



**UNION SANITARY DISTRICT BOARD MEETING/
UNION SANITARY DISTRICT FINANCING AUTHORITY
AGENDA**

**Monday, November 9, 2020
Regular Meeting - 4:00 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

CORONAVIRUS (COVID-19) ADVISORY NOTICE

Consistent with Executive Orders No. N-25-20 and No. N-29-20 from the Executive Department of the State of California, the Alameda County March 31, 2020 Updated Shelter in Place Order, and Executive Order No. N-33-20, Stay-at-Home Order, the Monday, November 9, 2020, Regular Board Meeting will not be physically open to the public and all Board Members will be teleconferencing into the meeting. **To maximize public safety while still maintaining transparency and public access, members of the public can observe the meeting by following the steps listed below to listen to the Board Meeting, and may provide public comment by sending comments to the Board Clerk by email at assistanttogm@unionsanitary.ca.gov or via voicemail by calling 510-477-7599 before 3:00 p.m. on the date of the meeting.** Comments will then be read into the record, with a maximum allowance of 3 minutes per individual comment, subject to the Board President's discretion. All comments should be a maximum of 500 words, which corresponds to approximately 3 minutes of speaking time. If a comment is received after the agenda item is heard but before the close of the meeting, the comment will still be included as a part of the record of the meeting but will not be read into the record.

Any member of the public who needs accommodations should email or call the Board Clerk who will use their best efforts to provide reasonable accommodations to provide as much accessibility as possible while also maintaining public safety in accordance with the Union Sanitary District procedure for resolving reasonable accommodation requests.

To listen to this Regular Board Meeting:

Call: 1-888-788-0099 or 1-877-853-5247

Meeting ID: 845 4564 1287 #

Participant ID: #

Click the Zoom link below to watch and listen:

<https://us02web.zoom.us/j/84545641287>

	1.	Call to Order.
	2.	Salute to the Flag. (This item has been suspended due to the COVID-19 pandemic.)
	3.	Roll Call.
Motion	4.	Approve Minutes of the Union Sanitary District Board Meeting of October 26, 2020.
Motion	5.	Approve Minutes of the Union Sanitary District Board Special Meeting of October 28, 2020.
Information	6.	First Quarter Fiscal Year 2021 District-Wide Balanced Scorecard Measures <i>(to be reviewed by the Legal/Community Affairs Committee)</i> .
	7.	Written Communications.
	8.	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.
Motion	9.	Receive Presentation of the Fiscal Year 2019/20 Comprehensive Annual Financial Report (CAFR) and Direct Staff to File the CAFR <i>(to be reviewed by the Audit Committee)</i> .
Motion	10.	Consider a Resolution to Accept a Sanitary Sewer Easement for Tract 8272 – Junction at Centerville Station, Located at Peralta Boulevard and Parish Avenue in the City of Fremont <i>(to be reviewed by the Legal/Community Affairs Committee)</i> .
Motion	11.	Consider a Resolution to Approve a Second Amendment to the Pipeline Relocation Agreement with William Lyon Homes, Inc., a California corporation, a wholly owned subsidiary of Taylor Morrison Home Corporation, and Authorize Execution of Documents to Effectuate the Terms of the Pipeline Relocation Agreement <i>(to be reviewed by the Legal/Community Affairs Committee)</i> .
Motion	12.	Authorize the General Manager to Execute Amendment No. 2 to Task Order No. 1 with Hazen and Sawyer for the Enhanced Treatment and Site Upgrade Phase 1A Project <i>(to be reviewed by the Engineering and Information Technology Committee)</i> .
Motion	13.	Reject All Bids Received for the Cathodic Protection System Improvements Project and Authorize Staff to Re-bid the Project <i>(to be reviewed by the Engineering and Information Technology Committee)</i> .
Motion	14.	Award the Agreement for the System Supply for the Standby Power Generation System Upgrade Project to Cummins Sales and Service <i>(to be reviewed by the Engineering and Information Technology Committee)</i> .

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| Motion | 15. | Award the Construction Contract of the Centrifuge Building Improvements Project to Western Water Constructors, Inc. <i>(to be reviewed by the Engineering and Information Technology Committee)</i> . |
| Motion | 16. | Award the Construction Contract of the Calcium Thiosulfate Chemical Feed System Project to D. W. Nicholson Corporation <i>(to be reviewed by the Engineering and Information Technology Committee)</i> . |
| Motion | 17. | Authorize the General Manager to Execute Task Order No. 2 with Lee & Ro, Inc. for Calcium Thiosulfate Chemical Feed System Project <i>(to be reviewed by the Engineering and Information Technology Committee)</i> . |
| Motion | 18. | Award the Construction Contract of the FY21 Cast Iron/Pipe Lining Project to Southwest Pipeline & Trenchless Corp. <i>(to be reviewed by the Engineering and Information Technology Committee)</i> . |
| Information | 19. | COVID-19 Update. |
| Information | 20. | Check Register. |
| Information | 21. | <p>Committee Meeting Reports. <i>(No Board action is taken at Committee meetings):</i></p> <ul style="list-style-type: none"> a. Audit Committee – Wednesday, November 4, 2020, at 10:00 a.m. <ul style="list-style-type: none"> • Director Kite and Director Toy b. Legal/Community Affairs Committee – Thursday, November 5, 2020, at 1:00 p.m. <ul style="list-style-type: none"> • Director Toy and Director Fernandez c. Engineering and Information Technology Committee – Friday, November 6, 2020, at 11:00 a.m. <ul style="list-style-type: none"> • Director Lathi and Director Handley d. Personnel Committee – will not meet. e. Budget & Finance Committee – will not meet. f. Legislative Committee – will not meet. |
| Information | 22. | General Manager’s Report. <i>(Information on recent issues of interest to the Board)</i> . |
| | 23. | <p>Other Business:</p> <ul style="list-style-type: none"> a. Comments and questions. <i>Directors can share information relating to District business and are welcome to request information from staff.</i> b. Scheduling matters for future consideration. |
| | 24. | Adjournment – The Board will adjourn to the next Regular Board Meeting to be held virtually on Monday, December 14, 2020, at 4:00 p.m. |

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.



AUDIT COMMITTEE MEETING

Committee Members: Director Kite and Director Toy

Directors

Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

AGENDA

Wednesday, November 4, 2020

10:00 A.M.

Alvarado Conference Room

5072 Benson Road

Union City, CA 94587

Officers

Paul R. Eldredge
*General Manager/
District Engineer*

Karen W. Murphy
Attorney

Consistent with Executive Orders No. N-25-20 and No. N-29-20 from the Executive Department of the State of California, the Alameda County May 18, 2020 Updated Shelter in Place Order, and Executive Order No. N-33-20, Stay-at-Home Order, this meeting will not be physically open to the public and all Board Members will be teleconferencing into the meeting via conference call.

To maximize public safety while still maintaining public access, members of the public can observe the meeting by calling 510-477-6190 to listen to the committee meeting, and may provide public comment by sending comments to the Board Clerk by email at assistanttogm@unionsanitary.ca.gov or via voicemail by calling 510-477-7599 up to one hour before the scheduled meeting start time.

1. Call to Order
2. Roll Call
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.
4. Items to be reviewed for the Regular Board meeting of November 9, 2020:
 - Receive Presentation of the Fiscal Year 2019/20 Comprehensive Annual Financial Report (CAFR) and Direct Staff to File the CAFR
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 Toy and Director Fernandez

Directors

Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

AGENDA

Thursday, November 5, 2020

1:00 P.M.

Alvarado Conference Room

5072 Benson Road

Union City, CA 94587

Officers

Paul R. Eldredge
*General Manager/
District Engineer*

Karen W. Murphy
Attorney

Consistent with Executive Orders No. N-25-20 and No. N-29-20 from the Executive Department of the State of California, the Alameda County May 18, 2020 Updated Shelter in Place Order, and Executive Order No. N-33-20, Stay-at-Home Order, this meeting will not be physically open to the public and all Board Members will be teleconferencing into the meeting via conference call.

To maximize public safety while still maintaining public access, members of the public can observe the meeting by calling 510-477-6190 to listen to the committee meeting, and may provide public comment by sending comments to the Board Clerk by email at assistanttogm@unionsanitary.ca.gov or via voicemail by calling 510-477-7599 up to one hour before the scheduled meeting start time.

1. Call to Order
2. Roll Call
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.
4. Items to be reviewed for the Regular Board meeting of November 9, 2020:
 - First Quarter Fiscal Year 2021 District-Wide Balanced Scorecard Measures
 - Consider a Resolution to Accept a Sanitary Sewer Easement for Tract 8272 – Junction at Centerville Station, Located at Peralta Boulevard and Parish Avenue in the City of Fremont
 - Consider a Resolution to Approve a Second Amendment to the Pipeline Relocation Agreement with William Lyon Homes, Inc., a California corporation, a wholly owned subsidiary of Taylor Morrison Home Corporation, and Authorize Execution of Documents to Effectuate the Terms of the Pipeline Relocation Agreement
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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ENGINEERING AND INFORMATION TECHNOLOGY COMMITTEE MEETING

Committee Members: Director Lathi and Director Handley

Directors

Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

AGENDA

Friday, November 6, 2020

11:00 A.M.

Alvarado Conference Room

5072 Benson Road

Union City, CA 94587

Officers

Paul R. Eldredge
*General Manager/
District Engineer*

Karen W. Murphy
Attorney

Consistent with Executive Orders No. N-25-20 and No. N-29-20 from the Executive Department of the State of California, the Alameda County May 18, 2020 Updated Shelter in Place Order, and Executive Order No. N-33-20, Stay-at-Home Order, this meeting will not be physically open to the public and all Board Members will be teleconferencing into the meeting via conference call. To maximize public safety while still maintaining public access, members of the public can observe the meeting by calling 510-477-6190 to listen to the committee meeting, and may provide public comment by sending comments to the Board Clerk by email at assistanttogm@unionsanitary.ca.gov or via voicemail by calling 510-477-7599 up to one hour before the scheduled meeting start time.

1. Call to Order

2. Roll Call

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.

4. Items to be reviewed for the Regular Board meeting of November 9, 2020:

- Authorize the General Manager to Execute Amendment No. 2 to Task Order No. 1 with Hazen and Sawyer for the Enhanced Treatment and Site Upgrade Phase 1A Project
 - Reject All Bids Received for the Cathodic Protection System Improvements Project and Authorize Staff to Re-bid the Project
 - Award the Agreement for the System Supply for the Standby Power Generation System Upgrade Project to Cummins Sales and Service
 - Award the Construction Contract of the Centrifuge Building Improvements Project to Western Water Constructors, Inc.
 - Award the Construction Contract of the Calcium Thiosulfate Chemical Feed System Project to D. W. Nicholson Corporation
 - Authorize the General Manager to Execute Task Order No. 2 with Lee & Ro, Inc. for Calcium Thiosulfate Chemical Feed System Project
 - Award the Construction Contract of the FY21 Cast Iron/Pipe Lining Project to Southwest Pipeline & Trenchless Corp.
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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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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/UNION SANITARY DISTRICT FINANCING
AUTHORITY
OCTOBER 26, 2020**

Consistent with Executive Orders No. N-25-20 and No. N-29-20 from the Executive Department of the State of California, the Alameda County March 16, 2020 Shelter in Place Order, and Executive Order No. N-33-20, Stay-at-Home Order, the Monday, October 26, 2020, Regular Board Meeting was not physically open to the public and all Board Members teleconferenced into the meeting. To maximize public safety while still maintaining transparency and public access, members of the public were able to listen to the Board Meeting, and provide public comment by sending comments to the Board Clerk.

CALL TO ORDER

President Handley called the meeting to order at 4:00 p.m. The regular meeting time was modified due to the COVID-19 emergency.

SALUTE TO THE FLAG

ROLL CALL

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

ABSENT: Jennifer Toy, Director (arrived at 4:20 p.m.)

STAFF: Paul Eldredge, General Manager/District Engineer
Karen Murphy, District Counsel
Sami Ghossain, Technical Services Manager
Armando Lopez, Treatment and Disposal Services Manager
James Schofield, Collection Services Manager
Robert Simonich, Fabrication Construction and Maintenance Manager
Ric Pipkin, Enhanced Treatment and Site Upgrade (ETSU) Program Manager
Curtis Bosick, ETSU Assistant Program Manager
Regina McEvoy, Executive Assistant to the General Manager/Board Clerk

**APPROVE MINUTES OF THE UNION SANITARY DISTRICT BOARD MEETING OF
OCTOBER 12, 2020**

It was moved by Vice President Kite, seconded by Director Fernandez, to Approve the Minutes of the Board Meeting of October 12, 2020. Motion carried with the following vote:

AYES: Fernandez, Handley, Kite, Lathi
NOES: None
ABSTAIN: None
ABSENT: Toy

SEPTEMBER 2020 MONTHLY OPERATIONS REPORT

This item was reviewed by the Budget & Finance and Legal/Community Affairs Committees. General Manager Eldredge provided an overview of the Odor Report and Work Group Reports and reviewed the financial reports included in the Board meeting packet. General Manager Eldredge stated staff had begun working on a new odor brochure to be shared with the cities served by the District.

WRITTEN COMMUNICATIONS

There were no written communications.

PUBLIC COMMENT

There was no public comment.

CONSIDER AND APPROVE NINE RESOLUTIONS FOR THE APPLICATIONS FOR CLEAN WATER STATE REVOLVING FUND FINANCIAL ASSISTANCE FOR THE ENHANCED TREATMENT AND SITE UPGRADE PHASE 1A, PHASE 1B, AND PHASE 1C PROJECTS

This item was reviewed by the Engineering and Information Technology Committee. ETSU Assistant Program Manager Bosick stated staff, at the recommendation of the State Water Resources control Board (SWRCB), will prepare three separate application packages to the SWRCB for financial assistance of up to \$335 Million for the design and construction of the Enhanced Treatment and Site Upgrade (ETSU) Phase 1A, Phase 1B, and Phase 1C Projects. The SWRCB requires the District's governing body to adopt an "Authorizing Resolution" to authorize and direct a representative to sign and file the financial assistance application and execute the documents on behalf of the District for each project. The SWRCB also requires the District's governing body to adopt a "Pledged Revenues and Fund(s) Resolution" to dedicate and pledge the Wastewater Enterprise Fund and Net Revenues thereof for the repayment of the CWSRF financial assistance. Further, the SWRCB requires the District's governing body to adopt a "Reimbursement Resolution" that would allow the District to incur expenditures on the ETSU Phase 1A, Phase 1B, and Phase 1C Projects before the approval of the CWSRF financial assistance applications. Staff recommended the Board consider the following resolutions:

- (1) Resolution to authorize the application for the Clean Water State Revolving Fund financial assistance for the Enhanced Treatment and Site Upgrade Phase 1A Project and designate the General Manager or his designee as the District's representative to execute the financial assistance application for a financing agreement,
- (2) Resolution to authorize the application for the Clean Water State Revolving Fund financial assistance for the Enhanced Treatment and Site Upgrade Phase 1B Project and designate the General Manager or his designee as the District's representative to execute the financial assistance application for a financing agreement,
- (3) Resolution to authorize the application for the Clean Water State Revolving Fund financial assistance for the Enhanced Treatment and Site Upgrade Phase 1C

Project and designate the General Manager or his designee as the District's representative to execute the financial assistance application for a financing agreement,

- (4) Resolution to dedicate and pledge the Wastewater Enterprise Fund and Net Revenues thereof for the repayment of any and all Clean Water State Revolving Fund financial assistance on the Enhanced Treatment and Site Upgrade Phase 1A Project,
- (5) Resolution to dedicate and pledge the Wastewater Enterprise Fund and Net Revenues thereof for the repayment of any and all Clean Water State Revolving Fund financial assistance on the Enhanced Treatment and Site Upgrade Phase 1B Project,
- (6) Resolution to dedicate and pledge the Wastewater Enterprise Fund and Net Revenues thereof for the repayment of any and all Clean Water State Revolving Fund financial assistance on the Enhanced Treatment and Site Upgrade Phase 1C Project,
- (7) Resolution to reimburse expenditures paid prior to the approval of the Enhanced Treatment and Site Upgrade Phase 1A Project Clean Water State Revolving Fund financial assistance by the State Water Resources Control Board,
- (8) Resolution to reimburse expenditures paid prior to the approval of the Enhanced Treatment and Site Upgrade Phase 1B Project Clean Water State Revolving Fund financial assistance by the State Water Resources Control Board, and
- (9) Resolution to reimburse expenditures paid prior to the approval of the Enhanced Treatment and Site Upgrade Phase 1C Project Clean Water State Revolving Fund financial assistance by the State Water Resources Control Board.

It was moved by Secretary Lathi, seconded by Vice President Kite, to Adopt the Following Resolutions:

- Resolution No. 2904, Authorizing Resolution/Ordinance (Enhanced Treatment and Site Upgrade Phase 1A Project)
- Resolution No. 2905, Authorizing Resolution/Ordinance (Enhanced Treatment and Site Upgrade Phase 1B Project)
- Resolution No. 2906, Authorizing Resolution/Ordinance (Enhanced Treatment and Site Upgrade Phase 1C Project)
- Resolution No. 2907, Pledged Revenues and Fund(s) Resolution (Enhanced Treatment and Site Upgrade Phase 1A Project)
- Resolution No. 2908, Pledged Revenues and Fund(s) Resolution (Enhanced Treatment and Site Upgrade Phase 1B Project)
- Resolution No. 2909, Pledged Revenues and Fund(s) Resolution (Enhanced Treatment and Site Upgrade Phase 1C Project)
- Resolution No. 2910, Reimbursement Resolution (Enhanced Treatment and Site Upgrade Phase 1A Project)
- Resolution No. 2911, Reimbursement Resolution (Enhanced Treatment and Site Upgrade Phase 1B Project)
- Resolution No. 2912, Reimbursement Resolution (Enhanced Treatment and Site Upgrade Phase 1C Project)

Motion carried with the following vote:

AYES: Fernandez, Handley, Kite, Lathi

NOES: None
ABSTAIN: None
ABSENT: Toy

CONSIDER A RESOLUTION TO ACCEPT A SANITARY SEWER EASEMENT FOR TRACT 8342 – WINSTON, LOCATED NEAR WASHINGTON BOULEVARD AND INTERSTATE 680, IN THE CITY OF FREMONT

This item was reviewed by the Legal/Community Affairs Committee. Technical Services Manager Ghossain stated Winston Development, LP, the developer, will construct a residential development for Tract 8342, located at 2529 Washington Boulevard, in the city of Fremont. Sanitary sewer service to the residential development will be provided by new mains in the development's roadway that will discharge to an existing sewer in Washington Boulevard. The roadways of the development have been designated as private. Winston Development, LP, has constructed the new sewer mains and granted the District a sanitary sewer easement to provide access and maintenance of the new sewer mains. Staff recommended the Board consider a resolution to accept a sanitary sewer easement for Tract 8342 – Winston, located near Washington Boulevard and Interstate 680, in the city of Fremont.

It was moved by Director Fernandez, seconded by Secretary Lathi, to Adopt Resolution No. 2913, Accepting a Sanitary Sewer Easement for Tract 8342 – Winston, Located Near Washington Boulevard and Interstate 680, in the City of Fremont, California. Motion carried with the following vote:

AYES: Fernandez, Handley, Kite, Lathi
NOES: None
ABSTAIN: None
ABSENT: Toy

CONSIDER A RESOLUTION TO ACCEPT A SANITARY SEWER EASEMENT FOR TRACT 8385 – NORTH FREMONT BOULEVARD TOWNHOMES, LOCATED NEAR FREMONT BOULEVARD AND PASEO PADRE PARKWAY, IN THE CITY OF FREMONT

This item was reviewed by the Legal/Community Affairs Committee. Technical Services Manager Ghossain stated NFBTHs Ventures, LLC, the developer, will construct a residential development for Tract 8385, located at 34240 and 34254 Fremont Boulevard, in the city of Fremont. Sanitary sewer service to the residential development will be provided by a new main in the development's roadway that will discharge to an existing sewer in Springfield Common. The roadway of the development has been designated as private. NFBTHs Ventures, LLC, has constructed the new sewer main and granted the District a sanitary sewer easement to provide access and maintenance of the new sewer main. Staff recommended the Board consider a resolution to accept a sanitary sewer easement for Tract 8385 – North Fremont Boulevard Townhomes, located near Fremont Boulevard and Paseo Padre Parkway, in the city of Fremont.

It was moved by Vice President Kite, seconded by Secretary Lathi, to Adopt Resolution No. 2914, Accepting a Sanitary Sewer Easement for Tract 8385 – North Fremont

Boulevard and Paseo Padre Parkway, in the City of Fremont, California. Motion carried with the following vote:

AYES: Fernandez, Handley, Kite, Lathi
NOES: None
ABSTAIN: None
ABSENT: Toy

CONSIDER AND PROVIDE DIRECTION ON LOW INCOME RATEPAYER ASSISTANCE PROGRAM

General Manager Eldredge stated the Board directed staff to explore and report back on the possibility of implementing a ratepayer assistance or discount program. Considering the cost of an assistance program and the legal constraints on use of rate revenues, the most viable option for ratepayer assistance would be to continue to seek future federal or state assistance or grant funding. Under Proposition 218, ratepayers cannot pay more than their proportionate share of costs for service. In compliance with this requirement, the District's sewer service charges are based on the amount necessary to fund only the ratepayers' costs of service. Some special districts fund their assistance programs with late fee charges; however, the District collects sewer service charges on the tax rolls, does not collect late fees, and does not have access to that type of revenue. Other potential funding sources, such as investment income and lease revenue, are arguably derived from rate revenue. Staff was not able to determine a method to fund an assistance or discount program that would not ultimately require some form of rate revenue and potentially impact rate payers. Staff recommended the Board direct staff to continue to monitor future state or federal funding opportunities for a low-income ratepayer assistance program.

The Board agreed by consensus to direct staff to continue to monitor future state or federal funding opportunities for a low-income ratepayer assistance program.

INFORMATION ITEMS:

Boardmember Expenses, 1st Quarter of Fiscal Year 2021

General Manager Eldredge stated the Board of Directors Quarterly Travel and Training Expenditure Report for the first quarter of Fiscal Year 2021 was included in the Board meeting packet.

Cal-Card 1st Quarter Activity Report, Fiscal Year 2021

General Manager Eldredge stated the CAL-Card Merchant Spend Analysis, included in the Board packet, detailed CAL-Card activity for the first quarter of Fiscal Year 2021 and covered the CAL-Card transactions from July 23, 2020 through September 22, 2020.

Status of Priority 1 Capital Improvement Program Projects

This item was reviewed by the Engineering and Information Technology Committee. Technical Services Manager Ghossain stated the Board approved the Capital Improvement Program (CIP) budget of \$42.68 million for design and construction of 27 CIP projects in June of 2020. The projects were ranked Priority 1, 2, or 3 based upon criteria prepared by staff and approved by the Executive Team. There were 17 projects ranked as Priority 1 for Fiscal Year 2021. The status of Priority 1 CIP projects is reviewed

by the Executive Team at the end of each quarter and a copy of the status report was included in the Board meeting packet.

First Quarterly Report on the Capital Improvement Program for Fiscal Year 2021

This item was reviewed by the Engineering and Information Technology Committee. Technical Services Manager Ghossain stated first quarter expenditures for Fiscal Year 2021 were presented in graphs included in the Board meeting packet. The graphs depicted actual expenditures versus approved budget for Capacity Fund 900, the Renewal and Replacement Fund 800, and for both funds combined. Total CIP expenditures up to September 30, 2020, were over projections for the first quarter by approximately \$307,000. Projects that had significant variances from projected expenditures were presented in a table included in the Board meeting packet.

COVID-19 Update

General Manager Eldredge provided an update regarding COVID-19 impacts on District operations and coordinated efforts.

Check Register

There were no questions regarding the check register.

COMMITTEE MEETING REPORTS:

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

GENERAL MANAGER'S REPORT:

General Manager Eldredge stated the following:

- Staff continue to seek to understand the failure of the CoGen generators and have begun working on necessary repairs.

OTHER BUSINESS:

There was no other business

ADJOURNMENT:

The meeting was adjourned at 4:39 p.m. to the next Regular Board Meeting to be held virtually at 4:00 p.m. on Monday, November 9, 2020.

SUBMITTED:

ATTEST:

REGINA McEVOY
BOARD CLERK

ANJALI LATHI
SECRETARY

APPROVED:

TOM HANDLEY
PRESIDENT

Adopted this 9th day of November 2020

**MINUTES OF THE SPECIAL MEETING OF THE
BOARD OF DIRECTORS OF
UNION SANITARY DISTRICT
October 28, 2020**

Consistent with Executive Order No. N-25-20 and N-29-20 from the Executive Department of the State of California and the Alameda County Public Health Department's Updated March 31, 2020 Shelter in Place Order, and Executive Order No. N-33-20, Stay-at-Home Order, the District's July 28, 2020, Special Meeting was not physically open to the public. In order to maximize public safety while still maintaining transparency, members of the public were able to attend the meeting telephonically and electronically.

CALL TO ORDER

President Handley called the special meeting to order at 4:00 p.m.

ROLL CALL

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

STAFF: Paul Eldredge, General Manager/District Engineer
Armando Lopez, Treatment and Disposal Services Manager
Robert Simonich, Fabrication Construction and Maintenance Manager
Mark Carlson, Business Services Manager/CFO
Sami Ghossain, Technical Services Manager
Ric Pipkin, Enhanced Treatment and Site Upgrade (ETSU) Program Manager
Curtis Bosick, ETSU Assistant Program Manager
Regina McEvoy, Executive Assistant to the General Manager/Board Clerk

PUBLIC COMMENT

There was no public comment.

BOARD WORKSHOP

General Manager Eldredge presented information regarding the District's Student Loan Program, Green Business Certification, and a general update on the Enhanced Treatment and Site Upgrade (ETSU) Program.

ADJOURNMENT:

The special meeting was adjourned at approximately 5:05 p.m. to the next Regular Meeting to be held virtually on Monday, November 9, 2020, at 4:00 p.m.

SUBMITTED:

ATTEST:

REGINA McEVOY
BOARD CLERK

ANJALI LATHI
SECRETARY

APPROVED:

TOM HANDLEY
PRESIDENT

Adopted this 9th day of November, 2020

**Directors**

Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

Officers

Paul R. Eldredge
*General Manager/
District Engineer*

Karen W. Murphy
Attorney

**NOVEMBER 9, 2020
BOARD OF DIRECTORS MEETING
AGENDA ITEM # 6**

TITLE: First Quarter FY 21 District-Wide Balanced Scorecard Measures (*This is an Information Item*)

SUBMITTED: Paul R. Eldredge, General Manager/District Engineer
Mark Carlson, CFO/ Business Services Work Group Manager
Gene Boucher, Organizational Support Team Coach
Karoline Terrazas, Organizational Performance Manager

Recommendation

Information only.

Discussion

This report summarizes progress meeting the District's strategic objectives and safety measures for the first quarter of fiscal year 2020 (July 1 – September 30, 2020).

Safety

Safety of our employees continues to be a District priority. As shared in the previous quarter we have focused our efforts to the evolving response of the pandemic. We continue to respond to COVID-19 safety protocols and align with the guidance of the Alameda County Health Department, CDC, and Cal OSHA. Our District management team has provided over 7 email communications to employees relating to COVID, during the 1st quarter.

The District does not anticipate meeting the target on "Average Full Time Employee Lost Time" and "Total Cost: Lost Time Wages", due to employees with open claims (injury). While one injury occurred in FY20 and has been out for an extended period, a new injury was recorded in the 1st quarter. There were no vehicle incidents in the 1st quarter; however, one open claim from the previous quarter is still in process.

Decisions were made to reduce targets for two safety measures due to the associated risk with the activity. Activities and targets will be revisited in the next FY.

- | | |
|---|----------------------------|
| • # of site visits (best practice meetings) | Target changed from 2 to 0 |
| • # of facility inspections | Target changed from 4 to 0 |

While our training completion is reporting 69%, we remain on track with required safety training. Deadlines were set to allow plenty of time to complete, meeting the needs of the various shifts of our employees. Reminders are sent weekly to demonstrate our ongoing oversight of the training program.

Operational Excellence

In the 1st quarter we demonstrated commitment to our customers by continuing to respond to all call outs in under an hour and replying to all website inquires within three days. Like many other agencies our District did not physically participate in the Great Shake Out event this year; however did engage our employees via email asking them to take a personal assessment of their location and earthquake hazards, and shared several resources with them.

We experienced one critical asset failure in September. All 17 Priority CIP projects are meeting the planned milestones.

Lastly, decisions were made to reduce targets for three OpEx measures due to the associated risk with the activity. Activities and targets will be revisited in the next FY.

- | | |
|--|-------------------------|
| • Progress outreach plan milestones | # of activities reduced |
| • % Training System Milestones Completed | Target to Be Determined |
| • # competency assessments completed | Target to be Determined |

Background

District-Wide Balanced Scorecard Measures are presented quarterly.

Previous Board Action

None

Attachment:

Table 1: Safety Objectives and Measures

Table 2: Operational Excellence Objectives and Measures

Table 1: Safety Objectives and Measures

Objectives	Measurements	1st Qtr	YTD Actual	Comments	Target	FY20	FY19	FY18
Reduce the number of accidents	Total accidents with lost days	1	1	EE currently out	0	0	1	2
	Other OSHA recordable accidents	2	2	Two incidents were appropriately reported to OSHA. Includes the injury tracked above.	≤4	1	0	0
	# Incidents of vehicle or equipment accidents/damage	0	0		≤2	6	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	1.44	1.44	2 long term WC cases	<0.5	0.66	0.09	0.33
	Total Costs: Lost time Wages only	\$40,910.02	\$40,910.02		≤\$46,883	\$ 70,759.00	\$ 2,164.50	\$32,052.64
	Ave FTE limited duty time	0	0		≤0.5	0	0	.08
	Total costs: Limited duty/Other 1/2 wages	\$0.00	\$0.00		≤\$23,441	\$0.00	\$0.00	\$2,930.91
	X-Mod		0.94		≤1.0	0.94	0.82	0.78
Identify and correct poor practices and potential hazards	# Facility inspections completed (SIT)			On hold due to COVID	0	1	4	4
	% of areas of concern identified during internal facility inspections that are resolved within 45 days of report				0	100%	93%	94.59%
	# work site inspections completed	64	64		278	335	335	373
Implement industry best practices	# site visits (for potential BMPS) completed and discussed by ET			On hold due to COVID	0	0	1	1
Communicate our commitment to safety	# GM communications on status of safety program and performance	7	7	Several Covid updates, including, face covering clarification, health screening at USD, and county/state guidance and reopening messages.	≥4	19	7	7
	# safety strategy reviews conducted by ET and EHSPM	12	12	With departure of EHSPM, various EE took over safety report outs and responsibilities. ET discusses safety and covid topics weekly.	4	12	4	8

Table 1: Safety Objectives and Measures (continued)

Objectives	Measurements	1st Qtr	YTD Actual	Comments	Target	FY20	FY19	FY18
Educate employees in safe work practices	# of major safety training events offered	2	2	2 of 3 CBTs offered with various deadlines, CPR training was adjusted due to Covid	9	9	11	11
	Ave % of targeted employees trained vs. plan	69.37%	69.37%		≥90%	89.77%	90.73%	94.02%
Create a positive safety culture	% Positive responses on the employees safety survey (aver)		Postponed at this time		≥75%	POSTPONED	N/A	94.08%

Table 2: Operational Excellence Objectives and Measures

	Objectives	Measures	1st	YTD Actual	Comments	Target	FY20	FY19	FY18
Customer Objectives	Stewardship: Demonstrate responsible stewardship of District assets and the environment	Progress implementing outreach plan milestones: % planned events completed	27.78%	27.78%		≥90%	87%	88%	91.80%
	Service: Provide reliable, high quality service	Response time to calls for service: % under 1 hour	100.00%	100.00%	Q1- 48/48	≥95%	98.780%	96.9%	96.83%
		Response time to contact USD inquiries: % within 3 business days	98.00%	98.00%	Q1- 61/62	≥90%	98.50%	100%	94.08%
		# Total adverse impacts on customers	1	1	Q1- Odor	≤10	3	3	4
	Be prepared for emergencies	# emergency preparedness events (drills, training, debriefs, table top exercises, etc.)	1	1		3	4	4	5
Financial Objectives	Fiscal responsibility: Ensure funding for critical programs and projects, while maintaining comparable rates	Residential SSC compared to other agencies		5.8th		≤33rd percentile	5.8th	5.8th	11.5
	Accurately project and control costs	% Budget expended, Operating Expenditures		Annual Report		95-103%	N/A	94%	105%
		% expended Priority 1 Special Projects		Annual Report		80-110%	N/A	72.2%	107.00%
		# regional projects/initiatives with financial benefit	3	3		≥3	3	3	3

Table 2: Operational Excellence Objectives and Measures (continued)

	Objectives	Measures	1st	YTD Actual	Comments	Target	FY20	FY19	FY18
Internal Process Objectives	Asset Management: Manage and maintain assets and infrastructure	# Critical asset failures wo negative impacts	1	1	Generator	≤2	0	2	0
		# critical asset failures with negative impacts	0	0		0	0	0	0
		% asset renewal/year: Plant		Annual Report		Track & Report	N/A	2.32%	1.74%
		% asset renewal/year: Collection System		Annual Report		Track & Report	N/A	0.08%	0.18%
		Priority CIP Project milestones met vs. planned	100%	100%	17 of 17 projects on schedule	85%	84%	83%	85%
	Environmental Protection: Maintain our ability to meet current and future regulations Implement projects and programs that benefit the environment	# adverse impacts on environment (Cat 1 SSO)	0	0		0	0	0	0
		Category 2/3 SSOs	1	1	Category 3 on 7/29/20- 100% recovered	≤10	1	2	2
		# regional projects/initiatives with environmental benefit	3	3		≥3	3	3	3
Employee Growth & Development Objectives	Employees: Maintain a highly competent, flexible workforce	Employee Turnover Rate- total		Annual Report		Track and report	5.11%	5.11%	6.11%
		Employee Turnover Rate- nonretirement		Annual Report		Track and report	2.19%	2.0%	2.29%
		% Training System Milestones Completed (accumulative total)	40.0%	40.0%		90%	50%	105%	100%
		# competency assessments completed	3	3		TBD	30	48	73
	Safety: Work safely; reduce accidents and injuries	See safety scorecard							
	Culture: 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%	44%	43%	45.00%
		% non-mgmt. employees participating in alternative compensation program (accumulative total)		Annual Report		Track & Report	66%	42%	43.00%

**Directors**

Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

Officers

Paul R. Eldredge
*General Manager/
District Engineer*

Karen W. Murphy
Attorney

**NOVEMBER 9, 2020
BOARD OF DIRECTORS MEETING
AGENDA ITEM # 9**

TITLE: **Receive Presentation of the Fiscal Year 2019/20 Comprehensive Annual Financial Report (CAFR) and Direct Staff to File the CAFR**

SUBMITTED: Paul R. Eldredge, General Manager/District Engineer
Mark Carlson, Work Group Manager/CFO

Recommendation

Receive and file the Fiscal Year 19/20 Comprehensive Annual Financial Report (CAFR) as presented.

Discussion

Attached to this staff report you will find the Fiscal Year 2019/20 CAFR as audited by Lance, Soll & Lunghard, LLP, Certified Public Accountants. Highlights for year include:

- An increase in Net Position to \$405.2 million, a \$19.9 million increase from FY 2019. Contributing factors include \$14.2 million in connection fees, \$5.6 million in contributed capital, marginal rate increases, inspection fees and other area development-related revenue.
- Net Position consists of \$283.6 million invested in capital assets; \$66.6 million restricted for specifically stipulated spending agreements originated by law, contract or other agreements with external parties; and \$55.0 million unrestricted and subject to designation by the District Board of Directors for use in meeting the District's ongoing obligations.
- The District placed \$6.9 million in capital assets into service in FY 2020 compared to \$26.8 million in FY 2019. Long-term liabilities increased \$37.8 million from FY 2019, largely due to the issuance of the Series 2020A Revenue Bonds which refunded 37.3 million in previously issued debt and set aside \$36 million for future construction

projects. The refunding is projected to save the District an estimated \$1.8 million dollars in net present value savings.

- There were no significant audit findings for FY 2020 as stated in the attached Audit Communication Letter from our auditors, Lance, Soll, & Lunghard, LLP, Certified Public Accountants.

Background

Annually, the District engages an independent accounting firm to audit the financial statements and records for the previously ended fiscal year. The results of the FY 2019/20 audit were presented to the Audit Committee on 11/08/20.

Previous Board Action

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

Attachments

FY 2019/20 CAFR

Audit Communication Letter – SAS 114

Independent Auditors' Report on Internal Control – SAS 115



Union Sanitary District

Union City, California

Comprehensive Annual Financial Report



Image: Primary Digester No. 7 Project
USD's Union City Treatment Plant

Fiscal Year Ended June 30, 2020 with Comparative
Information for Fiscal Year Ended June 30, 2019



Union Sanitary District

Union City, California

Comprehensive Annual Financial Report



Image: Excavation

Fiscal Year Ended June 30, 2020 with Comparative
Information for Fiscal Year Ended June 30, 2019

Prepared by Business Services Work Group

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Introductory Section



Image: Formwork Installation for
Foundation Grade Beams

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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

October 30, 2020

Board of Directors
Union Sanitary District
Union City, California

Subject: Comprehensive Annual Financial Report for the Year Ended June 30, 2020

We are pleased to present the Union Sanitary District's Comprehensive Annual Financial Report (CAFR) for the fiscal year (FY) ended June 30, 2020. 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 considers the newly created Union Sanitary District Financing Authority as a blended component unit of the District and is described further below.

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 year ended June 30, 2020, is 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 356,823. 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 currently employs 139.45 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 234,000 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 in 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. 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 73,000 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 experiencing significant impacts as a result of COVID-19. Unemployment rates for the cities of Fremont, Newark and Union City on June 30, 2020 were 10.5%, 12.8%, and 13.4% respectively, compared with 2.6%, 2.7%, and 3.0% one year earlier.

*Information obtained from the respective city's website

Major Projects or Initiatives

During fiscal year 2020, the District continued, completed, or initiated several significant projects:

Enhanced Treatment & Site Upgrade (ETSU) Program – The District developed the Enhanced Treatment and Site Upgrade (ETSU) Program to upgrade and bring infrastructure up to current standards and to address impending regulatory requirements and capacity needed to meet the General Plans of the Cities served. The Program is a roadmap for the treatment plant's infrastructure over the next 40 years. Design of the first group of projects is underway. These include improvements to the aeration basins and relocation of operations, maintenance, and administrative facilities. Construction of Phase 1 projects is expected to begin in late 2021 and last through 2027.

Digester 7 - An additional anaerobic digester will be built and placed into service with this project. Construction has begun and is scheduled to be completed by mid-2022.

Force Main Relocation Project, Phase III - 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. Construction should be completed by the end of calendar year 2021.

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 by the end of 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 and the Board of Directors in FY 2021, with an implementation plan to follow in late FY 2021 or early FY 2022 should a proposal be adopted.

COVID-19 Response – The impacts of COVID-19 have been felt throughout the region impacting every agency in a variety of ways. The District responded early in the pandemic to mitigate the impacts of the virus while maintaining operations at customary levels. Precautions have been taken to not only separate operational groups to reduce the risk of cross-contamination from the virus, but to also follow strict health and safety protocols for all employees. Efforts thus far have been highly successful with minimal disruption to services. No significant fiscal impacts have occurred to the District due to the virus.

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 FY 2020 was \$421.37 for a single-family dwelling and \$365.32 for a multi-family dwelling.

Connection Fees

In 2020 the District charged a sewer connection fee of \$8,897.71 for a residential 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. 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 – The District maintains a rotation schedule for updating and reviewing policies. In fiscal year 2020, the District reviewed and/or updated the following important financial policies:

Investments, Reserves Allocations & Fund Balance, Debt Management, Exceptions to Ordinance Fees, Social Media Communications, Public Input at Board and Committee Meetings, Boardmember Requests for Information, Representation by Boardmembers on Specific Issues, Equal Employment Opportunity.

East Bay Dischargers Authority (EBDA) – USD is a member of EBDA. Founded in 1974, EBDA is a five-member Joint Powers Authority (JPA) 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.

USD Financing Authority – During the year, the District formed the USD Financing Authority. The creation of this JPA to issue revenue bonds provides savings benefits to the District's ratepayers. The Authority was utilized in the issuance of the Series 2020A revenue bonds.

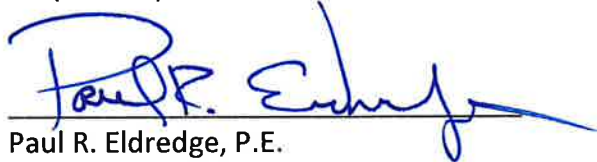
Awards Received

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


- ❖ National Association of Clean Water Agencies (NACWA) - Peak Performance Awards 1993 – 2019; USD's Alvarado Treatment Plant in Union City has been recognized for 27 consecutive years by NACWA (and its predecessor, AMSA) for outstanding performance.
- ❖ National Association of Clean Water Agencies – Excellence in Management Silver Recognition
- ❖ National Institute for Government Purchasing (NIGP) – Achievement of Excellence in Procurement
- ❖ Government Finance Officers Association (GFOA) – Excellence in Financial Reporting

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,



Paul R. Eldredge, P.E.
General Manager/District Engineer



Mark Carlson, CPA
CFO/Business Services Manager

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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



Tom Handley



Pat Kite



Anjali Lathi



Manny Fernandez



Jennifer Toy

Principal Officials

As of June 30, 2020

		City Represented	Year Elected	Term Expires
Tom Handley	President	Fremont (Ward 3)	2007	2022
Pat Kite	Vice President	Newark (Ward 2)	1991	2024
Anjali Lathi	Secretary	Fremont (Ward 3)	2002	2024
Manny Fernandez	Board Member	Union City (Ward 1)	2011 (Appointed)	2024
Jennifer Toy	Board Member	Fremont (Ward 3)	1998	2022

Karen W. Murphy

General Counsel

Staff

Paul Eldredge

General Manager/District Engineer

Armando Lopez

Treatment & Disposal Services Manager

Robert Simonich

Maintenance & Technology Services Manager

Mark Carlson

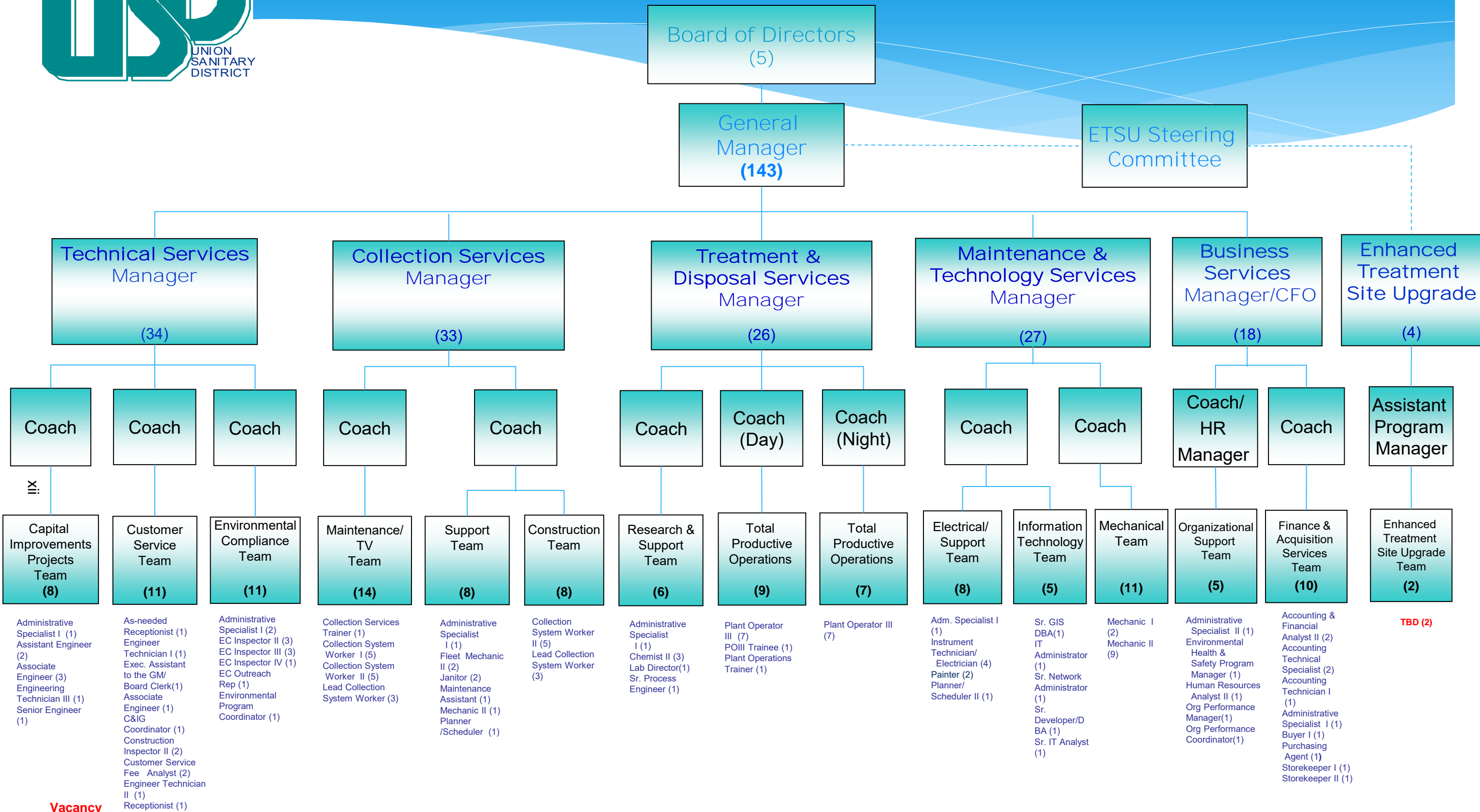
Business Services Manager/Chief Financial Officer

Sami Ghossain

Technical Services Manager

James Schofield

Collection Services Manager



Vacancy

*143 positions allocated in FY 2020
Full Time Equivalent positions in FY 2020 is 139.45.



