

**COMMISSION OF SILICON VALLEY CLEAN WATER  
JOINT POWERS AUTHORITY  
REGULAR MEETING – Monday, April 11, 2022  
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 6 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. 8
- B. Manager's Report
  - 1. Upcoming Commission Actions.....pg. 11
  - 2. Letters of Commendation to SVCW Staff.....pg. 13
- C. Financial Report
  - 1. Investment Report.....pg. 16
- D. Engineering Capital Projects Report.....pg. 20
- E. Commission Requested Staff-Level Action Items..... pg. 24
- F. RESCU Program Design-Build Project Status Update..... pg. 27

6. MATTERS OF COMMISSION MEMBER'S INTEREST

7. CONSIDERATION OF MOTION APPROVING CONSENT CALENDAR (begins pg. 35)

8. BUSINESS ITEMS

- A. CONSIDERATION OF RESOLUTION APPROVING REMOTE COMMISSION MEETINGS UNDER GOVERNMENT CODE SECTION 54953 OF THE BROWN ACT DURING EMERGENCY CONDITIONS (pg. 47)

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 MOTIONS AND RESOLUTION AWARDDING CONSTRUCTION CONTRACT AND APPROVAL OF ENGINEERING SERVICES DURING CONSTRUCTION TASK ORDER FOR DIGESTER NO. 1 REHABILITATION PROJECT (CIP #9215) (pg. 50)

Proposed Action:

- i. Move approval to SUSPEND COMPETITIVE BIDDING REQUIREMENTS FOR DIGESTER NO. 1 REHABILITATION PROJECT (CIP #9215) ON THE GROUNDS THAT THE PUBLIC INTEREST WOULD NOT BE SERVED BY

STRICT COMPLIANCE WITH SAID REQUIREMENTS (5/7<sup>th</sup> WEIGHTED VOTE COUNT REQUIRED)

- ii. Move adoption of RESOLUTION APPROVING CONTRACT DOCUMENTS AND ACCEPTING NEGOTIATED BID PRICE FOR DIGESTER NO. 1 REHABILITATION PROJECT (CIP #9215) WITHOUT COMPETITIVE BIDDING, FINDING THAT COMPETITIVE BIDDING WOULD BE UNAVAILABLE, WOULD NOT PRODUCE AN ADVANTAGE NOR BE IN THE PUBLIC INTEREST; AUTHORIZING EXECUTION OF AGREEMENT FOR SAID WORK, AND AUTHORIZE MANAGER TO APPROVE CHANGE ORDERS UP TO TEN PERCENT OF THE CONTRACT VALUE FOR SAID PROJECT – TRINET CONSTRUCTION INC. (\$2,539,269)
- iii. Move approval of TASK ORDER FOR ENGINEERING SERVICES DURING CONSTRUCTION FOR DIGESTER NO. 1 REHABILITATION PROJECT (CIP #9215) IN AN AMOUNT NOT TO EXCEED \$169,600 AND AUTHORIZE MANAGER TO APPROVE UP TO A TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – KENNEDY JENKS.

C. CONSIDERATION OF RESOLUTIONS APPROVING FISCAL YEAR 2022-23 ANNUAL OPERATING AND CAPITAL EXPENDITURES BUDGET (pg. 56)

Proposed Action:

- i. Move adoption of RESOLUTION ADOPTING FISCAL YEAR 2022-23 REVENUE PLAN IN THE AMOUNT OF \$29,259,151 IN NET OPERATING REVENUES REQUIRED AND \$1,404,000 FOR REVENUE-FUNDED CAPITAL PROJECTS
- ii. Move adoption of RESOLUTION ADOPTING FISCAL YEAR 2022-23 CASH RESERVE DESIGNATIONS IN THE AMOUNT OF \$2,500,000 TO THE CAPITAL IMPROVEMENT PROGRAM RESERVE FUND AND \$111,176 TO THE OPERATING RESERVE FUND
- iii. Move adoption of RESOLUTION ADOPTING FISCAL YEAR 2022-23 DEBT SERVICE EXPENDITURES IN AN AMOUNT OF \$18,860,826
- iv. Move adoption of RESOLUTION AUTHORIZING SVCW MANAGER TO IMPLEMENT, MANAGE AND APPROVE EXPENDITURES AUTHORIZED WITHIN THE FISCAL YEAR 2022-23 ANNUAL OPERATING AND CAPITAL EXPENDITURES BUDGET AS ADOPTED BY THE SILICON VALLEY CLEAN WATER COMMISSION

9. CLOSED SESSION - Not Used

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 – March 14, 2022 - Regular Meeting (pg. 35)
- B. CONSIDERATION OF MOTION APPROVING CLAIMS AND CHECKS DATED FEBRUARY 14, 2022, FEBRUARY 18, 2022, MARCH 1, 2022, AND MARCH 4, 2022, AND NECESSARY PAYMENTS THROUGH MARCH 4, 2022 (pg. 39)
- C. CONSIDERATION OF RESOLUTION APPROVING REIMBURSEMENT AGREEMENT WITH EDWARDS DEVELOPMENT FOR ENGINEERING AND QUALITY ASSURANCE SERVICES (pg. 41)

Proposed Action:

Move adoption of RESOLUTION APPROVING REIMBURSEMENT AGREEMENT FOR SERVICES RELATED TO MAPLE STREET FORCE MAIN MODIFICATIONS PROJECT (CIP #9504) – 1548 MAPLE LLC.

- D. CONSIDERATION OF MOTION AUTHORIZING TASK ORDER FOR FRONT OF PLANT (CIP #9502) STARTUP/COMMISSIONING OPERATIONS AND MAINTENANCE DOCUMENTATION (pg. 44)

Proposed Action:

Move approval of TASK ORDER SCOPE OF WORK AND BUDGET FOR OPERATIONS AND MAINTENANCE DOCUMENTATION SERVICES IN AN AMOUNT NOT TO EXCEED \$319,611 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – KENNEDY/JENKS CONSULTANTS

Microsoft Teams Access Information  
Silicon Valley Clean Water  
Regular Meeting  
Monday, April 11, 2022

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

**MEETING ID:** 395 025 034#

**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 change 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

## The Importance of Stretching

When most people think of fitness they think of cardiovascular and strength exercise, but there is another important component of fitness—stretching. If you want to develop and maintain optimal fitness, be sure to include stretching in your daily regimen. Stretching refers to a practice of elongating a muscle or muscle group to its fullest length. Our body naturally craves a “stretch” after long periods of sitting or inactivity. This natural instinct is your body’s way of telling you that stretching is good.

Stretching offers numerous health and fitness benefits:

- **Relaxation:** Put simply, stretching feels good. It’s an excellent way to cool down and relax after an invigorating workout. Furthermore, research has shown that stretching can lower blood pressure and improve artery function. It’s a natural stress reliever.
- **Increase flexibility:** Flexibility refers to the degree to which an individual muscle will lengthen. As we age, our muscles grow shorter and tighter and we become less flexible. As a result, we become more susceptible to injuries. Stretching is an effective way to maintain and increase flexibility. A regular stretching routine will keep you flexible—and hopefully, injury-free.
- **Improve circulation:** Stretching increases the blood flow to the muscles, which not only helps to nourish the muscles, but also helps to eliminate waste byproducts from muscle tissue.
- **Eliminate pain:** Many of us experience muscle tightness in our quadriceps, hamstrings, and hip flexors. What we may not realize is that this muscle tightness is a common cause of low back pain. Short, tight muscles result in impaired movement patterns and compensation, which leads to low back pain. A regular stretching routine can help solve this common problem.

### How and When Should I Stretch?

Stretching regimens should be performed at least three times per week, as well as before and after any exercise. Be sure to warm the muscles up for 5-10 minutes before you begin stretching. A warm-up consists of a light version of exercise to relax and loosen the muscles. The goal is to increase blood flow to the muscles and tendons.

Hold stretches gently for 20 to 45 seconds, repeating each stretch 2-3 times for any muscle groups you are loosening up. Pain should not be a part of stretching. It takes time for muscles to tighten up, so take your time during stretching to achieve maximum benefit.

### Dynamic Stretching (Use for Warm-Up)

Dynamic stretches are best utilized before your workout. These controlled movements prepare the muscles and other soft tissues for the upcoming activity by increasing muscle temperature and decreasing stiffness.



Dynamic stretches include:

- Walking lunge: With hands on hips, step and lunge without allowing the knee to pass over the ankle
- Torso twist: Gentle twisting with feet shoulder-width apart and arms at your side bent at a 90° angle
- Leg swing: Front to back slowly through the full range of motion

### **Static Stretching (Use for Cool-Down)**

Static stretching involves moving the muscle to the extent of its range of motion. Although static stretching increases flexibility and thus, decreases the risk of injury, it should be performed after a workout/activity or as a part of your stretching maintenance routine. This is because performing these types of stretches before a strenuous workout can limit the muscles' ability to react quickly.

Static stretches include:

- Hamstring stretch: With your back flat and knee straight (not locked), extend your leg and lean forward to feel the stretch in the back of the leg
- Quadriceps stretch: Holding your ankle, pull the leg back toward the buttock to stretch the front of the thigh.
- Posterior capsule stretch: Holding your opposite arm just above the elbow, pull the arm across the body to stretch the shoulder.

### **Stretching Tips**

To gain the benefits of stretching, it's important to stretch properly. Here are some tips:

- **Warm up.** Never stretch a cold muscle; it can result in injury. Instead, warm up with some cardiovascular activity prior to stretching. This will help make your muscles more pliable and conducive to stretching.
- **Breathe.** Sometimes we're inclined to hold our breath when stretching, but this is counterproductive because it results in tightness and resistance. Instead, breathe into a stretch. Breathe slowly and deeply. As you exhale, you may feel yourself naturally sink a little deeper into the stretch.
- **Be gentle.** Never force a stretch. Instead, gently ease your way into a stretch and let your body dictate how far you can go. Flexibility will naturally increase over time—forcing a stretch will only result in injury, not increased flexibility.
- **Engage your Abdominal Muscles.** During any stretching routine, be sure to engage your abdominal muscles to protect your back.
- **Be consistent.** The best way to build flexibility is with a consistent stretching routine. Aim for 3 to 5 days per week. If you commit to a stretching program, you will see results.

## AGENDA ITEM 5B1

Recurring and Upcoming 2022 Commission Actions  
Updated for April 2022 Meeting

January	February	March	April
<ul style="list-style-type: none"> <li>Review Investment Policy</li> <li>CIP Update (annual or biennial)</li> <li>Long Range Financial Plan</li> </ul>	<ul style="list-style-type: none"> <li>Recycled Water Planning</li> <li>Organic Co-Digestion Update</li> </ul>	<ul style="list-style-type: none"> <li>Budget Workshop</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> </ul>	<ul style="list-style-type: none"> <li>Conflict of Interest Update (Biennial; even-numbered years)</li> <li>Investment Program Status Annual Update</li> </ul>
September	October	November	December
<ul style="list-style-type: none"> <li>Review Debt Policy</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> <li>Specifications Update (annual or biennial)</li> </ul>

 - Recurring Commission Actions  
 - Upcoming Commission Actions

## AGENDA ITEM 5B2



April 11, 2022  
File 17-20

Mr. Brian Bruemmer  
Senior Plant Mechanic

Dear Mr. Bruemmer:

It is with great pride and satisfaction that the Commission of Silicon Valley Clean Water recognizes your being named Mechanical Technologist of the Year 2021 Santa Clara Valley Section and, even more impressively, the honor of winning the State award of the California Water Environment Association. While these honors bestow a great sense of personal achievement upon you, the recipient, they also bestow a sense of accomplishment and professionalism upon the entire organization.

Your willingness to go to the extra step to present a positive image of SVCW to your industry peers as well as to the public is to be commended. Your professional image has set the standard for your fellow employees at SVCW; your personal achievements have issued a challenge for them to meet.

On behalf of the Commission of the Silicon Valley Clean Water, I would like to congratulate you and commend you on your achievements.

Very truly yours,

DocuSigned by:  
*Alicia Aguirre*  
591D199BBC29495...  
Alicia Aguirre  
Commission Chair  
Silicon Valley Clean Water



April 11, 2022  
File 17-20

Ms. Tiffany Ishaya  
Senior Laboratory Analyst

Dear Ms. Ishaya:

It is with great pride and satisfaction that the Commission of Silicon Valley Clean Water recognizes your being named Laboratory Person of the Year 2021 Santa Clara Valley Section and, even more impressively, the honor of winning the State award of the California Water Environment Association. While these honors bestow a great sense of personal achievement upon you, the recipient, they also bestow a sense of accomplishment and professionalism upon the entire organization.

Your willingness to go to the extra step to present a positive image of SVCW to your industry peers as well as to the public is to be commended. Your professional image has set the standard for your fellow employees at SVCW; your personal achievements have issued a challenge for them to meet.

On behalf of the Commission of the Silicon Valley Clean Water, I would like to congratulate you and commend you on your achievements.

Very truly yours,


DocuSigned by:  
*Alicia Aguirre*  
591D199BBC29495...

Alicia Aguirre  
Commission Chair  
Silicon Valley Clean Water

## AGENDA ITEM 5C1

**Silicon Valley Clean Water Authority**  
**Cash & Investments Summary Report**  
**February 28, 2022**

Description	Market Value	% of Total Holdings	Yield
<b><u>Reserve Accounts</u></b>			
Operating Reserve* - Securities	\$ 3,712,506	2.00%	0.95%
Operating Reserve - Money Market Fund Balance	80,422	0.04%	0.02%
CIP Reserve* - Securities	18,291,407	9.86%	1.70%
CIP Reserve - Money Market Fund Balance	897,356	0.48%	0.02%
Stage 2 Capacity Reserve* - Securities	14,237,160	7.68%	1.66%
Stage 2 Capacity Reserve - Money Market Fund Balance	374,661	0.20%	0.02%
<b>Total Market Value: Operating and Reserve Accounts</b>	<b>\$ 37,593,511</b>	<b>20.3%</b>	<b>1.55%</b>
Total Accrued Interest: Operating and Reserve Accounts	128,062		
<b>GRAND TOTAL, RESERVE ACCOUNTS</b>	<b>\$ 37,721,573</b>		
<b><u>Trustee Accounts:</u></b>			
2018 Bond Project Fund Account - CAMP	\$ 7,505,828	4.05%	0.06%
2018 Bond Revenue Account	7	0.00%	0.01%
2019A Notes WIFIA - Money Market Fund	1,580,279	0.85%	0.01%
2019A Notes Capitalized Interest Account* - Securities	12,471,232	6.72%	2.25%
2019A Notes Capitalized Interest Account - Money Market Fund	3,149,642	1.70%	0.01%
2021 Refunding Bonds Revenue Account	4	0.00%	0.01%
2021 Refunding Bonds Interest Account	0	0.00%	0.01%
2021A Notes (RESCU) - Money Market Fund	285,943	0.15%	0.01%
2021A Notes (RESCU) - LAIF	50,300,000	27.12%	0.28%
2021B Notes (WWTP) - Money Market Fund	4,336,127	2.34%	0.01%
2021B Notes (WWTP)* - Securities	39,421,245	21.25%	1.21%
2021B Notes (WWTP) - LAIF	24,400,000	13.16%	0.28%
2021 Notes Capitalized Interest Account - Money Market Fund	2,051,508	1.11%	0.01%
2021 Notes Cost of Issuance Account	49,093	0.03%	0.01%
<b>Total Market Value, Trustee Accounts</b>	<b>\$ 145,550,907</b>	<b>78.48%</b>	<b>0.67%</b>
Accrued Interest:	94,782		
Operating Cash (includes outstanding checks)	2,115,453	1.14%	0.00%
Local Agency Investment Funds (LAIF) Balance	210,549	0.11%	0.28%
<b>Total Cash &amp; Investments</b>	<b>\$ 185,693,264</b>	<b>100.00%</b>	<b>0.84%</b>

  
Matthew P Anderson  
Chief Financial Officer / Assistant Manager

3/14/2022  
Date

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



**Silicon Valley Clean Water**  
**Operating and Reserve Funds - Sector Allocation & Compliance February 28, 2022**

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	\$ 1,733,312	\$ 7,845,082	\$ 6,081,367	\$ 15,659,762	42%	100%	✓	0.0%
Supranationals	349,639	-	-	349,639	1%	15%	✓	0.0%
Federal Agency/GSE	639,330	1,919,745	1,431,630	3,990,706	11%	100%	✓	0.0%
Federal Agency/CMBS	-	525,903	361,105	887,008	2%	100%	✓	0.0%
Federal Agency CMO	-	958,123	730,216	1,688,339	4%	100%	✓	(1.0%)
Federal Agency MBS	-	2,273,201	1,824,244	4,097,445	11%	100%	✓	0.0%
Municipal	-	885,051	716,811	1,601,862	4%	30%	✓	0.0%
Corporate Notes	624,435	3,335,657	2,675,391	6,635,484	18%	30%	✓	0.0%
Asset-Backed Securities	365,789	548,644	416,395	1,330,828	4%	10%	✓	0.0%
<b>Securities Sub-Total</b>	<b>3,712,506</b>	<b>18,291,407</b>	<b>14,237,160</b>	<b>36,241,073</b>	<b>96%</b>			
Accrued Interest	10,321	70,252	47,489	128,062				
<b>Securities Total</b>	<b>3,722,827</b>	<b>18,361,659</b>	<b>14,284,649</b>	<b>36,369,135</b>				
Money Market Fund	80,422	897,356	374,661	1,352,438	4%	20%	✓	1.6%
<b>Total Investments</b>	<b>\$ 3,803,249</b>	<b>\$ 19,259,015</b>	<b>\$ 14,659,309</b>	<b>\$ 37,721,573</b>	<b>100%</b>			
<i>As % of 6/30/22 Target:</i>	<i>98.9%</i>	<i>93.4%</i>	<i>100.0%</i>	<i>96.4%</i>				

*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 bond, 2019A note, 2021 bond, 2021A and 2021B notes 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 and 2021A&B notes 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: MARCH 2022  
CAPITAL IMPROVEMENT PROGRAM****UPCOMING COMMISSION ACTIONS:****Digester #1 Rehabilitation (9215):** Rehabilitation of Digester #1.

This project includes repair of coatings, mechanical, and structural elements in Digester #1. The design of the project was completed by Kennedy/Jenks. The project was publicly advertised for bidding. Bids were due and opened on March 4, 2022. A single bid was received, which was higher than anticipated and budgeted. SVCW negotiated with the bidder and reached agreement on cost and scope.

Planned Commission Actions: Award Construction Contract – April 2022

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

SVCW 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.

As the FoP and PSI projects near their startup and commissioning phases, SVCW staff is developing the plan for an organized transition. The process will include: verifying that the projects have been constructed according to the design and that all pieces of equipment operate as expected, training O&M staff, and developing documentation. Scopes and budgets have been developed for consultant assistance with startup and commissioning, to be brought to the Commission in April.

Work to connect San Carlos and Belmont flows to the new gravity pipe were not originally designed and priced into the Stage 2 contracts. One segment will be done by BBJV under the GP project and one by SPJV under the PSI project. A change order was awarded to BBJV in February and a change order to SPJV will be brought to the Commission in May.

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

Planned Commission Actions: Consultant Task Orders for Startup and Commissioning Services – April 2022

Contract Change Order for Connecting Pipe Construction – May 2022

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

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

Planned Commission Actions: Accept Construction Project – May 2022

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

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

Planned Commission Actions: Accept Construction Project – May 2022

**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, the project bid and construction is in progress with anticipated completion in May.

Planned Commission Actions: Accept Construction Project – June 2022

**Return Activated Sludge (RAS) Pipe Rehabilitation (9120):** Rehabilitate RAS piping.

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 have been conducted indicating that these pipes have significant corrosion and have lost up to 30% pipe wall thickness. Kennedy Jenks has completed design for rehabilitation of the pipeline.

The project was publicly advertised for bidding but was cancelled in February after staff received feedback from bidders about issues with the materials procurements. Additionally, impacts of the construction on plant operations were anticipated to conflict with RESCU startup and commissioning. Canceling the bid offers an important opportunity to combine this project with the Waste Activated Sludge (WAS) pipeline rehabilitation project. WAS and RAS pipelines would require the same shutdowns and contractors will have the benefits of doing work on both pipes in the same shutdown which will offer economy of scale. The project will be rebid in late 2022.

Planned Commission Actions: Award Construction Contract – Anticipated to be December 2022

## **ONGOING PROJECTS IN CONSTRUCTION:**

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

Recoating concrete surfaces in Primary Sedimentation Tanks 3 and 4, in Primary Influent Channel, and Primary Effluent Channel. Work needs to ensure continued treatment in other tanks and channel. Hatches on the deck above the tanks are aluminum and significant corrosion is visible; the hatches will be replaced with FRP (fiberglass reinforced plastic) hatches.

The extreme storm event on October 24, 2021 presented the potential for flooding due to constricted flow, in turn posing significant risk to the facilities and permit compliance. For these reasons, staff instructed the contractor to remove a channel bypass that was placed for this project and to stop work. The remaining work has been moved to this year's dry season period.

**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.

SVCW also received final grants contract documents from USBR in February.

