

1. SCRWA Board Meeting Agenda

Documents:

[2-2-22 SCRWA AGENDA.PDF](#)

1.I. SCRWA Board Packet

Documents:

[2-2-2022 BOARD PACKET.PDF](#)



**SOUTH COUNTY REGIONAL
WASTEWATER AUTHORITY**

**BOARD OF DIRECTORS
MEETING AGENDA**

**FEBRUARY 2, 2022
8:00 A.M.**

**ADMINISTRATION BUILDING
1500 SOUTHSIDE DRIVE
GILROY, CA 95020**

1500 Southside Drive
Gilroy, California 95020
Telephone (408) 848-0480
Facsimile (408) 842-0873
scrwamail@ci.gilroy.ca.us
www.cityofgilroy.org

CHAIR:
Rene Spring, Morgan Hill

VICE CHAIR:
Fred M. Tovar, M.Ed., Gilroy

BOARD MEMBERS:
Marie Blankley, Gilroy
Dion Bracco, Gilroy
John McKay, Morgan Hill

SECRETARY:
Saeid Vaziry, P.E.

SCRWA MANAGER:
Jimmy Forbis, Gilroy

**THE FEBRUARY 2, 2022 MEETING WILL BE CONDUCTED PURSUANT TO
GOVERNMENT CODE SECTION 54953**

PUBLIC PARTICIPATION IN THIS MEETING WILL BE LIMITED IN ORDER TO MINIMIZE THE SPREAD OF THE COVID-19 VIRUS

**MEMBERS OF THE PUBLIC MAY VIEW THE MEETING VIA ZOOM
PUBLIC COMMENTS WILL BE TAKEN ON AGENDA ITEMS BEFORE ACTION IS TAKEN BY THE BOARD**

ZOOM:	
Link:	https://tinyurl.com/scrwa02022022
Passcode:	678542
Call In:	669-900-6833
Webinar ID:	945 3662 3309

PARTICIPATE BY EMAIL OR TELEPHONE AS FOLLOWS:

Public comments will be taken via email: gina.bonnell@jacobs.com prior to or during the meeting and must be received before the Board Chair opens public comment for the item. Additionally, comments may be made by leaving a voice message at (408) 848-0480, prior to 3:30 P.M., February 1, 2022.

Important: Identify the Agenda Item Number or Public Comment in the subject line of your email. The Deputy Secretary will read the first three minutes of each email into the public record. Public testimony is subject to reasonable regulations, including but not limited to time restrictions on particular issues and for each individual speaker.

All matters listed under Consent Calendar are considered by Board of Directors to be routine and will be enacted by a single motion. There will be no separate discussion of these items unless a request is made by a member of the public, a Board Member or Staff prior to the time the Board votes on the motion to adopt.

Persons who have made comments on matters set for PUBLIC HEARING will be heard when the presiding officer calls for comments from those persons who are in support of or in opposition thereto. After comments have been read, the hearing is closed and brought to Board level for discussion and action.

In compliance with the Americans with Disabilities Act, and Governors Order N-29-20, the SCRWA will make reasonable arrangements to ensure accessibility to this meeting. If you need special assistance to participate in this meeting, please contact the Deputy Secretary a minimum of 72 hours prior to the meeting for accommodations at (408) 848-0480.

If you challenge any planning or land use decision made at this meeting in court, you may be limited to raising only those issues you or someone else raised at the public hearing held at this meeting, or in written correspondence delivered to the Board at, or prior to, the public hearing.

A Closed Session may be called during this meeting pursuant to Government Code Section 54956.9(b)(1) if a point has been reached where, in the opinion of the legislative body of the Board on the advice of its legal counsel, based on existing facts and circumstances, there is a significant exposure to litigation against the SCRWA.

Meeting Schedule: The Board meets regularly on the first Wednesday of each month, at 8:00 a.m. If a holiday should fall on the regular meeting date, the meeting will be rescheduled to the following Wednesday.

Wednesday, February 2, 2022, 8:00 A.M.

I. Call to Order

- A. Certification of Posting of the Agenda
- B. Roll Call

II. New Business

- A. Consideration of authorizing virtual meetings pursuant to Section 54953 of the Brown Act for SCRWA Board (copies)
 - 1. Staff Report: Jimmy Forbis, Authority Manager
 - 2. Public Comment
 - 3. Possible Action: Adopt Resolution authorizing virtual meetings pursuant to Section 54953 of the Brown Act for SCRWA Board.

III. Consent Calendar (Roll Call Vote)

- A. Approval of Minutes of the November 3, 2021 meeting (copies)
- B. Board Meeting Schedule for 2022 (copies)

IV. Presentation by Members of the Public on Items not on the Agenda

V. Bids and Proposals

VI. Old Business

VII. Communications

- A. Presentation of Audited Financial Statement for the Year Ended June 30, 2021 (copies)
 - 1. Staff Report: Harjot Sangha, Authority Treasurer
 - 2. Public Comment
 - 3. Possible Action: Accept and file report.
- B. Capital Projects Construction Update for Plant Expansion and Maintenance Building Facilities

VIII. Reports

- A. Jacobs
 - 1. Wastewater Acronyms
 - 2. Plant Reports – October, November, and December 2021 (copies)
 - 3. Recap of Expenses – October, November, and December 2021 (copies)
 - 4. Septage Report – October, November, and December 2021 (copies)
- B. Valley Water
- C. Stantec - Engineering Projects Report – February 2022 (copies)
- D. SCRWA Manager
- E. SCRWA Attorney
- F. Board Members

IX. Adjourn



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WASTEWATER AUTHORITY**

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MEETING AGENDA**

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- B. Valley Water
- C. Stantec - Engineering Projects Report – February 2022 (copies)
- D. SCRWA Manager
- E. SCRWA Attorney
- F. Board Members

IX. Adjourn

RESOLUTION NO. 2022-01

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SOUTH COUNTY REGIONAL WASTEWATER AUTHORITY MAKING CERTAIN FINDINGS RELATING TO THE EXISTING STATE OF EMERGENCY CAUSED BY THE COVID-19 PANDEMIC AND DETERMINING AS A RESULT OF THE STATE OF EMERGENCY THAT CITY COUNCIL MEETINGS AND MEETINGS OF OTHER CITY LEGISLATIVE BODIES SHALL BE HELD BY TELECONFERENCING PURSUANT TO GOVERNMENT CODE SECTION 54953(E)

WHEREAS, on March 4, 2020, the Governor issued a proclamation of a state of emergency pursuant to Government Code Section 8625, relating to the respiratory illness known as COVID-19, which is caused by the novel coronavirus SARS-CoV-2; and

WHEREAS, the Governor's proclamation remains in effect; and

WHEREAS, on March 11, 2020, the World Health Organization declared the existence of a pandemic due to the global spread of COVID-19; and

WHEREAS, on March 13, 2020, the Director of Emergency Services issued a proclamation declaring the existence of a local emergency within the City relating to COVID-19, and on March 16, 2020, the City Council adopted a resolution ratifying the declaration of local emergency; and

WHEREAS, since August 2, 2021, an order of the Santa Clara County Public Health Officer has been in effect requiring the use of face coverings indoors by all persons; and

WHEREAS, despite progress in addressing the pandemic, not all eligible individuals are fully vaccinated, and new, more virulent variants of the SARS-CoV-2 virus are spreading in California and throughout the world; and

WHEREAS, to date, Santa Clara County has had nearly 190,000 reported cases of COVID-19, and nearly 2,000 residents of the County have died of the illness; and

WHEREAS, as of January 6, 2022, the Santa Clara County Health Department reported a seven-day rolling average of 1,918 new COVID-19 cases per day; and

WHEREAS, since Thanksgiving, the statewide seven-day average case rate has increased by over 800 percent, and the number of COVID-19 hospitalized patients has increased by over 150 percent; and

WHEREAS, this surge is being driven by the recent emergence of the Omicron variant, which early data suggests is more transmissible than the Delta variant; and

WHEREAS, on January 5, 2022, the Governor issued Executive Order N-1-22, which extends from January 1, 2022, until April 1, 2022, the date by which state bodies may continue to meet by teleconferencing; and

WHEREAS, as a result of the COVID-19 pandemic, and in particular because of the recent surge in cases caused by the Omicron variant, continuing to hold in-person meetings of the City Council and of the City’s other legislative bodies would present imminent risks to the health or safety of attendees; and

WHEREAS, AB 361, which was signed into law on September 16, 2021, amended Government Code Section 54953 to authorize local legislative bodies to determine by resolution to conduct meetings by teleconferencing during proclaimed public health emergencies, and any such resolution must be reaffirmed every thirty (30) days to continue in effect.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SOUTH COUNTY REGIONAL WASTEWATER AUTHORITY (the “Board”) THAT

1. The Board finds that the foregoing recitals are true and correct.
2. Beginning on the date of the adoption of this Resolution, the Board shall meet by teleconferencing. Such meetings shall be conducted according to the requirements set forth in Government Code Section 54953(e)(2).
3. This resolution shall be of no further force and effect on March 4, 2022, unless prior to that date the Board reconsiders this resolution and finds that either of the following circumstances exists:
 - a. The state of emergency relating to COVID-19 continues to directly impact the ability of the members of the Board and of the public to meet safely in person; or
 - b. State or local officials have imposed or recommended measures to promote social distancing.

PASSED AND ADOPTED this 2d day of February, 2022, by the following vote:

AYES: DIRECTORS:

NOES: DIRECTORS:

ABSENT: DIRECTORS:

APPROVED:

Chairperson

ATTEST:

Gina Bonnell, Deputy Secretary



SOUTH COUNTY REGIONAL WASTEWATER AUTHORITY

1500 Southside Drive
Gilroy, California 95020
Telephone (408) 848-0480
Facsimile (408) 842-0873
scrwamail@ci.gilroy.ca.us
www.cityofgilroy.org

Board of Director Minutes

November 3, 2021

MEMBERS PRESENT:

Marie Blankley
Rene Spring
Dion Bracco
John McKay
Fred Tovar

STAFF PRESENT:

Gilroy
Jimmy Forbis
Daryl Jordan
Harjot Sangha
Saeid Vaziry

Morgan Hill
Chris Ghione
Christina Turner
Clint Byrum

VALLEY WATER:

Richard Santos
John Varela
David Tucker

I. Call to Order

Chairman Spring called the meeting to order at 8:00 A.M.

He announced that all Board Members are participating remotely pursuant to the Governor's Executive Order Number N-29-20 in order to minimize the spread of the COVID 19 virus. This meeting is being conducted live via Webex. Public comments can be submitted throughout the meeting by emailing gina.bonnell@jacobs.com. Comments must be received before he closes the public comment portion for each item. The Deputy Secretary will read the first 3 minutes of each comment into the record.

A. Certification of Posting of the Agenda

Gina Bonnell reported the agenda was posted on October 28, 2021 @ 7:42 AM.

B. Roll Call

All Board Members were present

II. Consent Calendar

A. Approval of Minutes of the September 1, 2021 meeting

Motion to approve Consent Calendar moved by Director Blankley, seconded by Director Tovar.

