



**BOARD MEETING AGENDA**  
**Monday, November 11, 2019**  
**Regular Meeting - 7:00 P.M.**

**Union Sanitary District**  
**Administration Building**  
**5072 Benson Road**  
**Union City, CA 94587**

**Directors**  
Manny Fernandez  
Tom Handley  
Pat Kite  
Anjali Lathi  
Jennifer Toy

**Officers**  
Paul R. Eldredge  
*General Manager/  
District Engineer*

Karen W. Murphy  
*Attorney*

1. Call to Order.

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2. Salute to the Flag.

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3. Roll Call.

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- Motion 4. Approve Minutes of the Board Meeting of October 28, 2019.

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- Information 5. Balanced Scorecard *(to be reviewed by the Legal/Community Affairs Committee)*.
  - a. First Quarter FY20 District-Wide Balanced Scorecard Measures
  - b. Balanced Scorecard for the Collection Services Work Group.

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6. Written Communications.

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7. Public Comment.

Public Comment is limited to three minutes per individual, with a maximum of 30 minutes per subject. If the comment relates to an agenda item, the speaker should address the Board at the time the item is considered. Speaker cards will be available in the Boardroom and are requested to be completed prior to the start of the meeting.

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- Motion 8. Comprehensive Annual Financial Report (CAFR) for the Fiscal Year (FY) Ending June 30, 2019 *(to be reviewed by the Audit Committee)*.

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- Motion 9. Consider a Resolution to Accept a Sanitary Sewer Easement for Tract 8279 – State Street Center, Located at State Street and Capitol Avenue, in the City of Fremont *(to be reviewed by the Legal/Community Affairs Committee)*.

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- Motion 10. Award the Contract to Purchase Knife Gate Valves to Frank A. Olsen Company for the Control Box No. 1 Improvements *(to be reviewed by the Engineering and Information Technology Committee)*.

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- Motion 11. Authorize the General Manager to Execute an Agreement and Task Order No. 1 with Carollo Engineers, Inc. for the Aeration Blower No. 11 Project *(to be reviewed by the Engineering and Information Technology Committee)*.

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- Information 12. Status of Priority 1 Capital Improvement Program Projects *(to be reviewed by the Engineering and Information Technology Committee)*.
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- Information 13. First Quarterly Report on the Capital Improvement Program for FY20 *(to be reviewed by the Engineering and Information Technology Committee)*.
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- Information 14. Legislative Update on State and National Issues of Interest to the Board *(to be reviewed by the Legislative Committee)*.
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- Information 15. Check Register.
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- Information 16. Committee Meeting Reports. *(No Board action is taken at Committee meetings)*:
- a. Engineering and Information Technology Committee – Wednesday, November 6, 2019, at 10:00 a.m.
    - Director Toy and Director Fernandez
  - b. Legal/Community Affairs Committee – Thursday, November 7, 2019, at 12:00 p.m.
    - Director Fernandez and Director Handley
  - c. Audit Committee – Thursday, November 7, 2019, at 12:30 p.m.
    - Director Toy and Director Fernandez
  - d. Legislative Committee – Friday, November 8, 2019, at 10:00 a.m.
    - Director Handley and Director Kite
  - e. Budget & Finance Committee – will not meet.
  - f. Personnel Committee – will not meet.
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- Information 17. General Manager’s Report. *(Information on recent issues of interest to the Board)*.
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18. Other Business:
- a. Comments and questions. *Directors can share information relating to District business and are welcome to request information from staff.*
  - b. Scheduling matters for future consideration.
- 
19. Adjournment – The Board will adjourn to the next Regular Board Meeting in the Boardroom on Monday, December 9, 2019, at 7:00 p.m.
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The facilities at the District Offices are wheelchair accessible. Any attendee requiring special accommodations at the meeting should contact the General Manager’s office at (510) 477-7503 at least 24 hours in advance of the meeting.



**ENGINEERING AND INFORMATION TECHNOLOGY  
COMMITTEE MEETING**

Committee Members: Director Toy and Director Fernandez

**AGENDA**

**Wednesday, November 6, 2019**

**10:00 A.M.**

**Alvarado Conference Room  
5072 Benson Road  
Union City, CA 94587**

**Directors**

Manny Fernandez  
Tom Handley  
Pat Kite  
Anjali Lathi  
Jennifer Toy

**Officers**

Paul R. Eldredge  
*General Manager/  
District Engineer*

Karen W. Murphy  
*Attorney*

1. Call to Order

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2. Roll Call

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3. Public Comment

Public Comment is limited to three minutes per individual, with a maximum of 30 minutes per subject. If the comment relates to an agenda item, the speaker should address the Board at the time the item is considered. Speaker cards will be available and are requested to be completed prior to the start of the meeting.

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4. Items to be reviewed for the Regular Board meeting of November 11, 2019:

- Award the Contract to Purchase Knife Gate Valves to Frank A. Olsen Company for the Control Box No. 1 Improvements
  - Authorize the General Manager to Execute an Agreement and Task Order No. 1 with Carollo Engineers, Inc. for the Aeration Blower No. 11 Project
  - Status of Priority 1 Capital Improvement Program Projects
  - First Quarterly Report on the Capital Improvement Program for FY20
- 

5. Adjournment

Items reviewed at committee meetings will be included in the agenda packet for the upcoming Board meeting.  
No action will be taken at committee meetings.

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## LEGAL/COMMUNITY AFFAIRS COMMITTEE MEETING

Committee Members: Director Fernandez and Director Handley

### Directors

Manny Fernandez  
Tom Handley  
Pat Kite  
Anjali Lathi  
Jennifer Toy

### AGENDA

**Thursday, November 7, 2019**

**12:00 P.M.**

**Alvarado Conference Room**

**5072 Benson Road**

**Union City, CA 94587**

### Officers

Paul R. Eldredge  
*General Manager/  
District Engineer*

Karen W. Murphy  
*Attorney*

1. Call to Order

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2. Roll Call

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3. Public Comment

Public Comment is limited to three minutes per individual, with a maximum of 30 minutes per subject. If the comment relates to an agenda item, the speaker should address the Board at the time the item is considered. Speaker cards will be available and are requested to be completed prior to the start of the meeting.

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4. Items to be reviewed for the Regular Board meeting of November 11, 2019:

- **Balanced Scorecard**
    - First Quarter Fiscal Year 2020 District-Wide Balanced Scorecard Measures
    - Balanced Scorecard for the Collections Services Work Group
  - **Consider a Resolution to Accept a Sanitary Sewer Easement for Tract 8279 – State Street Center, Located at State Street and Capitol Avenue, in the City of Fremont**
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5. Adjournment

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|--|
| <p>Items reviewed at committee meetings will be included in the agenda packet for the upcoming Board meeting.<br/>No action will be taken at committee meetings.</p> |
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**AUDIT COMMITTEE MEETING**

Committee Members: Director Fernandez and Director Toy

**Directors**

Manny Fernandez  
Tom Handley  
Pat Kite  
Anjali Lathi  
Jennifer Toy

**AGENDA**

**Thursday, November 7, 2019  
12:30 P.M.**

**Officers**

Paul R. Eldredge  
*General Manager/  
District Engineer*

**Alvarado Conference Room  
5072 Benson Road  
Union City, CA 94587**

Karen W. Murphy  
*Attorney*

1. Call to Order

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2. Roll Call

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3. Public Comment

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4. Items to be reviewed for the Regular Board meeting of November 11, 2019:
  - Comprehensive Annual Financial Report (CAFR) for the Fiscal Year (FY) Ending June 30, 2019

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5. Adjournment

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Items reviewed at committee meetings will be included in the agenda packet for the upcoming Board meeting. No action will be taken at committee meetings.

The Public may provide oral comments at regular and special Board meetings; however, whenever possible, written statements are preferred (to be received at the Union Sanitary District at least one working day prior to the meeting).

If the subject relates to an agenda item, the speaker should address the Board at the time the item is considered. If the subject is within the Board's jurisdiction but not on the agenda, the speaker will be heard at the time "Public Comment" is calendared. Oral comments are limited to three minutes per individual, with a maximum of 30 minutes per subject. Speaker's cards will be available and are to be completed prior to discussion of the agenda item.

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**THE PUBLIC IS INVITED TO ATTEND**



**LEGISLATIVE COMMITTEE MEETING**  
Committee Members: Director Kite and Director Handley

**Directors**  
Manny Fernandez  
Tom Handley  
Pat Kite  
Anjali Lathi  
Jennifer Toy

**AGENDA**  
**Friday, November 8, 2019**  
**10:00 A.M.**

**Officers**  
Paul R. Eldredge  
*General Manager/  
District Engineer*

**Alvarado Conference Room**  
**5072 Benson Road**  
**Union City, CA 94587**

Karen W. Murphy  
*Attorney*

1. Call to Order

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2. Roll Call

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3. Public Comment

Public Comment is limited to three minutes per individual, with a maximum of 30 minutes per subject. If the comment relates to an agenda item, the speaker should address the Board at the time the item is considered. Speaker cards will be available and are requested to be completed prior to the start of the meeting.

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4. Items to be reviewed for the Regular Board meeting of November 11, 2019:

- Legislative Update on State and National Issues of Interest to the Board
- 

5. Adjournment

Items reviewed at committee meetings will be included in the agenda packet for the upcoming Board meeting.  
No action will be taken at committee meetings.

The facilities at the District Offices are wheelchair accessible. Any attendee requiring special accommodations at the meeting should contact the General Manager's office at (510) 477-7503 at least 24 hours in advance of the meeting.

**MINUTES OF THE MEETING OF THE  
BOARD OF DIRECTORS OF  
UNION SANITARY DISTRICT  
October 28, 2019**

**CALL TO ORDER**

President Toy called the meeting to order at 7:00 p.m.

**SALUTE TO THE FLAG**

**ROLL CALL**

PRESENT: Jennifer Toy, President  
Tom Handley, Vice President  
Pat Kite, Secretary  
Anjali Lathi, Director  
Manny Fernandez, Director

STAFF: Paul Eldredge, General Manager/District Engineer  
Leah Castella, District Counsel  
Sami Ghossain, Technical Services Manager  
Armando Lopez, Treatment and Disposal Services Manager  
James Schofield, Collection Services Manager  
Robert Simonich, Fabrication, Maintenance, and Construction Manager  
Laurie Brenner, Business Services Coach  
Mike Marzano, Environmental Health and Safety Program Manager  
Michelle Powell, Communications and Intergovernmental Relations Coordinator  
May Bautista, Administrative Specialist

VISITORS: Roelle Balan, Tri-City Voice Newspaper  
Monique Spyke, PFM Asset Management, LLC

**APPROVE MINUTES OF THE BOARD MEETING OF OCTOBER 14, 2019**

It was moved by Secretary Kite, seconded by Vice President Handley, to Approve Minutes of the Board Meeting of October 14, 2019. Motion carried unanimously.

**APPROVE MINUTES OF THE BOARD WORKSHOP OF OCTOBER 15, 2019**

It was moved by Vice President Handley, seconded by Director Lathi, to Approve Minutes of the Board Meeting of October 15, 2019. Motion carried unanimously.

## **SEPTEMBER 2019 MONTHLY OPERATIONS REPORT**

This item was reviewed by the Budget & Finance and Legal/Community Affairs Committees. General Manager Eldredge provided details regarding two odor reports, and an overview of the September 2019 Monthly Operations Report included in the Board meeting packet. Business Services Coach Brenner provided an overview of the financial reports included in the Board packet.

## **FISCAL YEAR 2020 1ST QUARTER MANAGED INVESTMENT PORTFOLIO REPORT**

This item was reviewed by the Budget & Finance Committee. General Manager Eldredge introduced Monique Spyke from PFM Asset Management, LLC. Monique presented information included in the Board Packet and the prepared Investment Performance Review for the Quarter ended September 30, 2019. Monique responded to Boardmember questions.

## **WRITTEN COMMUNICATIONS**

There were no written communications.

## **PUBLIC COMMENT**

There was no public comment.

## **CONSIDER A RESOLUTION TO ACCEPT A SANITARY SEWER EASEMENT FOR TRACT 8229 – APEX (FORMERLY KNOWN AS MISSION STEVENSON), LOCATED AT MISSION BOULEVARD AND STEVENSON BOULEVARD, IN THE CITY OF FREMONT**

This was reviewed by the Legal/Community Affairs Committee. Technical Services Manager Ghossain stated the developer, Tri Pointe Homes, Inc., is constructing 77 multi-family townhome units in 14 three-story units for Tract 8229 – Apex (formerly known as Mission Stevenson), located at Mission Boulevard and Stevenson Boulevard, in the city of Fremont. The roadways have been designated as private streets by the City of Fremont. Tri Pointe Homes, Inc., has constructed the new 8-inch sewer mains and has granted the District sanitary sewer easements that provide for access, maintenance, and service of the new sewer mains in the private roadways of the development. Staff recommended the board consider a resolution to accept a sanitary sewer easement for Tract 8229 – Apex (formerly known as Mission Stevenson), located at Mission Boulevard and Stevenson Boulevard, in the City of Fremont

It was moved by Secretary Kite, seconded by Director Fernandez, to Adopt Resolution No. 2870 to Accept a Sanitary Sewer Easement for Tract 8229 – Apex (formerly known as Mission Stevenson), Located at Mission Boulevard and Stevenson Boulevard, in the City of Fremont. Motion carried unanimously.

**AUTHORIZE THE GENERAL MANAGER TO EXECUTE AN AGREEMENT AND TASK ORDER NO. 1 WITH WEST YOST ASSOCIATES FOR THE GRAVITY SEWER REHABILITATION/REPLACEMENT PROJECT – PHASE VII**

This item was reviewed by the Engineering and Information Technology Committee. Technical Services Manager Ghossain stated that since 2010, the District had completed six phases of gravity sewer rehabilitation/replacement projects (formerly miscellaneous spot repair projects) which are summarized in the Board meeting packet. The District's routine television inspection of the collection system identifies pipelines with maintenance problems and structural defects. These sewers are located throughout the District and are in varying conditions. The scope of services to be included in Task Order No. 1 were outlined in the Board meeting packet. Staff selected West Yost Associates through a Request for Proposal process with a total not-to-exceed fee of \$176,582, which was 18% of the preliminary construction cost estimate of \$1 million. The higher percentage rate of this design fee was due to the project being comprised of multiple locations, the additional permitting and coordination with the three cities and the geotechnical investigation and site surveying efforts in eight sites. The work under this task order is scheduled for completion in March 2020, with construction to follow in the summer of 2020. General Manager Eldredge added that the title Phase VII will be named FY 19-20 and each phase will be named after the Fiscal Year instead. Staff recommended the Board authorize the General Manager to execute an Agreement and Task Order No. 1 with West Yost Associates in the amount of \$176,582 for the final design services of the Gravity Sewer Rehabilitation/Replacement Project – Phase VII.

It was moved by Director Fernandez, seconded by Director Lathi, to Authorize the General Manager to Execute an Agreement and Task Order No. 1 with West Yost Associates in the amount of \$176,582 for the Final Design Services of the Gravity Sewer Rehabilitation/Replacement Project – Phase VII. Motion carried unanimously.

**AUTHORIZE THE GENERAL MANAGER TO EXECUTE TASK ORDER NO. 3 WITH CAROLLO ENGINEERS, INC. FOR THE ALVARADO INFLUENT PUMP STATION IMPROVEMENTS PROJECT**

This item was reviewed by the Engineering and Information Technology Committee. Technical Services Manager Ghossain stated that this Task Order was for \$347,645 and the Alvarado Influent Pump Station Improvements Project with the improvements listed in the Board meeting packet. The Board awarded the construction contract for the Project to Kiewit Infrastructure West Co., at the Board meeting held October 14, 2019. Staff will issue the Notice to Proceed in early November 2019 with a completion by November 2021. The purpose of this Task Order was to authorize engineering services and support during construction. The task order's total not-to-exceed amount was under 4% of the construction contract. Staff recommended the Board authorize the General Manager to execute Task Order No. 3 with Carollo Engineers, Inc. in the amount of \$347,645 to provide engineering services during construction of the Alvarado Influent Pump Station Improvements Project.

It was moved by Secretary Kite, seconded by Vice President Handley, to Authorize the General Manager to Execute Task Order No. 3 with Carollo Engineers, Inc. in the amount

of \$347,645 for the Alvarado Influent Pump Station Improvements Project. Motion carried unanimously.

**AUTHORIZE THE GENERAL MANAGER TO EXECUTE AN AGREEMENT AND TASK ORDER NO. 1 WITH TANNER PACIFIC, INC. FOR THE ALVARADO INFLUENT PUMP STATION IMPROVEMENTS PROJECT AND THE HEADWORKS SCREENS REPLACEMENT PROJECT**

This item was reviewed by the Engineering and Information Technology Committee. Technical Services Manager Ghossain stated that this Task Order was for \$1,176,305 to provide construction management services for the Alvarado Influent Pump Station Improvements (AIPS) Project and the Headworks Screens Replacement (Headworks) Project. The scope of the AIPS Project was listed in the Board meeting packet. The Board awarded the construction contract for the AIPS Project to Kiewit Infrastructure West Co. (Kiewit), at the Board meeting held on October 14, 2019. Staff will issue the Notice to Proceed in early November 2019 with a completion by November 2021. The scope of the Headworks Project was listed in the Board meeting packet. The Board also awarded the construction contract for the Headworks Project to Kiewit at the Board meeting held September 23, 2019. Staff issued the Notice to Proceed on October 11, 2019 with a completion of November 5, 2020. Both projects will be constructed concurrently at the Plant by the same contractor. To effectively manage the workload of these two projects, staff decided to hire one Construction Management consultant to manage and inspect both projects. Staff selected Tanner Pacific through a Request for Proposal process. Their scope of services and fees was listed in the Board meeting packet with a total not-to-exceed fee of \$1,176,305, which was 11% of the \$10,706,775 combined construction costs for the two projects. The work under this task order is scheduled to be completed by December 31, 2021. Staff recommended the Board authorize the General Manager to execute an Agreement and Task Order No. 1 with Tanner Pacific, Inc. in the amount of \$1,176,305 to provide construction management services for the (AIPS) Project and the Headworks Project.

It was moved by Vice President Handley, seconded by Director Fernandez, to Authorize the General Manager to Execute and Agreement and Task Order No. 1 with Tanner Pacific, Inc. in the amount of \$1,176,305 for the Alvarado Influent Pump Station Improvements (AIPS) Project and the Headworks Screens Replacement (Headworks) Project. Motion carried unanimously.

**CONSIDER THIRD AMENDED AND RESTATED EMPLOYMENT AGREEMENT BETWEEN UNION SANITARY DISTRICT AND PAUL R. ELDREDGE**

District Council Murphy stated the General Manager's performance evaluation took place on October 1 and 7, 2019, and the Board met with its designated ad hoc subcommittee on October 7, 2019. The following amendments were agreed upon: (1) an increase in salary to \$290,778.85, or approximately four percent, retroactive to September 1, 2019; and (2) a one-time payment of \$8,387.85. Staff recommended the Board consider approval of the Third Amended and Restated Employment Agreement between Union Sanitary District and Paul R. Eldredge.

It was moved by Director Lathi, seconded by Secretary Kite, to Approve the Third Amended and Restated Employment Agreement Between Union Sanitary District and Paul R. Eldredge. Motion carried unanimously.

### **RECEIVE INFORMATION AND PROVIDE DIRECTION REGARDING THE ENHANCED TREATMENT & SITE UPGRADE (ETSU) PROGRAM OPERATIONAL BUDGET**

This item was reviewed by the Budget & Finance Committee. General Manager Eldredge, stated that ETSU Program expenses were appointed to the CIP budget. After careful consideration, staff recommended to create a new team budget for the ETSU staff and to utilize a standard budget operating template to track the program costs. This transfer does not increase the total approved budget for FY 2020.

The Board directed staff to proceed with the direction proposed by staff.

### **INFORMATION ITEMS:**

#### **Legislative Update on Regional Issues of Interest to the Board**

This item was reviewed by the Legislative Committee. General Manager Eldredge provided an overview of the legislative update included in the Board meeting packet.

#### **CAL-Card, First Quarter Fiscal Year 2020**

This item was reviewed by the Budget & Finance Committee. Business services Coach Brenner stated the CAL-card Merchant Spend Analysis for the first quarter of FY 2020, included in the Board meeting packet, covers transactions from the billing period of July 23, 2019 through September 23, 2019. Staff responded to Boardmember questions.

#### **Boardmember Expenses, First Quarter Fiscal Year 2020**

This item was reviewed by the Budget & Finance Committee. Business services Coach Brenner reviewed the First Quarter Fiscal year 2020 Board member Expense report included in the Board meeting packet. Staff responded to Boardmember questions.

#### **Report on the East Bay Dischargers Authority (EBDA) Meeting of September 19, 2019**

Vice President Handley provided an overview of the EBDA meeting minutes included in the Board meeting packet.

#### **Check Register**

Staff responded to Boardmember questions regarding the Check Register.

### **COMMITTEE MEETING REPORTS:**

The Engineering and Information Technology, Budget & Finance, Legal/Community Affairs and Legislative Committees met.

**GENERAL MANAGER’S REPORT:**

General Manager Eldredge reported the following:

- General Manager Eldredge provided update on recent the Regional Board meeting.
- There is a special East Bay Discharges Authority (EBDA) meeting to consider the final JPA agreement at 3:00 p.m. at Castro Valley Sanitary District. If approved, it will go to individual agencies for consideration.
- General Manager Eldredge will be meeting with Union City Manager Malloy, on October 31, 2019 to hand deliver the Annual Report for FY 2019.

**OTHER BUSINESS:**

There was no other business.

**ADJOURNMENT:**

The meeting was adjourned at 8:04 p.m. to the next Regular Board Meeting in the Boardroom on Monday, November 11, 2019, at 7:00 p.m.

SUBMITTED:

ATTEST:

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 MAY BAUTISTA  
 ADMINISTRATIVE SPECIALIST

\_\_\_\_\_  
 PAT KITE  
 SECRETARY

APPROVED:

\_\_\_\_\_  
 JENNIFER TOY  
 PRESIDENT

Adopted this 11<sup>th</sup> day of November 2019



**Directors**  
Manny Fernandez  
Tom Handley  
Pat Kite  
Anjali Lathi  
Jennifer Toy

**Officers**  
Paul R. Eldredge  
*General Manager/  
District Engineer*

Karen W. Murphy  
*Attorney*

**NOVEMBER 11, 2019  
BOARD OF DIRECTORS MEETING  
AGENDA ITEM #5A**

**TITLE:** First Quarter FY 20 District-Wide Balanced Scorecard Measures *(This is an Information Item)*

**SUBMITTED BY:** Paul R. Eldredge, General Manager/District Engineer  
Gene Boucher, Organizational Support Team Coach  
Karoline Terrazas, Organizational Performance Manager  
Jason Yeates, Organizational Performance Coordinator

**Recommendation**

Information only.

**Previous Board Action**

None.

**Background**

This report summarizes progress meeting the District's strategic objectives for the first quarter of fiscal year 2019-20 (July 1 through September 30, 2019).

Safety

In the 1<sup>st</sup> quarter we had four incidents with District vehicles. It is to be noted that two of the four incidents occurred on the Plant with minimal damage. Incidents occurred during Commercial Driver's training while Collection System Workers were maneuvering through the various obstacles needed to demonstrate competency. New Collection System Workers will be partnered with tenured employees for the first three months after licensing to support knowledge retention and continued observations. Another incident resulted in a construction truck bumping the back of a vehicle at an intersection. A claim was submitted with the amount to be determined.

All other safety measures are below or within target.

See Table 1: Safety Objectives and Measures, for District performance against all safety measures in Q1.

### Operational Excellence

All the Operational Excellence measures are within target for the 1<sup>st</sup> quarter, with no sanitary sewer overflows to report. As always, we have several track and report measures that occur at different frequencies during the fiscal year, these measures will be reported during the appropriate quarter.

See Table 2: Operational Excellence Objectives and Measures, for District performance against all operational measures in Q1.

#### **Legend for Table 1 and Table 2:**

Green: meeting or exceeding target or projected to meet target by the end of the fiscal year

Yellow: Will not meet target if trend continues, and/or not meeting target by <10%- needs attention

Red: Will not meet FY target by >10%- corrective action needed

**Table 1: Safety Objectives and Measures**

| Objectives   | Measurements   | 1st Qtr    | YTD Actual | Comments                  | Target    | FY19        | FY18        |
|--|--|------------|------------|---------------------------|-----------|-------------|-------------|
| Reduce the number of accidents                               | Total accidents with lost days   | 0          | 0          |                           | 0         | 1           | 2           |
|  | Other OSHA reportable accidents  | 0          | 0          |                           | ≤4        | 0           | 0           |
|  | # Incidents of vehicle or equipment accidents/damage   | 4          | 4          | See note in summary above | ≤2        | 2           | 2           |
| Reduce the impact of accidents on employees and the District | Cost associated with vehicle/equipment accidents   | \$0.00     | \$0.00     |                           | ≤\$5000   | \$ 646.00   | \$0         |
|  | Ave FTE lost time  | 0.19       | 0.19       |                           | <0.5      | 0.0225      | 0.33        |
|  | Total Costs: Lost time Wages only  | \$4,915.45 | \$4,915.45 |                           | ≤\$46,883 | \$ 2,164.50 | \$32,052.64 |
|  | Ave FTE limited duty time  | 0          | 0          |                           | ≤0.5      | 0           | .08         |
|  | Total costs: Limited duty/Other 1/2 wages  | \$0.00     | \$0.00     |                           | ≤\$23,441 | 0           | \$2,930.91  |
|  | X-Mod  |            | 0.82       |                           | ≤1.0      | 0.82        | 0.78        |
| Identify and correct poor practices and potential hazards    | # Facility inspections completed (SIT)   | 0          | 0          |                           | 4         | 4           | 4           |
|  | % of areas of concern identified during internal facility inspections that are resolved within 45 days of report | N/A        | N/A        |                           | ≥90%      | 93%         | 94.59%      |
|  | # work site inspections completed  | 87         | 87         |                           | 278       | 335         | 373         |

|  |  |        |        |  |      |        |        |
|--|--|--------|--------|--|------|--------|--------|
| Implement industry best practices        | # site visits (for potential BMPS) completed and discussed by ET | 0      | 0      |  | ≥2   | 1      | 1      |
| Communicate our commitment to safety     | # GM communications on status of safety program and performance  | 1      | 1      |  | ≥4   | 7      | 7      |
|  | # safety strategy reviews conducted by ET and EHSPM              | 1      | 1      |  | 4    | 4      | 8      |
| Educate employees in safe work practices | # of major safety training events offered                        | 1      | 1      |  | 7    | 11     | 11     |
|  | Ave % of targeted employees trained vs. plan                     | 83.70% | 83.70% |  | ≥90% | 90.73% | 94.02% |
| Create a positive safety culture         | % Positive responses on the employee's safety survey (ave)       |        | N/A    |  | ≥75% | N/A    | 94.08% |

**Table 2: Operational Excellence Objectives and Measures**

| Objectives   | Measures   | 1st    | YTD Actual | Comments | Target           | FY19       | FY18    |
|--|--|--------|------------|----------|------------------|------------|---------|
| <b>Stewardship:</b><br>Demonstrate responsible stewardship of District assets and the environment                      | Progress implementing outreach plan milestones: % planned events completed             | 28.57% | 29%        |          | ≥90%             | 88%        | 91.80%  |
| <b>Service:</b> Provide reliable, high quality service   | Response time to calls for service: % under 1 hour                                     | 97.90% | 97.90%     |          | ≥95%             | 96.9%      | 96.83%  |
|  | Response time to contact USD inquiries: % within 3 business days                       | 97.00% | 97.00%     |          | ≥90%             | 100%       | 94.08%  |
|  | # Total adverse impacts on customers   | 3      | 3          |          | ≤10              | 3          | 4       |
| Be prepared for emergencies  | # emergency preparedness events (drills, training, debriefs, tabletop exercises, etc.) | 1      | 1          |          | 3                | 4          | 5       |
| <b>Fiscal responsibility:</b><br>Ensure funding for critical programs and projects, while maintaining comparable rates | Residential SSC compared to other agencies   |        | 5.8th      |          | ≤33rd percentile | 5.8th      | 11.5    |
| Accurately project and control costs   | % Budget expended, Operating Expenditures  |        | N/A        |          | 95-103%          | TBD FY20Q2 | 105.00% |
|  | % expended Priority 1 Special Projects   |        | N/A        |          | 80-110%          | TBD FY20Q2 | 107.00% |
|  | # regional projects/initiatives with financial benefit                                 | 3      | 3          |          | ≥3               | 3          | 3       |
| <b>Asset Management:</b><br>Manage and maintain assets and infrastructure  | # Critical asset failures wo negative impacts  | 0      | 0          |          | ≤2               | 2          | 0       |

|  |   |       |       |                            |                  |            |       |
|--|---|-------|-------|----------------------------|------------------|------------|-------|
|  | # critical asset failures with negative impacts             | 0     | 0     |                            | 0                | 0          | 0     |
|  | % asset renewal/year: Plant                                 |       | N/A   |                            | Track & Report   | TBD FY20Q2 | 1.74% |
|  | % asset renewal/year: Collection System                     |       | N/A   |                            | Track & Report   | TBD FY20Q2 | 0.18% |
|  | Priority CIP Project milestones met vs. planned             | 100%  | 100%  | 11 of 11 projects on track | 85%              | 83%        | 85%   |
| <b>Environmental Protection:</b> Maintain our ability to meet current and future regulations<br><br>Implement projects and programs that benefit the environment | # adverse impacts on environment (Cat 1 SSO)                | 0     | 0     |                            | 0                | 0          | 0     |
|  | Category 2/3 SSOs   | 0     | 0     |                            | ≤ 10             | 2          | 2     |
|  | # regional projects/initiatives with environmental benefit  | 3     | 3     |                            | ≥ 3              | 3          | 3     |
| <b>Employees:</b> Maintain a highly competent, flexible workforce  | Employee Turnover Rate- total                               |       | N/A   |                            | Track and report | 5.11%      | 6.11% |
|  | Employee Turnover Rate- nonretirement                       |       | N/A   |                            | Track and report | 2.0%       | 2.29% |
|  | % Training System Milestones Completed (accumulative total) | 15.8% | 15.8% |                            | 100%             | 105%       | 100%  |
|  | # competency assessments completed                          | 4     | 4     |                            | 43               | 48         | 73    |
| <b>Safety:</b> Work safely; reduce accidents and injuries  | See safety scorecard  |       |       |                            |                  |            |       |

|  |  |  |     |  |                |     |     |
|--|--|--|-----|--|----------------|-----|-----|
| <b>Labor relations:</b> Foster a collaborative employee-management relationship that encourages new ideas and continuous improvement | Ave % non-mgmt. employees participating in District committees and taskforces                |  | N/A |  | 45-55%         | 43% | 45% |
|  | % non-mgmt. employees participating in alternative compensation program (accumulative total) |  | N/A |  | Track & Report | 42% | 43% |



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Anjali Lathi  
Jennifer Toy

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*General Manager/  
District Engineer*

Karen W. Murphy  
*Attorney*

**NOVEMBER 11,2019  
BOARD OF DIRECTORS MEETING  
AGENDA ITEM # 5b**

**TITLE:** **Balance Scorecard Report for the Collection Services Work Group**  
*(This is an Information Item)*

**SUBMITTED BY:** Paul R. Eldredge, General Manager/District Engineer  
James Schofield, Collection Services Work Group Manager

**Recommendation**

Information only.

**Background**

We are in our Eighteenth year of using this Process Scorecard. This planning tool continues to be very useful in maintaining our focus on the prevention/reduction of sanitary sewer overflows and minimizing their impacts on our customers and the environment.

Collection Services ensures that wastewater is kept in the gravity system from the point of entry by the customer, until it is received and processed at the transport system and the treatment plant.

In order to achieve the goal of SSO prevention/reduction, there are five processes that need to be done well.

**System Management**

- 84 Month cleaning and inspection of the entire system
- Effective selective line cleaning program
- Easement maintenance

**Pipe Assessment**

- Televising to determine condition
- Address structural deficiencies through spot repairs or capital improvements
- Address pipe capacity issues

**Control Roots**

- Mechanical removal
- Chemical treatment

**Control Fats, Oils, and Greases**

- More frequent cleaning of selected lines
- Reduce entry into our collection system at the source

**Service Requests**

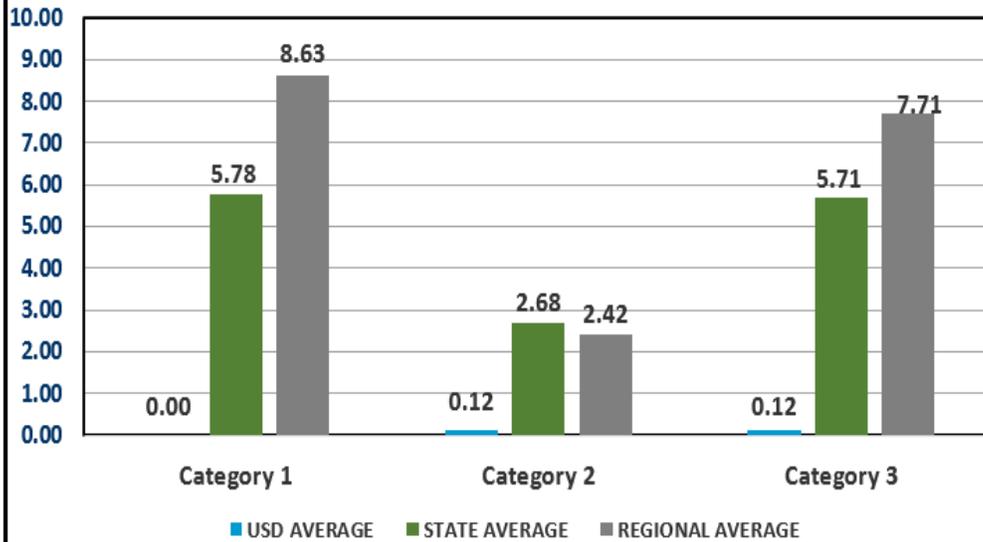
- Timely response
- Customer satisfaction

Performance targets are based on the amount of work that needs to be done to support the 84 Month sewer cleaning and inspection, selective cleaning, and root control program, and productivity standards originally developed by the Collection System Collaborative Benchmarking Group, in which USD participated, and later enhanced based on the results of an internal USD study.

Collection Services workgroup employees are updated monthly on their performance. With this focused effort to prevent/minimize spills, we have managed to maintain a low number of spills and claims from spills this past year. In the last 12 months the District experienced one Category 2 spill and one Category 3 spill with a total combined estimated volume of 1,747 gallons.

The following data is a comparison of USD's spill rate per hundred miles of sanitary sewer pipe to agencies in Region 2 as well as the State of California.

**Sept. 30, 2018 to Sept. 30, 2019 - Spills Per 100 Miles of Pipe  
Union Sanitary District, State & Regional Average**



**Spill Rate Statistics - September 30, 2018 to September 30, 2019  
Spills per 100 Miles of Pipe**

|                         | Category 1  | Category 2  | Category 3  |
|-------------------------|-------------|-------------|-------------|
| <b>USD AVERAGE</b>      | <b>0.00</b> | <b>0.12</b> | <b>0.12</b> |
| <b>STATE AVERAGE</b>    | <b>5.78</b> | <b>2.68</b> | <b>5.71</b> |
| <b>REGIONAL AVERAGE</b> | <b>8.63</b> | <b>2.42</b> | <b>7.71</b> |

*Category 1 - 1,000 gallons or more. Discharges to surface water, not fully captured*  
*Category 2 - 1,000 gallons or more. Does not reach surface waters, not fully captured*  
*Category 3 - 1,000 gallons or less, does not reach surface waters, full captured*

| Objectives   | FY20 Collection Services BSC Measures   | Qtr 1   | FY 20 To Date             | FY 20 Target                |
|--|---|---|---------------------------|-----------------------------|
| <b>Customer Perspective:</b>   |   |   |                           |                             |
| • Minimize Overflows SSO's   | • # of Category 3 SSOs (See Comment Note==>)  | 0 SSOs  | 0 SSOs                    | ≤ 10 Category 3 SSOs        |
|  | • # of Category 2 SSOs  | 0 SSOs  | 0 SSOs                    | • Zero Category 2 SSOs      |
|  | • # of Category 1 SSOs  | 0 SSOs  | 0 SSOs                    | • Zero Category 1 SSOs      |
| • Minimize Negative Impact on Environment                                      | • Percent of spill recovery   | 0.0% Recovery   | 0.0% Recovery             | • 50% Recovery              |
|  | • SSO's # of Repeats  | 0 SSO Repeats   | 0 SSO Repeats             | • Zero Repeats              |
| Manage and maintain assets and infrastructure                                  | • Critical Asset Failures<br>Sewer Main or MH Deficiency resulting in Category 1 SSO, sink hole, injury or resulting property damage > \$2,000 due to one or more of the following:<br>– Break, collapse, offset or hole in pipe or<br>– PMP not followed<br>– Corrosion<br>– Defect identified & corrective action not | 0 Asset failure   | 0 Asset failure           | • Asset failure             |
|  | • Stoppage in > 12" diameter mainline   | 0 Stoppages   | 0 Stoppages               | • Zero Stoppages            |
|  | • # of times building becomes dangerous or unsuitable for occupation.   | 0 Incidents   | 0 Incidents               | • Zero Incidents            |
|  | Critical asset failure with a negative impact on customers or the environment   | 0 Incidents   | 0 Incidents               | Zero Incidents              |
|  | • Provide Prompt Service  | Response Time from notification thru initial contact includes dispatch time | 97.9% w/i 1 hour          | 97.9% w/i 1 hour            |
| • Reduce negative impacts of District  | Number of odor complaints attributable to sewer.  | 0 Odors   | 0 Odor                    | ≤ 2 Odor                    |
| <b>Financial Perspective:</b>  |   |   |                           |                             |
| • Provide competitive service  | Cleaning – cost per ft/day/crew   | \$0.96 Per ft   | \$0.96 Clean Per Ft       | Clean - \$0.79 to \$1.42    |
| • Cost per feet/day  | Televising – cost per ft/day/crew   | \$1.20 Per ft   | \$1.20 TV Per Ft          | TV - \$1.02 to \$1.78       |
| • Minimize Claims & Fines  | Total Cost of Claims/Fines (from SSO's &  | \$0 Total Claims  | \$0 Total Claims          | Claims ≤ \$2000             |
|  |   | \$0 Total Fines   | \$0 Total Fines           | Fines-\$0                   |
|  | Average cost per claim/fine   | \$0 Avg Claims  | \$0 Avg Claims            | Avg Claims ≤ \$1000         |
|  |   | \$0 Avg Fines   | \$0 Avg Fines             | Avg Fines-\$0               |
| <b>Internal Process Perspective:</b>   |   |   |                           |                             |
| • Pipe/Problem Assessment  | Number of Repeat Spills   | 0 Zero  | 0 per year                | ≤ 2 per year                |
| • Preventative Maint. Program  | Cleaning Goal Footage % Complete  | 22.7% % Complete  | 22.7% YTD % Complete      | Annual Goal = 100%          |
|  | Televising Goal Footage % Complete  | 23.4% % Complete  | 23.4% YTD % Complete      | Annual Goal = 100%          |
| • Cleaning (other cleaning omitted)<br>o Feet per crew day<br>o # of Crew Days | Per Month Cleaning Footages   | 79,425 Avg Ft Per Mo  | 79,425 Avg Mo             | 87,499 Mo; 1,049,391 YE     |
|  | o Feet Per Crew/Day   | 2,376 Ft Per Crew/Day   | 2,376 AvgFt Per Crew/Day  | 2,500 to 4,500 Per Crew Day |
|  | o # of Crew Days  | 19.7 # of Crew Days   | 19.7 Avg # of Crew Days   | 19 to 35 Crew Days          |
| • Televising<br>o Feet per crew day<br>o # of Crew Days                        | Per Month Televising Footages   | 40,882 Avg Ft Per Mo  | 40,882 Avg Mo             | 43,700 Mo; 524,404 YE       |
|  | o Feet Per Crew/Day   | 1,825 Ft Per Crew/Day   | 1,825 Avg Ft Per Crew/Day | 2,000 to 3,500 Per Crew Day |
|  | o # of Crew Days  | 16 # of Crew Days   | 16.0 Avg # of Crew Days   | 13 to 22 Crew Days          |
| • Construction Backlog Target  | Percentage of Construction Demand   | 29.1% % to Yrly Target  | 29.1% % to 'Y/E Target    | 7,516 Year End Hours        |
| <b>Learning &amp; Growth:</b>  |   |   |                           |                             |
| • Maintain and increase employee skills  | # Training modules updated & taught   | 1 Module  | 1 Modules                 | 6 Modules                   |
|  | # of Training Modules w/instructions completed  |   |                           |                             |
|  | # of individual Competency Assessments passed   | 4 Assessments   | 4 Assessments             | 52 Assessments              |
| • Communicate Performance Data to Teams  | # of time info shared with Team   | 3 Min. per mo   | 3 Min. per mo             | 12 Total, Min. 1 per/mo     |



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*General Manager/  
District Engineer*

Karen W. Murphy  
*Attorney*

**NOVEMBER 11, 2019  
BOARD OF DIRECTORS MEETING  
AGENDA ITEM # 8**

**TITLE: Comprehensive Annual Financial Report (CAFR) for the Fiscal Year (FY)  
Ending June 30, 2019 (*This is a Motion Item*)**

**SUBMITTED:** Paul R. Eldredge, General Manager/District Engineer  
Laurie Brenner, Finance & Acquisition Services Team Coach

**Recommendation**

Receive and file the Comprehensive Annual Financial Report (CAFR) for the FY ending June 30, 2019.

**Previous Board Action**

This item is brought before the Board on an annual basis.

**Background**

The District engages an independent accounting firm to audit the financial statements and records for each fiscal year. The Audit Committee has reviewed this document. Attached is the FY 2019 CAFR with comparative information for FY 2018.

Highlights for FY 2019 include the increase in Net Position to \$385.3 million, a \$13.8 million increase from FY 2018. Contributing factors include \$16.2 million in connection fees, \$1.7 million in contributed capital, \$4.1 million in investment income and net gains, marginal rate increases, inspection fees and other area development-related revenue.

Net Position consists of \$284.6 million invested in capital assets; \$69.3 million restricted for specifically stipulated spending agreements originated by law, contract or other agreements with external parties; and \$31.4 million unrestricted and subject to designation by the District

Board of Directors for use in meeting the District's ongoing obligations.

The District placed \$26.8 million in capital assets in FY 2019 compared to \$11.6 million in FY 2018. Long-term liabilities decreased \$3 million from FY 2018, largely due to State Revolving Fund (SRF) loan payments.

There were no significant audit findings for FY 2019 as stated in the attached Government Auditing Standards (GAS) letter from auditors, Lance, Soll, & Lunghard, LLP, Certified Public Accountants.

**Attachments**

FY 2019 CAFR

GAS letter

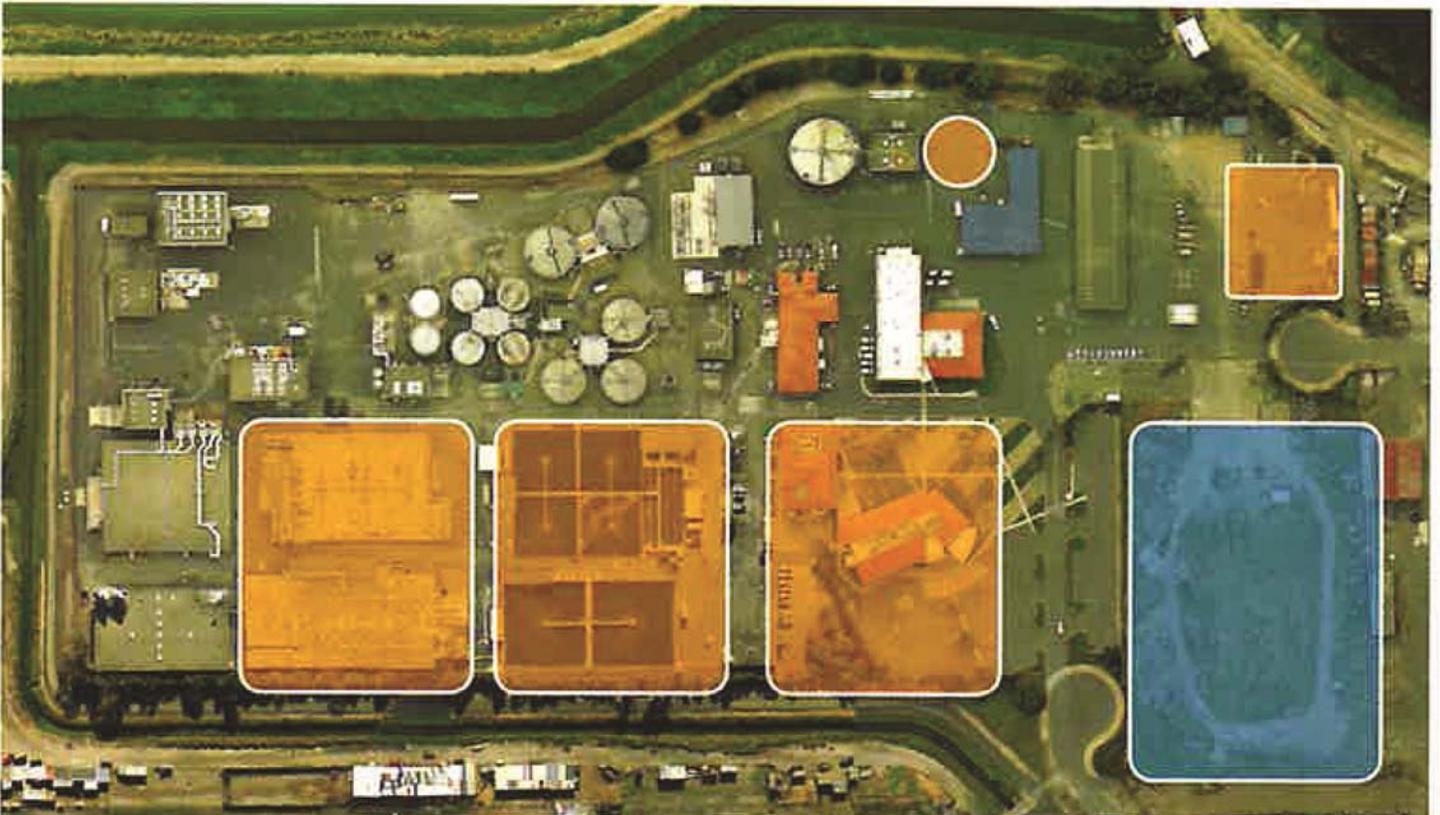
Independent Auditors' Report on Internal Control



Union Sanitary District

Union City, California

# Comprehensive Annual Financial Report



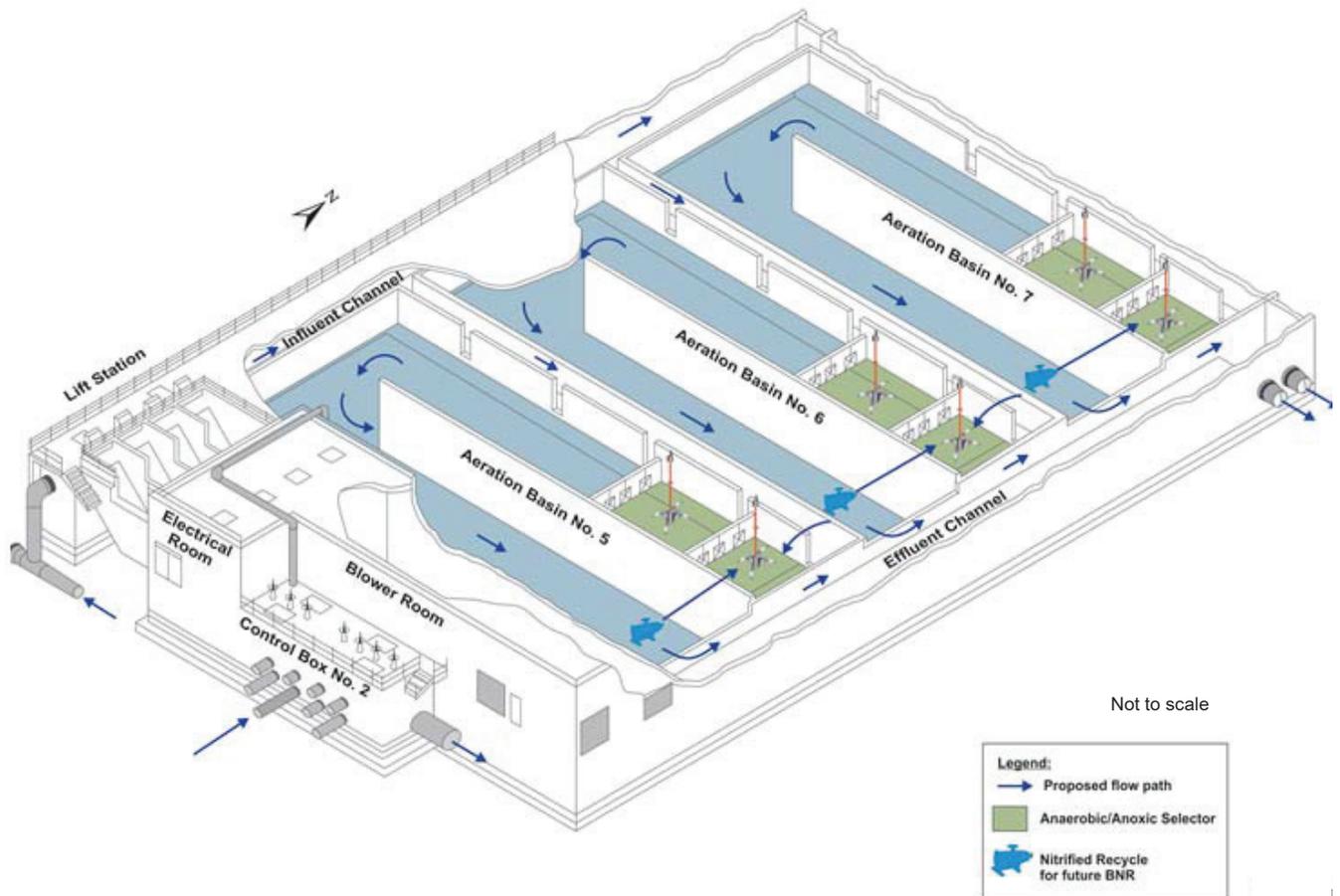
Ushering in a New Era of Change

Fiscal Year Ended June 30, 2019 with Comparative  
Information for Fiscal Year Ended June 30, 2018

# Union Sanitary District

Union City, California

## Comprehensive Annual Financial Report



Fiscal Year Ended June 30, 2019 with  
Comparative Information for Fiscal Year Ended  
June 30, 2018

Prepared by Business Services Work Group

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# Introductory Section



USD Treatment Plant 2019 Facing North

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**Directors**  
Manny  
Fernandez  
Tom Handley  
Pat Kite  
Anjali Lathi  
Jennifer Toy

**Officers**  
Paul R. Eldredge  
*General  
Manager/  
District Engineer*  
  
Karen W.  
Murphy  
*Attorney*

November 4, 2019

Board of Directors  
Union Sanitary District  
Union City, California

Subject: Comprehensive Annual Financial Report for the Year Ended June 30, 2019

We are pleased to present the Union Sanitary District's Comprehensive Annual Financial Report (CAFR) for the fiscal year (FY) ended June 30, 2019. Responsibility for both the accuracy of presented data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and reported in a manner designed to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain the maximum understanding of the District's financial activities have been included.

The CAFR is presented in accordance with Generally Accepted Accounting Principles (GAAP) as set forth by the Governmental Accounting Standards Board (GASB).

## **District Profile**

### **The Reporting Entity**

The Union Sanitary District (District) is an independent Special District and is accounted for as an enterprise fund type (proprietary fund category). A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity. The activities of enterprise funds closely resemble those of ongoing businesses in which the purpose is to conserve and add to basic resources while meeting operating expenses from current revenues. Enterprise funds account for operations that provide

services on a continuous basis and are substantially financed by revenues derived from user charges. As an enterprise fund, the District uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized as they are incurred, regardless of when cash is paid or received. The District has no component units.

The District applies all applicable GASB pronouncements in accounting and reporting for proprietary operations. District policy requires that its financial statements be audited on an annual basis by an independent certified public accounting firm approved by the Board of Directors. The independent auditor's report for the fiscal years ended June 30, 2019 and 2018 are presented in the Financial Section of this report. Please refer to the Management's Discussion and Analysis immediately following the independent auditor's report in the Financial Section for additional information about the financial statements.

### **District Formation and Organization**

The Union Sanitary District was formed in 1918 and subsequently reorganized in 1923 to serve Newark and the Centerville area of what is now Fremont. Between 1949 and 1962, Niles, Decoto, Irvington, and Alvarado Sanitary Districts joined the Union Sanitary District. The District is empowered to own and operate wastewater facilities and the Board of Directors may prescribe, revise and collect fees or charges for services and facilities. The District provides wastewater collection, treatment and disposal services to the residents and businesses of the cities of Fremont, Newark, and Union City, commonly referred to as the Tri-City Area, with a combined population of 356,160. The Cities are located along Interstates 680 and 880, between Oakland and San Jose in southern Alameda County.

The District is governed by a five-member Board of Directors, which is independently and directly elected by voters to staggered four-year terms. The Board appoints the General Manager to manage and oversee the day-to-day operations. The District, which employs 136.45 Full Time Equivalent (FTE) staff, operates in a team-based environment and uses the Balanced Scorecard as a model for its strategic plan and performance measurement tool.

### **Local Economic Condition and Outlook**

Located at the northern end of Silicon Valley, the Tri-City area of Fremont, Newark and Union City has a diverse population, as well as a varied mix of employers including biotech, research and development, education, manufacturing and retail. Summary notes of the prevailing economic conditions in the Tri-City area and the District are below, delineated by City.

#### **The City of Fremont\***

Located on the southeast side of the San Francisco Bay, Fremont is a city of over 232,000 people and 76,000 households, with an area of 92-square miles. Fremont remains the fourth most populous city in the Bay Area and California's 15th largest city. With its moderate climate and its proximity to major universities, shopping areas, recreation and cultural activities, employment centers, major airports, and the Bay Area Rapid Transit system, Fremont captures metropolitan living at its best.

Fremont is conveniently served by Interstates 680 and 880, as well as rail transport lines including Altamont Commuter Express (ACE), Amtrak Capitol Corridor, and the Bay Area Rapid Transit

(BART) system. Fremont also has easy access to the San Jose Airport, Oakland Airport, San Francisco Airport, and the Port of Oakland. Fremont is home to a broad variety of innovative firms including over 1,200 high tech, life science, and clean technology firms. The city has a broad range of quality, affordable business locations; a superior workforce; and a wide variety of tax benefits and incentive programs for businesses.

Fremont is one of the most ethnically and culturally diverse cities in the Bay Area. Residents are attracted to Fremont for its nationally recognized high-ranking public schools, its numerous well-kept parks, and a variety of recreational amenities, including beautiful Lake Elizabeth, Central Park, and Mission San José (California's 14th mission). Fremont is described as a wonderful community to live, work, and play.

#### The City of Newark\*

Newark has an area of 13 square miles, a population of over 48,000. Newark was incorporated in 1955 and is located 35 miles south of San Francisco and next to many high-tech hubs, including easy access to highways 880, 580, 680, and the Dumbarton Corridor. This makes Newark an ideal location to live or do business. Newark has evolved throughout the years from its days enriched in agriculture, manufacturing, and railroad to today's expansion of high-tech, biotech, and the health sciences.

Although Newark has grown significantly, it still manages to keep a small, hometown community charm which is what citizens say they love about the city.

Newark is currently in the midst of some very exciting projects, including new housing developments and many retail and commercial business projects that will enhance the community. The City of Newark has a wide variety of programs and services to meet the community's needs.

#### The City of Union City\*

Union City is 18 square miles in area, boasting a diverse and unified people, excellent educational institutions, unsurpassed quality of life, strong economy, and world-renowned location in the San Francisco Bay Area. Incorporated in 1959, the city proudly maintains a small-town feel despite being in the center of the Bay Area, with San Francisco and Silicon Valley just minutes away. Union City has grown into an ethnically diverse community of over 74,000 residents, and the highly regarded New Haven Unified School District serves about 13,000 K-12 students. The community offers a variety of housing, with affordable and upscale homes available in many charming neighborhoods throughout the city. The transit-oriented Station District, located around the Union City BART station, boasts housing and business development opportunities with easy, convenient access to major public transit running throughout the Bay Area. Union City also offers 33 wonderful parks, sports fields, community centers, and a variety of recreation programs and social services for residents of all ages.

Region-wide, the Tri-City area is continuing to experience significant residential and commercial development due to the healthy economy. Annual average unemployment rates for the cities of Fremont, Newark and Union City were 2.7%, 2.9%, and 3.2% (preliminary) respectively, compared with 2.7%, 3.0%, and 3.4% one year earlier.

\*Sources: Fremont and Newark State of the City addresses and websites 2019; [www.fremont.gov](http://www.fremont.gov), [www.unioncity.org](http://www.unioncity.org), <https://www.labormarketinfo.edd.ca.gov/data/labor-force-and-unemployment-for-cities-and-census-areas.html>

## **Major Projects or Initiatives**

During fiscal year 2019, the District continued, completed or initiated several significant projects:

**Enhanced Treatment & Site Upgrade (ETSU) Program** - The ETSU program study focused on reviewing and assessing the District's critical projects and recommending the sequence of design and construction implementation based on priorities and schedules; existing and future space needs; process adjacencies; economic feasibility; and other planned capital improvement projects. This major initiative started in FY 2017 and the report was completed in FY 2019, due to a time extension to evaluate additional technologies and solutions. This effort will encompass multiple smaller projects intended to position the treatment plant to continue to meet both current and future treatment and capacity needs. Core process data has been reviewed and analyzed by management, and this project will address aeration, clarification, filtration, equalization (storage), and many other critical elements in our treatment process, including the potential for new technologies to ensure that the District can continue to meet or exceed our National Pollutant Discharge Elimination System (NPDES) permit limits in the future, with a focus on long-term system expansion availability.

**Digester 7** - An additional anaerobic digester will be built and placed into service with this project. The pre-design phase was completed in FY 2017, but the decision has been made to increase the size of the digester, and the updated design was completed and advertised for bid in FY 2019. Construction is scheduled to begin in FY 2020.

**Force Main Relocation Project, Phase II** - This project continued work done previously to relocate sections of the force main to allow for development and construction of new residential housing, in conjunction with local area developers and was completed in FY 2019.

**Standby Power Generation System Upgrade** - The District's current emergency power facilities are beyond their useful life and have questionable reliability when the District loses commercial power. Final design is anticipated in the middle of FY 2021.

**East Bay Discharge Authority (EBDA) Joint Powers Agreement (JPA) contract negotiations** - This involves negotiation and formal documentation of a new contractual relationship between the members of the existing JPA, which includes Union Sanitary District, the City of Hayward, City of San Leandro, Oro Loma Sanitary District, and the Castro Valley Sanitary District. Negotiations continued through FY 2019 and are expected to culminate prior to the end of the existing agreement in FY 2020.

**Emergency Response** - Over the next several years FMC will develop specific emergency response procedures for each remote pump station. This will include writing SOPs, procuring equipment, creating inventory sheets, identifying staging areas, and communicating new information with staff. Progress continues to be made on this important endeavor and the necessary equipment to ensure reliable operations is currently being acquired, with a project completion in FY 2021.

**Rebranding Initiative** - This project was initiated in late FY 2017 to explore options for rebranding and updating the District's logo to increase customer awareness of the services the District provides to our constituent communities and increase brand recognition for the District. The effort is based on feedback from staff and customers received over time. The multi-disciplinary project team assembled is expected to provide actionable suggestions to management in FY 2021.

### **Future Projects or Initiatives**

The primary focus for the next 5-10 years will be additional projects associated with the ETSU program.

### **Financial Information**

#### Accounting System

District financial records are maintained on the accrual basis of accounting as required by GASB Section 1600.125. Accrual basis accounting recognizes transactions, events, and circumstances when they occur, rather than when cash is received or paid.

#### Internal Controls

While developing and evaluating the District's accounting system, consideration is given to the adequacy of internal accounting controls. Internal controls are designed to give reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the District's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. The District's internal controls include but are not limited to positive pay, fraud protection checks, timely bank reconciliations, segregation of duties wherever possible, dual approvals on wires and investment purchases, an anonymous fraud hotline, and financial system security.

#### Budgetary Controls

Budgetary controls are maintained by the District to ensure compliance with the annual budget adopted by the Board of Directors. All financial activities for the fiscal year are included in the annual budget, along with a twenty-year capital improvement projects plan. Budgetary control is maintained at the Work Group (department) level for administrative and operating budgets, and at the project level for capital improvements. Monthly budget reports are provided to the Executive Team and Board of Directors, and the Executive Team conducts a detailed quarterly review, as well.

