1. SCRWA Board Meeting Agenda
   Documents:
   
   7-1-20 SCRWA AGENDA.PDF

1.I. SCRWA Board Meeting Packet
   Documents:
   
   7-1-20 SCRWA BOARD PACKET.PDF

1.I.i. SCRWA Board Minutes
   Documents:
   
   SCRWA MIN 7-1-20.PDF
THE JULY 1, 2020 MEETING WILL BE CONDUCTED PURSUANT TO THE PROVISIONS OF THE GOVERNOR’S EXECUTIVE ORDER N-29-20

PUBLIC PARTICIPATION IN THIS MEETING WILL BE LIMITED IN ORDER TO MINIMIZE THE SPREAD OF THE COVID-19 VIRUS.

MEMBERS OF THE PUBLIC MAY VIEW THE MEETING VIA THE WEBEX LINK: https://tinyurl.com/attendee-070120

AND ARE ENCOURAGED TO PARTICIPATE BY EMAIL OR TELEPHONE AS FOLLOWS:

PUBLIC COMMENTS WILL BE TAKEN VIA EMAIL gina.bonnell@jacobs.com PRIOR TO OR DURING THE MEETING AND MUST BE RECEIVED BEFORE THE CHAIRMAN OPENS PUBLIC COMMENT FOR THE ITEM. ADDITIONALLY, COMMENTS MAY BE MADE BY LEAVING A VOICE MESSAGE AT (408) 848-0480, PRIOR TO 3:30 P.M. June 30, 2020.

Important: Identify the Agenda Item Number or Public Comment in the subject line of your email. The Deputy Secretary will read the first three minutes of each email into the public record. Public testimony is subject to reasonable regulations, including but not limited to time restrictions on particular issues and for each individual speaker.

All matters listed under Consent Calendar are considered by Board of Directors to be routine and will be enacted by a single motion. There will be no separate discussion of these items unless a request is made by a member of the public, a Board Member or Staff prior to the time the Board votes on the motion to adopt.

Persons who have made comments on matters set for PUBLIC HEARING will be heard when the presiding officer calls for comments from those persons who are in support of or in opposition thereto. After comments have been read, the hearing is closed and brought to Board level for discussion and action.

In compliance with the Americans with Disabilities Act, and Governors Order N-29-20, SCRWA will make reasonable arrangements to ensure accessibility to this meeting. If you need special assistance to participate in this meeting, please contact the Secretary to the Joint Powers Authority at (408) 848-0480 at least 48 hours prior to the hearing for accommodations.

If you challenge any planning or land use decision made at this meeting in court, you may be limited to raising only those issues you or someone else raised at the public hearing held at this meeting, or in written correspondence delivered to the Board of Directors at, or prior to, the public hearing.

A Closed Session may be called during this meeting pursuant to Government Code Section 54956.9(b)(1) if a point has been reached where, in the opinion of the legislative body of the Joint Powers Authority on the advice of its legal counsel, based on existing facts and circumstances, there is a significant exposure to litigation against the Joint Powers Authority.

Meeting Schedule: The Joint Powers Authority meets regularly on the first Wednesday of each month, at 8:00 a.m. If a holiday should fall on the regular meeting date, the meeting will be rescheduled to the following Wednesday.
I. Certification of Posting of the Agenda

II. Roll Call

III. Consent Calendar
   A. Approval of Minutes of the June 3, 2020 meeting (copies)

IV. Presentation by Members of the Public on Items not on the Agenda

V. Bids and Proposals

VI. Old Business

VII. New Business
   A. Re-adoption of Investment Policy (copies)
   B. Proposed Maintenance Facility Improvements, Project No. 19-SCRWA-254 (copies)
   C. Status Report on Treatment Capacity Expansion Design (copies)

VIII. Communications

IX. Reports
   A. Jacobs
      1. Wastewater Acronyms
      2. Plant Reports – May 2020 (copies)
      3. Recap of Expenses – May 2020 (copies)
      4. Septage Report – May 2020 (copies)
   B. Valley Water
   C. Stantec
      1. Engineering Projects Report – July 2020 (copies)
   D. SCRWA Manager
   E. SCRWA Attorney
   F. Board Members

X. Adjourn
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      1. Wastewater Acronyms
      2. Plant Reports – May 2020 (copies)
      3. Recap of Expenses – May 2020 (copies)
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   B. Valley Water
   C. Stantec
      1. Engineering Projects Report – July 2020 (copies)
   D. SCRWA Manager
   E. SCRWA Attorney
   F. Board Members

X. Adjourn
Chairman Tovar called the meeting to order at 8:00 A.M. He announced that all Board Members are participating remotely pursuant to the Governor’s Executive Order Number N-29-20 in order to minimize the spread of the COVID 19 virus. This meeting is being conducted live via SKYPE. Public comments can be submitted throughout the meeting by emailing gina.bonnell@jacobs.com. Comments must be received before I close the public comment portion for each item. The Deputy Secretary will read the first 3 minutes of each comment into the record.

I. Certification of Posting of the Agenda
Gina Bonnell reported the agenda was posted on May 28, 2020 @ 9:20 AM.

II. Roll Call

III. Consent Calendar
   A. Approval of Minutes of the March 4, 2020 meeting

   Motion to approve Consent Calendar moved by Director Spring, seconded by Director Carr.
   Ayes: 5, Nays 0, Abstain: 0

IV. Presentation by Members of the Public on items not on the Agenda

V. Bids and Proposals

VI. Old Business

VII. New Business
   A. Director Tovar asked for a motion to select SCRWA Chairperson, Vice Chairperson, and Secretary for fiscal year 2021

   Motion to elect Larry Carr as SCRWA Chairman, Marie Blankley as Vice Chairwoman, and Saeid Vaziry as Secretary moved by Director Spring, seconded by Director Bracco.
   Ayes: Tovar, Carr, Blankley, Bracco, Spring
   Nays 0, Abstain: 0
   Vote: Motion carried
VIII. Communications
   A. Cash and Investment Report as of March 31, 2020
      Bryce Atkins reviewed the report.
   B. Re-adoption of Investment Policy
      This item will be brought back next month as an action item.

IX. Reports
   A. Jacobs
      1. Wastewater Acronyms
      2. Plant Reports – February, March & April 2020 (copies)
      3. Recap of Expenses – February & March 2020 (copies)
      Chris Vasquez stated that there were no issues or violations. Two statements were sent
to the state notifying them of maintenance to stay in compliance. He reported that the
plant has been able to keep up with septage disposal after the upgrades.
   B. Valley Water – Directors Santos and Varela were in attendance.
      Director Varela reported that Valley Water will hold off on adopting the budget
through January of 2021 and will reevaluate the budget system. They will also be
putting a freeze on hiring at this time.

      They have recently appointed a new CEO from 54 candidates. He is the first African
American to be appointed to any public entity in the Water District.

      Anderson Dam is on schedule for dewatering in October and the project will take 5 to 7
years.
   C. Stantec

      Director Carr asked if any of the SCRWA projects are being impacted by COVID-19.
Billy stated that only the Maintenance Building project would be affected because the
Gilroy City Planning Department has not been available. Director Carr asked if that
project would still be going out to bid in September. Saeid Vaziry stated that as soon as
the City gives final approval it could go out to bid.

   D. SCRWA Manager – No report
   E. SCRWA Attorney – No report
   F. Board Members – No Report

X. Adjourn
   Chairman Tovar adjourned the meeting at 8:24 A.M.

Gina Bonnell, Deputy Secretary of the Board
South County Regional Wastewater Authority
DATE: July 1, 2020

TO: Jimmy Forbis, SCRWA Interim General Manager

FROM: Bryce Atkins, Interim Authority Treasurer

SUBJECT: Investment Policy Re-Adoption

**Recommendation**
Staff respectfully recommends that the South County Regional Wastewater Authority (SCRWA) Board of Directors re-adopt SCRWA’s Investment Policy.

**Discussion**
SCRWA’s Investment Policy re-approval was previously discussed at the June 3, 2020 SCRWA Board of Directors meeting. Annual adoption of the Investment Policy is a recommended best practice for boards such as SCRWA’s Board of Directors. Based on its review of the policy, staff does not recommend any changes at this time, aside from adding a reference to the most recent re-adoption, as denoted in track changes below the title of the document.

Staff will be present to respond to questions the Board may desire to ask.
I. STATEMENT OF OBJECTIVES

Temporarily idle or surplus funds of the South County Regional Wastewater Authority (SCRWA) shall be invested in accordance with principles of sound treasury management and in accordance with the provisions of California Government Code Sections 53600, et seq., the Municipal Code, guidelines established by the California Municipal Treasurer's Association and the California Society of Municipal Finance Officers, and this Investment Policy ("Policy").

A. Overall Risk Profile

The three basic objectives of SCRWA's Investment Program are, in order of priority:

1. Safety of invested funds;
2. Maintenance of sufficient liquidity to meet cash flow needs of the Authority; and
3. Attainment of the maximum yield possible consistent with the first two objectives.

The achievement of these objectives shall be accomplished in the manner described below:

1. Safety of Invested Funds

The Authority shall ensure the safety of its invested idle funds by limiting credit and interest rate risks. Credit risk is the risk of loss due to the failure of the security issuer or backer. Interest rate risk is the risk that the market value portfolio securities will fall due to an increase in general interest rates.

a. Credit risk will be mitigated by:
   
   i. Limiting investments to the safest types of securities as outlined in this policy;
   
   ii. By prequalifying the financial institutions with which it will do business; and
   
   iii. By diversifying the investment portfolio so that the failure of any one issuer or backer will not place an undue financial burden on the Authority.

b. Interest rate risk will be mitigated by:
   
   i. Maintaining adequate sums in 30 day or less funds.
ii. Structuring SCRWA's portfolio so that securities mature to meet the Authority's cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to their maturation to meet those specific needs; and

iii. Investing primarily in shorter term securities (five years or less).

c. The physical security or safekeeping of SCRWA's investments is also an important element of safety. Detailed safekeeping requirements are defined in Section III of this Policy.

