy will be subject to approval by resolution of the Commission as prescribed by state law. In the event the CFO determines any proposed Debt transaction exceeds the limits imposed by this Policy, the Commission may approve such transaction by majority vote.

Senior Lien Long-Term Debt – The Authority’s senior lien long-term Debt, for which revenues are pledged, shall be limited to that amount for which each participating Member Agency can generate wastewater revenues to the extent that (i) current year gross revenues sufficient to pay operations and maintenance costs and its allocable share of Authority Debt service and (ii) projected net revenues of each Member Agency are equal to 120% of the participating Member Agency’s allocable share of Authority Debt service. The calculation of Debt service coverage shall include amounts on hand in the unencumbered funds. The Authority will work collaboratively with the Member Agencies to structure Debt so as to achieve senior lien debt service coverage at the Member Agency level that will attain or retain strong credit ratings of the Authority’s Debt.

Short-Term Debt – Short-term Debt with a term to maturity of less than or equal to five years is issued to 1) provide for funding for assets that are short-lived but due to cost are more equitable to finance or 2) provide financing for the acquisition and/or construction of long-lived capital projects to be refunded by long-term Debt financing described above. Due to the size of the current funding requirements of the capital improvement program, (“CIP”), short-term debt may represent an amount less than or equal to 30% of its total Debt at the time of issuance. SVCW will periodically assess this limitation and based upon the CIP or rating agency standards management may recommend changes to this Policy. The calculation of short-term Debt shall include variable rate demand obligations, the authorized amount of commercial paper, any notes/bonds with a final maturity equal to or less than five years. SVCW may exclude the principal from the 30% limitation if the Authority intends to pay such principal from the proceeds of bonds, notes or other obligations

of the Authority or moneys other than Net Revenues.

Subordinate Lien Long-Term Debt - The Authority's subordinate lien Debt, for which revenues are pledged, shall be limited to that amount for which current and projected net revenues of each participating Member Agency can generate overall Debt service coverage of at least 100 percent.

Variable Rate Debt – The Authority is authorized to issue variable rate Debt including, but not limited to, public market indexed notes, indexed notes or loans placed directly with financial institutions and other alternative variable rate and market access products as well as traditional variable rate demand obligations backed by bank liquidity facilities. Prior to the issuance of variable rate Debt, the savings and other possible advantages compared to a fixed rate borrowing will be evaluated and a comparative analysis presented to the Commission as part of the approval process. Based upon rating agency standards, the Authority's variable rate Debt shall not exceed 30% of its total Debt at the time of issuance of any variable rate Debt.

Capital Equipment Leases - The outstanding aggregate principal amount of capitalized lease agreements in connection with equipment may not exceed \$6,700,000; such amount may be increased by up to 5% each fiscal year. SVCW will monitor the amount of capital equipment lease outstanding and maximum limitation to ensure sufficient borrowing capacity.

PURPOSE FOR BORROWING

The Authority shall issue long term Debt (such Debt that has a final maturity of more than five years from its date of issuance) solely for the purpose of financing the cost of design, acquisition, and/or construction of wastewater system improvements in furtherance of the Authority's Capital Improvement Program ("CIP") or for refunding existing Debt. The Authority will not issue Debt to fund operations. The Authority shall issue short-term Debt only as provided for in this Policy.

PROCEDURE:

PROCEDURE I. INTEGRATION OF CAPITAL PLANNING AND DEBT ACTIVITIES

Evaluating Capital Improvement Program Spending

Annually as part of its updates to its Long-Range Financial Plan, the Authority shall develop and maintain a capital finance model to evaluate the impact of capital program spending, operations and maintenance costs, and Debt service on its financial condition. To that end, the CFO shall oversee the ongoing maintenance of quantitative modeling that includes, but is not limited to, the following:

- Historic and projected cash flows including capital expenditures and operating costs;
- Historic and projected fund balances, including the Operating Fund, the Rate Stabilization Fund, (if any), Pay-As-You-Go Fund, Debt Proceeds Fund, and Debt Service Reserve Fund, if any,
- Historic and projected Debt service coverage;
- The most efficient mix of funding sources (long-term Debt; short-term Debt, and cash);

- Projected revenue requirements; and
- Collaborative modeling with Member Agencies to establish projected rates and charges.

The following steps outline the Authority's approach to Debt management.

- The Authority will evaluate financing options annually as part of the update to the Long-Range Financial Plan capital project.
- The Authority will seek to pay for all capital projects from current revenues and available reserves prior to or in combination with the use of Debt.
- The Authority will issue Debt only in the case where there is an identified source of repayment. The Authority will work with its Member Agencies to reasonably demonstrate that (i) projected revenues are sufficient to pay for the forecasted operation and maintenance expenses and proposed Debt service together with all existing Debt service covered by such fixed revenues, or (ii) additional projected revenues have been identified as a source of repayment in an amount sufficient to pay for forecasted operations and maintenance expenses and the proposed Debt.
- Debt issuance for a capital project will not be considered unless such issuance has been incorporated into the capital improvement plan and Long Range Financial Plan.
- Wastewater rates and charges will be set by each participating Member Agency at adequate levels, which are fair and nondiscriminatory, to generate sufficient revenues to pay all operating and maintenance costs, to maintain sufficient operating reserves, and to pay Debt service costs, if necessary.

PROCEDURE II. PROCUREMENT AND EVALUATION OF PROFESSIONAL SERVICES

Appointment of Service Providers – The CFO shall solicit from time-to-time bids, quotes or proposals, including sole source proposals, for the following services on an as needed basis:

- **Municipal Advisor** – Service provider that ensures the Authority complies with all financial management procedures and policies and ensures successful closing for bond transactions. While serving as the Authority's municipal advisor, a firm may not also engage in the underwriting of the Authority bond issue for which that firm acts as municipal advisor. A firm may not switch roles (i.e., from municipal advisor to underwriter) after a financial transaction has begun. SVCW may determine to utilize the services of independent municipal advisor(s) and feasibility consultant(s) ("MA") on Debt financing when prudent. SVCW shall utilize a request for qualifications and/or request for proposals ("RFP") to select a pool of such municipal advisors to mitigate time constraints and reduce overhead costs of SVCW in procuring such services. Services shall be documented by contract and compensation shall be capped. Every MA shall be registered with the Municipal Securities Rulemaking Commission ("MSRB") and Securities and Exchange Commission ("SEC"). No municipal advisor shall serve as an underwriter on a transaction.

- **Bond and Tax Counsel** – Service provider that drafts appropriate documentation to ensure successful and timely closing and create valid and legally binding security for bond issues, and provide appropriate advice and take appropriate actions to ensure legal validity of bond issues under state and federal laws as applicable. The CFO and General Counsel shall jointly select bond, tax and /or bond counsel (“Bond Counsel”) for each transaction. SVCW General Counsel shall periodically review the performance of Bond Counsel with SVCW management in terms of quality and timeliness of legal services.
- **Disclosure Counsel** – Service provider that drafts offering documentation in connection with the sale of debt to ensure compliance with all federal and state securities laws and regulations; provides appropriate legal opinions in connection with the offering documentation under state and federal laws as applicable. The CFO and General Counsel shall jointly select disclosure counsel (“Disclosure Counsel”) for each transaction. SVCW General Counsel shall periodically review the performance of Disclosure Counsel with SVCW management in terms of quality and timeliness of legal services.
- **Rebate Consultant** – A Rebate Consultant shall be selected by RFP for all tax-exempt long-term obligations for a set term with 1-year extensions. Rebate analyses will be performed annually on the anniversary of the issuance, or as determined by SVCW, by the Rebate Consultant.

Nothing in this Policy shall prevent the Authority from using the same law firm from acting as both Bond Counsel and Disclosure Counsel.

PROCEDURE III. TRANSACTION-SPECIFIC ACTIVITIES

Method of Sale for Publicly Offered Debt

Unless otherwise justified and deemed necessary to minimize the costs and risks of the Authority’s bond issue, SVCW will proceed with the sale of Debt on a competitive basis.

Competitive Bid Method - Such bids may take the form of hand-delivered or electronically transmitted offers to purchase the Debt. Authority Debt issued on a competitive bid basis will be sold to the bidder proposing the lowest true interest cost to the Authority provided the bid conforms to the official notice of sale.

Negotiated Bid Method – A negotiated bond issue will provide for the sale of Debt by negotiating the terms and conditions of the sale, including price, interest rates, credit facilities, underwriter or remarketing fees, and commissions. Examples of such sales include:

- Variable rate demand obligations;
- Commercial paper;
- An issue of debt so large that the number of potential bidders would be too limited to provide the Authority with truly competitive bids;

- An issue requiring the ability to react quickly to sudden changes in interest rates (e.g. refunding bonds);
- An issue requiring intensive marketing efforts to establish investor acceptance;
- An issue of debt with specialized distribution requirements; and
- An issue of debt sold during a period of extreme market disruption or volatility.

Variable rate demand obligations, or commercial paper, would be expected to be issued by negotiated sale. SVCW shall retain a minimum of two broker/dealers or remarketing agents for each issuance of variable rate demand obligations, or commercial paper equal to or exceeding \$100 million. The broker/dealers or remarketing agents shall be retained for a period co-terminus with the final maturity of any variable rate bonds provided that SVCW may replace a broker/dealer or remarketing agent with notice at any time for any reason in its sole discretion.

Underwriters and Remarketing Agents shall be selected by SVCW through a request for proposal process for each transaction. The performance of Remarketing Agents shall be monitored on a monthly basis. SVCW may replace a remarketing agent or broker-dealer with notice at any time.

If bonds are sold on a negotiated basis, the negotiations of terms and conditions shall include, but not be limited to, prices, interest rates, underwriting or remarketing fees, and underwriting spreads. The Authority, with the assistance of its Municipal Advisor, shall evaluate the terms offered by the underwriter(s). Guidelines with respect to price, interest rates, fees, and underwriting spreads shall be based on prevailing terms and conditions in the marketplace for comparable issuers.

If more than one underwriter is included in the negotiated sale of debt, the Authority shall establish appropriate levels of liability, participation and priority of orders. Such levels shall be based upon Authority policy with regards to the underwriting responsibility among the team members (Authority Staff and Counsel, Municipal Advisor and Bond and Disclosure Counsel), the desired allocation of total fees, and the desired distribution of bonds. Guidelines for establishing liability, participation, and priority of orders shall be based on prevailing terms and conditions in the marketplace for comparable issuers.

The Authority shall, with the assistance of its Municipal Advisor, oversee the bond allocation process. The bond allocation process shall be managed by the lead underwriter, with the following requirements:

- The bonds are allocated fairly among members of the underwriter(s), consistent with the previously negotiated terms and conditions;
- The allocation process complies with all MSRB regulations governing order priorities and allocations;
- The lead underwriter shall submit to the CFO a complete and timely account of all orders, allocations, and underwriting activities with the investor names identified as appropriate.

The CFO shall require a post-sale analysis and reporting for each negotiated bond sale. The lead underwriter shall perform such analysis. A post-sale analysis will include, but not be limited to:

- Summary of the pricing, including copies of the actual pricing wires;
- Results of comparable bond sales in the market at the time of the Authority's pricing;
- Detailed information on orders and allocation of bonds, by underwriting firm;
- Detailed information on final designations earned by each underwriter; and
- Summary of total compensation received by each underwriter.

Private Placements/Direct Loans - In the event the Authority chooses to proceed with a loan, or private placement of any form of Debt from a non-governmental entity, the Authority will issue a request for proposal seeking bids from responsible and credit-worthy financial institutions. The request for bids shall include a description of the project and terms and conditions of the financing in accordance with prudent financial and industry standards. The Authority may award the Debt solely based upon true-interest cost but may take into consideration call features, debt service structure and the requirement of any reserve fund requirements prior to making any award.

Structural Elements

Pledge of Revenues – The Authority's pledge of revenues shall be determined for each debt issue depending upon the debt instrument. Revenue Bonds of the Authority shall be repaid from revenues received from the Member Agencies, as defined in the governing documents related to the applicable revenue bonds.

Maturity – The Authority may issue tax-exempt debt with an average life equal to 100% of the useful life of the assets, if warranted the Authority may issue tax-exempt debt with an average life greater than 100% of the average useful life of the assets, but only in compliance with federal tax code requirements and with the express approval of the Commission. The final maturity of the debt should be no longer than 40 years; however, the Commission may expressly approve a final maturity longer than 40 years upon the recommendation of management. Factors to be considered when determining the final maturity of debt include: the average useful life of the assets being financed, relative level of interest rates, intergenerational equity and the year-to-year differential in interest rates.

Maturity Structure – The Authority's long-term debt may include serial and term bonds. Other maturity structures may also be considered if they are consistent with prudent financial management practices.

Coupon Structure – Debt may include par, discount and premium obligations. Discount and premium bonds must be demonstrated to be advantageous relative to par bond structures taking into consideration market conditions and opportunities. For variable rate debt, the variable rate may be based on one of a number of commonly used interest rate indices and the index will be determined at the time of pricing.

Debt Service Structure – Debt service may be structured primarily on an approximate level (combined annual principal and interest) basis. Certain individual bond issues, such as refunding bonds, may have debt service that is not level. However, on an aggregate basis, the Authority will strive to structure debt on a level basis.

Redemption Features – In order to preserve flexibility and refunding opportunities, Authority Debt will generally be issued with call provisions. The Authority may consider calls that are shorter than traditional and/or non-call debt when warranted by market conditions and opportunities. For each transaction, the Authority will evaluate the efficiency of call provision alternatives.

