

# Silicon Valley Clean Water



**SVCW**  
Silicon Valley Clean Water

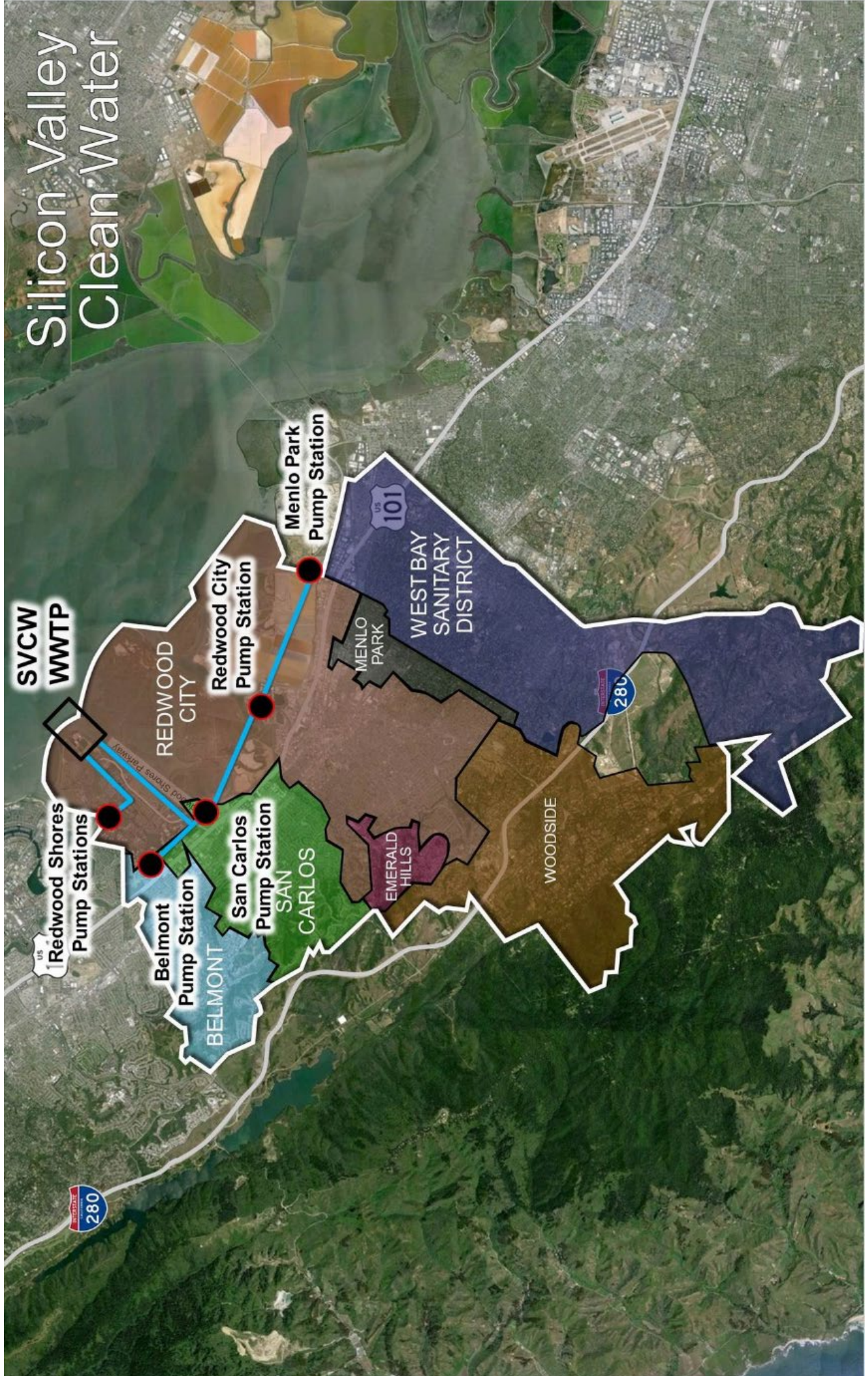


## **FINAL 2022-23 OPERATING BUDGET**

PROPOSED APRIL 11, 2022



# Silicon Valley Clean Water



## Commissioners

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

## SVCW Staff

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

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**SECTION 1 – OVERVIEW**

**Organization and Business**

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

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

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

**Governance & Management**

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

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



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

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

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

### **Financial Oversight and Control**

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

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

### **Debt Reserves**

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

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

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

