

**COMMISSION OF SILICON VALLEY CLEAN WATER  
JOINT POWERS AUTHORITY  
REGULAR MEETING – Monday, March 11, 2024  
8:00 a.m.**

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

**Consistent with Government Code Section 54953, this meeting will be held both in person and virtually. See page 4 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. 6
- B. Manager's Report
  - 1. Upcoming Commission Actions.....pg. 8
- C. Financial Report
  - 1. Investment Report .....pg. 10
- D. Engineering Capital Projects Report.....pg. 14
- E. Commission Requested Staff-Level Action Items..... pg. 18
- F. RESCU Program Design-Build Project Status Update..... pg. 21

6. MATTERS OF COMMISSION MEMBER'S INTEREST

- A. RESCU Ribbon Cutting Plans.....pg. 31

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

8. BUSINESS ITEMS

- A. RECEIVE PRESENTATION ON THE FISCAL YEAR 2024-25 PROPOSED ANNUAL OPERATING AND CAPITAL EXPENDITURES BUDGET (pg. 49)

Proposed Action:

NO ACTION REQUIRED AT THIS TIME

9. CLOSED SESSION – NOT USED

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

11. ADJOURN

## CONSENT CALENDAR

### **NOTICE TO PUBLIC**

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

7. A. APPROVAL OF MINUTES – February 12, 2024 - Regular Meeting (pg. 35)
- B. CONSIDERATION OF MOTION APPROVING CLAIMS AND CHECKS DATED DECEMBER 27, 2023 – JANUARY 8, 2024, AND NECESSARY PAYMENTS THROUGH JANUARY 8, 2024 (pg. 40)
- C. CONSIDERATION OF MOTION AND RESOLUTION APPROVING FINAL ACCEPTANCE OF AND AUTHORIZATION TO FILE NOTICE OF COMPLETION FOR THE UNDERGROUND FUEL TANK REPLACEMENT PROJECT (CIP #0329) AND APPROVE PURCHASE ORDER WITH CATALYST ENVIRONMENTAL, INC. FOR UNDERGROUND FUEL TANK ABANDONMENT (CIP #9041) (pg. 42)

#### Proposed Actions:

- i. Move approval of MOTION TO ACCEPT UNDERGROUND FUEL TANK REPLACEMENT PROJECT (PROJECT #0329) AND AUTHORIZE FILING NOTICE OF COMPLETION – JMB CONSTRUCTION, INC.
  - ii. Move adoption of RESOLUTION APPROVING PURCHASE ORDER FOR UST ABANDONMENT PROJECT (PROJECT #0329) FOR AN AMOUNT NOT TO EXCEED \$82,600 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FUNDING FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – CATALYST ENVIRONMENTAL, INC.
- D. CONSIDERATION OF RESOLUTION APPROVING CONTRACT CHANGE ORDER TO RAS PIPE REHABILITATION PROJECT (CIP #9120) (pg. 46)

#### Proposed Action:

Move adoption of RESOLUTION AUTHORIZING CONTRACT CHANGE ORDER FOR THE RAS PIPE REHABILITATION PROJECT IN AN AMOUNT NOT TO EXCEED \$502,599 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FUNDING FOR ADDITIONAL SUPPORT WORK ON AN AS-NEEDED BASIS – TRINET CONSTRUCTION INC.

Microsoft Teams Access Information  
Silicon Valley Clean Water  
Regular Meeting  
Monday, March 11, 2024

**WEBSITE:** [Link to access meeting](https://svcw.org/about/governance/commission-meetings)

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

Accessibility for Individuals with Disabilities

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

Subject to Change:

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

## AGENDA ITEM 5A

### **“IT WON’T HAPPEN TO ME”**

There are many excuses someone will give for not working safely. Some common excuses include “I didn’t know”, “I didn’t have time”, “I lost my PPE”, “nothing will happen”, etc. One of the worst excuses for not working safely is a “it won’t happen to me” mindset. This excuse communicates a mindset that is set on not completing a task safely or shows a person is relying on luck to keep safe while on the job.

### **Experience and Attitude Towards Workplace Safety**

There is no substitute for experience. Experience, for the most part, allows us to work more efficiently and safely; however, this is not always the case. Experience can also lead to complacency or a higher level of risk tolerance. When an employee has done the same task or been in the same occupation for many years, they can have the “it won’t happen to me” mindset.

This doesn’t mean that **newer employees** cannot have the same mindset, but it is often the experienced employees who fall into this mindset trap. We have all heard stories of experienced workers or supervisors getting seriously injured due to complacency about known hazards. It is necessary to be mindful of your attitude toward safety on the job.

### **Why it is Necessary to Avoid This Mindset**

Complacency can be hard to avoid; however, having the mindset that an incident or injury will not happen can put you at great risk of sustaining an injury. Believing you are not susceptible to the hazards of the job is a quick way to be injured. No one can avoid injury from hazards from just having experience alone. It takes action on top of that experience to ensure safeguards are in place and safe work practices are being followed. No matter how much experience you have, the necessary safety steps still need to be taken to prevent an incident from occurring.

### **Summary**

Do not let experience on the job negatively affect **your attitude** towards taking the correct steps to **work safely**. Hazards need to be controlled. They are only controlled when we as workers, take the time to implement the proper safeguards and follow safe work practices. Evaluate your attitude toward safety as well as what hazards or work tasks you have become complacent towards.

## AGENDA ITEM 5B

Recurring and Upcoming 2024 Commission Actions  
Updated for March 2024 Meeting

January	February	March	April
<ul style="list-style-type: none"> <li>Meeting Cancelled</li> </ul>	<ul style="list-style-type: none"> <li>Review Investment Policy</li> <li>Long Range Financial Plan</li> <li>Capital Improvement Plan Update</li> </ul>	<ul style="list-style-type: none"> <li>Operating Budget Workshop</li> </ul>	<ul style="list-style-type: none"> <li>Operating Budget Approval</li> <li>Initiate Manager Performance Evaluation</li> </ul>
May	June	July	August
<ul style="list-style-type: none"> <li>Manager Performance Evaluation</li> </ul>	<ul style="list-style-type: none"> <li>Approve Resolution 77-6 "Personnel Resolution"</li> <li>Finalize Manager Evaluation</li> <li>Review Reserve Funds Policy</li> <li>Receive Q1 Investment Summary</li> </ul>	<ul style="list-style-type: none"> <li>Elect Chair, Vice Chair; Appoint Secretary</li> </ul>	<ul style="list-style-type: none"> <li>No Meeting</li> </ul>
September	October	November	December
<ul style="list-style-type: none"> <li>Review Investment Policy</li> <li>Review Debt Management Policy</li> </ul>	<ul style="list-style-type: none"> <li>Conflict of Interest Update (Biennial; even numbered years)</li> <li>Annual Investment Update</li> </ul>	<ul style="list-style-type: none"> <li>Audited Financial Report</li> </ul>	<ul style="list-style-type: none"> <li>Commission Meeting Schedule for 2025</li> </ul>


-  - Recurring Commission Actions
-  - Upcoming Commission Actions



## AGENDA ITEM 5C1

**Silicon Valley Clean Water Authority  
Cash & Investments Summary Report  
January 31, 2024**

<b>Description</b>	<b>Market Value</b>	<b>% of Total Holdings</b>	<b>Yield to Market</b>
<b><u>Reserve Accounts</u></b>			
Operating Reserve* - Securities	\$ 2,115,320	1.66%	1.79%
Operating Reserve - Money Market Fund Balance	2,024,053	1.59%	5.20%
CIP Reserve* - Securities	23,742,785	18.59%	2.94%
CIP Reserve - Money Market Fund Balance	397,310	0.31%	5.20%
Stage 2 Capacity Reserve* - Securities	13,082,576	10.25%	1.79%
Stage 2 Capacity Reserve - Money Market Fund Balance	2,536,400	1.99%	5.20%
Debt Coverage Reserve - CAMP	2,556,486	2.00%	5.54%
<b>Total Market Value: Operating and Reserve Accounts</b>	<b>\$ 46,454,930</b>	<b>36.4%</b>	<b>2.95%</b>
Total Accrued Interest: Operating and Reserve Accounts	216,813		
<b>GRAND TOTAL, RESERVE ACCOUNTS</b>	<b>\$ 46,671,743</b>		
<b><u>Trustee Accounts:</u></b>			
2018 Bond Project Fund Account - CAMP	\$ 6,779,050	5.31%	5.54%
2018 Bond Revenue Account	2,505,080	1.96%	4.97%
2019A Notes WIFIA - Money Market Fund	-	0.00%	5.00%
2019A Notes Capitalized Interest Account - Money Market Fund	-	0.00%	5.00%
2029A Notes Revenue Account	-	0.00%	5.00%
2021 Refunding Bonds Revenue Account	1,376,373	1.08%	4.97%
2021A Notes (RESCU) - Money Market Fund	245	0.00%	4.97%
2021A Notes (RESCU) - LAIF**	1,414,610	1.11%	4.01%
2021B Notes (WWTP) - Money Market Fund	19,331,176	15.14%	4.97%
2021B Notes (WWTP) - CAMP	13,169,029	10.31%	5.54%
2021B Notes (WWTP)* - Securities	-	0.00%	2.63%
2021B Notes (WWTP) - LAIF**	23,652,999	18.52%	4.01%
2021 Notes Capitalized Interest Account - Money Market Fund	1,089,144	0.85%	4.97%
<b>Total Market Value, Trustee Accounts</b>	<b>\$ 69,317,706</b>	<b>54.28%</b>	<b>4.79%</b>
Accrued Interest:	441,654		
Operating Cash (includes outstanding checks)	2,250,461	1.76%	0.00%
Local Agency Investment Funds (LAIF) Balance	9,670,665	7.57%	4.01%
<b>Total Cash &amp; Investments</b>	<b>\$ 128,352,229</b>	<b>100.00%</b>	<b>3.98%</b>

  
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

2/15/2024

Date

Silicon Valley Clean Water Operating and Reserve Funds - Sector Allocation & Compliance January 31, 2024									
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	\$ 1,583,663	\$ 11,268,714	\$ 5,868,594	\$ -	\$ 18,720,970	40%	100%	✓	0.4%
Supranationals	99,860	-	-	-	99,860	0%	15%	✓	(0.0%)
Federal Agency/GSE	-	1,088,308	762,648	-	1,850,956	4%	100%	✓	(0.0%)
Federal Agency/CMBS	-	2,817,375	744,750	-	3,562,125	8%	100%	✓	(0.1%)
Federal Agency CMO	-	690,126	382,767	-	1,072,893	2%	100%	✓	(0.1%)
Federal Agency MBS	-	2,091,368	1,354,759	-	3,446,127	7%	100%	✓	(0.2%)
Municipal	-	870,255	704,805	-	1,575,061	3%	30%	✓	(0.0%)
Corporate Notes	396,333	4,672,043	3,079,155	-	8,147,531	17%	30%	✓	(0.1%)
Asset-Backed Securities	35,464	244,596	185,098	-	465,158	1%	10%	✓	(0.1%)
<b>Securities Sub-Total</b>	<b>2,115,320</b>	<b>23,742,785</b>	<b>13,082,576</b>	-	<b>38,940,681</b>	<b>83%</b>			
Accrued Interest	7,465	143,430	53,989	-	204,884				
<b>Securities Total</b>	<b>2,122,786</b>	<b>23,886,215</b>	<b>13,136,565</b>	-	<b>39,145,565</b>				
<b>Money Market Fund</b>	<b>2,024,053</b>	<b>397,310</b>	<b>2,536,400</b>	-	<b>4,957,762</b>	<b>11%</b>	20%	✓	0.2%
CAMP	-	-	-	2,556,486	2,556,486	5%	100%	✓	(0.0%)
Accrued Interest - CAMP	-	-	-	11,929	11,929				
<b>CAMP Sub-Total</b>	-	-	-	<b>2,568,415</b>	<b>2,568,415</b>	<b>6%</b>	100%	✓	0.0%
<b>Total Investments</b>	<b>\$ 4,146,839</b>	<b>\$ 24,283,524</b>	<b>\$ 15,672,964</b>	<b>\$ 2,568,415</b>	<b>\$ 46,671,743</b>	<b>100%</b>			
As % of 6/30/24 Target:	99.1%	98.2%	100.0%	100.0%	99.0%				

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

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

## AGENDA ITEM 5D

**ENGINEERING REPORT: FEBRUARY 2024  
CAPITAL IMPROVEMENT PROGRAM****UPCOMING COMMISSION ACTIONS:**

**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 aboveground tank has been installed and is in operation. The underground storage tank now (UST) can be decommissioned.

Planned Commission Actions: Accept the Project and File Notice of Completion – March 2024  
Approve UST Decommissioning Purchase Order – March 2024

**Food Waste Receiving Improvements Project (CIP #9257):** Expand Food Waste Receiving Storage and Construct Associated Tanks and Equipment.

SVCW received a \$4 million grant from CalRecycle to improve its organic co-digestion facility. Staff negotiated an agreement with CDM Constructors Inc (CCI) to design and construct improvements to the existing Food Waste Co-Digestion Receiving facility. Under Stage 1 of the agreement, the project team has developed design to the 60% level. Next, the team will negotiate a lump sum cost to complete the design and build the new facility and staff will bring the Stage 2 agreement for Commission approval. The new facility will increase the capacity of organic that can be received from South Bayside Waste Management Authority, increase biogas production, and hence increase total electrical power generation capacity of the plant.

Planned Commission Actions: Approve Stage 2 of Energy Conservation Contract Agreement with CDM Constructors Inc – April 2023

**Final Effluent Pump Project (CIP#9223):** Replace Final Effluent pumps, motors, and electrical system.

The Final Effluent Pump project will replace all five pumps that pump final treated effluent into San Francisco Bay. These pumps were installed in the late 1970's original plant construction and have been operational since the Plant was commissioned in 1982. A competitive selection process was followed for a Progressive Design-Build team to do the work. Work has progressed to allow for SVCW staff and the design-builder to negotiate the first Stage 1 Amendment to allow for early procurement of long lead time equipment.

Planned Commission Actions: Award Stage 1 Amendment to Progressive Design-Build Agreement – May 2024

## **ONGOING PROJECTS IN CONSTRUCTION:**

### **Digester 3 Cleaning and Rehabilitation (9245):** Cleaning of Digester No. 3

This project includes transfer of sludge and cleaning of Digester No. 3. This work will prepare the Digester No. 3 for rehabilitation work after which it will be placed into service. Once Digester No. 3 rehabilitation is complete, work on Digester No. 2 will start.

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

This project includes rehabilitation of the three fixed-film reactors and upgrading the 3W system to increase the process water system capacity (3W = disinfected effluent, used in-plant for all process water needs).

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

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

### **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.

## **TASK ORDERS APPROVED CALENDAR YEAR 2024:**

A list of task orders approved by the engineering division is attached.

**SVCW Engineering Division - Task Order Summary 01/01/2024-02/29/2024**

Task Order Date*	Consultant	TO Amt.	Project #	Project Name	Scope of Work
<b>Commission-Approved Date Task Orders:</b>		<b>\$140,120</b>			
2/12/2024	David J. Powers & Assoc	\$90,000	9501	Pump Station Improvements - TO Amendment	Environmental Services for RESCU Program
2/12/2024	JHS Consulting	\$50,120	9501	Pump Station Improvements - TO Amendment	Environmental and Permitting Advisory for RESCU Program
*Commission approval date					
Task Order Date**	Consultant	TO Amt.	Project #	Project Name	Scope of Work
<b>Manager-Approved Task Orders*:</b>		<b>\$70,000</b>			
2/6/2024	Freyer & Laureta	\$7,300	810	As-Needed Services FY 23-24	As needed surveying and civil engineering services
2/21/2024	Trinity Consultatns	\$30,000	9502	Front of the Plant - TO Amendment	Air Permit Application Support
2/23/2024	Brown & Caldwell	\$40,000	810	As-Needed Services FY 23-24	General Engineering Services

Level of Manager approval is \$75,000

\*\*Last approval signature (TAH) date



## AGENDA ITEM 5E

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

**MARCH 11, 2024**  
**AGENDA ITEM 5E**

Updated: 02/29/2024

Commission Meeting Date	Action Item		Requested or Estimated Date for Completion	Status			Date of Completion	Notes
				Ongoing	In Progress	Complete		
2/12/2024	1	Strategic Plan	23/11/24			✓		Integrate "Innovation" into the strategic plan; completed via adding to the Vision Statement. Now reads: "SVCW is an agency where safety is inherent in everything we do; where we perform our work collaboratively and respectfully, seek innovative solutions, and demonstrate the highest technical and ethical standards. "
	2	NPDES Annual Report	N/A		✓			Question: how are SVCW's treatment issues/problems/ maintenance requirements codified and captured for future action? Several ways but mainly in our Annual Report to the Regional Water Board. Place this onto the SVCW website.
12/11/2023		Strategic Plan	1/1/2024			✓		Add a section for long-term strategies (10-15 year timeframe)
11/13/2023		Recycled Water and Energy Management	N/A	✓				Bring regular updates to meetings. Presentation on SPRP at December 2023 meeting given.
10/9/2023	1	Investment Portfolio	N/A			✓	11/13/2023	Bring information on expected returns and administrative fees re: investing in ESG companies.
	2	Public Comments during Meetings	N/A		✓			Changes discussed at November meeting. Possible policy will be brought to the Commission at January 2024 meeting.
9/11/2023		Strategic Planning	1/1/2024			✓		Appoint subcommittee (Commissioners Aguirre and Otte) to develop new strategic plan. Subcmte appointed; draft provided to full Commission in Dec 2023. See action item from 12/11/23.
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	✓			Ongoing	Present to Commission efforts related to sustainability. Investigate grants available for EV fleet conversion. Done via various presentations to Commission during the year.

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

**MARCH 11, 2024**  
**AGENDA ITEM 5E**

Updated: 02/29/2024

Commission Meeting Date	Action Item		Requested or Estimated Date for Completion	Status			Date of Completion	Notes
				Ongoing	In Progress	Complete		
> 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

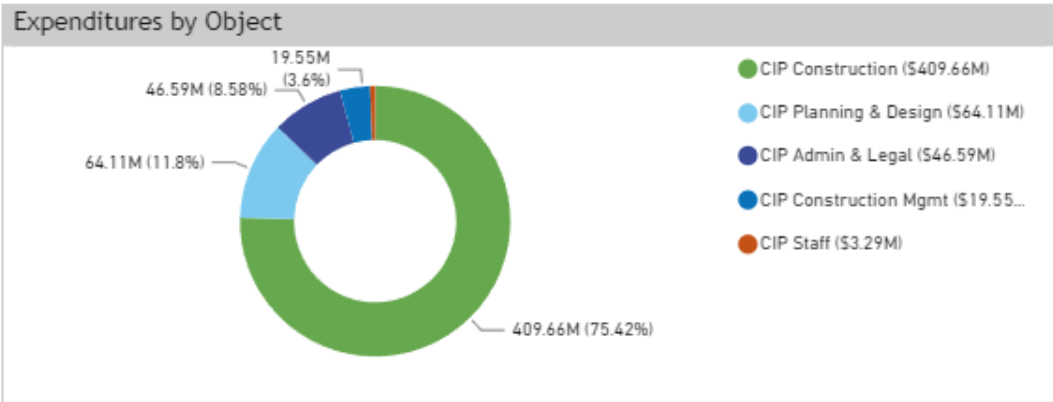
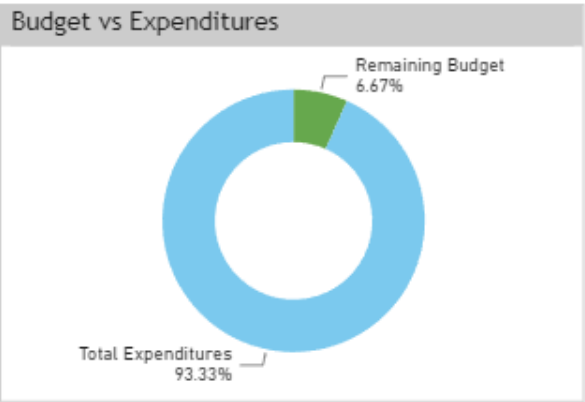
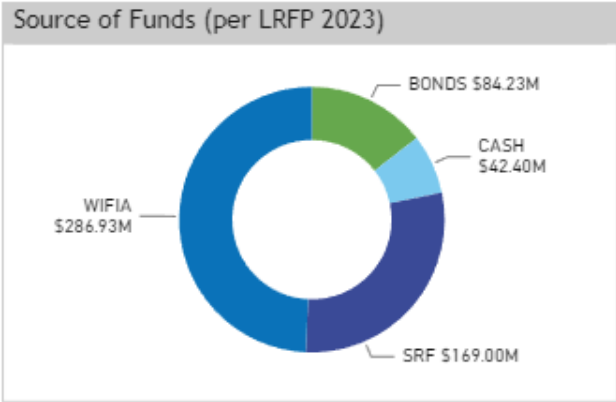
\$582.56M