Credit Enhancement – The Authority shall competitively procure credit enhancement for a sale of bonds if the CFO, in consultation with the Municipal Advisor and the lead underwriter, determines that it is cost effective to do so.

Senior/Subordinate Lien – The Authority may utilize both a senior and a subordinate lien structure. The choice of lien will be determined based on such factors as, including but not limited to, overall cost of debt, impact on debt service, impact on wastewater rates of the Member Agencies, and marketing considerations.

Debt Service Reserve Funds – The Authority shall provide a reserve fund as market conditions dictate. A reserve fund can be established to support each individual series of debt or as a common reserve that can support more than one debt issuances. The reserve fund is typically funded in its entirety with bond proceeds at the time of issuance but can also be funded through a letter of credit or a Surety Policy.

Investment of Bond Proceeds - Bond proceeds will be invested in accordance with the permitted investment language outlined in the bond documents for each transaction. The District will seek to maximize investment earnings within the investment parameters set forth in each respective bond indenture. The reinvestment of bond proceeds will be incorporated into the evaluation of each financing decision; specifically addressing arbitrage/rebate position and evaluating alternative debt structures and refunding savings on a “net” debt service basis, where appropriate.

PROCEDURE IV. COMMUNICATION AND DISCLOSURE

Rating Agencies

SVCW will secure underlying ratings on all publicly issued obligations from at least one of the nationally recognized statistical rating organizations, provided it is economic to do so. Investor preference with respect to the number of ratings assigned to a bond issuance can vary depending upon market conditions and global economic conditions. In light of such, the CFO, with the assistance of the Municipal Advisor, will recommend the number of credit ratings at an appropriate time prior to the approval of any issuance by the Commission. The Authority shall maintain the credit ratings on its debt through prudent fiscal management and consistent communications with the rating analysts. The CFO shall manage relationships with the rating analysts assigned to the Authority’s credit, using practical methods to disseminate information. Communication with the rating agencies may include one or more of the following:

- Full disclosure on an annual basis of the financial condition of the Authority and its Member Entities through publicly available documents;
- A formal presentation, as necessary to the rating agencies analysts, covering economic,

financial, operational, and other issues that impact the Authority's credit;

- Timely disclosure of major financial events that impact the Authority's credit;
- Timely dissemination of the Annual Comprehensive Financial Report, following its acceptance by the Authority's Commission;
- Full and timely distribution of any documents pertaining to the sale of bonds; and
- Periodic tours of the Wastewater Treatment Plant, as appropriate.

Bond Insurers

The CFO shall manage relationships with the bond insurers, to the extent any Debt is so insured, by providing appropriate information. Communication with other bond insurers shall be undertaken when the CFO, with the assistance of the Authority's Municipal Advisor, determines that credit enhancement is cost effective for a proposed bond issue.

Disclosure Reports – The Authority may make disclosure reports readily available to institutional investors, rating agencies and credit enhancers who have specific analysts assigned to review the Authority's credit. SVCW shall comply with all federal securities disclosure laws and strive to maintain good investor relations through the timely dissemination of pertinent and material financial information. SVCW will covenant to provide annual disclosure in accordance with SEC Rule 15c2-12. SVCW will also covenant to provide its annual disclosure report (the "Annual Report") no later than 270 days following the end of the fiscal year (currently March 31 based on the Authority's fiscal year end of June 30), but SVCW will strive to issue the Annual Report as soon as practical following any issuance of SVCW's Annual Comprehensive Financial Report ("ACFR"). The Annual Report, in addition to being posted in accordance with law, will also be posted at SVCW office of the CFO and be on file with the Treasurer. The Annual Report shall include CUSIPs, trustee and SVCW contacts, and applicable project status as required, for all transactions subject to annual reporting.

Website – The Authority shall use its website and affiliated investor relation links as a tool for providing timely information to investors. Investors should additionally refer to the Authority's timely filings of its continuing disclosure reports to the [Nationally Recognized Municipal Securities Information Repositories \(NRMSIRs\)](#), as herein defined, [such as the Electronic Municipal Market Access \(EMMA\)](#).

PROCEDURE V. REFUNDING

The Authority shall strive to refinance Debt to maximize savings and minimize the cost of funds as market opportunities arise. A net present value analysis will be prepared that identifies the economic effects of any refunding to be proposed to the Commission. The Authority shall target a 3% net present value savings for Current Refunding transactions and 5% for Advanced Refunding transactions. A Current Refunding transaction is one which closes not more than ninety (90) days prior to the call date of the refunded Debt. An Advance Refunding transaction is one which closes more than (90) days prior to the call date of the refunded Debt. SVCW will use the refunding issue's arbitrage yield as the discount rate to calculate net present value savings for tax-exempt refundings and the true-interest costs for taxable refundings.

Upon the advice of the CFO, with the assistance of the Municipal Advisor and Bond Counsel, the Authority will consider undertaking refunding transactions for other than economic purposes, such as to restructure Debt, change the type of Debt instruments being used, or to retire a bond issue and indenture in order to remove undesirable, or onerous covenants; such refunding transactions do not need to achieve any net present value savings for tax-exempt issuances and will use the true interest cost as the discount rate to calculate Net Present Value Savings for taxable issuances.

Savings Thresholds – Minimum savings thresholds have been established to help guide the economic analysis of refunding bonds. The minimum savings guidelines are applicable on an overall basis and are expressed as a percentage of refunded bond par calculated by dividing the expected net present value savings generated by the proposed refunding by the par amount of refunded bonds.

In completing a refunding for net present value savings the CFO with the advice of the Municipal Advisor may take the following into consideration:

- **Coupon on Refunded Bond** – The CFO may take into consideration whether the coupon on the refunded bond is significantly higher or lower than the most common outstanding bond coupons.
- **Escrow Structuring** - The District shall strive to utilize the least costly securities available in structuring each escrow. A certificate will be required from a third party agent who is not acting as a broker-dealer, stating that the securities were purchased through an arms-length, competitive bid process (in the case of open market securities), that such securities were more cost effective than State and Local Government Series Securities (SLGS), and that the price paid was reasonable and within Federal guidelines. When evaluating the economic viability of an economic versus legal defeasance, the District shall take into consideration both the financial impact on a net present value basis as well as the rating/credit impact. The District shall take all necessary steps to optimize its escrows and to avoid negative arbitrage in its refunding transactions. SVCW will strive to achieve an escrow efficiency between 70% and 80%; however, the Commission may expressly approve a refunding with lower escrow efficiency upon the recommendation of management. The escrow efficiency is calculated by dividing the net present value savings by the sum of the net present value savings plus the negative arbitrage in the escrow.
- **General Interest Rate Environment** – The CFO may take into consideration whether the available refunding bond interest rates are generally high or generally low relative to long-term averages of historical rates.
- **General Interest Rate Outlook** – The CFO may take into consideration the general outlook for future interest rates, as derived from economic forecasts, market forecasts, implied forward rates, or other sources.
- **Debt Management Considerations** – The CFO may take into consideration debt management issues such as cost and staff efficiencies associated with combining multiple refunding bond issues or combining refunding and new money bond issues.
- **Call Date** – The CFO may take into consideration the amount of time between the pricing/closing date of the refunding Debt and the call date of the Debt to be refunded.

- **Final Maturity Date** – The CFO may take into consideration the amount of time remaining until the final maturity of the Debt to be refunded.

PROCEDURE VI. REINVESTMENT OF PROCEEDS

General – The Authority shall comply with all applicable Federal, State, and contractual restrictions regarding the use and investment of bond proceeds. This includes compliance with restrictions on the types of investment securities allowed, restrictions on the allowable yield of some invested funds, as well as restrictions on the time period over which some bond proceeds may be invested. To the extent that a bond issue is credit enhanced, the Authority shall adhere to the investment guidelines of the credit enhancement provider.

Requirements of Indenture – The Authority will comply with all terms and conditions of the appropriate legal documents related to the Debt. Such limitations shall include, but not be limited to Permitted Investments in the indenture.

PROCEDURE VII. CREATION AND MAINTENANCE OF FUNDS

The Authority maintains a number of different funds integral to the long-range financial planning process. Each of these funds is held for a specific purpose and can generally be categorized as either an operating, capital or debt reserve fund. The Authority will comply with all requirements and limitations created under its Reserve Policy.

PROCEDURE VIII. COMPLIANCE

Arbitrage Liability Management

The Authority shall minimize the cost of arbitrage rebate and yield restrictions while strictly complying with tax law. Because of the complexity of arbitrage rebate regulations and the severity of non-compliance penalties, the Authority shall solicit the advice of Bond Counsel and other qualified experts about arbitrage rebate calculations. The Authority shall contract with a qualified third-party for preparation of the arbitrage rebate calculation.

The Authority shall maintain an internal system for tracking expenditure of bond proceeds and investment earnings. The expenditure of bond proceeds shall be tracked in the financial accounting system by issue. Investment may be pooled for financial accounting purposes and for investment purposes. When investment of bond proceeds ~~are~~is co-mingled with other investments, the Authority shall adhere to IRS rules on accounting allocations.

Post-Issuance Tax Compliance

The Authority shall comply with all federal tax code requirements and limitations to maintain the tax-exempt status of Authority Debt obligations or to maintain eligibility for direct pay subsidy payments, as applicable.

Continuing Disclosure

The Authority shall comply with the requirements of each Continuing Disclosure Certificate entered into at the time of a sale of bonds. Annual information provided by the Authority shall mirror certain selected information in any Authority Official Statement at the time of a primary offering. Annual financial information will be sent by the Authority or its designated consultant, within nine months of the Authority's fiscal year end, to all ~~Nationally Recognized Municipal Securities Information Repositories~~ (NRMSIRs) designated by the SEC and to the State Information Depository (SID), if one exists. This shall include:

- Audited Financial Statements; and
- Updated tables from the Official Statement, as detailed in the Continuing Disclosure Certificate.

In addition to annual disclosure, the Authority shall provide ongoing information about certain enumerated events, as defined by regulation, ("Material Events") to the NRMSIRs and to the SID.

The Authority shall engage a firm to assist it in ensuring timely completion and filing of annual reports and in identifying, and making timely filings with respect to, the occurrence of reportable enumerated events.

Pursuant to Government Code section 8855(k), SVCW will submit annual debt transparency reports for any debt for which it has submitted a report of final sale on or after January 21, 2017 every year until the later date on which the debt is no longer outstanding and the proceeds have been fully spent.

Legal Covenants

The Authority shall comply with all covenants and conditions contained in governing law and any legal documents entered into at the time of a bond offering.

PROCEDURE IX. DEBT DATABASE MANAGEMENT

The Authority shall maintain complete information on its outstanding Debt portfolio, in a spreadsheet or database program format. The information in the database shall include, but not be limited to, the following:

- Issue Name
- Initial Issue Par Amount
- Dated Date of the Issue
- Principal Maturity Amounts
- Coupon Rate by Maturity
- Amount Outstanding
- Call Provisions

- Purpose of the Issue
- Credit Enhancer, if any
- Competitive or Negotiated Sale
- Names of Underwriter(s) Members

The Authority shall use the Debt database for the following purposes:

- Generate reports
- Gross annual Debt service
- Net annual Debt service
- Refunding Analyses
- Output to Fund Accounting System

PROCEDURE X. MISCELLANEOUS

Primary responsibility for Debt management rests with the CFO. The CFO shall:

- Provide for the issuance of Authority Debt at its lowest possible cost and risk;
- Determine the available Debt capacity of the Authority;
- Provide for the issuance of Authority Debt at appropriate intervals and in reasonable amounts as required to fund approved capital expenditures;
- Recommend to the Commission the method and manner of sale of Authority Debt;
- Monitor opportunities to refund Debt and recommend any such refunding as appropriate to reduce costs or to achieve other policy objectives;
- Comply with all Internal Revenue Service (“IRS”), Municipal Securities Rulemaking Board (“MSRB”), and Securities and Exchange Commission (“SEC”) rules and regulations governing the issuance of Debt;
- Maintain a current database with all outstanding Debt;
- Provide for the timely payment of principal and interest on all Debt;
- Comply with all terms and conditions, and disclosure required by the legal documents governing the Debt issued;
- Submit to the Commission all recommendations to issue Debt in accordance with this Policy;
- Distribute to appropriate repositories information regarding the Authority’s financial condition and affairs at such times and in the form required by law, regulation and general practice;
- Provide for the frequent distribution of pertinent information to the rating agencies; and
- Apply and promote prudent fiscal practices.

Internal Controls

In order to comply with the following internal controls, the CFO, SVCW Manager, and the Authority Chief Engineer shall share responsibility to assure that disbursements are made only after each request for disbursement is substantiated with appropriate invoices, requisitions and other supporting documentation. Each of the aforementioned shall thoroughly review any request for disbursement and may request further documentation as may be deemed appropriate.

- To ensure that proceeds of any Debt issued in accordance with its governing documents and this Policy, no disbursements shall be made without the written approval of the CFO and SVCW Manager. The draw request shall be provided to the Authority's Engineering Department by the Contractor. Approval shall only be provided when the CFO is in receipt of an appropriate certification from the construction project manager with supporting invoices from suppliers and / or contractors evidencing appropriate expenses in connection with the project.
- In the case of an issue of bonds, the proceeds of which will be used by a governmental entity other than the Authority, the Authority may rely upon a certification by such other governmental entity that it has adopted the policies described in SB 1029.