Union Sanitary District Service Area Location Map



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, 2019

Christopher P. Morill

Executive Director/CEO

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Financial Section



Image: Rebar Installation for
Cone-Shaped Base Slabs

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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, 2020, 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, 2020, 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 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 OPEB 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 Comparative Information

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, 2019, from which such partial information was derived.



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

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 combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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 October 30, 2020, 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 solely 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 the effectiveness of the District's 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 & Lughard, LLP". The signature is written in a cursive, flowing style.

Sacramento, California
October 30, 2020

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UNION SANITARY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2020

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, 2020. 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, 2020, by \$405.2 million (net position). Net position consists of \$283.6 million invested in capital assets, \$66.6 million restricted net position, and \$55.0 million in unrestricted net position.
- The District's total net position increased by \$19.9 million during the fiscal year ended June 30, 2020. Contributing factors include \$14.2 million in connection fees, \$5.6 million in contributed capital, marginal rate increases, inspections and other area development.
- Long-term liabilities increased on the Statement of Net Position by \$37.8 million during the current fiscal year, as a result of the issuance of the Series 2020A Revenue Bonds.
- The District placed \$6.9 million in capital assets into service compared to \$26.8 in the previous 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 long-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, 2020

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 (70%) 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

	Fiscal Year	Fiscal Year	Fiscal Year	Dollar Change	Percent Change
	2020	2019	2018	FY20 to FY19	FY20 to FY19
Current and other assets	\$ 212,422,497	\$ 153,635,984	\$ 125,839,386	\$ 58,786,513	38.3%
Capital Assets	325,577,880	323,687,525	338,368,202	1,890,355	0.6%
Total Assets	538,000,377	477,323,509	464,207,588	60,676,868	12.7%
Deferred outflows of resources	10,049,080	9,982,982	11,884,867	66,098	0.7%
Current liabilities	13,419,790	11,054,282	11,074,799	2,365,508	21.4%
Long-term liabilities	126,855,110	89,017,951	92,046,419	37,837,159	42.5%
Total liabilities	140,274,900	100,072,233	103,121,218	40,202,667	40.2%
Deferred inflows of resources	2,584,183	1,903,197	1,463,120	680,986	35.8%
Net Position:					
Net investment in capital assets	283,568,402	284,632,017	296,442,688	(1,063,615)	-0.4%
Restricted	66,590,701	69,264,549	55,373,688	(2,673,848)	-3.9%
Unrestricted	55,031,271	31,434,495	19,691,741	23,596,776	75.1%
Total net position	\$ 405,190,374	\$ 385,331,061	\$ 371,508,117	\$ 19,859,313	5.2%

Net position of the District's business-type activities increased 5.2% to \$405.2 million, of which \$283.6 million is invested in capital assets such as equipment, buildings, and infrastructure. Of the remaining total, \$66.6 million is restricted to specifically stipulated spending agreements originated by law, contract, or other agreements with external parties. The remaining \$55.0 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, 2020

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

	Fiscal Year	Fiscal Year	Fiscal Year	Dollar Change	Percent Change
	2020	2019	2018	FY20 to FY19	FY20 to FY19
Operating Revenues:					
Sewer service charges (SSC)	\$ 60,216,149	\$ 57,330,651	\$ 54,260,096	\$ 2,885,498	5.0%
Other revenues	1,460,111	2,188,027	1,631,870	(727,916)	-33.3%
Total operating revenues	61,676,260	59,518,678	55,891,966	2,157,582	3.6%
Operating Expenses:					
Depreciation	16,819,345	17,857,275	17,003,398	(1,037,930)	-5.8%
Sewage treatment	21,815,870	19,339,187	18,657,355	2,476,683	12.8%
Sewage collection and engineering	16,596,589	14,519,186	14,173,382	2,077,403	14.3%
General and administration	8,858,612	8,044,226	7,611,460	814,386	10.1%
Total operating expenses	64,090,416	59,759,874	57,445,595	4,330,542	7.2%
Non-operating Revenues (Expenses):					
Investment income and net gains	5,069,307	4,097,258	700,856	972,049	23.7%
Loss on retirement of capital assets	(45,982)	(6,606,751)	-	6,560,769	-99.3%
East Bay Dischargers Authority loss	(62,484)	(170,591)	(90,325)	108,107	-63.4%
Interest	(1,841,089)	(992,721)	(1,479,413)	(848,368)	85.5%
Total Net non-operating revenues (expenses)	3,119,752	(3,672,805)	(868,882)	6,792,557	-184.9%
Income/(Loss) Before Contributed Capital	705,596	(3,914,001)	(2,422,511)	4,619,597	-118.0%
Capital Contributions					
Connection fees	14,179,465	16,158,027	23,623,947	(1,978,562)	-12.2%
Contributed capital	5,582,142	1,738,388	7,714,351	3,843,754	221.1%
Total Net Capital Contributions	19,761,607	17,896,415	31,338,298	1,865,192	10.4%
Change in Net Position	20,467,203	13,982,414	28,915,787	6,484,789	46.4%
Beginning Net Position	385,331,061	371,508,117	351,734,929	13,822,944	3.7%
Prior period adjustment	(607,890)	(159,470)	(9,142,599)	(448,420)	281.2%
Restated Net Position, Beginning of Year	384,723,171	371,348,647	342,592,330	13,374,524	3.6%
Ending Net Position	\$ 405,190,374	\$ 385,331,061	\$ 371,508,117	\$ 19,859,313	5.2%

The District's increase in net position of \$19.9 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 \$14.2 million in connection fees and \$5.6 million in contributed capital due to the ongoing residential development activity within the service area.

UNION SANITARY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

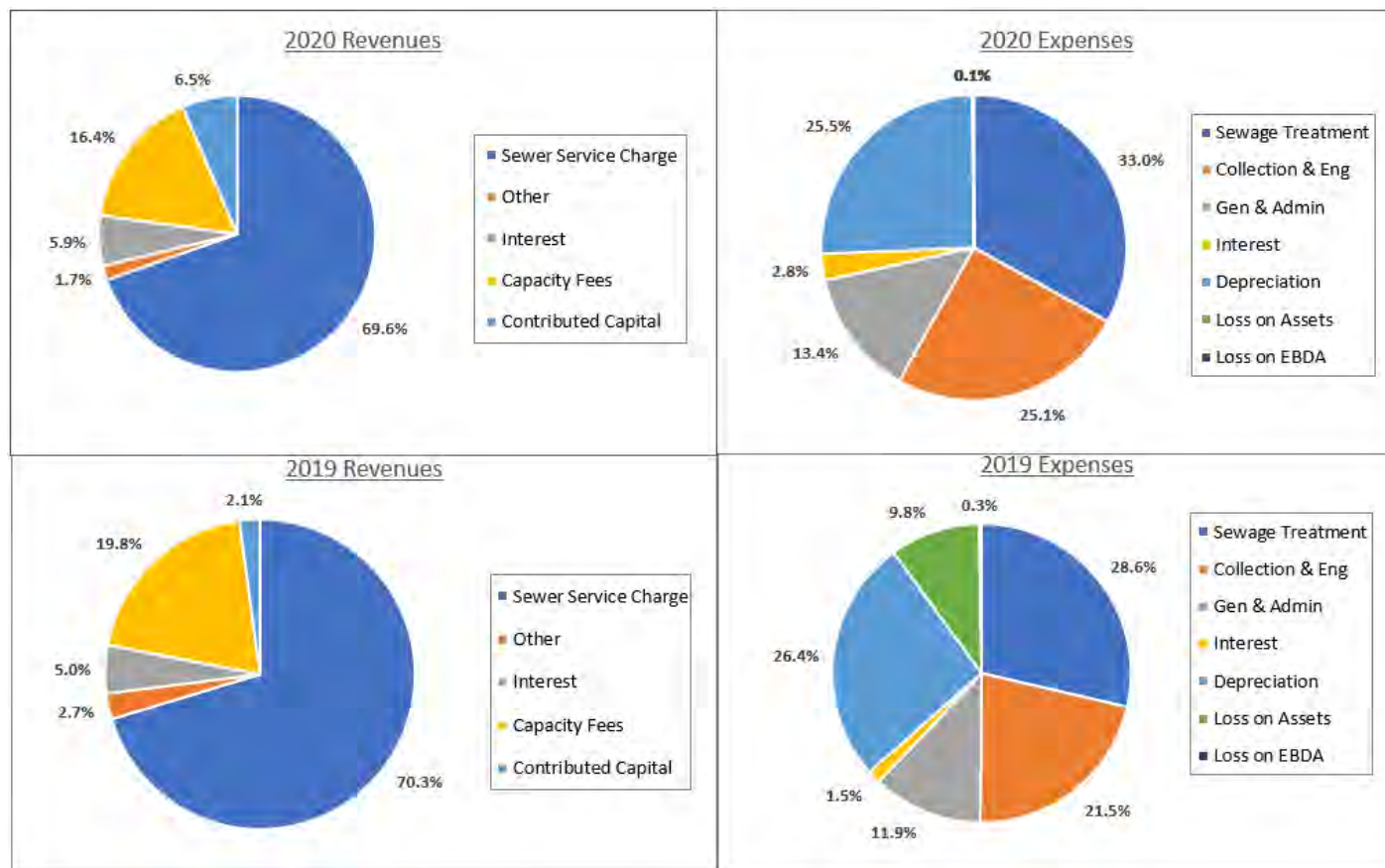
JUNE 30, 2020

Overall, the District's operating revenues increased 3.6% or \$2.2 million from FY 2019. The District's sewer service charge rate increased 3.5%. Sewer service revenues for the year increased by 5.0% or \$2.9 million overall. Other operating revenues decreased by 33.3% or \$0.7 million from prior year as the result of a decrease in permits and compliance fees received from the service area. However, both commercial and residential development slowed, and connection fee revenues decreased 12.2 %, or \$2.0 million from prior year as a result. Contributed capital increased 221.1% or \$3.8 million.

Investment income increased by \$1.0 million to \$5.1 million in FY 2020 over FY 2019. The loss on equity investment in East Bay Dischargers Authority (EBDA) was \$0.1 million. Investment income remained strong in FY 2020. Lower returns from LAIF, CAMP, and managed portfolio investments resulted in a lower weighted investment yield at June 30, 2020, of 1.19%, with a weighted average portfolio life of 322 days compared to a weighted investment yield at June 30, 2019, of 2.36%, with a weighted average portfolio life of 353 days.

The District's operating expenses increased from prior year \$4.3 million or 7.2%. 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 2019, the District's total operating revenues increased by \$3.6 million, or 6.5%. Contributed capital was \$1.7 million, a decrease of \$6.0 million over FY 2018. Most major cost categories increased from FY 2018 resulting in an increase of 4.0% in the total cost of all programs and services, including depreciation.



UNION SANITARY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2020

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of FY 2020, the District had \$325.6 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 increase of \$1.9 million compared to the prior year. The net change consisted of total additions of \$19.0 million, net deletions and adjustments of \$0.3 million and depreciation of \$16.8 million.

The District has outstanding construction contract commitments on capital projects approximating \$48.4 million at June 30, 2020. During the year ended June 30, 2020, major projects and related activity included:

Table 3 – Additions to CIP

Primary Digester No. 7	\$ 5,665,901
Primary Digester No. 2 Rehabilitation	1,789,544
MP - Aeration Basin Modifications	1,056,944
Headworks 3rd Bar Screen	976,551
Standby Power System Upgrade	803,251
Centrifuge Building Improvements	547,196
Calcium Thiosulfate Chemical Tank	395,562
Control Box No. 1 Improvements	392,039
Alvarado Influent PS Pumps and VFDs	332,302
Digester No. 3 Insp & Rehab	208,486
3rd Sludge Degritter System	141,653
Aeration Blower 11 (High Speed)	137,631
WAS Thickeners	135,980
Gravity Sewer Rehab/Replacement	120,791
Campus Building (Admin, FMC, Ops)	111,449
Others	64,780
Total	<u>\$ 12,880,060</u>

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

Table 4 – Total CIP Placed into Service

SCADA Upgrade	\$ 196,517
Cast Iron Lining Phase VI	246,431
Cast Iron Lining Phase VII	299,245
Total	<u>\$ 742,193</u>

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

UNION SANITARY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2020

Debt Administration

In February 2020, the District issued \$73.6 million in new revenue bonds (bonds payable \$64.1 million, bond premium \$9.5 million). The issuance, Series 2020A Revenue Bonds, refunded \$37.3 million in SRF loans issued between 2003 and 2014 and set aside \$36 million for future construction projects. The refunding is projected to save the District an estimated \$1.8 million dollars in net present value savings.

At year-end, the District had \$73.5 million in long-term debt outstanding versus \$39.1 million last year.

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 2020, the following Governmental Accounting Standards Board (GASB) pronouncements impacted the District:

GASB Statement No. 95 – *Postponement of Effective Dates of Certain Authoritative Guidance* – The following pronouncements have been postponed as a temporary relieve to governments and other stakeholders in light of the COVID-19 pandemic and the new effective date are reflected in the following fiscal years:

GASB 83 – Certain Assets Retirement Obligations – The requirements of this statement are effective for reporting periods beginning on or after June 15, 2020.

GASB 84 – Fiduciary Activities – The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

GASB 87 – Leases – The requirements of this statement are effective for reporting periods beginning on or after June 15, 2021.

UNION SANITARY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2020

NEXT YEAR'S BUDGET AND RATES

The Board of Directors adopted the FY 2021 Budget with total appropriations of \$97.9 million which is an increase over the prior year budget of \$25 million. Of that amount, \$42.7 million, a \$23 million increase over the prior year, has been 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, Stand by Power Generation System Upgrade, and Headworks Screens Replacement. The budget also includes \$2.7 million in special projects (including some new and some continuing efforts) such as property acquisitions, Odor Control Pilot Study, Irvington Basin MP Update, and various other project studies. To stay competitive with the market, the appropriations include a cost of living increase of 3.25% for employees.

This budget also includes certain rate increase as part of an approved five-year rate plan that became effective on July 1, 2021. Total estimated revenues for FY 2021 are \$68.7 million, an \$8.1 million decrease over the prior year budget. The decrease is largely attributable to a projected decline in Capacity Fees. Major revenue items are sewer service charges of \$60.5 million, capacity fee revenues of \$5.7 million and other revenues of \$2.5 million.

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, 2020 (with comparative information for June 30, 2019)

	2020	2019
Assets:		
Current Assets:		
Cash, cash equivalents	\$ 4,907,684	\$ 2,166,219
Investments	160,359,553	136,142,175
Receivables:		
Accounts, net	4,802,401	3,869,461
Accrued interest	607,871	582,158
Inventories	772,503	1,117,980
Prepaid expenses	46,096	31,210
Total Current Assets	171,496,108	143,909,203
Noncurrent Assets:		
Capital assets		
Non-depreciable capital assets		
Land and improvements	5,395,903	5,395,903
Construction in progress	36,598,866	24,702,553
Capacity permits and easements	6,415,898	6,415,898
Depreciable capital assets		
Utility plant in service	672,726,404	666,198,623
Less: Accumulated depreciation	(395,559,191)	(379,025,452)
Net capital assets	325,577,880	323,687,525
Other Assets		
Restricted cash, cash equivalents	278,200	-
Restricted investments	34,890,971	3,907,080
Investment in East Bay Dischargers Authority	5,757,218	5,819,701
Total other assets	40,926,389	9,726,781
Total Noncurrent Assets	366,504,269	333,414,306
Total Assets	\$ 538,000,377	\$ 477,323,509
Deferred Outflows of Resources:		
Deferred outflows related to pensions	8,425,826	8,645,659
Deferred outflows related to OPEB	1,623,254	1,337,323
Total Deferred Outflows of Resources	\$ 10,049,080	\$ 9,982,982
Liabilities:		
Current liabilities:		
Accounts payable and accrued expenses	4,429,104	2,404,460
Accrued payroll and related expenses	895,034	621,055
Interest payable	844,459	465,312
Customer deposits	3,662,957	3,572,790
Accrued compensated absences	1,298,236	1,049,492
State revolving fund loans	-	2,941,173
Bonds payable	2,290,000	-
Total Current Liabilities	13,419,790	11,054,282
Long-term liabilities:		
State revolving fund loans	-	36,114,335
Bonds payable	71,218,249	-
Net pension liability	51,055,879	46,738,719
Net OPEB liability	4,580,982	6,164,897
Total Long-Term Liabilities	126,855,110	89,017,951
Total Liabilities	\$ 140,274,900	\$ 100,072,233
Deferred Inflows of Resources:		
Deferred inflows related to pensions	1,098,252	885,105
Deferred inflows related to OPEB	1,485,931	1,018,092
Total Deferred Inflows of Resources	\$ 2,584,183	\$ 1,903,197
Net Position:		
Net investment in capital assets	283,568,402	284,632,017
Restricted for:		
Capacity purposes	62,920,301	65,362,469
Debt service	3,399,270	3,902,080
Funds held for faithful performance	271,130	-
Unrestricted	55,031,271	31,434,495
Total Net Position	\$ 405,190,374	\$ 385,331,061

UNION SANITARY DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2020 (with comparative information for the year ended June 30, 2019)

	2020	2019
Operating Revenues:		
Sewer service charges (SSC)	\$ 60,216,149	\$ 57,330,651
Other operating revenues	1,460,111	2,188,027
Total Operating Revenues	61,676,260	59,518,678
Operating Expenses:		
Sewage treatment	21,815,870	19,339,187
Sewage collection and engineering	16,596,589	14,519,186
General and administration	8,858,612	8,044,226
Total Operating Expenses Before Depreciation	47,271,071	41,902,599
Depreciation	16,819,345	17,857,275
Total Operating Expenses	64,090,416	59,759,874
Operating (Loss)	(2,414,156)	(241,196)
Nonoperating Revenues (Expenses):		
Net investment income and net realized gains and losses	5,069,307	4,097,258
Interest expense	(1,841,089)	(992,721)
Loss on equity investment in East Bay Dischargers Authority	(62,484)	(170,591)
Loss on disposal of capital assets	(45,982)	(6,606,751)
Net Nonoperating Revenues (Expenses)	3,119,752	(3,672,805)
Income (Loss) Before Contributed Capital	705,596	(3,914,001)
Connection fees and other contributed capital	19,761,607	17,896,415
Changes in Net Position	20,467,203	13,982,414
Net Position:		
Beginning of Fiscal Year	385,331,061	371,508,117
Restatements	(607,890)	(159,470)
Beginning of Fiscal Year, as restated	384,723,171	371,348,647
End of Fiscal Year	\$ 405,190,374	\$ 385,331,061

UNION SANITARY DISTRICT

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2020 (with comparative information for the year ended June 30, 2019)

	2020	2019
Cash Flows from Operating Activities:		
Receipts from customers and users	\$ 60,743,320	\$ 58,828,767
Payments to suppliers for goods and services	(13,277,479)	(13,694,977)
Payments to employees for services	(28,133,837)	(26,510,893)
Receipts from customer deposits	90,167	143,839
Net Cash Provided by Operating Activities	19,422,171	18,766,736
Cash Flows from Capital and Related Financing Activities:		
Proceeds from capital debt	73,609,860	-
Capital contributions	14,179,465	16,158,027
Acquisition and construction of capital assets	(13,430,301)	(8,294,413)
Principal paid on capital debt	(39,055,508)	(2,870,006)
Interest paid on capital debt	(1,563,553)	(1,032,098)
Proceeds from sales of capital assets	15,207	89,982
Net Cash Provided by Capital and Related Financing Activities	33,755,170	4,051,492
Cash Flows from Investing Activities:		
Purchase of investments	(53,501,345)	(31,796,374)
Interest received	3,343,669	3,920,966
Net Cash (Used) in Investing Activities	(50,157,676)	(27,875,408)
Net Increase (Decrease) in Cash and Cash Equivalents	3,019,665	(5,057,180)
Cash and Cash Equivalents at Beginning of Year	2,166,219	7,223,399
Cash and Cash Equivalents at End of Year	\$ 5,185,884	\$ 2,166,219
Reconciliation of cash and cash equivalents to amounts reported on the statement of Net Position		
Cash, cash equivalents	\$ 4,907,684	\$ 2,166,219
Restricted cash, cash equivalents	278,200	-
	\$ 5,185,884	\$ 2,166,219
Reconciliation of Operating Income to Net Cash (Used) by Operating Activities:		
Operating (loss)	\$ (2,414,156)	\$ (241,196)
Adjustments to reconcile operating (loss) net cash provided by operating activities:		
Depreciation	16,819,345	17,857,275
Increase (decrease) in pension related items	4,750,140	3,218,122
Increase (decrease) in OPEB related items	(1,402,007)	(963,455)
(Increase) decrease in accounts receivable	(932,940)	(689,911)
(Increase) decrease in inventories and other	(35,745)	(361,792)
Increase (decrease) in accounts payable and accrued expenses	2,024,644	(162,708)
Increase (decrease) in accrued liabilities	273,979	(76,752)
Increase (decrease) in customer deposits	90,167	143,839
Increase (decrease) in compensated absences	248,744	43,314
Total Adjustments	21,836,327	19,007,932
Net Cash Provided by Operating Activities	\$ 19,422,171	\$ 18,766,736
Non-Cash Investing, Capital, and Financing Activities:		
Contributions of capital assets	\$ 5,582,142	\$ 1,738,388
Loss on disposal of capital assets	(45,982)	(6,606,751)
Decrease in equity in East Bay Dischargers Authority	(62,484)	(170,591)
Unrealized gain on investments	1,699,925	1,439,902
Amortization of premiums on long-term debt	(101,611)	-
Restatement due to inventory adjustment	(366,336)	-

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UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

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 staggered 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 includes all funds that are controlled by, or dependent upon the Board of Directors of the District.

On January 13, 2020, the District entered into a joint powers' agreement with the California Municipal Finance Authority to create the Union Sanitary District Financing Authority, a blended component unit of the District. The authority is authorized to buy, sell, lease, and use property and to incur indebtedness for public purposes pursuant to the California Health and Safety Code, the California Government Code and other laws of the State of California. This agreement was made for the purpose of assisting in the financing and refinancing of capital improvement projects of the District and to finance working capital for the District and financing other authorized costs. The activities of the authority are blended in the District's financial statements.

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).

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

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.

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, 2020, 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, 2020, 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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 3.20 percent of average depreciable plant during the year ended June 30, 2020.

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. 95 – *Postponement of Effective Dates of Certain Authoritative Guidance* – The following pronouncements have been postponed as a temporary relieve to governments and other stakeholders in light of the COVID-19 pandemic and the new effective date are reflected in the following fiscal years:

GASB 83 – *Certain Assets Retirement Obligations* – The requirements of this statement are effective for reporting periods beginning on or after June 15, 2020.

GASB 84 – *Fiduciary Activities* – The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

GASB 87 – *Leases* – The requirements of this statement are effective for reporting periods beginning on or after June 15, 2021.

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 Service – the bond trustee requires a contingency reserve for outstanding bond balances.
- Net Position Restricted for Funds Held for Faithful Performance – Certain cash and cash equivalents have been placed into escrow according to the requirements of ongoing construction contracts. Accordingly, net position relating to such cash and cash equivalents have been classified as restricted in the accompanying financial statements.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

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.

l. 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 outflow of resources has a positive effect on net position, similar to assets, and a deferred inflow 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, 2019
Measurement Date	June 30, 2019
Measurement Period	June 30, 2018 to June 30, 2019

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

o. 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) (6.63 years at June 30, 2019)

p. 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.

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2020

Note 2: Capital Assets

Capital asset activity for the year ended June 30, 2020, is summarized as follows:

	Balance June 30, 2019	Adjustments*	Adjusted Balance	Additions	Deletions	Transfers	Balance June 30, 2020
Capital assets, not being depreciated:							
Land and improvements	\$ 5,395,903	\$ -	\$ 5,395,903	\$ -	\$ -	\$ -	\$ 5,395,903
Construction in progress	24,702,553	(241,554)	24,460,999	12,880,060	-	(742,193)	36,598,866
Capacity permits and easements	6,415,898	-	6,415,898	-	-	-	6,415,898
Total capital assets, not being depreciated	36,514,354	(241,554)	36,272,800	12,880,060	-	(742,193)	48,410,667
Capital assets, being depreciated:							
Sewage collection facilities	443,582,382	-	443,582,382	5,802,117	-	545,676	449,930,175
Sewage treatment facilities	128,553,721	-	128,553,721	-	(124,260)	-	128,429,461
District facilities	78,877,182	-	78,877,182	-	-	-	78,877,182
General equipment	7,987,625	-	7,987,625	142,647	(129,709)	196,517	8,197,080
Fleet	7,197,713	-	7,197,713	187,619	(92,826)	-	7,292,506
Total capital assets, being depreciated	666,198,623	-	666,198,623	6,132,383	(346,795)	742,193	672,726,404
Less accumulated depreciation for:							
Sewage collection facilities	(260,520,640)	-	(260,520,640)	(9,070,519)	-	-	(269,591,159)
Sewage treatment facilities	(74,100,189)	-	(74,100,189)	(4,338,882)	71,450	-	(78,367,621)
District facilities	(33,696,265)	-	(33,696,265)	(2,338,418)	-	-	(36,034,683)
General equipment	(6,390,765)	-	(6,390,765)	(520,907)	121,331	-	(6,790,341)
Fleet	(4,317,593)	-	(4,317,593)	(550,619)	92,825	-	(4,775,387)
Total accumulated depreciation	(379,025,452)	-	(379,025,452)	(16,819,345)	285,606	-	(395,559,191)
Total capital assets being depreciated, net	287,173,171	-	287,173,171	(10,686,962)	(61,189)	742,193	277,167,213
Total Capital Assets, net	\$ 323,687,525	\$ (241,554)	\$ 323,445,971	\$ 2,193,098	\$ (61,189)	\$ -	\$ 325,577,880

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 \$48.4 million at June 30, 2020.

* 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, 2020

Note 3: Cash and Investments

a. Summary of Cash and Cash Equivalents and Investments

Cash and cash equivalents and investments at June 30, 2020, are detailed as follows:

Cash and cash equivalents	\$ 4,907,684
Restricted cash and cash equivalents	278,200
Investments	160,359,553
Restricted investments	<u>34,890,971</u>
Total cash and cash equivalents and investments	<u>\$ 200,436,408</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) A (LT)	40%	10%
Certificates of Deposit	5 years	N/A	20%	10%
Negotiable Certificates of Deposit	5 years	A1 (ST) 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)- Unrestricted	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, 2020

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, 2020:

	Maturities of			Total
	12 Months Or Less	12 to 24 Months	25 to 60 Months	
U.S. Treasury Obligation	\$ 560,210	\$ -	\$ 23,572,656	\$ 24,132,866
U.S Agency Obligations:				
FFCB	-	1,633,708	1,621,685	3,255,393
FHLB	-	1,023,120	1,358,719	2,381,839
FHLMC	-	1,275,070	2,095,451	3,370,521
FNMA	-	998,625	4,204,415	5,203,040
Corporate Notes	4,067,510.00	3,723,201	5,994,947	13,785,658
Certificate of Deposit	3,088,204	2,562,587	-	5,650,791
LAIF- Unrestricted	66,957,571	-	-	66,957,571
LAIF- Restricted	31,498,771	-	-	31,498,771
California Asset Management Program Pool (CAMP)	39,014,074	-	-	39,014,074
Total Investments	145,186,340	11,216,311	38,847,873	195,250,524
Cash in bank	4,907,684	-	-	4,907,684
Restricted cash	278,200	-	-	278,200
Total Cash and Investments	\$ 150,372,224	\$ 11,216,311	\$ 38,847,873	\$ 200,436,408

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 unrestricted portion of LAIF's 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. The restricted portion of LAIF's balance may only be withdrawn once a month. 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, 2020, the District had two accounts with LAIF, consisting of \$66,957,571 in unrestricted investments, and \$31,498,771 in restricted investments specific to the proceeds from the issuance of the Series 2020A Revenue Bonds, further discussed in footnote 6. At June 30, 2020, these investments mature in an average of 191 days.

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2020

Note 3: Cash and Investments (Continued)

e. California Asset Management Program (CAMP) Pool

The District is a voluntary participant in the California Asset Management Program (CAMP) Pool. CAMP is an investment pool offered by the California Asset Management Trust (the Trust). The Trust is a joint powers authority and public agency created by the Declaration of Trust and established under the provisions of the California Joint Exercise of Powers Act (California Government Code Sections 6500 et seq., or the "Act") for the purpose of exercising the common power of CAMP participants to invest certain proceeds of debt issues and surplus funds. CAMP investments are limited to investments permitted by subdivisions (a) to (n), inclusive, of Section 53601 of the California Government Code. The District reports its investments in CAMP at the fair value amounts provided by CAMP, which is the same as the value of the pool share in accordance with GASB 72 requirements. At June 30, 2020, the fair value was approximate to the District's cost. As of June 30, 2020, the District investment in CAMP is \$39,014,074.

f. 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, 2020, for each investment type:

Investment Type	Aaa	Aa3	Aa2	Aa1	A1	A2	A3	Total
U.S. Agency Obligations								
FFCB	\$ 3,255,393	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,255,393
FHLB	2,381,839	-	-	-	-	-	-	2,381,839
FHLMC	3,370,521	-	-	-	-	-	-	3,370,521
FNMA	5,203,040	-	-	-	-	-	-	5,203,040
Corporate Notes	927,714	504,275	3,565,580	1,364,675	3,600,498	2,846,999	975,917	13,785,658
Totals	<u>\$ 15,138,507</u>	<u>\$ 504,275</u>	<u>\$ 3,565,580</u>	<u>\$ 1,364,675</u>	<u>\$ 3,600,498</u>	<u>\$ 2,846,999</u>	<u>\$ 975,917</u>	<u>27,996,451</u>
Exempt from credit rate disclosure								
U.S. Treasury Obligations								24,132,866
Not Rated								
Certificates of deposit								5,650,791
California Local Agency Investment Fund (LAIF) - Unrestricted								66,957,571
California Local Agency Investment Fund (LAIF) - Restricted								31,498,771
California Asset Management Program (CAMP)								39,014,074
Cash and cash equivalents								5,185,884
Total Cash, Cash Equivalents and Investments								<u>\$200,436,408</u>

g. 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, 2020, none of the District's investments had concentrations in any single issuer greater than 5 percent.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 3: Cash and Investments (Continued)**h. 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, 2020, the District's total bank balance of \$6,827,699 was either collateralized or insured by the Federal Deposit Insurance Corporation (FDIC). Certificates of Deposit were also collateralized.

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.

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2020

Note 4: Fair Value Measurements (Continued)

Uncategorized - Investments in the Local Agency Investment Funds/State Investment Pools (LAIF) and California Asset Management Program (CAMP) pool 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's unrestricted portion and CAMP are available for withdrawal on demand. The balance of LAIF's restricted portion may only be withdrawn once a month.

The District's fair value measurements are as follows at June 30, 2020:

Investment Type	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Uncategorized
U.S. Agency Obligations					
FFCB	\$ 3,255,393	\$ -	\$ 3,255,393	\$ -	\$ -
FHLB	2,381,839	-	2,381,839	-	-
FHLMC	3,370,521	-	3,370,521	-	-
FNMA	5,203,040	-	5,203,040	-	-
Corporate Notes	13,785,658	-	13,785,658	-	-
California Asset Management Program (CAMP)	39,014,074	-	-	-	39,014,074
U.S. Treasury Obligations	24,132,866	24,132,866	-	-	-
Certificates of Deposits	5,650,791	-	5,650,791	-	-
California Local Agency Investment Fund (LAIF)- Unrestricted	66,957,571	-	-	-	66,957,571
California Local Agency Investment Fund (LAIF)- Restricted	31,498,771	-	-	-	31,498,771
Totals	<u>\$ 195,250,524</u>	<u>\$ 24,132,866</u>	<u>\$ 33,647,242</u>	<u>\$ -</u>	<u>\$ 137,470,416</u>

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, 2020

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 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, 2019, and for the years then ended, the most recent audited information available, is as follows:

	2019
Total assets and deferred outflows	\$ 33,609,935
Total liabilities and deferred inflows	(2,822,674)
Net position value of EBDA	<u>\$ 30,787,261</u>
District's share at 18.7%	<u>\$ 5,757,218</u>
Net loss on equity investment in EBDA	<u>\$ (62,484)</u>

EBDA has no outstanding debt.

During fiscal year ended June 30, 2020, the District was charged \$1,604,047 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, 2020, are summarized as below:

	Maturity Date	Interest Rate	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020	Current Portion
Direct Borrowings:							
2003 State Revolving Fund Loan - Irvington	08/30/23	2.4%	\$ 4,231,347	\$ -	\$ 4,231,347	\$ -	\$ -
2008 State Revolving Fund Loan - Willow	11/16/27	2.4%	868,011	-	868,011	-	-
2008 State Revolving Fund Loan - Newark	01/26/30	2.7%	6,448,475	-	6,448,475	-	-
2008 State Revolving Fund Loan - Hetch Hetchy	11/17/28	2.7%	1,209,550	-	1,209,550	-	-
2009 State Revolving Fund Loan - Cedar Blvd.	02/26/30	2.5%	1,211,626	-	1,211,626	-	-
2011 State Revolving Fund Loan - Primary Cl.	01/15/33	2.7%	6,800,541	-	6,800,541	-	-
2011 State Revolving Fund Loan - Substation 1	02/28/32	2.6%	1,716,788	-	1,716,788	-	-
2011 State Revolving Fund Loan - Boyce Rd. Lift Station	07/31/33	2.6%	5,052,292	-	5,052,292	-	-
2014 State Revolving Fund Loan - Thickner Improvement	03/31/37	2.1%	11,516,875	-	11,516,875	-	-
Public Offerings:							
Series 2020A Revenue Bonds	9/1/2050	4.0%	-	64,160,000	-	64,160,000	2,290,000
Premium- Series 2020A Revenue Bonds			-	9,449,860	101,611	9,348,249	-
			<u>\$ 39,055,505</u>	<u>\$ 73,609,860</u>	<u>\$ 39,157,116</u>	<u>\$ 73,508,249</u>	<u>\$ 2,290,000</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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 one year after initial loan disbursement. The purpose of this loan was to finance the Irvington Equalization Storage Facilities project. As of June 30, 2020, all SRF agreements have been paid in full.

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, 2020, all SRF agreements have been paid in full.

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, 2020, all SRF agreements have been paid in full.

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, 2020, all SRF agreements have been paid in full.

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, 2020, all SRF agreements have been paid in full.

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, 2020, all SRF agreements have been paid in full.

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, 2020, all SRF agreements have been paid in full.

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, 2020, all SRF agreements have been paid in full.

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, 2020, all SRF agreements have been paid in full.

Series 2020A Revenue Bonds

During February 2020, the Union Sanitary District Financing Authority (USDFA) issued \$64,160,000 in revenue bonds. The interest rate on the loan is 4.0 percent and will be payable in thirty annual installments beginning September 1, 2020. The purpose of the bonds is to finance improvements to the wastewater system, refund the District's obligations under various prior agreements with the California State Water Resources Control Board, proceeds of which were originally used to finance improvements to the wastewater system. The outstanding balance from this public offering contains a provision that in the occurrence or continuation of any event of default the trustee, at the written direction of the bond owners, must declare the principal of the bonds, together with the accrued

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 6: Long-Term Obligations (Continued)

interest, to be due and payable immediately and may exercise any other remedies available to the trustee and bond owners in law or at equity to enforce the rights of the bond owners. In addition, upon the occurrence and during the continuation of an event of default, interest on the bonds shall accrue at the default rate.

Debt Service Requirements

Future annual repayment requirements as of June 30, 2020, are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2021	\$ 2,290,000	\$ 2,394,772	\$ 4,684,772
2022	2,575,000	2,236,900	4,811,900
2023	2,670,000	2,132,000	4,802,000
2024	2,780,000	2,023,000	4,803,000
2025	2,010,000	1,927,200	3,937,200
2026-2030	11,200,000	8,343,200	19,543,200
2031-2035	13,475,000	5,890,500	19,365,500
2036-2040	6,955,000	3,826,900	10,781,900
2041-2045	8,355,000	2,427,700	10,782,700
2046-2050	9,725,000	1,065,675	10,790,675
2051	2,125,000	31,875	2,156,875
Totals	\$ 64,160,000	\$ 32,299,722	\$ 96,459,722

Note 7: Compensated Absences

A summary of the changes in compensated absences for the year ended June 30, 2020, is as follows:

Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Due in One Year
\$ 1,049,492	\$ 1,235,143	\$ 986,399	\$ 1,298,236	\$ 1,298,236

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 8: 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:

	Miscellaneous	
	Prior to January 1, 2013	On or After 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 normal contribution rates	9.368%	12.500%
Required employer payment of the Unfunded Liability	\$2,648,073	-

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2020

Note 8: Pension Plan (Continued)

Employees Covered

As of the June 30, 2020, the following employees were covered by the benefit terms of the Plan:

	Miscellaneous
Inactive employees or beneficiaries currently receiving benefits	178
Inactive employees entitled to but not yet receiving benefits	68
Active employees	140
Totals	<u>386</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 9.368 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 12.500 percent of annual payroll. The total contribution to the plan was \$4,970,366 for the year ended June 30, 2020.

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, 2019, using an annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019.

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, 2020

Note 8: Pension Plan (Continued)

Actuarial Assumptions

The total pension liabilities in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions.

	Miscellaneous
Valuation date	June 30, 2018
Measurement date	June 30, 2019
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 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

The mortality table used in the June 30, 2018 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, 2018 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

There were no changes in assumptions in 2019.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 8: 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, 2019, measurement date was as follows:

Asset Class	Target Allocation		
	Assumed Asset Allocation	Real Return Years 1-10*	Real Return Years 11+ **
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	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, 2020

Note 8: 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 Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2018	\$ 146,223,869	\$ 99,485,150	\$ 46,738,719
Change in the year:			
Service Cost	2,910,836	-	2,910,836
Interest on total pension liability	10,488,921	-	10,488,921
Differences between expected and actual experience	2,872,889	-	2,872,889
Changes in assumptions	-	-	-
Plan to plan resource movement	-	-	-
Contribution-employer	-	4,156,261	(4,156,261)
Contribution-employee	-	1,343,915	(1,343,915)
Net investment income	-	6,526,074	(6,526,074)
Administrative Expenses	-	(70,995)	70,995
Benefit payments, including refunds of employee contributions	(7,707,967)	(7,707,967)	-
Other Miscellaneous Income/(Expense)	-	231	(231)
Net changes	8,564,679	4,247,519	4,317,160
Balance at June 30, 2019	\$ 154,788,548	\$ 103,732,669	\$ 51,055,879

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	\$ 70,638,192
Current Discount Rate	7.15%
Net Pension Liability	51,055,879
1% Increase	8.15%
Net Pension Liability	34,725,242

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, 2020

Note 8: Pension Plan (Continued)

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

For the year ended June 30, 2020, the District recognized pension expense of \$9,655,748. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 4,970,366	\$ -
Differences between actual and expected experience	2,562,580	-
Changes in assumptions	892,880	(544,680)
Net differences between projected and actual earnings on plan investments	-	(553,572)
Totals	\$ 8,425,826	\$ (1,098,252)

The amount of \$4,970,366 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, 2021. 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 Ended June 30,	Deferred Outflows/Inflows of Resources
2021	\$ 2,033,598
2022	(156,208)
2023	383,067
2024	96,751
Thereafter	-
Total	\$ 2,357,208

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 9: 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, 2019 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

Active employees	141
Inactive employees or beneficiaries currently receiving benefits	106
Inactive employees entitled to but not yet receiving benefits	39
Totals	286

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, 2019, the District's contributions were \$1,546,756 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, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019, 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, 2020

Note 9: Other Retirement Benefits (Continued)

Valuation date	June 30, 2019
Measurement date	June 30, 2019
Actuarial funding method	Entry age normal cost, level percent of pay
Asset Valuation Method	Market value of assets
Actuarial assumptions:	
Discount rate	6.30%
Inflation	2.50%
Salary increases	3.00% per year, used only to allocated to cost of benefits between service years
Investment rate of return	6.30%
Mortality Rate*	MacLeod Watts Scale 2018, applied generationally from 2015
Pre-Retirement Turnover*	MacLeod Watts Scale 2018, applied generationally from 2015
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 6.50% and ultimate trend of 4.00% per year

Notes:

* MacLeod Watts Scale 2018 was developed from a blending of data and methodologies found in two published sources: (1) the Society of Actuaries Mortality Improvement Scale MP-2017 Report, published in October 2017 and (2) the demographic assumptions used in the 2017 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, published in July 2017. Scale MP-2017 can be found at the SOA website and the projection scales used in the 2017 Social Security Administrations Trustees Report at the Social Security Administration website.

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:

Asset Class	Target Allocation	Expected Real Return Years 1-10*	Expected Real Return Years 11+*
Global Equity	40.00%	4.80%	5.98%
Fixed Income	43.00%	1.10%	2.62%
Treasury Inflation Protected Securities	5.00%	0.25%	1.46%
REITs	8.00%	3.20%	5.00%
Commodities	4.00%	1.50%	2.87%
Total	100.00%		

* A general inflation rate of 2.00% were used for these periods.

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 9: Other Retirement Benefits (Continued)

Change in Assumptions

The discount rate used to measure the total OPEB liability changed from 6.73% to 6.30%. Mortality improvements were utilized for future rates, healthcare trend increase changed from 5.0% per year to 4.0% per year. Spouse Coverage assumption is 60% for future retirees who will cover their spouse.

Discount Rate

The discount rate used to measure the total OPEB liability was 6.30 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 Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2018 (Measurement Date)	\$ 11,949,899	\$ 5,785,002	\$ 6,164,897
Change in the year:			
Service Cost	401,584	-	401,584
Interest on total OPEB liability	808,836	-	808,836
Plan experience	(401,695)	-	(401,695)
Changes in assumptions	(390,123)	-	(390,123)
Contribution-employer	-	1,546,756	(1,546,756)
Net investment income	-	457,085	(457,085)
Administrative Expenses	-	(1,324)	1,324
Benefit payments, including refunds of employee contributions	(666,223)	(666,223)	-
Net changes	(247,621)	1,336,294	(1,583,915)
Balance at June 30, 2019 (Measurement Date)	\$ 11,702,278	\$ 7,121,296	\$ 4,580,982

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, 2019:

	1% Decrease (5.30%)	Current Discount Rate (6.30%)	1% Increase (7.30%)
Net OPEB Liability	\$ 5,944,991	\$ 4,580,982	\$ 3,428,845

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 9: 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, 2019:

	1% Decrease (6.00%HMO/6.50%PPO decreasing to 3.50%HMO/3.50%PPO)	Current Healthcare Cost Trend Rates (7.00%HMO/7.50%PPO decreasing to 4.50%HMO/4.50%PPO)	1% Increase (8.00%HMO/8.50%PPO decreasing to 5.50%/5.50%PPO)
Net OPEB Liability	\$ 3,895,262	\$ 4,580,982	\$ 5,428,726

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, 2020, the District recognized OPEB expense of \$434,587. As of fiscal year ended June 30, 2020, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 1,623,254	\$ -
Changes of assumptions	-	737,130
Differences between expected and actual experience	-	723,013
Net difference between projected and actual earnings on OPEB plan investments	-	25,788
Total	\$ 1,623,254	\$ 1,485,931

The \$1,623,254 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2019 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ended June 30:	Deferred Outflows/Inflows of Resources
2021	\$ (358,241)
2022	(358,241)
2023	(350,974)
2024	(223,802)
2025	(119,429)
Thereafter	(75,244)
Total	\$ (1,485,931)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 9: 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 \$18,866 and \$18,866 to the plans for the year ended June 30, 2020.

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 10: 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, 2020

Note 11: 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.

Construction Contracts – The following material construction commitments existed at June 30, 2020:

Project Name	Total Committed Amount	Expenses to Date as of June 30, 2020	Remaning Commitment
Primary Digester No.7	\$ 28,179,275	\$ 8,063,376	\$ 20,115,899
Alvarado Influent PS Pumps and VFDS	11,122,641	883,066	10,239,575
MP - Aeration Basin Modifications	6,851,195	1,056,944	5,794,251
Campus Buildings (Admin, FMC, Ops)	3,737,412	111,449	3,625,963
Cogeneration Project	15,080,010	12,019,034	3,060,976

COVID-19 National Health Emergency – On March 15, 2020, the District's operations were impacted by the COVID-19 national health emergency which resulted in shelter in place orders by national, state and county health departments. The District implemented customer and staff safety procedures based on recommendations from the health departments and industry specialists. However, the District's operations were not impacted or halted, due to the District's operations being considered essential. In addition, the majority of the District's 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) through the County's teeter program. Due to the teeter program, the District is entitled to complete collection of these charges from the County, and as such, the District's revenue has not been significantly impacted by the health emergency. The District continues to evaluate the impact of this health emergency on the District's operations.

Note 12: Restatement of Prior Year Balances

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

Beginning Net Position, as Previously Reported	\$ 385,331,061
Restatement (1)	<u>(607,890)</u>
Beginning Net Position, as Restated	<u>\$ 384,723,171</u>

- (1) Beginning net position of the District was restated by \$241,554 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. Beginning net position of the District was also restated by \$366,336 due to an inventory adjustment identified by the District.

