



**SOUTH COUNTY REGIONAL  
WASTEWATER AUTHORITY**

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# **SOUTH COUNTY REGIONAL WASTEWATER AUTHORITY**

## **BOARD OF DIRECTORS MEETING**

### **AGENDA**

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

**CHAIR:**  
Yvonne Martinez Beltran,  
Morgan Hill

**VICE CHAIR:**  
Kelly Ramirez, Gilroy

**BOARD MEMBERS:**  
Dion Bracco, Gilroy  
Soraida Iwanaga, Morgan Hill  
Terence Fugazzi, Gilroy

**SECRETARY:**  
Bret Swain, PE

**SCRWA MANAGER:**  
Matt Morley

**WEDNESDAY, APRIL 1, 2026 | 8:00 AM**

COMMENTS BY THE PUBLIC WILL BE TAKEN ON ANY AGENDA ITEM BEFORE ACTION IS TAKEN BY THE SCRWA BOARD OF DIRECTORS. Persons speaking on any matter are asked to state their name and address for the 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 wish to speak 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 persons have spoken, the hearing is closed and brought to Board level for discussion and action. There is no further comment permitted from the audience unless requested by the Board.

In compliance with the Americans with Disabilities Act, SCRWA will make reasonable arrangements to ensure accessibility to this meeting. If you need special assistance to participate in this meeting, please contact the Secretary to the Joint Powers Authority at (408) 848-0480 at least 48 hours prior to the hearing for accommodations. Please ask for assistance at the Secretary's desk PRIOR to the start of the meeting or during a break in the meeting.

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 of Directors 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 Joint Powers Authority on the advice of its legal counsel, based on existing facts and circumstances, there is a significant exposure to litigation against the Joint Powers Authority.

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

The agenda for this **regular meeting** is as follows:

**I. CALL TO ORDER**

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

**II. CONSENT CALENDAR**

- A. Approval of Minutes of the October 1, 2025 meeting

**III. PUBLIC COMMENT ON ITEMS NOT ON THE AGENDA**

**IV. BIDS AND PROPOSALS**

- A. Approve the Purchase of Two (2) Aqualitec DL1000 Bar Screen Units at the SCRWA Plant

**V. PUBLIC HEARINGS**

**VI. NEW BUSINESS**

- A. Adopt a Resolution Confirming the Appointing of Matt Morley as Authority Manager
- B. Adopt a Resolution Naming Access Road to S. Vaziry Dr.
- C. Adopt a Resolution Amending the SCRWA Conflict of Interest Code

**VII. COMMUNICATIONS**

- A. Cash and Investment Report as of September 30, 2025 and December 31, 2025
- B. Presentation of Audited Financial Statement for the Year Ended June 30, 2025
- C. Announcement Regarding SCRWA Receiving Awards from the California Water Environmental Association Monterey Bay Section

**VIII. REPORTS**

- A. Wastewater Acronyms
- B. Jacobs Plant Reports - September 2025 through January 2026
- C. Jacobs Recap of Expenses - August 2025 through January 2026
- D. Jacobs Septage Reports - September 2025 through February 2026

- E. Valley Water Report
- F. Stantec Engineering Projects Report
- G. SCRWA Manager Report
- H. SCRWA Attorney Report
- I. Board Member Reports

**IX. ADJOURNMENT**



**SOUTH COUNTY REGIONAL  
WASTEWATER AUTHORITY**

**BOARD OF DIRECTORS  
MEETING MINUTES**

OCTOBER 1, 2025

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

**CHAIR:**  
Yvonne Martinez Beltran, Morgan Hill

**VICE CHAIR:**  
Kelly Ramirez, Gilroy

**BOARD MEMBERS:**  
Dion Bracco, Gilroy  
Soraida Iwanaga, Morgan Hill  
Terence Fugazzi, Gilroy

**SECRETARY:**  
Bret Swain

**SCRWA MANAGER:**  
Brad Kilger, Gilroy

**MEMBERS PRESENT:**  
Dion Bracco  
Yvonne Martinez-Beltran  
Terence Fugazzi  
Soraida Iwanaga

**STAFF PRESENT:**  
Gilroy  
Harjot Sangha  
Heath McMahon  
Bret Swain

Morgan Hill  
Dat Nguyen

**I. Call to Order**

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

- A. Certification of posting of the agenda  
Kerry Edmonds reported the agenda was posted on Sept. 26, 2025 @ 11:08 A.M.
- B. Roll Call  
Four Board Members were present with Director Kelly Ramirez absent

**II. Introduction**

- A. Heath McMahon introduced Bret Swain as the Senior Environmental Engineer for the SCRWA Plant

**III. Consent Calendar**

- A. Approval of minutes for the June 4, 2025 meeting
- B. Approval of the 2026 SCRWA Board Meeting Schedule
- C. Approval of Five Agricultural Lease Agreements
  - 1. Third Amendment to Agreement with San Felipe Farms for Assessor's Parcel No. 841-30-004 containing 141.8 gross acres, approximately 125.1 farmable acres of land.
  - 2. Third Amendment to Agreement with San Felipe Farms for Assessor's Parcel No. 841-30-003 containing 104.4 gross acres, approximately 60 farmable acres of land.
  - 3. First Amendment to Agreement with San Felipe Farms for Assessor's Parcel No. 841-30-007 containing 117.5 gross acres, approximately 20 farmable acres of land.
  - 4. Fifth Amendment to Agreement with B&T Farms for Assessor's Parcel No. 841-28-001 containing 49.1 gross acres, approximately 40 farmable acres of land.
  - 5. Fifth Amendment to Agreement with B&T Farms for Assessor's Parcel No. 841-29-024 containing 66.9 gross acres, approximately 37 farmable acres of land.

***Motion to approve Consent Calendar moved by Director Bracco, seconded by Director Fugazzi***

***Ayes 4, Martinez-Beltran, Bracco, Fugazzi, Iwanaga***

***Nays 0, Abstain 0, Absent 1, Ramirez***

***Vote: Motion Carried***

**IV. Presentation by members of the public on items not on the agenda**

*None*

**V. Bids and Proposals**

Harjot Sangha presented the Agreement for Legal Services with Berliner and Cohen

***Motion to approve the Agreement for Legal Services with Berliner and Cohen moved by Director Fugazzi, seconded by Director Iwanaga***

**Ayes 4, Martinez-Beltran, Bracco, Fugazzi, Iwanaga  
Nays 0, Abstain 0, Absent 1, Ramirez  
Vote: Motion Carried**

**VI. Public Hearing**  
*None*

**VII. New Business**

- A. Adopt Resolution 2025-01 Appointing Brad Kilger as SCRWA Authority Manager  
***Motion to approve Brad Kilger as SCRWA Authority Manager moved by  
Director Bracco, seconded by Director Iwanaga  
Ayes 4, Martinez-Beltran, Bracco, Fugazzi, Iwanaga  
Nays 0, Abstain 0, Absent 1, Ramirez  
Vote: Motion Carried***
- B. Adopt Resolution 2025-02 Appointing Bret Swain as SCRWA Secretary  
***Motion to approve Bret Swain as SCRWA Secretary moved by  
Director Fugazzi, seconded by Director Iwanaga  
Ayes 4, Martinez-Beltran, Bracco, Fugazzi, Iwanaga  
Nays 0, Abstain 0, Absent 1, Ramirez  
Vote: Motion Carried***

**VIII. Communications**

- A. Cash and Investment Report as of June 30, 2025  
***Harjot Sangha presented the Cash and Investment Report as of June 30, 2025***

**VIII. Reports**

- A. **Jacobs**  
*John Edgar reported on projects around the plant; Linear Mixers are installed and operating as expected. Energy Study is currently being performed and expect the results by end of the year as well as a rebate back to SCRWA. The Septage receiving station should be completed over the next month.*
- B. **Valley Water**  
*Director Varela presented and discussed the rate structure and why it is changing; as Infrastructure ages it must be repaired. In South County currently working on the Upper Llagas Creek Flood Protection project from Morgan Hill to Gilroy. Updated us on the Anderson Dam project due to be completed in 2033. The Pacheco Reservoir project has been put on hold until State and Federal support is received.*
- C. **Stantec**  
*Khalid Talaat presented the construction and engineering report. The Expansion Project completion has been delayed and is now expected to be complete February 2026. Stantec is supporting SCRWA with the renewal of the NPDES permit, which has now been split into 2 permits. Permits should be approved in February 2026. Stantec just completed their annual inspection of the Recycled Water System and provided training to users of recycled water.*
- D. **SCRWA Manager**  
*None*
- E. **SCRWA Attorney**  
*None*
- F. **Board Members**  
*None*

**Adjourn**

Chairman Martinez Beltran adjourned the meeting at 8:19 A.M.



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Kerry Edmonds, Deputy Secretary of the Board  
South County Regional Wastewater Authority



# South County Regional Wastewater Authority

## STAFF REPORT

**Agenda Item Title:** Approve the Purchase of Two (2) Aqualitec DL1000 Bar Screen Units at the SCRWA Plant

**Meeting Date:** April 1, 2026

**From:** Matt Morley, SCRWA Manager

**Prepared by:** Jay Kantamneni, Engineer I, Bret Swain, Senior Civil Engineer

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### RECOMMENDATION

Staff recommends the Board:

1. Approve for the purchase of two (2) Aqualitec DL1000 bar screen units in the amount not to exceed \$337,334;
2. Approve a contingency of \$33,733 (10%); and
3. Authorize the payment of a deposit in an amount not to exceed \$101,200 at the time of order.

### SUMMARY

Staff is bringing before the Board a request to approve the purchase of two (2) replacement bar screen units for the SCRWA. Bar screens are mechanical screening devices installed at the headworks (intake point) of a wastewater treatment facility. Their primary function is to remove large solids, debris, rags, and other coarse materials from incoming wastewater before it enters treatment processes. Both bar screen units are over 30 years old and in need of replacement. The purchase of the replacement bar screens is included in the SCRWA Operating budget for Fiscal Year 2026, Fund 825.

Competitive quotes were solicited, and three were received and evaluated. The Aqualitec DL1000 was determined to be the best value, offering the lowest total cost while meeting requirements and being suitable for replacement for the SCRWA bar screens. As part of Aqualitec's quote, Aqualitec included a 10% discount for the purchase of the two bar screens concurrently. With the MBR coming online next year, both bar screens will be critical to plant performance and reliability. Replacing one unit

and leaving the other in service for another year introduces unnecessary operational risk.

## **ANALYSIS**

Bar screens are mechanical screening devices installed at the headworks (intake point) of a wastewater treatment facility. Their primary function is to remove large solids, debris, rags, and other coarse materials from incoming wastewater before it enters treatment processes. By capturing this material early, bar screens protect pumps, pipes, and downstream equipment from damage and clogging, ensuring efficient and uninterrupted plant operations.

Bar screens are typically designed with a service life of approximately 15 years. Proper routine maintenance can extend this lifespan, but mechanical wear, corrosion, and parts availability eventually necessitate either full rebuilds or unit replacement. The facility's existing bar screens are Parkson Aqua Guard units that have been in service for over 30 years, more than double their designed service life. Their longevity is a testament to the diligence of plant operations and maintenance staff. However, the units are now showing significant signs of age as the mechanical components are worn, replacement parts are increasingly difficult to source, and the technology is outdated compared to modern screening equipment. The new bar screens will require less routine maintenance, improve reliability, and reduce staff time and operational expenditures. With the MBR system coming online next year, reliable headworks screening is more critical than ever to protect the new downstream processes. Continued reliance on these aging units presents an unacceptable operational risk and could decrease wastewater treatment and recycled water production.

The replacement of the bar screens is recommended and the concurrent purchase of the equipment can reduce the overall cost to the SCRWA. The installation of both bar screens will be completed by Jacobs; the cost is already accounted for within their budget.

### **Equipment Procurement and Cost**

Staff solicited quotes from three vendors for replacement bar screen units:

<b>Vendor</b>	<b>Model</b>	<b>Qty</b>	<b>Total Price</b>	<b>Delivery</b>	<b>Includes</b>
Aqualitec Raketec	DI1000	2	\$337,333.74	20-24 weeks	Freight and tax
Parkson Aqua	Guard AG-MN-A	2	\$389,634.00	16-18 weeks	Freight
Lakeside	Raptor Multi-Rake	2	\$470,000.00	25-29 weeks	Freight

After evaluating all three quotes on cost, performance, bar spacing, and lead time, staff deemed the Aqualitec DL1000 offering as the best overall value. The Aqualitec DL1000 are the lowest-cost bar screens deemed suitable for the SCRWA needs at a quoted price of \$337,334 for the purchase of two bar screens. Aqualitec offered a discounted purchase price of 10% less than the cost of an individual bar screen purchase for the purchase of two bar screens concurrently. The price for the purchase of two Aqualitec DL1000 bar screens is \$52,300 less than Parkson Guard AG-MN-A models and \$132,666 less than Lakeside

Raptor Multi-Rake models.

As the bar screens will need to be manufactured for this facility, the manufacturer requires a 30% deposit (\$101,200) up front at the time of order, with the remaining balance due upon delivery. Additionally, given the geopolitical climate, costs associated with materials, taxes, delivery and other logistical costs are highly volatile and may change in the future due to force majeure, such as the imposition of additional tariffs on materials. In order to be prepared for minor volatilities, staff is requesting a 10% contingency be approved for this purchase.

### **FISCAL IMPACT/FUNDING SOURCE**

Funding for the purchase of the replacement bar screen units was included in the SCRWA Operation Fund (825) for Fiscal Year 26.

In addition to capital cost savings from the 10% discount due to the purchase of the two-unit concurrently, replacing both aging bar screens is expected to result in a meaningful reduction in ongoing operating and maintenance costs.

### **Attachments:**

1. Aqualitec DL1000 Bar Screen Quote



Aqualitec Corporation is pleased to submit this offer to provide proven, affordable solution for your wastewater project.

**General Information**

Account Name City of Gilroy  
 Opportunity Name Headworks Gilroy  
 Quote Number 00000815  
 Created Date 11/4/2025 updated on 11/18/25  
 Prepared By Erwan Ouattara  
 Phone (310) 926-3118  
 Email eouattara@aqualitec.com

**Project Data**

Products Raketec Depth 9'  
 Avg Flow 6.5mgd Width 4'  
 Peak Flow 25mgd Interfer 1/4"  
 Design flow 13.5mgd Material 304 SS

Product	Product Code	Product Description	Sales Price	Quantity	Total Price
Raketec	DI1000	Multiple Rake Screen	\$154,563.00	2.00	\$309,126.00
			Sales Tax		\$28,207.74
			<b>Total Price</b>		<b>\$337,333.74</b>

**Terms**

- Deposit 30% with the Purchase Order, Balance 70% upon delivery
- Total Price delivery on site, price include shipping and applicable sales tax
- Validity: 12/31/25
- Shipping Schedule: 20-24 weeks after receipt of approved drawings.
- Warranty: 1 year

**We look forward to doing business with you!**



# South County Regional Wastewater Authority

## STAFF REPORT

**Agenda Item Title:** Adopt a Resolution Confirming the Appointing of Matt Morley as Authority Manager

**Meeting Date:** April 1, 2026

**From:** Matt Morley, SCRWA Manager

**Prepared by:** Bret Swain, Senior Civil Engineer, Andy Faber, City Attorney

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### RECOMMENDATION

Adopt a resolution of the Board of Directors of the SCRWA appointing Gilroy's City Administrator, Matt Morley, as Authority Manager retroactively effective February 9, 2026.

### SUMMARY

Pursuant to the SCRWA Joint Exercise of Powers Agreement (JPA), the SCRWA Board of Directors has the authority to appoint an Authority Manager, who is responsible for the general execution of the Authority policy as set by the Board. The City Administrator of the City of Gilroy has served as the Authority Manager since the Authority's founding.

On February 9, 2026, Matt Morley was appointed as the permanent City Administrator for the City of Gilroy. With the appointment of new City Administrator, relieving the prior interim City Administrator, the SCRWA has a need to appoint a new Authority Manager. As discussed in the October 1, 2025 report to the Board, the interim City Administrator would remain until a permanent City Administrator had been hired. Further, upon the hiring of the permanent City Administrator, Mr. Brad Kilger will be automatically replaced by the new City Administrator, and staff will return to the Board for confirmation at the next regularly scheduled SCRWA Board meeting.

To ensure continuity of management, it is recommended that the SCRWA Board adopt a resolution to appoint Matt Morley as the Authority Manager, and with the ability to delegate his duties as necessary, from time to time, to the Authority Secretary or Authority Treasurer.

The SCRWA Attorney has reviewed and opined that the appointment does not conflict with the SCRWA Bylaws, the Joint Powers Agreement (JPA) between the City of Gilroy and the City of Morgan Hill, nor the adopted Conflict of Interest Policy.