#### Rate Structure

The District receives its revenue from four primary sources: sewer service charges; capacity fees; other minor operating revenues such as permits, inspections and outside work that is performed in cooperation with other municipalities; and interest earnings on reserve funds.

### Sewer Service Charge

The sewer service charge has historically been collected on the annual property tax bill. Sewer service charges to be collected are provided to the County of Alameda in August of each fiscal year. The District receives its primary payments of funds in December (50%) and April (45%), and the remainder in September, and receives all amounts billed as part of the County's "Teeter" plan.

The sewer service charge is divided into four primary categories of customers: residential, commercial, institutional, and industrial. The calculation of the sewer service charge for the commercial, institutional, and industrial customers is based upon their average flow, as well as contribution of their projected suspended solids (SS) and chemical oxygen demand (COD). The District has a sampling program to periodically test the effluent from its industrial customers. Flow for industrial users is based on water use records from the Alameda County Water District. The annual residential fee for 2019 was \$407.12 for a single-family dwelling and \$352.97 for a multi-family dwelling.

### Connection Fees

In 2019 the District charged a sewer connection fee of \$8,072.20 for an equivalent dwelling unit (EDU). The charges for commercial, industrial, and office use are based on factors such as square footage, flow, COD, and suspended solids. Revenues from capacity fees are used to fund capital projects and upgrades that preserve or increase the system's capacity. Collected capacity fee revenues may not fund ongoing operating costs.

### Interest Income

The District earns interest on its portfolio of investments, including the Local Agency Investment Fund (LAIF), and the California Asset Management Program (CAMP), which is allocated to the major funds (Capacity and Sewer Service) monthly by percentage of fund balance.

### **Other Information**

**Independent Financial Audit** – California state statutes require an annual independent audit of the books of accounts and financial records of the District. The firm of Lance, Soll & Lunghard, LLP was contracted to conduct this year's audit (third year). The Board Audit Committee receives and reviews the audited financial statements. The audit opinion is included in the Financial Section of this report.

**Financial Policies** – In fiscal year 2019, the District reviewed and/or updated the following important financial policies:

Investment, Grant, Credit Card Security Procedures, and the Reserves, Allocations & Fund Balance policy.

**East Bay Dischargers Authority** – USD is a member of EBDA. Founded in 1974, EBDA is a five-member Joint Powers Agency formed to plan, design, construct, and operate regional facilities to collect, transport and discharge treated effluent to deep waters of San Francisco Bay. Treated effluent from the District's Alvarado Wastewater Treatment Plant is pumped to the EBDA System and discharged into the Bay southwest of Oakland International Airport. Frequent testing of the treated wastewater confirms compliance with regional permit requirements. The other member

agencies are Castro Valley Sanitary District, Oro Loma Sanitary District, City of Hayward, and City of San Leandro.

**District Financing Authority** – The District is a member of the Alameda County Water District (ACWD) Financing Authority. The Authority was organized to aid ACWD in the financing of capital projects via a bond sale or other mechanisms requiring an issuing agency authority. The District has one Board member on the governing body of the Authority.

### **Awards Received**

**During the past year, the District received the following awards:**

- ❖ National Association of Clean Water Agencies (NACWA) - Peak Performance Awards 1993 – 2018; USD's Alvarado Treatment Plant in Union City has been recognized for 26 consecutive years by NACWA (and its predecessor, AMSA) for outstanding performance.
- ❖ National Institute for Government Purchasing (NIGP) – Achievement of Excellence in Procurement
- ❖ Government Finance Officers Association (GFOA) – Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Union Sanitary District for its comprehensive financial report for the fiscal year ended June 30, 2018. To be awarded the Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Respectfully submitted,

*Laurie Brenner*

Laurie Brenner, M.B.A  
Finance and Acquisition Services Coach  
Business Services Work Group

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## VISION/MISSION STATEMENT

Revised April 10, 2017

To safely and responsibly collect and treat wastewater, and to recover resources from process waste streams, while protecting human health and improving the environment in a way that benefits the Tri-Cities and all USD stakeholders.

How we continue to accomplish our Vision:

Commitment to safety:

- Continually reviewing our safety program for opportunities to improve
- Focusing on protecting employees and the community in all our activities
- Allocating resources to ensure safe operations (equipment, training, staff)
- Collaboratively promoting a safe work environment

Responsibility:

- Being accountable for our actions and decisions
- Being fiscally prudent
- Maintaining and upgrading infrastructure
- Anticipating and meeting future District and stakeholder needs
- Compliance with laws and regulations (local, state, federal)
- Effective asset management
- Effective use of technology
- Looking for innovative ways to reduce or reuse our waste streams

Collect, treat, and recover/reuse wastewater:

- Providing capacity in the collection system and plant
- Regulating connections
- Increasing efforts for resource recovery (biogas, biosolids, etc.)
- Exploring ways to maximize water reclamation and reuse potential

Human health and environmental stewardship

- Preventing sewer spills and back-ups
- Limiting health risks through treatment of wastewater
- Responding to emergencies
- Enhancing water quality in the San Francisco Bay estuary
- Meeting or exceeding all water and air quality standards
- Promoting pollution prevention and pretreatment through outreach and educational programs
- Maximizing use of green energy sources when feasible
- Working towards energy neutrality



## VISION/MISSION STATEMENT

Revised April 10, 2017

We benefit our stakeholders by:

- Community**
  - Complying with all local, state, and federal regulations, protecting the environment and controlling odors
  - Communicating with the public and bringing awareness about wastewater issues
  - Responding to emergencies and providing mutual aid
  - Participating in community outreach activities
  - Contributing to the wastewater treatment profession by participating in professional associations, partnering with other agencies and organizations, and sharing best practices
  - Working cooperatively with cities and other government agencies
  
- Customer**
  - Providing award-winning, reliable service
  - Being fiscally responsible and cost effective, and providing value
  - Promptly responding to customers' needs
  - Being professional and courteous
  - Proactively and creatively meeting customer needs
  - Supporting businesses through permitting, education and by providing capacity
  
- Employees**
  - Providing a safe work environment
  - Recognizing employee contributions
  - Encouraging cooperation and collaboration
  - Demonstrating equality and fairness
  - Valuing employee input, and offering opportunities for involvement and creativity
  - Providing training and resources
  - Providing competitive wages and benefits in a stable work environment
  - Communicating and sharing information openly and honestly

Board of Directors



Jennifer Toy



Tom Handley



Pat Kite



Manny Fernandez



Anjali Lathi

# Principal Officials

As of June 30, 2019

|                 |                | City Represented    | Year Elected     | Term Expires |
|-----------------|----------------|---------------------|------------------|--------------|
| Jennifer Toy    | President      | Fremont (Ward 3)    | 1998             | 2022         |
| Tom Handley     | Vice President | Fremont (Ward 3)    | 2007             | 2022         |
| Pat Kite        | Secretary      | Newark (Ward 2)     | 1991             | 2020         |
| Manny Fernandez | Board Member   | Union City (Ward 1) | 2011 (Appointed) | 2020         |
| Anjali Lathi    | Board Member   | Fremont (Ward 3)    | 2002             | 2020         |

Karen W. Murphy

General Counsel

**Staff**

Paul Eldredge

General Manager/District Engineer

Armando Lopez

Treatment & Disposal Services Manager

Robert Simonich

Fabrication Maintenance & Construction Manager

Vacant/TBD

Business Services Manager/Chief Financial Officer

Sami Ghossain

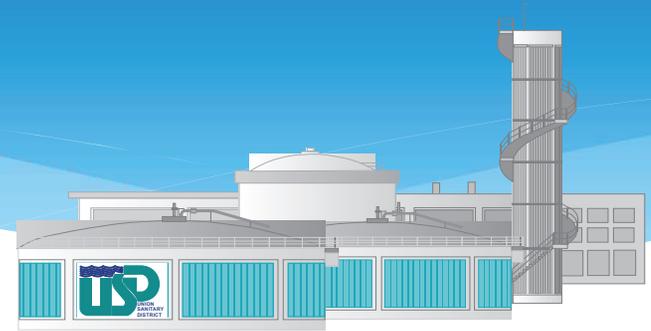
Technical Services Manager

James Schofield

Collection Services Manager



UNION  
SANITARY  
DISTRICT



**Board of Directors**  
(5)

**General Manager**  
(142)

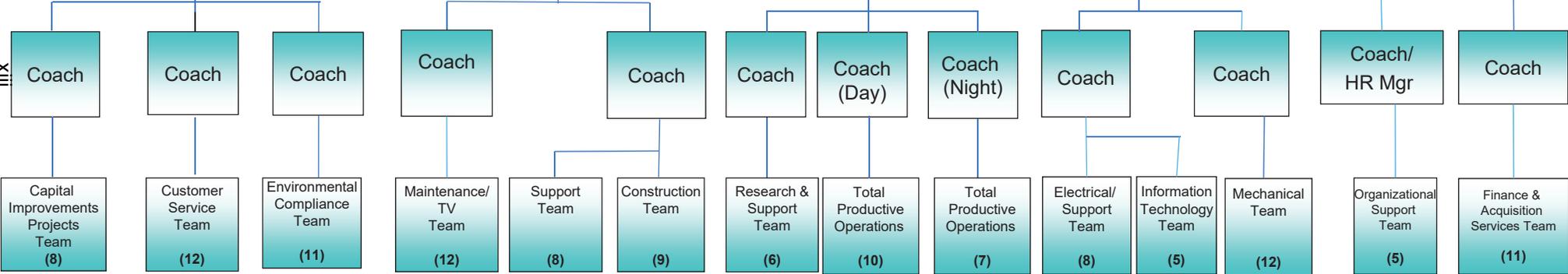
**Technical Services Manager**  
(35)

**Collection Services Manager**  
(32)

**Treatment & Disposal Services Manager**  
(27)

**Fabrication, Maintenance, and Construction Manager**  
(28)

**Business Services Manager/CFO**  
(19)



- Administrative Specialist I (1)
- Assistant Engineer (2)
- Associate Engineer (3)
- Engineering Technician III (1)
- Senior Engineer (1)
- As-needed Receptionist (1)
- Engineer Technician I (1)
- Exec. Assistant to the GM/Board Clerk(1)
- Associate Engineer (1)
- C&IG Coordinator (1)
- Construction Inspector II (2)
- Customer Service Fee Analyst (2)
- Engineer Technician II (1)
- Receptionist (1)
- Limited-term Construction Inspector I (1)
- Administrative Specialist II (1)
- EC Inspector II (3)
- EC Inspector III (3)
- EC Inspector IV (1)
- EC Outreach Rep (1)
- Environmental Program Coordinator (1)
- Administrative Specialist I (1)
- Collection Services Trainer (1)
- Collection System Worker I (4)
- Collection System Worker II (4)
- Lead Collection System Worker (3)
- Administrative Specialist II (1)
- Fleet Mechanic II (2)
- Janitor (2)
- Maintenance Assistant (1)
- Mechanic II (1)
- Planner /Scheduler (1)
- Collection System Worker II (8)
- Lead Collection System Worker (1)
- Administrative Specialist II (1)
- Chemist II (3)
- Lab Director(1)
- Sr. Process Engineer (1)
- Plant Operator III (7)
- POIII Trainee (1)
- Plant Operations Trainer (1)
- Technical Writer Intern (1)
- Plant Operator III (6)
- Plant Operator III Trainee (1)
- Adm. Specialist I (1)
- Instrument Technician/ Electrician (4)
- Painter (2)
- Planner/ Scheduler II (1)
- Sr. GIS DBA(1)
- IT Administrat or (1)
- Sr. Network Administrat or (1)
- Sr. Developer/ DBA (1)
- Sr. IT Analyst (1)
- Mechanic I (2)
- Mechanic II (10)
- Organizational Support Team (5)
- Administrative Specialist II (1)
- Environmental Health & Safety Program Manager (1)
- Human Resources Analyst II (1)
- Org Performance Manager(1)
- Org Performance Coordinator(1)
- Accounting & Financial Analyst II (2)
- Accounting Technical Specialist (2)
- Accounting Technician II (2)
- Administrative Specialist I (1)
- Buyer II(1)
- Purchasing Agent (1)
- Storekeeper I (1)
- Storekeeper II (1)

**Vacancy**

\*142 positions allocated in FY 2019  
Full Time Equivalent positions in FY 2019 is 136.45.





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Union Sanitary District  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morrill*

Executive Director/CEO

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Financial Section



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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Union Sanitary District  
Union City, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Union Sanitary District, (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special District. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



To the Board of Directors  
Union Sanitary District  
Union City, California

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District, as of June 30, 2019, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

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

#### *Prior Year Audited Financial Statements*

The financial statements include partial prior-year comparative information. Such information does not include all of the information required or sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2018, from which such partial information was derived.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, supplementary schedule of operating expenses before depreciation, schedule of insurance coverage and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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



CPAs AND ADVISORS

To the Board of Directors  
Union Sanitary District  
Union City, California

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Lance, Solt &amp; Lughard, LLP". The signature is written in a cursive, flowing style.

Sacramento, California  
November 4, 2019

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# UNION SANITARY DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

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This section of the District's annual financial report presents an analysis of the District's financial performance during the fiscal year ended June 30, 2019. This information is presented in conjunction with the audited financial statements, which follow this section.

The District, which was established in 1918 and subsequently reorganized in 1923, is empowered to own and operate wastewater facilities and the Board of Directors may prescribe, revise and collect fees or charges for services and facilities of the District in connection with its wastewater system.

### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at June 30, 2019, by \$385.3 million (net position). Net position consists of \$284.6 million invested in capital assets, \$69.3 million restricted net position, and \$31.4 million in unrestricted net position.
- The District's total net position increased by \$13.8 million during the fiscal year ended June 30, 2019. Contributing factors include \$16.2 million in connection fees, \$1.7 million in contributed capital, marginal rate increases, inspections and other area development.
- Long-term liabilities decreased on the Statement of Net Position by just over \$3 million during the current fiscal year, compared to a \$10.7 million increase last year, largely due to payments on State Revolving Fund (SRF) loans.
- The District placed \$26.8 million in capital assets into service compared to \$11.6 million last year.

### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The District's financial statements include the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows. These provide information about the activities of the District as a whole and present a longer-term view of the District's property, debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

The notes to the financial statements provide narrative explanations or additional data needed for full disclosure.

- **Statement of Net Position** – Includes all District assets, liabilities, deferred outflows of resources, and deferred inflows of resources and provides information about the nature and amounts of investments in resources (assets) and obligations to creditors (liabilities). It also provides the basis for computing rate of return; evaluating the capital structure of the District; and assessing the liquidity and financial flexibility of the District.
- **Statement of Revenues, Expenses and Changes in Net Position** – All of the current year revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of District operations over the past year and can be used to determine whether the District has successfully recovered all its costs through its user fees and other charges, profitability, and credit worthiness.
- **Statement of Cash Flows** – The primary purpose of this statement is to provide information about District cash receipts, cash disbursements and net changes in cash resulting from operations, investments, and capital and non-capital financing activities. It illustrates the source of revenue, purposes for which it was used, and change in cash balance during the reporting period.

# UNION SANITARY DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

### Reporting the District as a Whole

#### *The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position*

### DISTRICT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the District's activities.

The largest portion of the District's Net Position (73.9%) reflects its investment in capital assets (net of accumulated depreciation) less any related outstanding debt that was used to acquire those assets. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Table 1 – Condensed Statement of Net Position

|                                  | <u>Fiscal Year<br/>2019</u> | <u>Fiscal Year<br/>2018</u> | <u>Fiscal Year<br/>2017</u> | <u>Dollar<br/>Change<br/>FY19 to FY18</u> | <u>Percent<br/>Change<br/>FY19 to FY18</u> |
|----------------------------------|-----------------------------|-----------------------------|-----------------------------|---|--|
| Current and other assets         | \$ 153,635,984              | \$ 125,839,386              | \$ 94,382,924               | \$ 27,796,598                             | 22.1%                                      |
| Capital Assets                   | <u>323,687,525</u>          | <u>338,368,202</u>          | <u>339,178,722</u>          | <u>(14,680,677)</u>                       | -4.3%                                      |
| Total Assets                     | <u>477,323,509</u>          | <u>464,207,588</u>          | <u>433,561,646</u>          | <u>13,115,921</u>                         | 2.8%                                       |
| Deferred outflows of resources   | <u>9,982,982</u>            | <u>11,884,867</u>           | <u>8,937,492</u>            | <u>(1,901,885)</u>                        | -16.0%                                     |
| Current liabilities              | 11,054,282                  | 11,074,799                  | 8,622,149                   | (20,517)                                  | -0.2%                                      |
| Long-term liabilities            | <u>89,017,951</u>           | <u>92,046,419</u>           | <u>81,337,732</u>           | <u>(3,028,468)</u>                        | -3.3%                                      |
| Total liabilities                | <u>100,072,233</u>          | <u>103,121,218</u>          | <u>89,959,881</u>           | <u>(3,048,985)</u>                        | -3.0%                                      |
| Deferred inflows of resources    | <u>1,903,197</u>            | <u>1,463,120</u>            | <u>804,328</u>              | <u>440,077</u>                            | 30.1%                                      |
| Net Position:                    |                             |                             |                             |   |  |
| Net investment in capital assets | 284,632,017                 | 296,442,688                 | 294,906,308                 | (11,810,671)                              | -4.0%                                      |
| Restricted                       | 69,264,549                  | 55,373,688                  | 34,360,257                  | 13,890,861                                | 25.1%                                      |
| Unrestricted                     | <u>31,434,495</u>           | <u>19,691,741</u>           | <u>22,468,364</u>           | <u>11,742,754</u>                         | 59.6%                                      |
| Total net position               | <u>\$ 385,331,061</u>       | <u>\$ 371,508,117</u>       | <u>\$ 351,734,929</u>       | <u>\$ 13,822,944</u>                      | 3.7%                                       |

Net position of the District's business type activities increased 3.7% to \$385.3 million, of which \$284.6 million is invested in capital assets such as equipment, buildings and infrastructure. Of the remaining total, \$69.3 million is restricted to specifically stipulated spending agreements originated by law, contract or other agreements with external parties. The remaining \$31.4 million is subject to designation for specific purposes as approved by the District Board of Directors and may be used to meet the District's ongoing obligations.

# UNION SANITARY DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

Table 2 – 7Condensed Statement of Revenues, Expenses, and Changes in Net Position

|   | Fiscal Year    | Fiscal Year    | Fiscal Year    | Dollar Change | Percent Change |
|---|----------------|----------------|----------------|---------------|----------------|
|   | 2019           | 2018           | 2017           | FY19 to FY18  | FY19 to FY18   |
| Operating Revenues:                         |                |                |                |               |                |
| Sewer service charges (SSC)                 | \$ 57,330,651  | \$ 54,260,096  | \$ 52,384,709  | \$ 3,070,555  | 5.7%           |
| Other revenues                              | 2,188,027      | 1,631,870      | 2,154,364      | 556,157       | 34.1%          |
| Total operating revenues                    | 59,518,678     | 55,891,966     | 54,539,073     | 3,626,712     | 6.5%           |
| Operating Expenses:                         |                |                |                |               |                |
| Depreciation                                | 17,857,275     | 17,003,398     | 17,036,880     | 853,877       | 5.0%           |
| Sewage treatment                            | 21,155,840     | 18,657,355     | 16,252,881     | 2,498,485     | 13.4%          |
| Sewage collection and engineering           | 14,519,187     | 14,173,382     | 12,462,391     | 345,805       | 2.4%           |
| General and administration                  | 6,227,572      | 7,611,460      | 7,195,269      | (1,383,888)   | -18.2%         |
| Total operating expenses                    | 59,759,874     | 57,445,595     | 52,947,421     | 2,314,279     | 4.0%           |
| Non-operating Revenues (Expenses):          |                |                |                |               |                |
| Investment income and net gains             | 4,097,258      | 700,856        | 482,342        | 3,396,402     | 484.6%         |
| Loss on retirement of capital assets        | (6,606,751)    | -              | (432,674)      | (6,606,751)   | 100.0%         |
| East Bay Dischargers Authority loss         | (170,591)      | (90,325)       | (52,458)       | (80,266)      | 88.9%          |
| Interest                                    | (992,721)      | (1,479,413)    | (860,316)      | 486,692       | -32.9%         |
| Total Net non-operating revenues (expenses) | (3,672,805)    | (868,882)      | (863,106)      | (2,803,923)   | 322.7%         |
| Income (Loss) Before Contributed Capital    | (3,914,001)    | (2,422,511)    | 728,546        | (1,491,490)   | 61.6%          |
| Capital Contributions                       |                |                |                |               |                |
| Connection fees                             | 16,158,027     | 23,623,947     | 12,595,637     | (7,465,920)   | -31.6%         |
| Contributed capital                         | 1,738,388      | 7,714,351      | 3,965,015      | (5,975,963)   | -77.5%         |
| Total Net Capital Contributions             | 17,896,415     | 31,338,298     | 16,560,652     | (13,441,883)  | -42.9%         |
| Change in Net Position                      | 13,982,414     | 28,915,787     | 17,289,198     | (14,933,373)  | -51.6%         |
| Beginning Net Position                      | 371,508,117    | 351,734,929    | 334,445,731    | 19,773,188    | 5.6%           |
| Prior period adjustment                     | (159,470)      | (9,142,599)    | -              | 8,983,129     | -98.3%         |
| Restated Net Position, Beginning of Year    | 371,348,647    | 342,592,330    | 334,445,731    | 28,756,317    | 8.4%           |
| Ending Net Position                         | \$ 385,331,061 | \$ 371,508,117 | \$ 351,734,929 | \$ 13,822,944 | 3.7%           |

The District's increase in net position of \$13.8 million is primarily due to the following:

- A marginal rate increase in sewer service charge and the increase in other revenues, such as permit fees.
- The District received \$16.2 million in connection fees and \$1.7 million in contributed capital due to the ongoing residential development activity within the service area.

# UNION SANITARY DISTRICT

## MANAGEMENT’S DISCUSSION AND ANALYSIS

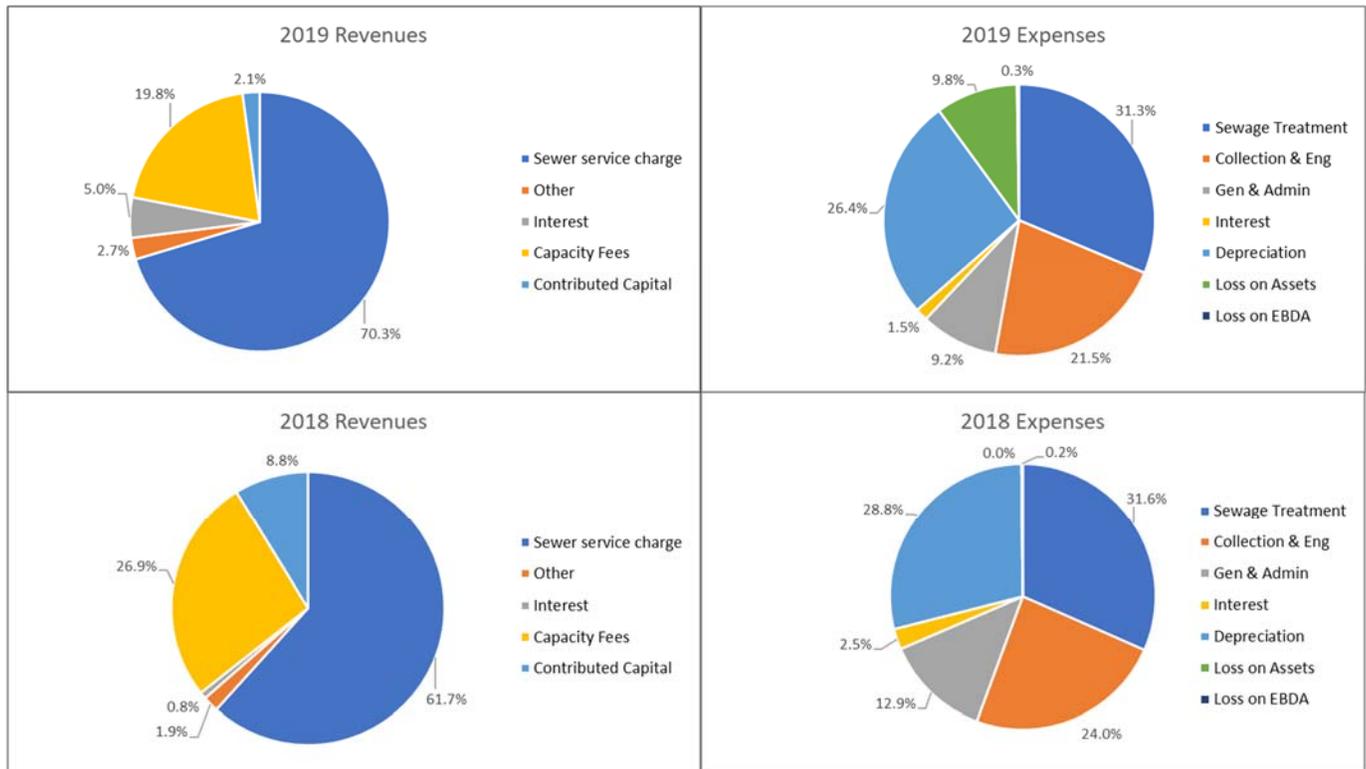
### JUNE 30, 2019

Overall the District’s revenues increased 6.5% or \$3.6 million from FY 2018. The District’s sewer service charge rate increased 3.5%. Sewer service revenues for the year increased by 5.7% or \$3 million overall. Other operating revenues increased by 34.1% or \$0.56 million from prior year as the result of an increase in permits and compliance fees received from the service area. However, both commercial and residential development slowed and connection fee revenues decreased 31.6%, or \$7.5 million from prior year as a result. Contributed capital decreased 77.5% or \$6 million.

Investment income increased by \$3.4 million to \$4.1 million in FY 2019 over FY 2018. The loss on equity investment in East Bay Dischargers Authority (EBDA) was \$0.17 million. Investment income remained strong in FY 2019. High returns from LAIF, CAMP, and managed portfolio investments resulted in a higher weighted investment yield at June 30, 2019, of 2.36%, with a weighted average portfolio life of 353 days compared to a weighted investment yield at June 30, 2018, of 1.80%, with a weighted average portfolio life of 280 days.

The District’s operating expenses increased from prior year \$2.3 million or 4.0%. The increase is primarily due to increases in the contribution percentage for employee retirement plans; cost of living salary adjustments; and an increase in expenses for treatment plant chemicals and other services.

In FY 2018, the District's total operating revenues increased by \$1.4 million, or 2.5%. The increase was mainly due to a 3.5% increase in the sewer service charge rate. Contributed capital was \$7.7 million, an increase of \$3.7 million over FY 2017. Most major cost categories increased from FY 2017 resulting in an increase of 8.5% in the total cost of all programs and services, including depreciation.



# UNION SANITARY DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

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### CAPITAL ASSET AND DEBT ADMINISTRATION

#### Capital Assets

At the end of FY 2019, the District had approximately \$323.7 million invested in a broad range of capital assets, including facilities and equipment for the plant, collections, and administrative facilities. This amount represents a net decrease of \$14.7 million compared to last year. Additions to CIP were \$7 million in FY 2019 versus \$7.6 million in FY 2018.

Total CIP placed into service was \$23.8 million in FY 2019 versus \$3 million in FY 2018.

The District has outstanding construction contract commitments on capital projects approximating \$29.9 million at June 30, 2019. Major projects and related activity included:

Table 3 – Additions to CIP

|   |                     |
|---|---------------------|
| Digester No. 3 Insp & Rehab             | \$ 1,362,777        |
| Standby Power System Upgrade            | 1,033,718           |
| Primary Digester No. 7                  | 946,711             |
| Secondary Treatment Cap Improv – Design | 587,941             |
| Alvarado Influent PS Pumps and VFDs     | 496,607             |
| Force Main Corrosion Repairs - Plant    | 395,760             |
| Cast Iron Pipe Lining Phase VII         | 297,666             |
| Fremont & Paseo Padre LS Improvements   | 243,773             |
| Control Box No. 1 Improvements          | 220,806             |
| Emergency Outfall Outlet Improvements   | 207,355             |
| Odor Scrubber System Improvements       | 203,327             |
| Headworks 3 <sup>rd</sup> Bar Screen    | 197,540             |
| Centrifuge Building Improvements        | 183,911             |
| Equalization Storage @ Newark           | 162,962             |
| Hypo Tanks and Piping Replacement       | 150,314             |
| WAS Thickeners                          | 123,059             |
| Others                                  | 198,598             |
| Total                                   | <u>\$ 7,012,825</u> |

# UNION SANITARY DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

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This year's additions (placed into service) included:

Table 4 – Total CIP Placed into Service

|   |                      |
|---|----------------------|
| Thickener Control Building Improvements | \$ 13,279,662        |
| Fremont & Paseo Padre LS Improvements   | 3,530,663            |
| Hypo Tanks and Piping Replacement       | 2,564,994            |
| Newark Backyard SS Relocation – Phase 3 | 2,500,496            |
| Force Main Corrosion Repairs - Plant    | 1,049,020            |
| Newark PS Mod Valve & Boost Line Mods   | 824,197              |
| Newark Plant Site Security              | 11,849               |
| Total                                   | <u>\$ 23,760,881</u> |

More detailed information about the District's capital assets is presented in Note 2 to the financial statements.

### Debt Administration

At year-end, the District had \$39.1 million in loans outstanding versus \$41.9 million last year. This debt consists of nine State Revolving Fund loans.

Other obligations include accrued vacation pay and sick leave. More detailed information about the District's long-term liabilities is presented in Note 6 to the financial statements.

### New Significant Accounting Standards Implemented

In fiscal year 2019, the following Governmental Accounting Standards Board (GASB) pronouncements impacted the District:

**GASB Statement No. 88 – *Certain Disclosure Related to Debt, Including Direct Borrowings and Direct Placements.*** The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt;

## UNION SANITARY DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS

**JUNE 30, 2019**

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and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

## NEXT YEAR'S BUDGET AND RATES

The Board of Directors adopted the FY 2020 Budget with total appropriations of \$72.9 million. Of that amount, \$19.7 million is appropriated for capital projects (both for design and construction) such as the Enhanced Treatment & Site Upgrade (ETSU) program (a series of prior Master Plan (MP) projects), Digester No. 7, Standby Power Generation System Upgrade and Headworks Screens Replacement. The budget also includes \$4.4 million in special projects (including some new and some continuing efforts) such as the Financial Master Plan, Treatment Plant Master Plan, Newark Basin Master Plan, Odor Control Pilot Study and Cogen Options Evaluation.

This budget includes the fourth year of a five-year sewer service charge rate increase that became effective on July 1, 2016. The FY 2019 rate increase for residential sewer service charges was 3.5%. Total estimated revenues for FY 2020 are \$76.8 million which includes \$60 million in sewer service charges. Connection fee revenues are estimated at \$13.6 million. To stay competitive with the market, the appropriations include a cost of living increase of 4.0% for union employees and an overall cost of living increase for exempt employees of 5.2%. All other appropriations are consistent with FY 2019, with notable increases in chemical and energy costs for the treatment plant.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District at (510) 477- 7500.

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UNION SANITARY DISTRICT

STATEMENT OF NET POSITION  
 JUNE 30, 2019 (with comparative information for June 30, 2018)

|  | 2019                  | 2018                  |
|--|-----------------------|-----------------------|
| <b>Assets:</b>                               |                       |                       |
| Current Assets:                              |                       |                       |
| Cash, cash equivalents                       | \$ 2,166,219          | \$ 7,223,399          |
| Investments                                  | 136,142,175           | 104,340,800           |
| Receivables:                                 |                       |                       |
| Accounts, net                                | 3,869,461             | 3,179,550             |
| Accrued interest                             | 582,158               | 405,866               |
| Inventories                                  | 1,117,980             | 753,419               |
| Prepaid expenses                             | 31,210                | 33,979                |
| <b>Total Current Assets</b>                  | <b>143,909,203</b>    | <b>115,937,013</b>    |
| Noncurrent Assets:                           |                       |                       |
| Capital assets                               |                       |                       |
| Non depreciable capital assets               |                       |                       |
| Land and improvements                        | 5,395,903             | 5,395,903             |
| Construction in progress                     | 24,702,553            | 41,610,079            |
| Capacity permits and easements               | 6,415,898             | 6,415,898             |
| Depreciable capital assets                   |                       |                       |
| Utility plant in service                     | 666,198,623           | 680,731,835           |
| Less: Accumulated depreciation               | (379,025,452)         | (395,785,513)         |
| Net capital assets                           | 323,687,525           | 338,368,202           |
| Other Assets                                 |                       |                       |
| Restricted investments                       | 3,907,080             | 3,912,080             |
| Investment in East Bay Dischargers Authority | 5,819,701             | 5,990,293             |
| Total other assets                           | 9,726,781             | 9,902,373             |
| <b>Total Noncurrent Assets</b>               | <b>333,414,306</b>    | <b>348,270,575</b>    |
| <b>Total Assets</b>                          | <b>\$ 477,323,509</b> | <b>\$ 464,207,588</b> |
| <b>Deferred Outflows of Resources:</b>       |                       |                       |
| Deferred outflows related to pensions        | \$ 8,645,659          | \$ 11,176,830         |
| Deferred outflows related to OPEB            | 1,337,323             | 708,037               |
| <b>Total Deferred Outflows of Resources</b>  | <b>\$ 9,982,982</b>   | <b>\$ 11,884,867</b>  |
| <b>Liabilities:</b>                          |                       |                       |
| Current liabilities:                         |                       |                       |
| Accounts payable and accrued expenses        | \$ 2,404,460          | \$ 2,567,168          |
| Accrued payroll and related expenses         | 621,055               | 697,807               |
| Interest payable                             | 465,312               | 504,689               |
| Customer deposits                            | 3,572,790             | 3,428,951             |
| Accrued compensated absences                 | 1,049,492             | 1,006,178             |
| State revolving fund loans                   | 2,941,173             | 2,870,006             |
| <b>Total Current Liabilities</b>             | <b>11,054,282</b>     | <b>11,074,799</b>     |
| Long-term liabilities:                       |                       |                       |
| State revolving fund loans                   | 36,114,335            | 39,055,508            |
| Net pension liability                        | 46,738,719            | 46,751,259            |
| Net OPEB liability                           | 6,164,897             | 6,239,652             |
| <b>Total Long-Term Liabilities</b>           | <b>89,017,951</b>     | <b>92,046,419</b>     |
| <b>Total Liabilities</b>                     | <b>\$ 100,072,233</b> | <b>\$ 103,121,218</b> |
| <b>Deferred Inflows of Resources:</b>        |                       |                       |
| Deferred inflows related to pensions         | \$ 885,105            | \$ 185,614            |
| Deferred inflows related to OPEB             | 1,018,092             | 1,277,506             |
| <b>Total Deferred Inflows of Resources</b>   | <b>\$ 1,903,197</b>   | <b>\$ 1,463,120</b>   |
| <b>Net Position:</b>                         |                       |                       |
| Net investment in capital assets             | \$ 284,632,017        | \$ 296,442,688        |
| Restricted for:                              |                       |                       |
| Capacity purposes                            | 65,362,469            | 51,471,608            |
| SRF loan contingency reserve                 | 3,902,080             | 3,902,080             |
| Unrestricted                                 | 31,434,495            | 19,691,741            |
| <b>Total Net Position</b>                    | <b>\$ 385,331,061</b> | <b>\$ 371,508,117</b> |

UNION SANITARY DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2019 (with comparative information for the year ended June 30, 2018)

|   | <u>2019</u>                  | <u>2018</u>                  |
|---|------------------------------|------------------------------|
| <b>Operating Revenues:</b>                                  |                              |                              |
| Sewer service charges (SSC)                                 | \$ 57,330,651                | \$ 54,260,096                |
| Other operating revenues                                    | 2,188,027                    | 1,631,870                    |
| <b>Total Operating Revenues</b>                             | <b><u>59,518,678</u></b>     | <b><u>55,891,966</u></b>     |
| <b>Operating Expenses:</b>                                  |                              |                              |
| Sewage treatment  | 21,155,840                   | 18,657,355                   |
| Sewage collection and engineering                           | 14,519,187                   | 14,173,382                   |
| General and administration                                  | 6,227,572                    | 7,611,460                    |
| <b>Total Operating Expenses Before Depreciation</b>         | <b><u>41,902,599</u></b>     | <b><u>40,442,197</u></b>     |
| Depreciation  | 17,857,275                   | 17,003,398                   |
| <b>Total Operating Expenses</b>                             | <b><u>59,759,874</u></b>     | <b><u>57,445,595</u></b>     |
| Operating (Loss)  | (241,196)                    | (1,553,629)                  |
| <b>Nonoperating Revenues (Expenses):</b>                    |                              |                              |
| Net investment income and net realized gains and losses     | 4,097,258                    | 700,856                      |
| Interest expense  | (992,721)                    | (1,479,413)                  |
| Loss on equity investment in East Bay Dischargers Authority | (170,591)                    | (90,325)                     |
| Loss on disposal of capital assets                          | (6,606,751)                  | -                            |
| <b>Net Nonoperating Revenues (Expenses)</b>                 | <b><u>(3,672,805)</u></b>    | <b><u>(868,882)</u></b>      |
| (Loss) Before Contributed Capital                           | (3,914,001)                  | (2,422,511)                  |
| Connection fees and other contributed capital               | 17,896,415                   | 31,338,298                   |
| Changes in Net Position                                     | 13,982,414                   | 28,915,787                   |
| <b>Net Position:</b>  |                              |                              |
| Beginning of Fiscal Year                                    | 371,508,117                  | 351,734,929                  |
| Restatements  | (159,470)                    | (9,142,599)                  |
| Beginning of Fiscal Year, as restated                       | 371,348,647                  | 342,592,330                  |
| <b>End of Fiscal Year</b>                                   | <b><u>\$ 385,331,061</u></b> | <b><u>\$ 371,508,117</u></b> |

UNION SANITARY DISTRICT

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2019 (with comparative information for the year ended June 30, 2018)

|   | 2019                 | 2018                 |
|---|----------------------|----------------------|
| <b>Cash Flows from Operating Activities:</b>  |                      |                      |
| Receipts from customers and users   | \$ 58,828,767        | \$ 56,113,703        |
| Payments to suppliers for goods and services  | (13,694,977)         | (19,428,342)         |
| Payments to employees for services  | (25,252,321)         | (16,926,210)         |
| Receipts from customer deposits   | 143,839              | 2,087,695            |
| <b>Net Cash Provided by Operating Activities</b>  | <b>20,025,308</b>    | <b>21,846,846</b>    |
| <b>Cash Flows from Capital and Related Financing Activities:</b>  |                      |                      |
| Proceeds from capital debt  | -                    | 455,642              |
| Capital contributions   | 16,158,027           | 23,623,947           |
| Acquisition and construction of capital assets  | (8,294,413)          | (9,467,412)          |
| Principal paid on capital debt  | (2,870,006)          | (2,802,542)          |
| Interest paid on capital debt   | (1,032,098)          | (1,451,941)          |
| Proceeds from sales of capital assets   | 89,982               | -                    |
| <b>Net Cash Provided by Capital and Related Financing Activities</b>                                      | <b>4,051,492</b>     | <b>10,357,694</b>    |
| <b>Cash Flows from Investing Activities:</b>  |                      |                      |
| Purchase of investments   | (31,796,375)         | (30,294,476)         |
| Interest received   | 2,662,395            | 540,288              |
| <b>Net Cash (Used) in Investing Activities</b>  | <b>(29,133,980)</b>  | <b>(29,754,188)</b>  |
| <b>Net Increase in Cash and Cash Equivalents</b>  | <b>(5,057,180)</b>   | <b>2,450,352</b>     |
| Cash and Cash Equivalents at Beginning of Year  | 7,223,399            | 4,773,047            |
| <b>Cash and Cash Equivalents at End of Year</b>   | <b>\$ 2,166,219</b>  | <b>\$ 7,223,399</b>  |
| <b>Reconciliation of Operating Income to Net Cash (Used) by Operating Activities:</b>                     |                      |                      |
| Operating (loss)  | \$ (241,196)         | \$ (1,553,629)       |
| <b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b> |                      |                      |
| Depreciation  | 17,857,275           | 17,003,398           |
| Increase (decrease) in Pension related items  | 3,218,122            | 4,036,743            |
| Increase (decrease) in OPEB related items   | 295,117              | (193,230)            |
| (Increase) decrease in accounts receivable  | (689,911)            | 221,737              |
| (Increase) decrease in inventories and other  | (361,792)            | (14,492)             |
| Increase (decrease) in accounts payable and accrued expenses  | (162,708)            | 40,133               |
| Increase (decrease) in accrued liabilities  | (76,752)             | 114,218              |
| Increase (decrease) in customer deposits  | 143,839              | 2,087,695            |
| Increase (decrease) in compensated absences   | 43,314               | 104,273              |
| <b>Total Adjustments</b>  | <b>20,266,504</b>    | <b>23,400,475</b>    |
| <b>Net Cash Provided by Operating Activities</b>  | <b>\$ 20,025,308</b> | <b>\$ 21,846,846</b> |
| <b>Non-Cash Investing, Capital, and Financing Activities:</b>   |                      |                      |
| Contributions of capital assets   | \$ 1,738,388         | \$ 7,714,351         |
| Loss on disposal of capital assets  | (6,606,751)          | -                    |
| Decrease in equity in East Bay Dischargers Authority  | (170,591)            | (90,325)             |
| Unrealized gain on investments  | 1,439,902            | -                    |

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**Note 1: Organization and Summary of Significant Accounting Policies**

**The Organization**

Union Sanitary District (the "District") operates pursuant to Division 6 of the Health and Safety Code of the State of California (Sanitary District Act of 1923, as amended). The District, which was established in 1918 and subsequently reorganized in 1923, is empowered to own and operate wastewater facilities, and the Board of Directors may prescribe, revise and collect fees or charges for services and facilities of the District in connection with its wastewater system.

The District is governed by a five-member Board of Directors elected by wards for four-year overlapping terms. The election is at-large and non-partisan. The Board appoints the General Manager to manage and oversee the day-to-day operations.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to enterprise governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting principles. The GASB establishes standards for external financial reporting for all state and local governmental entities, which require a management and discussion and analysis section, a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows. It requires the classification of net position into three components: invested in capital assets, restricted, and unrestricted.

**The Financial Reporting Entity**

For financial reporting purposes component units are defined as legally separate organizations for which the elected officials of the primary government are financially accountable, and other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The District considered all potential component units in determining what organizations should be included in the financial statements. The District has determined that there are no component units that meet these criteria as of, and for the year ended June 30, 2019. The District includes all funds that are controlled by, or dependent upon the Board of Directors of the District.

In addition, the District's share of a Joint Powers Authority (East Bay Dischargers Authority) is reflected based upon the District's proportionate share of its investment in the discharge facilities in the Authority (see Note 5).

**a. Basis of Accounting and Measurement Focus**

The financial statements of the District are presented as those of an enterprise fund under the broad category of funds called proprietary funds, which also include internal service funds. All proprietary funds utilize the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when the liability is incurred or economic asset utilized.

**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

Enterprise funds account for business-like activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector. The acquisition and capital improvement of the physical plant facilities requires that these goods and services be financed from existing cash resources, cash flow from operations, the issuance of debt, and contributed capital.

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**b. Cash and Cash Equivalents**

The District considers all highly liquid investments, which are readily convertible into known amounts of cash and have a maturity of three months or less when acquired, to be cash equivalents. As of June 30, 2019, cash equivalents consist of U.S. Treasury funds in a sweep account and money market funds.

Certain cash and cash equivalents have been placed into escrow according to the requirements of ongoing construction contracts. Accordingly, such cash and cash equivalents have been classified as restricted in the accompanying financial statements.

**c. Investments**

Investments, which consist of short-term, fixed-income securities at June 30, 2019, are recorded at fair value using quoted market prices. The related net realized and unrealized gains (losses) on investments are recognized in the accompanying statement of revenues expenses, and changes in net position.

**d. Inventory**

Inventory is held for consumption and is recorded at cost using the first-in-first-out (FIFO) basis.

**e. Capital Assets**

Capital assets, including costs of addition to utility plant and major replacements of property, are capitalized and stated at cost. The District's capitalization threshold is \$10,000. Such capital costs include materials, direct labor, transportation, and such indirect costs as interest and contracted engineering. Contributed property is recorded at acquisition value as of the date of donation. Repairs, maintenance, and minor replacements of property are charges to expense.

**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

**f. Depreciation**

The purpose of depreciation is to spread the cost of capital assets equitably among all customers over the life of those assets. The amount charged to depreciation expense each year represents that year's pro rata share of capital asset costs.

Depreciation of all capital assets in service is charged as an expense against operations each year. Accumulated depreciation, the total amount of depreciation taken over the years, is reported on the statement of net position as a reduction in the gross value of the capital assets.

Depreciation of capital assets in service is calculated using the straight-line method, dividing the cost of the asset by its expected useful life in years. The result is charged to expense each year until the asset is fully depreciated. It is the District's policy to utilize the half-year convention when calculating depreciation. The District has assigned the following useful lives to capital assets:

Useful Lives

|                                  |                |
|----------------------------------|----------------|
| Wastewater collection facilities | 50 – 115 years |
| Wastewater treatment facilities  | 10 – 50 years  |
| District facilities              | 10 – 35 years  |
| General equipment                | 3 – 35 years   |

The aggregate provision for depreciation was 3.21 percent of average depreciable plant during the year ended June 30, 2019.

**g. Compensated Absences**

Compensated absences, including accumulated unpaid vacation, sick pay and other employee benefits, are accounted for as expenses in the year earned. The liability for compensated absences includes the vested portions of vacation, sick leave, and compensated time off. The liability for compensated absences is determined annually.

**h. New Accounting Pronouncements**

**GASB Statement No. 88 – Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements.** The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

**i. Net Position**

Net position is measured on the full accrual basis and is the excess of all the District's assets and deferred outflows over all its liabilities and deferred inflows. Net position is classified into the following components: net investment in capital assets, restricted and unrestricted. Restricted net position describes the portion of net position which is restricted as to use by the terms and conditions of agreement with outside parties, governmental regulations, laws, enabling legislation or other restrictions which the District cannot unilaterally alter. It is the District's policy to apply restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

The following categories of restricted net position are described as follows:

- Net Position Restricted for Capacity Purposes – restricted for activities related to increases in the capacity of the collection and/or treatment systems.
- Net Position Restricted for Debt Purposes – the State requires a contingency reserve for State Revolving Fund loan balances.

**j. Classification of Revenues and Expenses**

Operating revenues consist primarily of sewer service charges to customers, which are billed and collected on behalf of the District by Alameda County (the County) as a separate component of semiannual property tax billings. Property taxes are levied on March 1 and are due in equal installments on November 1 and February 1. The County remits to the District those charges which are placed on the property tax roll and handles all delinquencies, retaining interest and penalties.

Non-operating revenues consist of investment income and special charges that can be used for either operating or capital purposes.

Capital contributions consist of contributed capital assets, connection, and capacity fees that are legally restricted for capital expenditures by State law or by Board actions that established those charges. Connection and capacity fees represent a one-time contribution of resources to the District, imposed on contractors and developers for the purpose of financing capital improvements.

Operating expenses are those expenses that are essential to the primary operations of the District. Operating expenses include costs related to wastewater collection and treatment, as well as engineering and general and administrative expenses. Other expenses such as investment losses, interest expense, and loss on retirement of capital assets are reported as non-operating expenses.

**k. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

**I. Deferred Outflows/Inflows of Resources**

Deferred outflows of resources are a consumption of net position that is applicable to a future reporting period and deferred inflows of resources are an acquisition of net position that is applicable to a future reporting period. A deferred outflows of resources has a positive effect on net position, similar to assets, and a deferred inflows of resources has a negative effect on net position, similar to liabilities. The District has certain items relating to the net pension and net OPEB liabilities, which qualify for reporting as deferred outflows of resources and deferred inflows of resources.

**m. Pensions**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Miscellaneous Plan of Union Sanitary District (the "Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by California Public Employees Retirement System (CalPERS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**n. Other Post-Employment Benefit (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's plan ("OPEB Plan"), the assets of which are held by CalPERS, and additions to/deductions from the OPEB Plan's fiduciary net position have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

|                    |                                |
|--------------------|--------------------------------|
| Valuation Date     | June 30, 2017                  |
| Measurement Date   | June 30, 2018                  |
| Measurement Period | June 30, 2017 to June 30, 2018 |

**Recognition of Deferred Outflows and Deferred Inflows of Resources**

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss:

|  |   |
|--|---|
| Net difference between projected and actual earning on OPEB plan investments | 5 years   |
| All other Amounts  | Expected average remaining service lifetime (EARSL) (6.42 years at June 30, 2018) |

**UNION SANITARY DISTRICT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2019**

**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

**o. Comparative Data**

Selected information regarding the prior year has been included in the accompanying financial statements. The information included in the accompanying financial statements for the prior year has been presented for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's prior year financial statements, from which this selected financial data was derived.

**Note 2: Capital Assets**

Capital asset activity for the year ended June 30, 2019, is summarized as follows:

|   | Balance<br>June 30, 2018 | Adjustments* | Adjusted<br>Balance | Additions      | Deletions      | Transfers    | Balance<br>June 30, 2019 |
|---|--------------------------|--------------|---------------------|----------------|----------------|--------------|--------------------------|
| Capital assets, not being depreciated:      |                          |              |                     |                |                |              |                          |
| Land and improvements                       | \$ 5,395,903             | \$ -         | \$ 5,395,903        | \$ -           | \$ -           | \$ -         | \$ 5,395,903             |
| Construction in progress                    | 41,610,079               | (159,470)    | 41,450,609          | 7,012,825      | -              | (23,760,881) | 24,702,553               |
| Capacity permits and easements              | 6,415,898                | -            | 6,415,898           | -              | -              | -            | 6,415,898                |
| Total capital assets, not being depreciated | 53,421,880               | (159,470)    | 53,262,410          | 7,012,825      | -              | (23,760,881) | 36,514,354               |
| Capital assets, being depreciated:          |                          |              |                     |                |                |              |                          |
| Sewage collection facilities                | 433,976,694              | -            | 433,976,694         | 1,957,695      | (265,214)      | 7,913,207    | 443,582,382              |
| Sewage treatment facilities                 | 158,297,148              | -            | 158,297,148         | 26,616         | (31,502,953)   | 1,732,910    | 128,553,721              |
| District facilities                         | 73,534,626               | -            | 73,534,626          | 16,342         | (8,788,550)    | 14,114,764   | 78,877,182               |
| General equipment                           | 7,667,813                | -            | 7,667,813           | 333,348        | (13,536)       | -            | 7,987,625                |
| Fleet                                       | 7,255,554                | -            | 7,255,554           | 685,975        | (743,816)      | -            | 7,197,713                |
| Total capital assets, being depreciated     | 680,731,835              | -            | 680,731,835         | 3,019,976      | (41,314,069)   | 23,760,881   | 666,198,623              |
| Less accumulated depreciation for:          |                          |              |                     |                |                |              |                          |
| Sewage collection facilities                | (251,259,151)            | -            | (251,259,151)       | (9,317,127)    | 55,638         | -            | (260,520,640)            |
| Sewage treatment facilities                 | (94,110,322)             | -            | (94,110,322)        | (5,115,690)    | 25,125,823     | -            | (74,100,189)             |
| District facilities                         | (39,995,278)             | -            | (39,995,278)        | (2,379,680)    | 8,678,693      | -            | (33,696,265)             |
| General equipment                           | (5,887,319)              | -            | (5,887,319)         | (516,982)      | 13,536         | -            | (6,390,765)              |
| Fleet                                       | (4,533,443)              | -            | (4,533,443)         | (527,796)      | 743,646        | -            | (4,317,593)              |
| Total accumulated depreciation              | (395,785,513)            | -            | (395,785,513)       | (17,857,275)   | 34,617,336     | -            | (379,025,452)            |
| Total capital assets being depreciated, net | 284,946,322              | -            | 284,946,322         | (14,837,299)   | (6,696,733)    | 23,760,881   | 287,173,171              |
| Total Capital Assets, net                   | \$ 338,368,202           | \$ (159,470) | \$ 338,208,732      | \$ (7,824,474) | \$ (6,696,733) | \$ -         | \$ 323,687,525           |

Construction work in progress consists primarily of the direct construction costs associated with numerous District projects plus related construction overhead. The District has outstanding construction contract commitments on capital projects approximating \$29.9 million at June 30, 2019.

\* Adjustments to remove prior year additions to construction-in-progress (CIP). These costs have been determined not capitalizable and an adjustment was necessary to properly state capital assets.

**UNION SANITARY DISTRICT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2019**

**Note 3: Cash and Investments**

**a. Summary of Cash and Cash Equivalents and Investments**

Cash and cash equivalents and investments at June 30, 2019, are detailed as follows:

|   |                       |
|---|-----------------------|
| Cash and cash equivalents                       | \$ 2,166,219          |
| Restricted investments                          | 3,907,080             |
| Investments                                     | <u>136,142,175</u>    |
| Total cash and cash equivalents and investments | <u>\$ 142,215,474</u> |

**b. Authorized Investments by the District**

The District's investment policy and the California Government Code allow the District to invest in the following investments, with certain limiting provisions that address interest rate, risk, credit risk, and concentration of credit risk.

| Authorized Investment Type                        | Maximum Remaining Maturity | Minimum Credit Quality | Maximum Percentage of Portfolio | Maximum Investment in One Issuer |
|---|----------------------------|------------------------|---------------------------------|----------------------------------|
| U.S. Treasury Obligations                         | 5 years                    | N/A                    | None                            | None                             |
| U.S. Agency Obligations (a)                       | 5 years                    | N/A                    | None                            | None                             |
| Banker's Acceptances (b)                          | 180 days                   | A1/P1 (ST)<br>A (LT)   | 40%                             | 10%                              |
| Certificates of Deposit                           | 5 years                    | N/A                    | 20%                             | 10%                              |
| Negotiable Certificates of Deposit                | 5 years                    | A1 (ST)<br>A (LT)      | 30%                             | 10%                              |
| Repurchase Agreements (c)                         | 90 days                    | A1/A                   | 10%                             | 10%                              |
| Commercial Paper                                  | 270 days                   | "Prime" quality        | 25%                             | 10%                              |
| Local Agency Investment Fund (LAIF)               | N/A                        | N/A                    | 70%                             | None                             |
| Corporate Notes (d)                               | 5 years                    | A                      | 30%                             | None                             |
| Mortgage Pass-through and Asset Backed Securities | 5 years                    | A/AA                   | 20%                             | 10%                              |
| Money Market Funds                                | N/A                        | AAAm                   | 20%                             | 10%                              |

- a) Securities issued by agencies sponsored by the federal government such as the Federal Farm Credit Bank (FFCB), the Federal Home Loan Bank (FHLB), the Federal National Mortgage Association (FNMA), and the Federal Home Loan Mortgage Corporation (FHLMC). There is an exception with federal agency mortgage-backed securities, which are limited to 20% of the portfolio.
- b) Bankers Acceptances issued by institutions the short term obligations of which are rated at a minimum of "P1" by Moody's Investor Services (Moody's) and A1 by Standard & Poor's, Inc. (S&P); or if the short term obligations are unrated, the long-term obligations of which are rated a minimum of "A" by S&P.
- c) Repurchase agreements must be collateralized with U.S. Treasury Obligation or U.S. Agency Securities, which must maintain a market value of at least 102% of the principal of the repurchase agreement.
- d) Securities shall be issued by corporations rated a minimum of "A" by S&P.

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2019

Note 3: Cash and Investments (Continued)

c. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity as of June 30, 2019:

|   | Maturities of        |                      |                      | Total                 |
|---|----------------------|----------------------|----------------------|-----------------------|
|   | 12 Months<br>Or Less | 12 to 24<br>Months   | 25 to 60<br>Months   |                       |
| U.S. Treasury Obligations               | \$ 489,441           | \$ -                 | \$ 19,247,072        | \$ 19,736,513         |
| U.S. Agency Obligations:                |                      |                      |                      |                       |
| FFCB                                    | 1,991,840            | 997,790              | -                    | 2,989,630             |
| FHLB                                    | 999,880              | 2,997,050            | 3,330,535            | 7,327,465             |
| FHLMC                                   | 6,486,810            | 1,000,290            | -                    | 7,487,100             |
| FNMA                                    | -                    | 989,430              | -                    | 989,430               |
| Corporate Notes                         | 2,489,496            | 5,079,542            | 6,395,455            | 13,964,493            |
| Certificates of Deposit                 | 2,737,672            | 1,317,937            | 1,482,635            | 5,538,244             |
| LAIF                                    | 50,574,448           | -                    | -                    | 50,574,448            |
| Local Government Investment Pool (CAMP) | 31,441,932           | -                    | -                    | 31,441,932            |
| Total Investments                       | <u>97,211,519</u>    | <u>12,382,039</u>    | <u>30,455,697</u>    | <u>140,049,255</u>    |
| Cash in bank                            | 2,166,219            | -                    | -                    | 2,166,219             |
| Total Cash and Investments              | <u>\$ 99,377,738</u> | <u>\$ 12,382,039</u> | <u>\$ 30,455,697</u> | <u>\$ 142,215,474</u> |

d. LAIF Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF). LAIF is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The District reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based in the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills and corporations. The carrying value of LAIF approximates fair value. At June 30, 2019, these investments mature in an average of 173 days.

**UNION SANITARY DISTRICT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2019**

**Note 3: Cash and Investments (Continued)**

**e. Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Presented below is the actual rating as of June 30, 2019, for each investment type:

| Investment Type                              | Aaa                  | Aa3                 | Aa2                 | A1                  | A2                  | A3                | Baa1              | Total                 |
|--|----------------------|---------------------|---------------------|---------------------|---------------------|-------------------|-------------------|-----------------------|
| U.S. Agency Obligations                      |                      |                     |                     |                     |                     |                   |                   |                       |
| FFCB   | \$ 2,989,630         | \$ -                | \$ -                | \$ -                | \$ -                | \$ -              | \$ -              | \$ 2,989,630          |
| FHLB   | 7,327,465            | -                   | -                   | -                   | -                   | -                 | -                 | 7,327,465             |
| FHLMC  | 7,487,100            | -                   | -                   | -                   | -                   | -                 | -                 | 7,487,100             |
| FNMA   | 989,430              | -                   | -                   | -                   | -                   | -                 | -                 | 989,430               |
| Corporate Notes                              | 1,005,961            | 1,011,560           | 4,488,271           | 3,170,990           | 2,610,913           | 681,548           | 995,250           | 13,964,493            |
| Totals                                       | <u>\$ 19,799,586</u> | <u>\$ 1,011,560</u> | <u>\$ 4,488,271</u> | <u>\$ 3,170,990</u> | <u>\$ 2,610,913</u> | <u>\$ 681,548</u> | <u>\$ 995,250</u> | <u>32,758,118</u>     |
| Exempt from credit rate disclosure           |                      |                     |                     |                     |                     |                   |                   |                       |
| U.S. Treasury Obligations                    |                      |                     |                     |                     |                     |                   |                   | 19,736,513            |
| Not rated                                    |                      |                     |                     |                     |                     |                   |                   |                       |
| Certificates of deposit                      |                      |                     |                     |                     |                     |                   |                   | 5,538,244             |
| California Local Agency Investment Fund      |                      |                     |                     |                     |                     |                   |                   | 50,574,448            |
| Local Government Investment Pool (CAMP)      |                      |                     |                     |                     |                     |                   |                   | 31,441,932            |
| Cash and cash equivalents                    |                      |                     |                     |                     |                     |                   |                   | 2,166,219             |
| Total Cash, Cash Equivalents and Investments |                      |                     |                     |                     |                     |                   |                   | <u>\$ 142,215,474</u> |

**f. Concentration of Credit Risk**

Concentration of credit risk is the risk of a loss attributed to the magnitude of a government's investment in a single issuer.

As of fiscal year ended June 30, 2019, more than 5 percent of the District's investments were in FHLB, and FHLMC. These investments were 5.2 percent and 5.3 percent, respectively, of the District's total investments.

**g. Custodial Credit Risk**

**Deposits**

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy, as well as the California Government Code, requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2019, the District's total bank balance of \$3,061,857 was either collateralized or insured by the Federal Deposit Insurance Corporation (FDIC). Certificates of Deposit were also collateralized.

**UNION SANITARY DISTRICT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2019**

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**Note 3: Cash and Investments (Continued)**

Investments

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. However, the District's policy states that all security transactions entered into by the District shall be conducted on delivery-versus-payment (DVP) basis. All securities purchased or acquired shall be delivered to the District by book entry, physical delivery, or by third party custodial agreement as required by CGC Section 53601. The collateralization on repurchase and reverse repurchase agreements will adhere to the amount required under CGC Section 53601(i) (2).

**Note 4: Fair Value Measurements**

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonable available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized - Investments in the Local Agency Investment Funds/State Investment Pools (LAIF) and Local Government Investment Pools (CAMP) are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share. The District reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The District reports its investment in CAMP on an amortized cost basis. The balance of LAIF and CAMP are available for withdrawal on demand.

