

**COMMISSION OF SILICON VALLEY CLEAN WATER
JOINT POWERS AUTHORITY
REGULAR MEETING – Thursday March 13, 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
MAYOR ELMER MARTÍNEZ SABALLOS, REDWOOD CITY – VICE CHAIR
COUNCIL MEMBER TOM McCUNE, BELMONT – SECRETARY
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. 22

6. MATTERS OF COMMISSION MEMBERS’ INTEREST

7. CONSIDERATION OF MOTION APPROVING CONSENT CALENDAR (begins pg. 25)

8. BUSINESS ITEMS

- A. **PUBLIC HEARING TO DISCUSS PUBLIC AGENCY JOB VACANCIES PURSUANT TO ASSEMBLY BILL 2561 (pg. 36)**

Proposed Action:

HOLD PUBLIC HEARING, RECEIVE COMMENTS, AND ACCEPT REPORT ON SILICON VALLEY CLEAN WATER EMPLOYEE VACANCY RATES

- B. RECEIVE PRESENTATION ON THE FISCAL YEAR 2025-26 PROPOSED ANNUAL OPERATING AND CAPITAL EXPENDITURES BUDGET (pg. 40)

Proposed Action:

NO ACTION REQUIRED AT THIS TIME

- C. RECEIVE AN UPDATE REGARDING FINANCIAL PLANNING FOR CAPITAL IMPROVEMENT PROGRAM AND DIRECT MANAGER TO INITIATE FINANCIAL ADVISORY AND ADMINISTRATIVE SERVICES RELATED TO VARIABLE RATE REVENUE_BOND ISSUANCE (pg. 111)

Proposed Action:

PROVIDE DIRECTION TO STAFF TO PROCEED WITH THE FINANCIAL ADVISORY REVIEW PROCESS ASSOCIATED WITH THE ISSUANCE OF 2025 REVENUE BONDS

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 (Two Potential Cases)
10. RECONVENE IN OPEN SESSION – Announce action taken in Closed Session if any
11. ADJOURN

CONSENT CALENDAR

NOTICE TO PUBLIC

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

7. A. APPROVAL OF MINUTES – February 10, 2025 – Regular Meeting (pg. 25)
- B. CONSIDERATION OF MOTION APPROVING CLAIMS AND CHECKS DATED JANUARY 7 – MARCH 4, 2025, AND NECESSARY PAYMENTS THROUGH MARCH 4, 2025 (pg. 30)
- C. CONSIDERATION OF MOTION APPROVING FINAL ACCEPTANCE OF AND AUTHORIZATION TO FILE NOTICE OF COMPLETION FOR THE RAS PUMP SUCTION PIPE REPLACEMENT PROJECT (CIP #9120) (pg. 32)

Proposed Action:

Move approval of MOTION TO ACCEPT THE RAS PUMP SUCTION PIPE REPLACEMENT PROJECT (CIP #9120) AND AUTHORIZE FILING NOTICE OF COMPLETION – TRINET CONSTRUCTION, INC.

Microsoft Teams Access Information
Silicon Valley Clean Water
Regular Meeting
Thursday, March 13, 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

TIPS TO PREVENT DIGITAL EYE STRAIN



HEALTH & SAFETY

Alert of the week



Digital Eye Strain

Digital Eye Strain also referred to as Computer Vision Syndrome (CVS) describes a group of eye and vision-related problems that result from prolonged computer, tablet, e-reader, television and cell phone use. All of us are now in lock down mode which means our work, social lives, entertainment and news updates are all being fed to us through screens. Many individuals experience eye discomfort and vision problems when viewing digital screens for extended periods. The level of discomfort appears to increase with the amount of digital screen use.

Most Common Symptoms

				
Eyestrain	Headaches	Dry eyes	Back / neck pain	Fatigue

Root causes of Digital Eye Strain

				
Poor lighting	Glare on digital screen	Improper viewing distances	Poor seating posture	Uncorrected vision problems

Tips to save your eyes from Digital Eye-Strain

				
Exercise your eyes: Follow the 20-20-20 rule	Take regular screen breaks	Blink your eyes more often	Ensure correct seating position	Adjust Brightness of the device
				
Keep screen of your device clean	Change text size. If you are struggling to read character, make text size bigger	If you need glasses wear them	Use proper lighting while using gadgets	Ensure correct distance seating

Conf.Ref: aoa.org/netmods.com/nceyes.org
HS Alert Version 03 Issue 01 13/2020

AGENDA ITEM 5B

Recurring and Upcoming 2025 Commission Actions
Updated for March 2025 Meeting

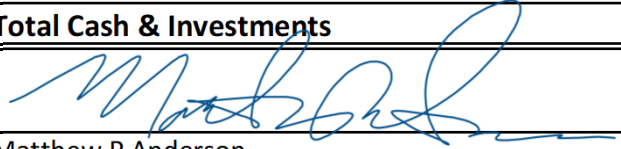
<p>January</p>	<p>February</p> <ul style="list-style-type: none"> • Long Range Financial Plan • Capital Improvement Plan Update • Commission Meeting Schedule for 2025 	<p>March</p> <ul style="list-style-type: none"> • Operating Budget Workshop • Vacancies Reporting (AB2561) 	<p>April</p> <ul style="list-style-type: 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>
<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
January 31, 2025**

Description	Market Value	% of Total Holdings	Yield to Market
<u>Reserve Accounts</u>			
Operating Reserve* - Securities	\$ 2,701,060	2.89%	3.92%
Operating Reserve - Money Market Fund Balance	1,764,557	1.89%	4.26%
CIP Reserve* - Securities	26,767,040	28.64%	3.36%
CIP Reserve - Money Market Fund Balance	1,392,121	1.49%	4.26%
Stage 2 Capacity Reserve* - Securities	8,149,965	8.72%	1.64%
Stage 2 Capacity Reserve - Money Market Fund Balance	238,204	0.25%	4.26%
Total Market Value: Operating and Reserve Accounts	\$ 41,012,948	43.9%	3.13%
Total Accrued Interest: Operating and Reserve Accounts	255,224		
GRAND TOTAL, RESERVE ACCOUNTS	\$ 41,268,172		
 <u>Trustee Accounts:</u>			
2018 Bond Project Fund Account - CAMP	2,730,337.17	2.92%	4.55%
2018 Bond Revenue Account	2,433,080	2.60%	4.03%
2021 Refunding Bonds Revenue Account	1,349,214	1.44%	4.03%
2021A Notes Interest Account	116	0.00%	4.03%
2021A Notes Principal Account	10,248	0.01%	4.03%
2021A Notes (RESCU) - Money Market Fund	449	0.00%	4.03%
2021A Notes (RESCU) - LAIF**	1,489,066	1.59%	4.37%
2021B Notes (WWTP) - Money Market Fund	1,692,572	1.81%	4.03%
2021B Notes (WWTP) - CAMP	13,872,612	14.84%	4.55%
2021B Notes (WWTP) - LAIF**	24,898,059	26.64%	4.37%
2021 Notes Capitalized Interest Account - Money Market Fund	673,736	0.72%	4.03%
Total Market Value, Trustee Accounts	\$ 49,149,490	52.59%	4.39%
Accrued Interest:	379,094		
Operating Cash (includes outstanding checks)	3,261,598	3.49%	0.00%
Cal-CLASS Balance	1,404	0.00%	4.42%
Local Agency Investment Funds (LAIF) Balance	39,611	0.04%	4.37%
Total Cash & Investments	\$ 94,097,964	100.00%	3.68%


Matthew P Anderson

2/18/2025
Date

Chief Financial Officer / Assistant Manager
* Monthly report of security transactions and interest available upon request
**Market value of LAIF based on the most available Fair Value factor

Silicon Valley Clean Water
Operating and Reserve Funds - Sector Allocation & Compliance January 31, 2025

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	\$ 2,571,327	\$ 15,974,031	\$ 4,228,498	\$ 22,773,856	56%	100%	✓	0.5%
Supranationals	-	-	-	-	0%	15%	✓	0.0%
Federal Agency/GSE	-	1,073,173	753,480	1,826,653	4%	100%	✓	(0.0%)
Federal Agency/CMBS	-	2,581,921	604,259	3,186,181	8%	100%	✓	(0.1%)
Federal Agency CMO	-	576,007	319,975	895,982	2%	100%	✓	(0.1%)
Federal Agency MBS	-	1,799,233	1,172,331	2,971,564	7%	100%	✓	(0.1%)
Municipal	-	905,003	732,816	1,637,819	4%	30%	✓	(0.0%)
Corporate Notes	129,733	3,857,671	338,605	4,326,009	11%	30%	✓	(0.2%)
Asset-Backed Securities	-	-	-	-	0%	10%	✓	0.0%
Securities Sub-Total	2,701,060	26,767,040	8,149,965	37,618,065	92%			
Accrued Interest	17,292	215,422	22,510	255,224				
Securities Total	2,718,352	26,982,462	8,172,475	37,873,290				
Money Market Fund	1,764,557	1,392,121	238,204	3,394,883	8%	20%	✓	0.1%
Total Investments	\$ 4,482,909	\$ 28,374,583	\$ 8,410,680	\$ 41,268,172	100%			
<i>As % of 6/30/25 Target:</i>	<i>103.3%</i>	<i>97.1%</i>	<i>100.0%</i>	<i>98.3%</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: FEBRUARY 2025
CAPITAL IMPROVEMENT PROGRAM

UPCOMING COMMISSION ACTIONS:

RAS Pipe Rehabilitation (CIP#9120): Rehabilitate Return Activated Sludge (RAS) and Waste Activated Sludge (WAS) suction pipes.

Under this design-bid-build project, all the suction pipes between four clarifiers and RAS pumps and WAS pumps were rehabilitated. Condition assessment reports indicated corrosion in the pipelines. The project also included replacing the piping manifold and valves.

Planned Commission Actions: Accept Project – March 2025

Five Corners Intersection Project (CIP #9131): Regrading Five Corners Intersection

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

Planned Commission Actions: Accept Project – April 2025

Digester 3 Cleaning and Rehabilitation (CIP#9244): Repair and rehabilitate Digester 3 and its associated pipes and valves.

This project rehabilitates Digester 3, which was last rehabilitated in 2011. The digester has been cleaned and the rehabilitation is in the design phase. Items that require rehabilitation include the cover and its foam roofing material, the water seal structure, replacement of instruments and removal and replacement of all steel coatings.

Recently, it was discovered that a significant portion of the existing digester gas piping system is showing signs of aging and deterioration. Scope will be added to this project to replace the pipes for reliable operation and minimize any gas leaks in future.

Planned Commission Actions: Amend Design Task Order to Add Gas Piping Replacement – April 2025

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

SVCW uses sodium hypochlorite to disinfect the water as one of the final treatment steps. The current sodium hypochlorite system has experienced several leaks in recent years. Under this project, the sodium hypochlorite piping will be replaced.

Planned Commission Actions: Approve Design Task Order – April 2025

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

The No. 2 Water system distributes water that is used for process purposes, such as cooling loop makeup water, and seal water backup. This water must be separated from the water used in the plant's sinks, showers, and safety showers to eliminate the chance that this process water will be consumed by workers. Under this project, two storage tanks and a bladder tank will be installed to provide a physical separation of the drinking water from No. 2 Water. This project replaces an air gap that was relocated as part of the Front of Plant Project. Design is complete and project ready to bid for construction.

Planned Commission Actions: Award Construction Contract – April 2025

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 2025.

Planned Commission Actions: Accept Pump Stations Improvement Project – June 2025

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

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

Planned Commission Actions: Award Construction Contract – June 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.

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 01/01/2025-02/28/2025

Task Order Date*	Consultant	TO Amt.	Project #	Project Name	Scope of Work
Commission-Approved Date Task Orders:		\$168,720			
2/10/2025	Brown & Caldwell - Amend. 1	\$95,758	9269	Biogas Utilization	Design Engineering Consulting Services
2/10/2025	Beecher Engineering - Amend. 1	\$72,962	9269	Biogas Utilization	Electrical Eng. Support Services for Mainspring Linear Generator System Installation

*Use Commission approved date

Task Order Date *	Consultant	TO Amt.	Project #	Project Name	Scope of Work
Manager-Approved Task Orders**:		\$49,750			
1/31/2025	Freyer & Laureta	\$25,179	9269	Biogas Utilization Gas Conditioning System	Design Services
2/3/2025	Freyer & Laureta	\$24,571	388	Laboratory Roof Repair	Design Services

*Last approval signature (TAH) date

**Manager approval level is \$75,000

AGENDA ITEM 5E

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

**MARCH 13, 2025
AGENDA ITEM 5E**

Updated: 02/27/2025

Commission Meeting Date	Action Item	Requested or Estimated Date for Completion	Status			Date of Completion	Notes
			Ongoing	In Progress	Complete		
2/10/2025	Short-Term Notes vis a vis WiFi loan	N/A		✓			Keep apprised of Feds policy with respect to Fed'l loans. Inform Commission of any changes.
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	Mar/Apr 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
> 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

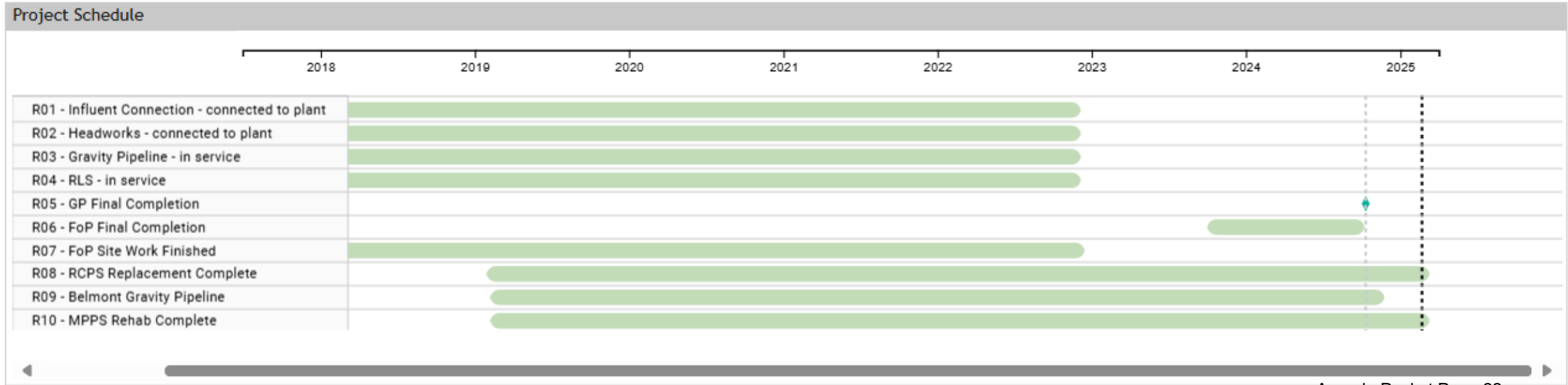
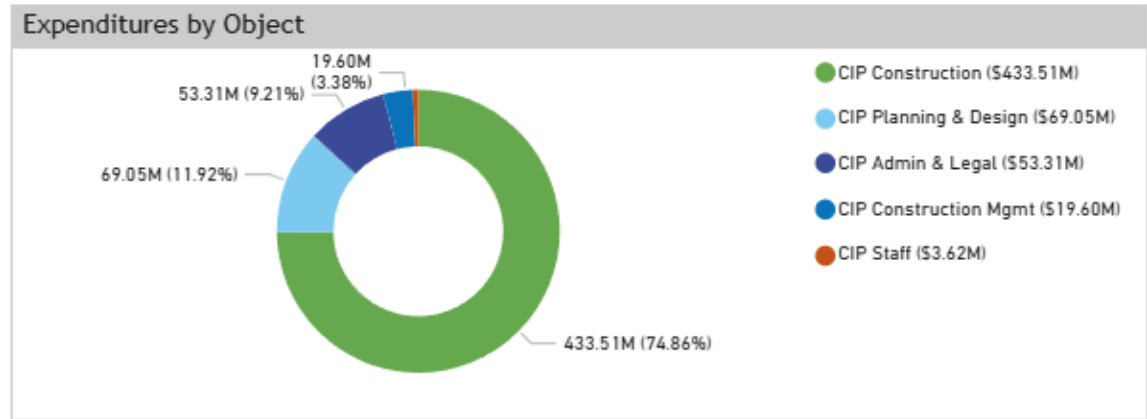
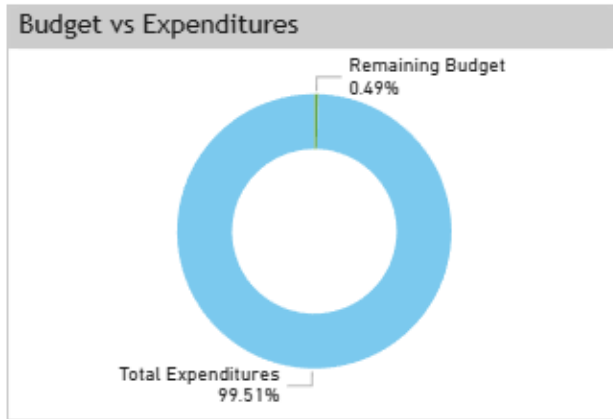
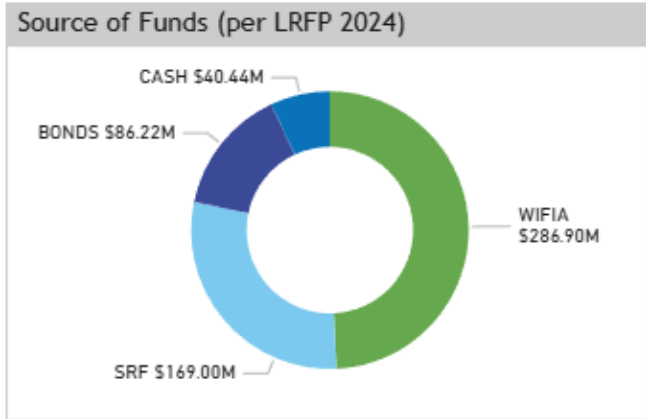


RESCU Program describes eleven projects which constitute full replacement and rehabilitation of SVCW's conveyance system. RESCU includes the Gravity Pipeline, Front of Plant, Pump Stations, and Belmont Force Main projects. The Front of Plant includes six and Pump Stations includes four of the eleven 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
\$579.72M

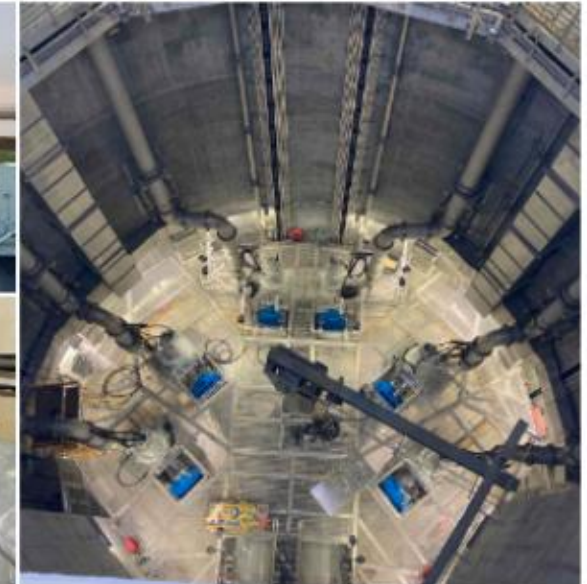
Remaining Budget
\$2.84M



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 7A

**MINUTES OF SILICON VALLEY CLEAN WATER
REGULAR MEETING – February 10, 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 – Member
Mayor Elmer Martínez Saballos, Redwood City – Member
Council Member Neil Layton, San Carlos – Member

Staff, Consultants and Visitors Present

Teresa A. Herrera, SVCW Manager
Christine C. Fitzgerald, SVCW Legal Counsel
Matt Anderson, SVCW Chief Financial Officer/Assistant Manager
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 Ramirez , West Bay Sanitary District
E.J. Shalaby – DNS Strategies
Robert Porr – Fieldman Rolapp & Associates
Lora Nichols – Fieldman Rolapp & Associates
Fion Lui – Redwood City

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 safety tips on space heaters.