**ANALYSIS**

**FISCAL IMPACT/FUNDING SOURCE**

**Attachments:**

1. Resolution 2026-01 Appointing SCRWA Manager

**RESOLUTION NO. 2026-01**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
SOUTH COUNTY REGIONAL WASTEWATER  
AUTHORITY CONFIRMING APPOINTMENT OF AN  
AUTHORITY MANAGER**

**WHEREAS**, the Board of Directors of the South County Regional Wastewater Authority is authorized by the Joint Exercise of Powers Agreement establishing the Authority to appoint an Authority Manager who shall be responsible for the general execution of Authority policy as set by the Board; and

**WHEREAS**, ever since the founding of the Authority, the City Administrator of the City of Gilroy has also acted as the Authority Manager; and

**WHEREAS**, the most recent City Administrator of the City of Gilroy has resigned his position and a new City Administrator, Mr. Matt Morley, has been appointed as City Administrator; and

**WHEREAS**, Pursuant to Resolution No. 2025-01 of this Board, the new City Administrator was automatically designated as Authority Manager upon his assumption of office, subject to confirmation by this Board; and

**WHEREAS**, because the Authority only meets quarterly, it is desirable to ensure continuity of management.

**NOW, THEREFORE**, the Board of Directors hereby resolves as follows:

- 1) The appointment of Mr. Matt Morley is hereby confirmed as Authority Manager, effective February 9, 2026. He shall hold that office until further action of this Board.
- 2) The Board confirms that the Authority Manager is authorized to delegate his duties as necessary or convenient from time to time to the Authority Secretary or Authority Treasurer.

PASSED AND ADOPTED this first day of April, 2026, by the following vote:

AYES: DIRECTORS:

NOES: DIRECTORS:

ABSENT: DIRECTORS:

[OFFICIAL SIGNATURES ON NEXT PAGE]

APPROVED:

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Chairperson

ATTEST:

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Secretary



# South County Regional Wastewater Authority

## STAFF REPORT

**Agenda Item Title:** Adopt a Resolution Naming Access Road to S. Vaziry Dr.  
**Meeting Date:** April 1, 2026  
**From:** Matt Morley, SCRWA Manager  
**Prepared by:** Jay Kantamneni, Engineer I, Bret Swain, Senior Civil Engineer

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### RECOMMENDATION

Staff recommend the South County Regional Wastewater Authority (SCRWA) Board of Directors adopt a resolution naming the access road from Southside Drive to the wastewater treatment plant to S. Vaziry Drive.

### SUMMARY

On March 7th, the City of Gilroy and the South County Regional Wastewater Authority (SCRWA) community lost a respected leader, colleague, and friend, Saeid Vaziry. Saeid dedicated more than 19 years of service to SCRWA. He served as the Senior Environmental Engineer and Secretary of the Board for the SCRWA. His leadership, technical expertise, and unwavering commitment to public service helped guide the plant.

By renaming the plant access road to S. Vaziry Drive, the Board would be providing a lasting tribute to Saeid's legacy, leadership, and profound impact on the SCRWA and the communities it serves.

### ANALYSIS

Saeid Vaziry served nearly 20 years as a leader at the SCRWA, where he held the role of Senior Environmental Engineer. During his tenure, he oversaw plant operations, regulatory compliance, and major capital improvement initiatives that strengthened the facility's reliability, efficiency, and environmental performance.

Under Saeid's leadership, the plant earned regional and statewide recognition for operational excellence, including the Engineering Achievement-of-the-Year Award in

2017 from the California Water Environment Association. He successfully guided the facility through numerous capital projects, and his work consistently reflected a commitment to environmental stewardship, sustainable solutions, and effective public infrastructure. Saeid was deeply respected and admired by his colleagues at SCRWA and the City of Gilroy, and he was widely regarded as a model of integrity, kindness, and professionalism.

Saeid passed away while employed at the SCRWA, leaving a profound impact on his colleagues and the communities served by SCRWA. The wastewater treatment plant was both his professional pride and personal passion. Naming the primary access road to the facility in his honor is a fitting and enduring tribute to his dedication, leadership, and years of faithful service.

### **FISCAL IMPACT/FUNDING SOURCE**

The financial impact associated with this action is minimal and limited to the fabrication and installation of roadway signage to include the post and hardware. This cost is estimated to be less than \$310.00.

### **Attachments:**

1. Resolution 2026-02 Naming Road
2. Example of S. Vaziry Dr. Street Sign

**RESOLUTION NO. 2026-02**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SOUTH COUNTY REGIONAL WASTEWATER AUTHORITY NAMING THE ACCESS ROAD FROM SOUTHSIDE DRIVE TO THE WASTEWATER TREATMENT PLANT TO S. VAZIRY DRIVE**

**WHEREAS**, on March 7, 2025, Saeid Vaziry passed away; and

**WHEREAS**, the City of Gilroy and the South County Regional Wastewater Authority (SCRWA) community lost a respected leader, colleague, and friend; and

**WHEREAS**, Saeid had dedicated more than 19 years of service to SCRWA as the Senior Environmental Engineer and Secretary of the Board for the SCRWA; and

**WHEREAS**, Saeid had overseen plant operations, regulatory compliance, and major capital improvement initiatives that strengthened the facility’s reliability, efficiency, and environmental performance during his tenure.

**WHEREAS**, Saeid’s passing will leave a profound impact on his colleagues and the communities served by SCRWA; and

**WHEREAS**, the naming of the primary access road to the facility in his honor would seem a fitting and enduring tribute to his dedication, leadership, and years of faithful service.

**NOW, THEREFORE**, the Board of Directors hereby resolves as follows:

- 1) Name the access road from Southside Drive to the wastewater treatment plant as S. Vaziry Drive in dedication to the memory of Saeid Vaziry.

PASSED AND ADOPTED this first day of April, 2026, by the following vote:

AYES: DIRECTORS:

NOES: DIRECTORS:

ABSENT: DIRECTORS:

[OFFICIAL SIGNATURES ON NEXT PAGE]

APPROVED:

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Chairperson

ATTEST:

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Secretary





# South County Regional Wastewater Authority

## STAFF REPORT

**Agenda Item Title:** Adopt a Resolution Amending the SCRWA Conflict of Interest Code

**Meeting Date:** April 1, 2026

**From:** Matt Morley, SCRWA Manager

**Prepared by:** Bret Swain, Senior Civil Engineer

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### RECOMMENDATION

Staff recommends the Board adopt Resolution No. 2026-03 that amends the SCRWA Conflict of Interest Code as required by the Political Reform Act.

### SUMMARY

One new position have been added, Senior Management Analyst, which must be included on the list of Designated Positions. The position of Senior Management Analyst is replacing the position of Business Manager. Therefore, the position of Business Manager needs to be removed from the list of Designated Positions. With the formation of the City of Gilroy Utilities Department and the position of Utilities Director previously, the City of Gilroy Public Works Director is no longer involved with the SCRWA and needs to be removed from the Designated Positions. It is necessary to revise the list of Designated Positions and update the SCRWA Conflict of Interest Code accordingly to be in conformance with State Law.

### ANALYSIS

The Political Reform Act requires every local governmental agency to review its conflict-of-interest code every even-numbered year. Pursuant to Government Code section 87303, "No conflict-of-interest code shall be effective until it has been approved by the code-reviewing body." The County of Santa Clara Board of Supervisors is the code-reviewing body for the SCRWA. The SCRWA last reviewed their conflict-of-interest code in April of 2024.

State law also requires that agencies contact their code-reviewing body when a new

position title is to be added to its conflict-of-interest code list of designated positions. (Gov. Code, § 87306.) In performance of this task, the SCRWA staff and counsel have reviewed the current conflict of interest code to determine whether any updates are required to be submitted to the County Board of Supervisors.

On March 19, 2026, SCRWA gave notice to the Office of County Counsel that a revision will be made to SCRWA's Conflict of Interest Code updating its list of Designated Positions found in the attached resolution. It lists the positions and describes the types of interests that must be disclosed by persons holding those positions by associating designated positions with disclosure categories.

In the City of Gilroy Utilities Department, one new position has been added, Senior Management Analyst, which must be included on the list of Designated Positions. The position of Senior Management Analyst is replacing the position of Business Manager. Therefore, the position of Business Manager needs to be removed from the list of Designated Positions. With the formation of the City of Gilroy Utilities Department and the position of Utilities Director previously, the City of Gilroy Public Works Director is no longer involved with the SCRWA and needs to be removed from the Designated Positions. It is necessary to revise the list of Designated Positions and update the SCRWA Conflict of Interest Code accordingly.

#### **FISCAL IMPACT/FUNDING SOURCE**

Outside of some minor administrative costs, there is no fiscal impact to adopting this amendment to the Conflict of Interest Code.

#### **Attachments:**

1. Resolution 2026-03 Amend Conflict Interest Code\_Exhibit

**RESOLUTION NO. 2026-03**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
SOUTH COUNTY REGIONAL WASTEWATER  
AUTHORITY AMENDING ITS CONFLICT OF INTEREST  
CODE**

**WHEREAS**, the City of Gilroy and the City of Morgan Hill have together executed and entered into the Joint Exercise of Powers Agreement, dated May 19, 1992, creating and establishing the South County Regional Wastewater Authority ("SCRWA"); and

**WHEREAS**, the Political Reform Act, California Government Code section 81000 et seq., requires state and local agencies to adopt and promulgate conflict of interest codes, and the SCRWA is an agency subject to said statute; and

**WHEREAS**, the SCRWA, by Resolution No. 92-23, a copy of which is attached hereto as Exhibit 1 and incorporated by this reference, has adopted the terms of Title 2 California Code of Regulations section 18730, and any amendments thereto, taken with appendices prepared and adopted and amended from time to time by the SCRWA, as the Conflict of Interest Code of the SCRWA, (the "Conflict Code"); and

**WHEREAS**, the SCRWA most recently amended the Conflict Code by adopting Resolution No. 2024-02 on April 3, 2024, which deleted and replaced Appendix I of the Conflict Code to update the list of reporting positions (the "Designated Positions"); and

**WHEREAS**, as required by law, on March 19, 2026, the SCRWA gave notice to the Office of the County Counsel informing the County that revisions will be made to the Conflict Code to update Designated Positions; and

**WHEREAS**, in the City of Gilroy, existing titles have been revised, positions have been eliminated, and/or new positions have been designated, so that it is necessary to delete the City of Gilroy positions of Public Works Director and Business Manager from the list of Designated Positions, and to add the new City of Gilroy positions of Senior Management Analyst.

**NOW, THEREFORE**, the Board of Directors hereby resolves as follows:

- 1) Resolution No. 2026-03 shall remain in full force and effect except as otherwise indicated herein. Appendix I to Resolution No. 2026-03, which includes the list of Designated Positions that shall be subject to the SCRWA's Conflict of Interest Code and describes the disclosure categories, shall be deleted in its entirety from the Conflict of Interest Code and replaced with a new Appendix I as set forth in Exhibit 2 to this Resolution.
- 2) Statements of economic interests filed by persons holding SCRWA designated positions pursuant to FPPC regulations and the SCRWA's Conflict of Interest Code

shall be retained by the SCRWA as public records and shall be made available for public review and inspection subject to Government Code section 81008.

PASSED AND ADOPTED this first day of April, 2026, by the following vote:

AYES: DIRECTORS:

NOES: DIRECTORS:

ABSENT: DIRECTORS:

[OFFICIAL SIGNATURES ON NEXT PAGE]

APPROVED:

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Chairperson

ATTEST:

---

Secretary

**EXHIBIT 1**

RESOLUTION NO. 92-23

A RESOLUTION OF THE SOUTH COUNTY REGIONAL WASTEWATER AUTHORITY ADOPTING A CONFLICT OF INTEREST CODE WHICH INCORPORATES BY REFERENCE THE FAIR POLITICAL PRACTICES COMMISSION'S STANDARD MODEL CONFLICT OF INTEREST CODE.

WHEREAS, pursuant to the provisions of Chapter 5 of Division 7 of Title 1 of the Government code of the state of California, the CITY OF GILROY ("GILROY") and the CITY OF MORGAN HILL ("MORGAN HILL") and together with GILROY, the "MEMBER AGENCIES" )have executed and entered into the Joint Exercise of Powers Agreement creating the SOUTH COUNTY REGIONAL WASTEWATER AUTHORITY, dated May 19, 1992, pursuant to which Joint Exercise of Powers Agreement the SOUTH COUNTY REGIONAL WASTEWATER AUTHORITY (the "AUTHORITY") has been created and established and

WHEREAS, the aforesaid Joint Exercise of Powers Agreement provides that the AUTHORITY, in its own name, or for the benefit of the MEMBER AGENCIES, has the power to acquire by purchase, lease, contribution, eminent domain or otherwise, real or personal property, and to plan for, develop, contract for, own, acquire, construct, finance, operate and maintain any systems, plants, buildings, works and other facilities for the collection, treatment and disposal of sewage, waste and storm water, including sewage treatment and disposal plants and works and facilities in connection therewith; and reclamation facilities; and

WHEREAS, the AUTHORITY is operating the existing wastewater treatment plant for the treatment and disposal of wastewater from each MEMBER AGENCY, and has begun the construction of a new wastewater facility (the "PROJECT") in order to serve their needs; and

WHEREAS, the Political Reform Act, Government Code section 81000, et seq., requires state and local government agencies to adopt and promulgate conflict of interest codes, and the AUTHORITY is an agency subject to said statute; and

WHEREAS, the Fair Political Practices Commission has adopted a regulation, 2 Cal. Code of Regs., section 18730, which contains the terms of a standard conflict of interest code which can be incorporated by reference and may be amended by the Fair Political Practices Commission ("FPPC") after public notice and hearings to conform to amendments in the Political Reform Act.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The terms of 2 Cal. Code of Regs. section 18730, and any amendments thereto, taken with the appendices attached hereto and incorporated by reference herein, shall constitute the Conflict of Interest Code of the AUTHORITY.

2. Persons holding designated positions listed in the attached Appendix I or by the terms of an employee or consultant agreement with the AUTHORITY, shall file statements of economic interest with the Secretary of the AUTHORITY in accordance with 2 Cal. Code of Regs., section 18730(4). Upon receipt of the statements, the Secretary of the AUTHORITY shall make and retain a copy and forward the original of these statements to the Santa Clara County Clerk of the Board of Supervisors.

3. The geographical jurisdiction of the AUTHORITY shall be all territory within the cities of Gilroy and Morgan Hill and two miles therefrom plus all territory included and within two miles of property owned by the AUTHORITY.

4. Nothing in this resolution should be construed to allow any official, employee or consultant of the AUTHORITY or its MEMBER AGENCIES to make or participate in making or in any way attempt to influence a governmental decision in which he knows or has reason to know he has a financial interest. Disqualification in the event of a conflict of interest is governed by sections 87100 and following of the Government Code and the state regulations promulgated thereunder.

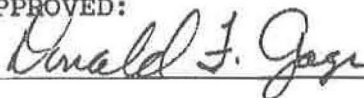
5. This Code shall become effective on \_\_\_\_\_ date of approval by designated reviewing body.

PASSED AND ADOPTED this 8th day of September, 1992, by the following vote:

SOUTH COUNTY REGIONAL WASTEWATER AUTHORITY


AYES: DIRECTORS: GAGE, KENNEDY, HALE, KLOECKER  
NOES: DIRECTORS  
ABSENT: DIRECTORS: BASSETT

APPROVED:



Donald F. Gage  
Chairperson

ATTEST:

  
Marilyn Gilhanek  
Secretary

[Original Signature Page Attached]

4. Nothing in this resolution should be construed to allow any official, employee or consultant of the AUTHORITY or its MEMBER AGENCIES to make or participate in making or in any way attempt to influence a governmental decision in which he knows or has reason to know he has a financial interest. Disqualification in the event of a conflict of interest is governed by sections 87100 and following of the Government Code and the state regulations promulgated thereunder.


