

**COMMISSION OF SILICON VALLEY CLEAN WATER
JOINT POWERS AUTHORITY
REGULAR MEETING – Monday, November 13, 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 7 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

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. 9
- B. Manager's Report
 - 1. Upcoming Commission Actions.....pg. 11
- C. Financial Report
 - 1. Investment Reportpg. 13
- D. Engineering Capital Projects Report.....pg. 17
- E. Commission Requested Staff-Level Action Items..... pg. 21
- F. RESCU Program Design-Build Project Status Update..... pg. 23

Agenda Packet Page 8

6. MATTERS OF COMMISSION MEMBER'S INTEREST

- A. Discussion re: Public Comment Protocols (pg. 32)

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

8. BUSINESS ITEMS –

- A. CONSIDERATION OF MOTION TO RECEIVE AND ACCEPT SILICON VALLEY CLEAN WATER BASIC FINANCIAL STATEMENTS AND AUDITOR'S REPORT FOR FISCAL YEAR 2022-23 (pg. 54)

Proposed Action:

Move approval of RECEIPT AND ACCEPTANCE OF BASIC FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR FISCAL YEAR ENDED JUNE 30, 2023

- B. RECEIVE INFORMATION ON ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) INVESTMENT OPTIONS (pg. 136)

Proposed Action:

PROVIDE DIRECTION TO STAFF AS TO THE INCORPORATION OF ESG CRITERIA INTO SVCW'S INVESTMENT POLICY

- C. CONSIDERATION OF RESOLUTIONS AND MOTIONS TO AWARD CONSTRUCTION CONTRACT; APPROVE ENGINEERING SERVICES DURING CONSTRUCTION TASK ORDER; APPROVE INTEGRATION

SERVICES FOR FIXED FILM REACTOR REHABILITATION AND 3W UPGRADES PROJECT (CIP #9242) (pg. 174)

Proposed Actions:

- i. Move adoption of RESOLUTION APPROVING CONSTRUCTION CONTRACT DOCUMENTS FOR FIXED FILM REACTOR REHABILITATION AND 3W UPGRADES (CIP #9242); 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 – J.F. SHEA CONSTRUCTION INC. (\$35,174,000)
- ii. Move approval of TASK ORDER FOR ENGINEERING SERVICES DURING CONSTRUCTION FOR FIXED FILM REACTOR REHABILITATION AND 3W UPGRADES PROJECT (CIP #9242) IN AN AMOUNT NOT TO EXCEED \$1,117,409 AND AUTHORIZE MANAGER TO APPROVE UP TO A TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – BROWN AND CALDWELL.
- iii. Move approval of TASK ORDER FOR SYSTEM INTEGRATION SERVICES FOR FIXED FILM REACTOR REHABILITATION AND 3W UPGRADES PROJECT (CIP #9242) IN AN AMOUNT NOT TO EXCEED \$306,524 AND AUTHORIZE MANAGER TO APPROVE UP TO A TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – CID TECHNOLOGIES.
- iv. Move approval of INCREASE IN BUDGET TO CAPITAL IMPROVEMENT PROGRAM PROJECT #9242 TO \$48,190,00

D. CONSIDERATION OF RESOLUTIONS TO CHANGE COMMISSION MEETING LOCATION, RESCIND RESOLUTION NO. 22-01, REVISE ADMINISTRATIVE POLICY 1980-01, AND ADOPT 2024 MEETING SCHEDULE

Proposed Actions

- i. Move adoption of RESOLUTION ESTABLISHING DAY, TIME, AND PLACE OF REGULAR MEETINGS OF THE COMMISSION OF SILICON

VALLEY CLEAN WATER AND RESCINDING RESOLUTION NO. SVCW
22-01

- ii. Move adoption of RESOLUTION APPROVING AND ADOPTING
REVISION F TO ADMINISTRATIVE POLICY 1980-01 ESTABLISHING
COMMISSION AGENDA PREPARATION PROCEDURE AND
IMPLEMENTATION OF BROWN ACT
 - iii. Move adoption of RESOLUTION ESTABLISHING AND ADOPTING
COMMISSION'S REGULAR MEETING SCHEDULE FOR CALENDAR
YEAR 2024
9. CLOSED SESSION
- A. PUBLIC EMPLOYEE PERFORMANCE EVALUATION (Gov't Code §54957)
10. RECONVENE IN OPEN SESSION – Announce action taken in Closed Session, if
any
11. ADJOURN

CONSENT CALENDAR

NOTICE TO PUBLIC

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

7. A. APPROVAL OF MINUTES – October 9, 2023 - Regular Meeting (pg. 35)
- B. CONSIDERATION OF MOTION APPROVING CLAIMS AND CHECKS DATED SEPTEMBER 6, 2023 – OCTOBER 2, 2023 AND NECESSARY PAYMENTS THROUGH OCTOBER 2, 2023 (pg. 39)
- C. CONSIDERATION OF RESOLUTION TO AWARD CONSTRUCTION CONTRACT FOR CHILLERS REPLACEMENT PROJECT (CAPITAL PROJECT #0342) (pg. 41)

Proposed Action:

Move adoption of RESOLUTION APPROVING CONSTRUCTION CONTRACT DOCUMENTS FOR THE CHILLERS REPLACEMENT PROJECT (CAPITAL PROJECT #0342); 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 – MARINA MECHANICAL SERVICES (\$286,174)

- D. CONSIDERATION OF MOTION TO APPROVE TASK ORDER FOR NEXINITE LLC SCOPE OF WORK AND BUDGET FOR CAPITAL PROJECTS' MANAGEMENT APPLICATION (CIP #9130) (pg. 45)

Proposed Action:

Move approval of TASK ORDER FOR CIP MANAGEMENT APPLICATION DEVELOPMENT (CIP #9130) IN AN AMOUNT NOT TO EXCEED \$476,600 AND AUTHORIZE MANAGER TO APPROVE UP TO A TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – NEXINITE LLC

- E. CONSIDERATION OF RESOLUTIONS TO APPROVE CONTRACT CHANGE ORDERS TO RESCU PROJECTS (CIP #6008, 9501, AND 9502) (pg. 49)

Proposed Actions:

- i. Move adoption of RESOLUTION AUTHORIZING THE SILICON VALLEY CLEAN WATER MANAGER TO APPROVE A CONTRACT CHANGE ORDER FOR THE GRAVITY PIPELINE PROJECT IN AN AMOUNT NOT TO EXCEED \$850,000.
- ii. Move adoption of RESOLUTION AUTHORIZING THE SILICON VALLEY CLEAN WATER MANAGER TO APPROVE A CONTRACT CHANGE ORDER FOR THE FRONT OF PLANT PROJECT IN AN AMOUNT NOT TO EXCEED \$707,866.
- iii. Move adoption of RESOLUTION AUTHORIZING THE SILICON VALLEY CLEAN WATER MANAGER TO APPROVE A CONTRACT CHANGE ORDER FOR THE PUMP STATIONS IMPROVEMENTS PROJECT IN AN AMOUNT NOT TO EXCEED \$2,173,911.

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

WEBSITE: [Link to access meeting](#)

MEETING ID: 270 547 566 14

CALL IN PHONE NUMBER: +1 747-216-0281 **ID:** 925 412 740#

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

Kitchen Knife Safety Tips

1. Keep Your Knives Sharp

If your knives are dull, you're at a higher risk of cutting yourself rather than the food you're preparing. Why? Because you have to press harder to cut, and when you press harder, the knife is more likely to slip.

Use a sharpening steel (AKA hone) regularly. Every time you use a knife, microscopic burrs occur along the blade. Bit by bit, use by use, this creates a dull knife. Using a steel regularly (a ceramic one is pictured here, but you can get steel steels, too) every time you use your knife, smooths out the burrs and keeps the knife sharp and minimizes the actual sharpening required.



Sharpen at least once a year. Steeling can't get all the burrs, though, so you have to give (or get) your knives a good sharpening at least twice a year. A stone will smooth out nicks and deep burrs that honing can't really fix.

Also: Avoid electric knife sharpeners. There may be some good ones out there, but they tend to take too much steel off the blades, shortening the life of your knives.

2. Use the Right Knife for the Task at Hand

Why are there so many different kinds of knives? Simple: Because there are so many different kinds cutting tasks.

While a chef's knife is an excellent all-around tool and likely your go-to knife, it isn't good for everything. It won't do a very good job on bread--you need a serrated knife for that--and it's terrible for working with small items like strawberries and Brussels sprouts--you need a small paring knife for those. In fact, using the wrong knife can be downright dangerous. You're more likely to slip or jerk an unsuitable knife, which means you're in greater danger of cutting yourself.

3. Learn Proper Cutting Techniques

Knife skills are one of the first things--usually *the* first thing--you learn in culinary school. Why? Because they're the basis of almost every kitchen task, from making stock to baking pastries.

4. Always Use a Non-Slip Cutting Board

1. Never cut anything free-form that you're holding over the sink (or elsewhere).
2. Use a cutting board that won't slide around--either a large, heavy one, one with rubber feet, or one that's been stabilized by placing a damp dishcloth or rubber mat underneath it.

5. Make Sure Your Hands Are Clean and Dry

Trying to use a sharp knife with wet or greasy hands is dangerous. You're opening yourself up to potential disaster. This is easily avoidable. Wash and dry your hands before using a knife.(Or any other sharp object, for that matter.)

6. Be Mindful when Using Knives

Whenever you're using a knife--or any sharp, dangerous object--you should be totally focused on the task. One of the most important aspects of knife safety is simply paying attention to what you're doing.

AGENDA ITEM 5B

Recurring and Upcoming 2023 Commission Actions
Updated for November 2023 Meeting

January	February	March	April
<ul style="list-style-type: none"> Review Investment Policy Long Range Financial Plan 	<ul style="list-style-type: none"> Meeting Cancelled 	<ul style="list-style-type: none"> Operating Budget Workshop 	<ul style="list-style-type: none"> Operating Budget Approval Consider MOU w/Local 39
May	June	July	August
<ul style="list-style-type: none"> Initiate Manager Performance Evaluation 	<ul style="list-style-type: none"> Approve Resolution 77-6 "Personnel Resolution" Perform Manager Evaluation Review Reserve Funds Policy Receive Q1 Investment Summary 	<ul style="list-style-type: none"> Elect Chair, Vice Chair; Appoint Secretary 	<ul style="list-style-type: none"> Special Meeting
September	October	November	December
<ul style="list-style-type: none"> Review Investment Policy Review Debt Management Policy 	<ul style="list-style-type: none"> Conflict of Interest Update (Biennial; even numbered years) Annual Investment Update 	<ul style="list-style-type: none"> Audited Financial Report 	<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
September 30, 2023**

Description	Market Value	% of Total Holdings	Yield to Market
<u>Reserve Accounts</u>			
Operating Reserve* - Securities	\$ 2,709,786	2.21%	1.59%
Operating Reserve - Money Market Fund Balance	1,280,631	1.05%	5.21%
CIP Reserve* - Securities	21,839,211	17.84%	2.55%
CIP Reserve - Money Market Fund Balance	301,071	0.25%	5.21%
Stage 2 Capacity Reserve* - Securities	14,573,787	11.91%	2.21%
Stage 2 Capacity Reserve - Money Market Fund Balance	501,853	0.41%	5.21%
Debt Coverage Reserve - CAMP	2,509,209	2.05%	5.55%
Total Market Value: Operating and Reserve Accounts	\$ 43,715,547	35.7%	2.68%
Total Accrued Interest: Operating and Reserve Accounts	196,745		
GRAND TOTAL, RESERVE ACCOUNTS	\$ 43,912,292		
<u>Trustee Accounts:</u>			
2018 Bond Project Fund Account - CAMP	\$ 6,653,684	5.44%	5.55%
2018 Bond Revenue Account	4,738	0.00%	4.99%
2019A Notes WIFIA - Money Market Fund	1,649,300	1.35%	4.99%
2019A Notes Capitalized Interest Account - Money Market Fund	3,180,878	2.60%	4.99%
2019A Notes Capitalized Interest Account* - Securities	-	0.00%	2.16%
2021 Refunding Bonds Revenue Account	6,960	0.01%	4.99%
2021A Notes (RESCU) - Money Market Fund	928	0.00%	4.99%
2021A Notes (RESCU) - LAIF**	3,562,310	2.91%	3.53%
2021B Notes (WWTP) - Money Market Fund	14,439,867	11.80%	4.99%
2021B Notes (WWTP) - CAMP	12,925,493	10.56%	5.55%
2021B Notes (WWTP)* - Securities	8,047,190	6.57%	2.82%
2021B Notes (WWTP) - LAIF**	23,039,443	18.82%	3.53%
2021 Notes Capitalized Interest Account - Money Market Fund	1,071,182	0.88%	4.99%
Total Market Value, Trustee Accounts	\$ 74,581,974	60.93%	4.38%
Accrued Interest:	260,873		
Operating Cash (includes outstanding checks)	2,724,951	2.23%	0.00%
Local Agency Investment Funds (LAIF) Balance	1,376,704	1.12%	3.53%
Total Cash & Investments	\$ 122,856,795	100.00%	3.67%


Matthew P Anderson

Chief Financial Officer / Assistant Manager

* Monthly report of security transactions and interest available upon request

**Market value of LAIF based on the most available Fair Value factor

10/17/2023

Date

Silicon Valley Clean Water
Operating and Reserve Funds - Sector Allocation & Compliance September 30, 2023

Security Type	Operating Reserve	CIP Reserve	Capacity Reserve	Debt Coverage Reserve	Total Market Value	% of Total Portfolio	% Allowed by Policy	In Compliance	% Change vs. Prior Month
U.S. Treasury	\$ 1,876,355	\$ 10,602,969	\$ 7,431,984	\$ -	\$ 19,911,308	45%	100%	✓	2.3%
Supranationals	173,440	-	-	-	173,440	0%	15%	✓	0.0%
Federal Agency/GSE	199,300	1,048,994	734,919	-	1,983,212	5%	100%	✓	(0.4%)
Federal Agency/CMBS	-	2,014,340	739,773	-	2,754,113	6%	100%	✓	1.3%
Federal Agency CMO	-	706,985	392,660	-	1,099,645	3%	100%	✓	(0.1%)
Federal Agency MBS	-	2,082,760	1,347,024	-	3,429,784	8%	100%	✓	(0.3%)
Municipal	-	848,331	687,047	-	1,535,378	3%	30%	✓	(0.0%)
Corporate Notes	389,458	4,237,302	3,015,412	-	7,642,172	17%	30%	✓	(0.1%)
Asset-Backed Securities	71,232	297,530	224,969	-	593,731	1%	10%	✓	(0.2%)
Securities Sub-Total	2,709,786	21,839,211	14,573,787	-	39,122,784	89%			
Accrued Interest	12,643	113,669	61,308	-	187,619				
Securities Total	2,722,429	21,952,879	14,635,095	-	39,310,403				
Money Market Fund	1,280,631	301,071	501,853	-	2,083,555	5%	20%	✓	(2.3%)
CAMP	-	-	-	2,509,209	2,509,209	6%	100%	✓	0.0%
Accrued Interest - CAMP	-	-	-	9,126	9,126				
CAMP Sub-Total	-	-	-	2,518,334	2,518,334	6%	100%	✓	0.0%
Total Investments	\$ 4,003,060	\$ 22,253,951	\$ 15,136,948	\$ 2,518,334	\$ 43,912,292	100%			
<i>As % of 6/30/24 Target:</i>	<i>95.6%</i>	<i>90.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>94.3%</i>				

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

- 1. All operating fund accounts are in compliance with SVCW's Investment Policy, and all bond proceeds accounts are in compliance with the relevant bond documents.*
- 2. SVCW has adequate funding levels for more than six months of operations and claim payments, as referenced in CA Code Section 53646.*
- 3. Market valuations for the Operating and Reserve accounts along with the 2018 bond, 2019A note, 2021 bond, 2021A and 2021B notes proceeds accounts are provided by PFM Asset Management LLC (PFM). Generally, PFM's market prices are derived from closing bid prices as of the last business day of the month as supplied by ICE Data Services or Bloomberg. Where prices are not available from generally recognized sources the securities are priced using a yield-based matrix system to arrive at an estimated market value. Prices that fall between data points are interpolated. Non-negotiable FDIC-insured bank certificates of deposit are priced at par. Although PFM believes the prices to be reliable, the values of the securities do not always represent the prices at which the securities could have been bought or sold.*
- 4. In accordance with Generally Accepted Accounting Principles (GAAP), month-end holdings and information are reported on a trade date basis.*
- 5. The yields shown for securities portions of the operating and reserve accounts and the 2019A and 2021A&B notes proceeds accounts are the yields to maturity at cost.*
- 6. The yield for LAIF is the average monthly effective yield. Source: https://www.treasurer.ca.gov/pmia-laif/historical/avg_mn_ylds.asp*
- 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.*
- 9. Amounts will slight differ due to timing of custodian account reports.*

AGENDA ITEM 5D

**ENGINEERING REPORT: OCTOBER 2023
CAPITAL IMPROVEMENT PROGRAM**

UPCOMING COMMISSION ACTIONS:

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.

GP project construction is complete. Construction continues on the PSI and FoP projects. Acceptance testing of the FoP project is ongoing, with the processes receiving flow from West Bay and Redwood City through the gravity pipe. The FoP and PSI Projects are expected to be substantially complete in late 2023 and late 2024 respectively. Refer to Commission Item 5F for status updates.

Planned Commission Actions: Contract Change Orders Approval for RESCU Projects – November 2023

Fixed Film Reactor Project (CIP#9242): FFRs Rehabilitation and 3W System Upgrade

This project includes rehabilitating the three-remaining fixed-film reactors. The project also includes upgrading No. 3 Water system to increase the plant process water system capacity.

Planned Commission Actions: Award Construction Contract and Task Orders – November 2023

Chiller Replacement Project (342): Installation of Water-Cooled Chillers

This project includes replacement of existing air conditioning chillers. The chillers have been operational for more than a decade and need replacement. The chiller that fits the existing footprint is being phased out starting January 1, 2024. SVCW has pre-purchased the chillers to secure their availability and has bid the work for installation.

Planned Commission Actions: Award Installation Contract – November 2023

Capital Project Management Application (9130): Development of a Capital Project Management Tool

This project develops a Microsoft-based computer program to manage SVCW's capital projects with emphasis on project budget, schedule, and documentation.

Planned Commission Actions: Approve Task Order – November 2023

Digester No. 1 Rehabilitation (9215): Rehabilitate Digester No. 1

This project includes repair of coatings and structural elements in Digester No. 1. Construction is nearly complete and is in the commissioning phase.

Planned Commission Actions: Accept the Project and File Notice of Completion – December 2023

Diesel Aboveground Storage Tank Project (329): Install an aboveground Diesel Tank for Standby Generators

This project includes replacement of the existing underground single wall diesel tank with an aboveground double walled diesel tank as mandated by the State of California. The project will complete well before the 2025 state deadline.

Planned Commission Actions: Accept the Project and File Notice of Completion – December 2023

2024 CIP Update: Approve CIP 2024 Update

SVCW engineering division updates the CIP every two years to mark the completed projects and revise the list of projects. CIP 2024 will also update the total CIP budget.

Planned Commission Actions: Approve the CIP 2024 Update – January 2024

ONGOING PROJECTS IN CONSTRUCTION:

SAF-MBR (9236): Pilot Testing New Treatment Systems in Conjunction with Stanford University

SAF-MBR is operational with particular equipment being tested. Additional equipment continues to be procured to further test different scenarios of treatment.

TASK ORDERS APPROVED CALENDAR YEAR 2023:

Task orders approved throughout the calendar year are shown in the attached table.

SVCW Engineering Division - Task Order Summary 01/01/2023-10/31/2023

Task Order Date	Consultant	TO Amt.	Project #	Project Name	Scope of Work
Commission-Approved Task Orders:		\$17,130,821			
12/22/2022	Kennedy Jenks	\$281,100	9120	RAS Rehabilitation	Engineering Services During Construction
12/12/2022	Brown & Caldwell	\$607,033	9600	Buried & Exposed Process Pipe Repair	Engineering Planning Services
3/13/2023	Beecher Engineering	\$251,702	9247	SHB Electrical Rehabilitation	Electrical Engineering for Kohler Standby Power
3/13/2023	CDM Smith	\$200,000	9223	Final Effluent Pump Replacement	Phase I Owner's Advisory Services - Progressive Design Build
4/10/2023	Tanner Pacific, Inc.	\$37,000	362	Emergency Force Main Leak Repair @ RWS	Construction Management Support
4/10/2023	Brown & Caldwell	\$395,630	9600	Buried Exposed Pipe Repair	Engineering Design Services
4/10/2023	WET Water Environment Technical	\$400,000	9130	Capital Improvements Engineering	CIP/Operations Technical & Advisory Consulting Services
9/11/2023	W.M. Lyles Co	\$1,350,917	9223	Final Effluent Pump Station Improvements	Design Build
9/11/2023	CDM Smith	\$190,280	9223	Final Effluent Pump Station Improvements	Owner's Advisor Services
9/11/2023	Tanner Pacific, Inc.	\$247,500	9223	Final Effluent Pump Station Improvements	Construction Quality Assurance
9/11/2023	Tanner Pacific	\$1,430,000	9501	Pump Stations Improvements	Construction Management and Quality Assurance Services
9/11/2023	Collaborative Strategies	\$280,000	9501	Pump Stations Improvements	Project Management
9/11/2023	Beecher Engineering	\$20,000	9501	Pump Stations Improvements	Electrical Engineering owner's Advisory Services
9/11/2023	Tanner Pacific, Inc.	\$510,000	9502	Front of Plant	Construction Management and Quality Assurance Services
9/11/2023	CDM Smith	\$190,280	9223	Final Effluent Pump Station Improvements	Owner's Advisor Services
9/11/2023	Tanner Pacific, Inc.	\$247,500	9223	Final Effluent Pump Station Improvements	Construction Management and Quality Assurance Services
10/9/2023	Tanner Pacific, Inc.	\$9,022,000	9130	Global TO CIP & Capital Projects	Construction Management Services
10/9/2023	Brown & Caldwell	\$1,469,879	9401	Side-Stream Treatment for Nutrient Removal	Design Services
Manager-Approved Task Orders*:		\$928,192			
1/19/2023	Zenith Engineers	\$11,840	341	Rotary Drum Thickener Process Pipe Upgrades	Structural Engineering Services
2/15/2023	West Yost	\$38,942	9223	Final Effluent Pump Replacement	Owner's Advisor (OA) Services
2/21/2023	CDM Smith	\$74,109	9257	Food Waste Improvements	Geotechnical Investigation and Reports
2/21/2023	Freyer & Laureta	\$68,140	9232	Long Term Strategic Recycled Water Planning	WWTP Consulting Services
2/24/2023	Freyer & Laureta	\$12,000	9257	Food Waste Improvements	Topography Survey
3/9/2023	JHS Consulting	\$5,200	810	As Needed Services FY 22-23	As-Needed Environmental Review/CEQA Services
3/20/2023	Kennedy Jenks	\$36,000	810	As Needed Services FY 22-23	As-Needed Engineering Services
4/7/2023	Cascade Integration & Development	\$25,272	9242	Fixed Film Reactor Rehabilitation	Control Narrative Review & Control Strategies Dev. Svcs. Design Phase I
4/10/2023	Kennedy Jenks	\$71,291	9244 @ 50% 9245 @ 50%	Digester 2 & 3 Cleaning & Rehabilitation	Condition Assessment/Evaluation Engineering Support Services
4/28/2023	Zenith Engineers	\$7,680	9014	Process Tanks Concrete & Steel Protective Coatings Replacement	Structural Engineering Services for RCPS
5/8/2023	DHI Water Environment	\$38,000	9401	Side Stream Treatment	Plant Stress Testing, WEST Software License, Extended Support Agreement
6/26/2023	Zenith Engineers	\$3,060	810	As Needed Services FY 22-23	Structural Engineering Services for Pipe Support
6/27/2023	Kennedy Jenks	\$12,491	810	As Needed Services FY 22-23	As-Needed Engineering Services: Digester Foaming Evaluation
8/1/2023	Beecher Engineering	\$40,000	810	As-Needed Services FY 23-24	Electrical Engineering Support
8/1/2023	Cascade Integration & Development	\$98,000	810	As-Needed Services FY 23-24	IAP, SCADA, PLC, Network Support
8/3/2023	Sierra Research/Trinity Consultants	\$10,000	810	As-Needed Services FY 23-24	Air Quality Permitting & Consulting Services
8/4/2023	Zenith Engineers	\$4,400	9107	CCT Concrete & Steel Protective Coating Replc.	Design Structural Modifications Eng. Svcs.
8/4/2023	Pagilla, Khrishna	\$5,000	810	As-Needed Services FY 23-24	Advisory Consulting Services
8/7/2023	Tanner Pacific, Inc.	\$40,000	810	As-Needed Services FY 23-24	Construction Management General Support Services
8/7/2023	Tanner Pacific, Inc.	\$5,000	810	As-Needed Services FY 23-24	Contract Advisory Services, Record Drawings
8/7/2023	Larry Walker Associates	\$8,000	810	As-Needed Services FY 23-24	As-Needed Support Services NPDES Permit
8/7/2023	Stemstrom, Michael	\$5,000	810	As-Needed Services FY 23-24	Advisory Consulting Services
8/7/2023	Tchobanoglous, George	\$5,000	810	As-Needed Services FY 23-24	Advisory Consulting Services
8/7/2023	Kennedy Jenks	\$30,000	810	As-Needed Services FY 23-24	As-Needed Engineering Services
8/15/2023	Kennedy Jenks	\$74,790	9223	Final Effluent Pump Replacement	Design Build Early Work Engineering Services
9/13/2023	Beecher Engineering	\$75,000	9223	Final Effluent Pump Replacement	Design Build Early Work Electrical Eng. Support Svcs.
9/29/2023	Cascade Integration & Development	\$28,480	9240	Standby Generators Feed Relocation & Elec. Panel Project	12kV Wonderware Clean-up
9/29/2023	JDH Corrossion Eng. Services	\$50,920	9600	Buried & Exposed Process Pipe Services	Corrosion Control Consulting Services
10/30/2023	Freyer & Laureta	\$44,577	9131	Plant Service Road Resurfacing-Phase 2	5 Corners Intersection Improvements - Design and Bid Services

*JPA level of Manager approval is \$75,000

AGENDA ITEM 5E

Silicon Valley Clean Water
Commissioners' Requested Action Items

NOVEMBER 13, 2023
AGENDA ITEM 5E

Updated: 11/05/2023

Commission Meeting Date	Action Item	Requested or Estimated Date for Completion	Status			Date of Completion	Notes
			Ongoing	In Progress	Complete		
10/9/2023	Investment Portfolio	N/A		✓			Bring information on expected returns and administrative fees re: investing in ESG companies.
	Public Comments during Meetings	N/A		✓			Put an item on the agenda for discussion on changes, if any, to public comment process during Commission meeting.
9/11/2023	Strategic Planning	12/1/2023		✓			Appoint subcommittee (Commissioners Aguirre and Otte) to develop new strategic plan. Manager poll other commissioners for input.
7/17/2023	Bylaws - Election/Appointment of Officers						Suggested to change bylaws such that new officers elected in February of each year. Decided against and will keep to July.
5/8 & 6/12 2023	No Action Items						
4/10/2023	Financial Funds	N/A			✓	6/12/2023	Described the various funds and reserves contained within SVCW's budget. Next CIP Update will include projects supporting sustainability
3/13/2023	Sustainability Efforts	N/A		✓			Present to Commission efforts related to sustainability, decarbonization, sea level rise, etc. Investigate grants available for EV fleet conversion.
2/13/2023	Meeting Cancelled						
1/9/2023	Water Feature - Avian Habitat	N/A		✓			Reach out to Audubon and other potential community partners. Identify benefits inline with SVCW's Mission.
12/12/2022	No Action Items						
> One Year	8E - JPA Amendment; re-initiate "clean up" to JPA	N/A		✓			Manager presented a pathway to address critical changes to the JPA at the April 2023 meeting. Commission concurred; Manager following up with Members.
	Project Changes/Commission Notification	N/A	✓			Ongoing	Ensure Commission is kept apprised of possible/potential project cost and/or schedule increases.
	Pump Stations Improvements - Capital vs Life Cycle Costs	N/A		✓			Reducing pump stations from 5 to 2 have been reported to save long-term costs; provide analysis results to Commissioners.

AGENDA ITEM 5F

Overview



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

Available Budget

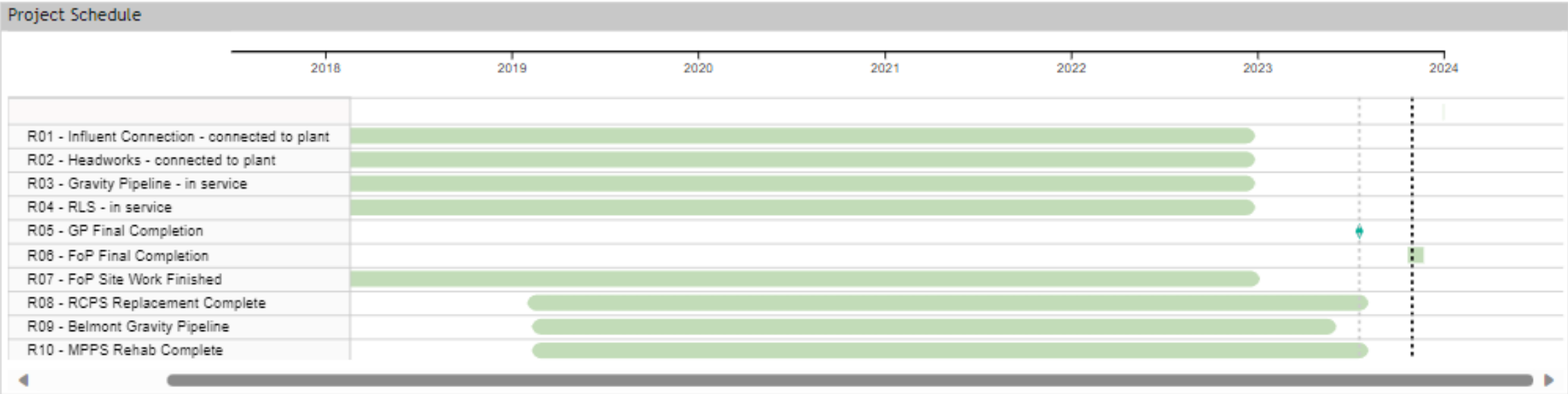
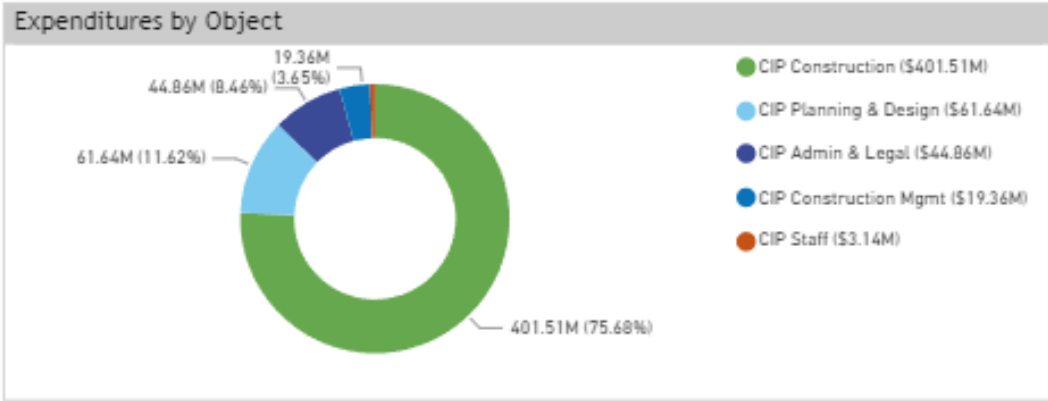
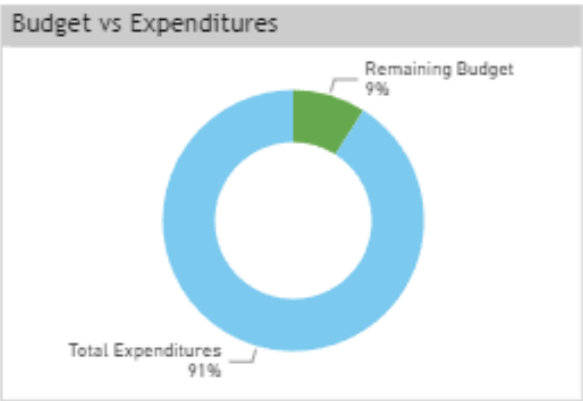
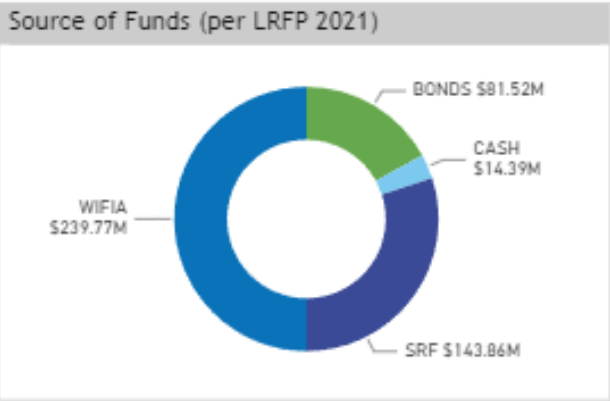
\$582.56M

Total Expenditure

\$530.11M

Remaining Budget

\$52.45M



Startup Progress

Project	PreCommissioning	Functional Testing (Design verification)	Functional Testing (Dry verification)	Functional Testing (Wet verification)	Acceptance Testing
FoP	100%	100%	100%	100%	100%
GP	100%	0%	0%	0%	0%
MPPS A side	70%	0%	0%	0%	0%
MPPS B side	100%	100%	100%	100%	100%
BGP	0%	0%	0%	0%	0%
RCPS	0%	0%	0%	0%	0%

Major Accomplishments To Date

Front of Plant	<ul style="list-style-type: none"> - FoP Control Strategies completed. - FoP Design Intent presentation completed. - Acceptance Testing plan completed. - All vendor trainings completed. - Headworks and SFS/RLS Functional Testing completed.
Gravity Pipeline	<ul style="list-style-type: none"> - GP Design Intent presentation completed. - Acceptance Testing plan completed. - FM to GP switchover completed.
Pump Stations Improvements	<ul style="list-style-type: none"> - MPPS B Side Acceptance Testing completed. - MPPS Design Intent presentation completed. - MPPS Acceptance Testing plan completed. - Control Strategies workshop completed. - MPPS Equipment Tags finalized.
Program	<ul style="list-style-type: none"> - RESCU Commissioning Risk Register workshop completed. - Bi-weekly Risk Register meeting ongoing.

