

**COMMISSION OF SILICON VALLEY CLEAN WATER
JOINT POWERS AUTHORITY
REGULAR MEETING – Monday, February 10, 2025
8:00 a.m.**

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

Consistent with Government Code Section 54953, this meeting will be held both in person and virtually. See page 5 of this agenda for virtual meeting access information and instructions.

COMMISSIONERS

BOARD MEMBER GEORGE OTTE, WEST BAY SANITARY DISTRICT– CHAIR
COUNCIL MEMBER TOM McCUNE, BELMONT
MAYOR ELMER MARTÍNEZ SABALLOS, REDWOOD CITY
COUNCIL MEMBER NEIL LAYTON, SAN CARLOS

MANAGER: TERESA A. HERRERA

ATTORNEY FOR THE AUTHORITY: CHRISTINE C. FITZGERALD

CONTROLLER: BETH GOLDBERG

TREASURER: MATTHEW ANDERSON

AMERICANS WITH DISABILITIES ACT

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact SVCW (650) 591-7121. Notification in advance of the meeting will enable the Authority to make reasonable arrangements to ensure accessibility to this meeting.

AGENDA

1. CALL TO ORDER
2. ROLL CALL
3. PLEDGE OF ALLEGIANCE
4. PUBLIC COMMENT

Any member of the public may address and ask questions of the Chair under this item relating to any matter within the Commission’s jurisdiction that does not appear as a separate item on the agenda. Opportunity will be provided for members of the public to address the Chair and ask questions about any item that is listed on the agenda at the time the Commission considers the item and before action is taken. If you address the Commission on a non-agenda item, be aware that the Ralph M.

Brown Act (Gov. C. § 54950 et seq.) prohibits the Commission from acting on or discussing such matters at this meeting. Such item may be referred to staff for a decision with regard to placing it on a future agenda for discussion, action, or report.

5. SAFETY MOMENT and REPORTS

- A. Safety Moment.....pg. 7
- B. Manager’s Report
 - 1. Upcoming Commission Actions.....pg. 9
- C. Financial Report
 - 1. Investment Report December.....pg. 11
- D. Engineering Capital Projects Report.....pg. 15
- E. Commission Requested Staff-Level Action Items.....pg. 20
- F. RESCU Program Design-Build Project Status Update..... pg. 23

6. MATTERS OF COMMISSION MEMBERS’ INTEREST

- A. Election of New Chairperson, Vice Chairperson and Appoint New Secretary (pg. 26)

7. CONSIDERATION OF MOTION APPROVING CONSENT CALENDAR (begins pg. 29)

8. BUSINESS ITEMS

- A. CONSIDERATION OF MOTIONS APPROVING DESIGN TASK ORDER AMENDMENTS WITH BROWN AND CALDWELL AND BEECHER ENGINEERING INC. (pg. 39)

Proposed Action:

- i. Move approval of TASK ORDER AMENDMENT FOR BIOGAS UTILIZATION PROJECT (CIP #9269) IN AN AMOUNT NOT TO EXCEED \$95,758 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – BROWN AND CALDWELL
- ii. Move approval of TASK ORDER AMENDMENT FOR BIOGAS UTILIZATION PROJECT (CIP #9269) IN AN AMOUNT NOT TO EXCEED \$72,952 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – BEECHER ENGINEERING INC

- B. CONSIDERATION OF RESOLUTION APPROVING THE 2025 CIP UPDATE AND CORRESPONDING CEQA CONCLUSIONS (pg. 43)

Proposed Action:

Move adoption of RESOLUTION APPROVING AND ADOPTING THE 2025 UPDATE OF THE SILICON VALLEY CLEAN WATER CAPITAL IMPROVEMENT PROGRAM AND CORRESPONDING CEQA CONCLUSIONS

- C. CONSIDERATION OF MOTION APPROVING RECEIPT OF THE SILICON VALLEY CLEAN WATER LONG RANGE FINANCIAL PLAN 2025 UPDATE (pg. 48)

Proposed Action:

Move approval of RECEIPT AND ACCEPTANCE OF SILICON VALLEY CLEAN WATER LONG-RANGE FINANCIAL PLAN 2025 UPDATE

- D. CONSIDERATION OF RESOLUTION APPROVING CHANGE TO THE REGULAR DAY OF THE MONTHLY SVCW COMMISSION MEETING AND ADOPT CALENDAR YEAR 2025 REGULAR MEETING SCHEDULE (pg. 107)

Proposed Action:

- i. Move adoption of RESOLUTION ESTABLISHING DAY, TIME, AND PLACE OF REGULAR MEETINGS OF THE COMMISSION OF SILICON VALLEY CLEAN WATER AND RESCINDING RESOLUTION NO. SVCW 23-44
- ii. Move adoption of RESOLUTION ESTABLISHING AND ADOPTING COMMISSION'S REGULAR MEETING SCHEDULE FOR CALENDAR YEAR 2025

9. CLOSED SESSION –

- A. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Government Code Section 54956.9 (One Potential Case)

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

11. ADJOURN

CONSENT CALENDAR

NOTICE TO PUBLIC

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

7. A. APPROVAL OF MINUTES – January 13, 2025 – Regular Meeting (pg. 29)
- B. CONSIDERATION OF MOTION APPROVING CLAIMS AND CHECKS DATED DECEMBER 10, 2024 – JANUARY 6, 2025, AND NECESSARY PAYMENTS THROUGH JANUARY 6, 2025 (pg. 34)
- C. CONSIDERATION OF RESOLUTION APPROVING CONTRACT CHANGE ORDER TO ENERGY EFFICIENCY UPGRADES PROJECT (pg. 36)

Proposed Action:

Move adoption of RESOLUTION AUTHORIZING THE SILICON VALLEY CLEAN WATER MANAGER TO APPROVE A CONTRACT CHANGE ORDER FOR THE ENERGY EFFICIENCY UPGRADES PROJECT IN AN AMOUNT NOT TO EXCEED \$73,254.48 TO BE PAID WITH 0% INTEREST OVER 94-MONTHS

Microsoft Teams Access Information
Silicon Valley Clean Water
Regular Meeting
Monday, February 10, 2025

WEBSITE: [Link to access meeting](#)

MEETING ID: 270 547 566 14

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

You may log in via URL located on SVCW's website at <https://svcw.org/about/governance/commission-meetings>. You may view video during the meeting via live stream. An audio will be available after the meeting at SVCW's website. If you experience technical difficulties or have technical questions prior to or during the meeting, please contact Teams meeting support at 707-862-0859. Note: Public participation is not permitted during closed session discussion items.

Public Comment

Public comment may be made by joining the meeting using the link or phone number above. Members of the public may provide public comments via the Teams platform by using the "raise hand" feature or, if calling in by phone, by unmuting and beginning to speak. In response to a "raised hand", SVCW will unmute the member of public and allow them to speak. In response to a phone request to speak, SVCW will ask what is the nature of the comment and will provide directions to follow to provide comment. Public comments will be limited to three minutes.

Public comment may also be made by emailing comments to commission@svcw.org up to two hours prior to the scheduled meeting time. Indicate in your email the agenda item to which your comment applies. If you have anything that you wish distributed to the Commission and included for the official record, please include it in your email.

Accessibility for Individuals with Disabilities

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

Subject to Change:

The format of this meeting may change or the meeting may be canceled. You may check on the status of the meeting by visiting SVCW's website www.svcw.org.

AGENDA ITEM 5A

Best Space Heater Safety Tips

Nearly half of all home heating fires happen during the months of December, January, and February—and they're often caused when a heater (typically an electric one) is placed too close to curtains, bedding, or upholstered furniture.

Experts from Consumer Reports, as well as professionals at the [Association of Home Appliance Manufacturers](#) and the [National Fire Protection Agency](#), offer the following safety tips:

- Place the heater on a hard, level, and nonflammable surface. These appliances are intended to sit on the floor, not on a table.
- Establish a 3-foot kid- and pet-free zone around the heater and never put a space heater in a child's room.
- Keep the space heater at least 3 feet away from combustible materials, such as furniture, bedding, and curtains. A taller heater may need to be even farther away.
- Don't use a heater in a workshop or garage near flammable paints, gas cans, or matches.
- Turn it off when you leave the room or go to bed.
- Unplug the heater when it's not in use by pulling the plug straight from the outlet. Check the cord for damage periodically, and don't use the heater if the cord is frayed or worn.
- Don't plug another electrical device or an extension cord into the same outlet as a heater because that can cause overheating.
- Install working smoke alarms on every level of your home and in every bedroom and test them monthly.
- When purchasing a new space heater, look for models that have shut-off switches if they tip over.

AGENDA ITEM 5B

Recurring and Upcoming 2025 Commission Actions
Updated for February 2025 Meeting

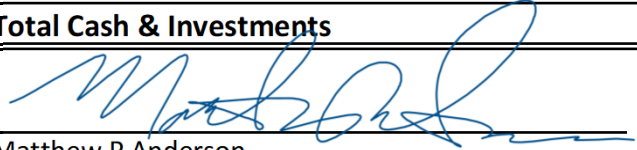
<p>January</p>	<p>February</p> <ul style="list-style-type: none"> • Long Range Financial Plan • Capital Improvement Plan Update • Commission Meeting Schedule for 2025 	<p>March</p> <ul style="list-style-type: none"> • Operating Budget Workshop • Vacancies Reporting (AB2561) 	<p>April</p> <ul style="list-style-type: none"> • Operating Budget Approval • Initiate Manager Performance Evaluation
<p>May</p> <ul style="list-style-type: none"> • Manager Performance Evaluation 	<p>June</p> <ul style="list-style-type: none"> • Approve Resolution 77-6 “Personnel Resolution” • Review Reserve Funds Policy 	<p>July</p> <ul style="list-style-type: none"> • Elect Chair, Vice Chair; Appoint Secretary • Conflict of Interest Update (Biennial; even numbered years) 	<p>August</p> <ul style="list-style-type: none"> • No Meeting (confirm w/newly appointed Commission)
<p>September</p> <ul style="list-style-type: none"> • Review Investment Policy • Review Debt Management Policy 	<p>October</p> <ul style="list-style-type: none"> • Annual Investment Update 	<p>November</p> <ul style="list-style-type: none"> • Audited Financial Report • Annual Investment Update 	<p>December</p> <ul style="list-style-type: none"> • Commission Meeting Schedule for 2026

-  - Recurring Commission Actions
-  - Upcoming Commission Actions

AGENDA ITEM 5C1

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

Description	Market Value	% of Total Holdings	Yield to Market
<u>Reserve Accounts</u>			
Operating Reserve* - Securities	\$ 2,753,990	3.12%	3.88%
Operating Reserve - Money Market Fund Balance	1,680,108	1.90%	4.29%
CIP Reserve* - Securities	26,345,912	29.81%	3.34%
CIP Reserve - Money Market Fund Balance	1,424,141	1.61%	4.29%
Stage 2 Capacity Reserve* - Securities	8,149,847	9.22%	1.64%
Stage 2 Capacity Reserve - Money Market Fund Balance	197,730	0.22%	4.29%
Total Market Value: Operating and Reserve Accounts	\$ 40,551,730	45.9%	3.11%
Total Accrued Interest: Operating and Reserve Accounts	243,181		
GRAND TOTAL, RESERVE ACCOUNTS	\$ 40,794,911		
 <u>Trustee Accounts:</u>			
2018 Bond Project Fund Account - CAMP	\$ 2,719,824	3.08%	4.73%
2018 Bond Revenue Account	5,931	0.01%	4.25%
2021 Refunding Bonds Revenue Account	8,508	0.01%	4.25%
2021A Notes Interest Account	115	0.00%	4.25%
2021A Notes Principal Account	10,212	0.01%	4.25%
2021A Notes (RESCU) - Money Market Fund	447	0.00%	4.25%
2021A Notes (RESCU) - LAIF**	1,471,947	1.67%	4.43%
2021B Notes (WWTP) - Money Market Fund	1,682,941	1.90%	4.25%
2021B Notes (WWTP) - CAMP	13,819,194	15.63%	4.73%
2021B Notes (WWTP) - LAIF**	24,611,847	27.84%	4.43%
2021 Notes Capitalized Interest Account - Money Market Fund	671,349	0.76%	4.25%
Total Market Value, Trustee Accounts	\$ 45,002,315	50.91%	4.53%
Accrued Interest:	78,545		
Operating Cash (includes outstanding checks)	2,801,016	3.17%	0.00%
Cal-CLASS Balance	1,399	0.00%	4.64%
Local Agency Investment Funds (LAIF) Balance	39,164	0.04%	4.43%
Total Cash & Investments	\$ 88,715,950	100.00%	3.74%


Matthew P Anderson
Chief Financial Officer / Assistant Manager

1/16/2025
Date

* Monthly report of security transactions and interest available upon request
**Market value of LAIF based on the most available Fair Value factor

Silicon Valley Clean Water								
Operating and Reserve Funds - Sector Allocation & Compliance December 31, 2024								
Security Type	Operating Reserve	CIP Reserve	Capacity Reserve	Total Market Value	% of Total Portfolio	% Allowed by Policy	In Compliance	% Change vs. Prior Month
U.S. Treasury	\$ 2,569,553	\$ 15,539,651	\$ 4,216,426	\$ 22,325,630	55%	100%	✓	0.2%
Supranationals	-	-	-	-	0%	15%	✓	0.0%
Federal Agency/GSE	-	1,071,581	752,198	1,823,779	4%	100%	✓	(0.0%)
Federal Agency/CMBS	-	2,585,611	608,810	3,194,421	8%	100%	✓	(0.1%)
Federal Agency CMO	-	583,102	323,557	906,658	2%	100%	✓	(0.1%)
Federal Agency MBS	-	1,812,656	1,180,603	2,993,259	7%	100%	✓	(0.2%)
Municipal	-	902,212	730,560	1,632,773	4%	30%	✓	0.0%
Corporate Notes	184,437	3,851,100	337,692	4,373,230	11%	30%	✓	(0.2%)
Asset-Backed Securities	-	-	-	-	0%	10%	✓	0.0%
Securities Sub-Total	2,753,990	26,345,912	8,149,847	37,249,750	92%			
Accrued Interest	34,488	182,264	26,429	243,181				
Securities Total	2,788,478	26,528,177	8,176,276	37,492,931				
Money Market Fund	1,680,108	1,424,141	197,730	3,301,980	8%	20%	✓	0.7%
Total Investments	\$ 4,468,586	\$ 27,952,318	\$ 8,374,006	\$ 40,794,911	100%			
<i>As % of 6/30/25 Target:</i>	<i>103.0%</i>	<i>95.7%</i>	<i>100.0%</i>	<i>97.3%</i>				

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

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

AGENDA ITEM 5D

**ENGINEERING REPORT: JANUARY 2025
CAPITAL IMPROVEMENT PROGRAM****UPCOMING COMMISSION ACTIONS:**

Biogas Utilization – Biogas System Process Control (CIP #9269): Design and construct a project to produce energy from digester gas.

SVCW has entered into a contract with Mainspring Energy to provide 5 linear generators. Supporting infrastructure design is being done by Brown and Caldwell and Beecher Engineering. A task order amendment for design services is needed to provide a comprehensive control system for the entire biogas distribution system.

Planned Commission Actions: Approve Task Order Amendment – February 2025

Five Corners Intersection Project (CIP #9131): Regrading and improving the safety of a busy traffic intersection on the treatment plant site.

The current configuration of this intersection contains blind spots and poor visibility and poses safety risks to pedestrians and drivers. The narrow intersection also poses challenges to large chemical delivery trucks that frequently traverse the intersection. This project mitigates these concerns.

Planned Commission Actions: Accept Project – March 2025

RAS Pipe Rehabilitation (CIP #9120): Rehabilitate RAS and WAS suction pipes.

All the suction pipes between four clarifiers and RAS pumps and WAS pumps were rehabilitated. The project also included replacing the piping manifold and valves.

Planned Commission Actions: Accept Project – March 2025

Digester Gas Piping Replacement (CIP#9244): Replace and upgrade digester gas piping system.

Much of the digester gas piping system was installed as part of the original plant construction. The pipes are showing signs of aging and deterioration. This project will replace the pipes for reliable operation and minimize the risk any gas leaks.

Planned Commission Actions: Approve Design Task Order – March 2025

Lab Building Roof Replacement: Replacement of Lab Building Roof.

The Lab Building roof is 30-years old and leaks, requiring annual repairs. Under this project a new roof will be designed and installed.

Planned Commission Actions: Award Construction Contract – April 2025

SVCW EV Fleet Charging Infrastructure (Project #384): Install EV Fleet Charging Infrastructure.

Under this project, six Level 2 stations and two Level 3 DC fast charging stations will be installed. This project is partially supported and incentivized by PG&E. The installed infrastructure will provide a total of 14 ports.

Planned Commission Actions: Award Construction Contract – April 2025

Hypo System Upgrade (CIP #9263): Design and construct a new Sodium Hypochlorite Piping System.

Under this project, the existing sodium hypochlorite system piping will be replaced. The existing system has a history of leaks that present a potential safety hazard.

Planned Commission Actions: Approve Design Task Order – April 2025

No. 2 Water Airgap Project (CIP #9017): Design and construct SVCW No. 2 Water Airgap Project.

Under this project, a two storage tanks and a bladder tank will be installed to provide a physical separation of the drinking water from No. 2 water.

Planned Commission Actions: Award Construction Contract – April 2025

ONGOING PROJECTS IN CONSTRUCTION:

Solids Handling Building Switchgear Battery Replacement (CIP #9247): Replace Switchgear Battery

This project replaces the battery that provides auxiliary power to the switchgear. The battery is at the end of its useful life.

FFR and 3W System Rehabilitation (CIP #9242): Rehab of three fixed-film reactors and 3W system

This project includes rehabilitation of three remaining fixed-film reactors and upgrades to 3W system. The construction is expected to complete in 2026.

RESCU Program (6008, 9501, 9502): Design and Construct Conveyance System Improvements

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

GP and FoP projects construction are complete. Construction continues on the PSI project with expected substantial completion in March 2025.

Food Waste Improvements (CIP #9257): Design Build Project to design and build an organic waste receiving facility.

This project will design and build an organic (food waste) receiving facility to receive up to 150 tons of organic. The facility includes two large 18,000-gallon capacity tanks for storage, pumps, piping, valves and electrical system on a new concrete pad located east of Digester No. 1.

TASK ORDERS APPROVED CALENDAR YEAR 2025:

A list of task orders approved for engineering division projects is attached.

SVCW Engineering Division - Task Order Summary 01/01/2025-02/05/2025

Task Order Date	Consultant	TO Amt.	Project #	Project Name	Scope of Work
Commission-Approved Date Task Orders:		\$0			
	*Use Commission approved date				
Task Order Date	Consultant	TO Amt.	Project #	Project Name	Scope of Work
Manager-Approved Task Orders*:		\$0			
1/31/2025	Freyer & Laureta	\$25,179	9269	Blogas Utilization Gas Conditioning System	Design Services
2/3/2025	Freyer & Laureta	\$24,571	388	Lab Roof Repair	Design Services

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

**Use last approval signature date

AGENDA ITEM 5E

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

**FEBRUARY 10, 2025
AGENDA ITEM 5E**

Updated: 01/27/2025

Commission Meeting Date	Action Item	Requested or Estimated Date for Completion	Status			Date of Completion	Notes
			Ongoing	In Progress	Complete		
1/13/2025	No Action Items						
12/9/2024	No Action Items						
11/11/2024	No Action Items						
10/14/2024	1 ESD and Lab Senior Positions	N/A		✓			When filled, report back on financial impact of senior-level positions in Laboratory and Environmental Services Divisions
9/14/2024	1 Internal Controls	Feb/Mar 2025		✓			Report back on audit status; reported at November 2024 mtg
	2 Report back on Prevailing Wage/Union	N/A			✓	9/10/2024	Question: is EcoGreen a Union shop? Not a union shop but pay prevailing wages per Public Works Labor Code.
7/15/2024	Internal Controls	9/9/2024			✓	8/28/2024	Bring item re: San Mateo Grand Jury Report on Internal Controls
6/10/2024	No Action Items						
5/13/2024	No Action Items						
4/8/2024	1 Investments	N/A			✓	5/13/2024	Research CA CLASS as an alternative to LAIF for short-term investing.
	2 May Commission Meeting	5/6/2024			✓	4/17/2024	Review what topics will be on the May Commission meeting agenda and determine if a Regular meeting is needed. Reviewed and email sent that a regular meeting is needed.
	3 Air Toxics Study	N/A			✓	4/9/2024	How long does the CARB Air Toxics study last? Email sent to Commissioners with answer.
	4 Bylaws	N/A			✓	11/11/2024	Review bylaws with respect to annual Commission meeting calendar. Bylaws do not reference annual meeting calendar.
3/11/2024	1 Agenda Packet Distribution	4/8/2024			✓	4/3/2024	Provide agenda packets to Commissioners' alternates with the exception of WBSD
2/12/2024	1 Strategic Plan	3/11/2024			✓	3/11/2024	Integrate "Innovation" into the strategic plan; completed via adding to the Vision Statement.
	2 NPDES Annual Report	N/A			✓		Question: how are SVCW's treatment issues/problems/maintenance recorded for future action? In our Annual Report to the RWQCB. Place this onto the SVCW website.

