



*1902 - Serving Our Community for over 120 Years - 2025*

**WEST BAY SANITARY DISTRICT  
AGENDA OF BUSINESS  
REGULAR MEETING OF THE DISTRICT BOARD  
WEDNESDAY, MAY 14, 2025 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:

<https://us06web.zoom.us/j/89134703101?pwd=MgDi6LvbaesWrROqluHGQF563QZ6y.1>

Meeting ID: 891 3470 3101 Passcode: 759302

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 April 30, 2025 Pg. 3A-1

B. WBSD Operations and Maintenance Report – April 2025 Pg. 3B-1

C. Town of Los Altos Hills Operations and Maintenance Report for Work Performed by WBSD – April 2025 Pg. 3C-1

D. Town of Woodside Operations and Maintenance Report for Work Performed by WBSD – April 2025 Pg. 3D-1

E. East Palo Alto Sanitary District (EPASD) Operations and Maintenance Report for Work Performed by WBSD – April 2025 Pg. 3E-1

F. Consider Resolution Consenting to Annexation of Territory to the West Bay Sanitary District by the San Mateo County Local Agency Formation Commission- APN 080-082-040 (1050 Los Trancos Road, Portola Valley) Pg. 3F-1

4. General Manager's Report Pg. 4-1

5. Workshop and Discussion regarding the Sewer Service Charge Rate Study for Fiscal Year 2025-26  
Pg. 5-1
6. Update and Discussion on Capital Improvement Projects Pg. 6-1
7. Consider Awarding Bid for Point Repair Project – Phase III-A to Casey Construction Pg. 7-1
8. Update and Discussion on Portola Valley Annexations Pg. 8-1
9. Discussion and Direction on Sharon Heights Recycled Water Facility Pg. 9-1
10. Discussion and Direction on Bayfront Recycled Water Project and Status Update Pg. 10-1
11. Report, Discussion, and Direction on RethinkWaste (SBWMA) Pg. 11-1
12. Report and Discussion on Silicon Valley Clean Water (SVCW) Plant Pg. 12-1
13. Closed Session
  - A. PUBLIC EMPLOYMENT/CONFERENCE WITH LABOR NEGOTIATORS  
Agency Designated Representatives: General Manager; General Counsel  
Employees: Represented and Unrepresented Employees
  - B. PUBLIC EMPLOYMENT  
Title: Finance Manager  
Recruitment Update
14. Comments or Reports from Members of the District Board and Consider Items to be Placed  
on Future Agenda
15. 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 120 Years* - 2025

WEST BAY SANITARY DISTRICT  
MINUTES OF THE REGULAR MEETING OF THE DISTRICT BOARD  
WEDNESDAY, APRIL 30, 2025 AT 7:00 P.M.

**1. Call to Order**

President Dehn called the meeting to order at 7:02 PM

**Roll Call**

BOARD MEMBERS PRESENT: President Dehn, Treasurer Thiele-Sardiña, Director Moritz (Secretary Pro Tem), Director Otte (via Zoom)

BOARD MEMBERS ABSENT: Secretary Walker

STAFF MEMBERS PRESENT: Ramirez, AND Alex Geise by Zoom

Others Present: None

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

**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 April 9, 2025

B. Consider Approving District Treasury Report Third Quarter FY 2024-25

Comments: None

Motion to Approve by: Moritz 2<sup>nd</sup> by: Dehn Roll Call Vote: AYE: 4 NAY: 0 Abstain: 0

**4. General Manager's Report**

Discussion/Comments: General Manager Ramirez reported HF&H will present an update on the sewer service charge rate study and he will present CIP costs at the May 14<sup>th</sup> Board meeting. He also reported that the District and EPASD will have a booth at the East Palo Alto Family Block Party on June 14<sup>th</sup>. The next regular meetings are scheduled for May 14<sup>th</sup> and May 28<sup>th</sup>, and the Budget Workshop on May 13<sup>th</sup>. In addition, he reported that the scanning project is nearly complete. The complete General Manager's written report is included in the April 30, 2025, agenda packet.

**5. Presentation on Operations and Maintenance of East Palo Alto Sanitary District (EPASD)**

Comments: Operations Superintendent Bobby Hulsmann presented an update on operations and maintenance (O&M) for EPASD which included the following work performed: 1) Cleaned 18.1 miles; 2) Video Inspected 4.6 miles; 3) 2 pipe patch repairs; 4) 4 open trench repairs; 5) 63 Fats, Oils, and Grease (FOG) inspections; 6) 34 service calls; 7) 227 USA markings; 8) 12 lateral inspections. He also discussed O&M for the Town of Los Altos Hills which included cleaning 10.6 miles of pipe and CCTV 8.1 miles of pipe per year.

**6. Authorize \$370,000 Appropriation from the Capital Asset Fund for Fiscal Year 2024-2025 for FERRF Levee Improvement Project 1762.0 and Authorize the General Manager to Execute an Agreement with PG&E for Undergrounding Existing Overhead Lines at FERRF**

Motion to Approve by: Thiele-Sardina 2<sup>nd</sup> by: Otte Roll Call Vote: AYE: 4 NAY: 0 Abstain: 0

Comments: General Manager Ramirez reported on the need to underground existing overhead power lines at the Flow Equalization Resource Recovery Facility (FERRF) and to appropriate \$370,000.00 from the Levee Project Capital Asset Fund for FY 2024-25.

**7. Authorize the General Manager to Enter into Amendment Two to On-Call Geotechnical Observation and Testing Services and Special Inspections Agreement with BAGG Engineers dated December 13, 2023, for the Flow Equalization and Resource Recovery Facility (FERRF) Levee Improvement Project**

Motion to Approve by: Thiele-Sardina 2<sup>nd</sup> by: Moritz Roll Call Vote: AYE: 4 NAY: 0 Abstain: 0

Comments: General Manager Ramirez reported the overage in the amount of \$72,260.00 was not included in Amendment 1 and is now included for a total not-to-exceed \$454,661.00.

**8. Consider Accepting the District's 2024 Performance Measurement Report**

Motion to Approve by: Otte 2<sup>nd</sup> by: Theile-Sardina Roll Call Vote: AYE: 4 NAY: 0 Abstain: 0

Comments: General Manager Ramirez reported on the 2024 Performance Measurement Report which included a vast majority of measures rated satisfactory or above. Highlights included zero Category 1 spills for the year, reduction of service calls since 2020, and an Experience Modification (XMOD) Rate of .76 well below the industry standard.

**9. Report and Discussion on Sharon Heights Recycled Water Facility**

Discussion/Comments: General Manager Ramirez reported on the recent tour of the facility and the new sign at the Avy Altschul Pump Station displaying that \$1.2M in funding was provided by the Clean Water State Revolving Fund through the State Water Resources Control Board. It also states the State Revolving Fund includes grants from the United States Environmental Protection Agency and state bond proceeds.

**10. Discussion and Direction on Bayfront Recycled Water Project and Status Update**

Discussion/Comments: General Manager Ramirez reported design and construction is continuing.

**11. Report, Discussion and Direction on RethinkWaste (SBWMA)**

Discussion/Comments: President Dehn reported on the approval of record keeping contract with consultant for SB 1385 and on the approval of specs and go out to bid for the Transfer Station Tunnel Pit Repair Project. In addition, she reported on committee appointments and the end of the Zero Waste committee. The members from the Zero Waste committee will now continue on the Site Plan committee. The May meeting will not be held.

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

Discussion/Comments: Director Otte reported on the reduction of the CIP budget from \$50M to \$33M over three years and discussion on how the funding will be implemented. He also reported the General Manager selection process is moving forward with 6 candidates.

**13. Closed Session**

A. PUBLIC EMPLOYMENT/CONFERENCE WITH LABOR NEGOTIATORS  
Agency Designated Representatives: General Manager; General Counsel  
Employees: Represented and Unrepresented Employees

B. PUBLIC EMPLOYMENT  
Title: Finance Manager  
Recruitment Update

C. PUBLIC EMPLOYEE PERFORMANCE EVALUATION/CONF. WITH  
LABOR NEGOTIATORS  
Agency designated representatives: Board President/Legal Counsel  
Unrepresented employee: General Manager

Entered closed session at 8:10 PM Left closed session at 10:18 PM

Reportable action: None.

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

Discussion/Comments: The Board would like an upcoming agenda item on annexations in Portola Valley.