2. **Liquidity**

SCRWA's investment portfolio shall be structured in a manner which strives to achieve that securities mature at the same time as cash is needed to meet anticipated demands (static liquidity). Additionally, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity). The specific percentage mix of different investment instruments and maturities is described in Section II of this Policy.

3. **Yield**

Yield on SCRWA's investment portfolio is of secondary importance compared to the safety and liquidity objectives described above. Investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. While it may occasionally be necessary or strategically prudent of the Authority to sell a security prior to maturity to either meet unanticipated cash needs or to restructure the portfolio, this Policy specifically prohibits trading securities for the sole purpose of speculating on the future direction of interest rates.

B. **Time Frame for Investment Decisions**

SCRWA's investment portfolio shall be structured to provide that sufficient funds from investments are available every month to meet the Authority's anticipated cash needs. Subject to the safety provisions outlined above, the choice in investment instruments and maturities shall be based upon an analysis of anticipated cash needs, existing and anticipated revenues, interest rate trends, and specific market opportunities. No investment should have a maturity of more than five (5) years from its date of purchase without receiving SCRWA Board approval within the prior 90 days.

C. **Definition of Idle or Surplus Funds**

Idle or surplus funds for the purpose of this Policy are all SCRWA funds which are available for investment at any one time, including the estimated checking account float, excepting those minimum balances required by SCRWA's banks to compensate them for the cost of banking services.
D. **Applicability of Policy**

This policy does not apply to:

1. Monies held by a trustee or fiscal agent and pledged to the payment or security of bonds or other indebtedness, or obligations under agreements, of a local agency, or certificates of participation in such bonds, indebtedness or agreements, the investment of which may be in accordance with the statutory provisions governing the issuance of those bonds, indebtedness or agreements, or to the extent not inconsistent therewith, or if there are no specific statutory provisions, in accordance with the ordinance, resolution, indenture or agreement of the local agency providing for the issuance.

II. **INVESTMENTS**

This section of the Investment Policy identifies policies, types of investments, and related matters pertaining to instruments in which the Authority will invest its idle funds.

A. **Investment Standards**

SCRWA operates its temporary pooled idle cash investments under the Prudent Man Rule, California Probate Code Section 16040(b)\(^1\), the Prudent Investor Standard, California Government Code, Section 53600.3 \(^2\), and with additional guidance from the provisions of the Uniform Prudent Investor Act, California Probate Code Section 16045, et seq \(^3\). This affords the Authority a broad spectrum of investment opportunities as long as the investment is deemed prudent and is allowable under current legislation of the State of California (Government Code Section 53600, et seq).

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\(^1\) The Prudent Man Rule states, in essence, that "in investing . . . property for the benefit of another, a trustee shall exercise the judgment and care, under the circumstances then prevailing, which men of prudence, discretion, and intelligence exercise in the management of their own affairs . . ."

\(^2\) Governing bodies of local agencies (e.g., a City Council) or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to this chapter are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, and 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. Within the limitations of this section and considering individual investments as part to an overall strategy, a trustee is authorized to acquire investments as authorized by law.

\(^3\) The standard of care for trustees investing and managing trust assets is the Prudent Investor Standard and takes into consideration the purposes, terms, distribution requirements and other circumstances of the trust, and in satisfying this standard, the trustee is required to exercise reasonable care, skill, and caution in light of the facts and circumstances existing at the time of a trustee's decision or action.
B. **Eligible Securities**

Subject to the Prudent Man Rule, the Prudent Investor Standard and other applicable laws and regulations, this policy permits investment in the following:

1. Insured Certificates of Deposit (CD's) of California banks and/or savings and loan associations, and/or savings banks (with an AAA rating as provided by The Financial Directory or similar rating publication) which mature in five (5) years or less, provided that the Authority's investments shall not exceed Two Hundred Fifty Thousand Dollars ($250,000.00) per institution. If the investment exceeds the insured $250,000.00, the funds are to be collateralized at 110% of the deposit in government securities or 150% in mortgages. *(limited to 5% of the portfolio)*

2. Local Agency Investment Fund (State Pool) Demand Deposits

3. Securities of the U.S. Government, or its agencies

4. Passbook Savings or Money Market Demand Deposits

C. **Investments Deemed Not Appropriate at this Time**

The SCRWA Investment Policy does not permit investment in the following instruments or securities:

1. Corporate bonds or stocks

2. Repurchase agreements or reverse repurchase agreements

3. Interest only or principal only strips

4. Certificates of Deposit issued by institutions not operating within California

5. Inverse floaters and range notes

6. Financial futures or financial option contracts

7. Securities lending or leveraging any portion of the portfolio

D. **Collateralization Requirements**

Uninsured Time Deposits with banks and savings and loans shall be collateralized in the manner prescribed by law for depositories accepting municipal investment funds.

E. **Preformatted Wire Transfers**
Wherever possible, the Authority will use preformatted wire transfers to restrict the transfer of funds to preauthorized accounts only. When transferring funds to an account not previously approved, the bank is required to call back a second employee for confirmation that the transfer is authorized.

F. **Qualification of Brokers, Dealers and Financial Institutions**

The SCRWA Treasurer shall investigate brokers and dealers who wish to do business with the Authority to determine if they are adequately capitalized, have any pending legal actions against the firm or the individual broker, and that they market securities appropriate to the Authority's needs.

The Authority shall annually send a copy of the current edition of the Policy to all institutions and broker/dealers which are approved to handle SCRWA investments. Receipt of the Policy, including confirmation that it has been received by persons handling SCRWA's accounts, shall be acknowledged in writing within thirty (30) days.

G. **Diversification**

The portfolio should consist of a prudent mix of various types of securities, issues and maturities.

H. **Confirmation**

Receipts for confirmation of purchase or sale of authorized securities should be received by the SCRWA Treasurer within five (5) days and include the following information: trade date, par value, rate, price, yield, settlement date, description of securities purchased, agency's name, net amount due, third party custodial information. These are minimum information requirements.

I. **Internal Controls**

Investment duties shall be separated by having at least three persons perform the following functions for any particular investment: the recordation of investments and disbursements, confirmation receipts, the preparation of Treasurer's reports, wire transfers, bank reconciliations and treasury reconciliations. An independent analysis by the external auditor shall be conducted annually to screen internal control, account activity, including verification of all securities, and compliance with policies and procedures.
J. **Interest Earnings**

All interest earned on investments authorized by this Policy shall be allocated quarterly.

III. **SAFEKEEPING OF SECURITIES**

A. **Safekeeping Agreement**

The Authority shall contract with a bank or banks with federally insured deposits for the safekeeping services through a third party custodial agreement, (California Government Code Section 53601)⁴ which includes delivery versus payment provisions, for securities which are owned by SCRWA as part of its investment portfolio.

B. **Handling of Securities and Time Deposit Collateral**

All securities owned by SCRWA shall be held by the Authority or by its third party custodian, except the collateral for time deposits in banks, savings banks, and savings and loan associations. The collateral for time deposits in banks and savings and loans shall be held in a trust account in SCRWA’s name. Dealers or brokers shall not hold any securities for SCRWA. A broker is not an approved depository under California Government Code Section 53630 ⁵ and Section 53608 ⁶

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⁴Section 53601. Authorized Investments, circumstances. A local agency purchasing or obtaining any security . . . shall require delivery of the securities to the local agency . . . by book entry, physical delivery or by third party custodial agreement.

⁵Section 53630(c) allows state or national banks, state or federal savings banks or savings and loan associations, state or federal credit unions and federally insured industrial loan companies as approved depositories.

⁶Section 53608. Deposit of securities; delegation of authority. The legislative body of a local agency may deposit for safekeeping with a federal or state association, a trust company or a state or national bank located within this state or with the Federal Reserve Bank of San Francisco or any branch thereof within this state, or with any Federal Reserve Bank or with any state or national bank located in any city designated as a reserve city by the Board of Governors of the Federal Reserve System, the bonds, notes, bills, debentures, obligations, certificates or indebtedness, warrants, or other evidences of indebtedness in which the money of the local agency is invested pursuant to this article or pursuant to other legislative authority. The local agency shall take from such financial institution a receipt for securities so deposited. The authority of the legislative body to deposit for safekeeping may be delegated by the legislative body to the treasurer of the local agency; the treasurer shall not be responsible for securities delivered to and receipted for by a financial institution until they are withdrawn from the financial institution by the treasurer.
C. **Security Transfers**

The authorization to release SCRWA's securities will be telephoned to the appropriate depository or custodian by a Finance Department member other than the person who initiated the transaction. A written confirmation outlining the details for the transaction and confirming the telephone instructions will be sent to the bank within five (5) working days. A confirming notice documenting the transaction will be sent by the bank to SCRWA within five (5) working days of the transaction.

D. **Verification of Security**

Securities held by an agent of depository as collateral securing time deposits will be verified in writing during the year by SCRWA's independent auditors as part of SCRWA's annual independent audit. SCRWA's independent auditors confirm the collateral directly with the bank holding that collateral. Those securities held by that depository or custodian as collateral are subject to audit by the bank's auditors.

IV. **STRUCTURE AND RESPONSIBILITY**

This section of the Policy defines the overall structure of the investment management program.