3 - Month Look Ahead

	Start	End	November	December	January
MPPS A Side Functional Testing	December 19, 2023	January 18, 2024		X	X
San Carlos Connecting Piping Startup	October 25, 2023	November 29, 2023	X		
Bair Island Connecting Piping Startup	November 14, 2023	December 14, 2023	X	X	



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

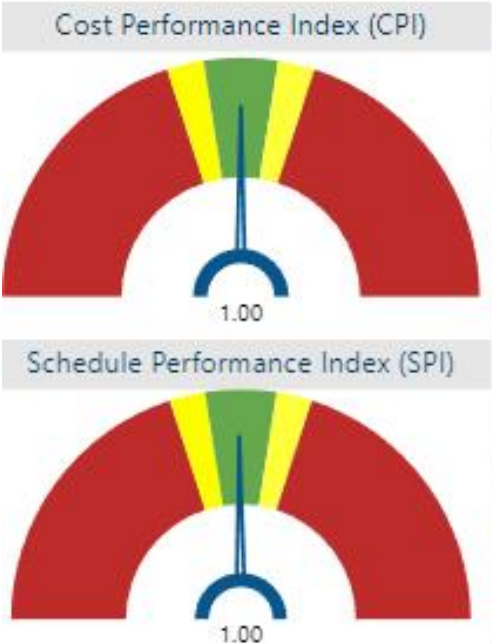
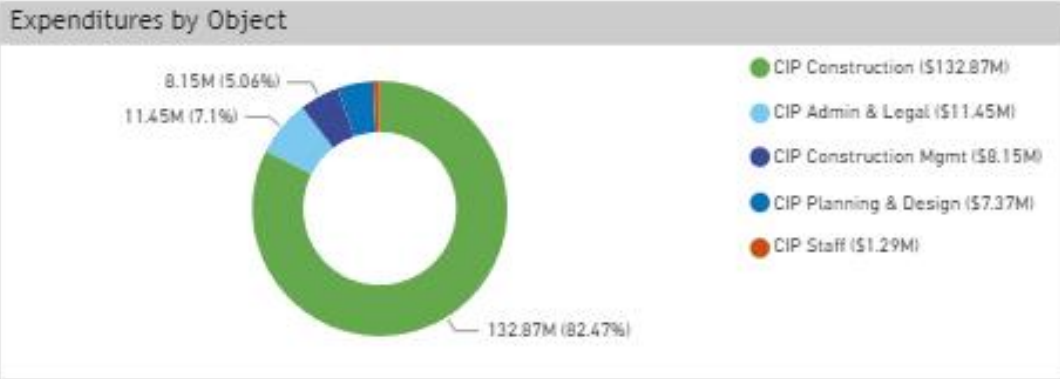
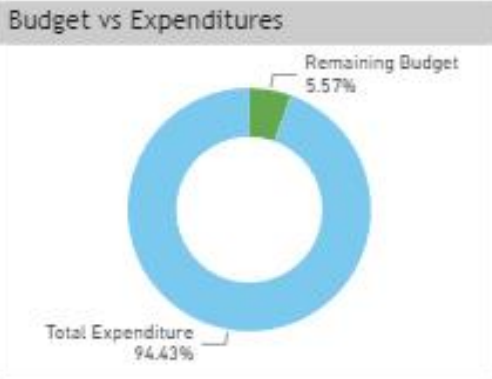
\$159.31M

Remaining Budget

\$9.39M

Milestone Schedule		
	Start	Finish
Interconnection Pipe Completed	7/24/2020	8/1/2023
Headworks Facility Completed	12/6/2018	11/30/2022
SFS/RLS Completed	12/6/2018	2/22/2023
Bair Island Connecting Piping Startup	10/3/2022	12/14/2023
San Carlos Connecting Piping Startup	8/5/2022	11/29/2023
Substantial Completion*		2/22/2024

* Schedule extension is currently in discussion



Major Accomplishments this Period

Construction	<ul style="list-style-type: none"> - SPJV completed CFRP work and returned the 60" influent pipe to service. - SPJV began site paving. - Vendor training is complete. - The 30-day acceptance testing of the Headworks, SFS, and RLS was completed. -SPJV completed the San Carlos Pump Station switchover to the Gravity Pipeline.
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	November	December	January
12" Storm Drain Installation - SVCW Pond Area	November 13, 2023	November 29, 2023	X		
SCGL Connecting Piping	August 5, 2022	February 6, 2024	X	X	X
Bair Island Connecting Piping	October 3, 2022	January 3, 2024	X	X	X
Final Site Improvements	December 14, 2022	February 9, 2024	X	X	X

Potential Issues

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

Approved Project Changes

San Carlos and Bair Island Connecting Piping
 Project Management past December 2021
 Power Loss and Recovery and Other Electrical Improvements
 New County/Local Sales Tax
 Miscellaneous Site Improvements
 ILS Pipe Repair
 Extended Overhead Costs Associated with CFRP Delays
 Electrical System
 Credit for the deletion of the chemical storage system
 Credit for deletion of 48" bypass from 54" force main
 Change order for odor control system
 Bair Island and San Carlos Pump Station Pipe Connection Work - mechanical
 3 Water and Utilidor Improvements

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.

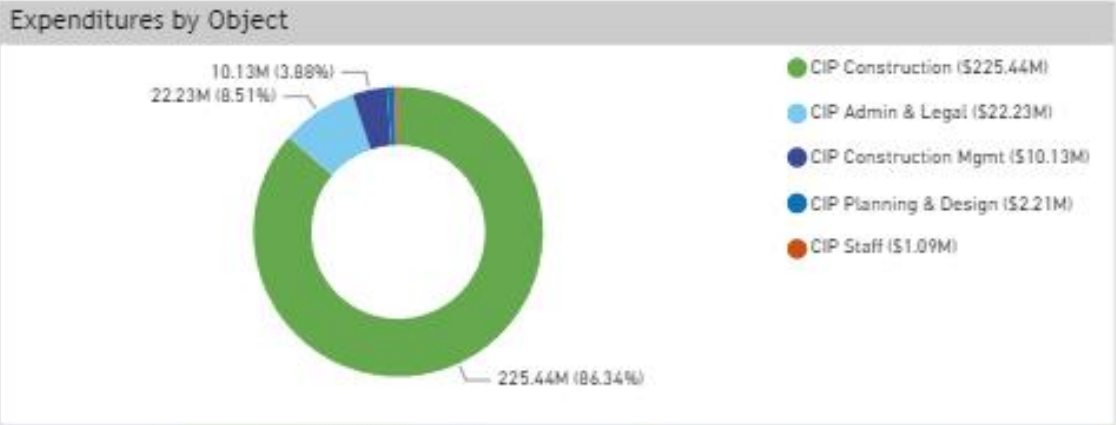
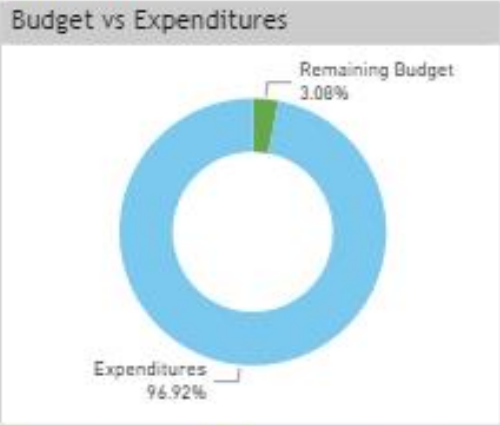
Available Budget
\$264.36M

Total Expenditure
\$256.20M

Remaining Budget
\$8.15M

Milestone Schedule		
	Start	Finish
Conditional Substantial Completion		7/1/2022
Final Completion*		3/20/2024

* Schedule extension is currently in discussion



Potential Issues

Approved Project Changes

Soil Conditioner Leak at CPT Hole STA 171 + 80	
SFS Slurry Wall Hardness DSC	
SCPS Basement Connection	
San Carlos Shaft Ammonia Mitigation	
San Carlos Adit Ammonia Mitigation	
Redwood City Sales Tax Increase 2021	
New County/Local Sales Tax and US Tariffs	
Exceedence of Muck Offhaul Allowance	
Bair Island Weir Optimization	
Bair Island Force Main Exposure and Additional Monitoring	
Additional Survey at Governors Bay	
Acceptance Testing Time Extension	
Safety Spot Light	
Lost Time	1
Near Misses	4
Recorded Losses	5

Pump Stations Improvement Progressive DB Project (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

\$100.48M

Remaining Budget

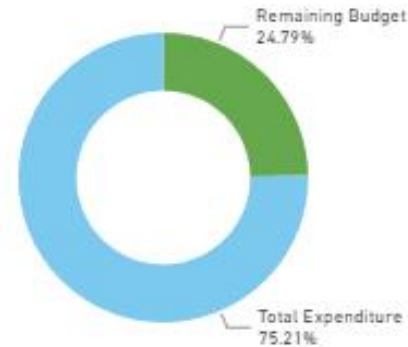
\$33.11M

Milestone Schedule

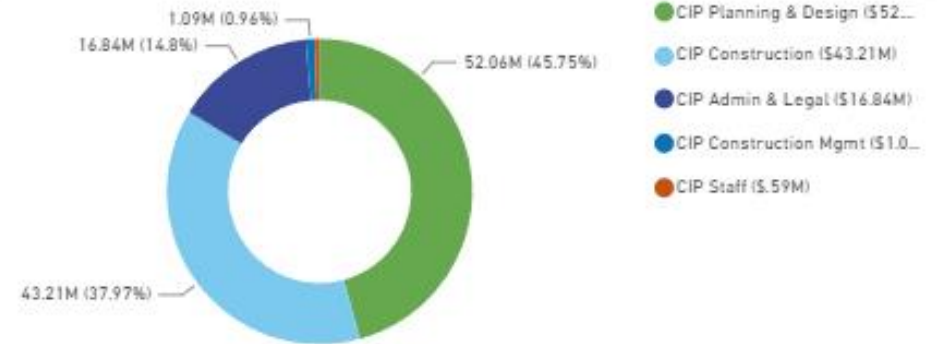
	Start	Finish
MPPS - B-side Pumps Completed	3/15/2022	10/13/2022
MPPS - A-side Pumps Completed	10/4/2022	1/18/2024
BGP - Gravity Pipe Installed	11/22/2023	1/22/2024
BGP - Shaft/Tunneling Work on Shoreway Road	4/12/2021	4/18/2023
RCPS - PG&E Service Work	5/4/2021	2/29/2024
RCPS - Wet Well & Screening Building Completed	4/17/2022	3/7/2024
RCPS - Electrical Building Completed	2/8/2021	12/12/2023
Substantial Completion - MPPS*		8/7/2023
Substantial Completion - RCPS*		8/7/2023
Substantial Completion - BGP*		6/5/2023

* Schedule extension is currently in discussion

Budget vs Expenditures



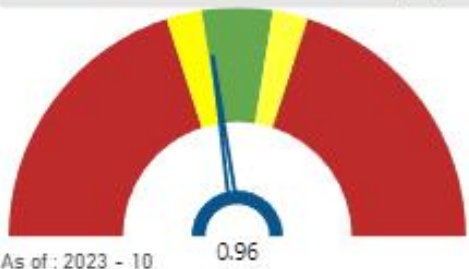
Expenditures by Object



Cost Performance Index (CPI)



Schedule Performance Index (SPI)



As of: 2023 - 10



Pump Stations Improvement Progressive DB Project (CIP 9501)



Major Accomplishments this Period

Construction	<ul style="list-style-type: none"> - BGP: PEC completed restoration and demobilization at the JS-4 and RS-4 sites. The parking lot was restriped. The SCPS rear fence and landscaping was installed. PEC completed minor touchups of the parking lot and it was reopened for public use. - RCPS: Junction Box upper walls were poured. Wet and Dry Weather vertical discharge risers and supports were installed within the Wet Wells. - MPPS: Bollards were installed and painted. Site was prepared for AC Paving. New Communication Cabinet was received and installed. New CARVs were installed to discharge pipes at the Motor Room level. MCC was commissioned.
Design	<ul style="list-style-type: none"> - BGP: SPJV provided declassification drawings, including changes to transmitter screen locations.

Potential Issues

San Carlos Pump Station Electrical
RS2 Recology Changes (Single Lane Closure)
Redwood City 60-inch Pipe Installation/Connection
Redwood City 48-Inch Pipe Rehabilitation and condition of existing influent pipe
MPPS CARV Installation
MPPS and RCPS PG&E Related-Changes
Izzys Fence
Contract time extension
Challenges from permitting and land acquisition conditions at RCPS

Approved Project Changes

Traffic Control Changes Allowance Release
Stage 2 Baseline Schedule Revision
Segment 1 Force Main Junction Box Repairs
SCPS Electrical
PSI Catch-up: Revised BGP Piping, Phase Loss Relay, Autostart for Portable Generator (RCPS and MPPS), MPPS Bathroom Items, RCPS Pump Protection Panel Reset Button, Additional Paving Thickness in San Carlos
Differing Site Conditions and MPPS Generator Warranty Release
Credit for installation of Segment 2 FM ARV/VRV, Monitoring Off Position, RCPS Standby Generator Cost Increase, RCPS CARVs, Credit for 12" Water Relocation and Calwater Costs
BGP Design Development
Bair Island and San Carlos Pump Station Pipe Connection Work - electrical/instrumentation
Allowance Release, JS-4 Unforeseen Fiber Optic Utility Impacts

3 - Month Look Ahead

	Start	End	November	December	January
MPPS - Electrical Room Improvements	July 6, 2021	November 3, 2023	X		
MPPS - Pump & Motor Rooms	March 15, 2022	November 10, 2023	X		
BGP - SCPS Connection to GP	November 13, 2023	January 12, 2024	X	X	X
BGP - Belmont Pump Station Demo	January 29, 2024	April 15, 2024			X
RCPS - Structural Concrete	September 8, 2021	January 10, 2024		X	X
RCPS - Mechanical - Wet Well	November 28, 2022	February 23, 2024	X	X	X
RCPS - Mechanical - Screening Structure	October 31, 2022	February 14, 2023	X		X
RCPS - Electrical / I&C	July 6, 2023	March 7, 2024	X		X
RCPS - Junction Box	March 24, 2023	May 17, 2024	X		
RCPS - Electrical Building & Restroom	February 8, 2021	December 12, 2023	X	X	
RCPS - Effluent Piping and Meter Vault	November 2, 2023	May 28, 2024	X	X	X

Safety Spot Light

Lost Time	0
Near Misses	0
Recorded Losses	0

AGENDA ITEM 6A



November 13, 2023

Agenda Item 6

To: SVCW Commission

From: Teresa Herrera, SVCW Manager

Subject: Public Comment Protocols

At its meeting in October, an item was raised related to public comment at Commission meetings in light of the spate of “Zoom Bombing” occurring throughout the state and nation. In increasing instances, individuals are using remote call-in capabilities afforded them via videoconferencing methods, disguising themselves as concerned members of the public, then launching into obscene and offensive language unrelated to the public business under discussion. It appears the intention of these individuals are to disrupt public meetings.

The question of any changes to the process by which public provide comment at the meetings was discussed. The Commission then requested the item be added to the next meeting for further discussion.

Staff seeks direction from the Commission on further actions to take regarding this matter.

In reviewing action of other public agencies, including cities, counties, and wastewater agencies, different approaches are being taken in response. Some of the approaches are:

- Fully restricting public comment via videoconference (i.e., Zoom) and requiring comments to be made via in-person attendance or email or voicemail.
- Holding meetings as in-person only (i.e., no videoconferencing options).
- Adding specific language and rules for public comment in form of resolution or on the agenda, proper.
- Taking a “wait-and-see” approach with no changes to the process

Requirements of the Government Code and Brown Act delineate the requirement that public comment at meetings of a public entity must be allowed. There are narrow exceptions that allow restrictions to public comment, one of which relates to responding to an individual

exhibiting behavior disruptive to the meeting. Code allows for the official presiding over the meeting, or their designee, to remove or cause the removal of such an individual after first warning said individual that their behavior is disrupting the meeting and their failure to desist in the disruption may result in their removal. In the case of using a videoconferencing method (in SVCW's case, Microsoft Teams), this removal is achieved via the push of a button on a computer.

Key considerations for discussion are:

- Meetings of the SVCW Commission rarely are attended by the general public.
- Ensuring that first amendment rights are being protected while abiding by the narrow exceptions in the Brown Act are challenging to reconcile.
- SVCW does not have an adopted policy or resolution governing meeting protocols relating to disruptive conduct by attendees, including hate-speech, civil discourse, or decorum.
- SVCW's current agenda language related to public comment is as follows:

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.

AGENDA ITEM 7A

**MINUTES OF SILICON VALLEY CLEAN WATER
REGULAR MEETING – October 09, 2023
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 Ron Collins, San Carlos – Secretary
Vice Mayor Davina Hurt, Belmont – 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
Anir Bhagwat – SVCW Senior Engineer
Jane Kao - SVCW Senior Engineer
Cindy Hui – SVCW Finance Supervisor
Kiki Newberry – SVCW Financial Analyst
Mark Minkowski – Kennedy Jenks
Aren Hansen – Brown & Caldwell
Allison Kaune – PFM
Monique Spyke - PFM

ITEM 3

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was recited by those in attendance

ITEM 4

PUBLIC COMMENT

There was no Public Comment

ITEM 5

SAFETY MOMENT AND REPORTS

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

Item 5A Safety Moment concerned tips on how to stay organized.

ITEM 6

MATTERS OF COMMISSION MEMBER'S INTEREST

ITEM 7

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

- A. APPROVAL OF MINUTES – September 11, 2023 - Regular Meeting
- B. CONSIDERATION OF MOTION APPROVING CLAIMS AND CHECKS DATED AUGUST 8, 2023 – SEPTEMBER 5, 2023, AND NECESSARY PAYMENTS THROUGH SEPTEMBER 5, 2023
- C. CONSIDERATION OF MOTION APPROVING CONTRACT CHANGE ORDER TO THE PUMP STATIONS IMPROVEMENTS PROJECT (CIP #9501) FOR MENLO PARK PUMP STATION AND REDWOOD CITY PUMP STATION PG&E RELATED IMPACTS

Proposed Action:

Move approval of CONTRACT CHANGE ORDER TO THE PUMP STATIONS IMPROVEMENTS PROJECT IN AN AMOUNT NOT TO EXCEED \$851,287

Motion/Second: Ms. Hurt / Mr. Collins

The Motion carried by Unanimous Vote

ITEM 8A

CONSIDERATION OF MOTION APPROVING BROWN AND CALDWELL TASK ORDER SCOPE AND BUDGET FOR PRELIMINARY DESIGN, DETAILED DESIGN, AND BID PERIOD SERVICES FOR THE SIDESTREAM TREATMENT PROJECT (CIP #9401)

Proposed Action:

Move approval of TASK ORDER SCOPE OF WORK AND BUDGET FOR PRELIMINARY DESIGN, DETAILED DESIGN, AND BID PERIOD SERVICES RELATED TO THE SIDESTREAM TREATMENT PROJECT (CIP# 9401) IN THE AMOUNT NOT TO

EXCEED \$1,469,879 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – BROWN AND CALDWELL

Motion/Second: Mr. Otte / Mr. Collins

The Motion carried by Unanimous Vote

ITEM 8B

CONSIDERATION OF MOTION APPROVING TANNER PACIFIC, INC. TASK ORDER SCOPE AND BUDGET FOR PROFESSIONAL CONSTRUCTION MANAGEMENT SERVICES FOR SVCW CIP AND CAPITAL PROJECTS

Proposed Action:

Move approval of TASK ORDER SCOPE AND BUDGET FOR CONSTRUCTION MANAGEMENT SERVICES IN AN AMOUNT NOT TO EXCEED \$9,022,000 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS - TANNER PACIFIC INC.

Motion/Second: Ms. Hurt / Mr. Collins

The Motion carried by Unanimous Vote

ITEM 9

Closed Session was called to order at 9:10 a.m.

ITEM 10

RECONVENE IN OPEN SESSION

Open Session reconvened at 9:22 a.m.

Ms. Fitzgerald reported that, as to closed session item 9, no action was taken.

ITEM 11

ADJOURN

There being no further business, the meeting adjourned at 9:23 a.m.

Minutes prepared by Teresa A. Herrera
Reviewed by General Counsel

Ron Collins, Secretary

AGENDA ITEM 7B

SVCW WARRANT REGISTER

SVCW Warrant Registers dated September 6, 2023 – October 2, 2023 were scanned and a copy was emailed to Commissioners and Legal Counsel on November 8, 2023.

AGENDA ITEM 7C

**CHILLERS REPLACEMENT PROJECT (CAPITAL PROJECT #0342)
AWARD CONSTRUCTION CONTRACT**

ISSUE

Award Construction Contract for Chillers Replacement Project (Capital Project #0342)

BACKGROUND

Three chillers supply chilled water for use in Heating, Ventilation and Air Conditioning (HVAC) systems of the Lab Building, Maintenance Building, and Administration Building. Originally installed in 2011, these chillers have now reached the end of their useful operational lifespans.

SVCW's Operating and Capital Expenditures Budget includes funding for Revenue-Funded Capital Expenditures. Revenue-funded projects are capital projects each with costs below \$1 million that can be completed within one year. In December 2022, staff engaged Brown and Caldwell to complete the design of the chiller replacement project with the intention to replace the chillers in-kind. In June 2023, SVCW pre-purchased replacement chillers due to long manufacturing lead-times for delivery.

DISCUSSION

Brown and Caldwell completed the design and bid documents for the project which includes installation of the pre-purchased chillers and replacement of various associated pipes and pumps. The project was publicly advertised on July 12th and one bid was received on August 21, 2023, from ACCO Engineered Systems, Inc. (ACCO) in the amount of \$430,526.63. The bid from ACCO omitted required documents and, on September 11, 2023, the Commission rejected the non-responsive bid.

The bid documents were revised to incorporate all addenda issued during the previous advertisement, to permit a longer shut down period which would allow for more efficient construction, and to provide more flexibility on the licensing requirement which qualifies more firms to bid on the project. On September 12, 2023, the project was publicly re-advertised for bids, and on September 19th, a mandatory pre-bid conference and site-walk was held. Four interested contractors attended this event.

Bids were opened on October 11, 2023; the bid summary sheet is attached. SVCW received four bids with Marina Mechanical Services ("Marina") submitting the lowest apparent responsible and responsive bid in the amount of \$286,174. Staff reviewed the bid documents submitted by Marina and have determined that Marina is a responsive bidder to the project.

The Engineer's Estimate of Probable Cost for construction was \$200,000. All four bids exceeded this estimate, and SVCW staff reviewed the bid line items and determined that the higher cost reflects the current competitive bidding climate. The bid is \$144,352 less than the previous bid received in August 2023. Replacement of the chillers is urgent and staff is of the opinion that waiting and/or re-bidding the project will not provide lower costs; therefore staff recommends moving the project forward into construction phase.

CLIMATE EFFECTS

Replacing the worn-out chiller units may reduce the emissions output as the existing units are no longer running as efficiently as new units.

FINANCES


The project is funded under the current operating budget's Revenue-Funded Capital line item. \$750,000 has been allocated for this project. As of September 2023, \$56,996 has been expended for design and \$360,250 purchase order for chillers' pre-purchase issued. With approval of the construction contract, the entire project is anticipated to come in under budget (total cost of approximately \$704 thousand).

RECOMMENDATION

Move adoption of RESOLUTION APPROVING CONSTRUCTION CONTRACT DOCUMENTS FOR THE CHILLERS REPLACEMENT PROJECT (CAPITAL PROJECT #0342); 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 – MARINA MECHANICAL SERVICES (\$286,174)

Chiller Replacment Project, Project #0342 Bidders Checklist

Wednesday, October 11, 2023; 1:00 pm

											
	Addendum	Proposal	Proposal Guaranty Bond	Cert. of Bidders Exp. & Qualifications	Desig. of Subcontractors	Site Visit Affidavit	Schedule of Major Equipment and Material Suppliers	Ackw. of Insurance Req's.	Noncollusion Affidavit	Affidavit of Safety Compliance	Total Bid Amt.
	#1 & 2	Section 00300	Section 00410	Section 00420	Section 00430	Section 00440	Section 00450	Section 00470	Section 00480	Section 00490-1,2,3, Parts A, B, C, D	
1 ACCO Engineered Systems, Inc	1, 2	✓	✓	✓	✓	✓	✓	✓	✓	✓	Base: \$394,527 Alternate A: \$164,145
2 Marina Mechanical Services**	1, 2	✓	✓	✓	✓	✓	✓	✓	✓	✓	Base: \$286,174 Alternate A: \$47,300
3 D.W. Nicholson Corporation	1, 2	✓	✓	✓	✓	✓	✓	✓	✓	✓	Based: \$332,365 Alternate A: \$94,800
4 A & B Mechanical Inc.	1, 2	✓	✓	✓	✓	✓	✓	✓	✓	✓	Base: \$396,598 Alternate A: \$23,000
** Pending Commission Approval. Next Commission meeting is scheduled for Monday, November 13, 2023.											

AGENDA ITEM 7D

**CAPITAL PROJECT MANAGEMENT SYSTEM (CIP #9130)
TASK ORDER APPROVAL****ISSUE**

Approve Task Order for Nexinite LLC Scope of Work and Budget for Capital Projects' Management Application (CIP #9130)

BACKGROUND

SVCW has been managing its Capital Improvement Program (CIP) since 2008 by using traditional tools such as spreadsheets, project folders, and file storage services. Although these tools have served their purpose to assist with project implementation, this method of project management also leads to challenges. Specifically, not having a centralized project management system where all the project information can be accessed from a single source creates inefficiencies. A centralized project management tool that integrates all aspects of project development can provide staff with the means to manage projects' scope, budget and schedule much more effectively and efficiently. Now that SVCW has deployed the necessary backbone infrastructure such as Microsoft 365, SharePoint and PowerApps, implementation of a CIP management tool has become feasible for data to be integrated.

DISCUSSION

Absence of a centralized project management system has led to a series of challenges:

- **Dispersed Data:** Information pertaining to various CIP projects is distributed across different platforms and repositories. This decentralized approach makes it time-consuming for project managers, team members, and stakeholders to access the information they need to make informed decisions.
- **Lack of Real-time Visibility:** The current system fails to provide automatic real-time updates, rendering project monitoring and decision-making processes reliant on periodic manual updates. This limitation hampers the ability to promptly identify issues and act on them.
- **Resource Inefficiencies:** The manual nature of data entry, retrieval, and processing across multiple platforms consumes time and resources that could be better utilized for strategic planning and project execution.

To address these challenges, staff has approached the firm of Nexinite discussing staff's needs for capital project delivery. Discussions have led to a proposal for development of a centralized project management tool. This tool would integrate all aspects of capital projects, providing a holistic and streamlined approach to project management. The benefits of such a system are numerous and include:

- **Centralized Data Repository:** All relevant project information, including scope, budget, schedules, and real-time status updates, will be accessible from a single, unified dashboard. This centralized repository ensures that all stakeholders have easy access to the most up-to-date project information.

- **Enhanced Collaboration:** The centralized tool will foster more efficient collaboration by providing a single platform for team members and stakeholders to work together, communicate, and track project progress. This will reduce communication barriers and promote more effective coordination.
- **Real-time Updates:** Real-time data updates will enable project managers to monitor project progress closely, identify potential issues early, and make informed decisions swiftly. This proactive approach will help keep projects on track and within budget.
- **Resource Optimization:** Automation and streamlined processes offered by a centralized system will significantly reduce the time and resources currently expended on manual data entry, retrieval, and data processing.

The application will be a comprehensive system with multiple key features. It includes both Program Management and Project Management functions. Program Management allows the creation, modification, and deletion of programs while providing information on associated projects and financials. Project Management capabilities enable the creation, modification, and deletion of projects, along with the association of projects with parent programs, and integration with various application features like submittals, decision logs, action item logs, and risk registers. Submittals can be created, modified, and deleted, and they can be associated with their corresponding projects. Additionally, consultants working with SVCW have external access to submittals, enabling the tracking of status and approval workflows along with associated documents.

The application also will incorporate Financials management, allowing for the creation and modification of financial records and monitoring project budgets, expenditures, and financial forecasts. These financial records can be integrated with their respective projects or programs. Schedules can be created and modified using Microsoft Project for the Web software, with integration of project milestones, key dates, and dependencies. Tracking project progress against the schedule is also a part of this application.

The application's Document Management feature covers the creation, modification, and deletion of documents, along with the development of standard folder structures based on staff's input. Other aspects of the application include Risk Register for capturing and managing project risks, Decision Logs for recording decision details, and a Payment Application for managing vendor invoices. Finally, Power BI Reports provide users with the ability to generate and filter reports based on various criteria, with automatic daily updates to ensure access to the latest available information. This comprehensive scope ensures effective management and tracking of programs, projects, financials, and related data for SVCW staff and management.

SVCW has forged a longstanding partnership with Nexinite to develop a range of business solutions within SVCW, including EIMS (Equipment Inventory Management System), ERP (Enterprise Resource Planning), CoPilot (Vendor Invoice Payment System), and a Performance Evaluation computerized system. Nexinite is a Microsoft partner and utilizing Microsoft software tools that SVCW has already implemented, including Microsoft 365, SharePoint, and PowerApps. They demonstrate a strong

commitment to integrating SVCW's existing infrastructure and have an in-depth understanding of the software ecosystem that SVCW has implemented to date. Furthermore, Nexinite specializes in Information Technology assessments and the formulation of strategic plans tailored to the needs of public agencies from which SVCW benefits.

Staff has negotiated a budget that is very competitive for such work in the amount not to exceed \$476,600 and recommends approval of the task order authorizing work.

CLIMATE EFFECTS

The project is climate neutral.

FINANCES

CIP Management Application will be funded by CIP Project #9130- General CIP Management. Costs associated with this project is spread over all active CIP projects. Budget for this task is \$476,600, equating to approximately 0.1% of projected CIP expenditures over the next 10 years.

RECOMMENDATION

Move approval of TASK ORDER FOR CIP MANAGEMENT APPLICATION DEVELOPMENT (CIP #9130) IN AN AMOUNT NOT TO EXCEED \$476,600 AND AUTHORIZE MANAGER TO APPROVE UP TO A TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – NEXINITE LLC

AGENDA ITEM 7E

**RESCU PROGRAM (CIP #6008, 9501, 9502)
APPROVAL OF PROJECT CHANGE ORDERS****ISSUE**

Approve Contract Change Orders to RESCU Projects (CIP #6008, 9501, and 9502)

BACKGROUND

In 2017 SVCW approved design-build contracts for design and construction of projects within the Regional Environmental Sewer Conveyance Upgrade (RESCU) program. For design-build projects, a single entity is responsible for both design and construction. The design-build contract outlines two stages for the project:

- **Stage 1.** In Stage 1 the design-builder completes the design from the preliminary phase (~10%) through the 60% design phase, at which time the price for completing the project is prepared.
- **Stage 2.** In Stage 2 the detailed scope of work and price for completing the project is codified. Stage 2 work involves developing the engineering design from 60% to 100% level of completion and construction and commissioning the new facilities.

Because the design-builder is responsible for the design and construction, it is expected that change orders are minimal in a design-build project. However, there are three circumstances in which a contract change order is warranted within a design-build delivery method:

1. Owner-requested changes to the scope of work,
2. Differing site conditions, whereby the construction site conditions are significantly different from the information that was provided by the owner to the contractor, and
3. Changed conditions forced upon a project by a regulatory body or other outside entity.

For each of the three RESCU program projects, there are mitigating circumstances that fall into one or more of the categories delineated above. Descriptions for each project are:

Gravity Pipeline

The Gravity Pipeline Project completed construction on schedule in 2021. However, the final connections to accept flow from all member agencies have not yet been made, and, therefore, the acceptance test has not yet occurred. When construction was completed in 2021, there were two outstanding potential change orders (PCOs) that, despite many negotiation discussions, had not been resolved. The PCOs involved 1) extra work performed by a subcontractor for which the subcontractor believed it was entitled to additional money, and 2) costs that the contractor incurred due to County COVID-19 requirements.

Front of Plant

The Front of Plant Project is nearing the end of construction and has recently completed acceptance test of the Receiving Lift Station, Headworks, and Influent Pipeline. This project's schedule was extended by approximately 5 months to minimize disruptions to

SVCW's operation during the extremely severe wet weather season of 2022/2023. This delay extended the critical path for the project and associated project overhead.

Pump Stations Improvements

The Pump Stations Improvements project experienced delays due to the need to repair an underground sewer at the Redwood City Pump Station site. This differing site condition included both direct costs, as SVCW's contractor performed the sewer repair on behalf of Redwood City, and delay costs, as the extension of the schedule increased the contractor's project overhead.

