

**COMMISSION OF SILICON VALLEY CLEAN WATER  
JOINT POWERS AUTHORITY  
REGULAR MEETING – Thursday, May 8, 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.10
- C. Financial Report
  - 1. Investment Report March.....pg. 12
  - 2. Reserves Performance Q1.....pg. 16
- D. Engineering Capital Projects Report.....pg. 34
- E. Commission Requested Staff-Level Action Items.....pg. 38
- F. RESCU Program Design-Build Project Status Update.....pg. 40

6. MATTERS OF COMMISSION MEMBERS' INTEREST

7. CONSIDERATION OF MOTION APPROVING CONSENT CALENDAR (begins pg. 43)

8. BUSINESS ITEMS

- A. CONSIDERATION OF MOTION APPROVING ENGINEERING DESIGN SERVICES FOR DIGESTER GAS PIPING REPLACEMENT AND EVALUATION OF PROJECT DELAY - DIGESTER 3 REHABILITATION PROJECT (CIP #9244) (pg. 53)

Proposed Action:

- i. Move approval of TASK ORDER FOR ENGINEERING DESIGN AND BID SUPPORT SERVICES AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS FOR DIGESTER GAS PIPING REPLACEMENT (CIP #9244) – Kennedy/Jenks Consultants - \$213,646
- ii. Provide direction to staff to PROCEED WITH OPTION 2, DIGESTER 3 REHABILITATION

- B. UPDATE REGARDING FINANCIAL PLANNING - CAPITAL IMPROVEMENT PROGRAM AND INTERIM HYBRID SCENARIO (pg. 57)

Proposed Actions:

Provide direction to staff to:

- i. Proceed with the INTERIM HYBRID CASH/LOC FUNDING MECHANISM
- ii. Proceed with PREPARATIONS TO AMEND COMMISSION POLICY 2013-03 – RESERVES FUND POLICY AND PROCEDURE

9. CLOSED SESSION
  - A. **PUBLIC EMPLOYEE APPOINTMENT** (Gov. Code § 54957)  
Title: General Manager
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 – April 10, 2025 – Regular Meeting (pg. 43)
- B. CONSIDERATION OF MOTION APPROVING CLAIMS AND CHECKS DATED APRIL 2 – APRIL 14, 2025, AND NECESSARY PAYMENTS THROUGH APRIL 14, 2025 (pg. 48)
- C. CONSIDERATION OF MOTION APPROVING TASK ORDER SCOPE AND BUDGET FOR ELECTRICAL-INSTRUMENTATION-CONTROLS CONSULTING SERVICES WITH TECHNICAL EDGE (pg. 50)

#### Proposed Action:

Move approval of TASK ORDER SCOPE AND BUDGET FOR SVCW PROCESS AUTOMATION SERVICES IN AN AMOUNT NOT TO EXCEED \$1,200,000 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – TECHNICAL EDGE

Microsoft Teams Access Information  
Silicon Valley Clean Water  
Regular Meeting  
Thursday, May 8, 2025

**WEBSITE:** [Link to access meeting](https://svcw.org/about/governance/commission-meetings)

**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](mailto: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](mailto: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](http://www.svcw.org).

## AGENDA ITEM 5A

### How to Avoid Road Rage

While aggressive drivers are everywhere, the most dangerous road rage incidents happen when two or more drivers have aggressive responses to each other. Getting cut off in traffic can quickly escalate to aggression if you choose to honk or gesture at another driver.

Even if you've been subjected to rude or aggressive driving behaviors, it's important that you don't respond in kind. Think twice before laying on your horn or making a rude gesture; this can help to avoid provoking road rage.

Use these tips to slow down, calm down, and stay safe even with aggressive drivers on the road:

- **Practice polite driving habits:** Avoid tailgating, cutting off other vehicles, speeding, weaving, leaving high beam headlights on, and erratic braking. Don't drive in the left lane slower than the rest of traffic. Merge politely and always err on the side of being courteous. This is smart to do not just to avoid road rage, but to make driving easier and more pleasant for every motorist.
- **Slow down:** Let aggressive drivers go around you and typically, they will quickly be on their way.
- **Get away from aggressive drivers:** If you notice a driver with aggressive behavior, get some distance between you. Slow down and let them get ahead or change lanes so you're not right next to each other.
- **Don't make rude gestures or yell at other drivers:** Remember, you're not the police, and it's not your job to remind others how to drive, even if they're doing a terrible job. Avoid making eye contact with an aggressive driver who is trying to pick a fight.
- **Use your horn sparingly:** Horns should primarily be used in emergency situations. Tap your horn lightly if you need to get a driver's attention and give drivers ahead of you at lights a few extra seconds of grace before honking to remind them to move through the intersection.
- **Call a road rage hotline:** Many states now have aggressive driver hotlines that you can call to report aggressive drivers. Instead of confronting an aggressive driver, simply let the authorities know about their actions and how they can be found. In CA, it's 1-800-TELL-CHP (1-800-835-5247).
- **Avoid making driving a competitive sport:** You're not a race car driver — you don't have to win on the road. In fact, winning as a regular driver is simply getting home safe. Getting worked up over a vehicle that's cut you off or gotten in your way isn't worth it. Remember: getting home safely is more important than teaching another driver a lesson.
- **Apologize if you've done something wrong:** If you've accidentally cut off another driver, braked too fast, or made some other mistake that could be offensive, simply smile and wave as an apology. This will disarm and calm most drivers.

- **Don't drive under distress:** Avoid driving if you're angry, upset, or drowsy.
- **Adjust your driving attitude:** Give other drivers the benefit of the doubt. Many mistakes are unintentional and not meant as a personal offense. Consider whether responding aggressively is worth being injured or killed.
- **Have reasonable expectations about your travel time:** Know when you'll be driving in traffic, give yourself plenty of time, and don't set unreasonable expectations for how fast you'll get to your destination.
- **Call 911 if you're under attack:** If an aggressive driver attacks you, call 911 right away and stay on the phone with the dispatcher. Consider driving to the nearest police station, convenience store, or other public location with witnesses. Do not drive home.



## AGENDA ITEM 5B

Recurring and Upcoming 2025 Commission Actions  
Updated for May 2025 Meeting

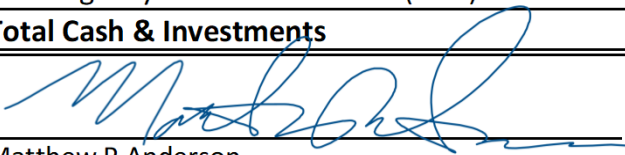
January	February	March	April
	<ul style="list-style-type: none"> <li>Long Range Financial Plan</li> <li>Capital Improvement Plan Update</li> <li>Commission Meeting Schedule for 2025</li> </ul>	<ul style="list-style-type: none"> <li>Operating Budget Workshop</li> <li>Vacancies Reporting (AB2561)</li> </ul>	<ul style="list-style-type: none"> <li>Operating Budget Approval</li> <li>Initiate Manager Performance Evaluation (skip for 2025)</li> </ul>
May	June	July	August
<ul style="list-style-type: none"> <li>Manager Performance Evaluation (skip for 2025)</li> <li>Re-evaluate Long Range Financial Plan</li> </ul>	<ul style="list-style-type: none"> <li>Approve Resolution 77-6 "Personnel Resolution"</li> <li>Review Reserve Funds Policy</li> <li>Receive Report re: Internal Controls</li> </ul>	<ul style="list-style-type: none"> <li>Elect Chair, Vice Chair; Appoint Secretary</li> <li>Conflict of Interest Update (Biennial; even numbered years)</li> </ul>	
September	October	November	December
<ul style="list-style-type: none"> <li>Review Investment Policy</li> <li>Review Debt Management Policy</li> </ul>	<ul style="list-style-type: none"> <li>Annual Investment Update</li> <li>Initiate Application for State/Fed'l Funding</li> </ul>	<ul style="list-style-type: none"> <li>Audited Financial Report</li> <li>Annual Investment Update</li> </ul>	<ul style="list-style-type: none"> <li>Commission Meeting Schedule for 2026</li> </ul>

-  - Recurring Commission Actions
-  - Upcoming Commission Actions

## AGENDA ITEM 5C1

Silicon Valley Clean Water Authority  
Cash & Investments Summary Report  
March 31, 2025

Description	Market Value	% of Total Holdings	Yield to Market
<b>Reserve Accounts</b>			
Operating Reserve* - Securities	\$ 2,660,633	3.20%	3.95%
Operating Reserve - Money Market Fund Balance	1,846,240	2.22%	4.23%
CIP Reserve* - Securities	28,380,057	34.13%	3.43%
CIP Reserve - Money Market Fund Balance	940,273	1.13%	4.23%
Stage 2 Capacity Reserve* - Securities	8,076,222	9.71%	1.64%
Stage 2 Capacity Reserve - Money Market Fund Balance	425,894	0.51%	4.23%
<b>Total Market Value: Operating and Reserve Accounts</b>	<b>\$ 42,329,320</b>	<b>50.9%</b>	<b>3.18%</b>
Total Accrued Interest: Operating and Reserve Accounts	239,913		
<b>GRAND TOTAL, RESERVE ACCOUNTS</b>	<b>\$ 42,569,233</b>		
<b>Trustee Accounts:</b>			
2018 Bond Project Fund Account - CAMP	171,610	0.21%	4.47%
2018 Bond Revenue Account	2,877	0.00%	3.98%
2021 Refunding Bonds Revenue Account	1,587	0.00%	3.98%
2021A Notes Interest Account	117	0.00%	3.98%
2021A Notes Principal Account	10,315	0.01%	3.98%
2021A Notes (RESCU) - Money Market Fund	452	0.00%	3.98%
2021A Notes (RESCU) - LAIF**	1,490,894	1.79%	4.31%
2021B Notes (WWTP) - CAMP	10,530,299	12.66%	4.47%
2021B Notes (WWTP) - LAIF**	24,928,625	29.98%	4.31%
2021 Notes Capitalized Interest Account - Money Market Fund	493,514	0.59%	3.98%
<b>Total Market Value, Trustee Accounts</b>	<b>\$ 37,630,290</b>	<b>45.26%</b>	<b>4.35%</b>
Accrued Interest:	47,576		
Operating Cash (includes outstanding checks)	3,149,690	3.79%	0.00%
Cal-CLASS Balance	491,813	0.59%	4.40%
Local Agency Investment Funds (LAIF) Balance	39,660	0.05%	4.31%
<b>Total Cash &amp; Investments</b>	<b>\$ 83,436,449</b>	<b>100.00%</b>	<b>3.59%</b>