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

**FEBRUARY 10, 2025
AGENDA ITEM 5E**

Updated: 01/27/2025

Commission Meeting Date	Action Item		Requested or Estimated Date for Completion	Status			Date of Completion	Notes
				Ongoing	In Progress	Complete		
> One Year		8E - JPA Amendment; re-initiate "clean up" to JPA	N/A		✓		Manager presented a pathway to address critical changes to the JPA at the April 2023 meeting. Commission concurred; Manager following up with Members.	

AGENDA ITEM 5F

Overview

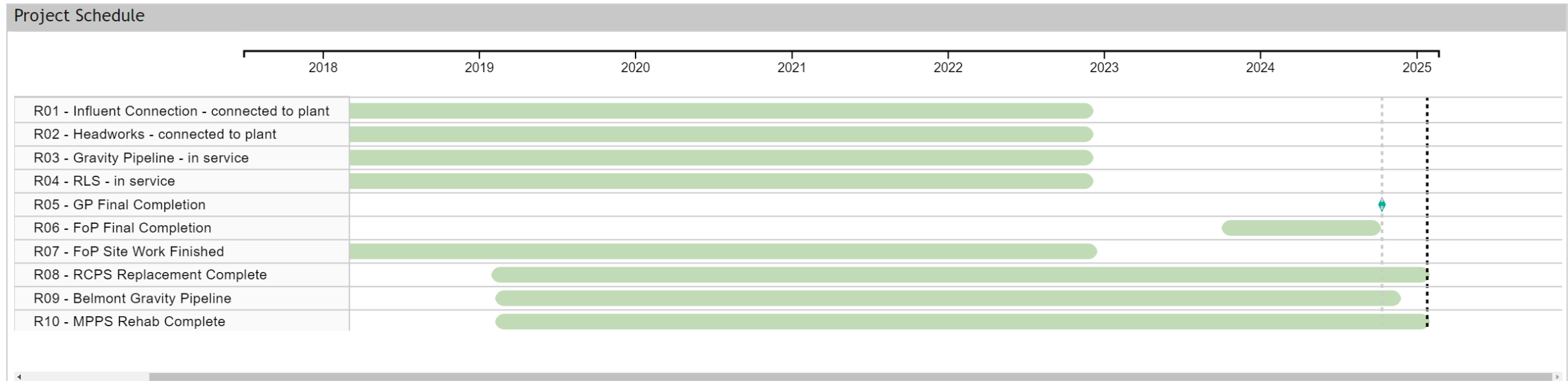
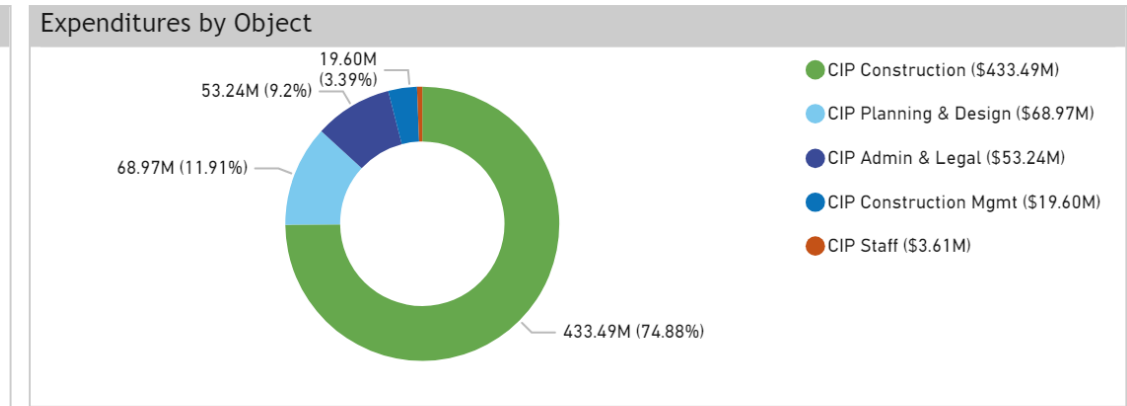
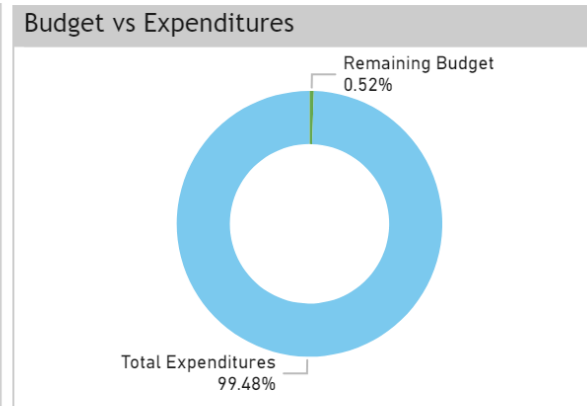
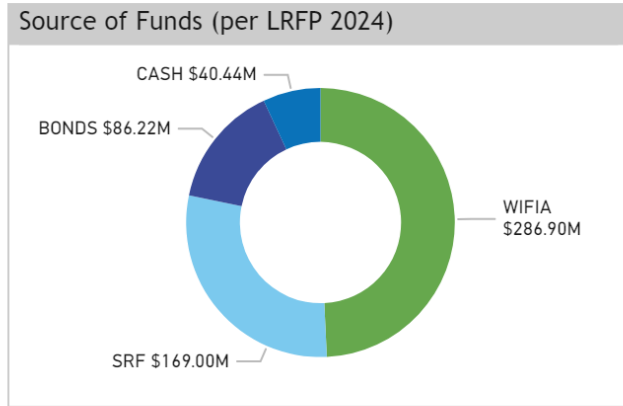


RESCU Program describes eleven projects which constitute full replacement and rehabilitation of SVCW's conveyance system. RESCU includes the Gravity Pipeline, Front of Plant, Pump Stations, and Belmont Force Main projects. The Front of Plant includes six and Pump Stations includes four of the eleven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

Available Budget
\$582.56M

Total Expenditure
\$579.53M

Remaining Budget
\$3.03M



AGENDA ITEM 5F

Startup Overview



Startup Progress

Project	PreCommissioning	Functional Testing (Design verification)	Functional Testing (Dry verification)	Functional Testing (Wet verification)	Acceptance Testing
FoP	100%	100%	100%	100%	100%
GP	100%	100%	100%	100%	100%
MPPS A side	100%	100%	100%	100%	100%
MPPS B side	100%	100%	100%	100%	100%
BGP	100%	100%	100%	100%	100%
RCPS	100%	100%	100%	100%	95%

Major Accomplishments To Date

Front of Plant	<ul style="list-style-type: none"> - FoP Control Strategies completed. - FoP Design Intent presentation completed. - Acceptance Testing plan completed. - All vendor trainings completed. - Headworks and SFS/RLS Functional Testing completed.
Gravity Pipeline	<ul style="list-style-type: none"> - GP Design Intent presentation completed. - Acceptance Testing completed. - FM to GP switchover completed.
Pump Stations Improvements	<ul style="list-style-type: none"> - MPPS A-Side 30-Day Acceptance Testing completed. - MPPS B-Side 30-Day Acceptance Testing completed. - BGP 30-Day Acceptance Testing completed. - RCPS 30-Day Acceptance Testing completed. - RCPS Automatic Systems training and vendor training completed.
Program	<ul style="list-style-type: none"> - RESCU Commissioning Risk Register workshop completed.

3 - Month Look Ahead

	Start	End



AGENDA ITEM 6A



February 5, 2025

To: SVCW Commission
 From: Teresa Herrera, SVCW Manager
 Subject: Silicon Valley Clean Water Commission Considerations

Background

At the February 2025 meeting, SVCW will have a full slate of Commissioners, three of which are new to SVCW. The Commissioners are:

Commissioner Name	Member Agency
George Otte	West Bay Sanitary District
Elmer Martinez-Saballos (N)	City of Redwood City
Tom McCune (N)	City of Belmont
Neil Layton (N)	City of San Carlos

(N) = New Commissioner appointment

Several items of business need to be discussed, as follows:

1. Election of Chairperson and Vice-Chairperson
2. Appointment of Secretary
3. Meeting Calendar for 2025
4. On-Boarding (optional discussion)

1. Election of Chairperson and Vice-Chairperson

- SVCW’s bylaws stipulate that the Commission shall be presided over by a Chair and, in the absence of the Chair, that it shall be presided over by the Vice Chair.
- The Chair and Vice-Chair shall be elected from among the Commission members each year in July.
- The current Chair is George Otte; and there is currently no Vice Chair.
- The Manager suggests that election of a Vice-Chair occur at this February meeting.

2. Appointment of Secretary

- The bylaws note that a Secretary will be appointed by the Commission each year in July.
- There is currently no Secretary. SVCW’s Business Operations Associate, Jessica Mangual, is the Secretary Pro Tem.
- The Manager suggests that appointment of a Secretary occur at this February meeting.

Memo to Commission

SVCW Commission Considerations

February 5, 2025

Page 2

3. Meeting Calendar for 2025

- Typically, a calendar for the year's meetings is established in December of each year.
- This year, establishing an annual calendar has been deferred pending a full slate of commissioners.
- A calendar of meetings for 2025 needs to be established.
- For discussion:
 - The previous Chair had requested meetings for Mondays due to their work schedule.
 - The Manager recommends changing this schedule, instead holding meetings at 0800 hours on the 2nd Thursday of each month.

 - The previous Chair suggested that meetings are not held in August of each year.
 - The Manager has no recommendation and suggests discussion on August meeting cancellation.
- A business item is Item 8D to this meeting to codify the set schedule.

4. On-Boarding Discussion

- An on-boarding binder will be distributed at the February meeting.
- The Manager suggests discussing if a special meeting be scheduled to review SVCW Commission related items contained within the on-boarding document.

AGENDA ITEM 7A

**MINUTES OF SILICON VALLEY CLEAN WATER
REGULAR MEETING – January 13, 2025
8:00 a.m.**

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

Members of the public and SVCW staff and consultants were also able to observe and participate remotely per instructions provided in the agenda.

ITEM 1

CALL TO ORDER

The meeting was called to order at 8:00 a.m.

ITEM 2

ROLL CALL - Commissioners Duly Appointed by Each Agency

Board Member George Otte, West Bay Sanitary District– Chair
Council Member Tom McCune, Belmont – Alternate
Mayor Elmer Martínez Saballos, Redwood City – Alternate
Council Member John Dugan, San Carlos – Absent

Staff, Consultants and Visitors Present

Teresa A. Herrera, SVCW Manager
Christine C. Fitzgerald, SVCW Legal Counsel
Matt Anderson, SVCW Chief Financial Officer/Assistant Manager
Jennifer Flick, SVCW Human Resources Director
Jessica Mangual, SVCW Secretary Pro Tem
Daniel Buenrostro, SVCW Chief Operations Officer
Arvind Akela, SVCW Engineering and Environmental Director
Jane Kao, SVCW Senior Engineer
Anir Bhagwat, SVCW Senior Engineer
Cindy Hui, SVCW Finance Supervisor
Kiki Newberry, SVCW Financial Analyst
Mark Minkowski, Kennedy Jenks
Bill Tanner, Tanner Pacific
Brett Margosian, Tanner Pacific
Sergio Rameriez, West Bay Sanitary District
Jeffery Wright, Nexinite
E.J. Shalaby – DNS Strategies

ITEM 3

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was recited by those in attendance

ITEM 4

PUBLIC COMMENT

There were no Public Comments

ITEM 5

SAFETY MOMENT AND REPORTS

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

Item 5A Safety Moment included tips on how to stay safe after the holidays.

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

ITEM 6

MATTERS OF COMMISSION MEMBER'S INTEREST

Discussion of 2025 Meeting schedule and election of new Chairperson, Vice Chairperson, and Secretary was deferred pending new Commissioners.

ITEM 7

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

- A. APPROVAL OF MINUTES – DECEMBER 9, 2024 – REGULAR MEETING

- B. CONSIDERATION OF MOTION APPROVING CLAIMS AND CHECKS DATED NOVEMBER 12 – DECEMBER 9, 2024, AND NECESSARY PAYMENTS THROUGH DECEMBER 9, 2024

- C. CONSIDERATION OF MOTION APPROVING FINAL ACCEPTANCE AND AUTHORIZATION TO FILE NOTICE OF COMPLETION FOR THE FRONT OF PLANT PROJECT (CIP #9502)

Motion/Second: Mr. McCune / Mr. Martínez Saballos

The Motion carried by Unanimous Vote

ITEM 8A

CONSIDERATION OF MOTION AND RESOLUTION AWARDING SIDESTREAM TREATMENT TECHNOLOGY PROCUREMENT CONTRACT TO WORLD WATER WORKS INCORPORATED FOR THE SIDESTREAM TREATMENT PROJECT (CIP #9401)

Proposed Actions:

- i. Move to SUSPEND COMPETITIVE BIDDING FOR PROCUREMENT OF SIDESTREAM TREATMENT TECHNOLOGY ON THE GROUNDS THAT COMPETITIVE BIDDING WOULD NOT BE IN THE BEST INTEREST OF THE AUTHORITY NOR SERVE THE PUBLIC INTEREST (5/7th weighted vote required)

- ii. Move adoption of RESOLUTION APPROVING PROCUREMENT DOCUMENTS FOR SIDESTREAM TREATMENT TECHNOLOGY PROCUREMENT (CIP# 9401); APPROVING PROPOSAL OF WORLD WATER WORKS AND AUTHORIZING EXECUTION OF PURCHASE AGREEMENT; AUTHORIZING MANAGER TO APPROVE CHANGE ORDERS UP TO TEN PERCENT OF THE CONTRACT VALUE OF SAID PROJECT (\$2,144,702) – WORLD WATER WORKS INC

Motion/Second: Mr. McCune / Mr. Martínez Saballos

The Motion carried by Unanimous Vote

ITEM 8B

CONSIDERATION OF MOTION APPROVING TASK ORDER FOR INFORMATION TECHNOLOGY SERVICES NEXINITE, LLC – ASSET MANAGEMENT WORK ORDER SOLUTION (CIP #9402)

Proposed Action:

Move approval of TASK ORDER SCOPE AND BUDGET FOR ASSET MANAGEMENT TECHNOLOGY PLATFORM SERVICES UNDER THE FACILITIES PLANNING PROJECT (CIP #9402) IN AN AMOUNT NOT TO EXCEED \$200,000 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – NEXINITE LLC.

Motion/Second: Mr. McCune / Mr. Martínez Saballos

The Motion carried by Unanimous Vote

ITEM 8C

CONSIDERATION OF RESOLUTIONS APPROVING APPOINTMENT OF CONTRACT EMPLOYEE AND CERTIFICATION OF NECESSITY UNDER GOVERNMENT CODE SECTIONS 7522.56 & 21224

Proposed Actions:

- i. Move adoption of RESOLUTION FOR EXCEPTION TO 180-DAY WAIT PERIOD UNDER GOVERNMENT CODE SECTIONS 7522.56 & 21224
- ii. Move adoption of RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF AGREEMENT FOR CONTRACT APPOINTMENT TO PROVIDE EXTRA HELP AS A RETIRED ANNUITANT FOR A LIMITED DURATION (ROBERT WANDRO)

Motion/Second: Mr. McCune / Mr. Martínez Saballos

The Motion carried by Unanimous Vote

ITEM 9

Closed Session – None

ITEM 10

RECONVENE IN OPEN SESSION – None

ITEM 11

ADJOURN

There being no further business, the meeting adjourned at 9:01 am

Minutes prepared by Teresa A. Herrera
Reviewed by General Counsel

Jessica Mangual, Secretary Pro Tem

AGENDA ITEM 7B

SVCW WARRANT REGISTER

SVCW Warrant Registers dated December 10, 2024 – January 6, 2025, were scanned and a copy was emailed to Commissioners and Legal Counsel on February 5, 2025.

AGENDA ITEM 7C

ENERGY EFFICIENCY UPGRADES APPROVAL OF PROJECT CHANGE ORDER

ISSUE

Approve Contract Change Order to Energy Efficiency Upgrades Project

BACKGROUND

SVCW's Fiscal Year 2024-25 Operating Budget includes \$1.85 million for electricity use at its treatment plant. Staff have been striving over the past several years to improve energy efficiency across all facilities. This focus, particularly given future stricter treatment standards, means staff is constantly seeking better technologies and operational parameters to reduce SVCW energy bills.

SVCW had identified a PG&E on-bill financing program (Energy Efficiency Retrofit Loan Program) that replaces existing incandescent and Compact Fluorescent Light (CFL) fixtures around the treatment plant with modern Light Emitting Diode (LED) fixtures. The Energy Efficiency Retrofit Loan Program is funded by California utility customers and administered by PG&E under the auspices of the California Public Utilities Commission (CPUC). The program provides qualified PG&E customers with a means to finance energy-efficient retrofit projects. The loans issued under the program are interest-free loans (0% interest financing) to reimburse qualified PG&E customers for the energy efficiency upgrade costs. This program would not only save energy, but it would also ensure compliance with a recently passed assembly bill (Assembly Bill No. 2208) requiring the phase out of CFLs in 2024 and linear fluorescent lamps in 2025.

The SVCW Commission approved the loan application and installation contract with the PG&E's approved installer – Ecogreen Solutions, Inc. – in September 2024 through an energy services contract under California Government Code §4217.

DISCUSSION

As part of the original contract, EcoGreen Solution Inc., conducted a detailed assessment of existing lighting in the treatment plant in 2022 at no cost to SVCW and identified 781 light fixtures that could be replaced with modern energy-efficient LED fixtures. The overall capital cost of fixture replacement is \$406,817, initially borne by PG&E and afterwards repaid by SVCW at a 0% interest through 89-monthly payments of \$4,602. Based on modeling, staff anticipates that these payments would be offset by SVCW's realized energy savings.

As part of the installation effort, Ecogreen identified 110 additional lighting fixtures that were not included in the original scope but would provide additional monthly energy savings if they are replaced. Upon installation of these additional fixtures, the overall capital cost of fixture replacement would be \$480,071, initially borne by PG&E and afterwards repaid by SVCW at a 0% interest through 94-monthly payments of \$5,107. Based on modeling, staff anticipates that these payments will be offset completely by SVCW's realized monthly energy savings.

SVCW staff is of the opinion that replacing these additional fixtures would provide multiple benefits to SVCW – this would increase monthly energy savings at the plant at a 0% interest financing, provide consistent lighting through the plant, and allow easier and more cost-effective maintenance of similar lighting fixtures by staff. Therefore, staff recommends a change order to EcoGreen Solution Inc for addition of 110 lighting fixtures.

CLIMATE EFFECTS

This work reduces energy usage through installation of modern efficient LED lighting that replaces existing incandescent and CFL lighting fixtures.

FINANCES

Once completed, PG&E monthly bills would assess \$5,107 for 94 months. Concurrently, the realized energy savings are anticipated to offset this amount. Beyond this 94-month breakeven point, SVCW will continue to benefit from lower energy costs.

