COMMISSION OF SILICON VALLEY CLEAN WATER
JOINT POWERS AUTHORITY
REGULAR MEETING – Monday, November 14, 2022
8:00 a.m.

Place: Pelican Conference Room
Silicon Valley Clean Water
1400 Radio Road, 2nd Floor
Redwood City, California

Consistent with Government Code Section 54953, this meeting will be held both in person and virtually. See page 6 of this agenda for virtual 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. 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
   C. Financial Report
      1. Investment Report……………………………...……………………....pg. 13
      2. Operating Budget Update Q1 FY22-23………………………………pg. 17
   D. Engineering Capital Projects Report…………..…………………………..pg. 20
   E. Commission Requested Staff-Level Action Items………………………… pg. 23
   F. RESCU Program Design-Build Project Status Update…………………….. pg. 26

6. MATTERS OF COMMISSION MEMBER'S INTEREST

7. CONSIDERATION OF MOTION APPROVING CONSENT CALENDAR (begins pg. 34)

8. BUSINESS ITEMS

   A. CONSIDERATION OF MOTION ACCEPTING SILICON VALLEY CLEAN WATER BASIC FINANCIAL STATEMENTS AND AUDITOR'S REPORTS FOR FISCAL YEAR 2021-22 (pg. 46)

      Proposed Action:
      Move approval of RECEIPT AND ACCEPTANCE OF BASIC FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR FISCAL YEAR ENDED JUNE 30, 2022

   B. CONSIDERATION OF MOTION APPROVING AMENDMENT TO AGREEMENT FOR THE GRAVITY PIPELINE PROJECT (CIP 6008) (pg. 153)

      Proposed Action:
      Move approval of AMENDMENT NO. 27 TO THE GRAVITY PIPELINE PROJECT (CIP #6008) IN THE AMOUNT NOT TO EXCEED $266,289 – BARNARD BESSAC JOINT VENTURE

   C. CONSIDERATION OF MOTION AUTHORIZING RESCU PROGRAM OWNER'S ASSIST FUNDING (pg. 156)

Proposed Action:

i. Move approval of TASK ORDER SCOPE AND BUDGET AMENDMENT FOR CONSTRUCTION MANAGEMENT AND QUALITY ASSURANCE SERVICES FOR PUMP STATIONS IMPROVEMENTS PROJECT (CIP #9501); IN AN AMOUNT NOT TO EXCEED $990,000 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – TANNER PACIFIC INC.

ii. Move approval of TASK ORDER SCOPE AND BUDGET AMENDMENT FOR PROJECT MANAGEMENT ASSISTANCE FOR PUMP STATIONS IMPROVEMENTS PROJECT (CIP #9501); IN AN AMOUNT NOT TO EXCEED $630,00 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – COLLABORATIVE STRATEGIES CONSULTING INC.

iii. Move approval of TASK ORDER SCOPE AND BUDGET AMENDMENT FOR OWNER'S ADVISOR SERVICES FOR PUMP STATIONS IMPROVEMENTS PROJECT (CIP #9501); IN AN AMOUNT NOT TO EXCEED $191,000 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – DAVID J. POWERS AND ASSOCIATES.

iv. Move approval of TASK ORDER SCOPE AND BUDGET AMENDMENT FOR OWNER'S ADVISOR SERVICES FOR PUMP STATIONS IMPROVEMENTS PROJECT (CIP #9501); IN AN AMOUNT NOT TO EXCEED $101,000 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – JHS CONSULTANTS.

D. CONSIDERATION OF MOTION DECLARING EXISTENCE OF AN EMERGENCY CONDITION AND APPROVING REPAIR OF ESSENTIAL FACILITIES (pg. 160)

Proposed Action:
Move adoption of RESOLUTION DECLARING EXISTENCE OF EMERGENCY CONDITION REQUIRING IMMEDIATE EXPENDITURE OF FUNDS IN FURTHERANCE OF PUBLIC HEALTH, WELFARE AND SAFETY AND APPROVING AND RATIFYING EXECUTION OF CONTRACTS FOR REPAIR OF ESSENTIAL PUBLIC FACILITIES RELATING THERETO (DMF PIPE) (4/5ths weighted vote required)

9. CLOSED SESSION (none)

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

11. ADJOURN

CONSENT CALENDAR

NOTICE TO PUBLIC

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

7. A. APPROVAL OF MINUTES – October 10, 2022 - Regular Meeting (pg. 34)

   B. CONSIDERATION OF MOTION APPROVING CLAIMS AND CHECKS DATED AUGUST 9, 2022 – OCTOBER 18, 2022, AND NECESSARY PAYMENTS THROUGH OCTOBER 18, 2022 (pg. 39)

   C. CONSIDERATION OF RESOLUTION APPROVING REMOTE COMMISSION MEETINGS UNDER GOVERNMENT CODE SECTION 54953 OF THE BROWN ACT DURING EMERGENCY CONDITIONS (pg. 41)

   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

   D. CONSIDERATION OF MOTION APPROVING MASTER SERVICES AGREEMENT FOR INTUITIVE TACTICAL CONSULTING FOR NETWORK ENGINEERING CONSULTING SERVICES (pg. 44)

   Proposed Action:
   Move adoption of RESOLULTION APPROVING MASTER SERVICES AGREEMENT FOR NETWORK ENGINEERING CONSULTING SERVICES – INTUITIVE TACTICAL CONSULTING

Microsoft Teams Access Information
Silicon Valley Clean Water
Regular Meeting
Monday, November 14, 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 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 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.

AGENDA ITEM 5A

How to Adjust to Daylight Savings Time with Ease

Daylight Savings Time (DST) adjustments of "springing forward" in the spring and "falling back" in the fall not only alter physical clocks but also the body's internal clock. Unfortunately, some feel the effects of DST days or even weeks after the time change. Adjusting to DST can offset sleep patterns, cause extra drowsiness, and affect mood and alertness. Follow these below tips for making a smooth transition with time changes.

1. **Start Time Changes Early and Gradually**
   Instead of waiting until the night of DST to adjust an hour, work up to the changes gradually. Start a few days or up to a week before the night of DST.
   For springing forward, wake up 15 to 30 minutes earlier than normal.
   For falling back, move bedtime back 15 to 30 minutes from normal.

2. **Limit Caffeine and Alcohol**
   Although morning coffee can provide that extra jolt to tackle the day, consistent caffeine use in the late afternoon and evening hours can interfere with nightly sleep cycles. If you do consume caffeine-containing products (including coffee, tea, and soft drinks), try to keep their intake in the morning and earlier afternoon hours to aid in sleep inducement leading up to bedtime. Because alcohol can also interfere with sleep, it can be helpful to avoid alcohol leading up to and after time changes.

3. **Enhance Indoor Lighting**
   To combat the darkness that approaches earlier in the day for DST falling back, take advantage of indoor lighting. Though artificial light suppresses melatonin (the sleep-inducing hormone), utilizing it in the afternoon and early evening hours can keep melatonin from surfacing too early in the day. As a general guideline, reduce lighting at least an hour before bedtime. Furthermore, eliminate screen time (from televisions, phones, and other electronics), as their brightness can further hinder sleep. To transition to time change with earlier sunlight, use the early lighting to your advantage. Get outside and let in the natural light to help reset your circadian rhythm throughout the day.

4. **Exercise**
   Consistently, exercise has been shown to positively affect health both mentally and physically. Daylight savings exercise tips include attempting a workout in the light, morning hours. And if energy levels start to plummet in the afternoon and evening hours, tackle shorter workouts. These 10-minute workouts are perfect for daylight saving exercises - they are not only short but still effective! Give it your all and best effort to gain the largest benefits.

5. **Shorten or Prevent Naps**
   If time allows, naps can be a huge component of an individual's life, and in a positive way. But naps, especially during the afternoon, may prevent or disrupt the ease of bedtime during the night hours. Instead of resorting to a nap, try to stay active to trigger endorphins, also known as the body's "feel-good" chemicals. If a nap is required around

daylight savings, Cleveland Clinic suggests taking naps earlier in the day and cap them at 20 minutes.

6. Avoid Late Meals

Though some schedules may require a late meal, try to avoid a large meal intake close to bedtime.

Big portions of food can inhibit a proper sleep cycle, only accelerating the disruptions we deal with during DST. Additionally, heavy fat intake takes longer to digest and may lead to discomfort when lying down in bed.

If feeling hungry approaching bedtime, try out one of these foods to eat at night. Not only are they healthy, but they might just help induce sleep!

In Summary on Time Changes

Whether falling back or springing ahead, adjusting to time change can take a toll on sleep, schedules, mood, and alertness. As a result, studies show daylight savings can increase the risk for heart attacks and car accidents. The listed tips for coping with daylight saving time can help ease into the transition and feel more natural. They include gradually adjusting bedtime and waking up, limiting caffeine, alcohol, utilizing indoor and outdoor light, exercising, limiting late napping, and avoiding late meals.

Reference:

Daylight Saving Time: 4 Tips to Help Your Body Adjust. Published February 28, 2020. https://health.clevelandclinic.org/daylight-savings-time-change-4-tips-to-help-your-body-adjust/.

AGENDA ITEM 5B

Recurring and Upcoming 2022 Commission Actions
Updated for November 2022 Meeting

January	February	March	April
• Review Investment Policy • CIP Update (annual or biennial) • Long Range Financial Plan	• Recycled Water Planning • Organic Co-Digestion Update	• Budget Workshop	• Operating Budget Approval
May	**June**	**July**	**August**
• Initiate Manager Performance Evaluation • Receive Q1 Investment Summary	• Approve Resolution 77-6 “Personnel Resolution” • Perform Manager Evaluation • Review Reserve Funds Policy	• Nominate Commission Chair & Vice Chair; Appoint Secretary	• Consider Meeting Cancellation
September	**October**	**November**	**December**
• Review Debt Management Policy • Investment Program Status Annual Update	• Conflict of Interest Update (Biennial; even numbered years) • Review Debt Mgmt Policy	• Audited Financial Report	• Commission Meeting schedule for following year • Specifications Update (annual or biennial)

- Recurring Commission Actions
- Upcoming Commission Actions

AGENDA ITEM 5C1

Silicon Valley Clean Water Authority
Cash & Investments Summary Report
September 30, 2022

Description		Market Value	% of Total Holdings	Yield
Reserve Accounts				
Operating Reserve* - Securities	$	3,604,107	2.32%	1.32%
Operating Reserve - Money Market Fund Balance		104,087	0.07%	1.27%
CIP Reserve* - Securities		18,186,370	11.73%	1.90%
CIP Reserve - Money Market Fund Balance		915,893	0.59%	1.27%
Stage 2 Capacity Reserve* - Securities		13,350,035	8.61%	1.79%
Stage 2 Capacity Reserve - Money Market Fund Balance		347,913	0.22%	1.27%
Total Market Value: Operating and Reserve Accounts	**$**	**36,508,405**	**23.5%**	**1.78%**
Total Accrued Interest: Operating and Reserve Accounts		167,703		
GRAND TOTAL, RESERVE ACCOUNTS	**$**	**36,676,109**		
Trustee Accounts:				
2018 Bond Project Fund Account - CAMP	$	6,892,621	4.44%	2.61%
2018 Bond Revenue Account		1,423	0.00%	2.52%
2019A Notes WIFIA - Money Market Fund		1,585,391	1.02%	2.52%
2019A Notes Capitalized Interest Account - Money Market Fund		11,196	0.01%	2.52%
2019A Notes Capitalized Interest Account* - Securities		9,154,955	5.90%	2.53%
2021 Refunding Bonds Revenue Account		2,096	0.00%	2.52%
2021A Notes (RESCU) - Money Market Fund		148	0.00%	2.52%
2021A Notes (RESCU) - LAIF**		34,204,070	22.05%	1.51%
2021B Notes (WWTP) - Money Market Fund		7,747,359	4.99%	2.52%
2021B Notes (WWTP)* - Securities		33,596,695	21.66%	1.42%
2021B Notes (WWTP) - LAIF**		22,530,744	14.53%	1.51%
2021 Notes Capitalized Interest Account - Money Market Fund		1,556,559	1.00%	2.52%
Total Market Value, Trustee Accounts	**$**	**117,283,258**	**75.61%**	**1.72%**
Accrued Interest:		335,854		
Operating Cash (includes outstanding checks)		1,103,433	0.71%	0.00%
Local Agency Investment Funds (LAIF) Balance		211,109	0.14%	1.51%
Total Cash & Investments	**$**	**155,609,762**	**100.00%**	**1.72%**

Matthew P Anderson
Chief Financial Officer / Assistant Manager

10/10/2022
Date

** Monthly report of security transactions and interest available upon request*
***Market value of LAIF based on Fair Value factor as of 6/30/2022 (most available)*

Silicon Valley Clean Water
Operating and Reserve Funds - Sector Allocation & Compliance September 30, 2022

Security Type	Operating Reserve	CIP Reserve	Capacity Reserve	Total Market Value	% of Total Portfollio	% Allowed by Policy	In Compliance	% Change vs. Prior Month
U.S. Treasury	$ 1,847,663	$ 7,676,012	$ 5,581,820	$ 15,105,496	41%	100%	✓	0.4%
Supranationals	341,023	-	-	341,023	1%	15%	✓	0.0%
Federal Agency/GSE	627,699	1,085,131	758,726	2,471,556	7%	100%	✓	(0.1%)
Federal Agency/CMBS	-	1,146,629	816,100	1,962,729	5%	100%	✓	0.5%
Federal Agency CMO	-	685,373	533,775	1,219,148	3%	100%	✓	(0.1%)
Federal Agency MBS	-	2,194,174	1,596,735	3,790,910	10%	100%	✓	(0.4%)
Municipal	-	828,849	671,171	1,500,020	4%	30%	✓	0.0%
Corporate Notes	483,263	4,035,754	2,986,059	7,505,076	21%	30%	✓	(0.2%)
Asset-Backed Securities	304,459	534,448	405,648	1,244,555	3%	10%	✓	0.0%
Securities Sub-Total	**3,604,107**	**18,186,370**	**13,350,035**	**35,140,513**	**96%**			
Accrued Interest	14,016	92,225	61,463	167,703				
Securities Total	**3,618,123**	**18,278,594**	**13,411,498**	**35,308,216**				
Money Market Fund	104,087	915,893	347,913	1,367,893	4%	20%	✓	(0.1%)
Total Investments	**$ 3,722,210**	**$ 19,194,487**	**$ 13,759,411**	**$ 36,676,109**	**100%**			
As % of 6/30/22 Target:	*92.6%*	*84.6%*	*100.0%*	*90.6%*				

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

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 5C2

QUARTERLY OPERATING FUND FINANCIAL STATUS REPORT

ISSUE
Review of the Operating Fund Financial Update as of September 30, 2022. This update is through the first quarter of the 2022-23 Fiscal Year.

DISCUSSION
Staff presents to the Commission a financial update each quarter of the fiscal year. Below are highlighted findings from the summary table shown below.

Revenue:
Year to date, actual revenues were $7.58 million or $23.7 thousand (0.3%) above budget. All Member contributions were paid in full. Miscellaneous Revenue exceeded budget by $23.6 thousand (10%) as the Organic Waste to Energy pilot program has received more material than anticipated.

Expense:
Operating expenses to date were $6.05 million, or $1.28 million (17.5%) less than budget, nearly all of which was due to timing of expenditures that will likely occur later in the fiscal year. Notable variances include:

- Personnel costs were $237 thousand (7.7%) below budget due to accrual allocations of the pay period that spanned the 2021-22 fiscal year end. This will be remedied at the end of the 2022-23 fiscal year.
- Utilities Expense was $249.6 thousand (48.5%) less than the budget due to delayed PG&E billing as it implemented a new online billing system. These invoices were subsequently received and will be settled in the second quarter.
- Contractual Services Expense was $426.8 thousand (76.1%) less than budget due to timing of certain operating services like tank cleaning, biosolids hauling, and technology improvements. Actual expenses, by fiscal year-end, will be closer to budget as activities get underway.
- Chemicals Expense was $104 thousand (17.8%) less than budget. Prices increased less than expected, and a polymer-intensive dewatering process was offline undergoing repairs.
- Professional Services Expenses were $81.6 thousand, or 29.9%, less than budget due to timing of consulting activities.
- Administrative Expenses, Supplies, and Leases were $46 thousand, or 9.6%, below budget as technology equipment replacements is scheduled for later in the year.
- Memberships, Conferences, & Training Expenses were $47.1 thousand (54%) less than budget as training, conferences, and activities occur unevenly during the year.

SVCW Operating Revenue and Expenditures versus Budget - Through September 30, 2022				
Description	YTD Actual	YTD Budget	$ Higher (Lower) vs. Budget	% Higher (Lower) vs. Budget
Revenue:				
Member Operating Contributions	$ 7,314,786	$ 7,314,788	$ (2)	(0.0%)
Miscellaneous Revenue	262,816	239,150	23,666	9.9%
Total Revenue:	**$ 7,577,602**	**$ 7,553,938**	**$ 23,664**	**0.3%**
Expenditures:				
Personnel	3,938,813	4,268,240	(329,427)	(7.7%)
Equipment Maintenance	570,366	567,998	2,368	0.4%
Utilities	264,564	514,195	(249,631)	(48.5%)
Contractual Services	134,088	560,913	(426,825)	(76.1%)
Chemicals	480,263	584,520	(104,257)	(17.8%)
Professional Services	190,987	272,567	(81,580)	(29.9%)
Admin Exp, Supplies, Leases	430,749	476,770	(46,021)	(9.7%)
Memberships, Travel, Training	40,039	87,118	(47,079)	(54.0%)
Total Expenditures:	**$ 6,049,869**	**$ 7,332,321**	**$ (1,282,452)**	**(17.5%)**

AGENDA ITEM 5D

ENGINEERING REPORT: OCTOBER 2022
CAPITAL IMPROVEMENT PROGRAM

UPCOMING COMMISSION ACTIONS:

<u>RESCU Program (6008, 9501, 9502)</u>: 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 teams are intricately involved in all stages of work.

Construction on the GP project has been completed, while construction continues on the PSI and FoP projects. Acceptance of the GP project will occur concurrently with acceptance testing of the FoP project. A contract amendment extending the completion date of the GP project will be presented at the November Commission Meeting.

Due to scope and schedule extensions, amendments to the task orders of four key consultants are needed to complete the work on the program. An agenda item on this item will be presented at the November Commission meeting.

A program update will be provided at the November Commission meeting that addresses the risk register, contingency, and status with respect to budget.

Planned Commission Actions: Contract Amendment Extending Completion Date for Gravity Pipeline Project – November 2022

Task Order Amendments for Consultant Services for the RESCU Program – November 2022

<u>Return Activated Sludge (RAS) & Waste Activated Sludge (WAS) Pipeline Rehabilitation (9120):</u> Rehabilitation of RAS/WAS pipeline.

The RAS/WAS pipes, connecting the secondary clarifiers to the RAS and WAS pumps in the pump room, are steel pipes with cement mortar lining and were constructed more than 40 years ago. Various condition assessment reports conducted indicate that these pipes have undergone significant corrosion and have lost 10% to 30% of the pipe wall thickness. Project is currently in bidding process. The bids are due on December 1, 2022. These pipes are part of the comprehensive plant piping inspection and repair program currently being implemented.

Planned Commission Actions: Award Construction Contract – December 2022

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 channels. 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 construction resumed this year, and the remaining work is expected to complete by the end of 2022.

Planned Commission Actions: Accept Construction Project – December 2022

ONGOING PROJECTS IN CONSTRUCTION:

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

This project includes repair of coatings and structural elements in Digester #1. The construction of the project is underway and is expected to be completed in late 2023.

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 new treatment systems in conjunction with Stanford University

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

AGENDA ITEM 5E

Silicon Valley Clean Water
Commissioners' Requested Action Items
Updated: 11/02/2022

NOVEMBER 14, 2022
AGENDA ITEM 5E

Commission Meeting Date		Action Item	Requested or Estimated Date for Completion	Status			Date of Completion	Notes
				Ongoing	In Progress	Complete		
10/10/2022	1	Remote Meetings	11/14/2022			✓	11/2/2022	Add 30-day remote meeting per AB361 to November agenda
	2	Hybrid Meetings	N/A		✓			Investigate how to show both attendees while showing powerpoint presentations for hybrid meeting attendance
	3	RESCU Report	N/A			✓	11/7/2022	Change RESCU monthly report to clarify "Project Chagnes" are complete w/amendments finalized.
8/8 & 9/12		Meetings Cancelled						
7/11/2022	1	State Water Resources Control Board - SVCW's COO Appointment to Certification Advisory Board	N/A			✓	7/11/2022	Provide talking points for Commissioners' use re: Monte Hamamoto's appointment to the Certification Board
	2	SAF-MBR	N/A		✓			Have Stanford lead person provide Commissioners a presentation on SAF-MBR
	3	Potable Reuse	N/A			✓	7/11/2022	Provide talking points for Commissioners' use re: SVCW potable water reuse activities
6/13/2022	1	No Action Items						
5/9/2022	1	No Action Items						
4/11/2022	1	CWEA State Employee Awards	N/A			✓	4/26/2022	Send letters of commendation and slide showing names to Commissioners to enable them to share with respective Councils.
	2	Commission Meetings: in person and hybrid	5/9/2022			✓	6/13/2022	Determine capability to offer hybrid (both onsite & remote access). June meeting held in person and remote.
3/14/2022	1	CWEA State Employee Awards	4/11/2022			✓	4/11/2022	Ask winners of State CWEA awards to attend and be recognized by Commission
	2	Remote Meetings	April or May			✓	4/11/2022	Determine when to return to onsite meetings. Met in person for June 2022 meeting.
2/14/2022	1	Recycled Water	N/A			✓	5/31/2022	BAWSCA water system facilities tour May 31; one spot available and Commissioner Collins attended tour

Silicon Valley Clean Water

Commissioners' Requested Action Items

Updated: 11/02/2022

NOVEMBER 14, 2022

AGENDA ITEM 5E

Commission Meeting Date		Action Item	Requested or Estimated Date for Completion	Status			Date of Completion	Notes
				Ongoing	In Progress	Complete		
1/10/2022	1	Long-Range Financial Plan	prior to finalizing			✓	1/17/2022	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			✓	1/10/2022	Show information on p. 43 of report for all 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.
> One Year		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.
		Project Changes/Commission Notification	N/A	✓			Ongoing	Ensure Commission is kept apprised of possible/potential project cost and/or schedule increases.
		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.
		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.