**UNION SANITARY DISTRICT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2019**

**Note 4: Fair Value Measurements (Continued)**

The District's fair value measurements are as follows at June 30, 2019:

| Investment Type                                | Fair Value     | Level 1<br>Inputs | Level 2<br>Inputs | Level 3<br>Inputs | Uncategorized |
|--|----------------|-------------------|-------------------|-------------------|---------------|
| U.S. Agency Obligations                        |                |                   |                   |                   |               |
| FFCB   | \$ 2,989,630   | \$ -              | \$ 2,989,630      | \$ -              | \$ -          |
| FHLB   | 7,327,465      | -                 | 7,327,465         | -                 | -             |
| FHLMC  | 7,487,100      | -                 | 7,487,100         | -                 | -             |
| FNMA   | 989,430        | -                 | 989,430           | -                 | -             |
| Corporate Notes                                | 13,964,493     | -                 | 13,964,493        | -                 | -             |
| Local Government Investment Pool (CAMP)        | 31,441,932     | -                 | -                 | -                 | 31,441,932    |
| U.S. Treasury Obligations                      | 19,736,513     | 19,736,513        | -                 | -                 | -             |
| Certificates of Deposits                       | 5,538,244      | -                 | 5,538,244         | -                 | -             |
| California Local Agency Investment Fund (LAIF) | 50,574,448     | -                 | -                 | -                 | 50,574,448    |
| Totals   | \$ 140,049,255 | \$ 19,736,513     | \$ 38,296,362     | \$ -              | \$ 82,016,380 |

**Note 5: Joint Ventures**

***Alameda County Water District Financing Authority***

The Alameda County Water District Financing Authority, a Joint Powers Authority, was established through Joint Exercise of Powers Agreement between the Alameda County Water District (ACWD) and Union Sanitary District (USD) on November 14, 2011 for the purpose of assisting in the financing and refinancing of capital improvement projects of the ACWD and to finance working capital for the ACWD. The assets, debts, liabilities, and obligations of the Authority do not constitute assets, debts, liabilities, and obligations of Union Sanitary District. The Authority is administered by the Board, which consists of one member from Union Sanitary District and five members from the Alameda County Water District.

***Investment in East Bay Dischargers Authority***

The District has an 18.7 percent interest in East Bay Discharges Authority (EBDA), a Joint Powers Authority established under the Joint Exercise of Powers Act of the State of California. As a separate legal entity, EBDA exercises full power and authority within the scope of the related Joint Powers Agreement, including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Obligations and liabilities of EBDA are not those of the District and the other participating entities.

EBDA constructed and operates an export pumping facility through which all treated wastewater in the area is discharged. The other participants (and their ownership percentages) are the City of Hayward (33 percent), the City of San Leandro (18.6 percent), and the Oro Loma and Castro Valley Sanitary Districts (collectively, 29.7 percent). The District has rights to 18.7 percent of EBDA's capacity.

**UNION SANITARY DISTRICT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2019**

**Note 5: Joint Ventures (Continued)**

EBDA is governed by a board of directors consisting of representatives from each member agency. The board controls the operations of EBDA, including selection of management and approval of operating budgets, independent of any influence by member agencies beyond their representation on the Board.

Because the District has the ability to exercise influence over operating and financial policies of the EBDA, the District's proportionate share of EBDA's net position, excluding sole use of facilities, and the District's share of its undivided ownership (18.7 percent) in EBDA's total net equity, has been recorded as an investment in EBDA accounted for under the equity method.

Summary financial information for EBDA, as of June 30, 2018, and for the years then ended, the most recent audited information available, is as follows:

|  |                      |
|--|----------------------|
|  | <u>2018</u>          |
| Total assets and deferred outflows     | \$ 34,116,452        |
| Total liabilities and deferred inflows | <u>2,995,054</u>     |
| Net position value of EBDA             | <u>\$ 31,121,398</u> |
| District's share at 18.7%              | <u>\$ 5,819,701</u>  |
| Net loss on equity investment in EBDA  | <u>\$ 170,591</u>    |

EBDA has no outstanding debt.

During fiscal year ended June 30, 2019, the District was charged \$1,231,219 by EBDA primarily for operating costs. Such costs are included in the wastewater treatment expenses by the District for financial reporting purposes.

The financial statement for EBDA may be obtained from the EBDA, 2651 Grant Avenue, San Lorenzo, California 94580-1841.

**Note 6: Long-Term Obligations**

Long-term obligations at June 30, 2019, are summarized as below:

| Direct Placements                                       | Maturity Date | Interest Rate | Balance<br>July 1, 2018 | Additions   | Retirements         | Balance<br>June 30, 2019 | Current<br>Portion  |
|---|---------------|---------------|-------------------------|-------------|---------------------|--------------------------|---------------------|
| 2003 State Revolving Fund Loan - Irvington              | 08/30/23      | 2.4%          | \$ 5,019,054            | \$ -        | \$ 787,707          | \$ 4,231,347             | \$ 806,612          |
| 2008 State Revolving Fund Loan - Willow                 | 11/16/27      | 2.4%          | 953,511                 | -           | 85,500              | 868,011                  | 87,552              |
| 2008 State Revolving Fund Loan - Newark                 | 01/26/30      | 2.7%          | 6,946,332               | -           | 497,854             | 6,448,478                | 511,296             |
| 2008 State Revolving Fund Loan - Hetch Hetchy           | 11/17/28      | 2.7%          | 1,313,713               | -           | 104,163             | 1,209,550                | 106,976             |
| 2009 State Revolving Fund Loan - Cedar Blvd.            | 02/26/30      | 2.5%          | 1,306,317               | -           | 94,691              | 1,211,626                | 97,058              |
| 2011 State Revolving Fund Loan - Primary Cl.            | 01/15/33      | 2.7%          | 7,196,031               | -           | 395,490             | 6,800,541                | 406,168             |
| 2011 State Revolving Fund Loan - Substation 1           | 02/28/32      | 2.6%          | 1,826,623               | -           | 109,835             | 1,716,788                | 112,691             |
| 2011 State Revolving Fund Loan - Boyce Rd. Lift Station | 07/31/33      | 2.6%          | 5,324,908               | -           | 272,616             | 5,052,292                | 279,704             |
| 2014 State Revolving Fund Loan - Thickner Improvement   | 03/31/37      | 2.1%          | 12,039,025              | -           | 522,150             | 11,516,875               | 533,116             |
|   |               |               | <u>\$ 41,925,514</u>    | <u>\$ -</u> | <u>\$ 2,870,006</u> | <u>\$ 39,055,508</u>     | <u>\$ 2,941,173</u> |

**Note 6: Long-Term Obligations (Continued)**

***2003 State Revolving Fund Loan – Irvington***

During 2003, the District entered into a loan agreement with the California State Water Resources Control Board in accordance with the State Revolving Fund Loan Program. As of March 26, 2004, \$14,301,057, the maximum loan amount, had been drawn. The interest rate on the loan is 2.4 percent and is payable in twenty annual installments, beginning on year after initial loan disbursement. The purpose of this loan was to finance the Irvington Equalization Storage Facilities project.

***2008 State Revolving Fund Loan – Willow***

During 2008, the District entered into a loan agreement with the California State Water Resources Control Board in accordance with the State Revolving Fund Loan Program. The interest rate on the loan is 2.4 percent and is payable in twenty annual installments, beginning one year after initial loan disbursement. The purpose of this loan was to finance the Willow/Central Avenue Sanitary Sewer Rehabilitation project. The maximum amount of this agreement is \$1,749,329 based upon projected costs to be incurred. As of June 30, 2019, \$1,710,471 has been advanced under this agreement.

***2008 State Revolving Fund Loan – Newark Pump Station***

During 2008, the District entered into a loan agreement with the California State Water Resources Control Board in accordance with the State Revolving Fund Loan Program. The interest rate on the loan is 2.7 percent and is payable in twenty annual installments, beginning in 2011. The purpose of this loan was to finance the Newark Pump Station project. The maximum amount of this agreement is \$10,283,322 based upon projected costs to be incurred. As of June 30, 2019, \$10,283,322, the maximum loan amount, has been advanced under this agreement.

***2008 State Revolving Fund Loan – Hetch Hetchy***

During 2008, the District entered into a loan agreement with the California State Water Resources Control Board in accordance with the State Revolving Fund Loan Program. The interest rate on the loan is 2.7 percent and will be payable in twenty annual installments beginning one year after initial loan disbursements. The purpose of this loan is to finance the lower Hetch Hetchy Sewer Rehabilitation project. The maximum amount of this agreement is \$2,212,432 based upon projected costs to be incurred. As of June 30, 2019, \$2,113,379 has been advanced under this agreement.

***2009 State Revolving Fund Loan – Cedar Boulevard***

During 2009, the District entered into a loan agreement with the California State Water Resources Control Board in accordance with the State Revolving Fund Loan Program. The interest rate on the loan is 2.5 percent and will be payable in twenty annual installments beginning one year after the initial loan disbursements. The purpose of this loan is to finance the Cedar Boulevard Sanitary Sewer Rehabilitation project. The maximum amount of this agreement is \$2,052,841 based upon projected costs to be incurred. As of June 30, 2019, \$1,998,384 has been advanced under this agreement.

**Note 6: Long-Term Obligations (Continued)**

***2011 State Revolving Fund Loan – Primary Clarifier***

During 2011, the District entered into a loan agreement with the California State Water Resources Control Board in accordance with the State Revolving Fund Loan Program. The interest rate on the loan is 2.7 percent and will be payable in twenty annual installments beginning one year after the initial loan disbursements. The purpose of this loan is to finance the rehabilitation of primary clarifiers (Nos. 1 through 4) at the Alvarado Wastewater Treatment Plant. The maximum amount of this agreement is \$8,821,860 based upon projected costs to be incurred. As of June 30, 2019, \$8,821,860, the maximum loan amount, has been advanced under this agreement.

***2011 State Revolving Fund Loan – Substation 1***

During 2011, the District entered into a loan agreement with the California State Water Resources Control Board in accordance with the State Revolving Fund Loan Program. The interest rate on the loan is 2.6 percent and will be payable in twenty annual installments beginning one year after the initial loan disbursements. The purpose of this loan is to finance the replacement of Substation 1 to ensure its continual operation. The maximum amount of this agreement is \$2,676,485 based upon projected costs to be incurred. As of June 30, 2019, \$2,412,908 has been advanced under this agreement.

***2011 State Revolving Fund Loan – Boyce Rd. Lift Station***

During 2011, the District entered into a loan agreement with the California State Water Resources Control Board in accordance with the State Revolving Fund Loan Program. The interest rate on the loan is 2.6 percent and will be payable in twenty annual installments beginning one year after the initial loan disbursements. The purpose of this loan is to finance the replacement of Boyce Road Lift Station to ensure its continual operation. The maximum amount of this agreement is \$6,196,671 based upon projected costs to be incurred. As of June 30, 2019, \$6,196,671, the maximum loan amount, has been advanced under this agreement.

***2014 State Revolving Fund Loan –Thickener Control Building***

During December 2013, the District entered into a loan agreement with the California State Water Resources Control Board in accordance with the State Revolving Fund Loan Program. The interest rate on the loan is 2.1 percent and will be payable in twenty annual installments beginning March 2018. The purpose of this loan is to finance the Thickener Control Building Improvements Project to ensure its continual operation. The maximum amount of this agreement is \$12,200,000 based upon projected costs to be incurred. As of June 30, 2019, \$12,200,000, the maximum loan amount, has been advanced under this agreement.

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2019

**Note 6: Long-Term Obligations (Continued)**

***Debt Service Requirements***

Future annual repayment requirements as of June 30, 2019, are as follows:

| Fiscal Year Ended<br>June 30, | Principal            | Interest            | Total                |
|-------------------------------|----------------------|---------------------|----------------------|
| 2020                          | \$ 2,941,173         | \$ 960,907          | \$ 3,902,080         |
| 2021                          | 3,014,117            | 887,963             | 3,902,080            |
| 2022                          | 3,088,884            | 813,196             | 3,902,080            |
| 2023                          | 3,165,519            | 736,560             | 3,902,079            |
| 2024                          | 3,244,071            | 658,009             | 3,902,080            |
| 2025-2029                     | 12,596,664           | 2,264,528           | 14,861,192           |
| 2030-2034                     | 8,774,500            | 799,534             | 9,574,034            |
| 2035-2037                     | 2,230,580            | 94,333              | 2,324,913            |
| Totals                        | <u>\$ 39,055,508</u> | <u>\$ 7,215,030</u> | <u>\$ 46,270,538</u> |

***Compensated Absences***

A summary of the changes in compensated absences for the year ended June 30, 2019 is as follows:

| Balance<br>July 1, 2018 | Additions    | Reductions     | Balance<br>June 30, 2019 | Due in One<br>Year |
|-------------------------|--------------|----------------|--------------------------|--------------------|
| \$ 1,006,178            | \$ 1,178,199 | \$ (1,134,885) | \$ 1,049,492             | \$ 1,049,492       |

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2019

Note 7: Pension Plan

**General Information about the Pension Plans**

***Plan Descriptions***

All qualified permanent employees are eligible to participate in the District's separate Miscellaneous Plan, agent multiple employer defined benefit pension plan administered by the California Public Employees Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at <https://www.calpers.ca.gov/page/employers/actuarial-services/employer-contributions/public-agency-actuarial-valuation-reports>.

***Benefits Provided***

CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan's provisions and benefits in effect at the measurement date, are summarized as follows:

|   | <b>Miscellaneous</b>        |                                |
|---|-----------------------------|--------------------------------|
|   | Prior to<br>January 1, 2013 | On or After<br>January 1, 2013 |
| Hire Date                                 |                             |                                |
| Benefit formula                           | 2.5% @ 55                   | 2.0% @ 62                      |
| Benefit vesting schedule                  | 5 years of service          | 5 years of service             |
| Benefit payments                          | monthly for life            | monthly for life               |
| Retirement age                            | 50+                         | 52+                            |
| Monthly benefits, as a % of annual salary | 2.0% to 2.5%                | 1.0% to 2.5%                   |
| Required employee contribution rates      | 8%                          | 6.25%                          |
| Required employer contribution rates      | 22.299%                     | 11.835%                        |

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2019

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Note 7: Pension Plan (Continued)

**Employees Covered**

As of the June 30, 2019, the following employees were covered by the benefit terms of the Plan:

|  | <u>Miscellaneous</u> |
|--|----------------------|
| Inactive employees or beneficiaries currently receiving benefits | 172                  |
| Inactive employees entitled to but not yet receiving benefits    | 68                   |
| Active employees   | 137                  |
| Totals   | <u>377</u>           |

**Contributions**

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

As of the measurement date for classic members, the average employee contribution rate was 8.0 percent of annual payroll, and the District's average rate was 22.299 percent of annual payroll. As of the measurement date for PEPRA members, the average employee contribution rate was 6.25 percent of annual payroll, and the District's average rate was 11.835 percent of annual payroll. The total contribution to the plan was \$4,221,019 for the year ended June 30, 2019.

**Net Pension Liability**

The District's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plan is measured as of June 30, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018.

A summary of principal assumptions used to determine the net pension liability is shown on the following page.

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2019

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Note 7: Pension Plan (Continued)

**Actuarial Assumptions**

The total pension liabilities in the June 30, 2017, actuarial valuation were determined using the following actuarial assumptions.

|                                  | <u>Miscellaneous</u>   |
|----------------------------------|--|
| Valuation date                   | June 30, 2017  |
| Measurement date                 | June 30, 2018  |
| Actuarial cost method            | Entry age normal cost method   |
| Actuarial assumptions:           |  |
| Discount rate                    | 7.15%  |
| Inflation                        | 2.50%  |
| Projected Salary increases       | Varies by Entry Age and Service  |
| Mortality rate table*            | Derived using CalPERS' membership data for all funds   |
| Post retirement benefit increase | Contract COLA up to 2.0% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter |

The mortality table used in the June 30, 2017 valuation was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2017 valuation were based on the results of a December 2017 actuarial experience study for the period of 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website at: <https://www.calpers.ca.gov/docs/forms-publications/calpers-experience-study-2017.pdf>

**Change in Assumptions**

In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate in 2018.

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2019

Note 7: Pension Plan (Continued)

**Discount Rate**

The discount rate used to measure the total pension liability at June 30, 2019 was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Long-term Expected Rate of Return**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The target allocation for the June 30, 2018, measurement date was as follows:

| <u>Asset Class</u>  | <u>Target Allocation</u> |                    |                                     |
|---------------------|--------------------------|--------------------|-------------------------------------|
|                     | <u>2017</u>              | <u>Years 1-10*</u> | <u>Real Return<br/>Years 11+ **</u> |
| Global Equity       | 50.0%                    | 4.80%              | 5.98%                               |
| Global Fixed Income | 28.0%                    | 1.00%              | 2.62%                               |
| Inflation Sensitive | 0.0%                     | 0.77%              | 1.81%                               |
| Private Equity      | 8.0%                     | 6.30%              | 7.23%                               |
| Real Estate         | 13.0%                    | 3.75%              | 4.93%                               |
| Liquidity           | 1.0%                     | 0.0%               | -0.92%                              |

\* An expected inflation of 2.00% used for this period.

\*\*An expected inflation of 2.92% used for this period.

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2019

Note 7: Pension Plan (Continued)

**Changes in the Net Pension Liability**

The changes in the Net Pension Liability for the District are as follows:

|   | Increase (Decrease)        |                                |                          |
|---|----------------------------|--------------------------------|--------------------------|
|   | Total Pension<br>Liability | Plan Fiduciary Net<br>Position | Net Pension<br>Liability |
| <b>Balance at June 30, 2017</b>                               | <b>\$ 141,136,606</b>      | <b>\$ 94,385,347</b>           | <b>\$ 46,751,259</b>     |
| <b>Change in the year:</b>                                    |                            |                                |                          |
| Service Cost  | 2,751,248                  | -                              | 2,751,248                |
| Interest on total pension liability                           | 9,904,222                  | -                              | 9,904,222                |
| Differences between expected and actual experience            | 810,456                    | -                              | 810,456                  |
| Changes in assumptions  | (1,225,530)                | -                              | (1,225,530)              |
| Plan to plan resource movement                                | -                          | (231)                          | 231                      |
| Contribution-employer   | -                          | 3,473,052                      | (3,473,052)              |
| Contribution-employee   | -                          | 1,296,037                      | (1,296,037)              |
| Net investment income   | -                          | 7,910,460                      | (7,910,460)              |
| Administrative Expenses                                       | -                          | (426,382)                      | 426,382                  |
| Benefit payments, including refunds of employee contributions | (7,153,133)                | (7,153,133)                    | -                        |
| <b>Net changes</b>  | <b>5,087,263</b>           | <b>5,099,803</b>               | <b>(12,540)</b>          |
| <b>Balance at June 30, 2018</b>                               | <b>\$ 146,223,869</b>      | <b>\$ 99,485,150</b>           | <b>\$ 46,738,719</b>     |

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the District for the Plan, calculated using the discount rate, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1- percentage point higher than the current rate:

|                       | Miscellaneous |
|-----------------------|---------------|
| 1% Decrease           | 6.15%         |
| Net Pension Liability | \$ 65,307,321 |
| Current Discount Rate | 7.15%         |
| Net Pension Liability | 46,738,719    |
| 1% Increase           | 8.15%         |
| Net Pension Liability | 31,249,800    |

**Pension Plan Fiduciary Net Position**

Detailed information about each pension plans' fiduciary net position is available in the separately issued CalPERS financial reports.

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2019

Note 7: Pension Plan (Continued)

***Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions***

For the year ended June 30, 2019, the District recognized pension expense of \$7,340,061. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--|-----------------------------------|----------------------------------|
| Pension contributions subsequent to measurement date                         | \$ 4,221,019                      | \$ -                             |
| Differences between actual and expected experience                           | 1,029,233                         | -                                |
| Changes in assumptions   | 3,125,081                         | (885,105)                        |
| Net differences between projected and actual earnings<br>on plan investments | 270,326                           | -                                |
| <b>Totals</b>  | <b>\$ 8,645,659</b>               | <b>\$ (885,105)</b>              |

The amount of \$4,221,019 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| Fiscal Year<br>Ended June 30, | Deferred<br>Outflows/Inflows<br>of Resources |
|-------------------------------|--|
| 2020                          | \$ 3,665,764                                 |
| 2021                          | 1,160,391                                    |
| 2022                          | (1,029,415)                                  |
| 2023                          | (257,205)                                    |
| <b>Total</b>                  | <b>\$ 3,539,535</b>                          |

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2019

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**Note 8: Other Retirement Benefits**

**a. Post-Employment Healthcare Benefit (OPEB)**

**Plan Description**

The District's defined benefit postemployment healthcare plan provides medical benefits to employees who satisfy the requirements for retirement under CalPERS (attained age 50 with five years of service or satisfaction of the requirements for a disability retirement.) The amount of the retiree's medical benefit is dependent upon both years of service with the District and the year the employee retires.

The District contracts with CalPERS to administer its retiree health benefit plan (an agent multiple-employer plan) and to provide an investment vehicle, the California Employers' Retiree Benefit Trust Fund, to prefund future OPEB costs. A menu of benefit provisions as well as other requirements is established by State statute within the Public Employees' Retirement Law. The District chooses among the menu of benefit provisions and adopts certain benefit provisions by Board resolution. CalPERS issues a separate Comprehensive Annual Financial Report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office at 400 P Street, Sacramento, California, 95814.

**Employees Covered**

As of the June 30, 2017 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

|  |            |
|--|------------|
| Active employees   | 137        |
| Inactive employees or beneficiaries currently receiving benefits | 133        |
| <b>Totals</b>  | <u>270</u> |

**Contributions**

The Plan and its contribution requirements are established by Memorandum of Understanding with the applicable employee bargaining units and may be amended by agreements between the District and the bargaining units. The annual contribution is based on the actuarially determined contribution. For the measurement date ended June 30, 2018, the District's cash contributions were \$708,037 in total payments, which were recognized as a reduction to the OPEB liability.

**Net OPEB Liability**

The District's net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017 that was used to determine the June 30, 2019 total OPEB liability, based on the following actuarial methods and assumptions:

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2019

**Note 8: Other Retirement Benefits (Continued)**

|                           |  |
|---------------------------|--|
| Actuarial funding method  | Entry age normal cost, level percent of pay  |
| Asset Valuation Method    | Market value of assets   |
| Actuarial assumptions:    |  |
| Discount rate             | 6.73%  |
| Inflation                 | 2.75%  |
| Salary increases          | 3.25% per year, used only to allocated to cost of benefits between service years   |
| Investment rate of return | 6.73%  |
| Mortality Rate*           | Derived using CalPERS' membership data for all funds   |
| Pre-Retirement Turnover** | Derived using CalPERS' membership data for all funds   |
| Healthcare Trend Rate     | Medical plan premiums are assumed to increase at somewhat higher rates than assumed in the prior valuation, with the assumed medical inflation of 7.5% and ultimate trend of 5.0% per year |

Notes:

\* Pre-retirement mortality information was derived from data collected during 1997 to 2011 CalPERS Experience Study dated January 2014 and post-retirement mortality information was derived from the 2007 to 2011 CalPERS Experience Study. The Experience Study Reports may be accessed on the CalPERS website [www.calpers.ca.gov](http://www.calpers.ca.gov) under Forms and Publications.

\*\* The pre-retirement turnover information was developed based on CalPERS' specific data. For more details, please refer to the 2007 to 2011 Experience Study Report. The Experience Study Report may be accessed on the CalPERS website [www.calpers.ca.gov](http://www.calpers.ca.gov) under Forms and Publications.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| <u>Asset Class</u>                      | <u>Target Allocation</u> | <u>Long-term expected real rate of return</u> |
|---|--------------------------|---|
| Global Equity                           | 40.00%                   | 8.71%   |
| Fixed Income                            | 39.00%                   | 5.40%   |
| Treasury Inflation Protected Securities | 10.00%                   | 5.25%   |
| REITs                                   | 8.00%                    | 10.88%  |
| Commodities                             | 3.00%                    | 7.95%   |
| <b>Total</b>                            | <b>100.00%</b>           |   |

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2019

Note 8: Other Retirement Benefits (Continued)

**Change in Assumptions**

Mortality improvements were utilized for future rates, healthcare trend increase changed from 4.5% per year to 5.0% per year. Spouse Coverage assumption is 70% for new married retirees who will cover their spouse and Participation Rate assumption changed from an assumed elect benefit of 70% and 100% to 50% and 90% for MEC only and MOU Benefit, respectively.

**Discount Rate**

The discount rate used to measure the total OPEB liability was 6.73 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Changes in the OPEB Liability**

The changes in the net OPEB liability for the Plan are as follows:

|   | Increase (Decrease)     |                                |                       |
|---|-------------------------|--------------------------------|-----------------------|
|   | Total OPEB<br>Liability | Plan Fiduciary Net<br>Position | Net OPEB<br>Liability |
| <b>Balance at June 30, 2017</b>                               | \$ 11,429,732           | \$ 5,190,080                   | \$ 6,239,652          |
| <b>Change in the year:</b>                                    |                         |                                |                       |
| Service Cost  | 388,943                 | -                              | 388,943               |
| Interest on total OPEB liability                              | 773,775                 | -                              | 773,775               |
| Expected investment income                                    | -                       | 358,335                        | (358,335)             |
| Contribution-employer   | -                       | 920,935                        | (920,935)             |
| Investment experience   | -                       | (32,143)                       | 32,143                |
| Administrative Expenses                                       | -                       | (9,654)                        | 9,654                 |
| Benefit payments, including refunds of employee contributions | (642,551)               | (642,551)                      | -                     |
| <b>Net changes</b>  | <b>520,167</b>          | <b>594,922</b>                 | <b>(74,755)</b>       |
| <b>Balance at June 30, 2018</b>                               | <b>\$ 11,949,899</b>    | <b>\$ 5,785,002</b>            | <b>\$ 6,164,897</b>   |

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the net OPEB liability of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2018:

|                    | 1% Decrease<br>(5.73%) | Current<br>Discount Rate<br>(6.73%) | 1% Increase<br>(7.73%) |
|--------------------|------------------------|-------------------------------------|------------------------|
| Net OPEB Liability | \$ 7,574,894           | \$ 6,164,897                        | \$ 4,980,335           |

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2019

Note 8: Other Retirement Benefits (Continued)

**Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates**

The following presents the net OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2018:

|                    | <b>1% Decrease</b><br>(6.00%HMO/6.50%PPO<br>decreasing to<br>3.50%HMO/3.50%PPO) | <b>Current Healthcare<br/>Cost Trend Rates</b><br>(7.00%HMO/7.50%PPO<br>decreasing to<br>4.50%HMO/4.50%PPO) | <b>1% Increase</b><br>(8.00%HMO/8.50%PPO<br>decreasing to<br>5.50%/5.50%PPO) |
|--------------------|---|---|--|
| Net OPEB Liability | \$ 5,263,440  | \$ 6,164,897  | \$ 7,474,150   |

**OPEB Plan Fiduciary Net Position**

CalPERS issues a separate Comprehensive Annual Financial Report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office at 400 P Street, Sacramento, California, 95814.

**OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB**

For the fiscal year ended June 30, 2019, the District recognized OPEB expense of \$369,961. As of fiscal year ended June 30, 2019, the District reported deferred outflows of resources related to OPEB from the following sources:

|  | <b>Deferred Outflows<br/>of Resources</b> | <b>Deferred Inflows<br/>of Resources</b> |
|--|---|--|
| OPEB contributions subsequent to measurement date                                | \$ 1,333,416                              | \$ -                                     |
| Changes of assumptions   | -   | 524,519                                  |
| Differences between expected and actual experience                               | -   | 493,573                                  |
| Net difference between projected and actual earnings<br>on OPEB plan investments | 3,907                                     | -  |
| <b>Total</b>   | <b>\$ 1,337,323</b>                       | <b>\$ 1,018,092</b>                      |

The \$1,333,416 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2018 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

| <b>Fiscal Year<br/>Ended June 30:</b> | <b>Deferred<br/>Outflows/Inflows<br/>of Resources</b> |
|---------------------------------------|---|
| 2020                                  | \$ (231,178)  |
| 2021                                  | (231,178)   |
| 2022                                  | (231,178)   |
| 2023                                  | (223,911)   |
| 2024                                  | (96,740)  |
| <b>Total</b>                          | <b>\$ (1,014,185)</b>                                 |

**UNION SANITARY DISTRICT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2019**

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**Note 8: Other Retirement Benefits (Continued)**

**b. 401(a) Plans**

The District sponsors two internal Revenue Code Section 401(a) money purchase retirement plans for unclassified employees through the ICMA Retirement Corporation. The plans were established and can be amended by Board resolution and, for certain terms, by participant agreement. Eligibility for participation in a particular plan is dependent on job classification. Within each plan, participating employees contribute the same dollar amount of \$3,000 per year for employees under the management plan, and \$1,850 for employees under the professional plan, and the District makes matching contributions on their behalf. The District and the participants each contributed a total of \$16,874 and \$16,874 to the plans for the year ended June 30, 2019.

**c. Deferred Compensation Plan**

District employees may defer a portion of their compensation under a District sponsored deferred compensation plan created in accordance with Internal Revenue Code Section 457. Under this plan, participants are not taxed on the deferred portion of their compensation until distribution. Distributions may be made only at termination, retirement, death, or, in an emergency, as defined by the plan.

The laws governing deferred compensation plan assets require plan assets to be held by a trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under these plans are not the District assets and are not subject to District control, they have been excluded from these general purpose financial statements.

**Note 9: Risk Management**

The District is a member of the California Sanitation Risk Management Authority (CSRMA). CSRMA covers general liability and workers' compensation claims. In addition, commercial insurance is purchased for excess liability, property, and employee dishonesty coverage. The District has a \$500,000 deductible for general liability coverage, and no deductible for workers' compensation coverage.

Claims and judgments, including a provision for claims incurred but not reported, are recorded when a loss is deemed probable of assertion and the amount of the loss is reasonably determinable. As discussed above, the District has coverage for such claims, but it has retained the risk for the deductible or uninsured portion of these claims. The District's liability for uninsured claims is limited to general liability claims, as discussed above. Settled claims have not exceeded coverage in any of the past three years.

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2019

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**Note 10: Commitments and Contingent Liabilities**

The District is contingently liable in connection with claims and contracts arising in the normal course of its activities. District management is of the opinion that the ultimate outcome of such matters will not have a significant effect on the financial position of the District.

The following material construction commitments existed at June 30, 2019:

| Project Name         | Total Committed Amount | Expenses to Date as of June 30, 2019 | Remaning Commitment |
|----------------------|------------------------|--------------------------------------|---------------------|
| Cogeneration Project | \$ 15,080,010          | \$ 12,260,142                        | \$ 2,819,868        |

**Note 11: Restatement of Prior Year Balances**

The various restatements of beginning net position and the reasons for each are as follows:

|   |                       |
|---|-----------------------|
| Beginning Net Position,<br>as Previously Reported | \$ 371,508,117        |
| Restatement (1)                                   | <u>(159,470)</u>      |
| Beginning Net Position,<br>as Restated            | <u>\$ 371,348,647</u> |

- (1) Beginning net position of the District was restated due to the removal of prior year additions to construction-in-progress (CIP). These costs have been determined not capitalizable and an adjustment was necessary to properly state capital assets.

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**REQUIRED SUPPLEMENTARY INFORMATION**

**Miscellaneous Plan**  
**Agent Multiple-Employer Defined Benefit Pension Plan**  
**Last 10 Years\*\***  
**Schedule of Changes in the Net Pension Liability and Related Ratios**  
**During the Measurement Period**

| Measurement Period   | 2019                  | 2018                  | 2017                  | 2016                  | 2015                  |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|  | June 30, 2018         | June 30, 2017         | June 30, 2016         | June 30, 2015         | June 30, 2014         |
| <b>Total Pension Liability</b>   |                       |                       |                       |                       |                       |
| Service Cost   | \$ 2,751,248          | \$ 2,818,370          | \$ 2,413,856          | \$ 2,285,511          | \$ 2,338,837          |
| Interest on total pension liability  | 9,904,222             | 9,548,343             | 9,157,444             | 8,707,550             | 8,205,194             |
| Differences between expected and actual experience                         | 810,456               | 900,525               | 621,331               | 1,118,325             | -                     |
| Changes in assumptions   | (1,225,530)           | 7,589,483             | -                     | (2,041,756)           | -                     |
| Benefit payments, including refunds of employee contributions              | (7,153,133)           | (6,728,358)           | (6,122,564)           | (5,472,643)           | (4,871,998)           |
| <b>Net change in total pension liability</b>                               | <b>5,087,263</b>      | <b>14,128,363</b>     | <b>6,070,067</b>      | <b>4,596,987</b>      | <b>5,672,033</b>      |
| <b>Total Pension Liability-beginning</b>                                   | <b>141,136,606</b>    | <b>127,008,243</b>    | <b>120,938,176</b>    | <b>116,341,189</b>    | <b>110,669,156</b>    |
| <b>Total Pension Liability-ending (a)</b>                                  | <b>\$ 146,223,869</b> | <b>\$ 141,136,606</b> | <b>\$ 127,008,243</b> | <b>\$ 120,938,176</b> | <b>\$ 116,341,189</b> |
| <b>Plan Fiduciary Net Position</b>   |                       |                       |                       |                       |                       |
| Contributions-employer   | \$ 3,473,052          | \$ 3,203,124          | \$ 2,770,226          | \$ 2,536,676          | \$ 2,428,874          |
| Contributions-employee   | 1,296,037             | 1,256,350             | 1,206,505             | 1,187,621             | 1,356,767             |
| Net investment income  | 7,910,460             | 9,631,126             | 490,693               | 2,002,533             | 13,223,974            |
| Benefit payments   | (7,153,133)           | (6,728,358)           | (6,122,564)           | (5,472,643)           | (4,871,998)           |
| Plan to plan resource movement   | (231)                 | -                     | -                     | (8,501)               | -                     |
| Administrative expense   | (426,382)             | (128,674)             | (54,156)              | (100,081)             | -                     |
| <b>Net change in plan fiduciary net position</b>                           | <b>5,099,803</b>      | <b>7,233,568</b>      | <b>(1,709,296)</b>    | <b>145,605</b>        | <b>12,137,617</b>     |
| <b>Plan Fiduciary Net Position-beginning</b>                               | <b>94,385,347</b>     | <b>87,151,779</b>     | <b>88,861,075</b>     | <b>88,715,470</b>     | <b>76,577,853</b>     |
| <b>Plan Fiduciary Net Position-ending (b)</b>                              | <b>\$ 99,485,150</b>  | <b>\$ 94,385,347</b>  | <b>\$ 87,151,779</b>  | <b>\$ 88,861,075</b>  | <b>\$ 88,715,470</b>  |
| <b>Net pension liability-ending (a) - (b)</b>                              | <b>\$ 46,738,719</b>  | <b>\$ 46,751,259</b>  | <b>\$ 39,856,464</b>  | <b>\$ 32,077,101</b>  | <b>\$ 27,625,719</b>  |
| Plan fiduciary net position as a percentage of the total pension liability | 68.04%                | 66.88%                | 68.62%                | 73.48%                | 76.25%                |
| Covered payroll  | \$ 15,174,379         | \$ 15,017,486         | \$ 14,229,298         | \$ 13,896,353         | \$ 13,453,476         |
| Net pension liability as a percentage of covered payroll                   | 308.01%               | 311.31%               | 280.10%               | 230.83%               | 205.34%               |

**Notes to Schedule:**

**Benefit Changes:** The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2016. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

**Changes of Assumptions:** In 2018, demographic assumptions and inflation rates were changed in accordance with the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amount reported were based on the 7.5 percent discount rate.

\*\*Historical information is required only for measurement periods for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only five years are shown.

UNION SANITARY DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2019

Miscellaneous Plan  
Agent Multiple-Employer Defined Benefit Pension Plan  
Last 10 Years\*\*  
Schedule of Plan Contributions

|   | 2019          | 2018          | 2017          | 2016          | 2015          |
|---|---------------|---------------|---------------|---------------|---------------|
| <b>Actuarial Determined Contribution</b>                            | \$ 4,221,019  | \$ 3,572,132  | \$ 3,333,889  | \$ 3,034,082  | \$ 2,973,280  |
| Contribution in relation to the Actuarially Determined Contribution | (4,221,019)   | (3,572,132)   | (3,333,889)   | (3,034,082)   | (2,973,280)   |
| Contribution Deficiency (Excess)                                    | <u>\$ -</u>   |
| Covered payroll   | \$ 17,036,713 | \$ 15,174,379 | \$ 15,017,486 | \$ 14,229,298 | \$ 13,896,353 |
| Contributions as a percentage of covered payroll                    | 24.78%        | 23.54%        | 22.20%        | 21.32%        | 21.40%        |
| <b>Notes to Schedule</b>  |               |               |               |               |               |
| Valuation date  | 6/30/2016     | 6/30/2015     | 6/30/2014     | 6/30/2013     | 6/30/2012     |

Methods and assumptions used to determine contribution rates:

|                           |  |
|---------------------------|--|
| Actuarial cost method     | Entry age normal cost method   |
| Amortization method       | Direct rate smoothing  |
| Asset valuation method    | Market Value   |
| Inflation                 | 2.75%  |
| Salary increases          | Varies by Entry Age and Service  |
| Payroll growth            | 3.00%  |
| Investment rate of return | 7.5%, net of pension plan investment expenses, including inflation.  |
| Retirement age            | The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. |

Mortality  
The probabilities of Mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using scale AA published by the Society of Actuaries.

\*\*Historical information is required only for measurement periods for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only five years are shown.

UNION SANITARY DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

|  | 2019                | 2018                |
|--|---------------------|---------------------|
| <b>Total OPEB Liability</b>  |                     |                     |
| Service cost   | \$ 388,943          | \$ 420,836          |
| Interest on the total OPEB liability   | 773,775             | 832,649             |
| Differences between expected and actual experiences                            | -                   | (716,909)           |
| Changes in assumptions   | -                   | (761,859)           |
| Benefit payments   | (642,551)           | (592,698)           |
| <b>Net change in total OPEB liability</b>                                      | <b>520,167</b>      | <b>(817,981)</b>    |
| <b>Total OPEB liability - beginning</b>  | <b>11,429,732</b>   | <b>12,247,713</b>   |
| <b>Total OPEB liability - ending (a)</b>                                       | <b>11,949,899</b>   | <b>11,429,732</b>   |
| <br>   |                     |                     |
| <b>Plan Fiduciary Net Position</b>   |                     |                     |
| Contribution - employer  | 920,935             | 767,866             |
| Net investment income  | 326,192             | 355,878             |
| Benefit payments   | (642,551)           | (592,698)           |
| Administrative expense   | (9,654)             | (2,557)             |
| <b>Net change in plan fiduciary net position</b>                               | <b>594,922</b>      | <b>528,489</b>      |
| <b>Plan fiduciary net position - beginning</b>                                 | <b>5,190,080</b>    | <b>4,661,591</b>    |
| <b>Plan fiduciary net position - ending (b)</b>                                | <b>\$ 5,785,002</b> | <b>\$ 5,190,080</b> |
| <br>   |                     |                     |
| <b>Net OPEB Liability/(Assets) - ending (a) - (b)</b>                          | <b>\$ 6,164,897</b> | <b>\$ 6,239,652</b> |
| <br>   |                     |                     |
| <b>Plan fiduciary net position as a percentage of the total OPEB liability</b> | 48.41%              | 45.41%              |
| <br>   |                     |                     |
| <b>Covered-employee payroll</b>  | \$ 16,384,101       | \$ 15,715,654       |
| <br>   |                     |                     |
| <b>Net OPEB liability as a percentage of covered-employee payroll</b>          | 37.63%              | 39.70%              |

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

UNION SANITARY DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

SCHEDULE OF CONTRIBUTIONS

|  | 2019                | 2018              |
|--|---------------------|-------------------|
| Actuarially Determined Contribution                                  | \$ 880,553          | \$ 708,037        |
| Contribution in Relation to the Actuarially Determined Contributions | (1,333,416)         | (324,982)         |
| Contribution Deficiency (Excess)                                     | <u>\$ (452,863)</u> | <u>\$ 383,055</u> |
| Covered-employee payroll   | \$ 17,245,563       | \$ 16,384,101     |
| Contributions as a percentage of covered-employee payroll            | -7.73%              | 4.32%             |

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

Notes to Schedule: N/A

\*Actuarial methods and assumptions used to set the actuarially determined contribution for Fiscal Year 2018 were from the June 30, 2016 actuarial valuation.

Methods and assumptions used to determine contributions:

|                           |   |
|---------------------------|---|
| Actuarial Cost Method     | Entry Age Normal, level percent of pay  |
| Asset Valuation Method    | Market value of assets  |
| Discount rate             | 6.73%   |
| Inflation                 | 2.75%   |
| Salary increases          | 3.25% per year, used only to allocated to cost of benefits between service years  |
| Investment rate of return | 6.73%   |
| Mortality Rate*           | Derived using CalPERS' membership data for all funds  |
| Pre-Retirement Turnover** | Derived using CalPERS' membership data for all funds  |
| Healthcare Trend Rate     | Medical plan premiums are assumed to increase at somewhat higher rates than assumed in the prior valuation, with the ultimate trend of 5.0% per year. |

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**SUPPLEMENTARY INFORMATION**

UNION SANITARY DISTRICT

SCHEDULE OF OPERATING EXPENSES BEFORE DEPRECIATION  
FOR THE YEAR ENDED JUNE 30, 2019

|  | Sewage<br>Treatment  | Sewage<br>Collection &<br>Engineering | General &<br>Administrative | Total                |
|--|----------------------|---------------------------------------|-----------------------------|----------------------|
| Salaries and wages                         | \$ 7,228,348         | \$ 7,696,667                          | \$ 2,554,929                | \$ 17,479,944        |
| Employee benefits                          | 4,569,218            | 4,851,197                             | 1,904,797                   | 11,325,212           |
| Recruitment and development                | 137,852              | 94,188                                | 228,779                     | 460,819              |
| Temporary help                             | 22,175               | 18,411                                | 5,118                       | 45,704               |
| Repairs and maintenance                    | 1,555,192            | 840,358                               | 7,781                       | 2,403,331            |
| Operating supplies                         | 2,108,018            | 223,880                               | -                           | 2,331,898            |
| Office and safety supplies                 | 179,893              | 169,018                               | 265,422                     | 614,333              |
| Insurance                                  | -                    | -                                     | 282,443                     | 282,443              |
| Contractual services                       | 895,962              | 55,182                                | -                           | 951,144              |
| Professional services                      | 707,285              | 116,441                               | 457,475                     | 1,281,201            |
| Utilities                                  | 2,141,612            | 84,520                                | 160,426                     | 2,386,558            |
| East Bay Dischargers Authority             | 1,231,219            | -                                     | -                           | 1,231,219            |
| Non-capital projects                       | 287,486              | 287,486                               | 324,287                     | 899,259              |
| Sewer Service charge<br>administrative fee | 36,115               | 36,115                                | 36,115                      | 108,345              |
| Rents/Leases                               | 55,465               | 45,724                                | -                           | 101,189              |
| <b>Total</b>                               | <b>\$ 21,155,840</b> | <b>\$ 14,519,187</b>                  | <b>\$ 6,227,572</b>         | <b>\$ 41,902,599</b> |

**UNION SANITARY DISTRICT**

**SCHEDULE OF INSURANCE COVERAGE  
FOR THE YEAR ENDED JUNE 30, 2019**

---

The District's insurance policies and coverages in effect at June 30, 2019, are as follows:

|  |    |                             |
|--|----|-----------------------------|
| General liability (pooled liability program)                   |    |                             |
| Bodily injury, property damage, and personal injury            | \$ | 25,500,000                  |
| Public entity errors and omissions and other related practices |    | 25,500,000                  |
| Employment related practices                                   |    | 25,500,000                  |
|  |    |                             |
|  |    | <b><u>Insured Value</u></b> |
| Auto physical damage (primary insurance program)               | \$ | 4,022,870                   |
| Workers' Compensation  |    | 1,750,000                   |
| Group Health and Life  |    | Contract                    |
| Employee Disability and Salary Continuance                     |    | Contract                    |
|  |    |                             |
| Property insurance, all property                               | \$ | 261,820,601                 |
| Accounts receivable  |    | No sublimit                 |
|  |    |                             |
| Employee Dishonesty Bond Coverages:                            |    |                             |
| Public Employee Dishonesty Bond                                | \$ | 2,000,000                   |
| Forgery and alteration   |    | 2,000,000                   |
| Computer Fraud   |    | 2,000,000                   |

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# Statistical Section



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The Statistical Section of Union Sanitary District’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District’s overall financial health.

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**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**UNION SANITARY DISTRICT**

Changes in Net Position and Statement of Net Position by Component  
Last Ten Years

|   | <b>2010</b>          | <b>2011</b>          | <b>2012</b>          | <b>Fiscal Year<br/>2013</b> | <b>2014</b>          | <b>2015</b>          | <b>2016</b>          | <b>2017</b>          | <b>2018</b>          | <b>2019</b>          |
|---|----------------------|----------------------|----------------------|-----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Changes in Net Position</b>                  |                      |                      |                      |                             |                      |                      |                      |                      |                      |                      |
| Operating Revenues                              |                      |                      |                      |                             |                      |                      |                      |                      |                      |                      |
| Sewer Service Charges                           | \$37,217,073         | \$38,486,824         | \$40,630,578         | \$42,339,311                | \$45,139,420         | \$48,379,254         | \$50,112,564         | \$52,384,709         | \$54,260,096         | \$57,330,651         |
| Other Operating Revenues                        | 968,475              | 987,948              | 1,027,357            | 1,163,802                   | 1,370,017            | 1,581,031            | 1,791,782            | 2,154,364            | 1,631,870            | 2,188,027            |
| Total Operating Revenues                        | <u>38,185,548</u>    | <u>39,474,772</u>    | <u>41,657,935</u>    | <u>43,503,113</u>           | <u>46,509,437</u>    | <u>49,960,285</u>    | <u>51,904,346</u>    | <u>54,539,073</u>    | <u>55,891,966</u>    | <u>59,518,678</u>    |
| Operating Expenses                              |                      |                      |                      |                             |                      |                      |                      |                      |                      |                      |
| Treatment                                       | 13,995,781           | 14,342,352           | 14,255,266           | 16,088,929                  | 15,410,523           | 14,956,369           | 15,464,775           | 16,964,901           | 18,657,355           | 21,155,840           |
| Collection and Engineering                      | 9,338,919            | 10,532,692           | 9,712,645            | 11,954,345                  | 10,869,755           | 10,763,530           | 11,296,680           | 12,101,081           | 14,173,382           | 14,519,187           |
| General and Administration                      | 5,322,085            | 5,574,251            | 5,951,818            | 6,111,468                   | 6,634,688            | 6,910,857            | 6,848,244            | 6,844,559            | 7,611,460            | 6,227,572            |
| Total Operating Expenses Before Depr.           | <u>28,656,785</u>    | <u>30,449,295</u>    | <u>29,919,729</u>    | <u>34,154,742</u>           | <u>32,914,966</u>    | <u>32,630,756</u>    | <u>33,609,699</u>    | <u>35,910,541</u>    | <u>40,442,197</u>    | <u>41,902,599</u>    |
| Depreciation                                    | 16,243,535           | 16,323,858           | 16,790,277           | 16,776,307                  | 17,219,109           | 17,899,765           | 17,379,112           | 17,036,880           | 17,003,398           | 17,857,275           |
| Total Operating Expenses                        | <u>44,900,320</u>    | <u>46,773,153</u>    | <u>46,710,006</u>    | <u>50,931,049</u>           | <u>50,134,075</u>    | <u>50,530,521</u>    | <u>50,988,811</u>    | <u>52,947,421</u>    | <u>57,445,595</u>    | <u>59,759,874</u>    |
| Operating Loss                                  | <u>(6,714,772)</u>   | <u>(7,298,381)</u>   | <u>(5,052,071)</u>   | <u>(7,427,936)</u>          | <u>(3,624,638)</u>   | <u>(570,236)</u>     | <u>915,535</u>       | <u>1,591,652</u>     | <u>(1,553,629)</u>   | <u>(241,196)</u>     |
| Non-operating Revenues (Expenses)               |                      |                      |                      |                             |                      |                      |                      |                      |                      |                      |
| Investment Income                               | 349,012              | 274,328              | 248,337              | 178,690                     | 180,041              | 160,790              | 496,439              | 482,342              | 700,856              | 4,097,258            |
| Interest Expense                                | (867,781)            | (1,114,313)          | (858,162)            | (1,138,677)                 | (1,106,609)          | (971,695)            | (916,968)            | (860,316)            | (1,479,413)          | (992,721)            |
| Loss on Retirement of Utility in Capital Assets | (95,110)             | (751,601)            | (127,430)            | (1,479,254)                 | (796,735)            | (1,165,160)          | (30,472)             | (432,674)            | 0                    | (6,606,751)          |
| Gain (loss) on Equity Investment in EBDA        | (76,498)             | (95,011)             | (100,827)            | (89,170)                    | (92,180)             | (86,652)             | (160,540)            | (52,458)             | (90,325)             | (170,591)            |
| Other Non-operating Expenses                    | 0                    | 0                    | 0                    | 0                           | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    |
| Net Non-operating Revenues                      | <u>(690,377)</u>     | <u>(1,686,597)</u>   | <u>(838,082)</u>     | <u>(2,528,411)</u>          | <u>(1,815,483)</u>   | <u>(2,062,717)</u>   | <u>(611,541)</u>     | <u>(863,106)</u>     | <u>(868,882)</u>     | <u>(3,672,805)</u>   |
| 56 Loss Before Contributions                    | <u>(7,405,149)</u>   | <u>(8,984,978)</u>   | <u>(5,890,153)</u>   | <u>(9,956,347)</u>          | <u>(5,440,121)</u>   | <u>(2,632,953)</u>   | <u>303,994</u>       | <u>728,546</u>       | <u>(2,422,511)</u>   | <u>(3,914,001)</u>   |
| Connection Fees and Other Contrib. Capital      | 3,196,347            | 7,850,769            | 4,386,772            | 7,072,821                   | 4,201,932            | 9,595,219            | 9,096,373            | 16,560,652           | 31,338,298           | 17,896,415           |
| Change in Net Position                          | <u>(4,208,802)</u>   | <u>(1,134,209)</u>   | <u>(1,503,381)</u>   | <u>(2,883,526)</u>          | <u>(1,238,189)</u>   | <u>6,962,266</u>     | <u>9,400,367</u>     | <u>17,289,198</u>    | <u>28,915,787</u>    | <u>13,982,414</u>    |
| Net Position, Beginning of Year                 | 360,713,640          | 356,504,838          | 355,370,629          | 353,867,248                 | 350,983,722          | 349,745,533          | 325,045,364          | 334,445,731          | 351,734,929          | 371,508,117          |
| Prior period adjustment                         | 0                    | 0                    | 0                    | 0                           | 0                    | (31,662,435)         | 0                    | 0                    | (9,142,599)          | (159,470)            |
| Net Position, End of Year                       | <u>\$356,504,838</u> | <u>\$355,370,629</u> | <u>\$353,867,248</u> | <u>\$350,983,722</u>        | <u>\$349,745,533</u> | <u>\$325,045,364</u> | <u>\$334,445,731</u> | <u>\$351,734,929</u> | <u>\$371,508,117</u> | <u>\$385,331,061</u> |
| <b>Statement of Net Position by Component</b>   |                      |                      |                      |                             |                      |                      |                      |                      |                      |                      |
| Net investment in capital assets                | \$302,407,235        | \$300,489,831        | \$296,939,157        | \$294,393,392               | \$299,269,526        | \$297,462,404        | \$295,355,262        | \$294,906,308        | \$296,442,688        | \$284,632,017        |
| Restricted                                      | 14,840,623           | 16,877,836           | 19,346,378           | 20,297,820                  | 17,622,778           | 19,808,500           | 25,075,327           | 34,360,257           | 55,373,688           | 69,264,549           |
| Unrestricted                                    | 39,256,980           | 38,002,962           | 37,581,713           | 36,292,510                  | 32,853,229           | 7,774,460            | 14,015,142           | 22,468,364           | 19,691,741           | 31,434,495           |
| Restricted-Retiree medical benefit plan         | 0                    | 0                    | 0                    | 0                           | 0                    | 0                    | 0                    | 0                    | 0                    | 0                    |
| Unrestricted                                    | <u>0</u>             | <u>0</u>             | <u>0</u>             | <u>0</u>                    | <u>0</u>             | <u>0</u>             | <u>0</u>             | <u>0</u>             | <u>0</u>             | <u>0</u>             |
| Total USD net position                          | <u>\$356,504,838</u> | <u>\$355,370,629</u> | <u>\$353,867,248</u> | <u>\$350,983,722</u>        | <u>\$349,745,533</u> | <u>\$325,045,364</u> | <u>\$334,445,731</u> | <u>\$351,734,929</u> | <u>\$371,508,117</u> | <u>\$385,331,061</u> |

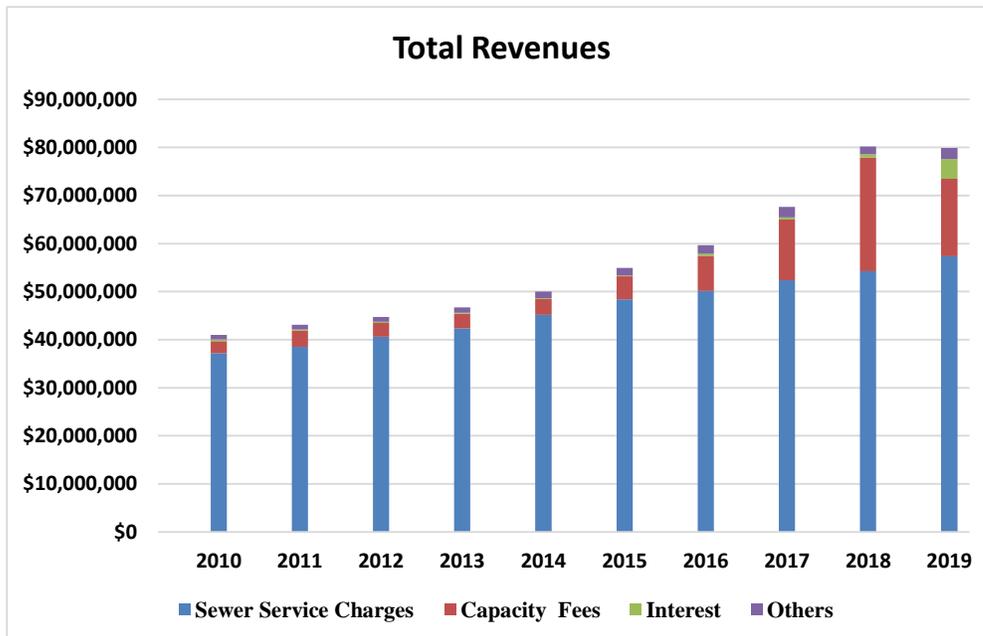
\*Non-CIP Project Cost Adjustments

## UNION SANITARY DISTRICT

### District-Wide Revenues and Other Financing Sources

| <u>Fiscal Year</u> | <u>Sewer Service Charges</u> | <u>Capacity Fees</u> | <u>Interest</u> | <u>Others*</u> | <u>Total Revenues</u> |
|--------------------|------------------------------|----------------------|-----------------|----------------|-----------------------|
| 2019               | \$57,330,651                 | \$16,158,027         | \$4,097,258     | \$2,188,027    | \$79,773,963          |
| 2018               | 54,260,096                   | 23,623,947           | 700,856         | 1,631,870      | 80,216,769            |
| 2017               | 52,384,709                   | 12,595,637           | 482,342         | 2,154,364      | 67,617,052            |
| 2016               | 50,112,564                   | 7,233,338            | 496,439         | 1,791,782      | 59,634,123            |
| 2015               | 48,379,254                   | 4,820,637            | 160,790         | 1,581,031      | 54,941,712            |
| 2014               | 45,139,420                   | 3,315,007            | 180,071         | 1,370,017      | 50,004,515            |
| 2013               | 42,339,311                   | 3,062,836            | 178,690         | 1,163,802      | 46,744,639            |
| 2012               | 40,630,578                   | 2,848,488            | 248,337         | 1,027,357      | 44,754,760            |
| 2011               | 38,486,824                   | 3,381,963            | 274,328         | 987,948        | 43,131,063            |
| 2010               | 37,217,073                   | 2,467,083            | 349,012         | 968,475        | 41,001,643            |

\*Others includes inspection fees, permits, external work orders, discounts, and misc.

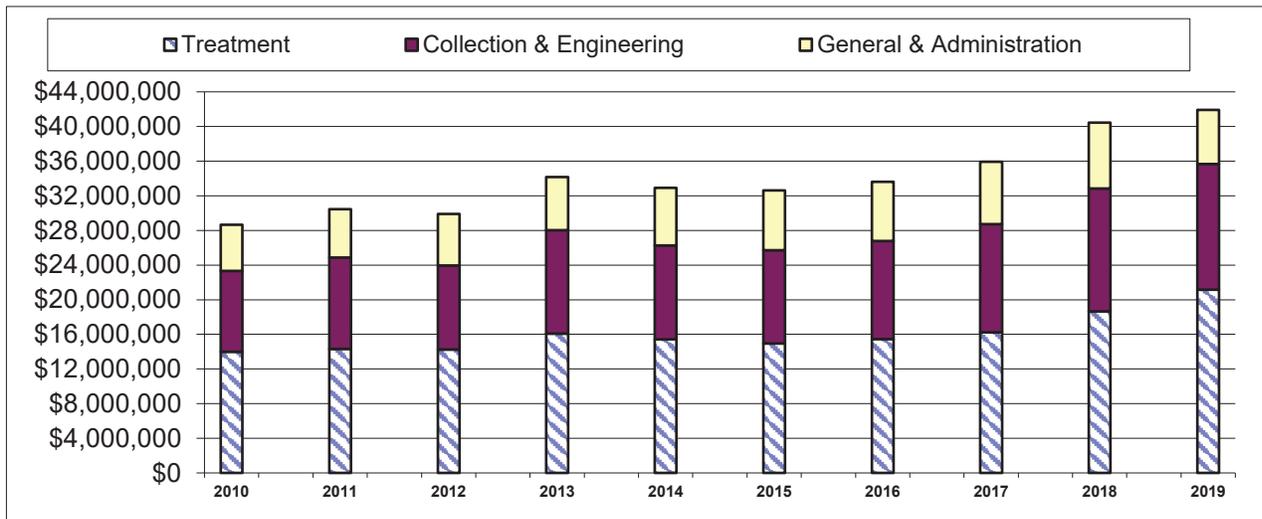


The District's main source of revenue is sewer service charges, which are collected on behalf of the District by Alameda County, on the tax rolls as part of the Teeter Plan.

## UNION SANITARY DISTRICT

### Operating Expenses By Major Function

| <u>Fiscal Year</u> | <u>Treatment</u> | <u>Collection &amp; Engineering</u> | <u>General &amp; Administration</u> | <u>Total Operating Expenses</u> |
|--------------------|------------------|-------------------------------------|-------------------------------------|---------------------------------|
| 2019               | \$21,155,840     | \$14,519,186                        | \$6,227,572                         | \$41,902,599                    |
| 2018               | 18,657,355       | 14,173,382                          | 7,611,460                           | 40,442,197                      |
| 2017               | 16,252,881       | 12,462,391                          | 7,195,269                           | 35,910,541                      |
| 2016               | 15,464,775       | 11,296,680                          | 6,848,244                           | 33,609,699                      |
| 2015               | 14,956,369       | 10,763,530                          | 6,910,857                           | 32,630,756                      |
| 2014               | 15,410,523       | 10,869,755                          | 6,634,688                           | 32,914,966                      |
| 2013               | 16,088,929       | 11,954,345                          | 6,111,468                           | 34,154,742                      |
| 2012               | 14,255,266       | 9,712,645                           | 5,951,818                           | 29,919,729                      |
| 2011               | 14,342,352       | 10,532,692                          | 5,574,251                           | 30,449,295                      |
| 2010               | 13,995,781       | 9,338,919                           | 5,322,085                           | 28,656,785                      |



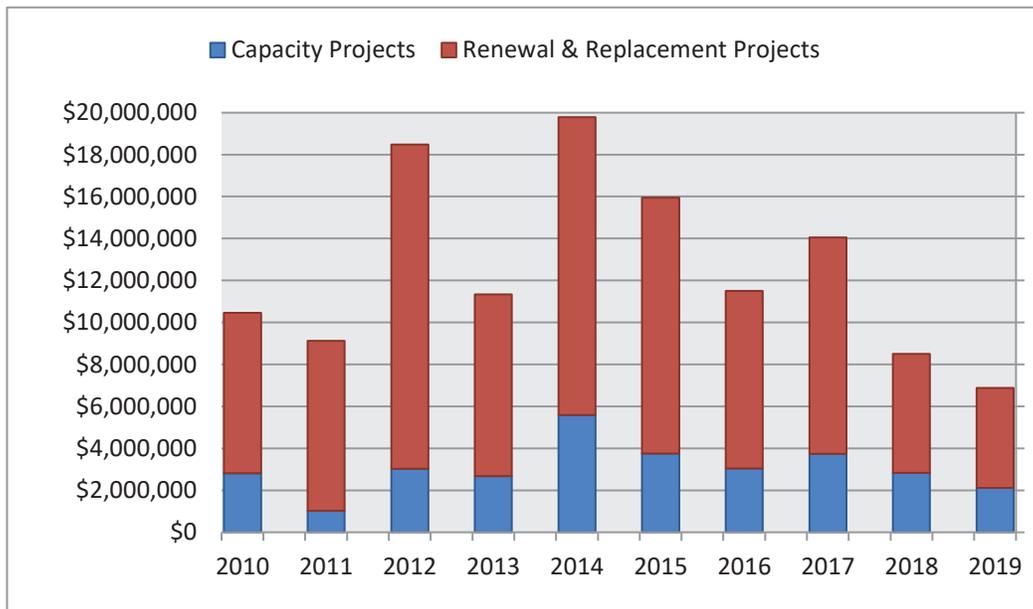
Operating expenses are the day-to-day expenses to run the District, including labor, benefits, chemicals, utilities, parts and materials, and other supplies. Depreciation, a non-cash operating expense, is not included here. Capital expenditures are not included in operating expenses.

