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5072 BENSON ROAD
UNION CITY, CA 94587

CONTACT: MICHELLE POWELL
(510) 477-7500

Union Sanitary District Issues Bonds to Finance Infrastructure Projects

Union Sanitary District (USD) recently sold bonds to fund \$110 million in capital improvement projects that will renew and replace aging infrastructure, enhance wastewater treatment processes, and increase resiliency of District facilities to extreme weather events and climate change. The funds will be applied to USD's extensive Capital Improvement Program (CIP), which is estimated to be over \$1.1 billion dollars over the next 20 years. Financing CIP projects spreads these large costs over a period of time to help stabilize rates for customers.

The interest rate on USD's 30-year bonds is 2.02%. "Prior to the bond sale, the District received new credit ratings," said General Manager Paul Eldredge. "This resulted in an upgrade from S&P to a AAA rating, which led to savings from the

anticipated interest rate of 2.44%. Over the 30-year life of the bonds, the lower interest rate will save the District over \$17.3 million dollars.

“USD’s ability to take advantage of historically low interest rates and a favorable bond market is a reflection of the District’s focus on thorough capital and fiscal planning to meet both near-term and long-term challenges,” said Eldredge.

“USD’s professional and efficient operations, finances, administration, and governance resulted in favorable credit ratings and investor interest that help the District continue to provide quality service while planning for the future in a way that has the most benefit to ratepayers.”

District projects funded by the bonds will include a portion of Phase 1A of USD’s Enhanced Treatment and Site Upgrade Program (ETSU), a component of the largest capital improvement program in District history. Earlier this year, the District was selected by the U.S. Environmental Protection Agency (EPA) to apply for a Water Infrastructure Finance and Innovation Act (WIFIA) loan with a very low interest rate to fund 49% of the ETSU program. The District’s bonds will also fund additional improvements at USD’s Union City treatment plant and its pump stations in Newark and Irvington.

Union Sanitary District operates a 33-million gallon per day wastewater treatment facility in Union City and provides collection, treatment, and disposal services to a population of over 356,000 in Fremont, Newark, and Union City, CA. For more

information about Union Sanitary District's bond sale, contact Michelle Powell at
(510) 477-7500.