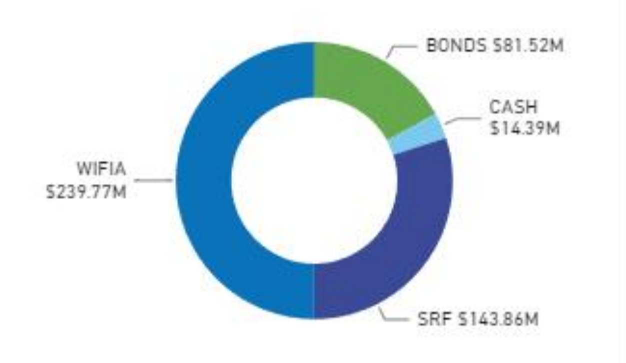
AGENDA ITEM 5F

Overview

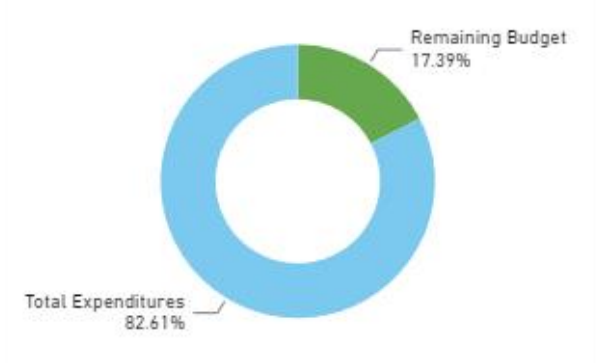
RESCU Program describes eleven projects which constitute full replacement and rehabilitation of SVCW's conveyance system. RESCU includes the Gravity Pipeline, Front of Plant, Pump Stations, and Belmont Force Main projects. The Front of Plant includes six and Pump Stations includes four of the eleven 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	Total Expenditure	Remaining Budget
$574.16M	$474.31M	$99.85M

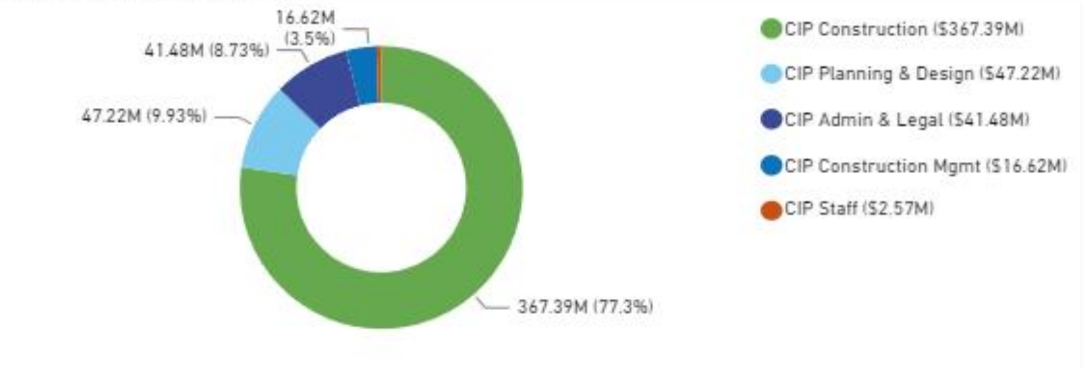
Source of Funds (per LRFP 2021)



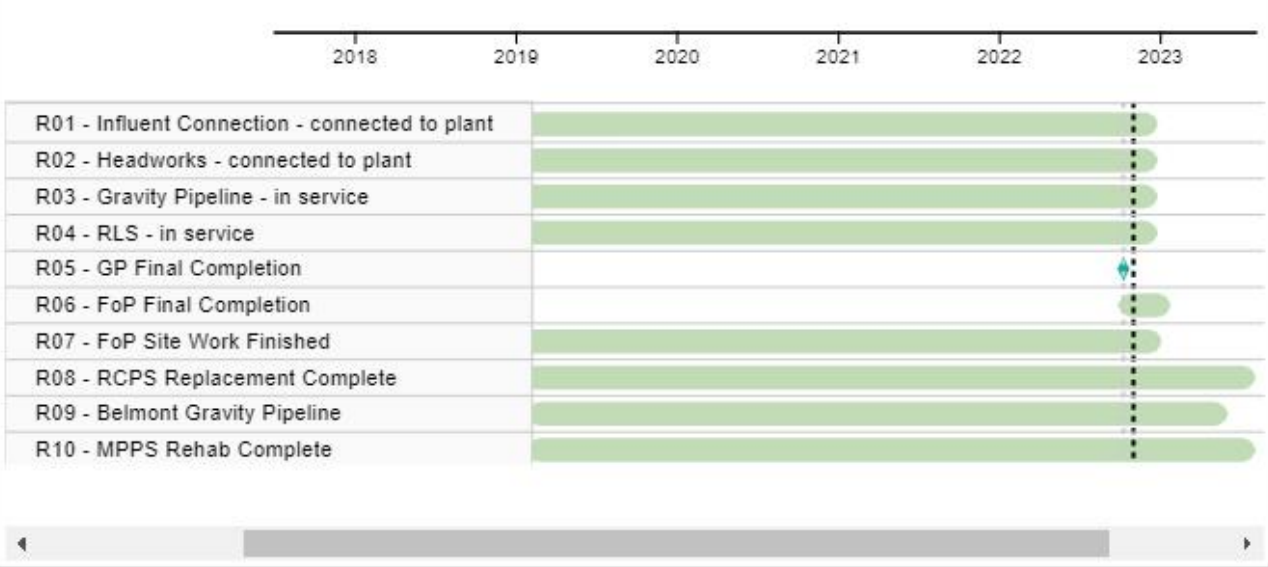
Budget vs Expenditures



Expenditures by Object



Project Schedule



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.

As of : 2022 - 10

Front of Plant Progressive DB Project (CIP 9502)

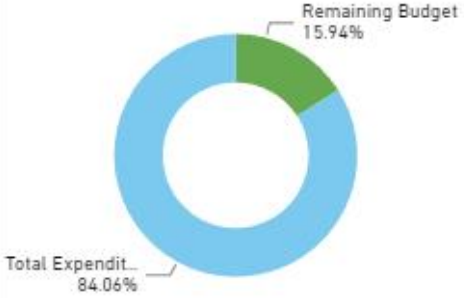
The Front of Plant (FoP) Project consists of the design, construction, permitting, start-up, commissioning, and final acceptance for the Receiving Lift Station (RLS), Surge and Flow Splitter (SFS), Headworks Facility, Odor Control System, Influent Connector Pipe, Emergency Overflow pipe to an existing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

Available Budget	Total Expenditure	Remaining Budget
$162.21M	$136.35M	$25.86M

Milestone Schedule

	Start	Finish
Interconnection Pipe Completed	7/24/2020	4/13/2022
Headworks Facility Completed	12/6/2018	9/14/2022
SFS/RLS Completed	12/6/2018	7/1/2022
Substantial Completion		12/28/2022

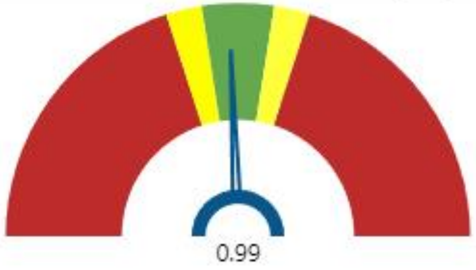
Budget vs Expenditures



Expenditures by Object

Cost Performance Index (CPI)

Schedule Performance Index (SPI)



As of : 2022 - 10

Front of Plant Progressive DB Project (CIP 9502)

Major Accomplishments this Period

Construction	-SPJV continued the installation of the 48" IPL Bypass. Various system outages were performed to install the new equipment. SPJV completed a 48" tap into the 54" existing forcemain and connected it to the bypass. -SPJV has been working throughout the Headworks Facility connecting equipment grounds for electrical. Point to point controls loop checks are being continued. At the RLS, SPJV has installed the grit pump VFDs. -SPJV is hydro testing all RLS process piping. -Ongoing storm drain and sanitary sewer scope of work includes excavation to subgrade, pipeline installation, catch basin installation, SFS shaft pipeline penetrations, and subsequent base rock and backfill placement. -Yard work has been ongoing which includes installing the lighting around the RLS/SFS, installation of the new gate, and paving to grade. -Training is ongoing for SVCW's operation, mechanical, electrical, instrumentation, and control teams. -Startup is continuing for the headworks system. The odor control system was energized.
Design	-Software acceptance testing was completed.
Procurement of Trade Packages	-SPJV is procuring grit pump Variable Frequency Drives (VFD's).

3 - Month Look Ahead

	Start	End	November	December	January
ILS Demolition and IPL Bypass	June 9, 2022	November 15, 2022	X		
Utilidor Installation (Seybert Lot Access Rd)	August 29, 2022	November 15, 2022	X		
SCPS Connecting Piping	August 5, 2022	June 9, 2023	X	X	X
Bair Island Connecting Piping	October 3, 2022	May 30, 2023	X	X	X
63" HDPE IPL Line Installation (Sta 7+65 to 9+05)	August 31, 2022	April 28, 2023	X	X	X
Start-Up and Commissioning	November 10, 2022	March 15, 2023	X	X	X
Final Site Improvements	November 28, 2022	September 11, 2023	X	X	X

Potential Issues

- Additional cost due to changes to the temporary ILS bypass and procurement delays
- Intrinsically Safe Relay Panel
- Plant water pipeline size upgrade and related fixtures
- Utilidor extension for piping

Approved Project Changes

- Bair Island and San Carlos Pump Station Pipe Connection Work - mechanical
- 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
- ILS Pipe Repair
- 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)

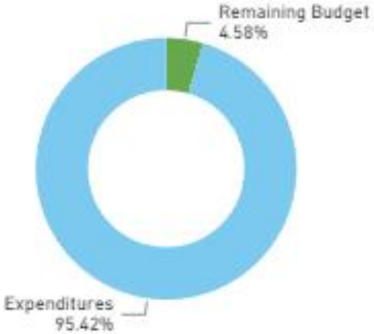
The Gravity Pipeline (GP) Project consists of the design, construction, permitting, start-up, commissioning, and closeout of approximately 17,600 feet of wastewater gravity FRP pipe inside a concrete-segment tunnel. The work includes three shafts and will interface directly with the Front of Plant (FoP)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

Available Budget	Total Expenditure	Remaining Budget
$264.36M	$252.24M	$12.11M

Milestone Schedule

	Start	Finish
Conditional Substantial Completion		7/1/2022

Budget vs Expenditures



Expenditures by Object

Cost Performance Index (CPI)

Schedule Performance Index (SPI)

As of : 2022 - 10

Gravity Pipeline Progressive DB Project (CIP 6008)

Major Accomplishments this Period

Construction	-BBJV completed backfill of the Airport Access Shaft -BBJV completed site restoration at the AAS
Design	-Gravity Pipeline design is complete.
Muck Disposal	-79% of Muck Disposal Amendment spent -21% of Muck Disposal Amendment remaining. Credit to be issued for remaining funds.
Procurement of Trade Packages	-Gravity Pipeline Trade Procurement is Complete

3 - Month Look Ahead

	Start	End

Potential Issues

- Acceptance Testing and Final Completion Contract Extension
- Additional costs for SFS Break-in approach

Approved 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)

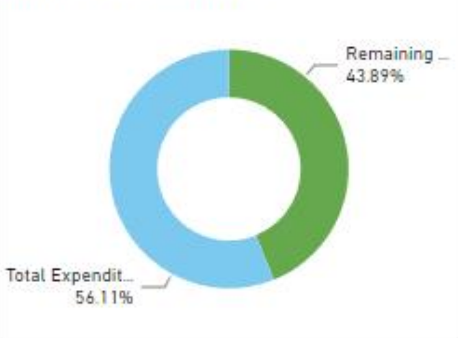
All SVCW pump stations require replacement or rehabilitation. Menlo Park PS will be rehabilitated. Redwood City PS will be replaced. Belmont PS will be replaced with a gravity pipeline. San Carlos PS is no longer needed due to the new gravity pipeline; flows from San Carlos and Belmont will enter into 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	Total Expenditure	Remaining Budget
$132.29M	$74.23M	$58.06M

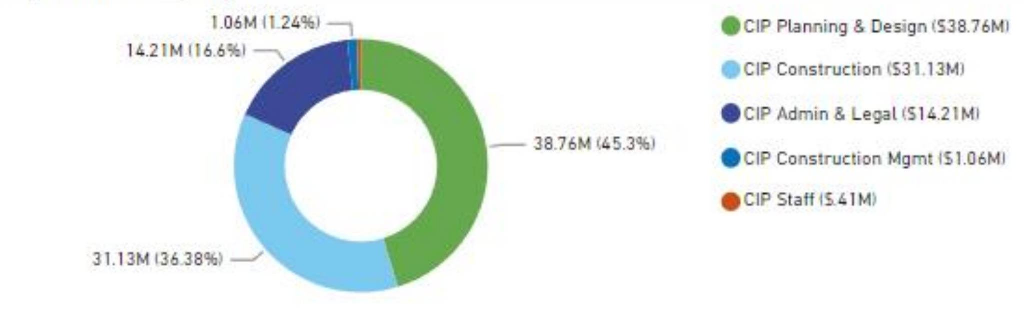
Milestone Schedule

	Start	Finish
BGP - Gravity Pipe Installed	4/25/2023	6/29/2023
MPPS - A-side Pumps Completed	10/13/2022	4/16/2023
MPPS - B-side Pumps Completed	3/15/2022	10/12/2022
RCPS - Electrical Building Completed	2/8/2021	2/14/2023
RCPS - PG&E Service Work	12/21/2022	1/5/2023
RCPS - Wet Well & Screening Building Completed	3/23/2023	4/6/2023
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 - 10

Pump Stations (CIP 9501)

Major Accomplishments this Period

Construction	-BGP: Micro-tunneling is currently on hold due to piping misalignment/damage direclty behind M-TBM. There is approximately 40 feet left to micro-tunnel. Beginning Phase 6 soon. -RCPS: SPJV completed Screening Structure and Wet Well wall concrete pours. -MPPS: B-Side 30-day Acceptance Testing was completed, and the MPPS B-Side Wet Well, Pumps, and the installed FM ARVs/VRVs under the MPPS scope have been Accepted.
Design	-RCPS: City of Redwood City has approved SPJV's proposal for the use of spiral wound PVC application for the rehabilitation of the existing 48-inch influent pipe. SPJV is preparing to install their bypass for this work. SPJV is coordinating with the Redwood City Police Department to stage a crane for the placement of the new RCPS Generator.

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
- Condition of Existing Redwood City 48-inch Influent Pipe
- Contract time extension
- MPPS and RCPS PG&E Related-Changes (Secondary Conductors)
- MPPS PG&E-Related Changes
- Redwood City 48-Inch Pipe Rehabilitation
- Redwood City 60-inch Pipe Installation/Connection

3 - Month Look Ahead

	Start	End	November	December	January
MPPS - PG&E Design and Construction	August 26, 2020	November 21, 2022	X		
MPPS - A-side Wet Well and Pumps	October 14, 2022	December 21, 2022	X	X	
MPPS - Building/Roof Improvements	September 10, 2021	December 20, 2022	X	X	
MPPS - Electrical Room Improvements	July 6, 2021	March 10, 2023	X	X	X
BGP - Microtunnel from JS3 to RS2	September 13, 2022	November 4, 2022	X		
BGP - Microtunnel from JS3 to RS3	November 7, 2022	November 21, 2022	X		
BGP - Restoration of RS2	November 7, 2022	December 4, 2022	X	X	
RCPS - PG&E Service	May 4, 2021	January 5, 2023	X	X	X
RCPS - Wet Well and Screening Building Structural Concrete	September 8, 2021	January 9, 2023	X	X	X
RCPS - Mechanical - Wet Well and Screening Structure	October 26, 2022	April 6, 2023	X	X	X
RCPS - Electrical / I&C	August 31, 2022	March 28, 2022	X	X	X
RCPS - Electrical Building & Restroom	February 8, 2021	February 14, 2023	X	X	X
RCPS - 36" MPPS Force Main and Valve Vaults	November 28, 2022	June 2, 2023	X	X	X
RCPS - Site Utilities	November 10, 2022	August 25, 2023	X	X	X

Approved Project Changes

- Traffic Control Changes Allowance Release
- Stage 2 Baseline Schedule Revision
- Segment 1 Force Main Junction Box Repairs
- Differing Site Conditions and MPPS Generator Warranty Release
- Credit for installation of Segment 2 FM ARV/VRV, Monitoring Off Position, RCPS Standby Generator Cost Increase, RCPS CARVs, Credit for 12" Water Relocation and Calwater Costs
- BGP Design Development
- Bair Island and San Carlos Pump Station Pipe Connection Work - electrical/instrumentation
- Allowance Release, JS-4 Unforseen Fiber Optic Utility Impacts

Safety Spot Light

Lost Time	0
Near Misses	0
Recorded Losses	0

As of : 2022 - 10

AGENDA ITEM 7A

MINUTES OF SILICON VALLEY CLEAN WATER
REGULAR MEETING – October 10, 2022
8:00 a.m.

Place: Pelican Conference Room
Silicon Valley Clean Water
1400 Radio Road, 2nd Floor
Redwood City, California

Members of the public and SVCW staff and consultants were also able to observe and participate remotely per instructions provided in the agenda.

ITEM 1
CALL TO ORDER

The meeting was called to order at 8:01 a.m.

ITEM 2
ROLL CALL - Commissioners Duly Appointed by Each Agency

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

Staff, Consultants and Visitors Present
Teresa A. Herrera, SVCW Manager
Christine C. Fitzgerald, SVCW Legal Counsel
Matt Anderson, SVCW Chief Financial Officer/Assistant Manager
Monte Hamamoto, SVCW Chief Operating Officer
Kim Hackett, SVCW Authority Engineer
Jessica Mangual, SVCW Secretary Pro Tem
Jennifer Flick, SVCW Human Resources Director
Arvind Akela, SVCW Engineering & Environmental Services Director
Anir Bhagwat, SVCW Sr. Engineer
Chathu Abeyrathna, SVCW Sr. Engineer
Cindy Hui, Finance Superviser
Kiki Newberry, Financial Analyst
Bill Tanner, Tanner Pacific
Mark Minkowski, Kennedy Jenks
Sheryl Chia, Kennedy Jenks
Theresa Yee, City of Redwood City
Derek Rampone, City of Redwood City
Aren Hansen, Brown & Caldwell
Sergio Ramirez, West Bay Sanitary District
Wale Kajopaiye, 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 how use a fire extinguisher.

Item 5B Memos related to Brown Act changes effective January 1, 2023 and results of SVCW's Outfall Inspection were discussed. SVCW's new Senior Engineer. Chathu Abeyrathna, was introduced.

Item 5C Wale Kajopaiye from PFM Asset Management LLC provided an annual investment update as of June 30, 2022.

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

ITEM 6
MATTERS OF COMMISSION MEMBER'S INTEREST
No matters were discussed.

ITEM 7
CONSIDERATION OF MOTION APPROVING CONSENT CALENDAR ITEMS 7A THROUGH 7H

A. APPROVAL OF MINUTES – July 11, 2022 - Regular Meeting

B. CONSIDERATION OF MOTION APPROVING CLAIMS AND CHECKS DATED JUNE 15 – AUGUST 8, 2022, AND NECESSARY PAYMENTS THROUGH AUGUST 8, 2022

C. CONSIDERATION OF RESOLUTION APPROVING SILICON VALLEY CLEAN WATER'S CONFLICT OF INTEREST CODE AND LIST OF DESIGNATED POSITIONS

Proposed Action:
Move adoption of RESOLUTION REVIEWING AND APPROVING 2022 CONFLICT OF INTEREST CODE FOR SILICON VALLEY CLEAN WATER

D. CONSIDERATION OF MOTION ACCEPTING STANDBY GENERATORS FEED RELOCATION & ELECTRICAL PANEL UPGRADES PROJECT (CIP #9240) AND AUTHORIZING TO FILE NOTICE OF COMPLETION

Proposed Action:
Move approval to ACCEPT STANDBY GENERATORS FEED RELOCATION & ELECTRICAL PANEL UPGRADES PROJECT (CIP #9240) AND AUTHORIZE FILING NOTICE OF COMPLETION – D.W. Nicholson

E. CONSIDERATION OF MOTION ACCEPTING LAB BUILDING HVAC PROJECT (CIP# 9251) AND AUTHORIZING TO FILE NOTICE OF COMPLETION

Proposed Action:
Move approval to ACCEPT LAB BUILDING HVAC PROJECT (CIP #9251) AND AUTHORIZE FILING NOTICE OF COMPLETION – Blocka Construction, Inc.

F. CONSIDERATION OF RESOLUTION APPROVING MASTER SERVICES AGREEMENT WITH ZENITH ENGINEERS INC FOR ON-CALL STRUCTURAL ENGINEERING SERVICES

Proposed Action:
Move adoption of RESOLUTION APPROVING MASTER SERVICES AGREEMENT FOR ON-CALL STRUCTURAL ENGINEERING SERVICES – Zenith Engineers Inc.

G. CONSIDERATION OF RESOLUTION APPROVING REVISIONS TO SVCW COMMISSION POLICY 2017-01, STATEMENT OF DEBT MANAGEMENT POLICY

Proposed Action:
Move adoption of RESOLUTION APPROVING AND ADOPTING REVISION E TO COMMISSION POLICY 2017-01, STATEMENT OF DEBT MANAGEMENT POLICY

H. CONSIDERATION OF MOTION APPROVING DISPOSAL OF PERSONAL PROPERTY BELONGING TO SILICON VALLEY CLEAN WATER

Proposed Action:
Move approval to AUTHORIZE SVCW MANAGER TO ENTER FUTURE SALES AGREEMENTS TO DISPOSE OF EXCESS SOIL

Motion/Second: Dr. Lieberman / Mr. Otte
The Motion carried by Unanimous Roll Call Vote

ITEM 8A
CONSIDERATION OF MOTION APPROVING CONTRACT CHANGE ORDER FOR THE DIGESTER NO. 1 REHABILITATION PROJECT (CIP #9215)

Proposed Action:
Move approval of CONTRACT CHANGE ORDER FOR THE DIGESTER NO. 1 REHABILITATION PROJECT (CIP #9215) IN AN AMOUNT NOT TO EXCEED $619,000 (Trinet Construction, Inc.)

Motion/Second: Dr. Lieberman / Mr. Otte
The Motion carried by Unanimous Roll Call Vote

ITEM 9
No Closed Session

ITEM 10
No Closed Session

ITEM 11
ADJOURN

There being no further business, the meeting adjourned at 9:02 a.m.

Minutes prepared by Teresa A. Herrera
Reviewed by General Counsel

____
Warren Lieberman, Secretary

AGENDA ITEM 7B

SVCW WARRANT REGISTER

SVCW Warrant Registers dated August 9, 2022 – October 18, 2022, were scanned and a copy was emailed to Commissioners and Legal Counsel on November 9, 2022.

AGENDA ITEM 7C

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, 2021 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 reiterated its determination to continue with remote meetings until May 9, 2022, via Resolution No. 22-19, where the Commission terminated its local emergency proclamation and returned to in-person meetings under the normal Brown Act requirements, in addition to authorizing remote participation at those meetings. However, under normal Brown Act requirements, Commissioners wishing to participate remotely for any reason must list their location on the agenda and permit public access to their location during the meeting.