General & Administration includes Business Services, Information System Renewal and Replacement, and retiree medical benefits.

# UNION SANITARY DISTRICT

## Capital Expenditures

| <u>Fiscal Year</u> | <u>Capacity Projects</u> | <u>Renewal &amp; Replacement Projects</u> | <u>Total Capital Expenditures</u> |
|--------------------|--------------------------|---|-----------------------------------|
| 2019               | \$2,116,500              | \$4,763,583                               | \$6,880,082 *                     |
| 2018               | 2,828,376                | 5,666,366                                 | 8,494,742                         |
| 2017               | 3,734,780                | 10,310,989                                | 14,045,769                        |
| 2016               | 3,037,012                | 8,466,899                                 | 11,503,911                        |
| 2015               | 3,755,472                | 12,194,927                                | 15,950,399                        |
| 2014               | 5,592,023                | 14,195,068                                | 19,787,091                        |
| 2013               | 2,673,173                | 8,663,485                                 | 11,336,658                        |
| 2012               | 3,032,556                | 15,453,790                                | 18,486,346                        |
| 2011               | 1,030,689                | 8,099,110                                 | 9,129,799                         |
| 2010               | 2,809,723                | 7,641,018                                 | 10,450,741                        |



Capacity projects provide new or expanded facilities (equipment, processes, buildings, pipelines, etc.) to accommodate increased wastewater flows or to provide reliability in the collection, treatment and disposal systems.

Structural renewal & replacement projects provide rehabilitation, replacement, or upgrade of existing facilities to prolong the useful life of the assets and to maintain the current service level of the facilities.

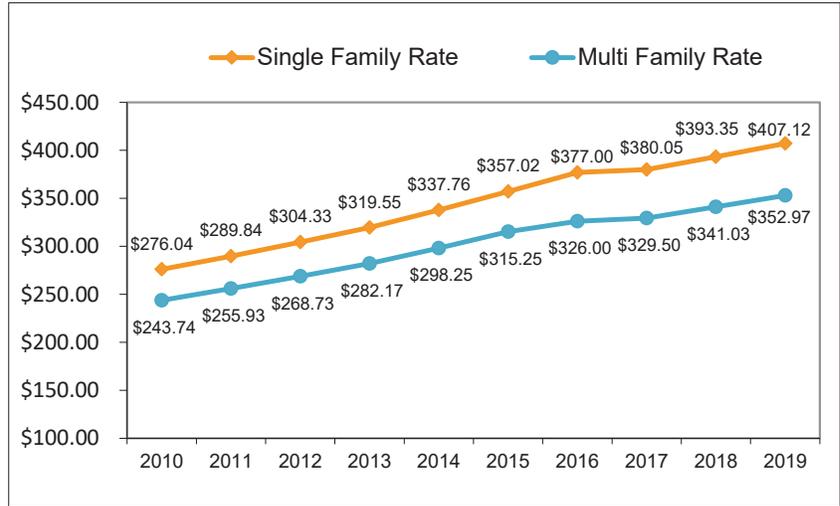
\*Does not include Self Generation Incentive Program (SGIP) credit of \$286,167 for the Co-generation project.

UNION SANITARY DISTRICT

**Current and Historical Fees**  
As of June 30, 2019  
Last Ten Years

**Sewer Service Charge Rates**

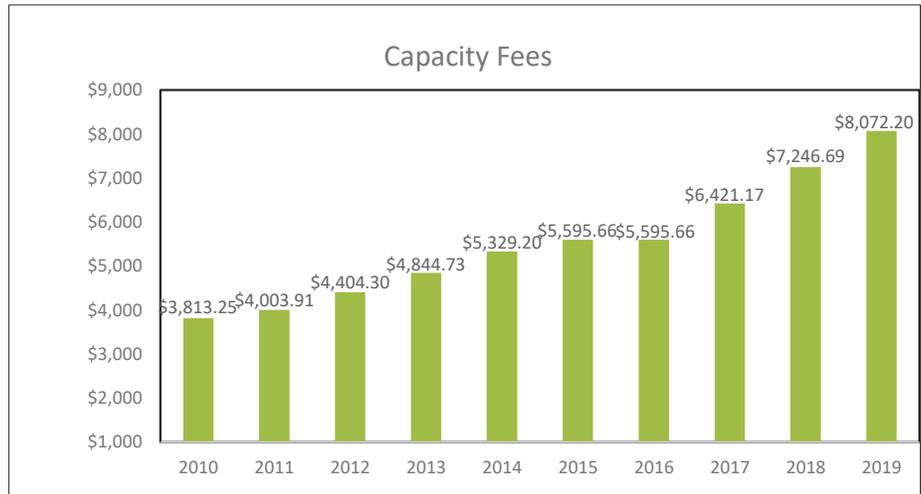
|      | Single Family Rate | Multi - Family Rate | Single Family Rate Percentage Change |
|------|--------------------|---------------------|--------------------------------------|
| 2019 | \$407.12           | \$352.97            | 3.5%                                 |
| 2018 | 393.35             | 341.03              | 3.5%                                 |
| 2017 | 380.05             | 329.50              | 1.0%                                 |
| 2016 | 377.00             | 326.00              | 5.6%                                 |
| 2015 | 357.02             | 315.25              | 5.7%                                 |
| 2014 | 337.76             | 298.25              | 5.7%                                 |
| 2013 | 319.55             | 282.17              | 5.0%                                 |
| 2012 | 304.33             | 268.73              | 5.0%                                 |
| 2011 | 289.84             | 255.93              | 5.0%                                 |
| 2010 | 276.04             | 243.74              | 6.5%                                 |



The fees above are for residential units. A property with multiple housing units such as an apartment complex is charged \$352.97 for each dwelling unit on the property. Fees for commercial and industrial customers are based on the volume and strength of the wastewater being treated.

**Capacity Fee Rates**

|      | Capacity Fee | Percentage Change |
|------|--------------|-------------------|
| 2019 | \$8,072.20   | 11.4%             |
| 2018 | 7,246.69     | 12.9%             |
| 2017 | 6,421.17     | 14.8%             |
| 2016 | 5,595.66     | 0.0%              |
| 2015 | 5,595.66     | 5.0%              |
| 2014 | 5,329.20     | 10.0%             |
| 2013 | 4,844.73     | 10.0%             |
| 2012 | 4,404.30     | 10.0%             |
| 2011 | 4,003.91     | 5.0%              |
| 2010 | 3,813.25     | 5.0%              |



The capacity fees shown are per dwelling unit. Other categories such as restaurants, warehouses, and mixed-use commercial facilities are based on square footage and other factors as per the Capacity Fee Ordinance.

**UNION SANITARY DISTRICT**  
**Ten Principal Industrial Rate Payers by Levy**  
**June 30, 2019**

| Rate Payer                        | 2018-19              |      |                            | Rate Payer                        | 2017-18              |      |                            | Rate Payer                        | 2016-17              |      |                            |
|-----------------------------------|----------------------|------|----------------------------|-----------------------------------|----------------------|------|----------------------------|-----------------------------------|----------------------|------|----------------------------|
|                                   | Total Annual Billing | Rank | % of Total Annual Billings |                                   | Total Annual Billing | Rank | % of Total Annual Billings |                                   | Total Annual Billing | Rank | % of Total Annual Billings |
| Tesla                             | \$1,228,862          | 1    | 2.14%                      | Tesla                             | \$817,848            | 1    | 1.51%                      | Tesla                             | \$1,141,868          | 1    | 2.18%                      |
| Washington Hospital               | 221,799              | 2    | 0.39%                      | Western Digital                   | 141,806              | 2    | 0.26%                      | Washington Hospital               | 206,132              | 2    | 0.39%                      |
| U S Pipe                          | 216,296              | 3    | 0.38%                      | Solar City                        | 172,276              | 3    | 0.32%                      | Western Digital                   | 176,435              | 3    | 0.34%                      |
| Western Digital                   | 174,219              | 4    | 0.30%                      | U S Pipe                          | 135,774              | 4    | 0.25%                      | Ranch 99/Warm Springs Shc         | 161,772              | 4    | 0.31%                      |
| Ranch 99/Warm Springs Shopping    | 157,421              | 5    | 0.27%                      | Seagate Magnetics                 | 156,718              | 5    | 0.29%                      | Marriott Hotel                    | 142,229              | 5    | 0.27%                      |
| Ranch 99/Newark                   | 152,401              | 6    | 0.27%                      | Lam Research                      | 122,934              | 6    | 0.23%                      | Ranch 99/Newark                   | 133,807              | 6    | 0.26%                      |
| Marriott Hotel                    | 141,572              | 7    | 0.25%                      | Washington Hospital               | 173,057              | 7    | 0.32%                      | U S Pipe                          | 130,685              | 7    | 0.25%                      |
| Union Square Shopping Center      | 138,482              | 8    | 0.24%                      | Kaiser Hospital                   | 106,337              | 8    | 0.20%                      | Kaiser Hospital                   | 125,907              | 8    | 0.24%                      |
| Lam Research                      | 125,330              | 9    | 0.22%                      | Boehringer Ingeheim               | 87,678               | 9    | 0.16%                      | Gateway Plaza                     | 124,269              | 9    | 0.24%                      |
| Gateway Plaza Shopping Center     | 125,202              | 10   | 0.22%                      | Seagate Technology #3             | 69,384               | 10   | 0.13%                      | Pacific Commons (Area 4-As)       | 119,920              | 10   | 0.23%                      |
| Total annual billing largest ten: | <u>\$2,681,584</u>   |      | <u>4.68%</u>               | Total annual billing largest ten: | <u>\$1,983,813</u>   |      | <u>3.66%</u>               | Total annual billing largest ten: | <u>\$2,463,022</u>   |      | <u>4.70%</u>               |
| Total ALL annual billings         | <u>\$57,330,651</u>  |      |                            | Total ALL annual billings         | <u>\$54,260,096</u>  |      |                            | Total ALL annual billings         | <u>\$52,384,709</u>  |      |                            |

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| Rate Payer                        | 2015-16              |      |                            | Rate Payer                        | 2014-15              |      |                            | Rate Payer                        | 2013-14              |      |                            |
|-----------------------------------|----------------------|------|----------------------------|-----------------------------------|----------------------|------|----------------------------|-----------------------------------|----------------------|------|----------------------------|
|                                   | Total Annual Billing | Rank | % of Total Annual Billings |                                   | Total Annual Billing | Rank | % of Total Annual Billings |                                   | Total Annual Billing | Rank | % of Total Annual Billings |
| Tesla                             | \$469,466            | 1    | 0.94%                      | Tesla                             | \$324,934            | 1    | 0.67%                      | Western Digital                   | \$260,023            | 1    | 0.58%                      |
| Western Digital                   | 218,616              | 2    | 0.44%                      | Western Digital                   | 235,844              | 2    | 0.49%                      | Washington Hospital               | 148,743              | 2    | 0.33%                      |
| Seagate Technology #3             | 152,100              | 3    | 0.30%                      | Washington Hospital               | 153,645              | 3    | 0.32%                      | Seagate Technology                | 140,016              | 3    | 0.31%                      |
| Washington Hospital               | 147,910              | 4    | 0.30%                      | Seagate Technology                | 116,332              | 4    | 0.24%                      | Tesla                             | 137,788              | 4    | 0.31%                      |
| U S Pipe                          | 123,218              | 5    | 0.25%                      | Lido Faire Shopping Center        | 114,536              | 5    | 0.24%                      | Ranch 99 Warm Springs Sh          | 112,329              | 5    | 0.25%                      |
| Marriott Hotel                    | 119,716              | 6    | 0.24%                      | Pacific Commons (Kohls/Old Nav    | 113,472              | 6    | 0.23%                      | Gateway Plaza                     | 101,416              | 6    | 0.22%                      |
| Kaiser Hospital                   | 118,369              | 7    | 0.24%                      | Pacific Commons (Area 4-Asian F   | 108,292              | 7    | 0.22%                      | Kaiser Hospital                   | 99,174               | 7    | 0.22%                      |
| Ranch 99/Warm Springs Shopping    | 115,458              | 8    | 0.23%                      | Ranch 99/Warm Springs Shoppin     | 108,163              | 8    | 0.22%                      | Pacific Commons (Area 4)          | 99,159               | 8    | 0.22%                      |
| Pacific Commons (Area 4-Asian P   | 112,498              | 9    | 0.22%                      | Full Bloom                        | 105,805              | 9    | 0.22%                      | The Benton in Fremont             | 96,037               | 9    | 0.21%                      |
| Pacific Commons (Kohls/Old Navy   | 108,357              | 10   | 0.22%                      | Kaiser Hospital                   | 102,771              | 10   | 0.21%                      | Pacific Commons (Kohls/Old        | 90,880               | 10   | 0.20%                      |
| Total annual billing largest ten: | <u>\$1,685,708</u>   |      | <u>3.36%</u>               | Total annual billing largest ten: | <u>\$1,483,794</u>   |      | <u>3.07%</u>               | Total annual billing largest ten: | <u>\$1,285,565</u>   |      | <u>2.85%</u>               |
| Total ALL annual billings         | <u>\$50,112,564</u>  |      |                            | Total ALL annual billings         | <u>\$48,379,254</u>  |      |                            | Total ALL annual billings         | <u>\$45,139,420</u>  |      |                            |

**UNION SANITARY DISTRICT**  
**Ten Principal Industrial Rate Payers by Levy (continued)**  
**June 30, 2019**

| Rate Payer                        | 2012-13              |      |                            | Rate Payer                        | 2011-12              |      |                            | Rate Payer                        | 2010-11              |      |                            |
|-----------------------------------|----------------------|------|----------------------------|-----------------------------------|----------------------|------|----------------------------|-----------------------------------|----------------------|------|----------------------------|
|                                   | Total Annual Billing | Rank | % of Total Annual Billings |                                   | Total Annual Billing | Rank | % of Total Annual Billings |                                   | Total Annual Billing | Rank | % of Total Annual Billings |
| Western Digital                   | \$216,919            | 1    | 0.51%                      | Western Digital                   | \$269,619            | 1    | 0.66%                      | NUMMI                             | \$391,105            | 1    | 1.02%                      |
| Seagate Technology                | 114,131              | 2    | 0.27%                      | Solyndra                          | 210,366              | 2    | 0.52%                      | Western Digital                   | 215,190              | 2    | 0.56%                      |
| Washington Hospital               | 105,407              | 3    | 0.25%                      | NUMMI/Tesla                       | 148,978              | 3    | 0.37%                      | Washington Hospital               | 136,804              | 3    | 0.36%                      |
| Pacific Commons (Kohls/Old Navy)  | 95,188               | 4    | 0.22%                      | Evergreen Oil                     | 133,925              | 4    | 0.33%                      | Evergreen Oil                     | 124,684              | 4    | 0.32%                      |
| Ranch 99 Warms Springs Shoppir    | 90,954               | 5    | 0.21%                      | Washington Hospital               | 112,361              | 5    | 0.28%                      | Solyndra                          | 120,712              | 5    | 0.31%                      |
| The Benton in Fremont             | 90,859               | 6    | 0.21%                      | Caravan Trading Co. & Bakery      | 103,048              | 6    | 0.25%                      | Full Bloom                        | 109,681              | 6    | 0.28%                      |
| U S Pipe                          | 90,780               | 7    | 0.21%                      | The Benton in Fremont             | 86,531               | 7    | 0.21%                      | The Benton in Fremont             | 82,409               | 7    | 0.21%                      |
| Solyndra                          | 89,164               | 8    | 0.21%                      | Kaiser Hospital                   | 84,813               | 8    | 0.21%                      | Seagate Technology                | 82,333               | 8    | 0.21%                      |
| Lam Research                      | 88,904               | 9    | 0.21%                      | Gateway Plaza                     | 81,681               | 9    | 0.20%                      | Kaiser Hospital                   | 78,993               | 9    | 0.21%                      |
| Kaiser Hospital                   | 83,879               | 10   | 0.20%                      | U S Pipe                          | 76,091               | 10   | 0.19%                      | Amgen                             | 75,741               | 10   | 0.20%                      |
| Total annual billing largest ten: | <u>\$1,066,186</u>   |      | <u>2.52%</u>               | Total annual billing largest ten: | <u>\$1,307,413</u>   |      | <u>3.22%</u>               | Total annual billing largest ten: | <u>\$1,417,652</u>   |      | <u>3.68%</u>               |
| Total ALL annual billings         | <u>\$42,339,311</u>  |      |                            | Total ALL annual billings         | <u>\$40,630,578</u>  |      |                            | Total ALL annual billings         | <u>\$38,486,824</u>  |      |                            |

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| Rate Payer                        | 2009-10              |      |                            |
|-----------------------------------|----------------------|------|----------------------------|
|                                   | Total Annual Billing | Rank | % of Total Annual Billings |
| NUMMI                             | \$549,041            | 1    | 1.48%                      |
| Western Digital                   | 227,410              | 2    | 0.61%                      |
| Evergreen Oil                     | 136,078              | 3    | 0.37%                      |
| Washington Hospital               | 128,056              | 4    | 0.34%                      |
| Full Bloom                        | 122,577              | 5    | 0.33%                      |
| The Benton in Fremont             | 78,484               | 6    | 0.21%                      |
| The Tropics Trailer Park          | 77,194               | 7    | 0.21%                      |
| Solyndra                          | 73,694               | 8    | 0.20%                      |
| Lam Research                      | 73,316               | 9    | 0.20%                      |
| Union Square                      | 71,960               | 10   | 0.19%                      |
| Total annual billing largest ten: | <u>\$1,537,810</u>   |      | <u>4.13%</u>               |
| Total ALL annual billings         | <u>\$37,217,073</u>  |      |                            |

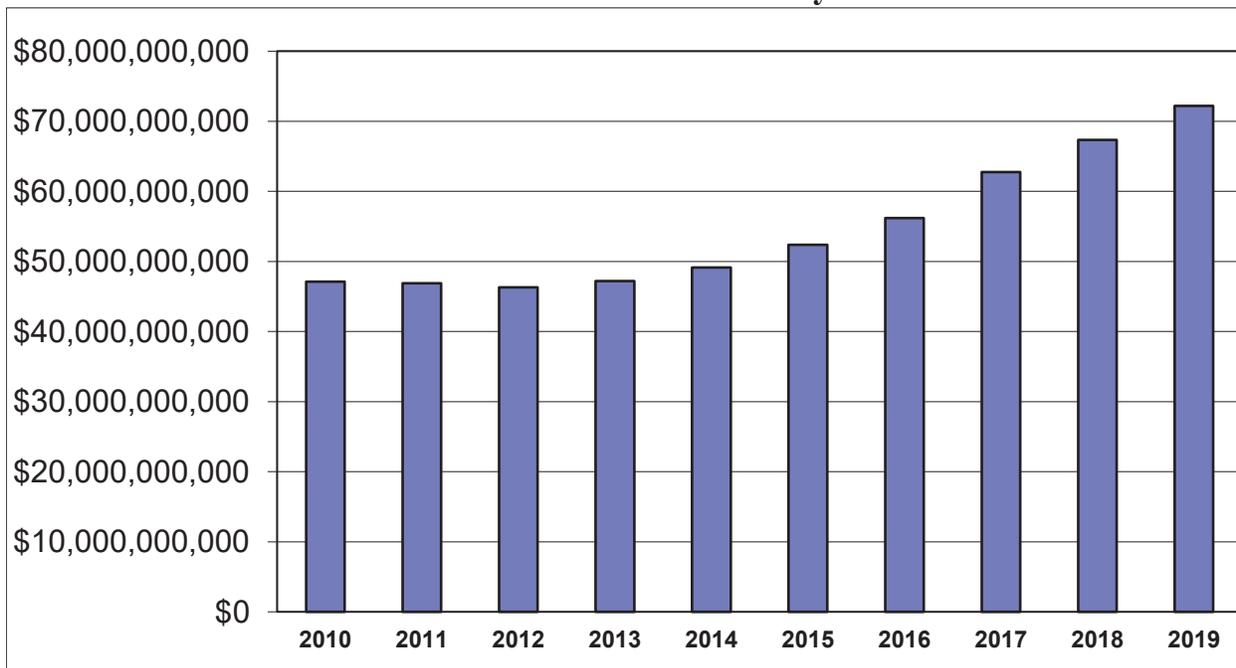
## UNION SANITARY DISTRICT

### Fiscal Year Assessed Valuation for All Properties in the Tri-City Area

Valuation of taxable property within Union Sanitary District

| Fiscal Year | Assessed Values  | % Change |
|-------------|------------------|----------|
| 2019        | \$72,179,061,738 | 7.21%    |
| 2018        | 67,322,355,237   | 7.29%    |
| 2017        | 62,748,855,394   | 11.69%   |
| 2016        | 56,180,082,061   | 7.25%    |
| 2015        | 52,380,183,178   | 6.64%    |
| 2014        | 49,120,298,326   | 4.06%    |
| 2013        | 47,205,182,529   | 1.95%    |
| 2012        | 46,301,581,317   | -1.22%   |
| 2011        | 46,871,083,762   | -0.54%   |
| 2010        | 47,125,012,456   | -1.57%   |

**Assessed Valuation for Tri-City Area**



Includes property in Fremont, Newark, and Union City.

**UNION SANITARY DISTRICT**

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

| <u>Fiscal Year</u> | <u>Use Permit (1)</u> | <u>State Revolving Fund Loans</u> | <u>Principal Total</u> | <u># of Parcels</u> | <u>Total Debt/ Parcel</u> |
|--------------------|-----------------------|-----------------------------------|------------------------|---------------------|---------------------------|
| 2019               | \$0                   | \$39,055,508                      | \$39,055,508           | 97,870              | \$399                     |
| 2018               | 0                     | 41,925,514                        | 41,925,514             | 97,183              | 431                       |
| 2017               | 0                     | 44,272,413                        | 44,272,413             | 95,997              | 461                       |
| 2016               | 0                     | 43,070,909                        | 43,070,909             | 95,254              | 452                       |
| 2015               | 0                     | 41,861,476                        | 41,861,476             | 94,768              | 442                       |
| 2014               | 0                     | 39,488,115                        | 39,488,115             | 94,877              | 416                       |
| 2013               | 0                     | 40,648,328                        | 40,648,328             | 94,640              | 430                       |
| 2012               | 0                     | 39,630,289                        | 39,630,289             | 94,351              | 420                       |
| 2011               | 471,698               | 31,985,449                        | 32,457,147             | 94,231              | 344                       |
| 2010               | 916,696               | 33,594,457                        | 34,511,153             | 93,962              | 367                       |

(1) Union City Use Permit to increase capacity to maximum of 38 mg/d

## UNION SANITARY DISTRICT

### Pledged Revenue Coverage Last Ten Fiscal Years

| Fiscal<br>Year | Gross<br>Revenues <sup>(1)</sup> | Operating<br>Expenses <sup>(2)</sup> | Net Revenue<br>Available<br>for Debt Service | Debt Service<br>Requirements | Debt<br>Coverage<br>% <sup>(3)</sup> |
|----------------|----------------------------------|--------------------------------------|--|------------------------------|--------------------------------------|
| 2019           | \$79,773,963                     | \$41,902,599                         | \$37,871,364                                 | \$3,902,080                  | 971%                                 |
| 2018           | 80,216,769                       | 40,442,197                           | 39,774,572                                   | 3,902,080                    | 1019%                                |
| 2017           | 67,617,052                       | 35,910,541                           | 31,706,511                                   | 3,127,110                    | 1014%                                |
| 2016           | 59,634,122                       | 33,609,699                           | 26,024,423                                   | 3,127,110                    | 832%                                 |
| 2015           | 54,941,712                       | 32,630,756                           | 22,310,956                                   | 3,127,110                    | 713%                                 |
| 2014           | 50,004,485                       | 32,914,966                           | 17,089,519                                   | 4,086,647                    | 418%                                 |
| 2013           | 46,744,639                       | 34,154,742                           | 12,589,897                                   | 4,429,320                    | 284%                                 |
| 2012           | 44,754,760                       | 29,919,730                           | 14,835,030                                   | 4,429,320                    | 335%                                 |
| 2011           | 43,131,063                       | 30,449,295                           | 12,681,768                                   | 3,584,000                    | 354%                                 |
| 2010           | 41,001,643                       | 28,656,785                           | 12,344,858                                   | 3,476,933                    | 355%                                 |

(1) Includes sewer service charges, connection fees, other operating revenues, and interest.

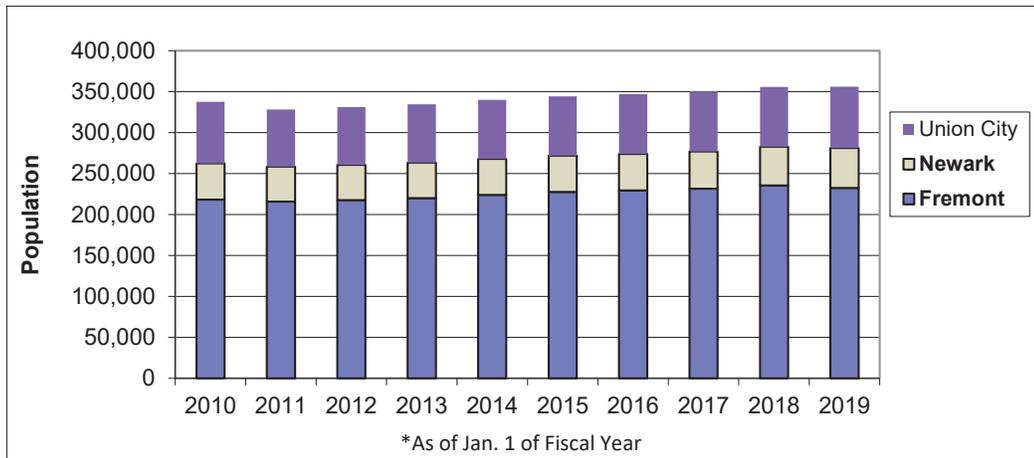
(2) Excludes depreciation; operating expenses do not include capital project expenditures.

(3) According to the District's Debt Management Policy, the targeted minimum debt service coverage ratio is 130%, which is higher than the standard 120% typically used to secure revenue bonds.

**UNION SANITARY DISTRICT**

Demographics  
Population of Service Area Served\*

|                | 2010           | 2011           | 2012           | 2013           | 2014           | 2015           | 2016           | 2017           | 2018           | 2019           |
|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Fremont        | 218,128        | 215,711        | 217,700        | 219,926        | 223,972        | 227,582        | 229,324        | 231,664        | 235,439        | 232,532        |
| Newark         | 44,380         | 42,764         | 43,041         | 43,342         | 43,856         | 44,284         | 44,733         | 45,422         | 47,467         | 48,712         |
| Union City     | 75,054         | 69,850         | 70,646         | 71,329         | 72,155         | 72,412         | 72,952         | 73,452         | 72,991         | 74,916         |
| <b>Total</b>   | <b>337,562</b> | <b>328,325</b> | <b>331,387</b> | <b>334,597</b> | <b>339,983</b> | <b>344,278</b> | <b>347,009</b> | <b>350,538</b> | <b>355,897</b> | <b>356,160</b> |
| Total % Change | 1.17%          | -2.74%         | 0.93%          | 0.97%          | 1.61%          | 1.26%          | 0.79%          | 1.02%          | 1.53%          | 0.07%          |



## UNION SANITARY DISTRICT

### Demographics Per Capita Income and Unemployment Rate (Calendar Year)

|              | <b>Per Capita Income</b> | <b>Unemployment Rate</b> |
|--------------|--------------------------|--------------------------|
| 2018 Fremont | \$49,740                 | 2.7%                     |
| Newark       | N/A                      | 2.9%                     |
| Union City   | \$71,282                 | 2.9%                     |
| 2017 Fremont | \$49,740                 | 2.7%                     |
| Newark       | \$32,301                 | 2.9%                     |
| Union City   | \$68,519                 | 3.4%                     |
| 2016 Fremont | \$46,899                 | 3.3%                     |
| Newark       | \$31,358                 | 3.6%                     |
| Union City   | \$65,884                 | 4.3%                     |
| 2015 Fremont | \$43,563                 | 3.7%                     |
| Newark       | \$31,043                 | 4.1%                     |
| Union City   | \$62,926                 | 4.4%                     |
| 2014 Fremont | \$40,562                 | 4.5%                     |
| Newark       | \$30,572                 | 5.0%                     |
| Union City   | \$58,175                 | 5.9%                     |
| 2013 Fremont | \$43,504                 | 5.7%                     |
| Newark       | \$29,390                 | 5.3%                     |
| Union City   | \$56,365                 | 7.4%                     |
| 2012 Fremont | \$38,095                 | 6.9%                     |
| Newark       | \$28,683                 | 6.5%                     |
| Union City   | \$55,224                 | 9.0%                     |

| County   | Income Category      | Number of Persons in Household |        |        |               |        |        |        |        |
|--|----------------------|--------------------------------|--------|--------|---------------|--------|--------|--------|--------|
|  |                      | 1                              | 2      | 3      | 4             | 5      | 6      | 7      | 8      |
| <b>Alameda County</b><br><br>Area Median Income:<br><b>\$111,700</b> | Extremely Low        | 26050                          | 29750  | 33450  | 37150         | 40150  | 43100  | 46100  | 49050  |
|  | Very Low Income      | 43400                          | 49600  | 55800  | 61950         | 66950  | 71900  | 76850  | 81800  |
|  | Low Income           | 69000                          | 78850  | 88700  | 98550         | 106450 | 114350 | 122250 | 130100 |
|  | <b>Median Income</b> | 78200                          | 89350  | 100550 | <b>111700</b> | 120650 | 129550 | 138500 | 147450 |
|  | Moderate Income      | 93850                          | 107250 | 120650 | 134050        | 144750 | 155500 | 166200 | 176950 |

Sources: CAFR Reports - Fremont, Newark, Union City; Employment Development Department State of California Department of Housing and Community Development ([www.hcd.ca.gov](http://www.hcd.ca.gov)).

## UNION SANITARY DISTRICT

### Demographics Major Employers in District Service Area

| Employer Name                     | Type of Business                     | Percent of Total Employees as of fiscal year ended June 30,* |       |       |       |       |       |       |       |       |       |  |
|-----------------------------------|--------------------------------------|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|--|
|                                   |                                      | 2019   | 2018  | 2017  | 2016  | 2015  | 2014  | 2013  | 2012  | 2011  | 2010  |  |
| <b>Fremont</b>                    |                                      |  |       |       |       |       |       |       |       |       |       |  |
| Tesla                             | Auto Manufacturer                    | N/A  | 3.17% | 3.12% | 3.12% | 2.68% | 2.75% | 2.81% | 1.45% | N/A   | N/A   |  |
| Fremont Unified School District   | Education                            | N/A  | 2.67% | 2.61% | 2.47% | 2.38% | 2.75% | 2.81% | 2.90% | 3.27% | 3.02% |  |
| Washington Hospital               | Healthcare                           | N/A  | 2.72% | 2.68% | 2.68% | 2.68% | 2.75% | 1.70% | 1.76% | 1.98% | 1.81% |  |
| Western Digital                   | Hard Drives and Electronics          | N/A  | 2.72% | 2.68% | 2.68% | 2.68% | 2.75% | 1.22% | 1.26% | 1.20% | 1.81% |  |
| Lam Research                      | Technology                           | N/A  | 2.72% | 2.68% | 2.68% | 2.68% | 2.75% | 1.41% | 1.45% | 1.00% | 0.96% |  |
| <b>Newark</b>                     |                                      |  |       |       |       |       |       |       |       |       |       |  |
| Newark Unified School District    | Education                            | N/A  | 3.70% | 4.00% | 4.20% | 3.10% | 3.20% | 3.30% | 3.40% | 3.40% | 3.40% |  |
| Logitech                          | Computer Accessories                 | N/A  | 2.40% | 2.70% | 3.00% | 3.00% | 3.10% | 3.20% | 3.00% | N/A   | N/A   |  |
| Risk Management Solutions         | Catastrophe Risk Management          | N/A  | 1.20% | 1.20% | 1.40% | 1.20% | 1.20% | 1.30% | 1.30% | 1.30% | 1.30% |  |
| VM Services Inc                   | Technology                           | N/A  | 1.10% | 1.10% | 1.00% | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   |  |
| WorldPac                          | Wholesale Distributor                | N/A  | 0.90% | 0.90% | 0.90% | N/A   | N/A   | N/A   | N/A   | 1.40% | N/A   |  |
| <b>Union City</b>                 |                                      |  |       |       |       |       |       |       |       |       |       |  |
| New Haven Unified School District | Education                            | N/A  | 3.19% | 3.30% | 3.10% | 3.01% | 3.01% | 3.07% | 3.22% | 3.69% | 3.76% |  |
| Southern Glazer's Wine & Spirits  | Beverages                            | N/A  | 2.00% | 2.06% | 3.67% | 3.44% | 3.44% | 3.54% | 3.71% | 1.13% | 1.16% |  |
| Wal Mart                          | Retailer                             | N/A  | 1.43% | 1.10% | 1.20% | 2.34% | 2.34% | 2.40% | 2.52% | 1.62% | 1.65% |  |
| Masonic Home for Adults           | Continuing Care Retirement Community | N/A  | 1.33% | 1.26% | N/A   |  |
| Abaxis, Inc.                      | Biotech                              | N/A  | 1.07% | 1.10% | 1.20% | 1.11% | 1.11% | 1.14% | 1.19% | N/A   | N/A   |  |

\* Some employers report as of December 31.

N/A = More statistics will be added as the data becomes available.

**UNION SANITARY DISTRICT**

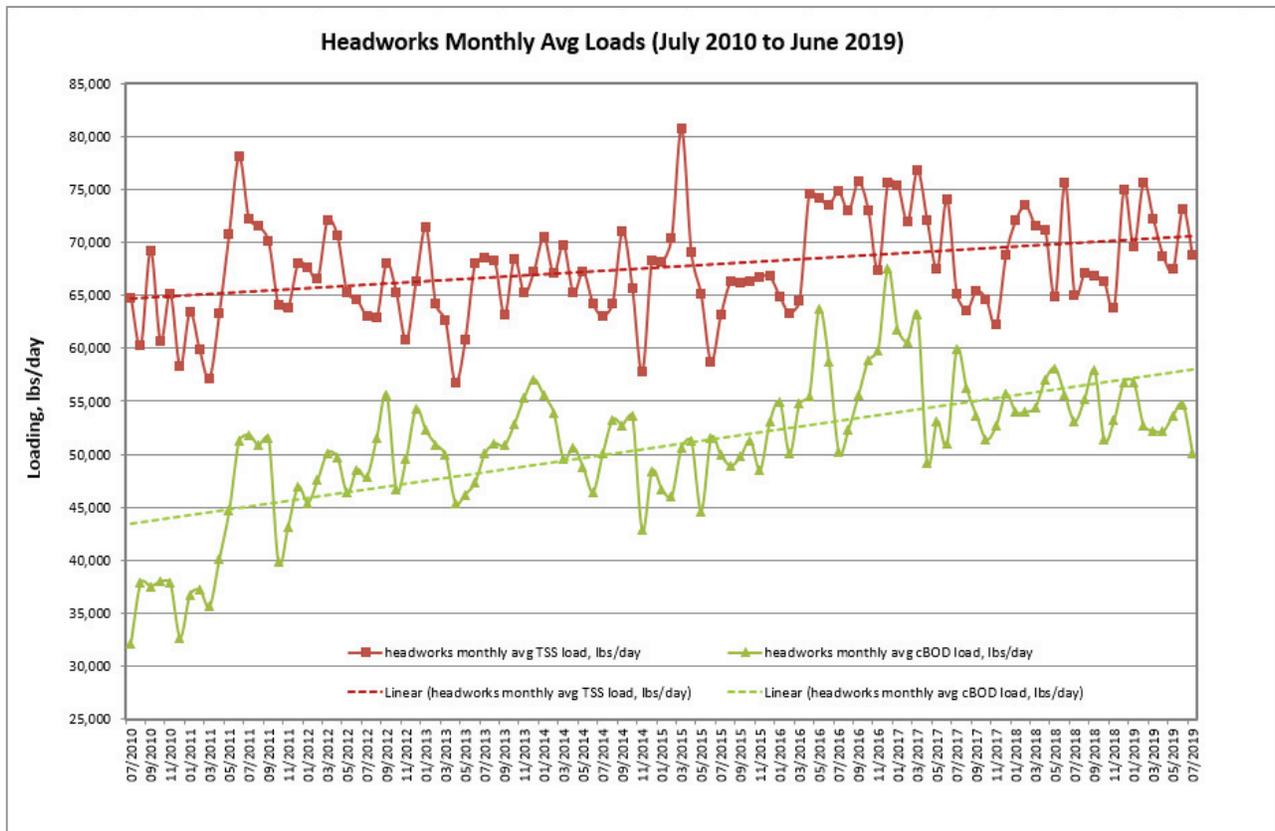
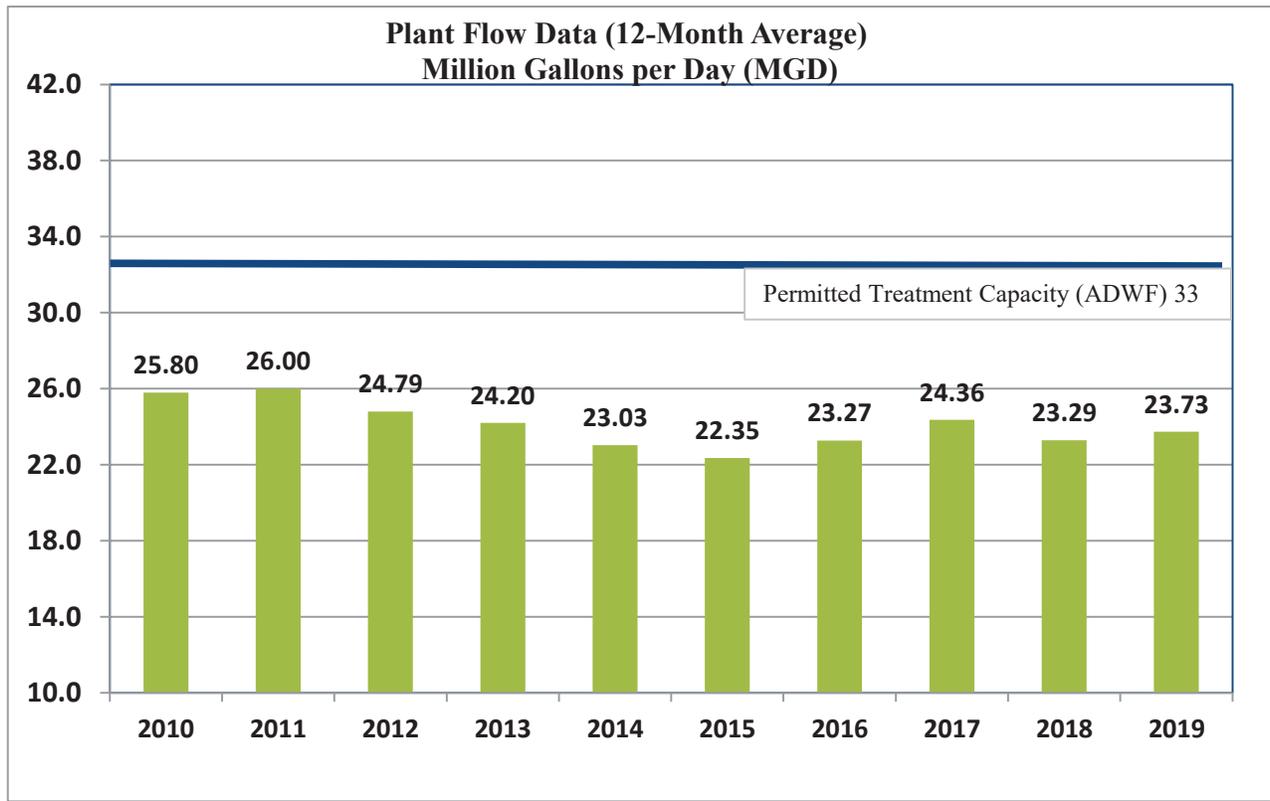
Full-time Equivalent District Employees by Function/Program  
Last Ten Fiscal Years

| Function/Program  | 2019          | 2018          | 2017          | 2016          | 2015          | 2014          | 2013          | 2012         | 2011         | 2010         |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|--------------|
| System operations and maintenance (CS Support, FMC, T&D, Warehouse) | 54.45         | 55.45         | 52.45         | 53.45         | 53.45         | 50.45         | 51.45         | 13.45        | 11.45        | 8.45         |
| Engineering and construction (CIP)                                  | 9.00          | 8.00          | 9.00          | 10.00         | 8.00          | 8.00          | 7.00          | 8.00         | 8.00         | 6.00         |
| Collections System Maintenance (CS)                                 | 25.00         | 25.00         | 25.00         | 25.00         | 23.00         | 23.00         | 24.00         | 22.00        | 22.00        | 22.00        |
| Office of the General Manager (GM)                                  | 2.00          | 2.00          | 2.00          | 2.00          | 3.00          | 1.00          | 2.00          | 3.00         | 2.00         | 2.00         |
| Finance (FIST)  | 6.00          | 5.00          | 3.00          | 5.00          | 5.00          | 5.00          | 5.00          | 5.00         | 5.00         | 5.00         |
| Information systems (IT)  | 5.00          | 5.00          | 5.00          | 5.00          | 5.00          | 5.00          | 5.00          | 5.00         | 4.00         | 5.00         |
| Administration department (Adm Specialist, MMT, non-HR OST)         | 12.00         | 13.00         | 13.00         | 14.00         | 13.00         | 14.00         | 15.00         | 14.00        | 16.00        | 15.00        |
| Customer and community services (Rest of TS)                        | 21.00         | 21.00         | 20.00         | 20.00         | 18.00         | 19.00         | 19.00         | 19.00        | 19.00        | 19.00        |
| Human resources (HR)  | 2.00          | 2.00          | 2.00          | 2.00          | 3.00          | 3.00          | 3.00          | 3.00         | 3.00         | 3.00         |
| <b>Total # of Employees</b>   | <b>136.45</b> | <b>136.45</b> | <b>131.45</b> | <b>136.45</b> | <b>131.45</b> | <b>128.45</b> | <b>131.45</b> | <b>92.45</b> | <b>90.45</b> | <b>85.45</b> |
| Average years of service of employees as of 6/30/19:                | 10.20         | 10.41         | 10.60         | 10.54         | 11.25         | 11.97         | 11.70         | 17.28        | 17.01        | 17.23        |

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- CIP = Capital Improvements Projects Team
- FAST = Finance & Acquisition Services Team
- FIST = Finance & Internal Support Team
- FMC = Fabrication, Maintenance and Construction
- MMT = Materials Management Team
- OST = Organizational Support Team
- T&D = Treatment & Disposal Work Group
- TS = Technical Services Work Group

**UNION SANITARY DISTRICT**  
 Operating Indicators by Function/Program  
 Average Daily Flow



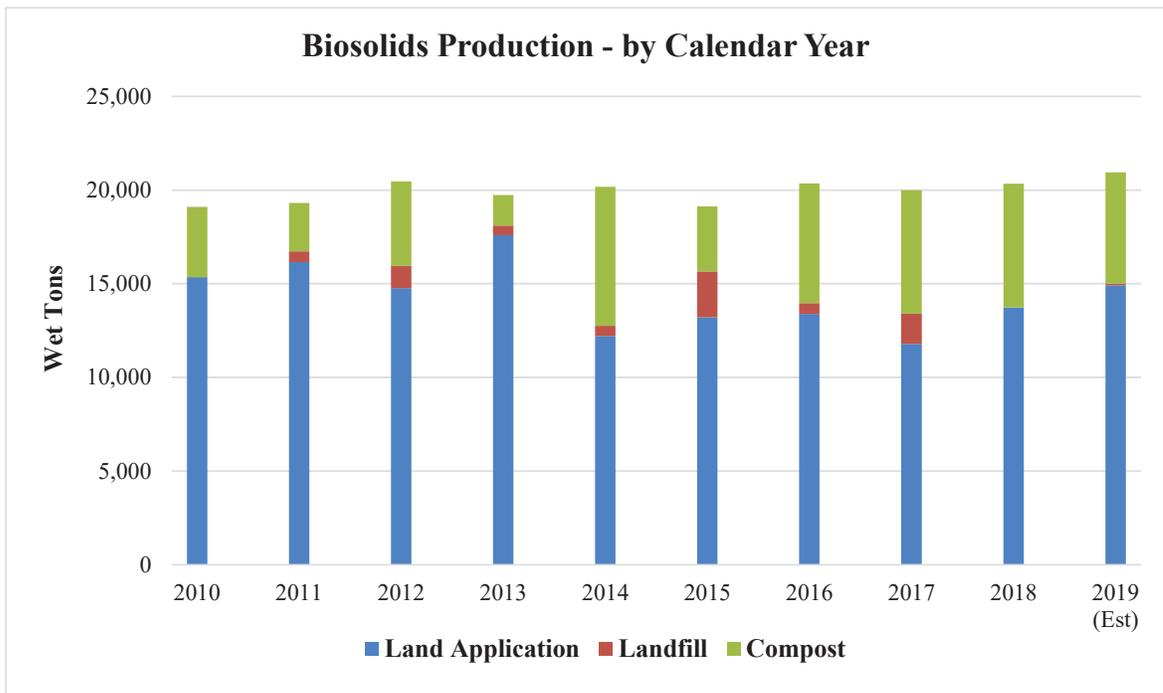
**UNION SANITARY DISTRICT**

Operating Indicators - Biosolids  
Last Ten Calendar Years

**Function/Program**

**Biosolids**

|                            | <u>2010</u>   | <u>2011</u>   | <u>2012</u>   | <u>2013</u>   | <u>2014</u>   | <u>2015</u>   | <u>2016</u>   | <u>2017</u>   | <u>2018</u>   | <u>2019</u><br>(Est) |
|----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------------|
| Land Application           | 15,348        | 16,160        | 14,770        | 17,597        | 12,212        | 13,212        | 13,395        | 11,784        | 13,733        | 14,914               |
| Landfill                   | 0             | 571           | 1,187         | 501           | 545           | 2,450         | 563           | 1,624         | 0             | 95                   |
| Compost                    | 3,751         | 2,585         | 4,501         | 1,642         | 7,414         | 3,470         | 6,399         | 6,584         | 6,615         | 5,937                |
| <b>Total (in Wet Tons)</b> | <b>19,099</b> | <b>19,316</b> | <b>20,458</b> | <b>19,740</b> | <b>20,171</b> | <b>19,132</b> | <b>20,357</b> | <b>19,992</b> | <b>20,348</b> | <b>20,946</b>        |



## UNION SANITARY DISTRICT

### Miscellaneous Statistics

6/30/2019

|   |   |
|---|---|
| Governing Body:                           | Elected 5-Member Board of Directors<br>Fremont - 3 Members<br>Newark - 1 Member<br>Union City - 1 Member  |
| Governmental Structure:                   | Established in 1918 and reorganized in 1923 under the Sanitary District Act   |
| Staff:                                    | 136.45 full-time equivalent employees   |
| CEO:                                      | General Manager   |
| CFO:                                      | Business Services Manager (Vacant)  |
| Authority:                                | California Health and Safety Code Section 4700 et. Seq.   |
| Services:                                 | Wastewater collection, treatment and disposal   |
| Service Area:                             | 60.2 square miles (Annexed areas - Fremont, Newark and Union City)  |
| Total Population Served:                  | 356,160   |
| Number of Parcels                         | 97,870 (87,750 Residential; 3,115 Non-Residential; 7,005 Other vacant land)   |
| Operations:                               | Total miles of pipeline - 834, including the force main and all gravity sewers<br>(including trunk mains)<br>Number of pumping stations - 7<br>Larger: Irvington, Newark, Alvarado<br>Smaller: Fremont, Boyce, Paseo Padre, Cherry Street |
| Permitted Plant Treatment Capacity (ADWF) | 33 million gallons per day (mgd)  |
| Type of Treatment:                        | Secondary   |
| Sewer Service Charge:                     | \$407.12 annually per single family residential dwelling unit   |

Source: USD Treatment Disposal, Collections Work Groups, CA Dept. of Finance



CPAs AND ADVISORS

November 4, 2019

To the Board of Directors  
Union Sanitary District  
Union City, California

We have audited the financial statements of the Union Sanitary District (the "District") for the year ended June 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 4, 2019. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Findings**

#### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2018-2019. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were:

Management's estimates of its net pension liability and net other post-employment benefits liability are based on actuarial valuation specialist assumptions. We evaluated the key factors and assumptions used to develop the net pension liability and net other postemployment benefits liability in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The financial statement disclosures are neutral, consistent, and clear.

#### ***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.



To the Board of Directors  
Union Sanitary District  
Union City, California

### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. No misstatements were found.

### ***Disagreements with Management***

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### ***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated November 4, 2019.

### ***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### ***Other Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### **Authorized Bank Signors –**

Through confirmation procedures, it was identified that a previously separated employee was still included as an authorized signor for the District's operating account. The recommended action is to remove authorized signors upon termination. Although restrictions have been made within the online banking software, the formal removal of separated employees from banking authority is important to ensure the District is protected from risks arising from the misappropriation of district assets.

### **Other Matters**

We applied certain limited procedures to management's discussion and analysis, schedule of changes in net pension liability and related ratios, schedule of plan contributions, schedule of changes in net OPEB liability and related ratios and schedule of contributions which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other



To the Board of Directors  
Union Sanitary District  
Union City, California

knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on schedule of expenses before depreciation and schedule of insurance coverage, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory and statistical sections, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

#### New Accounting Standards

The following new Governmental Accounting Standards Board (GASB) pronouncements were effective for fiscal year 2018-2019 audit:

GASB Statement No. 83, *Certain Assets Retirement Obligations*.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements*.

The following Governmental Accounting Standards Board (GASB) pronouncements are effective in the following fiscal year audit and should be reviewed for proper implementation by management:

Fiscal year 2019-2020

GASB Statement No. 84, *Fiduciary Activities*.

GASB Statement No. 90, *Majority Equity Interests - an Amendment of GASB Statement Nos. 14 and 61*.

Fiscal year 2020-2021

GASB Statement No. 87, *Leases*.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*.

Fiscal year 2021-2022

GASB Statement No. 91, *Conduit Debt Obligations*.



CPAs AND ADVISORS

To the Board of Directors  
Union Sanitary District  
Union City, California

**Restriction on Use**

This information is intended solely for the use of the Board of Directors and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Lance, Solt & Lughard, LLP*

Sacramento, California



CPAs AND ADVISORS

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

To the Board of Directors  
Union Sanitary District  
Union City, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Union Sanitary District (the "District") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 4, 2019.

### Internal Control over Financial Reporting

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

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

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

### Compliance and Other Matters

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



CPAs AND ADVISORS

To the Board of Directors  
Union Sanitary District  
Union City, California

**Purpose of this Report**

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

A handwritten signature in black ink that reads "Lance, Soll &amp; Lughard, LLP". The signature is written in a cursive, flowing style.

Sacramento, California  
November 4, 2019



**Directors**

Manny Fernandez  
Tom Handley  
Pat Kite  
Anjali Lathi  
Jennifer Toy

**Officers**

Paul R. Eldredge  
*General Manager/  
District Engineer*

Karen W. Murphy  
*Attorney*

**NOVEMBER 11, 2019  
BOARD OF DIRECTORS MEETING  
AGENDA ITEM # 9**

**TITLE:** Consider a Resolution to Accept a Sanitary Sewer Easement for Tract 8279 – State Street Center, Located at State Street and Capitol Avenue, in the City of Fremont (*This is a Motion Item*)

**SUBMITTED:** Paul R. Eldredge, General Manager/District Engineer  
Sami E. Ghossain, Technical Services Work Group Manager  
Rollie Arbolante, Customer Service Team Coach  
Rod Schurman, Associate Engineer

**Recommendation**

Staff recommends the Board consider a resolution to accept a sanitary sewer easement for Tract 8279 – State Street Center, located at State Street and Capitol Avenue, in the city of Fremont.

**Previous Board Action**

None.

**Background**

The developer, Fremont State Street Center, LLC, is constructing a mixed-use development consisting of 76 townhomes, 81 condominium units and 21,000 square-feet of ground-floor retail space for Tract 8279, located at State Street and Capitol Avenue, in the city of Fremont. A vicinity map is attached.

Sanitary sewer service to the mixed-use development will be provided by new 8-inch mains in the development's roadways, that discharge to an existing 10-inch sewer in Capitol Avenue and an existing 8-inch sewer in State Street. Some of the roadways of the development do not meet

the City of Fremont's street dimensions and structure setback requirements for public streets and were, therefore, designated as private. Fremont State Street Center, LLC, has constructed the new 8-inch sewer mains and has granted the District sanitary sewer easements that provide for access and maintenance of the new sewer mains.

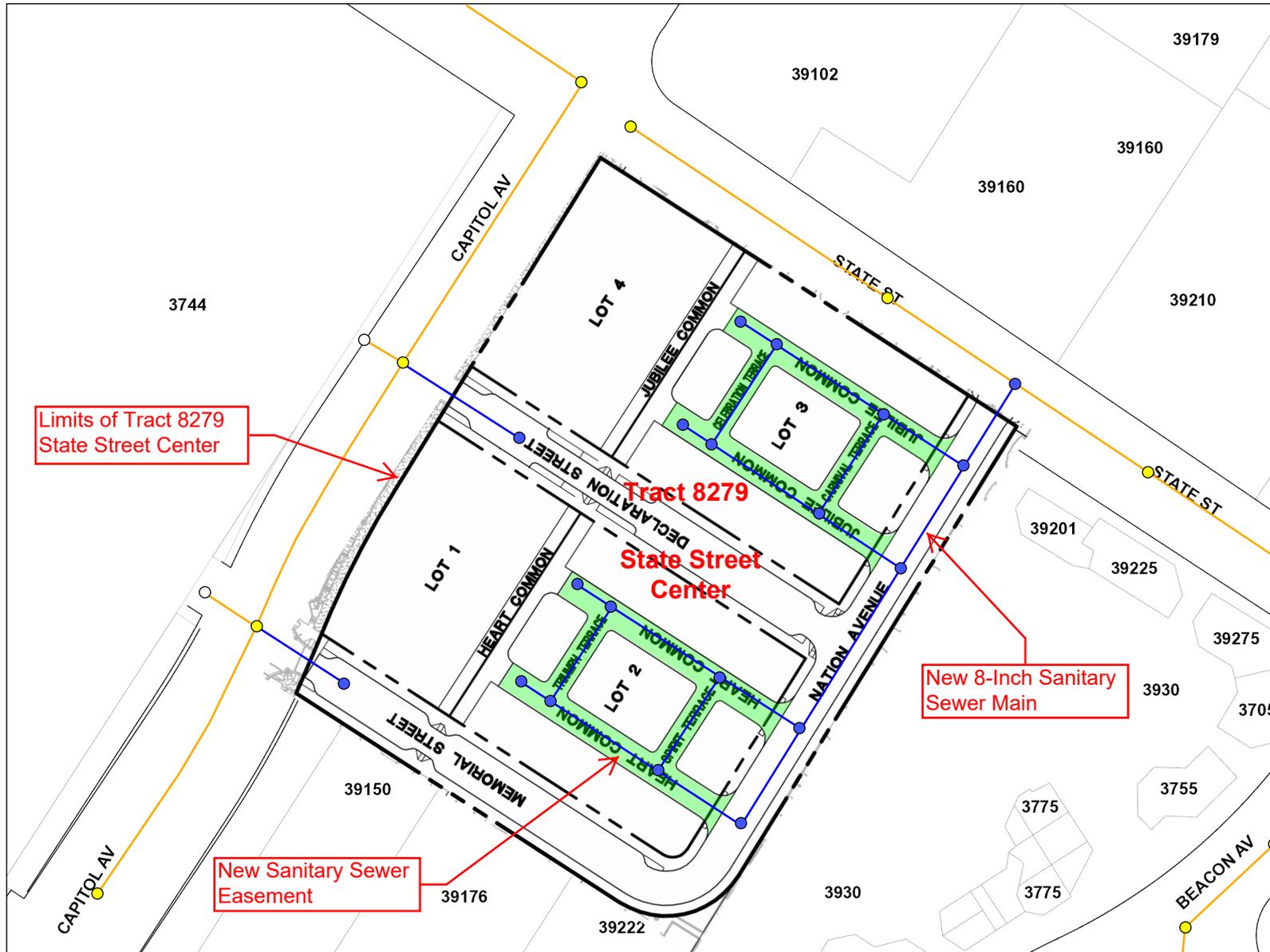
District staff has reviewed the legal description and plat map of the easement, as well as the Grant of Easement, and recommends approval.

PRE/SEG/RA/RS:mb

Attachments: Vicinity Map  
Resolution  
Recording Request with Certificate of Acceptance  
Grant of Easement with Exhibits A and B



# Vicinity Map: Grant of SSE, TR 8279 - State Street Center, Fremont



### Legend

#### Sewer Manholes

- Drop manhole
- End Cap
- Junction structure
- Lamphole
- Lift station
- Manhole
- New Manhole
- Riser

#### Sewer Mains

- New Gravity Main
- EBDA outfall
- Forcemain
- Gravity main
- Overflow main
- Siphons
- Trunk Main

#### Railroad / BART

- <all other values>
- BART

- Public Right of Way
- Private Right of Way

#### Sewer Easements

- Sewer Easements

#### Parcels

- <all other values>
- Alameda Cnty Flood Cntrl

145.8 0 72.92 145.8 Feet



1: 1,750



Printed: 10/21/2013 10:25 AM

### For USD use only

The information on this map is provided by Union Sanitary District (USD) for internal use only. Such information is derived from multiple sources which may not be current, be outside the control of USD, and may be of indeterminate accuracy. The information provided hereon may be inaccurate or out of date and any person or entity who relies on said information for any purpose whatsoever does so solely at their own risk.

### Notes

**RESOLUTION NO. \_\_\_\_\_**

**ACCEPT A SANITARY SEWER EASEMENT FOR  
TRACT 8279 – STATE STREET CENTER, LOCATED AT STATE STREET  
AND CAPITOL AVENUE IN THE CITY OF FREMONT, CALIFORNIA**

RESOLVED by the Board of Directors of UNION SANITARY DISTRICT, that it hereby accepts the Grant of Easement from FREMONT STATE STREET CENTER, LLC, executed on May 26, 2016, as described in the Grant of Easement for Sanitary Sewer Purposes and by the legal description and plat map, attached Exhibit A and Exhibit B, respectively.

FURTHER RESOLVED by the Board of Directors of UNION SANITARY DISTRICT that it hereby authorizes the General Manager/District Engineer, or his designee, to attend to the recordation thereof.