**15. Adjournment Time:** The meeting was adjourned at 10:20 PM

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

**To: Board of Directors**  
**From: Bob Hulsmann, Operations Superintendent**  
**Subject: WBSD Operations and Maintenance Report – April 2025**

	Basin PM Pipe Clean-ing	High Freq. PM Pipe Clean-ing	Un-Sche. Pipe Clean-ing	WBSD CCTV Insp.	Pipe Patch Repairs	Open Trench Repairs	Pump Sta. PM	Pump Sta. Unsch. Repairs	SSO	SSO	Service Calls- Unit 208			
	Miles	Miles	Miles	Miles	Qty.	Qty.	Qty.	Qty.	Cat. 1	Cat. 2,3,4	Call Outs	Sch PM	Jnsch. PM	USA's
January	7	3.9	0.5	2.1	1	10	65	0	0	1	88	5	0	423
February	11.0	5.0	0.3	1.8	6	2	64	0	0	1	48	11	0	335
March	18.8	0.3	0.1	1.3	4	7	74	0	0	0	57	9	1	350
April	15.7	3.6	0.4	2.7	3	8	68	0	0	0	73	8	0	466
May														
June														
July														
August														
Sept.														
Oct.														
Nov.														
Dec														
<b>Yr to date</b>	<b>52.5</b>	<b>12.8</b>	<b>1.3</b>	<b>7.9</b>	<b>14.0</b>	<b>27.0</b>	<b>271.0</b>	<b>0.0</b>	<b>0.0</b>	<b>2.0</b>	<b>266.0</b>	<b>33.0</b>	<b>1.0</b>	<b>1574.0</b>
<b>2025 Goals</b>	<b>120.0</b>	<b>50.0</b>	<b>n/a</b>	<b>45-50</b>	<b>50-65</b>	<b>90</b>	<b>n/a</b>	<b>&lt;10</b>	<b>&lt;</b>	<b>4</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
<b>2024 Results</b>	<b>148.9</b>	<b>45.8</b>	<b>n/a</b>	<b>**40.9</b>	<b>**75</b>	<b>99</b>	<b>n/a</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>741</b>	<b>106</b>	<b>3</b>	<b>1894</b>
2023 Results	127.7	47.1	8.5	**45.4	52	94	821	0	0	2	832	85	11	3416
2022 Results	120.9	53.6	7.5	**40.3	**92	100	774	0	1	2	858	97	2	3161
2021 Results	*123	*50	8.6	**46	**55	91	834	2	0	4	944	n/a	n/a	2294
2020 Results	134.2	51.0	8.4	29.6	72	85	754	6	0	0	1012	89	5	2362
2019 Results	112.0	48.2	6.9	42.7	60	86	967	6	0	4	1063	75	33	2850
2018 Results	134.2	48.5	7.4	42.1	66	63	1256	6	0	4	1139	134	89	2525

\*\*= Including LAH, TOW, & EPASD

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

**To: Board of Directors**

**From: Bb Hulsmann, Operations Superintendent**

**Subject: Town of Los Altos Hills - Operations and Maintenance Report for Work Performed by WBSD – April 2025**

Town of Los Altos Hills O & M Report 24/25										
	Basin PM Pipe Cleaning	High Freq. PM Pipe Cleaning	Un-Sche. Pipe Cleaning	WBSD CCTV Insp.	Pipe Patch Repairs	Pump Sta. PM	Pump Sta. Unsch. Repairs	SSO	SSO	Service Calls
Month	Miles	Miles	Miles	Miles	Qty.	Qty.	Qty.	Cat. 1	Cat. 2&3s	Call Outs
January-25	1.8	1.2	0.1	0.6	0	4	3	0	0	0
February	1.3	0.1	0.0	0.6	2	4	0	0	0	0
March	0.5	1.1	0.0	0.2	0	4	0	0	0	0
April	0.0	1.6	0.0	1.0	1	5	0	0	0	0
May	0.4	1.7	0.0	0.0	2	5	0	0	0	0
June	2.6	0.5	0.1	0.0	3	5	0	0	0	0
July	0.0	1.1	0.0	0.0	3	4	0	0	1	0
*August 24	0.0	1.1	0.0	0.2	0	4	0	0	0	0
Sept.	0.6	1.1	0.0	0.9	0	4	0	0	0	0
Oct.	0.4	1.2	0.0	1.3	0	4	0	0	0	0
Nov.	0.0	1.2	0.0	0.6	0	4	0	0	0	0
Dec	1.0	1.6	0.0	0.9	0	4	0	0	0	0
<b>** Yr to date</b>	<b>8.6</b>	<b>13.5</b>	<b>0.2</b>	<b>6.3</b>	<b>11.0</b>	<b>51</b>	<b>3</b>	<b>0</b>	<b>1</b>	<b>0</b>
FY24/25Goals	10.6	14.4	n/a	8.1	n/a	52	n/a	n/a	n/a	n/a
* = August- Start of Contract										
	Goal	Total	Remain							
Cleaning	25	22.3	2.7							
Inspection	8.1	6.3	1.8							

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

**To: Board of Directors**

**From: Bob Hulsmann, Operations Superintendent**

**Subject: Town of Woodside Operations and Maintenance Report for Work Performed by WBSD – April 2025**



**Yearly Summary Report**

5/5/2025  
10:35 AM

Dates Between 5/31/2024 and 4/30/2025

Month	Basin PM Pipe Cleaning (miles)	High Freq PM Pipe Cleaning (miles)	Unscheduled Pipe Cleaning (miles)	CCTV Inspection (miles)	Pump Stations Preventive Maintenance Qty	Pump Stations Unscheduled Repairs Qty	SSO Cat 1	SSO Cat 2 & 3	Service Calls Call Outs
January	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
February	0.00	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
March	0.00	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
April	0.00	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
May	0.00	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
June	0.00	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
July	0.00	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
August	0.00	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
September	0.00	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
October	0.00	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
November	0.00	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
December	4.44	0.0	0.0	1.2	0.0	0.0	0.0	0.0	0.0
Totals	4.44	0.8	0.0	1.2	0.0	0.0	0.0	0.0	0.0

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

**To: Board of Directors**

**From: Bob Hulsmann, Operations Superintendent**

**Subject: East Palo Alto Sanitary District/City of East Palo Alto - Operations and Maintenance Report for Work Performed by WBSD – April 2025**

EPASD O & M Report 2025										
	Basin PM Pipe Clean- ing	High Freq. PM Pipe Clean- ing	Un-Sche. Pipe Clean- ing	CCTV Insp.	Pipe Patch Repairs	Open Trench Repair	USA Mark	SSO	SSO	Service Calls
Month								Cat. 1	Cat. 2,3,4	Call Outs
	Miles	Miles	Miles	Miles	Qty.	Qty.	Qty.			
Jan	1.1	5.6	0.0	0.2	1	0	64	0	0	14
February	5.6	0.4	0.4	0.0	0	1	70	0	1	12
March	4.1	0.0	0.0	2.3	0	1	90	0	0	8
April	7.8	0.0	0.1	2.1	1	1	100	0	0	12
May										
June										
July										
August										
Sept.										
Oct.										
Nov.										
Dec										
<b>*Yr to date</b>	<b>18.6</b>	<b>6.0</b>	<b>0.5</b>	<b>4.6</b>	<b>2</b>	<b>3</b>	<b>324</b>	<b>0</b>	<b>1</b>	<b>46</b>
<b>2025 Goals</b>	70	10	n/a	35	12	12	n/a	n/a	n/a	n/a

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

**To: Board of Directors**

**From: Fariborz Heydari, P.E., District Engineer**

**Subject: Consider Resolution Consenting to Annexation of Territory to the West Bay Sanitary District by the San Mateo County Local Agency Formation Commission- APN 080-082-040 (1050 Los Trancos Road, Portola Valley)**

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Background

The owners of the property located at 1050 Los Trancos Road, Portola Valley, (APN: 080-082-040) have requested that the Local Agency Formation Commission (LAFCo) annex their property into the West Bay Sanitary District for the purposes of obtaining sanitary sewer service. The proponent has an existing single-family residence that will need to connect to the existing gravity main located on Los Trancos Road.

Analysis

Attached for the Board's review is the description of the property to be annexed (Exhibit A) and the LAFCo Resolution No. 1324 (Exhibit B) approving the annexation.

Fiscal Impact

Property owner has paid all required annexation fees, and the fiscal impact would be additional sewer service charge revenue to the District once the parcel is connected.

Recommendation

The District Engineer recommends that the District Board approve the Resolution as presented.

Attachments: Resolution \_\_\_\_\_ (2025)  
Exhibit A – Geographical/Legal Description  
Exhibit B – LAFCo Resolution No. 1324  
GIS Site Map

**RESOLUTION NO. \_\_\_\_ (2025)**

**IN THE DISTRICT BOARD OF THE WEST BAY SANITARY DISTRICT**

**COUNTY OF SAN MATEO, STATE OF CALIFORNIA**

\*\*\*\*\*

**A Resolution Consenting to the Annexation of APN 080-082-040, Unincorporated San Mateo County to the West Bay Sanitary District**

**WHEREAS:**

1. A petition for annexation of the property described herein to this District was initiated by the property owners.
2. The Local Agency Formation Commission of San Mateo County assigned the following distinctive short-form designation: Annexation of APN 080-082-040 to West Bay Sanitary District
3. The property to be annexed is described as follows:  
See Exhibit "A" attached hereto and by this reference made a part hereof.
4. The said property has an existing dwelling.
5. The conditions of annexation are:
  - a. In the event that, pursuant to rules, regulations or ordinances of the District, as now or hereafter amended, the District shall require any payment of a fixed or determinable amount of money either as a lump sum or installments, for the acquisition, transfer, use or right of use of all or any part of the existing property, real or personal, of the District, such payment will be made to the District in the manner and at the time as provided by rules, regulations or ordinances of the District, as now or hereafter amended.
  - b. Upon and after the effective date of said annexation, the territory, and all persons entitled to vote by reason of residing or owning land within the territory, shall be subject to the jurisdiction of the District; shall have the same rights and duties as if the territory had been a part of the District upon its original formation; shall be liable for the payment of principal, interest and any other amounts which shall become due on account of any outstanding or then-authorized but thereafter issued bonds, including revenue bonds, or other contracts or obligations of the District; shall be subject to the levying or fixing and collection of any and all taxes, assessments, service charges, rentals or rates as may be necessary to provide for such payment; and shall be subject to all of the rates, rules, regulations and ordinances of the District, as now or hereafter amended.

6. The proposed annexation is for the interest of the landowners and present and future inhabitants within the District and within the said property to be annexed.
7. The Local Agency Formation Commission of San Mateo County has adopted Resolution 1324 (Exhibit B) ordering annexation of the referenced territory to the West Bay Sanitary District.

