

**COMMISSION OF SILICON VALLEY CLEAN WATER
JOINT POWERS AUTHORITY
REGULAR MEETING – Monday, January 9, 2023
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 RON COLLINS, SAN CARLOS – SECRETARY
VICE MAYOR, DAVINA HURT, BELMONT – ALTERNATE

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. Brown Act Remote Meeting Rules.....pg. 11
 - 2. Upcoming Commission Actions.....pg. 15
- C. Financial Report
 - 1. Investment Report.....pg. 17
- D. Engineering Capital Projects Report.....pg. 21
- E. Commission Requested Staff-Level Action Items..... pg. 24
- F. RESCU Program Design-Build Project Status Update..... pg. 27

6. MATTERS OF COMMISSION MEMBER'S INTEREST

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

8. BUSINESS ITEMS

- A. CONSIDERATION OF RESOLUTION APPROVING APPLICATIONS FOR GRANT FUNDING FOR DESIGN, ENVIRONMENTAL REVIEW, STATE LAND USE APPROVAL, AND PERMITTING PHASES (pg. 58)

Proposed Action:

Move adoption of RESOLUTION AUTHORIZING SUBMITTAL OF GRANT FUNDING APPLICATIONS FOR DESIGN, ENVIRONMENTAL REVIEW, STATE LAND USE APPROVAL, AND PERMITTING PHASES FOR AN AVIAN HABITAT ENHANCEMENT PROJECT

- B. CONSIDERATION OF MOTION ACCPETING THE SILICON VALLEY CLEAN WATER LONG RANGE FINANCIAL PLAN 2023 UPDATE (pg. 64)

Proposed Action:

Move approval of RECEIPT AND ACCEPTANCE OF SILICON VALLEY CLEAN WATER LONG-RANGE FINANCIAL PLAN 2023 UPDATE

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 – December 12, 2022 - Regular Meeting (pg. 35)
- B. CONSIDERATION OF MOTION APPROVING CLAIMS AND CHECKS DATED NOVEMBER 29 – DECEMBER 27, 2022, AND NECESSARY PAYMENTS THROUGH DECEMBER 27, 2022 (pg. 42)
- C. CONSIDERATION OF RESOLUTION APPROVING REMOTE COMMISSION MEETINGS UNDER GOVERNMENT CODE SECTION 54953 OF THE BROWN ACT DURING EMERGENCY CONDITIONS (pg. 44)

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 RESOLUTION APPROVING APPLICATION FOR GRANT FUNDING THROUGH THE UNITED STATES DEPARTMENT OF ENERGY (pg. 47)

Proposed Action:

Move adoption of RESOLUTION APPROVING AND AUTHORIZING SUBMITTAL OF APPLICATION TO UNITED STATES DEPARTMENT OF ENERGY FOR “DECARBONIZATION OF WATER RESOURCE RECOVERY FACILITIES” GRANT AND RELATED EXISTING MATCHING FUNDS

- E. CONSIDERATION OF MOTION APPROVING ADDENDUM NO. 2 TO ORGANICS CO-DIGESTION PROJECT (CIP# 9229) MEMORANDUM OF UNDERSTANDING (pg. 51)

Proposed Action:

Move approval of ADDENDUM NO. 2 TO MEMORANDUM OF UNDERSTANDING BETWEEN SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY AND SILICON VALLEY CLEAN WATER

F. CONSIDERATION OF RESOLUTION APPROVING ADOPTION OF THE SILICON VALLEY CLEAN WATER PROCUREMENT MANUAL (pg. 54)

Proposed Action:

Move adoption of RESOLUTION ADOPTING THE SILICON VALLEY CLEAN WATER PROCUREMENT MANUAL

G. CONSIDERATION OF RESOLUTION APPROVING AGREEMENT WITH BIOFORCETECH FOR SVCW BIOSOLIDS DRYING AND PYROLYSIS (pg. 56)

Proposed Action:

Move adoption of RESOLUTION APPROVING SERVICES AGREEMENT AND NON-DISCLOSURE AGREEMENT WITH BIOFORCETECH

Microsoft Teams Access Information
Silicon Valley Clean Water
Regular Meeting
Monday, January 9, 2023

WEBSITE: [Link to access meeting](#)

MEETING ID: 247 342 037 506#

CALL IN PHONE NUMBER: +1 747-216-0281 **ID:** 809 365 920#

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

Hydroplaning – Safety Tips to Keep Your Vehicle Under Control

Hydroplaning (also known as “aquaplaning”) happens when the tires of your vehicle begin to ride on top of standing water instead of the surface of the road. Contrary to most drivers’ beliefs, hydroplaning can occur even when the roads are only slightly damp. Whether you are driving in torrential rain or on roads that are still just a little damp from a shower that passed through hours ago, hydroplaning is a very real possibility and something that drivers should try to avoid at all costs.

How To Prevent Hydroplaning

- 1. Reduce your Speed** Most automobile safety experts agree that hydroplaning is most likely to occur at speeds greater than thirty-five miles per hour. As soon as the first drops hit your windshield, slow your speed considerably. It is best to drive five to ten miles slower than the speed limit, even slower in heavy rain or windy conditions. Sudden increases in speed, such as those required to pass, put you at a greater danger of hydroplaning. Avoid sudden accelerations at all costs.
- 2. Properly and Regularly Rotate and Balance your Tires** Keeping your tires in tune will also help prevent your car from hydroplaning on wet roads. It is advisable to have your vehicle’s tires rotated and balanced every other time you have your oil changed, approximately every seven to ten thousand miles.
- 3. Choose High Quality Tires that are Designed to Prevent Hydroplaning** This is particularly important for drivers who live in areas of the country with frequent rainfall. Replace your tires regularly. Driving on slick or bald tires can be detrimental on wet roadways.
- 4. No Cruising in the Rain** It’s dangerous to have cruise control on while driving in the rain. Never use your vehicle’s cruise control function while it is raining or while driving on wet roads. If you were to begin hydroplaning while driving with the cruise control on, it will take additional time for you to disable the function before beginning to regain control of your vehicle.
- 5. Avoid Puddles and Standing Water** Try to avoid any place on the roadway that you can see has collected water. It only takes a small film of water to cause hydroplaning. If you can actually see standing water, it is highly probable that your vehicle will hydroplane as it drives over it.

How To Recover from Hydroplaning

- 1. Immediately take your foot off of the accelerator.** Never use your brakes to respond to hydroplaning. Sudden braking on a wet roadway can cause your car to skid completely out of control.
- 2. Although it may seem contradictory, gently turn your steering wheel in the direction your car is hydroplaning.** This will help your tires realign with the direction your vehicle is travelling and assist you in regaining steering control.

3. **Wait to feel the tires reconnect with the surface of the road.** It will be obvious to the driver when the vehicle has driven out of the hydroplaning situation.
4. After successfully recovering from hydroplaning on a wet road, you may need to **pull over and take a few moments** to recover and calm down from this terrifying event.

AGENDA ITEM 5B1



To: SVCW Commission

From: Teresa Herrera, SVCW Manager

Subject: Brown Act Remote Meeting Rules

Please refer to attached memorandum from SVCW's Legal Counsel. The information references AB2449 signed into law by Governor Newsom in September 2022 and provides a summary of options on meeting requirements under the Brown Act. The information in the attached memorandum is a repeat of information provided to this Commission in October 2022 and is provided again to keep the information timely.

LEGAL MEMORANDUM

To: Teresa Herrera, SVCW Manager

From: Christine C. Fitzgerald, SVCW General Counsel

Date: January 1, 2023

Re: Brown Act – Remote Meetings

As you are aware, the Governor's office announced that the COVID-19 State of Emergency will end on February 28, 2023. At that point, and absent a postponement of the Governor's plan, COVID-19 will no longer be a valid basis to hold emergency teleconference meetings pursuant to AB 361.

Traditional Brown Act Teleconference Meetings (Pre-Pandemic)

The Brown Act allows an agency's governing board to use any type of teleconferencing (e.g., remote, virtual) in connection with any meeting. However, outside of emergency circumstances as described below, a teleconference meeting must comply with the following requirements:

1. At least a quorum of the board must participate from locations within the agency's jurisdiction.
2. Each teleconference location must be identified in the notice and agenda of the meeting.
3. Agendas must be posted at each teleconference location.
4. Each location must be accessible to the public.
5. The agenda must provide the opportunity for the public to address the legislative body directly at each teleconference location.
6. All votes must be by roll call.

AB 361 – Authorizes Remote Meetings Under State of Emergency

In response to the COVID-19 pandemic, Governor Newsom issued Executive Orders lifting several of the above requirements to allow agencies to hold public meetings while complying with shelter-in-place orders and social distancing recommendations. In September 2021, the Governor signed AB 361, which effectively incorporated those Executive Orders into the Brown Act. Under AB 361, an agency can hold fully remote or hybrid teleconference meetings without complying with the public access and notice requirements listed above, provided that

1. The Governor has declared a State of Emergency, *AND*

2. State or local officials have imposed or recommended measures to promote social distancing; *OR*, the legislative body finds that meeting in person would present imminent risks to health or safety of attendees.

Therefore, once the COVID-19 State of Emergency is lifted, agencies will no longer have the necessary authority to hold AB 361 virtual meetings as a result of COVID-19.

AB 361 is set to expire December 31, 2023, which date will become important if the Governor opts to postpone lifting the State of Emergency on February 28, 2023 or if a subsequent State of Emergency is enacted.

New AB 2449 – Authorizes Board Members to Participate Remotely Under Limited/Emergency Circumstances

Effective January 1, 2023, AB 2449 allows individual members of legislative bodies to remotely participate in meetings in the event of a personal emergency without having to reveal private addresses or make private addresses accessible to the public. AB 2449 procedures *do not* require a state of emergency declaration. The conditions under which AB 2440 may be invoked are:

1. At least a quorum of the legislative body must participate in-person from a singular location.
2. The individual member who desires to participate remotely must have just cause OR emergency circumstances for such participation;
 - a. Just cause is defined as:
 - Childcare or caregiving of family member
 - A contagious illness
 - A need related to a physical or mental disability
 - Travel while on official business of the legislative body or another state or local agency
 - b. Emergency Circumstances means a physical or family medical emergency.

Depending upon whether the individual member's remote participation is for just cause or due to an emergency, there are certain procedural requirements relating to notice and agency action that must be met. Moreover, the agency must provide either a two-way audiovisual platform or a two-way telephone service and a live webcasting of the meeting so that the public may remotely hear, observe and address the legislative body during the meeting. Finally, an individual member is not permitted to participate remotely for more than 3 consecutive months or 20% of the agency's regular meetings within a calendar year.

AB 2449's rules will remain in effect through 2025. After January 1, 2026, and unless further legislation is adopted, only the pre-pandemic, traditional Brown Act teleconference rules will remain in effect.

AGENDA ITEM 5B2

Recurring and Upcoming 2023 Commission Actions
Updated for January 2023 Meeting


January <ul style="list-style-type: none"> Review Investment Policy Long Range Financial Plan 	February	March <ul style="list-style-type: none"> Budget Workshop Consider MOU w/Local 39 (schedule prior to June 30) 	April <ul style="list-style-type: none"> Operating Budget Approval
May <ul style="list-style-type: none"> Initiate Manager Performance Evaluation Receive Q1 Investment Summary 	June <ul style="list-style-type: none"> Approve Resolution 77-6 "Personnel Resolution" Perform Manager Evaluation Review Reserve Funds Policy 	July <ul style="list-style-type: none"> Nominate Commission Chair & Vice Chair; Appoint Secretary CIP Update (biennial) 	August <ul style="list-style-type: none"> Meeting Cancelled
September <ul style="list-style-type: none"> Review Debt Management Policy Investment Program Status Annual Update 	October <ul style="list-style-type: none"> Conflict of Interest Update (Biennial; even numbered years) Review Debt Mgmt Policy 	November <ul style="list-style-type: none"> Audited Financial Report 	December <ul style="list-style-type: none"> Commission Meeting Schedule for following year

-  - Recurring Commission Actions
-  - Upcoming Commission Actions

AGENDA ITEM 5C1

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

Description	Market Value	% of Total Holdings	Yield
Reserve Accounts			
Operating Reserve* - Securities	\$ 3,588,890	2.49%	1.33%
Operating Reserve - Money Market Fund Balance	161,856	0.11%	3.64%
CIP Reserve* - Securities	18,657,728	12.95%	1.95%
CIP Reserve - Money Market Fund Balance	1,134,493	0.79%	3.64%
Stage 2 Capacity Reserve* - Securities	13,472,965	9.35%	1.80%
Stage 2 Capacity Reserve - Money Market Fund Balance	412,628	0.29%	3.64%
Total Market Value: Operating and Reserve Accounts	\$ 37,428,561	26.0%	1.91%
Total Accrued Interest: Operating and Reserve Accounts	139,920		
GRAND TOTAL, RESERVE ACCOUNTS	\$ 37,568,481		
Trustee Accounts:			
2018 Bond Project Fund Account - CAMP	\$ 6,868,070	4.77%	3.90%
2018 Bond Revenue Account	1,429	0.00%	3.33%
2019A Notes WIFIA - Money Market Fund	1,591,551	1.10%	3.33%
2019A Notes Capitalized Interest Account - Money Market Fund	11,240	0.01%	3.33%
2019A Notes Capitalized Interest Account* - Securities	9,146,995	6.35%	2.54%
2021 Refunding Bonds Revenue Account	2,104	0.00%	3.33%
2021A Notes (RESCU) - Money Market Fund	794	0.00%	3.33%
2021A Notes (RESCU) - LAIF**	23,638,526	16.41%	2.01%
2021B Notes (WWTP) - Money Market Fund	33,456	0.02%	3.33%
2021B Notes (WWTP)* - Securities	27,379,674	19.01%	1.75%
2021B Notes (WWTP) - LAIF**	35,302,666	24.50%	2.01%
2021 Notes Capitalized Interest Account - Money Market Fund	1,562,607	1.08%	3.33%
Total Market Value, Trustee Accounts	\$ 105,539,113	73.26%	2.15%
Accrued Interest:	225,943		
Operating Cash (includes outstanding checks)	885,820	0.61%	0.00%
Local Agency Investment Funds (LAIF) Balance	211,828	0.15%	2.01%
Total Cash & Investments	\$ 144,431,185	100.00%	2.08%


Matthew P Anderson
Chief Financial Officer / Assistant Manager

12/13/2022
Date

* Monthly report of security transactions and interest available upon request

**Market value of LAIF based on Fair Value factor as of 9/30/2022 (most available)

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

Security Type	Operating Reserve	CIP Reserve	Capacity Reserve	Total Market Value	% of Total Portfolio	% Allowed by Policy	In Compliance	% Change vs. Prior Month
U.S. Treasury	\$ 1,855,381	\$ 8,173,477	\$ 5,719,121	\$ 15,747,979	42%	100%	✓	1.1%
Supranationals	341,584	-	-	341,584	1%	15%	✓	(0.1%)
Federal Agency/GSE	629,122	1,091,900	763,823	2,484,845	7%	100%	✓	(0.4%)
Federal Agency/CMBS	-	1,129,384	805,229	1,934,613	5%	100%	✓	0.2%
Federal Agency CMO	-	652,833	510,802	1,163,635	3%	100%	✓	0.1%
Federal Agency MBS	-	2,178,691	1,586,931	3,765,622	10%	100%	✓	0.1%
Municipal	-	831,273	672,983	1,504,256	4%	30%	✓	0.0%
Corporate Notes	485,798	4,067,665	3,009,899	7,563,362	20%	30%	✓	0.2%
Asset-Backed Securities	277,006	532,505	404,177	1,213,688	3%	10%	✓	0.2%
Securities Sub-Total	3,588,890	18,657,728	13,472,965	35,719,583	95%			
Accrued Interest	9,879	76,050	53,990	139,920				
Securities Total	3,598,770	18,733,778	13,526,956	35,859,503				
Money Market Fund	161,856	1,134,493	412,628	1,708,978	5%	20%	✓	(0.4%)
Total Investments	\$ 3,760,626	\$ 19,868,271	\$ 13,939,584	\$ 37,568,481	100%			
As % of 6/30/22 Target:	93.5%	87.5%	100.0%	92.4%				

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 5D

**ENGINEERING REPORT: DECEMBER 2022
CAPITAL IMPROVEMENT PROGRAM****UPCOMING COMMISSION ACTIONS:**

Avian Habitat Enhancement (9237): Approval to submit grant applications to various agencies seeking funding.

Prior to RESCU, SVCW maintained two large ponds filled with recycled water for dust control along Radio Road, where the Front of Plant (FoP) RESCU project is currently located. During the environmental process for the RESCU Program, community outreach with members of the local Audubon Society raised concerns about the loss of bird watching opportunities in the ponds. In conversations with the local chapter of the Audubon Society in 2017, SVCW suggested the possibility that other areas near the treatment plant could be explored for use by domestic and migrating birds.

Staff have compiled a list of competitive grants available that could potentially offset costs to SVCW to develop the design for a potential site behind the Shores Dog Park. To advance this Project, Staff seeks direction from the Commission regarding pursuit of potential funding via grant application submittals to various agencies for the design, environmental, state land use approval, and permitting phases of this Project.

Planned Commission Actions: Approval to Submit Grant Funding Applications – January 2022

Application For Grant Funding Through The United States Department Of Energy (DoE): Application for an additional grant funding to augment Food Waste and Plant Energy System.

SVCW staff have identified an opportunity for an additional \$4 million grant from DoE in partnership with Stanford University. SVCW has developed a strong partnership with Stanford University, including work on CEC- and USBR-funded grants for the SAF-MBR project. This partnership has created a platform to assist SVCW in the evaluation of innovative and modern technologies for suitability prior to investment and implementation at SVCW. The proposed grant would provide funding to develop a real-time energy flexibility automation software platform and related automation and allow our engineers, operators, and external experts to deploy and fine-tune this platform to increase energy efficiency and reduce operating costs.

Planned Commission Actions: Approval to Submit Grant Funding Application – January 2022

CalRecycle Grant for Organics Co-Digestion (9257): Approve Contract for design and construction of organic receiving facility.

SVCW received a \$4 million grant from CalRecycle to augment the capacity of its organic co-digestion facility. Staff has been working towards moving the design and construction forward to implement the grant-funded facility.

Planned Commission Actions: Approve Agreement – February 2022

ONGOING PROJECTS IN CONSTRUCTION:

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

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

Construction on the GP project is complete, while construction continues on the PSI and FoP projects. Acceptance of the GP project will occur concurrently with acceptance testing of the FoP project. The FoP and PSI Projects are expected to be completed in late 2023. Refer to Commission Item 5F for status updates.

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 2023.

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

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

AGENDA ITEM 5E

Silicon Valley Clean Water
Commissioners' Requested Action Items

JANUARY 9, 2023
AGENDA ITEM 5E

Updated: 12/23/2022

Commission Meeting Date	Action Item		Requested or Estimated Date for Completion	Status			Date of Completion	Notes
				Ongoing	In Progress	Complete		
12/12/2022		No Action Items						
11/14/2022		No Action Items						
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.

Silicon Valley Clean Water
Commissioners' Requested Action Items

JANUARY 9, 2023
AGENDA ITEM 5E

Updated: 12/23/2022

Commission Meeting Date	Action Item		Requested or Estimated Date for Completion	Status			Date of Completion	Notes
				Ongoing	In Progress	Complete		
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
> 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 present changes to Commission.
		Water Feature Development	N/A			✓	1/9/2023	Information to be presented to Commission January 9, 2023
		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

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

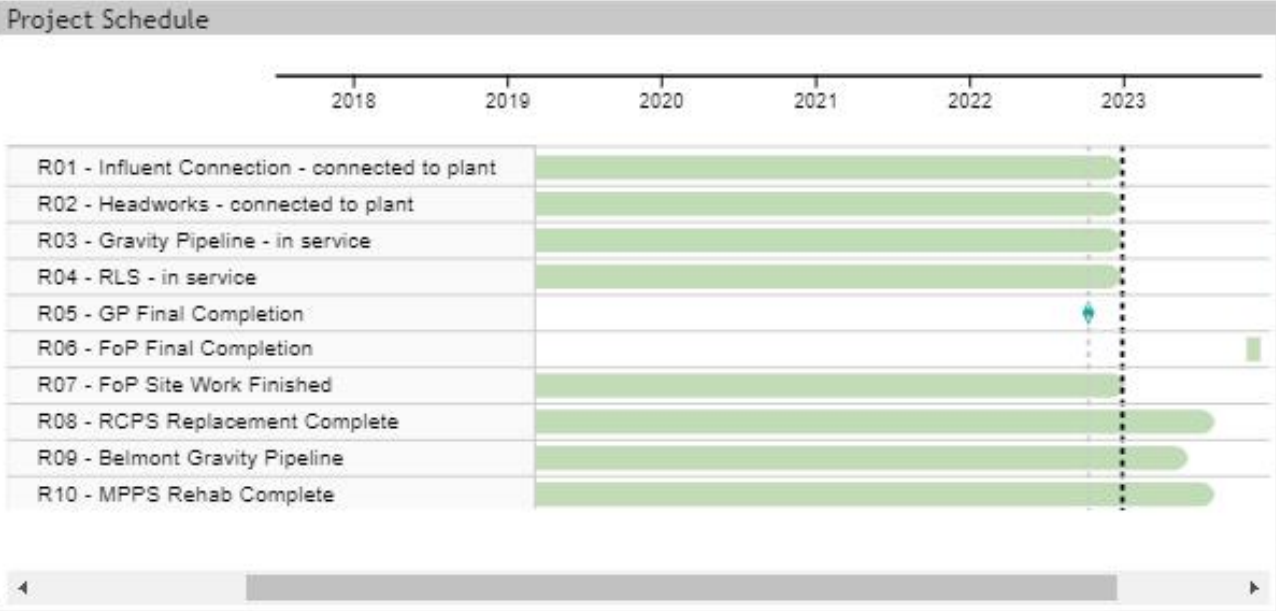
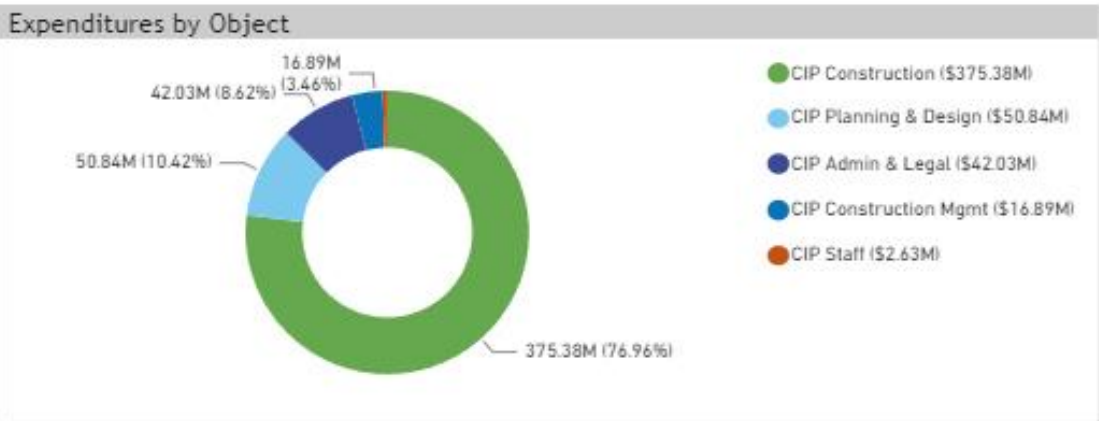
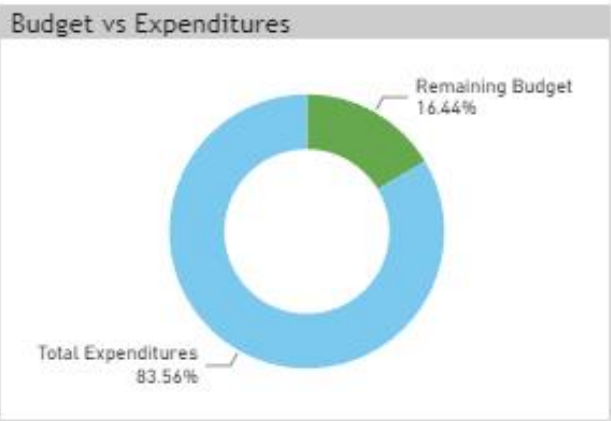
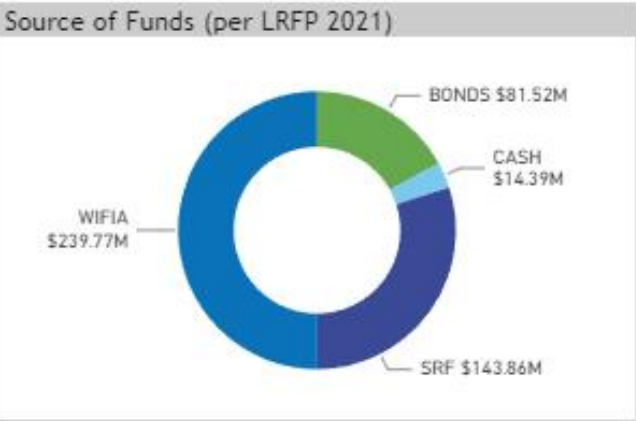
\$582.56M

