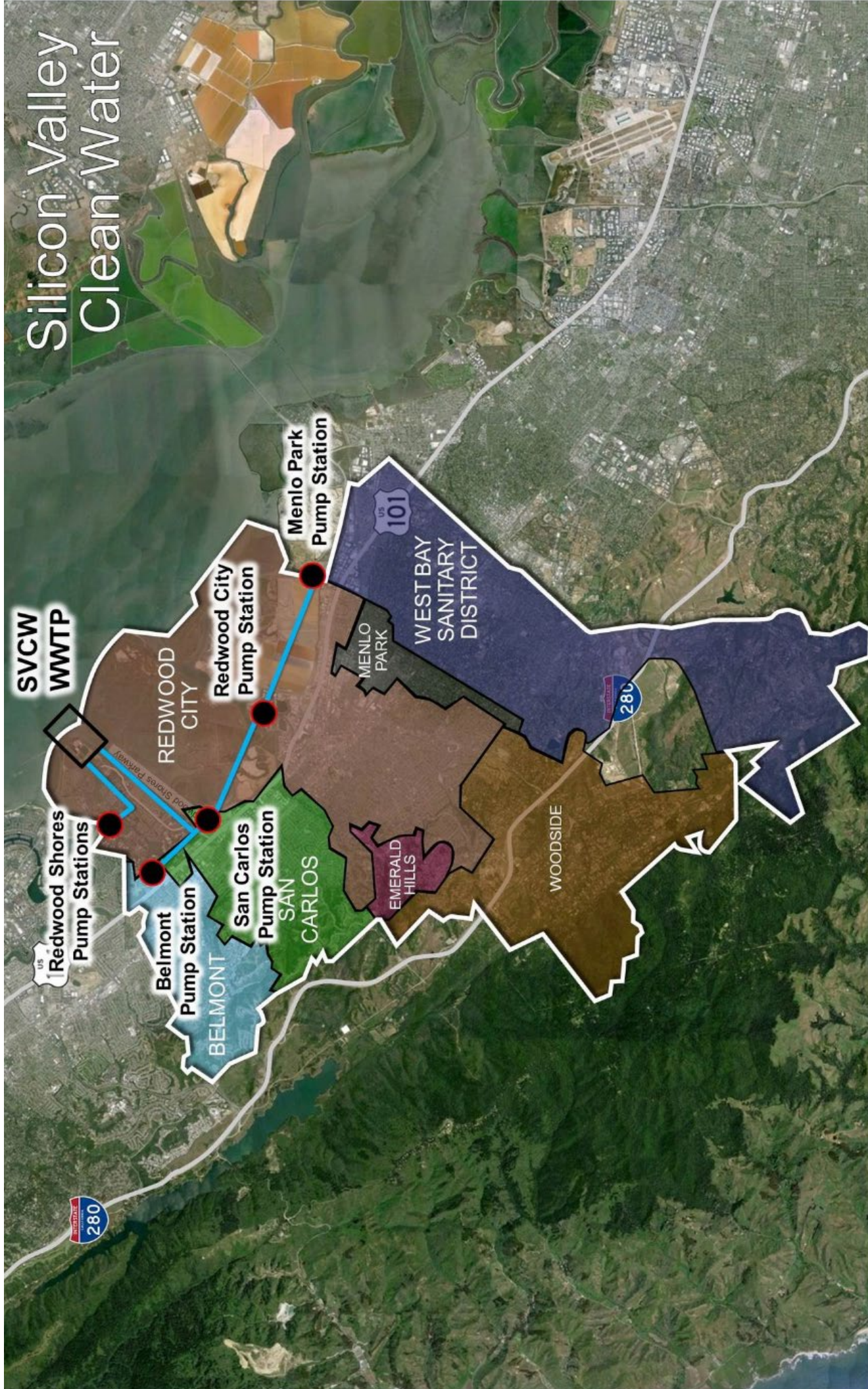




FINAL 2024-25 OPERATING BUDGET

ADOPTED APRIL 08, 2024

Silicon Valley Clean Water



Commissioners

<u>Name</u>	<u>Title</u>	<u>Member Agency</u>
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

<u>Name</u>	<u>Title</u>
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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
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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 LRF 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 LRF 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 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 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.