Ayes: Spring, Tovar, Blankley, Bracco, McKay

Nays 0, Abstain: 0

Vote: Motion Carried

III. Presentation by Members of the Public on items not on the Agenda

None

IV. Bids and Proposals

None

V. Old Business

None

VI. New Business

A. Saeid Vaziry gave a brief history of the Recycled Water Pipeline Project and recommended the Board approve Grant of Easement and Agreement and Temporary Construction Easement with the Valley Water for Recycled Water Pipeline Extension on SCRWA Property.

Motion to approve Grant of Easement and Agreement and Temporary Construction Easement with the Valley Water for Recycled Water Pipeline Extension on SCRWA Property moved by Director Bracco, seconded by Director Tovar.

Ayes: Spring, Tovar, Blankley, Bracco, McKay

Nays 0, Abstain: 0

Vote: Motion Carried

- B. Saeid Vaziry gave a brief review of Valley Water’s access to wells on SCRWA property. He recommended the Board approve Right of Entry and Access Agreement with the Valley Water for Wells on SCRWA Property. Saeid answered questions from Board Members. Valley Water Director, Varela, commented on the Agreement Terms.

Motion to approve Right of Entry and Access Agreement with the Valley Water for Wells on SCRWA Property moved by Director Bracco, seconded by Director McKay.

Ayes: Spring, Tovar, Blankley, Bracco, McKay

Nays 0, Abstain: 0

Vote: Motion Carried

- C. Chris Cain, Stantec, presented a review of the NPDES permit renewal process and discussed next steps and action items. Saeid Vaziry and Chris answered questions from Board Members. Andy Faber gave some historical information on the permit.
- D. Billy Wong, Stantec, presented an update of the capital projects construction for Plant Expansion and Maintenance Facilities.

VII. Communications

- A. Harjot Sangha reviewed the Cash and Investment Report as of September 30, 2021

VIII. Reports

- A. Jacobs

1. Wastewater Acronyms
2. Plant Reports – August & September 2021
3. Recap of Expenses – August & September 2021
4. Septage Report – August & September 2021

Chris Vasquez reviewed the Jacobs reports. He noted an exceedance on GGA as an informational note and not a violation. He reported on storm damage. Staff responded and brought the plant back online with minimal downtime and no compliance issues.

- B. Valley Water – Directors Santos and Varela were in attendance.

Director Varela reported on rainfall from the recent storm and talked about Valley Water landscape rebates. He reported that federal funding and resources are becoming available for infrastructure projects. (above ground storage capacity projects, creeks and streams renovations).

- C. Stantec

Billy Wong reviewed the Engineering Projects Report – November 2021.

- D. SCRWA Manager

No report

- E. SCRWA Attorney

No report

- F. Board Members

No reports

Adjourn

Chairman Spring adjourned the meeting at 9:00 A.M.

G. Bonnell

Gina Bonnell, Deputy Secretary of the Board
South County Regional Wastewater Authority



**SOUTH COUNTY REGIONAL
WASTEWATER AUTHORITY**

**BOARD OF DIRECTORS
2022 MEETING SCHEDULE**

1500 Southside Drive
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SECRETARY:
Saeid Vaziry, P.E.

SCRWA MANAGER:
Jimmy Forbis, Gilroy

Meeting Schedule: The Joint Powers Authority meets regularly on the first Wednesday of each month, at 8:00 a.m. If a holiday should fall on the regular meeting date, the meeting will be rescheduled to the following Wednesday.

Meeting Dates:	To be posted on (or before):
January 5, 2022	December 30, 2021
February 2, 2022	January 27, 2022
March 2, 2022	February 24, 2022
April 6, 2022	March 31, 2022
May 4, 2022	April 28, 2022
June 1, 2022	May 26, 2022
July 6, 2022	June 30, 2022
August 3, 2022	July 28, 2022
September 7, 2022	September 1, 2022
October 5, 2022	September 29, 2022
November 2, 2022	October 27, 2022
December 7, 2022	December 1, 2022
January 4, 2023	December 29, 2022



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WASTEWATER AUTHORITY**

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scrwamail@ci.gilroy.ca.us

January 25, 2022

To the Honorable Members of the SCRWA Board, and Citizens of Gilroy and Morgan Hill:

The South County Regional Wastewater Authority (“Authority”) Joint Powers Agreement requires that the Authority publish a complete set of audited financial statements for each fiscal year. This report is published to fulfill that requirement for the fiscal year ended June 30, 2021. This financial report is submitted for your information and review. The information contained herein has been provided to allow the reader to gain an understanding of the Authority’s financial activities. Management assumes full responsibility for the completeness and reliability of the information contained in this report. The Management Discussion and Analysis (MD&A) is included to assist the reader in its review of the Authority’s financial statements. It provides a roadmap for the financial statements and related notes.

To provide a reasonable basis for making these representations, management of the Authority has established a comprehensive framework of internal controls that is designed to both protect the authority’s assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the Authority’s financial statements in conformity with U.S. Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the Authority’s comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute assurance that the financial statements will be free from material misstatements. Management is committed to maintaining the Authority’s internal controls to adequately safeguard assets; and to provide reasonable assurances of proper recording of financial transactions.

The Pun Group LLP, Certified Public Accountants, have issued an unmodified (“clean”) opinion on the Authority’s financial statements for the year ended June 30, 2021. The independent auditor’s report is located at the front of the financial section of this report. The MD&A immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction.

Profile of the Authority

The Authority is a joint powers authority of the cities of Gilroy and Morgan Hill. Formed in 1992 the Authority serves both cities treating approximately 2.2 - 2.4 billion gallons of wastewater and producing 800-840 million gallons of recycled wastewater each year for use in landscaping, agricultural, industrial and other applications. The Authority is governed by a five (5) member board of directors consisting of city council members from each member agency; three (3) members from the City of Gilroy and two (2) members from the City of Morgan Hill. The City of Gilroy provides administrative oversight and staffing services to the Authority with the Gilroy City Administrator serving as the Authority's General Manager. General administrative oversight includes, but is not limited to, contract negotiation and administration, financial management, public works services, capital project management, budget preparation, insurance administration, and chemical control services. The Authority's daily operations are provided under a third-party contract with Jacobs Engineering Group.

Fiscal Year 2021 (FY 21) Financial Results

The Authority ended FY 21 with an operating loss of \$3.5 million, which is a decrease from the prior years' loss of \$4.2 million. Losses are primarily due to depreciation of fixed assets and an increase in sewage treatment costs. During the fiscal year, the Authority's total net position decreased by \$0.2 million, to \$105.0 million. At June 30, 2021, of the total net position, \$10.0 million was unrestricted, while remaining consists of net investments in capital assets.

Acknowledgements

The preparation of this report would not have been possible without the skill, diligence, and commitment of the entire staff of the City of Gilroy Finance Department, and specifically Finance Manager Rosemary Guerrero. We wish to thank all government departments for their assistance in providing the data necessary to prepare this report. Credit also is due to the Authority Board for their continuing support for maintaining the highest standards of professionalism in the management of Gilroy's finances and prioritizing the goal of financial sustainability.

Respectfully submitted,



Jimmy Forbis
Authority General Manager

**South County Regional
Wastewater Authority**
(A Component Unit of the City of Gilroy)

Gilroy, California

Annual Financial Report

For the Year Ended June 30, 2021



South County Regional Wastewater Authority
(A Component Unit of the City of Gilroy)
Annual Financial Report
For the Year Ended June 30, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of the South County Regional Wastewater Authority
Gilroy, California

Report on the Financial Statements

We have audited the accompanying financial statements of the South County Regional Wastewater Authority, (the "Authority"), a component unit of the City of Gilroy, California (the "City"), as of June 30, 2021 and for the year then ended, and the related notes to the basic financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of June 30, 2021 and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors
of the South County Regional Wastewater Authority
Gilroy, California
Page 2

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis identified as Required Supplementary Information (RSI) in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the RSI because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section and combining statements, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and combining statements have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

The PwC Group, LLP

Santa Ana, California
January 25, 2022

**South County Regional Wastewater Authority
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2021**

The following discussion and analysis of the financial performance of the South County Regional Wastewater Authority (Authority) provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2021 (FY 21). Please read it in conjunction with the basic financial statements identified in the accompanying table of contents.

Using the Accompanying Basic Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position provide information about the activities of the Authority and present a longer-term view of the Authority's finances.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

BACKGROUND AND OVERVIEW

The Authority is a joint powers authority of the City of Gilroy and City of Morgan Hill. Formed in 1992, the Authority serves both cities treating approximately 2.2 - 2.4 billion gallons of wastewater and producing 800-840 million gallons of recycled wastewater each year for use in landscaping, agricultural, industrial and other applications. The Authority is governed by a five (5) member board of directors consisting of city council members from each member agency; three (3) members from the City of Gilroy and two (2) members from the City of Morgan Hill. The City of Gilroy provides administrative oversight and staffing services to the Authority with the Gilroy City Administrator serving as the Authority's General Manager. General administrative oversight includes, but is not limited to, contract negotiation and administration, financial management, public works services, capital project management, budget preparation, insurance administration, and chemical control services. The Authority's daily operations are provided under a third-party contract with Jacobs Engineering Group.

ACCOUNTING STANDARDS

The Authority's basic financial statements are prepared in accordance with the accounting principles established by the Government Accounting Standards Board (GASB).

**South County Regional Wastewater Authority
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2020**

FINANCIAL HIGHLIGHTS

The Authority's overall financial position decreased by \$0.2 million during Fiscal Year 2021 (FY 21). Total liabilities decreased by \$0.6 million to \$1.7 million due to a decrease in retentions payable and monies owed to agency members. Total assets decreased by \$0.8 million, to \$106.7 million mainly in the capital assets, a result of depreciation expense.

Operating revenues increased by \$0.9 million from FY 20 and operating expenses increased by \$0.2 million, resulting in an operating income of approximately \$0.6 million better than the prior year.

Statements of Net Position

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Cash and investments	\$ 8,893,106	\$ 9,935,264	\$ (1,042,158)
Current assets	2,779,971	1,156,131	1,623,840
Capital assets	95,045,017	96,423,113	(1,378,096)
Total assets	<u>106,718,094</u>	<u>107,514,508</u>	<u>(796,414)</u>
Current liabilities	1,690,428	2,268,064	(577,636)
Noncurrent liabilities	20,159	10,840	9,319
Total liabilities	<u>1,710,587</u>	<u>2,278,904</u>	<u>(568,317)</u>
Net Position			
Investment in capital assets	95,045,017	96,423,113	(1,378,096)
Unrestricted	9,962,490	8,812,492	1,149,998
Total Net Position	<u>\$ 105,007,507</u>	<u>\$ 105,235,605</u>	<u>\$ (228,098)</u>

- In 2021, total assets decreased \$0.8 million to \$106.7 million primarily in the capital assets area, a result of depreciation expense offset by net increase of \$0.6 million in the cash and investments and current assets category.
- Current liabilities decreased by \$0.6 million over the prior year to \$1.7 million.
- At June 30, 2021, the Authority's total net position was \$105.0 million, of which \$10.0 million was unrestricted, and remaining consisted of net investment in capital assets.