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

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

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

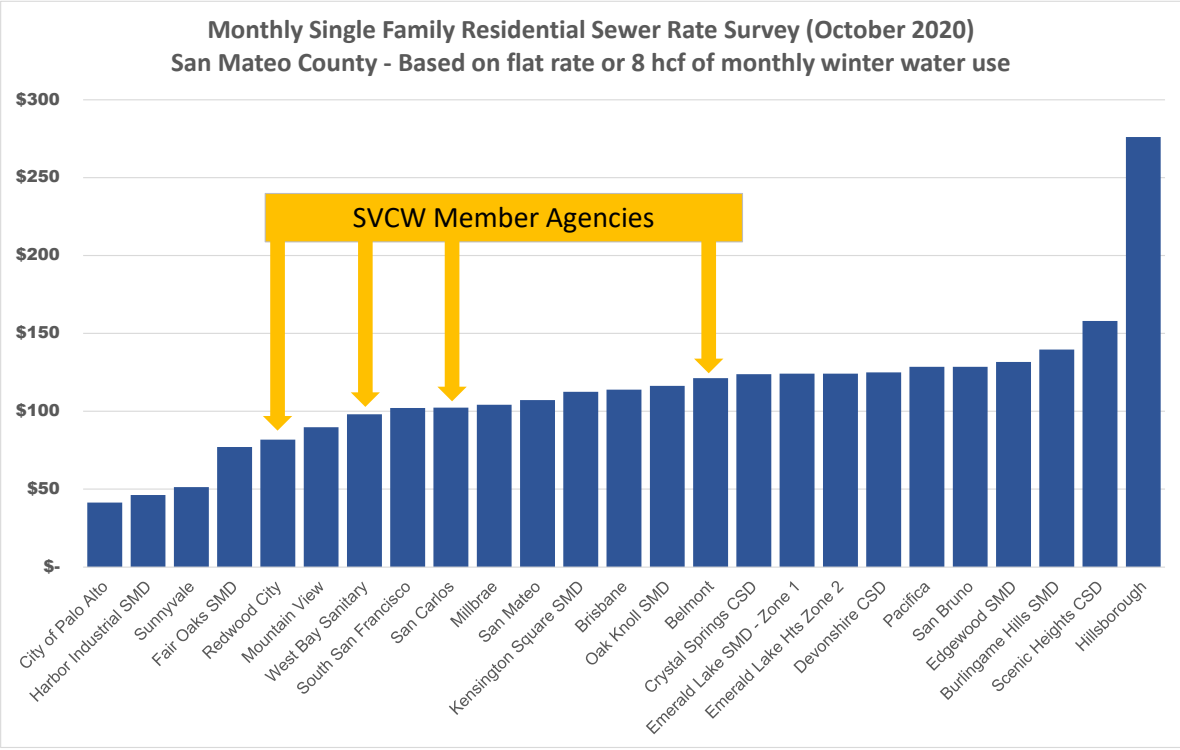
### **Comparative Residential Sewer Charges**

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

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

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

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



## Accomplishments

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

### Safety

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

### Operations

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



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

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

#### Maintenance

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

#### Information Services

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

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

#### Laboratory

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

#### Administrative/Finance

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

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## SECTION 2 – OPERATING BUDGET SUMMARY