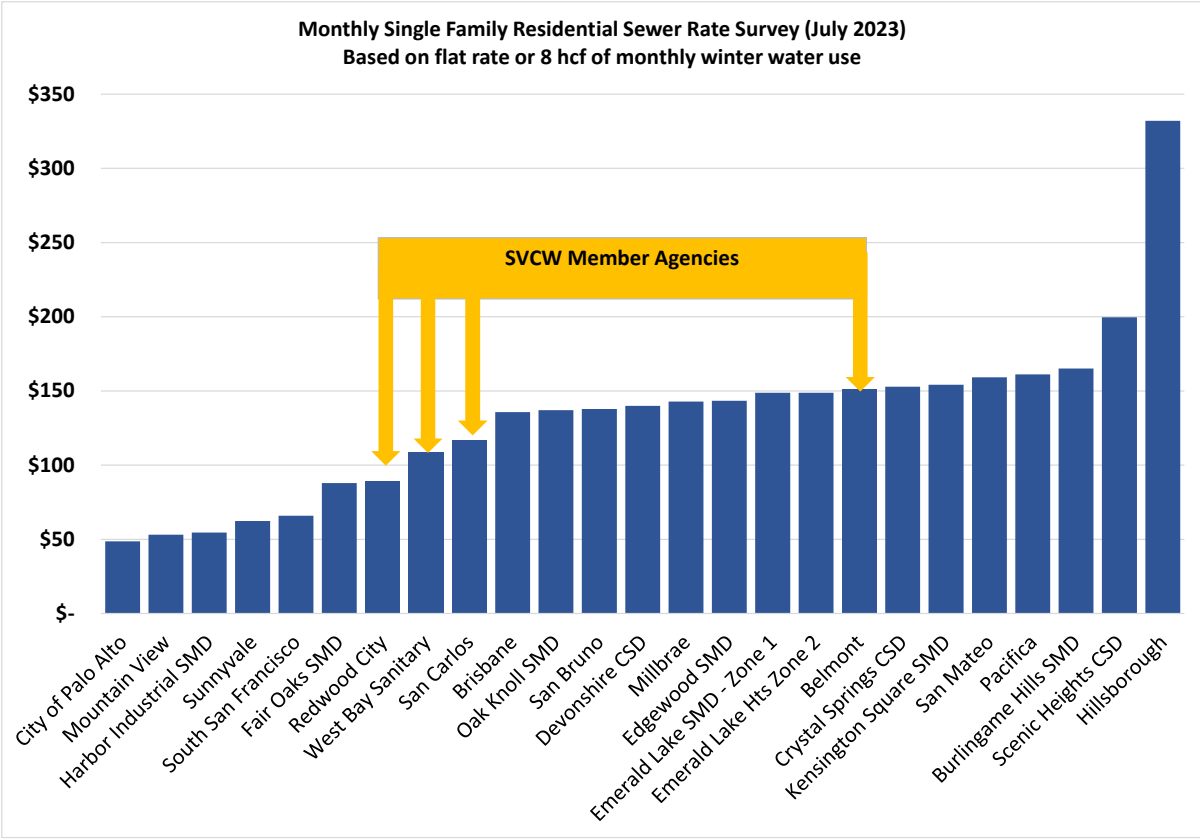
Comparative Residential Sewer Charges

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 \$23.16 million, or 43.1% over last year. It allots \$32.5 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 Adopted Budget	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Gross Operating Expenses	\$ 31,861,220	\$ 33,380,803	\$ 1,519,583	4.8%
Less: Miscellaneous Revenue	(848,799)	(912,425)	63,626	7.5%
Contributions, Net Operating Expenses	\$ 31,012,421	\$ 32,468,378	\$ 1,455,957	4.7%
Add: Revenue-Funded Capital Projects	480,000	1,499,635	1,019,635	212.4%
Contributions, Before Reserves & Debt Service	\$ 31,492,421	\$ 33,968,013	\$ 2,475,592	7.9%
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%
TOTAL MEMBER CONTRIBUTIONS	\$ 53,786,489	\$ 76,953,810	\$23,167,322	43.1%

- Gross Operating Expenditures will increase by \$1.52 million (4.8%), 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							
	Flow	BOD	SS					
Operating Expenditures								
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	Forecast	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%
TOTAL	\$ 848,799	\$ 884,690	\$ 912,425	\$ 27,735	3.1%

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 \$76.95 million, allocated as follows:

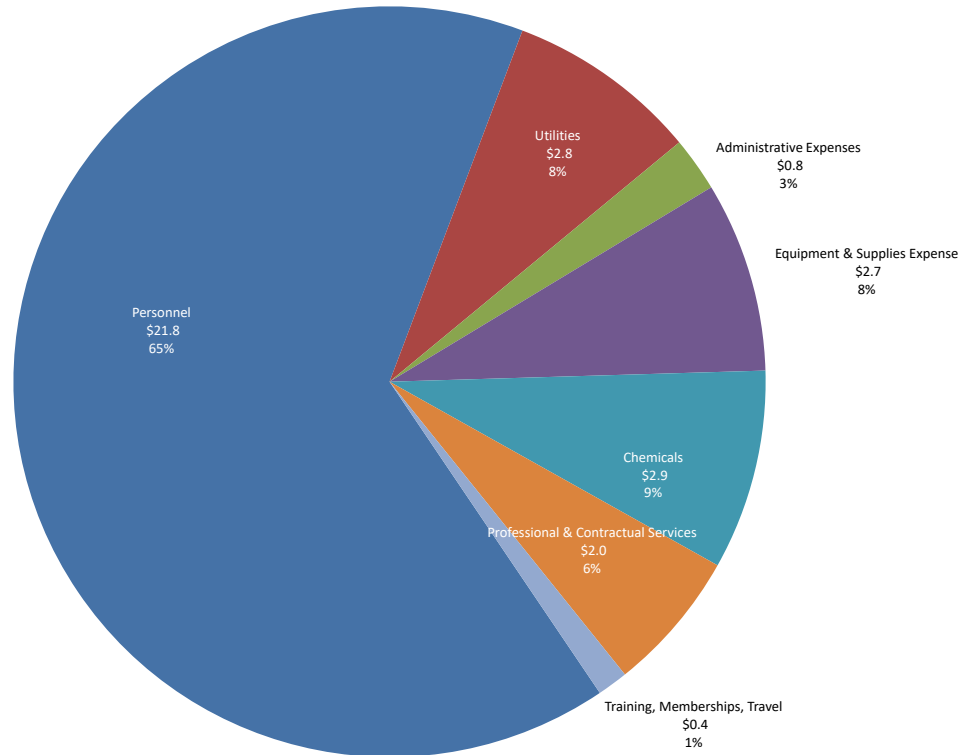
2024-25 Budget - Total Contributions by Member Agency					
Description	City of Belmont	Redwood City	City of San Carlos	West Bay San District	TOTAL
Net Operating Expenditures	\$ 3,032,567	\$ 18,907,491	\$ 3,929,463	\$ 6,598,857	\$ 32,468,378
Revenue-Funded Capital Expenditures	141,716	728,373	227,045	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
Total Contributions to SVCW	\$ 5,632,430	\$ 41,677,340	\$ 11,083,702	\$ 18,560,337	\$ 76,953,810

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SECTION 3 – GROSS OPERATING EXPENDITURES

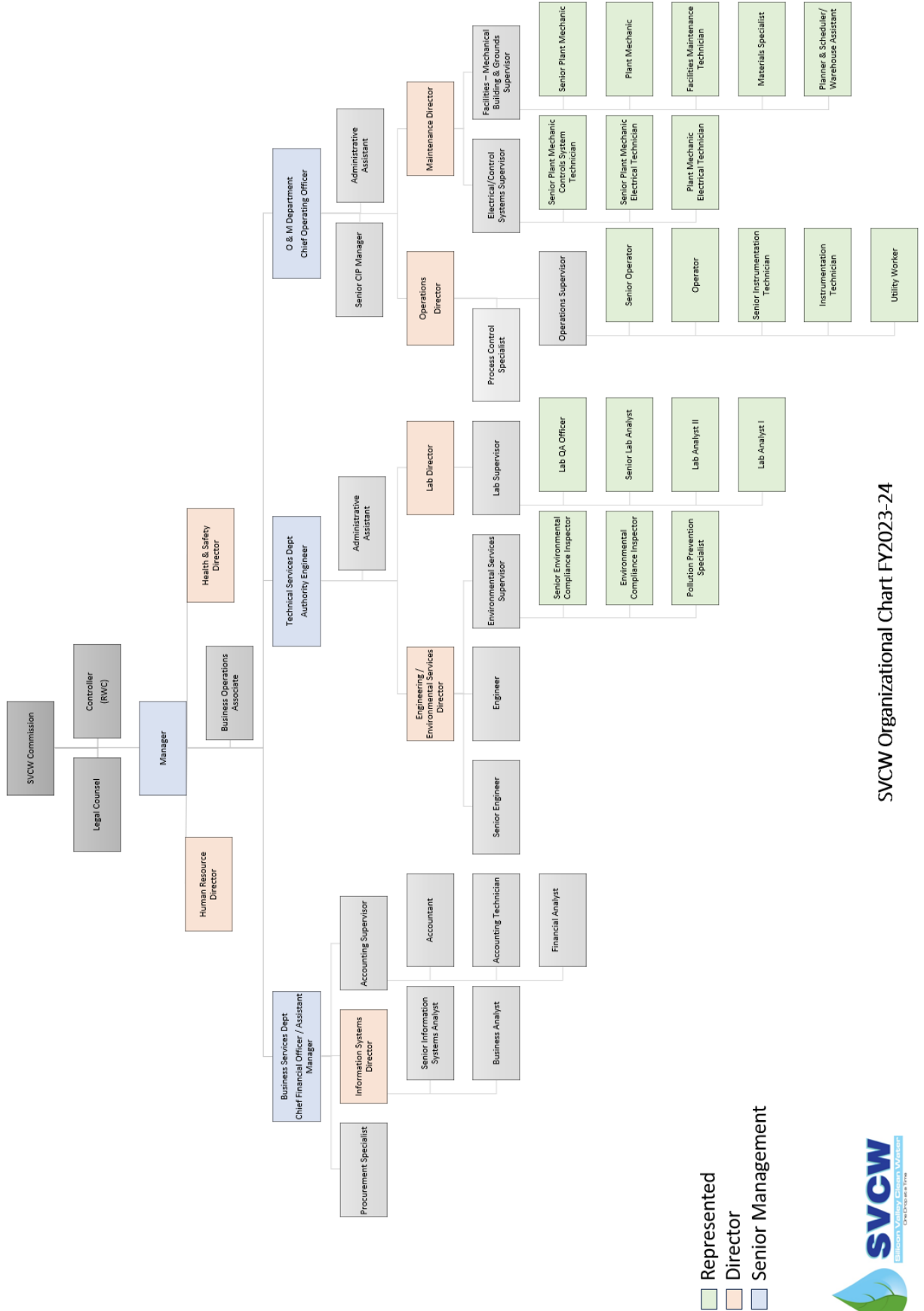
The FY 2024-25 Gross Operating Budget will be \$33.38 million. The below chart illustrates the significant expenditure categories, showing 65% of expenditures are for personnel-related costs associated with approximately 82 full-time equivalent employees in the Operating Budget.