5. This Code shall become effective on \_\_\_\_\_, date of approval by designated reviewing body.

PASSED AND ADOPTED this 8th day of September, 1992, by the following vote:


SOUTH COUNTY REGIONAL WASTEWATER AUTHORITY

AYES: DIRECTORS: GAGE, KENNEDY, HALE, KLOECKER  
NOES: DIRECTORS  
ABSENT: DIRECTORS: BASSETT

APPROVED:

  
\_\_\_\_\_  
Donald F. Gage  
Chairperson

ATTEST:

  
\_\_\_\_\_  
Marilyn Gilhanek  
Secretary

**EXHIBIT 2**

**APPENDIX I**

SOUTH COUNTY REGIONAL WASTEWATER AUTHORITY  
CONFLICT OF INTEREST CODE

<u>Designated Position</u>	<u>Disclosure Category</u>
1. Member of the Board of Directors	1
2. Alternate Member of the Board of Directors	1
3. Secretary	1
4. Deputy Secretary	1
5. Authority Manager	1
6. Legal Counsel	1
7. Treasurer	1
8. Wastewater Treatment Plant Manager	1
9. Assistant Plant Manager	1
10. Designated City of Gilroy employees:	
a. City Administrator (Manager), City of Gilroy	1
b. Community Development Director, City of Gilroy	1
c. Finance Director, City of Gilroy	1
d. Finance Manager, City of Gilroy	1
e. Management Analyst, City of Gilroy	1
f. Sr. Management Analyst, City of Gilroy	1
g. City Engineer/Traffic Engineer, City of Gilroy	1
h. Senior Environmental Engineer, City of Gilroy	1
i. City Attorney, City of Gilroy	1
j. Utilities Director, City of Gilroy	1
k. Environmental Engineer, City of Gilroy	1
11. Designated City of Morgan Hill employees:	
a. City Manager, City of Morgan Hill	1
b. Assistant City Manager for Development Services, City of Morgan Hill	1
c. Public Services Director, City of Morgan Hill	1
d. Finance Director, City of Morgan Hill	1
e. City Engineer, City of Morgan Hill	1
f. Deputy Director for Utilities Services, City of Morgan Hill	1
g. City Attorney, City of Morgan Hill	1
12. Consultant	2
13. Newly Created Positions	*

\*Newly Created Positions

Newly Created Positions that make or participate in the making of decisions and whose specific position title is not yet listed in the Authority’s Conflict Code are included in the list of designated positions and shall disclose pursuant to the broadest disclosure category in the code, subject to the following limitation: The Authority Manager may determine in writing that a particular newly created position, although a “designated position,” is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the broadest disclosure requirements, but instead must comply with more tailored disclosure requirements specific to that newly created position. Such written determination shall include a description of the newly created position’s duties and, based upon that description, a statement of the extent of disclosure requirements. The Authority’s determination is a public record and shall be retained for public inspection in the same manner and location as this Conflict Code.

As soon as the Authority has a newly created position that must file Statements of Economic Interests, the District’s filing official shall contact the County of Santa Clara Clerk of the Board of Supervisors Form 700 division to notify it of the new position title to be added in the County’s electronic Form 700 record management system, known as eDisclosure. Upon this notification, the Clerk’s office shall enter the exact position title of the newly created position into eDisclosure and the Authority’s filing official shall ensure that any individual(s) holding the newly created position is entered under that position title in eDisclosure.

Additionally, within 90 days of the creation of a newly created position that must file Statements of Economic Interests, the Authority shall update this Conflict Code to reflect the exact position title in its list of designated positions, and submit the amended Conflict Code to the County of Santa Clara Office of the County Counsel for code-reviewing body approval by the County Board of Supervisors. (Gov. Code Sec. 87306.)

## **DISCLOSURE CATEGORIES**

### **Disclosure Category 1:**

Persons in this category shall disclose:

- (1) all investments, business positions, and income (including gifts, loans and travel payments) from:
  - (a) all sources subject to the regulatory, permit or licensing authority of the Authority; and
  - (b) all sources that provide, plan to provide, or have provided in the last two years, facilities, goods, software, hardware, or related technology, equipment, vehicles, machinery, or services, including training or consulting services, to the Authority; and
  - (c) all sources that are engaged in any real estate activity including, but not limited to real estate appraisal, development, construction, planning/architectural design, engineering, sales, brokerage, leasing, lending, insurance, rights of way, and/or studies; and/or property or facilities

management/maintenance/custodial and utility services as used by the Authority or provides capital for the purchase of property used or sold by the Authority; and

- (2) all interests in real property in the Authority located entirely or partly within the Authority, or within two miles of the Authority boundaries, or of any land owned or used by the Authority.

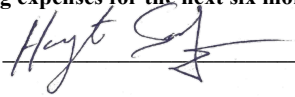
**Disclosure Category 2:**

Consultants, as defined for purposes of the Political Reform Act, shall disclose pursuant to the broadest disclosure category in the Conflict Code subject to the following limitation: The Authority Manager may determine in writing that a particular consultant, although a “designated position”, is hired to perform a range of duties that is limited in scope and thus is not required to comply fully with the disclosure requirements of the broadest category but instead must comply with more tailored disclosure requirements specific to that consultant. Such a determination shall include a description of the consultant’s duties and, based upon that description, a statement of the extent of disclosure requirements. All such determinations are public records and shall be retained for public inspection along with this Conflict Code.

**SOUTH COUNTY REGIONAL WASTEWATER AUTHORITY  
CASH AND INVESTMENTS REPORT  
AS OF SEPTEMBER 30, 2025**

DESCRIPTION	Note		BALANCE AS OF 9/30/25
<b>CASH IN BANK</b>			
WELLS FARGO OPERATING ACCOUNT - SCRWA'S PORTION	1	2,003,998.35	
<b>TOTAL BANK BALANCE</b>			<b>2,003,998.35</b>
<b>STATE OF CALIFORNIA LOCAL AGENCY INVESTMENT FUND</b>			
SCRWA LAIF		17,707,187.38	
<b>TOTAL LAIF</b>			<b>17,707,187.38</b>
<b>TOTAL LIQUID FUNDS</b>			<b>19,711,185.73</b>
<b>TOTAL SCRWA FUNDS</b>			<b>19,711,185.73</b>

**This is to certify that this schedule of investments is in compliance with SCRWA'S investment policy and that there are adequate funds available to meet SCRWA'S budgeted and actual operating expenses for the next six months.**

SIGNED BY : Harjot Sangha  DATE: 10/6/2025  
Finance Director

**SCRWA**  
**Portfolio Management**  
**Portfolio Summary**  
**September 30, 2025**

<b>Investments</b>	<b>Par Value</b>	<b>Market Value</b>	<b>Book Value</b>	<b>% of Portfolio</b>	<b>Term</b>	<b>Days to Maturity</b>	<b>YTM 360 Equiv.</b>	<b>YTM 365 Equiv.</b>
LAIF	17,707,187.38	17,707,187.38	17,707,187.38	100.00	1	1	4.182	4.240
<b>Investments</b>	<b>17,707,187.38</b>	<b>17,707,187.38</b>	<b>17,707,187.38</b>	<b>100.00%</b>	<b>1</b>	<b>1</b>	<b>4.182</b>	<b>4.240</b>
<b>Cash</b>								
Passbook/Checking (not included in yield calculations)	2,003,998.35	2,003,998.35	2,003,998.35		1	1	0.000	0.000
<b>Total Cash and Investments</b>	<b>19,711,185.73</b>	<b>19,711,185.73</b>	<b>19,711,185.73</b>		<b>1</b>	<b>1</b>	<b>4.182</b>	<b>4.240</b>

<b>Total Earnings</b>	<b>September 30 Month Ending</b>	<b>Fiscal Year To Date</b>
Current Year	62,552.46	191,571.20
<b>Average Daily Balance</b>	<b>19,661,071.71</b>	<b>19,630,705.24</b>
<b>Effective Rate of Return</b>	<b>3.87%</b>	<b>3.87%</b>

  
 \_\_\_\_\_ 10/6/2025  
 Harjeet Sangha, Finance Director

**SOUTH COUNTY REGIONAL WASTEWATER AUTHORITY  
CASH AND INVESTMENTS REPORT  
AS OF DECEMBER 31, 2025**

DESCRIPTION	Note		BALANCE AS OF 12/31/25
<b>CASH IN BANK</b>			
WELLS FARGO OPERATING ACCOUNT - SCRWA'S PORTION	1	3,048,279.01	
<b>TOTAL BANK BALANCE</b>			<b>3,048,279.01</b>
<b>STATE OF CALIFORNIA LOCAL AGENCY INVESTMENT FUND</b>			
SCRWA LAIF		17,900,617.54	
<b>TOTAL LAIF</b>			<b>17,900,617.54</b>
<b>TOTAL LIQUID FUNDS</b>			<b>20,948,896.55</b>
<b>TOTAL SCRWA FUNDS</b>			<b>20,948,896.55</b>

This is to certify that this schedule of investments is in compliance with SCRWA'S investment policy and that there are adequate funds available to meet SCRWA'S budgeted and actual operating expenses for the next six months.

SIGNED BY : Harjot Sangha  DATE: 02/02/2026  
Finance Director

**SCRWA**  
**Portfolio Management**  
**Portfolio Summary**  
**December 31, 2025**

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.	YTM 365 Equiv.
LAIF	17,900,617.54	17,900,617.54	17,900,617.54	100.00	1	1	4.034	4.090
<b>Investments</b>	<b>17,900,617.54</b>	<b>17,900,617.54</b>	<b>17,900,617.54</b>	<b>100.00%</b>	<b>1</b>	<b>1</b>	<b>4.034</b>	<b>4.090</b>
<b>Cash</b>								
Passbook/Checking (not included in yield calculations)	3,048,279.01	3,048,279.01	3,048,279.01		1	1	0.000	0.000
<b>Total Cash and Investments</b>	<b>20,948,896.55</b>	<b>20,948,896.55</b>	<b>20,948,896.55</b>		<b>1</b>	<b>1</b>	<b>4.034</b>	<b>4.090</b>

Total Earnings	December 31	Month Ending	Fiscal Year To Date
Current Year		64,002.83	382,704.74
<b>Average Daily Balance</b>		<b>19,938,302.36</b>	<b>19,741,798.48</b>
<b>Effective Rate of Return</b>		<b>3.78%</b>	<b>3.85%</b>

  
 \_\_\_\_\_  
 Harjot Sangha, Finance Director

02/02/2026



# South County Regional Wastewater Authority

## STAFF REPORT

**Agenda Item Title:** Presentation of Audited Financial Statement for the Year Ended June 30, 2025

**Meeting Date:** April 1, 2026

**From:** Matt Morley, SCRWA Manager

**Prepared by:** Harjot Sangha, Finance Director/SCRWA Treasurer

---

### RECOMMENDATION

Accept and file the report.

### SUMMARY

The Authority's total net position increased by \$2.8 million, to \$169.6 million, primarily due to the investment in net capital assets for the treatment plant expansion project. At June 30, 2025, of the total net position, \$20.0 million was unrestricted, while the remaining \$149.6 million consisted of net investment in capital assets. The Authority ended FY25 with an operating loss of \$5.2 million, primarily attributed to the annual depreciation of capital assets.

The Audited Financials are attached, and the year's operational impacts are further discussed within the Management Discussion & Analysis section beginning on page five (5).

### Attachments:

SCRWA Audited Financial Report as of June 30, 2025

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

Gilroy, California

**Annual Financial Report**

*For the Year Ended June 30, 2025*





**South County Regional Wastewater Authority**  
**(A Component Unit of the City of Gilroy)**  
**Annual Financial Report**  
**For the Year Ended June 30, 2025**

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**SOUTH COUNTY REGIONAL  
WASTEWATER AUTHORITY**

**1500 Southside Drive**

Gilroy, California 95020-7042

Telephone (408) 848-0480

Facsimile (408) 842-0873

scrwamail@ci.gilroy.ca.us

March 24, 2026

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, 2025. 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, 2025. The independent auditors’ 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 2.5 - 2.6 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 2025 (FY25) Financial Results*

During the fiscal year, the Authority's total net position increased by \$2.8 million, to \$169.6 million primarily due to the investment in net capital assets for the treatment plant expansion project. At June 30, 2025, of the total net position, \$20.0 million was unrestricted, while the remaining \$149.6 million consisted of net investment in capital assets. The Authority ended FY25 with an operating loss of \$5.2 million, primarily attributed to the annual depreciation of 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 and Accountants Erika Pacheco and Kellie Ullom. 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 Authority's finances and prioritizing the goal of financial sustainability.

Respectfully submitted,



Matt Morley  
Authority General Manager



Harjot Sangha  
Treasurer



## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of the business-type activities of the South County Regional Wastewater Authority (the "Authority"), a component unit of the City of Gilroy, California (the "City"), as of June 30, 2025 and the year then ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Authority, as of June 30, 2025, and the 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.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Emphasis of Matter*

As discussed in Note 1, the financial statements present only the Authority and do not purport to, and do not, present fairly the financial position of the City, as of June 30, 2025, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

#### Change in Accounting Principle

As discussed in Notes 1 and 9 to the financial statements, the Authority adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences* during the year ended June 30, 2025. The adoption of this standard resulted in the restatement of the Authority's net position as of June 30, 2024. Our opinion is not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor’s Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

To the Board of Directors  
of the South County Regional Wastewater Authority  
Gilroy, California  
Page 3

We have applied certain limited procedures to the required supplementary information in accordance with GAAS 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 our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise the Authority's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the combining financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2026 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Santa Ana, California  
March 24, 2026

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**South County Regional Wastewater Authority  
Management’s Discussion and Analysis (Unaudited)  
For the Year Ended June 30, 2025**

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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, 2025 (FY 25). 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 Authority's activities and present a longer-term view of its finances.

Notes to the Basic Financial Statements

The notes provide additional information essential to fully understanding 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 2.5 - 2.6 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, 2025**

**FINANCIAL HIGHLIGHTS**

The Authority's overall net position, representing the difference between total assets and total liabilities plus deferred inflows of resources, increased by \$2.8 million, to \$169.6 million, during Fiscal Year 2025 (FY 25). Of the total net position, \$20.0 million remains unrestricted; the majority of the remaining, \$149.6 million, or about 88%, consists of net investment in capital assets.

Operating revenues increased by \$0.4 million from FY24, and operating expenses increased by \$0.8 million, resulting in an operating loss of approximately \$0.4 million compared to the prior year.

**Statements of Net Position**

	<b>2025</b>	<b>2024 (reclassified)</b>	<b>Change</b>
<b>Assets</b>			
Cash and investments	\$ 19,492,595	\$ 18,220,765	\$ 1,271,830
Current assets	1,891,558	1,654,496	237,062
Capital assets	157,050,148	154,486,492	2,563,656
<b>Total assets</b>	<b>178,434,301</b>	<b>174,361,753</b>	<b>4,072,548</b>
<b>Liabilities</b>			
Current liabilities	8,796,658	7,374,212	1,422,446
Noncurrent liabilities	36,032	49,457	(13,425)
<b>Total liabilities</b>	<b>8,832,690</b>	<b>7,423,669</b>	<b>1,409,021</b>
<b>Deferred inflows of resources</b>			
Deferred lease-related items	39,733	136,446	(96,713)
<b>Total deferred inflows of resources</b>	<b>39,733</b>	<b>136,446</b>	<b>(96,713)</b>
<b>Net Position</b>			
Net investment in capital assets	149,617,561	148,116,168	1,501,393
Unrestricted	19,944,317	18,685,470	1,258,847
<b>Total Net Position</b>	<b>\$ 169,561,878</b>	<b>\$ 166,801,638</b>	<b>\$ 2,760,240</b>

\* Note: A change in accounting estimate is treated prospectively, prior periods are not restated.

\* Reclassification: 2024 net position categories were reclassified to align with 2025 net position presentation.