DISCUSSION
This item is for the purpose of considering whether the current state of emergency as declared by the Governor warrants return to holding remote meetings. To qualify for AB 361's waiver of in-person meeting requirements, the Commission must 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. Thereafter, and if the Commission desires to continue remote meetings under AB361, it must renew its findings every thirty (30) days.

The state of emergency proclaimed by the Governor on March 4, 2020 pursuant to the California Emergency Services Act remains active. CalOSHA maintains its Emergency Temporary Standards for prevention of Covid-19 transmission in the workplace including social distancing, and the California Department of Public Health maintains its recommendations for workplace transmission reductions. Additionally, as of October 7, 2022, the CDC identified San Mateo County as continuing to experience Covid-19 transmission and positive tests in the community.

Holding in-person meetings can continue to pose an imminent risk to all attendees and staff recommends that remote meetings under AB361 remain a viable option to protect the health and safety of all attendees, including SVCW staff and Commissioners, to maintain workplace transmission reductions. Since returning to in-person meetings, one Commissioner has already found the need to participate remotely due to a potential health risk and was required to list his residence location on the agenda and allow public access as required by the normal Brown Act requirements. Therefore, and to allow Commissioners to carry out their duties during the continued Covid-19 state of emergency and to protect the health and safety of all concerned, staff recommends that the Commission make the required AB361 findings so that it may conduct meetings either completely virtually as needed, and in a hybrid manner that allows Commissioners subject to the Brown Act to participate remotely without posting their location on the agenda in advance of the meeting.

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 7D

INFORMATION TECHNOLOGY CONSULTING SERVICES MASTER SERVICES AGREEMENT

ISSUE
Approve Master Services Agreement for Intuitive Tactical Consulting for Network Engineering Consulting Services

BACKGROUND
Silicon Valley Clean Water requires professional consulting services for Information Technology Network Engineering Services. Such services are typically not performed by SVCW's Information System ("IS") staff as they entail complex and specialized skills that require individuals experienced in network and cybersecurity solutions. Such consultants may also represent manufacturers or solution providers like Cisco, VMWARE, Microsoft, and Palo Alto Network.

DISCUSSION
Intuitive Tactical Consulting ("Intuitive Tactical") has previously assisted SVCW in the design, development, implementation, and management of its Information Management Systems Network and has provided excellent services. With cyber-security reaching its high level of criticality, SVCW is needing constant solutions in the highly complex arena. Additionally, there are upgrading needs in the information management systems that require specialized professional services. Intuitive Tactical provides the wide range of information technology professional services to address SVCW's needs. To further utilize its services, the parties wish to enter into a Master Services Agreement ("MSA").

Work to be performed by Intuitive Tactical will be approved on a task order basis with associated scopes of work and budgets. Generally, work assigned to Intuitive Tactical will be funded from Information System Division's operating budget approved by the Commission each fiscal year. IS staff will be responsible for developing work tasks and overseeing the work product, scope, and budget. Work will be performed on a time and expense basis.

FINANCES
There is no associated cost to entering an MSA. Individual work tasks will be authorized on a task order basis with funding derived from the annual operating budget.

RECOMMENDATION
Move adoption of RESOLUTION APPROVING MASTER SERVICES AGREEMENT FOR NETWORK ENGINEERING CONSULTING SERVICES – INTUITIVE TACTICAL CONSULTING

Report By: M.A.

AGENDA ITEM 8A

ANNUAL AUDITED FINANCIAL REPORT AS OF JUNE 30, 2022

ISSUE

Receive and Accept Silicon Valley Clean Water Basic Financial Statements and Auditor's Report for Fiscal Year 2021-22

BACKGROUND

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

DISCUSSION

A summary of SVCW's Statement of Net Position is below, showing a $2.98 million (2.4%) increase in SVCW's net position during the fiscal year. Significant changes included:

- Total Assets increased $192 million (26.1%) reflecting unspent proceeds from two debt issuances during the fiscal year. Remaining balances will fund ongoing construction.

- Current and other assets increased by $99.2 million (138.8%), as cash proceeds from issuance of 2021 Notes remain available for capital project construction.

- Restricted assets increased by $470.8 thousand (11.5%) due to adjustments to debt reserves and contributions the Authority made to its pension liability stabilization trust account.

- Capital assets, net of depreciation, increased by $92.4 million (14.0%) as significant construction on RESCU continued and other capital projects were placed into service.

- Total liabilities increased by $184.4 million (28.9%). The most significant change was the $142.7 million increase in Notes Payable as SVCW executed three low-interest SRF loans and issued two series of 2021 Notes to finance construction. Concurrently, the Authority reduced its outstanding line of credit balance by $16.4 million. Other changes in liabilities included timing changes in accounts payable.

- Deferred Outflows and Deferred Inflows represent changes in the components of the Authority's pension liability, Other Post-Employment Benefits (OPEB), and deferred loss on debt defeasance. The most significant change in deferred inflows was the impact of the pension plan's significantly higher investment returns for the fiscal year ending June 30, 2021, which decreased the Authority's net pension liability by $8.0 million.

Report By: _M.A._

Condensed Statement of Net Position

Description	Fiscal Year 2022	Fiscal Year 2021	$ Higher / (Lower)	% Higher / (Lower)
Current and Other Assets	$ 170,612,936	$ 71,440,903	$ 99,172,033	138.8%
Restricted Assets	4,573,497	4,102,710	470,787	11.5%
Capital Assets	752,956,630	660,589,743	92,366,887	14.0%
Total Assets	**$ 928,143,063**	**$ 736,133,356**	**$ 192,009,707**	**26.1%**
Deferred Outflows	**$ 26,635,391**	**$ 28,637,273**	**$ (2,001,882)**	**(7.0%)**
Total Liabilities	**$ 821,218,780**	**$ 636,863,272**	**$ 184,355,508**	**28.9%**
Deferred Inflows	**$ 10,259,797**	**$ 1,624,556**	**$ 8,635,241**	**531.5%**
Net Investment in Capital Assets	$ 112,327,016	$ 132,721,095	$ (20,394,079)	(15.4%)
Restricted	4,573,497	4,102,710	470,787	11.5%
Unrestricted	6,399,364	(10,541,004)	16,940,368	(160.7%)
Total Net Position	**$ 123,299,877**	**$ 126,282,801**	**$ (2,982,924)**	**(2.4%)**

The below Statement of Activities and Changes in Net Position addresses the nature and source of changes during the fiscal year.

Total 2021-22 Total Revenues declined by $5.6 million (10.0%), $5.0 million of which was a decline in non-operating revenues as investment and interest income fell after incurring unrealized losses on investments. Separately, Operating Revenues decreased by $574.6 thousand (1.1%) as less connection fees were received from Members and as debt refinancings reduced receipt of cash-in-lieu of debt service.

Fiscal year 2021-22 Total Expenses increased by $597.5 thousand (1.1%) over the prior year, which included:

- Depreciation expense increased by $534.7 thousand (5.0%) after completed capital projects were placed into service during the year.

- Operating expenses were relatively unchanged (a decrease of $11.3 thousand) over the prior year. SVCW sustained personnel vacancies, temporarily suspended certain outside services, and deferred non-critical training events.

- Non-operating expenses increased $74.11 thousand (0.5%), despite an increase of $142.7 million in long-term debt liabilities. SVCW benefited from its 2021 refunding bond transactions that reduced expenses associated with long-term debt.

Condensed Statements of Activities and Changes in Net Position

Description	Fiscal Year 2022	Fiscal Year 2021	$ Higher / (Lower)	% Higher / (Lower)
Operating Revenues	**$ 53,531,636**	**$ 54,106,188**	**$ (574,552)**	**(1.1%)**
Non-Operating Revenues	(3,342,412)	1,639,320	(4,981,732)	(303.9%)
Total Revenues	**$ 50,189,224**	**$ 55,745,508**	**$ (5,556,284)**	**(10.0%)**
Depreciation Expense	$ 11,284,744	$ 10,750,080	$ 534,664	5.0%
Operating Expense	28,330,773	28,342,091	(11,318)	(0.0%)
Non-Operating Expense	13,556,631	13,482,521	74,110	0.5%
Total Expenses	**$ 53,172,148**	**$ 52,574,692**	**$ 597,456**	**1.1%**
Changes in Net Position	$ (2,982,924)	$ 3,170,816	$ (6,153,740)	(194.1%)
Beginning Net Position	126,282,801	123,111,985	3,170,816	2.6%
Ending Net Position	**$ 123,299,877**	**$ 126,282,801**	**$ (2,982,924)**	**(2.4%)**

FINANCES
There is no financial impact associated with this report.

RECOMMENDATION
Move approval of RECEIPT AND ACCEPTANCE OF BASIC FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR FISCAL YEAR ENDED JUNE 30, 2022

Annual Financial Report 2021-22

Silicon Valley Clean Water

A Joint Exercise of Powers Authority

SILICON VALLEY CLEAN WATER

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
JUNE 30, 2022

*   *   *

This Page Left Intentionally Blank

Silicon Valley Clean Water
Basic Financial Statements
Table of Contents
For the Fiscal Year Ended June 30, 2022

This Page Left Intentionally Blank

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of Silicon Valley Clean Water ("SVCW"), California, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise SVCW's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of SVCW as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof listed in the Table of Contents as part of the basic financial statements for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SVCW and to meet our other ethical responsibilities, in accordance with the relevant ethical requirement relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibility of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SVCW's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Accountancy Corporation
3478 Buskirk Avenue, Suite 215
Pleasant Hill, CA 94523

T 925.930.0902
F 925.930.0135
E maze@mazeassociates.com
W **mazeassociates.com**

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SVCW's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SVCW's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise SVCW's basic financial statements. The accompanying Supplementary Information, as listed in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Supplemental Schedule Section listed in the Table of Contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exits, we are required to describe it in our report.

Report on Summarized Comparative Information

We have previously audited SVCW's June 30, 2021 financial statements, and we expressed unmodified audit opinion on those audited financial statements in our report dated October 15, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 2021 is consistent, in all material responses, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 15, 2022 on our consideration of SVCW's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of SVCW's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering SVCW's internal control over financial reporting and compliance.

Maze & Associates

Pleasant Hill, California
October 15, 2022

This Page Left Intentionally Blank

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Page Left Intentionally Blank

Silicon Valley Clean Water (the "Authority", or "SVCW") has issued its financial statements for the fiscal year ended June 30, 2022 in conformity with the format prescribed by the provisions of Government Accounting Standards Board Statement 34 (GASB 34). The Management of SVCW presents the following narrative overview and analysis of the financial activities, with comparative data for the prior fiscal year. The Management's Discussion and Analysis (MD&A) section is an overview of SVCW's financial activities and is an integral part of the accompanying Basic Financial Statements. This information should be read in conjunction with the audited financial statements that follow this section.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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

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

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

ORGANIZATION AND BUSINESS

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

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

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

The Joint Powers Agreement sets forth how SVCW's operating and capital costs are allocated to the Members. Operating costs are allocated to each Member based on a three-year average of each Member's annual pro-rata share of total wastewater flow and strength loadings as measured by biological oxygen demand ("BOD") and suspended solids ("SS"). As a result, the Budget for fiscal year 2021-22 allocates operating and maintenance costs to the Members as follows:

- City of Redwood City 53.8%
- West Bay Sanitary District 22.5%
- City of San Carlos 12.6%
- City of Belmont 11.1%

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

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

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

Member	2017-18	2018-19	2019-20	2020-21	2021-22
Redwood City	7.2	7.7	7.1	7.0	7.1
West Bay	3.4	3.5	2.8	2.3	2.5
San Carlos	2.0	2.2	1.7	1.6	1.7
Belmont	1.6	1.8	1.5	1.3	1.5
Total	14.2	15.2	13.1	12.2	12.8

FINANCIAL ANALYSIS

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

SVCW's fiscal year 2021-22 operating revenues and expenses were comparable both to the prior fiscal year as well as to the 2021-22 Budget. The most noteworthy change compared to the prior year was certain debt activities necessary to fund ongoing capital improvements. This is consistent with cash expenditures of $103.7 million for capital improvement construction. Construction progressed on SVCW's largest project in its history, the Regional Environmental Sewer Conveyance Upgrade (RESCU). The RESCU program is anticipated to be completed in early 2024 and includes a gravity pipeline tunnel, front-of-plant receiving and pretreatment facilities, and improvements to pump stations.

The Capital Improvement Program has been largely funded through long-term borrowings and, to a lesser extent, member agency cash contributions. As of June 30, 2022, outstanding long-term principal was $785.4 million, a net increase of $195.1 million after a new issuance of 2021 Wastewater Revenue Notes, receipt of State Revolving Fund (SRF) disbursement requests from recently-executed SRF loan agreements and a $16.4 million reduction of the Authority's line of credit.

The SVCW Commission established reserve policies in 2013 to protect its fiscal solvency. As of June 30, 2022, cash reserves totaled $39.2 million including an Operating Reserve, a Capital Improvement Program Reserve, and a Stage 2 Capacity Reserve. Of this amount, the Authority has restricted $3.4 million as required by its SRF loan agreements.

FINANCIAL HIGHLIGHTS

- SVCW net position decreased during fiscal year 2021-22 by $3.0 million (2.4%) from the previous year.
- Total assets increased by $192.0 million (26.1%) during the fiscal year. Construction in progress increased by a net $95.2 million due to ongoing construction. Cash and investments increased by $98.6 million compared to previous year, as 2021 Notes proceeds were received. Depreciable capital assets decreased by $2.8 million as $8.4 million of capital projects that had been completed and reclassified to Capital Assets were offset by an $11.3 million increase in accumulated depreciation.
- Total liabilities increased by $184.4 million (28.9%) during the fiscal year. SVCW issued two series of 2021 Notes that increased Long Term Debt by $142.7 million, and also executed three installment sale agreements with the California State Water Resources Control Board (SWRCB) which, cumulatively totaled $83.6 million. SVCW also ended the fiscal year with an outstanding line of credit balance of $12.9 million used towards RESCU construction. Net pension liabilities decreased by $8.0 million after CalPERS investment returns were higher than anticipated during the fiscal year 2020-21 measurement period. Accounts Payable decreased $2.0 million due to the timing of invoice payments

for construction projects. The above liability items were slightly offset by a $510.2 thousand decrease in Accrued Employee Payroll and Benefits and a $615.6 thousand decrease in Unearned Revenue.

- Total revenues, including cash contributions for capital programs and Capacity Reserves, decreased by $5.6 million (10.0%) from the previous year. While Members' contributions towards operating expense slightly increased, cash-in-lieu-of financing contributions decreased by $2.1 million as in fiscal year 2021-22 Members opted to participate in debt issuances rather than contribute cash. Stage 2 Capacity Reserve contributions declined approximately $309.3 thousand as the City of San Carlos completed its purchase of remaining capacity in the prior fiscal year.
- Total expenses ended the fiscal year at $53.2 million, a $597.5 thousand increase (1.1%) compared to the prior year. Unrealized losses on investments of $3.7 million were incurred during the fiscal year. Operating expenses were $11.3 thousand less than prior year as the Authority experienced personnel vacancies, less chemical usage, and a reduction in contractual services. Non-operating expense increased $74.1 thousand as interest expense increased congruent with issuance of the 2021 Notes. Depreciation increased by $534.7 thousand as capital projects were placed into service.

NET POSITION

A summary of SVCW's Statement of Net Position is presented in Table 1, which indicates a $3.0 million (2.4%) decrease in SVCW's net position from fiscal year 2020-21. Significant changes during the fiscal year included:

- Current and other assets increased by $99.2 million (138.8%), as issuance of 2021 Notes and cash proceeds were received for construction purposes.
- Restricted assets increased by $470.8 thousand (11.5%) due to contributions to debt services and the Authority's pension liability stabilization trust account.
- Capital assets, net of depreciation, increased by $92.4 million (14.0%) as significant construction on RESCU continued and other capital projects were placed into service during the fiscal year.
- Total SVCW liabilities increased by $184.4 million (28.9%). The most significant change was the $142.7 million increase in notes payable as SVCW issued two series of 2021 Notes and executed three low interest rate SRF loans to finance projects. Concurrently, the Authority reduced its outstanding line of credit balance by $16.4 million. Other changes in liabilities included timing changes in accounts payable.
- Deferred Outflows and Deferred Inflows represent changes in the components of the Authority's pension liability, Other Post-Employment Benefits (OPEB), and deferred loss on defeasance. The most significant change in deferred inflows was the impact of the pension plan's significant investment returns for the measurement period ending 6/30/2021, which decreased the net pension liability by $8.0 million.

TABLE 1
Condensed Statement of Net Position

	Fiscal Year 2022	Fiscal Year 2021	$ Higher / (Lower)	% Higher / (Lower)
Current and other assets	$ 170,612,936	$ 71,440,903	$ 99,172,033	138.8%
Restricted assets	4,573,497	4,102,710	470,787	11.5%
Capital assets	752,956,630	660,589,743	92,366,887	14.0%
Total Assets	**928,143,063**	**736,133,356**	**192,009,707**	**26.1%**
Deferred Outflows	**26,635,391**	**28,637,273**	**(2,001,882)**	**(7.0%)**
Total Liabilities	**821,218,780**	**636,863,272**	**184,355,508**	**28.9%**
Deferred Inflows	**10,259,797**	**1,624,556**	**8,635,241**	**531.5%**
Net investment in capital assets	112,327,016	132,721,095	(20,394,079)	(15.4%)
Restricted	4,573,497	4,102,710	470,787	11.5%
Unrestricted	6,399,364	(10,541,004)	16,940,368	(160.7%)
Total Net Position	**$ 123,299,877**	**$ 126,282,801**	**$ (2,982,924)**	**(2.4%)**

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

As part of continued expenditures on its Capital Improvement Program, SVCW spent $103.7 million on capital projects during fiscal year 2021-22. Notable expenditures included upgrades to its standby generator feed relocation and electrical panel, replacement of Laboratory building HVAC system, recoating of primary effluent channels, and continuation of RESCU-related construction.

TABLE 2
Construction Fund Activity

	Capital Improvement Program Reserve (13 Fund)	Revenue-Funded Capital Program (14 Fund)	Operating Reserve (17 Fund)	Stage 2 Capacity Reserve (15 Fund)	Capital Improvement Program Construction (20 Fund)	Totals
Member Contributions	$ 1,999,992	$ 1,497,504	$ -	$ 119,381	$ 21,464,742	$ 25,081,619
Interest Earnings	(1,292,830)	-	(116,902)	(1,001,643)	(1,775,277)	(4,186,652)
Total Revenue	**$ 707,162**	**$ 1,497,504**	**$ (116,902)**	**$ (882,262)**	**$ 19,689,465**	**$ 20,894,967**
Cash to Construction	$ -	$ 956,759	$ -	$ -	$ 102,694,873	$ 103,651,632

While the Statement of Net Position shows the change in financial position from year to year, the Statement of Activities and Changes in Net Position (Table 3 below) addresses the nature and source of the changes. Total 2021-22 revenues decreased from the prior year by $5.6 million (10.0%). This included a $5.0 million decrease in Non-Operating Revenues (303.9%) as investment interest income declined and unrealized losses on investments were incurred. Additionally, Operating Revenues decreased by $574.6 thousand (1.1%) as Stage 2 capacity collections fell and debt service cash contributions declined.

Fiscal year 2021-22 total expenses increased by $597.5 thousand (1.1%) over the prior year, which included changes in several key expenditures:

- Depreciation expense increased by $534.7 thousand (5.0%) after completed capital projects were placed into service during the year.
- Operating expenses were relatively unchanged (a decrease of $11.3 thousand, or 0.0%) over the prior year. SVCW sustained personnel vacancies, temporarily suspended certain outside services, and deferred non-critical training events. Together, these actions avoided increased expenditures.
- Non-operating expenses increased $74.11 thousand (0.5%), despite an increase of $142.7 million in long-term debt liabilities. SVCW benefited from its 2021 refunding bond transactions that reduced interest expense associated with long-term debt.

TABLE 3
Condensed Statements of Activities and Changes in Net Position

	Fiscal Year 2022	Fiscal Year 2021	$ Higher / (Lower)	% Higher / (Lower)
Operating revenues	$ 53,531,636	$ 54,106,188	$ (574,552)	(1.1%)
Non-operating revenues	(3,342,412)	1,639,320	(4,981,732)	(303.9%)
Total Revenues	**50,189,224**	**55,745,508**	**(5,556,284)**	**(10.0%)**
Depreciation expense	11,284,744	10,750,080	534,664	5.0%
Operating expense	28,330,773	28,342,091	(11,318)	(0.0%)
Non-operating expense	13,556,631	13,482,521	74,110	0.5%
Total Expenses	**53,172,148**	**52,574,692**	**597,456**	**1.1%**
Changes in Net Position	**(2,982,924)**	**3,170,816**	**(6,153,740)**	**(194.1%)**
Beginning net position	126,282,801	123,111,985	3,170,816	2.6%
Beginning net position - adjusted	126,282,801	123,111,985	3,170,816	2.6%
Ending Net Position	**$ 123,299,877**	**$ 126,282,801**	**$ (2,982,924)**	**(2.4%)**

BUDGETARY HIGHLIGHTS

The SVCW Commission adopts an annual Operating Fund budget that provides for current activities and establishes a short-term spending plan aligned with SVCW activities and financial goals. Budgets are prepared on the accrual basis of accounting. Table 4 below compares actual and budgeted expenditures for the Operating Fund during the year ended June 30, 2022.