A. **Responsibilities of the Finance Department**

The SCRWA Treasurer, officers and representatives are charged with responsibility for maintaining custody of all public funds and securities belonging to or under the control of the Authority and for the deposit and investment of those funds in accordance with principles of sound treasury management and in accordance with applicable laws and ordinances.

B. **Responsibilities and Ethics of the SCRWA Treasurer**

1. **Delegation of Authority**

   The authority of SCRWA to invest or to reinvest funds, or to sell or exchange securities so purchased, may be delegated for a one-year period to the SCRWA Treasurer, who shall thereafter assume full responsibility for those transactions until the delegation is revoked or expires and shall make quarterly reports of those transactions to the SCRWA Board (California Government Code Section 53607). Subject to review, the SCRWA Board may renew the delegation of authority each year.

2. **Responsibilities**

   The SCRWA Treasurer is charged with the responsibility for the purchase, sale, custody and investment of SCRWA funds, and the development of procedures to implement this Investment Policy. In fulfilling his responsibilities, the SCRWA
Treasurer is subject to the Prudent Investor Standard and shall render reports regarding compliance with the Investment Policy. The SCRWA Treasurer is further responsible for the duties and subject to the powers imposed by and applicable to Authority Treasurers under the general laws of the State of California.

3. Ethical Conduct

The SCRWA Treasurer will demonstrate integrity in all public and personal relationships, protect the public trust, and seek no favor or accept any personal gain which would influence or appear to influence the conduct of the office of Treasurer.

C. Responsibilities of the Executive Director

The Executive Director is responsible for directing and supervising the SCRWA Treasurer. They are responsible further to keep the SCRWA Board fully advised as to the financial condition of SCRWA and its compliance with this Policy.

D. Responsibilities of the SCRWA Board

The SCRWA Board shall consider and annually adopt a written investment policy. As provided in that policy, the Board shall receive and review quarterly investment reports and may annually delegate investment authority to the SCRWA Treasurer pursuant to California Government Code Section 53607.

V. REPORTING

The SCRWA Treasurer shall prepare a quarterly investment report, including a succinct management summary that provides a clear picture of the status of the current investment portfolio and transactions made over the past quarter by month. This management summary will be prepared in a manner which will allow the Executive Director and SCRWA Board to ascertain whether investment activities during the reporting period are in conformance with SCRWA’s Investment Policy.

The quarterly investment report will include the following:

A. A listing of individual securities held at the end of the reporting quarter showing the:

1. type of investment
2. institution
3. date of maturity
4. amount of deposit or cost of the security
5. rate of return

B. Unrealized gain or loss resulting from appreciation or depreciation by listing the cost and market value of securities over one year in duration.

C. Average yield of return on SCRWA's investments.
D. Maturity aging for the investments.

E. Compliance of the investment portfolio with the Investment Policy.

F. A statement denoting the ability of the Authority to meet expenditure requirements for the next six months.

VI. REVIEW OF INVESTMENT MANAGEMENT

A. **Statement of Policy**

As set forth in California Code Section 53646(a), the Executive Director shall annually render to the SCRWA Board a statement of investment policy, which shall be considered by the Board at a public meeting.

B. **Policy Review**

This Investment Policy shall be reviewed annually by the SCRWA Board at a public meeting in accordance with state law to ensure its consistency with respect to the overall objectives of safety, liquidity, and yield. Proposed amendments to the Policy shall be prepared by the SCRWA Treasurer and shall be forwarded to the SCRWA Board for consideration at a public meeting.

VII. **AUTHORITY**

This Policy was originally duly adopted by authority of the SCRWA Board on the 6th day of May, 2015.
DATE: July 1, 2020

TO: JIMMY FORBIS, Interim Authority Manager

FROM: SAEID VAZIRY, P.E., Environmental Programs Manager

SUBJECT: RECEIVE THE REPORT ON PROPOSED MAINTENANCE FACILITY IMPROVEMENTS, PROJECT NO. 19-SCRWA-254

Recommendation
It is recommended that the SCRWA Board:

- Receive information related to the proposed maintenance facility improvements; and
- Direct staff to proceed with advertisement to solicit construction bids for further consideration by the Board.

Summary
The SCRWA desires to build a new maintenance facility that incorporates a workshop and parts storage warehousing areas. For the past 27 years, maintenance has been conducted with the use of inadequate and outdated facilities that need major repairs. The existing building was not originally intended to handle modern equipment of the size and weight currently being utilized at the facility and has deteriorated.

In February 2017, the construction of a new maintenance building went out to tender with a single bid received at $6.9M, which was $1.8M over the engineer’s estimate. Consequently, in April 2017, the Board rejected the bid for construction and directed staff to consider refurbishing the existing building, perform value engineering to save cost, and provide an update to the Board before putting out to bid again. In response to this request, staff along with the design consultant completed a comprehensive study of the project scope and alternative construction materials. The proposed improvements, estimated at $3.2M (construction estimate and contingency), significantly lower the construction cost while bringing efficiency for sustainable operations. Total project is estimated at $3.6M including indirect costs. The project is near minimum scope for a cost-effective facility.

The technical report, prepared by Stantec, is provided in the attachment, and findings are summarized below:

- Project refurbishes the existing concrete masonry structure into a new maintenance building, increases its footprint by 600 square feet for shop space, and adds two stand-alone prefabricated metal structures for storage and a wash station. The footprint in original scope is reduced by eliminating the operations training area and offices.
- Benefits of a concrete masonry building outweigh prefabricated metal structure for the main facility. The masonry block building has many advantages including longer life cycle, not vulnerable to corrosion at the wastewater treatment facility, fire proof, added structural integrity for accidental damage, less ongoing maintenance cost, lower operational cost for heating and cooling. It provides higher value and life cycle with a more reliable long-term solution for the investment and requires less operational costs with little to no maintenance.

- Building material for storage facility and wash station is prefabricated metal which is less costly than concrete masonry block. A wood building is not feasible due to occupancy code classification.


- Cost of the project, besides the buildings, includes functional components such as pavements, parking, curb and gutter, fencing, fire hydrants, ADA accessibility, storm drain system, utility pipelines, truck loading, landscaping, and other site improvements required per the city of Gilroy building permit.

- Intent of the bid is to include all design components. To allow flexibility at contract award, the bid price for basis of award will not include the pre-fab metal structures for storage and wash station. They will be incorporated as an additive alternate bid item.

Staff believes the proposed facility is most cost effective to meet current needs and supports the upcoming facility expansion. This work is consistent with the current objectives of the Board for successful, sustainable and safe facility operations.

It is intended that this project be rebid and for the construction to start as early as possible after approval of a construction contract by the Board. It is anticipated that re-bidding will attract additional bids and may lower the current cost due to current market conditions.

**Background**

The existing building is substandard for maintaining equipment at a wastewater treatment plant the size and complexity of our facility. An improved maintenance facility is necessary to replace outdated and inadequate facilities to meet the needs for reliable and safe plant operations.

Construction of the SCRWA plant in the early 1990’s did not include maintenance facilities. The small administration building, constructed in the 1960’s, was repurposed as a temporary facility for maintenance. The shop workspace is substandard for support duties, and the parts warehouse, tools and equipment storage space are outdated and inadequate. The remote location of this facility to the rest of the treatment plant also makes it more susceptible to theft and vandalism.
Deficiencies with the existing maintenance building include obsolete shop space and facilities that do not meet present building codes, and a warehouse, which is a converted laboratory, is at capacity and does not function well as a warehouse. Work space is inadequate and parts are stored in many storage facilities at different locations throughout the plant making inventory difficult to maintain and control. Large mechanical parts must be stored inside shop facilities, when space is available, or outside where they are susceptible to weather.

The new facility is intended to improve the maintenance efficiency and reliability while providing a more secure and larger location for the storage of parts and materials to accommodate current and future plant maintenance activities. The proposed buildings will be constructed in close proximity of existing utilities, roads and parking. The workspace is adequate, allowing for effective work performance and houses the necessary tools and equipment to perform the day-to-day maintenance planning, scheduling and repair activities.

The new building will allow for stocking of critical spare parts and consumables. Timely access to spare parts will greatly aid the maintenance efforts and improve operational reliability. The building will have shop space for maintaining and rebuilding the equipment as well as the plant’s fleet of utility vehicles and large farm equipment that is used to maintain the percolation ponds which are so critical to wastewater disposal, and required by our NPDES permit.

**Building Permit Process**

The design went through an extensive plan check and city of Gilroy building permit process for compliance with the California Codes including Building Code, Plumbing Code, Mechanical Code, Fire Code, ADA Accessibility Code, the Gilroy Municipal Code, and California Environmental Quality Act (CEQA) requirements. The design included Architectural and Site review and approval of the Planning Commission, CEQA environmental clearance and the City of Gilroy adoption of Categorical Exemption. For all non-residential projects, the Gilroy building permit mandates California Green Building Code and Title 24 energy efficiency standards. In addition, the project required setbacks and landscaping consistent with the City’s Zoning Ordinance and Consolidated Landscaping Policy.

The proposed building is permitted in conformance with the Gilroy Zoning Ordinance and other adopted policies of the City of Gilroy and is consistent with all applicable goals and policies of the Gilroy General Plan.

**Current Market Conditions**

In February 2017, the construction of the new maintenance building went out to tender and only one bid was received by SCRWA. The one bid received for the construction of the facilities was 36% higher than the engineer’s estimate that was prepared by a professional consultant.