- During FY25, total assets increased by \$4.1 million to \$178.4 million, primarily in the capital assets area, a result of capitalized expenses related to the plant expansion project of \$2.6 million, followed by an increase in cash and investment of \$1.3 million, related to retention withheld.
- Total liabilities increase by \$1.4 million to \$8.8 million, primarily due to an increase in retention payable for the plan expansion project and refunds due to member agencies from final operational expenditures for the year.
- On June 30, 2025, the Authority's total net position was \$169.6 million, of which \$20.0 million was unrestricted, primarily consisting of the Authority's reserves, and the 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, 2025**

**Statements of Revenues, Expenses, and Changes in Net Position**

	<u>2025</u>	<u>2024</u>	<u>Change</u>
<b>OPERATING REVENUES</b>			
Operating contributions from City of Gilroy	\$ 5,927,523	\$ 6,124,645	\$ (197,122)
Operating contributions from City of Morgan Hill	4,652,652	4,807,534	(154,882)
Other charges for services	1,167,034	368,021	799,013
<b>Total operating revenue</b>	<u>11,747,209</u>	<u>11,300,200</u>	<u>447,009</u>
<b>OPERATING EXPENSES</b>			
Sewage treatment	11,202,516	10,074,182	1,128,334
Pretreatment program	608,908	637,130	(28,222)
Plant operations	697,280	1,066,423	(369,143)
Depreciation and amortization	4,456,307	4,344,902	111,405
<b>Total operating expenses</b>	<u>16,965,011</u>	<u>16,122,637</u>	<u>842,374</u>
<b>Operating income (loss)</b>	<u>(5,217,802)</u>	<u>(4,822,437)</u>	<u>(395,365)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest income	865,765	611,438	254,327
Rental income	96,914	95,091	1,823
Miscellaneous income (expense)	-	-	-
<b>Total nonoperating revenues (expenses)</b>	<u>962,679</u>	<u>706,529</u>	<u>256,150</u>
<b>Loss before capital contributions</b>	<u>(4,255,123)</u>	<u>(4,115,908)</u>	<u>(139,215)</u>
<b>CAPITAL CONTRIBUTIONS</b>			
Capital contribution from City of Gilroy	4,070,388	13,043,154	(8,972,766)
Capital contribution from City of Morgan Hill	2,956,151	9,413,916	(6,457,765)
<b>Total capital contribution</b>	<u>7,026,539</u>	<u>22,457,070</u>	<u>(15,430,531)</u>
<b>Change in net position</b>	<u>2,771,416</u>	<u>18,341,162</u>	<u>(15,569,746)</u>
<b>NET POSITION</b>			
Beginning of year, as previously reported	166,801,638	-	166,801,638
Change in accounting principle (GASB101)	(11,176)	-	(11,176)
Beginning of year, as restated (Note 9)	166,790,462	148,460,476	18,329,986
<b>End of year</b>	<u>\$ 169,561,878</u>	<u>\$ 166,801,638</u>	<u>\$ 2,760,240</u>

- Total operating revenues for FY25 were \$11.7 million, an increase of \$0.4 million, compared to FY24.
- Total operating expenses for FY25 were \$17.0 million, an increase of \$0.8 million compared to FY24, primarily related to sewer treatment cost increases.
- The current year's operating activity produced a loss of \$5.2 million, primarily due to the annual depreciation and amortization expense on capital assets.
- Total capital contributions for FY25 were \$7.0 million, a decrease of \$15.4 million from the prior year, which were primarily for the treatment plant expansion project.
- The Authority's net position increased by \$2.8 million to \$169.6 million from FY24.

**South County Regional Wastewater Authority  
Management's Discussion and Analysis (Unaudited) (Continued)  
For the Year Ended June 30, 2025**

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**Statement of Cash Flows**

A summary of the Authority's statements of cash flows for FY25 is presented below.

	<b>2025</b>
<b>Cash flows used in operating activities</b>	\$ (2,245,250)
Cash flows provided by capital and related financing activities	2,685,610
Cash flows provided by investing activities	831,470
<b>Net change in cash</b>	1,271,830
Cash and investments - beginning of year	18,220,765
<b>Cash and investments - end of year</b>	<b>\$ 19,492,595</b>

**Capital Assets**

At the end of FY25, the Authority's net investment in capital assets was \$149.6 million, a increase of \$1.5 million from FY24. This increase was primarily due to capital expense for the treatment plant expansion project.

**Long-Term Debt**

The Authority possesses no long-term debt, as debt for Authority-related activities is the obligation of the member agencies and is 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, 2025**

**ASSETS**

**Current Assets:**

Cash and investments	\$ 19,492,595
Accounts receivable, net	1,699,435
Interest receivable	192,123
Total current assets	21,384,153

**Noncurrent Assets:**

**Capital assets**

Buildings and improvements	77,923,659
Land improvements	10,681,371
Infrastructure	35,874,536
Vehicles	1,754,204
Equipment and furniture	20,266,428
Subtotal	146,500,198
Less: accumulated depreciation	(90,496,857)
Total capital assets being depreciated, net	56,003,341
Land	13,396,202
Construction in progress	87,650,605
<b>Total capital assets, net</b>	<b>157,050,148</b>
<b>TOTAL ASSETS</b>	<b>178,434,301</b>

**LIABILITIES**

**Current Liabilities:**

Accounts payable and accrued liabilities	868,558
Retention payable	6,876,006
Compensated absences, due within one year	12,010
Due to City of Gilroy	566,986
Due to City of Morgan Hill	473,098
Total current liabilities	8,796,658

**Noncurrent Liabilities:**

Compensated absences, due in more than one year	36,032
Total noncurrent liabilities	36,032
<b>TOTAL LIABILITIES</b>	<b>8,832,690</b>

**DEFERRED INFLOWS OF RESOURCES**

Lease-related items	39,733
<b>Total deferred inflows of resources</b>	<b>39,733</b>

**NET POSITION**

Net investment in capital assets	149,617,561
Unrestricted	19,944,317
<b>TOTAL NET POSITION</b>	<b>\$ 169,561,878</b>

**South County Regional Wastewater Authority**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended June 30, 2025**

**OPERATING REVENUES:**

Operating contributions from City of Gilroy	\$ 5,927,523
Operating contributions from City of Morgan Hill	4,652,652
Other charges for services	1,167,034
Total operating revenue	11,747,209

**OPERATING EXPENSES:**

Sewage treatment	11,202,516
Pretreatment program	608,908
Plant operations	697,280
Depreciation	4,456,307
Total operating expenses	16,965,011
Operating (loss)	(5,217,802)

**NONOPERATING REVENUES:**

Rental income	96,914
Investment income	865,765
Total nonoperating revenues	962,679
(Loss) before capital contributions	(4,255,123)

**CAPITAL CONTRIBUTIONS:**

Capital contribution from City of Gilroy	4,070,388
Capital contribution from City of Morgan Hill	2,956,151
Total capital contributions	7,026,539

**Change in net position** 2,771,416

**NET POSITION:**

Beginning of year, as previously reported	166,801,638
Change in accounting principle (GASB 101)	(11,176)
Beginning of year, as restated (Note 9)	166,790,462
End of year	\$ 169,561,878

**South County Regional Wastewater Authority**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2025**

**Cash Flows from Operating Activities:**

Cash received from system users	\$ 10,295,613
Rental income received	99,018
Cash payments to suppliers for goods and services	(11,866,305)
Cash payments to employees for services	(773,576)
Net cash (used in) operating activities	<u>(2,245,250)</u>

**Cash Flows from Capital and Related Financing Activities:**

Acquisition of capital assets	(6,531,025)
Capital contributions	9,216,635
Net cash provided by capital and related financing activities	<u>2,685,610</u>

**Cash Flows from Investing Activities**

Investment income	<u>831,470</u>
Net cash provided by investing activities	<u>831,470</u>
Net change in cash and cash equivalents	1,271,830

**Cash and Cash Equivalents:**

Beginning of year	<u>18,220,765</u>
End of year	<u>\$ 19,492,595</u>

**Reconciliation of Operating Loss to Net Cash (Used in)**

**Operating Activities:**

Operating loss	\$ (5,217,802)
Adjustments to reconcile operating income to net cash (used in) operating activities:	
Depreciation	4,456,307
Rental income	96,914
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(1,451,596)
(Increase) decrease in lease receivable	98,817
Increase (decrease) in accounts payable	(113,091)
Increase (decrease) in compensated absences	(18,086)
Increase (decrease) in deferred inflows of resources related to leases	(96,713)
Total adjustments	<u>2,972,552</u>
Net cash (used in) operating activities	<u>\$ (2,245,250)</u>

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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, 2025**

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**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 accounting principles generally accepted in the United States of America (“U.S. 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 (“Morgan Hill”) and the City of Gilroy (“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. Gilroy and 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 Gilroy controls three of the five members of the Board of Directors, 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 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. Financial Statement Presentation**

The financial statements of the Authority are intended to reflect only the financial position of the Authority’s operations, results of its operations, and cash flows in conformity with U.S. GAAP. Financial statements are not intended to represent the financial position of the City as a whole. The Authority applies all applicable GASB pronouncements to these financial statements.

**C. 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.

**D. 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.

**South County Regional Wastewater Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2025**

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

***D. Measurement Focus and Basis of Accounting (Continued)***

These financial statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all of the Authority’s assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

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.

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.

***E. Cash and Investments***

The Authority pools its available cash with the City for investment purposes. Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost.

U.S. GAAP defines fair value, establishes a framework for measuring fair value and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value.

A statement of cash flows is presented. For purposes of reporting cash flows, the Authority considers all highly liquid investments with maturities of three months or less when purchased and cash and investments maintained in the Authority’s pool to be cash equivalents.

Disclosures for investment risks, as required and applicable, have been provided in Note 2:

- Interest Rate Risk
- Credit Risk
  - Overall
  - Custodial Credit Risk

***F. Leases***

The Authority is a lessor for leases of buildings and land and recognizes leases receivable and deferred inflows of resources in the financial statements. Variable payments based on future performance or usage of the underlying asset are not included in the measurement of the lease receivable.

**South County Regional Wastewater Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2025**

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

**F. Leases (Continued)**

At the commencement of a lease, the lease receivable is measured at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources are initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflows of resources are recognized as revenue over the life of the lease term in a systematic and rational method.

Key estimates and judgments include how the Authority determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

**G. Capital Assets**

Capital assets are recorded at cost where historical records are available and at an estimated historical cost where no historical records exist. Contributed capital assets are valued at acquisition value at the date of the contribution. Generally, capital asset purchases in excess of \$10,000 are capitalized if they have an expected useful life of more than one year. Capital assets include all public domain (infrastructure) assets consisting of certain improvements including roads, streets, sidewalks, medians and storm drains.

The following schedule summarizes capital asset useful lives:

Buildings and improvements	40 years
Machinery and equipment	5 - 25 years
Furniture and fixtures	10 - 20 years
Vehicles	8 years
Infrastructure	5 - 70 years

Depreciation has been provided using the straight-line method over the estimated useful life of the asset in the in the basic financial statements.

**H. Compensated Absences**

Compensated absences are liabilities for leave attributable to services already rendered that accumulate and are more likely than not to be paid. Compensated absences primarily consist of vacation and sick leave. The Authority's liability for compensated absences is recorded in business-type activities, as appropriate.

The liability for compensated absences is recognized as leave is earned, based on the employee's pay rate in effect at the financial statement date, including any applicable salary-related costs. The liability includes only amounts attributable to services already rendered that are more likely than not to be paid. Amounts expected to be liquidated with expendable available financial resources are reported as fund liabilities, while the remaining balance is reported as a long-term liability in the Statement of Net Position.

**I. Net Position**

Net position is classified as follows:

**Net Investment in Capital Assets** – This component of net position consists of capital assets, net of accumulated depreciation, net of the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets.

**South County Regional Wastewater Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2025**

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

**I. Net Position (Continued)**

**Restricted** – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Separate line items are used to distinguish among major categories of restrictions and are further displayed as expendable or nonexpendable based on the nature of the restriction. The Authority did not report restricted net position at June 30, 2025.

**Unrestricted** – This component of net position is the amount of the assets and liabilities that are not included in the determination of net 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 U.S. GAAP 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 U.S. GAAP requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from the estimates.

**M. Implementation of New GASB Pronouncements**

During fiscal year ended June 30, 2025, the Authority implemented the following new GASB Pronouncements:

**GASB Statement No. 101** – In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Implementation of this Statement resulted in a restatement of the beginning net position as of July 1, 2024, as presented in Note 9.

**GASB Statement No. 102** – In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with information about risks related to a government’s vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Implementation of this Statement did not have a significant effect on the Authority’s financial statements for the fiscal year ended June 30, 2025.

**South County Regional Wastewater Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2025**

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

***N. Reclassification***

Certain reclassifications have been made to the 2024 financial statements to conform to the 2025 presentation.

**Note 2 – Cash and Investments**

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

Cash and investments as of June 30, 2025 consists of the following:

Current Assets:

Equity in City of Gilroy investment pool	\$ 1,956,317
Local Agency Investment Fund	17,536,278
Total cash and investments	<u>\$ 19,492,595</u>

***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	5 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

N/A - Not applicable

**South County Regional Wastewater Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2025**

**Note 2 – Cash and Investments (Continued)**

**B. Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates that 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.

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, 2025
Equity in City of Gilroy investment pool	\$ 1,956,317
Local Agency Investment Fund	17,536,278
Total	\$ 19,492,595

**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, 2025	Not Rated
Equity in City of Gilroy investment pool	N/A	\$ 1,956,317	\$ 1,956,317
Local Agency Investment Fund	N/A	17,536,278	17,536,278
Total		\$ 19,492,595	\$ 19,492,595

**South County Regional Wastewater Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2025**

**Note 2 – Cash and Investments (Continued)**

**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.

**E. 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, 2025, the Authority had a cash balance of \$1,956,317.

**F. Investment in State Investment Pool**

The Authority is a participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. As of June 30, 2025, the Authority had \$17,536,278 invested in LAIF. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available. LAIF is reported at amortized cost, which approximates fair value.

**Note 3 – Lease Receivables**

The Authority leases various types of property including land and buildings. Leases receivable consist of agreements with other entities for the “right-to-use” the underlying assets at various locations owned by the Authority. There was no remaining terms of the agreements as of June 30, 2025.

For the fiscal year ended June 30, 2025, the Authority recognized \$96,714 in lease revenue and \$223 in interest revenue. There are no more receivable amounts of the remaining balance. A summary of changes in lease receivable for the year ended June 30, 2025 is as follows:

Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Amounts due within one year	Amounts due in more than one year
\$ 98,817	\$ -	\$ (98,817)	\$ -	\$ -	\$ -

**South County Regional Wastewater Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2025**

**Note 4 – Capital Assets**

The following is a summary of changes in capital assets for the year ended June 30, 2025:

	Balance July 1, 2024 (As reclassified)	Additions	Deletions	Transfer	Balance June 30, 2025
<i>Capital assets not being depreciated:</i>					
Land	\$ 13,396,202	\$ -	\$ -	\$ -	\$ 13,396,202
Construction in progress	81,203,547	6,447,058	-	-	87,650,605
Total capital assets not being depreciated	<u>94,599,749</u>	<u>6,447,058</u>	<u>-</u>	<u>-</u>	<u>101,046,807</u>
<i>Capital assets being depreciated:</i>					
Buildings and improvements	77,632,391	291,268	-	-	77,923,659
Land improvements	10,681,371	-	-	-	10,681,371
Infrastructure	35,874,536	-	-	-	35,874,536
Equipment and furniture	20,097,850	168,578	-	-	20,266,428
Vehicles	1,641,145	113,059	-	-	1,754,204
Total capital assets being depreciated	<u>145,927,293</u>	<u>572,905</u>	<u>-</u>	<u>-</u>	<u>146,500,198</u>
<i>Less accumulated depreciation for:</i>					
Buildings and improvements	(46,335,177)	(1,919,919)	-	-	(48,255,096)
Land improvements	(6,480,557)	(195,869)	-	-	(6,676,426)
Infrastructure	(14,365,358)	(1,647,265)	-	-	(16,012,623)
Equipment and furniture	(17,603,098)	(636,212)	-	-	(18,239,310)
Vehicles	(1,256,360)	(57,042)	-	-	(1,313,402)
Total accumulated depreciation	<u>(86,040,550)</u>	<u>(4,456,307)</u>	<u>-</u>	<u>-</u>	<u>(90,496,857)</u>
Total capital assets being depreciated, net	<u>59,886,743</u>	<u>(3,883,402)</u>	<u>-</u>	<u>-</u>	<u>56,003,341</u>
<b>Total capital assets</b>	<u><u>\$ 154,486,492</u></u>	<u><u>\$ 2,563,656</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 157,050,148</u></u>

Depreciation expense was \$4,456,307 for the year ended June 30, 2025.

**Note 5 – Due to/Due from Gilroy and Morgan Hill**

For the fiscal year ending June 30, 2025, the Authority adjusted the annual operating and capital contributions billed to Gilroy and Morgan Hill to reflect actual expenditures, as opposed to initial budgeted amounts. As of June 30, 2025, the Authority owed Gilroy and Morgan Hill in amounts of \$566,986 and \$473,098, respectively.

For the fiscal year ended June 30, 2025, the Authority recognized the following contributions:

	<u>Gilroy</u>	<u>Morgan Hill</u>
Operating Contributions	\$ 5,927,523	\$ 4,652,652
Capital Contributions	4,070,388	2,956,151
Total	<u><u>\$ 10,009,902</u></u>	<u><u>\$ 7,618,225</u></u>

**South County Regional Wastewater Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2025**

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**Note 6 – Compensated Absences**

As of June 30, 2025, the Authority had the following activity in compensated absences:

	Balance July 1, 2024 (as restated)	Net Change	Balance June 30, 2025	Amounts due within one year	Amounts due in more than one year
Compensated Absences	\$ 66,128	\$(18,086)	\$ 48,042	\$ 12,010	\$ 36,032

**Note 7 – Commitments and Contingencies**

***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. There are no active claims or litigations involving the Authority.

***Commitments***

The Authority had the following commitments outstanding as of June 30, 2025:

Name of Project	Outstanding Amount
Treatment Plant Expansion Project	\$ 2,516,438
VFD Control Panels for Linear Mixers	96,262

**Note 8 – Insurance**

The Authority is owned by the City of Gilroy and the City of Morgan Hill, but operated by a third-party contractor, currently Jacobs. The contract for services with Jacobs requires that Jacobs 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 (the 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 the Alliant Property Insurance Program (APIP). 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.

