

1902 - Serving Our Community for over 120 Years - 2023

WEST BAY SANITARY DISTRICT

AGENDA OF BUSINESS

REGULAR MEETING OF THE DISTRICT BOARD

WEDNESDAY, JULY 26, 2023 AT 7:00 P.M.

RONALD W. SHEPHERD ADMINISTRATION BUILDING,
500 LAUREL STREET, MENLO PARK, CALIFORNIA 94025

Board Members

Fran Dehn, President
David Walker, Secretary
Roy Thiele-Sardiña, Treasurer
Edward P. Moritz, Member
George Otte, Member

General Manager

Sergio Ramirez

District General Counsel

Anthony Condotti, Esq.

AGENDA OF BUSINESS

To participate by telephone or Zoom meeting, public comments can be made by joining Zoom meeting at:

Join Zoom Meeting

<https://us06web.zoom.us/j/85639825483?pwd=R0g2ZTR2QXNzSIN4RjFQYnkvWjlSUT09>

Meeting ID: 856 3982 5483 Passcode: 309623

NOTE: The Board may take action on any agendized item unless specifically designated a "discussion" item or a "report."

1. Call to Order and Roll Call
2. Communications from the Public
3. Consent Calendar

Matters listed under this item are considered routine and will be enacted by one motion. The motion, seconds, and vote are applicable to any included resolutions and recorded accordingly. There will be no separate discussion of these items unless specifically requested by a member of the Board.

 - A. Approval of Minutes for Regular Meeting July 12, 2023 Pg. 3A-1
 - B. Bank of the West Monthly Investment Portfolio Statements Pg. 3B-1
 - C. Consider Accepting Sewer Facilities Constructed Pursuant to Class 3 Sewer Permit No. 1618 for the Construction of Wastewater Facilities for 155 Grove Drive, Portola Valley, California Pg. 3C-1
4. General Manager's Report Pg. 4-1
5. Review and Approval of a Resolution Authorizing South Bayside Waste Management Authority To Acquire Real Property Located At 1245 San Carlos Avenue, Unit E, San Carlos, CA Pg. 5-1

6. Presentation and Discussion by South Bay Waste Management Authority Executive Director on their Site Optimization Plan Pg. 6-1
7. Discussion and Direction on City of East Palo Alto RFP for Sanitary Sewer Operations. Pg. 7-1
8. Discussion and Direction on the West Bay and Sharon Heights Recycled Water Facility Pg. 8-1
9. Discussion and Direction on Bayfront Recycled Water Project and Status Update Pg. 9-1
10. Report and Discussion on South Bayside Waste Management Authority (SBWMA) Pg. 10-1
11. Report and Discussion on Silicon Valley Clean Water (SVCW) Plant Pg. 11-1
12. Closed Session
 - A. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
(Cal. Govt. Code § 54956.9(1))
Name of Case: Gruber v. West Bay – SMSC Case No. 23-SCS-00490 (Small Claims Court)
13. Comments or Reports from Members of the District Board and Consider Items to be Placed on Future Agenda
14. Adjournment

The West Bay Sanitary District does not discriminate against persons with disabilities. Upon request, the agenda and agenda packet can be provided in a format to accommodate special needs. If you require a copy of the agenda or related materials in an alternative format to accommodate a disability, or if you wish to attend this public meeting and will require special assistance or other special equipment, please call the District at (650) 321-0384 at least five days in advance and we will make every reasonable attempt to provide such an accommodation.



1902 - *Serving Our Community for over 115 Years* - 2023

WEST BAY SANITARY DISTRICT
MINUTES OF THE REGULAR MEETING OF THE DISTRICT BOARD
WEDNESDAY, JULY 12, 2023 AT 7:00 P.M.

1. **Call to Order**

President Dehn called the meeting to order at 7:00 PM

Roll Call

BOARD MEMBERS PRESENT: President Dehn, Secretary Walker, Treasurer Thiele-Sardiña, Director Moritz, Director Otte

BOARD MEMBERS ABSENT:

STAFF MEMBERS PRESENT: Ramirez, Hulsmann, Heydari, and Tory Thompson by Zoom

Others Present: Dashiell Leeds

2. **Communications from the Public:** None.

3. **Consent Calendar**

CONSIDERATION OF ITEM(S) REMOVED FROM THE CONSENT CALENDAR

Discussion/Comments:

- A. Approval of Minutes for Regular Meeting June 28, 2023
- B. Approval of the Financial Activity Report Authorizing Payment of Certain Bills and Salaries and Consideration of Other Financial Matters thru June 30, 2023
- C. WBSD Operations and Maintenance Report – June 2023
- D. Town of Los Altos Hills Operations and Maintenance Report for Work Performed by WBSD – June 2023
- E. Town of Woodside Operations and Maintenance Report for Work Performed by WBSD – June 2023

Discussion/Comments: None.

Motion to Approve by: Moritz 2nd by: Otte Vote: AYE: 5 NAY: 0 Abstain: 0

4. **Public Hearing: Consider Approving Resolution Confirming Report on Sewer Service Charges for West Bay Sanitary District for the Fiscal Year 2023/2024**

Motion to Open by: Moritz 2nd by: Otte Vote: AYE: 5 NAY: 0 Abstain: 0

Discussion/Comments: General Manager Ramirez outlined the report to the Board for Sewer Service Charges fiscal year 2023/24.

Motion to Close by: Moritz 2nd by: Otte Vote: AYE: 5 NAY: Abstain:

5. Consider Approving Resolution Confirming Report on Sewer Service Charges for West Bay Sanitary District for Fiscal Year 2023/2024

Motion to Approve by: Walker 2nd by: Thiele-Sardina Vote: AYE: 5 NAY: 0 Abstain: 0

Discussion/Comments: None.

6. General Manager's Report

Discussion/Comments: General Manager Ramirez reported there will be upcoming staff training on recycling and organics. He also reported on recruitment for a new maintenance worker. In addition, he informed the Board the last San Mateo County Tax Collector payment for FY 2022/23 has been received in the amount of \$655,717. General Manager Ramirez reported the District participated in the Redwood City Fourth of July parade driving the 1958 classic water truck. General Manager Ramirez further reported the Bayfront Entrance, Point Repair and Avy Altschul Pump Stations projects have begun. The next regular Board meetings will be held July 26th and August 9th and the annual goals meeting will be on August 8th. The complete General Manager's written report is in the July 12, 2023 agenda packet.

7. Consider Approving Purchase of Flygt MultiSmart to Upgrade the Pump Station Telemetry System

Motion to Approve by: Moritz 2nd by: Walker Vote: AYE: 5 NAY: 0 Abstain: 0

Discussion/Comments: General Manager Ramirez reported on transferring the current ISAC system to a Multi-Smart Flygt System. The new system is web-based with cell service rather than telephone lines. It is budgeted for \$400,000 with an actual cost of \$396,273.

8. Consider Authorizing the General Manager to Enter Into an Agreement for Design and Construction Support for the Replacement of the Stowe Lane Pump Station in Menlo Park, Unincorporated San Mateo County

Motion to Approve by: Walker 2nd by: Moritz Vote: AYE: NAY: Abstain:

Discussion/Comments: General Manager Ramirez reported the pump station was built in 1950, retrofitted in the 1990's, and is in need of repair. The cost for design and construction support is \$208,400.

9. Consider Authorizing the General Manager to Enter Into an Agreement for Design and Construction Support for the Willow Road Pump Station Wet Well Rehabilitation and Discharge Piping Replacement in Menlo Park

Motion to Approve by: Moritz 2nd by: Walker Vote: AYE: 5 NAY: 0 Abstain: 0

Discussion/Comments: General Manager Ramirez reported the pump station was built in 1981, received a new panel in 2012, and new fuel tank in 2022. It now requires new pumps, valves, piping and wet well rehabilitation. Design and construction support is \$175,100.

10. Consider Authorizing General Manager to Extend the Agreement for Engineering Staff Augmentation Services

Motion to Approve by: Walker 2nd by: Moritz Vote: AYE: 5 NAY: 0 Abstain: 0

Discussion/Comments: General Manager Ramirez reported this agreement would allow for nine weeks of engineering support and training for the Associate Engineer. The cost would be \$53,200.

11. Report and Discussion on Sharon Heights Recycled Water Plant

Discussion/Comments: General Manager Ramirez reported construction is underway for the Avy Altschul Pump Station. In addition, he reported that the amendment to the Long-Term Agreement should be signed this week.

12. Discussion and Direction on Bayfront Recycled Water Project and Status Update

Discussion/Comments: General Manager Ramirez reported the Levee project pre-bid meeting was held on July 11th and the bid opening is scheduled on July 25th.

13. Report & Discussion on South Bayside Waste Management Authority (SBWMA)

Discussion/Comments: None.

14. Report, Discussion & Direction on Silicon Valley Clean Water (SVCW) and Discussion on SVCW CIP Program and Financing

Discussion/Comments: None.

15. Comments or Reports from Members of the District Board and Consider Items to be Placed on Future Agenda

Discussion/Comments: President Dehn requested the Master Plan being produced by Housen & Associates consider and reference the Housing Elements from the local agencies the District serves.

16. Adjournment Time: The meeting was adjourned at 8:11 PM

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WEST BAY SANITARY DISTRICT AGENDA ITEM 3B

To: *Board of Directors*

From: *Debra Fisher, Finance Manager*

Subject: *Bank of the West Monthly Investment Portfolio Statements*

Background

In October 2010 the District named Bank of the West as the District's Investment advisor and approved an investment of \$5 million in available funds to establish the Emergency Capital Reserve. Subsequently, the Board has established several additional reserves to provide financial stability for the District. On June 9, 2021, the Board approved an increase in the Operating Reserve to six months of operations, based on the current budget, held in the Local Agency Investment Fund (LAIF), in order to have the funds more accessible. This is necessary, as Operating Reserves are intended to fund the District between July 1st and December each year, when the County of San Mateo delivers the first installment of sewer service charges collected through tax rolls, which accounts for the majority of funding. On February 8, 2023, the Board approved the current Reserve Policy, which increased the Capital Projects and Emergency Capital Reserves by \$2 and \$1 million, respectively.

