MINUTES OF SILICON VALLEY CLEAN WATER
REGULAR MEETING – SEPTEMBER 8, 2016

ITEM 1
CALL TO ORDER
The meeting was called to order at 4:01 p.m.

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

Staff, Consultants and Visitors Present
Christine C. Fitzgerald, SVCW Legal Counsel
Daniel T. Child, Manager
Teresa Herrera, Assistant Manager/Authority Engineer
Matt Anderson, SVCW Chief Financial Officer
Bill Bryan, SVCW Senior Engineer
Bruce Burnworth, SVCW Senior Engineer
Cindy Hui, SVCW Financial Analyst
Ilana Schmidt, SVCW Administrative Clerk
Toni Saldou, City of Redwood City
Kimbra McCarthy, City of Redwood City
Jay Walter, City of San Carlos
Bill Tanner, Tanner Pacific, Inc.
Mike Jaeger, Tanner Pacific, Inc.
Aren Hansen, Brown and Caldwell
Bob Donaldson, Collaborative Strategies
Mark Minkowski, Kennedy/Jenks
Phil Scott, West Bay Sanitary District
Greg Scoles, City of Belmont
Afshin Oskoui, City of Belmont
Bill Silverfard, Daily Journal
Carole Wong, Redwood Shores Resident
Sue N., President of RSCA
Shannon Guzzetta, Redwood Shores Resident/ RSCA

ITEM 3
PLEDGE OF ALLEGIANCE
The Pledge of Allegiance was recited by those in attendance led by SVCW Manager, Dan Child.
ITEM 4
PUBLIC COMMENT
Public comments were held until the Agenda Item of interest was addressed. One Speakers Card was received and requested to address the Commission on Agenda Item 8B.

ITEM 5A
SAFETY MOMENT
Mr. Child discussed remaining active in the workplace and provided tips to add physical activity by replacing simple habits such as using the stairs rather than the elevator.

ITEM 5B
MANAGER’S REPORT
Mr. Child updated the Commission on the CalPERS hearing regarding SVCW’s performance pay. The hearing originally scheduled for August 30, 2016, has been rescheduled to January 30, 2017. This allows SVCW to gather more information and continue to work on a settlement rather than going before an Administrative Judge in a formal hearing.

Compensation Study: The Commission authorized Compensation Study was deferred to July 1, 2016, the start of most public agencies’ fiscal year. This was done to obtain the most current compensation information from the surveyed agencies. Mr. Child informed the Commission that the consultant’s had recently completed the FLSA classification portion of the study and anticipated they will begin the compensation survey portion of the process by the end of the month. Mr. Child anticipates bringing the final report to the Commission in December 2016, but stated that due to the holiday season, it may be presented at the January 2017 Commission meeting. In either case, the information will be available in time for next year’s budget preparation, which is the goal of the study.

NPDES Permit Compliance: Mr. Child updated the Commission of the recently experienced ammonia toxicity issues in the plant effluent. The Regional Water Quality Control Board, based on scientifically proven practices, agreed to a pH adjustment on the test which solved the ammonia problem, but created a new issue. Adjustment of the pH increased the level of carbon dioxide in the water, which is also toxic. SVCW laboratory Staff then requested, and the Regional Board approved, another scientifically proven process that allowed SVCW to dissipate the Carbon Dioxide from the water prior to running tests. This has resulted in two months of successful bioassays and full permit compliance.

Legal Counsel: In March 2016, SVCW Commissioners approved a contract appointing Christine Fitzgerald as its legal counsel, requesting Mr. Child report back in six months. Mr. Child was happy to announce Ms. Fitzgerald has been a pleasure to work with and has been very involved with the agency’s acquisition and zoning issues, as well as revisions to the JPA. Mr. Seybert reiterated that Ms. Fitzgerald is a sub-contractor, not an employee, and her contract can be revisited at any time. The Commissioners agreed they are pleased with Ms. Fitzgerald’s efforts at the Authority and decided not to pursue issuing a Request for Proposal (RFP) for legal services at this time.
Mr. Child distributed copies of three emails received through the website regarding Agenda Item 8B to the Commissioners. A copy is attached to these minutes.

ITEM 5C
FINANCIAL REPORTS
There were no questions on the Financial Reports.