The Authority shall also comply with Government Code Section 5852.1 (SB 450) by disclosing specified good faith estimates in a public meeting prior to the authorization of the issuance of bonds.

Approval by the Commission

The Commission may waive any policy requirements based upon the recommendation of Management after consulting with its Municipal Advisor. ~~All~~ Long-term and short-term financing transactions shall be approved by resolution of the Commission as follows:-

- Revenue Bonds: All issuances of special limited obligation revenue bonds shall be authorized by resolution of the Commission.
- Capital Leases: All capital leases financing capital equipment with a term exceeding five years and requiring anticipated expenditures by SVCW exceeding \$100,000 shall be authorized by resolution or ordinance of the Commission by majority vote.
- Refunding Obligations: The Commission shall authorize by resolution ~~is authorized to provide for~~ the issuance of Debt for the purpose of refunding any limited obligation bond.

Approved by Commission at Meeting of September 11, 2023 by Resolution No. SVCW 23-30

SUBJECT: Statement of Debt Management Policy

APPLICABLE CODES AND REGULATIONS:

Government Code Section 8855, Government Code 5852.1

PURPOSE:

This Debt Management Policy (the “Policy”) establishes the comprehensive policies and procedures for the issuance and management of bonds, capital leases, and other forms of indebtedness (“Debt”) of Silicon Valley Clean Water (the “Authority”, or “SVCW”) The purpose of the Policy is to identify Debt policy objectives, improve the quality of decision making processes, provide a basis for the determination of the appropriate structures, diversify SVCW’s Debt portfolio, to the extent such is cost effective, to support its financial needs and to demonstrate a commitment to best practices in municipal debt management planning and execution.

This Policy provides guidelines for the issuance and management of the Authority’s Debt portfolio. Adherence to the policy will help ensure that the Authority maintains a diversified Debt portfolio that supports its financing needs and minimizes the Authority’s cost of funding.

The Commission of SVCW (the “Commission”) may, in its sole discretion, approve Debt that deviates from this Policy, upon the recommendation of management. The failure of SVCW to comply with any provision of this Policy shall not affect the authorization or the validity or enforceability of any Debt that is otherwise issued in accordance with law. SVCW shall conduct regular reviews and evaluations of this Policy. As appropriate, SVCW shall amend the Policy to be consistent with changes in the federal and state securities laws, pronouncements of the Securities and Exchange Commission and such other matters as the Chief Financial Officer (“CFO”) deems necessary or desirable.

The Authority’s overarching goal in issuing Debt is to respond to, and provide for, the funding of capital projects and other financing needs of the Authority’s wastewater system while ensuring that Debt is issued and managed prudently. Additional Policy goals are to maintain appropriate Debt and debt service levels through collaborative long-term planning with the Member Agencies, as defined herein, and to maintain a sound fiscal position and protect the credit quality of SVCW.

The Authority believes that Debt can provide an equitable means of financing projects for customers of the Member Agencies and providing access to new capital needed for infrastructure and project needs. Debt will be used to meet financing needs if (i) it meets the goals of equitable treatment of all customers of the Member Agencies, respectively, both current and future; (ii) it provides for an effective means of paying for assets over their useful lives in lieu of paying for the assets over a much shorter period and thereby avoiding volatility in customers’ rates; (iii) it is

fiscally prudent, responsible, and diligent under the prevailing economic conditions; and (iv) if there are other important policy reasons therefor.

POLICY:

CREATION AND GOVERNING PRINCIPLES

In the issuance and management of Debt, the Authority shall comply with all legal constraints and conditions imposed by federal, state, and local law. The following section highlights the key governing documents and certain Debt limitations.

GOVERNING LAWS

Joint Powers Act – The Authority is a Joint Exercise of Powers Authority (JPA) organized under the provisions of California law governing the joint exercise of powers, being Chapter 5, Division 7, Title 1 of the Government Code of the State of California. The JPA Act gives the Authority the right to contract, construct works, and to incur indebtedness. The Authority shall comply with all constraints of the JPA Act.

Governance - The Authority is a JPA created by and among the City of Belmont, the City of Redwood City, the City of San Carlos and West Bay Sanitary District (the “Member Agencies”), all of which are located in Silicon Valley between the cities of San Francisco and San Jose. SVCW is governed by a four-member Commission consisting of one appointed member from each of the Members Agencies’ elected governing bodies. The Authority was created through an agreement by and among the Member Agencies (the “JPA Agreement”) to provide wastewater transmission, treatment and effluent disposal for the Member Agencies and to own and operate the related wastewater facility and all appurtenances related thereto. The Authority shall comply with all constraints of the JPA Agreement.

Federal Tax Law – The Authority shall issue and manage Debt in accordance with the limitations and constraints imposed by federal tax law, to maximize its ability to sell tax-exempt debt. Such constraints include, but are not limited to, private activity tests, review of eligible projects, spend-down tests, and arbitrage rebate limitations.

Securities Law – The Authority shall comply with the requirements of federal and state securities laws in offering Authority Debt and the Authority shall comply with securities law requirements in providing ongoing disclosure to the securities markets.

ETHICAL STANDARDS GOVERNING CONDUCT

Member Agencies’ representatives, management and Commissioners of the Authority, consultants, service providers, and underwriters to the Authority shall adhere to standards of conduct as stipulated by the California Political Reform Act, as applicable. All debt financing participants shall maintain the highest standards of professional conduct at all times, in accordance with MSRB Rules, including G-37. Additionally, all debt financing participants will assist Authority staff to achieve its goals and objectives as defined in this Policy; shall make cooperation

with Authority staff its highest priority and shall take reasonable actions to avoid conflicts of interest and immediately advise SVCW of possible conflicts of interest.

PERMITTED DEBT BY TYPE

The Authority may legally issue both short-term and long-term Debt, subject to the limitations of this Policy, using the debt instruments described below. The CFO, in consultation with the SVCW Manager, Authority General Counsel, Bond Counsel, and Municipal Advisor shall determine the most appropriate instrument for a proposed Debt issuance.

JPA Revenue Bonds – SVCW shall issue Limited Obligation Bonds to make proceeds available to finance the acquisition, construction and/or improvement of SVCW’s wastewater system. The obligations represent special limited obligations of SVCW which are payable solely from and secured solely by the Net Revenues (as such term is defined in the respective governing documents), pledged under the indenture consisting primarily of payments made by participating Member Agencies.

Lines of Credit - The Authority may enter into financing arrangements providing for interim cash liquidity through a source of funds that can be readily accessed by the Authority for capital needs. The period of a Line of Credit may not exceed five years from its issuance date but can be extended from time to time. Commission action is sufficient to legally authorize the establishment of a line of credit.

Commercial Paper – SVCW may establish a commercial paper program (“Commercial Paper Program”) for the purpose of providing funds to finance the acquisition, construction, and rehabilitation of capital improvements and the financing of vehicles and equipment. A Commercial Paper Program may be utilized and commercial paper obligations will be issued from time to time to provide financing for projects, subject to the conditions that the projects and project financing will have prior approval from the Commission. The Authority’s commercial paper shall be secured by amounts payable by the Member Agencies to the Authority under a lease, installment sale agreement, or a contract of indebtedness. The CFO shall provide a written report to the Commission twelve months following the initial issuance of commercial paper obligations and annually thereafter so long as there is any commercial paper outstanding. The report shall summarize the status of projects financed with commercial paper; and identifying any certificates of participation or other long-term obligation refunding commercial paper obligations.

Capital Leases – Capital equipment and personal property SVCW may be eligible for capital lease financing. Eligible equipment must have per unit cost of at least \$100,000 unless it is an integral part of a system (such as a computer network) then the aggregate of the various components must be at least \$100,000. The useful life of the asset will be in excess of five years and at least 120% of the financing and refinancing term.

Bond Anticipation Notes – SVCW may issue short-term indebtedness (“BANs”) in anticipation of the issuance of revenue bonds or other long-term financing vehicles. The BANs will have a final maturity not exceeding five years from the date of issuance.

Refunding Revenue Bonds – The Authority is authorized to issue refunding revenue bonds to refund outstanding Authority indebtedness pursuant to the State of California local agency refunding revenue bond law (Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California).

Loans – The Authority is authorized to enter into loans, installment payment obligations, or other similar funding structures secured by a prudent source, or sources of repayment. SVCW may enter into Loans with private financial institutions, or federal and state agencies. The CFO shall consult with Bond Counsel and SVCW’s Financial Advisor on any risks associated with entering into the above referenced loans.

Other Obligations - There may be special circumstances when other forms of financing are appropriately utilized by SVCW. SVCW will evaluate such proposed transactions on a case-by-case basis. Such other forms include, but are not limited to, grant anticipation notes and judgment or settlement obligation bonds.

LIMITATIONS ON DEBT ISSUANCE

The CFO shall determine whether proposed Debt transactions comply with the Debt limitations prescribed by the Policy. Proposed Debt transactions that meet the limitations of the Policy will be subject to approval by resolution of the Commission as prescribed by state law. In the event the CFO determines any proposed Debt transaction exceeds the limits imposed by this Policy, the Commission may approve such transaction by majority vote.

Senior Lien Long-Term Debt – The Authority’s senior lien long-term Debt, for which revenues are pledged, shall be limited to that amount for which each participating Member Agency can generate wastewater revenues to the extent that (i) current year gross revenues sufficient to pay operations and maintenance costs and its allocable share of Authority Debt service and (ii) projected net revenues of each Member Agency are equal to 120% of the participating Member Agency’s allocable share of Authority Debt service. The calculation of Debt service coverage shall include amounts on hand in the unencumbered funds. The Authority will work collaboratively with the Member Agencies to structure Debt so as to achieve senior lien debt service coverage at the Member Agency level that will attain or retain strong credit ratings of the Authority’s Debt.

Short-Term Debt – Short-term Debt with a term to maturity of less than or equal to five years is issued to 1) provide for funding for assets that are short-lived but due to cost are more equitable to finance or 2) provide financing for the acquisition and/or construction of long-lived capital projects to be refunded by long-term Debt financing described above. Due to the size of the current funding requirements of the capital improvement program, (“CIP”), short-term debt may represent an amount less than or equal to 30% of its total Debt at the time of issuance. SVCW will periodically assess this limitation and based upon the CIP or rating agency standards management may recommend changes to this Policy. The calculation of short-term Debt shall include variable rate demand obligations, the authorized amount of commercial paper, any notes/bonds with a final maturity equal to or less than five years. SVCW may exclude the principal from the 30% limitation if the Authority intends to pay such principal from the proceeds of bonds, notes or other obligations of the Authority or moneys other than Net Revenues.

Subordinate Lien Long-Term Debt - The Authority's subordinate lien Debt, for which revenues are pledged, shall be limited to that amount for which current and projected net revenues of each participating Member Agency can generate overall Debt service coverage of at least 100 percent.

Variable Rate Debt – The Authority is authorized to issue variable rate Debt including, but not limited to, public market indexed notes, indexed notes or loans placed directly with financial institutions and other alternative variable rate and market access products as well as traditional variable rate demand obligations backed by bank liquidity facilities. Prior to the issuance of variable rate Debt, the savings and other possible advantages compared to a fixed rate borrowing will be evaluated and a comparative analysis presented to the Commission as part of the approval process. Based upon rating agency standards, the Authority's variable rate Debt shall not exceed 30% of its total Debt at the time of issuance of any variable rate Debt.

Capital Equipment Leases - The outstanding aggregate principal amount of capitalized lease agreements in connection with equipment may not exceed \$6,700,000; such amount may be increased by up to 5% each fiscal year. SVCW will monitor the amount of capital equipment lease outstanding and maximum limitation to ensure sufficient borrowing capacity.

PURPOSE FOR BORROWING

The Authority shall issue long term Debt (such Debt that has a final maturity of more than five years from its date of issuance) solely for the purpose of financing the cost of design, acquisition, and/or construction of wastewater system improvements in furtherance of the Authority's Capital Improvement Program ("CIP") or for refunding existing Debt. The Authority will not issue Debt to fund operations. The Authority shall issue short-term Debt only as provided for in this Policy.

PROCEDURE:

PROCEDURE I. INTEGRATION OF CAPITAL PLANNING AND DEBT ACTIVITIES

Evaluating Capital Improvement Program Spending

Annually as part of its updates to its Long-Range Financial Plan, the Authority shall develop and maintain a capital finance model to evaluate the impact of capital program spending, operations and maintenance costs, and Debt service on its financial condition. To that end, the CFO shall oversee the ongoing maintenance of quantitative modeling that includes, but is not limited to, the following:

- Historic and projected cash flows including capital expenditures and operating costs;
- Historic and projected fund balances, including the Operating Fund, the Rate Stabilization Fund, (if any), Pay-As-You-Go Fund, Debt Proceeds Fund, and Debt Service Reserve Fund, if any,
- Historic and projected Debt service coverage;
- The most efficient mix of funding sources (long-term Debt; short-term Debt, and cash);

- Projected revenue requirements; and
- Collaborative modeling with Member Agencies to establish projected rates and charges.

The following steps outline the Authority's approach to Debt management.

