

***1902 - Serving Our Community for over 115 Years - 2020***  
**WEST BAY SANITARY DISTRICT**  
**AGENDA OF BUSINESS**  
**REGULAR MEETING OF THE DISTRICT BOARD**  
**WEDNESDAY, MARCH 11, 2020 AT 7:00 P.M.**  
**RONALD W. SHEPHERD ADMINISTRATION BUILDING,**  
**500 LAUREL STREET, MENLO PARK, CALIFORNIA 94025**

**Board Members**

Fran Dehn, President  
David Walker, Secretary  
Roy Thiele-Sardiña, Treasurer  
Edward P. Moritz, Member  
George Otte, Member

**District Manager**

Phil Scott

**District Legal Counsel**

Anthony Condotti, Esq.

**AGENDA OF BUSINESS**

***NOTE: The Board may take action on any agenda item unless specifically designated a "discussion" item or a "report."***

1. Call to Order and Roll Call
2. Communications from the Public
3. District Manager's Report Pg. 3-1
4. Consent Calendar

*Matters listed under this item are considered routine and will be enacted by one motion. The motion, seconds, and vote are applicable to any included resolutions and recorded accordingly. There will be no separate discussion of these items unless specifically requested by a member of the Board.*

  - A. Approval of Minutes for Regular meeting February 26, 2020 Pg. 4A-1
  - B. Approval of the Withdrawal Order Authorizing Payment of Certain Bills and Salaries and Consideration of Other Financial Matters for March 11, 2020 Pg. 4B-1
  - C. WBSD Operations and Maintenance Report – February 2020 Pg. 4C-1
  - D. Town of Los Altos Hills Operations and Maintenance Report for Work Performed by WBSD – February 2020 Pg. 4D-1
  - E. Consideration of Authorizing the District Manager to Issue the Class 3 Permit for the Sewer Extension Required for the Connections of 155 and 167 Lake Road in Portola Valley Pg. 4E-1
5. Consideration of Approving Contract Change Order No. 2 to Precision Engineering, Inc. for the Belle Haven III Sewer Rehabilitation Capital Improvement Project in Menlo Park, CA Pg. 5-1
6. Consideration of Accepting Work by Precision Engineering for the Belle Haven III Sewer Project; and Authorizing the District Manager to Execute the Balancing Change Order and File the Notice of Completion Pg. 6-1

7. Consideration to Ratify the Emergency Replacement of the Diesel Fuel Tank at Willow Pump Station Pg. 7-1
8. Consideration of Authorizing the District Manager to Call for Bids for the Diesel Tanks Replacement Project Pg. 8-1
9. Discussion and Direction on Recycled Water Projects - Sharon Heights & Bayfront, Including Project Status Pg. 9-1
10. Report & Discussion on South Bayside Waste Management Authority (SBWMA) Pg. 10-1
11. Report & Discussion on Silicon Valley Clean Water (SVCW), Discussion on SVCW CIP Program and Financing Pg. 11-1
12. Closed Session:
  - A. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION  
(Cal. Govt. Code §54956.9(d))  
Name of Case: *1740 Oak Avenue, LP v. West Bay Sanitary District, et al.* – SM CSC  
Case No. 18CIV02183
  - B. CONFERENCE WITH LABOR NEGOTIATORS  
(Pursuant to Cal. Govt. Code §54957.6) Agency designated representatives: Legal Counsel  
Unrepresented Employee: District Manager
  - C. PUBLIC EMPLOYMENT  
(Cal. Govt. Code §54957)  
Title: Finance Manager
13. Comments or Reports from Members of the District Board and Consider Items to be Placed on Future Agenda
14. Adjournment

The West Bay Sanitary District does not discriminate against persons with disabilities. Upon request, the agenda and agenda packet can be provided in a format to accommodate special needs. If you require a copy of the agenda or related materials in an alternative format to accommodate a disability, or if you wish to attend this public meeting and will require special assistance or other special equipment, please call the District at (650) 321-0384 at least five days in advance and we will make every reasonable attempt to provide such an accommodation.



## WEST BAY SANITARY DISTRICT AGENDA ITEM 3

**To:** *Board of Directors*

**From:** *Phil Scott, District Manager*

**Subject:** *District Manager's Report*

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- 1) **CIP Project:**
  - a. **Belle Haven III:** CIP construction began July 23. 100% complete.
  - b. **Cleaning/TVing Large Diameter lines:** With Board approval Staff has obtained new heavy duty cleaning nozzle and large tractor for camera for televising large lines. The tractor, called the MudMaster, has now arrived and Staff has begun cleaning and televising lines full time.
- 2) **Affiliate Agency/Association News:**
  - a. **WaterReuse– San Francisco Conference:** DM was asked to join West Yost Associates to present a paper on the Onsite Reuse Treatment Plant discharge permit process on March 16, 2020, but the conference was postponed due to the CoronaVirus scare.
  - b. **CWEA Annual Conference:** DM & W&C will present on Recycled Water Treatment Facility and the use of Time Lapse photography and Drone Video for construction documentation and messaging on April 3.
  - c. **CMPK:** Discussions and reviews continue regarding the Metal Building Planning review. It appears to be on the Planning Commission Agenda March 23 at 7 pm.
  - d. **San Mateo County:** The County is asking us to look at our land space and discuss possible sharing of uses for the property (i.e. FERRF).
- 3) **Upcoming Events:**
  - a. **Board meetings:** Next meeting March 25, 2020.
  - b. **Budget Workshop:** April 29, 2020 at 5 pm.
- 4) **Misc./Action Items from Previous Meeting:**
  - a. **SSOs:** Zero SSO for February. 2020 Total = 0. 9 months in a row w/o SSO.
  - b. **LAH:** 1 SSO for February. 39 gallons in total. **1<sup>st</sup> SSO in over 12 months.**

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### Report to the District Board for the Regular Meeting of March 11, 2020

Additional information or topics may be introduced by the DM verbally during the Board meeting.

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*1902 - Serving Our Community for over 110 Years - 2020*

**WEST BAY SANITARY DISTRICT  
MINUTES OF THE REGULAR MEETING OF THE DISTRICT BOARD  
WEDNESDAY, FEBRUARY 26, 2020 AT 7:00 P.M.**

**1. Call to Order**

President Dehn called the meeting to order at 7:02 PM

**Roll Call**

BOARD MEMBERS PRESENT: Dehn, Otte, Thiele-Sardiña, Walker, Moritz

BOARD MEMBERS ABSENT: None

STAFF MEMBERS PRESENT: Scott, Condotti, Ramirez

Others Present: None

**2. Communications from the Public: None.**

**3. District Manager's Report**

**1) CIP Project:**

- a. **Belle Haven III:** CIP construction began July 23. 99% complete.
- b. **Cleaning/TVing Large Diameter lines:** With Board approval Staff has obtained new heavy duty cleaning nozzle and large tractor for camera for televising large lines. The tractor, called the MudMaster, has now arrived and Staff will begin cleaning and televising lines full time once the MudMaster is connected and fully operational.
- c. **Emergency Fuel Tank:** DM Scott reported that the fuel tank at Willow Road pump station has been breached and needs replacement. DM has declared an emergency in order to replace the fuel tank and he will asked the Board to ratify this decision at the next Board meeting.

**2) Affiliate Agency/Association News:**

- a. **C/CAG:** DM gave a presentation on the Recycled Water Project – Sharon Heights to the City and County Association of Governments of San Mateo County on February 19.
- b. **WaterReuse– San Francisco Conference:** DM was asked to join West Yost Associates to present a paper on the Onsite Reuse Treatment Plant discharge permit process on March 16, 2020.
- c. **CWEA Annual Conference:** DM & W&C will present on Recycled Water Treatment Facility and the use of Time Lapse photography and Drone Video for construction documentation and messaging on April 3.
- d. **CMPK:** Met with City staff regarding Bayfront Recycled Water project and briefly discussed the Onetta Harris Community Center in regards to sewer main location and possibly vacating an easement. Also discussed was the Metal Building Planning review. One day later, emails began flowing from the City regarding the planning review.
- e. **San Mateo County Flood and Sea Level Rise Resiliency District:** On September 1, 2019, after the 30-day public review period, the Governor signed into law Assembly Bill 825, the Governor signed into law Assembly Bill 825 ("AB 825"), which renamed the District, expanded its scope to address and protect against the impacts of sea level rise, and,

commencing January 1, 2020, changed the governance of the District from the San Mateo County Board of Supervisors sitting as the governing board to an independent board of directors. Therefore, the District has assumed the role of Lead Agency and authority to adopt the IS/MND

- f. **Special District Leadership Foundation:** The District has received the District Transparency Certificate of Excellence 2020-2023.

3) **Upcoming Events:**

- a. **Board meetings:** Next meeting March 11, 2020. April 22 public hearing for sewer service charges.
- b. **Budget Workshop:** May 13, 2020 at 5 pm.

4) **Misc./Action Items from Previous Meeting:**

- a. **SSOs:** Zero SSO for January. 2020 Total = 0. 8 months in a row w/o SSO.
- b. **LAH:** 1 SSO for February. 39 gallons in total. **1<sup>st</sup> SSO in over 12 months.**

4. **Consent Calendar**

Motion to Approve by: Sardina 2<sup>nd</sup> by: Otte Vote: AYE: 5 NAY: 0 Abstain: 0

**CONSIDERATION OF ITEM(S) REMOVED FROM THE CONSENT CALENDAR**

Comments: None.

- A. Approval of Minutes for Regular meeting February 12, 2020
- B. Approval of the Withdrawal Order Authorizing Payment of Certain Bills and Salaries and Consideration of Other Financial Matters for February 26, 2020
- C. Bank of the West Monthly Investment Portfolio Statements
- D. Consideration of a Resolution of Intention to Annex Certain Territory (20 Navajo PI) to the West Bay Sanitary District On-Site Wastewater Disposal Zone and to Establish the Date and Time of Public Hearing

5. **Discussion and Direction on Recycled Water Projects - Sharon Heights & Bayfront, Including Project Status**

Comments: DM Scott reported that the Sharon Heights Project is moving along very well and all the construction work should be done within one week. State of CA inspection will be on March 23.

6. **Report & Discussion on South Bayside Waste Management Authority (SBWMA)**

Comments: None.

**7. Report, Discussion & Direction on Silicon Valley Clean Water (SVCW) and Discussion on SVCW CIP Program and Financing**

Comments: None.

**8. Closed Session**

- A. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION  
(Cal. Govt. Code §54956.9(d))  
Name of Case: *1740 Oak Avenue, LP v. West Bay Sanitary District, et al.* – SM CSC  
Case No. 18CIV02183
- B. CONFERENCE WITH LABOR NEGOTIATORS  
(Pursuant to Cal. Govt. Code §54957.6) Agency designated representatives: Legal Counsel  
Unrepresented Employee: District Manager
- C. PUBLIC EMPLOYMENT  
(Pursuant to Cal. Govt. Code §54957)  
Title: District Manager Recruitment
- D. PUBLIC EMPLOYMENT  
(Cal. Govt. Code §54957)  
Title: Finance Manager
- E. CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION  
(Subdivision (a) of Section 54956.9)  
Chan, Moreno, Vestnys, Pebbles v. WBSD – San Mateo County Court Case No. 19CIV07567

Entered closed session at 7:30 p.m. Left closed session at 8:10 p.m.

Reportable action: None.

**9. Comments or Reports from Members of the District Board and Consider Items to be Placed on Future Agenda**

Comments: None.

**10. Adjournment Time:** The meeting was adjourned at 8:11 PM

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Secretary

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**WEST BAY SANITARY DISTRICT**  
**WITHDRAWAL ORDER**  
As of March 3, 2020

CHECK	TO WHOM PAYABLE	PURPOSE	AMOUNT
66246	AT&T	Utilities - A&G	966.66
66247	AIRGAS USA, LLC	Operating Supplies - Coll	108.41
66248	GRAINGER	Operating Supplies - Coll	1,023.34
66249	HILLYARD/SAN FRANCISCO	Operating Supplies - Coll	119.10
66250	PENINSULA BUILDING MATERIALS	Operating Supplies - Coll	385.26
66251	PRINCIPAL LIFE INSURANCE CO.	Employee Benefits	4,906.19
66252	RED WING SHOE STORE	Operating Supplies - Coll	607.94
66253	ROBERTS & BRUNE CO	Operating Supplies - Coll	59.71
66254	SPARTAN TOOL LLC	Operating Supplies - Coll	184.44
66255	STAPLES CREDIT PLAN	Office/Ink Supplies - A&G	857.79
66256	TARGET SPECIALTY PRODUCTS	Operating Supplies - Coll	1,596.88
66257	US BANK	Rents & Leases - Coll	136.56
66258	WECO INDUSTRIES, INC.	Operating Supplies - Coll	11,411.09
66259	SAN MATEO COUNTY CLERK	Other Operating Exp - A&G	23.00
66260	SAN MATEO COUNTY CLERK	Other Operating Exp - A&G	20.00
66261	SAN MATEO COUNTY CLERK	Other Operating Exp - A&G	20.00
66262	PHIL SCOTT	Other Operating Exp - A&G	150.00
66263	CWEA	Training, Meetings, & Travel - Coll	1,319.00
66264	NAVIA BENEFIT SOLUTIONS	Navia Benefits	631.16
66265	TEAMSTERS LOCAL NO. 350	Monthly Union Dues	960.00
66266	SDU	Wage Garnishment	508.62
66267	FRANCHISE TAX BOARD	Wage Garnishment	250.00
66268	US BANK	Rents & Leases - Coll	409.69
66269	AQUALITY WATER MANAGEMENT INC.	CIP: Recycled Water Facility - SHGCC	3,573.42
66270	CHAVAN & ASSOCIATES LLP	Processional Services	2,500.00
66271	ANDERSON PACIFIC	CIP: Recycled Water Facility - SHGCC	15,067.00
66272	TOWN OF ATHERTON	Other Operating Exp - Coll	3,000.00
66273	SCOTT/LINDA KAMRAN	Refund Cash Deposit - 410 Cervantes Rd, PV	8,000.00
66274	AIRGAS USA, LLC	Operating Supplies - Coll	122.21
66275	READYREFRESH BY NESTLE	Utilities - A&G	100.26
66276	BACKFLOW PREVENTION SPECIALIST	Contract Services - Coll	1,927.00
66277	CALPERS LONG-TERM CARE PROGRAM	LTC Withholding	35.36
66278	CITIBANK	Other Operating Expense - A&G	7.00
66279	CINTAS CORP	Contract Services - Coll	2,090.85
66280	COMCAST	Utilities - A&G	278.89
66281	FEDERAL EXPRESS	Office Expense - A&G	327.26
66282	LASKY TRADE PRINTING	Printing & Publications - A&G	812.83
66283	GRAINGER	Operating Supplies - Coll	1,578.37
66284	HF&H CONSULTANTS, LLC	Professional Services - A&G	21,775.89
66285	HILLYARD/SAN FRANCISCO	Operating Supplies - Coll	477.82
66286	MALLORY CO.	Repairs & Maintenance - Coll	1,994.86
66287	OGASAWARA LANDSCAPE MAINT.	Contract Services - A&G	400.00
66288	TELETRAC NAVMAN US LTD.	Repairs & Maintenance - Coll	19.95
66289	A & B TRAILER HITCH INC.	Operating Supplies - Coll	645.05
66290	UNDERGROUND, INC.	Pipehunter Jetter	160,752.36
TOTAL CHECKS			<u>252,141.22</u>

WIRES

<u>TRANSFER DATE</u>	<u>PURPOSE</u>	
2/28/2020	CalPERS Retirement	\$44,838.85
2/28/2020	SVCW - Monthly Operating Payment	\$633,247.00
2/28/2020	Employee Payroll - Pay Period 02/14-28	\$109,712.35
2/28/2020	Board Payroll	\$2,745.42
2/28/2020	ICMA	\$9,260.43
2/28/2020	Federal Payroll Taxes	\$27,834.52
2/28/2020	State Payroll Taxes	\$8,821.90

WIRE TRANSFERS FROM BofW CHECKING 836,460.47

WIRE TRANSFERS TO BofW CHECKING 0.00

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President

\_\_\_\_\_  
Secretary

**WITHDRAWAL ORDER**  
**SUPPLEMENTAL PURCHASE REGISTER**  
**03/02/2020**

**OPERATING SUPPLIES & OFFICE EXPENSE**

<b><u>CHECK</u></b>	<b><u>AMOUNT</u></b>	<b><u>VENDOR</u></b>	<b><u>DESCRIPTION</u></b>
66256	1,596.88	TARGET SPECIALTY PRODUCTS	Restocking of Bio Barrier Root Control
66258	11,411.09	WECO INDUSTRIES, INC.	Sewer Hose, Skid Wheels, Debris Scoop, Leader Hose, Warthogs
66283	1,578.37	GRAINGER	Battery Adapter, Inverter, and Hook up Kit
66286	1,994.86	MALLORY CO.	Ventis Gas Monitor and Dust Filters

**MISCELLANEOUS**

<b><u>CHECK</u></b>	<b><u>AMOUNT</u></b>	<b><u>VENDOR</u></b>	<b><u>DESCRIPTION</u></b>
66263	1,319.00	CWEA	Training Classes for Multiple Employees
66269	3,573.42	AQUALITY WATER MANAGEMENT INC.	Treatment Plant Observation for Recycled Water Plant - SHGCC
66270	2,500.00	CHAVAN & ASSOCIATES LLP	Professional Services for Audit and Consulting with Finance Manager
66271	15,067.00	ANDERSON PACIFIC	Paying the Difference from an Adjusted Invoice
66272	3,000.00	TOWN OF ATHERTON	Annual Permitting Fee
66273	8,000.00	SCOTT/LINDA KAMRAN	Refund Cash Deposit - 410 Cervantes Rd, PV
66276	1,927.00	BACKFLOW PREVENTION SPECIALIST	Tested and Certified 16 Backflow Assemblies
66284	21,775.89	HF&H CONSULTANTS, LLC	Professional Services for Sewer Service Charges Update FY 20/21
66290	160,752.36	UNDERGROUND, INC.	New Pipehunter Jetter and Training

**WEST BAY SANITARY DISTRICT**

SUMMARY OF FY2019-20 PAYMENTS  
(Through Withdrawal Order  
02/17/2020 to 03/2/2020)