Item 5B Managers Report included an update on the General Manager recruitment.

Item 5C Financial Report included a discussion on WIFIA loan and short-term notes.

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

ITEM 6

MATTERS OF COMMISSION MEMBER'S INTEREST

Elect New Chairperson, Vice Chairperson, and Appoint New Secretary

Commissioner Otte – Chair

Commissioner Martínez Saballos – Vice Chair

Commissioner McCune – Secretary

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

The Motion carried by Unanimous Vote

ITEM 7

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

A. APPROVAL OF MINUTES – January 13, 2025 – Regular Meeting

B. CONSIDERATION OF MOTION APPROVING CLAIMS AND CHECKS DATED DECEMBER 10, 2024 – JANUARY 6, 2025, AND NECESSARY PAYMENTS THROUGH JANUARY 6, 2025

C. CONSIDERATION OF RESOLUTION APPROVING CONTRACT CHANGE ORDER TO ENERGY EFFICIENCY UPGRADES PROJECT

Motion/Second: Mr. Layton / Mr. McCune

The Motion carried by Unanimous Vote

ITEM 8A

CONSIDERATION OF MOTIONS APPROVING DESIGN TASK ORDER AMENDMENTS WITH BROWN AND CALDWELL AND BEECHER ENGINEERING INC

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

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

The Motion carried by Unanimous Vote

ITEM 8B

CONSIDERATION OF RESOLUTION APPROVING THE 2025 CIP UPDATE AND CORRESPONDING CEQA CONCLUSIONS

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

Motion/Second: Mr. McCune / Mr. Layton

The Motion carried by Unanimous Vote

ITEM 8C

CONSIDERATION OF MOTION APPROVING RECEIPT OF THE SILICON VALLEY CLEAN WATER LONG RANGE FINANCIAL PLAN 2025 UPDATE

Proposed Action:

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

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

The Motion carried by Unanimous Vote

ITEM 8D

CONSIDERATION OF RESOLUTION APPROVING CHANGE TO THE REGULAR DAY OF THE MONTHLY SVCW COMMISSION MEETING AND ADOPT CALENDAR YEAR 2025 REGULAR MEETING SCHEDULE

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

SVCW Commission meeting will be held on the second Thursday of every month at 8am.

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

The Motion carried by Unanimous Vote

ITEM 9

Closed Session was called to order at 9:10 am

ITEM 10

RECONVENE IN OPEN SESSION

Open Session reconvened at 9:56 am

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

ITEM 11

ADJOURN

There being no further business, the meeting adjourned at 9:57 am

Minutes prepared by Teresa A. Herrera

Reviewed by General Counsel

Tom McCune, Secretary

AGENDA ITEM 7B

SVCW WARRANT REGISTER

SVCW Warrant Registers dated January 7, 2025 – March 4, 2025, were scanned and a copy was emailed to Commissioners and Legal Counsel on March 10, 2025.

AGENDA ITEM 7C

**RAS PUMP SUCTION PIPE REPLACEMENT (CIP #9120)
FINAL PROJECT ACCEPTANCE**

ISSUE

Final Acceptance of and Authorization to file Notice of Completion for the RAS Pump Suction Pipe Replacement Project (CIP #9120)

BACKGROUND

SVCW's activated sludge treatment process promotes microbiological growth that reduces the organic material in the wastewater. Tanks associated with this process include four aeration basins and four clarifiers. In the aeration basins, air is introduced to the wastewater to encourage the growth of microorganisms; in the clarifiers, the microorganisms and other biomass are removed from the water through settling. An important aspect of this process involves pumping settled biomass from the clarifiers back into the aeration basins to maintain the population of microorganisms in the aeration basins. This is called Return Activated Sludge (RAS). Additionally, to keep the microorganisms from overpopulating the clarifiers, a portion is constantly wasted. This wasted material is diverted to the solids treatment train of the process and is called Waste Activated Sludge (WAS).

RAS pipes connect the secondary clarifiers to six RAS pumps in the pump room. The RAS pipe material is steel with a combination of cement mortar lining and coal tar enamel lining. There are four RAS pipes, each 18-inches in diameter at varying lengths of 50 to 150 feet. Condition assessment reports by Brown and Caldwell and V&A Consulting Engineers between 2019 and 2020 indicate that the RAS pipes had undergone significant corrosion with a loss up to 30% pipe wall thickness.

Staff worked with Kennedy Jenks Consultants to design a project to rehabilitate the RAS suction pipelines. The design included replacement of deteriorated RAS piping, valves and fittings; replacement of interior lining through cured-in-place (CIPP) and spray-in-place (SIPP) lining; piping layout improvements; and related electrical and control modifications.

DISCUSSION

In December 2022, SVCW awarded the RAS Pump Suction Pipe Replacement Project construction contract to Trinet Construction Inc in the amount of \$5,902,660. Notice to Proceed (NTP) was issued on January 10, 2023, and substantial completion was reached in 650 days on October 21, 2024. Construction activities took place over two consecutive dry weather seasons in 2023 and 2024.

There were 18 contract change orders valued at a total of \$901,536, or 15.3%. Two of these change orders were approved by the Commission. The two change orders, totaling \$754,712, were authorized due to differing site conditions that required a different, more expensive type of pipe-lining method. Excluding the Commission approved contract orders, the total percent change orders is 2.5%.

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

CLIMATE EFFECTS

There are no anticipated direct effects to climate from this action.

FINANCIAL IMPACT

The Project is funded under CIP #9120 – RAS Pump Suction Pipe Replacement, which has a total budget of \$8,246,894 allocated. As of February 2025, \$7,881,476 has been expended (remaining budget \$365,418).

RECOMMENDATION

Move approval of MOTION TO ACCEPT THE RAS PUMP SUCTION PIPE REPLACEMENT PROJECT (CIP #9120) AND AUTHORIZE FILING NOTICE OF COMPLETION – TRINET CONSTRUCTION, INC.

**Silicon Valley Clean Water
RAS Pipe Rehabilitation (CIP #9120)
SUBSTANTIAL COMPLETION CERTIFICATE**

The following portions of the RAS Pipe Rehabilitation are accepted as Substantially Complete in accordance with Specification Sections 00700-8.6 and 00800-1.5 and as defined herein.

As of October 21, 2024, these portions of the Project are accepted:

1. All work on the Project except as noted below:
 - a. All work on the attached Punch List, dated November 15, 2024.
 - b. Change Order Work for Pipe Saddle and Drain Line

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


1. Authority:
 - a. The Authority assumes responsibility for security, maintenance (except as noted below), heat, utilities, damage to the Work (except as caused by the Contractor's actions) and insurance for the facilities.
2. Trinet Construction:
 - a. The Contractor shall maintain and provide proof of insurance as required by Specification Section 00800-3.1.4 for all work required to complete the Punch List and for five years following Final Completion as required by Specification Section 00800-3.2 or as otherwise referenced in the technical specifications.
 - b. The Contractor shall be responsible for repairs or maintenance, as necessary, until the Contractor has submitted, and the Authority has accepted all Record Documents and Operation & Maintenance Manuals.
 - c. The Contractor shall work in an expeditious manner to complete the remaining work and administrative requirements on the Project including the items on the Punch List, dated November 15, 2024, within sixty (60) days from the date of this certificate.

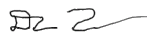
This Certificate does not constitute an acceptance of Work not in accordance with the Contract Documents nor is it a release of Contractor's obligation to complete the Work in accordance with the Contract Documents. The one-year (365 Calendar Days) warranty for the accepted Work shall commence per Specification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

The undersigned hereby acknowledge agreement to the above provisions:

Contractor: Trinet Construction

Project Manager: Tanner Pacific, Inc.

By: 
DocuSigned by:
 William Hickey
63F9563E6A1D4CD

By: 
DocuSigned by:
 David Tellefsen
4C563231DD5649A...

Title: General Manager

Title: Project Manager

Date: 11/20/2024

Date: 11/19/2024

AGENDA ITEM 8A

PUBLIC AGENCY JOB VACANCIES – ASSEMBLY BILL 2561
****PUBLIC HEARING****

ISSUE

Hold Public Hearing, Receive Comments, and Accept Report on Silicon Valley Clean Water Employee Vacancy Rates

BACKGROUND

Assembly Bill (“AB”) 2561 adds Government Code Section 3502.3 to the Meyers-Milias-Brown Act (“Brown Act”), imposing new obligations on public agencies related to tracking and presenting information on job vacancies. The new law and the legal obligations thereunder take effect January 1, 2025.

AB 2561 requires that, on an annual basis, public agencies assess and address vacancy rates to help avoid the negative effects of understaffing on the delivery of public services as well as on public employees.

Under Government Code Section 3502.3, public agencies must now do the following:

1. Track job vacancies at the agency;
2. Present information on the status of the vacancies (such as information on the number of posted job openings, candidates interviewed, eligibility lists created, conditional offers made, etc.) and the agency’s recruitment and retention efforts. An agency must present this information at a public hearing before the agency’s governing body at least once per fiscal year. If an agency will adopt an annual or multiyear budget in a given year, the public hearing must occur prior to the governing body adopting the agency’s budget; and
3. Identify, during the public hearing, any policies, procedures, and recruitment activities that may present obstacles in the agency’s hiring process and potential changes that may alleviate such obstacles.

These affirmative obligations apply to all public agencies subject to the MMBA, including Silicon Valley Clean Water. If the agency has a represented workforce, the new law entitles recognized employee organizations to make a presentation at the public hearing when the agency makes its presentation.

A public hearing notice was posted in a local newspaper of general circulation on February 26, 2025. A letter to the Local 39 Union Representative was sent, via email, on February 24, 2025. Both notices invited and encouraged public comment at this public hearing.

DISCUSSION

At any given time, SVCW has varying numbers of vacancies within its workforce. In 2024 calendar year, there were a total of 17 vacancies and 17 positions filled. Information on

the vacancies, applications received, offers made, and reasons for vacancies are shown on the attachment.

Currently, the agency has two recruitment efforts ongoing. They are:

Position Open	Position Advertisement Date	Application Filing Date	Number of Applicants*
Senior Operator	January 21, 2025	Open until filled	1
Manager	February 18, 2025	April 1, 2025	TBD

*number of applicants as of the writing of this agenda item; February 26, 2025

SVCW’s Human Resources Director and Business Operations Associate have been highly effective in getting vacant positions filled, as evidenced by the 17 vacancies last year all being filled by the end of the year.

AB2561 calls for the agency to “identify, during the public hearing, any policies, procedures, and recruitment activities that may present obstacles in the agency’s hiring process and potential changes that may alleviate such obstacles.” There had been one obstacle to hiring for positions in the past that has been alleviated. Positions extremely difficult to fill are 1) Controls System Technician and 2) Instrumentation Technician. Both positions are highly technical in nature and in extremely high demand across the wastewater industry, resulting in zero applications to previous recruitment efforts. To expand the search arena, SVCW now uses a recruitment company called “Automation Techies” to fill such positions. Thus far, Automation Techies has enabled SVCW to fill three such positions. While the cost for using this recruitment firm is relatively high (25% of annual salary), it has proven to be extremely effective and successful; all three hires are outstanding employees.

Due to the highly effective recruiting activities and lack of obstacles, there are no changes recommended to be instituted in SVCW’s hiring process.

CLIMATE EFFECTS

There are no climate effects associated with this item.

FINANCES

There are no financial implications associated with this item.

RECOMMENDATION

Receive staff report, open public hearing, receive public testimony, close public hearing.

Calendar Year 2024 Recruitments - Data for AB2561 Reporting Requirements									
Month	Position	Date Advertised	# Apps Recv'd	# ineligible	# interviewed	Interview Date	Preliminary Job Offer Date	Hire Date	Reason for Hire
December	Sr. Intrumentation Technician	Auto Techies	1	0	1	12/10/2024	12/17/2024	1/13/2025	Retirement
November	Utility Worker	11/6/2024	7	1	3	11/12/2025	12/17/2024	1/13/2025	Internal Promotion
November	Sr. Lab Analyst	11/22/2024	11	6	5	1/16/2025	1/23/2025	2/3/2025	Organization Restructure
October	Operator	10/30/2024	5	4	1	12/4/2024	12/11/2024	1/13/2025	Internal Promotion
October	Plant Mechanic	10/11/2024	9	6	3	11/5/2024	11/5/2024	11/10/2024	Internal Promotion
October	Plant Mechanic	10/11/2024	9	6	3	12/3/2024	12/18/2024	2/18/2025	Internal Promotion
August	Materials Specialist	8/5/2024	4	1	3	8/27/2024	9/3/2024	9/23/2024	Internal Promotion
August	Operator	8/2/2024	16	11	5	10/8/2024	10/14/2024	11/5/2024	Resignation
August	Operator	8/2/2024	16	11	5	9/3/2024	9/23/2024	10/15/2024	Resignation
August	Operator	8/2/2024	16	1	5	8/13/2024	8/19/2024	9/16/2024	Vacancy
July	Maint Supervisor	6/12/2024	4	0	4	8/14/2024	8/14/2024	8/18/2024	Retirement
July	Lab Director	7/9/2024	10	4	6	8/28/2024	9/3/2024	9/15/2024	Retirement
June	Planner-Scheduler	5/12/2024	3	0	3	7/18/2024	7/23/2024	8/4/2024	Internal Promotion
April	Asset Management Specialist	4/23/2024	6	0	5	5/28/2024	6/12/2024	6/23/2024	New Position
April	Plant Mechanic	4/5/2024	14	9	5	7/18/2024	7/22/2024	9/3/2024	Retirement
April	Sr. Plant Mechanic	4/5/2024	14	9	5	7/10/2024	7/24/2024	9/3/2024	Retirement
February	Operator	2/26/2024	1	0	1	4/18/2024	4/18/2024	4/30/2024	Resignation

AGENDA ITEM 8B

**FISCAL YEAR 2025-26 ANNUAL OPERATING
AND CAPITAL EXPENDITURES BUDGET**

ISSUE

Approval of Fiscal Year 2025-26 Annual Operating and Capital Expenditures Budget

BACKGROUND

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

This 2025-26 Budget incorporates the long-term impact of capital expenditures and follows a funding strategy described in the February 2025 Long-Range Financial Plan.

DISCUSSION

Total Member Contributions described in the Proposed Budget would decrease by \$8.6 million, or 11.1% compared to the current budget. It allots \$33.6 million for Net Operating Expenses and \$1.7 million for Revenue-Funded Capital projects next year. Reserve Designations are aligned with Agency policy and include \$4.0 million in contributions to the CIP Reserve as well as \$0.8 million towards Operating Reserves. Unlike the current year, Members are not asked to contribute cash towards large capital projects next year. Rather, Debt Service payments are anticipated to be \$28.3 million, \$2.4 million higher, as SVCW issues \$66 million in new debt to fund the next three years of capital projects. These values are consistent with past updates to the Long-Range Financial Plan.

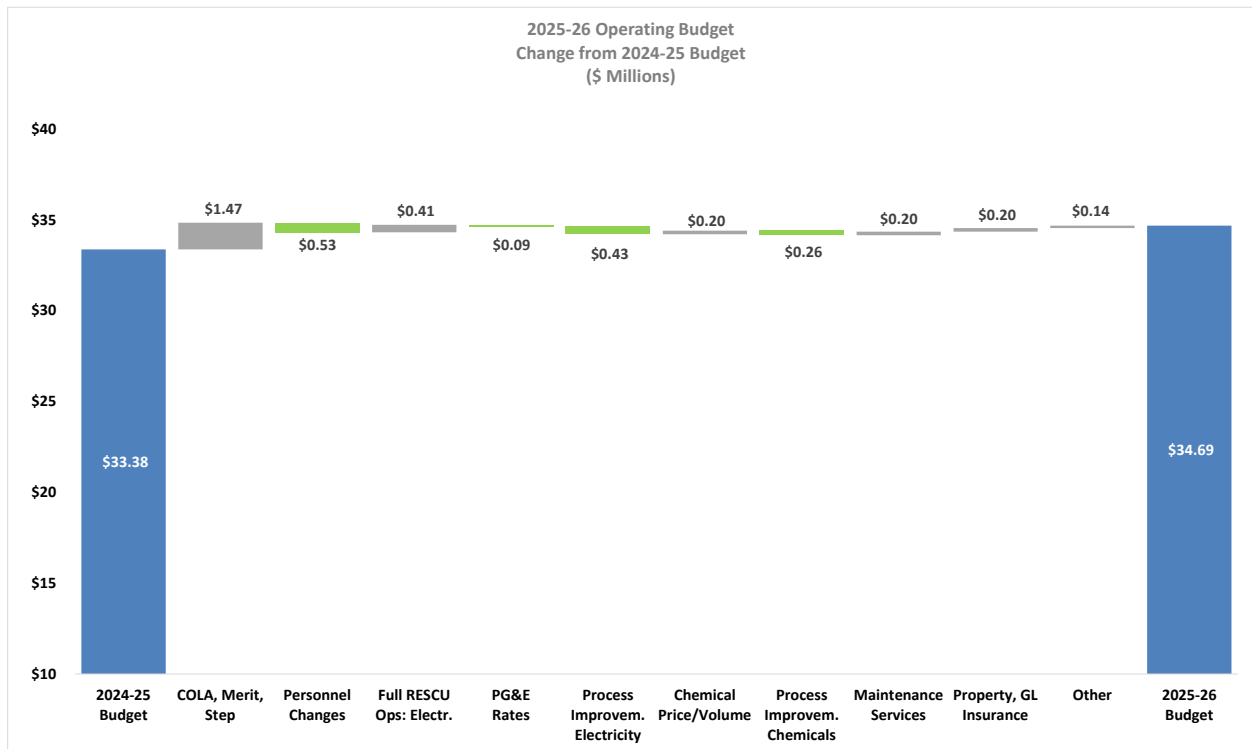
Budgeted Member Entity Contributions				
Description	2024-25 Adopted Budget	2025-26 Proposed Budget	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Gross Operating Expenses	\$ 33,380,803	\$ 34,690,162	\$ 1,309,359	3.9%
Less: Miscellaneous Revenue	(912,425)	(1,136,117)	223,692	24.5%
Contributions, Net Operating Expenses	\$ 32,468,378	\$ 33,554,045	\$ 1,085,667	3.3%
Add: Revenue-Funded Capital Projects	1,499,635	1,727,200	227,565	15.2%
Contributions, Before Reserves & Debt Service	\$ 33,968,013	\$ 35,281,245	\$ 1,313,232	3.9%
Add: Reserve Designations	3,500,000	4,808,046	1,308,046	37.4%
Add: Cash in lieu of Debt	13,622,706	-	(13,622,706)	-
Add: Debt Service, Participating members	25,863,091	28,289,934	2,426,843	9.4%
TOTAL MEMBER CONTRIBUTIONS	\$ 76,953,810	\$ 68,379,225	\$ (8,574,585)	(11.1%)

Gross Operating Expenses

Specific to the operating budget, the following table and chart compares the proposed budget to the current 2024-25 budget. The total increase of \$1.31 million, or 3.9%, reflects a detailed budgeting method that incorporates savings when possible. Noteworthy comparisons are drawn from the table and chart below.