Total Expenditure

\$486.80M

Remaining Budget

\$95.76M



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

Front of Plant Progressive DB Project (CIP 9502)

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

Available Budget

\$168.71M

Total Expenditure

\$141.79M

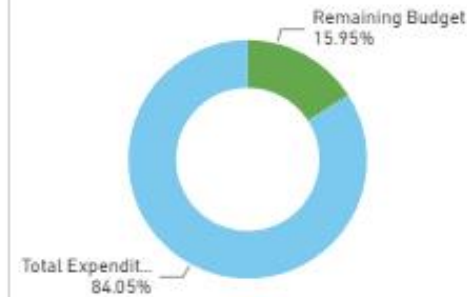
Remaining Budget

\$26.92M

Milestone Schedule

	Start	Finish
Interconnection Pipe Completed	7/24/2020	3/2/2023
Headworks Facility Completed	12/6/2018	9/14/2022
SFS/RLS Completed	12/6/2018	7/1/2022
Bair Island Connecting Piping	10/3/2022	6/10/2023
Substantial Completion		10/23/2023
San Carlos Connecting Piping	8/5/2022	7/25/2023

Budget vs Expenditures



Expenditures by Object



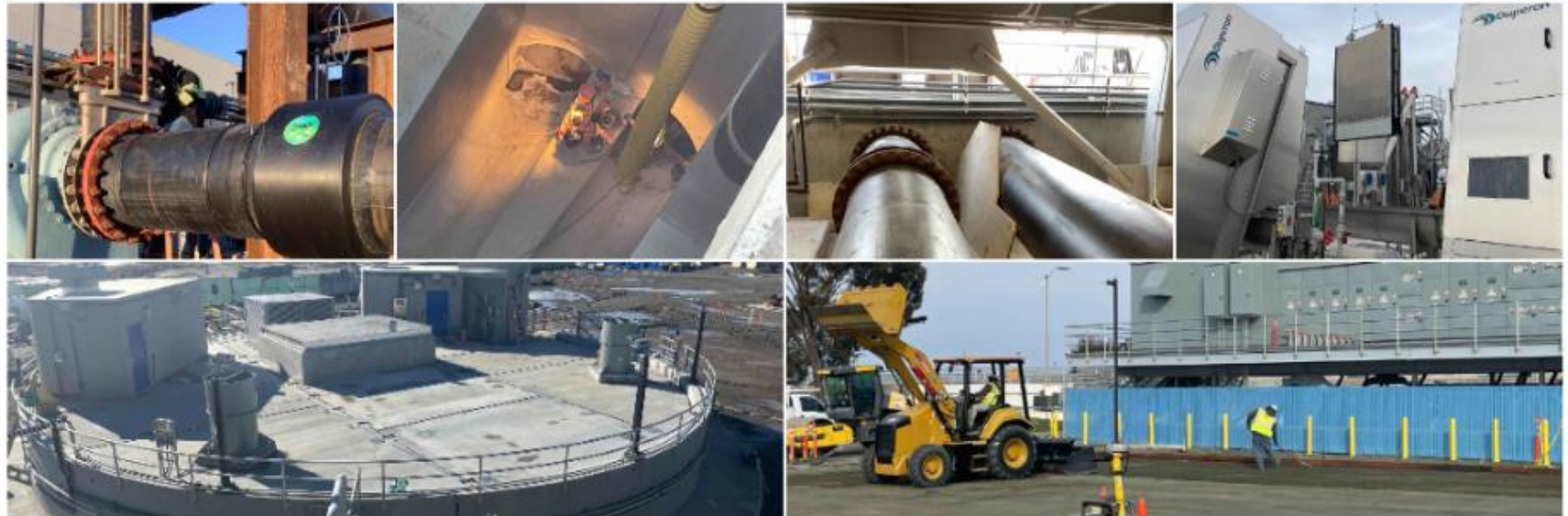
Cost Performance Index (CPI)



Schedule Performance Index (SPI)



As of : 2022 - 12



Major Accomplishments this Period

Construction	<p>-SPJV completed testing of the 48" IPL Bypass. SPJV began initial work to prepare for IPL installation.</p> <p>-SPJV hydro tested manifolds A & B inside the RLS.</p> <p>-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.</p> <p>-Yard work continues. The remaining scope includes installing a new gate and backfilling to grade.</p> <p>-Training is ongoing for SVCW's operation, mechanical, electrical, instrumentation, and control teams.</p> <p>-Startup is continuing for the headworks system.</p>
Design	-SPJV continues design of various site improvements.
Procurement of Trade Packages	-Front of Plant Trade Procurement is Complete.

3 - Month Look Ahead

	Start	End	January	February	March
SCPS Connecting Piping	August 5, 2022	July 25, 2023	X	X	X
Bair Island Connecting Piping	October 3, 2022	June 10, 2023	X	X	X
63" HDPE IPL Line Installation (Sta 7+65 to 9+05)	August 31, 2022	March 2, 2023	X	X	X
Start-Up and Commissioning	November 10, 2022	April 12, 2023	X	X	X
Final Site Improvements	November 28, 2022	November 23, 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

3 Water and Utilidor Improvements

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

Extended Overhead Costs Associated with CFRP Delays

ILS Pipe Repair

New County/Local Sales Tax

Project Management past December 2021

San Carlos and Bair Island Connecting Piping

Safety Spot Light

Lost Time	0
Near Misses	5
Recorded Losses	2

Gravity Pipeline Progressive DB Project (CIP 6008)

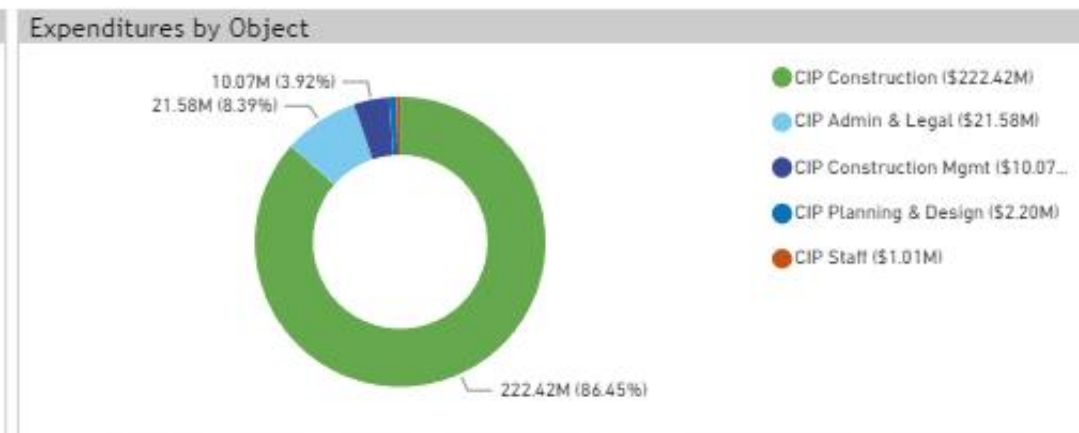
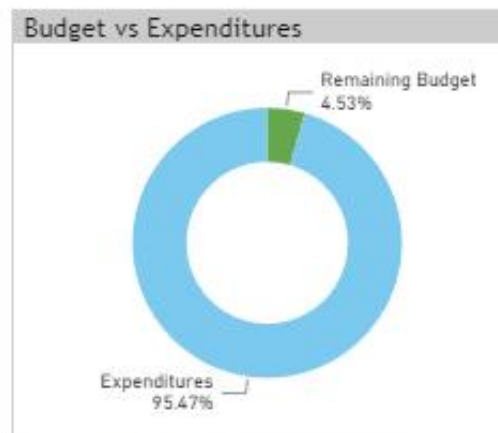
The Gravity Pipeline (GP) Project consists of the design, construction, permitting, start-up, commissioning, and closeout of approximately 17,600 feet of wastewater gravity FRP pipe inside a concrete-segment tunnel. The work includes three shafts and will interface directly with the Front of Plant (FoP)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

Available Budget
\$264.36M

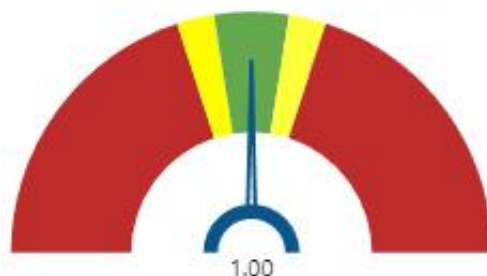
Total Expenditure
\$252.39M

Remaining Budget
\$11.97M

Milestone Schedule		
	Start	Finish
Conditional Substantial Completion		7/1/2022



Cost Performance Index (CPI)



Schedule Performance Index (SPI)



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 was issued for remaining funds.
Procurement of Trade Packages	-Gravity Pipeline Trade Procurement is Complete.

3 - Month Look Ahead

	Start	End

Potential Issues

--

Approved Project Changes

Acceptance Testing Time Extension
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
SFS Slurry Wall Hardness DSC
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

\$133.59M

Total Expenditure

\$80.66M

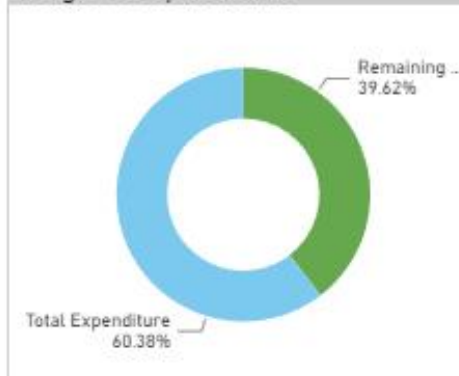
Remaining Budget

\$52.93M

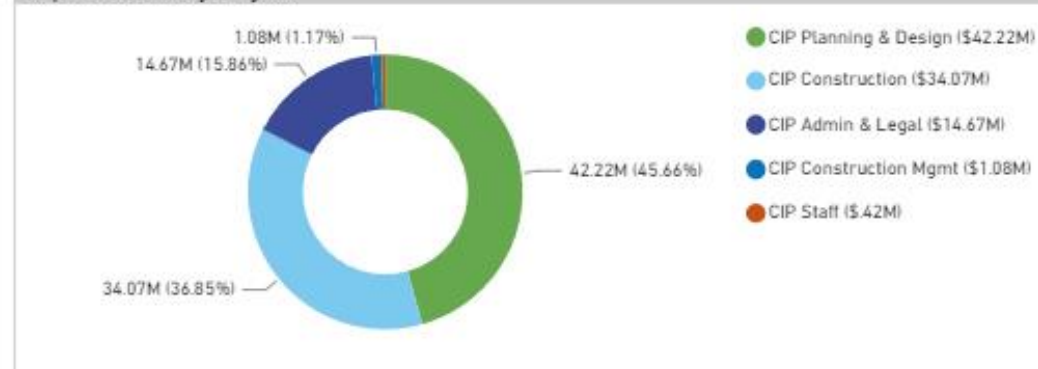
Milestone Schedule

	Start	Finish
BGP - Gravity Pipe Installed	5/15/2023	9/27/2023
MPPS - A-side Pumps Completed	10/13/2022	6/24/2023
MPPS - B-side Pumps Completed	3/15/2022	10/12/2022
RCPS - Electrical Building Completed	2/8/2021	5/18/2023
RCPS - PG&E Service Work	2/3/2023	3/17/2023
RCPS - Wet Well & Screening Building Completed	4/17/2022	6/7/2023
Substantial Completion - BGP		6/5/2023
Substantial Completion - MPPS		8/7/2023
Substantial Completion - RCPS		8/7/2023

Budget vs Expenditures



Expenditures by Object



Cost Performance Index (CPI)



Schedule Performance Index (SPI)



Pump Stations (CIP 9501)



Major Accomplishments this Period

Construction	<p>-BGP: The final microtunneling run has been completed and the microtunneling sub has demobilized.</p> <p>-RCPS: SPJV has installed the Screening Facility Slide Gates and staged the Mechanical Bar Screens on-site for installation after the Holidays. MMC continues with overhead conduit and conduit seismic support installation in the Electrical Building and the Screening Structure/Wet Well.</p> <p>-MPPS: New A-Side Pumps have been anchored in-place. SPJV has completed the majority of Wet Well A coating; touch-ups will occur after the baffle wall is fully installed. ATS was delivered and installed on-site. MMC began pulling cables between the new Generator, MTS and ATS and completed an internal megger testing of the pulled cables; all cables passed internal megger test. MMC continues with overhead conduit and conduit support installation in the Electrical Room, Wet-Side, and Pump Station exterior.</p>
Design	<p>-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 also looking into CIPP as an alternative. SPJV is coordinating with the Redwood City Police Department to stage a crane for the placement of the new RCPS Generator.</p>

3 - Month Look Ahead

	Start	End	January	February	March
MPPS - A-side Wet Well and Pumps	October 14, 2022	June 17, 2023	X	X	X
MPPS - Pump & Motor Rooms	March 15, 2022	April 20, 2023	X	X	X
MPPS - Building/Roof Improvements	September 10, 2021	May 2, 2023	X	X	X
MPPS - Electrical Room Improvements	July 6, 2021	May 11, 2023	X	X	X
BGP - Restoration of JS3	January 10, 2023	March 3, 2023	X	X	X
BGP - Restoration of RS3	March 6, 2023	April 20, 2023			X
RCPS - PG&E Service	May 4, 2021	February 16, 2023	X	X	
RCPS - Wet Well and Screening Building Structural Concrete	September 8, 2021	January 26, 2023	X		
RCPS - Mechanical - Wet Well	October 31, 2022	April 28, 2023	X	X	X
RCPS - Mechanical - Screening Structure	October 31, 2022	March 23, 2023	X	X	X
RCPS - Electrical / I&C - Wet Well	October 31, 2022	April 19, 2023	X	X	X
RCPS - Electrical / I&C - Screening Building	November 30, 2022	April 13, 2023	X	X	X
RCPS - Junction Box	January 30, 2023	June 30, 2023	X	X	X
RCPS - Electrical Building & Restroom	February 8, 2021	June 13, 2023	X	X	X
RCPS - 36" MPPS Force Main and Valve Vaults	February 24, 2023	August 29, 2023		X	X
RCPS - Site Utilities	December 27, 2022	November 21, 2023	X	X	X
RCPS - Standby Generator	June 2, 2021	February 10, 2023	X	X	

Potential Issues

Additional costs due to paving thickness in City of San Carlos
 BGP Piping in San Carlos Pump Station
 Challenges from permitting and land acquisition conditions at RCPS
 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

Approved Project Changes

Allowance Release, JS-4 Unforeseen Fiber Optic Utility Impacts
 Bair Island and San Carlos Pump Station Pipe Connection Work - electrical/instrumentation
 BGP Design Development
 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
 Differing Site Conditions and MPPS Generator Warranty Release
 Segment 1 Force Main Junction Box Repairs
 Stage 2 Baseline Schedule Revision
 Traffic Control Changes Allowance Release

Safety Spot Light

Lost Time	0
Near Misses	0
Recorded Losses	0

AGENDA ITEM 7A

**MINUTES OF SILICON VALLEY CLEAN WATER
REGULAR MEETING – December 12, 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
Jennifer Flick, SVCW Human Resources Director
Arvind Akela, SVCW Engineering & Environmental Services Director
Jessica Mangual, SVCW Secretary Pro Tem
Mark Minkowski, Kennedy Jenks
Sheryl Chia, Kennedy Jenks
Theresa Yee, City of Redwood City
Aren Hansen, Brown & Caldwell
Sergio Ramirez, West Bay Sanitary District
Derek Rampone, City of Redwood City
Bill Tanner, TPI

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 holiday safety.

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

ITEM 6

MATTERS OF COMMISSION MEMBER'S INTEREST

- A. Appreciation was given for Commissioner Lieberman for his years of service to SVCW.
- B. Commissioner Ron Collins was nominated to be appointed Commission Secretary
Motion/Second: Mr. Otte / Dr. Lieberman
The Motion carried by Unanimous Roll Call Vote

ITEM 7

CONSIDERATION OF MOTION APPROVING CONSENT CALENDAR ITEMS 7A THROUGH 7F

- A. APPROVAL OF MINUTES – November 14, 2022 - Regular Meeting
- B. CONSIDERATION OF MOTION APPROVING CLAIMS AND CHECKS DATED OCTOBER 19 – NOVEMBER 28, 2022, AND NECESSARY PAYMENTS THROUGH NOVEMBER 28, 2022
- C. CONSIDERATION OF RESOLUTION APPROVING REMOTE COMMISSION MEETINGS UNDER GOVERNMENT CODE SECTION 54953 OF THE BROWN ACT DURING EMERGENCY CONDITIONS

Proposed Action:

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

D. CONSIDERATION OF MOTION APPROVING FINAL ACCEPTANCE AND AUTHORIZATION TO FILE NOTICE OF COMPLETION FOR THE PRIMARY CHANNELS REHABILITATION AND HATCH REPLACEMENT PROJECT (CIP #9241)

Proposed Action:

Move approval to ACCEPT PRIMARY CHANNELS REHABILITATION AND HATCH REPLACEMENT PROJECT (CIP # 9241) AND AUTHORIZE FILING NOTICE OF COMPLETION – ERS INDUSTRIAL SERVICES, INC.

E. CONSIDERATION OF MOTION APPROVING PLANNING TASK ORDER SCOPE AND BUDGET FOR BURIED AND EXPOSED PROCESS PIPE REPAIR

Proposed Action:

Move approval of TASK ORDER SCOPE OF WORK AND BUDGET FOR PLANNING SERVICES FOR THE BURIED AND EXPOSED PROCESS PIPING REPAIR (CIP #9600) IN AN AMOUNT NOT TO EXCEED \$607,033 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – BROWN AND CALDWELL

F. CONSIDERATION OF RESOLUTION AND MOTION ACCEPTING REPAIRS TO THE DUAL MEDIA FILTER PIPE AND TERMINATION OF EMERGENCY CONDITION

Proposed Actions:

- i. Move adoption of RESOLUTION TERMINATING THE SUSPENSION OF COMPETITIVE BIDDING REQUIREMENTS CONFERRED BY RESOLUTION NO. 22-35 AND THE CORRESPONDING MANAGER AUTHORITY AND APPROVAL OF EXPEDITURES UP TO \$300,000 (DUAL MEDIA FILTER PIPE LEAK REPAIR – Project #359)
- ii. Move approval of MOTION TO ACCEPT DUAL MEDIA FILTER PIPE LEAK REPAIR PROJECT (Project #359) – POWER ENGINEERING CONTRACTORS

Motion/Second: Mr. Otte / Mr. Collins

The Motion carried by Unanimous Vote

ITEM 8A

CONSIDERATION OF RESOLUTION AND MOTION AWARDING CONSTRUCTION CONTRACT AND APPROVING ENGINEERING SERVICES DURING CONSTRUCTION TASK ORDER FOR RAS PIPELINE REHABILITATION PROJECT (CIP #9120)

Proposed Action:

- i. Move adoption of RESOLUTION APPROVING CONSTRUCTION CONTRACT DOCUMENTS FOR RAS PIPELINE REHABILITATION PROJECT (CIP #9120); ACCEPTING BID OF LOWEST RESPONSIBLE BIDDER; REJECTING ALL OTHER BIDS; AUTHORIZING EXECUTION OF AGREEMENT AND DIRECTING RETURN OF SECURITY DEPOSITS AND AUTHORIZING MANAGER TO APPROVE CONTRACT CHANGE ORDERS UP TO TEN PERCENT OF THE CONTRACT PRICE FOR SAID PROJECT – TRINET CONSTRUCTION, INC. (\$5,902,660)
- ii. Move approval of TASK ORDER FOR ENGINEERING SERVICES DURING CONSTRUCTION FOR RAS PIPELINE REHABILITATION PROJECT (CIP #9120) IN AN AMOUNT NOT TO EXCEED \$280,100 AND AUTHORIZE MANAGER TO APPROVE UP TO A TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – KENNEDY JENKS

Motion/Second: Mr. Otte / Mr. Collins

The Motion carried by Unanimous Vote

ITEM 8B

CONSIDERATION OF MOTIONS APPROVING BUDGET CONTINGENCY ADJUSTMENTS TO RESCU PROJECTS (CIP #S 6008, 9500, 9501, AND 9502)

Proposed Actions:

- i. Move approval of INCREASE IN RESCU PROGRAM MANAGEMENT PROJECT CONTINGENCY FROM \$ 15,303,048 TO \$ 15,903,048. (CIP #9500)
- ii. Move approval of INCREASE IN PUMP STATIONS IMPROVEMENTS PROJECT CONTINGENCY FROM \$132,289,099 TO \$133,589,099. (CIP #9501)
- iii. Move approval of INCREASE IN FRONT OF PLANT PROJECT CONTINGENCY FROM \$162,209,435 TO \$168,709,435. (CIP #9502)

Motion/Second: Mr. Collins / Dr. Lieberman

The Motion carried by Unanimous Vote

ITEM 8C

CONSIDERATION OF RESOLUTIONS ESTABLISHING JOB TITLE FOR THE POSITION OF LABORATORY QUALITY ASSURANCE OFFICER

Proposed Actions:

- i. Move adoption of RESOLUTION ESTABLISHING RATES OF PAY FOR PROFESSIONAL EMPLOYEES OF SILICON VALLEY CLEAN WATER AND RESCINDING AND RESTATING CERTAIN PROVISIONS OF RESOLUTION NO. SVCW 22-26 AND RESCINDING ANY AND ALL OTHER RESOLUTIONS OR PROVISIONS THEREOF IN CONFLICT HEREWITH

- ii. Move adoption of RESOLUTION AMENDING SECTION 6 OF RESOLUTION NO. SVCW 77-6, THE SVCW PERSONNEL RESOLUTION, RELATED TO CLASSIFICATION OF POSITIONS AND RESCINDING RESOLUTION NO. SVCW 22-27 AND ANY AND ALL OTHER RESOLUTIONS OR PROVISIONS THEREOF IN CONFLICT HEREWITH
- iii. Move adoption of RESOLUTION APPROVING UPDATED CONSOLIDATED PAY SCHEDULE FOR ALL REPRESENTED AND UNREPRESENTED EMPLOYEES OF SILICON VALLEY CLEAN WATER FOR FISCAL YEAR 2022-2023 AND RESCINDING RESOLUTION NO. SVCW 22-28

Motion/Second: Dr. Lieberman / Mr. Otte

The Motion carried by Unanimous Vote

ITEM 8D

CONSIDERATION OF RESOLUTION APPROVING CONTRACT CHANGE ORDER TO THE FRONT OF PLANT (FOP) DESIGN-BUILD AGREEMENT WITH SHEA PARSONS JOINT VENTURE (SPJV) FOR SCHEDULE EXTENSION COSTS

Proposed Action:

Move adoption of RESOLUTION AUTHORIZING THE SILICON VALLEY CLEAN WATER MANAGER TO APPROVE CONTRACT CHANGE ORDER FOR THE FRONT OF PLANT PROJECT IN AN AMOUNT NOT TO EXCEED \$1,714,780

Motion/Second: Dr. Lieberman / Mr. Collins

The Motion carried by Unanimous Vote

ITEM 8E

CONSIDERATION OF RESOLUTION APPROVING SVCW COMMISSION MEETING SCHEDULE FOR CALENDAR YEAR 2023

Proposed Action:

Move adoption of RESOLUTION ESTABLISHING AND ADOPTING COMMISSION'S REGULAR MEETING SCHEDULE FOR CALENDAR YEAR 2023

Motion/Second: Mr. Collins / Mr. Otte

The Motion carried by Unanimous Vote

ITEM 9

LABOR NEGOTIATIONS (Govt. Code Section 54957.6(a))

AGENCY NEGOTIATORS: Teresa Herrera, Manager
Matt Anderson, CFO/Asst Manager
Jennifer Flick, Human Resources Director
Monte Hamamoto, Chief Operating Officer
Charles Flesher, IEDA

EMPLOYEE ORGANIZATION: IUOE LOCAL 39

Closed Session was called to order at 8:50 a.m.

ITEM 10

RECONVENE IN OPEN SESSION

Open Session reconvened at 9:12 a.m.

Ms. Fitzgerald reported that, as to closed session item 9A, no action was taken and direction was given to staff and Counsel.

ITEM 11

ADJOURN

There being no further business, the meeting adjourned at 9:13 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 November 29, 2022 – December 27, 2022, were scanned and a copy was emailed to Commissioners and Legal Counsel on January 4, 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. At its December 12, 2022 meeting the Commission considered the safety of holding in-person meetings and made the determination to hold remote meetings by adopting Resolution No. 22-36.

DISCUSSION

This item is for the purpose of considering whether the current state of emergency as declared by the Governor warrants holding remote meetings for the next 30 days. To

continue to qualify for AB 361's waiver of in-person meeting requirements, the Commission must, within thirty (30) days of resolving remote meetings under AB361, and every thirty (30) days thereafter, make findings that a) state or local officials continue to recommend measures to promote social distancing, or that b) an in-person meeting would constitute an imminent risk to the safety of attendees.

