

**COMMISSION OF SILICON VALLEY CLEAN WATER  
JOINT POWERS AUTHORITY  
REGULAR MEETING – Monday, November 15, 2021  
8:00 a.m.**

**THIS MEETING WILL BE HELD REMOTELY UNDER PARAGRAPH (1) OF SUBDIVISION (e) OF GOVERNMENT CODE SECTION 54953 DUE TO THE CURRENT PROCLAIMED STATE OF EMERGENCY. THIS MEETING WILL NOT HAVE A PHYSICAL LOCATION.**

**SEE PAGE 5 OF THIS AGENDA FOR MEETING ACCESS INFORMATION AND INSTRUCTIONS**

**COMMISSIONERS**

COUNCIL MEMBER ALICIA AGUIRRE, REDWOOD CITY – CHAIR  
BOARD MEMBER GEORGE OTTE, WEST BAY SANITARY DISTRICT – VICE CHAIR  
COUNCIL MEMBER WARREN LIEBERMAN, BELMONT – SECRETARY  
COUNCIL MEMBER RON COLLINS, SAN CARLOS – MEMBER

**MANAGER:** TERESA A. HERRERA

**ATTORNEY FOR THE AUTHORITY:** CHRISTINE C. FITZGERALD

**CONTROLLER:** MICHELLE P. FLAHERTY

**TREASURER:** MATTHEW ANDERSON

**AMERICANS WITH DISABILITIES ACT**

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact SVCW (650) 591-7121. Notification in advance of the meeting will enable the Authority to make reasonable arrangements to ensure accessibility to this meeting.

**AGENDA**

1. CALL TO ORDER
2. ROLL CALL
3. PLEDGE OF ALLEGIANCE

4. PUBLIC COMMENT

Any member of the public may address and ask questions of the Chair under this item relating to any matter within the Commission's jurisdiction that does not appear as a separate item on the Agenda. An opportunity will be provided for members of the public to address the Chair and ask questions about any item that is listed on the agenda at the time the Commission considers the item and before action is taken. Instructions for addressing the Commission during public comment periods are provided below. If you

address the Commission on a non-agenda item, be aware that the Ralph M. Brown Act (Gov. C. § 54950 et seq.) prohibits the Commission from acting on or discussing such matters at this meeting. Any such item may be referred to staff for a decision with regard to placing it on a future agenda for discussion, action or a report.

5. SAFETY MOMENT and REPORTS

- A. Safety Moment.....pg. 7
- B. Manager's Report.....pg. 10
- C. Financial Report
  - 1. Investment Report.....pg. 12
- D. Engineering Capital Projects Report.....pg. 16
- E. Commission Requested Staff-Level Action Items..... pg. 19
- F. RESCU Program Design-Build Project Status Update..... pg. 22

6. MATTERS OF COMMISSION MEMBER'S INTEREST

7. CONSIDERATION OF MOTION APPROVING CONSENT CALENDAR (begins pg. 30)

8. BUSINESS ITEMS

- A. CONSIDERATION OF RESOLUTION APPROVING REMOTE COMMISSION MEETINGS UNDER GOVERNMENT CODE SECTION 54953 OF THE BROWN ACT DURING EMERGENCY CONDITIONS (pg. 143)

Proposed Action:

Move adoption of RESOLUTION MAKING FINDINGS AND DETERMINATIONS AND AUTHORIZING REMOTE TELECONFERENCE MEETINGS OF THE COMMISSION OF SILICON VALLEY CLEAN WATER UNDER GOVERNMENT CODE SECTION 54953 OF THE BROWN ACT DURING EXISTENCE OF STATE OF EMERGENCY CONDITIONS RELATED TO THE COVID-19 PANDEMIC

- B. CONSIDERATION OF RESOLUTIONS APPROVING MASTER SERVICES AGREEMENTS FOR ACADEMIC ADVISORY COMMITTEE MEMBERS (pg. 146)

Proposed Action:

- i. Move adoption of RESOLUTION APPROVING MASTER SERVICES AGREEMENT FOR DR. GEORGE TCHOBANOGLOUS
- ii. Move adoption of RESOLUTION APPROVING MASTER SERVICES AGREEMENT FOR DR. MIKE K. STENSTROM
- iii. Move adoption of RESOLUTION APPROVING MASTER SERVICES AGREEMENT FOR DR. KRISHNA R. PAGILLA

9. CLOSED SESSION

No Closed Session

10. RECONVENE IN OPEN SESSION – Announce action taken in Closed Session, if any
11. ADJOURN

## CONSENT CALENDAR

### **NOTICE TO PUBLIC**

All matters listed under CONSENT CALENDAR are considered to be routine. There may be discussion on items on the CONSENT CALENDAR. All items will be enacted by one motion with a voice vote unless members of the Commission, staff, or public request specific items be removed from the CONSENT CALENDAR for separate action.

7. A. APPROVAL OF MINUTES – October 18, 2021 - Regular Meeting (pg. 30)
- B. CONSIDERATION OF MOTION APPROVING CLAIMS AND CHECKS DATED OCTOBER 1, 2021 AND OCTOBER 15, 2021, AND NECESSARY PAYMENTS THROUGH OCTOBER 15, 2021 (pg. 34)
- C. CONSIDERATION OF RESOLUTION APPROVING REVISION E TO COMMISSION POLICY 1988-05 “PROHIBITION OF DISCRIMINATION, HARASSMENT, AND RETALIATION; REVISION B TO COMMISSION POLICY 2007-03 “WORKPLACE VIOLENCE”; AND REVISION A TO COMMISSION POLICY 2018-02 “ANTI-BULLYING”; DELETING POLICY NO. 1989-02 “GUIDELINES FOR DISCIPLINARY PROCEDURES” AND POLICY NO. 1989-01 “SBSA HOUSE RULES” (pg. 36)

Proposed Action:

Move adoption of RESOLUTION APPROVING AND ADOPTING REVISION E TO COMMISSION POLICY 1988-05 “PROHIBITION OF DISCRIMINATION, HARASSMENT, AND RETALIATION; REVISION B TO COMMISSION POLICY 2007-03 “WORKPLACE VIOLENCE”; AND REVISION A TO COMMISSION POLICY 2018-02 “ANTI-BULLYING”; AND DELETING ADMINISTRATIVE POLICY NO. 1989-02 “GUIDELINES FOR DISCIPLINARY PROCEDURES” AND ADMINISTRATIVE POLICY 1989-01 “SBSA HOUSE RULES”

- D. CONSIDERATION OF MOTION ACCEPTING SILICON VALLEY CLEAN WATER (SVCW) BASIC FINANCIAL STATEMENTS AND AUDITOR’S REPORTS FOR FISCAL YEAR 2020-21 (pg. 65)

Proposed Action:

Move approval of RECEIPT AND ACCEPTANCE OF BASIC FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT FOR YEAR ENDED JUNE 30, 2021



Microsoft Teams Access Information  
Silicon Valley Clean Water  
Regular Meeting  
Monday, November 15, 2021

**WEBSITE:** [Link to access meeting](#)

**MEETING ID:** 965 853 36#

**CALL IN PHONE NUMBER:** +1 747-216-0281

You may log in via URL located on SVCW's website at <https://svcw.org/about/governance/commission-meetings>. You may view video during the meeting via live stream. An audio will be available after the meeting at SVCW's website. If you experience technical difficulties or have technical questions prior to or during the meeting, please contact Teams meeting support at 707-862-0859. Note: Public participation is not permitted during closed session discussion items.

Public Comment

Public comment may be made by joining the meeting using the link or phone number above. Members of the public may provide public comments via the Teams platform by using the "raise hand" feature or, if calling in by phone, by unmuting and beginning to speak. In response to a "raised hand", SVCW will unmute the member of public and allow them to speak. In response to a phone request to speak, SVCW will ask what is the nature of the comment and will provide directions to follow to provide comment. Public comments will be limited to three minutes.

Public comment may also be made by emailing comments to [commission@svcw.org](mailto:commission@svcw.org) up to two hours prior to the scheduled meeting time. Indicate in your email the agenda item to which your comment applies. If you have anything that you wish distributed to the Commission and included for the official record, please include it in your email.

Accessibility for Individuals with Disabilities

Upon request, SVCW will provide for access to individuals with disabilities to fully engage in the meeting process. Joining the meeting via the teleconference instructions above will provide access to open captioning. For other accommodations, please email your request to [commission@svcw.org](mailto:commission@svcw.org) or call 650-591-7121 at least four (4) days prior to the scheduled meeting time. Requests will be granted whenever possible and resolved in favor of accessibility.

Subject to Change:

Given the current public health emergency and the rapidly evolving federal, state, and local orders, the format of this meeting may be altered or the meeting may be canceled. You may check on the status of the meeting by visiting SVCW's website [www.svcw.org](http://www.svcw.org).

## AGENDA ITEM 5A

### Tips for Driving Safely in the Rain

According to the U.S. Department of Transportation, there are nearly 1,235,000 automobile accidents each year related to weather. A majority of those accidents happen during rainfall (46%) and when pavement is wet (70%).

Being behind the wheel with a rain-splattered windshield doesn't have to be an agitating, scary experience. The first step is to check your windshield wipers and replace them when streaking occurs. And while many of these other safety tips might seem like common sense, it's always good to run through a mental checklist when driving in the rain.

#### Stay alert

Stay alert. Stay focused. Pay attention to what is going on around you when weather conditions aren't ideal.

Be extra cautious with merging lanes. Motorists should drive defensively, check around their vehicle and in blind spots then take precautions when passing vehicles to prevent merging collisions.

#### Increase your visibility by turning on your headlights

It's the law. All states require headlights to be on in bad weather when visibility is low. Many states also require that when the windshield wipers are on due to bad weather, the headlights must also be on.

#### Beware of hydroplaning

When excess water sits on top of the road, tires can lose traction and hydroplane causing your vehicle to slide uncontrollably. It doesn't take much – driving 35 miles per hour or faster with as little as one-twelfth of an inch of rain on the road makes any type of car, SUV, truck or four-wheel drive at risk for hydroplaning. Tires that have more wear also increase this risk so be sure to check your tires' tread depth regularly.

As soon as it starts raining, slow down. If you start to hydroplane you need to slow down even more. Begin by taking your foot off the gas pedal to allow the vehicle to slow down. Then slowly begin steering in the direction you are hydroplaning until you have control. Seems contradictory, but this actually helps your tires to realign with your vehicle – so they are both going the same direction. All steering needs to be slow. Don't jerk the wheel or you could flip your car due to overcorrecting. Consider taking a driving course through your local Department of Motor Vehicles to learn how to drive safer on wet roads and better avoid hydroplaning. Check your local driving schools, too, to see if they offer safe driving courses.

#### Slow down and turn off cruise control

Wet roads can be the most difficult to drive on. The grease and oil from cars produces a film on roads during dry conditions and when it rains, this layer becomes extremely slippery. Drive defensively in the rain and reduce your speed to below the speed limit to

prevent the chance of hydroplaning. Add more car lengths between you and the car in front of you.

The cruise control should never be used during the rain. If you begin hydroplaning while the cruise control is on, you will actually be going faster. It could take a second or two for the cruise control function to disengage allowing you to take control of your vehicle and slow down. Those seconds could be critical.

### **Brake cautiously**

One primary reason cars collide during rainstorms is because drivers slam on their brakes as if the roads were dry. The wet road causes the car to slide forward, often into the rear of another car. Brake gently and early to alert the driver behind you that you are slowing down.

### **Avoid the splash**

The big splash you get when you drive through a huge puddle can be costly. If water enters the engine compartment of your vehicle, it can damage the internal systems. Drive around large puddles and avoid running water. Once you have safely passed, tap lightly on your brake pedal to dry off your brake rotors.

If there is a middle lane, drive in it to help increase visibility and avoid deep water that might develop when rain runs off the sides of the road.

### **Driving in rain at night**

Driving at night in the rain can be especially dangerous because of the glare of oncoming traffic amplified by the rain on your windshield. To help reduce glare, you can dim your dashboard lights, avoid looking directly at oncoming headlights and clean both the inside and outside of your windshield. Be sure to use the ventilation system to help with the fog that might form on the inside of your windows.

Extra precautions might help ease the anxiety associated with driving in the rain, making it safer for everyone. If a crash does happen, make sure you know the steps to take after a crash.

## AGENDA ITEM 5B

Recurring and Upcoming 2021 Commission Actions  
Updated for November 2021 Meeting

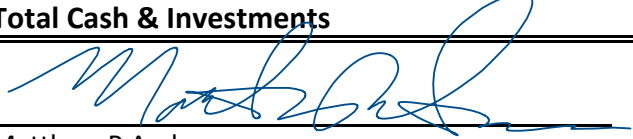
January	February	March	April
<ul style="list-style-type: none"> <li>Review Investment Policy</li> <li>CIP Update (annual or biennial)</li> </ul>	<ul style="list-style-type: none"> <li>Long Range Financial Plan (typically in January)</li> </ul>	<ul style="list-style-type: none"> <li>Budget Workshop</li> <li>Line of Credit Renewal</li> <li>Conflict of Interest Update (due to change in Reso 77-6)</li> </ul>	<ul style="list-style-type: none"> <li>Operating Budget Approval</li> </ul>
May	June	July	August
<ul style="list-style-type: none"> <li>Initiate Manager Performance Evaluation</li> <li>Review Reserve Funds Policy</li> </ul>	<ul style="list-style-type: none"> <li>Approve Resolution 77-6 "Personnel Resolution"</li> <li>Perform Manager Evaluation</li> </ul>	<ul style="list-style-type: none"> <li>Nominate Commission Chair &amp; Vice Chair; Appoint Secretary</li> <li>WIFIA Agreement Review</li> <li>Cyber Security Presentation</li> </ul>	<ul style="list-style-type: none"> <li>Conflict of Interest Update (Biennial; even-numbered years)</li> <li>Investment Program Status Annual Update</li> <li>WIFIA Agreement Approval</li> </ul>
September	October	November	December
<ul style="list-style-type: none"> <li>Review Debt Policy</li> <li>Local Limits Public Hearing</li> </ul>	<ul style="list-style-type: none"> <li>Local Limits Adoption</li> </ul>	<ul style="list-style-type: none"> <li>Audited Financial Report</li> </ul>	<ul style="list-style-type: none"> <li>Commission Meeting schedule for following year</li> </ul>

-  - Recurring Commission Actions
-  - Upcoming Commission Actions

## AGENDA ITEM 5C

**Silicon Valley Clean Water Authority**  
**Cash & Investments Summary Report**  
**September 30, 2021**

Description	Market Value	% of Total Holdings	Yield
<b><u>Reserve Accounts</u></b>			
Operating Reserve* - Securities	\$ 3,771,651	1.77%	0.96%
Operating Reserve - Money Market Fund Balance	77,766	0.04%	0.02%
CIP Reserve* - Securities	18,657,158	8.77%	1.67%
CIP Reserve - Money Market Fund Balance	183,242	0.09%	0.02%
Stage 2 Capacity Reserve* - Securities	14,866,505	6.99%	1.64%
Stage 2 Capacity Reserve - Money Market Fund Balance	127,515	0.06%	0.02%
<b>Total Market Value: Operating and Reserve Accounts</b>	<b>\$ 37,683,836</b>	<b>17.7%</b>	<b>1.57%</b>
Total Accrued Interest: Operating and Reserve Accounts	162,337		
<b>GRAND TOTAL, RESERVE ACCOUNTS</b>	<b>\$ 37,846,173</b>		
<b><u>Trustee Accounts:</u></b>			
2018 Bond Project Fund Account - CAMP	\$ 10,078,275	4.74%	0.05%
2018 Bond Revenue Account	5,044	0.00%	0.01%
2019A Notes WIFIA - Money Market Fund	1,580,197	0.74%	0.01%
2019A Notes Capitalized Interest Account* - Securities	15,724,149	7.39%	2.14%
2019A Notes Capitalized Interest Account - Money Market Fund	9,414	0.00%	0.01%
2021 Refunding Bonds Revenue Account	61,216	0.03%	0.01%
2021A Notes (RESCU) - Money Market Fund**	68,218,737	32.05%	0.01%
2021B Notes (WWTP) - Money Market Fund**	71,926,651	33.80%	0.01%
2021 Notes Capitalized Interest Account - Money Market Fund	2,051,416	0.96%	0.01%
2021 Notes Cost of Issuance Account	147,808	0.07%	0.01%
<b>Total Market Value, Trustee Accounts</b>	<b>\$ 169,802,907</b>	<b>79.79%</b>	<b>0.21%</b>
Accrued Interest:	28,471		
Operating Cash (includes outstanding checks)	5,126,861	2.41%	0.00%
Local Agency Investment Funds (LAIF) Balance	210,300	0.10%	0.21%
<b>Total Cash &amp; Investments</b>	<b>\$ 213,014,711</b>	<b>100.00%</b>	<b>0.45%</b>

  
Matthew P Anderson  
Chief Financial Officer / Assistant Manager

10/19/2021  
Date

\* Monthly report of security transactions and interest available upon request

\*\*Project funds recently deposited; not yet invested by month end



**Silicon Valley Clean Water**  
**Operating and Reserve Funds - Sector Allocation & Compliance September 30, 2021**

Security Type	Operating Reserve	CIP Reserve	Capacity Reserve	Total Market Value	% of Total Portfolio	% Allowed by Policy	In Compliance	% Change vs. Prior Month
U.S. Treasury	\$ 1,338,551	\$ 7,930,813	\$ 6,566,656	\$ 15,836,020	42%	100%	✓	2.1%
Supranationals	356,359	-	-	356,359	1%	15%	✓	0.1%
Federal Agency/GSE	1,005,012	2,666,104	1,950,123	5,621,239	15%	100%	✓	(0.0%)
Federal Agency CMO	-	1,349,385	994,091	2,343,476	6%	100%	✓	(3.3%)
Federal Agency MBS	-	1,886,827	1,547,780	3,434,607	9%	100%	✓	3.1%
Municipal	-	919,917	745,007	1,664,924	4%	30%	✓	(0.4%)
Corporate Notes	696,492	3,489,650	2,748,249	6,934,391	18%	30%	✓	(0.4%)
Asset-Backed Securities	375,237	414,463	314,598	1,104,298	3%	10%	✓	0.1%
<b>Securities Sub-Total</b>	<b>3,771,651</b>	<b>18,657,158</b>	<b>14,866,505</b>	<b>37,295,314</b>	<b>99%</b>			
Accrued Interest	12,822	87,364	62,151	162,337				
<b>Securities Total</b>	<b>3,784,473</b>	<b>18,744,522</b>	<b>14,928,656</b>	<b>37,457,651</b>				
Money Market Fund	77,766	183,242	127,515	388,522	1%	20%	✓	(2.1%)
<b>Total Investments</b>	<b>\$ 3,862,239</b>	<b>\$ 18,927,764</b>	<b>\$ 15,056,171</b>	<b>\$ 37,846,173</b>	<b>100%</b>			
As % of 6/30/22 Target:	100.4%	91.8%	100.0%	95.8%				

*This report contains financial information which has not been reviewed or audited by an independent auditor, does not reflect the application of generally accepted accounting principles in all instances and is subject to future revision. This report has not been prepared with a view to informing an investment decision in any of the Authority's bonds, notes or other obligations. Any projections, plans or other forward-looking statements included in this report are subject to a variety of uncertainties that could cause any actual plans or results to differ materially from any such statement. The information herein is not intended to be used by investors or potential investors in considering the purchase or sale of the Authority's bonds, notes or other obligations and investors and potential investors should rely only on information filed by the Authority on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System for municipal securities disclosures and website, maintained at <https://emma.msrb.org>*

- 1. All operating fund accounts are in compliance with SVCW's Investment Policy, and all bond proceeds accounts are in compliance with the relevant bond documents.*
- 2. SVCW has adequate funding levels for more than six months of operations and claim payments, as referenced in CA Code Section 53646.*
- 3. Market valuations for the Operating and Reserve accounts along with the 2018 and 2019A bond proceeds accounts are provided by PFM Asset Management LLC (PFM). Generally, PFM's market prices are derived from closing bid prices as of the last business day of the month as supplied by ICE Data Services or Bloomberg. Where prices are not available from generally recognized sources the securities are priced using a yield-based matrix system to arrive at an estimated market value. Prices that fall between data points are interpolated. Non-negotiable FDIC-insured bank certificates of deposit are priced at par. Although PFM believes the prices to be reliable, the values of the securities do not always represent the prices at which the securities could have been bought or sold.*
- 4. In accordance with Generally Accepted Accounting Principles (GAAP), month-end holdings and information are reported on a trade date basis.*
- 5. The yields shown for securities portions of the operating and reserve accounts and the 2019A bond proceeds accounts are the yields to maturity at cost.*
- 6. The yield for LAIF is the average monthly effective yield. Source: [https://www.treasurer.ca.gov/pmia-laif/historical/avg\\_mn\\_ylds.asp](https://www.treasurer.ca.gov/pmia-laif/historical/avg_mn_ylds.asp)*
- 7. The yields shown for the PFM-managed money market funds are the Yield to Maturity at Cost, and the Yield to Maturity at Market sourced from the respective fund providers' statements. Yields for BNY-managed funds are Market Yields sourced from the respective fund providers' statements.*
- 8. Yield shown for CAMP is the monthly distribution yield.*

## AGENDA ITEM 5D

**ENGINEERING REPORT: SEPTEMBER 2021  
CAPITAL IMPROVEMENT PROGRAM**

**UPCOMING COMMISSION ACTIONS:**

**RESCU Program (6008, 9501, 9502):** Design and construct conveyance system improvements.

SVCW has awarded progressive design build contracts to Barnard Bessac Joint Venture for the Gravity Pipeline (GP) Project and Shea Parsons Joint Venture for the Front of Plant (FoP) and Pump Stations Improvements (PSI) Projects. SVCW staff and consultant project team are intricately involved in all stages of work.

All three projects are in their construction phases; refer to Commission Item 5F for status updates.

The Front of Plant project includes construction of an influent connector pipe that will connect the headworks to the existing influent box at the treatment plant. Recent inspection of the connection location has shown that the existing piping that distributes flow to each of the four primary sedimentation tanks has significant corrosion. A design has been developed to repair this pipeline, and pricing has been requested by SPJV for construction of the repair.

Planned Commission Actions: Approval of Contract Change Order for Influent Pipe Repair – December 2021

**Laboratory Building HVAC (9251):** Replace HVAC system serving Laboratory Building.

The HVAC system serving the Laboratory is original (circa 1991) and is past its useful life. Maintenance on the system is no longer possible. A new system was designed, and construction is in progress.

Planned Commission Actions: Accept Construction Project – January 2022

**Return Activated Sludge (RAS) Pipeline Rehabilitation (9120):** Rehabilitation of RAS pipeline.

The RAS pipes, connecting the secondary clarifiers to the six RAS pumps in the pump room, are steel pipes with cement mortar lining and were constructed more than 40 years ago. Various condition assessment reports conducted indicate that these pipes have undergone significant corrosion and have lost 10% to 30% pipe wall thickness. Kennedy Jenks is currently designing the rehabilitation of the pipeline. The bidding process is expected to start in January of 2022.

Planned Commission Actions: Award Construction Contract – March 2022

**Digester #1 Rehabilitation (9215):** Rehabilitation of Digester#1.

This project includes repair of coatings and structural elements in Digester #1. Rehabilitation design is being completed by Kennedy/Jenks and the bidding process is expected to start in January of 2022.

Planned Commission Actions: Award Construction Contract – March 2022

**ONGOING PROJECTS IN CONSTRUCTION:**

**CCT Valve Replacement (9107):** Rehabilitation of Chlorine Contact Tank

Recoating of concrete surfaces in all three passes of the chlorine Contact Tank, replacement of valves and piping.

**BioforceTech Improvements (9231):** Biodryer and Pyrolysis Facility improvements.

Work involves replacing feed conveyor system to be followed by co-operation of the entire facility.

**SAF-MBR (9236):** Pilot testing of new treatment system in conjunction with Stanford University

System is operational with particular equipment being tested. Additional equipment is being procured to further test different scenarios of treatment.

**Generator Feed Relocation (9240):** Provide new generator feed and transformer.

Relocation of the feed and new transformer will enable SVCW's existing backup generators to be used for the Front of Plant headworks facility. This project will use existing infrastructure, saving significant costs.

**Primary Channels Rehabilitation and Hatch Replacement (9241):** Re-coating concrete surfaces and replacing deck hatches.

Recoating concrete surfaces in Primary Sed Tanks 3 and 4 and Primary Influent and Effluent Channels. Hatches on the deck above the tanks are aluminum and significant corrosion is visible; hatches will be replaced with FRP (fiberglass reinforced plastic) hatches.

Due to the extreme wet-weather conditions and potential for flooding due to constricted flow during storm event on October 24<sup>th</sup>, the contractor removed the bypass and stopped work. Remaining work will be rescheduled to next year.

## AGENDA ITEM 5E

**Silicon Valley Clean Water**  
**Commissioners' Requested Action Items**

**NOVEMBER 15, 2021**  
**AGENDA ITEM 5E**

Updated: 11/03/2021

Commission Meeting Date		Action Item	Requested or Estimated Date for Completion	Status			Date of Completion	Notes
				Ongoing	In Progress	Complete		
10/18/2021	1	Water Feature Development	N/A		✓			Research feasibility of creating a water feature behind the Shores Dog Park including possible funding mechanisms.
	2	RESCU Pump Station project	N/A			✓	11/09/2021	The MTBM became stuck while tunneling the Belmont Gravity Pipeline. Provide status updates as details become known.
9/20/2021	1	Financial Information / Notes Issuance	N/A			✓	9/20/2021	Commission request powerpoint slides re: Notes Issuance. Slides sent to Commission and member agency finance staff.
	2	Meeting Log-in	10/18/2021			✓	10/11/2021	Spell out URL for Commission meeting log-in. Note that the URL is very long but it is now included in the agenda packet. Note also that logging in can be accomplished easily via the SVCW website.
8/16/2021	1	Investment Reports	next qrtly report		✓			Back out PFM Fees from total return values.
7/16/2021	1	Cyber-Security Training	N/A		✓			Fake phishing emails to workgroup; report out on progress and % of effectiveness
	2	Recycled Water Expansion	8/16/2021			✓		Presentation made to Commission at August meeting. As information changes, updates will be provided.
6/21/2021	1	No Action Items						
5/17/2021	1	CWEA Plant of the Year Award - Public Info	6/21/2021			✓	6/20/2021	Public info "blast" out on award(s) received have and are occurring
	2	Gravity Pipeline project - San Carlos Shaft	N/A		✓			if a source for ammonia becomes known, report out to Commission. As of November 2021, source unknown.
4/19/2021	1	Schedule Performance Index for RESCU FoP	5/17/2021			✓	5/17/2021	SPI increased for April due to delivery and payment of large equipment items. SPI now at 0.95
3/15/2021	1	No Action Items						
2/22/2021	1	Staff Re-Organization	2/26/2021			✓	2/22/2021	Send new organization chart to commissioners
1/25/2021	1	Air Permit Excursion	N/A		✓			Inform Commission if the natural gas excursion on Cogen Engines result in a fine from BAAQMD. None as of this update.
12/14/2020	1	2021 Commission Meeting Dates	12/14/2020			✓	12/14/2020	Confirm dates for Commission meetings in 2021. Done at 12/14 meeting. Three Special meetings scheduled due to holidays.
	2	Project Changes/Commission Notification	N/A	✓			Ongoing	Ensure Commission is kept apprised of possible/potential project cost and/or schedule increases.

**Silicon Valley Clean Water**  
**Commissioners' Requested Action Items**

**NOVEMBER 15, 2021**  
**AGENDA ITEM 5E**

Updated: 11/03/2021

Commission Meeting Date	Action Item		Requested or Estimated Date for Completion	Status			Date of Completion	Notes
				Ongoing	In Progress	Complete		
11/16/2020	1	Muck Disposal	N/A	✓				Report monthly on availability and cost for muck disposal for Gravity Pipeline project. Updates provided in monthly RESCU reports, Item 5F on Commission agendas.
> One Year	1	8E - JPA Amendment; re-initiate "clean up" to JPA	N/A		✓			Make required and requested changes to the JPA a priority. Comments received; Manager has consolidated. Next step to meet with member agencies for consensus.
	2	Project delay costs	N/A	✓			Ongoing	Inform Commission of any potential delays that could add time and costs to projects they have authorized.
	3	Maple Street Development	N/A	✓				SVCW and RWC staff coordinating efforts and messages to developer to protect mutual and exclusive interests.
	4	Connection Fees	NA		✓			Additional plant capacity evaluation is underway to ensure proper flow numbers are used in the calculations. Will be incorporated into upcoming JPA changes.
	5	1406 Radio Road Building	N/A		✓			Research and make recommendation related to historic registry restraints on what can/can't be done with buildings. On hold due to Covid-19. Historic marker applied Aug. 28, 2021.
	6	Pump Stations Improvements - Capital vs Life Cycle Costs	N/A		✓			Reducing pump stations from 5 to 2 have been reported to save long-term costs; provide analysis results to Commissioners.



## AGENDA ITEM 5F

RESCU Program describes eleven projects which constitute full replacement and rehabilitation of SVCW's conveyance system. RESCU includes the Gravity Pipeline, Front of Plant, Pump Stations, and Belmont Force Main projects. The Front of Plant includes six and Pump Stations includes four of the eleven projects. The Conveyance System Improvements Environmental Impact Report completed and adopted by the SVCW Commission in April 2017 covers work to be done under all the RESCU Program projects.