REQUIRED SUPPLEMENTARY INFORMATION

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REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020

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	2020 June 30, 2019	2019 June 30, 2018	2018 June 30, 2017	2017 June 30, 2016	2016 June 30, 2015	2015 June 30, 2014
Total Pension Liability						
Service Cost	\$ 2,910,836	\$ 2,751,248	\$ 2,818,370	\$ 2,413,856	\$ 2,285,511	\$ 2,338,837
Interest on total pension liability	10,488,921	9,904,222	9,548,343	9,157,444	8,707,550	8,205,194
Differences between expected and actual experience	2,872,889	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	(7,707,967)	(7,153,133)	(6,728,358)	(6,122,564)	(5,472,643)	(4,871,998)
Net change in total pension liability	8,564,679	5,087,263	14,128,363	6,070,067	4,596,987	5,672,033
Total Pension Liability-beginning	146,223,869	141,136,606	127,008,243	120,938,176	116,341,189	110,669,156
Total Pension Liability-ending (a)	\$ 154,788,548	\$ 146,223,869	\$ 141,136,606	\$ 127,008,243	\$ 120,938,176	\$ 116,341,189
Plan Fiduciary Net Position						
Contributions-employer	\$ 4,156,261	\$ 3,473,052	\$ 3,203,124	\$ 2,770,226	\$ 2,536,676	\$ 2,428,874
Contributions-employee	1,343,915	1,296,037	1,256,350	1,206,505	1,187,621	1,356,767
Net investment income	6,526,074	7,910,460	9,631,126	490,693	2,002,533	13,223,974
Benefit payments	(7,707,967)	(7,153,133)	(6,728,358)	(6,122,564)	(5,472,643)	(4,871,998)
Plan to plan resource movement	231	(231)	-	-	(8,501)	-
Administrative expense	(70,995)	(426,382)	(128,674)	(54,156)	(100,081)	-
Net change in plan fiduciary net position	4,247,519	5,099,803	7,233,568	(1,709,296)	145,605	12,137,617
Plan Fiduciary Net Position-beginning	99,485,150	94,385,347	87,151,779	88,861,075	88,715,470	76,577,853
Plan Fiduciary Net Position-ending (b)	\$ 103,732,669	\$ 99,485,150	\$ 94,385,347	\$ 87,151,779	\$ 88,861,075	\$ 88,715,470
Net pension liability-ending (a) - (b)	\$ 51,055,879	\$ 46,738,719	\$ 46,751,259	\$ 39,856,464	\$ 32,077,101	\$ 27,625,719
Plan fiduciary net position as a percentage of the total pension liability	67.02%	68.04%	66.88%	68.62%	73.48%	76.25%
Covered payroll	\$ 17,036,713	\$ 15,174,379	\$ 15,017,486	\$ 14,229,298	\$ 13,896,353	\$ 13,453,476
Net pension liability as a percentage of covered payroll	299.68%	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 2019, there were no changes. 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 six years are shown.

UNION SANITARY DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

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

	2020	2019	2018	2017	2016	2015
Actuarial Determined Contribution	\$ 4,970,366	\$ 4,221,019	\$ 3,572,132	\$ 3,333,889	\$ 3,034,082	\$ 2,973,280
Contribution in relation to the Actuarially Determined Contribution	(4,970,366)	(4,221,019)	(3,572,132)	(3,333,889)	(3,034,082)	(2,973,280)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 18,388,754	\$ 17,036,713	\$ 15,174,379	\$ 15,017,486	\$ 14,229,298	\$ 13,896,353
Contributions as a percentage of covered payroll	27.03%	24.78%	23.54%	22.20%	21.32%	21.40%

Notes to Schedule:

Valuation date June 30, 2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method
Amortization method

Entry age normal cost method
Level percentage of pay, a summary of the current policy is provided in the table below:

Driver	(Gain)/Loss		Source		
	Investment	Non-investment	Assumption/ Method Change	Benefit Change	Golden Handshake
Amortization Period	30 years	30 Years	20 Years	20 Years	5 Years
Escalation Rate					
- Active Plans	2.875%	2.875%	2.875%	2.875%	2.875%
- Inactive Plans	0%	0%	0%	0%	0%
Ramp Up	5	5	5	0	0
Ramp Down	5	5	5	0	0

Asset valuation method
Inflation
Salary increases
Payroll growth
Investment rate of return
Retirement age

Market Value
2.63%
Varies by Entry Age and Service
2.88%
7.00%, net of pension plan investment expenses, including inflation.
All other actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report may be accessed on the CalPERS website at www.calpers.ca.gov under Forms and Publications.

Mortality

The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using 90 percent of Society of Actuaries' Scale 2016. For more details on this table, please refer to the 2017 experience study report.

**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 six 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			
	2020	2019	2018
Total OPEB Liability			
Service cost	\$ 401,584	\$ 388,943	\$ 420,836
Interest on the total OPEB liability	808,836	773,775	832,649
Differences between expected and actual experiences	(401,695)	-	(716,909)
Changes in assumptions	(390,123)	-	(761,859)
Changes in benefit terms	-	-	-
Benefit payments	(666,223)	(642,551)	(592,698)
Net change in total OPEB liability	(247,621)	520,167	(817,981)
Total OPEB liability - beginning	11,949,899	11,429,732	12,247,713
Total OPEB liability - ending (a)	11,702,278	11,949,899	11,429,732
Plan Fiduciary Net Position			
Contribution - employer	1,546,756	920,935	767,866
Net investment income	457,085	326,192	355,878
Benefit payments	(666,223)	(642,551)	(592,698)
Administrative expense	(1,324)	(9,654)	(2,557)
Net change in plan fiduciary net position	1,336,294	594,922	528,489
Plan fiduciary net position - beginning	5,785,002	5,190,080	4,661,591
Plan fiduciary net position - ending (b)	\$ 7,121,296	\$ 5,785,002	\$ 5,190,080
Net OPEB Liability/(Assets) - ending (a) - (b)	\$ 4,580,982	\$ 6,164,897	\$ 6,239,652
Plan fiduciary net position as a percentage of the total OPEB liability	60.85%	48.41%	45.41%
Covered-employee payroll	\$ 17,245,563	\$ 16,384,101	\$ 15,715,654
Net OPEB liability as a percentage of covered-employee payroll	26.56%	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 OPEB CONTRIBUTIONS

	2020	2019	2018
Actuarially Determined Contribution	\$ 908,022	\$ 880,553	\$ 708,037
Contribution in Relation to the Actuarially Determined Contributions	(1,623,254)	(1,333,416)	(324,982)
Contribution Deficiency (Excess)	<u>\$ (715,232)</u>	<u>\$ (452,863)</u>	<u>\$ 383,055</u>
Covered-employee payroll	\$ 18,419,720	\$ 17,245,563	\$ 16,384,101
Contributions as a percentage of covered-employee payroll	-8.81%	-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 2020 were from the June 30, 2019 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	6.30%
Inflation	2.50%
Salary increases	3.00% per year, used only to allocated to cost of benefits between service years
Investment rate of return	6.30%
Mortality Rate*	Derived using MacLeod Watts Scale 2018
Pre-Retirement Turnover**	Derived using MacLeod Watts Scale 2018
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 4.0% per year.

SUPPLEMENTARY INFORMATION

UNION SANITARY DISTRICT

**SCHEDULE OF OPERATING EXPENSES BEFORE DEPRECIATION
FOR THE YEAR ENDED JUNE 30, 2020**

	Sewage Treatment	Sewage Collection & Engineering	General & Administrative	Total
Salaries and wages	\$ 6,867,293	\$ 8,454,397	\$ 3,646,628	\$ 18,968,318
Employee benefits	4,947,254	5,993,400	2,476,674	13,417,328
Recruitment and development	70,069	90,043	216,816	376,928
Temporary help	22,209	29,019	-	51,228
Repairs and maintenance	1,691,997	812,027	16,295	2,520,319
Operating supplies	2,521,816	185,144	-	2,706,960
Office and safety supplies	151,329	242,816	363,101	757,246
Insurance	-	-	452,650	452,650
Contractual services	1,134,056	75,110	-	1,209,166
Professional services	208,898	35,637	1,009,999	1,254,534
Utilities	2,068,389	70,452	141,680	2,280,521
Authority	1,604,047	-	-	1,604,047
Non-capital projects	464,825	464,825	498,106	1,427,756
Sewer Service charge administrative fee	36,663	36,663	36,663	109,989
Rents/Leases	27,025	107,056	-	134,081
Total	\$ 21,815,870	\$ 16,596,589	\$ 8,858,612	\$ 47,271,071

UNION SANITARY DISTRICT

SCHEDULE OF INSURANCE COVERAGE FOR THE YEAR ENDED JUNE 30, 2020

The District's insurance policies and coverages in effect at June 30, 2020, 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
		Insured Value
Auto physical damage (primary insurance program)	\$	2,929,650
Workers' Compensation		1,750,000
Group Health and Life		Contract
Employee Disability and Salary Continuance		Contract
Property insurance, all property	\$	273,769,424
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



Image: Rebar Installation for Walls

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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.

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UNION SANITARY DISTRICT

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

	Fiscal Year									
Changes in Net Position	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Operating Revenues										
Sewer Service Charges	\$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	\$60,216,149
Other Operating Revenues	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	1,460,111
Total Operating Revenues	<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>	<u>61,676,260</u>
Operating Expenses										
Treatment	14,342,352	14,255,266	16,088,929	15,410,523	14,956,369	15,464,775	16,964,901	18,657,355	19,339,187	21,815,870
Collection and Engineering	10,532,692	9,712,645	11,954,345	10,869,755	10,763,530	11,296,680	12,101,081	14,173,382	14,519,186	16,596,589
General and Administration	5,574,251	5,951,818	6,111,468	6,634,688	6,910,857	6,848,244	6,844,559	7,611,460	8,044,226	8,858,612
Total Operating Expenses Before Depreciation	<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>	<u>47,271,071</u>
Depreciation	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	16,819,345
Total Operating Expenses	<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>	<u>64,090,416</u>
Operating Loss	<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>	<u>(2,414,156)</u>
Non-Operating Revenues (Expenses)										
Investment Income	274,328	248,337	178,690	180,041	160,790	496,439	482,342	700,856	4,097,258	5,069,307
Interest Expense	(1,114,313)	(858,162)	(1,138,677)	(1,106,609)	(971,695)	(916,968)	(860,316)	(1,479,413)	(992,721)	(1,841,089)
Loss on Retirement of Utility in Capital Assets	(751,601)	(127,430)	(1,479,254)	(796,735)	(1,165,160)	(30,472)	(432,674)	0	(6,606,751)	(45,982)
Gain (Loss) on Equity Investment in EBDA	(95,011)	(100,827)	(89,170)	(92,180)	(86,652)	(160,540)	(52,458)	(90,325)	(170,591)	(62,484)
Net Non-Operating Revenues (Expenses)	<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>	<u>3,119,752</u>
Income (Loss) Before Contributions	<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>	<u>705,596</u>
Connection Fees and Other Contributed Capital	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	19,761,607
Change in Net Position	<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>	<u>20,467,203</u>
Net Position, Beginning of Year	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	385,331,061
Prior Period Adjustment*	0	0	0	0	(31,662,435)	0	0	(9,142,599)	(159,470)	(607,890)
Net Position, End of Year	<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>	<u>\$405,190,374</u>
Statement of Net Position by Component										
Net Investment in Capital Assets	\$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	\$283,568,402
Restricted	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	66,590,701
Unrestricted	<u>38,002,962</u>	<u>37,581,713</u>	<u>36,292,510</u>	<u>32,853,229</u>	<u>7,774,460</u>	<u>14,015,142</u>	<u>22,468,364</u>	<u>19,691,741</u>	<u>31,434,495</u>	<u>55,031,271</u>
Total USD Net Position	<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>	<u>\$405,190,374</u>

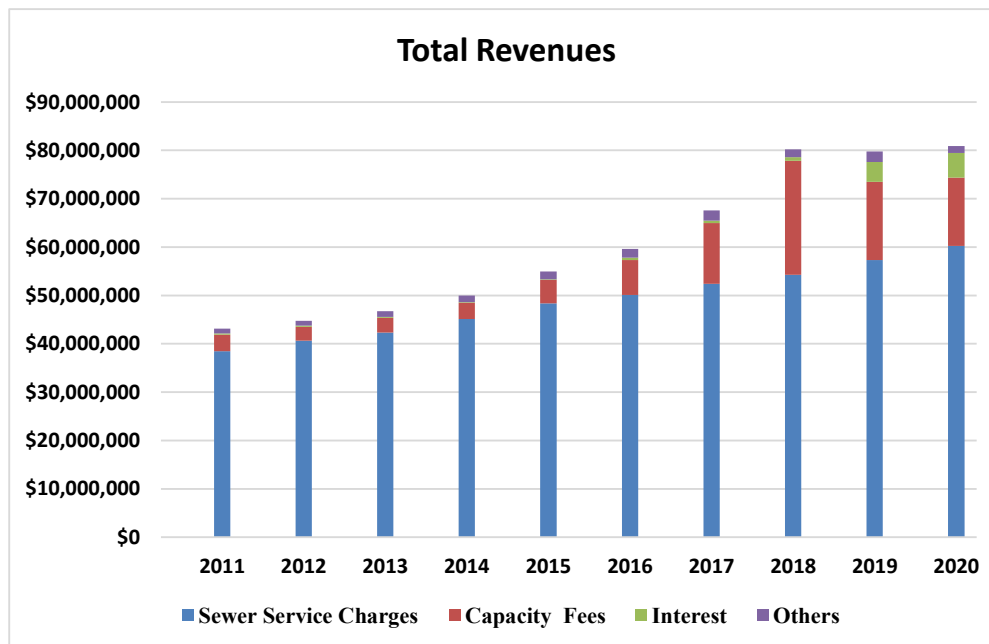
*FY 2020: Non-CIP Project Cost Adjustments of \$241,554 and Inventory Adjustments of \$366,336

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>
2020	\$60,216,149	\$14,179,465	\$5,069,307	\$1,460,111	\$ 80,925,032
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

*Others includes inspection fees, permits, external work orders, discounts, and miscellaneous

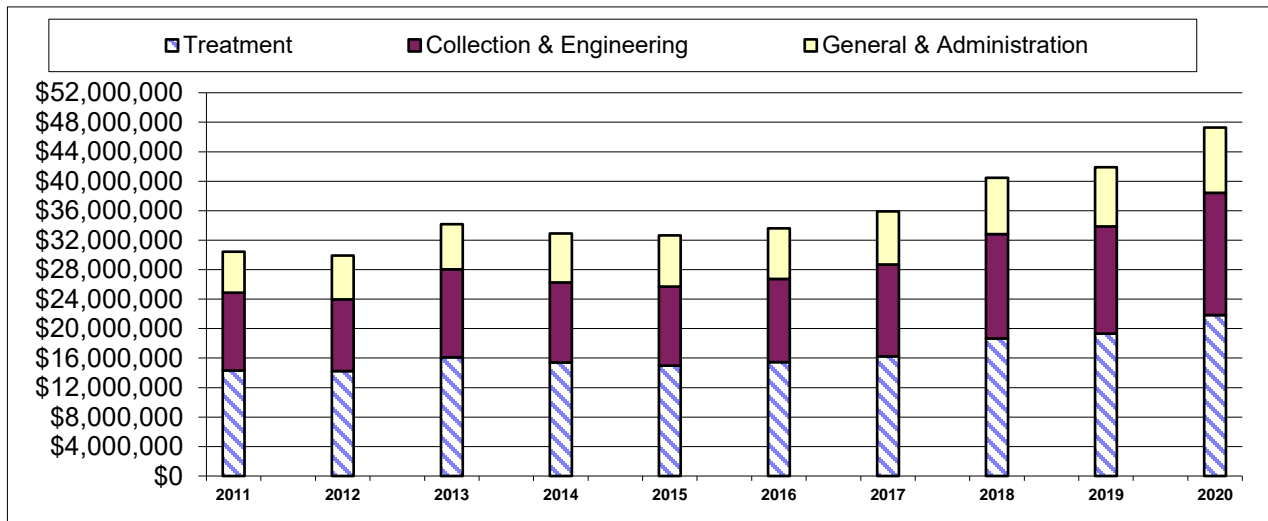


The District's main source of revenue is sewer service charges, which are collected on behalf of the District by Alameda County, on the tax rolls as part of the Teeter Plan.

UNION SANITARY DISTRICT

Operating Expenses By Major Function

<u>Fiscal Year</u>	<u>Treatment</u>	<u>Collection & Engineering</u>	<u>General & Administration</u>	<u>Total Operating Expenses</u>
2020	\$21,815,870	\$16,596,589	\$8,858,612	\$47,271,071
2019	19,339,187	14,519,186	8,044,226	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



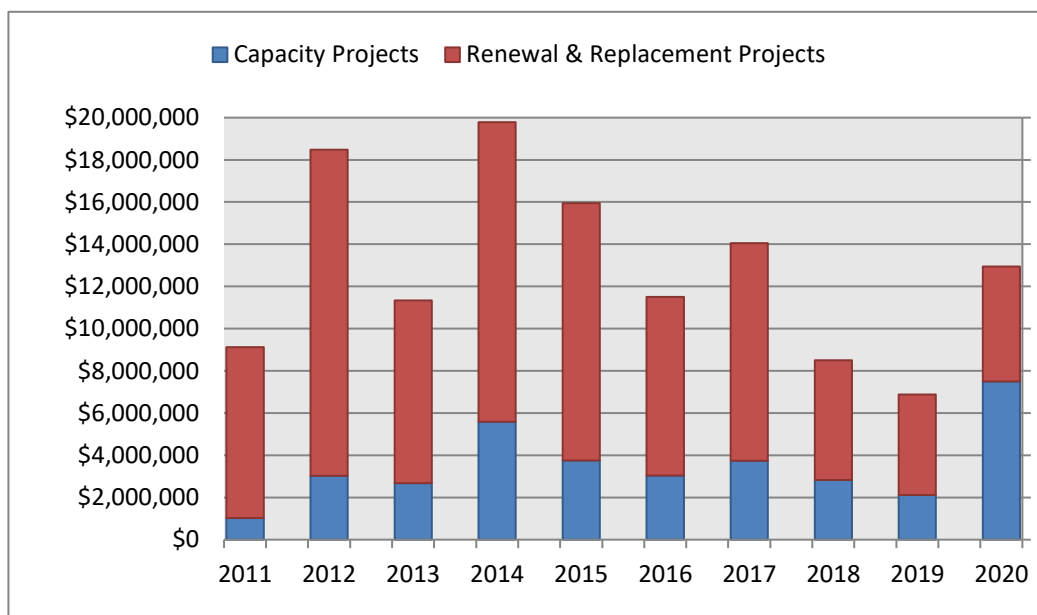
Operating expenses are the day-to-day expenses to run the District, including labor, benefits, chemicals, utilities, parts and materials, and other supplies. Depreciation, a non-cash operating expense, is not included here. Capital expenditures are not included in operating expenses.

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 & Replacement Projects</u>	<u>Total Capital Expenditures</u>
2020	\$7,501,176	\$5,439,604	\$12,940,781 *
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



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.

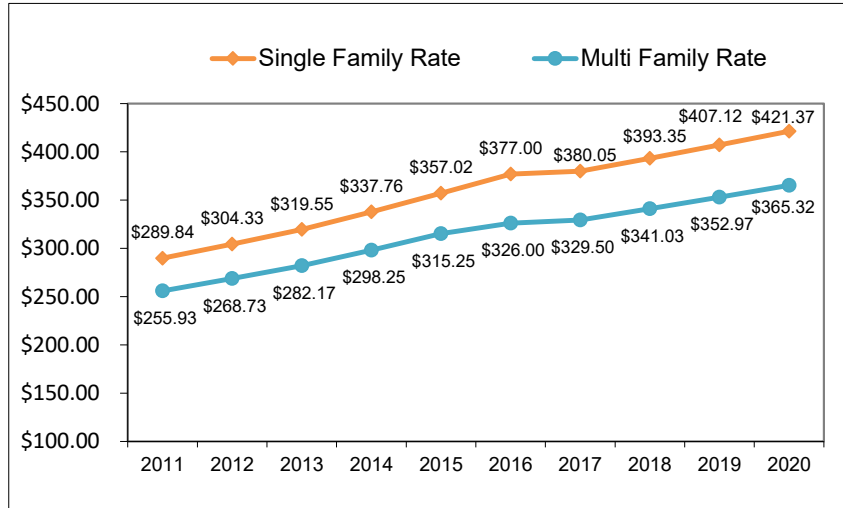
*Does not include Self Generation Incentive Program (SGIP) credit of \$244,948 for the Co-generation project.

UNION SANITARY DISTRICT

Current and Historical Fees As of June 30, 2020 Last Ten Years

Sewer Service Charge Rates

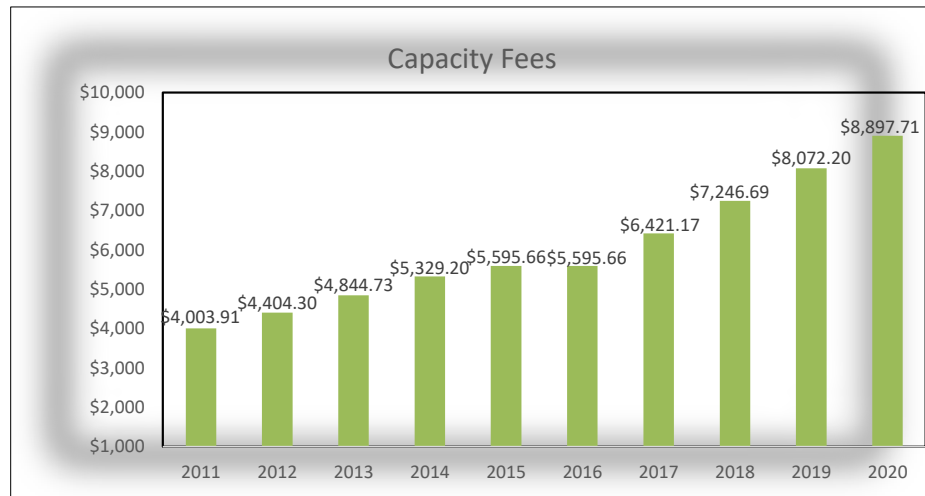
	Single Family Rate	Multi - Family Rate	Single Family Rate Percentage Change
2020	\$421.37	\$365.32	3.5%
2019	407.12	352.97	3.5%
2018	393.35	341.03	3.5%
2017	380.05	329.50	1.0%
2016	377.00	326.00	5.6%
2015	357.02	315.25	5.7%
2014	337.76	298.25	5.7%
2013	319.55	282.17	5.0%
2012	304.33	268.73	5.0%
2011	289.84	255.93	5.0%



The fees above are for residential units. A property with multiple housing units such as an apartment complex is charged \$365.32 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

		Percentage Change
2020	\$8,897.71	10.2%
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%



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, 2020

2019-20				2018-19				2017-18			
Rate Payer	Total Annual Billing	Rank	% of Total Annual Billings	Rate Payer	Total Annual Billing	Rank	% of Total Annual Billings	Rate Payer	Total Annual Billing	Rank	% of Total Annual Billings
Tesla	\$1,381,023	1	2.29%	Tesla	\$1,228,862	1	2.14%	Tesla	\$817,848	1	1.51%
Washington Hospital	314,394	2	0.52%	Washington Hospital	221,799	2	0.39%	Western Digital	141,806	2	0.26%
U S Pipe	244,663	3	0.41%	U S Pipe	216,296	3	0.38%	Solar City	172,276	3	0.32%
Western Digital	187,814	4	0.31%	Western Digital	174,219	4	0.30%	U S Pipe	135,774	4	0.25%
Ranch 99/Warm Springs Shopping Center	161,740	5	0.27%	Ranch 99/Warm Springs Shopping Center	157,421	5	0.27%	Seagate Magnetics	156,718	5	0.29%
Union Square Shopping Center/ Market Place	161,271	6	0.27%	Ranch 99/Newark	152,401	6	0.27%	Lam Research	122,934	6	0.23%
Lam Research	160,087	7	0.27%	Marriott Hotel	141,572	7	0.25%	Washington Hospital	173,057	7	0.32%
Ranch 99/Newark	148,835	8	0.25%	Union Square Shopping Center	138,482	8	0.24%	Kaiser Hospital	106,337	8	0.20%
Marriott Hotel	133,716	9	0.22%	Lam Research	125,330	9	0.22%	Boehringer Ingeheim	87,678	9	0.16%
Sterling Foods	127,508	10	0.21%	Gateway Plaza Shopping Center	125,202	10	0.22%	Seagate Technology #3	69,384	10	0.13%
Total annual billing largest ten:	<u>\$3,021,051</u>		<u>5.02%</u>	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 ALL annual billings	<u>\$60,216,149</u>			Total ALL annual billings	<u>\$57,330,651</u>			Total ALL annual billings	<u>\$54,260,096</u>		

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2016-17				2015-16				2014-15			
Rate Payer	Total Annual Billing	Rank	% of Total Annual Billings	Rate Payer	Total Annual Billing	Rank	% of Total Annual Billings	Rate Payer	Total Annual Billing	Rank	% of Total Annual Billings
Tesla	\$1,141,868	1	2.18%	Tesla	\$469,466	1	0.94%	Tesla	\$324,934	1	0.67%
Washington Hospital	206,132	2	0.39%	Western Digital	218,616	2	0.44%	Western Digital	235,844	2	0.49%
Western Digital	176,435	3	0.34%	Seagate Technology #3	152,100	3	0.30%	Washington Hospital	153,645	3	0.32%
Ranch 99/Warm Springs Shopping Center	161,772	4	0.31%	Washington Hospital	147,910	4	0.30%	Seagate Technology	116,332	4	0.24%
Marriott Hotel	142,229	5	0.27%	U S Pipe	123,218	5	0.25%	Lido Faire Shopping Center	114,536	5	0.24%
Ranch 99/Newark	133,807	6	0.26%	Marriott Hotel	119,716	6	0.24%	Pacific Commons (Kohls/Old Navy Area)	113,472	6	0.23%
U S Pipe	130,685	7	0.25%	Kaiser Hospital	118,369	7	0.24%	Pacific Commons (Area 4-Asian Pearl, Kinders, etc)	108,292	7	0.22%
Kaiser Hospital	125,907	8	0.24%	Ranch 99/Warm Springs Shopping Center	115,458	8	0.23%	Ranch 99/Warm Springs Shopping Center	108,163	8	0.22%
Gateway Plaza	124,269	9	0.24%	Pacific Commons (Area 4-Asian Pearl, Kinders, etc.)	112,498	9	0.22%	Full Bloom	105,805	9	0.22%
Pacific Commons (Area 4-Asian Pearl, Kinders, etc)	119,920	10	0.23%	Pacific Commons (Kohls/Old Navy Area)	108,358	10	0.22%	Kaiser Hospital	102,771	10	0.21%
Total annual billing largest ten:	<u>\$2,463,022</u>		<u>4.70%</u>	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 ALL annual billings	<u>\$52,384,709</u>			Total ALL annual billings	<u>\$50,112,564</u>			Total ALL annual billings	<u>\$48,379,254</u>		

UNION SANITARY DISTRICT
Ten Principal Industrial Rate Payers by Levy (continued)
June 30, 2020

2013-14				2012-13				2011-12			
Rate Payer	Total Annual Billing	Rank	% of Total Annual Billings	Rate Payer	Total Annual Billing	Rank	% of Total Annual Billings	Rate Payer	Total Annual Billing	Rank	% of Total Annual Billings
Western Digital	\$260,023	1	0.58%	Western Digital	\$216,919	1	0.51%	Western Digital	\$269,619	1	0.66%
Washington Hospital	148,743	2	0.33%	Seagate Technology	114,131	2	0.27%	Solyndra	210,366	2	0.52%
Seagate Technology	140,016	3	0.31%	Washington Hospital	105,407	3	0.25%	NUMMI/Tesla	148,978	3	0.37%
Tesla	137,788	4	0.31%	Pacific Commons (Kohls/Old Navy Area)	95,188	4	0.22%	Evergreen Oil	133,925	4	0.33%
Ranch 99 Warm's Springs Shopping	112,329	5	0.25%	Ranch 99 Warm's Springs Shopping	90,954	5	0.21%	Washington Hospital	112,361	5	0.28%
Gateway Plaza	101,416	6	0.22%	The Benton in Fremont	90,859	6	0.21%	Caravan Trading Co. & Bakery	103,048	6	0.25%
Kaiser Hospital	99,174	7	0.22%	U S Pipe	90,780	7	0.21%	The Benton in Fremont	86,531	7	0.21%
Pacific Commons (Area 4)	99,159	8	0.22%	Solyndra	89,164	8	0.21%	Kaiser Hospital	84,813	8	0.21%
The Benton in Fremont	96,037	9	0.21%	Lam Research	88,904	9	0.21%	Gateway Plaza	81,681	9	0.20%
Pacific Commons (Kohls/Old Navy Area)	90,880	10	0.20%	Kaiser Hospital	83,879	10	0.20%	U S Pipe	76,091	10	0.19%
Total annual billing largest ten:	<u>\$1,285,565</u>		<u>2.85%</u>	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 ALL annual billings	<u>\$45,139,420</u>			Total ALL annual billings	<u>\$42,339,311</u>			Total ALL annual billings	<u>\$40,630,578</u>		

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2010-11			
Rate Payer	Total Annual Billing	Rank	% of Total Annual Billings
NUMMI	\$391,105	1	1.02%
Western Digital	215,190	2	0.56%
Washington Hospital	136,804	3	0.36%
Evergreen Oil	124,684	4	0.32%
Solyndra	120,712	5	0.31%
Full Bloom	109,681	6	0.28%
The Benton in Fremont	82,409	7	0.21%
Seagate Technology	82,333	8	0.21%
Kaiser Hospital	78,993	9	0.21%
Amgen	75,741	10	0.20%
Total annual billing largest ten:	<u>\$1,417,652</u>		<u>3.68%</u>
Total ALL annual billings	<u>\$38,486,824</u>		

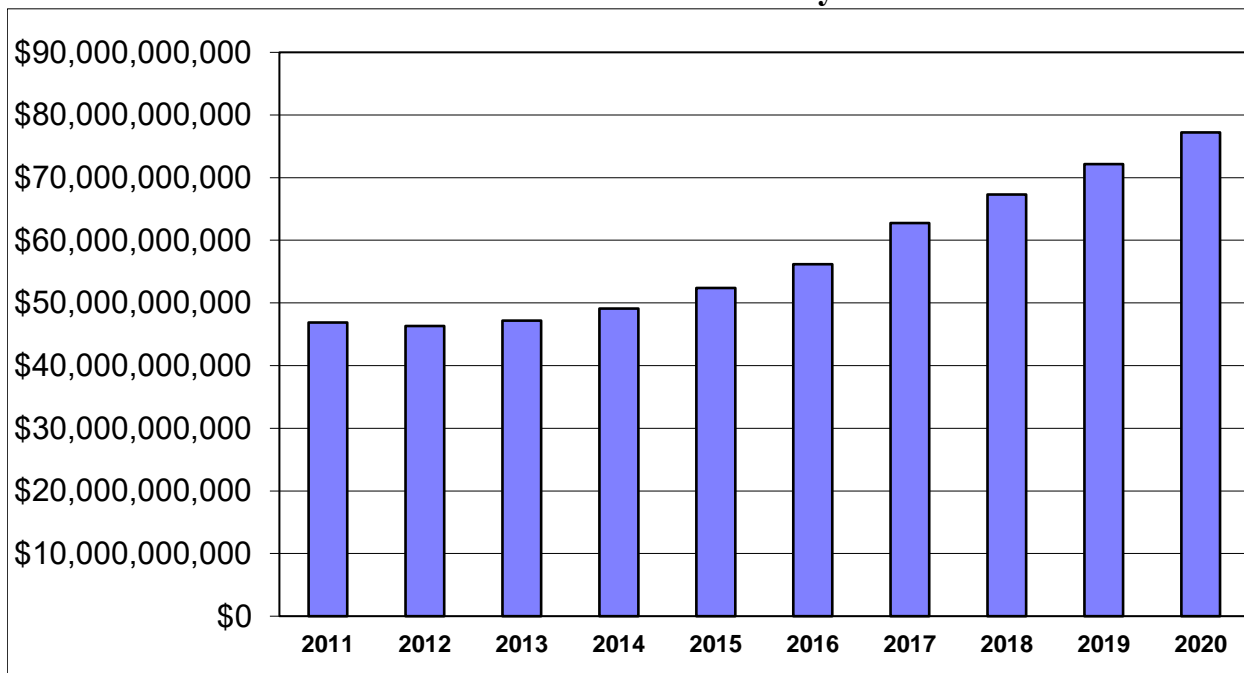
UNION SANITARY DISTRICT

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
2020	\$77,195,891,174	6.95%
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%

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

Fiscal Year	Use Permit (1)	State Revolving Fund Loans	Revenue Bonds	Principal Total	# of Parcels	Total Debt/ Parcel
2020	\$0	\$0	\$73,508,249	\$73,508,249	101,056	\$727
2019	0	39,055,508	0	39,055,508	97,870	399
2018	0	41,925,514	0	41,925,514	97,183	431
2017	0	44,272,413	0	44,272,413	95,997	461
2016	0	43,070,909	0	43,070,909	95,254	452
2015	0	41,861,476	0	41,861,476	94,768	442
2014	0	39,488,115	0	39,488,115	94,877	416
2013	0	40,648,328	0	40,648,328	94,640	430
2012	0	39,630,289	0	39,630,289	94,351	420
2011	471,698	31,985,449	0	32,457,147	94,231	344

(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 Year	Gross Revenues ⁽¹⁾	Operating Expenses ⁽²⁾	Net Revenue Available for Debt Service	Debt Service Requirements	Debt Coverage % ⁽³⁾
2020	\$80,925,032	\$47,271,071	\$33,653,961	\$3,399,270	990%
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%

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

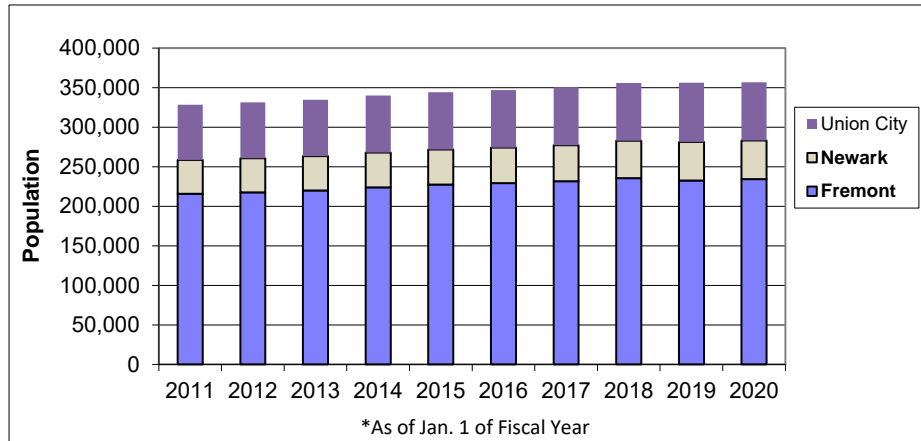
(2) Excludes depreciation; operating expenses do not include capital project expenditures.

(3) According to the District's Debt Management Policy, the targeted minimum debt service coverage ratio is 150%, which is higher than the standard 120% typically used to secure revenue bonds.

UNION SANITARY DISTRICT

Demographics
Population of Service Area Served*

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Fremont	215,711	217,700	219,926	223,972	227,582	229,324	231,664	235,439	232,532	234,220
Newark	42,764	43,041	43,342	43,856	44,284	44,733	45,422	47,467	48,712	48,966
Union City	69,850	70,646	71,329	72,155	72,412	72,952	73,452	72,991	74,916	73,637
Total	328,325	331,387	334,597	339,983	344,278	347,009	350,538	355,897	356,160	356,823
Total % Change	-2.74%	0.93%	0.97%	1.61%	1.26%	0.79%	1.02%	1.53%	0.07%	0.19%



UNION SANITARY DISTRICT

Demographics Per Capita Income and Unemployment Rate (Calendar Year)

	Per Capita Income	Unemployment Rate
2019 Fremont	\$55,521	2.6%
Newark	N/A	2.7%
Union City	N/A	3.0%
2018 Fremont	\$55,521	2.6%
Newark	\$33,591	2.8%
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%

Number of Persons in Household:		1	2	3	4	5	6	7	8
Alameda County Area Median Income: \$119,200	Extremely Low	27450	31350	35250	39150	42300	45450	48550	51700
	Very Low Income	45700	52200	58750	65250	70500	75700	80950	86150
	Low Income	73100	83550	94000	104400	112800	121150	129500	137850
	Median Income	83450	95350	107300	119200	128750	138250	147800	157350
	Moderate Income	100150	114450	128750	143050	154500	165950	177400	188850

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

UNION SANITARY DISTRICT

Demographics Major Employers in District Service Area

Employer Name	Type of Business	2020	2019	Percent of Total Employees as of fiscal year ended June 30,*								
				2018	2017	2016	2015	2014	2013	2012	2011	
Fremont												
Tesla	Auto Manufacturer	N/A	12.31%	3.17%	3.12%	3.12%	2.68%	2.75%	2.81%	1.45%	N/A	
Lam Research	Technology	N/A	2.46%	2.72%	2.68%	2.68%	2.68%	2.75%	1.41%	1.45%	1.00%	
Washington Hospital	Healthcare	N/A	2.46%	2.72%	2.68%	2.68%	2.68%	2.75%	1.70%	1.76%	1.98%	
Kaiser Permanente Medical Group	Healthcare	N/A	2.46%	0.68%	0.67%	0.67%	0.67%	0.69%	N/A	N/A	N/A	
Estenson Logistics	Logistics	N/A	2.46%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Newark												
Newark Unified School District	Education	N/A	3.46%	3.70%	4.00%	4.20%	3.10%	3.20%	3.30%	3.40%	3.40%	
Logitech	Computer Accessories	N/A	2.36%	2.40%	2.70%	3.00%	3.00%	3.10%	3.20%	3.00%	N/A	
Risk Management Solutions	Catastrophe Risk Management	N/A	1.20%	1.20%	1.20%	1.40%	1.20%	1.20%	1.30%	1.30%	1.30%	
WorldPac	Wholesale Distributor	N/A	1.18%	0.90%	0.90%	0.90%	N/A	N/A	N/A	N/A	1.40%	
VM Services Inc	Technology	N/A	0.92%	1.10%	1.10%	1.00%	N/A	N/A	N/A	N/A	N/A	
Union City												
New Haven Unified School District	Education	N/A	N/A	3.19%	3.30%	3.10%	3.01%	3.01%	3.07%	3.22%	3.69%	
Southern Glazer's Wine & Spirits	Beverages	N/A	N/A	2.00%	2.06%	3.67%	3.44%	3.44%	3.54%	3.71%	1.13%	
Wal Mart	Retailer	N/A	N/A	1.43%	1.10%	1.20%	2.34%	2.34%	2.40%	2.52%	1.62%	
Masonic Home for Adults	Continuing Care Retirement Community	N/A	N/A	1.33%	1.26%	N/A	N/A	N/A	N/A	N/A	N/A	
Abaxis, Inc.	Biotech	N/A	N/A	1.07%	1.10%	1.20%	1.11%	1.11%	1.14%	1.19%	N/A	

* Some employers report as of December 31.

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

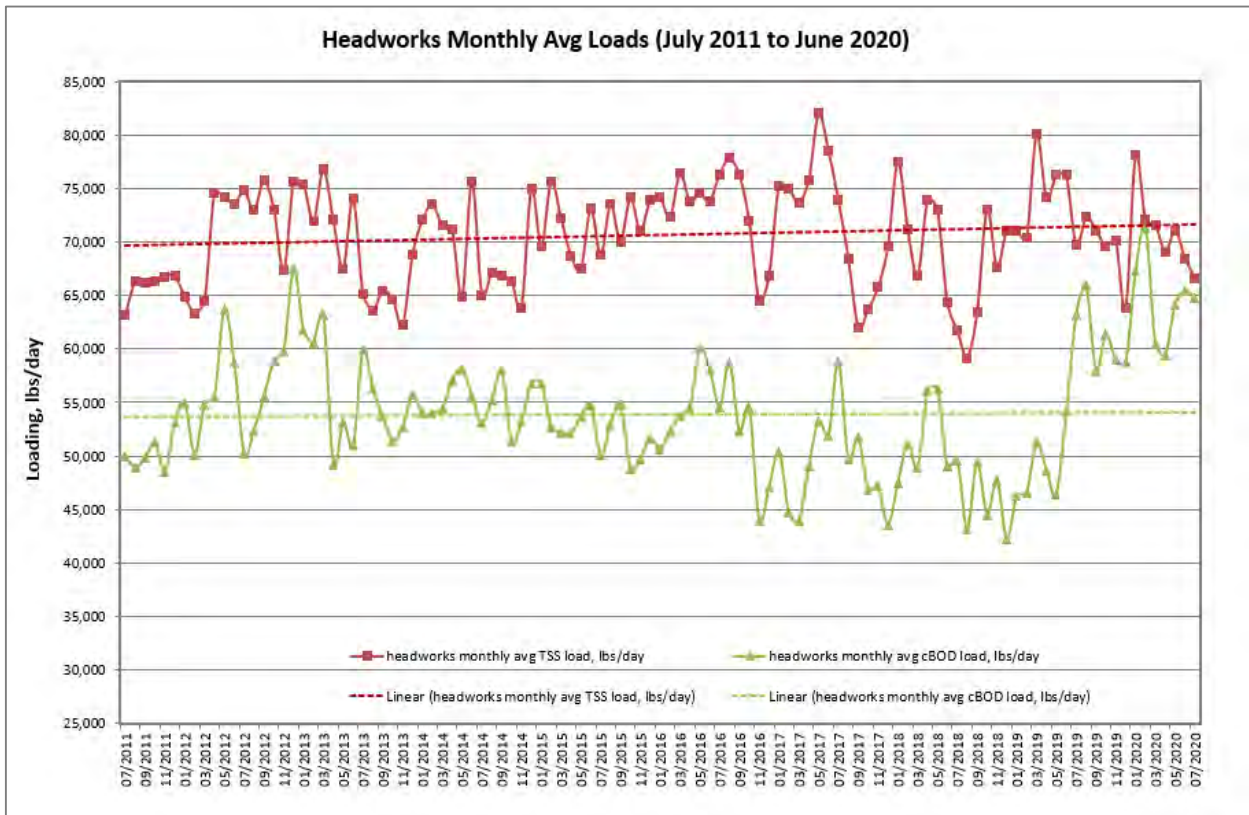
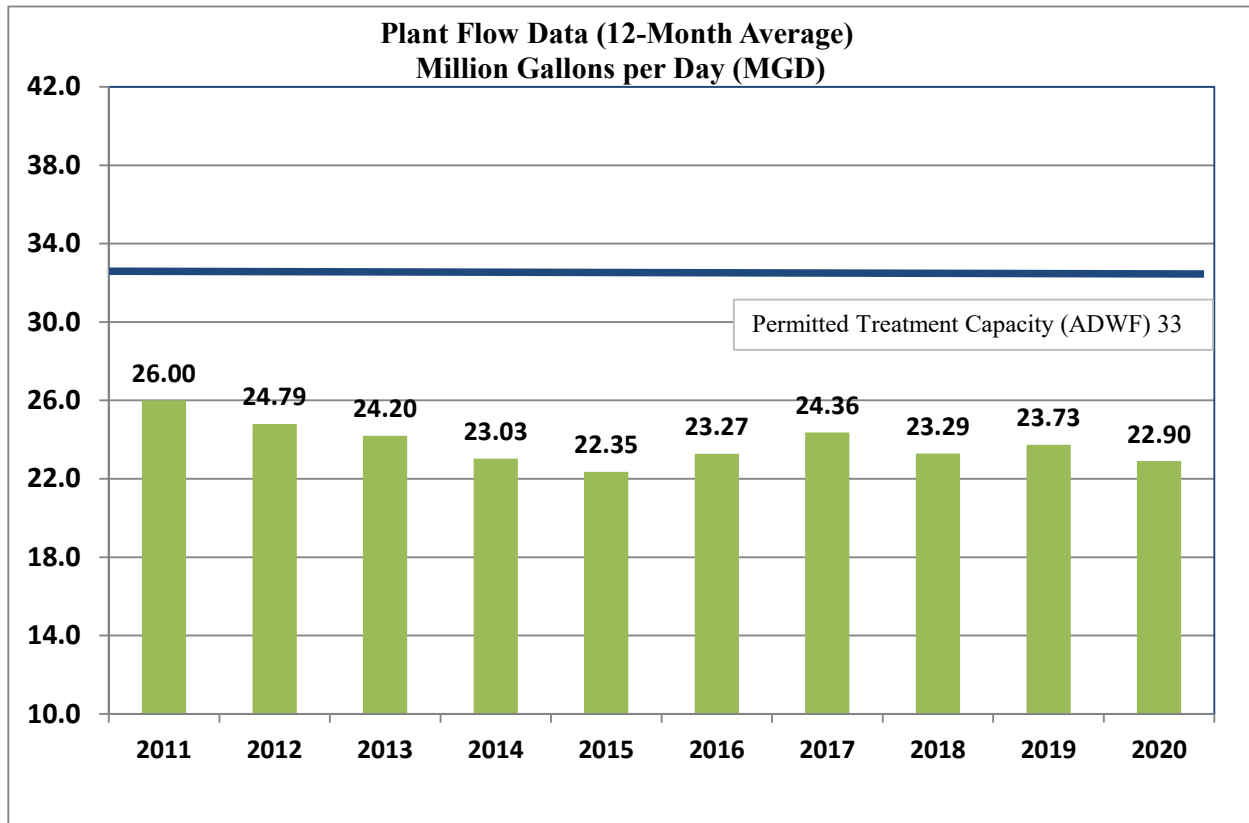
UNION SANITARY DISTRICT

Full-time Equivalent District Employees by Function/Program Last 10 Fiscal Years

Function/Program	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
System operations and maintenance (CS Support, FMC, TPO, RST, Warehouse)	53.45	54.45	55.45	52.45	53.45	53.45	50.45	51.45	13.45	11.45
Engineering and construction (CIP, ETSU)	11.00	9.00	8.00	9.00	10.00	8.00	8.00	7.00	8.00	8.00
Collections System Maintenance (CS)	26.00	25.00	25.00	25.00	25.00	23.00	23.00	24.00	22.00	22.00
Office of the General Manager (GM)	2.00	2.00	2.00	2.00	2.00	3.00	1.00	2.00	3.00	2.00
Finance (FIST)	5.00	6.00	5.00	3.00	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	5.00	4.00
Administration department (Adm Specialist, MMT, non-HR OST)	15.00	12.00	13.00	13.00	14.00	13.00	14.00	15.00	14.00	16.00
Customer and community services (Rest of TS)	20.00	21.00	21.00	20.00	20.00	18.00	19.00	19.00	19.00	19.00
Human resources (HR)	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00	3.00	3.00
Total # of Employees	139.45	136.45	136.45	131.45	136.45	131.45	128.45	131.45	92.45	90.45
Average years of service of employees as of June 30:	10.20	10.20	10.41	10.60	10.54	11.25	11.97	11.70	17.28	17.01

CIP = Capital Improvements Projects Team
 ETSU = Enhanced Treatment & Site Upgrade
 FIST = Finance & Internal Support Team
 FMC = Fabrication, Maintenance and Construction
 MMT = Materials Management Team
 OST = Organizational Support Team
 RST = Research and Support Team
 TPO = Total Productive Operations Team
 TS = Technical Services Work Group

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



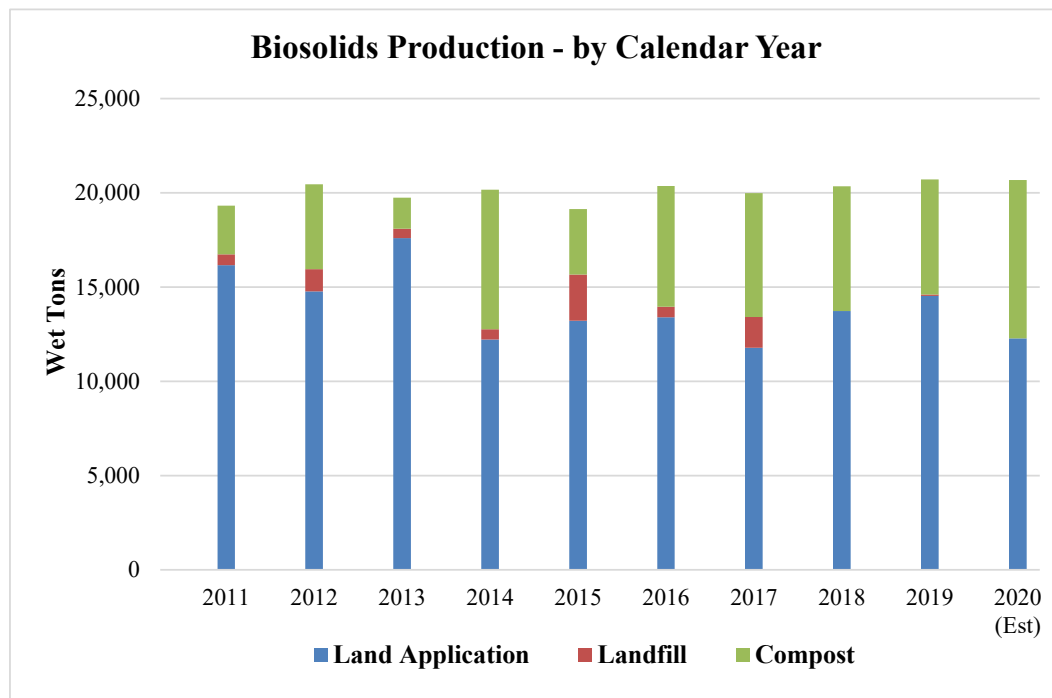
UNION SANITARY DISTRICT

Operating Indicators - Biosolids Last Ten Calendar Years

Function/Program

Biosolids

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 (Est)
Land Application	16,160	14,770	17,597	12,212	13,212	13,395	11,784	13,733	14,529	12,285
Landfill	571	1,187	501	545	2,450	563	1,624	0	72	0
Compost	2,585	4,501	1,642	7,414	3,470	6,399	6,584	6,615	6,103	8,390
Total (in Wet Tons)	19,315	20,458	19,741	20,171	19,132	20,357	19,992	20,347	20,704	20,674



UNION SANITARY DISTRICT

Miscellaneous Statistics

6/30/2020

Governing Body:	Elected 5-Member Board of Directors Fremont - 3 Members Newark - 1 Member Union City - 1 Member
Governmental Structure:	Established in 1918 and reorganized in 1923 under the Sanitary District Act
Staff:	139.45 full-time equivalent employees
CEO:	General Manager
CFO:	Business Services Manager
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:	356,823
Number of Parcels	101,056 (90,132 Residential; 3,117 Non-Residential; 7,807 Other (vacant land))
Operations:	Total miles of pipeline - 834, including the force main and all gravity sewers (including trunk mains) Number of pumping stations - 7 Larger: Irvington, Newark, Alvarado 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:	\$421.37 annually per single family residential dwelling unit

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

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October 30, 2020

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, 2020. 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 April 16, 2020. 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 2019-2020. 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 based on actuarial valuation specialist assumptions. We evaluated the key factors and assumptions used to develop the net pension liability and net other post-employment 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 October 30, 2020.