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

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

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



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

### Expenditure Allocations

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

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

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

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

## Member Agency Operating Contributions Calculation

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

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

## Miscellaneous Revenue

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

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

## Capital and Reserve Contributions

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

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

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

## Total Member Entity Contributions

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

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

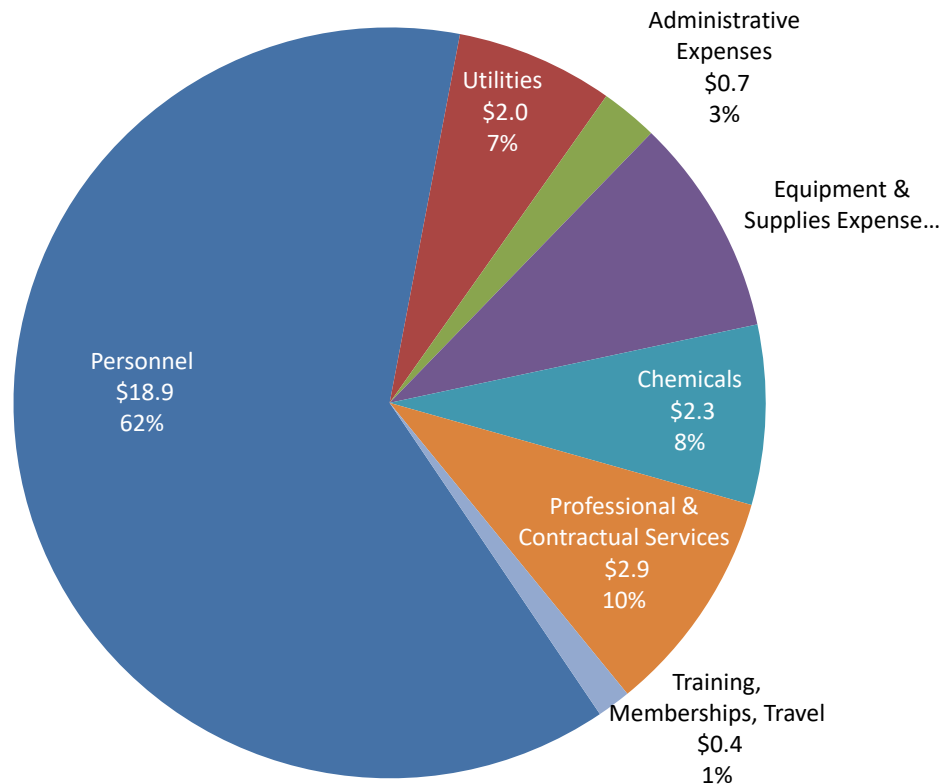
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### SECTION 3 – GROSS OPERATING EXPENDITURES

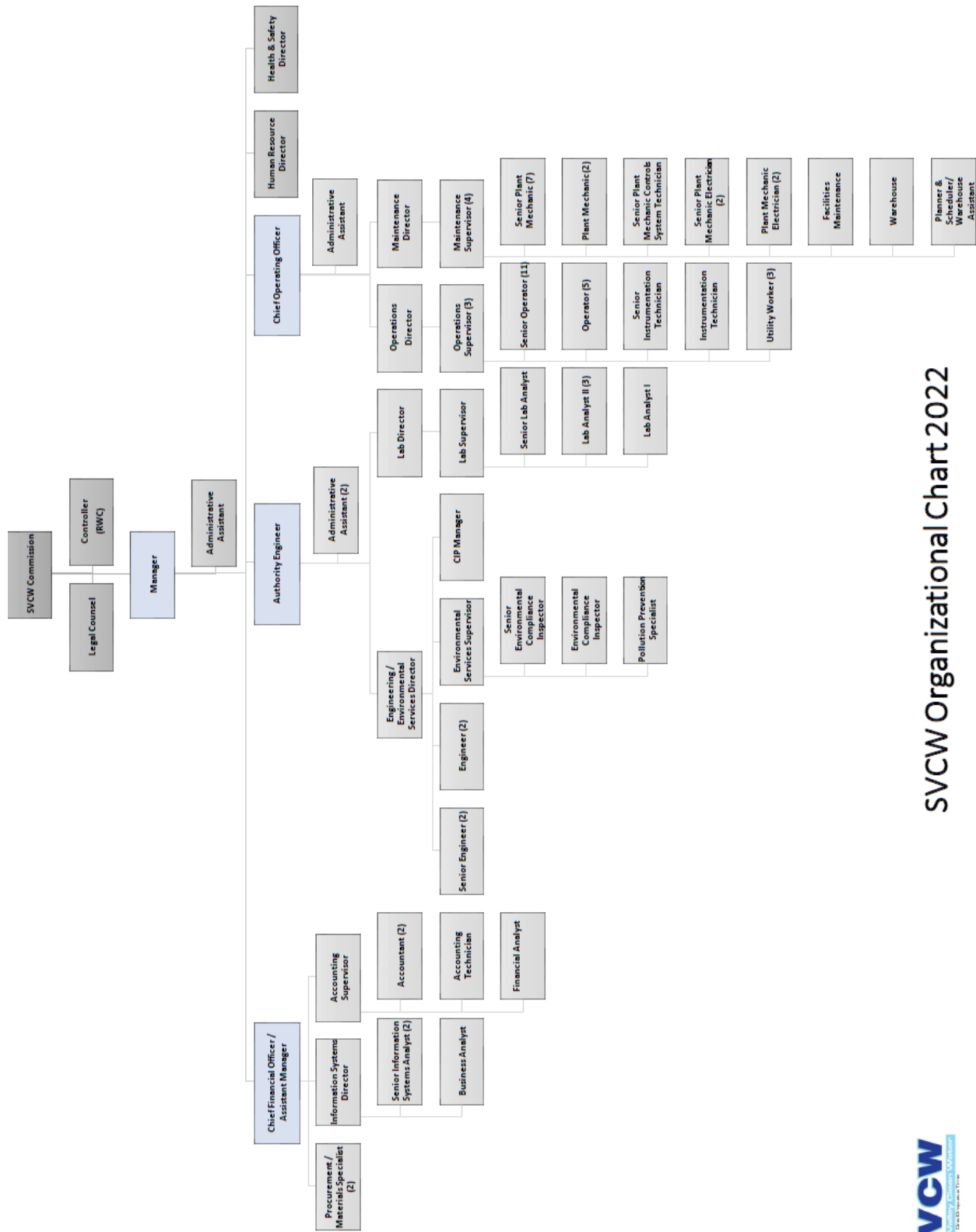
The FY 2021-22 Gross Operating Budget will be \$30.06 million. The below chart illustrates the significant expenditure categories, showing 63% of expenditures are for personnel-related costs associated with approximately 79 full-time equivalent employees in the Operating Budget.

