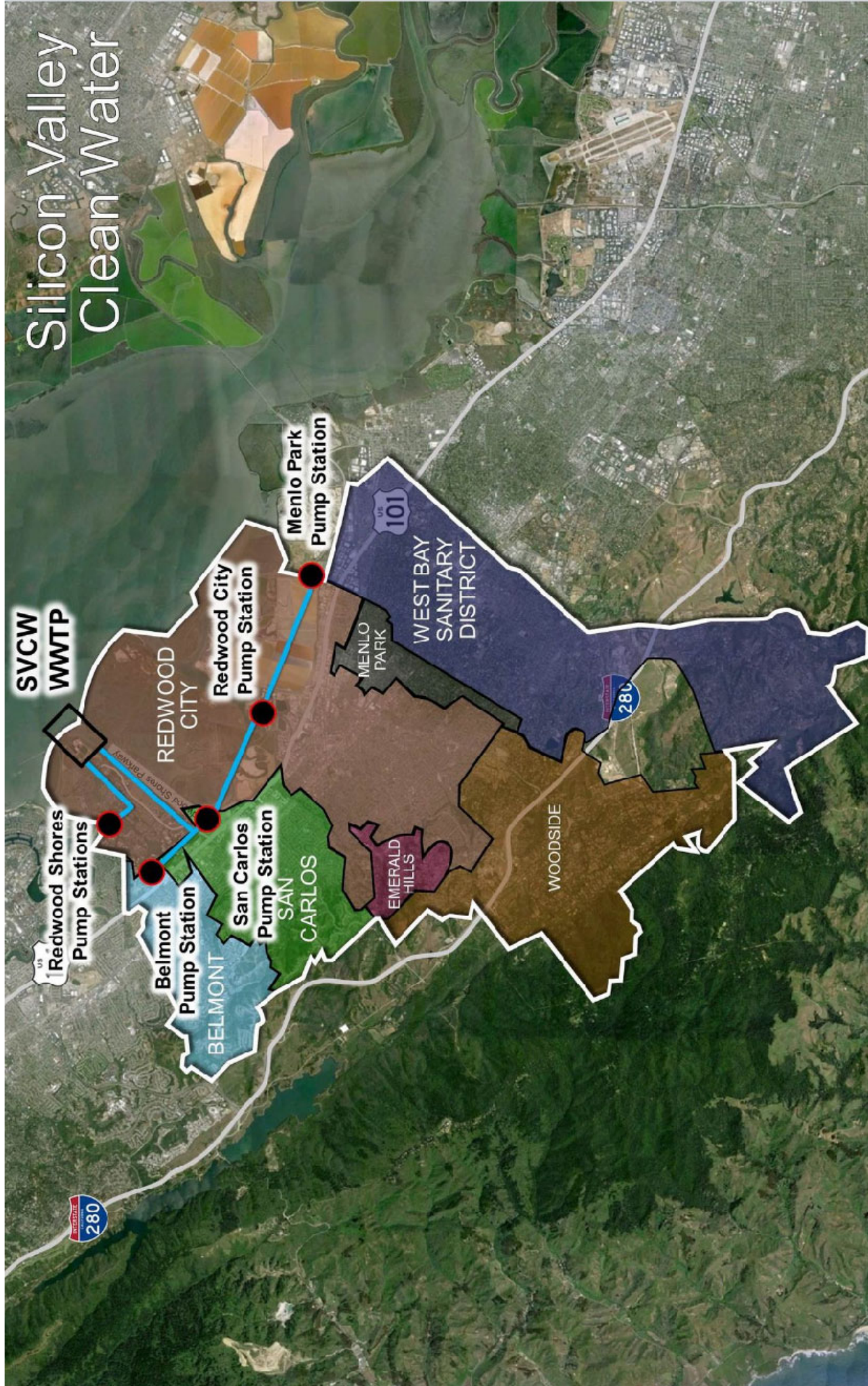




2025-26 OPERATING BUDGET

ADOPTED APRIL 10, 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
Daniel Buenrostro	Chief Operating Officer
Kim Hackett	Authority Engineer
Jeff Brubaker	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

THIS PAGE INTENTIONALLY LEFT BLANK

TABLE OF CONTENTS

SECTION 1 – OVERVIEW

Organizational Structure and Business.....	1
Governance and Management.....	1
Financial Oversight and Control	2
Debt Reserves.....	2
Long Range Financial Plan	3
Comparative Sewer Residential Rates.....	3
Prior Year Accomplishments	5-11

SECTION 2 – OPERATING BUDGET SUMMARY

Total Expenditures and Contributions.....	13
Expenditure Allocations	14
Member Agency Operating Contributions	15
Miscellaneous Revenue	15
Capital and Reserves	16
Total Contributions by Member	17

SECTION 3 – GROSS OPERATING COSTS

Operating Expenditures.....	19
Personnel	19-22
Operating Expenditures Variance Analysis.....	23-24
Operating Expenditures by Division	26-42

SECTION 4 – REVENUE-FUNDED CAPITAL EXPENDITURES

Project Overviews	44-45
-------------------------	-------

SECTION 5 – CAPITAL IMPROVEMENT PROGRAM AND DEBT SERVICE

Background	46
Projected CIP Expenditures	46-47
Debt Service	48-53

SECTION 6 – CASH RESERVES DESIGNATION

Analysis and Reserve Designation	55
--	----

THIS PAGE INTENTIONALLY LEFT BLANK

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 LRFP 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.