	TOTAL BY VENDOR - YTD 7/1/2019- 3/2/2020	WITHDRAWAL PERIOD 3/2/2020
<b>REGULAR PAYABLES</b>		
3T Equipment Company	28,368.28	-
A-A Lock & Alarm	1,444.70	-
AAA Rentals	11,819.27	-
A & B Trailer Hitch Inc.	658.11	645.05
Ace Fire Equipment & Service	972.11	-
Action Towing	487.50	-
Advanced Laser	2,843.89	-
Airgas USA, LLC	576.24	230.62
Alliant Insurance Services Inc	15,396.00	-
The Almanac	12,137.20	-
Alpha Analytical Laboratories	2,375.00	-
American Messaging	515.16	-
American Textile & Supply	171.48	-
American Water Services	228.84	-
Anderson Pacific	6,353,624.81	15,067.00
Aqua Natural Solutions	1,384.65	-
Aquality Water Management Inc.	12,439.28	3,573.42
AT&T	8,706.69	966.66
Atchison, Barisone & Condotti	40,424.77	-
Town of Atherton	3,000.00	3,000.00
Avery Associates, Inc.	8,900.00	-
Aztec Consultants	11,827.50	-
Backflow Prevention Specialist	1,927.00	1,927.00
Baggengineers	1,660.00	-
Bankcard Center	33,910.85	-
Bay Alarm	8,413.84	-
Bay Area Air Quality Mgmt Dist	21,573.00	-
Bay Area Paving Co. Inc.	22,129.00	-
Bay Reprographic, Inc.	106.35	-
Bayside Equipment Company	116,663.89	-
Annette Bergeron	704.00	-
Jed M. Beyer	884.50	-
Beyond Components, Inc.	179.20	-
David D. Bohannon Org.	211,673.53	-
Bonny Doon Environmental	4,540.22	-
Buckles-Smith	251.60	-
CASA	13,370.00	-
CSDA	15,230.00	-
CUSI	13,750.00	-
CWEA-SCVS	1,180.00	-
CWEA	4,336.00	1,319.00
CWEA Membership	2,618.00	-
CSRMA C/O Alliant Insurance	298,653.00	-
Calif. Labor Law Poster Servic	152.00	-
California Concrete Pumping	774.00	-
California Water Service	10,137.10	-
CALPERS 1959 Survivor Billing	1,645.00	-
CALPERS - Unfunded Accrued Liability	334,727.00	-

**WEST BAY SANITARY DISTRICT**

SUMMARY OF FY2019-20 PAYMENTS  
 (Through Withdrawal Order  
 02/17/2020 to 03/2/2020)

	TOTAL BY VENDOR - YTD 7/1/2019- 3/2/2020	WITHDRAWAL PERIOD 3/2/2020
<b>REGULAR PAYABLES</b>		
CALPERS - Retirement	264,296.76	44,838.85
CALPERS - Health Premiums	321,344.20	-
Calpers Long-Term Care Program	487.01	35.36
Carrie Nevoli - Petty Cash	586.31	-
Cardiac Science Corp.	719.89	-
Center For Hearing Health Inc.	661.25	-
Chavan & Associates LLP	20,325.00	2,500.00
Chevron	67.00	-
Cintas Corp	29,443.32	2,090.85
Citibank	682.92	7.00
Comcast	2,504.22	278.89
Consolidated Parts, Inc	4,354.12	-
Costco Membership	60.00	-
CPS HR Consulting	18,484.86	-
Cropper Accountancy Corp.	2,700.00	-
Cues, Inc.	3,980.00	-
DMV	337.00	-
Dale Scott & Co., Inc.	4,000.00	-
Peggy Daniels	2,935.76	-
Das Manufacturing, Inc.	1,895.44	-
Davey Tree Expert Company	7,913.00	-
Dept. of Industrial Relations	675.00	-
Delta Diablo Sanitation District	8,567.61	-
Detection Instruments	327.79	-
Dewey Pest Control	8,531.00	-
Dolphin Graphics	4,329.50	-
Duke's Root Control, Inc	223,089.71	-
Du-All Safety, Llc	20,115.00	-
Elio D'Urzo	1,523.50	-
ENR	66.00	-
ESRI	7,200.00	-
East Bay Muni Utility District	2,425.00	-
Elite Parts LLC	1,233.65	-
Emergency Essentials	2,279.10	-
EnviroZyme	3,000.50	-
ErgoWorks	1,398.48	-
Express Safety, Inc.	773.32	-
Fast Response On-Site Testing	2,217.60	-
Federal Express	2,788.96	327.26
Fremont Urgent Care	1,692.00	-
Finishmaster Inc	837.56	-
Forestry Suppliers, Inc.	1,315.65	-
Formatop	1,387.48	-
Franchise Tax Board	4,500.00	250.00
Freyer & Laureta	254,017.01	-
Gary Pollack Construction	4,000.00	-
Goldstreet Design Agency, Inc.	2,751.50	-
Govconnection, Inc.	780.00	-
Governmentjobs.com dba NeoGov	6,633.00	-

**WEST BAY SANITARY DISTRICT**

SUMMARY OF FY2019-20 PAYMENTS  
(Through Withdrawal Order  
02/17/2020 to 03/2/2020)

	TOTAL BY VENDOR - YTD 7/1/2019- 3/2/2020	WITHDRAWAL PERIOD 3/2/2020
<b>REGULAR PAYABLES</b>		
Grainger	24,199.95	2,601.71
Granite Rock, Inc.	1,033.13	-
Hach Company	20,650.15	-
Hadronex, Inc.	34,919.44	-
Hansen Supply Company	4,710.58	-
Harben California	2,988.85	-
Harbor Ready-Mix	2,992.16	-
Harrington Industrial Plastics	192.59	-
HF&H Consultants, LLC	43,592.30	21,775.89
Hillyard/San Francisco	2,036.40	596.92
Home Depot Credit Services	9,312.11	-
Bob Hulsmann	1,274.26	-
IEDA	6,080.00	-
Innovyze, Inc	7,955.00	-
ISAC INC	6,581.50	-
J & B Corrosion Engineering	1,415.00	-
Jani-King of CA, Inc - SFR/OAK	5,829.51	-
Jensen Precast	2,454.32	-
KDS Communications	1,505.00	-
Scott/Linda Kamran	8,000.00	8,000.00
Kimball Midwest	4,666.61	-
Bill Kitajima	152.83	-
Kone Inc.	2,074.72	-
L & M Transmission	1,199.93	-
Lasky Trade Printing	954.21	812.83
Log Me In	2,132.98	-
Lucity, Inc.	20,741.42	-
Lyngso Garden Materials, Inc	356.78	-
Mail Finance	804.75	-
Mallory Co.	6,977.15	1,994.86
Matheson Tri-Gas, Inc.	390.73	-
Maxx Metals	138.00	-
George / Karen McCown	2,996.72	-
City of Menlo Park - Repair	33,999.92	-
City of Menlo Park-Fuel	41,979.29	-
City of Menlo Park - Water	5,971.80	-
City of Menlo Park - Permits	4,500.00	-
SDU	9,155.16	508.62
Medco Supply Company	396.05	-
Menlo Park Chamber of Commerce	475.00	-
Menlo Park Fire Protection	8,290.00	-
Menlo Park Hardware Co. #14016	1,096.21	-
Mid Peninsula Abstracts	810.00	-
Mission Clay Products LLC	3,486.92	-
Morse Hydraulics	673.62	-
Municipal Maintenance Equip.	1,667.98	-
National Auto Fleet	142,690.88	-
Navia Benefit Solutions	20,698.89	631.16
North Bay Pensions	1,500.00	-
Occasions, ETC.	75.35	-
Office of Water Programs	815.10	-

**WEST BAY SANITARY DISTRICT**

SUMMARY OF FY2019-20 PAYMENTS  
 (Through Withdrawal Order  
 02/17/2020 to 03/2/2020)

	TOTAL BY VENDOR - YTD 7/1/2019- 3/2/2020	WITHDRAWAL PERIOD 3/2/2020
<b>REGULAR PAYABLES</b>		
Office Team	8,072.00	-
Ogasawara Landscape Maint.	7,450.00	400.00
Omega Industrial Supply, Inc.	5,594.97	-
Pacific Gas & Electric	53,702.95	-
Palo Alto Staffing	1,309.60	-
Albert Patino	433.54	-
Peninsula Building Materials	3,326.27	385.26
Peninsula Property Group	1,602.75	-
Perotti and Carrade	750.00	-
Phil Scott	3,052.20	150.00
Pier 2 Marketing	1,950.00	-
PJ's Rebar Inc.	2,752.87	-
Ponton Industries, Inc.	18,515.35	-
Precise Printing and Mailing	14,386.07	-
Precision Engineering	312,189.19	-
Preferred Alliance	2,462.75	-
Principal Life Insurance Co.	44,076.96	4,906.19
Sergio Ramirez	5,458.31	-
R.A. Nosek Investigations	2,345.00	-
Ranger Pipelines	67,202.79	-
Readyrefresh By Nestle	2,475.09	100.26
Recology Peninsula Services	12,530.00	-
Red Wing Shoe Store	4,376.40	607.94
Redwood General Tire Co., Inc.	65.87	-
Reg Solutions	200.00	-
Rich Voss Trucking	2,405.00	-
Roberts & Brune Co	21,735.55	59.71
SVCW Bond - 2009 Bond	656,144.00	-
SVCW Bond - 2014 Bond	1,145,613.40	-
SVCW Bond - 2015 Bond	1,019,906.45	-
SVCW Bond - 2018 Bond	1,834,712.50	-
SVCW Cash Contribution on 2018 Bond	6,416,002.01	-
SVCW SRF Loan - WWTP Phase 1	506,765.20	-
SVCW - Monthly Operating Payment	5,065,976.00	633,247.00
SWRCB	14,557.00	-
Safety Center Inc	5,308.00	-
San Mateo County	18,263.00	-
San Mateo County Assessor	305.00	-
San Mateo County Clerk	822.00	63.00
San Mateo CO Health Dept	2,473.00	-
San Mateo County Tax Collector	924.30	-
Rupert Sandoval	1,113.46	-
Santa Clara County	587.00	-
Robert J. Scheidt	263.86	-
Seekzen Systems	14,300.00	-
Shape Incorporated	30,147.54	-
Sharp Business Systems	7,271.58	-
Sharp Electronics Corporation	947.96	-
Signa Mechanical	9,160.58	-
Sitech Norcal	460.95	-
Snap On Industrial C/O	750.72	-
Desiree S Slater	28.00	-

**WEST BAY SANITARY DISTRICT**

SUMMARY OF FY2019-20 PAYMENTS  
(Through Withdrawal Order  
02/17/2020 to 03/2/2020)

	TOTAL BY VENDOR - YTD 7/1/2019- 3/2/2020	WITHDRAWAL PERIOD 3/2/2020
<b>REGULAR PAYABLES</b>		
Solarwinds	57.00	-
Spartan Tool LLC	4,072.66	184.44
Staples Credit Plan	9,801.63	857.79
Stevens Creek Quarry, Inc.	692.99	-
Summit Aerial Services Inc	2,750.00	-
Sutter EAP	1,249.25	-
Target Specialty Products	2,041.40	1,596.88
Tap Plastics Inc.	419.65	-
Teamsters Local No. 350	8,490.00	960.00
Teletrac Navman US LTD.	1,497.24	19.95
The Concept Genie	1,879.70	-
TFS-Zoom Imaging Solutions Inc	802.99	-
Toshiba Financial Services	801.78	-
Towne Ford Sales	9,622.72	-
TPX Communications	16,012.06	-
Underground, Inc.	160,752.36	160,752.36
Underground Service Alert	10,828.20	-
United Rentals Northwest, Inc.	1,082.58	-
US Bank	1,638.11	546.25
U.S. Jetting, LLC.	2,491.11	-
V & A Consulting Engineers	18,998.75	-
Valley Heating & Cooling	1,883.00	-
Verizon Wireless	14,223.64	-
Vision Communications Co.	11,306.67	-
V.W. Housen & Associates	47,709.50	-
Weco Industries, Inc.	85,110.16	11,411.09
West Yost & Associates	36,727.67	-
Wex Bank	309.93	-
Woodard & Curran	102,993.19	-
Zanker Recycling	3,451.58	-
Zip's AW Direct	118.31	-
Zoom Imaging Solutions, Inc.	1,215.54	-
<b>TOTAL REGULAR PAYABLES</b>	<b>27,319,572.15</b>	<b>930,227.07</b>
<b>SALARIES/WAGES &amp; W/H</b>		
Salaries/Wages - Net Pay	1,438,875.82	109,712.35
Directors Fees - Net Pay	14,142.51	2,745.42
PrimePay Fees	3,684.35	-
IRS - Federal Payroll Taxes	292,607.00	27,834.52
EDD - State Payroll Taxes	103,365.10	8,821.90
ICMA	144,474.37	9,260.43
Performance Merit Program - Net Pay	124,143.65	-
<b>TOTAL SALARIES RELATED</b>	<b>2,121,292.80</b>	<b>158,374.62</b>
<b>TOTAL PAYABLES</b>	<b>29,440,864.95</b>	<b>1,088,601.69</b>
<b>SUMMARY</b>		
TOTAL CHECKS		252,141.22
TOTAL WIRES		<u>836,460.47</u>
<b>TOTAL PAYABLES</b>		<u><u>1,088,601.69</u></u>



**WEST BAY SANITARY DISTRICT**  
**Schedule of Cash Receipt Deposits**  
**02/15/2020-03/02/2020**

DEPOSIT DATE	RECEIPT NUMBER	DESCRIPTION	AMOUNT
3/2/2020	461070	Permit: 1121 Westfield Dr, MP	\$290.00
3/2/2020	461071	Reibursement of PG&E invoices dated 1/29/20 \$2,098.36 and 1/29/20 \$193.80	\$2,292.16
3/2/2020	461072	Permit: 1180 Arbor Rd, MP	\$290.00
3/2/2020	461073	Permit: 410 Gilbert Ave, MP	\$290.00
3/2/2020	461074	Permit: 471 Sherwood Way, MP	\$290.00
3/2/2020	461075	Permit: 947 Lee Dr, MP	\$355.00
3/2/2020	461076	Postage	\$0.50
3/2/2020	461077	Permit: 700 B Santa Cruz Ave	\$290.00
3/2/2020	461078	Permit: 1371 Sherman Ave	\$290.00
3/2/2020	461079	Permit: 1320 Orange Ave	\$170.00
3/2/2020	461080	Permit: 27 Sargent Ln. ATH	\$4,115.30
3/2/2020	461081	Permit: 348 Concord Dr	\$290.00
3/2/2020	461082	Permit: 1245 Rosefield Way	\$290.00
3/2/2020	461083	Permit: 725 18th Ave, MP & 4 Stowe Ct, MP	\$580.00
3/2/2020	461084	For ICMA Loan Repayment	\$251.68
3/2/2020	461085	Permit: 40 De Bell Dr	\$290.00
3/2/2020	461086	Permit: 20 Linda Vista Ave, ATH	\$507.29
3/2/2020	461087	Permit: 349 Fletcher Dr, ATH	\$392.06
3/2/2020	461088	Pool Discharge: NR-404 - 331 Stevick Dr, ATH	\$337.30
3/2/2020	461089	Permit: 1901 Menalto Ave	\$290.00
3/2/2020	461090	Pool Discharge - NR-0406; 21 Willow	\$508.87
3/2/2020	461091	Permit: 9 Hesketh Dr, MP	\$290.00
3/2/2020	461092	Permit: 1725 Oakdell Dr, MP	\$170.00
3/2/2020	461093	Permit: 80 Yale Rd, MP	\$290.00
3/2/2020	461094	Sale of District Ford Ranger	\$1,250.00
<b>Total Deposit</b>			<b><u>\$14,410.16</u></b>

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**WEST BAY SANITARY DISTRICT  
AGENDA ITEM 4C**

**To: Board of Directors**  
**From: Sergio Ramirez, Operations Superintendent**  
**Subject: WBSD Operations and Maintenance Report – February 2020**

Month	Basin PM Pipe Cleaning Miles	High Freq. PM Pipe Cleaning Miles	Un-Sche. Pipe Cleaning Miles	WBSD CCTV Insp. Miles	Pipe Patch Repairs Qty.	Open Trench Repairs Qty.	Pump Sta. PM Qty.	Pump Sta. Unsch. Repairs Qty.	SSO Cat. 1	SSO Cat. 2&3s	Service Calls- Unit 208			
											Call Outs	Sch	Unsch.	USA's
												PM	PM	
January	6.9	4.1	0.0	3.0	6	7	72	1	0	0	90	11	0	206
February	5.0	7.8	0.9	2.5	2	9	69	0	0	0	95	12	0	177
* Oct.	3.9	4.1	0.3	4.3	5	8	95	1	0	0	94	0	1	309
Nov.	0.8	8.2	0.1	3.2	4	8	83	0	0	0	105	0	3	269
Dec	13.7	0.0	0.0	4.6	6	8	76	1	0	0	88		10	160
<b>Yr to date</b>	<b>30.4</b>	<b>24.2</b>	<b>1.3</b>	<b>17.6</b>	<b>23</b>	<b>40</b>	<b>395</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>472</b>	<b>23</b>	<b>14</b>	<b>1121</b>
<b>2020 Goals</b>	<b>120.0</b>	<b>50.0</b>	<b>n/a</b>	<b>45-50</b>	<b>65</b>	<b>90</b>	<b>n/a</b>	<b>&lt;10</b>	<b>0-2</b>	<b>3 to 5</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
2019 Goals	112.0	48.2	6.9	42.7	60	86	967	6	0	4	1063	75	33	2850
2018 Results	134.2	48.5	7.4	42.1	66	63	1256	6	0	4	1139	134	89	2525
2017 Results	126.4	51.5	5.7	24.8	66	97	1265	8	2	3	700	178	61	3218
2016 Results	126.4	49	6	33	65	94	1188	5	0	8	798	167	155	3222
2015 Results	126.4	55	21	46	65	90	1349	6	0	5	798	174	185	2125
2014 Results	126.4	63	20	48	65	78	1328	10	2	12	771	183	72	1834

\* = Beginning of PMPP year.