**NOW, THEREFORE, BE IT RESOLVED** that:

- a. The above described property, pursuant to the order of the San Mateo County Local Agency Formation Commission, is hereby annexed to the West Bay Sanitary District, and the District Manager is directed to make such distribution of this Resolution as is required by law or is desirable.
- b. Pursuant to Government Code Section 56837, the District consents to waiver conducting authority proceedings.
- c. The regular San Mateo County Assessment Roll will be used to collect sewer service charges.
- d. The territory will not be taxed for bonded indebtedness.

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Passed and adopted by the District Board of the West Bay Sanitary District at a regular meeting thereof held on the 14<sup>th</sup> day of May, 2025 by the following vote:

Ayes:

Noes:

Abstain:

Absent:

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

Attest:

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

August 12, 2024

EXHIBIT A PAGE 1 OF 3

Page 1 of 3

**LEGAL DESCRIPTION  
ANNEXATION TO WEST BAY SANITARY DISTRICT  
LANDS OF DANG AND CISNEROS  
AND A PORTION OF LOS TRANCOS ROAD  
UNINCORPORATED SAN MATEO COUNTY, CALIFORNIA  
BEING A PORTION OF THE RANCHO EL CORTE DE MADERA**

All that certain real property situate in the unincorporated County of San Mateo, State of California, being all of Lot 57 and a portion of Los Trancos Road as shown on that certain Map entitled "Los Trancos Woods, Tract No 1.", which Map was filed for record on August 6, 1928, in Book 17 of Maps at Pages 14 and 15, in the Office of the Recorder of said County, and being more particularly described as follows:

**BEGINNING** at a point on the northeasterly right-of-way line of Los Trancos Road, said point being the westerly corner of Lot 45 as shown on said Map, also being the westerly corner of the West Bay Sanitary District as adopted on May 20, 2020, by Resolution No. 1248;

1. Thence leaving said westerly corner of the West Bay Sanitary District and crossing Los Trancos Road South  $74^{\circ}52'19''$  West 45.57 feet to the southwesterly right-of-way line of Los Trancos Road and the easterly corner of Lot 57 as shown on said Map;
2. Thence along the southeasterly line of said Lot 57 South  $39^{\circ}08'00''$  West 77.14 feet to the southerly corner of said Lot 57;
3. Thence along the southwesterly line of said Lot 57 North  $68^{\circ}10'00''$  West 94.26 feet to the westerly corner of said Lot 57;
4. Thence along the northwesterly line of said Lot 57 North  $39^{\circ}08'00''$  East 86.09 feet to the northerly corner of said Lot 57 and the southwesterly right-of-way line of Los Trancos Road;
5. Thence crossing Los Trancos Road North  $43^{\circ}31'00''$  East 40.00 feet to the northeasterly right-of-way line of Los Trancos Road;
6. Thence along said right-of-way line South  $46^{\circ}29'00''$  East 26.78 feet;
7. Thence along said right-of-way line South  $72^{\circ}55'00''$  East 61.06 feet;
8. Thence along said right-of-way line South  $42^{\circ}03'30''$  East 30.63 feet to the **POINT OF BEGINNING**;

Containing an area of 11,143 square feet, more or less.

The herein described annexation parcel is shown on the attached map of this legal description, Page 3 of 3, and is made a part hereof.

Description prepared by MacLeod and Associates, Inc.

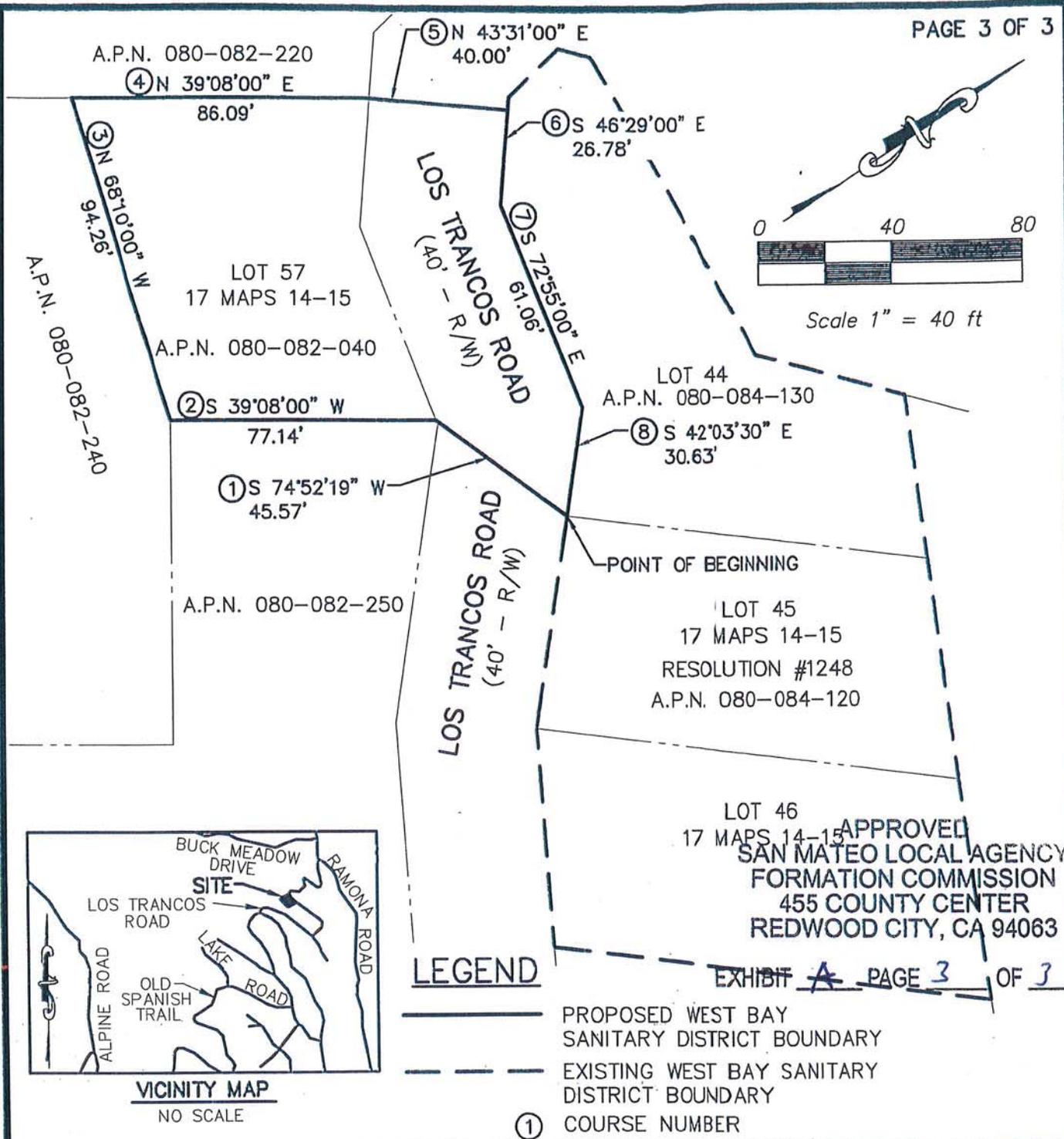
  
Daniel G. MacLeod L.S. 5304

AUGUST 12, 2024  
Date



APPROVED  
SAN MATEO LOCAL AGENCY  
FORMATION COMMISSION  
455 COUNTY CENTER  
REDWOOD CITY, CA 94063

EXHIBIT A PAGE 2 OF 3



VICINITY MAP  
NO SCALE

**LEGEND**

- PROPOSED WEST BAY SANITARY DISTRICT BOUNDARY
- - - EXISTING WEST BAY SANITARY DISTRICT BOUNDARY
- ① COURSE NUMBER

EXHIBIT A PAGE 3 OF 3

TITLE: PLAT TO ACCOMPANY LEGAL DESCRIPTION  
 PROPOSED SEWER ANNEXATION;  
 1050 LOS TRANCOS ROAD; A.P.N. 080-082-040  
 BEING A PORTION OF THE RANCHO EL CORTE DE MADERA  
 UNINCORPORATED SAN MATEO COUNTY CALIFORNIA

PLAT: DJK	SCALE: 1"=40'	DATE: 08-12-24	JOB #: 3998-14
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**MacLEOD AND ASSOCIATES**

CIVIL ENGINEERING • LAND SURVEYING  
 965 CENTER STREET SAN CARLOS CA 94070 (650) 593-8580



EXHIBIT  3  PAGE  1  OF  3

RESOLUTION NO. 1324

**RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION  
OF THE COUNTY OF SAN MATEO  
MAKING DETERMINATIONS, APPROVING LAFCO FILE 24-07 -  
ANNEXATION OF APN 080-082-040, LOS TRANCOS WOODS  
TO THE WEST BAY SANITARY DISTRICT AND  
WAIVING CONDUCTING AUTHORITY PROCEEDINGS**

**RESOLVED**, by the Local Agency Formation Commission of the County of San Mateo, State of California, that

**WHEREAS**, a proposal for the annexation of certain territory to the West Bay Sanitary District in the County of San Mateo was heretofore filed with the Executive Officer of this Local Agency Formation Commission pursuant to Title 5, Division 3, commencing with Section 56000 of the Government Code; and

**WHEREAS**, the Executive Officer has reviewed the proposal and prepared a report, including the recommendations thereon, the proposal and report having been presented to and considered by this Commission; and

**WHEREAS**, it appears to the satisfaction of this Commission that all owners of the land included in the proposal consent to the proceeding; and

**WHEREAS**, a public hearing by this Commission was held on the proposal and at the hearing this Commission heard and received all oral and written protests, objections and evidence which were made, presented or filed, and all persons present were given an opportunity to hear and be heard with respect to the proposal and the Executive Officer's report; and

**WHEREAS**, the proposal is categorically exempt from the environmental review requirements of the California Environmental Quality Act (CEQA) under State CEQA Guidelines Section 15319(a) & (b) (Annexations of Existing Facilities and Lots for Exempt Facilities); and

**NOW, THEREFORE**, the Local Agency Formation Commission of the County of San Mateo DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:

Section 1. This proposal is approved, subject to the following conditions: None.