Total Expenditure

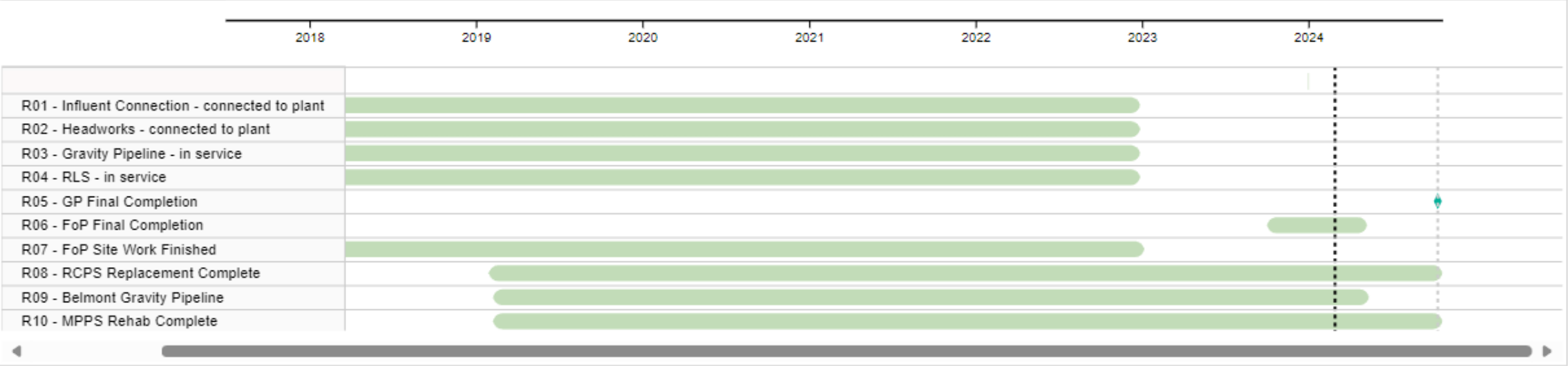
\$543.70M

Remaining Budget

\$38.86M



Project Schedule



# Startup Overview

## 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	100%	100%	100%	100%	100%
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"> <li>- FoP Control Strategies completed.</li> <li>- FoP Design Intent presentation completed.</li> <li>- Acceptance Testing plan completed.</li> <li>- All vendor trainings completed.</li> <li>- Headworks and SFS/RLS Functional Testing completed.</li> </ul>
Gravity Pipeline	<ul style="list-style-type: none"> <li>- GP Design Intent presentation completed.</li> <li>- Acceptance Testing plan completed.</li> <li>- FM to GP switchover completed.</li> </ul>
Pump Stations Improvements	<ul style="list-style-type: none"> <li>- MPPS A-Side 30-Day Acceptance Testing completed.</li> <li>- MPPS B-Side 30-Day Acceptance Testing completed.</li> </ul>
Program	<ul style="list-style-type: none"> <li>- RESCU Commissioning Risk Register workshop completed.</li> <li>- Bi-weekly Risk Register meeting ongoing.</li> </ul>

## 3 - Month Look Ahead

	Start	End	March	April
San Carlos Connecting Piping Startup	March 12, 2024	April 11, 2024	X	X
BGP Startup	March 12, 2024	April 11, 2024	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

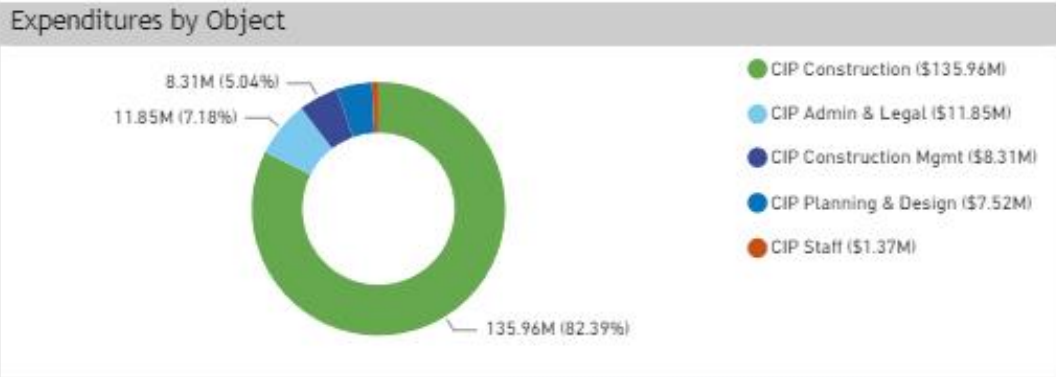
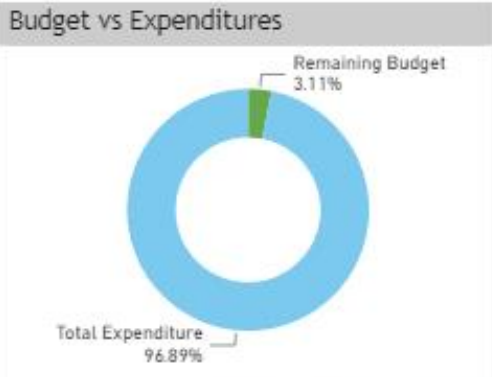
Total Expenditure

\$163.46M

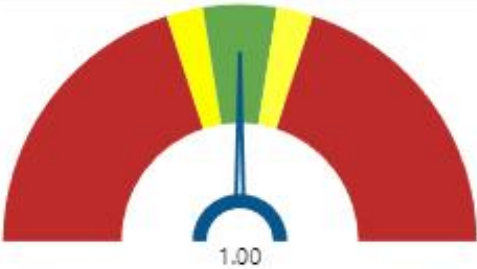
Remaining Budget

\$5.25M

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	2/15/2024
San Carlos Connecting Piping Startup	8/5/2022	4/11/2024
Substantial Completion		4/11/2024
Final Completion		5/9/2024



Cost Performance Index (CPI)



Schedule Performance Index (SPI)



As of : 2024 - 02



## Major Accomplishments this Period

- Construction
- SPJV began to address punch list items throughout the RLS and Headworks. SPJV installed the junction box drain.
  - SPJV continued site grading, paving, and striping throughout the site as weather permits.
  - Vendor training is complete.
  - The 30-day acceptance testing of the Headworks, SFS, and RLS was completed.
  - SPJV completed the permanent connection of the force main to the drop structure at Bair Island.

Design - FoP design is complete.

Procurement of Trade Packages - Front of Plant Trade Procurement is complete.

## Potential Issues

- Odor control fan
- Air permit coordination
- Additional cost due to changes to the temporary ILS bypass and procurement delays

## 3 - Month Look Ahead

	Start	End	March	April	May
SCGL Connecting Piping	August 5, 2022	April 18, 2024	X	X	
Final Site Improvements	October 17, 2022	March 25, 2024	X		
Project Closeout	April 12, 2024	May 9, 2024		X	X

## Approved Project Changes

- SCPS Miscellaneous Improvement
- 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
- Extended Overhead Costs Associated with 54-inch Valve Delays
- Electrical System
- Electrical and Mechanical Miscellaneous Improvement
- 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

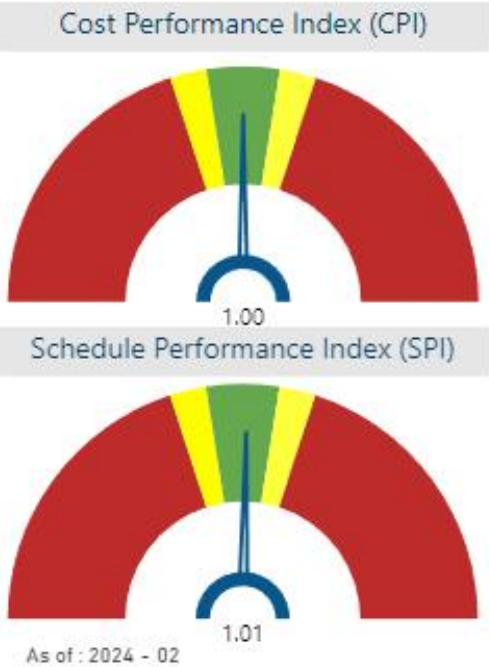
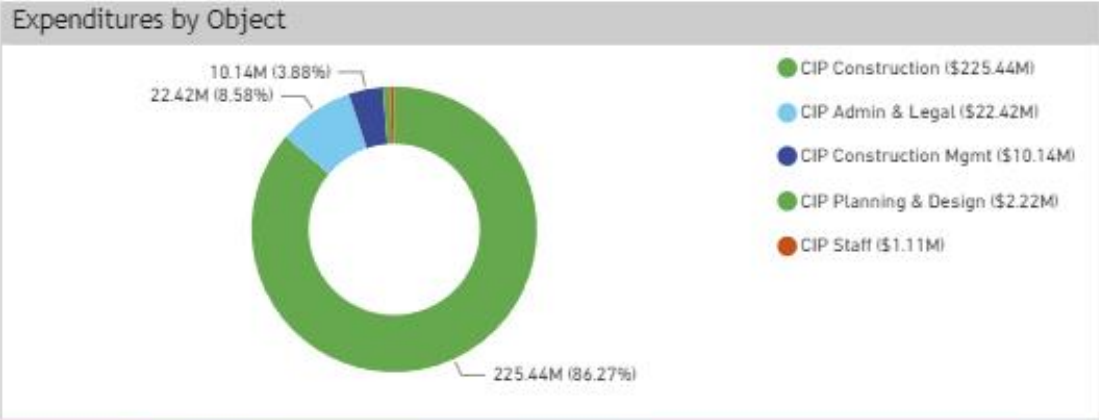
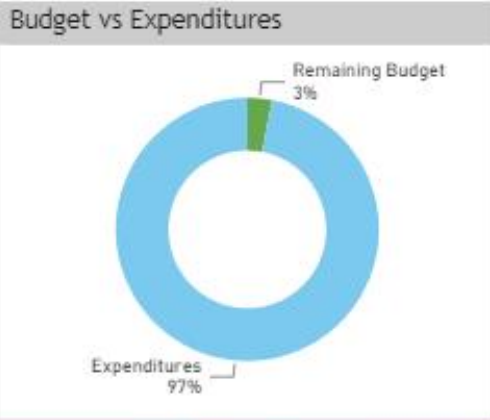
Total Expenditure

\$256.43M

Remaining Budget

\$7.92M

Milestone Schedule		
	Start	Finish
Conditional Substantial Completion		7/1/2022
Final Completion		10/11/2024



### Potential Issues

Remaining budget to be transferred to other RESCU project

### 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	
<b>Safety Spot Light</b>	
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

\$108.11M

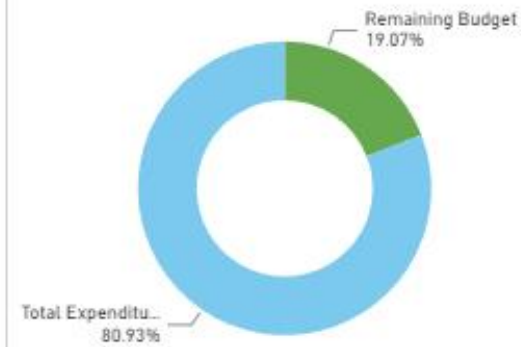
Remaining Budget

\$25.48M

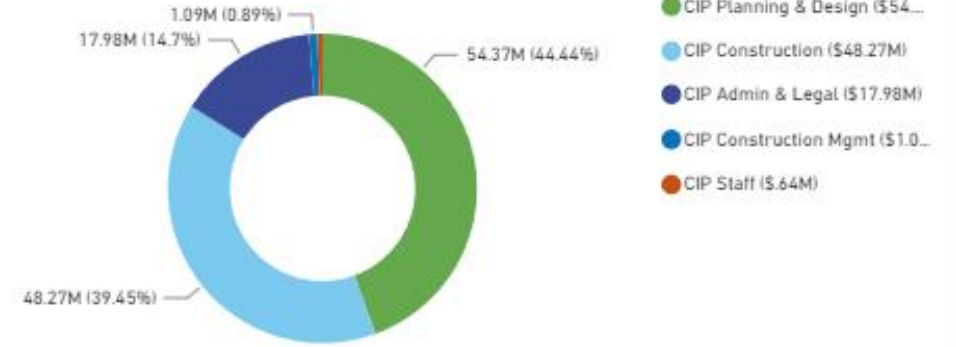
## Milestone Schedule

	Start	Finish
MPPS - B-side Pumps Completed	3/15/2022	10/13/2022
MPPS - A-side Pumps Completed	10/4/2022	2/16/2024
BGP - Gravity Pipe Installed	11/22/2023	3/6/2024
BGP - Shaft/Tunneling Work on Shoreway Road	4/12/2021	4/18/2023
RCPS - PG&E Service Work	5/4/2021	4/30/2024
RCPS - Wet Well & Screening Building Completed	4/17/2022	7/24/2024
RCPS - Electrical Building Completed	2/8/2021	3/5/2024
Substantial Completion - MPPS		10/21/2024
Substantial Completion - RCPS		10/21/2024
Substantial Completion - BGP		5/13/2024

## Budget vs Expenditures



## Expenditures by Object



## Cost Performance Index (CPI)



## Schedule Performance Index (SPI)



As of : 2024 - 02



# Pump Stations Improvement Progressive DB Project (CIP 9501)



## Major Accomplishments this Period

Construction	<ul style="list-style-type: none"> <li>- BGP: SPJV installed the 36" HDPE piping, instruments, and meters. The concrete pedestals were installed for the pipe.</li> <li>- Bair Island Road Restoration: On the Northside of the road, SPJV completed placing filter fabric and spreading the topsoil. The mouse fence was removed. It was then hydroseeded and final signage was placed.</li> <li>- RCPS: Slide Gate was installed in the Junction Box. PG&amp;E performed 'Cleared for Construction' Inspection. SPJV continues installation activities for Wet Well discharge piping. Morrow Meadows continues pulling feeders for Electrical Gear Equipment.</li> <li>- MPPS: A-Side 30-Day Acceptance completed. SPJV continues to complete remaining Punch List Work.</li> </ul>
Design	<ul style="list-style-type: none"> <li>- BGP: SPJV provided declassification drawings, including changes to transmitter screen locations.</li> <li>- RCPS: SPJV provided updated Yard Piping Design for capability to double pump MPPS flows in wet weather.</li> </ul>

## Potential Issues

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  
 Contract time extension  
 Challenges from permitting and land acquisition conditions at RCPS  
 Bair Island Road Restoration

## 3 - Month Look Ahead

	Start	End	March	April	May
BGP - Belmont Pump Station Demo	March 13, 2024	May 29, 2024	X	X	X
RCPS - PG&E Service	May 4, 2021	April 30, 2024	X	X	
RCPS - Structural Concrete	September 8, 2021	March 13, 2024	X		
RCPS - Mechanical - Wet Well	November 28, 2022	July 24, 2024	X	X	X
RCPS - Mechanical - Screening Structure	October 31, 2022	March 20, 2024	X		
RCPS - Electrical / I&C	January 5, 2024	May 13, 2024		X	X
RCPS - Junction Box	June 24, 2022	May 23, 2024		X	X
RCPS - Electrical Building & Restroom	February 8, 2021	March 5, 2024	X		
RCPS - 36" MPPS Force Main and Valve Vaults	March 22, 2024	June 18, 2024	X	X	X
RCPS - Site Utilities	September 28, 2023	July 10, 2024	X	X	X
RCPS - Effluent Piping and Meter Vault	December 19, 2023	July 26, 2024	X		

## Safety Spot Light

Lost Time	0
Near Misses	1
Recorded Losses	0



## Approved Project Changes

Updated MPPS Schedule to address Electrical Equipment Delays  
 Stage 2F Traffic Control Allowance Release  
 Stage 2 Baseline Schedule Revision  
 Segment 1 Force Main Junction Box Repairs  
 Revised Piping and Flowmeter for BGP Piping in SCPS, Autostart for MPPS and RCPS  
 Portable Generator, RCPS Pump Protection Panel "Reset" Button, MPPS Chemical  
 Feed Pump Receptacles, MPPS and RCPS Phase Loss Relay, MPPS Bathroom Items,  
 Additional Paving Thickness in San Carlos  
 Redwood City 48" Pipe Rehabilitation Costs and Impacts, Updated Stage 2A and 2C  
 Substantial Completion  
 PSI Allowance Release - All Stages  
 Pre-design for 33-inch FM Stabilization and Maple Street Improvements  
 MPPS Roof Receptacle, MPPS E/I&C Adjustment from 60% to 100%, SCPS E/I&C  
 Adjustment from 60% to 100% (Credit), BGP Manhole Lids, Differing Site Conditions  
 at JS-1 and RS-1, San Carlos Pump Station Declassification Design, RCPS Chopper  
 Pump Replacement (Credit), Raising Screenings Deck, Design of 60-inch Connection  
 and Isolation Gate to RCPS Junction Box, PG&E Impacts at RCPS, RCPS E/I&C  
 Adjustment from 60% to 100% (Credit)  
 MPPS PG&E Allowance Release, MPPS PG&E Electrical Impact Costs, MPPS PG&E  
 Transformer Swap - Temporary Generator Additional Costs, RCPS Secondary  
 Conductors  
 BPS Demo Allowance Release, Retaining Wall Slab Concrete Removal, Existing RCPS  
 Crack Repair, Bigge Crane Costs, RCPS Hauling (Credit), Moving Conex and  
 Equipment to the Cargill Lot, Updated Stage 2F Substantial Completion  
 BGP RS-2 Lane Realignment  
 BGP Design Development  
 Bair Island and San Carlos Pump Station Connecting Piping Electrical Scope (transfer  
 from GP Project)  
 Allowance Release, Monitoring Off Position for PSI Valves, Communications Cable  
 and Power Updates Related to Smartlinx Addition at MPPS, Remote ARV Monitoring  
 Modification, RCPS Standby Generator Cost Increase, MPPS Sampler Piping, RCPS  
 CARVs, Monitoring MPPS PRV, 12" Water Relocation and Calwater Costs (RS3)  
 (Credit), MTBM Stoppage at STA 46+43, Irrigation Piping at ARV Vault, Raise KGVs  
 and Piping, Credit for Segment 2 ARV (Sta. 155+80) (Credit)  
 Allowance Release, JS-4 Unforeseen Fiber Optic Utility Impacts, MPPS Baffle Wall, BPS  
 Demo Design

## AGENDA ITEM 6A



March 11, 2024

**Agenda Item 6**

To: SVCW Commission  
From: Teresa Herrera, SVCW Manager  
Subject: RESCU Ribbon Cutting Event Planning

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RESCU projects are coming to a close and an event to celebrate conclusion of this significant endeavor is being planned. Activities completed thus far are:

- Invitations sent to attached invite list
- Tentatively scheduled speakers provided draft schedule
- Logistics such as vendor for AV, stage, chairs, photos, etc initiated
- Location for event settled (see attached graphic)

The Manager will discuss the event in more detail at the Commission meeting.

## RESCU Ribbon Cutting Event Invitee List

RESCU RIBBON-CUTTING			
INVITATION LIST	# GUESTS	# GUESTS Confirmed	NOTES
<b>SVCW COMMISSIONERS</b>			
Current SVCW Commissioners	4		Alicia Aguirre (RWC); George Otte (Wesby Bay Sanitary District); Davina Hurt (Belmont); Ron Collins (San Carlos)
Former Commissioners and staff	4		Christine Fitzgerald, Warren Lieberman, John Seybert, Ron Shepard
<b>CITY COUNCILS/BOARD (not on SVCW Commission)</b>			
RWC City Council	7		Jeff Gee; Lissette Espinoza-Garnica; Kaia Eakin; Diane Howard; Elmer Martinez Saballos; Chris Sturken
Former RWC City Council	4		Shelly Masur; Diana Reddy; Giselle Hale; Michael Smith
San Carlos City Council	5		Adam Rak (Mayor); John Dugan; Sara McDowell; Pranita Venkatesh
Belmont City Council	5		Julie Mates (Mayor); Tom McCune; Gina Latimerlo; Robin Pang; Maganaris
West Bay Board	4		Fran Dehn; David Walker; Roy Thiele-Sardina; Edward P. Mortiz
SBWMA	1		
<b>COUNTY SUPERVISORS</b>			
San Mateo County Board of Supervisors	5		
<b>EPA</b>			
EPA Administrator	1		Michael Regan
EPA WIFIA	2		Jorjanne Jernberg; Taetaye Shimeles
Region 9/San Francisco	2		Martha Guzman; Michael Brogan
<b>SRF</b>			
SRF	1		Mike Downey, Supervising Engineer of the Division of Financial Assistance, Clean Water/Drinking Water SRF Program
<b>STATE REPS</b>			
Governor's Office	1		Antonio Isaacs
Congress - California Rep	1		Kevin Mulling; Kevin Fong
State Senate - Districts 11, 13 and State Assembly 19, 21, 23	7		Josh Becker; Phil Ting; Diane Papang; Marc Berman; Scott Wiener; Jackie Speier; Helen
<b>NEIGHBORS/STAKEHOLDERS</b>			
San Carlos Airport + Staff	3		Gretchen Kelly, Rachelle Kiner, Michael Byrne
Izzy's San Carlos	4		Samantha Bechtel; Jenny McGray; Lisa Mitchell; Joe Kohn
Hiller Aviation Museum	1		Willie Turner
LifeMoves Maple Street Shelter	2		Jacob Stone; Robert Moltzen
LYNGSO Garden Materials	1		Theresa Lyngso
Nikon Precision	3		Brent Kingsbury; Tyler Stephens- Sr. Equipment Engineer; Mike Boyle
Shoreway Environmental Center (SBWMA)	1		Joe Lamarianana
Public Storage	2		Farzaneh Yountchi, District Manager; Alicia H, live-in manager
Springhill Suites	2		Ben Lawson, Manager; Debbie Gudmundson, GM Homewood Suites
Jameco Electronics	2		Ronaldo Warrick; James Farrey
Redwood Shores Community Association	1		Sue Nix
Fish and Wildlife	1		Ivette Loreda; Eric Lynch (SFBBO)
<b>LOCAL NEWS</b>			
SMDI	1		Sierra Lopez
Climate	1		Mike Aldax
PA Post	1		Emily Mibach
<b>STAFF</b>			
City Managers	3		Afshin Oskoui; Melissa Diaz; Jeff Maltbie
County Manager	1		Mike Callagy
County Staff	5		County Engineering and Real Property
RWC Staff	15		PD, Fire, PWS, CMO, CAO, ADS
Belmont Staff	15		Bozhena Palatnik, Peter Brown
San Carlos Staff	15		Steven Machida, Grace Lee
SVCW Staff	15		Teresa, Kim, Matt, Monte, Sameet, Danny, Vanessa, Arvind, Jeff H, Keith, Mick, Sylvia, Chathu, Vishwa, Jessica, Bill Bryan's family
RESCU Contractors/Staff	40		Chuck, Kip, Bill Tanner, EJ, Bob D., Mike J., Mark M., Sheryl, Catrina, Masoom, Karina, Joel C., Michelle S., Demi P., Cameron Z., Connor, Isaac, John Mahoney, Aren Hansen, Bruce Ball, Greg H., Phaidra, John Wyckoff, XL, Marc Service, Sharon Rowe, Tom F., Randy W., Justin R., Josh B., Anita, Roanne, Sheri L., Angel, Nader, Jack S., Leo Weiman.
West Bay Sanitary District Staff	2		Sergio Ramirez; Bobbie Hultzman
<b>Subtotal</b>	<b>191</b>	<b>0</b>	



RESCU Ribbon Cutting Event Location



## AGENDA ITEM 7A

**MINUTES OF SILICON VALLEY CLEAN WATER  
REGULAR MEETING – February 12, 2024  
8:00 a.m.**

Place: Silicon Valley Clean Water  
1406 Radio Road  
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 8:00 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  
Daniel Buenrostro, Operations Director  
Anir Bhagwat – SVCW Senior Engineer  
Jane Kao - SVCW Senior Engineer  
Cindy Hui – SVCW Finance Supervisor  
Kiki Newberry – SVCW Financial Analyst  
Mark Minkowski – Kennedy Jenks  
Bill Tanner – Tanner Pacific  
Aren Hansen – Brown & Caldwell  
EJ Shalaby – DNS Strategies  
Sergio Rameriez – West Bay Sanitary District  
Debra Fisher – West Bay Sanitary District  
Gabe Sasser – HFH Consultants

**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 tip to prevent food poisoning.

Item 5B Manager's Report, SVCW's Chief Operating Officer described how the plant functioned well during the recent wet weather storm events.

