



EDMUND G. BROWN JR.
GOVERNOR

MATTHEW RODRIGUEZ
SECRETARY FOR
ENVIRONMENTAL PROTECTION

State Water Resources Control Board

November 27, 2017

San Francisco Public Utilities Agency
Attn: Harlan Kelly, Jr.
525 Golden Gate Avenue
San Francisco, CA 94102

Agreement Number: D17-01004
Project Number: C-06-8088-110

Enclosed is your amended Funding Agreement for your approval and signature. This Agreement cannot be considered binding by either party until executed by the State Water Resources Control Board ("State Water Board").

If in agreement with all terms and conditions of the Agreement, please have the Authorized Representative, as noted in the executed resolution, sign and return two (2) signature pages **no later than thirty (30) calendar days from the date of this letter to:**

US Mail

Koreenia Lazo
State Water Resources Control Board
Division of Financial Assistance
P.O. Box 944212
Sacramento, CA 94244-2120

Overnight Mail

Koreenia Lazo
State Water Resources Control Board
Division of Financial Assistance
1001 I Street, 16th Floor
Sacramento, CA 95814

Ms. Lazo may be contacted at (916) 319-0807 or Koreenia.Lazo@waterboards.ca.gov

Once the Agreement is signed by both parties, we will forward an executed copy to you for your entity's records.

Enclosures



PUBLIC UTILITIES COMMISSION OF THE CITY AND COUNTY OF SAN FRANCISCO
 AND
 CALIFORNIA STATE WATER RESOURCES CONTROL BOARD
 INSTALLMENT SALE AGREEMENT
 WASTEWATER ENTERPRISE OBLIGATION
 CWWSIPSE05 - SEP 521/522 AND DISINFECTION UPGRADE PROJECT
 CLEAN WATER STATE REVOLVING FUND PROJECT NO. C-06-8088-110

AMENDMENT NO. 1
 AGREEMENT NO. D17-01004

AMOUNT: ~~\$31,134,787~~ **\$40,006,740**

ELIGIBLE START DATE: AUGUST 1, 2016
 END DATE: JULY 18, 2048

The parties mutually agree to this amendment as follows. All actions noted below are by this reference made a part of the Agreement, originally executed on September 28, 2017, and incorporated herein:

Changes made in this amendment are shown as follows in the attached Exhibits:


- Exhibit A – Scope of Work & Incorporated Documents (2 pages attached)*
- Exhibit A-FBA – Final Budget Approval (4 pages attached)*
- Exhibit B – Project Financing Amount (1 page attached)*
- Exhibit C – CWSRF Payment Schedule (2 pages attached)***

- * Except as otherwise noted, text deletions are displayed as strike through text (i.e., strike out) and text additions are displayed in bold and underline.
- ** Entire Exhibit added.
- *** Updated Pages.

All other terms and conditions shall remain the same.

PUBLIC UTILITIES COMMISSION OF THE CITY AND COUNTY OF SAN FRANCISCO:

STATE WATER RESOURCES CONTROL BOARD:

By: 
 Name: Harlan Kelly, Jr.
 Title: General Manager

By: _____
 Name: Leslie Laudon
 Title: Deputy Director
 Division of Financial Assistance

Date: 11-30-17

Date: _____

Approved as to form:

DENNIS J. HERRERA
 City Attorney of the City and County of San Francisco


By: 
 Name: Mark D. Blake
 Title: Deputy City Attorney
 Acknowledged:

EXHIBIT A – SCOPE OF WORK

1. The Recipient agrees to start construction no later than the date of March 7, 2016.
2. The Completion of Construction date is hereby established as July 18, 2018.
3. The Recipient agrees to ensure that its final Request for Disbursement is received by the Division no later than six months after Completion of Construction, unless prior approval has been granted by the Division. Otherwise, the undisbursed balance of this Agreement will be deobligated.
4. Incorporated by reference into this Agreement are the following documents:
 - (a) the Final Plans & Specifications, dated September 8, 2015 and Addenda No. 1, 2, and 3, issued November 25, 2015, December 8, 2015 and December 10, 2015 respectively, which are the basis for the construction contract to be awarded to Western Water Constructors, Inc.
 - (b) the Waste Discharge Requirement Order No. R2-2013-0029 and National Pollutant Discharge Elimination System Permit No. CA0037664; and
 - (c) the Recipient's Reimbursement Resolution No. 15-0069 dated March 10, 2015.
5. Reporting. Status Reports due at least quarterly.
6. Project Objectives

As part of the Sewer System Improvement Program (SSIP), this Project aims to implement operational improvements and seismic upgrades to the South-East Water Pollution Control Plant (SEP) related to its disinfection process in order to ensure the reliability of the sewer system and to protect the health of the community and environment.