## AGENDA ITEM 5E

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

**APRIL 11, 2022**  
**AGENDA ITEM 5E**

Updated: 3/28/2022

Commission Meeting Date		Action Item	Requested or Estimated Date for Completion	Status			Date of Completion	Notes
				Ongoing	In Progress	Complete		
3/14/2022	1	CWEA State Employee Awards	4/11/2022		✓			Ask winners of State CWEA awards to attend and be recognized by Commission
	2	Remote Meetings	April or May		✓			Determine when to return to onsite meetings
2/14/2022	1	Recycled Water	N/A		✓			Possible BAWSCA water system facilities tour May 31; attendance dependent on BAWSCA Board members interest first
1/10/2022	1	Long-Range Financial Plan	prior to finalizing			✓		Enhance discussion re: nominal savings and NPV savings as to reflect (positive) impact on fixed-income individuals. Enhance description of dips and increases on treatment unit costs (primarily dependent on flows/drought conditions). LRFP redistributed to member agency finance staff.
12/13/2021	1	Investment Report Summary	N/A			✓		Show information on p. 43 of report for <u>all</u> funds on a single summary page (esp. Yield @ cost and Yield @ market)
	2	Article in Climate Magazine featuring SVCW	N/A			✓	12/13/2021	Send copy of article to all Commissioners
	3	RESCU Update	1/10/2022			✓	1/3/2022	Analyze effect of including all known risks into LRFP model. State values as \$ (vs %) as this translates to rates more readily
	4	Commission meeting dates	1/10/2022			✓	1/3/2022	Bring to Commission an agenda item to change meeting dates to 2nd Monday/month (vs 3rd Monday/month)
11/15/2021	1	Recycled Water Exploratory Program	Jan/Feb			✓	2/14/2022	Provide discussion on PREP (Potable Reuse Exploratory Program), status and activities. Summary provided Feb 14.
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			✓	11/9/2021	MTBM became stuck while tunneling the Belmont Gravity Pipe. It was repaired & tunneling continues. No schedule impact.
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			✓		Included in December Commission meeting agenda



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

**APRIL 11, 2022**  
**AGENDA ITEM 5E**

Updated: 3/28/2022

Commission Meeting Date	Action Item		Requested or Estimated Date for Completion	Status			Date of Completion	Notes
				Ongoing	In Progress	Complete		
7/16/2021	1	Cyber-Security Training	N/A			✓	11/15/2021	Reported at November Commission meeting
	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 February 2022, source remains 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						
> 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. Incorporate plant capacity information re: connection fees.
	2	Project Changes/Commission Notification	N/A	✓			Ongoing	Ensure Commission is kept apprised of possible/potential project cost and/or schedule increases.
	3	Maple Street Development	N/A	✓				SVCW and RWC staff coordinating efforts and messages to developer to protect mutual and exclusive interests.
	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

Overview



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

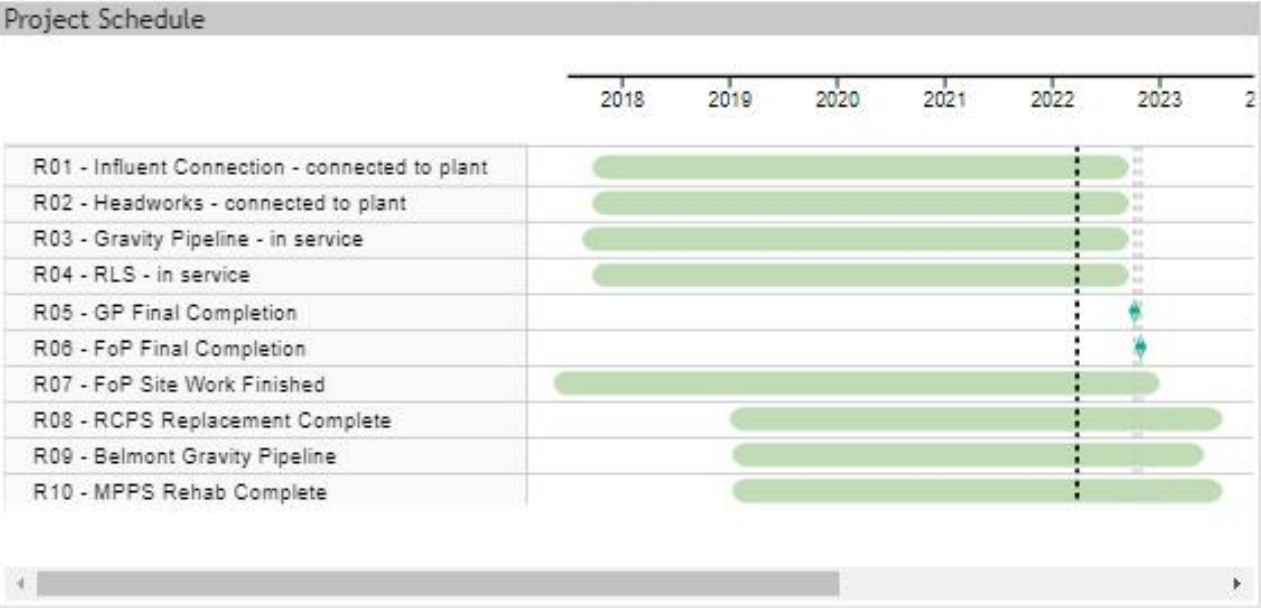
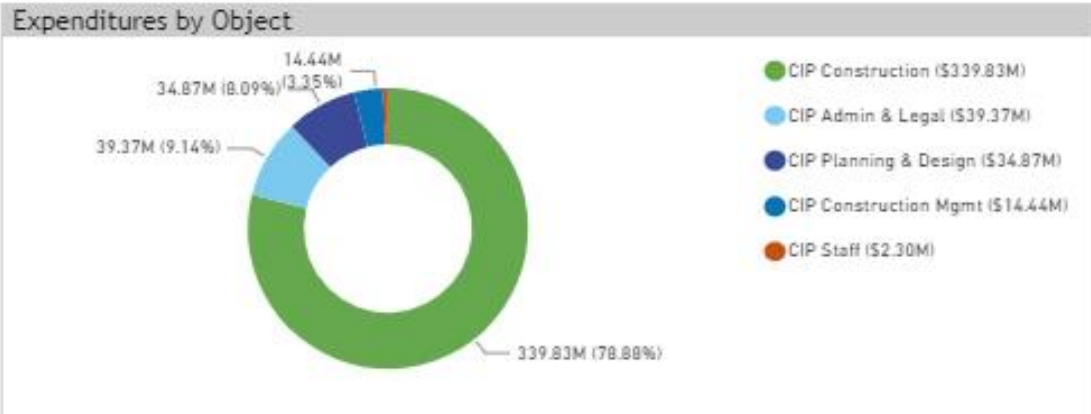
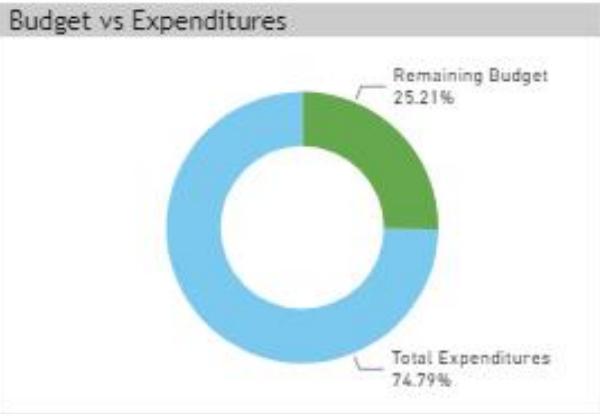
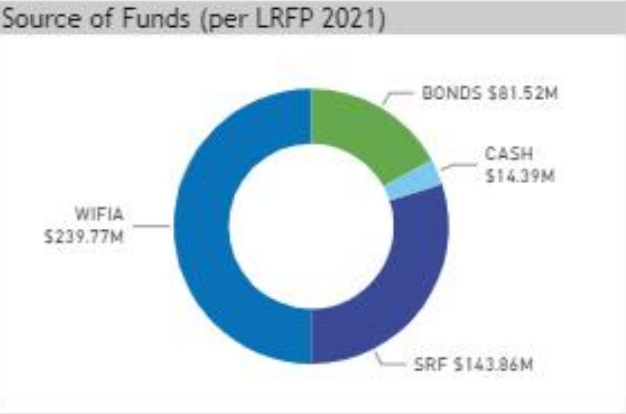
\$574.16M

Total Expenditure

\$429.43M

Remaining Budget

\$144.73M



NOTE: all information in this report are as of the end of previous month, except for the SPI data, which is one month behind all other information.



# 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

\$162.21M

## Total Expenditure

\$122.73M

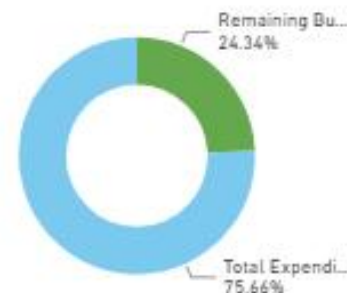
## Remaining Budget

\$39.48M

## Milestone Schedule

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

## Budget vs Expenditures



## Expenditures by Object



## Cost Performance Index (CPI)



## Schedule Performance Index (SPI)



## Major Accomplishments this Period

Construction	<ul style="list-style-type: none"> <li>- SPJV worked on miscellaneous punch list items around the Headworks Facility including PVC pipe coating.</li> <li>- SPJV installed process piping and instrumentation for the odor control units at the Headworks Facility.</li> <li>- SPJV continued electrical work throughout Headworks Facility, including installation of conduit and device boxes, pulling, terminating, and testing various control, signal, and communication conductors.</li> <li>- SPJV began the excavation for the foul air and overflow pipe that runs from the south side of the Headworks Facility to the SFS. SPJV to continue working on placing bedding, pipe installation, and backfill.</li> <li>- SPJV continues installation of conduit throughout the RLS maintenance platform.</li> <li>- SPJV pulled variable-frequency drive cables for the RLS pumps from the electrical room to the RLS mezzanine platform.</li> <li>- SPJV completed the construction of the SFS second pass walls and continues working on the fill concrete at the invert of the shaft that will divert flow from the gravity pipeline to the inlet of the RLS manifold.</li> <li>- SPJV began the installation of one water, three water, and recycled water utility lines in the precast concrete utilidor.</li> </ul>
Design	<ul style="list-style-type: none"> <li>- CID held the Software Acceptance Testing workshops to demonstrate that the software is in full compliance with the approved Control Strategies during the last week of March with the SVCW Operations team.</li> </ul>
Procurement of Trade Packages	<ul style="list-style-type: none"> <li>- Most of the electrical cables have been procured and arrived onsite.</li> <li>- RLS pumps received exterior and interior protective coatings and are being assembled to be shipped to the project site from Vallejo.</li> <li>- SPJV received valves that will be used for the influent bypass to be installed later this year.</li> </ul>

## 3 - Month Look Ahead

	Start	End	April	May	June
Install RLS Submersible Non-Clog Pumps	April 11, 2022	April 29, 2022	x		
Install SFS Second Pass Walls	March 14, 2022	May 9, 2022	x	x	
Pull Cable and Terminate to RLS Instruments	March 14, 2022	June 17, 2022	x	x	x
Install conduit, pull and terminate cables throughout the Headworks Facility	September 27, 2021	May 27, 2022	x	x	
Install SFS Sloped Concrete (connection from gravity tunnel to RLS manifold inlets)	February 28, 2022	June 28, 2022	x	x	x
Procure and begin installation of Utilidor Lines	January 17, 2022	April 4, 2022	x		

## Potential Issues

Bair Island and San Carlos Pump Station Pipe Connection Work  
 Intrinsically Safe Relay Panel  
 Plant water pipeline size upgrade and related fixtures  
 Utilidor extension for piping

## Project Changes

Change order for odor control system  
 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

\$264.36M

## Total Expenditure

\$242.24M

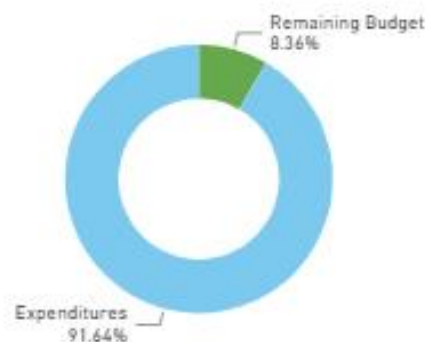
## Remaining Budget

\$22.11M

## Milestone Schedule

	Start	Finish
San Carlos Inlet Structure Installation	5/13/2022	6/20/2022
Bair Island Inlet Structure Installation	1/4/2022	5/12/2022
FRP Pipe Installation and Annular Grout	9/27/2021	3/9/2022
Basement Connection	2/15/2022	6/6/2022
Substantial Completion		7/1/2022

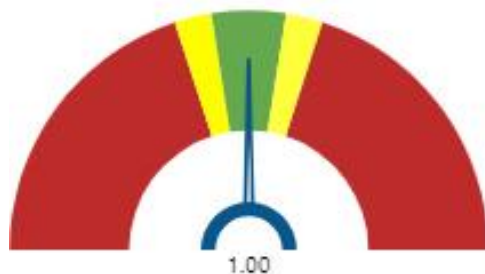
## Budget vs Expenditures



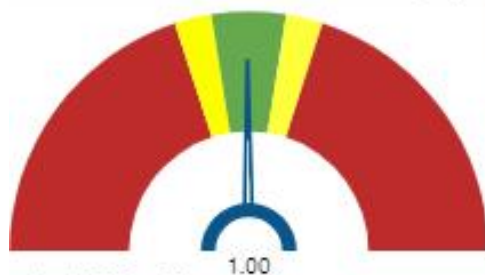
## Expenditures by Object



## Cost Performance Index (CPI)



## Schedule Performance Index (SPI)



As of: 2022 - 03



## Major Accomplishments this Period

Construction	<ul style="list-style-type: none"> <li>- BBJV completed grouting the last half of the second tunnel drive and the grout subcontractor demobilized. BBJV completed the remaining pipe installation in the second tunnel drive.</li> <li>- BBJV continued installation of the Bair Island Drop Structure</li> <li>- BBJV completed relocating the sump in the San Carlos Pump Station and began grouting in preparation for excavation for the Basement Connection.</li> </ul>
Design	- BBJV completed transferring Connecting Piping design documents to SPJV
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	- Outreach in conformance with SRF and WIFIA funding requirements

## 3 - Month Look Ahead

	Start	End	April	May	June
Bair Island Drop Structure Installation	January 4, 2022	May 12, 2022	x	x	
Basement Connection - Pipe Installation	February 15, 2022	June 6, 2022	x	x	x
San Carlos Drop Structure Installation	May 13, 2022	June 20, 2022		x	x

## Potential Issues

Additional costs for SFS Break-in approach

## 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  
 SCPS Basement Connection  
 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.

Available Budget

\$132.29M

Total Expenditure

\$53.98M

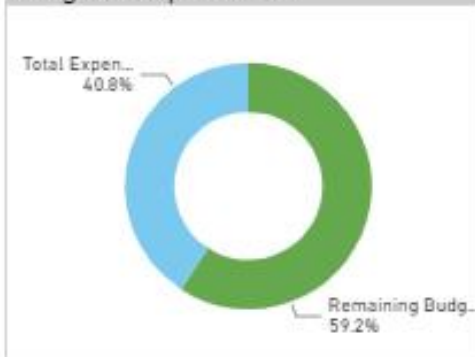
Remaining Budget

\$78.31M

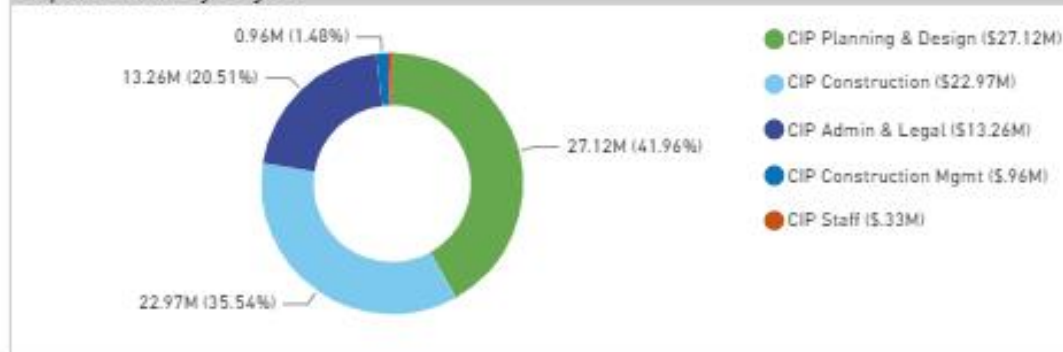
## Milestone Schedule

	Start	Finish
BGP - Gravity Pipe Installed	9/30/2022	12/13/2022
MPPS - A-side Pumps Completed	8/25/2022	2/11/2023
MPPS - B-side Pumps Completed	3/15/2022	8/24/2022
MPPS - Segment 1 and 2 CARVs Completed	3/15/2022	6/21/2022
RCPS - Electrical Building Completed	2/8/2021	2/3/2023
RCPS - PG&E Service Work	11/15/2022	11/30/2022
RCPS - Wet Well & Screening Building Completed	3/24/2023	4/7/2023
Substantial Completion - BGP		6/5/2023
Substantial Completion - MPPS		8/7/2023
Substantial Completion - RCPS		8/7/2023

## Budget vs Expenditures



## Expenditures by Object



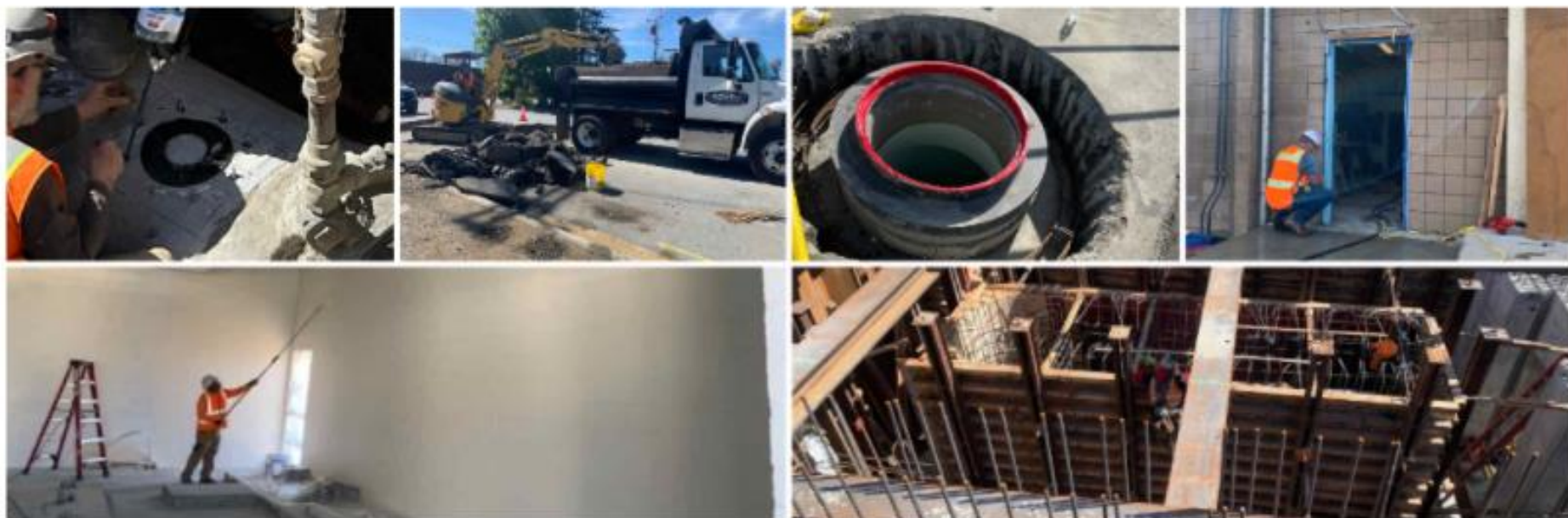
## Cost Performance Index (CPI)



## Schedule Performance Index (SPI)



As of: 2022 - 03





## Major Accomplishments this Period

Construction	<p>BGP - PEC has begun Phase 3 of traffic control along Shoreway Road and is preparing to begin shaft construction of RS3. Cal Water has completed the re-route of their water line that conflicted with the RS3 shaft footprint. PG&amp;E has also completed their work for relocating the Public Storage service line that also conflicted with the RS3 footprint.</p> <p>RCPS - SPJV has placed the concrete for the 1st lift of the interior walls of the screening building. They have also painted the interior of the electrical building and installed interior ducting for the HVAC system.</p> <p>- MPPS: SPJV and SVCW began the shutdown of the MPPS B-side Wet Well and SPJV began work within the wet well. PEC installed vacuum release valves in three existing vaults along the Segment 2 force main at Bair Island and are preparing to install new air release and vacuum release valves in three locations along the Segment 1 force main. SPJV has also installed conduit between the existing transformer and new meter main pad and are preparing to place concrete for the pad.</p>
Design	<p>BGP - SPJV is preparing to hold a workshop with SVCW to review the selected alternative for declassifying the San Carlos Pump Station.</p> <p>RCPS - SPJV continues to evaluate construction methods and pricing for work to install the 60-inch pipe at RCPS.</p>

## 3 - Month Look Ahead

	Start	End	April	May	June
MPPS - PG&E Design and Construction	August 26, 2020	September 15, 2022	x	x	x
MPPS - Segment 1 and 2 CARVs	March 15, 2022	June 21, 2022	x	x	x
MPPS - Building/Roof Improvements	September 10, 2021	November 29, 2022	x	x	x
MPPS - Electrical Room Improvements	July 6, 2021	December 12, 2022	x	x	x
BGP - Install Shoring and Excavate RS3	March 23, 2022	April 26, 2022	x		
BGP - Remobilize Microtunnel Subcontractor and Install Microtunnel from JS4 to RS4	May 17, 2022	June 24, 2022		x	x
RCPS - Wet Well & Screening Building Excavation and Backfill	May 24, 2021	September 26, 2022	x	x	x
RCPS - Wet Well and Screening Building Structural Concrete	September 8, 2021	November 29, 2022	x	x	x
RCPS - Electrical Building & Restroom	February 8, 2021	February 3, 2023	x	x	x

## Potential Issues

Additional costs due to paving thickness in City of San Carlos
BGP Piping in San Carlos Pump Station
Challenges from permitting and land acquisition conditions at RCPS
Redwood City 60-inch Pipe Installation/Connection

## Project Changes

BGP Design Development
Differing Site Conditions and MPPS Generator Warranty Release
Segment 1 Force Main Junction Box Repairs
Stage 2 Baseline Schedule Revision
Traffic Control Changes Allowance Release

## Safety Spot Light

Lost Time	0
Near Misses	0
Recorded Losses	0

## AGENDA ITEM 7A

**MINUTES OF SILICON VALLEY CLEAN WATER**

**REGULAR MEETING – March 14, 2022**

**8:00 a.m.**

**This meeting took place remotely pursuant to  
SVCW Resolution No. 22-06 due to coronavirus pandemic**

**ITEM 1**

**CALL TO ORDER**

The meeting was called to order at 8:00 a.m.

**ITEM 2**

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

Council Member Jeff Gee, Redwood City – Alternate  
Board Member George Otte, West Bay Sanitary District – Vice-Chair  
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 & Environmental Services Director  
Kara Tremblay, SVCW Engineer  
Cindy Hui, SVCW Accounting Supervisor  
Kiki Newberry, SVCW Financial Analyst  
Jessica Mangual, SVCW Secretary Pro Tem  
Mark Minkowski, Kennedy Jenks  
Sheryl Chia, Kennedy Jenks  
Derek Rampone, City of Redwood City  
Molly Flowerday, City of Redwood City  
Theresa Yee, City of Redwood City  
Aren Hansen, Brown & Caldwell  
EJ Shalaby, DNS Strategic Partners  
Sergio Ramirez, West Bay Sanitary District  
Debra Fisher, West Bay Sanitary District  
Lesley Murphy, PFM  
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 office safety.

Item 5B the Manager announced that two SVCW employees received awards from the State-level California Water Environment Association. The individuals will be asked to attend the next Commission meeting for commendation.

Item 5C2 Investment Update – a presentation was made by Leslie Murphy from PFM Asset Management

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

#### **ITEM 6**

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

#### **ITEM 7**

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

- A. APPROVAL OF MINUTES – February 14, 2022 - Regular Meeting
- B. CONSIDERATION OF MOTION APPROVING CLAIMS AND CHECKS DATED JANUARY 18, 2022, JANUARY 21, 2022, FEBRUARY 1, 2022, AND FEBRUARY 4, 2022, AND NECESSARY PAYMENTS THROUGH FEBRUARY 4, 2022
- C. CONSIDERATION OF RESOLUTION APPROVING SVCW COMMISSION POLICY 1992-01, INVESTMENT POLICY AND GUIDELINES

Proposed Action:

Move adoption of RESOLUTION APPROVING AND ADOPTING REVISION U TO COMMISSION POLICY 1992-01, SILICON VALLEY CLEAN WATER'S INVESTMENT POLICY AND GUIDELINES

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

The Motion carried by Unanimous Roll Call Vote

**ITEM 8A**

CONSIDERATION OF RESOLUTION APPROVING REMOTE COMMISSION MEETINGS UNDER GOVERNMENT CODE SECTION 54953 OF THE BROWN ACT DURING EMERGENCY CONDITIONS

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

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

The Motion carried by Unanimous Roll Call Vote

**ITEM 8B**

RECEIVE PRESENTATION ON THE FISCAL YEAR 2022-23 PROPOSED ANNUAL OPERATING AND CAPITAL EXPENDITURES BUDGET

Proposed Action:

NO ACTION REQUIRED AT THIS TIME

**ITEM 9**

No Closed Session

**ITEM 10**

No Closed Session

**ITEM 11**

ADJOURN

There being no further business, the meeting adjourned at 8:44 a.m.

Minutes prepared by Teresa A. Herrera  
Reviewed by General Counsel

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Warren Lieberman, Secretary

## AGENDA ITEM 7B

**SVCW WARRANT REGISTER**

SVCW Warrant Registers dated February 9, 2022 – February 22, 2022 and February 23, 2022 – March 7, 2022, were scanned and a copy was emailed to Commissioners and Legal Counsel on April 5, 2022.

