

**Directors**

Manny Fernandez  
Tom Handley  
Pat Kite  
Anjali Lathi  
Jennifer Toy

**Officers**

Paul R. Eldredge  
*General Manager/  
District Engineer*

David M. O'Hara  
*Attorney*

**DATE:** June 7, 2015

**MEMO TO:** Board of Directors - Union Sanitary District

**FROM:** Paul R. Eldredge, General Manager/District Engineer  
Sami E. Ghossain, Manager of Technical Services  
Rollie R. Arbolante, Customer Service Team Coach

**SUBJECT:** Agenda Item No. 16b - Meeting of July 13, 2015  
Information Item: **Agreement with RMC Water and Environment for Flow Model and Capacity Analysis Professional Services**

**Recommendation**

Information Only.

**Background**

On February 3, 2009, the District executed an agreement with RMC Water and Environment (RMC) to provide professional engineering services on an on-call basis. The agreement provides a quick process for staff to obtain engineering services without having to negotiate separate agreements for small tasks associated with gravity sewer flow modeling and capacity analyses. These services are needed whenever District Capital Improvement Projects are planned for and designed, or when unanticipated large developments or high volume dischargers apply for connection to the District's sewer system.

The two-year agreement with RMC had a total cost ceiling of \$40,000 with total compensation not to exceed \$20,000 per year. There were two amendments to the agreement. Amendment No. 1 in February 2011 extended the agreement from two years to four years, ending on February 3, 2013. Amendment No. 2 in April 2013 extended the agreement to April 15, 2015. On July 7, 2015, Staff has entered into a new two-year agreement with a cost ceiling of \$50,000 with total compensation not to exceed \$25,000 per year. The higher cost ceiling and total

compensation amount will provide more flexibility for staff during what is anticipated to be a vigorous construction development period.

The District has two other similar agreements with Carollo Engineers, and the Covello Group for engineering and construction management services, respectively.

RMC was selected to provide these services due to the knowledge, experience, and track record of their Project Manager, Gisa Ju, who was the project manager on the previous seven Collection System master plan studies. Ms. Ju is very knowledgeable of the District and has a detailed understanding of the District's dynamic flow model and sewer collection system. Staff has been satisfied with the quality of engineering services provided by her and by RMC.

During the past six years, staff executed four task orders at a total cost ceiling of \$44,993 and approved payments totaling \$39,072. The four task orders are summarized in Table 1.

**Table 1 – Summary of Task Orders for Agreement (2009-2015)**

<b>Task Order Number</b>	<b>Task Order Execution Date</b>	<b>Description</b>	<b>Cost Ceiling</b>	<b>Amount Paid</b>
1	January 8, 2010	Solyndra Flow Impact	\$2,500	\$1,974.00
2	November 1, 2010	Customer Service Team Model Support	\$2,500	\$2,500.00
3	April 22, 2013 Amendment No 1 May 28, 2012	Flow Model support for CoF Midtown; lining of downstream concrete pipes and routing options to Irvington Basin.	\$35,753	\$30,712.25
4	July 5, 2013	Dreyer's Ice Cream property impact	\$4,240	\$3,885.75
		<b>Total</b>	<b>\$44,993</b>	<b>\$39,072.00</b>

PRE/SEG/RRA;ks

Attachment: Flow Model and Capacity Analysis Agreement

**FLOW MODEL AND CAPACITY ANALYSIS  
AGREEMENT  
BETWEEN  
UNION SANITARY DISTRICT  
AND  
RMC WATER AND ENVIRONMENT  
FOR  
PROFESSIONAL SERVICES**

July 7

THIS IS AN AGREEMENT MADE AS OF ~~JUNE~~, 2015, BETWEEN UNION SANITARY DISTRICT (hereinafter referred to as District), and RMC WATER AND ENVIRONMENT (hereinafter referred to as Engineer).

WITNESSETH:

WHEREAS, District intends to obtain gravity sewer flow modeling and capacity analysis for various District projects (hereinafter referred to as Project), and,

WHEREAS, District requires certain professional services in connection with the Project (hereinafter referred as Services); and

WHEREAS, Engineer is qualified and prepared to provide such Services;

NOW, THEREFORE, in consideration of the promises contained herein, the parties agree as follows:

**ARTICLE 1 - SERVICES TO BE PERFORMED BY ENGINEER**

- 1.1 Specific Services and the associated scope of services, payment, schedule, and personnel will be defined in specific Task Order as mutually agreed by District and Engineer.
- 1.2 All Task Orders will by reference incorporate the terms and conditions of this Agreement, and become formal amendments hereto.

**ARTICLE 2 - COMPENSATION**

- 2.1 Compensation for consulting services performed under this Agreement shall include:

- (1) Direct labor costs, multiplied by an agreed upon fixed factor (the Multiplier), to compensate for fringe benefits, indirect costs, and profit.
- (2) Non-labor direct project charge not included in the fixed factor and acceptable, without any markup.
- (3) Subconsultant costs, with a maximum markup of 5%.

Definitions are as follows:

- (a) Direct labor is salaries and wages paid to personnel for time directly chargeable to the project. Direct labor does not include the cost of Engineer's statutory and customary benefits, such as sick leave, holidays, vacations, and medical and retirement benefits nor the cost of the time of executive and administrative personnel and others whose time is not identifiable to the project.
- (b) Fringe benefits include Engineer's statutory and customary benefits, such as sick leave, holidays, vacations, medical and retirement benefits, incentive pay, tuition, and other costs classified as employee benefits.
- (c) Indirect costs are allocations of costs that are not directly chargeable to a specific engagement and are commonly referred to as Engineer's overhead. Indirect costs include provisions for such things as clerical support, office space, light and heat, insurance, statutory and customary employee benefits, and the time of executive and administrative personnel and others whose time is not identifiable to the Project or to any other project. Under no circumstances can the same labor costs be charged as direct labor and also appear at the same time as indirect costs, and vice versa.
- (d) The Multiplier is a multiplicative factor which is applied to direct labor costs, and compensates Engineer for fringe benefits and indirect costs (overhead) and profit.
- (e) Other non-labor direct project charges shall be included in the overhead and these charges include typical expenses as cost of transportation and subsistence, printing and reproduction, computer time and programming costs, identifiable supplies, outside consultant's charges, subcontracts, and charges by reviewing authorities."



Alternatively, the District and the Engineer may agree to utilize the fully-encumbered hourly rates and fees for Services performed by the Engineer. These hourly rates and fees shall be based on the Engineer's rate schedule published at the time this Agreement or Task Order is executed and shall be attached to each applicable Task Order.

- 2.2 Reimbursement for mileage shall not exceed the prevailing Internal Revenue Service's standard mileage rate.
- 2.3 A *Cost Ceiling* will be established for each Task Order which is based upon estimated labor-hours and cost estimates. Costs as described above, comprising direct labor, overhead cost, and other direct costs, shall be payable up to a Cost Ceiling as specified in the Task Order. A *Maximum Fee Ceiling*, or *Task Order Firm Ceiling*, will also be established for each Task Order which includes the Cost Ceiling plus the Professional Fee.
- 2.4 Engineer shall invoice District monthly for the actual costs incurred, and a pro-rated portion of the Professional Fee for work performed during the previous month. If the Maximum Fee Ceiling is reached, the Engineer will complete the agreed-upon work for the Maximum Fee Ceiling. With District staff approval, labor hours may be reallocated within the tasks without renegotiation in such a manner so as not to exceed the Maximum Fee Ceiling.
- 2.5 The Engineer shall provide the District with a review of the budget amounts when 75 percent of the Cost Ceiling for any task has been expended. Engineer may request a revision in the Cost Ceiling for performance of this Agreement, and will relate the rationale for the revision to the specific basis of estimate as defined in the Scope of Services. Such notification will be submitted to the District at the earliest possible date. The authorized Cost Ceiling shall not be exceeded without written approval of the District.
- 2.6 The Professional Fee will not be changed except in the case of a written amendment to the Agreement which alters the Scope of Services. District and Engineer agree to negotiate an increase or decrease in Cost Ceiling and Professional Fee for any change in Scope of Services required at any time during the term of this Agreement. Engineer will not commence work on the altered Scope of Services until authorized by District.
- 2.7 Direct labor rates are subject to revision to coincide with Engineer's normal salary review schedule. Adjustments in direct labor rates shall

not affect the firm ceiling without prior written authorization of the District.

- 2.8 District shall pay Engineer in accordance with each Task Order for Services.
- 2.9 Engineer shall submit monthly statements for Services rendered. District will make prompt monthly payments in response to Engineer's monthly statements.

### ARTICLE 3 - PERIOD OF SERVICE

- 3.1 Engineer's services will be performed and the specified services rendered and deliverables submitted within the time period or by the date stipulated in each Task Order.
- 3.2 Engineer's services under this Agreement will be considered complete when the services are rendered and/or final deliverable is submitted and accepted by District.
- 3.3 If any time period within or date by which any of the Engineer's services are to be completed is exceeded through no fault of Engineer, all rates, measures and amounts of compensation and the time for completion of performance shall be subject to equitable adjustment.

### ARTICLE 4 - DISTRICT'S RESPONSIBILITIES

District will do the following in a timely manner so as not to delay the services of Engineer.

- 4.1 Provide all criteria and full information as to District's requirements for the services assignment and designate in writing a person with authority to act on District's behalf on all matters concerning the Engineer's services.
- 4.2 Furnish to Engineer all existing studies, reports and other available data pertinent to the Engineer's services, obtain or authorize Engineer to obtain or provide additional reports and data as required, and furnish to Engineer services of others required for the performance of Engineer's services hereunder, and Engineer shall be entitled to use and rely upon all such information and services provided by District or others in performing Engineer's services under this Agreement.

- 4.3 Arrange for access to and make all provisions for Engineer to enter upon public and private property as required for Engineer to perform services hereunder.
- 4.4 Perform such other functions as are indicated in each Task Order related to duties of District.
- 4.5 Bear all costs incident to compliance with the requirements of this Section.

#### ARTICLE 5 - STANDARD OF CARE

- 5.1 Engineer shall exercise the same degree of care, skill, and diligence in the performance of the Services as is ordinarily provided by a professional Engineer under similar circumstance and Engineer shall, at no cost to District, re-perform services which fail to satisfy the foregoing standard of care.

#### ARTICLE 6 - OPINIONS OF COST AND SCHEDULE

- 6.1 Since Engineer has no control over the cost of labor, materials, equipment or services furnished by others, or over contractors', subcontractors', or vendors' methods of determining prices, or over competitive bidding or market conditions or economic conditions, Engineer's cost estimate and economic analysis shall be made on the basis of qualification and experience as a professional engineer.
- 6.2 Since Engineer has no control over the resources provided by others to meet contract schedules, Engineer's forecast schedules shall be made on the basis of qualification and experience as a professional Engineer.
- 6.3 Engineer cannot and does not guarantee that proposals, bids or actual project costs will not vary from his cost estimates or that actual schedules will not vary from his forecast schedules.

#### ARTICLE 7 - SUBCONTRACTING

- 7.1 No subcontract shall be awarded by Engineer until prior written approval is obtained from the District.

#### ARTICLE 8 - ENGINEER-ASSIGNED PERSONNEL

- 8.1 Engineer shall designate in writing an individual to have immediate responsibility for the performance of the services and for all matters relating to performance under this Agreement. Key personnel to be assigned by Engineer will be stipulated in each Task Order. Substitution of any assigned person shall require the prior written approval of the District, which shall not be unreasonably withheld. If the District determines that a proposed substitution is not responsible or qualified to perform the services then, at the request of the District, Engineer shall substitute a qualified and responsible person.

#### ARTICLE 9 - OWNERSHIP OF DOCUMENTS

- 9.1 All work products, drawings, data, reports, files, estimate and other such information and materials (except proprietary computer programs, including source codes purchased or developed with Engineer monies) as may be accumulated by Engineer to complete services under this Agreement shall be owned by the District.
- 9.2 Engineer shall retain custody of all project data and documents other than deliverables specified in each Task Order, but shall make access thereto available to the District at all reasonable times the District may request. District may make and retain copies for information and reference.
- 9.3 All deliverables and other information prepared by Engineer pursuant to this Agreement are instruments of service in respect to this project. They are not intended or represented to be suitable for reuse by District or others on extensions of this Project or on any other project. Any reuse without written verification or adaptation by Engineer for the specific purpose intended will be at District's sole risk and without liability or legal exposure to Engineer; and District shall indemnify and hold harmless Engineer against all claims, damages, losses, and expenses including attorney's fees arising out of or resulting from such reuse. Any such verification or adaptation will entitle Engineer to further compensation at rates to be agreed upon by District and Engineer.

#### ARTICLE 10 - RECORDS OF LABOR AND COSTS

- 10.1 Engineer shall maintain for all Task Orders, records of all labor and costs used in claims for compensation under this Agreement. Records shall mean a contemporaneous record of time for personnel; a methodology and calculation of the Multiplier for fringe benefits and

indirect costs; and invoices, time sheets, or other factors used as a basis for determining other non-labor Project charges. These records must be made available to the District upon reasonable notice of no more than 48 hours during the period of the performance of this Agreement.

- 10.2 After delivery of Services (completion of Task Orders) under this Agreement, the Engineer's records of all costs used in claims for compensation under this Agreement shall be available to District's accountants and auditors for inspection and verification. These records will be maintained by Engineer and made reasonably accessible to the District for a period of three (3) years after completion of Task Orders under this Agreement.
- 10.3 Engineer agrees to cooperate and provide any and all information concerning the Project costs which are a factor in determining compensation under this Agreement as requested by the District or any public agency which has any part in providing financing for, or authority over, the Services which are provided under the Agreement.
- 10.4 Failure to provide documentation or substantiation of all Project costs used as a factor in compensation paid under Article 2 hereof will be grounds for District to refuse payment of any statement submitted by the Engineer and for a back charge for any District funds, including interest from payment; or grant, matching, or other funds from agencies assisting District in financing the Services specified in this Agreement.

## ARTICLE 11 - INSURANCE

Engineer shall provide and maintain at all times during the performance of the Agreement the following insurances:

- 11.1 Workers' Compensation and Employer's Liability Insurance for protection of Engineer's employees as required by law and as will protect Engineer from loss or damage because of personal injuries, including death to any of his employees.
- 11.2 Comprehensive Automobile Liability Insurance. Engineer agrees to carry a Comprehensive Automobile Liability Policy providing bodily injury liability. This policy shall protect Engineer against all liability arising out of the use of owned or leased automobiles both passenger and commercial. Automobiles, trucks, and other vehicles and equipment (owned, not owned, or hired, licensed or unlicensed for road use) shall be covered under this policy. Limits of liability for



Comprehensive Automobile Liability Insurance shall not be less than \$1,000,000 Combined Single Limit.

11.3 Comprehensive General Liability Insurance as will protect Engineer and District from any and all claims for damages or personal injuries, including death, which may be suffered by persons, or for damages to or destruction to the property of others, which may arise from the Engineer's operations under this Agreement, which insurance shall name the District as additional insured. Said insurance shall provide a minimum of \$1,000,000 Combined Single Limit coverage for personal injury, bodily injury, and property damage for each occurrence and aggregate. Such insurance will insure Engineer and District from any and all claims arising from the following:

1. Personal injury;
2. Bodily injury;
3. Property damage;
4. Broad form property damage;
5. Independent contractors;
6. Blanket contractual liability.

11.4 Engineer shall maintain a policy of professional liability insurance, protecting it against claims arising out of negligent acts, errors, or omissions of Engineer pursuant to this Agreement, in an amount of not less than \$1,000,000. The said policy shall cover the indemnity provisions under this Agreement.

11.5 Engineer agrees to maintain such insurance at Engineer's expense in full force and effect in a company or companies satisfactory to the District. All coverage shall remain in effect until completion of the Project.

11.6 Engineer will furnish the District with certificates of insurance and endorsements issued by Engineer's insurance carrier and countersigned by an authorized agent or representative of the insurance company. The certificates shall show that the insurance will not be cancelled without at least thirty (30) days' prior written notice to the District. The certificates for liability insurance will show that liability assumed under this Agreement is included. The endorsements will show the District as an additional insured on Engineer's insurance policies for the coverage required in Article 11 for services performed under this Agreement, except for workers' compensation and professional liability insurance.

11.7 Waiver of Subrogation: Engineer hereby agrees to waive subrogation which any insurer of Engineer may acquire from Engineer by virtue of

the payment of any loss. Engineer agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation.

The Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of the District for all work performed by the Engineer, its employees, agents and subconsultants.

## ARTICLE 12 - LIABILITY AND INDEMNIFICATION

- 12.1 Having considered the risks and potential liabilities that may exist during the performance of the Services, and in consideration of the promises included herein, District and Engineer agree to allocate such liabilities in accordance with this Article 12. Words and phrases used in this Article shall be interpreted in accordance with customary insurance industry usage and practice.
- 12.2 Engineer shall indemnify and save harmless the District and all of their agents, officers, and employees from and against all claims, demands, or causes of action of every name or nature to the extent caused by the negligent error, omission, or act of Engineer, its agents, servants, or employees in the performance of its services under this Agreement.
- 12.3 In the event an action for damages is filed in which negligence is alleged on the part of District and Engineer, Engineer agrees to defend District. In the event District accepts Engineer's defense, District agrees to indemnify and reimburse Engineer on a pro rata basis for all expenses of defense and any judgment or amount paid by Engineer in resolution of such claim. Such pro rata share shall be based upon a final judicial determination of negligence or, in the absence of such determination, by mutual agreement.
- 12.4 Engineer shall indemnify District against legal liability for damages arising out of claims by Engineer's employees. District shall indemnify Engineer against legal liability for damages arising out of claims by District's employees.
- 12.5 Indemnity provisions will be incorporated into all Project contractual arrangements entered into by District and will protect District and Engineer to the same extent.
- 12.6 Upon completion of all services, obligations and duties provided for in the Agreement, or in the event of termination of this Agreement for any reason, the terms and conditions of this Article shall survive.
- 12.7 To the maximum extent permitted by law, Engineer's liability for District's damage will not exceed the aggregate compensation

received by Engineer under this Agreement or the maximum amount of professional liability insurance available at the time of any settlement or judgment, which ever is greater.

#### ARTICLE 13 - INDEPENDENT CONTRACTOR

Engineer undertakes performance of the Services as an independent contractor and shall be wholly responsible for the methods of performance. District will have no right to supervise the methods used, but District will have the right to observe such performance. Engineer shall work closely with District in performing Services under this Agreement.

#### ARTICLE 14 - COMPLIANCE WITH LAWS

In performance of the Services, Engineer will comply with applicable regulatory requirements including federal, state, and local laws, rules, regulations, orders, codes, criteria and standards. Engineer shall procure the permits, certificates, and licenses necessary to allow Engineer to perform the Services. Engineer shall not be responsible for procuring permits, certificates, and licenses required for any construction unless such responsibilities are specifically assigned to Engineer in Task Order.

#### ARTICLE 15 - NONDISCLOSURE OF PROPRIETARY INFORMATION

Engineer shall consider all information provided by District and all drawings, reports, studies, design calculations, specifications, and other documents resulting from the Engineer's performance of the Services to be proprietary unless such information is available from public sources. Engineer shall not publish or disclose proprietary information for any purpose other than the performance of the Services without the prior written authorization of District or in response to legal process.

#### ARTICLE 16 - TERMINATION OF CONTRACT

- 16.1 The obligation to continue Services under this Agreement may be terminated by either party upon seven days written notice in the event of substantial failure by the other party to perform in accordance with the terms hereof through no fault of the terminating party.
- 16.2 District shall have the right to terminate this Agreement or suspend performance thereof for District's convenience upon written notice to Engineer, and Engineer shall terminate or suspend performance of



Services on a schedule acceptable to District. In the event of termination or suspension for District's convenience, District will pay Engineer for all services performed and costs incurred including termination or suspension expenses. Upon restart of a suspended project, equitable adjustment shall be made to Engineer's compensation.

#### ARTICLE 17 - UNCONTROLLABLE FORCES

- 17.1 Neither District nor Engineer shall be considered to be in default of this Agreement if delays in or failure of performance shall be due to uncontrollable forces, the effect of which, by the exercise of reasonable diligence, the nonperforming party could not avoid. The term "uncontrollable forces" shall mean any event which results in the prevention or delay of performance by a party of its obligations under this Agreement and which is beyond the control of the nonperforming party. It includes, but is not limited to, fire, flood, earthquake, storms, lightening, epidemic, war, riot, civil disturbance, sabotage, inability to procure permits, licenses, or authorizations from any state, local, or federal agency or person for any of the supplies, materials, accesses, or services required to be provided by either District or Engineer under this Agreement, strikes, work slowdowns or other labor disturbances, and judicial restraint.
- 17.2 Neither party shall, however, be excused from performance if nonperformance is due to uncontrollable forces which are removable or remediable, and which the nonperforming party could have, with the exercise of reasonable diligence, removed or remedied with reasonable dispatch. The provisions of this Article shall not be interpreted or construed to require Engineer or District to prevent, settle, or otherwise avoid a strike, work slowdown, or other labor action. The nonperforming party shall, within a reasonable time of being prevented or delayed from performance by an uncontrollable force, give written notice to the other party describing the circumstances and uncontrollable forces preventing continued performance of the obligations of this Agreement. The Engineer will be allowed reasonable negotiated extension of time or adjustments for District initiated temporary stoppage of services.