**South County Regional Wastewater Authority
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2020**

Statements of Revenues, Expenses, and Changes in Net Position

	<u>2021</u>	<u>2020</u>	<u>Change</u>
OPERATING REVENUES			
Operating contributions from City of Gilroy	6,121,301	5,506,763	614,538
Operating contributions from City of Morgan Hill	3,684,494	3,438,016	246,478
Other charges for services	346,683	340,395	6,288
Total operating revenue	<u>10,152,478</u>	<u>9,285,174</u>	<u>867,304</u>
OPERATING EXPENSES			
Sewage treatment	8,407,216	8,233,254	173,962
Pretreatment program	568,307	616,405	(48,098)
Plant operations	173,030	181,590	(8,560)
Depreciation and amortization	4,551,414	4,458,785	92,629
Total operating expenses	<u>13,699,967</u>	<u>13,490,034</u>	<u>209,933</u>
Operating income (loss)	<u>(3,547,489)</u>	<u>(4,204,860)</u>	<u>657,371</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	54,929	175,284	(120,355)
Rental income	90,000	90,000	-
Miscellaneous income (expense)	(10,230)	303,880	(314,110)
Total nonoperating revenues (expenses)	<u>134,699</u>	<u>569,164</u>	<u>(434,465)</u>
Loss before Capital Contributions	<u>(3,412,790)</u>	<u>(3,635,696)</u>	<u>222,906</u>
CAPITAL CONTRIBUTIONS			
Capital contribution from City of Gilroy	1,894,351	1,576,500	317,851
Capital contribution from City of Morgan Hill	1,290,343	1,113,486	176,857
Total Capital Contribution	<u>3,184,694</u>	<u>2,689,986</u>	<u>494,708</u>
Change in net position	(228,096)	(945,710)	717,614
NET POSITION			
Beginning of year	<u>105,235,603</u>	<u>106,181,313</u>	<u>(945,710)</u>
End of year	<u>105,007,507</u>	<u>105,235,603</u>	<u>(228,096)</u>

- Total operating revenues for FY 21 increased by \$0.9 million to \$10.2 million from FY 20.
- Total operating expenses in FY 21 were \$13.7 million, an increase of \$0.2 million from FY 20.
- Current year operating activity produced an operating loss of \$3.5 million which is a decrease from the prior years' loss of \$4.2 million. Losses are primarily due to an increase in sewage treatment costs.
- Total non-operating revenues were \$0.1 million in FY 21, a decrease of \$0.4 million from prior year, a result of lower interest and miscellaneous income.
- The Authority's net position decreased by \$0.2 million to \$105.0 million from FY20.

**South County Regional Wastewater Authority
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2020**

Statement of Cash Flows

A summary of the Authority's statements of cash flows for FY 21 is presented below.

Condensed Statement of Cash Flows

	<u>FY 2021</u>
Cash flows from operating activities	\$ (673,845)
Cash flows used for capital and related financing activities	(423,241)
Cash flows used for investing activities	<u>54,929</u>
Net change in cash	(1,042,157)
Cash and investments - beginning of year	<u>9,935,263</u>
Cash and investments - end of year	<u>\$ 8,893,106</u>

Capital Assets

At the end of FY 21, the Authority had net investment in capital assets of \$95.0 million, a decrease of \$1.4 million from FY 20, primarily a result of depreciation expense.

Long-Term Debt

The Authority possesses no long-term debt as debt for Authority-related activities are obligations of the member agencies and reported in their respective financial statements.

Contacting the Authority's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Authority Treasurer, at the City of Gilroy, 7351 Rosanna Street, Gilroy, California 95020.

BASIC FINANCIAL STATEMENTS

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South County Regional Wastewater Authority
Statement of Net Position
June 30, 2021

ASSETS

Current Assets:

Cash and investments (Note 2)	\$	8,893,106
Accounts receivable, net		173,167
Due from City of Gilroy		1,542,021
Due from City of Morgan Hill		1,057,202
Due from other governments		7,581
Total current assets		11,673,077

Noncurrent Assets:

Capital assets (Note 3)

Buildings and improvements		72,257,749
Land improvements		10,681,371
Infrastructure		35,874,535
Fleet (vehicles)		1,505,200
Office furniture, fixtures and equipment		19,964,163
Subtotal		140,283,018
Less: accumulated depreciation		(73,049,294)
Total capital assets being depreciated, net		67,233,724
Land		13,396,202
Construction in progress		14,415,091
Total capital assets, net		95,045,017
TOTAL ASSETS		106,718,094

LIABILITIES

Current Liabilities:

Accounts payable and accrued liabilities		440,582
Due to City of Gilroy		843,753
Due to City of Morgan Hill		406,093
Total current liabilities		1,690,428

Noncurrent Liabilities:

Compensated absences		20,159
Total noncurrent liabilities		20,159
TOTAL LIABILITIES		1,710,587

NET POSITION

Investment in capital assets		95,045,017
Unrestricted		9,962,490
TOTAL NET POSITION		\$ 105,007,507

South County Regional Wastewater Authority
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2021

OPERATING REVENUES:

Operating contributions from City of Gilroy	\$ 6,121,301
Operating contributions from City of Morgan Hill	3,684,494
Other charges for services	346,683
	10,152,478
Total operating revenue	10,152,478

OPERATING EXPENSES:

Sewage treatment	8,407,216
Pretreatment program	568,307
Plant operations	173,030
Depreciation	4,551,414
	13,699,967
Total operating expenses	13,699,967
Operating income (loss)	(3,547,489)

NONOPERATING REVENUES (EXPENSES):

Rental income	90,000
Investment income	54,929
Miscellaneous income	(10,230)
	134,699
Total nonoperating revenues (expenses)	134,699
Income (loss) before Capital Contributions	(3,412,790)

CAPITAL CONTRIBUTIONS:

Capital contribution from City of Gilroy	1,894,351
Capital contribution from City of Morgan Hill	1,290,343
	3,184,694
Total Capital Contribution	3,184,694
Change in net position	(228,096)

NET POSITION:

Beginning of year	105,235,603
End of year	\$ 105,007,507

South County Regional Wastewater Authority
Statement of Cash Flows
For the Year Ended June 30, 2021

Cash Flows from Operating Activities:

Cash received from system users	\$ 8,528,638
Rental income received	90,000
Miscellaneous income	(10,230)
Cash payments to suppliers for goods and services	(8,824,756)
Cash payments to employees for services	(457,497)
	(673,845)
Net cash provided by (used in) operating activities	(673,845)

Cash Flows from Noncapital Financing Activities:

Cash received from other funds	(1,655,512)
Cash paid to other funds	1,220,895
	(434,617)
Net cash provided by (used in) noncapital financing activities	(434,617)

Cash Flows From Capital and Related Financing Activities:

Cash transferred (paid) for capital assets	(3,173,318)
Capital contributions	3,184,694
	11,376
Net cash provided by capital and related financing activities	11,376

Cash Flows from Investing Activities

Investment income	54,929
	54,929
Net cash provided by investing activities	54,929
Net change in cash and cash equivalents	(1,042,157)

Cash and Cash Equivalents:

Beginning of year	9,935,263
End of year	\$ 8,893,106

Reconciliation of Operating Income to Net Cash Provided by Operating Activities:

Operating income (loss)	\$ (3,547,489)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	4,551,414
Rental income	90,000
Miscellaneous income	(10,230)
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(22,601)
(Increase) decrease in due from City of Gilroy	(965,576)
(Increase) decrease in due from City of Morgan Hill	(657,690)
(Increase) decrease in due from other governments	22,027
(Increase) decrease in prepaid expenses	-
Increase (decrease) in accounts payable	(143,825)
Increase (decrease) in accrued liabilities	806
Increase (decrease) in compensated absences	9,319
	2,873,644
Total adjustments	2,873,644
Net cash provided by operating activities	\$ (673,845)

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NOTES TO THE BASIC FINANCIAL STATEMENTS

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South County Regional Wastewater Authority
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

Note 1 – Reporting Entity and Significant Accounting Policies

The financial statements of the South County Regional Wastewater Authority (the Authority) have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies of the Authority are described below.

A. Description of Reporting Entity

The Authority was created on July 1, 1992 by the City of Morgan Hill and the City of Gilroy (Member Agencies). The purpose of the Authority is to plan and implement regional solutions to the wastewater treatment and management problems resulting from the generation of wastewater within the service areas of the Member Agencies. To achieve this purpose, the Authority constructs, maintains and operates facilities for sewage treatment and wastewater reclamation. The City of Gilroy and the City of Morgan Hill have a 58.1% and 41.9% capacity interest in the wastewater treatment plant, respectively, which is used to determine the capital contribution amounts by the Member Agencies and the pro-rata share of the Authority's income (loss).

The Authority is governed by a Board of Directors which consists of three members from the Gilroy City Council and two members from the Morgan Hill City Council. The Authority is classified as a component unit with respect to the two member agencies. The current agreement terminates the joint power agreement entered into in 1979 (the Agreement of 1979). Although the City of Gilroy controls three of the five members of the Board of Directors, the City of Gilroy does not have the ability to impose its will on the Authority beyond its representation on the Board. The Authority's budget and member contribution requirements are approved by the Board of Directors of the Authority. Although the City of Gilroy provides accounting services, engineering services and administrative support to the Authority, day-to-day operations associated with the Authority have been contracted directly by the Authority to a private provider of services for wastewater management and operations.

B. Basic Financial Statements

The basic financial statements are comprised of the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, the Statement of Cash Flows and the notes to the basic financial statements.

C. Measurement Focus and Basis of Accounting

The Authority is accounted for as an enterprise fund (proprietary fund type). A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity. The activities of enterprise funds closely resemble those of ongoing businesses in which the purpose is to conserve and add to basic resources while meeting operating expenses from current revenues. Enterprise funds account for operations that provide services on a continuous basis and are substantially financed by revenues derived from user charges. The Authority utilizes the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized as they are incurred. Internal activity has been eliminated in the accompanying financial statements.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with sewer operations. The principal operating revenues of the Authority are contributions from Member Agencies. Operating expenses include cost of services, general and administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

South County Regional Wastewater Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Reporting Entity and Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

Net position of the Authority has been reported as restricted when its use is constrained more narrowly than the reporting unit in which it is reported as a result of state laws governing such use. When both restricted and unrestricted resources are available for use, the Authority uses restricted resources first, then unrestricted resources as they are needed. For capital expenditures, legally available restricted bond proceeds are used first, then other restricted resources, then unrestricted resources are used if needed.

D. Implementation of New GASB Pronouncements

During fiscal year ended June 30, 2021, the Authority has not implemented any new accounting standards.

E. Cash and investments

For purposes of the statement of cash flows, cash represents funds that effectively may be withdrawn at any time without prior notice of penalty (such as demand deposits and mutual funds). Cash equivalents are investments that are short-term and highly liquid and that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Cash equivalents have an original maturity date of three months or less from the date of purchase.

Investments are reported in the accompanying Statement of Net Position at fair value. All investments of the Authority are uncategorized in the fair value measurement hierarchy.

