



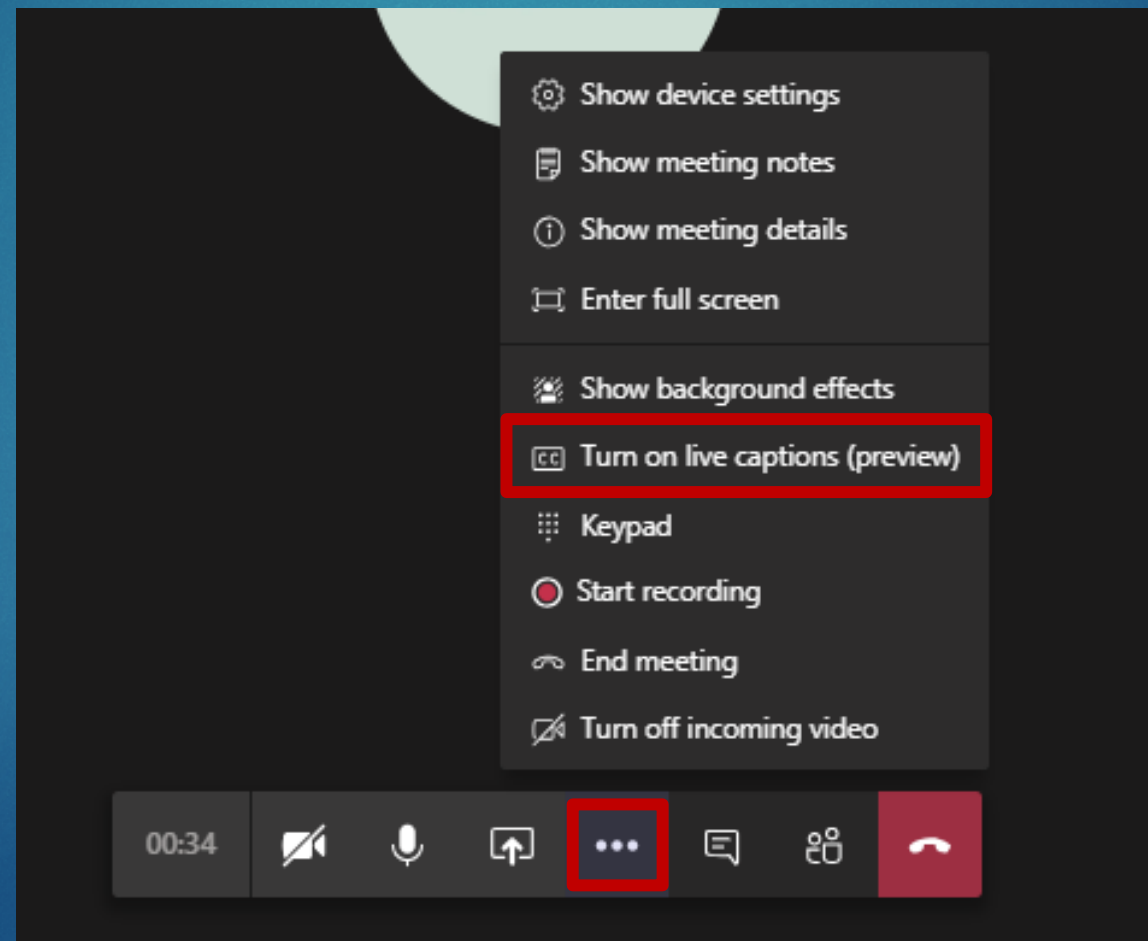
Silicon Valley Clean Water Commission Meeting

MARCH 15, 2021



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Agenda Item 8A Line of Credit Renewal

Proposal to Renew LOC

- ▶ Provides Liquidity for RESCU; Bridges SRF Drawdowns
- ▶ Three-year Extension (through end of RESCU)
- ▶ Keeps same spread terms on LIBOR Interest Rate Index
- ▶ Addresses how to replace LIBOR Index when expires
- ▶ Expands “Accordion Feature” from \$65 million to \$75 million

Recommendation

Authorize Amendment of Credit
Agreement with Wells Fargo Bank
for a Line of Credit