Section 2. The boundaries as set forth in the application are hereby approved as submitted and are as described in Exhibit "A" attached hereto and by this reference incorporated herein.

Section 3. The territory consists of 0.16 acres, is found to be uninhabited, and is assigned the following distinctive short form designation: Annexation of APN 080-082-040, Los Trancos Woods to the West Bay Sanitary District.

Section 4. Conducting authority proceedings are hereby waived in accordance with Government Code Section 56662(a) and this annexation is hereby ordered.

APPROVED  
SAN MATEO LOCAL AGENCY  
FORMATION COMMISSION  
455 COUNTY CENTER  
REDWOOD CITY, CA 94063  
EXHIBIT D PAGE 2 OF 3

Regularly passed and adopted this 17 day of July 2024

Ayes and in favor of said resolution:

APPROVED  
SAN MATEO LOCAL AGENCY  
FORMATION COMMISSION  
455 COUNTY CENTER  
REDWOOD CITY, CA 94063

EXHIBIT B PAGE 3 OF 3

Commissioners:

- Tygarjas Bigstyk
- Virginia Chang-Kiraly
- Ann Draper
- Ray Mueller
- Harvey Rarback
- Warren Slocum
- Kati Martin

Noes and against said resolution:

Commissioner(s):

None

Absent and/or Abstentions:

Commissioner(s):



Chair  
Local Agency Formation Commission  
County of San Mateo  
State of California

ATTEST:



Rob Bartoli  
Executive Officer  
Local Agency Formation Commission

Date: 7/17/2024

I certify that this is a true and correct copy of the resolution above set forth.

\_\_\_\_\_  
Clerk to the Commission  
Local Agency Formation Commission

Date: \_\_\_\_\_



WEST BAY SANITARY DISTRICT  
SITE LOCATION  
1050 LOS TRANCOS RD  
PORTOLA VALLEY, CA  
GRAVITY MAIN





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

---

**1) Administrative:**

- a. The District was awarded the American Public Works Association "Project of the Year" for the District's levee project. An awards ceremony will be held on May 21<sup>st</sup>.

**2) Finance:**

- a. Staff has been preparing the draft FY 25/26 Budget which will be presented to the Board on May 13<sup>th</sup>.
- b. The Finance Manager continues to work on the Oracle NetSuite implementation.

**3) Capital Improvement Program (CIP):**

**a. Levee Improvement Project:**

- i. NFWF will visit the Living Shoreline Ecotone Levee on May 20<sup>th</sup>.
- ii. Staff continues to submit for the NFWF grant reimbursements for the Ecotone portion of the levee. Approximately \$2.5 million remain in reimbursements.

**b. Point Repair Project:**

- i. Casey Construction was the apparent low bidder for the point repair Phase III-A project.
- ii. Staff will present to the point repair project's total cost at the following Board meeting.

**c. Telemetry Replacement Project:**

- i. Blocka Construction continues to work on the publicly owned pump stations' Telemetry Replacement Project.

**4) Information Technology (IT):**

- a. The IT team is conducting an inventory on all desktop PC's and will revise its PC replacement schedule.

**5) Operations and Maintenance:**

**a. Collection System:**

- i. District crews performed an emergency repair on University Ave in East Palo Alto.

- b. **Pump Facilities:**
    - i. The new Pump Mechanic is in the on-boarding process.
  - c. **Training:**
    - i. The District will host a CWEA Hangs-On Bypass training on May 13<sup>th</sup>.
- 6) **Water Quality:**
- a. **Sharon Heights Golf and Country Club (SHGCC):**
    - i. Staff will make efforts to place the Solar PPA in SHGCC's name.
  - b. **Bayfront Recycled Water Facility (BRWF):**
    - i. The design build team meets regularly on mechanical and other process related design.
    - ii. The first vertical wall pour is scheduled for May 15<sup>th</sup>. The Board should consider participating in a site visit on May 15<sup>th</sup> and 20<sup>th</sup>.
- 7) **Fleet and Facilities:**
- a. **Vehicle Maintenance:**
    - i. Staff will ask to fund the Equipment Replacement Fund during the Budget Workshop since it was depleted during the purchase of the contracted agencies' equipment purchases.
- 8) **Personnel:**
- a. The Finance Manager recruitment continues.
- 9) **Upcoming Events:**
- a. **Next Board Meetings:**
    - i. Tuesday, May 13<sup>th</sup> Budget Workshop
    - ii. Wednesdays, May 14<sup>th</sup> and 28<sup>th</sup> Regular Board Meetings
- 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:** is hosting their annual BBQ and invited the District to attend.
  - c. **Town of Woodside:** Staff will video inspect one mile of pipe in the coming month.
  - d. **East Palo Alto:** The District will participate in the Family Day 1: Block Party on June 14<sup>th</sup>.



## WEST BAY SANITARY DISTRICT AGENDA ITEM 5

**To:** *Board of Directors*

**From:** *Sergio Ramirez, General Manager*

**Subject:** *Workshop and Discussion regarding the Sewer Service Charge Rate Study for Fiscal Year 2025-26*

---

### Background

In March of 2025 the District contracted with HF&H Consultants (HF&H) to prepare an updated FY 2025-26 sewer rate study and sewer rate model that would serve to amend the existing financial plan completed by HF&H.

The updated sewer rate study and model contains a 5-year revenue requirement projection from which future rate increases are anticipated to be adopted in compliance with Proposition 218, though each year's rate increase may be adopted separately. In addition to updating and presenting the sewer rate study and model to staff and the District Board, the Consultant has prepared a draft technical memorandum.

HF&H Consultants (HF&H) completed a sewer rate study for the District in May 2024 (2024 Study). At a public hearing on May 8, 2024, the Board of Directors adopted the recommended rates from the study. The study projected operating and capital expense projections, for a five-year planning period. The District chose to adopt three annual rate increases for fiscal year (FY) 2024-25, FY 2025-26, and FY 2026-27. The first rate increases were implemented beginning July 1, 2024.

The objective of the current analysis was to provide a recommendation on whether the previously adopted rate increases to be implemented for FY 2025-26 are reasonable or if something higher or lower should be adopted. The recommendation relied on two factors: 1) Confirmation that rate revenues are sufficient to meet the District's projected operating, capital, and debt service expenses for the next three-year planning period of FY 2025-26 through FY 2027-28; and 2) Confirmation that the District's debt coverage ratio projections for FY 2025-26 through FY 2027-28 are in compliance with all debt covenants.

Should the District need to increase rates by more than the previously adopted values, the District would be required to conduct a new Proposition 218 process.

## Analysis

The updated Sewer Rate Study took into consideration updated data on cash flow, revenues, anticipated Capital Improvement Plan projects, District O&M expenses, changes in expenses related to labor negotiations, SVCW (Silicon Valley Clean Water) debt service, SVCW O&M expenses, SVCW cost allocations, and included the addition of 73 Equivalent Dwelling Units (EDUs) per year.

The District has separately issued long-term debt to fund its Recycled Water Program through the California State Revolving Fund (SRF) Loan program. The loan covenant requires the District to maintain a debt coverage ratio of at least 1.2. Under this requirement the District must demonstrate the ratio of net revenues to annual debt service for the forthcoming three-year period (FY 2025-26 through FY 2027-28) exceeds 120%. While the Recycled Water Program may be separately funded, the covenant requirement of this loan obligation applies to all programs of the District, including the sewer services and solid waste services. Therefore, to ensure the District is in compliance, the debt coverage ratio factors in the respective net operating revenues and debt services of the recycled water program, sewer services, and solid waste services.

HF&H found the District can proceed with implementing the 5% rate increase for FY 2025-26, as previously adopted. HF&H determined that the District will have sufficient revenues from FY 2025-26 through FY 2027-28 to meet the District reserve targets. Also, HF&H calculated that the District will have adequate revenues to address all existing debt covenants, such that the debt service coverage ratio will be greater than the minimum covenant requirement of 1.20 for FY 2025-26 through FY 2027-28.

From discussion on the HF&H analysis to date, the Board will be requested to provide direction on the sewer service charges for FY 2025-26. Using a rate model, HF&H will demonstrate the effects on revenue of projected rate levels in order to address operating and non-operating expenses, CIP projects, reserve levels, and debt coverage requirements.

## Fiscal Impact

A 5% increase in residential sewer service charges will result in annual sewer service rates for a single family home increasing from \$1,371 to \$1,440 per year. For the approximately 95 homes within the OWDZ, primarily in Portola Valley, the anticipated sewer service charge will increase from \$2,337 to \$2,454 per household. Overall, this equates to an increase in annual revenue of approximately \$1.9 million.

In the event, the Board sought to increase FY 2025-26 rates by more than what was previously adopted, the District would be required to conduct a Proposition 218 protest

process and incur expenses associated with drafting, mailing, and tabulating any protests.

Recommendation

The General Manager is seeking Board direction to increase sewer service charge rates as previously adopted for FY 2025-26, and as identified in the technical memorandum.

Therefore, the General Manager recommends the following:

1. The Board provide staff direction regarding the sewer service charge rate adjustment for FY 2025-26.
2. The Board conduct a similar analysis prior to implementing FY 2026-27 rates to ensure that rate revenues are sufficient to meet the District's projected operating, capital, and debt service expenses for the next three-year planning period of FY 2026-27 through FY 2028-29; and to confirm that the District's debt coverage ratio projections for FY 2026-27 through FY 2028-29 are in compliance with all debt covenants.