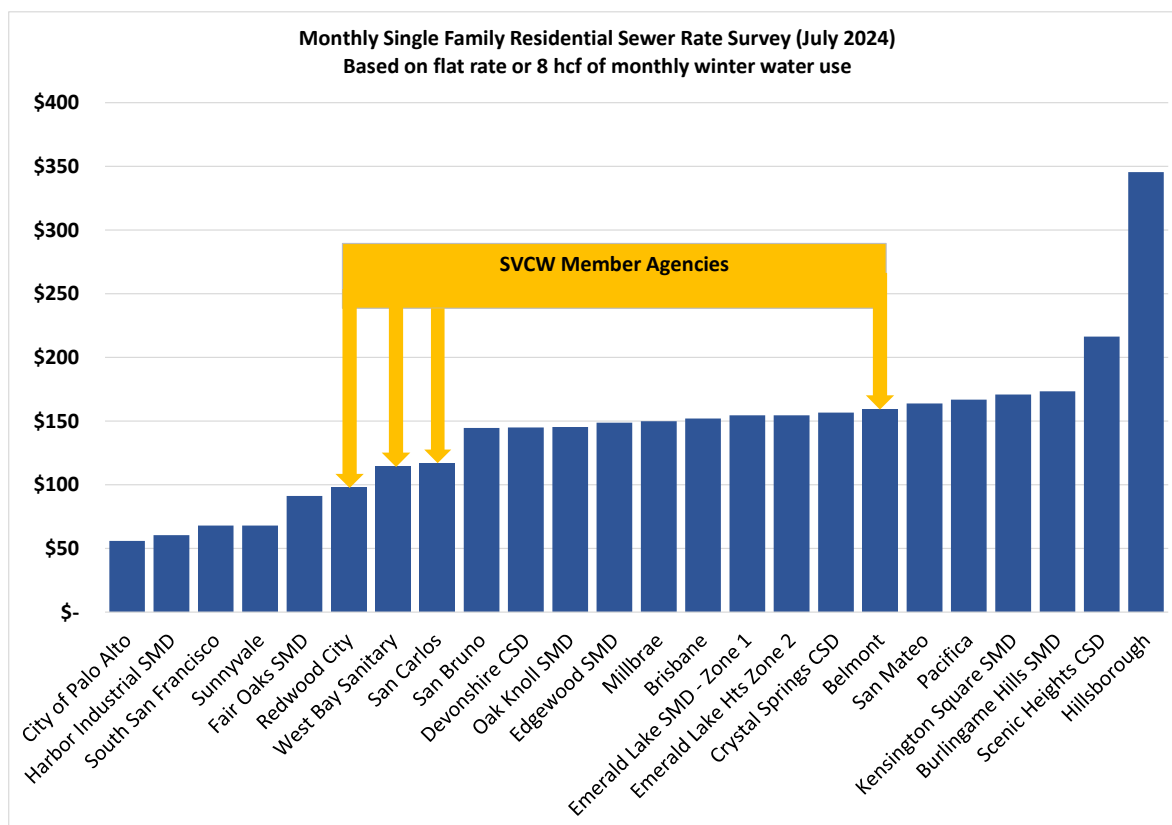
Comparative Residential Sewer Charges

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.
- 175 million gallons of recycled water delivered to 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.
- Onboarded six 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.

THIS PAGE INTENTIONALLY LEFT BLANK

SECTION 2 – OPERATING BUDGET SUMMARY

Total Member Contributions described in the Proposed 2025-26 Budget increase by \$9.99 million, or 13.0% compared to the current year budget. It allots \$33.55 million for Net Operating Expenses and \$1.74 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. Like the 2024-25 fiscal year, no new debt will be issued to fund Capital Improvement Projects (CIP). Instead, Members are presented with options to contribute cash or draw from the Authority’s CIP Reserve Fund. Total Debt Service will slightly decrease.

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	1,739,200	239,565	16.0%	
Contributions, Before Reserves & Debt Service	\$ 33,968,013	\$ 35,293,245	\$ 1,325,232	3.9%	
Add: Reserve Designations	3,500,000	4,808,046	1,308,046	37.4%	
Add: Cash in lieu of Debt / SVCW CIP Reserve Draw	13,622,706	21,000,000	7,377,294	54.2%	
Add: Debt Service, Participating members	25,863,091	25,844,069	(19,022)	(0.1%)	
TOTAL MEMBER CONTRIBUTIONS	\$ 76,953,810	\$ 86,945,360	\$ 9,991,550	13.0%	

- 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 \$1.74 million, or \$240 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 \$1.31 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, an additional \$21 million is projected to be needed in the 2025-26 fiscal year. The source of these funds will be a combination of Members' cash contributions and withdrawals from SVCW's CIP Reserve Fund.
- SVCW's Debt structure in the next fiscal year will be \$25.84 million, relatively unchanged from the current budget, though a shift in the funding strategy previously outlined in the past two years' Long Range Financial Plans.