  
Matthew P Anderson  
Chief Financial Officer / Assistant Manager

4/17/2025  
Date

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

Silicon Valley Clean Water Operating and Reserve Funds - Sector Allocation & Compliance March 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	\$ 2,580,746	\$ 17,037,780	\$ 4,277,572	\$ 23,896,098	56%	100%	✓	(0.4%)
Supranationals	-	-	-	-	0%	15%	✓	0.0%
Federal Agency/GSE	-	1,085,267	762,030	1,847,297	4%	100%	✓	(0.4%)
Federal Agency/CMBS	-	2,598,083	602,931	3,201,015	8%	100%	✓	0.3%
Federal Agency CMO	-	568,280	316,497	884,776	2%	100%	✓	(0.1%)
Federal Agency MBS	-	1,782,003	1,164,218	2,946,220	7%	100%	✓	(0.1%)
Municipal	-	734,812	611,731	1,346,543	3%	30%	✓	(0.9%)
Corporate Notes	79,887	4,573,832	341,243	4,994,962	12%	30%	✓	0.2%
Asset-Backed Securities	-	-	-	-	0%	10%	✓	0.0%
<b>Securities Sub-Total</b>	<b>2,660,633</b>	<b>28,380,057</b>	<b>8,076,222</b>	<b>39,116,912</b>	<b>92%</b>			
Accrued Interest	12,241	191,658	36,013	239,913				
<b>Securities Total</b>	<b>2,672,875</b>	<b>28,571,716</b>	<b>8,112,235</b>	<b>39,356,825</b>				
Money Market Fund	1,846,240	940,273	425,894	3,212,408	8%	20%	✓	1.4%
<b>Total Investments</b>	<b>\$ 4,519,115</b>	<b>\$ 29,511,988</b>	<b>\$ 8,538,129</b>	<b>\$ 42,569,233</b>	<b>100%</b>			
As % of 6/30/25 Target:	104.2%	101.0%	100.0%	101.1%				

*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 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 2021A and 2021B 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](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.*
- 8. Yield shown for CAMP is the monthly distribution yield.*
- 9. Amounts will slight differ due to timing of custodian account reports.*

## AGENDA ITEM 5C2



April 24, 2025

To: SVCW Commissioners

From: Matt Anderson, SVCW CFO/Assistant Manager

Subject: Investment Update for Quarter Ended March 31, 2025

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Attached is an update from PFM Asset Management regarding the investment performance of SVCW Cash Reserves portfolio for the quarter ended March 31, 2025.

Highlights include:

**Market Update:**

- The U.S. economy is clouded by tariff and policy uncertainty.
- Yield spreads widened off their historically low levels given growing economic concerns but still remain tight.

**SVCW Investment Program:**

- At March 31, 2025 the Authority had over \$42 million in combined assets under management.

Reserve Fund	Market Value (\$M)	1st Quarter Returns	1-Year Returns	Since Inception
Operating Reserve	\$4.52	1.13%	5.20%	1.92%
CIP Reserve	\$29.51	2.42%	5.60%	1.30%
Stage 2 Capacity Reserve	\$8.54	1.96%	5.81%	1.30%

**Outlook:**

- The Federal Open Market Committee (FOMC) opted to maintain the target range for the federal funds rate at 4.25-4.5% during both meetings in Q1.



- Continued focus on safety and liquidity.
- IG Corporates posted strong relative returns as much of the spread widening seen during the second half of the quarter was offset by higher incremental income.

# Silicon Valley Clean Water

## Annual Investment Update

March 31, 2025

Justin Resuello

Institutional Sales and Relationship  
Manager

# Market Update

# Current Market Themes



- U.S. economy is clouded by tariff and policy uncertainty
  - Labor market continues to serve as backbone
  - Goods inflation weighs on progress towards Fed's 2% inflation target
  - Fiscal policy uncertainty and volatile tariff rollouts weigh on consumer sentiment



- Fed takes a pause from easing but looks to continue cutting later this year
  - The Fed kept the federal funds target rate unchanged at 4.25% - 4.50%
  - The Fed's March "dot plot" implies another 50 bps of cuts in 2025
  - Fed Chair Powell stated the administration's "significant policy changes" relating to trade, immigration, fiscal policy, and regulation is creating "considerable uncertainty"

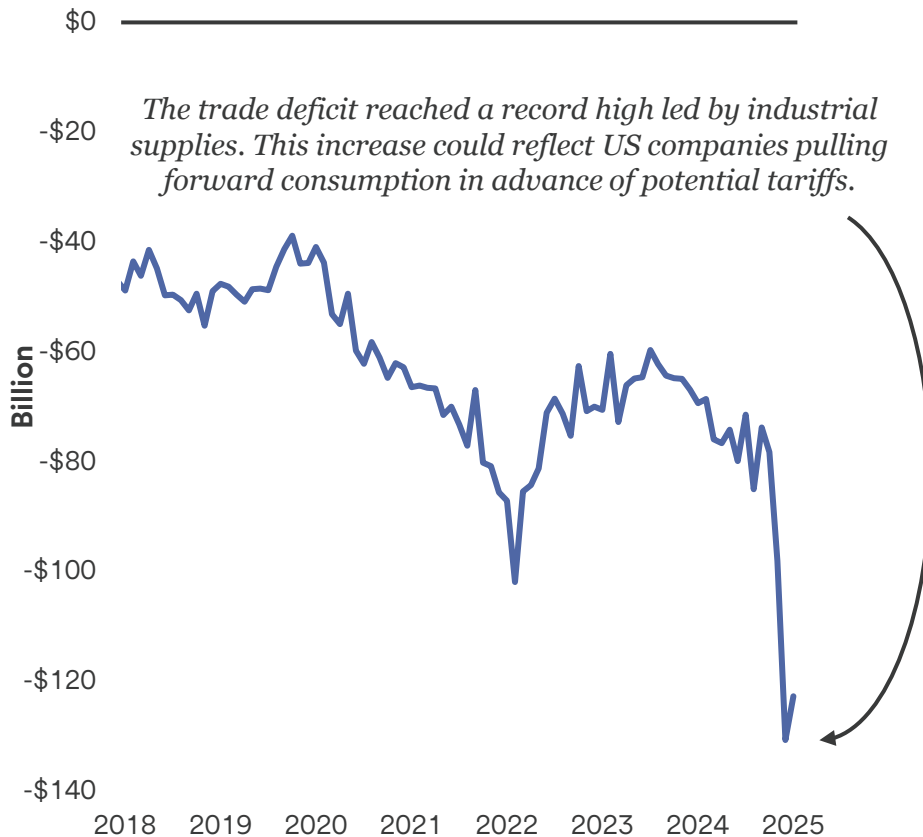


- Treasury yields fall on growing uncertainty
  - Yields on maturities between 2 years and 10 years fell 35-43 bps during the 1<sup>st</sup> quarter
  - The yield curve reinverted on the front end while the steepness of the curve between 2 years and 10 years was unchanged
  - Yield spreads widened off their historically low levels given growing economic concerns but still remain tight

# Tariffs Drive Growth Expectations Lower

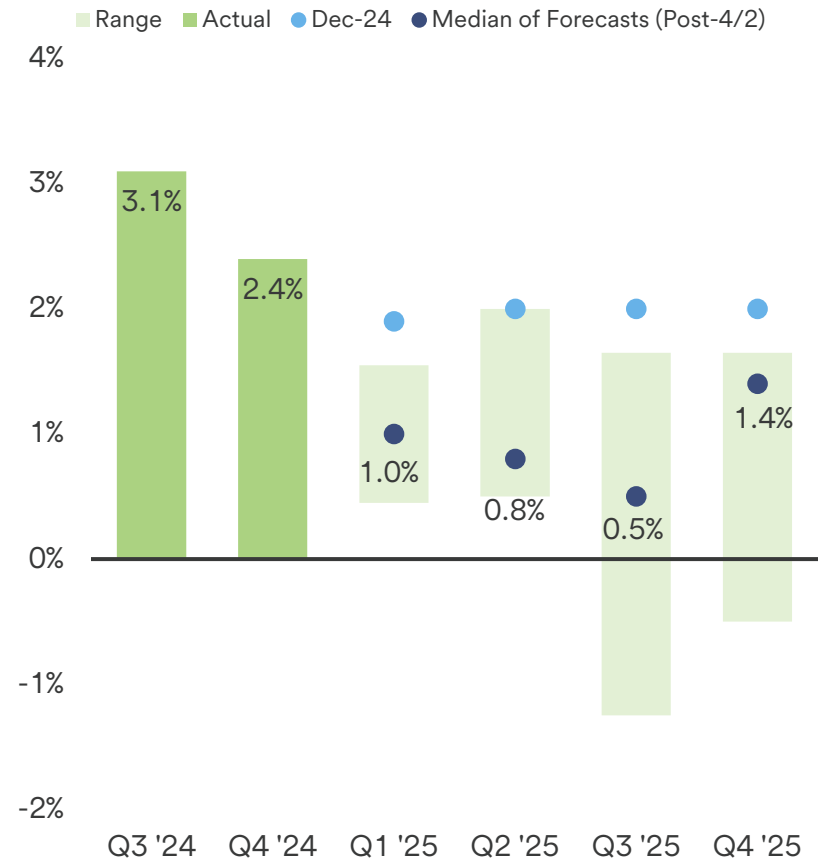
*Fed Chair Powell: “But we kind of know there are going to be tariffs and they tend to bring growth down.”*

## U.S. Trade Balance



## U.S. GDP Forecasts

Annualized Rate



Source: FOMC Chair Jerome Powell Press Conference, March 19, 2025; Bloomberg Finance L.P. and the U.S. Census Bureau as of February 2025 (left). Bureau of Economic Analysis and Bloomberg Finance L.P., as of April 2025. Survey responses after April 2, 2025 included in median and forecast range (right).