**South County Regional Wastewater Authority**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2025**

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**Note 9 – Restatement of Beginning Net Positions and Fund Balances**

	June 30, 2024		June 30, 2024
	As Previously Reported	Change in Accounting Principle	As Restated
Net Position	\$ 166,801,638	\$ (11,176)	\$ 166,790,462

Effective for the fiscal year ended June 30, 2025, the Authority implemented GASB Statement No. 101, *Compensated Absences*. This statement establishes accounting and financial reporting standards for compensated absences, including vacation, sick leave, and other paid time off. The implementation of GASB 101 is a change in accounting principle, and prior year amounts have been restated accordingly.

Under GASB 101, a liability must be recognized for leave that is attributable to services already rendered, accumulates and carries forward to future periods, and is more likely than not to be used or paid. This represents a shift from previous guidance, particularly in how likelihood and eligibility are assessed. The effect of the restatement is as shown above.

## **SUPPLEMENTARY INFORMATION**

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**South County Regional Wastewater Authority**  
**Combining Statement of Net Position**  
**June 30, 2025**

	Plant Construction	Sewage Treatment Operations	Eliminations	Totals
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and investments	\$ 5,815,034	\$ 13,677,561	\$ -	\$ 19,492,595
Accounts receivable, net	1,006,307	693,128	-	1,699,435
Interest receivable	-	192,123	-	192,123
Due from City of Gilroy	355,134	-	(355,134)	-
Due from City of Morgan Hill	256,112	-	(256,112)	-
<b>Total current assets</b>	<b>7,432,587</b>	<b>14,562,812</b>	<b>(611,246)</b>	<b>21,384,153</b>
<b>Noncurrent Assets:</b>				
Capital assets				
Buildings and improvements	-	77,923,659	-	77,923,659
Land improvements	-	10,681,371	-	10,681,371
Infrastructure	-	35,874,536	-	35,874,536
Vehicles	-	1,754,204	-	1,754,204
Office furniture, fixtures and equipment	-	20,266,428	-	20,266,428
Subtotal	-	146,500,198	-	146,500,198
Less: accumulated depreciation	-	(90,496,857)	-	(90,496,857)
Total capital assets being depreciated, net	-	56,003,341	-	56,003,341
Land	-	13,396,202	-	13,396,202
Construction in progress	87,640,734	9,871	-	87,650,605
<b>Total capital assets, net</b>	<b>87,640,734</b>	<b>69,409,414</b>	<b>-</b>	<b>157,050,148</b>
<b>TOTAL ASSETS</b>	<b>95,073,321</b>	<b>83,972,226</b>	<b>(611,246)</b>	<b>178,434,301</b>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts payable and accrued liabilities	556,581	311,977	-	868,558
Retention payable	6,876,006	-	-	6,876,006
Compensated absences, due within one year	-	12,010	-	12,010
Due to City of Gilroy	-	922,120	(355,134)	566,986
Due to City of Morgan Hill	-	729,210	(256,112)	473,098
<b>Total current liabilities</b>	<b>7,432,587</b>	<b>1,975,317</b>	<b>(611,246)</b>	<b>8,796,658</b>
<b>Noncurrent Liabilities:</b>				
Compensated absences, due in more than one year	-	36,032	-	36,032
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>36,032</b>	<b>-</b>	<b>36,032</b>
<b>TOTAL LIABILITIES</b>	<b>7,432,587</b>	<b>2,011,349</b>	<b>(611,246)</b>	<b>8,832,690</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Leases related	-	39,733	-	39,733
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>39,733</b>	<b>-</b>	<b>39,733</b>
<b>NET POSITION</b>				
Investment in capital assets	80,208,147	69,409,414	-	149,617,561
Unrestricted	7,432,587	12,511,730	-	19,944,317
<b>TOTAL NET POSITION</b>	<b>\$ 87,640,734</b>	<b>\$ 81,921,144</b>	<b>\$ -</b>	<b>\$ 169,561,878</b>

**South County Regional Wastewater Authority**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended June 30, 2025**

	Plant Construction	Sewage Treatment Operations	Totals
<b>OPERATING REVENUES</b>			
Operating contributions from City of Gilroy	\$ -	\$ 5,927,523	\$ 5,927,523
Operating contributions from City of Morgan Hill	-	4,652,652	4,652,652
Other charges for services	-	1,167,034	1,167,034
Total operating revenue	-	11,747,209	11,747,209
<b>OPERATING EXPENSES</b>			
Sewage treatment	-	11,202,516	11,202,516
Pretreatment program	-	608,908	608,908
Plant operations	6,572	690,708	697,280
Depreciation	-	4,456,307	4,456,307
Total operating expenses	6,572	16,958,439	16,965,011
Operating (loss)	(6,572)	(5,211,230)	(5,217,802)
<b>NONOPERATING REVENUES</b>			
Investment income	-	865,765	865,765
Rental income	-	96,914	96,914
Total nonoperating revenues	-	962,679	962,679
(Loss) before capital contributions	(6,572)	(4,248,551)	(4,255,123)
<b>CAPITAL CONTRIBUTIONS</b>			
Capital contribution from City of Gilroy	3,749,559	320,829	4,070,388
Capital contribution from City of Morgan Hill	2,704,071	252,080	2,956,151
Total capital contributions	6,453,630	572,909	7,026,539
<b>Change in net position</b>	6,447,058	(3,675,642)	2,771,416
<b>NET POSITION</b>			
Beginning of year, as previously reported	81,193,676	85,607,962	166,801,638
Change in accounting principle (GASB 101)	-	(11,176)	(11,176)
Beginning of year, as restated (Note 9)	81,193,676	85,596,786	166,790,462
End of year	\$ 87,640,734	\$ 81,921,144	\$ 169,561,878

**South County Regional Wastewater Authority**  
**Combining Statement of Cash Flows**  
**For the Year Ended June 30, 2025**

	Plant Construction	Sewage Treatment Operations	Totals
<b>Cash Flows from Operating Activities:</b>			
Cash received from system users	\$ (1,006,307)	\$ 11,301,920	\$ 10,295,613
Rental income received	-	99,018	99,018
Cash payments to suppliers for goods and services	(6,572)	(11,859,733)	(11,866,305)
Cash payments to employees for services	-	(773,576)	(773,576)
Net cash (used in) operating activities	<u>(1,012,879)</u>	<u>(1,232,371)</u>	<u>(2,245,250)</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>			
Acquisition of capital assets	(5,958,120)	(572,905)	(6,531,025)
Capital contributions	7,974,687	1,241,948	9,216,635
Net cash provided by capital and related financing activities	<u>2,016,567</u>	<u>669,043</u>	<u>2,685,610</u>
<b>Cash Flows from Investing Activities:</b>			
Interest on investments	-	831,470	831,470
Net cash provided by investing activities	<u>-</u>	<u>831,470</u>	<u>831,470</u>
<b>Net change in cash and cash equivalents</b>	1,003,688	268,142	1,271,830
<b>Cash and Cash Equivalents:</b>			
Beginning of year	4,811,346	13,409,419	18,220,765
End of year	<u>\$ 5,815,034</u>	<u>\$ 13,677,561</u>	<u>\$ 19,492,595</u>
<b>Reconciliation of Operating (loss) to Net Cash (Used in)</b>			
<b>Operating Activities:</b>			
Operating (loss)	\$ (6,572)	\$ (5,211,230)	\$ (5,217,802)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:			
Depreciation	-	4,456,307	4,456,307
Rental income	-	96,914	96,914
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(1,006,307)	(445,289)	(1,451,596)
(Increase) decrease in lease receivable	-	98,817	98,817
Increase (decrease) in accounts payable	-	(113,091)	(113,091)
Increase (decrease) in compensated absences	-	(18,086)	(18,086)
Increase (decrease) in deferred inflows of resources related to leases	-	(96,713)	(96,713)
Total adjustments	<u>(1,006,307)</u>	<u>3,978,859</u>	<u>2,972,552</u>
<b>Net cash (used in) operating activities</b>	<u>\$ (1,012,879)</u>	<u>\$ (1,232,371)</u>	<u>\$ (2,245,250)</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 Auditor's 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 business-type activities 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, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 24, 2026.

**Report on 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") as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 or significant deficiencies may exist that were not identified.

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

### **Report on 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 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*.

### **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 entity'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 entity'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  
March 24, 2026

# Wastewater Acronyms

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

Date: 10/16/2025

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

Dear Ms. Bragg-Flavan:

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

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

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

**Year:** 2025  
**Violation(s):**  No  Yes

Concerning recycled water: Through the month of September, the UV system and the Chlorine Contact Basin were utilized throughout the month.

*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: John Edgar  
Title: Project Manager



**Operations Management  
and Facilities Services**

Jacobs Gilroy  
1500 Southside Dr.  
Gilroy, CA 95020  
O +1 408 848 0480  
F +1 408 842 0873  
[www.jacobs.com](http://www.jacobs.com)

CC: Jimmy Forbis, SCRWA General Manager  
Chris Ghione, Morgan Hill Director of Public Services  
Heath McMahon, City of Gilroy Utilities Director

Date: 10/16/2025

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

Dear Ms. Bragg-Flavan:

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

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

**Type of Report:** Monthly **Month:** September  
Eff\_Inf\_Wet

**Year:** 2025 **Violation(s):**  No  Yes

Concerning recycled water: Through the month of September, the UV system and the Chlorine Contact Basin were utilized throughout the month.

*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:** John Edgar  
**Title:** Project Manager

**CC:** Heath McMahon, City of Gilroy Utilities Director  
Chris Ghione, Morgan Hill Director of Public Services  
Bret Swain, SCRWA Senior Engineer

Date: 11/17/2025

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

Dear Ms. Bragg-Flavan:

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

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

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

**Year:** 2025  
**Violation(s):**  **No**  **Yes**

Concerning recycled water: Through the month of October, the UV system and the Chlorine Contact Basin were utilized throughout the month.

*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: John Edgar  
Title: Project Manager



**Operations Management  
and Facilities Services**

Jacobs Gilroy  
1500 Southside Dr.  
Gilroy, CA 95020  
**O** +1 408 848 0480  
**F** +1 408 842 0873  
[www.jacobs.com](http://www.jacobs.com)

CC: Jimmy Forbis, SCRWA General Manager  
Chris Ghione, Morgan Hill Director of Public Services  
Heath McMahon, City of Gilroy Utilities Director

Date: 11/17/2025

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

Dear Ms. Bragg-Flavan:

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

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

**Type of Report:** Monthly  
Eff\_Inf\_Wet  
**Month:** **October**

**Year:** 2025  
**Violation(s):**  **No**  **Yes**

Concerning recycled water: Through the month of October, the UV system and the Chlorine Contact Basin were utilized throughout the month.

*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:** John Edgar  
**Title:** Project Manager

**CC:** Heath McMahon, City of Gilroy Utilities Director  
Chris Ghione, Morgan Hill Director of Public Services  
Bret Swain, SCRWA Senior Engineer

Date: 12/16/2025

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

Dear Ms. Bragg-Flavan:

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

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

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

**Year:** 2025  
**Violation(s):**  No  Yes

Concerning recycled water: Through the month of November only the Chlorine Contact Basin was utilized throughout the month.

*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: John Edgar  
Title: Project Manager



**Operations Management  
and Facilities Services**

Jacobs Gilroy  
1500 Southside Dr.  
Gilroy, CA 95020  
O +1 408 848 0480  
F +1 408 842 0873  
[www.jacobs.com](http://www.jacobs.com)

CC: Jimmy Forbis, SCRWA General Manager  
Chris Ghione, Morgan Hill Director of Public Services  
Heath McMahon, City of Gilroy Utilities Director

Date: 12/16/2025

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

Dear Ms. Bragg-Flavan:

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

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

**Type of Report:** Monthly  
Eff\_Inf\_Wet  
**Month:** November

**Year:** 2025  
**Violation(s):**  No  Yes

Concerning recycled water: Through the month of November only the Chlorine Contact Basin was utilized throughout the month.

*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:** John Edgar  
**Title:** Project Manager

**CC:** Heath McMahon, City of Gilroy Utilities Director  
Chris Ghione, Morgan Hill Director of Public Services  
Bret Swain, SCRWA Senior Engineer

Date: 1/20/2026

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

Dear Ms. Bragg-Flavan:

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

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

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

**Year:** 2025  
**Violation(s):**  No  Yes

Concerning recycled water: Through the month of December only the Chlorine Contact Basin was utilized throughout the month.

*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: John Edgar  
Title: Project Manager



**Operations Management  
and Facilities Services**

Jacobs Gilroy  
1500 Southside Dr.  
Gilroy, CA 95020  
O +1 408 848 0480  
F +1 408 842 0873  
[www.jacobs.com](http://www.jacobs.com)

CC: Jimmy Forbis, SCRWA General Manager  
Chris Ghione, Morgan Hill Director of Public Services  
Heath McMahon, City of Gilroy Utilities Director

Date: 1/20/2026

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

Dear Ms. Bragg-Flavan:

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

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

**Type of Report:** Monthly **Month:** December  
Eff\_Inf\_Wet

**Year:** 2025 **Violation(s):**  No  Yes

Concerning recycled water: Through the month of December only the Chlorine Contact Basin was utilized throughout the month.

*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:** John Edgar  
**Title:** Project Manager

**CC:** Heath McMahon, City of Gilroy Utilities Director  
Chris Ghione, Morgan Hill Director of Public Services  
Bret Swain, SCRWA Senior Engineer

Date: 2/27/2026

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

Dear Ms. Bragg-Flavan:

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

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

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

**Year:** 2026  
**Violation(s):**  No  Yes

Concerning recycled water: Only the Contact Basin was used throughout the reporting month.

*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:** John Edgar  
**Title:** Project Manager

**CC:** Matt Morley, SCRWA General Manager  
Chris Ghione, Morgan Hill Director of Public Services  
Bret Swain, SCRWA Senior Engineer

Date: 2/27/2026

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

Dear Ms. Bragg-Flavan:

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

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

**Type of Report:** Monthly  
Eff\_Inf\_Wet  
**Month:** January

**Year:** 2026  
**Violation(s):**  No  Yes

Concerning recycled water: Only the Contact Basin was used throughout the reporting month.