Agenda Item 8B

Fiscal Year 2020-21

Operating Budget

Budget-to-Budget Highlights

- ▶ Total Increase of \$1.5 million (3.07%) from FY20-21 Budget

Year-over-year Budgeted Member Entity Contributions				
Description	2020-21 Adopted Budget	2021-22 Proposed Budget	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Gross Operating Expenses	\$ 27,728,484	\$ 28,467,513	\$ 739,029	2.67%
Less: Miscellaneous Revenue	(1,099,500)	(755,000)	(344,500)	(31.33%)
Contributions, Net Operating Expenses	\$ 26,628,984	\$ 27,712,513	\$ 1,083,529	4.07%
Add: Revenue-Funded Capital Projects	1,295,500	1,497,500	202,000	15.59%
Contributions, Before Reserves & Debt Service	\$ 27,924,484	\$ 29,210,013	\$ 1,285,529	4.60%
Add: Reserve Designations	1,524,866	2,000,000	475,134	31.16%
Add: Debt Service, Participating members	19,646,217	19,394,786	(251,431)	(1.28%)
Contributions, Total	\$ 49,095,567	\$ 50,604,799	\$ 1,509,232	3.07%

Proposed Budget vs. 2020 LRFP

- Required Cash Flow 8% Less than January 2020 Estimates

Budgeted Member Entity Contributions, versus 2020 Long-Range Financial Plan				
Description	2020 LRFP	2021-22 Proposed Budget	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Gross Operating Expenses	\$ 28,045,081	\$ 28,467,513	\$ 422,432	1.51%
Less Miscellaneous Revenue	(1,876,276)	(755,000)	(1,121,276)	(59.76%)
Net Operating Expenses	\$ 26,168,805	\$ 27,712,513	\$ 1,543,708	5.90%
Add: Revenue-Funded Capital Projects	1,500,000	1,497,500	(2,500)	(0.17%)
Contributions before Reserves, Debt Service:	\$ 27,668,805	\$ 29,210,013	\$ 1,541,208	5.57%
Add: Reserve Designations	2,000,000	2,000,000	-	0.00%
Add: Debt Service, Participating members	25,332,437	19,394,786	(5,937,651)	(23.44%)
Total Member Contributions	\$ 55,001,242	\$ 50,604,799	\$ (4,396,443)	(7.99%)

2020-21 Forecast; COVID-19 Impact

- ▶ Anticipated to be \$890 thousand (3.2%) below budget
- ▶ Personnel costs below budget due to position vacancies
- ▶ Temporary decline in other expenditures (repair services, materials purchases, training, and conferences)
- ▶ Reductions are not sustainable; budget assumes return to ordinary workload

Silicon Valley Clean Water Expenditure Summary - By Objective				
Description	2020-21 Forecast	Adopted 2020-21 Budget	\$ Higher/(Lower) v. Budget	% Higher/(Lower) v. Budget
Personnel	\$ 16,924,731	\$ 17,853,205	\$ (928,474)	(5.2%)
Utilities	1,890,226	1,733,449	156,777	9.0%
Administrative Expenses	593,769	623,021	(29,252)	(4.7%)
Equipment & Supplies Expense	2,619,267	2,599,502	19,765	0.8%
Chemicals	1,559,335	1,703,871	(144,536)	(8.5%)
Professional & Contractual Services	2,941,793	2,820,575	121,218	4.3%
Training, Memberships, Travel	308,623	394,861	(86,238)	(21.8%)
TOTAL	\$ 26,837,742	\$ 27,728,484	\$ (890,741)	(3.2%)

January 2021 Reorganization

► Results in a \$235 thousand net decrease

Reorganization Impact - Year over Year Budget Comparison						
Description	Adopted 2020-21 Budget	Proposed 2021-22 Budget	\$ Increase / (Decrease)	Related to Reorg. Incr/(Decr)	Non-Reorg \$ Incr/(Decr)	Other % Incr/(Decr)
Operations	\$ 10,554,300	\$ 10,809,897	\$ 255,597	\$ -	\$ 255,597	2.4%
Maintenance	6,835,021	7,246,589	411,568	365,000	\$ 46,568	0.7%
Laboratory Services	1,890,060	1,798,210	(91,850)	(170,000)	\$ 78,150	4.1%
Environmental Services	1,044,663	993,719	(50,944)	(75,000)	\$ 24,056	2.3%
Engineering	990,110	1,392,615	402,505	210,000	\$ 192,505	19.4%
Safety	534,072	492,106	(41,966)	-	\$ (41,966)	(7.9%)
Information Services	1,718,814	1,976,351	257,536	160,000	\$ 97,536	5.7%
Administration	4,161,444	3,758,027	(403,417)	(725,000)	\$ 321,583	7.7%
TOTAL	\$ 27,728,484	\$ 28,467,513	\$ 739,029	\$ (235,000)	\$ 974,029	3.5%