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



#### Personnel

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

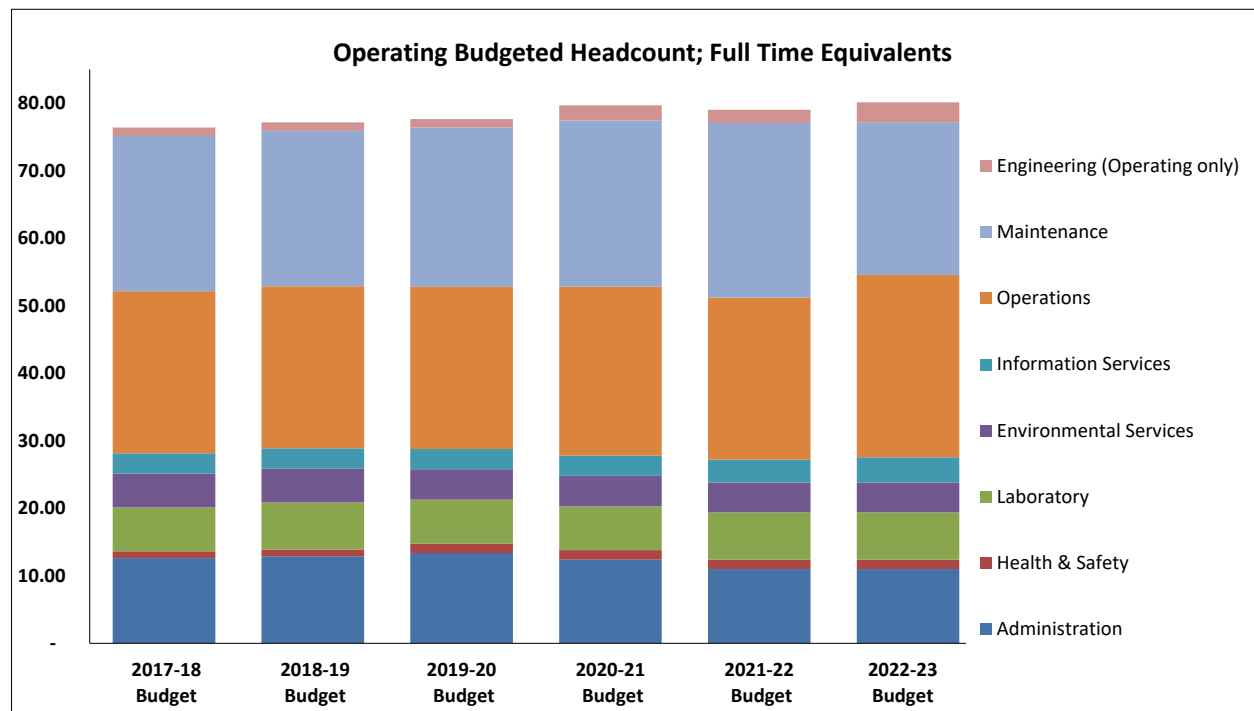


# SVCW Organizational Chart 2022

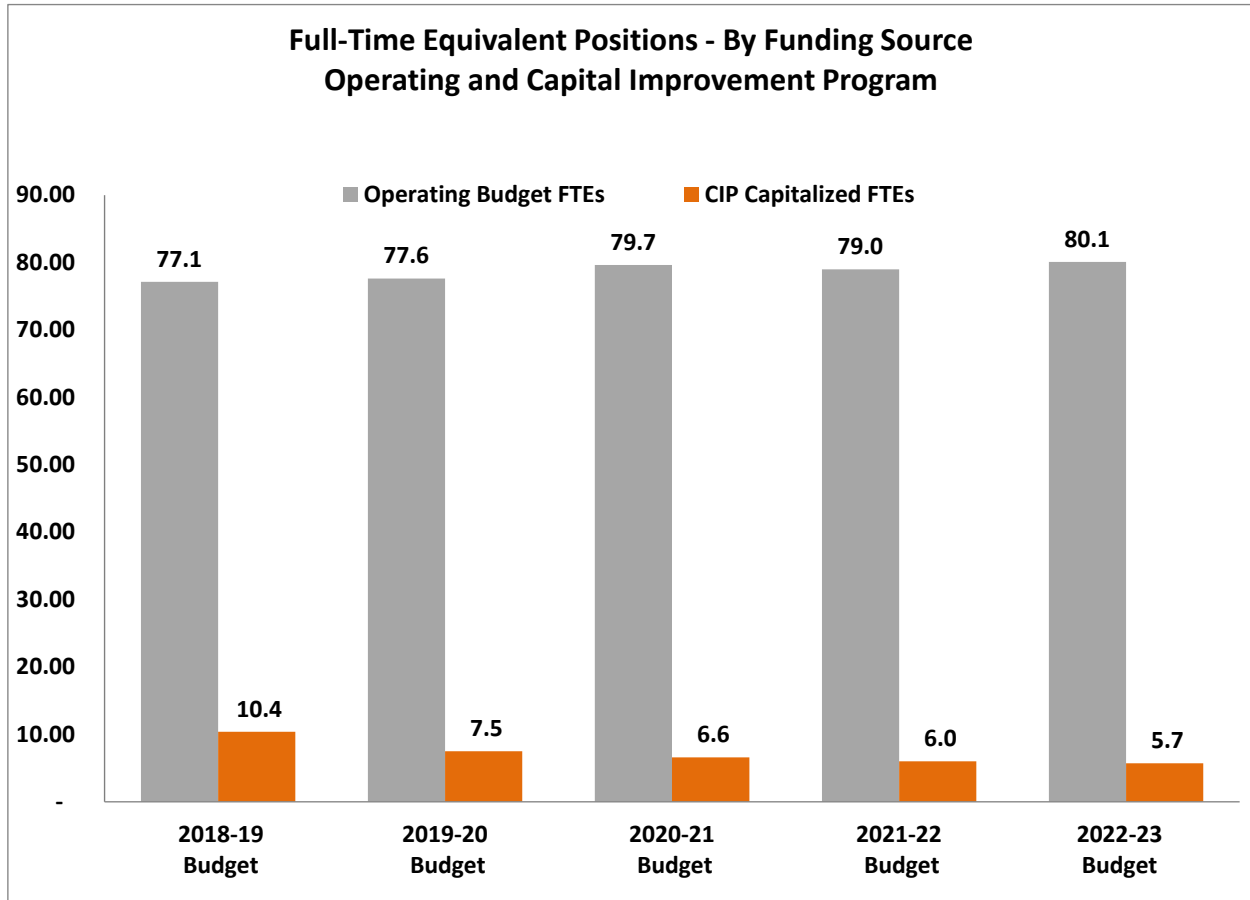


Positions included in the Operating Budget will increase by 0.30 Full Time Equivalent positions next year, reflecting a gradual movement of staff time from the CIP Fund to the