# MEMORANDUM

**To:** Sergio Ramirez, General Manager, West Bay Sanitary District  
**From:** Rick Simonson, Senior Vice President, HF&H Consultants  
**Date:** May 9, 2025  
**Re:** FY 2025-26 Sewer Rate Analysis

---

This technical memorandum reports the results of our analysis to confirm the FY 2025-26 sewer rates of West Bay Sanitary District (District).

## Background

HF&H Consultants (HF&H) completed a sewer rate study for the District in May 2024 (2024 Study). At a public hearing on May 8, 2024, the Board of Directors adopted the recommended rates from the study. The study projected operating and capital expense projections, for a five-year planning period. The District chose to adopt three annual rate increases for fiscal year (FY) 2024-25, FY 2025-26, and FY 2026-27. The first rate increases were implemented beginning July 1, 2024.

The objective of this analysis is to provide a recommendation on whether the previously adopted rate increases to be implemented for FY 2025-26 are reasonable or if something higher or lower should be adopted. The recommendation relies on two factors: 1) Confirmation that rate revenues are sufficient to meet the District's projected operating, capital, and debt service expenses for the next three-year planning period of FY 2025-26 through FY 2027-28; and 2) Confirmation that the District's debt coverage ratio projections for FY 2025-26 through FY 2027-28 are in compliance with all debt covenants.

The following sections present the assumptions and findings from our review and analysis for the next five-year period, FY 2025-26 through FY 2029-30. Our recommendation concerning the District's sewer rates effective for July 1, 2025, is detailed at the end of this memorandum.

## Analysis

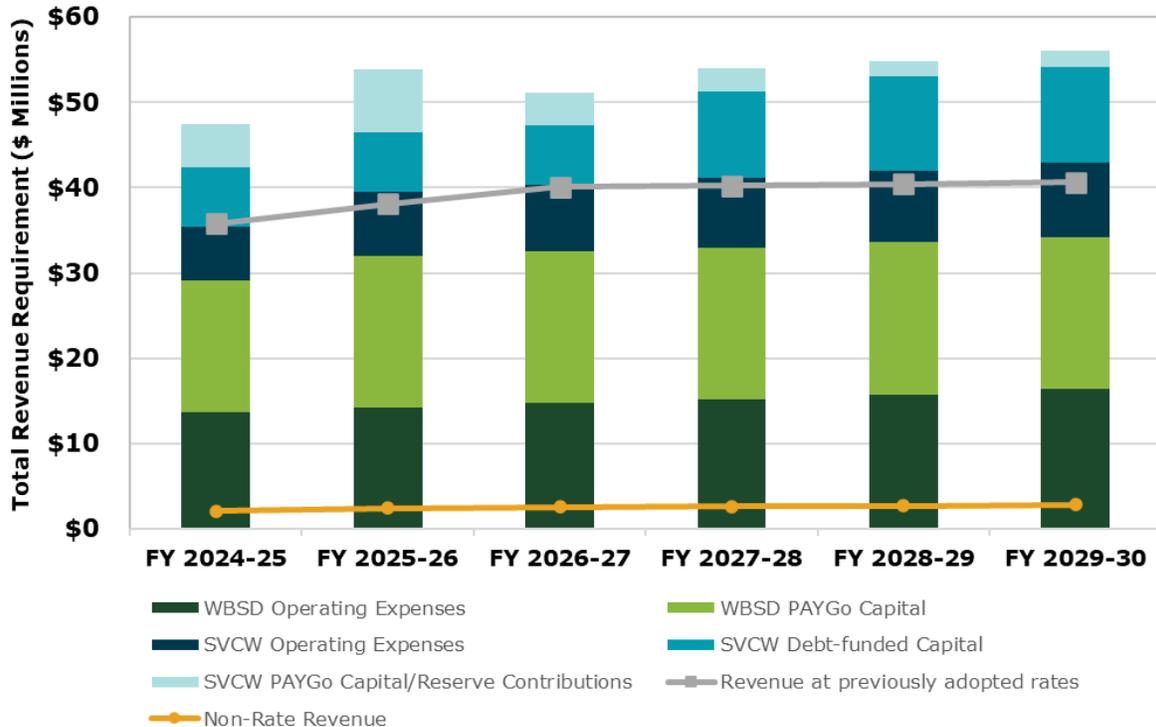
A spreadsheet model was developed to analyze revenue requirements for FY 2025-26 through FY 2029-30. The revenue requirements represent the costs that must be covered by revenue from rates and other sources. For the analysis, we relied on multiple sources, including: 1) the District's approved FY 2024-25 budget informed operations and maintenance (O&M) expenses; 2) O&M and capital costs associated with wastewater treatment by Silicon Valley Clean Water (SVCW) which were obtained from ten-year SVCW Cash Flow Requirements in the February draft of the 2025 Long Range Financial Plan and revisions to debt service projections provided by SVCW in April; and 3) The District-provided FY 2024-25 Draft Budget Master Plan document to inform District capital projections. We worked with the District, using inflationary factors, to project expenses for additional years where approved budgets were not available.



## REVENUE REQUIREMENT

**Figure 1** shows a summary of the annual revenue requirements and revenue projections, using the previously-adopted rates through FY 2027-28. These projections are described below in further detail.

**Figure 1. Total Annual Projected FY Revenue Requirements**



### **District O&M Expenses**

The District’s O&M expenses include salaries and benefits, materials and supplies, insurance, contract and professional services, repairs and maintenance, utilities, and other miscellaneous expenses for day-to-day sewer collection operations. Salaries and benefits account for the largest portion of this category of expenses and are projected to increase by 4% annually. Salaries and benefits budgeted for FY 2024-25 at \$8.3 million are projected to grow to \$10.1 million by FY 2029-30. Overall, the District’s O&M Expenses are projected to increase from the FY 2024-25 budget of \$13.7 million to \$16.4 million by FY 2029-30.

### **District Capital Expenditures**

The District’s pay-as-you-go (PAYGO) capital expenditures will be funded from existing rate revenues and reserves. Expenditures reflect the projects identified by the Master Plan document provided by the District in March 2025. Capital expenditure values exclude recycled water projects, as these projects are to be funded through the District’s Recycled Water Fund, separate from sewer services. Budgeted annual capital expenditures fluctuate over the five-year period between \$10.7 million to \$27.6 million. For cash-flow purposes, the five-year



average, \$17.3 million, is included in calculating the annual requirement for FY 2025-26 through FY 2029-30. In years the District's actual capital expenditures are less than the revenue requirement, reserves can be accumulated to be spent to address other years when capital expenditures exceed the revenue requirement figure. This category of expenses also includes annual reserve contributions toward the District's Vehicle and Equipment Replacement Fund, which escalate from \$0.4 million to \$0.5 million over the period. These two components comprise the annual \$17.8 million total for this expense category.

### ***SVCW Operating Expenses***

SVCW operating expenses are provided to the District each year, in proportion to each of the four member agencies' use of the wastewater treatment system. As of FY 2024-25, the proportionate shares of member contribution allocations for operating expenses are updated each year based on flow, Biochemical Oxygen Demand (BOD), and Suspended Solids (SS) data. In FY 2024-25, the District's share of net operating expenses was approximately 20% of the total SVCW net operating expenses. Projected SVCW operating expenses, attributed to the District, are estimated to increase from \$7.5 million in FY 2025-26 to \$8.8 million in FY 2029-30 to fund the annual maintenance and operation of the wastewater treatment system.

### ***SVCW Capital Expenditures***

In addition to sharing the cost of O&M, the District is responsible for its share of the capital expenditures of the SVCW wastewater treatment system. Capital expenditures are allocated to members according to the shares of capacity defined by the Joint Powers Authority agreement. The District's defined share is 26.84%. In **Figure 1**, the capital expenditures have been sub-divided into two categories: PAYGO capital/reserve contributions (light blue portions) and Debt-funded capital (turquoise portions).

#### ***PAYGO Capital/Reserve Contributions***

This category of capital expenditures is the annual threshold applied toward cash-funding capital expenditures or reserve contributions to satisfy the SVCW Capital Improvement Program (CIP) Reserve Policy. Historically, the District has also made use of reserves to provide cash in lieu of SVCW issuing additional debt. As of April 10, the SVCW Commission voted to have member agencies contribute cash in place of issuing new debt. These additional cash contributions totaling \$8.8 million are planned for FY 2025-26, FY 2026-27, and FY 2027-28 and are included within this category of capital expenditures. The largest cash-in-lieu of debt contribution is \$5.6 million and is scheduled for FY 2025-26. During the five-year period, PAYGo capital expenditures, capital reserve contributions, and cash-in-lieu of debt, will range between \$1.9 million and \$7.4 million.

#### ***Debt-funded Capital***

Previously, SVCW issued long-term debt to fund major treatment projects, including the Regional Environmental Sewer Conveyance Upgrade (RESCU) program. Debt-funded capital costs reflect annual payments for existing debt service, as well as new Water Infrastructure Finance and Innovation Act (WIFIA) loans that will begin re-payment in FY 2027-28. During the five-year period, debt-funded capital payments will range between \$7.0 million and \$11.1 million.

During the five-year period, overall SVCW capital expenditures, over the two cost categories, will fluctuate between \$10.8 million and \$14.3 million.



**Figure 2** provides a summary table of the revenue requirement projections illustrated in the graph in **Figure 1**. These figures constitute the revenue requirement for which rates are designed to meet.