7. Scope of Work

SEP 521 Postchlorination Building is where the secondary effluent of SEP is chemically treated prior to discharging into the San Francisco Bay. To ensure that the SEP 521 along with all disinfection processes are functioning correctly and carefully monitored, this Project will address equipment and systems that are in need of replacement due to corrosion, operating inefficiencies, and failures. Valves and actuators associated with the SEP 521 processes will be replaced and a new Hydraulic Power Unit (HPU) will be installed as a hydraulic actuation for all valves. The SEP 521 will undergo a seismic/retrofit design and the majority of electrical distribution equipment will be removed and relocated to a new building (SEP 522) that will be approximately 1,600 square feet. The structure of SEP 522 will be independently supported on a new foundation and will be constructed next to the existing SEP 521. The new SEP 522 will include a dedicated area for the HPU, a dedicated area for Variable Frequency Drives, a dedicated area for Motor Control Center, and a dedicated area for main unit switchboards with distribution sections.

Distributed control systems station and the chemical sampling station will remain in the existing SEP 521 but will be strategically redesigned and relocated inside the existing SEP 521 to fully utilize the space vacated by the electrical distribution equipment. Four existing No.3 water pumps and motors at SEP 521 will be replaced with new higher flow capacity pumps.

EXHIBIT A – SCOPE OF WORK

8. Signage.

The Recipient shall place a sign at least four feet tall by eight feet wide made of ¾ inch thick exterior grade plywood or other approved material in a prominent location on the Project site and shall maintain the sign in good condition for the duration of the construction period. The sign must include the following disclosure statement and color logos (available from the Division):



“Funding for this ~~\$31,134,787~~, CWWSIPSE05-SEP 521/522 and Disinfection Upgrade Project has been provided in full or in part by the Clean Water State Revolving Fund through an agreement with the State Water Resources Control Board. California’s Clean Water State Revolving Fund is capitalized through a variety of funding sources, including grants from the United States Environmental Protection Agency and state bond proceeds.”

The Project sign may include another agency's required promotional information so long as the above logos and disclosure statement are equally prominent on the sign. The sign shall be prepared in a professional manner.

The Recipient shall include the following disclosure statement in any document, written report, or brochure prepared in whole or in part pursuant to this Agreement:

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

EXHIBIT A – FBA – FINAL BUDGET APPROVAL

Table 1: Approved Construction Bid Amount

CONTRACTOR	AMOUNT BID	APPROVED COSTS
Western Water Constructors, Inc.	\$25,750,000	\$23,566,601

Note: Approved costs do not include bid line items 31 – 38. Contingency/Allowances costs will be approved based upon review of change orders submitted with disbursement requests and will be paid out of line D of Table 2 below. According to State Water Board Resolution No. 2017-0026, eligibility of construction costs starts on August 1, 2016. A factor of 93.76% was applied to the rest of the bid items so as not to account for construction costs incurred prior to August 1, 2016.

1 - BUDGET

Table 2: Approved Final Project Budget

PROJECT COST TABLE	
TYPE OF WORK	APPROVED BUDGET
A. Construction	
Western Water Constructors, Inc.	\$23,566,601
B. Pre-Purchased Material/Equipment	\$0
C. Land Purchase	\$0
D. Change Order Contingency	\$576,623* \$3,151,623
E. Allowances	
Planning	\$626,272
Design	\$5,345,976 ¹
Construction Management	\$519,315 \$4,695,096¹
Administration	\$500,000 \$2,621,172¹
Value Engineering	\$0
Subtotal - E	\$6,991,563 \$13,288,516
TOTAL (Subtotal A+B+C+D+E)	\$31,134,787** \$40,006,740

Note: Adjustments may be made between line items on the final request for disbursement

*Original Change Order Contingency budget (\$2,575,000) + Contingency & Allowance Costs incurred after August 1, 2016 (\$576,623) from bid line items 31 – 38.