The project construction costs were higher than anticipated due to the escalating costs of labor for specialized construction trades such as electrical and HVAC and the rising costs of building materials. Due to the volatile construction market in the Bay Area at that time, contractors increased their bids to cover anticipated higher labor cost and additional risks associated with possible labor and building materials shortage. It is generally accepted in the Bay Area construction market that this condition is not currently extended.
Staff have reviewed and revised the tender documents to allow for more qualified competitors to bid on the project. In addition, staff has considered the current market conditions and revised its estimate for construction based upon the most recent information available for civil, mechanical, electrical, structural and landscaping costs that were reflected in recent bids received by other agencies.

**Human Resources Impact**
There are no human resources impacts with this action.

**Financial Impact**
There are no financial impacts with this action.

Attachment: Technical Memo and PowerPoint Presentation - SCRWA Maintenance Building
To: Saeid Vaziry, P.E.  
From: Linping Xu  
Rachel Shaw  
Reviewed By: Billy Wong P.E.  
Subject: Technical Memorandum – SCRWA New Maintenance Building Project Updates

Background and Introduction

In February 2017, the South County Regional Wastewater Authority (SCRWA) advertised for construction bids for the Maintenance Building structure and appurtenances. Only a single bid was received, which sole bid was for $6.9 million (M), 35% in excess of the $5.1M Engineer’s Estimate.

In a Technical Memorandum (TM) dated 3/21/17, an analysis was conducted to determine the reasons for the high bid and if rebidding could produce a bid significantly closer to SCRWA’s budget, which was set based on the Engineer’s Estimate. It recommended that SCRWA reject the sole bid, re-advertise the project to a less restricted contractor pool (i.e., allow both A-licensed and B-licensed contractors to bid), and perform contractor outreach to encourage bids from contractors without history of working with SCRWA.

In May 2017, the SCRWA requested staff to continue with value engineering and alternatives assessment. In response to the request, Stantec completed a comprehensive study in September 2017 and findings identified three (3) redesign alternatives that could provide innovative means to significantly lower project cost while bringing an efficient and cost-effective facility to meet the current staff needs and sustainable facility operations. The three alternatives were:

A) reducing the footprint of the proposed new building by eliminating the operation and maintenance training area;
B) redesigning the proposed new building as a prefabricated metal building, and
C) refurbishing the Influent Pump Station (IPS) Control Wing (also known as old admin building) into a new maintenance facility equipped with additional stand-alone storage and wash station.

A cost analysis was performed for each alternative which accounted for construction, construction contingency and other indirect costs. It was recommended and subsequently accepted by the SCRWA to proceed with the design and project costs development of refurbishing the old admin building into new maintenance facility (Alternative C) which is consistent with the project objectives with the emphasis of achieving cost efficiency.
The new project will provide space and efficient layout for the shop maintenance area while meeting seismic safety, improved vehicle maintenance and loading/unloading area access, and shops, parts storage and warehouse areas equivalent to the initial project of constructing a new maintenance building. The NMF includes the following components:

- Modifications of the new maintenance facility
- New storage facility
- New wash station
- IPS Equipment Wing wetwell decommissioning

![Plan view of NMF project locations](image)

**New Maintenance Facility**
Currently, the IPS Control Wing is used as a maintenance facility. Some portions of the wing have been repurposed from their original design intent (e.g. laboratory and office space are now used for parts storage). The new project will provide improvements in space and efficient layout for the shop maintenance area. The design features for the New Maintenance Facility (NMF) project is detailed in the following sections of this TM.

**Civil**
New paving is provided for the extended maintenance area, as well as for the fire truck access per California Fire Code. A stormwater control plan is provided to comply with the City of Gilroy stormwater management regulations for low impact development and post-construction requirements. The proposed design routes the stormwater runoff in the south to existing ponds nearby and runoff in the north to a bioretention pond north of the facility before going to the city.
storm drains. The yard piping plan includes the sanitary drain from the wash station that will be directed to a sand/oil separator. This then connects to the existing sewer per the City of Gilroy standards. As part of the civil design, two of the existing storage containers will be demolished and the contents will be relocated to the new storage facility. The hazardous waste containers and the universal waste container will be relocated to free up the space for construction of new storage facility and wash station.

![Figure 1: Civil Site Layout](image)

**Architectural**
The architectural design includes replacement of existing ceiling, roof tile and stucco to meet the California building and energy codes. The existing 2 bathrooms will be demolished and replaced with a unisex bathroom that is ADA compliant. The design also includes removal of several doors and CMU walls to allow space for the light and heavy maintenance area. The overhead door motor and frame will be removed to lower the east roll up door. This allows for the runway beams to be placed without intruding the motor and door, allowing the Komatsu Bx50 to drive in along with other vehicles. The building has a mix classification of Group F-1 Moderate-hazard Industrial Occupancy and S-1 Moderate-hazard Storage Occupancy.

**Structural**
A seismic retrofit analysis was conducted following ASCE Standard 41-13 on the existing structure of the control wing. This assumed a Life Safety Basic Performance Operation for Existing building (BPOE). In order to meet the life safety BPOE, connections between the roof and walls must be strengthened in the in-plane direction. Collectors are required to transfer diaphragm forces into shear walls in the horizontal direction. The shear walls were evaluated based on capacity to resist the anticipated loads. At the location where the shear wall is not sufficient, a concrete wall will be cast against and tied to the existing CMU wall to accommodate high seismic forces. Drilled piers will be used to resist any overturning.
HVAC and Plumbing
The HVAC design is to replace the existing HVAC system with a new operable, maintainable, and economical HVAC system. The design includes new plumbing for potable and sanitary drains for the NMF and wash station.

Electrical
The electrical design includes relocation of the wall switches and existing panels, as well as replacement of interior and exterior light fixtures in the NMF. All new exterior and interior light fixtures that are title 24 lighting control compliant. Power supply will be provided for new HVAC, Mechanical and Architectural components.

Storage Facility and Wash Station
The storage facility and wash station will be prefabricated metal building and canopy, respectively, located southwest of the maintenance building. Both new facilities will have a finished floor elevation of 174.5, matching the finished floor of the existing control wing. The separation distance between new and existing structures are determined by fire separation requirements per CBC codes.

Wet Well Decommissioning
Due to the groundwater intrusion through several existing pipes which are not in any function, SCRWA has to manually pump out the water from wet well during wet seasons. To resolve this issue, the operation and design team have that the most effective way to stop groundwater intrusion is to include concrete filling at existing wet well.
Garage

By demolishing the partial south wall of the existing maintenance building and extending to the south by approximately 29', a new garage can be provided with mechanical pit that meets various maintenance needs. The new south wall will have a 12'Wx12'H opening with overhead roll-up doors to allow trucks to enter for maintenance activities.

The addition will also have to meet CBC 2016 and Cal Energy Code, which will require the exterior CMU wall to be provided with continuous insulation.

Planning and Permit Process

The proposed facility is permitted in conformance with the Gilroy Zoning Ordinance and other adopted policies of the City of Gilroy, and is consistent with all applicable goals and policies of the Gilroy General Plan. The project was subject to Architectural and Site review and received the approval of the City of Gilroy Planning Department along with environmental review clearance under California Environmental Quality Act (CEQA) categorical exemption.

The project is subject to plan check review and approval by the City of Gilroy Building Department for compliance with the California Building Codes and Standards including Building Code, Plumbing Code, Mechanical Code, Fire Code, ADA Accessibility Code, the Gilroy Municipal Code. For all non-residential projects, the Gilroy building permit mandates California Green Building Code and Title 24 energy efficiency standards.

Cost Analysis

In September of 2017, a preliminary cost analysis was presented to the Board. The cost analysis was estimated at $2.60M to refurbish the existing maintenance facility. A class 2 opinion of probable construction cost (OPCC) was estimated for the 100% design of the New
Maintenance Facility project. Table 1 summarizes the comparison of the September 2017 estimate to the current 100% OPCC.

Table 1: Engineering Estimate Comparison

<table>
<thead>
<tr>
<th></th>
<th>Sep-2017</th>
<th>July-2020</th>
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<tbody>
<tr>
<td>Construction Estimate Only</td>
<td>$2.60M</td>
<td>$2.80M</td>
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Value engineering was performed to include some items as alternate additive bid items. Table 2 below shows each design component as a base or additive bid, as well as the estimates respectively. The additive bid items will be included as a package.