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. It is noted that while the above statement existed through June 30, 2020, as of our year-end contact, the previously separated employee has been properly removed.



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

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 OPEB 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 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 the schedule of operating 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 2019-2020 audit:

GASB Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance* – The following pronouncements have been postponed as a temporary relieve to governments and other stakeholders in light of the COVID-19 pandemic and the new effective date are reflected in the following fiscal years.

GASB Statement No. 88, *Certain Disclosure 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 2021

GASB Statement No. 84, *Fiduciary Activities*.

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



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

Fiscal year 2022

GASB Statement No. 87, *Leases*.

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

Fiscal year 2023

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

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,

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

Sacramento, California



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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 30, 2020.

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) as a basis for designing 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 District'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.



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

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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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, Solt & Loughard, LLP". The signature is written in a cursive, flowing style.

Sacramento, California
October 30, 2020

**Directors**

Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

Officers

Paul R. Eldredge
*General Manager/
District Engineer*

Karen W. Murphy
Attorney

**NOVEMBER 9, 2020
BOARD OF DIRECTORS MEETING
AGENDA ITEM # 10**

TITLE: Consider a Resolution to Accept a Sanitary Sewer Easement for Tract 8272 – Junction at Centerville Station, Located at Peralta Boulevard and Parish 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 8272 – Junction at Centerville Station, located at Peralta Boulevard and Parish Avenue, in the City of Fremont.

Discussion

None.

Background

The developer, Peralta Parish Ventures, LLC, is constructing a residential development consisting of 52 townhomes in 12 three-story buildings for Tract 8272, located at the southeast corner of Peralta Boulevard and Parish Avenue, in the city of Fremont. A vicinity map is attached.

Sanitary sewer service to the residential development will be provided by new 8-inch sewer mains in the development's roadways that discharge to an existing 18-inch sewer main that resides within existing sanitary sewer easements and the right-of-way of Peralta Boulevard. 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. Peralta Parish

Ventures, LLC, has constructed the new 8-inch sewer mains and has granted the District a sanitary sewer easement that provides for access and maintenance of the new sewer mains.

District staff has reviewed the legal descriptions and plat maps of the easements, as well as the Grant of Easement, and recommends approval.

Previous Board Action

None.

PRE/SEG/RA/RS:mb

Attachments: Vicinity Map

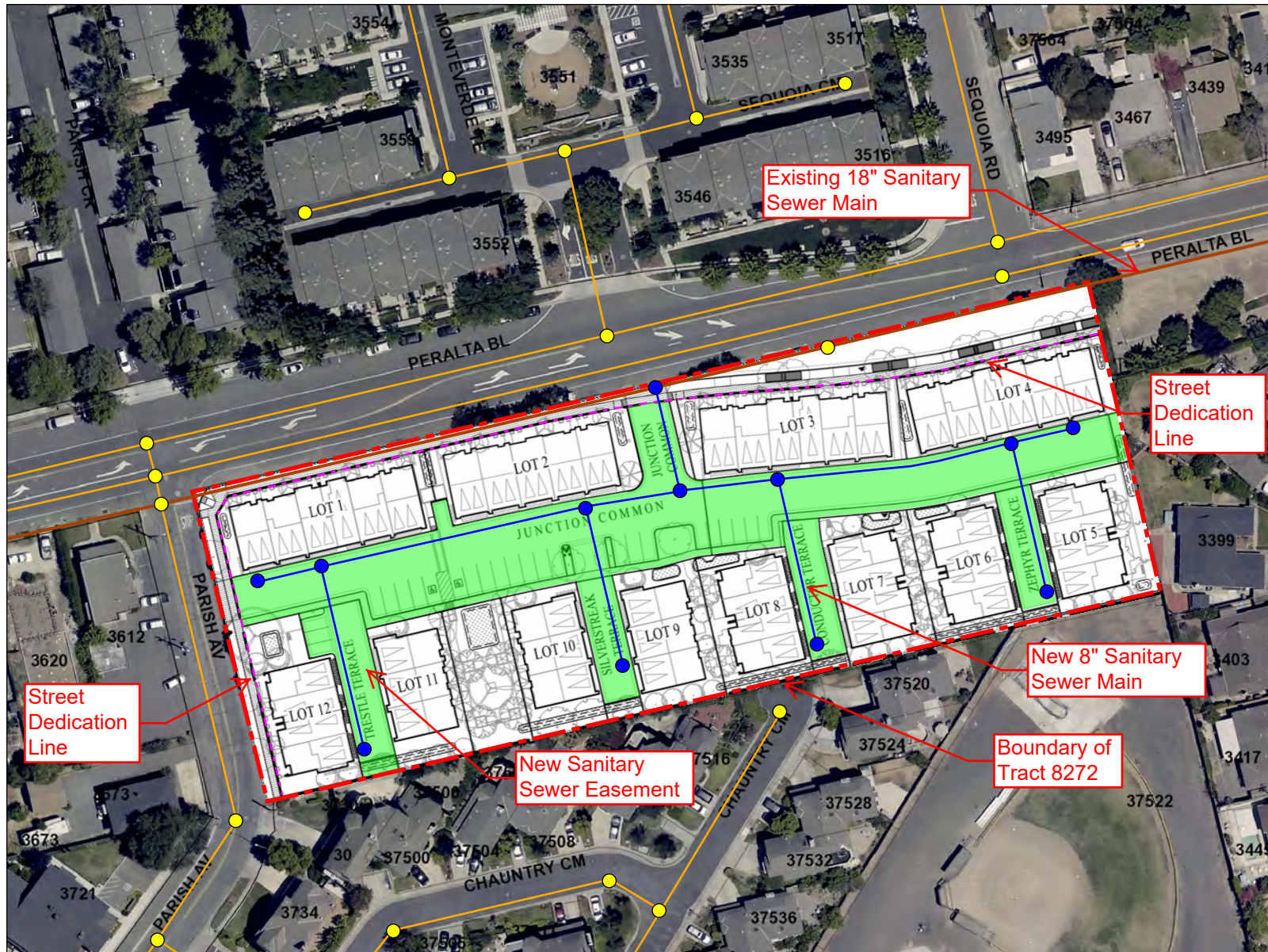
Resolution Accepting Grant of Easement

GoE Recording Request with Certificate of Acceptance

Grant of Easement with Exhibits A and B



Vicinity Map: Grant of SSE, Tract 8272 - Junction at Centerville Station, Peralta Bl., Fremont



Legend

Sewer Manholes

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

Sewer Mains

- New Sewer Main
- Abandoned Sewer Main
- Force main
- Gravity main
- Overflow main
- Siphons
- Trunk Main

Railroad / BART

- Railroad
- BART
- Public Right of Way
- Private Right of Way
- New Sewer Easement

Parcels

- Parcel (typical)
- ACFC&WCD

96.5 0 48.24 96.5 Feet

1: 1,158

Printed: 10/28/2014 12:05:24 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 8272 – JUNCTION
AT CENTERVILLE STATION, LOCATED AT PERALTA BOULEVARD AND
PARISH 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 PERALTA PARISH VENTURES, LLC, executed on December 15, 2017, as described in the Grant of Easement for Sanitary Sewer Purposes and by the legal description and plat map, attached as 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 9, 2020:

AYES:

NOES:

ABSENT:

ABSTAIN:

TOM HANDLEY
President, Board of Directors
Union Sanitary District

Attest:

ANJALI LATHI
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

PERALTA PARISH VENTURES, LLC

AND

UNION SANITARY DISTRICT

Effective Date: November 9, 2020

CERTIFICATE OF ACCEPTANCE

(Grant of Easement)

This is to certify that the interest in real property conveyed by the Grant of Easement for Sanitary Sewer Purposes, dated December 15, 2017, from PERALTA PARISH VENTURES, LLC, to UNION SANITARY DISTRICT, an independent special district ("**District**"), is hereby accepted by the undersigned officer or agent on behalf of the District pursuant to authority conferred by Resolution No. _____, dated November 9, 2020, and the District consents to recordation thereof by its duly authorized officer.

Date: _____, 20____

District

UNION SANITARY DISTRICT

Paul R. Eldredge, General Manager

ACKNOWLEDGMENT

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 Alameda) ss

On _____, 20____, before me, Regina Dyan McEvoy
(Name of Notary)

notary public, 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.

(Notary Signature)

GRANT OF EASEMENT
FOR SANITARY SEWER PURPOSES

THIS INDENTURE, made this 15th day of December 2017, by and between PERALTA PARISH VENTURES, LLC, the Party/~~Parties~~ of the First Part, and UNION SANITARY DISTRICT, the Party 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/~~Parties~~ 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.

SEE ATTACHED

Signature

By:

NGAI MING JAMES WANG / MANAGER
(Print or type name and title of signatory)

Peralta Parish Ventures, LLC

(Notarize)

California All-Purpose Certificate of Acknowledgment

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 Alameda

} s.s.

On 15th Dec 2017 before me, Pranavkumar J. Shah (Notary Public)

Name of Notary Public, Title

personally appeared Ngai Ming James Wang

Name of Signer (1)

-----N/A-----

Name of Signer (2)

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.



P.J.S.
Signature of Notary Public

Seal

OPTIONAL INFORMATION

Although the information in this section is not required by law, it could prevent fraudulent removal and reattachment of this acknowledgment to an unauthorized document and may prove useful to persons relying on the attached document.

Description of Attached Document

The preceding Certificate of Acknowledgment is attached to a document titled/for the purpose of _____

containing _____ pages, and dated _____.

The signer(s) capacity or authority is/are as:

- ☐ Individual(s)
☐ Attorney-in-fact
☐ Corporate Officer(s)

Title(s)

- ☐ Guardian/Conservator
☐ Partner - Limited/General
☐ Trustee(s)
☐ Other: _____

representing: _____

Name(s) of Person(s) Entity(ies) Signer is Representing

Additional Information

Method of Signer Identification

Proved to me on the basis of satisfactory evidence:

- ☐ form(s) of identification ☐ credible witness(es)

Notarial event is detailed in notary journal on:

Page # _____ Entry # _____

Notary contact: _____

Other

- ☐ Additional Signer ☐ Signer(s) Thumbprints(s)

☐ _____

**EXHIBIT A
LEGAL DESCRIPTION
SANITARY SEWER EASEMENT CONVEYED TO UNION SANITARY DISTRICT
TRACT 8272
FREMONT, CALIFORNIA**

ALL THAT REAL PROPERTY SITUATE IN THE INCORPORATED TERRITORY OF THE CITY OF FREMONT, COUNTY OF ALAMEDA, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

BEING ALL OF PARCELS A, B, C, D, E AND F, LABELED AS SSE - SANITARY SEWER EASEMENT, OF TRACT 8272 RECORDED NOVEMBER 22, 2017, FILED IN BOOK 351 OF MAPS AT PAGES 54-59, ALAMEDA COUNTY RECORDS AND SHOWN ON EXHIBIT B - PLAT MAP OF SANITARY SEWER EASEMENT GRANTED TO UNION SANITARY DISTRICT.

CONTAINING 36,093 SQUARE FEET OF LAND, MORE OR LESS.

ATTACHED HERETO IS A PLAT TO ACCOMPANY LEGAL DESCRIPTION, AND BY THIS REFERENCE MADE A PART HEREOF.

END OF DESCRIPTION



MARK H. WEHBER, P.L.S.
L.S. NO. 7960



EXHIBIT B

PLAT MAP OF SANITARY SEWER EASEMENT GRANTED TO
UNION SANITARY DISTRICT
CITY OF FREMONT, ALAMEDA COUNTY, CALIFORNIA

Carlson, Barbee & Gibson, Inc.

CIVIL ENGINEERS • SURVEYORS • PLANNERS
SAN RAMON, CALIFORNIA

SCALE: 1" = 20' OCTOBER 2017



BASIS OF BEARINGS:

THE BASIS OF BEARINGS FOR THIS SURVEY IS DETERMINED BY FOUND MONUMENTS IN PERALTA BOULEVARD AS SHOWN ON TRACT 5796 (179 W 20), THE BEARING BEING N75°30'00"E

LEGEND

- SUBDIVISION BOUNDARY LINE
- - - RIGHT OF WAY LINE
- LOT LINE
- - - ADJOINER LOT LINE
- - - EASEMENT LINE
- - - CENTERLINE
- - - MONUMENT LINE
- - - TIE LINE
- FOUND STANDARD STREET MONUMENT, AS NOTED
- FOUND PRIVATE STREET MONUMENT PER (3), LS 4948
- SET STANDARD STREET MONUMENT, LS 7960
- SET 5/8" REBAR AND CAP LS 7960 OR NAIL AND TAG LS 7960
- SEARCHED FOR, NOT FOUND
- (M-M) MONUMENT TO MONUMENT
- (M-M-L) MONUMENT TO MONUMENT LINE
- (M-PL) MONUMENT TO PROPERTY LINE
- (R) RADIAL BEARING
- (T) TOTAL
- (LL) LOT LINE
- EVAE EMERGENCY VEHICLE ACCESS EASEMENT
- PSDE PRIVATE STORM DRAIN EASEMENT
- PUE PUBLIC UTILITY EASEMENT
- PVAW PRIVATE VEHICLE ACCESSWAY
- SSE SANITARY SEWER EASEMENT
- USD UNION SANITARY DISTRICT
- SSE SANITARY SEWER EASEMENT AREA

LINE TABLE		
NO	BEARING	LENGTH
L1	N75°30'00"E	13.50'
L2	N75°30'00"E	10.00'
L3	N75°30'00"E	4.42'
L4	N75°30'00"E	6.48'
L5	N14°30'00"W	10.00'
L6	N75°30'00"E	9.08'

CURVE TABLE		
NO	RADIUS	DELTA
C1	2.50'	90°00'00"
C2	967.00'	0°48'00"
C3	130.00'	16°50'29"
C4	130.00'	4°33'18"

SEE SHEET 2 FOR NOTES AND REFERENCES

SHEET 1 OF 2

PERALTA BOULEVARD

EASEMENT DETAIL A NOT TO SCALE

PERALTA BOULEVARD

STREET DEDICATION 11,873 SF±

SEQUOIA COMMON

SEE SHEET 2

JUNCTION COMMON

PARCEL A 15,315 SF± (EVAE, PSDE, PUE, PVAW, SSE)

PARCEL C 2,895 SF± (EVAE, PSDE, PUE, PVAW, SSE)

PARCEL G 3,456 SF± (COMMON USE AREA)

SILVERSTREAK PARCEL D TERRACE 2,068 SF± (EVAE, PUE, PVAW, SSE)



TRACT 6384
206 M 73

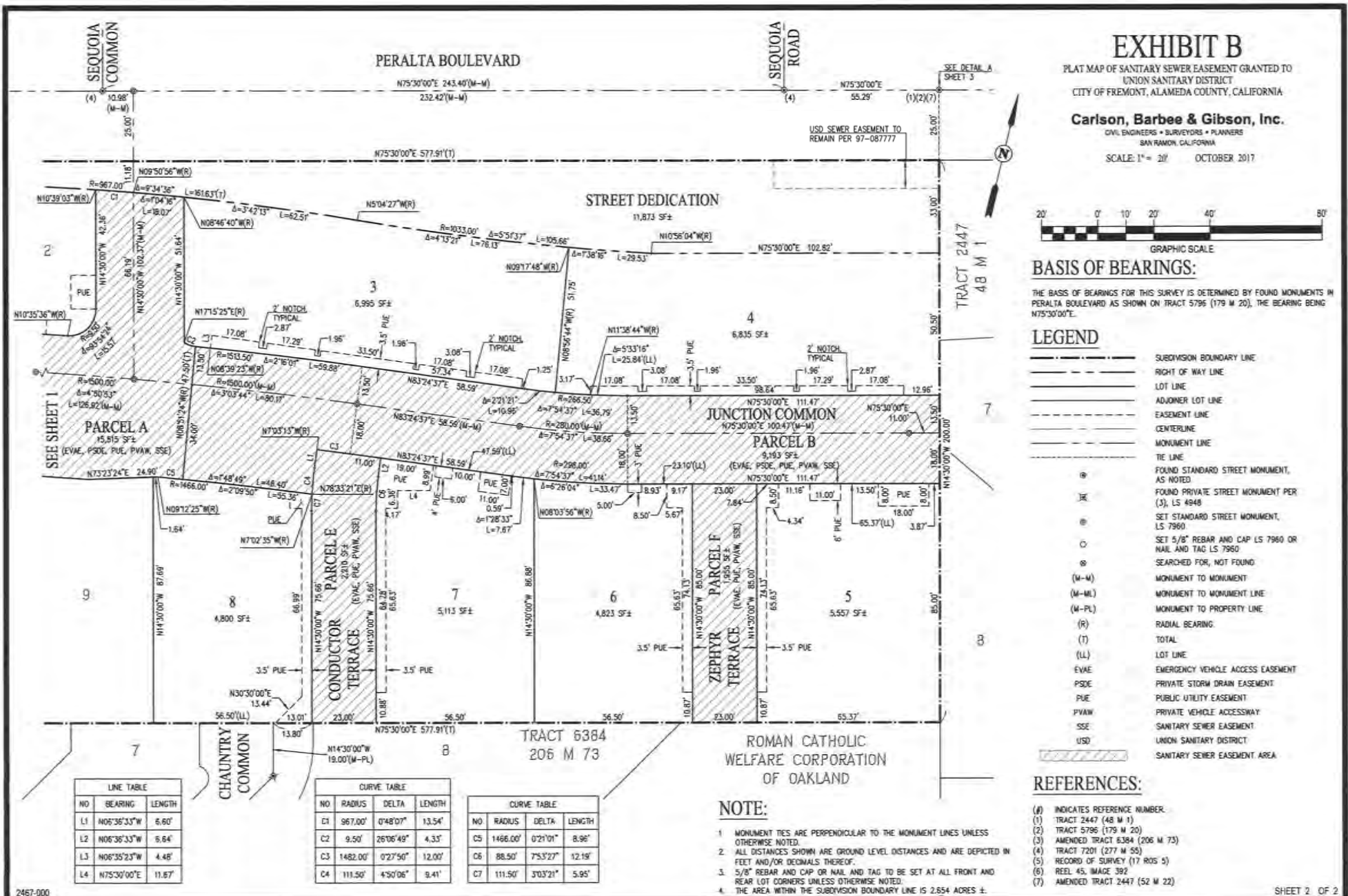
PARISH CIRCLE

PARISH AVENUE

STREET DEDICATION 11,918 SF±

2467-000

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 9, 2020
BOARD OF DIRECTORS MEETING
AGENDA ITEM #11**

TITLE: Review and Consider a Resolution Approving and Authorizing Execution of a Second Amendment to the Pipeline Relocation Agreement with William Lyon Homes, Inc., a California corporation, a wholly owned subsidiary of Taylor Morrison Home Corporation *(This is a Motion Item)*

SUBMITTED: Paul R. Eldredge, General Manager/District Engineer
Karen Murphy, General Counsel
Sami E. Ghossain, Manager of Technical Services
Rollie Arbolante, Customer Service Team Coach

Recommendation

Adopt a Resolution to Approve and Authorize Execution of a Second Amendment to the Pipeline Relocation Agreement with William Lyon Homes, Inc., a California corporation, a wholly owned subsidiary of Taylor Morrison Home Corporation.

Discussion

William Lyon Homes and USD entered into the Pipeline Relocation Agreement dated October 30, 2017 to provide for, among other things, Developer's relocation of USD's force main pipeline and other sanitary sewer facilities as required by the approvals of Developer's residential development in the City of Newark. The Developer was required to complete two phases of work, defined as the Phase I Work and the Phase II Work in the Pipeline Agreement. The Phase I Work has been completed.

The Phase II Work was initially expected to be completed by October 15, 2018, but the deadline for completion was subsequently extended to March 10, 2020. As the Phase II Work was not completed by that date, the parties entered into a First Amendment to Pipeline Relocation Agreement to, among other things, extend the completion date of the Phase II Work to

December 15, 2020, increase the bond security being held for such work to reflect the current estimated cost of the Phase II Work, and allow the Developer to discharge groundwater into the USD Sanitary Sewer System, upon approval of a Dewatering Plan by the District in accordance with Ordinance 36.0.

Phase II, which is the northerly section of the project, is complicated due to a multitude of variables that are beyond the control of the District and the Developer. Specifically, there are remediation efforts currently taking place on the FMC property along a majority of the Phase II alignment. The remediation is being performed by FMC and its consultants consistent with a Site Cleanup Requirements Order of the California Regional Water Quality Control Board (RWQCB).

Due to these site complexities and other factors, the Phase II Work will not be completed by December 15, 2020, as originally planned. Therefore, the District and Developer have negotiated a Second Amendment to the Pipeline Relocation Agreement to extend the completion date to December 15, 2021. The Developer remains obligated to complete the work until complete.

Staff, the Developer, and the District's General Counsel have reviewed the proposed amendment and are recommending the Board consider and approve the attached resolution and amendment. The resolution also confirms the General Manager's authority to execute other documents consistent with the Pipeline Relocation Agreement, as amended, which include a Second Amendment to Escrow Agreement to extend the escrow to be consistent with the Second Amendment to Pipeline Relocation Agreement, license agreements to allow District inspection of the relocation work, and quitclaims, easements and easement acceptances to ensure consistency with the new pipeline alignment.

Background

In September 2011, the City of Newark approved the Dumbarton Transit-Oriented Development Specific Plan. The plan includes the construction of up to 2,500 residential units, a neighborhood retail center, future transit station, and necessary infrastructure to support these uses. William Lyon Homes is the developer that constructed 553 residential units for a portion of the development known as the Torian property, see attached Exhibits A through D.

The District owns and operates twin 33-inch diameter reinforced concrete force mains that convey wastewater flows from the Irvington Pump Station to the Alvarado Treatment Plant in Union City. The force mains traverse the development from south to north where it crosses an Alameda County Flood Control channel. The force mains continue within an easement on a proposed wetlands parcel and within the Hickory Street right-of-way, then within an easement over two private properties, and finally across the City and County of San Francisco (CCSF) right-of-way and the San Mateo County Transit right-of-way before connecting to the Newark Pump Station.

Part of the Torian property development involves creation of a wetland preserve at the southwestern corner of the property in order to partially mitigate wetlands fill over areas. As shown on Exhibit B, a portion of the USD force main runs beneath the proposed Wetland Reserve. As part of the Developers permitting for the Torian Project, the Regional Water Quality Control Board's 401 permit condition requires the developer to obtain authorization from the District Board.

As described above, the Pipeline Relocation Agreement, as amended, will allow the relocation of the force mains to allow for development in the area. Such relocation was effectuated by private development in the vicinity of USD's pipelines, which pipelines could have remained in their current location absent such development.

Previous Board Action

10/16/2017 Board Meeting – The Board:

- a. Received an update on the Force Main Relocation regarding the Torian Property Development in Newark; and
- b. Considered and approved a Resolution to Approve the Pipeline Relocation Agreement with William Lyon Homes

3/9/2020 Board Meeting – The Board considered and approved the First Amendment to the Pipeline Relocation Agreement with William Lyon Homes, Inc., a California corporation, a wholly owned subsidiary of Taylor Morrison Home Corporation, extending the date for completion of Phase II to December 15, 2020, among other things.

Attachments:

Exhibit A - Dumbarton TOD Site Map

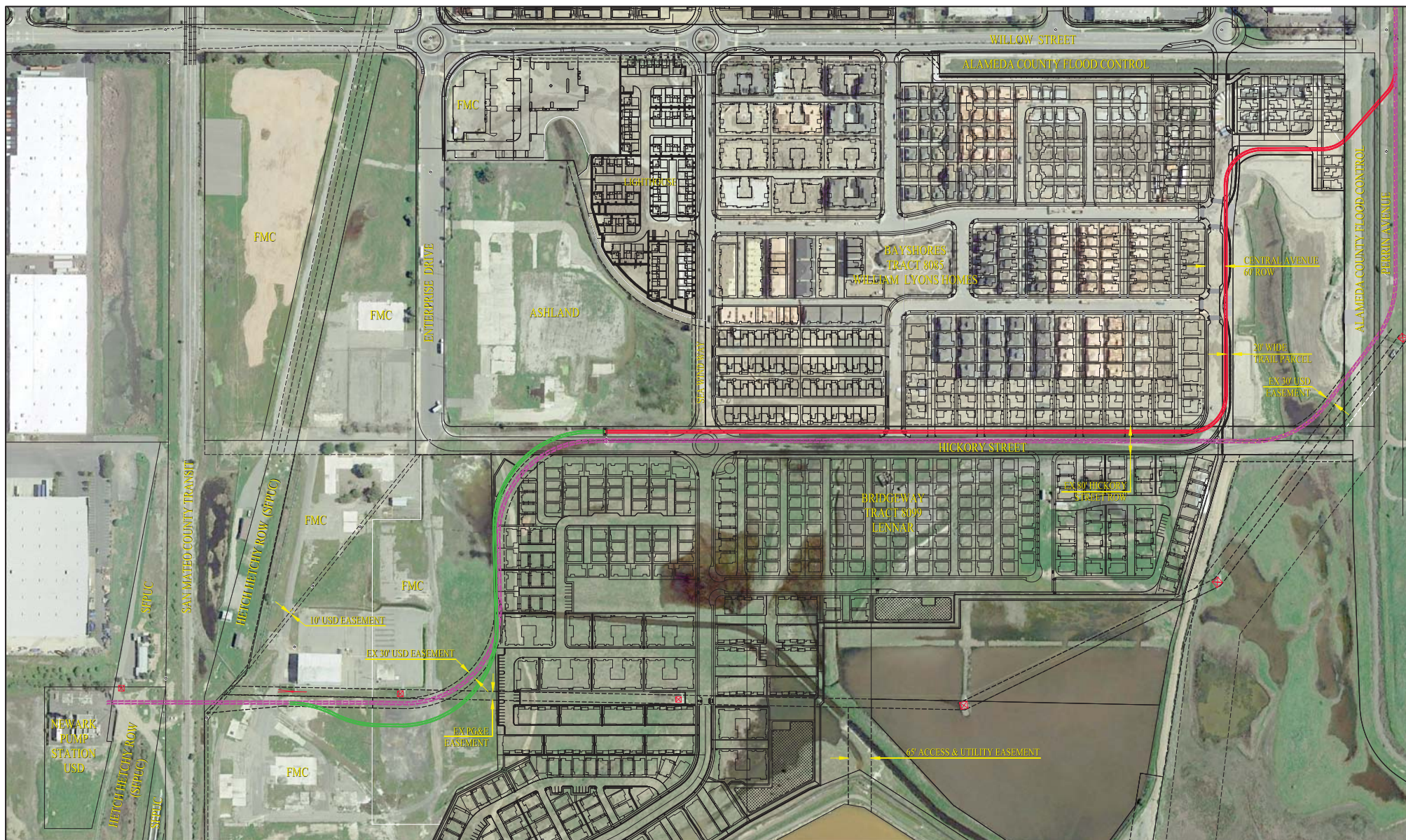
Exhibit B - Developer Site Map

Exhibit C - Project Phasing Map

Exhibit D – Phase II Proposed Alignment Map

Proposed Resolution

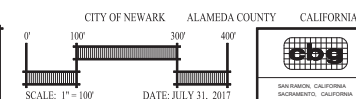
Second Amendment to Pipeline Relocation Agreement



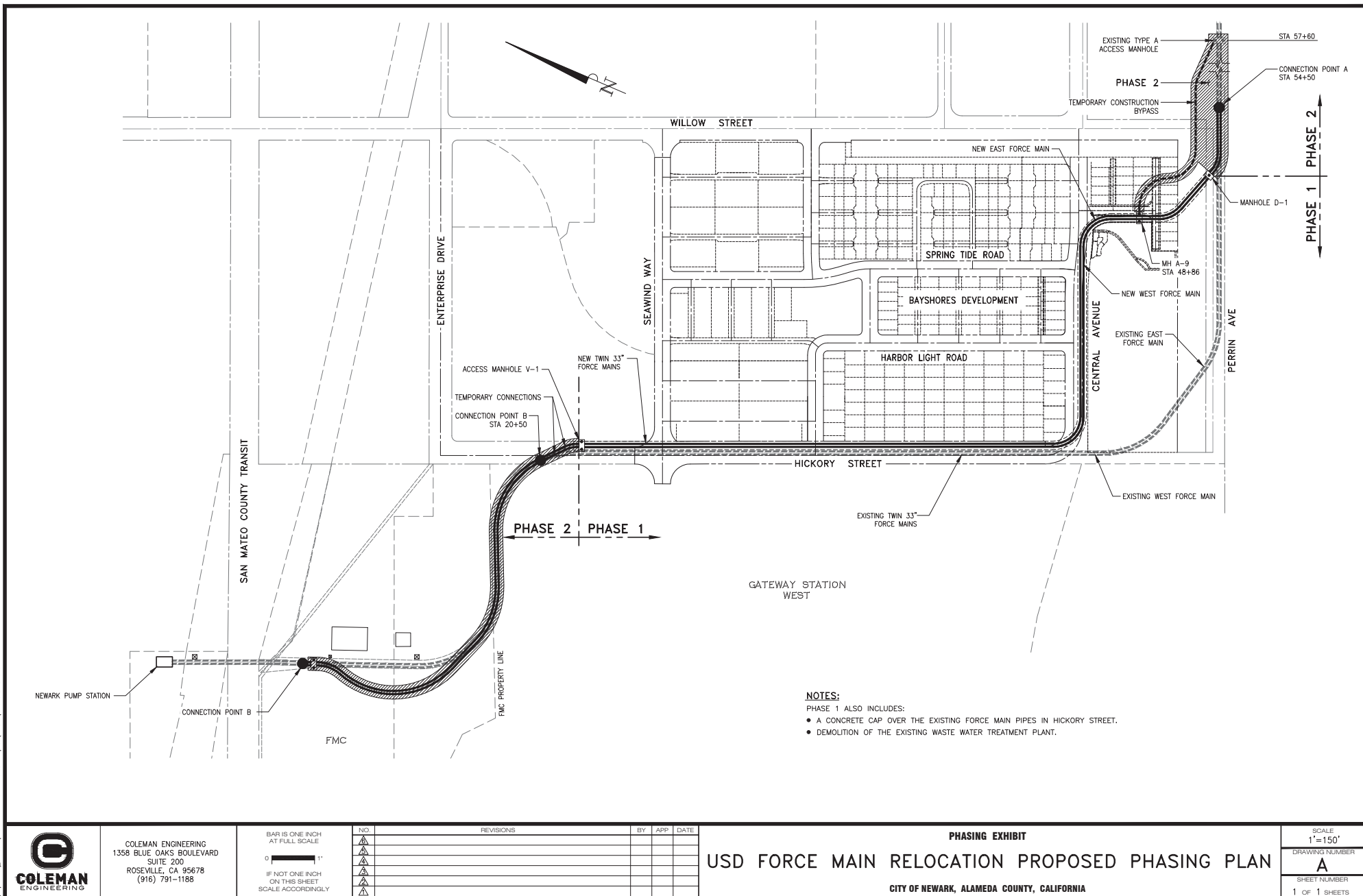
LEGEND

- PROPOSED TWIN 33" SANITARY SEWER FORCE MAINS PHASE 1
- PROPOSED TWIN 33" SANITARY SEWER FORCE MAINS PHASE 2
- EXISTING TWIN 33" SANITARY SEWER FORCE MAINS
- ⊠ EXISTING PG&E HIGH VOLTAGE TOWERS
- EASEMENT
- PROPERTY LINE

USD FORCE MAIN ALIGNMENT DUMBARTON TOD



2/15/17 - SAN JOAQUIN COUNTY - NEWARK FORCE MAIN/ACCESS/PHASING EXHIBIT



RESOLUTION NO. ____

**A RESOLUTION OF THE BOARD OF DIRECTORS APPROVING AND
AUTHORIZING EXECUTION OF A SECOND AMENDMENT TO THE PIPELINE
RELOCATION AGREEMENT WITH WILLIAM LYON HOMES, INC., A
CALIFORNIA CORPORATION, A WHOLLY OWNED SUBSIDIARY OF
TAYLOR MORRISON HOME CORPORATION**

WHEREAS, the District owns and operates twin 33-inch reinforced concrete pipe force mains that are designed to convey Peak Wet Weather Flows from the Irvington Pump Station to the District's treatment plant in Union City. The District force mains traverse the City of Newark's Dumbarton Transit-Oriented Development Specific Plan area from south to north within existing easements and right of ways; and

WHEREAS, relying on the Specific Plan EIR, on November 29, 2012, the City approved Tentative Tract Map 8085 for a 553 residential unit development on the Torian parcels (the "Torian Project"). On February 28, 2013 the City approved an addendum to the Specific Plan EIR to analyze minor revisions to the Torian Project, which included a contemplated wetland connection through, and the abandonment of, Hickory Street and a total of 547 units, and other minor site plan revisions; and

WHEREAS, as part of the Torian Project, a wetland preserve will be created and managed in perpetuity for the benefit of the ecological and habitat values of the area (the "Wetland Reserve"). A portion of the USD force main runs beneath the Wetland Reserve. As a condition of the development under the Regional Water Quality Control Board (Water Board) 401 permit, the Water Board required the developer to submit authorization by the Union Sanitary District Board to allow portions of the USD force mains running beneath the Wetland Reserve to be abandoned in place (RWQCB Site No. 02-01-C1123(BKW)); and

WHEREAS, on April 13, 2015, the Board adopted Resolution No. 2755 authorizing the abandonment of the existing pipelines and their replacement with new force mains beginning south of the Specific Plan area boundary, going under the Alameda County Flood Control District F1 Channel, through Tract 8085, then within the existing Hickory Street right of way and within the existing District easement in the Integral Communities property and FMC properties; and

WHEREAS, on October 30, 2017, William Lyon Homes, Inc., a California corporation, a wholly owned subsidiary of Taylor Morrison Home Corporation ("Developer") and USD entered into a Pipeline Relocation Agreement to provide for, among other things, Developer's relocation of USD's force main pipeline and other sanitary sewer facilities as required by the approvals of Developer's residential development in the City of Newark (the "Agreement"); and

WHEREAS, the Developer was required to complete two phases of work, defined as the Phase I Work and the Phase II Work in the Pipeline Agreement. The Phase I Work has been completed; however, the Phase II Work has not been completed. The Phase II Work was

initially expected to be completed by October 15, 2018, as extended to March 10, 2020, and was not be completed by that date; and

WHEREAS, Phase II, which is the northerly section of the project, is complicated due to a multitude of variables that are beyond the control of the District and WLH. In particular, there are remediation efforts currently taking place on the FMC property along a majority of the Phase II alignment; and

WHEREAS, since the Phase II Work was not be completed by the extension date to March 10, 2020, Developer and the District entered into a First Amendment to the Agreement to, among other things: extend the completion date of the Phase II Work to December 15, 2020; to increase the surety bond being held for such work to reflect the current estimated cost of the Phase II Work; to provide for Developer's payment to USD of the sum of \$149,000 for additional CIP costs incurred due to the delay in completing the pipeline relocation; to allow the Developer to discharge groundwater in accordance with USD's standard permit process and approvals; and amend the force majeure section.

WHEREAS, as the Phase II Work will remain uncompleted by December 15, 2020 due to site complexities, Developer and District have negotiated a Second Amendment to the Agreement to extend the completion date to December 31, 2021.

NOW, THEREFORE, BE IT RESOLVED BY THE UNION SANITARY DISTRICT BOARD OF DIRECTORS, AS FOLLOWS:

1. The Second Amendment to the Pipeline Relocation Agreement is hereby approved. The General Manager is authorized to execute the Second Amendment to the Pipeline Relocation Agreement in the form attached to the staff report, subject to minor revisions or amendments that may be approved by the General Manager, in consultation with the General Counsel.
2. The General Manager or his designee, in consultation with the General Counsel, is hereby authorized to take any and all actions and execute documents, necessary to effectuate the terms and conditions of the Pipeline Relocation Agreement, as amended, including without limitation, execution of a Second Amendment to Escrow Agreement to extend the escrow to be consistent with the Second Amendment to Pipeline Relocation Agreement, license agreements to allow District inspection of the relocation work, and quitclaims, easements and easement acceptances to ensure consistency with the new pipeline alignment.

PASSED, APPROVED, AND ADOPTED this ____ day of _____, 2020.

AYES:

NOES:

ABSENT:

Anjali Lathi, Secretary

Tom Handley, President

SECOND AMENDMENT TO PIPELINE RELOCATION AGREEMENT

THIS SECOND AMENDMENT TO PIPELINE RELOCATION AGREEMENT (this "Second Amendment"), dated as of _____, 2020 (the "Effective Date"), is entered into by and among WILLIAM LYON HOMES, INC., a California corporation, a wholly owned subsidiary of Taylor Morrison Home Corporation ("Developer"), and UNION SANITARY DISTRICT, a California public sanitary district ("USD"). Developer and USD are sometimes referred to herein collectively as the "Parties" and each individually as a "Party."

RECITALS

A. Developer and USD entered into that certain Pipeline Relocation Agreement dated October 30, 2017 to provide for, among other things, Developer's relocation of USD's force main pipeline and other sanitary sewer facilities as required by the approvals of Developer's residential development in the City of Newark (the "Pipeline Agreement"). Such relocation was effectuated by private development in the vicinity of USD's pipelines, which pipelines could have remained in their current location absent such development. Any capitalized term used in this Second Amendment but not defined herein shall have the meaning ascribed to such term in the Pipeline Agreement.

B. Pursuant to the Pipeline Agreement, Developer was required to complete two phases of work, defined as the Phase I Work and the Phase II Work in the Pipeline Agreement. The Phase I Work has been completed. The Phase II Work was initially expected to be completed by October 15, 2018. As the Phase II Work was not completed by the last extension date, the Parties entered into a First Amendment to Pipeline Relocation Agreement dated March 9, 2020, to, among other things, extend the completion date of the Phase II Work to December 15, 2020, and increase the Bond Security being held for such work to reflect the current estimated cost of the Phase II Work.

C. As the Phase II Work remains unfinished, the Parties now desire to extend the completion date for the Phase II Work to December 31, 2021.

D. Pursuant to the Pipeline Agreement, USD, Developer and First American Title Company ("Escrow Agent") entered into an Escrow Agreement dated November 20, 2017 (the "Escrow Agreement"), pursuant to which the Parties agreed that certain cash security would be held in an escrow account by the Escrow Agent as security for Developer's performance of the Phase II Work. The term of the Escrow Agreement was previously extended to December 30, 2020, and is concurrently being extended to December 31, 2021.

NOW, THEREFORE, the Parties agree as follows:

1. Amendment of Section 1.1, Completion of Phase II Work. Section 1.1 of the First Amendment regarding the Completion of Phase II Work is hereby amended as follows:

“1.1 Completion of Phase II Work. The Parties agree that the Phase II Work shall be completed no later than December 31, 2021, or as otherwise extended pursuant to the Pipeline Agreement.”

2. Counterparts; Electronic Delivery. This Second Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Any signature page delivered by facsimile or electronic image transmission shall be binding to the same extent as an original signature page. Either Party that delivers a signature page by facsimile or electronic image transmission shall deliver an original counterpart to the other Party that requests such original counterpart.

3. Agreement in Full Force. Except as amended herein, the Agreement and First Amendment remain in full force and effect.

The Parties to this Second Amendment have caused this Second Amendment to be executed and delivered as of the date first written above.

"Developer"

William Lyon Homes, Inc.,
a California corporation, a wholly owned
subsidiary of Taylor Morrison Home
Corporation

By: _____
Name: _____
Title: _____

"USD"

Union Sanitary District
a California public sanitary district

By: _____
Name: Paul R. Eldredge, P.E.
Title: General Manager

Approved as to form:

Karen Murphy, General Counsel

**Directors**

Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

Officers

Paul R. Eldredge
*General Manager/
District Engineer*

Karen W. Murphy
Attorney

**NOVEMBER 9, 2020
BOARD OF DIRECTORS MEETING
AGENDA ITEM # 12**

TITLE: Authorize the General Manager to Execute Amendment No. 2 to Task Order No. 1 with Hazen and Sawyer for the Enhanced Treatment and Site Upgrade Phase 1A Project (*This is a Motion Item*)

SUBMITTED: Paul R. Eldredge, General Manager/District Engineer
Ric Pipkin, Enhanced Treatment and Site Upgrade Program Manager
Curtis Bosick, Enhanced Treatment and Site Upgrade Assistant PM
ETSU Steering Committee (Armando Lopez, Sami Ghossain, Robert Simonich)

Recommendation

Staff recommends the Board authorize the General Manager to execute Amendment No. 2 to Task Order No. 1 with Hazen and Sawyer in the amount of \$750,760 for the Enhanced Treatment and Site Upgrade Phase 1A Project.

Discussion

During the 30% design for the Enhanced Treatment and Site Upgrade (ETSU) Phase 1 Project Hazen and Sawyer (Hazen) and Staff identified the following recommended amendments to the design contract for the Phase 1A ETSU Project.

Aeration Basin No. 8

Hazen completed the 30% design of the ETSU Phase 1 Program and recommends including the construction of Aeration Basin No. 8 in the Phase 1A – Aeration Basin Modifications Project due to the significant benefits to the program summarized below:

- Aeration Basin 8 construction during the Phase 1A Aeration Basins Modifications Project is estimated to save \$3.3 million over a stand-alone Aeration Basin 8 construction required in 2028.

- Aeration Basin 8 construction during the Phase 1A Aeration Basins Modifications Project substantially improves the constructability of the Phase 1A, 1B, and 1C projects.
- Aeration Basin 8 construction during the Phase 1A Aeration Basins Modifications Project Improves ongoing treatment reliability during and after construction.

Staff believes the additional costs to the project are warranted given the above findings by Hazen and the need to build the basins shortly after the end of the Phase 1 Program regardless.

Geotechnical Field Investigation Work

Based on the recommendations of a geotechnical engineer, Staff and Hazen have negotiated an appropriate geotechnical field investigation scope. Task order No. 1 included a review of existing soil and groundwater information available by a qualified geotechnical engineer to establish preliminary recommendations for the design of the foundations for the new structures and the groundwater dewatering systems for protection of existing structures in the ETSU Program. The geotechnical engineer identified geotechnical field investigation work that is necessary to ensure the foundation design will adequately support the structures. An optional task if needed has been added for an assessment in the event that soil or groundwater contamination is encountered during the investigation

Primary Effluent Lift Pump Station No. 2 Rehabilitation

Staff is proposing that the planned rehabilitation work of Primary Effluent Lift Pump Station No. 2 be combined with Phase 1A Aeration Basin Modifications Project. This consolidation is expected to substantially reduce the construction risk associated with these two immediately adjacent areas being under construction at the same time. This work was already identified in the current CIP budget, those funds will be allocated to the ETSU program.