## AGENDA ITEM 7C



**MAPLE STREET FORCE MAIN MODIFICATIONS (CIP #9504)  
REIMBURSEMENT AGREEMENT APPROVAL**

**ISSUE**

Approve Reimbursement Agreement with Edwards Development for Engineering and Quality Assurance Services

**BACKGROUND**

Silicon Valley Clean Water has numerous critical assets located throughout its service area. Assets include a treatment plant, four pump stations and a booster station, and a force main conveyance system. Specific to this agenda item, SVCW assets include two mission-critical facilities on Maple Street in Redwood City: 1) a 48-inch wastewater force main located within the Maple Street right-of-way and 2) the Redwood City Pump Station.

Like many Bay Area communities, property development activity in SVCW's service area is very high. The City of Redwood City approved the "1548 Maple Street" development to be built by STRADA Investment Group. The project has subsequently been acquired by Edwards Development & Advisors. The location of this development is in the former Dock Town area of Redwood City and includes areas of Maple Street.

This local area development activity will also include extension of Blomquist Street which will require significant modifications to Maple Street.

**DISCUSSION**

The 1548 Maple Street Project requires SVCW to coordinate closely with both the developer and Redwood City staff to protect SVCW infrastructure. The subject of the current agreement is the work being done by the developer to raise the grade of Maple Street.

The development includes raising the street and surrounding area by up to 12 feet, therefore requiring infrastructure modifications related to force main valves and air relief valves. Additionally, as SVCW consultants reviewed the project, they determined that raising the grade of Maple Street creates concerns that the weight of the additional soil would damage, and potentially collapse, the high-density polyethylene (HDPE) 48-inch force main.

SVCW and Edwards Development engineers developed a plan to protect the force main, by using lightweight fill rather than conventional soil. Design drawings were prepared by the developer's engineers and reviewed by Kennedy/Jenks Consultants, the designer of the 48-inch force main and DCM Consultants, SVCW's geotechnical engineering expert.

SVCW's consultants' services have included design review, responses to requests for information, and agreement negotiation. While construction is occurring, SVCW consultants will track the project's progress, continue to respond to requests for information, and provide construction observation services to ensure that the project is

being built in compliance with the design. 1548 Maple LLC has agreed to reimburse SVCW for these costs.

A Reimbursement Agreement has been developed by SVCW's construction attorney and Edwards Development. The Agreement relates to the portion of development raising Maple Street only and the necessary reimbursement of costs for oversight by SVCW project consultants, estimated to be approximately \$48 thousand. There could be follow-on need for other reimbursement agreements, most notably when work will commence for the Blomquist Extension. If and when this proves necessary, a future agenda item will be presented to the Commission.

#### FINANCES

Work under this task order will be funded from the Maple Street Force Main Modifications Project (CIP #9504), which will be reimbursed by 1548 Maple LLC. The estimated amount for reimbursement is \$47,800.

#### RECOMMENDATION

Move adoption of RESOLUTION APPROVING REIMBURSEMENT AGREEMENT FOR SERVICES RELATED TO MAPLE STREET FORCE MAIN MODIFICATIONS PROJECT (CIP #9504) – 1548 MAPLE LLC.

## AGENDA ITEM 7D

**FRONT OF PLANT (CIP #9502)  
TASK ORDER FOR STARTUP DOCUMENTATION SERVICES**

**ISSUE**

Authorization of Task Order for Front of Plant Project (CIP #9502) Startup/Commissioning Operations & Maintenance Documentation

**BACKGROUND**

In 2017 SVCW approved design-build contracts for the design and construction of the elements within the Regional Environmental Sewer Conveyance Upgrade (RESCU) program. Projects under the RESCU include the Front of Plant (FoP) Project, Gravity Pipeline (GP) Project, and Pump Stations Improvements (PSI) Project. All three projects are in their respective construction phases and SVCW's program staff and consultants are developing the framework for a successful startup and commissioning process.

Commissioning a new process is complex and a considerable number of activities need to be completed to make the successful transition from construction to operation. As construction of each project enters the final stages, the following tasks need to occur:

- Testing individual pieces of equipment
- Testing the newly installed systems and processes using clean water
- Coordinating with O&M staff to:
  - Physically connect RESCU facilities to existing SVCW infrastructure (pipelines and treatment plant)
  - Integrate the RESCU system into the SVCW treatment process systems
- Testing the newly installed systems and processes using wastewater
- Training SVCW Operation and Maintenance (O&M) staff on the new processes and equipment
- Creating and organizing documentation needed to operate and maintain the equipment

While much of the work during startup and commissioning is in the design builders' scopes of work, the program management team and owner's advisor consultants have large roles in ensuring that the projects are fully integrated with SVCW upon completion.

**DISCUSSION**

The Front of Plant project is estimated to supply approximately nine hundred (900) new pieces of equipment and will startup in Q3 of 2022. Each piece of new equipment will require a minimum of the following:

1. Equipment nameplate and manufacturer information compiled, validated, and uploaded into SVCW's Computerized Maintenance Management System (CMMS)
2. Manufacturer specified preventative maintenance (PM) work plans extracted from Operation & Maintenance manuals to comply with warranty requirements and ongoing maintenance

3. Lock out/tag out (LOTO) procedures to allow isolation of equipment to safely perform maintenance
4. Standard Operational Procedures (SOPs) for systems and various operating scenarios

Under most CIP projects, the above tasks are performed by SVCW's Operations and Maintenance staff. The projects within RESCU, specifically Front of Plant, have many times more pieces of equipment than any previous project. The level of effort to produce the necessary end-user items exceeds the available capacity of current staff. SVCW's consultants will work with the design-builder and SVCW O&M team to develop the necessary documents.

SVCW has developed a scope and budget with Kennedy/Jenks to assist with documentation related to Preventative Maintenance (PM) for the Front of Plant equipment assets. The scope includes extracting the PM activities from each asset's O&M manual, helping SVCW determine the frequency by which the PM activities will be performed, and creating draft plans that can be used by the SVCW mechanics and technicians when performing maintenance on the assets. These PM plans will be created in a format compatible with SVCW's CMMS system, which will, in turn, auto-generate work orders for PM tasks.

Under the proposed scope of work, Kennedy/Jenks will provide draft PM Job Plans for final review by SVCW staff, allowing quick adoption and implementation. Kennedy/Jenks will also work with O&M staff and SVCW management to develop and analyze future maintenance program options.

The total not-to-exceed fee for Operations and Maintenance Documentation tasks is \$319,611. Work will be billed on a time and expense basis. It is anticipated that a future task order will be developed for similar O&M documentation development for the Pump Stations Improvements Project.

#### FINANCES

Funding for the task order will derive from the Front of Plant Project (CIP # 9502). The total estimated not-to-exceed budget is \$319,611. There is adequate budget in this projects for the defined tasks.

#### RECOMMENDATION

Move approval of TASK ORDER SCOPE OF WORK AND BUDGET FOR OPERATIONS AND MAINTENANCE DOCUMENTATION SERVICES IN AN AMOUNT NOT TO EXCEED \$319,611 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – KENNEDY/JENKS CONSULTANTS

## 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 subsequent meetings, the Commission has reiterated its determination via Resolution.

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.

The state of emergency proclaimed by the Governor on March 4, 2020 remains active. Case counts of the two primary variants of SARS-CoV-2 have diminished throughout the County (B.1.617.2, Delta and B.1.1.529, Omicron) while the prevalence of the

subvariant to Omicron (B.2.A) has increased substantially, accounting for 55% of all cases as of March 31, 2022. While the severity and number of cases continues to decrease, risk remains present.

As of March 1<sup>st</sup>, California Department of Public Health has moved face covering mandates in indoor settings from “required” to “strongly recommended”. In turn, Cal-OSHA’s Emergency Temporary Standards remain in place with several revisions put into place in January. Regulation 3205 continues to recommend face coverings in indoor settings and requires face coverings and physical distancing when there are three or more positive covid cases in the workplace. SVCW’s Manager continues to require staff to don face masks at SVCW indoor spaces, for both vaccinated and unvaccinated employees and to complete covid symptom and temperature checks prior to entering any SVCW building. The SVCW Manager also restricts the number of people attending in-person meetings to eight, so long as minimum six-foot distance can be maintained and still maintains physical distancing requirements while working at the SVCW site.

Holding in-person meetings can continue to pose an imminent risk to attendees and staff recommends that remote meetings remain necessary to protect the health and safety of all attendees, including SVCW staff and Commissioners. However, provided that Covid case severity and number continue to decrease, staff recommend consideration of a return to in-person meetings beginning in May 2022.

#### 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

**DIGESTER NO. 1 REHABILITATION PROJECT (CIP #9215)  
AWARD CONSTRUCTION CONTRACT AND  
APPROVE ENGINEERING SERVICES DURING CONSTRUCTION TASK ORDER**

**ISSUE**

Award Construction Contract and Approve Engineering Services During Construction Task Order for Digester No. 1 Rehabilitation Project (CIP #9215)

**BACKGROUND**

SVCW has three anaerobic digesters that have been in service since 1982. The digesters provide anaerobic (absence of oxygen) conditions for microorganisms to break down organic solids removed in the wastewater treatment process. The microorganisms produce biogas as a byproduct that is then afterwards used in SVCW's cogeneration engines to produce electricity and offset external power purchase. The digested solids are then dewatered and hauled away for further use as compost material or land applied as fertilizers. The capacity of each digester is 1.6 million gallons. The three digesters are identical in terms of their general configuration with fixed covers and full mixing and heating capabilities. To ensure operability, the digesters have undergone rehabilitation and upgrades since they were put into service in 1982.

Typically, two of the three digesters are in service at any given time. Digester Nos. 3 and 2 were last rehabilitated and upgraded in 2011 and 2013, respectively, and are currently in service. Such rehabilitation includes removal of rags and grit that accumulate over the years, replacement of gas collection and conveyance equipment, water seals, sludge conveyance piping, and valves, as well as repair of any concrete and coatings that have degraded over time. Digester No. 1 has been offline for nearly ten years, since 2013, and needs rehabilitation prior to being brought back into service.

**DISCUSSION**

In 2017, SVCW engaged Kennedy Jenks Inc. (KJ) to provide engineering services to design and develop construction documents for the Digester No. 1 Rehabilitation Project ("Project") under CIP #9215. The design included replacement of deteriorated mix piping and nozzles, replacement of coatings and insulation, piping improvements, construction of a new sump, electrical and control modifications, and other miscellaneous repairs within the digester, valve pit, and pipe gallery. KJ prepared 100% design documents in January 2019 but to better schedule this work with other upcoming changes to the biosolids treatment processes, the Project was put on hold in June 2019 before the bid documents were finalized.

The Project was re-initiated in 2021 and KJ was engaged to update the design to the latest California Building Code standards. Design was completed and the final design documents were publicly advertised for bids on January 18, 2022. A mandatory pre-bid conference was held on January 24<sup>th</sup> followed by a mandatory site-walk on February 2, 2022. Fifteen interested contractor firms attended these events. Bids were opened on March 4, 2022; the bid summary sheet is attached. SVCW received only one bid in the amount of \$3,139,000 (including Bid Alternate Items) from Trinet Construction Inc. (TCI).

The engineer's estimate of probable cost was \$1,980,000, including Bid Alternate Items. Since only one bid was received, SVCW staff began to negotiate with TCI to value-engineer the Project for cost reductions. TCI has extensive experience in wastewater treatment facilities and digester rehabilitations, including similar digester rehabilitation projects at the City of San Francisco's wastewater treatment plant. Staff has performed reference checks on TCI and are confident in TCI's capability to do the work.

During negotiations, SVCW and TCI identified opportunities to reduce the cost without significantly reducing the scope of work. These items include:

- Reducing contractor's overhead and profit.
- Removing bid alternate items from scope of work.
- Removing use of diesel fuel for powering dehumidification equipment and using temporary power supplied by SVCW instead. This power source is more reliable, lessens air pollutants, and significantly reduces cost.
- Removing items ancillary to the direct digester rehabilitation (asphalt repaving and hydrant supply piping) from the scope of work as these were originally included in Project scope due to its proximity to the digester work and are not necessary for a functioning digester. It should be noted that these items of work still need to be completed, though not immediately critical, and staff will seek alternative methods to do so.
- Removing work related to replacement of existing 24" piping within the utility trench from Project scope, and instead adding cleaning and CCTV inspection of piping that would determine the necessity and urgency of replacement of this 24" piping. If it is determined that this piping needs replacement, that work would be funded from a different CIP project (CIP #9600 – Buried and Exposed Piping Replacement). An allowance for this work is included in the award amount and will only be used if necessary.

Negotiations have resulted in reduction of the bid amount by \$409,731 for a total Project construction cost of \$2,539,269 (including allowance items). This lower value, together with the administrative costs, will still exceed the allocated CIP budget. Staff recommends that the Commission increase the CIP allocated budget amount and award the construction contract for Digester No. 1 Rehabilitation to Trinet Construction, Inc. The reasons include:

- Digester No. 1 has been out of service for nearly ten years which has deferred the regular rehabilitation of Digester Nos. 2 and 3. Buildup of inorganic material in the two operating digesters threaten the biosolids treatment process, and further delaying rehabilitation of Digester No. 1 poses an increased risk for process upset and resultant permit non-compliance.
- Once Digester No. 1 work is complete and this digester put into operation, Digester Nos. 2 and 3 can be taken out of service for regular rehabilitation.

- SVCW staff reviewed the bid alongside the engineer's estimate and concluded that the higher cost reflects the current competitive bidding climate, high cost of materials due to rising inflation, material shortages due to supply chain concerns, and skilled construction labor shortage. It is not expected that construction costs will decrease in the foreseeable future.

In addition to construction contract award, this agenda item seeks approval for a task order scope of work and budget to KJ for Engineering Services During Construction. Staff has negotiated a scope of work and budget for these services on a time and expense basis at a not-to-exceed amount of \$169,600. Tasks include reviewing construction submittals, responding to contractor Requests for Information, evaluating change order requests, and providing record drawings at the completion of the Project.

### FINANCES

This Project will be funded from CIP #9215, Digester No. 1 Rehabilitation Project which has a remaining balance of \$3,078,435 (note that an amount of \$211 thousand will be transferred from CIP #9600 for the allowance item related to pipe repair/replacement. CIP #9600 has an allocated budget of \$16.9 million). The anticipated total cost to deliver the project is \$3,259,119; therefore, an additional \$180,684 needs to be added to the budget. The table below summarizes the various cost items.

Digester No. 1 Rehabilitation Project Finance Summary:

Cost Item	Cost	Available Budget
		\$3,078,435 <sup>1</sup>
Construction <sup>2</sup>	\$2,539,269	
Engineering Services During Construction	\$169,600	
Construction Management and other Administrative Costs	\$186,242	
SVCW Project Management Costs <sup>3</sup>	\$93,121	
10% contingency upon Manager-authorization	\$249,763	
<b>Total</b>	<b>\$3,259,119</b>	
<b>Budget Adjustment</b>	<b>\$180,684</b>	

<sup>1</sup>Funded from CIP #9215 and CIP #9600

<sup>2</sup>Bid by TCI after negotiations

<sup>3</sup>Estimate at 4% of construction cost

### RECOMMENDATION


- Move approval to SUSPEND COMPETITIVE BIDDING REQUIREMENTS FOR DIGESTER NO. 1 REHABILITATION PROJECT (CIP #9215) ON THE GROUNDS THAT THE PUBLIC INTEREST WOULD NOT BE SERVED BY STRICT COMPLIANCE WITH SAID REQUIREMENTS (5/7<sup>th</sup> WEIGHTED VOTE COUNT REQUIRED)
- Move adoption of RESOLUTION APPROVING CONTRACT DOCUMENTS AND ACCEPTING NEGOTIATED BID PRICE FOR DIGESTER NO. 1 REHABILITATION PROJECT (CIP #9215) WITHOUT COMPETITIVE BIDDING,

FINDING THAT COMPETITIVE BIDDING WOULD BE UNAVAILING, WOULD NOT PRODUCE AN ADVANTAGE NOR BE IN THE PUBLIC INTEREST; AUTHORIZING EXECUTION OF AGREEMENT FOR SAID WORK, AND AUTHORIZE MANAGER TO APPROVE CHANGE ORDERS UP TO TEN PERCENT OF THE CONTRACT VALUE FOR SAID PROJECT – TRINET CONSTRUCTION INC. (\$2,539,269)

- iii. Move approval of TASK ORDER FOR ENGINEERING SERVICES DURING CONSTRUCTION FOR DIGESTER NO. 1 REHABILITATION PROJECT (CIP #9215) IN AN AMOUNT NOT TO EXCEED \$169,600 AND AUTHORIZE MANAGER TO APPROVE UP TO A TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – KENNEDY JENKS.

# Digester Rehabilitation Project - CIP #9215

Friday, March 4, 2022; 2:00 PM PST

<div><div><b>SVCW</b> Silicon Valley Clean Water <small>One Drop at a Time</small></div></div>												
Name of Bidder	#1 & 2 Addendum	00410 Proposal Guaranty Bond	00420 Certificate of Bidders Exp. & Qualifications	0420A Certificate of Subcontractor's Experience & Quals.	00430 Designation of Subcontractors	00440 Site Visit Affidavit	00470 Acknowledgment of Insurance Requirements	00480 Noncollusion Affidavit	00490 Affidavit of Safety Compliance	State Revolving Loan Fund - WIFIA Forms Appendix 2 - Part 2	Total Bid Amt.	
Trinet Construction Inc.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	\$3,139,000	

\*Pending Commission approval. Next Commission meeting is scheduled for Monday, March 14, 2022.

## AGENDA ITEM 8C

**FISCAL YEAR 2022-23 ANNUAL OPERATING  
AND CAPITAL EXPENDITURES BUDGET**ISSUE

Approval of Fiscal Year 2022-23 Annual Operating and Capital Expenditures Budget

BACKGROUND

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

This 2022-23 Budget incorporates the long-term impact of capital expenditures and follows a funding strategy described in the January 2022 Long-Range Financial Plan update. Following the most recent issuance of debt in 2021, the known balance of the Authority's long-term Capital Improvement Program (CIP) is now funded.

DISCUSSION

A proposed version of this 2022-23 Budget was presented to the Commission on March 14, 2022. Subsequently, one change to Budget values was made to recognize approximately \$150 thousand in price increases for chemicals.

Total Member Contributions described in the Budget increase by \$1.63 million, or 3.23% over last year. It allots \$29.26 million for Net Operating Expenses and \$1.40 million for Revenue-Funded Capital projects next year. Reserve Designations are aligned with Agency policy and include \$2.5 million in contributions to the CIP Reserve and \$111 thousand towards the Operating Reserve. Debt Service Payments are budgeted to be \$18.86 million.

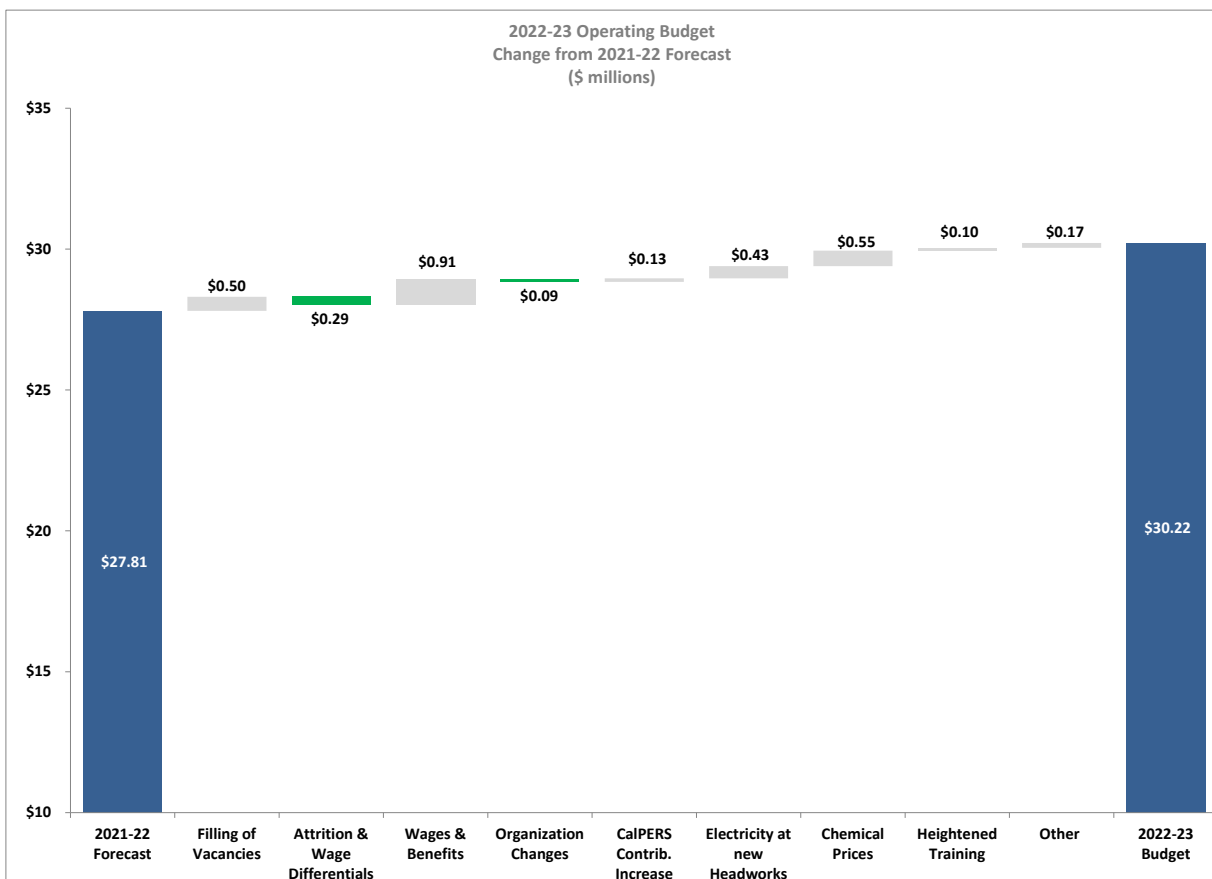
Year-over-year Budgeted Member Entity Contributions				
Description	2021-22 Adopted Budget	2022-23 Proposed Budget	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Gross Operating Expenses	\$ 28,467,513	\$ 30,215,751	\$ 1,748,238	6.14%
Less: Miscellaneous Revenue	(855,000)	(956,600)	101,600	11.88%
<b>Contributions, Net Operating Expenses</b>	<b>\$ 27,612,513</b>	<b>\$ 29,259,151</b>	<b>\$ 1,646,638</b>	<b>5.96%</b>
Add: Revenue-Funded Capital Projects	1,497,500	1,404,000	(93,500)	(6.24%)
<b>Contributions, Before Reserves &amp; Debt Service</b>	<b>\$ 29,110,013</b>	<b>\$ 30,663,151</b>	<b>\$ 1,553,138</b>	<b>5.34%</b>
Add: Reserve Designations	2,000,000	2,611,176	611,176	30.56%
Add: Debt Service, Participating members	19,394,786	18,860,826	(533,960)	(2.75%)
<b>Contributions, Total</b>	<b>\$ 50,504,799</b>	<b>\$ 52,135,152</b>	<b>\$ 1,630,353</b>	<b>3.23%</b>



## Gross Operating Expenses

Specific to the operating budget only, the following table and chart compares the 2022-23 Proposed Operating Budget to 2021-22's forecasted expenditures ("Forecast"). The comparative increase is \$2.41 million, or 8.7%, though it is estimated that forecasted expenditures will end the year nearly \$659 thousand (2.3%) below the 2021-22 Budget, mostly due to personnel vacancies incurred during the year. Positions in Maintenance, Operations, and Laboratory divisions were initially vacant after retirements and resignations, and most are now filled except for two positions in Maintenance. Additional comparative comments between the two periods include significant inflationary pressures and operational changes once newly constructed headworks facilities are in service.