#### ARTICLE 18 - MISCELLANEOUS

- 18.1 A waiver by either District or Engineer of any breach of this Agreement shall not be binding upon the waiving party unless such waiver is in

writing. In the event of a written waiver, such a waiver shall not affect the waiving party's rights with respect to any other or further breach.

- 18.2 The invalidity, illegality, or unenforceability of any provision of this Agreement, or the occurrence of any event rendering any portion or provision of this Agreement void, shall in no way effect the validity or enforceability of any other portion or provision of the Agreement. Any void provision shall be deemed severed from the Agreement and the balance of the Agreement shall be construed and enforced as if the Agreement did not contain the particular portion or provision held to be void.

#### ARTICLE 19 - INTEGRATION AND MODIFICATION

- 19.1 This Agreement (consisting of pages 1 to 14, together with all Task Orders executed by the undersigned, is adopted by District and Engineer as a complete and exclusive statement of the terms of the Agreement between District and Engineer. This Agreement supersedes all prior agreements, contracts, proposals, representations, negotiations, letters, or other communications between the District and Engineer pertaining to the Services, whether written or oral.
- 19.2 The Agreement may not be modified unless such modifications are evidenced in writing signed by both District and Engineer.

#### ARTICLE 20 - SUCCESSORS AND ASSIGNS

- 20.1 District and Engineer each binds itself and its directors, officers, partners, successors, executors, administrators, assigns and legal representatives to the other party to this Agreement and to the partners, successors, executors, administrators, assigns, and legal representatives of such other party, in respect to all covenants, agreements, and obligations of this Agreement.
- 20.2 Neither District nor Engineer shall assign, sublet, or transfer any rights under or interest in (including, but without limitation, monies that may become due or monies that are due) this Agreement without the written consent of the other, except to the extent that the effect of this limitation may be restricted by law. Unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility under this Agreement. Nothing contained in this paragraph shall prevent Engineer from employing such independent engineers, associates, and subcontractors as he may deem appropriate to assist him/her in the

performance of the Services hereunder and in accordance with Article 7.

- 20.3 Nothing herein shall be construed to give any rights or benefits to anyone other than District and Engineer.

## ARTICLE 21 – INFORMATION SYSTEM SECURITY

When the District determines this article is applicable, the Engineer shall obtain written approval from the District representative prior to accessing District internal systems through real-time computer connections. Upon approval, the Engineer will use only in-bound connections to accomplish a legitimate business need and a previously defined and approved task. As a condition of approval, the Engineer shall:

- a) Be running a current operating system supported by the District with up-to-date security patches applied as defined in the District COE/Non-COE document.
- b) Have anti-virus software installed on his/her personal computer with up-to-date virus signatures.
- c) Have personal firewall software installed and enabled on their computer.
- d) Understand and sign the District's Electronic Equipment Use Policy, number 2160.

The District reserves the right to audit the security measures in effect on Engineer's connected systems without prior notice. The District also reserves the right to terminate network connections immediately with all Engineer's systems not meeting the above requirements.

## ARTICLE 22 – EMPLOYEE BACKGROUND CHECK

When the District determines this article is applicable, the Engineer, at no additional expense to the District, shall conduct a background check for each of its employees, as well as for the employees of its subconsultants and subcontractors, who will have access to District's computer systems, either through on-site or remote access (collectively "Engineer Employees"), or whose contract work requires a presence on the District's premises. The minimum background check process for any District consultant shall include, but not be limited to, the following:

1. Criminal felony and misdemeanor records search of the employee's county and state of residence, and

2. Federal criminal records search of the National Criminal Database.

The background check shall be conducted and the results submitted to the District prior to initial access by Engineer Employees. If at any time it is discovered that any Engineer Employee has a criminal record that includes a felony or misdemeanor, the Engineer is required to inform the District immediately and the District will assess the circumstances surrounding the conviction, time frame, nature, gravity, and relevancy of the conviction to the job duties, to determine whether the Engineer Employee will be placed on a District assignment. The District may withhold consent at its sole discretion. The District may also conduct its own criminal background check of the Engineer Employees. Failure of the Engineer to comply with the terms of this paragraph may result in the termination of its contract with the District.

ARTICLE 23 - EXCEPTIONS

23.1 Add new Article 2.10 to read as follows:

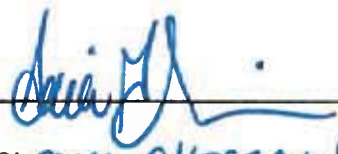
"2.10 – Total compensation shall not exceed \$25,000 per year for two (2) years. Overall compensation shall not exceed \$50,000."

23.2 Add new Article 3.4 to read as follows:


"3.4 – The term of this Agreement shall be two (2) years from the date of this Agreement."

IN WITNESS THEREOF, the parties hereto have made and executed this Agreement as of the day and year first above written.

UNION SANITARY DISTRICT

By:   
Name: Sami Ghossain  
Title: Manager of Technical Services  
Date: 7/6/15

RMC WATER AND ENVIRONMENT

By:   
Name: Gisa Ju  
Title: Vice President  
Date: 6/2/15

**Directors**

Manny Fernandez  
Tom Handley  
Pat Kite  
Anjali Lathi  
Jennifer Toy

**Officers**

Paul R. Eldredge  
*General Manager/  
District Engineer*

David M. O'Hara  
*Attorney*

**DATE:** July 6, 2015

**MEMO TO:** Board of Directors - Union Sanitary District

**FROM:** Paul R. Eldredge, General Manager/District Engineer  
Sami E. Ghossain, Manager of Technical Services  
Raymond Chau, CIP Coach

**SUBJECT:** Agenda Item No. 16c – Meeting of July 13, 2015  
Information Item: **Agreement with Carollo Engineers for General Engineering Services**

**Recommendation**

This is an information item.

**Background**

Since 2004, staff had executed three agreements with Carollo Engineers to provide general engineering services to the District. The agreement provided a quick process for staff to obtain engineering services without having to negotiate separate agreements for tasks such as design of small projects and engineering evaluations. Carollo has completed numerous studies and designs for the District since 1990 and is very knowledgeable of the District's treatment plant and pump station facilities.

On April 20, 2011, staff executed the last agreement at a total cost ceiling of \$50,000 for a two-year period. Staff executed Amendment No. 1 in October 2013 to extend the agreement period two additional years without changing the total cost ceiling. Prior to the execution of Amendment No. 1, there were five task orders approved at a total cost ceiling of \$29,917. Staff executed Amendment No. 2 in March 2014 to increase the total cost ceiling by \$15,000.

The agreement expired on April 20, 2015. During the past four years, staff executed seven task orders at a total cost ceiling of \$62,151 and authorized payments totaling \$56,411.29. The seven task orders are summarized in Table 1.

On July 6, 2015, staff executed a new agreement with Carollo at a total cost ceiling of \$50,000 over a period of two years.

**Table 1 – Summary of Task Orders for Agreement (2011-2015)**

<b>Task Order Number</b>	<b>Task Order Execution Date</b>	<b>Description</b>	<b>Cost Ceiling</b>	<b>Amount Paid</b>
1	April 21, 2012	Plant Miscellaneous Improvements – Chlorine Contact Tank Mixer Supports, Blower Room Modifications, Thickeners 3 and 4 Repairs, and Access Ladders Anchorage	\$7,500	\$7,500
2	June 9, 2011	Grit Hopper Replacement – Engineering Services During Construction	\$2,784	\$2,784
3	May 29, 2012	Alvarado Influent Pump Station Control System Evaluation	\$6,692	\$4,713.35
4	October 4, 2012	East Aeration Tanks Structural Review	\$7,400	\$3,779
5	April 22, 2013	Microwave Antenna Support on Irvington Pump Station Surge Tower	\$5,541	\$5,457.63
6	October 11, 2013; April 20, 2014 (Amendment)	Maintenance Shop Building Hypo Tank Design – Includes Amendment No. 1	\$23,134	\$23,108.36
7	March 31, 2014; May 21, 2014 (Amendment)	Degritter Building Roof Handrail – Includes Amendment No. 1	\$9,100	\$9,068.95
		<b>Total</b>	<b>\$62,151</b>	<b>\$56,411.29</b>

PRE/SEG/RC:ks

Attachment: General Engineering Services Agreement



**GENERAL ENGINEERING SERVICES  
AGREEMENT  
BETWEEN  
UNION SANITARY DISTRICT  
AND  
CAROLLO ENGINEERS  
FOR  
PROFESSIONAL SERVICES**

THIS IS AN AGREEMENT MADE AS OF July 6, 2015, BETWEEN UNION SANITARY DISTRICT (hereinafter referred to as District), and CAROLLO ENGINEERS (hereinafter referred to as Engineer).

WITNESSETH:

WHEREAS, District intends to perform multiple projects that will require on-call services for engineering evaluations and engineering design (hereinafter referred to as Project), and,

WHEREAS, District requires certain professional services in connection with the Project (hereinafter referred as Services); and

WHEREAS, Engineer is qualified and prepared to provide such Services;

NOW, THEREFORE, in consideration of the promises contained herein, the parties agree as follows:

**ARTICLE 1 - SERVICES TO BE PERFORMED BY ENGINEER**

- 1.1 Specific Services and the associated scope of services, payment, schedule, and personnel will be defined in specific Task Order as mutually agreed by District and Engineer.
- 1.2 All Task Orders will by reference incorporate the terms and conditions of this Agreement, and become formal amendments hereto.

**ARTICLE 2 - COMPENSATION**

- 2.1 Compensation for consulting services performed under this Agreement shall include:

- (1) Direct labor costs, multiplied by an agreed upon fixed factor (the Multiplier), to compensate for fringe benefits, indirect costs, and profit.
- (2) Non-labor direct project charge not included in the fixed factor and acceptable, without any markup.
- (3) Subconsultant costs, with a maximum markup of 5%.

Definitions are as follows:

- (a) Direct labor is salaries and wages paid to personnel for time directly chargeable to the project. Direct labor does not include the cost of Engineer's statutory and customary benefits, such as sick leave, holidays, vacations, and medical and retirement benefits nor the cost of the time of executive and administrative personnel and others whose time is not identifiable to the project.
- (b) Fringe benefits include Engineer's statutory and customary benefits, such as sick leave, holidays, vacations, medical and retirement benefits, incentive pay, tuition, and other costs classified as employee benefits.
- (c) Indirect costs are allocations of costs that are not directly chargeable to a specific engagement and are commonly referred to as Engineer's overhead. Indirect costs include provisions for such things as clerical support, office space, light and heat, insurance, statutory and customary employee benefits, and the time of executive and administrative personnel and others whose time is not identifiable to the Project or to any other project. Under no circumstances can the same labor costs be charged as direct labor and also appear at the same time as indirect costs, and vice versa.
- (d) The Multiplier is a multiplicative factor which is applied to direct labor costs, and compensates Engineer for fringe benefits and indirect costs (overhead) and profit.
- (e) Other non-labor direct project charges shall be included in the overhead and these charges include typical expenses as cost of transportation and subsistence, printing and reproduction, computer time and programming costs, identifiable supplies, outside consultant's charges, subcontracts, and charges by reviewing authorities.



Alternatively, the District and the Engineer may agree to utilize the fully-encumbered hourly rates and fees for Services performed by the Engineer. These hourly rates and fees shall be based on the Engineer's rate schedule published at the time this Agreement or Task Order is executed and shall be attached to each applicable Task Order.

- 2.2 Reimbursement for mileage shall not exceed the prevailing Internal Revenue Service's standard mileage rate.
- 2.3 A *Cost Ceiling* will be established for each Task Order which is based upon estimated labor-hours and cost estimates. Costs as described above, comprising direct labor, overhead cost, and other direct costs, shall be payable up to a Cost Ceiling as specified in the Task Order. A *Maximum Fee Ceiling*, or *Task Order Firm Ceiling*, will also be established for each Task Order which includes the Cost Ceiling plus the Professional Fee.
- 2.4 Engineer shall invoice District monthly for the actual costs incurred, and a pro-rated portion of the Professional Fee for work performed during the previous month. If the Maximum Fee Ceiling is reached, the Engineer will complete the agreed-upon work for the Maximum Fee Ceiling. With District staff approval, labor hours may be reallocated within the tasks without renegotiation in such a manner so as not to exceed the Maximum Fee Ceiling.
- 2.5 The Engineer shall provide the District with a review of the budget amounts when 75 percent of the Cost Ceiling for any task has been expended. Engineer may request a revision in the Cost Ceiling for performance of this Agreement, and will relate the rationale for the revision to the specific basis of estimate as defined in the Scope of Services. Such notification will be submitted to the District at the earliest possible date. The authorized Cost Ceiling shall not be exceeded without written approval of the District.
- 2.6 The Professional Fee will not be changed except in the case of a written amendment to the Agreement which alters the Scope of Services. District and Engineer agree to negotiate an increase or decrease in Cost Ceiling and Professional Fee for any change in Scope of Services required at any time during the term of this Agreement. Engineer will not commence work on the altered Scope of Services until authorized by District.
- 2.7 Direct labor rates are subject to revision to coincide with Engineer's normal salary review schedule. Adjustments in direct labor rates shall

not affect the firm ceiling without prior written authorization of the District.

- 2.8 District shall pay Engineer in accordance with each Task Order for Services.
- 2.9 Engineer shall submit monthly statements for Services rendered. District will make prompt monthly payments in response to Engineer's monthly statements.

### ARTICLE 3 - PERIOD OF SERVICE

- 3.1 Engineer's services will be performed and the specified services rendered and deliverables submitted within the time period or by the date stipulated in each Task Order.
- 3.2 Engineer's services under this Agreement will be considered complete when the services are rendered and/or final deliverable is submitted and accepted by District.
- 3.3 If any time period within or date by which any of the Engineer's services are to be completed is exceeded through no fault of Engineer, all rates, measures and amounts of compensation and the time for completion of performance shall be subject to equitable adjustment.

### ARTICLE 4 - DISTRICT'S RESPONSIBILITIES

District will do the following in a timely manner so as not to delay the services of Engineer.

- 4.1 Provide all criteria and full information as to District's requirements for the services assignment and designate in writing a person with authority to act on District's behalf on all matters concerning the Engineer's services.
- 4.2 Furnish to Engineer all existing studies, reports and other available data pertinent to the Engineer's services, obtain or authorize Engineer to obtain or provide additional reports and data as required, and furnish to Engineer services of others required for the performance of Engineer's services hereunder, and Engineer shall be entitled to use and rely upon all such information and services provided by District or others in performing Engineer's services under this Agreement.
- 4.3 Arrange for access to and make all provisions for Engineer to enter upon public and private property as required for Engineer to perform services hereunder.

- 4.4 Perform such other functions as are indicated in each Task Order related to duties of District.
- 4.5 Bear all costs incident to compliance with the requirements of this Section.

#### ARTICLE 5 - STANDARD OF CARE

- 5.1 Engineer shall exercise the same degree of care, skill, and diligence in the performance of the Services as is ordinarily provided by a professional Engineer under similar circumstance and Engineer shall, at no cost to District, re-perform services which fail to satisfy the foregoing standard of care.

#### ARTICLE 6 - OPINIONS OF COST AND SCHEDULE

- 6.1 Since Engineer has no control over the cost of labor, materials, equipment or services furnished by others, or over contractors', subcontractors' , or vendors' methods of determining prices, or over competitive bidding or market conditions or economic conditions, Engineer's cost estimate and economic analysis shall be made on the basis of qualification and experience as a professional engineer.
- 6.2 Since Engineer has no control over the resources provided by others to meet contract schedules, Engineer's forecast schedules shall be made on the basis of qualification and experience as a professional Engineer.
- 6.3 Engineer cannot and does not guarantee that proposals, bids or actual project costs will not vary from his cost estimates or that actual schedules will not vary from his forecast schedules.

#### ARTICLE 7 - SUBCONTRACTING

- 7.1 No subcontract shall be awarded by Engineer until prior written approval is obtained from the District.

#### ARTICLE 8 - ENGINEER-ASSIGNED PERSONNEL

- 8.1 Engineer shall designate in writing an individual to have immediate responsibility for the performance of the services and for all matters relating to performance under this Agreement. Key personnel to be assigned by Engineer will be stipulated in each Task Order. Substitution of any assigned person shall require the prior written approval of the District, which shall not be unreasonably withheld. If

the District determines that a proposed substitution is not responsible or qualified to perform the services then, at the request of the District, Engineer shall substitute a qualified and responsible person.

#### **ARTICLE 9 - OWNERSHIP OF DOCUMENTS**

- 9.1 All work products, drawings, data, reports, files, estimate and other such information and materials (except proprietary computer programs, including source codes purchased or developed with Engineer monies) as may be accumulated by Engineer to complete services under this Agreement shall be owned by the District.
- 9.2 Engineer shall retain custody of all project data and documents other than deliverables specified in each Task Order, but shall make access thereto available to the District at all reasonable times the District may request. District may make and retain copies for information and reference.
- 9.3 All deliverables and other information prepared by Engineer pursuant to this Agreement are instruments of service in respect to this project. They are not intended or represented to be suitable for reuse by District or others on extensions of this Project or on any other project. Any reuse without written verification or adaptation by Engineer for the specific purpose intended will be at District's sole risk and without liability or legal exposure to Engineer; and District shall indemnify and hold harmless Engineer against all claims, damages, losses, and expenses including attorney's fees arising out of or resulting from such reuse. Any such verification or adaptation will entitle Engineer to further compensation at rates to be agreed upon by District and Engineer.

#### **ARTICLE 10 - RECORDS OF LABOR AND COSTS**

- 10.1 Engineer shall maintain for all Task Orders, records of all labor and costs used in claims for compensation under this Agreement. Records shall mean a contemporaneous record of time for personnel; a methodology and calculation of the Multiplier for fringe benefits and indirect costs; and invoices, time sheets, or other factors used as a basis for determining other non-labor Project charges. These records must be made available to the District upon reasonable notice of no more than 48 hours during the period of the performance of this Agreement.
- 10.2 After delivery of Services (completion of Task Orders) under this Agreement, the Engineer's records of all costs used in claims for compensation under this Agreement shall be available to District's



accountants and auditors for inspection and verification. These records will be maintained by Engineer and made reasonably accessible to the District for a period of three (3) years after completion of Task Orders under this Agreement.

- 10.3 Engineer agrees to cooperate and provide any and all information concerning the Project costs which are a factor in determining compensation under this Agreement as requested by the District or any public agency which has any part in providing financing for, or authority over, the Services which are provided under the Agreement.
- 10.4 Failure to provide documentation or substantiation of all Project costs used as a factor in compensation paid under Article 2 hereof will be grounds for District to refuse payment of any statement submitted by the Engineer and for a back charge for any District funds, including interest from payment; or grant, matching, or other funds from agencies assisting District in financing the Services specified in this Agreement.

#### ARTICLE 11 - INSURANCE

Engineer shall provide and maintain at all times during the performance of the Agreement the following insurances:

- 11.1 Workers' Compensation and Employer's Liability Insurance for protection of Engineer's employees as required by law and as will protect Engineer from loss or damage because of personal injuries, including death to any of his employees.
- 11.2 Comprehensive Automobile Liability Insurance. Engineer agrees to carry a Comprehensive Automobile Liability Policy providing bodily injury liability. This policy shall protect Engineer against all liability arising out of the use of owned or leased automobiles both passenger and commercial. Automobiles, trucks, and other vehicles and equipment (owned, not owned, or hired, licensed or unlicensed for road use) shall be covered under this policy. Limits of liability for Comprehensive Automobile Liability Insurance shall not be less than \$1,000,000 Combined Single Limit.
- 11.3 Comprehensive General Liability Insurance as will protect Engineer and District from any and all claims for damages or personal injuries, including death, which may be suffered by persons, or for damages to or destruction to the property of others, which may arise from the Engineer's operations under this Agreement, which insurance shall name the District as additional insured. Said insurance shall provide a minimum of \$1,000,000 Combined Single Limit coverage for personal

injury, bodily injury, and property damage for each occurrence and aggregate. Such insurance will insure Engineer and District from any and all claims arising from the following:

1. Personal injury;
2. Bodily injury;
3. Property damage;
4. Broad form property damage;
5. Independent contractors;
6. Blanket contractual liability.