Excess funds over the current monthly expenditures are held in Local Agency Investment Fund (LAIF), which are equivalent to cash and may earn higher yields without a long-term commitment. Operating Reserves, customer deposits, current capital projects, and Solid Waste Funds are held in LAIF.

Restricted funds for Sharon Heights Golf & Country Club (SHGCC), as required for the Clean Water State Revolving Fund (SRF) loan are held in a separate restricted account.

There are currently five separate investment reserves maintained to support the goals of the District, along with reserves held in LAIF, the Vehicle & Equipment Reserve held in a money market account, and the restricted Pension Trust and Recycled Water State Revolving Fund (SRF) Reserves. Annual contributions are made in accordance with the Board approved budget and periodically evaluated.

| <u>Reserve Account</u> | <u>Originated</u> | <u>Target Balance</u> | <u>Target</u> |
|-------------------------------|--------------------------|------------------------------|----------------------|
| Operating Reserve | 11/26/2014 | \$11.1 million | Achieved |
| Rate Stabilization Reserve | 10/30/2015 | \$10 million | Achieved |
| Treatment Plant Reserve | 8/01/2021 | \$12 million | Achieved |
| Capital Project Reserve | 11/26/2014 | \$8 million | Achieved |
| Emergency Capital Reserve | 10/19/2010 | \$6 million | Achieved |
| Recycled Water Cash Flow | 11/18/2016 | \$8 million | Achieved |
| Recycled Water SRF Reserve | 3/01/2018 | \$1.46 million | Achieved |
| Vehicle & Equipment Reserve | 8/18/2011 | \$1 million | Achieved |

Fiscal Impact

The District has approximately \$88.2 million in all reserve and bank accounts as of June 30, 2023, including restricted funds. There were \$3.95 million in transfers in the approved FY 2022-23 Budget. The board approved additional transfers on June 22, 2022, December 14, 2022, and February 8, 2023, for a total of \$15.5 million in transfers in FY 2022-23. A transfer of \$670,000 from the Treatment Plant Reserve was approved on June 23, 2023 to fund a five year projection Debt Reserve for Silicon Valley Clean Water (SVCW).

| <u>District Funds</u> | <u>6/30/2023</u> |
|--|-------------------------|
| Cash Equivalent Accounts | 42,363,806 |
| Investment Accounts - Unrestricted | 43,580,589 |
| Public Agency Retirement Services (PARS Trust) | 721,099 |
| SHGCC SRF Loan Deposit | 1,517,643 |
| Total District Funds | 88,183,136 |

Effective July 1, 2022, the Operating Reserve target increased to \$11.1 million for six months of operations, based on the approved budget for Fiscal Year 2022-23. As of June 30, 2023 all reserves have reached their target balance.

The monthly statement synopsis indicating the amount of each reserve fund the District holds in the Bank of the West Investment Portfolios are attached. Quarterly reports on the Investment Portfolios will include details of investments of each reserve account.

Recommendation

The Finance Manager recommends the District Board accept the Investment Portfolio Statements by affirming and approving the items listed in the Consent Calendar.

Attached: 2023-06 Investment Reserve Accounts

WBSD RATE STABILIZATION RESERVE AGY

Account Number:
Statement Period:

61-J252-01-7
06/01/23 - 06/30/23

WEST BAY SANITARY DISTRICT
500 LAUREL STREET
MENLO PARK CA 94025

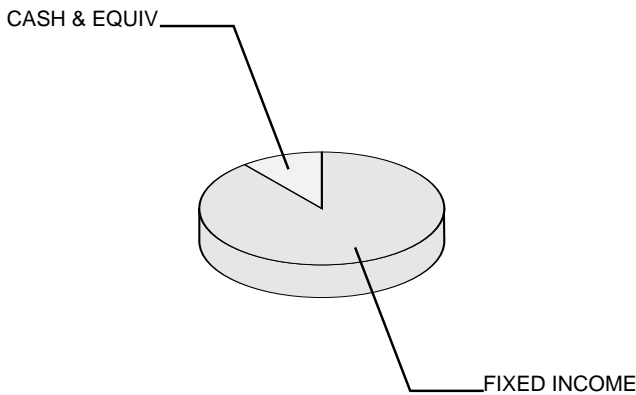
Fiduciary

Chuen Ying Lee
(408) 645-3234

Portfolio

Michael D. Smith
(408) 490-2079

Asset Allocation



Asset Valuation

| Description | Market Value | % of Account |
|------------------------|-------------------------|---------------|
| Cash & Equiv | 1,213,574.58 | 11.4% |
| Fixed Income | 9,410,648.60 | 88.6% |
| Total Portfolio | \$ 10,624,223.18 | 100.0% |
| Accrued Income | 39,091.60 | |
| Total Valuation | \$ 10,663,314.78 | |

Market Reconciliation

| | Current Period | Year To Date |
|---|-------------------------|-------------------------|
| Beginning Market Value | \$ 10,670,979.25 | \$ 9,737,901.10 |
| Income | | |
| Interest..... | 37,902.73 | 249,745.86 |
| Purchased Income..... | -2,213.62 | -10,618.01 |
| Additions..... | 0.00 | 767,700.00 |
| Disbursements..... | -1,382.55 | -16,652.50 |
| Cash Transfers..... | -586,165.14 | -586,165.14 |
| Realized Gains/(Losses)..... | 0.00 | -60.87 |
| Change In Accrued Income..... | -13,010.70 | -12,782.91 |
| Change In Market Appreciation/(Depreciation)..... | -35,008.28 | 23,133.50 |
| Non-Cash Asset Changes..... | 592,213.09 | 511,113.75 |
| Ending Market Value | \$ 10,663,314.78 | \$ 10,663,314.78 |

WBSD - TREATMENT PLANT RESERVE AGY

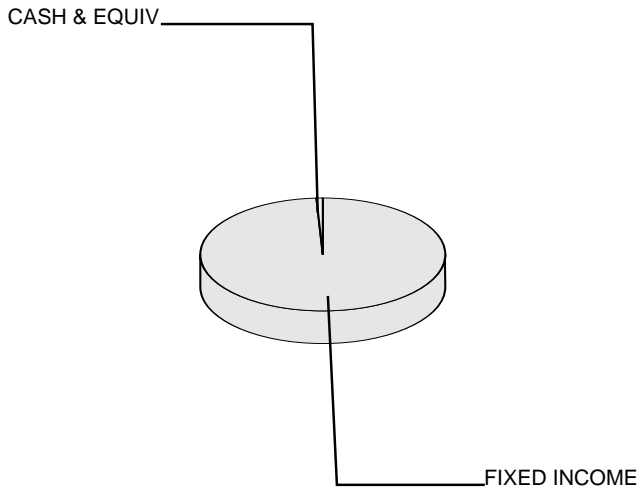
Account Number:
Statement Period:

61-J236-01-0
06/01/23 - 06/30/23

WEST BAY SANITARY DISTRICT
 500 LAUREL STREET
 MENLO PARK CA 94025

Fiduciary
 Chuen Ying Lee
 (408) 645-3234
Portfolio
 Michael D. Smith
 (408) 490-2079

Asset Allocation



Asset Valuation

| Description | Market Value | % of Account |
|------------------------|-------------------------|---------------|
| Cash & Equiv | 78,613.70 | 0.7% |
| Fixed Income | 11,917,248.20 | 99.3% |
| Total Portfolio | \$ 11,995,861.90 | 100.0% |
| Accrued Income | 40,428.34 | |
| Total Valuation | \$ 12,036,290.24 | |

Market Reconciliation

| | Current Period | Year To Date |
|---|-------------------------|-------------------------|
| Beginning Market Value | \$ 12,762,900.50 | \$ 2,493,136.18 |
| Income | | |
| Interest..... | 38,169.82 | 196,171.61 |
| Purchased Income..... | 0.00 | -61,578.86 |
| Additions..... | 0.00 | 10,118,211.08 |
| Disbursements..... | -671,653.58 | -683,640.42 |
| Cash Transfers..... | 586,165.14 | 586,165.14 |
| Realized Gains/(Losses)..... | 0.00 | 0.00 |
| Change In Accrued Income..... | -21,930.74 | 30,238.62 |
| Change In Market Appreciation/(Depreciation)..... | -96,936.64 | -149,100.72 |
| Non-Cash Asset Changes..... | -560,424.26 | -493,312.39 |
| Ending Market Value | \$ 12,036,290.24 | \$ 12,036,290.24 |

WBSD - CAPITAL PROJECT RESERVE AGY

Account Number:
Statement Period:

61-J235-01-2
06/01/23 - 06/30/23

WEST BAY SANITARY DISTRICT
500 LAUREL STREET
MENLO PARK CA 94025

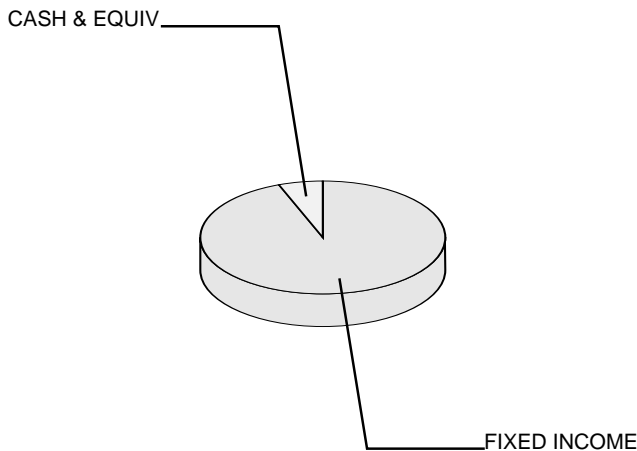
Fiduciary

Chuen Ying Lee
(408) 645-3234

Portfolio

Michael D. Smith
(408) 490-2079

Asset Allocation



Asset Valuation

| Description | Market Value | % of Account |
|------------------------|------------------------|---------------|
| Cash & Equiv | 512,192.01 | 6.1% |
| Fixed Income | 7,866,823.35 | 93.9% |
| Total Portfolio | \$ 8,379,015.36 | 100.0% |
| Accrued Income | 25,234.95 | |
| Total Valuation | \$ 8,404,250.31 | |