On motion duly made and seconded, this resolution was adopted by the following vote on November 11, 2019:

AYES:

NOES:

ABSENT:

ABSTAIN:

---

JENNIFER TOY  
President, Board of Directors  
Union Sanitary District

Attest:

---

PAT KITE  
Secretary, Board of Directors  
Union Sanitary District

RECORDING REQUESTED BY  
AND WHEN RECORDED RETURN TO:  
Union Sanitary District  
Attn: Regina McEvoy  
5072 Benson Road  
Union City, CA 94587

Record Without Fee  
*Pursuant to Government Code  
Section 27383*

*Space Above Reserved for Recorder's Use Only*

Documentary Transfer Tax \$0.00, consideration less than \$100 (R&T Code 11911)  
This instrument is exempt from recording fees (Govt. Code 27383)

## **GRANT OF EASEMENT**

**BY AND BETWEEN**

**FREMONT STATE STREET CENTER, LLC**

**AND**

**UNION SANITARY DISTRICT**

**Effective Date: November 11, 2019**



**GRANT OF EASEMENT**

**FOR SANITARY SEWER PURPOSES**

THIS INDENTURE, made this 26<sup>th</sup> day of May 2016, by and between Fremont State Street Center LLC, the Party/~~Parties~~ of the First Part, and Union Sanitary District, the Party/~~Parties~~ of the Second Part,

**WITNESSETH:**

That said Party/~~Parties~~ of the First Part does hereby grant to the Party of the Second Part and to its successors and assigns forever, for the use and purposes herein stated, the rights of way and easements hereinafter described, located in the City of Fremont, County of Alameda, State of California:

**See Exhibit "A" and Exhibit "B"**

together with the right and privilege of constructing, reconstructing, cleaning, repairing and maintaining at any time, a sanitary sewer and appurtenances along, upon, over, in, through and across the above described property; together with free ingress and egress to and for the said Party of the Second Part, its successors and assigns, its agents and employees, workmen, contractors, equipment, vehicles and tools, along, upon, over, in, through and across said right of way; together with the right of access by its successors and assigns, its agents and employees, workmen, contractors, equipment, vehicles and tools to said right of way from the nearest public street, over and across the adjoining property, if such there be; otherwise by such route or routes across said adjoining property as shall occasion the least practicable damage and inconvenience to the Party of the First Part, for constructing, cleaning, repairing and maintaining said sanitary sewer and appurtenances; together with free ingress and egress over the land immediately adjoining for maintenance, repair and replacement as well as the initial construction of said sewer.

IN WITNESS WHEREOF the said Party/~~Parties~~ of the First Part have executed this indenture the day and year first above written.

Fremont State Street Center, LLC, a Delaware limited liability company

By:  SummerHill Homes, LLC, a California Limited Liability Company  
Its: Manager

By: \_\_\_\_\_  
Name: Douglas M. Dool  
Its: (F)

By:  \_\_\_\_\_  
Name: Jason Biggs  
Its: Secretary

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )  
County of Contra Costa )

On May 26, 2016 before me, Veronica Simon, Notary Public,  
personally appeared Douglas L. McDonald and Jason R. Biggs  
\_\_\_\_\_, who proved to  
me on the basis of satisfactory evidence to be the person(s) ~~is~~ are subscribed to the  
within instrument and acknowledged to me that he/~~she~~/they executed the same in his/~~her~~/their authorized  
capacity(ies), and that by his/~~her~~/their signature(s) on the instrument the person(s), or the entity upon  
behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing  
paragraph is true and correct.

WITNESS my hand and official seal.

Signature Veronica Simon \_\_\_\_\_ (Seal)



A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )  
County of )

On \_\_\_\_\_ before me, \_\_\_\_\_,  
personally appeared \_\_\_\_\_  
\_\_\_\_\_, who proved to  
me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the  
within instrument and acknowledged to me that he/~~she~~/they executed the same in his/~~her~~/their authorized  
capacity(ies), and that by his/~~her~~/their signature(s) on the instrument the person(s), or the entity upon  
behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing  
paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

**EXHIBIT A  
SANITARY SEWER EASEMENT  
CITY OF FREMONT PROPERTY  
(2015-013940, 2015-084487 & 2015-216327)**

Real property situate in the City of Fremont, County of Alameda, State of California described as follows:

Being a portion of the parcels of land described in the deeds to the City of Fremont recorded in Document Nos. 2015-013940, 2015-084487 and 2015-216327, Official Records of Alameda County and more particularly described as follows:

Being the areas labeled Sanitary Sewer Easement (SSE) shown on the attached Exhibit B – Plat Map of Sanitary Sewer Easement Granted to Union Sanitary District.

**END OF DESCRIPTION**

This description was prepared by or under the direction of:

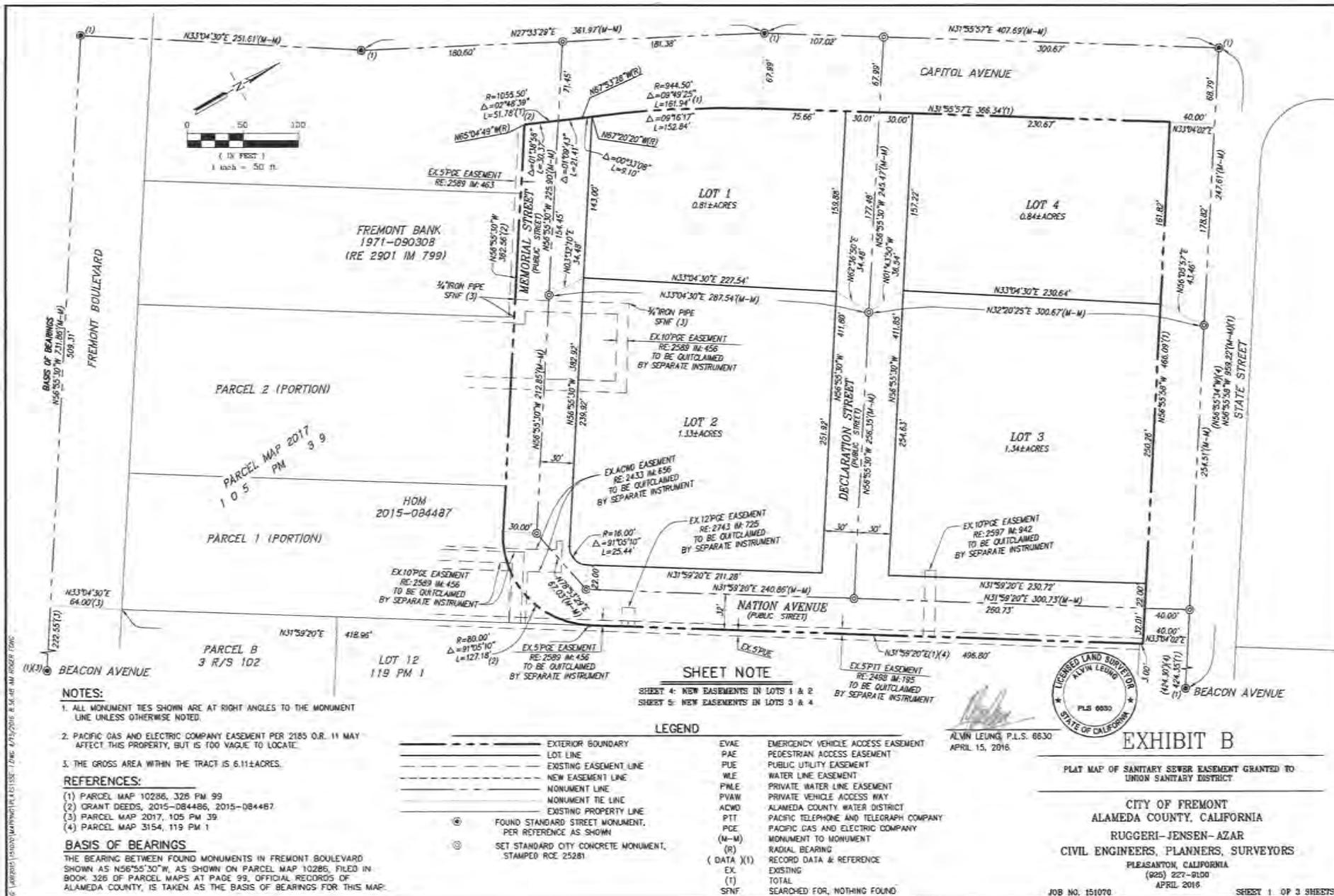


Alvin Leung, PLS

April 15, 2016

Date





**NOTES:**

1. ALL MONUMENT TIES SHOWN ARE AT RIGHT ANGLES TO THE MONUMENT LINE UNLESS OTHERWISE NOTED.
2. PACIFIC GAS AND ELECTRIC COMPANY EASEMENT PER 2185 O.R. 11 MAY AFFECT THIS PROPERTY, BUT IS TOO VAGUE TO LOCATE.
3. THE GROSS AREA WITHIN THE TRACT IS 6.11±ACRES.

**REFERENCES:**

- (1) PARCEL MAP 10286, 328 PM 99
- (2) GRANT DEEDS, 2015-084486, 2015-084487
- (3) PARCEL MAP 2017, 105 PM 39
- (4) PARCEL MAP 3154, 119 PM 1

**BASIS OF BEARINGS**

THE BEARING BETWEEN FOUND MONUMENTS IN FREMONT BOULEVARD SHOWN AS N56°55'30"W, AS SHOWN ON PARCEL MAP 10286, FILED IN BOOK 326 OF PARCEL MAPS AT PAGE 99, OFFICIAL RECORDS OF ALAMEDA COUNTY, IS TAKEN AS THE BASIS OF BEARINGS FOR THIS MAP.

**SHEET NOTE**

- SHEET 4: NEW EASEMENTS IN LOTS 1 & 2  
 SHEET 5: NEW EASEMENTS IN LOTS 3 & 4

**LEGEND**

|     |  |            |   |
|-----|--|------------|---|
| --- | EXTERIOR BOUNDARY                                      | EVAE       | EMERGENCY VEHICLE ACCESS EASEMENT       |
| --- | LOT LINE   | PAE        | PEDESTRIAN ACCESS EASEMENT              |
| --- | EXISTING EASEMENT LINE                                 | PUE        | PUBLIC UTILITY EASEMENT                 |
| --- | NEW EASEMENT LINE                                      | WLE        | WATER LINE EASEMENT                     |
| --- | MONUMENT LINE  | PWLE       | PRIVATE WATER LINE EASEMENT             |
| --- | MONUMENT TIE LINE                                      | PVAW       | PRIVATE VEHICLE ACCESS WAY              |
| --- | EXISTING PROPERTY LINE                                 | ACWD       | ALAMEDA COUNTY WATER DISTRICT           |
| ⊙   | FOUND STANDARD STREET MONUMENT, PER REFERENCE AS SHOWN | PIT        | PACIFIC TELEPHONE AND TELEGRAPH COMPANY |
| ⊙   | SET STANDARD CITY CONCRETE MONUMENT, STAMPED RCE 25281 | PCE        | PACIFIC GAS AND ELECTRIC COMPANY        |
|     |  | (N-M)      | MONUMENT TO MONUMENT                    |
|     |  | (R)        | RADIAL BEARING                          |
|     |  | (DATA) (X) | RECORD DATA & REFERENCE                 |
|     |  | EX         | EXISTING                                |
|     |  | (T)        | TOTAL                                   |
|     |  | SNF        | SEARCHED FOR, NOTHING FOUND             |



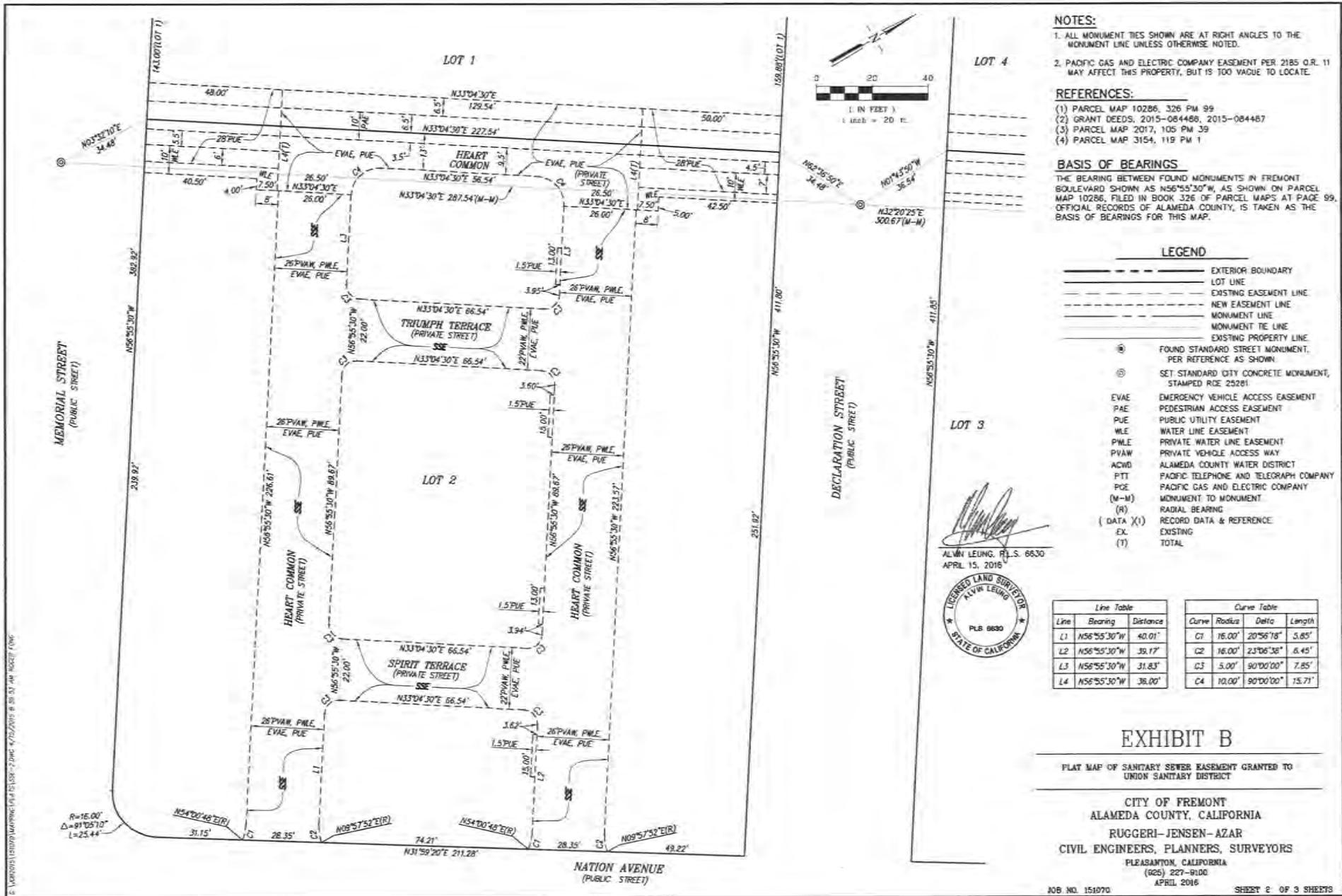
ALVIN LEUNG, P.L.S. 0830  
 APRIL 15, 2016

**EXHIBIT B**

PLAT MAP OF SANITARY SEWER EASEMENT GRANTED TO UNION SANITARY DISTRICT

CITY OF FREMONT  
 ALAMEDA COUNTY, CALIFORNIA  
 RUGGERI-JENSEN-AZAR  
 CIVIL ENGINEERS, PLANNERS, SURVEYORS  
 PLEASANTON, CALIFORNIA  
 (925) 227-9100  
 APRIL 2016

Original map may be found at USD, 5072 Benson Road, Union City, CA 94587



- NOTES:**
1. ALL MONUMENT TIES SHOWN ARE AT RIGHT ANGLES TO THE MONUMENT LINE UNLESS OTHERWISE NOTED.
  2. PACIFIC GAS AND ELECTRIC COMPANY EASEMENT PER 2185 O.R. 11 MAY AFFECT THIS PROPERTY, BUT IS TOO VAGUE TO LOCATE.

- REFERENCES:**
- (1) PARCEL MAP 10286, 326 PM 99
  - (2) GRANT DEEDS, 2015-084468, 2015-084467
  - (3) PARCEL MAP 2017, 105 PM 39
  - (4) PARCEL MAP 3154, 119 PM 1

**BASIS OF BEARINGS**  
 THE BEARING BETWEEN FOUND MONUMENTS IN FREMONT BOULEVARD SHOWN AS N56°55'30"W, AS SHOWN ON PARCEL MAP 10286, FILED IN BOOK 326 OF PARCEL MAPS AT PAGE 99, OFFICIAL RECORDS OF ALAMEDA COUNTY, IS TAKEN AS THE BASIS OF BEARINGS FOR THIS MAP.

**LEGEND**

|  |  |
|--|--|
|  | EXTERIOR BOUNDARY                                      |
|  | LOT LINE   |
|  | EXISTING EASEMENT LINE                                 |
|  | NEW EASEMENT LINE                                      |
|  | MONUMENT LINE  |
|  | MONUMENT TIE LINE                                      |
|  | EXISTING PROPERTY LINE                                 |
|  | FOUND STANDARD STREET MONUMENT, PER REFERENCE AS SHOWN |
|  | SET STANDARD CITY CONCRETE MONUMENT, STAMPED RCE 25281 |
|  | EVAE EMERGENCY VEHICLE ACCESS EASEMENT                 |
|  | PAE PEDESTRIAN ACCESS EASEMENT                         |
|  | PUE PUBLIC UTILITY EASEMENT                            |
|  | MLE WATER LINE EASEMENT                                |
|  | PWLE PRIVATE WATER LINE EASEMENT                       |
|  | PAVW PRIVATE VEHICLE ACCESS WAY                        |
|  | ACWD ALAMEDA COUNTY WATER DISTRICT                     |
|  | PFTT PACIFIC TELEPHONE AND TELEGRAPH COMPANY           |
|  | PGE PACIFIC GAS AND ELECTRIC COMPANY                   |
|  | (M-M) MONUMENT TO MONUMENT                             |
|  | (R) RADIAL BEARING                                     |
|  | (X) RECORD DATA & REFERENCE                            |
|  | EX EXISTING  |
|  | (T) TOTAL  |

*Alvin Leung*  
 ALVIN LEUNG, P.L.S. 6830  
 APRIL 15, 2016



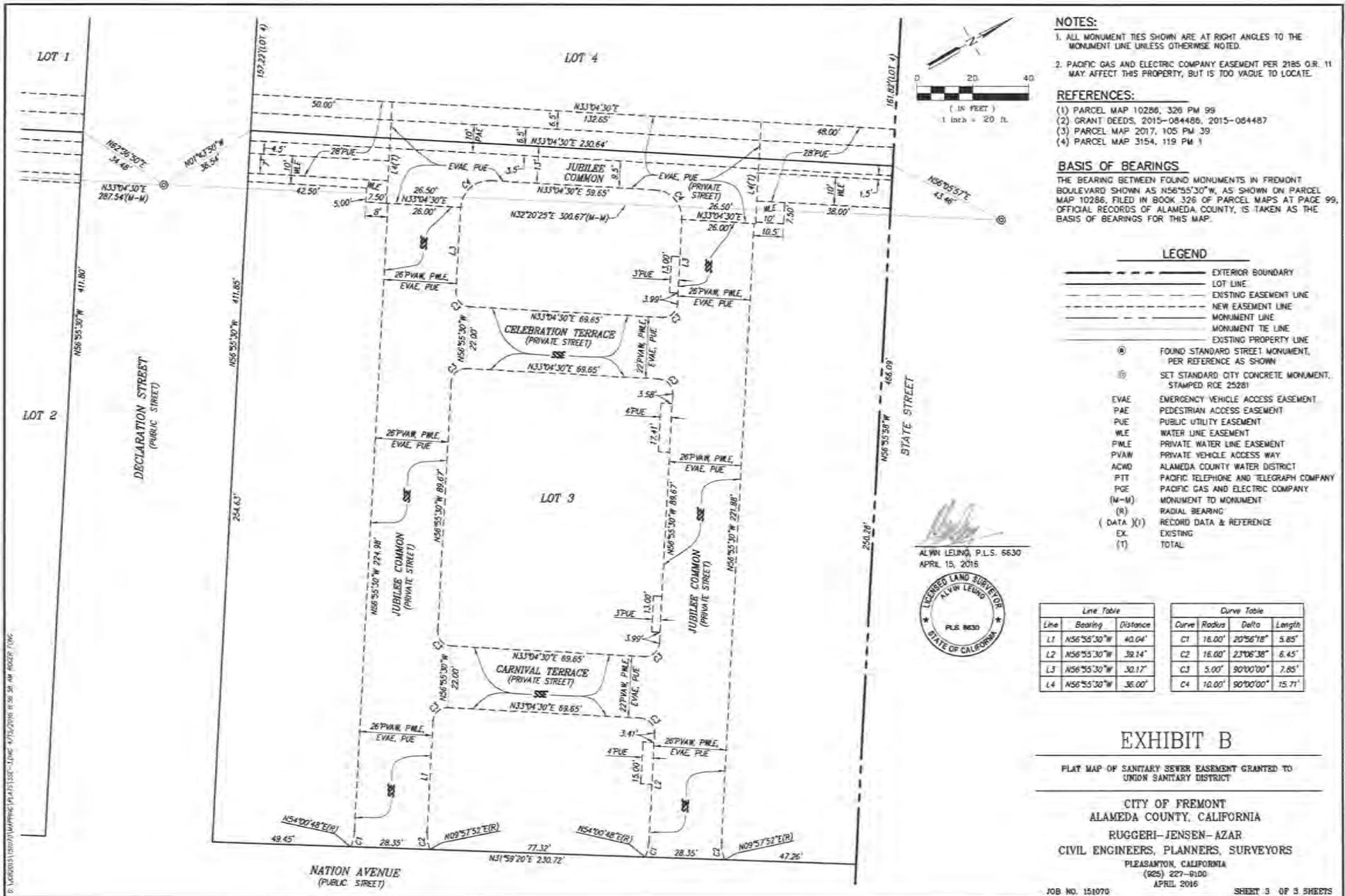
| Line Table |             |          | Curve Table |        |           |        |
|------------|-------------|----------|-------------|--------|-----------|--------|
| Line       | Bearing     | Distance | Curve       | Radius | Delta     | Length |
| L1         | N56°55'30"W | 40.01'   | C1          | 16.00' | 20°56'18" | 5.65'  |
| L2         | N56°55'30"W | 39.17'   | C2          | 16.00' | 23°06'58" | 6.45'  |
| L3         | N56°55'30"W | 31.83'   | C3          | 5.00'  | 90°00'00" | 7.65'  |
| L4         | N56°55'30"W | 36.00'   | C4          | 10.00' | 90°00'00" | 15.71' |

**EXHIBIT B**

PLAT MAP OF SANITARY SEWER EASEMENT GRANTED TO UNION SANITARY DISTRICT

CITY OF FREMONT  
 ALAMEDA COUNTY, CALIFORNIA  
 RUGGERI-JENSEN-AZAR  
 CIVIL ENGINEERS, PLANNERS, SURVEYORS  
 PLEASANTON, CALIFORNIA  
 (925) 227-9100  
 APRIL 2016

Original map may be found at USD, 5072 Benson Road, Union City, CA 94587



Original map may be found at USD, 5072 Benson Road, Union City, CA 94587



**Directors**  
Manny Fernandez  
Tom Handley  
Pat Kite  
Anjali Lathi  
Jennifer Toy

**Officers**  
Paul R. Eldredge  
*General Manager/  
District Engineer*

Karen W. Murphy  
*Attorney*

**NOVEMBER 11, 2019  
BOARD OF DIRECTORS MEETING  
AGENDA ITEM # 10**

**TITLE:** Award the Contract to Purchase Knife Gate Valves to Frank A. Olsen Company for the Control Box No. 1 Improvements Project (*This is a motion item*)

**SUBMITTED:** Paul R. Eldredge, General Manager/District Engineer  
Sami E. Ghossain, Technical Services Work Group Manager  
Raymond Chau, CIP Team Coach  
Kevin Chun, Associate Engineer

**Recommendation**

Staff recommends the Board authorize the General Manager to award a contract to Frank A. Olsen Company in the amount of \$303,047.18 to purchase Knife Gate Valves for the Control Box No. 1 Improvements Project (Project).

**Previous Board Action**

On July 22, 2019, the Board authorized the General Manager to execute Task Order No. 2 with Woodard & Curran (W&C) in the amount of \$89,046 to provide final design services for the Project.

**Background**

On November 12, 2018, the Board authorized the General Manager to execute an agreement and Task Order No. 1 with W&C in the amount of \$229,041 to provide predesign services for the Project. W&C conducted a condition assessment of the concrete, structural steel components, pipelines, gates, valves, and related equipment at Control Box No. 1 (CB1), Alvarado Influent Valve Box, Alvarado Influent Pump Station Valve Box at CB1, and the chemical containment areas at the Maintenance Shop Building and the Odor Control Building. W&C also evaluated grit management alternatives to prevent/minimize grit deposition in pipelines and in CB1 and other

operational improvements such as footprint, layout, and hydraulics of CB1 to improve access and reduce cost associated with CB1 cleaning. Please refer to Figure 1 for the locations of these structures.

W&C recommended long-term and near-term improvements. One long-term improvement project was identified for grit management of the influent wastewater, and staff included the “Degritting at Headworks and Improvements” project in the CIP budget in fiscal years 2027 through 2029.

Another long-term improvement project was identified to make concrete and coating repairs at several locations including CB1, Headworks Valve Box, Alvarado Influent Valve Box, and chemical containment areas at the Maintenance Shop Building and the Odor Control Building; and to replace gate valves, sluice gates, and weir gates at CB1. Staff included the “Control Box No. 1 Improvements” project in the CIP budget in fiscal years 2027 through 2029.

The near-term improvements will be addressed in the current project, which is included in the CIP budget as the “Alvarado Influent Valve Box Gate Valves 1-2” project in fiscal years 2020 and 2021. The Project includes the following scope:

- Replacement of the east and west force main (FM) knife gate valves at the Alvarado Influent Valve Box and the West FM knife gate valve at the Headworks Valve Box.
- Installation of a duckbill check valve at the Alvarado FM pipe penetration and steel standpipes at the east and west FM pipe penetrations inside CB1 to reduce grit accumulation inside the pipes.
- Repair of corroded FM pipelines and concrete platform within the Alvarado Influent Valve Box.

W&C has completed the 50 percent design and is on schedule to complete the final design by December 2019. Staff anticipates awarding the construction contract by February 2020. During design development, the knife gate and duckbill check valves were identified for pre-purchase prior to construction to meet wet weather work constraints and for completion of work prior to Phase 2 of the FM Relocation Project

#### Bid Results

Staff issued Invitations for Bids (IFBs) on October 4, 2019 for the duck bill check valve and knife gate valves and the results are as follows:

1. One 40-inch Duckbill Check Valve

| <b>Vendor</b>                           | <b>Bid Amount<br/>(including sales tax)</b> |
|---|---|
| Frank A. Olsen Company<br>Livermore, CA | \$15,363.91                                 |

|                                   |             |
|-----------------------------------|-------------|
| Southwest Valve LLC<br>Fresno, CA | \$17,860.87 |
|-----------------------------------|-------------|

2. Three 42-inch Knife Gate Valves

| <b>Vendor</b>                           | <b>Bid Amount<br/>(including sales tax)</b> |
|---|---|
| Frank A. Olsen Company<br>Livermore, CA | \$303,047.18                                |
| Southwest Valve LLC<br>Fresno, CA       | \$341,055.81                                |

The bid for the knife gate valves includes the cost of one new electric motor actuator. Two of the existing electric motor actuators will be re-installed with the new knife gate valves.

Staff will award and execute a purchase contract for the duck bill check valve with Frank A. Olsen Company. Since the bid amount for the knife gate valves exceeds \$100,000, the Board's authorization is required for staff's award and execution of the contract with Frank A. Olsen Company.

Staff anticipates delivery of the valves by April 2020 and installation of the valves by July 2020.

Staff recommends the Board authorize the General Manager to award a contract to Frank A. Olsen Company in the amount of \$303,047.18 to purchase Knife Gate Valves for the Control Box No. 1 Improvements Project.

PRE/SEG/RC/KC;mb

- Attachments: Figure 1 – Site Map  
 Figure 2 – CB1 Drawing  
 Figures 3 through 8 – Photos of Existing Equipment and Facilities  
 Table 1 – Bid Summary of the Knife Gate Valves  
 Knife Gate Valves Purchase Contract

UNION SANITARY DISTRICT  
ALVARADO WASTEWATER TREATMENT PLANT

Figure No. 1 - Site Plan



Figure No. 2 - Control Box No. 1 Drawing

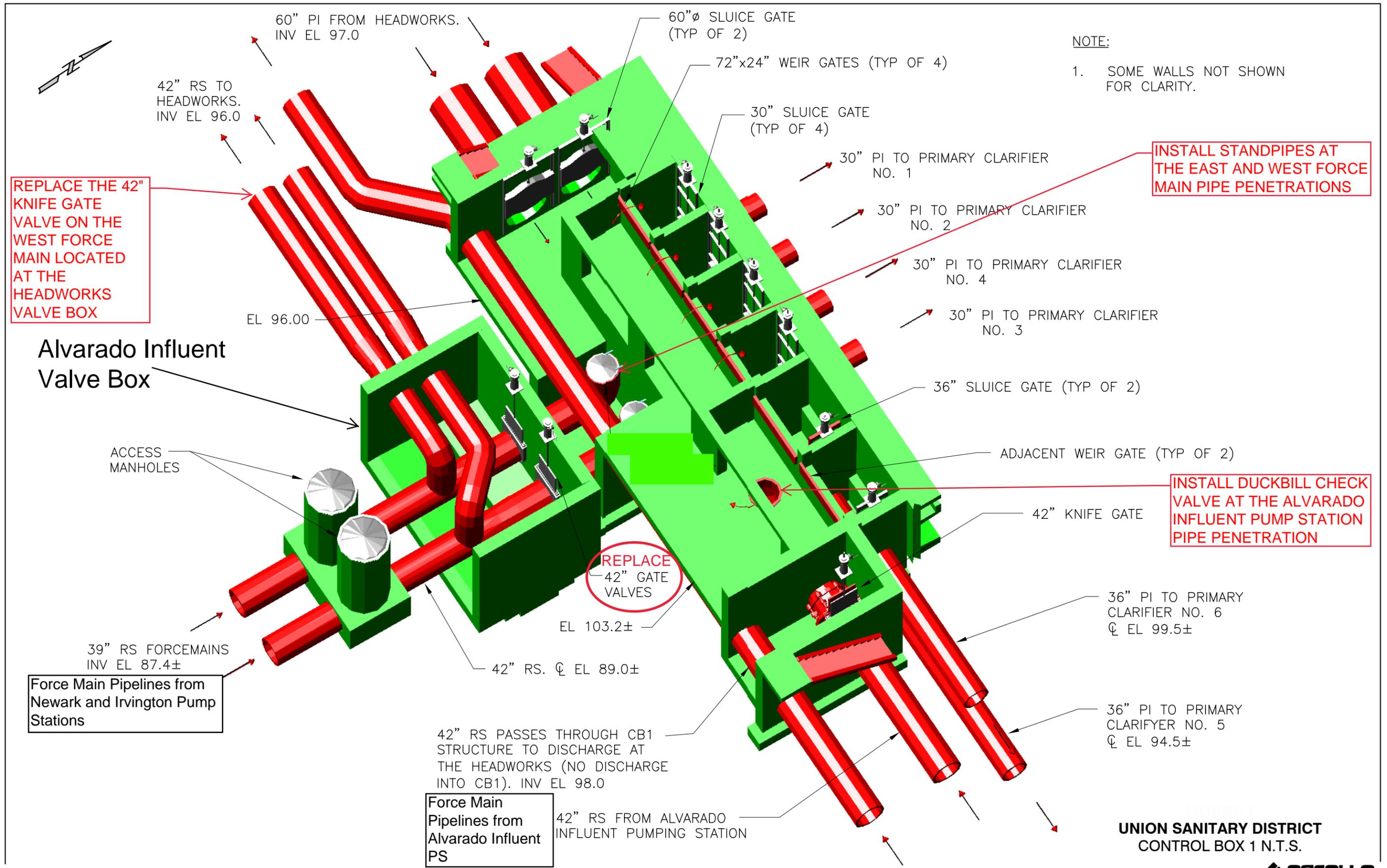




Figure 3 – East Knife Gate Valve at Alvarado Influent Valve Box



Figure 4 – West Knife Gate Valve at Headworks Valve Box

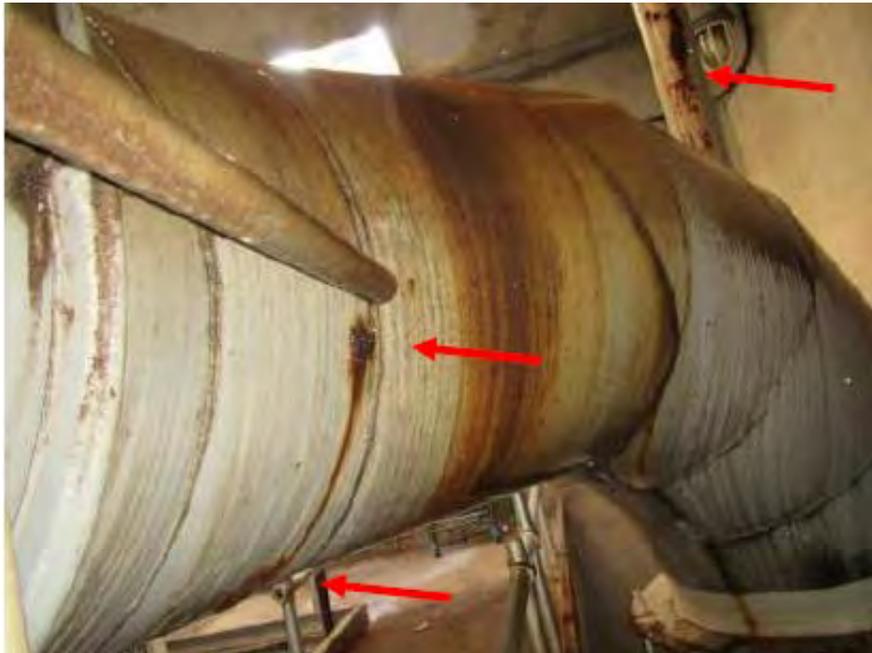


Figure 5 – Exterior corrosion on pipe at the Alvarado Influent Valve Box



Figure 6 – Detailed view of corrosion at on pipe at the Alvarado Influent Valve Box



Figure 7 – Concrete Platform Damage at Alvarado Influent Valve Box



Figure 8 – Rubber “Duckbill” Check Valve  
[Demonstration Video link](#)

**Table 1**  
**Bid Summary - 42-inch Knife Gate Valves**

| Bid Item No. | Bid Item  | Unit        | Quantity | Frank A. Olsen Company<br>Livermore, CA |                     | Southwest Valve LLC Fresno,<br>CA |                     |
|--------------|---|-------------|----------|---|---------------------|-----------------------------------|---------------------|
|              |   |             |          | Unit Price                              | Total Bid Price     | Unit Price                        | Total Bid Price     |
| 1            | 42-Inch Knife Gate Valve                              | Each        | 3        | \$ 89,999.00                            | \$269,997.00        | \$97,909.00                       | \$293,727.00        |
| 2            | Electric Motorized Actuator                           | Each        | 1        | \$ 6,128.00                             | \$6,128.00          | \$10,630.00                       | \$10,630.00         |
| 3            | Factory Technician-8 Hrs. On District Site Valves *   | Lump<br>Sum | 1        | \$ -                                    | \$0.00              | \$3,200.00                        | \$3,200.00          |
| 4            | Factory Technician-8 Hrs. On District Site Actuator * | Lump<br>Sum | 1        | \$ -                                    | \$0.00              | \$3,200.00                        | \$3,200.00          |
| 5            | Freight **  | Lump<br>Sum | 1        | \$ -                                    | \$0.00              | \$0.00                            | \$0.00              |
|              | <b>Subtotal</b>                                       |             |          |   | <b>\$276,125.00</b> |                                   | <b>\$310,757.00</b> |
|              | <b>Sales tax @ 9.75%</b>                              |             |          |   | <b>\$26,922.18</b>  |                                   | <b>\$30,298.81</b>  |
|              | <b>Grand Total</b>                                    |             |          |   | <b>\$303,047.18</b> |                                   | <b>\$341,055.81</b> |

\* Frank A. Olsen's prices for Item Nos. 3 through 5 are included in their prices for Item Nos. 1 and 2.

\*\* Southwest Valve's price for Item No. 5 is included in their prices for Item Nos. 1 and 2.



**UNION SANITARY DISTRICT**

5072 BENSON ROAD  
 UNION CITY, CA 94587-2508  
 PH (510) 477-7500  
 FX (510) 477-7509

|                                     |                            |
|-------------------------------------|----------------------------|
| <input checked="" type="checkbox"/> | Purchase Order             |
| <input type="checkbox"/>            | Change Order               |
| <input type="checkbox"/>            | Blanket Purchase Agreement |
| <input type="checkbox"/>            | Maintenance Agreement      |
| <input type="checkbox"/>            | Amendment                  |

**PURCHASE ORDER**

|      |
|------|
| DATE |
|------|

|           |
|-----------|
| PO NUMBER |
|-----------|

**VENDOR:** Frank A. Olsen Company  
 286 Rickenbacker Circle  
 Livermore, CA 94551

**SHIP TO:** USD RECEIVING  
 5072 BENSON RD  
 UNION CITY, CA 94587

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_  
 FOB Point: Destination  
 Terms: Net 30 Days  
 Req Del Date: \_\_\_\_\_  
 Contract No: \_\_\_\_\_  
 Attention \_\_\_\_\_

Ship Via: \_\_\_\_\_  
 Req. No: \_\_\_\_\_  
 Dept: \_\_\_\_\_  
 Buyer: CALVO,SKIP (510) 477-7526  
 Confirming? No

PURCHASE ORDER CURRENCY: U.S. DOLLARS

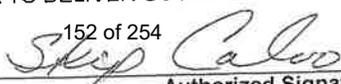
| No | Qty | Unit | Item No | Description / Part Number  | Unit Price | Ext. Price |
|----|-----|------|---------|--|------------|------------|
| 1  |     |      |         |  |            |            |
| 2  |     |      |         |  |            |            |
| 3  |     |      |         |  |            |            |
| 4  |     |      |         |  |            |            |
| 5  |     |      |         |  |            |            |
|    |     |      |         | All line items & pricing in accordance with the specifications and terms and conditions of RFP# S-20-S-277 |            |            |
|    |     |      |         | <b>COPY</b>  |            |            |

|          |       |
|----------|-------|
| SUBTOTAL | _____ |
| TAX      | _____ |
| FREIGHT  | _____ |
| TOTAL    | _____ |

**BILL TO:** UNION SANITARY DISTRICT  
 ACCOUNTS PAYABLE  
 5072 BENSON ROAD  
 UNION CITY, CA 94587

- Please Note:
1. Invoices & packing slips must reference purchase document number.
  2. Each purchase document must be billed on a separate invoice.
  3. Invoices must be numbered and itemized.

THE TERMS AND CONDITIONS ON THE ATTACHED PAGE FORM A PART OF THIS PURCHASE ORDER. THIS IS OF THE ESSENCE. FAILURE OF SELLER TO DELIVER GOODS ON THE DATES AND IN THE QUANTITIES SPECIFIED SHALL CONSTITUTE A MATERIAL BREACH OF THIS AGREEMENT.

152 of 254  
  
 Authorized Signature

VENDOR COPY

Union Sanitary District  
Invitation for Bid No. S-20-S-277  
Knife Gate Valves



**UNION SANITARY DISTRICT**

**Invitation for Bid No. S-20-S-277**

For

**42-inch Knife Gate Valves**

October 4, 2019

**Bids Due:  
OCTOBER 23, 2019  
@  
4:00 P.M.**

**UNION SANITARY DISTRICT  
5072 BENSON ROAD  
UNION CITY, CA 94587**

**Skip Calvo – Purchasing Agent**  
510-477-7526  
[skipc@unionsanitary.ca.gov](mailto:skipc@unionsanitary.ca.gov)

**TABLE OF CONTENTS**

| <b>Section</b> | <b>Section Title</b>            | <b>Page</b> |
|----------------|---------------------------------|-------------|
| I.             | Invitation                      | 2           |
| II.            | Instructions to Bidders         | 2           |
| III.           | Specifications and Requirements | 8           |
| IV             | Terms and Conditions            | 8           |

**Documents to be submitted with IFB response**

Appendix A1 – IFB Response Form (Pg. -15)

Appendix A2 – Non-Collusion Declaration (Pg. -17)

**Attachments**

Attachment A - Section 09961 Protective Coatings

Attachment B – Section 15200 Valves, General

Attachment C – Section 15201 Valve Actuators

Attachment D – Section 15206 Knife Gate Valves

Figure 1 – Knife Gate Valve Support Detail

Figure 2 – Control Box #1 Drawing

**SECTION I. INVITATION**

Union Sanitary District (District) is requesting bids from prospective Suppliers for the supply of 42” Knife Gate Valves & Actuator as specified in this Invitation for Bid (IFB).

**SECTION II. INSTRUCTIONS TO BIDDERS**

**1. TERMINOLOGY:**

The following are definitions of terms used in the IFB:

“Bidder” means the entity, supplier, person, firm, or corporation submitting a bid.

“Contractor” means the firm awarded a contract as a result of its bid.

**Union Sanitary District  
 Invitation for Bid No. S-20-S-277  
 Knife Gate Valves**

“District” means Union Sanitary District.

“IFB” means Invitation for Bid.

“Time” stated as number of days shall mean “calendar” days.

**2. PREPARATION OF BID:**

- 2.1 Bidder must prepare bid using the bid form provided by the District (see attached Appendix A-1) with any required attachments, exhibits, and any explanatory materials. All attachments and materials must identify the Bidder’s name, IFB number, and IFB page and section number on the cover page.
- 2.2 Bids must be completed in ink, typewritten, or printed. No erasures are permitted. Errors may be crossed out and corrections printed in ink or typewritten nearby and must be initialed in ink by person signing bid.
- 2.3 Time of delivery is a part of the bid and the Bidder is solely responsible for ensuring their bid is received by the District in accordance with the requirements in closing date and time specified in paragraph 5 of this section. The District shall not be responsible for any delays by transmission errors.
- 2.4 Bids should be printed two-sided on 8-1/2” x 11” paper, wherever practical.
- 2.5 All bids must be signed with the Bidder’s name or by a responsible officer or employee with the authority to bind the Bidder to contractual obligations. Obligations assumed by such signature must be fulfilled.
- 2.6 Before submitting a bid, Bidder must fully inform themselves of the conditions, requirements and specifications of the work or materials to be furnished. Failure to do so will be at Bidder’s own risk and they cannot secure relief on the plea of error.

**3. COSTS ASSOCIATED WITH IFB:**

All costs for the preparation, printing, and submittal of a response to this IFB shall be borne by the Bidder.

**4. BID DOCUMENT:**

The following are incorporated into the IFB and constitute the bid document and are the instructions and conditions:

- 4.1 Appendix A1 – IFB Response Form
- 4.2 Appendix A2 – Non-Collusion Declaration
- 4.3 Attachment A - Section 09961 Protective Coatings
- 4.4 Attachment B – Section 15200 Valve
- 4.5 Attachment C – Section 15201 Valve Actuators
- 4.6 Attachment D – Section 15206 Knife Gate Valves
- 4.7 Figure 1 – Knife Gate Valve Support Detail
- 4.8 Figure 2 - Control Box #1 Drawing

**5. IFB PROCESS SCHEDULE:**

The following is an anticipated bid and engagement schedule.

|            |  |
|------------|--|
| 10/04/2019 | IFB posted on <a href="http://www.publicpurchase.com">www.publicpurchase.com</a> |
| 10/15/2019 | Last date to Submit Written Questions via Public Purchase                        |
| 10/17/2019 | Addendum (if applicable) via Public Purchase                                     |
| 10/23/2019 | Bids Due by 4:00 pm pacific time   |

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|              |                           |
|--------------|---------------------------|
| 10/24/201919 | Evaluation of Bids        |
| 10/30/19     | Letter of Intent to Award |

**6. QUESTIONS AND ADDENDA:**

- 6.1 Bidder shall post any questions on Public Purchase [www.publicpurchase.com](http://www.publicpurchase.com) by the deadline specified in Paragraph 5, IFB Process Schedule.
- 6.2 The District's Procurement Department will respond to inquiries deemed necessary and relevant to responding to the IFB in a written Addendum posted on Public Purchase. Bidders are responsible for checking Public Purchase for postings.
- 6.3 The IFB and addenda will be posted on Public Purchase's website. Bidders may view and print the IFB and addenda by registering on Public Purchase website at [www.publicpurchase.com](http://www.publicpurchase.com).
- 6.4 The District is not liable for verbal responses, interpretations or representations.
- 6.5 The District makes no guarantee that any questions submitted will be answered before the IFB closing date and time.
- 6.6 The District reserves the right to extend any deadlines, including the deadline for questions, by posting an addendum to the IFB on public purchase. Bidders are responsible for checking the public purchase website for any addenda.

**7. SUBMISSION OF BID:**

- 7.1 Any bid not submitted on the provided District forms may be considered non-responsive.
- 7.2 Bids must be submitted by [www.publicpurchase.com](http://www.publicpurchase.com). Bids submitted in the following forms will not be accepted: Oral, telegraph, telephone, facsimile.
- 7.3 Bidder must submit the following documents with the bid, via [www.publicpurhcase.com](http://www.publicpurhcase.com) by the IFB closing date and time specified in paragraph 5 of this section.
  - Appendix A1 – IFB Response Form
  - Appendix A2 – Non-Collusion Declaration
- 7.4 Apparent successful Bidder must submit the following document(s) within 10 days of notification by the District:
  - Request for Taxpayer Identification Number (W-9)
  - Certificates of Insurance as described in Article 17 of the Terms and Conditions
- 7.5 Bids will not be accepted after the due date and time.
- 7.6 The IFB number must be prominently noted on submittal.
- 7.7 All information submitted is subject to investigation, as well as to disclosure to third parties under the California Public Records Act.

**8. MULTIPLE BIDS:**

Only one bid will be accepted from any one Bidder.

**9. PUBLIC BID OPENING:**

There will be **no** public bid opening at the IFB closing date.

**10. POINT OF CONTACT:**

- 10.1 The Point of Contact for this solicitation is Skip Calvo, [skipc@unionsanitary.ca.gov](mailto:skipc@unionsanitary.ca.gov)
- 10.2 Bidders are not permitted to contact District employees regarding this IFB, other than the Point of Contact identified in 10.1 above.

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**11. LATE RESPONSES:**

To be considered, a bid must be received by the District no later than the IFB closing date and time.

**12. ACCEPTANCE OF BID:**

The District's acceptance of Bidder's offer shall be limited to the terms herein unless expressly agreed in writing by the District. Bids offering terms other than those shown herein will be declared non-responsive and will not be considered. The District may award a contract to a Bidder at any time within 90 days after the IFB closing date and time, unless otherwise specified in the Invitation for Bid

**13. NO WAIVER:**

The District's failure to address errors or omissions in a bid or acceptance of a bid shall not constitute a waiver of any requirement of the IFB by the District.

**14. MODIFICATION OR WITHDRAWAL OF BID:**

14.1 Bidder's may withdraw a bid before the IFB closing date and time by removing their bid from [www.publicpurchase.com](http://www.publicpurchase.com) prior to the IFB closing date and time.

14.2 After the bid closing time, Bidder's may not withdraw their bid for a period of ninety- (90) days from the date of opening.

14.3 At no time may the successful bidder withdraw his bid.

14.4 Bidder may modify a bid by withdrawing its original bid and submitting a replacement bid, via [www.publicpurchase.com](http://www.publicpurchase.com) provided that the Bidder's withdrawal and replacement bid occurs prior to the IFB closing date time.

14.3 A replacement bid must be executed and submitted in a form and manner that complies with the requirements set forth in this IFB.

14.5 No withdrawal requests or replacement bids will be allowed after the IFB closing time.

**15. GROUNDS FOR REJECTION:**

Any false, incomplete or otherwise unresponsive statements in or in connection with a bid or any documentation or other information supplied to the District by a Bidder shall be cause for rejection by the District of the bid or disqualification of the Bidder at the District's sole discretion. Any judgment as to the significance of any falsity, incompleteness or unresponsiveness shall be made at the discretion of the District, and its judgment shall be final.

**16. RESERVATION:**

The District reserves the right to do any of the following at any time

16.1 To reject any and all bids;

16.2 Waive or correct any minor or inadvertent defect, irregularity, informality or technical error in any bid or procedure, as part of the IFB;

16.3 Require bidder to submit breakdown of cost or pricing data provided in bid.

16.4 Accept bid for any item or group of items, unless the Bidder specifies otherwise in the bid or gives notice of an all or nothing award.

16.5 Terminate this IFB or any portion of the IFB process and issue a new IFB any time thereafter;

16.6 Extend any or all deadlines in the IFB, including the deadline for accepting bids;

16.7 Disqualify any Bidder on the basis of any real or apparent conflict of interest or evidence of collusion that is disclosed by the bid or other data available to the District. Such disqualification is at the sole discretion of the District and its decision shall be final;

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- 16.8 Reject the bid of any Bidder that is in breach of or in default under any other agreement with the District;
- 16.9 Reject any bid deemed by the District to be non-responsive and/or conditional;
- 16.10 Make such investigations as deemed necessary to determine if a Bidder is capable of meeting contract requirements. The determination of the District as to the Bidder's ability to perform is at the sole discretion of the District and its decision shall be final;
- 16.11 Determine whether a bid meets, exceeds or does not meet District's specification.

**17. IFB EVALUATION CRITERIA:**

If an award is made, it will be made to the lowest responsive and responsible Bidder. Factors for determining the lowest responsive and responsible Bidder may include, but are not limited to, the following:

- 17.1 Whether the products/services offered meet District's specifications;
- 17.2 Whether the products/services can perform;
- 17.3 Whether the bid submitted complied with all IFB requirements; and
- 17.4 Bidder's ability to meet contractual requirements, which may include, but not limited to, delivery and stocking requirements, bidder's experience and financial stability, and past performance under previous contracts with the District and others.

**18. PRICING:**

Prices should be stated in the units specified. If there is a discrepancy between the unit price and total or extended price, the unit price shall prevail. Where there is a conflict between works and figures, words will govern.

**19. PAYMENT TERMS:**

District's standard payment terms are Net 30 days from receipt of approved invoice. Prompt payment discounts may be considered in the evaluation of offers, if the discount for payment is made twenty days or more from receipt of invoice. Any Payment discounts offered must be noted in Appendix A1, IFB Response Form.

**20. FOB POINT:**

Destination (freight prepaid and allowed).

**21. BRAND NAME OR APPROVED EQUAL:**

Brand names and model numbers, if specified in the IFB, are for reference and descriptive purposes only. Unless otherwise indicated, bids for equal items will be considered, provided the bid includes a detailed description of specifications of the product being offered, feature by feature. The description must clearly demonstrate how specifications of the product offered match the specifications of the product listed by brand name and/or model number in the IFB.

Submission of descriptive literature (including, without limitation, marketing material) alone does not meet this requirement. Determination of whether an item is equal to the items listed and/or meets the District's specifications is at the sole discretion of the District and its decision shall be final.

**22. INTENT OF AWARD:**

If an award is made, the District reserves the right to make an award to one or more Bidders, determined to be the best value for the District.

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**23. TIE BIDS:**

A tie bid exists when two or more responsive and responsible Bidders submit bids with an identical price. Award will be determined by a toss of a coin performed by the Purchasing Agent in the presence of the two tie bidders.

**24. PREVAILING WAGES:**

Contracts exceeding \$1000 with the District are considered "Public Works" when they include services for construction, alteration, demolition, repair work and maintenance services.

If the project falls within the classifications of "Public Works" The project will require payments of not less than the general prevailing rates for per diem wages, overtime work, legal holidays, other employee payments, and travel & subsistence if applicable, in the locality in which the work is to be performed for each craft, classification, or type of worker needed as required in the California Labor Code. Such rates of wages are on file with the Department of Industrial Relations and in the office of the District and are available to any interested party upon request.

Contractors shall promptly notify the District in writing, about any classifications of labor not listed in the prevailing wage determination but necessary for the performance of the work.

Contractors will post a copy of the determination of prevailing rates at the job site/s.

If the contract totals \$30,000 or more and requires 20 or more working days, the prime contractor will comply with and be responsible for compliance with all applicable provisions of Labor Code section 1777.5 for all apprenticeable occupations.

Each contractor and subcontractor shall keep accurate payroll records, showing the name, address, social security number, work classification, straight time and overtime hours worked each day and week, and the actual per diem wages paid to each journeyman, apprentice, worker, or other employee employed by him or her in connection with the public work. Each payroll record shall contain or be verified by a written declaration that is made under penalty of perjury. The District requires hard copies of these records for verification, prior to making

related payments to the contractor (this is in addition to the electronic reporting required by the DIR).

This is notice that contractor/s and subcontractor/s: must register with the California Department of Industrial Relations (DIR) and that:

- This project is subject to compliance monitoring and enforcement by the Department of Industrial Relations.
- No contractor or subcontractor may be listed on a bid proposal for a public works project unless registered with the Department of Industrial Relations pursuant to Labor Code section 1725.5 [with limited exceptions from this requirement for bid purposes only under Labor Code section 1771.1(a)].
- No contractor or subcontractor may be awarded a contract for public work on a public works project unless registered with the Department of Industrial Relations pursuant to Labor Code section 1725.5.
- All contractors and subcontractors must furnish electronic certified payroll records directly to the Labor Commissioner (aka Division of Labor Standards Enforcement).

SECTION III. SPECIFICATIONS/REQUIREMENTS

The anticipated General Scope and Technical Specifications will include but is not limited to the following as shown within **Attachments A through Attachment D, Figure 1 and Figure 2.**

**Appendix A1 Response Form**

- Pricing shall only reflect a separate line for each of the following (42" Knife Gate Valve, Actuator, On-Site Technicians, Freight, Tax) and any other cost necessary to fully provide product as requested.

SECTION IV. TERMS AND CONDITIONS

**GENERAL TERMS AND CONDITIONS- PRODUCTS AND EQUIPMENT**

**Article 1. Application of Printed Provisions:** The following printed provisions shall apply in all cases except to the extent that the same are inconsistent with the provisions contained on the face of the Purchase order or attached pages, sheets, or schedules or contained in a separate written agreement, signed by both parties, under this Purchase Order and in the event of any such inconsistency, to the extent thereof, the latter provisions shall supersede and apply.

The terms District, Buyer, or Owner shall mean the Union Sanitary District. The terms Seller, Contractor, or Offeror, shall mean the entity submitting a bid, quote or proposal for the specified product or equipment.

**Article 2. Purchase Order Controlling:** Irrespective of any prior proposal or other offer of the Seller, the contents of this Purchase Order shall be controlling and shall solely express the agreement reached between the parties.

**Article 3. New Items:** Only current models as offered by manufacturers will be accepted under this Purchase Order. All items offered must be new and unused unless otherwise specified.

**Article 4. Delivery Date:** Time is of the essence in complying with this order. Failure to deliver the goods hereby ordered strictly within the time specified shall entitle Buyer, in addition to any other rights or remedies, to cancel this order and purchase the goods elsewhere, holding Seller accountable therefor. Payment or acceptance of any items after delivery date shall not constitute a waiver of Buyer's right to cancel this order with respect to subsequent deliveries.

**Article 5. Risk of Loss:** Unless otherwise specified in the Purchase Order, and regardless of F.O.B. Point or any agreement to pay freight or other transportation charges, title to, and risk of loss or damages to the goods shall not pass to Buyer until they actually have been received by Buyer at the destination indicated in this Purchase Order.

**Article 6. Changes:** Buyer hereby reserves the right to make changes in the drawings and specifications. If, by reason of such change, the cost of furnishing the items delivered hereunder or the time required for performance shall be increased or decreased, the price and time for delivery stated hereunder shall be equitably adjusted. Notwithstanding the foregoing, Buyer shall not be obligated to pay any amount in excess of the stated price and no additional time for delivery shall be allowed Seller

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unless Seller shall give written notice to Buyer of its claim to an adjustment within ten days from the date of such change.

**Article 7. Cancellation:** Buyer shall have the right to cancel this order without cause, and Buyer's liability for cancellation of this order without cause shall be limited to Seller's actual cost for work and materials applicable solely to this order which shall have been expended when notice of cancellation shall be received by Seller. Buyer may, at its option, cancel this order without liability to Buyer (except for conforming shipments previously accepted by Buyer) in the event Seller shall cease to exist or become insolvent or the subject of bankruptcy or insolvency proceedings or shall commit a material breach in the performance of any part of its obligations hereunder.

**Article 8. Inspection:** All goods received are subject to final inspection at the place designated in this Purchase Order for a reasonable period of time from the date of receipt. Such inspection does not relieve Seller from responsibility of furnishing goods strictly in accordance with specifications. Neither payment nor acceptance of the goods shall constitute a waiver of the right to reject after such inspection. Buyer's rejection will be accepted as final and conclusive. Rejected goods may be returned for full credit at Seller's expense, including transportation and handling costs.

**Article 9. Payments:** Payments will be made upon submission of itemized invoices at the prices stipulated herein for goods and after delivery and acceptance or after services are rendered and accepted, less deductions, if any, as herein provided. Payment for partial deliveries may be made whenever amounts due so warrant or when requested by the Seller and approved by Buyer. Payment due dates will be computed from the date of receipt of goods or services, or the date of receipt of a correct invoice (whichever is later) to date Buyer's check is issued. Payment of invoice shall not constitute acceptance of the goods and shall be subject to appropriate adjustment for failure of Seller to meet the requirements of this order. Buyer may set off any amount owed by Seller to Buyer against any amount owed by Buyer to Seller under this order.

**Article 10. Discounts:** In connection with any discount offered, time will be computed from the date of receipt of goods or services by Buyer at the destination indicated on the Purchase Order, or from the date of final inspection and acceptance or from the date a correct invoice is received by the District whichever is the later date.

**Article 11. Warranty:** In addition to all other express or implied warranties, Seller warrants that the Goods will be : (i) free from defects in workmanship and materials; (ii) free from defects in design except to the extent that such Goods comply with the detailed designs provided by Buyer; (iii) suitable for the purposes, if any, which are stated in the face of this order; and (iv) in conformity with all the other requirements of this order. These warranties and all other warranties, express or implied, shall survive delivery, inspection, acceptance and payment.

In addition to any other rights Buyer may have, if Goods are found not to be as warranted within a period of one (1) year after acceptance by Buyer, Buyer may return such Goods to Seller, at Seller's expense, for correction, replacement, or credit, as Buyer may direct. Any Goods corrected or furnished in replacement shall, from the date of delivery of such corrected or replacement Goods, be subject to the above Warranty provisions of this Article for the same period and to the same extent as Goods initially furnished pursuant to this order. All warranty periods shall commence on the date the equipment is up and running and put into service or within 90 days after receipt by Buyer whichever occurs first.

**Article 12. Patents:** Seller warrants that it controls all patented devices, processes, materials and equipment used in filling this order, and shall defend and indemnify District and its officers, officials, employees and agents against all payments, claims, suits, damages, costs and expenses (including

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reasonable attorney's fees) arising from such use at any time. Buyer shall have the right to cancel the undelivered portion of this order upon receipt by Buyer of a notice or claim charging patent infringement.

**Article 13. Laws:** Seller warrants that the goods and/or services ordered herein have been or shall be produced and sold in compliance with the provisions of any and all Federal, State, or other laws applicable thereto.

**Article 14. Law Governing:** This Purchase Order shall be governed by and construed according to the laws of the State of California.

**Article 15. Assignment:** Seller's rights under this contract may not be assigned, in whole or in part, without the written consent of the Buyer.

**Article 16. Liability:** The District shall not be responsible for any damage that may accrue by reason of the death or injury of the person of the Seller's officers, agents, employees, invites, or licensees, or for the damages of any property of the Seller, or that may arise or be set up at any time because of personal injury or damage to property sustained by any other person or persons, which may have been caused or contributed to, approximately or remotely, be reason of or in the course of performance of this Purchase Order. The Seller shall assume full responsibility for the defense of any claim arising under this Purchase Order and the Seller shall save, keep, and bear harmless the District, all officers and employees thereof, from the damages, costs, or expenses, because of personal injury or property damage based on the performance of the Purchase Order or asserted against it.

In addition, the Contractor shall bear full and exclusive responsibility for any release of hazardous or non-hazardous substances, transportation or disposal of hazardous substances during the course of performance under this Purchase Document. The Contractor shall be solely responsible for all claims and expenses associated with the transport or disposal of hazardous substances or with the removal or remediation of any release, including without limitation, payment of any fines or penalties levied against the District by any governmental authority as a result of such release. The Contractor will hold harmless, indemnify, protect and defend the District, all officers and employees thereof, from any claims, suits or actions arising from any disposal or release. The Contractor shall immediately notify the District of any accidental incident related to the handling, transportation or disposal of hazardous or non-hazardous substances. The District reserves the right to gain access to and inspect Contractor vehicles and/or facilities that handle, transport, or depose of hazardous or non-hazardous substances.

**Article 17 - Character of Services:** Seller shall furnish all equipment, personnel and materials necessary to complete the Contract in the time prescribed expeditiously and efficiently during as many hours per shift per week and at such locations as the District may so require and designate.

**Article 18 - Assignment and Subcontracting:** This Contract may not be assigned or subcontracted by Contractor without prior written approval of District. In case such consent is given, it shall not relieve Contractor from any of the obligations of this Contract and any transferee or subcontractor shall be considered the agent of Contractor and, as between the parties hereto, Contractor shall be and remain liable as if no such transfer or subcontracting had been made.