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 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

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	2024-25	2025-26	\$	%
	Adopted Budget			Incr/(Decr) v. Forecast	Incr/(Decr) v. Forecast
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 \$65.95 million, allocated as follows:

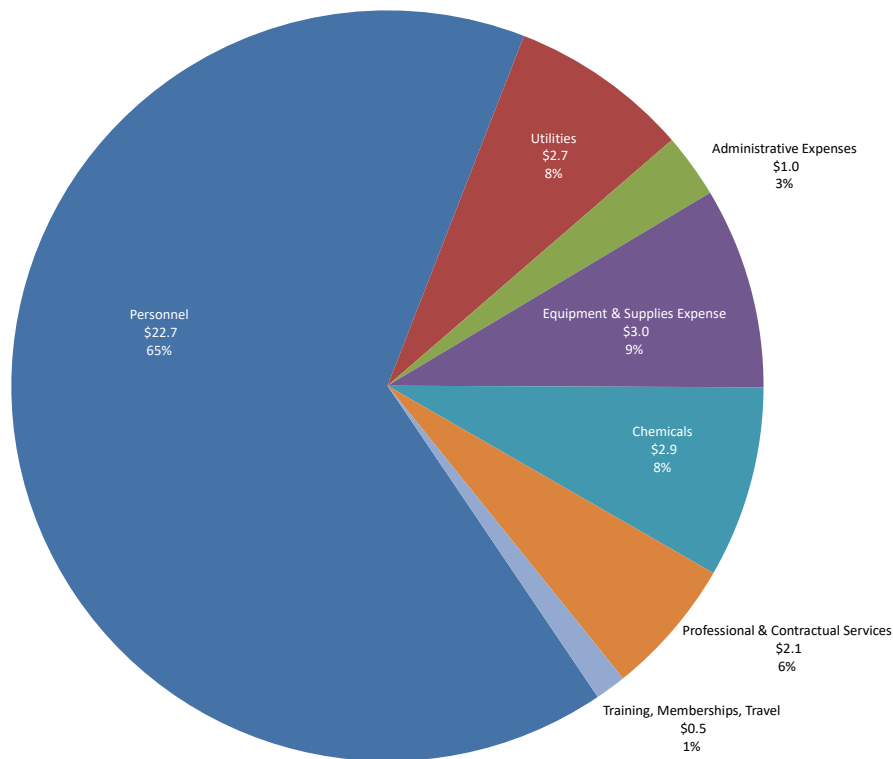
2025-26 Budget - Total Contributions by Member Agency					
Description	City of Belmont	Redwood City	City of San Carlos	West Bay San District	TOTAL
Net Operating Expenditures	\$ 3,219,973	\$ 18,467,904	\$ 4,339,751	\$ 7,526,417	\$ 33,554,045
Revenue-Funded Capital Expenditures	164,354	844,729	263,315	466,801	1,739,200
Reserve Contributions	455,543	2,387,543	710,110	1,254,851	4,808,046
Projected Debt Service	840,053	13,723,396	4,321,660	6,958,961	25,844,069
Total Contributions to SVCW	\$ 4,679,923	\$ 35,423,572	\$ 9,634,836	\$ 16,207,030	\$ 65,945,360