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**WEST BAY SANITARY DISTRICT  
AGENDA ITEM 4D**

**To: Board of Directors**

**From: Sergio Ramirez, Operations Superintendent**

**Subject: Town of Los Altos Hills Operations and Maintenance Report for Work Performed by WBSD – February 2020**

Town of Los Altos Hills O & M Report									
	Basin PM Pipe Clean- ing	High Freq. PM Pipe Clean- ing	Un- Sche. Pipe Clean- ing	WBSD CCTV Insp.	Pump Sta. PM	Pump Sta. Unsch. Repairs	SSO	SSO	Service Calls
Month							Cat. 1	Cat. 2&3s	Call Outs
Temp Help	Miles	Miles	Miles	Miles	Qty.	Qty.			
January	0.5	0.8	0.2	0.8	4	1	0	0	0
February	1.3	0.2	0.1	1.2	4	1	0	1	0
*August	0.0	1.2	0.0	0.5	4	0	0	0	0
Sept.	0.0	1.5	0.0	1.1	4	0	0	0	0
Oct.	0.5	1.7	0.2	1.2	4	1	0	0	0
Nov.	1.0	1.0	0.0	0.0	4	2	0	0	0
Dec	0.0	1.7	0.1	1.2	4	0	0	0	0
<b>** Yr to date</b>	<b>3.3</b>	<b>8.1</b>	<b>0.6</b>	<b>6.0</b>	<b>28</b>	<b>5</b>	<b>0</b>	<b>1</b>	<b>0</b>
FY19/20Goals	17.4	16.9	n/a	9.3	52	n/a	n/a	n/a	n/a

\* = August- Start of Contract

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**WEST BAY SANITARY DISTRICT  
AGENDA ITEM 4E**

**To: Board of Directors**

**From: Bill Kitajima, Projects & IT Manager  
Jonathan Werness, Engineering Technician**

**Subject: Consideration of Authorizing the District Manager to Issue the  
Class 3 Permit for the Sewer Extension Required for the  
Connections of 155 and 167 Lake Road in Portola Valley**

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Background

The District has an 8-inch mainline on El Nido Road that terminates near 147 El Nido Road.

Analysis

The developer has proposed extending this 8-inch main from the top-of-the-line MH an additional 178 LF and adding a new MH at the end of the cul-de-sac to accommodate the proposed facilities at 155 and 167 Lake Road. District staff has approved the design, and all fees have been paid including permits, connection fees, and reimbursement fees for both parcels.

Fiscal Impact

No impact to the District.

Recommendation

The Projects Manager recommends the District Board direct the District Manager to issue Class 3 Sewer Permit No. 1088 for the work required to provide sewer service for the project.

Attachments: Resolution \_\_\_\_\_(2020)  
Class 3 Permit (1088)  
Site Map

RESOLUTION NO. \_\_\_\_\_ (2020)

IN THE DISTRICT BOARD OF THE WEST BAY SANITARY DISTRICT  
COUNTY OF SAN MATEO, STATE OF CALIFORNIA

\*\*\*\*\*

BE IT RESOLVED, by the District Board of West Bay Sanitary District, County of San Mateo, State of California, as follows:

ENVIRONMENTAL IMPACT REVIEW

Name of Project: 155 & 167 Lake Road

Location: Actual work on El Nido Road, right-of-way fronting the properties 155 & 167 Lake Road, Portola Valley, Ca

Entity or Person Undertaking Project: JET Engineering, Inc.

Determination of the District Board:

The District Board hereby certifies that it has reviewed the Preliminary Review and Notice of Exemption prepared for this project and has considered the contents thereof. The Board finds that this document is adequate for use by the District in its review of the project.

The District Board finds that the following feasible alternatives and/or mitigation measures within its powers, would substantially lessen any significant effects which the project would have on the environment:

N/A

The Board certifies that the Preliminary Review and Notice of Exemption has been prepared and completed in compliance with the California Environmental Quality Act and the State Guidelines.

The Board finds that the project Preliminary Review and Notice of Exemption identifies the following significant effects:

N/A

The Board further finds that for each of these significant effects.

N/A Changes or alterations have been required in, or incorporated, into the project which mitigate or avoid the significant environmental effects thereof as identified in the Final EIR.



N/A Such changes or alterations are within the responsibility and jurisdiction of a public agency other than the District. Such changes have been adopted by such other agency or can and should be adopted by such other agency.

N/A Specific economic, social, or other considerations make infeasible the mitigation measures or project alternatives identified in the Final EIR.

Based upon the foregoing, and upon compliance with District regulations and requirements, as applicable, the project is hereby:

\_\_\_\_\_ Approved

\_\_\_\_\_ Disapproved

The District Manager of West Bay Sanitary District is directed to prepare a Notice of Exemption pursuant to the provisions of the State Guidelines Implementing the California Environmental Quality Act adopted by Resolution No. 1105 of this District Board. The District Manager is ~~(further)~~ (not) directed to prepare and file a Statement of Overriding Consideration pertaining to the approval of this project pursuant to the provisions of the same Guidelines.

\*\*\*\*\*

Passed and adopted by the District Board of West Bay Sanitary District at a regular meeting thereof held on the 11<sup>th</sup> day of March 2020, by the following vote:

Ayes:

Noes:

Abstain:

Absent:

\_\_\_\_\_  
President of the District Board of the  
West Bay Sanitary District of San Mateo  
County, State of California

Attest:

\_\_\_\_\_  
Secretary of the District Board of the  
West Bay Sanitary District of San Mateo  
County, State of California

# WEST BAY SANITARY DISTRICT

500 Laurel Street  
Menlo Park, California 94025  
(650) 321-0384

Permit Number

No 1088

Type \_\_\_\_\_

## APPLICATION FOR CLASS 3 SEWER PERMIT

To the WEST BAY SANITARY DISTRICT:

The undersigned, being the  Owner  Owner's Agent of the property located at

JAMES E THOMPSON, 155/167 LAKE RD, Portola Valley

does hereby request permission to construct sanitary sewers and related facilities to serve a

Residential  Non-residential Development at said location.

ENGINEER'S

OWNER'S

JAMES E THOMPSON, JET ENGINEERING

JULIE HANDLEY

SHIVANI NAHTIYAL

Name

Name

PEER HARBURY

1048 EL CAMINO REAL STE C

155 LAKE RD

167 LAKE RD

Address

Address

REDWOOD CITY, CA 94063

CONTRACTOR'S

Applicant's Signature



JAMES E THOMPSON

Signed by - Please Print Name

Name

Address

Address

Receipt of \$ 545 Application Fee is hereby acknowledged [Signature]

7/30/18

Date

Receipt of \$ 2000  Cash deposit or  Performance Bond

Comments SEWER MAIN EXTENSION - EL NIDO RD

155 AND 167 LAKE RD., Portola Valley

Approved by the District Board on \_\_\_\_\_

Application approved and permit issued:

**WEST BAY SANITARY DISTRICT**

Phil Scott, District Manager

Date \_\_\_\_\_

By \_\_\_\_\_

Final Acceptance by the District Board on \_\_\_\_\_





## “PRELIMINARY REVIEW”

El Nido Road Gravity Main Extension  
March 3, 2020

INTRODUCTION. At the March 11, 2020 District Board Meeting, the Board will consider the approval of the Class 3 Sewer Permit for the construction of a gravity sewer main line construction on El Nido Road to serve properties at 155 and 167 Lake Road in Portola Valley; and the authorization for the filing of a California Environmental Quality Act (CEQA) “Notice of Exemption” for the project. This project is proposed by the project’s engineer, JET Engineering, Inc.

EXEMPTION REVIEW. In compliance with CEQA Guidelines, this “preliminary review” of the gravity sewer mainline construction on El Nido Road was conducted to determine whether the project is exempt from CEQA. Based on this review, staff has concluded that the project is exempt from CEQA under several sections of the guidelines. In summary, the project would not have any significant impacts on the environment because it includes little or no expansion of capacity, and will employ mitigation measures to alleviate any impacts.

This preliminary review presents and elaborates upon the rationale for the conclusions reached by staff.

Staff has concluded that all project elements are exempt under CEQA Guidelines section 15061(b)(3) (known as the “General Rule”), since it can be “seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.”

This certainty is based on the District’s past experience with numerous sewer construction projects of this nature, and the mitigation measures included in all such projects to alleviate any impacts.

Past Experience. The District has completed many miles of sewer construction projects and pump station rehabilitation projects in commercial and residential areas throughout Menlo Park, Atherton, and the County of San Mateo, including the Portola Valley area. While construction-related impacts on land use, traffic, noise, air quality, erosion, drainage, public safety, and cultural resources can occur, no significant environmental impacts have resulted from this work.

The reasons these have been “less-than-significant” include the short-term nature of construction activities, application of the District’s standard construction mitigation measures, good community relations outreach programs to inform project area residents of construction activities, and active coordination with local jurisdictions.

Construction Mitigation Measures. Specific impact mitigation measures will be included in the proposed project to avoid, minimize, reduce, or rectify for construction-related impacts. These measures are used on all sewer construction projects. The measures address dust control; erosion control; noise control; protection of soils; provision for adequate drainage; protection and restoration of structures; precautions for working

near sensitive and unique vegetation, protection and restoration of vegetation, landscaping, and improvements; public health and safety precautions; community notifications; traffic control; and preservation of cultural resources.

Most project elements also are exempt as extension of utilities of a reasonable length to serve such construction.

Staff has concluded that most project elements are “categorically exempt” under CEQA Guidelines Section 15303 (a) (Single-family residences not in conjunction with the building of two or more units) and Section 15303 (d) (Water main, sewage, electrical, gas and other utility extensions of reasonable length to serve such construction).

CONCLUSION. Based on the information presented herein, staff has concluded that all of the replacement of the gravity sewer main line is exempt from CEQA under the CEQA Guidelines Section 15061(b)(3) (the General Rule), and that most project elements are also exempt under CEQA Guideline Section 15303(a) and (d).



**WEST BAY SANITARY DISTRICT  
AGENDA ITEM 5**

**To: Board of Directors**

**From: Bill Kitajima, Projects and IT Manager  
Jonathan Werness, Engineering Technician**

**Subject: Consideration of Approving Contract Change Order No. 2 to Precision Engineering, Inc. for the Belle Haven III Sewer Rehabilitation Capital Improvement Project in Menlo Park, CA**

---

Background

Contract Change Order No. 2 consists of a negotiated lump sum amount pertaining to a large list of expenses that were encountered throughout the project.

Analysis

The contractor experienced several unforeseeable issues over the course of the project such as utility conflicts, unstable soil conditions & stringent requirements from other local jurisdictions. The project team was able to negotiate the contractor's total change order amount of \$597,233.00 down to \$511,000.00.

Fiscal Impact

There will be no fiscal impact to the General Fund. The Capital Assets Fund allocated a total project amount of \$4,100,000.00. The contractor was awarded the contract in an amount of \$4,814,455.00 of which an apportionment of an additional \$721,545.00 for contingency (10% for additional work and 5% for construction support services) was granted resulting in a total project amount of \$5,536,000.00.

Construction Costs:

Original construction bid	\$	4,814,455.00
Change Order No. 1 (Winchester Easement)	\$	201,120.20
Change Order No. 2	\$	511,000.00

The construction bid with CCOs #1 and #2, is \$5,526,575.00. Total allocated for construction was \$4,100,000.00 with a 15% contingency (\$721,545.00). Therefore, total allocated for construction with additional work contingencies would be

---

\$5,536,000.00. Therefore, \$9,425.00 is remaining in the contingency for additional work.

Recommendation

The Projects and IT Manager recommends that the Board approve Contract Change Order No. 2 and authorizes the District Manager to execute the contract change order for the total amount of \$511,000.00.

Attachment                      Contract Change Order No. 2



WEST BAY SANITARY DISTRICT  
500 Laurel Street, Menlo Park, CA 94025

CHANGE ORDER  
CO NO. 2

Project: Capital Improvement Project Belle Haven III Sewer Project – Replacement and Construction of Sanitary Sewer Mains  
Location: Menlo Park, Atherton, San Mateo County, CA  
Project No. 1758.7  
Contractor: Precision Engineering, Inc.

Date: March 3, 2020  
Job No.: 1758.7  
Sheet 1 of 1

---

**The following changes are hereby made to the Contract Documents:**

1. Permit fees above that was noted in the contract documents (\$10,612.20).
2. Additional work for concrete slab in Chevron parking lot (\$11,787.08).
3. Extra work around unmarked waterline in manhole on Alameda De Las Pulgas (\$21,853.98).
4. Conduit in conflict on EL Camino Real (\$8,767.50).
5. Concrete cap on Palo Alto Way. Delay on Vine Street due to design change to work around unmarked storm drain on Perry Avenue (\$65,293.97).
6. Extra Slurry, Base, Asphalt and stringent County requirements on Alameda De Las Pulgas with time restrictions (\$392,685.27).

**Justification:**

1. The City increased permit fees from 3% to 5%, contract documents had 3%.
2. The Chevron property had an unknown sub-grade concrete slab not shown on the plans, which delayed work in this area.
3. A manhole to be removed had been poured onto a water main, extra work was required when removing and installing the new sewer main and manhole.
4. Changing alignment and digging around plastic conduit in path of sewer line.
5. Shallow main was unknowingly installed with a concrete cap. This delayed work in this area. The storm drain was in direct conflict with the original design, thus requiring a significant change.
6. The soil condition of this work area caused severe issues requiring extra work and materials. County enforced unforeseen time restrictions on the contractor that affected productivity.

**CHANGE TO CONTRACT PRICE:**

Original Contract Price:	\$4,814,455.00
Current Contract Price, as adjusted by previous Change Orders:	\$5,015,575.20
The Contract Price due to this Change Order will be increased by:	\$ 511,000.00
New Contract Price due to this Change Order will be:	\$5,526,575.20

**CHANGE TO CONTRACT TIME:**

The Contract Time was not effected.

**APPROVALS REQUIRED:**

To be effective, this order must be approved by the Owner if it changes the scope or objective of the project, or as may otherwise be required under the terms of the Contract.

RECOMMENDED AND  
APPROVED BY

\_\_\_\_\_  
Projects Manager Date

ACCEPTED BY

\_\_\_\_\_  
Contractor Date

AUTHORIZED BY

\_\_\_\_\_  
District Manager Date

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## WEST BAY SANITARY DISTRICT AGENDA ITEM 6

**To:** *Board of Directors*

**From:** *Bill Kitajima, Projects and IT Manager*  
*Jonathan Werness, Engineering Technician*

**Subject:** *Consideration of Accepting Work by Precision Engineering for the Belle Haven III Sewer Project; and Authorizing the District Manager to Execute the Balancing Change Order and File the Notice of Completion*

---

### **Background**

On April 25, 2018, the District Board awarded the Belle Haven III Sewer Project to the low bidder, Precision Engineering of San Francisco, CA for the amount of \$4,814,455.00 and apportioned an additional \$721,545.00 or approximately 10% to be used for additional work and approximately 5% for Construction Support Services. At the June 12, 2019 meeting the District Board approved Change Order No. 1 for additional work in the Winchester Easement in the amount of \$201,120.20. The total allocated for construction with the 10% additional work contingency was \$5,295,900.50.

### **Analysis**

The project involved the replacement and rehabilitation of about 11,000 feet District sewer mains ranging from 6 to 24-inch in diameter.

Sewer mains were replaced using a combination open trench, pipe-bursting and cured-in-place lining (CIPP) method.

### **Fiscal Impact**

The Capital Assets Fund allocated a total project amount of \$5,536,000.00. The contractor was awarded the contract in an amount of \$4,814,455.00 of which an apportionment of an additional \$721,545.00 for contingency (10% for additional work and 5% for construction support services) was granted resulting in a total project amount of \$5,536,000.00.

The construction bid with CCOs No. 1 and 2, was \$5,526,575.20. Actual construction work amounted to \$5,047,665.33 as described in the attached Balancing Change Order No. 3. Total allocated for construction was \$5,295,900.50. Therefore, the project was completed under budget by approximately \$248K for the construction portion of the project. Approximately \$240,722.75 was allocated for construction support services.

Construction support services (geotechnical and outside inspection services) are estimated to be just under \$40,500 or under budget by \$200K. Therefore the project was under budget by approximately \$448K.

**Recommendation**

The Projects & IT Manager requests that the District Board 1) accept the work by Precision Engineering, Inc.; 2) authorize the District Manager to sign the Balancing Change Order; and 3) File the Notice of Completion for the Belle Haven III Sewer Replacement Project.