Market Reconciliation

| | Current Period | Year To Date |
|---|------------------------|------------------------|
| Beginning Market Value | \$ 8,430,248.87 | \$ 5,830,876.97 |
| Income | | |
| Interest..... | 18,173.11 | 145,222.23 |
| Purchased Income..... | -2,254.75 | -10,015.15 |
| Additions..... | 0.00 | 2,479,000.00 |
| Disbursements..... | -1,093.61 | -11,038.01 |
| Realized Gains/(Losses)..... | 0.00 | 0.00 |
| Change In Accrued Income..... | -5,399.11 | -9,348.13 |
| Change In Market Appreciation/(Depreciation)..... | -48,109.97 | -13,970.80 |
| Non-Cash Asset Changes..... | 12,685.77 | -6,476.80 |
| Ending Market Value | \$ 8,404,250.31 | \$ 8,404,250.31 |

WBSD - EMERGENCY CAPITAL RESERVE

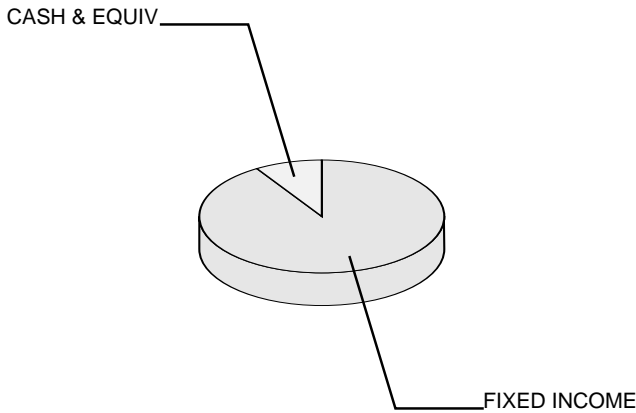
Account Number:
Statement Period:

61-J004-01-2
06/01/23 - 06/30/23

WEST BAY SANITARY DISTRICT
500 LAUREL STREET
MENLO PARK CA 94025

Fiduciary
Chuen Ying Lee
(408) 645-3234
Portfolio
Michael D. Smith
(408) 490-2079

Asset Allocation



Asset Valuation

| Description | Market Value | % of Account |
|------------------------|------------------------|---------------|
| Cash & Equiv | 539,418.09 | 8.6% |
| Fixed Income | 5,772,729.67 | 91.5% |
| Total Portfolio | \$ 6,312,147.76 | 100.0% |
| Accrued Income | 21,059.87 | |
| Total Valuation | \$ 6,333,207.63 | |

Market Reconciliation

| | Current Period | Year To Date |
|---|------------------------|------------------------|
| Beginning Market Value | \$ 6,348,197.22 | \$ 4,877,961.83 |
| Income | | |
| Interest..... | 16,244.95 | 122,617.36 |
| Purchased Income..... | -1,342.80 | -7,471.67 |
| Additions..... | 0.00 | 1,381,100.00 |
| Disbursements..... | -822.98 | -8,857.92 |
| Realized Gains/(Losses)..... | 0.00 | -848.38 |
| Change In Accrued Income..... | -6,111.08 | -7,046.44 |
| Change In Market Appreciation/(Depreciation)..... | -27,907.36 | -6,342.33 |
| Non-Cash Asset Changes..... | 4,949.68 | -17,904.82 |
| Ending Market Value | \$ 6,333,207.63 | \$ 6,333,207.63 |

WBSD - RECYCLED WATER CASH FLOW AGY

Account Number:
Statement Period:

61-J260-01-0
06/01/23 - 06/30/23

WEST BAY SANITARY DISTRICT
500 LAUREL STREET
MENLO PARK CA 94025

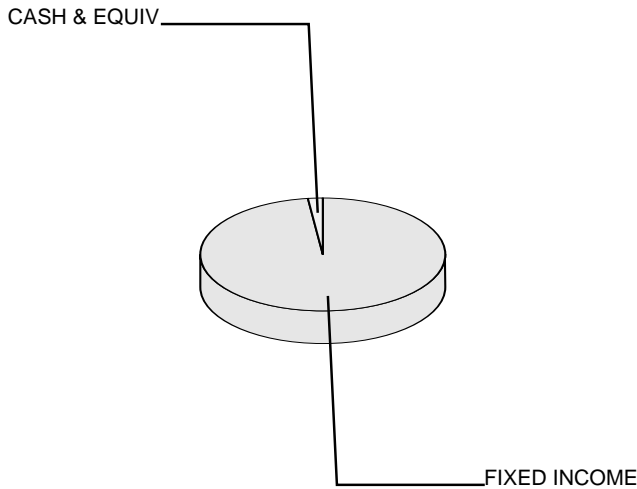
Fiduciary

Chuen Ying Lee
(408) 645-3234

Portfolio

Michael D. Smith
(408) 490-2079

Asset Allocation



Asset Valuation

| Description | Market Value | % of Account |
|------------------------|------------------------|---------------|
| Cash & Equiv | 94,819.54 | 1.6% |
| Fixed Income | 6,022,008.70 | 98.5% |
| Total Portfolio | \$ 6,116,828.24 | 100.0% |
| Accrued Income | 26,697.52 | |
| Total Valuation | \$ 6,143,525.76 | |

Market Reconciliation

| | Current Period | Year To Date |
|---|------------------------|------------------------|
| Beginning Market Value | \$ 6,133,762.27 | \$ 5,623,527.18 |
| Income | | |
| Interest..... | 3,699.69 | 121,030.50 |
| Purchased Income..... | -43.03 | -3,982.85 |
| Additions..... | 0.00 | 456,100.00 |
| Disbursements..... | -795.96 | -9,592.94 |
| Realized Gains/(Losses)..... | 0.00 | 0.00 |
| Change In Accrued Income..... | 6,325.01 | 1,428.19 |
| Change In Market Appreciation/(Depreciation)..... | -1,407.25 | -67,024.38 |
| Non-Cash Asset Changes..... | 1,985.03 | 22,040.06 |
| Ending Market Value | \$ 6,143,525.76 | \$ 6,143,525.76 |

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**WEST BAY SANITARY DISTRICT
AGENDA ITEM 3C**

To: Board of Directors

From: Fariborz Heydari, P.E. Project Manager

Subject: Consider Accepting Sewer Facilities Constructed Pursuant to Class 3 Sewer Permit No. 1618 for the Construction of Wastewater Facilities for 155 Grove Drive, Portola Valley, California

Background

This permit request was for construction of a Grinder Pump System connection to a WBSD force main (FM) located on Grove Drive on Portola Valley.

Analysis

The Board issued this Permit at the Regular Meeting of March 8, 2023.

The work has been completed, inspected, tested, and approved by staff as being in conformance with District Standards. The property owner has submitted a one-year guarantee for the work in the form of a maintenance bond.

Recommendation

The Project Manager recommends that the Board accepts these facilities and directs the General Manager to approve the Class 3 Permit No. 1618.

Attachments: Class 3 Permit No. 1618
Exhibit A: Site map

WEST BAY SANITARY DISTRICT

500 Laurel Street
Menlo Park, California 94025
(650) 321-0384

Permit Number
1618

Type _____

APPLICATION FOR CLASS 3 SEWER PERMIT

To the WEST BAY SANITARY DISTRICT:

The undersigned, being the Owner Owner's Agent of the property located at

155 Grove Drive, PV

does hereby request permission to construct sanitary sewers and related facilities to serve a

Residential Non-residential Development at said location.

ENGINEER'S

MURRAY ENGINEERS

Name

935 FOUNTAIN AVE LOS ANGELES
Address
CA 94024

CONTRACTOR'S

CSI CUSTOM HOMES / TODD BLOCKER

Name

1755 EAST BAY SHORE #274
Address
RENNERTON CITY CA 94063

Receipt of \$ 585.00 Application Fee is hereby acknowledged 7. Dec 88 Date

Receipt of \$ 2,000.00 Cash Deposit or Performance Bond

Comments _____

Approved by the District Board on _____.