The state of emergency proclaimed by the Governor on March 4, 2020 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.

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. 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

**APPLICATION FOR GRANT FUNDING THROUGH THE
UNITED STATES DEPARTMENT OF ENERGY****ISSUE**

In Collaboration with Stanford University, Approval to Apply for \$4 Million Grant Funding through the United States Department of Energy, “Decarbonization of Water Resource Recovery Facilities”

BACKGROUND

SVCW spends a significant percentage of its annual budget for electricity purchase and, over the past eleven years, have put focus on reaching higher energy efficiencies for all agency facilities. Given future stricter treatment standards and additional facilities, staff is constantly looking for better technologies and better operational parameters to reduce SVCW’s energy bills.

SVCW has undertaken many recent initiatives towards energy efficiency, including:

- 1) increasing biogas production through anaerobic co-digestion of organic wastes like fats, oils, and grease (FOG) and food waste,
- 2) generating power from the biogas using co-generation engines to reduce power purchased from P.G.&E.,
- 3) storing the generated energy in batteries to offset power demands during peak pricing periods, and
- 4) partnering with research entities like Stanford University to develop innovative wastewater treatment technologies, like SAF-MBR, with goals of lowering power requirements and meeting future regulatory requirements.

Details on the initiatives listed above include partnering with South Bayside Waste Management Authority (SBWMA) on a pilot-scale food waste receiving facility. The pilot scale facility is being successfully operated and both agencies seek to continue using the facility. In 2022, SVCW received a \$4 million grant from the California Department of Resources Recycling and Recovery (CalRecycle) to expand SVCW’s food waste co-digestion facility. SVCW beneficially utilizes the food waste slurry received from SBWMA to generate additional biogas through anaerobic digestion. This biogas then can be used to power SVCW’s existing 1.2 MW cogeneration engines to generate additional electricity and offset purchase of external power.

In 2020, using a \$1 million grant from the State of California, SVCW installed new 1 MW Tesla lithium-ion batteries to manage the treatment plant’s power demands. SVCW is one of the first agencies to implement such demand management strategies and technologies. The energy storage system (aka “batteries”) charges during low-cost, low demand electrical use periods and discharges at times of peak demand to reduce power costs.

These efforts have led to increased energy production and efficiencies and now staff seeks ways to optimize operations of the facilities. A real-time energy flexibility automation software platform could integrate SVCW’s SCADA data streams to coordinate

holistic operation of the batteries, food waste co-digestion, co-generation engines, and other efficiency measures in the treatment plant. This software platform would use machine-learning and will lead to operational cost savings while helping determine other avenues for energy efficiency.

For many years, SVCW and Stanford University have enjoyed a strong working relationship, including work funded by CEC and USBR grants. This partnership creates a platform to assist SVCW in evaluating innovative and modern technologies for suitability prior to investment and implementation at SVCW. It also allows SVCW to understand its options and contribute towards development of regional benefits that new technologies may provide.

DISCUSSION

The United States Department of Energy (DOE) recently announced a funding opportunity to advance research and development to decarbonize our nation's water treatment sector. The program puts specific focus on reducing greenhouse gas emissions from wastewater treatment plants.

SVCW, in partnership with Stanford University, is well-positioned to be eligible for this funding opportunity. The \$4 million grant would provide funding to develop a real-time energy flexibility automation software platform. This will allow our engineers, operators, and external experts to deploy and fine-tune the platform with the goal of increasing energy efficiency and reducing operating costs.

The DOE grant of \$4 million requires a matching cost-share (\$4 million) such that DOE and the grantee each contribute 50%. DOE will recognize the recently awarded \$4 million CalRecycle grant that SVCW received for its food waste organics co-digestion project as meeting the 50% matching contribution needed to qualify for the grant award. Therefore, no additional funds from SVCW are needed to secure this grant.

Taking advantage of local, state, and federal partnerships meets SVCW's mission and core values of providing wastewater treatment in a responsible and efficient manner and to be innovative regional leaders while operating cost-efficiently. This is a unique opportunity for SVCW to partner with industry leaders in wastewater treatment who also have a significant stake in the successful outcome of this work. Deployment of this software platform using machine learning, smart algorithms, and related automation is projected to help SVCW identify avenues for increasing energy efficiency and reducing operational costs. Thus, SVCW will continue to be a pioneer in applying innovative technology in the wastewater space.

Staff recommends the Commission support the application process for DOE grant funding.

FINANCES

No additional funds are needed to satisfy the grant's local match requirement.

RECOMMENDATION

Move adoption of RESOLUTION APPROVING AND AUTHORIZING SUBMITTAL OF APPLICATION TO UNITED STATES DEPARTMENT OF ENERGY FOR "DECARBONIZATION OF WATER RESOURCE RECOVERY FACILITIES" GRANT AND RELATED EXISTING MATCHING FUNDS

AGENDA ITEM 7E

**ORGANICS CO-DIGESTION PROJECT (CIP #9229)
ADDENDUM NO. 2 TO MEMORANDUM OF UNDERSTANDING
WITH SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY**

ISSUE

Approve Addendum No. 2 to Organics Co-Digestion Project (CIP# 9229) Memorandum of Understanding with South Bayside Waste Management Authority

BACKGROUND

SVCW embarked on an organics co-digestion project in 2014 when SVCW and South Bayside Waste Management Authority (SBWMA) executed a Memorandum of Understanding (MOU). The intent of the 2014 MOU was to collaborate on feasibility investigation into an organics co-digestion project that could benefit both agencies. Impetus for the project stemmed from a state-mandated reduction in short-lived climate pollutants contributing to greenhouse gas emissions. The mandate required solid waste agencies to divert organics from landfills. SBWMA began planning efforts towards meeting the new regulation and reached out to SVCW with possible collaboration concepts. While SVCW is not subject to the state mandate, assisting SBWMA by feeding the organic waste to SVCW's digesters could benefit SVCW with increased biogas production. Biogas production is used to fuel SVCW's cogeneration engines to produce electricity which lowers the amount that needs to be purchased from the electrical utility, P.G.&E.

Since 2014, both agencies have worked towards determining feasibility in each respective agency operations. Through a pilot-level program with Recology-San Francisco in 2018 followed by a pilot program with SBWMA in 2020/2021, SVCW has proven that co-digestion with solid waste-derived organics fed into its digesters is feasible and boosts biogas production, in turn increasing in-house energy generation. The pilot-scale food-waste receiving facility built in 2018 can receive up to 20 wet tons of organics extracted from residential waste.

SBWMA expects that up to 200 wet tons per day can be extracted from solid waste, however, SVCW's pilot facility and air permit allows for up to 20 wet tons per day only. Upsizing the facility has a significant cost (estimated at over \$60 million) as well as changes to the air permit. Changing the air permit poses significant challenge but discussions continue with the Bay Area Air Quality Management District to do so.

DISCUSSION

Since SVCW is not required by regulation to participate in this program with SBWMA, costs incurred by SVCW need to be recouped via tipping fees within a reasonable time frame ("reasonable" is defined as a minimum 8-year breakeven point). A financial model was prepared under multiple scenarios of a full-scale facility to achieve an 8-year breakeven point; tipping fees were estimated to be between \$96 to \$137 per wet ton. SBWMA has referenced a tipping fee expectation of \$35 per wet ton which was based upon a high-level estimate established from 2014 (inflationary increases since 2014 would bring that estimate to nearly \$47 per wet ton today).

To continue the program and working relationship, SVCW and SBWMA entered a new MOU in 2020 delineating responsibilities and procedures to operate a pilot-level facility at 20 wet tons per day. Both agencies would further refine operations and costs associated with bringing organic waste to SVCW and a tipping fee was set at \$50 per wet ton with an understanding that SVCW would fine-tune operating costs while SBWMA would refine its material quality and delivery methods.

Continuous deliveries of organic waste began in May 2022, enabling SVCW to establish a more accurate cost for accepting the material. The cost was refined at \$32 per wet ton. This information was provided to SBWMA who has accepted the price. SVCW and SBWMA have developed an Addendum (No. 2) to the 2020 MOU with three changes:

1. Extend the term of the MOU to December 31, 2023
2. Define delivery methods and terms more definitively
3. Establish a tipping fee of \$32 per wet ton

It is understood that delivery methods by SBWMA and operational means by SVCW will continue and that efficiencies will continue to be sought. Further, SVCW continues to work with the Bay Area Air Quality Management District to add more flexibility to the current permit requirements and to determine if the amount of organic material delivered to SVCW can be increased.

On October 27, 2022, the SBWMA Board of Directors approved Addendum No. 2 to the March 9, 2020 Memorandum of Understanding. This agenda item seeks approval from SVCW's Commission to approve Addendum No. 2.

FINANCES

There is a net zero financial impact associated with the addendum to the MOU.

RECOMMENDATION

Move approval of ADDENDUM NO. 2 TO MEMORANDUM OF UNDERSTANDING BETWEEN SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY AND SILICON VALLEY CLEAN WATER

AGENDA ITEM 7F

**SILICON VALLEY CLEAN WATER
PROCUREMENT MANUAL**

ISSUE

Adoption of the Silicon Valley Clean Water Procurement Manual

BACKGROUND

Excluding construction, which is procured under standard construction documents, Silicon Valley Clean Water (“SVCW”) purchases approximately \$11 million annually in goods and services. When purchasing such supplies, equipment, and services, SVCW staff follow purchasing guidelines and best practices to foster competition, ensure fair and ethical procurement practices, and operate efficiently.

DISCUSSION

SVCW non-construction procurement activities are currently managed under a combination of guidelines and Standard Administrative Procedures (“SAPs”) that ensure the Authority’s best interests are met. To provide uniformity and increase efficiency, relevant SAPs and directives were consolidated into a single Procurement Manual (“Manual”) that governs procurement decisions and processes. The Manual also defines roles and responsibilities, documents internal controls, and emphasizes the importance of staff adherence to all procurement standards.

While SVCW staff have abided, and continue to abide by, the best practices noted above, the SVCW Manager and CFO recommend that the proposed Manual be adopted pursuant to California Government Code sections 54201 to 54205. The Manual has also been drafted consistent with directives contained within the SVCW Joint Exercise of Powers Agreement.

FINANCES

There is no financial impact associated with this item.

RECOMMENDATION

Move adoption of RESOLUTION ADOPTING THE SILICON VALLEY CLEAN WATER PROCUREMENT MANUAL

AGENDA ITEM 7G

**BIOSOLIDS DRYING
AGREEMENT WITH BIOFORCE TECH****ISSUE**

Approve Agreement with BioForceTech for SVCW Biosolids Drying and Pyrolysis

BACKGROUND

In March 2019, the Commission approved purchase of a biodryer system that had been pilot tested, full-scale tested, and proven effective at the SVCW treatment plant site. The biodryer system was developed by the firm BioForce Tech (BFT). As part of the purchase agreement, BFT was to make certain modifications to the system, including replacing the old biodryers with new biodryers and converting electrical and controls equipment to make it is compatible with SVCW in-place systems. Additionally, BFT would operate and maintain the system for a 12-month period while training SVCW operations and maintenance staff. The 12-month operational period is complete as of the end of 2022.

DISCUSSION

The BFT biosolids drying system is comprised of three biodryers and a pyrolysis unit. SVCW staff have been learning the biodryer system over the course of 2022 and are now fully capable of operating it. The pyrolysis unit is somewhat challenging to keep operational and BFT continues to operate and maintain this unit while also training staff. Because the pyrolysis unit takes more maintenance time than originally anticipated, BFT and the SVCW Manager have agreed that it is in both parties' interest to enter a new agreement with BFT and extending BFT's stay at SVCW for another two years at a nominal cost to SVCW. Thus far, monthly charges have been \$21 thousand for operations and maintenance of the biodryers and pyrolysis. The cost for ongoing services is being negotiated but will be lower than last year's costs as BFT will be responsible for the pyrolysis unit only. SVCW's Standard Services Agreement is being used as the basis for the ongoing services by BFT.

In addition to extending BFT's stay at SVCW's treatment plant, a non-disclosure agreement (NDA) is needed to ensure that BFT's proprietary information is protected. An NDA has been prepared and reviewed by both parties' respective management and legal teams. Minor cleanup of both agreements is required which will be performed by the SVCW Manager and General Counsel.

The Manager recommends approval of a services agreement and Non-disclosure agreement between BioForceTech and Silicon Valley Clean Water.

FINANCES

Purchase and operation of the biosolids drying system is funded via CIP # 9231 BioforceTech Dryer System. Approximately \$1.3 million remains in the allocated budget.

RECOMMENDATION

Move adoption of RESOLUTION APPROVING SERVICES AGREEMENT AND NON-DISCLOSURE AGREEMENT WITH BIOFORCETECH

AGENDA ITEM 8A

**AVIAN HABITAT ENHANCEMENT PROJECT (CIP #9237)
APPLICATIONS FOR GRANT FUNDING FOR DESIGN, ENVIRONMENTAL REVIEW,
STATE LAND USE APPROVAL, AND PERMITTING PHASES**

ISSUE

Approval to Submit Grant Applications to Various Agencies Seeking Funding for Design, Environmental Review, State Land Use Approval, and Permitting Phases for an Avian Habitat Enhancement Project

BACKGROUND

Prior to the Regional Environmental Sewer Conveyance Upgrade Program (RESCU), Silicon Valley Clean Water (SVCW) maintained two large ponds filled with recycled water for dust control along Radio Road, where the Front of Plant (FoP) RESCU construction and project staging are currently located. Storage of recycled water in the area controlled salty airborne dust preventing it from interfering with treatment plant equipment during windy days. In addition, the water in the area was preferable to maintaining the area in a dry condition because the presence of water provided an ornamental feature enhancing the buffer between the treatment plant and the community. The former recycled water-fed ornamental ponds were fully integrated into use with the completion of the City of Redwood City Recycled Water Project in 2005. The ornamental ponds provided an unintentional and secondary community benefit of easily accessible, year-round bird watching opportunities. With the construction of the FoP Project, the ponds are no longer available for this unintended community benefit.

During the environmental process for the RESCU Program, community outreach with members of the local Audubon Society raised concerns about the loss of bird watching opportunities in the ornamental ponds. Because the ponds were created and maintained artificially, there was agreement amongst all parties that the loss of the ornamental ponds was not a significant environmental impact. This conclusion and the reasons behind it are fully documented in the RESCU Program Environmental Impact Report (EIR). This is supported by the fact that the U.S. Army Corps of Engineers determined that the ornamental ponds were not waters of the United States. In conversations with the local chapter of the Audubon Society in 2017, SVCW suggested the possibility that other areas near the treatment plant could be explored for use by domestic and migrating birds. However, no specific commitment was made by SVCW to provide an area for this use.

Staff has explored possible locations and determined that the only potentially feasible area close to the treatment plant was one on the southwest side of Radio Road behind the "Shores Dog Park". The land is owned by the State Lands Commission of California (State Lands) and managed by California Department of Fish and Wildlife (CDFW). In coordination with the Audubon Society, a conceptual plan was developed, and coordination was completed for CDFW approval and completion of the project on their property. The conceptual plan was designed with the following goals:

- Provide year-round nesting and foraging habitat by increasing the hydroperiod within unvegetated areas of the parcel using SVCW recycled water

- Enhance nesting habitat availability by constructing nesting islands
- Target habitats suitable for a diverse array of waterbirds and shorebirds
- Provide easily accessible recreational birdwatching opportunities for the general public, including a viewing platform
- Provide no net loss or an increase in suitable salt marsh harvest mouse habitat (endangered species) on the parcel.

Because the land is managed by CDFW and designated as part of the Redwood Shores Ecological Reserve, it is highly possible that the Project is eligible for California Environmental Quality Act (CEQA) Categorical Exemption based on Section 15304, Minor Alterations to Land. This exemption allows minor alterations in land, water, and vegetation on existing officially designated wildlife management areas which results in improvement of habitat for wildlife resources. However, making this determination requires concurrence from CDFW. If this Project is not eligible for Categorical Exemption, an Initial Study and Mitigated Negative Declaration is anticipated, which will require approximately 6 – 8 months to complete.

The cost to complete this project is estimated at approximately \$4.2 million and the annual operation and maintenance cost is estimated at approximately \$60,000, including the cost of the recycled water. Input from the Commission in 2021 was for staff to identify outside funding that could be obtained for project implementation.

DISCUSSION

To identify outside funding opportunities, staff has compiled a list of competitive grants available, as shown in Table 1, that could potentially offset costs to SVCW. The list details the relevancy of the project to grant goals and lists projects that have recently been awarded funding.

Staff seeks direction from the Commission regarding pursuit of potential grant funding via grant application submittals to various agencies for design, environmental review, state land use approval, and permitting phases of this Project. Each grant administration agency has a different schedule and funding requirements. Some require matching funds by the applicant while some do not. Some applications have hard deadlines while some have continuous application processes. Staff proposes to proceed with grant application submittals to agencies that do not require a matching fund and that are currently accepting applications.

Completing grant applications will require a small amount of staff time as well as review and coordination with consultants. Although not all grants require matching funds, providing matching funds typically leads to more successful outcomes, with higher application scores. If approved to move forward, it is Staff's intention to provide matching funds with in-kind contributions comprised of staff time or up to \$50,000 under the Manager's authorization for grants that do not require matching funds. If matching fund requirement exceeds the Manager's authorization, staff will return to the Commission for further approval prior to application submittal.

Table 1 Funding Opportunities Table

Organization Name	Grant Program Name	Purpose	Funds Available	Cost Share	Awarded Project Examples within Region/State	Relevancy of Project to Grant Program Goals	Program Website
San Francisco Bay Restoration Authority	Measure AA Grant Program	Allocates resources for restoration, enhancement, and protection of wildlife habitat at the San Francisco Bay shoreline. Funds shoreline projects that restore habitat for birds or increase shoreline public access and recreational areas.	<ul style="list-style-type: none">• Approximately \$25 million available each year for 20 years for a total of \$500 million.• Grant awards range from a few hundred thousand to several million dollars.• Currently anticipates funding approximately 5-10 projects per grant round.	Cost share is not required.	<ul style="list-style-type: none">• Baylands Habitat Restoration and Community Engagement in East Palo Alto (\$688,016)• San Leandro Treatment Wetland for Pollution Reduction, Habitat Enhancement and Shoreline Resiliency (\$539,000)	High	https://www.sfbayrestore.org/restoration-authority-grants
California State Coastal Conservancy	Multiple	Benefits public access, natural resources, working lands, and climate resiliency on the California Coast.	<ul style="list-style-type: none">• Multiple funding programs.• No established minimum or maximum amounts.• Recent project budgets range from a few hundred thousand to several million dollars based on project needs, benefits and competing demands for existing funding.	Cost share is not required.	<ul style="list-style-type: none">• Climate Adaptation in South San Francisco Bay for San Francisco Bay Bird Observatory (\$150,000)• Inner Bair Island Wetland Restoration in Redwood City (\$518,785)• South Bay Salt Pond Restoration Project Phase 2 Implementation (\$2,804,651)	High	https://scc.ca.gov/grants/
California Wildlife Conservation Board	Habitat Enhancement and Restoration Program	Restores California lands to protect wildlife values and provide wildlife-oriented public access.	<ul style="list-style-type: none">• No established minimum or maximum amounts for grant awards.• Recent awards range from a few hundred thousand to several million dollars.	Cost share not required but considered as part of proposal evaluation.	<ul style="list-style-type: none">• Pacheco Creek Reserve Restoration and Planning in Santa Clara County (\$350,000)• Seasonal Wetland and Upland Nesting Habitat Restoration at the Grizzly Island Wildlife Area in Solano County (\$1,100,000)	High	https://wcb.ca.gov/Grants
US Fish & Wildlife Service	North American Wetlands Conservation Act Grants	Provides long-term protection, restoration, and/or enhancement of wetlands and associated uplands habitats for the benefit of all wetlands-associated migratory birds.	<ul style="list-style-type: none">• Recent grant awards include projects up to two million dollars.	50% minimum match required.	<ul style="list-style-type: none">• Wetland and waterfowl habitat restoration, enhancement, and acquisition project in the Sacramento Valley (\$1,000,000)• Wetland and pond improvements for waterfowl and passerine habitat in the San Joaquin and Kern River Watersheds (\$2,000,000)	Moderate	https://www.fws.gov/service/north-american-wetlands-conservation-act-nawca-grants-us-standard
California Department of Fish and Wildlife	Proposition 68 – Fish and Wildlife Habitat Restoration Grants	Improves conditions for fish and wildlife in streams, rivers, wildlife refuges, wetland habitat areas, and estuaries and provides for funds for land acquisition.	<ul style="list-style-type: none">• Recent grant awards range from several hundred thousand to approximately five million dollars.	Cost share not required but weighted as part of proposal evaluation.	<ul style="list-style-type: none">• Bellota Fish Screen and Passage Improvement Project in San Joaquin County (\$1,952,559)	Low	https://wildlife.ca.gov/Conservation/Watersheds/Prop-68

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If SVCW receives grant funding, staff will bring forward to the Commission consideration of a funding agreement approval to further design, land-owner coordination, and permitting phases. Upon completion of these phases, the Project would be “shovel-ready” and in an attractive position to obtain future construction grants to implement the Project.

FINANCES

Up to \$50,000 grant matching will be funded by CIP Project #9237 which, as of December 20, 2022, has \$3.7 million remaining balance.

RECOMMENDATION

Move adoption of RESOLUTION AUTHORIZING SUBMITTAL OF GRANT FUNDING APPLICATIONS FOR DESIGN, ENVIRONMENTAL REVIEW, STATE LAND USE APPROVAL, AND PERMITTING PHASES FOR AN AVIAN HABITAT ENHANCEMENT PROJECT

AGENDA ITEM 8B

**LONG RANGE FINANCIAL PLAN
2023 UPDATE****ISSUE**

Receipt and Approval of the Silicon Valley Clean Water Long Range Financial Plan 2023 Update

BACKGROUND

Silicon Valley Clean Water (“SVCW”) updates its Long-Range Financial Plan (“LRFP” or “the Plan”) at the beginning of each calendar year. The Plan describes cash flows needed over a 10-year forward projection and, therefore this proposed LRFP 2023 update describes the cash flows needed by SVCW through fiscal year 2032-33. It includes funding for operations and maintenance of wastewater facilities, revenue-funded capital projects, debt service payments, and ongoing cash reserve contributions. The purpose of the LRFP is to inform Member Agency staff who may incorporate the financial projections into rate planning and other decision-making associated with its sewer operations.

The Plan conforms to the financial and budgetary aspects of the SVCW Joint Powers Agreement. It incorporates the adopted 2022-23 operating/capital budgets along with relevant fiscal policies that may shape SVCW cash flow requirements. SVCW staff intends the Plan to fairly reflect actual operating costs, anticipated construction activities, and debt service payments.

DISCUSSION

SVCW’s Capital Improvement Program (“CIP”) has replaced and rehabilitated much of its wastewater conveyance and treatment system since 2008. Now in its fifteenth year, the CIP has completed over 135 projects. The Authority will complete its largest capital project in its history, the Regional Environmental Sewer Conveyance Upgrade (“RESCU”), in 2024. In addition to RESCU, other critical projects at the treatment plant include replacement of fixed film reactors (FFR’s) and pipe rehabilitation. From July 01, 2022 through Fiscal Year ended 2032, expenditures for projects identified in the CIP are estimated at \$243.2 million as illustrated below:

Identified Capital Expenditures through Fiscal Year 2032; by CIP Program											
CIP Program	FYE 2023	FYE 2024	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032	TOTAL
Gravity Pipeline	\$ 13.0	\$ 0.1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13.1
Front of Plant Facilities	34.2	6.3	-	-	-	-	-	-	-	-	40.6
Pump Stations & Pipelines	59.5	12.5	-	-	-	-	-	-	-	-	72.1
Treatment Facilities	9.9	33.0	34.9	13.5	3.7	3.0	2.2	2.2	2.2	2.2	107.0
Nutrient Removal	1.7	3.5	3.5	1.7	-	-	-	-	-	-	10.5
TOTAL	\$ 118.4	\$ 55.5	\$ 38.4	\$ 15.3	\$ 3.7	\$ 3.0	\$ 2.2	\$ 2.2	\$ 2.2	\$ 2.2	\$ 243.2

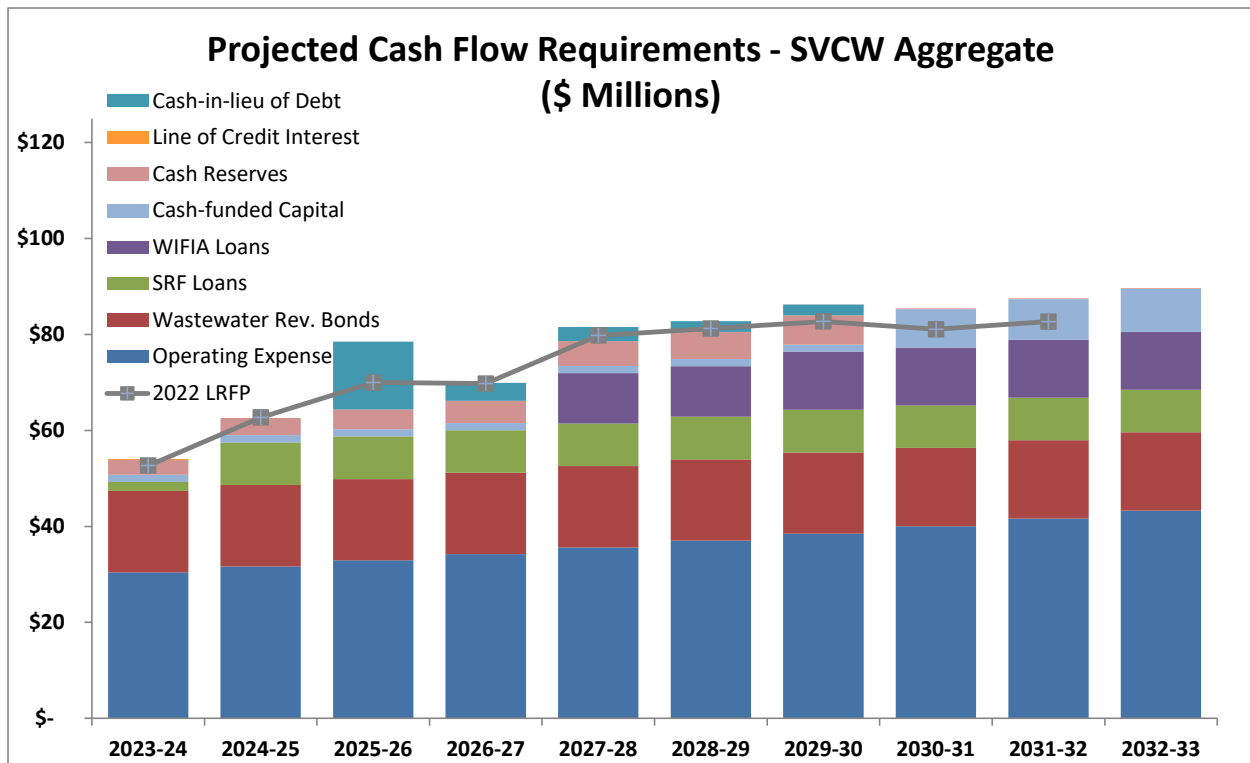
The CIP has been chiefly funded with long-term debt, with some members opting to contribute cash in lieu of participating in SVCW debt issuance. In recent years SVCW was able to secure over \$300 million in low-interest government loans and refund earlier bond series, all with unanimous participation of members.