Table 2: Class 2 Opinion of Probable Cost for 100%

<table>
<thead>
<tr>
<th>Design Components</th>
<th>Base Bid</th>
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<tbody>
<tr>
<td>Site Work</td>
<td></td>
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<tr>
<td>Wet well decommissioning (CMLS filling)</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Storage Facility</td>
<td></td>
<td></td>
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<tr>
<td>Storage Facility Foundation</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Pre-fab Metal Bldg. and Appurtenances</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Wash Station</td>
<td>X</td>
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<tr>
<td>Maintenance Building</td>
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<tr>
<td>Bid Estimates</td>
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<td>$ 488,000</td>
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<td>Based Bid + Additive Alternative</td>
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<td>Construction Contingency (15%)</td>
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<td>Indirect Cost (Project mgmt., legal, CM)</td>
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<tr>
<td>Total Estimated Cost</td>
<td>$3,642,000</td>
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South County Regional Wastewater Authority
New Maintenance Facility (NMF)
July 2020 Board Meeting Update
Agenda

1 Background Information
2 Design Overview
3 Estimated Cost
4 Proposed Schedule
Background Information

2017 Construction Bid
- Bid opening – February 2017
- Engineer’s estimate – $5.1M
- One bid received – $6.9M

Board Reports
- Reject bid – April 2017
- Building design review – May 2017
- Value Engineering and Alternatives Assessment – Oct 2017
- Refurbish of the existing building was selected

Current status
- CEQA Review – November 2019
- Building Plan Check Review – since June 2019
- 100% Design – July 2020
Design Overview

- New Maintenance Shop
- Storage Facility
- Wash Station
- Wet Well Decommissioning
Proposed Maintenance Facilities

- Expanded Area
- Wet Well Decommissioning
- Modify Existing Facility
- New Facilities
Civil Design Plan

- Fire truck access
- Storm water control
- Accessible parking
- Sand/oil separator and 6” drain for wash station
## Bid Options

<table>
<thead>
<tr>
<th>Items</th>
<th>Base Bid</th>
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<td>Construction Components</td>
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<tr>
<td>Maintenance Building</td>
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<tr>
<td>Storage Facility (Foundation)</td>
<td>X</td>
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<tr>
<td>Storage Facility (Pre-Fab Metal Bldg. and Appurtenances)</td>
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<td>X</td>
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<tr>
<td>Wash Station</td>
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<td>X</td>
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<td>Wet Well Decommissioning</td>
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<tr>
<td><strong>Total Construction Estimate</strong></td>
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## Total Estimated Cost

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<tr>
<td><strong>Construction Estimate</strong></td>
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<td>$0.49M</td>
<td>$2.80M</td>
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<tr>
<td><strong>Construction Contingency (15%)</strong></td>
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<td>$0.07M</td>
<td>$0.42M</td>
</tr>
<tr>
<td><strong>Other Indirect Cost</strong></td>
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<td>$0.07M</td>
<td>$0.42M</td>
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<tr>
<td><strong>Total</strong></td>
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<td>$0.63M</td>
<td>$3.64M</td>
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*Includes project management, engineering services during construction and construction management.
Proposed Schedule

- **100% Design and Building Permit**
  - July 2020

- **Board Approval of Bid Advertisement**
  - July 2020

- **Bid Opening**
  - September – October 2020

- **Board Approval of Bid Award**
  - November – December 2020

- **Construction Notice to Proceed**
  - January – February 2021
Questions?
DATE: July 1, 2020

TO: JIMMY FORBIS, Interim Authority Manager

FROM: SAEID VAZIRY, P.E, Environmental Programs Manager

SUBJECT: STATUS REPORT ON TREATMENT CAPACITY EXPANSION DESIGN

Recommendation
Staff recommends that the Board receive an update on the status of the plant capacity expansion design and discuss next steps.

Executive Summary
It’s the goal of SCRWA to build, maintain and operate infrastructure required to support the treatment facility and to continue to provide high quality wastewater treatment and reclamation services professionally and competitively to ensure the health and safety of the Gilroy-Morgan Hill region and preserve its environment and economic vitality. To achieve this goal, a Capital Improvements Strategic Plan was prepared to identify the projects necessary to maintain permit compliance; improve redundancy, efficiency and reliability; and expand future treatment capacity in accordance with both cities’ General Plans. Consideration of said drivers, along with flow and loading projections, has helped to prioritize the planned improvements. To date most of the improvements have been completed except for the expansion of treatment capacity.

In September 2019, the Board received an update on the expansion project which refined the timing of the next capacity increase at which time new facilities will need to be operational. The current treatment system capacity is expected sufficient until 2025. The Board discussed project related information, approved going forward with the recommendation, directed staff to complete design and prioritize the much-planned improvement. It is important to note this project has undergone a comprehensive evaluation, capacity verifications and assessments, plus intensive planning and design efforts for about 15 years, and currently, staff is finalizing the construction documents to let bid.

A technical memorandum, prepared by Stantec, is appended as part of this report for final review and verifies alignment between current information and planning for the expansion project. Staff will use the information on proposed facilities and will program funding accordingly for the construction phase of the project, in concurrence with our budget activities next fiscal year.

Attachment: Technical Memo and PowerPoint Presentation – SCRWA Treatment Capacity Expansion Project
MEMO

To: Saeid Vaziry, P.E.

From: Billy Wong, P.E.
Mengli Shi

Reviewed By: Chris Cain, P.E.

Date: July 2020

Subject: Technical Memorandum – SCRWA Wastewater Treatment Capacity Expansion Project Update

**Project Background**

The South County Regional Wastewater Authority (SCRWA) owns, operates, and maintains the Wastewater Treatment Plant (WWTP) that provides secondary and tertiary treatment for the Cities of Gilroy and Morgan Hill (Cities) at a permitted capacity of 8.5 million gallons per day (MGD). Discharge of secondary effluent occurs through percolation ponds and Title 22 compliant tertiary effluent is delivered to recycled water users. The current average wastewater flow received is approximately 6.2 MGD, indicating that the facility is approaching its rated capacity. SCRWA determined that a capacity expansion is required to accommodate future growth and provide more redundancy and reliability. The 1986 Long-Term Plan and related 1991 Environmental Impact Report (EIR) for SCRWA addressed expansion of the WWTP capacity up to an ultimate average dry weather flow (ADWF) of 15 MGD. More recently, scheduled increments of this capacity are being incorporated into the Cities’ General Plans and being evaluated in the related EIRs.

Over the past decade, SCRWA has continued a process of planning and designing wastewater facility improvements with the goal of maintaining high quality service to the SCRWA wastewater system users. The WWTP Capacity Verification Study, performed in 2006, verified the firm secondary treatment capacity of 8.5 MGD for the treatment facility and set the vision for expanding the secondary treatment facility to meet projected flows through 2030. At the time of that study, flow projections suggested that the ADWF would exceed the former rated capacity of 7.5 MGD in 2011. As a result, potential treatment technologies that could be used to meet increased flows were evaluated as part of the study. Five potential treatment technologies were advanced for further evaluation as part of the WWTP Capacity Verification Study.

Based on the conclusions and accepted recommendations of these studies, the SCRWA project team investigated and evaluated alternatives for the WWTP Expansion. Two alternatives, the oxidation ditch baseline and parallel membrane bioreactor (MBR), were found to have comparably lower overall lifecycle costs. The parallel MBR was selected as the better alternative because it would eliminate the need for additional filters (compared to the baseline); it was the Best Available Technology to meet water quality standards and permit limitations. The MBR also allowed for flexibility for phased installation and future expansion. Thus, the decision was made in 2007 to employ a parallel treatment system using the MBR technology.

In the 2010 flow projection analysis, results showed plant influent flows, in the years of 2008 and 2009, fell short of the projections that were made in the early 2000s. This shortfall has persisted. The difference is due in part to water conservation, relatively dry weather, and economic downturn conditions that limited the growth in the SCRWA service area. As a consequence of these flow projections, a Capital Improvements Strategic Plan was prepared to assist SCRWA in prioritizing and funding a number of capital and operational improvement projects. Various improvement projects, referred to as the Major Maintenance Projects, were prioritized and proposed to be staged from 2012
through 2017 to provide permit compliance, increase redundancy, efficiency and reliability, and potential for capacity increase.

In 2015, the design of the expansion project was initiated, and the conceptual and preliminary design stages were advanced in a collaborative process with SCRWA and operations staff. A Preliminary Design Report (PDR) has been developed to document the advancement of the WWTP Expansion from conceptual design to detail design. Construction cost estimates have been generated for 60 percent design and a Value Engineering (VE) Study was conducted to present potential proposals cost savings modifications to the original design. The VE study savings were incorporated into the 90 percent design. The 90 percent design and cost estimate were completed in June 2019. The 100 percent design and cost estimate are currently underway and will be completed in early 2020.

Concurrently, SCRWA continues to update flow and loading projections each year to anticipate the need for plant expansion, and future Capital Improvement Budgets will be adjusted accordingly based on flow projection analyses and recommendations.

**Project Need & Evaluation**

The following are factors that are influencing the need for the SCRWA wastewater treatment capacity expansion:

1. **Cities’ Growth**: The cities are growing in accordance with their current 2020 General Plans.

2. **Influent Flow**: There are permit limitations for Average Wet Weather Flow (AWWF) and Average Dry Weather Flow (ADWF) that the plant is approaching.

3. **Organic Loading**: There are design criteria and treatment process limitations for organic loading, and the plant is exceeding the original design criteria.

The historical population growth, annual ADWF flow, and organic loading are shown in **Figure 1**. Each of these factors were evaluated and are described in more detail in the following sections.
Cities’ Growth
Population, residential, commercial, and industrial growth in the Cities affect the need and the timing for the capacity expansion. The General Plans are foundational documents that set the course for the Cities’ land use decisions and provide direction for growth and development. Wastewater treatment and distribution planning documents (e.g., Sewer System Master Plans and the flow projections analyses) take into account the anticipated growth and help the cities to meet the goals of their General Plans. The Cities are currently growing in accordance with their 2020 General Plans, which influences the need for the wastewater treatment capacity expansion. Further evaluation of flow and loading capacity will continue based on anticipated population, residential, commercial, and industrial growth in line with the 2035 and 2040 General Plans for Morgan Hill and Gilroy, respectively.

Influent Flow
The SCRWA facility is permitted by the Regional Water Quality Control Board (RWQCB), Central Coast Region based on two influent flow limitations:

1. Average Dry Weather Flow – not to exceed 8.5 MGD in the three driest months of the year
2. Average Wet Weather Flow – not to exceed 10.8 MGD in the three wettest months of the year

In 2009, the Facility was re-rated from a 7.5 to 8.5 MGD ADWF capacity and from a 9.0 to 10.8 MGD average wet weather flow (AWWF) capacity based on modeling and physical stress testing for each unit process. These flow permit limitations are discussed in more detail in the following sections.