Application approved and permit issued:

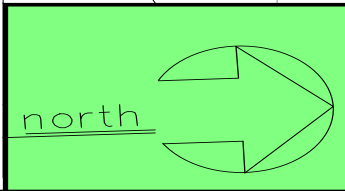
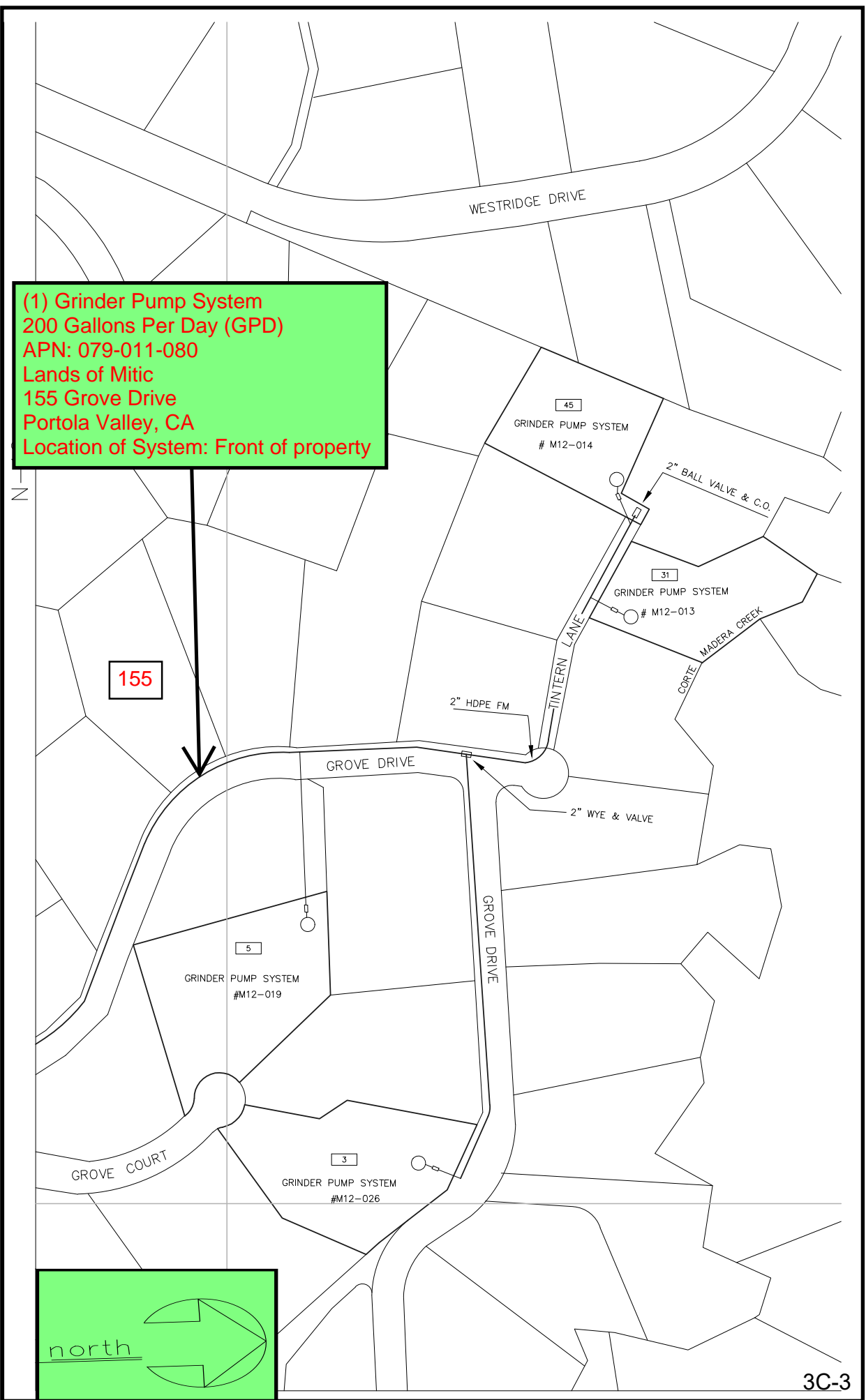
WEST BAY SANITARY DISTRICT
Sergio Ramirez, District Manager

Date _____

By _____

Final Acceptance by the District Board on _____.

(1) Grinder Pump System
200 Gallons Per Day (GPD)
APN: 079-011-080
Lands of Mitic
155 Grove Drive
Portola Valley, CA
Location of System: Front of property



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To: Board of Directors
From: Sergio Ramirez, General Manager
Subject: General Manager's Report

- 1) **Administrative:**
 - a. Staff is reviewing the design proposal from Barker Wagoner Architects for the new Maintenance Corp Yard Building. The Board could consider going out for RFP or contract the project with a Design Build Team. This would move the engineering of the building portion to the Design Build Team rather than the architect.
 - b. Staff will respond to the Request for Proposals by the City of East Palo Alto.
- 2) **Finance:**
 - a. Staff is researching accounting and reporting Software as a Service to streamline the accounting and reporting activities at the District.
 - b. Staff has been working with the State Water Board on the financial request for the Bayfront Recycled Water Facility Project and the Avy Altschul Pump Station Project.
- 3) **CIP Projects:**
 - a. **Construction Capital Improvement Program (CIP):**
 - i. The High Frequency Point Repair Project awarded to Casey Construction is expected to begin in late July.
 - ii. The Bayfront Park Sewer Improvements Project awarded to Ranger Pipelines Inc. is scheduled to begin work in the middle of August.
 - b. **Levee Improvement Project:**
 - i. Levee preconstruction monitoring will continue through August.
 - ii. Bid Opening is now set for Tuesday 8/1 and could be pushed back to August 17th.
- 4) **Information Technology (IT):**
 - a. Staff worked with Streamline on the new website based on Board feedback. The General Manager will give an update at the Board meeting.
- 5) **Operations and Maintenance:**
 - a. **Collection System:**
 - i. Staff has been investigating the storm manhole crossings in the Town of Atherton and Menlo Park. The General Manager will give an update at the Board meeting.
 - b. **Pump Facilities:**
 - i. The Menlo Park Pump Station is being bypassed by Silicon Valley Clean Water's contractor so they may perform further rehabilitation repairs to the pump station.

- c. **Training:**
 - i. Maintenance and Construction Staff will receive training on Asbestos Pipe handling in August.

- 6) **Water Quality:**
 - a. **Sharon Heights Golf and Country Club (SHGCC):**
 - i. Casey Construction commenced the Avy Altschul Pump Station project. The well has been dug on the school property and piping is being installed in the street.

 - b. **Bayfront Recycled Water Facility (BRWF):**
 - i. The District received the draft finance agreement from the State Revolving Fund staff and was reviewed by General Counsel.

 - c. **Woodside Recycled Water Facility (WRWF):**
 - i. The Woodside Recycled Water Facility feasibility will conclude soon. The BRWF team will be discussing the report with the Board at the August 9th Board meeting.

- 7) **Fleet and Facilities:**
 - a. **Vehicle Maintenance:**
 - i. Both EV chargers have been installed at the administration building. The District now has a total of four EV chargers. The new EV Charging Policy will come before the Board in August.

- 8) **Personnel:**
 - i. Recruitment for a Maintenance Worker began in late July.

- 9) **Upcoming Events:**
 - a. **Next Regular Board Meetings:** Wednesdays, August 9th and August 23rd

- 10) **Misc. Items:**
 - a. **West Bay:** The General Manager will update the Board on miscellaneous items related to District operations.

 - b. **Town of Los Altos Hills:** Crews performed 12 PipePatch repairs for the Town.

 - c. **Town of Woodside:** The Town is preparing to rehabilitate the La Questa Pump Station near Canada Road.



**WEST BAY SANITARY DISTRICT
AGENDA ITEM 5**

To: Board of Directors

From: Sergio Ramirez, General Manager

Subject: Review and Approval of a Resolution Authorizing South Bayside Waste Management Authority To Acquire Real Property Located At 1245 San Carlos Avenue, Unit E, San Carlos, CA

Executive Director, Joe La Mariana, with South Bay Waste Management Authority (SBWMA) will give a presentation and request that the Board of Directors adopt a resolution approving the purchase of certain property in San Carlos for the benefit of SBWMA.

Background

SBWMA is a joint powers authority formed pursuant to California Government Code Section 6500 et seq. to provide solid waste and recycling services to its 11 Member Agencies (i.e., County of San Mateo, Belmont, Burlingame, East Palo Alto, Foster City, Hillsborough, Menlo Park, City of San Mateo, Redwood City, San Carlos, and West Bay Sanitary District). SBWMA's administrative office has been located in the San Carlos Library for over 16 years. Under the terms of the current lease, SBWMA occupies 2,429 square feet at a monthly rent of \$5,618 or \$2.31/sf. The current lease term ends on June 30, 2024, and the City of San Carlos has indicated that the term will not be extended because the space is needed to accommodate San Carlos staff.

Upon receiving this notice from San Carlos, SBWMA Executive Director La Mariana began working with a commercial real estate broker to find affordable office space that would accommodate the current staff and agency/public guests, provide proper space for SBWMA Board and Technical Advisory Committee (TAC) meetings, provide easy access to parking for Board and TAC members, be located near public transit to accommodate staff members wishing to utilize this mode of transportation, and be in close proximity to the Shoreway facility in San Carlos.

Dozens of rental properties were researched. This research demonstrated that current market lease rates for properties comparable to the San Carlos library space are currently being leased at \$4.50-\$6.50 per square foot per month. This means that monthly rent for a comparable space would be \$10,931-\$15,789. A number of rental properties were toured and found to be unacceptable due to location; inadequate access to public transit; inadequate or lack of parking; unfavorable lease/purchase rates; lack of building amenities; poor functionality of available workspace; inadequate

building/workspace finishes (ADA access/compliance/lack of elevator); distance from the Shoreway Environmental Center facility; deferred maintenance on critical base building systems (i.e., HVAC, electric, plumbing, mechanical, lighting); and non-code compliance with Title 24 and ADA requirements.

In addition to his search of the commercial office rental market, the Executive Director also contacted staff at all Member Agencies to inquire whether they might have suitable available space for long-term leasing within the given mandatory relocation time frame. No sites were identified.

The Executive Director also identified one property currently for sale in the Wheeler Plaza development, located at 1245 San Carlos Avenue, Suite E, in San Carlos (the "Property"). This is the last remaining commercial space for sale in the Wheeler Plaza development (Attachment 2).

The Property is a Commercial Condominium located directly across the street from the SAMTRANS Building's main entrance. It is currently zoned MU-DC (Mixed Use-Downtown Core). Zoning clearance for use of the space by SBWMA was issued by the City of San Carlos on May 18, 2023. (See Attachment 3)

The unit is approximately 2,841 square feet in size and is currently an empty shell which would provide adequate space for all SBWMA administrative functions and could be improved to include a large conference room to accommodate Board and TAC meetings along with some community environmental education sessions. The Property has two dedicated parking spaces (below ground) and easy access to the attached 252-space public parking at the adjacent Wheeler Plaza parking garage (no charge), the adjacent 30-space Laurel Street parking lot (600 block), and adjacent neighborhood surface streets. The Property is listed for sale at \$1,988,000.