**Figure 2. Net Revenue Requirement Summary**

	Projected		Five-Year Planning Period			
	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
SVCW PAYGo Capital/Reserve Contributions	\$5,048,834	\$7,354,831	\$3,757,600	\$2,818,200	\$1,878,800	\$2,013,000
SVCW Debt-funded Capital	\$6,963,243	\$6,988,534	\$7,014,673	\$10,049,951	\$10,946,116	\$11,116,867
SVCW Operating Expenses	\$6,360,275	\$7,526,417	\$7,827,474	\$8,140,573	\$8,466,196	\$8,804,844
WBSD PAYGo Capital	\$15,391,942	\$17,750,782	\$17,763,563	\$17,776,727	\$17,790,287	\$17,804,253
WBSD Operating Expenses	\$13,732,328	\$14,217,533	\$14,720,920	\$15,243,184	\$15,785,044	\$16,368,631
<b>Total Net Revenue Requirement</b>	<b>\$47,496,623</b>	<b>\$53,838,097</b>	<b>\$51,084,230</b>	<b>\$54,028,635</b>	<b>\$54,866,442</b>	<b>\$56,107,594</b>

## REVENUES

Rate revenue projections in **Figure 1** reflect all rate increases adopted through FY 2026-27, and supplemental revenue due to annual growth projections of 73 residential accounts. Rate revenues for FY 2024-25 are projected to be \$33.7 million. This figure is a slight reduction from the 2024 Study projection of \$34.0 million. With revised projections, the District’s rate revenue is projected to grow to \$37.8 million by FY 2029-30.

The District also receives additional non-rate revenue which contributes to covering the revenue requirement. These sources included permit and inspection fees, pass-through revenue from HACH service contracts, and O&M agreements with Los Altos Hills, Woodside, and East Palo Alto. The District’s staff maintains the collection systems for each of these three jurisdictions. The District’s non-rate revenue is projected to grow from \$2.5 million in FY 2025-26 to \$2.8 million by FY 2029-30.

## RESERVES

In addition to covering annual expenses, sewer service charges need to generate revenue to maintain adequate operations and capital reserves. The District has established multiple reserves in order to maintain adequate reserve amounts for operations, capital, and emergency purposes: Operations, Capital, Vehicle and Equipment Replacement, Rate Stabilization, Recycled Water Project, Emergency, and Treatment Plant Reserve. **Figure 3** plots the reserve fund balance (solid green line) with adopted rate increases through FY 2026-27, as well as the reserve balance targets. The dashed green line models how reserves will be more rapidly depleted if current rates are maintained through FY 2029-30.

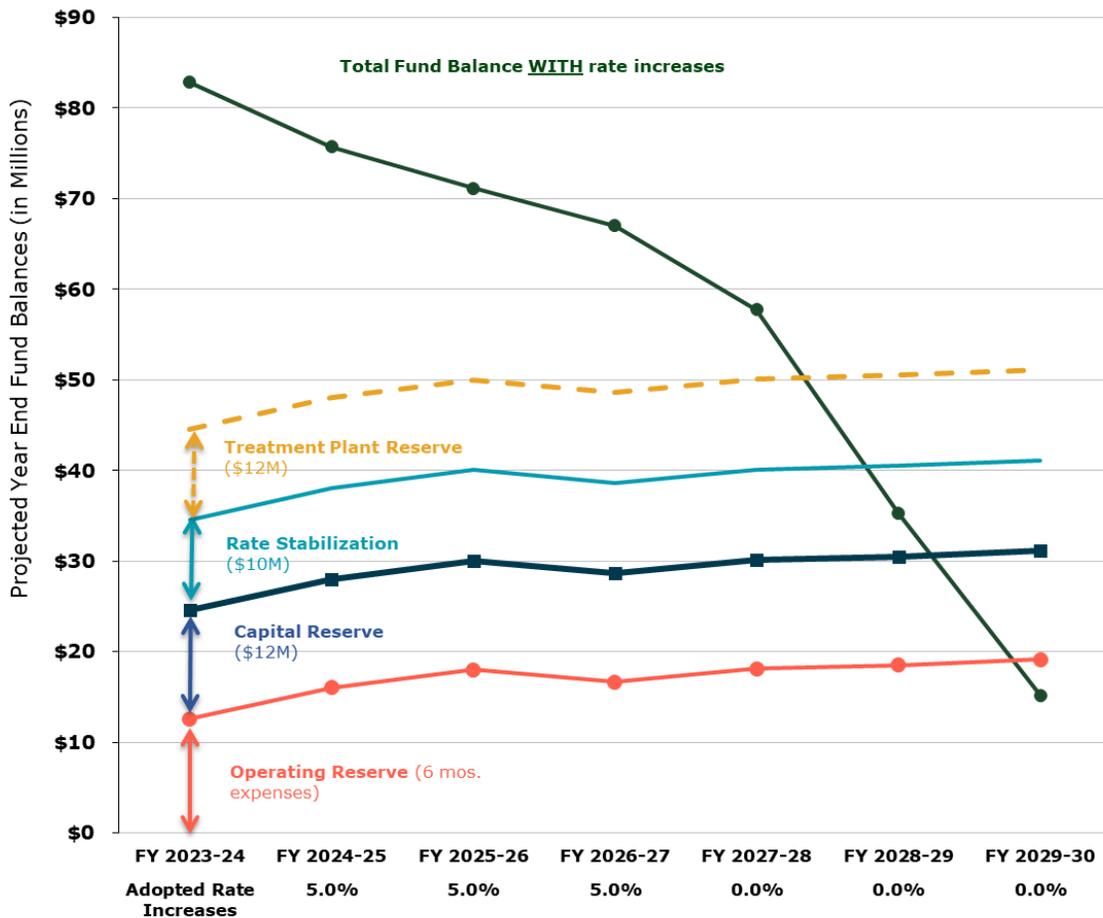
With adopted rate increases, the District projects to draw on reserves over the planning period as the revenue requirement exceeds revenues each year. Beginning FY 2028-29, the use of reserves will accelerate, as shown by the increased downward slope of the reserve fund balance. If the District maintains rates at the previously adopted FY 2026-27 amounts, by the end of FY 2027-28, the District’s combined reserves are projected to be \$57.8 million. Thus, over the immediate three-year period the District would continue to meet all reserve targets and could forgo increasing rates for FY 2027-28.

Beyond the immediate three-year window, if the District did not increase rates after FY 2026-27, the combined reserve balance projects to decrease to \$15.2 million by the end of FY 2029-



30. This figure would fall short of the minimum operating reserve of \$19.1 million. Therefore, it is recommended the District pursue rate increases as early as FY 2027-28 to ensure reserves are sufficient to meet the capital reserve and operating reserve targets. However, the District does not need to deviate from its currently adopted schedule of rates to address these concerns for FY 2025-26.

**Figure 3. Projected FY Fund Balance with Adopted Annual Increases**



## DEBT COVERAGE REQUIREMENTS

The District has separately issued long-term debt to fund its Recycled Water Program through the California State Revolving Fund (SRF) Loan program. The loan covenant requires the District to maintain a debt coverage ratio of at least 1.2. Under this requirement the District must demonstrate the ratio of net revenues to annual debt service for the forthcoming three-year period (FY 2025-26 through FY 2027-28) exceeds 120%. While the Recycled Water Program may be separately funded, the covenant requirement of this loan obligation applies to all programs of the District, including the sewer services and solid waste services.



Therefore, to ensure the District is in compliance, the debt coverage ratio factors in the respective net operating revenues and debt services of the recycled water program, sewer services, and solid waste services.

An explanation of the components used to analyze the debt service coverage follows.

**Operating Revenues**

The SRF Loan covenant requires operating revenues to be calculated using only approved rates that were previously adopted by the Board of Directors. Therefore, for this analysis, operating revenue projections reflect solid waste revenues at the current 2025 rate (no other increases have been adopted by the Board), current permit and inspection fees for ancillary sewer services, and sewer service charges, based on the Board-adopted rates for FY 2025-26 and FY 2026-27 rate increases.

In addition to rate revenues, the District receives revenue for sewer service previously identified in the Revenues section of this memorandum and recycled water loan payments from Sharon Heights Golf and Country Club (SHGCC).

Total operating revenues are shown to increase from \$38.9 million in FY 2025-26 to \$41.4 million in FY 2029-30.

**Non-Operating Revenues**

Non-operating revenues are made up of investment income and connection fee revenues. Total non-operating revenues are assumed to remain at \$750,000 annually, for FY 2025-26 through FY 2029-30.

**Operating Expenses**

Operating expenses include the annual costs the District incurs to provide sewer collection, solid waste, and recycled water service. Per guidance from District staff, this category of expenses also includes the SVCW operating expenses, SVCW PAYGO capital expenses, and SVCW reserve contributions previously identified in this memorandum. Collectively, operating expense projections range from a high of \$29.8 million in FY 2025-26 to a minimum of \$27.0 million in FY 2028-29 over the five-year period. **Figure 4** summarizes the operating expenses included in the calculation of debt service coverage.

**Figure 4. Operating Expenses in Debt Service Coverage Calculation**

	Projected		Five-Year Planning Period			
	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Sewer Operating Expenses	\$13,732,328	\$14,217,533	\$14,720,920	\$15,243,184	\$15,785,044	\$16,368,631
Solid Waste Operating Expenses	\$117,595	\$121,611	\$125,763	\$130,058	\$134,499	\$139,092
Recycled Water Operating Expenses	\$577,678	\$601,993	\$627,357	\$653,816	\$681,419	\$710,215
SVCW PAYGo Capital/Reserve Contributions	\$5,048,834	\$7,354,831	\$3,757,600	\$2,818,200	\$1,878,800	\$2,013,000
SVCW Operating Expenses	\$6,360,275	\$7,526,417	\$7,827,474	\$8,140,573	\$8,466,196	\$8,804,844
<b>Operating Expenses</b>	<b>\$25,836,710</b>	<b>\$29,822,385</b>	<b>\$27,059,114</b>	<b>\$26,985,831</b>	<b>\$26,945,958</b>	<b>\$28,035,782</b>



**Outstanding Debt Service**

This category of costs accounts for existing and future sewer service debt payments the District will make to SVCW, as well as the annual recycled water facility debt payments the District makes for the facility at SHGCC. Combined annual payments are projected to increase from \$7.6 million in FY 2025-26 to \$14.4 million in FY 2029-30.