RECOMMENDATION

Move adoption of RESOLUTION AUTHORIZING THE SILICON VALLEY CLEAN WATER MANAGER TO APPROVE A CONTRACT CHANGE ORDER FOR THE ENERGY EFFICIENCY UPGRADES PROJECT IN AN AMOUNT NOT TO EXCEED \$73,254.48 TO BE PAID WITH 0% INTEREST OVER 94-MONTHS

AGENDA ITEM 8A

**BIOGAS UTILIZATION PROJECT (CIP #9269)
BIOGAS SYSTEM PROCESS CONTROL**

ISSUE

Approve Design Task Order Amendments with Brown and Caldwell and Beecher Engineering Inc.

BACKGROUND

Wastewater entering SVCW's treatment plant is processed to separate liquids and solids contained within the raw wastewater. After going through a series of solids' processes, the resulting solids material is pumped into three anaerobic digesters. The anaerobic digesters heat the solids material in an oxygen-free environment, providing the conditions for anaerobic bacteria to break down the organic material. One of the byproducts of anaerobic digestion is biogas, a gas stream consisting of a mix of methane and carbon dioxide. The methane in the biogas is valuable to SVCW as a source of energy for plant operations.

Currently, SVCW has two internal combustion engines (ICEs) that convert the methane in the biogas to electricity and heat. Additionally, SVCW has three boilers that provide heat for plant processes and buildings when the ICEs are out of service. These boilers can run on biogas or natural gas. Any unused biogas gets burned in SVCW's waste gas burners (flares).

In May 2024, the SVCW Commission approved agreements with Mainspring Energy to install five Mainspring linear generators (Lgens) that will operate in parallel with the existing internal combustion engine (ICE) cogeneration units.

The Lgens and the ICEs require gas treatment systems to clean raw biogas before usage. Impurities such as hydrogen sulfide, siloxanes and moisture must be removed before being used to produce power. The ICEs and Lgens will each have their own separate gas conditioning system.

Both the Mainspring linear generators and the new gas treatment system are eligible for investment tax credits (ITC), available through the Inflation Reduction Act (IRA). However, vendors and contractors performing work on the project need to meet certain requirements for the project to be eligible for ITC. The IRA funding requires a strict schedule and other milestone requirements which SVCW staff have been closely monitoring and complying.

DISCUSSION

Operating the ICEs and the Lgens simultaneously using the same digester gas distribution system will be a complex process. A new operating strategy, and process and instrumentation diagrams need to be developed to allow for automated operation of both power sources as well as their respective gas conditioning systems. The strategy also requires considering the two backup boilers and two waste gas flares. The new operating strategy will allow all these pieces of equipment to operate optimally to maximize the energy production and minimize flaring digester gas.

SVCW currently is working with two consultants for design of the Biogas Utilization Project: Brown and Caldwell for civil, structural, and mechanical design and Beecher Engineering for electrical system design. To enable all the above-mentioned equipment to work together optimally, staff have discussed the need for expanded scopes of work to develop and implement a control strategy and process and instrumentation diagram. This effort was negotiated by the SVCW Engineering team to be executed as amendments to the existing task orders with Brown and Caldwell and Beecher Engineering Inc.

Additionally, Brown and Caldwell is assisting SVCW with preparation of specifications to meet IRA requirements. These specifications are critical to securing IRA funding for this project. The task order amendment also includes efforts by Brown and Caldwell to assist with updating the specifications on an as-needed basis due to recent changes from the Treasury department.

Brown and Caldwell's existing task order budget is not-to-exceed \$472,460. The proposed amendment budget is \$95,758, resulting in a total task order budget not-to-exceed \$568,218. Beecher Engineering's existing task order budget is not-to-exceed \$350,676. The proposed amendment budget is \$72,952, resulting in a total task order budget not-to-exceed \$423,628.

CLIMATE EFFECTS

This project offers a significant positive climate impact. The linear generators exhibit substantially higher electrical efficiency compared to internal combustion engines (28% for cogeneration engines versus 45% for linear generators). This heightened efficiency translates to reduced fuel consumption for equivalent electricity production.

Furthermore, linear generators produce significantly lower air emissions compared to internal combustion engines. For instance, internal combustion engines emit nitrous oxide at approximately 70 ppm, whereas linear generators emit less than 6 ppm.

FINANCIAL IMPACT

The Biogas Utilization Project (CIP #9269) has an allocated budget of \$8 million; as of January 2025, \$4.1 million has been expended. Total project costs are anticipated to be \$14 million. Staff anticipates receiving more than \$6 million in rebates, tax credits and grants for this project, accounting for the difference between budget and anticipated costs.

RECOMMENDATION

- i. Move approval of TASK ORDER AMENDMENT FOR BIOGAS UTILIZATION PROJECT (CIP #9269) IN AN AMOUNT NOT TO EXCEED \$95,758 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – BROWN AND CALDWELL

- ii. Move approval of TASK ORDER AMENDMENT FOR BIOGAS UTILIZATION PROJECT (CIP #9269) IN AN AMOUNT NOT TO EXCEED \$72,952 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – BEECHER ENGINEERING INC

AGENDA ITEM 8B

**CAPITAL IMPROVEMENT PROGRAM
2025 CIP UPDATE AND CEQA COMPLIANCE**

ISSUE

Adopt the 2025 CIP Update and Corresponding CEQA Conclusions

BACKGROUND

The core functions of a wastewater treatment facility are to protect public health and the environment. To meet its core functions, it is necessary for a public agency to adequately protect its capital assets. A current and comprehensive Capital Improvement Program (CIP) is a common and invaluable tool for public agencies, as it allows methodical planning for capital improvements to ensure that facilities necessary for transport and treatment of the community's wastewater are provided. Regulatory agencies also require wastewater agencies to have a CIP to ensure that permit limits can be met.

There are many uses of a long-range CIP. For example, it allows an agency to make informed decisions about funding it will need, it serves to ensure the rates it collects from its citizens are adequate to meet the required expenditures when they occur, and it is a valuable vehicle to comply with environmental documentation necessary for California Environmental Quality Act (CEQA) compliance. Anticipated budget needs contained within the CIP are captured in SVCW's Long Range Financial Plan which is updated at the beginning of each calendar year. The LRFP is the subject of this Commission Meeting Agenda Item 8C.

SVCW's first Capital Improvement Program was adopted by the Commission in May 2008. At the time, it was intended that the CIP would be a "living program" and regularly updated to accurately reflect the status of infrastructure needs at SVCW and appropriately plan and implement capital facility replacement and improvements. Using a long term, rolling-process approach to identify and address capital facility needs keeps the SVCW facilities in good operating condition and performing their intended service.

Maintaining a Capital Improvement Program is consistent with SVCW's Mission "to protect public health and the environment by providing wastewater conveyance and treatment for reuse or disposal in a responsible, safe, efficient, and reliable manner." The CIP also meets SVCW's five-year Strategic Plan core priorities of Safety, Regulations, and Sustainability.

DISCUSSION

SVCW has a robust preventative maintenance program in place; to augment capabilities for long-range planning, is implementing an asset management program. The asset management program is used to ensure SVCW's assets are rehabilitated or replaced prior to failure, informs CIP updates, and enables funding needs' forecasting.

The CIP includes information on projects previously and newly identified, updates estimated project costs and timing and includes consideration of necessary CEQA

actions. This 2025 CIP update contains 42 projects, with \$358 million budgeted over a 10-year period. The project list and overall budget remains largely unchanged from the 2024 update. Two new projects were added, and the overall CIP budget decreased by approximately \$1 million. The biggest change between the 2024 and 2025 CIP Updates is resequencing and rescoping projects to meet future nitrogen removal requirements.

In May 2024, the Regional Water Quality Control Board published its Tentative Order that established nitrogen removal requirements for all 37 wastewater treatment plants that discharge into San Francisco Bay. For SVCW, a 68% removal of nitrogen will be required by 2034. SVCW had added budget to the 2024 CIP in anticipation of the new nitrogen removal permit limits. Now that the future limit is known, SVCW has begun a planning process, named Strategic Treatment Advancement Roadmap (STAR), to plan out the projects that will need to be constructed to comply with the future requirements. Once the STAR effort is complete, a future CIP update will include a definitive list of projects needed to meet the requirements. This 2025 CIP Update includes a budget of \$130 million as a placeholder, while STAR is completed.

For most of the projects within the treatment plant, CEQA actions are comprised of Statutory Exemptions or Categorical Exemptions*. For projects that occur outside the wastewater treatment plant boundary, Initial Studies and subsequent environmental documentation may be needed. Specific CEQA actions are determined on a project-by-project basis and anticipated actions for every project are included in this CIP Update.

The CIP is organized into seven categories:

1. Conveyance System, including RESCU
2. Structural Rehabilitation, including Corrosion Control
3. Underslab and Above Grade Piping Rehabilitation
4. Mechanical, Electrical, and Instrumentation Rehabilitation
5. Site Civil Rehabilitation
6. Process Efficiency and Regulatory Mandates
7. CIP Support

1. Conveyance System

With the RESCU program almost complete, the largest project in this category is the repair and/or replacement of the 33-Inch Force Main (the pipeline between the Menlo Park Pump Station and the Redwood City Pump Station which conveys sewage from West Bay Sanitary District's service area). A 2021 inspection of the pipeline indicated that it has 10+ years of life remaining, so this project is projected to be started and completed within the ten-year CIP timeframe.

* Statutory Exemptions are applicable to planning or feasibility studies. Examples for a Categorical Exemption are projects that replace or restore existing facilities, new construction of small structures, and cogeneration projects at existing facilities.

2. Structural Rehabilitation

This section of the CIP covers structural issues associated with the corrosive environment inherent in a wastewater environment. It includes replacement of protective coatings inside process tanks and channels, replacement of coatings on steel piping, crack repair on structures, and seismic improvements. Investigation of corrosion issues and replacement of coatings is a constant process and coating projects that were completed early after the CIP's 2008 inception need to be repeated.

3. Underslab and Above Grade Piping Rehabilitation

Recent inspections have revealed that the steel pipes conveying wastewater from process to process within the treatment plant are experiencing corrosion and loss of pipe wall thickness. Projects in this category can be performed on their own or can be combined with Mechanical or Structural rehabilitation projects to gain efficiency.

4. Mechanical, Electrical, and Instrumentation Rehabilitation

This section covers rehabilitation and/or replacement of equipment that is no longer performing efficiently. Almost every piece of equipment in the plant has been replaced over the last 16 years and are ready, again, for repair/rehabilitation or replacement. Most of the projects in this section fall into this category.

5. Site Civil Rehabilitation

This section of the CIP includes grounds and site improvements and repair/replacement projects. The treatment plant location is situated on a deep layer of Young Bay Mud; anything not constructed upon deep piles moves significantly. This results in settlement of roadways, walkways, stairs, and non-pile-supported pipes and structures. The need to attend to such settlement is an ongoing work effort for SVCW engineering and maintenance staff.

Also within this CIP section, a project to repair the levee that protects the treatment plant has been added. In 2023, it was discovered that bay water is leaking through the sheet-pile levee at the east side of the plant.

6. Process Efficiency and Regulatory Mandates

Contained in this section are improvement projects that will help the plant perform more efficiently and/or more cost effectively. Examples of Process Efficiency projects include the BioForceTech biosolids drying system and the Food Waste System. An example of Regulatory Mandates is an anticipated requirement to replace the waste gas burners which is an upcoming industry-wide mandate by the Bay Area Air Quality Management District for San Francisco Bay treatment plants.

Most of the projects within this category will address the capital needs to comply with the Regional Water Quality Control Board's upcoming 2034 Total Nitrogen effluent limits. The total amount budgeted for this effort is approximately \$130 million.

7. CIP Support

This section covers administrative tasks for supporting the CIP, including standard specification updates, cost estimating services, and support for SRF and WIFIA funding.

Staff will provide a presentation at the meeting to explain the CIP 2025 Update in greater detail.

CLIMATE EFFECTS

Each individual project within the CIP is analyzed for climate impacts documented within CEQA actions.

FINANCES

This 2025 CIP projects approximately \$358.1 million will be spent in the next 10 years (beginning December 1, 2024), which will be financed using a defined long-term debt strategy. Since Member Agency sewer rates provide the underlying repayment security for this financing, SVCW annually updates its Long-Range Financial Plan (LRFP) as a roadmap for funding the CIP. The LRFP Update is the subject of a separate action (Agenda Item 8C).

RECOMMENDATION

Move adoption of RESOLUTION APPROVING AND ADOPTING THE 2025 UPDATE OF THE SILICON VALLEY CLEAN WATER CAPITAL IMPROVEMENT PROGRAM AND CORRESPONDING CEQA CONCLUSIONS

AGENDA ITEM 8C

**LONG RANGE FINANCIAL PLAN
2025 UPDATE**

ISSUE

Receipt and Approval of the Silicon Valley Clean Water Long Range Financial Plan 2025 Update

BACKGROUND

Silicon Valley Clean Water (“SVCW”) updates its Long-Range Financial Plan (“LRFP” or “the Plan”) at the beginning of each calendar year. The Plan describes cash flows needed over a 10-year forward projection and, therefore this proposed LRFP 2025 update describes the cash flows needed by SVCW through fiscal year 2034-35. It includes funding for operations and maintenance of wastewater facilities, revenue-funded capital projects, debt service payments, and ongoing cash reserve contributions. The purpose of the LRFP is to inform Member Agency staff who may incorporate findings into rate planning for sewer collection operations.

The Plan conforms to the financial and budgetary aspects of the SVCW Joint Powers Agreement. It incorporates the adopted 2024-25 operating/capital budgets along with relevant fiscal policies that may shape SVCW cash flow requirements. SVCW staff believes the Plan fairly reflects actual operating costs, anticipated construction activities, and projected debt service payments.

This information was presented to Member technical and finance staff at the January 2024 Technical Committee.

DISCUSSION

Under SVCW’s Capital Improvement Program (“CIP”) much of SVCW’s wastewater conveyance and treatment facilities have been replaced and rehabilitated since 2008. Now in its seventeenth year, the CIP has completed over 140 projects. The Authority recently completed the final phase the Regional Environmental Sewer Conveyance Upgrade (“RESCU”). Critical capital projects currently in construction include rehabilitation of fixed film reactors and replacement of final effluent pumps. Large projects projected but not yet started includes nutrient removal process improvements and replacement of an aging 33-inch force main. From July 01, 2024 through Fiscal Year ending 2035, expenditures for projects identified in the CIP are estimated at \$386.4 million.

Capital Expenditure Projections through Fiscal Year Ended 2035 (\$ Millions)												
Description	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032	FYE 2033	FYE 2034	FYE 2035	Total
RESCU	\$21.4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21.4
Treatment Plant	35.9	33.6	11.6	12.1	6.3	3.5	10.4	15.1	15.9	7.0	0.1	151.5
Nutrient Removal	3.8	5.0	5.0	5.8	2.5	2.5	2.5	13.3	13.3	13.3	-	67.1
Pipelines	10.5	9.7	1.8	-	-	3.9	3.9	18.5	21.9	21.9	14.6	106.6
Efficiency/Regulatory	6.8	11.6	0.3	0.3	2.0	0.0	0.0	0.0	0.0	0.0	0.0	21.2
Site Civil	0.9	0.6	4.0	6.1	4.3	0.6	1.2	0.9	-	-	-	18.7
TOTAL	\$79.2	\$60.5	\$22.7	\$24.3	\$15.1	\$10.6	\$18.0	\$47.8	\$51.2	\$42.2	\$14.7	\$386.4

To date, the CIP was funded principally from long-term debt; SVCW secured over \$575 million in low-interest government loans and raised \$310 million through issuance of sewer revenue bonds. In addition, over the past thirteen years members contributed approximately \$99 million in cash for capital projects.

Each year SVCW updates its future funding strategy using the LRFP by incorporating three critical updates:

- **CIP Expenditure Projections:** 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 2025 CIP Update, as presented to the Commission in February 2025 (Agenda Item 8B), projects the amount of capital expenditures needed over the next ten years. Updated information has been incorporated into this LRFP.
- **Construction Timing:** To ensure projects can both be constructed and managed in a reasonable timeframe, the Engineering Division considered regulatory requirements, gathered input from operating divisions, and measured the capacity of the organization to construct projects at a manageable pace. As a result, project expenditures were reallocated to later years of the next ten-year measurement period.
- **Financing Sources and Rates:** The LRFP reflects the intent to secure low-cost sources of project funding. In the past this has included governmental loans from the U.S. Environmental Protection Agency (“U.S. EPA”) and the California State Water Resource Control Board (“SWRCB”). It also includes the issuance of wastewater revenue bonds.

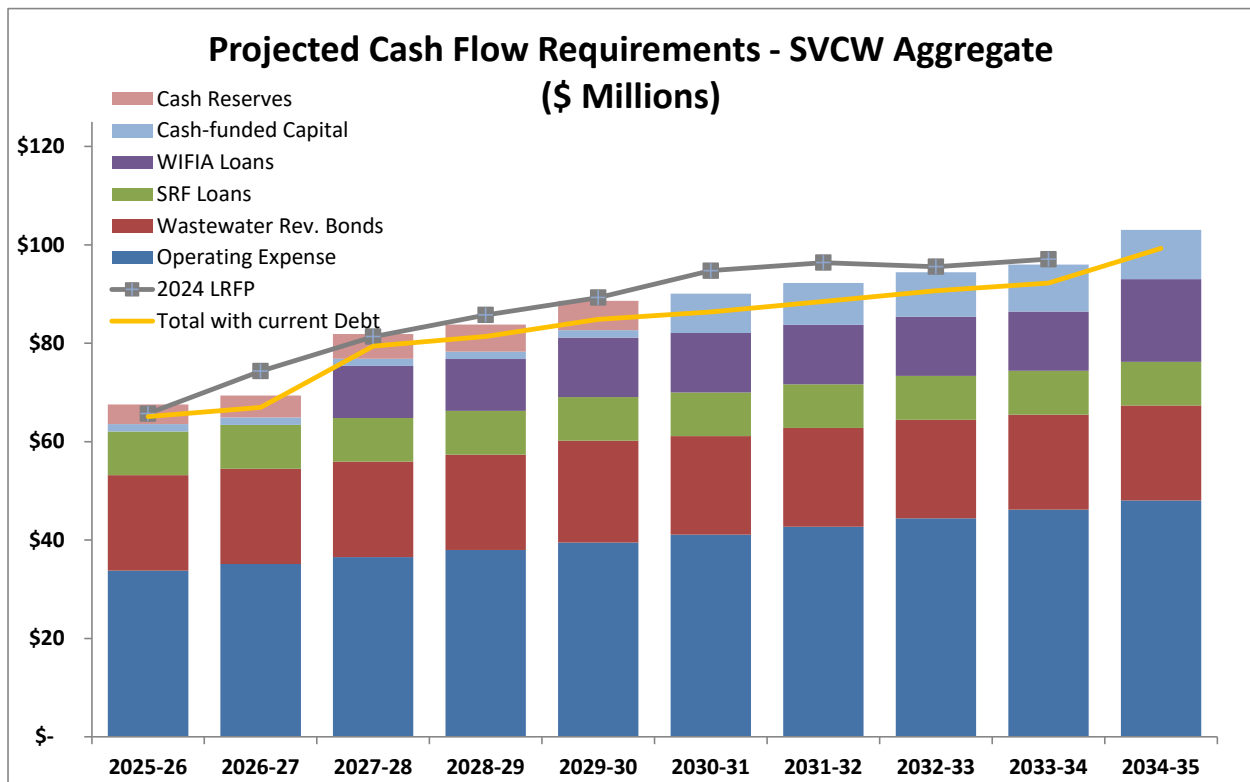
As of July 01, 2024 the projected capital expenditures of \$386 million are already partially funded by \$123 million sourced from a combination of cash, grants, and previously executed debt proceeds. An additional \$263 million will be needed for the next ten years of capital projects; currently assumed to come from the following:

- 2025: One variable rate bond issuance of approximately \$66 million for general wastewater treatment plant projects.
- 2029: One fixed rate bond issuance of approximately \$25 million to complete wastewater treatment plant projects.
- After 2030, when the CIP Reserve is anticipated to reach a target balance of \$60 million, annual cash contributions would be redirected to projects. Between 2031 to 2035, a cumulative of \$75 million in cash would be available for projects.
- 2032: One \$73 million State Revolving Fund (“SRF”) Loan to rehabilitate an aging 33-inch force main. Debt service payments would commence one year after project completion.
- 2032: One \$24 million Water Infrastructure Innovation and Improvement Act (“WIFIA”) Loan to help fund nutrient removal process improvements. Debt service payments would commence four years after project completion.