Over the past several months SVCW's Owner's Representative and her RESCU program team have reviewed and been involved in negotiations on each of the respective project issues described above. To advance discussions, provide cash flow certainty, and clear out remaining issues, SVCW's RESCU program team has pushed to negotiate and come to a final agreement on these large PCOs.

DISCUSSION

Three contract change orders (CCOs) are to be considered under this Agenda Item, one for each project.

Gravity Pipeline Project (CIP #6008):

The Gravity Pipeline project design-builder, Barnard Bessac Joint Venture (BBJV), constructed the tunnel and gravity pipeline for wastewater conveyance from the four member agencies' collections systems to the treatment plant. One of the riskiest elements of tunneling construction is at the end of the tunnel drive, when the tunnel enters the removal shaft. There are many ways to complete this work. In the case of the Gravity Pipeline project, concrete strength for the walls of the retrieval shaft was assumed to be low enough that the tunnel boring machine (TBM) could bore directly through the concrete wall. However, concrete tests performed prior to break-in indicated that the wall strength was much stronger than assumed. This caused BBJV to change to a different, more costly method for breaking through the shaft wall. BBJV changed their approach, successfully entered the shaft, and submitted costs to SVCW for the extra incurred costs, including additional subcontractor costs.

SVCW agreed that most of the submitted costs were accurate, had merit and, therefore were undisputed. Contract Amendment 26 for these non-disputed costs was issued in December 2022. There were disputed costs submitted by BBJV's subcontractor which were not included in Amendment 26 but, rather, saved for future discussion. The disputed costs totaled approximately \$1.1 million.

The other remaining disputed issue was BBJV's costs associated with COVID-19. In March 2020, many COVID-19 restrictions were put into place by San Mateo County. Wastewater infrastructure work and workers are considered "essential"; therefore, work could continue on all RESCU projects. The Gravity Pipeline project team continued construction while complying with all San Mateo County requirements in protecting workers. BBJV incurred extra costs in complying with these County requirements and

submitted these costs for review by SVCW. The total amount submitted by BBJV was \$535,432. SVCW agreed that BBJV was due additional costs due to COVID-19 but disagreed on the total amount.

BBJV and SVCW elected to negotiate a lump sum to close out these remaining two issues without involving expensive dispute resolution processes or litigation. After several productive meetings between the two teams, a total settlement amount of \$850,000 was agreed upon.

Front of Plant Project (CIP #9501):

In December 2022, Shea Parsons Joint Venture (SPJV) was preparing to connect the new pipeline between the newly constructed headworks and the existing influent channel at the primary sedimentation tanks. With heavy storms approaching and the recognition of high risks to operate the treatment plant through a temporary bypass pump station, SVCW directed SPJV to delay the connection work until there was no wet weather in the 2-week forecast. Wet weather events occurred consistently throughout the winter season and well into the spring, causing a 5-month delay to the FoP project. SPJV calculated that this delay created additional project overhead costs of approximately \$1.1 million. SVCW entered negotiations, disagreeing that all the costs were attributable to SVCW's decision to not allow for a bypass during wet weather.

After several negotiation discussions, a total of \$707,866 was agreed upon for this change.

Pump Stations Improvements Project (CIP #9502):

The Pump Stations Improvements Project experienced schedule extensions due to discovery of a Redwood City 48" sewer extending from the roadway onto the pump station site that was experiencing significant corrosion and loss of structural integrity. SPJV and SVCW approached Redwood City about repairing the sewer pipeline on the City's behalf and being reimbursed. The City's share of the direct repair and delay costs was \$800,000, which will be invoiced to the City upon authorization of this change order. SPJV estimated that the costs associated with this delay were \$3.5 million but presented a cost of \$2.9 million to SVCW. SVCW negotiated the delay costs, asserting that SVCW should not have to pay all the costs associated with subcontractor delays. SPJV and SVCW agreed on a cost of \$2,173,911 for the direct and delay costs associated with the corroded sewer.

These three change orders will wrap up the known issues on all three projects. While the Front of Plant and Pump Stations Improvements projects still have work to do, staff does not anticipate further large change orders.

CLIMATE EFFECTS

While all RESCU projects have positive climate effects due to enhancing SVCW's treatment capabilities, these project changes will have no effect on climate.

FINANCES

The three change orders result in an increase of \$3,731,777 in the construction budget for the program. There is currently enough contingency in the program budget to accommodate these extra costs.

RECOMMENDATION

- i. Move adoption of RESOLUTION AUTHORIZING THE SILICON VALLEY CLEAN WATER MANAGER TO APPROVE A CONTRACT CHANGE ORDER FOR THE GRAVITY PIPELINE PROJECT IN AN AMOUNT NOT TO EXCEED \$850,000.
- ii. Move adoption of RESOLUTION AUTHORIZING THE SILICON VALLEY CLEAN WATER MANAGER TO APPROVE A CONTRACT CHANGE ORDER FOR THE FRONT OF PLANT PROJECT IN AN AMOUNT NOT TO EXCEED \$707,866.
- iii. Move adoption of RESOLUTION AUTHORIZING THE SILICON VALLEY CLEAN WATER MANAGER TO APPROVE A CONTRACT CHANGE ORDER FOR THE PUMP STATIONS IMPROVEMENTS PROJECT IN AN AMOUNT NOT TO EXCEED \$2,173,911.

AGENDA ITEM 8A

ANNUAL AUDITED FINANCIAL REPORT AS OF JUNE 30, 2023

ISSUE

Receive and Accept Silicon Valley Clean Water Basic Financial Statements and Auditor's Report for Fiscal Year 2022-23

BACKGROUND

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

DISCUSSION

A summary of SVCW's Statement of Net Position is below, showing a \$4.9 million (4.0%) increase in SVCW's net position during the fiscal year. Notable items included:

- Capital assets, net of depreciation, increased by \$57.0 million (7.6%) as significant construction on RESCU (the Regional Environmental Sewer Conveyance Upgrade program) continued, and other capital projects went into service during the fiscal year.
- Current and other assets decreased by \$41.8 million (24.5%) as SVCW funded capital projects from cash proceeds held in a trustee account.
- Restricted assets increased by \$1.0 million (22.4%) as the Authority contributed \$0.78 million to its pension liability stabilization trust account and \$0.24 million to SRF Loan debt reserves.
- Total liabilities increased by \$23.1 million (2.8%). SVCW recognized \$11.6 million more in net pension liability, the result of poor investment results in CalPERS' pooled pension plans. The Authority continued to draw from its State Revolving Fund (SRF) loans for RESCU, which increased its long-term debt liability by \$35.4 million. Offsetting these increases was \$12.4 million paid to reduce outstanding principal, \$7.0 million in accounts payable timing, and \$4.3 million in amortization of bond premiums.
- Deferred Outflows and Deferred Inflows represent changes in the components of the Authority's pension liability, Other Post-Employment Benefits (OPEB), and deferred loss on defeasance of debt. The most significant change in deferred inflows was a \$7.0 million decline in pension-related inflows associated with CalPERS investment performance. In addition, drawdowns from the OPEB trust accounts resulted in a \$1.05 million reduction in Deferred Inflows.

Condensed Statement of Net Position

	Fiscal Year 2023	Fiscal Year 2022	\$ Higher / (Lower)	% Higher / (Lower)
Current and Other Assets	\$ 128,859,833	\$ 170,612,936	\$ (41,753,103)	(24.5%)
Restricted Assets	5,595,746	4,573,497	1,022,249	22.4%
Capital Assets	809,935,770	752,956,630	56,979,140	7.6%
Total Assets	944,391,349	928,143,063	16,248,286	1.8%
 Deferred Outflows	 30,346,975	 26,635,391	 3,711,584	 13.9%
 Total Liabilities	 844,336,921	 821,218,780	 23,118,141	 2.8%
 Deferred Inflows	 2,168,364	 10,259,797	 (8,091,433)	 (78.9%)
Net Investment in Capital Assets	102,685,287	112,327,016	(9,641,729)	(8.6%)
Restricted	5,595,746	4,573,497	1,022,249	22.4%
Unrestricted	19,952,006	6,399,364	13,552,642	211.8%
Total Net Position	\$ 128,233,039	\$ 123,299,877	\$ 4,933,162	4.0%

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

Total 2022-23 revenues increased from the prior year by \$10.9 million (21.8%). This included a \$7.5 million (224.4%) increase in Non-Operating Revenues as financial markets drove improvements in both interest income and unrealized gains on investments. Separately, Operating Revenues increased by \$3.4 million (6.4%) as Members contributed to a Debt Service Coverage Reserve and an increased amount of Stage 2 capacity fees were collected.

Total expenses in fiscal year 2022-23 increased \$3.0 million (5.7%) over the prior year. Notable items included:

- Depreciation expense rose by \$2.1 million (18.3%) as capital projects were placed into service.
- Operating expenses increased by \$1.2 million (4.4%) over the prior year. SVCW sustained higher chemical pricing and utility rates. There was also unanticipated maintenance of cogeneration engines which resulted in a higher dependency on the local electricity utility.
- Non-operating expenses decreased \$285.1 thousand (2.1%), reflecting less interest expense as debt principal was repaid.

Condensed Statements of Activities and Changes in Net Position

	Fiscal Year 2023	Fiscal Year 2022	\$ Higher / (Lower)	% Higher / (Lower)
Operating Revenues	\$ 56,971,069	\$ 53,531,636	\$ 3,439,433	6.4%
Non-Operating Revenues	4,159,508	(3,342,412)	7,501,920	(224.4%)
Total Revenues	61,130,577	50,189,224	10,941,353	21.8%
Depreciation Expense	13,347,061	11,284,744	2,062,317	18.3%
Operating Expense	29,578,811	28,330,773	1,248,038	4.4%
Non-Operating Expense	13,271,543	13,556,631	(285,088)	(2.1%)
Total Expenses	56,197,415	53,172,148	3,025,267	5.7%
Changes in Net Position	4,933,162	(2,982,924)	7,916,086	(265.4%)
Beginning Net Position	123,299,877	126,282,801	(2,982,924)	(2.4%)
Beginning Net Position - Adjusted	123,299,877	126,282,801	(2,982,924)	(2.4%)
Ending Net Position	\$ 128,233,039	\$ 123,299,877	\$ 4,933,162	4.0%

CLIMATE EFFECTS

There are no climate effects associated with this report.

FINANCES

There are no financial impacts associated with this report.

RECOMMENDATION

Move approval of RECEIPT AND ACCEPTANCE OF BASIC FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR FISCAL YEAR ENDED JUNE 30, 2023



Annual Financial Report

2022-23



Silicon Valley Clean Water
A Joint Exercise of Powers Authority

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SILICON VALLEY CLEAN WATER

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
JUNE 30, 2023**

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Silicon Valley Clean Water
Basic Financial Statements
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For the Fiscal Year Ended June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of Silicon Valley Clean Water ("SVCW"), California, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise SVCW's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of SVCW as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof listed in the Table of Contents as part of the basic financial statements for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Report on Summarized Comparative Information

We have previously audited SVCW's June 30, 2022 financial statements, and we expressed unmodified audit opinion on those audited financial statements in our report dated October 15, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 2022 is consistent, in all material responses, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 25, 2023 on our consideration of SVCW's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of SVCW's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering SVCW's internal control over financial reporting and compliance.

Maze & Associates

Pleasant Hill, California
October 25, 2023

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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Silicon Valley Clean Water
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Silicon Valley Clean Water (the “Authority”, or “SVCW”) has issued its financial statements for the fiscal year ended June 30, 2023 in conformity with the format prescribed by the provisions of Government Accounting Standards Board Statement 34 (GASB 34). The Management of SVCW presents the following narrative overview and analysis of the financial activities, with comparative data for the prior fiscal year. The Management's Discussion and Analysis (MD&A) section is an overview of SVCW's financial activities and is an integral part of the accompanying Basic Financial Statements. This information should be read in conjunction with the audited financial statements that follow this section.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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

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

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

ORGANIZATION AND BUSINESS

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

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

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

The Joint Powers Agreement sets forth the allocation of operating and capital costs amongst Members. Operating costs are allocated to each Member based on a three-year average of each Member's annual pro-rata share of total wastewater flow and strength loadings as measured by biological oxygen demand ("BOD") and suspended solids ("SS"). As a result, the Budget for fiscal year 2022-23 allocated operating and maintenance costs to the Members as follows:

- City of Redwood City 55.75%
- West Bay Sanitary District 20.60%
- City of San Carlos 12.51%
- City of Belmont 11.14%

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

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

The following table shows a history of average daily wastewater flow conveyed to SVCW from each Member over the past five fiscal years:

<u>Member</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
Redwood City	7.7	7.1	7.0	7.1	7.8
West Bay	3.5	2.8	2.3	2.5	3.4
San Carlos	2.2	1.7	1.6	1.7	2.6
<u>Belmont</u>	<u>1.8</u>	<u>1.5</u>	<u>1.3</u>	<u>1.5</u>	<u>1.6</u>
Total	15.2	13.1	12.2	12.8	15.4

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FINANCIAL ANALYSIS

An important question about SVCW finances is “Is SVCW as a whole better or worse off as a result of the year’s activities?” The Statement of Net Position and the Statement of Activities and Changes in Net Position report information about activities to help answer this question. These statements describe the net position and its changes as a measure of the Authority’s financial health. Over time, increases or decreases in net position indicate whether financial health has improved or deteriorated. It is, however, important to keep these indicators in context with other non-financial factors like changes in economic conditions, population growth, climate, zoning, or regulations.

SVCW’s fiscal year 2022-23 operating revenues and expenses were comparable both to the prior fiscal year as well as to the current Budget. The most noteworthy change from the prior year was the lack of debt activity needed to fund ongoing capital improvements, which correlates to 2022-23 cash expenditures of \$70.4 million for construction. SVCW continued to experience significant construction activities on the largest project in its history, the Regional Environmental Sewer Conveyance Upgrade (RESCU). The RESCU program will be complete in mid-2024 and includes a new gravity pipeline tunnel, headworks facilities, and pump station improvements.

The Capital Improvement Program has been largely funded through long-term borrowings and, to a lesser extent, member agency cash contributions. As of June 30, 2023, outstanding debt principal was \$804.1 million, a net increase of \$18.7 million after drawing from State Revolving Fund (SRF) loans and reducing the Authority’s line of credit by \$2.0 million.

The SVCW Commission established reserve policies in 2013 to provide for future projects and to protect its fiscal solvency. As of June 30, 2023, cash reserves totaled \$42.7 million and included an Operating Reserve, a Capital Improvement Program Reserve, a Stage 2 Capacity Reserve, and a Debt Service Coverage Reserve. Of this amount, the Authority has restricted \$3.4 million as required by its SRF loan agreements.

FINANCIAL HIGHLIGHTS

- SVCW net position increased during fiscal year 2022-23 by \$4.9 million (4.0%) from the prior year.
- Total assets increased by \$16.2 million (1.8%). As construction of capital assets continued, the balance in construction in progress rose by a net \$36.3 million, as cash and investments decreased by \$41.6 million. Depreciable capital assets increased by \$20.7 million as \$34.1 million of completed projects were reclassified as Capital Assets and \$13.1 million was charged to depreciation expense.
- Total liabilities increased by \$23.1 million (2.8%) during the fiscal year. The balance of outstanding SRF Loan principal increased by \$35.4 million as SVCW continued to draw funds for RESCU projects. Offsetting this increase in debt was approximately \$12.4 million paid to reduce outstanding debt principal. Net pension liabilities substantially increased during the fiscal year, by \$11.6 million, after CalPERS experienced poor investment returns during the 2021-22 measurement period. Accounts Payable decreased \$7.0 million caused by timing of construction invoice payments.
- Total revenues, including cash contributions for capital programs and Reserves, increased by \$10.9 million (21.8%) from the previous year. While Members’ contributions towards operating expenses only slightly increased, there was a material change in unrealized gains / loss on investments. Whereas in fiscal year 2021-22 SVCW incurred unrealized losses of \$5.6 million, fiscal year 2022-23 experienced \$236.6 thousand of unrealized gains. Additionally, \$2.5 million was received in the

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current fiscal year by Members who contributed debt coverage reserve. Stage 2 Capacity Reserve contributions increased approximately \$0.9 million as Redwood City purchased more of its remaining connection capacity.

- Total expenses ended the fiscal year at \$56.2 million, a \$3.0 million increase (5.7%) compared to the prior year. Operating expenses were \$1.2 million more than prior year as prices for chemicals and electricity rose significantly. Non-operating expenses decreased \$285.1 thousand as interest expense declined consistent with the decline in outstanding principal. Depreciation increased by \$2.1 million as sizeable capital projects were completed and placed into service.

NET POSITION

A summary of the Authority's Statement of Net Position is presented in Table 1, which indicates a \$4.9 million (4%) increase from fiscal year 2021-22. Significant changes included:

- Current and other assets decreased by \$41.8 million (24.5%), as cash was utilized to fund ongoing capital projects.
- Restricted assets increased by \$1.0 million (22.4%) as the Authority contributed \$782.2 thousand to its pension liability stabilization trust account and \$240.0 thousand to SRF Loan debt reserves.
- Capital assets, net of depreciation, increased by \$57.0 million (7.6%) as significant construction on RESCU continued and other capital projects were placed into service during the fiscal year.
- Total SVCW liabilities increased by \$23.1 million (2.8%). Notable increases included an \$11.6 million adjustment in net pension liabilities associated with CalPERS pooled investment fund performance, and \$35.4 million more debt associated with SRF loan drawdowns for capital projects. Offsetting these increases was \$12.4 million paid to reduce outstanding principal, \$7.0 million in accounts payable timing, and \$4.3 million in amortization of bond premiums.
- Deferred Outflows and Deferred Inflows represent changes in the components of the Authority's pension liability, Other Post-Employment Benefits (OPEB), and deferred loss on defeasance of debt. The most significant change in deferred inflows was a \$7.0 million decline in pension-related inflows associated with CalPERS investment performance. In addition, drawdowns from the OPEB trust accounts resulted in a \$1.05 million reduction in Deferred Inflows.

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TABLE 1
Condensed Statement of Net Position

	Fiscal Year 2023	Fiscal Year 2022	\$ Higher / (Lower)	% Higher / (Lower)
Current and Other Assets	\$ 128,859,833	\$ 170,612,936	\$ (41,753,103)	(24.5%)
Restricted Assets	5,595,746	4,573,497	1,022,249	22.4%
Capital Assets	809,935,770	752,956,630	56,979,140	7.6%
Total Assets	944,391,349	928,143,063	16,248,286	1.8%
Deferred Outflows	30,346,975	26,635,391	3,711,584	13.9%
Total Liabilities	844,336,921	821,218,780	23,118,141	2.8%
Deferred Inflows	2,168,364	10,259,797	(8,091,433)	(78.9%)
Net Investment in Capital Assets	102,685,287	112,327,016	(9,641,729)	(8.6%)
Restricted	5,595,746	4,573,497	1,022,249	22.4%
Unrestricted	19,952,006	6,399,364	13,552,642	211.8%
Total Net Position	\$ 128,233,039	\$ 123,299,877	\$ 4,933,162	4.0%

Table 2 below summarizes construction fund activity. Members contributed to build reserves, fund short-term capital projects, and pay debt service.

As part of continued expenditures on its Capital Improvement Program, SVCW spent \$68.3 million on capital projects during fiscal year 2022-23. Notable expenditures included the Gravity Pipeline, Receiving and Lift Station, and Pump Station Rehabilitation. Other project expenditures included Digester Rehabilitation and Return Activated Sludge pump improvements.

TABLE 2
Construction Fund Activity

	Capital Improvement Program Reserve (13 Fund)	Revenue- Funded Capital Program (14 Fund)	Operating Reserve (17 Fund)	Stage 2 Capacity Reserve (15 Fund)	Capital Improvement Program Construction (20 Fund)	Totals
Member Contributions	\$ 2,500,020	\$ 1,404,000	\$ 111,180	\$ 1,019,105	\$ 21,758,360	\$ 26,792,665
Interest Earnings	(4,170)	-	49,013	(38,344)	3,052,821	3,059,320
Total Revenue	\$ 2,495,850	\$ 1,404,000	\$ 160,193	\$ 980,761	\$ 24,811,181	\$ 29,851,985
Cash to Construction	\$ -	\$ 2,079,933	\$ -	\$ -	\$ 68,295,941	\$ 70,375,874

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While the Statement of Net Position shows the change in financial position from year to year, the Statement of Activities and Changes in Net Position (Table 3 below) addresses the nature and source of the changes. Total 2022-23 revenues increased from the prior year by \$10.9 million (21.8%). This included a \$7.5 million (224.4%) increase in Non-Operating Revenues as financial markets drove improvements in both interest income and unrealized gains on investments. Separately, Operating Revenues increased by \$3.4 million (6.4%) as Members contributed to a Debt Service Coverage Reserve and more Stage 2 capacity fees were collected.

Total expenses in fiscal year 2022-23 increased \$3.0 million (5.7%) over the prior year. Notable items included:

- Depreciation expense rose by \$2.1 million (18.3%) as capital projects were placed into service.
- Operating expenses increased by \$1.2 million (4.4%) over the prior year. SVCW sustained higher chemical pricing and utility rates. There was also unanticipated maintenance of cogeneration engines which resulted in higher volume supplied from the local electric utility.
- Non-operating expenses decreased \$285.1 thousand (2.1%), due to less interest expense associated with debt.

TABLE 3
Condensed Statements of Activities and Changes in Net Position

	Fiscal Year 2023	Fiscal Year 2022	\$ Higher / (Lower)	% Higher / (Lower)
Operating Revenues	\$ 56,971,069	\$ 53,531,636	\$ 3,439,433	6.4%
Non-Operating Revenues	4,159,508	(3,342,412)	7,501,920	(224.4%)
Total Revenues	61,130,577	50,189,224	10,941,353	21.8%
Depreciation Expense	13,347,061	11,284,744	2,062,317	18.3%
Operating Expense	29,578,811	28,330,773	1,248,038	4.4%
Non-Operating Expense	13,271,543	13,556,631	(285,088)	(2.1%)
Total Expenses	56,197,415	53,172,148	3,025,267	5.7%
Changes in Net Position	4,933,162	(2,982,924)	7,916,086	(265.4%)
Beginning Net Position	123,299,877	126,282,801	(2,982,924)	(2.4%)
Beginning Net Position - Adjusted	123,299,877	126,282,801	(2,982,924)	(2.4%)
Ending Net Position	\$ 128,233,039	\$ 123,299,877	\$ 4,933,162	4.0%

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BUDGETARY HIGHLIGHTS

The SVCW Commission adopts an annual Operating Fund budget that provides for current activities and establishes a short-term spending plan aligned with SVCW activities and financial goals. Budgets are prepared on the accrual basis of accounting. Table 4 below compares actual and budgeted expenditures for the Operating Fund during the year ended June 30, 2023.

TABLE 4
Operation Fund Actual vs Budget

	Fiscal Year	Fiscal Year		
	2023	2023	\$ Higher/	% Higher/
	Actual	Budget	(Lower)	(Lower)
Member Contributions	\$ 29,259,144	\$ 29,259,151	\$ (7)	(0.0%)
Source Control Revenue	197,267	86,500	110,767	128.1%
Stormwater Revenue	71,835	118,000	(46,165)	(39.1%)
Other Revenue	455,954	602,100	(146,146)	(24.3%)
Total Operating Revenue	29,984,200	30,065,751	(81,551)	(0.3%)
Operations	12,186,991	12,055,226	131,765	1.1%
Maintenance	6,363,505	6,741,464	(377,959)	(5.6%)
Laboratory	1,850,130	1,845,213	4,917	0.3%
Environmental Services	983,282	1,055,945	(72,663)	(6.9%)
Engineering	1,661,499	1,739,303	(77,804)	(4.5%)
Information Services	2,023,796	2,345,620	(321,824)	(13.7%)
Safety	479,962	517,406	(37,444)	(7.2%)
Administration	3,903,261	3,915,573	(12,312)	(0.3%)
Depreciation	13,347,061	13,347,061	-	-
Total Operating Expenses	42,799,487	43,562,811	(763,324)	(1.8%)
Operating Income/(Loss)	\$ (12,815,287)	\$ (13,497,060)	\$ 681,773	5.1%

Inclusive of \$13.3 million in depreciation, SVCW reported an operating loss of \$12.8 million, an \$681.8 thousand (5.1%) improvement from budget. Of note, more source control revenue was earned as leachate deliveries from a local landfill increased. Stormwater revenues declined due to limited staffing resources. Other Revenue was below budget as the local solid waste handling agency experienced delays in its pilot program for organic food waste recovery.

Total operating expenses were \$763.3 thousand (1.8%) below budget, as equipment replacements and maintenance costs were less than anticipated. Noteworthy variances by Division include:

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- Operations expenses were higher than budget by \$131.8 thousand (1.1%) due to increases in chemical prices and utility rates.
- Maintenance expenses were lower than budget by \$378.0 thousand (5.6%) due to limited staff vacancies and a reduction in repairs needed to equipment.
- Environmental Services expenses were \$72.7 thousand (6.9%) below budget after incurring year-end net pension liability adjustment and incurring less-than-anticipated costs for sample analysis.
- Engineering expenses were \$77.8 thousand (4.5%) lower than budget after incurring year-end net pension liability adjustment, less permit fees, and reduced conferences.
- Information Services expenses were \$321.8 thousand (13.7%) less than budget due to a change in technology that reduced the cost of data backup and storage, less software consulting while projects were underway, and an adjustment to its net pension liability.
- Safety expenses were below budget by \$37.4 thousand (7.2%) as less repair labor hours were charged than anticipated.

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CAPITAL ASSETS

SVCW has a Long-Range Capital Improvement Program to improve existing facilities, build new facilities, rehabilitate assets, repair or replace infrastructure, preserve assets, enhance safety and security, and to maintain performance. Significant investments in infrastructure have included replacement of influent conveyance pipes, modernization of process automation, and upgrades to electrical systems. SVCW is nearly complete with construction of RESCU facilities that will replace an existing force main and add essential pretreatment facilities.

Consistent with the Capital Improvement Program, the Commission approved these and other capital projects to protect public health, the environment, and agency facilities. Table 5 below provides a summary of SVCW capital assets and shows how, at the end of fiscal years 2021-22 and 2022-23, Net Property Plant & Equipment (PP&E) was \$178.3 million and \$199.0 million, respectively. Additional information about SVCW's capital acquisitions and construction is presented in Note 5 to the financial statements.

TABLE 5
Capital Assets

	Balance at June 30, 2022	Additions	Retirements	Adjustments & Transfers	Balance at June 30, 2023
Land	\$ 1,282,081	\$ -	\$ -	\$ -	\$ 1,282,081
Buildings & Structures	86,990,547	8,989,823	-	-	95,980,370
Pipelines	69,563,754	44,516	-	-	69,608,270
Pump Stations	8,955,485	-	(341,956)	-	8,613,529
Machines & Equipment	140,464,681	25,061,894	-	-	165,526,575
Total PP&E, Cost	307,256,549	34,096,232	(341,956)	-	341,010,824
Accum. Depreciation	128,910,682	13,347,061	(292,283)	-	141,965,460
Total PP&E, Net	\$ 178,345,866	\$ 20,749,171	\$ (49,673)	\$ -	\$ 199,045,364
Construction in Progress:					
Stage 2 Capacity	\$ 2,934,618	\$ -	\$ -	\$ -	\$ 2,934,618
General	571,676,145	70,375,874	(34,096,231)	-	607,955,788
Total CIP	\$ 574,610,763	\$ 70,375,874	\$ (34,096,231)	\$ -	\$ 610,890,406

LONG TERM DEBT

Inclusive of the Authority's Line of Credit (but excluding Unamortized Premium on outstanding Bonds and Notes), long-term debt as of June 30, 2023 was \$778.7 million, a \$9.0 million decrease from the prior year. Components of SVCW's long-term debt liability include \$611.7 million of Wastewater Revenue Bonds and Notes (excluding unamortized premiums of \$25.4 million), Notes Payable obligations to the California Water Resource Control Board (SWRCB) Clean Water SRF program and a Line of Credit for a combined value of approximately \$167.1 million.

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

Wastewater Revenue Bonds and Notes

As of June 30, 2023, SVCW has \$611.7 million (par value) in outstanding Wastewater Revenue Bonds and Notes, the proceeds of which are used to acquire and construct wastewater system improvements. These Bonds and Notes are limited obligations of SVCW, payable solely from and secured solely by revenues pledged under the Indenture which primarily consists of payments made by SVCW Participating Members. Table 6 below compares the total Bonds and Notes outstanding for fiscal years ended June 30, 2022 and 2023:

TABLE 6
Wastewater Revenue Bonds/Notes

Bonds/Notes	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds/Notes Outstanding June 30, 2022	Issued (Redeemed)	Bonds/Notes Outstanding June 30, 2023
2018 Revenue Bond	2018	2049	3.125-5%	\$ 140,955,000	\$ 131,410,000	\$ (2,605,000)	\$ 128,805,000
2019 Revenue Notes	2019	2024	3%	209,300,000	209,300,000	-	209,300,000
2021 Refunding Bond, Series A	2021	2046	0.177-2.973%	137,010,000	130,810,000	(5,895,000)	124,915,000
2021 Refunding Bond, Series B	2021	2033	4-5%	6,825,000	6,360,000	(450,000)	5,910,000
2021 Notes, Series A	2022	2024	0.25%	68,900,000	68,900,000	-	68,900,000
2021 Notes, Series B	2022	2026	0.50%	73,840,000	73,840,000	-	73,840,000
Total Wastewater Revenue Bonds/Notes				\$ 636,830,000	\$ 620,620,000	\$ (8,950,000)	\$ 611,670,000

State Water Resources Control Board Loans

SVCW has financed certain projects by entering into separate sale-repurchase agreements with the SWRCB. Combined, the five SRF Loans had \$156.2 million of outstanding principal due as of June 30, 2023. Outstanding principal, together with any accrued interest, will be repaid in annual installments commencing one year after completion of construction.

- In March 2012, SVCW entered into an agreement with the SWRCB for up to \$35.4 million for certain improvements to the wastewater treatment plant phase 1 project. The total outstanding balance as of June 30, 2023 totaled \$23.2 million and the final payment is scheduled October 31, 2036.
- In February 2016, SVCW entered into an SWRCB agreement for up to \$14.0 million to plan improvements to its conveyance system. As of June 30, 2023, SVCW had incurred the full \$14.0 million in expenditures under this project. SVCW intends to restructure this agreement to terms consistent with other RESCU construction agreements.
- In August 2021, SVCW entered into an SWRCB agreement for up to \$59.6 million to replace the influent force main with a gravity pipeline under the RESCU program. The total outstanding balance as of June 30, 2023 totaled \$50.9 million and final payment is scheduled October 2053.

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- In August 2021, SVCW entered into an SWRCB agreement for up to \$57.8 million for pump station improvements under the RESCU program. The total outstanding balance as of June 30, 2023 totaled \$23.7 million and final payment is scheduled October 2053.
- In August 2021, SVCW entered into an SWRCB agreement for up to \$51.6 million to construct a receiving and lift station under the RESCU program. The total outstanding balance as of June 30, 2023 totaled \$44.4 million and final payment is scheduled October 2053.

Line of Credit

In May 2015, SVCW entered a \$30.0 million line of credit with Wells Fargo Bank to finance a portion of the costs of acquisition and construction of capital improvements. Subsequent extensions now provide for an accordion feature whereby the Authority may increase the available balance to \$115 million. Advances on the line of credit apply an interest rate based on the sum of Term SOFR (Secured Overnight Financing Rate) and a Benchmark Replacement Adjustment defined in the agreement. In January 2023, SVCW decreased the available balance to \$30.0 million. As of June 30, 2023, \$10.9 million was outstanding on the line of credit.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The approved Operating Budget for the upcoming fiscal year 2023-24 recommends expenditures based on a prioritization of needs and objectives; it also anticipates external cost pressures and provides a roadmap to meet the needs of the community. The Budget incorporates inflationary pressures and any savings identified through operational improvements. Personnel costs are relatively unchanged in terms of staffing levels, though adjusted to incorporate a recently-updated Memorandum of Understanding (MOU) with the International Union of Operating Engineers Stationary Local 39, AFL-CIO. The MOU expires on June 30, 2028.

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

Table 7 compares next fiscal year's 2023-24 Operating Fund Budget to the fiscal year 2022-23 actual results. Total 2023-24 Operating Revenues are anticipated to increase \$1.7 million (5.8%) as Members provide for increased operating costs. Additionally, for Source Control Revenue and Other Revenues, SVCW predicts the continuation of current stormwater and source control activities.

Planned 2023-24 Operating Expenses are anticipated to increase \$2.4 million (5.6%) from the 2022-23 actual expenditures. Beyond a return to normal, post-pandemic activities, the largest increases in the new budget include a full year of headworks operations and continued inflation in chemical prices.