11.4 Engineer shall maintain a policy of professional liability insurance, protecting it against claims arising out of negligent acts, errors, or omissions of Engineer pursuant to this Agreement, in an amount of not less than \$1,000,000. The said policy shall cover the indemnity provisions under this Agreement.

11.5 Engineer agrees to maintain such insurance at Engineer's expense in full force and effect in a company or companies satisfactory to the District. All coverage shall remain in effect until completion of the Project.

11.6 Engineer will furnish the District with certificates of insurance and endorsements issued by Engineer's insurance carrier and countersigned by an authorized agent or representative of the insurance company. The certificates shall show that the insurance will not be cancelled without at least thirty (30) days' prior written notice to the District. The certificates for liability insurance will show that liability assumed under this Agreement is included. The endorsements will show the District as an additional insured on Engineer's insurance policies for the coverage required in Article 11 for services performed under this Agreement, except for workers' compensation and professional liability insurance.

11.7 Waiver of Subrogation: Engineer hereby agrees to waive subrogation which any insurer of Engineer may acquire from Engineer by virtue of the payment of any loss. Engineer agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation.

The Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of the District for all work performed by the Engineer, its employees, agents and subconsultants.

## **ARTICLE 12 - LIABILITY AND INDEMNIFICATION**

- 12.1 Having considered the risks and potential liabilities that may exist during the performance of the Services, and in consideration of the promises included herein, District and Engineer agree to allocate such liabilities in accordance with this Article 12. Words and phrases used in this Article shall be interpreted in accordance with customary insurance industry usage and practice.
- 12.2 Engineer shall indemnify and save harmless the District and all of their agents, officers, and employees from and against all claims, demands, or causes of action of every name or nature to the extent caused by the negligent error, omission, or act of Engineer, its agents, servants, or employees in the performance of its services under this Agreement.
- 12.3 In the event an action for damages is filed in which negligence is alleged on the part of District and Engineer, Engineer agrees to defend District. In the event District accepts Engineer's defense, District agrees to indemnify and reimburse Engineer on a pro rata basis for all expenses of defense and any judgment or amount paid by Engineer in resolution of such claim. Such pro rata share shall be based upon a final judicial determination of negligence or, in the absence of such determination, by mutual agreement.
- 12.4 Engineer shall indemnify District against legal liability for damages arising out of claims by Engineer's employees. District shall indemnify Engineer against legal liability for damages arising out of claims by District's employees.
- 12.5 Indemnity provisions will be incorporated into all Project contractual arrangements entered into by District and will protect District and Engineer to the same extent.
- 12.6 Upon completion of all services, obligations and duties provided for in the Agreement, or in the event of termination of this Agreement for any reason, the terms and conditions of this Article shall survive.
- 12.7 To the maximum extent permitted by law, Engineer's liability for District's damage will not exceed the aggregate compensation received by Engineer under this Agreement or the maximum amount of professional liability insurance available at the time of any settlement or judgment, whichever is greater.

### **ARTICLE 13 - INDEPENDENT CONTRACTOR**

Engineer undertakes performance of the Services as an independent contractor and shall be wholly responsible for the methods of performance. District will have no right to supervise the methods used, but District will have the right to observe such performance. Engineer shall work closely with District in performing Services under this Agreement.

### **ARTICLE 14 - COMPLIANCE WITH LAWS**

In performance of the Services, Engineer will comply with applicable regulatory requirements including federal, state, and local laws, rules, regulations, orders, codes, criteria and standards. Engineer shall procure the permits, certificates, and licenses necessary to allow Engineer to perform the Services. Engineer shall not be responsible for procuring permits, certificates, and licenses required for any construction unless such responsibilities are specifically assigned to Engineer in Task Order.

### **ARTICLE 15 - NONDISCLOSURE OF PROPRIETARY INFORMATION**

Engineer shall consider all information provided by District and all drawings, reports, studies, design calculations, specifications, and other documents resulting from the Engineer's performance of the Services to be proprietary unless such information is available from public sources. Engineer shall not publish or disclose proprietary information for any purpose other than the performance of the Services without the prior written authorization of District or in response to legal process.

### **ARTICLE 16 - TERMINATION OF CONTRACT**

- 16.1 The obligation to continue Services under this Agreement may be terminated by either party upon seven days written notice in the event of substantial failure by the other party to perform in accordance with the terms hereof through no fault of the terminating party.
- 16.2 District shall have the right to terminate this Agreement or suspend performance thereof for District's convenience upon written notice to Engineer, and Engineer shall terminate or suspend performance of Services on a schedule acceptable to District. In the event of termination or suspension for District's convenience, District will pay Engineer for all services performed and costs incurred including termination or suspension expenses. Upon restart of a suspended project, equitable adjustment shall be made to Engineer's compensation.



## **ARTICLE 17 - UNCONTROLLABLE FORCES**

- 17.1 Neither District nor Engineer shall be considered to be in default of this Agreement if delays in or failure of performance shall be due to uncontrollable forces, the effect of which, by the exercise of reasonable diligence, the nonperforming party could not avoid. The term "uncontrollable forces" shall mean any event which results in the prevention or delay of performance by a party of its obligations under this Agreement and which is beyond the control of the nonperforming party. It includes, but is not limited to, fire, flood, earthquake, storms, lightening, epidemic, war, riot, civil disturbance, sabotage, inability to procure permits, licenses, or authorizations from any state, local, or federal agency or person for any of the supplies, materials, accesses, or services required to be provided by either District or Engineer under this Agreement, strikes, work slowdowns or other labor disturbances, and judicial restraint.
- 17.2 Neither party shall, however, be excused from performance if nonperformance is due to uncontrollable forces which are removable or remediable, and which the nonperforming party could have, with the exercise of reasonable diligence, removed or remedied with reasonable dispatch. The provisions of this Article shall not be interpreted or construed to require Engineer or District to prevent, settle, or otherwise avoid a strike, work slowdown, or other labor action. The nonperforming party shall, within a reasonable time of being prevented or delayed from performance by an uncontrollable force, give written notice to the other party describing the circumstances and uncontrollable forces preventing continued performance of the obligations of this Agreement. The Engineer will be allowed reasonable negotiated extension of time or adjustments for District initiated temporary stoppage of services.

## **ARTICLE 18 - MISCELLANEOUS**

- 18.1 A waiver by either District or Engineer of any breach of this Agreement shall not be binding upon the waiving party unless such waiver is in writing. In the event of a written waiver, such a waiver shall not affect the waiving party's rights with respect to any other or further breach.
- 18.2 The invalidity, illegality, or unenforceability of any provision of this Agreement, or the occurrence of any event rendering any portion or provision of this Agreement void, shall in no way effect the validity or enforceability of any other portion or provision of the Agreement. Any void provision shall be deemed severed from the Agreement and the balance of the Agreement shall be construed and enforced as if the

Agreement did not contain the particular portion or provision held to be void.

#### **ARTICLE 19 - INTEGRATION AND MODIFICATION**

- 19.1 This Agreement (consisting of pages 1 to 14), together with all Task Orders executed by the undersigned, is adopted by District and Engineer as a complete and exclusive statement of the terms of the Agreement between District and Engineer. This Agreement supersedes all prior agreements, contracts, proposals, representations, negotiations, letters, or other communications between the District and Engineer pertaining to the Services, whether written or oral.
- 19.2 The Agreement may not be modified unless such modifications are evidenced in writing signed by both District and Engineer.

#### **ARTICLE 20 - SUCCESSORS AND ASSIGNS**

- 20.1 District and Engineer each binds itself and its directors, officers, partners, successors, executors, administrators, assigns and legal representatives to the other party to this Agreement and to the partners, successors, executors, administrators, assigns, and legal representatives of such other party, in respect to all covenants, agreements, and obligations of this Agreement.
- 20.2 Neither District nor Engineer shall assign, sublet, or transfer any rights under or interest in (including, but without limitation, monies that may become due or monies that are due) this Agreement without the written consent of the other, except to the extent that the effect of this limitation may be restricted by law. Unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility under this Agreement. Nothing contained in this paragraph shall prevent Engineer from employing such independent engineers, associates, and subcontractors as he may deem appropriate to assist him/her in the performance of the Services hereunder and in accordance with Article 7.
- 20.3 Nothing herein shall be construed to give any rights or benefits to anyone other than District and Engineer.

#### **ARTICLE 21 – INFORMATION SYSTEM SECURITY**

When the District determines this article is applicable, the Engineer shall obtain written approval from the District representative prior to accessing District internal

systems through real-time computer connections. Upon approval, the Engineer will use only in-bound connections to accomplish a legitimate business need and a previously defined and approved task. As a condition of approval, the Engineer shall:

- a) Be running a current operating system supported by the District with up-to-date security patches applied as defined in the District COE/Non-COE document.
- b) Have anti-virus software installed on his/her personal computer with up-to-date virus signatures.
- c) Have personal firewall software installed and enabled on their computer.
- d) Understand and sign the District's Electronic Equipment Use Policy, number 2160.

The District reserves the right to audit the security measures in effect on Engineer's connected systems without prior notice. The District also reserves the right to terminate network connections immediately with all Engineer's systems not meeting the above requirements.

#### **ARTICLE 22 – EMPLOYEE BACKGROUND CHECK**

When the District determines this article is applicable, the Engineer, at no additional expense to the District, shall conduct a background check for each of its employees, as well as for the employees of its subconsultants and subcontractors, who will have access to District's computer systems, either through on-site or remote access (collectively "Engineer Employees"), or whose contract work requires a presence on the District's premises. The minimum background check process for any District consultant shall include, but not be limited to, the following:

- 1. Criminal felony and misdemeanor records search of the employee's county and state of residence, and
- 2. Federal criminal records search of the National Criminal Database.

The background check shall be conducted and the results submitted to the District prior to initial access by Engineer Employees. If at any time it is discovered that any Engineer Employee has a criminal record that includes a felony or misdemeanor, the Engineer is required to inform the District immediately and the District will assess the circumstances surrounding the conviction, time frame, nature, gravity, and relevancy of the conviction to the job duties, to determine whether the Engineer Employee will be placed on a District assignment. The District may withhold consent at its sole discretion. The District may also conduct its own criminal background check of the Engineer Employees. Failure of the Engineer to comply with the terms of this paragraph may result in the termination of its contract with the District.

**ARTICLE 23 - EXCEPTIONS**

23.1 Add new Article 2.10 to read as follows:

"2.10 Total compensation shall not exceed \$25,000 per year for two (2) years. Overall compensation shall not exceed \$50,000."

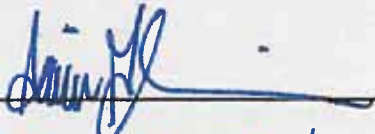
23.2 Add new Article 3.4 to read as follows:

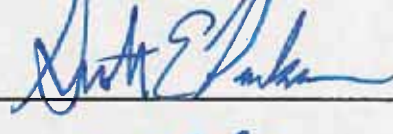
"3.4 The term of this Agreement shall be two (2) years from the date of this Agreement."

IN WITNESS THEREOF, the parties hereto have made and executed this Agreement as of the day and year first above written.

UNION SANITARY DISTRICT

CAROLLO ENGINEERS

By: 

By: 

Name: SAMI GHOSAİN

Name: SCOTT E. PARKER

Title: Manager of Technical Services

Title: Senior Vice President

Date: 7/16/15

Date: 7/1/2015



**Directors**

Manny Fernandez  
Tom Handley  
Pat Kite  
Anjali Lathi  
Jennifer Toy

**Officers**

Paul R. Eldredge  
*General Manager/  
District Engineer*

David M. O'Hara  
*Attorney*

**DATE:** July 6, 2015

**MEMO TO:** Board of Directors - Union Sanitary District

**FROM:** Paul R. Eldredge, General Manager/District Engineer  
Sami E. Ghossain, Manager of Technical Services  
Raymond Chau, CIP Coach  
Curtis Bosick, Associate Engineer

**SUBJECT:** Agenda Item No. 16d – Meeting of July 13, 2015  
Information Item: **Solar and Cogeneration Facilities Operational Update**

**Recommendation**

This is an information item. Staff will provide the Board with an operational update of the solar and cogeneration facilities at the District.

**Alvarado Wastewater Treatment Plant Solar Carport**

The District completed construction of the solar carport facility located at the Alvarado Wastewater Treatment Plant at a cost of \$884,000 and began operation in September 2011. The system consists of 637 solar panels and is rated at 125 kilowatt (kW). The system rating is based on the California Energy Commission's calculation that takes into account the number of panels, the rating of each panel and the inverter efficiency.

The District applied for the California Solar Initiative (CSI) incentive that would rebate \$0.2568 per kilowatt-hour (kWh) of power generated by the system for a period of five years. PG&E, the administrator of the CSI program, approved an estimated incentive amount of \$252,850.

Through May 31, 2015, the Solar Carport facility has generated a total of 958,333 kWh of power, which equates to \$154,881 in energy savings at the Plant. Additionally, the District has received \$202,681 or approximately 80% of CSI incentive rebate from PG&E. The total benefit of the

Solar Carport is \$357,562, which represents 40.4% of simple payback for the initial construction cost of the facility.

### **Irvington Pump Station Solar Facility**

The District completed construction of the solar facility located at the Irvington Pump Station at a cost of \$2.85 million and began operation in April 2012. The system consists of 1,680 solar panels and is rated at 408 kW.

The District applied for the CSI incentive that would rebate \$0.15 per kWh of power generated by the system for a period of five years. PG&E approved an estimated incentive amount of \$623,370.

Through June 4, 2015, the solar facility has generated a total of 2,997,859 kWh of power, which equates to \$867,457 in energy savings at the Irvington Pump Station. Additionally, the District has received \$413,320 or 66% of CSI incentive rebate from PG&E. The total benefit of the solar facility is \$1,280,777, which represents 44.9% of simple payback for the initial construction cost of the facility.

### **Cogeneration Facility**

The District completed construction of the cogeneration facility located at the Alvarado Wastewater Treatment Plant at a construction cost of \$11.8 million and the facility was fully operational in late November 2014. The facility consists of two 850-kW biogas-fueled engine generators and a packaged biogas conditioning system.

The District applied for the Self-Generation Incentive Program (SGIP) that provides financial incentives for the installation of new, qualifying self-generation equipment installed to meet all or a portion of the electric energy needs of a facility. PG&E, the administrator of the SGIP in Northern California, approved the District's application for a maximum rebate of \$3.38 million. The District has already received half of the total rebate from PG&E. The other half will be paid to the District annually over the next five years and will depend on the actual electric energy generated by the facility and the actual amount of engine and exhaust heat recovered and utilized to heat the biosolids in the primary digesters.

Through May 21, 2015, the facility has generated a total of 6,776,843 kWh of power, which equates to approximately \$615,000 in energy savings at the plant. The District received \$1.69 million of the SGIP incentive rebate from PG&E in April 2015. The total benefit of the facility is \$2,305,000 since operation began in late November 2014, which represents 19.5% of simple payback for the initial construction cost of the facility.

Staff will provide the Board with an operational update of the solar and cogeneration facilities on a semi-annual basis. The attached Table 1 summarizes the operational data that was discussed in this update.

PRE/SEG/RC/CB:ks

Attachment: Table 1

**Union Sanitary District**  
**Table 1 - Solar and Cogeneration Facilities Operational Data**

Facility	System Rating <sup>1</sup> (kW)	Energy Generated This Period <sup>2</sup> (kWh)	Total Energy Generated To Date (kWh)	Value of Energy Generated To Date (\$)	Rebates Received To Date (\$)	Total Received or Generated (\$)	Construction Cost (\$)	Simple Payback To Date (%)	Comments
Alvarado WWTP Solar Carport	125	96,614	958,333	154,881	202,681	357,562	884,000	40.4%	System began operation in September 2011. Values are current through May 31, 2015.
Irvington Pump Station Solar Facility	408	399,935	2,997,859	867,457	413,320	1,280,777	2,850,000	44.9%	System began operation in April 2012. Values are current through June 4, 2015.
Cogeneration Facility <sup>3</sup>	1,700	6,776,843	6,776,843	615,000	1,690,000	2,305,000	11,800,000	19.5%	System began operation in late November 2014. Values are current through May 21, 2015.

1) System Rating for the solar facilities is based on the number of panels, the rating of each panel, and the inverter efficiency.

2) Period is from December 2014 through May/June 2015.

3) The cogeneration equipment consists of two 850-kW engine generators.





### Summary of the EBDA Commission Meeting

Thursday, June 18, 2015 at 9:30 a.m.

Prepared by: P. Eldredge

- Commissioners Handley, Dias, Johnson, Peixoto, and Prola were present.
- The Consent Calendar was approved unanimously and included the Commission Meeting Minutes, the List of Disbursements, and the Treasurer's Report.
- The Commission unanimously approved the reports from the General Manager, Managers Advisory, Financial Management, Regulatory Affairs, Operation & Maintenance, and Personnel, committees. The following items were discussed:
- **General Managers Report** The Operations and Maintenance Manager advised the Commission that EBDA is performing well.
- **Managers Advisory Committee (MAC)** EBDA's Regional Board Case Manager, James Parrish, was introduced. Mr. Parrish advised he will be working with EBDA on the upcoming permit. Bill Faisst of B&C presented an evaluation of the proposals received for the Outfall inspection. A recommendation will be presented to the Commission by the end of summer, in time to perform the inspection by October. The MAC reviewed the Renewal Replacement Fund (RRF) FY 2014/2015 Recap. The Committee also discussed the resolution for the RRF scheduled for FY 2015/2016. The MAC agreed with the recommendation of the O&M Committee to approve the RRF schedule for FY 2015/2016.
- **Financial Management Committee** approved the May List of Disbursements and Treasurer's Report. The Committee completed the annual review of the Authority's Financial Management System Policy and Procedures Manual, no changes were made. The Committee recommended Commission approval of a resolution authorizing amendment number four, which provides a COLA, to the fee contract with Meyers Nave.
- **Regulatory Affairs Committee** reviewed the May permit compliance. The Committee discussed EBDA's nutrient discharges by member agencies. In summary, there is not much difference in influent nitrogen concentrations among EBDA agencies.
- **Operations and Maintenance (O&M) Committee** reviewed EBDA's performance and the status of O&M projects. The Committee reviewed the annual recap of the Authority's asset management plan/RRF for fiscal year 2014/15. The Committee discussed a resolution approving the Asset Management Plan/Renewal & Replacement fund schedule for FY 2015/16. The Committee also considered a resolution authorizing the General Manager to issue a purchase order to Univar USA, Inc. for sodium bisulfite 25% solution in FY 2015/16, not to exceed \$200,000. The O&M Committee recommended adoption of these items by the Commission. The Committee recommended Commission approval of two separate resolutions authorizing purchase orders for the OLEPS PLC project: 1) Alameda Electrical Distributors in the amount not to exceed \$87,000; and 2) Calcon Systems Inc. in the amount not to exceed \$98,000.

- **Personnel Committee** conducted its annual review of the Ralph M. Brown Act, there were no pertinent updates. The O&M Manager updated the Committee on staff's performance and reviewed employees' accrued vacation leave. Employee contributions to CalPERS will increase from 6% to 8% effective July 1, 2015, bringing employee contributions up to the total required member contribution. The Committee discussed a resolution amending the General Manager's employment agreement effective July 1, 2015, reducing the hours worked by 20%. The Committee also discussed a resolution fixing EBDA's monthly PEMHCA contribution at \$460 per employee and annuitant, as agreed to at the Commission's April meeting. The Committee recommended the Commission approve the proposed resolutions. The EBDA Calendar of Meetings was updated to reflect the Personnel Committee meeting every other month. The Committee recommended approval, by motion, of the rotation of the Commission Chair to Roland Dias of Oro Loma Sanitary District.
- **Ad-Hoc Committee** meeting has been scheduled for July 15, 2015.