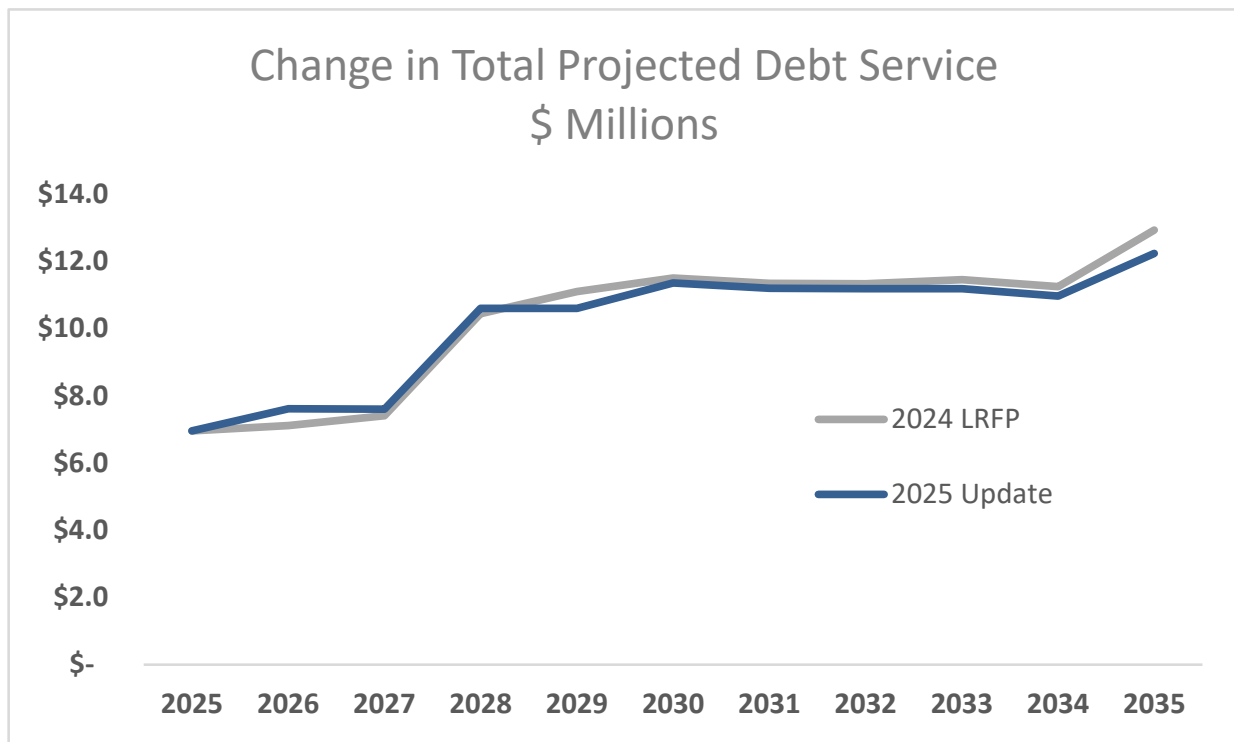
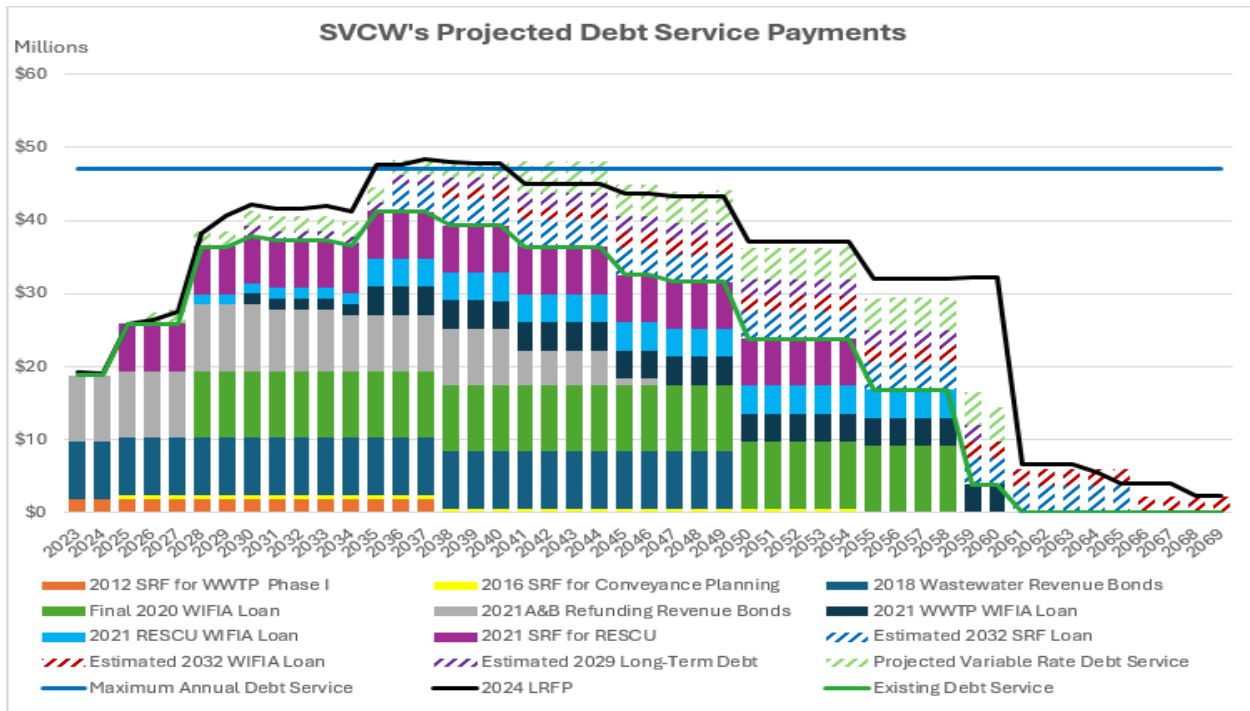
FINANCES

The 2025 LRFP describes the sum of all contributions required over the next decade. These projections are useful to Member Entities for financial planning purposes, including the setting of sewer rates. The Plan incorporates inflationary factors, estimates debt service payments, provides for cash-funded capital projects, and accounts for cash reserve requirements.

In fiscal year 2025-26, approximately \$65.7 million in total contributions is anticipated, which includes \$33.8 million of Operating Expenses, \$28.3 million in Debt Service Payments, \$4.0 million in cash reserve contributions, and \$1.5 million for pay-go capital projects. Total projected cash flow requirements are shown below:



Specific to debt service, the estimated payments over the next 35 years are comparable to last year's Long Range Financial Plan. The Maximum Annual Debt Service ("MADS"), anticipated in fiscal years 2035 through 2044, is estimated at approximately \$48.8 million.



Individual Members' cash flows will be presented at the Commission meeting.

In March 2025 SVCW Management will present detailed plans about the proposed 2025 debt issuance, including the type of debt instrument and market conditions. It will also seek authorization to proceed with retaining necessary parties to proceed with preparations.

RECOMMENDATION

Move approval of RECEIPT AND ACCEPTANCE OF SILICON VALLEY CLEAN WATER
LONG-RANGE FINANCIAL PLAN 2025 UPDATE

DRAFT

Long Range Financial Plan

Updated February 2025



Presented February 2025 by:

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George Otte

Elmer Martinez Saballos

Tom McCune

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Title

Chair

Member

Member

Member

Member Agency

West Bay Sanitary District

City of Redwood City

City of Belmont

City of San Carlos

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Table of Contents

SECTION 1 – EXECUTIVE SUMMARY AND INTRODUCTION	1
Purpose of Long-Term Financial Planning	5
Organizational and Business Structure	7
Governance and Management	7
Financial Oversight and Control.....	8
Comparative Residential Sewer Charges	8
Regulations and Permits	9
Financial Modeling.....	10
SECTION 2 – GUIDING DOCUMENTS AND PRINCIPLES.....	13
Audited Financial Reports.....	13
Operating Budgets	13
Expenditure Allocation.....	14
Cash Reserves Policy	18
Debt Policy	18
Investment Policy.....	19
SECTION 3 – MODELING ASSUMPTIONS.....	20
Debt Structure.....	20
Economic Factors	20
SECTION 4 – HISTORICAL FINANCIALS	27
Historical Cash Flow Requirements	27
<i>Total Cash Flow Requirements</i>	27
<i>Revenue-Funded Capital Expenditures</i>	30
SECTION 5 – TEN-YEAR FINANCIAL PROJECTIONS	31
Projected SVCW Operating Expenditures.....	32
Current Debt Service Structure / Annual Debt Service Payments.....	33
Stage 2 Capacity Reserve Funds	36
Cash-in-lieu of Debt	36
Pay-go Capital Contributions	36
New SRF Loans	37
New WIFIA Loans	37
New Revenue Bonds	37
Total Cash Flow Projections by Member Agency	38
SECTION 6 – SUMMARY	43

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SECTION 1 – EXECUTIVE SUMMARY AND INTRODUCTION

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

SVCW’s Wastewater Treatment Plant (WWTP) was placed in operation November 1981 and connected to an influent conveyance system and effluent disposal system built in 1969. Beginning in 2006, engineers determined a significant portion of assets exceeded their useful lives and needed replacement. SVCW thereafter initiated a CIP to assess assets’ condition and schedule upgrades in a structured way. The CIP has more recently incorporated state regulations that require the removal of nutrients from wastewater effluent.

This Plan incorporates the guidelines from the SVCW Joint Powers Agreement, the adopted Operating and Capital Budget from 2024-25, and relevant fiscal policies that influence cash flow requirements. It also recognizes the importance of growing the Authority’s cash reserves dedicated to future projects.

The LRFP is updated each year to determine the financial requirements relative to anticipated cash flows needed over the next decade. After incorporating CIP construction and expenditure schedules, the LRFP-recommended strategy is a roadmap for Members to adjust sewer rates and maintain credit ratings.

Compared to the January 2024 LRFP, this Plan considers three significant 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 2025 CIP Update, presented to the Commission in February 2025 as Agenda Item 8B, predicts that \$386 million will be needed for capital projects over the next decade. Updated information has been incorporated into this LRFP.
- **Construction Timing:** To ensure projects can both be constructed and managed in a reasonable timeframe, the Engineering Division considered regulatory requirements, gathered input from operating divisions, and measured the capacity of the organization to construct projects at a manageable pace. As a result, project expenditures were reallocated to later years of the next ten-year measurement period.

- **Financing Sources and Rates:** The LRF reflects the intent to secure low-cost sources of project funding. In the past this has included governmental loans from the U.S. Environmental Protection Agency (“U.S. EPA”) and the California State Water Resource Control Board (“SWRCB”). It also includes the issuance of wastewater revenue bonds.

As of July 01, 2024 the projected capital expenditures of \$386 million are already partially funded by \$123 million sourced from a combination of cash, grants, and previously executed debt proceeds. An additional \$263 million will be needed for the next ten years of capital projects; currently assumed to come from the following:

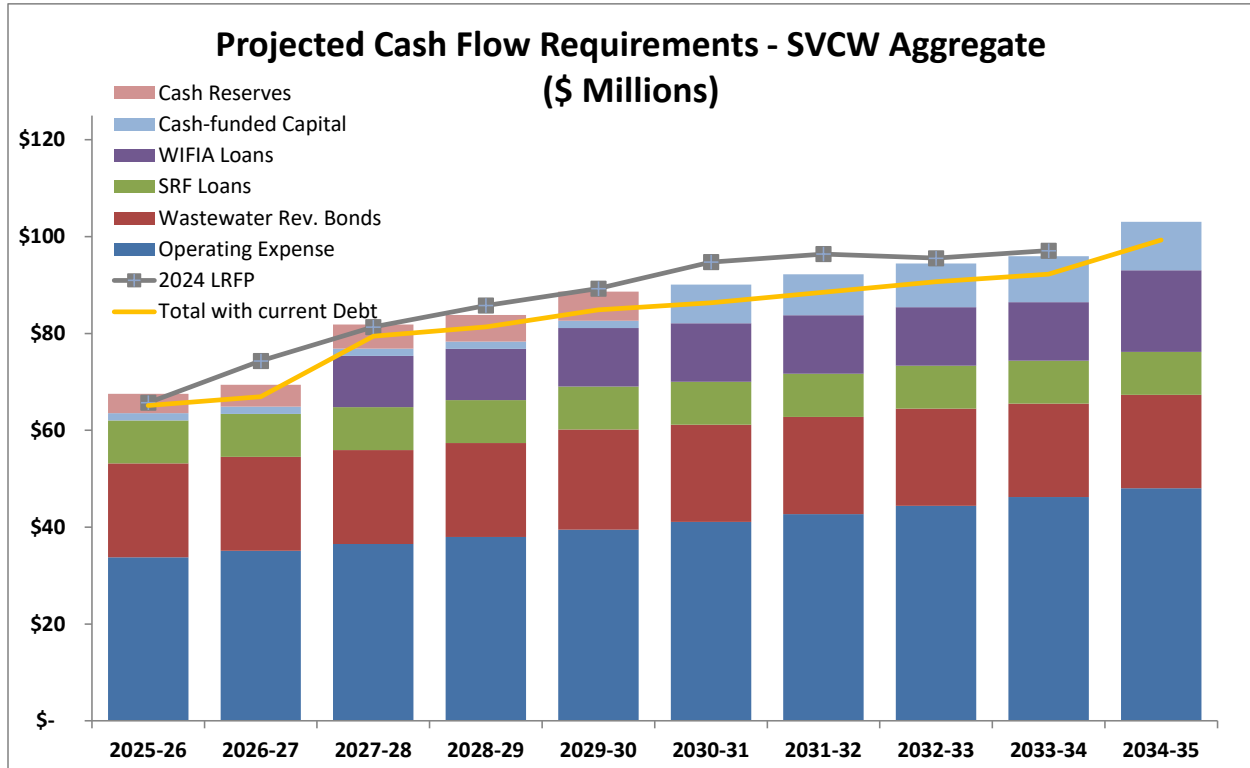
- 2025: One variable rate bond issuance of approximately \$66 million for general wastewater treatment plant projects.
- 2029: One fixed rate bond issuance of approximately \$25 million to complete wastewater treatment plant projects.
- After 2030, when the CIP Reserve is anticipated to reach a target balance of \$60 million, annual cash contributions would be redirected to projects. Between 2031 to 2035, a cumulative of \$75 million in cash would be available for projects.
- 2032: One \$73 million State Revolving Fund (“SRF”) Loan to rehabilitate an aging 33-inch force main. Debt service payments would commence one year after project completion.
- 2032: One \$24 million Water Infrastructure Innovation and Improvement Act (“WIFIA”) Loan to help fund nutrient removal process improvements. Debt service payments would commence four years after project completion.

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

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

This LRF projects total cash flows required of SVCW Member Agencies over the next decade. Annual cash flow requirements in FY 2025-26 are estimated at \$65.7 million and are thereafter projected to reach \$103 million in ten years. The largest increase in expenditure over the next decade is for debt service payments, estimated to peak at \$45 million annually by fiscal year 2034-35. Other non-debt related expenditures are less impactful; the average annual increase in Operating Expense is approximately 4.0%, Cash Reserve contributions follow adopted policies,

and a certain amount of capital projects are recommended to be funded by cash contributions rather than issuance of new debt.



Projected SVCW Cash Flow Requirements - Aggregate (\$ Millions)										
Description	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35
Operating Expense	\$ 33.77	\$ 35.12	\$ 36.52	\$ 37.98	\$ 39.50	\$ 41.08	\$ 42.73	\$ 44.44	\$ 46.21	\$ 48.06
Wastewater Rev. Bonds	19.40	19.39	19.40	19.38	20.67	20.06	20.05	20.04	19.30	19.27
SRF Loans	8.89	8.89	8.89	8.89	8.89	8.89	8.89	8.89	8.89	8.89
WIFIA Loans	-	-	10.57	10.57	12.08	12.08	12.08	12.08	12.08	16.84
Cash-funded Capital	1.50	1.50	1.50	1.50	1.50	8.00	8.50	9.00	9.50	10.00
Cash Reserves	4.00	4.50	5.00	5.50	6.00	-	-	-	-	-
TOTAL	\$ 67.56	\$ 69.40	\$ 81.88	\$ 83.82	\$ 88.64	\$ 90.11	\$ 92.25	\$ 94.44	\$ 95.98	\$ 103.07

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INTRODUCTION

Purpose of Long-Term Financial Planning

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

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

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

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

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

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

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

Organizational and Business Structure

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

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

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

Governance and Management

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

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

A vote of at least 75% is required to adopt or amend bylaws, rules, and regulations; to adopt or modify any budget; to approve any capital costs, contracts, appropriations, or transfers of more than \$75,000; to employ the manager and certain consultants; to sell or dispose of property; and to approve other designated items. Other actions of the Commission must be approved by a simple majority of the votes. In addition, any amendment to the Joint Powers Agreement must be approved by a four-fifths vote by each of the Member Agencies' governing bodies.

Financial Oversight and Control

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

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

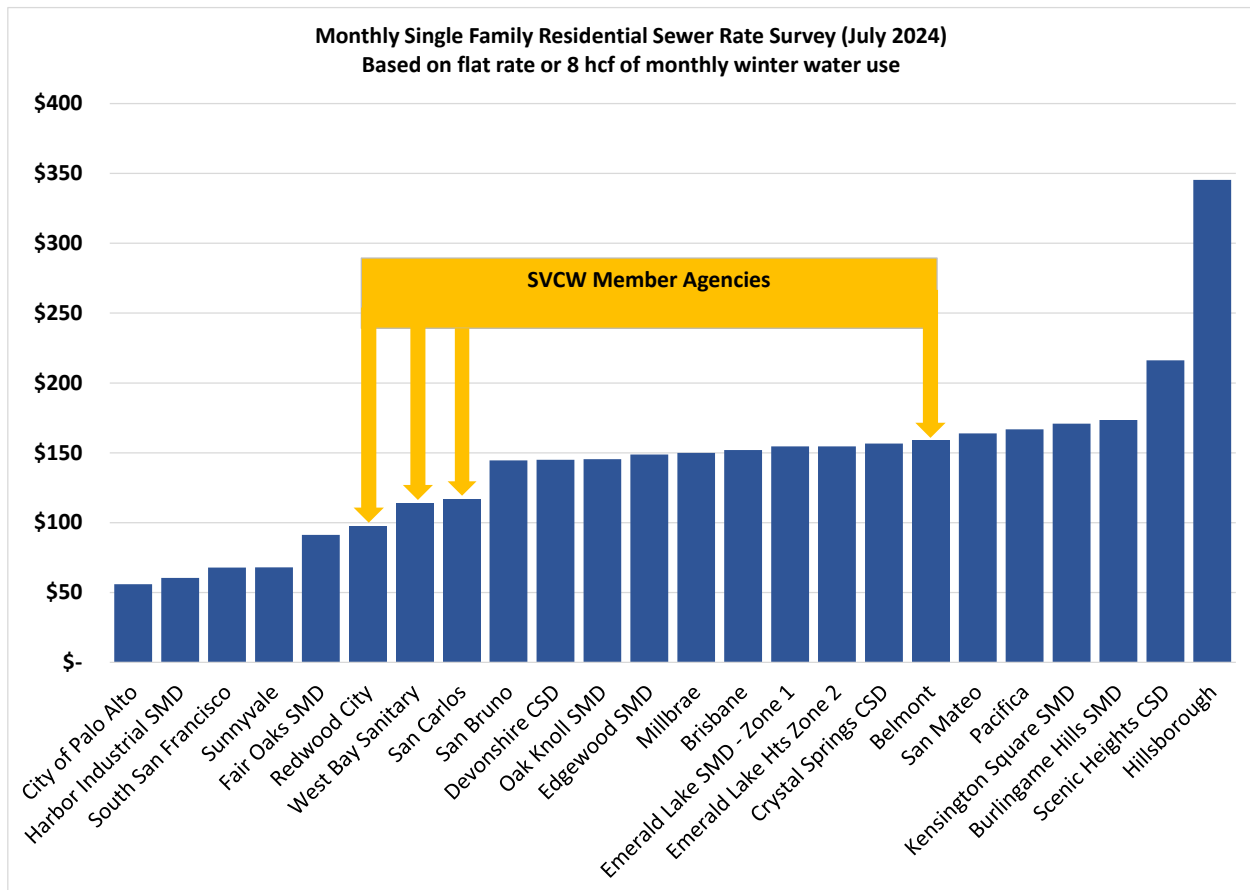
Comparative Residential Sewer Charges

Member Agencies have adopted necessary rate increases to provide revenues necessary to fund their share of the Authority’s operating and capital program expenditures. The below tables show Members’ increases in single family residential monthly sewer rates over the past decade.