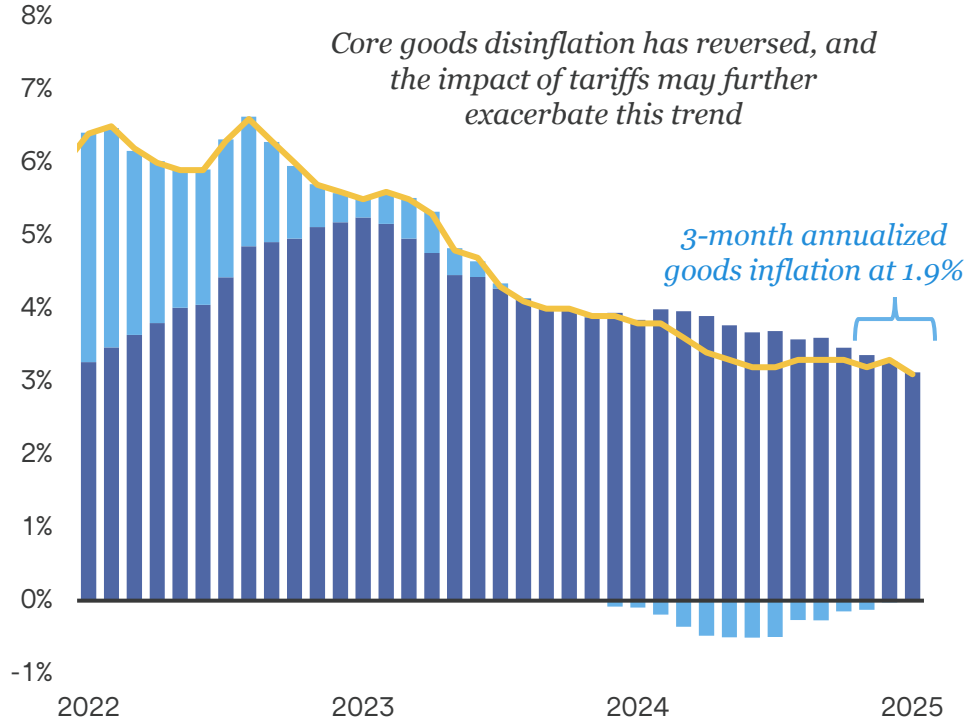
# The Fed's Dual Mandate Gets More Complicated

*Fed Chair Powell : “...ultimately, though, it's too soon to be seeing significant effects [from tariffs] in economic data...”*

## Core CPI

Contributions to Year-Over-Year Change

Services Goods Core CPI



## Unemployment Rate

6%

5%

4%

3%

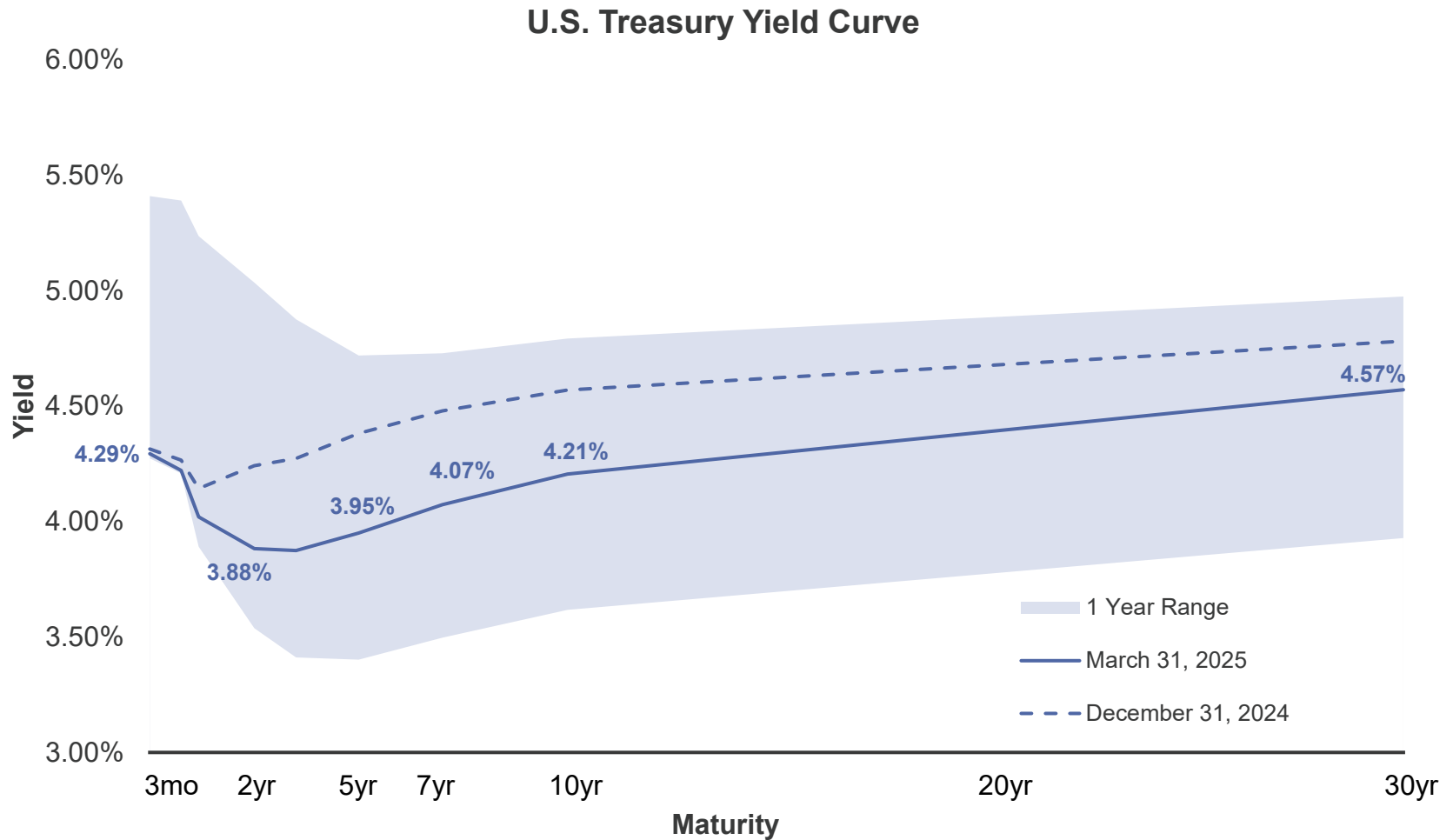
2022 2023 2024 2025

*Unemployment rate of 4.2% remains well below the 25-year average of 5.7%*

Mar-25  
4.2%

Source: FOMC Chair Jerome Powell Press Conference, March 19, 2025. Bureau of Labor Statistics, and Bloomberg Finance L.P., as of February 2025 (left). Bureau of Labor Statistics, and Bloomberg Finance L.P., as of March 2025 (right). Data is seasonally adjusted. Historical average unemployment rate calculated from March 2000 – March 2025.

# U.S. Treasury Yields Lower Across the Curve



Source: Bloomberg Finance L.P., as of March 31, 2025.

# Factors to Consider for 6-12 Months

## Monetary Policy (Global):



- The Fed paused its easing cycle in the first quarter given sticky inflation and the solid labor market. While the FOMC's "dot plot" continues to suggest 50 bps in rate cuts by the end of 2025, Fed Chair Powell indicated there is heightened risk and uncertainty due to the new administration's policies.
- Other major central banks (excluding the Bank of Japan) continued to cut rates. However, inflation remains a risk to this trend continuing, particularly in light of tariff uncertainty.

## Economic Growth (Global):



- U.S. economic growth remained steady in 2024, but worsening consumer sentiment may weigh on spending going forward.
- Pro-growth fiscal policies proposed on the campaign trail have yet to be realized, leaving rapidly changing tariff policy to weigh on growth prospects.
- Escalating trade tensions create the potential for slowing global growth.

## Inflation (U.S.):



- Progress towards the Fed's 2% target remains stalled with goods inflation moving higher even before tariff policies were enacted.
- Consumer expectations for inflation over the next 12 months have now reached their highest levels since early 2023 on tariff concerns.
- Fed Chair Powell said the data are not yet reflecting tariffs and reiterated it will be difficult to directly measure the impact of these policies on prices.

## Financial Conditions (U.S.):



- Financial conditions remained supportive in the first half of the quarter but tightened as ongoing tariff risks weighed on equity prices and credit spreads. While credit spreads widened modestly during the first quarter they remain below historic averages.
- The evolving fiscal landscape and growing uncertainty may lead to tightening financial conditions over the next 6-12 months.

## Consumer Spending (U.S.):



- Sentiment has meaningfully deteriorated as consumers expect higher prices and weaker labor market conditions as tariffs weigh on the pace of economic growth.
- A material deterioration of labor market conditions remains the biggest risk factor to consumer spending. Other headwinds may include slower real wage growth and reduced willingness to spend as prices move higher due to tariffs.

## Labor Markets:



- The labor market remains surprisingly resilient with both initial jobless claims and the unemployment rate at historically low levels. Monthly job gains continue to keep pace with labor force growth.
- With hiring and quits rates low, any acceleration in layoffs may result in job seekers remaining unemployed for longer.
- Federal job cuts and funding freezes could impact the hiring plans of sectors such as healthcare and higher education which rely on government funding. The impact of immigration policy remains unknown.

● Current outlook    ○ Outlook one quarter ago

Stance Unfavorable  
to Risk Assets

Negative    Slightly Negative    Neutral    Slightly Positive    Positive

Stance Favorable  
to Risk Assets

Statements and opinions expressed about the next 6-12 months were developed based on our independent research with information obtained from Bloomberg and FactSet. The views expressed within this material constitute the perspective and judgment of PFM Asset Management at the time of distribution (3/31/2025) and are subject to change. Information is obtained from sources generally believed to be reliable and available to the public; however, PFM Asset Management cannot guarantee its accuracy, completeness, or suitability.