SVCW 2024-25 Gross Operating Budget (\$33.38 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.



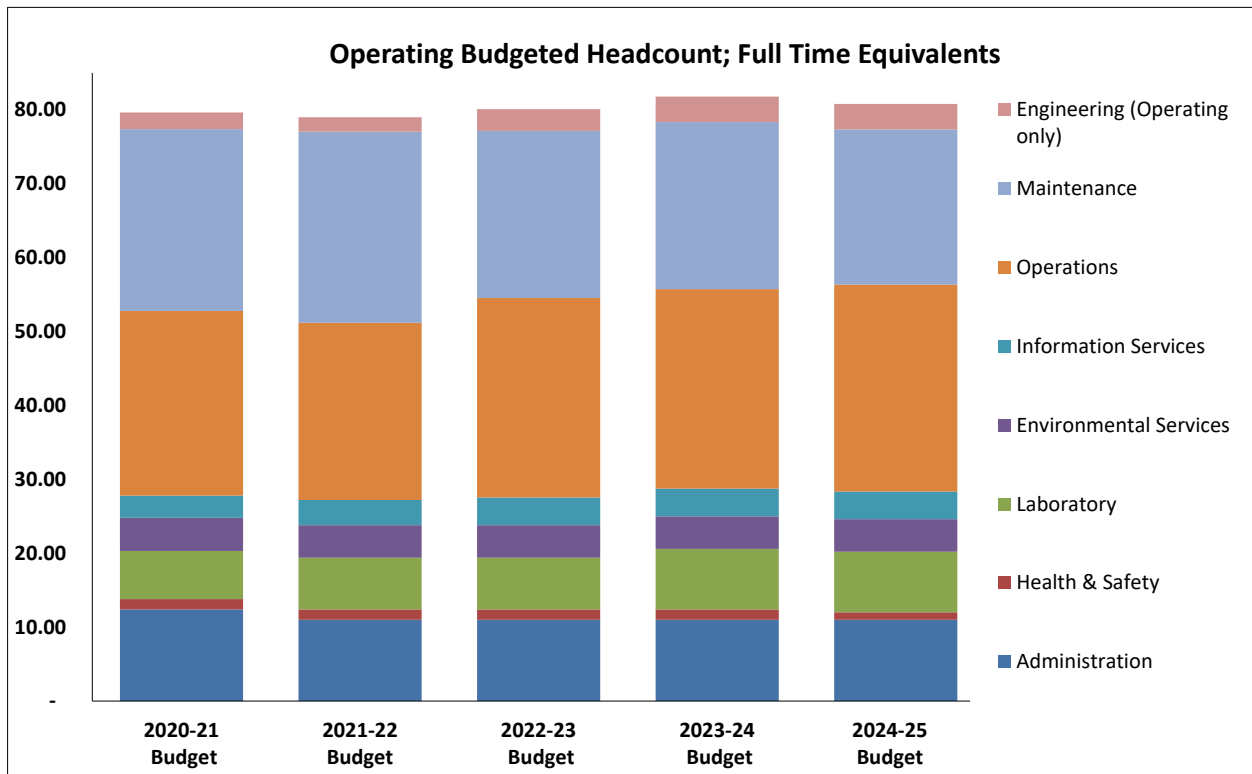
- Represented
- Director
- Senior Management