- The Authority will evaluate financing options annually as part of the update to the Long-Range Financial Plan capital project.
- The Authority will seek to pay for all capital projects from current revenues and available reserves prior to or in combination with the use of Debt.
- The Authority will issue Debt only in the case where there is an identified source of repayment. The Authority will work with its Member Agencies to reasonably demonstrate that (i) projected revenues are sufficient to pay for the forecasted operation and maintenance expenses and proposed Debt service together with all existing Debt service covered by such fixed revenues, or (ii) additional projected revenues have been identified as a source of repayment in an amount sufficient to pay for forecasted operations and maintenance expenses and the proposed Debt.
- Debt issuance for a capital project will not be considered unless such issuance has been incorporated into the capital improvement plan and Long Range Financial Plan.
- Wastewater rates and charges will be set by each participating Member Agency at adequate levels, which are fair and nondiscriminatory, to generate sufficient revenues to pay all operating and maintenance costs, to maintain sufficient operating reserves, and to pay Debt service costs, if necessary.

PROCEDURE II. PROCUREMENT AND EVALUATION OF PROFESSIONAL SERVICES

Appointment of Service Providers – The CFO shall solicit from time-to-time bids, quotes or proposals, including sole source proposals, for the following services on an as needed basis:

- **Municipal Advisor** – Service provider that ensures the Authority complies with all financial management procedures and policies and ensures successful closing for bond transactions. While serving as the Authority's municipal advisor, a firm may not also engage in the underwriting of the Authority bond issue for which that firm acts as municipal advisor. A firm may not switch roles (i.e., from municipal advisor to underwriter) after a financial transaction has begun. SVCW may determine to utilize the services of independent municipal advisor(s) and feasibility consultant(s) ("MA") on Debt financing when prudent. SVCW shall utilize a request for qualifications and/or request for proposals ("RFP") to select a pool of such municipal advisors to mitigate time constraints and reduce overhead costs of SVCW in procuring such services. Services shall be documented by contract and compensation shall be capped. Every MA shall be registered with the Municipal Securities Rulemaking Commission ("MSRB") and Securities and Exchange Commission ("SEC"). No municipal advisor shall serve as an underwriter on a transaction.

- **Bond and Tax Counsel** – Service provider that drafts appropriate documentation to ensure successful and timely closing and create valid and legally binding security for bond issues, and provide appropriate advice and take appropriate actions to ensure legal validity of bond issues under state and federal laws as applicable. The CFO and General Counsel shall jointly select bond, tax and /or bond counsel (“Bond Counsel”) for each transaction. SVCW General Counsel shall periodically review the performance of Bond Counsel with SVCW management in terms of quality and timeliness of legal services.
- **Disclosure Counsel** – Service provider that drafts offering documentation in connection with the sale of debt to ensure compliance with all federal and state securities laws and regulations; provides appropriate legal opinions in connection with the offering documentation under state and federal laws as applicable. The CFO and General Counsel shall jointly select disclosure counsel (“Disclosure Counsel”) for each transaction. SVCW General Counsel shall periodically review the performance of Disclosure Counsel with SVCW management in terms of quality and timeliness of legal services.
- **Rebate Consultant** – A Rebate Consultant shall be selected by RFP for all tax-exempt long-term obligations for a set term with 1-year extensions. Rebate analyses will be performed annually on the anniversary of the issuance, or as determined by SVCW, by the Rebate Consultant.

Nothing in this Policy shall prevent the Authority from using the same law firm from acting as both Bond Counsel and Disclosure Counsel.

PROCEDURE III. TRANSACTION-SPECIFIC ACTIVITIES

Method of Sale for Publicly Offered Debt

Unless otherwise justified and deemed necessary to minimize the costs and risks of the Authority’s bond issue, SVCW will proceed with the sale of Debt on a competitive basis.

Competitive Bid Method - Such bids may take the form of hand-delivered or electronically transmitted offers to purchase the Debt. Authority Debt issued on a competitive bid basis will be sold to the bidder proposing the lowest true interest cost to the Authority provided the bid conforms to the official notice of sale.

Negotiated Bid Method – A negotiated bond issue will provide for the sale of Debt by negotiating the terms and conditions of the sale, including price, interest rates, credit facilities, underwriter or remarketing fees, and commissions. Examples of such sales include:

- Variable rate demand obligations;
- Commercial paper;
- An issue of debt so large that the number of potential bidders would be too limited to provide the Authority with truly competitive bids;

- An issue requiring the ability to react quickly to sudden changes in interest rates (e.g. refunding bonds);
- An issue requiring intensive marketing efforts to establish investor acceptance;
- An issue of debt with specialized distribution requirements; and
- An issue of debt sold during a period of extreme market disruption or volatility.

Variable rate demand obligations, or commercial paper, would be expected to be issued by negotiated sale. SVCW shall retain a minimum of two broker/dealers or remarketing agents for each issuance of variable rate demand obligations, or commercial paper equal to or exceeding \$100 million. The broker/dealers or remarketing agents shall be retained for a period co-terminus with the final maturity of any variable rate bonds provided that SVCW may replace a broker/dealer or remarketing agent with notice at any time for any reason in its sole discretion.

Underwriters and Remarketing Agents shall be selected by SVCW through a request for proposal process for each transaction. The performance of Remarketing Agents shall be monitored on a monthly basis. SVCW may replace a remarketing agent or broker-dealer with notice at any time.

If bonds are sold on a negotiated basis, the negotiations of terms and conditions shall include, but not be limited to, prices, interest rates, underwriting or remarketing fees, and underwriting spreads. The Authority, with the assistance of its Municipal Advisor, shall evaluate the terms offered by the underwriter(s). Guidelines with respect to price, interest rates, fees, and underwriting spreads shall be based on prevailing terms and conditions in the marketplace for comparable issuers.

If more than one underwriter is included in the negotiated sale of debt, the Authority shall establish appropriate levels of liability, participation and priority of orders. Such levels shall be based upon Authority policy with regards to the underwriting responsibility among the team members (Authority Staff and Counsel, Municipal Advisor and Bond and Disclosure Counsel), the desired allocation of total fees, and the desired distribution of bonds. Guidelines for establishing liability, participation, and priority of orders shall be based on prevailing terms and conditions in the marketplace for comparable issuers.

The Authority shall, with the assistance of its Municipal Advisor, oversee the bond allocation process. The bond allocation process shall be managed by the lead underwriter, with the following requirements:

- The bonds are allocated fairly among members of the underwriter(s), consistent with the previously negotiated terms and conditions;
- The allocation process complies with all MSRB regulations governing order priorities and allocations;
- The lead underwriter shall submit to the CFO a complete and timely account of all orders, allocations, and underwriting activities with the investor names identified as appropriate.

The CFO shall require a post-sale analysis and reporting for each negotiated bond sale. The lead underwriter shall perform such analysis. A post-sale analysis will include, but not be limited to:

- Summary of the pricing, including copies of the actual pricing wires;
- Results of comparable bond sales in the market at the time of the Authority's pricing;
- Detailed information on orders and allocation of bonds, by underwriting firm;
- Detailed information on final designations earned by each underwriter; and
- Summary of total compensation received by each underwriter.

Private Placements/Direct Loans - In the event the Authority chooses to proceed with a loan, or private placement of any form of Debt from a non-governmental entity, the Authority will issue a request for proposal seeking bids from responsible and credit-worthy financial institutions. The request for bids shall include a description of the project and terms and conditions of the financing in accordance with prudent financial and industry standards. The Authority may award the Debt solely based upon true-interest cost but may take into consideration call features, debt service structure and the requirement of any reserve fund requirements prior to making any award.

Structural Elements

Pledge of Revenues – The Authority's pledge of revenues shall be determined for each debt issue depending upon the debt instrument. Revenue Bonds of the Authority shall be repaid from revenues received from the Member Agencies, as defined in the governing documents related to the applicable revenue bonds.

Maturity – The Authority may issue tax-exempt debt with an average life equal to 100% of the useful life of the assets, if warranted the Authority may issue tax-exempt debt with an average life greater than 100% of the average useful life of the assets, but only in compliance with federal tax code requirements and with the express approval of the Commission. The final maturity of the debt should be no longer than 40 years; however, the Commission may expressly approve a final maturity longer than 40 years upon the recommendation of management. Factors to be considered when determining the final maturity of debt include: the average useful life of the assets being financed, relative level of interest rates, intergenerational equity and the year-to-year differential in interest rates.

Maturity Structure – The Authority's long-term debt may include serial and term bonds. Other maturity structures may also be considered if they are consistent with prudent financial management practices.

Coupon Structure – Debt may include par, discount and premium obligations. Discount and premium bonds must be demonstrated to be advantageous relative to par bond structures taking into consideration market conditions and opportunities. For variable rate debt, the variable rate may be based on one of a number of commonly used interest rate indices and the index will be determined at the time of pricing.

Debt Service Structure – Debt service may be structured primarily on an approximate level (combined annual principal and interest) basis. Certain individual bond issues, such as refunding bonds, may have debt service that is not level. However, on an aggregate basis, the Authority will strive to structure debt on a level basis.

Redemption Features – In order to preserve flexibility and refunding opportunities, Authority Debt will generally be issued with call provisions. The Authority may consider calls that are shorter than traditional and/or non-call debt when warranted by market conditions and opportunities. For each transaction, the Authority will evaluate the efficiency of call provision alternatives.

Credit Enhancement – The Authority shall competitively procure credit enhancement for a sale of bonds if the CFO, in consultation with the Municipal Advisor and the lead underwriter, determines that it is cost effective to do so.

Senior/Subordinate Lien – The Authority may utilize both a senior and a subordinate lien structure. The choice of lien will be determined based on such factors as, including but not limited to, overall cost of debt, impact on debt service, impact on wastewater rates of the Member Agencies, and marketing considerations.

Debt Service Reserve Funds – The Authority shall provide a reserve fund as market conditions dictate. A reserve fund can be established to support each individual series of debt or as a common reserve that can support more than one debt issuances. The reserve fund is typically funded in its entirety with bond proceeds at the time of issuance but can also be funded through a letter of credit or a Surety Policy.

Investment of Bond Proceeds - Bond proceeds will be invested in accordance with the permitted investment language outlined in the bond documents for each transaction. The District will seek to maximize investment earnings within the investment parameters set forth in each respective bond indenture. The reinvestment of bond proceeds will be incorporated into the evaluation of each financing decision; specifically addressing arbitrage/rebate position and evaluating alternative debt structures and refunding savings on a “net” debt service basis, where appropriate.

PROCEDURE IV. COMMUNICATION AND DISCLOSURE

Rating Agencies

SVCW will secure underlying ratings on all publicly issued obligations from at least one of the nationally recognized statistical rating organizations, provided it is economic to do so. Investor preference with respect to the number of ratings assigned to a bond issuance can vary depending upon market conditions and global economic conditions. In light of such, the CFO, with the assistance of the Municipal Advisor, will recommend the number of credit ratings at an appropriate time prior to the approval of any issuance by the Commission. The Authority shall maintain the credit ratings on its debt through prudent fiscal management and consistent communications with the rating analysts. The CFO shall manage relationships with the rating analysts assigned to the Authority’s credit, using practical methods to disseminate information. Communication with the rating agencies may include one or more of the following:

- Full disclosure on an annual basis of the financial condition of the Authority and its Member Entities through publicly available documents;
- A formal presentation, as necessary to the rating agencies analysts, covering economic,

financial, operational, and other issues that impact the Authority's credit;

- Timely disclosure of major financial events that impact the Authority's credit;
- Timely dissemination of the Annual Comprehensive Financial Report, following its acceptance by the Authority's Commission;
- Full and timely distribution of any documents pertaining to the sale of bonds; and
- Periodic tours of the Wastewater Treatment Plant, as appropriate.

Bond Insurers

The CFO shall manage relationships with the bond insurers, to the extent any Debt is so insured, by providing appropriate information. Communication with other bond insurers shall be undertaken when the CFO, with the assistance of the Authority's Municipal Advisor, determines that credit enhancement is cost effective for a proposed bond issue.

Disclosure Reports – The Authority may make disclosure reports readily available to institutional investors, rating agencies and credit enhancers who have specific analysts assigned to review the Authority's credit. SVCW shall comply with all federal securities disclosure laws and strive to maintain good investor relations through the timely dissemination of pertinent and material financial information. SVCW will covenant to provide annual disclosure in accordance with SEC Rule 15c2-12. SVCW will also covenant to provide its annual disclosure report (the "Annual Report") no later than 270 days following the end of the fiscal year (currently March 31 based on the Authority's fiscal year end of June 30), but SVCW will strive to issue the Annual Report as soon as practical following any issuance of SVCW's Annual Comprehensive Financial Report ("ACFR"). The Annual Report, in addition to being posted in accordance with law, will also be posted at SVCW office of the CFO and be on file with the Treasurer. The Annual Report shall include CUSIPs, trustee and SVCW contacts, and applicable project status as required, for all transactions subject to annual reporting.

Website – The Authority shall use its website and affiliated investor relation links as a tool for providing timely information to investors. Investors should additionally refer to the Authority's timely filings of its continuing disclosure reports to the Nationally Recognized Municipal Securities Information Repositories (NRMSIRs), as herein defined, such as the Electronic Municipal Market Access (EMMA).

PROCEDURE V. REFUNDING

The Authority shall strive to refinance Debt to maximize savings and minimize the cost of funds as market opportunities arise. A net present value analysis will be prepared that identifies the economic effects of any refunding to be proposed to the Commission. The Authority shall target a 3% net present value savings for Current Refunding transactions and 5% for Advanced Refunding transactions. A Current Refunding transaction is one which closes not more than ninety (90) days prior to the call date of the refunded Debt. An Advance Refunding transaction is one which closes more than (90) days prior to the call date of the refunded Debt. SVCW will use the refunding issue's arbitrage yield as the discount rate to calculate net present value savings for tax-exempt refundings and the true-interest costs for taxable refundings.