Operating Fund. Other changes include one less supervisor in Operations, exchanged for an additional Operator. Other net changes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

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



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





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## Operating Costs Summary by Objective

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

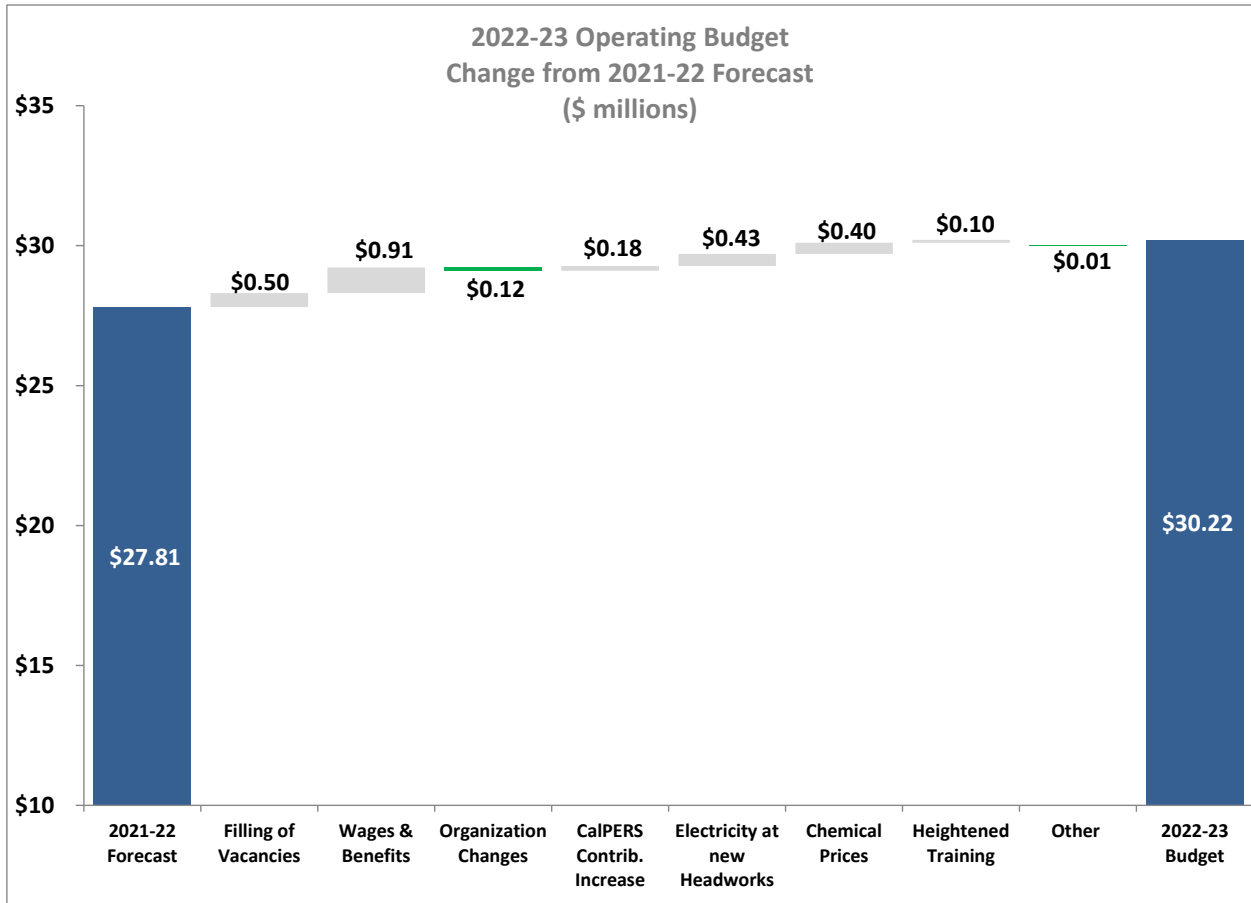
Silicon Valley Clean Water Expenditure Summary - By Division						
Description	2020-21	Adopted	2021-22	Proposed	\$	%
	Actual	2021-22 Budget	Forecast	2022-23 Budget	Incr/(Decr) v. Forecast	Incr/(Decr) v. Forecast
Operations	\$ 9,643,967	\$ 10,809,897	\$ 10,626,569	\$ 12,055,226	\$ 1,428,657	13.4%
Maintenance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