The SBWMA Board met in closed session at its April, May and June 2023 regular meetings to discuss whether to direct staff to pursue further rental options or to offer to purchase the Property. At the conclusion of its June 2023 discussion, the Board authorized the Executive Director to make an offer to purchase the Property. The seller has agreed to a sale of the Property pursuant to the following summary of terms:

Purchase Price: \$1,700,000

Due diligence period: up to 60 days from agreement (this is the period in which SBWMA conducts its due diligence, architectural studies, finance options, etc., and in which SBWMA can back out of the sale and get its deposit refunded)

Agency contingency: obtain no less than 2/3 of member agency approvals within 105 days.

Loan to value: up to 75%

Deposit: \$50,000

Close of Escrow: no later than 11/15/2023

Analysis

This item has been placed on the agenda for review and approval because, as noted in the offer's contingencies, a purchase of real property by SBWMA must be approved by 2/3 of the Member Agencies pursuant to The Second Amended and Restated Joint Powers Agreement Article 7, Powers.

Having considered the option to rent other available office properties or to purchase the Property, the SBWMA Board recommends to the Member Agencies that the purchase of the Property be approved for two reasons. First, the Property meets all the identified criteria regarding location and space. Second, as demonstrated by the Cost Analysis of Offer to Purchase Versus Lease prepared by Rick Simonson, Senior VP of HF&H Consulting, acquisition of the Property will result in a 39% cost saving (or \$2,166,098) when comparing a total purchase and tenant improvement budget of \$2.5 million to a long term lease based on current office market lease rates (Attachment 4).

Conclusion

The SBWMA Board recommends that the Council/Board approve the purchase of the Property for use as administrative offices for SBWMA. Upon receiving approval of 2/3 of the Member Agencies and satisfaction of all other contingencies, the SBWMA Board will, in open session, authorize closing of escrow and purchase the Property.

Recommendation

Staff recommends that the Board approve South Bayside Waste Management Authority's (SBWMA) purchase of 1245 San Carlos Avenue, Suite E, San Carlos, California, to be utilized as the administrative offices for SBWMA.

Attachments:

- 1) Resolution
- 2) Property Brochure
- 3) Zoning Clearance from City of San Carlos
- 4) Cost Analysis of Offer to Purchase Versus Lease prepared by Rick Simonson/ HF&H Consulting

RESOLUTION NO. _____ (2023)

RESOLUTION OF THE WEST BAY SANITARY BOARD APPROVING THE ACQUISITION OF REAL PROPERTY LOCATED AT 1245 SAN CARLOS AVENUE, SUITE E, SAN CARLOS, CALIFORNIA BY THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY

WHEREAS, the South Bayside Waste Management Authority (SBWMA) is a Joint Powers Authority formed to provide recycling and solid waste collection services to its eleven member agencies; and

WHEREAS, the West Bay Sanitary District is a member agency of the SBWMA; and

WHEREAS, SBWMA's administrative offices are currently located in the San Carlos Library building through a lease that will expire June 30, 2024 and the City of San Carlos has indicated that it does not wish to renew the lease; and

WHEREAS, SBWMA staff conducted a broad search for office space to lease for its administrative offices once its current office lease expires but did not find space that suited its needs; and

WHEREAS, a new, unfinished commercial unit located at 1245 San Carlos Avenue, Suite E, San Carlos, California (the Property), which is approximately one block from SBWMA's existing office, is currently listed for sale; and

WHEREAS, SBWMA had a cost analysis prepared by HF&H Consulting by to determine whether purchasing the Property and having the Property improved to meet SBWMA's needs would be more cost efficient than entering into a lease for office space;

WHEREAS, the cost analysis conducted by HF&H Consulting determined that purchasing the Property and making necessary improvements on an assumed total budget of \$2.5 million will result in a 39% cost savings versus entering into a long-term lease for office space at current market rates; and

WHEREAS, the SBWMA Board directed SBWMA staff to submit an offer to purchase the Property, contingent upon approval by no less than 2/3 of the member agencies; and

WHEREAS, pursuant to the signed Purchase Agreement, the seller of the Property has agreed to sell the property for a purchase price of \$1.7 million, which is an amount consistent with the authorization given by the SBWMA Board of Directors; and

WHEREAS, Article 7, Section 7.1.1(a) of the Second Amended and Restated Joint Exercise of Powers Agreement for the SBWMA requires that the acquisition of real property be approved by no less than 2/3 of the member agencies; and

WHEREAS, the Board agrees with the recommendation of the SBWMA Board to purchase the property for use as the SBWMA's administrative offices.

NOW THEREFORE BE IT RESOLVED that the Board, on behalf of the West Bay Sanitary District approves the acquisition by the SBWMA of the real property located at 1245 San Carlos Avenue, Suite E, San Carlos, California, pursuant to the terms of the Purchase Agreement.

Passed and adopted by the District Board of West Bay Sanitary District at a regular meeting thereof held on the 26th day of July, 2023 by the following vote:

Ayes:

Noes:

Abstain:

Absent:

President of the District Board of the
West Bay Sanitary District, County of San Mateo,
State of California

Attest:

Secretary of the District Board of the
West Bay Sanitary District, County
of San Mateo, State of California



FOR SALE

1245 San Carlos Ave

SAN CARLOS, CA



**ONLY 1
UNIT LEFT**



Retail/Commercial Condominium Units in Downtown San Carlos

FOR SALE unit pricing below

SUITE A & B (Sold)

SUITE C: (Sold)

SUITE D: (Sold)

SUITE E: \$1,988,000

UNIT E has ±2,841 RSF

MONTHLY ASSOCIATION FEE:

\$.14 PSF/month estimated

ON-SITE parking open to the public

OUTSIDE seating possible

RESERVED and secure onsite parking
for employees

18-20 FOOT ceiling height

"WALKER'S PARADISE" walk score of
91 on WalkScore.com

1 BLOCK to the San Carlos
Caltrain station

BRETT WEBER

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LIC N° 00901454

STEVE DIVNEY

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**Kidder
Mathews**

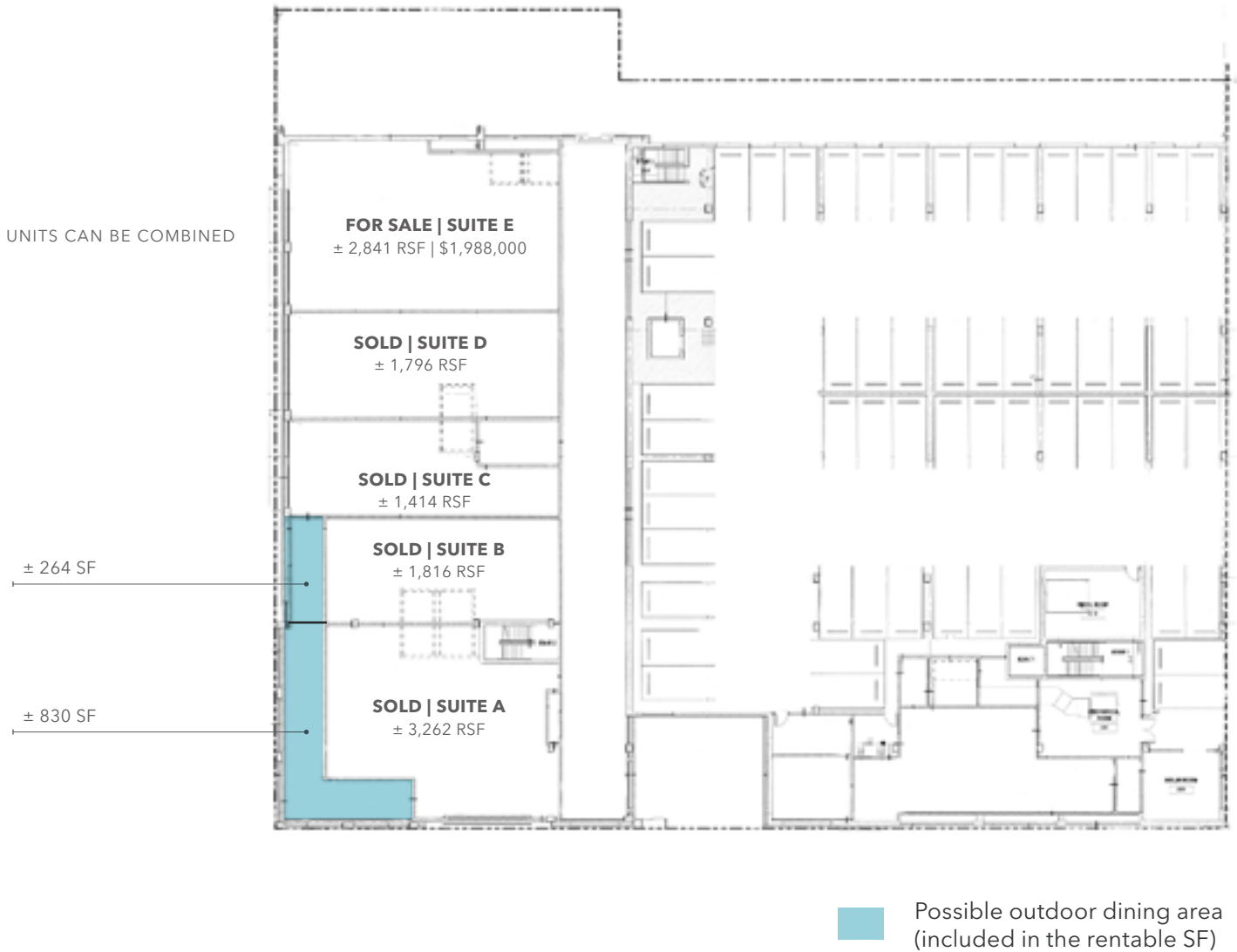
56

FOR SALE

1245 San Carlos Ave

SAN CARLOS, CA

Floorplan



BRETT WEBER

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km Kidder Mathews

FOR SALE

1245 San Carlos Ave

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FOR SALE

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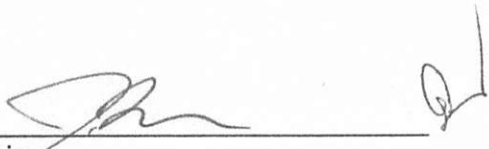


Zoning Clearance

Rethink Waste at 1245 San Carlos Avenue, Suite E

The City of San Carlos received a request from Rethink Waste to occupy 1245 San Carlos Avenue, Suite E, on April 26, 2023. The building at 1245 San Carlos Avenue, also referred to as Wheeler Plaza, is governed by Planned Development Zoning, PD-24. The Disposition and Development Agreement (DDA) for Wheeler Plaza requires approval by the City Manager for Walk-in Clientele Office space. Rethink Waste is classified as Office: Walk-in Clientele. A zoning clearance has been approved by the City Manager for Rethink Waste at 1245 San Carlos Avenue, Suite E. The following conditions as well as any other applicable provisions of the Zoning Code, apply to this approval.