Upon the advice of the CFO, with the assistance of the Municipal Advisor and Bond Counsel, the Authority will consider undertaking refunding transactions for other than economic purposes, such as to restructure Debt, change the type of Debt instruments being used, or to retire a bond issue and indenture in order to remove undesirable, or onerous covenants; such refunding transactions do not need to achieve any net present value savings for tax-exempt issuances and will use the true interest cost as the discount rate to calculate Net Present Value Savings for taxable issuances.

Savings Thresholds – Minimum savings thresholds have been established to help guide the economic analysis of refunding bonds. The minimum savings guidelines are applicable on an overall basis and are expressed as a percentage of refunded bond par calculated by dividing the expected net present value savings generated by the proposed refunding by the par amount of refunded bonds.

In completing a refunding for net present value savings the CFO with the advice of the Municipal Advisor may take the following into consideration:

- **Coupon on Refunded Bond** – The CFO may take into consideration whether the coupon on the refunded bond is significantly higher or lower than the most common outstanding bond coupons.
- **Escrow Structuring** - The District shall strive to utilize the least costly securities available in structuring each escrow. A certificate will be required from a third party agent who is not acting as a broker-dealer, stating that the securities were purchased through an arms-length, competitive bid process (in the case of open market securities), that such securities were more cost effective than State and Local Government Series Securities (SLGS), and that the price paid was reasonable and within Federal guidelines. When evaluating the economic viability of an economic versus legal defeasance, the District shall take into consideration both the financial impact on a net present value basis as well as the rating/credit impact. The District shall take all necessary steps to optimize its escrows and to avoid negative arbitrage in its refunding transactions. SVCW will strive to achieve an escrow efficiency between 70% and 80%; however, the Commission may expressly approve a refunding with lower escrow efficiency upon the recommendation of management. The escrow efficiency is calculated by dividing the net present value savings by the sum of the net present value savings plus the negative arbitrage in the escrow.
- **General Interest Rate Environment** – The CFO may take into consideration whether the available refunding bond interest rates are generally high or generally low relative to long-term averages of historical rates.
- **General Interest Rate Outlook** – The CFO may take into consideration the general outlook for future interest rates, as derived from economic forecasts, market forecasts, implied forward rates, or other sources.
- **Debt Management Considerations** – The CFO may take into consideration debt management issues such as cost and staff efficiencies associated with combining multiple refunding bond issues or combining refunding and new money bond issues.
- **Call Date** – The CFO may take into consideration the amount of time between the pricing/closing date of the refunding Debt and the call date of the Debt to be refunded.

- **Final Maturity Date** – The CFO may take into consideration the amount of time remaining until the final maturity of the Debt to be refunded.

PROCEDURE VI. REINVESTMENT OF PROCEEDS

General – The Authority shall comply with all applicable Federal, State, and contractual restrictions regarding the use and investment of bond proceeds. This includes compliance with restrictions on the types of investment securities allowed, restrictions on the allowable yield of some invested funds, as well as restrictions on the time period over which some bond proceeds may be invested. To the extent that a bond issue is credit enhanced, the Authority shall adhere to the investment guidelines of the credit enhancement provider.

Requirements of Indenture – The Authority will comply with all terms and conditions of the appropriate legal documents related to the Debt. Such limitations shall include, but not be limited to Permitted Investments in the indenture.

PROCEDURE VII. CREATION AND MAINTENANCE OF FUNDS

The Authority maintains a number of different funds integral to the long-range financial planning process. Each of these funds is held for a specific purpose and can generally be categorized as either an operating, capital or debt reserve fund. The Authority will comply with all requirements and limitations created under its Reserve Policy.

PROCEDURE VIII. COMPLIANCE

Arbitrage Liability Management

The Authority shall minimize the cost of arbitrage rebate and yield restrictions while strictly complying with tax law. Because of the complexity of arbitrage rebate regulations and the severity of non-compliance penalties, the Authority shall solicit the advice of Bond Counsel and other qualified experts about arbitrage rebate calculations. The Authority shall contract with a qualified third-party for preparation of the arbitrage rebate calculation.

The Authority shall maintain an internal system for tracking expenditure of bond proceeds and investment earnings. The expenditure of bond proceeds shall be tracked in the financial accounting system by issue. Investment may be pooled for financial accounting purposes and for investment purposes. When investment of bond proceeds is co-mingled with other investments, the Authority shall adhere to IRS rules on accounting allocations.

Post-Issuance Tax Compliance

The Authority shall comply with all federal tax code requirements and limitations to maintain the tax-exempt status of Authority Debt obligations or to maintain eligibility for direct pay subsidy payments, as applicable.

Continuing Disclosure

The Authority shall comply with the requirements of each Continuing Disclosure Certificate entered into at the time of a sale of bonds. Annual information provided by the Authority shall mirror certain selected information in any Authority Official Statement at the time of a primary offering. Annual financial information will be sent by the Authority or its designated consultant, within nine months of the Authority's fiscal year end, to all NRMSIRs designated by the SEC and to the State Information Depository (SID), if one exists. This shall include:

- Audited Financial Statements; and
- Updated tables from the Official Statement, as detailed in the Continuing Disclosure Certificate.

In addition to annual disclosure, the Authority shall provide ongoing information about certain enumerated events, as defined by regulation, ("Material Events") to the NRMSIRs and to the SID.

The Authority shall engage a firm to assist it in ensuring timely completion and filing of annual reports and in identifying, and making timely filings with respect to, the occurrence of reportable enumerated events.

Pursuant to Government Code section 8855(k), SVCW will submit annual debt transparency reports for any debt for which it has submitted a report of final sale on or after January 21, 2017 every year until the later date on which the debt is no longer outstanding and the proceeds have been fully spent.

Legal Covenants

The Authority shall comply with all covenants and conditions contained in governing law and any legal documents entered into at the time of a bond offering.

PROCEDURE IX. DEBT DATABASE MANAGEMENT

The Authority shall maintain complete information on its outstanding Debt portfolio, in a spreadsheet or database program format. The information in the database shall include, but not be limited to, the following:

- Issue Name
- Initial Issue Par Amount
- Dated Date of the Issue
- Principal Maturity Amounts
- Coupon Rate by Maturity
- Amount Outstanding
- Call Provisions
- Purpose of the Issue

- Credit Enhancer, if any
- Competitive or Negotiated Sale
- Names of Underwriter(s) Members

The Authority shall use the Debt database for the following purposes:

- Generate reports
- Gross annual Debt service
- Net annual Debt service
- Refunding Analyses
- Output to Fund Accounting System

PROCEDURE X. MISCELLANEOUS

Primary responsibility for Debt management rests with the CFO. The CFO shall:

- Provide for the issuance of Authority Debt at its lowest possible cost and risk;
- Determine the available Debt capacity of the Authority;
- Provide for the issuance of Authority Debt at appropriate intervals and in reasonable amounts as required to fund approved capital expenditures;
- Recommend to the Commission the method and manner of sale of Authority Debt;
- Monitor opportunities to refund Debt and recommend any such refunding as appropriate to reduce costs or to achieve other policy objectives;
- Comply with all Internal Revenue Service (“IRS”), Municipal Securities Rulemaking Board (“MSRB”), and Securities and Exchange Commission (“SEC”) rules and regulations governing the issuance of Debt;
- Maintain a current database with all outstanding Debt;
- Provide for the timely payment of principal and interest on all Debt;
- Comply with all terms and conditions, and disclosure required by the legal documents governing the Debt issued;
- Submit to the Commission all recommendations to issue Debt in accordance with this Policy;
- Distribute to appropriate repositories information regarding the Authority’s financial condition and affairs at such times and in the form required by law, regulation and general practice;
- Provide for the frequent distribution of pertinent information to the rating agencies; and
- Apply and promote prudent fiscal practices.

Internal Controls

In order to comply with the following internal controls, the CFO, SVCW Manager, and the Authority Chief Engineer shall share responsibility to assure that disbursements are made only after each request for disbursement is substantiated with appropriate invoices, requisitions and other supporting documentation. Each of the aforementioned shall thoroughly review any request for disbursement and may request further documentation as may be deemed appropriate.

- To ensure that proceeds of any Debt issued in accordance with its governing documents and this Policy, no disbursements shall be made without the written approval of the CFO and SVCW Manager. The draw request shall be provided to the Authority's Engineering Department by the Contractor. Approval shall only be provided when the CFO is in receipt of an appropriate certification from the construction project manager with supporting invoices from suppliers and / or contractors evidencing appropriate expenses in connection with the project.
- In the case of an issue of bonds, the proceeds of which will be used by a governmental entity other than the Authority, the Authority may rely upon a certification by such other governmental entity that it has adopted the policies described in SB 1029.

The Authority shall also comply with Government Code Section 5852.1 (SB 450) by disclosing specified good faith estimates in a public meeting prior to the authorization of the issuance of bonds.

Approval by the Commission

The Commission may waive any policy requirements based upon the recommendation of Management after consulting with its Municipal Advisor. Long-term and short-term financing transactions shall be approved by resolution of the Commission as follows:

- Revenue Bonds: All issuances of special limited obligation revenue bonds shall be authorized by resolution of the Commission.
- Capital Leases: All capital leases financing capital equipment with a term exceeding five years and requiring anticipated expenditures by SVCW exceeding \$100,000 shall be authorized by resolution or ordinance of the Commission by majority vote.
- Refunding Obligations: The Commission shall authorize by resolution the issuance of Debt for the purpose of refunding any limited obligation bond.

AGENDA ITEM 7E

**REVISION TO COMMISSION POLICY 2000-01
PROCEDURE FOR ADMINISTRATIVE PENALTIES**

ISSUE

Approve Revisions to SVCW Commission Policy 2000-01, Procedure for Administrative Penalties

BACKGROUND

SVCW conducts a Pretreatment Program to control discharges from non-domestic sources to the SVCW member agencies' wastewater collections systems and, in turn, the SVCW treatment facility. The Pretreatment Program aims to achieve the following objectives:

- Protect worker health and safety at the SVCW conveyance and treatment system facilities.
- Protect the wastewater conveyance system and wastewater treatment facilities from fire, explosion, corrosion, flow obstruction, operational difficulties, maintenance challenges, and odor releases.
- Protect the SVCW treatment processes from excessive Biochemical Oxygen Demand (BOD)/Total Suspended Solids (TSS) loading and toxic substances that can upset the biological treatment processes.
- Ensure that SVCW's discharge permit effluent limits are not violated by pollutants that interfere with the treatment processes or pass through to receiving waters.
- Protect biosolids quality to assure economical disposal viability.
- Protect the use of SVCW effluent for water recycling.
- Limit the release of regulated air emissions from the SVCW treatment facility.

Per Federal Regulation 40 CFR 403, SVCW is required to control the amounts of certain pollutants entering its wastewater system from industries. The common method for wastewater agencies to meet regulations is via an established Pretreatment Program. SVCW's Industrial Pretreatment Program is codified in its document titled "Regulations of the Silicon Valley Clean Water Establishing Uniform Standards, Conditions and Requirements for the Use of the Sanitary Sewerage Facilities of Said Authority and its Member Agencies" ("Regulations"). SVCW controls discharges from non-domestic sources by establishing numeric limits on certain pollutants and these "local limits" are listed in Sections 2.3-2.5 of the Regulations. Local Limits are required to be periodically reviewed and updated as needed. The Regulations were last amended in 2021.

The Commission has approved a policy (Commission Policy 2000-01) which accompanies the Regulations for sewer users who violate provisions of the Regulations and/or provisions of the sewer user's discharge permit. The policy was issued in March 2000 and would benefit from revisions.

DISCUSSION

Commission Policy 2000-01, Procedure for Administrative Penalties, describes procedures for assessing civil penalties against a sewer user who has received a compliance time schedule and continues to violate provisions contained within SVCW's Regulations. It delineates escalation on enforcement actions against such a sewer user who does not bring their discharge into compliance.

Until 2022, SVCW had not had cause to assess civil penalties against a sewer user. Last year, penalties were assessed to a user who did not respond positively to a violation notice. The matter is now closed and the sewer user is in compliance. Regardless if ever used, it is imperative to have procedures in place to follow if such need is warranted.

The revisions to the policy are primarily editorial in nature and include updating the name of the agency, bringing pronouns to gender-neutral language, and defining the role of SVCW's Environmental Services Supervisor. A red-lined version of Revision A to Commission Policy 2000-01 is attached.

CLIMATE EFFECTS

There are no anticipated climate effects from this action.

FINANCES

Revisions to the policy are anticipated to have little to no financial impact to SVCW nor to local industrial dischargers.

RECOMMENDATION

Move adoption of RESOLUTION APPROVING AND ADOPTING REVISION A TO COMMISSION POLICY 2000-01, PROCEDURE FOR ADMINISTRATIVE PENALTIES

Silicon Valley Clean Water

Commission Policy 2001-01

Approved by: _____

Revision: A

Revision Date:
00/00/000009/11/2023

Issue Date: 03/15/2000

Approved by Commission at Meeting of March 15, 2000

Subject: Procedure for Administrative Penalties

APPLICABLE CODES AND REGULATIONS:

California Government Code (CGC) Sections 54725 to 54740.6

SBSA-SVCW Regulations Sections ~~6.10 and 6.11~~

PURPOSE

The purpose of this policy is to establish a procedure to assess civil penalties against a sewer user who has received a compliance time schedule and continues to violate provisions of the SBSA-SVCW Regulations and/or provisions of their Discharge Permit.