The Commission unanimously passed the following resolutions and one additional item:

- Commissioner Peixoto moved to approve the resolution authorizing an amendment to the fee contract with Meyers Nave. The motion was seconded by Commissioner Dias and carried unanimously (Peixoto, Dias, Johnson, Prola, Handley; ayes).
- Commissioner Dias moved to adopt the resolution approving the Asset Management Plan/Renewal and Replacement Fund Schedule for FY 2015/2016. The motion was seconded by Commissioner Prola and carried unanimously (Peixoto, Dias, Johnson, Prola, Handley; ayes).
- Commissioner Dias moved to adopt the resolution authorizing a purchase order to Univar USA, Inc. for Sodium Bisulfite 25% solution in the amount of \$200,000 for FY 2015/2016. The motion was seconded by Commissioner Johnson and carried unanimously (Peixoto, Dias, Johnson, Prola, Handley; ayes).
- Commissioner Dias moved to approve the resolution accepting the proposal from Alameda Electric Distributors and authorizing a purchase order for \$87,000. The motion was seconded by Commissioner Peixoto and carried unanimously (Peixoto, Dias, Johnson, Prola, Handley; ayes).
- Commissioner Peixoto moved to approve the resolution authorizing a purchase order to Calcon Systems Inc. in the amount of \$98,000 for the OLEPS Automation Control System Upgrade Project: Phase 2 for installation of the PLC equipment. The motion was seconded by Commissioner Dias and carried unanimously (Peixoto, Dias, Johnson, Prola, Handley; ayes).
- Commissioner Prola introduced the resolution approving amendments to the General Manager's Employment Agreement July 1, 2015 to June 30, 2016. The motion was seconded by Commissioner Johnson and carried unanimously (Peixoto, Dias, Johnson, Prola, Handley; ayes).
- Commissioner Prola introduced the resolution fixing the Employer's Contribution under the Public Employees' Medical and Hospital Care Act. The motion was seconded by Commissioner Johnson and carried unanimously (Peixoto, Dias, Johnson, Prola, Handley; ayes).
- Commissioner Prola moved the motion approving the Commission Chair rotation. The motion was seconded by Commissioner Johnson and carried unanimously (Peixoto, Dias, Johnson, Prola, Handley; ayes).

**Directors**

Manny Fernandez  
Tom Handley  
Pat Kite  
Anjali Lathi  
Jennifer Toy

**Officers**

Paul R. Eldredge  
*General Manager/  
District Engineer*

David M. O'Hara  
*Attorney*

**DATE:** July 2, 2015

**MEMO TO:** Board of Directors – Union Sanitary District

**FROM:** Paul R. Eldredge, General Manager/District Engineer  
Rich Cortes, Business Services Manager

**SUBJECT:** Agenda Item No.16f – Meeting of July 13, 2015  
Information Item: **CERTIFICATE OF ACHIEVEMENT  
FOR EXCELLENCE IN FINANCIAL REPORTING**

**Recommendation:**

Receive the Certificate of Achievement in Financial Reporting from the Government Finance Officers Association (GFOA). Acknowledge Maria Scott's initiative and contribution for the District receiving national recognition.

**Background:**

The Government Finance Officers Association of the United States and Canada (GFOA) is the professional association of state/provincial and local finance officers in North America, and has served the public finance profession since 1906. GFOA has awarded its Certificate of Achievement for Excellence in Financial Reporting to Union Sanitary District for its fiscal year 2014 Comprehensive Annual Financial Report (CAFR). This award is the highest form of recognition in the area of government accounting and financial reporting. The Certificate Program, which was established in 1945, is designed to recognize and encourage excellence in financial reporting by state and local governments.

This is the twelfth year running that Maria Scott, the District's Principal Financial Analyst, has developed a CAFR report that has been recognized at the national (GFOA) level. She has also served as a GFOA CAFR reviewer this past year for jurisdictions in Virginia and Tennessee.

## **State consumer agency calls San Jose water restrictions unfair, plans to fight them**

*By Paul Rogers [progers@mercurynews.com](mailto:progers@mercurynews.com)*

*Updated: 06/17/2015 06:34:39 AM PDT*

**MercuryNews.com**

**SAN JOSE** -- A state agency representing consumers said Tuesday that it will try to overturn strict water conservation rules that took effect this week for 1 million residents of San Jose and neighboring Silicon Valley communities, on the grounds that they violate state law by imposing penalties on homeowners but not businesses or apartment owners.

"We think they are discriminatory, unfair and unreasonable," said Danilo Sanchez, program manager at the Office of Ratepayer Advocates. "They need to put some kind of burden on their commercial and industrial customers. We want to make sure that all customers are treated in a fair and equitable way."

The rules were imposed Monday by the San Jose Water Co., a private firm that provides 80 percent of San Jose's residents with drinking water. The firm also provides water to Los Gatos, Saratoga, Monte Sereno, Campbell and parts of Cupertino.

The new restrictions came in response to Gov. Jerry Brown's order in April that urban residents cut water use 25 percent statewide to conserve water as California grinds through its fourth year of historic drought.

On Friday, San Jose Water received approval from the state Public Utilities Commission staff to implement the rules, which give every single-family residence the same monthly allotment of water, with surcharges of up to \$7.12 a unit for exceeding their limit.

More than 1,000 people sent the PUC protest letters claiming the rules were unfair, said Rami Kahlon, director of the PUC's Division of Water and Audits in San Francisco.

Kahlon said the PUC staff denied the protests because it's giving the private water companies it regulates wide latitude crafting the rules, with the main goal being that they hit water conservation targets the state has assigned them.

"We're not dictating to our utilities on how they should achieve the conservation," Kahlon said. "We just want them to hit the target."

One of the entities that filed a protest was the Office of Ratepayer Advocates, a division within the PUC. The office was established to represent consumer interests on matters such as rate increases.

Sanchez, of the advocates office, said it plans to appeal the PUC staff decision to the full Public Utilities Commission. Under state law, protesters have 10 days to file such an appeal, and it only requires one appeal to send the matter to the full commission, a five-member body appointed by the governor.



Until the commission votes, the new San Jose Water rules remain in place.

At a raucous meeting in San Jose last month, more than 350 people turned out to criticize the rules, many of them residents with large yards or large families who said that each property owner should be required to cut water use 30 percent from their 2013 baseline, rather than having a system in which everyone is given the same target.

At that meeting, Palle Jensen, San Jose Water's senior vice president, was asked why apartment building owners and retail and commercial businesses were not bound by the same kind of monthly allocations as the owners of single-family homes.

Jensen said San Jose Water had a short period of time to file the rules with the PUC and that businesses with separate outdoor water use accounts, called landscape services accounts, would have to reduce their outdoor use 30 percent from their own 2013 levels or face surcharges.

But Sanchez of the Office of Ratepayer Advocates said other private water companies that the PUC regulates, including Golden State Water and the California Water Service Co., have imposed cutbacks on businesses as well as residences.

The office also noted in a letter to the PUC that 60 percent of San Jose Water's demand comes from residential customers. And although businesses and other users make up 40 percent, the office said, "the prohibitions on waste provide no incentive for commercial entities to find ways to boost efficiency in indoor use or to curtail more discretionary usage."

Critics of San Jose Water's rules applauded the office for getting involved.

"We all need to conserve. I'm good with that," said Ron Rico, a San Jose resident. "But it has to be fair across the board. It can't just be expediency because a private company doesn't want to take the time to get it right."

It may be a while before the full PUC will hear the case, however. Kahlon, of the PUC staff, said it might not happen until October because his division has only 14 employees to prepare documents for the meeting.

"It seems unreasonable that it will take that long," Sanchez said. "It seems like it could be taken care of within 30 or 60 days. But it's under their control. It depends on their resources and what kind of priority they put on it."





# California Water Districts Challenge State's Drought Order

**California irrigation districts challenge state orders to stop pumping river water in drought**

*The Associated Press*

**FRESNO, Calif.**

Three [California](#) irrigation districts sued the state on Friday, claiming officials overstepped their authority by ordering farmers with some of the strongest water rights to stop pumping from some rivers during the drought.

The legal challenges came from three districts that provide water to farmers in the San Joaquin River watershed ??? prime California farmland that relies on the river to produce a significant portion of the nation's fruits, nuts and vegetables.

The districts allege the state Water Resources Control Board threatened them with financial ruin and violated their rights last week when it sent orders to 114 water users that hold senior water rights dating back to 1914 and earlier.

"This is our water," Oakdale Irrigation District general manager Steve Knell said in a statement. "We firmly believe in that fact and we are willing to take on the state bureaucracy to protect that right."

Peter Rietkerk of the Patterson Irrigation District said the walnut and almond orchards of growers could wither and die, costing them half-a-billion dollars.

George Kostyrko, a spokesman for the state Water Resources Control Board, declined to comment, saying the agency will respond in court.

California is enduring its driest four-year period in recorded history. The water board action marked the first time since a 1977 drought that California has directed a significant number of senior water rights holders to stop pumping.

The South San Joaquin Irrigation District in Manteca and Patterson Irrigation District also filed lawsuits. The Banta-Carbona Irrigation District in Tracy filed a day earlier.

"I can only think they do not understand the devastation their actions will cause in our district and in the local economy," Rietkerk said of state officials.

## **Big difference in water use between wealthy California communities and everyone else**

Updated: 06/22/2015 06:16:21 AM PDT

InsideBayArea.com

Only 24 miles separate the East Bay communities of San Lorenzo and Diablo. But when it comes to California's relentless drought, they are a world apart.

Both communities receive their water from the same source -- the East Bay Municipal Utility District -- and both are bound by the same conservation rules and rates. But the residents of San Lorenzo, a working-class Alameda County suburb along Interstate 880, use a mere 51 gallons of water per person a day. In Diablo, an affluent community just over the hills in Contra Costa County known for its country club and tree-lined private streets, residents use nearly seven times more water -- 345 gallons per person per day.

The massive difference highlights an issue that has become more clear across California as the drought has worsened: Wealthy areas are using dramatically more water than lower-income areas.

Whether it's East Palo Alto and Hillsborough, Beverly Hills and Compton, or Richmond and Orinda, a huge disparity in residential water use is posing a challenge for water agencies as they try to curb consumption and write rules that treat all customers fairly. The divide is the focus of the latest installment in this newspaper's series "A State of Drought."

"If I moved to Diablo tomorrow on a similar or even a slightly larger lot, I cannot conceive how I could use 350 gallons of water today with what I have learned about saving water," said San Lorenzo resident Steve Kirk, who has cranked down water use at his three-bedroom house to 26 gallons a day.

The pattern shows up throughout the state. A study released last year of residential water use in Southern California found wealthier Los Angeles neighborhoods consumed three times more water than less affluent ones. Although local climate and landscape type also played a role, a homeowner's income was a primary factor in how much water he or she used, the study found.

"Wealthy communities are using more water because they can. They have bigger houses and bigger lots. They can pay for it," said Stephanie Pincetl, a UCLA professor who worked on the study. "It's a historic pattern. People change habits reluctantly."

While the disparity between communities has become clear in monthly water consumption reports that the State Water Resources Control Board now requires from more than 400 water providers across California, EBMUD reports its water use as one overall number for 1.3 million people in Alameda and Contra Costa counties.

But this newspaper requested a breakdown of residential use by community, revealing for the first time the chasm here from one area to the other.

Overall, the newspaper's analysis showed that in 2014, all 27 communities in the district averaged 73 gallons per person per day. But the more affluent neighborhoods in warmer suburbs are using far more.

Diablo, with 345 gallons per person per day, was the heaviest user, followed by Alamo with 250, Lafayette with 181 and Danville-Blackhawk with 163. Among the lowest residential users were San Lorenzo, with 51 gallons, Berkeley with 52, San Pablo with 54 and Oakland with 57.

To be sure, weather plays an important role. The further inland an area is from San Francisco Bay and its fog, the warmer the temperatures. That explains some of the disparities, but not all of them.

"The same square footage of turf will need about 30 percent more water east of the hills than west of the hills," said Abby Figueroa, a spokeswoman for EBMUD. "But we're seeing per-capita use five or seven times higher in some places. We'd like to see those numbers come down."

Even near the bay, wealthy communities use more. Upscale Piedmont used 110 gallons per person in 2014, nearly double what working-class Richmond used, just 12 miles away.

Residents of Diablo, a community of 1,200 people where homes are for sale for \$4 million, say there's a good reason for their water use.

"If you have less people per acre, your water use is going to be higher," said Dave Mackesey, a Diablo resident and local historian. "Part of the appeal of the area is the large lots and the mature landscaping. That's why people live here."

Ray Brant, a retired fire captain who lives in Diablo, said his neighbors have cut back during the drought.

"The folks I've talked to, are all very concerned," he said. "Lawns are drying up. One of my neighbors just took out his lawn."

But there's a lot at stake, he noted.

"Nobody, no matter where you are, wants to lose all your landscaping," he said. "It's expensive to replace it."

Diablo grew in the shadow of Mount Diablo when 19th century railroad barons Leland Stanford, Charles Crocker, Collis P. Huntington and other businessmen opened a ranch there in the 1870s. With a golf course in 1914, it became a place for summer country homes for Oakland and San Francisco residents to escape the fog

To the west, in San Lorenzo, the scenery is quite different. Small one-story homes built in the 1940s and '50s for shipyard workers line neat cul-de-sacs. Homes are for sale around \$400,000.



"The yards are small in the first place, and I have stopped watering the lawn," said Kirk, the San Lorenzo resident who has worked hard to conserve. "All my backyard plants are in pots and I water them with water from buckets I put in the shower."

Kirk said he's not surprised Diablo residents use so much because of their large lots, but he believes they can irrigate less and shrink lawn sizes. Experts say there are options to persuade — or force — affluent communities to use less water.

Starting July 1, EBMUD will begin charging an "excessive use penalty" on homes using more than 984 gallons a day, or four times the district average. Although that affects fewer than 1 percent of customers, they are clustered in Diablo, Lafayette, Alamo and other wealthy areas, Figueroa said. The penalty is \$2 per unit of water, which critics say is too lenient.

"People who are using that much water are oblivious to their use in the first place," said Sonia Diermayer of the Sierra Club. "The penalty is a mild slap on the wrist."

Charging sky-high water rates for excessive use is now legally in question, however, after a recent Southern California court ruling that said government can only charge for water what it costs to provide it, under Proposition 218, a ballot measure voters approved in 1996.

Water districts also have the option of putting a flow restrictor on the meter of any home that is violating water-wasting rules, although few ever resort to that. Then there are fines. Last month, Beverly Hills imposed a \$1,000 fine for washing cars, filling pools or watering lawns more than two days a week.

One East Bay lawmaker, state Sen. Bob Wieckowski, D-Fremont, has introduced a bill to allow water agencies to levy a 300 percent tax on the purchase price of water for excessive use.

"Water is a common good," he said. "I love individualism, but when it comes to combating this emergency, we all have to do our fair share."

Diermayer said water districts need to overhaul bills and clearly inform customers how much water they use, and then offer household "water budgets" suggesting reasonable amounts of inside and outdoor water use.

"Many people have no idea much they use in the first place," she said. "It's awkward to give clear information about reasonable use when you're telling everyone to use 20 percent less, and some are saving enormous amounts and others are not."

Peter Gleick, president of the Pacific Institute, an Oakland think tank that studies water efficiency, said the evidence is clear and more needs to be done "to get wealthier, big water wasters to cut their use."

The best approach may be for water agencies to show rich people positive examples, he said.

"We can point the finger at the big water users who don't care," he said. "But it might also be nice to point out wealthy individuals who are doing the right thing, who can set an example for their peers. Sort of 'if I did this, you can do it, and my garden is prettier than yours.'"

Paul Rogers covers resources and environmental issues. Contact him at 408-920-5045. Follow him at [Twitter.com/paulrogerssjmn](https://twitter.com/paulrogerssjmn). Denis Cuff covers the East Bay Municipal Utility District. Contact him at 925-943-8267. Follow him at [Twitter.com/deniscuff](https://twitter.com/deniscuff).

#### A CLOSER LOOK AT EAST BAY WATER USE

The newspaper requested a breakdown of 2014 water use in each community served by the East Bay Municipal Utility District, which serves 1.3 million people in Alameda and Contra Costa counties. Here is a look at who is conserving and who is not:

San Lorenzo 51 gallons per day per person

Berkeley, 52

San Pablo, 54

Oakland, 57

Alameda, 63,

Richmond, 64

Hercules, 71

Pleasant Hill, 79

San Ramon, 103

Piedmont, 110

Walnut Creek, 125

Orinda, 160

Danville, 163

Lafayette, 181

Alamo, 250

Diablo, 345



## What's next for California's historic water cuts in drought

By FENIT NIRAPPIL Associated Press

Updated: 06/23/2015 07:05:49 AM PDT

InsideBayArea.com

**SACRAMENTO --** Most California farmers, water districts and others affected by the broadest water cutbacks for century-old water rights did not respond to state regulators. It's the latest challenge for the State Water Resources Control Board in reducing water consumption during California's fourth year of drought as rivers and streams run too dry to meet demand.

A look at what this means for California's water saving efforts:

### WHAT'S ALREADY HAPPENED

The water board has already told thousands with more recent claims to water in California's agricultural heartland to stop pumping from rivers and streams. It's received a tepid response from them, too. Only about a third in the San Joaquin, Sacramento and delta watersheds have confirmed that they are obeying the order.

### LEGAL CHALLENGES

Some of these so-called "senior water rights" holders with claims dating before 1914 aren't accepting these largely unprecedented cuts without a fight. Several irrigation districts with prized claims are asking judges this week to put the state's order on hold while the legal questions are sorted out. The first hearing is scheduled in Stockton on Tuesday morning.

### INSPECTIONS

Regulators lack widespread meters or sensors to make sure people aren't illegally taking water, so they send inspectors to check if water from rivers and streams is diverted to farms and other property. Water board officials say those who didn't respond to their order are the first to be inspected. They are starting to make unannounced visits or providing a general warning that they'll be in the area.

### FINES

Regulators have told senior water rights holders to stop taking water before in the 1976-77 drought, but they now have new powers granted by Gov. Jerry Brown and lawmakers. They are able to levy fines of \$1,000 a day for illegally taking water, plus \$2,500 for each acre-foot diverted. One irrigation district says it faces penalties of \$22 million a month if it disobeys, though such high fines are essentially unheard of.

Water

# EBMUD drought charge on tap

Fee of up to 25%  
of bill will start  
appearing July 1

By Peter Hegarty

phagarty@  
bayareanewsgroup.com

ALAMEDA — Customers of the East Bay Municipal Utility District will soon feel the heat of California's drought in their pocket-books, including those doing their best to conserve water.

Beginning July 1, all customers will see a drought surcharge of up to 25 percent on their bill, EBMUD's Charles Bohlig reminded a gathering of professional landscapers Thursday.

And with the real possibility that the drought will stretch beyond this fall and winter, the utility plans a take-no-prisoners approach to habitual offenders who blatantly waste water, such as customers who hose down sidewalks or let their sprinklers run for hours: Verbal and written warnings first, then enforced water restrictions and cutoff.

"Those are the kind of customers we are really going to go after," said Bohlig, EBMUD's supervisor of water conservation for commercial, industrial and institutional programs.

The utility's board unanimously approved the temporary drought surcharge June 10 as part of its \$1.8 billion budget for the next two years. The budget also includes a permanent 8 percent rate increase to help fix EBMUD's aging infrastructure.

The hikes mean the average single-family household will see an increase in its bill from \$48.60 to about \$60.25 per month, according to the utility.

As the state continues to grapple with one of the most severe droughts on record, some people have become watchdogs for EBMUD, said David Langridge, who serves on the utility's water-conservation staff.

Langridge receives up to six calls or emails a day identifying water-wasters.

"With technology changing, we literally have people taking photos," Langridge said. "Everyone is phoning in and giving us leads."

He said he follows up every tip.

The Bay Area Landscape Water Conference on Thursday at the Harbor Bay Isle Community Center in Alameda drew about 100 landscapers and others connected with the industry, allowing them a chance to mingle and learn about ways they can save water. The California Landscape Contractors Association sponsored the event, which has taken place annually since 2013.

## Bay Area drought poll

# Fewer holding their noses at 'toilet-to-tap'

By Julia Prodis Sulek  
and Sophie Mattson

Staff writers

Bay Area residents consider California's historic drought so dire that a majority say they would be willing to drink purified toilet water.

That's not the only finding in a Bay Area

Council poll released Wednesday that used to be considered hard to swallow.

Many Bay Area residents appear to be putting aside some long-held notions about the environment, health and public costs to sup-

See **TOILET**, Page 2

# Toilet

Continued from Page 1

port bolder options to increase the water supply.

While 58 percent of those polled say they favor adding appropriately treated recycled water to the drinking water supply, 63 percent say they support building more dams and reservoirs, with 23 percent strongly in favor.

"That's a high number in an environmentally conscious place like the Bay Area," said Rufus Jeffris, a spokesman for the Bay Area Council, a pro-business advocacy group. "This all suggests that people want to look more seriously at these types of solutions that, in the past, haven't had this great acceptance either because of environmental, health or cost reasons."

Only 36 percent of those surveyed in the online poll said they supported a \$5 "drought fee" on top of their water bill. But 88 percent of those polled say they support the expanded use of recycled sewage water — which is mostly used at golf courses, carwashes and other outdoor spaces — and 75 percent favor the construction of more desalination plants to filter seawater into drinking water.

"I'd do basically anything to solve the water crisis," said Taylor Hildreth, 25, a restaurant host in Campbell finishing up a round at San Jose Municipal Golf Course on Tuesday. "I'm even in favor of cutting off the water supply to Southern California a little!"

Funny, the survey didn't go that far, but it seemed people were willing to go out of their comfort zones in the midst of California's epic drought now in its fourth year.