Each year, the LRFP updates funding strategies by considering three critical items:

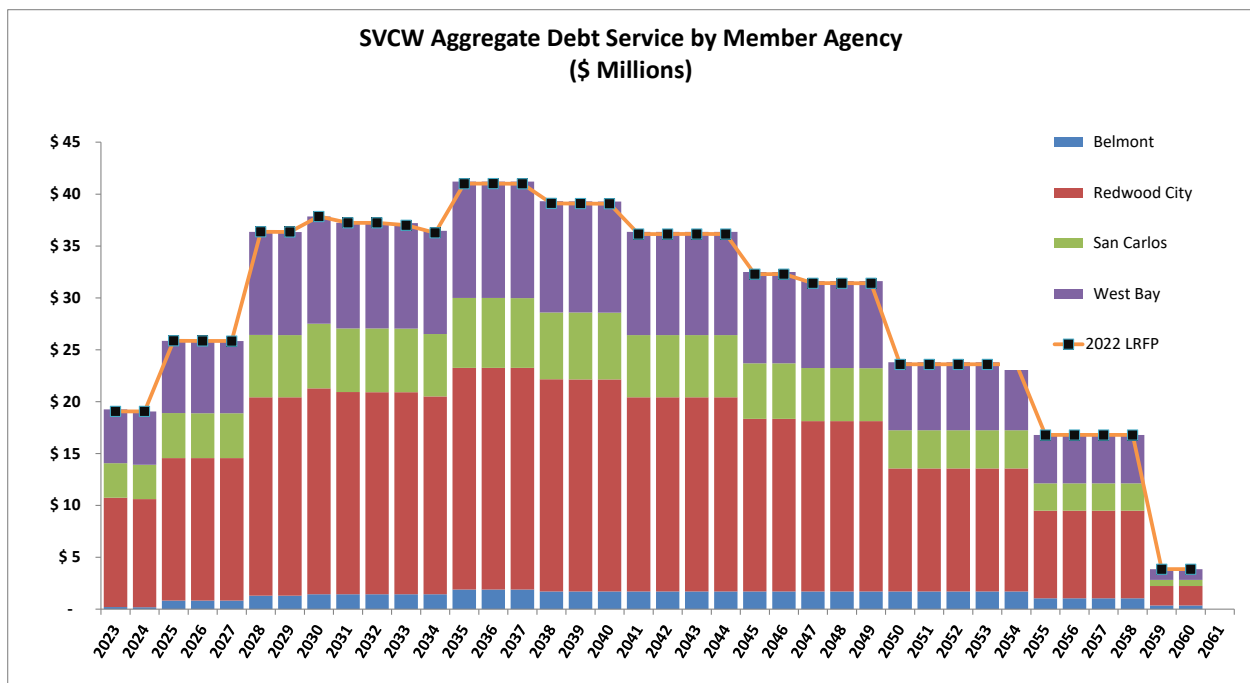
- **CIP Update:** SVCW regularly updates cost estimates of remaining CIP projects by adjusting for project additions and deletions, changes in project scopes, and new pricing information. In December 2022, the Commission authorized an additional \$8.4 million to project budgets, which have been incorporated into this LRFP.
- **Construction Timing:** Adjustments to RESCU program constructions has largely remained on schedule using the Progressive Design-Build project delivery method. Modest delays to the Pump Station Improvement project schedule were considered in this funding plan.
- **Financing Sources and Rates:** The LRFP made no changes to existing debt structures, as SVCW has already secured low interest rates and favorable loan terms that fund most remaining identified capital expenditures. SVCW has closed governmental loans from the California State Water Resource Control Board (“SWRCB”) and the U.S. Environmental Protection Agency (“U.S. EPA”). Financings currently being drawn upon include:
 - Three separate SWRCB State Revolving Fund (“SRF”) Loans valued at a combined \$169 million were executed at 0.90% for the RESCU program. Debt service payments will commence in fiscal year 2024-25, one year after project completion.
 - Three U.S. EPA Water Infrastructure Finance Innovation Act (“WIFIA”) Loans were executed, one in 2019 and two in 2021. The RESCU program draws from a \$218 million WIFIA Loan that closed in 2019 at 1.41% and a \$68.9 million loan secured at 1.93% in 2021. Treatment Plant projects are being funded through a \$73.8 million loan at 1.94%. WIFIA amortization schedules were wrapped around existing debt service payments.

FINANCES

The 2023 LRFP describes the structure, timing, and amount of all SVCW expenditures over the next decade and is useful to Member Entities for rate-setting purposes. It incorporates inflationary factors, estimates debt service payments, provides for cash-funded capital projects, and accounts for future contributions to cash reserves. SVCW anticipates \$53.9 million will be needed in fiscal year 2023-24, with the annual figure rising to \$89.7 million in ten years. Projected cash flow requirements are shown on the following page.



Compared to the prior year plan, there are no material changes to debt service payments for SVCW Members. The Maximum Annual Debt Service payment (or “MADS”) is now anticipated in fiscal year 2034-35 and estimated at \$41.2 million.



With most CIP funding already secured, the Plan recommends a cash-based approach to fund approximately \$43.7 million. Individual Members may of course determine that,

for their own specific purposes, the debt market is appropriate for their needs. SVCW proposes the following approach which is reflected in the 2023 LRFP:

Proposed Sources to fund CIP Expenditures not yet secured by existing debt (\$ Millions)											
Description	FYE 2023	FYE 2024	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032	TOTAL
Stage 2 Capacity Funds	\$ -	\$ 3.5	\$ 9.3	\$ 1.1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13.9
Cash in lieu of Debt	-	-	-	14.2	3.7	3.0	2.2	2.2	-	-	25.3
CIP Reserve, Redirected	-	-	-	-	-	-	-	-	2.2	2.2	4.5
TOTAL	\$ -	\$ 3.5	\$ 9.3	\$ 15.3	\$ 3.7	\$ 3.0	\$ 2.2	\$ 2.2	\$ 2.2	\$ 2.2	\$ 43.7

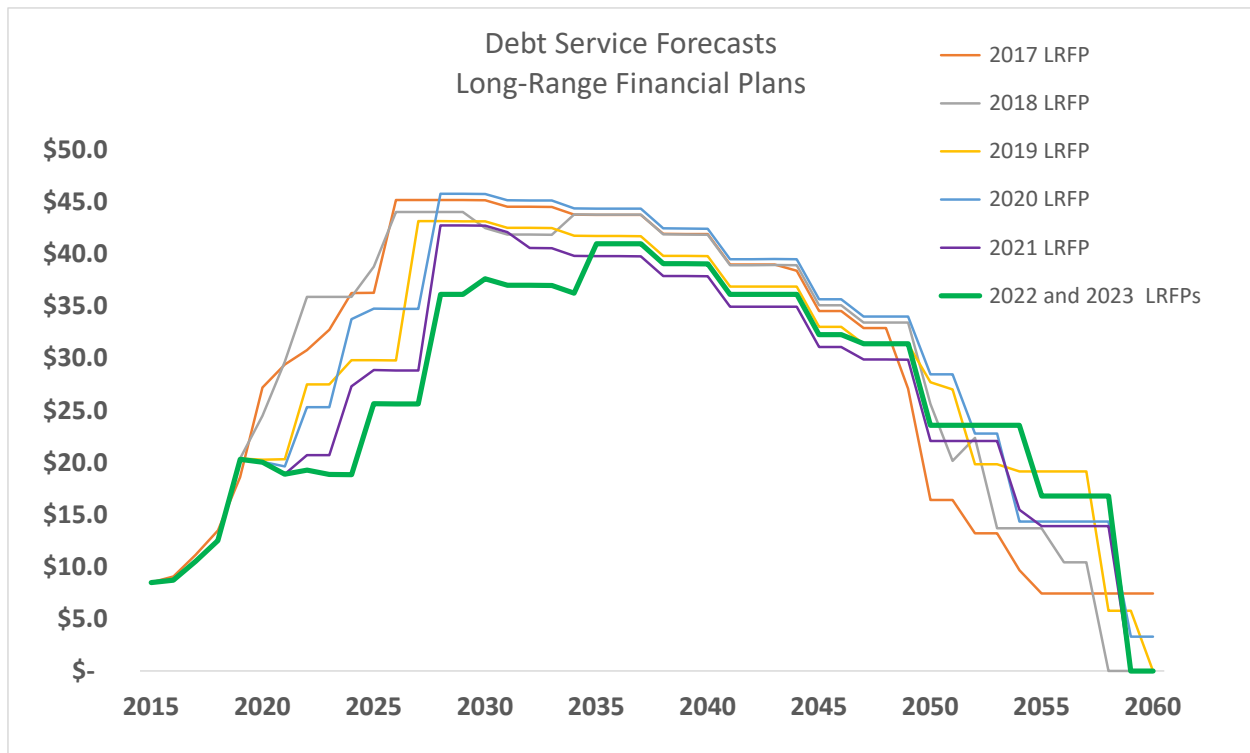
- **Stage 2 Reserves:** As of November 30, 2022, approximately \$13.9 million is held in this reserve and would be directed to pay for projects designed to maintain SVCW's treatment capacity.
- **Cash in lieu of Debt:** As surplus cash was available Members have at times opted to fund CIP construction with cash rather than issuing additional debt. A similar approach is proposed for a five-year period beginning fiscal year 2025-26, when approximately \$25.3 million in project expenditures would be required. Alternatively, Members may choose to utilize SVCW's line of credit or issue fixed-rate wastewater revenue bonds.
- **Redirected CIP Reserve Contributions:** Beginning fiscal year 2030-31, the CIP Reserve Fund is predicted to reach its target balance. CIP Reserve Policy (Policy #2013-03) establishes a target balance and thereafter redirects annual contributions to CIP projects. By applying this policy, Members' ordinary amounts for reserve contributions continue but are used towards \$4.4 million for projects in fiscal years 2030-31 through 2031-32.

To avoid additional debt issuance, the above proposal's cash contributions by Member would be as follows:

Member allocations of Proposed Cash Funding (\$ Millions)												
Description	JPA %	FYE 2023	FYE 2024	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032	TOTAL
Redwood City	48.57%	\$ -	\$ -	\$ -	\$ 6.9	\$ 1.8	\$ 1.4	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1	\$ 14.5
WBSD	26.84%	-	-	-	3.8	1.0	0.8	0.6	0.6	0.6	0.6	8.0
San Carlos	15.14%	-	-	-	2.1	0.6	0.4	0.3	0.3	0.3	0.3	4.5
Belmont	9.45%	-	-	-	1.3	0.4	0.3	0.2	0.2	0.2	0.2	2.8
TOTAL	100.00%	\$ -	\$ -	\$ -	\$ 14.2	\$ 3.7	\$ 3.0	\$ 2.2	\$ 2.2	\$ 2.2	\$ 2.2	\$ 29.8

Cash flows are described in more detail on pages 38 through 41 of the attached LRFP. A presentation further discussing the 2023 LRFP Update will be given at the Commission meeting.

The Long-Range Financial Plan illustrates the value of iterative updates. Positioned to take advantage of government loans and declining interest rates, anticipated debt payments significantly improved from prior years' estimates:



RECOMMENDATION

Move approval of RECEIPT AND ACCEPTANCE OF SILICON VALLEY CLEAN WATER LONG-RANGE FINANCIAL PLAN 2023 UPDATE



Silicon Valley Clean Water



Long Range Financial Plan

Updated January 2023

Cover Photo by Tyler Bradford

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Ron Collins

Title

Chair

Vice Chair

Member

Secretary

Member Agency

City of Redwood City

West Bay Sanitary District

City of Belmont

City of San Carlos

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Table of Contents

SECTION 1 – EXECUTIVE SUMMARY AND INTRODUCTION	1
Purpose of Long-Term Financial Planning	5
Organizational and Business Structure.....	7
Governance and Management.....	7
Financial Oversight and Control	8
Comparative Residential Sewer Charges.....	8
Regulations and Permits	9
Financial Modeling	10
SECTION 2 – GUIDING DOCUMENTS AND PRINCIPLES.....	13
Audited Financial Reports	13
Operating Budgets	13
Expenditure Allocation.....	14
Cash Reserves Policy	18
Debt Policy	18
Investment Policy.....	19
SECTION 3 – MODELING ASSUMPTIONS	20
Debt Structure.....	20
Economic Factors	20
SECTION 4 – HISTORICAL FINANCIALS	28
Historical Cash Flow Requirements.....	28
<i>Total Cash Flow Requirements</i>	<i>28</i>
<i>Revenue-Funded Capital Expenditures</i>	<i>30</i>
SECTION 5 – TEN-YEAR FINANCIAL PROJECTIONS	31
Projected SVCW Operating Expenditures.....	33
Debt Service Structure / Annual Debt Service Payments	34
Revenue-Funded Capital Expenditures	37
Cash Reserves Contributions.....	37
Total Cash Flow Projections by Member Agency	38
SECTION 6 – SENSITIVITIES	43
Capital Improvement Program Adherence.....	43
Inflation.....	43
Interest Rates.....	43
SECTION 7 – SUMMARY	44

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SECTION 1 – EXECUTIVE SUMMARY AND INTRODUCTION

This Long-Range Financial Plan (LRFP; or the Plan) describes the anticipated cash flows required by Silicon Valley Clean Water (SVCW; or the Authority) over the next decade to provide wastewater services and fund critical construction for the communities it serves. This includes funding for operations and maintenance of wastewater facilities, revenue-funded capital projects, as well as Capital Improvement Program (CIP) program expenditures and associated debt service payments. It also describes contributions to cash reserves to fund future capital improvements. This Plan is meant to encourage discussion and support decision-making. It provides up-to-date financial information to Member Agencies (“Member Agencies”, as herein defined) as they measure the financial implications of decisions and communicate with internal and external stakeholders.

SVCW’s Wastewater Treatment Plant (WWTP) was placed in operation November 1981 and connected to an influent conveyance system and effluent disposal system built in 1969. In 2006, engineering studies determined the majority of SVCW fixed assets were beyond their useful lives and needed replacement. SVCW therefore initiated a CIP that identifies equipment and facilities that need replacement or rehabilitation; and describes the schedule of construction and expenditures (Capital expenditures or costs) in a structured and prioritized manner. It has also anticipated that more stringent treatment requirements will be necessary. The CIP is the Authority’s guiding document and concurrently estimates that, inclusive of spending to date, most of the program will have been constructed by Fiscal Year Ended 2024.

This Plan incorporates the guidelines from the SVCW Joint Powers Agreement, the adopted Operating and Capital Budget from 2022-23, and relevant fiscal policies that influence cash flow requirements. It also recognizes the importance of growing the Authority’s cash reserves dedicated to future projects.

The LRFP is updated each year to measure SVCW’s financial position relative to anticipated cash flows needed from SVCW’s Member Agencies. After incorporating CIP construction and expenditure schedules, the LRFP-recommended strategy ensures SVCW obligations can be met while Members strengthen their credit ratings.

Compared to the January 2022 LRFP, this Plan considers three significant factors:

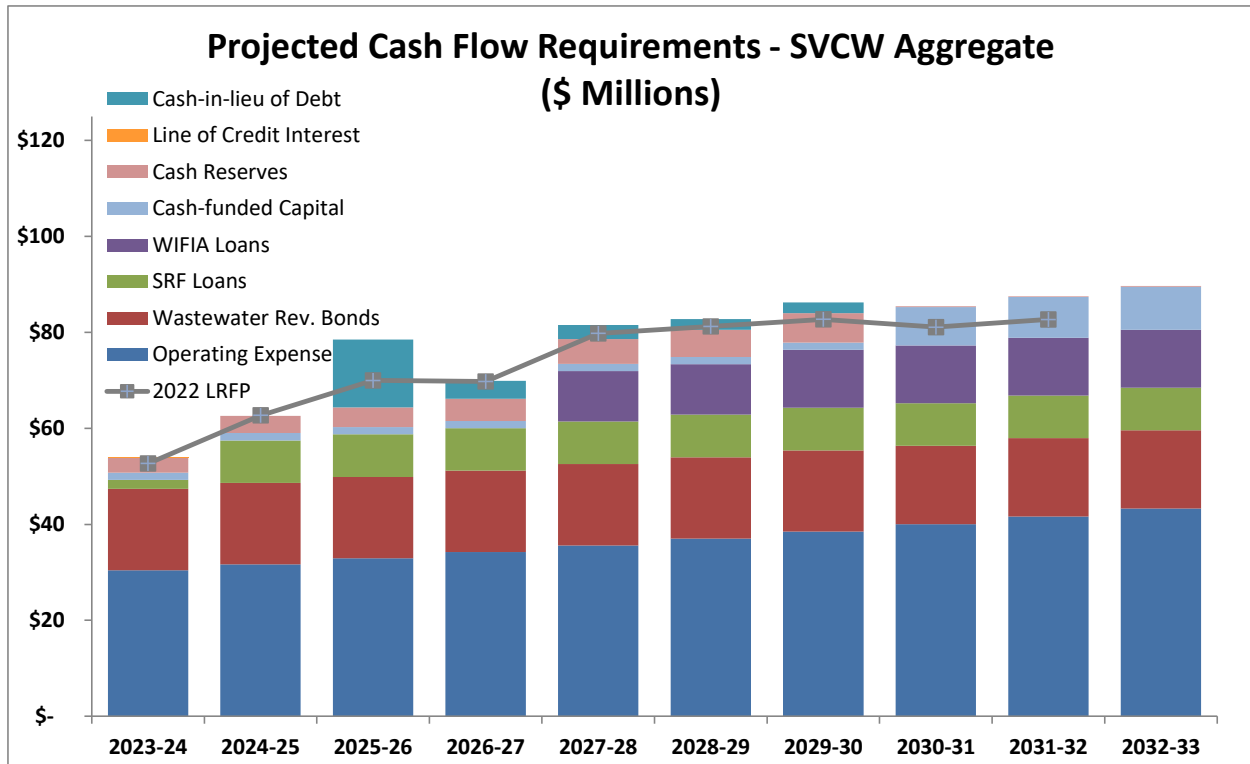
- **CIP Update:** SVCW regularly updates cost estimates of remaining CIP projects by adjusting for project additions and deletions, changes in project scope, and new pricing information. In December 2022, the Commission authorized an additional \$8.4 million to project budgets, which have been incorporated into this LRFP.
- **Construction Timing:** Adjustments to RESCU program constructions has largely remained on schedule using the Progressive Design-Build project delivery method. Modest delays to the Pump Station Improvement project schedule were considered in this funding plan.

- **Financing Sources and Rates:** The LRFP made no changes to existing debt structures, as SVCW has already secured low interest rates and favorable loan terms that fund most remaining capital expenditures. The Authority has closed governmental loans from the California State Water Resource Control Board (“SWRCB”) and the U.S. Environmental Protection Agency (“U.S. EPA”). Financings currently being drawn upon include:
 - Three separate SWRCB State Revolving Fund (“SRF”) Loans valued at a combined \$169 million were executed at 0.90% for the RESCU program. Debt service payments will commence in fiscal year 2024-25, one year after project completion.
 - Three U.S. EPA Water Infrastructure Finance Innovation Act (“WIFIA”) Loans were executed, one in 2019 and two more in 2021. The RESCU program draws from a \$218 million WIFIA Loan that closed in 2019 at 1.41%. RESCU also secured a \$68.9 million loan at 1.93% in 2021. Treatment Plant projects are being funded through a \$73.8 million loan at 1.94%. WIFIA amortization schedules were wrapped around existing debt service payments.

Like many other wastewater treatment and conveyance facilities, SVCW infrastructure was originally funded by the 1972 Clean Water Act. As assets aged, the absence of a capital replacement fund at SVCW created a reliance on debt to fund the current CIP. The Authority now strives to obtain the lowest-cost financing available through a combination of Wastewater Revenue Bonds, low-cost Governmental Loans at federal and state levels, and cash reserves when available. Additionally, SVCW has taken steps to increase capital reserves to reduce its reliance on debt issuances for future capital projects.

In 2008, when SVCW initiated its infrastructure improvement program, Member Agencies enacted necessary sewer rates increases. Remaining rate adjustments are anticipated to be modest, as regular updates to the SVCW CIP and this LRFP keep Member Agencies informed of the next decade’s cash flow requirements.

This LRFP projects total cash flows required of SVCW Member Agencies over the next decade. Annual cash flow requirements in FY 2023-24 are estimated at \$53.9 million and are thereafter projected to reach \$89.7 million in ten years. The largest increase in expenditures over the next decade is for debt service payments, estimated to peak at \$37.9 million annually and decline to \$37.2 million once fully in place. Other non-debt related expenditures are less impactful; the average annual increase in Operating Expense is approximately 3%, ongoing reserve contributions follow adopted policies, and a certain amount of capital projects are recommended to be funded by cash contributions rather than issuance of new debt.



Description	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
Operating Expense	\$ 30.43	\$ 31.65	\$ 32.91	\$ 34.23	\$ 35.60	\$ 37.02	\$ 38.50	\$ 40.04	\$ 41.64	\$ 43.31
Wastewater Rev. Bonds	16.97	16.97	16.95	16.95	16.95	16.94	16.92	16.31	16.31	16.29
SRF Loans	1.89	8.89	8.89	8.89	8.89	8.89	8.89	8.89	8.89	8.89
WIFIA Loans	-	-	-	-	10.52	10.52	12.03	12.03	12.03	12.03
Line of Credit Interest	0.19	-	-	-	-	-	-	-	-	-
Cash-funded Capital	1.50	1.50	1.50	1.50	1.50	1.50	1.50	8.00	8.50	9.00
Cash-in-lieu of Debt	-	-	14.15	3.71	2.95	2.25	2.25	-	-	-
Cash Reserves	3.12	3.62	4.13	4.63	5.14	5.64	6.15	0.15	0.16	0.16
TOTAL	\$ 54.09	\$ 62.63	\$ 78.53	\$ 69.91	\$ 81.55	\$ 82.76	\$ 86.25	\$ 85.43	\$ 87.53	\$ 89.69

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INTRODUCTION

Purpose of Long-Term Financial Planning

Member Agencies' sewer rates provide the underlying repayment security for all SVCW financing. As such, in 2008, SVCW developed a Five-Year Financial Plan (the "Financial Plan") to provide a financial roadmap for funding the CIP and ongoing operating costs. The Financial Plan was frequently updated and presented to the SVCW Commission (as hereinafter defined) to incorporate CIP budget figures. It provides a roadmap that Member Agencies follow when considering sewer rates.

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

SVCW will manage its finances and meet critical funding needs while recognizing Member Agencies' need to maintain reasonable wastewater rates. This LRFP will be enacted as SVCW and its Members adopt annual budgets, monitor financial performance, and incorporate Commission-directed actions. The LRFP is based upon financial planning models that include long-term forecasts of operating and capital expenditures. It includes reasonably conservative assumptions and attempts to account for uncertainties. It aims to generate adequate cash reserves for capital projects while maintaining good standing in the credit markets to provide ready access to cost-effective capital financing when needed. It evaluates the capital financing and debt service coverage policies to optimize cash funding of capital investments. Finally, it continues to evaluate cash reserve policies that must consider intergenerational equity with regards to funding capital projects and raising rates.