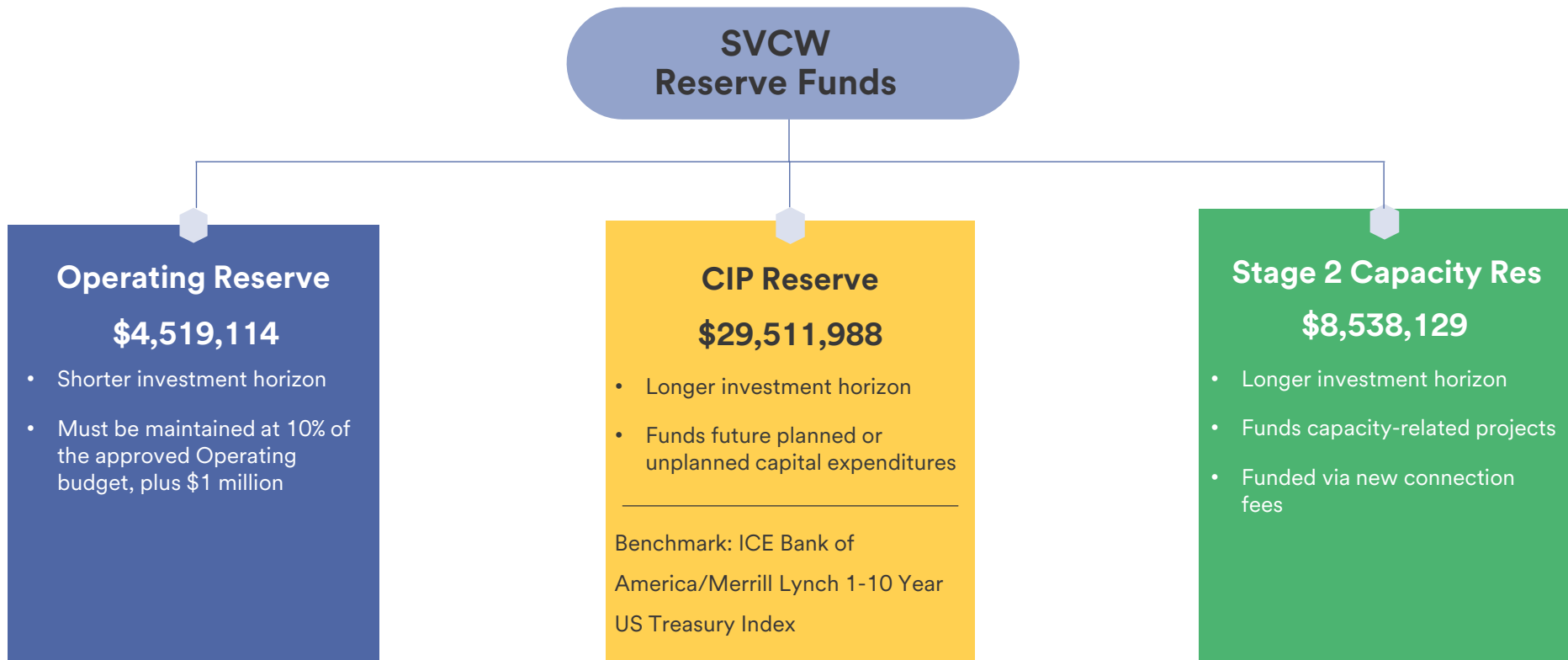
# Investment Program Highlights

# Achieving SVCW's Investment Objectives

Objective	Achieved Through...
<p><b>Safety</b></p> <p><u>Safety of the principal</u> shall be the top priority in the consideration of any investment undertaken by the CFO</p>	<ul style="list-style-type: none"> <li>• <u>High-quality</u> investments</li> <li>• <u>Diversification</u> by sector, issuer, and maturity</li> <li>• Continual <u>monitoring</u> of the creditworthiness of all investment securities</li> </ul>
<p><b>Liquidity</b></p> <p>The CFO shall keep the portfolio <u>sufficiently liquid</u> to meet the operating and capital needs of the authority which can be reasonably anticipated from his/her experience of the Authority's operations and adopted budget</p>	<ul style="list-style-type: none"> <li>• <u>Cash flow</u> coordination with SVCW</li> <li>• Appropriate <u>allocation</u> among short-term liquidity vehicles and the longer-term managed portfolios</li> <li>• Investment in <u>highly liquid</u> securities which could readily be sold in the open market</li> </ul>
<p><b>Return on Investment</b></p> <p>Within the safety and liquidity constraints imposed by law and the Authority's own safety objective and cash flow requirements, the investment portfolio shall be designed to <u>attain the market rate of return</u></p>	<ul style="list-style-type: none"> <li>• <u>Duration</u> management</li> <li>• <u>Active trading</u> and continual evaluation of relative value among allowable sectors</li> </ul>



# SVCW's Reserve Fund Investment Program



Market values of portfolio holdings plus accrued interest and money market fund balances as of March 31, 2025.

# Aggregate Portfolio: March 31, 2025 Statistics

Security Type	March 31, 2025	% of Portfolio	% Change YOY	Permitted by Policy
U.S. Treasury	24,048,905	56%	+14.9%	100%
Supranationals	0	0%	0.0%	15%
Federal Agency/GSE	1,877,293	4%	+0.2%	100%
Federal Agency/CMBS	3,211,686	8%	-0.2%	100%
Federal Agency CMO	887,138	2%	-0.2%	100%
Federal Agency MBS	2,955,589	7%	-0.6%	100%
Municipal	1,349,831	3%	-0.4%	30%
Corporate Notes	5,026,384	12%	-8.5%	30%
Asset-Backed Securities	0	0%	-0.9%	10%
Money Market Fund	3,212,408	8%	-4.3%	20%
Accrued Interest	239,912			
<b>Total Investments</b>	<b>42,809,146</b>	<b>100%</b>		

End of quarter trade-date market valuations. Details may not add up due to rounding. Current Investment Policy as of March 31, 2025.

# CIP Reserve Fund – First Quarter 2025 Purchases

Trade Date	Settle Date	Par Value	Security Description	Maturity Date	Yield at Market
1/3/2025	1/7/2025	400,000.00	US TREASURY N/B	5/31/2031	4.49%
2/4/2025	2/7/2025	575,000.00	US TREASURY N/B	5/31/2031	4.41%
2/19/2025	2/24/2025	105,000.00	HERSHEY COMPANY (CALLABLE)	2/24/2030	4.79%
2/20/2025	2/24/2025	95,000.00	HERSHEY COMPANY (CALLABLE)	2/24/2030	4.75%
2/25/2025	2/28/2025	425,000.00	STATE STREET CORP (CALLABLE)	2/28/2030	4.73%
3/4/2025	3/6/2025	200,000.00	US TREASURY N/B	5/31/2031	4.00%
3/5/2025	3/12/2025	55,000.00	MARS INC (CALLABLE)	3/1/2030	4.83%
<b>Total</b>		<b>1,855,000</b>			

# Total Return Performance

As of March 31, 2025

	Yield to Maturity at Cost	Duration (years)	Total Return Quarter Ended		
			Current Quarter	1 Year	Since Inception
<b>SVCW Operating Reserve Fund</b>	<b>3.95%</b>	<b>1.04</b>	<b>1.13%</b>	<b>5.20%</b>	<b>1.92%</b>
<b>SVCW CIP Reserve Fund</b>	<b>3.43%</b>	<b>3.52</b>	<b>2.42%</b>	<b>5.60%</b>	<b>1.30%</b>
<i>Benchmark: ICE BofA 1-10 Year U.S. Treasury Index</i>	<i>N/A</i>	<i>3.50</i>	<i>2.46%</i>	<i>5.41%</i>	<i>0.91%</i>
<b><i>Difference</i></b>		<b>-</b>	<b>-0.04%</b>	<b>+0.19%</b>	<b>+0.39%</b>
<b>SVCW Stage 2 Capacity Reserve Fund</b>	<b>1.64%</b>	<b>2.59</b>	<b>1.96%</b>	<b>5.81%</b>	<b>1.30%</b>

- Portfolio performance is gross of fees unless otherwise indicated.
- ICE Bank of America (BofA) Indices provided by Bloomberg Finance L.P.
- The performance inception date for each of the funds is September 30, 2019.

# Current Market Outlook

## KEY TAKEAWAYS

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- ▶ The Federal Open Market Committee (FOMC) opted to maintain the target range for the federal funds rate at 4.25-4.5% during both meetings in Q1, citing sticky inflation, a stable unemployment rate, and 'solid' labor market conditions.
- ▶ Volatility is expected to continue given both fiscal and monetary policy uncertainty. The potential impact of further policy changes on economic growth, inflation, and the labor market are unknown. We expect to see an ongoing steepening of the yield curve given the expectation for future Fed rate cuts.

## PORTFOLIO STRATEGY IMPLICATIONS

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- ▶ Continued focus on safety and liquidity.
- ▶ IG corporates posted strong relative returns as much of the spread widening seen during the second half of the quarter was offset by higher incremental income.

# Disclosures

*The views expressed within this material constitute the perspective and judgment of U.S. Bancorp Asset Management, Inc. at the time of distribution and are subject to change. Any forecast, projection, or prediction of the market, the economy, economic trends, and equity or fixed-income markets are based upon current opinion as of the date of issue and are also subject to change. Opinions and data presented are not necessarily indicative of future events or expected performance. Information contained herein is based on data obtained from recognized statistical services, issuer reports or communications, or other sources, believed to be reliable. No representation is made as to its accuracy or completeness.*

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**NOT FDIC INSURED : NO BANK GUARANTEE : MAY LOSE VALUE**





## AGENDA ITEM 5D

**ENGINEERING REPORT: APRIL 2025  
CAPITAL IMPROVEMENT PROGRAM****UPCOMING COMMISSION ACTIONS:****Digester 3 Rehabilitation (CIP#9244):** Rehabilitate Digester 3

This project will repair corrosion and other damage and wear and tear to the internal and external surfaces of the digester as well as gas and sludge piping, valves and other appurtenances. Additionally, scope is to be added to the project to replace ductile iron gas piping.