*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:** John Edgar  
**Title:** Project Manager

**CC:** Matt Morley, SCRWA General Manager  
Chris Ghione, Morgan Hill Director of Public Services  
Bret Swain, SCRWA Senior Engineer

Date: 1/22/2026

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

Dear Ms. Bragg-Flavan:

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

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

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

**Year:** 2025  
**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:** John Edgar  
**Title:** Project Manager

**CC:** Bret Swain, Gilroy Senior Engineer  
Chris Ghione, Morgan Hill Director of Public Services

Date: 1/22/2026

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

Dear Ms. Bragg-Flavan:

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

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

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

**Year:** 2025  
**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:** John Edgar  
**Title:** Project Manager

**CC:** Bret Swain, Gilroy Senior Engineer  
Chris Ghione, Morgan Hill Director of Public Services

Date: 1/22/2026

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

Dear Ms. Bragg-Flavan:

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

**Contact Person:** John Edgar **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:** 2025 **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: John Edgar  
Title: Project Manager

CC: Bret Swain, Gilroy Senior Engineer  
Chris Ghione, Morgan Hill Director of Public Services

October 7, 2025

Heath McMahon  
South County Regional Wastewater Authority  
7351 Rosanna Street Gilroy, CA 95020

Subject: Monthly Recap of Expenses Project-to-Date August, 2025

Dear Jimmy,

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

- August's total operating expenses amount to \$637,228
- Fiscal Year operating expenses amount to \$1,365,664

August 2025

Expense Categories	AUGUST		FY 2025-2026 to Date		Total Annual Budget	% of Annual Budget Expended
	ACTUAL	BUDGET	ACTUAL	BUDGET		
<b>Direct Cost</b> (Not including solids, repairs, PW)	\$ 283,980	\$ 348,432	\$ 379,297	\$ 696,864	\$ 4,522,232	8%
<b>Indirect Cost, Overhead &amp; Management Fee</b>	\$ 93,222	\$ 93,222	\$ 186,444	\$ 186,444	\$ 1,118,663	17%
<b>Prevailing Wage Certified Payroll</b>	\$ 20,032	\$ 32,659	\$ 49,513	\$ 60,293	\$ 391,905	13%
<b>Repairs</b>	\$ 5,342	\$ 59,026	\$ 22,309	\$ 118,052	\$ 767,337	3%
<b>Solids Handling and Transportation</b>	\$ 130,022	\$ 154,109	\$ 263,132	\$ 308,218	\$ 1,849,306	14%
<b>Electricity</b>	\$ 104,631	\$ 202,877	\$ 464,970	\$ 374,542	\$ 2,434,522	19%
<b>TOTAL</b>	<b>\$ 637,228</b>	<b>\$ 890,324</b>	<b>\$ 1,365,664</b>	<b>\$ 1,744,412</b>	<b>\$ 11,083,966</b>	<b>12%</b>

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

Regards,



John Edgar  
Project Manager  
via email

cc: Jade Njo (email)  
Stephen French (email)  
File

October 20, 2025

Heath McMahon  
South County Regional Wastewater Authority  
7351 Rosanna Street Gilroy, CA 95020

Subject: Monthly Recap of Expenses Project-to-Date September, 2025

Dear Heath,

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

- September's total operating expenses amount to \$790,814
- Fiscal Year operating expenses amount to \$2,156,478

September 2025

Expense Catagories	SEPTEMBER		FY 2025-2026 to Date		Total Annual Budget	% of Annual Budget Expended
	ACTUAL	BUDGET	ACTUAL	BUDGET		
<b>Direct Cost</b> (Not including solids, repairs, PW)	\$ 365,313	\$ 433,694	\$ 744,610	\$ 1,130,558	\$ 4,522,232	16%
<b>Indirect Cost, Overhead &amp; Management Fee</b>	\$ 93,222	\$ 93,222	\$ 279,666	\$ 279,666	\$ 1,118,663	25%
<b>Prevailing Wage Certified Payroll</b>	\$ 23,963	\$ 32,659	\$ 73,475	\$ 97,976	\$ 391,905	19%
<b>Repairs</b>	\$ 38,712	\$ 73,782	\$ 61,021	\$ 191,834	\$ 767,337	8%
<b>Solids Handling and Transportation</b>	\$ 120,216	\$ 154,109	\$ 383,348	\$ 462,327	\$ 1,849,306	21%
<b>Electricity</b>	\$ 149,388	\$ 202,877	\$ 614,358	\$ 608,630	\$ 2,434,522	25%
<b>TOTAL</b>	<b>\$ 790,814</b>	<b>\$ 990,343</b>	<b>\$ 2,156,478</b>	<b>\$ 2,770,991</b>	<b>\$ 11,083,966</b>	<b>19%</b>

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

Regards,



John Edgar  
Project Manager  
via email

cc: Bret Swain (email)  
Jade Njo (email)  
Stephen French (email)  
File

November 21, 2025

Heath McMahon  
South County Regional Wastewater Authority  
7351 Rosanna Street Gilroy, CA 95020

Subject: Monthly Recap of Expenses Project-to-Date October, 2025

Dear Heath,

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

- October's total operating expenses amount to \$796,364
- Fiscal Year operating expenses amount to \$3,018,326

October 2025

Expense Categories	OCTOBER		FY 2025-2026 to Date		Total Annual Budget	% of Annual Budget Expended
	ACTUAL	BUDGET	ACTUAL	BUDGET		
<b>Direct Cost</b> (Not including solids, repairs, PW)	\$ 380,025	\$ 348,432	\$ 1,190,119	\$ 1,478,990	\$ 4,522,232	26%
<b>Indirect Cost, Overhead &amp; Management Fee</b>	\$ 93,222	\$ 93,222	\$ 372,888	\$ 372,888	\$ 1,118,663	33%
<b>Prevailing Wage Certified Payroll</b>	\$ 17,242	\$ 32,659	\$ 90,717	\$ 128,123	\$ 391,905	23%
<b>Repairs</b>	\$ 30,884	\$ 59,026	\$ 91,904	\$ 250,860	\$ 767,337	12%
<b>Solids Handling and Transportation</b>	\$ 125,869	\$ 154,109	\$ 509,217	\$ 616,435	\$ 1,849,306	28%
<b>Electricity</b>	\$ 149,122	\$ 202,877	\$ 763,481	\$ 795,901	\$ 2,434,522	31%
<b>TOTAL</b>	<b>\$ 796,364</b>	<b>\$ 890,324</b>	<b>\$ 3,018,326</b>	<b>\$ 3,643,198</b>	<b>\$ 11,083,966</b>	<b>27%</b>

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

Regards,



John Edgar  
Project Manager  
via email

cc: Bret Swain (email)  
Jade Njo (email)  
Stephen French (email)  
File

December 22, 2025

Heath McMahon  
South County Regional Wastewater Authority  
7351 Rosanna Street Gilroy, CA 95020

Subject: Monthly Recap of Expenses Project-to-Date November, 2025

Dear Heath,

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

- November's total operating expenses amount to \$778,162
- Fiscal Year operating expenses amount to \$3,796,488

November 2025

Expense Categories	NOVEMBER		FY 2025-2026 to Date		Total Annual Budget	% of Annual Budget Expended
	ACTUAL	BUDGET	ACTUAL	BUDGET		
<b>Direct Cost</b> (Not including solids, repairs, PW)	\$ 303,709	\$ 348,432	\$ 1,493,828	\$ 1,827,422	\$ 4,522,232	33%
<b>Indirect Cost, Overhead &amp; Management Fee</b>	\$ 93,222	\$ 93,222	\$ 466,110	\$ 466,110	\$ 1,118,663	42%
<b>Prevailing Wage Certified Payroll</b>	\$ 18,882	\$ 32,659	\$ 109,599	\$ 158,269	\$ 391,905	28%
<b>Repairs</b>	\$ 22,929	\$ 59,026	\$ 114,833	\$ 309,886	\$ 767,337	15%
<b>Solids Handling and Transportation</b>	\$ 114,862	\$ 154,109	\$ 624,079	\$ 770,544	\$ 1,849,306	34%
<b>Electricity</b>	\$ 224,558	\$ 202,877	\$ 988,039	\$ 983,172	\$ 2,434,522	41%
<b>TOTAL</b>	<b>\$ 778,162</b>	<b>\$ 890,324</b>	<b>\$ 3,796,488</b>	<b>\$ 4,515,404</b>	<b>\$ 11,083,966</b>	<b>34%</b>

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

Regards,



John Edgar  
Project Manager  
via email

cc: Bret Swain (email)  
Jade Njo (email)  
Stephen French (email)  
File

January 20, 2026

Bret Swain  
South County Regional Wastewater Authority  
7351 Rosanna Street Gilroy, CA 95020

Subject: Monthly Recap of Expenses Project-to-Date December, 2025

Dear Bret,

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

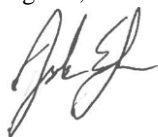
- December's total operating expenses amount to \$786,741
- Fiscal Year operating expenses amount to \$4,472,774

December 2025

Expense Catagories	DECEMBER		FY 2025-2026 to Date		Total Annual Budget	% of Annual Budget Expended
	ACTUAL	BUDGET	ACTUAL	BUDGET		
<b>Direct Cost</b> (Not including solids, repairs, PW)	\$ 400,053	\$ 433,694	\$ 1,893,881	\$ 2,261,116	\$ 4,522,232	42%
<b>Indirect Cost, Overhead &amp; Management Fee</b>	\$ 93,222	\$ 93,222	\$ 559,331	\$ 559,331	\$ 1,118,663	50%
<b>Prevailing Wage Certified Payroll</b>	\$ 25,622	\$ 32,659	\$ 135,222	\$ 195,953	\$ 391,905	35%
<b>Repairs</b>	\$ 24,473	\$ 73,782	\$ 139,306	\$ 383,669	\$ 767,337	18%
<b>Solids Handling and Transportation</b>	\$ 132,898	\$ 154,109	\$ 756,977	\$ 924,653	\$ 1,849,306	41%
<b>Electricity</b>	\$ 110,472	\$ 202,877	\$ 988,057	\$ 1,217,261	\$ 2,434,522	41%
<b>TOTAL</b>	<b>\$ 786,741</b>	<b>\$ 990,343</b>	<b>\$ 4,472,774</b>	<b>\$ 5,541,983</b>	<b>\$ 11,083,966</b>	<b>40%</b>

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

Regards,



John Edgar  
Project Manager  
via email

cc: Jade Njo (email)  
Stephen French (email)  
File



**Operations Management  
and Facilities Services**  
1500 Southside Dr.  
Gilroy, CA 95020  
**O +1 408 848 0480**  
**F +1 408 842 0873**  
www.jacobs.com

February 25, 2026

Matt Morley  
South County Regional Wastewater Authority  
7351 Rosanna Street Gilroy, CA 95020

Subject: Monthly Recap of Expenses Project-to-Date January, 2026

Dear Matt,

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

- January's total operating expenses amount to \$753,229
- Fiscal Year operating expenses amount to \$5,336,457

January 2026

Expense Categories	JANUARY		FY 2025-2026 to Date		Total Annual Budget
	ACTUAL	BUDGET	ACTUAL	BUDGET	
<b>Direct Cost</b> (Not including solids, repairs, PW)	\$ 317,536	\$ 348,432	\$ 2,211,417	\$ 2,609,548	\$ 4,522,232
<b>Indirect Cost, Overhead &amp; Management Fee</b>	\$ 93,222	\$ 93,222	\$ 652,553	\$ 652,553	\$ 1,118,663
<b>Prevailing Wage Certified Payroll</b>	\$ 21,779	\$ 32,659	\$ 157,001	\$ 226,099	\$ 391,905
<b>Repairs</b>	\$ 79,896	\$ 59,026	\$ 219,202	\$ 442,695	\$ 767,337
<b>Solids Handling and Transportation</b>	\$ 152,707	\$ 154,109	\$ 909,684	\$ 1,078,762	\$ 1,849,306
<b>Electricity</b>	\$ 88,089	\$ 202,877	\$ 1,186,600	\$ 1,404,532	\$ 2,434,522
<b>TOTAL</b>	<b>\$ 753,229</b>	<b>\$ 890,324</b>	<b>\$ 5,336,457</b>	<b>\$ 6,414,189</b>	<b>\$ 11,083,966</b>

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

Regards,

John Edgar  
Project Manager  
via email

cc: Bret Swain (email)  
Jade Pappous (email)  
Stephen French (email)  
File



October 2, 2025

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

Re: Septage Disposal - September 2025

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,

*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  
john.edgar@jacobs.com

cc: File 16.12

# Monthly Septage Summary

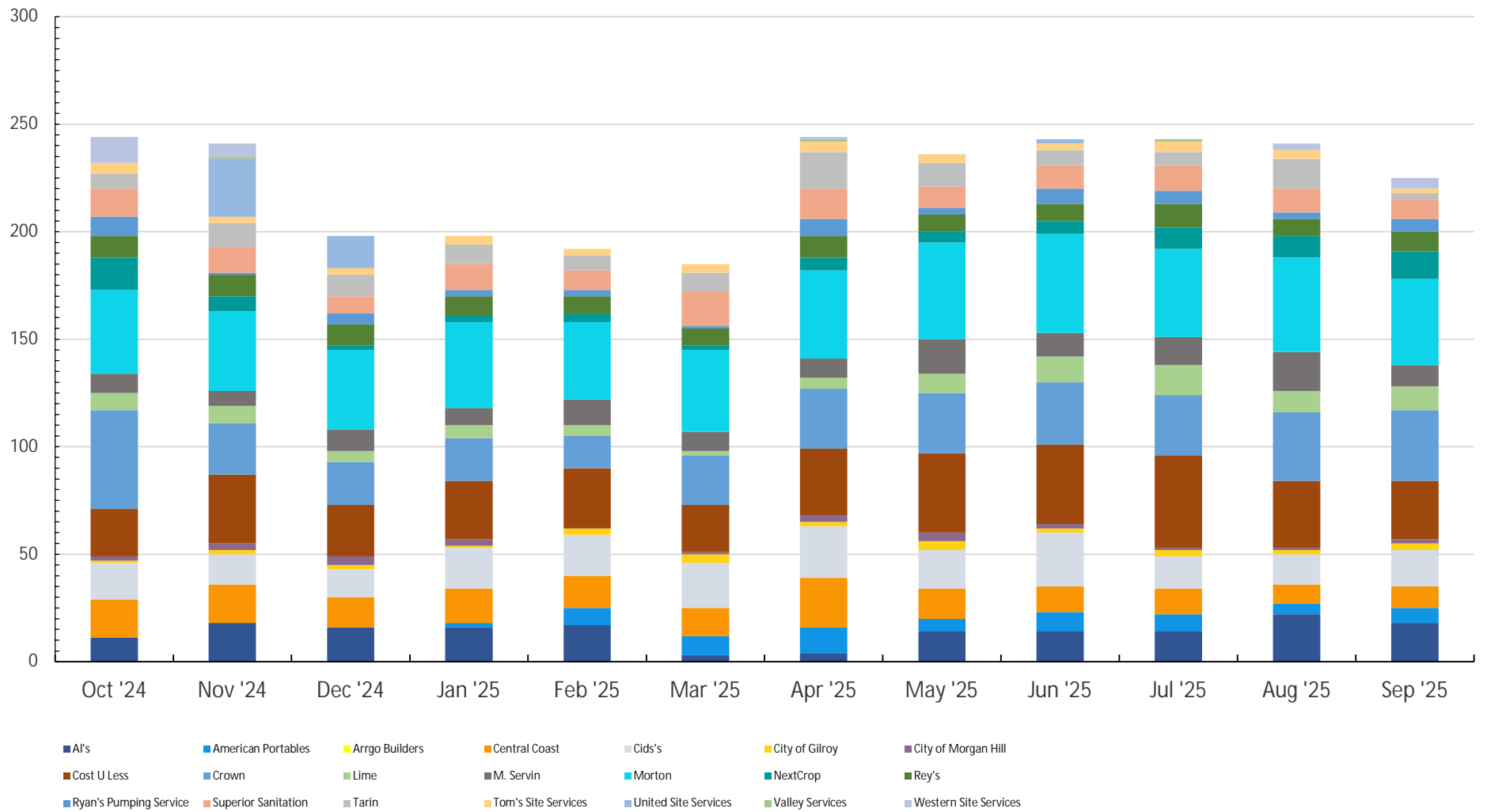
September 2025

Date	Als Septic	American Portables	Central Coast Services	Cids Septage	Cost U Less	Crown Sanitation	Lime Site Services	M. Servin Portable Toilets	Morton Septic	NextCrop	Reys	Ryans Pumping Service	Superior Sanitation	Tarin Septic Services	Toms Site Services	United	Valley Services	Western Site Services	City of Gilroy	City of Morgan Hill
1																				
2	6,500		485	2,400	800	800	150		1,000	400	175									100
3				1,950	900	965		705	2,000	400					384			1,000	700	
4		600	220				350	690	2,050	400	175		250							650
5			245	500	800	875	200		5,450				250							
6																				
7																				
8	10,080	410			1,500			725	1,200	400										
9	2,500				500	775		780	1,000	400	175			1,000						
10	1,500	600	260						2,000			1,500	250							
11				1,200	1,000	668	450				200		250							
12					1,000	700			5,700	400		1,500								
13																				
14																				
15	8,220	410	475		1,100			765	2,200	400			200							100
16	1,500			2,400	500	1,995			1,250		200	1,500						1,600		
17	4,000	600			400	700	250	620	2,000	400										
18	3,000			1,000	500	600					200	1,500	200							
19			250	750	600	1,505	1,600		5,450	400			250	1,500						
20																				
21																				
22		410		1,200	1,100	1,295	350	715	2,200	400										
23	3,360			1,000	600	900			1,000		200	1,200						1,000		
24	1,500		245		500	875	450		2,200						456					
25				1,750	500		1,350	790	2,200	400	200	1,500	250	1,200					2,000	
26				500		1,137			5,450											
27								775												
28																				
29		400	240	1,200	900	1,505		720	1,000	400										
30				750		800			2,200	400	175		250					1,000		
<b>Total GAL</b>	<b>42,160</b>	<b>3,430</b>	<b>2,420</b>	<b>16,600</b>	<b>13,200</b>	<b>16,095</b>	<b>5,150</b>	<b>7,285</b>	<b>47,550</b>	<b>5,200</b>	<b>1,700</b>	<b>8,700</b>	<b>2,150</b>	<b>3,700</b>	<b>840</b>			<b>4,600</b>	<b>3,350</b>	<b>200</b>
<b>Total \$</b>	<b>6,324.00</b>	<b>514.50</b>	<b>363.00</b>	<b>2,490.00</b>	<b>1,980.00</b>	<b>2,414.25</b>	<b>772.50</b>	<b>1,092.75</b>	<b>7,132.50</b>	<b>780.00</b>	<b>255.00</b>	<b>1,305.00</b>	<b>322.50</b>	<b>555.00</b>	<b>126.00</b>			<b>690.00</b>		