Available Budget

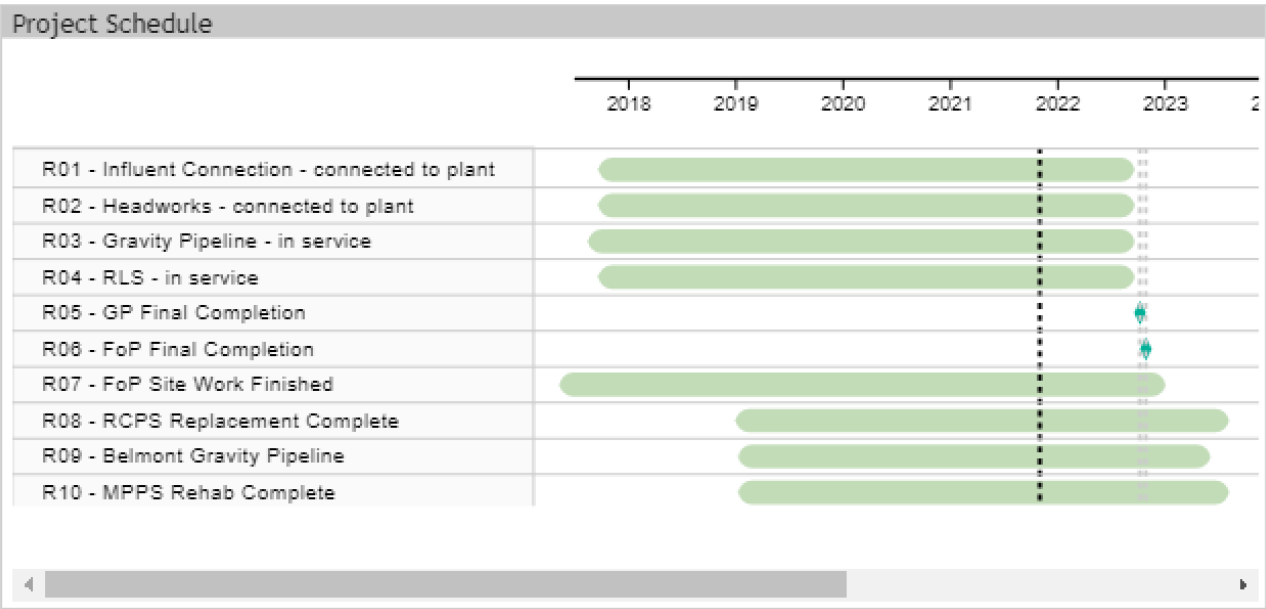
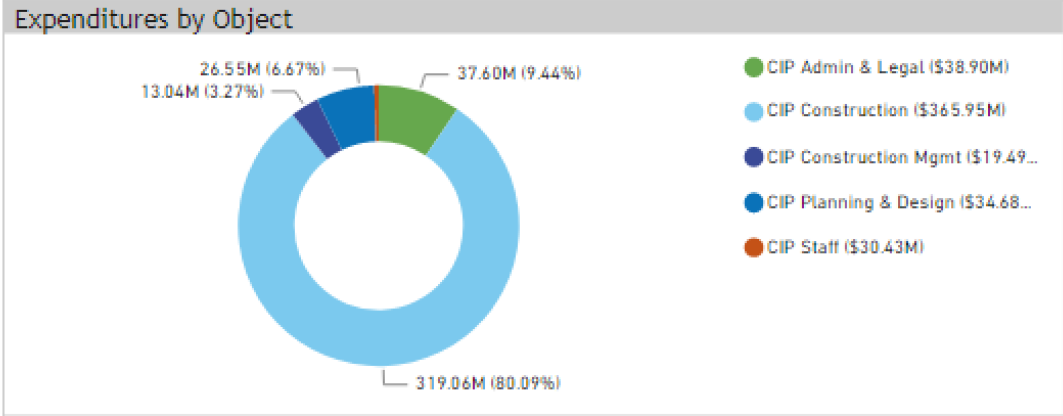
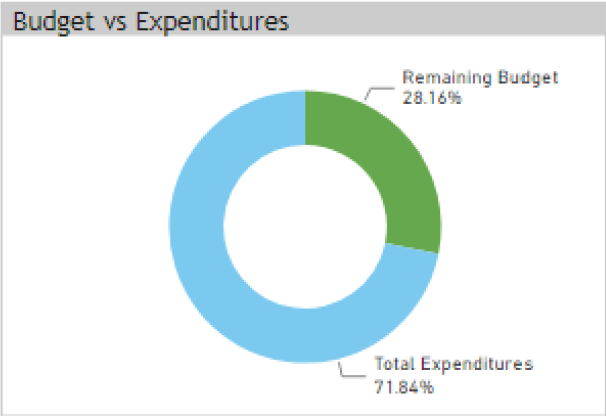
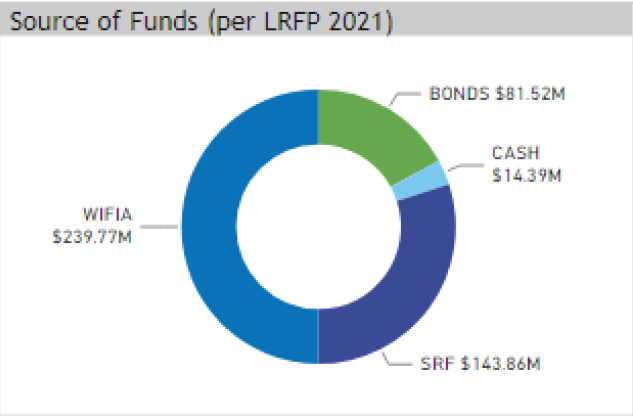
\$554.36M

Total Expenditure

\$398.36M

Remaining Budget

\$156.00M



# Front of Plant Progressive DB Project (CIP 9502)



The Front of Plant (FoP) Project consists of the design, construction, permitting, start-up, commissioning, and final acceptance for the Receiving Lift Station (RLS), Surge and Flow Splitter (SFS), Headworks Facility, Odor Control System, Influent Connector Pipe, Emergency Overflow pipe to an existing storage basin and other related process support systems. Work is being implemented under a Progressive Design-Build procurement process in stages.

Available Budget

\$161.95M

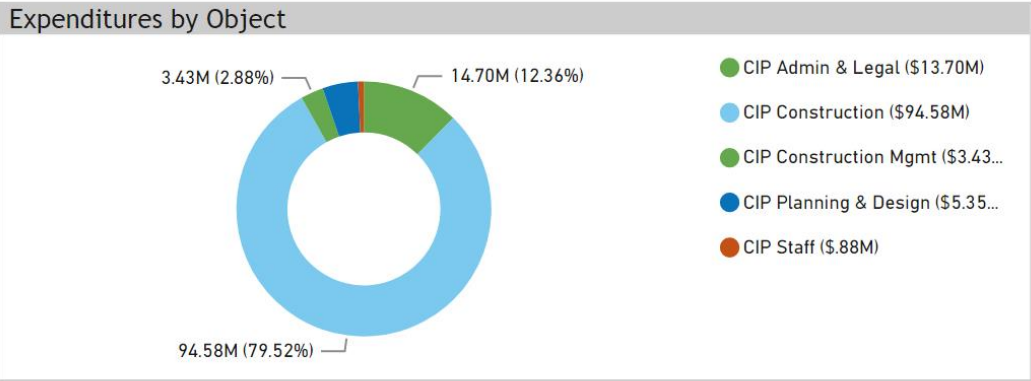
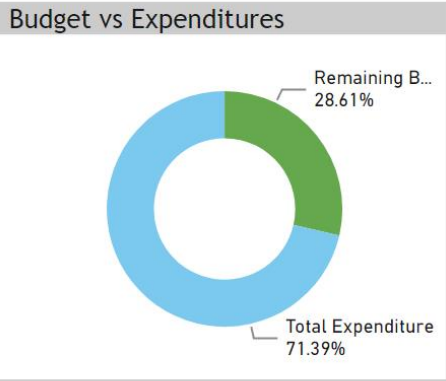
Total Expenditure

\$115.62M

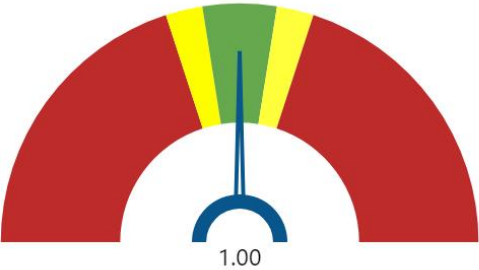
Remaining Budget

\$46.34M

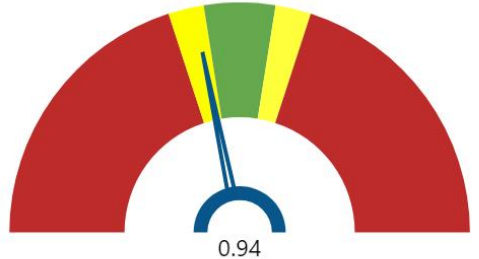
Milestone Schedule		
	Start	Finish
Interconnection Pipe Completed	7/24/2020	4/13/2022
Headworks Facility Completed	12/6/2018	11/5/2021
SFS/RLS Completed	12/6/2018	7/1/2022
Substantial Completion		9/30/2022



Cost Performance Index (CPI)



Schedule Performance Index (SPI)





## Major Accomplishments this Period

Construction	<ul style="list-style-type: none"> <li>- SPJV continues the installation of exterior lighting and electrical control devices and conduits around the Headworks Facility.</li> <li>- SPJV installed the new alignment of the Redwood Shores Force Main to the Headworks Facility.</li> <li>- SPJV began the installation of the 48-inch HDPE overflow recirculation pipe and 48-inch FRP foul air pipe between the Headworks Facility and the Surge Flow Splitter (SFS) shaft.</li> <li>- SPJV also continued installing conduits and cable tray at the RLS upper mezzanine level.</li> <li>- SPJV completed the installation of the structural steel framing supports for the Maintenance Platform at the base of the RLS shaft.</li> <li>- SPJV placed the concrete supports for the 60-inch knife gate valves at the base of the RLS shaft.</li> <li>- SPJV began prep work for the upcoming construction of the SFS second pass walls.</li> </ul>
Design	<ul style="list-style-type: none"> <li>- SPJV is working with CID and O&amp;M to further develop control strategies.</li> <li>- SPJV is working on refining the third draft of the start-up and testing plan.</li> </ul>
Procurement of Trade Packages	<ul style="list-style-type: none"> <li>- WIFIA and SRF requirements compliance for trade packages issued.</li> <li>- All major headworks equipment is onsite except RLS pumps.</li> </ul>

## 3 - Month Look Ahead

	Start	End	November	December	January
Install conduit, wire and electrical devices to major equipment at the Headworks Facility	July 1, 2021	November 3, 2021	X		
Install RLS Manifold Piping and Valves from SFS Wall Connections to Pumps	July 14, 2021	November 29, 2021	X		
Install and Tie-In Foul Air Piping System to SFS	September 1, 2021	November 15, 2021	X		
Excavate for utilidor, place pre-cast trench boxes, and install miscellaneous utility lines	October 1, 2020	December 12, 2021	X	X	
Install storm drain lines around the Headworks Facility	November 15, 2021	December 30, 2021	X	X	
Install SFS Second Pass Walls	November 16, 2021	March 14, 2022	X	X	X
Form/Set Rebar/Place Concrete for Precast RLS Roof Sections (8 Cast, Place in March)	March 15, 2021	March 1, 2022	X	X	X

## Potential Issues

Influent pipeline repair - Carbon fiber wrap repair inside of pipe to address internal corrosion. This will also provide structural integrity of pipe.
Intrinsically Safe Relay Panel
Plant water pipeline size upgrade and related fixtures
Utilidor extension for piping

## Project Changes

Change order for odor control system
Change order for relocating potable water line and Air Gap Tank Facility
Credit for deletion of 48" bypass from 54" force main
Credit for the deletion of the chemical storage system
Electrical System
New County/Local Sales Tax
Project Management past December 2021

## Safety Spot Light

Lost Time	0
Near Misses	5
Recorded Losses	2

# Gravity Pipeline Progressive DB Project (CIP 6008)



The Gravity Pipeline (GP) Project consists of the design, construction, permitting, start-up, commissioning, and closeout of approximately 17,600 feet of wastewater gravity FRP pipe inside a concrete-segment tunnel. The work includes three shafts and will interface directly with the Front of Plant (FoP) Project at the Surge & Flow Shaft (SFS). Work is being implemented under a Progressive Design-Build procurement process.

Available Budget

\$259.23M

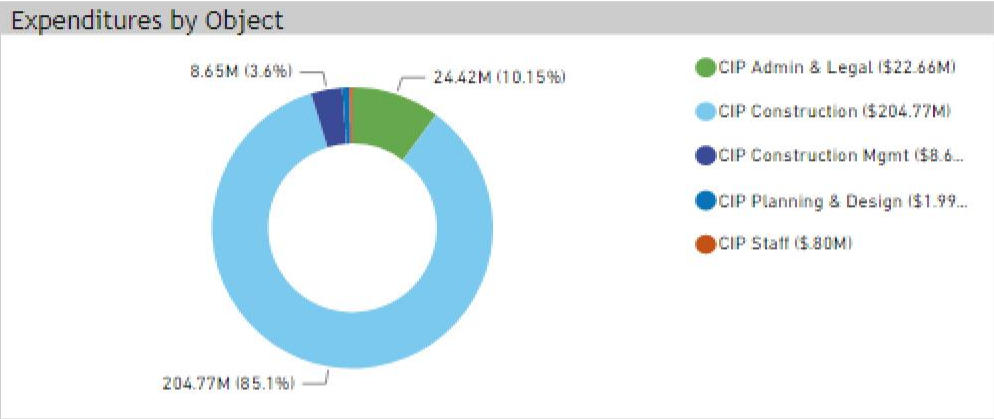
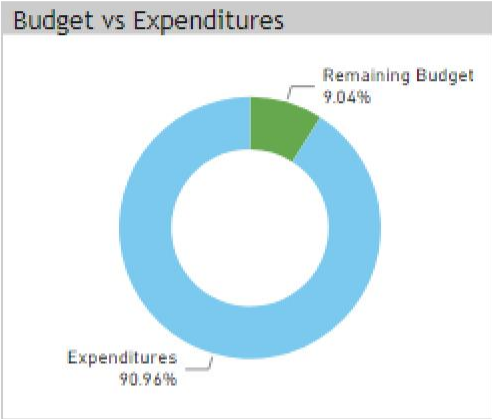
Total Expenditure

\$235.79M

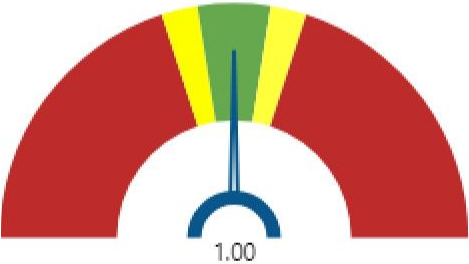
Remaining Budget

\$23.44M

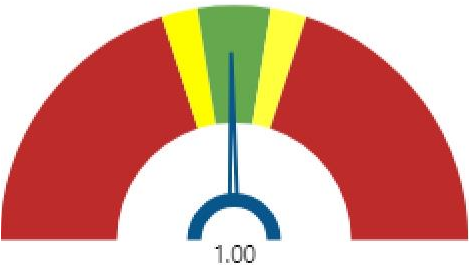
Milestone Schedule		
	Start	Finish
San Carlos Inlet Structure Installation	1/5/2022	3/2/2022
Bair Island Inlet Structure Installation	11/19/2021	5/9/2022
FRP Pipe Installation and Annular Grout	9/27/2021	2/28/2021
Substantial Completion		7/1/2022



Cost Performance Index (CPI)



Schedule Performance Index (SPI)



As of : 2021 - 10



## Major Accomplishments this Period

▼	
Construction	<ul style="list-style-type: none"> <li>- BBJV completed pipe jacking the San Carlos adit</li> <li>- BBJV continued pipe installation in the second drive of completed tunnel</li> </ul>
Design	<ul style="list-style-type: none"> <li>- BBJV is incorporating SVCW comments into the Issued-for-Construction (IFC) design drawings for San Carlos and Bair Island connection piping.</li> </ul>
Muck Disposal	<ul style="list-style-type: none"> <li>- 76% of Muck Disposal Amendment spent</li> <li>- 24% of Muck Disposal Amendment remaining</li> <li>- Last Muck bin offhaul and San Carlos Adit spoils remaining</li> </ul>
Procurement of Trade Packages	<ul style="list-style-type: none"> <li>- FRP Pipe Cell Grout contract executed</li> <li>- Outreach in conformance with SRF and WIFIA funding requirements</li> </ul>

## 3 - Month Look Ahead

	Start	End	November	December	January
FRP Pipe Installation	September 27, 2021	January 31, 2022	X	X	X
FRP Annular Space Grouting	November 18, 2021	February 28, 2022	X	X	X

## Potential Issues

Additional costs for SFS Break-in approach
San Carlos and Bair Island Connecting Piping

## Project Changes

Additional Survey at Governors Bay
Bair Island Force Main Exposure and Additional Monitoring
Bair Island Weir Optimization
Exceedence of Muck Offhaul Allowance
New County/Local Sales Tax and US Tariffs
Redwood City Sales Tax Increase 2021
San Carlos Adit Ammonia Mitigation
San Carlos Shaft Ammonia Mitigation
Soil Conditioner Leak at CPT Hole STA 171 + 80

## Safety Spot Light

Lost Time	1
Near Misses	4
Recorded Losses	5



# Pump Stations (CIP 9501)



All SVCW pump stations require replacement or rehabilitation. Menlo Park PS will be rehabilitated. Redwood City PS will be replaced. Belmont PS will be replaced with a gravity pipeline. San Carlos PS is no longer needed due to the new gravity pipeline; flows from San Carlos and Belmont will enter into the gravity pipeline via a drop structure at the current San Carlos pump station site. Flows from MPPS and RCPS will flow through the new 48-inch force main to a drop structure at Inner Bair Island. RCPS pumps MPPS flows during wet weather events.

### Milestone Schedule

	Start	Finish
MPPS - B-side Pumps Completed	3/15/2022	8/24/2022
MPPS - A-side Pumps Completed	8/25/2022	2/11/2023
MPPS - Segment 1 and 2 CARVs Completed	11/24/2021	3/8/2022
BGP - Gravity Pipe Installed	9/30/2022	12/13/2022
RCPS - PG&E Service Work	8/16/2022	8/29/2022
RCPS - Electrical Building Completed	2/8/2021	11/1/2022
RCPS - Wet Well & Screening Building Completed	2/22/2021	2/8/2023
Substantial Completion - MPPS		8/7/2023
Substantial Completion - RCPS		8/7/2023
Substantial Completion - BGP		6/5/2023

### Available Budget

\$119.68M

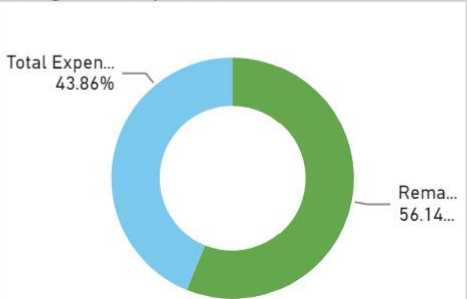
### Total Expenditure

\$52.49M

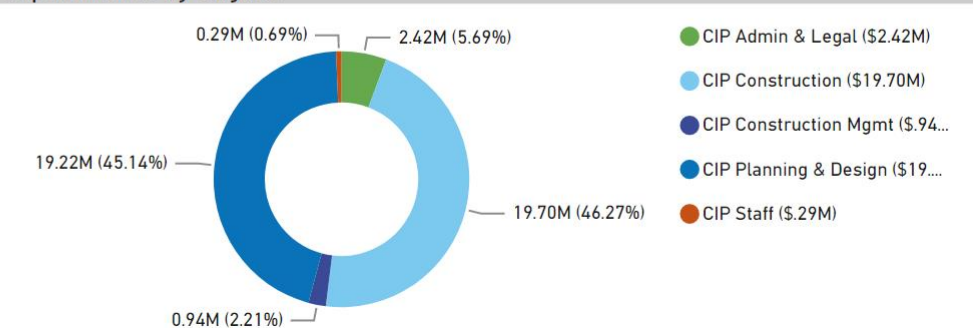
### Remaining Budget

\$67.19M

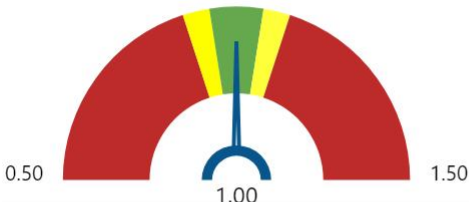
### Budget vs Expenditures



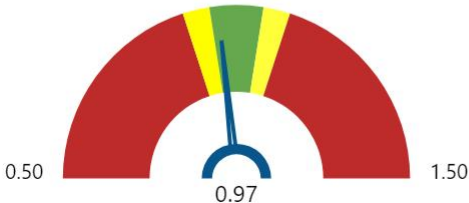
### Expenditures by Object



### Cost Performance Index (CPI)



### Schedule Performance Index (SPI)



As of : 2021 - 10



## Major Accomplishments this Period

Construction	<ul style="list-style-type: none"> <li>- BGP: Vadnais began microtunneling from JS-2 to JS-1. PEC installed piping in the open cut excavation near SCPS. JS-1 site restoration began and the shaft was backfilled. MTBM encountered mechanical issues and had a successful intervention. MTBM has resumed tunneling.</li> <li>- RCPS: Completed construction of CMU walls for electrical building and installed electrical building roof structural steel. Began concrete placement in wet well, and removed Level 2 excavation support bracing.</li> <li>- MPPS: Connected new backup generator and removed existing generator from inside the MPPS. Provided O&amp;M training on new generator.</li> </ul>
Design	-Preliminary design and pricing related to the SCPS declassification has been submitted to SVCW OA team for review.

## 3 - Month Look Ahead

	Start	End	November	December	January
MPPS - PG&E Design and Construction	August 26, 2020	February 24, 2022	X	X	X
MPPS - Segment 1 and 2 CARVs	October 26, 2021	March 8, 2022	X	X	X
MPPS - Building/Roof Improvements	August 30, 2021	November 29, 2021	X		
MPPS - Electrical Room Improvements	August 2, 2021	November 28, 2022	X		
BGP - Construct Open Cut	August 19, 2021	November 24, 2021	X		
BGP - Microtunnel JS-2 to RS-1	September 15, 2021	November 16, 2021	X		
BGP - Install Microtunnel JS-2 to RS-2	December 8, 2021	December 13, 2021	X		
BGP - Demobilize Microtunnel Subcontractor	December 14, 2021	December 23, 2021	X		
BGP - Backfill and Remove Shoring at JS-1	September 15, 2021	November 5, 2021	X		
BGP - Backfill and Remove Shoring at RS-1	November 8, 2021	December 21, 2021	X	X	
BGP - Backfill and Remove Shoring at JS-2	December 22, 2021	January 31, 2022		X	X
RCPS - Wet Well & Screening Building Excavation and Backfill	July 27, 2021	June 24, 2022	X	X	X
RCPS - Wet Well and Screening Building Structural Concrete	August 31, 2021	August 10, 2022	X	X	X

## Potential Issues

Challenges from permitting and land acquisition conditions at RCPS
--

## Project Changes

BGP Design Development
Segment 1 Force Main Junction Box Repairs
Stage 2 Baseline Schedule Revision

## Safety Spot Light

Lost Time	0
Near Misses	0
Recorded Losses	0



## AGENDA ITEM 7A

**MINUTES OF SILICON VALLEY CLEAN WATER  
REGULAR MEETING – October 18, 2021  
8:00 a.m.**

**This meeting took place remotely pursuant to  
SVCW Resolution No. 21-32 due to coronavirus pandemic**

**ITEM 1**

**CALL TO ORDER**

The meeting was called to order at 8:02 a.m.

**ITEM 2**

**ROLL CALL - Commissioners Duly Appointed by Each Agency**

Council Member Alicia Aguirre, Redwood City – Chair  
Alternate Commissioner Edward Moritz, West Bay Sanitary District  
Council Member Warren Lieberman, Belmont – Secretary  
Council Member Ron Collins, San Carlos

**Staff, Consultants and Visitors Present**

Teresa A. Herrera, SVCW Manager  
Christine C. Fitzgerald, SVCW Legal Counsel  
Jennifer Flick, SVCW Human Resources Director  
Matt Anderson, SVCW Chief Financial Officer/Assistant Manager  
Monte Hamamoto, SVCW Chief Operating Officer  
Kim Hackett, SVCW Authority Engineer  
Arvind Akela, SVCW Engineering Director  
Ben Padua Jr, SVCW Environmental Director  
Kiki Newberry, SVCW Financial Analyst  
Jessica Mangual, SVCW Secretary Pro Tem  
Bill Tanner, Tanner Pacific  
Mark Minkowski, Kennedy Jenks  
Sergio Ramirez, West Bay Sanitary District  
Steven Machida, City of San Carlos  
Theresa Yee, City of Redwood City  
EJ Shalaby, DNS Strategic Partners  
Jim Lewis, Member of the Public

**ITEM 3**

**PLEDGE OF ALLEGIANCE**

The Pledge of Allegiance was recited by those in attendance

**ITEM 4**

**PUBLIC COMMENT**

There was no Public Comment

## **ITEM 5**

### **SAFETY MOMENT AND REPORTS**

Instructions for enabling live captioning and providing public comment during the remote meeting site were provided.

Item 5A Safety Moment concerned tips on healthy habits to protect against the flu.

Item 5B Managers Report, discussion occurred on possibility for a water feature to be developed. Input was provided and staff will pursue gathering more information related to possible funding opportunities.

Item 5F RESCU Status Update, information was provided to the Commission regarding the microtunnel boring machine performing work at Shoreway Blvd getting stuck mid-drive. As details become known, Commissioners will be updated.

For other written reports contained within the agenda packet, there were no questions or comments.

## **ITEM 6**

### **MATTERS OF COMMISSION MEMBER'S INTEREST**

Commissioner Collins gave compliments on the SVCW website and noted use of recycled water in various parts of the U.S. as well as interest in local recycled water development.

## **ITEM 7**

### **CONSIDERATION OF MOTION APPROVING CONSENT CALENDAR ITEMS 7A THROUGH 7B**

- A. APPROVAL OF MINUTES – September 20, 2021 - Regular Meeting
- B. CONSIDERATION OF MOTION APPROVING CLAIMS AND CHECKS DATED SEPTEMBER 1, 2021, SEPTEMBER 3, 2021, AND SEPTEMBER 17, 2021  
NECESSARY PAYMENTS THROUGH SEPTEMBER 17, 2021

### **Motion/Second: Mr. Collins / Dr. Lieberman**

The Motion carried by Unanimous Roll Call Vote

## **ITEM 8A**

### **CONSIDERATION OF RESOLUTION AUTHORIZING CONTINUATION OF REMOTE MEETINGS UNDER GOVERNMENT CODE SECTION 54953 OF THE BROWN ACT DURING EMERGENCY CONDITIONS**

Proposed Action:

Adopt RESOLUTION MAKING FINDINGS AND DETERMINATIONS AND AUTHORIZING REMOTE TELECONFERENCE MEETINGS OF THE COMMISSION OF SILICON VALLEY CLEAN WATER UNDER GOVERNMENT CODE SECTION 54953 OF

THE BROWN ACT DURING EXISTENCE OF STATE OF EMERGENCY CONDITIONS  
RELATED TO THE COVID-19 PANDEMIC

**Motion/Second: Dr. Lieberman / Mr. Moritz**

The Motion carried by Unanimous Roll Call Vote

**ITEM 8B**

CONSIDERATION OF RESOLUTION ADOPTING MODIFICATION TO SVCW  
INDUSTRIAL PRETREATMENT PROGRAM

Proposed Action:

Approve RESOLUTION ADOPTING MODIFICATIONS TO REGULATIONS OF THE  
SILICON VALLEY CLEAN WATER ESTABLISHING UNIFORM STANDARDS,  
CONDITIONS AND REQUIREMENTS FOR THE USE OF THE SANITARY SEWERAGE  
FACILITIES OF SAID AUTHORITY AND ITS MEMBER AGENCIES

**Motion/Second: Dr. Lieberman / Mr. Moritz**

The Motion carried by Unanimous Roll Call Vote

**ITEM 9**

No Closed Session

**ITEM 10**

No Closed Session items to report

**ITEM 11**

ADJOURN

There being no further business, the meeting adjourned at 8:32 a.m.

Minutes prepared by Teresa A. Herrera

Reviewed by General Counsel

---

Warren Lieberman, Secretary

## AGENDA ITEM 7B

**SVCW WARRANT REGISTER**

SVCW Warrant Registers dated September 21 – October 4, 2021 and October 5 – October 20, 2021, were scanned and a copy was emailed to Commissioners and Legal Counsel on November 9, 2021.

## AGENDA ITEM 7C

**CONSIDERATION OF REVISING COMMISSION POLICIES  
1988-05 - PROHIBITION OF DISCRIMINATION, HARASSMENT, AND  
RETALIATION; 2007-03 - WORKPLACE VIOLENCE; 2018-02 - ANTI-BULLYING  
AND DELETING POLICY NO. 1989-02 – GUIDELINES FOR DISCIPLINARY  
PROCEDURES AND 1989-01 – SBSA HOUSE RULES**

ISSUE

Approve Revision E to Commission Policy 1988-05 “Prohibition of Discrimination, Harassment, and Retaliation; Revision B to Commission Policy 2007-03 “Workplace Violence”; and Revision A to Commission Policy 2018-02 “Anti-Bullying”; Delete Policy No. 1989-02 “Guidelines for Disciplinary Procedures” and 1989-01 “SBSA House Rules”

BACKGROUND

Establishing and maintaining a safe and respectful workplace is an essential need for any business. SVCW has policies and procedures in place to assist the Commission, management, and front-line employees in understanding the importance of workplace rules and processes. Commission policies provide direction to staff on important functions, guidelines, and expectations of the Authority.

DISCUSSION

SVCW management continually reviews policies and procedures and recommends updates when deficiencies are found, or employment practices/laws change. Recently, SVCW instituted Standard Administrative Procedure (SAP) 2021-02 “At-Will Employment and Discipline”. This procedure had been recommended to be put into place by SVCW’s labor law attorneys to ensure that SVCW’s unique at-will employment categorization was adequately supported by its policies and procedures. One of the unique characteristics of an at-will place of employment is the method by which disciplinary action is taken. As a result, changes to other policies and procedures need to be revised to reflect terms and procedures in SAP 2021-02.

Revisions include:

- Revisions to Commission Policies 1988-05 “Prohibition of Discrimination, Harassment, and Retaliation; 2007-03 “Workplace Violence”; and 2018-02 “Anti-Bullying” primarily consisting of references to appropriate related policies and procedures but also “clean-up” language throughout the policies.
- Deletion of Policy No. 1989-02 “Guidelines for Disciplinary Procedures” and 1989-01 “SBSA House Rules” as these are no longer necessary.

The SVCW Manager recommends approval of revisions to the above policies.

FINANCES

There are no financial impacts to this action.

RECOMMENDATION

Move adoption of RESOLUTION APPROVING AND ADOPTING REVISION E TO COMMISSION POLICY 1988-05 “PROHIBITION OF DISCRIMINATION,



HARASSMENT, AND RETALIATION; REVISION B TO COMMISSION POLICY 2007-03 "WORKPLACE VIOLENCE"; AND REVISION A TO COMMISSION POLICY 2018-02 "ANTI-BULLYING"; AND DELETING ADMINISTRATIVE POLICY NO. 1989-02 "GUIDELINES FOR DISCIPLINARY PROCEDURES" AND ADMINISTRATIVE POLICY 1989-01 "SBSA HOUSE RULES"

## Silicon Valley Clean Water

COMMISSION POLICY 1988-05-

Approved by: \_\_\_\_\_

Revision: ~~D-E~~

Revision Date:  
~~06/08/2017~~ 11/15/2021

Issue Date: 10/19/1988

Approved by the Silicon Valley Clean Water (SVCW) Commission, ~~June 8, 2017~~ at Meeting of November 15, 2021 by Resolution No. SVCW ~~17-2921-XX~~

**SUBJECT: Prohibition of Discrimination, Harassment, and Retaliation**

### **RELATED POLICIES & PROCEDURES**

~~SVCW House Rules~~

~~Guideline for Disciplinary Procedures~~

~~2007-03, Workplace Violence~~

~~2018-02, Anti-Bullying~~

~~2021-02, At-Will Employment and Discipline~~

### **PURPOSE**

The purpose of this policy is to establish a strong commitment to prohibit and prevent discrimination, harassment, and retaliation in the workplace and to maintain a discrimination, harassment, and retaliation-free employment environment; to define those terms; and to set forth a procedure for investigating and resolving internal complaints. ~~The employer~~ SVCW management encourages all ~~covered~~ individuals to report—as soon as possible—any conduct that is believed to violate this policy.

### **POLICY**

~~The employer~~ SVCW has zero tolerance for any conduct that violates this policy. Conduct need not rise to the level of a violation of law to violate this policy. A single act can violate this Policy and provide grounds for discipline or other appropriate sanctions.

Harassment or discrimination against an applicant, unpaid intern, volunteer, or employee by a supervisor, management employee, elected or appointed official, co-worker, member of the public, or contractor on the basis of race, religion, color, sex (including gender, gender identity, gender expression, transgender, pregnancy, and breastfeeding), national origin, ancestry, citizenship status, disability, medical condition, genetic characteristics or information, marital status, age, sexual orientation (including homosexuality, bisexuality, or heterosexuality), military or veteran status, or any other protected classification as defined below, will not be tolerated.