POLICY

It is the policy of Silicon Valley Clean Water ~~the South Bayside System Authority~~ to escalate enforcement against sewers users who do not comply with provisions of the SBSA-SVCW Regulations and/or provisions of their discharge permit. It is the policy of Silicon Valley Clean Water ~~the South Bayside System Authority~~ to assess administrative penalties when a compliance time schedule does not bring a sewer user into compliance.

PROCEDURE

1. Administrative Complaint (CGC Section 54740.5 (a)&(b))

Upon the recommendation of Technical-Environmental Services staff, the Manager will consider issuing an administrative complaint. If issued, the complaint will be sent by certified mail to the premises where the alleged violation has occurred and to the owner of the premises as shown on the County tax roll and to the Agency Director of the member agency in which the offending business is located. The complaint must will contain:

- a. A statement of the alleged violations (CGC Sections 54740.5(a))
- b. The proposed penalties and citation of the sub-section of CGC Section 54740.5 (d) which authorizes the penalty proposed;
- c. The location, date and time of the enforcement hearing; the date must be set within 60 days of the date of delivery of the complaint (CGC Section 54740.5 (b));
- d. Notice to the sewer user of the right to waive the hearing; advise the sewer user that, if the hearing is waived, SBSA-SVCW will assess the proposed penalty (CGC Section 54740.5 (b));
- e. Notice to the sewer user that penalties paid under CGC Section 54740.5 prevent any liability for penalties for these violations under CGC Section 54740 which allows up to \$25,000 a day for each violation; and
- f. Notice to the sewer user of the right to a verbatim transcript; and
- g. If a verbatim transcript is desired, a deposit of the estimated cost of \$150.00 must be received at SBSA-SVCW at least 5 days prior to the hearing (SBSA-SVCW Regs Section 6.10.2).

2. Enforcement Hearing

The enforcement hearing is conducted by the [SBSA-SVCW](#) Manager who serves as the hearing officer ([SBSA-SVCW](#) Resolution [98-0723-XX](#)). The purpose of the hearing is to allow the sewer user to show cause why the proposed enforcement should not be taken. Formal rules of evidence do not apply ([SBSA-SVCW](#) Regs Section 6.10.2). A typical agenda for an enforcement hearing may include the following:

- a. Open the hearing and ask all parties to introduce themselves or sign an attendance sheet for the record
- b. Read the alleged violations
- c. Hear the statement and/or evidence presented by the sewer user
- d. Hold discussion
- e. State the proposed penalties
- f. Hear the statement and/or evidence presented by the sewer user, property owner and Agency's Director ([SBSA-SVCW](#) Regs 6.10.2)
- g. Hold discussion
- h. State a decision at the hearing (or the hearing officer may choose to reach a decision at a later date) ([SBSA-SVCW](#) Regs 6.10.3)
- i. Close the hearing.

3. Decision

The Hearing Officer may wish to review the options in [SBSA-SVCW](#) Regs 6.10.2 and CGC Section 54740.5 before reaching a decision.

- a. The hearing officer will document [his/her/their](#) decision as to nature of the penalty.
- b. A notice of decision will be prepared and mailed to the sewer user.
- c. The decision may be appealed [to the Commission](#) -within 30 days of the delivery date.

4. Order of Civil Penalty

An Order of Civil Penalty will be prepared and sent by registered mail. The Order will include the following.

- a. the amount of the penalty
- b. the date by which payment is due
- c. ~~the Authority~~[SVCW](#)'s right to attach a lien to the property if the payment is over 60 days past due (CGC section 54740.5 (d)(5)).
- d. the sewer user's right to appeal (CGC section 54740.5 (b)).
- e. the process for filing an appeal including the requirement to notify [SBSA-SVCW](#) of the intent to appeal the decision within 30 days following the decision (CGC section 54740.5 (c)(5)).

5. Appeal

If the sewer user decides to appeal, an appeal hearing must be added to the agenda for a future [SBSA-SVCW](#) Commission Meeting. The hearing must be held within 60 days of the date on which the request for appeal is received at [SBSA-SVCW](#) ([SBSA-SVCW](#) Regs Section 6.11.1).

6. Appeal Hearing

The ~~SBSA-SVCW~~ Commission will conduct an Appeal Hearing ~~in~~according to the procedure described in the Enforcement Hearing above (~~SBSA-SVCW~~ Regs Section 6.11.2).

7. Appeal Decision

The Commission will affirm, reverse or modify the decision of the enforcement hearing officer (~~SBSA-SVCW~~ Regs Section 6.11.3). If necessary, a revised Order of Civil Penalty will be prepared.

8. Collection of penalty

- a. Payment of the penalty is due within 30 days (CGC Section 54740.5(f)).
- b. If payment is not received in 30 days, a past due notice will be sent to the sewer user and the property owner. The notice will state ~~SBSA's-SVCW's~~ intention to record a lien on the property if payment is not received before the payment is 60 days past due.
- c. Penalties that are 60 days past due shall be cause for a judgement lien against the property where the sewer user is located (CGC Section 54740.5(d)(5)).
- d. The lien must be recorded to take effect (CGC Section 54740.5(d)(5)).

9. Further appeal

If the aggrieved party disagrees with the appeal decision, he/she/they may file for writ of mandate in superior court within 30 days following service of a copy of the appeal decision.
(CGC 54740.6 (a)).

RESPONSIBILITY

ENVIRONMENTAL SERVICES SUPERVISOR:

To determine when a compliance time schedule has failed to bring a User into compliance with the SVCW Regulations or a Discharge Permit. To recommend to Technical Services Manager the need to issue an administrative complaint.

TECHNICAL SERVICES MANAGER:

~~To determine when a compliance time schedule has failed to bring a User into compliance with the SBSA Regulations or a Discharge Permit. To receive notification from Environmental Services Supervisor when a User has not complied with SVCW Regulations or Discharge Permit. To recommend to the Manager the need to issue an administrative complaint. for an enforcement hearing. Prepare the~~ documents for an enforcement hearing.

MANAGER:

To determine if an administrative complaint will be issued. To serve as the hearing officer at an enforcement hearing. Document a decision regarding penalties in a Notice of Decision.

COMMISSION:

To hold an appeal hearing if the sewer user has filed a notice of intent to appeal.

Approved by the SVCW Commission at the Meeting held on September 11, 2023, by Resolution No. SVCW 23-31

Subject: Procedure for Administrative Penalties

APPLICABLE CODES AND REGULATIONS:

California Government Code (CGC) Sections 54725 to 54740.6

SVCW Regulations Section 6

PURPOSE

The purpose of this policy is to establish a procedure to assess civil penalties against a sewer user who has received a compliance time schedule and continues to violate provisions of the SVCW Regulations and/or provisions of their Discharge Permit.

POLICY

It is the policy of Silicon Valley Clean Water to escalate enforcement against sewers users who do not comply with provisions of the SVCW Regulations and/or provisions of their discharge permit. It is the policy of Silicon Valley Clean Water to assess administrative penalties when a compliance time schedule does not bring a sewer user into compliance.

PROCEDURE

1. Administrative Complaint (CGC Section 54740.5 (a)&(b))

Upon the recommendation of Environmental Services staff, the Manager will consider issuing an administrative complaint. If issued, the complaint will be sent by certified mail to the premises where the alleged violation has occurred and to the owner of the premises as shown on the County tax roll and to the Agency Director of the member agency in which the offending business is located. The complaint will contain:

- a. A statement of the alleged violations (CGC Sections 54740.5(a))
- b. The proposed penalties and citation of the sub-section of CGC Section 54740.5 (d) which authorizes the penalty proposed;
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- e. Notice to the sewer user that penalties paid under CGC Section 54740.5 prevent any liability for penalties for these violations under CGC Section 54740 which allows up to \$25,000 a day for each violation; and
- f. Notice to the sewer user of the right to a verbatim transcript; and
- g. If a verbatim transcript is desired, a deposit of the estimated cost of \$150.00 must be received at SVCW at least 5 days prior to the hearing (SVCW Regs Section 6.10.2).

2. Enforcement Hearing

The enforcement hearing is conducted by the SVCW Manager who serves as the hearing officer (SVCW Resolution 23-XX). The purpose of the hearing is to allow the sewer user to show cause why the proposed enforcement should not be taken. Formal rules of evidence do not apply (SVCW Regs Section 6.10.2). A typical agenda for an enforcement hearing may include the following:

- a. Open the hearing and ask all parties to introduce themselves or sign an attendance sheet for the record
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- c. Hear the statement and/or evidence presented by the sewer user
- d. Hold discussion
- e. State the proposed penalties
- f. Hear the statement and/or evidence presented by the sewer user, property owner and Agency's Director (SVCW Regs 6.10.2)
- g. Hold discussion
- h. State a decision at the hearing (or the hearing officer may choose to reach a decision at a later date) (SVCW Regs 6.10.3)
- i. Close the hearing.

3. Decision

The Hearing Officer may wish to review the options in SVCW Regs 6.10.2 and CGC Section 54740.5 before reaching a decision.

- a. The hearing officer will document their decision as to nature of the penalty.
- b. A notice of decision will be prepared and mailed to the sewer user.
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An Order of Civil Penalty will be prepared and sent by registered mail. The Order will include the following.

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- c. SVCW's right to attach a lien to the property if the payment is over 60 days past due (CGC section 54740.5 (d)(5)).
- d. the sewer user's right to appeal (CGC section 54740.5 (b)).
- e. the process for filing an appeal including the requirement to notify SVCW of the intent to appeal the decision within 30 days following the decision (CGC section 54740.5 (c)(5)).

5. Appeal

If the sewer user decides to appeal, an appeal hearing must be added to the agenda for a future SVCW Commission Meeting. The hearing must be held within 60 days of the date on which the request for appeal is received at SVCW (SVCW Regs Section 6.11.1).

6. Appeal Hearing

The SVCW Commission will conduct an Appeal Hearing according to the procedure described in the Enforcement Hearing above (SVCW Regs Section 6.11.2).

7. Appeal Decision

The Commission will affirm, reverse or modify the decision of the enforcement hearing officer (SVCW Regs Section 6.11.3). If necessary, a revised Order of Civil Penalty will be prepared.

8. Collection of penalty

- a. Payment of the penalty is due within 30 days (CGC Section 54740.5(f)).
- b. If payment is not received in 30 days, a past due notice will be sent to the sewer user and the property owner. The notice will state SVCW's intention to record a lien on the property if payment is not received before the payment is 60 days past due.
- c. Penalties that are 60 days past due shall be cause for a judgement lien against the property where the sewer user is located (CGC Section 54740.5(d)(5)).
- d. The lien must be recorded to take effect (CGC Section 54740.5(d)(5)).

9. Further appeal

If the aggrieved party disagrees with the appeal decision, they may file for writ of mandate in superior court within 30 days following service of a copy of the appeal decision.
(CGC 54740.6 (a)).

RESPONSIBILITY

ENVIRONMENTAL SERVICES SUPERVISOR:

To determine when a compliance time schedule has failed to bring a User into compliance with the SVCW Regulations or a Discharge Permit. To recommend to Technical Services Manager the need to issue an administrative complaint.

TECHNICAL SERVICES MANAGER:

To receive notification from Environmental Services Supervisor when a User has not complied with SVCW Regulations or Discharge Permit. To recommend to the Manager the need to issue an administrative complaint. Prepare documents for an enforcement hearing.

MANAGER:

To determine if an administrative complaint will be issued. To serve as the hearing officer at an enforcement hearing. Document a decision regarding penalties in a Notice of Decision.

COMMISSION:

To hold an appeal hearing if the sewer user has filed a notice of intent to appeal.

AGENDA ITEM 7F

APPROVE UPDATED SVCW STANDARD CONTRACT DOCUMENTS**ISSUE**

Approve SVCW Standard Short Form and Procurement Contract Documents, Version September 2023

BACKGROUND

Construction projects are carried out by completing a set of specifications and plans (collectively, "Contract Documents") that spell out, via words and drawings, what is involved in the construction project and what work the construction contractor agrees to perform. There is an industry-standard for the method in which Contract Documents are organized. They are comprised of three main sections – Standard Contract Specifications, Technical Specifications and Drawings.

Section	Divisions/Sheets	Notes
Standard Contract Specifications	00 and 01	Stipulates Contractual Terms
Technical Specifications	02 through 48	Each Division is pertinent to an area of construction; e.g. Div 03 = Concrete while Div 26 = Electrical work
Drawings	As Needed	Depicts existing facilities and construction needs

Standard Contract Specifications contain contractual requirements with most of the language constant from project to project. Technical Specifications and Drawings are unique to each project and vary accordingly. Typically, a public agency owns and prepares the Standard Contract Specifications, while the Technical Specifications and Drawings are prepared by a project's Engineer-of-Record.

It is industry standard for the contracting agency to "own" the Standard Contract Specifications and SVCW has owned its Standard Contract Specifications since the inception of the Capital Improvement Program in 2008. In August 2008 and approximately once per year since, the Commission has approved the Standard Contract Specifications allowing SVCW construction projects to be bid and subsequent action by the Commission approving the Contract Documents when the project construction contract is awarded.