Proposed Budget vs. 2020-21 Forecast

- ▶ **Personnel:** Filling vacancies, Merit / Step
- ▶ **Utilities:** Recover from cogen outage, leverage switchgear
- ▶ **Equip/Supp.:** Return to normal Maintenance activities
- ▶ **Chemicals:** Price increase, odor/corrosion control, process changes
- ▶ **Training:** Return from pandemic deferrals

Silicon Valley Clean Water Expenditure Summary - By Objective						
Description	2019-20	Adopted	2020-21	Proposed	\$	%
	Actual	Budget	Forecast	Budget	Incr/(Decr) v. Forecast	Incr/(Decr) v. Forecast
Personnel	\$17,863,474	\$17,853,205	\$16,924,731	\$18,280,601	\$ 1,355,870	8.0%
Utilities	1,858,027	1,733,449	1,890,226	1,576,620	(313,606)	(16.6%)
Administrative Expenses	580,200	623,021	593,769	631,843	38,074	6.4%
Equipment & Supplies Expense	2,205,698	2,599,502	2,619,267	2,738,854	119,587	4.6%
Chemicals	1,563,436	1,703,871	1,559,335	1,928,592	369,257	23.7%
Professional & Contractual Services	2,682,934	2,820,575	2,941,793	2,947,492	5,699	0.2%
Training, Memberships, Travel	150,459	394,861	308,623	363,511	54,888	17.8%
TOTAL	\$26,904,228	\$27,728,484	\$26,837,742	\$28,467,513	\$ 1,629,771	6.1%

Operating Budget Allocations

2021-22 Budget Revenue Allocation to Member Agencies - Proposed

Description	Belmont	Redwood City	San Carlos	West Bay San District	TOTAL
Allocation Factors					
<i>Flow</i>	11.30%	53.24%	13.65%	21.81%	100%
<i>Biochemical Oxygen Demand (BOD)</i>	11.31%	52.55%	12.05%	24.09%	100%
<i>Suspended Solids (SS)</i>	10.61%	55.52%	11.80%	22.07%	100%

Operating Expenditures	Weightings							
	<u>Flow</u>	<u>BOD</u>	<u>SS</u>					
Operations	26.5%	33.5%	40.0%	\$ 1,192,045	\$ 5,828,788	\$ 1,337,617	\$ 2,451,447	\$ 10,809,897
Maintenance	26.5%	33.5%	40.0%	799,107	3,907,422	896,693	1,643,367	7,246,589
Laboratory	26.5%	33.5%	40.0%	198,295	969,610	222,510	407,794	1,798,210
Environmental Services	26.5%	33.5%	40.0%	109,581	535,822	122,963	225,354	993,719
Engineering	26.5%	33.5%	40.0%	153,568	750,910	172,322	315,814	1,392,615
Safety	100.0%	0.0%	0.0%	55,608	261,997	67,173	107,328	492,106
Information Services	26.5%	33.5%	40.0%	217,939	1,065,665	244,554	448,193	1,976,351
Administrative Services	100.0%	0.0%	0.0%	424,657	2,000,774	512,971	819,626	3,758,027
Total Operating Expenditures				\$ 3,150,800	\$ 15,320,988	\$ 3,576,802	\$ 6,418,923	\$ 28,467,513
Subtract Miscellaneous Income	26.5%	33.5%	40.0%	\$ 83,256	\$ 407,102	\$ 93,424	\$ 171,217	\$ 755,000

2021-22 Net Operating Revenue Required	\$ 3,067,544	\$ 14,913,886	\$ 3,483,378	\$ 6,247,706	\$ 27,712,513
2020-21 Net Operating Revenue Required	3,119,636	13,023,505	3,602,305	6,883,538	26,628,984
\$ Increase / (Decrease)	(52,092)	1,890,381	(118,927)	(635,832)	1,083,529
% Increase / (Decrease)	(1.67%)	14.52%	(3.30%)	(9.24%)	4.07%