Silicon Valley Clean Water Expenditure Summary - By Expense Category						
Description	2020-21 Actual	Adopted 2021-22 Budget	2021-22 Forecast	Proposed 2022-23 Budget	\$ Incr/(Decr) v. Forecast	% Incr/(Decr) v. Forecast
Personnel	\$ 18,227,600	\$ 18,280,601	\$ 17,810,358	\$ 18,867,311	\$ 1,056,953	5.9%
Utilities	1,619,814	1,576,620	1,744,228	2,047,966	303,738	17.4%
Administrative Expenses	688,173	631,843	626,719	744,875	118,156	18.9%
Equipment & Supplies Expense	2,632,740	2,738,854	2,802,279	2,842,483	40,204	1.4%
Chemicals	1,254,370	1,928,592	1,733,040	2,338,080	605,040	34.9%
Professional & Contractual Services	2,696,528	2,947,492	2,806,447	2,938,434	131,987	4.7%
Training, Memberships, Travel	131,658	363,511	284,830	436,602	151,772	53.3%
<b>TOTAL</b>	<b>\$ 27,250,883</b>	<b>\$ 28,467,513</b>	<b>\$ 27,807,901</b>	<b>\$ 30,215,751</b>	<b>\$ 2,407,850</b>	<b>8.7%</b>



- Personnel costs will increase by \$1.06 million, or 5.6% compared to the 2021-22 Forecast. Approximately \$500 thousand of this increase is to recognize vacant positions that will be filled. Other increases include \$910 thousand cost-of-living and step wage adjustments and an estimated \$125 thousand increase in CalPERS contribution rates. Offsetting these increases is \$290 thousand in cost reductions from backfilling retired employees with entry-level staff, and another \$92 thousand in savings associated with an organizational change.
- Electricity use will increase at the treatment plant when the new headworks facilities are brought online midyear, as lift pumps and odor control fans go into service. It is estimated that the additional power demand will raise costs by \$431 thousand compared to the Forecast. PG&E rates are anticipated to remain unchanged next year.
- Administrative Expense will increase from the Forecast by \$118 thousand (18.9%) primarily due to higher permit fees and increased technology services.
- Chemicals are anticipated to increase by \$605 thousand, or 34.9%. Most of this increase, approximately \$550 thousand, is due to inflation as suppliers have quoted significant price increases stemming from geopolitical uncertainty, wage increases, and high transportation costs.
- Training, Memberships, and Travel will increase by \$151.7 thousand (53%). Most training and travel remained suspended during the 2<sup>nd</sup> year of the COVID-19 pandemic. SVCW anticipates a return to ordinary training and education practices next fiscal year and is planning additional training as new facilities are placed in service.

### **Flow and Loading Changes and Allocation of Operating Costs**

Noteworthy changes in relative flow and loading have occurred since the beginning of the COVID-19 Pandemic. Flows are measured by calibrated meters and composite loading values calculated from dry-weather samples taken at the pump stations serving the respective Members' service areas. Updating for 2021 data, relative flows and loadings shifted towards Redwood City while West Bay Sanitary District experienced a decline. Belmont and San Carlos flow and loading values remain relatively flat. Influencing factors include the type and pace of development, the condition of Members' respective collection systems, and the lack of rainfall over the past two years. Moreover, it appears the pandemic has unevenly impacted communities as stay-at-home provisions led to vacant office campuses and a sustained work-from-home practice.

The resultant cost allocations are illustrated in the tables below. These flow and loading results have been shared with Member Agency staff.

Three-year Average Flow and Loading Averages - by Member				
Agency	Factor	2021-22 Adopted Budget	2022-23 Proposed Budget	Point Increase/ (Decrease)
Belmont	Flow	11.30%	11.38%	0.08
	Biochem. Oxygen Demand	11.31%	11.38%	0.07
	Suspended Solids	10.61%	10.66%	0.05
Redwood City	Flow	53.24%	54.84%	1.60
	Biochem. Oxygen Demand	52.55%	54.80%	2.25
	Suspended Solids	55.52%	57.56%	2.04
San Carlos	Flow	13.65%	13.84%	0.19
	Biochem. Oxygen Demand	12.05%	12.22%	0.17
	Suspended Solids	11.80%	11.28%	(0.52)
WBSD	Flow	21.81%	19.94%	(1.87)
	Biochem. Oxygen Demand	24.09%	21.60%	(2.49)
	Suspended Solids	22.07%	20.50%	(1.57)

2022-23 Budget Revenue Allocation to Member Agencies - Proposed									
Description				Belmont	Redwood City	San Carlos	West Bay San District	TOTAL	
Allocation Factors									
Flow				11.38%	54.84%	13.84%	19.94%	100%	
Biochemical Oxygen Demand (BOD)				11.38%	54.80%	12.22%	21.60%	100%	
Suspended Solids (SS)				10.66%	57.56%	11.28%	20.50%	100%	
Operating Expenditures	Weightings								
	Flow	BOD	SS						
	Operations	26.5%	33.5%	40.0%	\$ 1,337,166	\$ 6,740,631	\$ 1,479,574	\$ 2,497,855	\$ 12,055,226
	Maintenance	26.5%	33.5%	40.0%	747,763	3,769,463	827,400	1,396,838	6,741,464
	Laboratory	26.5%	33.5%	40.0%	204,671	1,031,744	226,469	382,330	1,845,213
	Environmental Services	26.5%	33.5%	40.0%	117,125	590,427	129,599	218,793	1,055,945
	Engineering	26.5%	33.5%	40.0%	192,924	972,525	213,470	360,385	1,739,303
	Safety	100.0%	0.0%	0.0%	58,881	283,745	71,609	103,171	517,406
	Information Services	26.5%	33.5%	40.0%	260,176	1,311,544	287,885	486,015	2,345,620
	Administrative Services	100.0%	0.0%	0.0%	445,592	2,147,300	541,915	780,765	3,915,573
Total Operating Expend.				\$ 3,364,298	\$ 16,847,379	\$ 3,777,921	\$ 6,226,152	\$ 30,215,751	
Subtract Miscellaneous Income		26.5%	33.5%	40.0%	\$ 106,106	\$ 534,879	\$ 117,406	\$ 198,208	\$ 956,600
2022-23 Net Operating Revenue Required				\$ 3,258,192	\$ 16,312,500	\$ 3,660,515	\$ 6,027,944	\$ 29,259,151	
2021-22 Net Operating Revenue Required				3,056,516	14,859,965	3,471,004	6,225,028	27,612,513	
\$ Increase / (Decrease)				201,676	1,452,535	189,511	(197,084)	1,646,638	
% Increase / (Decrease)				6.60%	9.77%	5.46%	(3.17%)	5.96%	

### Miscellaneous Revenue

SVCW is paid to receive grease & septage from community restaurants and other commercial sites, to monitor stormwater management programs, and to manage some communities' discharges from restaurants and business. In addition, the Authority will partner with the local solid waste agency to receive organic waste, which includes tipping fee revenue. There is also grant revenue from a battery storage incentive program.

Next year Miscellaneous Revenue is anticipated to increase by \$102 thousand (11.9%) over the 2021-22 Budget (anticipate FY22-23 revenue of \$956,600). This reflects good performance from the battery storage incentive program and new tipping fee revenue from the organic waste program.

### Revenue-Funded Capital

Revenue-Funded Capital Expenditures fund individual capital projects with costs less than \$1 million each that can be completed within one year. These projects address immediate needs for equipment and facilities and typically include minor construction projects, major maintenance projects, and preliminary engineering analyses for major capital improvements. The proposed Budget includes revenue-funded capital expenditures of \$1.4 million, slightly less than the amount typically budgeted each year. These expenditures are allocated to Members according to JPA-defined percentages for capital costs.

2022-23 Revenue-Funded Capital Expenditures	
Project Name	Estimated Cost
Track Loader to clean / maintain Drying Beds	\$ 145,000
Vapex Units at primary influent & effluent channels	235,000
Replace Uninterruptible Power Supply (UPS)	30,000
Replace Network Field Switches	144,000
Biosolids Shunt Truck, used to move Biosolids*	160,000
Replace Quincy Compressors	90,000
Replace Chillers in Thickener Gallery	400,000
Rotary Drum Thickeners - Piping Upgrades	200,000
TOTAL	<u>\$ 1,404,000</u>

- A track loader is a new piece of equipment needed to maintain the integrity of solar drying bed levees.
- Vapex units are used to mitigate production of corrosive hydrogen sulfide gas and treat odorous compounds. New units will be placed at the Primary Sedimentation influent and effluent channels.
- Critical technology equipment is powered through an Uninterruptible Power Supply (UPS) to avoid damage and/or operational issues. The existing UPS has reached the end of its useful life.

- The information systems network extends throughout the treatment plant, where industrial-grade field switches have reached the end of their useful life.
- \*Biosolids are currently moved on the plant site using equipment leased from a vendor. California emission standards require this equipment be replaced and the vendor has indicated a significant lease cost increase. Initial financial analysis suggests it is advantageous to purchase a truck rather than lease. Staff will track status of the vendor's plan to replace their fleet truck to determine when and if the financial analysis indicates purchase is economically beneficial.
- Compressors provide high-pressure air used to actuate pneumatic valves and other equipment throughout the treatment plant. The current compressors are at the end of their useful life.
- Chillers produce cool air for air conditioning systems, including the units used to cool the data center. Existing chillers are at the end of their useful life.
- Rotary Drum Thickeners (RDT) are used to dewater biosolids. Relatively new to SVCW, the RDTs will replace original gravity thickener equipment. There have been difficulties in moving the resultant thickened biosolids, and new piping upgrades will improve RDT reliability.

### **Reserves**

Operating Reserve contributions follows Policy to ensure a balance of \$3.91 million is reached by the end of the fiscal year. It is estimated that \$111 thousand in contributions to Operating Reserves is needed. Separately, this Budget recognizes a required \$2.5 million contribution to Capital Improvement Program Reserves to comply with Policy.

### **Debt Service**

SVCW's debt service payments for next fiscal year will be \$18.86 million. This amount reflects the full CIP funding strategies outlined in the Long-Range Financial Plan. It is an improvement of approximately \$534 thousand as SVCW received commitment from the State Water Resource Control Board that an outstanding State Revolving Fund loan could be restructured from a 10-year amortization to 30 years.

### **RECOMMENDATION**

Move adoption of RESOLUTIONS ADOPTING:

- FISCAL YEAR 2022-23 REVENUE PLAN IN THE AMOUNT OF \$29,259,151 IN NET OPERATING REVENUES REQUIRED AND \$1,404,000 FOR REVENUE-FUNDED CAPITAL PROJECTS
- FISCAL YEAR 2022-23 CASH RESERVE DESIGNATIONS IN THE AMOUNT OF \$2,500,000 TO THE CAPITAL IMPROVEMENT PROGRAM RESERVE FUND AND \$111,176 TO THE OPERATING RESERVE FUND
- FISCAL YEAR 2022-23 DEBT SERVICE EXPENDITURES IN AN AMOUNT OF \$18,860,826
- AUTHORIZING SVCW MANAGER TO IMPLEMENT, MANAGE AND APPROVE EXPENDITURES AUTHORIZED WITHIN THE FISCAL YEAR 2022-23 ANNUAL OPERATING AND CAPITAL EXPENDITURES BUDGET AS ADOPTED BY THE SILICON VALLEY CLEAN WATER COMMISSION



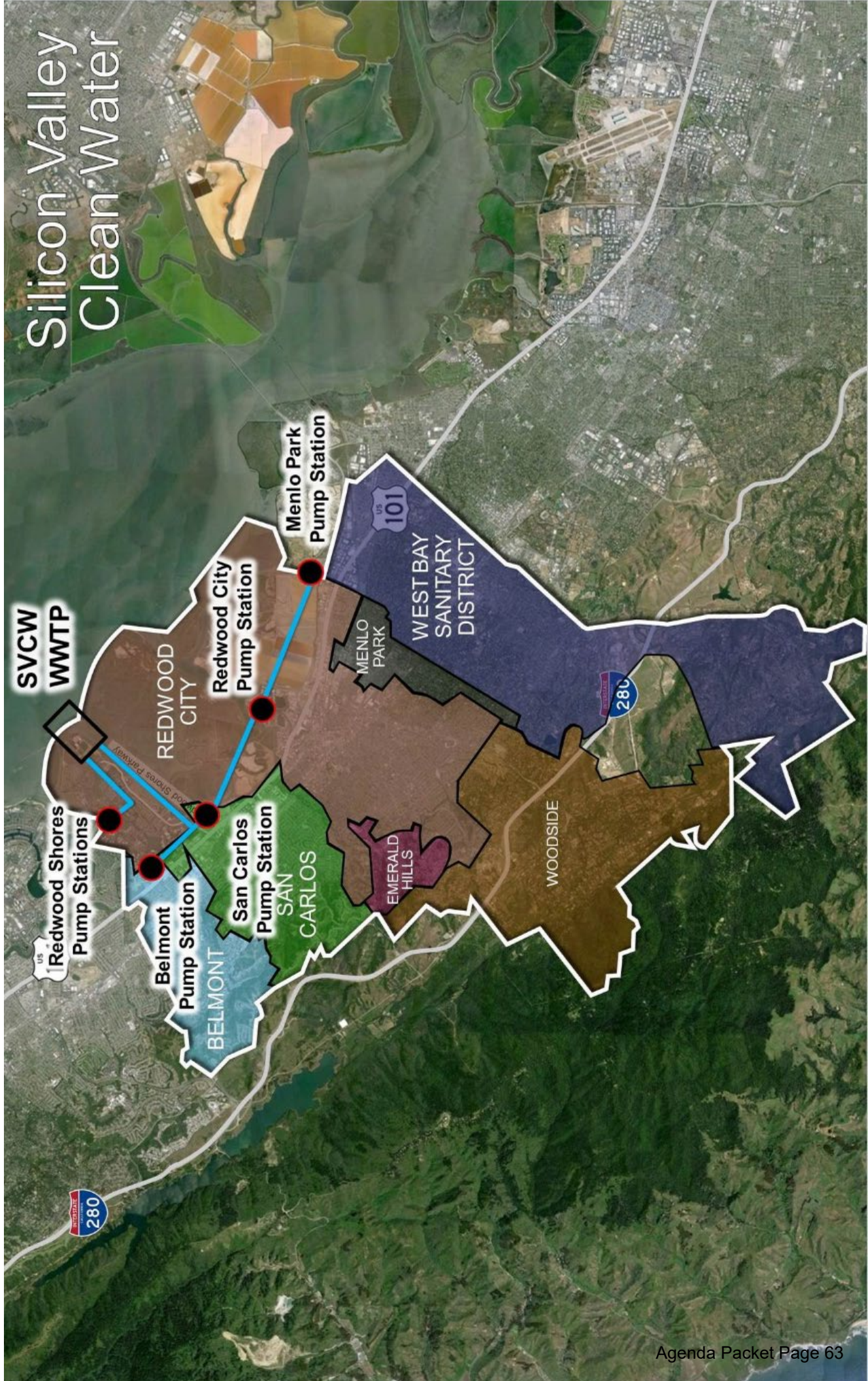


## FINAL 2022-23 OPERATING BUDGET

PROPOSED APRIL 11, 2022



# Silicon Valley Clean Water



## Commissioners

<b><u>Name</u></b>	<b><u>Title</u></b>	<b><u>Member Agency</u></b>
Alicia Aguirre	Chair	City of Redwood City
George Otte	Vice Chair	West Bay Sanitary District
Warren Lieberman	Secretary	City of Belmont
Ron Collins	Member	City of San Carlos

## SVCW Staff

<b><u>Name</u></b>	<b><u>Title</u></b>
Teresa Herrera	Manager
Matthew Anderson	Assistant Manager & Chief Financial Officer
Monte Hamamoto	Chief Operating Officer
Kim Hackett	Authority Engineer
Dan Buenrostro	Operations Director
Sameet Shankar	Maintenance Director
Bob Wandro	Laboratory Director
Arvind Akela	Engineering / Environmental Services Director
David Lee	Safety Director
Jen Flick	Human Resources Director
Brent Brown	Information Systems Director
Cindy Hui	Accounting Supervisor



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## SECTION 1 – OVERVIEW

### Organization and Business

Silicon Valley Clean Water (SVCW, “the Agency”, or “the Authority”) was founded in 1975 as the successor to the Strategic Consolidation Sewerage Plan, from which SVCW took title to property including sanitary sewerage pumping stations, as well as transmission and outfall facilities originally constructed by that plan. SVCW now provides wastewater transmission, treatment, and effluent disposal services for the surrounding communities including the Cities of Belmont, Redwood City, and San Carlos and West Bay Sanitary District (Member Entities).

The regional wastewater treatment plant has an average dry weather flow permitted capacity of 29 million gallons per day, an approximately nine-mile influent force main pipeline that conveys wastewater from the SVCW Member Entities through five pump stations to the treatment plant, the treatment plant, 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.

SVCW is a joint exercise of powers agency located in the northern part of Silicon Valley between the cities of San Francisco and San Jose. The Agency’s wastewater treatment plant is in the City of Redwood City and serves more than 220,000 people and businesses in San Mateo County, California. SVCW operates in a strong Bay Area economy, with a customer base that includes large business customers such as Oracle Corporation, EA Sports, and Facebook.

### Governance & Management

The Agency is governed by a four-member Commission consisting of one appointed member from each of the Member Entities’ governing bodies. Current Commissioners are:

Commissioner	Commission Title	Entity Represented
Alicia Aguirre	Chair	City of Redwood City
George Otte	Vice Chair	West Bay Sanitary District
Warren Lieberman	Secretary	City of Belmont
Ron Collins	Member	City of San Carlos

Voting is proportional to the Member Entities' respective ownership interests in the Authority's wastewater system. There is currently a total of 100 votes which are allocated as follows:

- City of Redwood City 42 votes
- West Bay Sanitary District 28 votes
- City of San Carlos 19 votes
- City of Belmont 11 votes

A vote of at least seventy five percent is required to adopt or amend bylaws, rules, and regulations; to adopt or modify any budget; to approve any capital expenditures, 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 simple majority of the votes. Any amendment to the Joint Powers Agreement must be approved by a four-fifths vote by each of the SVCW Member Entities' governing bodies.

### **Financial Oversight and Control**

SVCW sets an annual budget according to goals established by the Commission that support operational priorities, the Capital Improvement Program (CIP) and the Long-Range Financial Plan (LRFP). The Proposed 2022-23 Budget is consistent with those goals and reflects a progressive approach to controlling costs, minimizing unplanned expenditures, limiting risks, and investing in projects and programs that benefit the community served by SVCW.

SVCW has no taxing power. The Agency receives nearly all its funding, other than interest earnings and other miscellaneous revenues, from payments made by the Member Entities. Each month, Member Entities make payments for operations, capital repairs, and cash reserves. Debt service payments are made according to schedules set by government loans (SRF and WIFIA) and Bond issuances. After the close of the fiscal year, the annual payments made by each Member are reconciled against the actual expenditures allocated to each Member, and any difference is applied toward fund reserves held by the Agency on behalf of each Member.

### **Debt Reserves**

The Agency has debt reserves and a Commission-adopted policy to mitigate the negative impact of revenue shortfalls from economic fluctuations, to fund unforeseen expense requirements, to provide stable rates for member entities, and to help fund future long-term capital needs. The Operating Reserve is equal to 10% of the approved Operating and Capital Budget plus \$1 million. The Capital Improvement Program Reserve is set at an amount equal to the annual calculated depreciation of SVCW facilities to meet the long-term needs of replacing capital assets upon

reaching the end of their useful life. Each year, if the funds held in the above reserves fall below targeted levels, the Commission considers budget adjustments to return reserves to their target levels. The Agency may amend its reserve policy at any time.

### **Long-Range Financial Plan**

SVCW Member Entities' sewer rates provide the underlying repayment security for all SVCW financing. As such, SVCW developed a Long-Range Financial Plan ("Financial Plan", "LRFP") to provide a roadmap for funding the CIP and ongoing operating costs. It also provides information to Member Entities as they consider sewer rates. The Financial Plan is updated annually and presented to the Commission for approval. Most recently, the LRFP was approved by the Commission at its January 2022 meeting.

The Long-Range Financial Plan combines financial projections with strategy. The Governmental Finance Officers Association (GFOA) recommends that all governments regularly engage in long-term financial planning as a collaborative process to consider future scenarios and help navigate challenges. By aligning financial capacity with long-term service objectives, SVCW and its Member Entities gain insight as to financial resources needed to support strategies. With this information, SVCW Member Entities can balance objectives and financial challenges.

SVCW has a goal to manage its finances and meet critical funding needs, while recognizing the need to maintain reasonable wastewater rates. Going forward from approval, the LRFP is enacted through setting of annual budgets, achieving financial performance measures, and incorporating Commission-directed actions. The Financial Plan is derived from planning models that forecast operating and capital expenditures. It includes reasonably conservative assumptions and attempts to account for uncertainties. It aims to generate adequate cash reserves for capital projects while maintaining good standing in the credit markets to provide ready access to cost-effective capital financing when needed. It evaluates the capital financing and debt service coverage policies to optimize cash funding of capital investments. Finally, it continues to evaluate cash reserve policies that must consider intergenerational equity when funding capital projects and raising rates.

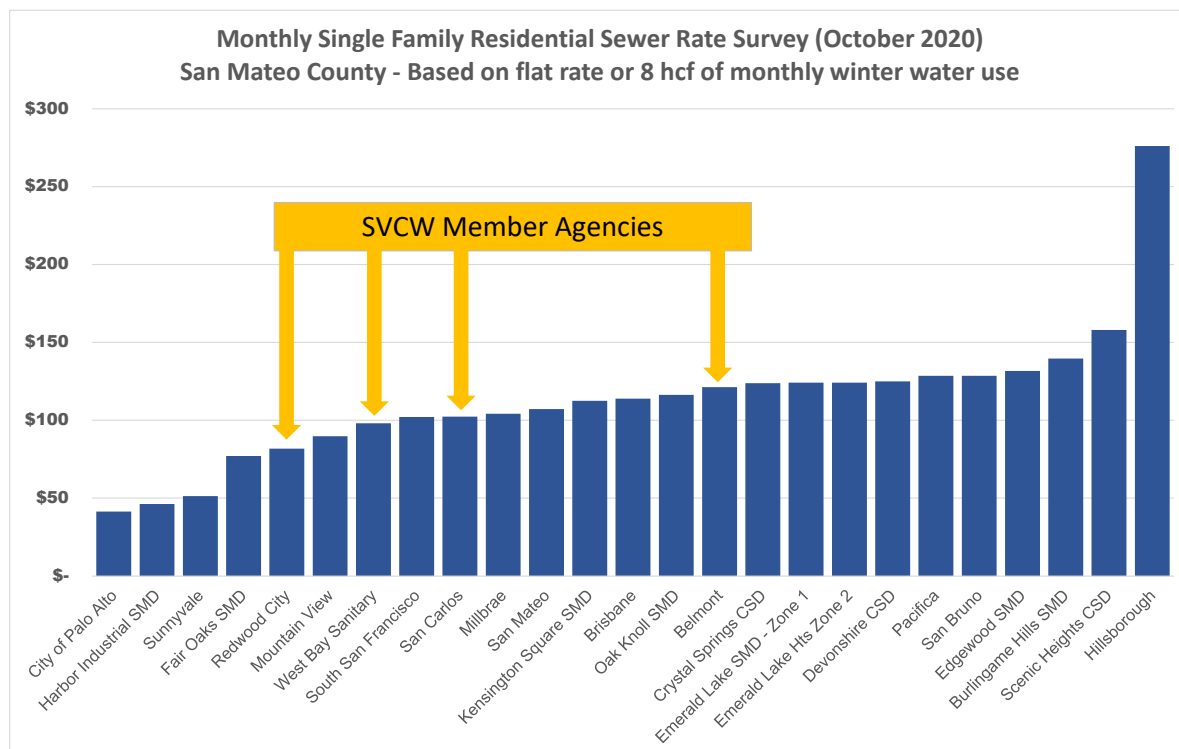
### **Comparative Residential Sewer Charges**

Since the introduction of the CIP, Member Agencies have been proactively raising sewer rates to support their allocable share of SVCW expenditures, as well as their own sewer operating and capital programs. While to date, rate increases have been substantial, going forward only modest increases are anticipated. The following table shows residential monthly sewer rates of Member Entities over the past decade.