ITEM 6
MATTERS OF COMMISSION MEMBER’S INTEREST
At the request of Commissioner Lieberman, Commission Chair Mr. Seybert introduced West Bay Sanitary District’s Alternate Commissioner, Mr. George Otte, to the Commission.

ITEM 7
CONSIDERATION OF MOTION APPROVING CONSENT CALENDAR

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

ITEM 8A
CONSIDERATION OF MOTIONS APPROVING TASK ORDERS FOR CONTROL BUILDING HVAC SYSTEM DESIGN - CDM SMITH CONSULTANTS

Ms. Herrera began with updating the Commission on the Declaration of Emergency of SVCW's Data Center and the systematic plan for resolving future failures. She explained the three prong approach including a new Nimble Storage Array, Redundant UPS and new location and modifying the HVAC System. Ms. Herrera displayed a schematic of where the current Uninterruptable Power Supply (UPS) is located adjacent to the primary sedimentation tanks and the fixed film reactors. The highest levels of hydrogen sulfide (H2S), a severely corrosive gas, exist in this area of the plant. After review of the building design, the location of this critical equipment and associated air intake locations, it has been determined that it is imperative to relocate the UPS to a less-harsh environment and move the air intake to the roof of the building. It was noted that the air intakes for the laboratory building are on the roof of that adjacent building and no significant corrosion has been noted in the laboratory.

Mr. Lieberman asked if this issue should have been addressed in the original design of the Control Building. Ms. Herrera responded that though the architect and their subcontractors had experience with designing treatment plants, it appears that the issue may have been underestimated. Ms. Herrera noted, that as the project manager, she did not personally see an issue with the design because the specified air scrubbers were supposed to handle the issue. At this time it is known that the air scrubbers are not adequate to deal with the H2S and changes to the system are needed. Mr. Osouki, City of Belmont’s Public Works Director, through the Chair, asked if SVCW looked into the architect’s or contractor’s insurance covering any of the costs associated with the problem. Ms. Herrera responded that the building was accepted in early 2013 and there had been discussion regarding the
HVAC system with contractor. She concluded by saying she would follow up with SVCW legal counsel to see if there may be any liability regarding flaws in the design or construction.

Motion/Second: Mr. Lieberman / Mr. Otte
Move approvals of:
  i. DESIGN SERVICES TASK ORDER FOR CONTROL BUILDING HVAC SYSTEM IN AN AMOUNT NOT TO EXCEED $93,480 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – CDM SMITH CONSULTANTS

  ii. TOTAL EXPENDITURES UP TO $1,000,000 AT THE DIRECTION OF THE SVCW MANAGER FOR REPAIRS OF INFORMATION NETWORK EQUIPMENT FROM THE SVCW CAPITAL RESERVE FUND

The motions carried by unanimous roll call vote.

ITEM 8B
CONSIDERATION OF MOTION APPROVING INITIATION OF PRELIMINARY DESIGN FOR ELEMENTS OF THE CONVEYANCE SYSTEM PROGRAM

Mr. Seybert initiated discussion of this Agenda Item by sharing his experience with the project over the three years since he joined the SVCW Commission and stated that it was a noted item when he joined the Redwood City Council about six years ago. He went on to acknowledge that when the plant was built, in the late 1970s/early 1980s, there were questions related to using the existing Redwood City/San Carlos/Belmont outfall pipe as a force main. This was due to the fact that the pipe was not originally intended for the pressure it would see as a forcemain for the plant influent. Mr. Seybert stated that he believes this was a cost-savings measure at the time. SVCW, under direction from the Commission, has studied the Conveyance System project extensively over the years, including an in-depth risk assessment for each element of the work and the related impacts of delaying the project yet another year.

Mr. Seybert stated there was one request from the public to address the Commission and he would ask that person to speak following Ms. Herrera’s presentation.