Attachments:           Balancing Change Order  
                              Notice of Completion  
                              Project Map

**WEST BAY SANITARY DISTRICT**  
**PROJECT : CAPITAL IMPROVEMENT PROJECT - BELLE HAVEN III**

Date: March 3, 2020  
 Period Ending Mar-20  
 Balancing Change Order  
 District Project #: 1758.7

Contractor: Precision Engineering  
 Address: 1939 Newcomb Avenue  
 San Francisco, CA 94124

ITEM NO.	DESCRIPTION	UNIT	UNIT PRICE	FINAL QUANTITY	QUANTITY CONTRACT	ADJUST QUANTITY CONTRACT	FINAL COST	COST CONTRACT	ADJUST COST CONTRACT
4	Utility Crossing	EA	\$ 1.00	106.00	180	(74.00)	106.00	180.00	(74.00)
5	Pavement Restoration – Menlo Park ROW	SF	\$ 10.00	26,777.00	40,000	(13,223.00)	267,770.00	400,000.00	(132,230.00)
6	Pavement Restoration – San Mateo County ROW	SF	\$ 10.00	3,231.50	7,700	(4,468.50)	32,315.00	77,000.00	(44,685.00)
7	Pavement Restoration - Caltrans ROW	SF	\$ 15.00	3,662.00	5,000	(1,338.00)	54,930.00	75,000.00	(20,070.00)
8	Pavement Restoration - Atherton ROW	SF	\$ 10.00	56.00	1,000	(944.00)	560.00	10,000.00	(9,440.00)
10	Slurry Seal	SF	\$ 0.33	69,986.00	100,000	(30,014.00)	23,095.38	33,000.00	(9,904.62)
11	Concrete Replacement	SF	\$ 20.00	185.50	3,000	(2,814.50)	3,710.00	60,000.00	(56,290.00)
12	New Concrete Manhole (< 8')	EA	\$ 6,000.00	20.00	13	7.00	120,000.00	78,000.00	42,000.00
13	New Concrete Manhole (> 8')	EA	\$ 6,000.00	4.00	1	3.00	24,000.00	6,000.00	18,000.00
14	Replace Exist Manhole (< 8')	EA	\$ 6,000.00	21.00	28	(7.00)	126,000.00	168,000.00	(42,000.00)
15	Replace Exist Manhole (> 8')	EA	\$ 6,000.00	2.00	6	(4.00)	12,000.00	36,000.00	(24,000.00)
17	New Concrete Manhole (Shallow)	EA	\$ 4,000.00	1.00	7	(6.00)	4,000.00	28,000.00	(24,000.00)
18	Rehabilitate Manhole	EA	\$ 3,000.00	23.00	31	(8.00)	69,000.00	93,000.00	(24,000.00)
19	Remove Existing Manhole	EA	\$ 500.00	11.00	7	4.00	5,500.00	3,500.00	2,000.00
21	Reconnect Sewer Laterals externally	EA	\$ 200.00	136.00	180	(44.00)	27,200.00	36,000.00	(8,800.00)
22	New 4" PVC Sanitary Lateral	LF	\$ 200.00	-	80	(80.00)	-	16,000.00	(16,000.00)
23	Replace Existing 4" VCP with 6" ID HDPE by Pipe Bursting	LF	\$ 200.00	201.00	309	(108.00)	40,200.00	61,800.00	(21,600.00)
24	Replace Existing 6" VCP with 8" ID HDPE by Pipe Bursting	LF	\$ 200.00	3,093.00	2634	459.00	618,600.00	526,800.00	91,800.00
25	Replace Existing 8" VCP with 8" ID HDPE by Pipe Bursting	LF	\$ 200.00	249.00	236	13.00	49,800.00	47,200.00	2,600.00
26	Replace Existing 6" VCP with 8" PVC C900 by Open Trench	LF	\$ 250.00	2,161.00	3118	(957.00)	540,250.00	779,500.00	(239,250.00)
35	Install New 8" PVC C900 by Open Trench	LF	\$ 250.00	382.00	370	12.00	95,500.00	92,500.00	3,000.00
36	Install New 12" PVC C900 by Open Trench	LF	\$ 300.00	20.00	20	-	6,000.00	6,000.00	-
37	Install New 16" PVC C905 by Open Trench	LF	\$ 325.00	427.00	419	8.00	138,775.00	136,175.00	2,600.00
38	Sheeting/Shoring/Bracing	LS	\$ 275,000.00	1.00	1	-	275,000.00	275,000.00	-
39	Temporary Resurfacing	TON	\$ 125.00	293.47	450	(156.53)	36,683.75	56,250.00	(19,566.25)
40	Potholing Utilities	EA	\$ 1,500.00	64.00	30	34.00	96,000.00	45,000.00	51,000.00
<b>TOTAL BALANCING CHANGE ORDER</b>							-	-	(478,909.87)

**EXEMPT FROM RECORDING FEES**

Recorded at Request of  
and Return to:

West Bay Sanitary District  
500 Laurel Street  
Menlo Park, CA 94025

**NOTICE OF COMPLETION**

Notice is hereby given that West Bay Sanitary District (a Government Agency) whose address is 500 Laurel Street, Menlo Park, California 94025, caused the Belle Haven Sewer Project Phase III within San Mateo County, California; that the contract for doing said work was made with Precision Engineering, Inc. as contractor and entered into on April 25, 2018; that the work on said contract was actually completed on March 3, 2020; that the owner of said "Belle Haven Sewer Project Phase III" is the West Bay Sanitary District.

WEST BAY SANITARY DISTRICT

\_\_\_\_\_  
Phil Scott

STATE OF CALIFORNIA  
COUNTY OF SAN MATEO

Phil Scott being duly sworn says he is the District Manager of West Bay Sanitary District, the owner of the above referred improvements; that he has read the same, and knows the content thereof, and that the facts stated therein are true.

\_\_\_\_\_  
Phil Scott

STATE OF CALIFORNIA            )  
  ) ss.  
COUNTY OF SAN MATEO        )

On \_\_\_\_\_ before me,  
(Date)

\_\_\_\_\_  
Name and Title of Officer (e.g., Jane Doe, Notary Public)  
personally appeared **Phil Scott** who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

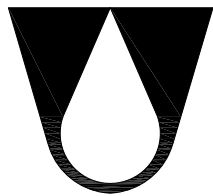
WITNESS my hand and official seal.

Place Notary Seal Above

\_\_\_\_\_  
Signature of Notary Public



**WEST BAY**  
SANITARY DISTRICT

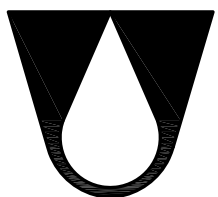


**FREYER & LAURETA, INC.**  
CIVIL ENGINEERS • SURVEYORS • CONSTRUCTION MANAGERS

**BELLE HAVEN AREA**  
**MENLO PARK, CA**



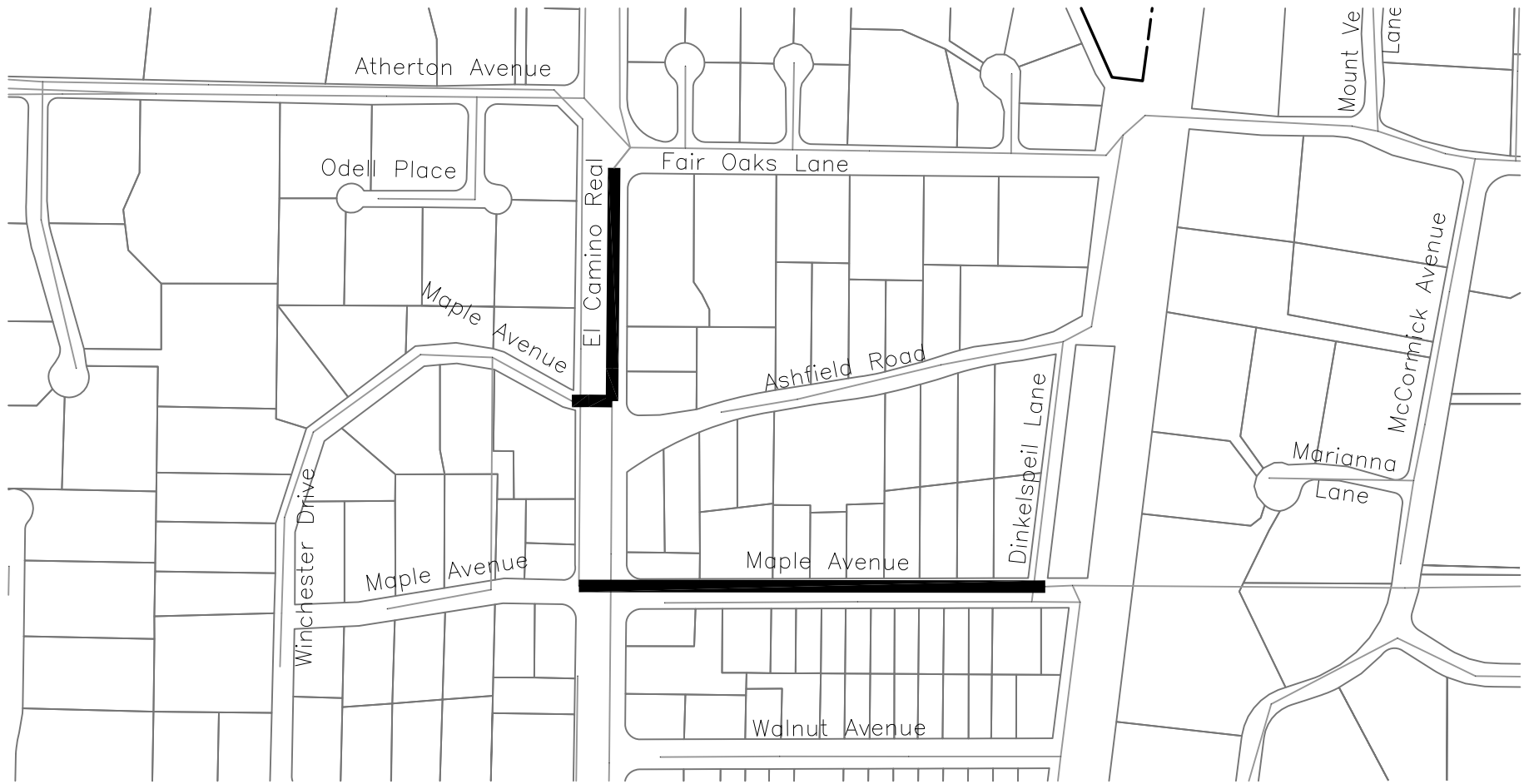
**WEST BAY**  
SANITARY DISTRICT



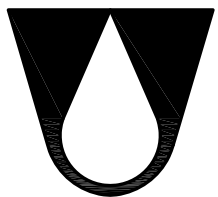
**FREYER & LAURETA, INC.**  
CIVIL ENGINEERS • SURVEYORS • CONSTRUCTION MANAGERS

**ALAMEDA DE LAS PULGAS/VINE STREET**  
**SAN MATEO COUNTY, CA**





**WEST BAY**  
SANITARY DISTRICT



**FREYER & LAURETA, INC.**  
CIVIL ENGINEERS • SURVEYORS • CONSTRUCTION MANAGERS

**EL CAMINO REAL/MAPLE AVENUE  
ATHERTON, CA**

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## WEST BAY SANITARY DISTRICT AGENDA ITEM 7

**To:** *Board of Directors*

**From:** *Bob Hulsmann, Pump Facility Supervisor*

**Subject:** *Consideration to Ratify the Emergency Replacement of the Diesel Fuel Tank at Willow Pump Station*

---

### Background

The diesel fuel tank at the Willow Pump Station has failed. The interior wall of the tank is leaking. The tank is 25 years old and has reached its useful lifespan. The District purchased the existing diesel fuel tank at Willow Pump Station in 1994. This tank holds 240 gallons of diesel fuel. The fuel is used by the backup generator which supplies power to the pump station in times that PG&E electrical supply is down.

### Analysis

The diesel fuel tank has a capacity of 240 gallons. It is also designed with a secondary containment feature in case the interior structure becomes corroded or fails in any way. The secondary containment is required by San Mateo County Environmental Health Department and is written into the District's Hazardous Materials Business Plan (HMBP). The tank is equipped with leak detection float which is wired into our alarm system.

On February 2, 2020 staff received a "Diesel Fuel Tank Leak Alarm" from our SCADA system at the Willow pump station. When staff responded to the pump station they found the interior structure had failed and leaked diesel into the secondary containment. This cannot be repaired and must be replaced.

Staff contacted Bayside Equipment, our generator and diesel tank maintenance contractor, for a quote on replacement of the tank. The quote included a new tank, all new double wall piping to the generator, alarm floats, wiring, removal and disposal of the existing equipment. The new tank is a Gen Cube that complies with our HMBP and meets San Mateo County's current requirements. The earliest the tank could be delivered is six weeks from the order date, which was February 27, 2020.

Due to the critical nature of the pump station operation, the District Manager, Phil Scott, felt the failure of the tank and the importance of maintaining a reliable back up power source to the Willow Pump Station is an urgent situation. Mr. Scott has declared this repair an emergency and is requesting that the Board ratify this decision.

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Fiscal Impact

Fiscal impact is \$20,819.41 from the Capital Asset Fund

Recommendation

The Pump Facility Supervisor recommends the immediate purchase of the new Gen Cube diesel tank and asks the Board of Directors to ratify the purchase.

Attachments:           Quote from Bayside Equipment  
                              Hazardous Materials Business Plan Addendum

# QUOTE

February 19, 2020

West Bay Sanitation  
Tel: 650 321-0384  
Fax: 650 321-4265  
Attn: Bob Hulsmann  
Email: [bhulsmann@westbaysanitary.org](mailto:bhulsmann@westbaysanitary.org)

Attn: Bob Hulsmann

Subject: Replacement Day Tank for Willow Road Pump Station

Bayside Equipment Company offer to supply and install a replacement UL-142 double wall diesel fuel day tank with a capacity of 240 gallons. In addition, we will remove the old tank and install new double contained fuel lines from the tank to the generator. I have also included fuel tank accessories including a 5-gallon spill containment, emergency and normal venting, fuel alarm senders for high fuel, low fuel and leak alarms. The new tank would be a UL-142 double wall tank manufactured by Gen Cube measuring 50”L x 34”W x 49” T and weighs 3800lbs. The double contained piping would be manufactured by DoubleTrac. All installation to be performed by Bayside Equipment.

The prices would be:

240Gal UL-142day tank with accessories and double contained piping as described above	\$13,345.00. plus sales tax 9.25%
Factory freight	\$1,200.00
Labor to remove and install	\$5,040.00

Thank you for this opportunity to quote on your requirements.

Sincerely,

Richard W. Slade

## HAZARDOUS MATERIALS BUSINESS PLAN ADDENDUM

**BUSINESS NAME:** Willow Road Pump Station

**BUSINESS ADDRESS:** 1298 Willow Road, Menlo Park, Ca

In addition to the general business, chemical inventory and site map information, the San Mateo County Environmental Health Division requires completion of the following sections pertaining to spill prevention, emergency response, employee training and site closure. This addendum contains specific elements pertaining to the hazardous materials business plan, the hazardous waste contingency plan, stormwater pollution prevention, underground storage tank (UST) monitoring and unauthorized release response requirements.

### SPILL PREVENTION PLAN

1. **Describe how hazardous materials and/or waste are handled, stored and monitored to prevent a spill or release from occurring.**

Fuel service company delivers fuel as required. Staff tops off tank as needed. is stored in double wall tank with leak detector. Leak detector is tied into the Fuel telemetry system and notifies pump station personnel in the event of a leak. Fuel level checked weekly and leak detector alarm is manually tested.

2. **Describe operations, activities and/or storage locations where a release is most likely to occur.**

During fuel system repair on generator injection pump and or during transfer of fuel to storage tank.

3. **Describe the best Management Practices (BMPs) you use to reduce or eliminate illicit discharges to the storm sewer system.**

Routine maintenance and weekly inspections are performed on a regular basis to assure no leaks are present and all systems operate properly.

4. **Describe UST monitoring procedures used to prevent an unauthorized release from occurring.**

No Underground Storage Tanks in place. All equipment is above ground.

## EMERGENCY RESPONSE PLAN

1. Provide a list of all on-site emergency response equipment designated for a hazardous material and/or waste or UST emergency response. Examples of equipment include fire extinguishers, fire suppression systems, spill control equipment, UST pump shut-off switches, personal protective equipment and communication and alarm systems.

### EQUIPMENT TYPE

### LOCATION

Fire Extinguishers

Next to control panel

Spill Control Equipment

On service vehicle

Personal Protective Equipment

On service vehicle

Telemetry/Alarm System

Control panel

2. Identify local emergency medical providers to be used during a hazardous material and/or waste emergency.

Concentra Urgent Care – 125 Shoreway Rd, Suite A, San Carlos (650) 556-9420 M-Fri 7:30a.m.-5:00p.m.

After-Hours Sequoia Hospital-Emergency Room 170 Alameda de Las Pulgas, Redwood City (650) 367-5541

3. The definition of a release or threatened release includes incidents that pose a present or potential hazard to human health and safety, property or the environment. In the event of a hazardous material and/or waste release or threatened release, state law requires immediate verbal notification to the agencies listed below once any necessary emergency response procedures are initiated.
  - a. Local Fire Department
  - b. County Environmental Health
  - c. State Office of Emergency Services

**Provide phone numbers other than 9-1-1 for the following:**

**Local Fire Department**

(650) 363-4963 (Fire South)

**Local Police Department**

(650) 330-6300

**Nearest Hospital**

(650) 498-3333

**County Environmental Health**

(650) 372-6200

**State Office of Emergency Services**

(510) 286-0895 or (916) 845-8510

**4. Describe notification procedures for on-site emergency response personnel and agencies (e.g., Fire, Health, Police, State OES) during emergency incidents requiring outside assistance.**

Personnel would contact the following people and agency's in this order:

Agency	Contact	Bus.Ph. #	Fx.#	Cell#	Hm.#
<input type="checkbox"/> WBSD	Phil Scott	(650) 321-0384	(650) 321-4265	(650) 477-6470	(209) 835-5501
<input type="checkbox"/> WBSD	Sergio Ramirez	"	"	(650) 477-9885	(510) 415-2274
<input type="checkbox"/> WBSD	Jed Beyer	"	"	(650)477-6426	(650) 380-5105
<input type="checkbox"/> O.E.S.	_____	1-800-852-7550	<b>When you contact O.E.S. get spill response number I.D.# _____</b>		
<input type="checkbox"/> RWQCB	24-Hour Hot-Line	(510) 622-2369			
<input type="checkbox"/> San Mateo County Environmental Health		(650) 372-6200	Name: _____		
<input type="checkbox"/> Menlo Park Public Works		(650)330-6780	Name: _____		
<input type="checkbox"/> Menlo Park Police Department		(650) 330-6300	Name: _____		
<input type="checkbox"/> Cal Water		(650) 854-5454	Name: _____		
<input type="checkbox"/> Palo Alto Public Works Water		(650) 329-3151	Name: _____		

**AFTER HOUR CONTACTS**

- San Mateo County Haz. Mat. Team 911

**5. Describe any security system or device that could impede site access by emergency responders.**

Pump Station is fenced in, gates are pad locked.

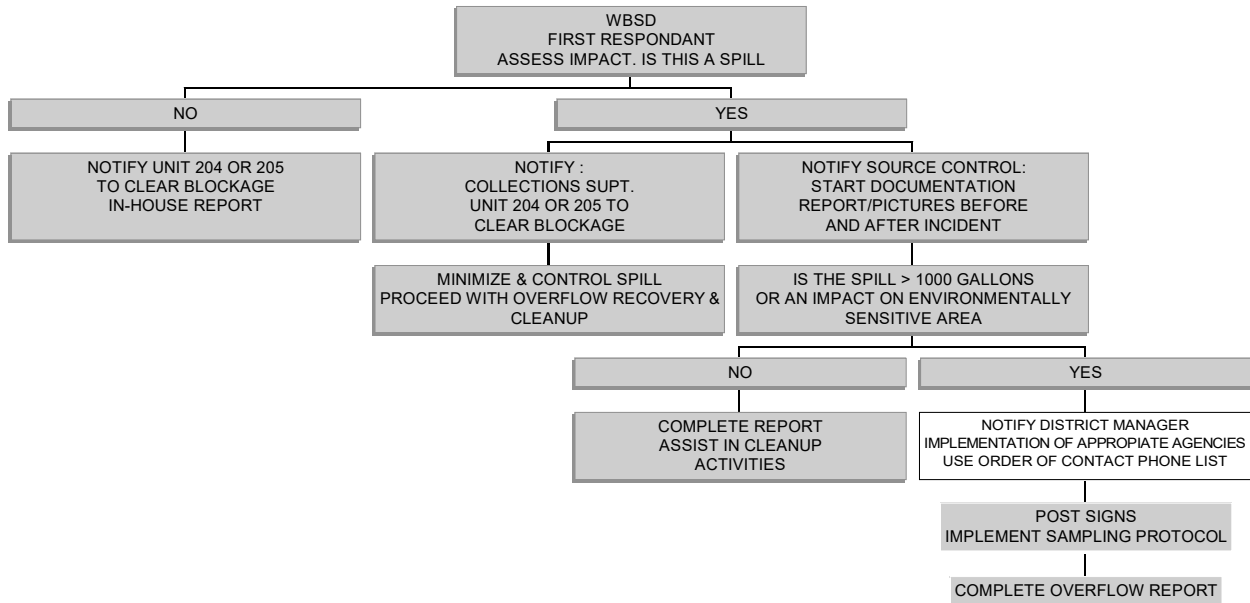
**6. Describe procedures for notification and evacuation of visitors and employees on-site during an emergency involving a hazardous material and/or waste. Evacuation routes and assembly areas must be clearly identified on the site map.**

Pump station has one-way entrance and exit.