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TABLE 7
FY 2023-2024 Budget vs FY 2022-2023 Actual

	FY 2023-2024 Budget	FY 2022-2023 Actual	\$ Increase / (Decrease)	% Increase / (Decrease)
Member Contributions	\$ 31,012,421	\$ 29,259,144	\$ 1,753,277	6.0%
Source Control Revenue	83,802	197,267	(113,465)	(57.5%)
Stormwater Revenue	114,920	71,835	43,085	60.0%
Other Revenues	500,077	455,954	44,123	9.7%
Total Operating Revenue	31,711,220	29,984,200	1,727,020	5.8%
Operations	13,293,819	12,186,991	1,106,828	9.1%
Maintenance	6,755,445	6,363,505	391,940	6.2%
Laboratory	2,137,500	1,850,130	287,370	15.5%
Environmental Services	1,084,045	983,282	100,763	10.2%
Engineering	2,006,920	1,661,499	345,421	20.8%
Information Services	2,083,265	2,023,796	59,469	2.9%
Safety	526,906	479,962	46,944	9.8%
Administration	3,973,320	3,903,261	70,059	1.8%
Depreciation	13,347,061	13,347,061	-	-
Total Operating Expenses	45,208,281	42,799,487	2,408,794	5.6%
Operating Income/(Loss)	\$ (13,497,061)	\$ (12,815,287)	\$ (681,774)	(5.3%)

CONTACTING SILICON VALLEY CLEAN WATER MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

Silicon Valley Clean Water
Statement of Net Position
June 30, 2023
(With Comparative Totals as of June 30, 2022)

Assets	2023	2022
Current Assets:		
Cash and investments	\$ 124,610,238	\$ 166,243,525
Cash restricted for debt service	3,654,229	3,414,229
Cash restricted for pension benefits	1,941,517	1,159,268
Accounts receivable	2,148,346	893,278
Interest receivable	1,771	395
Employee notes receivable	15,688	14,281
Inventory	2,007,442	1,979,980
Prepaid expenses	48,012	70,778
Total Current Assets	134,427,243	173,775,734
Noncurrent Assets:		
Net OPEB asset	28,336	1,410,699
Capital assets:		
Depreciable capital assets - net	197,763,283	177,063,786
Non depreciable capital assets:		
Land	1,282,081	1,282,081
Construction in progress:		
Stage 2	2,934,618	2,934,618
General	607,955,788	571,676,145
Total capital assets - net	809,935,770	752,956,630
Total Noncurrent Assets	809,964,106	754,367,329
Total Assets	\$ 944,391,349	\$ 928,143,063
Deferred Outflows of Resources		
Pension related	\$ 9,658,669	\$ 4,174,372
OPEB related	2,382,344	2,145,868
Deferred Loss on Defeasance	18,305,962	20,315,151
Total Deferred Outflows of Resources	\$ 30,346,975	\$ 26,635,391
Liabilities		
Current Liabilities:		
Accounts payable	\$ 12,311,211	\$ 19,330,256
Accrued payroll and employee benefits	275,296	695,448
Accrued interest payable	5,859,871	5,946,437
Unearned revenue	303,637	-
Compensated absences due within one year	1,243,619	1,252,260
Long term debt due within one year	293,074,705	14,683,699
Total Current Liabilities	313,068,339	41,908,100
Long term debt due in more than one year	511,035,912	770,703,747
Net pension liabilities	20,232,670	8,606,933
Total Liabilities	\$ 844,336,921	\$ 821,218,780
Deferred inflows of Resources		
Pension related	\$ 1,338,118	\$ 8,381,564
OPEB related	830,246	1,878,233
Total Deferred Inflows of Resources	\$ 2,168,364	\$ 10,259,797
Net Position		
Net Investment in Capital Assets	\$ 102,685,287	\$ 112,327,016
Restricted for:		
Debt service	3,654,229	3,414,229
Pension benefits	1,941,517	1,159,268
Unrestricted	19,952,006	6,399,364
Total Net Position	\$ 128,233,039	\$ 123,299,877

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

Silicon Valley Clean Water
Statement of Activities and Changes in Net Position
For the Fiscal Year Ended June 30, 2023
(With Comparative Totals for the Fiscal Year Ended June 30, 2022)

	2023	2022
Operating Revenues:		
Member contributions for services	\$ 29,453,348	\$ 27,858,177
Member contributions for cash reserves	7,534,305	3,616,877
Member contributions for debt service	18,857,272	18,793,941
Member contributions for cash in-lieu-of financing	401,088	2,670,801
Source control charges	269,102	124,579
Miscellaneous revenues	455,954	467,261
Total operating revenues	<u>56,971,069</u>	<u>53,531,636</u>
Operating Expenses:		
Operations	\$ 12,348,285	\$10,644,690
Maintenance	6,363,505	6,705,248
Laboratory	1,861,945	1,622,596
Environmental services	983,282	956,725
Engineering	1,592,913	1,382,681
Information services	2,023,796	2,013,846
Safety	479,962	481,348
Administration	3,925,123	4,523,638
Depreciation	13,347,061	11,284,745
Total operating expenses	<u>42,925,872</u>	<u>39,615,517</u>
Operating Income (Loss)	<u>\$ 14,045,197</u>	<u>\$ 13,916,119</u>
Nonoperating Revenues (Expenses):		
Grants	\$ 133,690	\$156,601
Other revenue (expense)	859,122	836,472
Interest by fund:		
Operations fund	5,624	809
Stage 2 capacity fund	258,917	233,418
Capital improvement reserve fund	422,843	304,749
Operating reserve fund	57,724	31,770
Capital improvement fund	2,184,952	654,096
Net increase (decrease) in fair value of investments	236,636	(5,560,327)
Interest expense	(17,515,769)	(17,845,530)
Premium amortization	4,288,899	4,288,899
Gain (loss) on disposal of capital assets	(44,673)	-
Total nonoperating revenues (expenses)	<u>\$ (9,112,035)</u>	<u>\$ (16,899,043)</u>
Change in Net Position	\$ 4,933,162	\$ (2,982,924)
Beginning Net Position	<u>123,299,877</u>	<u>126,282,801</u>
Ending Net Position	<u><u>\$ 128,233,039</u></u>	<u><u>\$ 123,299,877</u></u>

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

Silicon Valley Clean Water
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2023
(With Comparative Totals for the Fiscal Year Ended June 30, 2022)

	2023	2022
Cash Flows from Operating Activities:		
Cash received from member agencies	\$ 55,346,288	\$ 53,248,001
Cash paid to suppliers for goods and services and employees for services	(35,880,751)	(29,748,431)
Other cash received (paid)	725,056	591,840
Net Cash Provided (Used) by Operating Activities	<u>20,190,593</u>	<u>24,091,410</u>
Cash Flows from Capital and Related Financing Activities:		
Cash received from member agencies other than for services	859,122	836,472
Cash received from grants	133,690	156,601
Interest paid on capital debt	(17,602,335)	(17,414,050)
Principal paid on capital debt	(12,424,800)	(26,979,253)
Proceeds from long-term debt	35,436,869	226,323,358
Cash received on the sale of capital assets	5,000	-
Purchases and construction of capital assets	(70,375,874)	(103,651,632)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(63,968,328)</u>	<u>79,271,496</u>
Cash Flows from Investing Activities:		
Noncash equivalent investments	35,451,821	(36,619,621)
Investment income	3,166,696	(4,335,485)
Net Cash Provided (Used) by Investing Activities	<u>38,618,517</u>	<u>(40,955,106)</u>
Net Increase (Decrease) in Cash and Investment	(5,159,218)	62,407,800
Cash and Cash Equivalents, Beginning	<u>78,453,523</u>	<u>16,045,723</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 73,294,305</u></u>	<u><u>\$ 78,453,523</u></u>
Reconciliation of Operating Income (Loss) to Cash Flows Provided (Used) by Operating Activities:		
Operating Income (Loss)	\$ 14,045,197	\$ 13,916,119
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	13,347,061	11,284,745
Net change in:		
Accounts receivable	(1,256,444)	287,625
Employee notes receivable	(1,407)	(4,949)
Inventory	(27,462)	(79,660)
Prepaid expenses	22,766	87,518
Deferred outflows of resources	(3,711,584)	2,001,882
Accounts payable	(7,019,045)	(1,963,618)
Accrued payroll and employee benefits	12,579,307	(9,457,862)
Unearned revenue	303,637	(615,631)
Deferred inflows of resources	(8,091,433)	8,635,241
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 20,190,593</u></u>	<u><u>\$ 24,091,410</u></u>
Reconciliation of Cash and Cash Equivalents:		
Cash and investments	\$ 130,205,984	\$ 170,817,022
Less: investments with original maturities in excess of three months	(56,911,679)	(92,363,499)
Cash and Cash Equivalents	<u><u>\$ 73,294,305</u></u>	<u><u>\$ 78,453,523</u></u>

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

NOTE 1 - NATURE OF ORGANIZATION

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Accounting

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

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

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

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

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

Statement of Net Position

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

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

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

Statement of Activities and Changes in Net Position

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

Budgets and Budgetary Accounting

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

Cash and Cash Equivalents

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

Silicon Valley Clean Water
Notes to Financial Statements
June 30, 2023

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

Investments

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

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

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

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

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

Receivables

Receivables include amounts due from member assessments, services performed for other agencies. All receivables are current and reported net of an allowance for uncollectible accounts. The allowance for uncollectible accounts was zero as of June 30, 2023.

Inventories

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

Silicon Valley Clean Water
Notes to Financial Statements
June 30, 2023

Capital Assets

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

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

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

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

Compensated Absences

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

Pensions

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

Other Postemployment Benefits Other Than Pensions (OPEB)

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

Silicon Valley Clean Water
Notes to Financial Statements
June 30, 2023

Leases

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

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

SVCW has no leases subject to GASB#87 for the fiscal year 2023.

Subscription-Based Information Technology Arrangements (SBITAs) Accounting

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

At the commencement of a SBITA, SVCW initially measures the subscription liability at the present value of payments expected to be made during the contract term. Subsequently, the subscription liability is reduced by the principal portion of payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for payments made at or before the SBITA commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying IT assets. SVCW will recognize SBITA liabilities with an initial, individual value of \$1 million or more, based on the future SBITA payments remaining at the contract's start.

Key estimates and judgments related to SBITAs include how SVCW determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments as follows:

SVCW uses the interest rate charged by the IT vendor as the discount rate. When the interest rate charged by the IT vendor is not provided, SVCW uses its estimated incremental borrowing rate as the discount rate for subscription liabilities. The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that SVCW is reasonably certain to exercise.

SVCW monitors changes in circumstances that would require a remeasurement of its subscription and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with other capital assets and subscription liabilities are reported with liabilities on the statement of net position.

SVCW has no SBITA subject to GASB#96 for the fiscal year 2023.

Silicon Valley Clean Water
Notes to Financial Statements
June 30, 2023

Accounting Estimates

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

Subsequent Events

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

On October 17, 2023, pursuant to the Indenture of Trust dated May 01, 2019, the Authority called for redemption the entire aggregate principal amount of \$209,300,000 in outstanding Wastewater Revenue Notes, Series 2019A. These Notes were paid at a redemption price equal to 100% of the principal amount, together with accrued interest through the redemption date, without premium. This transaction was funded, as intended, from proceeds drawn on October 12, 2023, from the Authority's 2019 WIFIA Loan Agreement.

Summarized Comparative Information

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the financial statements for the year ended June 30, 2022, from which the summarized information was derived.

Upcoming New Accounting Pronouncements

GASB 101 – Compensated Absences

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

This Statement is effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Silicon Valley Clean Water
Notes to Financial Statements
June 30, 2023

NOTE 3 - CASH AND INVESTMENTS

Credit Risk

SVCW's cash and investments consisted of the following as of June 30, 2023 and 2022:

Cash and Investments	June 30, 2023	June 30, 2022	Investment Rating	Input Level
Cash:				
Demand deposits	\$ 2,356,402	\$ 615,344	n/a	n/a
Cash on hand	1,000	1,000	n/a	n/a
Total Cash	2,357,402	616,344		
Investments:				
US Treasuries	33,342,560	50,001,275	AA+	1
US Government Agencies	8,628,448	9,861,282	AA+	1
			AAA/AA+/AA/AA-	
Asset Backed Securities/Corporate bonds	11,133,440	13,655,513	/A+/A/A-/BBB+/NR	1
Municipal bonds/notes	1,531,039	1,545,685	AAA/AA+/AA+/AA-/NR	1
Supranationals	437,059	617,076	AAA	1
Money Market Funds	21,008,207	21,441,836	AAAm	2
California Asset Management Program	19,257,495	7,062,351	AAAm	n/a
Local Agency Investment Fund	32,510,334	66,015,660	Not rated	n/a
Total Investments	127,848,582	170,200,678		
Total Cash and Investments	\$ 130,205,984	\$ 170,817,022		

Interest Rate Risk

The following is a summary of the Authority's investments by maturity as of June 30, 2023:

Maturity	June 30, 2023	June 30, 2022
0-1 years	\$ 94,236,472	\$ 115,040,586
1-2 years	6,757,887	23,725,170
2-3 years	8,471,250	5,171,375
3-5 years	11,526,421	13,438,369
Over 5 years	6,856,552	12,825,178
Total Investments	\$ 127,848,582	\$ 170,200,678

Cash Deposits

Interest bearing bank balances are insured up to \$250,000 per bank by the Federal Deposit Insurance Company ("FDIC"). SVCW's cash in bank exceeded the insured limit as of June 30, 2023. All SVCW's deposits with financial institutions were held in collateralized accounts.

Silicon Valley Clean Water
Notes to Financial Statements
June 30, 2023

Fair Value Measurements

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

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

Collateral and Categorization Requirements

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

Restricted Cash

SVCW's restricted cash consisted of \$5,595,746 in cash and investments as of June 30, 2023, held by trustees or fiscal agent, \$3,654,229 of which was pledged for the payment or security of bonds and \$1,941,517 of which are restricted for the Section 115 Pension Trust.

Local Agency Investment Fund

SVCW is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The Authority reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are maintained on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. On June 30, 2023, the investments matured in an average of 260 days.

Silicon Valley Clean Water
Notes to Financial Statements
June 30, 2023

Investment Policy

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

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

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

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

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

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

Silicon Valley Clean Water
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Risk Disclosures

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

- *Interest Rate Risk* - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to the changes in market interest rates. To limit loss exposure due to Interest Rate Risk, the investment policy limits the length of maturity of investments.
- *Credit Risk* - Credit risk is the risk of loss due to the failure of the security issuer. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. To limit loss exposure due to Credit Risk, the investment policy limits the purchase of investments to those rated A-1 by Standard & Poor's or P-1 by Moody's Investors Service.
- *Custodial Credit Risk* - Custodial credit risk is the risk that in the event of a bank failure, SVCW's deposits may not be returned to it. Or, in the case of investments, the risk of loss of the investment due to failure, impairment or malfeasance of the third party whose name in which the investment is held and who has physical possession of the instrument. In order to limit loss exposure due to Custodial Credit Risk, the investment policy requires all securities be received and delivered using the standard delivery versus payment (DVP) procedure, and all securities be held by a third-party bank or trust department under the terms of a custody or trustee agreement. None of SVCW's investments were subject to custodial credit risk.
- *Concentration of Credit Risk* - See the chart above for SVCW's limitations on the amount that can be invested in any one issuer. As of June 30, 2023, 15% of SVCW's cash was invested in California Asset Management Program (CAMP), 7% in agencies, 9% in asset-backed securities and corporate bonds, 16% in money market accounts, 26% in U.S. treasuries, and 26% in LAIF and municipal bonds and notes.

NOTE 4 - EMPLOYEE NOTES RECEIVABLE

All full-time and part-time SVCW employees are eligible to obtain an interest-free loan to purchase a computer or certain tools. All requests for loans must be approved by the Department Manager and Human Resources Director. Repayment of these loans is handled through payroll deductions which are amortized over a two-year period. Employees must pay off any outstanding balance of their loans upon ending employment with SVCW. As of June 30, 2023, and 2022, outstanding balances for notes receivable were \$15,688 and \$14,281, respectively.

Silicon Valley Clean Water
Notes to Financial Statements
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NOTE 5 - CAPITAL ASSETS (PROPERTY, PLANT AND EQUIPMENT)

SVCW's capital assets consisted of the following as of June 30, 2023:

Capital Assets	Balance July 1, 2022	Additions	Retirements	Adjustments/ Transfer	Balance June 30, 2023
Non-depreciable:					
Land	\$ 1,282,081	\$ -	\$ -	\$ -	\$ 1,282,081
Construction in Progress					
Stage 2	2,934,618	-	-	-	2,934,618
General	571,676,145	70,375,874	-	(34,096,231)	607,955,788
Total Non-Depreciable	\$575,892,844	70,375,874	-	(34,096,231)	612,172,487
Depreciable:					
Buildings and structures	86,990,547	-	-	8,989,823	95,980,370
Pipelines	69,563,754	-	-	44,515	69,608,269
Pump station	8,955,485	-	(341,955)	-	8,613,530
Machinery and equipment	140,464,681	-	-	25,061,893	165,526,574
Total Depreciable	305,974,467	-	(341,955)	34,096,231	339,728,743
Less Accumulated Depreciation for:					
Buildings and structures	(48,726,034)	(3,471,837)	-	-	(52,197,871)
Pipelines	(17,201,085)	(1,771,462)	-	-	(18,972,547)
Pump station	(6,436,078)	(185,555)	292,283	-	(6,329,350)
Machinery and equipment	(56,547,485)	(7,918,207)	-	-	(64,465,692)
Total Accumulated Depreciation	(128,910,682)	(13,347,061)	292,283	-	(141,965,460)
Total Depreciable PPE - Net	177,063,785	(13,347,061)	(49,672)	34,096,231	197,763,283
Total PPE - Net	\$ 752,956,629	\$ 57,028,813	\$ (49,672)	\$ -	\$ 809,935,770

Depreciation expense for the year ended June 30, 2023, and 2022 was \$13,347,061 and \$11,284,745, respectively.

Silicon Valley Clean Water
Notes to Financial Statements
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Construction in progress comprised the following at June 30, 2023:

Project #	Project Name	Total Budgeted	Actual Costs	Unexpended Budget
101	Fund 15 Stage 2 Indirect Costs	\$ 2,934,618	\$ 2,934,618	\$ -
Various	Other Fund 14 Capital Projects (19 total projects)	3,842,498	1,205,215	2,637,283
6008	Tunnel and Gravity Pipeline	276,761,797	268,370,869	8,390,928
9502	Front of the Plant	157,854,378	147,746,728	10,107,650
9501	Pump Station Improvements	135,370,746	98,776,784	36,593,962
9242	Fixed Film Reactor Rehab	29,820,000	1,710,988	28,109,012
9600	Buried & Exposed Pipe Repair	16,920,000	661,047	16,258,953
9500	RESCU Administrative Activities	15,398,505	12,663,106	2,735,399
9503	WWTP Improvements Phase II	13,194,724	-	13,194,724
9807	New 12Kv Switchgear	11,663,516	11,665,120	(1,604)
9401	Side Stream Treatment	10,510,000	62,150	10,447,850
9238	Front of Plant Site Civil	5,870,686	5,870,686	-
9107	CCT Concrete & Steel Protective Coating	5,608,246	4,593,423	1,014,823
9255	3 Water System Upgrades	5,100,000	361,243	4,738,757
9240	Standby Generators Feed Relocation and Electrical Panel	4,800,000	4,973,310	(173,310)
9168	Thickening Improvements - Phase I	4,741,437	-	4,741,437
6006	Conveyance System CEQA	4,514,597	4,514,597	-
9080	Primary Sed Tanks Collector System Maintenance	4,404,638	-	4,404,638
9247	SHB Electrical Rehabilitation	4,374,381	40,651	4,333,730
9033	Future Plant Electrical System Panel	4,300,000	-	4,300,000
9259	Primary Effluent Structural Rehabilitation	4,260,000	-	4,260,000
7005	Redwood City Pump Station Improvements	4,255,047	4,255,047	-
9231	Bioforce Tech Dryer System	3,950,621	3,828,808	121,813
6013	Receiving Lift Station	3,885,370	3,885,370	-
9237	Radio Road Habitat Grading	3,823,448	38,706	3,784,742
9120	RAS Pump Suction Pipe Replacement	3,767,038	2,239,031	1,528,007
9160	WWTP Headworks & Screening Facility	3,552,305	3,552,305	-
9251	Laboratory Building HVAC	3,504,412	3,570,631	(66,219)
9241	Primary Effluent Channel Recoating	3,402,000	3,068,450	333,550
9215	Digester #1 Rehabilitation	3,400,000	4,046,958	(646,958)
9128	PST 3&4 Protective Coatings	3,334,199	-	3,334,199
7010	Pump Station Preliminary Predesign & CEQA	3,099,927	3,099,927	-
9223	Final Effluent Pump Replacement	2,836,241	301,857	2,534,384
6014	Influent Connector Pipe	2,733,155	2,733,155	-
9256	Spent Backwash Pump System Rehabilitation	2,700,000	-	2,700,000
9034	Electrical Conductor and Small Panel Replacement	2,654,210	455	2,653,755
9014	Process Tanks Concrete & Steel Protective Coatings Replacement	2,427,198	1,591,294	835,904
9244	Digester 3 Cleaning and Rehab	2,414,000	79,305	2,334,695
9245	Digester 2 Cleaning and Rehab	2,272,000	59,014	2,212,987
9250	Wet Side Power Rehabilitation	2,200,000	8,639	2,191,361
9601	WAS Influent Pipe Rehab	2,100,000	-	2,100,000
9118	SCADA Integration with IBMS	2,026,758	-	2,026,758
9243	PST Thickening Project	2,000,000	18,126	1,981,874
9258	Capital Support for Process Engineering	2,000,000	19,874	1,980,126
9257	Food Waste Improvements	2,000,000	76,542	1,923,458
9254	Waste Gas Burner Replacement	2,000,000	-	2,000,000
9246	Activated Sludge Process Rehabilitation	1,900,000	-	1,900,000
9248	Cogeneration Engine System Rehabilitation	1,900,000	-	1,900,000
9196	Electronic O&M Manuals	1,187,870	1,317,769	(129,899)
9158	CIP Financial Assistance	1,081,354	981,354	100,000
6003	Influent Force Main Repair & Replacement	1,063,430	1,063,430	-
Various	Other Fund 20 Capital Projects (30 total projects)	9,755,729	4,903,823	4,851,904
		\$ 811,471,079	\$ 610,890,406	\$ 200,580,673

Silicon Valley Clean Water
Notes to Financial Statements
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NOTE 6 - NONCURRENT LIABILITIES

SVCW's noncurrent liabilities consisted of the following as of June 30, 2023:

Description	Balance July 01, 2022	Additions	Deductions	Balance June 30, 2023	Due Within One Year
Wastewater Revenue Bonds/Notes	\$ 620,620,000	\$ -	\$ 8,950,000	\$ 611,670,000	\$ 287,315,000
Unamortized Premium	29,671,460	-	4,288,899	25,382,561	4,288,899
Note Payable (Direct Borrowing)	135,095,986	35,436,870	3,474,800	167,058,056	1,470,806
Compensated Absences	1,252,260	-	8,641	1,243,619	1,243,619
Total Noncurrent Liabilities	\$ 786,639,706	\$ 35,436,870	\$ 16,722,340	\$ 805,354,236	\$ 294,318,324

• **LONG-TERM DEBT**

SVCW's long-term debt included the following bonds and notes, as of June 30, 2023:

	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds/Notes Outstanding July 01, 2022	Issued	Retirements	Bonds/Notes Outstanding June 30, 2023	Due Within One Year
<i>Bonds/Notes</i>									
2018 Bond	2018	2049	3.125-5%	\$ 140,955,000	\$ 131,410,000	\$ -	\$ 2,605,000	\$ 128,805,000	\$ 2,745,000
2019 Notes Series A	2019	2024	3%	209,300,000	209,300,000	-	-	209,300,000	209,300,000
2021 Bond Series A	2021	2046	0.177-2.973%	137,010,000	130,810,000	-	5,895,000	124,915,000	5,905,000
2021 Bond Series B	2021	2033	4-5%	6,825,000	6,360,000	-	450,000	5,910,000	465,000
2021 Notes Series A	2022	2024	0.25%	68,900,000	68,900,000	-	-	68,900,000	68,900,000
2021 Notes Series B	2022	2026	0.50%	73,840,000	73,840,000	-	-	73,840,000	-
Total Wastewater Revenue Bonds/Notes				\$ 636,830,000	\$ 620,620,000	\$ -	\$ 8,950,000	\$ 611,670,000	\$ 287,315,000

2018 Wastewater Revenue Bonds

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

2019 Series A Wastewater Revenue Notes

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

Silicon Valley Clean Water
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2021 Wastewater Refunding Revenue Bonds

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

2021 Wastewater Revenue Notes

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

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

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

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

The 2018 Wastewater Revenue Bonds, 2019 Wastewater Revenue Notes, 2021 Wastewater Refunding Revenue Bonds Series A and B and 2021 Wastewater Revenue Notes Series A and B are general obligations of SVCW, payable solely from pledges of wastewater revenues from participating SVCW member agencies. The Bonds and Notes covenants contain events of default that require the revenue of SVCW to be applied by the Trustee as specified in the terms of the agreement if any of the following conditions occur: default on debt service payments; the failure of SVCW to observe or perform the conditions, covenants, or agreement terms of the debt; bankruptcy filing by SVCW; or if any court or competent jurisdiction shall assume custody or control of SVCW. No such events occurred during the fiscal year ending June 30, 2023.

Silicon Valley Clean Water
Notes to Financial Statements
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Long-term Debt Service

The debt service requirements for the bonds as of June 30, 2023, were as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2024	\$ 287,315,000	\$ 14,671,684	\$ 301,986,684
2025	9,310,000	8,032,847	17,342,847
2026	83,345,000	7,818,824	91,163,824
2027	9,735,000	7,210,775	16,945,775
2028	10,005,000	6,946,803	16,951,803
2029-2033	52,755,000	30,007,276	82,762,276
2034-2038	55,535,000	22,096,123	77,631,123
2039-2043	55,270,000	13,392,182	68,662,182
2044-2048	40,720,000	4,878,841	45,598,841
2049-2053	7,680,000	134,400	7,814,400
Total	<u>\$ 611,670,000</u>	<u>\$ 115,189,755</u>	<u>\$ 726,859,755</u>

• **SWRCB NOTES PAYABLE (DIRECT BORROWING)**

SVCW's long-term debt included the following notes payable, as of June 30, 2023:

	Issue Date	Maturity Date	Interest Rate	Original Issue	Notes Outstanding July 01, 2022	Additions	Retirements	Notes Outstanding June 30, 2023	Due Within One Year
<i>State Revolving Fund Loans:</i>									
Wastewater Treatment Plant	2012	2037	1.80%	\$ 30,731,211	\$ 24,627,628	\$ -	\$ 1,444,800	\$ 23,182,828	\$ 1,470,806
Conveyance System Improvements	2016	2035	1.60%	14,000,000	14,000,000	-	-	14,000,000	-
Gravity Pipeline Project	2022	2054	0.90%	59,605,263	38,148,374	12,763,488	-	50,911,862	-
Pump Station Improvement Project	2022	2054	0.90%	57,763,158	20,619,772	3,043,662	-	23,663,434	-
Front of Plant Project	2022	2054	0.90%	51,631,579	24,815,212	19,629,720	-	44,444,932	-
Total State Revolving Fund Loans				213,731,211	122,210,986	35,436,870	1,444,800	156,203,056	1,470,806
<i>Line of Credit:</i>									
Wells Fargo Bank				30,000,000	12,885,000		2,030,000	10,855,000	-
Total Notes Payable				<u>\$ 243,731,211</u>	<u>\$ 135,095,986</u>	<u>\$ 35,436,870</u>	<u>\$ 3,474,800</u>	<u>\$ 167,058,056</u>	<u>\$ 1,470,806</u>

SVCW has financed multiple projects by entering into six separate sale-repurchase agreements with the State Water Resources Control Board (SWRCB). Combined, these notes payable totaled \$156,203,056 as of June 30, 2023. The project funds, together with all accrued interest, are repaid in annual installments commencing one year after the completion of construction.

Wastewater Treatment Plant Revolving Fund Loan

In March 2012, SVCW entered a similar agreement with the SWRCB for up to \$35,385,953 for certain improvements to the wastewater treatment plant. The SWRCB reimbursed SVCW for project-related expenditures as incurred, and the outstanding liability was \$23,182,828 as of June 30, 2023. This loan is due to mature by October 2036.

Conveyance System Improvements State Revolving Fund Loan

In February 2016, SVCW entered a similar agreement with the SWRCB for up to \$14,000,000 to plan and design certain improvements to the conveyance system. This planning was completed on August 1, 2019, and the total incurred expenditures will either be repaid by September 2030 or combined into a subsequent construction loan. In July 2020, an amendment was executed to reschedule the completion date until August 1, 2020, and expenditures to be repaid by September 2031. An additional amendment is being executed in October 2021 that will again reschedule the completion date to April 15, 2024, and the payment commencement date to October 15, 2024. As currently amended, the planning loan will be paid through 2034. SVCW is anticipating another amendment to restructure this SRF Planning Loan over a 30-year term. The SWRCB reimbursed SVCW for project-related expenditures as incurred, and the outstanding liability was \$14,000,000 as of June 30, 2023.

Gravity Pipeline State Revolving Fund Loan

In July 2021, SVCW executed an Installment Sale Agreement with the SWRCB for up to \$59,605,263 to be used towards construction of its Gravity Pipeline project. The SWRCB will reimburse SVCW for project-related expenditures as incurred. The construction completion date is October 2023 and repayment to the SWRCB is scheduled to begin October 15, 2024 and will end October 15, 2053. As of June 30, 2023 SVCW had drawn down \$50,911,862 of the loan.

Pump Station Improvements State Revolving Fund Loan

In July 2021, SVCW entered into an Installment-Sale agreement with the SWRCB for up to \$57,763,158 to be used towards construction of its Pump Stations Improvement project. The SWRCB will reimburse SVCW for project-related expenditures as incurred. The construction completion date is October 2023 and repayment to the SWRCB is scheduled to commence October 15, 2024 and will end October 15, 2053. As of June 30, 2023 SVCW had drawn down \$23,663,434 of the loan.

Front of Plant State Revolving Fund Loan

In September 2021, SVCW entered into an Installment Sale agreement with the SWRCB for up to \$51,631,579 to be used towards construction of its Front of Plant project which includes a receiving lift station, headworks, influent connector pipe, and civil site work. The SWRCB will reimburse SVCW for project-related expenditures as incurred. The construction completion date is October 2023 and repayment to the SWRCB is scheduled to commence October 15, 2024 and will end October 15, 2053. As of June 30, 2023 SVCW had drawn down \$44,444,932 of the loan.

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

Silicon Valley Clean Water
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The following summarizes the scheduled future debt service requirements for the SWRCB loans, with the exception of the State Revolving Fund loans for the Gravity Pipeline Project, the Pump Station Improvement Project and the Front of Plan Project and the Line of Credit as of June 30, 2023:

Fiscal Year	Principal	Interest to Maturity	Total
2024	\$ 1,470,806	\$ 417,291	\$ 1,888,097
2025	2,799,413	614,816	3,414,229
2026	2,847,198	567,031	3,414,229
2027	2,895,801	518,428	3,414,229
2028	2,945,238	468,991	3,414,229
2029-2033	15,497,884	1,573,261	17,071,145
2034-2037	8,726,488	352,031	9,078,519
Total	\$ 37,182,828	\$ 4,511,849	\$ 41,694,677
Add: State Revolving Fund			
Loan - Gravity Pipeline Project	50,911,862		
Add: State Revolving Fund			
Loan - Pump Station Improvements	23,663,434		
Add: State Revolving Fund			
Loan - Front of Plant Project	44,444,932		
Add: Line of Credit	10,855,000		
Total Notes Payable	\$ 167,058,056		

Line of Credit (Direct Borrowing)

In May 2015, SVCW entered into a \$30,000,000 line of credit with Wells Fargo Bank to finance a portion of the costs of acquisition and construction of capital improvements. In June 2018, the agreement was extended through May 31, 2021, with an accordion feature to increase the available balance to \$65,000,000. In June 2021, the agreement was again amended to extend through May 31, 2024, and to increase the available credit balance to a maximum of \$115,000,000. In January 2022 the available balance was decreased to \$45,000,000. In addition, in August 2022 the available commitment was decreased to \$30,000,000. Advances on the line of credit provide for an interest rate based on either a fixed per annum rate of interest equal to the SOFR rate plus the Applicable SOFR Rate Margin, or a variable per annum rate of interest equal to the Base Rate plus the Applicable Base Rate Margin. SVCW had \$10,855,000 outstanding on the line of credit on June 30, 2023.

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WIFIA Loan (Direct Borrowing)

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

WIFIA Loan, Regional Environmental Sewer Conveyance Upgrade

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

WIFIA Loan, Wastewater Treatment Plant Improvements

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

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June 30, 2023

NOTE 7 - INTERFUND TRANSACTIONS

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

Interfund Due-to/from

Interfund receivables and payables as of June 30, 2023, were as follows:

Fund Description	Due From	Due To
Operations	\$ 18,132,982	\$ 822,113
Capital Improvement Program	-	15,194,236
Recycled Water	49,420	-
Self Insurance	186,780	-
Construction Stage 2	868,184	-
Capital Improvements	1,258,566	-
Capital Improvement Program Reserve	-	7,705,438
Operating Reserve	3,225,855	-
Totals	<u>\$ 23,721,787</u>	<u>\$ 23,721,787</u>

Interfund Transfers

Interfund transfers consist of transfers from funds receiving revenue to funds through which the resources are to be expended and transfers of capital assets upon completion of construction. Interfund transfers for the June 30, 2023, fiscal year were as follows:

Fund Description	Transfers In	Transfers Out
Operations	\$ 34,096,231	\$ -
Capital Improvement Program	-	31,576,414
Capital Improvements	-	2,519,817
Totals	<u>\$ 34,096,231</u>	<u>\$ 34,096,231</u>

Silicon Valley Clean Water
Notes to Financial Statements
June 30, 2023

NOTE 8 - DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plans

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

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

The Plans' provisions and benefits in effect on June 30, 2023, are summarized as follows:

	Miscellaneous		
	Tier 1	Tier 2	PEPRA
Membership date	Prior to July 1, 2011	July 1, 2011 - December 31, 2012	On/After January 1, 2013
Benefit formula	2% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 Years	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life	Monthly for Life
Retirement age	55	60	62
Monthly benefits as a % of eligible compensation	1.426% to 2.418%	1.092% to 2.418%	1.000% to 2.500%
Required employee contribution rates	7.000%	7.000%	6.750%
Required employer contribution rates	12.470%	10.100%	7.680%

Employees Covered - On June 30, 2023, the following employees were covered by the benefit terms for the Plans:

	Miscellaneous
Active	84
Transferred	17
Separated	28
Retired	95
Total	224

Silicon Valley Clean Water
Notes to Financial Statements
June 30, 2023

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

For the year ended June 30, 2023, SVCW contributed \$2,677,108 into the Plans.