Total Billable Gallons: 180,780.00

Total Billable Amount: \$27,117.00

# Load Counts (by month)





November 3, 2025

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

Re: Septage Disposal - October 2025

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,

*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  
john.edgar@jacobs.com

cc: File 16.12

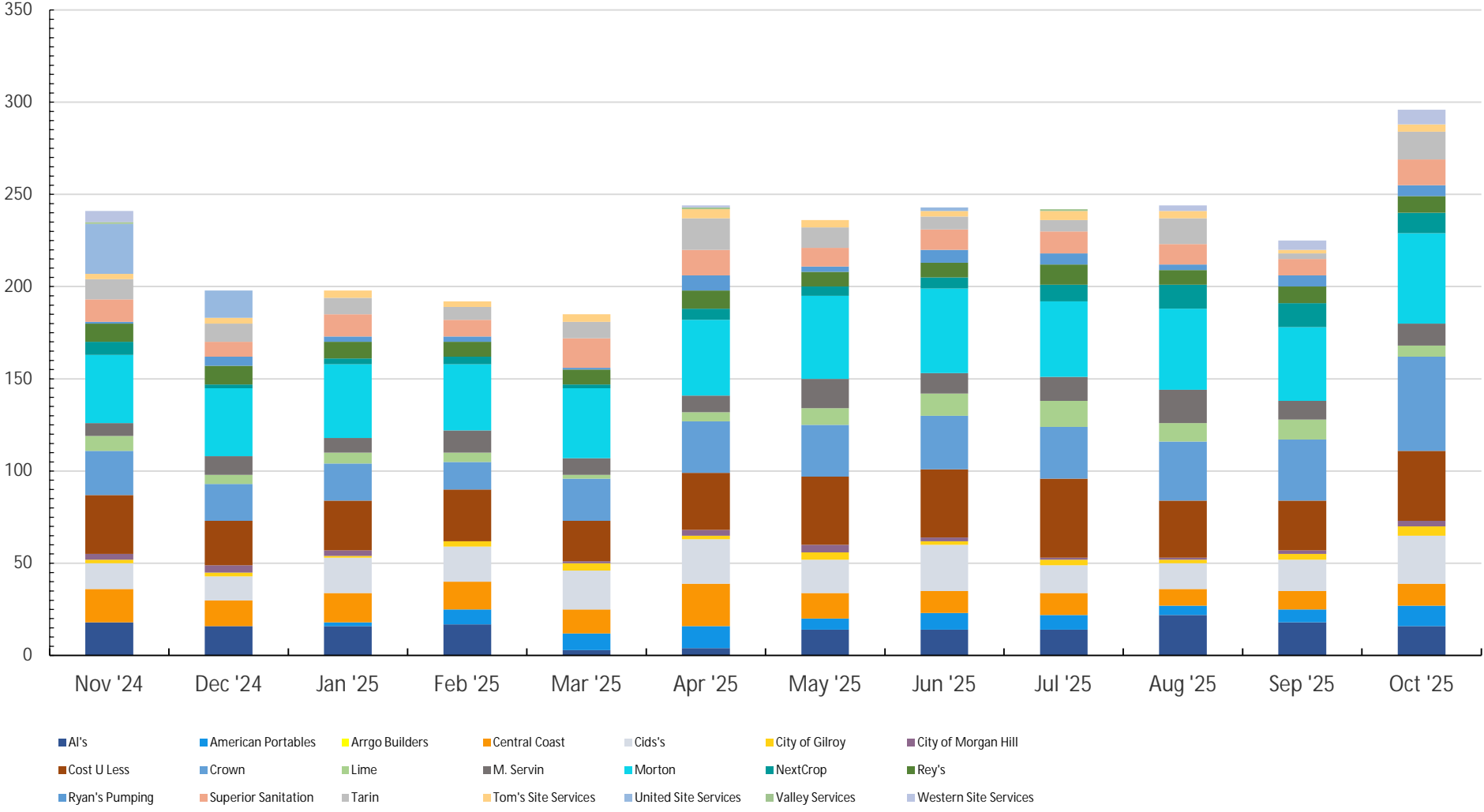
# Monthly Septage Summary

October 2025

Date	Als Septic	American Portables	Central Coast Services	Cids Septage	Cost U Less	Crown Sanitation	Lime Site Services	M. Servin Portable Toilets	Morton Septic	NextCrop	Reys	Ryans Pumping Service	Superior Sanitation	Tarin Septic Services	Toms Site Services	United	Valley Services	Western Site Services	City of Gilroy	City of Morgan Hill
1	3,360	1,425	270	2,700	500	1,050	350		2,200				200		912					
2			265			720	950		2,050	400	200			1,200						
3				500	1,000	1,000			5,450				250	1,500						
4																				
5																				
6					1,500	1,105		710	1,000	400				1,200						
7			240	1,200	500	1,450		815	1,200		150							1,650		100
8	5,000	800	265		2,000	1,630			2,200	400		1,500	200	1,500	456				500	
9	3,000			750			350		2,000		200									
10			270	2,200		3,455			6,750	400			300	2,700						
11								650												
12																				
13		480	180	1,200	1,500	1,835		775	3,000	400										50
14	5,360			1,500	500	485			2,200		200			1,000				2,600	1,500	
15		620		2,200	500	150			2,100				250							
16	1,200		180	1,200		2,065	250		1,500		150			2,200						
17			230	300	1,000	850		685	5,450	400			300	1,200						
18								705												
19																				
20	1,904				1,500	1,519			1,000			1,500								
21				1,200	1,600	1,375		635		400	175		250					1,600		100
22		800	175	1,000	1,400	1,330			1,200											
23	3,360	560			500				1,000	400	150									
24	2,500	700	180	500	500	2,090			6,950					1,500						
25																				
26																				
27	3,500			1,000	1,000	1,395		1,475	1,200	400			450							
28	3,360	480	165	2,400	2,100	950		815	3,450	400	175	3,000	550	2,700				2,000		100
29	3,000	700			500	930						1,000	450		456					
30				3,900		1,000		710	800	400	200	1,000	250	1,500					1,300	
31		600	175	1,300	1,000	750		770	5,500					1,200						
<b>Total GAL</b>	<b>35,544</b>	<b>7,165</b>	<b>2,595</b>	<b>25,050</b>	<b>19,100</b>	<b>27,134</b>	<b>1,900</b>	<b>8,745</b>	<b>58,200</b>	<b>4,400</b>	<b>1,600</b>	<b>8,000</b>	<b>3,450</b>	<b>19,400</b>	<b>1,824</b>			<b>7,850</b>	<b>3,350</b>	<b>300</b>
<b>Total \$</b>	<b>5,331.60</b>	<b>1,074.75</b>	<b>389.25</b>	<b>3,757.50</b>	<b>2,865.00</b>	<b>4,070.10</b>	<b>285.00</b>	<b>1,311.75</b>	<b>8,730.00</b>	<b>660.00</b>	<b>240.00</b>	<b>1,200.00</b>	<b>517.50</b>	<b>2,910.00</b>	<b>273.60</b>			<b>1,177.50</b>		

**Total Billable Gallons: 231,957.00**  
**Total Billable Amount: \$34,793.55**

# Load Counts (by month)





Operations Management  
and Facilities Services

1500 Southside Dr.  
Gilroy, CA 95020  
O +1 408 848 0480  
F +1 408 842 0873  
www.jacobs.com

December 10, 2025

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

Re: Septage Disposal - November 2025

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,

*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  
john.edgar@jacobs.com

cc: File 16.12

# Monthly Septage Summary

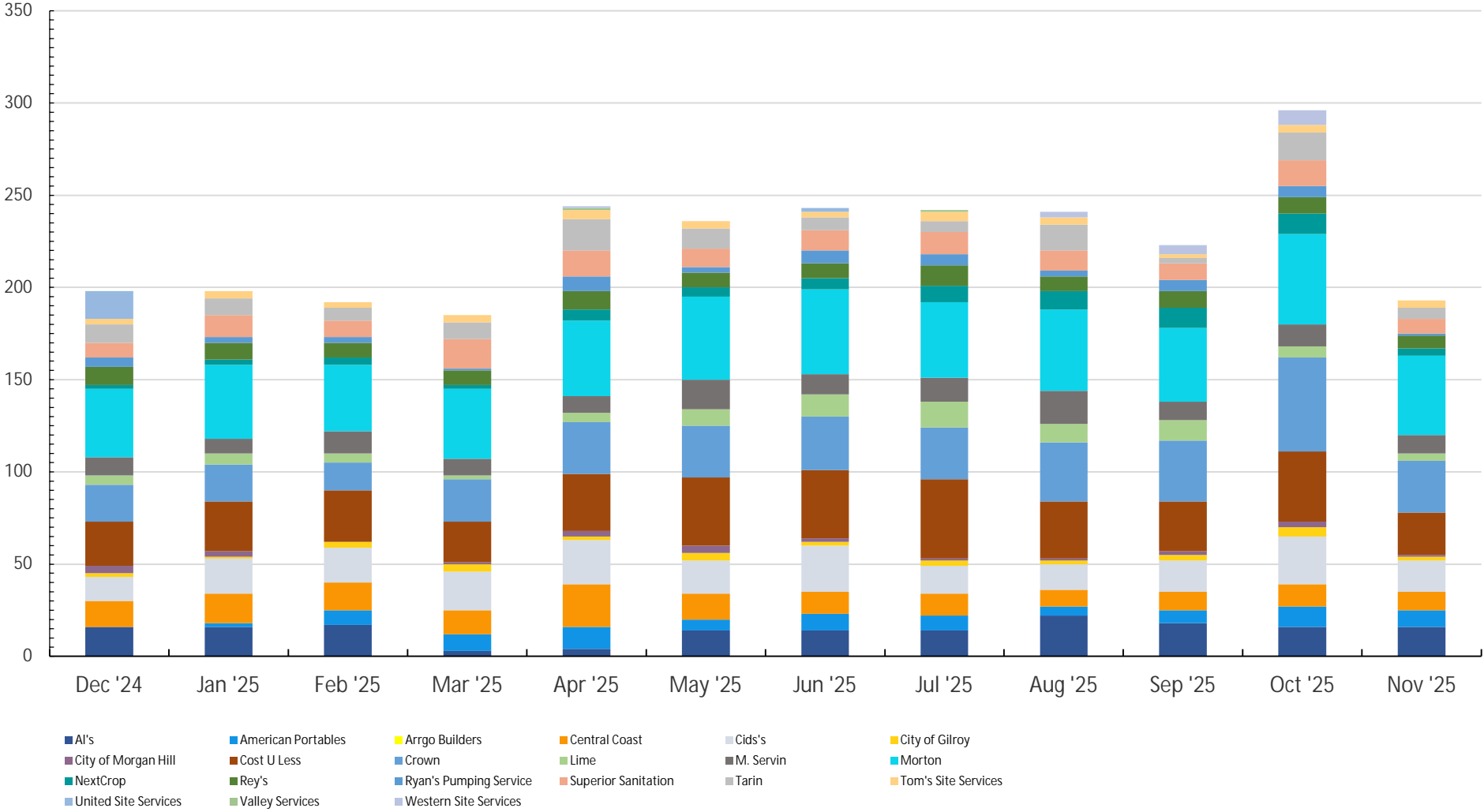
November 2025

Date	Als Septic	American Portables	Central Coast Services	Cids Septage	Cost U Less	Crown Sanitation	Lime Site Services	M. Servin Portable Toilets	Morton Septic	NextCrop	Reys	Ryans Pumping Service	Superior Sanitation	Tarin Septic Services	Toms Site Services	United	Valley Services	Western Site Services	City of Gilroy	City of Morgan Hill
1																				
2																				
3		300	415	1,200	1,500	1,235		770	1,200	400				1,500						
4				2,200	1,100			545	1,800		175									
5		600	280	2,400		785		790	2,500				250		456					
6	3,500			800	600	350			2,250		200								1,200	
7		600	265	1,200	500	1,100			5,450	400				1,200						
8																				
9																				
10	5,712			1,000	1,500	375		750	2,200				450							
11								815				1,200								100
12		600	170	2,400	1,600	1,435	700	775	4,250	400					456					
13	1,000		260	1,000	500				2,250		175			1,000						
14	1,500	500	165		500	400			6,750											
15								780												
16																				
17	1,904	400		800	500	835			2,200					1,500						
18	800			2,000		850			1,200		175		200							
19	3,404	400				750			3,700				250		456					
20	3,404								2,250		200								750	
21			265		1,000	750			5,750											
22																				
23																				
24	2,500	500			1,200	950	850	775	1,000	400	150									
25			250	1,200		1,000	400	510	3,450				700	1,200	408					
26		600	180	1,700	1,500	430			5,750		175			1,500						
27																				
28																				
29								750												
30																				
<b>Total GAL</b>	<b>23,724</b>	<b>4,500</b>	<b>2,250</b>	<b>17,900</b>	<b>12,000</b>	<b>11,245</b>	<b>1,950</b>	<b>7,260</b>	<b>53,950</b>	<b>1,600</b>	<b>1,250</b>	<b>1,200</b>	<b>1,850</b>	<b>7,900</b>	<b>1,776</b>				<b>1,950</b>	<b>100</b>
<b>Total \$</b>	<b>3,558.60</b>	<b>675.00</b>	<b>337.50</b>	<b>2,685.00</b>	<b>1,800.00</b>	<b>1,686.75</b>	<b>292.50</b>	<b>1,089.00</b>	<b>8,092.50</b>	<b>240.00</b>	<b>187.50</b>	<b>180.00</b>	<b>277.50</b>	<b>1,185.00</b>	<b>266.40</b>					