**7. Describe mitigation procedures to be implemented by on-site personnel in the event of a release, threatened release, fire or explosion involving a**



**hazardous material and/or waste. Indicate if the business has an on-site emergency response team (ERT) and if so, describe how this ERT would interact with the County's ERT if outside assistance is required.**



**8. Describe procedures for immediate inspection, isolation and shut-down of mechanical or other systems which are involved in a release or threatened release.**

Personnel would implement lock-out tag-out procedures on electrical and / or mechanical equipment until problem has been corrected.

**EMPLOYEE TRAINING PLAN**

All employees must receive training in how to respond to a hazardous material and/or waste emergency. Training may be tailored to each job classification since certain employees may not work with or around chemical products. New hires must receive initial training and existing employees must receive annual “refresher” training.

**1. Describe employee training as it pertains to the following:**

- a. Safe handling of a hazardous material and/or waste**
- b. Notification and evacuation of on-site personnel**
- c. Notification of local emergency responders and other agencies**
- d. Use of emergency response equipment**
- e. Implementation of emergency response procedures**
- f. UST monitoring and release response procedures**

Any chemicals used by WBSD are outlined in the SDS book, which is made available to all employees. Safety meetings cover training and education on all District equipment and activities.

**2. Describe procedures documenting employee training activities.**

Training schedules, developed with the assistance of a Safety consultant contractor, are kept with the Safety Coordinator and Human Resources. Additionally all sign in sheet for trainings and meetings document employees present and are kept with the Safety Coordinator. All supplemental training materials are attached to the sign in sheet.

## **CLOSURE PLAN**

**San Mateo County Environmental Health must be contacted by a business representative if the business is closing or relocating. Failure to comply with appropriate closure requirements may lead to significant civil and criminal penalties.**

**1. Describe procedures that would be implemented in the event of a full or partial facility closure. Include procedures for agency notification, hazardous materials removal, hazardous waste disposal, site decontamination, UST removal or change of ownership.**

The District would notify all appropriate agencies including the San Mateo County Environmental Health Department.



## WEST BAY SANITARY DISTRICT AGENDA ITEM 8

**To:** *Board of Directors*

**From:** *Bill Kitajima, Projects and IT Manager  
Bobby Hulsmann, Pump Facility Supervisor  
Jonathan Werness, Engineering Technician*

**Subject:** *Consideration of Authorizing the District Manager to Call for Bids for the Diesel Tanks Replacement Project*

---

### Background

Every pump station has a standby diesel fuel tank that is used by the backup generator which supplies power to the pump station during power outages. Recently, two of these tanks needed immediate replacement due to leakage into the secondary containment of the tanks.

### Analysis

Currently the lead time for these tanks is a minimum six weeks. The District has planned for the replacement of three additional tanks at various pump stations in the District, along with a spare tank to be stored at the District's FERRF due to these tanks being around the same age as the two previously replaced. This will address the pump stations' needs in a proactive way and avoid emergency replacements. These replacements will be at the Los Trancos Pump Station, the Menlo Industrial Pump Station, and the Stowe Lane Pump Station, in addition to the spare tank to be stored at the FERRF.

### Fiscal Impact

There will be no fiscal impact to the General Fund. The Capital Assets Fund for Fiscal Year 2019-2020 is budgeted for \$3,362,240.

### Recommendation

The Projects & IT Manager recommends the District Board of Directors 1) adopt the attached resolution for the project; and 2) authorize the District Manager to call for bids for the Diesel Tanks Replacement Project.

Attachments: Reso \_\_\_\_\_2020, Notice of Exemption

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**RESOLUTION NO. \_\_\_\_\_ (2020)**

**IN THE DISTRICT BOARD OF THE WEST BAY SANITARY DISTRICT  
COUNTY OF SAN MATEO, STATE OF CALIFORNIA**

\*\*\*\*\*

BE IT RESOLVED, by the District Board of West Bay Sanitary District, County of San Mateo, State of California, as follows:

**ENVIRONMENTAL IMPACT REVIEW**

**Name of Project:** Diesel Tanks Replacement Project

**Location:** Tank replacement at the District's Los Trancos Pump Station at 63 Los Trancos Road, Portola Valley, the Menlo Industrial Pump Station at 1002 Hamilton Court, Menlo Park, the Stowe Lane Pump Station at 17 Stowe Lane, Menlo Park, and delivery of a spare tank at the District's Flow Equalization & Resource Recovery Facility at 1700 Marsh Road, Menlo Park

**Entity or Person Undertaking Project:** West Bay Sanitary District

**Determination of the District Board:**

The District Board hereby certifies that it has reviewed the Preliminary Review and Notice of Exemption prepared for this project and has considered the contents thereof. The Board finds that this document is adequate for use by the District in its review of the project.

The District Board finds that the following feasible alternatives and/or mitigation measures within its powers, would substantially lessen any significant effects which the project would have on the environment:

N/A

The Board certifies that the Preliminary Review and Notice of Exemption has been prepared and completed in compliance with the California Environmental Quality Act and the State Guidelines.

The Board finds that the project Preliminary Review and Notice of Exemption identifies the following significant effects:

N/A

The Board further finds that for each of these significant effects.

N/A Changes or alterations have been required in, or incorporated, into the project which mitigate or avoid the significant environmental effects thereof as identified in the Final EIR.

N/A Such changes or alterations are within the responsibility and jurisdiction of a public agency other than the District. Such changes have been adopted by such other agency or can and should be adopted by such other agency.

N/A Specific economic, social, or other considerations make infeasible the mitigation measures or project alternatives identified in the Final EIR.

Based upon the foregoing, and upon compliance with District regulations and requirements, as applicable, the project is hereby:

\_\_\_\_\_ Approved

\_\_\_\_\_ Disapproved

The District Manager of West Bay Sanitary District is directed to prepare a Notice of Exemption pursuant to the provisions of the State Guidelines Implementing the California Environmental Quality Act adopted by Resolution No. 1105 of this District Board. The District Manager is ~~(further)~~ (not) directed to prepare and file a Statement of Overriding Consideration pertaining to the approval of this project pursuant to the provisions of the same Guidelines.

\*\*\*\*\*

Passed and adopted by the District Board of West Bay Sanitary District at a regular meeting thereof held on the 11<sup>th</sup> day of March 2020, by the following vote:

Ayes:

Noes:

Abstain:

Absent:

\_\_\_\_\_  
President of the District Board of the  
West Bay Sanitary District of San Mateo  
County, State of California

Attest:

\_\_\_\_\_  
Secretary of the District Board of the  
West Bay Sanitary District of San Mateo  
County, State of California

## Notice of Exemption

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**To:** County Clerk  
County of San Mateo  
555 County Center  
Redwood City CA 94063

**From:** West Bay Sanitary District  
500 Laurel Street  
Menlo Park CA 94025

**Project Title:** Diesel Tanks Replacement Project

**Project Location – Specific:** Tank replacement at the District’s Los Trancos Pump Station at 63 Los Trancos Road, Portola Valley, the Menlo Industrial Pump Station at 1002 Hamilton Court, Menlo Park, the Stowe Lane Pump Station at 17 Stowe Lane, Menlo Park, and delivery of a spare tank at the District’s Flow Equalization & Resource Recovery Facility at 1700 Marsh Road, Menlo Park

**Project Location – City:** Menlo Park & Portola Valley

**Project Location – County:** San Mateo & Santa Clara

**Description of Project:** The project consists removal and replacement of three - 240 gallon diesel fuel tanks and the supply of one additional spare tank.

**Name of Public Agency Approving Project:** West Bay Sanitary District

**Name of Person or Agency Carrying Out Project:** West Bay Sanitary District

**Exempt Status:**

CEQA Guidelines Section 15601(b)(3), General Rule;  
Categorical Exemption: Class 1 – Section 15301(b), Existing Facilities, and Class 2 – Section 15302(c), Replacement or Reconstruction.

**Reasons why project is exempt:**

This project is exempt from CEQA because it can be “seen with certainty that there is no possibility that the activity in question may have a significant impact on the environment.” This certainty is based on the District’s past experience with numerous sewer construction and rehabilitation projects of this nature, and the mitigated measures included in all such projects to alleviate any impacts.

Most project elements also are exempt as minor alteration and repair of existing public facilities or topographical features involving negligible or no expansion of use beyond that previously exist.

**Lead Agency:** West Bay Sanitary District

**Lead Agency Contact Person:** Phil Scott (650) 321-0384

\_\_\_\_\_  
Signature Date: \_\_\_\_\_ Title: District Manager

## “PRELIMINARY REVIEW”

### DIESEL TANKS REPLACEMENT PROJECT MENLO PARK & PORTOLA VALLEY, CALIFORNIA

March 3, 2020

INTRODUCTION. At the March 11, 2020 District Board Meeting, the Board will consider the authorization for the filing of a California Environmental Quality Act (CEQA) “Notice of Exemption” for the project. The District proposes this project.

EXEMPTION REVIEW. In compliance with CEQA Guidelines, this “preliminary review” of the Tank Replacement Project was conducted to determine whether the project is exempt from CEQA. Based on this review, staff has concluded that the project is exempt from CEQA under several sections of the guidelines. In summary, the project would not have any significant impacts on the environment because it will employ mitigation measures to alleviate any impacts.

This preliminary review presents and elaborates upon the rationale for the conclusions reached by staff.

Staff has concluded that all project elements are exempt under CEQA Guidelines section 15061(b)(3) (known as the “General Rule”), since it can be “seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.”

This certainty is based on the District’s past experience with numerous construction projects of this nature, and the mitigation measures included in all such projects to alleviate any impacts.

Past Experience. The District has completed many miles of sewer construction projects and pump station rehabilitation projects in residential and commercial areas throughout Atherton, Menlo Park, Portola Valley, the County of Santa Clara and the County of San Mateo, including the project areas. While construction-related impacts on land use, traffic, noise, air quality, erosion, drainage, public safety, and cultural resources can occur, no significant environmental impacts have resulted from this work.

The reasons these have been “less-than-significant” include the short-term nature of construction activities, application of the District’s standard construction mitigation measures, good community relations outreach programs to inform project area residents of construction activities, and active coordination with local jurisdictions.

Construction Mitigation Measures. Specific impact mitigation measures will be included in the proposed project to avoid, minimize, reduce, or rectify for construction-related impacts. These measures are used on all District construction projects and will be required in the project plans and specifications. The measures address dust control; erosion control; noise control; protection of soils; provision for adequate drainage; protection and restoration of structures; precautions for working near sensitive and unique vegetation, protection and restoration of vegetation, landscaping, and improvements; public health and safety precautions; community notifications; traffic control, and preservation of cultural resources.

Staff has concluded that most project elements are “categorically exempt” under CEQA Guidelines Section 15301(b) (existing facilities); or Section 15302(c) (replacement or reconstruction). These exemptions require repair, maintenance, or minor alteration of existing structures or facilities.

The Project area consists three pump stations as described above, and delivery of the spare tank at the fourth location described above, removal and replacement of three tanks and the installation and setup necessary for such applications. All work will be per the manufacturer's recommendations and District standards.

CONCLUSION. Based on the information presented herein, staff has concluded that the Diesel Tanks Replacement Project is exempt from CEQA under the CEQA Guidelines Section 15061(b)(3) (the General Rule), and that most project elements are also exempt under CEQA Guideline Section 15301(b), (existing facilities) or Section 15302(c), (replacement or reconstruction).





**WEST BAY SANITARY DISTRICT  
AGENDA ITEM 9**

**To: Board of Directors**

**From: Phil Scott, District Manager**

**Subject: Discussion and Direction on Recycled Water Projects – Sharon Heights and Bayfront, Including Project Status**

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A discussion will be held on the Recycled Water Projects – Sharon Heights and Bayfront Facility and other events related to the recycled water project including financing, design/build issues and grant applications. The Board will have opportunity to provide direction to staff and legal counsel.

The following is a disclosure statement required for any document, written report or brochure prepared in whole or in part pursuant to the Finance Agreement with the State Water Resources Control Board for the West Bay Sanitary District Recycled Water Project - Sharon Heights:

*Funding for this project has been provided in full or in part through an agreement with the State Water Resources Control Board. California's Clean Water State Revolving Fund is capitalized through a variety of funding sources, including grants from the United States Environmental Protection Agency and state bond proceeds. The contents of this document do not necessarily reflect the views and policies of the foregoing, nor does mention of trade names or commercial products constitute endorsement or recommendation for use.*

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**WEST BAY SANITARY DISTRICT  
AGENDA ITEM 10**

**To: Board of Directors**

**From: Phil Scott, District Manager**

**Subject: Report & Discussion on South Bayside Waste Management Authority (SBWMA)**

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The District's representative to South Bayside Waste Management Authority (SBWMA), President Fran Dehn, will report on any pertinent items regarding SBWMA business.

# 2020 LONG RANGE PLAN (2020-2024) APPROVAL

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SBWMA BOD MEETING  
FEBRUARY 27<sup>TH</sup>, 2020



A Public Agency

# Summary of Changes

- **Main Long Range Plan changes:**

- Added drivers and 8 icons
- Revised (greened) Mission, and Principles and Objectives
- Expanded Sections beyond Collection/Processing
- Details condensed to summary/projections

- **Feedback used to refine focus areas and design**



Concept	Symbol
Cost	
GHG Emissions	
Reduction and Reuse	
Recycling and Composting	
Policies	
Contracts	
Collaboration	
Education and Outreach	

and San Carlos proved successful. Bins and signage were added and improved (see figure 16) and resulting public participation, diversion, contamination and operational impacts and costs were assessed, showing comprehensive text/image-heavy messaging is preferable to simple messaging. In May 2019, the Board also directed the cost-effective scale-up of public spaces bin/messaging, pending collaboration with Recology.

Figure 15. Advising students on sorting at Hoover Community School, Redwood City (left) and In-Schools Pilot data from September 2018 to April 2019 (right).



# Major Feedback and Revisions

- **Board feedback on Mission/Principles and Objectives changes:**
  - Keep cost-effectiveness emphasis in both
  - Add Triple Zero environmental, policy, education and other points of emphasis
- **Major TAC/survey feedback on:**
  - More focus on waste reduction/reuse overview, SB 1383 requirements, and financial management
  - Less focus on Schools/Public Spaces pilots, Facilities additional topics