**Article 19 - Indemnity:** The Seller has the entire responsibility for any and all death of or injury to the Contractor's or its subcontractor's employees as well as the public, for all loss or damage arising from any obstructions or difficulties, either natural or artificial, which may be encountered in the work under this Contract, for damage to property resulting from the performance of work under this contract, for damage from any action of the elements prior to final acceptance of the work under this Contract, for damage from any act or omission not authorized by the Contract on the part of the Contractor, its subcontractors, suppliers or agents. Contractor expressly agrees to indemnify, defend and hold

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harmless the District, its Directors, officers, employees, and consultants free and harmless from and against any and all loss, liability, expense, claims, costs, suits, damages, judgments, including attorneys' fees, arising out of Contractor's operations or performance of work under this Contract including but not limited to the above-mentioned responsibilities. These obligations shall survive notwithstanding the Seller's completion of the work, expiration or termination of the contract.

**Article 20 - Permits, Licenses and Laws:** Seller shall procure, pay for and comply with all permits and licenses necessary for the completion of the Contract. Contractor shall abide by all applicable laws, regulations and ordinances of the United States, California and its political subdivisions in which the work under this Contract is performed. Contractor shall be liable for all damages and shall indemnify and save District harmless from and against all damages and liability that may arise out of the failure of Contractor to secure, pay for and comply with any such licenses or permits or to comply fully with any and all applicable laws, regulations and/or ordinances.

**Article 21 - Cooperation:** Seller and its subcontractors, if any, shall cooperate with the District and other vendors and contractors on the premises and shall so carry on their work that other cooperating vendors and contractors shall not be hindered, delayed or interfered within the progress of their work, and so that all of such work shall be finished and complete job of its kind.

**Article 22 - Waiver of Default:** Any failure of District at any time, or from time to time, to enforce or require the strict keeping and performance by Contractor of any of the terms or conditions of this Contract shall not constitute a waiver by District of a breach of any such terms or conditions in any way, or the right of District at any time to avail itself of such remedies as it may have for any such breach or breaches of such terms and conditions.

**Article 23 - District Furnished Property:** Seller assumes complete liability for any District property furnished to Contractor in connection with this Contract. Contractor by accepting such District furnished property acknowledges that the property is appropriate for the use for which it is intended, free from defect and new. Seller agrees to return the District furnished property less reasonable wear and tear or pay the District the full value of such District furnished property that is destroyed, damaged, kept, lost or not accounted for. Title to District furnished property shall remain at all times with the District unless otherwise provided in writing.

**Article 24 - Claims or Disputes**

The Contractor shall be solely responsible for providing timely written notice to the District of any claims for consideration in accordance with the provisions of this contract. It is the District's intent to investigate and attempt to resolve any Contractor claims before the Contractor has performed any disputed work. Therefore, the Contractor's failure to provide timely notice shall constitute a waiver of the Contractor's claim for additional compensation and/or time.

The Contractor shall not be entitled to consideration for any cause, including any act, or failure to act, by the District, or failure or refusal to issue a modification, or the happening of any event, thing, or occurrence, unless it has given the District due written notice of a potential claim. The potential claim shall set forth the reasons for which the Contractor believes credit may be due, the nature of the costs involved, and the amount of the potential claim.

If based on an act or failure to act by the District, such notice shall be given to the District prior to the time that the Contractor has started performance of the work giving rise to the potential claim for consideration. In all other cases, notice shall be given within ten days after the happening of the event or occurrence giving rise to the potential claim.

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If there is a dispute over any claim, the Contractor shall continue to work during the dispute resolution process in a diligent and timely manner as directed by the District, and shall be governed by all applicable provisions of the contract. The Contractor shall maintain cost records of all work which is the basis of any dispute.

If an agreement can be reached which resolves the Contractor's claim, the parties will execute a contract modification to document the resolution of the claim. If the parties cannot reach an agreement with respect to the Contractor claim, they may chose a dispute resolution process or terminate the contract.

**Article 25 - Insurance Requirements for Suppliers & Contractors**

**Workers Compensation Insurance:** Contractor shall take out and maintain during the life of the Contract, worker's compensation and employment liability insurance for all of its employees on the project. In lieu of evidence of worker's compensation insurance, the District will accept a Self Insurance Certificate from the State of California. Contractor shall require that any subcontractor performing work on the Contract provide Contractor with evidence of Workers Compensation and Employment Liability Insurance all in strict compliance with California's state laws.

**General Liability and Comprehensive Automobile Insurance:** Contractor shall take out and maintain during the life of the Contract, general liability and automobile liability policies that contain, or be endorsed to contain, the following provisions:

The District, its officers, officials, employees, volunteers and agents are to be covered as insureds with respect to liability arising out of automobiles owned, leased, hired or borrowed by or on behalf of the contractor; and with respect to liability arising out of work or operations performed by or on behalf of the Contractor including materials, parts or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the Contractor's insurance, or as a separate owner's policy.

For any claims related to this project, the Contractor's insurance coverage shall be primary insurance as respects the District, its officers, officials, employees, volunteers and agents. Any insurance or self-insurance maintained by the District, its officers, officials, employees, or volunteers shall be excess of the Contractor's insurance and shall not contribute with it. Each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled by either party, except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the District.

Minimum Scope of Insurance Coverage shall be at least as broad as:

Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001). Insurance Services Office form number CA 0001 (Ed. 1/87) covering Automobile Liability, (any auto).

Workers' Compensation insurance as required by the State of California and Employer's Liability insurance.

Minimum Limits of Insurance: Contractor shall maintain limits no less than:

**General Liability:** \$1,000,000 per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.

**Automobile Liability:** \$1,000,000 per accident for bodily injury and property damage.

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Employer's Liability: \$1,000,000 per accident for bodily injury or disease.

Deductibles and Self-Insured Retentions: Any deductibles or self-insured retentions must be declared to and approved by the District. At the option of the District, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the District, its officers, officials, employees and volunteers; or the Contractor shall provide a financial guarantee satisfactory to the District guaranteeing payment of losses and related investigations, claim administration and defense expenses.

Waiver of Subrogation: The referenced policies and Excess or Umbrella policies shall contain a waiver of subrogation in favor of the Union Sanitary District and its officers, directors, employees, volunteers and agents while acting in such capacity, and their successors and assignees, as the new, or as they may hereafter be constituted, singly, jointly or severally.

Verification of Coverage: Within seven (7) working days of execution of this Agreement, the Contractor shall furnish the District with original certificates and amendatory endorsements effecting coverage required by this clause. All certificates and endorsements are to be received and approved by the District before work commences. The District reserves the right to require complete, certified copies of all required insurance policies, including endorsements effecting the coverage required by these specifications at any time.

Acceptability of Insurers: Insurance shall be placed with insurers with a current A.M. Best's rating of no less than A:VII.

Subcontractors: Contractor shall include all subcontractors as insureds under its policies or shall furnish separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.

**Article 26 - Work Hours:** Except as may otherwise be specified, all products and/or equipment shall be delivered and/or work shall be performed during regular work hours as follows: Monday through Friday from 8:00 a.m. to 5:00 p.m., except holidays.

**Article 27 – Plant Site Security**

The Contractor shall conform to the security measures outlined in this section for all work conducted on site at the Alvarado Wastewater Treatment Plant. The measures shall be applicable to employees of the Contractor, subcontractors, suppliers, manufacturer's representatives, and others who are under contract to the Contractor.

**Plant Entrance Gate:** For projects located at the Alvarado Wastewater Treatment Plant, the District will assign a code to the Contractor to access the main vehicular and personnel gates. The Contractor shall not share this code with his suppliers, manufacturer's representatives, and third-party delivery drivers. The District will revoke the code should there be unauthorized use of the code by anyone other than the Contractor or his personnel. If required, the District can assign separate codes to key subcontractors who will access the site on a regular basis during the project.

**Parking:** Only the Contractor's work vehicles displaying the company's name and/or logo shall be permitted to enter the Plant entrance gate and park in the staging area designated on the site plan. Personal vehicles of the Contractor's workers are only permitted to park in the overflow parking lot as shown on the site plan.

**Union Sanitary District  
Invitation for Bid No. S-20-S-277  
Knife Gate Valves**

**Pedestrian and Vehicular Routes:** The Contractor shall use only the routes shown on the site plan for pedestrian and vehicular traffic and deliveries.

**Identification:** All Contractor personnel shall wear hard hats and nametags, displaying the company's name and/or logo. All of the Contractor's work vehicles shall display the company's name and/or logo. At the preconstruction conference, the Contractor shall submit to the Construction Manager a list of names of the Contractor's personnel who are scheduled to work on site for the duration of the project. The Contractor shall submit an updated list whenever personnel is added or removed from the list.

**Deliveries:** To help in identifying the delivery route, the Contractor shall install signs along the vehicular route between the entrance gate and the staging area. The Contractor shall be responsible for receiving all of his deliveries during and outside of the District's business hours (Monday through Friday, 8:00 am to 5:00 pm).

**Use of District Equipment:** Contractor personnel shall be prohibited from using District equipment, which shall include, but not limited to, forklift, lifting hoist, lifting crane, tools, and vehicles.

**Restricted Areas:** Contractor personnel shall be restricted from entering District administrative and operations buildings (Buildings 5072A thru D) and Plant process buildings without permission from the Owner. Contractor personnel shall be prohibited from using District facilities, which shall include, but not limited to, lunchrooms, break rooms, rest rooms, showers, mud rooms, vending machines, water dispensing systems, and sinks.

**Enforcement:** If the Contractor does not comply with the requirements of this section, he shall be required to provide a full-time, on site security guard to enforce the security requirements. The security guard will be required any time the Contractor conducts work on site. If the Contractor does not provide the full-time, on site security guard, the District will hire the guard and subtract the costs from each progress, or final payment to the Contractor.

**Article 28- Nepotism Prohibited:** By furnishing the goods and/or providing the services covered under the Purchase Document or contract, Seller certifies that no employee of the Seller is a spouse, parent, person who stood *in loco parentis*, grandparent, child, grandchild, brother, sister, aunt, niece, nephew, cousin, domestic partner or person living in the same household (whether through marriage, domestic partnership, or as a couple living together), including step-, half-, and "in-law" to any member of the Buyer's Board of Directors, General Manager, Work Group Manager, Business Services Coach, or the Purchasing Agent or his/her designee. If such a relationship exists, the Seller shall advise the Buyer of same before any goods are shipped or any services are provided. The Buyer will advise the Seller when to ship the goods or provide the services, however the Buyer reserves the right, at its sole discretion, to deem the Purchase Document or contract void and unenforceable if such a relationship exists.

**Article 29 - Coordination of Drawings and Specifications:** Any conflict, error or discrepancy in the Contract shall be resolved by the following order of precedence: (1) Purchase Order, (2) Special Terms and Conditions, General Terms and Conditions, (3) Contractor Proposal/Quotation, (4) Drawing and/or Exhibits.

**APPENDIX A1  
 IFB RESPONSE FORM  
 PAGE 1 OF 2**

**1. BID PRICE:**

The pricing provided in this section must include all charges, delivery, and equipment as specified in the Invitation for Bid. **Pricing must also include all taxes and costs for documentation, permits and fees, as may be applicable.** All equipment must be new and unused. The District makes no guarantee of the quantities of any of the following bid items. It is expected that some of the bid items will not be utilized at all however the following quantities will be utilized in determining the lowest responsive bidder. The exact quantity of bid items utilized will be determined by the District at its sole discretion after award of the contract and by written notice of the District over the duration of the contract. The Contractor shall receive no compensation for unused quantities of each or any of the bid items.

| <u>Item No.</u>   | <u>Qty.</u> | <u>Description</u>   | <u>Unit Price</u> | <u>Total Price</u> |
|-------------------|-------------|--|-------------------|--------------------|
| 001               | 3           | 42-inch Knife Gate Valve   | \$_____           | \$_____            |
| 002               | 1           | Electric Motorized Actuator  |                   | \$_____            |
| 003               | 1           | Factory Technician-8 hrs. on District site Knife Gate Valve (all-inclusive lump sum) |                   | \$_____            |
| 004               | 1           | Factory Technician-8 hrs. on District site Actuator (all-inclusive lump sum)         |                   | \$_____            |
| 005               | 1           | Freight  |                   | \$_____            |
| 006               | 1           | Tax (9.75%)  |                   | \$_____            |
| <b>TOTAL COST</b> |             |  |                   | \$_____            |

**Bidder, please state your payment term, including any prompt payment discount:**  
 \_\_\_\_\_% Net \_\_\_\_\_ days

**2. ADDENDA:**

Bidder, if an Addendum is posted on [www.publicpurchase.com](http://www.publicpurchase.com) please acknowledge receipt by stating the Addendum number and date below.

Addendum #\_\_\_\_ Date \_\_\_\_\_

Addendum #\_\_\_\_ Date \_\_\_\_\_

Addendum #\_\_\_\_ Date \_\_\_\_\_

Addendum #\_\_\_\_ Date \_\_\_\_\_

**Union Sanitary District  
Invitation for Bid No. S-20-S-277  
Knife Gate Valves**

**3. BIDDER'S REPRESENTATIONS:**

Bidder understands, agrees, and warrants:

- 2.1 That Bidder has carefully read and fully understands the information that was provided by the District to serve as the basis for submission of this bid;
- 2.2 That Bidder has the capability to successfully undertake and complete the responsibilities and obligations of the bid being submitted;
- 2.3 That the bid constitutes an offer that shall be firm and irrevocable for **{90}** days from the deadline for submission offers.
- 2.4 That acceptance by District of one or more bids/offers shall create a binding contract obligating offeror(s) whose offer is accepted to perform as well as creating liability for non-performance. Acceptance by District of one or more offers shall not constitute termination or revocation of the remainder of the offers.
- 2.5 That all information contained in the bid is true and correct to the best of Bidder's knowledge;
- 2.6 That Bidder signed a non-collusion affidavit herewith attached with the bid;
- 2.7 That Bidder did not receive unauthorized information from any District staff or consultant during the bid period except as provided for in the IFB package, addenda thereto, or the pre-bid conference;
- 2.8 That by submission of this bid, the Bidder acknowledges that the District has the right to make any inquiry it deems appropriate to substantiate or supplement information supplied by Bidder, and Bidder hereby grants the District permission to make said inquiries, and to provide any and all requested documentation in a timely manner; and
- 2.9 That Bidder offers and agrees to furnish the items specified in the IFB package in accordance with the specifications, instructions, terms, and conditions stated herein. Any additional or different terms or qualifications sent by bidder, including, without limitation, in mailings, attached to invoices or with any items shipped, shall not become part of the contract between the parties. District's acceptance of contractor's offer is expressly made conditional on this statement.
- 2.10 The Bidder is aware of the public work and prevailing wage requirements as set forth in the California Labor Code Sections 1720 et seq.

No Bid shall be accepted which has not been signed in ink in the appropriate space below.

By signing below, the submission of a bid shall be deemed a representation and certification by the Bidder that they have investigated all aspects of the IFB, that they are aware of the applicable facts pertaining to the IFB process, its procedures and requirements, and that they have read and understand the IFB. No request for modification of the bid shall be considered after its submission and close of bid due date on the grounds that the Bidder was not fully informed as to any fact or condition.

Company Name: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Contractor's License Number (if applicable) \_\_\_\_\_

DIR Registration Number (if applicable) \_\_\_\_\_

Worker Classification/s \_\_\_\_\_

Authorized Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

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

**APPENDIX A2  
NON-COLLUSION DECLARATION  
PAGE 1 OF 1**

I, \_\_\_\_\_, am the  
(Print Name)  
\_\_\_\_\_ of \_\_\_\_\_,  
(Position/Title) (Name of Company)

the party making the foregoing bid (the "Bidder") that the bid is not made in the interest of, or on behalf of, any undisclosed person, partnership, company, association, organization, or corporation; that the bid is genuine and not collusive or sham; that the Bidder has not directly or indirectly induced or solicited any other bidder to put in a false or sham bid; and has not directly or indirectly colluded, conspired, connived, or agreed with any bidder or anyone else to put in a sham bid, or that anyone shall refrain from bidding; that the Bidder has not in any manner directly or indirectly, sought by Agreement, communication, or conference with anyone to fix the bid price of the Bidder or any other bidder, or to fix any overhead, profit, or cost element of the bid price, or of that of any other bidder, or to secure any advantage against the public body awarding the contract of anyone interested in the Bid contract; that all statements contained in the bid are true; and, further, that the Bidder has not, directly or indirectly, submitted his or her bid price or any breakdown thereof, or the contents thereof, or divulged information or data relative thereto, or paid, and will not pay, any fee to any corporation, partnership, company association, organization, bid depository, or to any member or agent thereof to effectuate a collusive or sham bid.

The Bidder shall also disclose any and all relationships with elected Union Sanitary District Board Member or District Staff, including any campaign contributions made on behalf of any past or present Board Member and attach it to this form.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct:

Print or Type Name: \_\_\_\_\_

Authorized Signature: \_\_\_\_\_

Company Name: \_\_\_\_\_

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

**Union Sanitary District**  
**Invitation for Bid No. S-20-S-277**  
**42-inch Knife Gate Valves**



**UNION SANITARY DISTRICT**

**ADDENDUM #1**

**IFB NO. S-20-S-277**

ISSUED October 17, 2019

**42-inch Knife Gate Valve**

There are no changes to the above referenced IFB. Proposer shall acknowledge receipt of this **Addendum #1** by signing the bottom of page and submitting with proposal.

By: Skip Calvo  
Purchasing Agent

Firm Name: \_\_\_\_\_ Date: \_\_\_\_\_

Name/Title: \_\_\_\_\_ Signature: \_\_\_\_\_



**Directors**  
Manny Fernandez  
Tom Handley  
Pat Kite  
Anjali Lathi  
Jennifer Toy

**Officers**  
Paul R. Eldredge  
*General Manager/  
District Engineer*

Karen W. Murphy  
*Attorney*

**NOVEMBER 11, 2019  
BOARD OF DIRECTORS MEETING  
AGENDA ITEM # 11**

**TITLE:** **Authorize the General Manager to Execute an Agreement and Task Order No. 1 with Carollo Engineers, Inc. for the Aeration Blower No. 11 Project (*This is a Motion Item*)**

**SUBMITTED:** Paul R. Eldredge, General Manager/District Engineer  
Sami E. Ghossain, Technical Services Work Group Manager  
Raymond Chau, CIP Team Coach  
Derek Chiu, Assistant Engineer

**Recommendation**

Staff recommends the Board authorize the General Manager to execute an Agreement and Task Order No. 1 with Carollo Engineers, Inc. in the amount of \$122,849 to provide final design services for the Aeration Blower No. 11 Project (Project).

**Previous Board Action**

None.

**Background**

The Alvarado Wastewater Treatment Plant meets the National Pollutant Discharge Elimination System permit requirements for secondary treatment by using conventional activated sludge as its biological liquid treatment process. This plant process consumes the most energy by using large aeration blowers to continuously deliver air to the activated sludge in the aeration basins. The existing multistage centrifugal blowers were installed during the 1993 Plant Upgrade Project and are nearing the end of their useful lives.

In 2016, the District completed the High Speed Aeration Blower Project to install a new high-speed aeration blower, Blower No. 12, to improve the energy efficiency of the process and to evaluate it as a replacement option for the existing multistage centrifugal blowers. In 2018, the District evaluated the performance of Blower No. 12 and determined that it was operating more efficiently than the existing multistage centrifugal blowers. Staff is satisfied with its performance and desires to install another high-speed blower in the East Aeration Blower Building to provide additional blower capacity and to increase aeration system reliability.

Project Scope

Improvements to be completed in the Project include:

- Installation of a second high-speed blower, Blower No. 11, in the East Aeration Blower Building.
- Modifications to the piping system, electrical system, and other associated systems to facilitate the addition of the new high-speed blower.
- Improvements to the ventilation system of the East Aeration Blower Building to improve the performance of the two high-speed blowers.
- Replacement of the East Aeration Blower Building roofing system.
- Miscellaneous concrete-related repairs to the East Aeration Blower Building.

Final Design Services

Staff invited AECOM, Carollo Engineers, Hazen and Sawyer, Herwit Engineering, and Woodard & Curran to submit a proposal for final design services. Four proposals were received from the five consultants invited. Staff selected Carollo due to their staff’s experience in designing aeration blower projects. Carollo had also completed the design of the High Speed Aeration Blower Project in 2016.

Carollo’s scope of services and fees for Task Order No. 1 are summarized below:

| <b>Task No.</b>                           | <b>Task Description</b>           | <b>Amount</b>    |
|---|-----------------------------------|------------------|
| 1   | Project Management                | \$4,260          |
| 2   | Site Assessment / Basis of Design | \$12,081         |
| 3   | 50 Percent Design Documents       | \$28,277         |
| 4   | 90 Percent Design Documents       | \$42,707         |
| 5   | 100 Percent Design/Bid Documents  | \$12,110         |
| 6   | Bid Period Services               | \$9,170          |
| 7   | Meetings and Workshops            | \$12,910         |
| 8   | Funding Source Evaluation         | \$1,334          |
| <b>Total Task Order Not-to-Exceed Fee</b> |                                   | <b>\$122,849</b> |

The total not-to-exceed fee of \$122,849 is approximately 4.9 percent of the preliminary construction cost estimate of \$2.5 million. The construction cost estimate will be refined and updated as the Project’s final design is completed. For the previous High Speed Aeration

Blower Project, the design services cost was 9 percent of the construction cost. Staff believes the fee for Task Order No. 1 is reasonable.

Carollo is scheduled to complete the design by summer 2020. Staff anticipates construction to begin by fall 2020.

Staff recommends the Board authorize the General Manager to execute an Agreement and Task Order No. 1 with Carollo Engineers, Inc. in the amount of \$122,849 to provide final design services for the Aeration Blower No. 11 Project.

PRE/SEG/RC/DC/mb

Attachments: Figures 1 – 4  
Agreement  
Task Order No. 1



FIGURE 1 – Site Map

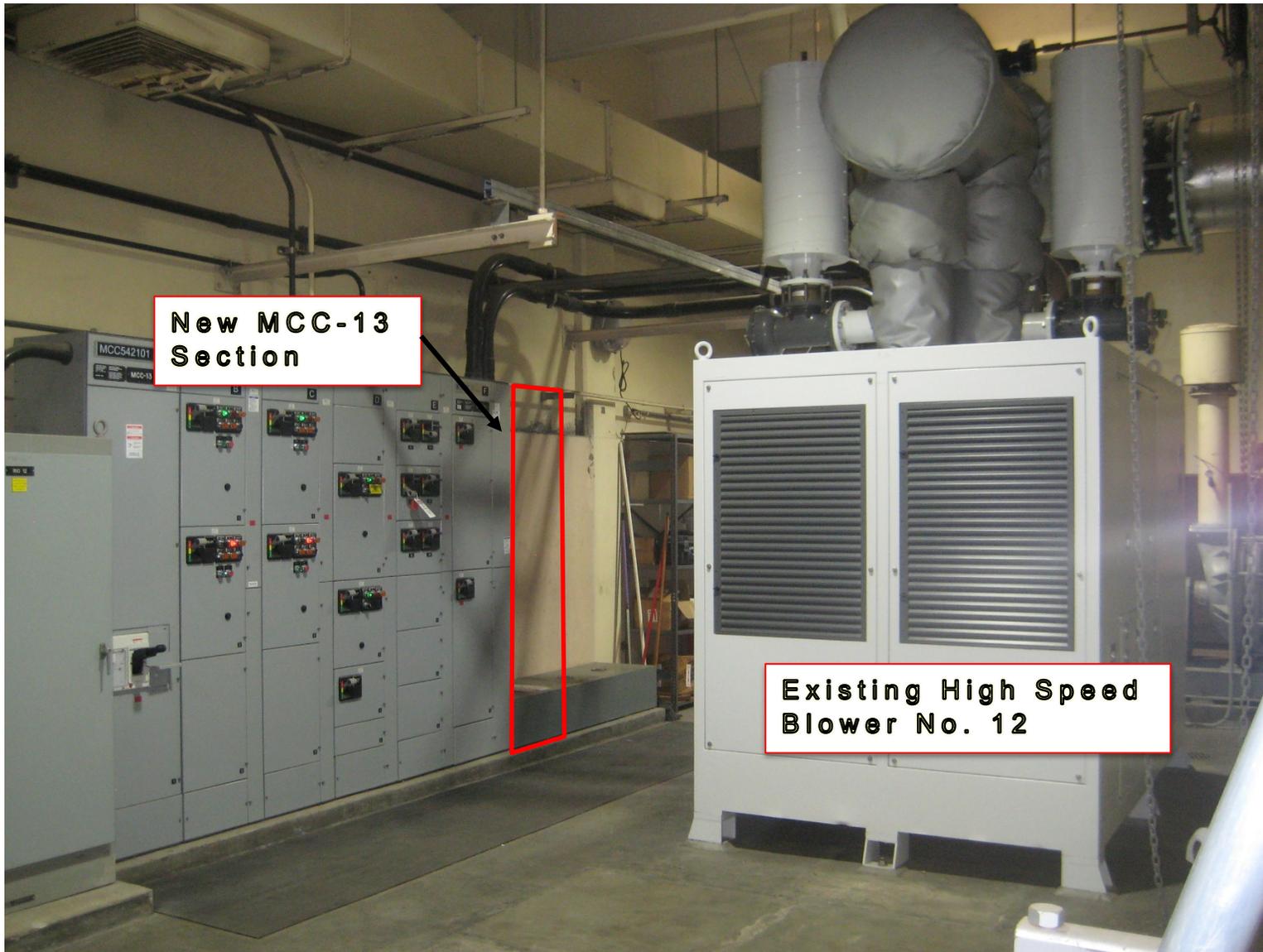


FIGURE 2 – Existing Equipment in East Aeration Blower Building

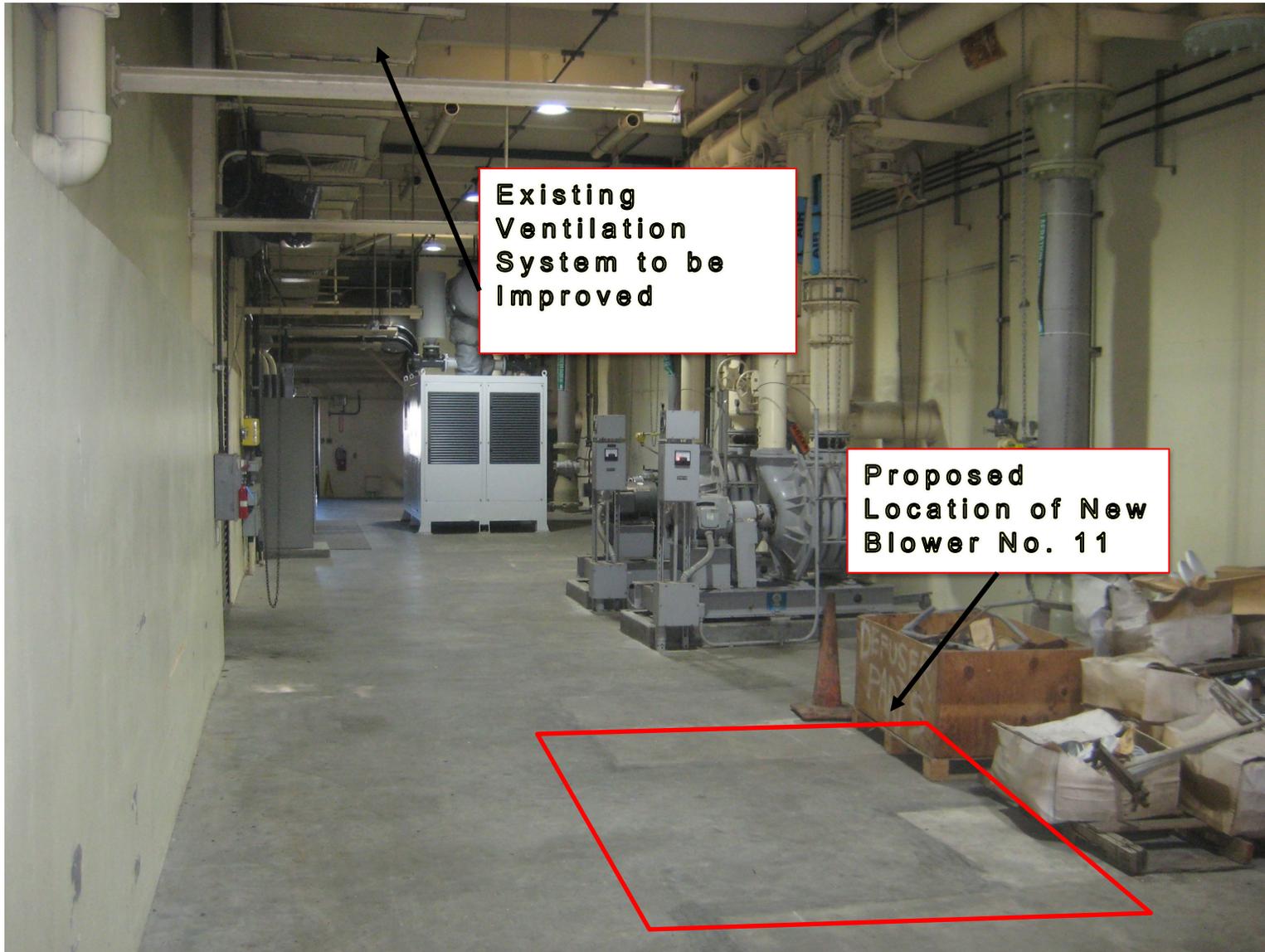


FIGURE 3 – Location of New Aeration Blower in the East Aeration Blower Building



**Misc. Concrete  
Repairs to the  
East Aeration  
Blower Room**

FIGURE 4 – Exterior of the East Aeration Blower Building

**AERATION BLOWER NO. 11 PROJECT**  
AGREEMENT  
BETWEEN  
UNION SANITARY DISTRICT  
AND  
CAROLLO ENGINEERS, INC.  
FOR  
PROFESSIONAL SERVICES

THIS IS AN AGREEMENT MADE AS OF NOVEMBER \_\_\_\_, 2019, BETWEEN UNION SANITARY DISTRICT (hereinafter referred to as District), and CAROLLO ENGINEERS, INC. (hereinafter referred to as Engineer).

WITNESSETH:

WHEREAS, District intends to design and construct the Aeration Blower No. 11 Project (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. In no event shall Engineer's costs to defend the District exceed the Engineer's proportionate percentage of negligence or fault, based upon a final judicial determination, except that if one or more defendants in an action are unable to pay its share of defense costs due to bankruptcy or dissolution, Engineer shall meet and confer with the other defendant parties regarding defense costs.
- 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 proportionate 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, lightning, 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

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 (collectively "Consultant Employees") who will have access to District's computer systems, either through on-site or remote access, or whose contract work requires an extended presence on the District's premises. The minimum background check process for any District consultant shall include, but not be limited to

1. California residents: Criminal Records (County and State Criminal Felony and Misdemeanor
2. Out of State residents: Federal criminal search of the National Criminal Database,

The background check shall be conducted and the results submitted to the District prior to initial access by Consultant Employees. If at any time, it is discovered that a Consultant 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 Consultant Employee will be placed or remain 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 Consultant 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

No exceptions.

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, INC.

By: \_\_\_\_\_  
Paul R. Eldredge, P.E.  
General Manager/District Engineer

By: \_\_\_\_\_  
Scott E. Parker, P.E.  
Senior Vice President

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

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

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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

# AERATION BLOWER NO.11 PROJECT

TASK ORDER NO. 1

to

AGREEMENT

BETWEEN

UNION SANITARY DISTRICT

AND

CAROLLO ENGINEERS, INC.

FOR

PROFESSIONAL SERVICES

Dated November \_\_\_\_, 2019

## 1. PURPOSE

The purpose of this Task Order No. 1 is to provide design and bid period services associated with the Aeration Blower No.11 Project (Project).

Based on the District's initial experience with the Neuros NX600 dual core high speed blower, Aeration Blower No.12 installed in 2016, and the favorable energy efficiency realized, the District desires to install an additional unit to have 100 percent of the typical air demand available from the high speed aeration blowers. The project consists of adding an additional dual core high speed blower, Blower No.11, to the aeration blower lineup in the East Aeration Blower Building. The project scope will also include building structural and roof repairs as well as electrical and HVAC improvements. The older multistage blowers will remain available as standby capacity in the event that one or more of the high speed blowers or cores is not available for aeration air supply.

Anticipated major rehabilitation and modifications under the final design are as follows:

- Blower sizing evaluation and installation of a new dual core high speed turbo blower (Aeration Blower No.11) in the East Aeration Blower Building.

- Piping, Electrical, and Instrumentation improvements as necessary to accommodate the new Aeration Blower No.11.
- Replacement of the East Aeration Blower Building roof and evaluation and mitigation of corrosion.
- Lighting improvements for the East Aeration Blower Building.
- Concrete repairs as needed for the East Aeration Blower Building.
- Associated demolition and modifications.
- Evaluation of potential funding opportunities for the project.

## 2. PROJECT COORDINATION

All work related to this Task Order shall be coordinated through the District's Project Manager, Derek Chiu.

## 3. SCOPE OF SERVICES

The task numbers in this Scope of Services are associated with the cost data presented in Exhibit A.

Engineer shall provide the following services:

### Task 1.0 - Project Management

Engineer shall prepare a project management plan that covers key activities. The plan shall define the personnel, project schedule, scope of services, QA/QC control, field work safety, communication protocol, and other procedures required to effectively conduct the project. Engineer shall prepare and submit a written monthly invoice to the District which will show the percentage of work completed and the percentage of contract billed, summarize the work completed during the month, and summarize the work to be completed during the following month. Engineer shall monitor and track the overall project scope, budget, and schedule, and update on a monthly basis. A log shall be maintained throughout the project to record the decisions made by the project team. The log will contain decisions made during workshops and project meetings as well as during telephone conversations or emails.

### Task 2.0 – Site Assessment and Basis of Design Technical Memorandum

Engineer's mechanical and structural engineers shall visit the site to assess the current condition of the building roof, concrete, and ventilation. Based on the results of this investigation, Engineer shall recommend necessary improvements to the structure for District consideration. These recommendations, along with other preliminary design tasks will be incorporated into a technical memorandum (TM) that provides the needed layout sketches and final design guidance for blower sizing to decide between a NX600 model or a NX700 model blower, placement, design criteria, piping, electrical, and structural considerations, and HVAC and lighting improvements. A preliminary cost estimate shall be provided.

#### Task 3.0 – 50 Percent Design Documents

Engineer shall prepare design development drawings, specifications, and a construction cost estimate for the improvements identified in Task 2.0. Key mechanical, structural, and electrical/control concepts shall be presented for District review and concurrence.

#### Task 4.0 – 90 Percent Design Documents

Following the 50 percent design review meeting, Engineer shall prepare the 90 percent design drawings, technical specifications, and cost estimate as a "final draft" version of the contract documents for District review.

#### Task 5.0 – 100 Percent Design/Bid Documents

Following the 90 percent design review meeting, and after receiving written comments from the District, Engineer shall prepare the 100 percent design documents ready for public bidding. The documents shall include all necessary drawings, technical specifications, edited District front end documents, and a final cost estimate. The final contract documents shall be stamped by California Professional Engineers and provided to the District for public advertisement and bid.

#### Task 6.0 – Bid Period Services

Engineer shall prepare the agenda and if requested, attend one prebid meeting. If requested, Engineer shall assist in evaluating the bids after bid opening to make a recommendation for award. The District shall be the primary contact for the contractor's technical questions during the bid period. Engineer shall prepare up to one addendum and respond formally to contractor's questions, to be distributed by the District.

#### Task 7.0 – Meetings and Workshops

Engineer shall conduct three design review meetings, one after each major submittal; basis of design TM, 50 percent, and 90 percent review. Meetings shall include key project participants including the Project Manager, Project Engineer, discipline engineers as required, and District staff. The purpose of these meetings will be to present the project concepts and key updates since the previous meeting, and to receive and discuss District staff review comments. Engineer shall prepare and distribute an agenda prior to the meeting, and provide meeting minutes capturing key decisions and action items developed at the meetings.

#### Task 8.0 – Funding source evaluation

If authorized by the District, the Engineer shall provide an analysis of funding options, such as energy efficiency programs, and their suitability/applicability to the project. The analysis shall be incorporated into the Basis of Design TM.

#### Assumptions:

- The District shall provide front end documents for inclusion in the bid documents.
- No site civil work, such as yard piping or paving and grading, is anticipated. All piping replacement work shall be shown on mechanical sheets.
- Evaluation of new blower alternatives shall be limited to evaluation of APG Neuros equipment. No other manufacturers will be considered.
- No process modeling is included for analysis of new blower requirements.
- Piping, Electrical, and Instrumentation modifications shall be limited to work required for installation and operation of the new Aeration Blower No.11 and building lighting improvements.
- The Engineer shall conduct the Kickoff Meeting within 3 weeks of the NTP.
- The Engineer shall provide the District with the Basis of Design TM within 2 weeks of the Kickoff Meeting. The Basis of Design TM Review Meeting shall be conducted within 1 week of receipt of the submittal.
- The District shall provide Engineer with review comments on the Basis of Design TM within 2 weeks after the Basis of Design TM Review Meeting.
- The Engineer shall provide the District with the 50 percent design submittal within 4 weeks after receipt of the Basis of Design TM review comments.

- The District shall provide Engineer with review comments on the 50 and 90 percent design submittal within 2 weeks after their respective review meetings. The 50 and 90 percent Submittal Review Meeting shall be conducted within 1 week of receipt of the submittal.
- The Engineer shall provide the District with the 90 percent design submittal within 3 weeks after receipt of District review comments.
- The Engineer shall provide the District with the final design submittal within 2 weeks after receipt of District review comments.
- Drawings and specifications shall conform to USD Capital Improvement Projects Design Standards, June 2013.
- District shall print and distribute bid documents and addendum.

#### 4. DELIVERABLES

##### Task 1.0 - Project Management

- Monthly invoices and progress reports (pdf)

##### Task 2.0 – Site Assessment and Basis of Design Technical Memorandum

- Draft Technical Memorandum (pdf)
- Final Technical Memorandum (pdf)

##### Task 3.0 – 50 Percent Design Documents

- Design submittal, including progress drawings, progress technical specifications, and engineer's estimate of probable construction cost in electronic format (pdf). Hard copies will not be provided.

##### Task 4.0 – 90 Percent Design Documents

- Design submittal, including progress drawings, progress technical specifications, and engineer's estimate of probable construction cost in electronic format (pdf). Hard copies will not be provided.

##### Task 5.0 – 100 Percent Design/Bid Documents

- Electronic drawings and technical specifications for the project will be submitted for the final submittal. Electronic specifications will be in Word and pdf format and electronic drawings will be in 11x17 and 22x34 and in pdf and the latest AutoCAD format.

##### Task 6.0 – Bid Period Services

- Original, stamped, addendum, as necessary
- Bid Evaluation letter

Task 7.0 – Meetings and Workshops

- Meeting Agendas and Minutes (pdf)

Task 8.0 – Funding source evaluation

- Evaluation results shall be incorporated into the Basis of Design Technical Memorandum, no separate deliverable is assumed.

5. PAYMENT TO THE ENGINEER

Payment to the Engineer shall be as called for in Article 2 of the Agreement. The billing rate schedule is equivalent to an overall labor multiplier of 3.21, including profit. Subconsultants and outside services will be billed at actual cost plus 5 percent; other direct costs will be billed at actual cost; and mileage will be billed at prevailing IRS standard rate.

Total charges to the DISTRICT not-to-exceed amount shall be \$122,849. A summary of the anticipated distribution of cost and manpower between tasks is shown in Exhibit A.

The following table summarizes the previously-executed and proposed task orders and amendments under the Agreement.

| <b>Task Order / Amendment</b>                     | <b>Not to Exceed Amount</b> | <b>Board Authorization Required?</b> | <b>District Staff Approval</b> |
|---|-----------------------------|--------------------------------------|--------------------------------|
| Task Order No. 1 – Design and Bid Period Services | \$122,849                   | Yes                                  | Paul Eldredge                  |
| <b>Total</b>                                      | <b>\$122,849</b>            |                                      |                                |

6. TIME OF COMPLETION

All work defined in this Task Order shall be complete in 210 calendar days after the execution of this Task Order and subject to the conditions of Article 3 of this Agreement. A summary of the anticipated schedule of work is as follows:

- Notice to Proceed (NTP) Issued to Engineer: November 11, 2019
- Kickoff Meeting: The week of December 2, 2019
- Submit Basis of Design TM: December 20, 2019
- Basis of Design TM Review Meeting: The week of January 6, 2020

- Receipt of Design TM Review Comments: The week of January 20, 2020
- Submit 50 Percent Design Submittal: February 14, 2020.
- 50 Percent Review Submittal Meeting: Week of February 25, 2020.
- Receipt of 50 Percent Review Comments: Week of March 9, 2020.
- Submit 90 Percent Design Submittal: April 3, 2020.
- 90 Percent Review Submittal Meeting: Week of April 13, 2020.
- Receipt of 90 Percent Review Comments: Week of April 27, 2020.
- Final Design Submittal: May 15 ,2020
- Bid Period (4 weeks): ending June 18, 2020
- Notice of Award: June 29, 2020

## 7. KEY PERSONNEL

Engineering personnel assigned to this Task Order No. 1 are as follows:

| <u>Role</u>         | <u>Key Person to be Assigned</u> |
|---------------------|----------------------------------|
| Principal-in-Charge | Scott Parker                     |
| Project Manager     | Ricky Gutierrez                  |
| Project Engineer    | Brianna Barton                   |
| Electrical Engineer | Beecher Engineering              |

Key personnel shall not be changed except in accordance with Article 8 of the Agreement.

IN WITNESS WHEREOF, the parties hereto have made and executed this Task Order No. 1 as of November \_\_\_\_\_, 2019 and therewith incorporate it as part of the Agreement.

DISTRICT

ENGINEER

UNION SANITARY DISTRICT

CAROLLO ENGINEERS, INC.

By: \_\_\_\_\_  
Paul R. Eldredge, P.E.  
General Manager/District Engineer

By: \_\_\_\_\_

Name: \_\_\_\_\_

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

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

By: \_\_\_\_\_

Name: \_\_\_\_\_

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

**AERATION BLOWER NO. 11 PROJECT  
EXHIBIT A - LABOR AND BUDGET ESTIMATE  
UNION SANITARY DISTRICT**

| Task                                   | Task Description                   | Other Direct Costs (ODC) |           |            |            |            |           |            |                 |                |                 |                |                |          |              |                 |                  |
|--|------------------------------------|--------------------------|-----------|------------|------------|------------|-----------|------------|-----------------|----------------|-----------------|----------------|----------------|----------|--------------|-----------------|------------------|
|  |                                    | SP                       | LPP       | PP         | AP         | CAD        | WP        | Total      | Labor           | Subconsultants |                 | Markup         | PECE           | Mileage  |              | ODC             | Total            |
|  |                                    | \$325                    | \$280     | \$211      | \$124      | \$152      | \$99      | Hours      | Cost            | Name           | Amount          | 5%             | \$13.00        | Trips    | Amount       | Total           | Cost             |
| 1.0                                    | Project Management                 | 2                        | 0         | 16         | 0          | 0          | 0         | 18         | \$4,026         |                |                 |                | \$234          |          |              | \$234           | \$4,260          |
| 2.0                                    | Site Assessment/Basis of Design TM | 2                        | 8         | 14         | 28         | 4          | 4         | 60         | \$10,320        | Beecher        | \$840           | \$42           | \$780          | 2        | \$99         | \$1,761         | \$12,081         |
| 3.0                                    | 50 Percent Design Documents        | 2                        | 12        | 24         | 40         | 40         | 8         | 126        | \$20,906        | Beecher        | \$5,460         | \$273          | \$1,638        |          |              | \$7,371         | \$28,277         |
| 4.0                                    | 90 Percent Design Documents        | 2                        | 16        | 32         | 48         | 60         | 16        | 174        | \$28,538        | Beecher        | \$11,340        | \$567          | \$2,262        |          |              | \$14,169        | \$42,707         |
| 5.0                                    | 100 Percent/Bid Documents          | 1                        | 4         | 8          | 16         | 16         | 4         | 49         | \$7,945         | Beecher        | \$3,360         | \$168          | \$637          |          |              | \$4,165         | \$12,110         |
| 6.0                                    | Bid Period Services                | 1                        | 4         | 18         | 12         | 6          | 1         | 42         | \$7,742         | Beecher        | \$840           | \$42           | \$546          |          |              | \$1,428         | \$9,170          |
| 7.0                                    | Meetings and Workshops             | 8                        | 8         | 16         | 16         | 0          | 2         | 50         | \$10,398        | Beecher        | \$1,680         | \$84           | \$650          | 2        | \$98         | \$2,512         | \$12,910         |
| 8.0                                    | Funding Source Evaluation          | 1                        | 0         | 2          | 4          | 0          | 0         | 7          | \$1,243         |                |                 |                | \$91           |          | \$91         | \$1,334         |                  |
| <b>Total Including Optional Tasks:</b> |                                    | <b>19</b>                | <b>52</b> | <b>130</b> | <b>164</b> | <b>126</b> | <b>35</b> | <b>526</b> | <b>\$91,118</b> |                | <b>\$23,520</b> | <b>\$1,176</b> | <b>\$6,838</b> | <b>4</b> | <b>\$197</b> | <b>\$31,731</b> | <b>\$122,849</b> |

**Legend:**

SP Senior Professional - Parker  
LPP Lead Project Professional - Dadik, Loera  
PP Project Professional - Gutierrez, Barrett  
P Professional - Barton  
CAD CAD Designer/Graphics  
WP Word Processor

**Notes:**

1. Mult. 3.21
2. Mileage: Based on 85 miles round trip @ \$0.58/mile.
3. Subconsultant has a 5% mark-up.
4. Beecher - EI&C - \$210/hr.
5. PECE - Project equipment and communication expense



**Directors**  
Manny Fernandez  
Tom Handley  
Pat Kite  
Anjali Lathi  
Jennifer Toy

**Officers**  
Paul R. Eldredge  
*General Manager/  
District Engineer*

Karen W. Murphy  
*Attorney*

**NOVEMBER 11, 2019  
BOARD OF DIRECTORS MEETING  
AGENDA ITEM # 12**

**TITLE:** Status of Priority 1 Capital Improvement Program Projects (*This is an Information Item*)

**SUBMITTED:** Paul R. Eldredge, General Manager/District Engineer  
Sami E. Ghossain, Technical Services Work Group Manager

**Recommendation**

Information only.

**Previous Board Action**

None.

**Background**

In June 2019, the Board approved the Capital Improvement Program (CIP) budget for FY20 in the amount of \$19.73 million for the design and construction of 24 CIP projects.

These 24 projects are ranked as Priority 1, 2, or 3 projects based on criteria prepared by staff and approved by the Executive Team. A copy of the criteria used to prioritize the projects is attached for your reference.

The status of the Priority 1 CIP projects is reviewed by the Executive Team at the end of each quarter and a copy of the status report is attached for the Board's review. For FY20, 11 projects are ranked as Priority 1 projects and the remaining 13 are ranked as Priority 2 or Priority 3 projects.

Agenda Item No. 12  
Meeting of November 11, 2019  
Page 2

Also attached is a tabular summary of the number and nature of the ongoing CIP projects at the District during FY20.

PRE/SEG:mb

Attachments: Priority 1 CIP Projects for FY20 - Status Report  
Summary of CIP Projects for FY20  
Priority 1 CIP Project Criteria  
Priority 2 & 3 CIP Project Criteria

**Priority 1 CIP Projects for FY 20 – Status Report**

|          | <b>CIP Project</b>                       | <b>Planned Milestones</b>  | <b>Status after 1<sup>st</sup> Quarter</b>  | <b>Status after 2<sup>nd</sup> Quarter</b> | <b>Status after 3<sup>rd</sup> Quarter</b> | <b>Status after 4<sup>th</sup> Quarter</b> |
|----------|--|--|---|--|--|--|
| <b>1</b> | Campus Buildings (Admin, FMC, Ops)       | a) Execute Agreement and Task order for architectural services by February 2020.<br>b) Complete architectural programming by July 2020.  | Preparation of the Request for Proposal for architectural consultant services has begun.                                |  |  |  |
| <b>2</b> | Central Avenue Sanitary Sewer Relocation | Complete the design 6 months after the City of Newark makes a determination on whether the sewer relocation design and construction can be done as part of the bridge design and construction. | Awaiting the City's response and their consultant's fee proposal for including sewer relocation in their bridge design. |  |  |  |
| <b>3</b> | Cherry St. PS                            | Complete the predesign 6 months after the execution of a Funding or Pump Station Upgrade/Relocation Agreement with the Sanctuary West developer.   | Capacity update evaluation was completed. Conditions of approval were provided to City of Newark.                       |  |  |  |
| <b>4</b> | Digester No. 2 Insp and Rehab            | a) Complete design by October 2019.<br>b) Advertise for bid by November 2019.  | 90 percent design submittal received.   |  |  |  |
| <b>5</b> | Digester 7                               | Award construction contract by November 2019.  | Project advertised for bidding on September 10 <sup>th</sup> . Bid opening is scheduled for October 29 <sup>th</sup> .  |  |  |  |

**Priority 1 CIP Projects for FY 20 – Status Report**

|           |   |   |  |  |  |  |
|-----------|---|---|--|--|--|--|
| <b>6</b>  | Force Main corrosion Repairs – Phase 3  | Award construction contract by June 2020. This milestone is dependent on the construction of the Force Main Relocation - Phase 2 Project. | Project on hold pending the completion of the Force Main Relocation – Phase 2 Project.         |  |  |  |
| <b>7</b>  | Headworks Screens Replacement           | Award construction contract by October 2019.  | Construction contract was awarded on September 23 <sup>rd</sup> .                              |  |  |  |
| <b>8</b>  | MP – Aeration Basin Modifications       | Execute Agreement and Task order for design services by January 2020.   | Request for Proposal for design services was issued on September 30 <sup>th</sup> .            |  |  |  |
| <b>9</b>  | Standby Power Generation System Upgrade | Award of Engine-Generator Equipment Preselection by June 2020.  | Re-evaluation of the basis of design to confirm the size and quantity of generators has begun. |  |  |  |
| <b>10</b> | WAS Thickeners                          | Complete 50% design by June 2020.   | Pilot test of rotating drum thickener completed; data was compiled.                            |  |  |  |
| <b>11</b> | Wet Weather Flow Management             | a) Install a 6,000-gallon calcium thiosulfate tank by January 2020.<br>b) Identify project scope and budget by January 2020.              | Calcium Thiosulfate Chemical Tank Project was advertised for construction in September.        |  |  |  |

## SUMMARY OF CIP PROJECTS FOR FY20

| Type of Project                  | Number of Projects | Names of Projects   |
|----------------------------------|--------------------|---|
| <b>Administrative Facilities</b> | <b>Two</b>         | <ol style="list-style-type: none"> <li>1. Campus Buildings (Admin, FMC, Ops)</li> <li>2. Plant Paving</li> </ol>  |
| <b>Collection System</b>         | <b>Two</b>         | <ol style="list-style-type: none"> <li>1. Central Avenue Sanitary Sewer Relocation</li> <li>2. Gravity Sewer Rehab/Replacement</li> </ol>   |
| <b>Transport System</b>          | <b>Five</b>        | <ol style="list-style-type: none"> <li>1. Cathodic Protection Improvements – Transport</li> <li>2. Cherry St. PS</li> <li>3. Force Main Corrosion Repairs – Phase 3</li> <li>4. Newark and Irvington PS Chemical System Improvements</li> <li>5. Wet Weather Flow Management</li> </ol>   |
| <b>Treatment System</b>          | <b>Fifteen</b>     | <ol style="list-style-type: none"> <li>1. Aeration Blower 11 and East Blower Bldg. Improvements</li> <li>2. Alvarado Influent PS Improvements – Phase 1</li> <li>3. Alvarado Influent Valve Box Gate Valves 1-2</li> <li>4. Cathodic Protection Improvements - Plant</li> <li>5. Centrifuge Building Improvements</li> <li>6. Contact Tank Improvements</li> <li>7. Digester No. 2 Inspection and Rehab</li> <li>8. Digester No. 7</li> <li>9. Emergency Outfall Outlet Improvements</li> <li>10. Headworks Screens Replacement</li> <li>11. MP - Aeration Basin Modifications</li> <li>12. Plant Grating Replacement</li> <li>13. Primary Clarifier Rehab (5-6)</li> </ol> |

|                                     |  |   |
|-------------------------------------|--|---|
| <b>Treatment System (continued)</b> |  | 14. Standby Power Generation System Upgrade<br>15. WAS Thickeners |
|-------------------------------------|--|---|

**Total:**

**24**

## PRIORITY 1 CIP PROJECT CRITERIA

### Priority 1 Projects:

1. Project to repair or prevent an imminent critical infrastructure failure that could result in a threat to the public, or result in permit non-compliance.
2. A project designed to address public health and safety or employee health and safety.
3. Project to provide additional capacity in order to allow connection to the District system or to prevent a potential wet weather overflow from occurring.
4. Projects that have a deadline tied to receiving a loan or grant funding.
5. Projects where we have made a timeline commitment to a customer or other outside stakeholder.
6. A project in which the District may suffer financial losses or claims should the project be delayed.
7. A project which is part of a sequence of projects whose delay could result in delays to other projects at USD or other agencies.
8. A project in which an internal commitment has been made to provide a facility that significantly impacts another group from efficiently and effectively carrying out their core work. (Not a “nice to have” type project)

These criteria can apply to a study, design, or construction project.

## PRIORITY 2 & 3 CIP PROJECT CRITERIA

### Priority 2 Projects

1. These are planned projects related to the replacement of electrical and mechanical equipment identified by the Plant Master Plan – this equipment is not in imminent danger of failure but needs to be replaced at a future date.
2. These are planned pipeline rehab/replacement projects that are identified either by the Master Plan or by the Maintenance staff and need to be completed to improve the condition of existing sewers to safeguard against potential maintenance problems – these pipelines are not in imminent danger of failure.
3. These projects do not have any immediate negative impacts on either other agencies or other projects.
4. Examples: Blacow Road Sewer Replacement, Cast Iron Pipe Replacement, Thickener Mechanism 3&4 Replacement, Rehab of Clarifiers 5&6.

### Priority 3 Projects

1. These are capacity projects identified by the master plans that will address future capacity needs of the District.
2. These projects are place holders and need to be defined at a future date
3. The District will not suffer any financial loss or claim, if these projects are delayed.
4. Examples: Cedar Relief Sewer, Hetch Hetchy Relief Sewer, Digester No. 7, Secondary Clarifiers 7 & 8.



**Directors**  
Manny Fernandez  
Tom Handley  
Pat Kite  
Anjali Lathi  
Jennifer Toy

**Officers**  
Paul R. Eldredge  
*General Manager/  
District Engineer*

Karen W. Murphy  
*Attorney*

**NOVEMBER 11, 2019  
BOARD OF DIRECTORS MEETING  
AGENDA ITEM # 13**

**TITLE:** First Quarterly Report on the Capital Improvement Program for FY20  
*(This is an Information Item)*

**SUBMITTED:** Paul R. Eldredge, General Manager/District Engineer  
Sami E. Ghossain, Technical Services Work Group Manager

**Recommendation**

Information only.

**Previous Board Action**

None.

**Background**

In June 2019, the Board approved the Capital Improvement Program (CIP) budget for FY20 in the amount of \$19.73 million for the design and construction of 24 CIP projects. The first quarter expenditures for FY20 are shown on the attached budget projection graphs. These graphs depict actual expenditures versus approved budget for the Capacity Fund 900, the Renewal and Replacement Fund 800 as well as for both funds, combined.

The total CIP expenditures up to September 30, 2019, were over the projections for the first quarter by approximately \$15,000. The main projects that had significant variances from the projected expenditures are the projects.

These primary variances are tabulated as follows:

| <b>Project</b>                                    | <b>Approximate Variance at the end of 1<sup>st</sup> Quarter (x \$1000)</b> | <b>Comments</b>   |
|---|---|---|
| Digester No. 2 Insp & Rehab                       | +15   | The project design was broadened to include improvements at the Thickeners Nos. 1 and 2, Primary Clarifiers Nos. 5 and 6, and at the Chlorine Contact Tank. |
| <b>Total Variance for the 1<sup>st</sup> Qtr.</b> | <b>+15</b>  |   |

In addition to the one (1) project listed above, the following high-priority projects were either in design or in construction during FY20:

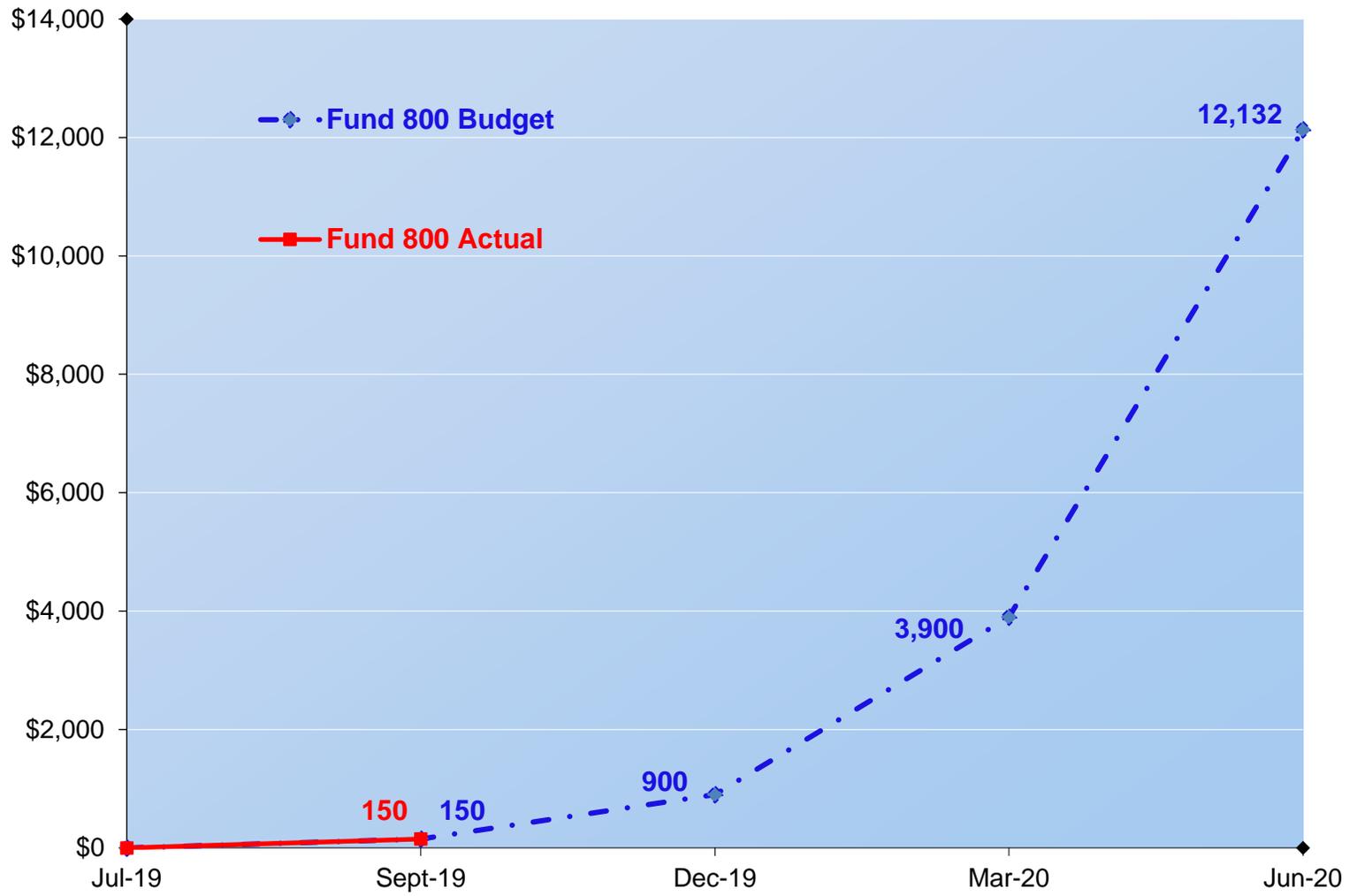
1. Campus Buildings
2. Central Avenue Sanitary Sewer Relocation
3. Cherry St. PS Improvements
4. Digester No. 7
5. Force Main Corrosion Repairs – Phase 3
6. Headworks Screens Replacement
7. MP - Aeration Basin Modifications
8. Standby Power Generation System Upgrade
9. WAS Thickeners Improvements
10. Wet Weather Flow Management

Also, there are thirteen (13) other smaller projects that were either in design or in construction during FY20.