Planned Commission Actions: Approve Design Task Order for Digester Piping Replacement – May 2025  
Provide Direction on Decision to Delay Digester 3 Project – May 2025

**Pump Station Improvements Project (CIP #9501):** Progressive Design-Build project to rehabilitate Menlo Park Pump Station, replace Redwood City Pump Station, install a new Belmont Gravity Pipeline, and decommission San Carlos and Belmont Pump Stations.

This project is nearing completion; all pump stations and pipelines are in operation.

Planned Commission Actions: Accept 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. This project is partially supported and incentivized by PG&E. The installed infrastructure will provide 14 ports.

Planned Commission Actions: Award Construction Contract – July 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):** Rehabilitate 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.

**Final Effluent Pump Station Improvements (CIP #9223):** Rehabilitate final effluent pump station. This pump station pumps the treated water into the bay.

The Final Effluent Pump Station Improvements Project replaces the pumps, motors, variable frequency drives, and electrical and control components of this critical pump station. Included in the scope is rehabilitation of the suction pipelines to the pump station, which indicate signs of leakage. WM Lyles is the Design-Builder of this project.

**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 material. The facility includes two large 18,000-gallon capacity storage tanks, pumps, piping, valves and electrical system on a new concrete pad located east of Digester No. 1. CCI Constructors is the Design-Builder on the project.

**TASK ORDERS APPROVED CALENDAR YEAR 2025:**

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

**SVCW Engineering Division - Task Order Summary 01/01/2025-04/28/2025**

Task Order Date	Consultant	TO Amt.	Project #	Project Name	Scope of Work
<b>Commission-Approved Date Task Orders:</b>		<b>\$168,720</b>			
2/10/25	Brown & Caldwell - Amend. 1	\$95,758	9269	Biogas Utilization Gas Conditioning System	Design Engineering Consulting Services
2/10/25	Beecher Engineering - Amend. 1	\$72,962	9269	Biogas Utilization Gas Conditioning System	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
<b>Manager-Approved Task Orders*:</b>		<b>\$149,294</b>			
1/31/25	Freyer & Laureta	\$25,179	9269	Biogas Utilization Gas Conditioning System	Design Services
2/3/25	Freyer & Laureta	\$24,571	388	Lab Roof Repair	Design Services
3/6/25	Sierra Research/Trinity Consultants - Amend. 1	\$13,200	9269	Biogas Utilization Gas Conditioning System	Air Permit Application Support
3/14/25	Collaborative Strategies	\$74,844	6018	Conveyance System Completion	Inner Bair Island Restoration Coordination
3/24/25	Nexinite	\$8,000	810	FY 24-25 As Needed Services	Name Builder Reconfiguration Services
4/14/24	Freyer & Laureta	\$3,500	9131	Plant Service Road Surfacing	Driveway Drainage Improvements, Design, Bid, Const

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

\*\*Use last approval signature (TAH) date

## AGENDA ITEM 5E

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

Updated:  
04/26/2025

**MAY 08, 2025**  
**AGENDA ITEM 5E**

Commission Meeting Date		Action Item	Requested or Estimated Date for Completion	Status			Date of Completion	Notes
				Ongoing	In Progress	Complete		
4/10/2025		No Action Items						
3/13/2025	1	Nitrogen Contributions by Member Agency	N/A			✓	3/31/2025	Send data on nitrogen measured from each member; discussed with Members' technical staff
2/10/2025		Short-Term Notes vis a vis WiFIA 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						
> 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

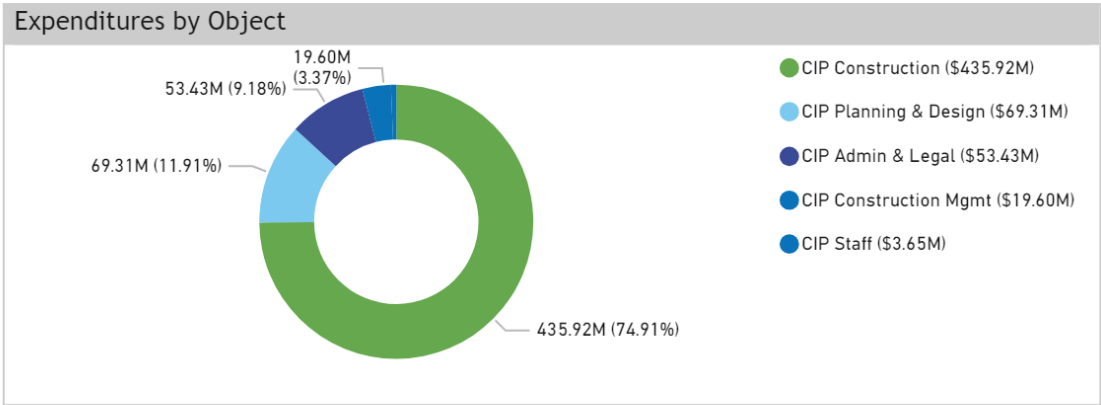
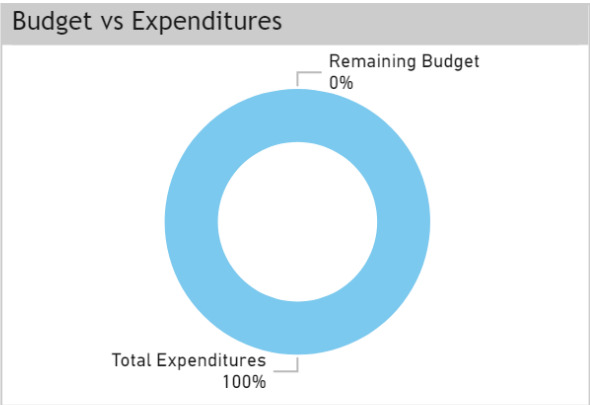
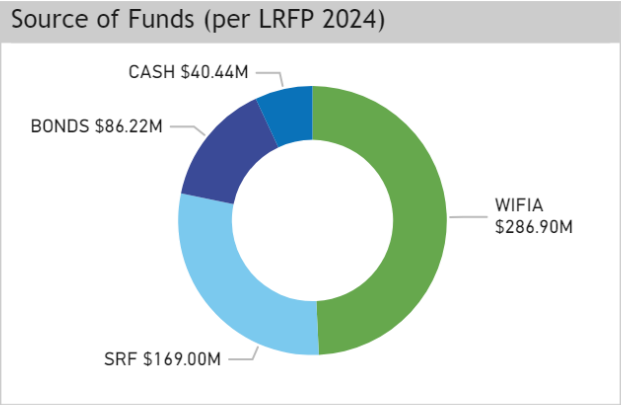
\$582.56M

Total Expenditure

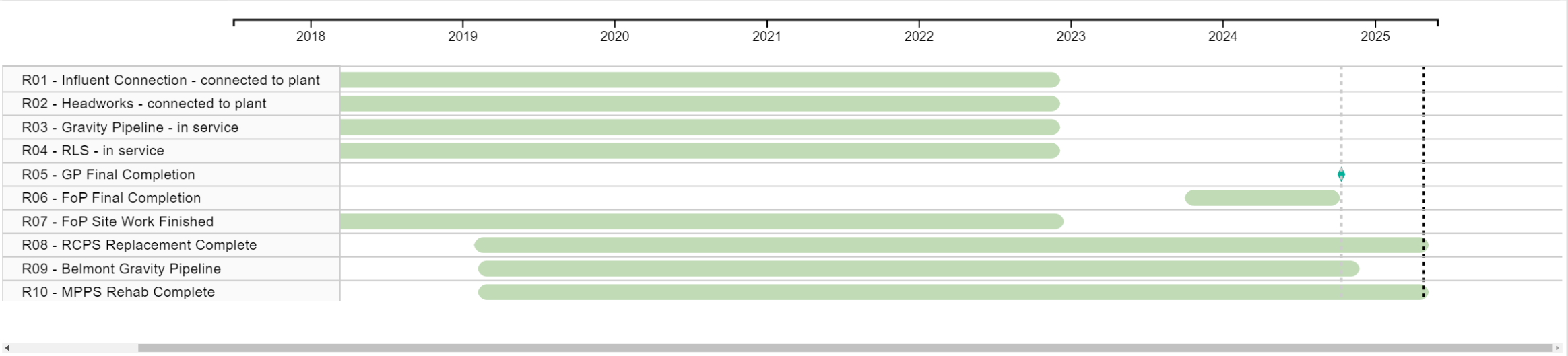
\$582.54M

Remaining Budget

\$19.62K



## Project Schedule





# Startup Overview



Startup Progress						Major Accomplishments To Date	
Project	PreCommissioning	Functional Testing (Design verification)	Functional Testing (Dry verification)	Functional Testing (Wet verification)	Acceptance Testing		
FoP	100%	100%	100%	100%	100%	Front of Plant	<ul style="list-style-type: none"><li>- FoP Control Strategies completed.</li><li>- FoP Design Intent presentation completed.</li><li>- Acceptance Testing plan completed.</li><li>- All vendor trainings completed.</li><li>- Headworks and SFS/RLS Functional Testing completed.</li></ul>
GP	100%	100%	100%	100%	100%		
MPPS A side	100%	100%	100%	100%	100%	Gravity Pipeline	<ul style="list-style-type: none"><li>- GP Design Intent presentation completed.</li><li>- Acceptance Testing completed.</li><li>- FM to GP switchover completed.</li></ul>
MPPS B side	100%	100%	100%	100%	100%		
BGP	100%	100%	100%	100%	100%	Pump Stations Improvements	<ul style="list-style-type: none"><li>- MPPS A-Side 30-Day Acceptance Testing completed.</li><li>- MPPS B-Side 30-Day Acceptance Testing completed.</li><li>- BGP 30-Day Acceptance Testing completed.</li><li>- RCPS 30-Day Acceptance Testing completed.</li><li>- RCPS Automatic Systems training and vendor training completed.</li></ul>
RCPS	100%	100%	100%	100%	100%		
						Program	<ul style="list-style-type: none"><li>- RESCU Commissioning Risk Register workshop completed.</li></ul>

3 - Month Look Ahead		
	Start	End



## AGENDA ITEM 7A

**MINUTES OF SILICON VALLEY CLEAN WATER  
REGULAR MEETING – April 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  
Mayor Elmer Martínez Saballos, Redwood City – Vice Chair  
Council Member Tom McCune, Belmont – Secretary  
Council Member John Dugan San Carlos – Alternate 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  
Anir Bhagwat, SVCW Senior Engineer  
Chathu Abeyrathna, SVCW Senior Engineer  
Cindy Hui, SVCW Finance Supervisor  
Keith McClure, SVCW CIP Manager  
Kiki Newberry, SVCW Financial Analyst  
Vanessa Ventura, SVCW Admin  
Mark Minkowski, Kennedy Jenks  
Bill Tanner, Tanner Pacific  
Brett Margosian, Tanner Pacific  
Sergio Ramirez, West Bay Sanitary District  
Fariborz Heydari, West Bay Sanitary District  
E.J. Shalaby, DNS Strategies  
Fion Lui, Redwood City  
Beth Goldberg, Redwood City  
Kirk Millhone, Headwaters  
Valerie Phillips, Bob Murray & Associates

**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 for spring cleaning.

Item 5D Engineering Report an update on CIP 9600, Buried and Exposed Process Pipe Repair was provided.