"I'm a squeamish person, but I think I could do it," said Susan Kay, of San



## Public supports most drought measures

According to the latest Bay Area Council online poll, a majority of Bay Area residents are in favor of building new dams and reservoirs, expanding desalination and recycled water.

	Strongly favor	Somewhat favor	Somewhat oppose	Strongly oppose	Don't know
Expanding the use of recycled water	50%	38%	5%	2%	4%
Increasing efficiency standards for farms	46	38	7	3	7
Expanding seawater desalination	37	38	9	3	12
Placing mandatory water restrictions that would be subject to fines and other penalties	26	42	17	10	5
Adding appropriately treated recycled water to drinking water supplies	23	35	18	12	11
Building new dams and reservoirs	23	40	17	6	13
Requiring homeowners to pay a "drought fee" of about \$5 per month on top of their monthly water bill	11	25	25	31	8
Raising water rates	7	24	32	32	6

Source: The Bay Area Council poll was conducted by Oakland-based public opinion research firm EMC Research which surveyed more than 1,000 residents in an open-access poll.

BAY AREA NEWS GROUP

Jose, about drinking treated sewage water, joking, "just close your eyes and plug your nose."

Drinking recycled water is a reality for residents of Orange County and Wichita Falls, Texas.

In 2008, the Orange County Water District began filtering treated sewage water in a three-prong process — purifying it through reverse osmosis and ultraviolet light — and infusing it into aquifers. It remains there for a year before being pumped into the drinking water system.

This produces roughly 100 million gallons of recycled water each day, making it the world's largest "indirect potable reuse program," according to Mike Markus, general manager of the Orange County Wa-

ter District.

After suffering from a devastating drought, Wichita Falls established its water recycling program last year. Unlike Orange County, Wichita Falls draws water from surface reservoirs rather than rechargeable aquifers.

"There is a yuck factor to it at first; it's a psychological barrier," said Wichita Falls City Manager Darron Leiker. However, "this certainly helped us survive the drought. Without that, I truly believe we ran a high risk of running out of water."

Recycled water has been used in San Jose and other cities in the Bay Area for more than a decade but only for irrigating golf courses, landscaping and industrial uses — not for drinking.

San Jose Mayor Sam Liccardo, Santa Clara Mayor Jamie Matthews and other local leaders drank glasses of treated wastewater in April while calling for expanding the use of recycled water, and mixing it with existing groundwater to serve back to the public to drink.

The proposal could get a boost from legislation in Sacramento to speed up environmental approvals on toilet-to-tap projects.

Fifteen years ago, community backlash halted a toilet-to-tap project in the Dublin San Ramon Services District, which instead limited its water recycling for irrigation. Now, the water district is exploring new technologies once again to provide the East Bay cities with recycled drinking water.

"People are using more technology today than they did 15 years ago," said Sue Stephenson, spokeswoman for the district. "Maybe that will make it more easier for people to appreciate trust and understand that we have the capability to clean up wastewater so you can drink it." The poll also found that most residents believe preparing for drought is an important regional priority, but they also said they have already been pushed to the limits with their conservation efforts.

Along with finding better storage and water treatment solutions, residents also favor tightening efficiency standards on farmers, who use about 80 percent of the state's water.

More than 1,000 Bay Area residents participated in the online poll, which was conducted in April by EMC Research, a public opinion research firm based in Oakland.

Contact Julia Prodis Sulek at 408-278-8409. Follow her at Twitter.com/juliasulek. toilet-to-tap.

# California Drought Taking Serious Toll On Aging Sewer System In San Francisco

*June 29, 2015 8:24 PM*

SAN FRANCISCO (CBS SF) — California's severe drought is taking a serious toll on San Francisco's aging sewer system. Some of the city's 1,000 miles of sewer pipes are more than 100 years old, among the first installed after the Gold Rush. The waste was getting dumped into the streets, the streets were getting all muddy, and they thought, let's do something about that. So, they built these pipes," SFPUC Assistant General Manager Tommy Moala said.

Few things in America have lasted 150 years. San Francisco's sewer system is a working relic but one that works. You might think that the drought would give the sewer system a break, with not as much water going through it. But, while San Franciscans are sending less water down the drain because of conservation, the same, or more sewage is being sent through the system that isn't being drained as well as before.

"It's an organic material. It breaks down. It creates hydrogen sulfide. That eats up the concrete in the pipes if it sits there long enough," Moala said.

With thousands of people moving into San Francisco, the city's infrastructure continues to be taxed, no more so than the sewer system. But, sewer workers say they'll do their best. It's their duty.



**TUESDAY, JUNE 30, 2015**

**UNION SANITARY DISTRICT**

**NOTICE OF FILING REPORT AND PUBLIC HEARING IN CONNECTION WITH THE COLLECTION OF FISCAL YEAR 2016 SEWER SERVICE CHARGES ON THE PROPERTY TAX ROLL**

**NOTICE IS HEREBY GIVEN** that pursuant to Sections 5471 and 5473, et seq. of the Health and Safety Code of the State of California and Union Sanitary District Ordinance No. 31, the Board of Directors of Union Sanitary District will consider adoption of Ordinance No. 31-38 which establishes Sewer Service Charges for the Fiscal Year ending June 30, 2016. The District has elected to collect its charges for sewer services on the tax roll, in the same manner as general taxes.

The District has filed a written report with the Secretary of the Board of Directors describing each parcel of real property subject to the charges and amount of the charges against that parcel for fiscal year 2016. The report is on file and available for inspection at the District's offices at 5072 Benson Road, Union City, California.

**NOTICE IS FURTHER GIVEN** that on Monday, the 13th day of July 2015, at the hour of 7:00 p.m., or as soon thereafter as the matter may be heard, at the Union Sanitary District Boardroom, 5072 Benson Road, Union City, California, in said District, the Board will hold a hearing on the collection of sewer service charges on the property tax roll. At the hearing, the Board of Directors will hear and consider all objections or protests, if any, to the District's report. Any questions regarding the charges may be directed to the Business Services Manager at (510) 477-7500.

Publish dates: June 30, 2015 July 7, 2015

By order of the Board of Directors of  
Union Sanitary District.

**UNION SANITARY DISTRICT**

**Secretary**

**Board of Directors**

**AR #5514203; June 30, July 7, 2015**

**UNION SANITARY DISTRICT****NOTICE OF FILING REPORT AND PUBLIC HEARING IN CONNECTION WITH THE  
COLLECTION OF FISCAL YEAR 2016 SEWER SERVICE CHARGES ON THE  
PROPERTY TAX ROLL**

**NOTICE IS HEREBY GIVEN** that pursuant to Sections 5471 and 5473, et seq. of the Health and Safety Code of the State of California and Union Sanitary District Ordinance No. 31, the Board of Directors of Union Sanitary District will consider adoption of Ordinance No. 31.38 which establishes Sewer Service Charges for the Fiscal Year ending June 30, 2016. The District has elected to collect its charges for sewer services on the tax roll, in the same manner as general taxes.

The District has filed a written report with the Secretary of the Board of Directors describing each parcel of real property subject to the charges and amount of the charges against that parcel for fiscal year 2016. The report is on file and available for inspection at the District's offices at 5072 Benson Road, Union City, California.

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Publish dates: June 30, 2015  
July 7, 2015

By order of the Board of Directors of Union Sanitary District.

UNION SANITARY DISTRICT

  
Secretary  
Board of Directors



## East Contra Costa County

# Three recycled water fill stations on tap

**Residents can get up to 300 gallons to keep yards green**

By Nate Gartrell

[ngartrell@bayareanewsgroup.com](mailto:ngartrell@bayareanewsgroup.com)

**ANTIOCH** — With mandatory water restrictions in place throughout California, "brown is the new green" has become the slogan of the day. But residents in East Contra Costa — among the driest regions in the Bay Area — will no longer have to choose between conserving water and keeping their lawns or gardens green.

That's because officials throughout the region have been working to put in place a series of separately operated recycled water fill stations that will be available to residents from Bay Point through Oakley and the far eastern regions of the county.

Recycled water is non-potable, and officials make it clear that it's to be used only for irrigation, and not for drinking, filling backyard pools, bathing or cooking. But it will keep your lawn green and your garden alive.

Brentwood, which Mayor Bob Taylor called "an oasis in a sea of dryness," was the first East Contra Costa city to make recycled water available. Earlier this month, the city unveiled a fill station that is exclusively available to Brentwood residents.

"Since (residents) are paying the sewer use charge, we're allowing them to get the water for free," said Kris Vickers, with Brentwood's wastewater treatment plant.

Then the Ironhouse Sanitary District quickly followed suit by opening a fill station in Oakley that is available exclusively to local residents.

And now, Delta Diablo is working to jump on the recycled water bandwagon too, with a fill station that could open as early as July 11, and be available to Delta Diablo ratepayers in Bay Point, Pittsburg and Antioch.

"The public wants to be environmental stewards — the people of East County are answering the call, and looking for ways to conserve," Angela Lowrey, spokeswoman for Delta Diablo, said. "People love their gardens and quality of life in the East Bay is going out to the parks and the outdoors."

Delta Diablo's plans to open the fill station are still being reviewed by state regulators, and the station can't open until the project is given the green light. But in the meantime, the agency has scheduled preregistration training sessions on July 7 and July 11 and encourages interested parties to attend.

On a state level, water board officials are working to streamline the application process for recycled water fill stations, which in the past could take up to two years, said Anne Olson, an engineer at the Central Valley Regional Water Quality Control Board.

"We've all taken the drought very seriously and are doing our best to expedite the permitting process for people who want to pursue recycled water projects associated with the drought," Olson said.

Recycled water is converted from wastewater inflow, and sanitized to the point where it's safe to use for irrigation. Brentwood's water treatment plant can produce up to 8.5 million gallons of recycled water per day, according to a city news release, and Delta Diablo's facility has generated 31 billion gallons of recycled water since 2000, Lowrey said. The water is used for irrigation on city-owned sites but has not been made available to residents until recently.

Both the Brentwood and the Ironhouse fill stations have a 300-gallon limit, but officials are quick to point out that 300 gallons of water weighs more than 2,500 pounds. So residents are encouraged to be cautious and do the math before they come to fill up their tanks; if someone overloads their car with water and causes damage, the liability is on them, not the fill stations, officials said.

But in the midst of the recycled water craze, there is another positive sign that East Contra Costa residents are taking the drought seriously. Brentwood is reporting a sharp reduction in their wastewater inflow — up to 500,000 gallons per week — since the mandatory water restrictions went into place, said Vickers, and Delta Diablo is reporting a decrease in their inflow as well.

"That's a really strong sign, because that means people are conserving water indoors, and that's a really good thing," Olson said. "And recycled water can help them make that happen with minimal losses to their gardens."

Contact Nate Gartrell at 925-779-7174 or follow him on Twitter at [Twitter.com/NateGartrell](https://twitter.com/NateGartrell).

## HOW TO FIND A FILL STATION NEAR YOU

**Brentwood:** The Recycled Water Fill Station is at 2251

Elkins Way, adjacent to the city's Cardboard Drop-off site. It is open on Monday,

Tuesday, Thursday and Friday 8 a.m. to 7 p.m. and Saturday 7 a.m. to 3:30 p.m.

For information on the program and a copy of the application and guidelines, go to the city's website at [www.brentwoodca.gov/savewater](http://www.brentwoodca.gov/savewater) or call Public Works-Operations at 925-516-6000.

**Oakley and Bethel Island:** Ironhouse Sanitary District's Recycled Water Fill Station is located at 450 Walnut Meadows Drive, Oakley (cross streets are Rose Avenue and Main Street).

For more information, go to [www.ISDP2.org](http://www.ISDP2.org).

**Antioch, Pittsburg and Bay Point:** Delta Diablo is offering two programs and encourages residents to attend before the official opening day: July 7 at 6:30 p.m. and July 11 at 8 a.m. Programs will include registration and training for recycled water, which is mandatory for anyone who wants use of the fill stations.

For more information, and to register for the training and eNotifications on Delta Diablo's pilot residential recycled water program, go to [www.deltadiablo.org](http://www.deltadiablo.org) or call 925-756-1900.



California's drought

# Water usage drops 29%

State's conservation effort in May tops governor's request

By Lisa M. Krieger and Sophie Mattson  
Staff writers

Californians in May shot past Gov. Jerry Brown's water conservation targets in response to the drought emergency — a profound shift in behavior for a state that until recently prized its hot tubs, lush landscaping and spotless cars.

New numbers, released Wednesday, show that the state's ambitious conservation campaign is working, with statewide residential water use declining 28.9 percent in May from its baseline 2013 levels. The figures beat Brown's order in April to cut water use statewide by 25 percent.

The Bay Area saved even more: 31.9 percent. And the leafy Peninsula town of Hillsborough, once identified as the region's biggest water hog, cut its use by an astounding 49 percent.

"It is clear from this report that many communities have made a commitment as Californians to scale back outdoor watering and conserve," said Felicia Marcus, chairwoman of the State Water Resources Control Board.

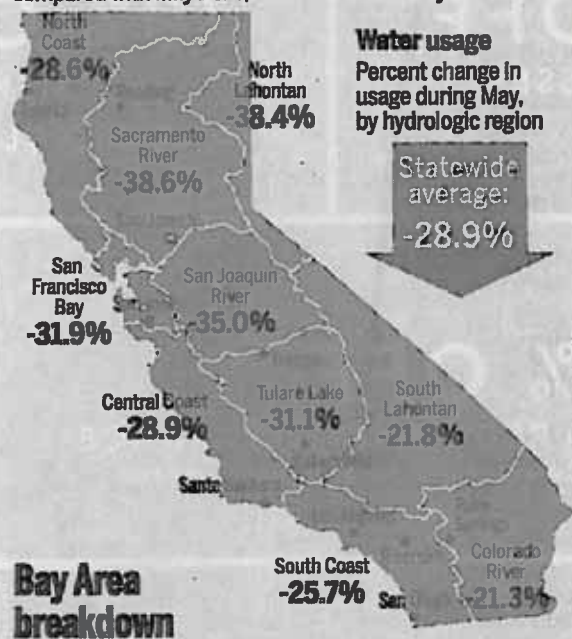
"Californians are creative. We can fix the leaks, let the lawn go brown and take shorter showers."

The 29 percent reduction is the hydrological equivalent of trading in a Porsche 911 Carrera for a fuel-efficient Honda Fit. Or pinching pennies at a Holiday Inn, rather than splurging at a Hilton.

Page 189 of 193

## Who saved the most water?

California cut water use by a record 29 percent in May compared with May 2013, the state's baseline year.



## Bay Area breakdown

Percent change in May, compared with May 2013

Alameda County Water District	-23%	Millbrae	-20%
American Canyon	-24%	Milpitas	-31%
Antioch	-33%	Morgan Hill	-37%
Benicia	-43%	Mountain View	-38%
Brentwood	-39%	Napa	-35%
Burlingame	-25%	North Marin Water District	-49%
California Water Service Co. Livermore	-52%	Palo Alto	-43%
California Water Service Co. Los Altos/Suburban	-40%	Petaluma	-37%
California Water Service Co. Mid Peninsula	-24%	Pittsburg	-26%
California Water Service Co. South San Francisco	-24%	Pleasanton	-46%
Contra Costa Water District	-27%	Redwood City	-29%
Dublin San Ramon Services District	-42%	San Bruno	-21%
East Bay Municipal Utilities District	-31%	San Francisco Public Utilities Commission	-17%
East Palo Alto	-24%	City of San Jose	-39%
Gilroy	-15%	San Jose Water Company	-36%
Great Oaks Water Co. San Jose	-39%	Santa Clara	-26%
Hayward	-34%	Santa Cruz	-35%
Hillsborough	-49%	Scotts Valley Water District	-39%
Hollister	-27%	Sonoma	-35%
Livermore Division of Water Resources	-44%	Soquel Creek Water District	-37%
Marin Municipal Water District	-28%	Suisun-Solano Water Authority	-29%
Martinez	-27%	Sunnyvale	-38%
Menlo Park	-29%	Vallejo	-28%
Mid-Peninsula Water District	-37%	Watsonville	-23%

## Other areas

Sacramento	-35%
Fresno	-33%
Los Angeles	-18%
San Diego	-26%

Source: State Water Resources Control Board

BAY AREA NEWS GROUP

"The key for making tough changes is to change together," said BJ Fogg, a behavioral scientist at Stanford University and director of Stanford's Persuasive Technology Lab.

To be sure, cool May temperatures contributed to the success, according to the state water board. But the savings represented the best showing since the state started tracking conservation last year. And the May figures (breaking December's record of 22.4 percent) followed several months of tepid conservation: 13.5 percent in April and 4 percent in March.

Behavioral experts say the same carrot-and-stick tools help change any bad habit — whether it's smoking, speeding, overeating or taking 20-minute showers.

Some cities, like Fresno, have conserved through aggressive monitoring, enforcement and ticketing for those who violate watering restrictions.

The state water board reports that Californians have filed 28,555 water waste complaints in May. That resulted in 36,159 formal warnings and 1,786 fines and other penalties.

Helpful advice — combined with environmental horror stories — were enough to motivate Karen Williams, administrative director of UCSF's Center for Tobacco Control Research and Education.

"They were clear. They said what was needed. And it came from the top — the governor," Williams said. "We were looking for advice, and they gave it."

Increasingly, the drought has come to be viewed as a social problem, not only an environmental problem. When neighbors' lawns are dying, bright green turf becomes as politically incorrect as tooling around town in a Hummer.

And there's this: Anti-smoking research shows that as more people quit, it becomes much simpler to convince those few remaining smokers to quit, Williams said.

In the drought, "you see how others are cutting back," so there's motivation to follow, she said.

"Making big changes alone is hard," said Stanford's Fogg. "When you tap into the power of social (dynamics), behavior change is easier and more motivating."

Research at his lab shows that three things are needed to change behavior

— and all three are abundant in this thirsty, yellowing state.

The first is motivation, such as peer pressure. The second is simplicity, through easy-to-remember tips. The third is what he calls a "trigger," or reminder.

"When I see someone converting their lawn into a drought-resistant landscape, it is a reminder to me to take the exact same step," he said.

Indeed, there seems to be a new competitive pride in conservation.

"I have a big gigantic stockpot that I keep in my sink — and when I run hot water, I catch it and use it to water my house plants," said Morgan Hill resident Martha Oral, 55.

"When the water in my dog's bowl starts to get hair and other stuff in it I empty it into the house plants rather than put it down the sink," said San Ramon resident Kristina Teves, 28. "This sounds kind of gross, but we are also a 'if it's yellow let it mellow' kind of family."

Affluent Hillsborough residents are now letting their sprawling lawns turn brown, watering plants with reclaimed water and purchasing drought-resistant plants.

Told by the state water board to cut their water use 36 percent, Hillsborough residents are now prohibited from using their sprinkler systems more than twice a week.

"People are certainly starting to talk about it more," said David Weinberg, 74, who installed drip irrigation systems in his Hillsborough home and now recycles all his bath water. "We are all stewards of the earth. Everyone has to do their part."

**"Making big changes alone is hard. When you tap into the power of social (dynamics), behavior change is easier and more motivating."**

— BJ Fogg,  
a behavioral scientist at  
Stanford University and  
director of Stanford's  
Persuasive Technology Lab



**THURSDAY, JULY 2, 2015**

**FREMONT**

**Reward money offered  
in dam vandalism**

Water officials are offering a \$10,000 reward for information leading to the arrest of three people who destroyed a dam in May, causing the loss of nearly 50 million gallons of water, authorities said Wednesday.

Fremont police have also released surveillance footage showing three people they believe were responsible for the May 21 vandalism.

About 49 million gallons of water — enough to supply 500 homes for a year — was released when the dam was destroyed, officials said. The water was to be used by residents and businesses in Fremont, Newark and Union City.

The Alameda County Water District, which maintains the inflatable dam, is offering the \$10,000 reward.

Anyone with information about the vandalism is asked to call the Fremont Police Department at 510-790-6664.

— *David DeBolt, Staff*

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Union Sanitary District.

**UNION SANITARY DISTRICT**

Secretary

Board of Directors

AR #5514203; June 30; July 7, 2015

**PUBLIC HEARING NOTICE**

The Citizens Watchdog Committee reviews the Alameda County Transportation Commission's Measure B expenditures on transportation projects, programs and administration. The CWC has completed its Draft 13th Annual Report to the Public and invites the public to comment on it at a public hearing on Monday, July 13, 2015 at 6:30 p.m. at Alameda CTC, 1111 Broadway, Suite 800, Oakland, CA. The draft report is available on the Alameda CTC website at <http://www.alamedactc.org/events/view/16502> or by request at the Alameda CTC office. For more information, please call 510.208.7400.