The LRFP includes a debt structure model to document recommended debt strategy, identify risks to that strategy, and offer mitigation steps available or alternative funding solutions. As part of the Plan a financial model (the Model) was created to assess financing alternatives for the CIP.

This LRFP is meant to stimulate discussions for decision making by providing up-to-date financial information. Member Agencies can incorporate this material to understand the financial impact of decisions, and to communicate those impacts to internal and external stakeholders. This long-term financial plan includes the following elements:

- **Time Horizon:** The plan looks ten years into the future.
- **Scope:** The plan considers all expenditures associated with the conveyance and treatment of wastewater received from Member Agencies. Expenditures include all SVCW operating costs, capital improvements, debt service, and cash reserve requirements.
- **Frequency:** This long-term plan is updated annually to aid Member Agencies with their own budgets and rate-setting processes.
- **Content:** The plan includes an analysis of the economic and financial environments, revenue and expenditure forecasts, debt position and affordability analysis, strategies for achieving and maintaining financial balance, and monitoring mechanisms such as a scorecard of key financial health indicators. Adherence with the financial plan and the ability to comply with the financial requirements of this Plan can be measured primarily through debt service coverage and the number of days cash on hand. SVCW can readily monitor these financial metrics through an annual review of the Member Agencies' respective audited financial statements.
- **Visibility:** The plan will inform Member Agencies about the long-term financial prospects of SVCW. Each year going forward, actual results will be compared to the LRFP by integrating it into future LRFPs.

SVCW Member Agency staff was involved in advance of Plan preparation to identify necessary tables, discuss assumptions, and review results. Member Agencies, via the Silicon Valley Clean Water Commission can now integrate the information provided into their own respective financial plans.

Organizational and Business Structure

SVCW was founded in 1975 as the successor to the Strategic Consolidation Sewerage Plan. SVCW took title to all property, capital and equipment of the Strategic Consolidation Sewerage Plan. SVCW maintains and operates sanitary sewerage pumping, transmission and outfall facilities that were originally constructed or otherwise owned by the Strategic Consolidation Sewerage Plan. SVCW provides wastewater transmission, treatment, and effluent disposal services for the surrounding communities including the Cities of Belmont, Redwood City, and San Carlos and for the West Bay Sanitary District (collectively, the Members Agencies). SVCW provides recycled water to the City of Redwood City.

SVCW is a Joint Exercise of Powers Authority (JPA) that provides wastewater transmission, treatment, recycled water, and effluent disposal services to its Member Agencies, all facilities of which (hereinafter referred to as Joint Facilities) are located in the northern part of Silicon Valley between the cities of San Francisco and San Jose. SVCW's wastewater treatment plant is located in the City of Redwood City. SVCW serves more than 225,000 people and businesses located predominantly in San Mateo County, California. SVCW operates in a strong Bay Area economy, with a customer base that includes large business customers such as Oracle Corporation, EA Sports, and Meta.

SVCW owns and operates a regional wastewater treatment plant with an average dry weather flow permitted capacity of 29 million gallons per day, an approximately nine-mile influent force main pipeline that conveys wastewater from the Member Agencies to SVCW's treatment plant, four 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.

Governance and Management

The JPA is governed by a four-Member Commission consisting of one appointed person from each of the Member Agencies' governing bodies. There is a total of 100 votes, allocated as follows:

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

A vote of at least 75% is required to adopt or amend bylaws, rules, and regulations; to adopt or modify any budget; to approve any capital costs, contracts, appropriations, or transfers of more than \$75,000; to employ the manager and certain consultants; to sell or dispose of property; and to approve other designated items. Other actions of the Commission must be approved by a

simple majority of the votes. In addition, any amendment to the Joint Powers Agreement must be approved by a four-fifths vote by each of the Member Agencies' governing bodies.

Financial Oversight and Control

SVCW sets an annual budget according to goals established by the Commission that support operational priorities, the CIP and the LRFP. The Budget reflects a progressive approach to fund wastewater operations while controlling costs, minimizing unplanned expenditures, limiting risks, and investing in projects and programs that provide the long-term resources needed for the community.

SVCW has no taxing power. SVCW receives nearly all funding, other than interest earnings and other miscellaneous revenues, from payments made by the Member Agencies for operations, capital improvements, debt service, and cash reserves.

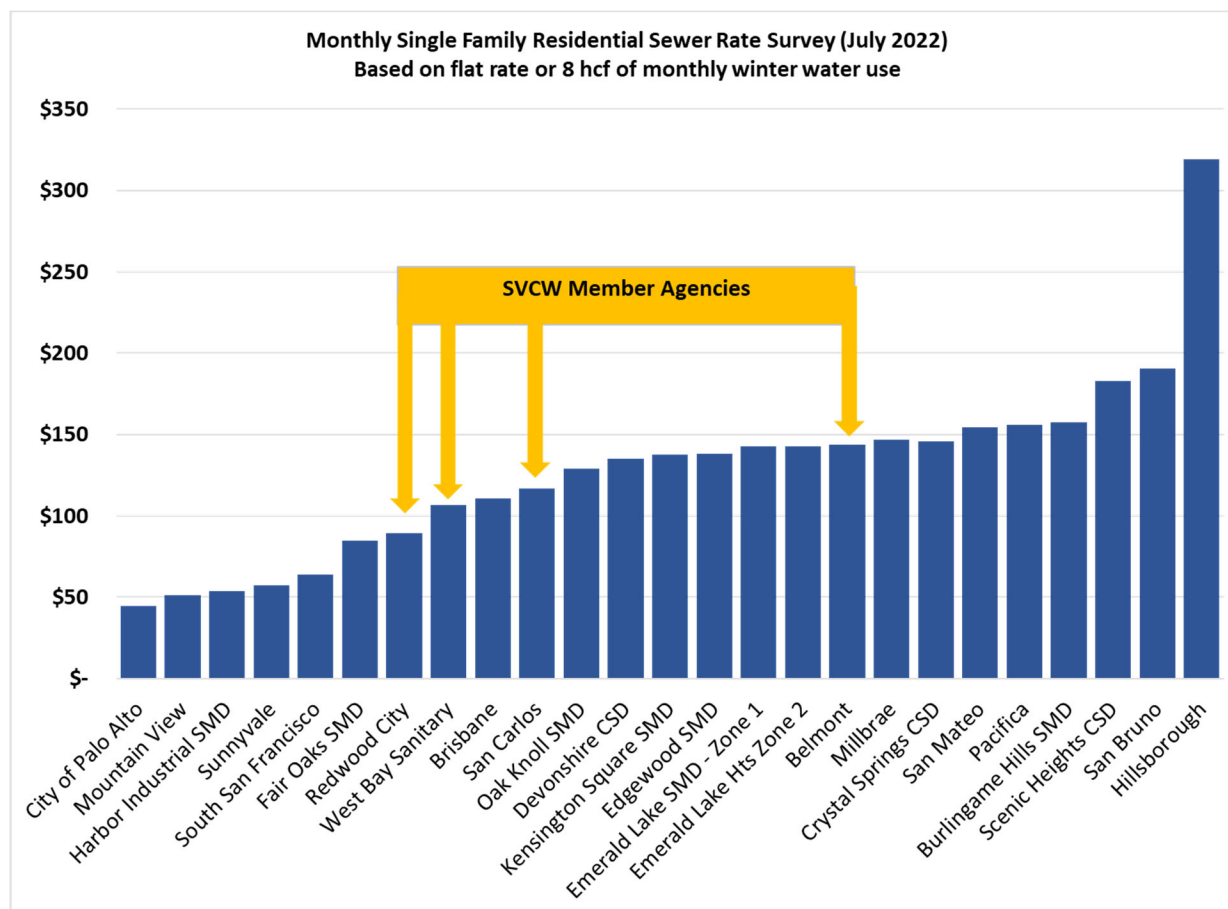
Comparative Residential Sewer Charges

Member Agencies have adopted significant rate increases and currently generate adequate revenues to fund their share of the CIP and capital program costs. The below tables show Members' increases in single family residential monthly sewer rates over the past decade.

Residential Sewer Rates by Member Agency Based on 8 HCF of flow													
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Belmont	\$51.34	\$72.13	\$77.33	\$82.77	\$88.13	\$88.13	\$99.47	\$105.35	\$116.14	\$121.28	\$128.37	\$135.83	\$143.91
Redwood City	\$48.72	\$53.10	\$57.88	\$63.09	\$68.77	\$74.95	\$75.11	\$76.68	\$78.24	\$81.76	\$81.76	\$89.28	\$89.28
San Carlos	\$46.82	\$50.10	\$53.10	\$67.29	\$80.75	\$88.82	\$88.82	\$93.26	\$97.93	\$102.32	\$102.33	\$111.74	\$116.77
West Bay SD	\$54.17	\$57.50	\$62.67	\$68.33	\$74.42	\$81.08	\$85.92	\$89.33	\$93.83	\$98.08	\$102.00	\$104.58	\$106.67

Residential Sewer Rate Year-over-Year % Increase, by Member Agency													
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Belmont	6.8%	40.5%	7.2%	7.0%	6.5%	0.0%	12.9%	5.9%	10.2%	4.4%	5.8%	5.8%	6.0%
Redwood City	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	0.2%	2.1%	2.0%	4.5%	0.0%	9.2%	0.0%
San Carlos	7.0%	7.0%	6.0%	26.7%	20.0%	10.0%	0.0%	5.0%	5.0%	4.5%	0.0%	9.2%	4.5%
West Bay SD	16.1%	6.1%	9.0%	9.0%	8.9%	8.9%	6.0%	4.0%	5.0%	4.5%	4.0%	2.5%	2.0%

Despite these increases, Member Agencies' rates remain among the middle tier of San Mateo County sewer rates:



Regulations and Permits

The federal Clean Water Act requires that all municipal, industrial, and commercial facilities that discharge wastewater or stormwater directly from a point source into a water of the United States (such as a lake, river, bay, or ocean) must obtain a National Pollutant Discharge Elimination System ("NPDES") permit. All permits are written to ensure the receiving waters will achieve certain water quality standards.

The federal government delegates the NPDES Program to the State of California for implementation through the State Water Resources Control Board and its nine Regional Water Quality Control Boards, collectively Water Boards. It is the responsibility of the Water Boards to preserve and enhance the quality of the state's waters through the development of water quality control plans and the issuance of NPDES Permits.

SVCW currently operates under a five-year NPDES permit that is valid through March 2023. As an active Member in the Bay Area Clean Water Agencies ("BACWA"), a consortium of publicly-

owned treatment works Agencies that operate within the nine-county San Francisco Bay Area, SVCW prepares for future NPDES permit requirements. BACWA is central since some requirements imposed may be efficiently fulfilled as a group. Through BACWA, SVCW meets provisions related to overall receiving water quality monitoring, Total Maximum Daily Load and Site Specific-Objective Support, Mercury Special Studies, Copper Action Plans, and Cyanide Action Plans.

Regulatory requirements of the NPDES program may increase in the future. Many California Agencies have already been required to significantly increase treatment to remove nutrients (ammonia, nitrates, and phosphates) and further reduce pathogenic organisms. Studies are also underway regarding Active Pharmaceutical Ingredients to monitor the cumulative effects of pharmaceuticals and personal products, including anti-psychotic and antihypertensive drugs.

Additionally, nutrients like nitrogen and phosphorus are found in municipal waste. When excessive, these nutrients are considered harmful water pollutants leading to such problems as algae blooms. Nutrient management is an important planning consideration for California wastewater treatment operators – both to remove and to recover these resources. This LRFP funds certain research to assess future nutrient mitigation in wastewater. It should be noted, however, that SVCW also participates in a cooperative to explore joint response strategies to future Nutrient Removal requirements.

Financial Modeling

The CIP estimates approximately \$243.2 million remains to be spent on capital expenditures over the next ten fiscal years. This Financial Plan documents the funding strategy, risks to this strategy, and anticipated mitigation and/or alternative funding solutions available. Prior to issuing debt SVCW updates a capital finance model to evaluate the impact of capital program spending, operations and maintenance costs, and debt service to its, and the Member Agencies', financial condition. To that end, SVCW maintains a quantitative model that includes, but is not limited to, the following:

- Historic and projected cash flows, including capital expenditures and operating costs;
- Historic and projected cash reserve contributions, including the Operating Fund, the CIP Fund, Revenue-funded Capital Fund, and Debt Service Reserve Fund, if any;
- Historic and projected debt service coverage;
- The most efficient mix of funding sources (debt and cash);
- The most efficient form of debt (government-subsidized loans, capital market offerings, or private loans) and structures;
- Projected revenue requirements; and
- Revenue sources, including miscellaneous revenues and grants.

The Plan incorporates these factors to develop an all-inclusive projection of future cash flow requirements. As part of the Plan, the Financial Model was created to generate and assess multiple debt-based financing alternatives for the CIP. Several scenarios were analyzed to reach the recommended plan, including the extent to which funds would be sourced from Wastewater Revenue Bonds versus Governmental Loans. Further analysis and results are described in Sections 2 and 3 of this Plan.

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SECTION 2 – GUIDING DOCUMENTS AND PRINCIPLES

Audited Financial Reports

SVCW financial statements are maintained in accordance with all state and federal laws, Generally Accepted Accounting Principles, and standards of the Government Accounting Standards Board. This means revenues and expenses are recognized on a full accrual basis, where revenues are recognized in the period earned and expenses are recognized in the period incurred.

An annual audit is performed by an independent public accounting firm, with an unqualified opinion that SVCW financial statements are presented fairly in all material respects.

Operating Budgets

Each year, the adopted Budget establishes the funding requirements for Member Agencies. It includes all operating costs, revenue-funded capital needs, debt service payments, and cash reserves requirements. A full overview of all expenditures facilitates discussion of anticipated changes. Subsequent to the fiscal year-end closing, annual payments made by each SVCW Member Agency are reconciled against the actual expenditures allocated to each SVCW Member Agency and any differences are applied toward funding reserves held by SVCW.

The Budget is constructed consistent with goals established by the Commission to support operational priorities and the CIP. The Budget reflects a progressive approach to controlling costs, minimizing unplanned expenditures, limiting risk, and investing in activities that provide the long-term resources needed for the community.

Used as a baseline for this study, the 2022-23 Budget was \$52.1 million. This includes \$29.3 million in operating expenditures, \$1.4 million for revenue-funded capital projects, additional cash reserve contributions of \$2.6 million, and debt service payments estimated at \$18.9 million.

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

Expenditure Allocation

SVCW annual operating and maintenance costs are allocated according to the Joint Powers Agreement. Specifically, administrative, safety, and conveyance operating costs are allocated based on each Member Agency's proportionate share of total flow contributed to the Joint Facilities. Treatment plant operation and maintenance costs are allocated according to each Member Agency's proportionate contribution of hydraulic flow ("Flow"), Biochemical Oxygen Demand ("BOD") and Suspended Solids ("SS") to the Joint Facilities. The total annual treatment plant maintenance and operation costs are allocated as 26.5% to Flow, 33.5% to Biochemical Oxygen Demand and 40.0% to Suspended Solids. Specific Pump Station maintenance and operation costs are tracked as actual costs by coding to each pump station and borne by the Member Agency served by that particular pump station. However, maintenance and operation costs of the booster station are split on a percentage basis between West Bay Sanitary District and Redwood City at 92% and 8%, respectively.

Accordingly, the 2022-23 Operating Budget allocates costs as follows:

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

Capital costs are distributed based on each Member Agency's percentage of its capacity rights as defined in the Joint Powers Agreement:

<u>Belmont</u>	<u>San Carlos</u>	<u>Redwood City</u>	<u>West Bay SD</u>
9.45%	15.14%	48.57%	26.84%

Unrelated to the number of votes originally ascribed to Member Agencies in the Joint Powers Agreement, the above capital cost distributions are derived from each Member Agency's share of maximum capacity rights of the originally-built facilities ("Stage 1" capacity) plus its share of capacity-related projects ("Stage 2"), based on average dry weather flows.

Capital costs associated with the Joint Facilities include improvements resulting from reconstruction, replacement, rehabilitation, remodeling, or relocation. This includes all costs meeting the definition of a capital expense as defined in SVCW's Capital Expense Policy.

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

Capital Improvement Program ("CIP")

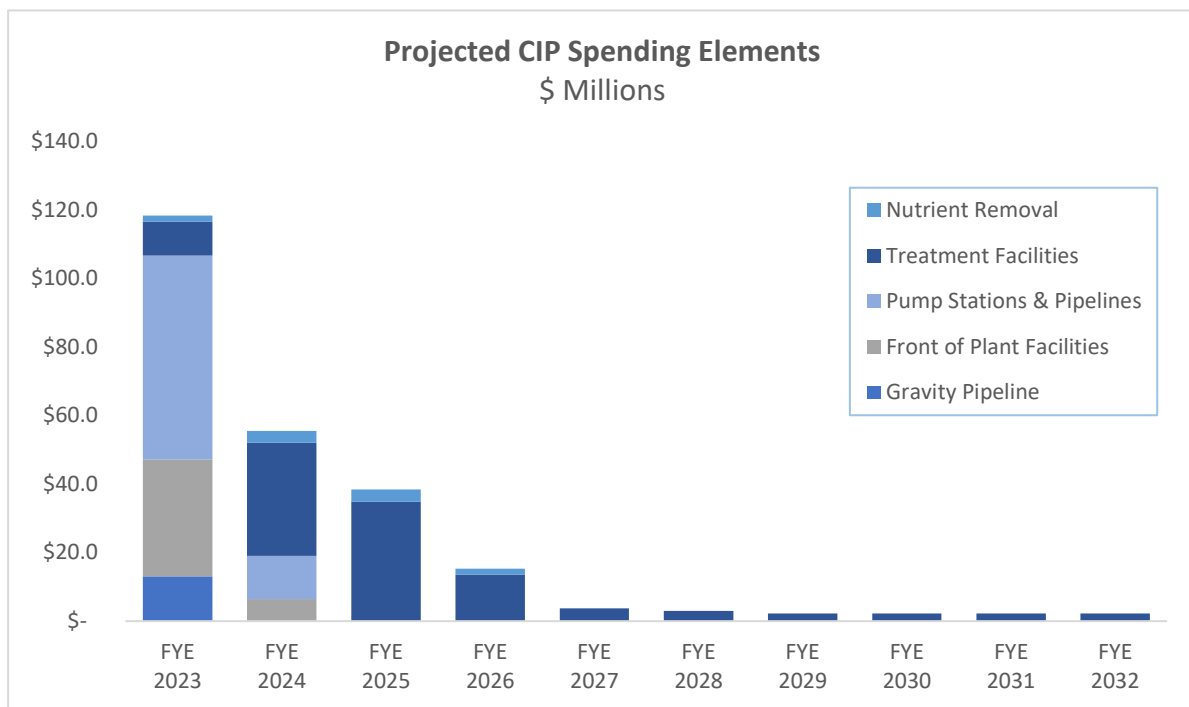
Over the past 14 years, SVCW has rebuilt, rehabilitated, and updated much of its wastewater conveyance and treatment facilities. The CIP was originally implemented in 2008 to address near-term and long-term capital replacement needs and, going forward, the Engineering Division periodically updates the CIP to ensure SVCW can address known Joint Facility deficiencies. This includes rehabilitation and replacement of existing infrastructure and equipment; improvements to treatment processes and conveyance systems to enhance reliability; process upgrades to meet regulatory changes; automation designed to improve operational efficiency and reliability (thereby

reducing future operating and maintenance expenses); and additional energy management solutions.

Charges made to the CIP include all capitalized components of projects and include planning, design, engineering, construction, and construction management. Project costs also include certain administrative expenditures like insurance, legal, and engineering labor directly associated with projects.

Forecasted CIP Expenditures

Concurrent with this LRFP update, the CIP continues to be updated. It currently identifies remaining expenditures of approximately \$243.2 million over the next ten years. Much of this spending occurs over the next four years, a combination of anticipated RESCU completion as well as a few large treatment projects including Fixed Film Reactor and Pipe Rehabilitation efforts.



Identified Capital Expenditures through Fiscal Year 2032; by CIP Program											
CIP Program	FYE 2023	FYE 2024	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032	TOTAL
Gravity Pipeline	\$ 13.0	\$ 0.1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13.1
Front of Plant Facilities	34.2	6.3	-	-	-	-	-	-	-	-	40.6
Pump Stations & Pipelines	59.5	12.5	-	-	-	-	-	-	-	-	72.1
Treatment Facilities	9.9	33.0	34.9	13.5	3.7	3.0	2.2	2.2	2.2	2.2	107.0
Nutrient Removal	1.7	3.5	3.5	1.7	-	-	-	-	-	-	10.5
TOTAL	\$ 118.4	\$ 55.5	\$ 38.4	\$ 15.3	\$ 3.7	\$ 3.0	\$ 2.2	\$ 2.2	\$ 2.2	\$ 2.2	\$ 243.2

Capital expenditures are allocated to Members per the Joint Powers Authority Agreement, as displayed in the following projection:

Identified Capital Expenditures through Fiscal Year 2032; by Member Allocation (\$ Millions)												
Description	JPA %	FYE 2023	FYE 2024	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032	TOTAL
Redwood City	48.57%	\$ 57.5	\$ 27.0	\$ 18.6	\$ 7.4	\$ 1.8	\$ 1.4	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1	\$ 118.1
WBSD	26.84%	31.8	14.9	10.3	4.1	1.0	0.8	0.6	0.6	0.6	0.6	\$ 65.3
San Carlos	15.14%	17.9	8.4	5.8	2.3	0.6	0.4	0.3	0.3	0.3	0.3	\$ 36.8
Belmont	9.45%	11.2	5.2	3.6	1.4	0.4	0.3	0.2	0.2	0.2	0.2	\$ 23.0
TOTAL	100.00%	\$ 118.4	\$ 55.5	\$ 38.4	\$ 15.3	\$ 3.7	\$ 3.0	\$ 2.2	\$ 2.2	\$ 2.2	\$ 2.2	\$ 243.2

Cash Reserves Policy

Since 2013 the SVCW Commission has maintained a cash reserves policy to protect the Authority's fiscal solvency and prepare for future long-term capital needs. The policy describes the goals and amounts intended to be held in reserves. Each year during the budget process, SVCW reviews reserve balances and adjusts as needed. SVCW cash reserves are also meant to mitigate the negative impact of revenue shortfalls, fund unforeseen expense requirements, and help stabilize rates for Member Agencies.

- The Operating Reserve must be maintained at a minimum balance of 10% of approved Operating Budget expenses, plus \$1 million. This fund allows for continued operation in times of local, regional state, or national crisis or for unbudgeted, unexpected operational, maintenance or capital expenses approved by the SVCW Commission. As of October 31, 2022, the market value of securities held in this reserve was \$3.7 million.
- The objective of the CIP Reserve Fund is to accrue funds towards replacement of capital assets when their useful life is reached and other funding sources may not be immediately available. This fund will provide for unanticipated capital expenditures and, when its target value is reached, steer funding to pay-as-you go projects. Per policy, a minimum of \$2.0 million was added to the CIP Reserve Fund in fiscal year 2021-22. This amount will increase by \$500 thousand annually until the reserve balance reaches an inflation-adjusted \$50 million in 2019 dollars. As of October 31, 2022, the CIP Reserve was valued at \$19.2 million.
- The Stage 2 Capacity Reserve is utilized to pay for capital projects that either increase or maintain SVCW's treatment capacity. Funding is received after Members collect fees associated with new sewer connections. SVCW may use this reserve on construction as approved by the SVCW Commission. As of October 31, 2022, the market value of securities in this reserve was \$13.6 million.

Debt Policy

SVCW adopted a debt management policy in 2017, which was most recently amended in October 2022. The policy considers intergenerational equity between residents, strives to achieve the lowest possible cost of capital, and mitigates market and credit risk. Appropriately structured, the debt policy attempts to assign capital costs between current ratepayers and future generations.

Significant capital acquisitions can be funded through traditional bonds or alternative financing mechanisms such as government loans (e.g. SRF and WIFIA) and/or public/private partnerships.

Long term financings are structured to minimize transaction-specific risk and total debt portfolio risk to SVCW and its Member Agencies.

SVCW debt must comply with all laws, legal agreements, contracts, best practices, and adopted policies related to debt issuance and management, including disseminating, in a timely manner, disclosure information concerning SVCW's and SVCW's Member Agencies' financial condition. It must also follow sound procurement practices to avoid conflicts of interest.

SVCW debt requires cooperation and coordination with all stakeholders in the financing and delivery of services by maintaining cost-effective access to capital markets through prudent debt management. This includes integrating debt policies with the operating and capital budgets, the multi-year CIP, the Long-Range Financial Plan, and other financial goals. SVCW also maintains good investor relationships through the timely dissemination of material financial information to maintain the highest practical credit rating and ensure efficient access to capital markets.