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

As of June 30, 2023 (**reporting date**), the Agency reported net pension liabilities for its proportionate shares of the net pension liability was \$20,232,670.

The Agency's net pension liability for the Plans is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2022(**measurement date**), and the total pension liability for the Plans used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 (**valuation date**) rolled forward to June 30, 2022, using standard update procedures. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

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

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
Proportion - June 30, 2021	0.15194%	0.00000%	0.15194%
Proportion - June 30, 2022	0.17516%	0.00000%	0.17516%
Change - Increase/(Decrease)	0.02322%	0.00000%	0.02322%

For the year ended June 30, 2023, the Agency recognized pension expense of \$1,775,103. On June 30, 2023, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions or other inputs	\$ 2,073,260	\$ -
Difference between Expected and Actual Experience	406,311	(272,130)
Differences between Projected and Actual Investments Earnings	3,706,088	
Change in proportion and differences between employer contributions and proportionate share of contributions		(1,065,988)
Change in Employer's Propotion	795,902	-
Pension Contributions Made Subsequent to Measurement Date	2,677,108	-
Total	<u>\$ 9,658,669</u>	<u>\$ (1,338,118)</u>

Silicon Valley Clean Water
Notes to Financial Statements
June 30, 2023

The Agency reported \$2,677,108 as deferred outflows of resources related to contributions after the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

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

Year Ended June 30	Annual Amortization
2024	\$ 1,440,789
2025	1,239,636
2026	696,247
2027	2,266,770
Total	<u>\$ 5,643,442</u>

Actuarial Assumptions - The total pension liabilities in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry Age Actuarial Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation Rate	2.30%
Salary Increases	Varies by entry age and service
Investment Rate of Return	6.9% (1)
Mortality	Derived using CalPERS' membership data for all funds (2) The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter
Post Retirement Benefit Increase	

(1) Net of pension plan investment expenses, including inflation.

(2) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

Silicon Valley Clean Water
Notes to Financial Statements
June 30, 2023

Discount Rate - The discount rate used to measure the total pension liability was 6.90 percent for the Plan. The projection of cash flows used to determine the discount rate for the Plan assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

In determining the long-term expected rate of return, CalPERS considered both short-term and long-term market return expectations. Using historical and forecasted information for all the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 basis points.

The expected real rates of return by asset class are as follows:

<u>Asset Class (a)</u>	<u>Assumed Asset Allocation</u>	<u>Real Return (a,b)</u>
Global Equity - Cap-weighted	30%	4.45%
Global Equity - Non-Cap-weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	-5%	-0.59%
Total	<u>100%</u>	

(a) An expected inflation of 2.30% used for this period.

(b) Figures are based on the 2021-22 Asset Liability Management study.

Silicon Valley Clean Water
Notes to Financial Statements
June 30, 2023

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

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

	<u>Miscellaneous</u>
1% Decrease	5.90%
Net Pension Liability	\$ 31,674,898
Current Discount Rate	6.90%
Net Pension Liability	\$ 20,232,670
1% Increase	7.90%
Net Pension Liability	\$ 10,818,556

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

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description

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

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

Benefits

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

Silicon Valley Clean Water
Notes to Financial Statements
June 30, 2023

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

Employees Covered by Benefit Terms

On June 30, 2022 (*valuation date*), the benefit terms covered all SVCW employees, as follows:

Active employees	82
Inactive employees	50
Total employees	<u>132</u>

Contributions

The Authority makes contributions based on an actuarially determined rate and are approved by the authority of the Authority's Board. Total contributions during the year were \$208,184. Total contributions included in the measurement period were \$84,612. The actuarially determined contribution for the measurement period was \$553,839. The Authority's contributions were 1.37% of payroll during the fiscal year ended June 30, 2023. Employees are not required to contribute to the plan.

Silicon Valley Clean Water
Notes to Financial Statements
June 30, 2023

Actuarial Assumptions

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

Valuation Date:	June 30, 2022
Measurement Date:	June 30, 2022
Actuarial Cost Method:	Entry-Age Normal Cost Method
Amortization Period:	20 years
Asset Valuation Method:	Level percentage of payroll, closed
Actuarial Assumptions:	
Discount Rate	5.75%
Inflation	2.50%
Salary Increases	2.75%
Healthcare Trend Rate	4.00%
Investment Rate of Return	5.75%
Mortality	2017 CalPERS Active Mortality for Miscellaneous and School Employees
Retirement	Hired 2012 and earlier: Rx PA Misc 2% @ 55, min age 50 Hired 2013 and later: Rx PA Misc 2% @ 62, min age 52

Discount Rate

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

Long-Term Expected Rate of Return

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

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

Asset Class	Percentage of Portfolio	Long-Term Expected Rate of Return
All Equities	22.00%	7.545%
All Fixed Income	49.00%	4.250%
Real Estate Investment Trusts	8.00%	7.250%
All Commodities	5.00%	7.545%
Treasury Inflation-Protected Securities (TIPS)	16.00%	3.000%
Total	100.00%	

Silicon Valley Clean Water
Notes to Financial Statements
June 30, 2023

Net OPEB Liability

The Authority's net OPEB liability was measured as of June 30, 2022 (*measurement date*), and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022 (*valuation date*) for the fiscal year ended June 30, 2023 (*reporting date*). The Changes in Assumptions is to recognize the Implied Subsidy associated with future medical premiums, which increased SVCW's actuarial accrued liability. The following summarizes the changes in the net OPEB liability during the year ended June 30, 2023:

Fiscal Year Ended June 30, 2023 (Measurement Date June 30, 2022)	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2022	\$ 9,612,926	\$ 11,023,625	\$ (1,410,699)
Service cost	242,168	-	242,168
Interest in Total OPEB Liability	544,022	-	544,022
Employer contributions to trust	-	-	-
Employer contributions as benefit payments	-	197,603	(197,603)
Expected investment income	-	623,516	(623,516)
Administrative expenses	-	(2,778)	2,778
Benefit payments	(554,545)	(554,545)	-
Investment Gain/Losses	-	(1,752,129)	1,752,129
Experience Gains/Losses	(346,658)	-	(346,658)
Changes in Assumptions	-	-	-
Expected Minus Benefit Payments	9,043	-	9,043
Net changes	(105,970)	(1,488,333)	1,382,363
Balance at June 30, 2023	\$ 9,506,956	\$ 9,535,292	\$ (28,336)
Covered Employee Payroll at Measurement Date	\$ 14,140,636		
Total OPEB Liability as a % of covered Employee payroll	67.23%		
Plan Fid. Net Position as a % of Total OPEB Liability	100.30%		
Service cost as a % of covered Employee payroll	1.71%		
Net OPEB Liability as a % of covered payroll	-0.20%		

Deferred Inflows and Outflows of Resources

On June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	\$ 276,522	\$ (549,993)
Change in assumptions	1,437,679	(280,253)
Difference between actual and expected earnings	459,959	-
OPEB contribution subsequent to measurement date	208,184	-
Totals	\$ 2,382,344	\$ (830,246)

Silicon Valley Clean Water
Notes to Financial Statements
June 30, 2023

The total \$208,184 reported as deferred outflows of resources related to OPEB was from Authority contributions subsequent to the measurement date and before the end of the fiscal year and will be included as a reduction of the net OPEB liability in the year ended June 30, 2023.

OPEB Expense

The following summarizes the OPEB expense by source during the year ended June 30, 2023:

Service cost	\$ 242,168
Interest in TOL	544,022
Expected investment income	(623,516)
Difference between actual and expected earnings	204,495
Other (PPA of FNP, Per Actuary)	19,560
Administrative expenses	2,778
OPEB Expense	\$ 389,507

The following summarizes changes in the net OPEB liability as reconciled to OPEB expense during the year ended June 30, 2023:

Net OPEB liability ending	\$ (28,336)
Net OPEB liability beginning	(1,410,699)
Change in net OPEB liability	1,382,363
Changes in deferred outflows	(2,174,160)
Changes in deferred inflows	830,246
Employer contributions and implicit subsidy	351,058
OPEB Expense	\$ 389,507

Sensitivity to Changes in the Discount Rate

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

	Discount Rate		
	4.75% (1% Decrease)	5.75% (Current Rate)	6.75% (1% Increase)
Net OPEB Liability (Asset)	\$ 1,081,010	\$ (28,336)	\$ (959,396)

Silicon Valley Clean Water
Notes to Financial Statements
June 30, 2023

Sensitivity to Changes in the Healthcare Cost Trend Rates

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

	Trend Rate		
	3.0% (1% Decrease)	4.0% (Current Rate)	5.0% (1% Increase)
Net OPEB Liability (Asset)	\$ (1,111,427)	\$ (28,336)	\$ 1,287,095

NOTE 10 - RISK MANAGEMENT

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

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

Coverage	Per Occurrence Limits	Deductible/Retention
Pooled Liability Excess Liability	\$10,000,000	None
Property Insurance	46,883,771	5,000
Public Entity Pollution Liability	25,000,000	250,000
Cyber Liability	2,000,000	50,000
Public Official Bond	100,000	None
Crime Insurance Policy	5,000,000	2,500
Workers' Compensation Employer's Liability	750,000	None
Excess Workers' Compensation Employer's Liability	Statutory	None
Deadly Weapons Response	500,000	None
Boiler & Machinery	10,000,000	Per schedule

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

Silicon Valley Clean Water
Notes to Financial Statements
June 30, 2023

NOTE 11 - COMMITMENTS AND CONTINGENCIES

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

SVCW had outstanding construction contract commitments on capital projects totaling \$43,415,811.61 on June 30, 2023.

NOTE 12 - LEASES

Rent expense was \$386,915 during the fiscal year. SVCW has a lease with West Bay Sanitary District for \$300,000 per year subject to annual CPI increases, for a Flow Equalization facility. SVCW does not anticipate extending the lease beyond June 30, 2024.

REQUIRED SUPPLEMENTARY INFORMATION

SILICON VALLEY CLEAN WATER
Cost-Sharing Multiple Employer Defined Benefit Retirement Plan
As of fiscal year ending June 30, 2023
SCHEDULE OF CONTRIBUTIONS
Last 10 Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 2,677,108	\$ 2,411,890	\$ 2,051,581	\$ 1,916,618	\$ 1,612,511	\$ 1,470,709	\$ 1,251,217	\$ 1,130,159	\$ 1,033,248
Contributions in relation to the actuarially determined contributions	2,677,108	2,411,890	2,051,581	1,916,618	1,612,511	1,470,709	1,251,217	1,130,159	1,033,248
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 13,761,593	\$ 12,784,495	\$ 12,293,195	\$ 11,799,491	\$ 11,073,314	\$ 11,882,052	\$ 10,137,714	\$ 9,454,067	\$ 9,115,942
Contributions as a percentage of covered-employee payroll	19.45%	18.87%	16.69%	16.24%	14.56%	12.38%	12.34%	11.95%	11.33%

Notes to Schedule

Valuation Date: June 30, 2021

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

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

SILICON VALLEY CLEAN WATER
Cost-Sharing Multiple Employer Defined Benefit Retirement Plan
As of fiscal year ending June 30, 2023
PROPORTIONATE SHARE OF NET PENSION LIABILITY
Last 10 Fiscal Years*

Miscellaneous Plan									
Fiscal Year Ended	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of Net Pension Liability	0.43239%	0.45328%	0.39464%	0.37591%	0.35840%	0.34911%	0.33211%	0.30498%	0.32474%
Proportionate Share of Net Pension Liability	\$ 20,232,670	\$ 8,606,933	\$16,646,389	\$15,053,146	\$13,507,192	\$13,762,187	\$11,536,951	\$8,367,040	\$ 8,025,843
Covered Payroll	\$ 12,784,495	\$ 12,293,195	\$11,799,491	\$11,073,314	\$11,882,052	\$10,137,714	\$ 9,454,067	\$9,115,492	\$ 8,842,027
Proportionate Share of NPL as a % of Covered Payroll	158.26%	70.01%	141.08%	135.94%	113.68%	135.75%	122.03%	91.79%	90.77%
Plan's Fiduciary Net Position as a % of the TPL	76.68%	88.29%	75.10%	75.26%	76.53%	77.31%	78.40%	83.30%	83.03%

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

Silicon Valley Clean Water
Single Employer Plan
Schedule of OPEB Contributions
For the Fiscal Year Ended June 30, 2023

	Fiscal Year Ended June 30,					
	2018	2019	2020	2021	2022	2023
Actuarially determined contribution (ADC)	\$ 135,456	\$ 74,614	\$ 502,972	\$ 513,353	\$ 545,502	\$ 553,839
Less: actual contribution in relation to ADC	(763,957)	(841,064)	(1,016,333)	(342,773)	(114,180)	(208,184)
Contribution deficiency (excess)	<u>\$ (628,501)</u>	<u>\$ (766,450)</u>	<u>\$ (513,361)</u>	<u>\$ 170,580</u>	<u>\$ 431,322</u>	<u>\$ 345,655</u>
Covered payroll for the fiscal year	\$ 11,176,980	\$ 12,259,105	\$ 13,063,649	\$ 13,715,063	\$ 14,140,636	\$ 15,155,726
Contributions as a percentage of covered payroll	6.84%	6.86%	7.78%	2.50%	0.81%	1.37%

Notes to Schedule:

Assumptions and Methods

Valuation Date:	June 30, 2022
Measurement Date:	June 30, 2022
Actuarial Cost Method:	Entry-Age Normal Cost
Amortization Period:	20 years
Asset Valuation Method:	Level percentage of payroll, closed

Actuarial Assumptions:

Discount Rate	5.75%
Inflation	2.50%
Salary Increases	2.75%
Healthcare Trend Rate	4.00%
Investment Rate of Return	5.75%
Mortality	2017 CalPERS Active Mortality for Miscellaneous and School Employees
Retirement	Hired 2012 and earlier: Rx PA Misc 2% @ 55, min age 50 Hired 2013 and later: Rx PA Misc 2% @ 62, min age 52

Other Notes

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

Silicon Valley Clean Water
Single Employer Plan
Schedule of Net OPEB Liability
For the Fiscal Year Ended June 30, 2023

	Fiscal Year Ended June 30,				
	2019	2020	2021	2022	2023
Total OPEB liability					
Service cost	\$ 37,428	\$ 38,457	\$ 85,101	\$ 184,200	\$ 242,168
Interest	473,085	484,027	591,376	558,593	544,022
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	-	516,978	(329,021)	(62,317)	(337,615)
Changes of assumptions	-	929,611	(438,887)	1,239,004	-
Benefit payments	(341,991)	(391,064)	(421,253)	(451,036)	(554,545)
Expected Minus Actual Benefit	-	-	-	-	-
Net change in Total OPEB Liability	168,522	1,578,009	(512,684)	1,468,444	(105,970)
Total OPEB Liability - beginning	6,910,635	7,079,157	8,657,166	8,144,482	9,612,926
Total OPEB Liability - ending	<u>\$ 7,079,157</u>	<u>\$ 8,657,166</u>	<u>\$ 8,144,482</u>	<u>\$ 9,612,926</u>	<u>\$ 9,506,956</u>
Plan fiduciary net position					
Employer contributions	\$ 763,957	\$ 841,064	\$ 1,016,333	\$ 342,773	\$ 84,612
Employer implicit subsidy	-	-	82,920	108,263	112,991
Employee contributions	-	-	-	-	-
Net investment income	477,679	444,164	281,796	2,377,650	(1,128,613)
Difference between estimated and actual earnings	-	-	-	-	-
Benefit payments	(341,991)	(391,064)	(421,253)	(451,036)	(554,545)
Implicit subsidy fulfilled	-	-	-	-	-
Other	4,017	-	(1,966)	-	-
Administrative expense	(11,080)	(1,501)	(3,831)	(3,273)	(2,778)
Net change in plan fiduciary net position	892,582	892,663	953,999	2,374,377	(1,488,333)
Plan fiduciary net position - beginning	5,910,004	6,802,586	7,695,249	8,649,248	11,023,625
Plan fiduciary net position - ending	<u>\$ 6,802,586</u>	<u>\$ 7,695,249</u>	<u>\$ 8,649,248</u>	<u>11,023,625</u>	<u>9,535,292</u>
Net OPEB liability (asset)	\$ 276,571	\$ 961,917	\$ (504,766)	(1,410,699)	(28,336)
Plan fiduciary net position as a percentage of the total OPEB liability	96%	89%	106%	115%	100%
Covered employee payroll for the plan	\$ 12,259,105	\$ 13,063,649	\$ 13,715,063	\$ 14,140,636	\$ 15,155,726
Net OPEB Liability as a percentage of covered Employee payroll	2.26%	7.36%	-3.68%	-9.98%	-0.19%
Total OPEB Liability as a percentage of covered Employee payroll	57.75%	66.27%	59.38%	67.98%	62.73%

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

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SUPPLEMENTARY INFORMATION

Silicon Valley Clean Water
Combining Schedule of Net Position
Enterprise Funds
June 30, 2023

	Operating Reserve	Capital Improvement Program Reserve	Capital Improvements	Construction Stage 2
Assets				
Current Assets:				
Cash and investments	\$ 3,902,172	\$ 18,231,264	\$ -	\$ 14,146,125
Cash restricted for debt service	-	3,414,229	-	-
Cash restricted for pension benefits	-	-	-	-
Accounts receivable	1,032	19,688	11,056	1,019,105
Interest receivable	-	-	-	-
Employee notes receivable	-	-	-	-
Due from other funds	3,225,855	-	1,258,566	868,184
Inventory	-	-	-	-
Prepaid expenses	-	-	-	-
Total Current Assets	7,129,059	21,665,181	1,269,622	16,033,414
Noncurrent Assets:				
Net OPEB asset	-	-	-	-
Capital assets:				
Depreciable capital assets - net	-	-	-	-
Non depreciable capital assets:				
Land	-	-	-	-
Construction in progress:				
Stage 2	-	-	-	2,934,618
General	-	-	1,205,215	-
Total capital assets - net	-	-	1,205,215	2,934,618
Total Noncurrent Assets	-	-	1,205,215	2,934,618
Total Assets	\$ 7,129,059	\$ 21,665,181	\$ 2,474,837	\$ 18,968,032
Deferred Outflows of Resources				
Pension adjustments	\$ -	\$ -	\$ -	\$ -
OPEB adjustments	-	-	-	-
Deferred Loss on Defeasance	-	-	-	-
Total Deferred Outflows of Resources	\$ -	\$ -	\$ -	\$ -
Liabilities				
Current Liabilities:				
Accounts payable	\$ -	\$ -	\$ 30,823	\$ -
Accrued payroll and employee benefits	-	-	-	-
Accrued interest payable	-	-	-	-
Due to other funds	-	7,705,438	-	-
Unearned revenue	2,164	23,625	3,780	-
Compensated absences due within one year	-	-	-	-
Noncurrent liabilities due within one year	-	-	-	-
Total Current Liabilities	2,164	7,729,063	34,603	-
Long term debt due in more than one year	-	-	-	-
Net pension liabilities	-	-	-	-
Total Liabilities	\$ 2,164	\$ 7,729,063	\$ 34,603	\$ -
Deferred inflows of Resources				
Pension adjustments	\$ -	\$ -	\$ -	\$ -
OPEB adjustments	-	-	-	-
Total Deferred Inflows of Resources	\$ -	\$ -	\$ -	\$ -
Net Position				
Net Investment in Capital Assets	\$ -	\$ -	\$ 1,205,215	\$ 2,934,618
Restricted for:				
Debt service	-	3,414,229	-	-
Pension benefits	-	-	-	-
Unrestricted	7,126,895	10,521,889	1,235,019	16,033,414
Total Net Position	\$ 7,126,895	\$ 13,936,118	\$ 2,440,234	\$ 18,968,032

(Continued)

Silicon Valley Clean Water
Combining Schedule of Net Position
Enterprise Funds
June 30, 2023

	Self Insurance	Recycled Water	Capital Improvement Program	Operation	Total
Assets					
Current Assets:					
Cash and investments	\$ -	\$ -	\$ 85,765,134	\$ 2,565,543	\$ 124,610,238
Cash restricted for debt service	-	-	240,000	-	3,654,229
Cash restricted for pension benefits	-	-	-	1,941,517	1,941,517
Accounts receivable	-	74,204	535,153	488,108	2,148,346
Interest receivable	-	-	83	1,688	1,771
Employee notes receivable	-	-	-	15,688	15,688
Due from other funds	186,780	49,420	-	18,132,982	23,721,787
Inventory	-	-	-	2,007,442	2,007,442
Prepaid expenses	-	-	-	48,012	48,012
Total Current Assets	186,780	123,624	86,540,370	25,200,980	158,149,030
Noncurrent Assets:					
Net OPEB asset	-	-	-	28,336	28,336
Capital assets:					
Depreciable capital assets - net	-	-	-	197,763,283	197,763,283
Non depreciable capital assets:					
Land	-	-	-	1,282,081	1,282,081
Construction in progress:					
Stage 2	-	-	-	-	2,934,618
General	-	-	606,750,573	-	607,955,788
Total capital assets - net	-	-	606,750,573	199,045,364	809,935,770
Total Noncurrent Assets	-	-	606,750,573	199,073,700	809,964,106
Total Assets	\$ 186,780	\$ 123,624	\$ 693,290,943	\$ 224,274,680	\$ 968,113,136
Deferred Outflows of Resources					
Pension adjustments	\$ -	\$ -	\$ -	\$ 9,658,669	\$ 9,658,669
OPEB adjustments	-	-	-	2,382,344	2,382,344
Deferred Loss on Defeasance	-	-	18,305,962	-	18,305,962
Total Deferred Outflows of Resources	\$ -	\$ -	\$ 18,305,962	\$ 12,041,013	\$ 30,346,975
Liabilities					
Current Liabilities:					
Accounts payable	\$ -	\$ -	\$ 12,020,675	\$ 259,713	\$ 12,311,211
Accrued payroll and employee benefits	-	-	-	275,296	275,296
Accrued interest payable	-	-	5,859,871	-	5,859,871
Due to other funds	-	-	15,194,236	822,113	23,721,787
Unearned revenue	-	-	1,524	272,544	303,637
Compensated absences due within one year	-	-	-	1,243,619	1,243,619
Noncurrent liabilities due within one year	-	-	293,074,705	-	293,074,705
Total Current Liabilities	-	-	326,151,011	2,873,285	336,790,126
Long term debt due in more than one year	-	-	500,180,912	10,855,000	511,035,912
Net pension liabilities	-	-	-	20,232,670	20,232,670
Total Liabilities	\$ -	\$ -	\$ 826,331,923	\$ 33,960,955	\$ 868,058,708
Deferred inflows of Resources					
Pension adjustments	\$ -	\$ -	\$ -	\$ 1,338,118	\$ 1,338,118
OPEB adjustments	-	-	-	830,246	830,246
Total Deferred Inflows of Resources	\$ -	\$ -	\$ -	\$ 2,168,364	\$ 2,168,364
Net Position					
Net Investment in Capital Assets	\$ -	\$ -	\$ (100,499,910)	\$ 199,045,364	\$ 102,685,287
Restricted for:					
Debt service	-	-	240,000	-	3,654,229
Pension benefits	-	-	-	1,941,517	1,941,517
Unrestricted	186,780	123,624	(14,475,108)	(800,507)	19,952,006
Total Net Position	\$ 186,780	\$ 123,624	\$ (114,735,018)	\$ 200,186,374	\$ 128,233,039

(Concluded)

Silicon Valley Clean Water
Combining Schedule of Activities and Changes in Net Position
Enterprise Funds
For the Fiscal Year Ended June 30, 2023

	Operating Reserve	Capital Improvement Program Reserve	Capital Improvements	Construction Stage 2
Operating Revenues:				
Member contributions for services	\$ -	\$ -	\$ -	\$ -
Member contributions for cash reserves	111,180	2,500,020	1,404,000	1,019,105
Member contributions for debt service	-	-	-	-
Member contributions for Capital Improvements	-	-	-	-
Source control charges	-	-	-	-
Miscellaneous revenues	-	-	-	-
Total operating revenues	111,180	2,500,020	1,404,000	1,019,105
Operating Expenses:				
Operations	\$ -	\$ -	\$ -	\$ -
Maintenance	-	-	-	-
Laboratory	-	-	1,917	-
Environmental services	-	-	-	-
Engineering	-	-	-	-
Information services	-	-	-	-
Safety	-	-	-	-
Administration	2,171	11,370	-	8,321
Claims paid	-	-	-	-
Depreciation	-	-	-	-
Total operating expenses	2,171	11,370	1,917	8,321
Operating Income (Loss)	\$ 109,009	\$ 2,488,650	\$ 1,402,083	\$ 1,010,784
Nonoperating Revenues (Expenses):				
Grants	\$ -	\$ -	\$ -	\$ -
Other revenue (expense)	-	-	-	-
Interest Income:				
Operations fund	-	-	-	-
Stage 2 capacity fund	-	-	-	258,917
Capital improvement reserve fund	-	422,843	-	-
Operating reserve fund	57,724	-	-	-
Capital improvement fund	-	-	-	-
Net increase (decrease) in fair value of investments	(8,711)	(427,013)	-	(297,261)
Interest expense	-	-	-	-
Premium amortization	-	-	-	-
Gain (loss) on disposal of fixed assets	-	-	-	-
Total nonoperating revenues (expenses)	\$ 49,013	\$ (4,170)	\$ -	\$ (38,344)
Income (Loss) Before Transfers	\$ 158,022	\$ 2,484,480	\$ 1,402,083	\$ 972,440
Transfers In	\$ -	\$ -	\$ -	\$ -
Transfers Out	-	-	(2,519,817)	-
Change in Net Position	\$ 158,022	\$ 2,484,480	\$ (1,117,734)	\$ 972,440
Beginning Net Position	6,968,873	11,451,638	3,557,968	17,995,592
Ending Net Position	\$ 7,126,895	\$ 13,936,118	\$ 2,440,234	\$ 18,968,032

(Continued)

Silicon Valley Clean Water
Combining Schedule of Activities and Changes in Net Position
Enterprise Funds
For the Fiscal Year Ended June 30, 2023

	Self Insurance	Recycled Water	Capital Improvement Program	Operation	Total
Operating Revenues:					
Member contributions for services	\$ -	\$ 194,204	\$ -	\$ 29,259,144	\$ 29,453,348
Member contributions for cash reserves	-	-	2,500,000	-	7,534,305
Member contributions for debt service	-	-	18,857,272	-	18,857,272
Member contributions for Capital Improvements	-	-	401,088	-	401,088
Source control charges	-	-	-	269,102	269,102
Miscellaneous revenues	-	-	-	455,954	455,954
Total operating revenues	-	194,204	21,758,360	29,984,200	56,971,069
Operating Expenses:					
Operations	\$ -	\$ 161,280	\$ 14.00	\$ 12,186,991	\$ 12,348,285
Maintenance	-	-	-	6,363,505	6,363,505
Laboratory	-	9,898	-	1,850,130	1,861,945
Environmental services	-	-	-	983,282	983,282
Engineering	-	-	(68,586)	1,661,499	1,592,913
Information services	-	-	-	2,023,796	2,023,796
Safety	-	-	-	479,962	479,962
Administration	-	-	-	3,903,261	3,925,123
Claims paid	-	-	-	-	-
Depreciation	-	-	-	13,347,061	13,347,061
Total operating expenses	-	171,178	(68,572)	42,799,487	42,925,872
Operating Income (Loss)	\$ -	\$ 23,026	\$ 21,826,932	\$ (12,815,287)	\$ 14,045,197
Nonoperating Revenues (Expenses):					
Grants	\$ -	\$ -	\$ -	\$ 133,690	\$ 133,690
Other revenue (expense)	-	-	-	859,122	859,122
Interest Income:					
Operations fund	-	-	-	5,624	5,624
Stage 2 capacity fund	-	-	-	-	258,917
Capital improvement reserve fund	-	-	-	-	422,843
Operating reserve fund	-	-	-	-	57,724
Capital improvement fund	-	-	2,184,952	-	2,184,952
Net increase (decrease) in fair value of investments	-	-	867,869	101,752	236,636
Interest expense	-	-	(17,515,769)	-	(17,515,769)
Premium amortization	-	-	4,288,899	-	4,288,899
Gain (loss) on disposal of fixed assets	-	-	-	(44,673)	(44,673)
Total nonoperating revenues (expenses)	\$ -	\$ -	\$ (10,174,049)	\$ 1,055,515	\$ (9,112,035)
Income (Loss) Before Transfers	\$ -	\$ 23,026	\$ 11,652,883	\$ (11,759,772)	\$ 4,933,162
Transfers In	\$ -	\$ -	\$ -	\$ 34,096,231	\$ 34,096,231
Transfers Out	-	-	(31,576,414)	-	(34,096,231)
Change in Net Position	\$ -	\$ 23,026	\$ (19,923,531)	\$ 22,336,459	\$ 4,933,162
Beginning Net Position	186,780	100,598	(94,811,487)	177,849,915	123,299,877
Ending Net Position	\$ 186,780	\$ 123,624	\$ (114,735,018)	\$ 200,186,374	\$ 128,233,039

(Concluded)

Silicon Valley Clean Water
Combining Schedule of Cash Flows
Enterprise Funds
For the Fiscal Year Ended June 30, 2023

	Operating Reserve	Capital Improvement Program Reserve	Capital Improvements	Construction Stage 2
Cash Flows from Operating Activities:				
Cash received from member agencies	\$ 111,180	\$ 2,500,020	\$ 1,404,000	\$ 119,380
Cash paid to suppliers for goods and services and employees for services	(1,039)	17,802	(209,331)	(8,321)
Other cash received (paid)	-	-	-	-
Net Cash Provided (Used) by Operating Activities	110,141	2,517,822	1,194,669	111,059
Cash Flows from Capital and Related Financing Activities:				
Cash received from member agencies other than for services	\$ -	\$ -	\$ -	\$ -
Cash received from grants	-	-	-	-
Contributions (to) from other funds	627	(19,849)	885,264	6,915
Interest paid on capital debt	-	-	-	-
Principal paid on capital debt	-	-	-	-
Proceeds from long-term debt	-	-	-	-
Cash received on sale of capital assets	-	-	-	-
Purchases and construction of capital assets	-	-	(2,079,933)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	627	(19,849)	(1,194,669)	6,915
Cash Flows from Noncapital Financing Activities:				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	-	-	-	-
Cash Flows from Investing Activities:				
Noncash equivalent investments	\$ 460,420	\$ (1,393,992)	\$ -	\$ 297,835
Investment income	49,013	(4,170)	-	(38,344)
Net Cash Provided (Used) by Investing Activities	509,433	(1,398,162)	-	259,491
Net Increase (Decrease) in Cash and Investment	620,201	1,099,811	-	377,465
Cash and Cash Equivalents, Beginning	160,834	712,311	-	190,133
Cash and Cash Equivalents, Ending	\$ 781,035	\$ 1,812,122	\$ -	\$ 567,598
Reconciliation of Operating Income (Loss) to Cash Flows Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ 109,009	\$ 2,488,650	\$ 1,402,083	\$ 1,010,784
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	-	-	-	-
Net change in:				
Accounts receivable	(1,032)	5,547	7,837	(899,725)
Employee notes receivable	-	-	-	-
Inventory	-	-	-	-
Prepaid expenses	-	-	-	-
Deferred outflows of resources	-	-	-	-
Accounts payable	-	-	(219,031)	-
Accrued payroll and employee benefits	-	-	-	-
Unearned revenue	2,164	23,625	3,780	-
Deferred inflows of resources	-	-	-	-
Net Cash Provided (Used) by Operating Activities	\$ 110,141	\$ 2,517,822	\$ 1,194,669	\$ 111,059
Reconciliation of Cash and Cash Equivalents:				
Cash and investments	\$ 3,902,172	\$ 21,645,493	\$ -	\$ 14,146,125
Less: investments with original maturities in excess of three months	(3,121,137)	(19,833,371)	-	(13,578,527)
Cash and Cash Equivalents	\$ 781,035	\$ 1,812,122	\$ -	\$ 567,598
Noncash Transactions:				
Changes in fair values of investments	\$ (8,711)	\$ (427,013)	\$ -	\$ (297,261)
Noncash transfers of capital assets	\$ -	\$ -	\$ (2,519,817)	\$ -
Amortization of bond premium				

(Continued)

Silicon Valley Clean Water
Combining Schedule of Cash Flows
Enterprise Funds
For the Fiscal Year Ended June 30, 2023