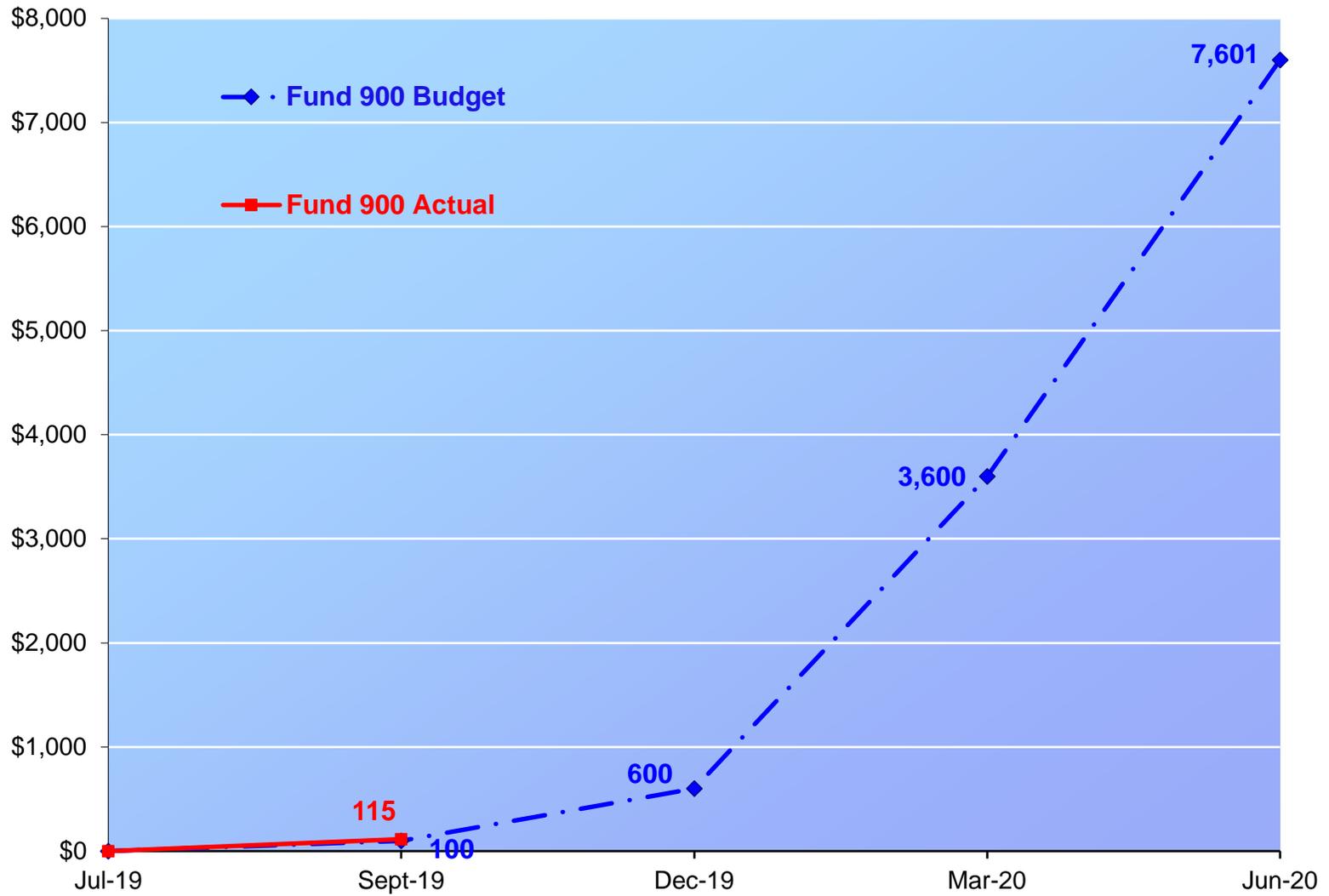
PRE/SEG:mb

Attachment: Budget Graphs

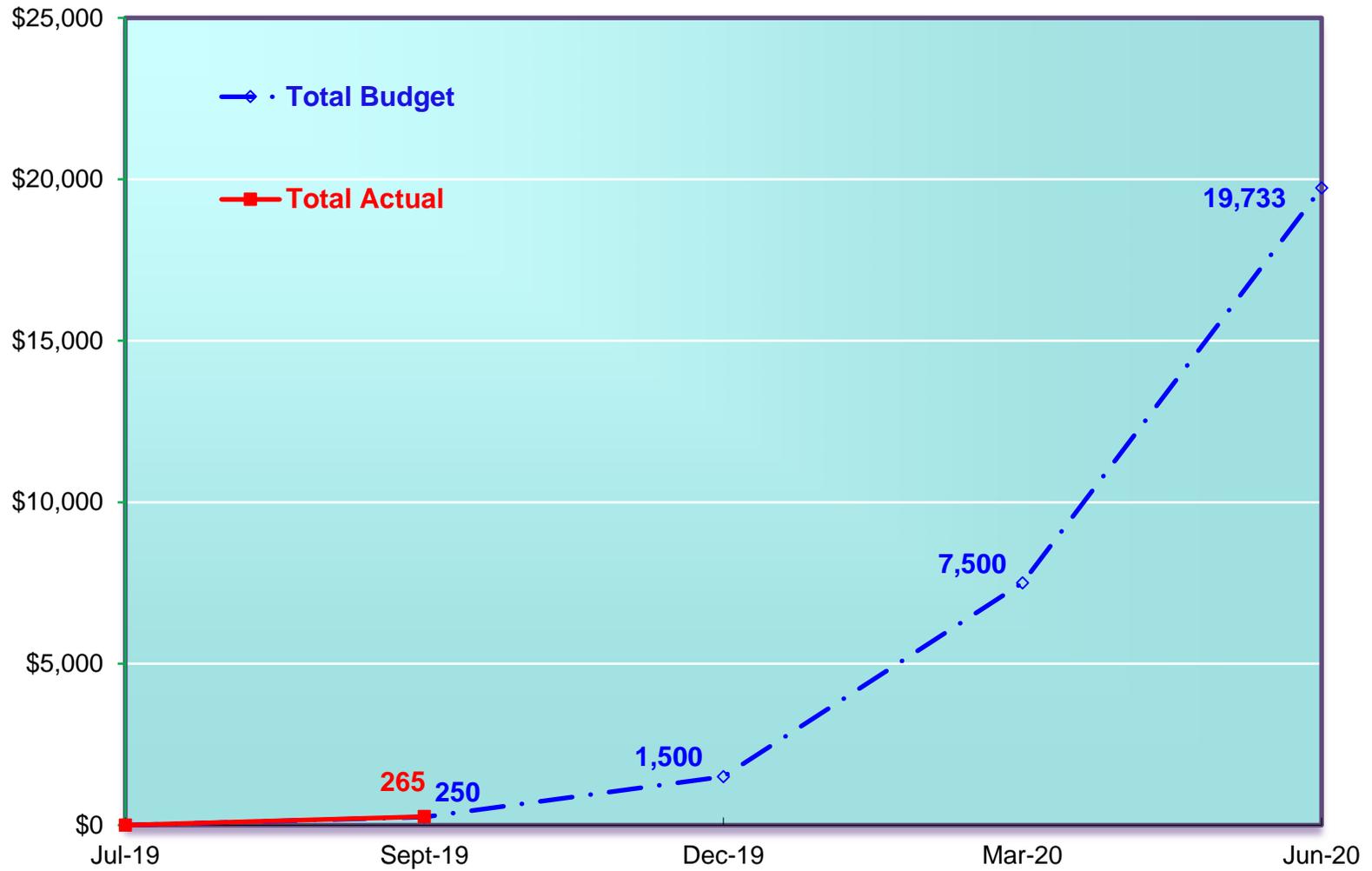
### Structural R&R



# Capacity



### Total Cumulative





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Jennifer Toy

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*General Manager/  
District Engineer*

Karen W. Murphy  
*Attorney*

**NOVEMBER 11, 2019  
BOARD OF DIRECTORS MEETING  
AGENDA ITEM # 14**

**TITLE:** **Legislative Update on State and National Issues of Interest to the Board**  
***(This is an Information Item)***

**SUBMITTED:** Paul R. Eldredge, General Manager/District Engineer  
Michelle Powell, Communications and Intergovernmental Relations  
Coordinator

**Recommendation**

Information only.

**Previous Board Action**

06/10/2019 Board Meeting – the USD Board received a legislative update on state and national issues.

**Background**

The Board was last updated on state and national issues at its June 10, 2019 meeting. A report on regional issues was presented at the October 28, 2019 Board meeting. This report covers state and national issues. If there are is any additional information or a different format desired by the Board, staff will incorporate feedback into future reports.

Following are summaries of information staff believes would be most significant to the Board. Attached is a comprehensive list of state legislation tracked in 2019 by an industry association. This document and its attached list contain the most updated information available as of the publishing date of this staff report.

## Roundtable Discussions on Impact Fees:

The California Special District Association (CSDA) notes that throughout Fall 2019, State Assemblymember Timothy Grayson (D-Concord) is hosting a multi-city tour of roundtable discussions with local officials to discuss development impact fees and how they affect housing development. Given the acute need for housing in California, it is anticipated Assemblymember Grayson and others will introduce legislation on the subject upon the reconvening of the State Legislature in January. CSDA has been invited to participate in the discussions and will ensure the voice of special districts is represented.

Assemblymember Grayson authored [AB 879](#) in 2017, which required the California Department of Housing and Community Development to study how local fees affect housing development. Completed in August 2019, this study was conducted by the University of California's [Turner Center for Housing Innovation](#).

Development impact fees are charges to developers by local agencies to mitigate the impacts of new developments on infrastructure and necessary community services. However, California's housing crisis has put a spotlight on these fees as the Legislature explores ways to incentivize more development.

Assemblymember Grayson has already successfully passed [AB 1483](#) in 2019 that deals with fee transparency and has also authored [AB 1484](#) on impact fee processes, which can be heard in 2020. The tentative schedule for roundtable discussions is as follows:

- Monday 11/4 – Fresno (10AM-12PM)
- Tuesday 11/12 – Oakland (10AM-12PM)
- Monday 11/18 – Los Angeles (12PM-2PM)
- Tuesday 11/19 – San Diego (10AM-12PM)
- TBD January 2020 – Sacramento

While the agendas are not finalized and some details may change, the general outline for the meetings will include an overview of the Report by a representative from the Turner Center, a discussion of impact fees by developer advocates, a discussion of local government finances by local government representatives; and a panel discussion with questions from elected officials.

## State Legislation 2019-2020 session:

| ACCESSORY DWELLING UNIT LEGISLATION: |  |
|--------------------------------------|--|
| <b>SB 13</b>                         | <b>Wieckowski (D)</b><br><b>Land Use: accessory dwelling units</b><br><b>Position: CASA – Neutral, as amended; CSDA – Oppose 1; League of CA Cities – Oppose unless amended</b><br><b>Status: Approved by the Governor 10/9/2019</b> |

|  |  |
|--|--|
| <p><b>Summary:</b> Authorizes the creation of accessory dwelling units (ADUs) in areas zoned to allow single-family or multifamily dwelling residential use. The bill also revises requirements for an ADU by providing that the ADU may be attached to, or located within, an attached garage, storage area, or other structure, and that it does not exceed a specified amount of total floor area.</p>  |  |
|  |  |
| <b>AB 68</b>   | <p><b>Ting (D)</b><br/> <b>Land Use: accessory dwelling units</b><br/> <b>Position: CASA – Neutral, as amended; CSDA – Neutral; League of CA Cities – Oppose unless amended</b><br/> <b>Status: Approved by the Governor 10/9/2019</b></p> |
| <p><b>Summary</b> This bill contains language that maintains fee authority for detached ADU’s, expands the number of ADU’s allowed per lot, prohibits an ordinance from imposing requirements on minimum lot size, lot coverage, or floor area ratio, and would prohibit an ordinance from establishing size requirements for accessory dwelling units that do not permit at least an 800 square foot unit at least 16 feet in height to be constructed. The bill narrows setback requirements, limits parking standards, limits monitoring of local ordinance owner-occupancy requirements, and requires permits to be approved or denied within 60 days of submission.</p> <p>The bill would increase the number of ADUs allowed to be constructed per lot by potentially allowing two ADUs on lots with single-family homes, and multiple ADUs on lots with multi-family dwellings.</p> |  |
| <b>AB 69</b>   | <p><b>Ting (D)</b><br/> <b>Land Use: accessory dwelling units</b><br/> <b>Position: CSDA – Watch; League of CA Cities – Watch</b><br/> <b>Status: Ordered to inactive file 9/5/2019; may be acted upon in 2020</b></p>                     |
| <p><b>Summary:</b> Current law requires the Department of Housing and Community Development to propose building standards to the California Building Standards Commission, and to adopt, amend, or repeal rules and regulations governing, among other things, apartment houses and dwellings, as specified. This bill would require the department to propose small home building standards governing accessory dwelling units smaller than 800 square feet, junior accessory dwelling units, and detached dwelling units smaller than 800 square feet, as specified, and to submit the small home building standards to the California Building Standards Commission for adoption on or before January 1, 2021.</p>  |  |
| <b>AB 881</b>  | <p><b>Bloom (D)</b><br/> <b>Accessory Dwelling Units</b><br/> <b>Position: CASA – Watch; League of CA Cities – Oppose unless Amended</b><br/> <b>Status: Approved by the Governor 10/9/2019</b></p>  |

**Summary:** Limits the criteria by which a local agency can determine where ADUs may be permitted to the adequacy of water and sewer services and the impact of ADUs on traffic flow and public safety. Requires local agencies to ministerially approve ADUs on lots with multi-family residences and within existing garages. Removes, until January 1, 2025, the authority for local agencies to require that applicants for ADUs be owner-occupants and removes the ability for cities to require owner occupancy for the primary or the accessory dwelling unit. Specifies that, in measuring one-half mile from public transit for purposes of applying parking requirements, it is measured in walking distance. Adds a definition of “public transit” to mean a bus stop, bus line, light rail, streetcar, car share drop-off or pick-up, or heavy rail stop. Adds a definition of “Accessory structure” to mean a structure that is accessory and incidental to a dwelling located on the same lot.

**HOUSING AND LAND USE LEGISLATION:**

|                |   |
|----------------|---|
| <b>AB 1486</b> | <p><b>Ting (D)</b><br/> <b>Local Agencies – Surplus Land</b><br/> <b>Position: CASA – Neutral, as amended; CSDA - Neutral; League of CA Cities – Watch</b><br/> <b>Status: Approved by the Governor 10/9/2019</b></p> |
|----------------|---|

**Summary:** Current law prescribes requirements for the disposal of surplus land by a local agency. Current law defines “local agency” for these purposes as every city, county, city and county, and district, including school districts of any kind or class, empowered to acquire and hold real property. This bill would expand the definition of “local agency” to include sewer, water, utility, and local and regional park districts, joint powers authorities, successor agencies to former redevelopment agencies, housing authorities, and other political subdivisions of this state and any instrumentality thereof that is empowered to acquire and hold real property, thereby requiring these entities to comply with these requirements for the disposal of surplus land. The bill would specify that the term “district” includes all districts within the state, and that this change is declaratory of existing law.

|               |  |
|---------------|--|
| <b>SB 330</b> | <p><b>Skinner (D)</b><br/> <b>Housing Crisis Act of 2019</b><br/> <b>Position: CASA – Watch; CSDA – Watch; League of CA Cities – Oppose</b><br/> <b>Status: Approved by the Governor 10/9/2019</b></p> |
|---------------|--|

**Summary:** This measure would, among other things, declare a statewide housing crisis and for a ten-year period prohibit a city from imposing parking requirements, adjusting impact fees, imposing impact fees on affordable housing, projects, and would limit new design standards based on costs.

The Housing Accountability Act requires a local agency that proposes to disapprove a housing development project that complies with applicable, objective general plan and zoning standards and criteria that were in effect at the time the application was deemed to be

complete, or to approve it on the condition that it be developed at a lower density, to base its decision upon written findings supported by substantial evidence on the record that specified conditions exist, and places the burden of proof on the local agency to that effect. The act requires a court to impose a fine on a local agency under certain circumstances and requires that the fine be at least \$10,000 per housing unit in the housing development project on the date the application was deemed complete. This bill would, until January 1, 2030, specify that an application is deemed complete for these purposes if a complete initial application was submitted, as specified.

|               |  |
|---------------|--|
| <b>AB 587</b> | <b>Friedman (D)</b><br><b>Accessory Dwelling Units: Sale or separate conveyance</b><br><b>Position: CASA – Neutral, as amended; CSDA Watch; League of CA Cities – Watch</b><br><b>Status: approved by the Governor 10/9/2019</b> |
|---------------|--|

**Summary:** Current property tax law establishes a welfare exemption under which property is exempt from taxation if the property is owned and operated by a nonprofit corporation that is organized and operated for the purpose of building and rehabilitating single-family or multifamily residences for sale, as provided, at cost to low-income families. This bill would authorize an accessory dwelling unit that was ministerially approved pursuant to the process described above to be sold or conveyed separately from the primary residence to a qualified buyer if certain conditions are met. The purpose of this bill is to enable affordable housing organization such as Habitat for Humanity to create ownership units for low-income families.

**WATER, WASTEWATER, & CONSERVATION LEGISLATION:**

|                |  |
|----------------|--|
| <b>AB 1672</b> | <b>Bloom (D)</b><br><b>Solid Waste – Flushable Products</b><br><b>Position: CASA – Support/Sponsor; CSDA Support 3; League of CA Cities - Watch</b><br><b>Status: 5/8/2019 – ASM appropriations suspense file; converted to 2-year bill by committee</b> |
|----------------|--|

**Summary:** The California Integrated Waste Management Act of 1989, administered by the Department of Resources Recycling and Recovery, generally regulates the disposal, management, and recycling of solid waste. This bill would, among other things, prohibit a covered entity, as defined, from labeling a covered product as safe to flush, safe for sewer systems, or safe for septic systems, unless the product is a flushable wipe that meets certain performance standards. The bill would require nonflushable products to be labeled clearly and conspicuously to communicate that they should not be flushed, as specified.

|               |   |
|---------------|---|
| <b>SB 332</b> | <b>Hertzberg (D), Wiener (D)</b><br><b>Position: CASA – Oppose; CSDA – Oppose 3; League of CA Cities - Oppose</b> |
|---------------|---|

|                 |  |
|-----------------|--|
|                 | <b>Status: Active bill; in committee process; may be acted upon in 2020</b>  |
| <b>Summary:</b> | Would declare, except in compliance with the bill's provisions, that the discharge of treated wastewater from ocean outfalls is a waste and unreasonable use of water. The bill would require each wastewater treatment facility that discharges through an ocean outfall and affiliated water suppliers to reduce the facility's annual flow as compared to the average annual wastewater discharge baseline volume, as prescribed, by at least 50% on or before January 1, 2030, and by at least 95% on or before January 1, 2040. The bill would subject the owner or operator of a wastewater treatment facility, as well as the affiliated water suppliers, to a civil penalty of \$2,000 per acre-foot of water above the required reduction in overall volume discharge for the failure to meet these deadlines.  |
| <b>SB 69</b>    | <b>Wiener (D)</b><br><b>Ocean Resiliency Act of 2019</b><br><b>Position: CASA – Neutral, as amended; CSDA – Watch; League of CA Cities - Watch</b><br><b>Status: Active bill; in Appropriations suspense file (may be acted upon in 2020)</b>  |
| <b>Summary:</b> | <p>This bill would require the state board, on or before December 31, 2022, to amend the California Ocean Plan and the California Enclosed Bays and Estuaries Plan to include water quality objectives and effluent limitations that specifically address ocean acidification and hypoxia. The bill would require the water quality objectives and effluent limitations to include implementation provisions, including, but not limited to, requiring all publicly operated wastewater treatment facilities that discharge to waters subject to the plans to adopt, incorporate, or improve denitrification protocols. By imposing additional requirements on publicly operated wastewater treatment facilities, the bill would impose a state-mandated local program.</p> <p>This legislation was significantly amended in order to be passed out of the Senate Appropriations Committee on May 16, 2019. CASA had been strongly opposing the bill because of provisions requiring the State Water Resources Control Board to amend the California Ocean Plan and California Enclosed Bays and Estuaries Plan to include specified water quality objectives and effluent limitations and specifically require all ocean and bay dischargers to adopt, incorporate, or improve denitrification protocols. The most recent amendments removed several sections of the bill including the provisions CASA was strongly objecting to which allowed it to move to a neutral position.</p> |
| <b>AB 756</b>   | <b>Garcia (D)</b><br><b>Public water systems: contaminants</b><br><b>Position: CASA - Watch; CSDA – Watch; League of CA Cities - Watch</b><br><b>Status: Approved by the Governor 7/31/19</b>  |
| <b>Summary:</b> | Would require a public water system to monitor for perfluoroalkyl and polyfluoroalkyl substances. The bill would additionally require a public water system to publish   |

and keep current on its internet website water quality information relating to regulated contaminants and to notify each customer on the customer's next water bill and through email, as prescribed, of confirmed detections of specified excess contaminants.

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|---------------|--|
| <b>AB 834</b> | <b>Quirk (D)</b><br><b>Freshwater and Estuarine Harmful Algal Bloom Program</b><br><b>Position: CASA – Watch; League of CA Cities – Watch</b><br><b>Status: Approved by the Governor 9/27/19</b> |
|---------------|--|

**Summary:** Would require the State Water Resources Control Board to establish a Freshwater and Estuarine Harmful Algal Bloom Program to protect water quality and public health from algal blooms. The bill would require the state board, in consultation with specified entities, among other things, to coordinate immediate and long-term algal bloom event incident response, as provided, and conduct and support algal bloom field assessment and ambient monitoring at the state, regional, watershed, and site-specific waterbody scales.

|               |  |
|---------------|--|
| <b>AB 841</b> | <b>Ting (D)</b><br><b>Drinking water: contaminants: perfluoroalkyl and polyfluoroalkyl substances</b><br><b>Position: CASA – Watch; CSDA – Watch; League of CA Cities - Watch</b><br><b>Status: Active bill; in committee process; may be acted upon in 2020</b> |
|---------------|--|

**Summary:** Would require the Office of Environmental Health Hazard Assessment to adopt and complete a work plan within prescribed timeframes to assess which substances in the class of perfluoroalkyl and polyfluoroalkyl substances should be identified as a potential risk to human health, as provided. The bill would require the office, as part of those assessments, to determine which of the substances are appropriate candidates for notification levels to be adopted by the state board. The bill would require the Office of Environmental Health Hazard Assessment, by January 1, 2022, to provide to the Legislature an update on the assessment.

|               |   |
|---------------|---|
| <b>AB 129</b> | <b>Bloom (D)</b><br><b>Waste Management: Microfiber Pollution</b><br><b>CASA: Work with Author; CSDA – Watch; League of CA Cities - Watch</b><br><b>Status: Located in ASM Environmental Safety and Toxic Materials Committee; Hearing set for 4/9/2019 cancelled at request of author – now a 2-year bill – may revisit 2020</b> |
|---------------|---|

**Summary:** Would require the State Water Resources Control Board to take specified actions relating to microfiber pollution on or before July 1, 2020 and would require the state board to identify best practices for clothing manufacturers to reduce the amount of microfibers released into the environment. The bill would require, on or before January 1, 2020, a public entity that uses a laundry system, and a private entity that contracts with a state agency for laundry services, to install a filtration system to capture microfibers that are shed during washing.

|  |  |
|--|--|
| <b>AB 292</b>  | <b>Quirk (D)</b><br><b>Recycled water: raw water and groundwater augmentation</b><br><b>Position: CASA – Support; CSDA – Support 3; League of CA Cities - Watch</b><br><b>Status: Ordered to inactive file at request of Senator Dodd 8/30/2019; may be acted upon in 2020</b> |
| <b>Summary:</b> Current law requires the State Water Resources Control Board, on or before December 31, 2023, to adopt uniform water recycling criteria for direct potable reuse through raw water augmentation, as specified. Current law defines “direct potable reuse” and “indirect potable reuse for groundwater recharge” for these purposes. This bill would eliminate the definition of “direct potable reuse” and instead would substitute the term “groundwater augmentation” for “indirect potable reuse for groundwater recharge” in these definitions. The bill would revise the definition of “treated drinking water augmentation.” |  |
| <b>AB 1180</b>   | <b>Friedman (D)</b><br><b>Water: recycled water</b><br><b>Position: CASA – Support; CSDA – Support 3; League of CA Cities - Watch</b><br><b>Status: Approved by the Governor 10/2/2019</b>   |
| <b>Summary:</b> The California Safe Drinking Water Act requires the State Water Resources Control Board to administer provisions relating to the regulation of drinking water to protect public health. Current law requires, on or before January 1, 2020, the state board to adopt standards for backflow protection and cross-connection control through the adoption of a policy handbook, as specified. This bill would require that handbook to include provisions for the use of a swivel or changeover device to supply potable water to a dual-plumbed system during an interruption in recycled water service.                           |  |
| <b>SB 210</b>  | <b>Leyva (D)</b><br><b>Heavy-Duty Vehicle Inspection and Maintenance Program</b><br><b>Position: CASA – Watch; CSDA – Concerns; League of CA Cities – Watch</b><br><b>Status: Approved by the Governor 9/20/2019</b>   |
| <b>Summary:</b> This bill would require the State Air Resources Board, in consultation with the Bureau of Automotive Repair and other specified entities, to implement a pilot program that develops and demonstrates technologies that show potential for readily bringing heavy-duty vehicles into an inspection and maintenance program.  |  |
| <b>LOCAL GOVERNMENT/PUBLIC AGENCIES</b>  |  |
| <b>AB 405</b>  | <b>Rubio (D)</b><br><b>Sales and Use Taxes: Exemption: Water Treatment</b><br><b>Position: CASA – Support; CSDA Support 3; League of CA Cities - Watch</b><br><b>Status: Held in Appropriations Suspense file 5/15/2019</b>  |

|   |   |
|---|---|
| <p><b>Summary:</b> Would exempt from Sales and Use Tax the gross receipts from the sale in this state of, and the storage, use, or other consumption in this state of, chemicals used to treat water, recycled water, or wastewater regardless of whether those chemicals or other agents become a component part thereof and regardless of whether the treatment takes place before or after the delivery to consumers.</p>  |   |
| <p><b>AB 305</b></p>  | <p><b>Nazarian (A)</b><br/> <b>Public capital facilities: public water or wastewater agencies: rate reduction bonds</b><br/> <b>Position: CASA – Approve; CSDA – Watch; League of CA Cities - Watch</b><br/> <b>Status: Approved by the Governor 9/5/2019</b></p> |
| <p><b>Summary:</b> Current law authorizes certain joint powers authorities, upon application by a local agency that owns and operates a publicly owned utility, defined to mean certain utilities furnishing water service to not less than 25,000 customers, to issue rate reduction bonds to finance utility projects, as defined, subject to certain requirements. Under current law, these rate reduction bonds are secured by a pledge of utility project property, and the joint powers authority issuing the bonds may impose on, and collect from, customers of the publicly owned utility a utility project charge to finance the bonds, as provided. Current law requires the California Pollution Control Financing Authority, among other things, to review each issuance of rate reduction bonds issued under these provisions and to submit an annual report to the Legislature containing specified information on its activities under these provisions for the preceding year. This bill expands the definition of a publicly owned utility for these purposes to include certain utilities furnishing wastewater service to not less than 25,000 customers and would authorize an authority to issue rate reduction bonds to finance or refinance water or wastewater utility projects, as specified.</p> |   |
| <p><b>AB 315</b></p>  | <p><b>Garcia (D)</b><br/> <b>Local Government: lobbying associations: expenditure of public funds</b><br/> <b>Position: CASA – Watch Close; CSDA – Oppose 2; League of CA Cities: Watch</b><br/> <b>Status: In Policy Committee; may be taken up in 2020</b></p>  |
| <p><b>Summary:</b> Existing law authorizes the legislative body of a local agency, defined as a county, city, or city and county, or a district, defined broadly to include other political subdivisions or public corporations in the state other than the state or a county, city and county, or city, to attend the Legislature and the Congress of the United States, and any committees thereof, and to present information regarding legislation that the legislative body or the district deems to be beneficial or detrimental to the local agency or the district. Existing law also authorizes the legislative body of a local agency or a district to enter into an association for these purposes and specifies that the cost and expense incident to the legislative body’s or district’s membership in the association and the activities of the association are proper charges against the local agencies or districts comprising the association.</p> <p>This bill, with respect to moneys paid to or otherwise received by an association from a local</p>   |   |

agency or district member of the association, would prohibit an association of local agencies or districts from expending those moneys for any purpose other than the above-described activities and educational activities. The bill would also require the association to publicly disclose the amount of those moneys expended on the above-described activities of the association. The bill would prohibit an association from incurring any travel-related expenses except as may be necessary for the association to hold an annual conference or other gathering of its members.

|               |  |
|---------------|--|
| <b>AB 510</b> | <b>Cooley (D)</b><br><b>Local Government Records: destruction of records</b><br><b>Position: CASA – Support; CSDA – Sponsor; League of CA Cities - Watch</b><br><b>Status: 2-year bill – May be acted upon in 2020</b> |
|---------------|--|

**Summary:** Current law authorizes the head of a department of a county or city, or the head of a special district to destroy recordings of telephone and radio communications maintained by that county, city, or special district after 100 days if that person receives approval from the legislative body and the written consent of the agency attorney. This bill would exempt the head of a department of a county or city, or the head of a special district from these recording retention requirements if the county, city, or special district adopts a records retention policy governing recordings of routine video monitoring and recordings of telephone and radio communications.

|               |  |
|---------------|--|
| <b>AB 992</b> | <b>Mullin (D)</b><br><b>Open meetings: local agencies: social media</b><br><b>Position: CASA – Approve; CSDA – Support 2; League of CA Cities – Support</b><br><b>Status: 2-Year bill – May be acted upon January 2020</b> |
|---------------|--|

**Summary:** The Ralph M. Brown Act generally requires that the meetings of legislative bodies of local agencies be conducted openly. That act defines “meeting” for purposes of the act and prohibits a majority of the members of a legislative body, outside a meeting authorized by the act, from using a series of communications of any kind to discuss, deliberate, or take action on any item of business that is within the subject matter jurisdiction of the legislative body. This bill would provide that the prohibition described above does not apply to the participation, as defined, in an internet-based social media platform, as defined, by a majority of the members of a legislative body, provided that a majority of the members do not discuss among themselves, as defined, business of a specific nature that is within the subject matter jurisdiction of the legislative body of the local agency.

Legislative analysis notes that that the bill creates a new exception to a prohibition in the Ralph M. Brown Act against serial communications by a majority of a local legislative body’s members if they are using social media. Specifically, this bill:

- 1) Provides an exception to existing law that prohibits a majority of the members of a legislative body, outside a meeting authorized by the Brown Act, from using a series of communications of

any kind, directly or through intermediaries, to discuss, deliberate, or take action on any item of business that is within the subject matter jurisdiction of the legislative body.

2) Provides that the prohibition described in 1), above, shall not apply to the participation in an internet-based social media platform by a majority of the members of a legislative body, provided that a majority of the members do not discuss among themselves business of a specific nature that is within the subject matter jurisdiction of the legislative body.

|                |  |
|----------------|--|
| <b>AB 1184</b> | <b>Gloria (D)</b><br><b>Public Records: writing transmitted by electronic mail: retention</b><br><b>Position: CASA – Disapprove; CSDA – Oppose 2; League of CA Cities - Oppose</b><br><b>Status: Vetoed by the Governor 10/13/19</b> |
|----------------|--|

**Summary:** Would, notwithstanding any law, require public agencies to retain and preserve every writing transmitted by electronic mail for a period of at least 2 years. This bill contains other existing laws.

|                |  |
|----------------|--|
| <b>AB 1484</b> | <b>Grayson (D)</b><br><b>Mitigation Fee Act: housing developments</b><br><b>Position: CASA – Work w/Author; CSDA – Watch; League of CA Cities – Watch</b><br><b>Status: In policy committee; may be acted upon in 2020</b> |
|----------------|--|

**Summary:** The Mitigation Fee Act requires a local agency that establishes, increases, or imposes a fee as a condition of approval of a development project to, among other things, determine a reasonable relationship between the fee's use and the type of development project on which the fee is imposed. This bill would prohibit a local agency from imposing a housing impact requirement adopted by the local agency on a housing development project, as defined, unless specified requirements are satisfied by the local agency, including that the housing impact requirement be roughly proportional in both nature and extent to the impact created by the housing development project.

|                |   |
|----------------|---|
| <b>AB 1588</b> | <b>Gloria (D)</b><br><b>Drinking water and wastewater operator certification programs</b><br><b>Position: CASA – Support; CSDA – Support 3; League of CA Cities - Watch</b><br><b>Status: Approved by the Governor 10/11/19</b> |
|----------------|---|

**Summary:** Previous law requires a person who operates a nonexempt wastewater treatment plant to possess a valid, unexpired wastewater certificate or water treatment operator certificate of the appropriate grade. This bill, when applying for certification by the board as a water treatment operator, distribution system operator, or wastewater operator, would require operators of complex industrial facilities, including members of the military and military service veterans, to receive full equivalent experience credit and education credit for work and tasks performed that are directly related to the operation of water or wastewater

facilities, as specified.

## PROPOSED STATE CONSTITUTIONAL AMENDMENT

|              |  |
|--------------|--|
| <b>ACA 1</b> | <b>Aguiar-Curry (D)</b><br><b>Local Government Financing: affordable housing and public infrastructure: voter approval</b><br><b>Position: CASA – Support; CSDA – Support 1; League of CA Cities – Support</b><br><b>Status: Inactive bill; failed (did not receive 2/3 vote required in Assembly)</b> |
|--------------|--|

**Summary:** The California Constitution prohibits the ad valorem tax rate on real property from exceeding 1% of the full cash value of the property, subject to certain exceptions. This measure would create an additional exception to the 1% limit that would authorize a city, county, city and county, or special district to levy an ad valorem tax to service bonded indebtedness incurred to fund the construction, reconstruction, rehabilitation, or replacement of public infrastructure or affordable housing, if the proposition proposing that tax is approved by 55% of its voters. Currently, the passage threshold is at 2/3 of voters.

This amendment would also change the threshold for passage of general obligation bonds from 2/3 of voters to 55% for school districts, community college districts, or county offices of education, for construction, reconstruction, rehabilitation, or replacement of school facilities, including furnishing and equipping or acquisition or lease of real property for school facilities, and for a city, county, or city and county to incur bonded indebtedness for the reasons described above.

If ACA 1 had passed both houses of the Legislature with 2/3rds vote, it would have gone before the voters in 2020 in order to take effect.

## ENERGY LEGISLATION

|               |   |
|---------------|---|
| <b>SB 457</b> | <b>Hueso (D)</b><br><b>Biomethane: Gas Corporations</b><br><b>Position: CASA - Support</b><br><b>Status: Approved by the Governor 10/2/19</b> |
|---------------|---|

**Summary:** Under current law, the Public Utilities Commission has regulatory authority over public utilities, including gas corporations. Current law requires the commission to adopt policies and programs that promote the in-state production and distribution of biomethane, as defined, and that facilitate the development of a variety of sources of in-state biomethane. The commission has adopted 2 decisions implementing these requirements, the 2nd of which adopted a 5-year monetary incentive program effective June 11, 2015, for biomethane projects. Current law requires the commission to modify the monetary incentive program in specified respects and to extend the program, as modified, until December 31, 2021. This bill would

require the commission to extend the program until December 31, 2026, or until all available program funds are expended, whichever occurs first.

#### MISCELLANEOUS LEGISLATION

|               |  |
|---------------|--|
| <b>AB 144</b> | <b>Aguiar-Curry (D)</b><br><b>Public Resources management: Organic Waste</b><br><b>Position: CASA – Watch; League of CA Cities - Watch</b><br><b>Status: 5/16/19 in ASM Appropriations Committee; held under submission (active bill); may be acted upon in 2020</b> |
|---------------|--|

**Summary:** Requires, on or before December 31, 2020, the Strategic Growth Council (SGC) to create a scoping plan for the state to meet its organic waste management mandates, goals, and targets. Makes unrelated cleanup changes to the Forestry Management Task Force.

|              |  |
|--------------|--|
| <b>SB 44</b> | <b>Skinner (D)</b><br><b>Medium and heavy-duty vehicles: comprehensive strategy</b><br><b>Position: League of CA Cities - Watch</b><br><b>Status: Approved by the Governor 9/20/2019</b> |
|--------------|--|

**Summary:** Would require the State Air Resources Board, no later than January 1, 2021, in consultation with the Department of Transportation, the State Energy Resources Conservation and Development Commission, and the Governor’s Office of Business and Economic Development and in collaboration with relevant stakeholders, to update the state board’s 2016 mobile source strategy to include a comprehensive strategy for the deployment of medium- and heavy-duty vehicles in the state for the purpose of bringing the state into compliance with federal ambient air quality standards and reducing motor vehicle greenhouse gas emissions from the medium- and heavy-duty vehicle sector.

#### Federal Legislation:

Staff continues to monitor legislative priorities, including infrastructure policy and financing and the extension of NPDES permit terms to up to ten years.

#### Waters of the United States Repeal

On October 22, 2019, USEPA Administrator Andrew Wheeler announced the publication of the formal Waters of the United States (WOTUS) repeal, returning the process of defining which waters are deemed to be considered navigable waters for purposes of CWA regulation to the status pre-Obama Administration WOTUS rule. Effectively, it means that any effort to secure a

Section 404 CWA permit (dredge and fill) will be determined on a case-by-case basis. The next step in the process will be a new WOTUS rule to be unveiled in the coming months.

### **Senate Begins Debate on Fiscal Year 2020 Spending**

The Senate recently voted to begin debate on a package of spending bills that includes USEPA's budget. The action increases the likelihood that the agency will have a final budget by the end of the year. Upon Senate passage, the House and Senate Committees on Appropriations will convene to reconcile differences between the two bills' spending priorities.

A key discussion will center on infrastructure program funding. The House approved \$1.8 billion for the Clean Water SRF, while the Senate approved \$1.3 billion. The low interest loan program WIFIA is likely to secure at least \$60 million with an expectation that it will support \$6 billion in new water infrastructure spending in FY 2020. Despite the differences in spending levels, it appears that the strong support for water infrastructure spending will result in a final agreement that will maintain a strong federal commitment to supporting local agencies' funding needs. It is anticipated that once the Senate approves the USEPA spending package, it will turn its attention to a second "minibus" (package of several appropriations bills) that should contain funding for water recycling and other water conservation programs funded by the U.S. Bureau of Reclamation.

### **House Committee Readies SRF Reauthorization**

#### **H.R.1497 - Water Quality Protection and Job Creation Act of 2019 – DeFazio**

After extended discussions among Committee on Transportation & Infrastructure staff and stakeholders on the parameters of a bill to renew the Clean Water State Revolving Loan Fund Program, the Committee was poised to markup (analyze and make changes section by section) H.R. 1497 the week of October 28. While the final outlines remain to be published, it appears the Committee is prepared to authorize \$14 billion over five years to fund the SRF, provide \$1 billion over five years for the CSO/SSO grants program, and establish statutory set-aside spending, including authorizing up to 75% federal grants assistance to address CSO and stormwater needs in disadvantaged communities, supporting workforce development, and making green infrastructure assistance a core element of the overall water quality program.

In addition to these authorizations, expectations are high that a renewal of the long dormant Alternative Water Source Act, which authorizes USEPA to provide grants to communities to fund water recycling and other conservation projects, will be part of the final legislative agreement. If the committee approves the measure, it will represent the first step in Congress to advance a water infrastructure bill. Because the bill provides for increased spending, the committee will be required to identify offsets for the new spending that remain unknown as of the last update staff received (October 29, 2019). Final congressional action is not expected until next year when the Senate could consider a water infrastructure bill.

The package includes targeted regulatory reforms to NPDES permitting to allow states the flexibility to issue NPDES permits for public wastewater treatment facilities of up to 10 years in certain circumstances. The initial proposal was for a clean extension of permits from 5 to 10 years for interested utilities; however, the committee added several guardrails and proposed a change to administratively continued permits, with an EPA “backstop” approach whereby when a state does not issue a renewed permit to a utility in a timely fashion, the renewal would be elevated to EPA to resolve. NACWA, CASA and other groups have significant concerns with this approach and will work to address these concerns in the coming months.

## **FY 2020 National Defense Authorization Act (NDAA)**

### **Congressional Negotiations on PFAS Continue**

House and Senate conferees to the National Defense Authorization Act, which provides direction on how the defense budget is to be spent, continued to attempt to bridge the gulf between the House effort to designate PFAS as a hazardous substance under CERCLA and the Senate’s priority to direct USEPA to determine if the chemicals should be regulated under the Safe Drinking Water Act. Designation of PFAS chemicals as hazardous could potentially expose wastewater agencies to unwarranted liabilities, simply because they “received” PFAS contaminated waters or because biosolids might contain de minimis amounts of the chemical.

The California Association of Sanitation Agencies (CASA) sent the California congressional delegation a statement opposing efforts to designate the chemical as hazardous. CASA and the National Association of Clean Water Agencies (NACWA) urged Congress to rely on science to review and determine the real health threats from the chemical and to ensure that those that generated the chemicals are held responsible. CASA also supports a USEPA rulemaking process to determine the most appropriate approach to treat, manage and dispose of this ubiquitous chemical that is found in consumer products.

It appears the deadlock over how to resolve the PFAS policy language, along with other issues central to the nation’s defense programs, may force the conferees to approve a slimmed down package. This package would address vital defense program needs and perhaps authorize funding to address the chemical’s contamination of groundwater supplies in and around military bases, leaving issues like PFAS liabilities to be resolved at a later date. Should this occur, USEPA is expected to continue its review and determine how best to regulate these chemicals.

Attachment: CASA End-of-Session State Legislation List October 14, 2019

## CASA Final Bill List 2019 Session

### [AB 68](#)

#### **(Ting D) Land use: accessory dwelling units.**

**Current Text:** Chaptered: 10/9/2019 [html](#) [pdf](#)

**Introduced:** 12/3/2018

**Last Amend:** 9/9/2019

**Status:** 10/9/2019-Approved by the Governor. Chaptered by Secretary of State - Chapter 655, Statutes of 2019.

**Location:** 10/9/2019-A. CHAPTERED

**Summary:** The Planning and Zoning Law authorizes a local agency to provide, by ordinance, for the creation of accessory dwelling units in single-family and multifamily residential zones and requires such an ordinance to impose standards on accessory dwelling units, including, among others, lot coverage. Current law also requires such an ordinance to require that the accessory dwelling units to be either attached to, or located within, the living area of the proposed or existing primary dwelling, or detached from the proposed or existing primary dwelling and located on the same lot as the proposed or existing primary dwelling. This bill would delete the provision authorizing the imposition of standards on lot coverage and would prohibit an ordinance from imposing requirements on minimum lot size.

#### **Position**

Neutral, As  
Amended

### [AB 144](#)

#### **(Aguiar-Curry D) Public resources management: organic waste.**

**Current Text:** Amended: 4/1/2019 [html](#) [pdf](#)

**Introduced:** 12/13/2018

**Last Amend:** 4/1/2019

**Status:** 5/17/2019-Failed Deadline pursuant to Rule 61(a)(5). (Last location was APPR. SUSPENSE FILE on 4/24/2019)(May be acted upon Jan 2020)

**Location:** 5/17/2019-A. 2 YEAR

**Summary:** Current law establishes the Forest Management Task Force pursuant to a specified executive order issued by the Governor, and requires the task force or its successor entity, on or before July 1, 2020, in consultation with specified entities, to develop recommendations for the siting of additional wood product manufacturing facilities in the state. Current law specifies that it is the intent of the Legislature, in developing those recommendations, that the location and activities of the mass timber production facilities be, among other things, located in, or be proximate to, areas that are near the locations of large landscape fires, as described, and in areas identified as federal opportunity zones or in areas that have an average household income of 5% below the state's median household income. This bill would add a definition of the task force for purposes of those provisions and recast the median household income threshold from 5% below to at or below 5% of the state's median household income.

#### **Position**

Watch

### [AB 231](#)

#### **(Mathis R) California Environmental Quality Act: exemption: recycled water.**

**Current Text:** Introduced: 1/17/2019 [html](#) [pdf](#)

**Introduced:** 1/17/2019

**Status:** 5/9/2019-Failed Deadline pursuant to Rule 61(a)(2). (Last location was NAT. RES. on 2/7/2019)(May be acted upon Jan 2020)(Recorded 4/26/2019)

**Location:** 2/7/2019-A. 2 YEAR

**Summary:** Would exempt from CEQA a project to construct or expand a recycled water pipeline for the purpose of mitigating drought conditions for which a state of emergency was proclaimed by the Governor if the project meets specified criteria. Because a lead agency would be required to determine if a project qualifies for this exemption, this bill would impose a state-mandated local program. The bill would also exempt from CEQA the development and approval of building standards by state agencies for recycled water systems.

#### **Position**

Watch

**AB 292 (Quirk D) Recycled water: raw water and groundwater augmentation.**

**Current Text:** Amended: 6/20/2019 [html](#) [pdf](#)

**Introduced:** 1/28/2019

**Last Amend:** 6/20/2019

**Status:** 9/15/2019-Failed Deadline pursuant to Rule 61(a)(15). (Last location was INACTIVE FILE on 8/30/2019)(May be acted upon Jan 2020)

**Location:** 9/15/2019-S. 2 YEAR

**Summary:** Current law requires the State Water Resources Control Board, on or before December 31, 2023, to adopt uniform water recycling criteria for direct potable reuse through raw water augmentation, as specified. Current law defines "direct potable reuse" and "indirect potable reuse for groundwater recharge" for these purposes. This bill would eliminate the definition of "direct potable reuse" and instead would substitute the term "groundwater augmentation" for "indirect potable reuse for groundwater recharge" in these definitions. The bill would revise the definition of "treated drinking water augmentation."

**Position**

Support

**AB 305 (Nazarian D) Public capital facilities: public water or wastewater agencies: rate reduction bonds.**

**Current Text:** Chaptered: 9/5/2019 [html](#) [pdf](#)

**Introduced:** 1/29/2019

**Last Amend:** 4/11/2019

**Status:** 9/5/2019-Approved by the Governor. Chaptered by Secretary of State - Chapter 225, Statutes of 2019.

**Location:** 9/5/2019-A. CHAPTERED

**Summary:** Current law authorizes certain joint powers authorities, upon application by a local agency that owns and operates a publicly owned utility, defined to mean certain utilities furnishing water service to not less than 25,000 customers, to issue rate reduction bonds to finance utility projects, as defined, subject to certain requirements. Under current law, these rate reduction bonds are secured by a pledge of utility project property, and the joint powers authority issuing the bonds may impose on, and collect from, customers of the publicly owned utility a utility project charge to finance the bonds, as provided. Current law requires the California Pollution Control Financing Authority, among other things, to review each issuance of rate reduction bonds issued under these provisions and to submit an annual report to the Legislature containing specified information on its activities under these provisions for the preceding year. This bill would expand the definition of a publicly owned utility for these purposes to include certain utilities furnishing wastewater service to not less than 25,000 customers and would authorize an authority to issue rate reduction bonds to finance or refinance water or wastewater utility projects, as specified.

**Position**

Approve

**AB 315 (Garcia, Cristina D) Local government: lobbying associations: expenditure of public funds.**

**Current Text:** Amended: 7/5/2019 [html](#) [pdf](#)

**Introduced:** 1/30/2019

**Last Amend:** 7/5/2019

**Status:** 9/13/2019-Re-referred to Com. on RLS. pursuant to Assembly Rule 96.

**Location:** 9/13/2019-A. RLS.

**Summary:** Current law authorizes the legislative body of a local agency, defined as a county, city, or city and county, or a district, defined broadly to include other political subdivisions or public corporations in the state other than the state or a county, city and county, or city, to attend the Legislature and the Congress of the United States, and any committees thereof, and to present information regarding legislation that the legislative body or the district deems to be beneficial or detrimental to the local agency or the district. Current law also authorizes the legislative body of a local agency or a district to enter into an association for these purposes and specifies that the cost and expense incident to the legislative body's or district's membership in the association and the activities of the association are proper charges against the local agencies or districts comprising the association. This bill, with respect to moneys paid to or otherwise received by an association from a local agency or district member of the association, would prohibit an association of local agencies or districts from expending those moneys for any purpose other than the above-described activities and educational activities.

**Position**

Watch Close

**[AB 352](#) (Garcia, Eduardo D) Wildfire Prevention, Safe Drinking Water, Drought Preparation, and Flood Protection Bond Act of 2020.**

**Current Text:** Amended: 8/14/2019 [html](#) [pdf](#)

**Introduced:** 2/4/2019

**Last Amend:** 8/14/2019

**Status:** 8/14/2019-From committee chair, with author's amendments: Amend, and re-refer to committee. Read second time, amended, and re-referred to Com. on EQ.

**Location:** 8/14/2019-S. E.Q.

**Summary:** Would enact the Wildfire Prevention, Safe Drinking Water, Drought Preparation, and Flood Protection Bond Act of 2020, which, if approved by the voters, would authorize the issuance of bonds in the amount of \$3,920,000,000 pursuant to the State General Obligation Bond Law to finance a wildlife prevention, safe drinking water, drought preparation, and flood protection program. The bill would provide for the submission of these provisions to the voters at the November 3, 2020, statewide general election. The bill would provide that its provisions are severable.

**Position**

Watch

**[AB 405](#) (Rubio, Blanca D) Sales and use taxes: exemption: water treatment.**

**Current Text:** Amended: 4/25/2019 [html](#) [pdf](#)

**Introduced:** 2/7/2019

**Last Amend:** 4/25/2019

**Status:** 5/16/2019-Joint Rule 62(a), file notice suspended. In committee: Held under submission.

**Location:** 5/15/2019-A. APPR. SUSPENSE FILE

**Summary:** Would, on and after January 1, 2020, and before January 1, 2025, exempt from that Sales and Use Tax the gross receipts from the sale in this state of, and the storage, use, or other consumption in this state of, chemicals used by a city, county, public utility, and sanitation district to treat water, recycled water, or wastewater regardless of whether those chemicals or other agents become a component part thereof and regardless of whether the treatment takes place before or after the delivery to consumers.

**Position**

Support

**[AB 456](#) (Chiu D) Public contracts: claim resolution.**

**Current Text:** Chaptered: 10/3/2019 [html](#) [pdf](#)

**Introduced:** 2/11/2019

**Last Amend:** 8/30/2019

**Status:** 10/3/2019-Approved by the Governor. Chaptered by Secretary of State - Chapter 489, Statutes of 2019.

**Location:** 10/3/2019-A. CHAPTERED

**Summary:** Current law prescribes various requirements regarding the formation, content, and enforcement of state and local public contracts. Current law establishes, until January 1, 2020, for contracts entered into on or after January 1, 2017, a claim resolution process applicable to any claim by a contractor in connection with a public works project against a public entity, as defined. Current law defines a claim for these purposes as a separate demand by the contractor for one or more of the following: a time extension for relief from damages or penalties for delay, payment of money or damages arising from work done pursuant to the contract for a public work, or payment of an amount disputed by the public entity, as specified. This bill would extend the operation of this claim resolution process until January 1, 2027.

**Position**

Watch

**[AB 510](#) (Cooley D) Local government records: destruction of records.**

**Current Text:** Introduced: 2/13/2019 [html](#) [pdf](#)

**Introduced:** 2/13/2019

**Status:** 5/3/2019-Failed Deadline pursuant to Rule 61(a)(3). (Last location was L. GOV. on 2/21/2019)(May be acted upon Jan 2020)

**Location:** 5/3/2019-A. 2 YEAR

**Summary:** Current law authorizes the head of a department of a county or city, or the head of a

special district to destroy recordings of telephone and radio communications maintained by that county, city, or special district after 100 days if that person receives approval from the legislative body and the written consent of the agency attorney. This bill would exempt the head of a department of a county or city, or the head of a special district from these recording retention requirements if the county, city, or special district adopts a records retention policy governing recordings of routine video monitoring and recordings of telephone and radio communications.

**Position**  
Support

**AB 530** **(Aguiar-Curry D) The Fairfield-Suisun Sewer District.**

**Current Text:** Chaptered: 7/10/2019 [html](#) [pdf](#)

**Introduced:** 2/13/2019

**Last Amend:** 4/22/2019

**Status:** 7/10/2019-Approved by the Governor. Chaptered by Secretary of State - Chapter 69, Statutes of 2019.

**Location:** 7/10/2019-A. CHAPTERED

**Summary:** The Fairfield-Suisun Sewer District Act creates the Fairfield-Suisun Sewer District and grants to the district various powers relating to the treatment and disposal of sewage. The current act provides for the election of a board of directors for the district and administrative procedures for the operation of the district. Violation of regulations adopted by the board is a misdemeanor. This bill would make various administrative changes to the act, including removing the requirement that the district appoint a clerk and changing the posting requirements for regulations.

**Position**  
Support

**AB 587** **(Friedman D) Accessory dwelling units: sale or separate conveyance.**

**Current Text:** Chaptered: 10/9/2019 [html](#) [pdf](#)

**Introduced:** 2/14/2019

**Last Amend:** 9/6/2019

**Status:** 10/9/2019-Approved by the Governor. Chaptered by Secretary of State - Chapter 657, Statutes of 2019.

**Location:** 10/9/2019-A. CHAPTERED

**Summary:** Current property tax law establishes a welfare exemption under which property is exempt from taxation if the property is owned and operated by a nonprofit corporation that is organized and operated for the purpose of building and rehabilitating single-family or multifamily residences for sale, as provided, at cost to low-income families. This bill would authorize a local agency to allow, by ordinance, an accessory dwelling unit that was created pursuant to the process described above to be sold or conveyed separately from the primary residence to a qualified buyer if certain conditions are met.

**Position**  
Neutral, As  
Amended

**AB 626** **(Quirk-Silva D) Conflicts of interest.**

**Current Text:** Amended: 5/13/2019 [html](#) [pdf](#)

**Introduced:** 2/15/2019

**Last Amend:** 5/13/2019

**Status:** 6/4/2019-Failed Deadline pursuant to Rule 61(a)(8). (Last location was INACTIVE FILE on 5/30/2019)

**Location:** 6/4/2019-A. 2 YEAR

**Summary:** Current law prohibits members of the Legislature, and state, county, district, judicial district, and city officers or employees, from being financially interested in a contract, as specified, made by them in their official capacity or by any body or board of which they are members, subject to specified exceptions. Current prohibits an officer or employee from being deemed to have an interest in a contract if the person's interest is one of certain types. This bill would prohibit an officer or employee from being deemed interested in a contract, as described above, if the interest is that of an engineer, geologist, architect, landscape architect, land surveyor, or planner, performing specified services on a project, including preliminary design and preconstruction services, when proposing to perform services on a subsequent portion or phase of the project, if the work product for prior phases is publicly available.

**Position**

**[AB 756](#) ([Garcia, Cristina](#) D) **Public water systems: perfluoroalkyl substances and polyfluoroalkyl substances.****

**Current Text:** Chaptered: 7/31/2019 [html](#) [pdf](#)

**Introduced:** 2/19/2019

**Last Amend:** 6/24/2019

**Status:** 7/31/2019-Approved by the Governor. Chaptered by Secretary of State - Chapter 162, Statutes of 2019.

**Location:** 7/31/2019-A. CHAPTERED

**Summary:** Would authorize the State Water Resources Control Board to order a public water system to monitor for perfluoroalkyl substances and polyfluoroalkyl substances. The bill would require a community water system or a nontransient noncommunity water system, upon a detection of these substances, to report that detection, as specified. The bill would require a community water system or a nontransient noncommunity water system where a detected level of these substances exceeds the response level to take a water source where the detected levels exceed the response level out of use or provide a prescribed public notification.

**Position**

Watch

**[AB 834](#) ([Quirk](#) D) **Freshwater and Estuarine Harmful Algal Bloom Program.****

**Current Text:** Chaptered: 9/27/2019 [html](#) [pdf](#)

**Introduced:** 2/20/2019

**Last Amend:** 8/30/2019

**Status:** 9/27/2019-Approved by the Governor. Chaptered by Secretary of State - Chapter 354, Statutes of 2019.

**Location:** 9/27/2019-A. CHAPTERED

**Summary:** Would require the State Water Resources Control Board to establish a Freshwater and Estuarine Harmful Algal Bloom Program to protect water quality and public health from harmful algal blooms. The bill would require the state board, in consultation with specified entities, among other things, to coordinate immediate and long-term algal bloom event incident response, as provided, and conduct and support algal bloom field assessment and ambient monitoring at the state, regional, watershed, and site-specific waterbody scales.

**Position**

Watch

**[AB 835](#) ([Quirk](#) D) **Safe recreational water use: standards: harmful algal blooms.****

**Current Text:** Amended: 4/2/2019 [html](#) [pdf](#)

**Introduced:** 2/20/2019

**Last Amend:** 4/2/2019

**Status:** 5/17/2019-Failed Deadline pursuant to Rule 61(a)(5). (Last location was APPR. SUSPENSE FILE on 4/24/2019)(May be acted upon Jan 2020)

**Location:** 5/17/2019-A. 2 YEAR

**Summary:** Would require the State Water Resources Control Board by regulation and in consultation with the State Department of Public Health local health officers, California Native American tribes, as defined, and the public, to establish, maintain, and amend as necessary, minimum standards for the safety of freshwater recreational bodies as related to harmful algal blooms, as it determines are reasonably necessary for the protection of the public health and safety.

**Position**

Watch

**[AB 841](#) ([Ting](#) D) **Drinking water: contaminants: perfluoroalkyl and polyfluoroalkyl substances.****

**Current Text:** Amended: 3/20/2019 [html](#) [pdf](#)

**Introduced:** 2/20/2019

**Last Amend:** 3/20/2019

**Status:** 7/10/2019-Failed Deadline pursuant to Rule 61(a)(10). (Last location was E.Q. on 5/29/2019)(May be acted upon Jan 2020)

**Location:** 7/10/2019-S. 2 YEAR

**Summary:** Would require the Office of Environmental Health Hazard Assessment to adopt and complete a work plan within prescribed timeframes to assess which substances in the class of perfluoroalkyl and polyfluoroalkyl substances should be identified as a potential risk to human

health, as provided. The bill would require the office, as part of those assessments, to determine which of the substances are appropriate candidates for notification levels to be adopted by the state board. The bill would require the Office of Environmental Health Hazard Assessment, by January 1, 2022, to provide to the Legislature an update on the assessment.

**Position**

Watch

**AB 881** **(Bloom D) Accessory dwelling units.**

**Current Text:** Chaptered: 10/9/2019 [html](#) [pdf](#)

**Introduced:** 2/20/2019

**Last Amend:** 9/9/2019

**Status:** 10/9/2019-Approved by the Governor. Chaptered by Secretary of State - Chapter 659, Statutes of 2019.

**Location:** 10/9/2019-A. CHAPTERED

**Summary:** The Planning and Zoning Law provides for the creation of accessory dwelling units by local ordinance, or, if a local agency has not adopted an ordinance, by ministerial approval, in accordance with specified standards and conditions. Current law requires the ordinance to designate areas where accessory dwelling units may be permitted and authorizes the designated areas to be based on criteria that includes, but is not limited to, the adequacy of water and sewer services and the impact of accessory dwelling units on traffic flow and public safety. This bill would require a local agency to designate these areas based on the adequacy of water and sewer services and the impact of accessory dwelling units on traffic flow and public safety. The bill would also prohibit a local agency from issuing a certificate of occupancy for an accessory dwelling unit before issuing a certificate of occupancy for the primary residence.

**Position**

Watch

**AB 992** **(Mullin D) Open meetings: local agencies: social media.**

**Current Text:** Amended: 4/22/2019 [html](#) [pdf](#)

**Introduced:** 2/21/2019

**Last Amend:** 4/22/2019

**Status:** 5/3/2019-Failed Deadline pursuant to Rule 61(a)(3). (Last location was L. GOV. on 3/7/2019)(May be acted upon Jan 2020)

**Location:** 5/3/2019-A. 2 YEAR

**Summary:** The Ralph M. Brown Act generally requires that the meetings of legislative bodies of local agencies be conducted openly. That act defines "meeting" for purposes of the act and prohibits a majority of the members of a legislative body, outside a meeting authorized by the act, from using a series of communications of any kind to discuss, deliberate, or take action on any item of business that is within the subject matter jurisdiction of the legislative body. This bill would provide that the prohibition described above does not apply to the participation, as defined, in an internet-based social media platform, as defined, by a majority of the members of a legislative body, provided that a majority of the members do not discuss among themselves, as defined, business of a specific nature that is within the subject matter jurisdiction of the legislative body of the local agency.

**Position**

Approve

**AB 1083** **(Burke D) Long-term plans and procurement plans: energy and energy infrastructure procurement requirements: California Council on Science and Technology.**

**Current Text:** Chaptered: 10/12/2019 [html](#) [pdf](#)

**Introduced:** 2/21/2019

**Last Amend:** 9/6/2019

**Status:** 10/12/2019-Signed by the Governor

**Location:** 10/12/2019-A. CHAPTERED

**Summary:** Would, until January 1, 2023, request the California Council on Science and Technology upon request by the chairperson of a fiscal committee or certain policy committees of either the Assembly or Senate, the Speaker of the Assembly, or the President pro Tempore of the Senate, to undertake and complete an analysis of the effects of legislation proposing to mandate procurement of electricity products, gas products, energy storage resources, or electrical or gas infrastructure by an electrical corporation, gas corporation, community choice aggregator, electric service provider, local publicly owned electric or gas utility, or any state-level energy procurement entity.