# Program and Timing Summary Table

## D. Program Timing (Table 1)

Programs/Timing	2020	2021	2022	2023	2024
<b>Waste Reduction/Reuse Programs</b>					
<b>Programs with Local Partners</b>	<ul style="list-style-type: none"> <li>Reduction reporting</li> <li>SMCOOS Foodware Ordinance support</li> </ul>	<ul style="list-style-type: none"> <li>Reduction reporting</li> <li>SMCOOS Food Recovery support</li> </ul>	<ul style="list-style-type: none"> <li>Reduction reporting</li> <li>SMCOOS Food Recovery support</li> </ul>	<ul style="list-style-type: none"> <li>Reduction reporting</li> <li>Electronics Right-to-Repair policy sponsorship</li> </ul>	<ul style="list-style-type: none"> <li>Reduction reporting</li> <li>Reusable Packaging Campaign</li> </ul>
<b>Collection Programs</b>					
<b>Franchise Agreement Outreach Activities</b>	<ul style="list-style-type: none"> <li>2019-20 PubEd Plan</li> <li>MFD/Commercial 1383 organics focus</li> </ul>	<ul style="list-style-type: none"> <li>2021-23 PubEd Plan</li> <li>MFD/Commercial 1383 organics focus</li> </ul>	<ul style="list-style-type: none"> <li>2021-23 PubEd Plan</li> <li>Meet 1383 mandate: 50% organics diversion</li> </ul>	<ul style="list-style-type: none"> <li>2021-23 PubEd Plan</li> <li>MFD/Commercial 1383 organics focus</li> </ul>	<ul style="list-style-type: none"> <li>2024-26 PubEd Plan</li> <li>Meet 1383 mandate: 75% organics diversion</li> </ul>
<b>Franchise Agreement SB 1383 Elements</b>	<ul style="list-style-type: none"> <li>Amendments to organics collection monitoring</li> </ul>	<ul style="list-style-type: none"> <li>Plan organics collection monitoring</li> </ul>	<ul style="list-style-type: none"> <li>Initiate organics collection monitoring</li> </ul>	<ul style="list-style-type: none"> <li>Expand organics collection monitoring</li> </ul>	<ul style="list-style-type: none"> <li>Expand organics collection monitoring</li> </ul>
<b>SB 1383 Enforcement and other Elements</b>	<ul style="list-style-type: none"> <li>Draft Model Ordinance, Organics Procurement Policy</li> <li>Pilot enforcement</li> </ul>	<ul style="list-style-type: none"> <li>Ordinance and Organics Procurement Policy support</li> <li>Scale-up enforcement</li> <li>SBR and compost waste evaluations</li> </ul>	<ul style="list-style-type: none"> <li>Full enforcement, fines, container inspections, food recovery, organics procurement etc.</li> </ul>	<ul style="list-style-type: none"> <li>Full enforcement, fines, container inspections, food recovery, organics procurement etc.</li> </ul>	<ul style="list-style-type: none"> <li>Full enforcement, fines, container inspections, food recovery, organics procurement etc.</li> </ul>
<b>Collection Fleet Fuel Conversion</b>	<ul style="list-style-type: none"> <li>Continue alternative fuel conversion planning</li> </ul>	<ul style="list-style-type: none"> <li>Start procuring trucks, fuel station</li> </ul>	<ul style="list-style-type: none"> <li>Ramp up truck, fuel station procurement/install</li> </ul>	<ul style="list-style-type: none"> <li>Continue truck, fuel station procurement/install</li> </ul>	<ul style="list-style-type: none"> <li>Finish truck, fuel station procurement/install</li> </ul>
<b>Safe Battery Collection</b>	<ul style="list-style-type: none"> <li>Outreach campaign and reach more MFDs</li> </ul>	<ul style="list-style-type: none"> <li>Outreach campaign and reach more MFDs</li> </ul>	<ul style="list-style-type: none"> <li>Outreach campaign and reach more MFDs</li> </ul>	<ul style="list-style-type: none"> <li>Outreach campaign and reach more MFDs</li> </ul>	<ul style="list-style-type: none"> <li>Outreach campaign and reach more MFDs</li> </ul>
<b>EPR Policy Targets</b>	<ul style="list-style-type: none"> <li>Continue sponsoring AB 1509</li> </ul>	<ul style="list-style-type: none"> <li>Propose packaging bills</li> </ul>	<ul style="list-style-type: none"> <li>Propose other bills</li> </ul>	<ul style="list-style-type: none"> <li>Propose other bills</li> </ul>	<ul style="list-style-type: none"> <li>Propose other bills</li> </ul>
<b>Collection Pilot Programs</b>	<ul style="list-style-type: none"> <li>Scale up Schools Pilot</li> <li>Scale up Public Spaces Pilot</li> </ul>	<ul style="list-style-type: none"> <li>Scale Schools Pilot</li> <li>Review Public Spaces Pilot</li> </ul>	<ul style="list-style-type: none"> <li>Scale Schools Pilot, full program review</li> </ul>	<ul style="list-style-type: none"> <li>Scale Schools Pilot</li> <li>Pilot Tours extension</li> </ul>	<ul style="list-style-type: none"> <li>Scale Schools Pilot</li> </ul>
<b>Processing and Transfer Station Programs</b>					
<b>MRF Improvements Phase 1-2/maintenance</b>	<ul style="list-style-type: none"> <li>Complete Phase 1 projects</li> <li>Stormwater treatment</li> </ul>	<ul style="list-style-type: none"> <li>Start Phase 2 projects</li> </ul>	<ul style="list-style-type: none"> <li>Finish Phase 2 and tunnel repair projects</li> </ul>	<ul style="list-style-type: none"> <li>Maintenance projects, e.g. floor resurfacing</li> </ul>	<ul style="list-style-type: none"> <li>Maintenance projects</li> </ul>
<b>Organics-to-Energy Processing</b>	<ul style="list-style-type: none"> <li>Pilot installation and operations</li> </ul>	<ul style="list-style-type: none"> <li>Plan and initiate full-scale installation</li> </ul>	<ul style="list-style-type: none"> <li>Full scale installation and operations</li> </ul>	<ul style="list-style-type: none"> <li>Potential full-scale operations</li> </ul>	<ul style="list-style-type: none"> <li>Potential full-scale operations</li> </ul>
<b>Contracts (Operations, Landfill, C&amp;D debris &amp; Organics)</b>	<ul style="list-style-type: none"> <li>RFP for and secure new Organics Agreement</li> <li>Initiate C&amp;D debris Agreement extension</li> </ul>	<ul style="list-style-type: none"> <li>Pursue Ox Mtn. land lease</li> <li>C&amp;D debris Agreement RFP and secure new contract</li> </ul>	<ul style="list-style-type: none"> <li>Consider other Organics processors and Operations Agreement extensions</li> </ul>	<ul style="list-style-type: none"> <li>Operations RFP/re-negotiation</li> <li>Consider Organics Agreement extension</li> </ul>	<ul style="list-style-type: none"> <li>Organics Agreement RFP and secure new contract</li> </ul>
<b>Operations and Management Programs</b>					
<b>Battery Risk and Facilities Master Planning</b>	<ul style="list-style-type: none"> <li>Harden MRF &amp; Disaster Plan/training</li> </ul>	<ul style="list-style-type: none"> <li>Continue other Facilities Master Planning activities</li> </ul>	<ul style="list-style-type: none"> <li>Pursue Sea Level Rise Assessment</li> </ul>	<ul style="list-style-type: none"> <li>Follow Sea Level Rise Assessment recomm.</li> </ul>	<ul style="list-style-type: none"> <li>Follow Facilities Master Planning recomm.</li> </ul>
<b>Env. Educ. Center</b>	<ul style="list-style-type: none"> <li>Target messaging</li> </ul>	<ul style="list-style-type: none"> <li>Target messaging</li> </ul>	<ul style="list-style-type: none"> <li>Revamp events</li> </ul>	<ul style="list-style-type: none"> <li>Revamp events</li> </ul>	<ul style="list-style-type: none"> <li>Revamp events</li> </ul>
<b>Facilities Pilots</b>	<ul style="list-style-type: none"> <li>Pursue land lease</li> </ul>	<ul style="list-style-type: none"> <li>Pursue Reuse Park</li> </ul>	<ul style="list-style-type: none"> <li>Pursue site greening</li> </ul>	<ul style="list-style-type: none"> <li>Pursue energy storage</li> </ul>	<ul style="list-style-type: none"> <li>Update GHG inventory</li> </ul>

# Waste Reduction and Reuse Programs

- Reporting on reduction in per-capita waste generation
- Supporting San Mateo County Office of Sustainability Foodware Reduction Ordinance and Food Recovery
- Electronics Right-to-Repair policy sponsorship
- Reusable Packaging Support campaign



# Collection Programs

- Franchise Agreement Outreach with Public Education Plan
  - Multi-Family Dwelling/Commercial focus
- CA Senate Bill 1383 compliance
  - Paired with expanded organics collection, monitoring, enforcement
- Collection fleet alternative fuel conversion
- Expanded battery collection and outreach
- Continued Extended Producer Responsibility bill sponsorship
- Expansion of Collection In-Schools and Public Spaces pilots

# Processing and Transfer Station Programs

- Materials Recovery Facility recycling equipment improvements (Phases 1-2 and maintenance projects)
- Organics-to-Energy pilot then full-scale implementation
- Extension, RFP, options considerations or other processes for key contracts:
  - Processing/Operations, Landfill Disposal, Construction and Demolition (C&D) debris and Organics processing

# Operations and Management Programs

- Facilities Master Planning:
  - Battery safe handling
  - Disaster/sea level rise risk planning activities
- Environmental Ed center messaging/event improvements
- Potential various Facilities-based pilot programs

# Timeline for Plan Input/Approval

Table 3. Stakeholder Meetings, Involvement and Results.

Date	Meeting or Activity	Results
March 12	Public Education and Outreach Committee meeting	<b>Input session #1:</b> Suggested engagement/collaboration strengthening, topic headings, and other improvements
March 14	TAC meeting	<b>Input session #2:</b> Prioritized and edited/added to topics in Plan Outline, in-person and via survey
March 28	Zero Waste Committee meeting	<b>Input session #3:</b> Capital Improvement Planning, refined Mission and Principles and Objectives
April 11	Finance Committee meeting	<b>Input session #4:</b> Refined Mission and Principles and Objectives
April 15	Public Education and Outreach Committee meeting	<b>Input session #5:</b> Refined Pilot Programs and Outreach Plan sections
April 16	Franchised Hauler (Recology) Input Session	<b>Input session #6:</b> Refined Collection Section and other activities/focus areas
April 19	Contracted Processor (SBR) Input Session	<b>Input session #7:</b> Refined Processing and Operations Section and other activities/focus areas
May 9	TAC meeting	<b>Input session #8:</b> Discussed process, incorporating feedback, Mission and Principles and Objectives, and timeline to develop draft and final Plan
May 31	TAC and Contractors receive first draft of Plan	<b>Input from all four Committees and major Contractors:</b> processed into first draft for TAC review
June 6	TAC meeting	<b>Input session #9:</b> Draft Plan review and discussion
November 7	Board/TAC Study Session	<b>Input session #10:</b> Board's first review of Draft Plan
November 21	Board of Directors meeting	<b>Input session #11:</b> Board feedback on Plan, Mission and Principles and Objectives
February 27, 2020	Board of Directors meeting	<b>2020 Long-Range Plan Consideration:</b> Board approval of Plan, and its subsequent implementation



**WEST BAY SANITARY DISTRICT  
AGENDA ITEM 11**

**To: Board of Directors**

**From: Phil Scott, District Manager**

**Subject: Report & Discussion on Silicon Valley Clean Water (SVCW),  
Including Discussion on SVCW CIP Program and Financing**

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The District's representative to Silicon Valley Clean Water (SVCW), George Otte, will report on as any pertinent items regarding SVCW including Operations, CIP and Finance.

Rev: **RS**

Revision Date: 3/09/2020

Issue Date: 7/20/92

Approved by the SVCW Commission at the Meeting held on January 27, 2020 by Resolution No. SVCW 20-07

**SUBJECT:**    Silicon Valley Clean Water Investment Policy and Guidelines

**PURPOSE:**

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

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

**SCOPE:**

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

**RESPONSIBILITIES:**

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

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

**POLICY:**

**I.    INTRODUCTION**

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

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

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

**II.   STANDARD OF CARE**

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

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

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

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

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

**Market risk:** Defined as market value fluctuations due to overall changes in the general level of interest rates, will be mitigated by structuring the investment portfolio so that securities mature to meet the cash requirements for ongoing operations, thereby limiting the need to sell securities prior to maturity.

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

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

#### **IV. AUTHORIZATION TO INVEST AND DELEGATION OF AUTHORITY**

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

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

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

#### **V. CASH FLOW AND AVAILABILITY**

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

#### **VI. ACCEPTABLE INVESTMENT INSTRUMENTS**

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

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

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

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

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

1. **U.S. Treasury Obligations.** United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.
2. **U.S. Federal Agency Obligations.** Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully



guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

3. **California State and Local Agency Obligations.** Obligations of the State of California or any local agency within the state, including bonds payable solely out of revenues from a revenue-producing property owned, controlled, or operated by the state or any local agency or by a department, board, agency, or authority of the state or any local agency. Obligations eligible for investment under this subdivision with maturities in excess of one year must be rated "A," its equivalent, or better by ~~two~~a Nationally Recognized Statistical Rating Organizations ("NRSROs"). 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, collectively.

4.5. **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.

5.6. **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.

6.7. **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.

7.8. **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.

**8.9. 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 (q), 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 programwide credit enhancements including, but not limited to, overcollateralization, letters of credit, or a surety bond.

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

**11. Negotiable Certificates of Deposit.** Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a federally licensed or state-

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

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

12. **Asset-Backed Securities (ABS).** A mortgage passthrough security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable passthrough certificate, or consumer receivable-backed bond. Securities eligible for investment under this subdivision shall be rated in a rating category of "AAA" or its equivalent or better by an NRSRO and have a maximum remaining maturity of five years or less.

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

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

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

## **VII. PROHIBITED INVESTMENTS**

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

## **VIII. MAXIMUM MATURITY OF INVESTMENTS**

Maturities will be based on a review of cash flow forecasts. Maturities will be scheduled to permit the Authority to meet all projected obligations. The purchase of U.S. Treasury obligations, U.S. federal agency and government-sponsored enterprise (GSE) obligations, and California state and local agency obligations and other state obligations (subsections VI. 1, 2, 3, and 4 above) with maturities in excess of five years is permitted, subject to the following constraints: U.S. Treasury, federal agency/GSE, and California state and local agency obligations and other state obligations shall have a maximum remaining maturity at time of

purchase of eleven years or less, and federal agency/GSE mortgage-backed securities (including pass-throughs and CMOs) shall have a maximum remaining average life of ten years or less. This change to the investment program was authorized at the June 17, 2019 meeting of the SVCW Commission.

#### **IX. BROKER/DEALERS AND FINANCIAL INSTITUTIONS**

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

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

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

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

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

#### **X. REPORTS TO COMMISSION**

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

#### **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.

## FISCAL YEAR 2020-21 ANNUAL OPERATING AND CAPITAL EXPENDITURES BUDGET

### ISSUE

Receive presentation on the Fiscal Year 2020-21 Proposed Annual Operating and Capital Expenditures Budget

### BACKGROUND

Prior to May 1 of each calendar year, Silicon Valley Clean Water must adopt an Operating and Capital Expenditures Budget (Budget) for the upcoming Fiscal Year. The Budget outlines revenues needed for operations, maintenance, administration and compliance monitoring activities. Furthermore, it describes additional cash flow requirements to meet capital projects, debt service, and cash reserve needs.

The long-term Capital Improvement Program (CIP), originally developed in 2008 and most recently updated in January 2020, identifies the funds needed for both capital replacement projects (depreciation) and system improvements projects. This budget incorporates the long-term impact of capital expenditures and proposes a funding strategy for the CIP. The CIP funding strategy incorporates analysis from the January 2020 Long Range Financial Plan update.

### DISCUSSION

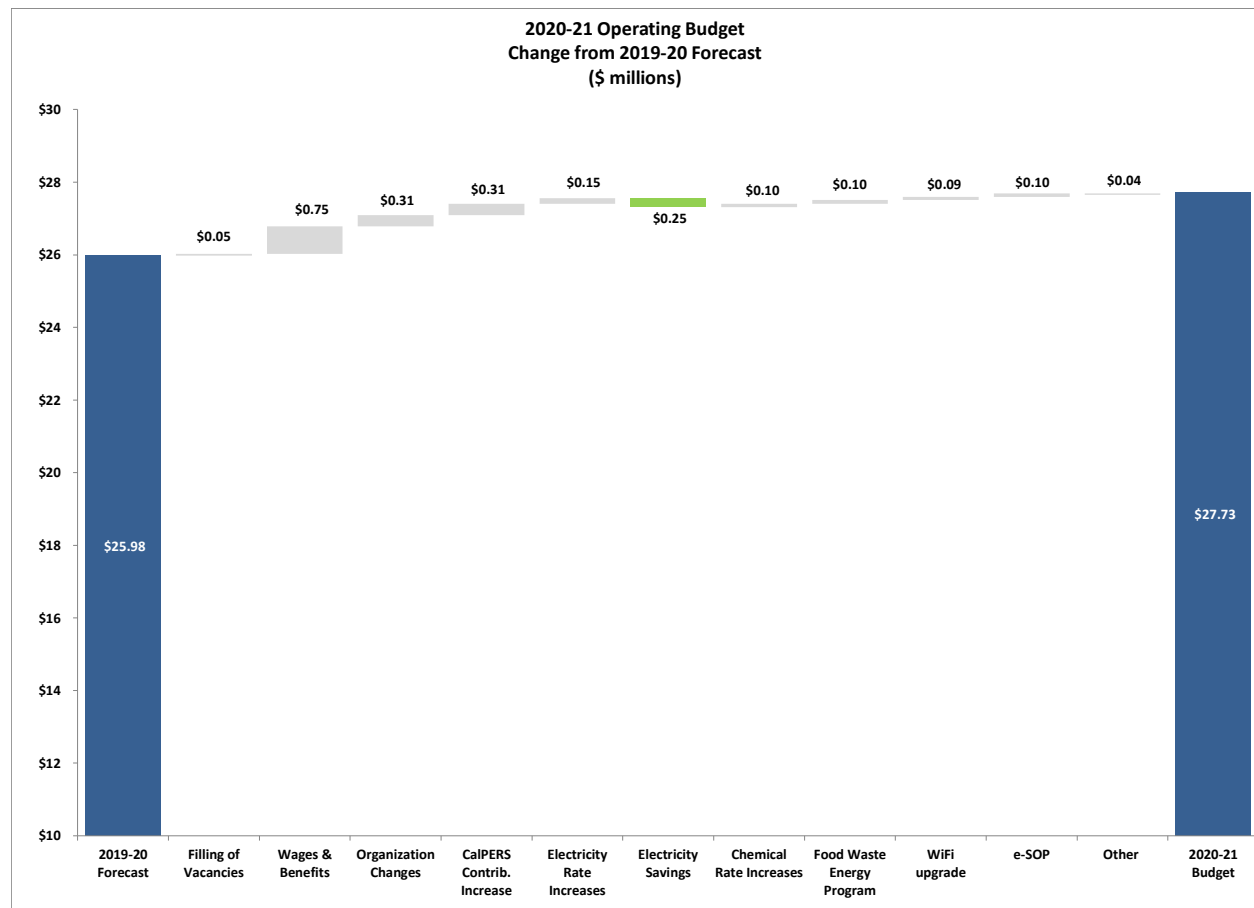
The 2020-21 Budget anticipates Total Member Contributions will increase by \$861.9 thousand, or 1.79%. The Budget allots \$26.6 million for Net Operating Expenses and \$1.29 million for Revenue-Funded Capital projects next year. Reserve Designations are aligned with Agency policy and include \$1.52 million in contributions. Debt Service Payments are budgeted to be \$19.65 million.

Year-over-year Budgeted Member Entity Contributions				
Description	2019-20 Adopted Budget	2020-21 Proposed Budget	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Gross Operating Expenses	\$ 26,268,777	\$ 27,728,484	\$ 1,459,707	5.56%
Less: Miscellaneous Revenue	(1,059,500)	(1,099,500)	40,000	3.78%
<b>Contributions, Net Operating Expenses</b>	<b>\$ 25,209,277</b>	<b>\$ 26,628,984</b>	<b>\$ 1,419,707</b>	<b>5.63%</b>
Add: Revenue-Funded Capital Projects	1,684,325	1,295,500	(388,825)	(23.08%)
<b>Contributions, Before Reserves &amp; Debt Service</b>	<b>\$ 26,893,602</b>	<b>\$ 27,924,484</b>	<b>\$ 1,030,882</b>	<b>3.83%</b>
Add: Reserve Designations	1,052,583	1,524,866	472,283	44.87%
Add: Debt Service, Participating members	20,287,459	19,646,217	(641,242)	(3.16%)
<b>Contributions, Total</b>	<b>\$ 48,233,644</b>	<b>\$ 49,095,567</b>	<b>\$ 861,923</b>	<b>1.79%</b>

## Operating Budget:

Specific to the operating budget only, the following table and chart compares next year's Proposed Operating Budget to 2019-20's forecasted expenditures. Comments below explain certain inflationary pressures as well as savings planned for next year.