Changes in fair value that occur during the fiscal year are recognized as increase (decrease) in fair value of investments reported for that fiscal year. Investment income includes interest earnings and any gains or losses realized upon the liquidation or sale of investments.

F. Balances Due To/From Member Agencies

Balances shown as due to/from agencies represent each member's over/under payment toward the funding of current year operations and capital construction.

G. Capital Assets

Property, plant and equipment purchases greater than \$10,000 are capitalized at original acquisition cost or estimated acquisition cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. Capital assets acquired under capital leases are recorded at the net present value of the total lease payments. Depreciation is charged to operations, using a straight-line method, based on the estimated useful life of the assets. The estimated useful lives of the assets are as follows:

Buildings and improvements	40 years
Machinery and equipment	5 - 25 years
Furniture and fixtures	10 - 20 years
Vehicles	8 years
Treatment plant	40 years
Sewer lines	50 years
Land improvements	50 years

South County Regional Wastewater Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Reporting Entity and Significant Accounting Policies (Continued)

H. Compensated Absences

All full-time employees accumulate vacation benefits in varying annual amounts. Sick leave benefits accrue at the rate of one day per month for all full-time employees regardless of their length of service to the Authority. Upon termination or retirement, employees are paid for all unused vacation time and overtime. No cash payment is made for unused sick leave upon termination or retirement.

A liability is recorded for unused vacation and similar compensatory leave balances since the employees' entitlement to these balances are attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payments upon termination or retirement.

If material, a liability is accrued for all leave benefits relating to the operations of the Authority. All amounts are considered to be noncurrent and will be recorded as fund expenditures in the year in which they are paid or become due. As of June 30, 2021 the Authority had the following activity in compensated absences:

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
Compensated Absences	\$ 10,840	\$ 12,780	\$ (3,461)	\$ 20,159

I. Net Position

In the government-wide financial statements and proprietary fund financial statements, net position is classified as follows:

Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation.

Unrestricted – This component of net position is the amount of the assets and liabilities that are not included in the determination of investment in capital assets.

J. Operating Contributions

Operating contributions from the members are recognized when the related operating costs are incurred. Members are billed amounts equal to the actual operating expenses incurred less other revenues including contributions from nonmember users.

K. Capital Contributions

In accordance with generally accepted accounting principles for local governmental units, the Authority has recorded the following transactions as capital contributions:

- Capital grants and other contributions from third parties restricted for property, plant and equipment.
- Cash contributed from members for capital contributions.

L. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from the estimates.

South County Regional Wastewater Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 2 – Cash and Investments

The Authority participates in a cash and investment pool maintained by the City, which includes cash balances and authorized investments of all funds and the Local Agency Investment Fund (“LAIF”).

Cash and investments as of June 30, 2021 consists of the following:

Current Assets:

Equity in City of Gilroy investment pool	\$	82,319
Local Agency Investment Fund		8,810,787
Total cash and investments	\$	8,893,106

A. Investments Authorized by the California Government Code and the Authority's Investment Policy

The table below identifies the investment types that are authorized for the Authority by the California Government Code and the Authority’s investment policy. The table also identifies certain provisions of the California Government Code (or the Authority’s investment policy, if more restrictive) that address interest rate risk, credit risk and concentration of credit risk. This table does not address investments of debt proceeds with fiscal agent that are governed by the provisions of debt agreements of the Authority, rather than the general provisions of the California Government Code or the Authority’s investment policy.

Investment Type	Authorized Policy	Maximum Maturity*	Maximum Portfolio*	Maximum One Issuer*
Local Agency Bonds	No	5 years	None	None
U.S. Treasury Obligations	Yes	2 years	None	None
U.S. Government Sponsored				
Agency Securities	Yes	5 years	None	None
Banker’s Acceptances	Yes	180 days	15%	30%
Commercial Paper	Yes	270 days	10%	10%
Negotiable Certificates of Deposit	Yes	2 years	15%	None
Repurchase Agreements	No	1 year	None	None
Reverse Repurchase Agreements	No	92 days	20% base value	None
Medium-Term Notes	No	5 years	30%	None
Mutual Funds	Yes	N/A	5%	10%
Money Market Mutual Funds	Yes	N/A	5%	10%
Mortgage Pass-Through Securities	No	5 years	20%	None
County Pooled Investment Funds	No	N/A	None	None
Local Agency Investment Fund (LAIF)	Yes	N/A	None	None
JPA Pools (other investment pools)	No	N/A	None	None

Liquidity:

*Securities or bonds purchased under a prior investment policy may be held or sold but additional purchases shall not be made.

N/A - Not applicable

B. Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Authority manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

South County Regional Wastewater Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 2 – Cash and Investments (Continued)

B. Disclosures Relating to Interest Rate Risk (Continued)

Information about the sensitivity of the fair values of the Authority’s investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Authority’s investments by maturity:

Investment Type	Remaining Maturity 12 Months or Less June 30, 2020
Equity in City of Gilroy investment pool	\$ 82,319
Local Agency Investment Fund	8,810,787
Total	\$ 8,893,106

C. Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, or the Authority’s investment policy, and the actual rating by Standard & Poor’s as of year-end for each investment type.

Investment Type	Minimum Legal Rating	Total as of June 30, 2020	Not Rated
Equity in City of Gilroy investment pool	N/A	\$ 82,319	\$ 82,319
Local Agency Investment Fund	N/A	8,810,787	8,810,787
Total		\$ 8,893,106	\$ 8,893,106

D. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Authority’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Authority deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

South County Regional Wastewater Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 2 – Cash and Investments (Continued)

E. Investment in State Investment Pool

The Authority is a voluntary participant in the Local Agency Investment Fund (“LAIF”) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the Authority’s investment in this pool is reported in the accompanying financial statements at amounts based upon the Authority’s pro rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio).

The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. LAIF is not rated. The Authority’s investments in LAIF at June 30, 2021 included a portion of pool funds invested in Structured Notes and Asset-Backed Securities.

Structured Notes: debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities: generally, mortgage-backed securities that entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (for example, Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2021, the Authority had \$8,810,787 invested in LAIF, which had invested 2.31% of the pool investment funds in Structured Notes and Asset-Backed Securities.

F. Equity in Cash and Investment Pool of the City of Gilroy

The Authority does not have a separate bank account; however, the Authority’s cash and investments are maintained in an investment pool managed by the City. The Authority is a voluntary participant in that pool. This pool is governed by and under the regulatory oversight of the Investment Policy adopted by the City Council of the City. The fair value of the Authority’s investment in this pool is reported in the accompanying financial statements at amounts based upon the Authority’s pro rata share of the fair value calculated by the City for the entire City portfolio. The balance available for withdrawal is based on the accounting records maintained by the City, which are recorded on an original cost basis. At June 30, 2021, the Authority had a cash balance of \$82,319.

G. Fair Value Measurements

The Authority categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are quoted prices for similar assets in active markets (significant other observable inputs) and Level 3 inputs are significant unobservable inputs.

The Authority’s investments in Equity in City of Gilroy investment pool and LAIF are not subject to the fair value measurement hierarchy.

South County Regional Wastewater Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 3 – Capital Assets

The following is a summary of changes in capital assets for the year ended June 30, 2021:

	Balance June 30, 2020	Additions	Deletions	Reclassification	Balance June 30, 2021
<i>Capital assets not being depreciated:</i>					
Land	\$ 13,396,202	\$ -	\$ -	\$ -	\$ 13,396,202
Construction in progress	11,711,219	2,963,611	-	(259,739)	14,415,091
Total capital assets not being depreciated	<u>25,107,421</u>	<u>2,963,611</u>	<u>-</u>	<u>(259,739)</u>	<u>27,811,293</u>
<i>Capital assets being depreciated:</i>					
Buildings and improvements	72,223,229	-	-	34,520	72,257,749
Land improvements	10,681,371	-	-	-	10,681,371
Infrastructure	35,649,316	-	-	225,219	35,874,535
Fleet (Vehicles)	1,295,491	209,709	-	-	1,505,200
Office furniture, fixtures and equipment	19,964,163	-	-	-	19,964,163
Total capital assets being depreciated	<u>139,813,570</u>	<u>209,709</u>	<u>-</u>	<u>259,739</u>	<u>140,283,018</u>
<i>Less accumulated depreciation for:</i>					
Buildings and improvements	(39,520,098)	(1,690,608)	-	-	(41,210,706)
Land improvements	(5,717,579)	(190,342)	-	-	(5,907,921)
Infrastructure	(7,146,107)	(1,640,151)	-	-	(8,786,258)
Fleet (Vehicles)	(1,108,125)	(31,336)	-	-	(1,139,461)
Office furniture, fixtures and equipment	(15,005,971)	(998,977)	-	-	(16,004,948)
Total accumulated depreciation	<u>(68,497,880)</u>	<u>(4,551,414)</u>	<u>-</u>	<u>-</u>	<u>(73,049,294)</u>
Total capital assets being depreciated, net	<u>71,315,690</u>	<u>(4,341,705)</u>	<u>-</u>	<u>259,739</u>	<u>67,233,724</u>
Total capital assets	<u>\$ 96,423,111</u>	<u>\$ (1,378,094)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,045,017</u>

Depreciation expense was \$4,551,414 for the year ended June 30, 2021.

Note 4 – Commitments and Contingencies

Construction Commitments

During FY 21, the Authority commenced construction on the Treatment Plant Expansion Project, which had \$54.2 million commitment outstanding at June 30, 2021. The project is expected complete over next 5 years and is to be funded by capital contributions by each of the member agencies.

Litigation

Legal claims and lawsuits arise from time to time in the normal course of business which, in the opinion of management, will have no material effect on the Authority's financial position.

South County Regional Wastewater Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 5 – Insurance

The Authority is owned by the City of Gilroy and the City of Morgan Hill, but operated by a third-party contractor, currently CH2MHill. The contract for services with CH2MHill requires that CH2MHill provide general liability (\$5M per occurrence), auto liability (\$5M per accident), employer’s liability (\$5M per accident) professional liability/errors and omissions (\$5M per occurrence), pollution/environmental impairment liability insurance (\$5M per occurrence) and workers’ compensation coverage (State of CA mandated coverage) for the operation of the facility. The City of Gilroy, through its coverage with the Municipal Pooling Authority, purchases property coverage for the SCRWA facility. Property coverage is through Alliant Property Insurance Program (APIP). Appraisals of the SCRWA facility were completed in March 2018 to document the property values. The general property insurance coverage amount is \$1B per occurrence up to the insurable value. The flood limit is \$25M. Business interruption coverage is \$100M.