Silicon Valley Clean Water Expenditure Summary - By Expense Category

Description	2023-24	2024-25	2025-26	\$ Incr/(Decr)	% Incr/(Decr)
	Actual	Budget	Budget		
Personnel Costs	\$ 21,614,548	\$ 21,762,630	\$ 22,671,807	\$ 909,177	4.2%
Utilities	3,074,326	2,752,332	2,682,240	(70,092)	(2.5%)
Administrative Expenses	742,535	781,216	959,770	178,554	22.9%
Equipment & Supplies Expense	3,217,216	2,734,333	3,003,662	269,329	9.8%
Chemicals	2,887,585	2,873,109	2,860,815	(12,294)	(0.4%)
Professional & Contractual Services	2,995,493	2,037,174	2,050,221	13,047	0.6%
Training, Memberships, Travel	302,124	440,009	461,647	21,638	4.9%
TOTAL	\$ 34,833,828	\$ 33,380,803	\$ 34,690,162	\$ 1,309,359	3.9%



- Total Personnel expenditures will increase by \$0.9 million, or 4.2%, compared to the current budget. Whereas cost of living and merit / step increases add an estimated \$1.47 million, staffing changes after vacancies, retirements, and new positions will reduce personnel costs by a net \$530 thousand.
- Utility costs will decline by \$70 thousand (2.5%), despite higher electricity demands for operation of the Receiving Lift Shaft (RLS) operation. Offsetting the \$410 thousand of increased electricity demand is a \$91 thousand reduction in PG&E electricity rates as fire abatement fees expire. Separately, with experience in RLS operation, the Engineering and Operations Divisions developed strategies to reduce headworks pumping between 2pm and 11pm, when PG&E rates are high. If successful, this process change will save an estimated \$200 thousand. Additionally, Linear Generators are targeted for service by the last fiscal quarter and would save approximately \$230 thousand.
- Administrative expenses will increase by \$179 thousand, or 22.0%, primarily due to recently completed RESCU assets being added to the schedule of insured property.
- Equipment and Supplies Expense increases by 9.8%, or \$269 thousand, primarily to add cogeneration maintenance services that were mistakenly excluded from the current year's budget.
- Chemicals expenses are budgeted to remain flat year over year. While modest price increases on a limited number of chemicals are expected, the amount of polymer used for dewatering materially exceeded budgeted 2024-25 levels; this is not expected to change in 25-26 fiscal year. Separately, staff are working on internal strategies to reduce sodium hypochlorite and bisulfite use by 20% which if successful, would save \$200 thousand. While this is not ensured to be successful, the budget reflects this strategy.
- Professional and Contractual Services will remain flat year over year. Ordinary rate increases for consulting, tank cleaning, and hauling are offset by savings initiatives in the areas of biosolids dewatering.
- Training, Memberships, and Travel will increase by \$21.6 thousand (4.9%). SVCW anticipates more training and educational activities as divisions are fully staffed and are less engaged in construction activities.

Miscellaneous Revenue

SVCW is paid to receive grease & septage from community restaurants and other commercial sites, to monitor stormwater management programs, and to treat leachate from local landfills. Tipping fees are also received from a local municipality for organic waste disposal.

Next year's Miscellaneous Revenues are anticipated to increase by \$223.7 thousand (24.5%) from the 2024-25 Budget, mainly due to an increase in rates SVCW charges to receive landfill leachate.

Flow and Loading Changes

Flows are measured by calibrated meters and composite loading values calculated from samples taken at each Members' sampling locations. These values generally reflect influences like a community's density, size and type of businesses, collection system conditions, and amount of rainfall. As communities transitioned after the Covid-19 pandemic, flow and loading values have shifted towards traditional behaviors including work-from-home and restaurant traffic. After incorporating the 2024 data, relative flows and loadings continue to trend towards historical averages.

Three-year Average Flow and Loading Averages - by Member				
Agency	Factor	2024-25 Budget	2025-26 Budget	Point Incr./((Decr.))
Belmont	Flow	10.52%	10.82%	0.30
	Biochem. Oxygen Demand	9.15%	9.14%	(0.01)
	Suspended Solids	8.19%	8.56%	0.37
Redwood City	Flow	53.91%	51.85%	(2.06)
	Biochem. Oxygen Demand	58.76%	55.31%	(3.45)
	Suspended Solids	62.59%	58.51%	(4.08)
San Carlos	Flow	14.40%	14.88%	0.48
	Biochem. Oxygen Demand	11.33%	12.56%	1.23
	Suspended Solids	10.20%	10.99%	0.79
WBSD	Flow	21.17%	22.45%	1.28
	Biochem. Oxygen Demand	20.76%	22.99%	2.23
	Suspended Solids	19.02%	21.94%	2.92

2025-26 Budget Member Contributions Allocation Model									
Description				Belmont	Redwood City	San Carlos	West Bay San District	TOTAL	
Allocation Factors									
Flow				10.82%	51.85%	14.88%	22.45%	100%	
Biochemical Oxygen Demand (BOD)				9.14%	55.31%	12.56%	22.99%	100%	
Suspended Solids (SS)				8.56%	58.51%	10.99%	21.94%	100%	
Weightings									
Operating Expenditures	Flow	BOD	SS						
Operations	26.5%	33.5%	40.0%	\$ 1,307,971	\$ 7,785,440	\$ 1,754,570	\$ 3,136,223	\$ 13,984,204	
Maintenance	26.5%	33.5%	40.0%	663,828	3,951,308	890,489	1,591,713	7,097,337	
Laboratory	26.5%	33.5%	40.0%	204,364	1,216,437	274,143	490,020	2,184,964	
Environmental Services	26.5%	33.5%	40.0%	142,177	846,281	190,723	340,909	1,520,089	
Engineering	26.5%	33.5%	40.0%	226,918	1,350,686	304,398	544,099	2,426,101	
Safety	100.0%	0.0%	0.0%	56,298	269,783	77,423	116,811	520,315	
Information Services	26.5%	33.5%	40.0%	179,078	1,065,924	240,223	429,388	1,914,613	
Administrative Services	100.0%	0.0%	0.0%	545,603	2,614,556	750,330	1,132,050	5,042,539	
Total Operating Expend.				\$ 3,326,236	\$ 19,100,415	\$ 4,482,298	\$ 7,781,213	\$ 34,690,162	
Subtract Miscellaneous Income	26.5%	33.5%	40.0%	\$ 106,263	\$ 632,511	\$ 142,546	\$ 254,796	\$ 1,136,117	
2025-26 Net Operating Revenue Required				\$ 3,219,973	\$ 18,467,904	\$ 4,339,751	\$ 7,526,417	\$ 33,554,045	
2024-25 Net Operating Revenue Required				\$ 3,032,567	\$ 18,907,491	\$ 3,929,463	\$ 6,598,857	\$ 32,468,378	
\$ Increase / (Decrease)				\$ 187,406	\$ (439,587)	\$ 410,288	\$ 927,560	\$ 1,085,667	
% Increase / (Decrease)				6.18%	(2.32%)	10.44%	14.06%	3.34%	

Revenue-Funded Capital

Revenue-Funded Capital Expenditures fund individual capital projects each with costs less than \$1 million that can be completed within one year. These projects address immediate needs for equipment, facilities and other capital resources needed to support divisions' activities. The proposed budget is \$1.73 million made up of capital needs as shown in the table below.

2025-26 Revenue-Funded Capital Expenditures

Project Name	Estimated Cost
Fan Press 1 Channel replacement	\$ 285,000
Fan Press 2 housing replacement	48,000
DMF 6B media replacement, Full Scale Pilot Test	200,000
Activated Sludge PLC Upgrade	70,000
DMF 6B pipe repair	50,000
Storm Drain Pump	20,000
Telehandler Forklift	175,000
EV Charger expansion - Phase 2	100,000
Electric Vehicle - Fleet	60,000
Computer Room Air Conditioning (CRAC)	230,000
Laboratory Roof Repair	50,000
SHB Rollup Door replacement	37,400
Stratus Server Replacement	171,800
Camera Refresh Project	170,000
IMS Switch Replacement	60,000
TOTAL	\$ 1,727,200

- Wastewater Equipment:** Several projects are necessary to replace or modify existing treatment equipment. This includes upgrades to the rotary fan press used for solids dewatering and filter media replacement to determine optimal performance for recycled water production. Other small pipe repairs and storm drain pumps were also identified to be replaced.
- Maintenance Equipment:** A telehandler is needed to lift and position heavy equipment during maintenance. This replaces a smaller unit, which will afterwards be sold. SVCW also continues to update its fleet and the electric vehicle charging network. Grant funds are being pursued to support this effort.
- Facilities:** Existing Computer Room Air Conditioning (CRAC) units have reached the end of their useful life and require replacement. Funds include improvements to relocate the filtering system outside of the server room. The laboratory roof experienced leaks during the rainy season and, while the leaks were addressed, residual water damage must be addressed. The Solids Handling Building (SHB) original rollup door is manually operated and proposed to be updated with a motorized mechanism.
- Technology:** The Industrial Automation Platform (IAP) is the network upon which operational technology resides. Servers are in need of replacement and upgrades. Separately, cameras are relied upon to view process equipment and ensure

treatment facility and pump stations' site security. Current cameras are no longer compliant and due to be upgraded throughout the facilities.

Reserves

Operating Reserve contributions follows Policy to ensure an adequate balance is in place at fiscal year-end. The Operating Reserves Policy was amended in 2023, calling for an additional \$1 million in recognition of higher cost of emergency repairs. Net of investment returns earned after this amendment, approximately \$0.8 million is required. Separately, this Budget includes \$4.0 million in contributions towards Capital Improvement Program Reserves in compliance with SVCW's Reserves Policy.

Cash-in-lieu of Debt

In the current year budget, Members were asked to contribute \$13.6 million of accumulated cash to fund CIP expenditures that deferred borrowing of new debt. No such contributions are requested in 2025-26.

Debt Service

SVCW's debt service payments for the next fiscal year will be \$28.3 million, an increase of \$2.42 million as new variable rate bonds are assumed to be issued in August 2025. This amount is drawn from the Long-Range Financial Plan as updated in February 2025.

The Proposed 2025-26 Operating Budget is attached.

RECOMMENDATION

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

It is anticipated that the following items, or modified versions per Commission direction, will be proposed for adoption at the April 2025 Commission Meeting:

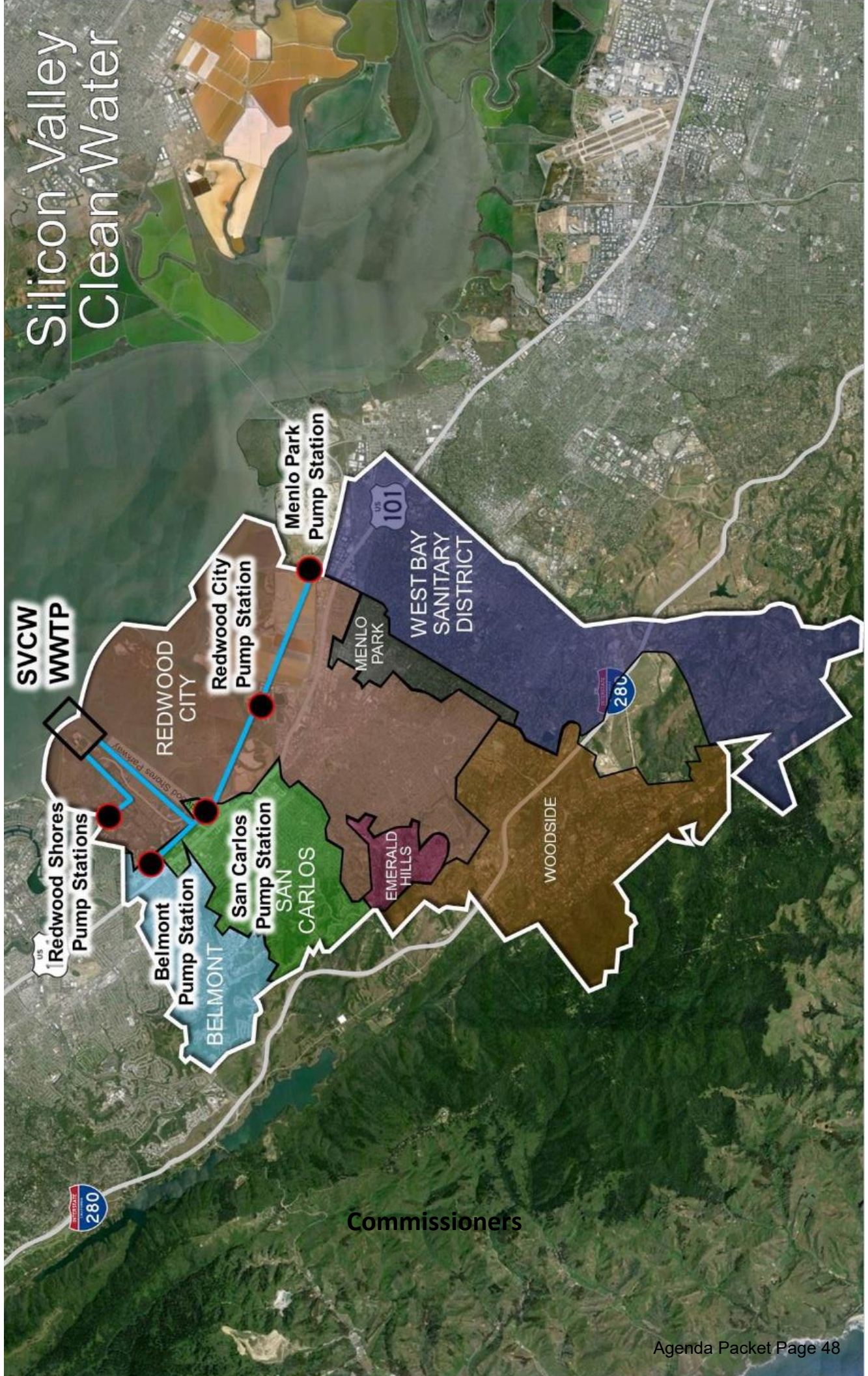
- i. FISCAL YEAR 2025-26 REVENUE PLAN IN THE AMOUNT OF \$33,554,045 IN NET OPERATING REVENUES REQUIRED AND \$1,727,200 FOR REVENUE-FUNDED CAPITAL PROJECTS
- ii. FISCAL YEAR 2025-26 CASH RESERVE DESIGNATIONS IN THE AMOUNT OF \$4,000,000 TO THE CAPITAL IMPROVEMENT PROGRAM RESERVE FUND AND \$808,046 TO THE ANNUAL OPERATIONS AND CAPITAL BUDGET RESERVE FUND
- iii. FISCAL YEAR 2025-26 DEBT SERVICE EXPENDITURES IN AN AMOUNT OF \$28,289,934
- iv. AUTHORIZING SVCW MANAGER TO IMPLEMENT, MANAGE AND APPROVE EXPENDITURES AUTHORIZED WITHIN THE FISCAL YEAR 2025-26 ANNUAL OPERATING AND CAPITAL EXPENDITURES BUDGET AS ADOPTED BY THE SILICON VALLEY CLEAN WATER COMMISSION



2025-26 OPERATING BUDGET

PROPOSED MARCH 13, 2025

Silicon Valley Clean Water



Commissioners

<u>Name</u>	<u>Title</u>	<u>Member Agency</u>
George Otte	Chair	West Bay Sanitary District
Elmer Martinez Saballos	Vice Chair	City of Redwood City
Tom McCune	Secretary	City of Belmont
Neil Layton	Member	City of San Carlos

SVCW Staff

<u>Name</u>	<u>Title</u>
Teresa Herrera	Manager
Matthew Anderson	Assistant Manager & Chief Financial Officer
Danny Buenrostro	Chief Operating Officer
Kim Hackett	Authority Engineer
Dan Buenrostro	Operations Director
Sameet Shankar	Maintenance Director
Tiffany Ishaya	Laboratory Director
Arvind Akela	Engineering / Environmental Services Director
David Lee	Safety Director
Jen Flick	Human Resources Director
Robert Chapman	Information Systems Supervisor
Cindy Hui	Accounting Supervisor

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SECTION 1 – OVERVIEW

Organization and Business

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

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

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

Governance & Management

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

Commissioner	Commission Title	Agency Represented
George Otte	Chair	West Bay Sanitary District
Elmer Martinez Saballos	Vice Chair	City of Redwood City
Tom McCune	Secretary	City of Belmont
Neil Layton	Member	City of San Carlos

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

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

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

Financial Oversight and Control

SVCW sets an annual budget according to goals established by the Commission that support operational priorities, the Capital Improvement Program (CIP) and the Long-Range Financial Plan (LRFP). The 2025-26 Budget is consistent with those goals and reflects a progressive approach to controlling costs, minimizing unplanned expenditures, limiting risks, and investing in projects and programs that benefit the community served by SVCW.

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

Debt Reserves

The Agency has debt reserves and a Commission-adopted policy to mitigate the negative impact of revenue shortfalls from economic fluctuations, to fund unforeseen expense requirements, to provide stable rates for member Agencies, and to help fund future long-term capital needs. The Operating Reserve is equal to 10% of the approved Operating and Capital Budget plus \$2 million. The Capital Improvement Program Reserve is set at an amount equal to the annual calculated depreciation of SVCW facilities to meet the long-term needs of replacing capital assets upon

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

Long-Range Financial Plan

SVCW Member Agencies' sewer rates provide the underlying repayment security for all SVCW financing. As such, SVCW developed a Long-Range Financial Plan (LRFP, or Financial Plan) to provide a roadmap for funding the CIP and ongoing operating costs. It also provides information to the Member Agencies as they consider sewer rates. The Financial Plan is updated annually and presented to the Commission for approval. Most recently, the LFRP was approved by the Commission at its February 2025 meeting.

The LRFP combines financial projections with strategy. The Governmental Finance Officers Association (GFOA) recommends that 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 better understand the financial resources needed to support strategies. With this information, SVCW Member Agencies can balance objectives and financial needs.