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

**ITEM 6****MATTERS OF COMMISSION MEMBER'S INTEREST****ITEM 7****CONSIDERATION OF MOTION APPROVING CONSENT CALENDAR ITEMS 7A THROUGH 7D**

- A. APPROVAL OF MINUTES – December 11, 2023 - Regular Meeting
- B. CONSIDERATION OF MOTION APPROVING CLAIMS AND CHECKS DATED NOVEMBER 28 – DECEMBER 26, 2023, AND NECESSARY PAYMENTS THROUGH DECEMBER 26, 2023
- C. CONSIDERATION OF MOTION AUTHORIZING CONSULTING SERVICES AGREEMENT FOR UNFUNDED PENSION LIABILITIES FUNDING STRATEGIES

Proposed Actions:

Move approval of CONSULTING SERVICES IN AN AMOUNT NOT TO EXCEED \$5,500 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – RIDGELINE MUNICIPAL STRATEGIES, LLC

- D. CONSIDERATION OF MOTIONS APPROVING ADDITIONAL OWNER ASSIST FUNDING TO DAVID J POWERS AND ASSOCIATES FOR ENVIRONMENTAL

SERVICES AND JHS CONSULTING FOR ENVIRONMENTAL PLANNING SERVICES

Proposed Action:

- i. Move approval of TASK ORDER SCOPE AND BUDGET AMENDMENT FOR OWNER'S ADVISOR SERVICES FOR PUMP STATIONS IMPROVEMENTS PROJECT (CIP #9501); IN AN AMOUNT NOT TO EXCEED \$90,000 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – DAVID J. POWERS AND ASSOCIATES.
- ii. Move approval of TASK ORDER SCOPE AND BUDGET AMENDMENT FOR OWNER'S ADVISOR SERVICES FOR PUMP STATIONS IMPROVEMENTS PROJECT (CIP #9501); IN AN AMOUNT NOT TO EXCEED \$50,120 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – JHS CONSULTANTS.

**Motion/Second: Mr. Collins / Ms. Hurt**

The Motion carried by Unanimous Vote

**ITEM 8A**

CONSIDERATION OF RESOLUTION ADOPTING THE 2024 CIP UPDATE AND CORRESPONDING CEQA CONCLUSIONS

Proposed Action:

Move adoption of RESOLUTION APPROVING AND ADOPTING THE 2024 UPDATE OF THE SILICON VALLEY CLEAN WATER CAPITAL IMPROVEMENT PROGRAM AND CORRESPONDING CEQA CONCLUSIONS

**Motion/Second: Mr. Collins / Mr. Otte**

The Motion carried by 3-0-1 abstention (Hurt) vote

**ITEM 8B**

CONSIDERATION OF MOTION APPROVING SILICON VALLEY CLEAN WATER LONG RANGE FINANCIAL PLAN 2024 UPDATE

Proposed Action:

Move approval of RECEIPT AND ACCEPTANCE OF SILICON VALLEY CLEAN WATER LONG-RANGE FINANCIAL PLAN 2024 UPDATE

**Motion/Second: Ms. Hurt / Mr. Collins**

The Motion to Approve Receipt of Silicon Valley Clean Water Long Range Financial Plan 2024 Update carried by Unanimous Vote

**ITEM 8C**

CONSIDERATION OF RESOLUTION REVIEWING AND ADOPTING SVCW STRATEGIC PLAN FOR YEARS 2024 - 2029

Proposed Action:

Move adoption of RESOLUTION APPROVING AND ADOPTING THE 2024 - 2029 SILICON VALLEY CLEAN WATER STRATEGIC PLAN

**Motion/Second: Mr. Collins / Ms. Hurt**

The Motion carried by Unanimous Vote

**ITEM 9**

Closed Session was called to order at 9:26 am

**ITEM 10**

RECONVENE IN OPEN SESSION

Open Session reconvened at 9:47 am

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

**ITEM 11**

ADJOURN

There being no further business, the meeting adjourned at 9:48 am

Minutes prepared by Teresa A. Herrera

Reviewed by General Counsel

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Ron Collins, Secretary

## AGENDA ITEM 7B

**SVCW WARRANT REGISTER**

SVCW Warrant Registers dated December 27, 2023 – January 8, 2024 , were scanned and a copy was emailed to Commissioners and Legal Counsel on March 6, 2024.



## AGENDA ITEM 7C

**UNDERGROUND FUEL TANK REPLACEMENT (PROJECT #0329)  
FINAL PROJECT ACCEPTANCE AND  
UNDERGROUND FUEL TANK ABANDONMENT  
APPROVE PURCHASE ORDER**

**ISSUE**

Final Acceptance of and Authorization to file Notice of Completion for the Underground Fuel Tank Replacement Project (Project #0329) and Approve Purchase Order with Catalyst Environmental, Inc. for Underground Fuel Tank Abandonment (Project #0329)

**BACKGROUND**

SVCW is required to process sewage continuously, with no planned or unplanned downtime or shutdowns to the treatment processes that would result in untreated water being discharged to the Bay. To ensure continuous operation, the Plant relies on standby diesel generators should a power failure occur. There are a total of five standby generators in the plant. Generators 1, 2, and 3 are fueled with diesel from a 15,000-gallon underground storage tank (UST) located at the east side of the treatment facility. Generators 4 and 5 each have their own built-in 4,000-gallon fuel storage tanks.

The UST is a single-wall tank that was installed in the late 1970s with the original plant construction. On September 25, 2014, a new California law (Health and Safety Code, Section 25292.05) became effective that applies to the owners of 1) USTs constructed before 1984 or 2) single-wall type USTs. Owners who meet either of these circumstances must permanently close and decommission USTs by December 31, 2025; SVCW falls under both conditions of this requirement.

To meet the new, SVCW initiated the Underground Fuel Tank Replacement Project. The law stipulates requirements for new fuel tanks whether below ground or above ground. After consideration of the Health and Safety Code and Plant needs, staff opted for a new Aboveground Storage Tank (AST). A 12,000-gallon AST and associated electrical and mechanical auxiliary systems were designed and the project publicly advertised for bids.

This project was advertised on July 21, 2021; bids were received on August 26, 2021. On September 20, 2021, the contract was awarded to the lowest responsible bidder, JMB Construction, in the amount of \$625,500 and the Commission authorized the Manager to approve contract change orders up to ten percent of the contract price.

**DISCUSSION**

**Underground Storage Tank Project Completion**

Work was substantially completed on October 18, 2023. There was a total of six change orders totaling \$62,550 issued which equated to 10% of the original contract amount. Four of six change orders were no cost changes to increase project duration due to supply chain issues that plagued the industry during the pandemic. In addition to the COVID-19 related supply chain interruptions, in February 2023, the U.S. military placed a “rush” order that caused the AST manufacturing company to delay the tank delivery for an additional 6 weeks.

The contractor has satisfactorily completed the subject work in accordance with the Plans and Specifications and staff recommends the work be accepted. The signed Substantial Completion Certificate is attached.

### **Underground Storage Tank Decommissioning**

With the completion of the AST, the UST can now be properly abandoned in-place. Requirements to abandon an UST in place include soil sampling at the UST and along fuel piping to determine if soil remediation is required, removing/ abandoning electrical and controls systems, removing access manholes, cleaning and removing residual fuels from within the UST, and filling the UST with light weight aggregate.

Staff reached out to contractors for cost proposals to provide soil sampling, cleaning, and filling the UST. Two firms submitted proposals for all tasks, which include soil sampling, cleaning, and filling of the UST. One firm provided a proposal for geotechnical testing and one firm provided a proposal for cleaning of the UST. Several firms did not respond. The results are presented below:

<b><u>Contractor/Firm</u></b>	<b><u>Scope of Work</u></b>	<b><u>Cost</u></b>
Catalyst Environmental, Inc.	Full Service	\$82,600
TEC ACCUTITE	Full Service	\$167,101
Ninyo & Moore	Soil Testing Only	\$36,700
PONDER Environmental	Tank Cleaning Only	\$24,372

Based on the proposals received, SVCW recommends approving a purchase order with Catalyst Environmental, Inc. in an amount not-to-exceed \$82,600. Catalyst's scope of work assumes no soil remediation is needed. If soil remediation is needed, additional funds will be needed.

### **CLIMATE EFFECTS**

Completion of the project eliminates the potential for groundwater pollution from the outdated UST and allows SVCW to meet new regulatory requirements.

### **FINANCIAL IMPACT**

Funding for this work is from Fund 14 – Revenue Generated Capital Project fund, Project #0329. As of January 2024, a total of \$1,035,384 has been expended.

### **RECOMMENDATION**

- i. Move approval to ACCEPT UNDERGROUND FUEL TANK REPLACEMENT PROJECT (PROJECT #0329) AND AUTHORIZE FILING NOTICE OF COMPLETION – JMB CONSTRUCTION, INC.
- ii. Move adoption of RESOLUTION APPROVING PURCHASE ORDER FOR UST ABANDONMENT (PROJECT #0329) FOR AN AMOUNT NOT TO EXCEED \$82,600 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FUNDING FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – CATALYST ENVIRONMENTAL, INC.

**Silicon Valley Clean Water  
Underground Fuel Tank Replacement Project  
SUBSTANTIAL COMPLETION CERTIFICATE**

The following portions of the Underground Fuel Tank Replacement Project are accepted as Substantially Complete in accordance with Specification Section 00700-8.6, 00800-1.5 as defined herein.

As of October 18, 2023, these portions of the Project are accepted:

1. All work on the Project except as noted below:
  - a. All work on the attached Punch List, dated November 3, 2023.

As of the above dates the following responsibilities are agreed to:

1. Authority:
  - a. The Authority assumes responsibility for security, maintenance (except as noted below), heat, utilities, damage to the Work (except as caused by the Contractor's actions) and insurance for the facilities.
2. JMB Construction, Inc.:
  - a. The Contractor shall maintain and provide proof of insurance as required by Specification Section 00800-3.1.4 for all work required to complete the Punch List and for five (5) years following Final Completion as required by Specification Section 00800-3.2 or as otherwise referenced in the technical specifications.
  - b. The Contractor shall be responsible for repairs or maintenance, as necessary, until the Contractor has submitted, and the Authority has accepted all Record Documents and Operation & Maintenance Manuals.
  - c. The Contractor shall work in an expeditious manner to complete the remaining work and administrative requirements on the Project including the items on the Punch List, dated November 3, 2023 within sixty (60) days from the date of this certificate.

This Certificate does not constitute an acceptance of Work not in accordance with the Contract Documents nor is it a release of Contractor's obligation to complete the Work in accordance with the Contract Documents. The one year (365 Calendar Days) warranty for the accepted Work shall commence per Specification Section 01740-1.0 on the date of Acceptance by Silicon Valley Clean Water.

The undersigned hereby acknowledge agreement to the above provisions:

Contractor: JMB Construction, Inc.

Construction Manager: Tanner Pacific, Inc.

By:   
Adrian Power

By:   
Jack Cate

Title: Project Manager

Title: Construction Manager

Date: 11/10/2023

Date: 11/3/2023

## AGENDA ITEM 7D

**RAS PIPE REHABILITATION PROJECT (CIP #9120)  
APPROVAL OF CONTRACT CHANGE ORDER**

**ISSUE**

Approve Contract Change Order to RAS Pipe Rehabilitation Project (CIP #9120)

**BACKGROUND**

The secondary treatment process of the SVCW plant consists of aeration basins and secondary clarifiers. In the aeration basins, the conditions are created to encourage the growth of microorganisms within the wastewater. These organisms consume organic material present in the wastewater. After the aeration basins, wastewater flows into the secondary clarifiers, which allow suspended solids to settle to the bottom of the tank through gravity. A portion of these settled solids is comprised of the microorganisms that were created in the aeration basins. To maintain a sufficient bacterial mass in the secondary process, a portion of the settled biological organisms from the clarifiers is returned back to the aeration basins by the Return Activated Sludge (RAS) system of pipes and pumps.

SVCW has four secondary clarifiers that were put into service in 1982. Each clarifier is equipped with a RAS pipe placed partially underground. The RAS Pipe Rehabilitation Project (CIP #9120) is slated to rehabilitate RAS pipes for all four clarifiers. Video inspection of the pipes' interiors was completed during the design phase which showed varying degrees of lining degradation. While the inspection indicated lining degradation, the pipes themselves were expected to be in good condition and spray-in-place-piping (SIPP) lining method was determined to be appropriate for rehabilitation. The SIPP method provides significant cost savings over other rehabilitation technologies such as cured-in-place-piping (CIPP) or carbon fiber reinforced polymer (CFRP) rehabilitation methods.

RAS pipes for Clarifier #2 and Clarifier #4 were rehabilitated last year, however issues arose during the work. One of the first tasks of the work was to remove the interior liners and clean the pipes' interior surface in preparation for the new liner application. When the pipe interior surfaces were exposed, the pipe condition was worse than expected with several holes. The holes allowed ground water to intrude into the RAS pipes. To apply the liner, the interior of the pipe needed to remain dry and clean. The groundwater intrusion created a wet and moist environment that required pumping and drying and it was not possible to utilize only the SIPP liner method for these pipes.

Given the situation and the necessity to bring the clarifiers back into service prior to the wet weather season, the general contractor, pipe rehabilitation subcontractor, SVCW staff and construction manager worked diligently to arrive at a solution to address the unforeseen conditions. The least expensive and most expedient method for repair was to use a combination of SIPP and CIPP lining methods. This would allow the clarifiers to be ready for wet weather service. Recognizing that the cost to change the rehabilitation method would be significant, discussions ensued to come to a mutually acceptable cost of \$250 thousand. The project budget had a contingency that was used to cover these

costs and SVCW directed the contractor and its subcontractor to proceed. With this approach, the Clarifier 2 and Clarifier 4 pipe rehabilitation work was completed last summer/fall; the clarifiers have been used for wet weather service this winter.

After the work was completed last year, the specialty subcontractor informed the contractor and SVCW that the cost was much higher than the negotiated amount. However, they abided by the agreed upon amount.

#### DISCUSSION

RAS pipes for Clarifiers 1 and 3 are planned for rehabilitation this summer. After going through rehabilitation of RAS pipes for clarifiers 2 and 4, the contractor estimated the costs based on last year's effort and the actual cost provided by the lining subcontractor. After significant negotiations, the differential cost of \$502,599 for the pipe repair was agreed upon. This differential cost was scrutinized to ensure that the costs are reflective of the scope to be completed, and not escalated to try to recoup losses from the work completed last summer.

Reliable operation of all four secondary clarifiers is essential for maintaining wet weather capacity of the treatment plant. Rebidding this work is not recommended as it will result in additional engineering and administration costs. These additional costs submitted by the contractor is comparable to budgetary estimates obtained during design for using the CIPP lining method. Overall costs for RAS pipe rehabilitation is still less than bids received by other rehabilitation subcontractors on December 1, 2022. For these reasons, staff recommends proceeding with this change order.

#### CLIMATE EFFECTS

There are no climate effects associated with this action.

#### FINANCES

The change order results in an increase of \$502,599 in the construction budget for the project, which will be transferred from CIP #9600 Buried and Exposed Pipe Repair. CIP #9600 has an allocated budget of \$17.6 million of which \$1.16 million has been expended.

#### RECOMMENDATION

Move adoption of RESOLUTION AUTHORIZING THE SILICON VALLEY CLEAN WATER MANAGER TO APPROVE A CONTRACT CHANGE ORDER FOR THE RAS PIPE REHABILITATION PROJECT IN AN AMOUNT NOT TO EXCEED \$502,599 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – TRINET CONSTRUCTION INC.



## AGENDA ITEM 8A

## FISCAL YEAR 2024-25 ANNUAL OPERATING AND CAPITAL EXPENDITURES BUDGET

### ISSUE

Receive Presentation on Proposed Fiscal Year 2024-25 Annual Operating and Capital Expenditures Budget

### BACKGROUND

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

This 2024-25 Budget incorporates the long-term impact of capital expenditures and follows a funding strategy described in the February 2024 Long-Range Financial Plan.

### DISCUSSION

Total Member Contributions described in the Proposed Budget increase by \$23.1 million, or 42.9% over last year. It allots \$32.4 million for Net Operating Expenses and \$1.5 million for Revenue-Funded Capital projects next year. Reserve Designations are aligned with Agency policy and include \$3.5 million in contributions to the CIP Reserve. There is also a request that Members contribute \$13.6 million in cash, which would be used for capital projects in lieu of issuing new debt. Debt Service is anticipated to be \$25.9 million, consistent with adopted debt schedules described in recent Long Range Financial Plans.

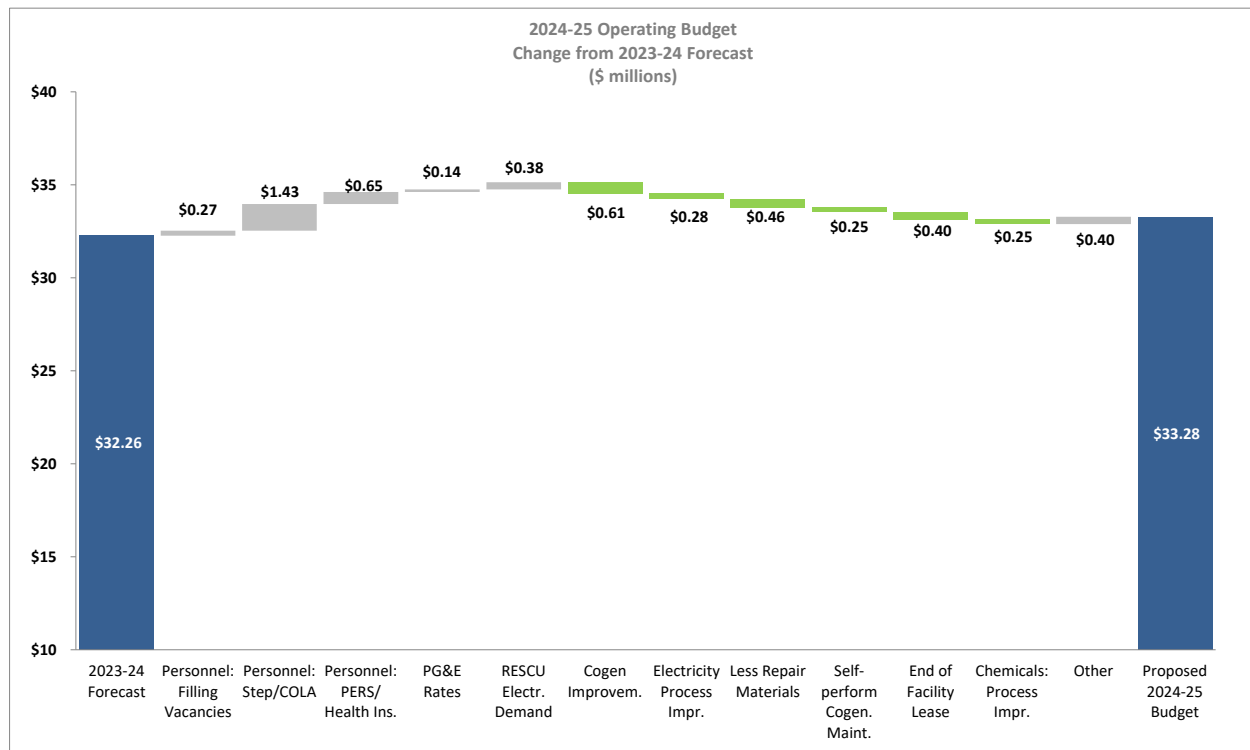
Budgeted Member Entity Contributions				
Description	2023-24 Adopted Budget	2024-25 Proposed Budget	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Gross Operating Expenses	\$ 31,861,220	\$ 33,282,941	\$ 1,421,721	4.5%
Less: Miscellaneous Revenue	(848,799)	(912,425)	63,626	7.5%
<b>Contributions, Net Operating Expenses</b>	<b>\$ 31,012,421</b>	<b>\$ 32,370,516</b>	<b>\$ 1,358,095</b>	<b>4.4%</b>
Add: Revenue-Funded Capital Projects	480,000	1,499,635	1,019,635	212.4%
<b>Contributions, Before Reserves &amp; Debt Service</b>	<b>\$ 31,492,421</b>	<b>\$ 33,870,151</b>	<b>\$ 2,377,730</b>	<b>7.6%</b>
Add: Reserve Designations	3,246,236	3,500,000	253,764	7.8%
Add: Cash in lieu of Debt	-	13,622,706	13,622,706	-
Add: Debt Service, Participating members	19,047,831	25,863,091	6,815,260	35.8%
<b>TOTAL MEMBER CONTRIBUTIONS</b>	<b>\$ 53,786,489</b>	<b>\$ 76,855,948</b>	<b>\$23,069,460</b>	<b>42.9%</b>

### **Gross Operating Expenses**

Specific to the operating budget only, the following table and chart compares the 2024-25 Proposed Operating Budget to 2023-24's forecasted expenditures ("Forecast"). The comparative increase is \$1.0 million, or 3.2%, though it is estimated that forecasted expenditures will end the year \$402 thousand (1.3%) higher than the 2023-24 Budget due

to underperforming cogeneration engines. Additional comments comparing next year's proposed budget are drawn from the table and chart below.