Phase 1B Utility Easement(s) Relocation

District staff identified existing easements and utility lines at the treatment plant that need to be abandoned or relocated to facilitate the construction of the new secondary clarifiers in the Phase 1B project. Abandonment and relocation of existing easements and the utilities within those easements is commonly a time-consuming process. Staff believes it is prudent to begin the planning for this relocation/abandonment process and the coordination with the outside agencies as soon as possible.

Amendment No. 2

Staff negotiated Amendment No. 2 with Hazen to incorporate the above recommended changes to Task order No. 1. The following summary is the scope and fee added to Task Order No. 1 by Amendment No. 2:

Amendment No. 2 Scope Summary	Fee
Final Design Aeration Basin No. 8	\$414,380
Geotechnical Field Investigation	\$203,520
Soil and Groundwater Contamination Assessment (Optional Task)	\$17,400
Rehabilitation of Lift Station No. 2	\$75,245
Phase 1B Utility Easement Relocation Planning	\$40,215
Total Not-to-Exceed Fee for Amendment No. 2 Task Order No. 1	\$750,760

With the addition of Amendment No. 2 the proposed total not-to-exceed fee for the Phase 1A Project agreement with Hazen is summarized in the table below:

Description	Fee
Task Order No. 1 – Aeration Basin Modifications Design Services and ETSU Phase 1 30% Design Services	\$6,752,860
Amendment No. 1 to Task Order No. 1 - Inclusion of the construction of a new Aeration Basin into the Aeration Basin Modifications Project up to the 30% Design submittal	\$98,335
Amendment No. 2 to Task Order No. 1 – Complete the design of Aeration Basin No. 8, include Geotechnical Field Investigation work and other additions to the design for the Aeration Basin Modifications Project	\$750,760
Task Order No. 2 – Campus Building Design Services	\$3,737,412
Total Proposed Not-to-Exceed Fee for this Agreement	\$11,339,367

The combined construction cost of the Aeration Basin Modifications and Campus Building projects is currently estimated to be \$112 million with a combined total project cost of \$145 million. These estimates are per the 30% Design cost estimate for the Aeration Basin Modifications with the inclusion of Aeration Basin No. 8 Construction and the ETSU Program Report Cost estimate for the Campus Building. The proposed total not-to-exceed fee for Task Order Nos. 1 and 2 including Amendment No. 2 is \$11,339,367, or 10.2% of the current engineer's construction estimate. The typical range for design services is between 7% to 15% of construction costs depending upon the size and complexity of the project. Due to the complexity of the Project and the need to ensure that all Phase 1 improvements work as a complete integrated system, staff believes the design fees to be reasonable.

Staff anticipates Hazen and the Campus Building Architect will complete the design of the Project and required environmental review under the California Environmental Quality Act in the summer of 2021 with construction to begin in late 2021.

Staff recommends the Board authorize the General Manager to execute Amendment No. 2 to Task Order No. 1 with Hazen and Sawyer in the amount of \$750,760 for the Enhanced Treatment and Site Upgrade Phase 1A Project.

Background

The Enhanced Treatment & Site Upgrade (ETSU) Program is the culmination of the District's planning efforts and is based on the outcomes and findings of the Plant Solids System/ Capacity Assessment – Phases 1 and 2, Administration/Control/FMC Buildings Evaluation, the Effluent Management Study and the Secondary Treatment Process Improvements evaluation. The program includes projects recommended for implementation that will be phased to address both immediate drivers (poor sludge settleability, treatment capacity, effluent disposal and aging infrastructure), while preparing for future requirements such as nutrient regulations for discharge in the Bay that are currently being considered by the Regional Water Quality Control Board.

The Phase 1 and 2 projects included in this program were presented to the Board during the workshop held on May 8, 2019 and are summarized in the Final Report which was approved by the Board on August 26, 2019. A third phase of projects was briefly outlined that covered the timeframe from 2040 to 2058 and included potentially stricter nutrient limits in the more distant future. The projects identified in the ETSU Program to be implemented in the near-term (the next seven to ten years) are included in Phase I and are summarized in the table below.

Phase 1A	Aeration Basin Modifications	Retrofitting the existing Aeration Basins 1 through 7 with the flexibility to operate initially with an anaerobic selector during implementation phase of the ETSU Program and transitioning to a biological nutrient removal (BNR) process following completion.
Phase 1A	Campus Building (Admin, FMC, Ops)	Construction of a new combined Campus Building, including associated site and utility improvements and the demolition of existing buildings.
Phase 1B	Secondary Clarifiers	Construction of four new 155-foot diameter secondary clarifiers, mixed liquor control box, and centralized RAS pump station.
Phase 1B	Effluent Facilities	Construction of new chlorination/dechlorination contact basins and pump stations and relocation of existing effluent force main.

Phase 1C	Plant Equalization Storage	Retrofitting existing Secondary Clarifiers 1 through 4 to operate as a primary effluent/treated effluent equalization basin.
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The full version of the ETSU Program report, including appendices, can be found at the following link: <https://unionsanitary.ca.gov/ETSU>.

ETSU Phase 1A Project

Staff developed a Phase 1A Project (Project) scope which includes the Aeration Basin Modifications project and the Campus Building project. These two projects are being designed together for the initial construction because they are the first two concurrent projects that must both be completed before the remainder of Phase 1 can be accomplished, specifically the new secondary clarifiers, which are necessary for nutrient reduction.

The major scope items for the Aeration Basin Modifications Project are as follows:

- Retrofit Aeration Basins 1 through 7 to initially operate with an anaerobic selector to improve settling and then transition to a Biological Nutrient Removal (BNR) process to remove nutrients at the conclusion of Phase 1B. This work includes but is not limited to the following:
 - Installation of baffling and mechanical mixing to create deoxygenation, anoxic and flexible aeration zones.
 - Addition of nitrified recycle pumps and dedicated RAS piping for each basin, repurposing of existing channels to facilitate step feed operation and surface wasting and modifications to existing aeration air distribution and diffuser piping systems.
- Replace Roof Deck for Aeration Basins 1 through 4. The existing precast prestressed concrete tee-section beams to be replaced with a new cover.
- Replace Aeration Blowers 7 through 10 and Channel Blowers 1 through 4 with new high-speed turbo blowers. This work includes the replacement/upsizing of existing 480V electrical gear and demolition of existing centrifugal blowers and 4160 kV switchgear.
- Replace Odor Scrubbers 2 through 5. This work includes the demolition of the existing odor scrubber facilities.
- Expand and/or retrofit existing electrical, mechanical, communication, and conveyance systems/equipment as required to accomplish the above scope of work.

Other than yard piping, the replacement of Aeration Blowers 7 through 10 and Channel Blowers 1 through 4, and the replacement of Odor Scrubbers 2 through 5, all Aeration Basin Modifications work is anticipated to be located within the existing aeration basin footprints.

The major scope items for the Campus Building project are as follows:

- Construct a new Campus Building that consolidates the District's existing Administration, Control/Lab and Fabrication, and Maintenance and Construction (FMC) buildings and is constructed in accordance with current seismic and safety regulations. This work includes all associated site, landscaping and utility improvements, and new parking areas and driveways.
- Potentially construct a new storm water retention pond and covered parking with solar panels in portions of the new parking lots to be constructed around the new Campus Building.
- Install electrical and communication/network improvements as required to accomplish the above scope of work.
- Demolish the existing Administration and Control/Lab Buildings.

Other than the existing building demolition work and utility improvements, all Campus Building project work is anticipated to be located on or about the current approximately 4.5-acre vacant District owned land in the north-east corner of the Alvarado WWTP site.

The intent of the design phase of the Project is to fully develop a complete set of construction bidding documents for the Aeration Basin Modifications and Campus Building projects, while also developing a 30% design for the remainder of Phase 1 of the ETSU Program. The 30% design of the remaining Phase 1 projects is necessary to ensure the proposed pumping and piping between the proposed facilities will provide the appropriate hydraulic capacity and to verify the footprint and layout of each proposed structure.

Previous Board Action

December 12, 2016, the Board authorized the General Manager to execute an agreement and Task Order No. 1 with Woodard & Curran (formerly RMC Water and Environment) in the amount of \$265,217 to study, review and assess the District's near- and long-term projects.

January 9, 2017, the Board authorized the General Manager to execute Task Order No. 2 with Carollo Engineers in the amount of \$279,698 for the Plant Solids System/Capacity Assessment – Phase 2.

March 27, 2017, the Board authorized the General Manager to execute Task Order No. 2 with Woodard & Curran in the amount of \$69,877 for the Effluent Management Study.

July 11, 2017, the Board held Workshop No. 1 on the background and analysis of the Administration and Control Buildings and cost comparison of the retrofit and new building alternatives.

January 22, 2018, the Board authorized the General Manager to execute Amendment No. 2 to Task Order No. 2 with Woodard & Curran in the amount of \$74,518 to evaluate strategies for early adoption of nutrient removal process at the Plant and at the Hayward Marsh during the Effluent Management Study.

March 19, 2018, the Board held Workshop No. 2 on the retrofit vs. new options for the Administration and Control Buildings, the options for secondary process improvements, and the need to vet the membrane bioreactor treatment technology.

May 8, 2019, the Board held Workshop No. 3 on results from the secondary process evaluation, the alternatives and phasing of the secondary treatment process improvements, the new campus building alternative, and the capital and O&M cost updates.

July 22, 2019, the Board approved the Enhanced Treatment & Site Upgrade Program Manager (Limited Duration) and Enhanced Treatment & Site Upgrade Assistant Program Manager (Limited Duration) Job Descriptions and Salary Ranges.

August 26, 2019, the Board Adopted Resolution 2864 Approving the District's Final Report for the Enhanced Treatment & Site Upgrade Program.

January 13, 2020, the Board authorized the General Manager to execute an Agreement and Task Order No. 1 with Hazen and Sawyer in the amount of \$6,752,860 for the Enhanced Treatment and Site Upgrade Phase 1A Project to provide the 30% design services for all projects in Phase 1 of the ETSU Program (excluding the Campus Building project) and final design services associated with the Aeration Basin Modifications Project.

March 9, 2020, the Board authorized the General Manager to execute Task Order No. 2 with Hazen and Sawyer in the amount of \$3,737,412 for the Enhanced Treatment and Site Upgrade Phase 1A Project to complete the design of the Campus Building Project.

July 13, 2020, the Board authorized the General Manager to execute Amendment No. 1 to Task Order No.1 with Hazen and Sawyer in the amount of \$98,335 for the Enhanced Treatment and Site Upgrade Phase 1A Project to include the Design of Aeration Basin No. 8 in the 30% Design of the Aeration Basin Modifications Project.

PRE/RP/CB

Attachments: Figure 1 – Site Plan
Amendment No. 2

Figure 1: ETSU Program – Phase 1 Project Locations

**Existing Lift Station
No. 2 location**

**Phase 1C – New Primary
Effluent Equalization**

**Phase 1B – New
Effluent Facilities**

**Phase 1A – New
Campus Building**



**Phase 1A – Aeration
Basin Modifications**

New Aeration Basin 8

**Phase 1B – New
Secondary Clarifiers**

**Existing Utility
Easement Location**

ENHANCED TREATMENT & SITE UPGRADE – PHASE 1A PROJECT

AMENDMENT NO. 2

TO

TASK ORDER NO. 1

TO

PROFESSIONAL SERVICES AGREEMENT

BETWEEN

UNION SANITARY DISTRICT

AND

HAZEN AND SAWYER

FOR

PROFESSIONAL SERVICES

Dated January 13, 2020

1. PURPOSE

The purpose of this Amendment No. 2 to Task Order No. 1 is to:

- Incorporate Aeration Basin No. 8 and the rehabilitation of Lift Station No. 2 into the detailed design (50%, 90% and Final submittals) for the Enhanced Treatment & Site Upgrade (ETSU) Program – Phase 1A Project (Project).
- Provide for site specific physical geotechnical investigation and relevant analysis to support the detailed design of the Project.

2. PROJECT COORDINATION

All work related to this task order shall be coordinated through the ETSU Program Manager, Ric Pipkin.

3. SCOPE OF SERVICES

The Scope of Services for Task Order No. 1 are amended as follows:

Task 7 Environmental and Permitting

7.7 Phase II Assessment (Optional Task)

The Engineer shall conduct a Phase II Assessment based on the samples taken and analyzed during the geotechnical field investigation. The Engineer shall evaluate the presence, or absence of, petroleum products or hazardous substances in the subsurface of the Campus Building site in accordance with ASTM E1903-11 standard guide. The Engineer shall prepare a Phase II report to summarize findings. Engineer shall not commence work on this task without written direction from District.

Task 8 Field investigations

8.3 Geotechnical Field Investigation

The Engineer shall conduct a geotechnical field investigation to support the design of foundations, excavation support, dewatering requirements, and environmental requirements for the Project. This includes the following:

Phase 1A – Aeration Basin Modifications Project

Item	Description
1	Review background information
2	<p>Measure groundwater elevations in existing dewatering wells near:</p> <ul style="list-style-type: none"> • Primary Clarifiers 1-4 (8 dewatering) • Secondary Clarifiers 1-4 (7 dewatering) <p>Perform groundwater drawdown tests in dewatering wells to estimate groundwater dewatering needs for lowering groundwater sufficiently to allow for safe emptying of the existing aeration basins. Collect groundwater samples at midpoint and endpoint of pumping discharge. Analyze all groundwater samples for TPHg 8015, BTEX USEPA 8020, and TPHd 8015. Test for resistivity and chlorides. To confirm hydraulic connectivity between the primary clarifier and secondary area the tests should be performed using the primary clarifier wells groundwater levels observed in the secondary clarifier area and vice versa.</p>

3	<p>Excavate a maximum of six (6) geotechnical guided exploration pits to check for remnant RBC structure walls and base slab, underdrainage, structure backfill and yard pipeline backfill (e.g. pea gravel and groundwater inflow quantity) at the following locations:</p> <ul style="list-style-type: none"> • The west edge of the proposed AB 8 (maximum of three (3) pits). • East edge of the proposed AB 8 (maximum of three (3) pits). <p>The required depth of exploration pits is estimated at 10 to 12 feet. Excavation shall be by vacuum method and shall be witnessed by qualified geotechnical representative to properly classify encountered soil conditions.</p>
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Phase 1A – Campus Building Project

Item	Description
4	Three (3) shallow test borings (e.g. to 15 feet deep). Sample surficial soils and complete environmental sampling and testing for soil contamination including hydrocarbons, and PCBs. Also sample and test for resistivity and chlorides.
5	Two (2) test borings to 50 feet deep to sample Bay Mud and alluvium (specifically the shallow sand layer within alluvium) for consolidation testing and design of a surcharge fill program and design of a ground treatment program (of shallow potentially liquefiable sands) allowing for shallow footing foundations and calculation of negative skin friction for deep driven pile foundations
6	Four (4) Cone Penetration Tests (CPTs) to 80 feet deep or refusal within the Newark Aquifer, whichever occurs first, for liquefaction analysis of shallow sands within alluvium and deep driven pile design, include pore pressure dissipation tests in the shallow sands and Newark Aquifer.

8.3.1 Analysis and Reporting

The Engineer shall confirm, expand, and update the preliminary recommendations from the geotechnical engineering desktop study by conducting site/structure specific design level subsurface geotechnical investigations and analysis for the Project to include but not be limited to the following:

- Provide recommendations for excavation support of the proposed facilities (e.g. shoring criteria including water tightness and groundwater cutoff, minimum shoring toe embedment, and excavation base stability against bottom heave and bottom blow-in)

- Dewatering criteria
- Provide an analysis of construction dewatering induced subsidence settlement and potential impacts on existing nearby structures and yard piping
- Geotechnical instrumentation recommendations
- Current seismic design parameters as required by the 2019 CBC and ASCE 7-16 (into effect 1/1/2020)
- Liquefaction induced settlement analysis
- Provide design recommendations for building and structure foundations (e.g. footings, mats and driven piles) with estimated total and differential long-term settlements
- Provide lateral soil pressures on below-grade walls, coefficient of friction, allowable bearing capacity for shallow footings (for aerial yard piping or miscellaneous small structures)
- Provide lateral earth pressure and other soil parameters required for design of below-grade walls
- Provide soil subgrade moduli and other parameters and recommendations for the design of mat slabs, slabs on grade, and pavement
- Provide driven pile foundation design criteria including individual pile capacity in compression and tension and P-Y analysis of lateral load vs. deflection of individual piles. Provide pile group effects
- Provide bearing capacity for shallow footings and mat slabs for miscellaneous site structures (yard piping supports, slabs on grade)
- Provide recommendations for ground treatment to control groundwater inflows into excavations (e.g. at shoring gaps, and within permeable yard piping pipe bedding, pipe embedment and trench backfill) and ground treatment and improvement within liquefiable soil strata
- Provide an evaluation of the corrosivity of the soils to buried metals and concrete

Provide an initial list of recommendations ahead of the draft geotechnical report. Summarize findings and recommendations in a draft geotechnical report. Review the draft geotechnical investigation report with USD staff. Finalize geotechnical report based on comments from USD staff.

8.3.2 Design Review and Geotechnical QAQC

The Engineer shall provide QAQC of geotechnical investigation recommendations. Recommendations from geotechnical investigations shall be coordinated and incorporated into the 50%, 90%, and final design documents.

8.3.3 Coordination

General coordination of field investigation including at a minimum:

- Provide and attend a minimum of a kick-off meeting, two field coordination meetings, and a draft geotechnical report review meeting. Assume the kick-off meeting and review meeting will be virtual.
- Provide a Health and Safety Plan
- Provide a COVID Safety Plan for work on site

8.4 Public Easement

The existing public utility easements (PUE) within Benson Road and Veasy Street on USD's parcel at the plant (APN 482-0097-001-00), may need to be relocated as a result of planned improvements. The Engineer will prepare a permanent utility easement description package for each PUE relocation area, up to a maximum of three (3) packages. A single package is described as one metes and bounds description, one exhibit, and one closure report for each PUE relocation area. The relocated PUE and line work will be provided on the project-based mapping coordinate system.

Task 10 50% Design Documents

Engineer shall expand the 50% Design drawings, major specifications, estimate of probable construction cost, and schedules for the Project to include the construction of a new Aeration Basin No. 8 to be built later to the immediate north of Aeration Basin No. 7 and the repair and rehabilitation of Lift Station No. 2. Aeration Basin 8 construction to include the planned flow control and metering pit for a future Primary Effluent Equalization facility.

Task 11 90% Design Documents

Engineer shall expand the 90% Design drawings, specifications, estimate of probable construction cost, and schedules for the Project to include the construction of a new Aeration Basin No. 8 to the immediate north of Aeration Basin No. 7 and the repair and rehabilitation of Lift Station No. 2. Aeration Basin 8 construction to include the planned flow control and metering pit for a future Primary Effluent Equalization facility.

Task 12 Final Design Documents

Engineer shall expand the Final Design drawings, specifications, estimate of probable construction cost, and schedules for the Project to include the construction of a new Aeration Basin No. 8 to the immediate north of Aeration Basin No. 7 and the repair and rehabilitation of Lift Station No. 2. Aeration Basin 8 construction to include the planned flow control and metering pit for a future Primary Effluent Equalization facility.

4. DELIVERABLES

The deliverables from Tasks 7, 8, 10, 11 and 12 of Task Order No. 1 shall be expanded to include the following:

Task 7: Environmental and Permitting Assessment

- Phase II Assessment (PDF)

Task 8: Field Investigations

- Geotechnical Investigation Kick-off Meeting agenda and minutes (PDF)
- Health and Safety Plan (PDF)
- COVID Safety Plan for work on site (PDF)
- Draft and Final Geotechnical Report (PDF, MS Word)
- Geotechnical Report Review Meeting agenda and minutes (PDF)
- One PDF stamped and signed description, plan, and closure report for each permanent utility easement package (up to 3 packages total)

Task 10: 50% Design Documents

- 50% Design submittal amended to include construction of Aeration Basin No. 8 and repair and rehabilitation of Lift Station No. 2 (PDF)

Task 11: 90% Design Documents

- 90% Design submittal amended to include construction of Aeration Basin No. 8 and repair and rehabilitation of Lift Station No. 2 (PDF)

Task 12: Final Design Documents

- Final Design submittal amended to include construction of Aeration Basin No. 8 and repair and rehabilitation of Lift Station No. 2 (PDF, MS Word, CAD)

The Engineer shall submit the final reports and technical memoranda in both MS Word and PDF formats; presentations in both PowerPoint and PDF formats; drawings in the latest AutoCAD version; and other deliverables required for the project to the District electronically.

5. PAYMENT TO THE ENGINEER

Payment to the Engineer shall be as called for in Articles 4 and 5 of the Professional Services Agreement. The Multiplier for Amendment No. 2 shall be 3.15, the profit shall be 10 percent, and the not-to-exceed amount shall be \$750,760. 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 Professional Services Agreement:

Task Order / Amendment	Not to Exceed Amount	Board Authorization Required?	District Staff Approval
Task Order No. 1 – Aeration Basin Sub-Project Design Services	\$6,752,860	Yes	Paul Eldredge
Task Order No. 2 – Campus Building Sub-Project Design Services	\$3,737,412	Yes	Paul Eldredge
Amendment No. 1 to Task Order No. 1 – Aeration Basin No. 8 (30% Design)	\$98,335	No ¹	Paul Eldredge
Amendment No. 2 to Task Order No. 1 – Geotechnical Field Investigation, Aeration Basin No. 8 (Final Design), Lift Station No. 2, and Public Easement	\$750,760	Yes	Paul Eldredge
Total	\$11,339,367		

Note 1: Although Board Authorization was not required for Amendment No. 1 it was requested and authorized by the Board at the July 13, 2020 Board Meeting.

6. TIME OF COMPLETION

All work defined in this Amendment shall be completed without altering the overall contract duration previously established in Task Order No. 1. The anticipated milestone dates are as follows:

<u>Milestone</u>	<u>Anticipated Date</u>
Draft 50% Design Documents	November 27, 2020
50% Design Report Workshop	December 2, 2020
Draft 90% Design Documents	March 3, 2021
90% Design Report Workshop	March 11, 2021
Final Design Documents	April 22, 2021

All other terms and conditions of the Professional Services Agreement and Task Order No. 1 remain unchanged.

IN WITNESS WHEREOF, the parties hereto have made and executed this Amendment No. 2 to Task Order No. 1 as of November __, 2020 and therewith incorporate it as part of the Agreement.

DISTRICT

ENGINEER

Union Sanitary District

Hazen and Sawyer

By: _____
Paul R. Eldredge, P.E.
General Manager/District Engineer

By: _____
Marc Solomon, P.E.
Vice President

Date: _____

Date: _____

By: _____
Richard Peters, P.E.
Secretary

Date: _____

EXHIBIT A - COST BREAKDOWN

UNION SANITARY DISTRICT	Principal-in-Charge Paul Pitt	Technical Advisor Ron Latimer	QAQC Lead Ron Taylor	QAQC Electrical Shishir Doctor	QAQC Instrumentation Dan Edwards	QAQC Civil Mike Santavasso	QAQC Mechanical David Nailor	QAQC Structural Chris Phillips	QAQC HVAC/Plumbing Richard Van Dyke	Operations Barry Bickerstaff	Project Controls Chris Portner	Aeration Basin Sub- Project Manager Allan Briggs	Project Engineer Irene Chu	Campus Building Sub- Project Manager Marc Solomon	Environmental Kent O'Brien	Design Resources Paul Saurer	Aeration System Joe Rohrbacher	Effluent Management Jared Hartwig	Disinfection Melanie Mann	Process Mechanical Mark Messere	Electrical David Atkinson	Structural Amy Thurston	Odor Dick Pope	Utilities Gregg Cummings	Staff Engineer	Associate	Principal Engineer	Schedule	Admin	CADD/BIM Al Goodwin	CADD/Graphics	H&S Labor Cost	Geotech DCM Consulting	Surveying KSN	Geotech Cal Engineering & Geology	Subcontractor Fee (5%)	Total Fee
Enhanced Treatment & Site Upgrade - Phase 1A Project																																					
Rate	\$315	\$290	\$315	\$250	\$225	\$250	\$275	\$225	\$180	\$245	\$205	\$260	\$210	\$315	\$195	\$315	\$250	\$190	\$230	\$250	\$205	\$195	\$315	\$315	\$135	\$225	\$140	\$315	\$130	\$215	\$120						
TASK ORDER 1																																					
7 Environmental and Permitting Assessment	0	0	0	0	0	0	0	0	0	0	0	4	0	8	40	0	0	0	0	0	0	0	0	0	0	0	4	0	0	0	4	\$ 12,400	\$ -	\$ -	\$ 5,000	\$ 250	\$ 17,650
7.7 Phase II Assessment (OPTIONAL TASK)	0	0	0	0	0	0	0	0	0	0	0	4	0	8	40	0	0	0	0	0	0	0	0	0	0	0	4	0	0	0	4	\$ 12,400			\$ 5,000		
8 Field Investigations	0	0	0	0	0	0	0	0	0	0	0	28	0	24	0	0	0	12	0	0	0	8	0	0	0	0	21	0	12	0	0	\$ 27,185	\$ 5,000	\$ 26,000	\$175,000	\$ 10,300	\$ 243,485
8.3 Geotechnical Field Investigation	0	0	0	0	0	0	0	0	0	0	0	12	0	12	0	0	0	12	0	0	0	8	0	0	0	0	0	12	0	0	0	\$ 14,520	\$ 5,000		\$175,000		
8.4 Public Easement	0	0	0	0	0	0	0	0	0	0	0	16	0	12	0	0	0	0	0	0	0	0	0	0	0	21	0	0	0	0	\$ 12,665		\$ 26,000				
10 50% Design Documents	11	10	10	6	6	4	6	6	2	4	24	30	6	6	0	16	56	48	0	68	52	101	24	10	78	32	30	0	8	78	800	\$ 255,540	\$ -	\$ -	\$ -	\$ -	\$ 255,540
10.1 Draft Drawings	9	8	5	6	6	4	6	6	2	4	0	26	4	4	0	8	48	32	0	60	48	99	24	10	70	22	30	0	8	78	800	\$ 231,645					
10.2 Draft Specifications	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4	0	4	0	0	0	0	0	0	4	0	0	0	0	\$ 2,660						
10.3 Opinion of Probable Cost	2	2	5	0	0	0	0	0	0	0	24	4	2	2	0	8	8	12	0	4	4	2	0	0	8	6	0	0	0	0	\$ 21,235						
11 90% Design Documents	11	10	12	8	8	6	8	8	2	4	24	22	16	2	0	12	16	48	0	46	34	61	16	6	58	32	30	0	8	38	310	\$ 155,250	\$ -	\$ -	\$ -	\$ -	\$ 155,250
11.1 Draft Drawings	9	8	7	8	8	6	8	8	2	4	0	18	12	2	0	8	12	32	0	38	30	59	16	6	50	22	30	0	8	38	310	\$ 133,825					
11.2 Draft Specifications	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4	0	4	0	0	0	0	0	0	4	0	0	0	0	\$ 2,660						
11.3 Opinion of Probable Cost	2	2	5	0	0	0	0	0	0	0	24	4	4	4	0	4	4	12	0	4	4	2	0	0	8	6	0	0	0	0	\$ 18,765						
12 Final Design Documents	5	4	8	5	5	4	6	5	2	4	18	21	14	2	0	0	8	22	0	14	14	21	8	6	38	28	20	0	8	19	108	\$ 78,835	\$ -	\$ -	\$ -	\$ -	\$ 78,835
12.1 Draft Drawings	5	4	5	5	5	4	6	5	2	4	0	17	10	2	0	0	6	16	0	12	12	21	8	6	30	22	20	0	8	19	108	\$ 67,340					
12.2 Draft Specifications	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	0	2	2	0	0	0	0	2	0	0	0	0	\$ 1,740						
12.3 Opinion of Probable Cost	0	0	3	0	0	0	0	0	0	0	18	4	4	4	0	0	2	4	0	0	0	0	0	0	8	4	0	0	0	0	\$ 9,755						
AMENDMENT NO. 2 TOTAL	27	24	30	19	19	14	20	19	6	12	66	105	36	42	40	28	80	130	0	128	100	191	48	22	174	113	84	12	24	135	1,222	\$ 529,210	\$ 5,000	\$ 26,000		\$ 10,550	\$ 750,760



Directors
Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

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

Karen W. Murphy
Attorney

**NOVEMBER 9, 2020
BOARD OF DIRECTORS MEETING
AGENDA ITEM # 13**

TITLE: **Reject All Bids Received for the Cathodic Protection System Improvements Project and Authorize Staff to Re-bid the 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
Thomas Lam, Associate Engineer

Recommendation

Staff recommends the Board reject all bids received for the Cathodic Protection System Improvements Project (Project) and authorize staff to re-bid the Project.

Discussion

The Project was advertised for bids on August 18, 2020. Two bids were received on September 23, 2020 with the results shown in the table below. Please refer to the attached Table 1 for a detailed breakdown of the bids.

Contractor	Total Contract Price
EXARO Technologies Corporation (Burlingame, CA)	\$477,922
American Construction & Supply, Inc. (Corte Madera, CA)	\$563,978

The Engineer's Estimate for the Project's Total Contract Price is \$460,000. EXARO Technologies Corporation (EXARO) was the apparent low bidder with a Total Contract Price of \$477,922.

American Construction & Supply, Inc. (AMS), the second low bidder, submitted a bid protest on September 30, 2020. AMS alleged that EXARO did not meet the following Company Experience requirements in the bid documents:

For the Owner to consider the Bidder properly experienced in work of similar nature to this project, the Bidder must list at least \$2 million in construction volume on no more than ten (10) projects completed within the last five (5) years of the following types of project(s):

1. Cathodic Protection System Installation, including excavations and deep anode well installation to depth of 150-ft or more.

EXARO responded to the bid protest within seven days on October 6, 2020, stating that they do meet the qualification requirements. EXARO originally listed five projects in their bid to meet the Company Experience requirements, which met the \$2 million in construction volume within the last five years. In response to the bid protest, EXARO provided another project to support their experience qualification. On the SFPUC's San Andreas Pipeline No. 2 Replacement Project, the general contractor, Ranger Pipelines, subcontracted the cathodic protection scope to EXARO. This scope included installation of two deep anode wells. However, EXARO had completed the work in September 2020 and had not received payment for this work prior to the Project's bid date, which raised questions as to the ability to consider this relevant project experience. Lastly, staff noted that EXARO had listed a drilling subcontractor, although the bid documents follow the customary practice and do not specify whether subcontractors would count toward the experience requirements. In sum, while the bid protest raised concerns about the experience of EXARO, it could be difficult to find EXARO non-responsible, which would be required to uphold the bid protest.

Therefore, in light of the bid protest and EXARO's response and the fact that both bids were over the engineers estimate, staff recommends rejecting all bids, and re-bidding the Project. This will also allow staff to review and modify the experience and qualifications requirements, as appropriate.

Background

The District operates cathodic protection systems to protect its underground steel and iron pipelines and appurtenances from corrosion. These systems are located at the Alvarado Wastewater Treatment Plant (Plant), Newark Pump Station (Newark PS), Irvington Pump Station, and sites where the twin force main pipelines and steel casings cross under major roadways and railroads. The cathodic protection systems are a combination of sacrificial anodes installed in shallow excavations and anodes installed in a deep well and energized using a rectifier. The type of system is dependent on the quantity and proximity of steel and iron pipelines within an area. The cathodic protection systems are designed to slowly and

sacrificially degrade the anodes while providing an electrical charge to the connected steel or iron pipelines thus slowing the corrosion of the pipelines.

Staff annually tests and measures the cathodic protection systems to monitor the effectiveness of the anodes and rectifiers. In 2018, the District hired JDH Corrosion Consultants (JDH) to review the data and evaluate the condition of the cathodic protection systems. JDH presented its findings and recommendations in the 2018 Annual Survey and Cathodic Protection Condition Assessment Report (Report). The Report provided a plan to repair, replace, or upgrade the existing cathodic protection systems during the next 10 years.

Newark Pump Station

The cathodic protection system improvements at the Newark PS was one of the recommendations in the Report. The Newark PS system, which consists entirely of sacrificial anodes in shallow excavations, was installed in 2004 as part of the Pump Station Force Main Corrosion Repairs Project. JDH found that most of the sacrificial anodes are nearly depleted. New anodes were recommended to be installed for corrosion protection of the underground steel pipelines which range in diameters between 24-inches and 48-inches. The cathodic protection pipeline test station terminal boards were also recommended to be replaced.

The Newark Pump Station Cathodic Protection System Upgrade Project was advertised for bids on February 12, 2019. Two bids were received and opened on March 12, 2019 from Corpro Companies Inc. (Corpro) and Farwest Corrosion Control Company (Farwest). Corpro was the apparent low bidder. Staff reviewed the bid and found it to be non-responsive. On April 22, 2019, the Board rejected all bids received for this project and authorized staff to re-bid it.

The Newark Pump Station Cathodic Protection System Upgrade Project was re-advertised for bids on May 14, 2019. One bid was received and opened on June 11, 2019 from Farwest. Farwest was the sole bidder with a total bid amount 110% above the Engineer's Estimate. Since Farwest's bid was the only bid received and exceeded the Engineer's Estimate by a large percentage, staff believed it would be best to reject Farwest's bid. On June 24, 2019, the Board rejected the sole bid received for this project.

The improvements for the Newark Pump Station Cathodic Protection System Upgrade Project were subsequently included in the current Cathodic Protection System Improvements Project. Staff had anticipated more favorable bids for a larger project that combined cathodic protection system improvements at the Plant and Newark PS. Please refer to Figure 1 for the location of the improvements at the Newark PS.

Plant

One of the Report's recommendations was to replace seven oil-cooled rectifiers with air-cooled rectifiers. The oil-cooled rectifiers are in poor condition, and they tend to overheat and are hard to maintain due to the difficulty in replacing the oil. The seven oil-cooled rectifiers are located near the following structures in the Plant:

- Headworks Building
- Primary Clarifiers 1-4 Building
- West Blower Building
- Control Box No. 3
- Alvarado Effluent Pump Station
- Thickener No. 3
- Thickener No. 4

The Report also recommended replacing the deep anode well located at the Heating and Mixing Building No. 3 because the anodes are nearly depleted. A new deep anode well will be installed, and the existing deep anode well will be "destroyed" pursuant to the California Well Standards issued by the California Department of Water Resources. Additionally, the Report also recommended an inactive deep anode well located at the West Blower Building be "destroyed" as it was replaced with a new deep anode well several years ago. Please refer to Figure 2 for the location of the improvements at the Plant and Figures 3 and 4 for photo of an existing oil-cooled rectifier.

Project Scope

JDH provided design services for the Newark Pump Station Cathodic Protection System Project when it was previously bid. V&A Consulting Engineers completed the design of improvements to the Plant's cathodic protection system. The Project's scope includes:

- Plant
 - Replacement of seven existing oil-cooled rectifiers with air-cooled rectifiers located throughout the Plant.
 - Installation of one new 250-foot deep anode well located east of the Heating and Mixing Building No. 3.
 - Destruction of two existing deep anode wells located near the Heating and Mixing Building No. 3 and the West Blower Building pursuant to the California Well Standards issued by the California Department of Water Resources.
- Newark PS
 - Installation of new buried (shallow depth) sacrificial anodes at 10 locations to protect the underground steel pipelines which range in diameters from 24 to 48 inches.
 - Replacement of 10 existing cathodic protection test station terminal boards.

Previous Board Action

April 22, 2019, the Board rejected all bids received for the Newark Pump Station Cathodic Protection System Upgrade Project and authorized staff to re-bid the project.

June 24, 2019, the Board rejected the sole bid received for the Newark Pump Station Cathodic Protection System Upgrade Project.

PRE/SEG/RC/TL;mb

Attachments: Figure 1 – Project Location, Newark Pump Station

Figure 2 – Project Location, Alvarado Wastewater Treatment Plant

Figures 3 and 4 – Photo of Existing Oil-Cooled Rectifier

Attachment 1 - American Construction & Supply, Inc. Bid Protest

Attachment 2 - EXARO Technologies Corporation Bid Protest Response

Table 1 – Bid Tabulation Sheet





-  Existing Cathodic Protection Test Station
-  New Buried Sacrificial Anodes

Figure 1 - Project Location
Newark Pump Station



Figure 2 - Project Location
Alvarado Wastewater Treatment Plant

- New anode
- Existing anode to be abandoned
- Oil cooled rectifier to be replaced with air-cooled rectifier

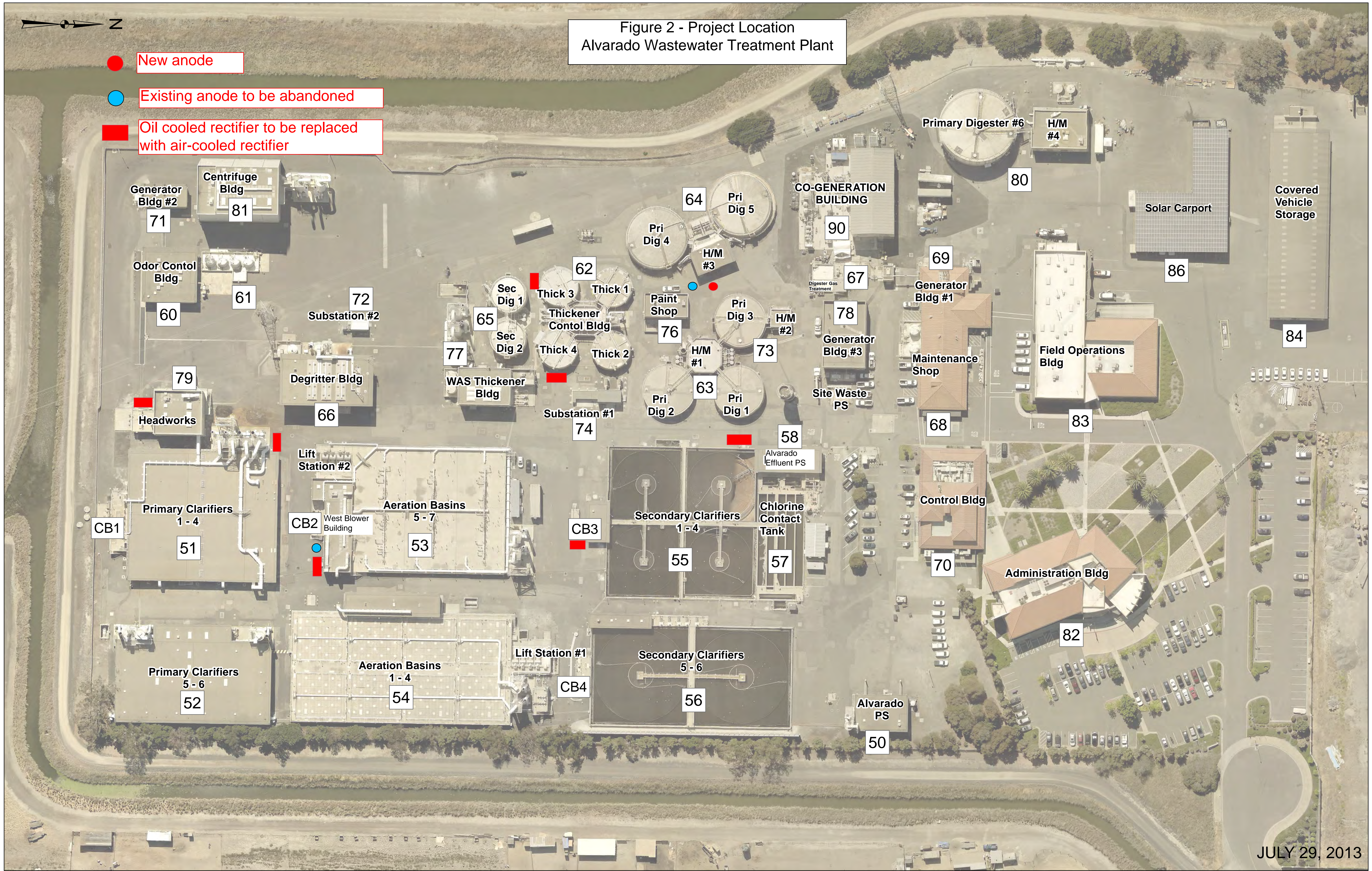
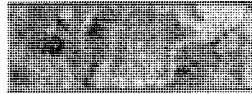




Figure 3 – Existing Oil-Cooled Rectifier at Alvarado Effluent PS



Figure 4 – Interior of Oil-Cooled Rectifier



GENERAL ENGINEERING &

ELECTRICAL CONTRACTOR

CATHODIC PROTECTION

SERVICES & CONSTRUCTION



45 SAN CLEMENTE DRIVE

SUITE A-100

CORTE MADERA, CA 94925

TEL: (415) 927-2024

FAX: (415) 927-1723

(800) 899-0838

LICENSE #310599

WWW.AMERICANCONSTRUCTION.COM

September 30, 2020

Mr. Thomas Lam
Associate Engineer
Union Sanitary District
5072 Benson Rd.
Union City, CA 94587
510-477-7609
thomasl@unionsanitary.ca.gov

Subject: **Bid Protest Prior to Award; Cathodic Protection System Improvements Project #800-503.**

Dear Mr. Lam:

American Construction and Supply, Inc. was second apparent low bidder on the subject project and hereby protests award of the project to EXARO Technologies Corporation.

The reason for the protest is the bid submitted by EXARO Technologies Corporation does not meet the Company Experience requirements included in Specification Section 00420 of the bid documents.

Specification Section 00420 includes the following Company Experience requirements:

For the Owner to consider the Bidder properly experienced in work of similar nature to this project, the Bidder must list at least \$2 million in construction volume on no more than ten (10) projects completed within the last five (5) years of the following types of project(s):

1. Cathodic Protection System Installation, including excavations and deep anode well installation to depth of 150-ft or more.

We do not believe that EXARO Technologies Corporation meets these experience requirements because they have not completed \$2 million of deep anode well installation to depth of 150-ft or more within the last five (5) years.

On the basis of this information, we hereby protest award to EXARO Technologies Corporation and request the award be made to our firm as the apparent low responsive bidder.

We appreciate the opportunity to submit this request and look forward to your favorable response. Should questions arise, or further information be required, please feel free to contact our office at 415-927-2024.

Sincerely,
American Construction and Supply, Inc.

Stephen C. McKim
Vice President

Cc: EXARO Technologies Corporation | 1831 Bayshore Hwy | Burlingame, CA 94010 | hd@exarotec.com

EXARO Technologies Corporation
1831 Bayshore Hwy * Burlingame, CA 94010
650 777-4324
General Engineering Contractor #860376



October 6, 2020

Stephen C. McKim
American Construction and Supply, Inc.
45 San Clemente Dr # A100
Corte Madera, CA 94925

RE: Response to Bid Protest on Cathodic Protection System Improvements Project #800-503

Dear Mr. McKim,

EXARO Technologies Corporation meets the qualification requirements of Cathodic Protection System Improvements Project #800-503; this is substantiated below. First addressed are **key qualification types** that are of **similar nature** followed by the **scope/ nature** and projects of similar nature demonstrating qualification.

Bid Qualification:

Following is EXARO's qualification experience in bullet format with **focus** on the **Key** Qualifications according to Bid Section 00420-2 B.

1. The bidder has been **engaged in contracting business, under present name** ___ years and has work **experience** in a **nature similar** to this project.:
 - a. EXARO **meets** this part of the qualifications; EXARO has been **engaged in contracting business under present name** for 15 years.
 - b. EXARO **meets** work **experience** in a **nature of similar** to this project as demonstrated below
2. The **Bidder**, as a Contractor, **has never failed to satisfactorily complete** a contract awarded to it, except as follows: EXARO **meets** this as it, **has never failed to satisfactorily complete** a contract awarded it,
3. For the Owner to consider the Bidder properly experienced in **work of similar nature** to this project, the Bidder must list at least **\$2 million in construction** volume on no more than ten (10) projects completed within the **last five (5) years** of the following **types** of project(s):

Cathodic Protection System Installation, including excavations and deep anode well installation to depth of 150-ft or more

EXARO **meets** as demonstrated by projects listed below that include these **types listed a)** cathodic protection system installations, b) excavations, c) deep well anode well installation to a depth of project 150 feet or more.

4. The Bidder is allowed to list up to a maximum of five (5) projects of the types listed above, that combined, will add up to at least the cost in completed volume of work listed above - EXARO **meets** as demonstrated by projects listed below

Utility Locating by Electronic Detection, GPR, Vacuum Excavation, Rebar Scanning, Corrosion Protection, Leak Detection



Project list demonstrating experience of a similar nature:

Scope/Nature of work consists of three main type of activities

1. Cathodic protection system installation
2. including Excavations and
3. deep anode well installation to depth of 150-ft or more

Project 1 Hathaway Dinwiddie – Sierra Point PH2&3 – 2019-2020 – \$2M / 1,2M paid to date

- Cathodic protection system installation
- Excavations including vacuum excavation & trenching
- 8 wells 90ft deep, 82 planned wells 35ft deep, 67 completed wells 35ft deep

Project 2 Hathaway Dinwiddie – Sierra Point PH1 – 2017-2018 – \$1.1M

- Cathodic protection system installation
- Excavations including vacuum excavation & trenching
- 4 wells 100ft deep, 40 wells 35ft deep

Project 3 Ranger Pipelines – San Andreas Pipeline No. 2 Replacement – 2019-2020 – \$awaiting payment

- Cathodic protection system installation
- Excavations including vacuum excavation & trenching
- 2 wells 300ft deep, 3 well demolitions 200ft deep

Project 4 Sacramento Regional County Sanitation District – Cathodic Protection Rehabilitation Project Phase II – 2018-2019 – \$443,189.26

- Cathodic protection system installation
- Excavations including vacuum excavation & trenching
- 6 wells 40ft deep, 46 wells under 40 feet, 35 test stations

Project 5 EBMUD – Southern Loop CPS Improvements – 2018 – \$49,251.08

- Cathodic protection system installation
- Excavations including vacuum excavation & trenching
- 1 well 130ft deep

Other Projects for reference but not counted above

- City of Milpitas – Milpitas Treatment Plant – 2014
 - Cathodic protections system installation
 - Excavations
 - one well 230 ft deep

EXARO Technologies Corporation
1831 Bayshore Hwy * Burlingame, CA 94010
650 777-4324
General Engineering Contractor #860376



In summary EXARO meets all qualifications noted on bid including work experience of **\$2M** dollar, for **contracting work under the same name** within the last **5 years** demonstrating work **experience** in a **nature of similar** to this project. Hence, EXARO objects to the Bid protest on this basis that all projects listed above are in a nature similar to project #800-503 and all other qualifications are met.