Residential Sewer Rates by Member Agency Based on 8 HCF of flow										
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Belmont	\$ 88.13	\$ 99.47	\$ 105.35	\$ 116.14	\$ 121.28	\$ 128.37	\$ 135.83	\$ 143.91	\$ 151.31	\$ 159.14
Redwood City	\$74.95	\$75.11	\$76.68	\$78.24	\$81.76	\$ 81.76	\$ 89.28	\$ 89.28	\$ 89.28	\$ 97.74
San Carlos	\$88.82	\$88.82	\$93.26	\$97.93	\$102.32	\$ 102.33	\$ 111.74	\$ 116.77	\$ 116.77	\$ 116.77
West Bay SD	\$81.08	\$85.92	\$89.33	\$93.83	\$98.08	\$ 102.00	\$ 104.58	\$ 106.67	\$ 108.83	\$ 114.25

Residential Sewer Rate Year-over-Year % Increase, by Member Agency										
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Belmont	0.0%	12.9%	5.9%	10.2%	4.4%	5.8%	5.8%	6.0%	5.1%	5.2%
Redwood City	9.0%	0.2%	2.1%	2.0%	4.5%	0.0%	9.2%	0.0%	0.0%	9.5%
San Carlos	10.0%	0.0%	5.0%	5.0%	4.5%	0.0%	9.2%	4.5%	0.0%	0.0%
West Bay SD	8.9%	6.0%	4.0%	5.0%	4.5%	4.0%	2.5%	2.0%	2.0%	5.0%

Despite these increases, Member Agencies' rates remain in the low to middle range of sewer rates found throughout San Mateo County:



Regulations and Permits

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

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

SVCW currently operates under a five-year NPDES permit that is valid through 2028. As an active Member in the Bay Area Clean Water Agencies (“BACWA”), a consortium of publicly owned

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

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

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

Financial Modeling

The CIP estimates approximately \$386 million of capital expenditure remains to be funded over the next ten fiscal years. This Financial Plan documents the funding strategy, risks to this strategy, and anticipated mitigation and/or alternative funding solutions available. Prior to issuing debt SVCW updates a capital finance model to evaluate the impact of capital program spending, operations and maintenance costs, and debt service to its, and the Member Agencies', financial condition. To that end, SVCW maintains a quantitative model that includes, but is not limited to, the following:

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

The Plan incorporates these factors to develop an all-inclusive projection of future cash flow requirements. As part of the Plan, the Financial Model was created to generate and assess

multiple debt-based financing alternatives for the CIP. Several scenarios were analyzed to reach the recommended plan, including the extent to which funds would be sourced from Wastewater Revenue Bonds versus Governmental Loans. Further analysis and results are described in Sections 2 and 3 of this Plan.

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SECTION 2 – GUIDING DOCUMENTS AND PRINCIPLES

Audited Financial Reports

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

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

Operating Budgets

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

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

Used as a baseline for this study, the 2024-25 Budget was \$76.95 million. This includes \$32.5 million in operating expenditures, \$1.5 million for revenue-funded capital projects, additional cash reserve contributions of \$3.5 million, debt service payments estimated at \$25.9 million, and a \$13.6 million cash contributions to fund projects rather than issuing new debt during the year.

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

Expenditure Allocation

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

Accordingly, the 2024-25 Operating Budget allocated costs as follows:

2024-25 Budget Member Contributions Allocation Model								
Description	Weightings			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%
Operating Expenditures								
	Flow	BOD	SS					
Operations	26.5%	33.5%	40.0%	\$ 1,248,313	\$ 8,068,628	\$ 1,598,711	\$ 2,758,423	\$ 13,674,076
Maintenance	26.5%	33.5%	40.0%	619,018	4,001,098	792,774	1,367,856	6,780,746
Laboratory	26.5%	33.5%	40.0%	212,712	1,374,889	272,419	470,034	2,330,054
Environmental Services	26.5%	33.5%	40.0%	109,638	708,659	140,413	242,270	1,200,980
Engineering	26.5%	33.5%	40.0%	209,593	1,354,731	268,425	463,142	2,295,891
Safety	100.0%	0.0%	0.0%	51,133	262,030	69,991	102,897	486,051
Information Services	26.5%	33.5%	40.0%	198,420	1,282,510	254,116	438,452	2,173,498
Administrative Services	100.0%	0.0%	0.0%	467,036	2,393,339	639,289	939,844	4,439,508
Total Operating Expend.				\$ 3,115,862	\$ 19,445,884	\$ 4,036,140	\$ 6,782,918	\$ 33,380,803
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				\$ 3,032,567	\$ 18,907,491	\$ 3,929,463	\$ 6,598,857	\$ 32,468,378
2023-24 Net Operating Revenue Required				\$ 3,270,530	\$ 17,987,813	\$ 3,636,433	\$ 6,117,645	\$ 31,012,421
\$ Increase / (Decrease)				\$ (237,963)	\$ 919,678	\$ 293,030	\$ 481,212	\$ 1,455,957
% Increase / (Decrease)				(7.28%)	5.11%	8.06%	7.87%	4.69%

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

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

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

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

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

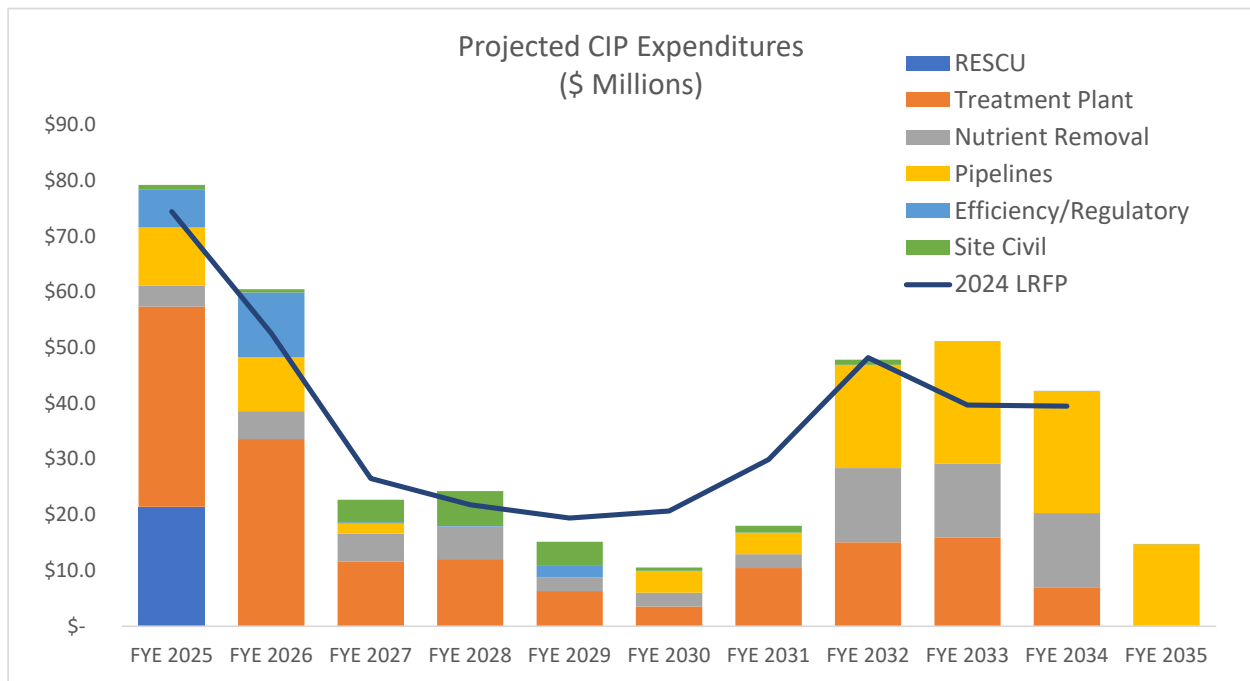
Capital Improvement Program (“CIP”)

Over the past 16 years, SVCW has rebuilt, rehabilitated, and updated much of its wastewater conveyance and treatment facilities. The CIP was originally implemented in 2008 to address near-term and long-term capital replacement needs and, going forward, the Engineering Division periodically updates the CIP to ensure SVCW can address known Joint Facility deficiencies. This includes rehabilitation and replacement of existing infrastructure and equipment; improvements to treatment processes and conveyance systems to enhance reliability; process upgrades to meet regulatory changes; automation designed to improve operational efficiency and reliability (thereby reducing future operating and maintenance expenses); and additional energy management solutions.

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

Forecasted CIP Expenditures

Concurrent with this LRF update, the CIP continues to be updated. It currently identifies remaining expenditures of approximately \$438 million to be funded over ten years. Much of this spending occurs over the next four years, a combination of anticipated RESCU completion as well as a few large treatment projects including Fixed Film Reactor and Pipe Rehabilitation efforts.



Description	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032	FYE 2033	FYE 2034	FYE 2035	Total
RESCU	\$21.4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21.4
Treatment Plant	35.9	33.6	11.6	12.1	6.3	3.5	10.4	15.1	15.9	7.0	0.1	151.5
Nutrient Removal	3.8	5.0	5.0	5.8	2.5	2.5	2.5	13.3	13.3	13.3	-	67.1
Pipelines	10.5	9.7	1.8	-	-	3.9	3.9	18.5	21.9	21.9	14.6	106.6
Efficiency/Regulatory	6.8	11.6	0.3	0.3	2.0	0.0	0.0	0.0	0.0	0.0	0.0	21.2
Site Civil	0.9	0.6	4.0	6.1	4.3	0.6	1.2	0.9	-	-	-	18.7
TOTAL	\$79.2	\$60.5	\$22.7	\$24.3	\$15.1	\$10.6	\$18.0	\$47.8	\$51.2	\$42.2	\$14.7	\$386.4

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

SVCW Remaining Capital Expenditures - By Fiscal Year End and Member Allocation													
Member Entity	JPA %	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032	FYE 2033	FYE 2034	FYE 2035	Total
Redwood City	48.57%	\$38.5	\$29.4	\$11.0	\$11.8	\$ 7.4	\$ 5.1	\$ 8.8	\$23.2	\$24.8	\$20.5	\$ 7.2	\$187.7
West Bay SD	26.84%	21.3	16.2	6.1	6.5	4.1	2.8	4.8	12.8	13.7	11.3	4.0	103.7
San Carlos	15.14%	12.0	9.2	3.4	3.7	2.3	1.6	2.7	7.2	7.7	6.4	2.2	58.5
Belmont	9.45%	7.5	5.7	2.1	2.3	1.4	1.0	1.7	4.5	4.8	4.0	1.4	36.5
TOTAL	100.00%	\$79.2	\$60.5	\$22.7	\$24.3	\$15.1	\$10.6	\$18.0	\$47.8	\$51.2	\$42.2	\$14.7	\$386.4

Cash Reserves Policy

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

- The Operating Reserve must be maintained at a minimum balance of 10% of approved Operating Budget expenses, plus \$1 million. This fund allows for continued operation in times of local, regional state, or national crisis or for unbudgeted, unexpected operational, maintenance or capital expenses approved by the SVCW Commission. As of December 31, 2024, the market value of securities held in this reserve was \$4.47 million.
- The objective of the CIP Reserve Fund is to accrue funds towards replacement of capital assets when their useful life is reached, and other funding sources may not be immediately available. This fund will provide for unanticipated capital expenditures and, when its target value is reached, steer funding to pay-as-you go projects. Per policy, a minimum of \$3.0 million was added to the CIP Reserve Fund in fiscal year 2023-24. This amount increases by \$500 thousand annually each year, until the reserve balance reaches an inflation-adjusted \$50 million in 2019 dollars. As of December 31, 2024, the CIP Reserve was valued at \$27.95 million and is projected to reach its target value by 2030.
- The Stage 2 Capacity Reserve is utilized to pay for capital projects that either increase or maintain SVCW's treatment capacity. Funding is received after Members collect fees associated with new sewer connections. SVCW uses this reserve to fund capacity-related construction approved by the SVCW Commission. As of December 31, 2024, the market value of securities in this reserve was \$8.37 million.

Debt Policy

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

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

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

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

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

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

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

Investment Policy

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

SECTION 3 – MODELING ASSUMPTIONS

SVCW has developed a Debt Model (the Model) to project debt service costs associated with the Capital Improvement Plan. As approximately \$438 million of capital projects is to be funded over the next decade, the Model measured alternative funding scenarios that compared debt service costs at aggregate and across Member Agency levels. The Model also optimized variables by considering the impact of using cash, longer repayment terms, caps on debt service levels, deferred repayment, and changes in interest rate assumptions.

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

Debt Structure

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

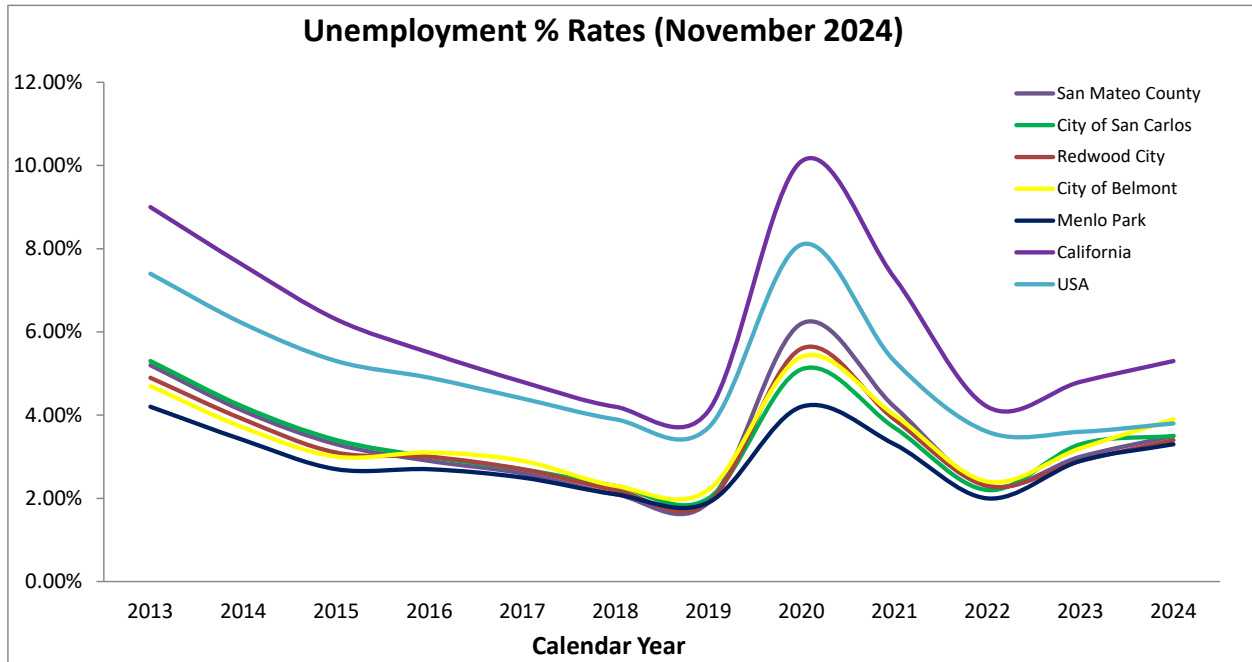
SRF and WIFIA were pursued for their attractive low interest rates and flexible repayment structures. Structurally like revenue bonds, the Authority’s SRF loans are amortized over 30 years at interest rates equal to half the California General Obligation Bonds rate. WIFIA loans amortize over 35 years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

Economic Factors

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

Unemployment

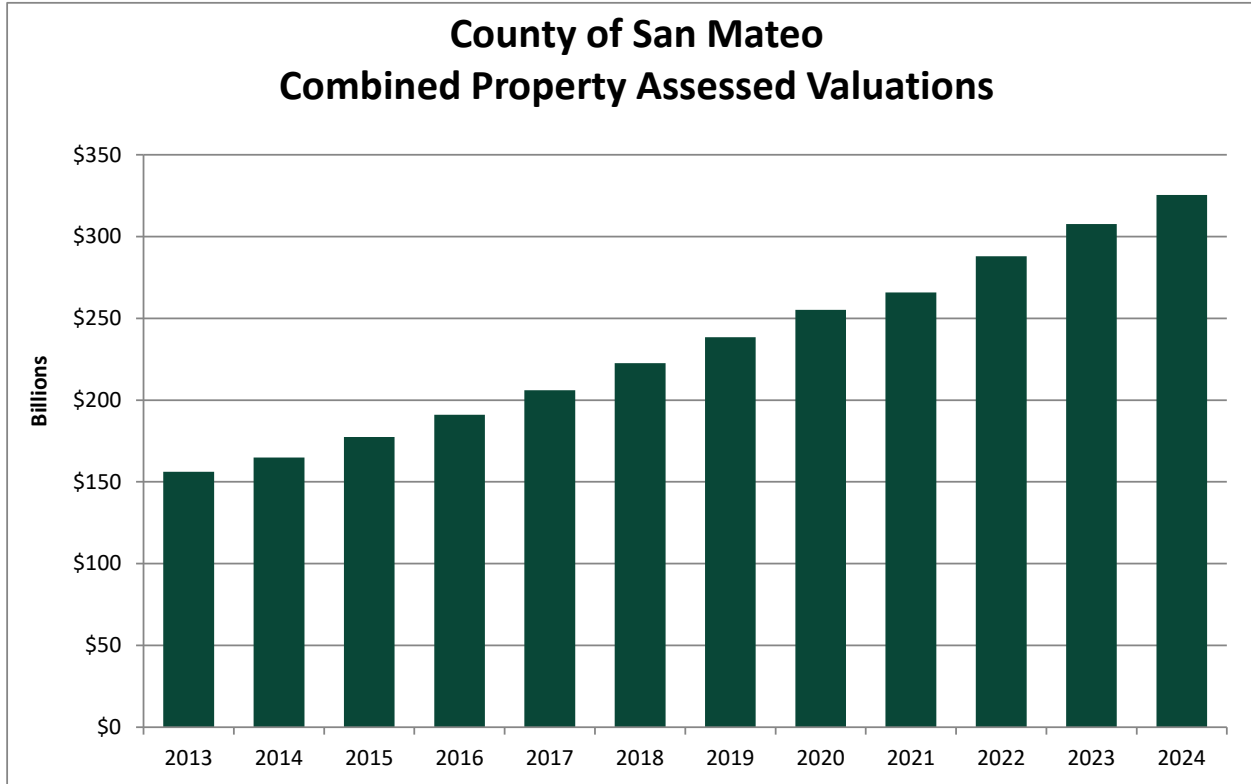
The Bay Area economy was not immune to the negative impacts of the COVID-19 pandemic. Recent data from the United States Bureau of Labor Statistics shows how unemployment rates for San Mateo County and SVCW Member Agencies remain low, though have risen to a combined average of 3.5% over the past year. Local unemployment remains well below statewide California and nationwide U.S. rates.