SVCW Organizational Chart FY2023-24

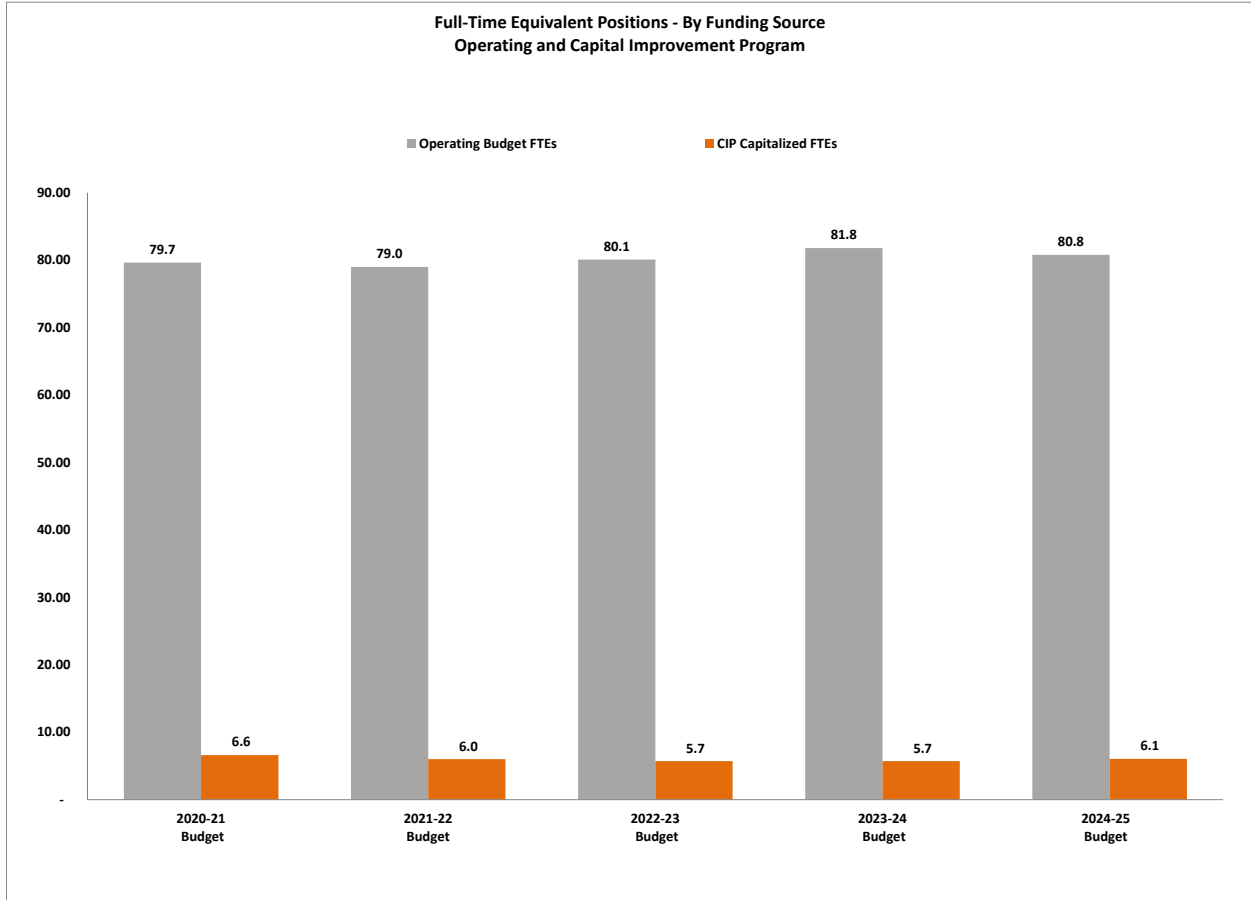


Positions included in the Operating Budget will decrease by one Full Time Equivalent position next year, reflecting the assignment of a Mechanic position to a Capital Improvement Program manager that is captured in the CIP fund. Additionally, an Instrumentation Technician position transfers from Maintenance 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	-
TOTAL Full Time Equivalents	79.65	79.00	80.10	81.80	80.80	(1.00)