Long-term debt financing is not used to fund operating costs or operating deficits of SVCW. The principal types of municipal debt instruments employed by SVCW to finance long-term capital projects are government subsidized loans, WIFIA and SRF Loans, and Wastewater Revenue Bonds. Such instruments may be refunded by the issuance of refunding obligations for economic savings and/or restructuring considerations.

Short-term debt has terms to maturity of less than five years and may be issued to provide financing for the acquisition and/or construction of long-lived capital projects that could otherwise be funded by long-term debt financing described above. This includes commercial paper notes that are issued to provide interim project financing, Bond Anticipation Notes which may have a final maturity of not more than five years and are issued in anticipation of the issuance of wastewater revenue bonds, and a short-term line of credit not to exceed five years.

Investment Policy

SVCW has an adopted policy to invest monies not required for immediate expenditure. The policy is reviewed annually and establishes a standard of care to ensure investments are made with the appropriate considerations of capital safety, liquidity, and yield. The investment portfolio is diversified such that losses, if any, on specific securities are offset by the revenue generated from other investments. The portfolio is also kept sufficiently liquid to meet the operating and capital needs of SVCW. Within these two constraints, as well as in accordance with California Government Code Section 53601 through 53686, the investment portfolio is designed to attain the market rate of return after consideration is given to safety and liquidity.

SECTION 3 – MODELING ASSUMPTIONS

SVCW has developed a Debt Model (the Model) to project debt service costs associated with the Capital Improvement Plan. Currently approximately \$243.2 million of capital projects have been, and will be, funded over the next decade. The Model measured alternative funding scenarios that compared debt service costs at aggregate and across Member Agency levels. The Model also optimized variables by considering the impact of using cash, longer repayment terms, caps on debt service levels, deferred repayment, and changes in interest rate assumptions.

The Model displays total aggregate debt service, maximum aggregate annual cost, average annual debt service cost, weighted average cost of capital and weighted average CIP repayment year, among a few other debt summary outputs. Additionally, the Model illustrates the height and length of the debt service “plateau”, a critical consideration for Members’ sewer rates. Finally, the Model also compares efficiency versus affordability of financing the debt by determining the length of each repayment period and financing rates.

Debt Structure

Using the Model, SVCW staff generated and compared multiple funding scenarios that pay for remaining CIP expenditures and weigh interest rates and average annual cash flows. The Model’s flexibility allows for multiple assumptions including interest rates, the timing and structure of government loan or bond repayments, and the mix of financing methods such as government loans, wastewater revenue bonds, or cash contributions.

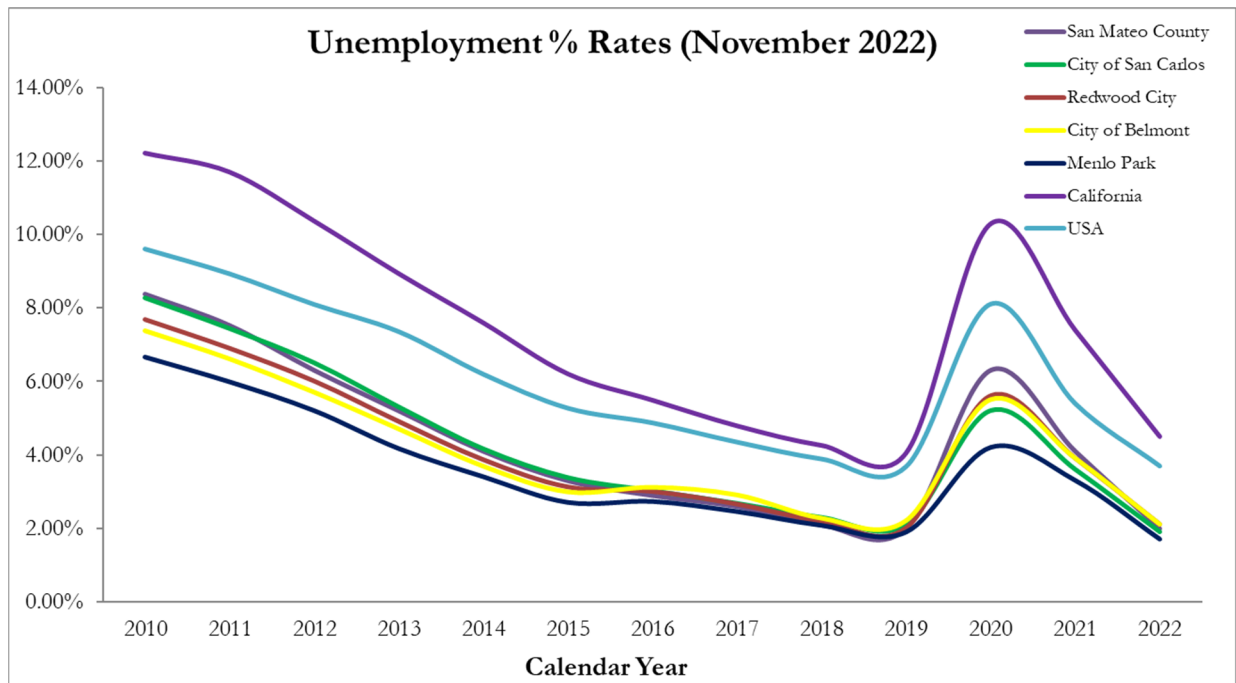
SRF and WIFIA were pursued for their attractive low interest rates and flexible repayment structures. Structurally similar to revenue bonds, the Authority’s SRF loans are amortized over 30 years at interest rates equal to half the California General Obligation Bonds rate. WIFIA loans amortize over 35 years at a rate equal to Treasury rates plus one basis point, and repayment may be further deferred beyond completion of construction; SVCW chose to begin repayment four years after construction is complete.

Economic Factors

Sewer revenues are somewhat influenced by the strength of the economy and other financial indicators. SVCW-estimated operating costs and the timing of CIP expenditures assume neither a significant downturn nor expansion in the San Francisco Bay Area economy. General economic conditions are comprised of many different factors; but sewer revenues are likely influenced by only a few factors. This report therefore focuses on six different broad factors that are good indicators of a strong economic environment: unemployment, assessed property valuation, taxable sales, income (measured by effective buying income and median household income), and interest rates.

Unemployment

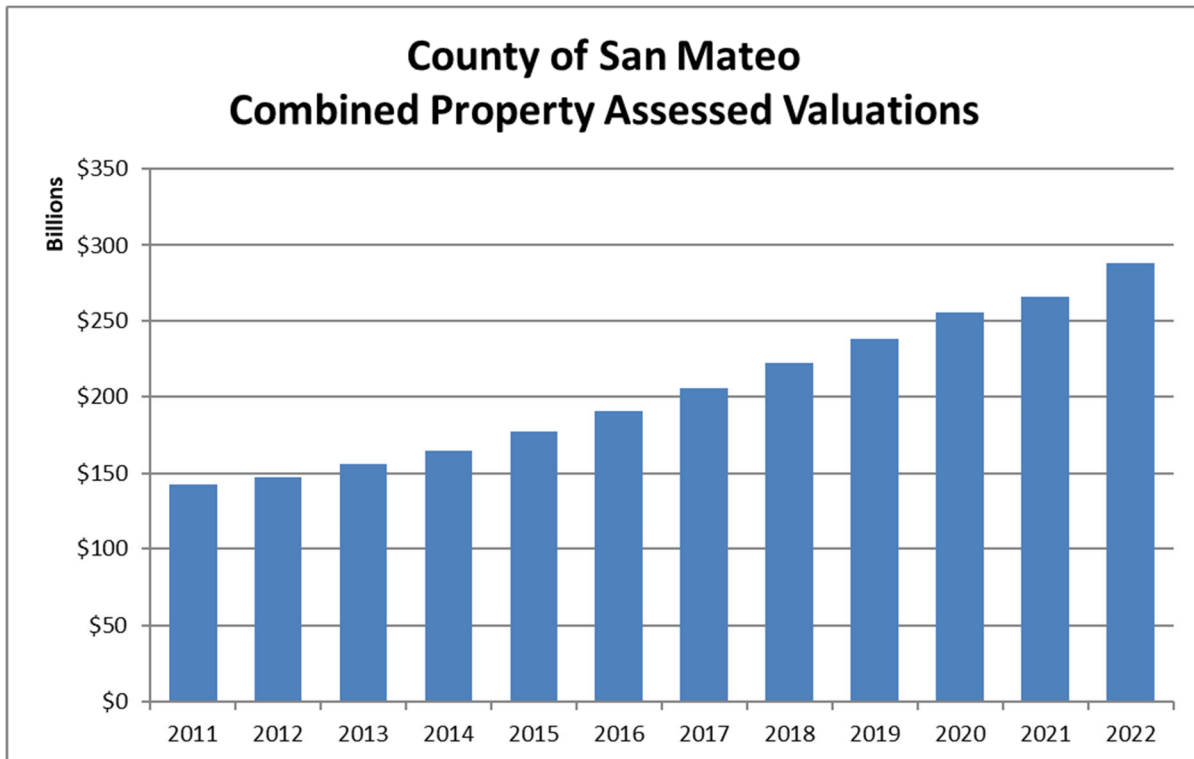
The Bay Area economy, like others, experienced significant negative impacts from the COVID-19 pandemic. Recent data from the United States Bureau of Labor Statistics shows how unemployment rates for San Mateo County and SVCW Member Agencies rose to 3.5% to 5% last year, faring considerably better than statewide California and nationwide U.S. rates. Unemployment has improved since its peak, now at 1.7% to 2.1% amongst Members.



Source: United States Bureau of Labor Statistics

County Assessed Valuations

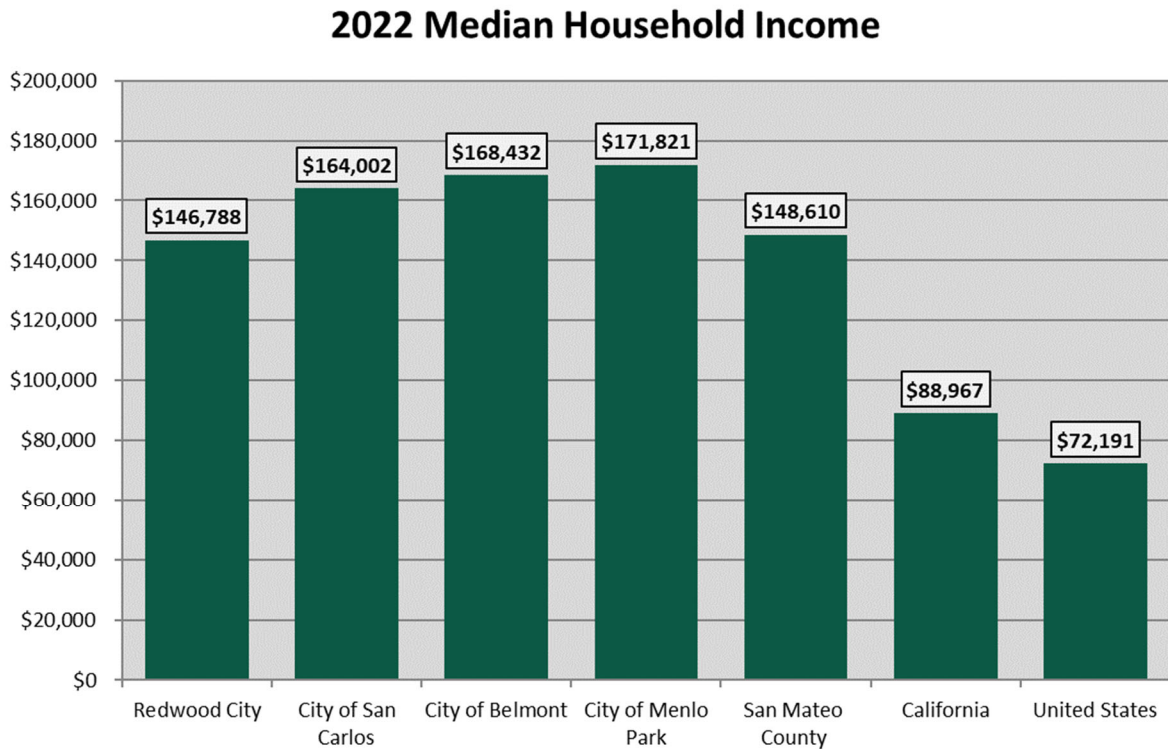
San Mateo County had approximately \$288.0 billion in total assessed 2022 real property valuation, an increase of \$22.2 billion (or 8.3%) from the previous year. Recent trends indicate that, during the COVID pandemic, assessed property values continued to increase.



Source: San Mateo County Assessor's Office

Median Household Income

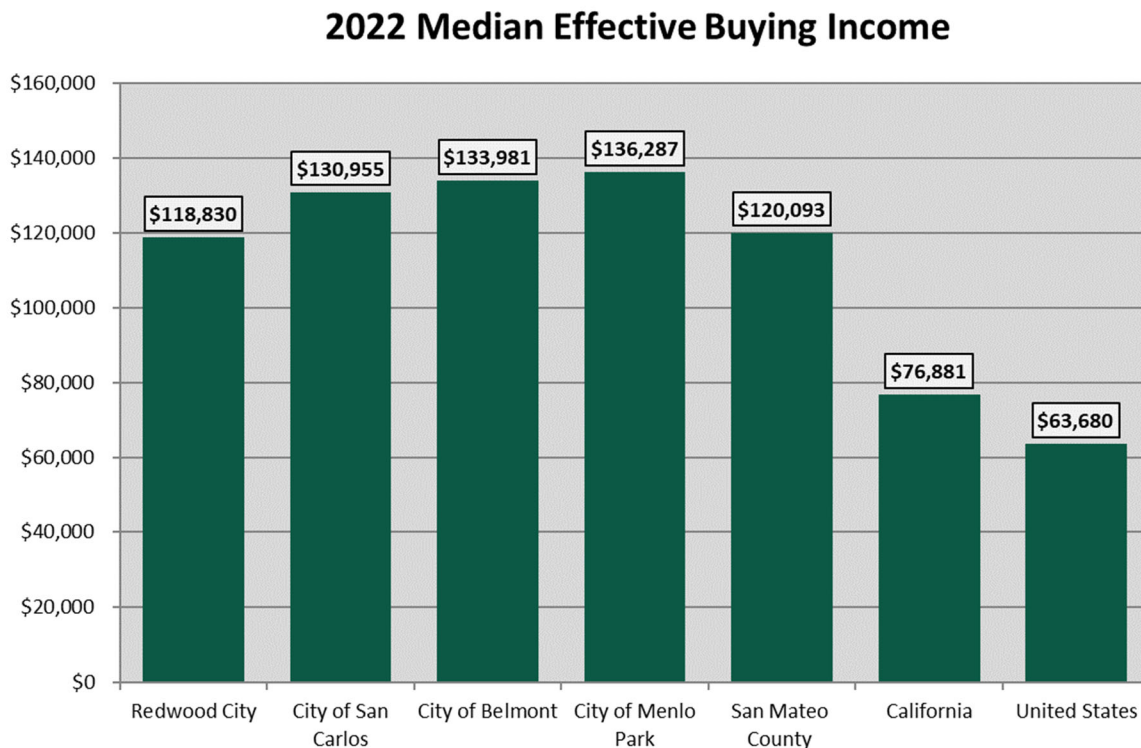
Both median household incomes and effective buying incomes of Member Agencies' communities are consistently above the State and National levels. Public 2022 economic data shows that the median household income of San Mateo County, at \$148 thousand, is 206% and 167% of the Nation's and State's median household income, respectively.



Source: Claritas Spotlight

Effective Buying Income

The Communities served by SVCW show high effective buying income levels in comparison to National and State medians. The Effective Buying Income is the amount of a consumer's disposable income; it reflects the money consumers retain after taxes. The following chart shows that SVCW communities have Effective Buying Incomes of \$119 thousand to \$136 thousand, which is 187% to 214% of the National levels, and 155% to 177% of California levels.

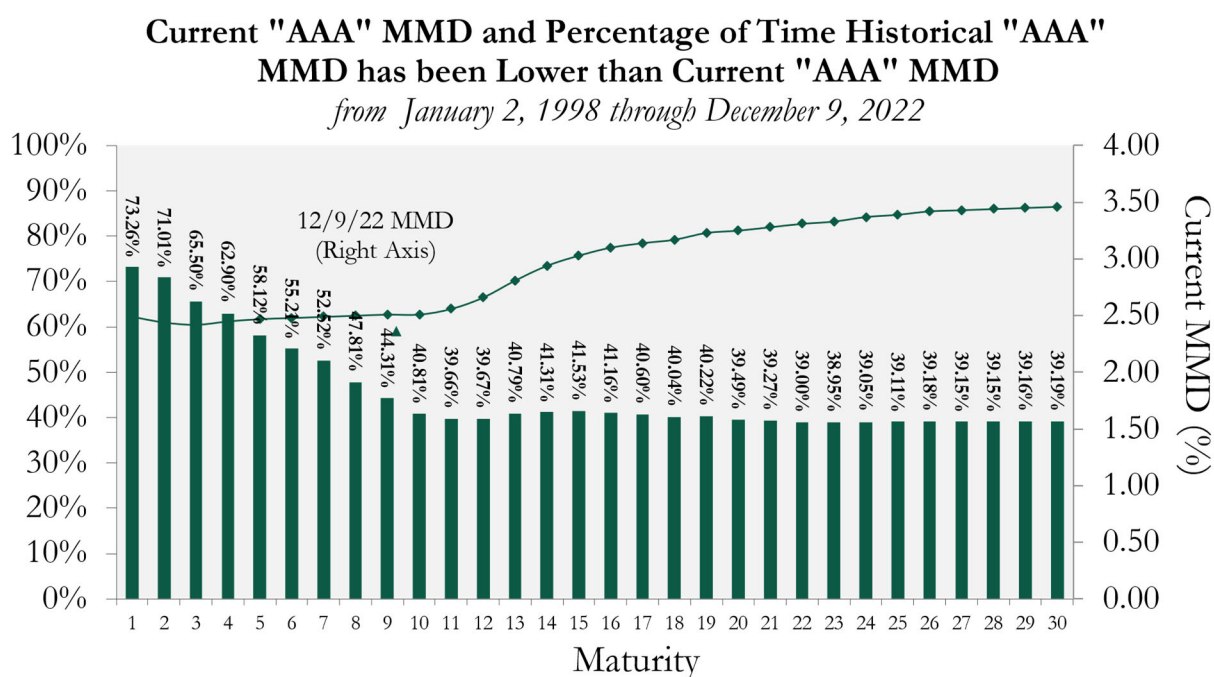


Source: Claritas Spotlight

Interest Rates

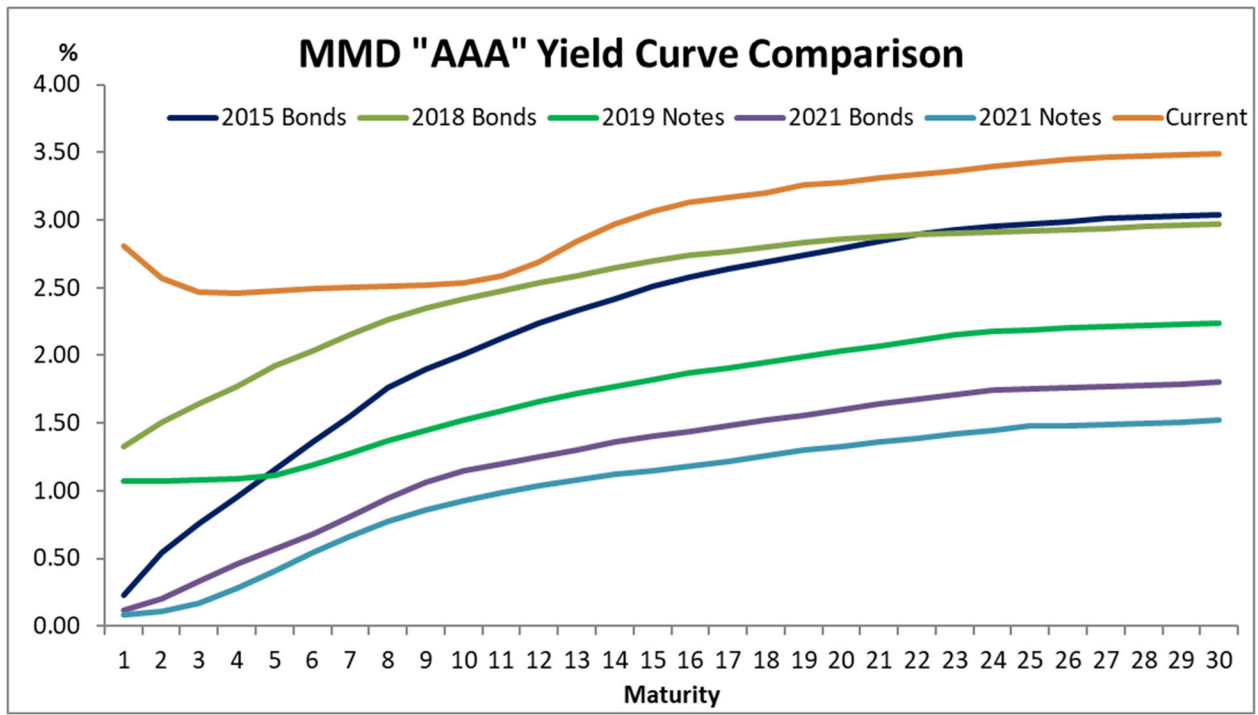
Based upon market conditions, every financing tool has projected interest rates depending on the type of the debt whether it is fixed or variable. For example, SVCW closed three SRF loans for the RESCU program in 2021 at an interest rate of 0.90%. Two separate WIFIA Loans were also executed in 2021 at approximately 1.9%, and the Authority's Line of Credit is based upon a LIBOR-index rate.

The table below provides context for tax-exempt interest rates in the Municipal Market Index as of December 09, 2022, and compares current rates to historical rates by term. The data demonstrates that while interest rates have increased this past year, on a long-term basis remain historically low across maturities when compared to the past 25 years.



Source: Thomson Municipal Market Monitor

The indexed interest rates for AAA municipal borrowers, however, have risen over the past year. The following chart compares the current yield curve as of December 22, 2022, to rates when SVCW issued prior Bonds or Notes. Notably, current rates have risen throughout the 30-year maturities. SVCW is fortunate to have issued when it was advantageous to finance projects and refinance outstanding debt.