Silicon Valley Clean Water Expenditure Summary - By Expense Category					
Description	2023-24 Budget	2023-24 Forecast	2024-25 Budget	\$ Incr/(Decr) v. Forecast	% Incr/(Decr) v. Forecast
Personnel	\$ 19,713,950	\$ 19,354,011	\$ 21,683,052	\$ 2,329,041	12.0%
Utilities	2,697,093	3,179,775	2,748,048	(431,727)	(13.6%)
Administrative Expenses	733,697	744,338	767,216	22,878	3.1%
Equipment & Supplies Expense	2,686,826	2,927,628	2,734,333	(193,295)	(6.6%)
Chemicals	2,991,112	2,998,188	2,873,109	(125,079)	(4.2%)
Professional & Contractual Services	2,614,952	2,692,532	2,037,174	(655,358)	(24.3%)
Training, Memberships, Travel	423,589	366,618	440,009	73,391	20.0%
<b>TOTAL</b>	<b>\$ 31,861,220</b>	<b>\$ 32,263,090</b>	<b>\$ 33,282,941</b>	<b>\$ 1,019,851</b>	<b>3.2%</b>



- Personnel expenditures will increase by \$2.4 million, or 12%, compared to forecast. Vacant positions, valued at \$270 thousand, are anticipated to be filled by the beginning of the new fiscal year. Approximately half of this increase (\$1.4 million) recognizes cost-of-living and step adjustments. Other personnel cost increases include \$650 thousand for higher CalPERS-required employer contribution rates and health insurance premium increases.
- Utility costs will decline by \$431 thousand (13.6%) compared to forecast. While PG&E electricity rates will increase by 14%, raising costs by \$140 thousand, and the annualization of new headworks lift pumps and odor control systems adds \$380 thousand, several actions are being taken to reduce utility costs. Staff will focus on improving cogeneration operations and implementing process improvements which, combined, could reduce electricity expenses by \$890 thousand.
- Administrative Expense will increase from forecast by \$22.9 thousand (3.1%) primarily due to higher regulatory permit fees and property / liability insurance premiums.
- Equipment and Supplies expense is budgeted to decline \$193.3 thousand (6.6%) from forecast. This reduction reflects lowered maintenance costs of new pump stations and headworks.
- Until recently, chemical prices were increasing at unprecedented rates between 2021 and 2023. The pace of price inflation has moderated, as next year chemicals prices are largely unchanged or limited to a 2.5% increase. Nevertheless, to recover prior years' increased chemical costs, SVCW has budgeted process improvements to reduce chemical use and save \$250 thousand.
- Professional and Contractual Services will decline by \$655.4 thousand (24.3%), reflecting the end of a \$400 thousand annual flow equalization facility lease. In addition, new network upgrades will avoid \$100 thousand of support costs.
- Training, Memberships, and Travel will increase by \$73 thousand (20%). SVCW anticipates more training and education activities in response to new facilities and staffing.

### **Miscellaneous Revenue**

SVCW is paid to receive grease & septage from community restaurants and other commercial sites, to monitor stormwater management programs, and to manage some communities' discharges from restaurants and business. SVCW also receives grant revenue from a battery storage incentive program. Tipping fees are also received from a local municipality for organic waste disposal.

Next year's Miscellaneous Revenues are anticipated to increase by \$27.7 thousand (3.1%) from the 2023-24 Budget, mainly due to the strong performance of a battery storage system that allows SVCW to recover grant revenues.

### Flow and Loading Changes

Flows are measured by calibrated meters and composite loading values calculated from samples taken at the pump stations serving the respective Members' service areas. In general, flow and loading values reflect influences such as denser housing policies, the condition of respective Members' collection systems, and the lack of rainfall in previous years. Over the past three years, however, since the pandemic began in 2020, SVCW Members' flows and loading values experienced changes as community members often worked from home. Conditions changed with work-from-home practices, vacant office campuses, and lower occupancy at businesses and restaurants; all influencing flow and loading values. Now, after updating with 2023 data, relative flows and loadings have begun returning to historical averages and the three-year average used for budget allocations has turned towards the historical averages between Members.

Three-year Average Flow and Loading Averages - by Member				
Agency	Factor	2023-24 Budget	2024-25 Budget	Point Increase/ (Decrease)
Belmont	Flow	11.24%	10.52%	(0.72)
	Biochem. Oxygen Demand	10.87%	9.15%	(1.72)
	Suspended Solids	9.52%	8.19%	(1.33)
Redwood City	Flow	55.50%	53.91%	(1.59)
	Biochem. Oxygen Demand	58.29%	58.76%	0.47
	Suspended Solids	60.48%	62.59%	2.11
San Carlos	Flow	13.06%	14.40%	1.34
	Biochem. Oxygen Demand	11.41%	11.33%	(0.08)
	Suspended Solids	10.54%	10.20%	(0.34)
WBSD	Flow	20.20%	21.17%	0.97
	Biochem. Oxygen Demand	19.43%	20.76%	1.33
	Suspended Solids	19.46%	19.02%	(0.44)

### Revenue-Funded Capital

Revenue-Funded Capital Expenditures fund individual capital projects with costs less than \$1 million each that can be completed within one year. These projects address immediate needs for equipment, facilities and other capital resources needed to support divisions' activities. The proposed budget includes \$1.5 million, the typical amount allotted for revenue-funded capital expenditures.

2024-25 Revenue-Funded Capital Expenditures	
Project Name	Estimated Cost
Core Network Hardware Upgrade	\$ 500,000
Firewall Security Hardware Upgrade	150,000
Camera Process Monitoring Upgrade	60,000
SHB Gen 1&3 Water pump	55,000
PST Gear box Cross Collector/ Skimmer	34,000
Maint. Tool Room Lockers	25,000
FFR/ Grease Station Vapex	325,635
Maint Shop Split HVAC unit	60,000
Articulating Lift	60,000
FOP Scissor Lift	25,000
Laboratory Automated Nutrient Analyzer	55,000
EV Charger Expansion & Trenching	100,000
EV Vehicle	50,000
<b>TOTAL</b>	<b>\$ 1,499,635</b>

- Technology upgrades include replacing the Authority's core network platform as the current system reaches end of life. Cybersecurity measures remain paramount, and the budget will include upgrades to firewall measures as well.
- SVCW has over 50 cameras throughout its facilities to surveil operations and help manage processes. Proposed new software will meet governmental security requirements, improve facility security and safety, and allow operators to effectively view and interact with the camera network.
- Several pieces of equipment are due for replacement including generator water pumps, primary sedimentation gear boxes, odor control Vapex units, and lift equipment.
- Facility improvements include updating the HVAC system and providing tool room materials to increase efficiency in the Maintenance Shop.
- A new automated nutrient analyzer in the laboratory will measure ammonia, nitrate/nitrite, and COD levels. The equipment is anticipated to improve the time it takes for analysis and reduces the number of samples sent to outside labs.
- As SVCW moves towards electrifying its fleet, funds have been allotted to expand the number of charging stations and replace combustion engine vehicles.

### Reserves

Operating Reserve contributions follows Policy to ensure an adequate balance is in place at fiscal year-end. Given increased investment returns, no contributions to Operating

Reserves will be needed. Separately, this Budget includes \$3.5 million for Capital Improvement Program Reserves to comply with SVCW Policy.

### **Cash-in-lieu of Debt**

Members are asked to contribute \$13.6 million of accumulated cash to fund CIP expenditures. In conjunction with the use of \$15 million of SVCW capacity reserves, this helps delay when SVCW would issue debt.

### **Debt Service**

SVCW's debt service payments for the next fiscal year will be \$25.86 million, an increase of \$6.8 million as RESCU SRF Loans become due. This amount is drawn from the 2024 Long-Range Financial Plan, updated in February 2024.

### **RECOMMENDATION**

**No Commission action is requested or required at this meeting.** Staff will present information and receive input on the proposed budget then return in April with any budget updates, seeking approval at that time.

It is anticipated the following items, or modified versions per Commission direction, will be proposed for adoption at the April 2024 Commission Meeting:

- i. FISCAL YEAR 2024-25 REVENUE PLAN IN THE AMOUNT OF \$32,370,516 IN NET OPERATING REVENUES REQUIRED AND \$1,499,635 FOR REVENUE-FUNDED CAPITAL PROJECTS
- ii. FISCAL YEAR 2024-25 CASH RESERVE DESIGNATIONS IN THE AMOUNT OF \$3,500,000 TO THE CAPITAL IMPROVEMENT PROGRAM RESERVE FUND
- iii. FISCAL YEAR 2024-25 CASH IN LIEU OF DEBT CONTRIBUTIONS IN AN AMOUNT OF \$13,622,706
- iv. FISCAL YEAR 2024-25 DEBT SERVICE EXPENDITURES IN AN AMOUNT OF \$25,863,091
- v. AUTHORIZING SVCW MANAGER TO IMPLEMENT, MANAGE AND APPROVE EXPENDITURES AUTHORIZED WITHIN THE FISCAL YEAR 2024-25 ANNUAL OPERATING AND CAPITAL EXPENDITURES BUDGET AS ADOPTED BY THE SILICON VALLEY CLEAN WATER COMMISSION



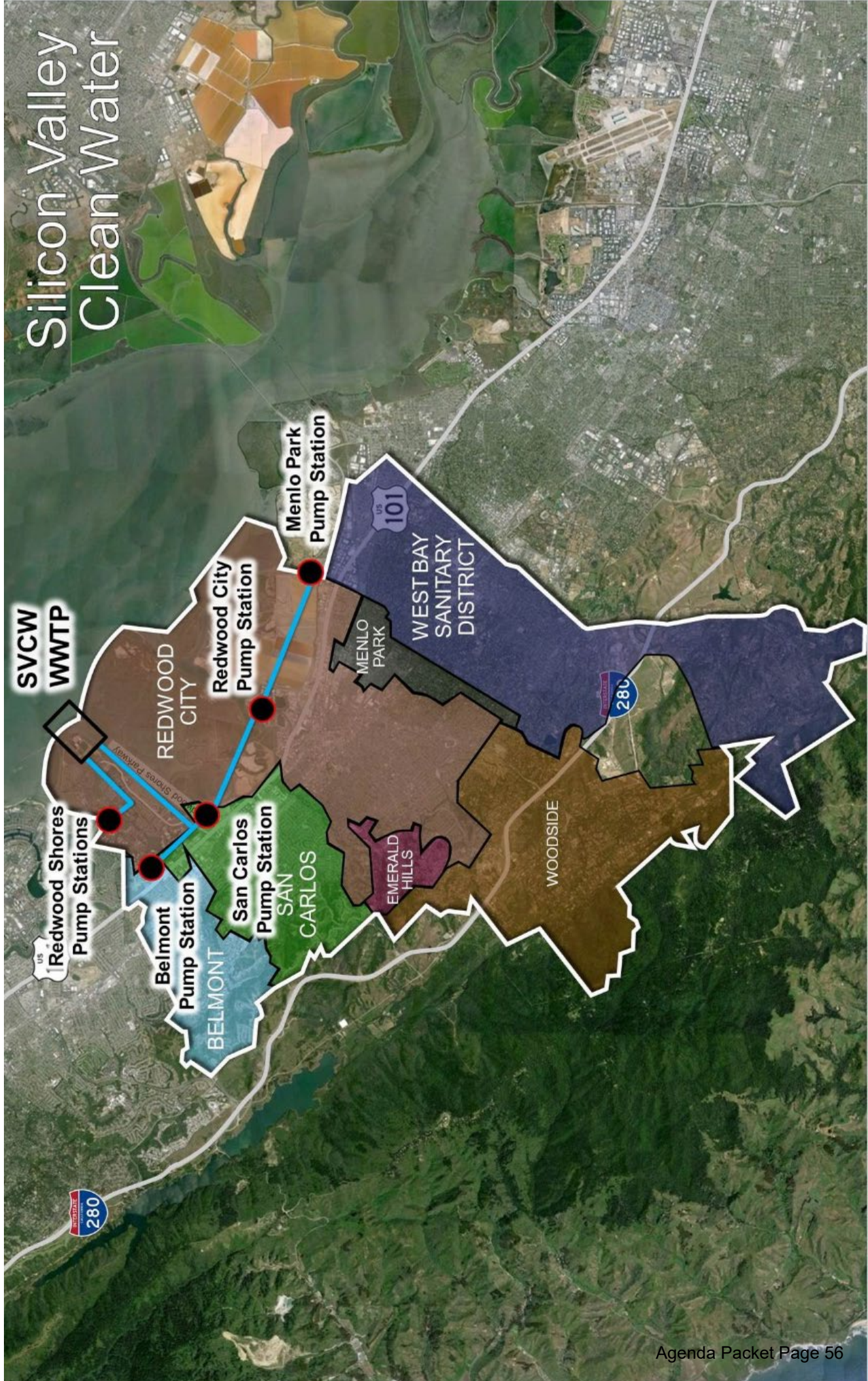


# DRAFT 2024-25 OPERATING BUDGET

REVIEWED MARCH 11, 2024



# Silicon Valley Clean Water



## Commissioners

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

## SVCW Staff

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

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## SECTION 1 – OVERVIEW

### Organization and Business

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

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

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

### Governance & Management

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

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

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

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

A vote of at least seventy five percent is required to adopt or amend bylaws, rules, and regulations; to adopt or modify any budget; to approve any capital expenditures, contracts, appropriations, or transfers of more than \$50,000; to employ the manager and certain consultants; to sell or dispose of property; and to approve other designated items. Other actions of the Commission must be approved by a simple majority of the votes. Any amendment to the Joint Powers Agreement must be approved by a four-fifths vote by each of the SVCW Member Agencies' governing bodies.

### **Financial Oversight and Control**

SVCW sets an annual budget according to goals established by the Commission that support operational priorities, the Capital Improvement Program (CIP) and the Long-Range Financial Plan (LRFP). The 2024-25 Budget is consistent with those goals and reflects a progressive approach to controlling costs, minimizing unplanned expenditures, limiting risks, and investing in projects and programs that benefit the community served by SVCW.

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

### **Debt Reserves**

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

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

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

SVCW Member Agencies' sewer rates provide the underlying repayment security for all SVCW financing. As such, SVCW developed a LRFP to provide a roadmap for funding the CIP and ongoing operating costs. It also provides information to Member Agencies as they consider sewer rates. The Financial Plan is updated annually and presented to the Commission for approval. Most recently, the LRFP was approved by the Commission at its February 2024 meeting.

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

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

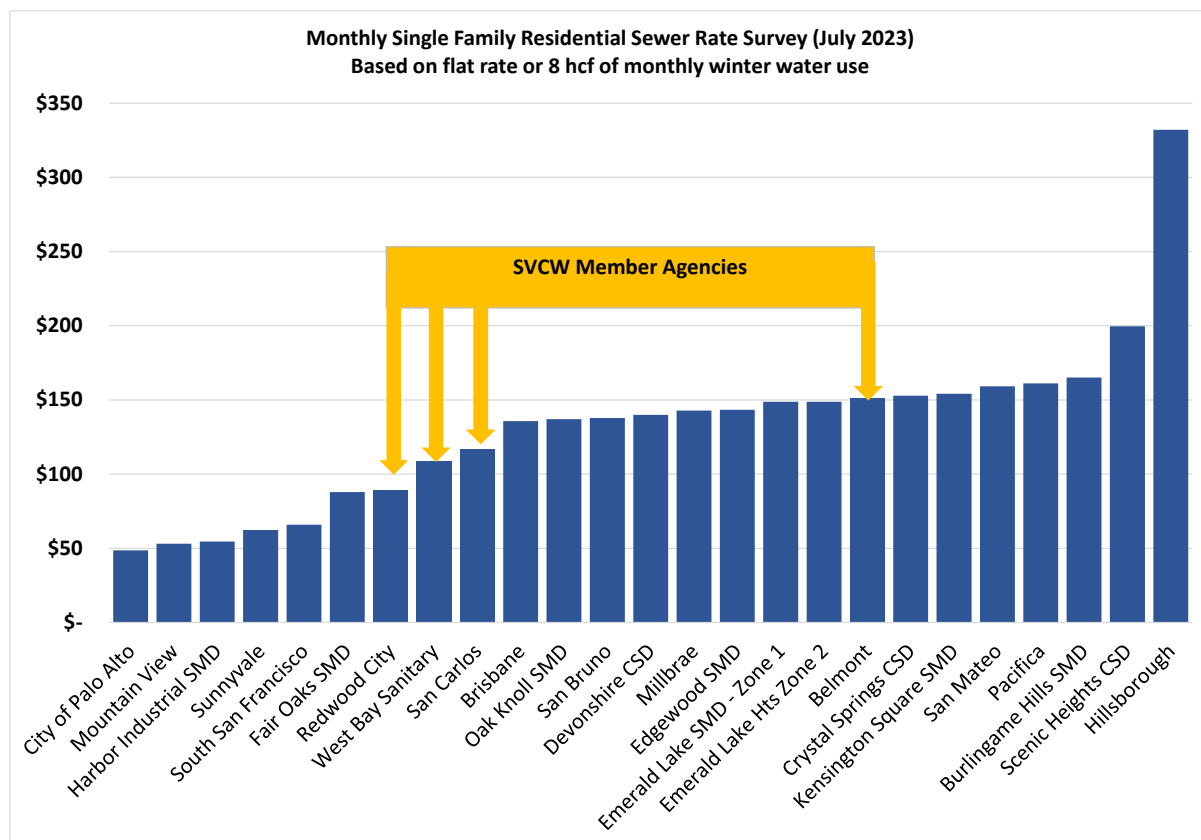
### **Comparative Residential Sewer Charges**

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

Residential Sewer Rates by Member Agency Based on 8 HCF of flow										
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Belmont	\$88.13	\$ 88.13	\$ 99.47	\$ 105.35	\$ 116.14	\$ 121.28	\$ 128.37	\$ 135.83	\$ 143.91	\$ 151.31
Redwood City	\$68.77	\$74.95	\$75.11	\$76.68	\$78.24	\$81.76	\$ 81.76	\$ 89.28	\$ 89.28	\$ 89.28
San Carlos	\$80.75	\$88.82	\$88.82	\$93.26	\$97.93	\$102.32	\$ 102.33	\$ 111.74	\$ 116.77	\$ 135.73
West Bay SD	\$74.42	\$81.08	\$85.92	\$89.33	\$93.83	\$98.08	\$ 102.00	\$ 104.58	\$ 106.67	\$ 108.83

Residential Sewer Rate Year-over-Year % Increase, by Member Agency										
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Belmont	6.5%	0.0%	12.9%	5.9%	10.2%	4.4%	5.8%	5.8%	6.0%	5.1%
Redwood City	9.0%	9.0%	0.2%	2.1%	2.0%	4.5%	0.0%	9.2%	0.0%	0.0%
San Carlos	20.0%	10.0%	0.0%	5.0%	5.0%	4.5%	0.0%	9.2%	4.5%	16.2%
West Bay SD	8.9%	8.9%	6.0%	4.0%	5.0%	4.5%	4.0%	2.5%	2.0%	2.0%

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



## Accomplishments

Each year, SVCW management sets goals to ensure its communities' wastewater is conveyed and treated in a safe and dependable manner. Key achievements during 2023 on a Division-by-Division basis are:

### Safety

- Oversaw compliance with the Above Ground Petroleum Storage Act (APSA) program associated with the Agency's new diesel storage tank. Developed, revised, and executed the Spill Prevention, Control, and Countermeasure (SPCC) Plan. Submitted documentation to San Mateo County Certified Unified Program Agency (CUPA), including hazardous materials business plan, facility tank statement, training plan, monitoring plan, and emergency contingency plan.
- Updated and enhanced several safety programs, including Fall Protection, Hot Work, Respirator Protection, and Bloodborne Pathogens programs to meet regulations.
- Conducted a thorough industrial hygiene survey to identify significant job risks related to ozone safety and established controls to mitigate those risks.
- Implemented Workplace Violence Prevention Plan to ensure a safe environment for staff. Provided training on Active Violence Emergency Response Training (AVERT) to equip employees with the necessary skills to respond effectively in an active shooter scenario and control bleeding in emergency situations.
- Modified COVID-19 Prevention Program to current regulations, resulting in zero work-related COVID-19 cases for the year and reducing exposure risk for employees and visitors.
- Delivered over 800 hours of online safety training through TargetSolutions.com to enhance SVCW's training program and provide convenient access to training materials, ultimately decreasing safety risks and saving time and money.
- Distributed a monthly wellness newsletter to encourage healthy behaviors by employees, leading to the prevention of chronic diseases and improvement in overall quality of life by providing timely and accurate information.

### Operations

- Treated over 5.820 billion gallons of wastewater, maintaining full compliance with SVCW's National Pollutant Discharge Elimination (NPDES) System permit.
- Processed 3,302 dry tons of biosolids of which 2,128 dry tons sent to land application, 1,174 dry tons sent to Central Valley compost, and 262 dry tons sent to Bio Dryer.
- Produced 236 million gallons of recycled water for Redwood City.
- Achieved full compliance with monthly acute bioassay analyses to ensure NPDES Permit Compliance.

- Developed and carried out a unique program whereby three Senior Operators were provided the opportunity to temporarily fill an open supervisor position. The program ended successfully with the promotion of one Senior Operator to the open Operations Supervisor position.
- Promoted a Senior Operator to a Process Control Specialist role.
- Hired 4 new employees, including one Operator, one Instrumentation Technician, and two new Utility Workers to replace promotions and fill vacancies.
- Attended Supervisor training sessions to continue to ensure staff remains well prepared for personnel matters and meet agency succession planning goals.
- Supported Capital Improvement Projects by providing input, conducting site-walks, developing lock-out/tag-outs, and coordinating shutdowns.