This policy applies to all terms and conditions of employment, including, but not limited to, hiring, placement, promotion, disciplinary action, layoff, recall, transfer, leave of absence, compensation, and training.

Disciplinary action or other appropriate sanction up to and including termination will be instituted for prohibited behavior as defined ~~below~~ in Standard Administrative Procedure 2021-02.

## Silicon Valley Clean Water

Any retaliation against a person for filing a complaint or participating in the complaint resolution process is prohibited. Individuals found to be retaliating in violation of this policy will be subject to appropriate sanction or disciplinary action up to and including termination.

### Definitions

- A. Protected Classifications: This Policy prohibits harassment or discrimination because of an individual's protected classification. "Protected Classification" includes race, religion, color, sex (including gender, gender identity, gender expression, transgender, pregnancy, and breastfeeding), national origin, ancestry, citizenship status, disability, medical condition, genetic characteristics or information, marital status, age, sexual orientation (including homosexuality, bisexuality, or heterosexuality), and military or veteran status.
- B. Policy Coverage: This policy prohibits ~~the employer~~ management, elected or appointed officials, employees, or contractors from harassing or discriminating against applicants, officials, employees, unpaid interns, volunteers, or contractors because of:
1. an individual's protected classification;
  2. the perception that an individual has a protected classification; or
  3. the individual associates with a person who has or is perceived to have a protected classification.
- C. Discrimination: This policy prohibits treating individuals differently in any aspect of employment because of the individual's protected classification as defined in this Policy.
- D. Harassment may include, but is not limited to, the following types of behavior that is taken because of a person's protected classification. Note that harassment is not limited to conduct that ~~employer's SVCW's~~ employees take. Under certain circumstances, harassment can also include conduct taken by those who are not employees, such as elected officials, appointed officials, persons providing services under contracts, or ~~even~~ members of the public:
- Speech, such as insults, epithets, derogatory comments or slurs, and propositioning on the basis of a protected classification. This might include inappropriate comments on appearance, including dress or physical features, or dress consistent with gender identification, or race-oriented stories and jokes.
  - Physical acts, such as assault, impeding or blocking movement, offensive touching, or any physical interference with normal work or movement. This includes pinching, grabbing, patting, propositioning, leering, or making explicit or implied job threats or promises in return for submission to physical acts.
  - Visual acts, such as derogatory posters, cartoons, emails, pictures, or drawings related to a protected classification.
  - ~~Unwanted sexual advances, requests for sexual favors and other acts of a sexual nature, where submission is made a term or condition of employment, where submission to or rejection of the conduct is used as the basis for employment decisions, or where the conduct is intended to or actually does unreasonably interfere with an individual's work performance or create an intimidating, hostile, or offensive working environment.~~

E. **Sexual Harassment:**

As used in this policy sexual harassment is defined as harassment based on sex or conduct of a sexual nature, and includes harassment based on sex (including pregnancy, childbirth, breastfeeding, or related medical conditions), gender, gender identity or gender expression. It may include all of the actions described above as harassment, as well as other unwelcome sex-based conduct, such as unwelcome or unsolicited sexual advances, requests for sexual favors, conversations regarding sexual activities, or other verbal or physical conduct of a sexual nature. Sexually harassing conduct need not be motivated by sexual desire and may include situations that began as reciprocal relationships, but that later cease to be reciprocal. Sexual harassment is generally categorized into two types:

1. Quid Pro Quo Sexual Harassment ("this for that")

- Submission to sexual conduct is made explicitly or implicitly a term or condition of an individual's employment.
- Submission to or rejection of the conduct by an employee is used as the basis for employment decisions affecting the employee.

2. Hostile Work Environment Sexual Harassment

Conduct of a sexual nature or on the basis of sex by any person in the workplace that unreasonably interferes with an employee's work performance and/or creates an intimidating, hostile or otherwise offensive working environment. Examples include:

- Unwelcome sexual advances, flirtation, teasing, sexually suggestive or obscene letters, invitations, notes, emails, voicemails or gifts.
- Sex, gender or sexual orientation-related comments, slurs, jokes, remarks or epithets.
- Leering, obscene or vulgar gestures or making sexual gestures.
- Displaying or distributing sexually suggestive or derogatory objects, pictures, cartoons, or posters or any such items.
- Impeding or blocking movement, unwelcome touching or assaulting others.
- Any sexual advances that are unwelcome as well as reprisals or threats after a negative response to sexual advances.
- Conduct or comments consistently targeted at one gender, even if the content is not sexual.

F. Guidelines for Identifying Harassment: To help clarify what constitutes harassment in violation of this policy, the following guidelines shall be used:

1. Harassment includes any conduct which would be "unwelcome" to an individual of the recipient's same protected classification and which is taken because of the recipient's protected classification.
2. It is no defense that the recipient appears to have voluntarily "consented" to the conduct at issue. A recipient may not protest for many legitimate reasons, including the need to avoid being insubordinate or to avoid being ostracized.
3. Simply because no one has complained about a joke, gesture, picture, physical contact, or comment does not mean that the conduct is welcome. Harassment can evolve over time. The fact that no one is complaining now does not preclude anyone from complaining if the conduct is repeated in the future.
4. ~~Even v~~ Visual, verbal, or physical conduct between two individuals who appear to welcome the conduct can constitute harassment of a third individual who observes the

conduct or learns about the conduct later. Conduct can constitute harassment even if it is not explicitly or specifically directed at an individual.

5. Conduct can constitute harassment in violation of this Policy ~~even regardless~~ if the individual engaging in the conduct has no intention to harass. ~~Even w~~Well-intentioned conduct can violate this policy if the conduct is directed at, or implicates a protected classification, and if an individual of the recipient's same protected classification would find it offensive (e.g., gifts, over attention, endearing nicknames).

FG. Retaliation: As used in this policy retaliation is defined as any adverse employment action taken against an employee because the employee engaged in activity protected under this policy. Protected activities may include, but are not limited to: reporting or assisting in reporting suspected violations of this policy and/or cooperating in investigations or proceedings arising out of a violation of this policy.

Adverse employment action is conduct or an action that materially affects the terms and conditions of the employee's employment status or is reasonably likely to deter the employee from engaging in protected activity. Even actions that do not result in a direct loss of compensation may be regarded as an adverse employment action when considered in the totality of the circumstances.

Examples of retaliation under this policy include but are not limited to: demotion; suspension; reduction in pay; denial of a merit salary increase; failure to hire or consider for hire; refusing to promote or consider for promotion because of reporting a violation of this policy; harassing another employee for filing a complaint; denying employment opportunities because of making a complaint or for cooperating in an investigation; changing someone's work assignments for identifying harassment or other forms of discrimination in the workplace; treating people differently such as denying an accommodation; or not talking to an employee when otherwise required by job duties, or otherwise excluding the employee from job-related activities because of engagement in activities protected under this policy.

Any adverse conduct taken because an applicant, employee, or contractor has reported harassment or discrimination, or has participated in the complaint and investigation process described herein, is prohibited. "Adverse conduct" includes but is not limited to: taking sides because an individual has reported harassment or discrimination, spreading rumors about a complaint, shunning and avoiding an individual who reports harassment or discrimination, and/or real or implied threats of intimidation to prevent an individual from reporting harassment or discrimination.

The following individuals are protected from retaliation: those who make good faith reports of harassment or discrimination, those who associate with an individual who is involved in reporting harassment or discrimination, and those who participate in the complaint or investigation process.

## Silicon Valley Clean Water

### PROCEDURE

- A. An employee, job applicant, unpaid intern, volunteer, or contractor who believes ~~he or she~~they ~~has~~have been harassed may make a complaint verbally or in writing with any of the following. There is no need to follow the chain of command.
1. Immediate supervisor;
  2. Any supervisor, director or manager within or outside of the department;
  - ~~3. Department head; or~~
  3. Human Resources;
  - ~~4. SVCW Manager.~~
- B. Any supervisor, director or department ~~head~~manager who receives a harassment complaint ~~should~~must notify Human Resources immediately.
- C. Upon receiving notification of a harassment complaint, Human Resources shall:
1. Provide the complainant with a timely response indicating that the complaint has been received and that a fair, impartial, timely, and thorough investigation will be conducted. Inform the complainant that they have the right to be represented by a person of complainant's choosing at all steps of the complaint process.
  2. Timely investigate the complaint and/or authorize and supervise implement and oversee a fair and thorough investigation of the complaint by impartial and qualified personnel ~~and/or investigate the complaint.~~ The investigation will afford all parties with appropriate due process and include interviews with: 1) the complainant; 2) the accused harasser; and 3) other persons who have relevant knowledge concerning the allegations in the complaint.
  3. Review the ~~factual~~ information gathered through the investigation to reach a reasonable conclusion as to whether the alleged conduct constitutes harassment, discrimination, or retaliation giving consideration to all ~~factual~~ information, the totality of the circumstances, including the nature of the conduct, and the context in which the alleged incidents occurred.
  4. Timely report a summary of the determination as to whether harassment occurred to appropriate persons, ~~Firstly to the department manager and SVCW Manager then to~~ including the complainant, the alleged harasser (*or respondent?*), the supervisor, ~~and division director, and the department head.~~ If discipline is imposed, the level of discipline will not be communicated to the complainant.
  5. If conduct in violation of this policy occurred, ~~take or~~ recommend to the ~~appointing authority~~SVCW Manager prompt and effective remedial action. The remedial action will be commensurate with the severity of the offense.
  6. Take reasonable steps to protect the complainant from further harassment, discrimination, or retaliation.
  7. Take reasonable steps to protect the complainant from retaliation ~~as a result of~~because of communicating the complaint.
- D. ~~The employer~~SVCW takes a proactive approach to potential ~~Policy~~ violations of this policy and will conduct an investigation if ~~its supervisors, directors or managers any of its~~

## Silicon Valley Clean Water

management staff become aware that harassment, discrimination, or retaliation may be occurring, regardless of whether the recipient or a third party reports a potential violation.

- E. Option to report to outside administrative agencies: An individual has the option to report harassment, discrimination, or retaliation to the U.S. Equal Employment Opportunity Commission (EEOC) or the California Department of Fair Employment and Housing (DFEH). These administrative agencies offer legal remedies and a complaint process. ~~The nearest offices are listed in the government section of the telephone book or employees can check the posters that are located on employer bulletin boards for office locations and telephone numbers.~~ Contact information is provided on the poster located in the SVCW Control Building lunchroom.

### Confidentiality

Every possible effort will be made to ~~assure-ensure~~ the confidentiality of complaints made under this Policy. Complete confidentiality cannot occur, however, due to the need to fully investigate and the duty to take effective remedial action. As a result, confidentiality will be maintained to the extent possible. An individual who is interviewed during ~~the course of~~ an investigation is prohibited from discussing the substance of the interview, except as otherwise directed by the SVCW Manager, department manager, or a supervisor or Human Resources. Any individual who discusses the content of an investigatory interview will be subject to discipline or other appropriate sanction. ~~The employer~~SVCW will not disclose a completed investigation report except as it deems necessary to support a disciplinary action, to take remedial action, to defend itself in adversarial proceedings, or to comply with the law or court order.

## RESPONSIBILITY

### Employee

- Treating all employees and contractors with respect and consideration.
- Modeling appropriate behavior.
- Participating in periodic training.
- Fully cooperating with ~~the employer~~SVCW's investigations by responding fully and truthfully to all questions posed during the investigation.
- Maintaining the confidentiality of any investigation that ~~the employer~~SVCW conducts by not disclosing the substance of any investigatory interview, except as directed by the ~~department head~~SVCW Manager, department manager, or Human Resources.
- Reporting any act ~~he or she~~they, in good faith, believes ~~in good faith~~ constitutes harassment, discrimination, or retaliation as defined in this Policy, to ~~his or her~~their immediate supervisor, director ~~or~~, department ~~head~~manager, SVCW Manager, or Human Resources.

### Supervisor, Director, Department Manager

- Informing employees of this policy.
- Modeling appropriate behavior.
- Taking all steps necessary to prevent harassment, discrimination, or retaliation from occurring.



## Silicon Valley Clean Water

- Receiving complaints in a fair and serious manner, and documenting steps taken to resolve complaints.
- Monitoring the work environment and taking immediate appropriate action to stop potential violations, such as removing inappropriate pictures or correcting inappropriate ~~language~~behavior.
- Following up with those who have complained to ensure that the behavior has stopped and that there are no reprisals.
- Informing those who complain of harassment or discrimination of ~~his or her~~their option to contact the EEOC or DFEH regarding alleged policy violations.
- Assisting, advising, or consulting with employees and Human Resources regarding this policy ~~and Complaint Procedure~~.
- Assisting in the investigation of complaints involving employee(s) in their divisions and departments and, if the complaint is substantiated, recommending appropriate corrective or disciplinary action in accordance with ~~employer-SVCW Policies~~policies and procedures, up to and including discharge.
- Implementing appropriate disciplinary and remedial actions.
- Reporting potential violations of this policy of which ~~he or she~~they becomes aware, regardless of whether a complaint has been submitted, to the Human Resources Department or the ~~department head~~SVCW Manager.
- Participating in periodic training and scheduling employees for training.

### SVCW Manager

- Modeling appropriate behavior
- Taking all steps necessary to prevent harassment, discrimination, or retaliation from occurring.
- Receiving complaints in a fair and serious manner.
- Monitoring the work environment and taking appropriate action to stop potential violations such as removing inappropriate pictures or correcting inappropriate behavior.
- Assisting, advising, and/or consulting with employees regarding this policy.
- Receiving information from Human Resources and respective Supervisors, Directors, or Department Managers and taking appropriate actions.
- Receiving recommendations for corrective or disciplinary actions from Human Resources and department managers.
- Implementing disciplinary actions.

### **Dissemination of Policy**

All employees shall receive a copy of this policy when they are hired. The policy may be updated from time to time and redistributed with a form for the employee to sign and return acknowledging that the employee has received, read, and understands this policy.



Silicon Valley Clean Water

Commission Policy 1988-05

Revision: ~~D~~-E

Revision Date:  
~~06/08/2017~~11/15/2021

Issue Date: 10/19/1988

**SUBJECT: PROHIBITION OF DISCRIMINATION AND HARASSMENT**

**ACKNOWLEDGEMENT OF POLICY RECEIPT**

*By my signature below, I confirm that I have received, read, understand, and will comply with SVCW's PROHIBITION OF DISCRIMINATION AND HARASSMENT Policy. If I have any questions about the policy, I will promptly seek clarification or guidance from my supervisor, Director, Department Manager or the SVCW Manager.*

\_\_\_\_\_  
*Date*

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Printed Name*

*Please return this signed confirmation to the SVCW Human Resources ~~Department~~Division.*

*This document will be filed in your personnel file and a copy will be provided for you.*

**COMMISSION POLICY 1988-05**

**Approved by:** \_\_\_\_\_

**Revision: E**

**Revision Date: 11/15/2021**

**Issue Date: 10/19/1988**

Approved by the SVCW Commission at Meeting of November 15, 2021 by Resolution No. SVCW 21-35

**SUBJECT: Prohibition of Discrimination, Harassment, and Retaliation**

**RELATED POLICIES & PROCEDURES**

2007-03, Workplace Violence

2018-02, Anti-Bullying

2021-02, At-Will Employment and Discipline

**PURPOSE**

The purpose of this policy is to establish a strong commitment to prohibit and prevent discrimination, harassment, and retaliation in the workplace and to maintain a discrimination, harassment, and retaliation-free employment environment; to define those terms; and to set forth a procedure for investigating and resolving internal complaints. Silicon Valley Clean Water (SVCW) management encourages all individuals to report—as soon as possible— any conduct that is believed to violate this policy.

**POLICY**

SVCW has zero tolerance for any conduct that violates this policy. Conduct need not rise to the level of a violation of law to violate this policy. A single act can violate this Policy and provide grounds for discipline or other appropriate sanctions.

Harassment or discrimination against an applicant, unpaid intern, volunteer, or employee by a supervisor, management employee, elected or appointed official, co-worker, member of the public, or contractor on the basis of race, religion, color, sex (including gender, gender identity, gender expression, transgender, pregnancy, and breastfeeding), national origin, ancestry, citizenship status, disability, medical condition, genetic characteristics or information, marital status, age, sexual orientation (including homosexuality, bisexuality, or heterosexuality), military or veteran status, or any other protected classification as defined below, will not be tolerated.

This policy applies to all terms and conditions of employment, including, but not limited to, hiring, placement, promotion, disciplinary action, layoff, recall, transfer, leave of absence, compensation, and training.

Disciplinary action or other appropriate sanction up to and including termination will be instituted for prohibited behavior as defined in Standard Administrative Procedure 2021-02.

Any retaliation against a person for filing a complaint or participating in the complaint resolution process is prohibited. Individuals found to be retaliating in violation of this policy will be subject to appropriate sanction or disciplinary action up to and including termination.

### Definitions

- A. **Protected Classifications:** This Policy prohibits harassment or discrimination because of an individual's protected classification. "Protected Classification" includes race, religion, color, sex (including gender, gender identity, gender expression, transgender, pregnancy, and breastfeeding), national origin, ancestry, citizenship status, disability, medical condition, genetic characteristics or information, marital status, age, sexual orientation (including homosexuality, bisexuality, or heterosexuality), and military or veteran status.
- B. **Policy Coverage:** This policy prohibits management, elected or appointed officials, employees, or contractors from harassing or discriminating against applicants, officials, employees, unpaid interns, volunteers, or contractors because of:
1. an individual's protected classification;
  2. the perception that an individual has a protected classification; or
  3. the individual associates with a person who has or is perceived to have a protected classification.
- C. **Discrimination:** This policy prohibits treating individuals differently in any aspect of employment because of the individual's protected classification as defined in this Policy.
- D. **Harassment** may include, but is not limited to, the following types of behavior that is taken because of a person's protected classification. Note that harassment is not limited to conduct that SVCW's employees take. Under certain circumstances, harassment can also include conduct taken by those who are not employees, such as elected officials, appointed officials, persons providing services under contracts, or members of the public:
- Speech, such as insults, epithets, derogatory comments or slurs, and propositioning on the basis of a protected classification. This might include inappropriate comments on appearance, including dress or physical features, or dress consistent with gender identification, or race-oriented stories and jokes.
  - Physical acts, such as assault, impeding or blocking movement, offensive touching, or any physical interference with normal work or movement. This includes pinching, grabbing, patting, propositioning, leering, or making explicit or implied job threats or promises in return for submission to physical acts.
  - Visual acts, such as derogatory posters, cartoons, emails, pictures, or drawings related to a protected classification.
- E. **Sexual Harassment:**  
As used in this policy sexual harassment is defined as harassment based on sex or conduct of a sexual nature, and includes harassment based on sex (including pregnancy, childbirth, breastfeeding, or related medical conditions), gender, gender identity or gender expression. It may include all of the actions described above as harassment, as well as other unwelcome sex-based conduct, such as unwelcome or unsolicited sexual advances, requests for sexual favors, conversations regarding sexual activities, or other verbal or physical conduct of a sexual nature. Sexually harassing conduct need not be motivated by sexual desire and may include situations that began as reciprocal relationships, but that later cease to be reciprocal. Sexual harassment is generally categorized into two types:

## Silicon Valley Clean Water

1. Quid Pro Quo Sexual Harassment (“this for that”)
    - Submission to sexual conduct is made explicitly or implicitly a term or condition of an individual's employment.
    - Submission to or rejection of the conduct by an employee is used as the basis for employment decisions affecting the employee.
  2. Hostile Work Environment Sexual Harassment

Conduct of a sexual nature or on the basis of sex by any person in the workplace that unreasonably interferes with an employee’s work performance and/or creates an intimidating, hostile or otherwise offensive working environment. Examples include:

    - Unwelcome sexual advances, flirtation, teasing, sexually suggestive or obscene letters, invitations, notes, emails, voicemails or gifts.
    - Sex, gender or sexual orientation-related comments, slurs, jokes, remarks or epithets.
    - Leering, obscene or vulgar gestures or making sexual gestures.
    - Displaying or distributing sexually suggestive or derogatory objects, pictures, cartoons, or posters or any such items.
    - Impeding or blocking movement, unwelcome touching or assaulting others.
    - Any sexual advances that are unwelcome as well as reprisals or threats after a negative response to sexual advances.
    - Conduct or comments consistently targeted at one gender, even if the content is not sexual.
- F. Guidelines for Identifying Harassment: To help clarify what constitutes harassment in violation of this policy, the following guidelines shall be used:
1. Harassment includes any conduct which would be “unwelcome” to an individual of the recipient’s same protected classification and which is taken because of the recipient’s protected classification.
  2. It is no defense that the recipient appears to have voluntarily “consented” to the conduct at issue. A recipient may not protest for many legitimate reasons, including the need to avoid being insubordinate or to avoid being ostracized.
  3. Simply because no one has complained about a joke, gesture, picture, physical contact, or comment does not mean that the conduct is welcome. Harassment can evolve over time. The fact that no one is complaining now does not preclude anyone from complaining if the conduct is repeated in the future.
  4. Visual, verbal, or physical conduct between two individuals who appear to welcome the conduct can constitute harassment of a third individual who observes the conduct or learns about the conduct later. Conduct can constitute harassment even if it is not explicitly or specifically directed at an individual.
  5. Conduct can constitute harassment in violation of this Policy regardless if the individual engaging in the conduct has no intention to harass. Well-intentioned conduct can violate this policy if the conduct is directed at, or implicates a protected classification, and if an individual of the recipient’s same protected classification would find it offensive (e.g., gifts, over attention, endearing nicknames).
- G. Retaliation: As used in this policy retaliation is defined as any adverse employment action taken against an employee because the employee engaged in activity protected under this policy. Protected activities may include, but are not limited to: reporting or assisting in

## **Silicon Valley Clean Water**

reporting suspected violations of this policy and/or cooperating in investigations or proceedings arising out of a violation of this policy.

Adverse employment action is conduct or an action that materially affects the terms and conditions of the employee's employment status or is reasonably likely to deter the employee from engaging in protected activity. Even actions that do not result in a direct loss of compensation may be regarded as an adverse employment action when considered in the totality of the circumstances.

Examples of retaliation under this policy include but are not limited to: demotion; suspension; reduction in pay; denial of a merit salary increase; failure to hire or consider for hire; refusing to promote or consider for promotion because of reporting a violation of this policy; harassing another employee for filing a complaint; denying employment opportunities because of making a complaint or for cooperating in an investigation; changing someone's work assignments for identifying harassment or other forms of discrimination in the workplace; treating people differently such as denying an accommodation; or not talking to an employee when otherwise required by job duties, or otherwise excluding the employee from job-related activities because of engagement in activities protected under this policy.

Any adverse conduct taken because an applicant, employee, or contractor has reported harassment or discrimination, or has participated in the complaint and investigation process described herein, is prohibited. "Adverse conduct" includes but is not limited to: taking sides because an individual has reported harassment or discrimination, spreading rumors about a complaint, shunning and avoiding an individual who reports harassment or discrimination, and/or real or implied threats of intimidation to prevent an individual from reporting harassment or discrimination.

The following individuals are protected from retaliation: those who make good faith reports of harassment or discrimination, those who associate with an individual who is involved in reporting harassment or discrimination, and those who participate in the complaint or investigation process.

### **PROCEDURE**

- A. An employee, job applicant, unpaid intern, volunteer, or contractor who believes they have been harassed may make a complaint verbally or in writing with any of the following. There is no need to follow the chain of command.
  - 1. Immediate supervisor;
  - 2. Any supervisor, director or manager within or outside of the department;
  - 3. Human Resources;
  - 4. SVCW Manager
- B. Any supervisor, director or department manager who receives a harassment complaint must notify Human Resources immediately.

## Silicon Valley Clean Water

- C. Upon receiving notification of a harassment complaint, Human Resources shall:
1. Provide the complainant with a timely response indicating that the complaint has been received and that a fair, impartial, timely, and thorough investigation will be conducted. Inform the complainant that they have the right to be represented by a person of complainant's choosing at all steps of the complaint process.
  2. Timely investigate the complaint and/or implement and oversee a fair and thorough investigation of the complaint by impartial and qualified personnel. The investigation will afford all parties with appropriate due process and include interviews with: 1) the complainant; 2) the accused harasser; and 3) other persons who have relevant knowledge concerning the allegations in the complaint.
  3. Review the information gathered through the investigation to reach a reasonable conclusion as to whether the alleged conduct constitutes harassment, discrimination, or retaliation giving consideration to all information, the totality of the circumstances, including the nature of the conduct, and the context in which the alleged incidents occurred.
  4. Timely report a summary of the determination as to whether harassment occurred to appropriate persons. Firstly to the department manager and SVCW Manager then to the complainant, the alleged harasser (*or respondent?*), the supervisor, and division director. If discipline is imposed, the level of discipline will not be communicated to the complainant.
  5. If conduct in violation of this policy occurred, recommend to the SVCW Manager prompt and effective remedial action. The remedial action will be commensurate with the severity of the offense.
  6. Take reasonable steps to protect the complainant from further harassment, discrimination, or retaliation.
  7. Take reasonable steps to protect the complainant from retaliation because of communicating the complaint.
- D. SVCW takes a proactive approach to potential violations of this policy and will conduct an investigation if any of its management staff become aware that harassment, discrimination, or retaliation may be occurring, regardless of whether the recipient or a third party reports a potential violation.
- E. Option to report to outside administrative agencies: An individual has the option to report harassment, discrimination, or retaliation to the U.S. Equal Employment Opportunity Commission (EEOC) or the California Department of Fair Employment and Housing (DFEH). These administrative agencies offer legal remedies and a complaint process. Contact information is provided on the poster located in the SVCW Control Building lunchroom.

### Confidentiality

Every possible effort will be made to ensure the confidentiality of complaints made under this Policy. Complete confidentiality cannot occur, however, due to the need to fully investigate and the duty to take effective remedial action. As a result, confidentiality will be maintained to the extent possible. An individual who is interviewed during an investigation is prohibited from

## **Silicon Valley Clean Water**

discussing the substance of the interview, except as otherwise directed by the SVCW Manager, department manager, or Human Resources. Any individual who discusses the content of an investigatory interview will be subject to discipline or other appropriate sanction. SVCW will not disclose a completed investigation report except as it deems necessary to support a disciplinary action, to take remedial action, to defend itself in adversarial proceedings, or to comply with the law or court order.

### **RESPONSIBILITY**

#### **Employee**

- Treating all employees and contractors with respect and consideration.
- Modeling appropriate behavior.
- Participating in periodic training.
- Fully cooperating with SVCW's investigations by responding fully and truthfully to all questions posed during the investigation.
- Maintaining the confidentiality of any investigation that SVCW conducts by not disclosing the substance of any investigatory interview, except as directed by the SVCW Manager, department manager, or Human Resources.
- Reporting any act they, in good faith, believe constitutes harassment, discrimination, or retaliation as defined in this Policy, to their immediate supervisor, director, department manager, SVCW Manager, or Human Resources.

#### **Supervisor, Director, Department Manager**

- Informing employees of this policy.
- Modeling appropriate behavior.
- Taking all steps necessary to prevent harassment, discrimination, or retaliation from occurring.
- Receiving complaints in a fair and serious manner, and documenting steps taken to resolve complaints.
- Monitoring the work environment and taking immediate appropriate action to stop potential violations, such as removing inappropriate pictures or correcting inappropriate behavior.
- Following up with those who have complained to ensure that the behavior has stopped and that there are no reprisals.
- Informing those who complain of harassment or discrimination of their option to contact the EEOC or DFEH regarding alleged policy violations.
- Assisting, advising, or consulting with employees and Human Resources regarding this policy.
- Assisting in the investigation of complaints involving employee(s) in their divisions and departments and, if the complaint is substantiated, recommending appropriate corrective or disciplinary action in accordance with SVCW policies and procedures, up to and including discharge.
- Implementing appropriate disciplinary and remedial actions.

## **Silicon Valley Clean Water**

- Reporting potential violations of this policy of which they become aware, regardless of whether a complaint has been submitted, to the Human Resources Department or the SVCW Manager.
- Participating in periodic training and scheduling employees for training.

### **SVCW Manager**

- Modeling appropriate behavior
- Taking all steps necessary to prevent harassment, discrimination, or retaliation from occurring.
- Receiving complaints in a fair and serious manner.
- Monitoring the work environment and taking appropriate action to stop potential violations such as removing inappropriate pictures or correcting inappropriate behavior.
- Assisting, advising, and/or consulting with employees regarding this policy.
- Receiving information from Human Resources and respective Supervisors, Directors, or Department Managers and taking appropriate actions.
- Receiving recommendations for corrective or disciplinary actions from Human Resources and department managers.
- Implementing disciplinary actions.

### **Dissemination of Policy**

All employees shall receive a copy of this policy when they are hired. The policy may be updated from time to time and redistributed with a form for the employee to sign and return acknowledging that the employee has received, read, and understands this policy.



**SUBJECT: PROHIBITION OF DISCRIMINATION AND HARASSMENT**

**ACKNOWLEDGEMENT OF POLICY RECEIPT**

*By my signature below, I confirm that I have received, read, understand, and will comply with SVCW's PROHIBITION OF DISCRIMINATION AND HARASSMENT Policy. If I have any questions about the policy, I will promptly seek clarification or guidance from my supervisor, Director, Department Manager or the SVCW Manager.*

\_\_\_\_\_  
*Date*

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Printed Name*

*Please return this signed confirmation to the SVCW Human Resources Division.*

*This document will be filed in your personnel file and a copy will be provided for you.*

**ADMINISTRATIVE COMMISSION** POLICY NO. 2007-03    Approved by: \_\_\_\_\_

Rev: **AB**

Rev Date: **3/8/201811/15/2021**

Issue Date: 10/3/2007

Approved by the SVCW Commission at Meeting of ~~March 8, 2018~~November 15, 2021 by Resolution SVCW ~~18-1221-XX~~

**SUBJECT: Workplace Violence**

**RELATED POLICIES & PROCEDURES:**

~~1989-01, SVCW House Rules~~

~~1989-02, Guideline for Disciplinary Procedures~~

1988-05, Prohibition of Discrimination, Harassment and Retaliation

2018-02, Anti-Bullying

2021-02, At-Will Employment and Discipline

**PURPOSE:**

The purpose of this policy is to establish guidelines for what is to be considered unacceptable violent behavior in the workplace, ~~however,~~ with the acknowledgement that the policy cannot describe every possible action that can be defined or considered to be unacceptable behavior in the workplace.

**POLICY:**

Silicon Valley Clean Water (SVCW) is committed to providing a safe work environment that is free of violence and the threat of violence. The top priority in this process is effectively handling critical workplace incidents, especially those dealing with actual or potential violence.

Employees are prohibited from participating in or promoting acts of intimidation, violence, threats, coercion, assault and/or abusive behavior toward any person while ~~in the~~employed by SVCW. ~~course of Silicon Valley Clean Water employment. Silicon Valley Clean Water SVCW~~ has zero tolerance for any conduct that ~~references suggests~~ workplace violence, even if it was intended to be harmless, humorous, a prank, blowing off steam, or venting.

Violence or the threat of violence, against or by any employee of Silicon Valley Clean Water or any other person is unacceptable.

~~1) —~~ A non-employee who demonstrates or threatens violent behavior towards an SVCW employee may be subject to civil or criminal prosecution, ~~and~~

~~2) — Should an~~An employee who demonstrates or threatens violent behavior may be subject to disciplinary action, as well as civil or criminal prosecution.