**Recycled Water Debt**

The District will begin re-payment of two loans for the construction of its Bayfront Recycled Water facility beginning in FY 2028-29. Annual payments of \$2.5 million in FY 2028-29 and \$2.6 million in FY 2029-30 have been included.

**Future Solar Lease**

SHGCC is exploring an option to enter into a Power Purchase Agreement (PPA) loan for solar installation. The District has indicated it may be required to be named as the borrower for this agreement and has asked that the loan conservatively be assumed in the debt coverage calculation. While loan terms are not currently available, a principal loan of \$1.3 million, with a five-year term and a 10% annual interest rate, has been conservatively assumed. The projected annual payment of \$27,621 is estimated to begin FY 2026-27.

**RECOMMENDATIONS**

**Figure 5** calculates the annual debt coverage ratio for a five-year period of FY 2025-26 through FY 2029-30.

**Figure 5. Debt Service Coverage Summary**

	Projected		Five-Year Planning Period			
	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Operating Revenues	\$36,600,100	\$38,865,329	\$40,838,802	\$41,049,447	\$41,244,658	\$41,443,225
Non-Operating Revenues	\$750,000	\$750,000	\$750,000	\$750,000	\$750,000	\$750,000
Operating Expenses	(\$25,836,710)	(\$29,822,385)	(\$27,059,114)	(\$26,985,831)	(\$26,945,958)	(\$28,035,782)
Net Revenues	\$11,513,389	\$9,792,945	\$14,529,688	\$14,813,617	\$15,048,700	\$14,157,443
Outstanding Debt Service to SVCW	\$7,626,154	\$7,651,445	\$7,677,584	\$10,712,862	\$11,609,027	\$11,779,778
Recycled Water Debt Service	\$0	\$0	\$0	\$0	\$2,543,808	\$2,637,169
Future SHGCC PPA Loan	\$0	\$0	\$0	\$27,621	\$27,621	\$27,621
Total Debt Service	\$7,626,154	\$7,651,445	\$7,677,584	\$10,740,483	\$14,180,456	\$14,444,568
<b>Debt Service Coverage (1.20 = min)</b>	<b>1.51</b>	<b>1.28</b>	<b>1.89</b>	<b>1.38</b>	<b>1.06</b>	<b>0.98</b>

Note: Operating Expenses calculated in Figure 4.

According to projections, the District will meet the minimum debt coverage ratio over the next three-year period, FY 2025-26 through FY 2027-28. **Therefore, it is recommended the District implement the 5% rate increase for FY 2025-26 as previously adopted.**

As demonstrated, projected revenues from the adopted sewer service charges previously established for FY 2025-26 and FY 2026-27, will allow the District to meet the objectives of this analysis. The projected rate revenue combined with the use of existing reserves will be sufficient to meet the projected revenue requirement, while meeting reserve targets through FY 2027-28. Also, rate projections will provide sufficient operating revenues for the District to continue meeting the debt coverage requirements of the State-issued recycled water loans through FY 2027-28.



It is recommended the District re-visit these projections annually to ensure the previously-adopted sewer rate increases continue to provide adequate funding of the District’s revenue requirement, sustain reserve targets, and achieve the debt coverage ratio minimum. Current results demonstrate the debt coverage ratio is the largest constraint as this ratio falls below the required minimum by FY 2028-29. Given the District’s current projections, it is likely rate increases may be needed as early as FY 2027-28 and if so, a new Proposition 218 notice would be issued prior to adoption.

### ALTERNATIVE DEBT SERVICE COVERAGE RATIO CALCULATION

It is recommended that the District receive confirmation from the California State Water Resources Control Board (CSWRCB) concerning the calculation of the Maximum Annual Debt Service coverage calculation. The language defining Operating Expenses included in the calculation requires additional clarification from the California State Water Resources Control Board to confirm the projected ratios have been calculated appropriately. Conservatively, the debt service coverage ratios calculated in **Figure 5** include both SVCW O&M expenses and SVCW PAYGO capital expenditure and reserve contributions. Consequently, this approach results in a lower debt service coverage ratio. Even with this conservative approach, the District is projected to meet the required debt service coverage ratio. If the SVCW PAYGO Capital expenditures and reserve contributions are excluded (**Figure 6**), the net revenues increase, thus improving the debt service coverage ratio through FY 2029-30, as shown in **Figure 7**. The District currently meets the requirement under both calculation methodologies; however, it may be the case in the future that the conservative approach results in the need to increase rates, while the alternative approach may not. Again, to avoid increasing rates unnecessarily in the future, we recommend working with the CSWRCB to confirm the appropriate calculation methodology.

**Figure 6. Adjusted Operating Expenses**

	Projected	Five-Year Planning Period				
	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Sewer Operating Expenses	\$13,732,328	\$14,217,533	\$14,720,920	\$15,243,184	\$15,785,044	\$16,368,631
Solid Waste Operating Expenses	\$117,595	\$121,611	\$125,763	\$130,058	\$134,499	\$139,092
Recycled Water Operating Expenses	\$577,678	\$601,993	\$627,357	\$653,816	\$681,419	\$710,215
SVCW PAYGo Capital/Reserve Contributions	\$0	\$0	\$0	\$0	\$0	\$0
SVCW Operating Expenses	\$6,360,275	\$7,526,417	\$7,827,474	\$8,140,573	\$8,466,196	\$8,804,844
<b>Operating Expenses</b>	<b>\$20,787,876</b>	<b>\$22,467,554</b>	<b>\$23,301,514</b>	<b>\$24,167,631</b>	<b>\$25,067,158</b>	<b>\$26,022,782</b>

**Figure 7. Debt Service Coverage Summary excluding SVCW Capital**

	Projected	Five-Year Planning Period				
	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Operating Revenues	\$36,600,100	\$38,865,329	\$40,838,802	\$41,049,447	\$41,244,658	\$41,443,225
Non-Operating Revenues	\$750,000	\$750,000	\$750,000	\$750,000	\$750,000	\$750,000
Operating Expenses	(\$20,787,876)	(\$22,467,554)	(\$23,301,514)	(\$24,167,631)	(\$25,067,158)	(\$26,022,782)
Net Revenues	\$16,562,224	\$17,147,776	\$18,287,288	\$17,631,817	\$16,927,500	\$16,170,443
Outstanding Debt Service to SVCW	\$7,626,154	\$7,651,445	\$7,677,584	\$10,712,862	\$11,609,027	\$11,779,778
Recycled Water Debt Service	\$0	\$0	\$0	\$0	\$2,543,808	\$2,637,169
Future SHGCC PPA Loan	\$0	\$0	\$0	\$27,621	\$27,621	\$27,621
Total Debt Service	\$7,626,154	\$7,651,445	\$7,677,584	\$10,740,483	\$14,180,456	\$14,444,568
<b>Adjusted Debt Service Coverage</b>	<b>2.17</b>	<b>2.24</b>	<b>2.38</b>	<b>1.64</b>	<b>1.19</b>	<b>1.12</b>

Note: Operating Expenses calculated in Figure 6.

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**WEST BAY SANITARY DISTRICT  
AGENDA ITEM 6**

**To:            *Board of Directors***

**From:         *Sergio Ramirez, General Manager***

**Subject:      *Update and Discussion on Capital Improvement Projects***

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Staff will give a presentation on Capital Improvement Projects.

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**WEST BAY SANITARY DISTRICT  
AGENDA ITEM 7**

**To: Board of Directors**

**From: Fariborz Heydari, P.E., District Engineer**

**Subject: Consideration Awarding Bid for Point Repair Project – Phase III-A to Casey Construction**

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Background

On February 26, 2025, the Board authorized the General Manager to issue the call for bids for Point Repair Project Phase III-A (High Frequency Pipeline Replacement and Repairs) Project No. 1770.0.

Point Repair Phase III-A Project will replace approximately 7,000 feet of pipes of varied sizes and 38 manholes. This was determined to be in line with the budget established for Pipeline Replacement and Rehabilitation Construction.

Analysis

The anticipated cost for construction of the project was approximately \$3,400,000. We received eight (8) bids through the online bidding BidNet Direct. The online bidding resulted in more contractors knowing about this project and therefore increased the number of bidders, and a favorable bid for the District. The bid opening for this project was on May 6, 2025, at 2:00 PM. The District received a total of eight (8) bids, which were as follows:

<b>Bidder</b>	<b>City</b>	<b>Bid Total</b>
Casey Construction, Inc.	Emerald Hills	\$3,014,589.15
C2R Engineering, Inc.	Los Altos	\$3,297,598.60
Precision Engineering, Inc.	San Francisco	\$3,512,281.77
KJ Woods Construction Inc.	South San Francisco	\$3,668,000.00
Cratus Inc.	San Francisco	\$3,759,765.60
Mountain Cascade Inc.	Livermore	\$4,587,632.15
Mitchell Engineering	San Francisco	\$5,415,839.15
Corcus Construction	San Francisco	\$5,494,091.90

The staff recommends the project be awarded to the lowest responsible bidder Casey Construction, Inc.

### Fiscal Impact

The Capital Assets Fund proposed for Fiscal Year 2025-2026 is anticipated to have an approved budget of \$5.0 million.