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

**ITEM 6****MATTERS OF COMMISSION MEMBER'S INTEREST****ITEM 7****CONSIDERATION OF MOTION APPROVING CONSENT CALENDAR ITEMS 7A THROUGH 7E**

- A. APPROVAL OF MINUTES – March 13, 2025 – Regular Meeting
- B. CONSIDERATION OF MOTION APPROVING CLAIMS AND CHECKS DATED MARCH 5 – APRIL 1, 2025, AND NECESSARY PAYMENTS THROUGH APRIL 1, 2025
- C. CONSIDERATION OF RESOLUTION ADOPTING UPDATED SVCW SEWER SYSTEM MANAGEMENT PLAN (SSMP)

Proposed Action:

Move adoption of RESOLUTION APPROVING AND ADOPTING UPDATED SVCW SANITARY SEWER MANAGEMENT PLAN AND AUTHORIZING THE SVCW MANAGER TO RE-CERTIFY THE SAME

- D. CONSIDERATION OF MOTION APPROVING ACCEPTANCE AND AUTHORIZATION TO FILE NOTICE OF COMPLETION FOR THE FIVE CORNERS INTERSECTION PROJECT (CIP #9131)

Proposed Action:

Move approval of MOTION TO ACCEPT CIP #9131; FIVE CORNERS INTERSECTION PROJECT AND AUTHORIZE FILING NOTICE OF COMPLETION – J.F. SHEA CONSTRUCTION INC.

E. CONSIDERATION OF RESOLUTIONS APPROVING MASTER SERVICES AGREEMENTS FOR STATE AND FEDERAL LOBBYING FIRMS, GONSALVES & SONS AND ENS RESOURCES, INC.

Proposed Action:

- i. Move Adoption of RESOLUTION APPROVING MASTER SERVICES AGREEMENT WITH ENS RESOURCES, INC.FOR FEDERAL LOBBYING SERVICES
- ii. Move Adoption of RESOLUTION APPROVING MASTER SERVICES AGREEMENT WITH GONSALVES & SONS FOR STATE LOBBYING SERVICES

**Motion/Second: Mr. McCune / Mr. Dugan**

The Motion carried by Unanimous Vote

**ITEM 8A**

SILICON VALLEY CLEAN WATER MANAGER RECRUITMENT

Proposed Action:

DISCUSS AND GAIN CONSENSUS ON OPTIONS FOR MANAGER SELECTION PROCESS

**ITEM 8B**

CONSIDERATION OF RESOLUTIONS APPROVING FISCAL YEAR 2025-26 ANNUAL OPERATING AND CAPITAL EXPENDITURES BUDGET

- 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 CASH IN LIEU OF DEBT CONTRIBUTIONS
- iv. FISCAL YEAR 2025-26 DEBT SERVICE EXPENDITURES IN AN AMOUNT OF \$28,289,934
- v. AUTHORIZING SVCW MANAGER TO IMPLEMENT, MANAGE AND APPROVE EXPENDITURES AUTHORIZED WITHIN THE FISCAL YEAR 2025-26 ANNUAL OPERATING AND CAPITAL EXPENDITURES BUDGET

AND CAPITAL IMPROVEMENT PROGRAM RESERVE FUND AS  
ADOPTED BY THE SILICON VALLEY CLEAN WATER COMMISSION

**Motion/Second: Mr. Martinez Saballos / Mr. McCune**

The Motion carried by Vote – Mr. McCune, Belmont; Mr. Martinez Saballos, Redwood City; Mr. Otte, West Bay Sanitary District. Mr. John Dugan, San Carlos, abstained.

**ITEM 8C**

RECEIVE PRESENTATION AND TOUR TREATMENT FACILITY

Proposed Action:

Receive Presentation and Tour Treatment Facility

Commissioner Dugan made a motion to move Item 9 (Closed Session) ahead of Item 8C (Treatment Facility Presentation and Tour). Commissioner McCune seconded the motion.

Motion carried by unanimous vote.

The presentation and tour of treatment facility was postponed.

**ITEM 9**

Closed Session was called to order at 9:42 am

**ITEM 10**

RECONVENE IN OPEN SESSION

Open Session reconvened at 10:15 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 10:16 am

Minutes prepared by Teresa A. Herrera

Reviewed by General Counsel

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Tom McCune, Secretary

## AGENDA ITEM 7B

**SVCW WARRANT REGISTER**

SVCW Warrant Registers dated April 2 – April 14, 2025, will be distributed to the Commission and Legal Counsel on May 1, 2025.



## AGENDA ITEM 7C

**ELECTRICAL-INSTRUMENTATION-CONTROLS CONSULTING SERVICES  
APPROVAL OF TECHNICAL EDGE TASK ORDER**

**ISSUE**

Approve Task Order Scope and Budget for Electrical-Instrumentation-Controls Consulting Services with Technical Edge

**BACKGROUND**

Since the initiation of the CIP in 2008, a large focus of the Engineering, Operations, and Maintenance Divisions have been on automating the processes of the treatment plant. In 2013, SVCW identified the need for a consultant with expertise in automation to assist with capital projects that have a significant automation component as well as to assist in maintenance and smaller operational task automation. A Master Services Agreement and Task Order were approved by the Commission in November 2013 for the firm of Technical Edge to perform such services for SVCW.

Technical Edge's owner, Kip Edgely, has 45 years of experience in the electrical and automation fields, the majority performed in the wastewater industry. Mr. Edgely's expertise is broad and encompasses electrical, instrumentation, controls, SCADA, programmable logic controllers (PLC's), and design and integration of all components to produce fully automated systems. Technical Edge brings an expert level of knowledge and experience in SVCW's Rockwell Automation hardware and software as well as Wonderware SCADA software.

Under its current SVCW Task Order, Technical Edge's primary focus has been to provide services on the three RESCU design-build projects. Under the direction of the SVCW Authority Engineer, Technical Edge has provided review and coordination of electrical engineering and construction tasks, review of electrical, programmable controls and SCADA graphics submittals, factory witness testing on large electrical components, troubleshooting services during construction and startup phases, and coordination and management of SVCW's Systems Integrator consultants. Mr. Edgely's involvement has ensured that the RESCU projects were designed and constructed in accordance with SVCW's design standards.

Technical Edge's task order for RESCU services was authorized in April 2017 in the amount of \$2.16 million and intended to last six years in duration. With efficient use of time and resources and close tracking of budget, Technical Edge was able to stretch the budget for an additional 2 years.

Hiring Technical Edge offsets the cost of adding staff or using the services of a project's design consultant or construction manager. Thus far, the services provided by Technical Edge have resulted in significant project cost savings in labor and materials. Furthermore, Mr. Edgely's expertise in identifying and troubleshooting electrical, instrumentation and controls issues ensured that startup of the three RESCU projects remained on track when programming or electrical issues were identified. By helping perform root-cause analyses,

Mr. Edgely has helped reduce finger-pointing and potential claims in situations where the parties at-fault were initially unclear.

In addition to the valuable services provided by Technical Edge, its rates are significantly lower than other consultants; up to 40% lower than consultants who perform similar types of services.

### **DISCUSSION**

With the RESCU program concluding, staff seek to continue utilizing the electrical, automation, and instrumentation consulting services provided by Technical Edge for in-plant projects. In particular, the Fixed Film Reactor, Final Effluent Pumping, and Food Waste Upgrade projects all have significant electrical and instrumentation coordination needs. These are multi-year projects and are critical infrastructure to SVCW's treatment system. Without the services of Technical Edge, SVCW would need to either add staff or seek similar expertise with another outside consultant. Use of Technical Edge is the most cost-efficient and project-effective way to have the necessary services provided.

Staff recommends the Commission authorize Technical Edge to continue providing SVCW with outstanding and cost-effective technical advisory services with focus on CIP automation projects and opportunities for improving SVCW's SCADA network. Staff is seeking authorization for a new task order in an amount not to exceed \$1.2 million. Specific projects assigned to, and expenditures incurred by Technical Edge will be authorized by the Authority Engineer. This budget is anticipated to provide services for four years. Work will be paid on a time and expense basis.

### **CLIMATE EFFECTS**

There are no anticipated direct climate effects from this action.

### **FINANCES**

Funds for this agreement are derived from Fund 20 – CIP Projects and costs associated with work are allocated directly to specific projects worked on throughout the contract period. Over the next 4 years, SVCW is anticipating completing \$106 million in capital projects. (Note that the \$33 million referenced in Agenda Item 8B represents the portion of the expected \$106 million expenditures not currently financed.) Approval of this task order will authorize \$1.2 million. This represents 1.1% of project budgets' totals. Technical Edge services are included in the budgets for the respective projects.