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

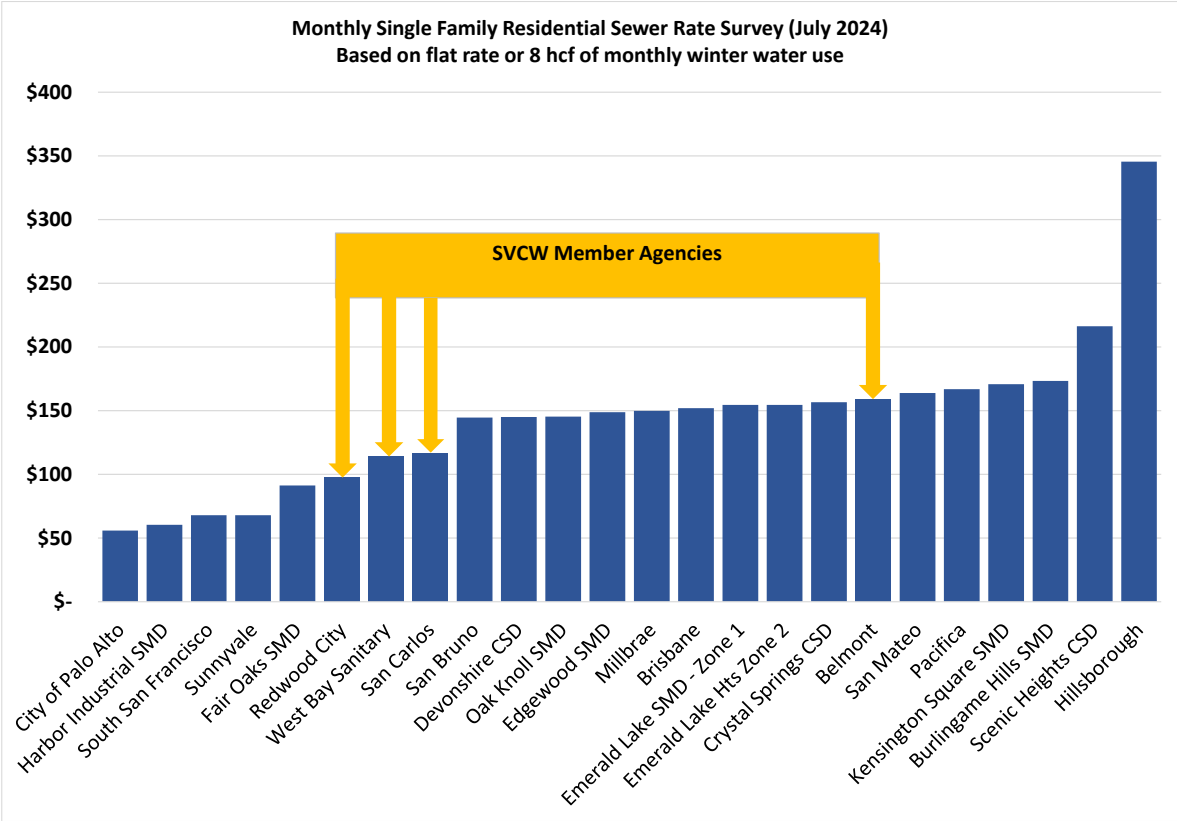
Comparative Residential Sewer Charges

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

Residential Sewer Rates by Member Agency										
Based on 8 HCF of flow										
	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%

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



Accomplishments

Each year, SVCW management sets goals to ensure its communities' wastewater is conveyed and treated in a safe and dependable manner. Key achievements during 2024 on a Division-by-Division basis are:

Safety

- Launched new initiatives to boost employee safety engagement. Enhanced SVCW safety training programs to increase frequency of updates on safety protocols and create opportunities for staff to share safety concerns. Encouraged employees to report near-miss incidents by improving the incident reporting process to be more user-friendly. As a result, staff involvement increased which led to greater awareness of safety practices and a more proactive approach to risk management.
- Developed and assessed emergency response procedures, including evacuation plans, first aid protocols, and communication strategies. Carried out organized drills to increase familiarity with procedures while also pinpointing areas for improvement. Also performed a detailed inventory assessment and maintenance check of SVCW emergency equipment and supplies to ensure all items are functional and accessible.
- Introduced a new health and wellness program designed to foster a positive safety culture and improve employee well-being. The program includes regular sharing of resources about nutrition, mental health, stress management, and physical fitness. Employees gain access to counseling services, mindfulness sessions, and support through employee assistance programs. To improve engagement, introduced a rewards system that encourages participation in wellness activities.
- Delivered over 750 hours of comprehensive online safety training via TargetSolutions.com. This program was specifically designed to bolster SVCW's safety training program and provide employees with easy, convenient access to vital training materials. SVCW streamlined the training process to reduce the time typically spent on in-person sessions. As a result, employees can now complete courses more efficiently, which results in significant time savings for both staff and management. The convenient online format minimizes disruption to daily operations, allowing our teams to focus on their primary responsibilities while still meeting essential training requirements.

Operations

- Treated over 5.497 billion gallons of wastewater, maintaining full compliance with SVCW's National Pollutant Discharge Elimination System (NPDES) permit.

- Processed 2,920 dry tons of biosolids of which 1,598 dry tons went to land application, 939 dry tons to compost, and 42 dry tons to pyrolysis.
- Delivered 175 million gallons of recycled water for Redwood City.
- Achieved full compliance with monthly acute bioassay analyses to ensure NPDES permit limits were met.
- Promoted Operations Director to Chief Plant Operating Officer.
- Promoted Operations Supervisor to Operations Director.
- Promoted Operations Senior Operator to Supervisor.
- On-boarded 6 new employees, including four Operators, one Senior Instrumentation Technician, and one Utility Worker hired to fill vacancies resulting from promotions and retirements.
- Provided Supervisor training sessions to continue SVCW's succession planning goals; this ensures staff remain well prepared for personnel matters and provides a strong line of leaders ready for agency management needs.
- Supported Capital Improvement Projects by providing input, conducting site-walks, developing lock-out/tag-outs, and coordinating shutdowns.
- Accepted full operational responsibility from the RESCU program design-builder to run the Redwood City Pump Station.
- Re-wrote the wet weather guidance document to incorporate loss of the FEF, new Redwood City pump station, and use of the gravity pipe.
- Learned and implemented best management practices for the gravity pipe.
- Operated the bio-dryers at full capacity over the past 12 months.
- Accepted full operational responsibility from Bioforce Technology to run the bio dryers.
- Successfully implemented continuous final effluent chlorine residual monitoring to meet the new NPDES permit requirements.

Maintenance

- Completed Cogeneration Engine #2 long block replacement program at the 60,000-hour mark. Upgraded generator engines diagnostic system and replaced hot water loop pumps to ensure ongoing power production. Upgraded the electronic controls associated with Cogen Engine #1's three-way valve to ensure engine is properly cooled.

- Completed operations and maintenance training on Jenbacher TJE Level 15 course for three Operators and five Maintenance staff.
- Replaced the conveyor rollers on the bio dryer units, allowing continued use of alternative method for solids drying.
- Supported Engineering on design of the 3 water chiller project improvements.
- Added wall pack lighting to Return Activated Sludge / Waste Activated Sludge areas for better lighting and safe operation.
- Replaced Aeration Basin #3 Invent Mixer gearbox and motor to have maximum tanks available during wet weather season.
- Replaced Aeration Basin #1 B-side impeller mixer body to ensure maximum tanks are available during wet weather season.
- Updated out-of-date fire alarm control panel for Maintenance Building.
- Replaced Duperon rag washer motor, critical for removing foreign debris from wastewater influent.
- Replaced Air Dryers under warranty to remove moisture from air compressor system.
- Improved the air conditioning and heating systems in instrumentation and electrician workspace.
- Replaced Digester #2 pit sump pump to prevent flooding in valve pit sump pump area.
- Upgraded Primary Sedimentation Tank #4 to heavy-duty short shafts bearings, chains, and flights to improve durability and dependability.
- Rebuilt Secondary Clarifier #1 sweeper and replaced scraper arms, wheels, springs, and a tension bar in advance of wet weather.
- Replaced failing septic pump at 1406 indoor septic system to maintain leased building remains habitable.

Engineering (Construction Completed)

- Gravity Pipeline Project
 - 11-foot diameter, 3.3-mile-long tunnel completed under RESCU program design-build contract with Barnard Bessac Joint Venture.
 - Acceptance testing successfully completed in July 2024, putting the \$256.6 million project into service.

- Chiller Replacement Project
 - Replaced aging HVAC chillers for the Lab, Maintenance, and Administration buildings.
 - Construction was completed in August 2024, improving energy efficiency and reliability.
- Aboveground Storage Tank Installation & UST Decommissioning
 - Successfully completed installation of aboveground diesel storage tank and transferred and polished fuel from the old underground tank into the new system.
 - The underground tank decommissioned and abandoned in place.

Engineering (Construction Initiated):

- Fixed Film Reactor and 3W System Upgrade
 - Awarded contract to JFShea for rehabilitation of three Fixed Film Reactors.
 - Project includes new sidewalls, media, pumps, piping, electrical, and VFDs. The 3 Water (3W) system will also be upgraded to replace undersized equipment and allow full use of 3W for plant process needs. 3W is plant effluent and is used in place of potable water and recycled water.
- Five Corner Intersection Safety Improvement
 - Recommended by SVCW’s Safety Committee to improve access for chemical delivery trucks and pedestrian safety.
 - Addressing blind spots and poor visibility in a critical intersection within facility.
- Decommissioning of Underground Storage Tank
 - Complied with state regulations by replacing a 15,000-gallon underground diesel tank with a 12,000-gallon aboveground tank.
 - Improved environmental safety, monitoring, and operational cost savings.
- Solids Handling Building Electrical Switchgear Battery Replacement
 - Construction initiated for a new low-voltage battery system to maintain electrical safety and reliability.
 - Ensures operational continuity during power transitions between PG&E and backup generators.

Engineering (Planning & Design Initiated)

- Biogas Utilization Project
 - Awarded a \$5 million contract to Mainspring Energy to design and install five 250kW linear generators with a total of 1250kW of new power generation capacity.
 - Design of a new gas treatment system will provide biogas for linear generators.

- Linear generator technology will improve energy self-sufficiency and reduce operating costs.
- Facility Planning for Nutrient Removal (STAR Project)
 - Selected Hazen and Sawyer through a competitive process to initiate planning efforts for addressing new regulatory requirements to reduce nitrogen discharge by 68%.
- Levee Repair Project
 - Addressing tidal leakage and erosion affecting SVCW's flood protection system.
 - Initiated design efforts for restoration and armoring of perimeter levee for short-term resilience while working on a long-term solution through regional partnership.
- Sodium Hypochlorite Pipe Rehabilitation
 - Redesigning and replacing deteriorated chemical distribution piping to ensure reliable disinfection.
- Digester No. 3 Rehabilitation
 - Completed cleaning and condition assessment of Digester No. 3.
 - Prioritizing rehabilitation ahead of Digester No. 2 due to shorter construction timeline.

Engineering (Ongoing Projects)

- Food Waste Receiving Expansion – Secured \$4 million grant to enhance organic waste digestion capacity, construction to begin in 2025.
- Final Effluent Pump Replacement – Design-build contract awarded; construction starts in 2025.
- Side Stream Treatment for Nutrient Removal – Developing ammonia removal process to reduce nitrogen discharge by 20%, operational by 2026.
- Biodryer and Pyrolysis Optimization – Upgraded pyrolysis unit operational in 2024.
- San Francisco Peninsula Regional Pure Water Project (SPRP) – Completed Basis of Design Report with regional partners.
- Electronic Information Management System (EIMS) – Launched digital platform for equipment documentation, improving maintenance efficiency.
- CIP Management Tool – initiated an effort to develop a tool to manage SVCW CIP.

Environmental Services Division:

- Coordinated twenty clean water & wastewater treatment awareness assemblies, reaching over 4,700 students, teachers, and parents.

- Remained in compliance with our Pretreatment program requirements.
- Performed more than 75 industrial sampling events to determine pretreatment programs are intact.
- Performed over 850 inspections pertaining to SVCW FOG and Stormwater programs, to ensure that appropriate disposal programs are in place for fats, oils, and grease and that stormwater pollution is not entering into local waters.
- Continued public outreach efforts by:
 - Providing virtual and in-person tours for 278 local middle school, high school and college students
 - Participating in Belmont’s Earth Day event to reach 150 residents.
 - Teaching Sewer Science to 700 students, 7 teachers at 2 local high schools.
 - Publishing in-house environmental messages to educate and engage employees.

Information Services

- Complete Datacenter migration, including configuration of new firewalls for high availability, an increased compute cluster sized for maximum efficiency in power and cooling, and migration VMWare to Nutanix for virtualization needs. Also rebuilt domain controllers and DNS services on new Nutanix cluster, while updating ISE (integrated Service Environment) authentication servers.
- Updated communication devices at Flow Equalization Facility remote location to support emergency use.
- Configured treatment plant radio system to use the business network, which improves below grade radio strength at Menlo Park Pump station and the Receiving & Lift Shaft.
- Helped set up API support for Elogger (Electronic Notebook software) which will support automated entries into Equipment Information Management System work orders.
- Hardened DUO Multifactor Authentication for Office365 to strengthen cybersecurity policies.
- Revamped Phishing Campaigns and Awareness Training material for SVCW users to help prepare staff against malicious phishing attempts. Also enhanced phishing Email reporting tools with a Phishing Alert Button.
- Assisted in securing third party hardware and applications for automation of certain SCADA processes.
- Updated both HACH WIMS and Elogger operating systems to current releases.
- Completed camera projects for process locations including main plant parking Lot, Menlo Park pump station, and Redwood City Pump Station.
- Relocated and secured new communication fiber at Menlo Park Pump Station.

Laboratory

- Laboratory staff generated 18,264 reportable results during 2024, a 5% increase from prior year, in support of Plant Operations, Permit Regulations, Environmental Services, and customer projects.
- Acquired two new instruments to prepare for upcoming nutrient removal regulations and replace outdated equipment. Method development of one instrument was completed through extensive studies and research on best practices, with the second instrument planned for delivery in April 2025.
- Made significant progress to expand SVCW in-house capabilities as two new analytes are added to SVCW fields of accreditation, a move that will reduce the cost of external regulatory testing. Staff analyzed regulatory-required proficiency tests, updated SVCW Standard Operating Procedures, conducted studies to integrate the new analytes into calibration standards, and collaborated with the accreditation board to refine procedures. SVCW plans to implement the analytes during biennial third-party assessments in March 2025.
- The retirement of the Laboratory Director led to a restructuring that created new growth opportunities. The removal of the number limit of senior laboratory analysts has encouraged staff skill developments for advancement. The laboratory exchanged the laboratory supervisor position with an additional laboratory analyst, maintaining total positions while increasing the number of analysts to work on projects and activities.
- Continued participation, along with other wastewater treatment plants, in Stanford University's Sewer Coronavirus Alert Network (SCAN) tracking project. Sludge samples from the SVCW service area represent 220,000 people and businesses. This partnership has been critical to keep the public informed about the onset of viruses.
- A change in regulatory testing requirements left an area of the laboratory unused and created an opportunity to repurpose the space for the Engineering Department. Laboratory staff assisted with equipment recommendations for Engineering's research lab and interns. Laboratory staff train interns on analytical procedures and safety protocols and provide quality assurance and control recommendations as the groups collaborate to improve plant processes.

Administrative/Finance

- Human Resources maintained staffing levels by recruiting highly qualified, well-matched individuals into vacant positions. In 2024, SVCW hired twelve new staff, completed twelve internal promotions, and experienced four retirements of long-term employees.
- Aligned payroll timecard system with ADP process, which reduces keying mistakes while saving over \$10 thousand annually.

- Completed the administration of three State Revolving Fund (SRF) loans, successfully using 100% of \$169 million in eligible funds to take advantage of the loans' 0.90% interest rate.
- Configured, tested and implemented tools to upload accounts receivable and cash receipt transactions to financial system. These tools improve accuracy and efficiency by reducing processing times.
- Completed a competitive bid process for uniform and laundry services, reducing costs by 30% and improving the quality of uniform services.

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SECTION 2 – OPERATING BUDGET SUMMARY

Total Member Contributions described in the Proposed 2025-26 Budget decrease by \$8.57 million, or 11.1% compared to the current year’s budget. It allots \$33.6 million for Net Operating Expenses and \$1.7 million for Revenue-Funded Capital projects. Reserve Designations are aligned with Agency policy and include \$4.0 million in CIP Reserve contributions and \$0.8 million to the Operating Reserve Fund. Unlike the current year, Members are not asked to contribute cash for large capital projects next year. Rather, total Debt Service Payments are anticipated to increase by \$2.4 million as SVCW intends to issue \$66 million in new bonds to fund the next three years of capital projects. These values are consistent with past updates to Long-Range Financial Plans.

Budgeted Member Entity Contributions				
Description	2024-25 Adopted Budget	2025-26 Proposed Budget	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Gross Operating Expenses	\$ 33,380,803	\$ 34,690,162	\$ 1,309,359	3.9%
Less: Miscellaneous Revenue	(912,425)	(1,136,117)	223,692	24.5%
Contributions, Net Operating Expenses	\$ 32,468,378	\$ 33,554,045	\$ 1,085,667	3.3%
Add: Revenue-Funded Capital Projects	1,499,635	1,727,200	227,565	15.2%
Contributions, Before Reserves & Debt Service	\$ 33,968,013	\$ 35,281,245	\$ 1,313,232	3.9%
Add: Reserve Designations	3,500,000	4,808,046	1,308,046	37.4%
Add: Cash in lieu of Debt	13,622,706	-	(13,622,706)	-
Add: Debt Service, Participating members	25,863,091	28,289,934	2,426,843	9.4%
TOTAL MEMBER CONTRIBUTIONS	\$ 76,953,810	\$ 68,379,225	\$ (8,574,585)	(11.1%)

- Gross Operating Expenditures will increase by \$1.3 million (3.9%), which reflects inflationary pressures and increases associated with SVCW’s labor contract. This budget includes several cost-saving initiatives which, through process improvements, will reduce the use of electricity and chemicals. The budget also assumes certain procurement efforts can help reduce the cost of other goods and services.
- Miscellaneous Revenue will be \$223.7 thousand more than the 2024-25 Budgeted amount, due to increased rates charged by SVCW to receive and treat landfill leachate.
- Revenue-funded capital project spending will be \$1.7 million, or \$227 thousand more than 2024-25. Aging dewatering equipment is scheduled to be replaced, and a pilot test for new filter media is planned to help improve water turbidity levels.
- Reserve Designations will increase by \$1.3 million next year. The 2025-26 Budget follows Reserve Policy, which calls for an annual CIP Reserve contribution of \$4.0 million in the next fiscal year. Additionally, Operating Reserve contributions will increase by \$0.8 million

to recognize the amended Reserve Policy, which sets a target of 10% of Operating Budget plus \$2 million.

- Whereas in the current year budget, Members were asked to contribute \$13.6 million to fund CIP projects, which successfully delayed issuance of new debt, no such contributions are requested in 2025-26.
- SVCW’s Debt structure in the next fiscal year will be \$28.29 million, an increase of \$2.43 million as a new debt issuance is planned for August 2025. Further analysis of SVCW’s Long Term Debt is in Section 5 and draws from SVCW’s February 2025 Long-Range Financial Plan.

Expenditure Allocations

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

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

Three-year Average Flow and Loading Averages - by Member				
Agency	Factor	2024-25 Budget	2025-26 Budget	Point Inc./ (Decr.)
Belmont	Flow	10.52%	10.82%	0.30
	Biochem. Oxygen Demand	9.15%	9.14%	(0.01)
	Suspended Solids	8.19%	8.56%	0.37
Redwood City	Flow	53.91%	51.85%	(2.06)
	Biochem. Oxygen Demand	58.76%	55.31%	(3.45)
	Suspended Solids	62.59%	58.51%	(4.08)
San Carlos	Flow	14.40%	14.88%	0.48
	Biochem. Oxygen Demand	11.33%	12.56%	1.23
	Suspended Solids	10.20%	10.99%	0.79
WBSD	Flow	21.17%	22.45%	1.28
	Biochem. Oxygen Demand	20.76%	22.99%	2.23
	Suspended Solids	19.02%	21.94%	2.92

Since emerging from the 2020 pandemic, SVCW Members’ flows and loading values have been trending towards historical averages. Flows are measured by calibrated meters and composite

loading values calculated from samples taken at each Members’ sampling location. These values generally reflect influences like a community’s density, size and type of business, collection system conditions, and amount of rainfall. As communities transitioned after the Covid-19 pandemic, flow and loading values have shifted towards traditional behaviors including work-from-home and restaurant traffic. After incorporating the 2024 data, relative flows and loadings continue to trend towards historical averages. These metrics are shared with the SVCW Technical Committee for validation.