Source: Thomson Municipal Market Monitor

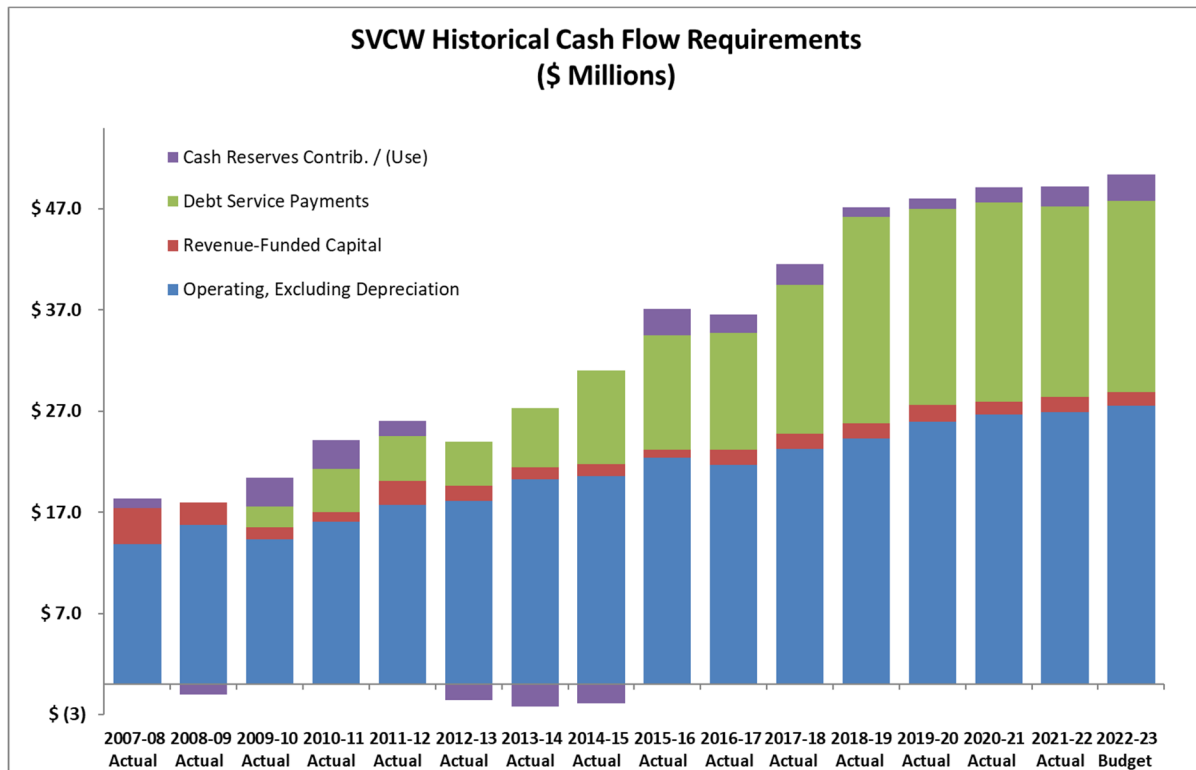
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SECTION 4 – HISTORICAL FINANCIALS

Historical Cash Flow Requirements

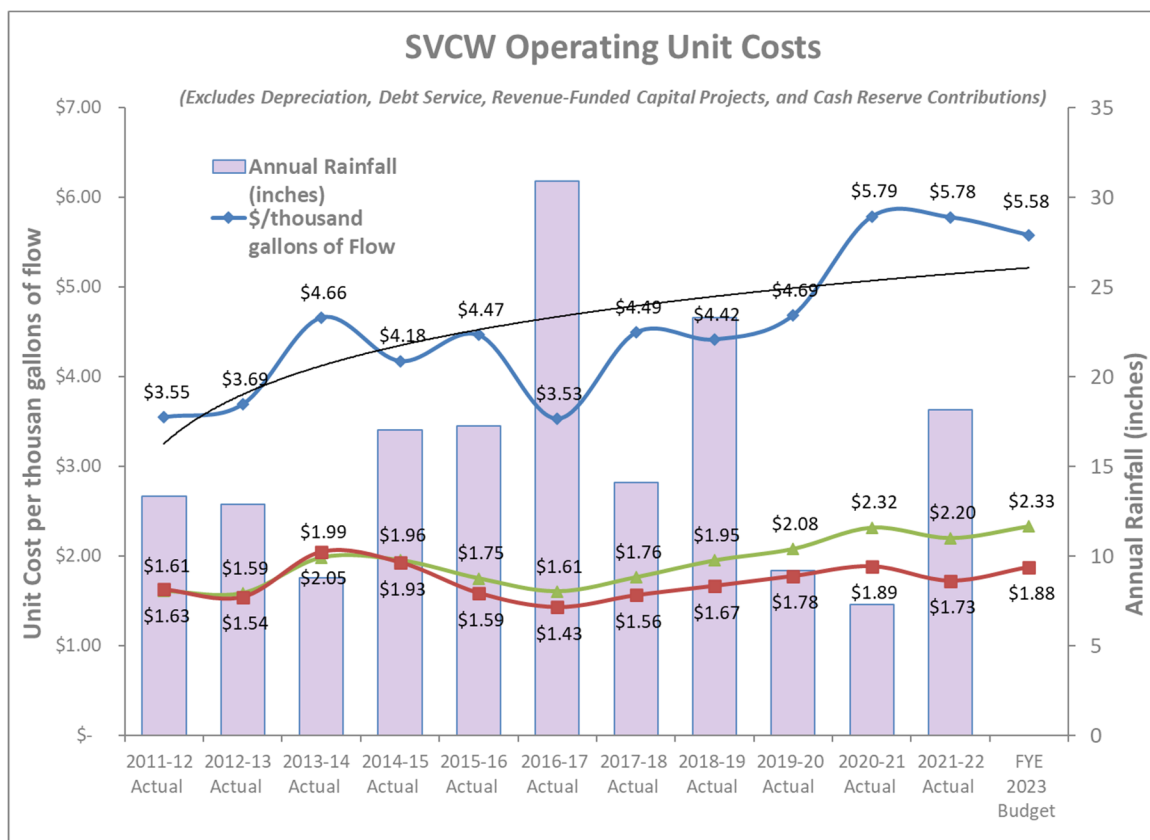
Total Cash Flow Requirements

SVCW annual cash flow requirements from Members have more than doubled over the past decade, mostly due to the debt service payments required to finance the CIP.

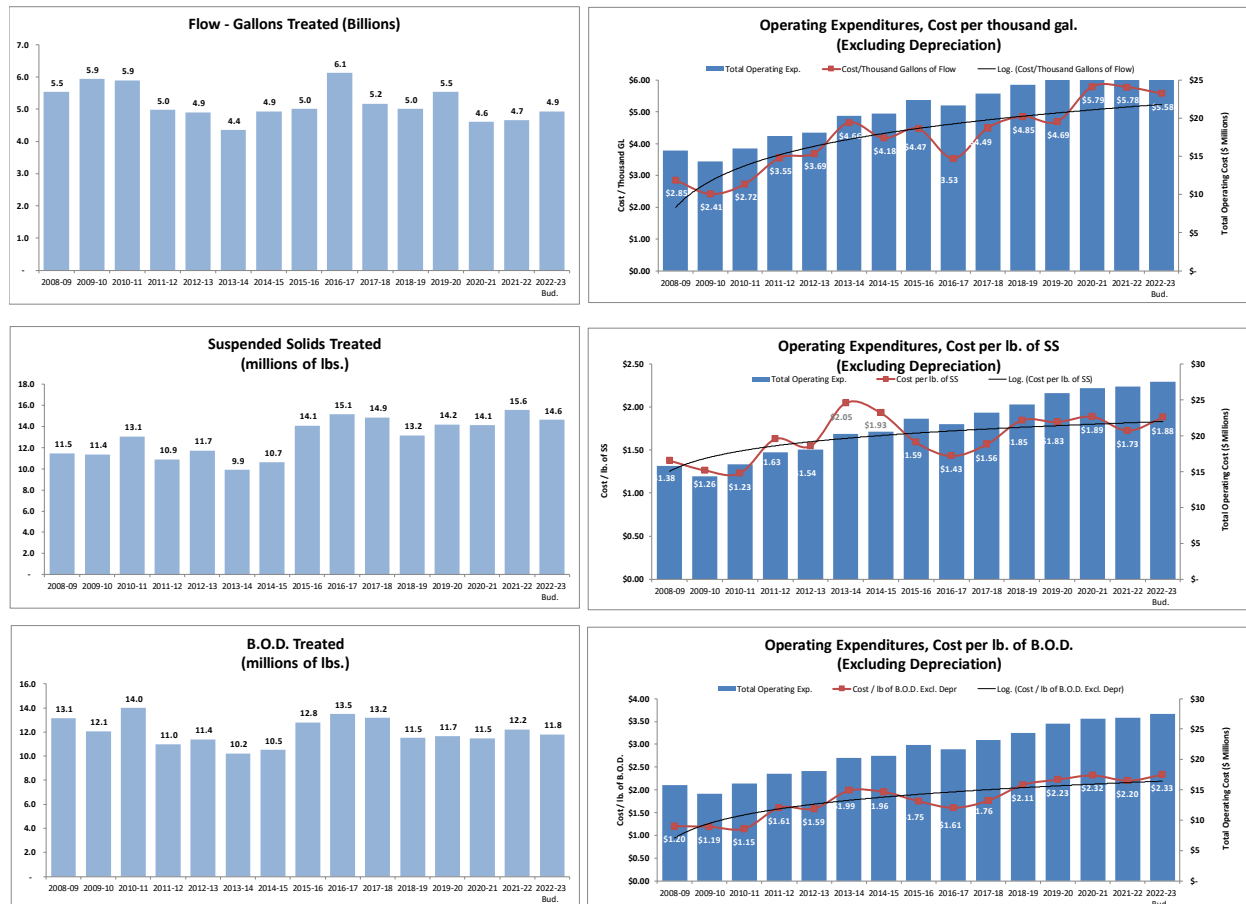


Historical Unit Costs

When isolated to only Operating Expenditures (excluding Depreciation), SVCW historical operating unit costs reflect both inflationary pressure and fluctuating operational volumes. For example, the cost per thousand gallons of flow is particularly volatile in relation to drought conditions. The below chart demonstrates the inverse relationship between the unit cost per thousand gallons of flow and the amount of rainfall received. When rainfall increases, stormwater intrusion leads to much higher flows of wastewater being treated. A more representative measure of SVCW's cost performance is the cost per pound of BOD and TSS. Looking at the more recent two years, water usage behavior during the COVID-19 pandemic have negatively exacerbated these unit costs.



A significant influencing factor on unit costs is volatility of operating volumes including Flow, Biological Oxygen Demand (BOD), and Total Suspended Solids (TSS). Drought conditions have particularly influenced flow unit costs at times, when declining flow numbers caused Unit Costs to rise between 2011 to 2016 and again 2021. Operating Unit Costs are measured per thousands of gallons treated, per pound of TSS, and per pound of BOD.



Revenue-Funded Capital Expenditures

Revenue-Funded Capital Expenditures are for capital projects that are generally each less than \$1 million and can be completed within one year. These projects typically include purchase of vehicles or heavy equipment, repairs that improve an asset's useful life, and small construction efforts. Due to their relatively low cost, it is appropriate these items are funded from cash rather than debt. Since 2008 SVCW has averaged \$1.6 million annually in Revenue-Funded capital expenditures.

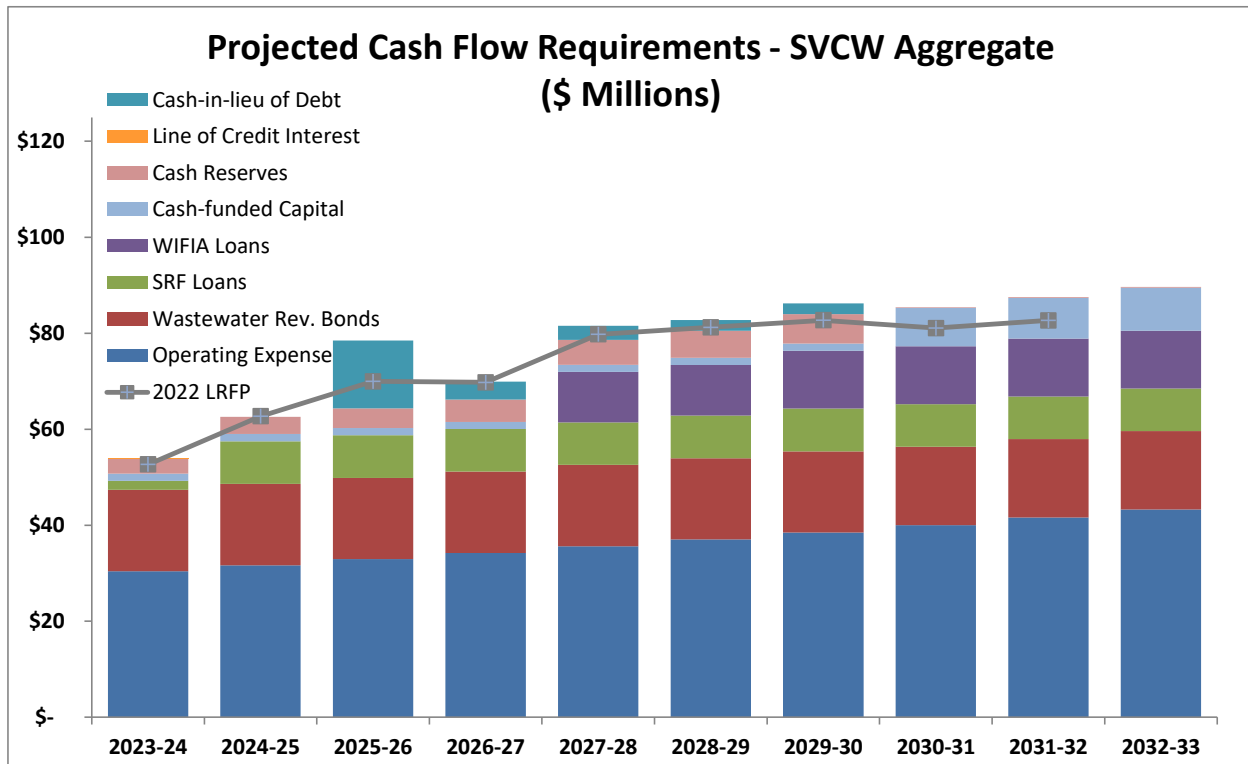
Cash Reserves

The SVCW established a cash reserve policy intended accumulate and manage appropriate reserve balances. Each year, through the budget process, SVCW reviews all reserve balances and adjusts as needed to adhere to the policy. In 2021-22, \$2.0 million was contributed to the CIP Reserve and another \$2.5 million will be added in 2022-23.

SECTION 5 – TEN-YEAR FINANCIAL PROJECTIONS

In fiscal year 2023-24 SVCW anticipates total expenditures will be \$53.9 million for all costs of operations, debt service, revenue-funded capital, and reserve contributions. This figure is anticipated to grow to \$89.7 million over the next ten years.

Projected SVCW Cash Flow Requirements - Aggregate (\$ Millions)										
Description	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
Operating Expense	\$ 30.43	\$ 31.65	\$ 32.91	\$ 34.23	\$ 35.60	\$ 37.02	\$ 38.50	\$ 40.04	\$ 41.64	\$ 43.31
Wastewater Rev. Bonds	16.97	16.97	16.95	16.95	16.95	16.94	16.92	16.31	16.31	16.29
SRF Loans	1.89	8.89	8.89	8.89	8.89	8.89	8.89	8.89	8.89	8.89
WIFIA Loans	-	-	-	-	10.52	10.52	12.03	12.03	12.03	12.03
Line of Credit Interest	0.19	-	-	-	-	-	-	-	-	-
Cash-funded Capital	1.50	1.50	1.50	1.50	1.50	1.50	1.50	8.00	8.50	9.00
Cash-in-lieu of Debt	-	-	14.15	3.71	2.95	2.25	2.25	-	-	-
Cash Reserves	3.12	3.62	4.13	4.63	5.14	5.64	6.15	0.15	0.16	0.16
TOTAL	\$ 54.09	\$ 62.63	\$ 78.53	\$ 69.91	\$ 81.55	\$ 82.76	\$ 86.25	\$ 85.43	\$ 87.53	\$ 89.69



Note, this update does not recommend the issuance of additional new debt. Available proceeds from bonds and loans already secured, plus the use of Stage 2 Capacity cash reserves will provision \$213.4 million, or 87.7% of remaining CIP expenditures. Additional cash contributions from Members would be \$29.8 million to complete projects already identified in the CIP. See further discussion on page 44.

Uses and Sources of CIP Funds (as of July 01, 2022)

Description	\$ Millions	% Remaining CIP
Uses:		
Gravity Pipeline	\$ 13.1	5.4%
Front of Plant Facilities	40.6	16.7%
Pump Stations & Pipelines & Program Mgmt	72.1	29.6%
Treatment Facilities	107.0	44.0%
Nutrient Removal	10.5	4.3%
Total Remaining CIP Expenditures	\$ 243.2	100.0%
Source of Funds:		
Available Debt Proceeds	\$ 199.5	82.0%
Stage 2 Capacity Reserve Funds	13.9	5.7%
Use of pay-go capital Contributions	4.5	1.9%
Cash-in-lieu of Debt Contributions	25.3	10.4%
Total Sources of Funds	\$ 243.2	100.0%

Projected SVCW Operating Expenditures

Overall SVCW operating expenses are expected to increase by approximately 4.0% annually over the next decade. This includes benefits derived from efficient operations and power generation.

SVCW Operating Expenditures (\$ Millions)												
Description	2022-23 Budget	2023-24 Forecast	2024-25 Forecast	2025-26 Forecast	2026-27 Forecast	2027-28 Forecast	2028-29 Forecast	2029-30 Forecast	2030-31 Forecast	2031-32 Forecast	2032-33 Forecast	
Personnel	\$ 18.3	\$ 18.8	\$ 19.4	\$ 20.0	\$ 20.6	\$ 21.2	\$ 21.8	\$ 22.5	\$ 23.2	\$ 23.9	\$ 24.6	
Utilities	1.6	1.6	1.7	1.7	1.8	1.8	1.9	1.9	2.0	2.1	2.1	
Administrative Costs	0.6	0.7	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.8	0.8	
Equipment & Supplies	2.7	2.8	2.9	3.0	3.1	3.2	3.3	3.4	3.5	3.6	3.7	
Chemicals	1.9	2.0	2.0	2.1	2.2	2.2	2.3	2.4	2.4	2.5	2.6	
Professional Services	1.0	1.0	1.1	1.1	1.1	1.2	1.2	1.2	1.3	1.3	1.3	
Contractual Services	2.0	2.0	2.1	2.1	2.2	2.3	2.3	2.4	2.5	2.6	2.6	
Regulatory and Training	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5	
Total Expenditures	\$ 28.5	\$ 29.3	\$ 30.2	\$ 31.1	\$ 32.0	\$ 33.0	\$ 34.0	\$ 35.0	\$ 36.1	\$ 37.1	\$ 38.3	
Less Misc. Revenue	(1.0)	(1.0)	(1.0)	(1.0)	(1.1)	(1.1)	(1.1)	(1.2)	(1.2)	(1.2)	(1.3)	
Net Operating Expend.	\$ 27.5	\$ 28.3	\$ 29.2	\$ 30.1	\$ 31.0	\$ 31.9	\$ 32.8	\$ 33.8	\$ 34.9	\$ 35.9	\$ 37.0	

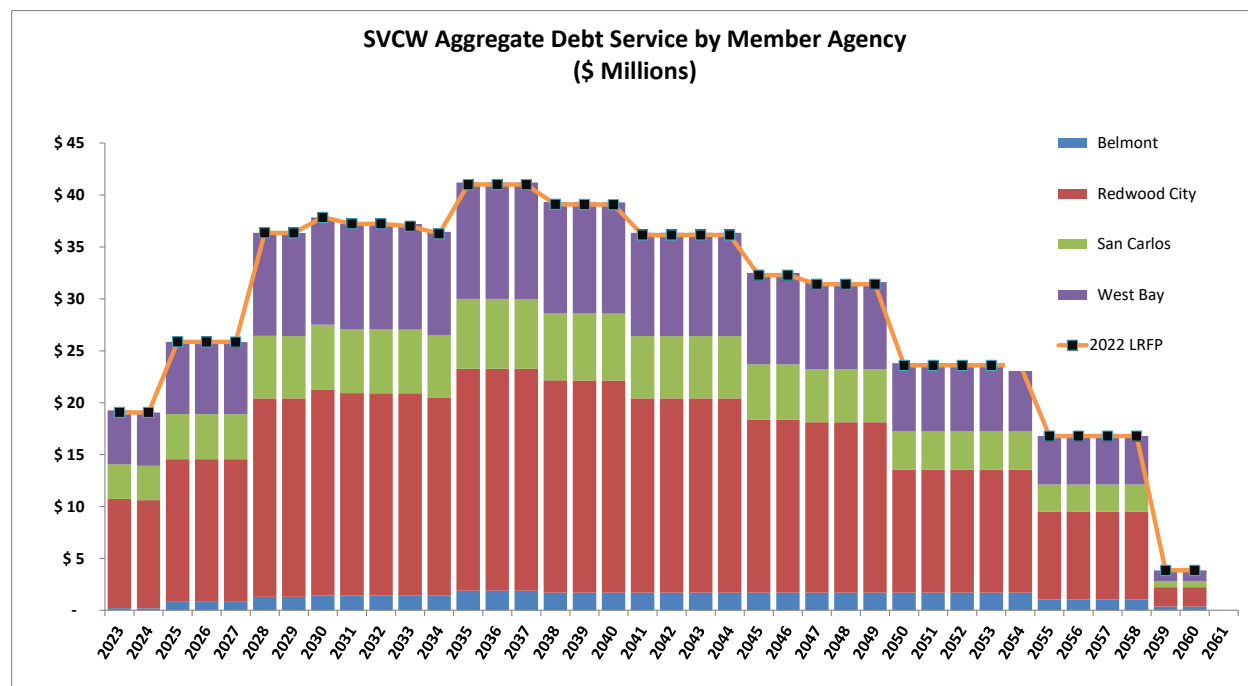
Debt Service Structure / Annual Debt Service Payments

SVCW and its Members historically leveraged the debt markets to fund the CIP. Approximately \$959 million of funding has been obtained. Sources of funds include Wastewater Revenue Bonds, Member Agency cash contributions, SRF Loans, WIFIA Loans / Notes and Grants.

Source of CIP Funds to date (\$ millions)			
Description	All-in TIC / Interest Rate	Max Proceeds	Available Proceeds at 7/1/2022
Bonds			
2008 Wastewater Revenue Bonds*	5.03%	\$ 10.01	\$ -
2009 Wastewater Revenue Bonds*	5.12%	55.86	-
2014 Wastewater Revenue Bonds*	4.18%	65.54	-
2015 Wastewater Revenue Bonds*	3.75%	30.00	-
2018 Wastewater Revenue Bonds / Refunding	3.43%	148.98	7.06
2021 Refunding Bonds	2.30%	-	-
Subtotal - Bonds		310.38	7.06
Cash Contributions in lieu of Debt			
Belmont		46.84	-
Redwood City		10.00	-
West Bay Sanitary District		13.02	-
Subtotal - Cash		69.85	-
Government Loans			
SRF - Control Building	2.60%	11.36	-
SRF - WWTP Improvements	1.80%	31.55	-
SRF - Conveyance Planning	1.60%	14.00	-
SRF - RESCU Construction Loans	0.90%	169.00	77.12
WIFIA / Notes - RESCU Program	1.40%	207.33	5.39
WIFIA / Notes - RESCU II	1.93%	68.90	43.24
WIFIA / Notes - WWTP	1.94%	73.80	66.72
Subtotal - Government Loans		575.94	192.47
Grant Funding			
PG&E Cogeneration Grant		2.40	-
California Energy Commission		0.50	-
Subtotal - Grant Funding		2.90	-
TOTAL		\$ 959.08	\$ 199.53

* Bond series refunded

Over the next four decades displayed below, total remaining aggregate debt service is \$1.1 billion, which illustrates that there are no material changes in debt from the prior year plan.



SVCW Wastewater Revenue Bonds

Financing Agreements adopted between SVCW and its Member Agencies obligate each of Member for their respective allocable share of debt service. The City of Belmont has, to date, limited its participation in SVCW Wastewater Revenue Bonds financing.

Bond debt service payments are \$16.97 million in fiscal year 2022-23 including three outstanding series from 2018 and 2021 which, combined, refunded all earlier bond series.

State Revolving Fund Loans

SVCW has financed certain projects by entering into six separate sale-repurchase agreements with the State Water Resources Control Board (SWRCB). This program is funded from the California State Revolving Fund (SRF) program. The project funds, including any accrued interest, are repaid in annual installments commencing one year after construction.

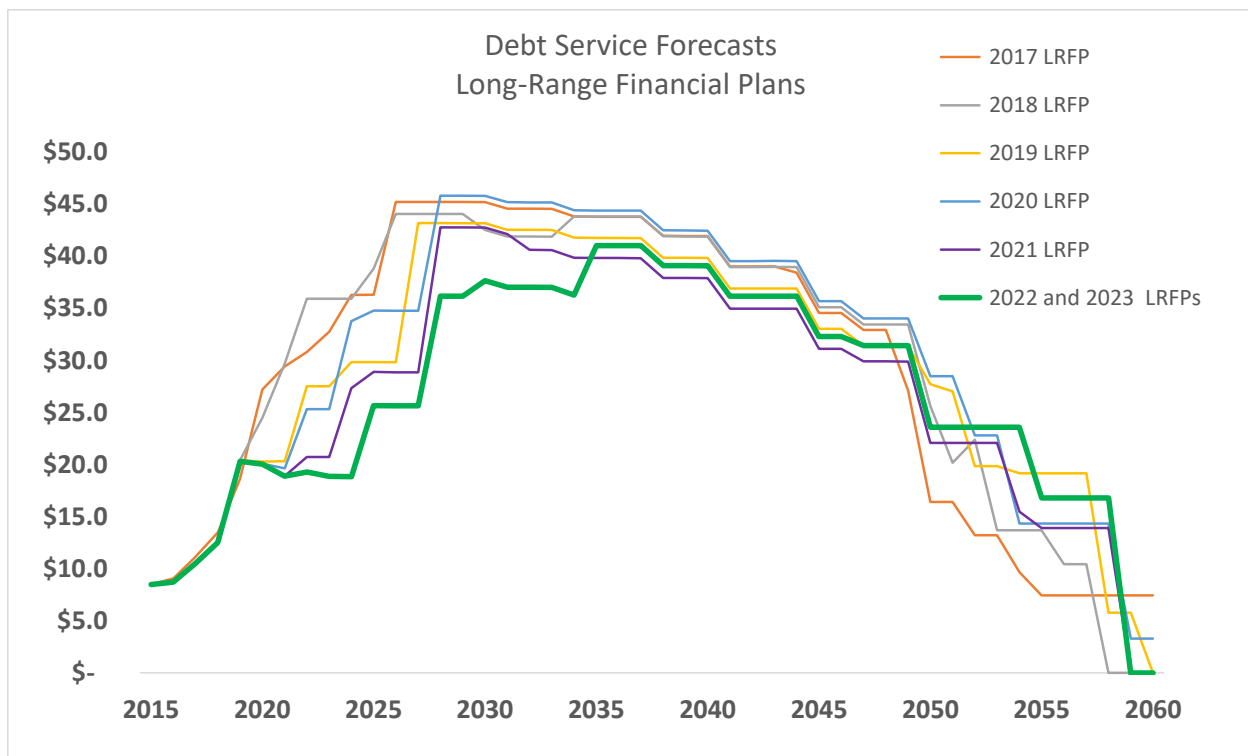
Current SRF loan payments will peak at \$8.9 million in fiscal year 2024-25, when RESCU Loans repayments commence atop earlier SRF loans for wastewater treatment improvements and conveyance system planning. The most recent SRF loans secured \$169 million for the RESCU program at an interest rate of 0.90%.