### **RECOMMENDATION**

Move approval of TASK ORDER SCOPE AND BUDGET FOR SVCW PROCESS AUTOMATION SERVICES IN AN AMOUNT NOT TO EXCEED \$1,200,000 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – TECHNICAL EDGE

## AGENDA ITEM 8A

**ENGINEERING DESIGN SERVICES FOR  
DIGESTER GAS PIPING REPLACEMENT AND  
EVALUATION OF PROJECT DELAY  
DIGESTER 3 REHABILITATION PROJECT (CIP #9244)**

**ISSUE**

Approve Design Task Order with Kennedy/Jenks Consultants for Digester Gas Piping Replacement. Provide Direction on Implementation of the Digester 3 Rehabilitation Project.

**BACKGROUND**

SVCW uses anaerobic digesters to break down the organic material in its solid waste stream which, in turn, generates digester gas (also referred to as “biogas”). Raw digester gas is processed through a gas treatment system to produce purified gas, meeting the required quality standard for onsite electricity generation through internal combustion engine cogeneration units. In the future, digester gas will also be used to generate electricity using linear generators.

The digester gas piping system consists of 8-inch and 12-inch diameter pipes that remove the biogas from each of the three digesters, and an 8-inch loop inside the Solids Handling Building that distributes the biogas to the cogeneration engines and to two flares on the roof. The flares, also known as waste gas burners, burn any excess digester gas that is not consumed by the engines. As digester rehabilitation projects were completed, old ductile iron pipes have been replaced and upsized with stainless steel pipes at each digester. However, most of the gas piping that distributes the biogas remains the old ductile iron pipes.

Digester 3 was last rehabilitated in 2010. In 2023, SVCW authorized scope of work and budget for Kennedy Jenks Consultants (“KJ”) to develop a design for rehabilitating the digester once again. The scope of the Digester 3 Rehabilitation Project includes corrosion repair, replacement of internal and external coatings, replacement of foam insulation on the roof, and repair and recoating of all piping associated with the digester. The scope does not include ductile iron pipe replacement.

On December 7, 2024, SVCW experienced a critical pressure drop in the digester gas system below the operational threshold for both the cogeneration engines and the flare, despite normal gas production levels. A thorough investigation led to the discovery of a significant leak in the 8-inch ductile iron pipe located in Digester 2 and 3 pipe galleries. The leak, attributed to corrosion-induced damage, was isolated and promptly repaired by maintenance staff on an emergency basis. The Bay Area Air Quality Management District (BAAQMD) was notified according to permit requirements to report fugitive emissions.

This incident highlighted the need for comprehensive replacement of all remaining ductile iron piping in the raw digester gas system. Continued reliance on deteriorated ductile iron poses safety hazards as well as regulatory compliance risks. Given the corrosive nature of raw digester gas, which contains methane and hydrogen sulfide, the ductile iron will

continue to degrade. In addition to the recent emergency repairs, other sections of ductile iron pipe have previously required repairs.

After the incident on December 7<sup>th</sup>, SVCW staff decided to add scope to the planned Digester 3 rehabilitation project to include replacing the raw digester gas loop. By adding this work to an existing project's scope instead of creating a new project to address the issue, SVCW gains efficiency in construction and reduction in administrative costs. The budget for the Digester 3 Rehabilitation project was increased to \$5.28 million to accommodate replacement of raw digester gas piping as part of the February 2025 CIP Update.

In February 2025, the Commission and member agency staff requested that SVCW reassess the planned CIP projects to reduce projected near-term costs to the extent that the work can proceed without the need for issuing bonds to fund projects. One of the projects that was proposed to be delayed was the Digester 3 project. However, the gas pipe replacement remains a priority and must move forward regardless of the rehabilitation project timeline. In the proposal to defer Digester 3 rehabilitation, the project was split into two phases. The first phase included replacement of the ductile iron gas piping and would proceed immediately, while the remainder of the work to fully rehabilitate Digester 3 would be deferred to a second phase, starting in 2028.

## **DISCUSSION**

### ***Additional Design Scope***

Staff have negotiated a scope of work and budget with KJ for engineering design and bid support services. The proposed design scope will replace all remaining ductile iron pipe within the digester gas system. The piping will be upsized to accommodate anticipated future gas volumes and will be stainless steel to mitigate corrosion. The negotiated budget is a not-to-exceed amount of \$213,646. Staff recommends that the Commission approve a task order amendment with KJ under CIP #9244: Digester 3 Rehabilitation Project (Task Order 2024-03).

### ***Project Considerations – Option 1, delay Digester 3 Rehabilitation***

SVCW operates with two digesters to meet the sludge volume demands of the treatment plant, with the 3<sup>rd</sup> digester providing redundancy. Currently, Digesters 1 and 2 are in operation 24 hours a day and Digester 3 is out of service. Digester 3's center column had been removed to facilitate the design effort's condition assessment and is unable to be put back into service. This leaves the plant with no contingency in the event of a failure of an in-use digester. To regain this redundancy, the center column would need to be put back into the digester, along with critical safety items needing to be completed.

At a minimum, a construction project that would allow the digester to be placed back into service along with the digester gas ductile iron piping replacement described above should be initiated. The remainder of the Digester 3 rehabilitation work would then be re-initiated in 2028. The approximate cost for the work is estimated at \$800,000. The cost to complete the remainder of the project in three years is estimated to be \$4.3 million. Total future project cost is projected to be \$5.89 million.

Financial risks of delaying Digester 3 Rehabilitation include the increased costs due to further structural degradation during the delay, higher construction costs due to inflation, and additional administrative costs associated with splitting the project into two construction projects. A high-level cost increase estimate is \$600 thousand (current budget at \$5.28 million versus projected future cost of \$5.89 million).

Operational risks associated with delaying the full rehabilitation relate to the potential for a corrosion-induced hole developing in Digester 2. Digester 2 was last rehabilitated in 2012, when all corrosion was removed, steel was repaired, and the internal coating was reapplied. At that time, KJ recommended that the next Digester 2 rehabilitation should include the replacement (instead of rehabilitation) of its cover, due to its loss of steel thickness. By pausing the cycle of digester rehabilitations, there is an increased risk that the Digester 2 cover will fail, causing a loss of methane gas into the atmosphere, potentially creating the risk of explosive levels of methane in the air surrounding and inside the digester. While the likelihood of this occurring remains low, it remains a risk difficult to mitigate. At a “best case” consequence scenario, SVCW would receive an air permit violation and fine. Fines are proportional to the amount of fugitive emissions.

***Project Considerations – Option 2, proceed with Digester 3 Rehabilitation***

Due to the risks associated with delaying a full rehabilitation of Digester 3, SVCW staff recommends reconsidering the decision to delay the project. By performing work now, the overall cost of the project will be less, and operational risks of delaying the work will be reduced. The overall cost of the project is projected to be completed within the current CIP budget of \$5.28 million (versus a high-level increased cost estimate of \$5.89 million).

Under Item 8B of this meeting’s agenda, the financial implications of the two options within the larger context of the next three years of project funding will be discussed.

**CLIMATE EFFECTS**

There are no anticipated direct climate effects from these actions. Replacement of gas piping reduces the risk of future gas and greenhouse gas emissions into the atmosphere.

**FINANCES**

The Project is funded under CIP #9244 – Digester 3 Rehabilitation Project, which has an allocated budget of \$5.28 million. As of March 2025, \$474,046 has been expended.

**RECOMMENDATION**

- i. Move approval of TASK ORDER FOR ENGINEERING DESIGN AND BID SUPPORT SERVICES AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS FOR DIGESTER GAS PIPING REPLACEMENT (CIP #9244) – KENNEDY/JENKS CONSULTANTS - \$213,646
- ii. PROVIDE DIRECTION TO STAFF TO PROCEED WITH OPTION 2, DIGESTER 3 REHABILITATION

## AGENDA ITEM 8B



## UPDATE REGARDING FINANCIAL PLANNING CAPITAL IMPROVEMENT PROGRAM; INTERIM HYBRID SCENARIO

### ISSUE

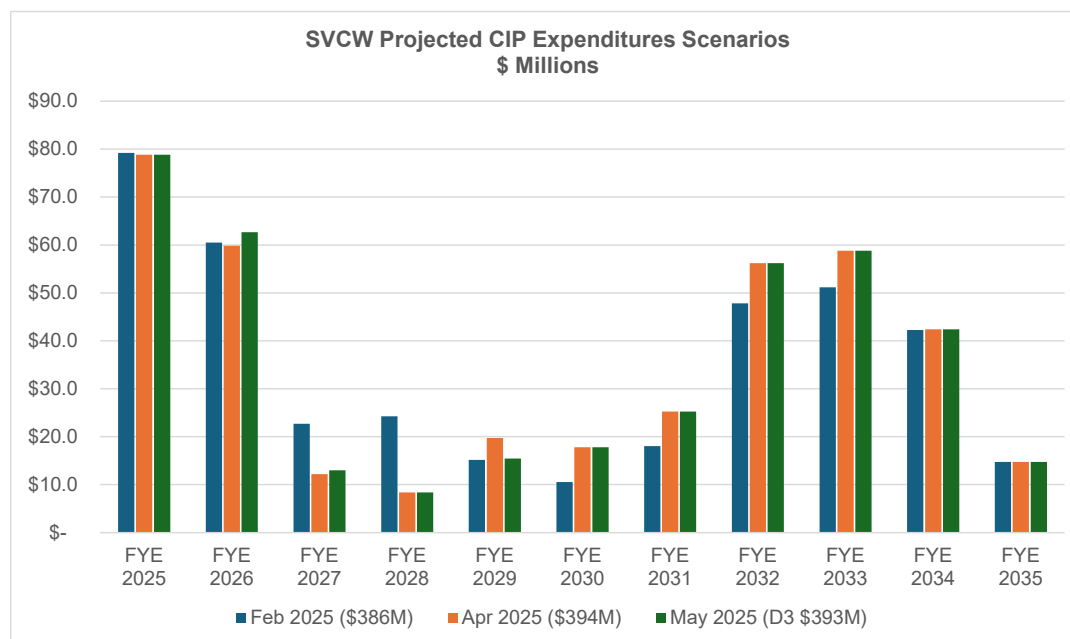
Receive an Update Regarding Interim Funding Strategies for Silicon Valley Clean Water's Capital Improvement Program (CIP); Direct Manager to Initiate Necessary Actions to Update Commission Policy 2013-03, Reserves Fund Policy and Procedures.