#5518807; OT/ATS/AR/DR/TVH; Jul 7, 2015

AJ/MC/PM/BV; Jul 10, 2015

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Secretary  
Board of Directors

**DATE:** July 6, 2015

**MEMO TO:** Board of Directors - Union Sanitary District

**FROM:** Paul R. Eldredge, General Manager/District Engineer  
Rich Cortes, Business Services Manager  
Maria Scott, Principal Financial Analyst

**SUBJECT:** Agenda Item No.9 - Meeting of July 13, 2015  
**PUBLIC HEARING: 1) CONFIRMING SEWER SERVICE CHARGE ORDINANCE NO. 31.38, 2) ADOPTING SEWER SERVICE CHARGES FOR FISCAL YEAR 2016, AND 3) SETTING AND COLLECTING SEWER SERVICE CHARGES FOR FISCAL YEAR 2016 ON THE TAX ROLL.**

### **Recommendation**

1. Staff report and Board questions of staff
2. Open the public hearing - receive any oral or written communications from the public regarding the proposed ordinance.
3. Close the public hearing and consider action on the following two agenda items

### Background

The Notice of Public Hearing to set the Sewer Service Charges for Fiscal Year 2016 has been published in the Argus newspaper on June 30 and July 7, 2015. Staff will be prepared to present the subsequent Board agenda items on the Sewer Service Charge rate at the public hearing and answer questions from the Board and audience.

On April 18, 2013, a notice complying with Proposition 218 was sent to all property owners notifying them of a proposed 5.7% per year rate increase for the next three years. FY 2016 will be the third year of the three year period.

### Notification Process

In addition to the 218 public hearing held in 2013 that set the rates for Fiscal Years 2014, 2015, and 2016; Health and Safety Code Section 5471 and 5473 requires that an annual public hearing be conducted, and a legal notice be placed in a newspaper **at least 14 days before the hearing**. This annual process is required because the District places its sewer service charges on the tax roll. This step would not be necessary if USD billed on a semi regular basis as some other agencies do. Placing the sewer service charges on the tax roll helps USD keep its rates low. If the District did not place sewer service charges on the tax roll, additional staff positions would be required and the assistance of an outside service would be necessary to complete the billing process. The costs of these additional positions and

services would exceed the amount the County charges USD to place its sewer service charges on the tax roll.

In order to place the sewer service charges on property taxes the County of Alameda requires all information be provided to them no later than August 10<sup>th</sup> each year. Once rates have been approved by the USD Board of Directors, staff must format the list of parcels and corresponding rates to meet the County's requirements. This process usually requires three to four weeks to complete and verify.

#### Public Notices Received

As of the publication of this staff report, the District received ~~six~~ **eleven (11)** emails regarding the proposed rate increase or alleging a lack of transparency. A copy of said emails are attached for reference.

Several of the aforementioned emails referenced similar financial statistics pertaining to sewer service charges, employee compensation, and operating expenses. Some of this information was inaccurate and confusing. The most common statements made were:

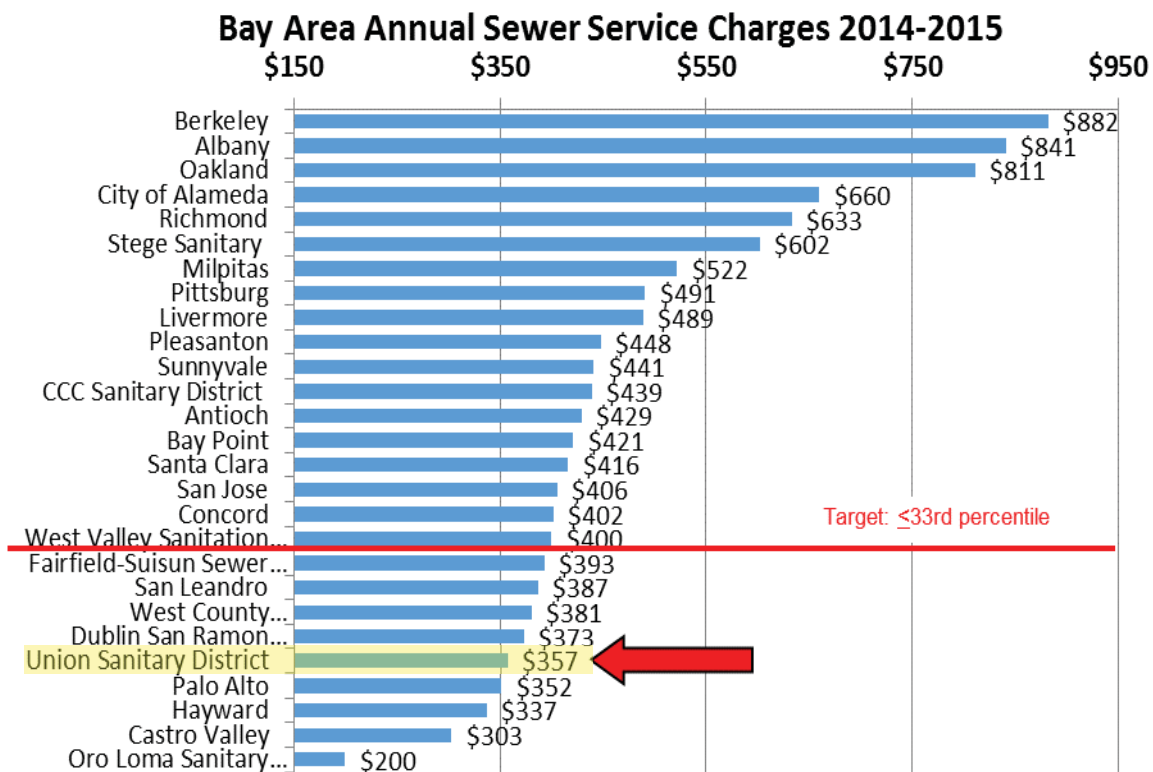
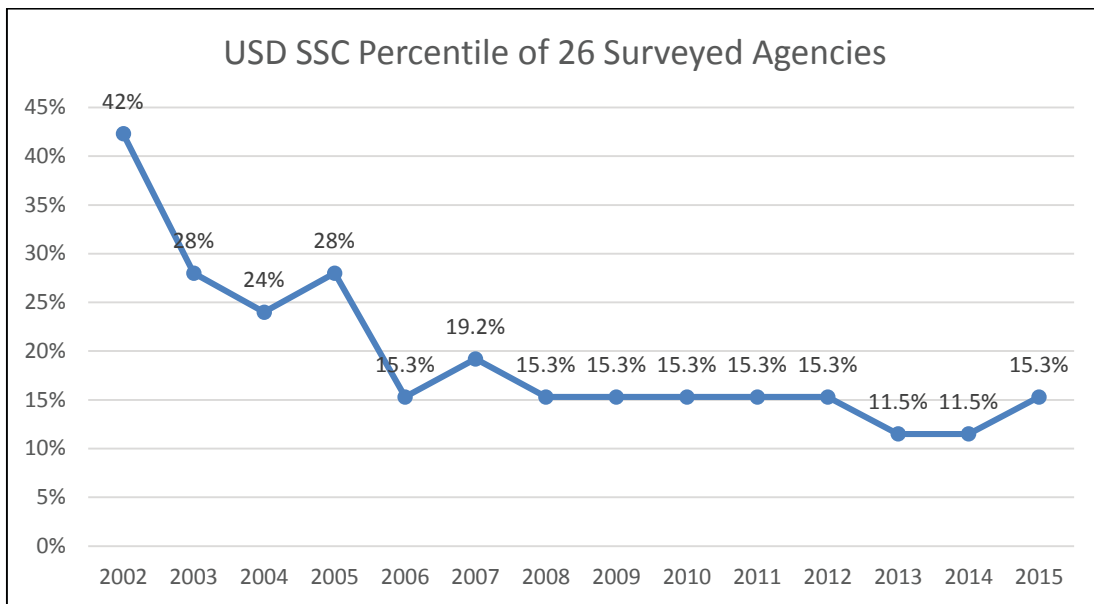
- *In the last 10 years (2006 – 2015) USD has raised the sewer service charge by 74%.*
  - The total percentage of rate increase over this period of time adds up to 56.9%.
- *During the same time period, employee compensation increased 65%.*
  - During this period of time, employee's salaries increased by 45.5% while employee total compensation (salary, health benefits, pension etc.) increased by 54.6%.
- *Nearly 2/3 of USD's operating expenses are spent on employee compensation.*
  - Approximately **42%** of the District's total budget accounts for salary and benefits for employees, **which is within range of other service providers in our industry.**

#### Historical Perspective and Comparisons

The District entered into a new labor contract in 2013 that applied to all employees, both Union and non-union, that, among other things required all District employees to pay a portion of their health care and pension costs. By March of 2016 employees of the District will be paying 30% of the total pension costs. In addition, the District is subject to the pension reforms enacted by the State a few years ago, referred to as the Public Employees' Pension Reform Act, or PEPPRA. These reforms reduce the retirement benefit, and raise the retirement age for new District employees that have not participated in the previous retirement program. Currently, approximately 10% of the District's workforce participates in this new program and the number is expected to increase due to staff turnover. These reforms, and District employees paying a portion of their retirement costs, are reducing the District's expenses related to employee pensions.

Since 2002, the District has been comparing its rates to the rates of other wastewater service providers in the Bay Area as another indicator as to how the District is performing and the value being provided. USD conducts this survey annually of 26 Bay Area wastewater agencies. It is the District's goal to remain in the lower 1/3 of agencies surveyed, meaning USD's prices would be lower than 2/3 of neighboring agencies. Currently the District's rates are in the 15<sup>th</sup> percentile. A graphical illustration of this comparison can be seen below:





#### 5.7% increase compared to CPI

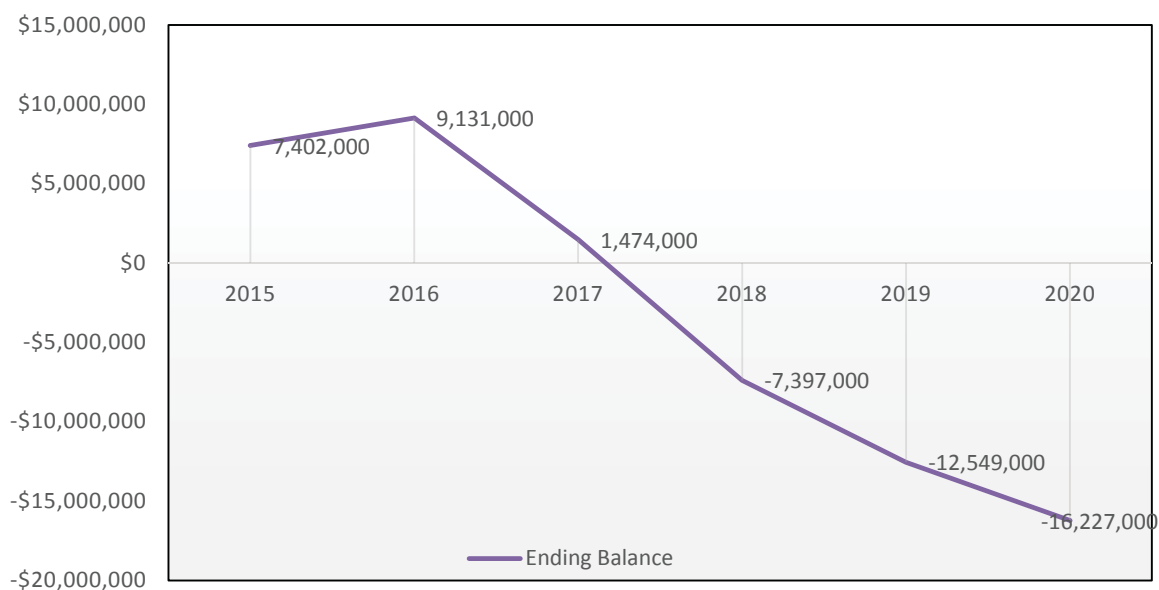
The Consumer Price Index, typically referred to as inflation, for the San Francisco Bay Area has averaged approximately 3% annually. The proposed rate increase does exceed inflation as it takes operational and capital increases into consideration, which are not the types of expenses included in CPI computations. Capital expenses, or the cost of projects required to maintain the integrity of the District's infrastructure, are based upon a prioritized need and life cycle of the infrastructure. If the District were to limit rate increases to accommodate inflation only there would be a short-fall in the

funds necessary to safely and responsibly operate the District and rehabilitate infrastructure. The difference in revenues between 5.7% and 3% over the next four years would equate to approximately 14.5 million dollars in lost revenue.

Without this revenue, District staff would have to be significantly reduced and/or capital projects would be postponed or not completed. All of the projects proposed in the District's CIP program are necessary, thus delaying projects increases the opportunity for failure, increased project costs, and possibly larger rate increases in the future. Approximately 15 projects in the current CIP budget would need to be deferred to later date if revenues were decreased. An example of some of the projects that would be impacted include: Aeration Tank Roof and Blower Replacement, Generator Control and Motor Control Center Replacement, Control Box No. 1 and Headworks Improvements, Primary Clarifiers Rehabilitation, and Secondary Clarifiers Rehabilitation. Deferring and deleting planned CIP projects increases the risk of failure. When infrastructure fails, repair and replacement costs increase due to being in an emergency situation. These increased costs are attributed to not going through the normal competitive bid process, costs for clean-up, legal costs due to claims for damage settlements, traffic delay costs, negative environmental impact leading to permit violations and fines. It is generally accepted that for these reasons the costs for emergency or failure repairs are much greater than planned repair and replacement costs. The deferment of projects does not secure a reduced rate for the foreseeable future. These projects will need to be completed at some point, either once the asset fails, increasing costs as previously mentioned, or as a planned CIP.

If rates were reduced to 3%, and currently utilizing the CIP budget being recommended by staff, the Structural Renewal & Replacement Fund balances would be negative. Under this scenario negative fund balances would begin in FY 2018 and would extend for 5 consecutive years with the largest negative balance of \$16.2 million occurring in FY 2020. This would not only violate the District's adopted Reserve Fund Policy, but also significantly weaken its financial stability. **The Districts policy states that, at a minimum, the fund should remain positive throughout the ten year planning period. Below is a graph showing what the District's fund balances would look like under this scenario:**

Fund Balance - 3% Scenario



## Paul Eldredge

---

**From:** Steve Dosanjh [REDACTED]  
**Sent:** Wednesday, June 24, 2015 12:25 PM  
**To:** Board of Directors  
**Subject:** Rate increase

Hi, Union Sanitary

I live in Fremont CA and would to know if this information below is correct?

On June 22, the Union Sanitary District (USD) Board of Directors proposed raising the sewer service charge by 5.7% to \$377.37 for a single family residence.

The Board scheduled a public hearing for July 13, giving the public three weeks notice. Actually, they didn't really give the public much notice as you won't find one mention of the proposed rate increase on their website.

FYI, USD provides wastewater services to Fremont, Union City, and Newark, and is governed by a publicly elected Board of Directors. The sewer service charge is collected on your property tax bill.

Here are the last TWELVE years of rate increases:

2004 - 5.0%  
2005 - 4.0%  
2006 - 5.0%  
2007 - 6.0%  
2008 - 6.5%  
2009 - 6.5%  
2010 - 6.5%  
2011 - 5.0%  
2012 - 5.0%  
2013 - 5.0%  
2014 - 5.7%  
2015 - 5.7%  
2016 - 5.7% (proposed)

Each year's rate increase has surpassed inflation.

In the last 10 years, USD raised the sewer service charge by 74%. During this same period, employee compensation increased 65%. Given that nearly 2/3 of USD's operating expenses are spent on employee compensation, there is a very strong correlation between employee compensation increases and sewer rate increases.

Can you comment on these numbers?

**Paul Eldredge**

---

**From:** jay cheng [REDACTED]  
**Sent:** Wednesday, June 24, 2015 4:46 PM  
**To:** Board of Directors  
**Cc:** Jay Cheng  
**Subject:** about would be rate increase in Union Sanitary District

To whom it many concern,

I am shock when friend email me that USD is planning to increase rate again. Especially, IF most increased money is used for salary and compensation. Also, If the information is right; 2/3 operating expenses are spending for employee's compensation, should for a company, which is NOT RIGHT and management team is losing control.

From current jobs posting on USD web site, it makes me to thinking would USD employee overpaid (include compensation)? Maybe you will says here is "Silicon Valley", however, here are many more overqualified people don't have this kind's salary + compensation.

I have information added at end of this email and hope I am wrong.

Sincerely yours,

Jay

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2013 - 5.0%  
2014 - 5.7%  
2015 - 5.7%  
2016 - 5.7% (proposed)

Each year's rate increase has surpassed inflation.

In the last 10 years, USD raised the sewer service charge by 74%. During this same period, employee compensation increased 65%. Given that nearly 2/3 of USD's operating expenses are spent on employee compensation, there is a very strong correlation between employee compensation increases and sewer rate increases.

Employee compensation is always a sensitive subject but if you support the level of employee pay and its continued increases, then you must support rate increases that continually surpass inflation and significantly harm the poor.

About 47% of their employees earned over \$150,000 in total compensation last year while nearly all earned over \$100,000. During the recession years between 2008-2013, employees received a cumulative 20% raise. The Alameda County Grand Jury noted that this was "among the highest of all cities and agencies in Alameda County." Since then, employees received 3.5% raises in 2014 and 2015 and will get another 3.5% raise in 2016.



## Paul Eldredge

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**From:** Robert Beatty [REDACTED]  
**Sent:** Thursday, June 25, 2015 12:20 PM  
**To:** Board of Directors  
**Subject:** Propose Rate increase

It has come to my attention that a request for rate increase is being considered. I am totally against any rate increase. In the last 10 years, USD raised the sewer service charge by 74%. During this same period, employee compensation increased 65%. Given that nearly 2/3 of USD's operating expenses are spent on employee compensation which are the highest in the industry.

This increase should be denied...I have to live within my budget year after year and USD should be require to do the same. Stop taking away from the poor.

Bob Beatty

Sent from my iPad

## Paul Eldredge

---

**From:** Eric Tsai [REDACTED]  
**Sent:** Friday, June 26, 2015 9:05 AM  
**To:** Board of Directors  
**Cc:** tricityvoice@aol.com  
**Subject:** Lack of transparency is shameful  
**Attachments:** USD Public Notice.pdf

On June 22, the Board voted to propose a rate increase and schedule a public hearing in three weeks, which is not a lot of time. The complete lack of transparency regarding the proposed 5.7% rate increase is shameful.

It seems year after year, the District and the Board is completely satisfied with passing rate increases that continually surpass inflation with as little public attention and input as possible.

I read last year's minutes and it showed not one person attended the public hearing and the District received only one email about the rate increase. Our governments cannot properly function without an informed public and the District does a great job of providing as minimal information as possible to the public about rate increases.

Are you aware there is no mention of the proposed rate increase or the public hearing on the District's website besides a small mention buried in the 168 page June 22 Board packet? If you think the reason is because it hasn't even been a week since the Board proposed the rate increase, you should know that the District has not historically posted this information on its website.

On a side note, why does the District not issue press releases? What government agency in this age does not issue press releases about important news so that local media can share the information?

How is the public suppose to be aware of the proposed rate increase? I see that the District is doing the bare minimum and posting a notice in The Argus. Have any of you read the notice?

I have attached the notice for your review because it is hard to believe any of you would approve of this notice as a way of informing the people you represent of a significant rate increase.

The notice does not mention "rate increase" or the amount of the proposed sewer charge. It implies the new charges will appear in Ordinance No. 31.38; yet this is not attached in the notice for public review nor can it be found on the District website. What is the point of providing this extremely vague notice to the public besides meeting legal requirements?

I spoke to Rich Currie on the phone a year ago about the District's completely useless notice and he told me he would make changes to include more specific information about the rate increase. I have no idea if he informed the Board about this but it is a disappointment on his record that nothing changed.

When ACWD proposed a water rate increase, they scheduled their public hearing more than 45 days out, which is more than twice the amount of time USD is giving notice to the public. ACWD issued a press release describing the proposed rate increase and public hearing. ACWD held a public workshop during that 45 day period to state why they want a rate increase. ACWD posted many presentations analyzing the rate increase on their website. ACWD held meetings with our school districts and chambers of commerce to inform them of the rate increase.

Will USD follow the lead of ACWD or will the District continue the status quo of passing rate increases without selling the rate increase to the public and proactively seeking input from the public it serves?

I understand the District holds biweekly Board meetings and committee meetings. If you think this is enough outreach, please tell me on average how many people attend each meeting, how many written comments you receive each meeting, and if the District is satisfied with the level of public participation at these meetings? If the District is not satisfied, what is the District doing to further provide information to the public?

I am aware that Rich Currie or another senior manager wrote some of your emails in the past. I hope that will not be the case this time and I look forward to each of your responses.