They are updated annually or biennially by an SVCW consultant who keeps apprised of pertinent changes in law, regulations, and the insurance industry. Changes are reviewed by SVCW's insurance provider and General Counsel, as necessary. The last update to SVCW's standard contract specifications was made in December 2021.

SVCW uses two forms of contract specifications for construction: "Long-Form" and "Short-Form". Long-form Standard Contract Specifications are used for projects that are publicly advertised for bidding and over \$100,000 in anticipated contract value. Short-Form

Standard Contract Specifications are used for projects having an anticipated construction value under \$100,000. For these smaller projects, staff solicits quotes from three or more contractors and projects are then awarded at the lowest quoted price. This process is allowed under California's Public Contracts Code and SVCW's Purchasing Guidelines, and preferred, as producing specifications and drawings to publicly bid projects can be cost prohibitive for projects of a small size.

The divisions listed above and the specification sections within them are set by the Construction Specifications Institute (CSI). CSI issues "MasterFormat" Editions that outline guidelines for specification naming and numbering. SVCW has been using the MasterFormat 1995 Edition for all its previous specification updates. In 2018, MasterFormat issued the 2018 Edition which transitioned from a five-digit specification number to a six-digit specification number. Subsequently, in 2020, the MasterFormat 2020 Edition was released, updating the numbering system once again.

DISCUSSION

Updates to the Long-Form Documents were approved by the Commission at its July meeting. Updates to the Short-Form and Procurement Documents have been prepared and are listed below.

Short-Form Documents Changes:

Affected Section	Change
ALL	Updated Section Name and Number to match CSI MasterFormat 2020
00 11 13, 00 72 00, 00 73 00	Updated SRF/WIFIA requirements
00 45 21, 00 62 16.11, 00 73 00	Updated insurance policy requirements
01 14 14	Updated System Outage requirements

Procurement Documents Changes:

Affected Section	Change
ALL	Updated Section Name and Number to match CSI MasterFormat 2020
00 62 16.11, 00 73 16	Updated insurance policy requirements

Staff recommends the Commission approve the revised Standard Short-Form and Procurement Documents effective September 2023.

CLIMATE EFFECTS

There are no anticipated climate effects from this action.

FINANCIAL IMPACTS

There are no direct financial impacts from this action.

RECOMMENDATION

Move adoption of RESOLUTION APPROVING SVCW'S STANDARD SHORT-FORM
AND PROCUREMENT CONTRACT DOCUMENTS - VERSION SEPTEMBER 2023

AGENDA ITEM 7G

**REJECT BID AND APPROVE PURCHASE ORDER FOR DIGESTER NO. 3
CLEANING AND REHABILITATION PROJECT (CIP #9245)**

ISSUE

Reject Bid from Synagro-WWT, Inc. and Approve Purchase Order with Wastewater Solids Management Company for the Digester No. 3 Cleaning and Rehabilitation Project (CIP #9245)

BACKGROUND

Within the treatment process, SVCW treats all solids derived from the wastewater through anaerobic digestion, using three digesters, two of which are currently operational. SVCW's Capital Improvement Program (CIP) includes projects that rehabilitate existing tanks and equipment to enhance the reliability and efficiency of its treatment facilities. This rehabilitation program includes assessment and rehabilitation of SVCW's three digesters.

As the Digester No. 1 Rehabilitation Project (CIP #9215) nears its completion and enters the startup phase, efforts shift to Digester No. 3. The forthcoming plan involves temporarily taking Digester No. 3 offline to perform a thorough cleaning and subsequent condition assessment. The project, referred to as the Digester No 3 Cleaning and Rehabilitation Project, encompasses both cleaning and rehabilitation tasks. The last rehabilitation of Digester No. 3 took place in 2011.

The initial phase of this project will include emptying, cleaning, and inspecting the interior and exterior condition of the digester. This initial work will enable the design engineer and coating experts to perform the condition assessment of the internal steel and coatings. Results obtained from this assessment will then serve as the foundation for developing the final bid documents for the construction contract.

DISCUSSION

The 2023 Digester No 3 Cleaning Project, the first phase of the Project, was publicly advertised for bids on May 19, 2023. The project consisted of the following tasks:

- Full-service removal and disposal of all liquids and solids from Digester No. 3.
- Wash down all interior surfaces and remove washdown water.
- Flush, clean and inspect the interior of the center well, mix piping, feed, and withdrawal piping.

SVCW received one bid on June 22, 2023, from Synagro WWT, Inc. (Synagro) in the amount of \$856,427. The Engineer's Estimate of Probable Cost (Engineer's Estimate) for this work was \$450,000. Upon review of the bid and comparing with what a reasonable cost for the work should be, staff reached out to Synagro to determine if the price could be lowered with a different approach to the work. Negotiation with Synagro was unsuccessful, and therefore, staff recommends rejection of the single bid received from Synagro. SVCW notified Synagro on July 21, 2023 of its intent to reject all bids.

SVCW staff reconsidered the approach to this phase of work. The original intent was to minimize staff involvement to preserve staff time by having the contractor provide full-service removal and disposal of all digester contents. Through a series of internal meetings, SVCW engineering and operations staff examined alternative scopes of work. SVCW Operations agreed to manage the transferring of sludge from Digester No 3 to the other two active digesters to the extent possible, reducing the sludge volumes needed for an outside contractor to remove, dewater, and dispose.

Only after SVCW operations staff have transferred as much sludge as they could, a contractor could complete a “screened transfer” of the remaining material at the bottom of the digester. This material has large quantities of undigestible material that can be removed by a screening process before transferring the digester material. After this screened transfer, the digester will be cleaned by the contractor. The screened, digestible material will be transferred to another digester or to SVCW’s drying beds.

SVCW reached out to three contractors, including Synagro, to obtain cost proposals for an alternative service. Only one proposal was received, coming from Wastewater Solids Management Company, with a total cost of \$59,960. The remaining two contractors chose not to submit proposals.

The quoted cost is based on an estimated volume of 500,000 gallons of digester sludge. However, due to the uncertainty regarding the extent of contaminants within the digester, the precise quantity of sludge that can be successfully screen-transferred remains unknown. It is possible that the volume of material exceeds the capacity of the existing digesters and the drying beds. In this case, a portion of the sludge could be dewatered, a process that removes water from the sludge, reducing its overall volume.

Considering this potential need for dewatering, staff sought an additional quotation for dewatering up to 60,000 gallons of digester sludge. An as-needed dewatering proposal for this volume was procured at a cost of \$40,000. This provision will be deemed necessary should the capacity of the drying beds and active digesters prove inadequate or if there arises an unforeseen need to dewater additional volumes of digester sludge.

Therefore, it is the staff’s recommendation to allocate a contingency allowance in the amount of \$40,000. This allocation is intended to address dewatering or other unforeseen complications or requirements that may emerge during the execution of the project.

SVCW recommends moving forward with this approach and approving a purchase order with Wastewater Solids Management Company in an amount not-to-exceed \$99,960 - \$59,960 for base scope of work and \$40,000 contingency for additional work on an as-needed basis.

CLIMATE EFFECTS

There are no impacts on the environment from the cleaning process.

FINANCIAL IMPACT

Funding for the project derives from CIP #9245, Digester 3 Rehabilitation Project with an allocated budget of \$2.414 million. As of July 2023, a total of \$61,214 has been expended.

RECOMMENDATION

- i. Move adoption of RESOLUTION REJECTING ALL BIDS FOR THE 2023 DIGESTER NO. 3 CLEANING PROJECT (CIP #9245)
- ii. Move adoption of RESOLUTION APPROVING PURCHASE ORDER FOR DIGESTER 3 TRANSFER AND CLEANING IN AN AMOUNT NOT-TO-EXCEED \$99,960 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – WASTEWATER SOLIDS MANAGEMENT COMPANY

AGENDA ITEM 7H

**CHILLER REPLACEMENT PROJECT (CAPITAL PROJECT #0342)
REJECT BID**

ISSUE

Reject Bid from ACCO Engineered Systems, Inc. for the Chiller Replacement Project (Capital Project # 0342)

BACKGROUND

Three chillers supply chilled water for use in the Heating, Ventilation and Air Conditioning (HVAC) systems of the Lab Building, Maintenance Building, and Administration Building. Originally installed in 2011, these chillers have now reached the end of their useful operational lifespans.

SVCW's Operating and Capital Expenditures Budget includes funding for Revenue-Funded Capital Expenditures. Revenue-funded projects are capital projects each with costs below \$1 million that can be completed within one year. Staff engaged Brown and Caldwell to complete the design of the chiller replacement project in December 2022, with the intention to replace the chillers in-kind. In June 2023, SVCW pre-purchased replacement chillers due to long manufacturing lead-times for delivery.

DISCUSSION

Brown and Caldwell completed the design and bid documents for the project which includes installation of the pre-purchased chillers and replacement of associated pipes, valves, and pumps. The project was publicly advertised on July 12, 2023 and one bid was received on August 21, 2023, from ACCO Engineered Systems, Inc. (ACCO) in the amount of \$430,526.63. Upon review of the bid submittal, the bidder omitted the following required documents:

1. Acknowledgement of Addenda (#1, 2, and 3)
2. Noncollusion Declaration Affidavit
3. Safety Compliance Affidavit

Due to the omission of the three required bid documents, the bid is deemed non-responsive. SVCW staff recommend that the Commission reject the non-responsive bid received. The project will be re-advertised as soon as possible.

CLIMATE EFFECTS

There are no climate effects to reject the bid.

FINANCIAL IMPACT

There is no major financial impact to reject the bid. Minor impacts include administrative costs to manage the rebidding process.

RECOMMENDATION

Move adoption of RESOLUTION REJECTING SINGLE BID RECEIVED FOR THE CHILLER REPLACEMENT PROJECT (CAPITAL PROJECT # 0342)

AGENDA ITEM 8A

**RESCU PROGRAM
OWNER'S ASSIST FUNDING AUTHORIZATION**

ISSUE

Approve Additional Owner Assist Funding for Tanner Pacific for Construction Management and Quality Assurance Services, Collaborative Strategies Consulting for Pump Stations Improvement Project Management Services, and Beecher Engineering, Inc. for Electrical Engineering Consulting Services

BACKGROUND

SVCW's Regional Environmental Sewer Conveyance Upgrade (RESCU) Program includes conveyance system improvements to transport wastewater from member agencies' collection systems to the SVCW wastewater treatment plant. The RESCU Program's projects include the Pump Stations Improvements (PSI) Project and the Front of the Plant (FoP) Project, both of which are in the final stages of construction.

Both the PSI and FoP projects have experienced schedule extensions impacting their final completion dates. The significant wet weather events of this past winter season delayed some critical construction activities. Additionally, both projects experienced challenges in connecting the new facilities to SVCW's existing infrastructure. To make the necessary connections safely and reliably, rehabilitation of existing infrastructure was required, adding months to both PSI and FoP schedules.

The original completion date for the PSI Project was August 2023. Last year, an updated schedule was given to the Commission estimating that the project would be substantially complete in December 2023. The current substantial completion date for the PSI project now is anticipated to be August 2024.

The FoP Project was anticipated to be substantially complete by December 2022. The current substantial completion date is anticipated to be November 2023, with construction activities continuing through March 2024.

The Owner Assist task order funding levels are based on the best project scope and schedule information available at the time when the task orders were developed. As these services are dependent on the project schedule, any extensions of the construction schedule impact the Owner Assist scope and budget.

DISCUSSION

SVCW's Owner Assist consultants supporting the RESCU Program have been successful in delivering high-quality specialty services. Using consultants for specialty services is both efficient and economic from the standpoint that hiring staff to perform the same work would be cost and work-force prohibitive. The consultants' efficiency in providing services add value to the overall project activities. The cost of these services is somewhat dependent on the project construction schedule, as many of the consultants contribute to weekly and monthly meetings and provide regular reporting services required for the duration of the project.

Based on an analysis of the level of effort required over the duration of the program, three consultants require amendments to their task orders to continue their work efforts through the end of the program, currently anticipated for December 2024 (this date reflects need for close out items after substantial completion dates of each project). The consultants and their responsibilities on the RESCU program are listed below.

Tanner Pacific Inc. (TPI) provides Quality Assurance services on the RESCU program. Services include contract administration, constructability review, cost controls, schedule maintenance, construction observation, coordination with SVCW Operations and Maintenance divisions, and other miscellaneous tasks necessary for implementing the construction and start up phases of the projects.

Collaborative Strategies Consulting Inc. (CSC) provides project management services for the Pump Station Improvements Project. Project management services include oversight and management of the design-builder, Owner's Advisors, and Quality Assurance consultants; communication with SVCW Management and Operations and Maintenance staff; coordination with other RESCU project teams; communication with outside entities including member agency staff and business owners, risk management; and change management.

Beecher Engineering, Inc. (Beecher) has provided electrical engineering services to SVCW for more than 15 years. For RESCU, Beecher has reviewed electrical design, provided input into key electrical decisions, and provided analysis and support of contract changes, including cost evaluations.

For the PSI Project (CIP 9501), the additional requested funding for each consultant is:

Tanner Pacific:	\$1,430,000
Collaborative Strategies:	\$280,000
Beecher Engineering:	\$20,000

Total	\$1,730,000
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For the FoP Project (CIP 9502), only Tanner Pacific requires additional funding in an amount of \$510,000.

CLIMATE EFFECTS

There are no anticipated climate effects as a result of this item.