THIS PAGE INTENTIONALLY LEFT BLANK

SECTION 3 – GROSS OPERATING EXPENDITURES

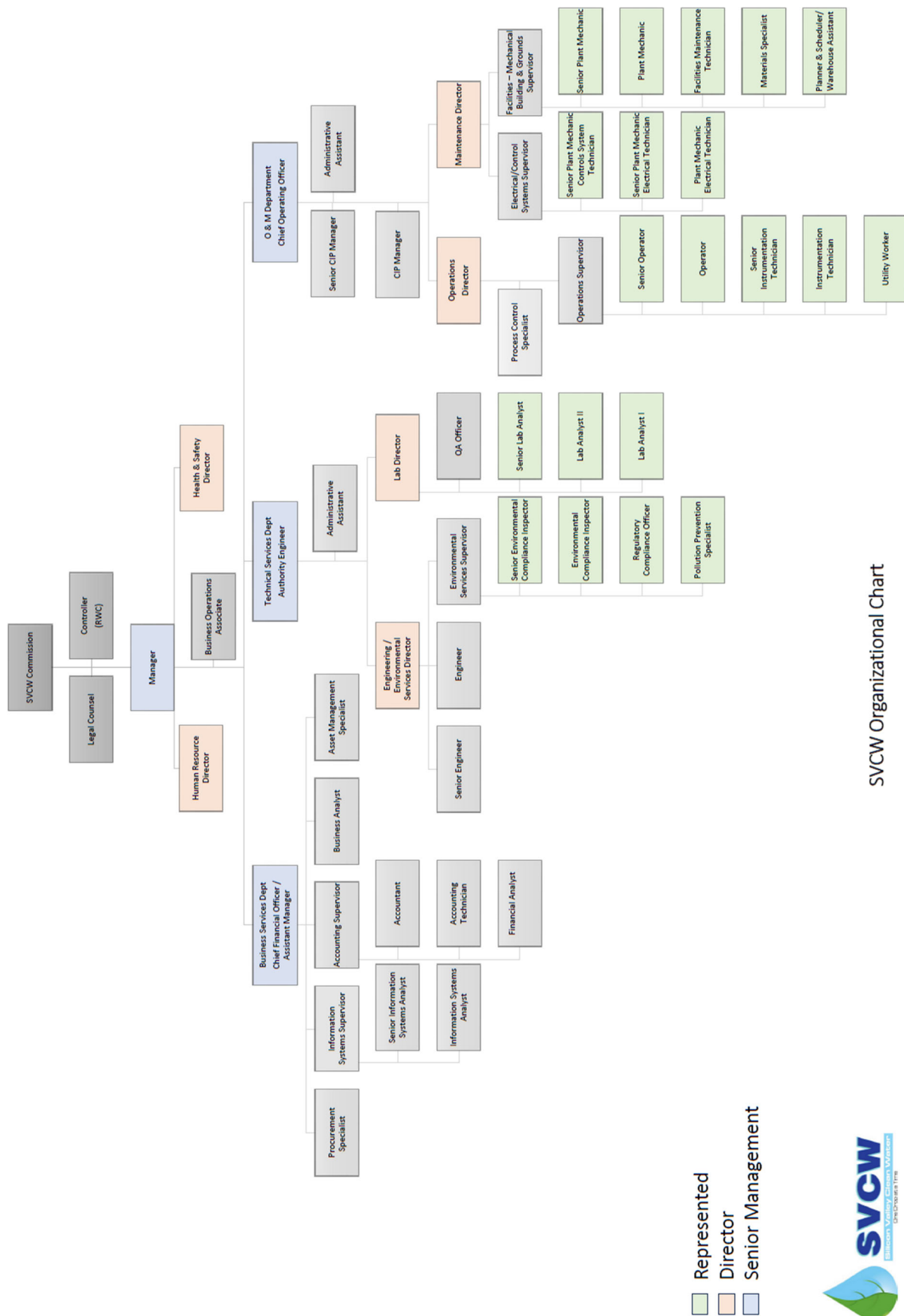
The FY 2025-26 Gross Operating Budget will be \$33.7 million. The chart below illustrates the significant expenditure categories, showing 65% of costs are personnel-related, associated with approximately 82 full-time equivalent employees in the Operating Budget.

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.