Residential Sewer Rates by Member Agency Based on 8 HCF of flow										
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Belmont	\$51.34	\$72.13	\$77.33	\$82.77	\$88.13	\$ 88.13	\$ 99.47	\$ 105.35	\$ 116.14	\$ 121.28
Redwood City	\$48.72	\$53.10	\$57.88	\$63.09	\$68.77	\$74.95	\$75.11	\$76.68	\$78.24	\$81.76
San Carlos	\$46.82	\$50.10	\$53.10	\$67.29	\$80.75	\$88.82	\$88.82	\$93.26	\$97.93	\$102.32
West Bay SD	\$54.17	\$57.50	\$62.67	\$68.33	\$74.42	\$81.08	\$85.92	\$89.33	\$93.83	\$98.08

Residential Sewer Rate Year-over-Year % Increase, by Member Agency										
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Belmont	6.8%	40.5%	7.2%	7.0%	6.5%	0.0%	12.9%	5.9%	10.2%	4.4%
Redwood City	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	0.2%	2.1%	2.0%	4.5%
San Carlos	7.0%	7.0%	6.0%	26.7%	20.0%	10.0%	0.0%	5.0%	5.0%	4.5%
West Bay SD	16.1%	6.1%	9.0%	9.0%	8.9%	8.9%	6.0%	4.0%	5.0%	4.5%

Member Agencies' rates are among the middle tier of San Mateo County sewer rates, as shown in the following chart of regional monthly sewer service charges for a typical single family. It should be noted that many of these other agencies are now initiating their own large capital improvement programs and are anticipated to face significant rate increases going forward.





## Accomplishments

Each year, SVCW management sets goals to ensure its communities' wastewater is conveyed and treated in a safe and dependable manner. Key achievements during 2021 on a Division-by-Division basis are:

### Safety

- Developed, updated, and implemented COVID-19 Exposure Control and Prevention Plan to reduce COVID-19 exposure risk to employees and visitors and to ensure that we consistently meet current regulatory requirements. No positive COVID-19 work-related incidents.
- Provided over 700 hours of online safety training from TargetSolutions.com to supplement our training program. This provides 24/7 online access to schedule, deliver, track, and report training; ultimately reducing safety risks and saving time and money.
- Provided monthly wellness newsletter to help employees adopt and maintain healthy behaviors to prevent chronic diseases and improve quality of life. Giving employees accurate, helpful information at the right time will increase better living lifestyles.
- Designed and formulated a new Safety Reward Program to recognize employees for their proactive safety activities. This program recognizes employees for their safety engagements that made our agency safer. It raises safety awareness, reduces accidents, helps to eliminate workplace hazards, and discourages non-reporting of incidents.
- Developed and implemented a plant wide security camera system to mitigate trespasser problems. This defense system increases our capabilities to protect our plant and deter unwanted intruders.
- Lowered the Authority's Experience Modification to 62%, resulting in a 38% discount in workers' compensation insurance rate; thus, saving over \$142,386 in premiums.

### Operations

- Treated over 4.6 billion gallons of wastewater, maintaining full compliance with SVCW's National Pollutant Discharge Elimination (NPDES) System permit.
- Processed and removed 4224 dry tons of biosolids for land application, composting, alternative daily cover, landfill, and Bio Force Tech.
- Produced 200 million gallons of recycled water for Redwood City.
- Incurred Zero (0) NPDES Permit Violations in calendar year 2021.
- Achieved full compliance with monthly acute bioassay analyses to ensure NPDES Permit Compliance.
- Possible air permit violation due to high digester H<sub>2</sub>S
- Attended supervisor training to ensure new supervisors and staff are well prepared for personnel matters, including a course on maximizing performance through

documentation, evaluation, and corrective Action. Also joined Advanced Management & Supervisory Leadership Training Program presented by the Public Utilities & Waterworks Management Institute.

- Started up a new process: Food Waste (started in April 2021) pilot program.
- Supported seven Capital Improvement Projects by providing input, conducting site-walks, developing lock-out/tag-outs, and coordinating shutdowns.
- Hired two new employees, including two Senior Operators to replace retirees.

#### Maintenance

- Overhauled primary sedimentation tanks #1, #2 and #3 including sprockets, shafts, drive chain, cross collector chains, shoes, and flights.
- Overhauled Rotary Fan Presses #1 and #2.
- Installed #1 and #2 water system flowmeters.
- Maximized cogeneration engines uptime to offset PG&E electrical charges throughout the year
- Overhauled both Fixed Film Reactor units and Vapex odor control systems.
- Re-piped and expanded the Rotary Drum Thickener #3 piping from 4-inch to 6-inch to increase water volume.
- Installed a new Sullair Compressor #3 to replace an out-of-service unit.
- Relocated a storage shed from behind Solids Handling Building near the drying bed area behind the warehouse to make space for a new underground storage tank.
- Installed, piped, and ran conduit, electrical and controls programming for a new gas conditioning skid Chiller.
- Removed, rebuilt, and installed Effluent Pump #1.
- Completed over 1,000 Corrective Action work orders.
- Completed over 2,800 Preventative Maintenance work orders.

#### Information Services

- Developed a project scope for a new Equipment Information Management System and completed proposal process and selection.
- Prepared Technology Road Map for division vision, accomplishments, and goals.
- Upgraded SVCW WiFi networks to next-generation Wifi6 hardware and software.
- Upgraded SD-WAN network including cellular LTE failover as network redundancy and resilience.
- Strengthened cybersecurity training and response readiness.
- Introduced Multifactor Authentication layer on servers across the network.
- Promoted Cybersecurity culture and awareness across the organization, focused on:

- Enhanced O365 email security using Defender licensing for Phishing & Spam links/attachments
- Enhanced Phishing and Junk email reporting and upgraded phishing simulation tests
- Zero Trust Implementation throughout the Business Network
- Completed Phase 2 of Workspace One controls over Microsoft Surface devices
- Developed & published Cybersecurity Tip area on SharePoint

#### Laboratory

- In January, Laboratory staff successfully designed and set up a composite sampling system for the Digester Purification System. Siloxane concentrations needed to be tracked to prevent the cogeneration engines from being fouled. Using sampling composites with duplicates provided engineering staff with the needed confidence in the results.
- Provided weekend laboratory services to WBSD Recycled Water Program. Samples were tested for Total Coliform every Saturday and Sunday throughout the summer.
- Operated laboratory during renovation of the building's 30-year-old HVAC system.
- Supplied primary clarifier sludge samples daily to Stanford for a COVID-19 epidemiology study.
- Conducted Laboratory Staff training on 96-hr Acute Bioassay.
- Selected and hired a new Laboratory Analyst I to fill a vacancy.

#### Administrative/Finance

- Completed discovery and testing phases for payroll conversion program, including implementation of new time and attendance software platform. New payroll system is to be implemented April 2022.
- Reduced SVCW's total Weighted Average Cost of Capital (borrowing cost) to 1.68% by closing three SRF Loans for \$169 million at 0.90%, two new WIFIA Loans for \$143 million at 1.93%, and issuing 2021A and 2021B Notes to fund construction in lieu of drawing from WIFIA Loans (at interest rates of 0.26% and 0.51%, respectively), saving \$7.0 million in debt service payments

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## SECTION 2 – OPERATING BUDGET SUMMARY

The 2022-23 Operating and Revenue-Funded Budget anticipates Total Member Contributions will increase by \$1.63 million, or 3.23% over the prior year Budget. The Proposed Budget allots \$29.26 million in Net Operating Expenses and \$1.40 million for Revenue-Funded Capital projects next year. Reserve Designations are aligned with Agency policy and include \$2.5 million in contributions to the CIP Reserve and \$111 thousand to the Operating Reserve. Debt Service Payments are budgeted to be \$18.86 million, a \$534 thousand decline associated with a restructured SRF planning loan.

Year-over-year Budgeted Member Entity Contributions				
Description	2021-22 Adopted Budget	2022-23 Proposed Budget	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Gross Operating Expenses	\$ 28,467,513	\$ 30,215,751	\$ 1,748,238	6.14%
Less: Miscellaneous Revenue	(855,000)	(956,600)	101,600	11.88%
<b>Contributions, Net Operating Expenses</b>	<b>\$ 27,612,513</b>	<b>\$ 29,259,151</b>	<b>\$ 1,646,638</b>	<b>5.96%</b>
Add: Revenue-Funded Capital Projects	1,497,500	1,404,000	(93,500)	(6.24%)
<b>Contributions, Before Reserves &amp; Debt Service</b>	<b>\$ 29,110,013</b>	<b>\$ 30,663,151</b>	<b>\$ 1,553,138</b>	<b>5.34%</b>
Add: Reserve Designations	2,000,000	2,611,176	611,176	30.56%
Add: Debt Service, Participating members	19,394,786	18,860,826	(533,960)	(2.75%)
<b>Contributions, Total</b>	<b>\$ 50,504,799</b>	<b>\$ 52,135,152</b>	<b>\$ 1,630,353</b>	<b>3.23%</b>

- Gross Operating Expenditures will increase by \$1.75 million (6.14%), which reflects extraordinary inflationary pressures on the cost of chemicals and supplies, as well as the incorporation of additional electricity needed when new headworks facilities are placed into service by January 2023. When possible, the budget pursued savings from improved cogeneration performance, staffing reorganization, and process improvements.
- Miscellaneous Revenue will be \$101.6 thousand higher than the 2021-22 Budgeted amount, as a battery storage incentive program outperformed expectations and as SVCW begins to receive food waste tipping fees.
- Revenue-funded capital spending will be \$1.40 million, or \$93.5 thousand less than the 2021-22 Budget. Certain projects were deferred to keep this amount to a minimum.
- Reserve Designations will increase by \$611 thousand next year. The 2022-23 Budget follows Reserve Policy, which calls for an annual CIP Reserve contribution of \$2.5 million; an increase of \$500 thousand. Another \$111 thousand in contributions to Operating Reserves is needed to maintain compliance with the Reserve Policy of having a balance of 10% of the Operating Budget plus \$1 million.

- SVCW's Debt structure for next fiscal year declines by \$534 thousand, or 2.75%. This reduction is possible after confirmation from the State Water Resource Control Board that an outstanding State Revolving Fund Planning Loan will be restructured to a longer amortization period. Further analysis of SVCW's Long Term Debt is in Section 5 and draws from SVCW's January 2022 Long-Range Financial Plan.

### Expenditure Allocations

Operating Revenues are allocated according to the Joint Powers Agreement (JPA) between Member Entities. The allocation methodology uses a combination of three flow and loading factors: Flow, Biochemical Oxygen Demand (BOD), and Suspended Solids (SS). These factors are based on three-year averages and updated annually. SVCW applies the JPA-defined formula to allocate annual budgeted operating costs to Member Entities.

The updated three-year flow and loading factors below illustrate how flow and loading figures changed proportionate to Member Agencies' absolute figures.

Three-year Average Flow and Loading Averages - by Member				
Agency	Factor	2021-22 Adopted Budget	2022-23 Proposed Budget	Point Increase/ (Decrease)
Belmont	Flow	11.30%	11.38%	0.08
	Biochem. Oxygen Demand	11.31%	11.38%	0.07
	Suspended Solids	10.61%	10.66%	0.05
Redwood City	Flow	53.24%	54.84%	1.60
	Biochem. Oxygen Demand	52.55%	54.80%	2.25
	Suspended Solids	55.52%	57.56%	2.04
San Carlos	Flow	13.65%	13.84%	0.19
	Biochem. Oxygen Demand	12.05%	12.22%	0.17
	Suspended Solids	11.80%	11.28%	(0.52)
WBSD	Flow	21.81%	19.94%	(1.87)
	Biochem. Oxygen Demand	24.09%	21.60%	(2.49)
	Suspended Solids	22.07%	20.50%	(1.57)

These year-over-year changes reflect relative flow and loading behaviors between Member Entities. These metrics are shared with the SVCW Technical Committee for validation.

## Member Agency Operating Contributions Calculation

Flow and Loading factors are incorporated into the below table to allocate budgeted operating expenditures:

2022-23 Budget Revenue Allocation to Member Agencies - Proposed								
Description			Belmont	Redwood City	San Carlos	West Bay San District		TOTAL
<b>Allocation Factors</b>								
Flow			11.38%	54.84%	13.84%	19.94%		100%
Biochemical Oxygen Demand (BOD)			11.38%	54.80%	12.22%	21.60%		100%
Suspended Solids (SS)			10.66%	57.56%	11.28%	20.50%		100%
<b>Operating Expenditures</b>								
	<b>Weightings</b>							
	<b>Flow</b>	<b>BOD</b>	<b>SS</b>					
Operations	26.5%	33.5%	40.0%	\$ 1,337,166	\$ 6,740,631	\$ 1,479,574	\$ 2,497,855	\$ 12,055,226
Maintenance	26.5%	33.5%	40.0%	747,763	3,769,463	827,400	1,396,838	6,741,464
Laboratory	26.5%	33.5%	40.0%	204,671	1,031,744	226,469	382,330	1,845,213
Environmental Services	26.5%	33.5%	40.0%	117,125	590,427	129,599	218,793	1,055,945
Engineering	26.5%	33.5%	40.0%	192,924	972,525	213,470	360,385	1,739,303
Safety	100.0%	0.0%	0.0%	58,881	283,745	71,609	103,171	517,406
Information Services	26.5%	33.5%	40.0%	260,176	1,311,544	287,885	486,015	2,345,620
Administrative Services	100.0%	0.0%	0.0%	445,592	2,147,300	541,915	780,765	3,915,573
Total Operating Expend.				\$ 3,364,298	\$ 16,847,379	\$ 3,777,921	\$ 6,226,152	\$ 30,215,751
Subtract Miscellaneous Income	26.5%	33.5%	40.0%	\$ 106,106	\$ 534,879	\$ 117,406	\$ 198,208	\$ 956,600
<b>2022-23 Net Operating Revenue Required</b>				<b>\$ 3,258,192</b>	<b>\$ 16,312,500</b>	<b>\$ 3,660,515</b>	<b>\$ 6,027,944</b>	<b>\$ 29,259,151</b>
2021-22 Net Operating Revenue Required				3,056,516	14,859,965	3,471,004	6,225,028	27,612,513
\$ Increase / (Decrease)				201,676	1,452,535	189,511	(197,084)	1,646,638
% Increase / (Decrease)				6.60%	9.77%	5.46%	(3.17%)	5.96%

## Miscellaneous Revenue

Miscellaneous Revenue is derived from grease and septic receipts, property leases, and services performed by the Environmental Services Divisions. SVCW has continued to secure Self-Generation Incentive Program (SGIP) revenues from a battery storage program and has initiated a program to receive organic waste which generates tipping fees.

2022-23 Budget Miscellaneous Revenue						
Description	2020-21 Actual	2021-22 Adopted Budget	2021-22 Forecast	2022-23 Adopted Budget	\$ Incr/(Decr) v. Forecast	% Incr/(Decr) v. Forecast
Grease & Septic Receiving	\$ 193,518	\$ 325,000	\$ 300,000	\$ 300,000	\$ -	0.0%
Other Miscellaneous Revenue	110,932	128,000	130,000	284,600	154,600	118.9%
Source Control	55,926	90,000	66,000	86,500	20,500	31.1%
Laboratory Services	2,400	14,000	5,000	5,000	-	0.0%
Interest Earnings	24,459	80,000	1,000	12,500	11,500	1150.0%
Self-Generation Incentive Program	231,302	100,000	150,000	150,000	-	0.0%
Stormwater Monitoring	49,958	118,000	82,000	118,000	36,000	43.9%
<b>TOTAL</b>	<b>\$ 668,495</b>	<b>\$ 855,000</b>	<b>\$ 734,000</b>	<b>\$ 956,600</b>	<b>\$ 222,600</b>	<b>30.3%</b>

## Capital and Reserve Contributions

As described in Section 4 of this budget, Revenue-financed Capital projects are estimated at \$1.40 million in 2022-23. Contributions to the CIP Reserve follow policy and is scheduled to be \$2.5 million next fiscal year. These costs are allocated to Members according to JPA-defined percentages, which are based on each Member Agency's dry weather capacity owned and its allocated share of future dry weather capacity.

2022-23 Capital and Reserve Allocation Calculations					
Description	City of Belmont	Redwood City	City of San Carlos	West Bay San District	TOTAL
Capital and Reserve Allocation Factors	9.45%	48.57%	15.14%	26.84%	100.00%
<b>CAPITAL IMPROVEMENT</b>					
Treatment Plant	\$ 22,208	\$ 114,140	\$ 35,579	\$ 63,074	\$ 235,000
Pump Stations	-	-	-	-	-
Force Main	-	-	-	-	-
Equipment	110,471	567,783	176,987	313,760	1,169,000
Subtotal	\$ 132,678	\$ 681,923	\$ 212,566	\$ 376,834	\$ 1,404,000
<b>RESERVE CONTRIBUTIONS</b>					
Operating Reserve	\$ 12,380	\$ 61,982	\$ 13,909	\$ 22,904	\$ 111,176
CIP Reserve	236,250	1,214,250	378,500	671,000	2,500,000
Subtotal	\$ 248,630	\$ 1,276,232	\$ 392,409	\$ 693,904	\$ 2,611,176
<b>Contributions for Capital &amp; Reserves</b>	<b>\$ 381,308</b>	<b>\$ 1,958,155</b>	<b>\$ 604,974</b>	<b>\$ 1,070,738</b>	<b>\$ 4,015,176</b>

Section 5 of this Budget briefly reviews the CIP and its associated debt service payments, which vary between Members as some opt to self-finance a portion of the CIP rather than fully participate in SVCW debt. Cash reserves, discussed in Section 6, reflect SVCW policy.

## Total Member Entity Contributions

Total 2022-23 contributions (including debt service) will be \$52.14 million, allocated as follows:

2022-23 Budget - Total Contributions by Member Agency					
Description	City of Belmont	Redwood City	City of San Carlos	West Bay San District	TOTAL
Net Operating Expenditures	\$ 3,258,192	\$ 16,312,500	\$ 3,660,515	\$ 6,027,944	\$ 29,259,151
Revenue-Funded Capital Expenditures	132,678	681,923	212,566	376,834	1,404,000
Reserve Contributions	248,630	1,276,232	392,409	693,904	2,611,176
Projected Debt Service	178,425	10,334,733	3,268,999	5,078,669	18,860,826
<b>Total Contributions to SVCW</b>	<b>\$ 3,817,925</b>	<b>\$ 28,605,388</b>	<b>\$ 7,534,488</b>	<b>\$ 12,177,350</b>	<b>\$ 52,135,152</b>

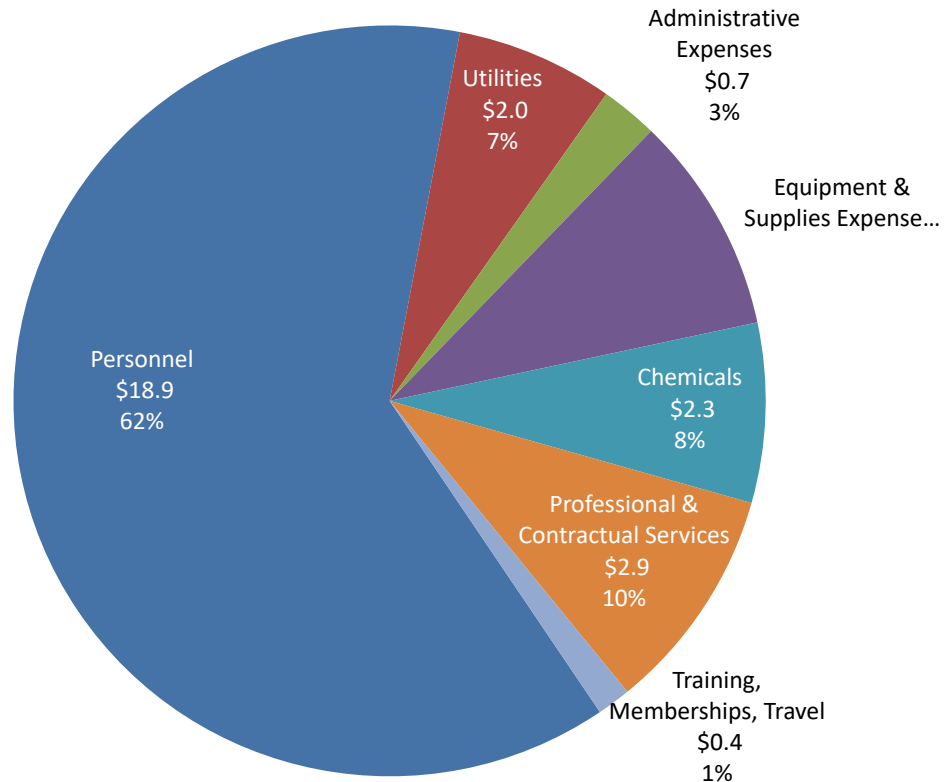


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### SECTION 3 – GROSS OPERATING EXPENDITURES

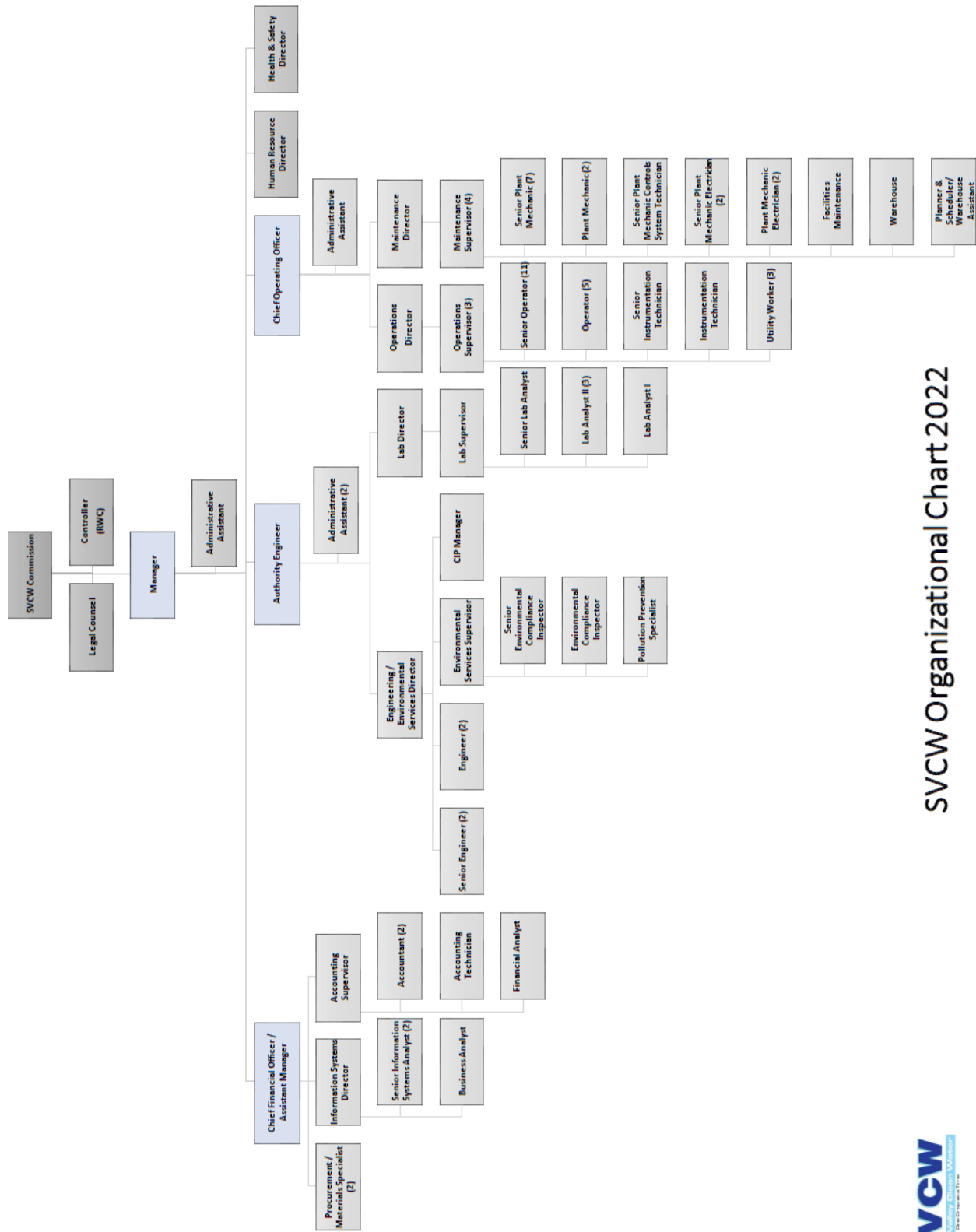
The FY 2021-22 Gross Operating Budget will be \$30.06 million. The below chart illustrates the significant expenditure categories, showing 63% of expenditures are for personnel-related costs associated with approximately 79 full-time equivalent employees in the Operating Budget.