FINANCES

Additional scope and extended schedule for the Owner Assist specialty consulting team will add approximately \$2,240,000 dollars to RESCU expenditures. Staff is preparing an overall RESCU program budget reconciliation amongst the three RESCU projects. It is yet unknown if additional RESCU funding will be required since several risk register items remain outstanding. Upon completion of the program budget reconciliation, staff will present information to the Commission.

RECOMMENDATION

- i. Move approval of TASK ORDER SCOPE AND BUDGET AMENDMENT FOR CONSTRUCTION MANAGEMENT AND QUALITY ASSURANCE SERVICES FOR PUMP STATIONS IMPROVEMENTS PROJECT (CIP #9501); IN AN AMOUNT NOT TO EXCEED \$1,430,000 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – TANNER PACIFIC INC.
- ii. Move approval of TASK ORDER SCOPE AND BUDGET AMENDMENT FOR PROJECT MANAGEMENT ASSISTANCE FOR PUMP STATIONS IMPROVEMENTS PROJECT (CIP #9501); IN AN AMOUNT NOT TO EXCEED \$280,000 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – COLLABORATIVE STRATEGIES CONSULTING INC.
- iii. Move approval of TASK ORDER SCOPE AND BUDGET AMENDMENT FOR OWNER'S ADVISOR SERVICES FOR PUMP STATIONS IMPROVEMENTS PROJECT (CIP #9501); IN AN AMOUNT NOT TO EXCEED \$20,000 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – BEECHER ENGINEERING, INC.
- iv. Move approval of TASK ORDER SCOPE AND BUDGET AMENDMENT FOR CONSTRUCTION MANAGEMENT AND QUALITY ASSURANCE SERVICES FOR FRONT OF PLANT PROJECT (CIP #9502); IN AN AMOUNT NOT TO EXCEED \$510,000 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – TANNER PACIFIC INC.

AGENDA ITEM 8B

**FINAL EFFLUENT PUMP STATION IMPROVEMENTS PROJECT (CIP #9223)
DESIGN BUILD AGREEMENT, OWNER'S ENGINEERING ADVISORY SERVICES,
AND CONSTRUCTION QUALITY ASSURANCE SERVICES TASK ORDERS****ISSUE**

Approve Design-Build Agreement for Final Effluent Pump Station Improvements with W.M. Lyles Co.; Approve Task Order for Owner's Engineering Advisory Services with CDM Smith; Approve a Task Order for Construction Quality Assurance Services with Tanner Pacific, Inc.

BACKGROUND

Silicon Valley Clean Water (SVCW) uses five large pumps to convey final treated water into the San Francisco Bay. These pumps are from the original treatment plant construction and have been in operation for over four decades. They play a critical role in operation of the treatment facility and, while SVCW's Maintenance Division staff have performed excellently in keeping the pumps functional, they are well past their useful lives. SVCW's Capital Improvement Program (CIP) includes CIP Project #9223 – Final Effluent Pump Replacement Project ("Project") to replace these original pumps and upgrade the electrical and control systems. The Project consists of replacing or rehabilitating several components of the existing plant effluent pump station.

In January 2016, the Commission approved Commission Policy No. 2016-01 which established procedures for implementing Design-Build processes for delivery of capital projects over \$1 million in value. In March 2023, the Commission approved utilization of Progressive Design Build procurement contracting approach for the Project. Procurement of the Design-Builder for the Project has followed the requirements of Commission Policy No. 2016-01.

In summary, the following process led to the recommendation of a Design- Build company for the Project:

- Manager appointed a Design-Build (D-B) Procurement Team
- Procurement Team prepared documents setting forth scope and estimated price of project ("Procurement Documents")
- Procurement Team prepared the Request for Qualifications (RFQ)
- Prequalification process commenced, including the requirement for use of a skilled and trained workforce and firms were short-listed
- Procurement Team prepared a Request for Proposal to be issued to short-listed D-B firms
- Upon receipt of proposals, Procurement Team evaluated and ranked the firms and provided Manager with recommendation on highest ranked D-B firm.
- Manager submits to the Commission the proposed firm with a recommendation to award the contract (subject of this Commission action item).
- The award of the D-B contract is publicly announced by Manager with a statement regarding the basis of the award.

DISCUSSION

Design-Build Entity Selection and Agreement.

Four D-B entities submitted Statements of Qualifications from which the Procurement Team shortlisted three firms and issued Request for Proposals. The three shortlisted teams were:

- W.M. Lyles Co. with Kennedy Jenks as the design engineer
- C. Overaa & Co. with HydroScience as the design engineer
- J.F. Shea with Parsons as the design engineer

The Procurement Team conducted an exhaustive and thorough process vetting each firm, including evaluating and scoring the proposals based on the published criteria, performing reference checks, making site visits to previously constructed projects, conducting interviews and reviewing cost proposals. The Procurement Team came to a unanimous decision to recommend that the contract be awarded to W.M. Lyles Co. (Lyles) with Kennedy Jenks as the design engineer.

Prior to bringing the recommendation to the Commission, SVCW management met with W.M. Lyles Co. to negotiate the terms of the Design-Build Agreement. The Design Build Agreement includes the following key components:

- Design-Build Team (names individuals and firms) and relationship of the parties
- Owner's Obligations
- Design-Builder's Obligations
- Names of Subcontractors by company name
- Compensation and contract time
- Change process and payment terms
- Indemnification clauses
- Insurance and bonds requirements
- Warranty of the Work
- Various miscellaneous provisions

The recommended award to W.M. Lyles Co. is based on best value considering the criteria and point system described in the Request for Proposals. Key criteria include superior qualifications, deep level of experience with pump station rehabilitation work, the team's overall approach to the project, and pricing. The negotiated contract amount for Stage 1 services is \$1,350,917.

The proposed Design-Build Agreement addresses both Stage 1 (the subject of this Commission action item) and Stage 2. Stage 1 will develop the design to 60% design level and includes preparation and negotiation of pricing for Stage 2. Stage 2 includes completing the design and constructing the project. The D-B Agreement addresses key terms for both Stage 1 and Stage 2; an amendment to the Agreement will be presented to the Commission when Stage 1 is complete and Stage 2 is defined.

Consideration will be given during Stage 1 to an approach that would lower project costs and compress the schedule by phasing Stage 2 to include early procurement of major equipment such as variable frequency drives (VFDs) and programmable logic controller (PLC) hardware. These electrical items have very long lead times.

Prior to bringing the Stage 2 amendment(s) to the Commission, the Owner's Engineering Advisor and Quality Assurance consultants will independently review the cost estimates prepared by Lyles. This is used to facilitate Stage 2 pricing negotiations and to ensure SVCW is receiving pricing reflective of a competitive marketplace.

In addition to the Stage 1 cost, W.M. Lyles also provided an indicative cost for project construction, based on detailed project descriptions and schematics that were provided with the Request for Qualifications. While it is expected that the design-build process will result in some changes and will uncover cost saving opportunities, the indicative cost estimate provided by Lyles for Stage 2 services totaled \$10,416,514. As this cost is based on only preliminary information, it is not included in the Design-Build agreement at this time. It is the basis for project budgeting and will be the basis by which design decisions are made.

Considering other costs to the project for Quality Assurance, Owner's Advisors, Project Management and Administration, this indicative cost would bring the project over the currently allocated CIP budget. The project team, including Lyles, are dedicated to finding innovative solutions to bring the project costs down to the maximum extent possible while maintaining the overall project objectives.

Owner's Project Team.

Also recommended for approval in this action item are Task Orders with CDM Smith for Owner's Advisor Services, and Tanner Pacific for Construction Quality Assurance Services. Together, these authorizations will round out the requirements for the Final Effluent Pump Station Improvements Project Stage 1 work over the next 10 months.

Owner's Engineering Advisor Services. CDM Smith services as Owner's Engineering Advisor will include assisting SVCW staff with the technical detail coordination involved in the Stage 1 design work, review of the project design as it progresses, and reviewing cost estimates for Stage 2. CDM Smith will also provide input as the Stage 2 Design-Build amendment is negotiated.

Construction Quality Assurance Services. Tanner Pacific Construction Quality Assurance Stage 1 Services will include assisting the SVCW project team with document management, review of Stage 2 cost estimates, development of construction schedules and sequencing plans, review of plans for constructability and compliance with SVCW standards, coordination with O&M staff, and input on approaches to protect existing structures, facilities, and processes.

A summary of the authorization amounts for each item included in this agenda item is:

W.M. Lyles PDB Agreement, Stage 1:	\$1,350,917
CDM Smith Owner's Engineering Advisor Stage 1:	\$190,280
TPI Quality Assurance, Stage 1:	\$247,500

The total authorization requested for the items described above is \$1,788,697.

CLIMATE EFFECTS

Positive climate effects are anticipated due to this project as the existing pumps are being replaced with new and more efficient pumps and new variable frequency drives (VFDs), reducing the overall electrical demand of the pump station.

FINANCIAL IMPACT

The scope of work for this project combines items of work from several projects from the Capital Improvement Program, including the Final Effluent Pump Replacement Project, the Wetside Power Rehabilitation Project, and the Buried and Exposed Pipe Rehabilitation Project. The upcoming CIP Update (anticipated for October Commission approval) will combine these efforts into a single CIP Project: Final Effluent Pump Replacement Project (CIP #9223), with a total budget of approximately \$14 million. The current budget for CIP #9223 is \$2,827,470. The total not-to-exceed amount for the three actions for the Final Effluent Pump Station Improvements Project is \$1,788,697.

RECOMMENDATION

- i. Move adoption of RESOLUTION APPROVING DESIGN BUILD AGREEMENT FOR FINAL EFFLUENT PUMP STATION IMPROVEMENTS PROJECT (CIP #9223); AUTHORIZING EXECUTION OF AGREEMENT AND AUTHORIZING MANAGER TO APPROVE CONTRACT CHANGE ORDERS UP TO TEN PERCENT OF THE CONTRACT PRICE FOR SAID PROJECT – W.M. LYLES CO. - \$1,350,917
- ii. Move approval of TASK ORDER SCOPE AND BUDGET FOR OWNER'S ADVISOR SERVICES FOR PUMP STATIONS IMPROVEMENT PROJECT (CIP #9223) IN AN AMOUNT NOT TO EXCEED \$190,280 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – CDM SMITH INC.
- iii. Move approval of TASK ORDER SCOPE AND BUDGET FOR CONSTRUCTION QUALITY ASSURANCE SERVICES FOR FINAL EFFLUENT PUMP STATION IMPROVEMENTS PROJECT (CIP #9223) IN AN AMOUNT NOT TO EXCEED \$247,500 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – TANNER PACIFIC INC.

AGENDA ITEM 8C

**ESTABLISH MANAGER'S FISCAL YEAR 2023-2024 ANNUAL SALARY
AND FISCAL YEAR 2022-2023 BONUS**

ISSUE

Approve Annual Salary for Fiscal Year 2023-2024 and Bonus for Fiscal Year 2022-2023 for the Manager of Silicon Valley Clean Water

BACKGROUND

The Silicon Valley Clean Water (SVCW) Manager is employed under the terms and conditions of an employment contract with and approved by the SVCW Commission. The employment contract provides that the Commission establish by resolution the rate of pay for the Manager ("base salary"), subject to adjustments following performance reviews as provided in said contract. Specifically, the contract provides that the Manager is entitled to 1) an annual performance review prior to the close of each fiscal year, which includes consideration of adjustments to the Manager's base salary, 2) consideration of an annual performance incentive payment not to exceed 10% of the Manager's base salary and based upon the Manager's achievement of performance goals as agreed upon for the fiscal year, and 3) automatic cost of living adjustments applied to the Manager's base salary per the formula set forth in the contract.

DISCUSSION

The SVCW Manager's annual performance review was conducted in closed session on June 12, 2023, whereby the Commission considered the job performance of the SVCW Manager for Fiscal Year 2022-2023 based upon certain agreed-upon performance goals. The Brown Act permits closed session discussions for the purpose of adjusting the Manager's annual compensation, including the base salary and incentive payment. Closed sessions were held on June 12 and August 14, 2023; however, the law requires that the amount of salary and other compensation of local agency executives be considered and finally approved by Commission vote in an open session.

In conformance with Brown Act requirements for salaries of local agency executives, final action on the decisions made by the Commission at their June 12 and August 14, 2023 closed session discussions will be announced and taken in open session. The Manager's adjusted salary, performance incentive and other terms of employment for FY 23/24 are set forth in the proposed Resolution for this item. The Manager's adjusted salary is also required to be made part of SVCW's publicly available consolidated pay schedule as set forth in the proposed Resolution updating said schedule for FY 23/24.

FINANCES

The Commission Chair will make an announcement as to monthly salary and performance incentive payment. SVCW operating budgets for FY22-23 and FY23-24 anticipated amounts up to the maximum delineated in Ms. Herrera's employment contract.

RECOMMENDATION

- i. Chair to summarize recommended action in accordance with Government Code Section 54953(c)(3)

- ii. Move adoption of RESOLUTION APPROVING ANNUAL COMPENSATION FOR THE SILICON VALLEY CLEAN WATER MANAGER
- iii. Move adoption of RESOLUTION APPROVING AND ADOPTING UPDATED CONSOLIDATED PAY SCHEDULE FOR ALL REPRESENTED AND UNREPRESENTED EMPLOYEES OF SILICON VALLEY CLEAN WATER FOR FISCAL YEAR 2023-2024