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

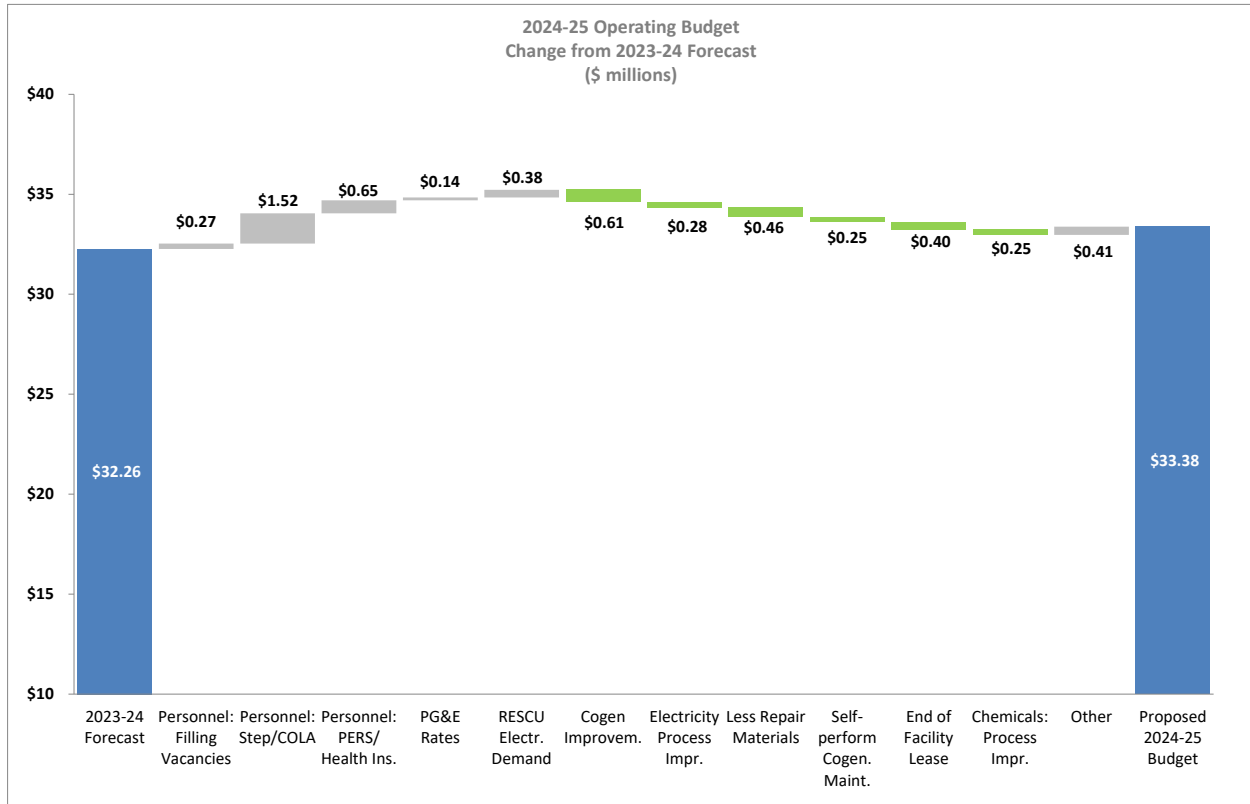
Gross Operating Expenses (compared to 2023-24 Forecast) increases by \$1.12 million, or 3.5%. Comparative comments between the two periods include significant inflationary pressures as well as operational changes when new RESCU-constructed facilities are in full service.

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	\$ 21,762,630	\$ 2,408,619	12.4%
Utilities	2,697,093	3,179,775	2,752,332	(427,443)	(13.4%)
Administrative Expenses	733,697	744,338	781,216	36,878	5.0%
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%
TOTAL	\$ 31,861,220	\$ 32,263,090	\$ 33,380,803	\$ 1,117,713	3.5%

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

- Personnel expenditures will increase by \$2.4 million, or 12.4%, 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 \$427 thousand (13.4%) 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 \$36.9 thousand (5.0%) 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	522,229	147,704	39.4%	
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	21,762,630	2,408,619	12.4%	
Utilities	2,697,093	3,179,775	2,752,332	(427,443)	(13.4%)	
Administrative Expenses	733,697	744,338	781,216	36,878	5.0%	
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%	
TOTAL EXPENDITURES	\$ 31,861,220	\$ 32,263,090	\$ 33,380,803	\$ 1,117,713	3.5%	

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	2023-24	2024-25	\$	%
	Budget	Forecast	Budget	Incr/(Decr) v. Forecast	Incr/(Decr) v. Forecast
Operations	\$ 13,293,819	\$ 13,649,568	\$ 13,674,076	\$ 24,507	0.2%
Maintenance	6,755,445	6,815,552	6,780,746	(34,806)	(0.5%)
Laboratory Services	2,137,500	2,112,446	2,330,054	217,608	10.3%
Environmental Services	1,084,045	1,075,105	1,200,980	125,875	11.7%
Engineering	2,006,920	2,033,262	2,295,891	262,629	12.9%
Safety	526,906	472,508	486,051	13,543	2.9%
Information Services	2,083,265	2,116,632	2,173,498	56,865	2.7%
Administration	3,973,320	3,988,017	4,439,508	451,491	11.3%
TOTAL	\$ 31,861,220	\$ 32,263,090	\$ 33,380,803	\$ 1,117,713	3.5%

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	2023-24	2024-25	\$	%
	Budget	Forecast	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	203,937	64,054	45.8%
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	7,049,097	981,053	16.2%
Utilities	2,558,971	3,032,963	2,601,756	(431,207)	(14.2%)
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%)
TOTAL EXPENDITURES	\$ 13,293,819	\$ 13,649,568	\$ 13,674,076	\$ 24,507	0.2%

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

- Personnel costs will increase \$981 thousand, or 16.2% 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 \$431 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	166,056	44,338	36.4%
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	5,106,488	470,596	10.2%
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%
TOTAL EXPENDITURES	\$ 6,755,445	\$ 6,815,552	\$ 6,780,746	\$ (34,806)	(0.5%)

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

- Personnel costs will increase \$471 thousand, or 10.2%, 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	69,056	18,764	37.3%
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	2,019,904	206,862	11.4%
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%
TOTAL EXPENDITURES	\$ 2,137,500	\$ 2,112,446	\$ 2,330,054	\$ 217,608	10.3%