Average Dry Weather Flow
Figure 1 shows that ADWF flow has remained relatively constant over the last decade which is due in part to cities taking proactive measures for water conservation and infiltration management. Flow
projections analyses are conducted to predict and plan for future anticipated flows. The flow projection analysis calculates expected changes in the ADWF to the Facility as function of time and uses data from: a) anticipated permit issuances and associated wastewater allocations; and b) projected population data. Permitting and population data were provided by the Cities of Gilroy and Morgan Hill. The most recent flow projection analysis is underway using previous data through December 2019.

**Average Wet Weather Flow**

Historical average wet weather flow at SCRWA has generally stayed below the previous AWWF permit limit of 9.0 MGD. However, due to a particularly heavy rain season in 2017, the plant experienced historical peak wet weather flows and AWWF nearly reached the re-rated limit of 10.8 MGD. **Figure 2** shows the historical AWWF trends. The 2017 AWWF demonstrates that high flow events can be intermittent and that increased capacity in proportion to overall system growth is needed to account for infrequent episodic weather patterns.

![Figure 2. SCWRA Historical Average Wet Weather Flow](image)

**Organic Loading**

Flow has remained relatively constant over the last decade due in part to cities taking proactive measures for water conservation and infiltration management. However, organic loading continues to increase as the populations of Gilroy and Morgan Hill rise. Organic loading is the amount of biodegradable organic matter present in water. **Figure 1** shows this trend between historical annual ADWF flow, organic loading, and population. Since 2012, the plant has been operating above its original organic loading design criteria, as shown in **Figure 3**. The various improvement projects implemented to increase efficiency, reliability and redundancy have allowed for the plant to operate in compliance with the NPDES discharge requirements. However, this contingency capacity is limited, and expansion will be required to keep the plant operating within its compliance limits. Because of water conservation, organic loading is becoming a more critical determinant for evaluating expansion need. Thus, planning focus needs to be shifted from flow projections to loading projections.
In 2018, a WWTP Capacity Evaluation was initiated to re-evaluate and determine the secondary treatment capacity of the plant. The study involved using a process simulator to run scenarios that tested the various critical processes and operational conditions of the plant. The limiting flows and organic loads that were found can be used to determine when the plant will be overloaded. Under normal operations, the plant has adequate capacity past 2040. However, the plant must consider reliability and redundancy of its processes and regular operation and maintenance activities (e.g. annual aeration diffuser cleaning). Based on these cases, the estimated organic capacity limit of the plant will be reached by 2026, as shown in Figure 4. There will be inherent risk and uncertainty during this time, as the ability to operate the facility will get increasingly more challenging. Thus, the recommendation for the commissioning of plant expansion will be in 2025; considering 3-4 years of construction, the construction period will be between 2021 – 2024.

Figure 3. SCRWA Historical Organic Loading

Capacity Evaluation & Recommendation

In 2018, a WWTP Capacity Evaluation was initiated to re-evaluate and determine the secondary treatment capacity of the plant. The study involved using a process simulator to run scenarios that tested the various critical processes and operational conditions of the plant. The limiting flows and organic loads that were found can be used to determine when the plant will be overloaded. Under normal operations, the plant has adequate capacity past 2040. However, the plant must consider reliability and redundancy of its processes and regular operation and maintenance activities (e.g. annual aeration diffuser cleaning). Based on these cases, the estimated organic capacity limit of the plant will be reached by 2026, as shown in Figure 4. There will be inherent risk and uncertainty during this time, as the ability to operate the facility will get increasingly more challenging. Thus, the recommendation for the commissioning of plant expansion will be in 2025; considering 3-4 years of construction, the construction period will be between 2021 – 2024.
Construction Cost Estimate & Value Engineering

An Opinion of Probable Construction Cost (OPCC) was prepared to communicate the preliminary level costs for the proposed facility expansion. Following the initial preliminary cost estimate, a VE analysis was conducted during the 60 percent design stage to identify the high cost areas of the project and explore opportunities to achieve the same function at a lower cost. The VE Study identified less expensive alternative designs that can still be incorporated into the final design drawings and specifications without incurring large costs for redesign or major project delay. The accepted VE alternatives were incorporated into the design to recognize future potential savings. Another OPCC was prepared during 90 percent design to further update the costs for the project. In June 2020, a final OPCC was conducted for the 100 percent design.

The total project budget estimate for the MBR expansion is $72.8 million (2020). This includes the estimated cost of construction, 20 percent contingency, and other direct costs such as design, project management, engineering services during construction, and construction management. These costs are outlined in Table 1.

---

**Table 1. Total Project Budget Estimates of MBR Facility Design**
There are additional financial considerations to take into account such as current construction market conditions, higher deferred construction costs, and future regulatory uncertainties that will impact the recommended timing of the project and project costs. Bid amounts increased in 2019 due to construction market saturation by the numerous capital improvements and expansion projects that were planned or underway at wastewater treatment facilities in the Bay Area. In 2020, the market conditions are changing due to the financial implications of COVID-19. This market stress may ultimately increase construction costs but in the near term it may provide a competitive window for bidding. Regardless, cost escalation due to inflation will still occur. Using the historical rate of increase for the ENR national construction cost index and factoring in the added increase found in the Bay Area, the cost is projected to escalate 4% each year that the project is deferred. Table 2 presents the future cost escalation from 2020 to 2030.

Table 2. Project Cost Escalation

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<tr>
<th>Year</th>
<th>Project Cost* ($M)</th>
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<tr>
<td>2020</td>
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<tr>
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</tr>
<tr>
<td>2030</td>
<td>$103.5</td>
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</table>

Note: *Based on 4% inflation rate (considering the ENR national index and Bay Area local market conditions)

Delivery and Financing Options

From the finance department at the City of Gilroy, the funding recommendation is that the City of Gilroy and Morgan Hill will separately finance their own portion and there will be no financing provided through SCRWA. Funding will be per the Joint Powers Authority (JPA) agreement for each city:

- Gilroy - 58.1% ($40.6 million)
- Morgan Hill - 41.9% ($29.3 million)

Funding can also be through existing funds and the issuance of debt secured by impact fees. Both entities have excellent credit ratings; rates are historically low, and the environment is favorable for debt issuances.
**Project Schedule & Next Steps**

Based on the capacity evaluation, the recommending timing for the major expansion project components are:

- Bidding: 2020
- Construction Period: 2021 – 2024
- Project Commissioning: 2025

The next steps before bidding and construction of the project are to finish the project design, finalize the financing plan, review environmental and legal documents for clearance, and complete required permitting and miscellaneous studies.

As part of the California Environmental Quality Act (CEQA) process, an Initial Study/Mitigated Negative Declaration (ISMND) is currently being drafted and the approval and adoption are scheduled to be completed by October 2020. Permitting efforts are also underway for the Bay Area Air Quality Management District (BAAQMD) permit and National Pollutant Discharge Elimination System (NPDES) permit renewal. In addition, this project will add new electrical loads and PG&E has reviewed the additional loads and determined that a large load study will not be required and can be accommodated by a load transfer.

The flow and loading monitoring and projection studies will continue on an on-going annual basis and will be updated as cities update their General Plans.

The schedule outlining the next steps and recommendations from design completion to commissioning of the plant expansion is shown below in **Figure 5**.
South County Regional Wastewater Authority

WASTEWATER TREATMENT CAPACITY EXPANSION
Agenda

1. Project Drivers and History
2. Project Costs
3. Recommendations
4. Next Steps
Project Drivers

• Cities’ growth – based on 2020 General Plans

• Treatment limitation for Organic Loading – process exceeding original design criteria

• Permit limitations
  • Average Wet Weather Flow
  • Average Dry Weather Flow

• Cost & Financing
Project History

2001
- Ongoing Flow Monitoring, Loading, and Flow Projection Studies

2002
- Capacity Verification
- Treatment Selection

2006
- Evaluated expansion need

2007
- Selected treatment technology

2009
- State approved capacity increase

2011
- Morgan Hill 2020 General Plan

2012
- Gilroy 2020 General Plan

2015
- Capacity Expansion Planning & Design

2016
- Board approved Capital Improvements Strategic Plan

2017
- Board approved of projects to increase reliability/efficiency/redundancy

2018
- Board authorized design of expansion project

2019
- Value Engineering analysis

2020
- Revised projections based on cities' growth data

2021
- Board approved project timeline for planned improvements

2022
- Board received state housing mandate evaluation

2023
- 100% Design

Ongoing Flow Monitoring, Loading, and Flow Projection Studies
Proposed Plant Expansion

- Adds 2.5 MGD treatment capacity
- Meets 2020 and 2035/2040 General Plans
- Provides more recycled water
- Expected to meet new state housing mandates

Recent Plant Improvements

- New influent pump station
- Primary influent force main
- East and west generators
- Fiber optics communications network upgrade
- Pre-anoxic basins
- Aeration system improvements
- Secondary clarifier
- UV facility
Project Cost

Total Project Budget Estimate

$69.9 million (2020)

Estimate includes

• Construction cost
• Construction contingency
• Market condition
• Design engineering
• Construction management
• Legal, bidding/advertisement, etc.
• Only plant expansion
### Project Cost

#### Cost Escalation

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<tr>
<th>Year</th>
<th>Project Cost* ($M)</th>
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<td>2030</td>
<td>$103.5</td>
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*Based on 4% inflation rate (considering the ENR national index and Bay Area local market conditions)

#### Financial Considerations

- Cities’ ready with financing options
- Higher costs for deferred construction
- Future regulatory uncertainties
- Market Conditions
Market Conditions