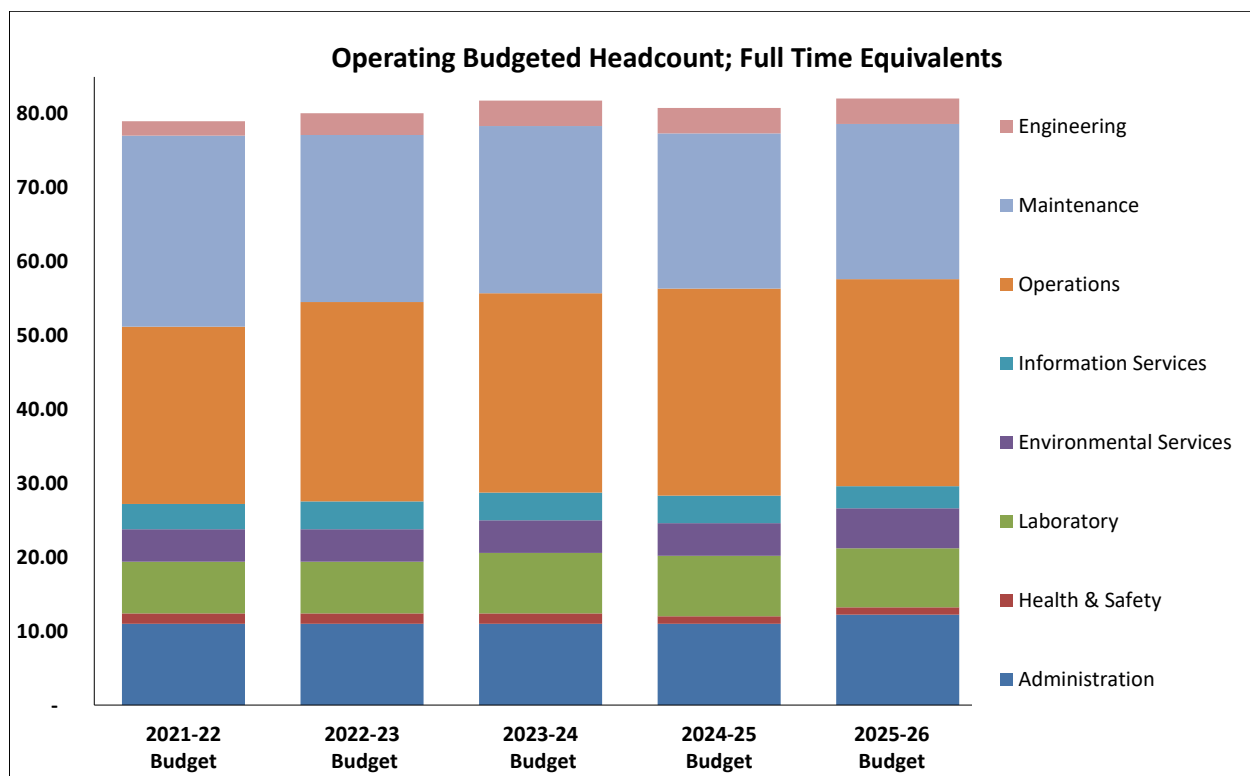


SVCW Organizational Chart

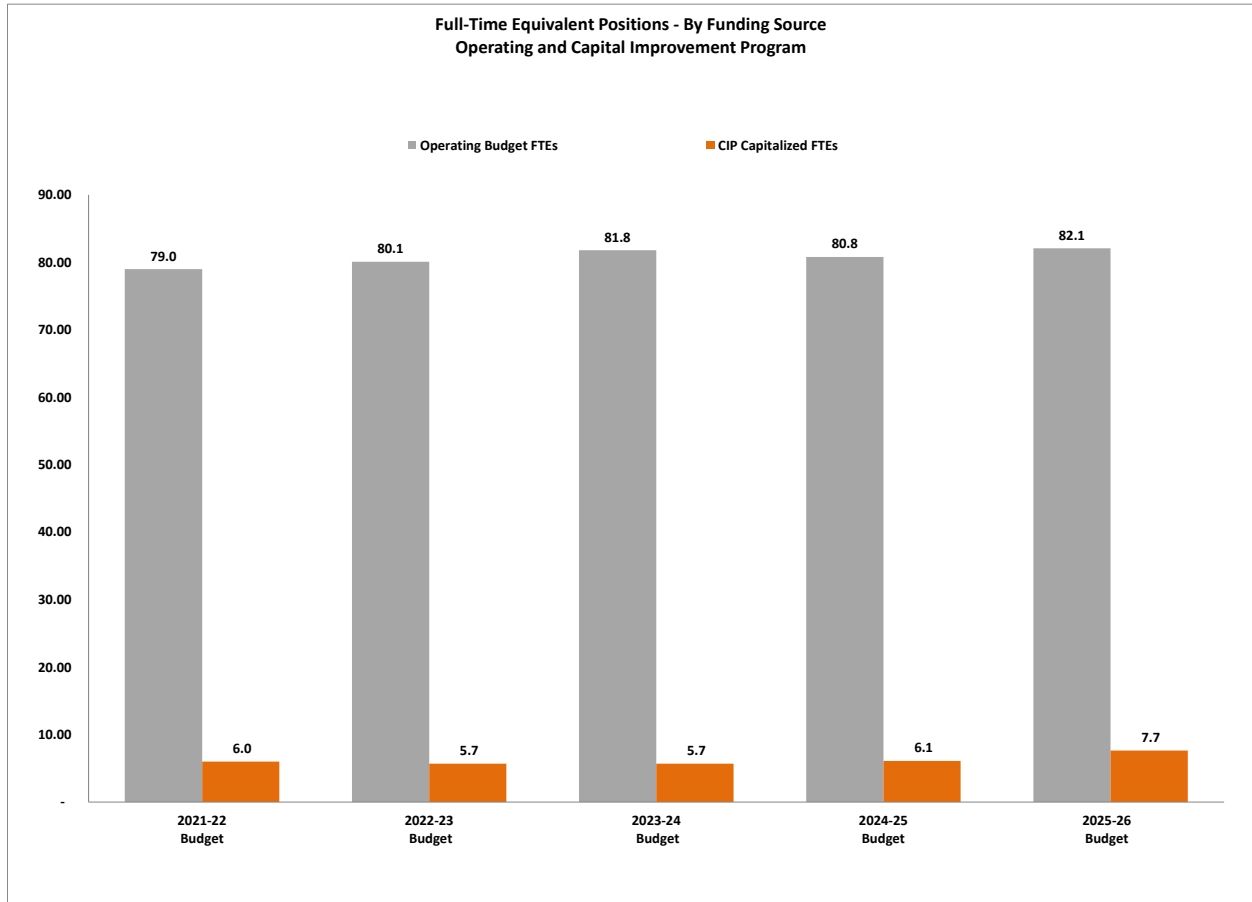


Positions included in the 2025-26 Operating Budget will increase by 1.3 Full Time Equivalent positions next year, reflecting the proposed Regulatory Compliance Officer position in the Environmental Services Division and a temporary increase in accounting technician support in advance of a software upgrade. 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.