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

SUPPLEMENTARY INFORMATION

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South County Regional Wastewater Authority
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2021

	Plant Construction	Sewage Treatment Operations	Eliminations	Totals
OPERATING REVENUES				
Operating contributions from City of Gilroy	\$ -	\$ 6,121,301	\$ -	\$ 6,121,301
Operating contributions from City of Morgan Hill	-	3,684,494	-	3,684,494
Other charges for services	-	346,683	-	346,683
Total operating revenue	-	10,152,478	-	10,152,478
OPERATING EXPENSES				
Sewage treatment	-	8,407,216	-	8,407,216
Pretreatment program	-	568,307	-	568,307
Plant operations	-	173,030	-	173,030
Depreciation	-	4,551,414	-	4,551,414
Total operating expenses	-	13,699,967	-	13,699,967
Operating income (loss)	-	(3,547,489)	-	(3,547,489)
NONOPERATING REVENUES (EXPENSES)				
Investment income	-	54,929	-	54,929
Rental income	-	90,000	-	90,000
Miscellaneous income	(11,372)	1,142	-	(10,230)
Total nonoperating revenues (expenses)	(11,372)	146,071	-	134,699
Income (loss) before Capital Contributions	(11,372)	(3,401,418)	-	(3,412,790)
CAPITAL CONTRIBUTIONS				
Capital contribution from City of Gilroy	1,328,070	566,281	-	1,894,351
Capital contribution from City of Morgan Hill	957,765	332,578	-	1,290,343
Transfers in	-	259,739	(259,739)	-
Transfers out	(259,739)	-	259,739	-
Total Capital Contribution	2,026,096	1,158,598	-	3,184,694
Change in net position	2,014,724	(2,242,820)	-	(228,096)
NET POSITION				
Beginning of year	10,393,315	94,842,288	-	105,235,603
End of year	\$ 12,408,039	\$ 92,599,468	\$ -	\$ 105,007,507

South County Regional Wastewater Authority
Combining Statement of Net Position
June 30, 2021

	Plant Construction	Sewage Treatment Operations	Eliminations	Totals
ASSETS				
Current assets:				
Cash and investments	\$ -	\$ 8,893,106	\$ -	\$ 8,893,106
Accounts receivable, net	-	173,167	-	173,167
Due from City of Gilroy	1,132,239	409,782	-	1,542,021
Due from City of Morgan Hill	816,537	240,665	-	1,057,202
Due from other governments	-	7,581	-	7,581
Due from other fund	-	1,970,782	(1,970,782)	-
Total current assets	<u>1,948,776</u>	<u>11,695,083</u>	<u>(1,970,782)</u>	<u>11,673,077</u>
Noncurrent Assets:				
Capital assets				
Buildings and improvements	-	72,257,749	-	72,257,749
Land improvements	-	10,681,371	-	10,681,371
Infrastructure	-	35,874,535	-	35,874,535
Fleet (vehicles)	-	1,505,200	-	1,505,200
Office furniture, fixtures and equipment	-	19,964,163	-	19,964,163
Subtotal	-	140,283,018	-	140,283,018
Less: accumulated depreciation	-	(73,049,294)	-	(73,049,294)
Total capital assets being depreciated, net	-	67,233,724	-	67,233,724
Land	-	13,396,202	-	13,396,202
Construction in progress	12,430,045	1,985,046	-	14,415,091
Total capital assets, net	<u>12,430,045</u>	<u>82,614,972</u>	<u>-</u>	<u>95,045,017</u>
TOTAL ASSETS	<u>14,378,821</u>	<u>94,310,055</u>	<u>(1,970,782)</u>	<u>106,718,094</u>
LIABILITIES				
Current Liabilities:				
Accounts payable and accrued liabilities	-	440,582	-	440,582
Due to City of Gilroy	-	843,753	-	843,753
Due to City of Morgan Hill	-	406,093	-	406,093
Due to other funds	1,970,782	-	(1,970,782)	-
Total current liabilities	<u>1,970,782</u>	<u>1,690,428</u>	<u>(1,970,782)</u>	<u>1,690,428</u>
Noncurrent Liabilities:				
Compensated absences	-	20,159	-	20,159
Total noncurrent liabilities	<u>-</u>	<u>20,159</u>	<u>-</u>	<u>20,159</u>
TOTAL LIABILITIES	<u>1,970,782</u>	<u>1,710,587</u>	<u>(1,970,782)</u>	<u>1,710,587</u>
NET POSITION				
Investment in capital assets	12,430,045	82,614,972	-	95,045,017
Unrestricted (deficit)	(22,006)	9,984,496	-	9,962,490
TOTAL NET POSITION	<u>\$ 12,408,039</u>	<u>\$ 92,599,468</u>	<u>\$ -</u>	<u>\$ 105,007,507</u>

South County Regional Wastewater Authority
Combining Statement of Cash Flows
For the Year Ended June 30, 2021

	Plant Construction	Sewage Treatment Operations	Totals
Cash Flows from Operating Activities:			
Cash received from system users	\$ (1,214,201)	\$ 9,742,839	\$ 8,528,638
Rental income received	-	90,000	90,000
Miscellaneous income (expense)	(11,372)	1,142	(10,230)
Cash payments to suppliers for goods and services	(266,434)	(8,558,322)	(8,824,756)
Cash payments to employees for services	-	(457,497)	(457,497)
Net cash provided by (used in) operating activities	<u>(1,492,007)</u>	<u>818,162</u>	<u>(673,845)</u>
Cash Flows from Noncapital Financing Activities:			
Cash received from other funds	-	(1,655,512)	(1,655,512)
Cash paid to other funds	1,220,895	-	1,220,895
Net cash provided by (used in) noncapital financing activities	<u>1,220,895</u>	<u>(1,655,512)</u>	<u>(434,617)</u>
Cash Flows From Capital and Related Financing Activities:			
Cash transferred (paid) for capital assets	(2,014,723)	(1,158,595)	(3,173,318)
Capital contributions	2,285,835	898,859	3,184,694
Net cash provided by (used in) capital and related financing activities	<u>271,112</u>	<u>(259,736)</u>	<u>11,376</u>
Cash Flows from Investing Activities			
Interest on investments	-	54,929	54,929
Net cash provided by investing activities	<u>-</u>	<u>54,929</u>	<u>54,929</u>
Net change in cash and cash equivalents	<u>-</u>	<u>(1,042,157)</u>	<u>(1,042,157)</u>
Cash and Cash Equivalents:			
Beginning of year	-	9,935,263	9,935,263
End of year	<u>\$ -</u>	<u>\$ 8,893,106</u>	<u>\$ 8,893,106</u>
Reconciliation of Operating (loss) to Net Cash Provided by (Used in) Operating Activities:			
Operating (loss)	\$ -	\$ (3,547,489)	\$ (3,547,489)
Adjustments to reconcile operating (loss) to net cash provided (used in) by operating activities:			
Depreciation	-	4,551,414	4,551,414
Rental income	-	90,000	90,000
Miscellaneous income	(11,372)	1,142	(10,230)
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	-	(22,601)	(22,601)
(Increase) decrease in due from City of Gilroy	(705,451)	(260,125)	(965,576)
(Increase) decrease in due from City of Morgan Hill	(508,750)	(148,940)	(657,690)
(Increase) decrease in due from other governments	-	22,027	22,027
Increase (decrease) in accounts payable	(266,434)	122,609	(143,825)
Increase (decrease) in accrued liabilities	-	806	806
Increase (decrease) in compensated absences	-	9,319	9,319
Total adjustments	<u>(1,492,007)</u>	<u>4,365,651</u>	<u>2,873,644</u>
Net cash provided by (used in) operating activities	<u>\$ (1,492,007)</u>	<u>\$ 818,162</u>	<u>\$ (673,845)</u>

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Independent Auditors' Report

To the Board of Directors
of the South County Regional Wastewater Authority
Gilroy, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the South County Regional Wastewater Authority (the "Authority"), a component unit of the City of Gilroy, California (the "City"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated January 25, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To the Board of Directors
of the South County Regional Wastewater Authority
Gilroy, California
Page 2

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "The PwC Group, LLP". The signature is written in a cursive, flowing style.

Santa Ana, California
January 25, 2022

Wastewater Acronyms

BOD	Biochemical Oxygen Demand	NPDES	National Pollutant Discharge Elimination System
COD	Chemical Oxygen Demand	PPM	Parts Per Million
DO	Dissolved Oxygen	TDS	Total Dissolved Solids
CWA	Clean Water Act	TKN	Total Kjeldhal Nitrogen
CWEA	California Water Environment Association	TOC	Total Organic Carbon
Gal	Gallons	TS	Total Solids
GPD	Gallons Per Day	TSS	Total Suspended Solids
Lbs	Pounds	VS	Volatile Solids
MGD	Million Gallons Per Day	VSS	Volatile Suspended Solids
Mg/L	Milligrams Per Liter	WDID	Waste Discharge Identification
MLSS	Mixed Liquor Suspended Solids	WDR	Waste Discharge Requirements
MLVSS	Mixed Liquor Volatile Suspended Solids		
MPN	Most Probable Number		



**Operations Management
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www.jacobs.com

Date: 11/23/2021

California Regional Water Quality Control Board
Central Coast Region
Attn: Monitoring and Reporting Review Section
Katie DiSimone
895 Aerovista Place, Suite 101
San Luis Obispo, CA 93401-7906

Dear Ms. DiSimone:

Facility Name: South County Regional Wastewater Authority
WDID Number: 3 430100001
WDR Order Number: R3-2017-0028
NPDES Permit Number: CA0049964

Contact Person: Chris Vasquez **Address:** 1500 Southside Drive
Job Title: Project Manager Gilroy, CA
Phone Number: (408) 848-0480 95020

Type of Report: Monthly **Month:** **October**
Land Discharge

Year: 2021 **Violation(s):** No Yes

In accordance with the Standard Provisions and Reporting Requirements, I certify under penalty of law that this document and all attachments were prepared under my direction or supervision following a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my knowledge of the person(s) who manage the system, or those directly responsible for data gathering, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment.

If you have any questions or require additional information, please contact me at the number provided above.

Sincerely,

Name: Chris Vasquez
Title: Project Manager

CC: Jimmy Forbis, SCRWA General Manager
Chris Ghione, Morgan Hill Director of Public Services
Saeid Vaziry, Gilroy Environmental Program Manager



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Contact Person: Chris Vasquez **Address:** 1500 Southside Drive
Job Title: Project Manager Gilroy, CA
Phone Number: (408) 848-0480 95020

Type of Report: Monthly **Month:** **October**
Effluent, Influent,
WET

Year: 2021 **Violation(s):** **No** **Yes**

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Date: 12/22/2021

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Central Coast Region
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Katie DiSimone
895 Aerovista Place, Suite 101
San Luis Obispo, CA 93401-7906

Dear Ms. DiSimone:

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NPDES Permit Number: CA0049964

Contact Person: Chris Vasquez **Address:** 1500 Southside Drive
Job Title: Project Manager Gilroy, CA
Phone Number: (408) 848-0480 95020

Type of Report: Monthly **Month:** November
Land Discharge

Year: 2021 **Violation(s):** No Yes

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Date: 12/22/2021

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Central Coast Region
Attn: Monitoring and Reporting Review Section
Katie DiSimone
895 Aerovista Place, Suite 101
San Luis Obispo, CA 93401-7906

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Facility Name: South County Regional Wastewater Authority
WDID Number: 3 430100001
WDR Order Number: R3-2017-0028
NPDES Permit Number: CA0049964

Contact Person: Chris Vasquez
Job Title: Project Manager
Phone Number: (408) 848-0480
Address: 1500 Southside Drive
Gilroy, CA
95020

Type of Report: Monthly
Effluent, Influent,
WET
Month: November

Year: 2021
Violation(s): No Yes

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Sincerely,

Name: Chris Vasquez
Title: Project Manager

CC: Jimmy Forbis, SCRWA General Manager
Chris Ghione, Morgan Hill Director of Public Services
Saeid Vaziry, Gilroy Environmental Program Manager

Date: 1/25/2022

California Regional Water Quality Control Board
Central Coast Region
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895 Aerovista Place, Suite 101
San Luis Obispo, CA 93401-7906

Dear Ms. DiSimone:

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NPDES Permit Number: CA0049964

Contact Person: Chris Vasquez **Address:** 1500 Southside Drive
Job Title: Project Manager Gilroy, CA
Phone Number: (408) 848-0480 95020

Type of Report: Monthly **Month:** **December**
Land Discharge

Year: 2021 **Violation(s):** **No** **Yes**

The BOD sample collected on 12/29/2021 has a qualifier applied as the BOD blank was out of range. All QC samples met the standard

In accordance with the Standard Provisions and Reporting Requirements, I certify under penalty of law that this document and all attachments were prepared under my direction or supervision following a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my knowledge of the person(s) who manage the system, or those directly responsible for data gathering, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment.