## Maintenance

- Oversaw replacement of Cogeneration engine Long Block & controller upgrade for Engine #1. Engine is now in service and producing up to 600kw of power.
- Replaced Cogeneration Engines 1&2 Breakers in GE Zenith Controls MCC in parallel with engine replacement.
- Overhauled primary sedimentation tanks #1, #2 and #3 including sprockets, shafts, drive chain, cross collector chains, shoes, and flights.
- Performed predictive maintenance on Aeration Basin #1 invent mixer gearbox and motor to improve uptimes.
- Purchased and installed two Vapex odor control systems for primary influent and effluent to reduce corrosive hydrogen sulfide gases impact on structures.
- Replaced two 10-year-old Quincy compressors with new Sullair Compressors and air dryers, providing better performance and redundancy.
- Updated variable frequency drive #3 at Menlo Park Flow Equalization Facility.
- Removed, rebuilt, and installed Effluent Pump #1 in advance of wet weather.
- Updated Redwood City pump station variable frequency drive #2 pump.
- Assisted in installation of new Filtration Pilot Program equipment.
- Improved safety features by installing new lighting fixtures throughout the galleries, roadways, and biosolids drying area.
- Maintenance crew completed 933 corrective work orders and 1611 Preventive Work Orders
- Continued Training for FOP (RESCU) new equipment

## Engineering

- Gravity Pipeline project earned multiple awards:
  - APWA Silicon Valley Chapter - Utilities Project of the Year >\$25 million
  - DBIA Award of Merit and Award of Excellence - Water/Wastewater
  - DBIA Best in Design
  - DBIA I.N.S.P.I.R.E.D. (Innovative Newcomer Showcasing Preparedness, Insight, Readiness and Enduring Diligence) Owner Award
  - CWEA Santa Clara Valley Section - Engineering Achievement Award
  - CMAA Northern California – Top Water Resource Project of the Year
  - CMAA Northern California – Project of the Year
  - ENR California Best Project Award – Water/Environment

### CONSTRUCTION PROJECTS:

- The Front of Plant project completed its construction and went into startup and commissioning. This project is expected to be substantially completed in 2024.
- The Gravity Pipe project completed its construction and went in service in 2023.
- Completed the construction of Emergency Force Main Repair of 54-in FM in Redwood Shores. This project was triggered by a leak in SVCW's 54-in Force Main in Redwood Shores Parkway.
- Completed the Digester #1 Rehabilitation project. Digester 1 has been offline since 2013 and needed rehabilitation prior to being brought back into service. The construction work included replacement of deteriorated mix piping and nozzles, replacement of coatings and insulation, piping improvements, construction of a new sump, electrical and control modifications, and other miscellaneous repairs within Digester 1, the valve pit, and the pipe gallery.
- Completed the construction of Rotary Drum Thickener (RDT) pump and pipe improvements. The RDTs were placed fully into operation.
- Completed the construction of Diesel Aboveground Tank project. SVCW was required under state law to remove its underground storage tanks and upgrade with either double-wall tank or aboveground tank by December 31, 2025. The project was completed with a 12,000-gallon tank located behind Solids Handling Building.
- Started the construction of Fixed Film Reactor & No. 3 Water Rehabilitation. This project will rehab all three fixed film reactors and add three 125 horsepower pumps to upgrade the No. 3 Water system.
- Started the construction of Return Activated Sludge / Waste Activated Sludge Pipe Rehabilitation. These pipes are from original construction and needed to be rehabilitated for reliable operation.



## DESIGN PROJECTS

- Completed the design of Fixed Film Reactor & No. 3 Water Rehabilitation project and publicly bid the contract documents. Project was awarded to the contractor J.F. Shae for \$35 million. The construction is expected to commence in 2024 and be completed in 2026.
- Completed the design of Chiller Replacement Project. The project was also bid, and the contract was awarded. The construction is expected to be completed in 2024.
- Engineering division conducted a two-step selection process to hire a consultant for designing the Sidestream Treatment system. Three major consultants participated and Brown and Caldwell was selected to design the sidestream system.
- Engineering division conducted a two-step procurement process for selecting a design-build team for design and construction of Final Effluent Pump Station Improvements. Four design-build teams participated, and Lyles/Kennedy-Jenks team was selected and awarded the contract to proceed with Stage 1 services.
- Engineering division started the design for Dual Media Filter and Aeration Basin Pipe Rehabilitation. The project is expected to go in consultation in 2024.
- Continued the Food Waste Receiving Station project design into
- Draft Basis of Design Report (BODR) for PureWater Peninsula project was completed. This project will utilize SVCW effluent as source water for portable reuse. Formerly PREP (Potable Reuse Exploratory Plan), this project made some significant progress from planning to BODR and include seven partners in the San Francisco Peninsula including SVCW, SFPUC, CalWater, BAWSCA, Mid-Peninsula, City of Redwood City and City of San Mateo.

## ONGOING PROJECTS:

- SVCW continues its research project Staged Anaerobic Fluidized Membrane Bio Reactor (SAF-MBR). A research project funded by California Energy Commission (CEC), United States Bureau of Reclamation (USBR) and State Water Resources Control Board (SWRCB), this project is working to test a revolutionary method that has the potential to replace the convention activated sludge method of secondary wastewater treatment with a highly energy efficient process and can potentially make secondary treatment energy neutral.
- Biodryer and Pyrolysis: SVCW continues to work and optimize the biodrying process. SVCW has taken over the operation of biodrier and is working with BioforceTech to replace the pyrolysis with a new unit. New pyrolysis is expected to be online in 2024.

#### Environmental Services Division:

- Reissued mandatory wastewater discharge permits to 4 significant industrial users.
- Coordinated 16 clean water & wastewater treatment awareness assemblies reaching over 3900 students, teachers, and parents.
- Remained in compliance with our Pretreatment program requirements.
- Performed over 90 industrial sampling events.
- Performed over 1000 inspections pertaining to our FOG and Stormwater programs.
- Continued public outreach efforts by:
  - providing virtual and in-person tours for 200 local high school and college students
  - participating in Belmont's Earth Day event and reached 150 residents.
  - publishing in-house environmental messages to educate and engage employees.

#### Information Services

- Established Network Communications to new headworks building which includes Full Camera system for process monitoring and Wi-Fi throughout site.
- Migrated e-logger system to new server and updated application to latest version. Configured to work from anywhere via website certificates.
- Updated current core network and compute hardware to most current, stable, and secure versions.
- Updated VMWare to most current, stable, and secure versions.
- Improved our Cybersecurity Awareness training program to include more realistic phishing simulations. Includes enhanced phish/spam reporting procedures.
- Continue to promote and raise awareness on Cybersecurity via monthly Cyber awareness training and distributing seasonal tips & tricks via email and SharePoint.
- Currently updating all Windows 10 operating systems endpoints to Windows 11.
- Implemented Cisco Webex phone system to all users and common areas, replacing legacy cisco phone hardware and network.
- Installed Upper and lower Intercoms at the front gate and integrated with Webex solution.
- Set up and deployed remote vehicle entry system for Front Gate.
- Optimized Offsite backup system to try to reduce storage consumption.
- Delivered new EIMS "Electronic Information Management System" to SVCW users.
- Upgraded Lab Information Management System (LIMS) server and implemented enhancements to equipment that streamlines LIMS applications.

- Researched cloud system for both LIMS and Linko (Environmental Services data and reporting tool) applications
- Upgraded conference room meeting equipment on site.
- Updated SCADA historian services on Business network
- Renegotiated Verizon contracts for additional savings and features
- Ordered and programmed replacement SVCW ID cards.
- Currently deploying Emergency Notification Speakers in control building

#### Laboratory

- Generated over 17,362 reportable results during 2023 in support of Plant Operations, Permit Regulations, Environmental Services, and customer projects. The number of reportable results increased by 8% over that from 2022.
- Achieved accreditation under the new CA ELAP (Environmental Laboratory Accreditation Program) requirements. The new regulations are based on a national standard (TNI) which encourages customer confidence with an emphasis on well documented data. The accreditation is the result of Laboratory staff working together to improve every single laboratory procedure. CA ELAP recognized the SVCW Laboratory with the TNI Early Adopter Certificate.
- Added a new Quality Assurance Officer position, which provides additional time to orchestrate the laboratory's CA ELAP accreditation. Every Laboratory task now has a Procedure, Work Instruction, or Work Sheet. Every task performed in the Laboratory is now documented.
- Supported the air permit compliance for the new Head Works Odor Control System with sampling and testing. Air sampling procedures were developed for hydrogen sulfide and organics. The Laboratory staff developed a procedure to sample air pipes under negative pressure by using a portable pump. Extracted air samples could then be accurately measured in ambient pressure.
- Continued participation, along with other wastewater treatment plants, in Stanford University's Sewer Coronavirus Alert Network (SCAN) tracking project. Sludge samples from the SVCW service area represent 220,000 people and businesses. Our partnership with this project has been critical in informing the public about the onset of the COVID pandemic, Monkeypox virus, Influenza, and RSV.
- Reported 299 results in 31 work orders for treatment plant process improvement projects.

## Administrative/Finance

- Moved to a Microsoft PowerApps platform that uses AI technology to scan, extract, and route invoices for approval. This new solution considerably reduces Accounts Payable processing times, improves accuracy, and offers powerful query tools to users.
- Completed the administration of a WIFIA Loan program to draw \$218 million from the U.S. Environmental Protection Agency, afterwards used to pay down low-interest interim construction Notes.
- Reconfigured, tested, and implemented payroll system changes to accommodate changes from a new labor agreement.

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## SECTION 2 – OPERATING BUDGET SUMMARY

Total Member Contributions described in the Proposed Budget increase by \$23.1 million, or 42.9% over last year. It allots \$32.4 million for Net Operating Expenses and \$1.5 million for Revenue-Funded Capital projects next year. Reserve Designations are aligned with Agency policy and include \$3.5 million in contributions to the CIP Reserve. There is also a request that Members contribute \$13.6 million in cash, which would be used for capital projects in lieu of issuing new debt. Debt Service is anticipated to be \$25.9 million, consistent with adopted debt schedules described in recent Long Range Financial Plans.

Budgeted Member Entity Contributions				
Description	2023-24 Adopted Budget	2024-25 Proposed Budget	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Gross Operating Expenses	\$ 31,861,220	\$ 33,282,941	\$ 1,421,721	4.5%
Less: Miscellaneous Revenue	(848,799)	(912,425)	63,626	7.5%
<b>Contributions, Net Operating Expenses</b>	<b>\$ 31,012,421</b>	<b>\$ 32,370,516</b>	<b>\$ 1,358,095</b>	<b>4.4%</b>
Add: Revenue-Funded Capital Projects	480,000	1,499,635	1,019,635	212.4%
<b>Contributions, Before Reserves &amp; Debt Service</b>	<b>\$ 31,492,421</b>	<b>\$ 33,870,151</b>	<b>\$ 2,377,730</b>	<b>7.6%</b>
Add: Reserve Designations	3,246,236	3,500,000	253,764	7.8%
Add: Cash in lieu of Debt	-	13,622,706	13,622,706	-
Add: Debt Service, Participating members	19,047,831	25,863,091	6,815,260	35.8%
<b>TOTAL MEMBER CONTRIBUTIONS</b>	<b>\$ 53,786,489</b>	<b>\$ 76,855,948</b>	<b>\$23,069,460</b>	<b>42.9%</b>

- Gross Operating Expenditures will increase by \$1.42 million (4.5%), which reflects inflationary pressures and an agreed-upon labor contract. This budget includes multiple cost-saving initiatives that, through process improvements, will reduce the use of electricity and chemicals. The budget also assumes certain activities will be self-handled to reduce the dependence on outside services.
- Miscellaneous Revenue will be \$63.6 thousand more than the 2023-24 Budgeted amount, due to increased receiving of organic food waste from a local municipality.
- Revenue-funded capital spending will be the typical \$1.5 million, or \$1.02 million more than what was budgeted in 2023-24. Whereas the prior year saw a temporary reduction in small capital projects, several technology improvements and equipment purchases are critically needed next year.
- Reserve Designations will increase by \$253.8 thousand next year. The 2024-25 Budget follows Reserve Policy, which calls for an annual CIP Reserve contribution of \$3.5 million in the next fiscal year, an increase of \$500 thousand. Conversely, Operating Reserve

contributions will decline by \$246.2 thousand as robust investment returns are expected to generate enough funds to reach the Reserve Policy target of 10% of Operating Budget plus \$1 million.

- SVCW's Debt structure in the next fiscal year will be \$25.86 million, an increase of \$6.8 million as RESCU SRF Loans become due. Further analysis of SVCW's Long Term Debt is in Section 5 and draws from SVCW's February 2024 Long-Range Financial Plan.

## Expenditure Allocations

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

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

Three-year Average Flow and Loading Averages - by Member				
Agency	Factor	2023-24 Budget	2024-25 Budget	Point Increase/ (Decrease)
Belmont	Flow	11.24%	10.52%	(0.72)
	Biochem. Oxygen Demand	10.87%	9.15%	(1.72)
	Suspended Solids	9.52%	8.19%	(1.33)
Redwood City	Flow	55.50%	53.91%	(1.59)
	Biochem. Oxygen Demand	58.29%	58.76%	0.47
	Suspended Solids	60.48%	62.59%	2.11
San Carlos	Flow	13.06%	14.40%	1.34
	Biochem. Oxygen Demand	11.41%	11.33%	(0.08)
	Suspended Solids	10.54%	10.20%	(0.34)
WBSD	Flow	20.20%	21.17%	0.97
	Biochem. Oxygen Demand	19.43%	20.76%	1.33
	Suspended Solids	19.46%	19.02%	(0.44)

Since the pandemic began in 2020, SVCW Members' flows and loading values experienced changes as communities worked from home. Influencing factors include the denser housing

policies, the condition of respective collection systems, and the lack of rainfall in previous years. Flows are measured by calibrated meters and composite loading values calculated from samples taken at the pump stations serving the respective Members' service areas. After updating with 2023 data, relative flows and loadings have begun returning to historical averages. Conditions have changed since the end of pandemic, when work-from-home practices, vacant office campuses, and lower occupancy at businesses and restaurants influenced flow and loading values. These year-over-year changes reflect relative flow and loading behaviors between Member Agencies. These metrics are shared with the SVCW Technical Committee for validation.

## Member Agency Operating Contributions Calculation

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

2024-25 Budget Member Contributions Allocation Model																			
Description				Belmont		Redwood City		San Carlos		West Bay San District		TOTAL							
Allocation Factors																			
Flow				10.52%		53.91%		14.40%		21.17%		100%							
Biochemical Oxygen Demand (BOD)				9.15%		58.76%		11.33%		20.76%		100%							
Suspended Solids (SS)				8.19%		62.59%		10.20%		19.02%		100%							
				Weightings															
Operating Expenditures				Flow		BOD		SS											
Operations				26.5%		33.5%		40.0%		\$ 1,245,085		\$ 8,047,763		\$ 1,594,577		\$ 2,751,290		\$ 13,638,716	
Maintenance				26.5%		33.5%		40.0%		616,708		3,986,167		789,816		1,362,752		6,755,442	
Laboratory				26.5%		33.5%		40.0%		211,751		1,368,680		271,189		467,911		2,319,531	
Environmental Services				26.5%		33.5%		40.0%		109,185		705,730		139,833		241,268		1,196,015	
Engineering				26.5%		33.5%		40.0%		208,241		1,345,992		266,694		460,155		2,281,081	
Safety				100.0%		0.0%		0.0%		50,930		260,994		69,715		102,490		484,129	
Information Services				26.5%		33.5%		40.0%		198,126		1,280,612		253,739		437,803		2,170,280	
Administrative Services				100.0%		0.0%		0.0%		466,851		2,392,389		639,035		939,471		4,437,746	
Total Operating Expend.										\$ 3,106,877		\$ 19,388,326		\$ 4,024,598		\$ 6,763,140		\$ 33,282,941	
Subtract Miscellaneous Income				26.5%		33.5%		40.0%		\$ 83,296		\$ 538,393		\$ 106,677		\$ 184,060		\$ 912,425	
2024-25 Net Operating Revenue Required										\$ 3,023,581		\$ 18,849,934		\$ 3,917,922		\$ 6,579,079		\$ 32,370,516	
2023-24 Net Operating Revenue Required										\$ 3,270,530		\$ 17,987,813		\$ 3,636,433		\$ 6,117,645		\$ 31,012,421	
\$ Increase / (Decrease)										\$ (246,949)		\$ 862,121		\$ 281,489		\$ 461,434		\$ 1,358,095	
% Increase / (Decrease)										(7.55%)		4.79%		7.74%		7.54%		4.38%	

## Miscellaneous Revenue

Miscellaneous Revenue is derived from grease and septic receipts, property leases, and services performed by the Environmental Services Division. SVCW continues to secure Self-Generation Incentive Program (SGIP) revenues from a battery storage program.



2024-25 Budget Miscellaneous Revenue					
Description	2023-24	2023-24	2024-25	\$	%
	Adopted Budget			Incr/(Decr) v. Forecast	Incr/(Decr) v. Forecast
Grease & Septic Receiving	\$ 263,985	\$ 246,090	\$ 246,090	\$ -	0.0%
Food Waste Revenue	22,400	80,693	83,200	2,507	3.1%
Other Miscellaneous Revenue	196,817	172,150	187,902	15,752	9.2%
Source Control	83,802	137,676	87,512	(50,164)	(36.4%)
Laboratory Services	4,375	3,838	3,838	-	0.0%
Interest Earnings	12,500	8,919	12,500	3,581	40.2%
Self-Generation Incentive Program	150,000	150,000	185,000	35,000	23.3%
Stormwater Monitoring	114,920	85,325	106,384	21,059	24.7%
<b>TOTAL</b>	<b>\$ 848,799</b>	<b>\$ 884,690</b>	<b>\$ 912,425</b>	<b>\$ 27,735</b>	<b>3.1%</b>

### Capital and Reserve Contributions

As described in Section 4 of this budget, Revenue-financed Capital projects are estimated at \$1.5 million in 2024-25. Contributions to the CIP Reserve follow policy and are scheduled to be \$3.5 million next fiscal year. These costs are allocated to Members according to JPA-defined percentages, which are based on each Member Agency's dry weather capacity owned and its allocated share of future dry weather capacity.

2024-25 Capital and Reserve Allocation Calculations										
Description	City of Belmont		Redwood City		City of San Carlos		West Bay San District	TOTAL		
Capital and Reserve Allocation Factors	9.45%		48.57%		15.14%		26.84%	100.00%		
CAPITAL IMPROVEMENT										
Treatment Plant	\$	39,183	\$	201,388	\$	62,776	\$	111,288	\$	414,635
Equipment		102,533		526,985		164,269		291,214		1,085,000
Subtotal	\$	141,716	\$	728,373	\$	227,045	\$	402,502	\$	1,499,635
RESERVE CONTRIBUTIONS										
Operating Reserve	\$	-	\$	-	\$	-	\$	-	\$	-
CIP Reserve		330,750		1,699,950		529,900		939,400		3,500,000
Subtotal	\$	330,750	\$	1,699,950	\$	529,900	\$	939,400	\$	3,500,000
Contributions for Capital & Reserves	\$	472,466	\$	2,428,323	\$	756,945	\$	1,341,902	\$	4,999,635

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

## Total Member Agency Contributions

Total 2024-25 contributions (including debt service) will be \$76.86 million, allocated as follows:

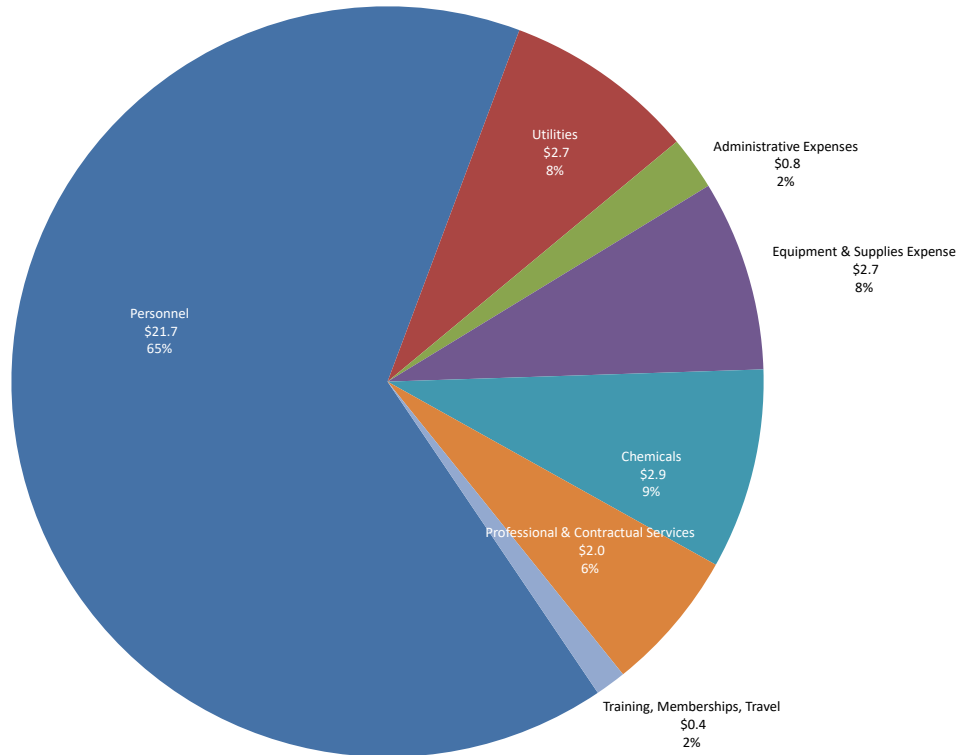
2024-25 Budget - Total Contributions by Member Agency					
Description	City of Belmont	Redwood City	City of San Carlos	West Bay San District	TOTAL
Net Operating Expenditures	\$ 3,023,581	\$ 18,849,934	\$ 3,917,922	\$ 6,579,079	\$ 32,370,516
Revenue-Funded Capital Expenditures	141,716	728,373	227,045	402,502	1,499,635
Reserve Contributions	330,750	1,699,950	529,900	939,400	3,500,000
Cash in lieu of Debt Contributions	1,287,346	6,616,548	2,062,478	3,656,334	13,622,706
Projected Debt Service	840,053	13,724,978	4,334,817	6,963,243	25,863,091
<b>Total Contributions to SVCW</b>	<b>\$ 5,623,445</b>	<b>\$ 41,619,783</b>	<b>\$ 11,072,161</b>	<b>\$ 18,540,559</b>	<b>\$ 76,855,948</b>

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### SECTION 3 – GROSS OPERATING EXPENDITURES

The FY 2024-25 Gross Operating Budget will be \$33.28 million. The below chart illustrates the significant expenditure categories, showing 65% of expenditures are for personnel-related costs associated with approximately 82 full-time equivalent employees in the Operating Budget.