Ms. Herrera began her presentation with a brief timeline of the Conveyance System:
  • 2006 - Issues with Conveyance System identified; rehabilitation and replacement recommended as part of the Original Capital Improvement Program
  • 2008 - Original 10-year Capital Improvement Program, including Conveyance System Rehabilitation projects, was authorized by the SBSA (SVCW) Commission
  • 2009-2011 - Conveyance System Master Plan performed and accepted by the SVCW Commission
  • 2010 – Began 48-inch Force Main Replacement project which replaced the section of pipe from the Redwood City Pump Station to the northern end of Bair island; Project Completed January 2016
• 2012-2014 – Evaluated Alignments for 63-inch Force Main, Began Pump Station predesign (put on hold May 2014)
• 2014 – Presented 5 Alternative Alignments to Public; No-go on alternatives
• 2014-2015 – Expanded Alternatives Evaluation and Vetting Process (>140 alternatives evaluated)
• May 2015 – Commission Approved Gravity System (Alternative 4BE) to proceed

Ms. Herrera continued to explain the systematic and thorough evaluation process used, including success factors, risk factors and costs. She also added that all conveyance system elements are cohesive and must be done simultaneously. Ms. Herrera discussed the work done since May 2015 in order to keep the project moving forward, including:

• May 2015 – Commission approved gravity system (Alternative 4BE)
• May through September 2015 – Project Description prepared for CEQA Analysis
• September 2015 to Present – Environmental Impact Report Preparation
• March – Preliminary Design Authorization to Commission – Tabled
• April 2016 – Preliminary Design Authorization to Commission – Tabled again with Commission Direction to have an Independent Risk Analysis performed
  o June 2016 – Submitted the Initial, Low Interest Loan, Application Form to the California State Water Resources Control Board - Revolving Fund (SRF) for the Conveyance System Program SRF Loan Technical Package – *Requires three support documents: Preliminary Design Package, Financial Package and CEQA Package to have a complete application.
• July 2016 – Results of Independent Risk Assessment Presented
• September 2016 – Staff is Again Requesting Authorization to Start the Preliminary Design Package from the Commission.

Following Ms. Herrera’s presentation, Mr. Seybert introduced Ms. Carole Wong, a resident of Redwood Shores. Ms. Wong has resided in Redwood Shores for over twenty-two years and has followed the Conveyance System project for quite some time. She highlighted key reasons supporting the replacement of the force main and why the project must move forward. Her e-mail is attached to the minutes along with two others received. The Commission thanked Ms. Wong for her comments and discussion ensued amongst the Commissioners.

Commissioner Grassilli shared his thoughts that the project is not about the dollars. If something were to happen, it could be catastrophic. Trying to gamble what can or cannot happen is not a good idea. He shared information about a fire that recently occurred at the transfer station in San Carlos and how the disaster was unanticipated. It will be expensive to fix, but luckily no one was hurt. Something bad can happen at any time and people must look at the bigger picture. Quality of life can be impacted and it’s not just Redwood Shores, it’s everyone. Mr. Grassilli encouraged his fellow Commission members to vote yes with him to move this project forward.

Mr. Lieberman clarified the reason this item is being brought back to the Commission is because West Bay Sanitary District did not want to move forward following the results of
the risk assessment. Mr. Lieberman followed up with a request to hear from the West Bay Alternate Commissioner, Mr. George Otte, as to reasons why they do not want to move forward and hoped to proceed with a discussion to better understand West Bay’s concerns and why they are holding strongly to the delay. Mr. Otte responded by saying West Bay sent a letter to the Commissioners outlining their position and the reasons behind it. The key points being ratepayers deserve a break in rate increases and the West Bay Board believes to hold off predesign until April 2017 will accomplish this goal. Mr. Lieberman asked him to expound upon the letter because the recording doesn’t capture the letter and would like Mr. Otte to go into detail as to why it’s not a good idea to move forward now. Mr. Otte said there are a great variety of points but the bottom line is West Bay is buying a little bit of time and is under tremendous pressure from ratepayers. Mr. Lieberman said if the central issue is the short-term payment requirements from West Bay contributions, he is concerned because in the view of the analysis presented, West Bay’s protection of short-term financial interests of ratepayers, which he understands, could ultimately cost all of the Member Agencies an additional amount estimated at 50 to 100 million dollars. Mr. Lieberman stated he is concerned about a short term interest which could cost much more long-term.

Mr. Lieberman suggested that if it requires a loan from the other SVCW Member Agencies to West Bay, so West Bay can pay the costs over time, it might be more advisable than delaying the whole project. Otherwise, the Member Agencies are faced with no real substantial reason for delaying the work. All evidence points to why this needs to be done, and as representatives of the public, the Commission has an obligation to do the right thing for all ratepayers. West Bay should not hold three other agencies hostage. Mr. Lieberman concluded by saying unless West Bay is preparing to take necessary steps to do the right thing, it is completely inexcusable to have a representative present who is not able to listen to testimony and engage in discussion. Mr. Lieberman said he understood the difficult position Mr. Otte was in, but stated that Belmont will not tolerate the lack of willingness to bring issues to the table and try to resolve them.