Due to the favorable bid, staff is requesting the appropriation of approximately 30% contingency for additional work to the bid price. Therefore, an additional \$900,000 for additional work would need to be allocated for a total project amount of \$3,914,589.15.

### Recommendation

The District Engineer recommends that the Board: 1) adopt the attached Resolution and authorize the General Manager to award the contract for the Point Repair Project, Phase III-A to the low bidder, Casey Construction for \$3,014,589.15; 2) apportion an additional \$900,000.00 for 30% contingency for additional work for a total project amount of \$3,914,589.15; 3) record Notice of Exemption with San Mateo County.

Attachment:           Resolution  
                              Notice of Exemption

RESOLUTION NO. \_\_\_\_\_(2025)

**RESOLUTION AWARDING A CONSTRUCTION CONTRACT FOR THE POINT REPAIR PROJECT PHASE III-A SEWER PROJECT TO CASEY CONSTRUCTION, INC., AND ALLOCATE FUNDS FOR CONSTRUCTION**

\*\*\*\*\*

**WHEREAS**, The Point Repair Project Phase III-A Sewer Project plans and specifications were prepared by Freyer & Laureta, Inc. of San Mateo, California, and

**WHEREAS**, Casey Construction, Inc. is the lowest bidder for the project, and

**WHEREAS**, There was no informality in Casey Construction, Inc.'s bid package, and

**WHEREAS**, Casey Construction, Inc.'s base bid amount was \$3,014,589.15 and

**WHEREAS**, this was the lowest responsible base bid, and

**WHEREAS**, Based on available funds, that the Bid be awarded to Casey Construction, Inc. for \$3,014,589.15, and

**WHEREAS**, The total project cost, if awarded to Casey Construction, Inc. with contingencies and construction support services is estimated at \$3,914,589.15; and

**WHEREAS**, There will be no fiscal impact to the General Fund. The Capital Assets Fund for Fiscal Year 2025-2026 projects is proposed for \$5,000,000.00 of which \$3,914,589.15 will be allocated to this project.

**NOW, THEREFORE, BE IT RESOLVED** that the District Board of the West Bay Sanitary District, County of San Mateo, State of California, does hereby award a construction contract to Casey Construction, Inc. in the amount of \$3,014,589.15 for the Point Repair Project Phase III-A Sewer Project and authorizes the General Manager to execute the construction contract, and allocate an additional \$900,000.00 for construction contingencies.

\*\*\*\*\*

PASSED AND ADOPTED by the District Board of the West Bay Sanitary District at a regular meeting thereof held on the 14<sup>th</sup> day of May, 2025, by the following votes:

Ayes:

Noes:

Absent:

Abstain:

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

Attest:

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

# Notice of Exemption

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**To:** County Clerk  
County of San Mateo  
555 County Center  
Redwood City CA 94063

**From:** West Bay Sanitary District  
500 Laurel Street  
Menlo Park, CA 94025

**Project Title:** West Bay Sanitary District Point Repair Project – Phase III-A

**Project Location – Specific:** Miscellaneous areas throughout the District.

**Project Location – City/Town/Areas:** Menlo Park, Atherton, San Mateo County

**Project Location – County:** San Mateo

**Description of Project:** The Work will include the furnishing of all labor, materials and equipment, and other appurtenances for rehabilitation and replacement of sanitary sewer mains by Open Trench Construction, Pipe Bursting, Pipe Patches and Cured-in-Place Pipe.

**Name of Public Agency Approving Project:** West Bay Sanitary District

**Name of Person or Agency Carrying Out Project:** West Bay Sanitary District

**Exempt Status:**

CEQA Guidelines Section 15601(b)(3), General Rule;  
Categorical Exemption: Class 1 – Section 15301(b), Existing Facilities, and Class 2 – Section 15302(c), Replacement or Reconstruction.

**Reasons why project is exempt:**

This project is exempt from CEQA because it can be “seen with certainty that there is no possibility that the activity in question may have a significant impact on the environment.” This certainty is based on the past experience with numerous sewer construction and rehabilitation projects of this nature, and the mitigated measures included in all such projects to alleviate any impacts.

Most project elements also are exempt as minor alteration and repair of existing public facilities or topographical features involving negligible or no expansion of use beyond that previously exist.

**Lead Agency:** West Bay Sanitary District

**Lead Agency Contact Person:** Sergio Ramirez (650) 321-0384

\_\_\_\_\_  
Signature

Date: \_\_\_\_\_

Title: General Manager

## “PRELIMINARY REVIEW”

### WEST BAY SANITARY DISTRICT POINT REPAIR PROJECT - PHASE III-A

May 7, 2025

INTRODUCTION. The West Bay Sanitary District Board approved the design and bidding of this Project.

EXEMPTION REVIEW. In compliance with CEQA Guidelines, this “preliminary review” of the West Bay Sanitary District Point Repair Project- Phase III-A was conducted to determine whether the project is exempt from CEQA. Based on this review, staff has concluded that the project is exempt from CEQA under several sections of the guidelines. In summary, the project would not have any significant impacts on the environment because it includes little or no expansion of capacity, and will employ mitigation measures to alleviate any impacts.

This preliminary review presents and elaborates upon the rationale for the conclusions reached by staff.

Staff has concluded that all project elements are exempt under CEQA Guidelines section 15061(b)(3) (known as the “General Rule”), since it can be “seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.”

This certainty is based on past experience with numerous sewer construction projects of this nature, and the mitigation measures included in all such projects to alleviate any impacts.

Past Experience. The District has completed the design of many miles of sewer construction projects throughout San Mateo County. While construction-related impacts on land use, traffic, noise, air quality, erosion, drainage, public safety, and cultural resources can occur, no significant environmental impacts have resulted from this work.

The reasons these have been “less-than-significant” include the short-term nature of construction activities, application of the District’s standard construction mitigation measures, good community relations outreach programs to inform project area residents of construction activities, and active coordination with local jurisdictions.

Construction Mitigation Measures. Specific impact mitigation measures will be included in the proposed project to avoid, minimize, reduce, or rectify for construction-related impacts. These measures are used on all sewer construction projects and will be required in the project plans and specifications. The measures address dust control; erosion control; noise control; protection of soils; provision for adequate drainage; protection and restoration of structures; public health and safety precautions; community notifications; traffic control; and preservation of cultural resources.

Staff has concluded that most project elements are “categorically exempt” under CEQA Guidelines Section 15301(b) (existing facilities); or Section 15302(c)

(replacement or reconstruction). These exemptions require repair, maintenance, or minor alteration of existing structures or facilities.

This project is being implemented to replace and repair problematic sewer mains throughout the District. Due to the number of sewer mains, point repairs will be phased.

CONCLUSION. Based on the information presented herein, staff has concluded that the subject project is exempt from CEQA under the CEQA Guidelines Section 15061(b)(3) (the General Rule), and that most project elements are also exempt under CEQA Guideline Section 15301(b), (existing facilities) or Section 15302(c), (replacement or reconstruction).

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**WEST BAY SANITARY DISTRICT  
AGENDA ITEM 8**

***To: Board of Directors***

***From: Sergio Ramirez, General Manager***

***Subject: Update and Discussion on Portola Valley Annexations***

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Staff will give a presentation on Portola Valley annexations.

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**WEST BAY SANITARY DISTRICT  
AGENDA ITEM 9**

**To: Board of Directors**

**From: Sergio Ramirez, General Manager**

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

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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 the opportunity to provide direction to staff and legal counsel.

**Recycled Water Facility Production Data:**

<b>2025</b>	<b>Processed</b>	<b>Delivered</b>
January	5.3MG	663K gallons
February	5MG	532K
March	7.2MG	2.4MG
April	9.1MG	5.8MG

<b>2024</b>	<b>Processed</b>	<b>Delivered</b>
January	5.8MG	175K gallons
February	5.6MG	464K
March	6.5MG	1.5MG
April	8.1MG	4.4MG
May	10.6MG	9.3MG
June	10.7MG	9.9MG
July	11.3MG	9.9MG
August	10.7MG	9.3MG
September	7.8MG	7MG
October	8.8MG	5.4MG
November	4.6MG	530K
December	5.3MG	82K

<b>2023</b>	<b>Processed</b>	<b>Delivered</b>
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
July	6.2MG	1.05MG Dust Control
August	8.1MG	2.7MG (+ 1.5 MG Dust Control)
September	8.4MG	4MG (+ 1.04 MG Dust Control)
October	9.6MG	7.4MG
November	7.7MG	3.7MG
December	7.4MG	970K

<b>2022</b>	<b>Processed</b>	<b>Delivered</b>
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

<b>2021</b>	<b>Total Processed</b>	<b>Total Delivered</b>
Yearly Total	88.2MG	56.26MG (*) (**)
<b>2020</b>	<b>Total Processed</b>	<b>Total Delivered</b>
August-Dec.	34.1MG	19.75MG

\* 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.*

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**WEST BAY SANITARY DISTRICT  
AGENDA ITEM 10**

**To:            *Board of Directors***

**From:         *Sergio Ramirez, General Manager***

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

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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 11**

**To: Board of Directors**

**From: Sergio Ramirez, General Manager**

**Subject: Report, Discussion, and Direction on RethinkWaste (SBWMA)**

The District's representative to RethinkWaste (SBWMA) President Fran Dehn, will report on any pertinent items regarding RethinkWaste (SBWMA) business.

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**Report to the District Board for the Regular Meeting of May 14, 2025**

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**WEST BAY SANITARY DISTRICT  
AGENDA ITEM 12**

**To: Board of Directors**

**From: Sergio Ramirez, General Manager**

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

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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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**Report to the District Board for the Regular Meeting of May 14, 2025**

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