Last Year
- Market saturation
- Competitive resources
- Similar projects throughout California

This Year
- Competitive pricing
- Window for bidding
- Short term cyclical trends
Project Timeline

Bidding: 2020
Construction Period: 2021 – 2024
Project Commissioning: 2025
Funding Recommendations

• Each City to separately finance their portion – no financing through SCRWA

• Funding per JPA Agreement:
  • Gilroy - 58.1% ($40.6 million)
  • Morgan Hill - 41.9% ($29.3 million)

• Funding can be through existing funds and the issuance of debt secured by impact fees (backed by user fees)

• Both entities have excellent credit ratings

• Good environment for debt issuance – rates are historically low
Next Step: Upcoming Activities

• Finalize Financing Plan
  • Fall 2020

• Board Action on CEQA Clearance and Approval for Bid Advertisement
  • October/November 2020

• Bid Ready for Bid
  • November/December 2020

• Board Approval of Construction
  • Spring 2021

• Construction and Commissioning Phases
  • 2021 - 2025
Questions?
Wastewater Acronyms

NPDES - National pollutant Discharge Elimination System

WDR - Waste Discharge Requirements

WDID - Waste Discharge Identification

CWA - Clean Water Act

CWEA - California Water Environment Association

MGD - Million Gallons per Day

Gal - Gallons

Gpd - Gallons Per Day

Lbs - Pounds

Mg/L - Milligrams per Liter

ppm - Parts Per Million

BOD - Biochemical Oxygen Demand

COD - Chemical Oxygen Demand

DO - Dissolved Oxygen

MLSS - Mixed Liquor Suspended Solids

MLVSS - Mixed Liquor Volatile Suspended Solids

MPN - Most Probable Number

TDS - Total Dissolved Solids

TKN - Total Kjeldahl Nitrogen

TOC - Total Organic Carbon

TS - Total Solids

TSS - Total Suspended Solids

VS - Volatile Solids

VSS - Volatile Suspended Solids
Date: 6/9/2020

California Regional Water Quality Control Board
Central Coast Region
Attn: Monitoring and Reporting Review Section
Katie DiSimone
895 Aerovista Place, Suite 101
San Luis Obispo, CA 93401-7906

Dear Ms. DiSimone:

Facility Name: South County Regional Wastewater Authority
WDID Number: 3 430100001
WDR Order Number: R3-2017-0028
NPDES Permit Number: CA0049964

Contact Person: Chris Vasquez
Job Title: Assistant Project Manager
Phone Number: (408) 848-0480

Type of Report: Monthly Effluent, Influent, Wet
Year: 2020

Address: 1500 Southside Drive
Gilroy, CA

Month: May
Violation(s): ☒ No ☐ Yes

In accordance with the Standard Provisions and Reporting Requirements, I certify under penalty of law that this document and all attachments were prepared under my direction or supervision following a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my knowledge of the person(s) who manage the system, or those directly responsible for data gathering, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment.

If you have any questions or require additional information, please contact me at the number provided above.

Sincerely,

[Signature]

Name: Chris Vasquez
Title: Assistant Project Manager

CC: Jimmy Forbis, Interim SCRWA General Manager
Chris Ghione, Morgan Hill Director of Public Services
Saeid Vaziry, Gilroy Environmental Program Manager
Date: 6/9/2020

California Regional Water Quality Control Board  
Central Coast Region  
Attn: Monitoring and Reporting Review Section  
Katie DiSimone  
895 Aerovista Place, Suite 101  
San Luis Obispo, CA 93401-7906

Dear Ms. DiSimone:

Facility Name: South County Regional Wastewater Authority  
WDID Number: 3 430100001  
WDR Order Number: R3-2017-0028  
NPDES Permit Number: CA0049964

Contact Person: Chris Vasquez  
Job Title: Assistant Project Manager  
Phone Number: (408) 848-0480

Type of Report: Monthly Land Discharge  
Year: 2020

Address: 1500 Southside Drive  
Gilroy, CA 95020

Month: May

Violation(s): ☒ No ☐ Yes

In accordance with the Standard Provisions and Reporting Requirements, I certify under penalty of law that this document and all attachments were prepared under my direction or supervision following a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my knowledge of the person(s) who manage the system, or those directly responsible for data gathering, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment.

If you have any questions or require additional information, please contact me at the number provided above.

Sincerely,

Chris Vasquez  
Assistant Project Manager

CC: Jimmy Forbis, Interim SCRWA General Manager  
Chris Ghione, Morgan Hill Director of Public Services  
Saeid Vaziry, Gilroy Environmental Program Manager
June 18, 2020

Jimmy Forbis
South County Regional Wastewater Authority
7351 Rosanna Street Gilroy, CA 95020

Subject: Monthly Recap of Expenses Project-to-Date May 2020.

Dear Jimmy,

The project-to-date financial information for May is portrayed in the Operations, Electricity and Solids Disposal Categories for the Municipal Facility.

Through May, total operating expenses, amount to $677,051.

Repair costs in May amount to $136,706. Year to date, this represents 87% of the $618,260 repair budget.

Should there be any questions, please do not hesitate to contact me.

Regards,

Chris Vasquez
Jacobs Assistant Project Manager
via email

cc: Brenda Miles, Jacobs (email)
    Cary Li, Jacobs (email)
    Joe Hall, City of Gilroy (email)
    File 7.05-31
### Recap of Expenditures Through MAY, 2020

#### SOUTH COUNTY REGIONAL WASTEWATER AUTHORITY

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<tr>
<th>MUNICIPAL</th>
<th>ACTUAL</th>
<th>BUDGET</th>
<th>ACTUAL</th>
<th>BUDGET</th>
<th>PROJECT TO DATE</th>
<th>TOTAL ANNUAL</th>
<th>% EXPENDED</th>
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<td>DIRECT COSTS  (Not Including Repairs &amp; Solids)</td>
<td>264,234</td>
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<td>REPAIRS</td>
<td>136,706</td>
<td>51,522</td>
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<td>566,738</td>
<td>618,260</td>
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<td>SOLIDS DISPOSAL</td>
<td>75,766</td>
<td>72,483</td>
<td>810,141</td>
<td>797,318</td>
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<td>ELECTRICITY</td>
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<td>143,594</td>
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<td><strong>TOTAL</strong></td>
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<td><strong>6,186,888</strong></td>
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<td><strong>7,676,144</strong></td>
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</table>
June 4, 2020

Sally Lee
Santa Clara Dept. of Environmental Services
1555 Berger Drive, Bldg. 2, Suite 300
San Jose, CA 95112-2716

Re: Septage Disposal - May 2020

Dear Ms. Lee,

Attached is the Septage Disposal Report for the SCRWA facility which shows monthly volume and fees, and haulers daily volume summary.

Sincerely,

Gina Bonnell
Project Assistant
Jacobs – Gilroy/Morgan Hill

via email:  sally.Lee@cep.sccgov.org
          swpadm@cep.sccgov.org
          jimmy.forbis@ci.gilroy.ca.us
          christopher.vasquez1@jacobs.com

cc:  File 16.12
### Monthly Septage Summary

**May 2020**

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</tbody>
</table>

| Total GAL | 26,300 | 14,000 | 2,600 | 10,090 | 96,400 | 2,400 | 11,700 | 2,350 | 4,300 | 2,000 | 200 | 200 |
| Total $    | 3,945.00 | 2,100.00 | 390.00 | 1,513.50 | 14,460.00 | 360.00 | 1,755.00 | 352.50 | 645.00 | 300.00 |

Total Billable Gallons: 172,140.00
Total Billable Amount: $25,821.00
TREATMENT CAPACITY EXPANSION PROJECT

Status: Design development on schedule (July 2020) - 100% design underway for plans and specifications
Board Presentation (July 2020) - Board’s review of a status update
CEQA process (Nov 2020) - Documentation preparation underway for environmental clearance
Construction bid and award process (Dec 2020) - Bid advertisement, Board’s approval of contract
PG&E service change process (Dec 2021) - Application submitted to utility to study system needs
BAAQMD permit to operate (Dec 2021) - Application in process for submittal to local air district
NPDES permit change (March 2022) - Adoption of new permit by State Water Board
New plant construction and commissioning (2021-2025) - Compliance with NPDES Permit

Preparation of construction bid package is currently underway including: preparation of engineering design drawings and technical specifications, air permit application to BAAQMD, environmental CEQA documents, and formal notice to PG&E planning department are pending regulatory approval. Update on Plant Expansion Project will be presented to the Board for review and approval.

<table>
<thead>
<tr>
<th>Status</th>
<th>2020</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Jan</td>
</tr>
<tr>
<td>Design</td>
<td></td>
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<tr>
<td>Board review</td>
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<tr>
<td>Bid &amp; Award</td>
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<tr>
<td>PG&amp;E Application</td>
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<td>Air District Permit</td>
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<tr>
<td>NPDES Permit</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Key Milestones</th>
<th>100% Design</th>
<th>Board Presentation</th>
<th>CEQA, Bid Advertisement, Construction Award</th>
<th>PG&amp;E &amp; Air District Permit</th>
<th>NPDES Permit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forecast</td>
<td>June 2020</td>
<td>July 2020</td>
<td>December 2020</td>
<td>December 2021</td>
<td>March 2022</td>
</tr>
</tbody>
</table>

RECYCLED WATER PUMP STATION IMPROVEMENTS

Phase: In Project Close-out
Project Status: On Schedule (July 2020) - Record drawings preparation
Project achieved final acceptance. Recordation at Santa Clara County for Final Completion of Construction has been received. Preparation of Record Drawings is underway.