### BACKGROUND

In March 2025, the SVCW Commission directed staff to revisit its ten-year projection for CIP expenditures and determine whether, specifically for the next three years, project spending could be deferred. It also directed staff to consider alternative funding methods rather than issuing new debt in fiscal year 2025-26. SVCW staff has coordinated with Member staff, including the Technical Committee and Finance staff, to incorporate these directives.

After revisiting the timing, criticality, and cost of CIP projects, construction of certain projects was deferred until fiscal year ended 2028 or later. This considerably reduced the amount of project funds needed over the next three years. During budget discussions at the April 2025 Commission meeting, Commissioners directed staff to consider options that could mitigate the risk of deferring a certain Digester 3 rehabilitation project.

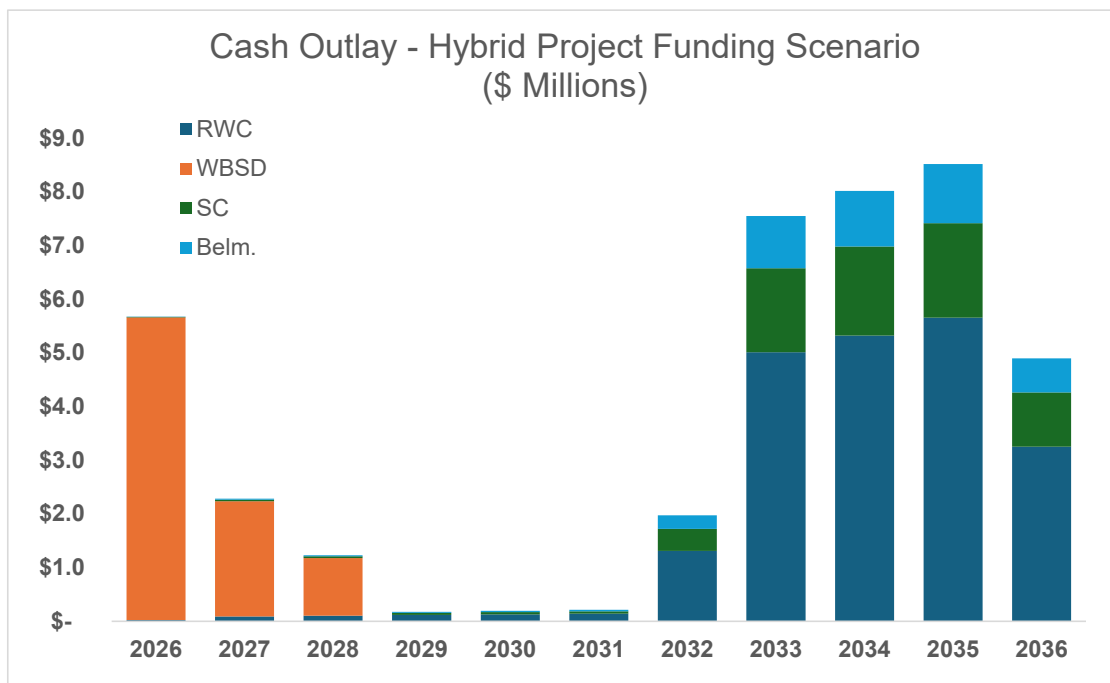
SVCW Projected CIP Expenditure Scenarios												
Update	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032	FYE 2033	FYE 2034	FYE 2035	TOTAL
Feb-25	\$ 79.2	\$ 60.5	\$ 22.7	\$ 24.3	\$ 15.1	\$ 10.6	\$ 18.0	\$ 47.8	\$ 51.2	\$ 42.2	\$ 14.7	\$386.4
Apr-25	\$ 78.8	\$ 59.8	\$ 12.2	\$ 8.4	\$ 19.7	\$ 17.8	\$ 25.2	\$ 56.2	\$ 58.8	\$ 42.4	\$ 14.7	\$394.2
May-25	\$ 78.8	\$ 62.7	\$ 13.0	\$ 8.4	\$ 15.4	\$ 17.8	\$ 25.2	\$ 56.2	\$ 58.8	\$ 42.4	\$ 14.7	\$393.6



## DISCUSSION

To date, SVCW has financed the 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. Over the past two months, funding workshop sessions were conducted with Member staff to identify acceptable funding scenarios. Discussions were focused on ways to fund critical and active projects without a new debt issuance. Member staff have indicated support for a hybrid funding approach that uses a combination of Member cash contributions and SVCW's Line of Credit (LOC).

The hybrid funding approach calls for one Member to remit monthly cash payments proportionate to its share of projected CIP expenditures while other Members would draw from the LOC as needed rather than contribute cash. The LOC would subsequently be paid down by the non-cash Members redirecting CIP Reserve contributions. Once the LOC is fully repaid, those Members' contributions revert to the CIP Reserve until its target balance is reached. Interest expenses would be drawn from the CIP Reserve. To make the cash-contributing Member whole, non-cash Members would also repay the CIP Reserve for any lost earnings associated with interest paid and reduced contributions.



The advantage of this Interim Hybrid Cash/LOC structure is that it allows CIP Reserves (now approximately \$30 million) to remain available for emergency use. The CIP Reserve would also continue to compound investment earnings over time.

It is important to note, however, that Members using the Authority's LOC are by extension the obligor of the outstanding balance. Unlike traditional long-term debt structures that can be structured to mitigate certain risks, the LOC has exposure to market volatility,

credit risk, and banking relationships. The current LOC agreement with Wells Fargo, for example, expires in July 2027 and will require negotiations to extend.

To address the risks associated with extended use of the LOC, future Long Range Financial Plan (LRFP) updates will recommend that the outstanding LOC balance be refinanced in 2028 when the Authority is required to also refinance an outstanding 2018A Bond series and may issue new debt for capital projects if CIP projections remain intact.

Hybrid Cash/LOC Scenario - SVCW Line of Credit (LOC)			
Description	FYE 2026	FYE 2027	FYE 2028
LOC Drawn Balance, Beginning	\$ -	\$ (12.44)	\$ (15.00)
Amount drawn	(15.36)	(5.85)	(2.93)
Paid down, redirected CIP Reserve Contribs	2.93	3.29	3.66
<b>LOC Drawn Balance, Ending</b>	<b>\$ (12.44)</b>	<b>\$ (15.00)</b>	<b>\$ (14.27)</b>

SVCW's CIP Reserve Policy calls for Member contributions to continue until the target balance is reached (currently projected to be in 2032). As the hybrid approach redirects funds away from the CIP reserves to pay down the LOC balance, it delays fulfillment of the target balance by four years, in 2036. It also precludes approximately \$40 million in cash otherwise available for capital projects between 2032 and 2036. This extended period of cash needs will be addressed in future LRFP updates.

Hybrid Cash/LOC Scenario - SVCW CIP Cash Reserves (Digester 3 Accelerated) (\$ Millions)											
Description	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032	FYE 2033	FYE 2034	FYE 2035	FYE 2036
Cash Funding Contribs, WBSD	\$ 7.16	\$ 1.95	\$ 0.74	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>CIP Reserves, Beginning balance</b>	<b>30.30</b>	<b>32.11</b>	<b>33.90</b>	<b>35.85</b>	<b>38.11</b>	<b>40.76</b>	<b>43.82</b>	<b>51.27</b>	<b>60.47</b>	<b>70.41</b>	<b>81.16</b>
Contributions from WBSD	1.07	1.21	1.34	1.48	1.61	1.74	1.40	-	-	-	-
Contributions from other Members	-	-	-	-	-	-	4.51	7.50	8.00	8.50	4.90
Investment earnings	0.92	0.98	1.04	1.10	1.17	1.25	1.40	1.64	1.92	2.23	2.50
LOC Interest paid from Reserves	(0.2)	(0.5)	(0.6)	(0.5)	(0.3)	(0.1)	(0.0)	-	-	-	-
Repay lost earnings from interest paid	0.04	0.13	0.15	0.17	0.18	0.20	0.16	0.03	-	-	-
Repay lost earnings, reduced contribs	0.00	0.01	0.01	0.01	0.02	0.02	0.02	0.02	0.02	0.02	-
<b>CIP Reserves, Ending balance</b>	<b>\$ 32.11</b>	<b>\$ 33.90</b>	<b>\$ 35.85</b>	<b>\$ 38.11</b>	<b>\$ 40.76</b>	<b>\$ 43.82</b>	<b>\$ 51.27</b>	<b>\$ 60.47</b>	<b>\$ 70.41</b>	<b>\$ 81.16</b>	<b>\$ 88.56</b>
<i>Target Balance</i>	<i>\$ 64.03</i>	<i>\$ 66.13</i>	<i>\$ 68.30</i>	<i>\$ 70.54</i>	<i>\$ 72.86</i>	<i>\$ 75.25</i>	<i>\$ 77.72</i>	<i>\$ 80.28</i>	<i>\$ 82.91</i>	<i>\$ 85.64</i>	<i>\$ 88.45</i>

A separate action item for the Commission is described in Agenda Item 8A of this May 8, 2025 meeting regarding Digester 3 rehabilitation. Information shown in the tables and charts incorporate values associated with *Option 2 – Proceed with the Digester 3 Rehabilitation*. This option and the resultant values in a Hybrid Interim Cash/LOC funding scenario were discussed with Members' Technical Committee and Finance staff.

If the Members move forward with interim hybrid funding, it requires the Authority's Reserve Fund Policy to be amended to allow for the temporary redirection of cash contributions. This action would be brought to the Commission at the June 2025 Commission meeting.

### 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

This proposed funding approach influences the debt service otherwise incurred in fiscal years 2025-26 and beyond. Accordingly, the LRFP outlook has been updated to incorporate recommended changes. Each Member has been provided detailed tables that describe their respective share of future SVCW expenditures, which may be used to set rate-setting strategies.

### RECOMMENDATION

PROVIDE DIRECTION TO STAFF TO:

- i. PROCEED WITH THE INTERIM HYBRID CASH/LOC FUNDING MECHANISM
- ii. PROCEED WITH PREPARATIONS TO AMEND COMMISSION POLICY 2013-03  
– RESERVES FUND POLICY AND PROCEDURES