**SVCW 2024-25 Gross Operating Budget (\$33.28 million)**



#### Personnel

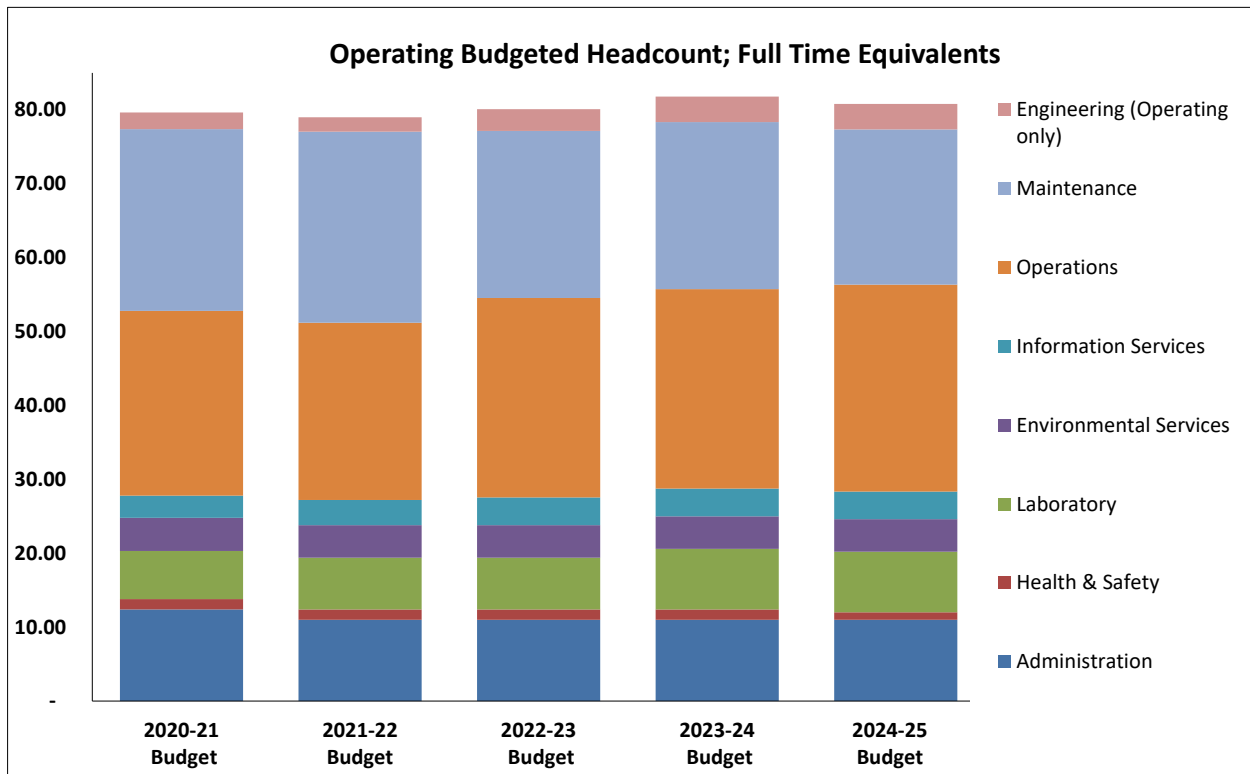
Over the past five years, Operating Budget staffing levels remained relatively flat between 79 to 82 full-time equivalent positions, across eight divisions. Divisional positions are illustrated in the following organization chart.



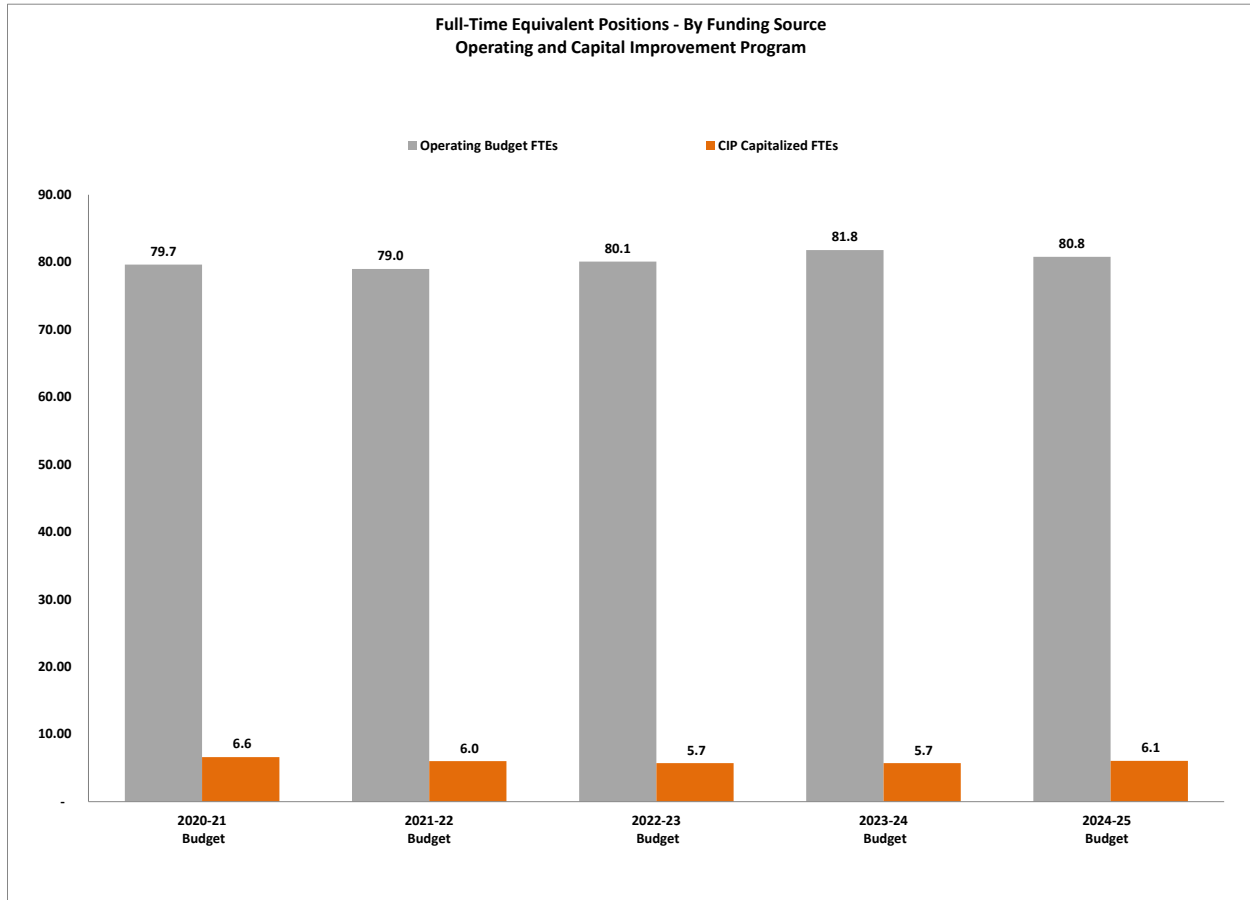
SVCW Organizational Chart FY2023-24

Positions included in the Operating Budget will decrease by one Full Time Equivalent position next year, reflecting the assignment of a Mechanic position to a Capital Improvement Program manager that is captured in the CIP fund. Additionally, an Instrumentation Technician position transfers from Maintenance to Operations and will help manage the increased number of instruments at new facilities. Finally, a facilities mechanic position previously assigned part-time to the Safety Division will report solely to Maintenance going forward, while still performing as-needed work on safety matters.

Full-time Equivalent Headcount - Operating Budget						
Division	2020-21 Budget	2021-22 Budget	2022-23 Budget	2023-24 Budget	2024-25 Budget	Increase/ (Decrease)
Operations	25.00	24.00	27.00	27.00	28.00	1.00
Maintenance	24.60	25.85	22.60	22.60	21.00	(1.60)
Laboratory	6.50	7.00	7.00	8.20	8.20	-
Environmental Services	4.50	4.40	4.40	4.40	4.40	-
Engineering (Operating only)	2.25	1.95	2.95	3.45	3.45	-
Health & Safety	1.40	1.40	1.40	1.40	1.00	(0.40)
Information Services	3.00	3.40	3.75	3.75	3.75	-
Administration	12.40	11.00	11.00	11.00	11.00	-
<b>TOTAL Full Time Equivalents</b>	<b>79.65</b>	<b>79.00</b>	<b>80.10</b>	<b>81.80</b>	<b>80.80</b>	<b>(1.00)</b>



It should be noted that the Operating Budget excludes costs associated with work performed on CIP projects. The chart below defines the number of positions that have been traditionally charged to capital projects versus operating costs, and further illustrates how the 2024-25 Budget continues to dedicate six staff members to management of large and complex projects.



## Operating Costs Summary by Objective

Gross Operating Expenses (compared to 2023-24 Forecast) increases by \$1.01 million, or 3.2%. Comparative comments between the two periods include significant inflationary pressures as well as operational changes when new RESCU-constructed facilities are in full service.

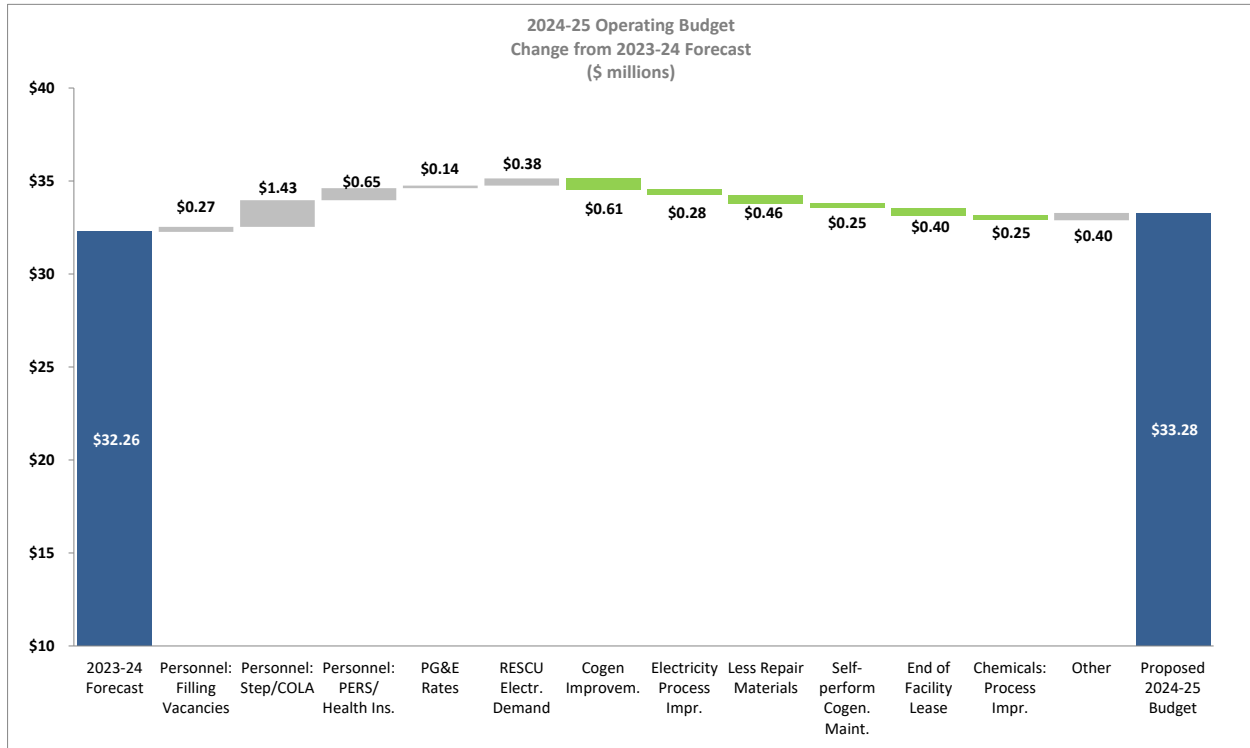
Silicon Valley Clean Water Expenditure Summary - By Expense Category					
Description	2023-24 Budget	2023-24 Forecast	2024-25 Budget	\$ Incr/(Decr) v. Forecast	% Incr/(Decr) v. Forecast
Personnel	\$ 19,713,950	\$ 19,354,011	\$ 21,683,052	\$ 2,329,041	12.0%
Utilities	2,697,093	3,179,775	2,748,048	(431,727)	(13.6%)
Administrative Expenses	733,697	744,338	767,216	22,878	3.1%
Equipment & Supplies Expense	2,686,826	2,927,628	2,734,333	(193,295)	(6.6%)
Chemicals	2,991,112	2,998,188	2,873,109	(125,079)	(4.2%)
Professional & Contractual Services	2,614,952	2,692,532	2,037,174	(655,358)	(24.3%)
Training, Memberships, Travel	423,589	366,618	440,009	73,391	20.0%
<b>TOTAL</b>	<b>\$ 31,861,220</b>	<b>\$ 32,263,090</b>	<b>\$ 33,282,941</b>	<b>\$ 1,019,851</b>	<b>3.2%</b>

Comparing the 2024-25 Budget to the 2023-24 Forecast:

- Personnel expenditures will increase by \$2.4 million, or 12%, compared to Forecast. Vacant positions, valued at \$270 thousand, are anticipated to be filled by the beginning of the new fiscal year. Approximately half of the increase (\$1.4 million) recognizes cost-of-living and step adjustments. Other personnel cost increases include \$650 thousand for higher CalPERS-required employer contribution rates and health insurance premiums.
- Utility costs will decline by \$431 thousand (13.6%) compared to forecast. While PG&E electricity rates increase by 14%, raising costs by \$140 thousand, and the annualization of new headworks lift pumps and odor control systems adds \$380 thousand, several actions are being taken to reduce utility costs. Staff will focus on improving cogeneration operations and implementing process improvements which, combined, would reduce electricity expenses by \$890 thousand.
- Administrative Expense will increase from forecast by \$22.9 thousand (3.1%) primarily due to higher regulatory permit fees and property / liability insurance premiums.
- Equipment and Supplies expense is budgeted to decline \$193.3 thousand (6.6%) from forecast. This reduction reflects lowered maintenance costs of new pump station and headworks locations.
- Until recently, chemical prices were increasing at unprecedented rates between 2021 and 2023. The pace of price inflation has moderated, as next year chemicals prices are largely unchanged or limited to a 2.5% increase. Nevertheless, to recover prior years' increased chemical costs, SVCW has budgeted process improvements to reduce chemical use and save \$250 thousand.



- Professional and Contractual Services will decline by \$655.4 thousand (24.3%), reflecting the end of a \$400 thousand annual flow equalization facility lease. In addition, new network upgrades will avoid \$100 thousand of support costs.
- Training, Memberships, and Travel will increase by \$73 thousand (20%). SVCW anticipates more training and education activities in response to new facilities and staffing.



Silicon Valley Clean Water Operating Expenditures					
Description	2023-24 Budget	2023-24 Forecast	2024-25 Budget	\$ Incr/(Decr) v. Forecast	% Incr/(Decr) v. Forecast
Personnel:					
Salaries	\$ 14,253,128	\$ 14,038,757	\$ 15,445,487	\$ 1,406,730	10.0%
Overtime	273,294	270,858	264,667	(6,191)	(2.3%)
Retirement Benefit Contributions	2,782,348	2,714,143	3,378,048	663,905	24.5%
Health Insurance	1,770,286	1,722,897	1,892,052	169,155	9.8%
Payroll Tax	1,774	1,015	1,779	764	-
Workers' Compensation	393,150	374,525	442,651	68,126	18.2%
Health Insurance - Retiree	28,916	28,242	30,570	2,328	8.2%
Medicare	211,052	203,573	227,797	24,224	11.9%
Subtotal: Personnel Costs	19,713,950	19,354,011	21,683,052	2,329,041	12.0%
Utilities	2,697,093	3,179,775	2,748,048	(431,727)	(13.6%)
Administrative Expenses	733,697	744,338	767,216	22,878	3.1%
Equipment & Supplies Expense:					
Office Supplies	18,642	17,613	18,815	1,202	6.8%
Rentals & Leases	67,054	54,120	68,608	14,488	26.8%
Supplies & Expenses	407,261	423,704	447,971	24,267	5.7%
Equipment Maint - Materials	769,502	1,005,869	775,116	(230,753)	(22.9%)
Equipment Maint - Services	1,395,319	1,399,332	1,387,010	(12,322)	(0.9%)
Non-Capital Equipment	29,048	26,990	36,813	9,823	36.4%
Subtotal: Equipment & Supplies	2,686,826	2,927,628	2,734,333	(193,295)	(6.6%)
Chemicals	2,991,112	2,998,188	2,873,109	(125,079)	(4.2%)
Professional Services	1,024,416	1,116,181	906,592	(209,589)	(18.8%)
Contractual Services	1,590,537	1,576,351	1,130,582	(445,769)	(28.3%)
Memberships & Meetings	80,506	71,114	80,324	9,210	13.0%
Conferences & Travel	119,455	101,663	135,705	34,042	33.5%
Training	223,628	193,841	223,980	30,139	15.5%
<b>TOTAL EXPENDITURES</b>	<b>\$ 31,861,220</b>	<b>\$ 32,263,090</b>	<b>\$ 33,282,941</b>	<b>\$ 1,019,851</b>	<b>3.2%</b>

## Total Operating Expenditures by Division

Compared to the 2023-24 Forecast, Divisional changes in budget ranged according to individual strategies. Analysis of each Division is described on the following pages.

Silicon Valley Clean Water Expenditure Summary - By Division					
Description	2023-24 Budget	2023-24 Forecast	2024-25 Budget	\$ Incr/(Decr) v. Forecast	% Incr/(Decr) v. Forecast
Operations	\$ 13,293,819	\$ 13,649,568	\$ 13,638,716	\$ (10,853)	(0.1%)
Maintenance	6,755,445	6,815,552	6,755,442	(60,110)	(0.9%)
Laboratory Services	2,137,500	2,112,446	2,319,531	207,085	9.8%
Environmental Services	1,084,045	1,075,105	1,196,015	120,911	11.2%
Engineering	2,006,920	2,033,262	2,281,081	247,819	12.2%
Safety	526,906	472,508	484,129	11,621	2.5%
Information Services	2,083,265	2,116,632	2,170,280	53,648	2.5%
Administration	3,973,320	3,988,017	4,437,746	449,730	11.3%
<b>TOTAL</b>	<b>\$ 31,861,220</b>	<b>\$ 32,263,090</b>	<b>\$ 33,282,941</b>	<b>\$ 1,019,851</b>	<b>3.2%</b>

## Operations

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

This Division has a total of 28 full-time equivalent positions in 2024-25 including the Chief Operating Officer, Operations Director, and three Operations Supervisors. There are sixteen Operators, one Process Control Specialist, three Instrumentation Technicians, three Utility Workers, and one Administrative Assistant.

Operations Department Expenditures					
Description	2023-24 Budget	2023-24 Forecast	2024-25 Budget	\$ Incr/(Decr) v. Forecast	% Incr/(Decr) v. Forecast
Personnel:					
Salaries	\$ 4,280,152	\$ 4,201,288	\$ 4,787,150	\$ 585,861	13.9%
Overtime	148,130	175,223	154,776	(20,447)	(11.7%)
Retirement Benefit Contributions	910,258	904,649	1,147,797	243,148	26.9%
Health Insurance	581,402	576,842	674,180	97,337	16.9%
Payroll Tax	-	-	-	-	0.0%
Workers' Compensation	147,545	139,883	172,861	32,978	23.6%
Health Insurance - Retiree	8,270	7,933	9,600	1,667	21.0%
Medicare	64,330	62,225	71,658	9,433	15.2%
Subtotal: Personnel Costs	6,140,088	6,068,043	7,018,021	949,977	15.7%
Utilities	2,558,971	3,032,963	2,597,472	(435,491)	(14.4%)
Equipment & Supplies Expense:					
Rentals & Leases	3,544	1,770	3,600	1,830	103.4%
Supplies & Expenses	8,766	15,499	9,520	(5,979)	(38.6%)
Equipment Maint - Materials	49,338	33,136	52,620	19,484	58.8%
Non-Capital Equipment	-	465	1,788	1,323	-
Subtotal: Equipment & Supplies	61,649	50,870	67,528	16,658	32.7%
Chemicals	2,991,112	2,998,188	2,873,109	(125,079)	(4.2%)
Professional Services	98,451	132,871	99,996	(32,875)	(24.7%)
Contractual Services	1,327,913	1,259,021	863,664	(395,357)	(31.4%)
Memberships & Meetings	5,777	5,100	5,868	768	15.1%
Conferences & Travel	24,905	14,683	27,396	12,713	86.6%
Training	84,628	87,829	85,302	(2,527)	(2.9%)
<b>TOTAL EXPENDITURES</b>	<b>\$ 13,293,819</b>	<b>\$ 13,649,568</b>	<b>\$ 13,638,716</b>	<b>\$ (10,853)</b>	<b>(0.1%)</b>

As compared to the 2023-24 Forecast, significant increases / decreases in the operating budget for Operations include:

- Personnel costs will increase \$949.9 thousand, or 15.7% which includes 5% step increases in compensation for employees who meet performance criteria and a 4.5% contractual cost of living adjustment. Other factors contributing to this increase include two positions vacant in 2023-24 that are likely to be filled, one additional position that transfers from Maintenance, and two employees promoted to a Senior Operator position.
- Utilities Expense will decrease by \$435 thousand next year as compared to the Forecast. This recognizes the interrupted performance of cogeneration engines in the current year and presumes 2024-25 will see significant improvement in engine operations. The new budget also targets specific process improvements where electricity can be reduced. New conveyance facilities will be optimized to take advantage of periods of low electricity rates, when mixing and aeration activities can also be reduced.
- Chemical costs are estimated to decrease by \$125 thousand (4.2%) next year. Prices of chemicals, for the first time in nearly five years, will not experience significant increases, but the Authority is nonetheless focused on recovering from enormous hikes seen in previous years. A joint Operations / Engineering team identified specific process improvements that will leverage data provided by sensors to reduce chemical use.
- Contractual Services will decrease by \$395 thousand as the new conveyance system is now functional and precludes the need for a Flow Equalization Facility. As such, the lease of the FEF will not be renewed.