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

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

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

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



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

## Total Operating Expenditures by Division

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

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

## Operations

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

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

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



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

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

## Maintenance

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

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

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

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

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

## Laboratory Services

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

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

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

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

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

## Environmental Services

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

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

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



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

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

## Engineering

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

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

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

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

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

## Safety

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

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

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

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

## Information Services

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

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

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

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



## Administrative Services

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

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

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

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

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

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## SECTION 4 – REVENUE-FUNDED CAPITAL EXPENDITURES

### Summary

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

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

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

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

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

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

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

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

### **Background**

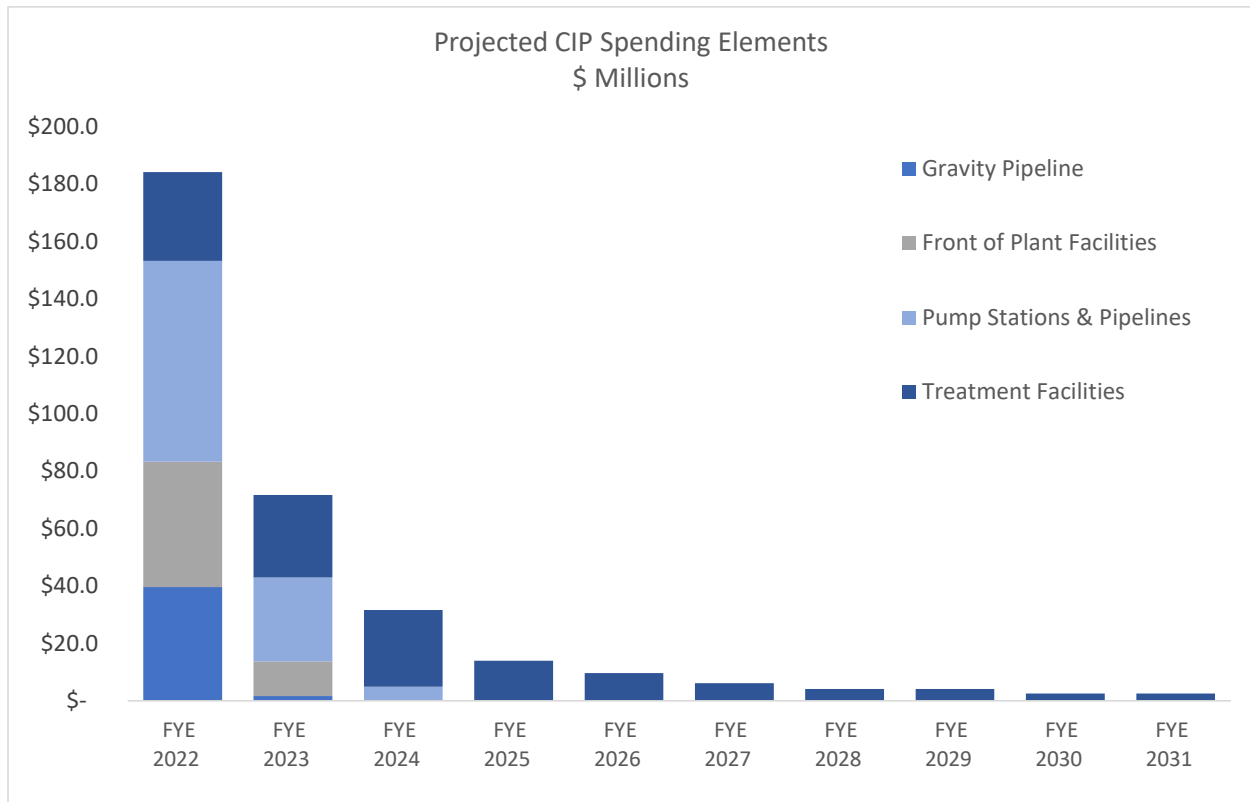
SVCW's wastewater treatment plant was constructed in 1980 and connected to an influent conveyance system built in 1969. In 2006, engineering studies determined the majority of SVCW fixed assets were beyond their useful lives and needed replacement. In 2008 SVCW initiated its CIP to replace and rehabilitate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