The following actions are examples of acts considered violent:

- Striking, punching, slapping or assaulting another person
- Fighting or challenging another person to fight
- Grabbing, pinching or touching another person in an unwanted way
- Engaging in dangerous, threatening or unwanted horseplay
- Use, or threat of use, of a gun, knife or other weapon of any kind on SVCW property,

## Silicon Valley Clean Water

including parking lots, other exterior premises, SVCW vehicles, or while engaged in activities for SVCW in other locations

- Threatening harm or harming another person, or any other action or conduct that implies the threat of bodily harm
- Harassing or threatening communication
- Surveillance
- Stalking
- [Hate or bias-related violence as defined in Section 51.7 of the California Civil Code \(Ralph Civil Rights Act\), as may be amended, such as:](#)
  - [Threats, verbal or written](#)
  - [Physical assault or attempted assault](#)
  - [Hate-related graffiti, including swastikas and other offensive symbols](#)
  - [Cross-burning](#)
  - [Bomb threats](#)
  - [Arson](#)
  - [Disturbance of religious meetings](#)
  - [Vandalism or property damage](#)

In the event SVCW fears for the safety of the perpetrator or the safety of others at the scene of the violent act, law enforcement will be called.

No one, acting in good faith, who initiates a complaint or reports an incident under this policy will be subject to retaliation or harassment. However, complaints initiated under false pretense are a harassing practice and will be acted upon the same as any other harassment action under this [and other applicable SVCW policies and procedures](#).

[Any employee who is reported to be a perpetrator will be afforded the investigatory process as outlined in SVCW Commission Policy No.1988-05, Prohibition of Discrimination, Harassment, and Retaliation. Any employee, reported to be a perpetrator, will be provided both due process and representation before SVCW disciplinary action is taken. Individuals who violate this Workplace Violence policy are subject to disciplinary action up to and including termination.](#)

### **RESPONSIBILITY:**

**In the event of an imminent threat, call 911 immediately.**

Any employee who is the victim of any violent threatening or harassing conduct, any witness to such conduct, or anyone receiving a report of such conduct, whether the perpetrator is an SVCW employee or a non-employee, shall immediately report the incident to their supervisor, director, department head, SVCW Manager or Human Resources.

Human Resources or designee will document the incident, including the employee names(s), date/time, location, incident description, witness names and statements, description of unidentified parties, description of the act(s) and/or behavior arising from the incident, action taken, and provide any other relevant information regarding the incident.

## Silicon Valley Clean Water

~~Human Resources or designee will take appropriate steps to provide security, such as:~~  
Any SVCW management staff (Supervisors, Directors, Department Manager, SVCW Manager)  
may take steps to provide necessary security such as:

- Placing the employee alleged to have engaged in workplace violence on administrative leave, pending investigation
- Asking any threatening or potentially violent person to leave the scene, workplace or site; or
- Immediately contacting an appropriate law enforcement agency.

In addition, employees who are subject to, or apply for, restraining orders must disclose this to ~~their~~ **Director and** Human Resources. SVCW may also petition for, or provide employees with instructions to obtain, an “Injunction Prohibiting Harassment of Employee” which is a Temporary Restraining Order process that workplacesemployers can initiate for their employees.

**COMMISSION POLICY NO. 2007-03    Approved by: \_\_\_\_\_**

**Revision: B**

**Revision Date: 11/15/2021**

**Issue Date: 10/3/2007**

Approved by the SVCW Commission at Meeting of November 15, 2021 by Resolution SVCW 21-35

**SUBJECT: Workplace Violence**

**RELATED POLICIES & PROCEDURES**

1988-05, Prohibition of Discrimination, Harassment and Retaliation

2018-02, Anti-Bullying

2021-02, At-Will Employment and Discipline

**PURPOSE**

The purpose of this policy is to establish guidelines for what is to be considered unacceptable violent behavior in the workplace, with the acknowledgement that the policy cannot describe every possible action that can be defined or considered to be unacceptable behavior in the workplace.

**POLICY**

Silicon Valley Clean Water (SVCW) is committed to providing a safe work environment that is free of violence and the threat of violence. The top priority in this process is effectively handling critical workplace incidents, especially those dealing with actual or potential violence.

Employees are prohibited from participating in or promoting acts of intimidation, violence, threats, coercion, assault and/or abusive behavior toward any person while employed by SVCW. SVCW has zero tolerance for any conduct that suggests workplace violence, even if it was intended to be harmless, humorous, a prank, blowing off steam, or venting.

Violence or the threat of violence against or by any employee of Silicon Valley Clean Water or any other person is unacceptable.

A non-employee who demonstrates or threatens violent behavior towards an SVCW employee may be subject to civil or criminal prosecution.

An employee who demonstrates or threatens violent behavior may be subject to disciplinary action as well as civil or criminal prosecution.

The following actions are examples of acts considered violent:

- Striking, punching, slapping or assaulting another person
- Fighting or challenging another person to fight
- Grabbing, pinching or touching another person in an unwanted way
- Engaging in dangerous, threatening or unwanted horseplay
- Use, or threat of use, of a gun, knife or other weapon of any kind on SVCW property, including parking lots, other exterior premises, SVCW vehicles, or while engaged in activities for SVCW in other locations
- Threatening harm or harming another person, or any other action or conduct that implies

## **Silicon Valley Clean Water**

the threat of bodily harm

- Harassing or threatening communication
- Surveillance
- Stalking
- Hate or bias-related violence as defined in Section 51.7 of the California Civil Code (Ralph Civil Rights Act), as may be amended, such as:
  - Threats, verbal or written
  - Physical assault or attempted assault
  - Hate-related graffiti, including swastikas and other offensive symbols
  - Cross-burning
  - Bomb threats
  - Arson
  - Disturbance of religious meetings
  - Vandalism or property damage

In the event SVCW fears for the safety of the perpetrator or the safety of others at the scene of the violent act, law enforcement will be called.

No one, acting in good faith, who initiates a complaint or reports an incident under this policy will be subject to retaliation or harassment. However, complaints initiated under false pretense are a harassing practice and will be acted upon the same as any other harassment action under this and other applicable SVCW policies and procedures.

Any employee who is reported to be a perpetrator will be afforded the investigatory process as outlined in SVCW Commission Policy No.1988-05, Prohibition of Discrimination, Harassment, and Retaliation. Individuals who violate this Workplace Violence policy are subject to disciplinary action up to and including termination.

### **RESPONSIBILITY**

**In the event of an imminent threat, call 911 immediately.**

Any employee who is the victim of any violent threatening or harassing conduct, any witness to such conduct, or anyone receiving a report of such conduct, whether the perpetrator is an SVCW employee or a non-employee, shall immediately report the incident to their supervisor, director, department head, SVCW Manager or Human Resources.

Human Resources or designee will document the incident, including the employee names(s), date/time, location, incident description, witness names and statements, description of unidentified parties, description of the act(s) and/or behavior arising from the incident, action taken, and provide any other relevant information regarding the incident.

Any SVCW management staff (Supervisors, Directors, Department Manager, SVCW Manager) may take steps to provide necessary security such as:

- Placing the employee alleged to have engaged in workplace violence on administrative leave, pending investigation

## **Silicon Valley Clean Water**

- Asking any threatening or potentially violent person to leave the scene, workplace or site; or
- Immediately contacting an appropriate law enforcement agency.

In addition, employees who are subject to, or apply for, restraining orders must disclose this to t Human Resources. SVCW may also petition for, or provide employees with instructions to obtain, an “Injunction Prohibiting Harassment of Employee” which is a Temporary Restraining Order process that employers can initiate for their employees.

**ADMINISTRATIVE COMMISSION POLICY NO. 2018-02 \_\_\_\_\_** Approved by:

Rev: ~~Issue A~~

Rev. Date: ~~3/8/2018~~ 11/15/2021

Issue Date: 3/8/2018

Approved by the SVCW Commission at Meeting of ~~March 8, 2018~~ November 15, 2021 by Resolution SVCW ~~1821-XX13~~

**SUBJECT:** Anti-Bullying

**RELATED POLICIES & PROCEDURES:** \_\_\_\_\_

~~1989-01, SVCW House Rules~~

~~1989-02, Guideline for Disciplinary Procedures~~

1988-05, Prohibition of Discrimination, Harassment and Retaliation

2007-03, Workplace Violence

2021-02, At-Will Employment and Discipline

**PURPOSE:**

Silicon Valley Clean Water (SVCW) is committed to providing a safe work environment. In addition to prohibiting all forms of discrimination and harassment, SVCW also prohibits any form of “intimidation or bullying” in the workplace or elsewhere, such as at offsite events.

**POLICY:**

Every employee and other individuals, such as temporary agency workers, consultants, independent contractors, and visitors, have the right to be treated with respect. Bullying is the use of aggression with the intention of harming or intimidating another individual. It can include any intentional written, visual, verbal, or physical act, when the act physically harms the individual or damages his or her property; has the effect of interfering with an employee’s ability to work; is severe or pervasive; and creates an intimidating or threatening environment.

Bullying ~~comes in many shapes and sizes and~~ can take many forms including, but not limited to, excluding, tormenting, taunting, making abusive comments, using threatening gestures; pushing, shoving, punching, unwanted physical contact, or any use of violence; graffiti; name-calling, sarcasm, spreading rumors or teasing. Such conduct can also occur via use of electronic or telephonic communications such as the internet, email and chatroom misuse, mobile threats by text messaging, or calls or misuse of cameras and video equipment.

Retaliation: No one, acting in good faith, who initiates a complaint or reports an incident under this policy will be subject to retaliation or harassment. However, complaints initiated under false pretense are a harassing practice and will be acted upon the same as any other harassment action under this and other applicable SVCW policies and procedures.

Any employee, reported to be a perpetrator, will be provided both due process and representation before SVCW disciplinary action is taken.



## Silicon Valley Clean Water

In the event SVCW fears for the safety of the perpetrator or the safety of others, law enforcement will be called.

### PROCEDURE:

SVCW will not tolerate bullying in any form. Any individual who believes that ~~he or she is~~ they are being bullied or has been subjected to any form of bullying should immediately report this to their supervisor, director/~~manager~~, department ~~head~~manager, SVCW Manager, or Human Resources representative. In addition, any person who believes they have witnessed bullying and any person who has received a report of such conduct, whether the perpetrator is an employee or a non-employee, shall immediately report the conduct to their supervisor or other appropriate ~~person in the chain of command~~SVCW management staff as noted below. The chain of command need not be followed.

- 1) 1. Supervisor
- 2) 2. Director
- 3) 3. Department ~~head~~manager
- 4) 4. SVCW Manager ~~or~~
- 5) 5. Human Resources

Any employee who is reported to be a perpetrator of bullying will be afforded the investigatory process as outlined in SVCW Commission Policy No.1988-05, Prohibition of Discrimination, Harassment, and Retaliation. ~~Any employee who is reported to be a perpetrator will be provided due process before any disciplinary action is taken.~~ Individuals who violate this bullying policy are subject to disciplinary action, up to and including termination.

Approved by the SVCW Commission at Meeting of November 15, 2021 by Resolution SVCW 21-35

**SUBJECT: Anti-Bullying**

**RELATED POLICIES & PROCEDURES**

1988-05, Prohibition of Discrimination, Harassment and Retaliation

2007-03, Workplace Violence

2021-02, At-Will Employment and Discipline

**PURPOSE**

Silicon Valley Clean Water (SVCW) is committed to providing a safe work environment. In addition to prohibiting all forms of discrimination and harassment, SVCW also prohibits any form of “intimidation or bullying” in the workplace or elsewhere, such as at offsite events.

**POLICY**

Every employee and other individuals, such as temporary agency workers, consultants, independent contractors, and visitors, have the right to be treated with respect. Bullying is the use of aggression with the intention of harming or intimidating another individual. It can include any intentional written, visual, verbal, or physical act, when the act physically harms the individual or damages his or her property; has the effect of interfering with an employee’s ability to work; is severe or pervasive; and creates an intimidating or threatening environment.

Bullying can take many forms including, but not limited to, excluding, tormenting, taunting, making abusive comments, using threatening gestures; pushing, shoving, punching, unwanted physical contact, or any use of violence; graffiti; name-calling, sarcasm, spreading rumors or teasing. Such conduct can also occur via use of electronic or telephonic communications such as the internet, email and chatroom misuse, mobile threats by text messaging, or calls or misuse of cameras and video equipment.

Retaliation: No one acting in good faith who initiates a complaint or reports an incident under this policy will be subject to retaliation or harassment. However, complaints initiated under false pretense are a harassing practice and will be acted upon the same as any other harassment action under this and other applicable SVCW policies and procedures.

Any employee, reported to be a perpetrator, will be provided both due process and representation before SVCW disciplinary action is taken.

In the event SVCW fears for the safety of the perpetrator or the safety of others, law enforcement will be called.

### **PROCEDURE**

SVCW will not tolerate bullying in any form. Any individual who believes that they are being bullied or has been subjected to any form of bullying should immediately report this to their supervisor, director, department manager, SVCW Manager, or Human Resources representative. In addition, any person who believes they have witnessed bullying and any person who has received a report of such conduct, whether the perpetrator is an employee or a non-employee, shall immediately report the conduct to their supervisor or other appropriate SVCW management staff as noted below. The chain of command need not be followed.

1. Supervisor
2. Director
3. Department manager
4. SVCW Manager
5. Human Resources

Any employee who is reported to be a perpetrator of bullying will be afforded the investigatory process as outlined in SVCW Commission Policy No.1988-05, Prohibition of Discrimination, Harassment, and Retaliation. Individuals who violate this bullying policy are subject to disciplinary action, up to and including termination.

## AGENDA ITEM 7D

**ANNUAL AUDITED FINANCIAL REPORT AS OF JUNE 30, 2021**

**ISSUE**

Receipt of Silicon Valley Clean Water (SVCW) Basic Financial Statements and Auditor's Reports for Fiscal Year 2020-21

**BACKGROUND**

Each year, in compliance with Government Accounting Standards Board requirements, SVCW issues basic financial statements and an auditor's report. The auditor's report (Attachment A, including a memo on internal controls and other required communications) is complete and ready for the Commission's receipt. It provides detailed financial information for the Commission, ratepayers, and SVCW investors. In its third year as SVCW auditor, Maze & Associates, LLP again provided an unqualified ("clean") opinion.

**DISCUSSION**

A summary of SVCW's Statement of Net Position is below, showing a \$3.2 million (2.6%) increase in SVCW's net position during the fiscal year. Significant changes included:

- Total Assets increased \$31.9 million (4.5%) as capital project construction continued. This construction was funded by past debt proceeds, recent drawdowns from a short-term Line of Credit, and Member cash in lieu of debt participation.
- Current and other assets decreased by \$107.3 million (60.0%), as cash proceeds from prior debt issuances were spent on capital projects construction.
- Restricted assets decreased by \$54.0 thousand (1.3%) after a reduction in cash reserves associated with a now-refinanced State Revolving Fund loan, offset additional funds set aside to fund future pension liabilities.
- Capital assets, net of depreciation, increased by \$139.4 million (26.7%) as the balance in the Construction in Progress account grew, mostly driven by Regional Environmental Sewer Conveyance Upgrade (RESCU) project activity.
- Total liabilities increased by \$45.6 million (7.7%). The most significant change was the \$8.4 million increase in long-term debt associated with the 2021 Refunding Bonds, and an additional \$29.3 million drawn from the Authority's line of credit. The year-end Accounts Payable balance grew by \$9.1 million due to timing of invoice payments.
- Deferred Outflows and Deferred Inflows represent changes in the components of Authority's pension liability, Other Post-Employment Benefits (OPEB), and deferred loss on defeasance. The most significant increase in deferred outflows was the defeasance of 2014 and 2015 Wastewater Revenue Bonds to recognize future interest payments owed.

**Condensed Statement of Net Position**

	<b>Fiscal Year 2021</b>	<b>Fiscal Year 2020</b>	<b>\$ Higher / (Lower)</b>	<b>% Higher / (Lower)</b>
Current and other assets	\$ 71,440,903	\$ 178,782,960	\$ (107,342,057)	(60.0%)
Restricted assets	4,102,710	4,156,730	(54,020)	(1.3%)
Capital assets	660,589,743	521,219,751	139,369,992	26.7%
<b>Total Assets</b>	<b>736,133,356</b>	<b>704,159,441</b>	<b>31,973,915</b>	<b>4.5%</b>
 <b>Deferred Outflows</b>	 <b>28,637,273</b>	 <b>11,547,297</b>	 <b>17,089,976</b>	 <b>148.0%</b>
 <b>Total Liabilities</b>	 <b>636,863,272</b>	 <b>591,228,059</b>	 <b>45,635,213</b>	 <b>7.7%</b>
 <b>Deferred Inflows</b>	 <b>1,624,556</b>	 <b>1,366,694</b>	 <b>257,862</b>	 <b>18.9%</b>
Net investment in capital assets	132,721,095	107,641,792	25,079,303	23.3%
Restricted	4,102,710	4,156,730	(54,020)	(1.3%)
Unrestricted	(10,541,004)	11,313,463	(21,854,467)	(193.2%)
<b>Total Net Position</b>	<b>\$ 126,282,801</b>	<b>\$ 123,111,985</b>	<b>\$ 3,170,816</b>	<b>2.6%</b>

The Statement of Activities and Changes in Net Position (Table below) addresses the nature and source of changes during the fiscal year. Total 2020-21 revenues declined by \$15.6 million (21.9%), \$8.9 million of which was a decline in Operating Revenues. This decline was associated with Members having to contribute less towards debt service payments after the 2021 refunding bonds restructured debt and reduced interest rates. Non-operating Revenue from investment income decreased \$6.7 million, consistent with the above-mentioned decline in project funds available to invest.

Fiscal year 2020-21 total expenses decreased by \$0.5 million (0.9%) over the prior year, which included:

- Depreciation expense increased by \$1.7 million (18.9%) as new capital projects were completed and placed into service during the year.
- Operating expenses decreased by \$0.4 million (1.3%) as the year was affected by the COVID-19 pandemic. SVCW sustained several personnel vacancies, a temporary suspension of certain outside services, and reduced training activity.
- Non-operating expenses decreased nearly \$1.8 million (11.7%) as debt was restructured and payments reduced after securing lower interest rates.

**Condensed Statements of Activities and Changes in Net Position**

	<b>Fiscal Year 2021</b>	<b>Fiscal Year 2020</b>	<b>\$ Higher / (Lower)</b>	<b>% Higher / (Lower)</b>
Operating revenues	\$ 54,106,188	\$ 63,024,743	\$ (8,918,555)	(14.2%)
Non-operating revenues	1,639,320	8,354,342	(6,715,022)	(80.4%)
<b>Total Revenues</b>	<b>55,745,508</b>	<b>71,379,085</b>	<b>(15,633,577)</b>	<b>(21.9%)</b>
Depreciation expense	10,750,080	9,041,764	1,708,316	18.9%
Operating expense	28,342,091	28,720,766	(378,675)	(1.3%)
Non-operating expense	13,482,521	15,266,019	(1,783,498)	(11.7%)
<b>Total Expenses</b>	<b>52,574,692</b>	<b>53,028,549</b>	<b>(453,857)</b>	<b>(0.9%)</b>
<b>Changes in Net Position</b>	<b>3,170,816</b>	<b>18,350,536</b>	<b>(15,179,720)</b>	<b>(82.7%)</b>

**FINANCES**

There is no financial impact associated with this report.

**RECOMMENDATION**

Move approval of RECEIPT AND ACCEPTANCE OF BASIC FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT FOR YEAR ENDED JUNE 30, 2021

# 20- 21

## Annual Financial Report



### Silicon Valley Clean Water *A Joint Exercise of Powers Authority*

For the year ended June 30, 2021





This Page Left Intentionally Blank

**SILICON VALLEY CLEAN WATER**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT  
JUNE 30, 2021**

\* \* \*

This Page Left Intentionally Blank

**Silicon Valley Clean Water**  
**Basic Financial Statements**  
**Table of Contents**  
**For the Fiscal Year Ended June 30, 2021**

---

<b>Independent Auditor's Report.....</b>	<b>1 - 3</b>
<b>Management's Discussion and Analysis .....</b>	<b>7 - 18</b>
<b>Basic Financial Statements:</b>	
Statement of Net Position .....	20
Statement of Activities and Changes in Net Position .....	21
Statement of Cash Flows .....	22
Notes to Financial Statements .....	23 - 47
<b>Required Supplementary Information:</b>	
Schedule of Contributions - CalPERS .....	50
Proportionate Share of Net Pension Liability .....	51
Schedule of OPEB Contributions .....	52
Schedule of Net OPEB Liability.....	53
<b>Supplementary Information:</b>	
Combining Schedule of Net Position - Enterprise Funds .....	56 - 57
Combining Schedule of Activities and Changes in Net Position - Enterprise Funds .....	58 - 59
Combining Schedule of Cash Flows - Enterprise Funds .....	60 - 61
Analysis of Net Position – Supplemental Schedule (Unaudited) .....	62 - 63
<b>Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....</b>	
	<b>67 - 68</b>

This Page Left Intentionally Blank

## INDEPENDENT AUDITOR'S REPORT

To the Commission of Silicon Valley Clean Water  
Redwood City, California

### Report on the Financial Statements

We have audited the accompanying financial statements of Silicon Valley Clean Water ("SVCW"), California, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise SVCW's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

SVCW's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to SVCW's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SVCW's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SVCW, as of June 30, 2021, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

We have previously audited SVCW's June 30, 2020 financial statements, and we expressed unmodified audit opinion on those audited financial statements in our report dated October 15, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 2020 is consistent, in all material responses, with the audited financial statements from which it has been derived.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise SVCW's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. This information, except for Schedule of Analysis of Net Position-Supplemental Schedule II, has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary information, except for Schedule of analysis of Net Position, is fairly stated in all material respects in relation to the financial statements as a whole.

The Schedule of Analysis of Net Position has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2021, on our consideration of SVCW's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SVCW's internal control over financial reporting and compliance.

*Maze & Associates*

October 15, 2021  
Pleasant Hill, California



This Page Left Intentionally Blank

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

This Page Left Intentionally Blank

**Silicon Valley Clean Water**  
**Management's Discussion and Analysis**  
**June 30, 2021**

---

Silicon Valley Clean Water (the “Authority”, or “SVCW”) has issued its financial statements for the fiscal year ended June 30, 2021 in conformity with the format prescribed by the provisions of Government Accounting Standards Board Statement 34 (GASB 34). The Management of SVCW presents the following narrative overview and analysis of the financial activities, with comparative data for the prior fiscal year. The Management's Discussion and Analysis (MD&A) section is an overview of SVCW's financial activities and is an integral part of the accompanying Basic Financial Statements. This information should be read in conjunction with the audited financial statements that follow this section.

## **OVERVIEW OF THE BASIC FINANCIAL STATEMENTS**

SVCW recognizes revenues and expenses on a full accrual basis; revenues are recognized in the period in which they are earned and expenses are recognized in the period incurred. The basic financial statements are comprised of two components: Financial Statements and Notes to the Financial Statements. The Financial Statements report information about SVCW accounting using methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities and include:

- The *Statement of Net Position* presents SVCW assets and liabilities, with the difference between the two reported as *net position*. This statement provides information about the nature and amounts of investments in resources (assets) and obligations to creditors (liabilities). It also provides the basis for evaluating the capital structure of the SVCW. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of SVCW is improving or deteriorating.
- The *Statement of Activities and Changes in Net Position* accounts for revenues and expenses and reflects the results of SVCW operations over the course of the fiscal year. This statement can be used as an indicator of the extent to which SVCW recovers its costs through charges.
- The final required Financial Statement is the *Statement of Cash Flows*, with the primary purpose of providing information about SVCW's cash receipts and cash payments during the reporting period. In addition to cash receipts and payments, this statement illustrates net changes in cash resulting from operations and investments. It also answers questions about the sources and uses of cash and describes the change in cash balance during the reporting period.

The Notes to the Financial Statements provide information not displayed on the face of the financial statements but essential to a full understanding by readers.

## **ORGANIZATION AND BUSINESS**

SVCW is a joint exercise of powers authority that provides wastewater transmission, treatment, and effluent disposal to the cities of Belmont, Redwood City, and San Carlos, as well as to the West Bay Sanitary District (collectively, the “Members”), all of which are located in the northern part of Silicon Valley between the cities of San Francisco and San Jose. SVCW's wastewater treatment plant is located in the City of Redwood City and serves more than 225,000 people and businesses located predominantly in San Mateo County, California. SVCW operates in a robust Bay Area economy with a customer base that includes technology companies like Oracle Corporation, EA Sports, and Facebook; it is also home to an expanding biotech industry.

**Silicon Valley Clean Water**  
Management's Discussion and Analysis  
June 30, 2021

---

SVCW owns and operates a regional wastewater treatment plant with an average dry weather flow permit capacity of 29 million gallons per day, an approximately nine-mile influent force main pipeline that conveys wastewater from the Members to SVCW's treatment plant, five wastewater pump stations, and a 1.25-mile effluent disposal pipeline that discharges treated effluent into the San Francisco Bay. SVCW also provides recycled water to the City of Redwood City.

A four-member "Commission" consisting of one appointed member from each of the Members' governing bodies governs SVCW. Voting is proportional to the Members' respective ownership interests in SVCW's wastewater system. A proportionally-weighted vote of at least three-fourths of the total Commission votes is required to adopt or amend bylaws, rules, and regulations; to adopt or modify any budget; to approve any capital costs, materials and construction contracts, appropriations, or transfers of more than \$50,000; to employ the manager and certain consultants; to sell or dispose of property; and to approve other designated items. Other actions of the Commission must be approved by a majority of total possible votes. Any amendment of the Joint Powers Agreement requires the concurrence of all Members and must also be approved by a 4/5 vote by each Members' governing body.

The Joint Powers Agreement sets forth how SVCW's operating and capital costs are allocated to the Members. Operating costs are allocated to each Member based on a three-year average of each Member's annual pro-rata share of total wastewater flow and strength loadings as measured by biological oxygen demand ("BOD") and suspended solids ("SS"). As a result, the Budget for fiscal year 2020-21 allocates operating and maintenance costs to the Members as follows:

- City of Redwood City                      48.9%
- West Bay Sanitary District              25.9%
- City of San Carlos                        13.5%
- City of Belmont                            11.7%

Capital costs are allocated per Members' share of capacity owned in various components of the wastewater system as established in the Joint Powers Agreement. All SVCW capital improvement expenditures are allocated as follows:

- City of Redwood City                      48.57%
- West Bay Sanitary District              26.84%
- City of San Carlos                        15.14%
- City of Belmont                            9.45%

The following table shows a history of average daily wastewater flow conveyed to SVCW from each Member for the last five fiscal years.

<u>Member</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>
Redwood City	7.8	7.2	7.7	7.1	7.0
West Bay	3.9	3.4	3.5	2.8	2.3
San Carlos	2.7	2.0	2.2	1.7	1.6
<u>Belmont</u>	<u>2.0</u>	<u>1.6</u>	<u>1.8</u>	<u>1.5</u>	<u>1.3</u>
Total	16.4	14.2	15.2	13.1	12.2

**Silicon Valley Clean Water**  
Management's Discussion and Analysis  
June 30, 2021

---

## **FINANCIAL ANALYSIS**

An important question about SVCW finances is “Is SVCW as a whole better off or worse off as a result of the year’s activities?” The Statement of Net Position and the Statement of Activities and Changes in Net Position report information about SVCW’s activities in a way that will help answer this question. These two statements report the net position of SVCW and changes in them to measure the financial health of the organization. Over time, increases or decreases in net position are an indicator of whether its financial health is improving or deteriorating. However, it is important to keep these indicators in context with other non-financial factors such as changes in economic conditions, population growth, climate, zoning, or the regulatory environment.

SVCW’s fiscal year 2020-21 operating revenues and expenses were comparable both to the prior fiscal year as well as to the 2020-21 Budget. The most noteworthy changes compared to the prior year were certain debt activities necessary to fund ongoing capital improvements. This is consistent with cash expenditures of \$150.2 million for capital improvement construction. SVCW is amidst construction on the largest project in its history, the Regional Environmental Sewer Conveyance Upgrade (RESCU). The RESCU program is anticipated to be completed in 2023 and includes a gravity pipeline tunnel, front-of-plant receiving and pretreatment facilities, and improvements to pump stations.

The Capital Improvement Program is largely funded through long-term borrowings and, to a lesser extent, member agency cash contributions. As of June 30, 2021, outstanding long-term principal was \$590.3 million, a net increase of \$37.7 million after a new issuance of the 2021 Refunding Wastewater Revenue Bonds as well as \$29.3 million drawn from the Authority’s line of credit. State Revolving Fund (SRF) loan balances decreased by \$9.5 million after principal repayments one loan was refinanced through the 2021 Refunding Bonds.

The SVCW Commission has established reserve policies to protect its fiscal solvency. As of June 30, 2021, cash reserves totaled \$36.2 million including an Operating Reserve, a Capital Improvement Program Reserve, and a Stage 2 Capacity Reserve. Of this amount, the Authority has restricted \$3.4 million as required by SRF loan agreements.

## **FINANCIAL HIGHLIGHTS**

- SVCW net position increased during fiscal year 2020-21 by \$3.2 million (2.6%) from the previous year.
- Total assets increased by \$32.0 million (4.5%) during the fiscal year. Construction in progress increased by a net \$137.8 million due to ongoing construction related to the RESCU program. Cash and investments decreased by \$107.5 million compared to previous year, as 2019 Wastewater Revenue Notes proceeds were spent. Depreciable capital assets increased by \$1.6 million as construction projects were completed and reclassified from Construction in Progress to Capital Assets.
- Total liabilities increased by \$45.6 million (7.7%) during the fiscal year. SVCW issued 2021 Refunding Wastewater Revenue Bonds increasing Long Term Debt by \$8.4 million, which defeased 2014 and 2015 Wastewater Revenue Bonds and one SWRCB loan. SVCW also had an outstanding balance of \$29.3 million from its line of credit used on RESCU construction. Net pension liabilities increased by \$1.6 million in response to changes in SVCW proportions and lower investment returns during the fiscal year 2019-20 measurement period. Accounts Payable increased \$9.1 million due to the timing of invoice payments for construction projects. The above items were slightly offset by a

**Silicon Valley Clean Water**  
Management's Discussion and Analysis  
June 30, 2021

---

\$1.7 million decrease in Accrued Interest Payable from 2021 Refunding Wastewater Revenue Bonds, and a \$963.9 thousand decrease in OPEB liability.

- Operating revenues, including cash contributions for capital programs and Capacity Reserves, decreased by \$8.9 million (14.2%) from the previous year. While Members' contributions towards operations expense slightly increased, cash-in-lieu-of financing contributions decreased by \$8.2 million as in 2020-21 Members opted to participate in debt issuances rather than contribute cash. Stage 2 Capacity Reserve contributions were approximately \$507.3 thousand below the previous year.
- Total expenses ended the fiscal year at \$52.6 million, a \$453.9 thousand decrease (0.9%) compared to the prior year. Operating expenses were \$378.7 thousand less than prior year as, during a year affected by the COVID-19 pandemic, the Authority experienced personnel vacancies, decreased chemical usage, and a reduction in contractual services incurred. Non-operating expense decreased \$1.8 million (11.7%) as interest expense declined after issuance of 2021 Refunding Wastewater Revenue Bonds. Depreciation increased by \$1.7 million as capital projects were placed into service.