Source: United States Bureau of Labor Statistics

County Assessed Valuations

San Mateo County had approximately \$307.8 billion in total assessed 2023 real property valuation, an increase of \$17.7 billion (or 5.75%) from the previous year.

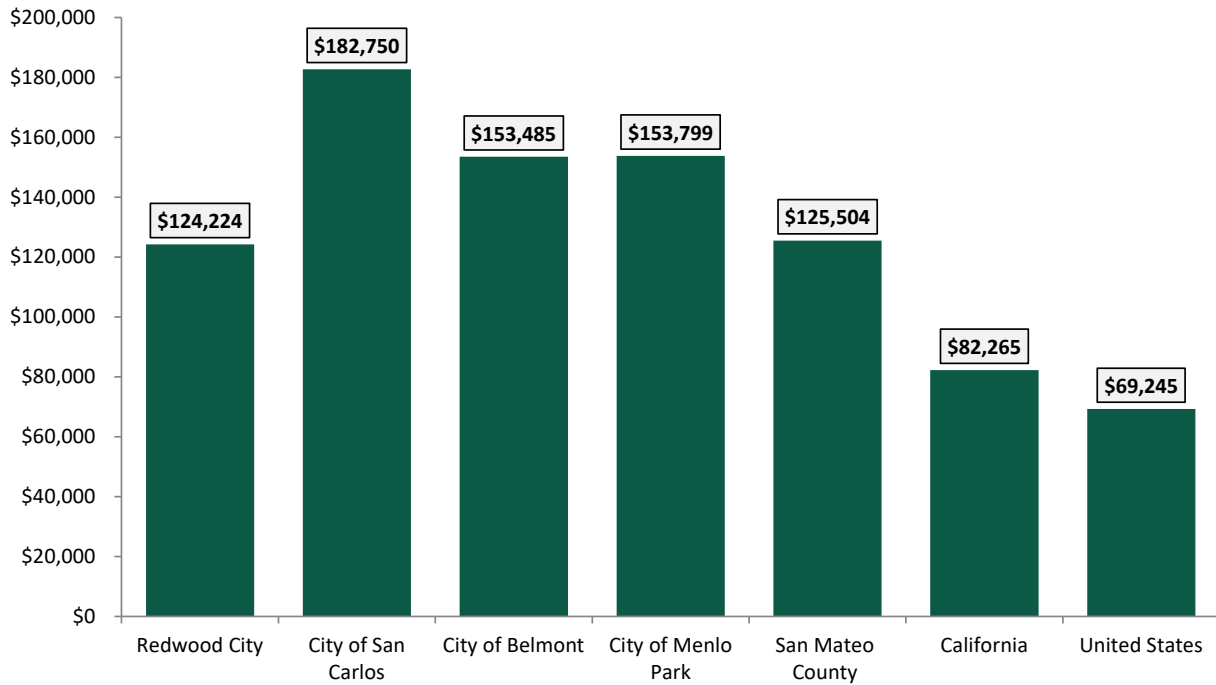


Source: San Mateo County Assessor's Office

Median Effective Buying Income

The Communities served by SVCW show high effective buying income levels in comparison to National and State medians. The Effective Buying Income is the amount of a consumer’s disposable income; it reflects the money consumers retain after taxes. The following chart shows that SVCW communities have Effective Buying Incomes of \$125 thousand to \$182 thousand, which is 179% to 264% of the National levels, and 151% to 222% of California levels.

2025 Median Effective Buying Income

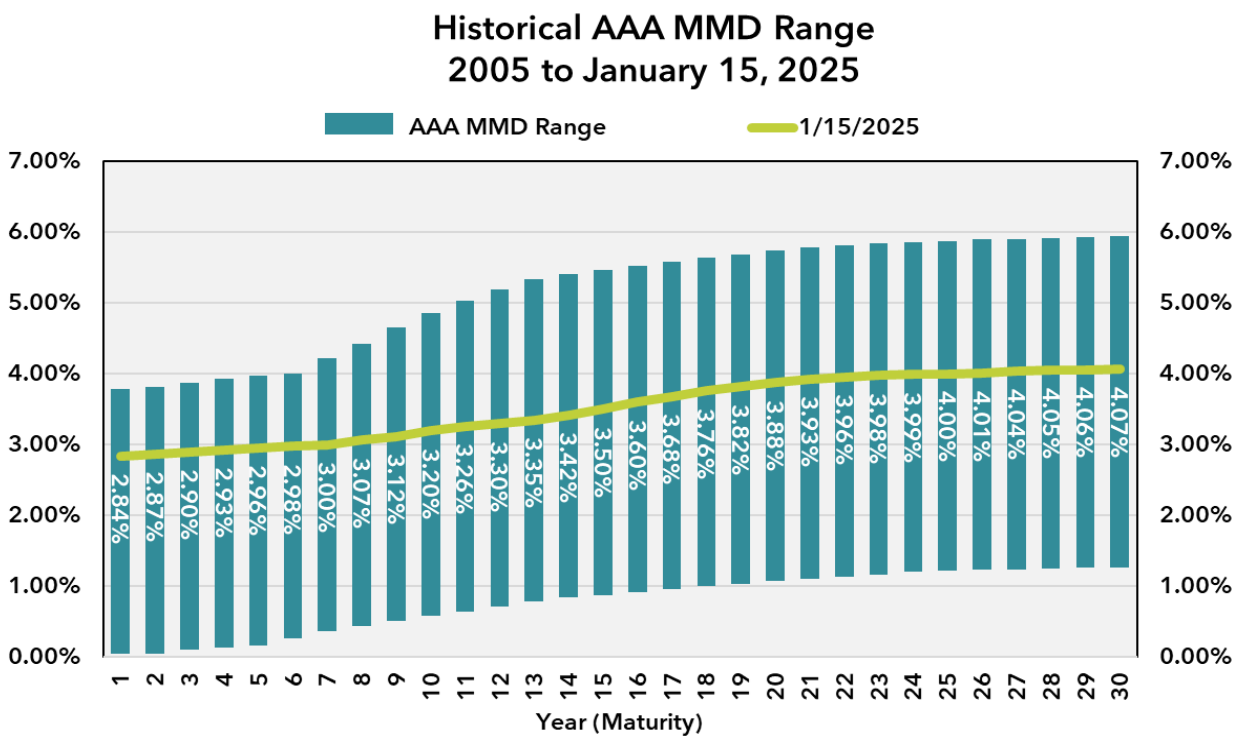


Source: Claritas Spotlight

Interest Rates

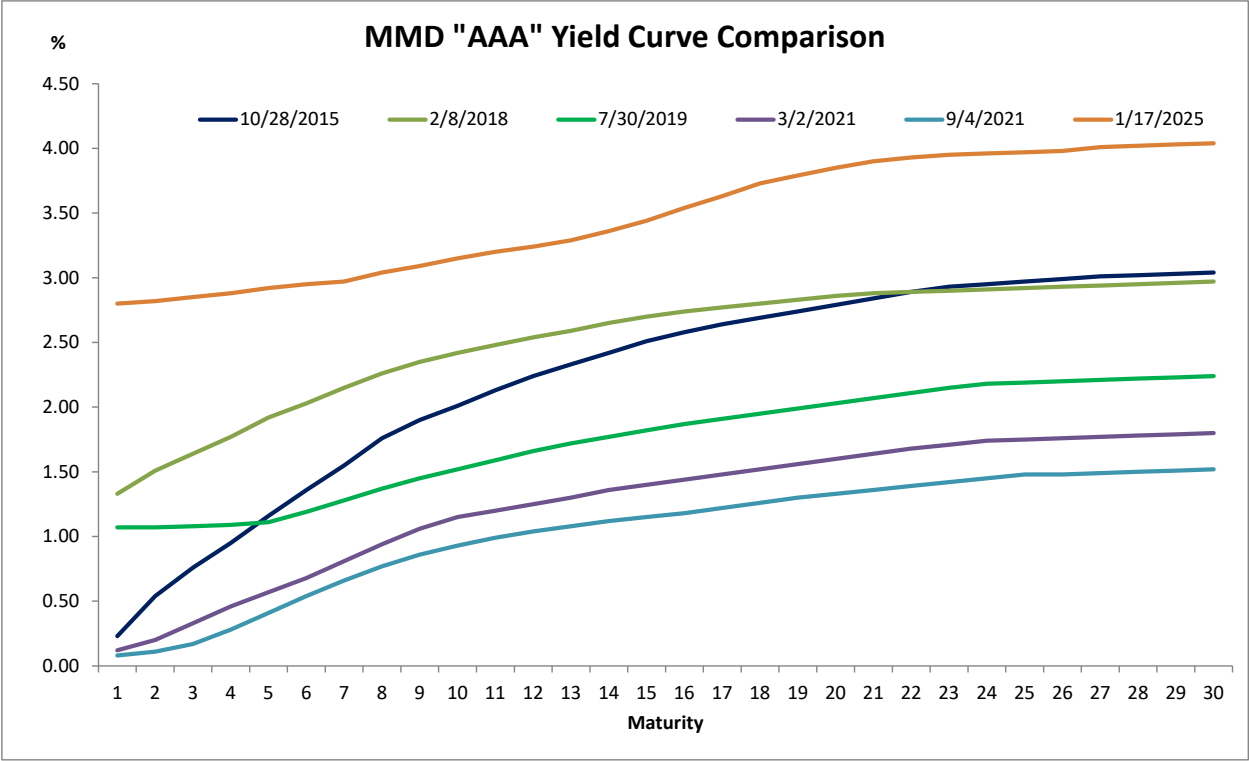
Based upon market conditions, the financing options use projected interest rates that will vary depending on the type of debt or whether it is fixed or variable.

The chart below compares the current “AAA” Municipal Market Data (MMD) yield curve (the benchmark curve for tax-exempt obligations) to the last twenty years of historical data. As of January 15, 2025, the current “AAA” yield curve is within the high and low ranges of yields since 2005 while the short end of the yield curve has risen in comparison to historical performance. On January 29, 2025, the Federal Reserve held the target range for the federal funds rate at 4.25% - 4.50% following recent indicators that unemployment rates have stabilized, and labor market conditions remain solid, while inflation remains somewhat elevated.



Source: Refinitiv TM3

The table below compares the “AAA” MMD curve as of January 17th to the market conditions during the Authority’s previous debt issuances. For example, in 2021 SVCW was positioned to take advantage of historically low interest rates. While today’s yields are comparatively elevated, they has not reached the highs experienced over the past twenty years of historical performance.



Source: Thomson Municipal Market Monitor

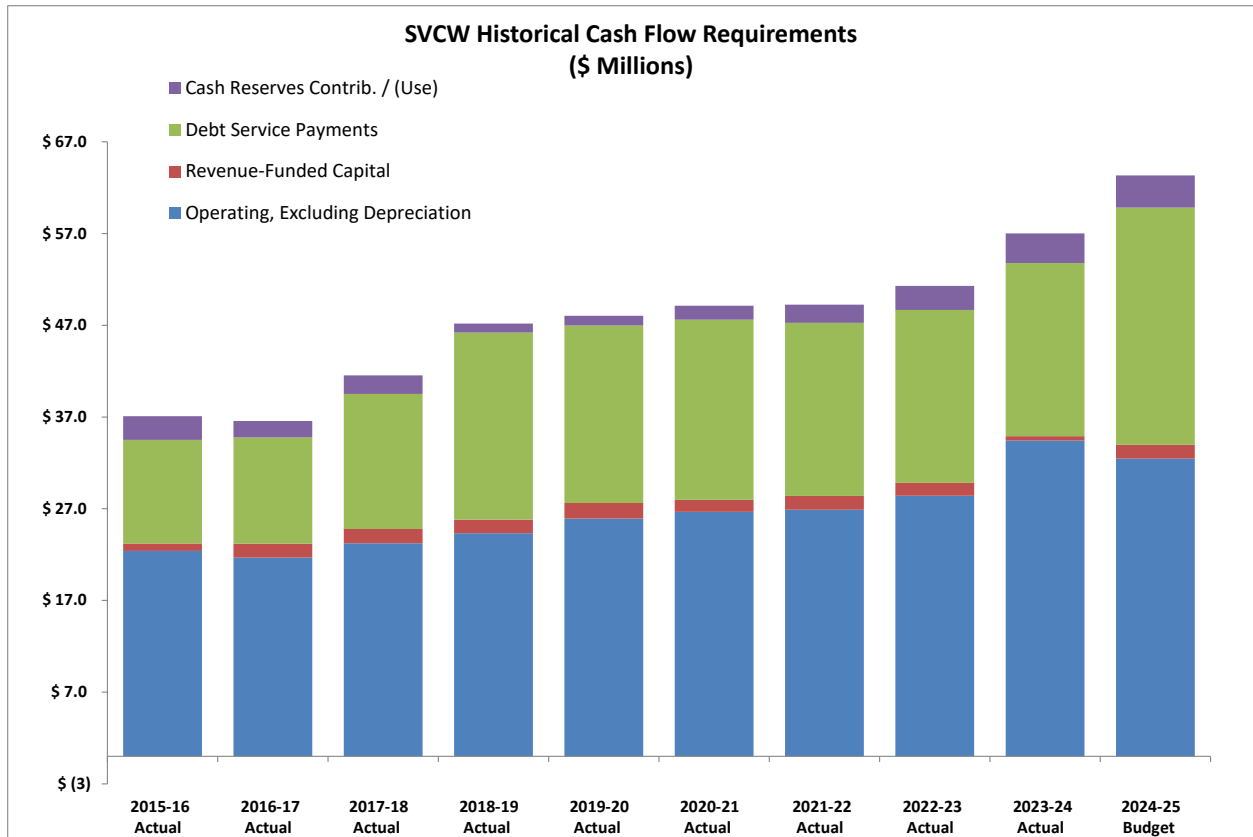
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SECTION 4 – HISTORICAL FINANCIALS

Historical Cash Flow Requirements

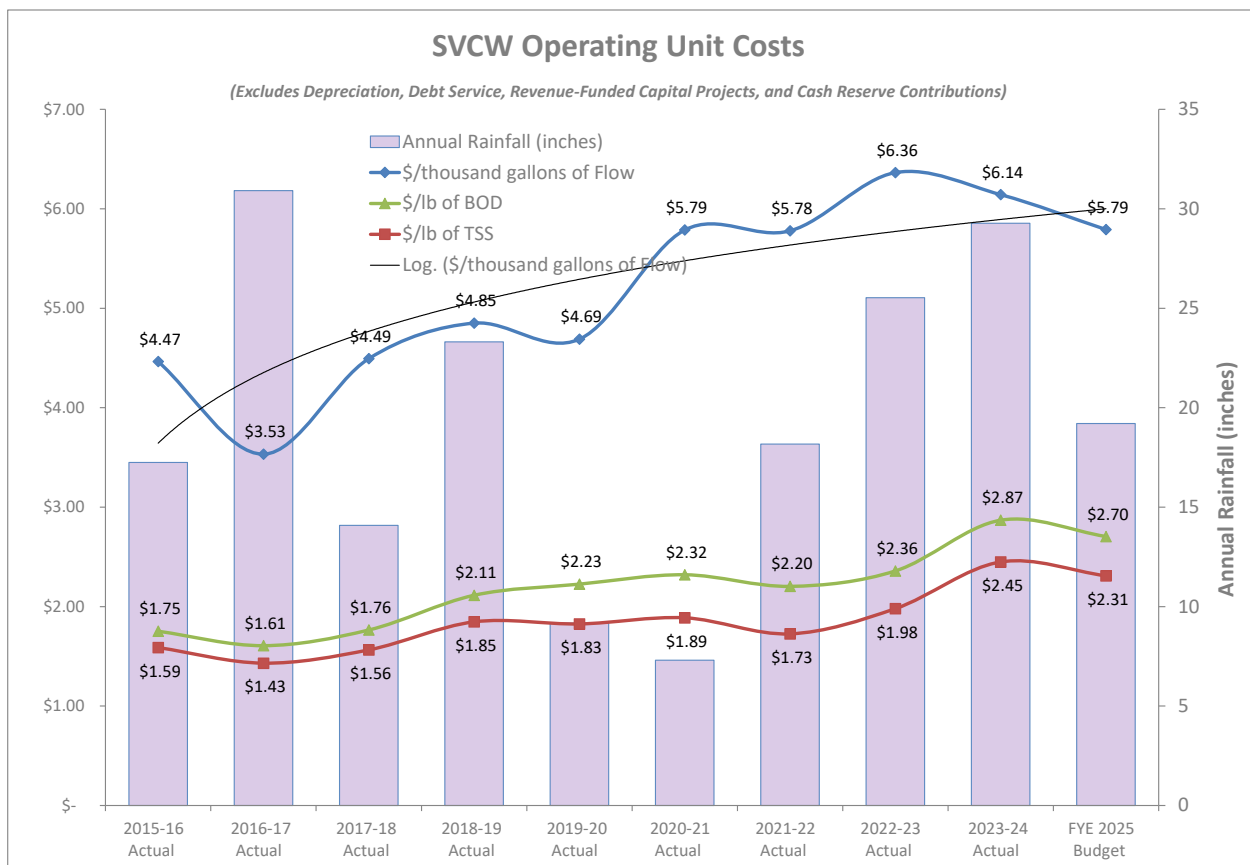
Total Cash Flow Requirements

SVCW annual cash flow requirements from Members have particularly risen over the past two years, mostly the result of increased debt service payments that financed the CIP.

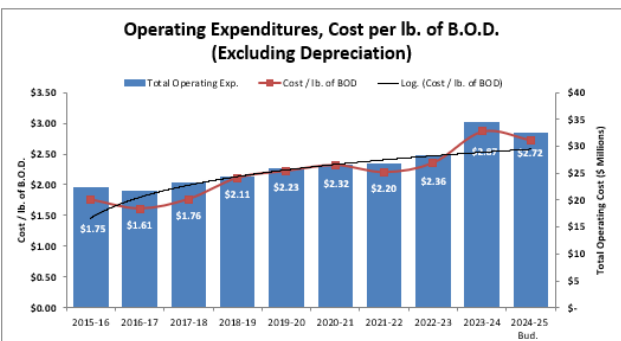
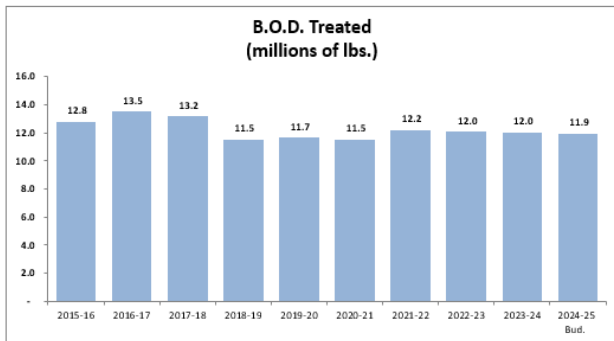
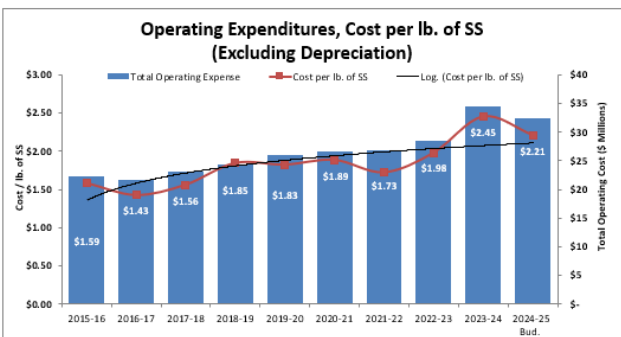
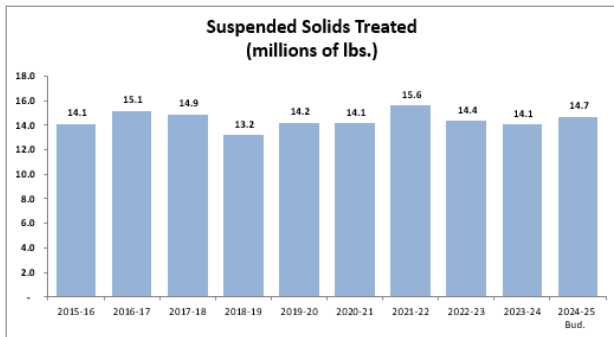
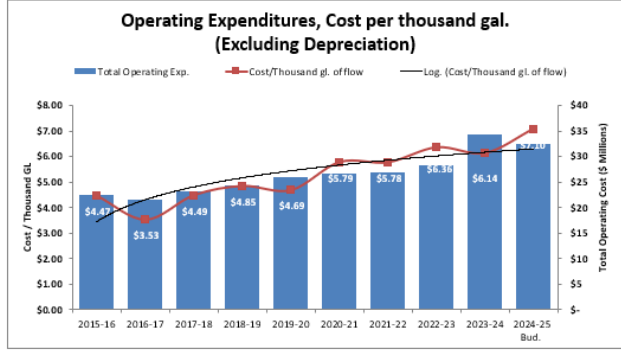
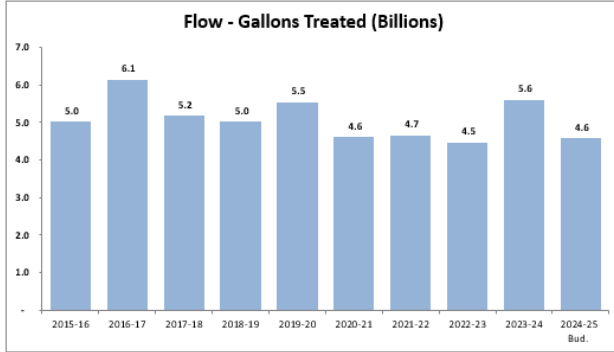


Historical Unit Costs

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



A significant influencing factor on unit costs is volatility of operating volumes including Flow, Biological Oxygen Demand (BOD), and Total Suspended Solids (TSS). Rainfall has an inverse relationship with unit costs, as reduced flows contribute to higher Unit Costs. Operating Unit Costs are measured per thousands of gallons treated, per pound of TSS, and per pound of BOD.