## Maintenance

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

There are 21 full-time equivalent positions in the Maintenance Division. It works under the direction of the Maintenance Director, three Maintenance Supervisors, and a Planner / Facilities Supervisor. Staff includes ten Plant Mechanics, one Controls System Mechanic, three Electricians, one Facilities Mechanic, and two Warehouse staff.

Maintenance Services Department Expenditures					
Description	2023-24 Budget	2023-24 Forecast	2024-25 Budget	\$ Incr/(Decr) v. Forecast	% Incr/(Decr) v. Forecast
Personnel:					
Salaries	\$ 3,418,963	\$ 3,287,323	\$ 3,552,658	\$ 265,335	8.1%
Overtime	49,732	36,837	51,923	15,086	41.0%
Retirement Benefit Contributions	648,811	615,492	725,819	110,327	17.9%
Health Insurance	535,469	518,377	548,765	30,388	5.9%
Workers' Compensation	129,648	121,718	140,752	19,034	15.6%
Health Insurance - Retiree	8,625	8,579	9,000	421	4.9%
Medicare	50,421	47,566	52,266	4,700	9.9%
Subtotal: Personnel Costs	4,841,670	4,635,892	5,081,184	445,292	9.6%
Equipment & Supplies Expense:					
Rentals & Leases	25,201	17,625	25,596	7,971	45.2%
Supplies & Expenses	86,542	89,927	103,140	13,213	14.7%
Equipment Maint - Materials	637,492	893,836	629,496	(264,340)	(29.6%)
Equipment Maint - Services	1,051,912	1,055,545	805,338	(250,207)	(23.7%)
Non-Capital Equipment	19,151	18,769	23,448	4,679	24.9%
Subtotal: Equipment & Supplies	1,820,298	2,075,765	1,587,018	(488,747)	(23.5%)
Professional Services	-	2,553	-	(2,553)	(100.0%)
Contractual Services	35,444	52,253	21,000	(31,253)	(59.8%)
Memberships & Meetings	6,025	5,689	6,516	827	14.5%
Conferences & Travel	11,129	9,562	18,204	8,642	90.4%
Training	40,878	33,838	41,520	7,682	22.7%
<b>TOTAL EXPENDITURES</b>	<b>\$ 6,755,445</b>	<b>\$ 6,815,552</b>	<b>\$ 6,755,442</b>	<b>\$ (60,110)</b>	<b>(0.9%)</b>

As compared to the 2023-24 Forecast, significant increases / decreases in the operating budget for Maintenance include:

- Personnel costs will increase \$445 thousand, or 9.6%, as increases from contractual step increases and cost-of-living adjustments occur.
- Overall Equipment and Supplies expenses will decrease by \$489 thousand (23.5%) as a \$250 thousand per year long term maintenance contract will not be renewed. Instead, the Maintenance Division will self-perform much of this work. In addition, new conveyance facilities will reduce the need for equipment replacements. Finally, some maintenance equipment expenditures associated with the SCADA network will move to the Engineering Division.
- Contractual Services, declining by \$31 thousand, incurred certain one-time inspection costs in the current year that are not anticipated to recur next year.

## Laboratory Services

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

The Laboratory Director oversees a Laboratory Supervisor, five Laboratory Analysts, and one Regulatory Compliance Officer.

Laboratory Services Department Expenditures					
Description	2023-24 Budget	2023-24 Forecast	2024-25 Budget	\$ Incr/(Decr) v. Forecast	% Incr/(Decr) v. Forecast
Personnel:					
Salaries	\$ 1,401,761	\$ 1,366,790	\$ 1,491,672	\$ 124,882	9.1%
Overtime	19,012	16,513	20,990	4,477	27.1%
Retirement Benefit Contributions	246,907	242,840	299,785	56,945	23.4%
Health Insurance	130,361	112,936	112,748	(188)	(0.2%)
Workers' Compensation	52,161	50,292	58,533	8,241	16.4%
Health Insurance - Retiree	3,663	3,597	3,720	123	3.4%
Medicare	20,654	20,074	21,934	1,860	9.3%
Subtotal: Personnel Costs	1,874,519	1,813,042	2,009,381	196,339	10.8%
Administrative Expenses	6,838	7,084	8,420	1,336	18.9%
Equipment & Supplies Expense:					
Office Supplies	3,143	2,597	3,192	595	22.9%
Supplies & Expenses	87,499	107,268	116,076	8,808	8.2%
Equipment Maint - Materials	18,214	26,903	18,100	(8,803)	(32.7%)
Equipment Maint - Services	43,256	48,185	43,065	(5,120)	(10.6%)
Non-Capital Equipment	5,710	5,779	7,125	1,346	23.3%
Subtotal: Equipment & Supplies	157,822	190,732	187,558	(3,174)	(1.7%)
Professional Services	1,181	316	12,750	12,434	-
Contractual Services	79,848	88,878	82,278	(6,600)	(7.4%)
Memberships & Meetings	2,509	1,450	2,724	1,274	87.9%
Conferences & Travel	6,104	4,491	8,000	3,509	78.1%
Training	8,679	6,453	8,420	1,967	30.5%
<b>TOTAL EXPENDITURES</b>	<b>\$ 2,137,500</b>	<b>\$ 2,112,446</b>	<b>\$ 2,319,531</b>	<b>\$ 207,085</b>	<b>9.8%</b>



As compared to the 2023-24 Forecast, material increases / decreases in the Laboratory operating budget include:

- Staffing costs increase by normal contractual step and cost-of-living adjustments.
- Professional Services increase by \$12 thousand, mostly to perform lab certification onsite assessments.
- Other budget changes were modest or decreases, reflecting efforts to manage Laboratory operating costs.

## Environmental Services

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

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

Environmental Services Department Expenditures						
Description	2023-24 Budget	2023-24 Forecast	2024-25 Budget	\$ Incr/(Decr) v. Forecast	% Incr/(Decr) v. Forecast	
Personnel:						
Salaries	\$ 757,406	\$ 762,362	\$ 823,368	\$ 61,006	8.0%	
Overtime	3,114	1,559	3,438	1,879	120.5%	
Retirement Benefit Contributions	151,282	150,101	188,643	38,542	25.7%	
Health Insurance	65,971	59,128	68,162	9,035	15.3%	
Workers' Compensation	24,376	23,982	27,616	3,634	15.2%	
Health Insurance - Retiree	1,418	1,404	1,440	36	2.6%	
Medicare	11,048	10,829	11,989	1,160	10.7%	
Subtotal: Personnel Costs	1,014,615	1,009,365	1,124,656	115,292	11.4%	
Administrative Expenses	142	-	1,544	1,544	0.0%	
Equipment & Supplies Expense:						
Supplies & Expenses	9,357	8,087	9,504	1,417	17.5%	
Equipment Maint - Services	1,477	738	1,500	762	103.3%	
Non-Capital Equipment	1,134	697	1,152	455	65.3%	
Subtotal: Equipment & Supplies	11,968	10,598	12,156	1,558	14.7%	
Contractual Services	35,586	35,246	36,144	898	2.5%	
Memberships & Meetings	1,063	1,155	920	(235)	(20.3%)	
Conferences & Travel	10,830	10,352	11,000	648	6.3%	
Training	9,841	8,389	9,595	1,206	14.4%	
<b>TOTAL EXPENDITURES</b>	<b>\$ 1,084,045</b>	<b>\$ 1,075,105</b>	<b>\$ 1,196,015</b>	<b>\$ 120,911</b>	<b>11.2%</b>	

As compared to the 2023-24 Forecast, significant increases / decreases in the operating budget for Environmental Services include:

- Personnel costs changed to reflect the decreased contributions to the Authority's pension liability fund, offset by ordinary step and cost-of-living adjustments.
- Other budget changes were modest or decreases, reflecting efforts to manage overall division operating costs.

## Engineering

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

The Division is currently focused on the RESCU program and improvements to the wastewater treatment plant. It works under the direction of the Authority Engineer and an Engineering Director (shared with Environmental Services), plus four civil engineers, one process engineer, and two Administrative Assistants. Most engineering personnel costs are charged to capital projects.

Engineering Department Expenditures					
Description	2023-24 Budget	2023-24 Forecast	2024-25 Budget	\$ Incr/(Decr) v. Forecast	% Incr/(Decr) v. Forecast
Personnel:					
Salaries	\$ 915,411	\$ 927,047	\$ 1,016,517	\$ 89,470	9.7%
Retirement Benefit Contributions	148,863	147,777	183,398	35,621	24.1%
Health Insurance	109,053	117,397	119,405	2,008	1.7%
Payroll Tax	1,774	885	1,779	894	101.0%
Workers' Compensation	3,618	3,703	4,504	801	21.6%
Health Insurance - Retiree	1,536	1,524	1,560	36	2.4%
Medicare	13,296	12,969	14,740	1,771	13.7%
Subtotal: Personnel Costs	1,193,550	1,211,302	1,341,902	130,600	10.8%
Administrative Expenses	428,356	450,771	437,985	(12,786)	(2.8%)
Equipment & Supplies Expense:					
Office Supplies	-	107	-	(107)	(100.0%)
Supplies & Expenses	5,120	1,733	5,200	3,467	200.1%
Equipment Maint - Services	-	-	214,476	214,476	0.0%
Subtotal: Equipment & Supplies	5,120	1,840	219,676	217,836	11838.9%
Professional Services	308,255	310,382	215,004	(95,378)	(30.7%)
Contractual Services	-	1,394	-	(1,394)	-
Memberships & Meetings	21,329	15,469	14,414	(1,055)	(6.8%)
Conferences & Travel	44,699	39,276	46,400	7,124	18.1%
Training	5,612	2,828	5,700	2,872	101.6%
<b>TOTAL EXPENDITURES</b>	<b>\$ 2,006,920</b>	<b>\$ 2,033,262</b>	<b>\$ 2,281,081</b>	<b>\$ 247,819</b>	<b>12.2%</b>

As compared to the 2023-24 Forecast, significant increases / decreases in the operating budget for Engineering include:

- Operating Fund personnel costs will increase \$131 thousand (12.3%), as ordinary increases to wages and benefits occur.
- Administrative Expenses will decline by \$13 thousand, as certain expenditures associated with permit renewals and compliance in the current fiscal year are not anticipated to recur.
- Equipment Maintenance Services will increase by \$214 thousand, nearly half of which is to recode SCADA maintenance costs that were previously coded as Professional Services. Additionally, approximately \$90 thousand of technology support will be transferred from the Maintenance Division operating budget.
- Professional Services will decline by \$95 thousand, as services associated with SCADA maintenance will be recoded to Equipment Maintenance Services.

## Safety

The Safety Division develops, implements, and oversees all safety programs for the agency. It is staffed with one Health and Safety Director.

Safety Department Expenditures						
Description	2023-24 Budget	2023-24 Forecast	2024-25 Budget	\$ Incr/(Decr) v. Forecast	% Incr/(Decr) v. Forecast	
Personnel:						
Salaries	\$ 297,284	\$ 268,827	\$ 273,762	\$ 4,935	1.8%	
Overtime	2,313	1,157	\$ -	(1,157)	-	
Retirement Benefit Contributions	38,228	32,682	31,772	(910)	0.0%	
Health Insurance	42,640	37,262	35,829	(1,433)	(3.8%)	
Workers' Compensation	11,201	9,698	10,690	992	10.2%	
Health Insurance - Retiree	827	705	600	(105)	(14.9%)	
Medicare	4,356	3,794	3,970	176	4.6%	
Subtotal: Personnel Costs	396,849	354,125	356,623	2,498	0.7%	
Administrative Expenses	18,313	11,477	10,775	(702)	(6.1%)	
Equipment & Supplies Expense:						
Supplies & Expenses	66,185	52,930	62,748	9,818	18.5%	
Equipment Maint - Materials	2,461	2,254	2,500	246	10.9%	
Equipment Maint - Services	5,415	4,962	5,200	238	4.8%	
Non-Capital Equipment	3,052	1,280	3,300	2,020	157.8%	
Subtotal: Equipment & Supplies	77,114	61,426	73,748	12,322	20.1%	
Contractual Services	13,291	25,525	22,500	(3,025)	(11.9%)	
Memberships & Meetings	4,244	5,340	4,462	(878)	(16.4%)	
Conferences & Travel	2,609	2,760	3,125	365	13.2%	
Training	14,486	11,855	12,896	1,041	8.8%	
<b>TOTAL EXPENDITURES</b>	<b>\$ 526,906</b>	<b>\$ 472,508</b>	<b>\$ 484,129</b>	<b>\$ 11,621</b>	<b>2.5%</b>	

As compared to the 2023-24 Forecast, significant increases / decreases in the operating budget for Safety include:

- Personnel costs will increase by \$2.5 thousand. Ordinary cost-of-living adjustments will be offset by the discontinuation of a Maintenance facility mechanic no longer coding time to the Safety Division.
- Equipment & Supplies will increase by \$12.3 thousand, as certain items were deferred in the current fiscal year and are likely to be needed next year as new facilities needs become apparent.

## Information Services

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

Information Services Department Expenditures					
Description	2023-24 Budget	2023-24 Forecast	2024-25 Budget	\$ Incr/(Decr) v. Forecast	% Incr/(Decr) v. Forecast
Personnel:					
Salaries	\$ 806,944	\$ 821,354	\$ 872,102	\$ 50,748	6.2%
Retirement Benefit Contributions	219,455	218,586	279,544	60,958	27.9%
Health Insurance	63,478	63,194	76,257	13,062	20.7%
Workers' Compensation	15,849	16,842	17,897	1,055	6.3%
Health Insurance - Retiree	443	407	450	43	10.6%
Medicare	11,707	11,703	12,645	942	8.1%
Subtotal: Personnel Costs	1,117,877	1,132,087	1,258,896	126,809	11.2%
Utilities	138,122	146,812	150,576	3,764	2.6%
Equipment & Supplies Expense:					
Rentals & Leases	26,583	22,908	24,000	1,092	4.8%
Supplies & Expenses	84,571	84,819	86,108	1,289	1.5%
Equipment Maint - Services	256,012	248,016	279,600	31,584	12.7%
Equipment Maint - Materials	60,717	46,662	68,900	22,238	47.7%
Subtotal: Equipment & Supplies	427,883	402,517	458,608	56,091	13.9%
Professional Services	322,932	374,355	220,100	(154,255)	(41.2%)
Contractual Services	39,382	39,972	50,000	10,028	25.1%
Memberships & Meetings	4,086	1,081	4,100	3,019	279.3%
Training	32,982	17,230	28,000	10,770	62.5%
<b>TOTAL EXPENDITURES</b>	<b>\$ 2,083,265</b>	<b>\$ 2,116,632</b>	<b>\$ 2,170,280</b>	<b>\$ 53,648</b>	<b>2.5%</b>



As compared to the 2023-24 Forecast, total expenditures in the Information Services Division will increase by \$53.6 thousand (2.5%). Notable variances include:

- Personnel costs will increase \$126.8 thousand, or 11.2%, which includes ordinary merit and cost-of-living adjustments. Insurance and retirement contributions also continued to see upwards rate pressure.
- Total Equipment & Supplies increase by \$56 thousand (13.9%) as license costs increase. Additionally, computer purchases were deferred in the current year, pending new facilities and work processes becoming clear.
- Professional Services will decline by \$154 thousand, as the Administration Division will become responsible for Microsoft PowerApps development decisions next year.
- Training expenses will increase by \$10.5 thousand as in the current year the Division will focus on technical training needed for cybersecurity, as well as a planned upgrade to the Authority's core network.

## Administrative Services

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

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

Administrative Services Department Expenditures					
Description	2023-24 Budget	2023-24 Forecast	2024-25 Budget	\$ Incr/(Decr) v. Forecast	% Incr/(Decr) v. Forecast
Personnel:					
Salaries	\$ 2,375,206	\$ 2,403,766	\$ 2,628,258	\$ 224,492	9.3%
Overtime	50,993	39,569	33,540	(6,029)	(15.2%)
Retirement Benefit Contributions	418,544	402,016	521,291	119,275	29.7%
Health Insurance	241,912	237,761	256,706	18,945	8.0%
Payroll Tax	-	130	-	(130)	0.0%
Workers' Compensation	8,752	8,407	9,798	1,391	16.5%
Health Insurance - Retiree	4,135	4,093	4,200	107	2.6%
Medicare	35,240	34,413	38,596	4,183	12.2%
Subtotal: Personnel Costs	3,134,781	3,130,155	3,492,388	362,234	11.6%
Administrative Expenses	279,724	274,826	308,132	33,306	12.1%
Equipment & Supplies Expense:					
Office Supplies	15,500	14,330	15,623	1,293	9.0%
Rentals & Leases	11,726	11,817	15,412	3,595	30.4%
Supplies & Expenses	59,221	64,025	55,675	(8,350)	(13.0%)
Equipment Maint - Materials	1,280	2,002	3,500	1,498	74.8%
Equipment Maint - Services	37,246	41,886	37,831	(4,055)	(9.7%)
Subtotal: Equipment & Supplies	124,973	134,060	128,041	(6,019)	(4.5%)
Professional Services	293,597	295,704	358,742	63,038	21.3%
Contractual Services	59,073	74,062	54,996	(19,066)	(25.7%)
Memberships & Meetings	35,471	35,830	41,320	5,490	15.3%
Conferences & Travel	19,179	17,961	21,580	3,619	20.1%
Training	26,522	25,419	32,547	7,128	28.0%
<b>TOTAL EXPENDITURES</b>	<b>\$ 3,973,320</b>	<b>\$ 3,988,017</b>	<b>\$ 4,437,746</b>	<b>\$ 449,730</b>	<b>11.3%</b>

As compared to the 2023-24 Forecast, significant increases / decreases in the operating budget for Administrative Services include:

- Personnel costs will increase \$362 thousand , 11.6%, which includes ordinary merit and cost-of-living adjustments. Insurance and retirement contributions also continue to see upwards rate pressure.
- Administrative costs includes insurance premiums, which are anticipated to increase by \$33.3 thousand next year as property and liability insurance costs rise.
- Professional Services will increase by \$63 thousand as the Administrative Services Department takes on oversight of how Microsoft PowerApps tools are deployed.

## SECTION 4 – REVENUE-FUNDED CAPITAL EXPENDITURES

### Summary

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

Over the past decade, SVCW has averaged \$1.5 million annually in Revenue-Funded capital expenditures. The amount included in the 2023-24 Budget, \$480 thousand, was considerably lower as the Authority deferred certain projects in response to extraordinary inflation. In the upcoming year, however, critical projects warrant a return to the \$1.5 million typically budgeted.

2024-25 Revenue-Funded Capital Expenditures	
Project Name	Estimated Cost
Core Network Hardware Upgrade	\$ 500,000
Firewall Security Hardware Upgrade	150,000
Camera Process Monitoring Upgrade	60,000
SHB Gen 1&3 Water pump	55,000
PST Gear box Cross Collector/ Skimmer	34,000
Maint. Tool Room Lockers	25,000
FFR/ Grease Station Vapex	325,635
Maint Shop Split HVAC unit	60,000
Articulating Lift	60,000
FOP Scissor Lift	25,000
Laboratory Automated Nutrient Analyzer	55,000
EV Charger Expansion & Trenching	100,000
EV Vehicle	50,000
TOTAL	<u>\$ 1,499,635</u>

A description of the proposed projects includes:

- Technology upgrades include replacing the Authority's core network platform as the current system reaches end of life. Cybersecurity measures remain paramount, and the budget will include upgrades to firewall measures as well.

- SVCW has over 50 cameras throughout its facilities to manage processes and surveil operations. The new software will meet governmental security requirements, improve security, and allow operators to better view and interact with the camera network.
- Several pieces of equipment are due for replacement and includes generator water pumps, primary sedimentation gear boxes, odor control Vapex units, and lift equipment.
- Facility improvements include improved tool rooms and air conditioning in the Maintenance Shop.
- A new automated nutrient analyzer in the laboratory will measure ammonia, nitrate/nitrite, and COD levels. The equipment is anticipated to improve the time it takes for analysis, and reduces the number of samples sent to outside labs.
- As SVCW moves towards electrifying its fleet, funds have been allotted to expand the number of charging stations and replace combustion engine vehicles.