## **NET POSITION**

A summary of SVCW's Statement of Net Position is presented in Table 1, which indicates a \$3.2 million (2.6%) increase in SVCW's net position from fiscal year 2020-21. Significant changes during the fiscal year included:

- Current and other assets decreased by \$107.3 million (60.0%), as cash proceeds were spent on construction.
- Restricted assets decreased by \$54.0 thousand (1.3%). This reflects removal of the cash reserve required by the now-repaid administration and plant control building loan and the establishment in January 2021 of a new Section 115 trust to prefund employer contributions towards the CalPERS defined benefit pension system.
- Capital assets, net of depreciation, increased by \$139.4 million (26.7%) as significant construction on RESCU continued and other capital projects were placed into service during the fiscal year.
- Total SVCW liabilities increased by \$45.6 million (7.7%). The most significant change was the \$20.6 million increase in bonds payable as SVCW took advantage of lower interest rates to refund outstanding debts; as well as a \$20.0 million increase in notes payable associated with draws from a line of credit. Other changes in liabilities were due to timing of accounts payable.
- Deferred Outflows and Deferred Inflows represent changes in the components of Authority's pension liability, Other Post-Employment Benefits (OPEB), and deferred loss on defeasance. The most significant change in deferred outflows was the impact of the defeasance of 2014 and 2015 Wastewater Revenue Bonds.

**Silicon Valley Clean Water**  
Management's Discussion and Analysis  
June 30, 2021

**TABLE 1**  
**Condensed Statement of Net Position**

	<b>Fiscal Year 2021</b>	<b>Fiscal Year 2020</b>	<b>\$ Higher / (Lower)</b>	<b>% Higher / (Lower)</b>
Current and other assets	\$ 71,440,903	\$ 178,782,960	\$ (107,342,057)	(60.0%)
Restricted assets	4,102,710	4,156,730	(54,020)	(1.3%)
Capital assets	660,589,743	521,219,751	139,369,992	26.7%
<b>Total Assets</b>	<b>736,133,356</b>	<b>704,159,441</b>	<b>31,973,915</b>	<b>4.5%</b>
<b>Deferred Outflows</b>	<b>28,637,273</b>	<b>11,547,297</b>	<b>17,089,976</b>	<b>148.0%</b>
<b>Total Liabilities</b>	<b>636,863,272</b>	<b>591,228,059</b>	<b>45,635,213</b>	<b>7.7%</b>
<b>Deferred Inflows</b>	<b>1,624,556</b>	<b>1,366,694</b>	<b>257,862</b>	<b>18.9%</b>
Net investment in capital assets	132,721,095	107,641,792	25,079,303	23.3%
Restricted	4,102,710	4,156,730	(54,020)	(1.3%)
Unrestricted	(10,541,004)	11,313,463	(21,854,467)	(193.2%)
<b>Total Net Position</b>	<b>\$ 126,282,801</b>	<b>\$ 123,111,985</b>	<b>\$ 3,170,816</b>	<b>2.6%</b>

Table 2 below summarizes activities associated with all construction-related funds. Members contributed to build cash reserves, to fund short-term capital projects, and to finance CIP construction.

As part of continued expenditures on its Capital Improvement Program, SVCW spent \$150.2 million on capital projects during fiscal year 2020-21. Notable expenditures included repair of an effluent pipe as well as RESCU-related construction.

**TABLE 2**  
**Construction Fund Activity**

	<b>Capital Improvement Program Reserve (13 Fund)</b>	<b>Revenue- Funded Capital Program (14 Fund)</b>	<b>Operating Reserve (17 Fund)</b>	<b>Stage 2 Capacity Reserve (15 Fund)</b>	<b>Capital Improvement Program Construction (20 Fund)</b>	<b>Totals</b>
Member contributions	\$ 1,500,012	\$ 1,295,496	\$ 24,876	\$ 428,633	\$ 23,640,993	\$ 26,890,010
Operating income	-	6,809	-	-	-	6,809
Interest Earnings	(36,061)	-	8,885	(39,182)	600,037	533,679
<b>Total Revenue</b>	<b>\$ 1,463,951</b>	<b>\$ 1,302,305</b>	<b>\$ 33,761</b>	<b>\$ 389,451</b>	<b>\$ 24,241,030</b>	<b>\$ 27,430,498</b>
Cash to construction	\$ -	\$ 2,023,415	\$ -	\$ -	\$ 148,164,507	\$ 150,187,922



**Silicon Valley Clean Water**  
Management's Discussion and Analysis  
June 30, 2021

---

While the Statement of Net Position shows the change in financial position from year to year, the Statement of Activities and Changes in Net Position (Table 3 below) addresses the nature and source of the changes. Total 2020-21 revenues decreased from the prior year by \$15.6 million (21.9%), of which Operating Revenues decreased by \$8.9 million (14.2%) as Stage 2 capacity collections and debt service cash contributions declined. Non-operating Revenues decreased by \$6.7 million (80.4%), consistent with the decline in the amount of project proceeds invested after significant construction resulted in a corresponding decrease in investment returns.

Fiscal year 2020-21 total expenses decreased by \$453.9 thousand (0.9%) over the prior year, which included changes in several key expenditures:

- Depreciation expense increased by \$1.7 million (18.9%) after completed capital projects were placed into service during the year.
- Operating expenses decreased by \$378.7 thousand (1.3%) as the COVID-19 pandemic affected the organization. SVCW sustained personnel vacancies, a temporary suspension of certain outside services, and reduced training.
- Non-operating expenses decreased \$1.8 million (11.7%) as debt was refinanced to take advantage of lower interest rates.

**TABLE 3**  
**Condensed Statements of Activities and Changes in Net Position**

	<b>Fiscal Year 2021</b>	<b>Fiscal Year 2020</b>	<b>\$ Higher / (Lower)</b>	<b>% Higher / (Lower)</b>
Operating revenues	\$ 54,106,188	\$ 63,024,743	\$ (8,918,555)	(14.2%)
Non-operating revenues	1,639,320	8,354,342	(6,715,022)	(80.4%)
<b>Total Revenues</b>	<b>55,745,508</b>	<b>71,379,085</b>	<b>(15,633,577)</b>	<b>(21.9%)</b>
Depreciation expense	10,750,080	9,041,764	1,708,316	18.9%
Operating expense	28,342,091	28,720,766	(378,675)	(1.3%)
Non-operating expense	13,482,521	15,266,019	(1,783,498)	(11.7%)
<b>Total Expenses</b>	<b>52,574,692</b>	<b>53,028,549</b>	<b>(453,857)</b>	<b>(0.9%)</b>
<b>Changes in Net Position</b>	<b>3,170,816</b>	<b>18,350,536</b>	<b>(15,179,720)</b>	<b>(82.7%)</b>
Beginning net position	123,111,985	104,761,449	18,350,536	17.5%
Beginning net position - adjusted	123,111,985	104,761,449	18,350,536	17.5%
<b>Ending Net Position</b>	<b>\$ 126,282,801</b>	<b>\$ 123,111,985</b>	<b>\$ 3,170,816</b>	<b>2.6%</b>

**Silicon Valley Clean Water**  
Management's Discussion and Analysis  
June 30, 2021

**BUDGETARY HIGHLIGHTS**

The SVCW Commission adopts an annual Operating Fund budget that provides for current activities and establishes a short-term spending plan aligned with SVCW financial goals. Budgets are prepared on the accrual basis of accounting. Table 4 below compares actual and budgeted expenditures for the Operating Fund during the year ended June 30, 2021.

**TABLE 4**  
**FY 2020-2021 Actual vs Budget**

	<b>Actual</b>	<b>Budget</b>	<b>\$ Higher/ (Lower)</b>	<b>% Higher/ (Lower)</b>
Member Contributions	\$ 26,628,984	\$ 26,628,984	\$ -	-
Source Control Revenue	55,926	87,500	(31,574)	(36.1%)
Stormwater Revenue	49,957	154,000	(104,043)	(67.6%)
Other Revenue	300,274	583,000	(282,726)	(48.5%)
<b>Total Operating Revenue</b>	<b>27,035,141</b>	<b>27,453,484</b>	<b>(418,343)</b>	<b>(1.5%)</b>
Operations	9,643,976	10,554,300	(910,324)	(8.6%)
Maintenance	7,059,037	6,835,021	224,016	3.3%
Laboratory	2,144,255	1,890,060	254,195	13.4%
Environmental Services	909,922	1,044,663	(134,741)	(12.9%)
Engineering	1,104,169	990,110	114,059	11.5%
Information Services	1,784,330	1,718,814	65,516	3.8%
Safety	473,830	534,072	(60,242)	(11.3%)
Administration	4,458,016	4,161,444	296,572	7.1%
Depreciation	10,750,080	10,750,080	-	-
<b>Total Operating Expenses</b>	<b>38,327,615</b>	<b>38,478,564</b>	<b>(150,949)</b>	<b>(0.4%)</b>
<b>Operating Income/(Loss)</b>	<b>\$ (11,292,474)</b>	<b>\$ (11,025,080)</b>	<b>\$ (267,394)</b>	<b>(2.4%)</b>

Inclusive of \$10.8 million in depreciation, SVCW reported an Operating Fund loss of \$11.3 million, which was \$267.4 thousand (2.4%) more than budgeted. Of note, certain revenues like source control, stormwater, and laboratory services were affected by the COVID-19 pandemic as activities were suspended. Total expenses were \$151.0 thousand (0.4%) less than budgeted, which similarly reflects personnel vacancies and a temporary decline in activity. Specific variances by Division include:

- Source Control and Other Revenue were affected by the COVID-19 pandemic particularly restaurant grease programs, stormwater monitoring, and laboratory services.

**Silicon Valley Clean Water**  
Management's Discussion and Analysis  
June 30, 2021

---

- Operations expenses were lower than budget by \$910.3 thousand (8.6%) due to less polymer usage from changes in dewatering parameters and less electricity consumption.
- Maintenance expenses were higher than budget by \$224.0 thousand (3.3%). The division operated more industrial services to address maintenance work deferred during the pandemic.
- Laboratory Services expenses were \$254.2 thousand (13.4%) higher than budget, due to increased permit fees and water compliance memberships.
- Environmental Services expenses were \$134.7 thousand (12.9%) below budget due to a vacancy not filled until the end of the fiscal year.
- Engineering expenses were \$114.1 thousand (11.5%) higher than budget after incurring pension liability adjustments and allocating non-capitalized projects to the operating fund.
- The Information Services Division expenses were \$65.5 thousand (3.8%) more than budget. Additional supplies for laptop, software, and licenses were purchased for use during the pandemic.
- The Safety Division expenses were below budget by \$60.2 thousand (11.3%) as during the pandemic period many training classes were deferred. Additionally, SVCW did not incur hazardous waste cleanup costs that had been budgeted.
- The Administration Division incurred costs not anticipated in the Budget and ended the fiscal year \$296.6 thousand (7.1%) above budget. In addition to pension liability adjustments, accounting incurred more professional services after delays to its payroll software implementation.

**Silicon Valley Clean Water**  
**Management's Discussion and Analysis**  
**June 30, 2021**

**CAPITAL ASSETS**

SVCW has a Long-Range Capital Improvement Program to improve existing facilities, build new facilities, rehabilitate assets, repair or replace infrastructure, preserve assets, enhance safety and security, and perform needed maintenance. Significant investments in infrastructure have included replacement of significant lengths of the influent conveyance pipe, modernization of electronic control systems for activated sludge handling, and upgrades of electrical systems. SVCW is in construction of its RESCU program to replace an existing force main with a gravity pipeline and construct essential pretreatment facilities.

Consistent with the Capital Improvement Program, the Commission approved these and other capital improvements to protect public health, the environment, and agency facilities. Table 5 below provides a summary of SVCW capital assets and shows how, at the ends of fiscal years 2019-20 and 2020-21, Net Property Plant & Equipment (PP&E) was \$179.6 million and \$181.2 million, respectively. Additional information about SVCW's capital acquisitions and construction is presented in Note 5 to the financial statements.

**TABLE 5**  
**Capital Assets**

	<b>Balance at June 30, 2020</b>	<b>Additions</b>	<b>Retirements</b>	<b>Adjustments &amp; Transfers</b>	<b>Balance at June 30, 2021</b>
Land	\$ 1,282,081	\$ -	\$ -	\$ -	\$ 1,282,081
Buildings & Structures	85,666,408		-	1,275,446	86,941,854
Pipelines	66,670,883		-	2,892,871	69,563,754
Pump Stations	8,621,991		-	333,494	8,955,485
Machines & Equipment	124,453,940		(251,729)	7,868,975	132,071,186
<b>Total PP&amp;E, Cost</b>	<b>286,695,303</b>	<b>-</b>	<b>(251,729)</b>	<b>12,370,786</b>	<b>298,814,360</b>
Accum. Depreciation	107,059,736	10,750,080	(183,879)	-	117,625,937
<b>Total PP&amp;E, Net</b>	<b>\$ 179,635,567</b>	<b>\$ (10,750,080)</b>	<b>\$ (67,850)</b>	<b>\$ 12,370,786</b>	<b>\$ 181,188,423</b>
<b>Construction in Progress:</b>					
Stage 2 Capacity	\$ 2,934,618	\$ -	\$ -	\$ -	\$ 2,934,618
General	338,649,566	150,187,922	-	(12,370,786)	476,466,702
<b>Total CIP</b>	<b>\$ 341,584,184</b>	<b>\$ 150,187,922</b>	<b>\$ -</b>	<b>\$ (12,370,786)</b>	<b>\$ 479,401,320</b>

**LONG TERM DEBT**

Including a Line of Credit but excluding Unamortized Premium on outstanding Bonds and Notes, SVCW had total long-term debt outstanding of \$556.4 million as of June 30, 2021, a \$40.4 million increase from June 30, 2020. Components of SVCW's long-term debt liability as of June 30, 2021 include \$487.0 million of Wastewater Revenue Bonds and Notes (excluding unamortized premiums of \$34.0 million), and Notes Payable obligations to the California Clean Water State Revolving Fund for approximately \$69.4 million.

**Silicon Valley Clean Water**  
**Management's Discussion and Analysis**  
**June 30, 2021**

When SVCW credit ratings were assigned in December 2020, Moody's maintained its Wastewater Revenue Bonds rating of Aa2, and Standard & Poor's (S&P) Ratings Services separately affirmed its 'AA' long-term rating with a stable outlook. More recently, in August 2021 Moody's assigned a Aa2 rating to two Water Infrastructure Finance and Innovation Act (WIFIA) agreements and an Aa3 to associated Wastewater Revenue Notes Series 2021A and 2021B. For the same transactions, S&P assigned an A+ rating.

*Wastewater Revenue Bonds*

As of June 30, 2021, SVCW has \$487.0 million outstanding in Wastewater Revenue Bonds and Notes par value, the proceeds for which are used to acquire and construct wastewater system improvements. These Bonds and Notes are limited obligations of SVCW, payable solely from and secured solely by the revenues pledged under the Indenture, consisting primarily of payments made by the City of Redwood, the City of San Carlos, West Bay Sanitary District, and the City of Belmont (the "Participating Members"). Table 6 below shows the total Bonds and Notes outstanding for the fiscal years ended June 30, 2020 and 2021:

**TABLE 6**  
**Wastewater Revenue Bonds/Notes**

<b>Bonds/Notes</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Original Issue</b>	<b>Bonds/Notes Outstanding July 01, 2020</b>	<b>Issued (Redeemed)</b>	<b>Bonds/Notes Outstanding June 30, 2021</b>
2014 Revenue Bond	2014	2044	3-5%	\$ 60,000,000	\$ 53,860,000	\$(53,860,000)	\$ -
2015 Revenue Bond	2015	2045	2-5%	70,200,000	67,025,000	(67,025,000)	-
2018 Revenue Bond	2018	2049	3.125-5%	140,955,000	136,250,000	(2,360,000)	133,890,000
2019 Revenue Notes	2019	2024	3%	209,300,000	209,300,000	-	209,300,000
2021 Refunding Bond, Series A	2021	2046	0.177-2.973%	137,010,000	-	137,010,000	137,010,000
2021 Refunding Bond, Series B	2021	2033	4-5%	6,825,000	-	6,825,000	6,825,000
<b>Total Wastewater Revenue Bonds/Notes</b>				<b>\$624,290,000</b>	<b>\$ 466,435,000</b>	<b>\$ 20,590,000</b>	<b>\$487,025,000</b>

*State Water Resources Control Board Loan*

SVCW has financed certain projects by entering into separate sale-repurchase agreements with the State Water Resources Control Board (SWRCB). Combined, the principal due on currently outstanding agreements totaled \$40.0 million as of June 30, 2021. The project funds, together with all accrued interest, are repaid in annual installments commencing one year after the completion of construction.

In March 2012, SVCW entered into an agreement with the SWRCB for up to \$35.4 million for certain improvements to the wastewater treatment plant phase 1. The total outstanding balance as of June 30, 2021 totaled \$26.0 million and the final payment is scheduled October 31, 2036.

In February 2016, SVCW entered into an SWRCB agreement for up to \$14.0 million to plan improvements to its conveyance system. As of June 30, 2021, SVCW had incurred the full \$14.0

**Silicon Valley Clean Water**  
**Management's Discussion and Analysis**  
**June 30, 2021**

---

million in expenditures under this project. SVCW intends to restructure this agreement to terms consistent with other RESCU construction agreements.

*Line of Credit*

In May 2015, SVCW entered into a \$30.0 million line of credit with Wells Fargo Bank to finance a portion of the costs of acquisition and construction of capital improvements. In June 2018, the agreement was extended through May 31, 2021 with an accordion feature to increase the available balance to \$65.0 million. In June 2021, the agreement was again amended to extend through May 31, 2024 and to increase the available credit balance to a maximum of \$115.0 million. Advances on the line of credit provide for an interest rate based on either a fixed per annum rate of interest equal to the LIBOR rate plus the Applicable LIBOR Rate Margin, or a variable per annum rate of interest equal to the Base Rate plus the Applicable Base Rate Margin. SVCW had \$29.3 million outstanding on the line of credit at June 30, 2021.

More detailed information about SVCW's long-term debt, Notes Payable, and Line of Credit is presented in Note 6 to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The approved Operating Budget for fiscal year 2021-22 recommends expenditures based on a prioritization of needs, goals and objectives; it also anticipates external cost pressures and provides a roadmap to meet the needs of the community in the coming fiscal year. The Budget considered ordinary inflationary pressures, and incorporated savings from operational improvements. Personnel costs are relatively unchanged in terms of staffing levels, though adjusted to incorporate terms of a Memorandum of Understanding (MOU) between SVCW and the International Union of Operating Engineers Stationary Local 39, AFL-CIO. This MOU expires on June 30, 2023.

Each Member Agency has proactively raised sewer rates to support its allocable share of funding requirements for SVCW's operations and Capital Improvement Program, as well to meet their own operating and capital needs.

Table 7 compares the fiscal year 2021-22 Operating Fund Budget to the fiscal year 2020-21 actual results. Total 2021-22 Operating Revenues are anticipated to increase \$1.3 million (4.9%) from prior year actual revenues as Members provide for increased operating costs. Additionally, for Source Control Revenue and Other Revenues, SVCW implemented a stormwater program, recognized increased deliveries of food grease, and raised its rates charged for laboratory and source control services.

Total 2021-22 Operating Expenses are anticipated to increase \$890.0 thousand (2.3%) from prior year actual expenditures. The largest increase over 2020-21 actual expenditures is from deferred repair services, material purchases, training and conferences caused by the COVID-19 pandemic.

**Silicon Valley Clean Water**  
Management's Discussion and Analysis  
June 30, 2021

**TABLE 7**  
**FY 2021-2022 Budget vs FY 2020-2021 Actual**

	<b>FY 2021-2022 Budget</b>	<b>FY 2020-2021 Actual</b>	<b>\$ Increase / (Decrease)</b>	<b>% Increase / (Decrease)</b>
Member Contributions	\$ 27,612,513	\$ 26,628,984	\$ 983,529	3.7%
Source Control Revenue	90,000	55,926	34,074	60.9%
Stormwater Revenue	118,000	49,957	68,043	136.2%
Other Revenues	547,000	300,274	246,726	82.2%
<b>Total Operating Revenue</b>	<b>28,367,513</b>	<b>27,035,141</b>	<b>1,332,372</b>	<b>4.9%</b>
Operations	10,809,897	9,643,976	1,165,921	12.1%
Maintenance	7,246,589	7,059,037	187,552	2.7%
Laboratory	1,798,210	2,144,255	(346,045)	(16.1%)
Environmental Services	993,719	909,922	83,797	9.2%
Engineering	1,392,615	1,104,169	288,446	26.1%
Information Services	1,976,351	1,784,330	192,021	10.8%
Safety	492,106	473,830	18,276	3.9%
Administration	3,758,027	4,458,016	(699,989)	(15.7%)
Depreciation	10,750,080	10,750,080	-	-
<b>Total Operating Expenses</b>	<b>39,217,594</b>	<b>38,327,615</b>	<b>889,979</b>	<b>2.3%</b>
<b>Operating Income/(Loss)</b>	<b>\$ (10,850,081)</b>	<b>\$ (11,292,474)</b>	<b>\$ 442,393</b>	<b>3.9%</b>

**CONTACTING SILICON VALLEY CLEAN WATER MANAGEMENT**

This financial report is designed to provide SVCW officers, investors, stakeholders, and other interested parties with a general overview of SVCW's financial condition. If you have any questions about this report or need additional financial information, please contact the offices of the Manager or the Chief Financial Officer at Silicon Valley Clean Water, (650) 832-6261, 1400 Radio Road, Redwood City, CA, 94065.

## **BASIC FINANCIAL STATEMENTS**



**Silicon Valley Clean Water**  
Statement of Net Position  
June 30, 2021  
(With Comparative Totals as of June 30, 2020)

<b>Assets</b>	2021	2020
Current Assets:		
Cash and investments	\$ 67,686,891	\$ 175,208,430
Cash restricted for debt service	3,414,229	4,156,730
Cash restricted for pension benefits	688,481	-
Accounts receivable	1,181,029	1,568,509
Interest receivable	269	18,931
Employee notes receivable	9,332	18,145
Inventory	1,900,320	1,865,149
Prepaid expenses	158,296	103,796
Total Current Assets	75,038,847	182,939,690
Noncurrent Assets:		
Net OPEB asset	504,766	-
Capital assets:		
Depreciable capital assets - net	179,906,342	178,353,486
Non depreciable capital assets:		
Land	1,282,081	1,282,081
Construction in progress:		
Stage 2	2,934,618	2,934,618
General	476,466,702	338,649,566
Total capital assets - net	660,589,743	521,219,751
Total Noncurrent Assets	661,094,509	521,219,751
Total Assets	\$ 736,133,356	\$ 704,159,441
<b>Deferred Outflows of Resources</b>		
Pension related	\$ 4,317,629	\$ 4,466,528
OPEB related	1,705,753	2,302,975
Deferred Loss on Defeasance	22,613,891	4,777,794
Total Deferred Outflows of Resources	\$ 28,637,273	\$ 11,547,297
<b>Liabilities</b>		
Current Liabilities:		
Accounts payable	\$ 21,293,874	\$ 12,221,582
Accrued payroll and employee benefits	1,205,694	1,064,043
Accrued interest payable	5,514,957	7,220,362
Unearned revenue	615,631	918,892
Compensated absences due within one year	1,254,487	1,135,408
Long term debt due within one year	14,505,126	11,703,598
Total Current Liabilities	44,389,769	34,263,886
Long term debt due in more than one year	575,827,114	540,947,145
Net pension liabilities	16,646,389	15,053,146
Net OPEB liabilities	-	963,883
Total Liabilities	\$ 636,863,272	\$ 591,228,059
<b>Deferred inflows of Resources</b>		
Pension related	\$ 929,303	\$ 1,366,694
OPEB related	695,253	-
Total Deferred Inflows of Resources	\$ 1,624,556	\$ 1,366,694
<b>Net Position</b>		
Net Investment in Capital Assets	\$ 132,721,095	\$ 107,641,792
Restricted for:		
Debt service	3,414,229	4,156,730
Pension benefits	688,481	-
Unrestricted	(10,541,004)	11,313,463
Total Net Position	\$ 126,282,801	\$ 123,111,985

*The notes to basic financial statements are an integral part of this statement*

**Silicon Valley Clean Water**  
Statement of Activities and Changes in Net Position  
For the Fiscal Year Ended June 30, 2021  
(With Comparative Totals for the Fiscal Year Ended June 30, 2020)

	2021	2020
<b>Operating Revenues:</b>		
Member contributions for services	\$ 26,803,212	\$ 25,452,719
Member contributions for cash reserves	3,249,017	3,672,832
Member contributions for debt service	18,903,715	20,488,973
Member contributions for cash in-lieu-of financing	4,737,278	12,969,079
Source control charges	105,883	61,964
Miscellaneous revenues	307,083	379,176
Total operating revenues	<u>54,106,188</u>	<u>63,024,743</u>
<b>Operating Expenses:</b>		
Operations	9,759,757	10,178,096
Maintenance	7,079,907	6,838,650
Laboratory	2,162,490	1,990,912
Environmental services	909,922	1,051,499
Engineering	1,104,176	886,211
Information services	1,784,330	1,650,921
Safety	473,830	451,704
Administration	5,067,679	5,672,773
Depreciation	10,750,080	9,041,764
Total operating expenses	<u>39,092,171</u>	<u>37,762,530</u>
<b>Operating Income (Loss)</b>	<u>15,014,017</u>	<u>25,262,213</u>
<b>Nonoperating Revenues (Expenses):</b>		
Grants	231,302	217,655
Other revenue (expense)	822,878	763,713
Interest by fund:		
Operations fund	24,460	187,022
Stage 2 capacity fund	224,013	325,638
Capital improvement reserve fund	321,398	553,691
Operating reserve fund	51,340	77,908
Capital improvement fund	1,859,205	3,369,063
Net increase (decrease) in fair value of investments	(1,895,276)	2,859,652
Interest expense	(17,309,944)	(19,603,899)
Premium amortization	3,819,573	4,167,599
Gain (loss) on disposal of fixed assets	7,850	170,281
Total nonoperating revenues (expenses)	<u>(11,843,201)</u>	<u>(6,911,677)</u>
Change in Net Position	3,170,816	18,350,536
Beginning Net Position	<u>123,111,985</u>	<u>104,761,449</u>
Ending Net Position	<u>\$ 126,282,801</u>	<u>\$ 123,111,985</u>

*The notes to basic financial statements are an integral part of this statement*

**Silicon Valley Clean Water**  
Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2021  
(With Comparative Totals for the Fiscal Year Ended June 30, 2020)

	2021	2020
<b>Cash Flows from Operating Activities:</b>		
Cash received from member agencies	\$ 54,182,578	\$ 62,529,029
Cash paid to suppliers for goods and services and employees for services	(36,183,923)	(35,435,112)
Other cash received (paid)	412,966	441,140
Net Cash Provided (Used) by Operating Activities	<u>18,411,621</u>	<u>27,535,057</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Cash received from member agencies other than for services	822,878	763,713
Cash received from grants	231,302	217,655
Interest paid on capital debt	(19,015,348)	(19,603,899)
Principal paid on capital debt	(133,089,522)	(7,427,870)
Proceeds from long-term debt	174,590,592	225,428,658
Cash received on the sale of capital assets	75,700	170,281
Purchases and construction of capital assets	(150,187,922)	(135,556,331)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(126,572,320)</u>	<u>63,992,207</u>
<b>Cash Flows from Investing Activities:</b>		
Noncash equivalent investments	(55,743,878)	-
Investment income	585,140	8,201,540
Net Cash Provided (Used) by Investing Activities	<u>(55,158,738)</u>	<u>8,201,540</u>
Net Increase (Decrease) in Cash and Investment	(163,319,437)	99,728,804
Cash and Cash Equivalents, Beginning	<u>179,365,160</u>	<u>79,636,356</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 16,045,723</u></u>	<u><u>\$ 179,365,160</u></u>
<b>Reconciliation of Operating Income (Loss) to Cash Flows Provided (Used) by Operating Activities:</b>		
Operating Income (Loss)	\$ 15,014,017	\$ 25,262,213
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	10,750,080	9,041,764
Net change in:		
Accounts receivable	406,142	866,933
Employee notes receivable	8,813	1,705
Inventory	(35,171)	230,141
Prepaid expenses	(54,500)	319,529
Deferred outflows of resources for benefits	(17,089,976)	(5,936,163)
Accounts payable	9,072,292	(5,635,254)
Accrued payroll and employee benefits	385,324	2,617,365
Unearned revenue	(303,262)	646,988
Deferred inflows of resources for benefits	257,862	119,836
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 18,411,621</u></u>	<u><u>\$ 27,535,057</u></u>
<b>Reconciliation of Cash and Cash Equivalents:</b>		
Cash and investments	\$ 71,789,601	\$ 179,365,160
Less: investments with original maturities in excess of three months	(55,743,878)	-
Cash and Cash Equivalents	<u><u>\$ 16,045,723</u></u>	<u><u>\$ 1,035,079</u></u>

*The notes to basic financial statements are an integral part of this statement*

**NOTE 1 - NATURE OF ORGANIZATION**

Silicon Valley Clean Water (SVCW, or “the Authority”), formerly South Bayside System Authority, was founded in 1975 as the successor to the Strategic Consolidation Sewerage Plan. SVCW took title to all property of the Strategic Consolidation Sewerage Plan and now maintains and operates sanitary sewerage pumping, transmission and outfall facilities that were constructed. In addition, SVCW has constructed and is operating sewerage treatment plant facilities. The members of SVCW are the Cities of Belmont, Redwood City, San Carlos, and the West Bay Sanitary District.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation and Accounting***

All activities of SVCW are accounted for within enterprise funds. SVCW's financial statements include a Statement of Net Position, a Statement of Activities and Changes in Net Position and a Statement of Cash Flows.

The financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all SVCW's assets (including capital assets, as well as infrastructure assets), deferred outflows of resources, liabilities, deferred inflows of resources, and long-term liabilities are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Deferred outflows of resources are a consumption of net assets by SVCW that is applicable to a future reporting period. For example, prepaid items and deferred charges. Deferred inflows of resources are an acquisition of net assets by SVCW that is applicable to a future reporting period. For example, unearned revenue and advance collections.

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred inflows from unearned revenue.

SVCW applies all applicable GASB pronouncements for certain accounting and financial reporting guidance. In December of 2010, GASB issued *GASB No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement incorporates pronouncements issued on or before November 30, 1989 into GASB authoritative literature. This includes pronouncements by the Financial Accounting Standards Board (FASB), Accounting Principles Board Opinions (APB), and the Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure, unless those pronouncements conflict with or contradict with GASB pronouncements.

### ***Statement of Net Position***

The statement of net position is designed to display the financial position of SVCW. SVCW's net position is classified into three categories as follows:

Net investment in capital assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position, as applicable.

- **Restricted** - This component of net position consists of constraints placed on assets use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or law and regulations of other governments, and reduced by liabilities and deferred inflows of resources related to those assets. It also pertains to constraints imposed by law or constitutional provisions or enabling legislation.
- **Unrestricted** - This component of net position consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position. SVCW first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

### ***Statement of Activities and Changes in Net Position***

The Statement of Activities and Changes in Net Position is the operating statement for proprietary funds. This statement distinguishes between operating and non-operating revenues and expenses and presents a separate subtotal for operating revenues, operating expenses, and operating income. Operating revenues in the enterprise funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

### ***Budgets and Budgetary Accounting***

SVCW adopted a one-year budget which provides for the general operations of SVCW. Budgets are prepared on the accrual basis of accounting. Project-length financial plans are adopted for all capital projects.

### ***Cash and Cash Equivalents***

For the purposes of the statement of cash flows, cash represents balances that can be readily withdrawn without substantial notice or penalty. Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates, and have an original maturity date of three months or less.

**Silicon Valley Clean Water**  
Notes to Financial Statements  
June 30, 2021

---

In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures (Amendment of GASB No.3)*, certain disclosure requirements for deposits and investment risks were made in the areas of interest rate risk and credit risk. The credit risk disclosures include the following components: overall credit risk, custodial credit risk and concentrations of credit risk. In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

***Investments***

SVCW participates in various investments, including investment of its own cash reserves as well as an investment pool managed by the State of California known as the Local Agency Investment Fund (LAIF). LAIF invests a portion of the pooled funds in structured notes and asset-backed securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, the structured notes and asset-backed securities are subject to market risk as to change in interest rates.

