MINUTES OF SILICON VALLEY CLEAN WATER
MEETING OF APRIL 14, 2016

ITEM 1
CALL TO ORDER
Commissioner Seybert called the meeting to order at 4:00 p.m.

ITEM 2
ROLL CALL - Commissioners Duly Appointed By Each Agency
Council Member John Seybert, Redwood City – Chair
Council Member Warren Lieberman, PhD., Belmont – Vice Chair
Board President Edward Moritz, West Bay Sanitary District - Member
Council Member Robert Grassilli, San Carlos – Secretary

Staff, Consultants and Visitors Present
Christine Fitzgerald, SVCW Legal Counsel
Daniel T. Child, Manager
Teresa Herrera, Assistant Manager/Authority Engineer
Matt Anderson, SVCW Chief Financial Officer
Monte Hamamoto, SVCW Wastewater Superintendent
Linda Bruemmer, Administrative Services Director
Bob Huffstutler, SVCW Operations Director
Kim Hackett, SVCW Engineering Director
Bill Bryan, SVCW Senior Engineer
Bruce Burnworth, SVCW Senior Engineer
Arvind Akela, SVCW Senior Engineer
Ilana Schmidt, SVCW Administrative Clerk
Cindy Hui, SVCW Accounting Technician
Bill Tanner, Tanner Pacific, Inc.
Mike Jaeger, Tanner Pacific, Inc.
Aren Hansen, Brown and Caldwell
Mark Minkowski, Kennedy/Jenks
Jan Davel, CDM Smith
Bob Donaldson, Collaborative Strategies
Bill Kitamajima, West Bay Sanitary District
Grace Le, City of San Carlos
Toni Saldou, City of Redwood City

ITEM 3
PLEDGE OF ALLEGIANCE
The Pledge of Allegiance was recited by those in attendance led by Legal Counsel, Christine Fitzgerald.

ITEM 4
PUBLIC COMMENT
There was no Public Comment
ITEM 5
SAFETY MOMENT & REPORTS
Safety Moment:
The safety moment covered workplace ergonomics and preventative measures for carpal tunnel syndrome.

Manager's Report:
The City Manager of Redwood City took a tour of the plant and was able to see firsthand what improvements are being accomplished. In the near future, Mr. Johnson, Mayor of San Carlos will also tour the plant for the first time.

Mr. Child advised the Commission of a recent CalPERS compliance audit and a related item that SVCW is appealing the CalPERS staff decision. At the May meeting, this will be discussed in more detail in a Closed Session agenda item.

Mr. Child reported receiving numerous requests to revert back to descriptive minutes rather than action-only, and anticipates this will aid in referencing what took place at meetings. The Commission was receptive to the idea, but left the decision to the Manager and stated that until a final determination is made, the electronic recordings of the meetings need to be retained.

After long anticipation, SRF has received and approved SVCW's planning loan. The Wastewater Treatment Plant Phase 2 Application, which the Commission approved three months ago, is being submitted in the amount of $34.8 million for in-plant work. The CFO and Engineering Director met with SRF Staff and contrary to what has been their story for the past few years, the demand on SRF funds is now higher than available funding. To address this issue and provide information to potential recipients of SRF funding, they are re-implementing the Intended Use Plan (IUP), describing all agencies that have applied, the amount of money requested, the status of the particular applicants request for funding and how it balances against their available funds. The intention is to prioritize available funds with environmental priorities and which projects are ready to start.

There were no questions regarding reports and financial statements.

ITEM 6
MATTERS OF COMMISSION MEMBER'S INTEREST
Commissioner Moritz distributed a letter to fellow Commissioners concerning West Bay Sanitary District's position regarding Agenda Item 8B, initiation of Conveyance System related task orders. Mr. Moritz reiterated West Bay's stance to defer all planning processes regarding the Conveyance System for one year. Commission Chair, Mr. Seybert, replied they would not discuss the letter at this time, but would when Agenda Item 8B is being discussed later in the meeting.

ITEM 7
CONSIDERATION OF MOTION APPROVING CONSENT CALENDAR
Motion/Second: Mr. Lieberman / Mr. Grassilli
The motion carried by unanimous roll call vote.

ITEM 8A
CONSIDERATION OF MOTION APPROVING AND ADOPTING FISCAL YEAR 2016-17 ANNUAL OPERATING AND CAPITAL BUDGETS

Motion/Second: Mr. Grassilli / Mr. Lieberman
i. FISCAL YEAR 2016-17 REVENUE PLAN IN THE AMOUNT OF $22,549,103 IN REQUIRED NET OPERATING REVENUES REQUIRED AND $1,530,039 FOR REVENUE-FUNDED CAPITAL PROJECTS

ii. FISCAL YEAR 2016-17 NET OPERATING EXPENDITURES IN THE AMOUNT OF $22,549,103 AND REVENUE-FUNDED CAPITAL EXPENDITURES IN THE AMOUNT OF $1,530,039

iii. FISCAL YEAR 2016-17 CASH RESERVE DESIGNATIONS IN THE AMOUNT OF $1,785,302

iv. FISCAL YEAR 2016-17 DEBT SERVICE EXPENDITURES IN AN AMOUNT OF $13,265,210
The motions carried by unanimous roll call vote

Mr. Anderson, SVCW CFO, discussed member agencies increasing their contribution to the reserves following the request of the Commission at the last meeting (March) to look at the impact to SVCW rates. After analysis and discussion, the Commission would like to discuss the idea in more detail with their finance directors before making a determination regarding a potential increase in the Capital Reserve Fund. Mr. Child reiterated this is a Commission decision and the budget may be amended at any time if the Member Agencies, through Commission action, opt to increase contributions to the reserve funds.