Member Agency Operating Contributions Calculation

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

2025-26 Budget Member Contributions Allocation Model									
Description				Belmont	Redwood City	San Carlos	West Bay San District	TOTAL	
Allocation Factors									
Flow				10.82%	51.85%	14.88%	22.45%	100%	
Biochemical Oxygen Demand (BOD)				9.14%	55.31%	12.56%	22.99%	100%	
Suspended Solids (SS)				8.56%	58.51%	10.99%	21.94%	100%	
Weightings									
Operating Expenditures	Flow	BOD	SS						
Operations	26.5%	33.5%	40.0%	\$ 1,307,971	\$ 7,785,440	\$ 1,754,570	\$ 3,136,223	\$ 13,984,204	
Maintenance	26.5%	33.5%	40.0%	663,828	3,951,308	890,489	1,591,713	7,097,337	
Laboratory	26.5%	33.5%	40.0%	204,364	1,216,437	274,143	490,020	2,184,964	
Environmental Services	26.5%	33.5%	40.0%	142,177	846,281	190,723	340,909	1,520,089	
Engineering	26.5%	33.5%	40.0%	226,918	1,350,686	304,398	544,099	2,426,101	
Safety	100.0%	0.0%	0.0%	56,298	269,783	77,423	116,811	520,315	
Information Services	26.5%	33.5%	40.0%	179,078	1,065,924	240,223	429,388	1,914,613	
Administrative Services	100.0%	0.0%	0.0%	545,603	2,614,556	750,330	1,132,050	5,042,539	
Total Operating Expend.				\$ 3,326,236	\$ 19,100,415	\$ 4,482,298	\$ 7,781,213	\$ 34,690,162	
Subtract Miscellaneous Income	26.5%	33.5%	40.0%	\$ 106,263	\$ 632,511	\$ 142,546	\$ 254,796	\$ 1,136,117	
2025-26 Net Operating Revenue Required				\$ 3,219,973	\$ 18,467,904	\$ 4,339,751	\$ 7,526,417	\$ 33,554,045	
2024-25 Net Operating Revenue Required				\$ 3,032,567	\$ 18,907,491	\$ 3,929,463	\$ 6,598,857	\$ 32,468,378	
\$ Increase / (Decrease)				\$ 187,406	\$ (439,587)	\$ 410,288	\$ 927,560	\$ 1,085,667	
% Increase / (Decrease)				6.18%	(2.32%)	10.44%	14.06%	3.34%	

Miscellaneous Revenue

Miscellaneous Revenue is derived receiving of grease, septic, organic food waste, and landfill leachate. It also includes property leases and services performed by the Laboratory and Environmental Services divisions. In recent years SVCW received Self-Generation Incentive Program (SGIP) revenues from a battery storage program grant, which ended in 2024-25. Overall Miscellaneous Revenue will increase by \$182 thousand (19.1%), as SVCW updated its Source Control rates for the treatment of landfill leachate.

2025-26 Budget Miscellaneous Revenue						
Description	2024-25			\$	%	
	Adopted Budget	2024-25 Forecast	2025-26 Budget			
Grease & Septic Receiving	\$ 246,090	\$ 276,830	\$ 276,830	\$ -	0.0%	
Food Waste Revenue	83,200	80,693	148,320	67,627	83.8%	
Other Miscellaneous Revenue	187,902	206,520	137,902	(68,618)	(33.2%)	
Source Control	87,512	137,676	481,315	343,639	249.6%	
Laboratory Services	3,838	3,869	3,869	-	0.0%	
Interest Earnings	12,500	12,760	12,500	(260)	(2.0%)	
Self-Generation Incentive Program	185,000	150,000	-	(150,000)	(100.0%)	
Stormwater Monitoring	106,384	85,325	75,381	(9,944)	(11.7%)	
TOTAL	\$ 912,425	\$ 953,673	\$ 1,136,117	\$ 182,444	19.1%	

Capital and Reserve Contributions

As described in Section 4 of this budget, Revenue-financed Capital projects are estimated at \$1.73 million in 2025-26. Contributions to the CIP Reserve follow policy and are scheduled to be \$4.0 million next fiscal year. Operating Reserves, per a fiscal year-end 2024 policy amendment, are set at 10% of the Operating Budget plus \$2 million, which now requires \$808 thousand in contributions. These costs are allocated to Members according to JPA-defined percentages, which are based on each Member Agency’s dry weather capacity owned and its allocated share of future dry weather capacity.

2025-26 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	\$ 63,599	\$ 326,876	\$ 101,892	\$ 180,633	\$ 673,000	
Equipment	99,622	512,025	159,606	282,947	1,054,200	
Subtotal	\$ 163,220	\$ 838,901	\$ 261,498	\$ 463,580	\$ 1,727,200	
RESERVE CONTRIBUTIONS						
Operating Reserve	\$ 77,543	\$ 444,743	\$ 104,510	\$ 181,251	\$ 808,046	
CIP Reserve	378,000	1,942,800	605,600	1,073,600	4,000,000	
Subtotal	\$ 455,543	\$ 2,387,543	\$ 710,110	\$ 1,254,851	\$ 4,808,046	
Contributions for Capital & Reserves	\$ 618,764	\$ 3,226,444	\$ 971,608	\$ 1,718,431	\$ 6,535,246	

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

Total Member Agency Contributions

Total 2025-26 contributions (including debt service) will be \$68.38 million, allocated as follows:

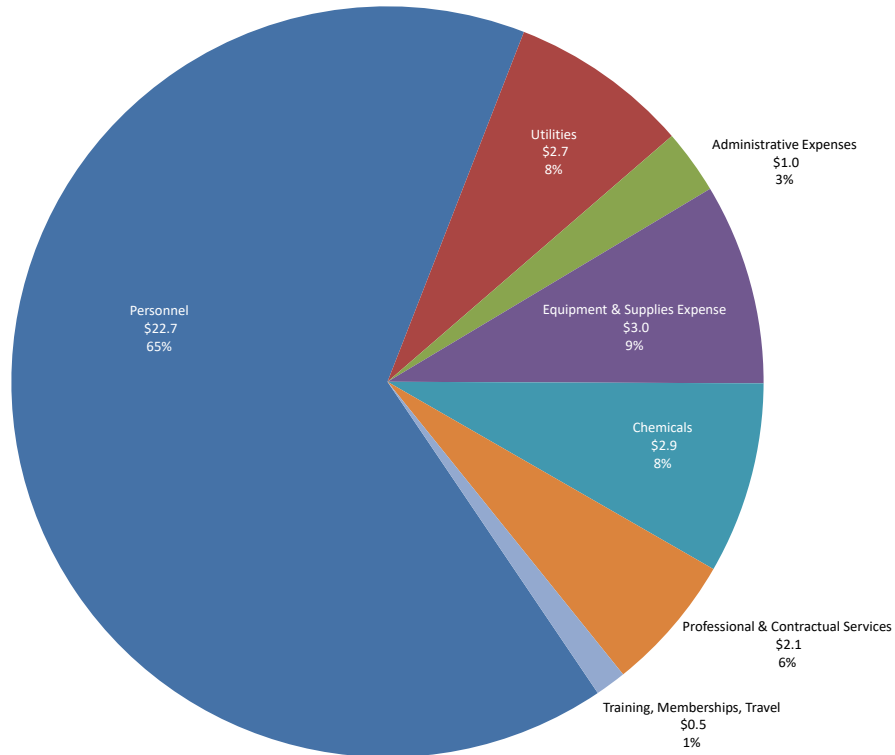
2025-26 Budget - Total Contributions by Member Agency					
Description	City of Belmont	Redwood City	City of San Carlos	West Bay San District	TOTAL
Net Operating Expenditures	\$ 3,219,973	\$ 18,467,904	\$ 4,339,751	\$ 7,526,417	\$ 33,554,045
Revenue-Funded Capital Expenditures	163,220	838,901	261,498	463,580	1,727,200
Reserve Contributions	455,543	2,387,543	710,110	1,254,851	4,808,046
Projected Debt Service	1,071,187	14,911,353	4,691,964	7,615,432	28,289,934
Total Contributions to SVCW	\$ 4,909,923	\$ 36,605,700	\$ 10,003,323	\$ 16,860,280	\$ 68,379,225

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SECTION 3 – GROSS OPERATING EXPENDITURES

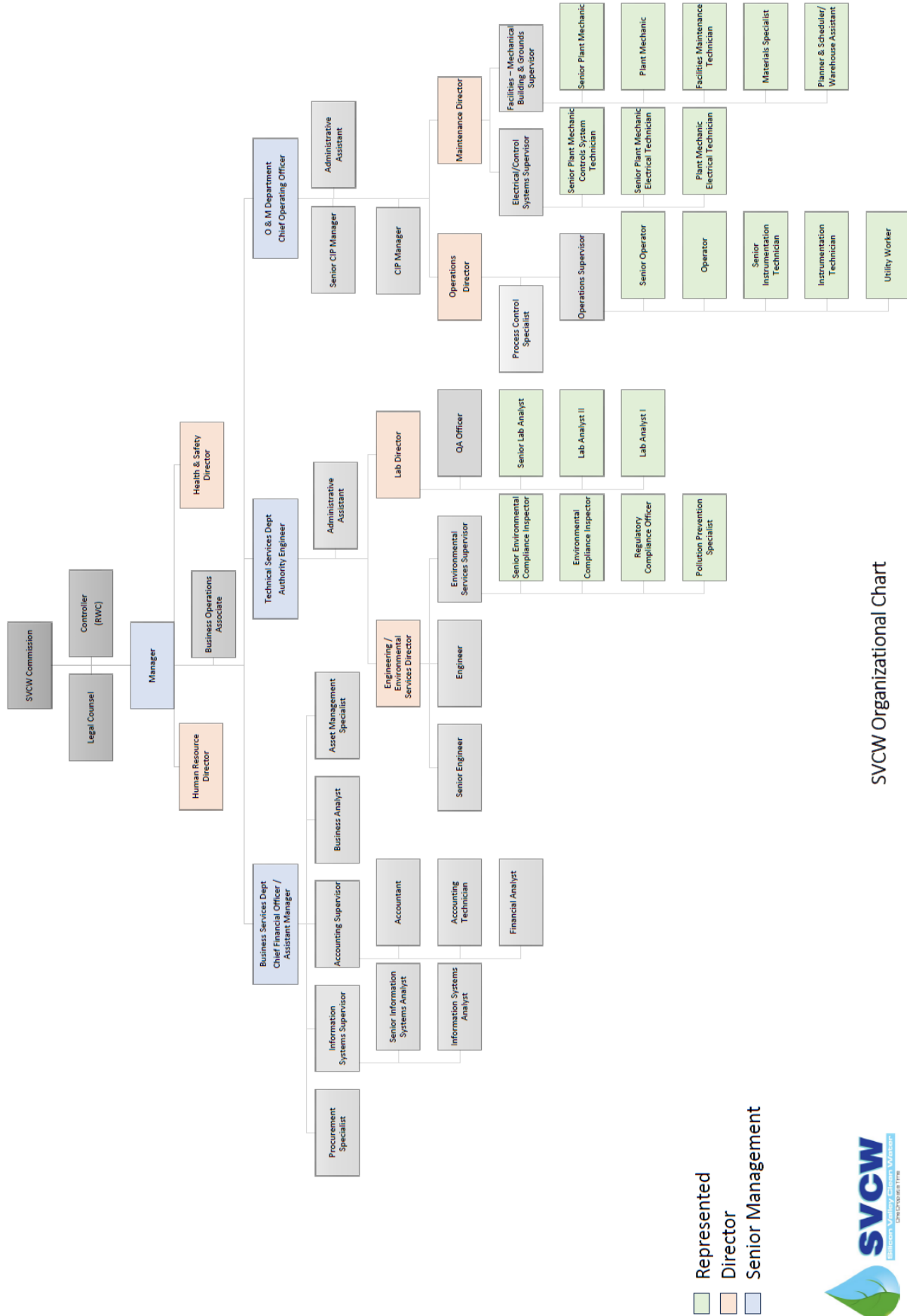
The FY 2025-26 Gross Operating Budget will be \$33.7 million. The chart below illustrates the significant expenditure categories, showing 65% of costs are personnel-related, associated with approximately 82 full-time equivalent employees in the Operating Budget.

SVCW 2025-26 Gross Operating Budget (\$33.7 million)



Personnel

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



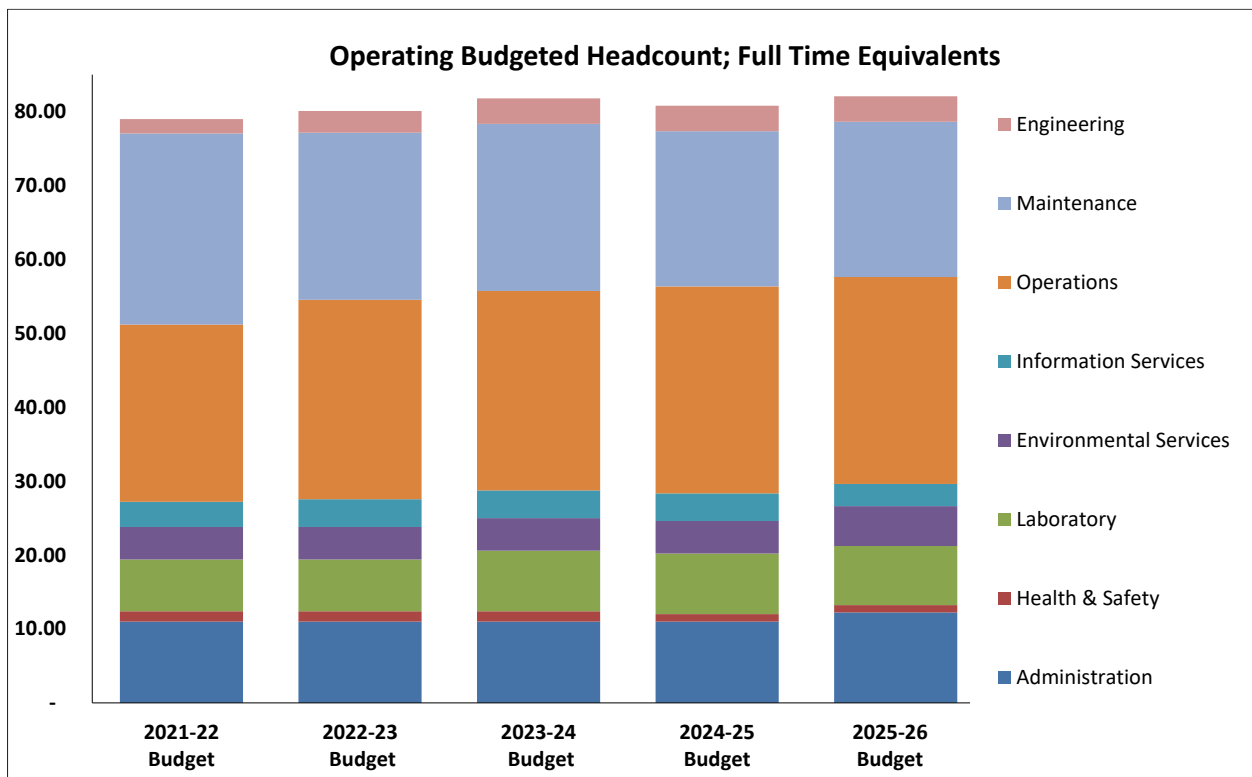
- Represented
- Director
- Senior Management



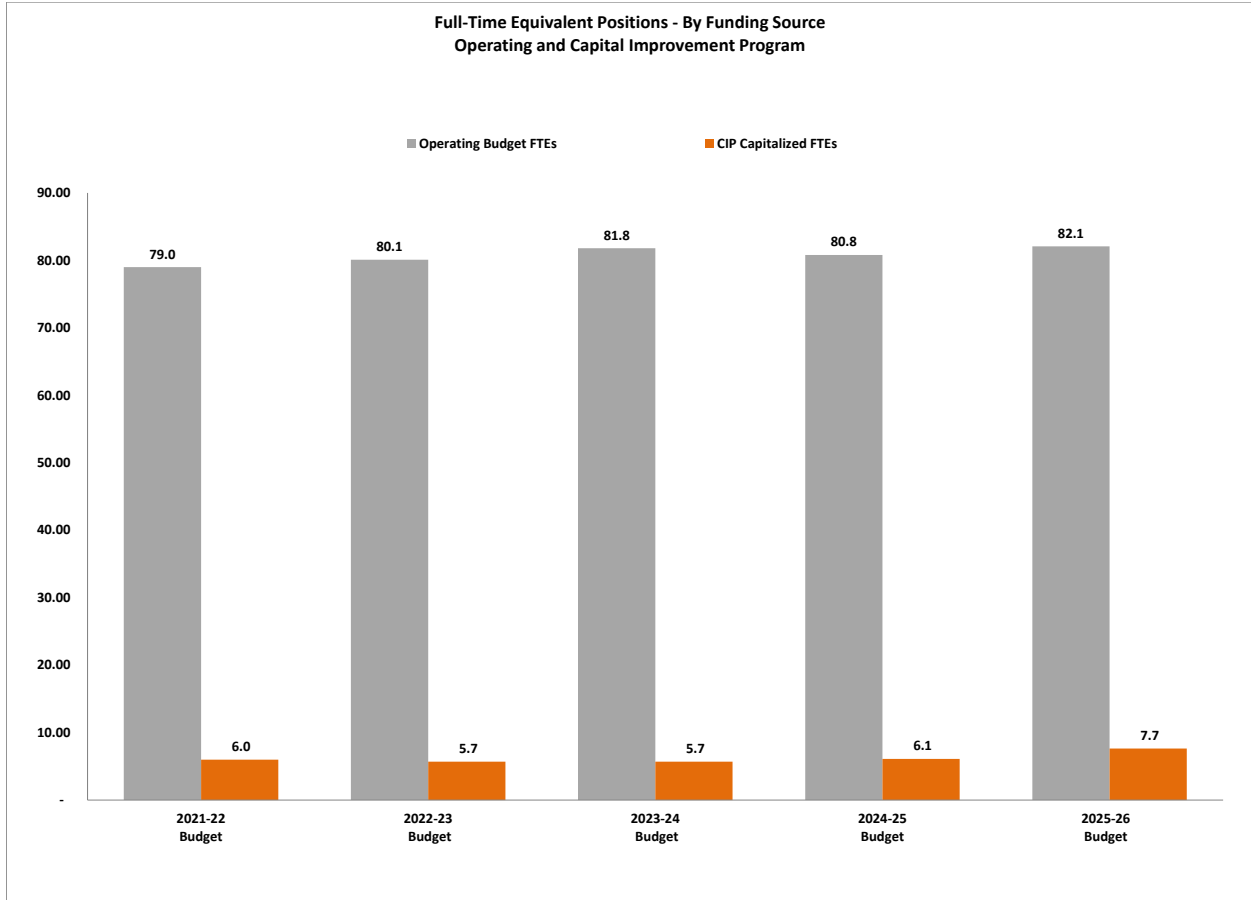
SVCW Organizational Chart

Positions included in the 2025-26 Operating Budget will increase by 1.3 Full Time Equivalent positions next year, reflecting the proposed Regulatory Compliance Officer position in the Environmental Services Division and a temporary increase in accounting technician support in advance of a software upgrade. Conversely, reorganization efforts in the Laboratory division will not require a 20% allocation in administrative support. Finally, transfers between divisions includes a systems analyst role moving from Information System to Administration.

Full-time Equivalent Headcount - Operating Budget						
Division	2021-22 Budget	2022-23 Budget	2023-24 Budget	2024-25 Budget	2025-26 Budget	Increase/ (Decrease)
Operations	24.00	27.00	27.00	28.00	28.00	-
Maintenance	25.85	22.60	22.60	21.00	21.00	-
Laboratory	7.00	7.00	8.20	8.20	8.00	(0.20)
Environmental Services	4.40	4.40	4.40	4.40	5.40	1.00
Engineering	1.95	2.95	3.45	3.45	3.45	-
Health & Safety	1.40	1.40	1.40	1.00	1.00	-
Information Services	3.40	3.75	3.75	3.75	3.00	(0.75)
Administration	11.00	11.00	11.00	11.00	12.23	1.23
TOTAL Full Time Equivalents	79.00	80.10	81.80	80.80	82.08	1.28



It should be noted that the Operating Budget excludes costs associated with work performed on capital improvement projects. The chart below defines the number of positions that have been historically charged to the capital program and further illustrates how the 2025-26 Budget will assign 7.7 full time equivalent staff to the management of large and complex projects.