- 1) Business activities shall be conducted as described in the business description dated April 26, 2023.
- 2) An active storefront shall be maintained.
- 3) Any substantial changes to the business activities shall be approved by the City Manager.
- 4) No signs have been approved with this zoning clearance.
- 5) Approval valid for Rethink Waste only.
- 6) Failure to comply with the standards listed above may result in revocation of the zoning clearance.



Jeff Maltbie
City Manager
City of San Carlos

5-18-23
Date

590 Ygnacio Valley Rd, Suite 105
Walnut Creek, California 94596
Telephone: 925/977-6950
Fax: 925/977-6955
www.hfh-consultants.com

Robert D. Hilton, Emeritus
John W. Farnkopf, PE
Laith B. Ezzet, CMC
Richard J. Simonson
Marva M. Sheehan, CPA
Robert C. Hilton

MEMORANDUM

To: Joe La Mariana, Executive Director – South Bayside Waste Management Authority
From: Rick Simonson, Senior Vice President – HF&H Consultant
Date: June 7, 2023
Subject: Cost Analysis of Office Purchase versus Lease

Background

The South Bayside Waste Management Authority's (SBWMA's) administrative office is currently located in the City of San Carlos Library. The office has been located in this space for over 16 years. Under the terms of the current lease, SBWMA occupies 2,429 square feet at a monthly rent of \$5,618 or \$2.31/sf. The current lease term ends on June 30, 2024 and the City has indicated that the term will not be extended because the space is needed to accommodate San Carlos staff and will no longer be available to the SBWMA.

Since receiving this notice, Executive Director La Mariana has been working with a commercial real estate broker to identify potential alternative spaces. The goal has been to identify an affordable space that will accommodate the current staff and agency/public guests, provide proper space for Board and TAC meetings, have easy access to parking for Board and Technical Advisory Committee (TAC) members, be located near public transit, and be in close/immediate proximity to the Shoreway Facility. With these factors in mind, the Executive Director La Mariana has researched and toured many local properties that are currently available for rent and one property that is currently for sale.

Executive Director La Mariana has toured a property, currently for sale, at 1245 San Carlos Avenue, Suite E, in San Carlos. In addition, working with a commercial real estate broker, Executive Director La Mariana has identified a number of properties available to lease that meet the some, but not all, of criteria above. The current lease rates have been estimated to be between \$4.50-\$6.50 per square foot in the general San Carlos area.

The following analysis compares the projected costs, over a 30-year period, of purchasing the available property versus leasing a property of the same size; the specific property is unknown at this time. An Excel model was developed to calculate the projected costs over time with a number of assumptions. The model has been constructed to allow multiple scenarios regarding costs and funding terms. This memorandum summarizes one such cost scenario. The model will be available to run additional scenarios at any upcoming meetings.

Cost Analysis of 1245 San Carlos Avenue Property

Executive Director La Mariana's discussions with the real estate broker has identified a commercial suite located at 1245 San Carlos Avenue, Suite E, which is 2,841 square feet with 20-foot ceilings which can

MEMORANDUM

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accommodate adding a second floor and increase the usable space to 3,977 square feet. The expanded space will accommodate existing SBWMA staff workspaces, ADA-compliant restrooms, a kitchen, storage, and a large fully-wired video conference room available to host Board and TAC meetings.

The estimated cost to purchase and make the necessary interior improvements is \$2.3 million - \$2.5 million. For this analysis we have assumed the high of \$2.5 million.

Figure 1 summarizes the cost assumptions used to evaluate the cost-per-square foot procuring, improving, and maintaining the San Carlos Avenue property. **Figure 2** summarizes the first-year total cost of the property and the projected cost per square foot (\$4.11 per square foot), with additional detail describing the assumptions following **Figure 2**. **Attachment 1** includes a 30-year analysis of projected costs, including the calculation of the present value of the total annual costs of occupying the property over the next 30-years.

Figure 1 – Office Purchase Key Assumptions

| | | |
|-------------------------------------|--------------------|--|
| Size (at purchase) | 2,841 | square feet |
| Estimated Size (at buildout) | 3,977 | square feet |
| Property Purchase Price | \$1,700,000 | (est. \$1.5 - \$1.7 million) |
| Plus: Tenant Improvements | \$800,000 | |
| Total Project Cost | \$2,500,000 | |
| Downpayment | 30% | |
| | (\$750,000) | |
| Total Loan Amount | \$1,750,000 | |
| Loan Term for Pymt Calc | 30 | years |
| Amortization | 25 | years |
| Balloon Payment | \$551,295 | due @ Year 25 |
| Interest Rate | 6.19% | |
| Payments per Year | 12 | |
| Bank Fee | 0.50% | of loan amount |
| Broker Fee | 1.00% | of purchase price |
| Association Fees | \$0.14 | per sq. ft. per month @ size at purchase |
| Association/Utilities Fee escalator | 5.00% | per year |
| Reserves Return-on-Investments | 2.00% | per year |

Figure 2 – Year 1 Cost Summary

| | | FY 2023-24 |
|---|--------------------------|------------------|
| Office Purchase Financial Analysis | | |
| Loan Repayment | | \$128,482 |
| Bank Fee | | \$8,750 |
| Broker Fee | | \$17,000 |
| Balloon Payment Reserve | | \$16,874 |
| Association Fees | | \$4,773 |
| Utilities (excl. refuse) | | \$6,000 |
| Opportunity Cost ¹ | | \$14,485 |
| | Total | \$196,364 |
| | Build-out Square Footage | 3,977.00 |
| | \$ per sq. ft. per month | \$4.11 |

¹Lost investment income from use of reserves for downpayment and upfront bank/broker fees

MEMORANDUM

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Loan Repayment, Fees, and Balloon Payment Reserve. One-time loan and broker fees are included in Year 1 only. The estimated annual loan repayment (at the terms included in Figure 1) is repaid over 25 years with a “balloon” payment due in Year 25. For this analysis, we have assumed the SBWMA would reserve 1/25 of the balloon payment each year so the cash is available when due. The calculated annual reserve contribution assumes earned interest on the funds at 2.0% per year. The loan payment terms include a fixed 6.19% interest rate for the first 10 years and adjusted thereafter based on 10-year Treasury plus 2.5%. Our analysis assumes the 6.19% throughout the 25-year term. Actual interest rates may be higher or lower.

Association Fees. Association fees are paid monthly by all property owners (i.e., City of San Carlos, Commercial Owners, and Residential Owners through a Joint Use Agreement). The fees cover common area maintenance, insurance, window washing, natural gas, water, sewer, and refuse. In addition, a portion of the fees are set aside in reserves for future capital repairs and maintenance (e.g., building exterior repair and paint, roofs). In total, the five commercial suites are allocated 4.84% of Joint Maintenance Costs. The \$0.14 per square foot is based on recent budgeted expenses and reserve contributions. The analysis assumes a 5% annual increase, which may vary from the actual annual changes. Unexpected capital needs may arise which shall be assessed to all property owners in excess of the current \$0.14 per square foot fee.

Utilities. The Association fees cover common area utilities, and the refuse needs for the commercial suites. The current understanding is the SBWMA will be responsible for their water, sewer, and electricity needs for their suite. These have been estimated at \$500 per month with a 5% annual escalator for this analysis.

Opportunity Costs. To purchase a property instead of leasing, requires upfront cash outlay for the downpayment and one-time bank/loan fees (\$775,750 in total). The SBWMA has reserves available to make these upfront payments. This analysis includes a “cost” component for the purchase option to recognize the loss of investment income that would otherwise be earned if the cash was continued to be held in reserves. For this analysis, we have assumed the cost of purchasing the property includes the annual loss of investment income at 2.0% per year on the \$775,750 withdrawal from reserves, based on recent historical return-on-investments experienced by the SBWMA.

Cost Analysis of Leasing a Property

Executive Director La Mariana, with assistance from a real estate broker researched and toured dozens of rental properties. Currently, for properties that fit the needs of the SBWMA in this targeted geographic area, leases range from \$4.50 to \$6.50 per square foot per month. Typically, the lease amounts are inclusive of the Common Area Maintenance (CAM) expenses (e.g., water, sewer, refuse, electricity), though the charges are reviewed annually and reconciled for any incremental differences that are passed along (or refunded) to the tenant. For comparison purposes, and to be conservative, we have assumed all CAM-related costs are included in the per square foot lease charge throughout the 30-year period.