Line of Credit

SVCW holds a \$30 million Line of Credit (LOC), with an accordion feature for up to \$115 million, providing bridge financing for CIP projects. The LOC remains a valuable tool to manage cash flow and reduce borrowing costs. Specifically, the LOC furnishes interim cash flows between bond issuances or when SVCW awaits reimbursement of construction costs funded by the SRF program. When borrowing through SRF, SVCW pays for services and afterwards submits paid invoices to the state for reimbursement. Reimbursement generally takes 30 to 90 days and the LOC acts as a bridge loan during this period.

Debt Service improvements

The Authority benefited from iterative planning during a period of advantageous borrowing conditions. The following chart proves the significant value of obtaining flexible and low-interest financing. It shows how, over the past five years of long-range financial planning, final annual debt service payments now in place are \$10 million to \$20 million below earlier years' estimates.



Remaining Funding to be Secured

This LRFP recognizes most of these projects are now funded, with approximately \$43.7 million not yet secured. See additional discussion on page 44:

Proposed Sources to fund CIP Expenditures not yet secured by existing debt (\$ Millions)											
Description	FYE 2023	FYE 2024	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032	TOTAL
Stage 2 Capacity Funds	\$ -	\$ 3.5	\$ 9.3	\$ 1.1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13.9
Cash in lieu of Debt	-	-	-	14.2	3.7	3.0	2.2	2.2	-	-	25.3
CIP Reserve, Redirected	-	-	-	-	-	-	-	-	2.2	2.2	4.5
TOTAL	\$ -	\$ 3.5	\$ 9.3	\$ 15.3	\$ 3.7	\$ 3.0	\$ 2.2	\$ 2.2	\$ 2.2	\$ 2.2	\$ 43.7

Revenue-Funded Capital Expenditures

Over the next decade, until the CIP Cash Reserve balance reaches its target, SVCW anticipates investing approximately \$1.5 million annually to revenue-funded capital projects. These projects are typically installed and managed by staff and include such things as fleet, valve replacements, new pumps and motors, gear assemblies, technology upgrades, or maintenance equipment.

Cash Reserves Contributions

The table below shows the projected annual cash reserve contributions to the Capital Improvement Program Fund, its earnings, and the balances. Cash Reserve contributions follow SVCW policy at \$2.0 million contributed in fiscal year 2020-21, after which contributions increase annually by \$500 thousand. Such contributions continue until the CIP Reserve balance reaches an inflation-adjusted target of \$50 million in 2019 dollars, after which the contributions will be redirected to Revenue-Funded Capital projects.

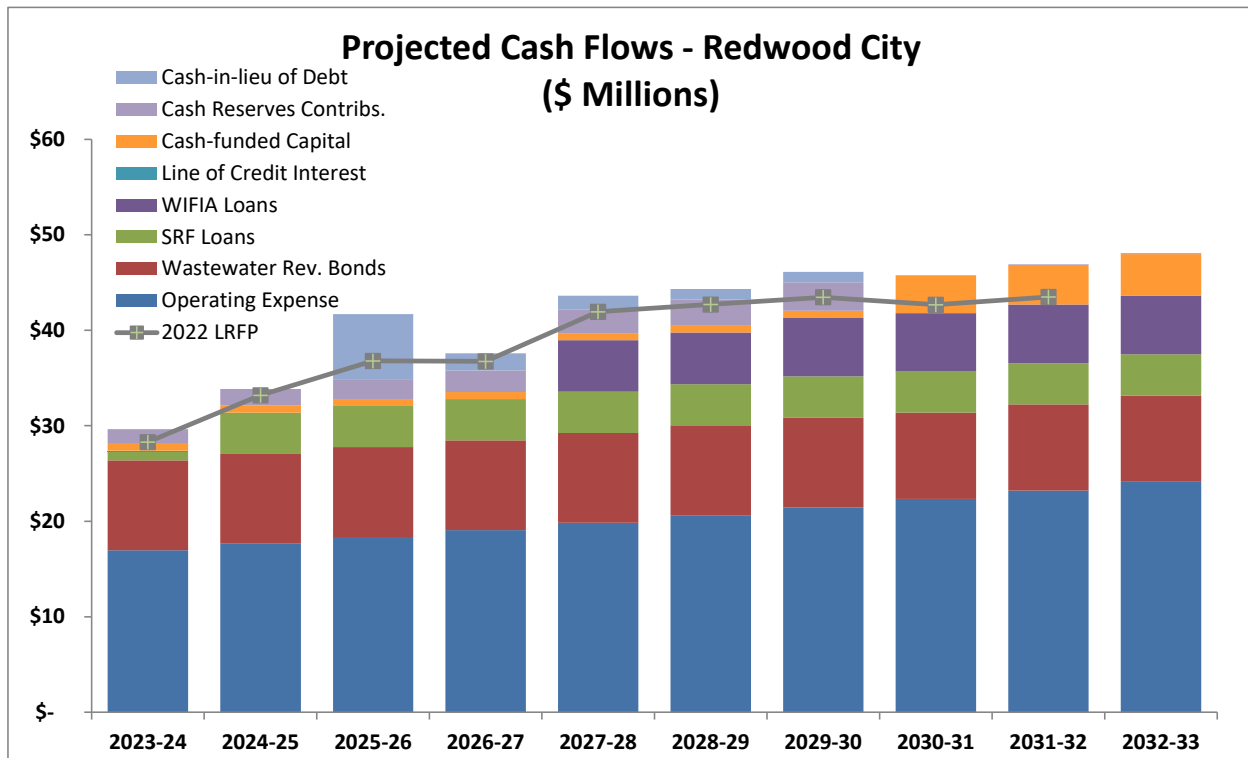
After ten years SVCW is projected to have approximately \$65.2 million in cash reserves available to fund unanticipated project expenditures or for selected capital improvements.

CIP Cash Reserves Forecast (\$ Millions)								
Description	FYE 2024	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031
Beginning Balance	\$ 21.3	\$ 24.7	\$ 28.7	\$ 33.3	\$ 38.4	\$ 44.2	\$ 50.6	\$ 57.6
Contributions	3.0	3.5	4.0	4.5	5.0	5.5	6.0	6.5
Earnings (at 1.75%)	0.4	0.5	0.6	0.7	0.8	0.9	1.0	1.1
Ending Balance	\$ 24.7	\$ 28.7	\$ 33.3	\$ 38.4	\$ 44.2	\$ 50.6	\$ 57.6	\$ 65.2

Total Cash Flow Projections by Member Agency

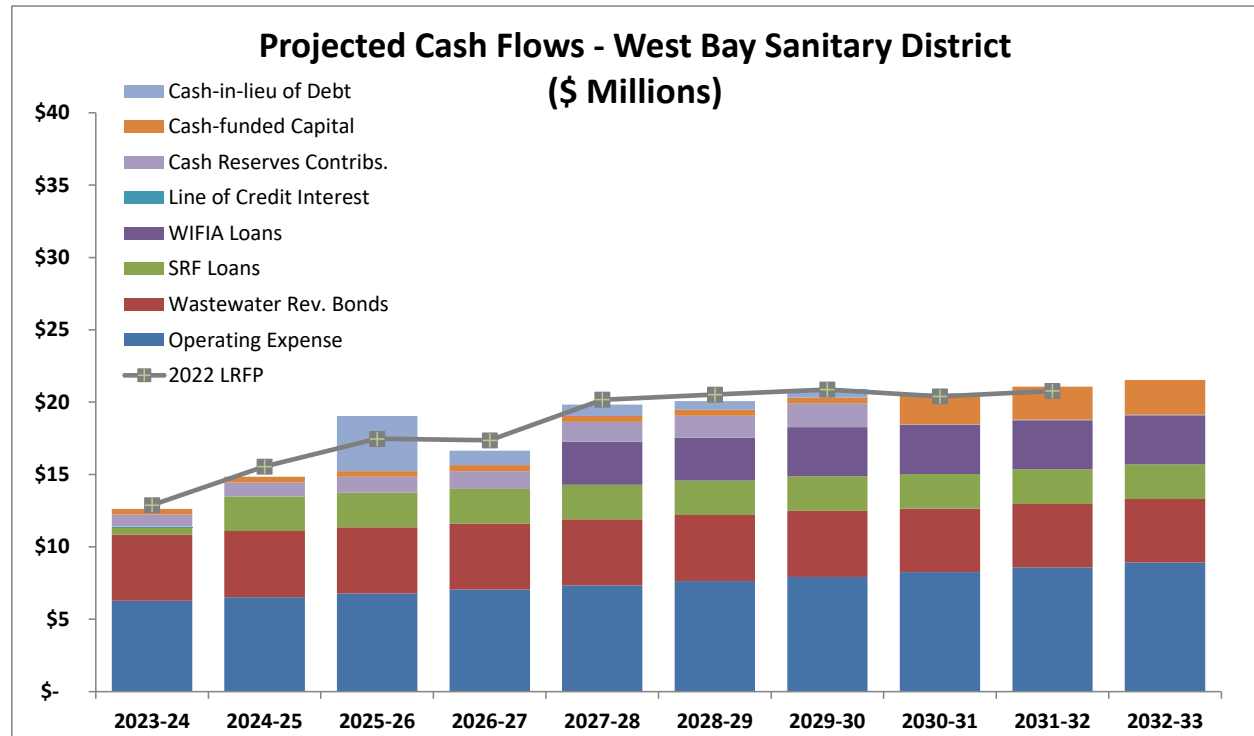
The following charts and tables describe the cash flow projections required for all SVCW expenditures. Each Member Agency is also provided with a detailed description for their own planning purposes.

Redwood City

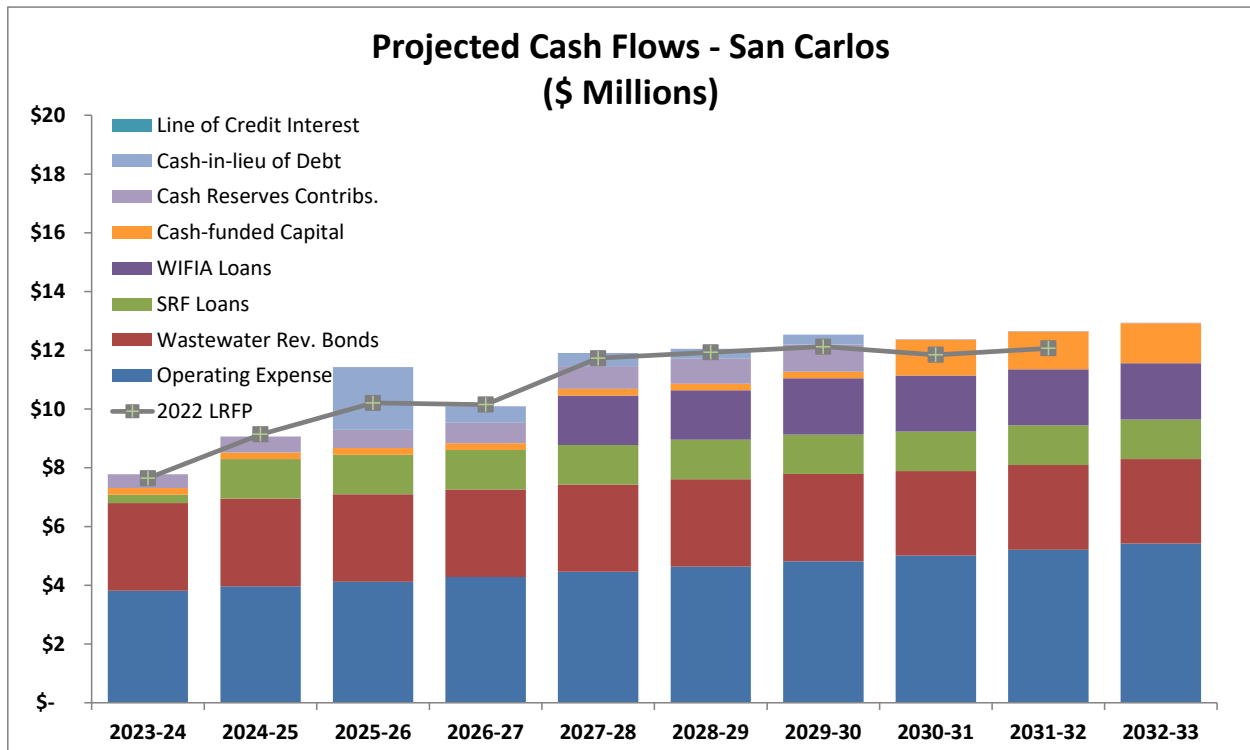


Projected SVCW Cash Flow Requirements - Redwood City (\$ Millions)										
Description	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
Operating Expense	\$ 16.96	\$ 17.64	\$ 18.35	\$ 19.08	\$ 19.85	\$ 20.64	\$ 21.47	\$ 22.32	\$ 23.22	\$ 24.15
Wastewater Rev. Bonds	9.41	9.41	9.41	9.41	9.41	9.40	9.39	9.03	9.02	9.01
SRF Loans	0.92	4.32	4.32	4.32	4.32	4.32	4.32	4.32	4.32	4.32
WIFIA Loans	-	-	-	-	5.40	5.40	6.13	6.13	6.13	6.13
Line of Credit Interest	0.09	-	-	-	-	-	-	-	-	-
Cash-funded Capital	0.73	0.73	0.73	0.73	0.73	0.73	0.73	3.89	4.13	4.37
Cash-in-lieu of Debt	-	-	6.87	1.80	1.43	1.09	1.09	-	-	-
Cash Reserves Contribs.	1.52	1.77	2.01	2.26	2.50	2.75	3.00	0.08	0.09	0.09
TOTAL	\$ 29.64	\$ 33.86	\$ 41.69	\$ 37.60	\$ 43.63	\$ 44.32	\$ 46.12	\$ 45.77	\$ 46.90	\$ 48.07

West Bay Sanitary District



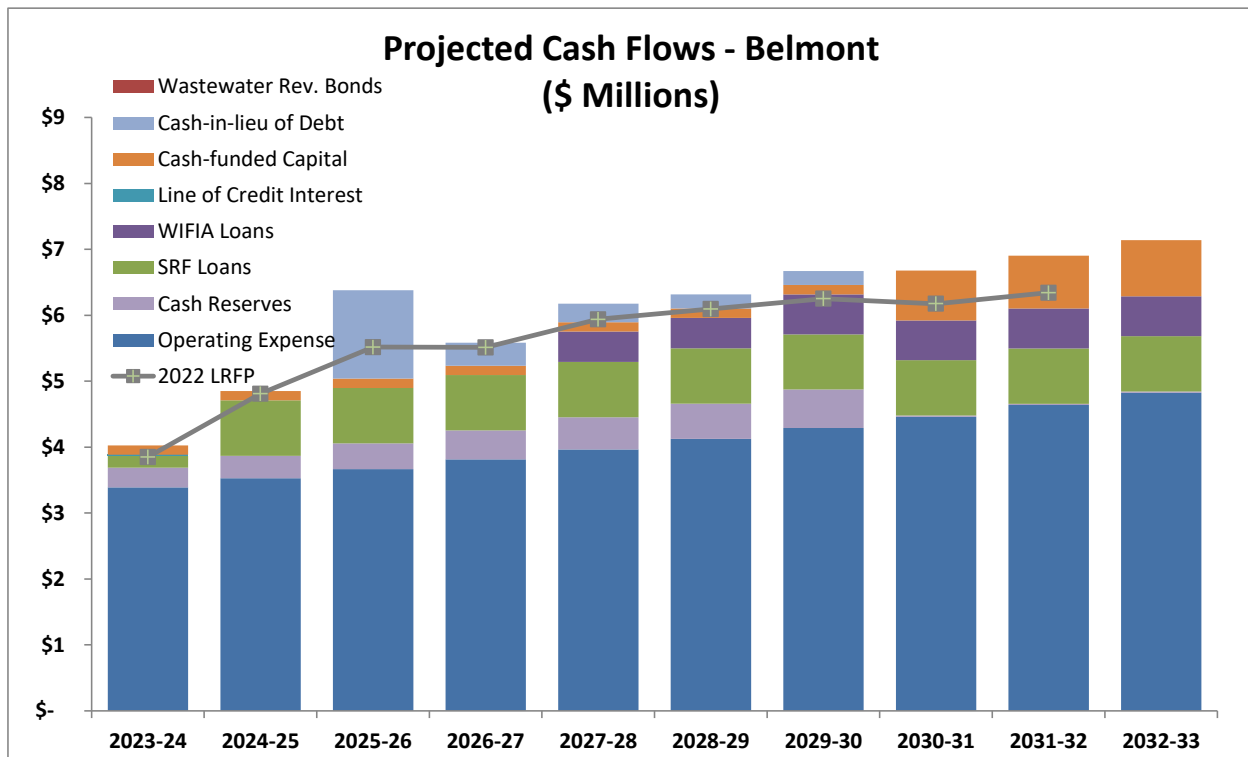
Projected SVCW Cash Flow Requirements - West Bay Sanitary District (\$ Millions)											
Description	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	
Operating Expense	\$ 6.27	\$ 6.52	\$ 6.78	\$ 7.05	\$ 7.33	\$ 7.63	\$ 7.93	\$ 8.25	\$ 8.58	\$ 8.92	
Wastewater Rev. Bonds	4.57	4.58	4.57	4.57	4.57	4.56	4.57	4.40	4.40	4.39	
SRF Loans	0.51	2.39	2.39	2.39	2.39	2.39	2.39	2.39	2.39	2.39	
WIFIA Loans	-	-	-	-	2.99	2.99	3.39	3.39	3.39	3.39	
Line of Credit Interest	0.05	-	-	-	-	-	-	-	-	-	
Cash-funded Capital	0.40	0.40	0.40	0.40	0.40	0.40	0.40	2.15	2.28	2.42	
Cash-in-lieu of Debt	-	-	3.80	1.00	0.79	0.60	0.60	-	-	-	
Cash Reserves Contribs.	0.83	0.96	1.10	1.23	1.37	1.51	1.64	0.03	0.03	0.03	
TOTAL	\$ 12.63	\$ 14.85	\$ 19.04	\$ 16.64	\$ 19.84	\$ 20.07	\$ 20.92	\$ 20.61	\$ 21.07	\$ 21.54	



Description	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
Operating Expense	\$ 3.81	\$ 3.96	\$ 4.12	\$ 4.28	\$ 4.45	\$ 4.63	\$ 4.82	\$ 5.01	\$ 5.21	\$ 5.42
Wastewater Rev. Bonds	2.99	2.99	2.98	2.97	2.98	2.98	2.97	2.88	2.89	2.88
SRF Loans	0.29	1.35	1.35	1.35	1.35	1.35	1.35	1.35	1.35	1.35
WIFIA Loans	-	-	-	-	1.68	1.68	1.91	1.91	1.91	1.91
Line of Credit Interest	0.03	-	-	-	-	-	-	-	-	-
Cash-funded Capital	0.23	0.23	0.23	0.23	0.23	0.23	0.23	1.21	1.29	1.36
Cash-in-lieu of Debt	-	-	2.14	0.56	0.45	0.34	0.34	-	-	-
Cash Reserves Contribs.	0.47	0.54	0.62	0.70	0.77	0.85	0.93	0.02	0.02	0.02
TOTAL	\$ 7.81	\$ 9.07	\$ 11.43	\$ 10.09	\$ 11.90	\$ 12.05	\$ 12.54	\$ 12.37	\$ 12.66	\$ 12.94

Belmont

Belmont has not joined SVCW Bond issuances, instead contributing cash in lieu of debt participation. It has, however, fully participated in certain SRF loans and the majority of WIFIA government loans.



Projected SVCW Cash Flow Requirements - Belmont (\$ Millions)											
Description	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	
Operating Expense	\$ 3.39	\$ 3.53	\$ 3.67	\$ 3.81	\$ 3.97	\$ 4.12	\$ 4.29	\$ 4.46	\$ 4.64	\$ 4.82	
Wastewater Rev. Bonds	-	-	-	-	-	-	-	-	-	-	
SRF Loans	0.18	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84	
WIFIA Loans	-	-	-	-	0.46	0.46	0.60	0.60	0.60	0.60	
Line of Credit Interest	0.02	-	-	-	-	-	-	-	-	-	
Cash-funded Capital	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.76	0.80	0.85	
Cash-in-lieu of Debt	-	-	1.34	0.35	0.28	0.21	0.21	-	-	-	
Cash Reserves	0.30	0.34	0.39	0.44	0.49	0.54	0.58	0.02	0.02	0.02	
TOTAL	\$ 4.02	\$ 4.85	\$ 6.38	\$ 5.59	\$ 6.18	\$ 6.32	\$ 6.67	\$ 6.68	\$ 6.90	\$ 7.14	

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SECTION 6 – SENSITIVITIES

Traditional risks to the efficient completion of large capital plans include unanticipated increases such as inflation and interest rate volatility. The risks of inflation and rising interest rates are outside the control of SVCW; however, strategies can mitigate these risks. The Plan, for instance, assumes an across-the-board 4.0% inflation factor in operating costs. Further, interest rates utilized by the Model are conservative and generally based on best available information and, as a result, are presumed to be higher than market rates. As another example of cost preparedness, CIP estimates include 4.0% cost inflators through the midpoint of construction.

Capital Improvement Program Adherence

The timing of CIP projects is considered achievable under present economic and operational assessments. Adhering to the budget and timing of the CIP the single most cost-effective strategy to manage costs. As the regional economy continues to expand, inflationary pressures rise. SVCW has shown the Progressive Design-Build project delivery method has avoided such schedule risks.

Inflation

Operating Expenditures - The LRFP includes inflationary assumptions of approximately 3% on operating costs. The Consumer Price Index (CPI) is a measure of the “average change in prices over time in a fixed market basket of goods and services” which translates to a guide for determining the prices on food, energy, fuel and other goods and services. CPI is a good indicator of how the economy holds up against inflation and surrounding economic changes.

Capital Expenditures – Construction costs of labor and materials continue to increase. While SVCW negotiates for best pricing on projects, the rise in material and labor costs places upward pressure on the CIP. Such inflationary estimates are based on Engineering News Record’s construction cost index. Additionally, the list of capital projects will evolve as SVCW’s wastewater infrastructure continues to age, new regulations are introduced, or project scopes change.

Interest Rates

It is impossible to predict interest rate levels or the timing of changes. What is known, however, is the Federal Reserve is committed to moving inflation towards its 2% target and will continue to increase the target range of the federal funds rate until this is achieved. While the monetary tightening has resulted in municipal interest rates increasing by 1.50% across the curve this past year, rates remain attractive on a long-term historical basis. The impact of such interest rates changes, however, is mitigated by the lack of need for further borrowing.

SECTION 7 – SUMMARY

SVCW provides this LRFP as a recommendation and implementation strategy to fund the next decade of capital improvements. The Plan documents possible alternatives. With most CIP funding already secured, this Plan recommends a cash-based approach to fund approximately \$43.7 million. Individual Members may of course determine that, for their own specific purposes, the debt market is appropriate for their needs.

Proposed Sources to fund CIP Expenditures not yet secured by existing debt (\$ Millions)											
Description	FYE 2023	FYE 2024	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032	TOTAL
Stage 2 Capacity Funds	\$ -	\$ 3.5	\$ 9.3	\$ 1.1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13.9
Cash in lieu of Debt	-	-	-	14.2	3.7	3.0	2.2	2.2	-	-	25.3
CIP Reserve, Redirected	-	-	-	-	-	-	-	-	2.2	2.2	4.5
TOTAL	\$ -	\$ 3.5	\$ 9.3	\$ 15.3	\$ 3.7	\$ 3.0	\$ 2.2	\$ 2.2	\$ 2.2	\$ 2.2	\$ 43.7

- **Stage 2 Reserves:** As of November 30, 2022, approximately \$13.9 million is held in this reserve and would be spent on construction projects designed to maintain SVCW's treatment capacity.
- **Cash in lieu of Debt:** As surplus cash was available Members have at times opted to fund CIP construction with cash rather than issuing additional debt. A similar approach is proposed for a five-year period beginning fiscal year 2025-26, when approximately \$25.3 million in project expenditures would be required. Alternatively, Members may choose to utilize SVCW's line of credit or issue fixed-rate wastewater revenue bonds.
- **Redirected CIP Reserve Contributions:** Beginning fiscal year 2030-31, the CIP Reserve Fund is predicted to reach its target balance. CIP Reserve Policy (Policy #2013-03) establishes a target balance and thereafter redirects contributions to CIP projects. By applying this policy, Members' ordinary reserve contributions will provide \$4.5 million for projects in fiscal years 2030-31 through 2031-32 to further reduce the need to borrow.

This LRFP's recommendations and its outcomes are for planning purposes. SVCW believes it is a reasonable forecast of expenditures over the next year, including an informed position that SVCW and its Members will have the cash resources to meet this recommendation. This LRFP may be used by each Member Agency as it considers budgets and analyzes sewer rates.

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