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Name: Chris Vasquez
Title: Project Manager



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Contact Person: Chris Vasquez **Address:** 1500 Southside Drive
Job Title: Project Manager Gilroy, CA
Phone Number: (408) 848-0480 95020

Type of Report: Monthly **Month:** December
Effluent, Influent,
WET

Year: 2021 **Violation(s):** No Yes

The BOD sample collected on 12/29/2021 has a qualifier applied as the BOD blank was out of range. All QC samples met the standard

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San Luis Obispo, CA 93401-7906

Dear Ms. DiSimone:

Facility Name: South County Regional Wastewater Authority
WDID Number: 3 430100001
WDR Order Number: R3-2017-0028
NPDES Permit Number: CA0049964

Contact Person: Chris Vasquez **Address:** 1500 Southside Drive
Job Title: Project Manager Gilroy, CA
Phone Number: (408) 848-0480 95020

Type of Report: Quarterly **Month:** **October-December**
Land Discharge

Year: 2021 **Violation(s):** **No** **Yes**

In accordance with the Standard Provisions and Reporting Requirements, I certify under penalty of law that this document and all attachments were prepared under my direction or supervision following a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my knowledge of the person(s) who manage the system, or those directly responsible for data gathering, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment.

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Date: 1/25/2022

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San Luis Obispo, CA 93401-7906

Dear Ms. DiSimone:

Facility Name: South County Regional Wastewater Authority
WDID Number: 3 430100001
WDR Order Number: R3-2017-0028
NPDES Permit Number: CA0049964

Contact Person: Chris Vasquez **Address:** 1500 Southside Drive
Job Title: Project Manager Gilroy, CA
Phone Number: (408) 848-0480 95020

Type of Report: Quarterly **Month:** **October-December**
Groundwater

Year: 2021 **Violation(s):** **No** **Yes**

In accordance with the Standard Provisions and Reporting Requirements, I certify under penalty of law that this document and all attachments were prepared under my direction or supervision following a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my knowledge of the person(s) who manage the system, or those directly responsible for data gathering, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment.

If you have any questions or require additional information, please contact me at the number provided above.

Sincerely,

Name: Chris Vasquez
Title: Project Manager

CC: Jimmy Forbis, SCRWA General Manager
Chris Ghione, Morgan Hill Director of Public Services
Saeid Vaziry, Gilroy Environmental Program Manager



**Operations Management
and Facilities Services**

Jacobs Gilroy
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Gilroy, CA 95020
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www.jacobs.com

Date: 1/25/2022

California Regional Water Quality Control Board
Central Coast Region
Attn: Monitoring and Reporting Review Section
Katie DiSimone
895 Aerovista Place, Suite 101
San Luis Obispo, CA 93401-7906

Dear Ms. DiSimone:

Facility Name: South County Regional Wastewater Authority
WDID Number: 3 430100001
WDR Order Number: R3-2017-0028
NPDES Permit Number: CA0049964

Contact Person: Chris Vasquez **Address:** 1500 Southside Drive
Job Title: Project Manager Gilroy, CA
Phone Number: (408) 848-0480 95020

Type of Report: Quarterly **Month:** **October-December**
Surface Water

Year: 2021 **Violation(s):** **No** **Yes**

In accordance with the Standard Provisions and Reporting Requirements, I certify under penalty of law that this document and all attachments were prepared under my direction or supervision following a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my knowledge of the person(s) who manage the system, or those directly responsible for data gathering, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment.

If you have any questions or require additional information, please contact me at the number provided above.

Sincerely,

Name: Chris Vasquez
Title: Project Manager

CC: Jimmy Forbis, SCRWA General Manager
Chris Ghione, Morgan Hill Director of Public Services
Saeid Vaziry, Gilroy Environmental Program Manager

November 24, 2021

Jimmy Forbis
South County Regional Wastewater Authority
7351 Rosanna Street Gilroy, CA 95020

Subject: Monthly Recap of Expenses Project-to-Date October 2021.

Dear Jimmy,

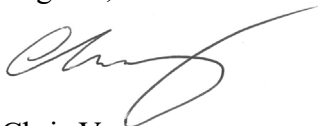
The project-to-date financial information for October is portrayed in the Operations, Electricity and Solids Disposal Categories for the Municipal Facility.

Through October, total operating expenses, amount to \$489,836.

Repair costs in October amount to \$39,378. Year to date, this represents 12% of the \$642,990 repair budget.

Should there be any questions, please do not hesitate to contact me.

Regards,



Chris Vasquez
Project Manager
via email

cc: Glodean Mimiko (email)
Joe Hall, City of Gilroy (email)
File

SOUTH COUNTY REGIONAL WATER AUTHORITY
Recap of Expenditures Through
OCT-FY2022

			PROJECT TO DATE		TOTAL ANNUAL BUDGET	%
	ACTUAL	BUDGET	ACTUAL	BUDGET		
DIRECT COSTS	\$ 220,832	\$ 290,721	\$ 1,070,991	\$ 1,234,054	\$ 3,773,334	28%
(Not including RP, PW, and Solids)						
INDIRECT COST	\$ 82,826	\$ 76,455	\$ 331,306	\$ 324,935	\$ 993,918	33%
(Overhead & Management Fee)						
PREVAILING WAGE	\$ 30,765	\$ 25,900	\$ 96,752	\$ 101,608	\$ 310,800	31%
REPAIRS	\$ 39,378	\$ 49,461	\$ 77,469	\$ 210,208	\$ 642,990	12%
SOLIDS DISPOSAL	\$ 96,313	\$ 77,923	\$ 373,990	\$ 311,693	\$ 935,078	40%
ELECTRICITY	\$ 19,723	\$ 143,594	\$ 618,994	\$ 563,329	\$ 1,723,124	36%
GRAND TOTAL	\$ 489,836	\$ 664,054	\$ 2,569,502	\$ 2,745,826	\$ 8,379,243	31%

December 30, 2021

Jimmy Forbis
South County Regional Wastewater Authority
7351 Rosanna Street Gilroy, CA 95020

Subject: Monthly Recap of Expenses Project-to-Date November 2021.

Dear Jimmy,

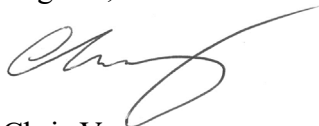
The project-to-date financial information for November is portrayed in the Operations, Electricity and Solids Disposal Categories for the Municipal Facility.

Through November, total operating expenses, amount to \$439,694.

Repair costs in November amount to \$7,894. Year to date, this represents 12% of the \$642,990 repair budget.

Should there be any questions, please do not hesitate to contact me.

Regards,



Chris Vasquez
Project Manager
via email

cc: Glodean Mimiko (email)
Joe Hall, City of Gilroy (email)
File

SOUTH COUNTY REGIONAL WATER AUTHORITY
Recap of Expenditures Through
Nov-FY2022

			PROJECT TO DATE		TOTAL ANNUAL BUDGET	%
	ACTUAL	BUDGET	ACTUAL	BUDGET		
DIRECT COSTS	\$ 233,132	\$ 290,721	\$ 1,197,239	\$ 1,524,775	\$ 3,773,334	32%
(Not including RP, PW, and Solids)						
INDIRECT COST	\$ 82,826	\$ 76,455	\$ 414,132	\$ 401,390	\$ 993,918	42%
(Overhead & Management Fee)						
PREVAILING WAGE	\$ 18,192	\$ 25,900	\$ 114,944	\$ 125,515	\$ 310,800	37%
REPAIRS	\$ 7,894	\$ 49,461	\$ 80,349	\$ 259,669	\$ 642,990	12%
SOLIDS DISPOSAL	\$ 84,794	\$ 77,923	\$ 458,784	\$ 389,616	\$ 935,078	49%
ELECTRICITY	\$ 12,856	\$ 143,594	\$ 631,850	\$ 695,877	\$ 1,723,124	37%
GRAND TOTAL	\$ 439,694	\$ 664,054	\$ 2,897,299	\$ 3,396,842	\$ 8,379,243	35%

January 21, 2022

Jimmy Forbis
South County Regional Wastewater Authority
7351 Rosanna Street Gilroy, CA 95020

Subject: Monthly Recap of Expenses Project-to-Date December 2021.

Dear Jimmy,

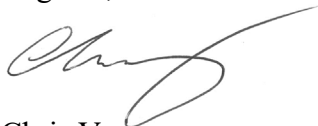
The project-to-date financial information for December is portrayed in the Operations, Electricity and Solids Disposal Categories for the Municipal Facility.

Through December, total operating expenses, amount to \$558,763.

Repair costs in December amount to \$31,262. Year to date, this represents 17% of the \$642,990 repair budget.

Should there be any questions, please do not hesitate to contact me.

Regards,



Chris Vasquez
Project Manager
via email

cc: Glodean Mimiko (email)
Joe Hall, City of Gilroy (email)
File

SOUTH COUNTY REGIONAL WATER AUTHORITY
Recap of Expenditures Through
Dec-FY2022

			PROJECT TO DATE		TOTAL ANNUAL BUDGET	% EXPENDED
	ACTUAL	BUDGET	ACTUAL	BUDGET		
DIRECT COSTS	\$ 314,170	\$ 361,892	\$ 1,511,410	\$ 1,886,667	\$ 3,773,334	40%
(Not including RP, PW, and Solids)						
INDIRECT COST	\$ 82,826	\$ 95,569	\$ 496,959	\$ 496,959	\$ 993,918	50%
(Overhead & Management Fee)						
PREVAILING WAGE	\$ 13,966	\$ 25,900	\$ 128,911	\$ 155,400	\$ 310,800	41%
REPAIRS	\$ 31,262	\$ 61,826	\$ 111,611	\$ 321,495	\$ 642,990	17%
SOLIDS DISPOSAL	\$ 107,062	\$ 77,923	\$ 565,845	\$ 467,539	\$ 935,078	61%
ELECTRICITY	\$ 9,477	\$ 143,594	\$ 641,327	\$ 861,562	\$ 1,723,124	37%
GRAND TOTAL	\$ 558,763	\$ 766,704	\$ 3,456,062	\$ 4,189,622	\$ 8,379,243	41%



**Operations Management
and Facilities Services**

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November 1, 2021

Sally Lee
Santa Clara Dept. of Environmental Services
1555 Berger Drive, Bldg. 2, Suite 300
San Jose, CA 95112-2716

Re: Septage Disposal - October 2021

Dear Ms. Lee,

Attached is the Septage Disposal Report for the SCRWA facility which shows monthly volume and fees, and haulers daily volume summary.