TABLE 4
FY 2021-2022 Actual vs Budget

	Actual	Budget	$ Higher/ (Lower)	% Higher/ (Lower)
Member Contributions	$ 27,612,504	$ 27,612,513	$ (9)	(0.0%)
Source Control Revenue	63,935	90,000	(26,065)	(29.0%)
Stormwater Revenue	60,644	118,000	(57,356)	(48.6%)
Other Revenue	467,261	547,000	(79,739)	(14.6%)
Total Operating Revenue	**28,204,344**	**28,367,513**	**(163,169)**	**(0.6%)**
Operations	10,456,716	10,809,897	(353,181)	(3.3%)
Maintenance	6,692,221	7,246,589	(554,368)	(7.7%)
Laboratory	1,607,466	1,798,210	(190,744)	(10.6%)
Environmental Services	956,725	993,719	(36,994)	(3.7%)
Engineering	1,376,997	1,392,615	(15,618)	(1.1%)
Information Services	2,013,846	1,976,351	37,495	1.9%
Safety	481,178	492,106	(10,928)	(2.2%)
Administration	3,987,320	3,758,027	229,293	6.1%
Depreciation	11,284,744	11,284,744	-	-
Total Operating Expenses	**38,857,213**	**39,752,258**	**(895,045)**	**(2.3%)**
Operating Income/(Loss)	**$ (10,652,869)**	**$(11,384,745)**	**$ 731,876**	**6.4%**

Inclusive of $11.3 million in depreciation, SVCW reported an operating loss of $10.7 million, which was $731.9 thousand (6.4%) less than budgeted. Of note, certain revenues like source control, stormwater, and grease and septic services continued to be affected by the COVID-19 pandemic as certain activities were suspended. Additionally, a shortage in personnel prevented revenue-generating activities in source control and stormwater activities. Total expenses were $895.0 thousand (2.3%) less than budgeted, a similar reflection of personnel vacancies, reduced chemical usage, and a temporary decline in contractual services. Specific variances by Division include:

- Operations expenses were lower than budget by $353.2 thousand (3.3%) due to less polymer usage from changes in dewatering parameters. Additionally, there was less biosolids hauling and tank cleaning performed during the year.
- Maintenance expenses were lower than budget by $554.4 thousand (7.7%) due to several staff vacancies and retirements.
- Laboratory expenses were $190.7 thousand (10.6%) lower than budget due to staff vacancy and decline in supplies usage consistent with reduction in laboratory services provided to other agencies.
- Environmental Services expenses were $37.0 thousand (3.7%) below budget after incurring year-end net pension liability adjustment and deferring travel and conference expenses during Covid.
- Engineering expenses were $15.6 thousand (1.1%) lower than budget. Membership costs for Potable Water Reuse were not incurred as planned.
- Information Services expenses were $37.5 thousand (1.9%) more than budget due to increased professional and contractual services for technology support activities.
- Safety expenses were below budget by $10.9 thousand (2.2%) as less repair labor hours were charged than anticipated.
- Administration expenses were $229.3 thousand (6.1%) more than budget due to pension liability adjustments and increased professional services caused by delayed implementation of new payroll software solutions.

CAPITAL ASSETS

SVCW has a Long-Range Capital Improvement Program to improve existing facilities, build new facilities, rehabilitate assets, repair or replace infrastructure, preserve assets, enhance safety and security, and perform needed maintenance. Significant investments in infrastructure have included replacement of significant lengths of the influent conveyance pipe, modernization of electronic control systems for process automation, and upgrades to electrical systems. SVCW is currently constructing RESCU facilities to replace an existing force main and add essential pretreatment processes.

Consistent with the Capital Improvement Program, the Commission approved these and other capital projects to protect public health, the environment, and agency facilities. Table 5 below provides a summary of SVCW capital assets and shows how, at the end of fiscal years 2020-21 and 2021-22, Net Property Plant & Equipment (PP&E) was $181.2 million and $178.3 million, respectively. Additional information about SVCW's capital acquisitions and construction is presented in Note 5 to the financial statements.

TABLE 5
Capital Assets

	Balance at June 30, 2021	Additions	Retirements	Adjustments & Transfers	Balance at June 30, 2022
Land	$ 1,282,081	$ -	$ -	$ -	$ 1,282,081
Buildings & Structures	86,941,854		-	48,693	86,990,547
Pipelines	69,563,754		-	-	69,563,754
Pump Stations	8,955,485		-	-	8,955,485
Machines & Equipment	132,071,186		-	8,393,495	140,464,681
Total PP&E, Cost	**298,814,360**	**-**	**-**	**8,442,189**	**307,256,549**
Accum. Depreciation	117,625,937	11,284,745	-	-	128,910,682
Total PP&E, Net	**$ 181,188,423**	**$ (11,284,745)**	**$ -**	**$ 8,442,189**	**$ 178,345,866**
Construction in Progress:					
Stage 2 Capacity	$ 2,934,618	$ -	$ -	$ -	$ 2,934,618
General	476,466,702	103,651,632	-	(8,442,189)	571,676,145
Total CIP	**$ 479,401,320**	**$ 103,651,632**	**$ -**	**$ (8,442,189)**	**$ 574,610,763**

LONG TERM DEBT

Inclusive of the Authority's Line of Credit, but excluding Unamortized Premium on outstanding Bonds and Notes, outstanding long-term debt was $755.7 million as of June 30, 2022, a $199.3 million increase from the prior year. Components of SVCW's long-term debt liability include $620.6 million of Wastewater Revenue Bonds and Notes (excluding unamortized premiums of $29.7 million), Notes Payable obligations to the California Clean Water SRF program and Line of Credit, for approximately $135.1 million.

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

Wastewater Revenue Bonds and Notes

As of June 30, 2022, SVCW has $620.6 million outstanding in Wastewater Revenue Bonds and Notes par value, the proceeds from which are used to acquire and construct wastewater system improvements. These Bonds and Notes are limited obligations of SVCW, payable solely from and secured solely by the revenues pledged under the Indenture, consisting primarily of payments made by the Authority's Participating Members. Table 6 below compares the total Bonds and Notes outstanding for fiscal years ended June 30, 2021 and 2022:

TABLE 6
Wastewater Revenue Bonds/Notes

Bonds/Notes	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds/Notes Outstanding June 30, 2021	Issued (Redeemed)	Bonds/Notes Outstanding June 30, 2022
2018 Revenue Bond	2018	2049	3.125-5%	$ 140,955,000	$ 133,890,000	$ (2,480,000)	$ 131,410,000
2019 Revenue Notes	2019	2024	3%	209,300,000	209,300,000	-	209,300,000
2021 Refunding Bond, Series A	2021	2046	0.177-2.973%	137,010,000	137,010,000	(6,200,000)	130,810,000
2021 Refunding Bond, Series B	2021	2033	4-5%	6,825,000	6,825,000	(465,000)	6,360,000
2021 Notes, Series A	2022	2024	0.25%	68,900,000	-	68,900,000	68,900,000
2021 Notes, Series B	2022	2026	0.50%	73,840,000	-	73,840,000	73,840,000
Total Wastewater Revenue Bonds/Notes				**$ 636,830,000**	**$ 487,025,000**	**$133,595,000**	**$ 620,620,000**

State Water Resources Control Board Loan

SVCW has financed certain projects by entering into separate sale-repurchase agreements with the State Water Resources Control Board (SWRCB). Combined, the principal due on currently outstanding agreements totaled $122.2 million as of June 30, 2022. The project funds, together with all accrued interest, are repaid in annual installments commencing one year after the completion of construction.

In March 2012, SVCW entered into an agreement with the SWRCB for up to $35.4 million for certain improvements to the wastewater treatment plant phase 1. The total outstanding balance as of June 30, 2022 totaled $24.6 million and the final payment is scheduled October 31, 2036.

In February 2016, SVCW entered into an SWRCB agreement for up to $14.0 million to plan improvements to its conveyance system. As of June 30, 2022, SVCW had incurred the full $14.0 million in expenditures under this project. SVCW intends to restructure this agreement to terms consistent with other RESCU construction agreements.

In August 2021, SVCW entered into an SWRCB agreement for up to $59.6 million to replace the influent force main with a gravity pipeline under the RESCU program. The total outstanding balance as of June 30, 2022 totaled $38.1 million and final payment is scheduled October 2053.

In August 2021, SVCW entered into an SWRCB agreement for up to $57.8 million to plan improvements for pump station improvements under the RESCU program. The total outstanding balance as of June 30, 2022 totaled $20.6 million and final payment is scheduled October 2053.

In August 2021, SVCW entered into an SWRCB agreement for up to $51.6 million to plan improvements to its front of plant under the RESCU program. The total outstanding balance as of June 30, 2022 totaled $24.8 million and final payment is scheduled October 2053.

Line of Credit

In May 2015, SVCW entered into a $30.0 million line of credit with Wells Fargo Bank to finance a portion of the costs of acquisition and construction of capital improvements. In June 2018, the agreement was extended through May 31, 2021 with an accordion feature to increase the available balance to $65.0 million. In June 2021, the agreement was again amended to extend the term through May 31, 2024 and to increase the available credit balance to a maximum of $115.0 million. Advances on the line of credit provide for an interest rate based on either a fixed per annum rate of interest equal to the LIBOR rate plus the Applicable LIBOR Rate Margin, or a variable per annum rate of interest equal to the Base Rate plus the Applicable Base Rate Margin. The one-month LIBOR rate will continue to be used through June 30, 2023. In January 2022, SVCW decreased the available balance to $45.0 million. As of June 30, 2022, $12.9 million was outstanding on the line of credit.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The approved Operating Budget for fiscal year 2022-23 recommends expenditures based on a prioritization of needs, goals and objectives; it also anticipates external cost pressures and provides a roadmap to meet the needs of the community in the coming fiscal year. The annual Budget considers ordinary inflationary pressures and incorporates savings from operational improvements. Personnel costs are relatively unchanged in terms of staffing levels, though adjusted to incorporate terms of a Memorandum of Understanding (MOU) between SVCW and the International Union of Operating Engineers Stationary Local 39, AFL-CIO. This current five-year MOU will expire on June 30, 2023.

Each Member Agency has proactively raised sewer rates to support its allocable share of funding requirements for SVCW's operating costs as well as the Capital Improvement Program.

Table 7 compares next fiscal year's 2022-23 Operating Fund Budget to the fiscal year 2021-22 actual results. Total 2022-23 Operating Revenues are anticipated to increase $1.9 million (6.6%) as Members provide for increased operating costs. Additionally, for Source Control Revenue and Other Revenues, SVCW predicts normal stormwater and source control activities, increased organic waste deliveries, and a reduction in outside services performed by the Laboratory Division.

Total 2022-23 Operating Expenses are anticipated to increase $2.6 million (6.8%) from prior year actual expenditures. Beyond a return to normal, post-pandemic activities, the largest increase over 2021-22 actual expenditures is anticipated due to costs associated with scheduled preparations for the new RESCU Front of Plant facilities. Additionally, the 2022-23 Budget anticipates material increases in chemical prices.

TABLE 7
FY 2022-2023 Budget vs FY 2021-2022 Actual

	FY 2022-2023 Budget	FY 2021-2022 Actual	$ Increase / (Decrease)	% Increase / (Decrease)
Member Contributions	$ 29,259,151	$ 27,612,504	$ 1,646,647	6.0%
Source Control Revenue	86,500	63,935	22,565	35.3%
Stormwater Revenue	118,000	60,644	57,356	94.6%
Other Revenues	602,100	467,261	134,839	28.9%
Total Operating Revenue	**30,065,751**	**28,204,344**	**1,861,407**	**6.6%**
Operations	12,055,226	10,456,716	1,598,510	15.3%
Maintenance	6,741,464	6,692,221	49,243	0.7%
Laboratory	1,845,213	1,607,466	237,747	14.8%
Environmental Services	1,055,945	956,725	99,220	10.4%
Engineering	1,739,303	1,376,997	362,306	26.3%
Information Services	2,345,620	2,013,846	331,774	16.5%
Safety	517,406	481,178	36,228	7.5%
Administration	3,915,573	3,987,320	(71,747)	(1.8%)
Depreciation	11,284,744	11,284,744	-	-
Total Operating Expenses	**41,500,494**	**38,857,213**	**2,643,281**	**6.8%**
Operating Income/(Loss)	**$ (11,434,743)**	**$ (10,652,869)**	**$ (781,874)**	**(7.3%)**

CONTACTING SILICON VALLEY CLEAN WATER MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

Silicon Valley Clean Water
Statement of Net Position
June 30, 2022
(With Comparative Totals as of June 30, 2021)

Assets		2022		2021
Current Assets:				
Cash and investments	$	166,243,525	$	67,686,891
Cash restricted for debt service		3,414,229		3,414,229
Cash restricted for pension benefits		1,159,268		688,481
Accounts receivable		893,278		1,181,029
Interest receivable		395		269
Employee notes receivable		14,281		9,332
Inventory		1,979,980		1,900,320
Prepaid expenses		70,778		158,296
Total Current Assets		173,775,734		75,038,847
Noncurrent Assets:				
Net OPEB asset		1,410,699		504,766
Capital assets:				
Depreciable capital assets - net		177,063,786		179,906,342
Non depreciable capital assets:				
Land		1,282,081		1,282,081
Construction in progress:				
Stage 2		2,934,618		2,934,618
General		571,676,145		476,466,702
Total capital assets - net		752,956,630		660,589,743
Total Noncurrent Assets		754,367,329		661,094,509
Total Assets	$	928,143,063	$	736,133,356
Deferred Outflows of Resources				
Pension related	$	4,174,372	$	4,317,629
OPEB related		2,145,868		1,705,753
Deferred Loss on Defeasance		20,315,151		22,613,891
Total Deferred Outflows of Resources	$	26,635,391	$	28,637,273
Liabilities				
Current Liabilities:				
Accounts payable	$	19,330,256	$	21,293,874
Accrued payroll and employee benefits		695,448		1,205,694
Accrued interest payable		5,946,437		5,514,957
Unearned revenue		-		615,631
Compensated absences due within one year		1,252,260		1,254,487
Long term debt due within one year		14,683,699		14,505,126
Total Current Liabilities		41,908,100		44,389,769
Long term debt due in more than one year		770,703,747		575,827,114
Net pension liabilities		8,606,933		16,646,389
Total Liabilities	$	821,218,780	$	636,863,272
Deferred inflows of Resources				
Pension related	$	8,381,564	$	929,303
OPEB related		1,878,233		695,253
Total Deferred Inflows of Resources	$	10,259,797	$	1,624,556
Net Position				
Net Investment in Capital Assets	$	112,327,016	$	132,721,095
Restricted for:				
Debt service		3,414,229		3,414,229
Pension benefits		1,159,268		688,481
Unrestricted		6,399,364		(10,541,004)
Total Net Position	$	123,299,877	$	126,282,801

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

Silicon Valley Clean Water
Statement of Activities and Changes in Net Position
For the Fiscal Year Ended June 30, 2022
(With Comparative Totals for the Fiscal Year Ended June 30, 2021)

	2022	2021
Operating Revenues:		
Member contributions for services	$ 27,858,177	$ 26,803,212
Member contributions for cash reserves	3,616,877	3,249,017
Member contributions for debt service	18,793,941	18,903,715
Member contributions for cash in-lieu-of financing	2,670,801	4,737,278
Source control charges	124,579	105,883
Miscellaneous revenues	467,261	307,083
Total operating revenues	53,531,636	54,106,188
Operating Expenses:		
Operations	$ 10,644,690	$ 9,759,757
Maintenance	6,705,248	7,079,907
Laboratory	1,622,596	2,162,490
Environmental services	956,725	909,922
Engineering	1,382,681	1,104,176
Information services	2,013,846	1,784,330
Safety	481,348	473,830
Administration	4,523,638	5,067,679
Depreciation	11,284,745	10,750,080
Total operating expenses	39,615,517	39,092,171
Operating Income (Loss)	$ 13,916,119	$ 15,014,017
Nonoperating Revenues (Expenses):		
Grants	$ 156,601	$ 231,302
Other revenue (expense)	836,472	822,878
Interest by fund:		
Operations fund	809	24,460
Stage 2 capacity fund	233,418	224,013
Capital improvement reserve fund	304,749	321,398
Operating reserve fund	31,770	51,340
Capital improvement fund	654,096	1,859,205
Net increase (decrease) in fair value of investments	(5,560,327)	(1,895,276)
Interest expense	(17,845,530)	(17,309,944)
Premium amortization	4,288,899	3,819,573
Gain (loss) on disposal of capital assets	-	7,850
Total nonoperating revenues (expenses)	$ (16,899,043)	$ (11,843,201)
Change in Net Position	$ (2,982,924)	$ 3,170,816
Beginning Net Position	126,282,801	123,111,985
Ending Net Position	$ 123,299,877	$ 126,282,801

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

Silicon Valley Clean Water
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2022
(With Comparative Totals for the Fiscal Year Ended June 30, 2021)

	2022	2021
Cash Flows from Operating Activities:		
Cash received from member agencies	$ 53,248,001	$ 54,182,578
Cash paid to suppliers for goods and services and employees for services	(29,748,431)	(36,183,923)
Other cash received (paid)	591,840	412,966
Net Cash Provided (Used) by Operating Activities	24,091,410	18,411,621
Cash Flows from Capital and Related Financing Activities:		
Cash received from member agencies other than for services	836,472	822,878
Cash received from grants	156,601	231,302
Interest paid on capital debt	(17,414,050)	(19,015,348)
Principal paid on capital debt	(26,979,253)	(133,089,522)
Proceeds from long-term debt	226,323,358	174,590,592
Cash received on the sale of capital assets	-	75,700
Purchases and construction of capital assets	(103,651,632)	(150,187,922)
Net Cash Provided (Used) by Capital and Related Financing Activities	79,271,496	(126,572,320)
Cash Flows from Investing Activities:		
Noncash equivalent investments	(36,619,621)	(55,743,878)
Investment income	(4,335,485)	585,140
Net Cash Provided (Used) by Investing Activities	(40,955,106)	(55,158,738)
Net Increase (Decrease) in Cash and Investment	62,407,800	(163,319,437)
Cash and Cash Equivalents, Beginning	16,045,723	179,365,160
Cash and Cash Equivalents, Ending	$ 78,453,523	$ 16,045,723
Reconciliation of Operating Income (Loss) to Cash Flows Provided (Used) by Operating Activities:		
Operating Income (Loss)	$ 13,916,119	$ 15,014,017
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	11,284,745	10,750,080
Net change in:		
Accounts receivable	287,625	406,142
Employee notes receivable	(4,949)	8,813
Inventory	(79,660)	(35,171)
Prepaid expenses	87,518	(54,500)
Deferred outflows of resources	2,001,882	(17,089,976)
Accounts payable	(1,963,618)	9,072,292
Accrued payroll and employee benefits	(9,457,862)	385,324
Unearned revenue	(615,631)	(303,262)
Deferred inflows of resources	8,635,241	257,862
Net Cash Provided (Used) by Operating Activities	$ 24,091,410	$ 18,411,621
Reconciliation of Cash and Cash Equivalents:		
Cash and investments	$ 170,817,022	$ 71,789,601
Less: investments with original maturities in excess of three months	(92,363,499)	(55,743,878)
Cash and Cash Equivalents	$ 78,453,523	$ 16,045,723

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

NOTE 1 - NATURE OF ORGANIZATION

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Accounting

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

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

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

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

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

Statement of Net Position

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

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

- Restricted - This component of net position consists of constraints placed on assets use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or law and regulations of other governments, and reduced by liabilities and deferred inflows of resources related to those assets. It also pertains to constraints imposed by law or constitutional provisions or enabling legislation.

- Unrestricted - This component of net position consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position. SVCW first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Statement of Activities and Changes in Net Position

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

Budgets and Budgetary Accounting

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

Cash and Cash Equivalents

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

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

Investments

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

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

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

- Market approach - This approach uses prices generated for identical or similar assets or liabilities. The most common example is an investment in public security traded in an active exchange such as the NYSE.

- Cost approach - This technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.

- Income approach - This approach converts future amounts (such as cash flows) into a current discounted amount.

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

Receivables

Receivables include amounts due from member assessments, services performed for other agencies. All receivables are current and reported net of an allowance for uncollectible accounts. The allowance for uncollectible accounts was zero as of June 30, 2022.

Inventories

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

Capital Assets

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

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

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

Compensated Absences

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

Pensions

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

Other Postemployment Benefits Other Than Pensions (OPEB)

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

Leases

Under Government Accounting Standards Board (GASB) Statement No. 87, a lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. SVCW recognizes lease receivables or liabilities with an initial, individual total present value of $1 million or more, based on the future lease payments remaining at the start of the lease.

SVCW reviews and analyzes leases, and when appropriate, would recognize certain lease assets and liabilities as inflows of resources and outflow of resources, based on the payment provision and remaining duration of the contract.

SVCW has no leases subject to GASB#87 for the fiscal year 2022.

Accounting Estimates

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

Subsequent Events

Management has reviewed subsequent events and transactions that occurred after the date of the financial statements through the date the financial statements were issued. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles.

Summarized Comparative Information

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the financial statements for the year ended June 30, 2021, from which the summarized information was derived.

Upcoming New Accounting Pronouncements

GASB Statement No. 91 - Conduit Debt Obligation

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement also addresses arrangements -often characterized as leases - that are associated with conduit debt obligations.

This Statement is effective for reporting periods beginning after December 15, 2021.

GASB Statement No. 94 - Public-Private and Public-Public Partnerships and Availability Payment Arrangements

The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

This Statement is effective for reporting periods beginning after June 15, 2022. The Authority does not believe this statement will have a significant impact on the Authority's financial statements.

GASB Statement No. 96 - Subscription-Based Information Technology Arrangements

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.

This Statement is effective for reporting periods beginning after June 15, 2022.

NOTE 3 - CASH AND INVESTMENTS

Credit Risk

SVCW's cash and investments consisted of the following as of June 30, 2022 and 2021:

Cash and Investments	June 30, 2022	June 30, 2021	Investment Rating	Input Level
Cash:				
Demand deposits	$ 615,344	$ 778,897	n/a	n/a
Cash on hand	1,000	1,000	n/a	n/a
Total Cash	616,344	779,897		
Investments:				
US Treasuries	50,001,275	33,227,686	AA+	1
US Government Agencies	9,861,282	12,007,313	AA+	1
Asset Backed Securities/Corporate bonds	13,655,513	7,654,640	AA+/AA-/A+/A/A-/BBB+ AAA/NR	1
Municipal bonds/notes	1,545,685	1,873,050	AAA/AA+/AA/A+/NR	1
Supranationals	617,076	358,016	AAA	1
Money Market Funds	21,441,836	2,930,690	AAAm	2
California Asset Management Program	7,062,351	12,748,262	AAAm	n/a
Local Agency Investment Fund	66,015,660	210,047	Not rated	n/a
Total Investments	170,200,678	71,009,704		
Total Cash and Investments	$ 170,817,022	$ 71,789,601		

Interest Rate Risk

The following is a summary of the Authority's investments by maturity as of June 30, 2022:

Maturity	June 30, 2022	June 30, 2021
0-1 years	$ 115,040,586	$ 24,395,143
1-2 years	23,725,170	8,079,552
2-3 years	5,171,375	10,697,281
3-5 years	13,438,369	17,276,207
Over 5 years	12,825,178	10,561,521
Total Investments	$ 170,200,678	$ 71,009,704

Cash Deposits

Interest bearing bank balances are insured up to $250,000 per bank by the Federal Deposit Insurance Company ("FDIC"). SVCW's cash in bank exceeded the insured limit as of June 30, 2022. All SVCW's deposits with financial institutions were held in collateralized accounts.

Fair Value Measurements

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

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

Collateral and Categorization Requirements

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

Restricted Cash

SVCW's restricted cash consisted of $4,573,497 in cash and investments as of June 30, 2022, held by trustees or fiscal agent, $3,414,229 of which was pledged for the payment or security of bonds and $1,159,268 of which are restricted for the Section 115 Pension Trust.

Local Agency Investment Fund

SVCW is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The Authority reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are maintained on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. On June 30, 2022, the investments matured in an average of 311 days.