** The agreement will be amended to increase the CWSRF loan amount to equal the eligible Project cost of \$40,006,740 contingent on the State Water Board's approval of \$8,871,953 in addition to the \$272,000,000 approved on May 2, 2017 by State Water Board Resolution No. 2017-0026.

EXHIBIT A – FBA – FINAL BUDGET APPROVAL

¹ On October 3, 2017, the State Water Board approved Resolution No. 2017-055 which authorized financing for the four San Francisco Public Utilities Commission Projects (C-06-8088-110, C-06-8111-110, C-06-8129-110, C-06-8132-110) in an amount not to exceed \$281,000,000.

2 - PROJECT ELIGIBILITY DETERMINATION

The eligibility determinations and conditions of approval identified below are based on the review of:

- Stamped and Signed Final Plan and Specifications (P&S) for the Project received April 20, 2017, dated September 8, 2015; and
- Addenda No 1, 2, and 3, issued November 25, 2015, December 8, 2015 and December 10, 2015, respectively.

The eligibility determination for the bid items shown in the schedule of values provided by the Recipient are as follows:

Table 3: Eligibility Determination Agreement:

Bid Item	Description	Percent Eligibility
1	Mobilization	94%
2	Demobilization	94%
3	City Representative's Field Office	94%
4	SEP 521 Architectural Work	94%
5	SEP 522 Architectural Work	94%
6	SEP 920 Architectural Work	94%
7	SEP 930 Architectural Work	94%
8	Dewatering	94%
9	Shoring	94%
10	Installation of Sewer & Drainage Systems, Asphalt Paving, Concrete paving, Aggregate Base; Excavation; Backfill; Compaction & Finish Grading	94%
11	SEP 522 & General Structural Work	94%
12A	Structural Work at Chlorine Contact Channels (Structural Modifications)	94%
12B1	Structural Work at Chlorine Contact Channels (Concrete Spall Repair)	94%
12B2	Structural Work at Chlorine Contact Channels (Reinforcing Steel Replacement)	94%
12B3	Structural Work at Chlorine Contact Channels (Concrete Crack Repair)	94%
13	Coating Work for Chlorine Contact Channels	94%
14	Additional Epoxy Mastic Coating Work for SEP 530 Chlorine Contact Channel	94%
15	Coating Work for SEP 540 Stop Log Walls	94%
16	W3 System Improvements	94%
17	SEP 545 Valve Replacement	94%
18	Chlorine Contact Channel Dewater System at SEP 920	94%
19	SEP 521/522/920 Instrument Air System	94%
20	SEP 521/522 Heating, Ventilation & Air Conditioning System	94%

EXHIBIT A – FBA – FINAL BUDGET APPROVAL

Bid Item	Description	Percent Eligibility
21	Plumbing Piping	94%
22	SEP 521 Effluent Sampling Pumps with Associated Piping, Valves & Switches	94%
23	SEP 521 Process Measurement Devices	94%
24	Sluice & Slide Gates with Associated Actuation Systems & Hydraulic Power Unit with Associated Piping	94%
25	SEP 526 12" & 16" Valves with Associated Hydraulic Actuation Systems & Piping	94%
26	SEP 526 Dewatering Pump	94%
27	SEP 526 Sump Pump	94%
28	Electrical Demolition Work	94%
29	Electrical New Work	94%
30	Instrumentation & Control	94%
31-38	Contingencies and Allowances	0%