#### SVCW 2022-23 Operating Budget (\$30.21 million)



#### Personnel

Operating Budget staffing levels have ranged from 72 to 79 full time equivalents across eight divisions since 2010 when SVCW hired additional staff to address critical maintenance and develop a capital improvement program. Those positions, as well employees dedicated to the Capital Improvement Program, are illustrated in the following organization chart.

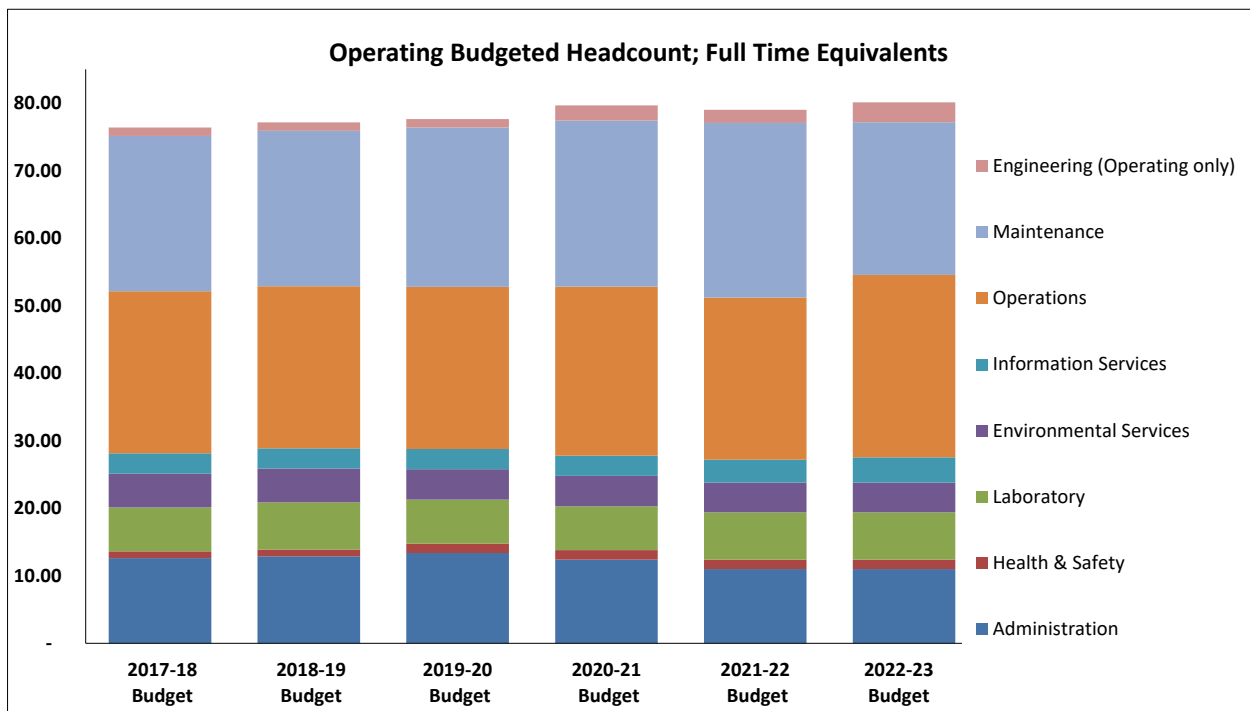


SVCW Organizational Chart 2022

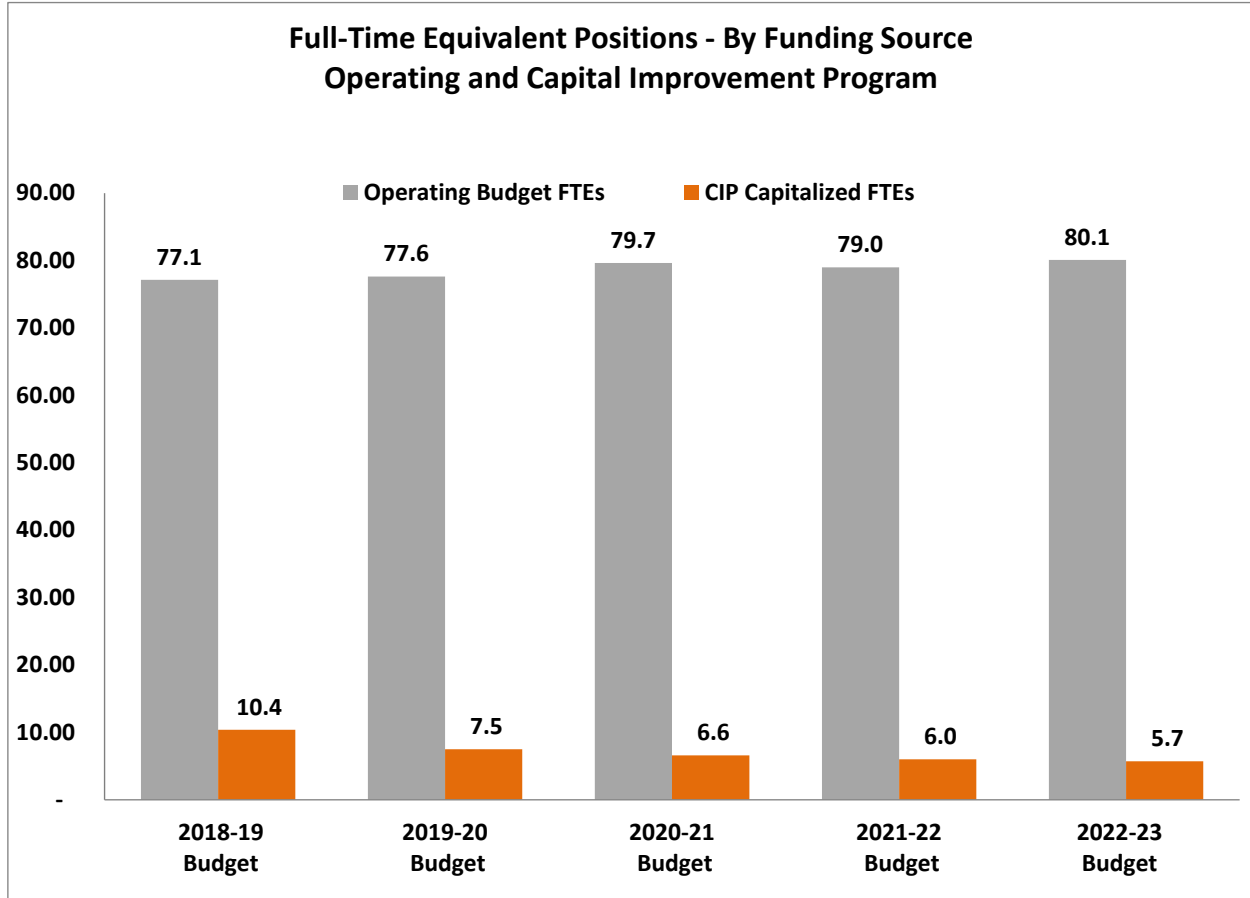


Positions included in the Operating Budget will increase by 0.30 Full Time Equivalent positions next year, reflecting a gradual movement of staff time from the CIP Fund to the Operating Fund. Other changes include one less supervisor in Operations, exchanged for an additional Operator. Other net changes in headcount reflect organizational changes as positions moved between the Operating, Maintenance, and Engineering divisions.

Full-time Equivalent Headcount - Operating Budget							
Division	2017-18 Budget	2018-19 Budget	2019-20 Budget	2020-21 Budget	2021-22 Budget	2022-23 Budget	Increase/ (Decrease)
Operations	24.00	24.00	24.00	25.00	24.00	27.00	3.00
Maintenance	23.00	23.00	23.60	24.60	25.85	22.60	(3.25)
Laboratory	6.50	7.00	6.50	6.50	7.00	7.00	-
Environmental Services	5.00	5.00	4.50	4.50	4.40	4.40	-
Engineering (Operating only)	1.25	1.25	1.25	2.25	1.95	2.95	1.00
Health & Safety	1.00	1.00	1.40	1.40	1.40	1.40	-
Information Services	3.00	3.00	3.00	3.00	3.40	3.75	0.35
Administration	12.63	12.88	13.38	12.40	11.00	11.00	-
<b>TOTAL Full Time Equivalents</b>	<b>76.38</b>	<b>77.13</b>	<b>77.63</b>	<b>79.65</b>	<b>79.00</b>	<b>80.10</b>	<b>1.10</b>



It should be noted that the Operating Budget excludes costs associated with work performed on CIP projects. The chart below defines the number of positions that have been traditionally charged to capital projects versus operating costs, and further illustrates how the 2021-22 Budget continues to dedicate approximately six staff to manage large and complex projects.



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## Operating Costs Summary by Objective

Gross Operating Expenses (compared to 2021-22 Forecast) increases by \$2.41 million, or 8.7%, though forecasted expenditures are estimated to end the year nearly \$659 thousand (2.3%) below the 2021-22 Budget mostly due to personnel vacancies incurred during the year. Positions in Maintenance, Operations, and Laboratory divisions were initially vacant after retirements and resignations, though most are now filled except two positions in Maintenance. Additional comparative comments between the two periods include significant inflationary pressures as well as operational changes when newly constructed headworks facilities are placed into service. Comments below explain a return to normal operations, certain inflationary pressures, and highlight savings planned for the upcoming fiscal year.

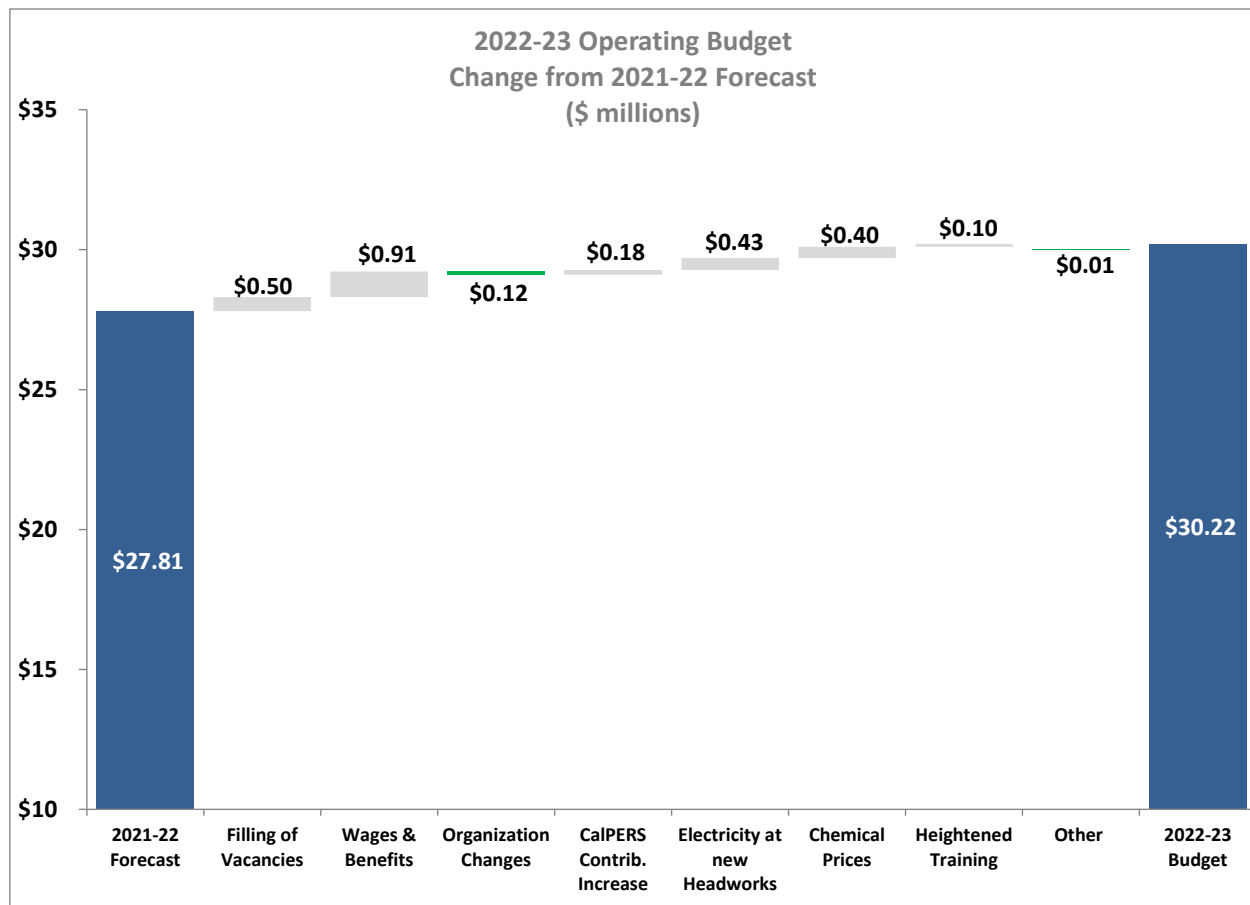
Silicon Valley Clean Water Expenditure Summary - By Division						
Description	2020-21 Actual	Adopted 2021-22 Budget	2021-22 Forecast	Proposed 2022-23 Budget	\$ Incr/(Decr) v. Forecast	% Incr/(Decr) v. Forecast
Operations	\$ 9,643,967	\$ 10,809,897	\$ 10,626,569	\$ 12,055,226	\$ 1,428,657	13.4%
Maintenance	7,059,041	7,246,589	7,070,324	6,741,464	(328,860)	(4.7%)
Laboratory Services	2,144,253	1,798,210	1,686,044	1,845,213	159,169	9.4%
Environmental Services	909,922	993,719	902,126	1,055,945	153,819	17.1%
Engineering	1,104,171	1,392,615	1,381,495	1,739,303	357,809	25.9%
Safety	473,827	492,106	472,758	517,406	44,648	9.4%
Information Services	1,784,330	1,976,351	1,994,069	2,345,620	351,551	17.6%
Administration	4,131,370	3,758,027	3,674,516	3,915,573	241,057	6.6%
<b>TOTAL</b>	<b>\$ 27,250,883</b>	<b>\$ 28,467,513</b>	<b>\$ 27,807,901</b>	<b>\$ 30,215,751</b>	<b>\$ 2,407,850</b>	<b>8.7%</b>

Comparing the 2022-23 Budget to the 2021-22 Forecast:

- Personnel costs will increase by \$1.06 million, or 5.6% compared to the 2021-22 Forecast. Approximately \$500 thousand of this increase is to recognize vacant positions are now filled. Other increases include \$910 thousand cost-of-living and step wage adjustments and an estimated \$180 thousand increase in CalPERS contribution rates. Offsetting these increases is approximately \$120 thousand in personnel savings associated with an organizational change.
- Electricity use will increase at the treatment plant when the new headworks facilities are brought online midyear, as lift pumps and odor control fans go into service. It is estimated that the additional power demand will raise costs by \$431 thousand compared to the Forecast. PG&E rates are anticipated to remain unchanged next year.
- Administrative Expense will increase from the Forecast by \$118 thousand (18.9%) primarily due to higher permit fees and increased technology services for cyber security, offsite data storage, and technology planning.
- Chemicals are anticipated to increase by \$605 thousand, or 34.9%. Much of this increase is due to inflation as suppliers advise to expect significant increases caused by supply shortages and logistics challenges. Formal bids are due shortly after this report is

published, and the budget may be adjusted when brought to the Commission in April 2022.

- Training, Memberships, and Travel will increase by \$151.7 thousand (53%). Most training and travel remained suspended during the COVID-19 pandemic. SVCW anticipates a return to ordinary training and education practices next fiscal year and is planning additional training as new facilities are placed in service.





Silicon Valley Clean Water Operating Expenditures						
Description	2020-21 Actual	Adopted 2021-22 Budget	2021-22 Forecast	Proposed 2022-23 Budget	\$ Incr/(Decr) v. Forecast	% Incr/(Decr) v. Forecast
Personnel:						
Salaries	\$ 12,265,539	\$ 12,956,108	\$ 12,669,432	\$ 13,330,532	\$ 661,101	5.2%
Overtime	298,879	260,120	291,813	275,738	(16,075)	(5.5%)
Retirement Benefit Contributions	3,863,755	2,757,395	2,677,985	3,100,782	422,796	15.8%
Health Insurance	1,397,376	1,617,679	1,549,092	1,662,636	113,544	7.3%
Payroll Tax	1,044	1,246	791	842	51	-
Workers' Compensation	218,950	285,168	255,690	272,524	16,834	6.6%
Health Insurance - Retiree	2,139	210,900	180,171	26,580	(153,591)	(85.2%)
Medicare	179,917	191,984	185,384	197,676	12,293	6.6%
Subtotal: Personnel Costs	18,227,600	18,280,601	17,810,358	18,867,311	1,056,953	5.9%
Utilities	1,619,814	1,576,620	1,744,228	2,047,966	303,738	17.4%
Administrative Expenses	688,173	631,843	626,719	744,875	118,156	18.9%
Equipment & Supplies Expense:						
Office Supplies	14,439	17,087	18,994	17,339	(1,655)	(8.7%)
Rentals & Leases	39,626	86,100	69,534	55,296	(14,238)	(20.5%)
Supplies & Expenses	619,310	510,778	604,345	572,227	(32,118)	(5.3%)
Equipment Maint - Materials	1,131,615	980,696	1,096,785	966,152	(130,633)	(11.9%)
Equipment Maint - Services	778,525	1,113,993	987,440	1,190,085	202,645	20.5%
Non-Capital Equipment	49,226	30,200	25,182	41,384	16,202	64.3%
Subtotal: Equipment & Supplies	2,632,740	2,738,854	2,802,279	2,842,483	40,204	1.4%
Chemicals	1,254,370	1,928,592	1,733,040	2,338,080	605,040	34.9%
Professional Services	1,028,518	992,486	915,192	1,005,157	89,965	9.8%
Contractual Services	1,668,011	1,955,006	1,891,256	1,933,277	42,021	2.2%
Memberships & Meetings	48,379	81,864	70,737	82,325	11,588	16.4%
Conferences & Travel	24,029	111,757	79,289	113,432	34,143	43.1%
Training	59,250	169,890	134,804	240,845	106,041	78.7%
<b>TOTAL EXPENDITURES</b>	<b>\$ 27,250,883</b>	<b>\$ 28,467,513</b>	<b>\$ 27,807,901</b>	<b>\$ 30,215,751</b>	<b>\$ 2,407,850</b>	<b>8.7%</b>

## Total Operating Expenditures by Division

Compared to the 2021-22 Forecast, Divisional changes in budget ranged according to individual strategies. Analysis of each Division is described on the following pages.

Silicon Valley Clean Water Expenditure Summary - By Division						
Description	2020-21 Actual	Adopted 2021-22 Budget	2021-22 Forecast	Proposed 2022-23 Budget	\$ Incr/(Decr) v. Forecast	% Incr/(Decr) v. Forecast
Operations	\$ 9,643,967	\$ 10,809,897	\$ 10,626,569	\$ 12,055,226	\$ 1,428,657	13.4%
Maintenance	7,059,041	7,246,589	7,070,324	6,741,464	(328,860)	(4.7%)
Laboratory Services	2,144,253	1,798,210	1,686,044	1,845,213	159,169	9.4%
Environmental Services	909,922	993,719	902,126	1,055,945	153,819	17.1%
Engineering	1,104,171	1,392,615	1,381,495	1,739,303	357,809	25.9%
Safety	473,827	492,106	472,758	517,406	44,648	9.4%
Information Services	1,784,330	1,976,351	1,994,069	2,345,620	351,551	17.6%
Administration	4,131,370	3,758,027	3,674,516	3,915,573	241,057	6.6%
<b>TOTAL</b>	<b>\$ 27,250,883</b>	<b>\$ 28,467,513</b>	<b>\$ 27,807,901</b>	<b>\$ 30,215,751</b>	<b>\$ 2,407,850</b>	<b>8.7%</b>

## Operations

The Operations Division treats the wastewater of the Member Agencies economically and efficiently while meeting or exceeding all requirements of the National Pollutant Discharge Elimination System (NPDES) permit. A stable, well-trained work force monitors and controls process stability while striving to develop new and better operating methods.

This Division has a total of 27 full-time equivalent positions in 2022-23 including the Chief Operating Officer, Operations Director, and three Operations Supervisors. There are sixteen Operators, three Utility Workers, and one Administrative Assistant. In addition, the new budget assumes a proposed organizational change that will transfer two Instrumentation Technicians from the Maintenance Division to provide Operations direct supervision of their assignments.

Operations Department Expenditures						
Description	2020-21 Actual	Adopted 2021-22 Budget	2021-22 Forecast	Proposed 2022-23 Budget	\$ Incr/(Decr) v. Forecast	% Incr/(Decr) v. Forecast
Personnel:						
Salaries	\$ 3,583,364	\$ 3,813,016	\$ 3,755,349	\$ 4,214,671	\$ 459,322	12.2%
Overtime	163,344	153,373	188,335	157,588	(30,747)	(16.3%)
Retirement Benefit Contributions	1,210,162	884,377	873,794	1,050,886	177,092	20.3%
Health Insurance	476,350	527,220	517,824	623,122	105,298	20.3%
Workers' Compensation	74,478	98,426	90,738	107,040	16,302	18.0%
Health Insurance - Retiree	636	63,600	54,992	8,400	(46,592)	(84.7%)
Medicare	53,461	57,600	56,601	63,520	6,918	12.2%
Subtotal: Personnel Costs	5,562,529	5,597,613	5,537,633	6,225,226	687,593	12.4%
Utilities	1,452,848	1,402,980	1,570,504	1,872,606	302,102	19.2%
Equipment & Supplies Expense:						
Rentals & Leases	2,249	22,596	12,157	-	(12,157)	(100.0%)
Supplies & Expenses	23,591	34,296	46,360	3,304	(43,056)	(92.9%)
Equipment Maint - Materials	5,535	-	198	-	(198)	(100.0%)
Non-Capital Equipment	183	-	40	-	(40)	-
Subtotal: Equipment & Supplies	31,948	56,892	58,754	3,304	(55,450)	(94.4%)
Chemicals	1,254,370	1,928,592	1,733,040	2,338,080	605,040	34.9%
Professional Services	122,900	-	12,780	-	(12,780)	(100.0%)
Contractual Services	1,204,354	1,771,560	1,681,929	1,507,848	(174,081)	(10.4%)
Memberships & Meetings	2,575	5,280	3,882	5,868	1,986	51.2%
Conferences & Travel	2,938	13,500	7,445	15,996	8,551	114.9%
Training	7,798	33,480	20,602	86,298	65,696	318.9%
<b>TOTAL EXPENDITURES</b>	<b>\$ 9,643,967</b>	<b>\$ 10,809,897</b>	<b>\$ 10,626,569</b>	<b>\$ 12,055,226</b>	<b>\$ 1,428,657</b>	<b>13.4%</b>

As compared to the 2021-22 Forecast, significant increases / decreases in the operating budget for Operations include:

- Personnel costs will increase \$687.6 thousand, or 12.4%, which includes \$400 thousand in transferred costs for instrumentation personnel. It also includes approximately \$120 thousand in cost reductions associated with a retirement and ensuing reduction in supervisors. There will be approximately \$50 thousand in savings associated with entry-level backfills after retirements. The remaining increase is from contractual step increases in compensation and cost-of-living adjustments.
- Budgeted Utilities Expense will increase by \$302 thousand, or 19.2% versus Forecast. This reflects an increased power demand next year when new headworks facilities are placed into service. Electricity rates are not expected to increase, per PG&E representative's notification to SVCW.
- Chemical costs are estimated to increase by \$605 thousand (34.9%) next year. Suppliers have warned of significant price increases due to inflation and logistics challenges in the industry.
- Contractual Services are anticipated to decline by \$172.9 thousand, or 10.3%. This reflects expanded use of lower-cost biosolids dryers that are now operational. Another source of savings reflects less tank cleaning events are required after remote pump stations are decommissioned.