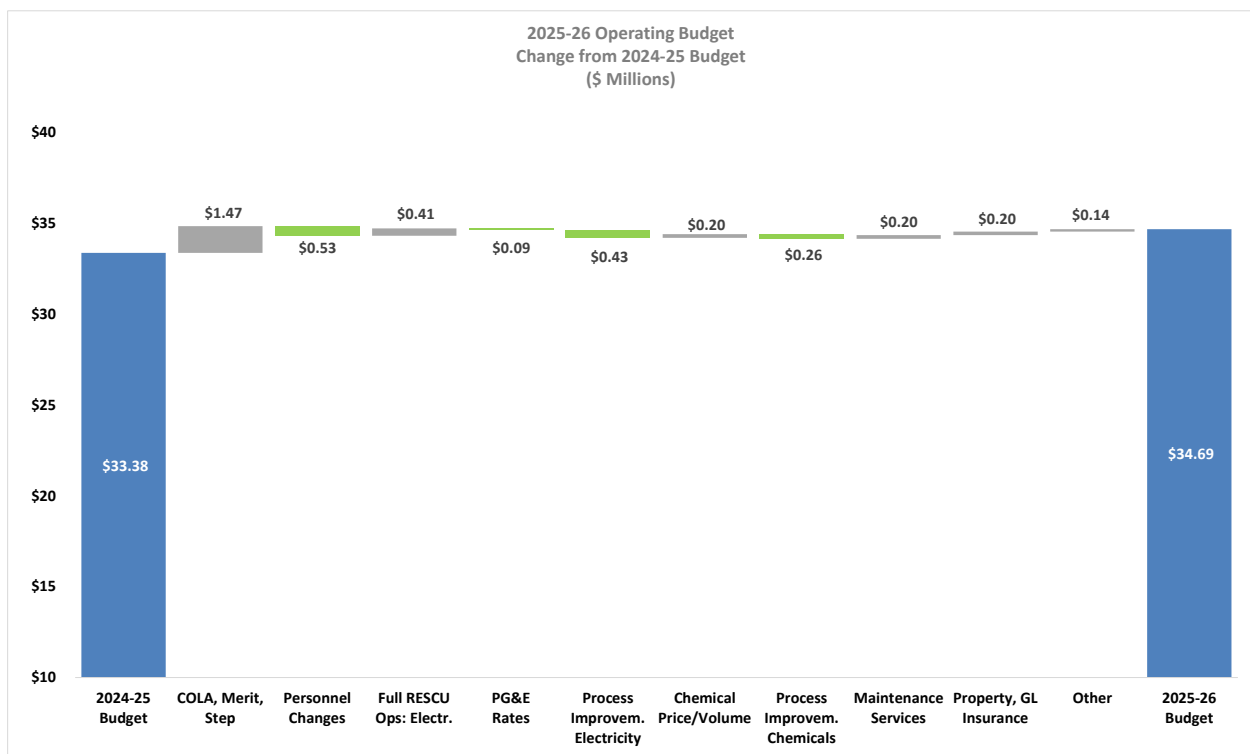
Silicon Valley Clean Water Expenditure Summary - By Expense Category					
Description	2024-25 Forecast	2024-25 Budget	2025-26 Budget	\$ Incr/(Decr)	% Incr/(Decr)
Personnel Costs	\$ 21,104,795	\$ 21,762,630	\$ 22,671,807	\$ 909,177	4.2%
Utilities	3,119,393	2,752,332	2,682,240	(70,092)	(2.5%)
Administrative 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	<u>\$ 1,727,200</u>