Sincerely,

Gina Bonnell
Prevailing Wage Coordinator
Jacobs – Gilroy/Morgan Hill

via email: sally.Lee@cep.sccgov.org
swpadmin@cep.sccgov.org
jimmy.forbis@ci.gilroy.ca.us
christopher.vasquez1@jacobs.com

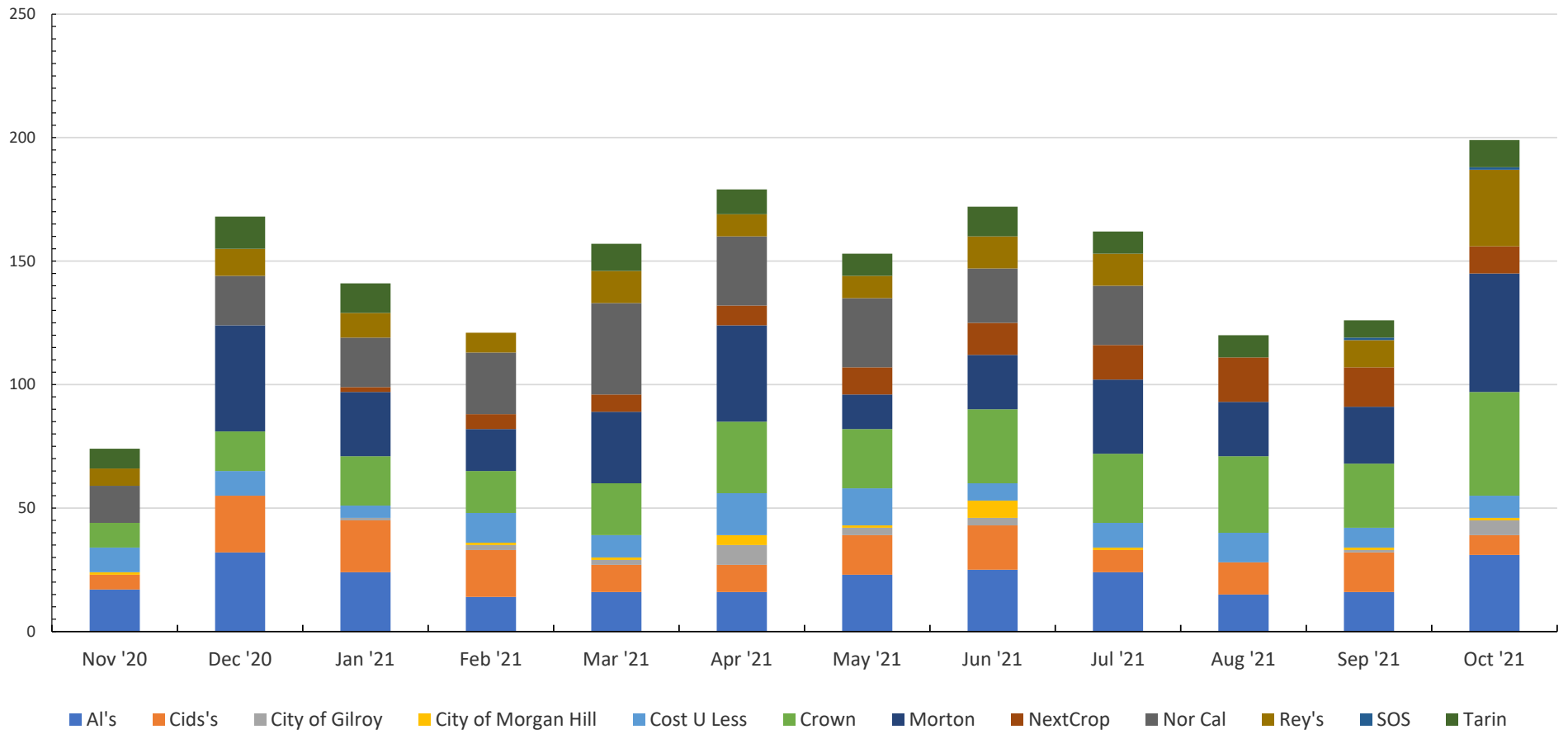
cc: File 16.12

Monthly Septage Summary
October 2021

Date	Als Septic	Cids Septage	Clean Brothers	Cost U Less	Crown Sanitation	Morton Septic	NextCrop	Nor Cal Septage	Reys	SOS Septic	Tarin Septic Services	Western Site Services	City of Gilroy	City of Morgan Hill
1	4,800						400							
2														
3														
4													50	50
5									175					
6				300		5,200	400				1,500			
7		1,000		300	450	3,200	400		200		1,200			
8	3,000	1,200		400	900	5,500					1,200			
9							400							
10														
11	1,700	1,200			400	8,700			200	2,000			50	
12	1,500			300	950	3,500	400		175		1,000		100	
13	7,920	1,200		400	675	5,000	400							
14	5,100			300		5,000	400		175					
15	1,500				950	6,000	400				1,000			
16														
17														
18	4,860	1,500			250	2,000			200		2,700			
19	6,360				1,000	3,200	400							
20	4,500	800			200	8,200			200		800			
21	3,200			400	1,000	3,200	400		150					
22				300		5,000					500			
23														
24														
25					400	5,000					1,500			
26						4,000							630	
27	3,300			300	200	5,400	400		175				200	
28	7,560				450	4,000			175		1,500			
29	8,220	500			950	5,500			200				20	
30														
31														
Total GAL	63,520	7,400		3,000	8,775	87,600	4,400		2,025	2,000	12,900		1,050	50
Total \$	9,528.00	1,110.00		450.00	1,316.25	13,140.00	660.00		303.75	300.00	1,935.00			

Total Billable Gallons: 191,620.00
Total Billable Amount: \$28,743.00

Load Counts (by month)





**Operations Management
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December 1, 2021

Sally Lee
Santa Clara Dept. of Environmental Services
1555 Berger Drive, Bldg. 2, Suite 300
San Jose, CA 95112-2716

Re: Septage Disposal - November 2021

Dear Ms. Lee,

Attached is the Septage Disposal Report for the SCRWA facility which shows monthly volume and fees, and haulers daily volume summary.

Sincerely,

Gina Bonnell
Prevailing Wage Coordinator
Jacobs – Gilroy/Morgan Hill

via email: sally.Lee@cep.sccgov.org
swpadmin@cep.sccgov.org
jimmy.forbis@ci.gilroy.ca.us
christopher.vasquez1@jacobs.com

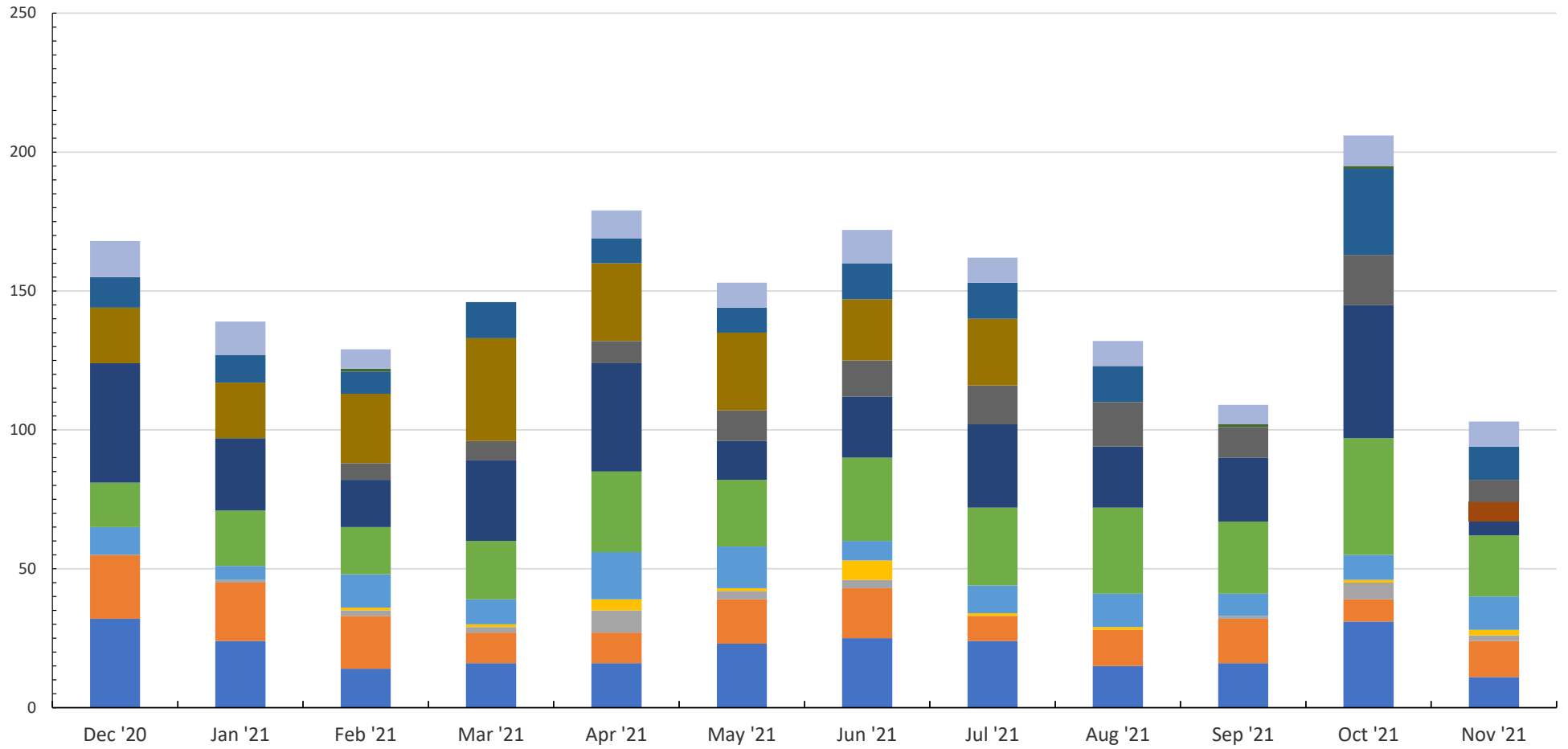
cc: File 16.12

Monthly Septage Summary
November 2021

Date	Als Septic	Cids Septage	Clean Brothers	Cost U Less	Crown Sanitation	M. Servin Portable Toilets	Morton Septic	NextCrop	Nor Cal Septage	Reys	SOS Septic	Tarin Septic Services	Western Site Service	City of Gilroy	City of Morgan Hill
1	1,500					1,020	4,000	800		175		1,200			100
2	1,500	1,200		700	550		3,200			125		2,700			
3	1,500	500			400		5,400							100	
4	1,500	1,200					5,000	400		175					
5	1,500				550							500			
6				0		205									
7															
8		1,200		400	250		5,850	800		200					
9		500			650	200	3,400			200		1,200			
10	3,360			400	250		5,200							750	
11							2,000								
12					475	160	5,000	400							
13						40									
14															
15				300	200	170	7,200			150		1,200			100
16		1,200			500										
17					200		2,900			150					
18					300		4,200			150		1,500			
19		1,200			500		4,500					1,200			
20															
21															
22		1,000		700	200		7,000	400		200					
23		2,200		300	925		3,500	400		200					
24	1,500	500		400	400		4,500								
25															
26															
27															
28						395									
29	3,500	800		300	400		9,200			150					
30	4,860	800		400	875		3,200			200		1,200			
Total GAL	20,720	12,300		3,900	7,625	2,190	85,250	3,200		2,075		10,700		850	200
Total \$	3,108.00	1,845.00		585.00	1,143.75	328.50	12,787.50	480.00		311.25		1,605.00			