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	32,581	8,599	35.9%	
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	1,129,621	120,256	11.9%	
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%	
TOTAL EXPENDITURES	\$ 1,084,045	\$ 1,075,105	\$ 1,200,980	\$ 125,875	11.7%	

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	5,314	1,611	43.5%	
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	1,342,712	131,410	10.8%	
Administrative Expenses	428,356	450,771	451,985	1,214	0.3%	
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%	
TOTAL EXPENDITURES	\$ 2,006,920	\$ 2,033,262	\$ 2,295,891	\$ 262,629	12.9%	

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 increase by \$1.2 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	12,612	2,914	30.0%	
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	358,545	4,420	1.2%	
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%	
TOTAL EXPENDITURES	\$ 526,906	\$ 472,508	\$ 486,051	\$ 13,543	2.9%	

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

- Personnel costs will increase by \$4.4 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%	
TOTAL EXPENDITURES	\$ 2,083,265	\$ 2,116,632	\$ 2,170,280	\$ 53,648	2.5%	

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	11,559	3,152	37.5%
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	3,494,150	363,995	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%
TOTAL EXPENDITURES	\$ 3,973,320	\$ 3,988,017	\$ 4,439,508	\$ 451,491	11.3%

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

- Personnel costs will increase \$364 thousand, or 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 due to increased rates and the completion of the RESCU project which needs to be insured.
- 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	\$ 1,499,635

A description of the planned 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

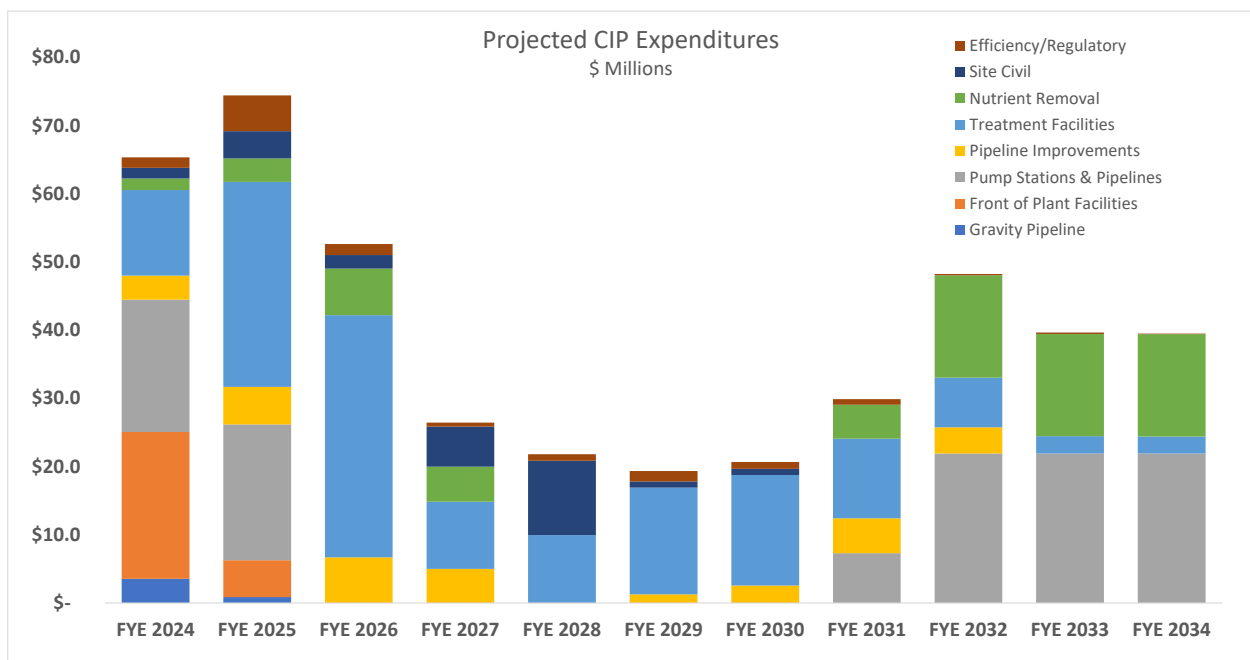
Background

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
TOTAL	100.00%	\$65.3	\$74.4	\$52.6	\$26.5	\$21.8	\$19.4	\$20.7	\$29.9	\$48.2	\$39.7	\$39.5	\$ 438.0

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 LRFPP 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 LRFPP reflects the substantial governmental loans SVCW secured to fund RESCU and other projects.