	Self Insurance	Recycled Water	Capital Improvement Program	Operation	Total
Cash Flows from Operating Activities:					
Cash received from member agencies	\$ -	\$ 194,204	\$ 21,758,360	\$ 29,259,144	\$ 55,346,288
Cash paid to suppliers for goods and services and employees for services	-	(149,964)	(4,514,558)	(31,015,340)	(35,880,751)
Other cash received (paid)	-	-	-	725,056	725,056
Net Cash Provided (Used) by Operating Activities	-	44,240	17,243,802	(1,031,140)	20,190,593
Cash Flows from Capital and Related Financing Activities:					
Cash received from member agencies other than for services	\$ -	\$ -	\$ -	\$ 859,122	\$ 859,122
Cash received from grants	-	-	-	133,690	133,690
Contributions (to) from other funds	-	(44,240)	(5,308,115)	4,479,398	-
Interest paid on capital debt	-	-	(17,602,335)	-	(17,602,335)
Principal paid on capital debt	-	-	(10,394,800)	(2,030,000)	(12,424,800)
Proceeds from long-term debt	-	-	35,436,869	-	35,436,869
Cash received on sale of capital assets	-	-	-	5,000	5,000
Purchases and construction of capital assets	-	-	(68,295,941)	-	(70,375,874)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(44,240)	(66,164,322)	3,447,210	(63,968,328)
Cash Flows from Noncapital Financing Activities:					
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	-	-	-	-	-
Cash Flows from Investing Activities:					
Noncash equivalent investments	\$ -	\$ -	\$ 36,715,778	\$ (628,220)	\$ 35,451,821
Investment income	-	-	3,052,821	107,376	3,166,696
Net Cash Provided (Used) by Investing Activities	-	-	39,768,599	(520,844)	38,618,517
Net Increase (Decrease) in Cash and Investment	-	-	(9,151,921)	1,895,226	(5,159,218)
Cash and Cash Equivalents, Beginning	-	-	76,377,544	1,012,701	78,453,523
Cash and Cash Equivalents, Ending	\$ -	\$ -	\$ 67,225,623	\$ 2,907,927	\$ 73,294,305
Reconciliation of Operating Income (Loss) to Cash Flows Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ -	\$ 23,026	\$ 21,826,932	\$ (12,815,287)	\$ 14,045,197
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	-	-	-	13,347,061	13,347,061
Net change in:					
Accounts receivable	-	51,469	(535,236)	114,696	(1,256,444)
Employee notes receivable	-	-	-	(1,407)	(1,407)
Inventory	-	-	-	(27,462)	(27,462)
Prepaid expenses	-	-	-	22,766	22,766
Deferred outflows of resources	-	-	2,009,189	(5,720,773)	(3,711,584)
Accounts payable	-	(30,255)	(6,058,607)	(711,152)	(7,019,045)
Accrued payroll and employee benefits	-	-	-	12,579,307	12,579,307
Unearned revenue	-	-	1,524	272,544	303,637
Deferred inflows of resources	-	-	-	(8,091,433)	(8,091,433)
Net Cash Provided (Used) by Operating Activities	\$ -	\$ 44,240	\$ 17,243,802	\$ (1,031,140)	\$ 20,190,593
Reconciliation of Cash and Cash Equivalents:					
Cash and investments	\$ -	\$ -	\$ 86,005,134	\$ 4,507,060	\$ 130,205,984
Less: investments with original maturities in excess of three months	-	-	(18,779,511)	(1,599,133)	(56,911,679)
Cash and Cash Equivalents	\$ -	\$ -	\$ 67,225,623	\$ 2,907,927	\$ 73,294,305
Noncash Transactions:					
Changes in fair values of investments	\$ -	\$ -	\$ 867,869	\$ 101,752	\$ 236,636
Noncash transfers of capital assets	\$ -	\$ -	\$ (31,576,414)	\$ 34,096,231	\$ -
Amortization of bond premium			\$ 4,288,899	\$ -	\$ 4,288,899

(Concluded)

Silicon Valley Clean Water
Analysis of Net Position
Supplemental Schedule
For the Year Ended June 30, 2023

Fund / Location	Belmont	Redwood City	San Carlos	West Bay Sanitary District	Total
Operations (Fund 18)					
Balance at June 30, 2022	\$ 16,285,617	\$ 84,185,646	\$ 24,967,642	\$ 49,928,581	\$ 175,367,486
Member Agency Contributions	3,258,192	16,312,500	3,660,516	6,027,936	29,259,144
Other Miscellaneous Revenue	81,496	402,406	94,692	146,461	725,056
Grant Revenue	15,027	74,198	17,460	27,005	133,690
Unrealized Gain / (Loss) on Investments	(471)	(2,326)	(547)	(847)	(4,191)
Interest Income	786	3,145	690	1,003	5,624
Capitalized Projects Transferred from other Funds	3,222,094	16,560,540	5,162,169	9,151,428	34,096,231
Gain / (Loss) on Asset Disposal	(4,222)	(21,698)	(6,764)	(11,990)	(44,673)
Operating & Maintenance Costs	(3,097,901)	(16,458,902)	(3,880,107)	(5,818,696)	(29,255,602)
Depreciation Expenditures	(1,261,297)	(6,482,668)	(2,020,745)	(3,582,351)	(13,347,061)
Balance at June 30, 2023	\$ 18,499,322	\$ 94,572,841	\$ 27,995,007	\$ 55,868,530	\$ 196,935,703
Retiree Medical Health Benefits Reserve (Fund 12)					
Balance at June 30, 2022	\$ 127,001	\$ 492,704	\$ 217,427	\$ 196,857	\$ 1,033,989
Contributions to Fund 12	-	-	-	-	-
Expenditures	(21,311)	(105,226)	(24,761)	(38,298)	(189,596)
Balance at June 30, 2023	\$ 105,690	\$ 387,478	\$ 192,666	\$ 158,559	\$ 844,393
Section 115 Pension Benefits Reserve (Fund 32)					
Balance at June 30, 2022	\$ 163,498	\$ 788,972	\$ 196,907	\$ 299,062	\$ 1,448,439
Contributions to Fund 32	96,565	476,813	112,201	173,543	859,122
Unrealized Gain / (Loss) on Investment	8,010	39,552	9,307	14,396	71,265
Interest Income	3,898	19,246	4,529	7,005	34,678
Fees	(812)	(4,010)	(944)	(1,460)	(7,226)
Balance at June 30, 2023	\$ 271,159	\$ 1,320,573	\$ 322,001	\$ 492,545	\$ 2,406,278
Capital Improvement Program Reserve (Fund 13)					
Balance at June 30, 2022	\$ 1,082,176	\$ 5,562,044	\$ 1,733,788	\$ 3,073,629	\$ 11,451,637
Member Contributions - Replacement Reserve	236,256	1,214,256	378,504	671,004	2,500,020
Change in Fair Value, Unrealized Gain/(Loss)	(40,353)	(207,400)	(64,650)	(114,610)	(427,013)
Fees	(1,074)	(5,522)	(1,721)	(3,052)	(11,370)
Interest Income	39,959	205,375	64,018	113,491	422,843
Balance at June 30, 2023	\$ 1,316,964	\$ 6,768,753	\$ 2,109,939	\$ 3,740,462	\$ 13,936,118
Construction Stage 2 (Fund 15)					
Balance at June 30, 2022	\$ 547,686	\$ 10,223,795	\$ 3,369,575	\$ 3,854,537	\$ 17,995,593
Member Purchases of Capacity	-	1,019,105	-	-	1,019,105
Interest Income	24,468	125,756	39,200	69,493	258,917
Interest / (Unrealized Loss) Investments	(28,091)	(144,380)	(45,005)	(79,785)	(297,261)
Fees	(786)	(4,042)	(1,260)	(2,234)	(8,322)
Capitalized Projects Transferred to Fund 18	-	-	-	-	-
Balance at June 30, 2023	\$ 543,276	\$ 11,220,234	\$ 3,362,510	\$ 3,842,012	\$ 18,968,032

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Silicon Valley Clean Water
 Analysis of Net Position
 Supplemental Schedule
 For the Year Ended June 30, 2023

Fund / Location	Belmont	Redwood City	San Carlos	West Bay Sanitary District	Total
Self Insurance (Fund 16)					
Balance at June 30, 2022	\$ 19,639	\$ 75,632	\$ 34,110	\$ 57,399	\$ 186,780
Expenses / Claims	-	-	-	-	-
Balance at June 30, 2023	\$ 19,639	\$ 75,632	\$ 34,110	\$ 57,399	\$ 186,780
Operating & Capital Reserve (Fund 17)					
Balance at June 30, 2022	\$ 784,169	\$ 3,429,689	\$ 897,530	\$ 1,857,485	\$ 6,968,873
Member Contributions	12,384	61,980	13,908	22,908	111,180
Unrealized Gain / (Loss) on Investment	(979)	(4,835)	(1,138)	(1,760)	(8,711)
Fees	(244)	(1,204)	(283)	(438)	(2,170)
Interest Income	6,488	32,037	7,539	11,660	57,724
Balance at June 30, 2023	\$ 801,818	\$ 3,517,667	\$ 917,556	\$ 1,889,855	\$ 7,126,895
Revenue-Funded Capital Improvements (Fund 14)					
Balance at June 30, 2022	\$ 394,415	\$ 1,813,469	\$ 300,264	\$ 1,049,821	\$ 3,557,969
Member Contributions - Pay go capital projects	132,672	681,924	212,568	376,836	1,404,000
Miscellaneous Revenue	-	-	-	-	-
Other Expenses	(181)	(931)	(290)	(515)	(1,917)
Capitalized Projects transferred to Fund 18	(238,123)	(1,223,875)	(381,500)	(676,319)	(2,519,817)
Balance at June 30, 2023	\$ 288,783	\$ 1,270,586	\$ 131,041	\$ 749,823	\$ 2,440,234
Recycled Water (Fund 19)					
Balance at June 30, 2022	\$ -	\$ 100,597	\$ -	\$ -	\$ 100,597
RWC Recycled Water O&M Contributions	-	194,204	-	-	194,204
RWC Recycled Water O&M Expenditures	-	(171,178)	-	-	(171,178)
Balance at June 30, 2023	\$ -	\$ 123,624	\$ -	\$ -	\$ 123,624
Plant Capital Improvement Program (Fund 20)					
Balance at June 30, 2022	26,885,493	(65,560,370)	(24,249,946)	(31,886,663)	\$ (94,811,486)
Member Contributions	579,513	10,332,797	3,268,368	5,077,682	19,258,360
Member Contributions - Debt Service Reserve	240,000	1,210,000	380,000	670,000	2,500,000
Unrealized Gain / (Loss) on Investments	76,812	424,316	132,266	234,474	867,868
Interest on Trustee Reserves	170,255	1,093,095	340,800	580,801	2,184,951
Capitalized Projects Transferred to Fund 18	(2,983,971)	(15,336,664)	(4,780,669)	(8,475,110)	(31,576,414)
Interest Expense, Direct	(350,338)	(8,370,622)	(2,645,410)	(4,226,768)	(15,593,138)
Interest Expense, Allocated	1,638	47,901	15,079	21,941	86,560
Amortization of Bond Premium	117,285	2,261,132	700,270	1,210,212	4,288,899
Other Expenses	(183,388)	(942,558)	(293,810)	(520,862)	(1,940,619)
Balance at June 30, 2023	\$ 24,553,298	\$ (74,840,973)	\$ (27,133,051)	\$ (37,314,292)	\$ (114,735,018)
TOTAL NET POSITION - June 30, 2023	\$ 46,399,949	\$ 44,416,414	\$ 7,931,778	\$ 29,484,894	\$ 128,233,039
CY %	36.18%	34.64%	6.19%	22.99%	100.00%

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OTHER INDEPENDENT AUDITOR'S REPORT

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

To the Commission
Silicon Valley Clean Water
Redwood City, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Silicon Valley Clean Water (SVCW), California, as of and for the year ended June 30, 2023, and have issued our report thereon dated October 25, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

We have also issued a separate Memorandum on Internal Control dated October 25, 2023 which is an integral part of our audit and should be read in conjunction with this report.

Purpose of this Report

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

Maze & Associates

Pleasant Hill, California
October 25, 2023

AGENDA ITEM 8B

**UPDATE ON ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG)
INVESTMENT OPTIONS****ISSUE**

Receive information on Environmental, Social, and Governance (ESG) Investment Options

BACKGROUND

Silicon Valley Clean Water (SVCW, or the Authority) maintains four separate cash reserves with a combined value of approximately \$43.9 million:

Fund	\$ Millions
Operating Reserve	\$ 4.00
Capital Improvement Program Reserve	22.25
Stage 2 Capacity Reserve	15.14
Debt Coverage Reserve	2.52
TOTAL	\$ 43.91

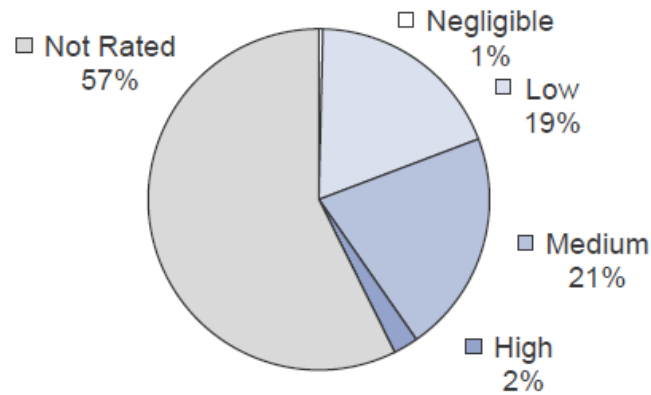
Investment of these funds is governed by California Government Code Section 53600-53608 and through the Authority's own Investment Policy. The Policy follows statutory prudent investor guidelines by establishing goals of Safety, Liquidity, and Yield. There is no statutory requirement to comply with ESG investment criteria, nor does SVCW's investment policy contain reference to such criteria.

Consideration of ESG criteria when investing public funds has become common among local agencies in California. Incorporating such criteria requires agencies to analyze the suitability of investments beyond traditional credit and financial risk. At its October 09, 2023 meeting, the Commission requested information that may help balance the desire for ESG objectives with the Authority's fiduciary responsibility and statutory investment limitations.

DISCUSSION

Staff worked with investment advisor PFM Asset Management LLC to develop the attached material. The document defines ESG investing, describes strategies and activities surrounding the practice, and assesses the potential impact on investment returns. PFM's initial analysis of the Authority's portfolio shows that SVCW currently has an ESG risk score of "Medium". Furthermore, only 2% of the portfolio value is defined as "High risk", where holdings are in the Online Retail, Power Production, and Heavy Machinery Manufacturing sectors. Another 21% of the portfolio is in "Medium risk" industries like Banking and Automobile manufacturing. The pie chart below indicates where SVCW investments are allocated according to ESG risk rating. The area noted as "Not Rated" indicates U.S. Treasury and Municipal securities not scored for ESG rating purposes.

Allocation by ESG Risk Rating



As to the question of investment returns of an ESG portfolio, a comparison of historical investment returns between ESG and non-ESG strategies suggests a negligible difference in earnings based on past performance.

5-Year Historical Return Comparison (October 1, 2018 - September 30, 2023)				
	Master ESG Corporate Index	Master Non-ESG Corporate Index	1-5 Years ESG Corp Index	1-5 Year Non-ESG Corporate Index
Annualized Return	1.18%	1.07%	1.80%	1.78%
# of Quarters Outperformed	10 of 20	10 of 20	6 of 20	14 of 20

This above measure assumes an ESG risk exposure of medium or lower. It is important to note, however, that while local agencies may be willing to accept reduced yield in pursuit of ESG objectives, the statute provides no authority to sacrifice principal preservation nor maintenance of necessary liquidity.

CLIMATE EFFECTS

Moving a portion of SVCW's investments to ESG medium or lower risk will have a negligible effect on climate due to the existing portfolio's small number of holdings in high risk ESG investments (2%).

FINANCES

Adding ESG criteria adds complexity to the investment process and requires additional analysis. The limits imposed by the criteria on available investment options would likely require contingencies to identify alternatives that still meet principal safety and liquidity requirements, as well as SVCW's return expectations.

PFM could incorporate ESG factors into its investment selection process that would follow recommended guidelines and still target a quality risk-adjusted return. Additional fees to implement such an ESG-constrained portfolio are estimated to be 1.5 to 2.0 basis points (0.015% to 0.020%) of assets under management. This delta in annual cost would range from approximately \$6.5 thousand to \$8.8 thousand, as indicated in the table below. The current portfolio management fees are approximately \$43 thousand per year.

Fund	Estimated Annual Fees	
Operating Reserve	\$ 600	\$ 800
Capital Improvement Program Reserve	3,338	4,450
Stage 2 Capacity Reserve	2,271	3,028
Debt Coverage Reserve	378	504
TOTAL	\$ 6,587	\$ 8,782

RECOMMENDATION

Provide direction to staff as to the incorporation of ESG criteria into SVCW's Investment Policy.

Silicon Valley Clean Water

Environmental, Social, & Governance Investment Options

October 24, 2023

480.271.0432 | pfmam.com

PFM Asset Management LLC

NOT FDIC INSURED : NO BANK GUARANTEE : MAY LOSE VALUE

Monique Spyke, *Managing Director*

Allison Kaune, *Senior Analyst*

Sarah Walsh, *Senior Analyst*

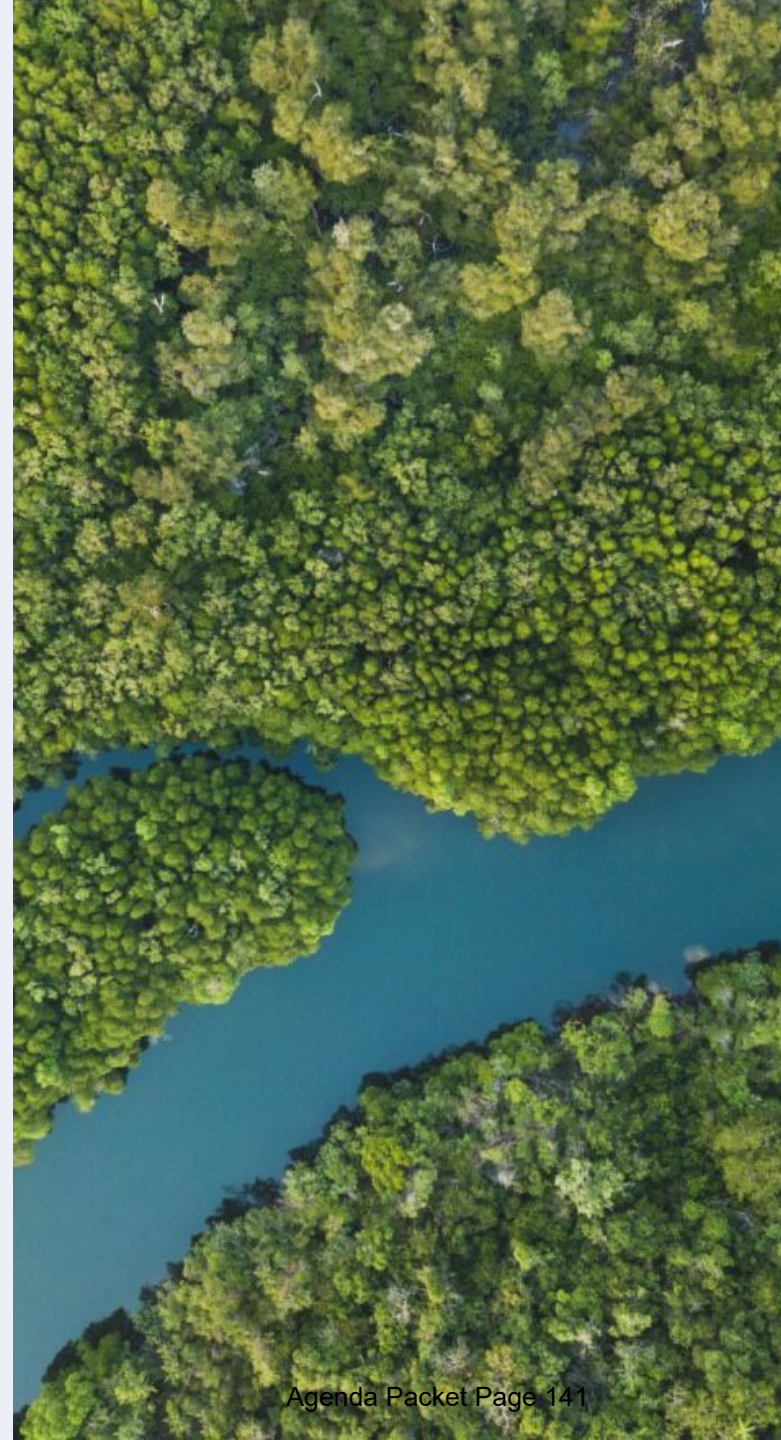
For Institutional Investor or Investment Professional
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Agenda Packet Page 139

Agenda

- ▶ **Introduction to ESG Investing & Considerations**
- ▶ **PFMAM's Approach to ESG Investing**
- ▶ **ESG Investment Criteria Options**
- ▶ **Appendix**

Introduction to ESG Investing & Considerations



What is ESG Investing?

Focus on Risk Identification & Management

- ▶ Incorporates **measurable non-financial ESG factors** into an investment analysis
- ▶ Utilizes **positive screening** while focusing on **material** ESG risks and management of those risks
 - ▶ Material risks may significantly impact enterprise value and operating performance
 - ▶ Driven by an organization's primary business activities

ENVIRONMENTAL

How a company limits its environmental impact and carbon footprint



Climate Change



Air Pollution



Deforestation



Water Pollution

SOCIAL

How a company treats its employees, customers, community, and other companies with which it interacts



Data Protection



Human Rights



Gender & Diversity



Community Relations

GOVERNANCE

How a company is led and managed, including executive pay and any internal controls



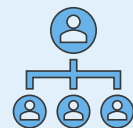
Board Composition



Bribery & Corruption



Lobbying



Executive Compensation

Why Do Investors Implement an ESG Investment Approach?



Alignment of Objectives with Values

Adoption of ESG initiatives allows investors to align investment objectives with values



External Pressures

ESG investing is of particular concern for entities who control taxpayers' dollars, as they may be under public scrutiny if they invest in a controversial company



Risk Management

Rewarding ESG values may be seen as a way to help mitigate overall risk



Seek Competitive Returns

Good ESG quality has the potential to help a company to develop a competitive advantage, which can then drive outperformance



ESG Challenges and Concerns for Investors

**Variations in disclosed
information and reporting
standards**

**Regulatory Framework
continues to evolve**

Greenwashing

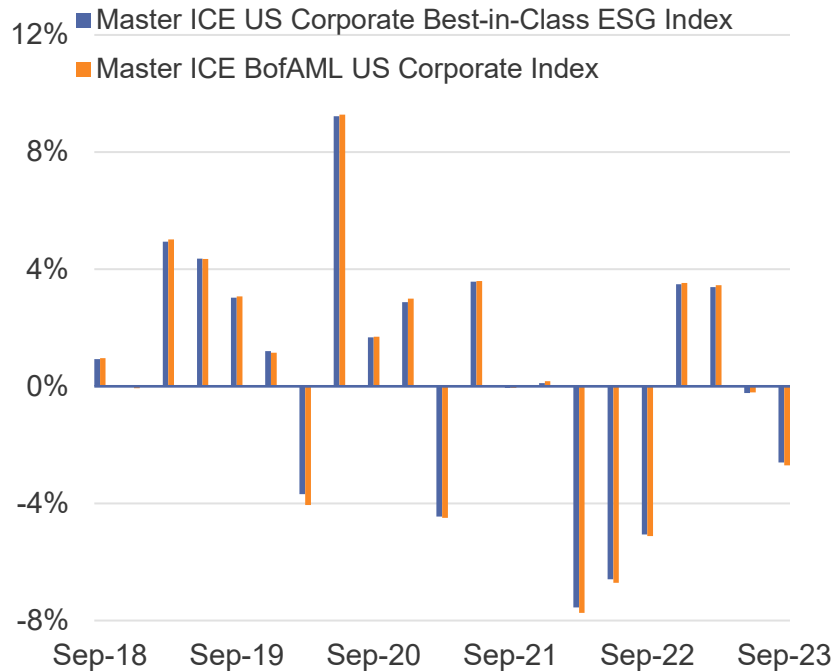
**No universal definition
of ESG**

**Inconsistent ESG risk
assessment methodologies**

**Concerns about performance
impact**



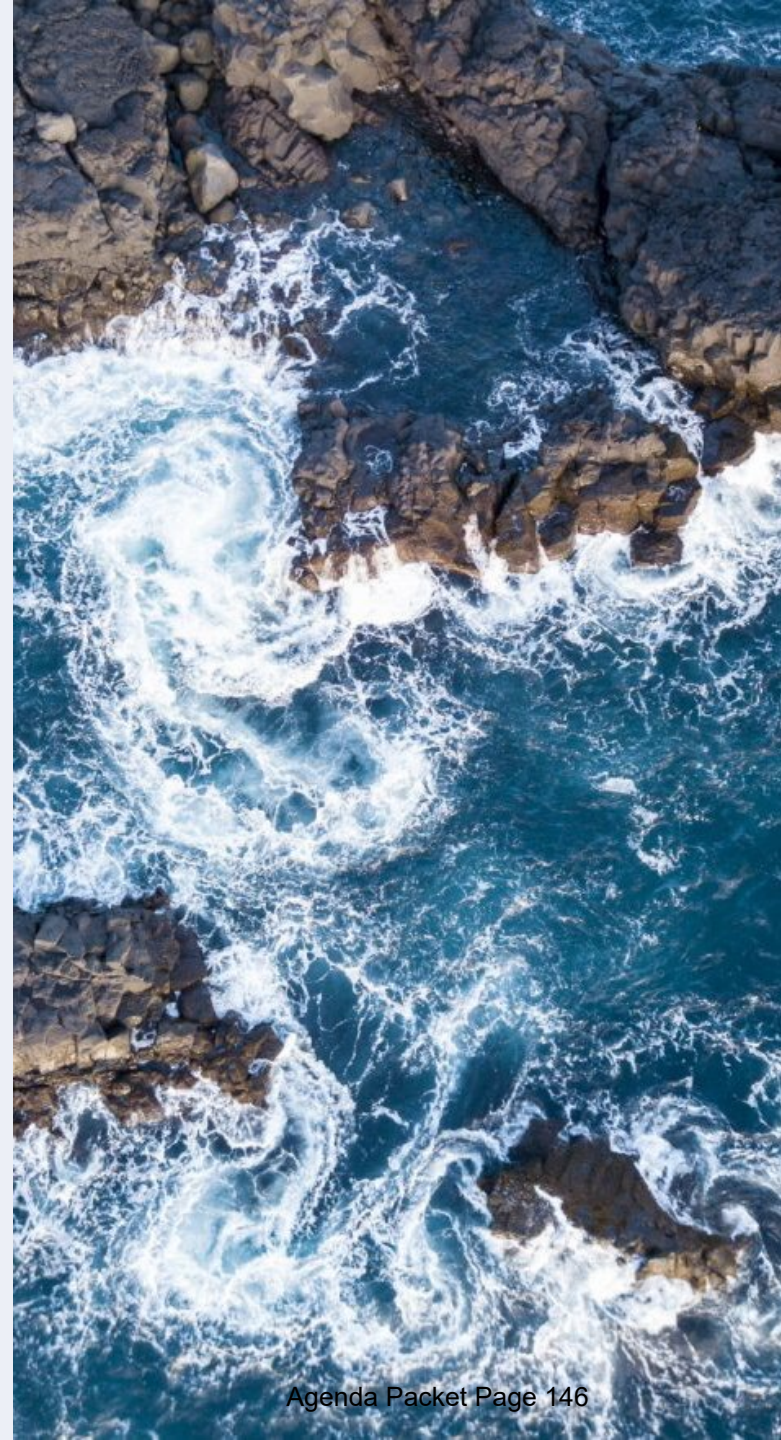
Fixed Income ESG Index Performance Aligns with Non-ESG Index



5-Year Historical Return Comparison (October 1, 2018 - September 30, 2023)				
	Master ESG Corporate Index	Master Non-ESG Corporate Index	1-5 Years ESG Corp Index	1-5 Year Non-ESG Corporate Index
Annualized Return	1.18%	1.07%	1.80%	1.78%
# of Quarters Outperformed	10 of 20	10 of 20	6 of 20	14 of 20

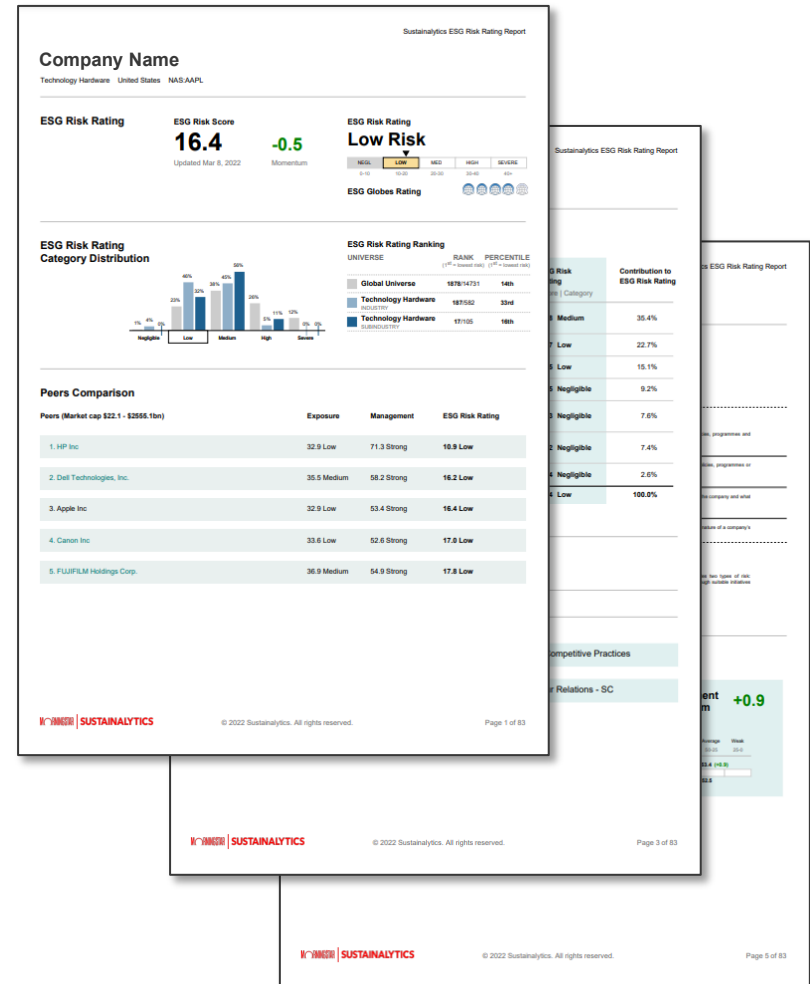
Source: Bloomberg data from October 1, 2018 to September 30, 2023. Number of quarters outperformed compares the two sets of the respective ESG and non-ESG benchmarks to each other.

PFMAM's Approach to ESG Investing



Who is Sustainalytics & What is the ESG Risk Rating?