-Eric Tsai

## Paul Eldredge

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**From:** anita natividad [REDACTED]  
**Sent:** Friday, June 26, 2015 12:16 PM  
**To:** Board of Directors  
**Subject:** USD proposes 5.7% sewer rate increase; 13th straight year of rate increase

Hello,

I would like to disagree with the proposal for the rate increase as for the proposal:

Here are the last TWELVE years of rate increases:

2004 - 5.0%  
2005 - 4.0%  
2006 - 5.0%  
2007 - 6.0%  
2008 - 6.5%  
2009 - 6.5%  
2010 - 6.5%  
2011 - 5.0%  
2012 - 5.0%  
2013 - 5.0%  
2014 - 5.7%  
2015 - 5.7%  
2016 - 5.7% (proposed)

Each year's rate increase has surpassed inflation.

In the last 10 years, USD raised the sewer service charge by 74%. During this same period, employee compensation increased 65%. Given that nearly 2/3 of USD's operating expenses are spent on employee compensation, there is a very strong correlation between employee compensation increases and sewer rate increases.

Thanks,

Anita Sakhrani  
Fremont Resident



**Paul Eldredge**

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**From:** Ken Lonchar [REDACTED]  
**Sent:** Sunday, June 28, 2015 5:17 PM  
**To:** Board of Directors  
**Cc:** kenlonchar@aol.com  
**Subject:** Proposed Rate Increase

This email is to communicate my opposition to the Union Sanitary District (USD) Board of Directors proposed raising the sewer service charge again this year. The 5.7% increase to \$377.37 for a single family residence is out of line given that in the last 10 years, USD raised the sewer service charge by 74%. During this same period, employee compensation increased 65%. Given that nearly 2/3 of USD's operating expenses are spent on employee compensation, there is a very strong correlation between employee compensation increases and sewer rate increases. Employee compensation is always a sensitive subject and you are asking people to support the employee pay scale and its continued increases, as well as support rate increases that continually surpass inflation and significantly harm the poor. It should be noted that 47% of the USD employees earned over \$150,000 in total compensation last year while nearly all earned over \$100,000. During the recession years between 2008-2013, employees received a cumulative 20% raise. The Alameda County Grand Jury noted that this was "among the highest of all cities and agencies in Alameda County." Since then, employees received 3.5% raises in 2014 and 2015 and will get another 3.5% raise in 2016. As a government agency representing the public's interests. I am reaching out to you to express my opinion on the proposed rate increase.

The USD is looking a lot like ACWD. ACWD management and the Board are seen by the community as incompetent. This sentiment can be seen in the KPIX 5 (recently run story) on this them, which you can watch using the link below:  
<http://sanfrancisco.cbslocal.com/2015/04/29/financial-analyst-claims-alameda-co-water-district-rate-hikes-arent-adding-up-drought/>

Please accepted my opposition communication and express it at the public hearing on July 13, 2015.

Regards,  
Ken Lonchar  
[REDACTED]

Fremont Resident since 1991



## Paul Eldredge

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**From:** Dhaval Mehta [REDACTED]  
**Sent:** Tuesday, July 07, 2015 3:13 PM  
**To:** Board of Directors  
**Subject:** USD proposes 5.7% sewer rate increase

Hi,

I hear that the Union Sanitary District (USD) has proposed to raise our sewer rates by 5.7% and set a public hearing for July 13, 7 pm at their headquarters (5072 Benson Road in Union City). This will mark straight 13th year with increase and all these years have been 5% to 6.5%. This is way higher than normal inflation and continues to increase the cost for home owners.

I am unable to attend the hearing in person but would like to register my protest against this steep raise.

Thanks, Dhaval

## Paul Eldredge

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**From:** Hartmut Wiesenthal [REDACTED]  
**Sent:** Thursday, July 09, 2015 6:32 AM  
**To:** Board of Directors; Manny Fernandez; Tom Handley; Pat Kite; Anjali Lathi; Jennifer Toy  
**Subject:** Protest proposed Rate Increase

Dear Boad Members;  
Dear Manny Fernandez;  
Dear Tom Handley;  
Dear Pat Kite;  
Dear Anjali Lathi;  
Dear Jennifer Toy;

I protest the proposed rate increase.  
I like to urge you to listen to your customers and not to implement this proposed rate increase.

Proposition 218, passed by California voters, requires that fees and cost must not exceed the cost of serving a parcel (property with multiple housing units).

In 2001, I paid for my parcel a residential flat rate (property with multiple housing units) of \$166.00.  
In 2014, I paid for my parcel a residential flat rate (property with multiple housing units) of \$315.24.  
The new proposed flat rate will increase by roughly \$20/anno.

From 2001 to 2014, the residential flat rate almost doubled, or rose an average of 7% every year, which is much more than inflation.

The presentation, it is only an increase of \$0.06 per day, is trying to make it look negligible, but it is an increase of 5.5% or 6.4%.

I doubt the cost of serving my parcel jumped by 100% from 2001, so the proposed fee increase violates Prop 218.

Please reject the proposed increase and instead,  
please review the budget for saving opportunities and where you can cut cost.  
I'm not sure why the larges part (more than 60%) is related to employee compensation, and should not become less over the years with more efficiency and automation.  
Could you please review and take actions to cut the number of employees to the levels of 2001 ?

Kind regards,  
Hartmut Wiesenthal  
[REDACTED]  
Fremont, CA [REDACTED]  
Phone: [REDACTED]

## Paul Eldredge

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**From:** Susan Meyer [REDACTED]  
**Sent:** Thursday, July 09, 2015 9:04 AM  
**To:** Board of Directors  
**Subject:** Proposed rate increase

Board of Directors -

Each one of you needs to vote NO FOR ANY RATE INCREASES THIS YEAR.

Simply rubber-stamping the USD's 5% rate increase every single year means you are making the entire utility a piggy bank for it's employees. At the expense of every single UISD customer.

This is Totally Unconscionable on your part. USD is not a little kingdom set up for the exclusive use of it's employees. The general public customers cannot be paying for their generous salaries and retirement pensions, while not benefiting from 5% increased service every year.

PLEASE DO NOT VOTE FOR ANY MORE RATE/SALARY INCREASES FOR UNION SANITARY DISTRICT. It's becoming another BART - a public ripoff.

Susan Meyer  
Fremont

## Paul Eldredge

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**From:** Moodesigns - Mary Barnett [REDACTED]  
**Sent:** Thursday, July 09, 2015 10:00 AM  
**To:** Board of Directors  
**Subject:** Rate Increase? NO. NO. NO!!

How nice that the Union Sanitary District once again wants more money. Why don't you come out and ask politely, disclosing all the information to those from whom you want that money?

Unfortunately, the USD apparently thinks that we, the public, are an unending source of money with deep pockets and continues giving overpaid people raises at rates that the general public does not enjoy.

For your information, I personally have not had a salary increase since 2009 -- and that's with outstanding reviews of my performance. I'm not alone in that; wages are flat -- except, it seems, for employees of agencies supported by the taxpayer. Those in the private sector who do get a raise in pay certainly aren't getting raises well over the rate of inflation, as are USD employees.

Those raises are unconscionable considering the rest of us. At an average rate increase of 5.5% per year for the last twelve years, you are all overpaid to begin with.

To add insult to injury, please explain the lack of transparency -- dare I say -- DISHONESTY? of not mentioning the words 'rate increase' or the amount of increase you'd like to soak us all for.

Your agency is supposed to serve the public, but at this point it would appear that the USD is merely serving itself at the public trough, and the public be damned.

Shame on you. And for once, please consider doing the RIGHT thing, the FAIR thing. DON'T RAISE OUR RATES AGAIN!

Mary Barnett  
Fremont, CA



## Paul Eldredge

---

**From:** Timothy Swenson [REDACTED]  
**Sent:** Thursday, July 09, 2015 8:32 PM  
**To:** Board of Directors; ContactUSD  
**Subject:** Ordinance NO.31.38

In the July 9th edition of The Argus, Eric Tsai wrote an opinion piece entitled "Public input needed over sanitary district's rate hikes."

Eric makes some interesting points, esp. the one about so few people attending USD public board meetings.

So, I downloaded the packet for the next board meeting and gave it a read. I was intrigued this one sentence on page 27 of the package:

"A majority of the property owners have not protested the rate increase in accordance with Proposition 218 requirements."

I'm unfamiliar with Prop 28, so I found the text of the proposition and reviewed it. The section that I believe that statement from page 27 is referring to is as follows:

"(e) .....The agency shall not impose an assessment if there is a majority protest. A majority protest exists if, upon the conclusion of the hearing, ballots submitted in opposition to the assessment exceed the ballots submitted in favor of the assessment."

This was from Section 4 of the proposition. Further down I found this section:

"(a) Any assessment imposed exclusively to finance the capital costs or maintenance and operation expenses for sidewalks, streets, sewers, water, flood control, drainage systems or vector control. Subsequent increases in such assessments shall be subject to the procedures and approval process set forth in Section 4."

It clearly states that USD is required to follow the procedure in Section 4. Given the statement on Page 27, it appears that USD also feels that it must follow Section 4. Section 4 states:

"(c) The amount of the proposed assessment for each identified parcel shall be calculated and the record owner of each parcel shall be given written notice by mail of the proposed assessment,"

The problem I see is that Section 4 requires USD to send out a mailer to all property owners that are affected by the rate increase (hence the term "ballot" in section (e). I have not seen any mailing from USD with a ballot for me to vote on the increase.

Hopefully it can be explained how item (e) from Section 4 can be applied without applying section (c).

Timothy Swenson  
[REDACTED]

Union City, CA [REDACTED]  
[REDACTED]

## Paul Eldredge

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**From:** Veronica Pang [REDACTED]  
**Sent:** Thursday, July 09, 2015 9:15 PM  
**To:** Board of Directors  
**Subject:** Opposing Rate Increase

Dear Board of Directors of USD,

We are Fremont residents. My husband and I are writing to express our displeasure of the proposed rate increase of 5.7 %. We are aware that you have been increasing the fees for over 10 years now and this has apparently become a routine without much efforts on your part to seriously look into ways to cut costs such as freezing your staff's salaries. The increase is also excessive considering the inflation rates and many of us have not got such a high % of increase in our salaries.

Please cut costs instead of raising our rates. Thank you.

*Veronica and Tony Pang*

[REDACTED]  
Fremont, CA [REDACTED]

**Paul Eldredge**

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**From:** [REDACTED]  
**Sent:** Saturday, July 11, 2015 10:18 AM  
**To:** Board of Directors  
**Subject:** Rate Increases

Dear Board of Directors,

We would like more of an explanation of what the rate increases are for, why they are necessary and what the budget is that justifies another rate increase. You have given no explanation for why so many increases in successive years. We also would like to know what percentage of the monies you receive are used for salaries and retirement funds and employee benefits. I have never seen any figures explaining these expenses. Are they publicly available? Aren't you a municipal body serving the public?

Thank you,  
Mavis Brown  
[REDACTED]

## Paul Eldredge

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**From:** Pamela Perry [REDACTED]  
**Sent:** Sunday, July 12, 2015 10:24 PM  
**To:** Board of Directors  
**Subject:** Sewer Service Charge Rate Increase 5.7%

I received a E-Mail about the rate increase. I oppose that steep of an increase. This will be the 13th consecutive year of rate increase. Here are the last 12 years of rate increases:

2004 - 5.0%  
2005 - 4.0%  
2006 - 5.0%  
2007 - 6.0%  
2008 - 6.5%  
2009 - 6.5%  
2010 - 6.5%  
2011 - 5.0%  
2012 - 5.0%  
2013 - 5.0%  
2014 - 5.7%  
2015 - 5.7%



## Paul Eldredge

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**From:** Randy Russell [REDACTED]  
**Sent:** Monday, July 13, 2015 10:45 AM  
**To:** Board of Directors  
**Subject:** Your vote tonight on a rate increase

13 consecutive years of rate increases is a shameful record. The proposed 5.7% increase that you will vote on tonight deserves a resounding "No."

Starting tonight, you can begin to regain your credibility by voting down this unnecessary rate increase.

Please do so by voting NO on the rate increase.

- Charlene Russell  
Fremont homeowner



# Union Sanitary District

Public Hearing

for

Sewer Service Charges

July 13, 2015





# USD Fees

## Capacity Fees

**Paid by: New Customers/Developers**

**Capacity Fees pay for:**

**New Pipelines**

**New/Larger Pumps**

**Expanded Treatment Process**

**Preservation of Existing Capacity**



## Sewer Service Charges

**Paid by: Existing Customers**

**Sewer Service Charges pay for:**

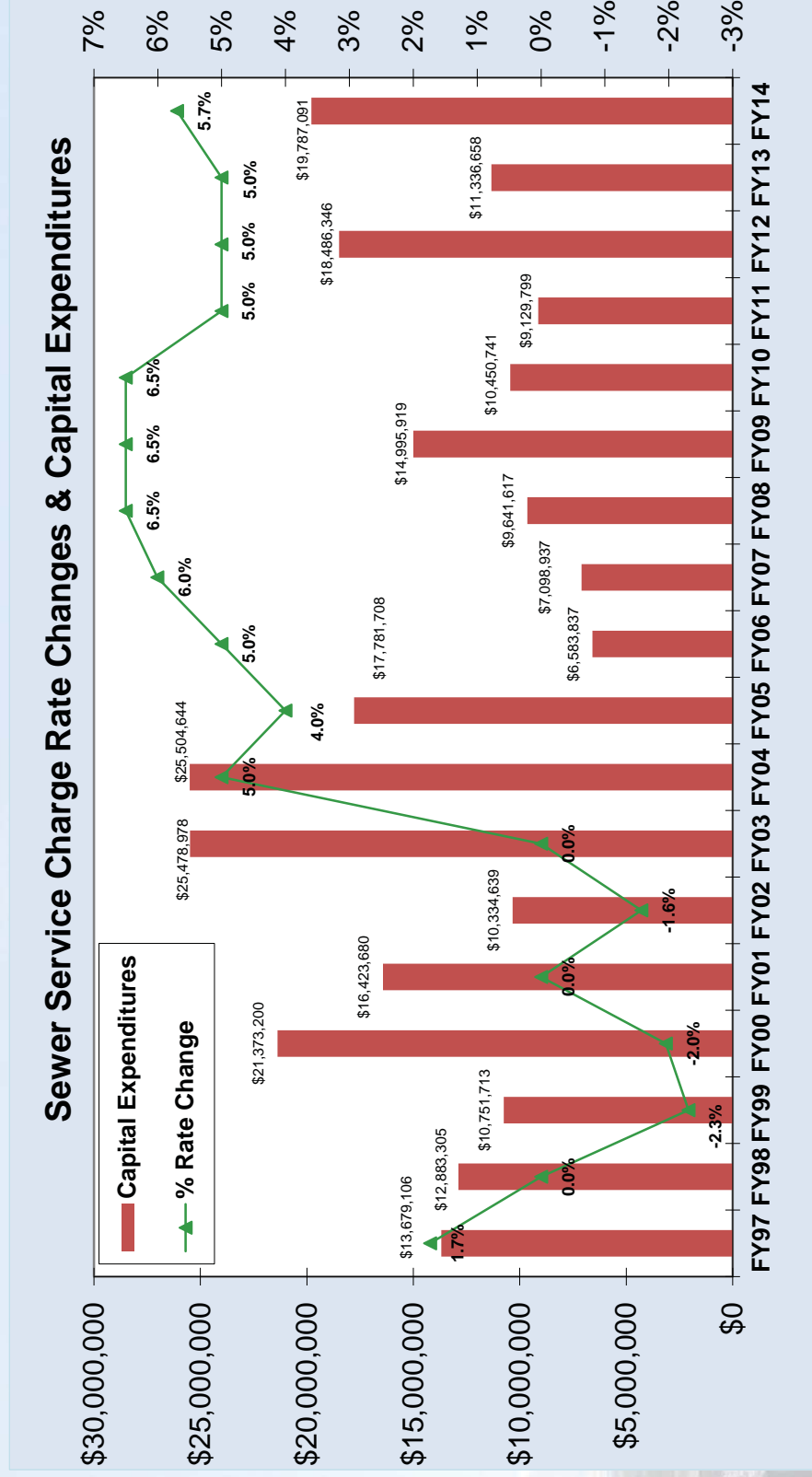
**District Operations**

**Maintenance**

**Replacement of Existing Equipment**

**Repair & Replacement of Aging Infrastructure**

# Sewer Service Charge History



- The District plans 10 years in advance for capital projects and needs, however, these capital expenditures are evaluated on an annual basis.
- Capital expenditures for FY 2015 are anticipated to total \$15.3 million.
- Currently, capital expenditure projected totals for Fiscal Years 2016, 2017, and 2018 are \$16.75, \$23.25 and \$26.2 million respectively.



# Why Have Rates Been Going Up?

- Rate decreases in late 1990s, early 2000s
- Aging infrastructure:
  - Many of the District's facilities are approaching 35 years of operation
  - Increased maintenance
  - Increase in construction projects
- Cost of chemicals and energy
- Cost of salary and benefits
  - Market impacts on salaries
  - Rising health care cost
- Regulations (Air Quality, SSOs, WQ)

# How Much Will The Proposed Increase Be?

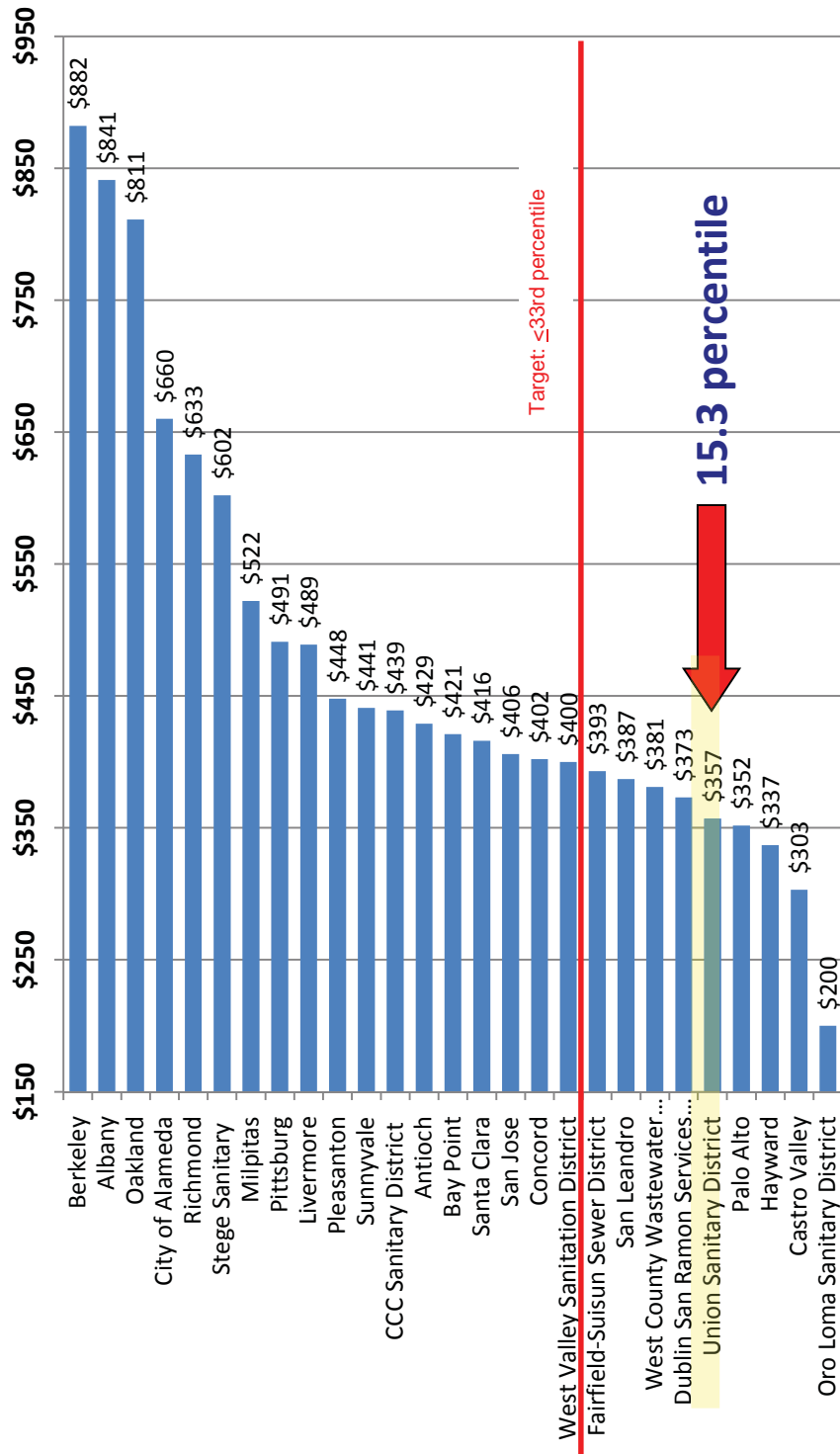
- Current Single Family Rate = \$357.02/yr
- Proposed Single Family Rate = \$377.00/yr
- Proposed Monthly Rate = \$ 31.42
- Proposed Monthly Rate Increase:
  - Annually: = \$ 19.98
  - Monthly: = \$ 1.67