Total Billable Gallons: 147,960.00
Total Billable Amount: \$22,194.00

Load Counts (by month)



Al's Cids's City of Gilroy City of Morgan Hill Cost U Less Crown M. Servin Morton NextCrop Nor Cal Rey's SOS Tarin



Operations Management
and Facilities Services

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Gilroy, CA 95020
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www.jacobs.com

January 4, 2022

Sally Lee
Santa Clara Dept. of Environmental Services
1555 Berger Drive, Bldg. 2, Suite 300
San Jose, CA 95112-2716

Re: Septage Disposal - December 2021

Dear Ms. Lee,

Attached is the Septage Disposal Report for the SCRWA facility which shows monthly volume and fees, and haulers daily volume summary.

Sincerely,

A handwritten signature in blue ink that reads "Kerry Edmonds".

Kerry Edmonds
Project Assistant
Jacobs – Gilroy/Morgan Hill

via email: sally.lee@cep.sccgov.org
swpadmin@cep.sccgov.org
jimmy.forbis@ci.gilroy.ca.us
christopher.vasquez1@jacobs.com

cc: File 16.12

Monthly Septage Summary

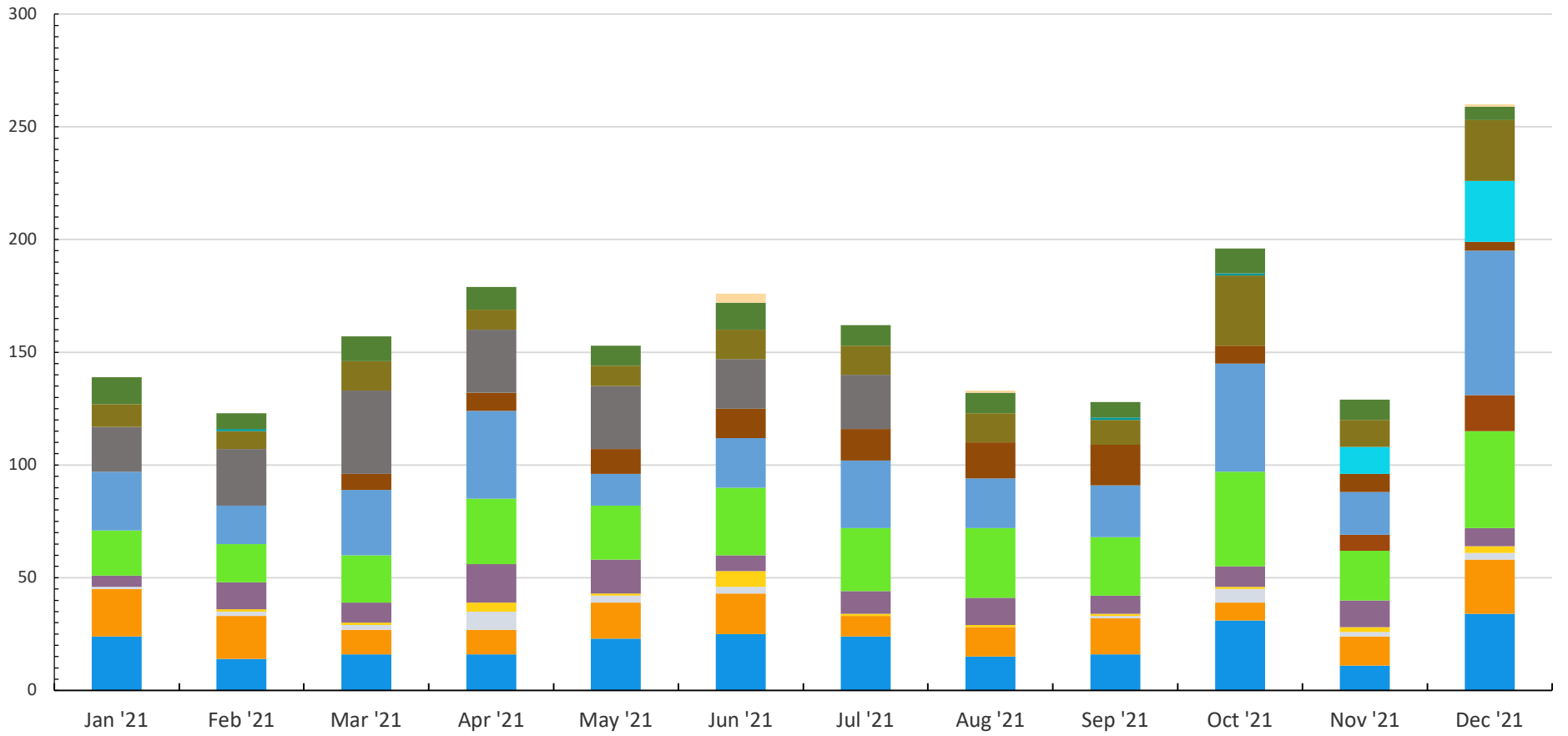
December 2021

Date	Als Septic	Central Coast Services	Cids Septage	Cost U Less	Crown Sanitation	M. Servin Portable Toilets	Morton Septic	NextCrop	Nor Cal Septage	Pipe & Plant Solutions	Reys	SOS Septic	Tarin Septic Services	Western Site Services	City of Gilroy	City of Morgan Hill
1	9,220		1,000	400	200		5,700	800							200	
2	4,860		1,300		225		4,200									
3	4,560		1,200				5,800									
4															250	
5																
6	8,300		500	300	600		5,000									50
7	3,360		750			370	3,400				200		3,900			
8			800	400	600		3,700				150					
9				400	200	280	5,700									
10				400			6,500				175					
11	1,500					290										
12																
13	4,860		750		350		6,200				150					
14	6,860		1,000				4,500			6,000				1,000		
15	7,860		1,700		175		4,800				150					
16	1,500		1,200	400	200		3,400				200					50
17			300	300	450		6,200	400		6,381						
18																
19																
20			2,200		400		5,000				200		1,000			
21			1,700		500		4,250								250	
22			2,200		575		5,300			7,907	200					
23	3,360		500				3,600						700			
24																
25																
26																
27	4,300		1,550	300		200	9,200				200					
28	1,500		2,000		850		5,000	400								
29	5,000						4,800				200					
30	1,500						7,700				200		1,200			100
31																
Total GAL	68,540		20,650	2,900	5,325	1,140	109,950	1,600		20,288	2,025		6,800	1,000	700	200
Total \$	10,281.00		3,097.50	435.00	798.75	171.00	16,492.50	240.00		3,043.20	303.75		1,020.00	150.00		

Total Billable Gallons: 240,218.00

Total Billable Amount: \$36,032.70

Load Counts (by month)



- Al's
- Central Coast
- Cids's
- City of Gilroy
- City of Morgan Hill
- Cost U Less
- Crown
- M. Servin
- Morton
- NextCrop
- Nor Cal
- Pipe & Plant
- Rey's
- SOS
- Tarin
- Western Site Services

Engineering Projects Report

February 2, 2022

TREATMENT CAPACITY EXPANSION PROJECT

Status: **PG&E service change process (Dec 2021)** – Application submitted to utility to study system needs
BAAQMD permit to operate (Dec 2021) – Application in process for submittal to local air district
NPDES permit change (March 2022) – Adoption of new permit by State Water Board
New plant construction and commissioning (2021- 2025) – In compliance with permits
Board presentation (2025) – Board accepts completed project

Update on NPDES Permit Renewal Application is scheduled to be submitted in first quarter 2022. Construction activities commenced following the construction kickoff meeting in May 2021. Construction management and inspection services are ongoing. Current activities include utilities relocation, heavy civil work, ground improvements and foundation subgrade preparation. Current work includes review of submittals, shop drawings, contract document clarifications, and contractor's request for information.

Status	2022											
	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec
Construction		◆										
PG&E Application		→										
Air District Permit		→										
NPDES Permit		→										

Key Milestones	CEQA, Bid Advertisement Process	Board Certified CEQA & Authorizes Bidding	Board Reviews Bids and Awards Contract	Permits & Plant Expansion Construction	Board Accepts Completed Project
Forecast	Oct 2020	Nov 2020	May 2021	2021 - 2025	2025

NEW MAINTENANCE FACILITY

Status: **Project construction ongoing (April 2021)**

Construction management and inspection services are ongoing. Current activities include foundation and building construction of building expansion, mechanical, electrical and plumbing activities and roofing installation. Current work includes review of submittals, shop drawings, contract document clarifications, and contractor's request for information.

Status	2021											
	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec
Construction		◆										
Commissioning												
Close-Out												

Key Milestones	Construction	Commissioning	Close-Out
Forecast	Spring 2021	Summer 2022	Summer 2022

Engineering Projects Report

February 2, 2022

NPDES/WDR PERMIT RENEWAL

Phase: In Permit Compliance

Project Status: Ongoing tasks

State permit was adopted in 2017. A groundwater study and report as required by the Permit was submitted in 2018. Groundwater contour mapping for the Fourth Quarter Groundwater Monitoring report is complete. NPDES permit renewal applications is currently underway.

Key Milestones	Adopted Permit	Groundwater Contour Study	Permit Compliance
Forecast	November 2017	April 2018	Ongoing

SOLAR ENERGY PROJECT

Phase: In Operations

Project Status: Ongoing monitoring and maintenance tasks

Solar facilities for Influent Pump Station (190-kW capacity) and the wastewater treatment systems (1.1-MW capacity) are currently in operations. Solar power monitoring is ongoing.

RECYCLED WATER SYSTEM SUPPORT

Phase: Ongoing operations, maintenance and customer permit support

Project Status: On Schedule

Ongoing review of customer permits, site inspections, and update of records for new and existing users are in progress. Annual self-inspection and Recycled Water Users Training were completed for 2021. Permit application review for new recycled water users was conducted during the reporting period.