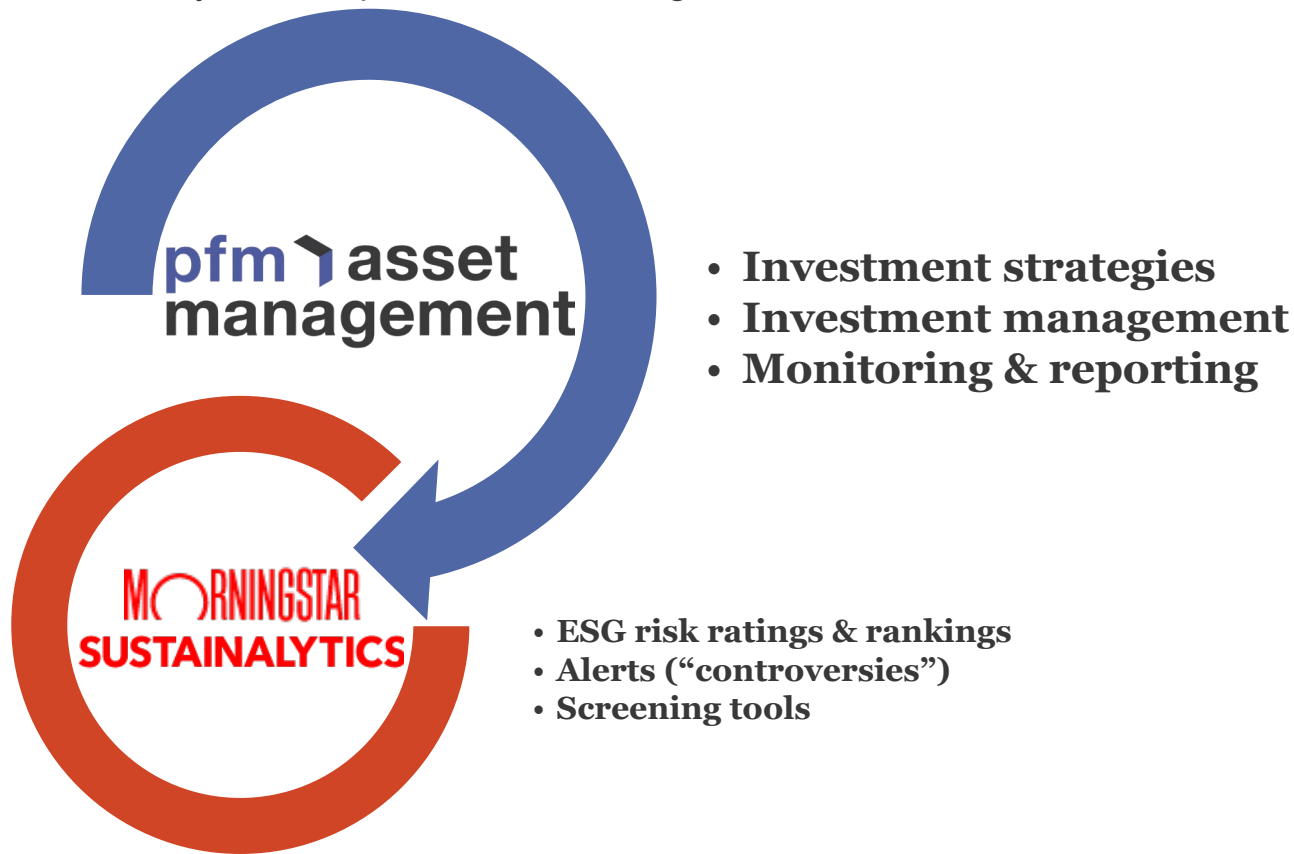
- ▶ A Morningstar subsidiary dedicated to independent ESG and corporate governance research, ratings, and analysis
 - ▶ Supports investors around the world with the development and implementation of responsible investment strategies, as it has done for over 25 years
 - ▶ Continuously conducts in-depth research and analysis on over 14,000 public and private companies
- ▶ Sustainalytics' **ESG Risk Ratings** enable investors to evaluate different organizations, using a consistent methodology, by quantitatively defining a company's material ESG risk on a scale of 0-100



PFMAM's Fixed Income ESG Investment Capabilities

A Customizable & Flexible Option

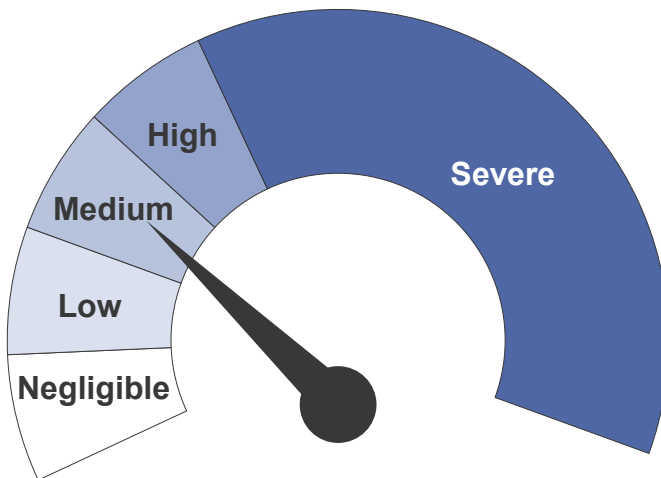
- ▶ PFMAM provides solutions driven by clients' investment policies that leverage Sustainalytics' ESG data and analytics to implement and manage ESG fixed income investment solutions



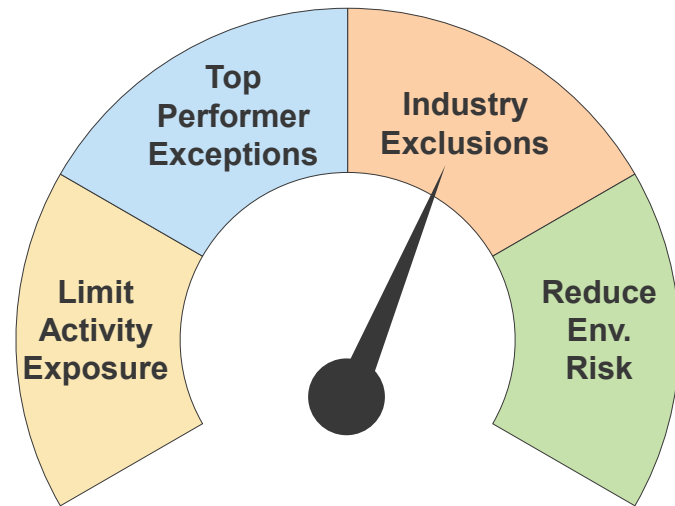
We Believe Our ESG Capabilities Offer Many Advantages

- ▶ Flexibility to implement customized ESG criteria based on client defined objectives*
- ▶ Transparent, practical, and not overly complicated integration
- ▶ “Rules-based” tactic eliminates ambiguity by setting defined ESG parameters*

Maximum ESG Risk Rating Level



Other ESG Objectives



**Based on Sustainalytics framework. Sustainalytics is a leading independent ESG and corporate governance research, ratings and analytics firm that supports investors around the world with the development and implementation of responsible investment strategies. For more information, visit www.sustainalytics.com.*

Key Steps in Integrating ESG Criteria



Identify ESG Priorities & Objectives



Evaluate ESG Options



Review Investment & ESG Parameter Options



Analyze ESG Integration



Update Investment Policy with ESG Parameters



Integrate ESG Parameters Into the Investment Process



Monitor Results and Revise Criteria as Needed



Example Sustainable Investment Solution

1 State Law



2 Investment Policy



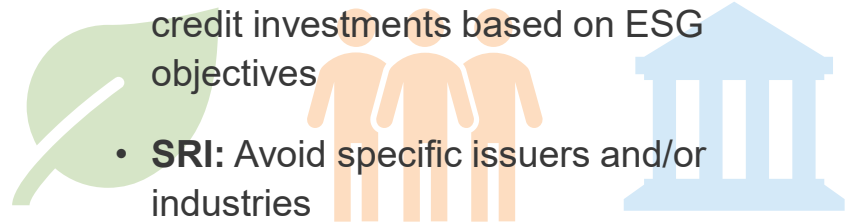
3 PFMAM's Approved Credit List



4 ESG Investment Parameters

Sustainable Investment Objectives:

- **ESG:** Utilize ESG risk ratings to include or restrict PFMAM-approved credit investments based on ESG objectives
- **SRI:** Avoid specific issuers and/or industries



Example Criteria:

- Limit issuer ESG risk exposure to **medium ESG risk** (or lower)
- **Fossil Fuel** Industry exclusions:
 - Energy Services
 - Oil & Gas Producers
 - Refiners & Pipelines

PFMAM - Fixed Income ESG Criteria Solutions

ESG Risk Metrics

1 Limit Absolute ESG Risk

- Limit ESG Risk by setting an acceptable *maximum* ESG risk level
- **Ex. Parameters:** Limit eligibility to issuers with medium or lower ESG risk ratings

2 Emphasize Relative ESG Risk

- Limit ESG Risk by setting an acceptable *relative* ESG performance threshold
- **Ex. Parameters:** Issuers must rank within the top 50th percentile of their subindustry group

3 Hybrid ESG Risk Model

- Set an acceptable maximum ESG risk level, plus adopt relative risk criteria
- **Ex. Parameters:** Medium or lower ESG risk; High ESG risk issuers that rank within the top 25th percentile of their subindustry group

Environmental Risk Metrics

Limit Environmental contribution of ESG Risk Rating to a maximum of 7.5 'points'

Industry & Subindustry Exclusions

- Limit investments from certain industries and/or subindustries
- Example exclusions include fossil fuel-related industries, tobacco producers, pharmaceutical companies, and paper/forestry organizations

40+ industries

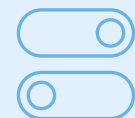


130+ subindustries

Business Activity Screening*

- Screen for companies that generate revenue from specific business activities
- Examples include small arms production, operation of for-profit private prisons, or gambling/adult entertainment services

27 areas



of activity

For illustrative purposes only. Not a specific recommendation. Actual strategy may vary. ESG metrics as provided by Sustainalytics.

*Business activity is measured by more than 50% revenue derived from that area of involvement, or more than 50% ownership of a company whose main business is in that area.

Example ESG Investment Criteria Options



Example ESG Criteria Solutions

ESG Risk Metrics

1 Limit Absolute ESG Risk

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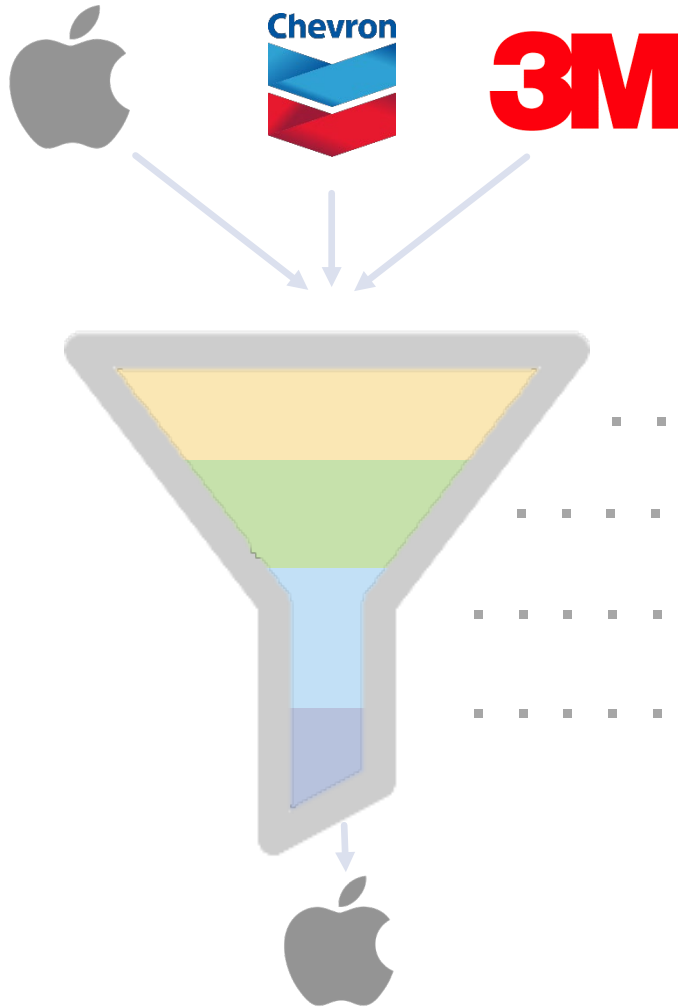


of activity

For illustrative purposes only. Not a specific recommendation. Actual strategy may vary. ESG metrics as provided by Sustainalytics.

*Business activity is measured by more than 50% revenue derived from that area of involvement, or more than 50% ownership of a company whose main business is in that area.

Example Application of ESG Investment Parameters



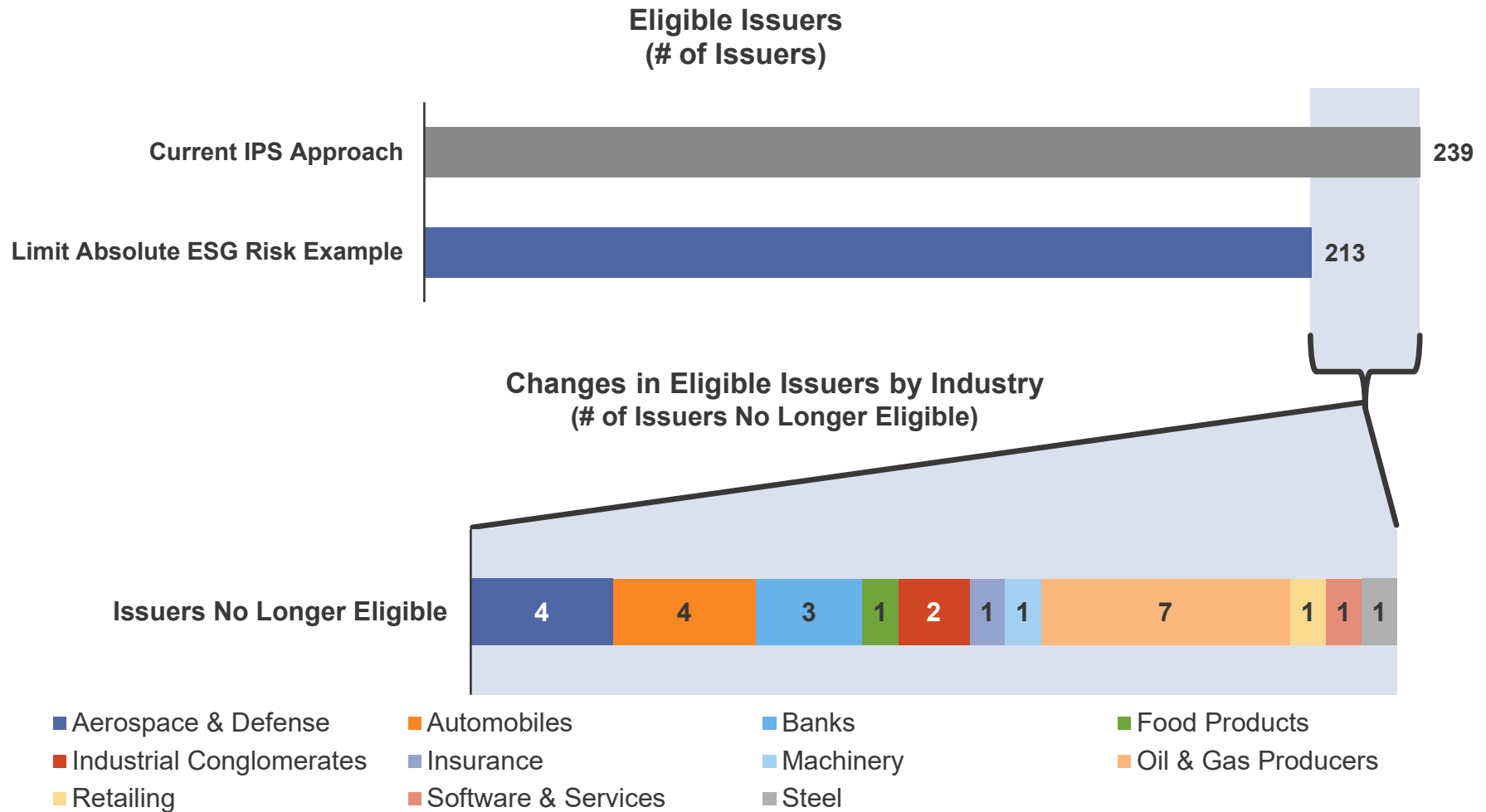
Example ESG Investment Parameters

1. Maximum ESG Risk Rating – Medium Risk

	Apple	Chevron	3M
Credit Ratings (S&P/Moody's/Fitch)	AA+ / Aa1 / -	AA- / Aa2 / -	A+ / A1 / -
ESG Risk Rating	Low ✓	High ✗	High ✗
Subindustry Ranking	22 nd	31 st	23 rd
Industry	Technology Hardware	Oil & Gas Producers	Industrial Conglomerates
Eligible Investment	YES	NO	NO

For illustrative purposes only.
Source: Sustainalytics. ESG risk ratings and subindustry rankings are as of June 30, 2023.

Illustrative Impact of Example Criteria on Eligible Corporate Issuers



Based on PFAM's Approved Issuer List as of 6/30/2023. Credit restrictions are based on SVCW's Investment Policy Statement adopted September 2023. Corporate issuers included are rated A- or better by at least one NRSRO and commercial paper must be rated A-1 or better by at least one NRSRO. ABS is also permitted and rated AAA.

Evaluating & Comparing Direct Costs and Potential Opportunity Costs

PFMAM Fee Impact

- Additional 1.5-2 basis point fee on total AUM

Custody & Trading Costs

- Not applicable – Addition of ESG parameters should **not** change custody fees or significantly impact trading activity

Diversification Opportunities

- Reduction in approved issuers
- Remaining approved issuers provide diversification opportunities

Yield & Investment Return Impact

- Undetermined. Dependent on a number of factors, including:
 - Portfolio composition
 - Liquidity
 - Credit quality
 - Change in yield spreads
 - Direction of interest rates

ESG Quarterly Reporting Sample

Assessment of SVCW's aggregate portfolio as of September 30, 2023



ESG Risk Composition Overview

Interpreting the ESG Risk Rating

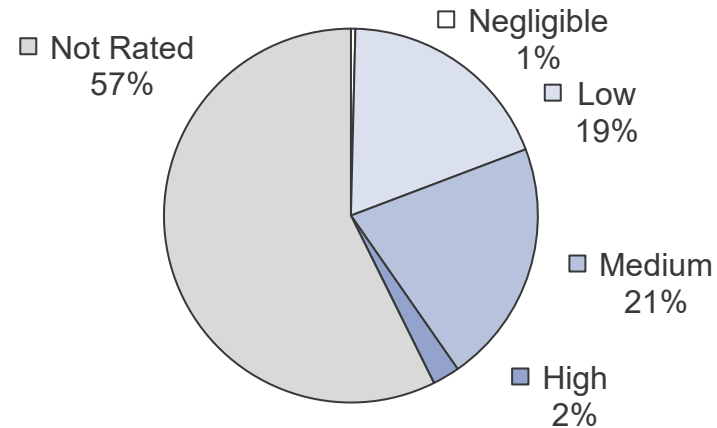
The **ESG Risk Rating** measures **economic value at risk based on ESG factors**.

A company's ESG Risk Rating is comprised of a quantitative score and a risk category. The score indicates unmanaged ESG risk. **Risk categories are absolute** and comparable across industries.

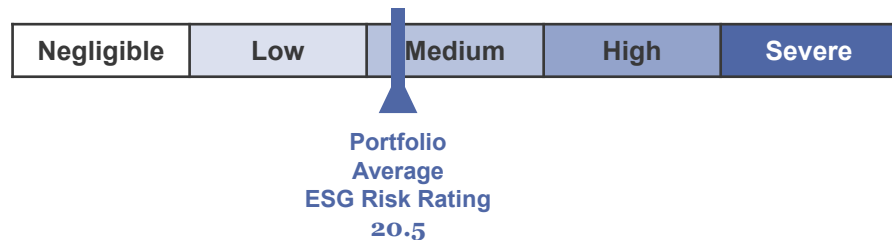
Lower scores represent less unmanaged risk. Ratings are scored on a scale of 1-100 and are assigned to one of the following ESG risk categories:

- Negligible Risk (overall score of 0-9.99 points)
- Low Risk (10-19.99 points)
- Medium Risk (20-29.99 points)
- High Risk (30-39.99 points)
- Severe Risk (40 and higher points)

Allocation by ESG Risk Rating



42/50 of portfolio issuers are rated with a total rated market value of \$19.3 million (43%)

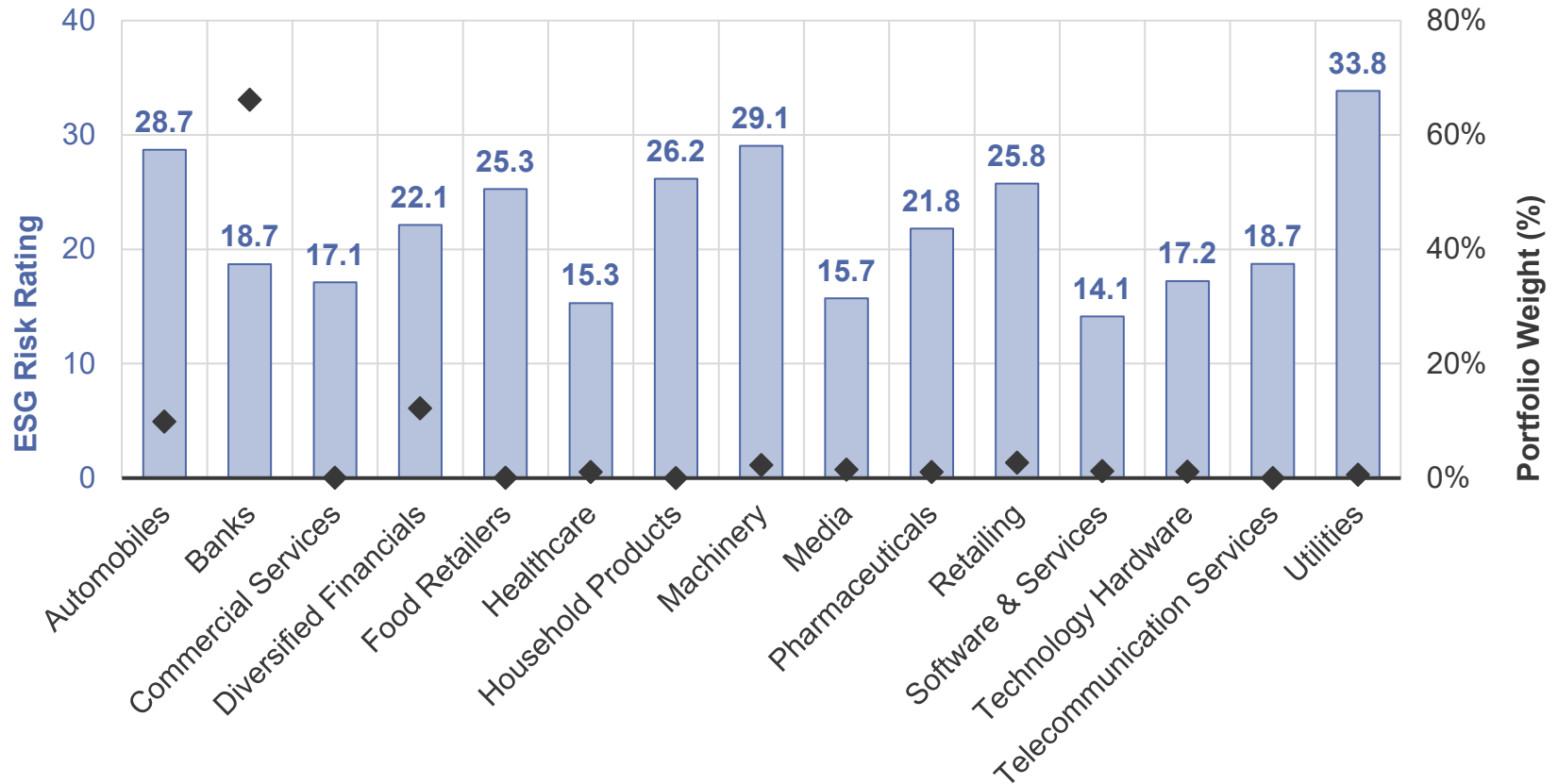


Market Value includes accrued interest as of September 30, 2023. Average ESG Risk Rating is weighted by market value. Please see important disclosures at the end of this presentation.

* U.S. Treasury and municipal obligations are not included in the analysis.

Industry Diversification

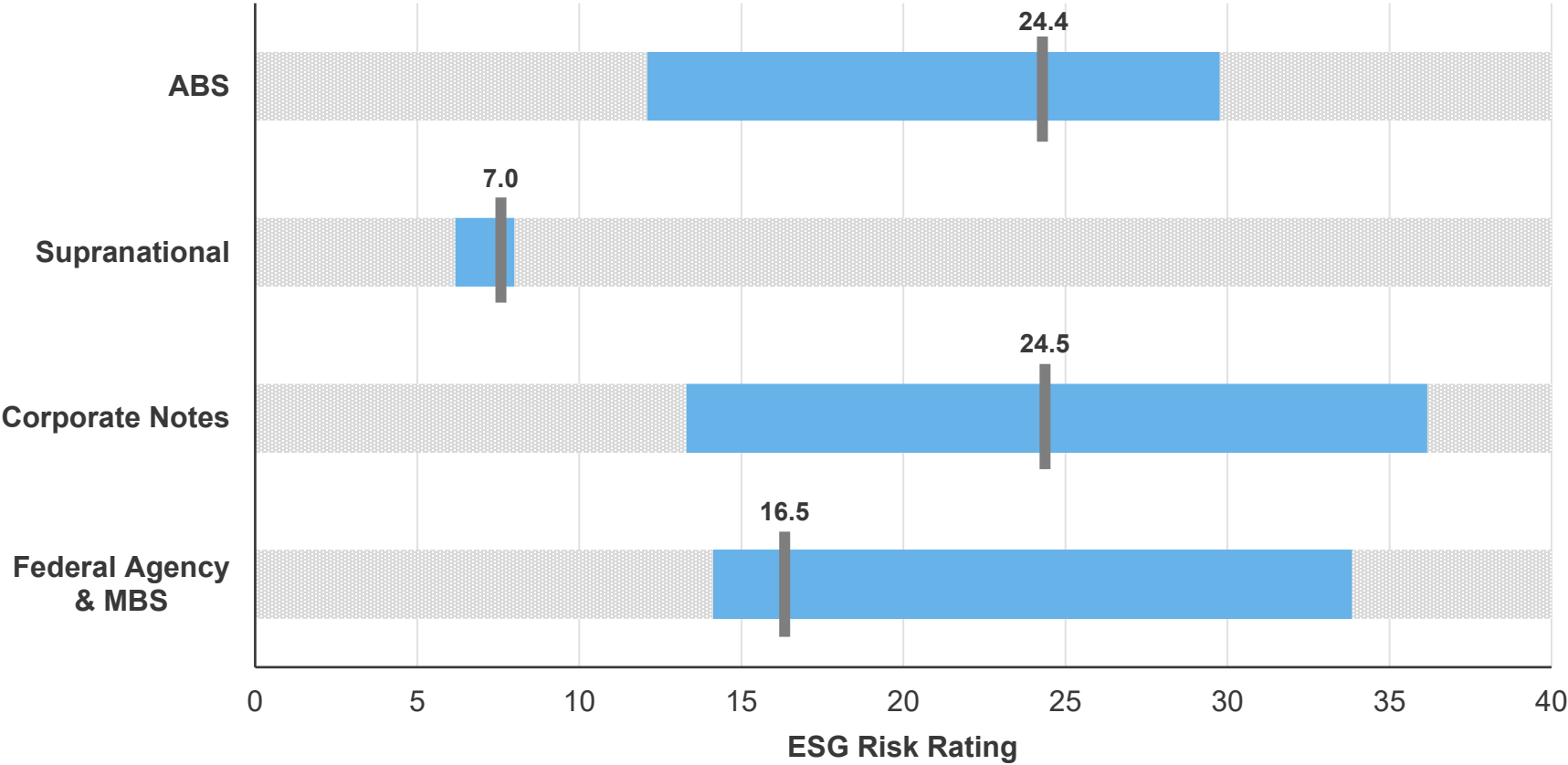
Industry Exposure and Weighted Average Risk Score



Portfolio holdings and Sustainalytics data as of September 30, 2023. Average ESG Risk Rating represents the market value-weighted average ESG risk rating for each industry.

Sector Analysis

ESG Risk Rating Range and Average by Sector



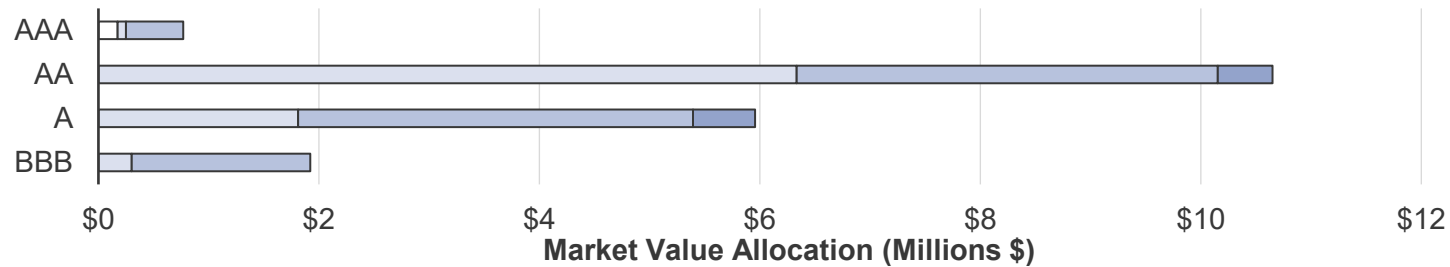
Source: Sustainalytics. Data as of September 30, 2023. Bars represent the range of held issuers' ESG risk rating that fall under each sector, and lines indicate the sectors market value-weighted average ESG risk rating. Please see important disclosures at the end of this presentation.

S&P Credit Rating Distribution

ESG Risk Rating Key

Negligible	Low	Medium	High	Severe
0-9.99	10-19.99	20-29.99	30-39.99	40-100

Credit Rating Grouped by ESG Risk Rating Category



Average ESG Risk Rating by S&P Credit Rating



Portfolio holdings and Sustainalytics data as of September 30, 2023. If a security is not rated by S&P, the equivalent Moody's rating is used. NR stands for 'no rating' and implies that the issuer is not rated by S&P or Moody's but is rated by Fitch.

Holdings as of September 30, 2023

Issuer	% Weight	Subindustry	Subindustry Percentile	ESG Risk Rating Sep. 30, 2023
Inter-American Development Bank	0.2%	Development Banks	7	6.2
International Bank for Reconstruction & Development	0.2%	Development Banks	15	8.0
CarMax Inc.	0.2%	Automotive Retail	20	12.1
The Home Depot Inc	0.1%	Home Improvement Retail	19	13.3
Federal National Mortgage Association	13.0%	Thriffs and Mortgages	7	14.1
International Business Machines Corp	0.5%	IT Consulting	6	14.1
Target Corp	0.1%	Department Stores	7	14.4
UnitedHealth Group Inc	0.4%	Managed Health Care	14	15.3
Walt Disney Co	0.6%	Movies and Entertainment	23	15.7
Cintas Corp	0.0%	Business Support Services	21	17.1
Apple Inc	0.5%	Technology Hardware	29	17.2
National Rural Utilities Cooperative Finance Corporation	0.0%	Development Banks	73	17.6
Truist Financial Corp	1.8%	Regional Banks	12	18.6
American Express Company	0.7%	Consumer Finance	13	18.6
Verizon Communications Inc.	0.0%	Telecommunication Services	10	18.7
National Australia Bank Limited	0.6%	Diversified Banks	17	19.8
Deere & Co	0.4%	Agricultural Machinery	26	20.0
Federal Home Loan Mortgage Corp	7.4%	Thriffs and Mortgages	20	20.2
Berkshire Hathaway Inc	1.0%	Multi-Sector Holdings	96	20.7
Bank of New York Mellon Corp	1.0%	Asset Management and Custody Services	12	20.9
AstraZeneca PLC	0.4%	Pharmaceuticals	5	21.8
Capital One Financial Corporation	0.5%	Consumer Finance	33	22.5

Source: Sustainalytics. Holdings as of September 30, 2023.

Holdings as of September 30, 2023

Issuer	% Weight	Subindustry	Subindustry Percentile	ESG Risk Rating Sep. 30, 2023
The Charles Schwab Corporation	0.0%	Investment Banking and Brokerage	11	23.0
Northern Trust Corp	0.5%	Asset Management and Custody Services	17	23.9
State Street Corporation	0.0%	Asset Management and Custody Services	18	24.1
Morgan Stanley	0.7%	Investment Banking and Brokerage	14	24.6
BMW Group	0.4%	Automobiles	36	24.8
Walmart Inc.	0.0%	Food Retail	48	25.3
The Goldman Sachs Group, Inc.	0.7%	Investment Banking and Brokerage	17	25.3
The PNC Financial Services Group, Inc.	0.6%	Regional Banks	35	26.1
Colgate-Palmolive Co	0.0%	Personal Products	26	26.2
Bank of America Corporation	0.8%	Diversified Banks	57	28.3
Hyundai Motor Company	0.1%	Automobiles	71	28.3
General Motors Company	0.0%	Automobiles	73	28.5
Honda Motor Co Ltd	1.8%	Automobiles	75	28.7
Citigroup, Inc.	1.8%	Diversified Banks	62	29.2
JPMorgan Chase & Co.	1.2%	Diversified Banks	63	29.3
Toyota Motor Corp	1.8%	Automobiles	83	29.8
U.S. Bancorp	0.7%	Diversified Banks	68	30.3
Amazon.com Inc	0.8%	Online and Direct Marketing Retail	98	30.6
Tennessee Valley Authority	0.3%	Independent Power Production and Traders	46	33.8
Caterpillar Inc	0.5%	Heavy Machinery and Trucks	91	36.2

Source: Sustainalytics. Holdings as of September 30, 2023.