ITEM 8B
CONSIDERATION OF MOTION APPROVING TASK ORDERS FOR CONVEYANCE SYSTEM PROGRAM PRELIMINARY DESIGN AND IMPLEMENTATION

i. TASK ORDER 2016-01 SCOPE AND BUDGET FOR PREDESIGN SERVICES FOR THE MEDIUM VOLT POWER AND DISTRIBUTION PROJECT (CIP #6008) IN AN AMOUNT NOT TO EXCEED $123,656 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – BEECHER ENGINEERING

ii. TASK ORDER 2016-04 SCOPE AND BUDGET FOR PREDESIGN SERVICES FOR THE RECEIVING LIFT STATION PROJECT (CIP #6013) IN AN AMOUNT NOT TO EXCEED $914,087 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN
iii. TASK ORDER 2016-05 SCOPE AND BUDGET FOR PREDESIGN SERVICES FOR THE BELMONT CONVEYANCE PROJECTS (CIP #7008 AND 7011) IN AN AMOUNT NOT TO EXCEED $661,749 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – BROWN AND CALDWELL

iv. TASK ORDER 2016-06 SCOPE AND BUDGET FOR PREDESIGN SERVICES FOR THE MENLO PARK PUMP STATION PROJECT (CIP #7004) IN AN AMOUNT NOT TO EXCEED $742,782 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – BROWN AND CALDWELL

v. TASK ORDER 2016-07 SCOPE AND BUDGET FOR PREDESIGN SERVICES FOR THE REDWOOD CITY PUMP STATION PROJECT (CIP #7005) IN AN AMOUNT NOT TO EXCEED $684,403 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – BROWN AND CALDWELL

vi. TASK ORDER 2016-01 SCOPE AND BUDGET FOR PREDESIGN SERVICES FOR THE WWTP HEADWORKS PROJECT (CIP #9160) IN AN AMOUNT NOT TO EXCEED $1,092,719 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – CDM SMITH

vii. TASK ORDER 2016-02 SCOPE AND BUDGET FOR PREDESIGN SERVICES FOR THE SAN CARLOS ODOR CONTROL PROJECT (CIP #6008) IN AN AMOUNT NOT TO EXCEED $157,033 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – CDM SMITH

viii. TASK ORDER 2016-03 SCOPE AND BUDGET FOR PREDESIGN SERVICES FOR THE INFLECTOR CONNECTOR PIPE PROJECT (CIP #6014) IN AN AMOUNT NOT TO EXCEED $335,900 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – CDM SMITH

ix. TASK ORDER 2016-01 SCOPE AND BUDGET FOR PREDESIGN SERVICES FOR THE FRONT OF PLANT SITE CIVIL PROJECT (CIP #6008) IN AN AMOUNT NOT TO EXCEED $345,516 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – FREYER AND LAURETA
x. TASK ORDER 2016-02 SCOPE AND BUDGET FOR PREDESIGN SERVICES FOR THE FLOW DIVERSION STRUCTURE PROJECT (CIP #6004) IN AN AMOUNT NOT TO EXCEED $173,948 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – FREYER AND LAURETA

xi. TASK ORDER 2016-04 SCOPE AND BUDGET FOR PREDESIGN SERVICES FOR THE TUNNEL AND GRAVITY PIPELINE PROJECT (CIP #6008) IN AN AMOUNT NOT TO EXCEED $2,902,000 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – KENNEDY/JENKS

xii. TASK ORDER 2016-01 SCOPE AND BUDGET FOR PROGRAM MANAGEMENT ASSISTANCE FOR THE CONVEYANCE SYSTEM PROGRAM (CIP #6006) IN AN AMOUNT NOT TO EXCEED $273,000 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – WHITLEY BURCHETT AND ASSOCIATES

Commission Chair, Mr. Seybert, announced this item will be continued to a future meeting for discussion and directed staff to seek an outside, independent consultant not currently involved in the SVCW CIP process to administer a risk assessment focusing on consequences associated with postponing the planning process as opposed to initiating it as soon as possible. A timeframe of sixty to ninety days was established as a goal to have the report. Lastly, Commission Chair requested Mr. Child bring forth an agenda item prior to placing this item on a future agenda to discuss the results from the risk assessment because at the end of the day, mitigating risk is the ultimate goal. Most importantly, stalling the approval of the Conveyance System Program elements could result in higher prices in the future which will trickle down to rate payers. The Commission, by consensus, agreed with the direction laid out by Mr. Seybert and directed staff to proceed with the risk analysis.