Attachment 1 includes a 30-year analysis of projected costs, including the calculation of the present value of the total annual costs of leasing a property over the next 30-years. The analysis assumes the low end

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of \$4.50 per square foot per month, escalated 2.0% per year, which is equivalent to approximately \$0.10 per square foot each year.

Limitations

The analysis has been prepared with readily available projections and information provided by SBWMA staff, Beale Street Lending, Barc Architecture, and discussions with the 1245 San Carlos property builder, KB Homes. The projections contained herein may change. Additional costs not contemplated in this financial analysis to acquire the San Carlos property may be incurred.

Recommendation

Figure 3 summarizes the comparison of total estimated costs, and average cost per square foot per month, of the two options: 1) purchasing the San Carlos Avenue property and 2) continue leasing available commercial properties, based on the assumptions and projections described in this memo. Based on this financial analysis, the net present value (based on a present value discount rate of 3.0% annually) of the cost to purchase the San Carlos Avenue property is considerably less (approximately 39% less) than leasing property at the low-end of current market rates. Assuming all costs of purchasing and maintaining the San Carlos Avenue property have been fairly represented, the purchase of the San Carlos Avenue property is recommended. Results may differ if the cost to purchase, finance the property, or other cost factors increase.

Figure 3 – Comparative Summary (detailed analysis provided in Attachment A)

| | 30-year Costs (in 2023\$) | Average Cost per Sq. Ft. per Month (in 2023\$) |
|-----------------|------------------------------|--|
| Office Purchase | \$3,446,716 | \$2.41 |
| Office Lease | \$5,612,814 | \$3.92 |

ATTACHMENT A

Key Assumptions - Office Purchase

| | |
|-------------------------------------|---|
| Size (at purchase) | 2,841 square feet |
| Estimated Size (at buildout) | 3,977 square feet |
| Property Purchase Price | \$1,700,000 (est. \$1.5 - \$1.7 million) |
| Plus: Tenant Improvements | \$800,000 |
| Total Project Cost | \$2,500,000 |
| Downpayment | 30% (\$750,000) |
| Total Loan Amount | \$1,750,000 |
| Loan Term for Pymt Calc | 30 years |
| Amortization | 25 years |
| Balloon Payment | \$551,295 due @ Year 25 |
| Interest Rate | 6.19% |
| Payments per Year | 12 |
| Bank Fee | 0.50% of loan amount |
| Broker Fee | 1.00% of purchase price |
| Association Fees | \$0.14 per sq. ft. per month @ size at purchase |
| Association/Utilities Fee escalator | 5.00% per year |
| Reserves Return-on-Investments | 2.00% per year |

Key Assumptions - Lease

| | |
|-------------------------|---|
| Size (square feet) | 3,977 |
| Lease Amount | \$4.50 per sq. ft. per month (est. (\$4.50-\$6.50)) |
| Annual Lease Amount | \$214,758 |
| Common Area Maint (CAM) | incl. in lease |
| Lease Inflation Rate | 2.00% |

Key Assumptions - General

| | |
|-----------------------------|------|
| Present Value Discount Rate | 3.0% |
|-----------------------------|------|

| Office Purchase Financial Analysis | FY 2023-24 | FY 2024-25 | FY 2025-26 | FY 2026-27 | FY 2027-28 | FY 2028-29 | FY 2029-30 | FY 2030-31 | FY 2031-32 | FY 2032-33 | FY 2033-34 | FY 2034-35 | FY 2035-36 | FY 2036-37 | FY 2037-38 |
|------------------------------------|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Loan Repayment | \$128,482 | \$128,482 | \$128,482 | \$128,482 | \$128,482 | \$128,482 | \$128,482 | \$128,482 | \$128,482 | \$128,482 | \$128,482 | \$128,482 | \$128,482 | \$128,482 | \$128,482 |
| Bank Fee | \$8,750 | | | | | | | | | | | | | | |
| Broker Fee | \$17,000 | | | | | | | | | | | | | | |
| Balloon Payment Reserve | \$16,874 | \$16,874 | \$16,874 | \$16,874 | \$16,874 | \$16,874 | \$16,874 | \$16,874 | \$16,874 | \$16,874 | \$16,874 | \$16,874 | \$16,874 | \$16,874 | \$16,874 |
| Association Fees | \$4,773 | \$5,012 | \$5,262 | \$5,525 | \$5,801 | \$6,092 | \$6,396 | \$6,716 | \$7,052 | \$7,404 | \$7,775 | \$8,163 | \$8,571 | \$9,000 | \$9,450 |
| Utilities (excl. refuse) | \$6,000 | \$6,300 | \$6,615 | \$6,946 | \$7,293 | \$7,658 | \$8,041 | \$8,443 | \$8,865 | \$9,308 | \$9,773 | \$10,262 | \$10,775 | \$11,314 | \$11,880 |
| Opportunity Cost ¹ | \$14,485 | \$15,805 | \$16,121 | \$16,443 | \$16,772 | \$17,108 | \$17,450 | \$17,799 | \$18,155 | \$18,518 | \$18,888 | \$19,266 | \$19,651 | \$20,044 | \$20,445 |
| Total | \$196,364 | \$172,473 | \$173,354 | \$174,271 | \$175,223 | \$176,213 | \$177,243 | \$178,314 | \$179,428 | \$180,586 | \$181,792 | \$183,048 | \$184,354 | \$185,714 | \$187,131 |
| Build-out Square Footage | 3,977.00 | | | | | | | | | | | | | | |
| \$ per sq. ft. per month | \$4.11 | \$3.61 | \$3.63 | \$3.65 | \$3.67 | \$3.69 | \$3.71 | \$3.74 | \$3.76 | \$3.78 | \$3.81 | \$3.84 | \$3.86 | \$3.89 | \$3.92 |
| Present Value Discount Factor | 1.0000 | 1.0300 | 1.0609 | 1.0927 | 1.1255 | 1.1593 | 1.1941 | 1.2299 | 1.2668 | 1.3048 | 1.3439 | 1.3842 | 1.4258 | 1.4685 | 1.5126 |
| Present Value of Future Cost | \$196,364 | \$167,449 | \$163,403 | \$159,482 | \$155,683 | \$152,003 | \$148,438 | \$144,985 | \$141,642 | \$138,404 | \$135,271 | \$132,237 | \$129,302 | \$126,463 | \$123,716 |
| 30-year Costs (2023\$) | \$3,446,716 | | | | | | | | | | | | | | |
| Monthly NPV cost per square foot | \$2.41 | | | | | | | | | | | | | | |

| Office Purchase Financial Analysis | FY 2038-39 | FY 2039-40 | FY 2040-41 | FY 2041-42 | FY 2042-43 | FY 2043-44 | FY 2044-45 | FY 2045-46 | FY 2046-47 | FY 2047-48 | FY 2048-49 | FY 2049-50 | FY 2050-51 | FY 2051-52 | FY 2052-53 | TOTAL |
|------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------------|
| Loan Repayment | \$128,482 | \$128,482 | \$128,482 | \$128,482 | \$128,482 | \$128,482 | \$128,482 | \$128,482 | \$128,482 | \$128,482 | \$128,482 | \$128,482 | \$128,482 | \$128,482 | \$128,482 | \$3,212,056 |
| Bank Fee | | | | | | | | | | | | | | | | \$8,750 |
| Broker Fee | | | | | | | | | | | | | | | | \$17,000 |
| Balloon Payment Reserve | \$16,874 | \$16,874 | \$16,874 | \$16,874 | \$16,874 | \$16,874 | \$16,874 | \$16,874 | \$16,874 | \$16,874 | \$16,874 | \$16,874 | \$16,874 | \$16,874 | \$16,874 | \$421,855 |
| Association Fees | \$9,922 | \$10,419 | \$10,940 | \$11,487 | \$12,061 | \$12,664 | \$13,297 | \$13,962 | \$14,660 | \$15,393 | \$16,163 | \$16,971 | \$17,819 | \$18,710 | \$19,646 | \$317,105 |
| Utilities (excl. refuse) | \$12,474 | \$13,097 | \$13,752 | \$14,440 | \$15,162 | \$15,920 | \$16,716 | \$17,552 | \$18,429 | \$19,351 | \$20,318 | \$21,334 | \$22,401 | \$23,521 | \$24,697 | \$398,633 |
| Opportunity Cost ¹ | \$20,854 | \$20,854 | \$20,854 | \$20,854 | \$20,854 | \$20,854 | \$20,854 | \$20,854 | \$20,854 | \$20,854 | \$20,854 | \$20,854 | \$20,854 | \$20,854 | \$20,854 | \$579,758 |
| Total | \$188,606 | \$189,726 | \$190,902 | \$192,137 | \$193,433 | \$194,794 | \$196,223 | \$197,724 | \$199,300 | \$200,954 | \$202,685 | \$204,495 | \$206,385 | \$208,356 | \$210,407 | \$4,955,157 |
| Build-out Square Footage | | | | | | | | | | | | | | | | |
| \$ per sq. ft. per month | \$3.95 | \$3.98 | \$4.00 | \$4.03 | \$4.05 | \$4.08 | \$4.11 | \$4.14 | \$4.18 | \$4.21 | \$4.24 | \$4.27 | \$4.30 | \$4.33 | \$4.37 | |
| Present Value Discount Factor | 1.5580 | 1.6047 | 1.6528 | 1.7024 | 1.7535 | 1.8061 | 1.8603 | 1.9161 | 1.9736 | 2.0328 | 2.0938 | 2.1566 | 2.2213 | 2.2879 | 2.3566 | |
| Present Value of Future Cost | \$121,059 | \$118,231 | \$115,499 | \$112,860 | \$110,312 | \$107,853 | \$105,480 | \$103,191 | \$100,983 | \$98,856 | \$96,803 | \$94,822 | \$92,911 | \$91,068 | \$89,293 | |