Appendix



Sustainalytics: Additional Information



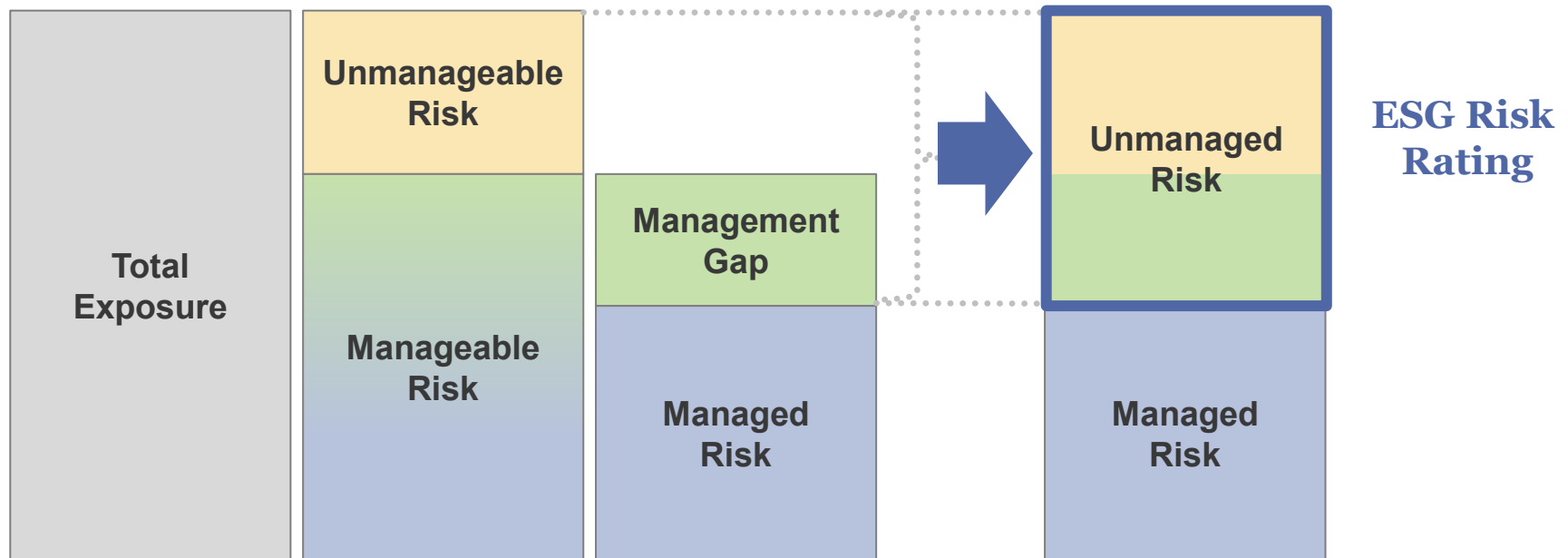
- ▶ The **ESG Risk Rating** measures **economic value** at risk based on exposure to **unmanaged ESG Risks**
- ▶ An organization's ESG risk assessment is based on two primary factors:
 - ▶ **ESG Risk Exposure** – Determined at the subindustry level with adjustments for company-specific risk exposure levels
 - ▶ **Management of ESG Risk Exposure** – Based on policies, programs, quantitative performance, controversies, and corporate governance

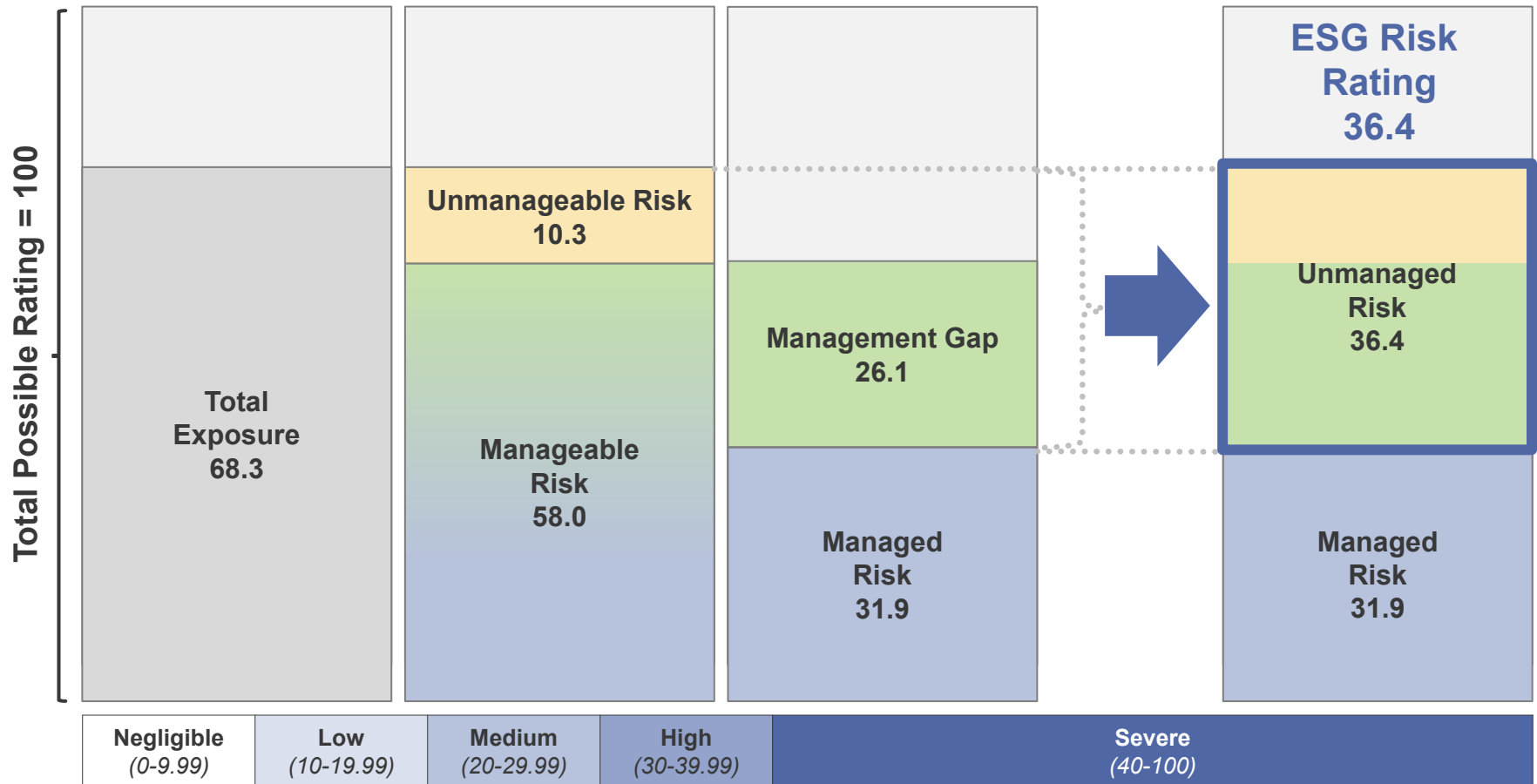
Unmanageable
Industry-specific risks
(carbon for oil
companies)

Manageable
ESG Risk that is not
being managed

ESG Risk Rating = **Unmanageable ESG Risk** + **Management Gap**

- ▶ **Total Exposure** is the starting point for a company's exposure to material ESG issues
- ▶ Some companies have **Unmanageable Risks**, e.g. an oil company will always face risks related to carbon until it changes its business model
- ▶ Of the **Manageable Risk**, a portion is managed through a company's policies, programs, management services, etc.; the remainder is considered unmanaged (**Management Gap**)
- ▶ The **ESG Risk Rating** evaluates unmanaged ESG risk





Source: Sustainalytics. Last updated July 14, 2023. Illustration not drawn to scale.

- ▶ Sustainalytics has categorized each rated organization into over 40 industries and over 130 subindustries
- ▶ ESG criteria may include an exclusionary component with exclusions based on specific industries and subindustries

Aerospace & Defense	Construction & Engineering	Electrical Equipment	Industrial Conglomerates	Precious Metals	Technology Hardware
Auto Components	Construction Materials	Energy Services	Insurance	Real Estate	Telecommunication Services
Automobiles	Consumer Durables	Food Products	Machinery	Refiners & Pipelines	Textiles & Apparel
Banks	Consumer Services	Food Retailers	Media	Retailing	Traders & Distributors
Building Products	Containers & Packaging	Healthcare	Oil & Gas Producers	Semiconductors	Transportation
Chemicals	Diversified Financials	Homebuilders	Paper & Forestry	Software & Services	Transportation Infrastructure
Commercial Services	Diversified Metals	Household Products	Pharmaceuticals	Steel	Utilities

Source: Sustainalytics



Disclaimer

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There is no guarantee the investment objectives will be achieved as the investment portfolio will only include holdings consistent with the applicable Environmental, Social, and Governance (ESG) guidelines. As a result, the universe of investments available will be more limited. ESG criteria risk is the risk that because the investment portfolio ESG criteria excludes securities of certain issuers for nonfinancial reasons, the investment portfolio may forgo some market opportunities that would be available to investment portfolios that do not apply ESG criteria.

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AGENDA ITEM 8C

**FIXED FILM REACTOR REHABILITATION AND 3W UPGRADES
PROJECT (CIP # 9242)
AWARD CONSTRUCTION CONTRACT AND
APPROVE ENGINEERING SERVICES DURING CONSTRUCTION TASK ORDERS**

ISSUE

Award Construction Contract and Approve Engineering Services During Construction Task Order for Fixed Film Reactor Rehabilitation and 3W Upgrades Project (CIP #9242)

BACKGROUND

SVCW has three Fixed Film Reactors (“FFRs”) that play a crucial role in the overall secondary treatment process. FFRs are a highly efficient means to treat wastewater using biological growth. Each reactor is 73 feet in diameter and 21.5 feet deep and filled with plastic process media through which the wastewater trickles downward by gravity. The FFRs are a very robust, efficient treatment process that reduces the load on the downstream activated sludge system at a low energy demand.

The FFRs were constructed with the original plant construction and put into service in 1980. Originally, there were four FFRs but, in 2012, FFR #4 was demolished to free up space after determination that three FFRs provide adequate treatment capacity for all current and anticipated future wastewater flows. At present, typical operation requires two FFRs in service at any given time.

The FFR exterior structural steel and concrete have corroded in multiple locations, and leaks are visible in the fiberglass panel enclosures for the media. In addition, the media itself is collapsing due to age and is clogged with rags and grit. The FFR feed piping and pumps have also degraded with age and the whole process needs major rehabilitation to allow SVCW to continue treating wastewater reliably and cost-effectively.

In addition to the FFR rehabilitation, upgrades to the plant’s 3W system are included in the project. The 3W¹ system provides treated and disinfected wastewater as utility water throughout the treatment plant. It is used for various purposes such as washing down tanks and sidewalks, providing seal water for pumps, jetting operations, fire protection, and as makeup water for various plant processes. It is a highly responsible use of water, replacing the need to use potable water and/or recycled water. In a previous evaluation, the existing 3W system was found to have inadequate capacity for current water demands and persistent water hammer issues. With addition of the new headworks facilities, the current 3W is even more highly taxed.

DISCUSSION

In 2021, SVCW engaged Brown and Caldwell (BC) to provide engineering services to design and develop construction documents for the Fixed Film Reactor Rehabilitation and 3W Upgrades Project (“Project”) under CIP #9242.

¹ “3W” = No. 3 Water which is disinfected wastewater effluent

The design includes rehabilitation of the FFR structures, replacement of process media, upgrades to FFR feed pumps, rehabilitation of supply and discharge piping, a new motorized distributor arm in FFR #3, electrical feed improvements, demolition of unused FFR #4 piping and pumps, and upgrades to the mechanical ventilation equipment. Additionally, this project increases capacity and reliability of the 3W system by providing an additional water source from the Chlorine Contact Tanks, new pumps, new piping and valves, new strainers to filter the disinfected water, and water hammer mitigation using hydropneumatic tanks.

Brown and Caldwell completed the design for the project and the final bid documents were publicly advertised for bids on August 14, 2023. A mandatory pre-bid conference and site-walk was held on August 22, 2023. Nine interested contractor firms attended this event. Bids were opened on September 28, 2023; the bid summary sheet is attached. SVCW received 3 bids with J.F. Shea Construction submitting the lowest responsive, responsible bid in the amount of \$35,174,000. The engineer's estimate of probable cost was \$33,062,549.

SVCW staff reviewed the bid alongside the engineer's estimate and concluded that the higher cost reflects the current bidding climate in which significant number of projects are bidding at the same time within the Bay Area. Overall, given the challenging bidding climate, a bid within 10% of the engineer's estimate is a favorable outcome. Additionally, all three bids received were within 5% of each other, which is an indication that the low bid is appropriate for the scope of work. Finally, SVCW has positive experience with J.F. Shea Construction as they are the builders for two RESCU design-build projects. For these reasons, staff recommends awarding the construction contract to J.F. Shea Construction.

In addition to construction contract award, this agenda item seeks approval for:

- i. A task order scope of work and budget to Brown and Caldwell for Engineering Services During Construction. Staff has negotiated a scope of work and budget for these services on a time and expense basis at a not-to-exceed amount of \$1,117,409. Tasks include reviewing construction submittals, responding to contractor Requests for Information (RFIs), evaluating potential changes in the design that may be discovered during construction, and providing final record drawings at the completion of the Project. The task order not-to-exceed fee is approximately 3.2% of the estimated construction cost. This fee is within industry standards and SVCW budgeting allocations.
- ii. A task order scope of work and budget to Cascade Integration and Development (CID) for System Integration services. Staff has negotiated a scope of work and budget for these services on a time and expense basis at a not-to-exceed amount of \$306,524. Tasks include final testing of communication wiring, SCADA programming of new project elements, screen interface development, and integration within SVCW Wonderware platform. This fee is within industry standards and SVCW budgeting allocations.

CLIMATE EFFECTS

The project will result in a more efficient FFR process which may reduce the amount of oxygen required in downstream processes. This would result in lower electrical demand for the aeration blowers.

FINANCES


This Project will be funded from CIP #9242, Fixed Film Reactor Rehabilitation and 3W Upgrades Project CIP #9255, which have allocated budgets of \$29,746,596 and \$5,038,970 respectively for a combined budget of \$34,785,566. This budget reflected the project understanding and the construction market conditions present in late 2020, when the project budget was developed. It is insufficient to cover the costs associated with this project today and staff recommends that the Commission increase the budget to cover the anticipated costs for CIP #9242.

Anticipated costs add to \$48,190,000. This covers already expended costs for planning and design (\$2.2M) as well as upcoming costs for construction, engineering services during construction, and construction management. It also includes a 10% construction contingency for possible change orders. This number will be reflected in the upcoming CIP Update, expected to be presented to the Commission in January 2024.

RECOMMENDATION

- i. Move adoption of RESOLUTION APPROVING CONSTRUCTION CONTRACT DOCUMENTS FOR FIXED FILM REACTOR REHABILITATION AND 3W UPGRADES (CIP #9242); 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 – J.F. SHEA CONSTRUCTION INC. (\$35,174,000)
- ii. Move approval of TASK ORDER FOR ENGINEERING SERVICES DURING CONSTRUCTION FOR FIXED FILM REACTOR REHABILITATION AND 3W UPGRADES PROJECT (CIP #9242) IN AN AMOUNT NOT TO EXCEED \$1,117,409 AND AUTHORIZE MANAGER TO APPROVE UP TO A TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – BROWN AND CALDWELL.
- iii. Move approval of TASK ORDER FOR SYSTEM INTEGRATION SERVICES FOR FIXED FILM REACTOR REHABILITATION AND 3W UPGRADES PROJECT (CIP #9242) IN AN AMOUNT NOT TO EXCEED \$306,524 AND AUTHORIZE MANAGER TO APPROVE UP TO A TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – CID TECHNOLOGIES.
- iv. Move approval of INCREASE IN BUDGET TO CAPITAL IMPROVEMENT PROGRAM PROJECT #9242 TO \$48,190,00

SVCW
3W and FFR Rehabilitation Project CIP #9242
Bidders Checklist
Monday, October 23, 2023; 2:00 pm

Name of Bidder														
	Addendum	Bid Form	Bid Security Bond	Cert. of Bidders Exp. & Qualifications	Cert. of Subcontractor's Experience & Quals.	Desig. of Subcontractors	Site Visit Affidavit	Ackw. of Insurance Req's.	Noncollusion Declaration	Safety Compliance Affidavit	SRF DBE Subcontractor Performance Form	SRF DBE Subcontractor Utilization Form	Bidder's List	Total Bid Amt.
	#1 -10	Section 00 41 00	Section 00 43 13	Section 00 45 13	Section 00 45 14	Section 00 43 36	Section 00 43 00	Section 00 45 21	Section 00 45 19	Section 00 45 22 - Pages 1 and 2	EPA Form 4500 -3	EPA Form 4500 -4	Appendix x 2	
J.F. Shea Construction Inc.	1, 2, 3, 4, 5, 6, 7, 8, 9, 10	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Base Bid: \$35,174,000
Anvil Builders	1, 2, 3, 4, 5, 6, 7, 8, 9, 10	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Base Bid: \$35,885,000
Mountain Cascade	1, 2, 3, 4, 5, 6, 7, 8, 9, 10	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Base Bid: \$36,950,484
** Pending Commission Approval. Next Commission meeting is scheduled for Monday, November 13, 2023.														

AGENDA ITEM 8D

**CONSIDERATION TO CHANGE COMMISSION MEETING LOCATION, RESCIND
RESOLUTION NO. 22-01, REVISE ADMINISTRATIVE POLICY 1980-01,
AND ADOPT 2024 MEETING SCHEDULE**

ISSUE

Approve Change to the Location of the Monthly SVCW Commission Meeting and Rescind Resolution No. 22-01, Revise Administrative Policy 1980-01 to Change the Location of the Monthly SVCW Commission Meetings, and Adopt 2024 Regular Meeting Schedule of the Commission

BACKGROUND

SVCW Administrative Policy 1980-01 refers to the location of the SVCW Commission meetings. Meetings are currently held at SVCW's Plant Control Building on the second Monday of each month at 0800 hours. The day, time, and location of regular meetings are established by Commission resolution pursuant to the SVCW Bylaws.

DISCUSSION

Staff continually seeks methods to bolster security measures at the SVCW wastewater treatment facility. Wastewater treatment facilities are considered a Critical Infrastructure and Key Resources (CIKR) sector¹ by the United States Department of Homeland Security. Water and wastewater facilities have been identified as vulnerable to a variety of attacks, including contamination with deadly agents, physical attacks, and cyber-attacks. SVCW works with the EPA via a National Infrastructure Protection Plan and the Cybersecurity & Infrastructure Security Agency, CISA, to form and implement strategies to address sector security needs. Additionally, there has been and will continue to be substantial construction occurring at the SVCW treatment plant site which hinders the ability to access the location of Commission meetings. This is particularly challenging if and when members of the public desire to attend meetings.

Staff is recommending that the Commission consider relocating their meetings to SVCW's North Annex Building at 1406 Radio Road, purchased by SVCW in 2013. One of the intended uses of the property purchase was to provide office space for SVCW's construction management firm, Tanner Pacific Inc. (TPI), to ensure program oversight and minimize overhead. In 2016, SVCW and TPI entered into a facilities use agreement for TPI to occupy the main building for the duration of the RESCU program. This site has a conference/meeting room behind the main building that is easily accessible to staff, commissioners, and public. There is a dedicated parking lot for commissioners and public, offering easy access to the meeting room. It is well suited for a public meeting, including being outfitted with videoconferencing facilities.

If the Commission desires to change the location of its meetings, the Commission Policy which references the location of Commission meetings must be amended to correspond to that change via resolution. It is recommended that Administrative Policy 1980-01,

¹ Department of Homeland Security Presidential Directive 7

Preparation of Commission Agenda, be revised to refer to the adopted resolution and not to reference the location of the meetings specifically. It is generally not recommended to list the same information in multiple locations as this can lead to mistakes by omitting a change in one or more of the multiple locations.

The SVCW Manager recommends approval of SVCW Administrative Policy 1980-01, Revision F, dated November 13, 2023. A copy of the policy is attached to this staff report.

Additionally, the SVCW Manager recommends that the Commission consider and adopt its regular meeting schedule for calendar year, 2024. This is normally done at the Commission's December meeting but is appropriate to include it as part of this item concerning the location of future meetings.

Finally, should the Commission decide to change meeting location in accordance with this item, the SVCW Manager recommends that the Commission direct review of the existing Facilities Use Agreement to determine whether it should be amended to account for the Commission's monthly use of the conference room space, and authorize the SVCW Manager, upon approval by General Counsel, to negotiate appropriate terms to be brought back to the Commission for approval.

CLIMATE EFFECTS

There are no climate effects resulting from this action.

FINANCES

There are no direct financial impacts to this action.

RECOMMENDATION

- i. Move adoption of RESOLUTION ESTABLISHING DAY, TIME, AND PLACE OF REGULAR MEETINGS OF THE COMMISSION OF SILICON VALLEY CLEAN WATER AND RESCINDING RESOLUTION NO. SVCW 22-01
- ii. Move adoption of RESOLUTION APPROVING AND ADOPTING REVISION F TO ADMINISTRATIVE POLICY 1980-01 ESTABLISHING COMMISSION AGENDA PREPARATION PROCEDURE AND IMPLEMENTATION OF BROWN ACT
- iii. Move adoption of RESOLUTION ESTABLISHING AND ADOPTING COMMISSION'S REGULAR MEETING SCHEDULE FOR CALENDAR YEAR 2024

Silicon Valley Clean Water

Commission Policy 1980-01

Approved by: _____

Revision: ~~E-F~~

Revision Date:
~~07/17~~11/13/2023

Issue Date: 10/17/1980

Approved by Commission at Meeting of ~~December 6, 2018~~November 13, 2023 by Resolution SVCW No. ~~18-83~~23-XX

SUBJECT: Preparation of Silicon Valley Clean Water Commission Agenda and Procedures for Implementing Brown Act

REFERENCE

Article II, Section 5(c) of the bylaws of the South Bayside System Authority as adopted by Resolution No. SBSA 75-2; Ralph M. Brown Act ("Brown Act"), Government Code sections 54950-54963.

PURPOSE

The purpose of this policy is to establish a systematic approach to the preparation of the agenda for the monthly meetings of the Commission of Silicon Valley Clean Water and to establish and adopt the procedures to implement certain requirements of the Brown Act.

RESPONSIBILITY

The preparation of the agenda is the responsibility of the SVCW Manager. It will be the responsibility of the Manager and the Department Managers to ensure that items for inclusion in the agenda are submitted by the time and in the manner established by this policy.

REQUIREMENTS

~~The day, time, and location of meetings of the Commission of Silicon Valley Clean Water will be as adopted by Resolution at a regular or special Commission meeting. The Commission of Silicon Valley Clean Water holds its regular meetings as adopted by Resolution at a regular or special Commission meeting. Meetings will be held at the Authority's offices located at 1400 Radio Road, Redwood City, CA.~~ The Commission may also hold special meetings as determined by the Chair of the Commission or by the Commission, at the dates, times and places designated thereby.

All meetings of the Commission are open to the public and public comment is solicited. Certain exceptions listed in the next section permit the Commission to meet in closed session.

The Ralph M. Brown Act, as amended, (Gov't. Code §§54950, et seq.) requires that an agenda be posted in a location that is freely accessible to members of the public at least 72 hours before each regular meeting and 24 hours before each special meeting.

Closed Sessions:

The Commission of SVCW is permitted to meet in closed session on, among other matters, the following: Personnel, Labor Negotiations, Real Property Negotiations and Pending Litigation.

Silicon Valley Clean Water

When a closed session is scheduled it must appear as such on the agenda citing the reason for which it was called.

When calling a closed session for the discussion of pending litigation, the agenda must cite the specific subdivision of Government Code Section 54956.9 that describes the status of the case being considered:

54956.9(d)(1) - Litigation that has been initiated formally and to which SVCW is a party.

54956.9(d)(2) - A point has been reached where, on the advice of legal counsel, there is a significant exposure to litigation against SVCW.

54956.9(d)(3) - Based on existing facts and circumstances the Commission is meeting only to decide whether a closed session is authorized pursuant to paragraph (2).

54956.9(d)(4) - Based on existing facts and circumstances the Commission has decided to or is deciding whether to initiate litigation.

PROCEDURE

The Commission of Silicon Valley Clean Water holds meetings as established by Resolution adopted by the Commission. All items proposed for consideration at the Commission meeting shall be submitted to SVCW's Manager and Business Operations Associate on or before twenty (20) calendar days preceding the upcoming meeting. A draft agenda will be prepared for the review and approval of the Commission Chair on or before ten days (10) preceding the upcoming meeting. SVCW General Counsel will review all agenda item descriptions and approve actions for legal compliance.

Upon approval of the SVCW Commission Chair, the agenda will be finalized and mailed no later than five calendar days preceding the Commission meeting. The agenda will be distributed per the distribution of agenda list which is a part of this policy. The distribution list may be amended from time to time upon the approval of the SVCW Manager.

The agenda must be posted on the front window of the ~~SVCW Plant Control and Administration Buildings~~ site at which the meetings are to be held, visible from the outside, as well as on the SVCW website in accordance with Brown Act requirements, no later than 72 hours preceding the Commission meeting.

Format

A sample agenda is attached for reference and is a part of this policy. The agenda items will generally be organized in the same order for regular meetings unless a closed session is scheduled at the beginning of the meeting. Such a closed session, citing the reason, would then become item #4 and all other items will follow in the same order and be numbered sequentially. The SVCW Manager may alter the order of the agenda to better meet the needs of the Commission, the Public or SVCW if deemed necessary and with the approval of the Commission Chair.

Silicon Valley Clean Water

Each month the agenda shall be updated to show the date of the meeting for which it is being issued, the date of the meeting for which the minutes are included, and the current period covered by the Schedule of Demands Paid.

The balance of the agenda will vary in length and detail depending on the business to be presented to the Commission.

Conduct of Meeting to Conform to Brown Act Requirements:

1. Consistent with the Brown Act, the Commission shall take no action on any matter not appearing on its posted agenda unless it makes one of the findings authorizing it to do so. Thus, unless an emergency exists or the need to take action arose after posting the agenda, the Commission will not discuss or vote upon any item raised by a member of the public or its own members unless the item appears on its posted agenda. An item raised during a meeting of the Commission that does not appear on its posted agenda may be placed on a future agenda for action.

2. Any person, including any member of the public or of the Commission, may request that an item be placed on the agenda for the Commission by writing to the Manager at Silicon Valley Clean Water, 1400 Radio Road, Redwood City, CA 94065. The letter must reach the Authority no later than ten (10) calendar days preceding the next regularly scheduled meeting.

3. All persons wishing to address the Commission during the Public Comment portion of its meeting shall limit their comments to three minutes.

4. The total time devoted to the Public Comment portion of the Commission meeting shall not exceed fifteen minutes. Any person wishing to speak at the meeting who is unable to do so as a result of this time limit shall be granted the first right to address the Commission at its next meeting.

Distribution of Agenda:

Full Agenda Packet to:

Each SVCW Commissioner
SVCW Manager
SVCW Dept. Managers
SVCW General Counsel
SVCW Controller
Redwood City City Manager
Redwood City Dir. Pub. Works
San Carlos City Manager
Belmont City Manager
West Bay SD Manager

Brown and Caldwell, Aren Hansen

Agenda Only:

SVCW Workgroup

Agenda or Minutes to any
requesting organization or
individual

Silicon Valley Clean Water

Collaborative Strategies, Bob Donaldson
Tanner Pacific, Bill Tanner and Joe Covello
Kennedy Jenks, Mark Minkowski
DNS Strategic Partners, E.J. Shalaby

Sample Agenda, Administrative Policy 1980-01, Rev. ~~E~~ F

COMMISSION OF SILICON VALLEY CLEAN WATER JOINT POWERS AUTHORITY REGULAR MEETING – Day of Week, Month Day, Year time a.m./p.m.

Place: ~~Pelican~~ SVCW Conference Room
Silicon Valley Clean Water
~~1400-1406~~ Radio Road, ~~2nd~~ Floor
Redwood City, California

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 – MEMBER

MANAGER: TERESA A. HERRERA

AUTHORITY GENERAL COUNSEL: 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

Silicon Valley Clean Water

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5. SAFETY MOMENT and REPORTS

- A. Safety Moment
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- E. Commission Requested Action Items
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6. MATTERS OF COMMISSION MEMBER'S INTEREST

7. CONSENT CALENDAR

8. ACTION ITEMS

A. CONSIDERATION OF RESOLUTION OR MOTION

Proposed Actions: Move approval of a Motion or Move adoption of a Resolution

9. CLOSED SESSION

10. RECONVENE IN OPEN SESSION

11. ADJOURN

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CONSENT CALENDAR

NOTICE TO PUBLIC

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7. A. APPROVAL OF MINUTES – Date of Meeting(s)

B. CONSIDERATION OF MOTION APPROVING CLAIMS AND CHECKS DATED ____ AND ____
NECESSARY PAYMENTS THROUGH ____

C. CONSIDERATION OF RESOLUTION

Proposed Action: Move adoption of

D. CONSIDERATION OF MOTION

Proposed Action: Move approval of

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Commission Policy 1980-01

Approved by: _____

Revision: F

Revision Date: 11/13/2023

Issue Date: 10/17/1980

Approved by Commission at Meeting of November 13, 2023 by Resolution SVCW No. 23-XX

SUBJECT: Preparation of Silicon Valley Clean Water Commission Agenda and Procedures for Implementing Brown Act

REFERENCE

Article II, Section 5(c) of the bylaws of the South Bayside System Authority as adopted by Resolution No. SBSA 75-2; Ralph M. Brown Act ("Brown Act"), Government Code sections 54950-54963.

PURPOSE

The purpose of this policy is to establish a systematic approach to the preparation of the agenda for the monthly meetings of the Commission of Silicon Valley Clean Water and to establish and adopt the procedures to implement certain requirements of the Brown Act.

RESPONSIBILITY

The preparation of the agenda is the responsibility of the SVCW Manager. It will be the responsibility of the Manager and the Department Managers to ensure that items for inclusion in the agenda are submitted by the time and in the manner established by this policy.

REQUIREMENTS

The day, time, and location of meetings of the Commission of Silicon Valley Clean Water will be as adopted by Resolution at a regular or special Commission meeting.. The Commission may also hold special meetings as determined by the Chair of the Commission or by the Commission, at the dates, times and places designated thereby.

All meetings of the Commission are open to the public and public comment is solicited. Certain exceptions listed in the next section permit the Commission to meet in closed session.

The Ralph M. Brown Act, as amended, (Gov't. Code §§54950, et seq.) requires that an agenda be posted in a location that is freely accessible to members of the public at least 72 hours before each regular meeting and 24 hours before each special meeting.

Closed Sessions:

The Commission of SVCW is permitted to meet in closed session on, among other matters, the following: Personnel, Labor Negotiations, Real Property Negotiations and Pending Litigation.

When a closed session is scheduled it must appear as such on the agenda citing the reason for which it was called.

Silicon Valley Clean Water

When calling a closed session for the discussion of pending litigation, the agenda must cite the specific subdivision of Government Code Section 54956.9 that describes the status of the case being considered:

54956.9(d)(1) - Litigation that has been initiated formally and to which SVCW is a party.

54956.9(d)(2) - A point has been reached where, on the advice of legal counsel, there is a significant exposure to litigation against SVCW.

54956.9(d)(3) - Based on existing facts and circumstances the Commission is meeting only to decide whether a closed session is authorized pursuant to paragraph (2).

54956.9(d)(4) - Based on existing facts and circumstances the Commission has decided to or is deciding whether to initiate litigation.

PROCEDURE

The Commission of Silicon Valley Clean Water holds meetings as established by Resolution adopted by the Commission. All items proposed for consideration at the Commission meeting shall be submitted to SVCW's Manager and Business Operations Associate on or before twenty (20) calendar days preceding the upcoming meeting. A draft agenda will be prepared for the review and approval of the Commission Chair on or before ten days (10) preceding the upcoming meeting. SVCW General Counsel will review all agenda item descriptions and approve actions for legal compliance.

Upon approval of the SVCW Commission Chair, the agenda will be finalized and mailed no later than five calendar days preceding the Commission meeting. The agenda will be distributed per the distribution of agenda list which is a part of this policy. The distribution list may be amended from time to time upon the approval of the SVCW Manager.

The agenda must be posted on the front window of the site at which the meetings are to be held, visible from the outside, as well as on the SVCW website in accordance with Brown Act requirements, no later than 72 hours preceding the Commission meeting.

Format

A sample agenda is attached for reference and is a part of this policy. The agenda items will generally be organized in the same order for regular meetings unless a closed session is scheduled at the beginning of the meeting. Such a closed session, citing the reason, would then become item #4 and all other items will follow in the same order and be numbered sequentially. The SVCW Manager may alter the order of the agenda to better meet the needs of the Commission, the Public or SVCW if deemed necessary and with the approval of the Commission Chair.

Each month the agenda shall be updated to show the date of the meeting for which it is being issued, the date of the meeting for which the minutes are included, and the current period covered by the Schedule of Demands Paid.

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The balance of the agenda will vary in length and detail depending on the business to be presented to the Commission.

Conduct of Meeting to Conform to Brown Act Requirements:

1. Consistent with the Brown Act, the Commission shall take no action on any matter not appearing on its posted agenda unless it makes one of the findings authorizing it to do so. Thus, unless an emergency exists or the need to take action arose after posting the agenda, the Commission will not discuss or vote upon any item raised by a member of the public or its own members unless the item appears on its posted agenda. An item raised during a meeting of the Commission that does not appear on its posted agenda may be placed on a future agenda for action.

2. Any person, including any member of the public or of the Commission, may request that an item be placed on the agenda for the Commission by writing to the Manager at Silicon Valley Clean Water, 1400 Radio Road, Redwood City, CA 94065. The letter must reach the Authority no later than ten (10) calendar days preceding the next regularly scheduled meeting.

3. All persons wishing to address the Commission during the Public Comment portion of its meeting shall limit their comments to three minutes.

4. The total time devoted to the Public Comment portion of the Commission meeting shall not exceed fifteen minutes. Any person wishing to speak at the meeting who is unable to do so as a result of this time limit shall be granted the first right to address the Commission at its next meeting.

Distribution of Agenda:

Full Agenda Packet to:

Each SVCW Commissioner
SVCW Manager
SVCW Dept. Managers
SVCW General Counsel
SVCW Controller
Redwood City City Manager
Redwood City Dir. Pub. Works
San Carlos City Manager
Belmont City Manager
West Bay SD Manager

Brown and Caldwell, Aren Hansen
Collaborative Strategies, Bob Donaldson
Tanner Pacific, Bill Tanner and Joe Covello
Kennedy Jenks, Mark Minkowski
DNS Strategic Partners, E.J. Shalaby

Agenda Only:

SVCW Workgroup

Agenda or Minutes to any
requesting organization or
individual

Sample Agenda, Administrative Policy 1980-01, Rev. F

**COMMISSION OF SILICON VALLEY CLEAN WATER
JOINT POWERS AUTHORITY
REGULAR MEETING – Day of Week, Month Day, Year
time a.m./p.m.**

Place: SVCW Conference Room
Silicon Valley Clean Water
1406 Radio Road
Redwood City, California

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 – MEMBER

MANAGER: TERESA A. HERRERA

AUTHORITY GENERAL COUNSEL: 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

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Silicon Valley Clean Water

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**Silicon Valley Clean Water
Commission Meeting Dates for Calendar Year 2024***

Meeting Date	Type of Meeting
January 8, 2024	Regular
February 12, 2024	Regular
March 11, 2024	Regular
April 8, 2024	Regular
May 13, 2024	Regular
June 10, 2024	Regular
July 8, 2024	Regular
September 9, 2024	Regular
October 14, 2024	Regular
November 11, 2024	Regular
December 9, 2024	Regular

*Regular Meetings are scheduled for the second Monday of each month