## Maintenance

The Maintenance Division is a service and support function whose objective is to assure that all equipment and facilities are reliable and safe through well-planned and administered programs of preventative maintenance, corrective maintenance, replacement, and modification. Maintenance programs are implemented by a well-trained staff utilizing modern administrative and technical tools and skills.

There are 22.6 full-time equivalent positions in the Maintenance Division. It works under the direction of the Maintenance Director, three Maintenance Supervisors, and a Planner / Facilities Supervisor. Staff includes nine Plant Mechanics, two Controls Systems Mechanics, four Electrical Mechanics, and two Warehouse staff. One Plant Mechanic splits time 60/40 between Maintenance and Safety, respectively. This budget reflects a transfer of three positions out of the Maintenance Division, including two Instrumentation Technicians to the Operations Division and one Controls System Technician position to Engineering.

Maintenance Services Department Expenditures						
Description	2020-21 Actual	Adopted 2021-22 Budget	2021-22 Forecast	Proposed 2022-23 Budget	\$ Incr/(Decr) v. Forecast	% Incr/(Decr) v. Forecast
Personnel:						
Salaries	\$ 3,364,432	\$ 3,703,252	\$ 3,554,910	\$ 3,140,189	\$ (414,720)	(11.7%)
Overtime	58,443	53,895	46,674	51,443	4,769	10.2%
Retirement Benefit Contributions	1,151,705	793,817	767,216	754,810	(12,406)	(1.6%)
Health Insurance	430,390	556,352	519,687	477,813	(41,874)	(8.1%)
Payroll Tax	-	1,246	624	-	(624)	-
Workers' Compensation	79,139	105,147	93,951	87,497	(6,454)	(6.9%)
Health Insurance - Retiree	684	67,440	56,753	7,200	(49,553)	(87.3%)
Medicare	49,996	54,600	51,649	46,383	(5,266)	(10.2%)
Subtotal: Personnel Costs	5,134,788	5,335,751	5,091,464	4,565,336	(526,128)	(10.3%)
Administrative Expenses	910	-	732	-	(732)	
Equipment & Supplies Expense:						
Rentals & Leases	3,820	21,000	16,879	35,496	18,617	110.3%
Supplies & Expenses	126,102	78,168	78,823	85,572	6,749	8.6%
Equipment Maint - Materials	1,023,618	847,896	940,248	846,396	(93,852)	(10.0%)
Equipment Maint - Services	580,704	864,624	843,667	946,236	102,569	12.2%
Non-Capital Equipment	35,997	14,250	17,936	31,332	13,396	74.7%
Subtotal: Equipment & Supplies	1,770,241	1,825,938	1,897,612	1,945,032	47,420	2.5%
Contractual Services	133,734	15,000	25,543	152,004	126,461	495.1%
Memberships & Meetings	4,669	6,132	5,572	6,060	488	8.8%
Conferences & Travel	1,031	8,004	4,002	7,896	3,894	97.3%
Training	13,669	55,764	45,400	65,136	19,736	43.5%
<b>TOTAL EXPENDITURES</b>	<b>\$ 7,059,041</b>	<b>\$ 7,246,589</b>	<b>\$ 7,070,324</b>	<b>\$ 6,741,464</b>	<b>\$ (328,860)</b>	<b>(4.7%)</b>

As compared to the 2021-22 Forecast, significant increases / decreases in the operating budget for Maintenance include:

- Personnel costs will decrease \$526 thousand, or 10.3%, mostly due to the above-mentioned transfers out of the Maintenance Division. Otherwise, ordinary contractual increases in wages (step increases and cost-of-living adjustments) and associated benefits are planned.
- Overall Equipment and Supplies expenses will increase by \$47.4 thousand (2.5%) as the Maintenance Division focuses on ordinary treatment plant activity and foresees less work at remote pump stations when two stations are removed from service.
- Contractual Services increase by \$126 thousand to provide for SCADA (Supervisory Control and Data Acquisition) network support.
- Training increases by \$19.7 thousand (43.5%), as the Maintenance Division resumes a training regimen that had been partially deferred during the COVID-19 pandemic, particularly in the areas of SCADA and process automation.

## Laboratory Services

The Laboratory Services Division performs all laboratory support for process control and regulatory compliance. Staff is scientifically trained and technically experienced to perform the collection and analysis of wastewater samples.

The Laboratory Director oversees a Laboratory Supervisor and five Laboratory Analysts.

Laboratory Services Department Expenditures						
Description	2020-21 Actual	Adopted 2021-22 Budget	2021-22 Forecast	Proposed 2022-23 Budget	\$ Incr/(Decr) v. Forecast	% Incr/(Decr) v. Forecast
Personnel:						
Salaries	\$ 1,046,158	\$ 1,116,588	\$ 1,050,522	\$ 1,171,951	\$ 121,428	11.6%
Overtime	18,722	22,406	18,515	19,764	1,249	6.7%
Retirement Benefit Contributions	318,448	238,718	220,779	255,592	34,812	15.8%
Health Insurance	90,160	97,318	91,950	91,934	(16)	(0.0%)
Workers' Compensation	24,808	31,872	28,110	32,679	4,569	16.3%
Health Insurance - Retiree	190	19,200	15,873	3,000	(12,873)	(81.1%)
Medicare	15,645	16,550	15,425	17,323	1,898	12.3%
Subtotal: Personnel Costs	1,514,132	1,542,652	1,441,175	1,592,242	151,067	10.5%
Administrative Expenses	384,830	8,725	3,657	5,445	1,788	48.9%
Equipment & Supplies Expense:						
Office Supplies	-	-	775	1,596	821	-
Supplies & Expenses	89,930	84,000	82,691	89,160	6,469	7.8%
Equipment Maint - Materials	28,529	45,000	43,797	28,100	(15,697)	(35.8%)
Equipment Maint - Services	28,825	32,536	31,315	42,235	10,920	34.9%
Non-Capital Equipment	11,680	8,400	4,480	5,800	1,321	29.5%
Subtotal: Equipment & Supplies	158,964	169,936	163,057	166,891	3,834	2.4%
Professional Services	-	7,500	5,024	10,000	4,976	-
Contractual Services	78,543	48,722	53,930	50,681	(3,249)	(6.0%)
Memberships & Meetings	1,290	10,325	10,082	10,456	374	3.7%
Conferences & Travel	2,069	5,230	4,220	4,200	(20)	(0.5%)
Training	4,425	5,120	4,899	5,298	399	8.1%
<b>TOTAL EXPENDITURES</b>	<b>\$ 2,144,253</b>	<b>\$ 1,798,210</b>	<b>\$ 1,686,044</b>	<b>\$ 1,845,213</b>	<b>\$ 159,169</b>	<b>9.4%</b>

As compared to the 2021-22 Forecast, material increases / decreases in the Laboratory operating budget include:

- A Laboratory Analyst position was vacant for several months in 2021-22, which suppressed the forecasted personnel costs. There was also a promotion of a Laboratory Analyst I to a Laboratory Analyst II after meeting performance requirements. Otherwise, staffing costs increase by contractual step and cost-of-living adjustments.
- Changes in other cost items were modest, reflecting ordinary operations and spending.



## Environmental Services

The Environmental Services Division supports process control and regulatory compliance. The experienced staff collects samples from on site and in the field and administers the Industrial Pretreatment and the Pollution Prevention Programs. The Division issues permits to entities that handle wastewater, groundwater discharge, septic, and restaurant grease. It also conducts sanitary sewer complaint response, fats oils and grease inspections and performs public and educational outreach for the communities within our service area.

Division personnel includes a shared portion of the Engineering Director, one Supervisor, two Environmental Compliance Inspectors and a Pollution Prevention Specialist.

Environmental Services Department Expenditures							
Description	2020-21 Actual	Adopted 2021-22 Budget	2021-22 Forecast	Proposed 2022-23 Budget	\$ Incr/(Decr) v. Forecast	% Incr/(Decr) v. Forecast	
Personnel:							
Salaries	\$ 595,177	\$ 687,304	\$ 626,861	\$ 734,823	\$ 107,961	17.2%	
Overtime	3,755	5,546	3,462	3,438	(24)	(0.7%)	
Retirement Benefit Contributions	192,696	141,552	135,310	168,943	33,632	24.9%	
Health Insurance	45,834	59,970	53,029	58,357	5,328	10.0%	
Workers' Compensation	13,165	16,707	15,164	17,400	2,236	14.7%	
Health Insurance - Retiree	108	12,000	9,831	1,440	(8,391)	(85.4%)	
Medicare	8,328	10,067	9,015	10,726	1,711	19.0%	
Subtotal: Personnel Costs	859,062	933,146	852,671	995,126	142,455	16.7%	
Administrative Expenses	26,450	1,544	312	1,544	1,232	395.1%	
Equipment & Supplies Expense:							
Office Supplies	14	-	1,189	-	(1,189)	(100.0%)	
Supplies & Expenses	724	7,100	8,162	9,504	1,342	16.4%	
Equipment Maint - Services	-	1,500	750	1,500	750	100.0%	
Non-Capital Equipment	851	4,750	1,154	1,152	(2)	(0.2%)	
Subtotal: Equipment & Supplies	1,612	13,350	11,353	12,156	803	7.1%	
Contractual Services	19,620	29,924	23,565	31,144	7,579	32.2%	
Memberships & Meetings	667	1,040	839	1,080	241	28.7%	
Conferences & Travel	2,071	11,950	11,880	12,400	520	4.4%	
Training	440	2,765	1,506	2,495	989	65.7%	
<b>TOTAL EXPENDITURES</b>	<b>\$ 909,922</b>	<b>\$ 993,719</b>	<b>\$ 902,126</b>	<b>\$ 1,055,945</b>	<b>\$ 153,819</b>	<b>17.1%</b>	

As compared to the 2021-22 Forecast, significant increases / decreases in the operating budget for Environmental Services include:

- 2021-22 forecasted personnel costs appear low due to inaccurate timecoding between the Environmental Services and Engineering divisions. This will be corrected in 2022-23. Other year-over-year changes are limited to ordinary step and cost-of-living adjustments.
- Contractual Services is increasing by \$7.6 thousand (32.2%) as additional industrial / commercial laboratory analyses is anticipated.

## Engineering

The Engineering Division is responsible for improvements and replacement of SVCW capital facilities. Engineering staff provides oversight, direction, and management of the capital improvement projects. It works to build safe, innovative, sustainable, efficient, and cost-effective infrastructure that ensures the longevity of SVCW facilities and protects the investments made by customers. Engineering achieves this through building successful partnerships with peers, consultants, and contractors from a project's inception through construction and into start-up with the highest levels of professionalism, integrity, and fairness.

The Division is currently focused on the RESCU program and improvements to the wastewater treatment plant. It works under the direction of the Authority Engineer and an Engineering Director (shared with Environmental Services), plus four engineers, a CIP Manager, and two Administrative Assistants. In 2022-23, Engineering will receive a newly-transferred position from the Maintenance Division. Most Engineering personnel costs are charged to capital projects.

Engineering Department Expenditures							
Description	2020-21 Actual	Adopted 2021-22 Budget	2021-22 Forecast	Proposed 2022-23 Budget	\$ Incr/(Decr) v. Forecast	% Incr/(Decr) v. Forecast	
Personnel:							
Salaries	\$ 577,315	\$ 519,716	\$ 542,074	\$ 730,862	\$ 188,788	34.8%	
Retirement Benefit Contributions	193,746	91,818	89,424	137,379	47,954	53.6%	
Health Insurance	54,686	54,313	56,085	84,940	28,855	51.4%	
Payroll Tax	-	-	-	842	842	0.0%	
Workers' Compensation	1,311	1,448	1,477	2,587	1,110	75.2%	
Health Insurance - Retiree	54	5,400	4,606	1,290	(3,316)	(72.0%)	
Medicare	8,045	7,546	7,648	10,616	2,968	38.8%	
Subtotal: Personnel Costs	835,157	680,242	701,314	968,515	267,202	38.1%	
Administrative Expenses	266	384,963	399,375	435,078	35,703	8.9%	
Equipment & Supplies Expense:							
Office Supplies	365	960	1,391	-	(1,391)	(100.0%)	
Supplies & Expenses	1,345	4,200	3,651	5,160	1,509	41.3%	
Subtotal: Equipment & Supplies	1,710	5,160	5,042	5,160	118	2.3%	
Professional Services	245,766	241,500	211,713	255,000	43,287	20.4%	
Memberships & Meetings	4,794	22,846	18,534	20,900	2,366	12.8%	
Conferences & Travel	11,737	51,000	35,405	47,250	11,845	33.5%	
Training	4,740	6,904	5,236	7,400	2,164	41.3%	
<b>TOTAL EXPENDITURES</b>	<b>\$ 1,104,171</b>	<b>\$ 1,392,615</b>	<b>\$ 1,381,495</b>	<b>\$ 1,739,303</b>	<b>\$ 357,809</b>	<b>25.9%</b>	

As compared to the 2021-22 Forecast, significant increases / decreases in the operating budget for Engineering include:

- Operating Fund personnel costs will increase \$267 thousand (38.1%), as a full-time person transfers into Engineering from the Maintenance Division. This reassigned position will oversee all SCADA-related network and devices. Other personnel cost changes reflect ordinary inflationary pressure on wages and benefits.
- Administrative Expense increases by \$35.7 thousand (8.9%) as permit fees are anticipated to increase.
- Professional Services will increase \$43.3 thousand (20.4%) as consulting services are needed to update technical documents and respond to ad hoc operational requests.
- Conference and Travel expenses increase as the Division resumes a training regimen that had been deferred during the COVID-19 pandemic, particularly in the area of asset management..

## Safety

The Safety Division develops, implements, and oversees all safety programs for the agency. It is staffed with one Health and Safety Director, along with 40% of one mechanic who assists with safety matters.

Safety Department Expenditures							
Description	2020-21 Actual	Adopted 2021-22 Budget	2021-22 Forecast	Proposed 2022-23 Budget	\$ Incr/(Decr) v. Forecast	% Incr/(Decr) v. Forecast	
Personnel:							
Salaries	\$ 256,563	\$ 268,888	\$ 258,169	\$ 286,568	\$ 28,399	11.0%	
Overtime	1,054	1,100	1,988	1,716	(272)	-	
Retirement Benefit Contributions	44,430	42,704	42,195	49,347	7,152	0.0%	
Health Insurance	29,276	34,751	32,695	34,323	1,629	5.0%	
Workers' Compensation	5,728	7,556	6,859	7,902	1,042	15.2%	
Health Insurance - Retiree	34	3,960	3,389	600	(2,789)	(82.3%)	
Medicare	3,620	3,924	3,797	4,189	392	10.3%	
Subtotal: Personnel Costs	340,705	362,882	349,091	384,645	35,554	10.2%	
Administrative Expenses	16,429	13,985	12,853	14,300	1,447	11.3%	
Equipment & Supplies Expense:							
Supplies & Expenses	74,636	65,626	64,894	66,228	1,334	2.1%	
Equipment Maint - Materials	4,324	2,000	3,743	2,000	(1,743)	(46.6%)	
Equipment Maint - Services	3,012	6,125	2,500	6,400	3,900	156.0%	
Non-Capital Equipment	515	2,800	1,572	3,100	1,528	97.2%	
Subtotal: Equipment & Supplies	82,487	76,551	72,708	77,728	5,020	6.9%	
Professional Services	450	-	160	-	(160)		
Contractual Services	25,913	19,000	17,000	20,000	3,000	17.6%	
Memberships & Meetings	4,438	4,188	5,128	4,283	(845)	(16.5%)	
Conferences & Travel	149	2,500	2,589	2,450	(139)	(5.4%)	
Training	3,257	13,000	13,228	14,000	772	5.8%	
<b>TOTAL EXPENDITURES</b>	<b>\$ 473,827</b>	<b>\$ 492,106</b>	<b>\$ 472,758</b>	<b>\$ 517,406</b>	<b>\$ 44,648</b>	<b>9.4%</b>	

As compared to the 2021-22 Forecast, significant increases / decreases in the operating budget for Safety include:

- Personnel costs will change \$35.5 thousand (11.3%). Approximately \$10 thousand of this increase is associated with timecoding issued during 2021-22, which suppressed the forecast. The balance of the increase is inflationary pressure on pay and associated benefits.
- Other changes in safety expenses were modest and reflect ordinary operations next year.

## Information Services

The Information Services Division manages all technology and information systems of the agency. The Information Services Director oversees two Senior Information System Analysts and one Business Analyst.

Information Services Department Expenditures							
Description	2020-21 Actual	Adopted 2021-22 Budget	2021-22 Forecast	Proposed 2022-23 Budget	\$ Incr/(Decr) v. Forecast	% Incr/(Decr) v. Forecast	
Personnel:							
Salaries	\$ 608,208	\$ 693,418	\$ 707,701	\$ 783,080	\$ 75,380	10.7%	
Retirement Benefit Contributions	229,520	185,776	185,269	229,106	43,837	23.7%	
Health Insurance	44,887	62,717	63,175	61,085	(2,090)	(3.3%)	
Workers' Compensation	9,015	10,733	10,439	11,310	871	8.3%	
Health Insurance - Retiree	83	8,700	7,874	450	(7,424)	(94.3%)	
Medicare	8,712	10,059	10,179	11,361	1,182	11.6%	
Subtotal: Personnel Costs	900,426	971,403	984,637	1,096,392	111,755	11.3%	
Utilities	166,966	173,640	173,724	175,360	1,636	0.9%	
Equipment & Supplies Expense:							
Rentals & Leases	20,696	28,800	28,856	6,300	(22,556)	(78.2%)	
Supplies & Expenses	253,633	189,465	273,771	262,089	(11,682)	(4.3%)	
Equipment Maint - Services	140,057	169,104	76,542	175,729	99,187	129.6%	
Equipment Maint - Materials	68,471	85,800	108,245	83,800	(24,445)	(22.6%)	
Subtotal: Equipment & Supplies	482,946	473,169	487,556	527,918	40,362	8.3%	
Professional Services	230,669	314,600	299,629	385,200	85,571	28.6%	
Contractual Services	(5,171)	18,600	27,444	123,600	96,156	350.4%	
Memberships & Meetings	1,740	2,639	1,044	3,650	2,606	249.6%	
Training	6,754	22,300	20,035	33,500	13,465	67.2%	
<b>TOTAL EXPENDITURES</b>	<b>\$ 1,784,330</b>	<b>\$ 1,976,351</b>	<b>\$ 1,994,069</b>	<b>\$ 2,345,620</b>	<b>\$ 351,551</b>	<b>17.6%</b>	

As compared to the 2021-22 Forecast, total expenditures in the Information Services Division will increase by \$351.5 thousand (17.6%). Significant variances include:

- Personnel costs will increase \$111.8 thousand, or 11.3%, which includes approximately \$57 thousand of increased proportion of time the Business Analyst charges to the Operating Fund rather than the Capital Improvement Program Fund. Remaining increases reflect ordinary merit and cost-of-living adjustments.
- Professional Services will increase by \$85.6 thousand as consultant resources are used to develop a technology roadmap and support divisions' request for technology improvements.
- Contractual Services will increase by \$96.2 thousand, mostly for increased off-site storage and recovery services.
- Training expenses increase by \$13.4 thousand as the Division increases its focus on preventative cyber security measures as well as end-user training.



## Administrative Services

The Administrative Services Division provides legal, financial, personnel, and administrative support to the Commission, Manager, and other Divisions. It is committed to presenting a positive and professional image of SVCW to the general public and Member Agencies. The Division is responsible for human resources, accounting, purchasing, risk management, and asset management. All costs associated with the Commission, Manager's office, General Counsel, and CFO are included in the Administrative Services Division. Additionally, certain accounting and payroll processing services provided by Redwood City are included.

In addition to the Manager and CFO, Administrative Services includes one Human Resources Director, two Procurement Specialists, and one Administrative Assistant. The Finance team includes an Accounting Supervisor, two Accountants, one Accounting Technician, and a Financial Analyst.

Administrative Services Department Expenditures						
Description	2020-21 Actual	Adopted 2021-22 Budget	2021-22 Forecast	Proposed 2022-23 Budget	\$ Incr/(Decr) v. Forecast	% Incr/(Decr) v. Forecast
Personnel:						
Salaries	\$ 2,234,323	\$ 2,153,926	\$ 2,173,845	\$ 2,268,388	\$ 94,543	4.3%
Overtime	53,561	23,800	32,840	41,789	8,949	27.3%
Retirement Benefit Contributions	523,048	378,632	363,998	454,720	90,722	24.9%
Health Insurance	225,792	225,039	214,647	231,062	16,414	7.6%
Payroll Tax	310	-	167	-	(167)	0.0%
Workers' Compensation	11,307	13,278	8,953	6,110	(2,843)	(31.8%)
Health Insurance - Retiree	350	30,600	26,852	4,200	(22,652)	(84.4%)
Medicare	32,111	31,638	31,069	33,558	2,490	8.0%
Subtotal: Personnel Costs	3,080,801	2,856,913	2,852,372	3,039,828	187,456	6.6%
Administrative Expenses	257,579	222,626	208,890	288,508	79,619	38.1%
Equipment & Supplies Expense:						
Office Supplies	13,579	16,127	15,581	15,743	162	1.0%
Rentals & Leases	12,861	13,704	11,642	13,500	1,858	16.0%
Supplies & Expenses	49,349	47,923	46,752	51,210	4,458	9.5%
Equipment Maint - Materials	1,114	-	457	8,796	8,340	1826.8%
Equipment Maint - Services	25,928	40,104	32,666	15,045	(17,621)	(53.9%)
Subtotal: Equipment & Supplies	102,832	117,858	107,097	104,294	(2,803)	(2.6%)
Professional Services	428,732	428,886	385,886	354,957	(30,929)	(8.0%)
Contractual Services	211,018	52,200	56,970	48,000	(8,970)	(15.7%)
Memberships & Meetings	28,206	29,414	25,656	30,028	4,372	17.0%
Conferences & Travel	4,034	19,573	13,748	23,240	9,492	69.0%
Training	18,167	30,557	23,898	26,718	2,820	11.8%
<b>TOTAL EXPENDITURES</b>	<b>\$ 4,131,370</b>	<b>\$ 3,758,027</b>	<b>\$ 3,674,516</b>	<b>\$ 3,915,573</b>	<b>\$ 241,057</b>	<b>6.6%</b>

As compared to the 2021-22 Forecast, significant increases / decreases in the operating budget for Administrative Services include:

- Personnel costs will increase by \$187.5 thousand, or 6.6%, mostly for ordinary step and cost-of-living adjustments.
- Administrative costs will increase by \$79.6 thousand, or 38.1%. Approximately half the increase is for increased cost of insurance coverage as carriers warn of substantial premium increases in the liability and property programs. There is also a \$37 thousand provision for WIFIA loan administrative fees, which are new to the Operating Budget as these are effective only after construction is complete.
- Equipment Maintenance Services decline as the costs are transferred to the Maintenance Division.
- Professional Services decline as less legal services are anticipated to be required.
- Equipment & Supplies expense will decline from Forecast by \$37.3 thousand (24%) as facilities-related costs transfer to the Maintenance Division.
- Professional Services expense declines by \$93.9 thousand (18%), as Microsoft consulting fees transfer from Finance to the Information Services Division.