Kindest Regards,

Hector M. Dominguez, PE

Hector M. Dominguez
President



Exaro Technologies Corporation
650-777-4324
www.exarotec.com

CC: Allen Galang – EXARO
Thomas Lam - Union Sanitary District
Others via email

Utility Locating by Electronic Detection, GPR, Vacuum Excavation, Rebar Scanning, Corrosion Protection, Leak Detection

Table 1 - Bid Tabulation
Cathodic Protection System Improvements Project, No. 800-503

Bid Item No.	Bid Item	Unit	Estimated Quantity	Exaro Technologies Corporation (Burlingame, CA)	American Construction and Supply, Inc. (Corte Madera, CA)
				Total Bid Price	
1	Cost for completing all Work included as part of Contract Documents for Project No. 800-503, except as specified under bid items 2 and 3.	LS	1	\$15,222	\$79,604
2	Cost for completing all work required to at the Alvarado Wastewater Treatment Plant.	LS	1	\$371,000	\$349,776
3	Cost for completing all work required to at the Newark Pump Station.	LS	1	\$91,700	\$134,597
4	Cost for providing all shoring and bracing on Bid Item No.2 including but not limited to that as required by Sections 6700-6708 of the Labor Code.	LS	1	\$0	\$1
Contract Price - This is the basis of award				\$477,922	\$563,978

Engineer's Estimate for the Contract Price is \$460,000



Directors
Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

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

Karen W. Murphy
Attorney

**NOVEMBER 9, 2020
BOARD OF DIRECTORS MEETING
AGENDA ITEM # 14**

TITLE: **Award the Agreement for the System Supply for the Standby Power Generation System Upgrade Project to Cummins Sales and Service (*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 award the agreement for the system supply (Agreement) for the Standby Power Generation System Upgrade Project (Project) to Cummins Sales and Service in the amount of \$3,122,090.

Discussion

The Agreement to supply the standby generator equipment for the Project was advertised for bids on June 23, 2020, and three bids were received and opened on August 6, 2020. At the September 14, 2020 Board meeting, the Board determined that all bids are non-responsive, rejected all bids, and directed staff to negotiate an agreement, starting with the apparent low bidder Cummins Sales and Service (Cummins), or alternative action.

Staff negotiated an acceptable Agreement with Cummins in the amount of \$3,122,090. The total Agreement amount is \$6,655 above Cummins' original bid amount and remains 32% below the Engineer's Estimate of \$4,600,000. A summary of the total negotiated Agreement amount and Cummins' original bid amount is listed below:

Bid Item No.	Bid Item	Engineer's Estimate	Original Bid Amount	Final Agreement Amount	% and \$ Change to Original Bid Amount
1	Supply of Submittal Documents	\$18,000	\$15,000	\$30,000	100% \$15,000
2	Supply of Generator Equipment	\$2,620,000	\$1,780,530	\$1,765,530	(0.8%) (\$15,000)
3	Supply of Switchgear Equipment	\$1,050,000	\$918,018	\$924,673	0.7% \$6,655
4	Start-up, field testing, commissioning, and testing support	\$420,000	\$57,090	\$57,090	0% \$0
5	Sales Tax	\$350,000	\$264,570.93	\$264,571	0% \$0
6	Delivery	\$80,000	0	0	0% \$0
7	Installation Support	\$12,000	\$10,200	\$10,200	0% \$0
	Total Base Bid:	\$4,550,000	\$3,045,408.93	\$3,052,064	0.2% \$6,655
Bid Alternate A	Bid Alternate A - Supply of Allen-Bradley Programmable Logic Controllers (PLC) in lieu of Cummins' standard PLC for the generator master control panel	\$50,000	\$70,025.99	\$70,026	0% \$0
	Total Amount:	\$4,600,000	\$3,115,434.92	\$3,122,090	0.2% \$6,655

The \$6,655 increase is for the engineering and material cost to add a trip-close switch to each of the three circuit breakers in the switchgear system for each generator. This feature was excluded by Cummins in their bid proposal. In the event of an emergency or for maintenance purposes, this physical switch will allow staff to manually trip and close breakers upstream of each generator. Staff found the costs to be reasonable to add this feature.

The contract duration for Phase 1 of the Agreement was revised from a total contract duration of 120 calendar days to a duration of 112 calendar days with two milestones, Milestones A and B. Under Milestone A, Cummins will have 42 calendar days from Notice to Proceed to submit the preliminary submittal information required to complete the PG&E interconnection application.

Under Milestone B, Cummins will have 70 calendar days after approval of Milestone A to submit the remaining submittal information.

The terms of the Agreement were modified to include the addition of limitation of liability clauses. The clauses limit the amount of exposure to Cummins should a claim be made by the District. The District's attorneys, in consultation with the District's insurance advisors, believe that limitations of liability are customary in procurements of this type. In their experience, manufacturers and suppliers of sophisticated equipment will not accept unlimited liability. For example, the other qualified bidder, Peterson Power/Caterpillar, requested limitations of liability in its bid. Staff is of the opinion these changes are necessary to reach an agreement with Cummins and should not subject the District to unreasonable risk.

Background

The Project was identified from a study completed in 2016 to evaluate the condition of the plant's current standby power system. The study concluded that the current standby generator equipment, generator control systems, and electrical switchgear equipment are outdated, unreliable, and difficult to maintain due to the age and obsolescence of the equipment and systems.

On November 14, 2016, the Board authorized staff to execute an agreement and Task Order No. 1 with BC to provide predesign services associated with the Project. The primary elements of the predesign effort were to evaluate and select a site location for the new standby generator system, establish criteria for final design, and develop a preliminary construction sequencing plan.

On February 5, 2018, the Board authorized staff to execute Task Order No. 2 with BC to provide final design services associated with the Project. The final design was originally based on future power demands of upcoming plant upgrades. At the same time, the District was in the process of developing the Enhanced Treatment and Site Upgrade (ETSU) program. The ETSU program considered two potential secondary improvement alternatives that could address the plant's solids capacity needs: conventional activated sludge (CAS) and membrane bioreactor (MBR). The ETSU program determined that an enhanced CAS secondary process is the best value solution for the District.

After finalizing the ETSU program, staff requested BC to re-evaluate the basis of design for the Project to ensure standby power capacity identified in the Project is appropriate. The evaluation concluded the electrical load projections were lower for the CAS secondary treatment process when compared to the MBR technology, and instead of the 3.5-MW generators originally planned for the Project, 2.5-MW generators would be sufficient to meet future power demands. This future electrical load projection was carried forward as the basis of design for the final design phase of the Project.

Standby Generator System Equipment Selection

For a typical construction project, the contractor selects the equipment suppliers/manufacturers that meet the requirements in the project's bid documents at the lowest costs. The contractor has the responsibility to coordinate with the equipment suppliers/manufacturers to prepare submittals of the new equipment for review and approval by the owner's design consultant. Upon approval, the contractor authorizes the suppliers/manufacturers to begin fabrication of the new equipment and deliver it to the project site by the agreed-upon deadlines to ensure the contractor remains on schedule to complete the project. For simple equipment, this process is usually straightforward and is completed without any issues. However, for equipment with some complexity, it could potentially be challenging to complete the process in a timely manner if the initial submittal is incomplete and additional information is required, there is a coordination issue with other project equipment or separate owner equipment, and/or there is a delay in the fabrication and delivery of the equipment.

The District's new standby generator system is very complex equipment. The system consists of multiple mechanical, electrical, and control equipment that must be designed and integrated to meet very specific and stringent requirements to provide reliable standby power to the plant shortly after the utility power goes out. Upon the return of utility power, the standby generator system must be able to transition from standby power to utility power seamlessly without shutting down any of the plant process equipment. The new standby generator system will connect to the plant's 12kV switchgear where PG&E's utility power is connected and metered. Therefore, PG&E must approve the new system's equipment and the interconnection to the plant's switchgear.

Cummins' general equipment submittal preparation and approval process will be substantial and could take up to four months to complete depending on the quality of the submittals and the number of resubmittals required. Further, PG&E's approval process of the interconnection application will also be substantial and could take two to four months to complete depending on PG&E's availability and response. If both processes were to take place during the construction phase and there were delays to one or both, the general contractor would be significantly impacted and likely seek monetary and schedule recourse from the District. In addition, if PG&E's ultimate interconnection requirements resulted in changes to the construction contract, those changes would be by change order that would not be competitively priced.

To mitigate these potential delays and costs during the construction phase, staff and BC decided that selection of the new standby generator system equipment and completing the equipment submittal and PG&E interconnection application processes should occur during the final Project design phase, before the general contractor is selected.

Agreement

The Agreement is divided into two phases. Phase 1 will occur prior to the assignment and novation of this Agreement to the general contractor. Phase 1 activities will include the preparation, review, and District's approval of the new standby generator system's equipment submittal information. Phase 2 of the Agreement will occur following the assignment and novation of the Agreement to the general contractor after the construction contract is awarded by the District. After the District, Cummins, and general contractor execute the attached Assignment and Novation Agreement, Cummins will become a direct supplier to the Project's general contractor, and the general contractor will have the right and duty to include the procurement and delivery of the new standby generator system identified in the submittals approved under Phase 1 of the Agreement.

The scope of supply for the new standby generator system will include the following major equipment:

- Three Tier 2 certified indoor 2.5 MW capacity diesel engine-driven generator systems, with all necessary components and accessories to make a complete and operating standby power system.
- A generator paralleling control system that is integrated with the diesel standby generators, medium-voltage switchgear, and associated components.
- A metal-clad switchgear with vacuum circuit breakers rated 15 kV for indoor application, including a battery system for the circuit breaker controls.
- A 150-gallon day tank with overflow return pumps for each standby generator unit.

Cummins will have 42 calendar days from Notice to Proceed to submit the preliminary submittal information required to complete the PG&E interconnection application, and 70 calendar days after approval of the preliminary submittal to submit the remaining submittal information to complete Phase 1 of the Agreement. The estimated substantial completion date for Phase 1 of the Agreement is late February 2021. Phase 2 of the Agreement will be novated to a general contractor who will procure, deliver, and install the standby power generator system equipment for installation of a complete and operational standby power generation system. Based on the Phase 1 milestone durations for submittal of the generator information and assuming the PG&E review and approval process is approximately 4 months, staff estimates the bid documents for the construction contract for the Project can be issued by Summer 2021, and the award of the construction contract can be made to a general contractor by fall 2021.

Previous Board Action

November 14, 2016, the Board authorized the General Manager to execute an agreement and Task Order No. 1 with BC in the amount of \$175,064 for providing predesign services for the Project.

February 12, 2018, the Board authorized the General Manager to execute Task Order No. 2 with BC in the amount of \$1,975,808 for providing final design services for the Project.

October 22, 2018, the Board adopted resolutions to authorize application for the Clean Water State Revolving Fund (CWSRF) financial assistance for the Project; dedicate and pledge the Wastewater Enterprise Fund and Net Revenues for the repayment of CWSRF financial assistance; and reimburse expenditures paid prior to the approval of the CWSRF financial assistance by the State.

March 11, 2019, the Board conducted a public hearing to receive comments on the Initial Study and Mitigated Negative Declaration (MND) for the Project.

October 14, 2019, the Board adopted the MND for the Project and approved the Project as defined in the MND.

February 24, 2020, the Board adopted an addendum to the MND for the Project and approved modifications to the Project as set forth in the addendum to the MND.

March 9, 2020, the Board authorize the General Manager to Execute Amendment No. 2 to Task Order No. 2 with BC in the amount of \$262,207 for providing additional design services for the Project.

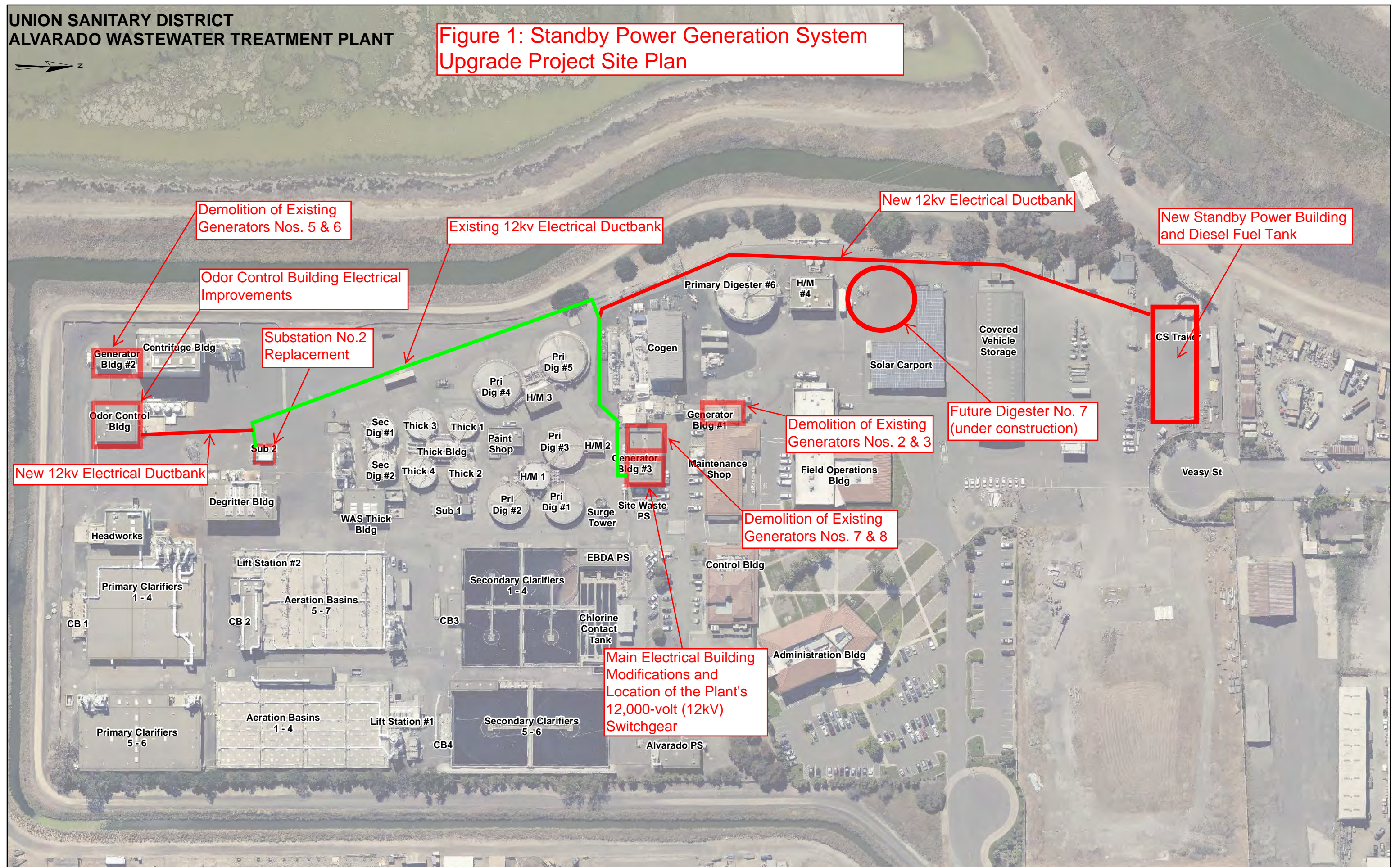
September 14, 2020, the Board determined that all bids received for the Agreement for the Project are non-responsive and rejected all bids. The Board directed staff to negotiate an Agreement, starting with apparent low bidder Cummins, or alternative action.

PRE/SEG/RC/KC;mb

Attachments: Figure 1 – Site Plan of the Project's Scope of Work
Agreement for the System Supply
Addendum No. 3
Assignment and Novation Agreement

UNION SANITARY DISTRICT
ALVARADO WASTEWATER TREATMENT PLANT

Figure 1: Standby Power Generation System Upgrade Project Site Plan



AGREEMENT
System Supply for
Standby Power Generation System Upgrade Project

THIS AGREEMENT, made and entered into this _____ day of November 2020, by and between the UNION SANITARY DISTRICT, a public agency (“District”), and CUMMINS SALES AND SERVICE, a corporation (“Supplier”);

WITNESSETH:

WHEREAS, the District requires a skilled supplier of technical services, generators and other equipment for its Standby Power Generation System Upgrade Project (the “Project”); and

WHEREAS, Supplier represents that it is qualified and experienced to furnish such services and equipment in accordance with the terms and conditions hereof;

WHEREAS, Supplier agrees that it shall perform the Agreement in accordance with the terms and conditions hereinafter set forth;

NOW, THEREFORE, the parties hereto agree as follows:

- 1. SUPPLY.** Supplier shall supply the generators and equipment and services and provide the materials and equipment for the Project, including without limitation the Standby Power Generation Systems as described in Specification Section 01011 and other provisions of the Supply Documents, and as amended by Addendum Nos. 1 through 3 to the Specifications and Contract Documents for the Standby Power Generation System Supply for the Standby Power Generation System Upgrade Project.
- 2. COMPENSATION AND PAYMENT.** The District shall compensate the Supplier for generator equipment shop drawing submittals (Bid Item 1) to be provided by the Supplier hereunder for the fixed lump sum price of Thirty Thousand Dollars (\$30,000), payable as specified in Specification Section 00300, **BID** and Specification Section 01011-2.01, Milestones. The generator system equipment including materials and services shall be compensated by the General Contractor hereunder for the fixed lump sum price of Three Million Ninety Two Thousand and Ninety Dollars (\$3,092,090) Terms of Payment shall be as follows:
 - 100 percent of Bid Items 2 and Bid Alternate A upon completion of Milestone 7.
 - 100 percent of Bid Item 3 upon completion of Milestone 8.
 - Bid Item 5, Sales Tax, shall be proportional to payments made under milestones 7 and 8.
 - 100 percent of Bid Item 6 upon delivery of all standby generators and switchgear.
 - 100 percent of Bid Items 4 and 7 upon completion of Milestone 10

District anticipates that this Agreement (other than with respect to Bid Item 1) will be assigned and novated to General Contractor (see paragraph 4 below) after payment of 100 percent of Bid Item 1, so that General Contractor will be responsible for paying 100 percent of Bid Items 2 through 7 and Bid Alternate A in accordance with Section 01026-3.01.C. All costs associated with complying with Section 01026-3.01.C payment conditions shall be borne by the General Contractor.

Invoices prior to assignment and novation (execution of Section 00510) are net 30 days. Invoices thereafter shall be paid as provided in the Construction Contract.

- 3. LIQUIDATED DAMAGES.** It is agreed by the parties to the Agreement that time is of the essence in the delivery of these Bid Items; and that in case all Bid Items are not delivered on or before delivery date as set forth in these Supply Documents damage will be sustained by the District. As it is

impracticable to determine the actual delay damage; it is, therefore, agreed that the Supplier shall pay liquidated damages to the District in the amount per day set forth in the Agreement for each and every day's delay beyond the time prescribed to make full and complete delivery. The Supplier agrees to pay such liquidated damages and in case the same are not paid, agrees that the District may deduct the amount thereof from any monies due or that may become due the Supplier under the Agreement.

For each day of late delivery and failure to comply with the milestone completion dates as specified in Specification Section 01011-2.01, Milestones, the Supplier agrees to pay the District the following amounts:

Milestone 4: \$2,900 per Calendar Day.

4. **ASSIGNABILITY.** The District intends to assign and novate those rights and obligations (and only those rights and obligations) under this Contract to the General Contractor (see Section 00510) that include for the furnishing and installation of the equipment from the Supplier. Otherwise, neither the Supplier nor the District shall subcontract, assign, sell, mortgage; hypothecate or otherwise transfer their respective interests or obligations in this agreement in any manner without the express prior written consent of the non-transferring party. Notwithstanding the District's assignment of the contractual rights and obligations pertaining to the furnishing and installation of the equipment, the rights and obligations under this Contract relating maintenance and other post-installation services shall remain in full effect between the District and the Supplier.
5. **STATUS.** In the performance of services hereunder Supplier shall be, and is, an independent contractor, and shall not be deemed to be an employee or agent of the District.
6. **WORKERS' COMPENSATION INSURANCE.** Supplier shall meet all the requirements of Section 00801 for Workers' Compensation Insurance.
7. **STANDARD OF PERFORMANCE.** All aspects of the Supply shall be subject to the approval of the District or its authorized representative. All aspects of the Supply shall be performed in the best workmanlike manner, conforming strictly to the provisions of the Supply Documents.
8. **SUPPLY BOND.** Supplier shall, no later than the deadline for providing all evidence of insurance required by Section 00801, provide a Supply Bond in form of Section 00610. Bond must be issued by a surety licensed in California and satisfy the Best rating requirements in Section 00801. All Bonds signed by an agent must be accompanied by a certified copy of the authority to act.
9. **INSURANCE AND INDEMNITY.** Supplier shall meet all the requirements of Section 00801, and as amended by Item No. 15 of Addendum No. 3, for insurance and indemnity.
10. **SCHEDULE AND DELIVERY.** Supplier shall diligently prosecute to completion all work and services, and supply all materials and equipment, for the Supply within the time specified in Specification Section 01011- 2.01, Milestones and other provisions of the Supply Contract, and as amended by Addendum Nos. 1 through 3 to the Specifications and Contract Documents for the Standby Power Generation System Supply for the Standby Power Generation System Upgrade Project. Supplier shall deliver materials and equipment for the Project to the District's Wastewater Treatment Plant at 5072 Benson Road, Union City, CA 94587, within said time limits.
11. **WARRANTY.** Supplier shall warrant the materials, equipment and services provided under this Supply Contract against any defects in material and workmanship for the period listed in Sections 26 13 26, 26 32 13, 26 32 50, and 26 33 13 after the date of Substantial Completion of the Construction Contract for which the supplied materials and equipment are to be utilized. If, within said period, any repairs or replacements in connection with the services, materials or equipment are, in the opinion of the District, necessary as the result of the use of inferior or defective materials, equipment, workmanship or services hereunder, Supplier shall, upon receipt of notice from the District, and without expense to the District, promptly repair or replace such material or equipment or rectify the effects of such workmanship or services and correct any and all defects therein. If Supplier, after such notice, fails to proceed promptly to comply with the terms of this

warranty, the District may perform the work necessary to effectuate such correction and recover the cost thereof from Supplier.

The above warranty is in addition to all other warranty and guarantee provisions in the Supply Contract, including without limitation Section 26 32 13.13, as well as manufacturer's warranties or warranties of other providers of materials and equipment furnished or used for or in the Project. Title to any materials or equipment being repaired on or within premises owned or occupied by the District ("District's Premises") will remain with the District at all times during which repairs are being effected irrespective of the location of the equipment on or in the District's Premises; provided, however, that Supplier shall bear the risk of loss of, or damage to, any equipment while such equipment is in the custody or possession of Supplier on the District's Premises or at a location other than the District's Premises. Delivery and transportation costs regarding any replacement equipment shall be paid by Supplier.

In no event, whether based upon contract, tort (including negligence), strict liability or otherwise, and whether arising before or after completion of its obligations under this agreement, shall Supplier be liable to the District for losses or damages (including, but not limited to, loss of use, revenues, inventory or use charges, cost of capital, or claims of the District's users) caused by reason of unavailability of the District's treatment plant, plant shutdowns, or service interruptions, nor shall either party be liable to the other for special, consequential, or penal damages of any nature incurred by the other party or any third party, except that Supplier shall remain fully liable to the extent (i) that Supplier's performance or failure to perform hereunder contributed to such unavailability, shutdown, interruption or damages, (ii) to the extent the losses or damages are covered by insurance required to be maintained by Supplier under Section 00801 (or would be covered by such insurance if actually maintained), and (iii) limited by paragraph 17 below.

12. WAGES: WAGE AND HOUR LAWS; APPRENTICES; PREVAILING WAGES; RECORDS. Supplier stipulates that it shall comply with all applicable wage and hour laws, including without limitation California Labor Code Sections 1810-1813. Supplier shall post job site notices as prescribed by law. To the extent applicable, Supplier shall comply fully with Labor Code Section 1777.5 in the hiring of apprentices for work relating to the Supply.

Supplier and any subsuppliers shall pay prevailing wages as required by applicable laws. Copies of the prevailing rate of per diem 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. However, nothing herein is intended to obligate Supplier or any subsupplier to pay prevailing wages when not otherwise required by applicable law.

Supplier and all subsuppliers shall keep and maintain accurate employee payroll records for all prevailing wage work performed. The payroll records shall be certified and submitted as required by law, including Labor Code Section 1771.4 and 1776, including to the Labor Commissioner (aka Division of Labor Standards Enforcement) no less frequently than monthly. Additionally, the District reserves the right to require submittal of those records to the District at any time.

This is notice that Supplier and any subsuppliers 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 Supplier or subsupplier may be listed on a bid proposal for the Supply 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 Supplier or subsupplier may be awarded the Supply Contract unless registered with the Department of Industrial Relations pursuant to Labor Code section 1725.5.

- 13. NOTICES.** Written notices required or convenient hereunder shall be delivered personally, by recognized overnight courier service, or by depositing the same with the United States Postal Service, certified or registered mail return receipt requested and addressed in the case of Supplier to:

Cummins Sales and Service
Attn: Ben Pingel
14775 Wicks Blvd.
San Leandro, CA 94577

and in the case of the District, to:

Union Sanitary District
Attn: Kevin Chun
5072 Benson Road
Union City, CA 94587

- 14. GOVERNING LAW, VENUE.** This agreement shall be interpreted in accordance with, and the performance of the parties hereunder shall be governed by, the laws of the State of California. Venue for any action brought by either party hereto relating to this agreement shall lie in the County of Alameda, California.
- 15. PARAGRAPH HEADINGS.** Paragraph headings as used herein are for convenience only and shall not be deemed to be a part of such paragraphs and shall not be construed to change the meaning thereof.
- 16. ENTIRE AGREEMENT, WAIVERS, AMENDMENTS.** This Agreement constitutes the entire agreement between the parties pertaining to its subject matter and supersedes all prior or contemporaneous agreements, representations, and understandings of the parties. No supplement, modification or amendment of this agreement shall be binding unless approved and executed by the parties in the same manner as the original agreement. No waiver of any of the provisions of this agreement shall be implied, nor shall an express waiver of one provision be deemed to constitute a waiver of any other provision, irrespective of the similarities of such provisions, nor shall a single waiver of one provision constitute a continuing waiver thereof. No waiver shall be binding unless acknowledged in writing by the party making the waiver.
- 17. LIMITATION OF LIABILITY** - Beyond the cost of providing work, services, materials and equipment (including replacements) for the Project, the aggregate liability of Supplier to the District for any and all liability, damage, loss, claims, demands, judgments, and actions of any nature whatsoever resulting from or in any way attributable to any acts, errors or omissions (including negligence or breach) by Supplier in the performance of or failure to perform its obligations under the Procurement Documents, or otherwise, whether arising in contract, warranty, tort (including negligence), strict liability or otherwise, shall be limited to \$10 million. However, this limitation of liability shall not apply to breaches of any confidentiality obligation, to any act or omission constituting common law fraud, illegal or unlawful conduct or gross negligence or willful misconduct.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement this _____ day of November 2020.

CUMMINS SALES AND SERVICE

Signed By: _____
Tom Golnick

Title: Sales Director

UNION SANITARY DISTRICT

Signed By: _____
Paul R. Eldredge, P.E.

Title: General Manager/District Engineer

Attest By:

Anjali Lathi
Board Secretary
Address: 5072 Benson Road, Union City,
California 94587

Approved as to Form By:

Karen Murphy, District General Counsel

ADDENDUM NO. 3**October 15, 2020****Addendum to the Specifications and Contract Documents for the Standby Power Generation System Supply for the Standby Power Generation System Upgrade Project**

Addendum No. 3 to the Standby Power Generation System Supply for the Standby Power Generation System Upgrade Project shall be incorporated and made part of the Supply Agreement. Addendum No. 3 contains supplemental information and confirmation of the scope of work that the Supplier (Cummins Sales and Service) and the District have agreed to under the Supply Agreement, final bid prices, and other matters. This addendum supersedes the specific bid amounts, and any exclusions or bid conditions noted by the Supplier, in its bid proposal to the District on August 6, 2020. Except as expressly provided in this Addendum, and in the final executed Agreement (Section 00500), all other requirements of the Supply Documents remain unchanged.

1. Supply of the standby power generation system submittal documents per Specifications Sections 26 13 26 and 26 32 13 shall meet the following milestones and contain the following detailed information:

Milestone	Schedule	Description	Specifications Section Reference:
A	42 days after NTP	<p>The Supplier shall submit to the District the following submittal information to meet the requirements of the referenced specifications associated with this milestone:</p> <ul style="list-style-type: none"> • Alternator data sheet showing manufacturer/model, nameplate rating, and synchronous, transient, and sub-transient reactance • System Block Diagram of the Generator and Switchgear equipment • Synchronizer/Protective Relay Diagrams showing manufacturer/model for the automatic synchronizer and supervisory relay if required for PG&E approval • Breaker trip/close schematics • 3-line Diagrams <p>All other submittal information, except the internal interconnection wiring and internal interconnection wiring diagrams of the switchgear, generator control panel, synchronizer panel, and generator, shall be submitted by this milestone.</p>	<p>26 13 36-1.03.A.2, 9, 10, 11, 18</p> <p>26 32 13-2.03.F, G</p> <p>26 32 50-1.02.A.4, 9, 10, 14</p>

B	70 days after approval of Milestone A	The Supplier shall submit to the District the complete schematic and interconnection wiring diagrams of the switchgear, generator control panel, synchronizer panel, and generator.	
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2. The Supplier shall provide a trip-close pistol grip switch at each circuit breaker per Specifications Section 26 13 26-1.13 to allow the District's personnel to manually trip and close each breaker.
3. The Supplier shall provide seismic design drawings, calculations, and data for the generator control system per Specifications Section 26 32 50-1.02.A.8.
4. The Supplier confirmed compliance with the design intent to provide a thermostatically controlled exhaust fan to exhaust the battery system enclosure required by Specifications Section 26 33 13-2.03.B.5 for the switchgear battery system.
5. The Supplier shall provide a cost breakdown for the generators, the paralleling switchgear, fuel day tanks, and mufflers to meet Specifications Section 01341-1.01.B.1 cost breakdown requirements.
6. The Supplier shall meet all Office of Statewide Health Planning and Development Special Seismic Certification Preapproval (OSHDP OSP) certification for the neutral grounding resistors, generator assemblies, and battery charger equipment per the Specifications and Contract Documents.
7. The Supplier shall configure the generator voltage to 12,000 volts to match the actual nominal voltage at the District's Alvarado Wastewater Treatment Plant.
8. The Supplier shall provide a supply bond for a duration of two (2) years to meet Specifications Section 00400 item 5.e requirements.
9. The Supplier shall provide an automatic synchronizer (Model No. MCM3320) which will provide a supervisory and/or synchronization check relay on the utility side if required to meet the requirements of the Pacific Gas and Electric Company.
10. The Supplier confirmed the supply of the proposed medium voltage metal clad switchgear and generator paralleling control system includes the identified sections, breakers, and major components shown in the Bill of Materials submitted in its bid proposal to the District on August 20, 2020.
11. The Supplier shall provide a redundant master Programmable Logic Controller (PLC) as required by Specifications Section 26 32 50-2.03.A.2.a.1.
12. The Supplier shall provide spare PLCs as required by Specifications Section 26 32 50-2.06.

13. The Supplier shall provide sectionalized drip pans per Specifications Section 26 32 13-2.05.B.1.a.

14. The Bid Schedule in Section 00300 shall be adjusted as follows:

Bid Item No.	Bid Item	Original Bid Amount	Final Supply Agreement Amount	% and \$ Change to Original Bid Amount
1	Supply of Submittal Documents	\$15,000	\$30,000	100% \$15,000
2	Supply of Generator Equipment	\$1,780,530	\$1,765,530	(0.8%) (\$15,000)
3	Supply of Switchgear Equipment	\$918,018	\$924,673	0.7% \$6,655
4	Start-up, field testing, commissioning, and testing support	\$57,090	\$57,090	0% \$0
5	Sales Tax	\$264,570.93	\$264,571	0% \$0
6	Delivery	0	0	0% \$0
7	Installation Support	\$10,200	\$10,200	0% \$0
	Total Base Bid:	\$3,045,408.93	\$3,052,064	0.2% \$6,655
Bid Alternate A	Bid Alternate A - Supply of Allen-Bradley Programmable Logic Controllers (PLC) in lieu of Cummins' standard PLC for the generator master control panel	\$70,025.99	\$70,026	0% \$0
	Total Amount:	\$3,115,434.92	\$3,122,090	0.2% \$6,655

15. AMEND the following sentence on Page 3 of Section 00801:

"A provision that the annual general aggregate and the products and completed operations annual aggregate shall apply separately to each project for which the Supplier provides services away from premises owned by or rented by to Supplier."

to read as follows:

"A provision that the annual general aggregate and the products and completed operations annual aggregate limits shall apply separately to this Project."

16. Specification Section 01090-1.02.B is amended to read as follows:

“B. Each of these items is to be considered by reference as part of the Supply Documents, also referred to as Contract Documents and Supply Contract.”

The receipt of this Addendum to the Supply Documents is acknowledged:

SUPPLIER

Cummins Sales and Service

(Type or print Supplier's Name)

Signed By:

Tom Golnick

Signature

Name: Tom Golnick

Title: Sales Director

(Type or print Title)

Dated: 11/3/2020

00510

ASSIGNMENT AND NOVATION AGREEMENT

THIS AGREEMENT is entered this ____ day of _____, 20____, by and among **UNION SANITARY DISTRICT** (hereinafter **Owner**), **[INSERT NAME OF SUPPLIER]** (hereinafter **Supplier**) and **[INSERT NAME OF GENERAL CONTRACTOR]** (hereinafter **"General Contractor"**).

WHEREAS, Owner and Supplier have entered into a certain Supply Contract for the Work or Supply as defined therein to Owner with respect to the SYSTEM SUPPLY (**Supply**) for Owner's STANDBY POWER GENERATION SYSTEM UPGRADE PROJECT (**Project**), which Supply Contract was dated the ____ day of _____, 20____, and is incorporated herein by reference for identification only; and

WHEREAS, Owner has entered into a construction contract with General Contractor for the Project, which contract, _____, was entered into on the ____ day of _____, 20____, and is incorporated into this Agreement by reference (**Construction Contract**); and

WHEREAS, to date Owner has paid Supplier \$_____ under the Supply Contract;

WHEREAS, \$_____ under the Supply Contract relates to Supplier Bid Items 2, 3, 4, 5, 6, and 7 and Bid Alternate ____ which are being assigned to General Contractor hereunder;

WHEREAS, Owner, Supplier and General Contractor now desire to permit the assignment of the Supply Contract by Owner to General Contractor and the assumption by General Contractor of Owner's liability, if any, to Supplier thereunder, so as to substitute General Contractor for Owner and thus cause a novation of the Supply Contract; and

WHEREAS, the parties hereto desire to make this Assignment and Novation because, under the terms of the Construction Contract, General Contractor is obligated to Owner to provide the Work which is the subject of the Supply Contract and the parties desire that Supplier provide such Supply to General Contractor, and that General Contractor and Supplier release Owner with respect to the Supply Contract in accordance with the terms of this Agreement; and

WHEREAS, General Contractor has provided Owner with a labor and material payment bond in the full amount of the Construction Contract; and

WHEREAS, General Contractor's acceptance of the assignment and novation of the Supply Contract is "as is", with no new or additional terms and conditions being imposed upon Supplier by General Contractor, except as otherwise provided in the Supply Documents.

NOW, THEREFORE, the parties agree as follows:

- 1.01. Assignment of Supply Contract and Liabilities:** For good and valuable consideration, the receipt of which is hereby acknowledged, Owner hereby grants and assigns to General Contractor all its right, title and interest in and to the Supply Contract and all liabilities, duties and obligations of Owner arising out of or relating to the Supply Contract. Notwithstanding any other provision of this Assignment and Novation Agreement, Owner retains all of its contractual rights under its contract with Supplier concerning Supplier's performance and guarantees and warranties respecting the Work under the Supply Contract, whether said performance occurs or the Work is provided before or after the date of this Assignment and Novation Agreement, including all rights regarding Supplier's insurance obligations from and after substantial completion of the Project. Owner remains an express third party beneficiary of the Supply Contract.

Dated: _____

UNION SANITARY DISTRICT

By _____

Name and Title

1.02. Assumption of Assignment, Liabilities and Novation: The undersigned authorized representative of (Insert Name of General Contractor) hereby accepts the foregoing assignment, agrees to assume and perform all duties and obligations to be performed by Owner under the Supply Contract therein specified to the same extent as if General Contractor had been an original party thereto, agrees to assume all liabilities, duties and obligations of Owner arising out or relating to the Supply Contract and agrees to the fullest extent permitted by law to release, defend, indemnify and hold Owner harmless from any and all claims, demands, actions, causes of action, suits, proceedings, damages, liabilities and costs and expenses of every nature whatsoever relating to said Supply Contract arising out of or with respect to the performance or non-performance of its duties and obligations.

Dated: _____

[Insert General Contractor Name]

By _____

_____, President

By _____

_____, Secretary

The payment bond surety and performance bond surety of General Contractor hereby consents to the Assumption of Assignment, Liabilities and Novation and grants Supplier and Owner all rights, benefits and privileges under its bonds issued with General Contractor as otherwise afforded as if Supplier were an original Supplier or Subcontractor to General Contractor from inception.

General Contractor's Payment Bond Surety:

General Contractor's Performance Bond Surety:

By _____

By _____

Title _____

Title _____

1.03. Consent by Supplier to Assignment, Assumption and Novation: The undersigned authorized representative of (insert name of Supplier) hereby consents to the foregoing assignment by Owner to General Contractor of the Supply Contract and Owner's liabilities, duties and obligations thereunder and General Contractor's assumption of the same, agrees to look solely to General Contractor for the proper performance of said contract, agrees to and does release Owner from any and all claims, demands, actions, causes of action, suit, proceeding, damages, liabilities and costs and expenses of every kind and nature whatsoever arising out of or relating to the Supply Contract, except with respect to any rights as a stop notice claimant pursuant to the California Civil Code, and agrees that this assignment and assumption shall be effective as a substitution of parties and shall constitute a novation pursuant to California Civil Code Section 1531 and shall be final except as provided in Section 1533.

Dated: _____ [Insert Supplier Name]

By _____

_____, President

By _____

_____, Secretary

The supply bond surety of Supplier hereby consent to the Assumption of Assignment, Liabilities and Novation and grants General Contractor and Owner all rights, benefits and privileges under its bonds issued with Supplier as otherwise afforded as if Supplier were an original Supplier or Supplier to General Contractor from inception. Owner remains an express third party beneficiary of the Supply Contract.

Supplier's Supply Bond Surety:

By _____

Title _____

END OF SECTION

**Directors**

Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

Officers

Paul R. Eldredge
*General Manager/
District Engineer*

Karen W. Murphy
Attorney

**NOVEMBER 9, 2020
BOARD OF DIRECTORS MEETING
AGENDA ITEM # 15**

TITLE: **Award the Construction Contract of the Centrifuge Building Improvements Project to Western Water Constructors, Inc. (*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
 Somporn Boonsalat, Assistant Engineer

Recommendation

Staff recommends the Board waive a minor irregularity in the apparent low bid and award the construction contract, including Bid Alternate A, for the Centrifuge Building Improvements Project (Project) to Western Water Constructors, Inc. (Western Water) in the amount of \$688,000. Funds for the project have been budgeted in the Renewal and Replacement and Capacity Funds.

Discussion

The Project was advertised for bids on September 22, 2020. Three bids were received on October 20, 2020 with the results shown in the table below. Please refer to the attached Table 1 for a detailed breakdown of the bids.

Contractor	Total Contract Price
Western Water Constructors, Inc. Santa Rosa, CA	\$688,000
D. W. Nicholson Corporation Hayward, CA	\$795,000

Contractor	Total Contract Price
TNT Industrial Contractors, Inc. Sacramento, CA	\$1,026,192

The Engineer's Estimate for the Project's Total Contract Price is \$1,650,000, which includes Bid Alternate A for builder's risk insurance. Staff and the design consultant believe the bids were lower in part due to differing assumptions. The Engineer's Estimate included higher contingencies because of manufacturing and labor uncertainties related to COVID-19 at the time the estimate was developed. The Engineer's Estimate also included an assumption that all conveyor components to be modified would need to be disassembled and shipped to the factory for modifications. Western Water indicated that they plan to modify the conveyor components on site and can accomplish the work more efficiently.

Staff reviewed the apparent low bid submitted by Western Water and found a minor bid irregularity with their Site Visit Affidavit. Western Water had mistakenly indicated that they had physically visited the Project site instead of indicating that they had declined to visit the site. When queried about the Site Visit Affidavit, Western Water thought that they had fulfilled the site visit requirement by viewing the work area photos and videos available to all bidders online. Since a site visit was not mandatory but available if requested by the bidders, District's legal counsel determined that the bid irregularity can be waived by the District.

No bid protests were received by the District. Western Water has confirmed that they will construct the Project as bid. Western is a General Engineering Class A licensed contractor who has successfully constructed recent wastewater projects for the City of Manteca, City of Woodland, and SFPUC. Staff contacted two of these agencies and received positive comments on Western's performance on the projects. On September 28, 2020, the District awarded the construction contract of the Aeration Blower No. 11 Project to Western Water in the amount of \$1,652,000.

The contractor has 320 calendar days to complete project construction, which puts the estimated substantial completion in October 2021. Staff will hire a consultant to provide construction management and inspection services for the Project and the Aeration Blower No. 11 Project since both will be constructed during the same period.

Background

The District's Alvarado Wastewater Treatment Plant's Centrifuge Building (see Figure 1) was constructed in 2002 and houses four high-speed centrifuges to dewater digested sludge. The dewatered sludge is then conveyed by a series of shafted screw conveyors to the sludge hoppers for truck loading and disposal. The attached Figures 2 through 3 include photos of the sludge conveyance system that will be modified in the Project.

Project Scope

AECOM completed the Project's design in September 2020. The Project initially included other improvements such as new truck scale installation, Sludge Loadout Room extensions, centrate dilution water piping modifications, potable water booster station, and miscellaneous building mechanical equipment replacement. However, due to budgetary needs at other Plant facilities, staff decided to proceed with the sludge conveyance improvements to address on-going maintenance challenges with the equipment. The other improvements will be included in a future project. The Project's scope includes:

- Removing the existing shafted screws from the Horizontal Conveyor Nos. 1 and 2 and Inclined Sludge Conveyor Nos. 1 and 2.
- Shortening and lowering the existing Horizontal Sludge Conveyor Nos. 1 and 2 trough sections for reuse.
- Extending the existing Inclined Sludge Conveyor Nos. 1 and 2 trough sections.
- Furnishing and Installing new trough liners and shaftless screws into the existing and extended troughs of the Horizontal and Inclined Sludge Conveyors.
- Replacement of conveyor supports and drive units.

Previous Board Action

January 14, 2019, the Board authorized the General Manager to execute an agreement and Task Order No. 1 with AECOM in the amount of \$183,789 for preliminary design services for the Project.

September 23, 2019, the Board authorized the General Manager to execute Task Order No. 2 with AECOM in the amount of \$573,569 for final design services for the Project.

PRE/SEG/RC/SB;mb

Attachments: Figure 1 – Site Plan
Figures 2 and 3 – Photos of the Horizontal and Inclined Sludge Conveyors
Table 1 – Bid Tabulation Sheet
Agreement

Figure 1 - Project Site Plan



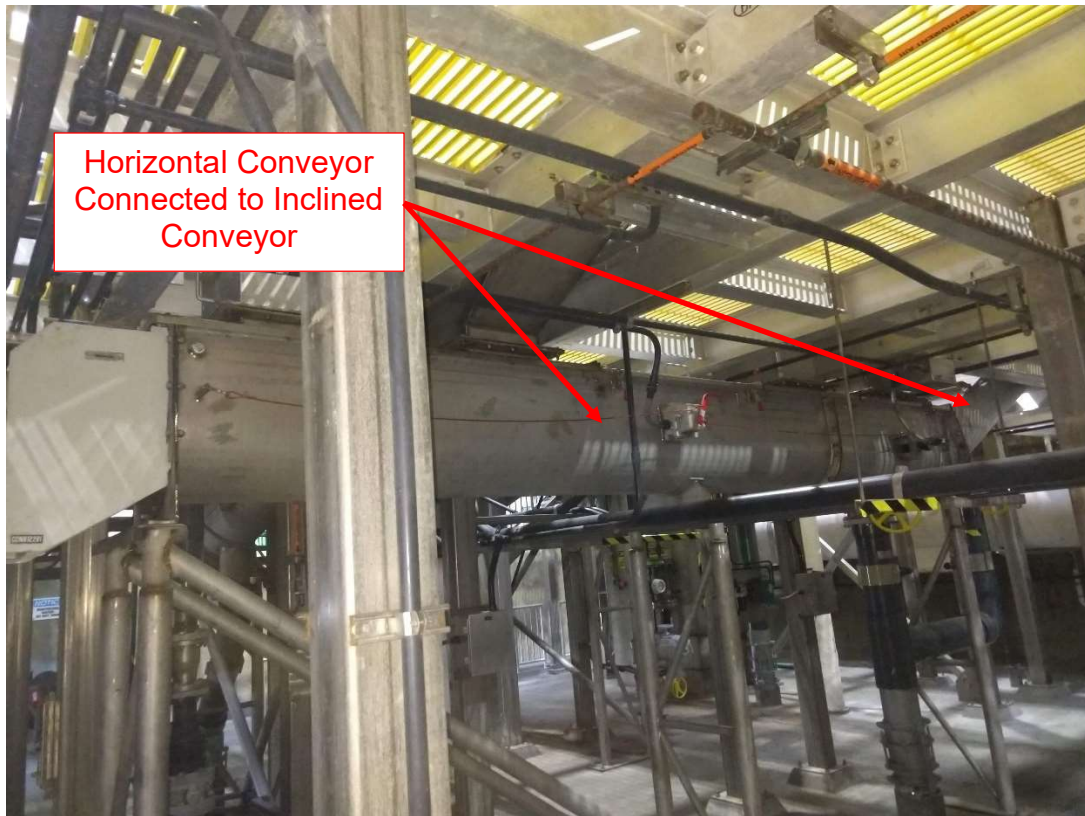


Figure 2 – Horizontal Conveyor under mezzanine



Figure 3 – Inclined Conveyors above mezzanine

Centrifuge Building Improvements Project
Table 1 - Bid Tabulation Sheet

Centrifuge Building Improvements Project, Project No. 800-524

Bid Tabulation

Bid Opening: 2:30 pm, October 20, 2020

Engineer's Estimate: \$1,650,000 (Including Bid Alternate A)

Item	Description	Quantity	Unit	Engineer's Estimate	Western Water Constructors, Inc. Santa Rosa, CA		D. W. Nicholson Corporation Hayward, CA		TNT Industrial Contractors, Inc. Sacramento, CA	
				Total	Unit Price	Total	Unit Price	Total	Unit Price	Total
1	Cost for completing all Work included as part of Contract Documents for Project No. 800-0524, except as specified under item 2, and the bid alternate.	1	LS	\$ 1,650,000	LS	\$ 684,000	LS	\$ 762,000	LS	\$ 1,014,722
2	Cost for providing all shoring and bracing on all Bid Items above including but not limited to that as required by Sections 6700-6708 of the Labor Code.	1	LS	INCL.	LS	\$ 1,000	LS	\$ -	LS	\$ 10,000
Total Base Bid				\$ 1,650,000		\$ 685,000		\$ 762,000		\$ 1,024,722
Bid Alternate A	Builder's Risk Insurance	1	LS	INCL.	LS	\$ 3,000	LS	\$ 33,000	LS	\$ 1,470
Basis of Award - Total Base Bid Plus Bid Alternate A				\$ 1,650,000		\$ 688,000		\$ 795,000		\$ 1,026,192

AGREEMENT FOR THE CONSTRUCTION OF

Centrifuge Building Improvements Project

Project No. 800-0524

THIS AGREEMENT, made and concluded, in duplicate, this _____ day of November 2020, between the UNION SANITARY DISTRICT ("District"), Union City, California, and WESTERN WATER CONSTRUCTORS, INC. ("Contractor"), License No. 188068.