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. In determining this amount, three valuation techniques are available:

- Market approach - This approach uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.
- Cost approach - This technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.
- Income approach - This approach converts future amounts (such as cash flows) into a current discounted amount.

Each of these valuation techniques requires inputs to calculate a fair value. Observable inputs have been maximized in fair value measures, and unobservable inputs have been minimized.

***Receivables***

Receivables include amounts due from member assessments, services performed for other agencies. All receivables are current and reported net of an allowance for uncollectible accounts. The allowance for uncollectible accounts was zero as of June 30, 2021.

***Inventories***

Inventories are valued using the first in, first out (FIFO) method. Inventories are recorded as expenses when consumed rather than when purchased.

**Silicon Valley Clean Water**  
Notes to Financial Statements  
June 30, 2021

---

***Capital Assets***

Property, plant, and equipment purchased after June 30, 1992, are stated at cost. Prior acquisitions are stated at their appraised value as of June 30, 1992. Property, plant, and equipment contributed to SVCW are stated at estimated fair value at the time of contribution. SVCW policy has set the capitalization threshold for reporting capital assets at \$20,000, with a minimum useful life of five years. Depreciation is computed using the straight-line method over the estimated useful lives of the assets generally as outlined by the State Controller's Report on Fixed Assets. The purpose of depreciation is to spread the cost of plant and equipment equitably among all customers over the life of these assets, so that each customer's bill includes a pro rata share of the cost of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of plant and equipment cost.

Depreciation of all plant and equipment in service is charged as an expense against operations each year and the total amount of depreciation taken over the years, called accumulated depreciation, is reported on the statement of net position as a reduction in the book value of the capital assets.

SVCW has assigned the useful lives listed below to plant and equipment:

Buildings and Structures	50-70
Pipelines	35
Pump Stations	7-25
Machinery and Equipment	5-10

***Compensated Absences***

SVCW has a policy whereby an employee can accumulate unused vacation up to a maximum of twice an employee's annual vacation entitlement. Compensated absences are recorded as a liability when accrued. Accumulated vacation is computed using current employee accumulated vacation hours at current pay rates. SVCW does not offer payment for sick leave at termination or retirement.

***Pensions***

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, pension expense information about the fiduciary net position of the Authority's California Public Employees' Retirement System (CalPERS) plans (the Plans), and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

***Other Postemployment Benefits Other Than Pensions (OPEB)***

For purposes of measuring the net OPEB liability, financial transactions (deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense information about the fiduciary net position of SVCW's Retiree Benefit Plan (the OPEB Plan), and additions to/deductions from the OPEB Plan's fiduciary net position) have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

### ***Accounting Estimates***

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes.

### ***Subsequent Events***

Management has reviewed subsequent events and transactions that occurred after the date of the financial statements through the date the financial statements were issued. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles. As described in Footnote 12, management has chosen to disclose certain debt agreements that were executed subsequent to June 30, 2021.

### ***Summarized Comparative Information***

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the financial statements for the year ended June 30, 2020, from which the summarized information was derived.

### ***Upcoming New Accounting Pronouncements***

#### ***GASB issued Statement No. 87, Leases***

The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for the fiscal year ending June 30, 2022. The Authority does not believe this statement will have a significant impact on the Authority's financial statements.

#### ***GASB Statement No. 91, Conduit Debt Obligation***

GASB Statement No. 91 – In May 2019, GASB Issued Statement No. 91, Conduit Debt Obligation. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement also addresses arrangements - often characterized as leases - that are associated with conduit debt obligations. This Statement is effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The Authority has not yet determined its effect on the financial statements.



**Silicon Valley Clean Water**  
Notes to Financial Statements  
June 30, 2021

**NOTE 3 - CASH AND INVESTMENTS**

***Credit Risk***

SVCW's cash and investments consisted of the following as of June 30, 2021 and 2020:

Cash and Investments	June 30, 2021	June 30, 2020	Investment Rating	Input Level
Cash:				
Demand deposits	\$ 778,897	\$ 1,401,735	n/a	n/a
Cash on hand	1,000	1,000	n/a	n/a
Total Cash	779,897	1,402,735		
Investments:				
US Treasuries	33,227,686	121,111,359	AA+	1
US Government Agencies	12,007,313	14,648,587	AA+	1
			AA+/AA-/A+/A-/BBB+	
Asset Backed Securities/Corporate bonds	7,654,640	7,840,027	AAA/NR	1
Municipal bonds/notes	1,873,050	486,493	AAA/AA+/AA/A+/NR	1
Supranationals	358,016	125,856	AAA	1
Money Market Funds	2,930,690	17,651,968	AAAm	2
California Asset Management Program	12,748,262	15,833,933	AAAm	n/a
Local Agency Investment Fund	210,047	264,202	Not rated	n/a
Total Investments	71,009,704	177,962,425		
Total Cash and Investments	<u>\$ 71,789,601</u>	<u>\$ 179,365,160</u>		

***Interest Rate Risk***

The following is a summary of the Authority's investments by maturity as of June 30, 2021:

Maturity	June 30, 2021	June 30, 2020
0-1 years	\$ 24,395,143	\$ 92,798,291
1-2 years	8,079,552	37,717,648
2-3 years	10,697,281	14,546,971
3-5 years	17,276,207	14,513,163
Over 5 years	10,561,521	18,386,352
Total Investments	<u>\$ 71,009,704</u>	<u>\$ 177,962,425</u>

***Cash Deposits***

Interest bearing bank balances are insured up to \$250,000 per bank by the Federal Deposit Insurance Company ("FDIC"). SVCW's cash in bank exceeded the insured limit as of June 30, 2021. All SVCW's deposits with financial institutions were held in collateralized accounts.

**Silicon Valley Clean Water**  
Notes to Financial Statements  
June 30, 2021

---

***Fair Value Measurements***

GASB 72 established a hierarchy of inputs to the valuation techniques above. This hierarchy has three levels:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable.
- Level 3 inputs are unobservable inputs, such as a property valuation or an appraisal.

***Collateral and Categorization Requirements***

California Government Code requires California banks and savings and loan associations to secure an agency's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of an agency's deposits. California law also allows financial institutions to secure an agency's deposits by pledging first trust deed mortgage notes having a value of at least 150% of an agency's total deposits.

***Restricted Cash***

SVCW's restricted cash consisted of \$4,102,710 in cash and investments as of June 30, 2021, held by trustees or fiscal agent, \$3,414,229 of which was pledged for the payment or security of bonds and \$688,481 of which are restricted for the Section 115 Pension Trust.

***Local Agency Investment Fund***

SVCW is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The Authority reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are maintained on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. On June 30, 2021, the investments matured in an average of 291 days.

**Silicon Valley Clean Water**  
Notes to Financial Statements  
June 30, 2021

***Investment Policy***

SVCW's investment guidelines as defined by its written investment policy were approved by the Commission, who also establishes its implementation and direction. Monthly, the Board ratifies the investments that have been made. SVCW's investment policy follows the California Government Code which authorizes SVCW to invest in the following:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum % of Portfolio	SVCW Maximum Investment in Single Issuer
Local Agency Municipal Bonds	5 years	A, A1	30%	5%
U.S. Treasury Obligations	5 years*	None	None	100%
State of California and Other State Obligations	5 years*	A	30%	5%
CA Local Agency Obligations	5 years*	None	30%	5%
U.S. Agency Securities	5 years*	None	None	100%
Bankers Acceptances	180 days	None	40%	None
Commercial Paper (pooled)	270 days	A1 / P1	15%	None
Commercial Paper (non-pooled)	270 days	A1 / P1	15%	None
Negotiable Certificates of Deposit	5 years	A, A-1	15%	5%
Non-Negotiable Certificates of Deposit	5 years	None	None	None
Placement Service Deposits	5 years	None	30% <b>(A)</b>	None
Placement Service Certificates of Deposit	5 years	None	30% <b>(A)</b>	None
Medium Term Corporate Notes	5 years	A	30%	30%
Money Market Mutual Funds	N/A	AAA	20%	20%
Collateralized Bank Deposits	5 years	None	50%	100%
Mortgage Pass-Through and Asset-Backed Securities	5 years	AAA	10%	None
County Pooled Investment Funds	N/A	None	None	None
Joint Powers Authority Pool	N/A	Multiple	None	100%
California Local Agency Investment Fund	N/A	None	None	\$75M
Voluntary Investment Program Fund	N/A	None	None	None
Supranational Obligations <b>(B)</b>	5 years	AA	15%	15%
Public Bank Obligations	5 years	None	None	None

**(A)** 30% maximum % of portfolio is for deposits and certificates of deposit combined.

**(B)** Only those obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), and Inter-American Development Bank (IADB)

\* Investments with maturities in excess of 5 years authorized during SVCW Commissioner's Meeting on June 17, 2019. Longer-term securities is only for U.S. Treasury, U.S. Agency Securities, and State/Local Agency Obligations and shall have a maximum remaining average life of ten years or less.

*\*U.S. Treasuries, U.S. Agencies, and State/Local Agency obligations measure maximum maturity as average remaining maturity at time of purchase.*

***Risk Disclosures***

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are described below:

- *Interest Rate Risk* - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to the changes in market interest rates. To limit loss exposure due to Interest Rate Risk, the investment policy limits the length of maturity of investments.
- *Credit Risk* - Credit risk is the risk of loss due to the failure of the security issuer. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. To limit loss exposure due to Credit Risk, the investment policy limits purchase of investments to those rated A-1 by Standard & Poor's or P-1 by Moody's Investors Service.
- *Custodial Credit Risk* - Custodial credit risk is the risk that in the event of a bank failure, SVCW's deposits may not be returned to it. Or, in the case of investments, the risk of loss of the investment due failure, impairment or malfeasance of the third party whose name in which the investment is held and who has physical possession of the instrument. In order to limit loss exposure due to Custodial Credit Risk, the investment policy requires all securities be received and delivered using the standard delivery versus payment (DVP) procedure, and all securities be held by a third-party bank or trust department under the terms of a custody or trustee agreement. None of SVCW's investments were subject to custodial credit risk.
- *Concentration of Credit Risk* - See the chart above for SVCW's limitations on the amount that can be invested in any one issuer. As of June 30, 2021, 17% of SVCW's cash was invested in California Asset Management Program (CAMP), 17% in agencies, 11% in asset-backed securities and corporate bonds, 4% in money market accounts, 47% in U.S. treasuries, and 3% in LAIF and municipal bonds and notes.

**NOTE 4 - EMPLOYEE NOTES RECEIVABLE**

All full-time and part-time SVCW employees are eligible to obtain an interest-free loan to purchase a computer or certain tools. All requests for loans must be approved by the Department Manager and Human Resources Director. Repayment of these loans is handled through payroll deductions which are amortized over a two-year period. Employees must pay off any outstanding balance of their loans upon ending employment with SVCW. As of June 30, 2021, and 2020, outstanding balances for notes receivable were \$9,332 and \$18,145, respectively.

**Silicon Valley Clean Water**  
Notes to Financial Statements  
June 30, 2021

**NOTE 5 - CAPITAL ASSETS (PROPERTY, PLANT AND EQUIPMENT)**

SVCW's capital assets consisted of the following as of June 30, 2021:

Capital Assets	Balance July 1, 2020	Additions	Retirements	Adjustments/ Transfer	Balance June 30, 2021
<b>Non-depreciable:</b>					
Land	\$ 1,282,081	\$ -	\$ -	\$ -	\$ 1,282,081
<b>Construction in Progress</b>					
Stage 2	2,934,618	-	-	-	2,934,618
General	338,649,566	150,187,922	-	(12,370,786)	476,466,702
Total Non-Depreciable	342,866,265	150,187,922	-	(12,370,786)	480,683,401
<b>Depreciable:</b>					
Buildings and structures	85,666,408	-	-	1,275,446	86,941,854
Pipelines	66,670,883	-	-	2,892,871	69,563,754
Pump station	8,621,991	-	-	333,494	8,955,485
Machinery and equipment	124,453,940	-	(251,729)	7,868,975	132,071,186
Total Depreciable	285,413,222	-	(251,729)	12,370,786	297,532,279
<b>Less Accumulated Depreciation for:</b>					
Buildings and structures	(43,471,943)	(2,623,153)	-	-	(46,095,096)
Pipelines	(13,521,865)	(1,910,726)	-	-	(15,432,591)
Pump station	(6,032,816)	(207,334)	-	-	(6,240,150)
Machinery and equipment	(44,033,112)	(6,008,867)	183,879	-	(49,858,100)
Total Accumulated Depreciation	(107,059,736)	(10,750,080)	183,879	-	(117,625,937)
Total Depreciable PPE - Net	178,353,486	(10,750,080)	(67,850)	12,370,786	179,906,342
Total PPE - Net	\$ 521,219,751	\$ 139,437,842	\$ (67,850)	\$ -	\$ 660,589,743

Depreciation expense for the year ended June 30, 2021, and 2020 was \$10,750,080 and \$9,041,764, respectively.

**NOTE 6 - NONCURRENT LIABILITIES**

SVCW's noncurrent liabilities consisted of the following as of June 30, 2021:

Description	Balance July 01, 2020	Additions	Deductions	Balance June 30, 2021	Due Within One Year
Wastewater Revenue Bonds/Notes	\$ 466,435,000	\$ 143,835,000	\$ 123,245,000	\$ 487,025,000	\$ 9,145,000
Unamortized Premium	36,672,367	1,455,592	4,167,600	33,960,359	3,940,873
Note Payable (Direct Borrowing)	49,543,376	29,300,000	9,496,495	69,346,881	1,419,253
Net OPEB Liability (Asset)	963,883	-	1,468,649	(504,766)	-
Net Pension Obligation	15,053,146	1,593,243	-	16,646,389	-
Compensated Absences	1,135,408	119,079	-	1,254,487	1,254,487
Total Noncurrent Liabilities	\$ 569,803,180	\$ 176,302,914	\$ 138,377,744	\$ 607,728,350	\$ 15,759,613

**Silicon Valley Clean Water**  
Notes to Financial Statements  
June 30, 2021

***Long-Term Debt***

SVCW's long-term debt included the following bonds and notes, as of June 30, 2021:

	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds/Notes Outstanding July 01, 2020	Issued	Retirements	Bonds/Notes Outstanding June 30, 2021
<b><i>Bonds/Notes</i></b>								
2014 Bond	2014	2044	3-5%	\$ 60,000,000	\$ 53,860,000	\$ -	\$ 53,860,000	\$ -
2015 Bond	2015	2045	2-5%	70,200,000	67,025,000	-	67,025,000	-
2018 Bond	2018	2049	3.125-5%	140,955,000	136,250,000	-	2,360,000	\$133,890,000
2019 Notes Series A	2019	2024	3%	209,300,000	209,300,000	-	-	209,300,000
2021 Bond Series A	2021	2046	0.177-2.973%	137,010,000	-	137,010,000	-	137,010,000
2021 Bond Series B	2021	2033	4-5%	6,825,000	-	6,825,000	-	6,825,000
Total Wastewater Revenue Bonds/Notes				\$ 624,290,000	\$ 466,435,000	\$ 143,835,000	\$ 123,245,000	\$ 487,025,000

***2014 Wastewater Revenue Bonds***

In March 2014, SVCW issued \$60,000,000 of Revenue Bonds. The Bonds were issued to finance the acquisition and construction of capital improvements to SVCW's wastewater system and pay costs of issuing the Bonds. The Bonds are limited obligations of SVCW which are payable solely from and secured solely by the revenues pledged under the indenture, consisting primarily of payments made by the City of Redwood, the City of San Carlos, and the West Bay Sanitary District (the "Participating Members"). Annual principal and interest payments on the bonds are expected to require less than 10 percent of net revenues. In March 2021, proceeds from the 2021 Wastewater Refunding Revenue Bonds (described below) were used to refund \$60,000,000 of the 2014 Wastewater Revenue Bonds and \$70,200,000 of the 2015 Wastewater Revenue Bonds.

***2015 Wastewater Revenue Bonds***

Wastewater Revenue Bonds in the amount of \$70,200,000 were executed on November 24, 2015. The funds were used to refund the Authority's current outstanding Wastewater Revenue Bonds captioned 2008 Wastewater Revenue Bonds and 2009 Build America Bonds, and to finance certain improvements to the Authority's wastewater treatment system. In conjunction with the issuance of the 2015 Wastewater Revenue Bonds and in accordance with the Authority's refunding plan, \$53,246,823 was deposited with an escrow agent to provide for payment when due of all principal and interest with respect to the 2008 and 2009 refunded Bonds. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately \$703,660. The difference, reported in the accompanying financial statements as a deduction from bonds payable, will be amortized over the useful life of the refunded bonds using the straight-line method. For financial reporting purposes, the refunded portion of the debt is considered defeased and therefore removed as a liability from these financial statements. Interest is payable semi-annually on February 1<sup>st</sup> and August 1<sup>st</sup> of each year while principal payments are made on August 1<sup>st</sup> of each year commencing 2016, with interest rates ranging from 2% to 5%. These wastewater revenue bonds are secured by a pledge of Member revenues. In March 2021, proceeds from the 2021 Wastewater Refunding Revenue Bonds (described below) were used to refund \$60,000,000 of the 2014 Wastewater Revenue Bonds and \$70,200,000 of the 2015 Wastewater Revenue Bonds.

**Silicon Valley Clean Water**  
Notes to Financial Statements  
June 30, 2021

---

***2018 Wastewater Revenue Bonds***

In February 2018, SVCW issued \$140,955,000 in Revenue Bonds. The Bonds were issued to finance the acquisition and construction of capital improvements to SVCW's wastewater system and pay costs of issuing the Bonds. The Bonds are limited obligations of SVCW which are payable solely from and secured solely by the revenues pledged under the indenture, consisting primarily of payments made by the City of Redwood, the City of San Carlos, and the West Bay Sanitary District (the "Participating Members"). Annual principal and interest payments on the bonds are expected to require less than 10 percent of net revenues.

***2019 Series A Wastewater Revenue Notes***

In August 2019, SVCW issued \$209,300,000 in Revenue Notes. The Notes were issued to provide interim financing for the acquisition and construction of capital improvements to SVCW's wastewater system, capitalize interest on the Notes through maturity and pay costs of issuing the Notes. Concurrently, SVCW executed a WIFIA (Water Infrastructure Finance and Innovation Act) Loan Agreement with the United States Environmental Protection Agency (EPA) to finance these capital improvements. Proceeds of the WIFIA Loan are expected to be used by the Authority to pay the 2019 Notes at maturity or to optionally redeem all or a portion of the 2019 Notes to their maturity. The Notes are limited obligations of SVCW which are payable solely from and secured solely by the revenues pledged under the indenture, consisting of payments made by the City of Redwood, the City of San Carlos, the City of Belmont and the West Bay Sanitary District (the "Participating Members"). Total principal amount will be due at maturity on March 1, 2024. Interest payments are payable semi-annually on March 1 and September 1.

***2021 Wastewater Refunding Revenue Bonds***

In March 2021, SVCW issued 2021 Wastewater Revenue Refunding Bonds in the amount of \$143,835,000 comprised of \$137,010,000 Series A Taxable Bonds and \$6,825,000 Series B Tax-Exempt Bonds. The proceeds from the 2021 Series A Bonds were used to refund the outstanding portion of the 2014 and 2015 Wastewater Revenue Bonds, and to pay the costs of issuance of the Series A Bonds. The proceeds from the 2021 Series B Bonds were used to refund the outstanding loan with the State Water Resources Control Board (SWRCB) for the construction of an administrative and plant control building, and to pay the costs of issuance of the Series B Bonds. The Bonds are limited obligations of SVCW which are payable solely from and secured solely by the revenues pledged under the indenture, consisting primarily of payments made by the City of Redwood, the City of San Carlos, and the West Bay Sanitary District (the "Participating Members"). Principal payments are payable annually on August 1, commencing on August 1, 2021. Interest on the 2021 Bonds will be paid semiannually on August 1 and February 1 of each year, commencing on August 1, 2021. The refinancing resulted in a net present value savings to SVCW in the debt services of \$14,747,351.

The 2014, 2015, 2018 Wastewater Revenue Bonds, 2019 Wastewater Revenue Notes and 2021 Wastewater Refunding Revenue Bonds Series A and B are general obligations of SVCW, payable solely from pledges of wastewater revenues from participating SVCW member agencies. The bonds and 2019 Notes covenants contain events of default that require the revenue of SVCW to be applied by the Trustee as specified in the terms of the agreement if any of the following conditions occur: default on debt service payments; the failure of SVCW to observe or perform the conditions, covenants, or agreement terms of the debt; bankruptcy filing by SVCW; or if any court or competent jurisdiction shall assume custody or control of SVCW. No such events occurred during the fiscal year ending June 30, 2021.



**Silicon Valley Clean Water**  
Notes to Financial Statements  
June 30, 2021

---

***Long-term Debt Service***

The debt service requirements for the bonds as of June 30, 2021, were as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2022	\$ 9,145,000	\$ 14,106,106	\$ 23,251,106
2023	8,950,000	14,301,729	23,251,729
2024	218,415,000	14,130,234	232,545,234
2025	9,310,000	7,663,647	16,973,647
2026	9,505,000	7,449,624	16,954,624
2027-2031	50,910,000	33,156,115	84,066,115
2032-2036	53,935,000	25,261,205	79,196,205
2037-2041	57,605,000	16,958,235	74,563,235
2042-2046	46,995,000	8,086,032	55,081,032
2047-2051	22,255,000	1,204,813	23,459,813
Total	\$ 487,025,000	\$ 142,317,740	\$ 629,342,740

***SWRCB Notes Payable (Direct Borrowing)***

SVCW has financed multiple projects by entering into three separate sale-repurchase agreements with the State Water Resources Control Board (SWRCB). Combined, these notes payable totaled \$40,046,881 as of June 30, 2021. The project funds, together with all accrued interest, are repaid in annual installments commencing one year after the completion of construction.

In August 2011, SVCW secured SWRCB funding for the construction of an administration and plant control building. The SWRCB reimbursed SVCW for project-related expenditures as incurred. In March 2021, proceeds from the 2021 Wastewater Refunding Revenue Bonds (described above) were used to refund this outstanding loan.

In March 2012, SVCW entered a similar agreement with the SWRCB for up to \$35,385,953 for certain improvements to the wastewater treatment plant. The SWRCB reimbursed SVCW for project-related expenditures as incurred, and the outstanding liability was \$26,046,881 as of June 30, 2021. This amount will be repaid by October 2036.

In February 2016, SVCW entered a similar agreement with the SWRCB for up to \$14,000,000 to plan and design certain improvements to the conveyance system. This planning was completed on August 1, 2019, and the total incurred expenditures will either be repaid by September 2030 or combined into a subsequent construction loan. In July 2020, an amendment was executed to reschedule the completion date until August 1, 2020, and expenditures to be repaid by September 2031. An additional amendment is being executed in October 2021 that will again reschedule the completion date to April 15, 2024, and the payment commencement date to October 15, 2024. As currently amended, the planning loan will be paid through 2034. SVCW is anticipating another amendment to restructure this SRF Planning Loan over a 30-year term. The SWRCB reimbursed SVCW for project-related expenditures as incurred, and the outstanding liability was \$14,000,000 as of June 30, 2021.



**Silicon Valley Clean Water**  
Notes to Financial Statements  
June 30, 2021

---

The following summarizes the scheduled future debt service requirements for the SWRCB loans as of June 30, 2021:

Fiscal Year	Principal	Interest to Maturity	Total
2022	\$ 1,419,253	\$ 468,844	\$ 1,888,097
2023	1,444,800	443,297	\$ 1,888,097
2024	1,470,806	417,291	\$ 1,888,097
2025	2,799,412	614,816	\$ 3,414,229
2026	2,847,198	567,031	\$ 3,414,229
2027-2031	14,981,910	2,089,234	\$ 17,071,144
2032-2036	13,228,790	790,091	\$ 14,018,881
2037-2037	1,854,712	33,385	\$ 1,888,097
Total	\$ 40,046,881	\$ 5,423,990	\$ 45,470,871

***Line of Credit (Direct Borrowing)***

In May 2015, SVCW entered into a \$30,000,000 line of credit with Wells Fargo Bank to finance a portion of the costs of acquisition and construction of capital improvements. In June 2018, the agreement was extended through May 31, 2021, with an accordion feature to increase the available balance to \$65,000,000. In June 2021, the agreement was again amended to extend through May 31, 2024, and to increase the available credit balance to a maximum of \$115,000,000. Advances on the line of credit provide for an interest rate based on either a fixed per annum rate of interest equal to the LIBOR rate plus the Applicable LIBOR Rate Margin, or a variable per annum rate of interest equal to the Base Rate plus the Applicable Base Rate Margin. SVCW had \$29,300,000 outstanding on the line of credit on June 30, 2021.

***WIFIA Loan (Direct Borrowing)***

In July 2019, SVCW entered into a Water Infrastructure Finance and Innovation Act (WIFIA) loan agreement with the United States Environmental Protection Agency (U.S. EPA) for an amount up to \$218,000,000, which is intended to be drawn upon on March 1, 2024. The loan proceeds will be used to refund the 2019 Series A Wastewater Notes, which was used to finance of the acquisition and construction of capital improvements to SVCW's wastewater system. The loan is payable solely from and secured solely by the revenues pledged under the indenture, consisting of payments made by the City of Redwood, the City of San Carlos, the City of Belmont and the West Bay Sanitary District (the "Participating Members"). Principal payment is due annually on March 1. Interest payments are due semi-annually on March 1 and September 1. On November 17, 2020, SVCW and the United States Environmental Protection Agency re-executed the 2019 WIFIA Loan Agreement in order to reduce the interest rate on its \$218 million WIFIA loan. The interest rate was reduced from 2.40% to 1.41%.

**Silicon Valley Clean Water**  
Notes to Financial Statements  
June 30, 2021

---

**NOTE 7 - INTERFUND TRANSACTIONS**

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

***Interfund Due-to/from***

Interfund receivables and payables as of June 30, 2021, were as follows:

Fund Description	Due From	Due To
Operations	\$ 39,066,697	\$ 643,493
Capital Improvement Program	-	36,439,078
Recycled Water	-	59,762
Self Insurance	186,780	-
Construction Stage 2	888,017	-
Capital Improvements	1,425,658	-
Capital Improvement Program Reserve	-	7,654,474
Operating Reserve	3,229,655	-
Totals	<u>\$ 44,796,807</u>	<u>\$ 44,796,807</u>

***Interfund Transfers***

Interfund transfers consist of transfers from funds receiving revenue to funds through which the resources are to be expended and transfers of capital assets upon completion of construction. Interfund transfers for the June 30, 2021, fiscal year were as follows:

Fund Description	Transfers In	Transfers Out
Operations	\$ 12,370,786	\$ -
Capital Improvement Program	-	6,841,927
Capital Improvements	-	5,528,859
Totals	<u>\$ 12,370,786</u>	<u>\$ 12,370,786</u>

**NOTE 8 - DEFINED BENEFIT PENSION PLAN**

***General Information about the Pension Plans***

**Plan Description** - All qualified permanent and probationary employees are eligible to participate in the Agency's Miscellaneous Employee Pension Plans (the Plans); cost-sharing multiple employers defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Agency resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

**Silicon Valley Clean Water**  
Notes to Financial Statements  
June 30, 2021

**Benefits Provided** - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for the Plans are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect on June 30, 2021, are summarized as follows:

	<b>Miscellaneous</b>		
	<b>Tier 1</b>	<b>Tier 2</b>	<b>PEPRA</b>
Membership date	Prior to July 1, 2011	July 1, 2011 - December 31, 2012	On/After January 1, 2013
Benefit formula	2% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 Years	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life	Monthly for Life
Retirement age	55	60	62
Monthly benefits as a % of eligible compensation	1.426% to 2.418%	1.092% to 2.418%	1.000% to 2.500%
Required employee contribution rates	7.000%	7.000%	6.750%
Required employer contribution rates	11.031%	8.794%	7.732%

**Employees Covered** - On June 30, 2021, the following employees were covered by the benefit terms for the Plans:

	<b>Miscellaneous</b>
Active	84
Transferred	16
Separated	27
Retired	86
Total	213

**Contributions** - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rates are the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Agency is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2021, SVCW contributed \$2,051,581 into the Plans.

*Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions*

As of June 30, 2021, the Agency reported net pension liabilities for its proportionate shares of the net pension liability was \$16,646,389.

**Silicon Valley Clean Water**  
Notes to Financial Statements  
June 30, 2021

The Agency's net pension liability for the Plans is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2020, and the total pension liability for the Plans used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020, using standard update procedures. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The Agency's proportionate share of the net pension liability for the Plans as of June 30, 2020 and 2021 was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
Proportion - June 30, 2020	0.14690%	0.00000%	0.14690%
Proportion - June 30, 2021	0.15299%	0.00000%	0.15299%
Change - Increase/(Decrease)	<u>0.00609%</u>	<u>0.00000%</u>	<u>0.00609%</u>

For the year ended June 30, 2021, the Agency recognized pension expense of \$3,356,332. On June 30, 2021, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions or other inputs	\$ -	\$ (118,729)
Difference between Expected and Actual Experience	857,838	-
Differences between Projected and Actual Investments Earnings	494,507	-
Change in proportion and differences between employer contributions and proportionate share of contributions	-	(810,574)
Change in Employer's Proportion	913,703	-
Pension Contributions Made Subsequent to Measurement Date	2,051,581	-
Total	<u>\$ 4,317,629</u>	<u>\$ (929,303)</u>

The Agency reported \$2,051,581 as deferred outflows of resources related to contributions after the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>	<u>Annual Amortization</u>
2022	\$ 246,962
2023	471,950
2024	380,653
2025	237,180
Total	<u>\$ 1,336,745</u>

**Silicon Valley Clean Water**  
Notes to Financial Statements  
June 30, 2021

**Actuarial Assumptions** - The total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level percent of payroll
<b>Actuarial Assumptions:</b>	
Discount Rate	7.15%
Inflation Rate	2.50%
Payroll Growth	2.50% (1)
Projected Salary Increase	3.75% - 15.25%
Cost of Living Adjustments	2.75%
Investment Rate of Return	7.00%
Mortality	Derived using CalPERS' membership data for all funds (2)
	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter
Post Retirement Benefit Increase	

(1) Plus "across the board" real salary increases of 0.5% per year

(2) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale 'MP-2016 published by the Society of Actuaries.

**Discount Rate** - The discount rate used to measure the total pension liability was 7.15 percent for the Plan. The projection of cash flows used to determine the discount rate for the Plan assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS considered both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical and forecasted information for all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

**Silicon Valley Clean Water**  
Notes to Financial Statements  
June 30, 2021

The table below reflects the long-term expected real rates of return by asset class.

<u>Asset Class (a)</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1 - 10 (b)</u>	<u>Real Return Years 11+ (c)</u>
Global Equity	50%	4.80%	5.98%
Fixed Income	28%	1.00%	2.62%
Inflation Assets	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Assets	13%	3.75%	4.93%
Liquidity	1%	0.00%	-0.92%
Total	100%		

(a) In the CalPER's Comprehensive Annual Financial Report, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(b) An expected inflation of 2.00% used for this period.

(c) An expected inflation of 2.92% used for this period.

*Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount*

**Rate** - The following presents the Agency's proportionate share of the net pension liability for the Plans, calculated using the discount rate for the Plans, as well as what the Agency's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>Miscellaneous</u>
1% Decrease	6.15%
Net Pension Liability	\$ 26,303,849
Current Discount Rate	7.15%
Net Pension Liability	\$ 16,646,389
1% Increase	8.15%
Net Pension Liability	\$ 8,666,733

**Pension Plan Fiduciary Net Position** - Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

**NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB)**

***Plan Description***

SVCW's Retiree Healthcare Plan (the Plan) is a single employer defined benefit healthcare plan administered by SVCW. The plan provides healthcare benefits to eligible retirees and their dependents. Benefit provisions are established and may be amended through agreements and memorandums of understanding between SVCW, its management employees, and unions representing SVCW employees.

**Silicon Valley Clean Water**  
Notes to Financial Statements  
June 30, 2021

SVCW joined the California Employers' Retiree Benefit Trust (CERBT), an agent multiple-employer plan administered by CALPERS, consisting of an aggregation of single-employer plans in the fiscal year 2010-11. The CERBT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from the California Public Employees' Retirement System, CERBT, P.O. Box 942703, Sacramento, CA 94229-2703. (This CERBT paragraph is newly added. Please provide highlighted information)

***Benefits***

Following is a description of the current retiree benefit plan. The following table describes benefits available to those hired prior to January 30, 2011. Employees hired on or after this date are entitled only to statutory minimum benefits under sections of the Government Code collectively known as PEMHCA (Public Employees' Medical and Hospital Care Act).

	All Non- Represented Employees	Operating Engineers
<b>Benefits Provided:</b>	Medical Only	Medical Only
<b>Duration of Benefits:</b>	Lifetime	Lifetime
<b>Required Services:</b>	Retirement under CalPERS	Retirement under CalPERS
<b>Minimum Age:</b>	Retirement under CalPERS	Retirement under CalPERS
<b>Dependent Coverage:</b>	Yes	Yes
<b>Contribution Percentage:</b>	100% to cap	100% to cap
<b>Cap:</b>	Bay Area Kaiser Rate	Bay Area Kaiser Rate

***Employees Covered by Benefit Terms***

On June 30, 2020 (the valuation date), the benefit terms covered the following employees:

Active employees	79
Inactive employees	43
<b>Total employees</b>	<b>122</b>

***Contributions***

The Authority makes contributions based on an actuarially determined rate and are approved by the authority of the Authority's Board. Total contributions during the year were \$342,773. Total contributions included in the measurement period were \$1,016,333. The actuarially determined contribution for the measurement period was \$513,353. The Authority's contributions were 2.50% of payroll during the fiscal year ended June 30, 2021. Employees are not required to contribute to the plan.

**Silicon Valley Clean Water**  
Notes to Financial Statements  
June 30, 2021

***Actuarial Assumptions***

The following summarized the actuarial assumptions for the OPEB plan included in this fiscal year:

<b>Valuation Date:</b>	June 30, 2020
<b>Measurement Date:</b>	June 30, 2020
<b>Actuarial Cost Method:</b>	Entry-Age Normal Cost Method
<b>Amortization Period:</b>	20 years
<b>Asset Valuation Method:</b>	Level percentage of payroll, closed
<b>Actuarial Assumptions:</b>	
<b>Discount Rate</b>	7.00%
<b>Inflation</b>	2.75%
<b>Salary Increases</b>	2.75%
<b>Healthcare Trend Rate</b>	4.00%
<b>Investment Rate of Return</b>	7.00%
<b>Mortality</b>	2017 CalPERS Active Mortality for Miscellaneous and School Employees
<b>Retirement</b>	Hired 2012 and earlier: Rx PA Misc 2% @ 55, min age 50 Hired 2013 and later: Rx PA Misc 2% @ 62, min age 52

***Discount Rate***

The projection of cash flows used to determine the discount rate assumed that the Authority contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to cover all future OPEB payments. Therefore, the discount rate was set to be equal to the long-term expected rate of return which was applied to all periods of projected benefit payments to determine the total OPEB liability.

***Long-Term Expected Rate of Return***

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Percentage of Portfolio</b>	<b>Long-Term Expected Rate of Return</b>
All Equities	59.00%	7.795%
All Fixed Income	25.00%	4.500%
Real Estate Investment Trusts	8.00%	7.500%
All Commodities	3.00%	7.795%
Treasury Inflation-Protected Securities (TIPS)	5.00%	3.250%
<b>Total</b>	<b>100.00%</b>	



**Silicon Valley Clean Water**  
Notes to Financial Statements  
June 30, 2021

***Net OPEB Liability***

The Authority's net OPEB liability was measured as of June 30, 2020 (measurement date), and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020 (valuation date) for the fiscal year ended June 30, 2021 (reporting date). The Changes in Assumptions is to recognize the Implied Subsidy associated with future medical premiums, which increased SVCW's actuarial accrued liability. The following summarizes the changes in the net OPEB liability during the year ended June 30, 2021:

<b>Fiscal Year Ended June 30, 2021 (Measurement Date June 30, 2020)</b>	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability (Asset)</b>
<b>Balance at June 30, 2020</b>	<b>\$ 8,657,166</b>	<b>\$ 7,693,283</b>	<b>\$ 963,883</b>
Service cost	85,101	-	85,101
Interest in Total OPEB Liability	591,376	-	591,376
Employer contributions to trust	-	678,000	(678,000)
Employer contributions as benefit payments	-	421,253	(421,253)
Expected investment income	-	562,126	(562,126)
Administrative expenses	-	(3,831)	3,831
Benefit payments	(421,253)	(421,253)	-
Investment Gain/Losses	-	(280,330)	280,330
Experience Gains/Losses	(247,302)	-	(247,302)
Changes in Assumptions	(438,887)	-	(438,887)
Expected Minus Benefit Payments	(81,719)	-	(81,719)
<b>Net changes</b>	<b>(512,684)</b>	<b>955,965</b>	<b>(1,468,649)</b>
<b>Balance at June 30, 2021</b>	<b>\$ 8,144,482</b>	<b>\$ 8,649,248</b>	<b>\$ (504,766)</b>
Covered Employee Payroll at Measurement Date	\$ 13,063,649		
Total OPEB Liability as a % of covered Employee payroll	62.34%		
Plan Fid. Net Position as a % of Total OPEB Liability	106.20%		
Service cost as a % of covered Employee payroll	0.65%		
Net OPEB Liability as a % of covered payroll	-3.86%		

***Deferred Inflows and Outflows of Resources***

On June 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between actual and expected experience	\$ 396,750	\$ (289,379)
Change in assumptions	713,421	(386,009)
Difference between actual and expected earnings	252,809	(19,865)
OPEB contribution subsequent to measurement date	342,773	-
<b>Totals</b>	<b>\$ 1,705,753</b>	<b>\$ (695,253)</b>

The total \$342,773 reported as deferred outflows of resources related to OPEB was from Authority contributions subsequent to the measurement date and before the end of the fiscal year and will be included as a reduction of the net OPEB liability in the year ended June 30, 2021.

**Silicon Valley Clean Water**  
Notes to Financial Statements  
June 30, 2021

***OPEB Expense***

The following summarizes the OPEB expense by source during the year ended June 30, 2021:

Service cost	\$ 85,101
Interest in TOL	591,376
Expected investment income	(562,126)
Difference between actual and expected earnings	55,217
Other (PPA of FNP, Per Actuary)	76,120
Administrative expenses	3,831
<b>OPEB Expense</b>	<b><u>\$ 249,519</u></b>

The following summarizes changes in the net OPEB liability as reconciled to OPEB expense during the year ended June 30, 2021:

Net OPEB liability ending	\$ (504,766)
Net OPEB liability beginning	<u>(963,883)</u>
Change in net OPEB liability	(1,468,649)
Employer contributions and implicit subsidy	2,385,895
<b>OPEB Expense</b>	<b><u>\$ 249,519</u></b>

***Sensitivity to Changes in the Discount Rate***

The net OPEB liability of the Authority, as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher, is as follows:

		<b>Discount Rate</b>		
		<b>6.0%</b>	<b>7.0%</b>	<b>8.0%</b>
		<b>(1% Decrease )</b>	<b>(Current Rate)</b>	<b>(1% Increase )</b>
Net OPEB Liability (Asset)	\$	422,717	\$ (504,766)	\$ (1,280,277)

***Sensitivity to Changes in the Healthcare Cost Trend Rates***

The net OPEB liability of the Authority, as well as what the Authority's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than current healthcare cost trend rates, is as follows:

		<b>Trend Rate</b>		
		<b>3.0%</b>	<b>4.0%</b>	<b>5.0%</b>
		<b>(1% Decrease )</b>	<b>(Current Rate)</b>	<b>(1% Increase )</b>
Net OPEB Liability (Asset)	\$	(1,405,195)	\$ (504,766)	\$ 588,576

**Silicon Valley Clean Water**  
Notes to Financial Statements  
June 30, 2021

---

**NOTE 10 - RISK MANAGEMENT**

The Authority is exposed to various risks of loss including theft, damage, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Authority is a member of the California Sanitation Risk Management Authority ("CSRMA"), a public entity risk pool currently operating as a common risk management and insurance program for 58 member entities. CSRMA's purpose is to spread adverse effects of losses among the member entities and to purchase excess insurance as a group to reduce costs. CSRMA is governed by a board comprised of one representative from each member agency. The CSRMA board controls the operations of CSRMA including selection of management and approval of operating budgets, independent of any influence by member entities.

The following table summarizes the insurance coverage currently maintained by the Authority:

<b>Coverage</b>	<b>Per Occurrence Limits</b>	<b>Deductible/Retention</b>
Pooled Liability	\$15,500,000	\$25,000
Pooled Liability Excess Liability	10,000,000	None
Property Insurance	36,000,000	100,000
Public Entity Pollution Liability	25,000,000	250,000
Cyber Liability	2,000,000	250,000
Public Official Bond	100,000	None
Crime Insurance Policy	5,000,000	2,500
Workers' Compensation Employer's Liability	750,000	None
Excess Workers' Compensation Employer's Liability	Statutory	None
Deadly Weapons Response	500,000	None
Boiler & Machinery	10,000,000	Per schedule

The contributions made to each risk pool equal the ratio of their respective payrolls to the total payrolls of all entities participating in the same layer of each program, in each program year. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after retrospective rating. CSRMA's audited financial statements may be obtained by writing them at c/o Alliant Insurance Services, 100 Pine Street, 11<sup>th</sup> Floor, San Francisco, CA 94111.

**NOTE 11 - COMMITMENTS AND CONTINGENCIES**

SVCW is at risk to be a defendant in various lawsuits which arise in the normal course of business. The final disposition of these legal actions and claims was not determinable. However, in the opinion of management, the outcome of any litigation of these matters will not have a material effect on the financial position or changes in net position of the SVCW.

SVCW had outstanding construction contract commitments on capital projects totaling \$104,664,481 on June 30, 2021.

SVCW has an operating lease with San Mateo County for use of real property to facilitate construction activities for the 63" Forcemain Reliability Improvement Project. The rent was \$97,300 month to month with five option years totaling \$5,838,000. A 2021 amendment increased the rent to \$103,000 monthly, effective July 1, 2019, with a yearly increase of 3%, with four automatic renewal options for additional one-year periods.

SVCW also has a lease with West Bay Sanitary District for \$300,000 per year subject to annual CPI increases, for a Flow Equalization facility. Rent expense was \$1,679,763 during the year for two lease agreements.

## **NOTE 12 – SUBSEQUENT EVENTS**

### ***Gravity Pipeline State Revolving Fund Loan***

In July 2021, SVCW executed an Installment Sale Agreement with the SWRCB for up to \$59,605,263 to be used towards construction of its Gravity Pipeline project. The SWRCB will reimburse SVCW for project-related expenditures as incurred. The construction completion date is October 2023 and repayment to the SWRCB is scheduled to begin October 15, 2024, and will end October 15, 2053.

### ***Pump Station Improvements State Revolving Fund Loan***

In July 2021, SVCW entered into an Installment-Sale agreement with the SWRCB for up to \$57,763,158 to be used towards construction of its Pump Stations Improvement project. The SWRCB will reimburse SVCW for project-related expenditures as incurred. The construction completion date is October 2023 and repayment to the SWRCB is scheduled to commence October 15, 2024, and will end October 15, 2053.

### ***Front of Plant State Revolving Fund Loan***

In September 2021, SVCW entered into an Installment Sale agreement with the SWRCB for up to \$51,631,579 to be used towards construction of its Front of Plant project which includes a receiving lift station, headworks, influent connector pipe, and civil site work. The SWRCB will reimburse SVCW for project-related expenditures as incurred. The construction completion date is October 2023 and repayment to the SWRCB is scheduled to commence October 15, 2024, and will end October 15, 2053.

### ***WIFIA Loan, Regional Environmental Sewer Conveyance Upgrade***

On August 26, 2021, SVCW entered into a new WIFIA loan with the U.S. EPA for an amount up to \$68,904,163 which will become available on March 1, 2024. The loan proceeds will be used to refund the 2021 Series A Wastewater Notes, the proceeds from which were used to finance the construction of the Authority's Regional Environmental Sewer Conveyance Upgrade project. The WIFIA loan is payable solely from and secured solely by revenues pledged under the indenture, consisting of payments made by the City of Redwood, the City of San Carlos, the City of Belmont and the West Bay Sanitary District (the "Participating Members"). Principal payment is due annually on March 1. Interest payments are due semi-annually on March 1 and September 1.

### ***WIFIA Loan, Wastewater Treatment Plant Improvements***

On August 26, 2021, SVCW entered into a new WIFIA loan with the U.S. EPA for an amount up to \$73,840,436 which will become available on March 1, 2026. The loan proceeds will be used to refund the 2021 Series B Wastewater Notes, the proceeds from which were used to finance the construction of wastewater improvement projects. The WIFIA loan is payable solely from and secured solely by revenues pledged under the indenture, consisting of payments made by the City of Redwood, the City of San Carlos, the City of Belmont and the West Bay Sanitary District (the "Participating Members"). Principal payment is due annually on March 1. Interest payments are due semi-annually on March 1 and September 1.

This Page Left Intentionally Blank

**REQUIRED SUPPLEMENTARY INFORMATION**

**SILICON VALLEY CLEAN WATER**  
**Cost-Sharing Multiple Employer Defined Benefit Retirement Plan**  
**As of fiscal year ending June 30, 2021**  
**SCHEDULE OF CONTRIBUTIONS**  
**Last 10 Years\***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 2,051,581	\$ 1,916,618	\$ 1,612,511	\$ 1,470,709	\$ 1,251,217	\$ 1,130,159	\$ 1,033,248
Contributions in relation to the actuarially determined contributions	<u>2,051,581</u>	<u>1,916,618</u>	<u>1,612,511</u>	<u>1,470,709</u>	<u>1,251,217</u>	<u>1,130,159</u>	<u>1,033,248</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 12,293,195	\$ 11,799,491	\$ 11,073,314	\$ 11,882,052	\$ 10,137,714	\$ 9,454,067	\$ 9,115,942
Contributions as a percentage of covered-employee payroll	16.69%	16.24%	14.56%	12.38%	12.34%	11.95%	11.33%

**Notes to Schedule**

Valuation Date: June 30, 2019

Assumptions Used: Entry Age Method used for Actuarial Cost Method  
Level Percentage of Payroll and Direct Rate Smoothing  
30 year Amortization Period  
Inflation Assumed at 2.50%  
Investment Rate of Returns set at 7.00%  
CalPERS mortality table using 15 years of membership data for all funds

\*\* Fiscal year 2015 was the first year of implementation, therefore only seven years are shown.

**SILICON VALLEY CLEAN WATER**  
**Cost-Sharing Multiple Employer Defined Benefit Retirement Plan**  
**As of fiscal year ending June 30, 2021**  
**PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**Last 10 Fiscal Years<sup>1</sup>**

---

**Miscellaneous Plan**

Fiscal Year Ended	2021	2020	2019	2018	2017	2016	2015
Proportion of Net Pension Liability	0.39464%	0.37591%	0.35840%	0.34911%	0.33211%	0.30498%	0.32474%
Proportionate Share of Net Pension Liability	\$16,646,389	\$15,053,146	\$13,507,192	\$13,762,187	\$11,536,951	\$8,367,040	\$8,025,843
Covered Payroll	\$11,799,491	\$11,073,314	\$11,882,052	\$10,137,714	\$9,454,067	\$9,115,492	\$8,842,027
Proportionate Share of NPL as a % of Covered Payroll	141.08%	135.94%	113.68%	135.75%	122.03%	91.79%	90.77%
Plan's Fiduciary Net Position as a % of the TPL	75.10%	75.26%	76.53%	77.31%	78.40%	83.30%	83.03%

\*\* Fiscal year 2015 was the first year of implementation, therefore only seven years are shown.



**Silicon Valley Clean Water**  
Single Employer Plan  
Schedule of OPEB Contributions  
For the Fiscal Year Ended June 30, 2021

---

	Fiscal Year Ended June 30,			
	2018	2019	2020	2021
Actuarially determined contribution (ADC)	\$ 135,456	\$ 74,614	\$ 502,972	\$ 513,353
Less: actual contribution in relation to ADC	(763,957)	(841,064)	(1,016,333)	(342,773)
Contribution deficiency (excess)	<u>\$ (628,501)</u>	<u>\$ (766,450)</u>	<u>\$ (513,361)</u>	<u>\$ 170,580</u>
Covered payroll for the fiscal year	\$ 11,176,980	\$ 12,259,105	\$ 13,063,649	\$ 13,715,063
Contributions as a percentage of covered payroll	6.84%	6.86%	7.78%	2.50%

**Notes to Schedule:**

*Assumptions and Methods*

Valuation Date: June 30, 2020  
Measurement Date: June 30, 2020  
Actuarial Cost Method: Entry-Age Normal Cost

Amortization Period: 20 years  
Asset Valuation Method: Level percentage of payroll,  
closed

**Actuarial Assumptions:**

Discount Rate 7.00%  
Inflation 2.75%  
Salary Increases 2.75%  
Healthcare Trend Rate 4.00%  
Investment Rate of Return 7.00%  
Mortality 2017 CalPERS Active Mortality for Miscellaneous and School Employees  
Retirement Hired 2012 and earlier: Rx PA Misc 2% @ 55, min age 50  
Hired 2013 and later: Rx PA Misc 2% @ 62, min age 52

*Other Notes*

GASB 75 requires a schedule of contributions for the last ten fiscal years,  
or for as many years as are available if less than ten years are available.  
GASB 75 was adopted as of June 30, 2018.

**Silicon Valley Clean Water**  
Single Employer Plan  
Schedule of Net OPEB Liability  
For the Fiscal Year Ended June 30, 2021

	<b>Fiscal Year Ended June 30,</b>			
	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Total OPEB liability</b>				
Service cost	\$ 36,426	\$ 37,428	\$ 38,457	\$ 85,101
Interest	461,630	473,085	484,027	591,376
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	-	-	516,978	(329,021)
Changes of assumptions	-	-	929,611	(438,887)
Benefit payments	(328,838)	(341,991)	(391,064)	(421,523)
Expected Minus Actual Benefit	-	-	-	-
Net change in Total OPEB Liability	169,218	168,522	1,578,009	(512,954)
Total OPEB Liability - beginning	6,741,417	6,910,635	7,079,157	8,657,166
Total OPEB Liability - ending	<u>\$ 6,910,635</u>	<u>\$ 7,079,157</u>	<u>\$ 8,657,166</u>	<u>\$ 8,144,212</u>
<b>Plan fiduciary net position</b>				
Employer contributions	\$ 748,838	\$ 763,957	\$ 841,064	\$ 1,016,333
Employer implicit subsidy	-	-	-	82,920
Employee contributions	-	-	-	-
Net investment income	547,183	477,679	444,164	281,796
Difference between estimated and actual earnings	-	-	-	-
Benefit payments	(328,838)	(341,991)	(391,064)	(421,523)
Implicit subsidy fulfilled	-	-	-	-
Other	-	4,017	-	(1,966)
Administrative expense	(4,578)	(11,080)	(1,501)	(3,831)
Net change in plan fiduciary net position	962,605	892,582	892,663	953,729
Plan fiduciary net position - beginning	4,947,399	5,910,004	6,802,586	7,695,249
Plan fiduciary net position - ending	<u>\$ 5,910,004</u>	<u>\$ 6,802,586</u>	<u>\$ 7,695,249</u>	<u>\$ 8,648,978</u>
Net OPEB liability (asset)	\$ 1,000,631	\$ 276,571	\$ 961,917	\$ (504,766)
Plan fiduciary net position as a percentage of the total OPEB liability	85.52%	96%	89%	106%
Covered employee payroll for the plan	\$ 11,176,980	\$ 12,259,105	\$ 13,063,649	\$ 13,715,063
Net OPEB Liability as a percentage of covered Employee payroll	8.95%	2.26%	7.36%	-3.68%
Total OPEB Liability as a percentage of covered Employee payroll	61.83%	57.75%	66.27%	59.38%

GASB 75 requires a schedule of contributions for the last ten fiscal years, or for as many years as are available if less than ten years are available. GASB 75 was adopted as of June 30, 2018.

This Page Left Intentionally Blank

## **SUPPLEMENTARY INFORMATION**

**Silicon Valley Clean Water**  
Combining Schedule of Net Position  
Enterprise Funds  
June 30, 2021

	Operating Reserve	Capital Improvement Program Reserve	Capital Improvements	Construction Stage 2
<b>Assets</b>				
Current Assets:				
Cash and investments	\$ 3,859,860	\$ 15,032,344	\$ -	\$ 14,641,151
Cash restricted for debt service	-	3,414,229	-	-
Cash restricted for pension benefits	-	-	-	-
Accounts receivable	197	11,813	10,202	428,632
Interest receivable	-	-	-	-
Employee notes receivable	-	-	-	-
Due from other funds	3,229,655	-	1,425,658	888,017
Inventory	-	-	-	-
Prepaid expenses	-	-	-	-
Total Current Assets	<u>7,089,712</u>	<u>18,458,386</u>	<u>1,435,860</u>	<u>15,957,800</u>
Noncurrent Assets:				
Net OPEB asset	-	-	-	-
Capital assets:				
Depreciable capital assets - net	-	-	-	-
Non depreciable capital assets:				
Land	-	-	-	-
Construction in progress:				
Stage 2	-	-	-	2,934,618
General	-	-	3,406,314	-
Total capital assets - net	<u>-</u>	<u>-</u>	<u>3,406,314</u>	<u>2,934,618</u>
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>3,406,314</u>	<u>2,934,618</u>
Total Assets	<u>\$ 7,089,712</u>	<u>\$ 18,458,386</u>	<u>\$ 4,842,174</u>	<u>\$ 18,892,418</u>
<b>Deferred Outflows of Resources</b>				
Pension adjustments	\$ -	\$ -	\$ -	\$ -
OPEB adjustments	-	-	-	-
Deferred Loss on Defeasance	-	-	-	-
Total Deferred Outflows of Resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Liabilities</b>				
Current Liabilities:				
Accounts payable	\$ 279	\$ 1,301	\$ 32,447	\$ 1,047
Accrued payroll and employee benefits	-	-	-	-
Accrued interest payable	-	-	-	-
Due to other funds	-	7,654,474	-	-
Unearned revenue	1	40,983	30,687	-
Compensated absences due within one year	-	-	-	-
Noncurrent liabilities due within one year	-	-	-	-
Total Current Liabilities	<u>280</u>	<u>7,696,758</u>	<u>63,134</u>	<u>1,047</u>
Long term debt due in more than one year	-	-	-	-
Net pension liabilities	-	-	-	-
Total Liabilities	<u>\$ 280</u>	<u>\$ 7,696,758</u>	<u>\$ 63,134</u>	<u>\$ 1,047</u>
<b>Deferred inflows of Resources</b>				
Pension adjustments	\$ -	\$ -	\$ -	\$ -
OPEB adjustments	-	-	-	-
Total Deferred Inflows of Resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Net Position</b>				
Net Investment in Capital Assets	\$ -	\$ -	\$ 3,406,314	\$ 2,934,618
Restricted for:				
Debt service	-	3,414,229	-	-
Pension benefits	-	-	-	-
Unrestricted	<u>7,089,432</u>	<u>7,347,399</u>	<u>1,372,726</u>	<u>15,956,753</u>
Total Net Position	<u>\$ 7,089,432</u>	<u>\$ 10,761,628</u>	<u>\$ 4,779,040</u>	<u>\$ 18,891,371</u>

(Continued)

**Silicon Valley Clean Water**  
Combining Schedule of Net Position  
Enterprise Funds  
June 30, 2021

	Self Insurance	Recycled Water	Capital Improvement Program	Operation	Total
<b>Assets</b>					
Current Assets:					
Cash and investments	\$ -	\$ -	\$ 33,163,592	\$ 989,944	\$ 67,686,891
Cash restricted for debt service	-	-	-	-	3,414,229
Cash restricted for pension benefits	-	-	-	688,481	688,481
Accounts receivable	-	131,010	-	599,175	1,181,029
Interest receivable	-	-	-	269	269
Employee notes receivable	-	-	-	9,332	9,332
Due from other funds	186,780	-	-	39,066,697	44,796,807
Inventory	-	-	-	1,900,320	1,900,320
Prepaid expenses	-	-	644	157,652	158,296
Total Current Assets	186,780	131,010	33,164,236	43,411,870	119,835,654
Noncurrent Assets:					
Net OPEB asset	-	-	-	504,766	504,766
Capital assets:					
Depreciable capital assets - net	-	-	-	179,906,342	179,906,342
Non depreciable capital assets:					
Land	-	-	-	1,282,081	1,282,081
Construction in progress:					
Stage 2	-	-	-	-	2,934,618
General	-	-	473,060,388	-	476,466,702
Total capital assets - net	-	-	473,060,388	181,188,423	660,589,743
Total Noncurrent Assets	-	-	473,060,388	181,693,189	661,094,509
Total Assets	\$ 186,780	\$ 131,010	\$ 506,224,624	\$ 225,105,059	\$ 780,930,163
<b>Deferred Outflows of Resources</b>					
Pension adjustments	\$ -	\$ -	\$ -	\$ 4,317,629	\$ 4,317,629
OPEB adjustments	-	-	-	1,705,753	1,705,753
Deferred Loss on Defeasance	-	-	22,613,891	-	22,613,891
Total Deferred Outflows of Resources	\$ -	\$ -	\$ 22,613,891	\$ 6,023,382	\$ 28,637,273
<b>Liabilities</b>					
Current Liabilities:					
Accounts payable	\$ -	\$ 182	\$ 20,565,102	\$ 693,516	\$ 21,293,874
Accrued payroll and employee benefits	-	9	-	1,205,685	1,205,694
Accrued interest payable	-	-	5,514,957	-	5,514,957
Due to other funds	-	59,762	36,439,078	643,493	44,796,807
Unearned revenue	-	-	-	543,960	615,631
Compensated absences due within one year	-	-	-	1,254,487	1,254,487
Noncurrent liabilities due within one year	-	-	14,505,126	-	14,505,126
Total Current Liabilities	-	59,953	77,024,263	4,341,141	89,186,576
Long term debt due in more than one year	-	-	546,527,114	29,300,000	575,827,114
Net pension liabilities	-	-	-	16,646,389	16,646,389
Total Liabilities	\$ -	\$ 59,953	\$ 623,551,377	\$ 50,287,530	\$ 681,660,079
<b>Deferred inflows of Resources</b>					
Pension adjustments	\$ -	\$ -	\$ -	\$ 929,303	\$ 929,303
OPEB adjustments	-	-	-	695,253	695,253
Total Deferred Inflows of Resources	\$ -	\$ -	\$ -	\$ 1,624,556	\$ 1,624,556
<b>Net Position</b>					
Net Investment in Capital Assets	\$ -	\$ -	\$ (54,808,260)	\$ 181,188,423	\$ 132,721,095
Restricted for:					
Debt service	-	-	-	-	3,414,229
Pension benefits	-	-	-	688,481	688,481
Unrestricted	186,780	71,057	(39,904,602)	(2,660,549)	(10,541,004)
Total Net Position	\$ 186,780	\$ 71,057	\$ (94,712,862)	\$ 179,216,355	\$ 126,282,801

(Concluded)

**Silicon Valley Clean Water**  
Combining Schedule of Activities and Changes in Net Position  
Enterprise Funds  
For the Fiscal Year Ended June 30, 2021

	Operating Reserve	Capital Improvement Program Reserve	Capital Improvements	Construction Stage 2
<b>Operating Revenues:</b>				
Member contributions for services	\$ -	\$ -	\$ -	\$ -
Member contributions for cash reserves	24,876	1,500,012	1,295,496	428,633
Member contributions for debt service	-	-	-	-
Member contributions for Capital Improvements	-	-	-	-
Source control charges	-	-	-	-
Miscellaneous revenues	-	-	6,809	-
Total operating revenues	24,876	1,500,012	1,302,305	428,633
<b>Operating Expenses:</b>				
Operations	-	-	-	-
Maintenance	-	-	423	-
Laboratory	-	-	-	-
Environmental services	-	-	-	-
Engineering	-	-	-	-
Information services	-	-	-	-
Safety	-	-	-	-
Administration	3,459	15,954	-	12,199
Claims paid	-	-	-	-
Depreciation	-	-	-	-
Total operating expenses	3,459	15,954	423	12,199
<b>Operating Income (Loss)</b>	21,417	1,484,058	1,301,882	416,434
<b>Nonoperating Revenues (Expenses):</b>				
Grants	-	-	-	-
Other revenue (expense)	-	-	-	-
Interest Income:				
Operations fund	-	-	-	-
Stage 2 capacity fund	-	-	-	224,013
Capital improvement reserve fund	-	321,398	-	-
Operating reserve fund	51,340	-	-	-
Capital improvement fund	-	-	-	-
Net increase (decrease) in fair value of investments	(42,455)	(357,459)	-	(263,195)
Interest expense	-	-	-	-
Premium amortization	-	-	-	-
Gain (loss) on disposal of fixed assets	-	-	-	-
Total nonoperating revenues (expenses)	8,885	(36,061)	-	(39,182)
Income (Loss) Before Transfers	30,302	1,447,997	1,301,882	377,252
Transfers In	-	-	-	-
Transfers Out	-	-	(5,528,859)	-
Change in Net Position	30,302	1,447,997	(4,226,977)	377,252
Beginning Net Position	7,059,130	9,313,631	9,006,017	18,514,119
Ending Net Position	\$ 7,089,432	\$ 10,761,628	\$ 4,779,040	\$ 18,891,371

(Continued)

**Silicon Valley Clean Water**  
Combining Schedule of Activities and Changes in Net Position  
Enterprise Funds  
For the Fiscal Year Ended June 30, 2021