<table>
<thead>
<tr>
<th>Status</th>
<th>2020</th>
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<tbody>
<tr>
<td></td>
<td>Jan</td>
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<tr>
<td>Commissioning</td>
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<tr>
<td>Close-Out</td>
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<tr>
<td>Record Drawings</td>
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</table>

<table>
<thead>
<tr>
<th>Key Milestones</th>
<th>Construction End</th>
<th>System Commissioning</th>
<th>Record Drawings</th>
<th>Project Closeout</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forecast</td>
<td>Fall 2019</td>
<td>Winter 2020</td>
<td>Spring 2020</td>
<td>July 2020</td>
</tr>
</tbody>
</table>
NEW MAINTENANCE FACILITY

Phase: In Design Development
Project Status: SIP Schedule Impact (July 2020) - Seek Board Approval for Bid Advertisement
The final design and site layout to retrofit the existing facility and decommission an abandoned pump station is complete. The project received approval from environmental and planning review and plan check review from the Building Department. The schedule for final approval of the Plan Check documents was impacted by COVID-19 shutdown by about four months. Update on New Maintenance Facility Project will be presented to the Board for review and let bid approval.

<table>
<thead>
<tr>
<th>Status</th>
<th>2020</th>
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<tr>
<td></td>
<td>Jan</td>
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<tr>
<td>Design</td>
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<tr>
<td>Board review</td>
<td>♣</td>
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<tr>
<td>Bid &amp; Award</td>
<td>♣</td>
</tr>
<tr>
<td>Construction</td>
<td>♣</td>
</tr>
</tbody>
</table>

Key Milestones               Planning Review | 100% Design | Bid and Award
Forecast                     Fall 2019       Spring 2020       Summer 2020

VACUUM TRUCK WASTE RECEIVING STATION PROJECT

Phase: In Project Close-out
Project Status: On Schedule (July 2020) - Record drawings preparation
Project achieved the final acceptance milestone. Recordation at Santa Clara County for Project Final Completion has been received. Preparation of Record Drawings is underway.

<table>
<thead>
<tr>
<th>Status</th>
<th>2020</th>
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<tbody>
<tr>
<td></td>
<td>Jan</td>
</tr>
<tr>
<td>Construction</td>
<td>♣</td>
</tr>
<tr>
<td>Close-Out</td>
<td></td>
</tr>
<tr>
<td>Record Drawings</td>
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</tbody>
</table>

Key Milestones               Construction Start | Construction End | System Commissioning | Project Close-Out
Forecast                     May 2019                        Dec 2019                        Spring 2020                        July 2020
NPDES/ WDR PERMIT RENEWAL

Phase: In Permit Compliance  
Project Status: Ongoing tasks

State permit was adopted in 2017. A groundwater study and report as required by the Permit was submitted in 2018. Groundwater contour mapping for the First Quarter Groundwater Monitoring report was completed in April 2020.

<table>
<thead>
<tr>
<th>Key Milestones</th>
<th>Adopted Permit</th>
<th>Groundwater Contour Study</th>
<th>Permit Compliance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forecast</td>
<td>November 2017</td>
<td>April 2018</td>
<td>Ongoing</td>
</tr>
</tbody>
</table>

UV DISINFECTION FACILITY

Phase: In commissioning for operations  
Project Status: Commissioning (Spring 2020) - Full operations anticipated in summer 2020

The revision of operating requirements with incorporation of regulatory comments is complete and regulatory approval was received from State Department of Drinking Water. Application for permit exemption submitted to Air District in August 2019. The preparation of standard operating procedures and system calibration to meet permit compliance. System is expected fully permitted and in service by summer 2020.

<table>
<thead>
<tr>
<th>Status</th>
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<tbody>
<tr>
<td>Comission &amp; Permits</td>
<td>Feb</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Key Milestones</th>
<th>State DDW Permit</th>
<th>Commissioning</th>
<th>Air District Permit</th>
<th>System Operation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forecast</td>
<td>February 2019</td>
<td>Spring 2019</td>
<td>Winter 2020</td>
<td>Spring 2020</td>
</tr>
</tbody>
</table>

SOLAR ENERGY PROJECT

Phase: In Operations  
Project Status: Ongoing monitoring and maintenance tasks

Solar facilities for Influent Pump Station (190-kW capacity) and the wastewater treatment systems (1.1-MW capacity) are currently in operations. Solar power monitoring is ongoing.

RECYCLED WATER SYSTEM SUPPORT

Phase: Ongoing operations, maintenance and customer permit support  
Project Status: On Schedule

Annual self-inspection and Recycled Water Users Training was completed for summer/fall 2019. Review for new recycled water user for San Felipe Farms and B&T Farms was performed and a Site Supervisor training session was conducted in January 2020. Collaboration with SC VWD on Countywide Water Reuse Master Plan effort, including review and comment Reverse Osmosis Concentrate Management™.
MEMBERS PRESENT: 
Marie Blankley
Dion Bracco
Larry Carr
Rene Spring
Fred Tovar

STAFF PRESENT: 
Gilroy
Jimmy Forbis
Saeid Vaziry
Girum Awoke

Morgan Hill
Chris Ghione
Clint Byrum

VALLEY WATER: 
Richard Santos
John Varela
Dave Tucker

Chairman Carr called the meeting to order at 8:00 A.M. He announced that all Board Members are participating remotely pursuant to the Governor’s Executive Order Number N-29-20 in order to minimize the spread of the COVID 19 virus. This meeting is being conducted live via Webex. Public comments can be submitted throughout the meeting by emailing gina.bonnell@jacobs.com. Comments must be received before he closes the public comment portion for each item. The Deputy Secretary will read the first 3 minutes of each comment into the record.

I. Certification of Posting of the Agenda
   Gina Bonnell reported the agenda was posted on June 25, 2020 @ 4:19 PM.

II. Roll Call

III. Consent Calendar
   A. Approval of Minutes of the June 3, 2020 meeting

   Motion to approve Consent Calendar moved by Director Spring, seconded by Director Tovar. 
   Ayes: Carr, Blankley, Bracco, Spring, Tovar
   Nays 0, Abstain: 0
   Vote: Motion Carried

IV. Presentation by Members of the Public on items not on the Agenda

V. Bids and Proposals

VI. Old Business

VII. New Business
   A. Jimmy Forbis recommended re-adoption of the Investment Policy with only the date having been changed.
      Motion to re-adopt the investment policy moved by Director Spring, seconded by Director Blankley. 
      Ayes: Tovar, Carr, Blankley, Bracco, Spring
      Nays 0, Abstain: 0
      Vote: Motion carried
B. Billy Wong from Stantec reviewed the Proposed Maintenance Facility Improvements presentation. Billy and Saeid Vaziry answered Board Member questions.

Motion to proceed with advertisement to solicit construction bids for further consideration by the Board moved by Director Spring, seconded by Director Tovar.

* Ayes: Tovar, Carr, Blankley, Bracco, Spring  
* Nays 0, Abstain: 0  
* Vote: Motion carried

C. Mengli Shi from Stantec presented a status report on the treatment capacity expansion design. Chairman Carr asked about the feasibility of SCRWA financing the expansion. Jimmy Forbis spoke about how financing the project through SCRWA was not favorable for either city. That it gave the Cities more flexibility to manage their own cash and debt. Andy Faber mentioned that SCRWA does not generate revenue on its own, but through the Cities. Chairman Carr asked about the risk of doing the expansion construction then not commissioning it. Saeid Vaziry clarified that commissioning was a construction long process and the end will be operational only. Saeid also stated that authorization for going to bid would be brought back to the Board October or November timeline.

VIII. Communications

IX. Reports

A. Jacobs  
1. Wastewater Acronyms  
2. Plant Reports – May 2020  
3. Recap of Expenses – May 2020  
4. Septage Report – May 2020  

Chris Vasquez stated that there were no issues or violations. He reported that septage improvements have increased the operational time and decreased downtime. The septage flow is good and the plant is able to keep up with it.

Chris reported that the UV system is going through testing to ensure compliance and reporting requirements. The UV vendor will be onsite to do monitoring to increase efficiencies in state reporting.

B. Valley Water – Directors Santos and Varela were in attendance.  
Director Varela reported that of the 850 employees, only one had a severe case of COVID 19. That employee is now recovering.

Valley Water will be freezing their budget, and there will be no increases. They have also put a freeze on hiring at this time.

Their recently appointed CEO is Mr. Rick Callender. He has been with the Water District almost thirty years. Norma Camacho has left the District.

The “Safe Clean Water and Natural Flood Protection Initiative” is a ballot initiative first adopted in 2012 to raise 45 million dollars per year. The Upper Llagas Creek project is earmarked for 40 million of these funds. The Anderson and Pacheco Dam projects are also earmarked for funds. He mentioned the desire to reconvene the joint committee meetings with the two cities to look at opportunities for future partnerships. He recommended a Joint Committee Meeting be put on the agenda for the first quarter of next year.
C. Stantec
   **Billy Wong** reviewed the Engineering Projects Report – July 2020.

D. **SCRWA Manager**
   Jimmy Forbis announced that he would be covering as the Cities’ Interim Finance Director and Authority Treasurer for about a month since Bryce Atkins’ last day was June 30.

E. **SCRWA Attorney**
   Andy Faber pointed out as a historical reference that SCRWA’s EIR was approved in 1992. At that time the capacity expectation for 2005 would be 14.7 average dry weather flow.

F. **Board Members**
   **No Report**

X. **Adjourn**
   Chairman Tovar adjourned the meeting at 8:55 A.M.

Gina Bonnell, Deputy Secretary of the Board
South County Regional Wastewater Authority