WITNESSETH:

1. That for and in consideration of the payments and agreements hereinafter mentioned, to be made and performed by the District, and under the conditions expressed in the two bonds, bearing even date with these presents, and hereunto annexed, the Contractor agrees with the District, at his/her own proper cost and expense, to do all the work and furnish all the materials necessary to construct and complete in good workmanlike and substantial manner the project entitled: **Centrifuge Building Improvements Project (Project No. 800-0524)** in strict conformity with the plans and specifications prepared therefor, which said plans and specifications are hereby specially referred to and by said reference made a part hereof.

2. Now, therefore, in consideration of the mutual covenants and agreements of the parties herein contained and to be performed, the Contractor hereby agrees to complete the work in accordance with the terms and conditions stipulated in the Contract Documents for the sum of six hundred eighty-eight thousand dollars (\$688,000.00) (the "Contract Price") computed in accordance with Contractor's accepted proposal dated October 20, 2020, which accepted proposal is incorporated herein by reference thereto as if herein fully set forth. This sum includes the following bid alternates that have been accepted by the District and are hereby incorporated in the Agreement: Bid Alternate A. Compensation shall be based upon the lump sum bid items plus the unit prices stated in the Bid Schedule times the actual quantities or units of work and materials performed or furnished. The further terms, conditions, and covenants of this Agreement are set forth in the Contract Documents, each of which is by this reference made a part hereof. Payments are to be made to the Contractor in accordance with the provisions of the Contract Documents and the Technical Specifications in legally executed and regularly issued warrants of the District, drawn on the appropriate fund or funds as required by law and order of the District thereof.

3. The District hereby promises and agrees with the said Contractor to employ, and does hereby employ, the said Contractor to provide the materials and to do the work according to the terms and conditions herein contained and referred to, for the Contract Price, and hereby contracts to pay the same at the time, in the manner and upon the conditions set forth in the Contract Documents; and the said parties for themselves, their heirs, executors, administrators, successors and assigns, do hereby agree to the full performance of the covenants herein contained.

4. The Contractor and any subcontractor performing or contracting any work shall comply with all applicable provisions of the California Labor Code for all workers, laborers and mechanics of all crafts, classifications or types, including, but necessarily limited to the following:

- (a) The Contractor shall comply with all applicable provisions of Section 1810 to 1815, inclusive, of the California Labor Code relating to working hours. The Contractor

shall, as a penalty to the District, forfeit the sum of twenty-five dollars (\$25) for each worker employed in the execution of the Contract by the Contractor or by any subcontractor for each calendar day during which such worker is required or permitted to work more than eight (8) hours in any one calendar day and forty (40) hours in any one calendar week, unless such worker receives compensation for all hours worked in excess of eight (8) hours at not less than 1-1/2 times the basic rate of pay.

(b) Pursuant to the provision of California Labor Code, Sections 1770 et. seq., the Contractor and any subcontractor under him shall pay not less than the prevailing rate of per diem wages as determined by the Director of the California Department of Industrial Relations. Pursuant to the provisions of California Labor Code Section 1773.2, the Contractor is hereby advised that copies of the prevailing rate of per diem wages and a general prevailing rate for holidays, Saturdays and Sundays and overtime work in the locality in which the work is to be performed for each craft, classification, or type of worker required to execute the Contract, are on file in the office of the District, which copies shall be made available to any interested party on request. The Contractor shall post a copy of said prevailing rate of per diem wages at each job site.

(c) As required by Section 1773.1 of the California Labor Code, the Contractor shall pay travel and subsistence payments to each worker needed to execute the work, as such travel and subsistence payments are defined in the applicable collective bargaining agreements filed in accordance with this Section.

(d) To establish such travel and subsistence payments, the representative of any craft, classification, or type of workman needed to execute the contracts shall file with the Department of Industrial Relations fully executed copies of collective bargaining agreements for the particular craft, classification or type of work involved. Such agreements shall be filed within 10 days after their execution and thereafter shall establish such travel and subsistence payments whenever filed 30 days prior to the call for bids.

(e) The Contractor shall comply with the provisions of Section 1775 of the California Labor Code and shall, as a penalty to the District, forfeit not more than two hundred dollars (\$200) for each calendar day, or portion thereof, for each worker paid less than the prevailing rate of per diem wages for each craft, classification, or type of worker needed to execute the contract. The Contractor shall pay each worker an amount equal to the difference between the prevailing wage rates and the amount paid worker for each calendar day or portion thereof for which a worker was paid less than the prevailing wage rate.

(f) As required under the provisions of Section 1776 of the California Labor Code, Contractor and each subcontractor shall keep an accurate payroll record, showing the name, address, social security number, work classification, and 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. Said payroll shall be certified and shall be available for inspection at all reasonable hours at the principal office of the Contractor on the following basis:

(1) A certified copy of an employee's payroll record shall be made available for inspection or furnished to the employee or his or her authorized representative on request.

(2) A certified copy of all payroll records enumerated in Paragraph 4(f), herein, shall be made available for inspection or furnished upon request to the District, the Division of Labor Standards Enforcement, and the Division of Apprenticeship Standards of the Department of Industrial Relations.

(3) A certified copy of all payroll records enumerated in Paragraph 4(f), herein, shall be made available upon request by the public for inspection or for copies thereof; provided, however, that a request by the public shall be made through the District, the Division of Apprenticeship Standards, or the Division of Labor Standards Enforcement. If the requested payroll records have not been provided pursuant to subparagraph 4(e) herein, the requesting party shall, prior to being provided the records, reimburse the costs of preparation by the Contractor, subcontractors, and the entity through which the request was made. The public shall not be given access to the records at the principal offices of the Contractor.

The certified payroll records shall be on forms provided by the Division of Labor Standards Enforcement or shall contain the same information as the forms provided by the division.

Certified payroll records shall be submitted electronically as required under California Labor Code Section 1776 to the Labor Commissioner pursuant to California Code of Regulations Chapter 8, Section 16404.

Each Contractor shall file a certified copy of the records, enumerated in Paragraph 4(f) with the entity that requested the records within 10 days after receipt of a written request. Any copy of records made available for inspection as copies and furnished upon request to the public or any public agency by the District, the Division of Apprenticeship Standards, or the Division of Labor Standards Enforcement shall be marked or obliterated in such a manner as to prevent disclosure of an individual's name, address, and social security number. The name and address of the Contractor awarded the contract or performing the contract shall not be marked or obliterated. The Contractor shall inform the District of the location of the records enumerated under Paragraph 4(f) including the street address, city and county, and shall, within 5 working days, provide a notice of change of location and address. The Contractor shall have 10 days in which to comply subsequent to receipt of written notice specifying in what respects the Contractor must comply with this Paragraph 4(f). In the event that the Contractor fails to comply within the 10-day period, he or she shall, as a penalty to the state or the District, forfeit one hundred dollars (\$100) for each calendar day, or portion thereof, for each worker, until strict compliance is effectuated. Upon the request of the Division of Apprenticeship Standards or the Division of Labor Standards Enforcement, these penalties shall be withheld from progress payments then due. Responsibility for compliance with Paragraph 4(f) lies with the Contractor.

(g) The Contractor and any subcontractors shall, when they employ any person in any apprenticeable craft or trade, apply to the joint apprenticeship committee administering the apprenticeship standards of the craft or trade in the area of the construction site for a certificate approving the Contractor or subcontractor under the apprenticeship standards for the employment and training of apprentices in the area or industry affected; and shall comply with all other requirements of Section 1777.5 of the California Labor Code. The responsibility of compliance with California Labor Code Section 1777.5 during the performance of this contract rests with the Contractor. Pursuant to California Labor Code Section 1777.7, in the event the Contractor willfully fails to comply with the provisions of

California Labor Code Section 1777.5, the Contractor shall be denied the right to bid on any public works contract for up to three (3) years from the date noncompliance is determined and be assessed civil penalties.

(h) In accordance with the provisions of Article 5, Chapter 1, Part 7, Division 2 (commencing with Section 1860), and Chapter 4, Part 1, Division 4 (commencing with Section 3700) of the California Labor Code, the Contractor is required to secure the payment of compensation to its employees and for that purpose obtain and keep in effect adequate Workers' Compensation Insurance. If the Contractor, in the sole discretion of the District satisfies the District of the responsibility and capacity under the applicable Workers' Compensation Laws, if any, to act as self-insurer, the Contractor may so act, and in such case, the insurance required by this paragraph need not be provided.

The Contractor is advised of the provisions of Section 3700 of the California Labor Code, which requires every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of that Code and shall comply with such provisions and have Employer's Liability limits of \$1,000,000 per accident before commencing the performance of the work of this Contract.

The Notice to Proceed with the Work under this Contract will not be issued, and the Contractor shall not commence work, until the Contractor submits written evidence that it has obtained full Workers' Compensation Insurance coverage for all persons whom it employs or may employ in carrying out the work under this Contract. This insurance shall be in accordance with the requirements of the most current and applicable state Workers' Compensation Insurance Laws. In accordance with the provisions of Section 1861 of the California Labor Code, the Contractor in signing this agreement certifies to the District as true the following statement: "I am aware of the provisions of Section 3700 of the Labor Code which requires every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of that Code, and I will comply with such provisions before commencing the performance of the work of this contract."

A subcontractor is not allowed to commence work on the project until verification of Workers' Compensation Insurance coverage has been obtained and verified by the Contractor and submitted to the Construction Manager for the District's review and records.

(i) In accordance with the provisions of Section 1727 of the California Labor Code, the District, before making payment to the Contractor of money due under a contract for public works, shall withhold and retain therefrom all wages and penalties which have been forfeited pursuant to any stipulation in the contract, and the terms of Chapter 1, Part 7, Division 2 of the California Labor Code (commencing with Section 1720). But no sum shall be withheld, retained or forfeited, except from the final payment, without a full investigation by either the Division of Labor Standards Enforcement or by the District.

5. It is further expressly agreed by and between the parties hereto that should there be any conflict between the terms of this Agreement the instrument and the bid proposal of said Contractor, then this Agreement instrument shall control, and nothing herein contained shall be considered as an acceptance of the said terms of said proposal conflicting herewith.

6. The Contractor agrees to provide and maintain insurance coverage, and to indemnify and save harmless the parties named and in the manner set forth in Section 00800-2.0, **LIABILITY AND INSURANCE**, of the Supplementary General Conditions of the Specifications.

The duty of Contractor to indemnify and save harmless, as set forth herein, shall include a duty to defend as set forth in Section 2778 of the California Civil Code; provided, however, that nothing herein shall be construed to require Contractor to indemnify against any responsibility or liability in contravention of Section 2782 of the California Civil Code.

7. The Contractor shall diligently prosecute the work so that it shall be substantially completed within the time specified in Section 00800-1.1, **Time Allowed for Completion**.

8. Except as otherwise may be provided herein, Contractor hereby expressly guarantees for one (1) full year from the date of the substantial completion of the work under this agreement and acceptance thereof by the District, to repair or replace any part of the work performed hereunder which constitutes a defect resulting from the use of inferior or defective materials, equipment or workmanship. If, within said period, any repairs or replacements in connection with the work are, in the opinion of the District, rendered necessary as the result of the use of inferior or defective materials, equipment or workmanship, Contractor agrees, upon receipt of notice from District, and without expense to District, to promptly repair or replace such material or workmanship and/or correct any and all defects therein. If Contractor, after such notice, fails to proceed promptly to comply with the terms of this guarantee, District may perform the work necessary to effectuate such correction and recover the cost thereof from the Contractor and/or its sureties.

In special circumstances where a particular item of work or equipment is placed in continuous service before substantial completion of the Work, the correction period for that item may start to run from an earlier date. This date shall be agreed upon in writing by the Contractor and District on or before the item is placed in continuous service.

Any and all other special guarantees which may be applicable to definite parts of the work under this agreement shall be considered as an additional guarantee and shall not reduce or limit the guarantee as provided by Contractor pursuant to this paragraph during the first year of the life of such guarantee.

9. The Contractor shall provide, on the execution of this Agreement, a good and sufficient corporate surety bond in the penal sum of one hundred percent (100%) of the Contract Price, which bond shall be on the form provided by the District in Section 00610, **FORM OF PERFORMANCE BOND**, and be conditioned upon the faithful performance of all work required to be performed by the Contractor under this Agreement. Said bond shall be liable for any and all penalties and obligations which may be incurred by Contractor under this Agreement. The corporate surety bond shall be issued by a corporate surety that possesses a minimum rating from A. M. Best Company of A:VII and that is approved by the District. The corporate surety shall be authorized to conduct business in California. At its discretion, the District may request that a certified copy of the certificate of authority of the insurer issued by the Insurance Commissioner of the State of California be submitted by the surety to the District. At its discretion, the District may also require the insurer to provide copies of its most recent annual statement and quarterly statement filed with the Department of Insurance pursuant to Article 10 (commencing with Section 900) of Chapter 1 of Part 2 of Division 1 of the Insurance Code.

10. In addition to the bond required under Paragraph 9, hereof, Contractor shall furnish a good and sufficient corporate surety bond in the penal sum of one hundred percent (100%) of the Contract Price, which bond shall be on the form provided by the District in Section 00620, **PAYMENT BOND**, and conform strictly with the provisions of Sections 9550 et seq. of the Civil Code, and all amendments thereto. The corporate surety bond shall be issued by a corporate surety that possesses a minimum rating from A. M. Best Company of A:VII and that is approved

by the District. The corporate surety shall be authorized to conduct business in California. At its discretion, the District may request that a certified copy of the certificate of authority of the insurer issued by the Insurance Commissioner of the State of California be submitted by the surety to the District. At its discretion, the District may also require the insurer to provide copies of its most recent annual statement and quarterly statement filed with the Department of Insurance pursuant to Article 10 (commencing with Section 900) of Chapter 1 of Part 2 of Division 1 of the Insurance Code.

11. The Contractor may substitute securities for the amounts retained by the District to ensure performance of the work in accordance with the provisions of Section 22300 of the Public Contract Code.

12. The Contractor shall be provided the time period specified in Section 01340-2.0, **MATERIAL AND EQUIPMENT SUBSTITUTIONS**, for submission of data substantiating a request for a substitution of an "or equal" item.

13. As required by Section 6705 of the California Labor Code and in addition thereto, whenever work under the Contract involves the excavation of any trench or trenches five feet or more in depth, the Contractor shall submit in advance of excavations, a detailed plan showing the design of shoring, bracing, sloping, or other provisions to be made for worker protection from the hazard of caving ground during the excavation of such trench or trenches. If such plan varies from the shoring system standards established by the Construction Safety Orders of the Division of Industrial Safety in Title 8, Subchapter 4, Article 6, California Code of Regulations, the plan shall be prepared by a registered civil or structural engineer employed by the Contractor, and all costs therefore shall be included in the price named in the Contract for completion of the work as set forth in the Contract Documents. Nothing in this Section shall be deemed to allow the use of a shoring, sloping, or other protective system less effective than that required by the Construction Safety Orders. Nothing in this Section shall be construed to impose tort liability on the District, the Design Consultant, Construction Manager or any of their agents, consultants, or employees. The District's review of the Contractor's excavation plan is only for general conformance to the California Construction Safety Orders.

Prior to commencing any excavation, the Contractor shall designate in writing to the Construction Manager the "competent person(s)" with the authority and responsibilities designated in the Construction Safety Orders.

14. In accordance with Section 7104 of the Public Contract Code, whenever any work involves digging trenches or other excavations that extend deeper than four feet below the surface, the provisions of Section 00700-7.2, **Differing Site Conditions**, shall apply.

15. In accordance with Section 7103.5 of the Public Contract Code, the Contractor and subcontractors shall conform to the following requirements. In entering into a public works contract or a subcontract to supply goods, services, or materials pursuant to a public works contract, the Contractor or subcontractor offers and agrees to assign to the District all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Section 15) or under the Cartwright Act [Chapter 2 (commencing with Section 16700) of Part 2 of Division 7 of the Business and Professions Code], arising from purchases of goods, materials or services pursuant to this Contract or the subcontract. Such assignment shall be made and become effective at the time the District tenders final payment to the Contractor, without further acknowledgment by the parties.

16. In accordance with Section 4552 of the Government Code, the Contractor shall conform to the following requirements. In submitting a bid to the District, the Contractor offers and agrees that if the bid is accepted, it will assign to the District all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Section 15) or under the Cartwright Act [Chapter 2 (commencing with Section 16700) of Part 2 of Division 7 of the Business and Professions Code], arising from purchase of goods, materials, or services by the Contractor for sale to the District pursuant to the bid. Such assignment shall be made and become effective at the time the District tenders final payment to the Contractor.

17. Pursuant to Public Contract Code Section 7100, the acceptance by the Contractor of an undisputed payment made under the terms of the Contract shall operate as, and shall be, a release to the District, and their duly authorized agents, from all claim of and/or liability to the Contractor arising by virtue of the contract related to those amounts. Disputed contract claims in stated amounts may be specifically excluded by the Contractor from the operation of the release.

18. In accordance with California Business and Professions Code Section 7030, the Contractor is required by law to be licensed and regulated by the Contractors' State License Board which has jurisdiction to investigate complaints against contractors if a complaint regarding a patent act or omission is filed within four years of the date of the alleged violation. A complaint regarding a latent act or omission pertaining to structural defects must be filed within 10 years of the date of the alleged violation. Any questions concerning the Contractor may be referred to the Registrar, Contractors' State License Board, P.O. Box 26000, Sacramento, California 95826.

19. INDEMNIFICATION. To the fullest extent permitted by law, Contractor shall indemnify and hold harmless the District from any claims, choses in action or lawsuits, whereby any subcontractor, material or equipment supplier, laborer or any person who supplies work or materials to said work of improvement may claim damages, losses and expenses thereto arising out of or resulting from any claim for performance of work, including the legal defense of any stop notice action as well as attorney fees and costs. District may be required to engage separate legal counsel from that of the Contractor should District and Contractor be both named as defendants, cross-defendants or other parties to any such stop notice action in District's sole discretion. Contractor shall be fully liable for any judgment or damages resulting from any claim for stop notice relief or other liability regarding payment for materials, supplies, labor or equipment under this contract. In claims against any person or entity indemnified under this paragraph by an employee of Contractor, a subcontractor, anyone directly or indirectly employed by them for whose acts they may be liable, the indemnification obligation under this paragraph shall not be limited in amount or type of damages, compensation or benefits payable by or for the Contractor or a subcontractor. In all cases, indemnification shall include attorney fees and court costs.

Unless arising solely out of the active negligence, gross negligence or willful misconduct of the District or the Design Consultant, the Contractor shall indemnify, defend and hold harmless: (1) the District and its Board of Directors, officers, employees, agents and representative; (ii) the Design Consultant and its consultants for the Work and their respective agents and employees; and (iii) if one is designated by the District for the work, the Construction Manager and its agents and employees (collectively "the Indemnified Parties"). The Contractor's obligations hereunder include indemnity, defense and hold harmless of the Indemnified Parties from and against any and all damages, losses, claims, demands or liabilities whether for damages, losses or other relief, including, without limitation attorney's fees and costs which arise, in whole or in part, from the Work, the Contract Documents or the acts, omissions or other conduct of the Contractor or any subcontractor or any person or entity engaged by them for the Work. The Contractor's obligations under the foregoing include without limitation: (i) injuries to or death of persons; (ii) damage to

property; or (iii) theft or loss of property; (iv) stop notice claims asserted by any person or entity in connection with the Work; and (v) other losses, liabilities, damages or costs resulting from, in whole or part, any acts, omissions or other conduct of Contractor, any of Contractor's Subcontractors, of any tier, or any other person or entity employed directly or indirectly by Contractor in connection with the Work and their respective agents, officers or employees. If any action or proceeding, whether judicial, administrative, arbitration or otherwise, shall be commenced on account of any claim, demand or liability subject to Contractor's obligations hereunder, and such action or proceeding names any of the Indemnified Parties as a party thereto, the Contractor, at its sole cost and expense, shall defend the District and the Design Consultant in such action or proceeding with counsel reasonably satisfactory to the Indemnified Parties named in such action or proceeding. In the event that there shall be any judgment, award, ruling, settlement, or other relief arising out of any such action or proceeding to which any of the Indemnified Parties are bound by, Contractor shall pay, satisfy or otherwise discharge any such judgment, award, ruling, settlement or relief. Contractor shall indemnify and hold harmless the Indemnified Parties from any and all liability or responsibility arising out of any such judgment, award, ruling, settlement or relief. The Contractor's obligations hereunder are binding upon Contractor's Performance Bond Surety and these obligations shall survive notwithstanding Contractor's completion of the Work or the termination of the Contract.

IN WITNESS WHEREOF, the parties hereto have executed this agreement this _____ day of November 2020.

WESTERN WATER CONSTRUCTORS, INC.

By: _____

Josh McGarva
President

Address: 707 Aviation Blvd., Santa Rosa, California 95403

UNION SANITARY DISTRICT

By: _____

Anjali Lathi
Board Secretary

Address: 5072 Benson Road, Union City, California 94587

ATTEST:

Karen W. Murphy
Attorney for Union Sanitary District



Directors
Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

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

Karen W. Murphy
Attorney

**NOVEMBER 9, 2020
BOARD OF DIRECTORS MEETING
AGENDA ITEM # 16**

TITLE: Award the Construction Contract of the Calcium Thiosulfate Chemical Feed System Project to D. W. Nicholson Corporation (*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 and Blake Ehlers, Assistant Engineer

Recommendation

Staff recommends the Board waive two minor irregularities in the apparent low bid and award the construction contract for the Calcium Thiosulfate Chemical Feed System Project (Project) to D. W. Nicholson Corporation in the amount of \$624,100.

Discussion

The Project was advertised for bids on September 22, 2020. Three bids were received on October 21, 2020 with the results shown in the table below. Please refer to the attached Table 1 for a detailed breakdown of the bids.

Contractor	Total Contract Price (Total Base Bid Plus Bid Alternate A)
D. W. Nicholson Corporation (DWN) Hayward, CA	\$656,550
TNT Industrial Contractors, Inc. Sacramento, CA	\$696,471
Western Water Constructors, Inc. Santa Rosa, CA	\$877,000

The Engineer's Estimate for the Project's Total Contract Price is \$550,000. The three bids were above the Engineer's Estimate, ranging from 19% to 60% higher. The basis of award is determined by the lowest Total Contract Price which is the sum of the Total Base Bid and Bid

Alternate A for builder's risk insurance. However, the District has the option to include Bid Alternate A in the construction contract award based on the amount submitted by the apparent low bidder. DWN is the apparent low bidder with a bid of \$656,550, which is 19% above the Engineer's Estimate. The difference between the Engineer's Estimate and DWN's apparent low bid is attributed to the following reasons:

- According to DWN, the installation of the mechanical equipment will be more labor intensive than estimated. The installation of the piping and valving will be confined to a small area and may require additional detailing and assembly time. The difference was approximately \$70,000 which includes the contractor's markups.
- DWN's cost to provide builder's risk insurance coverage under Bid Alternate A is \$32,450. Builder's risk insurance is a special type of property insurance that indemnifies against the loss of or damage to a building/structure and equipment under construction. Staff reviewed the cost with the District's insurance advisor and determined the cost to be very high. Staff believes that the amount of the builder's risk coverage should be more line in with the cost provided by the other two bidders which were \$2,000 and \$5,744. Staff does not recommend including this bid alternate in the construction contract and is currently in the process of evaluating the cost to purchase builder's risk coverage from a third-party insurance firm, or utilize the District's course of construction coverage.

Staff reviewed the apparent low bid submitted by DWN and found two minor irregularities with their bid. The first minor irregularity is with the Designation of Subcontractors. DWN provided the incorrect Department of Industrial Relations (DIR) registration number for their asphalt paving subcontractor, Ransome Company. District's legal counsel determined that this bid irregularity can be waived by the District since staff was able to verify Ransome Company's correct DIR registration number as valid and current on the DIR's website. The second minor irregularity was found within the Site Visit Affidavit. DWN had mistakenly indicated that they had visited the Project site instead of indicating that they had declined to visit the site. DWN believed that the online project photos and videos posted by the District counted as a virtual site visit. Since a site visit was not mandatory but available if requested by the bidders, District's legal counsel determined that the irregularity can be waived by the District.

No bid protests were received by the District. DWN has confirmed that they will construct the project as bid. DWN is a General Engineering Class A Licensed Contractor who has successfully constructed recent wastewater projects for the District, including the Chemical Tanks & Piping Replacement Project and the Calcium Thiosulfate Chemical Tank Project. Staff is satisfied with DWN's performance on the projects.

The contractor has 210 calendar days to complete project construction, which puts the estimated substantial completion in June 2021. Staff will provide construction management and inspection services for the Project.

Background

The final effluent from the Alvarado Wastewater Treatment Plant is discharged through the East Bay Dischargers Authority (EBDA) outfall system. However, during peak wet weather flow events, the District's ability to send final effluent to the EBDA system is dependent on the discharge flows from the other EBDA member agencies and the District's contracted capacity in the system. The District also has the option to discharge final effluent to the Hayward Marsh and to the Old Alameda Creek should capacity in the EBDA outfall system become limited. Currently, the Hayward Marsh is unavailable to receive the District's final effluent due to maintenance activities by the East Bay Regional Park District. Staff anticipates the Marsh could remain unavailable for an extended period. Without the ability to divert final effluent to the Marsh during peak wet weather flows that exceed the District's contracted capacity in the EBDA outfall system, the District must utilize the emergency outfall discharge into the Old Alameda Creek.

The Old Alameda Creek is located west of the Alvarado WWTP (See Figure 1 Site Plan) and the emergency outfall pipeline leaves the Alvarado WWTP northwest of the Covered Storage Building. The National Pollution Discharge Elimination System (NPDES) permit requires the District to dechlorinate the final effluent prior to discharging to the Old Alameda Creek. The District currently has a dechlorination system to dose calcium thiosulfate into the final effluent discharged to the Old Alameda Creek. However, the current system is limited in its capacity due to the low storage volume of calcium thiosulfate.

The purpose of this Project is to construct a dechlorination chemical storage and dosing system to handle higher and more frequent final effluent discharges to the Old Alameda Creek with improved dosing controls and increased accuracy. The Project was divided in two phases with Phase 1 being completed in February 2020. Phase 1 included the installation of a 6,650-gallon chemical storage tank on a newly constructed concrete pad. During Phase 2, new pumps, piping, electrical, and instrumentation will be constructed for a complete and functional dechlorination chemical storage and dosing system.

Project Scope

Lee & Ro, Inc. (L&R) designed both phases of the Project. L&R completed the design of Phase 2 in September 2020. The Project's scope includes:

- Furnish and install two Milton Roy diaphragm pumps including all local control panels, variable frequency drives, piping, valves, flowmeters, fittings, conduits and supports, a wiring, instrumentation, and appurtenances.

- Furnish and install one sump pump, including all associated piping, controls, conduits and supports, wiring, and appurtenances.
- Furnish and install a tank level sensor, eyewash stations, recycled water, and potable water piping.
- Perform site demolition and restoration, and construction of electrical duct banks and an overhead utility support structure.

Equipment Selection and Pre-negotiation

During design, L&R evaluated the type of the chemical metering pumps for the new dechlorination system and recommended the Milton Roy Model Milroyal B diaphragm pumps be selected for this Project. Milton Roy Model Milroyal B diaphragm pumps are currently used at other chemical feed systems around the Plant with very few operational and maintenance issues and are also currently listed on the District's Standardized Equipment List in Policy No 2760 to be standardized or sole sourced. There have been no unscheduled repairs to the equipment due to manufacturer defects within the past four years. Selection of the Milton Roy diaphragm pumps will also minimize stocking of spare parts and materials, facilitate efficient replacement of parts, and provide consistent operation and maintenance of the equipment.

To ensure that the cost of the pumps was reasonable, staff pre-negotiated the cost of the new pumps, pump motors, control panels, variable frequency drives, pump appurtenances, and programming services with the pump manufacturer's local representative, Burlingame Engineers. The contractor will be required to procure the equipment and services from Burlingame Engineers, per the terms and conditions of the pre-negotiated proposal included in the construction bid documents.

Previous Board Action

October 14, 2019, the Board awarded the construction contract for the Calcium Thiosulfate Chemical Tank Project (Phase 1) to DWN in the amount of \$257,000.

February 10, 2020, the Board accepted the construction for the Calcium Thiosulfate Chemical Tank Project from DWN.

PRE/SEG/RC/KC/BE;mb

Attachments: Figure 1 – Site Plan
Figures 2 through 4 - Photos of Existing Equipment and Facilities
Table 1 – Bid Tabulation Sheet
Agreement

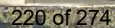




FIGURE 2 – Location of New Calcium Thiosulfate Pumps



FIGURE 3 – Overhead Conduit Support Structure



FIGURE 4 – Existing Calcium Thiosulfate Chemical Feed System

Table 1 - Bid Tabulation Sheet
Calcium Thiosulfate Chemical Feed System Project No. 800-533A

Bid Item No.	Bid Item	Estimated Quantity	Unit	Engineer's Estimate	D.W. Nicholson Corporation Hayward, CA		TNT Industrial Contractors, Inc. Sacramento, CA		Western Water Constructors Santa Rosa, CA	
				Total	Unit Bid Price	Total Bid Price	Unit Bid Price	Total Bid Price	Unit Bid Price	Total Bid Price
1	Completion of all Work included as part of the Contract Documents for Project No. 800-533A, except as specified in Bid Items 2, 3, and the Bid Alternate A.	1	LS		LS	\$542,400	LS	\$606,689	LS	\$792,300
2	Furnish two (2) Milton Roy MilRoyal B metering pumps, components and appurtenances.	1	LS		LS	\$81,700	LS	\$81,700	LS	\$81,700
3	Cost for providing all shoring and bracing on all Bid Items above including but not limited to that as required by Sections 6700-6708 of the Labor Code	1	LS		LS	\$0	LS	\$2,338	LS	\$1,000
Total Base Bid				\$ 550,000		\$624,100		\$690,727		\$875,000
BID ALT A	Builder's Risk Insurance	1	LS		LS	\$32,450	LS	\$5,744	LS	\$2,000
Contract Price - Total Base Bid plus Bid Alternate A				\$550,000		\$656,550		\$696,471		\$877,000
Percentage Above or (Below) the Engineer's Estimate						19.4%		26.6%		59.5%

AGREEMENT FOR THE CONSTRUCTION OF

Calcium Thiosulfate Chemical Feed System Project

Project No. 800-533A

THIS AGREEMENT, made and concluded, in duplicate, this ____ day of November 2020, between the UNION SANITARY DISTRICT ("District"), Union City, California, and D. W. NICHOLSON CORPORATION ("Contractor"), License No. 68847.

W I T N E S S E T H :

1. That for and in consideration of the payments and agreements hereinafter mentioned, to be made and performed by the District, and under the conditions expressed in the two bonds, bearing even date with these presents, and hereunto annexed, the Contractor agrees with the District, at his/her own proper cost and expense, to do all the work and furnish all the materials necessary to construct and complete in good workmanlike and substantial manner the project entitled: **Calcium Thiosulfate Chemical Feed System Project (800-533A)** in strict conformity with the plans and specifications prepared therefor, which said plans and specifications are hereby specially referred to and by said reference made a part hereof.

2. Now, therefore, in consideration of the mutual covenants and agreements of the parties herein contained and to be performed, the Contractor hereby agrees to complete the work in accordance with the terms and conditions stipulated in the Contract Documents for the sum of six hundred twenty four thousand one hundred dollars (\$624,100.00) (the "Contract Price") computed in accordance with Contractor's accepted proposal dated October 21, 2020, which accepted proposal is incorporated herein by reference thereto as if herein fully set forth. This sum does not include any bid alternates. Compensation shall be based upon the lump sum bid items plus the unit prices stated in the Bid Schedule times the actual quantities or units of work and materials performed or furnished. The further terms, conditions, and covenants of this Agreement are set forth in the Contract Documents, each of which is by this reference made a part hereof. Payments are to be made to the Contractor in accordance with the provisions of the Contract Documents and the Technical Specifications in legally executed and regularly issued warrants of the District, drawn on the appropriate fund or funds as required by law and order of the District thereof.

3. The District hereby promises and agrees with the said Contractor to employ, and does hereby employ, the said Contractor to provide the materials and to do the work according to the terms and conditions herein contained and referred to, for the Contract Price, and hereby contracts to pay the same at the time, in the manner and upon the conditions set forth in the Contract Documents; and the said parties for themselves, their heirs, executors, administrators, successors and assigns, do hereby agree to the full performance of the covenants herein contained.

4. The Contractor and any subcontractor performing or contracting any work shall comply with all applicable provisions of the California Labor Code for all workers, laborers and mechanics of all crafts, classifications or types, including, but necessarily limited to the following:

(a) The Contractor shall comply with all applicable provisions of Section 1810 to 1815, inclusive, of the California Labor Code relating to working hours. The Contractor shall, as a penalty to the District, forfeit the sum of twenty-five dollars (\$25) for each worker employed in the execution of the Contract by the Contractor or by any subcontractor for each calendar day during which such worker is required or permitted to work more than eight (8) hours in any one calendar day and forty (40) hours in any one calendar week, unless such worker receives compensation for all hours worked in excess of eight (8) hours at not less than 1-1/2 times the basic rate of pay.

(b) Pursuant to the provision of California Labor Code, Sections 1770 et. seq., the Contractor and any subcontractor under him shall pay not less than the prevailing rate of per diem wages as determined by the Director of the California Department of Industrial Relations. Pursuant to the provisions of California Labor Code Section 1773.2, the Contractor is hereby advised that copies of the prevailing rate of per diem wages and a general prevailing rate for holidays, Saturdays and Sundays and overtime work in the locality in which the work is to be performed for each craft, classification, or type of worker required to execute the Contract, are on file in the office of the District, which copies shall be made available to any interested party on request. The Contractor shall post a copy of said prevailing rate of per diem wages at each job site.

(c) As required by Section 1773.1 of the California Labor Code, the Contractor shall pay travel and subsistence payments to each worker needed to execute the work, as such travel and subsistence payments are defined in the applicable collective bargaining agreements filed in accordance with this Section.

(d) To establish such travel and subsistence payments, the representative of any craft, classification, or type of workman needed to execute the contracts shall file with the Department of Industrial Relations fully executed copies of collective bargaining agreements for the particular craft, classification or type of work involved. Such agreements shall be filed within 10 days after their execution and thereafter shall establish such travel and subsistence payments whenever filed 30 days prior to the call for bids.

(e) The Contractor shall comply with the provisions of Section 1775 of the California Labor Code and shall, as a penalty to the District, forfeit not more than two hundred dollars (\$200) for each calendar day, or portion thereof, for each worker paid less than the prevailing rate of per diem wages for each craft, classification, or type of worker needed to execute the contract. The Contractor shall pay each worker an amount equal to the difference between the prevailing wage rates and the amount paid worker for each calendar day or portion thereof for which a worker was paid less than the prevailing wage rate.

(f) As required under the provisions of Section 1776 of the California Labor Code, Contractor and each subcontractor shall keep an accurate payroll record, showing the name, address, social security number, work classification, and 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. Said payroll shall be certified and shall be available for inspection at all reasonable hours at the principal office of the Contractor on the following basis:

(1) A certified copy of an employee's payroll record shall be made available for inspection or furnished to the employee or his or her authorized representative on request.

(2) A certified copy of all payroll records enumerated in Paragraph 4(f), herein, shall be made available for inspection or furnished upon request to the District, the Division of Labor Standards Enforcement, and the Division of Apprenticeship Standards of the Department of Industrial Relations.

(3) A certified copy of all payroll records enumerated in Paragraph 4(f), herein, shall be made available upon request by the public for inspection or for copies thereof; provided, however, that a request by the public shall be made through the District, the Division of Apprenticeship Standards, or the Division of Labor Standards Enforcement. If the requested payroll records have not been provided pursuant to subparagraph 4(e) herein, the requesting party shall, prior to being provided the records, reimburse the costs of preparation by the Contractor, subcontractors, and the entity through which the request was made. The public shall not be given access to the records at the principal offices of the Contractor.

The certified payroll records shall be on forms provided by the Division of Labor Standards Enforcement or shall contain the same information as the forms provided by the division.

Certified payroll records shall be submitted electronically as required under California Labor Code Section 1776 to the Labor Commissioner pursuant to California Code of Regulations Chapter 8, Section 16404.

Each Contractor shall file a certified copy of the records, enumerated in Paragraph 4(f) with the entity that requested the records within 10 days after receipt of a written request. Any copy of records made available for inspection as copies and furnished upon request to the public or any public agency by the District, the Division of Apprenticeship Standards, or the Division of Labor Standards Enforcement shall be marked or obliterated in such a manner as to prevent disclosure of an individual's name, address, and social security number. The name and address of the Contractor awarded the contract or performing the contract shall not be marked or obliterated. The Contractor shall inform the District of the location of the records enumerated under Paragraph 4(f) including the street address, city and county, and shall, within 5 working days, provide a notice of change of location and address. The Contractor shall have 10 days in which to comply subsequent to receipt of written notice specifying in what respects the Contractor must comply with this Paragraph 4(f). In the event that the Contractor fails to comply within the 10-day period, he or she shall, as a penalty to the state or the District, forfeit one hundred dollars (\$100) for each calendar day, or portion thereof, for each worker, until strict compliance is effectuated. Upon the request of the Division of Apprenticeship Standards or the Division of Labor Standards Enforcement, these penalties shall be withheld from progress payments then due. Responsibility for compliance with Paragraph 4(f) lies with the Contractor.

(g) The Contractor and any subcontractors shall, when they employ any person in any apprenticeable craft or trade, apply to the joint apprenticeship committee administering the apprenticeship standards of the craft or trade in the area of the construction site for a certificate approving the Contractor or subcontractor under the apprenticeship standards for the employment and training of apprentices in the area or industry affected; and shall comply with all other requirements of Section 1777.5 of the California Labor Code. The responsibility of compliance with California Labor Code Section 1777.5 during the performance of this contract rests with the Contractor. Pursuant to California Labor Code Section 1777.7, in the event the Contractor willfully fails to comply with the provisions of California Labor Code Section 1777.5, the Contractor shall be denied the right to bid on any public works contract for up to three (3) years from the date noncompliance is determined and be assessed civil penalties.

(h) In accordance with the provisions of Article 5, Chapter 1, Part 7, Division 2 (commencing with Section 1860), and Chapter 4, Part 1, Division 4 (commencing with Section 3700) of the California Labor Code, the Contractor is required to secure the payment of compensation to its employees and for that purpose obtain and keep in effect adequate Workers' Compensation Insurance. If the Contractor, in the sole discretion of the District satisfies the District of the responsibility and capacity under the applicable Workers' Compensation Laws, if any, to act as self-insurer, the Contractor may so act, and in such case, the insurance required by this paragraph need not be provided.

The Contractor is advised of the provisions of Section 3700 of the California Labor Code, which requires every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of that Code and shall comply with such provisions and have Employer's Liability limits of \$1,000,000 per accident before commencing the performance of the work of this Contract.

The Notice to Proceed with the Work under this Contract will not be issued, and the Contractor shall not commence work, until the Contractor submits written evidence that it has obtained full Workers' Compensation Insurance coverage for all persons whom it employs or may employ in carrying out the work under this Contract. This insurance shall be in accordance with the requirements of the most current and applicable state Workers' Compensation Insurance Laws. In accordance with the provisions of Section 1861 of the California Labor Code, the Contractor in signing this agreement certifies to the District as true the following statement: "I am aware of the provisions of Section 3700 of the Labor Code which requires every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of that Code, and I will comply with such provisions before commencing the performance of the work of this contract."

A subcontractor is not allowed to commence work on the project until verification of Workers' Compensation Insurance coverage has been obtained and verified by the Contractor and submitted to the Construction Manager for the District's review and records.

(i) In accordance with the provisions of Section 1727 of the California Labor

Code, the District, before making payment to the Contractor of money due under a contract for public works, shall withhold and retain therefrom all wages and penalties which have been forfeited pursuant to any stipulation in the contract, and the terms of Chapter 1, Part 7, Division 2 of the California Labor Code (commencing with Section 1720). But no sum shall be withheld, retained or forfeited, except from the final payment, without a full investigation by either the Division of Labor Standards Enforcement or by the District.

5. It is further expressly agreed by and between the parties hereto that should there be any conflict between the terms of this Agreement the instrument and the bid proposal of said Contractor, then this Agreement instrument shall control, and nothing herein contained shall be considered as an acceptance of the said terms of said proposal conflicting herewith.

6. The Contractor agrees to provide and maintain insurance coverage, and to indemnify and save harmless the parties named and in the manner set forth in Section 00800-2.0, **LIABILITY AND INSURANCE**, of the Supplementary General Conditions of the Specifications.

The duty of Contractor to indemnify and save harmless, as set forth herein, shall include a duty to defend as set forth in Section 2778 of the California Civil Code; provided, however, that nothing herein shall be construed to require Contractor to indemnify against any responsibility or liability in contravention of Section 2782 of the California Civil Code.

7. The Contractor shall diligently prosecute the work so that it shall be substantially completed within the time specified in Section 00800-1.1, **Time Allowed for Completion**.

8. Except as otherwise may be provided herein, Contractor hereby expressly guarantees for one (1) full year from the date of the substantial completion of the work under this agreement and acceptance thereof by the District, to repair or replace any part of the work performed hereunder which constitutes a defect resulting from the use of inferior or defective materials, equipment or workmanship. If, within said period, any repairs or replacements in connection with the work are, in the opinion of the District, rendered necessary as the result of the use of inferior or defective materials, equipment or workmanship, Contractor agrees, upon receipt of notice from District, and without expense to District, to promptly repair or replace such material or workmanship and/or correct any and all defects therein. If Contractor, after such notice, fails to proceed promptly to comply with the terms of this guarantee, District may perform the work necessary to effectuate such correction and recover the cost thereof from the Contractor and/or its sureties.

In special circumstances where a particular item of work or equipment is placed in continuous service before substantial completion of the Work, the correction period for that item may start to run from an earlier date. This date shall be agreed upon in writing by the Contractor and District on or before the item is placed in continuous service.

Any and all other special guarantees which may be applicable to definite parts of the work under this agreement shall be considered as an additional guarantee and shall not reduce or limit the guarantee as provided by Contractor pursuant to this paragraph during the first year of the life of such guarantee.

9. The Contractor shall provide, on the execution of this Agreement, a good and sufficient

Agreement for the Construction of
Calcium Thiosulfate Chemical Feed System Project

corporate surety bond in the penal sum of one hundred percent (100%) of the Contract Price, which bond shall be on the form provided by the District in Section 00610, **FORM OF PERFORMANCE BOND**, and be conditioned upon the faithful performance of all work required to be performed by the Contractor under this Agreement. Said bond shall be liable for any and all penalties and obligations which may be incurred by Contractor under this Agreement. The corporate surety bond shall be issued by a corporate surety that possesses a minimum rating from A. M. Best Company of A:VII and that is approved by the District. The corporate surety shall be authorized to conduct business in California. At its discretion, the District may request that a certified copy of the certificate of authority of the insurer issued by the Insurance Commissioner of the State of California be submitted by the surety to the District. At its discretion, the District may also require the insurer to provide copies of its most recent annual statement and quarterly statement filed with the Department of Insurance pursuant to Article 10 (commencing with Section 900) of Chapter 1 of Part 2 of Division 1 of the Insurance Code.

10. In addition to the bond required under Paragraph 9, hereof, Contractor shall furnish a good and sufficient corporate surety bond in the penal sum of one hundred percent (100%) of the Contract Price, which bond shall be on the form provided by the District in Section 00620, **PAYMENT BOND**, and conform strictly with the provisions of Sections 9550 et seq. of the Civil Code, and all amendments thereto. The corporate surety bond shall be issued by a corporate surety that possesses a minimum rating from A. M. Best Company of A:VII and that is approved by the District. The corporate surety shall be authorized to conduct business in California. At its discretion, the District may request that a certified copy of the certificate of authority of the insurer issued by the Insurance Commissioner of the State of California be submitted by the surety to the District. At its discretion, the District may also require the insurer to provide copies of its most recent annual statement and quarterly statement filed with the Department of Insurance pursuant to Article 10 (commencing with Section 900) of Chapter 1 of Part 2 of Division 1 of the Insurance Code.