¹Lost investment income from use of reserves for downpayment and upfront bank/broker fees

| Office Lease Financial Analysis | FY 2023-24 | FY 2024-25 | FY 2025-26 | FY 2026-27 | FY 2027-28 | FY 2028-29 | FY 2029-30 | FY 2030-31 | FY 2031-32 | FY 2032-33 | FY 2033-34 | FY 2034-35 | FY 2035-36 | FY 2036-37 | FY 2037-38 |
|----------------------------------|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Annual Lease | \$214,758 | \$219,053 | \$223,434 | \$227,903 | \$232,461 | \$237,110 | \$241,852 | \$246,689 | \$251,623 | \$256,656 | \$261,789 | \$267,025 | \$272,365 | \$277,812 | \$283,369 |
| CAM Charges | | | | | | | | | | | | | | | |
| Other | | | | | | | | | | | | | | | |
| Total | \$214,758 | \$219,053 | \$223,434 | \$227,903 | \$232,461 | \$237,110 | \$241,852 | \$246,689 | \$251,623 | \$256,656 | \$261,789 | \$267,025 | \$272,365 | \$277,812 | \$283,369 |
| \$ per sq. ft. per month | \$4.50 | \$4.59 | \$4.68 | \$4.78 | \$4.87 | \$4.97 | \$5.07 | \$5.17 | \$5.27 | \$5.38 | \$5.49 | \$5.60 | \$5.71 | \$5.82 | \$5.94 |
| \$ change | | \$0.09 | \$0.09 | \$0.09 | \$0.10 | \$0.10 | \$0.10 | \$0.10 | \$0.10 | \$0.11 | \$0.11 | \$0.11 | \$0.11 | \$0.11 | \$0.12 |
| Present Value Discount Factor | 1.0000 | 1.0300 | 1.0609 | 1.0927 | 1.1255 | 1.1593 | 1.1941 | 1.2299 | 1.2668 | 1.3048 | 1.3439 | 1.3842 | 1.4258 | 1.4685 | 1.5126 |
| Present Value of Future Cost | \$214,758 | \$212,673 | \$210,608 | \$208,563 | \$206,539 | \$204,533 | \$202,548 | \$200,581 | \$198,634 | \$196,705 | \$194,795 | \$192,904 | \$191,031 | \$189,177 | \$187,340 |
| 30-year Costs (2023\$) | \$5,612,814 | | | | | | | | | | | | | | |
| Monthly NPV cost per square foot | \$3.92 | | | | | | | | | | | | | | |

| Office Lease Financial Analysis | FY 2038-39 | FY 2039-40 | FY 2040-41 | FY 2041-42 | FY 2042-43 | FY 2043-44 | FY 2044-45 | FY 2045-46 | FY 2046-47 | FY 2047-48 | FY 2048-49 | FY 2049-50 | FY 2050-51 | FY 2051-52 | FY 2052-53 | TOTAL |
|---------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------------|
| Annual Lease | \$289,036 | \$294,817 | \$300,713 | \$306,727 | \$312,862 | \$319,119 | \$325,501 | \$332,012 | \$338,652 | \$345,425 | \$352,333 | \$359,380 | \$366,568 | \$373,899 | \$381,377 | \$8,712,320 |
| CAM Charges | | | | | | | | | | | | | | | | \$0 |
| Other | | | | | | | | | | | | | | | | \$0 |
| Total | \$289,036 | \$294,817 | \$300,713 | \$306,727 | \$312,862 | \$319,119 | \$325,501 | \$332,012 | \$338,652 | \$345,425 | \$352,333 | \$359,380 | \$366,568 | \$373,899 | \$381,377 | \$8,712,320 |
| \$ per sq. ft. per month | \$6.06 | \$6.18 | \$6.30 | \$6.43 | \$6.56 | \$6.69 | \$6.82 | \$6.96 | \$7.10 | \$7.24 | \$7.38 | \$7.53 | \$7.68 | \$7.83 | \$7.99 | |
| \$ change | | \$0.12 | \$0.12 | \$0.13 | \$0.13 | \$0.13 | \$0.13 | \$0.14 | \$0.14 | \$0.14 | \$0.14 | \$0.15 | \$0.15 | \$0.15 | \$0.16 | |
| Present Value Discount Factor | 1.5580 | 1.6047 | 1.6528 | 1.7024 | 1.7535 | 1.8061 | 1.8603 | 1.9161 | 1.9736 | 2.0328 | 2.0938 | 2.1566 | 2.2213 | 2.2879 | 2.3566 | |
| Present Value of Future Cost | \$185,521 | \$183,720 | \$181,936 | \$180,170 | \$178,421 | \$176,689 | \$174,973 | \$173,274 | \$171,592 | \$169,926 | \$168,276 | \$166,643 | \$165,025 | \$163,423 | \$161,836 | |

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**WEST BAY SANITARY DISTRICT
AGENDA ITEM 6**

To: Board of Directors

From: Sergio Ramirez, General Manager

Subject: Presentation and Discussion by South Bay Waste Management Authority Executive Director on their Site Optimization Plan

Executive Director, Joe La Mariana, with South Bay Waste Management Authority (SBWMA) will give a presentation on their Site Optimization Plan. Discussion will be encouraged by the Board and SBWMA staff.

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**WEST BAY SANITARY DISTRICT
AGENDA ITEM 7**

To: *Board of Directors*

From: *Sergio Ramirez, General Manager*

Subject: *Discussion and Direction on City of East Palo Alto RFP for Sanitary Sewer Operations*

Discussion and Direction on City of East Palo Alto RFP for Sanitary Sewer Operations. The General Manager will discuss the RFP items that are being requested for service.

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**WEST BAY SANITARY DISTRICT
AGENDA ITEM 8**

To: Board of Directors

From: Sergio Ramirez, General Manager

**Subject: Discussion and Direction on the West Bay and Sharon Heights
Recycled Water Facility**

A discussion will be held on the Sharon Heights Recycled Water Facility and other events related to the recycled water plant. The Board will have opportunity to provide direction to staff and legal counsel.

Recycled Water Facility Production Data:

| 2020 | Treated | Delivered |
|-------------|----------------|------------------|
| August | 8.8MG | 8.2MG |
| September | 8.2MG | 5.1MG |
| October | 7.4MG | 4.5MG |
| November | 5MG | 1.4MG |
| December | 4.7MG | .55MG |
| 2021 | Treated | Delivered |
| January | 4.8MG | .23MG |
| February | 4.4MG | .13MG |
| March | 5.9MG | 1.8MG |
| April | 8.5MG | 7.6MG |
| May | 9.3.MG | 8.2MG |
| June | 9.8MG | 8.7MG |
| July | 9.5MG | 9.1MG |
| August | 9.4MG | 9.0MG |
| September | 9.1MG | 6.9MG* |
| October | 7.6MG | 2.6MG** |
| November | 5.2MG | 0 |
| December | 4.7MG | 0 |

Report to the District Board for the Regular Meeting of July 26, 2023

| 2022 | Treated | Delivered |
|-------------|----------------|------------------|
| January | 4.4MG | 97,000 gallons |
| February | 4.4MG | 1.5MG |
| March | 6.6MG | 3.5MG |
| April | 7.6MG | 3.8MG |
| May | 9.2MG | 7.4MG |
| June | 9.8MG | 8.7MG |
| July | 9.6MG | 8.1MG |
| August | 9.2MG | 8.1MG |
| September | 8.6MG | 6.7MG |
| October | 7.9MG | 4.6MG |
| November | 5.9MG | 310,000 gallons |
| December | 5.4MG | 154,690 gallons |

| 2023 | Treated | Delivered |
|-------------|----------------|-------------------------|
| January | 5MG | 0 gallons |
| February | 3.3MG | 0 gallons |
| March | 3.5MG | 0 gallons |
| April | 4.9MG | 32k gals. Dust Control |
| May | 5.1MG | 432k gals. Dust Control |
| June | 4.8MG | 456k gals. Dust Control |

* Sharon Heights substantially tapered off their water usage for September which is the reason for the large discrepancy between treated and delivered.

** Treatment was reduced in the second half of the month. Rain in late October and an irrigation equipment malfunctions caused water delivery to decrease.

The following is a disclosure statement required for any document, written report or brochure prepared in whole or in part pursuant to the Finance Agreement with the State Water Resources Control Board for the West Bay Sanitary District Recycled Water Project - Sharon Heights: Funding for this project has been provided in full or in part through an agreement with the State Water Resources Control Board. California's Clean Water State Revolving Fund is capitalized through a variety of funding sources, including grants from the United States Environmental Protection Agency and state bond proceeds. The contents of this document do not necessarily reflect the views and policies of the foregoing, nor does mention of trade names or commercial products constitute endorsement or recommendation for use.



**WEST BAY SANITARY DISTRICT
AGENDA ITEM 9**

To: Board of Directors

From: Sergio Ramirez, General Manager

**Subject: Discussion and Direction on the Bayfront Recycled Water Project
and Status Update**

A discussion will be held on the District's Bayfront Recycled Water Projects and other events related to the recycled water projects including financing, environmental review, design/build issues and grant applications.

The Board will have the opportunity to provide direction to staff and general counsel.

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**WEST BAY SANITARY DISTRICT
AGENDA ITEM 10**

To: Board of Directors

From: Sergio Ramirez, General Manager

Subject: Report and Discussion on South Bayside Waste Management Authority (SBWMA)

The District's representative to South Bayside Waste Management Authority (SBWMA), President Fran Dehn, will report on any pertinent items regarding SBWMA business.

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**WEST BAY SANITARY DISTRICT
AGENDA ITEM 11**

To: Board of Directors

From: Sergio Ramirez, General Manager

**Subject: Report and Discussion on Silicon Valley Clean Water (SVCW)
Plant**

The District's representative to Silicon Valley Clean Water (SVCW), Commissioner George Otte, will report on pertinent items regarding SVCW Operations, CIP and Finance.

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