ITEM 8C
CONSIDERATION OF RESOLUTION AWARDED CONSTRUCTION CONTRACT FOR THE FOOD WASTE RECEIVING PILOT PROJECT (CIP #9229)

Motion/Second: Mr. Grassilli / Mr. Moritz
MOVE ADOPTION OF RESOLUTION APPROVING CONTRACT DOCUMENTS AND ACCEPTING BID OF LOWEST RESPONSIBLE BIDDER FOR FOOD WASTE RECEIVING PILOT PROJECT (CIP #9229); REJECTING ALL OTHER BIDS, AUTHORIZING EXECUTION OF AGREEMENT FOR SAID WORK, DIRECTING RETURN OF SECURITY DEPOSITS THEREFORE, AND AUTHORIZE MANAGER TO APPROVE CHANGE ORDERS UP TO TEN PERCENT OF THE CONTRACT VALUE FOR SAID PROJECT ($406,000) – POWER ENGINEERING CONTRACTORS, INC.
The resolution carried by unanimous roll call vote.
Ms. Herrera explained the pilot project will accept 20 tons per day of food waste (full scale will be 200 tons/day) that will go into the digesters. The purpose of the pilot test is to determine and ensure the plant processes are able to accept the additional load, are working as intended, and to determine the amount and potential use of digester gas that will be produced with the added solids. If all goes as expected, Ms. Herrera stated SVCW will need to build long-term facilities to receive the food waste (a project already planned in the CIP) to accommodate the expected 200 tons per day. The costs to fund both the pilot study and the long-term program are expected to be covered by tipping fees from the waste disposal companies. An added benefit of the pilot test is the ability to determine the true costs to SVCW for handling and disposal of the food waste. SBWMA will need to install equipment that separates food waste from other garbage at their facility as well, and they are putting a project together to meet that need. This project should have many “winners” with the environment seeing less landfill impact and shorter hauling distances, SVCW ratepayers seeing a new revenue source and SBWMA ratepayers seeing a less costly disposal option.

AMENDMENT AND ADDITION OF ITEM
CONSIDERATION OF MOTION TO ADD AGENDA ITEM 8D BECAUSE OF AN EMERGENCY SITUATION OCCURRING SUBSEQUENT TO PREPARATION OF THE AGENDA AND REQUIRING IMMEDIATE ACTION DUE TO DISRUPTION OR THREATENED DISRUPTION OF PUBLIC FACILITIES

Motion/Second: Mr. Seybert / Mr. Grassilli
The motion carried by unanimous roll call vote.

ITEM 8D
CONSIDERATION OF MOTION AUTHORIZING PURCHASE OF DIGESTER GAS CONDITIONING SYSTEM MEDIA REPLACEMENT AND SERVICE FROM ESC ENERGY SYSTEMS

Motion/Second: Mr. Grassilli / Mr. Moritz
i. MOVE TO SUSPEND COMPETITIVE BIDDING FOR PURCHASE OF MEDIA, MEDIA EXCHANGE SERVICES AND DISPOSAL OF SPENT MEDIA FOR THE ESC DIGESTER GAS TREATMENT SYSTEM ON THE GROUNDS THAT THE EQUIPMENT IS OF A UNIQUE NATURE AND AVAILABLE FROM A SINGLE SOURCE ONLY AND NECESSARY TO CONFORM TO PREVIOUSLY PURCHASED EQUIPMENT (5/7TH WEIGHTED VOTE REQUIRED)

ii. MOVE APPROVAL OF PURCHASE OF MEDIA, MEDIA EXCHANGE SERVICES AND DISPOSAL OF SPENT MEDIA FOR THE ESC DIGESTER GAS TREATMENT SYSTEM IN AN AMOUNT NOT TO EXCEED $119,550.00 PLUS APPLICABLE TAX AND FREIGHT - ESC ENERGY SYSTEMS
The motions carried by unanimous roll call vote.

SVCW staff discovered Hydrogen Sulfide (H2S) gas levels in excess of 400 parts per million (ppm) in the digester gas going to the cogeneration engines. The engines are
designed to receive less than 10 ppm of H2S and the system was shut down to protect the engines. After investigation, staff found the gas treatment system media was saturated with water, which is believed to have caused the system failure. The purchase and replacement of the media must occur as soon as possible to alleviate the $1,000/day cost of power from PG&E, due to the cogeneration system being offline. Mr. Child stated this is not a declaration of emergency, but just a matter of obtaining Commission approval of the work as soon as possible. Staff will report to the Commission once the system is back online. The exact cause of the failure is not known at this time, but if it is found to be a manufacturing defect, there is the potential for a warranty claim to help cover some and possibly all of the cost. It is necessary to dismantle the system to see if we can determine the true and exact cause of the failure.

ITEMS 9 & 10
CLOSED SESSION & RECONVENING
There was no Closed Session held.

ITEM 12
ADJOURN
There being no further business, the meeting adjourned at 4:36 p.m.

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Robert Grassilli, Secretary
By: Daniel T. Child, Manager