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## SECTION 4 – REVENUE-FUNDED CAPITAL EXPENDITURES

### Summary

Revenue-Funded Capital Expenditures are for capital projects costing less than \$1 million and completed within one year. These projects offer identifiable improvements in the short term. Revenue-funded capital expenditures may include minor construction projects, major maintenance and rehabilitation projects, planning studies, and preliminary engineering analysis for major capital improvements. It is therefore the practice to fund such projects using available cash funds rather than financing them over 30 years.

Since 2006-07, SVCW has spent approximately \$36 million on Revenue-Funded capital expenditures. Over the past decade, SVCW has averaged \$1.5 million annually in Revenue-Funded capital expenditures.

The 2022-23 Budget of \$1.40 million for Revenue-Funded capital expenditures includes:

2022-23 Revenue-Funded Capital Expenditures	
Project Name	Estimated Cost
Track Loader to clean / maintain Drying Beds	\$ 145,000
Vapex Units at primary influent & effluent channels	235,000
Replace Uninterruptible Power Supply (UPS)	30,000
Replace Network Field Switches	144,000
Biosolids Shunt Truck, used to move Biosolids*	160,000
Replace Quincy Compressors	90,000
Replace Chillers in Thickener Gallery	400,000
Rotary Drum Thickeners - Piping Upgrades	200,000
TOTAL	<u>\$ 1,404,000</u>

These projects will maintain critical operations and improve productivity. Key projects include:

- A track loader is a new piece of equipment needed to maintain the integrity of drying bed levees.
- Vapex units are used to mitigate production of corrosive hydrogen sulfide gas and treat odorous compounds. New units will be placed at the Primary Sedimentation influent and effluent channels.
- Critical technology equipment is powered through an Uninterruptible Power Supply (UPS) to avoid damage and/or operational issues. The existing UPS has reached the end of its useful life.

- The information systems network extends throughout the treatment plant, where industrial-grade field switches have reached the end of their useful life.
- Biosolids are currently moved on the plant site using equipment leased from a vendor. California emission standards require this equipment be replaced, and initial financial analysis suggests it is advantageous to purchase a truck rather than lease. Staff will track status of the vendor's plan to replace their fleet truck to determine when and if the financial analysis indicates purchase is economically beneficial.
- Compressors provide high-pressure air used to actuate pneumatic valves and other equipment throughout the treatment plant. The current compressors are at the end of their useful life.
- Chillers produce cool air for air conditioning systems, including the units used to cool the data center. Existing chillers are at the end of their useful life.
- Rotary Drum Thickeners (RDT) are used to dewater biosolids. Relatively new to SVCW, the RDTs will replace original gravity thickener equipment. There have been difficulties in moving the resultant thickened biosolids, and new piping upgrades will improve RDT reliability.

## **SECTION 5 – CAPITAL IMPROVEMENT PROGRAM & DEBT SERVICE**

### **Background**

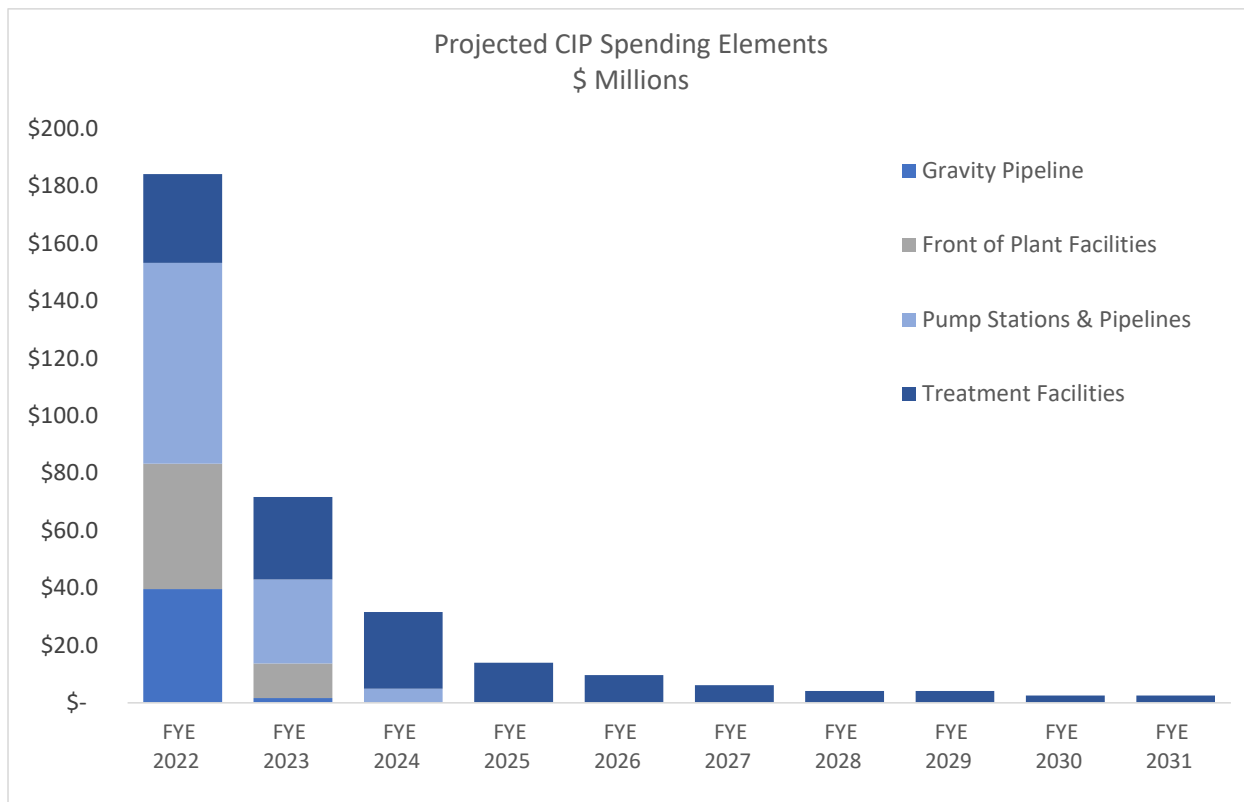
SVCW's wastewater treatment plant was constructed in 1980 and connected to an influent conveyance system built in 1969. In 2006, engineering studies determined the majority of SVCW fixed assets were beyond their useful lives and needed replacement. In 2008 SVCW initiated its CIP to replace and rehabilitate wastewater conveyance and treatment systems in a structured and prioritized manner. Now in its fourteenth year, the CIP has completed over 130 projects through December 2021.

### **CIP Projected Expenditures**

Each year, SVCW produces a LRFP to describe the total cash flows required over the next decade. This includes funding for all operations, revenue-funded capital projects, CIP projects and their associated debt service payments, and necessary cash reserve contributions. Meant to encourage discussion and support decision making, the LRFP provides up-to-date financial information so that Member Entities have the information needed to understand the financial implications of those decisions and to communicate with internal and external stakeholders.

The CIP is a guiding document of the LRFP and demonstrates how, when completed and known capital projects are completed, the Authority will have spent over \$950 million. Remaining

project expenditures are currently estimated at \$330.5 million over the next decade, the majority of which will be spent in the next two fiscal years:



The largest projects comprised in the RESCU program together produce capital expenditures greater than \$196 million over the next two fiscal years. As construction is completed, assets of each Member Entity increase per its allocable percentages as follows:

Identified Capital Expenditures through Fiscal Year 2031; by Member Allocation (\$ Millions)												
CIP Program	JPA %	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	Total
Redwood City	48.57%	\$ 89.5	\$ 34.8	\$ 15.3	\$ 6.8	\$ 4.7	\$ 3.0	\$ 2.0	\$ 2.0	\$ 1.2	\$ 1.2	\$ 160.5
WBSD	26.84%	49.4	19.2	8.5	3.7	2.6	1.6	1.1	1.1	0.7	0.7	88.7
San Carlos	15.14%	27.9	10.9	4.8	2.1	1.5	0.9	0.6	0.6	0.4	0.4	50.0
Belmont	9.45%	17.4	6.8	3.0	1.3	0.9	0.6	0.4	0.4	0.2	0.2	31.2
<b>Total</b>	<b>100.00%</b>	<b>\$184.2</b>	<b>\$ 71.7</b>	<b>\$ 31.6</b>	<b>\$ 13.9</b>	<b>\$ 9.6</b>	<b>\$ 6.1</b>	<b>\$ 4.1</b>	<b>\$ 4.1</b>	<b>\$ 2.6</b>	<b>\$ 2.6</b>	<b>\$ 330.5</b>

## Debt Service

Due to the compressed timing and large cost to complete the CIP, as well as the lack of significant cash reserves, the most practical funding method was to utilize long-term debt. SVCW updates its LRFP each year to reassess its financial position relative to anticipated cash flows needed from SVCW's Member Entities. It also incorporates CIP construction and expenditure schedules, as well as the current borrowing environment. After considering these factors, the January 2022 LRFP recognized how SVCW managed to secure a substantial amount of governmental loans.

Compared to the prior year's LRFP, the 2021 Plan considered three changes:

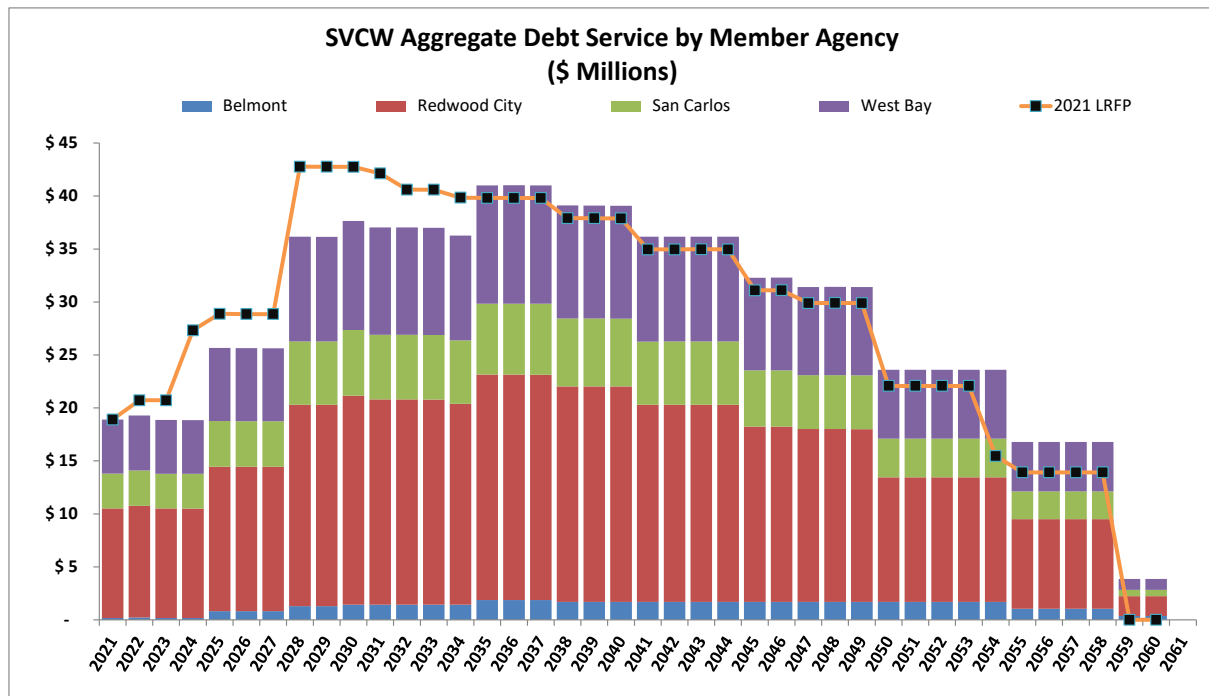
- **CIP Update:** SVCW updated its cost estimates for remaining CIP projects by adjusting for project additions and deletions, changes in project scope, and new pricing information.
- **Construction Timing:** The RESCU program has remained on schedule due to successful implementation of a Progressive Design-Build project delivery method.
- **Financing Sources and Rates:** The LRFP reflects the low interest rates and favorable loan terms secured in 2021. With help of Governmental loans from the California State Water Resource Control Board ("SWRCB") and the U.S. Environmental Protection Agency ("U.S. EPA"), the Authority has now funded the entirety of the RESCU program. Concurrently, other outstanding debt was refinanced to reduce borrowing costs. Details include:
  - Three SWRCB State Revolving Fund Loans, valued at \$169 million, were executed at 0.90% to help fund RESCU. Debt service payments will commence in fiscal year 2024-25, one year after project completion.
  - Two U.S. EPA Water Infrastructure Finance Innovation Act ("WIFIA") Loans were executed with principal of \$68.9 million (RESCU program) and \$73.8 million (Treatment Plant projects), respectively. The EPA allowed SVCW to adjust both loans' debt service into a wrapped structure to blunt an otherwise sharp rise in SVCW's total debt service. The benefit of this approach outweighed slightly-higher interest rates of the new WIFIA loans which, at 1.93% and 1.94% were slightly higher than the 1.75% assumed in the prior year.

A 2021 Bond issuance to advance refund two bond series from 2014 and 2015 as well as one State Revolving Fund Loan from 2011. The combined \$125 million in refunding closed at a True Interest Cost of 2.30%; a better rate than the 2.67% assumed in the 2021 LRFP.

The 2021 LRFP demonstrates the following debt structure was achieved, as compared to the prior year assumptions:

Description	2020 LRFP	2021 LRFP
<b>Remaining funding to be secured</b>	<b>\$561 Million</b>	<b>\$381 Million</b>
\$ Fixed Bonds / % of New Debt	\$99M / 18%	\$26M / 7%
\$ Variable Bonds / % of New Debt	\$29M / 5%	\$0M / 0%
\$ SRF Loans / % of New Debt	\$169M / 30%	\$169M / 44%
\$ WIFIA Loan / % of New Debt	\$208M / 37%	\$106M / 28%
Proceeds or Cash / % of New Debt	\$56M / 10%	\$80M / 21%
 Weighted Average Cost of Capital	 2.57%	 1.41%

Debt service payments, cumulative over the next ten years, are approximately \$299 million, which is \$46.9 million less (in nominal dollars) than the prior year Plan. Discounted to January 2022 dollars, this is a reduction of NPV \$43.2 million. The Maximum Annual Debt Service payment (or “MADS”) is now anticipated in fiscal year 2034-35 and estimated at \$41.0 million, which is a \$1.7 million reduction from last year’s predicted MADS in 2027-28 and a benefit of wrapped payment structures used on new WIFIA Loans.



Debt Service in 2022-23 will be \$18.86 million and is allocated to Member Entities according to JPA-defined percentage of ownership as well as their participation in each debt issuance. As



SVCW continues to fund CIP construction, debt service payments will peak in 2027-28 once significant projects are complete and all necessary debt is secured.

SVCW Aggregate Debt Service Cost 2021									
Fiscal year end	Current Bonds	Current SRF	Refunding		2019 WIFIA Debt Service	New WWTP WIFIA Debt Service	New RESCU WIFIA Debt Service	TOTAL	
			Revenue Bonds	RESCU SRF Debt Service					
2023	\$ 7,817,494	1,888,097	\$ 9,155,235	\$ -	-	\$ -	-	18,860,826	
2024	\$ 7,823,744	1,888,097	\$ 9,142,491	\$ -	-	\$ -	-	18,854,331	
2025	\$ 7,818,119	2,422,679	\$ 9,155,528	\$ 6,269,125	-	\$ -	-	25,665,451	
2026	\$ 7,815,494	2,422,679	\$ 9,139,131	\$ 6,269,125	-	\$ -	-	25,646,429	
2027	\$ 7,820,244	2,422,679	\$ 9,125,532	\$ 6,269,125	-	\$ -	-	25,637,580	
2028	\$ 7,816,994	2,422,679	\$ 9,134,809	\$ 6,269,125	9,105,279	\$ -	1,416,450	36,165,336	
2029	\$ 7,815,494	2,422,679	\$ 9,119,744	\$ 6,269,125	9,105,279	\$ -	1,416,450	36,148,771	
2030	\$ 7,815,244	2,422,679	\$ 9,108,575	\$ 6,269,125	9,105,279	\$ 1,509,651	1,416,450	37,647,003	
2031	\$ 7,820,619	2,422,679	\$ 8,488,862	\$ 6,269,125	9,105,279	\$ 1,509,651	1,416,450	37,032,666	
2032	\$ 7,821,119	2,422,679	\$ 8,485,229	\$ 6,269,125	9,105,279	\$ 1,509,651	1,416,450	37,029,533	
2033	\$ 7,820,044	2,422,679	\$ 8,467,347	\$ 6,269,125	9,105,279	\$ 1,509,651	1,416,450	37,010,576	

Detailed debt service payment schedules by Member are provided as follows:

*Belmont*

Belmont Debt Service Cost					
Fiscal year end	Current SRF	RESCU SRF Debt Service	2019 WIFIA Debt Service	New WIFIA Debt Service	TOTAL
2023	\$ 178,425	\$ -	\$ -	\$ -	\$ 178,425
2024	178,425	-	-	-	178,425
2025	228,943	592,432	-	-	821,376
2026	228,943	592,432	-	-	821,376
2027	228,943	592,432	-	-	821,376
2028	228,943	592,432	327,665	133,855	1,282,895
2029	228,943	592,432	327,665	133,855	1,282,895
2030	228,943	592,432	327,665	276,517	1,425,557
2031	228,943	592,432	327,665	276,517	1,425,557
2032	228,943	592,432	327,665	276,517	1,425,557
2033	228,943	592,432	327,665	276,517	1,425,557

*Redwood City*

Redwood City Debt Service Cost						
Fiscal Year end	Current Bonds (Includes Refunding)	Current SRF	RESCU SRF Debt Service	2019 WIFIA Debt Service	New 2021 WIFIA Debt Service	TOTAL
2023	\$ 9,417,684	\$ 917,049	\$ -	\$ -	\$ -	\$ 10,334,733
2024	9,409,471	917,049	-	-	-	10,326,519
2025	9,407,375	1,176,695	3,044,914	-	-	13,628,984
2026	9,405,793	1,176,695	3,044,914	-	-	13,627,402
2027	9,405,494	1,176,695	3,044,914	-	-	13,627,103
2028	9,406,315	1,176,695	3,044,914	4,707,387	687,970	19,023,281
2029	9,396,961	1,176,695	3,044,914	4,707,387	687,970	19,013,928
2030	9,388,876	1,176,695	3,044,914	4,707,387	1,421,208	19,739,080
2031	9,030,985	1,176,695	3,044,914	4,707,387	1,421,208	19,381,189
2032	9,023,284	1,176,695	3,044,914	4,707,387	1,421,208	19,373,489
2033	9,012,953	1,176,695	3,044,914	4,707,387	1,421,208	19,363,157

*San Carlos*

San Carlos Debt Service Cost						
Fiscal Year end	Current Bonds (Includes Refunding)	Current SRF	RESCU SRF Debt Service	2019 WIFIA Debt Service	New 2021 WIFIA Debt Service Loans	TOTAL
2023	\$ 2,983,141	\$ 285,858	\$ -	\$ -	\$ -	\$ 3,268,999
2024	2,987,495	285,858	-	-	-	3,273,353
2025	2,988,955	366,794	949,146	-	-	4,304,894
2026	2,975,798	366,794	949,146	-	-	4,291,737
2027	2,973,476	366,794	949,146	-	-	4,289,415
2028	2,976,842	366,794	949,146	1,466,033	214,451	5,973,266
2029	2,975,429	366,794	949,146	1,466,033	214,451	5,971,852
2030	2,969,780	366,794	949,146	1,466,033	443,012	6,194,764
2031	2,875,928	366,794	949,146	1,466,033	443,012	6,100,912
2032	2,885,225	366,794	949,146	1,466,033	443,012	6,110,210
2033	2,879,798	366,794	949,146	1,466,033	443,012	6,104,782

*West Bay Sanitary District*

West Bay Sanitary District Debt Service Cost						
Fiscal Year end	Current Bonds (Includes Refunding)	Current SRF	RESCU SRF Debt Service	2019 WIFIA Debt Service	2021 WIFIA Debt Service	TOTAL
2023	\$ 4,571,904	\$ 506,765	\$ -	\$ -	\$ -	\$ 5,078,669
2024	4,569,269	506,765	-	-	-	5,076,034
2025	4,577,316	650,247	1,682,633	-	-	6,910,197
2026	4,573,034	650,247	1,682,633	-	-	6,905,915
2027	4,566,805	650,247	1,682,633	-	-	6,899,685
2028	4,568,646	650,247	1,682,633	2,604,193	380,175	9,885,894
2029	4,562,848	650,247	1,682,633	2,604,193	380,175	9,880,096
2030	4,565,163	650,247	1,682,633	2,604,193	785,366	10,287,603
2031	4,402,568	650,247	1,682,633	2,604,193	785,366	10,125,008
2032	4,397,838	650,247	1,682,633	2,604,193	785,366	10,120,278
2033	4,394,640	650,247	1,682,633	2,604,193	785,366	10,117,079

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## SECTION 6 – CASH RESERVES DESIGNATION

SVCW has adopted a Cash Reserves Policy that describes the goals and amounts intended to be held in reserves. The reserves can help mitigate the negative impact of revenue shortfalls from economic fluctuations, fund unforeseen expense requirements, provide stable rates for member entities, and fund future long-term capital needs. Each year during the budget process, the reserves balances are reviewed and adjusted as needed.

- The **Operating Reserve** must be maintained at a minimum balance of 10% of the approved Operating Budget, plus \$1 million. This fund allows for continued operation in times of local, regional state, or national crisis or for unbudgeted, unexpected operational, maintenance or capital expenses approved by the SVCW Commission. The projected balance in Operating Reserves is \$3.91 million at June 30, 2022, including investment earnings. This amount is short of the policy's required balance by approximately \$95.4 thousand which, per policy, will require Member contributions.
- The **Capital Improvement Program Reserve** (CIP Reserve) goal is to accrue funds equal to the annual calculated depreciation of SVCW facilities to meet the long-term needs of replacing capital assets when their useful life has been met. This would allow major expenses in the future to be paid for on a "pay-go" basis and limit the need for borrowing. Each year, if funds held in these reserves fall below targeted levels, SVCW makes budget adjustments to return to the target level. The CIP Reserve Policy calls for a \$2.5 million contribution in fiscal year 2022-23.

Based upon the above, total 2022-23 Reserve Designations are as follows:

Reserve Designations - 2022-23 Budget			
	Estimated	Target	Proposed
	June 30, 2022	June 30, 2023	2022-23
Description	Balance	Balance	Contributions
Operating Reserve	\$ 3,910,400	\$ 4,021,575	\$ 111,176
CIP Reserve	20,196,037	22,696,037	2,500,000
TOTAL	\$ 24,106,437	\$ 26,717,612	\$ 2,611,176

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