Operating Costs Summary by Objective

Gross Operating Expenses compared to the 2024-25 Budget will increase by \$1.3 million, or 3.9%. Comparative comments between the two periods include significant inflationary pressures as well as operational changes.

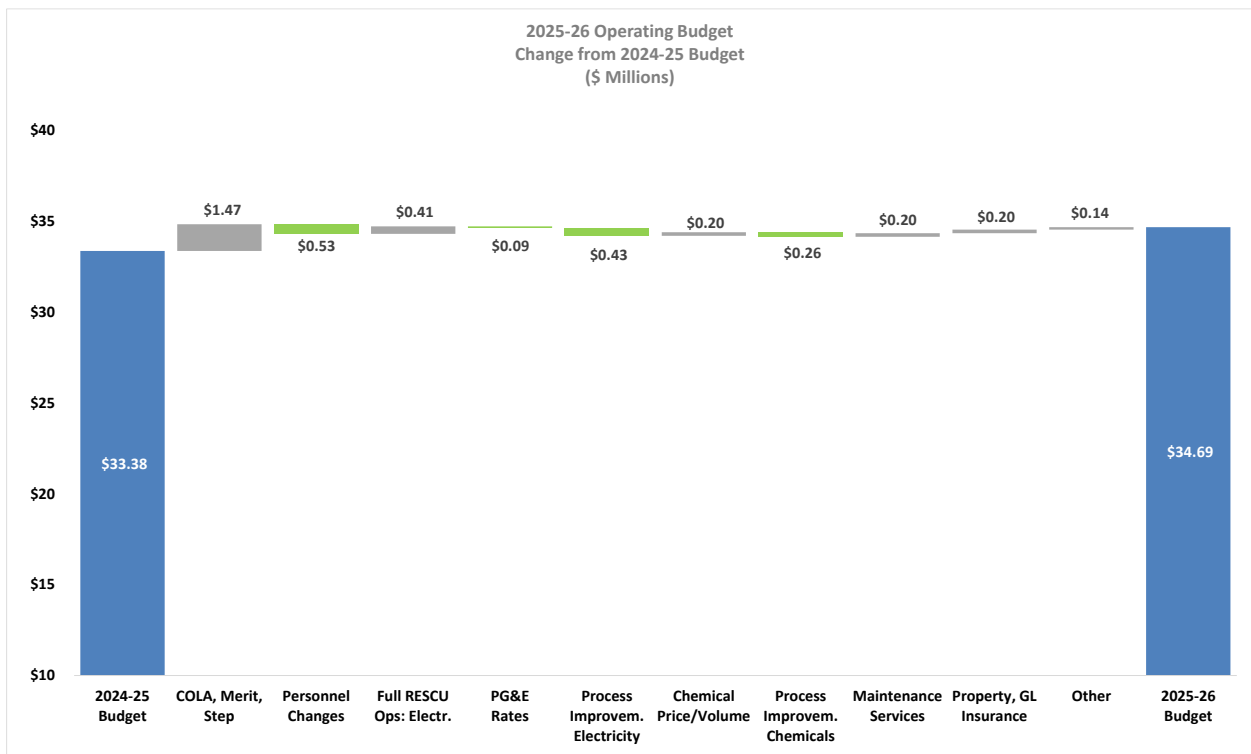
Silicon Valley Clean Water Expenditure Summary - By Expense Category						
Description	2024-25 Forecast	2024-25 Budget	2025-26 Budget	\$ Incr/(Decr)	% Incr/(Decr)	
Personnel Costs	\$ 21,104,795	\$ 21,762,630	\$ 22,671,807	\$ 909,177	4.2%	
Utilities	3,119,393	2,752,332	2,682,240	(70,092)	(2.5%)	
Administrative Expenses	988,430	781,216	959,770	178,554	22.9%	
Equipment & Supplies Expense	2,866,080	2,734,333	3,003,662	269,329	9.8%	
Chemicals	2,851,203	2,873,109	2,860,815	(12,294)	(0.4%)	
Professional & Contractual Services	2,551,787	2,037,174	2,050,221	13,047	0.6%	
Training, Memberships, Travel	399,060	440,009	461,647	21,638	4.9%	
TOTAL	\$ 33,880,747	\$ 33,380,803	\$ 34,690,162	\$ 1,309,359	3.9%	

Comparing the 2025-26 Budget to the 2024-25 Budget:

- Total Personnel expenditure will increase by \$0.9 million, or 4.2%, compared to the current budget. Whereas cost of living and merit and step increases add an estimated \$1.47 million, staffing changes after vacancies, retirements, and new positions will reduce personnel costs by a net \$530 thousand.
- Utility costs will decline by \$70 thousand (2.5%), despite higher electricity demand for the operation of the Receiving Lift Shaft (RLS). Offsetting the \$410 thousand increased electricity volume is a \$91 thousand reduction in PG&E electricity rates as fire abatement fees expire. Separately, with experience in RLS operation, the Engineering and Operations Divisions developed strategies to reduce headworks pumping between 2pm and 11pm, when PG&E rates are high. If successful, this process change will save an estimated \$200 thousand. Additionally, Linear Generators are targeted for service by the last fiscal quarter and would save approximately \$230 thousand.
- Administrative expenses will increase by \$179 thousand, or 22.0%, primarily due to recently completed RESCU assets being added to the schedule of insured property.
- Equipment and Supplies Expense increases by 9.8%, or \$269 thousand, primarily to add cogeneration maintenance services that were mistakenly excluded from the current year's budget.
- Chemicals expenses are budgeted to remain flat year over year. While modest price increases on a limited number of chemicals are expected, the amount of polymer used for dewatering materially exceeded budgeted 2024-25 levels; this is not expected to

change in 25-26 fiscal year. Separately, staff are working on internal strategies to reduce sodium hypochlorite and bisulfite use by 20% which if successful, would save \$200 thousand. While this is not ensured to be successful, the budget reflects this strategy.

- Professional and Contractual Services will remain flat year over year. Ordinary rate increases for consulting, tank cleaning, and hauling are offset by savings initiatives in the areas of biosolids dewatering.
- Training, Memberships, and Travel will increase by \$21.6 thousand (4.9%). SVCW anticipates more training and educational activities as divisions are fully staffed and are less engaged in construction activities.



Silicon Valley Clean Water Operating Expenditures - Aggregate

Description	2024-25 Forecast	2024-25 Budget	2025-26 Budget	\$ Incr/(Decr)	% Incr/(Decr)
Personnel Costs:					
Salaries	\$ 14,995,259	\$ 15,445,487	\$ 15,967,213	\$ 521,725	3.4%
Overtime	300,404	264,667	411,958	147,291	55.7%
Retirement Benefit Contributions	3,252,169	3,378,048	3,265,184	(112,864)	(3.3%)
Health Insurance	1,846,159	1,892,052	2,223,280	331,227	17.5%
Payroll Tax	1,732	1,779	4,807	3,028	170.2%
Workers' Compensation	457,978	522,229	525,151	2,922	0.6%
Health Insurance - Retiree	30,822	30,570	36,717	6,147	20.1%
Medicare	220,273	227,797	237,498	9,701	4.3%
Subtotal: Personnel Costs	21,104,795	21,762,630	22,671,807	909,177	4.2%
Utilities	3,119,393	2,752,332	2,682,240	(70,092)	(2.5%)
Administrative Expenses	988,430	781,216	959,770	178,554	22.9%
Equipment & Supplies Expense:					
Office Supplies	15,467	18,815	15,236	(3,579)	(19.0%)
Rentals & Leases	108,502	68,608	83,892	15,284	22.3%
Supplies & Expenses	420,223	447,971	460,123	12,152	2.7%
Equipment Maint - Materials	909,596	775,116	772,312	(2,804)	(0.4%)
Equipment Maint - Services	1,391,742	1,387,010	1,634,802	247,792	17.9%
Non-Capital Equipment	20,550	36,813	37,297	484	1.3%
Subtotal: Equipment & Supplies	2,866,080	2,734,333	3,003,662	269,329	9.8%
Chemicals	2,851,203	2,873,109	2,860,815	(12,294)	(0.4%)
Professional Services	1,000,490	906,592	960,346	53,754	5.9%
Contractual Services	1,551,297	1,130,582	1,089,875	(40,707)	(3.6%)
Memberships & Meetings	80,667	80,324	97,238	16,914	21.1%
Conferences & Travel	126,460	135,705	144,268	8,563	6.3%
Training	191,933	223,980	220,141	(3,839)	(1.7%)
TOTAL EXPENDITURES	\$ 33,880,747	\$ 33,380,803	\$ 34,690,162	\$ 1,309,359	3.9%

Total Operating Expenditures by Division

Compared to the 2024-25 Budget, Divisional changes in budget largely signify labor rate increases and general inflation. It also reflects certain organizational changes, particularly in the Laboratory, Environmental Services, and Information Services divisions. Analysis of each division is described on the following pages.

Silicon Valley Clean Water Expenditure Summary - By Department						
Description	2024-25 Forecast	2024-25 Budget	2025-26 Budget	\$ Incr/(Decr)	% Incr/(Decr)	
Operations	\$ 14,116,357	\$ 13,674,076	\$ 13,984,204	\$ 310,128	2.3%	
Maintenance	6,851,422	6,780,746	7,097,337	316,592	4.7%	
Laboratory Services	2,190,983	2,330,054	2,184,964	(145,090)	(6.2%)	
Environmental Services	1,156,969	1,200,980	1,520,089	319,109	26.6%	
Engineering	2,259,328	2,295,891	2,426,101	130,210	5.7%	
Safety	480,633	486,051	520,315	34,264	7.0%	
Information Services	1,973,832	2,173,498	1,914,613	(258,885)	(11.9%)	
Administration	4,851,222	4,439,508	5,042,539	603,031	13.6%	
TOTAL	\$ 33,880,747	\$ 33,380,803	\$ 34,690,162	\$ 1,309,359	3.9%	

Operations

The Operations Division strives to meet or exceed all requirements of its National Pollutant Discharge Elimination System (NPDES) permit, treating wastewater economically and efficiently. A stable, well-trained workforce monitors and controls process reliability while continuously seeking better operating methods.

This Division will continue to have 28 full-time equivalent positions. This includes the Chief Operating Officer, Operations Director, and three Operations Supervisors. There are fifteen certified Operators, one Process Control Specialist, three Instrumentation Technicians, three Utility Workers, and one Administrative Assistant.

Operations Department Expenditures					
Description	2024-25 Forecast	2024-25 Budget	2025-26 Budget	\$ Incr/(Decr)	% Incr/(Decr)
Personnel Costs:					
Salaries	\$ 4,592,342	\$ 4,787,150	\$ 4,883,186	\$ 96,037	2.0%
Overtime	218,266	154,776	296,472	141,696	91.5%
Retirement Benefit Contributions	1,118,880	1,147,797	1,222,890	75,093	6.5%
Health Insurance	658,289	674,180	750,182	76,002	11.3%
Workers' Compensation	178,335	203,937	211,714	7,777	3.8%
Health Insurance - Retiree	9,403	9,600	10,800	1,200	12.5%
Medicare	69,732	71,658	75,105	3,447	4.8%
Subtotal: Personnel Costs	6,845,248	7,049,097	7,450,349	401,252	5.7%
Utilities	2,985,242	2,601,756	2,565,060	(36,696)	(1.4%)
Equipment & Supplies Expense:					
Rentals & Leases	1,800	3,600	7,376	3,776	104.9%
Supplies & Expenses	21,733	9,520	27,876	18,356	192.8%
Equipment Maint - Materials	66,257	52,620	57,516	4,896	
Non-Capital Equipment	-	1,788	1,788	-	
Subtotal: Equipment & Supplies	89,790	67,528	94,556	27,028	40.0%
Chemicals	2,851,203	2,873,109	2,860,815	(12,294)	(0.4%)
Professional Services	99,281	99,996	99,996	-	0.0%
Contractual Services	1,148,041	863,664	794,856	(68,808)	(8.0%)
Memberships & Meetings	5,934	5,868	9,972	4,104	69.9%
Conferences & Travel	16,304	27,396	26,904	(492)	(1.8%)
Training	75,315	85,302	81,336	(3,966)	(4.6%)
TOTAL EXPENDITURES	\$ 14,116,357	\$ 13,674,076	\$ 13,984,204	\$ 310,128	2.3%

As compared to the 2024-25 Budget, significant increases / decreases in the operating budget for Operations include:

- Personnel costs will increase \$401 thousand, or 5.7%, despite the standard 5% step increases for eligible employees who meet performance criteria plus another 4.0% contractual cost of living adjustment. Overall, increases in personnel costs were moderated by the retirement of two management positions that were subsequently filled at a lower compensation level.
- Utilities Expense will decrease by \$37 thousand (1.4%) next year, despite increased amounts of electricity required to elevate water out of the Receiving Lift Station. Savings will be seen from a modest decline in PG&E electricity rates as fire abatement fees expire, and the Operations Division is enacting process improvements to reduce pumping between 2:00pm and 9:00pm, when PG&E imposes peak surcharges.
- Supplies expenses will increase by \$18.3 thousand, as specific instruments that measure water quality need replacement.
- Chemicals expenses are budgeted to remain flat year over year. While modest price increases on a limited number of chemicals are expected, the amount of polymer used for dewatering materially exceeded budgeted 2024-25 levels; this is not expected to change in 2025-26 fiscal year. Separately, staff are working on internal strategies to reduce sodium hypochlorite and bisulfite use by 20%, which if successful would save \$200 thousand.
- Contractual Services will decrease by \$68.8 thousand, reflecting improvements in the biosolids dewatering process that result in lower hauling costs.

Maintenance

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

The division will continue to have 21 full-time equivalent positions. It works under the direction of the Maintenance Director and three Maintenance Supervisors. Staff includes nine Plant Mechanics, two Controls System Mechanics, three Electricians, one Facilities Mechanic, one Warehouse staff, and one Facilities Maintenance Technician.

Maintenance Services Department Expenditures						
Description	2024-25 Forecast	2024-25 Budget	2025-26 Budget	\$ Incr/(Decr)	% Incr/(Decr)	
Personnel Costs:						
Salaries	\$ 3,418,760	\$ 3,552,658	\$ 3,622,449	\$ 69,790	2.0%	
Overtime	42,492	51,923	48,867	(3,056)	(5.9%)	
Retirement Benefit Contributions	693,609	725,819	668,038	(57,780)	(8.0%)	
Health Insurance	540,979	548,765	660,202	111,436	20.3%	
Workers' Compensation	142,661	166,056	152,907	(13,149)	(7.9%)	
Health Insurance - Retiree	9,169	9,000	10,827	1,827	20.3%	
Medicare	49,257	52,266	53,234	968	1.9%	
Subtotal: Personnel Costs	4,896,926	5,106,488	5,216,523	110,036	2.2%	
Equipment & Supplies Expense:						
Rentals & Leases	65,927	25,596	37,104	11,508	45.0%	
Supplies & Expenses	86,681	103,140	73,956	(29,184)	(28.3%)	
Equipment Maint - Materials	758,371	629,496	605,796	(23,700)	(3.8%)	
Equipment Maint - Services	870,923	805,338	1,028,334	222,996	27.7%	
Non-Capital Equipment	13,374	23,448	26,232	2,784	11.9%	
Subtotal: Equipment & Supplies	1,795,277	1,587,018	1,771,422	184,404	11.6%	
Contractual Services	112,653	21,000	39,000	18,000	85.7%	
Memberships & Meetings	6,198	6,516	6,708	192	2.9%	
Conferences & Travel	9,799	18,204	18,600	396	2.2%	
Training	30,569	41,520	45,084	3,564	8.6%	
TOTAL EXPENDITURES	\$ 6,851,422	\$ 6,780,746	\$ 7,097,337	\$ 316,592	4.7%	

As compared to the 2024-25 Budget, material increases / decreases in the operating budget for Maintenance include:

- Personnel costs will increase \$110 thousand, or 2.2%, despite the standard 5% step increases for eligible employees who meet performance criteria plus another 4.0% contractual cost of living adjustment. Overall, increases in personnel costs were moderated by the retirement of one supervisor position that will be exchanged for a newly hired controls technician.
- Overall Equipment and Supplies expenses will increase by \$184.4 thousand (11.6%) as \$250 thousand for a long-term cogeneration maintenance agreement had been excluded from the prior year's budget. There are other smaller decreases in supplies and materials in recognition that new conveyance facilities likely require less maintenance costs.
- Contractual Services increase by \$18 thousand to provide for recruiting of a new Instrumentation & Controls Technician. This position has been historically difficult to fill, with past success coming through a recruiting agency.

Laboratory Services

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

The Laboratory Director oversees six Laboratory Analysts and one Technical and Quality Assurance Officer.

Laboratory Services Department Expenditures						
Description	2024-25 Forecast	2024-25 Budget	2025-26 Budget	\$ Incr/(Decr)	% Incr/(Decr)	
Personnel Costs:						
Salaries	\$ 1,395,687	\$ 1,491,672	\$ 1,390,444	\$ (101,228)	(6.8%)	
Overtime	18,183	20,990	29,234	8,244	39.3%	
Retirement Benefit Contributions	274,529	299,785	216,618	(83,166)	(27.7%)	
Health Insurance	102,273	112,748	124,974	12,226	10.8%	
Workers' Compensation	60,096	69,056	59,631	(9,425)	(13.6%)	
Health Insurance - Retiree	3,722	3,720	4,200	480	12.9%	
Medicare	21,336	21,934	20,585	(1,348)	(6.1%)	
Subtotal: Personnel Costs	1,876,218	2,019,904	1,845,686	(174,218)	(8.6%)	
Administrative Expenses	7,749	8,420	8,675	255	3.0%	
Equipment & Supplies Expense:						
Office Supplies	2,193	3,192	1,956	(1,236)		
Supplies & Expenses	108,875	116,076	145,704	29,628	25.5%	
Equipment Maint - Materials	17,741	18,100	28,000	9,900	54.7%	
Equipment Maint - Services	37,264	43,065	38,511	(4,554)	(10.6%)	
Non-Capital Equipment	3,300	7,125	5,425	(1,700)	(23.9%)	
Subtotal: Equipment & Supplies	169,373	187,558	219,596	32,038	17.1%	
Professional Services	8,484	12,750	9,000	(3,750)	(29.4%)	
Contractual Services	113,268	82,278	84,571	2,293	2.8%	
Memberships & Meetings	1,588	2,724	3,316	592	21.7%	
Conferences & Travel	7,645	8,000	5,800	(2,200)	(27.5%)	
Training	6,657	8,420	8,320	(100)	(1.2%)	
TOTAL EXPENDITURES	\$ 2,190,983	\$ 2,330,054	\$ 2,184,964	\$ (145,090)	(6.2%)	

As compared to the 2024-25 Budget, material increases / decreases in the Laboratory operating budget include:

- Staffing costs will decline by \$174 thousand, or 8.6%. The long-tenured director retired, replaced by the newly promoted director at a lower compensation level. Additionally, the Supervisor position was exchanged for an additional laboratory analyst position to support increased sampling and analytical activities.
- Equipment and Supplies expenses increase by \$32 thousand, caused by a combination of increased water and air quality sampling, toxicity testing, equipment repairs, and construction project support.