Bid items as shown in the schedule of values provided by the Recipient

Eligibility Determination Conditions of Approval

1. For Bid Items 1 – 30, costs are adjusted to 93.7601% as to not account for Project construction costs incurred prior to August 1, 2016.
2. Contingency/allowance costs will be approved based upon review of changed orders and disbursement requests, therefore, Bid Items 30 – 38 will be funded from the Change Order Contingency budget, instead of the Construction budget. The total Contingency budget has been adjusted to reflect these changes. See Table 2 for Approved Final Project Budget.
3. Necessary insurance directly related to the construction contract and extending throughout the period of the construction contract will be eligible for CWSRF financing. This includes builder risk insurance, public liability insurance, fire, and Project specific insurance.
4. Earthquake insurance and "Act of God" insurance are ineligible for funding.
5. Asphalt pavement, corresponding improvements, and excavation and refill materials due to trenching are limited to replacement of the trench width plus one foot on each side of the trench disturbed due to the construction work of the subject contract only. Full lane width paving or slurry seal is eligible only if required by ordinance or code.
6. The cost of local permits and licenses other than those issued by the Recipient are eligible for CWSRF financing.
7. The approved change order contingency may not be increased above the approved contingency shown in Table 2. Any unclaimed construction or allowance costs may also be used towards construction change orders. The change order approval may not: (1) increase the maximum amount of the financing agreement based on Table 2: Approved Construction Budget, (2) increase the term of the financing agreement, or (3) result in a substantial change in the Project scope.
8. Review of the P&S by the Division is conducted to determine eligibility and administrative compliance with the Policy. Issuance of the FBA does not relieve the Recipient and the design engineer of their legal liability for the adequacy of the design.

EXHIBIT A – FBA – FINAL BUDGET APPROVAL

3- PROJECT COMPLETION

Project Completion Report:

The Project completion report shall contain the following:

1. A description of the final constructed Project.
2. A description of the water quality problem the Project sought to address.
3. A discussion of the Project's likelihood of successfully addressing that water quality problem in the future, and
4. Summarize compliance with environmental conditions, if applicable.

Project Completion Reporting:

1. The Recipient must notify the appropriate Regional Water Board and the Division that its Project was completed by submitting a Project Completion Report to the Division with a copy to the Regional Water Board. The Project Completion Report must be submitted on or before the due date established per section XIII(B)(2) of the CWSRF Policy.
2. The State Water Board expects the Recipient to prepare and send a timely and complete report. The State Water Board may avail itself of any legal means to obtain this report. (See Water Code §13267.)

EXHIBIT B – FUNDING AMOUNT

1. Estimated Reasonable Cost. The estimated reasonable cost of the total Project, including associated planning and design costs is forty-one million six hundred thirteen thousand five hundred sixteen dollars and no cents (\$41,613,516.00).
2. Project Financing. Subject to the terms of this Agreement, the State Water Board agrees to provide Project Funds in the amount of up to **forty million six thousand seven hundred forty dollars and no cents (\$40,006,740.00)**~~thirty-one million one hundred thirty-four thousand seven hundred eighty-seven dollars and no cents (\$31,134,787.00)~~. The estimated amount of principal that will be due to the State Water Board under this Agreement is **forty million six thousand seven hundred forty dollars and no cents (\$40,006,740.00)**~~thirty-one million one hundred thirty-four thousand seven hundred eighty-seven dollars and no cents (\$31,134,787.00)~~.
3. Payment, Interest Rate, and Charges. The Recipient agrees to make all Installment Payments according to the schedule in Exhibit C at an interest rate of one and eight tenths (1.8%) per annum. The Recipient agrees to pay an Administrative Service Charge in lieu of interest as reflected in Exhibit C. The Recipient agrees to pay a Small Community Grant Fund Charge in lieu of interest as reflected in Exhibit C.
4. The term of this agreement is from August 1, 2016 to July 18, 2048.
5. Budget costs are contained in the Project Cost Table, which is part of Exhibit A-FBA.

EXHIBIT C – PAYMENT SCHEDULE

See the attached preliminary Payment Schedule dated **November 7, 2017** ~~June 22, 2017~~. The final Payment Schedule will be forwarded to the Recipient after all disbursements have been paid and construction of the Project has been completed.