Revenue-Funded Capital Expenditures

Revenue-Funded Capital Expenditures are for capital projects that are generally each less than \$1 million and can be completed within one year. These projects typically include purchase of vehicles or heavy equipment, repairs that improve an asset's useful life, and small construction efforts. Due to their relatively low cost, it is appropriate these items are funded from cash rather than debt. Since 2008 SVCW has averaged \$1.5 million annually in Revenue-Funded capital expenditures.

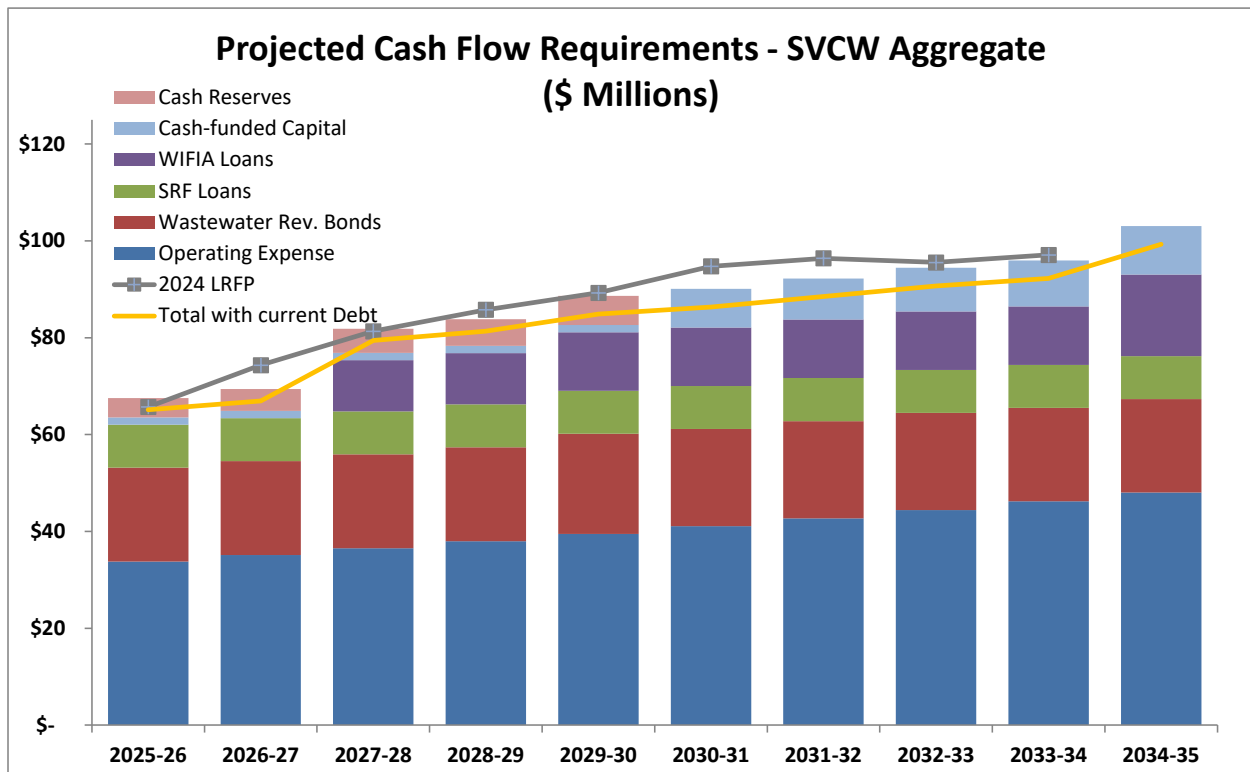
Cash Reserves

The SVCW established a cash reserve policy intended accumulate and manage appropriate reserve balances. Each year, through the budget process, SVCW reviews all reserve balances and adjusts as needed to adhere to the policy. In 2024-25, \$3.5 million is being contributed to the CIP Reserve and another \$4.0 million will be added in 2025-26.

SECTION 5 – TEN-YEAR FINANCIAL PROJECTIONS

In fiscal year 2025-26 SVCW anticipates total expenditures will be \$67.6 million for all costs of operations, debt service, revenue-funded capital, and reserve contributions. This figure is anticipated to grow to \$103 million over the next ten years.

Projected SVCW Cash Flow Requirements - Aggregate (\$ Millions)										
Description	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35
Operating Expense	\$ 33.77	\$ 35.12	\$ 36.52	\$ 37.98	\$ 39.50	\$ 41.08	\$ 42.73	\$ 44.44	\$ 46.21	\$ 48.06
Wastewater Rev. Bonds	19.40	19.39	19.40	19.38	20.67	20.06	20.05	20.04	19.30	19.27
SRF Loans	8.89	8.89	8.89	8.89	8.89	8.89	8.89	8.89	8.89	8.89
WIFIA Loans	-	-	10.57	10.57	12.08	12.08	12.08	12.08	12.08	16.84
Cash-funded Capital	1.50	1.50	1.50	1.50	1.50	8.00	8.50	9.00	9.50	10.00
Cash Reserves	4.00	4.50	5.00	5.50	6.00	-	-	-	-	-
TOTAL	\$ 67.56	\$ 69.40	\$ 81.88	\$ 83.82	\$ 88.64	\$ 90.11	\$ 92.25	\$ 94.44	\$ 95.98	\$ 103.07



Projected SVCW Operating Expenditures

Overall SVCW operating expenses are expected to increase by approximately 4.0% annually over the next decade.

SVCW Operating Expenditures (\$ Millions)											
Description	2024-25 Budget	2025-26 Forecast	2026-27 Forecast	2027-28 Forecast	2028-29 Forecast	2029-30 Forecast	2030-31 Forecast	2031-32 Forecast	2032-33 Forecast	2033-34 Forecast	2034-35 Forecast
Personnel	\$ 21.8	\$ 22.6	\$ 23.5	\$ 24.5	\$ 25.5	\$ 26.5	\$ 27.5	\$ 28.6	\$ 29.8	\$ 31.0	\$ 32.2
Utilities	2.8	2.9	3.0	3.1	3.2	3.3	3.5	3.6	3.8	3.9	4.1
Administrative Costs	0.8	0.8	0.8	0.9	0.9	1.0	1.0	1.0	1.1	1.1	1.2
Equipment & Supplies	2.7	2.8	3.0	3.1	3.2	3.3	3.5	3.6	3.7	3.9	4.0
Chemicals	2.9	3.0	3.1	3.2	3.4	3.5	3.6	3.8	3.9	4.1	4.3
Professional Services	0.9	0.9	1.0	1.0	1.1	1.1	1.1	1.2	1.2	1.3	1.3
Contractual Services	1.1	1.2	1.2	1.3	1.3	1.4	1.4	1.5	1.5	1.6	1.7
Regulatory and Training	0.4	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.7
Total Expenditures	\$ 33.4	\$ 34.7	\$ 36.1	\$ 37.5	\$ 39.1	\$ 40.6	\$ 42.2	\$ 43.9	\$ 45.7	\$ 47.5	\$ 49.4
Less Misc. Revenue	(0.9)	(0.9)	(1.0)	(1.0)	(1.1)	(1.1)	(1.2)	(1.2)	(1.2)	(1.3)	(1.4)
Net Operating Expend.	\$ 32.5	\$ 33.8	\$ 35.1	\$ 36.5	\$ 38.0	\$ 39.5	\$ 41.1	\$ 42.7	\$ 44.4	\$ 46.2	\$ 48.1

Current Debt Service Structure / Annual Debt Service Payments

SVCW and its Members historically leveraged the debt markets to fund the CIP. Approximately \$995 million of funding has been obtained to fund projects approved since 2008. Sources of funds have included Wastewater Revenue Bonds, Member Agency cash contributions, SRF Loans, WIFIA Loans / Notes, and Grants.

SVCW CIP Funding Sources to date (\$ millions)			
Description	All-in TIC / Interest Rate	Total Proceeds	Available Proceeds at 7/1/2024
Bonds			
2008 Wastewater Revenue Bonds*	5.03%	\$ 10.01	\$ -
2009 Wastewater Revenue Bonds*	5.12%	55.86	-
2014 Wastewater Revenue Bonds*	4.18%	65.54	-
2015 Wastewater Revenue Bonds*	3.75%	30.00	-
2018 Wastewater Revenue Bonds / Refunding	3.43%	148.98	5.70
2021 Refunding Bonds	2.30%	-	-
Subtotal - Bonds		310.38	5.70
Cash Contributions in lieu of Debt			
Belmont		48.12	1.29
Redwood City		16.61	6.61
San Carlos		2.06	2.06
West Bay Sanitary District		16.67	3.65
SVCW Stage II Reserves		15.60	9.10
Subtotal - Member Cash Contributions		99.05	22.70
Government Loans			
SRF - Control Building	2.60%	11.36	-
SRF - WWTP Improvements	1.80%	31.55	-
SRF - Conveyance Planning	1.60%	14.00	-
SRF - RESCU Construction Loans	0.90%	169.00	17.60
WIFIA / Notes - RESCU Program	1.40%	207.33	-
WIFIA / Notes - RESCU II	1.93%	68.90	-
WIFIA / Notes - WWTP	1.94%	73.80	53.40
Subtotal - Government Loans		575.94	71.00
Grant Funding			
PG&E Cogeneration Grant		3.78	1.38
Investment Tax Credit (Infrastructure Rehab Act)		3.00	3.00
California Energy Commission		3.10	2.60
Subtotal - Grant Funding		9.88	6.98
TOTAL		\$ 995.26	\$ 106.38

Outstanding SVCW Wastewater Revenue Bonds

Financing Agreements adopted between SVCW and its Member Agencies obligate each of Member for their respective allocable share of debt service. Through its own financing mechanisms, the City of Belmont limited its participation in SVCW Wastewater Revenue Bonds financing. Bond debt service payments are \$19.4 million in fiscal year 2025-26 including three outstanding series from 2018 and 2021 which, combined, refunded all earlier bond series and one SRF Loan.

Outstanding State Revolving Fund Loans

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

SRF loan payments equal \$8.89 million in fiscal year 2025-26 to repay one 2012 Treatment Plant project and a portion of the recently completed RESCU program. These recent SRF loans secured \$169 million for the RESCU program at an interest rate of 0.90%.

Outstanding WIFIA Loans

The Authority financed \$287 million of RESCU expenditures through two WIFIA loan agreements with the U.S. Environmental Protection Agency. The loans were executed in 2019 and 2021, respectively, in conjunction with interim construction Notes. The Notes funded construction and have been / will be repaid with proceeds from the WIFIA loans. Repayment of these two WIFIA loans commences in 2027-28, when annual debt service payments will be \$10.57 million.

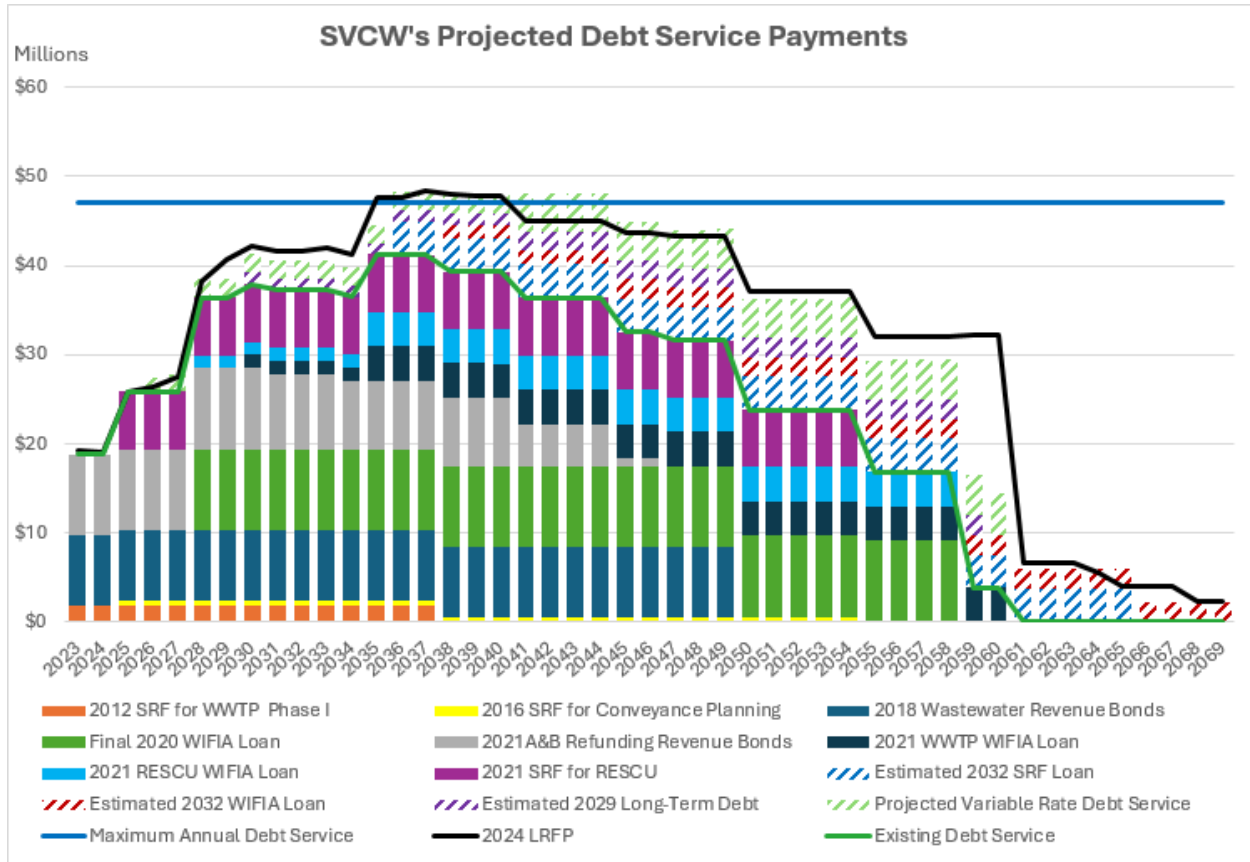
Another \$73.8 million WIFIA loan was executed in 2021 to help fund rehabilitation of certain wastewater treatment plant processes. With interim Notes similarly to the RESCU WIFIA Loans, this WIFIA Loan will begin repayment in fiscal year 2029-30, with annual debt service payments of \$1.51 million.

Line of Credit

SVCW holds a \$23 million Line of Credit (LOC), with an accordion feature for up to \$60 million, providing bridge financing for CIP projects. The LOC remains a valuable tool to manage cash flow and reduce borrowing costs. Specifically, the LOC furnishes interim cash flows between bond issuances or when SVCW awaits reimbursement of construction costs funded by the SRF program. When borrowing through SRF, SVCW pays for services and afterwards submits paid invoices to the state for reimbursement. Reimbursement generally takes 30 to 90 days and the LOC acts as a bridge loan during this period. Currently no funds are drawn from the Line of Credit.

Remaining Funding to be Secured:

Over the next four decades displayed below, total aggregate debt service will increase to meet the required cash flows of proposed CIP projects.



This update recommends projects be funded through a combination of SVCW cash reserves, cash in lieu of debt, and issuance of new debt at appropriate intervals. Approximately \$106 million is expected to be available from outstanding debt proceeds, grants, and certain cash resources. New Debt issuances would be necessary to fund the balance of project expenditures, or \$221 million.

Sources of Funds for Remaining CIP Expenditures - As of July 01, 2024												
(\$ Millions)												
Description	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032	FYE 2033	FYE 2034	FYE 2035	TOTAL
Current Bond Proceeds	\$ 5.7	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5.7
Current RESCU SRF	17.6	-	-	-	-	-	-	-	-	-	-	17.6
Current WIFIA	48.2	5.2	-	-	-	-	-	-	-	-	-	53.4
Current Cash in lieu of Debt	-	13.6	-	-	-	-	-	-	-	-	-	13.6
Current Stage 2	7.7	1.5	-	-	-	-	-	-	-	-	-	9.1
SRF Reimb / Cash in lieu	-	14.7	-	-	-	-	17.9	26.7	22.7	9.0	0.1	91.1
Grant funding	-	0.7	5.7	0.1	0.1	0.1	0.1	-	-	-	-	7.0
New Fixed-rate Bonds	-	-	-	-	15.0	10.4	-	-	-	-	-	25.4
New Variable-rate Bonds	-	24.9	16.9	24.1	-	-	-	-	-	-	-	65.9
New SRF	-	-	-	-	-	-	-	14.6	21.9	21.9	14.6	73.0
New WIFIA	-	-	-	-	-	-	-	6.5	6.5	11.4	-	24.5
TOTAL	\$ 79.2	\$ 60.5	\$ 22.7	\$ 24.3	\$ 15.1	\$ 10.6	\$ 18.0	\$ 47.8	\$ 51.2	\$ 42.2	\$ 14.7	\$386.4

Stage 2 Capacity Reserve Funds

From receiving a portion of the sewer connection fees collected by Members, the Authority has accumulated \$16 million in its Stage 2 Capacity Reserve. These funds are currently being used towards RESCU capacity-related 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. In 2024, Members agreed to use \$13.6 million in cash liquidity rather than issue new debt.

Pay-go Capital Contributions

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. Subsequently, the policy calls for these Member contributions to be redirected to revenue-funded capital projects. This would provide over \$76 million for capital projects in years 6-10 of the next decade.

Future Debt Proceeds:

New Variable-rate Revenue Bonds

One variable-rate bond issuance is assumed, for \$67 million of project funding, in fiscal year 2025-26. The issuance is assumed at an average interest rate of 3.65%, inclusive of fees.

New Fixed-rate Revenue Bonds

One fixed-rate Bond issuance of \$25 million would be issued in fiscal year 2028-29 at an estimated interest rate of 5.0%.

New SRF Loans

Specific to the upgrade of an aging 33-inch force main, SVCW proposes to pursue a State Revolving Fund (“SRF”) Loan valued at \$73 million. Drawdowns would begin in FY 2031-32 and would incur interest of 2.70%. Debt service payments would commence in 2036, one year after project completion.