	Self Insurance	Recycled Water	Capital Improvement Program	Operation	Total
<b>Operating Revenues:</b>					
Member contributions for services	\$ -	\$ 174,228	\$ -	\$ 26,628,984	\$ 26,803,212
Member contributions for cash reserves	-	-	-	-	3,249,017
Member contributions for debt service	-	-	18,903,715	-	18,903,715
Member contributions for Capital Improvements	-	-	4,737,278	-	4,737,278
Source control charges	-	-	-	105,883	105,883
Miscellaneous revenues	-	-	-	300,274	307,083
Total operating revenues	-	174,228	23,640,993	27,035,141	54,106,188
<b>Operating Expenses:</b>					
Operations	-	115,781	-	9,643,976	9,759,757
Maintenance	-	20,447	-	7,059,037	7,079,907
Laboratory	-	18,235	-	2,144,255	2,162,490
Environmental services	-	-	-	909,922	909,922
Engineering	-	-	7	1,104,169	1,104,176
Information services	-	-	-	1,784,330	1,784,330
Safety	-	-	-	473,830	473,830
Administration	-	-	578,051	4,458,016	5,067,679
Claims paid	-	-	-	-	-
Depreciation	-	-	-	10,750,080	10,750,080
Total operating expenses	-	154,463	578,058	38,327,615	39,092,171
<b>Operating Income (Loss)</b>	-	19,765	23,062,935	(11,292,474)	15,014,017
<b>Nonoperating Revenues (Expenses):</b>					
Grants	-	-	-	231,302	231,302
Other revenue (expense)	-	-	-	822,878	822,878
Interest Income:					
Operations fund	-	-	-	24,460	24,460
Stage 2 capacity fund	-	-	-	-	224,013
Capital improvement reserve fund	-	-	-	-	321,398
Operating reserve fund	-	-	-	-	51,340
Capital improvement fund	-	-	1,859,205	-	1,859,205
Net increase (decrease) in fair value of investments	-	-	(1,259,168)	27,001	(1,895,276)
Interest expense	-	-	(17,309,944)	-	(17,309,944)
Premium amortization	-	-	3,819,573	-	3,819,573
Gain (loss) on disposal of fixed assets	-	-	-	7,850	7,850
Total nonoperating revenues (expenses)	-	-	(12,890,334)	1,113,491	(11,843,201)
Income (Loss) Before Transfers	-	19,765	10,172,601	(10,178,983)	3,170,816
Transfers In	-	-	-	12,370,786	12,370,786
Transfers Out	-	-	(6,841,927)	-	(12,370,786)
Change in Net Position	-	19,765	3,330,674	2,191,803	3,170,816
Beginning Net Position	186,780	51,292	(98,043,536)	177,024,552	123,111,985
Ending Net Position	\$ 186,780	\$ 71,057	\$ (94,712,862)	\$ 179,216,355	\$ 126,282,801

(Concluded)



**Silicon Valley Clean Water**  
Combining Schedule of Cash Flows  
Enterprise Funds  
For the Fiscal Year Ended June 30, 2021

	Operating Reserve	Capital Improvement Program Reserve	Capital Improvements	Construction Stage 2
<b>Cash Flows from Operating Activities:</b>				
Cash received from member agencies	\$ 24,876	\$ 1,500,012	\$ 1,295,496	\$ 917,989
Cash paid to suppliers for goods and services and employees for services	(3,715)	(22,971)	(377,802)	(12,199)
Other cash received (paid)	-	-	6,809	-
Net Cash Provided (Used) by Operating Activities	21,161	1,477,041	924,503	905,790
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Cash received from member agencies other than for services	-	-	-	-
Cash received from grants	-	-	-	-
Contributions (to) from other funds	3,173	(4,028,235)	1,098,912	9,572
Interest paid on capital debt	-	-	-	-
Principal paid on capital debt	-	-	-	-
Proceeds from long-term debt	-	-	-	-
Cash received on sale of capital assets	-	-	-	-
Purchases and construction of capital assets	-	-	(2,023,415)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	3,173	(4,028,235)	(924,503)	9,572
<b>Cash Flows from Investing Activities:</b>				
Noncash equivalent investments	(3,846,273)	(18,022,996)	-	(14,492,103)
Investment income	8,886	(36,061)	-	(39,182)
Net Cash Provided (Used) by Investing Activities	(3,837,387)	(18,059,057)	-	(14,531,285)
Net Increase (Decrease) in Cash and Investment	(3,813,053)	(20,610,251)	-	(13,615,923)
Cash and Cash Equivalents, Beginning	3,826,640	21,033,828	-	13,764,971
Cash and Cash Equivalents, Ending	\$ 13,587	\$ 423,577	\$ -	\$ 149,048
<b>Reconciliation of Operating Income (Loss) to Cash Flows Provided (Used) by Operating Activities:</b>				
Operating Income (Loss)	\$ 21,417	\$ 1,484,058	\$ 1,301,882	\$ 416,434
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	-	-	-	-
Net change in:				
Accounts receivable	218	(3,938)	3,062	488,309
Employee notes receivable	-	-	-	-
Inventory	-	-	-	-
Prepaid expenses	-	-	-	-
Deferred outflows of resources for benefits	-	-	-	-
Accounts payable	279	1,301	(371,950)	1,047
Accrued payroll and employee benefits	-	-	-	-
Unearned revenue	(753)	(4,380)	(8,491)	-
Deferred inflows of resources for benefits	-	-	-	-
Net Cash Provided (Used) by Operating Activities	\$ 21,161	\$ 1,477,041	\$ 924,503	\$ 905,790
<b>Reconciliation of Cash and Cash Equivalents:</b>				
Cash and investments	\$ 3,859,860	\$ 18,446,573	\$ -	\$ 14,641,151
Less: investments with original maturities in excess of three months	(3,846,273)	(18,022,996)	-	(14,492,103)
Cash and Cash Equivalents	\$ 13,587	\$ 423,577	\$ -	\$ 149,048
<b>Noncash Transactions:</b>				
Changes in fair values of investments	\$ (42,455)	\$ (357,459)	\$ -	\$ (263,195)
Noncash transfers of capital assets	\$ -	\$ -	\$ (5,528,859)	\$ -

(Continued)

**Silicon Valley Clean Water**  
Combining Schedule of Cash Flows  
Enterprise Funds  
For the Fiscal Year Ended June 30, 2021

	Self Insurance	Recycled Water	Capital Improvement Program	Operation	Total
<b>Cash Flows from Operating Activities:</b>					
Cash received from member agencies	\$ -	\$ 174,228	\$ 23,640,993	\$ 26,628,984	\$ 54,182,578
Cash paid to suppliers for goods and services and employees for services	-	(221,839)	(8,600,135)	(26,945,262)	(36,183,923)
Other cash received (paid)	-	-	-	406,157	412,966
Net Cash Provided (Used) by Operating Activities	-	(47,611)	15,040,858	89,879	18,411,621
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Cash received from member agencies other than for services	-	-	-	822,878	822,878
Cash received from grants	-	-	-	231,302	231,302
Contributions (to) from other funds	-	47,611	33,428,699	(30,559,732)	-
Interest paid on capital debt	-	-	(19,015,348)	-	(19,015,348)
Principal paid on capital debt	-	-	(133,089,522)	-	(133,089,522)
Proceeds from long-term debt	-	-	145,290,592	29,300,000	174,590,592
Cash received on sale of capital assets	-	-	-	75,700	75,700
Purchases and construction of capital assets	-	-	(148,164,507)	-	(150,187,922)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	47,611	(121,550,086)	(129,852)	(126,572,320)
<b>Cash Flows from Investing Activities:</b>					
Noncash equivalent investments	-	-	(18,759,331)	(623,175)	(55,743,878)
Investment income	-	-	600,036	51,461	585,140
Net Cash Provided (Used) by Investing Activities	-	-	(18,159,295)	(571,714)	(55,158,738)
Net Increase (Decrease) in Cash and Investment	-	-	(124,668,523)	(611,687)	(163,319,437)
Cash and Cash Equivalents, Beginning	-	-	139,072,784	1,666,937	179,365,160
Cash and Cash Equivalents, Ending	\$ -	\$ -	\$ 14,404,261	\$ 1,055,250	\$ 16,045,723
<b>Reconciliation of Operating Income (Loss) to Cash Flows Provided (Used) by Operating Activities:</b>					
Operating Income (Loss)	\$ -	\$ 19,765	\$ 23,062,935	\$ (11,292,474)	\$ 15,014,017
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	-	-	-	10,750,080	10,750,080
Net change in:					
Accounts receivable	-	(67,567)	-	(13,942)	406,142
Employee notes receivable	-	-	-	8,813	8,813
Inventory	-	-	-	(35,171)	(35,171)
Prepaid expenses	-	-	(644)	(53,856)	(54,500)
Deferred outflows of resources for benefits	-	-	(17,836,097)	746,121	(17,089,976)
Accounts payable	-	182	9,814,664	(373,231)	9,072,292
Accrued payroll and employee benefits	-	9	-	385,315	385,324
Unearned revenue	-	-	-	(289,638)	(303,262)
Deferred inflows of resources for benefits	-	-	-	257,862	257,862
Net Cash Provided (Used) by Operating Activities	\$ -	\$ (47,611)	\$ 15,040,858	\$ 89,879	\$ 18,411,621
<b>Reconciliation of Cash and Cash Equivalents:</b>					
Cash and investments	\$ -	\$ -	\$ 33,163,592	\$ 1,678,425	\$ 71,789,601
Less: investments with original maturities in excess of three months	-	-	(18,759,331)	(623,175)	(55,743,878)
Cash and Cash Equivalents	\$ -	\$ -	\$ 14,404,261	\$ 1,055,250	\$ 16,045,723
<b>Noncash Transactions:</b>					
Changes in fair values of investments	\$ -	\$ -	\$ (1,259,168)	\$ 27,001	\$ (1,895,276)
Noncash transfers of capital assets	\$ -	\$ -	\$ (6,841,927)	\$ 12,370,786	\$ -

(Concluded)

**UNAUDITED**

10/6/2021, 4:45 PM

**Silicon Valley Clean Water**  
 Analysis of Net Position  
 Supplemental Schedule  
 For the Year Ended June 30, 2021

<b>Fund / Location</b>	<b>Belmont</b>	<b>Redwood City</b>	<b>San Carlos</b>	<b>West Bay Sanitary District</b>	<b>Total</b>
<b>Operations (Fund 18)</b>					
Balance at June 30, 2020	\$ 16,076,806	\$ 85,759,289	\$ 25,576,464	\$ 48,498,470	\$ 175,911,029
Member Agency Contributions	3,119,640	13,023,504	3,602,304	6,883,536	26,628,984
Other Miscellaneous Revenue	45,583	220,177	54,511	85,887	406,157
Grant Revenue	25,959	125,388	31,043	48,912	231,302
Unrealized Gain / (Loss) on Investments	(143)	(691)	(171)	(269)	(1,274)
Interest Income	2,734	12,520	3,061	6,145	24,459
Capitalized Projects Transferred from other Funds	1,169,039	6,008,491	1,872,937	3,320,319	12,370,786
Gain / (Loss) on Asset Disposal	742	3,813	1,188	2,107	7,850
Operating & Maintenance Costs	(2,958,479)	(14,671,280)	(3,780,759)	(5,923,285)	(27,333,803)
Depreciation Expenditures	(1,015,883)	(5,221,314)	(1,627,562)	(2,885,321)	(10,750,080)
Balance at June 30, 2021	<u>\$ 16,465,997</u>	<u>\$ 85,259,896</u>	<u>\$ 25,733,016</u>	<u>\$ 50,036,500</u>	<u>\$ 177,495,410</u>

<b>Retiree Medical Health Benefits Reserve (Fund 12)</b>					
Balance at June 30, 2020	\$ 135,672	\$ 534,796	\$ 227,421	\$ 215,632	\$ 1,113,520
Contributions to Fund 12	-	-	-	-	-
Expenditures	(27,131)	(131,051)	(32,445)	(51,121)	(241,748)
Balance at June 30, 2021	<u>\$ 108,541</u>	<u>\$ 403,745</u>	<u>\$ 194,976</u>	<u>\$ 164,511</u>	<u>\$ 871,772</u>

<b>Section 115 Pension Benefits Reserve (Fund 32)</b>					
Balance at June 30, 2020	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions to Fund 32	92,351	446,080	110,439	174,008	822,878
Unrealized Gain / (Loss) on Investment	2,735	13,211	3,271	5,154	24,371
Interest Income	438	2,116	524	826	3,904
Fees	(222)	(1,072)	(265)	(418)	(1,978)
Balance at June 30, 2021	<u>\$ 95,302</u>	<u>\$ 460,336</u>	<u>\$ 113,968</u>	<u>\$ 179,569</u>	<u>\$ 849,175</u>

<b>Capital Improvement Program Reserve (Fund 13)</b>					
Balance at June 30, 2020	\$ 880,128	\$ 4,523,613	\$ 1,410,098	\$ 2,499,793	\$ 9,313,631
Member Contributions - Replacement Reserve	141,756	728,556	227,100	402,600	1,500,012
Change in Fair Value, Unrealized Gain/(Loss)	(33,780)	(173,618)	(54,119)	(95,942)	(357,459)
Fees	(1,508)	(7,749)	(2,415)	(4,282)	(15,954)
Interest Income	30,372	156,103	48,660	86,263	321,398
Balance at June 30, 2021	<u>\$ 1,016,969</u>	<u>\$ 5,226,905</u>	<u>\$ 1,629,323</u>	<u>\$ 2,888,432</u>	<u>\$ 10,761,627</u>

<b>Construction Stage 2 (Fund 15)</b>					
Balance at June 30, 2020	\$ 648,475	\$ 10,251,251	\$ 3,473,598	\$ 4,140,797	\$ 18,514,121
Member Purchases of Capacity	-	371,182	57,451	-	428,633
Interest Income	21,169	108,803	33,916	60,125	224,013
Interest / (Unrealized Loss) Investments	(24,872)	(127,834)	(39,848)	(70,642)	(263,195)
Fees	(1,153)	(5,926)	(1,847)	(3,275)	(12,201)
Capitalized Projects Transferred to Fund 18	-	-	-	-	-
Balance at June 30, 2021	<u>\$ 643,619</u>	<u>\$ 10,597,477</u>	<u>\$ 3,523,270</u>	<u>\$ 4,127,006</u>	<u>\$ 18,891,372</u>

**UNAUDITED**

10/6/2021, 4:45 PM

**Silicon Valley Clean Water**  
Analysis of Net Position  
Supplemental Schedule  
For the Year Ended June 30, 2021

<b>Fund / Location</b>	<b>Belmont</b>	<b>Redwood City</b>	<b>San Carlos</b>	<b>West Bay Sanitary District</b>	<b>Total</b>
<b>Self Insurance (Fund 16)</b>					
Balance at June 30, 2020	\$ 19,639	\$ 75,631	\$ 34,110	\$ 57,399	\$ 186,780
Expenses / Claims	-	-	-	-	-
Balance at June 30, 2021	<u>\$ 19,639</u>	<u>\$ 75,631</u>	<u>\$ 34,110</u>	<u>\$ 57,399</u>	<u>\$ 186,780</u>
<b>Operating &amp; Capital Reserve (Fund 17)</b>					
Balance at June 30, 2020	\$ 794,928	\$ 3,480,778	\$ 909,719	\$ 1,873,705	\$ 7,059,130
Member Contributions	2,352	12,084	3,768	6,672	24,876
Unrealized Gain / (Loss) on Investment	(4,765)	(23,015)	(5,698)	(8,978)	(42,455)
Fees	(388)	(1,875)	(464)	(731)	(3,459)
Interest Income	5,762	27,831	6,890	10,857	51,340
Balance at June 30, 2021	<u>\$ 797,889</u>	<u>\$ 3,495,804</u>	<u>\$ 914,215</u>	<u>\$ 1,881,524</u>	<u>\$ 7,089,432</u>
<b>Revenue-Funded Capital Improvements (Fund 14)</b>					
Balance at June 30, 2020	\$ 909,254	\$ 4,459,594	\$ 1,125,091	\$ 2,512,078	\$ 9,006,017
Member Contributions - Pay go capital projects	122,424	629,220	196,140	347,712	1,295,496
Miscellaneous Revenue	643	3,307	1,031	1,828	6,809
Project Expenditures not yet transferred to Fund 18	(40)	(205)	(64)	(114)	(423)
Capitalized Projects transferred to Fund 18	(522,477)	(2,685,367)	(837,069)	(1,483,946)	(5,528,859)
Balance at June 30, 2021	<u>\$ 509,804</u>	<u>\$ 2,406,549</u>	<u>\$ 485,129</u>	<u>\$ 1,377,558</u>	<u>\$ 4,779,040</u>
<b>Recycled Water (Fund 19)</b>					
Balance at June 30, 2020	\$ -	\$ 51,292	\$ -	\$ -	\$ 51,292
RWC Recycled Water O&M Contributions	-	174,228	-	-	174,228
RWC Recycled Water O&M Expenditures	-	(154,464)	-	-	(154,464)
Balance at June 30, 2021	<u>\$ -</u>	<u>\$ 71,056</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,056</u>
<b>Plant Capital Improvement Program (Fund 20)</b>					
Balance at June 30, 2020	21,247,758	(64,624,971)	(23,908,485)	(30,757,837)	\$ (98,043,536)
Member Contributions	4,915,703	10,344,942	3,279,891	5,100,457	23,640,994
Unrealized Gain / (Loss) on Investments	(45,782)	(650,882)	(202,893)	(359,612)	(1,259,168)
Interest on Trustee Reserves	65,690	964,527	300,652	528,331	1,859,202
Capitalized Projects Transferred to Fund 18	(646,562)	(3,323,124)	(1,035,868)	(1,836,373)	(6,841,927)
Interest Expense, Direct	(284,660)	(9,833,869)	(3,122,094)	(5,040,394)	(18,281,017)
Interest Expense, Allocated	(12,576)	907,773	243,559	416,845	1,555,602
Amortization of Bond Premium	117,285	2,015,318	619,218	1,067,752	3,819,574
Other Expenses	(109,865)	(564,669)	(176,016)	(312,039)	(1,162,588)
Balance at June 30, 2021	<u>\$ 25,246,994</u>	<u>\$ (64,764,955)</u>	<u>\$ (24,002,034)</u>	<u>\$ (31,192,870)</u>	<u>\$ (94,712,864)</u>
<b>TOTAL NET POSITION - June 30, 2021</b>	<b>\$ 44,904,754</b>	<b>\$ 43,232,444</b>	<b>\$ 8,625,973</b>	<b>\$ 29,519,630</b>	<b>\$ 126,282,801</b>
CY %	35.56%	34.23%	6.83%	23.38%	100.00%

This Page Left Intentionally Blank

**OTHER INDEPENDENT AUDITOR'S REPORT**

This Page Left Intentionally Blank

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Commission  
Silicon Valley Clean Water  
Redwood City, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Silicon Valley Clean Water (SVCW) as of and for the year ended June 30, 2021, and have issued our report thereon dated October 15, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered SVCW's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SVCW's internal control. Accordingly, we do not express an opinion on the effectiveness of SVCW's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether SVCW's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



We have also issued a separate Memorandum on Internal Control dated October 15, 2021, which is an integral part of our audit and should be read in conjunction with this report.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Maze & Associates*

October 15, 2021  
Pleasant Hill, California

## AGENDA ITEM 8A

**COMMISSION MEETINGS ATTENDANCE**

ISSUE

Remote Commission Meetings Under Government Code Section 54953 of the Brown Act During Emergency Conditions

BACKGROUND

AB361 was signed into law by the Governor on September 16, 2021. AB361 amends Government Code Section 54953 of the Brown Act by allowing local agencies to hold meetings remotely during emergency situations, under the following conditions:

1. An emergency situation arises that produces an imminent risk to public health and safety.
2. A gubernatorial state of emergency is declared (pursuant to Gov't. Code § 8625).
3. A local agency wishes to meet remotely via teleconferencing as a result of the emergency. A meeting notice/agenda are produced and posted, with an agenda item dedicated to consideration of a resolution to transition to teleconferenced meetings consistent with the terms of Gov't. Code § 54953, subdivision (e).
4. A resolution is passed by majority vote consistent with the terms of Gov't. Code § 54953, subdivision (e), paragraph (1), subparagraph (B) i.e., determining that in-person meetings present imminent risks to the health or safety of attendees or when state or local officials impose or recommend social distancing measures. This resolution is valid for 30 days.
5. 30 days later: if the state of emergency remains active, a local agency may pass a resolution authorizing continued teleconferenced meetings upon finding that legislative body has both 1) reconsidered the circumstances of the state of emergency, and 2) the state of emergency continues to directly impact the ability of the members to meet safely in person or state/local officials continue to impose or recommend social distancing measures.

At its September 20 meeting the Commission considered the above requirements and made the determination to hold remote meetings by adopting Resolution No. 21-32. At its October 15<sup>th</sup> meeting, the Commission reiterated its determination via Resolution No. 21-33.

DISCUSSION

This item is for the purpose of reconsidering whether the current state of emergency warrants holding remote meetings for the next 30 days. To continue to qualify for AB 361's waiver of in-person meeting requirements, the Commission must, within thirty (30) days of its first meeting under AB361, and every thirty (30) days thereafter, make findings that a) state or local officials continue to recommend measures to promote social distancing, or that b) an in-person meeting would constitute an imminent risk to the safety of attendees.

Despite sustained efforts to reduce the threat of COVID-19, the underlying state of emergency proclaimed by the Governor on March 4, 2020 remains active, as well the

local emergency proclaimed by the County of San Mateo on March 11, 2020. At present, the SARS-CoV-2 B.1.617.2 (Delta) variant has been circulating throughout the County, is highly transmissible in indoor settings, and requires multi-component prevention strategies to reduce spread; despite high vaccination rates, San Mateo County is experiencing substantial levels of community transmission due to the Delta variant. While most COVID-19 cases are among unvaccinated residents, the proportion of breakthrough cases is increasing; hospitalizations have also increased, primarily among unvaccinated persons. Moreover, Cal-OSHA regulation 3205 recommends physical distancing in the workplace generally and regulates a “close contact” defined as being within 6 feet of another under certain circumstances.

For the above reasons, holding in-person meetings poses an imminent risk to attendees and staff recommends that remote meetings are presently necessary to protect the health and safety of all attendees, including SVCW staff and Commissioners.

#### FINANCES

There is no financial impact to this agenda item.

#### RECOMMENDATION

Move adoption of RESOLUTION MAKING FINDINGS AND DETERMINATIONS AND AUTHORIZING REMOTE TELECONFERENCE MEETINGS OF THE COMMISSION OF SILICON VALLEY CLEAN WATER UNDER GOVERNMENT CODE SECTION 54953 OF THE BROWN ACT DURING EXISTENCE OF STATE OF EMERGENCY CONDITIONS RELATED TO THE COVID-19 PANDEMIC

## AGENDA ITEM 8B

**MASTER SERVICES AGREEMENTS  
FOR  
ACADEMIC ADVISORY COMMITTEE MEMBERS**

ISSUE

Approval of Master Services Agreements for Academic Advisory Committee Members

BACKGROUND

Over the past decade, SVCW has focused on upgrading existing processes and infrastructure to improve reliability, increase operational readiness, and better meet current and future regulatory requirements. During this same time, the wastewater industry has come to realize that byproducts of wastewater treatment – water, energy, and nutrients – are resources that can be effectively harvested. This paradigm shift, which has fueled many research and development initiatives, is an opportunity for the industry to contribute to a more sustainable future while reducing operating costs.

SVCW has partnered with researchers and innovative companies to take advantage of opportunities for resource recovery. SVCW is now known as an industry leader when it comes to supporting, selecting, developing, and implementing innovative resource recovery technologies.

DISCUSSION

With a focus on process optimization and resource recovery, there are tremendous opportunities for improvement and efficiency. SVCW engineering and operations staff are exploring how new biological and physical-chemical processes, or the modification of existing process operating strategies can improve the operation and cost efficiency of the treatment plant. Since changes and improvements made to one process could have a detrimental impact on other subsequent processes, it is very important to have fundamental knowledge of all wastewater processes and how they interact with each other. Lessons learned from researching and developing new technologies or knowledge of the state-of-the art is also very important to not repeat mistakes from the past or lose time reinventing the wheel. Additionally, a broad knowledge of the industry and its actors can only help expedite access to information. Therefore, SVCW staff is seeking to create an “Academic Advisory Committee” composed of three experienced university professors who are internationally renowned for their expertise, their vision, and their extensive contribution to the wastewater industry.

The purpose of the Academic Advisory Committee will be to give guidance and perspective to SVCW staff on expected impacts of innovative processes and control strategies on SVCW’s treatment processes. They will be asked to review information provided by consultants who are designing capital improvements as well as ideas that are generated by SVCW Operations and Process Control and Engineering staff.

SVCW staff conducted a search and identified Dr. George Tchobanoglous (University of California, Davis), Dr. Mike K. Stenstrom (University of California, Los Angeles) and Dr. Krishna Pagilla (University of Nevada, Reno). Below are brief summaries of each

professor's biographies. More detailed biographies are provided as an attachment to this agenda letter.

**Dr. George Tchobanoglous**

Dr. Tchobanoglous is a professor emeritus in the University of California Davis Department of Civil and Environmental Engineering. He is an international authority on wastewater treatment, management, and reuse. He is widely recognized for promoting the use of new technologies in four key areas: construction of wetlands for wastewater treatment; application of alternative filtration technologies; ultraviolet disinfection for wastewater reuse applications; and decentralized wastewater management.

**Dr. Mike K. Stenstrom**

Michael K. Stenstrom is a Distinguished Professor in the Civil and Environmental Engineering Department at the University of California, Los Angeles. He has a Ph.D. in Environmental Systems Engineering from Clemson University (1976) and is a registered professional engineer in California (1982). Professor Stenstrom is a frequent consultant to various industries and municipalities who wish to improve their wastewater treatment as well as environmental engineering firms. He is very familiar with the design and operation of municipal treatment, industrial treatment and pretreatment systems and is recruited worldwide for his expertise in aeration.

**Dr. Krishna Pagilla**

Dr. Krishna Pagilla is a Ralph E. and Rose A. Hoeper Professor and Chair of the Department of Civil and Environmental Engineering at the University of Nevada, Reno. Dr. Pagilla's expertise is in the field of water quality, water resource recovery, water reuse and environmental biotechnology. He researched and published over 200 works on those subjects in leading publications.

To work with the professors, SVCW requires Master Services Agreements to be established. Staff has worked with the individual to develop scopes of work and budget for their academic advisory services. Budgets are not-to-exceed \$10 thousand for each professor at an hourly labor rate of \$200 plus travel expenses, if necessary.

**FINANCES**

Funding for the Academic Advisory services will derive from either CIP project budgets and/or engineering operating funds, depending on the specific tasks the Committee is addressing. Each fund has sufficient budget to cover the expected expenses.

**RECOMMENDATION**

- i. Move adoption of RESOLUTION APPROVING MASTER SERVICES AGREEMENT FOR DR. GEORGE TCHOBANOGLIOUS
- ii. Move adoption of RESOLUTION APPROVING MASTER SERVICES AGREEMENT FOR DR. MIKE K. STENSTROM
- iii. Move adoption of RESOLUTION APPROVING MASTER SERVICES AGREEMENT FOR DR. KRISHNA R. PAGILLA

**Attachment to Commission Agenda Item 8B  
November 15, 2021**

**Biography of Dr. George Tchobanoglous**

Dr. Tchobanoglous is a professor emeritus in the University of California Davis Department of Civil and Environmental Engineering. He is an international authority on wastewater treatment, management, and reuse. He is widely recognized for promoting the use of new technologies in four key areas: construction of wetlands for wastewater treatment; application of alternative filtration technologies; ultraviolet disinfection for wastewater reuse applications; and decentralized wastewater management.

Dr. Tchobanoglous is the author or coauthor of over 600 publications, including 27 textbooks, and 8 engineering reference books. His textbooks are in use in more than hundreds of educational institutions.

Dr. Tchobanoglous received the Athalie Richardson Irvine Clarke Prize from National Water Research Institute in 2003. In 2004, he was awarded the Distinguished Service Award for Research and Education in Integrated Waste Management from the Waste-to-Energy Research and Technology Council and was inducted into the National Academy of Engineering. In 2005, he was awarded an honorary doctorate by the Colorado School of Mines. In 2006, he was the Distinguished Lecturer for the Department of Civil, Architectural and Environmental Engineering, University of Texas, Austin, Texas. In 2007, he received the Frederick George Pohland Medal awarded by American Academy of Environmental Engineers and the Association of Environmental Engineering and Science Professors. In 2017, he received Honorary Doctor of Engineering Degrees from the Technical University of Crete, Greece and Aristotle University of Thessaloniki, Greece. In 2019, he was elected Corresponding Member of the Academy of Athens.

**Biography of Dr. Mike K. Stenstrom**

Michael K. Stenstrom is a Distinguished Professor in the Civil and Environmental Engineering Department at the University of California, Los Angeles. He has a Ph.D. in Environmental Systems Engineering from Clemson University (1976) and is a registered professional engineer in California (1982). He has been with UCLA since 1977 in the capacity of assistant, associate, professor, and Distinguished Professor, in addition to several university administrative assignments, including Chair of the Civil and Environmental Engineering Department and Director of the Institute of the Environment. From 2001 to 2003 he was Associate Dean of the Henry Samueli School of Engineering and Applied Science. He teaches undergraduate and graduate courses in water and wastewater treatment, mathematical modeling of environmental systems, and laboratory analysis.

At Clemson University, he taught courses in biological process design. He taught operator training courses at Tri-County Tech near Anderson and Clemson. He also has performed research in these areas and has published over 220 journal papers. Prior to joining UCLA, he worked for the Amoco Oil Company in Naperville, IL, where he



performed research to improve petroleum refinery wastewater treatment. At Amoco he was also responsible for treatment plant process design, and designed wastewater treatment facilities for five Amoco refineries. He has won several awards including the Harrison Prescott Eddy Prize for innovative research (Water Environment Federation, 1994, 2014, 2020), the Walter L. Huber Award (ASCE), the Best Dissertation Award (Association of Environmental Engineering and Science Professors), the Dow Environmental Care Award, the Los Angeles Basin Section (California WEF) Research Award., and two research innovation awards from the Los Angeles Regional Water Quality Control Board.

Professor Stenstrom is a frequent consultant to various industries and municipalities who wish to improve their wastewater treatment. He is very familiar with the design and operation of municipal treatment systems and industrial treatment and pretreatment systems. In California, he is currently advising the County Sanitation Districts of Los Angeles County, the Miami-Dade Water and Sewer District, and Great Lakes Water Authority. He has also consulted for the Sacramento County Department of Public Works, Central Contra Costa Sanitary District, Union Sanitary District, the County of San Diego, and more than twenty other treatment agencies within and outside of California. He has also been a frequent consultant to environmental engineering firms. He is recruited worldwide for his expertise in aeration.

In recent years, Professor Stenstrom has been working on stormwater management and the development of best management practices for stormwater in highly urbanized environments such as Los Angeles. He was a board member of Heal-the-Bay for 8 years and co-chaired their Scientific Advisory Board during the founding of the organization.

### **Biography of Dr. Krishna Pagilla**

Dr. Krishna Pagilla is a Ralph E. and Rose A. Hoeper Professor and Chair of the Department of Civil and Environmental Engineering at the University of Nevada, Reno (UNR). He is also the director of Nevada Water Innovation Campus at UNR and the past president of the Nevada Water Environment Association.

Dr. Pagilla's expertise is in the field of water quality, water resource recovery, water reuse and environmental biotechnology. He researched and published over 200 works on those subjects in leading publications. Among his numerous awards for professional achievements, he received the Thomas R. Camp Applied Research Award (2013) and Fair Distinguished Engineering Educator Award (2013) from the Water Environment Federation (WEF). He received Harrison Prescott Eddy Medal for Outstanding Applied Research on Wastewater Principles and Processes (2011) from WEF and the Bill Boyle Outstanding Educator Award (2012) from the Central States Water Environment Association.

Dr. Krishna Pagilla is the Chair of the USA National Committee (USANC) of International Water Association (IWA) and serves as a member of the Governing Assembly of IWA. He has served on the Executive Board and was President (2012-13) of Illinois Water Environment Association, a WEF Member Association. He was the president of Nevada

Water Association (2020). Dr. Pagilla is a Fellow of both WEF and IWA. Dr. Pagilla has a PhD degree in Civil/Environmental Engineering from the University of California (Berkeley, CA). Dr. Pagilla is a Registered Professional Engineer (PE) in Illinois and California, and Board Certified Environmental Engineer (BCEE) of the American Academy of Environmental Engineers.