Investment Policy

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

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

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

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

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

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

Risk Disclosures

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

- *Interest Rate Risk* - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to the changes in market interest rates. To limit loss exposure due to Interest Rate Risk, the investment policy limits the length of maturity of investments.

- *Credit Risk* - Credit risk is the risk of loss due to the failure of the security issuer. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. To limit loss exposure due to Credit Risk, the investment policy limits the purchase of investments to those rated A-1 by Standard & Poor's or P-1 by Moody's Investors Service.

- *Custodial Credit Risk* - Custodial credit risk is the risk that in the event of a bank failure, SVCW's deposits may not be returned to it. Or, in the case of investments, the risk of loss of the investment due to failure, impairment or malfeasance of the third party whose name in which the investment is held and who has physical possession of the instrument. In order to limit loss exposure due to Custodial Credit Risk, the investment policy requires all securities be received and delivered using the standard delivery versus payment (DVP) procedure, and all securities be held by a third-party bank or trust department under the terms of a custody or trustee agreement. None of SVCW's investments were subject to custodial credit risk.

- *Concentration of Credit Risk* - See the chart above for SVCW's limitations on the amount that can be invested in any one issuer. As of June 30, 2022, 4% of SVCW's cash was invested in California Asset Management Program (CAMP), 6% in agencies, 8% in asset-backed securities and corporate bonds, 13% in money market accounts, 29% in U.S. treasuries, and 39% in LAIF and municipal bonds and notes.

NOTE 4 - EMPLOYEE NOTES RECEIVABLE

All full-time and part-time SVCW employees are eligible to obtain an interest-free loan to purchase a computer or certain tools. All requests for loans must be approved by the Department Manager and Human Resources Director. Repayment of these loans is handled through payroll deductions which are amortized over a two-year period. Employees must pay off any outstanding balance of their loans upon ending employment with SVCW. As of June 30, 2022, and 2021, outstanding balances for notes receivable were $14,281 and $9,332, respectively.

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

SVCW's capital assets consisted of the following as of June 30, 2022:

Capital Assets	Balance July 1, 2021	Additions	Adjustments/ Transfer	Balance June 30, 2022
Non-depreciable:				
Land	$ 1,282,081	$ -	$ -	$ 1,282,081
Construction in Progress				
Stage 2	2,934,618	-	-	2,934,618
General	476,466,702	103,651,632	(8,442,189)	571,676,145
Total Non-Depreciable	480,683,401	103,651,632	(8,442,189)	575,892,844
Depreciable:				
Buildings and structures	86,941,854	-	48,693	86,990,547
Pipelines	69,563,754	-	-	69,563,754
Pump station	8,955,485	-	-	8,955,485
Machinery and equipment	132,071,186	-	8,393,496	140,464,681
Total Depreciable	297,532,279	-	8,442,189	305,974,468
Less Accumulated Depreciation for:				
Buildings and structures	(46,095,096)	(2,630,938)	-	(48,726,034)
Pipelines	(15,432,591)	(1,768,494)	-	(17,201,085)
Pump station	(6,240,150)	(195,928)	-	(6,436,078)
Machinery and equipment	(49,858,100)	(6,689,385)	-	(56,547,485)
Total Accumulated Depreciation	(117,625,937)	(11,284,745)	-	(128,910,682)
Total Depreciable PPE - Net	179,906,342	(11,284,745)	8,442,189	177,063,786
Total PPE - Net	$ 660,589,743	$ 92,366,887	$ -	$ 752,956,630

Depreciation expense for the year ended June 30, 2022, and 2021 was $11,284,745 and $10,750,080, respectively.

Construction in progress comprised the following at June 30, 2022:

Project #	Project Name	Total Budgeted	Actual Costs	Unexpended Budget
101	Fund 15 Stage 2 Indirect Costs	$ 2,934,618	$ 2,934,618	$ -
Various	Other Fund 14 Capital Projects (16 total projects)	3,534,998	1,645,099	1,889,900
6008	Tunnel and Gravity Pipeline	276,761,797	263,657,092	13,104,705
9502	Front of the Plant	157,854,378	126,278,115	31,576,264
9501	Pump Station Improvements	135,370,746	67,072,356	68,298,390
9242	Fixed Film Reactor Rehab	29,820,000	691,389	29,128,611
9600	Buried & Exposed Pipe Repair	16,920,000	321	16,919,679
9500	RESCU Administrative Activities	15,398,505	11,027,790	4,370,715
9503	WWTP Improvements Phase II	13,194,724	12,525,158	669,566
9807	New 12Kv Switchgear	11,663,516	11,663,516	-
9401	Side Stream Treatment	10,510,000	28,159	10,481,841
9238	Front of Plant Site Civil	5,870,686	5,870,686	-
9107	CCT Concrete & Steel Protective Coating	5,608,246	4,472,318	1,135,927
9255	3 Water System Upgrades	5,100,000	244,616	4,855,384
9240	Standby Generators Feed Relocation and Electrical Panel	4,800,000	4,569,887	230,113
9168	Thickening Improvements - Phase 1	4,741,437	4,155,647	585,790
6006	Conveyance System CEQA	4,514,597	4,514,597	-
9080	Primary Sed Tanks Collector System Maintenance	4,404,638	4,379,192	25,446
9247	SHB Electrical Rehabilitation	4,374,381	5,096	4,369,285
9033	Future Plant Electrical System Panel	4,300,000	4,247,660	52,340
9259	Primary Effluent Structural Rehabilitation	4,260,000	-	4,260,000
7005	Redwood City Pump Station Improvements	4,255,047	4,255,047	-
9231	Bioforce Tech Dryer System	3,950,621	3,583,839	366,782
6013	Receiving Lift Station	3,885,370	3,885,370	-
9237	Radio Road Habitat Grading	3,823,448	35,932	3,787,516
9120	RAS Pump Suction Pipe Replacement	3,767,038	691,635	3,075,403
9160	WWTP Headworks & Screening Facility	3,552,305	3,552,305	-
9251	Laboratory Building HVAC	3,504,412	3,504,412	-
9241	Primary Effluent Channel Recoating	3,402,000	2,556,109	845,891
9215	Digester #1 Rehabilitation	3,400,000	831,410	2,568,590
9128	PST 3&4 Protective Coatings	3,334,199	3,334,199	-
7010	Pump Station Preliminary Predesign & CEQA	3,099,927	3,099,927	-
9223	Final Effluent Pump Replacement	2,836,241	97,693	2,738,548
6014	Influent Connector Pipe	2,733,155	2,733,155	-
9256	Spent Backwash Pump System Rehabilitation	2,700,000	-	2,700,000
9034	Electrical Conductor and Small Panel Replacement	2,654,210	-	2,654,210
9014	Process Tanks Concrete & Steel Protective Coatings Replacement	2,427,198	1,583,614	843,583
9244	Digester 3 Cleaning and Rehab	2,414,000	-	2,414,000
9245	Digester 2 Cleaning and Rehab	2,272,000	-	2,272,000
9250	Wet Side Power Rehabilitation	2,200,000	-	2,200,000
9601	WAS Influent Pipe Rehab	2,100,000	-	2,100,000
9118	SCADA Integration with IBMS	2,026,758	2,026,758	-
9243	PST Thickening Project	2,000,000	-	2,000,000
9258	Capital Support for Process Engineering	2,000,000	-	2,000,000
9257	Food Waste Improvements	2,000,000	-	2,000,000
9254	Waste Gas Burner Replacement	2,000,000	-	2,000,000
9246	Activated Sludge Process Rehabilitation	1,900,000	-	1,900,000
9248	Cogeneration Engine System Rehabilitation	1,900,000	-	1,900,000
9196	Electronic O&M Manuals	1,187,870	486,260	701,610
9158	CIP Financial Assistance	1,081,354	981,354	100,000
6003	Influent Force Main Repair & Replacement	1,063,430	1,063,430	-
Various	Other Fund 20 Capital Projects (30 total projects)	9,755,726	6,325,003	3,430,723
		$ 811,163,576	**$ 574,610,763**	**$ 236,552,813**

NOTE 6 - NONCURRENT LIABILITIES

SVCW's noncurrent liabilities consisted of the following as of June 30, 2022:

Description	Balance July 01, 2021	Additions	Deductions	Balance June 30, 2022	Due Within One Year
Wastewater Revenue Bonds/Notes	$ 487,025,000	$ 142,740,000	$ 9,145,000	$ 620,620,000	$ 8,950,000
Unamortized Premium	33,960,359	-	4,288,899	29,671,460	4,288,899
Note Payable (Direct Borrowing)	69,346,881	161,318,358	95,569,253	135,095,986	1,444,800
Compensated Absences	1,254,487	-	2,227	1,252,260	1,252,260
Total Noncurrent Liabilities	$ 591,586,727	$ 304,058,358	$ 109,005,379	$ 786,639,706	$ 15,935,959

Long-Term Debt

SVCW's long-term debt included the following bonds and notes, as of June 30, 2022:

	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds/Notes Outstanding July 01, 2021	Issued	Retirements	Bonds/Notes Outstanding June 30,2022	Due Within One Year
Bonds/Notes									
2018 Bond	2018	2049	3.125-5%	$ 140,955,000	$ 133,890,000	$ -	$ 2,480,000	$ 131,410,000	$ 2,605,000
2019 Notes Series A	2019	2024	3%	209,300,000	209,300,000	-	-	209,300,000	-
2021 Bond Series A	2021	2046	0.177-2.973%	137,010,000	137,010,000	-	6,200,000	130,810,000	5,895,000
2021 Bond Series B	2021	2033	4-5%	6,825,000	6,825,000	-	465,000	6,360,000	450,000
2021 Notes Series A	2022	2026	0.25%	68,900,000	-	68,900,000	-	68,900,000	-
2021 Notes Series B	2022	2024	0.50%	73,840,000	-	73,840,000	-	73,840,000	-
Total Wastewater Revenue Bonds/Notes				$ 636,830,000	$ 487,025,000	$ 142,740,000	$ 9,145,000	$ 620,620,000	$ 8,950,000

2018 Wastewater Revenue Bonds

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

2019 Series A Wastewater Revenue Notes

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

2021 Wastewater Refunding Revenue Bonds

In March 2021, SVCW issued 2021 Wastewater Revenue Refunding Bonds in the amount of $143,835,000 comprised of $137,010,000 Series A Taxable Bonds and $6,825,000 Series B Tax-Exempt Bonds. The proceeds from the 2021 Series A Bonds were used to refund the outstanding portion of the 2014 and 2015 Wastewater Revenue Bonds, and to pay the costs of issuance of the Series A Bonds. The proceeds from the 2021 Series B Bonds were used to refund the outstanding loan with the State Water Resources Control Board (SWRCB) for the construction of an administrative and plant control building, and to pay the costs of issuance of the Series B Bonds. The Bonds are limited obligations of SVCW which are payable solely from and secured solely by the revenues pledged under the indenture, consisting primarily of payments made by the City of Redwood, the City of San Carlos, and the West Bay Sanitary District (the "Participating Members”). Principal payments are payable annually on August 1, commencing on August 1, 2022. Interest on the 2021 Bonds will be paid semiannually on August 1 and February 1 of each year, commencing on August 1, 2022.

2021 Wastewater Revenue Notes

In September 2021, SVCW issued 2021 Wastewater Revenue Bonds in the amount of $142,740,000, comprised of $68,900,000 Series A Notes and $73,840,000 Series B Notes.

The proceeds from the 2021 Series A Notes were used to provide interim funding for the 2021 WIFIA RESCU Project, capitalize interest on the Series A Notes through maturity, and pay the costs of issuance of the Series A Notes. SVCW entered into a 2021 RESCU WIFIA Loan Agreement with the United States Environmental Protection Agency. The proceeds from the RESCU WIFIA Loan Agreement are expected to be used to pay the Series A Notes at maturity.

The proceeds from the 2021 Series B Notes were used to provide interim funding for the 2021 WIFIA WWTP Project, capitalize interest on the Series B Notes through maturity, and pay the costs of issuance of the Series B Notes. SVCW entered into a 2021 WWTP WIFIA Loan Agreement with the United States Environmental Protection Agency. The proceeds from the WWTP WIFIA Loan Agreement are expected to be used to pay the Series B Notes at maturity.

The Notes are limited obligations of SVCW which are payable solely from and secured solely by the revenues pledged under the indenture, consisting primarily of payments made by the City of Redwood, the City of San Carlos, the City of Belmont and the West Bay Sanitary District (the "Participating Members”). Principal payments are payable annually on June 30, commencing on June 30, 2024. Interest on the 2021 Bonds will be paid semiannually on June 30 and December 30 of each year, commencing on June 30, 2022.

The 2018 Wastewater Revenue Bonds, 2019 Wastewater Revenue Notes, 2021 Wastewater Refunding Revenue Bonds Series A and B and 2021 Wastewater Revenue Notes Series A and B are general obligations of SVCW, payable solely from pledges of wastewater revenues from participating SVCW member agencies. The Bonds and Notes covenants contain events of default that require the revenue of SVCW to be applied by the Trustee as specified in the terms of the agreement if any of the following conditions occur: default on debt service payments; the failure of SVCW to observe or perform the conditions, covenants, or agreement terms of the debt; bankruptcy filing by SVCW; or if any court or competent jurisdiction shall assume custody or control of SVCW. No such events occurred during the fiscal year ending June 30, 2022.

Long-term Debt Service

The debt service requirements for the bonds as of June 30, 2022, were as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2023	$ 8,950,000	$ 14,843,179	$ 23,793,179
2024	287,315,000	14,671,684	301,986,684
2025	9,310,000	8,032,847	17,342,847
2026	83,345,000	7,818,824	91,163,824
2027	9,735,000	7,210,775	16,945,775
2028-2032	51,820,000	31,606,688	83,426,688
2033-2037	54,710,000	23,695,869	78,405,869
2038-2042	56,420,000	15,186,816	71,606,816
2043-2047	43,910,000	6,433,115	50,343,115
2048-2052	15,105,000	533,138	15,638,138
Total	$ 620,620,000	$ 130,032,935	$ 750,652,935

SWRCB Notes Payable (Direct Borrowing)

SVCW's long-term debt included the following notes payable, as of June 30, 2022:

	Issue Date	Maturity Date	Interest Rate	Original Issue	Notes Outstanding July 01, 2021	Issued	Retirements	Notes Outstanding June 30,2022	Due Within One Year
State Revolving Fund Loans:									
Wastewater Treatment Plant	2012	2037	1.80%	$ 30,731,211	$ 26,046,881	$ -	$ 1,419,253	$ 24,627,628	$ 1,444,800
Conveyance System Improvements	2016	2035	1.60%	14,000,000	14,000,000	-	-	14,000,000	-
Gravity Pipeline Project	2022	2054	0.90%	59,605,263	-	38,148,374	-	38,148,374	-
Pump Station Improvement Project	2022	2054	0.90%	57,763,158	-	20,619,772	-	20,619,772	-
Front of Plant Project	2022	2054	0.90%	51,631,579	-	24,815,212	-	24,815,212	-
Total State Revolving Fund Loans				213,731,211	40,046,881	83,583,358	1,419,253	122,210,986	1,444,800
Line of Credit:									
Wells Fargo Bank				45,000,000	29,300,000	77,735,000	94,150,000	12,885,000	-
Total Notes Payable				**$ 258,731,211**	**$ 69,346,881**	**$ 161,318,358**	**$ 95,569,253**	**$ 135,095,986**	**$ 1,444,800**

SVCW has financed multiple projects by entering into six separate sale-repurchase agreements with the State Water Resources Control Board (SWRCB). Combined, these notes payable totaled $122,210,984 as of June 30, 2022. The project funds, together with all accrued interest, are repaid in annual installments commencing one year after the completion of construction.

Wastewater Treatment Plant Revolving Fund Loan

In March 2012, SVCW entered a similar agreement with the SWRCB for up to $35,385,953 for certain improvements to the wastewater treatment plant. The SWRCB reimbursed SVCW for project-related expenditures as incurred, and the outstanding liability was $24,627,628 as of June 30, 2022. This amount will be repaid by October 2036.

Wastewater Treatment Plant Revolving Fund Loan

In March 2012, SVCW entered a similar agreement with the SWRCB for up to $35,385,953 for certain improvements to the wastewater treatment plant. The SWRCB reimbursed SVCW for project-related expenditures as incurred, and the outstanding liability was $24,627,628 as of June 30, 2022. This amount will be repaid by October 2036.

Conveyance System Improvements State Revolving Fund Loan

In February 2016, SVCW entered a similar agreement with the SWRCB for up to $14,000,000 to plan and design certain improvements to the conveyance system. This planning was completed on August 1, 2019, and the total incurred expenditures will either be repaid by September 2030 or combined into a subsequent construction loan. In July 2020, an amendment was executed to reschedule the completion date until August 1, 2020, and expenditures to be repaid by September 2031. An additional amendment is being executed in October 2021 that will again reschedule the completion date to April 15, 2024, and the payment commencement date to October 15, 2024. As currently amended, the planning loan will be paid through 2034. SVCW is anticipating another amendment to restructure this SRF Planning Loan over a 30-year term. The SWRCB reimbursed SVCW for project-related expenditures as incurred, and the outstanding liability was $14,000,000 as of June 30, 2022.

Gravity Pipeline State Revolving Fund Loan

In July 2021, SVCW executed an Installment Sale Agreement with the SWRCB for up to $59,605,263 to be used towards construction of its Gravity Pipeline project. The SWRCB will reimburse SVCW for project-related expenditures as incurred. The construction completion date is October 2023 and repayment to the SWRCB is scheduled to begin October 15, 2024 and will end October 15, 2053. As of June 30, 2022 SVCW had drawn down $38,148,374 of the loan.

Pump Station Improvements State Revolving Fund Loan

In July 2021, SVCW entered into an Installment-Sale agreement with the SWRCB for up to $57,763,158 to be used towards construction of its Pump Stations Improvement project. The SWRCB will reimburse SVCW for project-related expenditures as incurred. The construction completion date is October 2023 and repayment to the SWRCB is scheduled to commence October 15, 2024 and will end October 15, 2053. As of June 30, 2022 SVCW had drawn down $20,619,772 of the loan.

Front of Plant State Revolving Fund Loan

In September 2021, SVCW entered into an Installment Sale agreement with the SWRCB for up to $51,631,579 to be used towards construction of its Front of Plant project which includes a receiving lift station, headworks, influent connector pipe, and civil site work. The SWRCB will reimburse SVCW for project-related expenditures as incurred. The construction completion date is October 2023 and repayment to the SWRCB is scheduled to commence October 15, 2024 and will end October 15, 2053. As of June 30, 2022 SVCW had drawn down $24,815,212 of the loan.

Events of default on the State Revolving Fund loans include a material adverse change in the condition SVCW, the revenues or the system, litigation related to the system revenues or the project, or failure to make any debt service payment by the due date, which would accelerate repayment of the loans. SVCW can prepay the loans at any time by paying the principal and outstanding accrued interest through the date of prepayment.

The following summarizes the scheduled future debt service requirements for the SWRCB loans, with the exception of the State Revolving Fund loans for the Gravity Pipeline Project, the Pump Station Improvement Project and the Front of Plan Project and the Line of Credit as of June 30, 2022:

Fiscal Year	Principal	Interest to Maturity	Total
2023	$ 1,444,800	$ 443,297	$ 1,888,097
2024	1,470,806	417,291	1,888,097
2025	2,799,412	614,816	3,414,228
2026	2,847,198	567,031	3,414,229
2027	2,895,802	518,427	3,414,229
2028-2032	15,237,707	1,833,437	17,071,144
2033-2037	11,931,903	560,845	12,492,748
Total	$ 38,627,628	$ 4,955,144	$ 43,582,772
Add: State Revolving Fund Loan - Gravity Pipeline Project	38,148,374		
Add: State Revolving Fund Loan - Pump Station Improvement	20,619,772		
Add: State Revolving Fund Loan - Front of Plant Project	24,815,212		
Add: Line of Credit	12,885,000		
Total Notes Payable	$ 135,095,986		

Line of Credit (Direct Borrowing)

In May 2015, SVCW entered into a $30,000,000 line of credit with Wells Fargo Bank to finance a portion of the costs of acquisition and construction of capital improvements. In June 2018, the agreement was extended through May 31, 2021, with an accordion feature to increase the available balance to $65,000,000. In June 2021, the agreement was again amended to extend through May 31, 2024, and to increase the available credit balance to a maximum of $115,000,000. In January 2022 the available balance was decreased to $45,000,000. Advances on the line of credit provide for an interest rate based on either a fixed per annum rate of interest equal to the LIBOR rate plus the Applicable LIBOR Rate Margin, or a variable per annum rate of interest equal to the Base Rate plus the Applicable Base Rate Margin. SVCW will continue to use the one-month LIBOR rate until June 30, 2023. SVCW had $12,885,000 outstanding on the line of credit on June 30, 2022.

WIFIA Loan (Direct Borrowing)

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

WIFIA Loan, Regional Environmental Sewer Conveyance Upgrade

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

WIFIA Loan, Wastewater Treatment Plant Improvements

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

NOTE 7 - INTERFUND TRANSACTIONS

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

Interfund Due-to/from

Interfund receivables and payables as of June 30, 2022, were as follows:

Fund Description	Due From	Due To
Operations	$ 22,496,274	$ 706,007
Capital Improvement Program	-	20,502,351
Recycled Water	5,180	-
Self Insurance	186,780	-
Construction Stage 2	875,099	-
Capital Improvements	2,143,830	-
Capital Improvement Program Reserve	-	7,725,287
Operating Reserve	3,226,482	-
Totals	$ 28,933,645	$ 28,933,645

Interfund Transfers

Interfund transfers consist of transfers from funds receiving revenue to funds through which the resources are to be expended and transfers of capital assets upon completion of construction. Interfund transfers for the June 30, 2022, fiscal year were as follows:

Fund Description	Transfers In	Transfers Out
Operations	$ 8,442,189	$ -
Capital Improvement Program	-	5,724,215
Capital Improvements	-	2,717,974
Totals	$ 8,442,189	$ 8,442,189

NOTE 8 - DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plans

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

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

The Plans' provisions and benefits in effect on June 30, 2022, are summarized as follows:

	Miscellaneous		
	Tier 1	Tier 2	PEPRA
Membership date	Prior to July 1, 2011	July 1, 2011 - December 31, 2012	On/After January 1, 2013
Benefit formula	2% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 Years	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life	Monthly for Life
Retirement age	55	60	62
Monthly benefits as a % of eligible compensation	1.426% to 2.418%	1.092% to 2.418%	1.000% to 2.500%
Required employee contribution rates	7.000%	7.000%	6.750%
Required employer contribution rates	10.870%	8.630%	7.470%

Employees Covered - On June 30, 2022, the following employees were covered by the benefit terms for the Plans:

	Miscellaneous
Active	79
Transferred	18
Separated	27
Retired	90
Total	214

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

For the year ended June 30, 2022, SVCW contributed $2,411,890 into the Plans.