Revenue-Funded Capital

► Meets Annual Spending Goal

Proposed 2021-22 Revenue-Funded Capital Expenditures	
Project Name	Estimated Cost
Underground Fuel Tank Replacement	\$ 875,000
Motor Control Center Process Logic Controller hardware Upgrade	\$ 100,000
Process Automation Improvements	\$ 100,000
Industrial Automation Platform Security Upgrades	\$ 65,000
Industrial Automation Platform RESCU Connectivity	\$ 50,000
Industrial Automation Platform Plantwide Access / Backup	\$ 47,500
Overhaul Co-Gen #1 Alternator to Marine Grade Specifications	\$ 60,000
Maintenance Building Fire Alarm	\$ 40,000
Maintenance Facility Renovations	\$ 50,000
Articulating Boom Lift	\$ 80,000
SCBA and Air Tank Replacement	\$ 30,000
TOTAL	\$ 1,497,500

Policy-driven Cash Reserves

- ▶ Operating Reserve at target balance, \$0 proposed
- ▶ CIP Reserve: Adds \$2.0 million, per Reserve Policy

Reserve Designations - 2021-22 Budget				
Description	Estimated June 30, 2021 Balance	Target June 30, 2022 Balance	Proposed 2020-21 Contributions	
Operating Reserve	\$ 3,870,363	\$ 3,846,751	\$	-
CIP Reserve	18,608,920	20,608,920		2,000,000
TOTAL	\$ 22,479,283	\$ 24,455,671	\$	2,000,000

Debt Structure: Recent Activity



- ▶ 2021-22 Budget incorporates changes in debt structure
 - ▶ Savings associated with 2021 refunding bonds
 - ▶ Re-amortization of SRF Planning Loan
(presumes SRF RESCU Loan closes)
 - ▶ Selected by EPA to proceed with two new WIFIA Loans

2021 Refunding Bonds completed

► Savings Exceed Original Estimates

SVCW 2021 Refunding Bonds Summary Sold March 02, 2021			
Debt Series / Principal Outstanding	Oct. 2020 Proposal	Jan. 2021 Updated	Mar. 2021 Executed
\$ Savings, Nominal Value			
2014 Bonds / \$53.8 million	\$ 9,023,663	7,466,027	\$ 11,271,031
2015 Bonds / \$65.0 million	5,137,489	3,492,237	8,027,894
2011 SRF Loan / \$8.1 million	N/A	846,794	791,559
TOTAL Nominal Savings	\$ 14,161,152	\$ 11,805,058	\$ 20,090,484
\$ Savings, Net Present Value			
2014 Bonds	6,272,256	\$ 4,883,318	\$ 8,210,806
2015 Bonds	3,626,875	2,329,958	5,827,775
2011 SRF Loan	N/A	763,094	708,770
TOTAL Net Present Value Savings	\$ 9,899,131	\$ 7,976,370	\$ 14,747,351
True Interest Cost (TIC) Rate (%)			
2014 Bonds	2.55%	2.80%	2.43%
2015 Bonds	2.40%	2.69%	2.26%
2011 SRF Loan	NA	1.05%	1.17%
Aggregate	2.47%	2.67%	2.30%

Scheduled Debt Payments

SVCW Aggregate Debt Service						
Fiscal year end	Belmont	RWC	San Carlos	WBSD	Total	
2022	\$ 228,943	\$ 10,591,588	\$ 3,341,522	\$ 5,232,733	\$ 19,394,786	
2023	228,943	10,594,379	3,349,935	5,222,151	19,395,408	
2024	853,653	13,796,976	4,355,146	6,993,824	25,999,599	
2025	1,000,168	14,547,921	4,591,341	7,418,005	27,557,436	
2026	1,000,168	14,546,339	4,578,183	7,413,723	27,538,414	
2027	1,000,168	14,546,040	4,575,862	7,407,494	27,529,565	
2028	1,782,589	21,591,550	6,773,834	11,305,131	41,453,104	
2029	1,782,589	21,582,197	6,772,420	11,299,333	41,436,539	
2030	1,782,589	21,574,111	6,766,771	11,301,649	41,425,120	
2031	1,782,589	21,216,220	6,672,919	11,139,054	40,810,782	
2032	1,782,589	21,208,520	6,682,216	11,134,324	40,807,649	

SVCW Budget Calendar

- ▶ March 15 Commission reviews, provides direction
- ▶ April 19 Commission adopts SVCW Budget
- ▶ May / June: Members incorporate into their Budgets

Recommendation

No Action to be taken at this time
(Resolution to be adopted in April)



Thank You