Mr. Grassilli shared how San Carlos receives public input and is not sure how West Bay operates. Mr. Grassilli stated he believes that for West Bay to stand on a short-term financial situation with no other option is unfair to other Member Agencies. As governing officials, Mr. Grassilli shared his belief in compromise and its importance to reaching an agreement. He also added the City of San Carlos’ belief that the Joint Powers Agreement needs to be more democratic. The current arrangement, that a minority situation puts 200,000 people at risk due to one agency’s veto power, is not right. No one knows what will happen tomorrow and he is disappointed in the risky position West Bay has taken. Mr. Grassilli stated he has reached out to City Council members in Menlo Park, East Palo Alto and Portola Valley to make sure they are aware and understand their representatives are operating in this manner.

Mr. Lieberman added that he would like to continue to discuss cost, because he senses this is most important to West Bay’s position against moving forward. He said West Bay’s share of the proposed action is about $2.5 million and that delaying this work is potentially going to cost everyone else 50 to 100 million dollars, with no real strong reason behind it.
Mr. Otte stated that West Bay has a meeting next week and he will report the feelings of the other Member Agencies, but that is all he could say today. Mr. Lieberman stated that he feels it is absolutely unacceptable for that to be the answer.

Mr. Seybert stated that in 2006, the issue with the aged force main was identified and brought to the Commission. In 2008, the 10-year Capital Improvement Program was approved. The total cost of the Conveyance System project is $400 million dollars. The predesign work currently in front of them is a fraction of the project cost and is necessary. Mr. Seybert added that if the Commission was being asked to approve the entire $400 million dollar project, he would be asking more questions as part of his due diligence, as he has in the past fifteen years in public service, making sure public funds are spent properly. The predesign is a lot of money, but the reality is that it is part of the project. Mr. Seybert shared his frustration because in 2006 West Bay approved moving forward with the conveyance system work in the development of the CIP. In 2008, West Bay again approved the work when they voted for proceeding with the CIP. In 2015, West Bay voted to go forward with CEQA, knowing predesign was a requirement for the complete development of the CEQA analysis.

Mr. Seybert stated that what he doesn’t understand is where the disconnect comes in. The idea that ratepayers are upset was never brought up previously, and with all due respect, that is a new excuse he has not heard. If West Bay received pushback from ratepayers, they don’t know the full story. In the world of construction, every day cost goes up. The cost of public projects is going up. Delaying for the reason of cost savings does not have any evidence behind it. No one is waiting for cost to go down in the construction world. Mr. Seybert clarified that West Bay has increased rates, storing the cash in anticipation of the conveyance system program. If he were a ratepayer, Mr. Seybert stated he would want to know where the money is from the raised rates and why it is not being used for the program West Bay voted to approve three times in the past.

Mr. Seybert feels that West Bay is being very irresponsible. He understands the potential for a catastrophic event when public agencies look away from their duties. With all due respect to other comments made today, this doesn’t reach that level in his opinion, but he never thought he would be a part of a public entity that turned their back on the monumental evidence of the pipe breaking and causing tremendous damage. The pipe cuts Redwood Shores in half and he is not going to sit by and wait for a potential disaster. Redwood City bears the largest cost, and though it is very expensive, this project is the right thing to do. If West Bay is experiencing pushback, it’s imperative to educate ratepayers.

Mr. Lieberman suggested tabling the motion if West Bay is not willing to vote yes, in order to meet with a representative willing to engage in discussion and authorized to make a decision change if necessary. Mr. Lieberman would like to believe there is a way all can come to an agreement. Mr. Seybert said he wants to move ahead with a motion as the work needs to be done, but stated that he has checked and the work can come back in a different format at a later date if needed. Mr. Seybert went on to say that he believes West Bay will not budge from the April 2017 date and, at this point, the Commission needs to
move forward and plan for the next action. He compared the waiting mentality to someone planning a Holiday vacation and waiting to buy their airline tickets on Thanksgiving, it would cost more than buying the tickets earlier. Mr. Seybert concluded that he is skeptical of West Bay standing by the April 2017 date and is concerned they will continue to hold off doing the right thing.