Total Billable Gallons: 150,355.00

Total Billable Amount: \$22,553.25

# Load Counts (by month)





January 26, 2026

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

Re: Septage Disposal - December 2025

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,

*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  
john.edgar@jacobs.com

cc: File 16.12

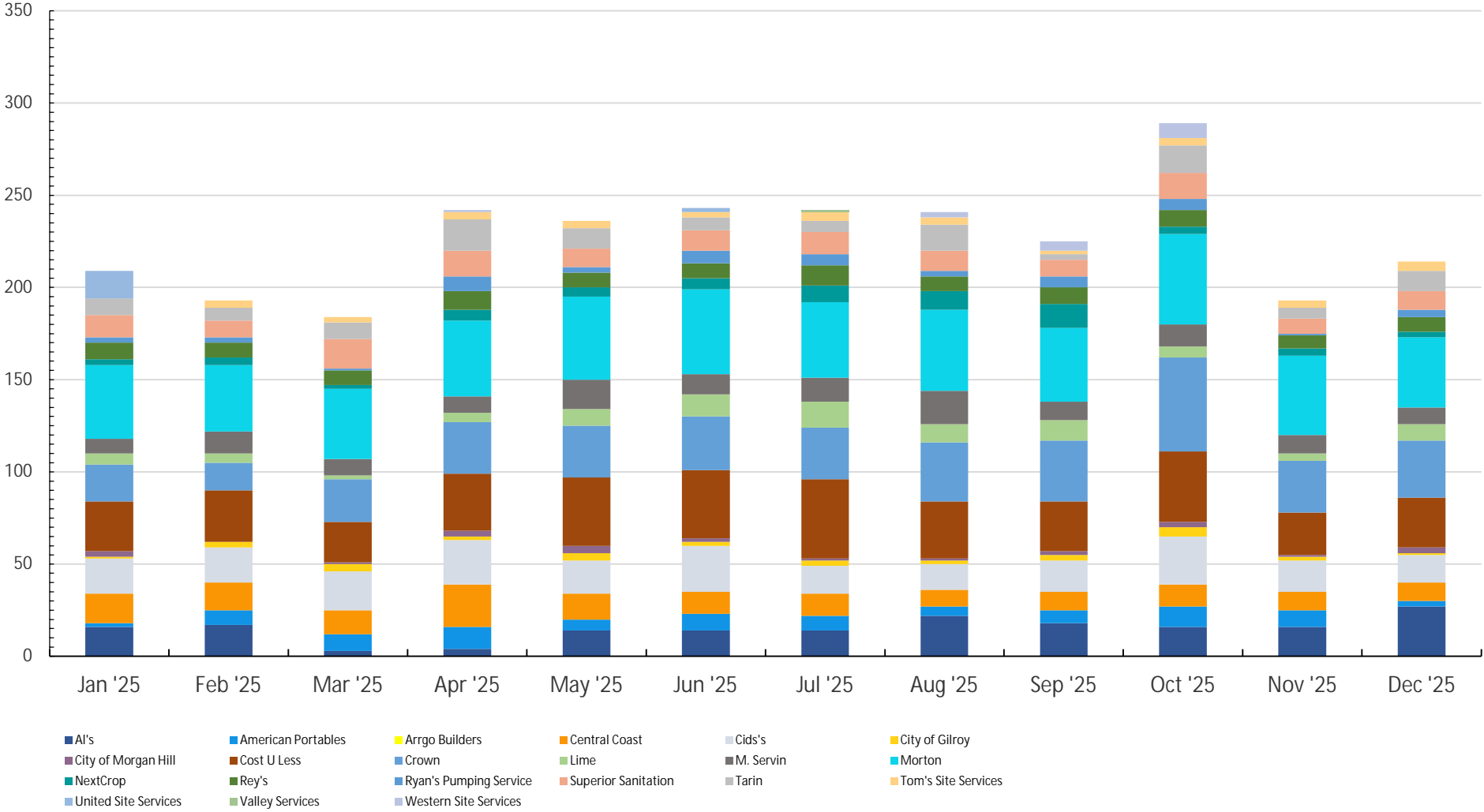
# Monthly Septage Summary

December 2025

Date	Als Septic	American Portable S	Central Coast Services	Cids Septage	Clean Site Services	Cost U Less	Crown Sanitation	Lime Site Services	M. Servin Portable Toilets	Morton Septic	NextCrop	Reys	Ryans Pumping Service	Superior Sanitation	Tarin Septic Services	Toms Site Services	United	Valley Services	Western Site Services	City of Gilroy	City of Morgan Hill	
1	1,200			1,200	950	1,000	835		590	1,200	400				1,500						100	
2						500	875			800		175			2,400							
3	8,060				930	1,100			470	1,000				200		384						
4						500	1,175			1,500		200	1,000									
5	3,000		270			1,600	250	450		7,000	400			250							50	
6									770													
7			230																			
8	7,860		250	500		1,000				2,200			1,500	250								
9	5,264			800		1,100	1,175	400		1,250												
10	3,360			750			885		760	5,700					1,000	324						
11	3,360			2,200	960	500			630			200		250								
12	3,500		230		890	1,100	1,150							250	1,500							
13																						
14									710													
15	5,712	600			950	1,600				1,500				250							100	
16				1,200		1,000	400			1,000	400	200										
17	5,712		250	500			1,200	1,300		2,200					1,200	324						
18				2,000			415	300		2,450		175		600							100	
19	1,200		435				950			5,450			1,200	250								
20	Edmonds								740													
21			265										1,200									
22				1,950	115		550			1,200				250	1,500							
23				1,900			500	250	600	2,450		200			1,200							
24	3,404	600								6,950					1,500	360						
25																						
26						1,100		900														
27																						
28																						
29		300	180	1,000		1,000	1,400		750	1,250		175										
30			230		155	1,100	650	850		1,300					1,200	324						
31							900	400		2,250		200			1,200							
<b>Total GAL</b>	<b>55,336</b>	<b>1,500</b>	<b>2,250</b>	<b>14,000</b>	<b>4,950</b>	<b>14,200</b>	<b>13,310</b>	<b>4,850</b>	<b>6,020</b>	<b>48,650</b>	<b>1,200</b>	<b>1,525</b>	<b>4,900</b>	<b>2,550</b>	<b>14,200</b>	<b>1,716</b>				<b>50</b>	<b>300</b>	
<b>Total \$</b>	<b>\$8,300.40</b>	<b>\$225.00</b>	<b>\$337.50</b>	<b>\$2,100.00</b>	<b>\$742.50</b>	<b>\$2,130.00</b>	<b>\$1,996.50</b>	<b>\$727.50</b>	<b>\$903.00</b>	<b>\$7,297.50</b>	<b>\$180.00</b>	<b>\$228.75</b>	<b>\$735.00</b>	<b>\$382.50</b>	<b>\$2,130.00</b>	<b>\$257.40</b>						

**Total Billable Gallons: 191,157.00**  
**Total Billable Amount: \$28,673.55**

# Load Counts (by month)





February 9, 2026

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

Re: Septage Disposal - January 2026

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,

*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  
john.edgar@jacobs.com

cc: File 16.12

# Monthly Septage Summary

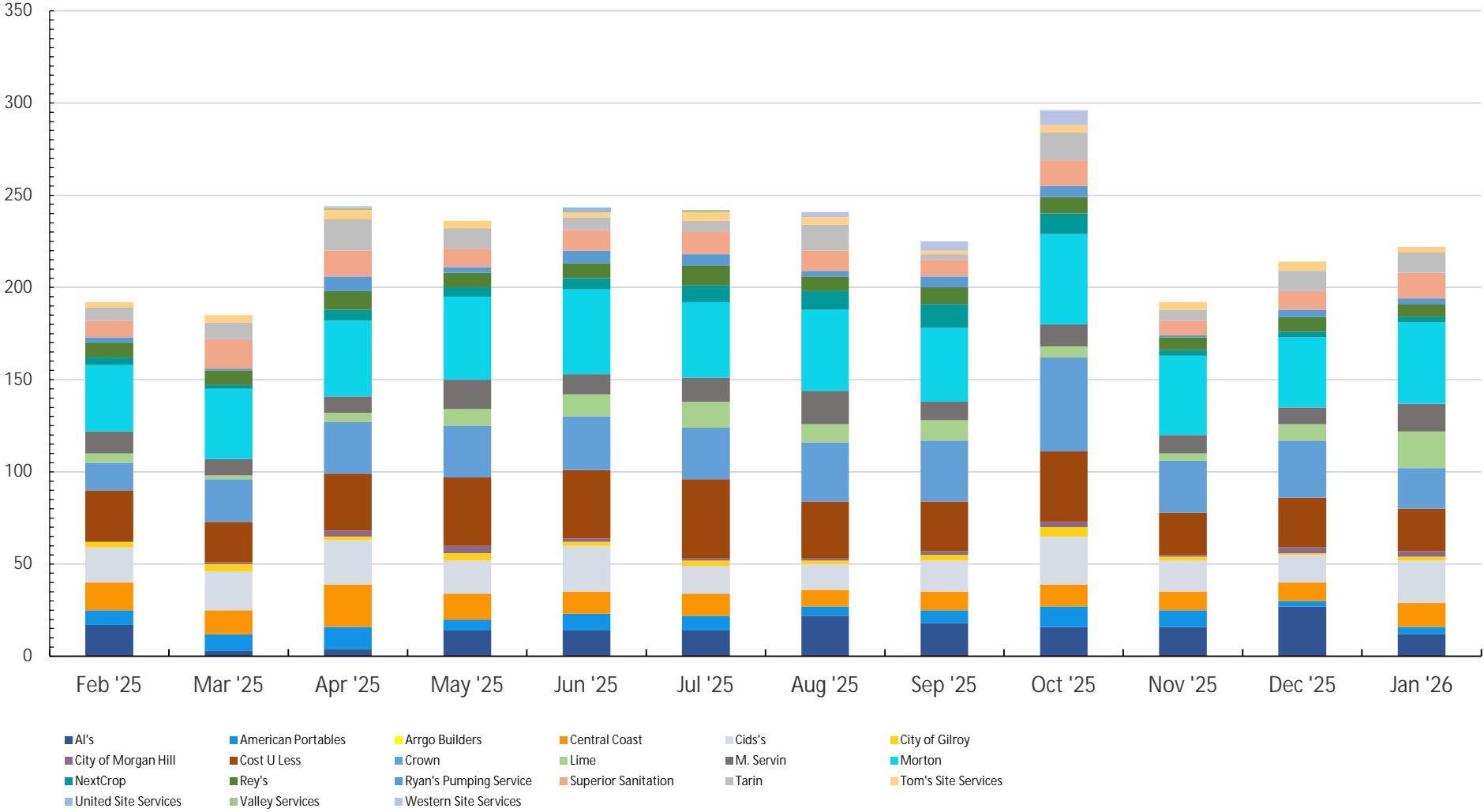
January 2026

Date	Als Septic	American Portables	Central Coast Services	Cids Septage	Clean Site Services	Cost U Less	Crown Sanitation	Lime Site Services	M. Servin Portable Toilets	Morton Septic	NextCrop	Reys	Ryans Pumping Service	Superior Sanitation	Tarin Septic Services	Toms Site Services	United	Valley Services	Western Site Services	City of Gilroy	City of Morgan Hill	
1					135																	
2		300	265	500				3,300	550	5,400				450	1,500							
3									660													
4																						
5	4,000			750		1,600			750	2,450	400										100	
6	2,000			2,400	140		850		745	2,750		175		1,450								
7	3,200			1,700		1,100		1,150		1,500					1,200	324						
8	1,500		500	2,200	145	500	355	1,600	765	2,200		200			1,200							
9			260			1,000	400	1,150		5,200			1,500	250	1,500							
10									760													
11																						
12	3,808		255	2,400	155	500	500		720	1,000												
13			160				1,200			2,200		175	1,500							250		
14	5,308		130		170		1,090	1,250		2,450						324				500		
15		600		1,000			600		626	2,450		175		200								
16			260			1,000	800		770	5,450					1,500							
17																						
18																						
19									715					200								
20				1,700	145	1,600	1,425		770	1,200	400										100	
21			250	1,200			430	1,250		2,250				200		348						
22		600		1,200	150	1,000		1,350		1,200		375			2,700							
23		600		500		1,000	250			5,450					1,200							
24									720													
25																						
26			255	1,700		600			785	2,200				450							100	
27				1,200	140	600	250	150	780	2,200												
28			265	2,400			405	300		2,200			1,000									
29			200	500	160	1,000		400	720			200		200								
30			240	750		600	600			5,450	400			200								
31																						
<b>Total GAL</b>	<b>19,816</b>	<b>2,100</b>	<b>3,040</b>	<b>22,100</b>	<b>1,340</b>	<b>12,100</b>	<b>9,155</b>	<b>11,900</b>	<b>10,836</b>	<b>55,200</b>	<b>1,200</b>	<b>1,300</b>	<b>4,000</b>	<b>3,600</b>	<b>10,800</b>	<b>996</b>				<b>750</b>	<b>300</b>	
<b>Total \$</b>	<b>\$2,972.40</b>	<b>\$315.00</b>	<b>\$456.00</b>	<b>\$3,315.00</b>	<b>\$201.00</b>	<b>\$1,815.00</b>	<b>\$1,373.25</b>	<b>\$1,785.00</b>	<b>\$1,625.40</b>	<b>\$8,280.00</b>	<b>\$180.00</b>	<b>\$195.00</b>	<b>\$600.00</b>	<b>\$540.00</b>	<b>\$1,620.00</b>	<b>\$149.40</b>						

**Total Billable Gallons: 169,483.00**

**Total Billable Amount: \$25,422.45**

# Load Counts (by month)





March 9, 2026

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

Re: Septage Disposal - February 2026

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,

*Kerry Edmonds*

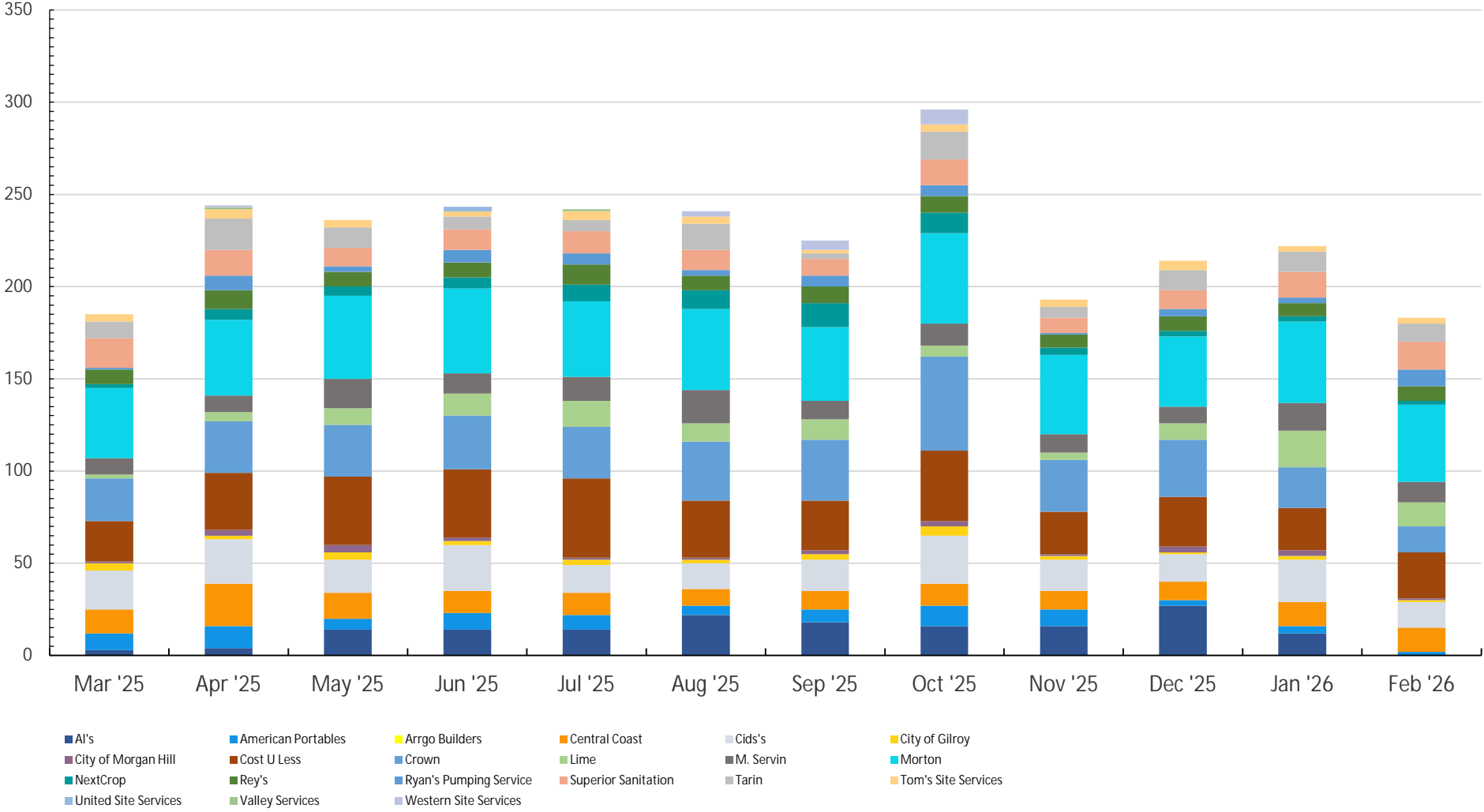
Kerry Edmonds  
Project Assistant  
Jacobs – Gilroy/Morgan Hill

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

cc: File 16.12



# Load Counts (by month)



# Engineering Projects Report

April 1, 2026

## TREATMENT CAPACITY EXPANSION PROJECT

- **PG&E service change process (Dec 2021 - ongoing)** – Application submitted to utility to study system needs. Study was completed and PG&E is planning to upgrade the plant main fuse when their schedule opens. No impact to the plant expansion project
- **BAAQMD permit to operate (Dec 2021 - ongoing)** – SCRWA reviewed and provided comments on draft permit in February 2026. Permit is going through 30 days review period. Expecting permit in April 2026
- **NPDES & WDR Permits (August 2024 - ongoing)** – Reviewed and provided comments on revised Administrative Draft NPDES and the subsequent Tentative Draft NPDES permit. Completed Title 22 Report to RWQCB and DDW. Provided additional requested information to State Water Board for WDR. Permits will be presented for adoption in April 2026
- **New plant construction and commissioning (2021- 2026)** – Planned completion Q2 2026. Construction management services are ongoing. Current construction activities include connections verification and startup functional testing of the MBR, solid handling facility, chemical feed system and conducting various operators' training. Current work includes responding to requests for information and preparing shop drawings.

Status	2026											
	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec
Construction	◆											
PG&E Application	→											
Air District Permit	→											
NPDES & WDR Permits	→											

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 - 2026	2026

## NPDES/WDR PERMIT RENEWAL

**Phase:** In Permit Compliance

**Project Status:** Ongoing tasks

Current NPDES/WDR permit was adopted in 2017. Groundwater contour mapping for the Fourth Quarter 2025 Groundwater Monitoring report is complete. In February 2026, SCRWA provided comments on the Tentative Draft NPDES Permit. On March 13, 2026, SCRWA provided the updated Title 22 Report and additional requested information to the RWQCB for the WDR permits. Title 22 Report will be submitted to the Department of Drinking Water (DDW). RWQCB is currently incorporating comments received for both the NPDES and WDR permits. It is anticipated that the SCRWA receives the NOI of the WDR in April 2026. Both the NPDES and WDR permits are scheduled to be adopted by RWQCB in April 2026.

Key Milestones	Adopted Permit	Permit Compliance	Permit Renewal
Forecast	November 2017	Ongoing	Ongoing

## RECYCLED WATER SYSTEM SUPPORT

**Phase:** Ongoing operations, maintenance and customer permit support

**Project Status:** Completed the annual site inspections in August 2025

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 was conducted in summer 2025. Permit application review for new recycled water users was conducted during the reporting period.