### **CIP Projected Expenditures**

Each year, SVCW produces a LRF 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 LRF provides up-to-date financial information so that Member Entities have the information needed to understand the financial implications of those decisions and to communicate with internal and external stakeholders.

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

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



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

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

## Debt Service

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

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

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

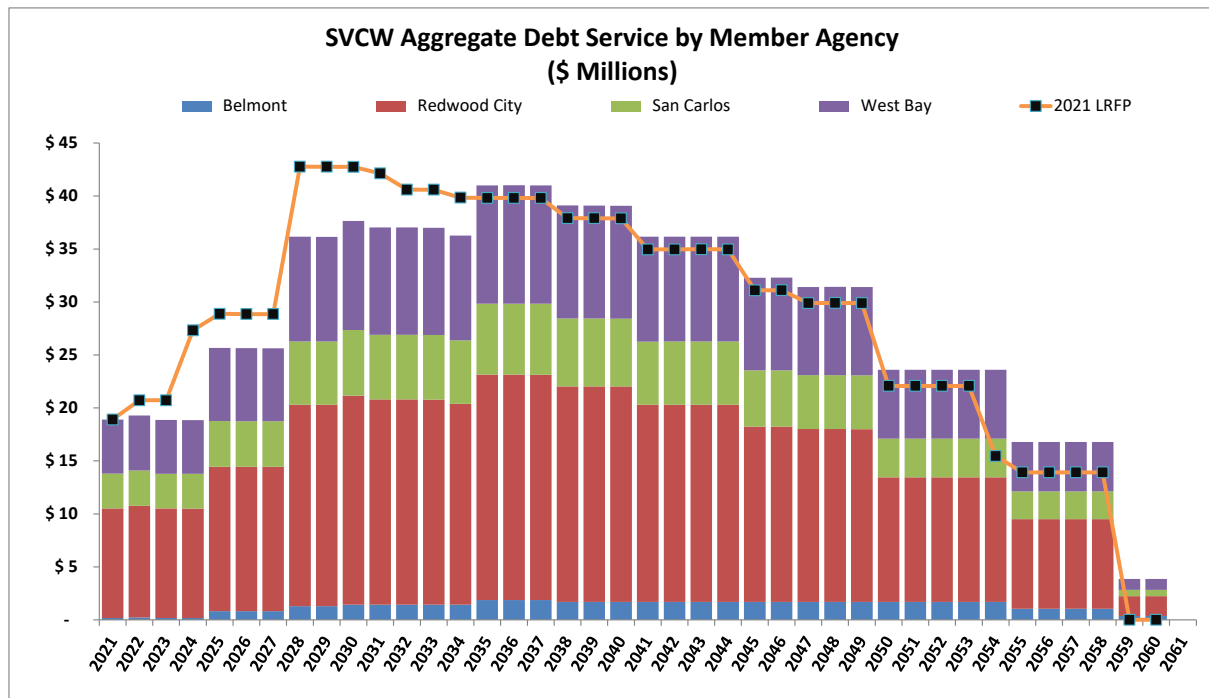
A 2021 Bond issuance to advance refund two bond series from 2014 and 2015 as well as one State Revolving Fund Loan from 2011. The combined \$125 million in refunding closed at a True Interest Cost of 2.30%; a better rate than the 2.67% assumed in the 2021 LRFP.



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

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

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



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

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

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

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

*Belmont*

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

*Redwood City*

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

San Carlos

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

West Bay Sanitary District

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

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## SECTION 6 – CASH RESERVES DESIGNATION

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

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

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

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

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