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

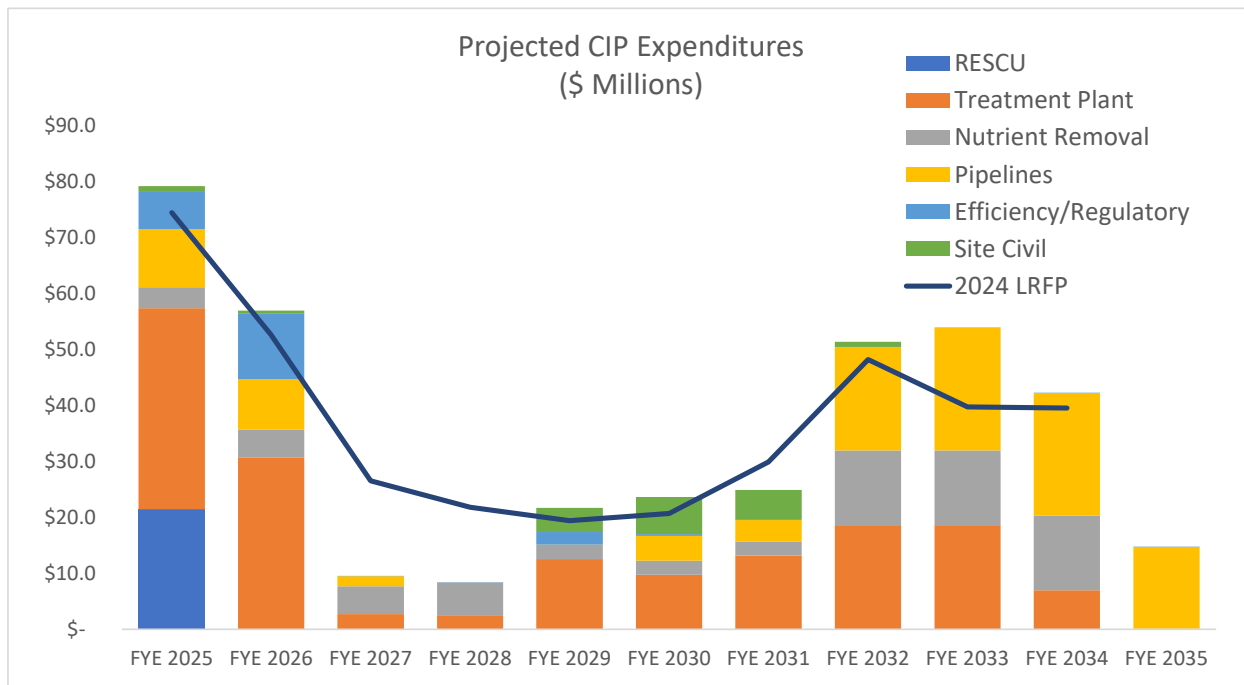
Background

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. Material spending occurs over the first two years as RESCU is completed and construction commences on a few ongoing 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	30.6	2.7	2.5	12.5	9.7	13.1	18.6	18.6	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	10.4	9.0	1.8	-	0.1	4.5	3.9	18.5	21.9	21.9	14.6	106.6
Efficiency/Regulatory	6.8	11.6	0.0	0.0	2.3	0.3	0.0	0.0	0.0	0.0	0.0	21.2
Site Civil	0.9	0.6	-	-	4.3	6.6	5.3	0.9	-	-	-	18.7
TOTAL	\$79.1	\$ 56.9	\$ 9.5	\$ 8.4	\$21.7	\$23.6	\$24.9	\$51.4	\$53.9	\$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%	\$38.4	\$27.6	\$ 4.6	\$ 4.1	\$10.5	\$11.5	\$12.1	\$25.0	\$26.2	\$20.5	\$ 7.2	\$187.7
West Bay SD	26.84%	21.2	15.3	2.6	2.3	5.8	6.3	6.7	13.8	14.5	11.3	4.0	103.7
San Carlos	15.14%	12.0	8.6	1.4	1.3	3.3	3.6	3.8	7.8	8.2	6.4	2.2	58.5
Belmont	9.45%	7.5	5.4	0.9	0.8	2.1	2.2	2.4	4.9	5.1	4.0	1.4	36.5
TOTAL	100.00%	\$79.1	\$56.9	\$ 9.5	\$ 8.4	\$21.7	\$23.6	\$24.9	\$51.4	\$53.9	\$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

The February 2025 LRFP update recommended 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 future 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 included:

- The deferral of \$33 million of CIP expenditures reduced the immediate need to borrow funds. Instead, the SVCW Commission was presented options to utilize cash reserves rather than pursue a new debt issuance in fiscal year 2025-26. As of April 2025, it is likely that a hybrid combination of Members' cash reserves and SVCW cash reserves will be used. This hybrid approach will be finalized as Members consider their cash resources and evaluate terms of utilizing SVCW CIP Reserves.
- 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 above debt sources results in total aggregate debt service increases as follows.

Debt Service in 2025-26 will remain \$25.8 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	2019 WIFIA Debt Service	Non-RESCU WIFIA Debt Service	New RESCU WIFIA Debt Service	New SRF Loans and Cash Reserves	TOTAL
					Refunding Revenue Bonds					
2025	\$ 7,818,119	\$ 8,889,445	\$ -	\$ -	\$ 9,155,528	-	\$ -	-	-	25,863,091
2026	7,815,494	8,889,445	-	-	9,139,131	-	-	-	-	25,844,069
2027	7,820,244	8,889,445	-	-	9,125,532	-	-	-	-	25,835,220
2028	7,816,994	8,889,445	-	-	9,134,809	9,153,147	-	1,416,450	-	36,410,844
2029	7,815,494	8,889,445	-	-	9,119,744	9,153,147	-	1,416,450	-	36,394,279
2030	7,815,244	8,889,445	1,301,750	-	9,108,575	9,153,147	1,509,651	1,416,450	-	39,194,262
2031	7,820,619	8,889,445	1,301,750	-	8,488,862	9,153,147	1,509,651	1,416,450	-	38,579,924
2032	7,821,119	8,889,445	1,301,750	-	8,485,229	9,153,147	1,509,651	1,416,450	-	38,576,791
2033	7,820,044	8,889,445	1,301,750	-	8,467,347	9,153,147	1,509,651	1,416,450	-	38,557,834
2034	7,818,119	8,889,445	1,301,750	-	7,729,409	9,153,147	1,509,651	1,416,450	-	37,817,971
2035	7,818,691	8,889,445	1,301,750	-	7,707,168	9,153,147	3,854,508	3,834,084	-	42,558,793
2036	7,817,763	8,889,445	1,301,750	-	7,711,317	9,153,147	3,854,508	3,834,084	3,897,157	46,459,170