Silicon Valley Clean Water Expenditure Summary - By Objective						
Description	2018-19	Adopted	2019-20	Proposed	\$	%
	Actual	2019-20 Budget	Forecast	2020-21 Budget	Incr/(Decr) v. Forecast	Incr/(Decr) v. Forecast
Personnel	\$ 16,671,032	\$ 16,617,606	\$ 16,448,116	\$ 17,853,205	\$ 1,405,089	8.5%
Utilities	1,482,703	1,707,756	2,006,739	1,733,449	(273,290)	(13.6%)
Administrative Expenses	535,838	516,149	397,839	623,021	225,182	56.6%
Equipment & Supplies Expense	2,535,814	2,552,722	2,571,085	2,599,502	28,417	1.1%
Chemicals	1,105,788	1,697,916	1,590,201	1,703,871	113,670	7.1%
Professional & Contractual Services	2,669,282	2,760,886	2,653,955	2,820,575	166,620	6.3%
Training, Memberships, Travel	347,063	415,742	310,599	394,861	84,262	27.1%
<b>TOTAL</b>	<b>\$ 25,347,520</b>	<b>\$ 26,268,777</b>	<b>\$ 25,978,534</b>	<b>\$ 27,728,484</b>	<b>\$ 1,749,950</b>	<b>6.7%</b>



- Personnel costs will increase by \$1.41 million, or 8.5% compared to the 2019-20 Forecast. Approximately \$50 thousand of this increase is due to a vacant position during the first half of 2019-20. The remaining increase is largely due to \$750 thousand of cost-of-living and step adjustments, a \$313 thousand increase in CalPERS-required contribution rates, and \$311 thousand for organizational changes to support succession planning.
- Despite anticipated rate increases from PG&E for electricity, utilities costs will decrease by \$273 thousand compared to the Forecast, or 13.7%. During fiscal year 2019-20 PG&E imposed a retroactive billing adjustment associated with the new switchgear and meter at the treatment plant. This one-time charge of \$350 thousand will not reoccur.
- Administrative Expense will increase by \$225 thousand (56.6%); comprised of a \$100 thousand increase in annual permit fees and \$58 thousand included for public outreach (public outreach was not budgeted for fiscal year 19-20 and should be included in the upcoming year's budget).
- Chemicals will increase by \$101.2 thousand, or 6.4%, as chemical prices increase.
- Professional & Contractual Services will increase by \$86.6 thousand, or 3.3%, the majority of which is to begin implementation of a new electronic Standard Operating Procedures ("smart-SOP") program. Smart-SOP is a cloud-based solution to provide consistent instructions and training to operators.
- Training, Memberships, and Travel will increase by \$84 thousand (27.1%). In response to changes in labor law, SVCW temporarily suspended training and travel early in the 2019-20 fiscal year as it amended a Standard Administrative Procedure associated with travel. The organization expects ordinary training and education practices next fiscal year.



## Revenue-Funded Capital:

Revenue-Funded Capital Expenditures funds individual capital projects less than \$1 million each that can be completed within one year. These projects address immediate needs for equipment and facilities and typically include minor construction projects, major maintenance projects, and preliminary engineering analysis for major capital improvements. The proposed budget includes revenue-funded capital expenditures of \$1.29 million.

Proposed 2020-21 Revenue-Funded Capital Expenditures	
Project Name	One-time Cost
Rebuild dewatering Fournier filter presses #1 and #2	\$ 250,000
Replace IT Business Network Access Switches	204,000
Install Crane / Monorail system for Solids Handling Bldg Equipment	200,000
Purchase replacement Bio-Solids Dump/Transfer Truck	140,000
Replace cogeneration engines' generator units	87,500
Expand emergency alert and surveillance system at Treatment Plant	85,000
Upgrade Primary Sedimentation Tank equipment	65,000
Improve Front Gate controls	60,000
Improve loading slab at biosolids loading area	50,000
Facility Reconfigurations	50,000
Replace Laboratory Automated BOD Analyzer	48,000
Replace fleet equipment, Environmental Services pickup truck	34,000
Purchase Dranetz Energy Power Monitoring Equipment	22,000
<b>TOTAL</b>	<b>\$ 1,295,500</b>

- Fournier Press rebuild: The Fournier filter presses, used to remove water from biosolids prior to disposal, have exhibited wear of certain parts over time. This wear damaged the filter screens and must be addressed. To reduce the wear on screens in the future, more frequent maintenance of the Fournier Presses is now in place.
- The Information Technology business network includes eight access switches throughout the treatment plant that were installed in 2012 and are now at end-of-life.
- A crane system is proposed for the basement of the Solids Handling Building where recently-installed equipment must be maintained. This equipment includes rotary drum thickeners, large pumps, and electrical control panels. With a crane system, mechanics can perform maintenance safely and efficiently.

- A current dump truck, used for biosolids transfer to drying beds, is frequently out of service and jeopardizes the operation. A replacement truck mitigates this risk and optimizes use of drying beds to reduce costs.

### **Reserves:**

Operating Reserve contributions follows policy to ensure a balance of \$3.77 million is in place by the end of the fiscal year. As investment earnings generate most of the necessary amounts, the contribution to Operating Reserves will be \$25.7 thousand in 2020-21. Separately, this Budget recognizes a required \$1.5 million contribution to Capital Improvement Program Reserves to comply with Policy.

### **Debt Service:**

SVCW's Debt structure for next fiscal year is unchanged, though debt service payments will decrease by \$641 thousand as series 2009A Wastewater Revenue Bonds were fully retired in 2019.

SVCW has to date secured approximately \$647 million of financing for CIP projects, of which \$265 million remained available at June 30, 2019. Per the January 2020 Long Range Financial Plan, remaining CIP project expenditures were \$561 million.

The January 2020 Long Range Financial Plan considered remaining CIP expenditures, their timing, and available sources of funds to recommend a debt structure that recognizes much of the remaining CIP is to be funded through a combination of governmental loans from the U.S. Environmental Protection Agency as well as the California State Water Resource Control Board.

### **RECOMMENDATION**

No Commission action is requested or required at this meeting. Staff will present information and receive direction for proposed budget modifications and return at the April SVCW Commission Meeting with an updated budget proposal to present for approval at that time.

It is anticipated the following items, or modified versions per Commission direction, will be proposed for adoption by resolution at the April 2020 Commission Meeting:

- i. FISCAL YEAR 2020-21 REVENUE PLAN IN THE AMOUNT OF \$26,628,984 IN NET OPERATING REVENUES REQUIRED AND \$1,295,500 FOR REVENUE-FUNDED CAPITAL PROJECTS
- ii. FISCAL YEAR 2020-21 CASH RESERVE DESIGNATIONS IN THE AMOUNT OF \$1,500,000 TO THE CAPITAL IMPROVEMENT PROGRAM RESERVE FUND AND \$24,866 TO THE OPERATING RESERVE FUND

- iii. FISCAL YEAR 2020-21 DEBT SERVICE EXPENDITURES IN AN AMOUNT OF \$19,646,217
  
- iv. AUTHORIZING SVCW MANAGER TO IMPLEMENT, MANAGE AND APPROVE EXPENDITURES AUTHORIZED WITHIN THE FISCAL YEAR 2020-21 ANNUAL OPERATING AND CAPITAL EXPENDITURES BUDGET AS ADOPTED BY THE SILICON VALLEY CLEAN WATER COMMISSION



# Silicon Valley Clean Water

## Investment Policy Update

**Lesley Murphy, Senior Managing Consultant**

March 16, 2020

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# **PFM's Fiduciary Duty**



# Fixed-Income Investment Philosophy is Aligned with SVCW Policy

## Philosophy

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**Safety:** Preserve capital with high-quality investments

**Liquidity:** Plan for and provide liquidity as needed

**Return:** Seek to safely increase earnings through disciplined portfolio strategy

## PFM's Approach to Portfolio Management

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Portfolios are designed to match our clients' specific investment needs.

We achieve strong results by:

1. Understanding our clients' investment objectives
2. Carefully matching maturities to the client's cash flow needs
3. Limiting investments to those of high quality
4. Selecting investments based on relative value
5. Utilizing low-risk portfolio management techniques to add value

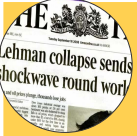






## Methods to Achieve SVCW's Investment Objectives

Objective	Achieved Through...
<p><b>Safety</b> <i>Safety of the principal</i> shall be the top priority in consideration of any investment undertaken by the CFO</p>	<ul style="list-style-type: none"><li>• High-quality investments</li><li>• Diversification by sector, issuer, and maturity</li><li>• Continuous monitoring of the creditworthiness of all investment securities</li></ul>
<p><b>Liquidity</b> The CFO shall keep the portfolio <i>sufficiently liquid</i> 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</p>	<ul style="list-style-type: none"><li>• Cash flow coordination with SVCW</li><li>• Appropriate allocation among short-term liquidity vehicles and the longer-term managed portfolios</li><li>• Investment in highly liquid securities which could readily be sold in the open market</li></ul>
<p><b>Return on Investment</b> 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 <i>attain the market rate of return</i></p>	<ul style="list-style-type: none"><li>• Duration management</li><li>• Active trading and continual evaluation of relative value among allowable sectors</li></ul>



## PFM's Longstanding Risk Management

 <b>2008 Lehman Brothers Failure</b>	 <b>2011 Japanese Tsunami</b>	 <b>2011/2012 European Debt Crisis</b>	 <b>2016 Oil Shock</b>	 <b>2016 Brexit Surprise</b>
<p><b>May 2006:</b> Last Lehman holding matured</p> <p><b>2007 Q3:</b> Placed Lehman on hold</p> <p>Portfolios were well-positioned to weather the impact of the failure</p> <p><b>Sep. 2008:</b> Restricted purchases to government securities only</p> <p>Portfolio management team focused on liquidity</p>	<p><b>March 2011:</b> Credit Committee placed all Japanese issuers on hold</p> <p>As conditions improved, issuers are re-approved</p>	<p>Monitored developments in Europe on an ongoing basis</p> <p>Some issuers are removed from credit list, others are placed on hold or restricted by maturity</p> <p>No exposure to Greece, Portugal, Italy, or Ireland</p>	<p>Placed restrictions on commodity producers early in cycle</p> <p>Restricted purchases and eliminated exposure to select lenders with outsized energy exposure</p> <p>Focused on fundamentally strong energy producers</p>	<p>Proactively identified issuers most vulnerable to Brexit</p> <p>Placed all credit purchases on hold following surprising result</p> <p>Reevaluated issuers for Brexit impacts and gradually reinstating all issuers except UK/Euro banks</p>

**Our clients have never experienced a loss of principal due to default or bankruptcy in a PFM-managed fixed income portfolio**

*Disclosure: The information presented above is based upon past experience to illustrate particular analysis or decisions in the context of market events and does not describe all credit recommendations. PFM cannot guarantee the future performance of credit analysis of any specific market.*





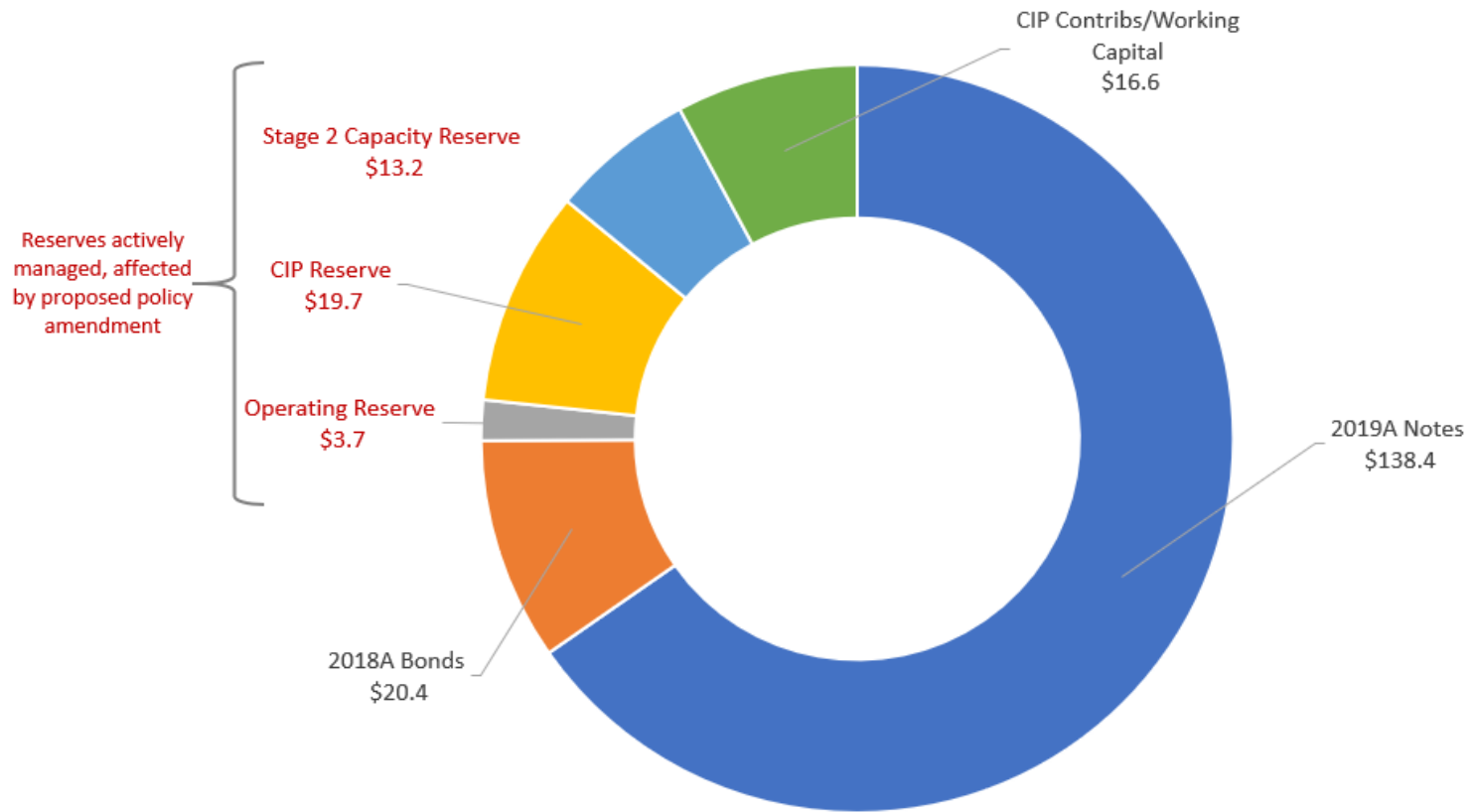
# Recommended Policy Amendments:

*Expand permitted investment language to include additional sectors as permitted by Code*



# Funds Impacted by Changes to SVCW's Policy

SVCW Cash & Investment Funds (\$ Millions)  
January 31, 2020





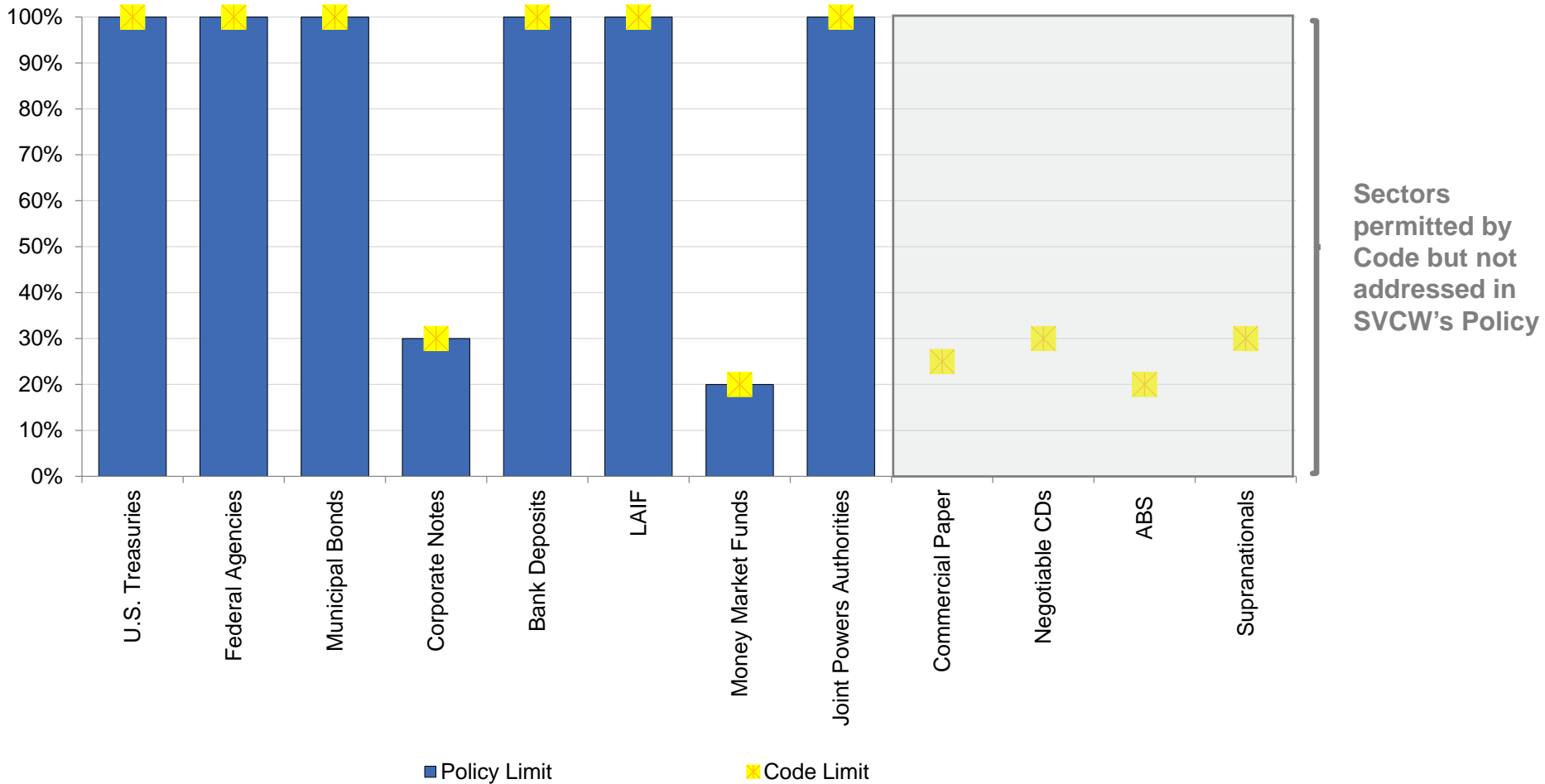
## Investment Sectors Permitted by California Government Code

		Overnight	180 Days	270 Days	1 Year	5 Years	Beyond 5 Years	
"Conventional" Fixed-Income	U.S. Treasuries	Permitted					With Prior Approval	
	Federal Agencies	Permitted					With Prior Approval	
	Municipal Securities	Permitted					With Prior Approval	
	Negotiable Certificates of Deposit	Permitted					With Prior Approval	
	Commercial Paper	Permitted			Prohibited			
	Bankers' Acceptances	Permitted		Prohibited				
	Medium-Term Corporate Bonds ("A" or Better)	Permitted					Prohibited	
	Asset-Backed Securities (ABS)	Permitted					Prohibited	
	Supranationals ("AA" or better)	Permitted					Prohibited	
	Repurchase Agreements	Permitted					Prohibited	
	Money Market Funds	Permitted	Prohibited					
Local Government Investment Pools	Permitted	Prohibited						
Broader Fixed-Income	Foreign Sovereign/Supranationals	Prohibited						
	Commercial MBS	Prohibited						
	High-Yield	Prohibited						
	Private Placements	Prohibited						
	Convertibles	Prohibited						
	Non-U.S. Dollar Investment Grade	Prohibited						
	Emerging Markets Debt	Prohibited						
Equities	Domestic Small/Mid Cap	Prohibited						
	Domestic Large Cap	Prohibited						
	Domestic Value/Growth	Prohibited						
	International Small/Mid Cap	Prohibited						
	International Large Cap	Prohibited						
	Emerging Markets	Prohibited						
Alternatives	Commodities	Prohibited						
	Real Estate	Prohibited						
	Hedge Funds	Prohibited						
	Private Equity	Prohibited						
	Venture Capital	Prohibited						
	Tangible Assets	Prohibited						

Source: California Government Code §53600, et seq.