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

As of June 30, 2022 (***reporting date***), the Agency reported net pension liabilities for its proportionate shares of the net pension liability was $8,606,933.

The Agency's net pension liability for the Plans is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2021(***measurement date***), and the total pension liability for the Plans used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 (***valuation date***) rolled forward to June 30, 2021, using standard update procedures. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The Agency's proportionate share of the net pension liability for the Plans as of June 30, 2021 and 2022 was as follows:

	Miscellaneous	**Safety**	**Total**
Proportion - June 30, 2021	0.15299%	0.00000%	0.15299%
Proportion - June 30, 2022	0.15194%	0.00000%	0.15194%
Change - Increase/(Decrease)	-0.00105%	0.00000%	-0.00105%

For the year ended June 30, 2022, the Agency recognized pension expense of $1,967,952. On June 30, 2022, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	$ -	$ -
Difference between Expected and Actual Experience	965,175	-
Differences between Projected and Actual Investments Earnings	-	(7,513,397)
Change in proportion and differences between employer contributions and proportionate share of contributions	-	(868,167)
Change in Employer's Proportion	797,307	-
Pension Contributions Made Subsequent to Measurement Date	2,411,890	-
Total	$ 4,174,372	$ (8,381,564)

The Agency reported $2,411,890 as deferred outflows of resources related to contributions after the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

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

Year Ended June 30		Annual Amortization
2023	$	(1,374,243)
2024		(1,479,075)
2025		(1,689,449)
2026		(2,076,315)
Total	$	(6,619,082)

Actuarial Assumptions - The total pension liabilities in the June 30, 2020 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level percent of payroll
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation Rate	2.50%
Payroll Growth	2.50% (1)
Projected Salary Increase	3.75% - 15.25%
Cost of Living Adjustments	2.75%
Investment Rate of Return	7.00%
Mortality	Derived using CalPERS' membership data for all funds (2)
Post Retirement Benefit Increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter

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

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

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

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

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

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

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

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

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

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

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

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

	Miscellaneous
1% Decrease	6.15%
Net Pension Liability	$ 18,764,541
Current Discount Rate	7.15%
Net Pension Liability	$ 8,606,933
1% Increase	8.15%
Net Pension Liability	$ 209,784

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

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description

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

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

Benefits

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

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

Employees Covered by Benefit Terms

On June 30, 2021 (***valuation date***), the benefit terms covered all SVCW employees, as follows:

Active employees	79
Inactive employees	43
Total employees	122

Contributions

The Authority makes contributions based on an actuarially determined rate and are approved by the authority of the Authority's Board. Total contributions during the year were $114,180. Total contributions included in the measurement period were $342,773. The actuarially determined contribution for the measurement period was $545,502. The Authority's contributions were 0.81% of payroll during the fiscal year ended June 30, 2022. Employees are not required to contribute to the plan.

Actuarial Assumptions

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

Valuation Date:	June 30, 2020
Measurement Date:	June 30, 2021
Actuarial Cost Method:	Entry-Age Normal Cost Method
Amortization Period:	20 years
Asset Valuation Method:	Level percentage of payroll, closed
Actuarial Assumptions:	
Discount Rate	5.75%
Inflation	2.50%
Salary Increases	2.75%
Healthcare Trend Rate	4.00%
Investment Rate of Return	5.75%
Mortality	2017 CalPERS Active Mortality for Miscellaneous and School Employees
Retirement	Hired 2012 and earlier: Rx PA Misc 2% @ 55, min age 50 Hired 2013 and later: Rx PA Misc 2% @ 62, min age 52

Discount Rate

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

Long-Term Expected Rate of Return

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

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

Asset Class	Percentage of Portfolio	Long-Term Expected Rate of Return
All Equities	44.00%	7.795%
All Fixed Income	40.00%	4.500%
Real Estate Investment Trusts	8.00%	7.500%
All Commodities	3.00%	7.795%
Treasury Inflation-Protected Securities (TIPS)	5.00%	3.250%
Total	100.00%	

Net OPEB Liability

The Authority's net OPEB liability was measured as of June 30, 2021 (***measurement date***), and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021 (***valuation date***) for the fiscal year ended June 30, 2022 (***reporting date***). The Changes in Assumptions is to recognize the Implied Subsidy associated with future medical premiums, which increased SVCW's actuarial accrued liability. The following summarizes the changes in the net OPEB liability during the year ended June 30, 2022:

Fiscal Year Ended June 30, 2022 (Measurement Date June 30, 2021)	**Total OPEB Liability**	**Plan Fiduciary Net Position**	**Net OPEB Liability (Asset)**
Balance at June 30, 2021	$ 8,144,482	$ 8,649,248	$ (504,766)
Service cost	184,200	-	184,200
Interest in Total OPEB Liability	558,593	-	558,593
Employer contributions to trust	-	-	-
Employer contributions as benefit payments	-	451,036	(451,036)
Expected investment income	-	605,333	(605,333)
Administrative expenses	-	(3,273)	3,273
Benefit payments	(451,036)	(451,036)	-
Investment Gain/Losses	-	1,772,317	(1,772,317)
Experience Gains/Losses	-	-	-
Changes in Assumptions	1,239,004	-	1,239,004
Expected Minus Benefit Payments	(62,317)	-	(62,317)
Net changes	1,468,444	2,374,377	(905,933)
Balance at June 30, 2022	$ 9,612,926	$ 11,023,625	$ (1,410,699)

Covered Employee Payroll at Measurement Date	$ 13,715,063
Total OPEB Liability as a % of covered Employee payroll	70.09%
Plan Fid. Net Position as a % of Total OPEB Liability	114.68%
Service cost as a % of covered Employee payroll	1.34%
Net OPEB Liability as a % of covered payroll	-10.29%

Deferred Inflows and Outflows of Resources

On June 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Difference between actual and expected experience	$ 336,636	$ (304,545)
Change in assumptions	1,695,052	(333,131)
Difference between actual and expected earnings	-	(1,240,557)
OPEB contribution subsequent to measurement date	114,180	-
Totals	$ 2,145,868	$ (1,878,233)

The total $114,180 reported as deferred outflows of resources related to OPEB was from Authority contributions subsequent to the measurement date and before the end of the fiscal year and will be included as a reduction of the net OPEB liability in the year ended June 30, 2022.

OPEB Expense

The following summarizes the OPEB expense by source during the year ended June 30, 2022:

Service cost	$	184,200
Interest in TOL		558,593
Expected investment income		(605,333)
Difference between actual and expected earnings		204,495
Other (PPA of FNP, Per Actuary)		(285,853)
Administrative expenses		3,273
OPEB Expense	**$**	**59,375**

The following summarizes changes in the net OPEB liability as reconciled to OPEB expense during the year ended June 30, 2022:

Net OPEB liability ending	$	(1,410,699)
Net OPEB liability beginning		(504,766)
Change in net OPEB liability		(905,933)
Changes in deferred outflows		(2,031,688)
Changes in deferred inflows		1,878,233
Employer contributions and implicit subsidy		1,118,763
OPEB Expense	**$**	**59,375**

Sensitivity to Changes in the Discount Rate

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

	Discount Rate		
	4.75% (1% Decrease)	**5.75% (Current Rate)**	**6.75% (1% Increase)**
Net OPEB Liability (Asset)	$ (246,060)	$ (1,410,699)	$ (2,429,402)

Sensitivity to Changes in the Healthcare Cost Trend Rates

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

	Trend Rate		
	3.0% (1% Decrease)	**4.0% (Current Rate)**	**5.0% (1% Increase)**
Net OPEB Liability (Asset)	$ (2,565,838)	$ (1,410,699)	$ 203,102

NOTE 10 - RISK MANAGEMENT

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

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

Coverage	Per Occurrence Limits	Deductible/Retention
Pooled Liability	$15,500,000	$25,000
Pooled Liability Excess Liability	10,000,000	None
Property Insurance	1,000,000,000	100,000
Public Entity Pollution Liabilty	25,000,000	300,000
Cyber Liability	2,000,000	50,000
Public Official Bond	100,000	None
Crime Insurance Policy	5,000,000	2,500
Workers' Compensation Employer's Liability	750,000	None
Excess Workers' Compensation Employer's Liability	Statutory	None
Deadly Weapons Response	500,000	None
Boiler & Machinery	100,000,000	100,000

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

NOTE 11 - COMMITMENTS AND CONTINGENCIES

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

SVCW had outstanding construction contract commitments on capital projects totaling $127,422,978 on June 30, 2022.

NOTE 12 - LEASES

Rent expense was $1,679,763 during the fiscal year, which includes two significant lease agreements. Both of the leases will be terminated no later than June 30, 2024:

1. SVCW has an operating lease with San Mateo County for use of real property to facilitate construction activities for the 63" Forcemain Reliability Improvement Project. The rent was $97,300 month to month with five option years totaling $5,838,000. A 2021 amendment increased the rent to $103,000 monthly, effective July 1, 2019, with a yearly increase of 3%, with four automatic renewal options for additional one-year periods. SVCW terminated the lease in August 2022.

2. SVCW also has a lease with West Bay Sanitary District for $300,000 per year subject to annual CPI increases, for a Flow Equalization facility. SVCW does not anticipate extending the lease beyond 6/30/2024.

REQUIRED SUPPLEMENTARY INFORMATION

SILICON VALLEY CLEAN WATER
Cost-Sharing Multiple Employer Defined Benefit Retirement Plan
As of fiscal year ending June 30, 2022
SCHEDULE OF CONTRIBUTIONS
Last 10 Years*

	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 2,411,890	$ 2,051,581	$ 1,916,618	$ 1,612,511	$ 1,470,709	$ 1,251,217	$ 1,130,159	$ 1,033,248
Contributions in relation to the actuarially determined contributions	2,411,890	2,051,581	1,916,618	1,612,511	1,470,709	1,251,217	1,130,159	1,033,248
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 12,784,495	$ 12,293,195	$ 11,799,491	$ 11,073,314	$ 11,882,052	$ 10,137,714	$ 9,454,067	$ 9,115,942
Contributions as a percentage of covered-employee payroll	18.87%	16.69%	16.24%	14.56%	12.38%	12.34%	11.95%	11.33%

Notes to Schedule

Valuation Date: June 30, 2020

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

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

SILICON VALLEY CLEAN WATER
Cost-Sharing Multiple Employer Defined Benefit Retirement Plan
As of fiscal year ending June 30, 2022
PROPORTIONATE SHARE OF NET PENSION LIABILITY
Last 10 Fiscal Years*

Miscellaneous Plan

Fiscal Year Ended	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of Net Pension Liability	0.45328%	0.39464%	0.37591%	0.35840%	0.34911%	0.33211%	0.30498%	0.32474%
Proportionate Share of Net Pension Liability	$ 8,606,933	$16,646,389	$15,053,146	$13,507,192	$13,762,187	$11,536,951	$8,367,040	$ 8,025,843
Covered Payroll	$12,293,195	$11,799,491	$11,073,314	$11,882,052	$10,137,714	$ 9,454,067	$9,115,492	$ 8,842,027
Proportionate Share of NPL as a % of Covered Payroll	70.01%	141.08%	135.94%	113.68%	135.75%	122.03%	91.79%	90.77%
Plan's Fiduciary Net Position as a % of the TPL	88.29%	75.10%	75.26%	76.53%	77.31%	78.40%	83.30%	83.03%

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

Silicon Valley Clean Water
Single Employer Plan
Schedule of OPEB Contributions
For the Fiscal Year Ended June 30, 2022

	Fiscal Year Ended June 30,				
	2018	**2019**	**2020**	**2021**	**2022**
Actuarially determined contribution (ADC)	$ 135,456	$ 74,614	$ 502,972	$ 513,353	$ 545,502
Less: actual contribution in relation to ADC	(763,957)	(841,064)	(1,016,333)	(342,773)	(114,180)
Contribution deficiency (excess)	$ (628,501)	$ (766,450)	$ (513,361)	$ 170,580	$ 431,322
Covered payroll for the fiscal year	$ 11,176,980	$ 12,259,105	$ 13,063,649	$ 13,715,063	$ 14,140,636
Contributions as a percentage of covered payroll	6.84%	6.86%	7.78%	2.50%	0.81%

Notes to Schedule:

Assumptions and Methods

Valuation Date:	June 30, 2020
Measurement Date:	June 30, 2021
Actuarial Cost Method:	Entry-Age Normal Cost
Amortization Period:	20 years
Asset Valuation Method:	Level percentage of payroll, closed
Actuarial Assumptions:	
Discount Rate	5.75%
Inflation	2.50%
Salary Increases	2.75%
Healthcare Trend Rate	4.00%
Investment Rate of Return	5.75%
Mortality	2017 CalPERS Active Mortality for Miscellaneous and School Employees
Retirement	Hired 2012 and earlier: Rx PA Misc 2% @ 55, min age 50 Hired 2013 and later: Rx PA Misc 2% @ 62, min age 52

Other Notes

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

Silicon Valley Clean Water
Single Employer Plan
Schedule of Net OPEB Liability
For the Fiscal Year Ended June 30, 2022

	Fiscal Year Ended June 30, 2019	2020	2021	2022
Total OPEB liability				
Service cost	$ 37,428	$ 38,457	$ 85,101	$ 184,200
Interest	473,085	484,027	591,376	558,593
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	-	516,978	(329,021)	(62,317)
Changes of assumptions	-	929,611	(438,887)	1,239,004
Benefit payments	(341,991)	(391,064)	(421,253)	(451,036)
Expected Minus Actual Benefit	-	-	-	-
Net change in Total OPEB Liability	168,522	1,578,009	(512,684)	1,468,444
Total OPEB Liability - beginning	6,910,635	7,079,157	8,657,166	8,144,482
Total OPEB Liability - ending	$ 7,079,157	$ 8,657,166	$ 8,144,482	$ 9,612,926
Plan fiduciary net position				
Employer contributions	$ 763,957	$ 841,064	$ 1,016,333	$ 342,773
Employer implicit subsidy	-	-	82,920	108,263
Employee contributions	-	-	-	-
Net investment income	477,679	444,164	281,796	2,377,650
Difference between estimated and actual earnings	-	-	-	-
Benefit payments	(341,991)	(391,064)	(421,253)	(451,036)
Implicit subsidy fulfilled	-	-		-
Other	4,017	-	(1,966)	-
Administrative expense	(11,080)	(1,501)	(3,831)	(3,273)
Net change in plan fiduciary net position	892,582	892,663	953,999	2,374,377
Plan fiduciary net position - beginning	5,910,004	6,802,586	7,695,249	8,649,248
Plan fiduciary net position - ending	$ 6,802,586	$ 7,695,249	$ 8,649,248	11,023,625
Net OPEB liability (asset)	$ 276,571	$ 961,917	$ (504,766)	(1,410,699)
Plan fiduciary net position as a percentage of the total OPEB liability	96%	89%	106%	115%
Covered employee payroll for the plan	$ 12,259,105	$ 13,063,649	$ 13,715,063	$ 14,140,636
Net OPEB Liability as a percentage of covered Employee payroll	2.26%	7.36%	-3.68%	-9.98%
Total OPEB Liability as a percentage of covered Employee payroll	57.75%	66.27%	59.38%	67.98%

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

This Page Left Intentionally Blank

SUPPLEMENTARY INFORMATION

Silicon Valley Clean Water
Combining Schedule of Net Position
Enterprise Funds
June 30, 2022

Assets	Operating Reserve	Capital Improvement Program Reserve	Capital Improvements	Construction Stage 2
Current Assets:				
Cash and investments	$ 3,742,391	$ 15,737,461	$ -	$ 14,066,495
Cash restricted for debt service	-	3,414,229	-	-
Cash restricted for pension benefits	-	-	-	-
Accounts receivable	-	25,235	18,893	119,380
Interest receivable	-	-	-	-
Employee notes receivable	-	-	-	-
Due from other funds	3,226,482	-	2,143,830	875,099
Inventory	-	-	-	-
Prepaid expenses	-	-	-	-
Total Current Assets	6,968,873	19,176,925	2,162,723	15,060,974
Noncurrent Assets:				
Net OPEB asset	-	-	-	-
Capital assets:				
Depreciable capital assets - net	-	-	-	-
Non depreciable capital assets:				
Land	-	-	-	-
Construction in progress:				
Stage 2	-	-	-	2,934,618
General	-	-	1,645,099	-
Total capital assets - net	-	-	1,645,099	2,934,618
Total Noncurrent Assets	-	-	1,645,099	2,934,618
Total Assets	$ 6,968,873	$ 19,176,925	$ 3,807,822	$ 17,995,592
Deferred Outflows of Resources				
Pension adjustments	$ -	$ -	$ -	$ -
OPEB adjustments	-	-	-	-
Deferred Loss on Defeasance	-	-	-	-
Total Deferred Outflows of Resources	$ -	$ -	$ -	$ -
Liabilities				
Current Liabilities:				
Accounts payable	$ -	$ -	$ 249,854	$ -
Accrued payroll and employee benefits	-	-	-	-
Accrued interest payable	-	-	-	-
Due to other funds	-	7,725,287	-	-
Unearned revenue	-	-	-	-
Compensated absences due within one year				
Noncurrent liabilities due within one year	-	-	-	-
Total Current Liabilities	-	7,725,287	249,854	-
Long term debt due in more than one year		-	-	-
Net pension liabilities		-	-	-
Total Liabilities	$ -	$ 7,725,287	$ 249,854	$ -
Deferred inflows of Resources				
Pension adjustments	$ -	$ -	$ -	$ -
OPEB adjustments	-	-	-	-
Total Deferred Inflows of Resources	$ -	$ -	$ -	$ -
Net Position				
Net Investment in Capital Assets	$ -	$ -	$ 1,645,099	$ 2,934,618
Restricted for:				
Debt service	-	3,414,229	-	-
Pension benefits			-	-
Unrestricted	6,968,873	8,037,409	1,912,869	15,060,974
Total Net Position	$ 6,968,873	$ 11,451,638	$ 3,557,968	$ 17,995,592

(Continued)

Silicon Valley Clean Water
Combining Schedule of Net Position
Enterprise Funds
June 30, 2022

Assets	Self Insurance	Recycled Water	Capital Improvement Program	Operation	Total
Current Assets:					
Cash and investments	$ -	$ -	$ 131,872,832	$ 824,346	$ 166,243,525
Cash restricted for debt service	-	-	-		3,414,229
Cash restricted for pension benefits	-	-	-	1,159,268	1,159,268
Accounts receivable	-	125,673	-	604,097	893,278
Interest receivable	-	-	-	395	395
Employee notes receivable	-	-	-	14,281	14,281
Due from other funds	186,780	5,180	-	22,496,274	28,933,645
Inventory	-	-	-	1,979,980	1,979,980
Prepaid expenses	-	-	-	70,778	70,778
Total Current Assets	186,780	130,853	131,872,832	27,149,419	202,709,379
Noncurrent Assets:					
Net OPEB asset	-	-	-	1,410,699	1,410,699
Capital assets:					
Depreciable capital assets - net	-	-	-	177,063,786	177,063,786
Non depreciable capital assets:					
Land	-	-	-	1,282,081	1,282,081
Construction in progress:					
Stage 2	-	-	-	-	2,934,618
General	-	-	570,031,046	-	571,676,145
Total capital assets - net	-	-	570,031,046	178,345,867	752,956,630
Total Noncurrent Assets	-	-	570,031,046	179,756,566	754,367,329
Total Assets	$ 186,780	$ 130,853	$ 701,903,878	$ 206,905,985	$ 957,076,708
Deferred Outflows of Resources					
Pension adjustments	$ -	$ -	$ -	$ 4,174,372	$ 4,174,372
OPEB adjustments	-	-	-	2,145,868	2,145,868
Deferred Loss on Defeasance	-	-	20,315,151	-	20,315,151
Total Deferred Outflows of Resources	$ -	$ -	$ 20,315,151	$ 6,320,240	$ 26,635,391
Liabilities					
Current Liabilities:					
Accounts payable	$ -	$ 30,255	$ 18,079,282	$ 970,865	$ 19,330,256
Accrued payroll and employee benefits	-	-	-	695,448	695,448
Accrued interest payable	-	-	5,946,437	-	5,946,437
Due to other funds	-	-	20,502,351	706,007	28,933,645
Unearned revenue	-	-	-	-	-
Compensated absences due within one year				1,252,260	1,252,260
Noncurrent liabilities due within one year	-	-	14,683,699	-	14,683,699
Total Current Liabilities	-	30,255	59,211,769	3,624,580	70,841,745
Long term debt due in more than one year	-	-	757,818,747	12,885,000	770,703,747
Net pension liabilities	-	-	-	8,606,933	8,606,933
Total Liabilities	$ -	$ 30,255	$ 817,030,516	$ 25,116,513	$ 850,152,425
Deferred inflows of Resources					
Pension adjustments	$ -	$ -	$ -	$ 8,381,564	$ 8,381,564
OPEB adjustments	-	-	-	1,878,233	1,878,233
Total Deferred Inflows of Resources	$ -	$ -	$ -	$ 10,259,797	$ 10,259,797
Net Position					
Net Investment in Capital Assets	$ -	$ -	$ (70,598,568)	$ 178,345,867	$ 112,327,016
Restricted for:					
Debt service	-	-	-	-	3,414,229
Pension benefits	-	-	-	1,159,268	1,159,268
Unrestricted	186,780	100,598	(24,212,919)	(1,655,220)	6,399,364
Total Net Position	$ 186,780	$ 100,598	$ (94,811,487)	$ 177,849,915	$ 123,299,877

(Concluded)

Silicon Valley Clean Water
Combining Schedule of Activities and Changes in Net Position
Enterprise Funds
For the Fiscal Year Ended June 30, 2022