*(Between existing rate and proposed)*

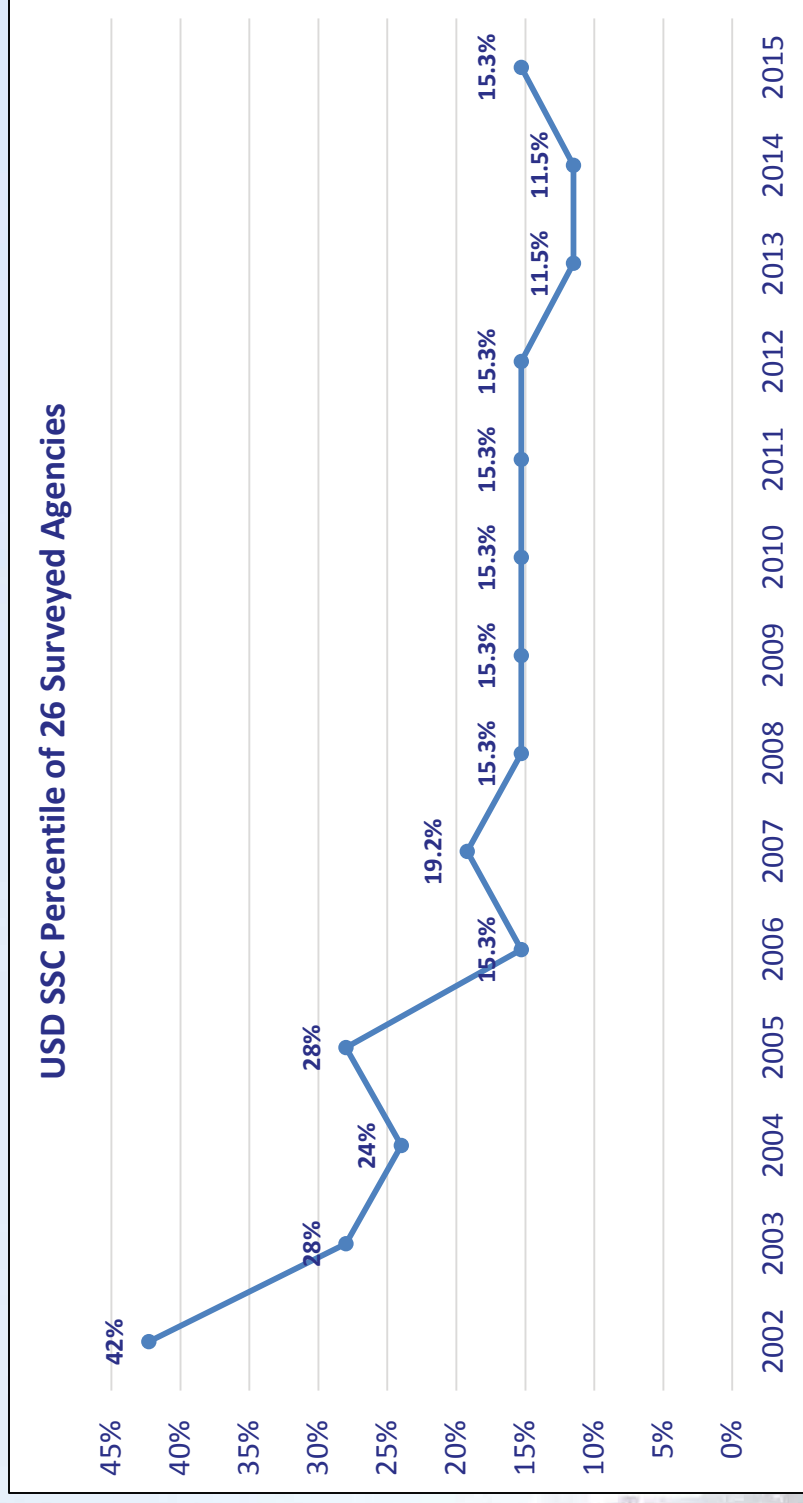


# Rate Comparison

Bay Area Annual Sewer Service Charges 2014-2015



# Rate Comparison



*It is the District's goal to remain in the lower 1/3 of agencies surveyed, meaning USD's prices would be lower than 2/3 of neighboring agencies. Currently the District's rates are in the 15<sup>th</sup> percentile.*





# Utility Comparison

Compared to other utilities and services, USD's rates are very low:

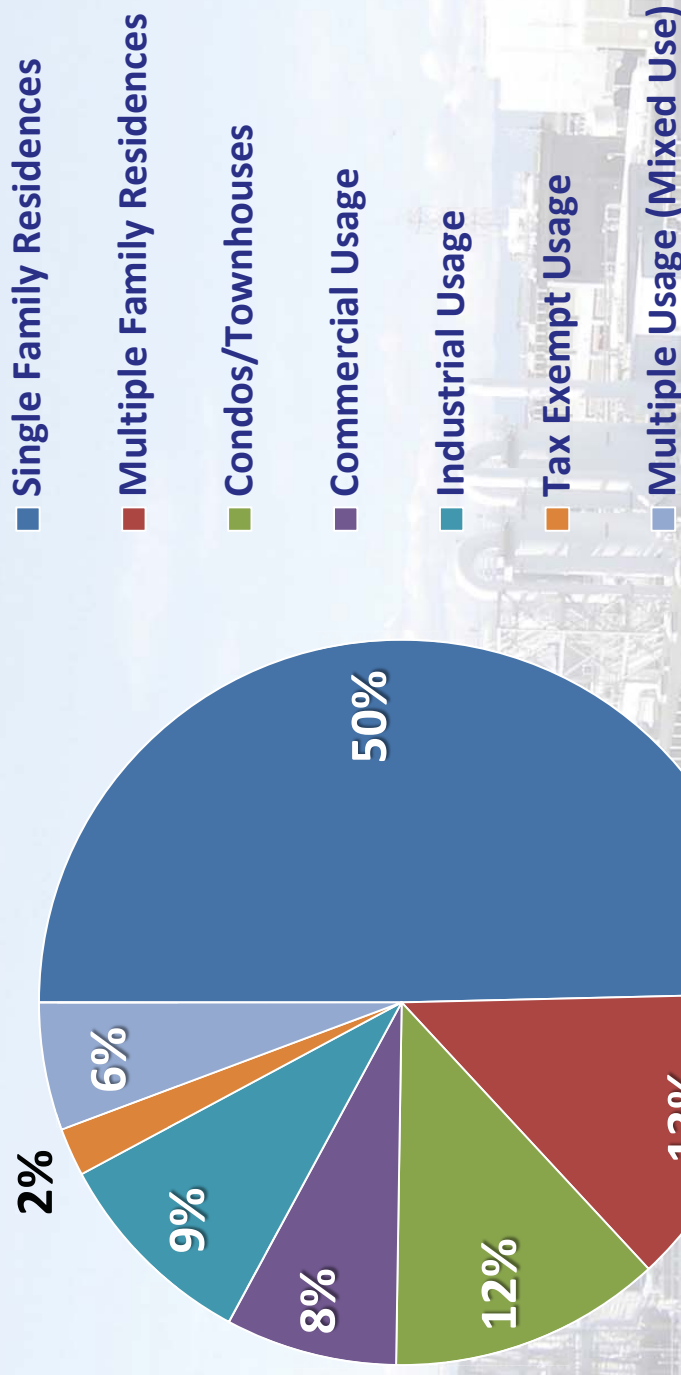


Cell Phone	Gas/Electricity	Water	Cable/Internet	Garbage	Sewer
\$180.00	\$140.00	\$119.89	\$99.00	\$33.78	\$29.75

*Sewer Rate shown is USD's FY 2015 single-family residential rate (July 1, 2014 - June 30, 2015)*

*Other monthly utility rates are based on a typical residential household and were obtained from service providers in August 2014. Cell phone monthly bill is based on a typical calling plan for a family of four.*

# Sewer Service Charge by Customer Group





# Property Tax Bill

## 2014-2015 INTERNET COPY

For Fiscal Year Beginning July 1, 2014 and Ending June 30, 2015



**ALAMEDA COUNTY**

**SECURED PROPERTY TAX STATEMENT**

Donald R. White, Treasurer and Tax Collector

1221 Oak Street  
Oakland, California 94612-4285

Parcel Number	Tracer Number	Tax-Rate Area	Special Handling
---------------	---------------	---------------	------------------

Location of Property

ASSESSEE NAME AND ADDRESS ARE NOT AVAILABLE ONLINE  
PER CA GOV CODE §6254.21

**THIS IS NOT AN OFFICIAL BILL**

Tax-Rate Breakdown		
Taxing Agency	Tax Rate	Tax Amount
COUNTYWIDE TAX	1.0000 %	4,801.11
VOTER APPROVED DEBT SERVICE:		
CITY OF FREMONT	0.0123 %	59.05
SCHOOL UNIFIED	0.0892 %	428.26
SCHOOL COMM COLL	0.0378 %	181.48
WASHINGTON TWP HOSP	0.0171 %	82.10
BAY AREA RAPID TRANSIT	0.0045 %	21.60
EAST BAY REGIONAL PARK	0.0085 %	40.81
ALAMEDA CO WATER	0.0093 %	44.65
<b>TOTAL</b>	<b>1.1787 %</b>	<b>5,659.06</b>

Fixed Charges and/or Special Assessments		
Description	Phone	Amount
UNION SEWER SVC	510-477-7626	357.02
MOSQUITO ABATEMENT	800-273-5167	1.74
CSA PARAMEDIC	800-441-8280	29.04
PARAMEDIC SUPPLMNT	510-494-4295	15.00
MEASURE K SCH TAX	866-807-6864	53.00
FLOOD BENEFIT 6	510-670-5762	32.00
HAZ WASTE PROGRAM	877-786-7927	9.54
ALAMEDA VECTOR FR	800-273-5167	10.00
MOSQUITO ASSESS 2	800-273-5167	2.50
EAST BAY TRAIL LLD	800-676-7516	5.44
CLEAN WATER FEE	510-494-4575	13.50

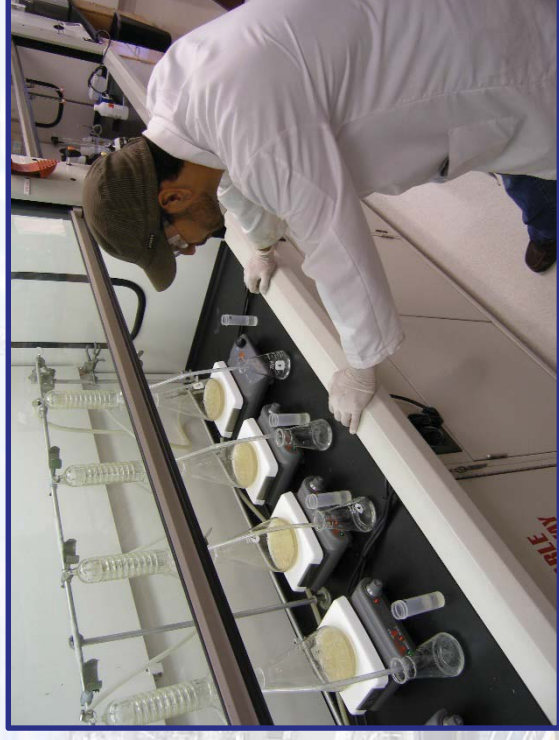
**Total Fixed Charges and/or Special Assessments** **528.78**

Tax Computation Worksheet			
Description	Full Valuation	x Tax Rate	= Tax Amount
LAND IMPROVEMENTS	146,133		
FIXTURES	340,978		
TOTAL REAL PROPERTY	487,111		
PERSONAL PROPERTY			
GROSS ASSESSMENT & TAX	487,111	1.1787 %	5,741.56
HOMEOWNERS EXEMPTION	-7,000	1.1787 %	-82.50
OTHER EXEMPTION			
NET ASSESSMENT AND TAX	480,111	1.1787 %	5,659.06
			<b>5,659.06</b>

First Installment	Second Installment	Total Amount Due
PAID \$ 3,093.92	PAID \$ 3,093.92	\$ 6,187.84

# Core Services Provided by USD:

- Responsible for operating, maintaining, and replacing assets worth more than \$643.7 million
- On average, collects 23 million gallons of sewage daily from homes, businesses and industries in the Tri-Cities area – this equates to about 8.5 Billion gallons per year
- Treats sewage to standards required to protect public health
- Inspects, cleans, maintains, and repairs over 811 miles of pipeline & operates 7 pump stations
- Operates a state-certified on-site laboratory, sampling and testing wastewater to ensure compliance with discharge standards





# Core Services Provided by USD:

- Provides engineering services for Capital Improvement Projects, ranging on average between \$10 - \$20 million per year of Pipeline, Pumping, and Treatment Plant Projects
- Responds to customer calls and investigates problems or complaints
- Monitors and regulates Tri-City Businesses and industries to restrict contaminants and protect San Francisco Bay and Alameda Creek
- Reviews plans, inspects construction, and issues permits to ensure sewers are installed correctly
- Maintains a fleet of over 80 vehicles



# USD's Outreach Programs:

The District conducts extensive public outreach programs, including:

- Working with schools to educate children about conserving water and protecting the Bay
- Educating residential and commercial customers about keeping Fats, Oils and Grease (FOG) out of sewers
- Providing innovative industry leadership by partnering with Washington Hospital Healthcare System and Haller's Pharmacies to offer free drop-off sites for unwanted medications (over 16,200 pounds collected since 2007)



**OLD PILLS PILING UP?**  
*No Drugs Down the Drain Please!*

**UNUSED MEDICINE THAT IS FLUSHED OR PUT DOWN THE DRAIN CAN END UP IN OUR WATERWAYS AND POLLUTES THE ENVIRONMENT.**

You can make a world of difference by following prescriptions as directed, and then disposing of your unused portions properly.

Bring your unused medications to these locations for safe disposal:

Haller's Pharmacy and Medical Supply  
37323 Fremont Boulevard  
Fremont  
Mon - Fri 9 a.m. - 10 p.m.  
Saturday 9 a.m. - 7 p.m.  
Sunday 10 a.m. - 7 p.m.



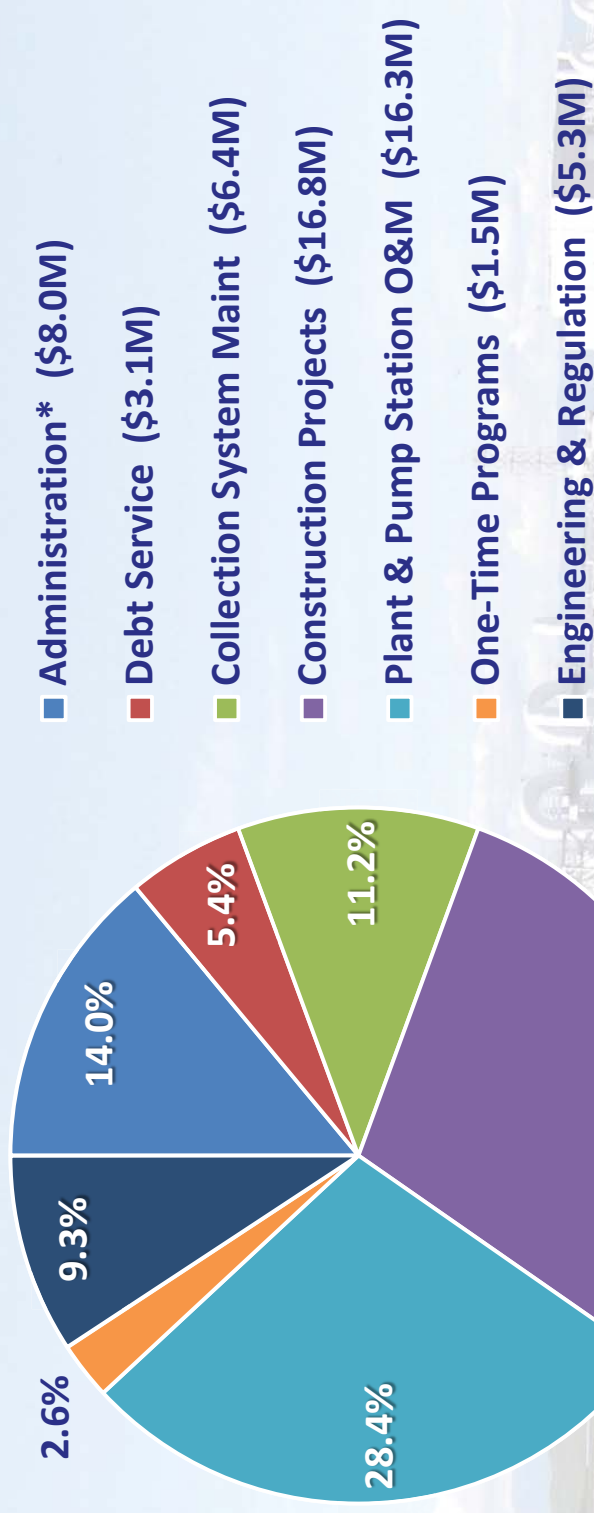
# USD's Outreach Programs:

The District conducts extensive public outreach programs, including:

- Partnering with Tri-City dentists to keep mercury out of the waste stream
- Providing information about less-toxic pest management to protect creeks and the Bay
- Providing plant tours for schools, businesses, and interested public groups (52 tours FY10 – FY15)



# How Are Funds Spent?



\* Administration includes:

Business Services, Legal, General Manager, Board of Directors, Customer Service





# Major Elements of FY 16 Budget

- Capital Projects (Design & Construction) = \$16.75 M
- Operating Budget = \$33.8 M
  - Operating Budget Increases 2.9%
  - Includes \$3.8 M for Utilities & Supplies (Energy, Chemicals)
- Special Projects Budget = \$1.5 M
- Vehicle R&R = \$379.5 K
- Debt Service = \$3.1 M

# **USD's 10-Year Capital Improvement Program**

**Projected Cost:**    *\$ 190 million over 10 years*

**Projects:**

*18 Collection System Projects & Misc.  
10 Pump Station Projects  
41 Plant Projects*

**Highest Year:**        *\$ 26.2 million in 2018*

**Lowest Year:**        *\$ 14.7 million in 2021*



# Projects for 2016 Include:

- *Continuation of Biosolids Thickener Control Building*
- *Alvarado-Niles Road Sewer Rehabilitation*
- *Aeration System and Tank Rehabilitation*
- *Equalization Storage Basin at the Plant*
  
- *Newark Backyard Sewer Replacement*
- *Fremont Blvd. and Paseo Padre Lift Station Pump Replacement*
- *Additional (3<sup>rd</sup>) Degritter System at Plant*
- *Misc. Plant Improvements*
  
- *Generator Control System Upgrade*
- *MCC & PLC electrical and Motor Control Replacement*
- *Chemical Tank and Piping Replacement*
- *Emergency Water Storage Tank*

**\$16,750,000**





# Other Significant Projects

## Fiscal Year 2016:

- *Alvarado Basin Sewer Master Plan*
- *Wet Weather Flow Management Alternatives Analysis*
- *Recycled Water Feasibility Study Update*
- *Forcemain Condition Assessment*
- *Plant Solids System Capacity Study*
- *Standard Specifications Update*
- *Collection System Preventative Maintenance Evaluation*





# Emergency Reserve Fund:

## Goal:

*Build a \$5,000,000 Fund to be available to initiate projects in the event of an emergency until Federal funding becomes available – primarily for mitigation of impacts of seismic activity or other natural disasters*

## Cost:

*Contribute \$750,000 annually  
until \$5 million balance achieved*



# Outstanding Employees, Outstanding Service

- *2014 Platinum Award for Permit Compliance – 6 years of compliance with our permit conditions*
- *Spill Record one of the best in the State*
- *Collection Services and Environmental Compliance groups successfully working to control roots and grease*
- *Respond to Customer Call-outs within one hour – 97.5 % success rate*
- *Additional awards in Procurement and Financial Reporting*



# What USD Does to Reduce Costs

- *Generates over 2 Megawatts of electricity from methane gas cogeneration and solar facilities*
- *Uses 1 million gallons of recycled water daily*
- *Compares rates with other Bay Area Agencies and is in the lower 15%*
- *Participates in Statewide Medical and Insurance Pools*
- *Participates in Regional Chemical Consortium*
- *Obtains project financing at very low, below-market rates*
- *Implements technology to improve efficiency*
- *Implements Preventative Maintenance Program for pipelines and equipment to extend useful life*
- *Labor contract in 2013 - all District employees to pay a portion of their health care and pension costs*





# Questions