California CWSRF Payment Schedule

Principal is paid over: 30 Years

Project No. 8088-110 - San Francisco, Public Utilities Commission of the City & County of
 Agreement: D1701004 - based on Actual + Projected Disbursements

Interest rate: 1.80000%

CWWSIPSE05 - SEP 521/522 and Disinfection Upgrades

Ref Num	Due Date	Date Received	Principal Payment	Interest Rate%	Interest Payment	Total P and I Payment	Total Payment	Ending Balance	CPI Interest
1	7/18/2019		944,602.78	1.8	579,604.28	1,524,207.06	1,524,207.06	34,202,057.22	0.00
2	7/18/2020		1,073,816.94	1.8	654,470.23	1,728,287.17	1,728,287.17	37,751,240.28	0.00
3	7/18/2021		1,055,656.82	1.8	683,469.71	1,739,126.53	1,739,126.53	36,932,663.46	0.00
4	7/18/2022		1,074,338.59	1.8	664,787.94	1,739,126.53	1,739,126.53	35,858,324.87	0.00
5	7/18/2023		1,093,676.68	1.8	645,449.85	1,739,126.53	1,739,126.53	34,764,648.19	0.00
6	7/18/2024		1,113,362.86	1.8	625,763.67	1,739,126.53	1,739,126.53	33,651,285.33	0.00
7	7/18/2025		1,133,403.39	1.8	605,723.14	1,739,126.53	1,739,126.53	32,517,881.94	0.00
8	7/18/2026		1,153,804.66	1.8	585,321.87	1,739,126.53	1,739,126.53	31,364,077.28	0.00
9	7/18/2027		1,174,573.14	1.8	564,553.39	1,739,126.53	1,739,126.53	30,189,504.14	0.00
10	7/18/2028		1,195,715.46	1.8	543,411.07	1,739,126.53	1,739,126.53	28,993,788.68	0.00
11	7/18/2029		1,217,238.33	1.8	521,888.20	1,739,126.53	1,739,126.53	27,776,550.35	0.00
12	7/18/2030		1,239,148.62	1.8	499,977.91	1,739,126.53	1,739,126.53	26,537,401.73	0.00
13	7/18/2031		1,261,453.30	1.8	477,673.23	1,739,126.53	1,739,126.53	25,275,948.43	0.00
14	7/18/2032		1,284,159.46	1.8	454,967.07	1,739,126.53	1,739,126.53	23,991,788.97	0.00
15	7/18/2033		1,307,274.33	1.8	431,852.20	1,739,126.53	1,739,126.53	22,684,514.64	0.00
16	7/18/2034		1,330,805.27	1.8	408,321.26	1,739,126.53	1,739,126.53	21,353,709.37	0.00
17	7/18/2035		1,354,759.76	1.8	384,366.77	1,739,126.53	1,739,126.53	19,998,949.61	0.00
18	7/18/2036		1,379,145.44	1.8	359,981.09	1,739,126.53	1,739,126.53	18,619,804.17	0.00
19	7/18/2037		1,403,970.05	1.8	335,156.48	1,739,126.53	1,739,126.53	17,215,834.12	0.00
20	7/18/2038		1,429,241.52	1.8	309,885.01	1,739,126.53	1,739,126.53	15,786,592.60	0.00
21	7/18/2039		1,454,967.86	1.8	284,158.67	1,739,126.53	1,739,126.53	14,331,624.74	0.00
22	7/18/2040		1,481,157.28	1.8	257,969.25	1,739,126.53	1,739,126.53	12,850,467.46	0.00
23	7/18/2041		1,507,818.12	1.8	231,308.41	1,739,126.53	1,739,126.53	11,342,649.34	0.00
24	7/18/2042		1,534,958.84	1.8	204,167.69	1,739,126.53	1,739,126.53	9,807,690.50	0.00
25	7/18/2043		1,562,588.10	1.8	176,538.43	1,739,126.53	1,739,126.53	8,245,102.40	0.00
26	7/18/2044		1,590,714.69	1.8	148,411.84	1,739,126.53	1,739,126.53	6,654,387.71	0.00
27	7/18/2045		1,619,347.55	1.8	119,778.98	1,739,126.53	1,739,126.53	5,035,040.16	0.00
28	7/18/2046		1,648,495.81	1.8	90,630.72	1,739,126.53	1,739,126.53	3,386,544.35	0.00
29	7/18/2047		1,678,168.73	1.8	60,957.80	1,739,126.53	1,739,126.53	1,708,375.62	0.00
30	7/18/2048		1,708,375.62	1.8	30,750.76	1,739,126.38	1,739,126.38	0.00	0.00
			40,006,740.00		11,941,296.92	51,948,036.92	51,948,036.92		0.00