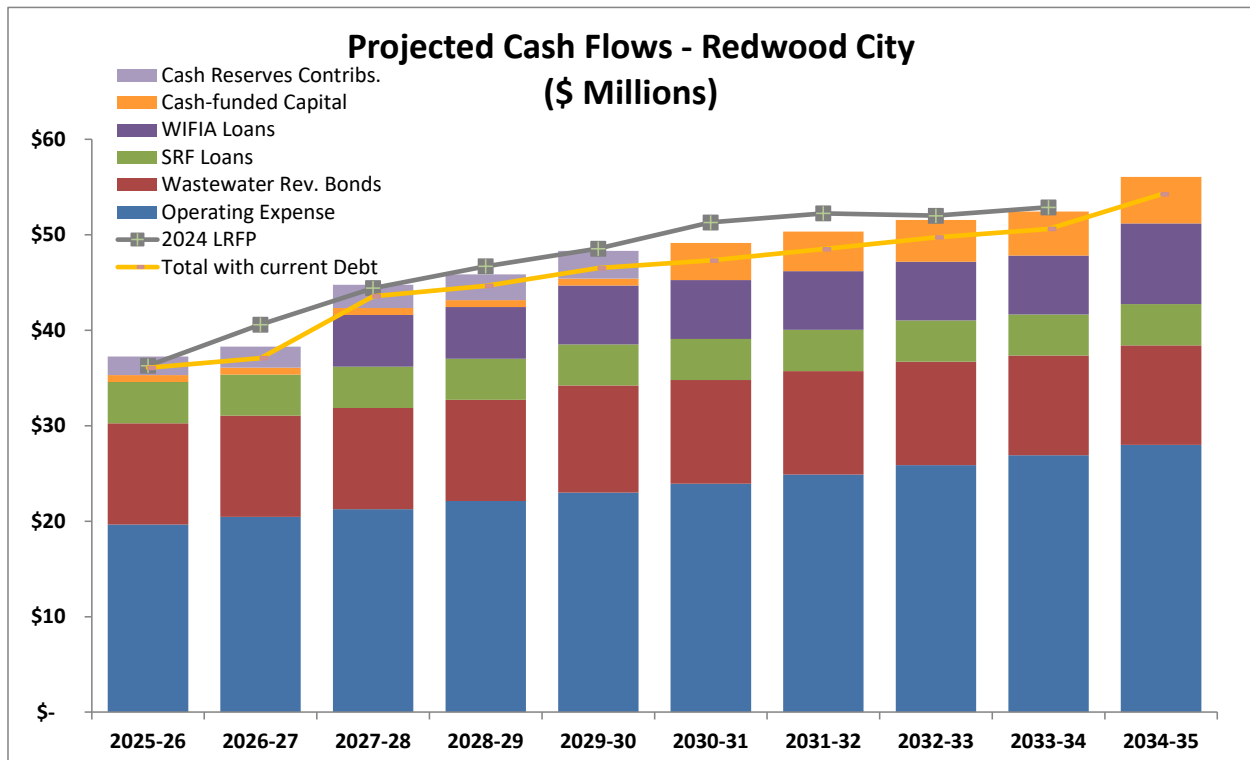
New WIFIA Loans

An additional U.S. EPA Water Infrastructure Finance Innovation Act (“WIFIA”) Loan, valued at \$31 million, would be used to partially fund nutrient removal efforts. Drawdowns from this WIFIA loan would begin in 2032, at an assumed interest rate of 5.0%. WIFIA amortization schedules can be wrapped around existing debt service payments to mitigate cash flow demands.

Total Cash Flow Projections by Member Agency

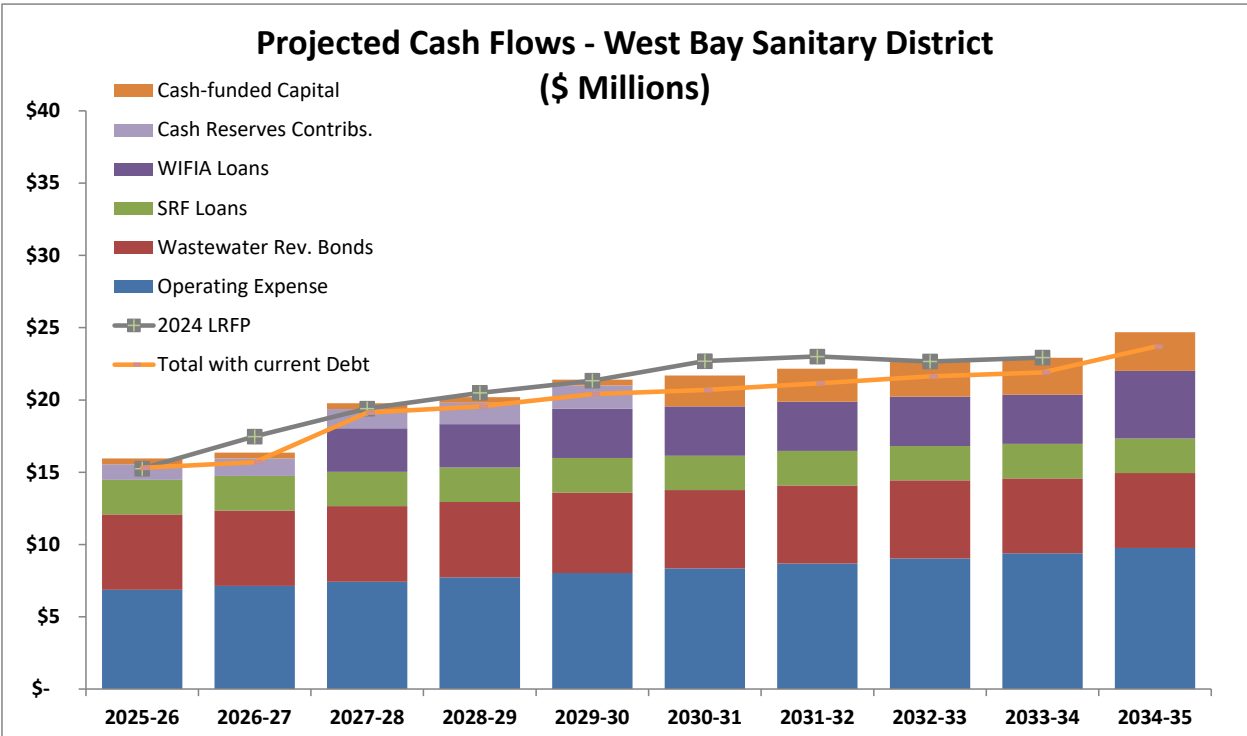
The following charts and tables describe the cash flow projections required for all SVCW expenditures. Each Member Agency is also provided with a detailed description for their own planning purposes.

Redwood City

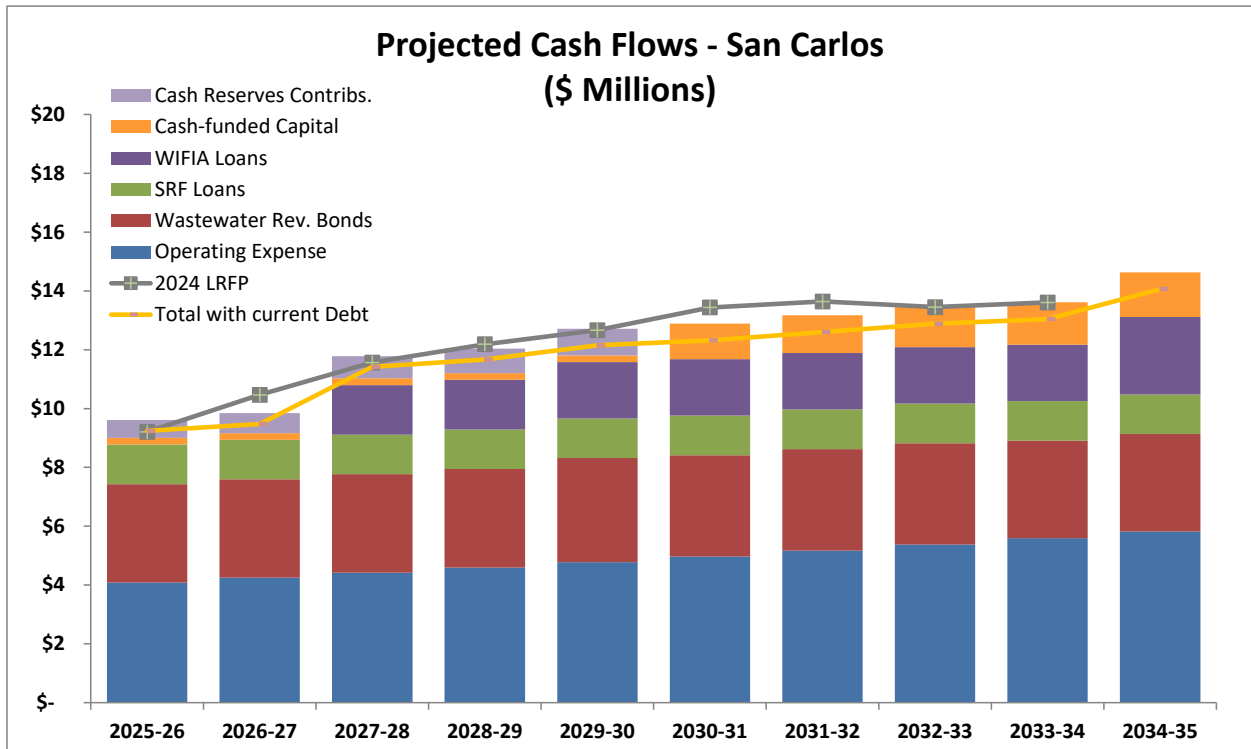


Projected SVCW Cash Flow Requirements - Redwood City (\$ Millions)										
Description	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35
Operating Expense	\$ 19.66	\$ 20.45	\$ 21.27	\$ 22.12	\$ 23.00	\$ 23.92	\$ 24.88	\$ 25.88	\$ 26.91	\$ 27.99
Wastewater Rev. Bonds	10.59	10.59	10.59	10.58	11.21	10.85	10.84	10.83	10.44	10.43
SRF Loans	4.32	4.32	4.32	4.32	4.32	4.32	4.32	4.32	4.32	4.32
WIFIA Loans	-	-	5.42	5.42	6.15	6.15	6.15	6.15	6.15	8.47
Cash-funded Capital	0.73	0.73	0.73	0.73	0.73	3.89	4.13	4.37	4.61	4.86
Cash Reserves Contribs.	1.94	2.19	2.43	2.67	2.91	-	-	-	-	-
TOTAL	\$ 37.25	\$ 38.28	\$ 44.76	\$ 45.84	\$ 48.33	\$ 49.13	\$ 50.32	\$ 51.55	\$ 52.44	\$ 56.06

West Bay Sanitary District



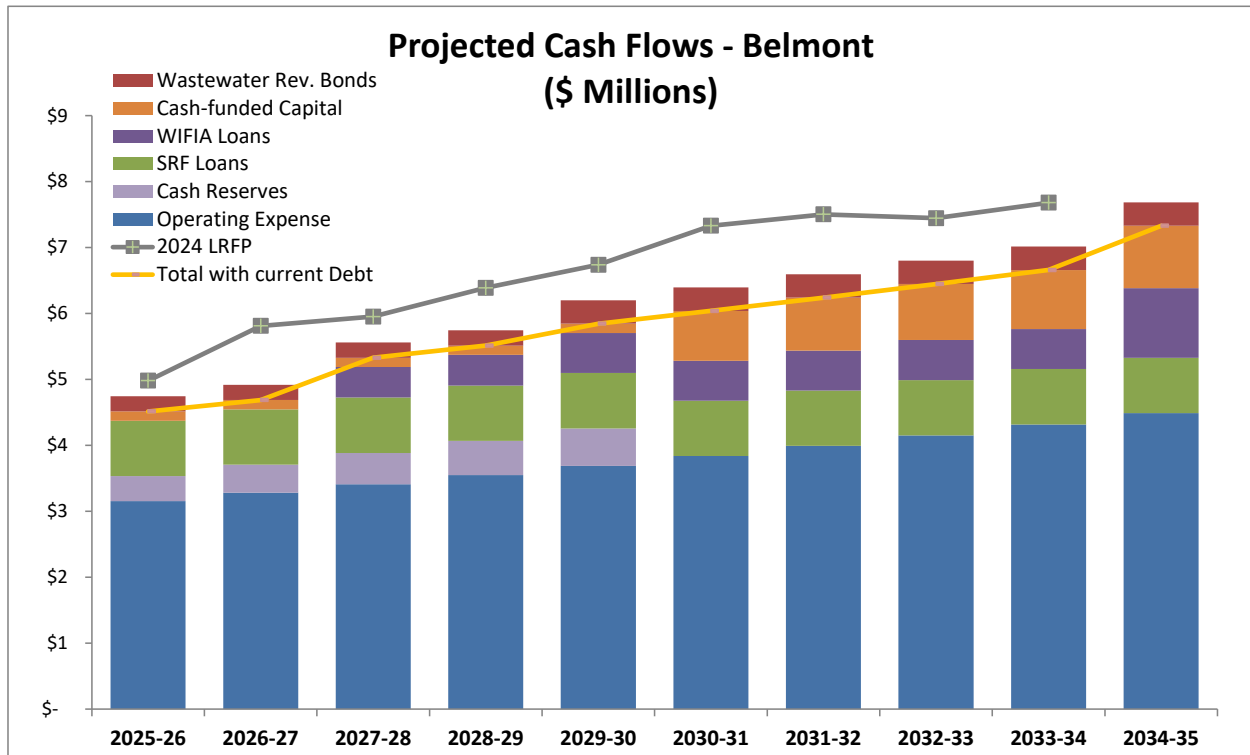
Projected SVCW Cash Flow Requirements - West Bay Sanitary District (\$ Millions)											
Description	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	
Operating Expense	\$ 6.86	\$ 7.14	\$ 7.42	\$ 7.72	\$ 8.03	\$ 8.35	\$ 8.68	\$ 9.03	\$ 9.39	\$ 9.77	
Wastewater Rev. Bonds	5.23	5.22	5.23	5.22	5.57	5.41	5.40	5.40	5.18	5.17	
SRF Loans	2.39	2.39	2.39	2.39	2.39	2.39	2.39	2.39	2.39	2.39	
WIFIA Loans	-	-	3.00	3.00	3.40	3.40	3.40	3.40	3.40	4.68	
Cash-funded Capital	0.40	0.40	0.40	0.40	0.40	2.15	2.28	2.42	2.55	2.68	
Cash Reserves Contribs.	1.07	1.21	1.34	1.48	1.61	-	-	-	-	-	
TOTAL	\$ 15.95	\$ 16.36	\$ 19.78	\$ 20.20	\$ 21.40	\$ 21.69	\$ 22.16	\$ 22.64	\$ 22.91	\$ 24.69	



Projected SVCW Cash Flow Requirements - San Carlos (\$ Millions)											
Description	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	
Operating Expense	\$ 4.09	\$ 4.25	\$ 4.42	\$ 4.60	\$ 4.78	\$ 4.97	\$ 5.17	\$ 5.38	\$ 5.59	\$ 5.82	
Wastewater Rev. Bonds	3.35	3.34	3.35	3.35	3.54	3.44	3.45	3.45	3.32	3.32	
SRF Loans	1.35	1.35	1.35	1.35	1.35	1.35	1.35	1.35	1.35	1.35	
WIFIA Loans	-	-	1.69	1.69	1.92	1.92	1.92	1.92	1.92	2.64	
Cash-funded Capital	0.23	0.23	0.23	0.23	0.23	1.21	1.29	1.36	1.44	1.51	
Cash Reserves Contribs.	0.61	0.68	0.76	0.83	0.91	-	-	-	-	-	
TOTAL	\$ 9.61	\$ 9.85	\$ 11.79	\$ 12.04	\$ 12.72	\$ 12.89	\$ 13.17	\$ 13.45	\$ 13.61	\$ 14.63	

Belmont

While Belmont has not historically participated in SVCW Bond issuances, instead contributing cash in lieu of debt participation. It has chosen to fully participated in SRF loans and the majority of WIFIA government loans.



Projected SVCW Cash Flow Requirements - Belmont (\$ Millions)											
Description	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	
Operating Expense	\$ 3.15	\$ 3.28	\$ 3.41	\$ 3.55	\$ 3.69	\$ 3.84	\$ 3.99	\$ 4.15	\$ 4.32	\$ 4.49	
Wastewater Rev. Bonds	0.23	0.23	0.23	0.23	0.35	0.35	0.35	0.35	0.35	0.35	
SRF Loans	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84	0.84	
WIFIA Loans	-	-	0.46	0.46	0.61	0.61	0.61	0.61	0.61	1.06	
Cash-funded Capital	0.14	0.14	0.14	0.14	0.14	0.76	0.80	0.85	0.90	0.95	
Cash Reserves	0.38	0.43	0.47	0.52	0.57	-	-	-	-	-	
TOTAL	\$ 4.74	\$ 4.92	\$ 5.56	\$ 5.74	\$ 6.20	\$ 6.39	\$ 6.59	\$ 6.80	\$ 7.01	\$ 7.68	

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SECTION 6 – SUMMARY

SVCW provides this LRF as a recommendation and implementation strategy to fund the \$386 million in projected capital expenditure over the next decade. With \$123 million of CIP funding already secured, the balance would draw from future cash contributions as well as issuance of new debt. SVCW Members are on track to provide approximately \$75 million in cash between 2031 and 2035, after which \$188 million in new debt would be necessary.

- 2025: One variable rate bond issuance of approximately \$66 million for general wastewater treatment plant projects.
- 2029: One fixed rate bond issuance of approximately \$25 million to complete wastewater treatment plant projects.
- 2032: One \$73 million State Revolving Fund (“SRF”) Loan to rehabilitate an aging 33-inch force main. Debt service payments would commence one year after project completion.
- 2032: One \$24 million Water Infrastructure Innovation and Improvement Act (“WIFIA”) Loan to help fund nutrient removal process improvements. Debt service payments would commence four years after project completion.

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

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AGENDA ITEM 8D

**CONSIDERATION TO CHANGE COMMISSION MEETING DAY AND
ESTABLISH CALENDAR YEAR 2025 MEETING SCHEDULE**

ISSUE

Approve Change to the Regular Day of the Monthly SVCW Commission Meeting and Adopt Calendar Year 2025 Regular Meeting Schedule

BACKGROUND

The day, time and location of regular meetings are established by Commission resolution pursuant to the SVCW Bylaws. Per Resolution 23-44, adopted by the Commission on November 13, 2023, the regular meetings of the SVCW Commission have been held at 8:00 a.m. on the second Monday of each month. At the same meeting, the Commission also adopted Resolution 23-46 establishing its annual regular meeting schedule for 2024.

DISCUSSION

At its January 2025 Regular Meeting, it was proposed to change the meeting day to align with the schedules of new Commissioners. If the Commission desires to change the day or time of its meetings, Resolution 23-44, which establishes the current day and time of Commission meetings, must be rescinded via Commission resolution and a new resolution adopted to reflect the change.

It is recommended that the Commission discuss the 2025 calendar of Commission meetings, including confirmation of the proposed dates. Upon final decision, the calendar will be finalized and uploaded to the SVCW website.

The SVCW Manager recommends rescission of Resolution 23-44 and adoption of a new Resolution reflecting regular meetings of the SVCW Commission be held on the second Thursday of each month at 8:00 a.m. The Manager further recommends that the Commission adopt the regular meeting schedule for the calendar year 2025.

FINANCES

There are no direct financial impacts to this action.

RECOMMENDATION

- i. Move adoption of RESOLUTION ESTABLISHING DAY, TIME, AND PLACE OF REGULAR MEETINGS OF THE COMMISSION OF SILICON VALLEY CLEAN WATER AND RESCINDING RESOLUTION NO. SVCW 23-44
- ii. Move adoption of RESOLUTION ESTABLISHING AND ADOPTING COMMISSION'S REGULAR MEETING SCHEDULE FOR CALENDAR YEAR 2025