# Investment Policy Opportunities



Sources: California Government Code §53600, et seq. and SVCW's Investment Policy dated June 17, 2019. A maximum of 50% of the portfolio may be invested in time deposits.



## PFM Recommendations: More Conservative than Code

Sector	Code Maximum Permitted Allocation	LAIF Maximum Permitted Allocation <sup>1</sup>	SVCW's Maximum Allocation Sector / Issuer	PFM's Recommended Maximum Allocation Sector / Issuer	Code Rating Requirements	PFM's Recommended Rating Requirements
<b>U.S. Treasuries</b>	100%	100%	100% / 100%	100% / 100%	None	None
<b>Federal Agencies</b>	100%	100%	100% / 100%	100% / 100%	None	None
<b>Municipals:</b> • California • Other 49 States	100%	0%	100% / 5%	30% / 5% <sup>2</sup>	None	A / A-1
<b>Corporate Notes</b>	30%	100%	30% / 5%	30% / 5% <sup>2</sup>	A	A
<b>Bank Deposits<sup>3</sup></b>	100%	100%	100% / 100%	100% / 100%	None	None
<b>LAIF</b>	\$65 million	0%	\$65 million	\$65 million	None	None
<b>Money Market Funds</b>	20%	0%	20% / 20%	20% / 20%	AAA by 2 NRSROs <sup>4</sup>	AAA by 2 NRSROs <sup>4</sup>
<b>Joint Powers Authorities</b>	100%	0%	100% / 100%	100%	None	None
<b>Commercial Paper</b>	25%	30%	0%	15% / 5% <sup>2</sup>	A-1 / P-1 / F-1	A-1 / P-1 / F-1
<b>Negotiable CDs</b>	30%	100%	0%	15% / 5% <sup>2</sup>	None	A / A-1
<b>Asset-Backed Securities</b>	20%	0%	0%	10% / 5% <sup>2</sup>	AA	AAA
<b>Supranationals</b>	30%	100%	0%	15% / 15%	AA	AA

1. Information for the permitted allocations for LAIF was sourced from PMIA's Investment Policy at: <https://www.treasurer.ca.gov/pmia-laif/answer/policy.pdf>. More details may also be found at <https://www.treasurer.ca.gov/pmia-laif/authorized.pdf>.

2. The per issuer limits shall apply across all credit sensitive sectors.

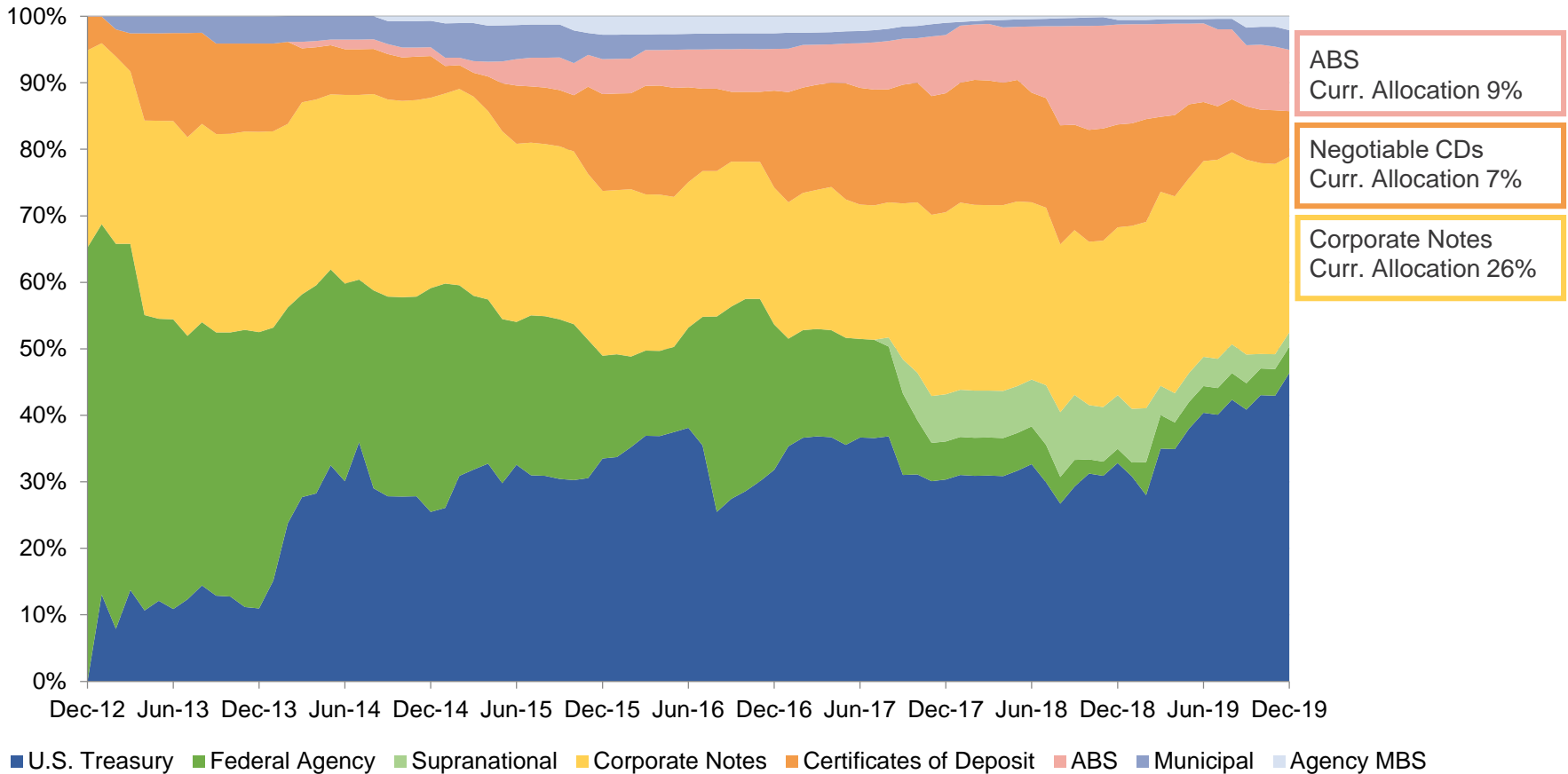
3. A maximum of 50% of the portfolio may be invested in time deposits.

4. NRSRO = Nationally Recognized Statistical Ratings Organization.



# Investment Policy Provides Upper Allocation Limits – Not Allocation Guidelines

**PFM Sample Portfolio**  
Historical Sector Allocation

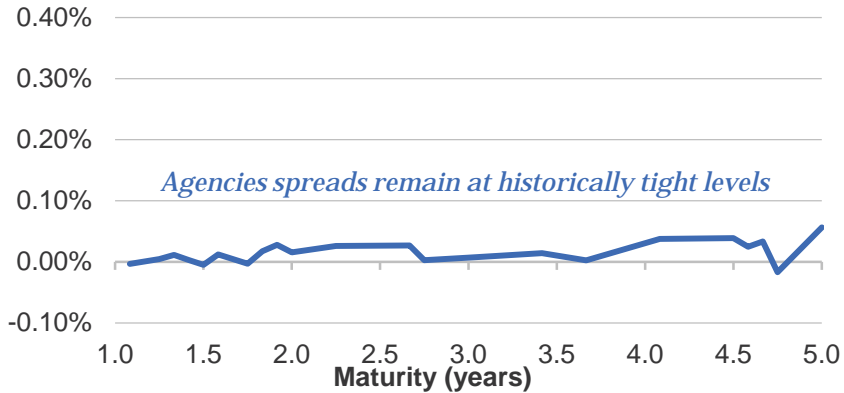


Source: PFM Sample Portfolio

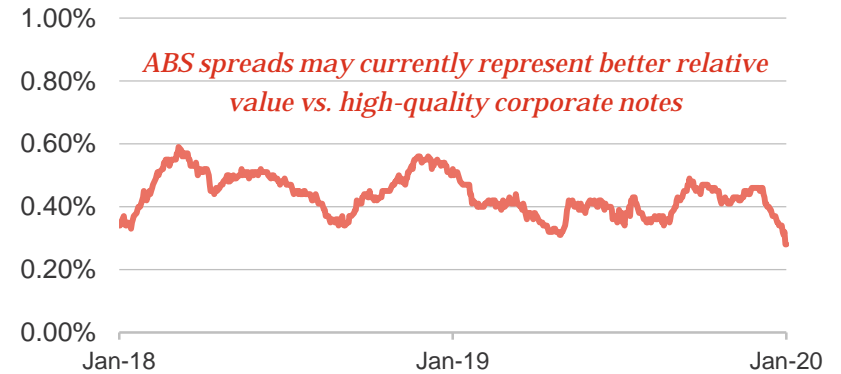


# Relative Value Opportunities

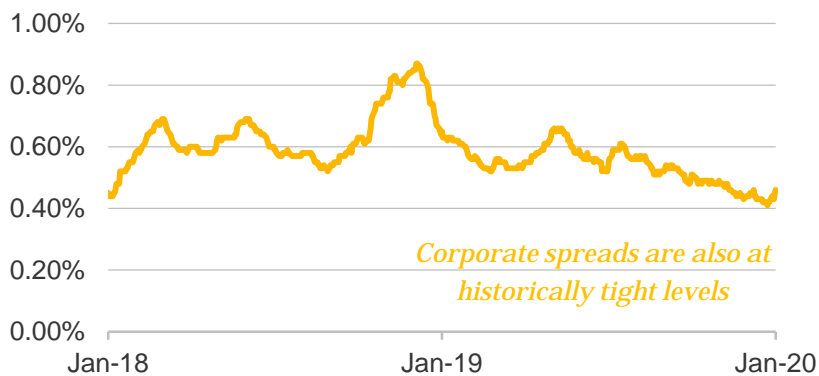
### Federal Agency Yield Spreads



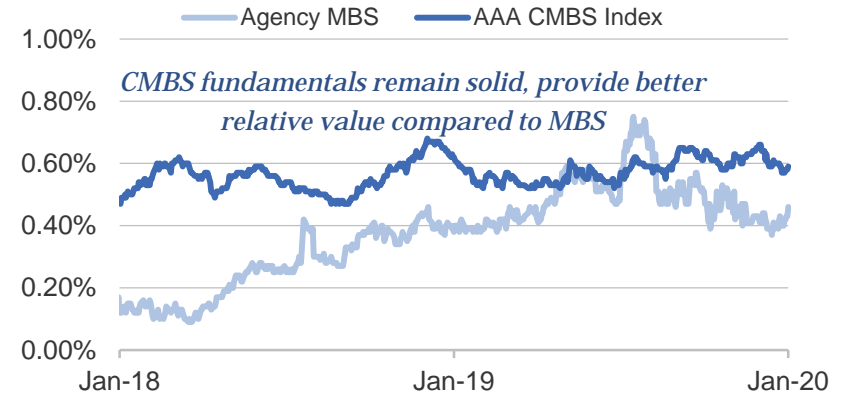
### Auto Asset-Backed Securities Yield Spreads



### Corporate Notes (1-5 yr A-AAA) Yield Spreads



### Mortgage-Backed Securities Yield Spreads

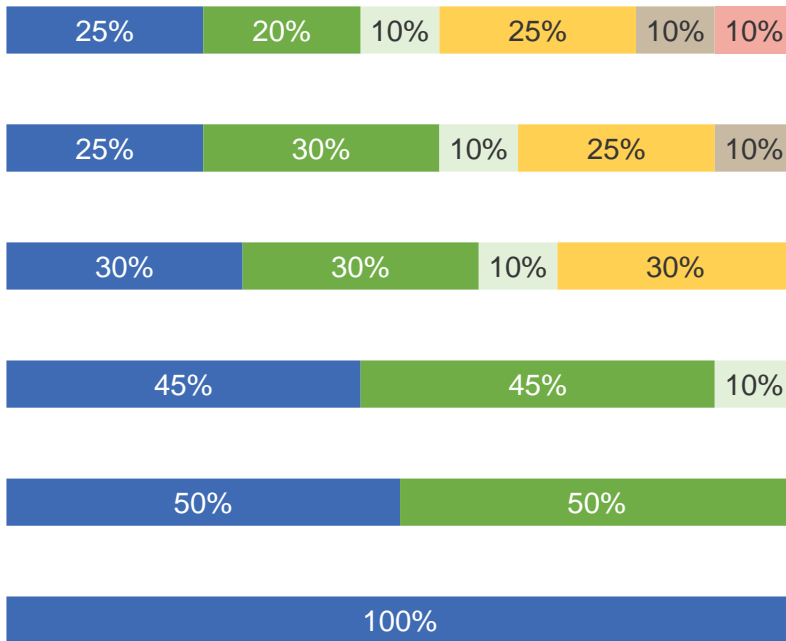


Source: ICE BofAML 1-5 year Indices via Bloomberg, MarketAxess and PFM as of January 31, 2020. Spreads on ABS and MBS are option-adjusted spreads of 0-5 year indices based on weighted average life; spreads on agencies are relative to comparable maturity Treasuries. CMBS is Commercial Mortgage-Backed Securities.

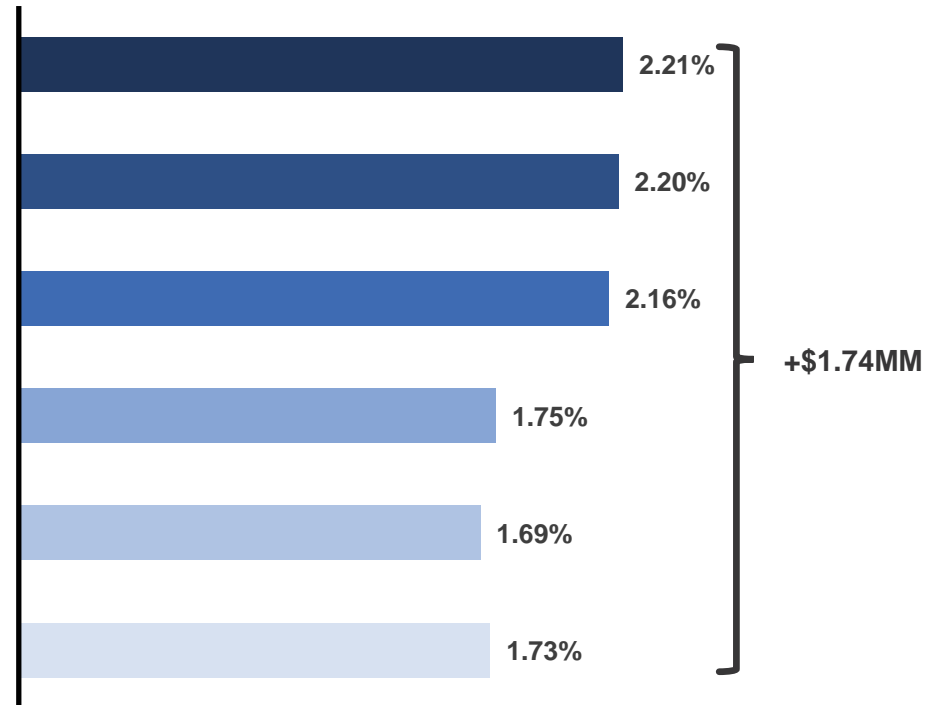


## Benefits of Diversification

Example 1-5 Year  
Portfolio Sector Allocation



10-Year Total Return  
Period Ending December 31, 2019



■ Treasury ■ Agency ■ Supranational ■ Corp (A-AAA) ■ MBS ■ ABS

Source: Bloomberg as of December 31, 2019. Example portfolio returns are based on the ICE BofAML 1-5 Year indices except for Mortgage- and Asset-Backed Securities, which use 0-5 Year indices and are annualized for trailing periods longer than one year. Incremental earnings of \$1.74 million are based on a \$30 million initial investment amount compounded over the ten year time horizon analyzed. Past performance does not necessarily reflect and is not a guaranty of future results





**Questions?**



## Disclosures

This material is based on information obtained from sources generally believed to be reliable and available to the public, however PFM Asset Management LLC cannot guarantee its accuracy, completeness or suitability. This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation. All statements as to what will or may happen under certain circumstances are based on assumptions, some but not all of which are noted in the presentation. Assumptions may or may not be proven correct as actual events occur, and results may depend on events outside of your or our control. Changes in assumptions may have a material effect on results. Past performance does not necessarily reflect and is not a guaranty of future results. The information contained in this presentation is not an offer to purchase or sell any securities.