Environmental Services

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

Division personnel include a shared portion of the Engineering Director, one Supervisor, two Environmental Compliance Inspectors and a Pollution Prevention Specialist. Additionally, a new Regulatory Compliance Officer position is proposed for 2025-26.

Environmental Services Department Expenditures						
Description	2024-25 Forecast	2024-25 Budget	2025-26 Budget	\$ Incr/(Decr)	% Incr/(Decr)	
Personnel Costs:						
Salaries	\$ 797,735	\$ 823,368	\$ 1,047,262	\$ 223,894	27.2%	
Overtime	1,719	3,438	2,540	(898)	(26.1%)	
Retirement Benefit Contributions	181,924	188,643	231,143	42,500	22.5%	
Health Insurance	60,181	68,162	110,577	42,414	62.2%	
Workers' Compensation	29,411	32,581	39,128	6,547	20.1%	
Health Insurance - Retiree	1,443	1,440	2,040	600	41.7%	
Medicare	11,418	11,989	15,222	3,233	27.0%	
Subtotal: Personnel Costs	1,083,830	1,129,621	1,447,911	318,290	28.2%	
Administrative Expenses	-	1,544	144	(1,400)	(90.7%)	
Equipment & Supplies Expense:						
Supplies & Expenses	10,334	9,504	9,504	-	0.0%	
Equipment Maint - Services	750	1,500	1,500	-	0.0%	
Non-Capital Equipment	576	1,152	1,152	-	0.0%	
Subtotal: Equipment & Supplies	11,677	12,156	12,156	-	0.0%	
Contractual Services	38,597	36,144	46,144	10,000	27.7%	
Memberships & Meetings	694	920	940	20	2.2%	
Conferences & Travel	13,034	11,000	11,000	-	0.0%	
Training	9,136	9,595	1,794	(7,801)	(81.3%)	
TOTAL EXPENDITURES	\$ 1,156,969	\$ 1,200,980	\$ 1,520,089	\$ 319,109	26.6%	

As compared to the 2024-25 Budget, significant increases / decreases in the operating budget for Environmental Services include:

- Personnel costs increase by \$318.3 thousand, or 28.2%, which includes a new Regulatory Compliance Officer position. Historically, various divisions were required to address regulatory issues. This approach is less effective as insufficient attention can be given to upcoming/pending requirements. Most wastewater agencies have a dedicated person – or team of people – whose sole function is regulatory compliance. This new position will be vital to ensure the agency is poised to not only meet existing regulatory requirements but also be involved in the development of future regulations.

Additionally, ordinary step increases and cost-of-living adjustments are applicable.

- Contractual Services expenses will increase by \$10 thousand as more effort is put towards community outreach, including Marine Science Institute.
- Training expenses are expected to decline by \$7.8 thousand as, in the prior year, a specific session for upgrades to the Division’s record-keeping software application was budgeted.

Engineering

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

The Division is currently focused on several improvement projects to the wastewater treatment plant. It works under the direction of the Authority Engineer and an Engineering Director (shared with Environmental Services), plus four civil engineers, one process engineer, and one Administrative Assistant. Much of the Division's personnel costs are charged to capital projects.

Engineering Department Expenditures						
Description	2024-25 Forecast	2024-25 Budget	2025-26 Budget	\$ Incr/(Decr)	% Incr/(Decr)	
Personnel Costs:						
Salaries	\$ 990,353	\$ 1,016,517	\$ 1,057,635	\$ 41,117	4.0%	
Retirement Benefit Contributions	180,500	183,398	202,747	19,349	10.6%	
Health Insurance	127,297	119,405	130,312	10,907	9.1%	
Payroll Tax	1,038	1,779	1,820	41	2.3%	
Workers' Compensation	5,119	5,314	5,575	262	4.9%	
Health Insurance - Retiree	1,630	1,560	1,560	-	0.0%	
Medicare	14,369	14,740	15,336	596	4.0%	
Subtotal: Personnel Costs	1,320,306	1,342,712	1,414,985	72,273	5.4%	
Administrative Expenses	477,229	451,985	468,457	16,472	3.6%	
Equipment & Supplies Expense:						
Office Supplies	540	-	-	-	0.0%	
Supplies & Expenses	2,650	5,200	5,200	-	0.0%	
Equipment Maint - Services	166,832	214,476	245,376	30,900	14.4%	
Subtotal: Equipment & Supplies	170,022	219,676	250,576	30,900	14.1%	
Professional Services	215,211	215,004	215,004	-	0.0%	
Memberships & Meetings	12,806	14,414	24,979	10,565	73.3%	
Conferences & Travel	57,661	46,400	46,400	-	0.0%	
Training	6,093	5,700	5,700	-	0.0%	
TOTAL EXPENDITURES	\$ 2,259,328	\$ 2,295,891	\$ 2,426,101	\$ 130,210	5.7%	

As compared to the 2024-25 Budget, significant increases / decreases in the operating budget for Engineering include:

- Operating Fund personnel costs will increase \$72 thousand (5.4%), as ordinary increases in wages and benefits occur.
- Administrative Expenses will increase by \$16.4 thousand, largely for increases in the cost of regulatory permits.
- Equipment Maintenance Services will increase by \$30.9 thousand as specific equipment associated with the Industrial Automation Platform ages and must be replaced.
- Memberships and Meetings expense will increase by \$10.5 thousand to support planning for potable water reuse.

Safety

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

Safety Department Expenditures						
Description	2024-25 Forecast	2024-25 Budget	2025-26 Budget	\$ Incr/(Decr)	% Incr/(Decr)	
Personnel Costs:						
Salaries	\$ 266,224	\$ 273,762	\$ 292,542	\$ 18,780	6.9%	
Retirement Benefit Contributions	31,302	31,772	36,287	4,515	14.2%	
Health Insurance	34,978	35,829	38,610	2,780	7.8%	
Workers' Compensation	10,984	12,612	12,288	(324)	(2.6%)	
Health Insurance - Retiree	611	600	600	-	0.0%	
Medicare	3,718	3,970	4,242	272	6.9%	
Subtotal: Personnel Costs	347,816	358,545	384,568	26,023	7.3%	
Administrative Expenses	9,999	10,775	24,092	13,317	123.6%	
Equipment & Supplies Expense:						
Supplies & Expenses	60,912	62,748	57,844	(4,904)	(7.8%)	
Equipment Maint - Materials	5,311	2,500	2,000	(500)	(20.0%)	
Equipment Maint - Services	5,492	5,200	5,200	-	0.0%	
Non-Capital Equipment	3,300	3,300	2,700	(600)	(18.2%)	
Subtotal: Equipment & Supplies	75,015	73,748	67,744	(6,004)	(8.1%)	
Contractual Services	27,722	22,500	24,800	2,300	10.2%	
Memberships & Meetings	5,183	4,462	5,011	549	12.3%	
Conferences & Travel	1,050	3,125	3,300	175	5.6%	
Training	13,848	12,896	10,800	(2,096)	(16.3%)	
TOTAL EXPENDITURES	\$ 480,633	\$ 486,051	\$ 520,315	\$ 34,264	7.0%	

As compared to the 2023-24 Budget, material increases / decreases in the operating budget for the Safety Division include:

- Personnel costs will increase by \$26 thousand. Ordinary cost-of-living and merit adjustments apply.
- Administrative expenses will increase by \$13.3 thousand, as a new wellness program is introduced to promote employee health.
- Other decreases in supplies and training are related to timing of specific equipment replacement and courses.

Information Services

The Information Services Division manages all technology and information systems of the agency. The Information Services Supervisor oversees two Senior Information System Analysts.

Information Services Department Expenditures						
Description	2024-25 Forecast	2024-25 Budget	2025-26 Budget	\$ Incr/(Decr)	% Incr/(Decr)	
Personnel Costs:						
Salaries	\$ 766,943	\$ 872,102	\$ 628,906	\$ (243,196)	(27.9%)	
Retirement Benefit Contributions	251,987	279,544	204,307	(75,237)	(26.9%)	
Health Insurance	54,527	76,257	61,971	(14,286)	(18.7%)	
Workers' Compensation	17,758	21,115	26,416	5,301	25.1%	
Health Insurance - Retiree	225	450	600	150	33.3%	
Medicare	12,012	12,645	9,119	(3,526)	(27.9%)	
Subtotal: Personnel Costs	1,103,452	1,262,114	931,319	(330,795)	(26.2%)	
Utilities	134,151	150,576	117,180	(33,396)	(22.2%)	
Equipment & Supplies Expense:						
Rentals & Leases	21,869	24,000	24,000	-	0.0%	
Supplies & Expenses	77,578	86,108	77,764	(8,344)	(9.7%)	
Equipment Maint - Materials	270,782	68,900	71,500	2,600	3.8%	
Equipment Maint - Services	60,391	279,600	282,250	2,650	0.9%	
Subtotal: Equipment & Supplies	430,620	458,608	455,514	(3,094)	(0.7%)	
Professional Services	226,451	220,100	311,500	91,400	41.5%	
Contractual Services	50,000	50,000	55,000	5,000	10.0%	
Memberships & Meetings	2,760	4,100	4,100	-	0.0%	
Training	26,399	28,000	40,000	12,000	42.9%	
TOTAL EXPENDITURES	\$ 1,973,832	\$ 2,173,498	\$ 1,914,613	\$ (258,885)	(11.9%)	

As compared to the 2024-25 Budget, total expenditures in the Information Services Division will decrease by \$258.9 thousand (11.9%). Notable variances include:

- Personnel costs will decrease \$331 thousand, or 26.2%, as a long-tenured director retires, and the position is anticipated to be filled at the supervisor level. In addition, this cascading internal promotion results in a vacancy that will be filled at the entry-level analyst position. Other ordinary merit increases and cost-of-living adjustments were applied.
- Utilities will decrease by \$34 thousand (22%), as data communication agreements were renegotiated and restructured.
- Professional Services will increase by \$91.4 thousand (41.5%) as oversight of Microsoft SharePoint and Power Apps consulting activities were transferred from Administration to the Information Systems division.
- Training expenses will increase by \$12 thousand as technical training will be needed for new staff, and as the Authority continues to stress the importance of cybersecurity.

Administrative Services

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

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

Administrative Services Department Expenditures						
Description	2024-25 Forecast	2024-25 Budget	2025-26 Budget	\$ Incr/(Decr)	% Incr/(Decr)	
Personnel Costs:						
Salaries	\$ 2,767,214	\$ 2,628,258	\$ 3,044,790	\$ 416,532	15.8%	
Overtime	19,744	33,540	34,845	1,305	3.9%	
Retirement Benefit Contributions	519,438	521,291	483,154	(38,137)	(7.3%)	
Health Insurance	267,634	256,706	346,452	89,747	35.0%	
Payroll Tax	303	-	2,987	2,987	0.0%	
Workers' Compensation	13,615	11,559	17,493	5,934	51.3%	
Health Insurance - Retiree	4,618	4,200	6,090	1,890	45.0%	
Medicare	38,433	38,596	44,655	6,059	15.7%	
Subtotal: Personnel Costs	3,630,999	3,494,150	3,980,466	486,316	13.9%	
Administrative Expenses	492,906	308,132	458,042	149,910	48.7%	
Equipment & Supplies Expense:						
Office Supplies	12,657	15,623	13,280	(2,343)	(15.0%)	
Rentals & Leases	18,905	15,412	15,412	-	0.0%	
Supplies & Expenses	52,082	55,675	62,275	6,600	11.9%	
Subtotal: Equipment & Supplies	124,852	128,041	132,098	4,057	3.2%	
Professional Services	451,063	358,742	324,846	(33,896)	(9.4%)	
Contractual Services	61,016	54,996	45,504	(9,492)	(17.3%)	
Memberships & Meetings	45,504	41,320	42,212	892	2.2%	
Conferences & Travel	20,966	21,580	32,264	10,684	49.5%	
Training	23,916	32,547	27,107	(5,440)	(16.7%)	
TOTAL EXPENDITURES	\$ 4,851,222	\$ 4,439,508	\$ 5,042,539	\$ 603,031	13.6%	

As compared to the 2024-25 Budget, material increases / decreases in the operating budget for Administrative Services include:

- Personnel costs will increase \$486.3 thousand, or 13.9%, which includes the hiring of an Asset Management Specialist. This position is focused on strategies to maintain treatment equipment, an effort that includes keeping accurate and complete records, structuring effective workflows, and maintaining a well-designed software platform. Ordinary merit and cost-of-living adjustments were applied.
- Administrative costs include insurance premiums, including property insurance which is anticipated to increase next year after the addition of new RESCU equipment.
- Professional Services will decrease by \$34 thousand as responsibility for Microsoft SharePoint and Power Apps solutions transfers to the Information Services Division. Separately, additional advocacy consultant costs are planned for next year.

SECTION 4 – REVENUE-FUNDED CAPITAL EXPENDITURES

Summary

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

Over the past decade, SVCW has typically budgeted \$1.5 million annually for Revenue-Funded capital projects. The amount included in the 2024-25 Budget, \$1.73 million, is increased based on critical project needs.

2025-26 Revenue-Funded Capital Expenditures	
Project Name	Estimated Cost
Fan Press 1 Channel replacement	\$ 285,000
Fan Press 2 housing replacement	48,000
DMF 6B media replacement, Full Scale Pilot Test	200,000
Activated Sludge PLC Upgrade	70,000
DMF 6B pipe repair	50,000
Storm Drain Pump	20,000
Telehandler Forklift	175,000
EV Charger expansion - Phase 2	100,000
Electric Vehicle - Fleet	60,000
Computer Room Air Conditioning (CRAC)	230,000
Laboratory Roof Repair	50,000
SHB Rollup Door replacement	37,400
Stratus Server Replacement	171,800
Camera Refresh Project	170,000
IMS Switch Replacement	60,000
TOTAL	\$ 1,727,200

A description of the planned projects includes:

- Wastewater Equipment:** Several projects are necessary to replace or modify existing treatment equipment. This includes upgrades to the rotary fan press used for solids dewatering and filter media replacement to determine optimal performance for recycled

water production. Other small pipe repairs and storm drain pumps were also identified to be replaced.

- **Maintenance Equipment:** A telehandler is needed to lift and position heavy equipment during maintenance. This replaces a smaller unit, which will afterwards be sold. SVCW also continues to update its fleet and the electric vehicle charging network. Grant funds are being pursued to support this effort.
- **Facilities:** Existing Computer Room Air Conditioning (CRAC) units have reached the end of their useful life and require replacement. Funds include improvements to relocate the filtering system outside of the server room. The laboratory roof experienced leaks during the rainy season and, while the leaks were addressed, residual water damage must be addressed. The Solids Handling Building (SHB) original rollup door is manually operated and proposed to be updated with a motorized mechanism.
- **Technology:** The Industrial Automation Platform (IAP) is the network upon which operational technology resides. Servers need replacement and upgrades. Separately, cameras are relied upon to view process equipment and ensure treatment facility and pump stations' site security. Current cameras are no longer compliant and due to be upgraded throughout the facilities.

SECTION 5 – CAPITAL IMPROVEMENT PROGRAM & DEBT SERVICE

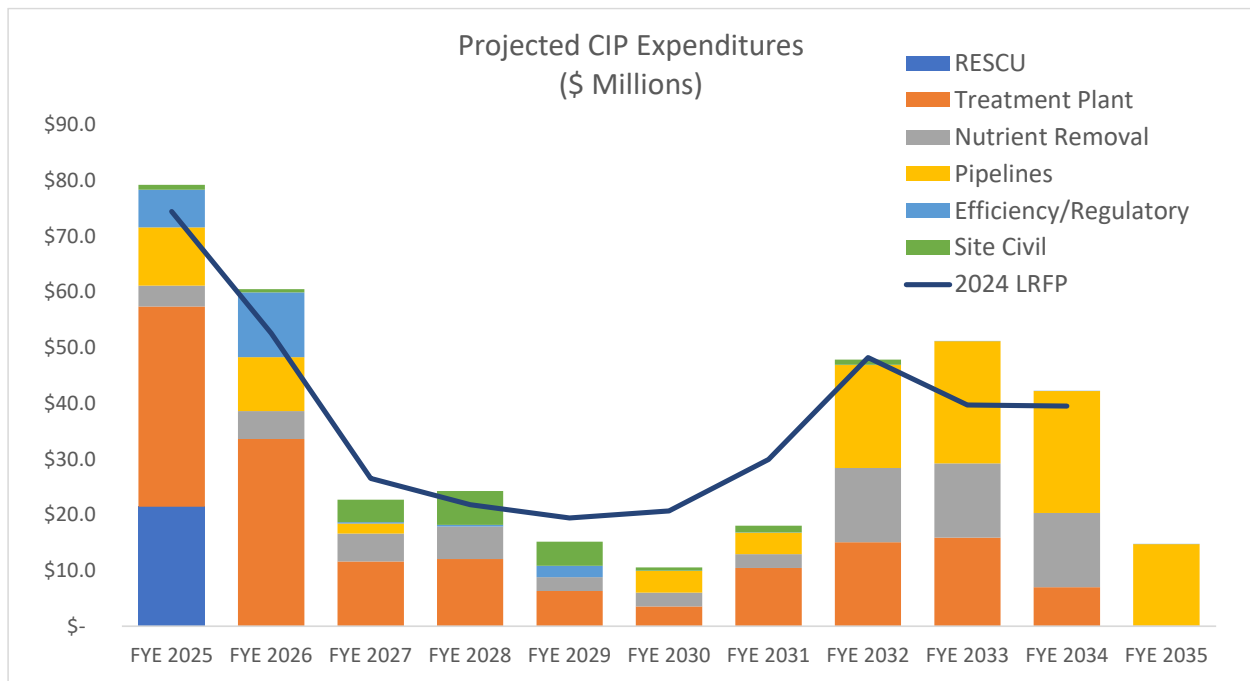
Background

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

CIP Projected Expenditures

Each year, SVCW produces a Long-Range Financial Plan (LRFP) to document cash flows required over the next decade. This includes funding for operations, small capital projects, CIP projects and associated debt service, and contributions to cash reserves. Meaning to encourage discussion and support decision making, the LRFP is an updated financial outlook used by Member Agencies for decision making and communication with stakeholders.

The CIP update is an integral document of the LRFP. The remaining CIP expenditure is currently estimated at \$386 million over the next decade. Much of this spending occurs over the two four years as RESCU is completed and several large treatment plant projects like the fixed film reactor, effluent pumps, and general pipe replacements.



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

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

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

Funding Sources

When the inaugural CIP was launched in 2008 the Authority lacked cash reserves, so turned to the most practical funding method - utilization of long-term debt. SVCW is progressing to build reserves, and each year updates the LRFP to reassess the cash flows needed from Member Agencies. It also incorporates CIP construction and expenditure schedules, as well as the current borrowing environment.

Compared to the prior year's LRFP, the 2025 Plan considered three factors:

- **CIP Update:** SVCW regularly updates the cost estimates of remaining CIP projects by adjusting for project additions and deletions, changes in project scopes, and new construction cost information. The 2025 CIP Update, as presented to the Commission in February 2025, contained only small budget changes over the ten-year duration.
- **Construction Timing:** To ensure projects can both be constructed and managed in a reasonable timeframe, the Engineering Division collaborates with other operating divisions on project timing. Together they develop construction schedules that provide treatment reliability at a pace manageable by the operating divisions. The 2025 CIP update recognized project spending will occur towards the end of the ten-year outlook, particularly for projects associated with nutrient removal and the 33-inch forcemain upgrade.
- **Financing Sources and Rates:** SVCW has strived to secure low-cost funding sources for projects which have included cash contributions, government loans, and bond issuances. Approximately \$106 million in project funds was available on July 01, 2024, and for use over the next three years the Authority intends to soon issue variable-rate bonds.