**Position**

Watch

**AB 1180 (Friedman D) Water: recycled water.**

**Current Text:** Chaptered: 10/2/2019 [html](#) [pdf](#)

**Introduced:** 2/21/2019

**Last Amend:** 6/18/2019

**Status:** 10/2/2019-Approved by the Governor. Chaptered by Secretary of State - Chapter 455, Statutes of 2019.

**Location:** 10/2/2019-A. CHAPTERED

**Summary:** The California Safe Drinking Water Act requires the State Water Resources Control Board to administer provisions relating to the regulation of drinking water to protect public health. Current law requires, on or before January 1, 2020, the state board to adopt standards for backflow protection and cross-connection control through the adoption of a policy handbook, as specified. This bill would require that handbook to include provisions for the use of a swivel or changeover device to supply potable water to a dual-plumbed system during an interruption in recycled water service.

**Position**

Support

**AB 1184 (Gloria D) Public records: writing transmitted by electronic mail: retention.**

**Current Text:** Vetoed: 10/13/2019 [html](#) [pdf](#)

**Introduced:** 2/21/2019

**Last Amend:** 8/30/2019

**Status:** 10/13/2019-Vetoed by the Governor

**Location:** 10/13/2019-A. VETOED

**Summary:** Would, unless a longer retention period is required by statute or regulation, or established by the Secretary of State pursuant to the State Records Management Act, require a public agency, for purposes of the California Public Records Act, to retain and preserve for at least 2 years every public record, as defined, that is transmitted by electronic mail.

**Position**

Disapprove

**AB 1298 (Mullin D) Climate Resiliency, Fire Risk Reduction, Recycling, Groundwater and Drinking Water Supply, Clean Beaches, and Jobs Infrastructure Bond Act of 2020.**

**Current Text:** Amended: 8/22/2019 [html](#) [pdf](#)

**Introduced:** 2/22/2019

**Last Amend:** 8/22/2019

**Status:** 9/6/2019-From committee: Be re-referred to Coms. on W., P., & W. and NAT. RES. (Ayes 11. Noes 0.) (September 5). Re-referred to Com. on W., P., & W.

**Location:** 9/5/2019-A. W.,P. & W.

**Summary:** Would enact the Climate Resiliency, Fire Risk Reduction, Recycling, Groundwater and Drinking Water Supply, Clean Beaches, and Jobs Infrastructure Bond Act of 2020, which, if approved by the voters, would authorize the issuance of bonds in an unspecified amount pursuant to the State General Obligation Bond Law to finance a climate resiliency, fire risk reduction, recycling, groundwater and drinking water supply, clean beaches, and jobs infrastructure program. The bill would require the bond act to be submitted to the voters at the November 3, 2020, statewide general election.

**Position**

Watch

**AB 1483 (Grayson D) Housing data: collection and reporting.**

**Current Text:** Chaptered: 10/9/2019 [html](#) [pdf](#)

**Introduced:** 2/22/2019

**Last Amend:** 9/6/2019

**Status:** 10/9/2019-Approved by the Governor. Chaptered by Secretary of State - Chapter 662, Statutes of 2019.

**Location:** 10/9/2019-A. CHAPTERED

**Summary:** Would require a city, county, or special district to maintain on its internet website, as applicable, a current schedule of fees, exactions, and affordability requirements imposed by the city, county, or special district, including any dependent special district, applicable to a proposed housing

development project, all zoning ordinances and development standards, and annual fee reports or annual financial reports, as specified. The bill would require a city, county, or special district to provide on its internet website an archive of impact fee nexus studies, cost of service studies, or equivalent, as specified. By requiring a city or county to include this information on its internet website, the bill would impose a state-mandated local program.

**Position**

Work w/Author

**AB 1484 (Grayson D) Mitigation Fee Act: housing developments.**

**Current Text:** Amended: 9/6/2019 [html](#) [pdf](#)

**Introduced:** 2/22/2019

**Last Amend:** 9/6/2019

**Status:** 9/9/2019-Read second time. Ordered to third reading. Re-referred to Com. on RLS. pursuant to Senate Rule 29.10(b).

**Location:** 9/9/2019-S. RLS.

**Summary:** The Mitigation Fee Act requires a local agency that establishes, increases, or imposes a fee as a condition of approval of a development project to, among other things, determine a reasonable relationship between the fee's use and the type of development project on which the fee is imposed. This bill would prohibit a local agency from imposing a housing impact requirement adopted by the local agency on a housing development project, as defined, unless specified requirements are satisfied by the local agency, including that the housing impact requirement be roughly proportional in both nature and extent to the impact created by the housing development project.

**Position**

Work w/Author

**AB 1486 (Ting D) Surplus land.**

**Current Text:** Chaptered: 10/9/2019 [html](#) [pdf](#)

**Introduced:** 2/22/2019

**Last Amend:** 9/6/2019

**Status:** 10/9/2019-Approved by the Governor. Chaptered by Secretary of State - Chapter 664, Statutes of 2019.

**Location:** 10/9/2019-A. CHAPTERED

**Summary:** Current law prescribes requirements for the disposal of surplus land by a local agency. Current law defines "local agency" for these purposes as every city, county, city and county, and district, including school districts of any kind or class, empowered to acquire and hold real property. This bill would expand the definition of "local agency" to include sewer, water, utility, and local and regional park districts, joint powers authorities, successor agencies to former redevelopment agencies, housing authorities, and other political subdivisions of this state and any instrumentality thereof that is empowered to acquire and hold real property, thereby requiring these entities to comply with these requirements for the disposal of surplus land. The bill would specify that the term "district" includes all districts within the state, and that this change is declaratory of existing law.

**Position**

Neutral, As  
Amended

**AB 1588 (Gloria D) Drinking water and wastewater operator certification programs.**

**Current Text:** Chaptered: 10/11/2019 [html](#) [pdf](#)

**Introduced:** 2/22/2019

**Last Amend:** 8/20/2019

**Status:** 10/11/2019-Signed by the Governor

**Location:** 10/11/2019-A. CHAPTERED

**Summary:** Current law requires the State Water Resources Control Board to issue a water treatment operator certificate and water distribution operator certificate by reciprocity to any person holding a valid, unexpired, comparable certification issued by another state, the United States, prescribed territories or tribal governments, or a unit of any of these. Current law requires the board to classify types of wastewater treatment plants for the purpose of determining the levels of competence necessary to operate them. This bill would require the board to evaluate opportunities to issue a water treatment operator certificate or water distribution operator certificate by reciprocity, or a wastewater certificate by examination waiver, to persons who performed duties comparable to those duties while serving in the United States military, as specified.

**Position**  
Support

**AB 1672 (Bloom D) Solid waste: flushable products.**

**Current Text:** Amended: 4/25/2019 [html](#) [pdf](#)

**Introduced:** 2/22/2019

**Last Amend:** 4/25/2019

**Status:** 5/17/2019-Failed Deadline pursuant to Rule 61(a)(5). (Last location was APPR. SUSPENSE FILE on 5/8/2019)(May be acted upon Jan 2020)

**Location:** 5/17/2019-A. 2 YEAR

**Summary:** The California Integrated Waste Management Act of 1989, administered by the Department of Resources Recycling and Recovery, generally regulates the disposal, management, and recycling of solid waste. This bill would, among other things, on or after January 1, 2021, prohibit a covered entity, as defined, from labeling a covered product as safe to flush, safe for sewer systems, or safe for septic systems, unless the product is a flushable wipe that meets certain performance standards. The bill would require nonflushable products to be labeled clearly and conspicuously to communicate that they should not be flushed, as specified.

**Position**  
Support/Sponsor

**ACA 1 (Aguiar-Curry D) Local government financing: affordable housing and public infrastructure: voter approval.**

**Current Text:** Amended: 3/18/2019 [html](#) [pdf](#)

**Introduced:** 12/3/2018

**Last Amend:** 3/18/2019

**Status:** 8/19/2019-Read third time. Refused adoption. Motion to reconsider made by Assembly Member Aguilar-Curry.

**Location:** 5/20/2019-A. THIRD READING

**Summary:** The California Constitution prohibits the ad valorem tax rate on real property from exceeding 1% of the full cash value of the property, subject to certain exceptions. This measure would create an additional exception to the 1% limit that would authorize a city, county, city and county, or special district to levy an ad valorem tax to service bonded indebtedness incurred to fund the construction, reconstruction, rehabilitation, or replacement of public infrastructure, affordable housing, or permanent supportive housing, or the acquisition or lease of real property for those purposes, if the proposition proposing that tax is approved by 55% of the voters of the city, county, or city and county, as applicable, and the proposition includes specified accountability requirements.

**Position**  
Support

**SB 1 (Atkins D) California Environmental, Public Health, and Workers Defense Act of 2019.**

**Current Text:** Vetoed: 9/27/2019 [html](#) [pdf](#)

**Introduced:** 12/3/2018

**Last Amend:** 9/10/2019

**Status:** 9/27/2019-Vetoed by the Governor. In Senate. Consideration of Governor's veto pending.

**Location:** 9/27/2019-S. VETOED

**Summary:** Current state law regulates the discharge of air pollutants into the atmosphere. The Porter-Cologne Water Quality Control Act regulates the discharge of pollutants into the waters of the state. The California Safe Drinking Water Act establishes standards for drinking water and regulates drinking water systems. The California Endangered Species Act requires the Fish and Game Commission to establish a list of endangered species and a list of threatened species, and generally prohibits the taking of those species. This bill would, until January 20, 2025, require specified agencies to take prescribed actions regarding certain federal requirements and standards pertaining to air, water, and protected species, as specified. By imposing new duties on local agencies, this bill would impose a state-mandated local program.

**Position**  
Oppose, unless  
amended

**SB 4 (McGuire D) Housing.**

**Current Text:** Amended: 4/10/2019 [html](#) [pdf](#)

**Introduced:** 12/3/2018

**Last Amend:** 4/10/2019

**Status:** 4/26/2019-Failed Deadline pursuant to Rule 61(a)(2). (Last location was GOV. & F. on 4/2/2019)(May be acted upon Jan 2020)

**Location:** 4/26/2019-S. 2 YEAR

**Summary:** Would authorize a development proponent of a neighborhood multifamily project or eligible transit-oriented development (TOD) project located on an eligible parcel to submit an application for a streamlined, ministerial approval process that is not subject to a conditional use permit. The bill would define a "neighborhood multifamily project" to mean a project to construct a multifamily unit of up to 2 residential dwelling units in a nonurban community, as defined, or up to 4 residential dwelling units in an urban community, as defined, that meets local height, setback, and lot coverage zoning requirements as they existed on July 1, 2019.

**Position**

Watch

**SB 5**

**(Beall D) Affordable Housing and Community Development Investment Program.**

**Current Text:** Vetoed: 10/13/2019 [html](#) [pdf](#)

**Introduced:** 12/3/2018

**Last Amend:** 9/5/2019

**Status:** 10/13/2019-Vetoed by the Governor. In Senate. Consideration of Governor's veto pending.

**Location:** 10/13/2019-S. VETOED

**Summary:** Would establish in state government the Affordable Housing and Community Development Investment Program, which would be administered by the Affordable Housing and Community Development Investment Committee. The bill would authorize a city, county, city and county, joint powers agency, enhanced infrastructure financing district, affordable housing authority, community revitalization and investment authority, transit village development district, or a combination of those entities, to apply to the Affordable Housing and Community Development Investment Committee to participate in the program and would authorize the committee to approve or deny plans for projects meeting specific criteria. The bill would also authorize certain local agencies to establish an affordable housing and community development investment agency and authorize an agency to apply for funding under the program and issue bonds, as provided, to carry out a project under the program.

**Position**

Watch

**SB 6**

**(Beall D) Residential development: available land.**

**Current Text:** Chaptered: 10/9/2019 [html](#) [pdf](#)

**Introduced:** 12/3/2018

**Last Amend:** 9/6/2019

**Status:** 10/9/2019-Approved by the Governor. Chaptered by Secretary of State. Chapter 667, Statutes of 2019.

**Location:** 10/9/2019-S. CHAPTERED

**Summary:** Would require the Department of Housing and Community Development to furnish the Department of General Services with a list of local lands suitable and available for residential development as identified by a local government as part of the housing element of its general plan. The bill would require the Department of General Services to create a database of that information and information regarding state lands determined or declared excess and to make this database available and searchable by the public by means of a link on its internet website.

**Position**

Watch

**SB 13**

**(Wieckowski D) Accessory dwelling units.**

**Current Text:** Chaptered: 10/9/2019 [html](#) [pdf](#)

**Introduced:** 12/3/2018

**Last Amend:** 9/6/2019

**Status:** 10/9/2019-Approved by the Governor. Chaptered by Secretary of State. Chapter 653, Statutes of 2019.

**Location:** 10/9/2019-S. CHAPTERED

**Summary:** Would authorize the creation of accessory dwelling units in areas zoned to allow single-family or multifamily dwelling residential use. The bill would also revise the requirements for an accessory dwelling unit by providing that the accessory dwelling unit may be attached to, or located

within, an attached garage, storage area, or other structure, and that it does not exceed a specified amount of total floor area.

**Position**

Neutral, As  
Amended

**SB 45**

**(Allen D) Wildfire Prevention, Safe Drinking Water, Drought Preparation, and Flood Protection Bond Act of 2020.**

**Current Text:** Amended: 9/10/2019 [html](#) [pdf](#)

**Introduced:** 12/3/2018

**Last Amend:** 9/10/2019

**Status:** 9/10/2019-Senate Rule 29.3(b) suspended. (Ayes 29. Noes 8.) From committee with author's amendments. Read second time and amended. Re-referred to Com. on APPR.

**Location:** 4/25/2019-S. APPR.

**Summary:** Would enact the Wildfire Prevention, Safe Drinking Water, Drought Preparation, and Flood Protection Bond Act of 2020, which, if approved by the voters, would authorize the issuance of bonds in the amount of \$4,189,000,000 pursuant to the State General Obligation Bond Law to finance projects for a wildfire prevention, safe drinking water, drought preparation, and flood protection program.

**Position**

Watch

**SB 69**

**(Wiener D) Ocean Resiliency Act of 2019.**

**Current Text:** Amended: 7/11/2019 [html](#) [pdf](#)

**Introduced:** 1/9/2019

**Last Amend:** 7/11/2019

**Status:** 8/30/2019-Failed Deadline pursuant to Rule 61(a)(12). (Last location was APPR. SUSPENSE FILE on 8/21/2019)(May be acted upon Jan 2020)

**Location:** 8/30/2019-A. 2 YEAR

**Summary:** Current law requires the Fish and Game Commission to establish fish hatcheries for the purposes of stocking the waters of California with fish, and requires the Department of Fish and Wildlife to maintain and operate those hatcheries. This bill would require the department to develop and implement a plan, in collaboration with specified scientists, experts, and representatives, as part of its fish hatchery operations for the improvement of the survival of hatchery-produced salmon, and the increased contribution of the hatchery program to commercial and recreational salmon fisheries.

**Position**

Neutral, As  
Amended

**SB 166**

**(Wiener D) Process water treatment systems: breweries.**

**Current Text:** Amended: 7/5/2019 [html](#) [pdf](#)

**Introduced:** 1/28/2019

**Last Amend:** 7/5/2019

**Status:** 8/30/2019-Failed Deadline pursuant to Rule 61(a)(12). (Last location was APPR. SUSPENSE FILE on 8/21/2019)(May be acted upon Jan 2020)

**Location:** 8/30/2019-A. 2 YEAR

**Summary:** Current law requires, on or before December 1, 2022, the State Water Resources Control Board, in consultation with specified state agencies, to adopt regulations for risk-based water quality standards for the onsite treatment and reuse of nonpotable water, as provided. Current law requires that a local jurisdiction establish a program for onsite treated nonpotable water systems before any such systems are installed. This bill would require the state board, on or before December 1, 2025, in consultation with the State Department of Public Health, Food and Drug Branch, to adopt regulations for microbiological, chemical, and physical water quality and treatment requirements for voluntary onsite treatment and reuse of process water in breweries, as specified.

**Position**

Watch

**SB 210**

**(Leyva D) Heavy-Duty Vehicle Inspection and Maintenance Program.**

**Current Text:** Enrollment: 9/20/2019 [html](#) [pdf](#)

**Introduced:** 2/4/2019

**Last Amend:** 9/6/2019

**Status:** 9/20/2019-Chaptered by Secretary of State. Chapter 298, Statutes of 2019

**Location:** 9/20/2019-S. CHAPTERED

**Summary:** Current law requires the State Air Resources Board, in consultation with the Bureau of Automotive Repair and a specified review committee, to adopt regulations requiring owners or operators of heavy-duty diesel motor vehicles to perform regular inspections of their vehicles for excessive emissions of smoke. Current law requires the state board, in consultation with the State Energy Resources Conservation and Development Commission, to adopt regulations requiring heavy-duty diesel motor vehicles to use emission control equipment and alternative fuels. This bill would require the state board, in consultation with the bureau and other specified entities, to implement a pilot program that develops and demonstrates technologies that show potential for readily bringing heavy-duty vehicles into an inspection and maintenance program.

**Position**

Watch

**SB 330** **(Skinner D) Housing Crisis Act of 2019.**

**Current Text:** Chaptered: 10/9/2019 [html](#) [pdf](#)

**Introduced:** 2/19/2019

**Last Amend:** 8/12/2019

**Status:** 10/9/2019-Approved by the Governor. Chaptered by Secretary of State. Chapter 654, Statutes of 2019.

**Location:** 10/9/2019-S. CHAPTERED

**Summary:** The The Housing Accountability Act requires a local agency that proposes to disapprove a housing development project that complies with applicable, objective general plan and zoning standards and criteria that were in effect at the time the application was deemed to be complete, or to approve it on the condition that it be developed at a lower density, to base its decision upon written findings supported by substantial evidence on the record that specified conditions exist, and places the burden of proof on the local agency to that effect. The act requires a court to impose a fine on a local agency under certain circumstances and requires that the fine be at least \$10,000 per housing unit in the housing development project on the date the application was deemed complete. This bill would, until January 1, 2025, specify that an application is deemed complete for these purposes if a preliminary application was submitted, as specified.

**Position**

Watch

**SB 332** **(Hertzberg D) Wastewater treatment: recycled water.**

**Current Text:** Amended: 4/30/2019 [html](#) [pdf](#)

**Introduced:** 2/19/2019

**Last Amend:** 4/30/2019

**Status:** 5/17/2019-Failed Deadline pursuant to Rule 61(a)(5). (Last location was APPR. SUSPENSE FILE on 5/13/2019)(May be acted upon Jan 2020)

**Location:** 5/17/2019-S. 2 YEAR

**Summary:** Would declare, except in compliance with the bill's provisions, that the discharge of treated wastewater from ocean outfalls is a waste and unreasonable use of water. The bill would require each wastewater treatment facility that discharges through an ocean outfall and affiliated water suppliers to reduce the facility's annual flow as compared to the average annual wastewater discharge baseline volume, as prescribed, by at least 50% on or before January 1, 2030, and by at least 95% on or before January 1, 2040. The bill would subject the owner or operator of a wastewater treatment facility, as well as the affiliated water suppliers, to a civil penalty of \$2,000 per acre-foot of water above the required reduction in overall volume discharge for the failure to meet these deadlines.

**Position**

Oppose

**SB 457** **(Hueso D) Biomethane: gas corporations.**

**Current Text:** Chaptered: 10/2/2019 [html](#) [pdf](#)

**Introduced:** 2/21/2019

**Last Amend:** 6/18/2019

**Status:** 10/2/2019-Approved by the Governor. Chaptered by Secretary of State. Chapter 479, Statutes of 2019.

**Location:** 10/2/2019-S. CHAPTERED

**Summary:** Under current law, the Public Utilities Commission has regulatory authority over public utilities, including gas corporations. Current law requires the commission to adopt policies and programs that promote the in-state production and distribution of biomethane, as defined, and that facilitate the development of a variety of sources of in-state biomethane. The commission has adopted 2 decisions implementing these requirements, the 2nd of which adopted a 5-year monetary incentive program effective June 11, 2015, for biomethane projects. Current law requires the commission to modify the monetary incentive program in specified respects and to extend the program, as modified, until December 31, 2021. This bill would require the commission to extend the program until December 31 2026, or until all available program funds are expended, whichever occurs first.

**Position**

Support

**[SB 667](#) (Hueso D) Greenhouse gases: recycling infrastructure and facilities.**

**Current Text:** Amended: 7/1/2019 [html](#) [pdf](#)

**Introduced:** 2/22/2019

**Last Amend:** 7/1/2019

**Status:** 8/30/2019-Failed Deadline pursuant to Rule 61(a)(12). (Last location was APPR. SUSPENSE FILE on 8/21/2019)(May be acted upon Jan 2020)

**Location:** 8/30/2019-A. 2 YEAR

**Summary:** Would require the Department of Resources Recycling and Recovery to develop, on or before January 1, 2021, and would authorize the department to amend, a 5-year needs assessment to support innovation and technological and infrastructure development, in order to meet specified organic waste reduction and recycling targets, as provided. The bill would require, on or before June 1, 2021, the department, in coordination with the Treasurer and the California Pollution Control Financing Authority, to develop financial incentive mechanisms, including, among other mechanisms, loans and incentive payments, to fund and accelerate public and private capital towards organic waste diversion and recycling infrastructure.

**Position**

Support

**Total Measures: 42**

**Total Tracking Forms: 42**

**UNION SANITARY DISTRICT  
CHECK REGISTER  
10/19/2019-11/01/2019**

| Check No. | Date       | Dept | Invoice No.  | Vendor                         | Description                            | Invoice Amt  | Check Am     |
|-----------|------------|------|--------------|--------------------------------|--|--------------|--------------|
| 172673    | 10/24/2019 | 110  | 3175         | EAST BAY DISCHARGERS AUTHORITY | O&M ASSESSMENT, OCT-DEC 2019           | \$389,269.18 | \$389,269.18 |
| 172770    | 10/31/2019 |      | 20191010     | SWRCB - STATE WATER RESOURCES  | SRF LOAN #C065053110 - WILLOW/CENTRAL  | \$108,384.73 | \$248,018.43 |
|           | 10/31/2019 |      | 20191010.1   |                                | SRF LOAN #C065045110 - LOWER HETCH     | \$139,633.70 |              |
| 172702    | 10/24/2019 | 170  | 898220191008 | PACIFIC GAS AND ELECTRIC       | SERV TO 10/01/19 FREMONT PS            | \$336.13     | \$153,691.79 |
|           | 10/24/2019 | 170  | 013720191011 |                                | SERV TO 10/06/19 BOYCE RD PS           | \$3,723.73   |              |
|           | 10/24/2019 | 110  | 170120191008 |                                | SERV TO 09/22/2019 PLANT               | \$148,537.50 |              |
|           | 10/24/2019 | 170  | 666720191008 |                                | SERV TO 10/01/19 PASEO PADRE PS        | \$410.33     |              |
|           | 10/24/2019 | 170  | 140120191011 |                                | SERV TO 10/03/19 IRVINGTON PS          | \$684.10     |              |
| 172737    | 10/31/2019 | 143  | 181055       | CAROLLO ENGINEERS              | TREATMENT PLANT IT NETWORK MASTER PLAN | \$18,270.45  | \$69,798.32  |
|           | 10/31/2019 | 143  | 181096       |                                | PRIMARY DIGESTER NO. 2 REHABILITATION  | \$51,527.87  |              |
| 172779    | 10/31/2019 | 143  | 168186       | WOODARD & CURRAN INC           | NEWARK BASIN MASTER PLAN/PACP UPDATE   | \$28,851.91  | \$51,041.74  |
|           | 10/31/2019 | 143  | 168332       |                                | CONTROL BOX NO. 1 IMPROVEMENTS         | \$22,189.83  |              |
| 172689    | 10/24/2019 | 143  | 7482         | JDH CORROSION CONSULTANTS INC  | PRIMARY DIGESTER NO. 2 REHABILITATION  | \$37,817.50  | \$37,817.50  |
| 172735    | 10/31/2019 | 170  | 8407         | BURLINGAME ENGINEERS INC       | 2 IPS FERROUS PUMP REPLACEMENT         | \$34,672.03  | \$34,672.03  |
| 172674    | 10/24/2019 | 110  | 904188823    | EVOQUA WATER TECHNOLOGIES      | 4378 GALS HYDROGEN PEROXIDE            | \$23,303.55  | \$23,303.55  |

**UNION SANITARY DISTRICT  
CHECK REGISTER  
10/19/2019-11/01/2019**

| Check No. | Date       | Dept | Invoice No. | Vendor                         | Description   | Invoice Amt | Check Am    |
|-----------|------------|------|-------------|--------------------------------|---|-------------|-------------|
| 172668    | 10/24/2019 | 173  | VCR3968     | CDW GOVERNMENT LLC             | HD ARRAY FOR AIR GAP  | \$2,359.63  | \$21,972.83 |
|           | 10/24/2019 | 173  | VFS5415     |                                | 10 MICROSOFT SURFACE PRO MOBILE DEVICES                       | \$2,464.10  |             |
|           | 10/24/2019 | 173  | VFH9008     |                                | 10 MICROSOFT SURFACE PRO MOBILE DEVICES                       | \$17,149.10 |             |
| 172675    | 10/24/2019 | 170  | 243525      | FRANK A OLSEN COMPANY          | CB1 & IPS NEW ROTORKS   | \$17,319.98 | \$17,319.98 |
| 172658    | 10/24/2019 | 110  | 1131        | B R FROST COMPANY INC          | LIQUID CLEANING SERVICES                                      | \$16,600.00 | \$16,600.00 |
| 172738    | 10/31/2019 | 121  | 93349       | D & L SUPPLY                   | MANHOLE & RISER FRAME AND COVERS                              | \$14,647.54 | \$14,647.54 |
| 172771    | 10/31/2019 | 110  | 967003      | UNIVAR SOLUTIONS               | 4851.2 GALS SODIUM HYPOCHLORITE                               | \$3,504.38  | \$14,003.52 |
|           | 10/31/2019 | 110  | 966773      |                                | 4828.5 GALS SODIUM HYPOCHLORITE                               | \$3,487.99  |             |
|           | 10/31/2019 | 110  | 966777      |                                | 4805 GALS SODIUM HYPOCHLORITE                                 | \$3,471.01  |             |
|           | 10/31/2019 | 110  | 966305      |                                | 4900.7 GALS SODIUM HYPOCHLORITE                               | \$3,540.14  |             |
| 172663    | 10/24/2019 |      | 245488      | BURKE, WILLIAMS & SORENSON LLP | EBDA - AUG 2019   | \$2,129.40  | \$10,634.52 |
|           | 10/24/2019 |      | 245491      |                                | ALVARADO PS - AUG 2019  | \$622.44    |             |
|           | 10/24/2019 |      | 245492      |                                | ETSU - AUG 2019   | \$3,112.20  |             |
|           | 10/24/2019 | 150  | 245489      |                                | GENERAL LEGAL - AUG 2019                                      | \$3,689.40  |             |
|           | 10/24/2019 |      | 245490      |                                | CIP - AUG 2019  | \$1,081.08  |             |
| 172719    | 10/24/2019 | 110  | 965737      | UNIVAR SOLUTIONS               | 4747.5 GALS SODIUM HYPOCHLORITE                               | \$3,429.47  | \$10,404.00 |
|           | 10/24/2019 | 110  | 965118      |                                | 4849.1 GALS SODIUM HYPOCHLORITE                               | \$3,502.87  |             |
|           | 10/24/2019 | 110  | 965731      |                                | 4805.9 GALS SODIUM HYPOCHLORITE                               | \$3,471.66  |             |
| 172775    | 10/31/2019 | 121  | 44334       | WECO INDUSTRIES LLC            | CAMERA REPAIR FOR MZ300-2L SERIAL # 15080503 (PER ORDER # 004 | \$9,662.81  | \$9,662.81  |

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| 172691    | 10/24/2019 | 110  | 9017649555  | KEMIRA WATER SOLUTIONS INC | 47,020 LBS FERROUS CHLORIDE                   | \$7,479.13  | \$7,479.13 |
| 172752    | 10/31/2019 | 110  | 9017650861  | KEMIRA WATER SOLUTIONS INC | 45,960 LBS FERROUS CHLORIDE                   | \$7,196.75  | \$7,196.75 |
| 172741    | 10/31/2019 |      | 6081        | ENERGY CHOICE INC          | COGEN   | \$7,166.67  | \$7,166.67 |
| 172761    | 10/31/2019 | 110  | 1395776     | POLYDYNE INC               | 41,960 LBS CLARIFLOC WE-539                   | \$5,719.54  | \$5,719.54 |
| 172667    | 10/24/2019 | 143  | 180897      | CAROLLO ENGINEERS          | WAS THICKENERS                                | \$5,184.43  | \$5,184.43 |
| 172649    | 10/24/2019 |      | 68840       | 3T EQUIPMENT COMPANY INC   | 8 PIPE PATCH KITS WINTER                      | \$4,279.85  | \$4,279.85 |
| 172651    | 10/24/2019 | 170  | 190902711   | AIRTECH MECHANICAL INC     | SEPT 2019: FILTER CHANGE BLDGS 54, 63, 81, 90 | \$915.00    | \$3,570.00 |
|           | 10/24/2019 | 170  | 190902712   |                            | HVAC QUARTERLY MAINT                          | \$1,008.75  |            |
|           | 10/24/2019 | 123  | 190902713   |                            | HVAC QUARTERLY MAINT BLDGS 70, 82, 83         | \$1,646.25  |            |
| 172709    | 10/24/2019 |      | 10025.1     | ROY ASSOCIATES             | REFUND # 22426                                | \$3,300.00  | \$3,503.40 |
|           | 10/24/2019 |      | 10025       |                            | REFUND # 22427                                | \$203.40    |            |

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| 172660    | 10/24/2019 | 170  | 14216810    | BLAISDELL'S                   | ASTD OFFICE SUPPLIES                      | \$264.11    | \$3,480.66 |
|           | 10/24/2019 | 173  | 14239630    |                               | REPLACEMENT SIT/STAND STATION             | \$625.52    |            |
|           | 10/24/2019 | 170  | 14202310    |                               | 1 TONER                                   | \$264.11    |            |
|           | 10/24/2019 | 130  | 14220530    |                               | ASTD OFFICE SUPPLIES                      | \$67.67     |            |
|           | 10/24/2019 | 141  | 14239530    |                               | ASTD OFFICE SUPPLIES                      | \$70.00     |            |
|           | 10/24/2019 | 144  | 14183811    |                               | 2 WIRELESS MOUSE                          | \$241.34    |            |
|           | 10/24/2019 | 130  | 14208500    |                               | 1 RM PAPER                                | \$14.96     |            |
|           | 10/24/2019 | 120  | 14216890    |                               | ASTD OFFICE SUPPLIES                      | \$344.68    |            |
|           | 10/24/2019 | 120  | 14216950    |                               | ASTD OFFICE SUPPLIES                      | \$172.34    |            |
|           | 10/24/2019 | 141  | 14160920    |                               | 1 OFFICE CHAIR                            | \$537.28    |            |
|           | 10/24/2019 | 110  | 14245150    |                               | ASTD OFFICE SUPPLIES                      | \$407.82    |            |
|           | 10/24/2019 | 141  | 14160921    |                               | 1 OFFICE CHAIR                            | \$470.83    |            |
| 172714    | 10/24/2019 | 170  | 257885600   | STEVEN ENGINEERING INC        | CERLIC RADIO CONTROLS                     | \$1,227.39  | \$3,439.06 |
|           | 10/24/2019 | 170  | 257732501   |                               | 2 UPS 44 PHOENIX UNITS                    | \$1,945.33  |            |
|           | 10/24/2019 | 170  | 257732500   |                               | 1 UPS 44 PHOENIX UPGRADE                  | \$266.34    |            |
| 172705    | 10/24/2019 |      | 10003       | RESONATE CHURCH               | REFUND # 22443                            | \$3,300.00  | \$3,300.00 |
| 172774    | 10/31/2019 |      | 9606        | WARREN CONSTRUCTION           | REFUND # 22413                            | \$3,300.00  | \$3,300.00 |
| 172659    | 10/24/2019 | 121  | 16696       | BAYSCAPE LANDSCAPE MANAGEMENT | LANDSCAPE MAINTENANCE SERVICES - SEP 2019 | \$3,120.00  | \$3,120.00 |
| 172695    | 10/24/2019 | 120  | 44780       | LMK TECHNOLOGIES LLC          | 1 LATERAL PACKER WITHOUT FLOW THRU        | \$2,929.52  | \$2,929.52 |

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| 172684    | 10/24/2019 |      | 10489       | D R HORTON                         | REFUND # 22440                          | \$2,500.00  | \$2,500.00 |
| 172718    | 10/24/2019 | 132  | 11494       | TURNER SAFETY                      | TRAFFIC FLAGGER TRAINING - EC AND CS    | \$2,500.00  | \$2,500.00 |
| 172665    | 10/24/2019 |      | 20191023    | STATE OF CALIFORNIA                | SALES & USE TAX 09/01/19 - 09/30/19     | \$2,397.68  | \$2,397.68 |
| 172725    | 10/24/2019 |      | 20190925    | DALE HARDWARE INC                  | 09/19 - ASTD PARTS & MATERIALS          | \$1,970.22  | \$2,239.76 |
|           | 10/24/2019 |      | 343012      |                                    | ASTD PAINT SUPPLIES                     | \$269.54    |            |
| 172766    | 10/31/2019 | 134  | 1934829002  | SAN LEANDRO ELECTRIC SUPPLY        | ASTD ELECTRICAL SUPPLIES                | \$98.03     | \$2,231.04 |
|           | 10/31/2019 | 134  | 1937817001  |                                    | ASTD ELECTRICAL SUPPLIES                | \$1,923.39  |            |
|           | 10/31/2019 | 134  | 1934829001  |                                    | ASTD ELECTRICAL SUPPLIES                | \$209.62    |            |
| 172777    | 10/31/2019 | 170  | 16716       | WESTERN MACHINE & FAB INC          | 4 STAINLESS STEEL FLANGES               | \$1,492.60  | \$2,137.60 |
|           | 10/31/2019 | 170  | 16719       |                                    | 1 REPAIR BEARING DIAMETER               | \$645.00    |            |
| 172762    | 10/31/2019 | 170  | 1879758001  | R&B COMPANY                        | 1 W TRAFFIC BOX                         | \$2,118.18  | \$2,118.18 |
| 172733    | 10/31/2019 | 121  | 990257      | BRENNTAG PACIFIC INC               | 5128 LBS SODIUM HYDROXIDE               | \$1,386.57  | \$2,083.04 |
|           | 10/31/2019 | 121  | 990256      |                                    | 2564 LBS SODIUM HYDROXIDE               | \$696.47    |            |
| 172671    | 10/24/2019 |      | 89297204    | COLORADO WASHINGTON INC COMCAST OF | FIBER INTERNET BACKUP - OCT 2019        | \$2,004.87  | \$2,004.87 |
| 172687    | 10/24/2019 | 173  | 201987838   | IRON MOUNTAIN                      | DATA/MEDIA OFF-SITE STORAGE - SEPT 2019 | \$300.00    | \$1,934.27 |
|           | 10/24/2019 | 141  | BZCM530     |                                    | OFF-SITE STORAGE AND SERVICE - OCT 2019 | \$407.93    |            |
|           | 10/24/2019 | 141  | BZJG768     |                                    | OFF-SITE STORAGE AND SERVICE - OCT 2019 | \$1,226.34  |            |

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| 172747    | 10/31/2019 | 122  | 9301983509  | GRAINGER INC               | 1 EA HOSE REEL W/ADAPTER                            | \$298.89    | \$1,716.57 |
|           | 10/31/2019 | 170  | 9301999877  |                            | 1 RIBBON  | \$129.46    |            |
|           | 10/31/2019 |      | 9300081297  |                            | 50 PACKS DISPOSABLE GLOVES                          | \$341.33    |            |
|           | 10/31/2019 | 172  | 9302093035  |                            | PORTABLE BAND SAW AND VOLTAGE DETECTOR              | \$97.16     |            |
|           | 10/31/2019 | 170  | 9301983517  |                            | 2 LEAD TEST KITS                                    | \$126.06    |            |
|           | 10/31/2019 | 111  | 9302261723  |                            | 1 PACK PRE-MOISTENED TOWELETTES                     | \$10.06     |            |
|           | 10/31/2019 | 122  | 9303292537  |                            | 1 HOSE CLAMP  | \$35.35     |            |
|           | 10/31/2019 | 170  | 9304852040  |                            | 1 BICYCLE SEAT                                      | \$33.57     |            |
|           | 10/31/2019 |      | 9303476874  |                            | ASTD PARTS & MATERIALS                              | \$644.69    |            |
| 172672    | 10/24/2019 | 144  | 89650       | COPYMAT NEW BAY            | 300 COLOR POSTERS                                   | \$1,667.70  | \$1,667.70 |
| 172694    | 10/24/2019 | 113  | 20191021    | CONGNA LI                  | TRAVEL REIMB: WEFTEC CONF LODGING/TAXI/TIP/PER DIEM | \$1,667.40  | \$1,667.40 |
| 172716    | 10/24/2019 | 144  | 20356160    | TELEDYNE ISCO INC          | 5 BATTERIES / 3 GASKETS                             | \$1,652.07  | \$1,652.07 |
| 172655    | 10/24/2019 | 121  | 12705       | AMERICAN DISCOUNT SECURITY | 09/01/19 - 09/30/19 GUARD AT DISTRICT GATE          | \$1,560.00  | \$1,560.00 |
| 172681    | 10/24/2019 |      | 11661067    | HACH COMPANY               | Cogen Thermal Report                                | \$1,536.00  | \$1,536.00 |
| 172765    | 10/31/2019 |      | 10417       | ROOTER HERO                | REFUND # 22417                                      | \$500.00    | \$1,500.00 |
|           | 10/31/2019 |      | 10429       |                            | REFUND # 22460                                      | \$500.00    |            |
|           | 10/31/2019 |      | 10440       |                            | REFUND # 22461                                      | \$500.00    |            |
| 172706    | 10/24/2019 | 141  | 27299       | RMC WATER AND ENVIRONMENT  | USD FLOW MODEL AND CAPACITY ANALYSIS (NEWPARK MALL) | \$1,461.97  | \$1,461.97 |
| 172743    | 10/31/2019 | 113  | 3200011621  | EUROFINS TESTAMERICA       | PFAS LAB TESTING                                    | \$1,435.00  | \$1,435.00 |

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| 172759    | 10/31/2019 | 123  | 741431      | MISSION CLAY PRODUCTS LLC     | 15 CLAY COUPLINGS                             | \$1,413.58  | \$1,413.58 |
| 172751    | 10/31/2019 | 110  | 39035676    | KELLY SERVICES INC            | TEMP LABOR-THACH, P. WK ENDING 09/29/19       | \$1,381.60  | \$1,381.60 |
| 172758    | 10/31/2019 | 170  | 19272251    | MCMASTER SUPPLY INC           | ASTD PARTS & MATERIALS                        | \$77.36     | \$1,377.99 |
|           | 10/31/2019 | 170  | 19532701    |                               | 2 LONG-LIFE LARGE-CELL BATTERIES              | \$114.37    |            |
|           | 10/31/2019 | 170  | 19426512    |                               | ASTD PARTS & MATERIALS                        | \$110.98    |            |
|           | 10/31/2019 | 111  | 19442334    |                               | 1 BOX WITH HANDLE ADJUSTABLE COMPARTMENTS     | \$49.11     |            |
|           | 10/31/2019 | 170  | 20146098    |                               | 3 SLOTTED WIRE DUCT                           | \$139.11    |            |
|           | 10/31/2019 | 170  | 19590155    |                               | 300 STAINLESS STEEL FLAT HEAD SCREW           | \$142.43    |            |
|           | 10/31/2019 | 121  | 19532700    |                               | 4 HIGH PRESSURE WATER HOSE                    | \$590.17    |            |
|           | 10/31/2019 |      | 20095751    |                               | ASTD PARTS & MATERIALS                        | \$154.46    |            |
| 172679    | 10/24/2019 | 111  | 9294182192  | GRAINGER INC                  | 1 RATCHET FACESHILD ASSEMBLY                  | \$51.56     | \$1,377.56 |
|           | 10/24/2019 |      | 9294182184  |                               | ASTD PARTS & MATERIALS                        | \$606.44    |            |
|           | 10/24/2019 |      | 9298089641  |                               | ASTD PARTS & MATERIALS                        | \$142.25    |            |
|           | 10/24/2019 |      | 9292925873  |                               | 10 EA QUICK CHANGE DISCS                      | \$179.33    |            |
|           | 10/24/2019 |      | 9296314272  |                               | 24 PR COATED GLOVES                           | \$122.75    |            |
|           | 10/24/2019 | 170  | 9296707228  |                               | 2 EA RIBBONS                                  | \$247.96    |            |
|           | 10/24/2019 | 170  | 9296976500  |                               | 5 FUSES                                       | \$27.27     |            |
| 172686    | 10/24/2019 | 132  | 200613723   | IEDA INC                      | LABOR RELATIONS CONSULTING OCT 2019           | \$1,334.00  | \$1,334.00 |
| 172707    | 10/24/2019 | 141  | 54404481    | ROBERT HALF INTERNATIONAL INC | TEMP LABOR-RAMACCIOTTI, J. WK ENDING 09/27/19 | \$1,312.00  | \$1,312.00 |

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| 172693    | 10/24/2019 | 143  | 6500102     | LEE & RO INC                   | CALCIUM THIOSULFATE CHEMICAL TANK                             | \$1,246.30  | \$1,246.30 |
| 172696    | 10/24/2019 |      | 4728102     | MALLORY SAFETY AND SUPPLY LLC  | CALIBRATION GAS   | \$1,040.33  | \$1,199.49 |
|           | 10/24/2019 |      | 4726449     |                                | 12 DOZ GLV NITRILE  | \$159.16    |            |
| 172739    | 10/31/2019 | 143  | 3293928     | DAILY JOURNAL CORPORATION      | AD: NOTICE INVITING BIDS-CALCIUM THIOSULFATE CHEMICAL TANK PI | \$1,191.84  | \$1,191.84 |
| 172772    | 10/31/2019 | 123  | 10791       | VON EUW TRUCKING               | 5 HRS DUMP FEES & 29.43 TONS BROKEN CONCRETE                  | \$1,152.72  | \$1,152.72 |
| 172650    | 10/24/2019 | 170  | 9965485873  | AIRGAS NCN                     | CYLINDER RENTAL   | \$997.45    | \$997.45   |
| 172763    | 10/31/2019 | 110  | 820170072   | RED WING BUS ADVANTAGE ACCT    | SAFETY SHOES: M. FORTNER                                      | \$204.27    | \$972.22   |
|           | 10/31/2019 | 110  | 820170070   |                                | SAFETY SHOES: S. SOTH   | \$204.27    |            |
|           | 10/31/2019 | 172  | 820168992   |                                | SAFETY SHOES: M. HOVEY  | \$180.48    |            |
|           | 10/31/2019 | 123  | 820169792   |                                | SAFETY SHOES: M. MINCHACA                                     | \$196.64    |            |
|           | 10/31/2019 | 111  | 169175212   |                                | SAFETY SHOES: B. GALLEG0                                      | \$186.56    |            |
| 172711    | 10/24/2019 | 121  | 13625       | SMARTCOVER SYSTEMS             | SMARTLEVEL RENEWAL 11/2019 - 10/2020                          | \$962.00    | \$962.00   |
| 172698    | 10/24/2019 | 170  | 18571248    | MCMASTER SUPPLY INC            | 6 EA LONG-LIFE LARGE-CELL BATTERIES                           | \$330.53    | \$909.23   |
|           | 10/24/2019 |      | 19005333    |                                | ASTD PARTS & MATERIALS  | \$540.99    |            |
|           | 10/24/2019 | 122  | 18571249    |                                | ASTD PARTS & MATERIALS  | \$37.71     |            |
| 172688    | 10/24/2019 | 173  | 20191022    | TODD JACOB                     | TRAVEL REIMB: MISAC CONFERENCE: LODGING/PARKING/MILEAGE/PE    | \$906.01    | \$906.01   |
| 172776    | 10/31/2019 | 170  | 2615        | WELCOME BUILDING MAINTENANCE   | NPS SURGE TOWER BIRD NEST CLEANING                            | \$900.00    | \$900.00   |
| 172734    | 10/31/2019 | 150  | 245487      | BURKE, WILLIAMS & SORENSON LLP | FORCE MAIN RELOCAITON - AUG 2019                              | \$884.52    | \$884.52   |
| 172710    | 10/24/2019 | 110  | 19100315    | S&S TRUCKING                   | GRIT HAULING 09/24/2019                                       | \$868.14    | \$868.14   |

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| 172721    | 10/24/2019 | 113  | 8087846888  | VWR INTERNATIONAL LLC         | LAB SUPPLIES  | \$14.98     | \$824.96 |
|           | 10/24/2019 | 134  | 8087843939  |                               | LAB SUPPLIES  | \$408.99    |          |
|           | 10/24/2019 | 134  | 8087837150  |                               | LAB SUPPLIES  | \$400.99    |          |
| 172690    | 10/24/2019 |      | 100571      | KAMAN INDUSTRIAL TECHNOLOGIES | 2 YCR REPAIR KITS   | \$729.76    | \$729.76 |
| 172712    | 10/24/2019 | 144  | 20191031    | JOSE SOTO                     | EXP REIMB: LODGING, MILEAGE, PER DIEM - CASQA ANNUAL CONF | \$702.25    | \$702.25 |
| 172656    | 10/24/2019 |      | 1102244309  | AMERIPRIDE SERVICES INC       | UNIFORM LAUNDERING SERVICE                                | \$372.43    | \$696.01 |
|           | 10/24/2019 | 122  | 1102244341  |                               | ASTD DUST MOPS, WET MOPS & TERRY TOWEL                    | \$47.58     |          |
|           | 10/24/2019 |      | 1102244298  |                               | UNIFORM LAUNDERING & RUGS                                 | \$276.00    |          |
| 172732    | 10/31/2019 | 120  | 14264420    | BLAISDELL'S                   | ASTD OFFICE SUPPLIES                                      | \$57.41     | \$634.43 |
|           | 10/31/2019 |      | 14270781    |                               | 1 WALL PLANNER  | \$25.47     |          |
|           | 10/31/2019 | 130  | 14276060    |                               | ASTD OFFICE SUPPLIES                                      | \$168.37    |          |
|           | 10/31/2019 | 130  | 14258460    |                               | ASTD OFFICE SUPPLIES                                      | \$6.51      |          |
|           | 10/31/2019 | 120  | 14176950    |                               | ASTD OFFICE SUPPLIES                                      | \$311.74    |          |
|           | 10/31/2019 | 130  | 14270780    |                               | ASTD OFFICE SUPPLIES                                      | \$23.95     |          |
|           | 10/31/2019 | 130  | 14275820    |                               | ASTD OFFICE SUPPLIES                                      | \$40.98     |          |
| 172703    | 10/24/2019 |      | 150977      | PREFERRED ALLIANCE INC        | SEPTEMBER 2019 SERVICE FEE                                | \$626.16    | \$626.16 |
| 172662    | 10/24/2019 | 130  | 20191017    | GENE BOUCHER                  | TRAVEL REIMB: NEOGOV CONFERENCE LODGING/TRANSPORTATION/I  | \$622.21    | \$622.21 |
| 172728    | 10/31/2019 |      | 1102248595  | AMERIPRIDE SERVICES INC       | UNIFORM LAUNDERING SERVICE                                | \$365.93    | \$615.29 |
|           | 10/31/2019 |      | 1102248590  |                               | UNIFORM LAUNDERING & RUGS                                 | \$249.36    |          |

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| 172699    | 10/24/2019 | 170  | 191052        | METROMOBILE COMMUNICATIONS INC      | METRO MOBILE ANNUAL RADIO SERVICE - OCT 2019      | \$599.08    | \$599.08 |
| 172723    | 10/24/2019 | 132  | 30251         | WILEY PRICE & RADULOVICH LLP        | LABOR & EMPLOYMENT LAW FEES                       | \$596.00    | \$596.00 |
| 172704    | 10/24/2019 | 120  | 09J0036018380 | NESTLE WATERS NO. AMERICA READYREFR | WATER SERVICE 09/07/19 - 10/06/19                 | \$563.87    | \$563.87 |
| 172757    | 10/31/2019 | 170  | 20191030      | SCOTT MARTIN                        | EXP REIMB: SAFETY GLASSES & FMC GROUP RECOGNITION | \$535.90    | \$535.90 |
| 172680    | 10/24/2019 | 123  | 1677036       | GRANITE CONSTRUCTION COMPANY        | 5.98 TONS 1/2"WMA64-10R15LAS                      | \$534.49    | \$534.49 |
| 172678    | 10/24/2019 |      | 10055         | GOLDBAR BUILDERS                    | REFUND # 22435                                    | \$500.00    | \$500.00 |
| 172685    | 10/24/2019 |      | 10463         | ZHEN HUANG                          | REFUND # 22433                                    | \$500.00    | \$500.00 |
| 172708    | 10/24/2019 |      | 10418         | ROOTER HERO                         | REFUND # 22424                                    | \$500.00    | \$500.00 |
| 172715    | 10/24/2019 |      | 9951          | SWARTS BUILDERS                     | REFUND # 22438                                    | \$500.00    | \$500.00 |
| 172724    | 10/24/2019 |      | 10482         | JAMES YOUNGBERG                     | REFUND # 22434                                    | \$500.00    | \$500.00 |
| 172726    | 10/31/2019 |      | 10466         | ABOVE ALL PLUMBING, INC.            | REFUND # 22470                                    | \$500.00    | \$500.00 |
| 172730    | 10/31/2019 |      | 10435         | MANISH ASTHANA                      | REFUND # 22412                                    | \$500.00    | \$500.00 |
| 172753    | 10/31/2019 |      | 9667          | ANIL KESWANI                        | REFUND # 22462                                    | \$500.00    | \$500.00 |
| 172754    | 10/31/2019 |      | 10217         | KAMALDEEP KHANGURA                  | REFUND # 22468                                    | \$500.00    | \$500.00 |
| 172670    | 10/24/2019 | 150  | 78745         | CITYLEAF INC                        | PLANT MAINTENANCE - OCT 2019                      | \$431.86    | \$431.86 |
| 172755    | 10/31/2019 | 132  | 1487023       | LIEBERT CASSIDY WHITMORE            | LEGAL SVS - CALPERS UNIFORM APPEAL                | \$392.00    | \$392.00 |
| 172700    | 10/24/2019 | 170  | 24069432      | MOTION INDUSTRIES INC               | 3 OIL SEALS                                       | \$28.45     | \$377.15 |
|           | 10/24/2019 |      | 24069553      |                                     | 19 SAFETY VESTS                                   | \$348.70    |          |
| 172744    | 10/31/2019 | 170  | 904187042     | EVOQUA WATER TECHNOLOGIES           | DI WATER SYSTEM                                   | \$360.00    | \$360.00 |

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| Check No. | Date       | Dept | Invoice No.  | Vendor                         | Description                                 | Invoice Amt | Check Am |
|-----------|------------|------|--------------|--------------------------------|---|-------------|----------|
| 172677    | 10/24/2019 | 173  | 20191022     | MICHAEL GILL                   | EXP REIMB: 3 YEAR LICENSE SSH SOFTWARE TOOL | \$354.00    | \$354.00 |
| 172682    | 10/24/2019 |      | 300235       | HARRINGTON INDUSTRIAL PLASTICS | ASTD PARTS & MATERIALS                      | \$319.94    | \$353.85 |
|           | 10/24/2019 | 170  | 300208       |                                | 4 EA FITTINGS                               | \$33.91     |          |
| 172742    | 10/31/2019 | 113  | 1192939      | ENTHALPY ANALYTICAL LLC        | 11 LAB SAMPLE ANALYSIS                      | \$345.00    | \$345.00 |
| 172692    | 10/24/2019 | 170  | 40468        | KLEEN INDUSTRIAL SERVICES      | DISPOSAL OF KLEEN BLAST                     | \$305.00    | \$305.00 |
| 172760    | 10/31/2019 |      | 24070235     | MOTION INDUSTRIES INC          | 1 MESH VEST                                 | \$33.66     | \$298.74 |
|           | 10/31/2019 | 170  | 24069843     |                                | 2 BEARING                                   | \$265.08    |          |
| 172736    | 10/31/2019 | 173  | 2181222      | CALIFORNIA SURVEYING DRAFTING  | PLOTTER REPAIR SUPPLIES                     | \$291.92    | \$291.92 |
| 172773    | 10/31/2019 | 113  | 8087862122   | VWR INTERNATIONAL LLC          | LAB SUPPLIES                                | \$69.12     | \$288.80 |
|           | 10/31/2019 | 113  | 8087908549   |                                | LAB SUPPLIES                                | \$104.15    |          |
|           | 10/31/2019 | 134  | 8087871789   |                                | LAB SUPPLIES                                | \$115.53    |          |
| 172749    | 10/31/2019 |      | 603617495    | HILLYARD/SAN FRANCISCO         | ASTD JANITORIAL SUPPLIES                    | \$263.61    | \$263.61 |
| 172731    | 10/31/2019 | 123  | 22860400     | BECK'S SHOES                   | SAFETY SHOES: A. DIOSDADO                   | \$208.00    | \$208.00 |
| 172740    | 10/31/2019 | 110  | 20191028     | ARANCHA DUCAUD                 | EXP REIMB: FOOD/DECOR RETIREMENT PARTY      | \$199.54    | \$199.54 |
| 172713    | 10/24/2019 |      | 89186        | STARLINE SUPPLY COMPANY        | 4 CS COMPOSTABLE UTENSILS                   | \$196.28    | \$196.28 |
| 172780    | 10/31/2019 |      | 5045         | ZELAYA DESIGNS                 | PUBLIC OUTREACH                             | \$190.00    | \$190.00 |
| 172657    | 10/24/2019 | 170  | 450878001    | AUTO BODY TOOLMART             | ASTD PARTS & MATERIALS                      | \$185.14    | \$185.14 |
| 172767    | 10/31/2019 | 134  | 1937817002   | SAN LEANDRO ELECTRIC SUPPLY    | ASTD ELECTRICAL SUPPLIES                    | \$166.43    | \$166.43 |
| 172676    | 10/24/2019 | 132  | 140318379224 | FREMONT URGENT CARE CENTER     | FIRST AID                                   | \$165.00    | \$165.00 |

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|-----------|------------|------|---------------|--------------------------------|---|-------------|----------|
| 172654    | 10/24/2019 | 134  | 32061         | ALLIED FLUID PRODUCTS CORP     | 20 GASKETS  | \$152.40    | \$152.40 |
| 172717    | 10/24/2019 | 123  | 132787        | TRI-SIGNAL INTEGRATION INC     | FIRE PROTECTION SERVICE - MONTHLY CHARGE MONITORING AGREE | \$133.33    | \$133.33 |
| 172683    | 10/24/2019 |      | 603611021     | HILLYARD/SAN FRANCISCO         | ASTD JANITORIAL SUPPLIES                                  | \$124.75    | \$124.75 |
| 172756    | 10/31/2019 |      | 4734419       | MALLORY SAFETY AND SUPPLY LLC  | 12 DOZ GLV NITRILE  | \$119.37    | \$119.37 |
| 172661    | 10/24/2019 | 143  | 20191021      | SOMPORN BOONSALAT              | EXP REIMB: PE LICENSE RENEWAL                             | \$115.00    | \$115.00 |
| 172652    | 10/24/2019 | 130  | 5375552832020 | ALAMEDA COUNTY TREASURER       | PROPERTY TAXES 37159 HICKORY ST                           | \$112.22    | \$112.22 |
| 172764    | 10/31/2019 |      | 103264        | REMOTE SATELLITE SYSTEMS INT'L | IRIDIUM SVC FEE NOVEMBER 2019                             | \$112.00    | \$112.00 |
| 172701    | 10/24/2019 | 122  | 208027        | NAYLOR STEEL INC               | ASTD METAL, STEEL, STAINLESS & ALUMINUM                   | \$107.51    | \$107.51 |
| 172746    | 10/31/2019 | 170  | 20191024      | CHRISTOPHER GABRIEL            | EXP REIMB: MILEAGE TO/FROM NORTHERN SAFETY DAY            | \$106.25    | \$106.25 |
| 172769    | 10/31/2019 | 171  | 20191024      | PAUL SIMMONS                   | EXP REIMB: MILEAGE NORTHERN CA SAFETY DAY                 | \$100.22    | \$100.22 |
| 172768    | 10/31/2019 | 171  | 20191024      | RANDY SCHWARTZ                 | EXP REIMB: MILEAGE NORTHERN CA SAFETY DAY                 | \$99.53     | \$99.53  |
| 172697    | 10/24/2019 | 170  | 77947087      | MATHESON TRI-GAS INC           | MONTHLY CYLINDER RENTAL - SEPT 2019                       | \$95.52     | \$95.52  |
| 172722    | 10/24/2019 | 122  | 2463565002    | WHCI PLUMBING SUPPLY CO        | ASTD PARTS & MATERIALS                                    | \$92.84     | \$92.84  |
| 172669    | 10/24/2019 | 123  | 473766        | CENTERVILLE SAW AND TOOL       | REPAIR: ECHO S.T. - PARTS                                 | \$90.72     | \$90.72  |
| 172666    | 10/24/2019 | 113  | 603151        | CALTEST ANALYTICAL LABORATORY  | 2 LAB SAMPLE ANALYSIS                                     | \$74.10     | \$74.10  |
| 172748    | 10/31/2019 | 111  | 300440        | HARRINGTON INDUSTRIAL PLASTICS | 4 EA ADAPTERS   | \$71.21     | \$71.21  |
| 172745    | 10/31/2019 | 120  | 165369        | FREMONT RUBBER STAMP CO INC    | 1 SELF INKER - REVIEWED & APPROVED                        | \$43.81     | \$62.41  |
|           | 10/31/2019 | 122  | 165179        |                                | 1 RUBBER STAMP  | \$18.60     |          |
| 172653    | 10/24/2019 | 143  | 20191018      | ALAMEDA COUNTY TREASURER       | CONTROL BOX NO. 1 IMPROVEMENTS                            | \$50.00     | \$50.00  |

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|-----------|------------|------|-------------|-----------------------------|---|-------------|----------|
| 172727    | 10/31/2019 | 143  | 20191029    | ALAMEDA COUNTY TREASURER    | FILING FEE - NOTICE OF EXEMPTION PLANT PAVING PROJECT | \$50.00     | \$50.00  |
| 172778    | 10/31/2019 | 122  | 2463565001  | WHCI PLUMBING SUPPLY CO     | ASTD PARTS & MATERIALS                                | \$47.00     | \$47.00  |
| 172720    | 10/24/2019 | 136  | 98XW53399   | UPS - UNITED PARCEL SERVICE | SHIPPING CHARGES W/E 09/28/19                         | \$43.16     | \$43.16  |
| 172664    | 10/24/2019 | 132  | 409668      | STATE OF CALIFORNIA         | 1 NEW HIRE FINGERPRINTS                               | \$32.00     | \$32.00  |
| 172729    | 10/31/2019 | 170  | 8480093838  | ANDRITZ SEPARATION INC      | CENTRIFUGE 4 REBUILD PARTS                            | \$26.20     | \$26.20  |
| 172750    | 10/31/2019 | 122  | 5886791     | HOSE & FITTINGS ETC         | ASTD PARTS & MATERIALS                                | \$15.08     | \$15.08  |

**Invoices:**

|                               |            |                     |
|-------------------------------|------------|---------------------|
| <b>Credit Memos :</b>         | <b>0</b>   |                     |
| <b>\$0 - \$1,000 :</b>        | <b>150</b> | <b>43,261.39</b>    |
| <b>\$1,000 - \$10,000 :</b>   | <b>55</b>  | <b>152,005.84</b>   |
| <b>\$10,000 - \$100,000 :</b> | <b>11</b>  | <b>282,349.76</b>   |
| <b>Over \$100,000 :</b>       | <b>4</b>   | <b>785,825.11</b>   |
| <b>Total:</b>                 | <b>220</b> | <b>1,263,442.10</b> |

**Checks:**

|                               |            |                     |
|-------------------------------|------------|---------------------|
| <b>\$0 - \$1,000 :</b>        | <b>73</b>  | <b>27,585.12</b>    |
| <b>\$1,000 - \$10,000 :</b>   | <b>44</b>  | <b>122,662.05</b>   |
| <b>\$10,000 - \$100,000 :</b> | <b>12</b>  | <b>322,215.53</b>   |
| <b>Over \$100,000 :</b>       | <b>3</b>   | <b>790,979.40</b>   |
| <b>Total:</b>                 | <b>132</b> | <b>1,263,442.10</b> |