Compared to the prior year's LRFPP, 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 LRFPP.
- **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 LRFPP 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
Uses:		
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%
Total Remaining CIP Expenditures	\$ 425.7	100.0%
Source of Funds		
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%
Total Sources of Funds	\$ 425.7	100.0%

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:

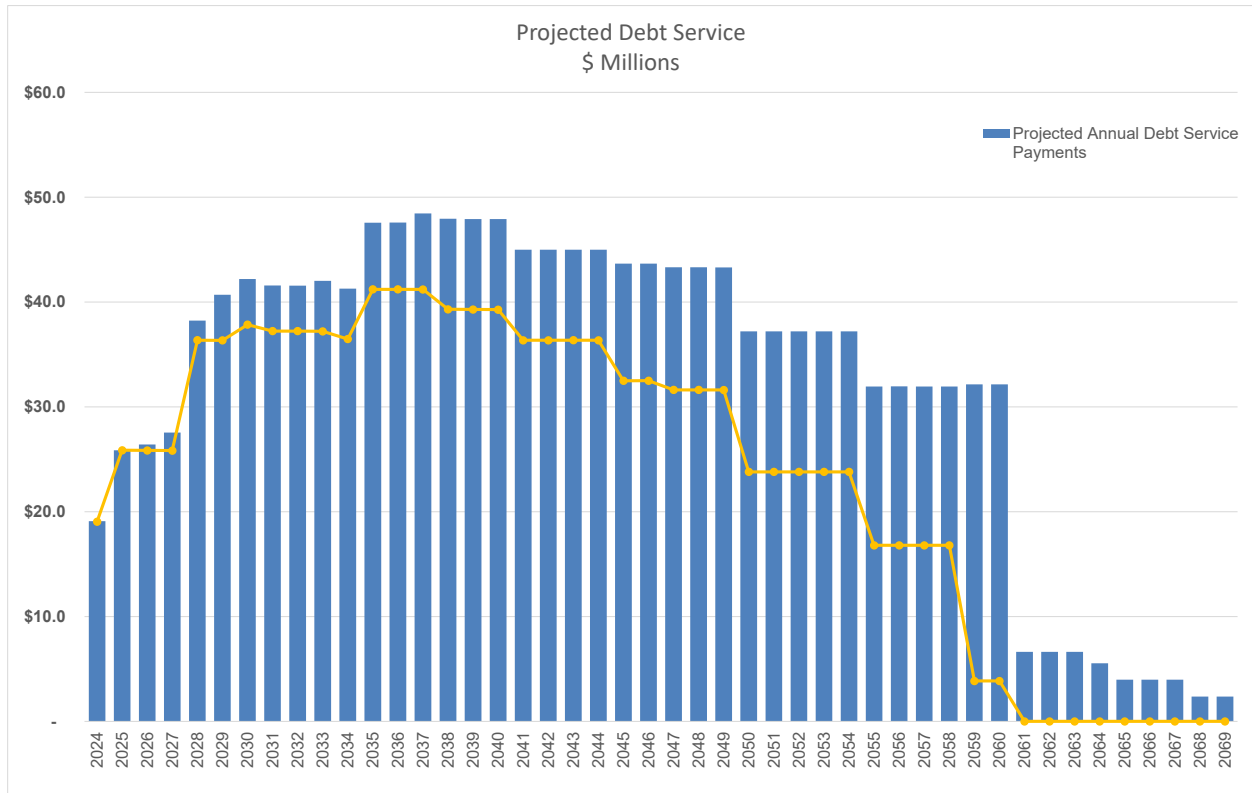
Proposed Capital Expenditure Funding Sources - Non Debt												
Program	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032	FYE 2033	FYE 2034	TOTAL	
Stage 2 Reserves	\$ 14.23	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14.23	
Cash in lieu of debt	13.62	-	5.63	-	-	-	4.00	3.50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

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.

SVCW Aggregate Debt Service Cost											
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							TOTAL
				Interest Expense	RESCU SRF Debt Service	2020 WIFIA Debt Service	2021 WIFIA Debt Service	New WIFIA Loans	New SRF Loans		
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							TOTAL
				Interest Expense	RESCU SRF Debt Service	2020 WIFIA Debt Service	2021 WIFIA Debt Service	New WIFIA Loans	New SRF Loans		
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		Line of Credit			2021 WIFIA				TOTAL
	(Includes Refunding)	Current SRF	Future Bonds	Interest Expense	RESCU SRF Debt Service	2020 WIFIA Debt Service	2021 WIFIA Debt Service	New WIFIA Loans	New SRF Loans	
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		Line of Credit			2021 WIFIA				TOTAL
	(Includes Refunding)	Current SRF	Future Bonds	Interest Expense	RESCU SRF Debt Service	2020 WIFIA Debt Service	2021 WIFIA Debt Service	New WIFIA Loans	New SRF Loans	
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 \$5 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	2024-25
	June 30, 2024	June 30, 2025	
	Balance	Balance	
Operating Reserve	\$ 4,343,058	\$ 4,338,080	\$ -
CIP Reserve	25,719,706	29,219,706	3,500,000
TOTAL	\$ 30,062,764	\$ 33,557,786	\$ 3,500,000

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