## SECTION 5 – CAPITAL IMPROVEMENT PROGRAM & DEBT SERVICE

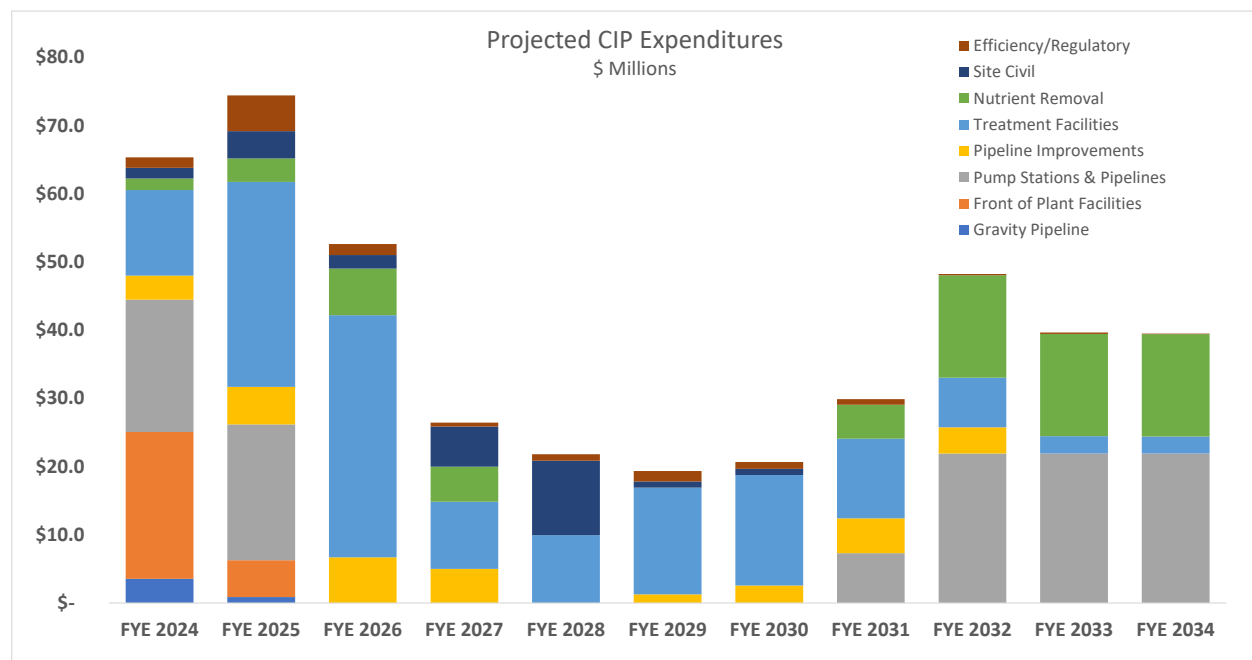
### Background

SVCW’s wastewater treatment plant was constructed in late 1970s and connected to an influent conveyance system built in 1969. In 2006, engineering studies determined the majority of SVCW fixed assets were beyond their useful lives and needed replacement. In 2008 SVCW initiated its Capital Improvement Program (CIP) to replace and rehabilitate wastewater conveyance and treatment systems in a structured and prioritized manner. Now in its sixteenth year, the CIP has completed over 200 projects through December 2023.

### CIP Projected Expenditures

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

The CIP is a guiding document of the LRFP and estimates remaining CIP expenditures are approximately \$438 million over the next decade. Much of this spending occurs over the next four years, a combination of anticipated RESCU completion as well as a few large treatment projects including Fixed Film Reactor and Pipe Rehabilitation efforts.



As construction is completed, Member Agencies' shares follow the allocable percentages:

Capital Expenditures Projections through Fiscal Year 2034 - BY MEMBER (\$ Millions)													
Member	JPA %	FYE 2024	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032	FYE 2033	FYE 2034	Grand Total
Redwood City	48.57%	\$31.7	\$36.2	\$25.6	\$12.9	\$10.6	\$ 9.4	\$10.0	\$14.5	\$23.4	\$19.3	\$19.2	\$ 212.8
West Bay San.	26.84%	17.5	20.0	14.1	7.1	5.9	5.2	5.6	8.0	13.0	10.6	10.6	117.6
San Carlos	15.14%	9.9	11.3	8.0	4.0	3.3	2.9	3.1	4.5	7.3	6.0	6.0	66.3
Belmont	9.45%	6.2	7.0	5.0	2.5	2.1	1.8	2.0	2.8	4.6	3.7	3.7	41.4
<b>TOTAL</b>	<b>100.00%</b>	<b>\$65.3</b>	<b>\$74.4</b>	<b>\$52.6</b>	<b>\$26.5</b>	<b>\$21.8</b>	<b>\$19.4</b>	<b>\$20.7</b>	<b>\$29.9</b>	<b>\$48.2</b>	<b>\$39.7</b>	<b>\$39.5</b>	<b>\$ 438.0</b>

## Debt Service and Cash Contributions to CIP Projects

In 2008, when the inaugural CIP was launched, the Authority lacked cash reserves so turned to the most practical funding method, utilization of long-term debt. Now, SVCW updates the LRFP each year to reassess its financial position relative to anticipated cash flows needed from SVCW's Member Agencies. It also incorporates CIP construction and expenditure schedules, as well as the current borrowing environment. After considering these factors, the February 2024 LRFP reflects the substantial governmental loans SVCW secured to fund RESCU and other projects.

Compared to the prior year's LRFP, the 2024 Plan considered three factors:

- **CIP Update:** SVCW regularly updates the cost estimates of remaining CIP projects by adjusting for project additions and deletions, changes in project scopes, and new construction cost information. The 2024 CIP Update, as presented to the Commission in February 2024, identifies an additional \$221 million in projects over the next decade. Updated information was incorporated into the LRFP.
- **Construction Timing:** To ensure projects can both be constructed and managed in a reasonable timeframe, the Engineering Division collaborates with other operating divisions on project timing. Together they develop construction schedules that provide treatment reliability, at a pace manageable by the operating divisions.
- **Financing Sources and Rates:** The LRFP seeks to pursue low-cost sources of project funding, including governmental loans from the U.S. Environmental Protection Agency ("U.S. EPA") and the California State Water Resource Control Board ("SWRCB"). When necessary, the Authority will issue revenue bonds to ensure project construction is not constrained for funding reasons. Approximately \$221 million of new funding sources would be needed to fund the proposed CIP, as follows:
  - One SWRCB State Revolving Fund ("SRF") Loan valued at \$73 million, assumed to be drawn upon in FY 2030-31 at an interest rate of 3.25%. Debt service payments will commence one year after project completion.
  - Three U.S. EPA Water Infrastructure Finance Innovation Act ("WIFIA") Loans, together valued at \$49 million, would fund up to 49% of dedicated projects. These loans are assumed to be secured in 2025, 2029, and 2031, respectively. The assumed interest rate of each loan is estimated at 4.50%. WIFIA amortization schedules can be wrapped around existing debt service payments to avoid significant demands on cash flow.
  - Two Bond Issuances are assumed, for a combined \$99 million of project funding. In fiscal year 2025-26, a variable-rate bond issuance for \$50 million is assumed at an average interest rate of 3.40%. Additionally, \$49 million in fixed-rate bonds would be issued in fiscal year 2027-28 at an estimated interest rate of 5.0%.



Uses and Sources of CIP Funds (as of July 01, 2023) \$ Millions		
Description	\$ Millions	% Remaining CIP
<b>Uses:</b>		
Gravity Pipeline	\$ 4.4	1.0%
Front of Plant Facilities	26.9	6.3%
Pump Stations / Conveyance	112.4	26.4%
Treatment Facilities	153.8	36.1%
Pipeline Improvements	33.5	7.9%
Site Civil	23.7	5.6%
Efficiency / Regulatory	3.9	0.9%
Nutrient Removal	67.1	15.8%
<b>Total Remaining CIP Expenditures</b>	<b>\$ 425.7</b>	<b>100.0%</b>
<b>Source of Funds</b>		
Available WIFIA Proceeds	\$ 81.0	19.0%
Available SRF Proceeds	27.9	6.5%
Stage 2 Capacity Reserve Funds	14.2	3.3%
Cash-in-lieu of Debt Contributions	26.8	6.3%
Use of pay-go capital contributions	54.7	12.8%
New SRF Loans	73.0	17.2%
New WIFIA Loans	49.0	11.5%
New RevenueBonds	99.0	23.3%
<b>Total Sources of Funds</b>	<b>\$ 425.7</b>	<b>100.0%</b>

Currently the Authority does not recommend the issuance of additional new debt in the next year. Available proceeds from bonds and loans, combined with Stage 2 Capacity cash reserves, is \$123.1 million or 29% of remaining CIP expenditures. Prior to issuance of new debt, however, an additional \$89.4 million (21% of projected project expenditures) is proposed to be deployed as follows:

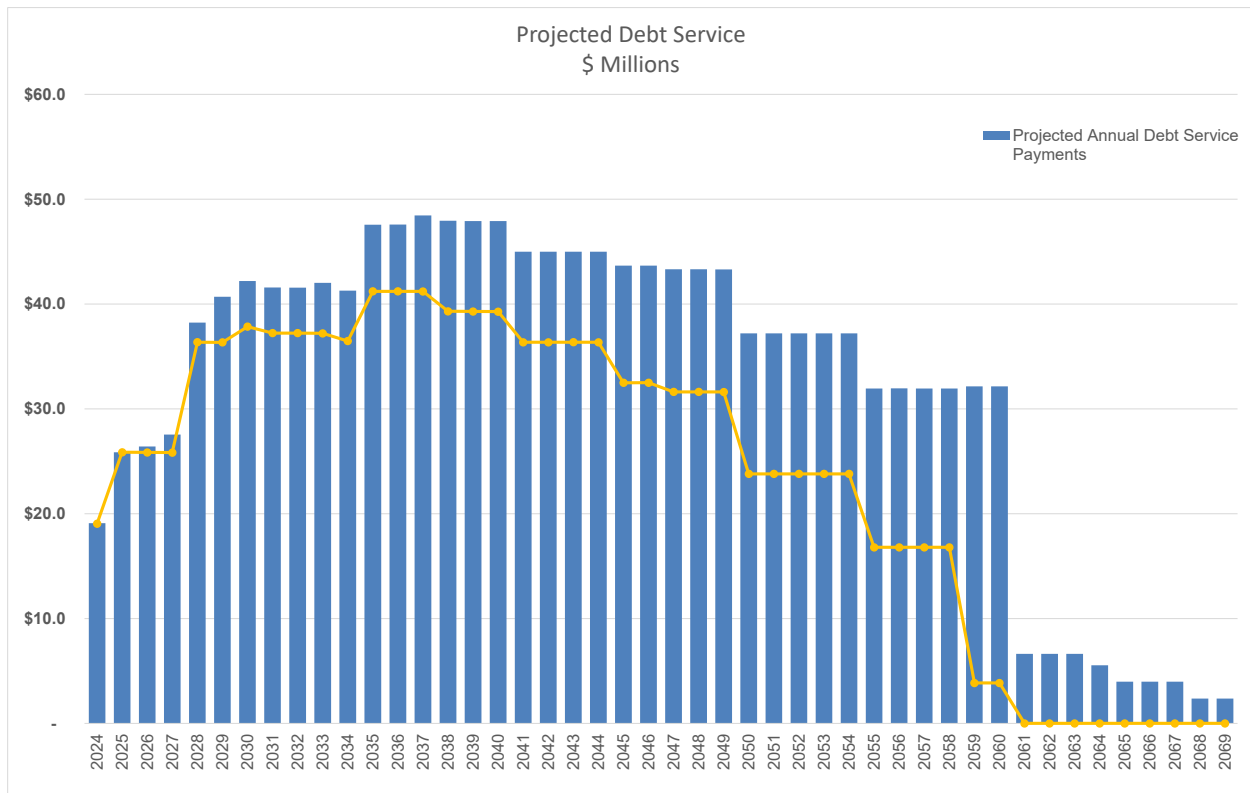
Proposed Capital Expenditure Funding Sources - Non Debt											
Program	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032	FYE 2033	FYE 2034	TOTAL
Stage 2 Reserves	\$ 14.23	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14.23
Cash in lieu of debt	13.62	-	5.63	-	-	-	4.00	3.50	-	-	26.76
SVCW Liquidity / Reserves	4.20	-	-	-	-	-	11.52	12.35	10.20	10.15	48.42
<b>TOTAL</b>	<b>\$ 32.05</b>	<b>\$ -</b>	<b>\$ 5.63</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 15.52</b>	<b>\$ 15.85</b>	<b>\$ 10.20</b>	<b>\$ 10.15</b>	<b>\$ 89.40</b>

**Stage 2 Capacity Reserve Funds** - From receiving a portion of the sewer connection fees collected by Members, the Authority has accumulated \$14.2 million in its Stage 2 Capacity Reserve. Over the next year, these funds are proposed to be used for ongoing capital improvement projects.

**Cash-in-lieu of Debt** - To lessen the amount of debt issued, several Members have at times opted to instead contribute cash to the CIP program. The relatively higher interest rates in today's capital market presents an opportunity to use Members' liquidity levels rather than issuing new debt to fund \$26.8 million in projects over the next 1-2 years.

**Future Liquidity / Reserves** - SVCW typically invests \$1.5 million annually in revenue-funded capital projects. These projects are typically installed and managed by staff and include such things as fleet, valve replacements, new pumps and motors, gear assemblies, technology upgrades, or maintenance equipment. Concurrently, the Authority has a CIP Reserve Policy that, through ongoing Member contributions, is scheduled to reach its target balance by fiscal year 2029-30. Once the target balance is achieved, the policy calls for Member contributions to be redirected towards revenue-funded capital projects. This would provide over \$44 million for capital projects in years 7-10 of the next decade.

As new debt sources are secured in the future, debt service payments would necessarily rise.



Debt Service in 2024-25 will be \$25.86 million and is allocated to Member Agencies according to JPA-defined percentage of ownership and participation in debt issuances.

Fiscal year end	2018 Bonds	Current SRF	New Bonds	New WIFIA Loans / Notes	2021 Bonds	New Line of Credit Int. Expense	2019 WIFIA Debt Service	Non-RESCU WIFIA Debt Service	New RESCU WIFIA Debt Service	New SRF Loans and Cash Reserves	TOTAL
2024	\$ 7,823,744	\$1,888,097	\$ -	\$ -	\$9,142,491	\$ 248,079	\$ -	\$ -	\$ -	\$ -	\$19,102,411
2025	7,818,119	8,889,445	-	-	9,155,528	-	-	-	-	-	25,863,091
2026	7,815,494	8,889,445	563,822	-	9,139,131	-	-	-	-	-	26,407,892
2027	7,820,244	8,889,445	1,714,960	-	9,125,532	-	-	-	-	-	27,550,180
2028	7,816,994	8,889,445	1,816,817	-	9,134,809	-	9,153,147	-	1,416,450	-	38,227,662
2029	7,815,494	8,889,445	4,302,478	-	9,119,744	-	9,153,147	-	1,416,450	-	40,696,758
2030	7,815,244	8,889,445	4,299,078	-	9,108,575	-	9,153,147	1,509,651	1,416,450	-	42,191,590
2031	7,820,619	8,889,445	4,295,678	-	8,488,862	-	9,153,147	1,509,651	1,416,450	-	41,573,853
2032	7,821,119	8,889,445	4,296,930	-	8,485,229	-	9,153,147	1,509,651	1,416,450	-	41,571,971
2033	7,820,044	8,889,445	4,191,710	574,363	8,467,347	-	9,153,147	1,509,651	1,416,450	-	42,022,157
2034	7,818,119	8,889,445	4,191,710	574,363	7,729,409	-	9,153,147	1,509,651	1,416,450	-	41,282,294
2035	7,818,691	8,889,445	4,191,710	574,363	7,707,168	-	9,153,147	3,854,508	3,834,084	1,551,635	47,574,751

*Belmont*

Belmont Debt Service Cost										
Fiscal year end	Current Bonds	Current SRF	Future Bonds	Line of Credit		2020 WIFIA Debt Service	2021 WIFIA Debt Service	New WIFIA Loans	New SRF Loans	TOTAL
				Interest Expense	RESCU SRF Debt Service					
2024	\$ -	\$ 178,425	\$ -	\$ 23,443	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 201,869
2025	-	228,943	-	-	611,109	-	-	-	-	840,053
2026	-	228,943	53,281	-	611,109	-	-	-	-	893,334
2027	-	228,943	162,064	-	611,109	-	-	-	-	1,002,116
2028	-	228,943	171,689	-	611,109	329,387	133,855	-	-	1,474,984
2029	-	228,943	406,584	-	611,109	329,387	133,855	-	-	1,709,879
2030	-	228,943	406,263	-	611,109	329,387	276,517	-	-	1,852,219
2031	-	228,943	405,942	-	611,109	329,387	276,517	-	-	1,851,898
2032	-	228,943	406,060	-	611,109	329,387	276,517	-	-	1,852,016
2033	-	228,943	396,117	-	611,109	329,387	276,517	54,277	-	1,896,350
2034	-	228,943	396,117	-	611,109	329,387	276,517	54,277	-	1,896,350
2035	-	228,943	396,117	-	611,109	329,387	726,572	54,277	146,629	2,493,035

## Redwood City

Redwood City Debt Service Cost										
Fiscal Year end	Current Bonds (Includes Refunding)	Current SRF	Future Bonds	Line of Credit		2020 WIFIA Debt Service	2021 WIFIA Debt Service	New WIFIA Loans	New SRF Loans	TOTAL
				Interest Expense	RESCU SRF Debt Service					
2024	\$ 9,409,471	\$ 917,049	\$ -	\$ 120,492	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,447,012
2025	9,407,375	1,176,695	-	-	3,140,908	-	-	-	-	13,724,978
2026	9,405,793	1,176,695	273,849	-	3,140,908	-	-	-	-	13,997,245
2027	9,405,494	1,176,695	832,956	-	3,140,908	-	-	-	-	14,556,053
2028	9,406,315	1,176,695	882,428	-	3,140,908	4,732,135	687,970	-	-	20,026,451
2029	9,396,961	1,176,695	2,089,714	-	3,140,908	4,732,135	687,970	-	-	21,224,383
2030	9,388,876	1,176,695	2,088,062	-	3,140,908	4,732,135	1,421,208	-	-	21,947,884
2031	9,030,985	1,176,695	2,086,411	-	3,140,908	4,732,135	1,421,208	-	-	21,588,342
2032	9,023,284	1,176,695	2,087,019	-	3,140,908	4,732,135	1,421,208	-	-	21,581,249
2033	9,012,953	1,176,695	2,035,914	-	3,140,908	4,732,135	1,421,208	278,968	-	21,798,780
2034	8,618,572	1,176,695	2,035,914	-	3,140,908	4,732,135	1,421,208	278,968	-	21,404,400
2035	8,607,865	1,176,695	2,035,914	-	3,140,908	4,732,135	3,734,349	278,968	753,629	24,460,463

## San Carlos

San Carlos Debt Service Cost										
Fiscal Year end	Current Bonds (Includes Refunding)	Current SRF	Future Bonds	Line of Credit Interest Expense	RESCU SRF Debt Service	2020 WIFIA Debt Service	2021 WIFIA Debt Service Loans	New WIFIA Loans	New SRF Loans	TOTAL
2024	\$ 2,987,495	\$ 285,858	\$ -	\$ 37,559	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,310,912
2025	2,988,955	366,794	-	-	979,068	-	-	-	-	4,334,817
2026	2,975,798	366,794	85,363	-	979,068	-	-	-	-	4,407,022
2027	2,973,476	366,794	259,645	-	979,068	-	-	-	-	4,578,983
2028	2,976,842	366,794	275,066	-	979,068	1,473,741	214,451	-	-	6,285,962
2029	2,975,429	366,794	651,395	-	979,068	1,473,741	214,451	-	-	6,660,877
2030	2,969,780	366,794	650,880	-	979,068	1,473,741	443,012	-	-	6,883,274
2031	2,875,928	366,794	650,366	-	979,068	1,473,741	443,012	-	-	6,788,908
2032	2,885,225	366,794	650,555	-	979,068	1,473,741	443,012	-	-	6,798,395
2033	2,879,798	366,794	634,625	-	979,068	1,473,741	443,012	86,959	-	6,863,996
2034	2,752,808	366,794	634,625	-	979,068	1,473,741	443,012	86,959	-	6,737,006
2035	2,750,399	366,794	634,625	-	979,068	1,473,741	1,164,053	86,959	234,917	7,690,555

## West Bay Sanitary District

West Bay Sanitary District Debt Service Cost										
Fiscal Year end	Current Bonds (Includes Refunding)	Current SRF	Future Bonds	Line of Credit Interest Expense	RESCU SRF Debt Service	2020 WIFIA Debt Service	2021 WIFIA Debt Service Loans	New WIFIA Loans	New SRF Loans	TOTAL
2024	\$4,569,269	\$506,765	\$ -	\$ 66,584	\$ -	\$ -	\$ -	\$ -	\$ -	\$5,142,619
2025	4,577,316	650,247	-	-	1,735,680	-	-	-	-	6,963,243
2026	4,573,034	650,247	151,330	-	1,735,680	-	-	-	-	7,110,291
2027	4,566,805	650,247	460,295	-	1,735,680	-	-	-	-	7,413,027
2028	4,568,646	650,247	487,634	-	1,735,680	2,617,884	380,175	-	-	10,440,266
2029	4,562,848	650,247	1,154,785	-	1,735,680	2,617,884	380,175	-	-	11,101,619
2030	4,565,163	650,247	1,153,873	-	1,735,680	2,617,884	785,366	-	-	11,508,212
2031	4,402,568	650,247	1,152,960	-	1,735,680	2,617,884	785,366	-	-	11,344,705
2032	4,397,838	650,247	1,153,296	-	1,735,680	2,617,884	785,366	-	-	11,340,311
2033	4,394,640	650,247	1,125,055	-	1,735,680	2,617,884	785,366	154,159	-	11,463,031
2034	4,176,147	650,247	1,125,055	-	1,735,680	2,617,884	785,366	154,159	-	11,244,538
2035	4,167,595	650,247	1,125,055	-	1,735,680	2,617,884	2,063,618	154,159	416,459	12,930,697

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## SECTION 6 – CASH RESERVES DESIGNATION

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

- The **Operating Reserve** must be maintained at a minimum balance of 10% of the approved Operating Budget, plus \$1 million. This fund allows for continued operation in times of local, regional state, or national crisis or for unbudgeted, unexpected operational, maintenance or capital expenses approved by the SVCW Commission. The projected balance in Operating Reserves is \$4.34 million at June 30, 2024, including investment earnings. This amount exceeds the policy’s required balance by approximately \$15 thousand which, per policy, will not require Member contributions.
- The **Capital Improvement Program Reserve** (CIP Reserve) goal is to accrue funds equal to the annual calculated depreciation of SVCW facilities to meet the long-term needs of replacing capital assets when their useful life has been met. This would allow major expenses in the future to be paid for on a “pay-go” basis and limit the need for borrowing. Each year, if funds held in these reserves fall below targeted levels, SVCW makes budget adjustments to return to the target level. The CIP Reserve Policy calls for a \$3.0 million contribution in fiscal year 2024-25.

Based upon the above, total 2024-25 Reserve Designations are as follows:

Reserve Designations - 2024-25 Budget				
Description	Estimated		Target	
	June 30, 2024		June 30, 2025	2024-25
	Balance		Balance	Contributions
Operating Reserve	\$ 4,343,058	\$	4,328,294	\$ -
CIP Reserve	25,719,706		29,219,706	3,500,000
TOTAL	\$ 30,062,764	\$	33,548,000	\$ 3,500,000

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