	Operating Reserve	Capital Improvement Program Reserve	Capital Improvements	Construction Stage 2
Operating Revenues:				
Member contributions for services	$ -	$ -	$ -	$ -
Member contributions for cash reserves	-	1,999,992	1,497,504	119,381
Member contributions for debt service	-	-	-	-
Member contributions for Capital Improvements	-	-	-	-
Source control charges	-	-	-	-
Miscellaneous revenues	-	-	-	-
Total operating revenues	-	1,999,992	1,497,504	119,381
Operating Expenses:				
Operations	$ -	$ -	$ -	$ -
Maintenance	-	-	-	-
Laboratory	-	-	-	-
Environmental services	-	-	-	-
Engineering	-	-	432	-
Information services	-	-	-	-
Safety	-	-	170	-
Administration	3,657	17,152	-	13,517
Claims paid	-	-	-	-
Depreciation	-	-	-	-
Total operating expenses	3,657	17,152	602	13,517
Operating Income (Loss)	$ (3,657)	$ 1,982,840	$ 1,496,902	$ 105,864
Nonoperating Revenues (Expenses):				
Grants	$ -	$ -	$ -	$ -
Other revenue (expense)	-	-	-	-
Interest Income:				
Operations fund	-	-	-	-
Stage 2 capacity fund	-	-	-	233,418
Capital improvement reserve fund	-	304,749	-	-
Operating reserve fund	31,770	-	-	-
Capital improvement fund	-	-	-	-
Net increase (decrease) in fair value of investments	(148,672)	(1,597,579)	-	(1,235,061)
Interest expense	-	-	-	-
Premium amortization	-	-	-	-
Gain (loss) on disposal of fixed assets	-	-	-	-
Total nonoperating revenues (expenses)	$ (116,902)	$ (1,292,830)	$ -	$ (1,001,643)
Income (Loss) Before Transfers	$ (120,559)	$ 690,010	$ 1,496,902	$ (895,779)
Transfers In	$ -	$ -	$ -	$ -
Transfers Out	-	-	(2,717,974)	-
Change in Net Position	$ (120,559)	$ 690,010	$ (1,221,072)	$ (895,779)
Beginning Net Position	7,089,432	10,761,628	4,779,040	18,891,371
Ending Net Position	$ 6,968,873	$ 11,451,638	$ 3,557,968	$ 17,995,592

(Continued)

Silicon Valley Clean Water
Combining Schedule of Activities and Changes in Net Position
Enterprise Funds
For the Fiscal Year Ended June 30, 2022

	Self Insurance	Recycled Water	Capital Improvement Program	Operation	Total
Operating Revenues:					
Member contributions for services	$ -	$ 245,673	$ -	$ 27,612,504	$ 27,858,177
Member contributions for cash reserves	-	-	-	-	3,616,877
Member contributions for debt service	-	-	18,793,941	-	18,793,941
Member contributions for Capital Improvements	-	-	2,670,801	-	2,670,801
Source control charges	-	-	-	124,579	124,579
Miscellaneous revenues	-	-	-	467,261	467,261
Total operating revenues	-	245,673	21,464,742	28,204,344	53,531,636
Operating Expenses:					
Operations	$ -	$ 187,975	$ -	$ 10,456,715	$ 10,644,690
Maintenance	-	13,027	-	6,692,221	6,705,248
Laboratory	-	15,130	-	1,607,466	1,622,596
Environmental services	-	-	-	956,725	956,725
Engineering	-	-	5,252	1,376,997	1,382,681
Information services	-	-	-	2,013,846	2,013,846
Safety	-	-	-	481,178	481,348
Administration	-	-	501,992	3,987,320	4,523,638
Claims paid	-	-	-	-	-
Depreciation	-	-	-	11,284,745	11,284,745
Total operating expenses	-	216,132	507,244	38,857,213	39,615,517
Operating Income (Loss)	$ -	$ 29,541	$ 20,957,498	$ (10,652,869)	$ 13,916,119
Nonoperating Revenues (Expenses):					
Grants	$ -	$ -	$ -	$ 156,601	$ 156,601
Other revenue (expense)	-	-	-	836,472	836,472
Interest Income:					
Operations fund	-	-	-	809	809
Stage 2 capacity fund	-	-	-	-	233,418
Capital improvement reserve fund	-	-	-	-	304,749
Operating reserve fund	-	-	-	-	31,770
Capital improvement fund	-	-	654,096	-	654,096
Net increase (decrease) in fair value of investments	-	-	(2,429,373)	(149,642)	(5,560,327)
Interest expense	-	-	(17,845,530)	-	(17,845,530)
Premium amortization	-	-	4,288,899	-	4,288,899
Gain (loss) on disposal of fixed assets	-	-	-	-	-
Total nonoperating revenues (expenses)	$ -	$ -	$ (15,331,908)	$ 844,240	$ (16,899,043)
Income (Loss) Before Transfers	$ -	$ 29,541	$ 5,625,590	$ (9,808,629)	$ (2,982,924)
Transfers In	$ -	$ -	$ -	$ 8,442,189	$ 8,442,189
Transfers Out	-	-	(5,724,215)	-	(8,442,189)
Change in Net Position	$ -	$ 29,541	$ (98,625)	$ (1,366,440)	$ (2,982,924)
Beginning Net Position	186,780	71,057	(94,712,862)	179,216,355	126,282,801
Ending Net Position	$ 186,780	$ 100,598	$ (94,811,487)	$ 177,849,915	$ 123,299,877

(Concluded)

Silicon Valley Clean Water
Combining Schedule of Cash Flows
Enterprise Funds
For the Fiscal Year Ended June 30, 2022

	Operating Reserve	Capital Improvement Program Reserve	Capital Improvements	Construction Stage 2
Cash Flows from Operating Activities:				
Cash received from member agencies	$ -	$ 1,999,992	$ 1,497,504	$ 427,586
Cash paid to suppliers for goods and services and employees for services	(3,740)	(72,858)	177,427	(13,517)
Other cash received (paid)	-	-	-	-
Net Cash Provided (Used) by Operating Activities	(3,740)	1,927,134	1,674,931	414,069
Cash Flows from Capital and Related Financing Activities:				
Cash received from member agencies other than for services	$ -	$ -	$ -	$ -
Cash received from grants	-	-	-	-
Contributions (to) from other funds	3,173	70,813	(718,172)	12,918
Interest paid on capital debt	-	-	-	-
Principal paid on capital debt	-	-	-	-
Proceeds from long-term debt	-	-	-	-
Cash received on sale of capital assets	-	-	-	-
Purchases and construction of capital assets	-	-	(956,759)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	3,173	70,813	(1,674,931)	12,918
Cash Flows from Noncapital Financing Activities:				
Transfers in	$ -	$ -	$ -	$ -
Transfers out	-	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	-	-	-	-
Cash Flows from Investing Activities:				
Noncash equivalent investments	$ 264,716	$ (416,383)	$ -	$ 615,741
Investment income	(116,902)	(1,292,830)	-	(1,001,643)
Net Cash Provided (Used) by Investing Activities	147,814	(1,709,213)	-	(385,902)
Net Increase (Decrease) in Cash and Investment	147,247	288,734	-	41,085
Cash and Cash Equivalents, Beginning	13,587	423,577	-	149,048
Cash and Cash Equivalents, Ending	$ 160,834	$ 712,311	$ -	$ 190,133
Reconciliation of Operating Income (Loss) to Cash Flows Provided (Used) by Operating Activities:				
Operating Income (Loss)	$ (3,657)	$ 1,982,840	$ 1,496,902	$ 105,864
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	-	-	-	-
Net change in:				
Accounts receivable	197	(13,422)	(8,691)	309,252
Employee notes receivable		-	-	-
Inventory	-	-	-	-
Prepaid expenses	-	-	-	-
Deferred outflows of resources	-	-	-	-
Accounts payable	(279)	(1,301)	217,407	(1,047)
Accrued payroll and employee benefits	-	-	-	-
Unearned revenue	(1)	(40,983)	(30,687)	-
Deferred inflows of resources	-	-	-	-
Net Cash Provided (Used) by Operating Activities	$ (3,740)	$ 1,927,134	$ 1,674,931	$ 414,069
Reconciliation of Cash and Cash Equivalents:				
Cash and investments	$ 3,742,391	$ 19,151,690	$ -	$ 14,066,495
Less: investments with original maturities in excess of three months	(3,581,557)	(18,439,379)	-	(13,876,362)
Cash and Cash Equivalents	$ 160,834	$ 712,311	$ -	$ 190,133
Noncash Transactions:				
Changes in fair values of investments	$ (148,672)	$ (1,597,579)	$ -	$ (1,235,061)
Noncash transfers of capital assets	$ -	$ -	$ (2,717,974)	$ -
Amortization of bond premium				

(Continued)

Silicon Valley Clean Water
Combining Schedule of Cash Flows
Enterprise Funds
For the Fiscal Year Ended June 30, 2022

	Self Insurance	Recycled Water	Capital Improvement Program	Operation	Total
Cash Flows from Operating Activities:					
Cash received from member agencies	$ -	$ 245,673	$ 21,464,742	$ 27,612,504	$ 53,248,001
Cash paid to suppliers for goods and services and employees for services	-	(180,731)	(693,680)	(28,961,332)	(29,748,431)
Other cash received (paid)	-	-	-	591,840	591,840
Net Cash Provided (Used) by Operating Activities	-	64,942	20,771,062	(756,988)	24,091,410
Cash Flows from Capital and Related Financing Activities:					
Cash received from member agencies other than for services	$ -	$ -	$ -	$ 836,472	$ 836,472
Cash received from grants	-	-	-	156,601	156,601
Contributions (to) from other funds	-	(64,942)	(15,936,727)	16,632,937	-
Interest paid on capital debt	-	-	(17,414,050)	-	(17,414,050)
Principal paid on capital debt	-	-	(10,564,253)	(16,415,000)	(26,979,253)
Proceeds from long-term debt	-	-	226,323,358	-	226,323,358
Cash received on sale of capital assets	-	-		-	-
Purchases and construction of capital assets	-	-	(102,694,873)	-	(103,651,632)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(64,942)	79,713,455	1,211,010	79,271,496
Cash Flows from Noncapital Financing Activities:					
Transfers in	$ -	$ -	$ -	$ -	$ -
Transfers out	-	-	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	-	-	-	-	-
Cash Flows from Investing Activities:					
Noncash equivalent investments	$ -	$ -	$ (36,735,957)	$ (347,738)	$ (36,619,621)
Investment income	-	-	(1,775,277)	(148,833)	(4,335,485)
Net Cash Provided (Used) by Investing Activities	-	-	(38,511,234)	(496,571)	(40,955,106)
Net Increase (Decrease) in Cash and Investment	-	-	61,973,283	(42,549)	62,407,800
Cash and Cash Equivalents, Beginning	-	-	14,404,261	1,055,250	16,045,723
Cash and Cash Equivalents, Ending	$ -	$ -	$ 76,377,544	$ 1,012,701	$ 78,453,523
Reconciliation of Operating Income (Loss) to Cash Flows Provided (Used) by Operating Activities:					
Operating Income (Loss)	$ -	$ 29,541	$ 20,957,498	$ (10,652,869)	$ 13,916,119
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	-	-	-	11,284,745	11,284,745
Net change in:					
Accounts receivable	-	5,337	-	(5,048)	287,625
Employee notes receivable	-	-	-	(4,949)	(4,949)
Inventory	-	-	-	(79,660)	(79,660)
Prepaid expenses	-	-	644	86,874	87,518
Deferred outflows of resources	-	-	2,298,740	(296,858)	2,001,882
Accounts payable	-	30,073	(2,485,820)	277,349	(1,963,618)
Accrued payroll and employee benefits	-	(9)	-	(9,457,853)	(9,457,862)
Unearned revenue	-	-	-	(543,960)	(615,631)
Deferred inflows of resources	-	-	-	8,635,241	8,635,241
Net Cash Provided (Used) by Operating Activities	$ -	$ 64,942	$ 20,771,062	$ (756,988)	$ 24,091,410
Reconciliation of Cash and Cash Equivalents:					
Cash and investments	$ -	$ -	$ 131,872,832	$ 1,983,614	$ 170,817,022
Less: investments with original maturities in excess of three months	-	-	(55,495,288)	(970,913)	(92,363,499)
Cash and Cash Equivalents	$ -	$ -	$ 76,377,544	$ 1,012,701	$ 78,453,523
Noncash Transactions:					
Changes in fair values of investments	$ -	$ -	$ (2,429,373)	$ (149,642)	$ (5,560,327)
Noncash transfers of capital assets	$ -	$ -	$ (5,724,215)	$ 8,442,189	$ -
Amortization of bond premium			$ 4,288,899	$ -	$ 4,288,899

(Concluded)

Silicon Valley Clean Water
Analysis of Net Position
Supplemental Schedule
For the Year Ended June 30, 2022

Fund / Location	Belmont	Redwood City	San Carlos	West Bay Sanitary District	Total
Operations (Fund 18)					
Balance at June 30, 2021	$ 16,465,997	$ 85,259,897	$ 25,733,016	$ 50,036,500	$ 177,495,410
Member Agency Contributions	3,056,520	14,859,960	3,471,000	6,225,024	27,612,504
Other Miscellaneous Revenue	67,351	324,565	81,911	118,013	591,839
Grant Revenue	17,821	85,880	21,674	31,226	156,601
Unrealized Gain / (Loss) on Investments	(311)	(1,497)	(378)	(544)	(2,730)
Interest Income	175	449	97	88	810
Capitalized Projects Transferred from other Funds	797,787	4,100,371	1,278,147	2,265,883	8,442,189
Gain / (Loss) on Asset Disposal	-	-	-	-	-
Operating & Maintenance Costs	(3,053,316)	(14,962,978)	(3,909,314)	(5,718,784)	(27,644,393)
Depreciation Expenditures	(1,066,408)	(5,481,000)	(1,708,510)	(3,028,825)	(11,284,744)
Balance at June 30, 2022	$ 16,285,617	$ 84,185,646	$ 24,967,642	$ 49,928,581	$ 175,367,486
Retiree Medical Health Benefits Reserve (Fund 12)					
Balance at June 30, 2021	$ 108,541	$ 403,744	$ 194,976	$ 164,511	$ 871,772
Contributions to Fund 12	-	-	-	-	-
Expenditures	18,460	88,960	22,451	32,346	162,217
Balance at June 30, 2022	$ 127,001	$ 492,704	$ 217,427	$ 196,857	$ 1,033,989
Section 115 Pension Benefits Reserve (Fund 32)					
Balance at June 30, 2021	$ 95,302	$ 460,336	$ 113,968	$ 179,569	$ 849,175
Contributions to Fund 32	85,659	412,787	104,175	150,091	752,711
Unrealized Gain / (Loss) on Investment	(22,837)	(110,053)	(27,774)	(40,016)	(200,681)
Interest Income	6,119	29,487	7,442	10,722	53,769
Fees	(744)	(3,584)	(904)	(1,303)	(6,535)
Balance at June 30, 2022	$ 163,498	$ 788,972	$ 196,907	$ 299,062	$ 1,448,439
Capital Improvement Program Reserve (Fund 13)					
Balance at June 30, 2021	$ 1,016,969	$ 5,226,903	$ 1,629,323	$ 2,888,432	$ 10,761,627
Member Contributions - Replacement Reserve	189,000	971,400	302,796	536,796	1,999,992
Change in Fair Value, Unrealized Gain/(Loss)	(150,971)	(775,944)	(241,874)	(428,790)	(1,597,579)
Fees	(1,621)	(8,331)	(2,597)	(4,604)	(17,152)
Interest Income	28,799	148,016	46,139	81,795	304,749
Balance at June 30, 2022	$ 1,082,176	$ 5,562,044	$ 1,733,788	$ 3,073,629	$ 11,451,636
Construction Stage 2 (Fund 15)					
Balance at June 30, 2021	$ 643,619	$ 10,597,477	$ 3,523,270	$ 4,127,006	$ 18,891,372
Member Purchases of Capacity	-	119,381	-	-	119,381
Interest Income	22,058	113,371	35,340	62,649	233,418
Interest / (Unrealized Loss) Investments	(116,713)	(599,869)	(186,988)	(331,490)	(1,235,061)
Fees	(1,277)	(6,565)	(2,046)	(3,628)	(13,517)
Capitalized Projects Transferred to Fund 18	-	-	-	-	-
Balance at June 30, 2022	$ 547,686	$ 10,223,795	$ 3,369,575	$ 3,854,537	$ 17,995,593

UNAUDITED

10/26/2022, 11:15 AM

Silicon Valley Clean Water
Analysis of Net Position
Supplemental Schedule
For the Year Ended June 30, 2022

Fund / Location	Belmont	Redwood City	San Carlos	West Bay Sanitary District	Total
Self Insurance (Fund 16)					
Balance at June 30, 2021	$ 19,639	$ 75,632	$ 34,110	$ 57,399	$ 186,780
Expenses / Claims	-	-	-	-	-
Balance at June 30, 2022	$ 19,639	$ 75,632	$ 34,110	$ 57,399	$ 186,780
Operating & Capital Reserve (Fund 17)					
Balance at June 30, 2021	$ 797,889	$ 3,495,804	$ 914,215	$ 1,881,524	$ 7,089,432
Member Contributions	-	-	-	-	-
Unrealized Gain / (Loss) on Investment	(16,919)	(81,531)	(20,576)	(29,645)	(148,672)
Fees	(416)	(2,006)	(506)	(729)	(3,658)
Interest Income	3,615	17,423	4,397	6,335	31,770
Balance at June 30, 2022	$ 784,169	$ 3,429,689	$ 897,530	$ 1,857,485	$ 6,968,873
Revenue-Funded Capital Improvements (Fund 14)					
Balance at June 30, 2021	$ 509,804	$ 2,406,549	$ 485,129	$ 1,377,558	$ 4,779,040
Member Contributions - Pay go capital projects	141,516	727,332	226,728	401,928	1,497,504
Miscellaneous Revenue	-	-	-	-	-
Project Expenditures not yet transferred to Fund 18	(57)	(292)	(91)	(162)	(602)
Capitalized Projects transferred to Fund 18	(256,848)	(1,320,120)	(411,501)	(729,504)	(2,717,974)
Balance at June 30, 2022	$ 394,415	$ 1,813,469	$ 300,264	$ 1,049,821	$ 3,557,969
Recycled Water (Fund 19)					
Balance at June 30, 2021	$ -	$ 71,056	$ -	$ -	$ 71,056
RWC Recycled Water O&M Contributions	-	245,673	-	-	245,673
RWC Recycled Water O&M Expenditures	-	(216,132)	-	-	(216,132)
Balance at June 30, 2022	$ -	$ 100,597	$ -	$ -	$ 100,597
Plant Capital Improvement Program (Fund 20)					
Balance at June 30, 2021	25,246,994	(64,764,954)	(24,002,034)	(31,192,870)	$ (94,712,864)
Member Contributions	2,849,226	10,297,242	3,248,995	5,069,279	21,464,743
Unrealized Gain / (Loss) on Investments	(195,792)	(1,198,083)	(373,462)	(662,035)	(2,429,373)
Interest on Trustee Reserves	13,000	344,873	107,588	188,635	654,096
Capitalized Projects Transferred to Fund 18	(540,938)	(2,780,251)	(866,646)	(1,536,379)	(5,724,215)
Interest Expense, Direct	(323,670)	(8,140,765)	(2,569,273)	(4,081,607)	(15,115,315)
Interest Expense, Allocated	(15,446)	(216,698)	(70,557)	(128,772)	(431,474)
Amortization of Bond Premium	117,285	2,261,132	700,270	1,210,212	4,288,899
Other Expenses	(265,165)	(1,362,865)	(424,826)	(753,125)	(2,805,982)
Balance at June 30, 2022	$ 26,885,493	$ (65,560,370)	$ (24,249,946)	$ (31,886,663)	$ (94,811,486)
TOTAL NET POSITION - June 30, 2022	**$ 46,289,694**	**$ 41,112,178**	**$ 7,467,296**	**$ 28,430,708**	**$ 123,299,877**
CY %	*37.54%*	*33.34%*	*6.06%*	*23.06%*	*100.00%*

This Page Left Intentionally Blank

OTHER INDEPENDENT AUDITOR'S REPORT

This Page Left Intentionally Blank

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

To the Commission
Silicon Valley Clean Water
Redwood City, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Silicon Valley Clean Water (SVCW), California, as of and for the year ended June 30, 2022, and have issued our report thereon dated October 15, 2022.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Accountancy Corporation
3478 Buskirk Avenue, Suite 215
Pleasant Hill, CA 94523

T 925.930.0902
F 925.930.0135
E maze@mazeassociates.com
W **mazeassociates.com**

We have also issued a separate Memorandum on Internal Control dated October 15, 2022 which is an integral part of our audit and should be read in conjunction with this report.

Purpose of this Report

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

Maze & Associates

Pleasant Hill, California
October 15, 2022

SILICON VALLEY CLEAN WATER

REQUIRED COMMUNICATIONS

FOR THE YEAR ENDED
JUNE 30, 2022

This Page Left Intentionally Blank

SILICON VALLEY CLEAN WATER

REQUIRED COMMUNICATIONS

For the Year Ended June 30, 2022

Table of Contents

This Page Left Intentionally Blank

REQUIRED COMMUNICATIONS

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

We have audited the basic financial statements of the Silicon Valley Clean Water (SVCW) for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 11, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Accounting Policies - Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by SVCW are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year, except as follows:

GASB 87 – *Leases*

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement.

The pronouncement became effective but did not have a material effect on the financial statements.

Accountancy Corporation
3478 Buskirk Avenue, Suite 215
Pleasant Hill, CA 94523

T 925.930.0902
F 925.930.0135
E maze@mazeassociates.com
W **mazeassociates.com**

The following pronouncements became effective, but did not have a material effect on the financial statements:

GASB 89 – *Accounting for Interest Cost Incurred before the End of a Construction Period*
GASB 92 – *Omnibus 2020*
GASB 93 – *Replacement of Interbank Offered Rates*
GASB 99 – *Omnibus 2022*

Unusual Transactions, Controversial or Emerging Areas - We noted no transactions entered into by SVCW during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates - Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting SVCW's financial statements were:

- *Estimated Net Pension Liabilities and Pension-Related Deferred Outflows and Inflows of Resources:* Management's estimate of the net pension liabilities and deferred outflows/inflows of resources are disclosed in Note 8 to the financial statements and are based on actuarial studies determined by a consultant, which are based on the experience of SVCW. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

- *Estimated Net OPEB Obligation:* Management's estimate of the net OPEB obligation is disclosed in Note 9 to the financial statements and is based on actuarial study determined by a consultant, which is based on the experience of SVCW. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

- *Estimated Fair Value of Investments:* As of June 30, 2022, SVCW held approximately $170.8 million of cash and investments as measured by fair value as disclosed in Note 3 to the financial statements. Fair value is essentially market pricing in effect as of June 30, 2022. These fair values are not required to be adjusted for changes in general market conditions occurring subsequent to June 30, 2022.

- *Estimate of Depreciation:* Management's estimate of the depreciation is based on useful lives determined by management. These lives have been determined by management based on the expected useful life of assets as disclosed in Note 2 to the financial statements. We evaluated the key factors and assumptions used to develop the depreciation estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

- *Estimate of Compensated Absences:* Accrued compensated absences which are comprised of accrued vacation, holiday, and certain other compensating time is estimated using accumulated unpaid leave hours and hourly pay rates in effect at the end of the fiscal year as disclosed in Note 2 to the financial statements. We evaluated the key factors and assumptions used to develop the accrued compensated absences and determined that it is reasonable in relation to the basic financial statements taken as a whole.

- *Estimated Claims Liabilities:* Management's estimate of the claims liabilities payable is disclosed in Note 10 to the financial statements and is based on the claims experience of SVCW. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Disclosures - The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We did not propose any audit adjustments that, in our judgment, could have a significant effect, either individually or in the aggregate, on SVCW's financial reporting process.