**Motion/Second:** Mr. Grassilli / Mr. Lieberman

Move approval of PRELIMINARY DESIGN FOR CONVEYANCE SYSTEM PROGRAM ELEMENTS IN AN AMOUNT OF $8,447,000 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – MULTIPLE ENGINEERING CONSULTANTS AS NEEDED

Motion failed 3 to 1, with West Bay Sanitary District voting no, on roll call vote.

**ITEM 9**
CLOSED SESSION & RECONVENCING
There was no Closed Session.

**ITEM 10**
ADJOURN
There being no further business, the meeting adjourned at 4:56 p.m.

[Signature]
Robert Grassilli, Secretary
By: Daniel T. Child, Manager
To the Board of Silicon Valley Clean Water:

I am writing to you because of my STRONG SUPPORT for the replacement of the aging force main line in Redwood Shores. I am a 22+ year property owner and resident of Redwood Shores. I am also the former President of the master homeowners association (Redwood Shores Owners Association with 4,000+ property owners) and have provided SVCW feedback on the design options and have attended countless workshops on this matter over the years. In my opinion, the resultant plan is a credit to the staff who listened to the community and persevered to find better solutions. I applaud the Board for its leadership. That said, I feel compelled to comment further.

First, this matter is urgent. We (the community, the SVCW Board and staff) all know this. The replacement of the force main poses a health and safety risk to our Redwood Shores residents and property owners.

Second, replacement of the force main is not just a Redwood Shores issue. It has great impact on the quality of life "upstream" in the communities that SVCW serves. Failure of the force main also threatens the Bay -- water quality, wildlife, and water-dependent commerce and recreation.

Third, SVCW provides common infrastructure to Belmont, San Carlos, Redwood City, Atherton, Menlo Park, Portola Valley, portions of Woodside, East Palo Alto, and the unincorporated areas of San Mateo and Santa Clara Counties. This means that the costs as well as the benefits are, and should continue to be, shared equally by those who use the infrastructure. Upstream communities in the shared system (such as those served by West Bay Sanitary District) should not benefit to the detriment of those downstream.

Fourth, delaying this project will cost the rate payers more -- especially if the force main fails and the cost of hazard clean up is included. Furthermore, construction costs NEVER decrease over time. The Bay Area cost of living will continue to drive the project price tag up for every month/year that the replacement is delayed. The SVCW Board has the fiduciary responsibility to provide a cost-efficient and effective system. Delaying this project fails on both counts!

Fifth, it is irresponsible for the West Bay Sanitary District to claim its "no" vote will save money. See comment #4 above. If the West Bay Sanitary District anticipates "push back" from its communities, I suggest that they start educating their rate payers about what it will mean when their sewage won't be handled, the impact on downstream communities, and the catastrophe to the natural environment in our beloved Bay. If this project is delayed, responsibility for the consequences will be squarely on West Bay Sanitary District.

Please vote unanimously to fund and move this urgent project forward.

Regards,

Carole Wong
852 Newport Circle
Redwood Shores
Dear Board members,

As board members your responsibility to rate payers is to keep a waste water system capable of functioning properly, but also to prepare the region for a future system needs and requirements. The SVCW also has a responsibility to the public’s health which is put at risk when decisions to put off upgrades to the system are politicized because of rate payers frugalness. I am a rate payer and was disappointed to hear that upgrades to the waste water system was not something the board supported just for that reason. I am a supporter of infrastructure upgrades.

The District would do itself and rate payers a favor when undertaking bond improvements to the system if they got it (improvements) done right the first time, unlike the 2012 experience where the district played musical chairs with non-performing contractors. That may improve the fiscal trust of the of the rate payers.

I do want to close by acknowledging and thanking you for your service to the public.

Sincerely,

Victor Torreano

Redwood City
Dear Board,

Please the contracts needed to proceed with the Force Main Replacement in a timely manner. Please DO NOT wait until a major emergency requires the work to be done on an emergency basis. You all know that will be much more expensive and will cause undue stress and hardship in the area of the required work.

Best,

David Valkenaar
534 Shorebird Circle #17101
Redwood City, CA 94065