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

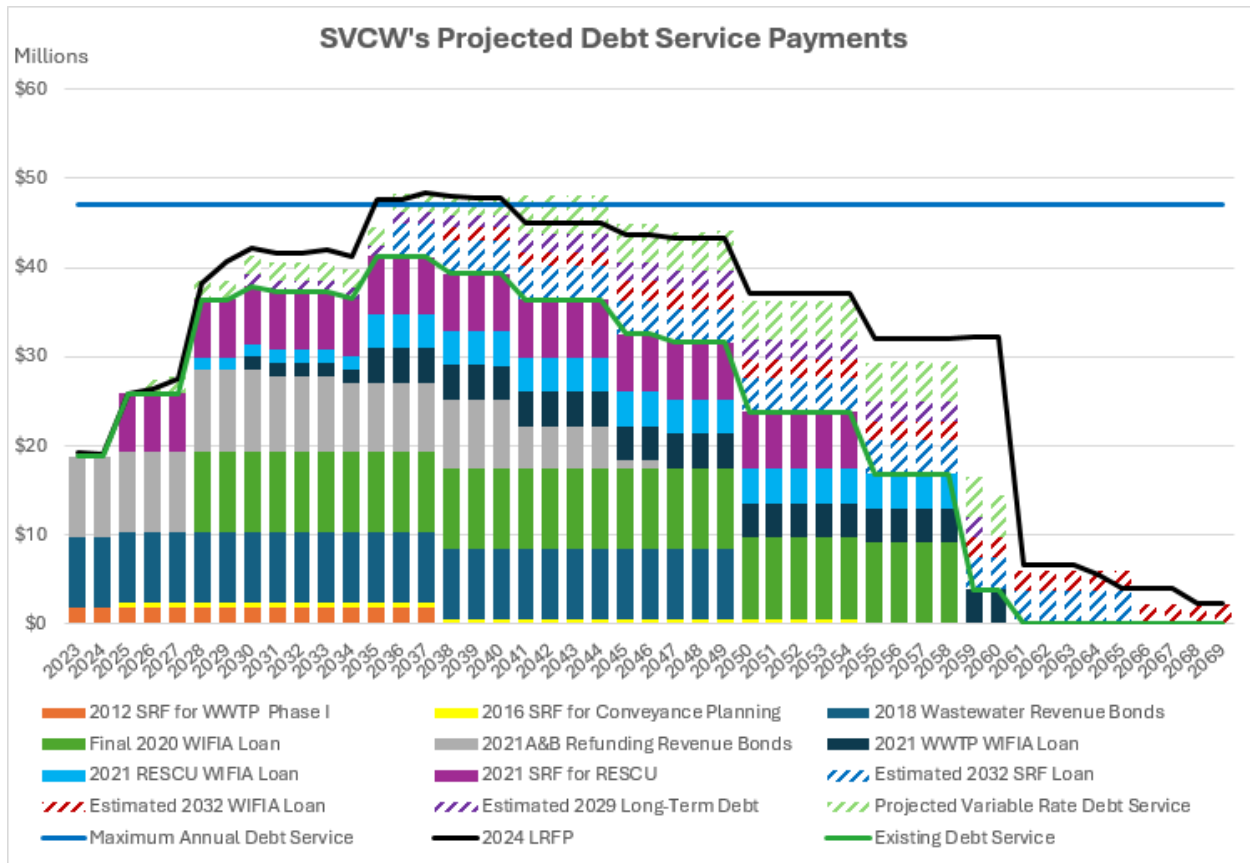
This update recommends remaining projects be funded through a combination of SVCW cash reserves, cash in lieu of debt, and issuance of new debt at appropriate intervals. Approximately \$106 million is currently available from outstanding debt proceeds, grants, and certain cash resources. An additional \$91 million will be sourced from future cash contributions, leaving a balance of \$189 million to come from new debt issuances.

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 Proceeds												
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
Grant funding	-	0.7	5.7	0.1	0.1	0.1	0.1	-	-	-	-	7.0
SRF Reimb / Cash	-	14.7	-	-	-	-	17.9	26.7	22.7	9.0	0.1	91.1
New Debt												
New Variable-rate Bonds	-	24.9	16.9	24.1	-	-	-	-	-	-	-	65.9
New Fixed-rate Bonds	-	-	-	-	15.0	10.4	-	-	-	-	-	25.4
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

Specific borrowing efforts for the remaining CIP will include:

- One variable-rate bond issuance for \$65.9 million is planned in fiscal year 2025-26. The issuance is assumed at an average interest rate of 3.65%, inclusive of fees.
- One fixed-rate Bond issuance of \$25.4 million would be issued in fiscal year 2028-29 at an estimated interest rate of 5.0%.
- 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.
- An additional U.S. EPA Water Infrastructure Finance Innovation Act (“WIFIA”) Loan, valued at \$24.5 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%. Repayment would commence in 2038, four years after project completion. Future WIFIA amortization schedules can be wrapped around existing debt service payments to mitigate cash flow demands.

These new debt sources results in total aggregate debt service increases as follows.



Debt Service in 2025-26 will be \$28.29 million and is allocated to Member Agencies according to JPA-defined percentage of ownership and participation in debt issuances.

SVCW Aggregate Debt Service Cost											
Fiscal year end	Current Bonds	Current SRF	New Bonds	New WIFIA Loans / Notes	2021 Refunding Revenue Bonds	2019 WIFIA Debt Service	Non-RESCU WIFIA Debt Service	New RESCU WIFIA Debt Service	New SRF Loans and Cash Reserves	TOTAL	
2025	\$ 7,818,119	\$ 8,889,445	\$ -	\$ -	\$ 9,155,528	-	\$ -	-	-	25,863,091	
2026	7,815,494	8,889,445	2,445,865	-	9,139,131	-	-	-	-	28,289,934	
2027	7,820,244	8,889,445	2,445,865	-	9,125,532	-	-	-	-	28,281,085	
2028	7,816,994	8,889,445	2,445,865	-	9,134,809	9,153,147	-	1,416,450	-	38,856,709	
2029	7,815,494	8,889,445	2,445,865	-	9,119,744	9,153,147	-	1,416,450	-	38,840,144	
2030	7,815,244	8,889,445	3,747,615	-	9,108,575	9,153,147	1,509,651	1,416,450	-	41,640,127	
2031	7,820,619	8,889,445	3,747,615	-	8,488,862	9,153,147	1,509,651	1,416,450	-	41,025,789	
2032	7,821,119	8,889,445	3,747,615	-	8,485,229	9,153,147	1,509,651	1,416,450	-	41,022,656	
2033	7,820,044	8,889,445	3,747,615	-	8,467,347	9,153,147	1,509,651	1,416,450	-	41,003,699	
2034	7,818,119	8,889,445	3,747,615	-	7,729,409	9,153,147	1,509,651	1,416,450	-	40,263,836	
2035	7,818,691	8,889,445	3,747,615	-	7,707,168	9,153,147	3,854,508	3,834,084	-	45,004,658	
2036	7,817,763	8,889,445	3,747,615	-	7,711,317	9,153,147	3,854,508	3,834,084	3,897,157	48,905,035	

Belmont

Belmont Debt Service Cost									
Fiscal year end	Prior SRF	New Bonds	RESCU SRF	2020 WIFIA	2021 WIFIA	New WIFIA Loans	New SRF Loans	TOTAL	
2025	\$ 228,943	\$ -	\$ 611,109	\$ -	\$ -	\$ -	\$ -	\$ 840,053	
2026	228,943	231,134	611,109	-	-	-	-	1,071,187	
2027	228,943	231,134	611,109	-	-	-	-	1,071,187	
2028	228,943	231,134	611,109	329,387	133,855	-	-	1,534,429	
2029	228,943	231,134	611,109	329,387	133,855	-	-	1,534,429	
2030	228,943	354,150	611,109	329,387	276,517	-	-	1,800,106	
2031	228,943	354,150	611,109	329,387	276,517	-	-	1,800,106	
2032	228,943	354,150	611,109	329,387	276,517	-	-	1,800,106	
2033	228,943	354,150	611,109	329,387	276,517	-	-	1,800,106	
2034	228,943	354,150	611,109	329,387	276,517	-	-	1,800,106	
2035	228,943	354,150	611,109	329,387	726,572	-	-	2,250,161	
2036	228,943	354,150	611,109	329,387	726,572	-	368,281	2,618,443	

Redwood City

Redwood City Debt Service Cost									
Fiscal Year end	Prior Bonds (Incl Refunding)	Prior SRF	New Bonds	RESCU SRF	2020 WIFIA	2021 WIFIA	New WIFIA	New SRF	TOTAL
2025	\$ 9,407,375	\$ 1,176,695	\$ -	\$ 3,140,908	\$ -	\$ -	\$ -	\$ -	\$ 13,724,978
2026	9,405,793	1,176,695	1,187,957	3,140,908	-	-	-	-	14,911,353
2027	9,405,494	1,176,695	1,187,957	3,140,908	-	-	-	-	14,911,054
2028	9,406,315	1,176,695	1,187,957	3,140,908	4,732,135	687,970	-	-	20,331,979
2029	9,396,961	1,176,695	1,187,957	3,140,908	4,732,135	687,970	-	-	20,322,626
2030	9,388,876	1,176,695	1,820,217	3,140,908	4,732,135	1,421,208	-	-	21,680,038
2031	9,030,985	1,176,695	1,820,217	3,140,908	4,732,135	1,421,208	-	-	21,322,147
2032	9,023,284	1,176,695	1,820,217	3,140,908	4,732,135	1,421,208	-	-	21,314,447
2033	9,012,953	1,176,695	1,820,217	3,140,908	4,732,135	1,421,208	-	-	21,304,115
2034	8,618,572	1,176,695	1,820,217	3,140,908	4,732,135	1,421,208	-	-	20,909,735
2035	8,607,865	1,176,695	1,820,217	3,140,908	4,732,135	3,734,349	-	-	23,212,169
2036	8,603,861	1,176,695	1,820,217	3,140,908	4,732,135	3,734,349	-	1,892,849	25,101,014

San Carlos

San Carlos Debt Service Cost										
Fiscal Year end	Prior Bonds (Incl. Refunding)		New Bonds	LOC Interest	RESCU SRF	2020 WIFIA	2021 WIFIA	New WIFIA	New SRF	TOTAL
2025	\$ 2,988,955	\$ 366,794	\$ -	\$ -	\$ 979,068	\$ -	\$ -	\$ -	\$ -	\$ 4,334,817
2026	2,975,798	366,794	370,304	-	979,068	-	-	-	-	4,691,964
2027	2,973,476	366,794	370,304	-	979,068	-	-	-	-	4,689,642
2028	2,976,842	366,794	370,304	-	979,068	1,473,741	214,451	-	-	6,381,199
2029	2,975,429	366,794	370,304	-	979,068	1,473,741	214,451	-	-	6,379,786
2030	2,969,780	366,794	567,389	-	979,068	1,473,741	443,012	-	-	6,799,783
2031	2,875,928	366,794	567,389	-	979,068	1,473,741	443,012	-	-	6,705,931
2032	2,885,225	366,794	567,389	-	979,068	1,473,741	443,012	-	-	6,715,228
2033	2,879,798	366,794	567,389	-	979,068	1,473,741	443,012	-	-	6,709,801
2034	2,752,808	366,794	567,389	-	979,068	1,473,741	443,012	-	-	6,582,812
2035	2,750,399	366,794	567,389	-	979,068	1,473,741	1,164,053	-	-	7,301,443
2036	2,755,262	366,794	567,389	-	979,068	1,473,741	1,164,053	-	590,030	7,896,336

West Bay Sanitary District

West Bay Sanitary District Debt Service Cost										
Fiscal Year end	Prior Bonds (Incl. Refunding)		New Bonds	RESCU SRF	2020 WIFIA	2021 WIFIA	New WIFIA	New SRF	TOTAL	
2025	\$ 4,577,316	\$ 650,247	\$ -	\$ 1,735,680	\$ -	\$ -	\$ -	\$ -	\$ 6,963,243	
2026	4,573,034	650,247	656,470	1,735,680	-	-	-	-	7,615,432	
2027	4,566,805	650,247	656,470	1,735,680	-	-	-	-	7,609,202	
2028	4,568,646	650,247	656,470	1,735,680	2,617,884	380,175	-	-	10,609,102	
2029	4,562,848	650,247	656,470	1,735,680	2,617,884	380,175	-	-	10,603,304	
2030	4,565,163	650,247	1,005,860	1,735,680	2,617,884	785,366	-	-	11,360,200	
2031	4,402,568	650,247	1,005,860	1,735,680	2,617,884	785,366	-	-	11,197,605	
2032	4,397,838	650,247	1,005,860	1,735,680	2,617,884	785,366	-	-	11,192,875	
2033	4,394,640	650,247	1,005,860	1,735,680	2,617,884	785,366	-	-	11,189,676	
2034	4,176,147	650,247	1,005,860	1,735,680	2,617,884	785,366	-	-	10,971,184	
2035	4,167,595	650,247	1,005,860	1,735,680	2,617,884	2,063,618	-	-	12,240,884	
2036	4,169,956	650,247	1,005,860	1,735,680	2,617,884	2,063,618	-	1,045,997	13,289,242	

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SECTION 6 – CASH RESERVES DESIGNATION

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

- The **Operating Reserve** must be maintained at a minimum balance of 10% of the approved Operating Budget, plus \$2 million. This fund allows for continued operation in times of local, regional state, or national crisis or for unbudgeted, unexpected operational, maintenance or capital expenses approved by the SVCW Commission. The projected balance in Operating Reserves is \$4.45 million on June 30, 2025, including investment earnings. This amount is below the policy’s required balance by approximately \$808 thousand which, per policy, requires Member contributions.
- The **Capital Improvement Program Reserve (CIP Reserve)** goal is to accrue funds equal to the annual calculated depreciation of SVCW facilities to meet the long-term needs of replacing capital assets when their useful life has been met. This would allow major expenses in the future to be paid for on a “pay-go” basis and limit the need for borrowing. Each year, if funds held in these reserves fall below targeted levels, SVCW makes budget adjustments to return to the target level. The CIP Reserve Policy calls for a \$4.0 million contribution in fiscal year 2025-26.

Based upon the above, total 2025-26 Reserve Designations are as follows:

Reserve Designations - 2025-26 Budget				
Description	Estimated	Target	2025-26	
	June 30, 2025	June 30, 2026	Balance	Contributions
Operating Reserve	\$ 4,547,359	\$ 5,355,404	\$	808,046
CIP Reserve	29,667,995	33,667,995		4,000,000
TOTAL	\$ 34,215,353	\$ 39,023,399	\$	4,808,046

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AGENDA ITEM 8C

**UPDATE REGARDING FINANCIAL PLANNING FOR
CAPITAL IMPROVEMENT PROGRAM; 2025 REVENUE BONDS**

ISSUE

Receive an Update Regarding Debt Strategies to Fund the Capital Improvement Program (CIP) and Direct Manager to Initiate Financial Advisory and Administrative Services Related to Bond Issuance

BACKGROUND

Since its inception in 2008, SVCW’s CIP implementation strategy has replaced, rehabilitated and modernized substantial pieces of an aged wastewater treatment plant and conveyance system. Examples of completed projects include replacement of the original conveyance system (including forcemains and pump stations), the Administration/Control building, and critical treatment facilities.

Remaining CIP expenditures, most recently updated in January 2025, are estimated at \$386 million through fiscal year ended 2035.

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

Each Members’ share of these expenditures is allocated according to the Joint Powers Authority agreement as follows:

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

To date, SVCW has financed its CIP through a combination of Revenue Bonds, Member Agency cash contributions, State Revolving Fund (SRF) loans, and federal Water Infrastructure Finance and Innovation Act (WIFIA) loans through the United States Environmental Protection Agency. As of July 01, 2024, approximately \$106 million in project proceeds from these sources remain.

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

As illustrated in the table below, these and other non-debt sources can fund projects slightly beyond the fiscal year ending 2025. Therefore, it is proposed that SVCW issue variable-rate bonds to provide funds for capital projects over the next three (3) years.

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

DISCUSSION

In accordance with its Long-Range Financial Plan (2025 LRFP), SVCW recommends issuing \$65.9 million in variable-rate debt bonds (VRDBs) by August 2025.

VRDBs are long term bonds that bear short-term interest rates and amortize principal over a long period of time – typically 35 to 40 years. The interest rate is reset at predetermined intervals. For example, daily and weekly are most common but other periods such as monthly are also used. To re-set the interest rates, SVCW will engage a Wall Street investment bank with appropriate credentials to reset the interest rate on a weekly basis. Since the interest rate adjusts periodically, bondholders can “put” or “tender their bonds back to the issuer. If bonds are tendered, the Remarketing Agent has an obligation to find investors to purchase the tendered bonds. In the highly unlikely event tendered bonds cannot be placed with alternative investors, SVCW can purchase the VRDBs from a draw on a letter of credit to purchase tendered bonds. The letter of credit will also provide security for payments of interest and principal on the VRDBs. Due to the security provided by letter of credit, the VRDBs will carry the short-term credit rating of the bank providing the letter of credit.

In addition to accessing short-term rates, VRDBs can benefit issuers like SVCW because they may be pre-paid without a premium at any time.

However, VRDBs carry more risk than fixed rate bonds. Interest rates are priced off the Letter of Credit Bank’s short-term rating, which carries the risk of a future rating downgrade. In the agreement with the Letter of Credit Bank, SVCW will have the right to terminate if the rating is at or below a certain level. Typically, every three (3) to five (5) years, the Letter of Credit agreement is renewed, which may be considered a risk as banking conditions change. There is also market risk as rates change, which requires the Remarketing Agent to find buyers as the short-term market moves. Finally, administrative risks include staff time to manage the monthly interest payments and respond to changes.

A preliminary calendar highlights key activities and participation as follows:

- **March 2025:** Commission authorizes SVCW staff to direct its municipal advisor to plan for a variable rate bond issue and begin the process to receive bids for a Letter of Credit Bank and Remarketing Agent
- **April 2025:** Develop Bond Documents and analysis for Credit Rating Review
- **May-June 2025:** Circulate draft documents to SVCW and Member Agency staff for review
- **July-August 2025:** SVCW Commission and Member Governing Bodies adopt resolutions. SVCW and Member Finance Staff participate in Credit reviews
- **August 2025:** Pricing, Closing documents, and Funds delivered

Staff recommends retaining professional services for the purpose of issuing debt. This includes directing Fieldman, Rolapp & Associates as Municipal Advisor to design the structure of the debt issue and distribute request for proposals for a Letter of Credit Bank, a Remarketing Agent, and investment banking services. This work would be completed under a task order not to exceed \$75,000.

CLIMATE EFFECTS

While there are no direct climate effects as a result of this action, enabling funding for CIP projects will ensure that treatment facilities continue to protect public health and the environment.

FINANCES

Relatively low short-term interest rates currently offer an attractive option compared to fixed rate bonds. The proposed issuance of \$65.9 million in variable rate bonds is consistent with the modeling performed in recent Long Range Financial Plans. This proposed debt issuance is not expected to significantly change Member Agencies' rate-setting strategies.

Current conditions suggest VRDBs would be advantageous, and analysis indicates an SVCW variable rate issuance of \$65.9 million could reduce its annual debt payments (as compared to fixed rate bonds) by more than \$600 thousand annually over the next ten (10) years, and \$1 million per year thereafter.

RECOMMENDATION

PROVIDE DIRECTION TO STAFF TO PROCEED WITH THE FINANCIAL ADVISORY REVIEW PROCESS ASSOCIATED WITH THE ISSUANCE OF 2025 REVENUE BONDS