Professional standards require us to accumulate all known and likely uncorrected misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We have no such misstatements to report to the Commission.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in a management representation letter dated October 15, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to SVCW's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as SVCW's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information that accompanies and supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the required supplementary information and do not express an opinion or provide any assurance on the required supplementary information.

We were engaged to report on the supplementary information that accompanies the financial statements, but is not required supplementary information. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the Supplemental Schedule – Analysis of Net Positions, which accompanies the financial statements, but is not required supplementary information. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any insurance on it.

******

This information is intended solely for the use of the Commission and management and is not intended to be, and should not be, used by anyone other than these specified parties.

Maze & Associates

Pleasant Hill, California
October 15, 2022

SILICON VALLEY CLEAN WATER
MEMORANDUM ON INTERNAL CONTROL

FOR THE YEAR ENDED JUNE 30, 2022

This Page Left Intentionally Blank

SILICON VALLEY CLEAN WATER
MEMORANDUM ON INTERNAL CONTROL

For The Year Ended June 30, 2022

Table of Contents

This Page Left Intentionally Blank

MEMORANDUM ON INTERNAL CONTROL

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

In planning and performing our audit of the basic financial statements of Silicon Valley Clean Water (SVCW) for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered SVCW's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SVCW's internal control. Accordingly, we do not express an opinion on the effectiveness of SVCW's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of SVCW's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Included in the Schedule of Other Matters are recommendations not meeting the above definitions that we believe are opportunities for strengthening internal controls and operating efficiency.

This communication is intended solely for the information and use of the Commission and others within the organization, and agencies and pass-through entities requiring compliance with *Government Auditing Standards*, and is not intended to be and should not be used by anyone other than these specified parties.

Maze & Associates

Pleasant Hill, California
October 15, 2022

Accountancy Corporation
3478 Buskirk Avenue, Suite 215
Pleasant Hill, CA 94523

T 925.930.0902
F 925.930.0135
E maze@mazeassociates.com
W **mazeassociates.com**

This Page Left Intentionally Blank

NEW GASB PRONOUNCEMENTS OR PRONOUNCEMENTS NOT YET EFFECTIVE

The following comment represents new pronouncements taking affect in the next few years. We cite them here to keep you informed of developments:

EFFECTIVE FISCAL YEARS 2022, 2023 and 2024:

GASB 99 – Omnibus 2022

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments,* that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument

- Clarification of provisions in Statement No. 87, *Leases,* as amended, related to the determination of the lease term, classification of a lease as a short term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives

- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements,* related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset

- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements,* related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short term SBITA, and recognition and measurement of a subscription liability

- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt

- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP)

- Disclosures related to nonmonetary transactions

- Pledges of future revenues when resources are not received by the pledging government

- Clarification of provisions in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments,* as amended, related to the focus of the government-wide financial statements

GASB 99 – Omnibus 2022 (Continued)

- Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*

- Terminology used in Statement 53 to refer to resource flows statements.

The Requirements of this Statement are Effective as Follows:

The requirements in paragraphs 26–32 related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.

The requirements in paragraphs 11–25 related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

The requirements in paragraphs 4–10 related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

Earlier application is encouraged and is permitted by individual topic.

How the Changes in This Statement Will Improve Financial Reporting

The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to more easily locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements.

MEMORANDUM ON INTERNAL CONTROL
SCHEDULE OF OTHER MATTERS

EFFECTIVE FISCAL YEAR 2022/23:

GASB 91 – Conduit Debt Obligations

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument having *all* of the following characteristics:

- There are at least three parties involved:
  - (1) an issuer
  - (2) a third-party obligor, and
  - (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

GASB 91 – Conduit Debt Obligations (Continued)

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

How the Changes in this Statement will Improve Financial Reporting

The requirements of this Statement will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The clarified definition will resolve stakeholders' uncertainty as to whether a given financing is, in fact, a conduit debt obligation. Requiring issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations also will eliminate diversity, thereby improving comparability in reporting by issuers. Revised disclosure requirements will provide financial statement users with better information regarding the commitments issuers extend and the likelihood that they will fulfill those commitments. That information will inform users of the potential impact of such commitments on the financial resources of issuers and help users assess issuers' roles in conduit debt obligations.

GASB 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements

The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

PPPs – This Statement requires that PPPs that meet the definition of a lease apply the guidance in Statement No. 87, Leases, as amended, if existing assets of the transferor that are not required to be improved by the operator as part of the PPP arrangement are the only underlying PPP assets and the PPP does not meet the definition of an SCA. This Statement provides accounting and financial reporting requirements for all other PPPs: those that either (1) meet the definition of an SCA or (2) are not within the scope of Statement 87, as amended (as clarified by this Statement). The PPP term is defined as the period during which an operator has a noncancelable right to use an underlying PPP asset, plus, if applicable, certain periods if it is reasonably certain, based on all relevant factors, that the transferor or the operator either will exercise an option to extend the PPP or will not exercise an option to terminate the PPP.

A transferor generally should recognize an underlying PPP asset as an asset in financial statements prepared using the economic resources measurement focus. However, in the case of an underlying PPP asset that is not owned by the transferor or is not the underlying asset of an SCA, a transferor should recognize a receivable measured based on the operator's estimated carrying value of the underlying PPP asset as of the expected date of the transfer in ownership. In addition, a transferor should recognize a receivable for installment payments, if any, to be received from the operator in relation to the PPP. Measurement of a receivable for installment payments should be at the present value of the payments expected to be received during the PPP term. A transferor also should recognize a deferred inflow of resources for the consideration received or to be received by the transferor as part of the PPP. Revenue should be recognized by a transferor in a systematic and rational manner over the PPP term.

This Statement requires a transferor to recognize a receivable for installment payments and a deferred inflow of resources to account for a PPP in financial statements prepared using the current financial resources measurement focus. Governmental fund revenue would be recognized in a systematic and rational manner over the PPP term.

GASB 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements (Continued)

This Statement also provides specific guidance in financial statements prepared using the economic resources measurement focus for a government that is an operator in a PPP that either (1) meets the definition of an SCA or (2) is not within the scope of Statement 87, as amended (as clarified in this Statement). An operator should report an intangible right-to-use asset related to an underlying PPP asset that either is owned by the transferor or is the underlying asset of an SCA. Measurement of the right-to-use asset should be the amount of consideration to be provided to the transferor, plus any payments made to the transferor at or before the commencement of the PPP term, and certain direct costs. For an underlying PPP asset that is not owned by the transferor and is not the underlying asset of an SCA, an operator should recognize a liability measured based on the estimated carrying value of the underlying PPP asset as of the expected date of the transfer in ownership. In addition, an operator should recognize a liability for installment payments, if any, to be made to the transferor in relation to the PPP. Measurement of a liability for installment payments should be at the present value of the payments expected to be made during the PPP term. An operator also should recognize a deferred outflow of resources for the consideration provided or to be provided to the transferor as part of the PPP. Expense should be recognized by an operator in a systematic and rational manner over the PPP term.

This Statement also requires a government to account for PPP and non-PPP components of a PPP as separate contracts. If a PPP involves multiple underlying assets, a transferor and an operator in certain cases should account for each underlying PPP asset as a separate PPP. To allocate the contract price to different components, a transferor and an operator should use contract prices for individual components as long as they do not appear to be unreasonable based on professional judgment or use professional judgment to determine their best estimate if there are no stated prices or if stated prices appear to be unreasonable. If determining the best estimate is not practicable, multiple components in a PPP should be accounted for as a single PPP.

This Statement also requires an amendment to a PPP to be considered a PPP modification, unless the operator's right to use the underlying PPP asset decreases, in which case it should be considered a partial or full PPP termination. A PPP termination should be accounted for by a transferor by reducing, as applicable, any receivable for installment payments or any receivable related to the transfer of ownership of the underlying PPP asset and by reducing the related deferred inflow of resources. An operator should account for a termination by reducing the carrying value of the right-to-use asset and, as applicable, any liability for installment payments or liability to transfer ownership of the underlying PPP asset. A PPP modification that does not qualify as a separate PPP should be accounted for by remeasuring PPP assets and liabilities.

APAs – An APA that is related to designing, constructing, and financing a nonfinancial asset in which ownership of the asset transfers by the end of the contract should be accounted for by a government as a financed purchase of the underlying nonfinancial asset. This Statement requires a government that engaged in an APA that contains multiple components to recognize each component as a separate arrangement. An APA that is related to operating or maintaining a nonfinancial asset should be reported by a government as an outflow of resources in the period to which payments relate.

GASB 96 – Subscription-Based Information Technology Arrangements

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The subscription term includes the period during which a government has a noncancelable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend (if it is reasonably certain that the government or SBITA vendor will exercise that option) or to terminate (if it is reasonably certain that the government or SBITA vendor will not exercise that option).

Under this Statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, —which is when the subscription asset is placed into service. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

The subscription asset should be initially measured as the sum of (1) the initial subscription liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. A government should recognize amortization of the subscription asset as an outflow of resources over the subscription term.

Activities associated with a SBITA, other than making subscription payments, should be grouped into the following three stages, and their costs should be accounted for accordingly:

- Preliminary Project Stage, including activities such as evaluating alternatives, determining needed technology, and selecting a SBITA vendor. Outlays in this stage should be expensed as incurred.
- Initial Implementation Stage, including all ancillary charges necessary to place the subscription asset into service. Outlays in this stage generally should be capitalized as an addition to the subscription asset.
- Operation and Additional Implementation Stage, including activities such as subsequent implementation activities, maintenance, and other activities for a government's ongoing operations related to a SBITA. Outlays in this stage should be expensed as incurred unless they meet specific capitalization criteria.

GASB 96 – Subscription-Based Information Technology Arrangements (Continued)

In classifying certain outlays into the appropriate stage, the nature of the activity should be the determining factor. Training costs should be expensed as incurred, regardless of the stage in which they are incurred.

If a SBITA contract contains multiple components, a government should account for each component as a separate SBITA or nonsubscription component and allocate the contract price to the different components. If it is not practicable to determine a best estimate for price allocation for some or all components in the contract, a government should account for those components as a single SBITA.

This Statement provides an exception for short-term SBITAs. Short-term SBITAs have a maximum possible term under the SBITA contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Subscription payments for short-term SBITAs should be recognized as outflows of resources.

This Statement requires a government to disclose descriptive information about its SBITAs other than short-term SBITAs, such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability, and other essential information.

How the Changes in this Statement will Improve Financial Reporting

The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.

EFFECTIVE FISCAL YEAR 2023/24:

GASB 100 – Accounting for Changes and Error Corrections

The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability

This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated.

Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles.

EFFECTIVE FISCAL YEAR 2024/25:

GASB 101 – Compensated Absences

The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

Recognition And Measurement

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee’s pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources.

Notes To Financial Statements

This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.

GASB 101 – Compensated Absences (Continued)

How the Changes in this Statement Will Improve Financial Reporting

The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave.

The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences.

This Page Left Intentionally Blank

AGENDA ITEM 8B

RESCU GRAVITY PIPELINE PROJECT (CIP 6008)
AMENDMENT TO AGREEMENT FOR ACCEPTANCE TESTING DELAY

ISSUE
Authorization to Issue Amendment to Agreement for the Gravity Pipeline Project (CIP 6008)

BACKGROUND
In November 2018, the Commission authorized the Stage 2B Contract Amendment to the Design Build Agreement with Barnard Bessac Joint Venture (BBJV). The Stage 2B Amendment included the scope and budget for BBJV to complete the design and construction for the Gravity Pipeline Project.

Components of the Gravity Pipe Project included:

- Constructing a 17,600-foot (3.4 mile) long tunnel using a tunnel boring machine (TBM). The tunnel is comprised of concrete segments and has a 13-foot inside diameter and 15-foot outside diameter.
- Installing a 10-foot inside and 11-foot outside diameter fiberglass reinforced polymer pipe inside the tunnel. This pipe will carry the wastewater flow from the existing SVCW conveyance system to the new Receiving Lift Station at the treatment plant.
- Constructing three shafts: 1) TBM launch shaft at the Airport site, 2) receiving shaft on Inner Bair Island, and 3) drop shaft at the San Carlos Pump Station site.

The baseline schedule included in the Stage 2B Amendment indicted a substantial completion date of July 1, 2022 and a final completion date of October 11, 2022.

DISCUSSION
Project construction proceeded according to schedule, and in May 2022, BBJV sent SVCW a letter noting that they considered the project substantially complete. However, according to the agreement, the project could not be substantially complete until acceptance testing of the construction was complete. Due to the interconnectedness of the RESCU projects, the Gravity Pipeline project will not be able to be tested until portions of the Pump Stations Improvements project are ready to pump wastewater and the Front of Plant (FoP) project is ready to accept and treat wastewater. SVCW replied to BBJV’s letter that the project was conditionally substantially complete, with full substantial completion pending the acceptance testing.

Amendment No. 27 to the Design-Build Agreement has been developed to extend the project schedule to July 20, 2023, allowing for the FoP project and key elements of the Pump Stations Improvements (PSI) project to be completed. FoP and PSI projects will enable flow to enter the tunnel, in turn allowing for the acceptance testing to be completed. The schedule extension was due to factors outside the control of BBJV who completed their contract work within the time allotted in the contract.

Amendment 27 addresses extra costs associated with the delayed acceptance testing, defines the contract time extension for the time period in which acceptance testing will be completed, extends the performance and payment bonds on the project, describes the plan for retention release, and clarifies warranty terms.

FINANCES

The cost of this amendment is $266,289 and an associated time extension of 282 calendar days. This amount is within the project budget.

RECOMMENDATION

Move approval of AMENDMENT NO. 27 TO THE GRAVITY PIPELINE PROJECT (CIP #6008) IN THE AMOUNT NOT TO EXCEED $266,289 – BARNARD BESSAC JOINT VENTURE

AGENDA ITEM 8C

RESCU PROGRAM
OWNER'S ASSIST FUNDING AUTHORIZATION

ISSUE

Approve Additional Owner Assist Funding for Tanner Pacific for Construction Management and Quality Assurance Services, Collaborative Strategies Consulting for Pump Stations Improvement Project Management Services, David J Powers and Associates for Environmental Services, and JHS Consulting for Environmental Planning Services

BACKGROUND

SVCW's Regional Environmental Sewer Conveyance Upgrade (RESCU) Program includes conveyance system improvements to transport wastewater from member agencies' collection systems to the SVCW wastewater treatment plant. A major component of the conveyance system is the Pump Stations Improvements (PSI) project which include: 1) the Menlo Park Pump Station rehabilitation 2) a new Redwood City Pump Station-Booster Station and 3) the new Belmont Gravity Pipeline.

Starting July 2018, the Commission approved progressive design build Requests for Qualifications for the PSI Project Design-Builder. In February 2019, kicking-off the initial Stage 1 activities, the Commission approved the Shea-Parsons Joint Venture Design-Build Agreement and Owner Assist services task orders for various consultants to support Silicon Valley Clean Water's PSI Project.

The PSI Project is now in Stage 2 construction and has experienced schedule extensions that bring the anticipated construction substantial completion to late 2023. The estimated substantial completion extensions for the various project elements are listed below:

Project Element	Original Substantial Completion	Estimated Substantial Completion
Belmont Gravity Pipeline	June 5, 2023	November 2023
Menlo Park Pump Station Rehabilitation	August 7, 2023	December 2023
Redwood City Pump Station	August 7, 2023	December 2023

These schedule extensions are due to several factors including the addition of scope items to install and repair pipelines at the Redwood City Pump Station Site and delays in procuring equipment due to supply chain issues. Additionally, extra effort was required in responding to the various local regulating agencies and utilities such as PG&E, Caltrans and CalWater. Lastly, unexpected events impacted the schedule, one example being the microtunnel boring machine being used for the Belmont Gravity Pipeline construction encountering an obstruction.

The original Owner Assist task order funding levels approved in February 2019 were based on the best project scope and schedule information available at the beginning of Stage 1. Three and a half years later into construction, more definitive timeframes are now known.

DISCUSSION

SVCW's Owner Assist consultants supporting the RESCU Program have been successful in delivering high-quality specialty services. Using consultants for specialty services is both efficient and economic from the standpoint that hiring staff to perform the same work would be cost and work-force prohibitive. The consultants' efficiency in providing services add value to the overall project activities. The cost of these services is somewhat dependent on the project construction schedule, as many of the consultants contribute to weekly and monthly meetings and provide regular reporting services required for the duration of the project.

Based on an analysis of the level of effort required over the duration of the program, four consultants require amendments to their task orders to continue their work efforts through the end of the program, currently anticipated for December 2023. The consultants and their responsibilities on the RESCU program are listed below.

Tanner Pacific Inc. (TPI) provides Quality Assurance services on the RESCU program. Services include contract administration, constructability review, cost controls, construction observation, coordination with SVCW Operations and Maintenance divisions, and other tasks necessary for implementing the construction projects.

Collaborative Strategies Consulting Inc. (CSC) provides project management services for the Pump Station Improvements Project. Project management services include oversight and management of the design-builder, Owner's Advisors, and Quality Assurance consultants; communication with SVCW Management and Operations and Maintenance staff; coordination with other RESCU project teams; risk management; and change management.

JHS Consulting has been SVCW's CEQA/NEPA consultant since 2016, advising SVCW staff on best practices and helping resolve specific issues in complying with State and Federal environmental laws. JHS oversees the RESCU environmental program, ensuring that SVCW and its contractors comply with the various permit requirements and EIR mitigation requirements. In this capacity, JHS Consulting oversees the work of David J. Powers and Associates (DJPA) in their mitigation monitoring and environmental permit compliance tasks.

David J. Powers and Associates (DJPA) authored the RESCU Program Environmental Impact Report (EIR) and the Mitigation Monitoring Plan (MMP). During construction of the RESCU projects, it is necessary to implement the MMP. While the design-build entities have the responsibility for implementing the MMPs, SVCW is required to verify and document that the mitigations are being completed. DJPA provides these services.

The additional requested funding for each consultant is:

Tanner Pacific:	$990,000
Collaborative Strategies:	$630,000
David J Powers and Associates:	$191,000
JHS Consultants:	$101,000
Total	$1,912,000

While the above consultants require additional funding, several other owner assist consultants are using a level of effort for their specialty services lower than originally anticipated. As a result, for some of these specialists, their current funding will either be able to absorb the extended scope for the PSI project while others are anticipated to not entirely exhaust their current task orders funding levels leaving an unused outstanding balance. The consultant task orders likely to yield an unused balance totals approximately $1,400,000.

FINANCES

Funding for additional scope and extended schedule for the PSI Owner Assist specialty consulting team will add approximately $512,000 dollars to the project. An overall project budget reconciliation will take place amongst the three RESCU projects and it is anticipated that a budget adjustment, if necessary, will be presented to the Commission soon.

RECOMMENDATION

i. Move approval of TASK ORDER SCOPE AND BUDGET AMENDMENT FOR CONSTRUCTION MANAGEMENT AND QUALITY ASSURANCE SERVICES FOR PUMP STATIONS IMPROVEMENTS PROJECT (CIP #9501); IN AN AMOUNT NOT TO EXCEED $990,000 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – TANNER PACIFIC INC.

ii. Move approval of TASK ORDER SCOPE AND BUDGET AMENDMENT FOR PROJECT MANAGEMENT ASSISTANCE FOR PUMP STATIONS IMPROVEMENTS PROJECT (CIP #9501); IN AN AMOUNT NOT TO EXCEED $630,00 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – COLLABORATIVE STRATEGIES CONSULTING INC.

iii. Move approval of TASK ORDER SCOPE AND BUDGET AMENDMENT FOR OWNER'S ADVISOR SERVICES FOR PUMP STATIONS IMPROVEMENTS PROJECT (CIP #9501); IN AN AMOUNT NOT TO EXCEED $191,000 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – DAVID J. POWERS AND ASSOCIATES.

iv. Move approval of TASK ORDER SCOPE AND BUDGET AMENDMENT FOR OWNER'S ADVISOR SERVICES FOR PUMP STATIONS IMPROVEMENTS PROJECT (CIP #9501); IN AN AMOUNT NOT TO EXCEED $101,000 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – JHS CONSULTANTS.

AGENDA ITEM 8D

DECLARATION OF EMERGENCY
DUAL MEDIA FILTER PIPE LEAK

ISSUE
Ratification of the SVCW Manager's Declaration of Existence of an Emergency Condition and Approving Repair of Essential Facilities

BACKGROUND
Two years ago, water was found to be leaking from the Plant's Dual Media Filter (DMF) feed pipe. This pipe transfers water from the Secondary Clarifiers to the DMFs and is embedded within the concrete slab comprising the base of the Plant's Main Structure. At that time, staff noticed water pooling at the roadway surface west of the Main Structure and suspected the cause emanated from the DMF pipe. SVCW hired a dive crew from Power Engineering Construction to enter and investigate the pipe. Results from the investigation indicated several holes in the pipe which were, in turn, spot welded by Power Engineering field crew for repair. The repair work also added access hatches at each end of the pipe for ease of future inspections.

DISCUSSION
Two weeks ago, staff and our construction manager entered the Dual Media Filter (DMF) feed pipe to inspect the repairs that were completed two years ago. The repairs are holding up well and no additional work is needed on them. However, several new holes were discovered in the pipe that require repair. This pipe is the only feed from the secondary clarifiers to the DMFs and needs to remain in operation per SVCW's regulatory discharge permit. However, SVCW's discharge permit does allow for bypassing the DMFs during wet weather (beginning November 1) and in cases of emergency so we will be utilizing that allowance while the repair work is being done.

SVCW engineering, operations, and maintenance staff is working with Power Engineering to schedule a shutdown and entry for repairs to be made. The preliminary cost estimate for the repairs is $28 thousand.

A comprehensive program for inspections and necessary repairs to plant piping is prepared and implementation has begun. The DMF pipe is included in the program for eventual pipe lining.

On November 3, 2022, an Emergency Declaration was issued by the SVCW Manager to protect the public health and authorize Power Engineering to proceed with repairs to the pipeline.

FINANCES
The cost for this work will derive from SVCW's Revenue Funded Capital Budget. Declaration of an Emergency situation authorizes the SVCW Manager to commit resources to correct the emergency in an amount up to $300,000. The estimate for repair is $28 thousand.

Report By: __T.H.__

RECOMMENDATION

Move adoption of RESOLUTION DECLARING EXISTENCE OF EMERGENCY CONDITION REQUIRING IMMEDIATE EXPENDITURE OF FUNDS IN FURTHERANCE OF PUBLIC HEALTH, WELFARE AND SAFETY AND APPROVING AND RATIFYING EXECUTION OF CONTRACTS FOR REPAIR OF ESSENTIAL PUBLIC FACILITIES RELATING THERETO (DMF PIPE) (4/5ths weighted vote required)