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	-	611,109	-	-	-	-	840,053
2027	228,943	-	611,109	-	-	-	-	840,053
2028	228,943	-	611,109	329,387	133,855	-	-	1,303,294
2029	228,943	-	611,109	329,387	133,855	-	-	1,303,294
2030	228,943	123,015	611,109	329,387	276,517	-	-	1,568,972
2031	228,943	123,015	611,109	329,387	276,517	-	-	1,568,972
2032	228,943	123,015	611,109	329,387	276,517	-	-	1,568,972
2033	228,943	123,015	611,109	329,387	276,517	-	-	1,568,972
2034	228,943	123,015	611,109	329,387	276,517	-	-	1,568,972
2035	228,943	123,015	611,109	329,387	726,572	-	-	2,019,027
2036	228,943	123,015	611,109	329,387	726,572	-	368,281	2,387,309

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	-	3,140,908	-	-	-	-	13,723,396
2027	9,405,494	1,176,695	-	3,140,908	-	-	-	-	13,723,097
2028	9,406,315	1,176,695	-	3,140,908	4,732,135	687,970	-	-	19,144,023
2029	9,396,961	1,176,695	-	3,140,908	4,732,135	687,970	-	-	19,134,669
2030	9,388,876	1,176,695	632,260	3,140,908	4,732,135	1,421,208	-	-	20,492,081
2031	9,030,985	1,176,695	632,260	3,140,908	4,732,135	1,421,208	-	-	20,134,191
2032	9,023,284	1,176,695	632,260	3,140,908	4,732,135	1,421,208	-	-	20,126,490
2033	9,012,953	1,176,695	632,260	3,140,908	4,732,135	1,421,208	-	-	20,116,158
2034	8,618,572	1,176,695	632,260	3,140,908	4,732,135	1,421,208	-	-	19,721,778
2035	8,607,865	1,176,695	632,260	3,140,908	4,732,135	3,734,349	-	-	22,024,213
2036	8,603,861	1,176,695	632,260	3,140,908	4,732,135	3,734,349	-	1,892,849	23,913,058

San Carlos

San Carlos Debt Service Cost										
Fiscal	Prior Bonds									
Year end	(Incl. Refunding)	Prior SRF	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	-	-	979,068	-	-	-	-	4,321,660
2027	2,973,476	366,794	-	-	979,068	-	-	-	-	4,319,338
2028	2,976,842	366,794	-	-	979,068	1,473,741	214,451	-	-	6,010,896
2029	2,975,429	366,794	-	-	979,068	1,473,741	214,451	-	-	6,009,482
2030	2,969,780	366,794	197,085	-	979,068	1,473,741	443,012	-	-	6,429,479
2031	2,875,928	366,794	197,085	-	979,068	1,473,741	443,012	-	-	6,335,627
2032	2,885,225	366,794	197,085	-	979,068	1,473,741	443,012	-	-	6,344,925
2033	2,879,798	366,794	197,085	-	979,068	1,473,741	443,012	-	-	6,339,497
2034	2,752,808	366,794	197,085	-	979,068	1,473,741	443,012	-	-	6,212,508
2035	2,750,399	366,794	197,085	-	979,068	1,473,741	1,164,053	-	-	6,931,139
2036	2,755,262	366,794	197,085	-	979,068	1,473,741	1,164,053	-	590,030	7,526,032

West Bay Sanitary District

West Bay Sanitary District Debt Service Cost										
Fiscal	Prior Bonds									
Year end	(Incl. Refunding)	Prior SRF	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	-	1,735,680	-	-	-	-	-	6,958,961
2027	4,566,805	650,247	-	1,735,680	-	-	-	-	-	6,952,732
2028	4,568,646	650,247	-	1,735,680	2,617,884	380,175	-	-	-	9,952,632
2029	4,562,848	650,247	-	1,735,680	2,617,884	380,175	-	-	-	9,946,834
2030	4,565,163	650,247	349,390	1,735,680	2,617,884	785,366	-	-	-	10,703,730
2031	4,402,568	650,247	349,390	1,735,680	2,617,884	785,366	-	-	-	10,541,135
2032	4,397,838	650,247	349,390	1,735,680	2,617,884	785,366	-	-	-	10,536,405
2033	4,394,640	650,247	349,390	1,735,680	2,617,884	785,366	-	-	-	10,533,206
2034	4,176,147	650,247	349,390	1,735,680	2,617,884	785,366	-	-	-	10,314,714
2035	4,167,595	650,247	349,390	1,735,680	2,617,884	2,063,618	-	-	-	11,584,414
2036	4,169,956	650,247	349,390	1,735,680	2,617,884	2,063,618	-	1,045,997	-	12,632,772

THIS PAGE INTENTIONALLY LEFT BLANK

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	
	June 30, 2025		June 30, 2026	
	Balance		Balance	2025-26 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

THIS PAGE INTENTIONALLY LEFT BLANK