11. The Contractor may substitute securities for the amounts retained by the District to ensure performance of the work in accordance with the provisions of Section 22300 of the Public Contract Code.

12. The Contractor shall be provided the time period specified in Section 01340-2.0, **MATERIAL AND EQUIPMENT SUBSTITUTIONS**, for submission of data substantiating a request for a substitution of an "or equal" item.

13. As required by Section 6705 of the California Labor Code and in addition thereto, whenever work under the Contract involves the excavation of any trench or trenches five feet or more in depth, the Contractor shall submit in advance of excavations, a detailed plan showing the design of shoring, bracing, sloping, or other provisions to be made for worker protection from the hazard of caving ground during the excavation of such trench or trenches. If such plan varies from the shoring system standards established by the Construction Safety Orders of the Division of Industrial Safety in Title 8, Subchapter 4, Article 6, California Code of Regulations, the plan shall be prepared by a registered civil or structural engineer employed by the Contractor, and all costs therefore shall be included in the price named in the Contract for completion of the work as set forth in the Contract Documents. Nothing in this Section shall be deemed to allow the use of a shoring, sloping, or other protective system less effective than that required by the Construction Safety Orders. Nothing in this Section shall be construed to impose tort liability on the District, the Design Consultant, Construction Manager

or any of their agents, consultants, or employees. The District's review of the Contractor's excavation plan is only for general conformance to the California Construction Safety Orders.

Prior to commencing any excavation, the Contractor shall designate in writing to the Construction Manager the "competent person(s)" with the authority and responsibilities designated in the Construction Safety Orders.

14. In accordance with Section 7104 of the Public Contract Code, whenever any work involves digging trenches or other excavations that extend deeper than four feet below the surface, the provisions of Section 00700-7.2, **Differing Site Conditions**, shall apply.

15. In accordance with Section 7103.5 of the Public Contract Code, the Contractor and subcontractors shall conform to the following requirements. In entering into a public works contract or a subcontract to supply goods, services, or materials pursuant to a public works contract, the Contractor or subcontractor offers and agrees to assign to the District all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Section 15) or under the Cartwright Act [Chapter 2 (commencing with Section 16700) of Part 2 of Division 7 of the Business and Professions Code], arising from purchases of goods, materials or services pursuant to this Contract or the subcontract. Such assignment shall be made and become effective at the time the District tenders final payment to the Contractor, without further acknowledgment by the parties.

16. In accordance with Section 4552 of the Government Code, the Contractor shall conform to the following requirements. In submitting a bid to the District, the Contractor offers and agrees that if the bid is accepted, it will assign to the District all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Section 15) or under the Cartwright Act [Chapter 2 (commencing with Section 16700) of Part 2 of Division 7 of the Business and Professions Code], arising from purchase of goods, materials, or services by the Contractor for sale to the District pursuant to the bid. Such assignment shall be made and become effective at the time the District tenders final payment to the Contractor.

17. Pursuant to Public Contract Code Section 7100, the acceptance by the Contractor of an undisputed payment made under the terms of the Contract shall operate as, and shall be, a release to the District, and their duly authorized agents, from all claim of and/or liability to the Contractor arising by virtue of the contract related to those amounts. Disputed contract claims in stated amounts may be specifically excluded by the Contractor from the operation of the release.

18. In accordance with California Business and Professions Code Section 7030, the Contractor is required by law to be licensed and regulated by the Contractors' State License Board which has jurisdiction to investigate complaints against contractors if a complaint regarding a patent act or omission is filed within four years of the date of the alleged violation. A complaint regarding a latent act or omission pertaining to structural defects must be filed within 10 years of the date of the alleged violation. Any questions concerning the Contractor may be referred to the Registrar, Contractors' State License Board, P.O. Box 26000, Sacramento, California 95826.

19. **INDEMNIFICATION.** To the fullest extent permitted by law, Contractor shall indemnify and hold harmless the District from any claims, choses in action or lawsuits, whereby any

subcontractor, material or equipment supplier, laborer or any person who supplies work or materials to said work of improvement may claim damages, losses and expenses thereto arising out of or resulting from any claim for performance of work, including the legal defense of any stop notice action as well as attorney fees and costs. District may be required to engage separate legal counsel from that of the Contractor should District and Contractor be both named as defendants, cross-defendants or other parties to any such stop notice action in District's sole discretion. Contractor shall be fully liable for any judgment or damages resulting from any claim for stop notice relief or other liability regarding payment for materials, supplies, labor or equipment under this contract. In claims against any person or entity indemnified under this paragraph by an employee of Contractor, a subcontractor, anyone directly or indirectly employed by them for whose acts they may be liable, the indemnification obligation under this paragraph shall not be limited in amount or type of damages, compensation or benefits payable by or for the Contractor or a subcontractor. In all cases, indemnification shall include attorney fees and court costs.

Unless arising solely out of the active negligence, gross negligence or willful misconduct of the District or the Design Consultant, the Contractor shall indemnify, defend and hold harmless: (1) the District and its Board of Directors, officers, employees, agents and representative; (ii) the Design Consultant and its consultants for the Work and their respective agents and employees; and (iii) if one is designated by the District for the work, the Construction Manager and its agents and employees (collectively "the Indemnified Parties"). The Contractor's obligations hereunder include indemnity, defense and hold harmless of the Indemnified Parties from and against any and all damages, losses, claims, demands or liabilities whether for damages, losses or other relief, including, without limitation attorney's fees and costs which arise, in whole or in part, from the Work, the Contract Documents or the acts, omissions or other conduct of the Contractor or any subcontractor or any person or entity engaged by them for the Work. The Contractor's obligations under the foregoing include without limitation: (i) injuries to or death of persons; (ii) damage to property; or (iii) theft or loss of property; (iv) stop notice claims asserted by any person or entity in connection with the Work; and (v) other losses, liabilities, damages or costs resulting from, in whole or part, any acts, omissions or other conduct of Contractor, any of Contractor's Subcontractors, of any tier, or any other person or entity employed directly or indirectly by Contractor in connection with the Work and their respective agents, officers or employees. If any action or proceeding, whether judicial, administrative, arbitration or otherwise, shall be commenced on account of any claim, demand or liability subject to Contractor's obligations hereunder, and such action or proceeding names any of the Indemnified Parties as a party thereto, the Contractor, at its sole cost and expense, shall defend the District and the Design Consultant in such action or proceeding with counsel reasonably satisfactory to the Indemnified Parties named in such action or proceeding. In the event that there shall be any judgment, award, ruling, settlement, or other relief arising out of any such action or proceeding to which any of the Indemnified Parties are bound by, Contractor shall pay, satisfy or otherwise discharge any such judgment, award, ruling, settlement or relief. Contractor shall indemnify and hold harmless the Indemnified Parties from any and all liability or responsibility arising out of any such judgment, award, ruling, settlement or relief. The Contractor's obligations hereunder are binding upon Contractor's Performance Bond Surety and these obligations shall survive notwithstanding Contractor's completion of the Work or the termination of the Contract.

IN WITNESS WHEREOF, the parties hereto have executed this agreement this _____ day of November 2020.

D. W. NICHOLSON CORPORATION

By: _____

Thomas S. Reed
President, C.E.O.

Address: 24747 Clawiter Road, Hayward, California 94545

UNION SANITARY DISTRICT

By: _____

Anjali Lathi
Board Secretary

Address: 5072 Benson Road, Union City, California 94587

ATTEST:

Karen W. Murphy
Attorney for Union Sanitary District

**Directors**

Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

Officers

Paul R. Eldredge
*General Manager/
District Engineer*

Karen W. Murphy
Attorney

**NOVEMBER 9, 2020
BOARD OF DIRECTORS MEETING
AGENDA ITEM # 17**

TITLE: Authorize the General Manager to Execute Task Order No. 2 with Lee & Ro, Inc. for the Calcium Thiosulfate Chemical Feed System 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 and Blake Ehlers, Assistant Engineer

Recommendation

Staff recommends the Board authorize the General Manager to execute Task Order No. 2 with Lee & Ro, Inc. (L&R) in the amount of \$37,031 to provide engineering services during construction for the Calcium Thiosulfate Chemical Feed System Project (Project).

Discussion

The purpose of this Task Order is to authorize engineering services during construction, such as submittal and shop drawing review, responding to requests for information, and preparation of design clarification memoranda.

The scope of services and fees of Task Order No. 2 with L&R are summarized below:

Task	Task Description	Amount
1	Project Management	\$1,813
2	Review Submittal and Shop Drawing	\$29,460
3	Review RFI	\$4,781
4	Design Clarification Memoranda	\$977
Total Not to Exceed Amount		\$37,031

The task order's total not-to-exceed amount is 5.9 percent of the construction contract amount of \$624,100. For a project of this size and scope, staff expects the fee to be in the range of 3 to 5 percent. The task order amount is on the higher end of the expected fee range due to the number of expected submittals needed to be reviewed on the Project. As a comparison, the table below summarizes the final fees and percentages of engineering services during construction of past plant and pump station projects.

Project	Engineering Services During Construction Cost (A)	Construction Cost (B)	Percentage of A to B
Chemical Tanks and Piping Replacement Project	\$81,768.03	\$2,226,332	3.7%
Primary Digester No. 5 Rehabilitation	\$35,896	\$779,600	4.6%
Newark Pump Station Wetwell Improvements	\$33,857	\$679,100	4.9%
Calcium Thiosulfate Chemical Tank Project (Phase 1)	\$3,783	\$259,000	1.5%

The task order amounts for the Project's agreement with L&R are summarized in the table below:

Task Order / Amendment	Not to Exceed Amount
Task Order No. 1 – Final Design Services	\$69,954
Task Order No. 2 – Engineering Services During Construction	\$37,031
Total	\$106,985

If the construction contract for the Project is awarded during the regularly scheduled Board meeting of November 9, 2020, staff expects to issue the Notice to Proceed to D. W. Nicholson Corporation in November 2020 and anticipates construction to be completed by June 2021. Staff will provide construction management and inspection services for the Project.

Background

The final effluent from the Alvarado Wastewater Treatment Plant is discharged through the East Bay Dischargers Authority (EBDA) outfall system. However, during peak wet weather flow events, the District's ability to send final effluent to the EBDA system is dependent on the discharge flows from the other EBDA member agencies and the District's contracted capacity in the system. The District also has the option to discharge final effluent to the Hayward Marsh and to the Old Alameda Creek should capacity in the EBDA outfall system become limited. Currently, the Hayward Marsh is unavailable to receive the District's final effluent due to maintenance

activities by the East Bay Regional Park District. Staff anticipates the Marsh could remain unavailable for an extended period. Without the ability to divert final effluent to the Marsh during peak wet weather flows that exceed the District's contracted capacity in the EBDA outfall system, the District must utilize the emergency outfall discharge into the Old Alameda Creek.

The Old Alameda Creek is located west of the Alvarado WWTP (See Figure 1 Site Plan) and the emergency outfall pipeline leaves the Alvarado WWTP northwest of the Covered Storage Building. The National Pollution Discharge Elimination System (NPDES) permit requires the District to dechlorinate the final effluent prior to discharging to the Old Alameda Creek. The District currently has a de-chlorination system to dose calcium thiosulfate into the final effluent discharged to the Old Alameda Creek. However, the current system is limited in its capacity due to the low storage volume of calcium thiosulfate.

The purpose of this Project is to construct a dechlorination chemical storage and dosing system to handle higher and more frequent final effluent discharges to the Old Alameda Creek with improved dosing controls and increased accuracy. The Project was divided in two phases with Phase 1 being completed in February 2020. Phase 1 included the installation of a 6,650-gallon chemical storage tank on a newly constructed concrete pad. During Phase 2, new pumps, piping, electrical, and instrumentation will be constructed for a complete and functional dechlorination chemical storage and dosing system.

Project Scope

L&R completed Phase 2 of the Project's design in September 2020. The Project's scope includes:

- Furnish and install two Milton Roy diaphragm pumps including all local control panels, variable frequency drives, piping, valves, flowmeters, fittings, conduits and supports, wiring, instrumentation, and appurtenances.
- Furnish and install one sump pump, including all associated piping, controls, conduits and supports, wiring, and appurtenances.
- Furnish and install a tank level sensor, eyewash stations, recycled water, and potable water piping.
- Perform site demolition and restoration, and construction of electrical duct banks and an overhead utility support structure.

Previous Board Action

October 14, 2019, the Board awarded the construction contract for the Calcium Thiosulfate Chemical Tank Project (Phase 1) to DWN in the amount of \$257,000.

February 10, 2020, the Board accepted the construction for the Calcium Thiosulfate Chemical Tank Project from DWN.

Agenda Item No. 17
Meeting of November 9, 2020
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PRE/SEG/RC/KC/BE;mb

Attachments: Task Order No. 2

Calcium Thiosulfate Chemical Feed System Project

TASK ORDER NO. 2

to

AGREEMENT

BETWEEN

UNION SANITARY DISTRICT

AND

LEE & RO, INC.

FOR

PROFESSIONAL SERVICES

Dated April 13, 2020

1. PURPOSE

The purpose of Task Order No. 2 is to authorize engineering services during construction (ESDC) for the Calcium Thiosulfate Chemical Feed System Project, Project 800-533A (Project). The engineering services included this task order include review of submittals, shop drawings, responding to requests for information (RFI), and preparation of design clarification memorandums. These services are to be performed by the same engineers who worked on the design and possess detailed knowledge about the Project. District staff will update record drawings based on markups provided by the Contractor and reviewed by the District's Construction Manager.

2. PROJECT COORDINATION

All work related to this task order shall be coordinated through the District's Project Manager, Blake Ehlers.

3. SCOPE OF SERVICES

The task numbers in this Scope of Services are associated with the cost data presented in Exhibit A, respectively.

General Scope Assumptions

- Although the Scope of Work is broken down into tasks, the fee estimate for each individual task shall not be considered a “not to exceed” amount for each task. It is anticipated that some tasks may require more effort, and some may require less effort. The Engineer shall have the ability to adjust the budgets within the Scope of Work among tasks to balance the overall level of effort. The Engineer shall not exceed the total budget for the project without written authorization from the District.

Task 1 – Project Management

The Engineer shall provide progress, budget, and schedule monitoring, and reporting under this task. Engineer shall prepare invoices and a monthly progress report that summarizes project status including work accomplished, an earned value report, and reports on budget and schedule.

For budget purposes, the Engineer has assumed a construction duration of 7 months and an average of 1 hour per month for project management tasks.

Task 2 – Review Submittals and Shop Drawings

There will be the following division of submittal review responsibility between Construction Manager and Engineer.

Administrative Submittals: The District’s Construction Manager shall review and provide response to all administrative submittals required by the Contract Document Specifications. Copies of these submittals sent to the Engineer are for information purpose only.

Shop Drawing Submittals: Engineer shall review and provide response to shop drawing submittals as described in the technical specifications of the Contract Documents as requested by the District.

Quality Control Submittals: The District’s Construction Manager will review and provide response to all quality control submittals as described in the Contract Document Specifications, with the exception that the Engineer shall review and provide response to mechanical and electrical testing procedures and testing results. Copies of all other quality control submittals sent to the Engineer are for information purposes only. District’s

Construction Manager will also be responsible for all testing indicated in the Contract Documents to be performed by an entity other than the Contractor.

Temporary Construction Submittals: Engineer shall review and provide response to all temporary construction submittals including temporary piping, supports, electrical, and controls as requested by the District's Construction Manager. District will retain a third-party programmer for review of temporary control related submittals.

Submittals:

Engineer shall respond to requests for submittal review when requested by the District. Engineer shall provide written review comments on the Engineer's review comment sheet and return the review comment sheet to the Construction Manager. Engineer shall complete review of submittal, provide comments, and return review comment sheet within twenty-one (21) calendar days of Engineer's receipt of submittal for normal submittals. Review comments for critical path or expedited submittals shall be returned within ten (10) calendar days of Engineer's receipt of submittal. If for any reason the review cannot be completed within this period, Engineer shall notify Construction Manager and provide reason for delay prior to the end of the specified review period.

The Construction Manager will make an initial review to screen all submittals for form, completeness, and general content conforming to that specified in the Contract Documents before transmitting them to Engineer.

Engineer's submittal review is to determine compliance with the Contract Documents. Submittal review is not intended as acceptance of the work. The review is not intended to relieve the Contractor of his full responsibility for performance as required by the Contract Documents.

The Engineer shall review submittals and shop drawings from the Contractor forwarded by the District. Engineer shall receive, log, review and respond to submittals and shop drawing submittals. For budgeting purposes, Engineer shall respond to approximately 40 submittals and 20 resubmittals assuming an average processing and review time of 4 hours per submittal and 2 hours per resubmittal. For this task, a budget equivalent to about 200 hours have been included but can be higher or lower depending on the actual effort required.

Task 3 – Review RFIs

The Engineer shall review requests for information (RFIs) from the Contractor forwarded by the District. Engineer shall receive, log, review, and respond to RFIs. Engineer shall complete review of RFI, provide response, and return response within seven (7) calendar days of Engineer's receipt of

RFI. For budgeting purposes, Engineer shall respond to 10 RFIs assuming an average review time of 3 hours per RFI response. For this task, a budget equivalent to about 30 hours have been included but can be higher or lower depending on the actual effort required.

Task 4 – Design Clarification Memoranda

Engineer shall issue design clarification memoranda (DCM) where deemed necessary by the Engineer and when requested by the District. Engineer shall provide a written clarification in Engineer's DCM form (including specifications, sketches, or other information as necessary) and issue the design clarification memorandum to the Construction Manager.

A DCM will be issued to 1) clarify Contract Documents when necessary, 2) in the event that modifications to the Contract Documents are desired by the District, or 3) to assist the Construction Manager with the preparation of contract change order requests.

Engineer's budget allowance is based on preparing one (1) DCM at an average of six (6) hours per DCM.

4. DELIVERABLES

- Written responses to submittals as required
- Written responses to RFIs as required
- Clarification Memoranda as required
- Upload information to the District's online project management system, Projectmates
- Monthly invoices and progress reports

5. DIGITAL SUBMITTAL REQUIREMENTS

Not used.

6. EQUIPMENT AND PIPELINE SCHEDULES

Not used.

7. PAYMENT TO THE ENGINEER

Payment to the Engineer shall be as called for in Article 2 of the Agreement. The Multiplier for this work shall be 2.97, the profit shall be 10 percent, and

Calcium Thiosulfate Chemical Feed System Project

Task Order No. 2

Page 5

the not-to-exceed amount shall be \$37,031. 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:

Task Order / Amendment	Not to Exceed Amount	Board Authorization Required?	District Staff Approval
Task Order No. 1 – Final Design Services	\$69,954	No	Paul R. Eldredge
Task Order No. 2 – Engineering Services During Construction	\$37,031	Yes	Paul R. Eldredge
Total	\$106,985		

8. 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.

9. KEY PERSONNEL

Engineering personnel assigned to this Task Order No. 2 are as follows:

<u>Role</u>	<u>Key Person to be Assigned</u>
Project Manager	Zaheer Shaikh, P.E.
Project Engineer	Joshua See

Key personnel shall not be changed except in accordance with Article 8 of the Agreement.

Calcium Thiosulfate Chemical Feed System Project

Task Order No. 2

Page 6

IN WITNESS WHEREOF, the parties hereto have made and executed this Task Order No. 2 as of November ____, 2020 and therewith incorporate it as part of the Agreement.

DISTRICT

ENGINEER

Union Sanitary District

Lee & Ro, Inc.

By: _____
Paul R. Eldredge, P.E.
General Manager/District Engineer

By: _____
Charles Ro, P.E.
President

Date: _____

Date: _____

EXHIBIT A

FEE ESTIMATE

**UNION SANITARY DISTRICT
CALCIUM THIOSULFATE CHEMICAL FEED SYSTEM PROJECT
TASK ORDER NO. 2 - ENGINEERING SERVICES DURING CONSTRUCTION**

Task	PM Shaikh	PE Joshua	SE Golo	EI&C Nabavi	Total Hours	Labor Cost	Mileage		ODC ⁽²⁾	Total
	\$259	\$96	\$159	\$208			Trips	Amount	Total	Cost
1 Project Management	7	0	0	0	7	\$1,813	0	\$0	\$0	\$1,813
2 Review Submittals and Shop Drawings	20	100	40	40	200	\$29,460	0	\$0	\$0	\$29,460
3 Review RFIs	2	10	9	9	30	\$4,781	0	\$0	\$0	\$4,781
4 Design Clarification Memoranda	1	2	2	1	6	\$977	0	\$0	\$0	\$977
Totals (Task 1-4) =	30	112	51	50	243	\$37,031			Totals =	\$37,031

Notes

1. The individual hourly rates include salary, overhead and profit.
2. Other direct costs (ODCs) such as reproduction, delivery, mileage, and travel expenses, will be billed at actual cost.
3. LEE + RO reserves the right to adjust its hourly rate structure and ODC markup at the beginning of the calendar year.

Legend:

PM: Project Manager
PE: Project Engineer
SE: Structural Engineer
EI&C: Elec and I&C Engineer



Directors
Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

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

Karen W. Murphy
Attorney

**NOVEMBER 9, 2020
BOARD OF DIRECTORS MEETING
AGENDA ITEM # 18**

TITLE: Award the Construction Contract of the FY21 Cast Iron/Pipe Lining Project to Southwest Pipeline & Trenchless Corp. *(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
Andrew Baile, Assistant Engineer

Recommendation

Staff recommends the Board waive the minor irregularities in the apparent low bid and award the construction contract for the FY21 Cast Iron/Pipe Lining Project (Project) to Southwest Pipeline & Trenchless Corp. (Southwest) in the amount of \$307,015. Funds for the project have been budgeted in the Renewal and Replacement Fund.

Discussion

The Project was advertised for bids on September 22, 2020. Three bids were received on October 22, 2020 with the results shown in the table below. Please refer to the attached Table 1 for a detailed breakdown of the bids.

Contractor	Total Contract Price
Southwest Pipeline & Trenchless Corp. Torrance, CA	\$307,015
ASG Builders San Francisco, CA	\$334,665
Nor-Cal Pipeline Services West Sacramento, CA	\$395,300

The Engineer's Estimate for the Project's Total Contract Price is \$350,000. The bids ranged from -12.3% to 12.9% of the Engineer's Estimate. The Total Contract Price from Nor-Cal Pipeline Services has been adjusted from the amount of \$412,300 that was announced at the bid opening, due to a mathematical error.

Staff reviewed the apparent low bid submitted by Southwest and found two minor irregularities. For the first irregularity, Southwest had incorrectly tabulated their three-year average Workers' Compensation Experience Modification Rate (EMR) at 0.62 instead of 0.69. The corrected three-year average is still well below the maximum of 1.10 set in the Safety Qualification Criteria section of the Bid Documents. District's legal counsel determined this to be a non-material mathematical error that can be waived as a minor bid irregularity by the District.

The second irregularity in Southwest's bid is the missing forms that should have been attached to the Affidavit of Safety Compliance in the Bid Documents. The forms are used to confirm the bidder's compliance with the safety requirements, equipment, training, and practices as required by CalOSHA. Staff had inadvertently left these forms out of the bid packets provided to bidders. However, Southwest executed and submitted the Affidavit of Safety Compliance that certified that they could furnish satisfactory evidence of compliance with the items identified in the forms. The evidence of compliance will be accomplished during construction phase with the contractor's submittal of their Injury and Illness Prevention Program (Safety Plan). District's legal counsel determined that Southwest cannot dispute whether they are bound by the applicable legal requirements for safety. Legal counsel further determined the omission of these pages is not material, as the contractor must comply with all safety requirements regardless of the inclusion of these pages and can therefore be waived as a minor bid irregularity by the District.

No bid protests were received by the District. Southwest has confirmed that they will construct the Project as bid. Southwest is a General Engineering Class A licensed contractor who has successfully completed Phases 1, 3, 5, and 6 of the District's Cast Iron/Pipe Lining Project since 2010. In addition, Southwest successfully installed cured-in-place pipe (CIPP) liners for Buena Sanitation District, City of Compton, City of Culver City, and City of South Pasadena. Staff contacted two of these agencies and received positive comments on Southwest's performance on the projects.

The contractor has 90 calendar days to complete project construction, which places the estimated substantial completion in March 2021. Staff will perform in-house construction management and inspection services for the Project.

Background

The District's routine television inspection of the collection system identifies pipelines with maintenance problems and structural defects. Many of these sewers were observed to have cast iron pipe segments which are susceptible to corrosion build-up called tuberculation due to presence of hydrogen sulfide gas inside the sewers. Sewer mains with cast iron pipe segments are placed on a more frequent maintenance program, since the corrosion must be closely monitored and cleaned before it becomes problematic. Severe tuberculation can reduce pipe capacity and may cause a blockage in the line. These sewers are scattered throughout the District as they were previously used in the construction of sewer mains specifically for crossings with other utilities, such as storm drain and water pipes. Upon evaluation of remedial alternatives, it was determined that rehabilitation of these sewers by CIPP trenchless method was the most feasible option.

The last two phases of the project (VI and VII) focused on rehabilitation of full-length vitrified clay pipe (VCP) structures. The current FY21 Project is the eighth lining project and will focus on rehabilitation of cast iron pipe sections throughout the District, similar to Phases I through V. The previous phases are summarized as follows:

Project	Number of Repairs	Cost
Phase I	23	\$237,500
Phase II	27	\$252,050
Phase III	22	\$145,500
Phase IV	23	\$436,448
Phase V	24	\$385,424
Phase VI	10	\$242,109
Phase VII	13	\$290,389
Total	142	\$1,989,420

For the FY21 Cast Iron/Pipe Lining Project, 15 sewer mains are in need of rehabilitation due to cast iron pipe corrosion. Please see Figure 1 for the site locations. These moderate to severely corroded pipeline sections have the potential to cause blockages in the lines and cause sanitary sewer overflows.

Upon an evaluation of the remedial alternatives, it was determined that the removal of the corrosion by District forces and rehabilitation of the cast iron pipe sewer mains by a contractor using CIPP method was the most feasible option. This project will install CIPP liners over the “cleaned” cast iron pipe to prevent blockages from occurring and eliminate capacity and maintenance problems.

Previous Board Action

None.

PRE/SEG/RC/ACB;mb

Attachments: Figure 1 – Site Plan

Figures 2 through 5 – Photos of Existing Cast Iron Pipe Condition

Table 1 – Bid Tabulation Sheet

Agreement

**FIGURE 1 : Union Sanitary District
Sewer Drainage Basins**

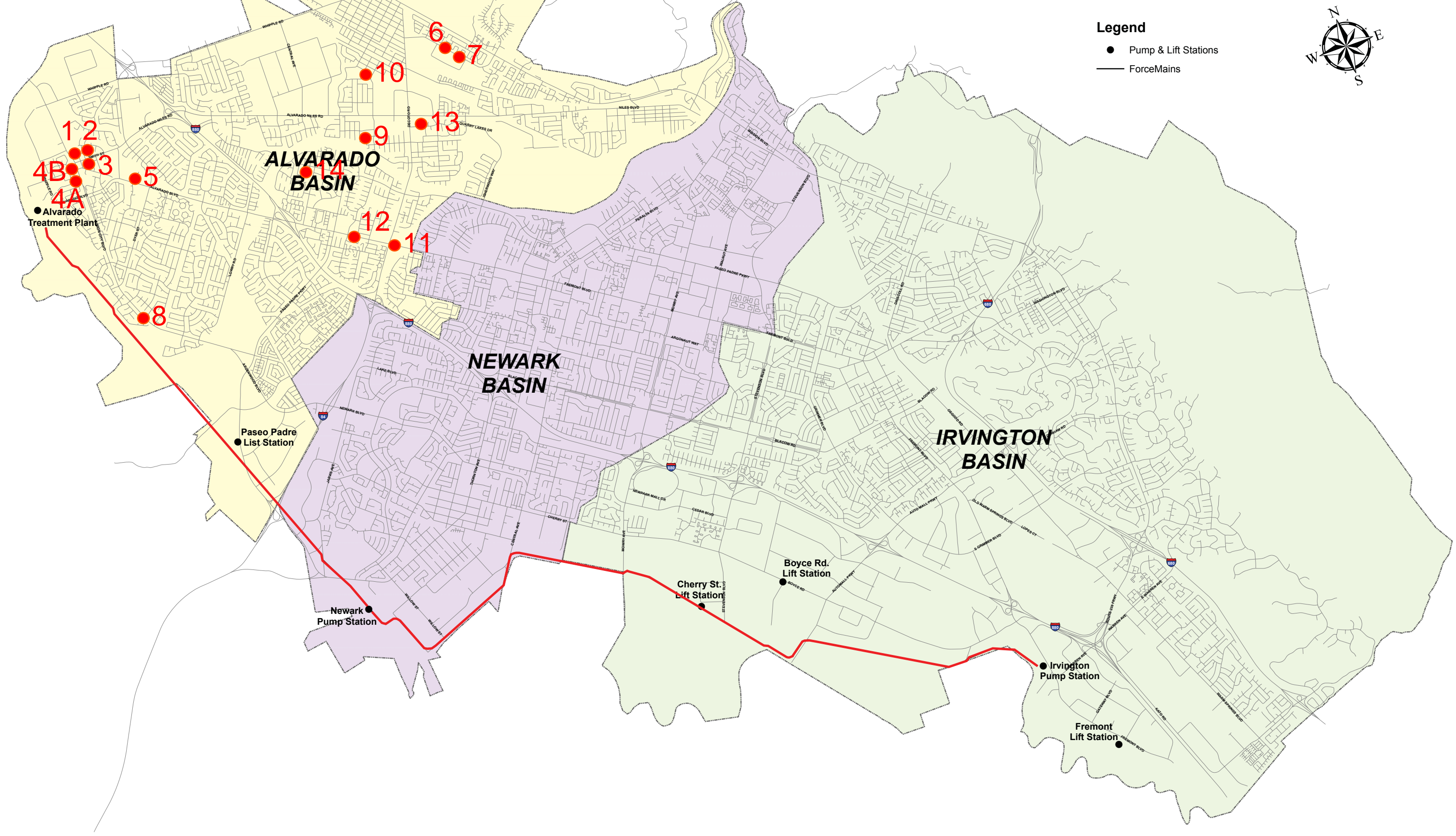


Figure 2



Figure 2 - Site No. 4B, Brier Street, Union City; Observed corrosion.

Figure 3

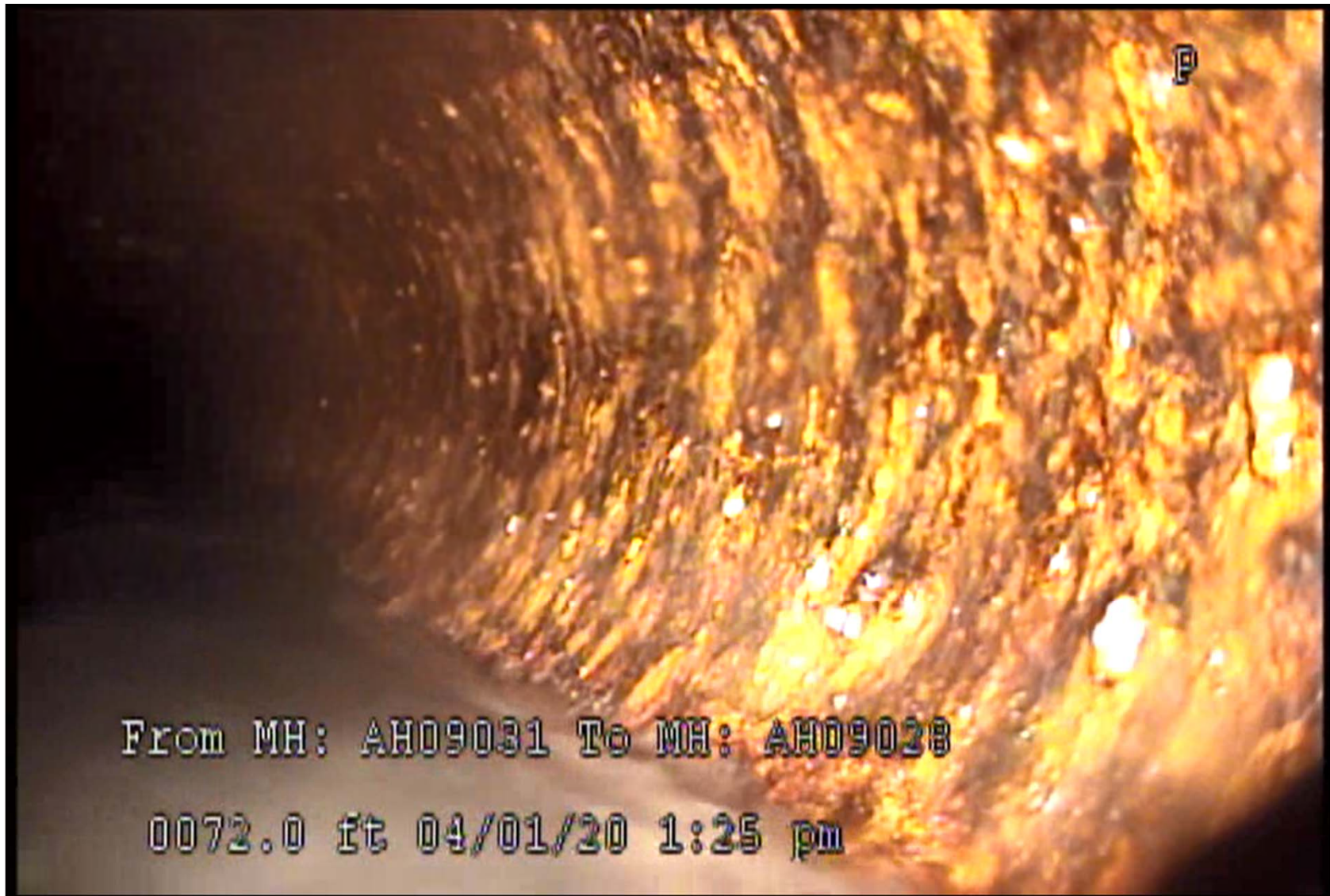


Figure 3 - Site No. 7, 7th Street, Union City; Observed corrosion.

Figure 4



Figure 4 - Site No. 9, Perry Road, Union City; Observed corrosion.

Figure 5



Figure 5 - Site No. 14, Alpine Court, Fremont; Observed corrosion.

Table 1 - Bid Tabulation Sheet

FY21 Cast Iron/Pipe Lining Project
 Bid Opening: 11:30 am, October 22, 2020
 Engineer's Estimate: \$350,000

Bid Item No.	Bid Item	Unit	Estimated Quantity	Southwest Pipeline & Trenchless Corp. (Torrence, CA)	ASG Builders (San Francisco, CA)	Nor-Cal Pipeline Services (West Sacramento, CA)
1	Site No. 1 - Watkins Street (Union City)	LS	1	\$ 18,501.00	\$ 8,944.00	\$ 17,800.00
2	Site No. 2 - Tay Avenue (Union City)	LS	1	\$ 18,501.00	\$ 9,633.00	\$ 16,500.00
3	Site No. 3 - Watkins Street (Union City)	LS	1	\$ 18,501.00	\$ 8,256.00	\$ 22,500.00
4A	Site No. 4A - Marsten Avenue (Union City)	LS	1	\$ 18,501.00	\$ 8,944.00	\$ 17,000.00
4B	Site No. 4B - Brier Street (Union City)	LS	1	\$ 18,501.00	\$ 12,642.00	\$ 25,000.00
5	Site No. 5 - Fair Ranch Road (Union City)	LS	1	\$ 16,001.00	\$ 9,867.00	\$ 38,500.00
6	Site No. 6 - 7th Street (Union City)	LS	1	\$ 19,751.00	\$ 25,284.00	\$ 40,500.00
7	Site No. 7 - 7th Street (Union City)	LS	1	\$ 27,751.00	\$ 32,518.00	\$ 19,500.00
8	Site No. 8 - Rose Way (Union City)	LS	1	\$ 20,751.00	\$ 31,152.00	\$ 19,000.00
9	Site No. 9 - Perry Road (Union City)	LS	1	\$ 10,501.00	\$ 31,916.00	\$ 21,000.00
10	Site No. 10 - G Street (Union City)	LS	1	\$ 16,501.00	\$ 8,256.00	\$ 23,500.00
11	Site No. 11 - Fremont Boulevard (Fremont)	LS	1	\$ 33,001.00	\$ 18,662.00	\$ 21,000.00
12	Site No. 12 - Fremont Boulevard (Fremont)	LS	1	\$ 22,001.00	\$ 60,575.00	\$ 43,500.00
13	Site No. 13 - Partridge Way (Union City)	LS	1	\$ 18,001.00	\$ 24,478.00	\$ 20,000.00
14	Site No. 14 - Alpine Court (Fremont)	LS	1	\$ 16,501.00	\$ 41,538.00	\$ 30,000.00
15	MOBILIZATION & DEMOBILIZATION	LS	1	\$ 13,750.00	\$ 2,000.00	\$ 20,000.00
Total Base Bid				\$ 307,015.00	\$ 334,665.00	\$ 395,300.00
Percent Under/Over Engineer's Estimate				-12.3%	-4.4%	12.9%

AGREEMENT FOR THE CONSTRUCTION OF

FY21 Cast Iron/Pipe Lining Project

Project No. 800-548

THIS AGREEMENT, made and concluded, in duplicate, this ____ day of November 2020, between the UNION SANITARY DISTRICT ("District"), Union City, California, and SOUTHWEST PIPELINE & TRENCHLESS CORP. ("Contractor"), License No. 773862.

WITNESSETH:

1. That for and in consideration of the payments and agreements hereinafter mentioned, to be made and performed by the District, and under the conditions expressed in the two bonds, bearing even date with these presents, and hereunto annexed, the Contractor agrees with the District, at his/her own proper cost and expense, to do all the work and furnish all the materials necessary to construct and complete in good workmanlike and substantial manner the project entitled: **FY21 Cast Iron/Pipe Lining Project (Project No. 800-548)** in strict conformity with the plans and specifications prepared therefor, which said plans and specifications are hereby specially referred to and by said reference made a part hereof.

2. Now, therefore, in consideration of the mutual covenants and agreements of the parties herein contained and to be performed, the Contractor hereby agrees to complete the work in accordance with the terms and conditions stipulated in the Contract Documents for the sum of Three Hundred Seven Thousand Fifteen dollars and zero cents (\$307,015.00) (the "Contract Price") computed in accordance with Contractor's accepted proposal dated October 19, 2020, which accepted proposal is incorporated herein by reference thereto as if herein fully set forth. Compensation shall be based upon the lump sum bid items plus the unit prices stated in the Bid Schedule times the actual quantities or units of work and materials performed or furnished. The further terms, conditions, and covenants of this Agreement are set forth in the Contract Documents, each of which is by this reference made a part hereof. Payments are to be made to the Contractor in accordance with the provisions of the Contract Documents and the Technical Specifications in legally executed and regularly issued warrants of the District, drawn on the appropriate fund or funds as required by law and order of the District thereof.

3. The District hereby promises and agrees with the said Contractor to employ, and does hereby employ, the said Contractor to provide the materials and to do the work according to the terms and conditions herein contained and referred to, for the Contract Price, and hereby contracts to pay the same at the time, in the manner and upon the conditions set forth in the Contract Documents; and the said parties for themselves, their heirs, executors, administrators, successors and assigns, do hereby agree to the full performance of the covenants herein contained.

4. The Contractor and any subcontractor performing or contracting any work shall comply with all applicable provisions of the California Labor Code for all workers, laborers and mechanics of all crafts, classifications or types, including, but necessarily limited to the following:

- (a) The Contractor shall comply with all applicable provisions of Section 1810 to 1815, inclusive, of the California Labor Code relating to working hours. The Contractor

shall, as a penalty to the District, forfeit the sum of twenty-five dollars (\$25) for each worker employed in the execution of the Contract by the Contractor or by any subcontractor for each calendar day during which such worker is required or permitted to work more than eight (8) hours in any one calendar day and forty (40) hours in any one calendar week, unless such worker receives compensation for all hours worked in excess of eight (8) hours at not less than 1-1/2 times the basic rate of pay.

(b) Pursuant to the provision of California Labor Code, Sections 1770 et. seq., the Contractor and any subcontractor under him shall pay not less than the prevailing rate of per diem wages as determined by the Director of the California Department of Industrial Relations. Pursuant to the provisions of California Labor Code Section 1773.2, the Contractor is hereby advised that copies of the prevailing rate of per diem wages and a general prevailing rate for holidays, Saturdays and Sundays and overtime work in the locality in which the work is to be performed for each craft, classification, or type of worker required to execute the Contract, are on file in the office of the District, which copies shall be made available to any interested party on request. The Contractor shall post a copy of said prevailing rate of per diem wages at each job site.

(c) As required by Section 1773.1 of the California Labor Code, the Contractor shall pay travel and subsistence payments to each worker needed to execute the work, as such travel and subsistence payments are defined in the applicable collective bargaining agreements filed in accordance with this Section.

(d) To establish such travel and subsistence payments, the representative of any craft, classification, or type of workman needed to execute the contracts shall file with the Department of Industrial Relations fully executed copies of collective bargaining agreements for the particular craft, classification or type of work involved. Such agreements shall be filed within 10 days after their execution and thereafter shall establish such travel and subsistence payments whenever filed 30 days prior to the call for bids.

(e) The Contractor shall comply with the provisions of Section 1775 of the California Labor Code and shall, as a penalty to the District, forfeit not more than two hundred dollars (\$200) for each calendar day, or portion thereof, for each worker paid less than the prevailing rate of per diem wages for each craft, classification, or type of worker needed to execute the contract. The Contractor shall pay each worker an amount equal to the difference between the prevailing wage rates and the amount paid worker for each calendar day or portion thereof for which a worker was paid less than the prevailing wage rate.

(f) As required under the provisions of Section 1776 of the California Labor Code, Contractor and each subcontractor shall keep an accurate payroll record, showing the name, address, social security number, work classification, and 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. Said payroll shall be certified and shall be available for inspection at all reasonable hours at the principal office of the Contractor on the following basis:

(1) A certified copy of an employee's payroll record shall be made available for inspection or furnished to the employee or his or her authorized representative on request.

(2) A certified copy of all payroll records enumerated in Paragraph 4(f), herein, shall be made available for inspection or furnished upon request to the District, the Division of Labor Standards Enforcement, and the Division of Apprenticeship Standards of the Department of Industrial Relations.

(3) A certified copy of all payroll records enumerated in Paragraph 4(f), herein, shall be made available upon request by the public for inspection or for copies thereof; provided, however, that a request by the public shall be made through the District, the Division of Apprenticeship Standards, or the Division of Labor Standards Enforcement. If the requested payroll records have not been provided pursuant to subparagraph 4(e) herein, the requesting party shall, prior to being provided the records, reimburse the costs of preparation by the Contractor, subcontractors, and the entity through which the request was made. The public shall not be given access to the records at the principal offices of the Contractor.

The certified payroll records shall be on forms provided by the Division of Labor Standards Enforcement or shall contain the same information as the forms provided by the division.

Certified payroll records shall be submitted electronically as required under California Labor Code Section 1776 to the Labor Commissioner pursuant to California Code of Regulations Chapter 8, Section 16404.

Each Contractor shall file a certified copy of the records, enumerated in Paragraph 4(f) with the entity that requested the records within 10 days after receipt of a written request. Any copy of records made available for inspection as copies and furnished upon request to the public or any public agency by the District, the Division of Apprenticeship Standards, or the Division of Labor Standards Enforcement shall be marked or obliterated in such a manner as to prevent disclosure of an individual's name, address, and social security number. The name and address of the Contractor awarded the contract or performing the contract shall not be marked or obliterated. The Contractor shall inform the District of the location of the records enumerated under Paragraph 4(f) including the street address, city and county, and shall, within 5 working days, provide a notice of change of location and address. The Contractor shall have 10 days in which to comply subsequent to receipt of written notice specifying in what respects the Contractor must comply with this Paragraph 4(f). In the event that the Contractor fails to comply within the 10-day period, he or she shall, as a penalty to the state or the District, forfeit one hundred dollars (\$100) for each calendar day, or portion thereof, for each worker, until strict compliance is effectuated. Upon the request of the Division of Apprenticeship Standards or the Division of Labor Standards Enforcement, these penalties shall be withheld from progress payments then due. Responsibility for compliance with Paragraph 4(f) lies with the Contractor.

(g) The Contractor and any subcontractors shall, when they employ any person in any apprenticeable craft or trade, apply to the joint apprenticeship committee administering the apprenticeship standards of the craft or trade in the area of the construction site for a certificate approving the Contractor or subcontractor under the apprenticeship standards for the employment and training of apprentices in the area or industry affected; and shall comply with all other requirements of Section 1777.5 of the California Labor Code. The responsibility of compliance with California Labor Code Section 1777.5 during the performance of this contract rests with the Contractor. Pursuant to California Labor Code Section 1777.7, in the event the Contractor willfully fails to comply with the provisions of California Labor Code Section 1777.5, the Contractor shall be denied the right to bid on any public works contract for up to three (3) years from the date noncompliance is determined and be assessed civil penalties.

(h) In accordance with the provisions of Article 5, Chapter 1, Part 7, Division 2 (commencing with Section 1860), and Chapter 4, Part 1, Division 4 (commencing with Section 3700) of the California Labor Code, the Contractor is required to secure the payment of compensation to its employees and for that purpose obtain and keep in effect adequate Workers' Compensation Insurance. If the Contractor, in the sole discretion of the District satisfies the District of the responsibility and capacity under the applicable Workers' Compensation Laws, if any, to act as self-insurer, the Contractor may so act, and in such case, the insurance required by this paragraph need not be provided.

The Contractor is advised of the provisions of Section 3700 of the California Labor Code, which requires every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of that Code and shall comply with such provisions and have Employer's Liability limits of \$1,000,000 per accident before commencing the performance of the work of this Contract.

The Notice to Proceed with the Work under this Contract will not be issued, and the Contractor shall not commence work, until the Contractor submits written evidence that it has obtained full Workers' Compensation Insurance coverage for all persons whom it employs or may employ in carrying out the work under this Contract. This insurance shall be in accordance with the requirements of the most current and applicable state Workers' Compensation Insurance Laws. In accordance with the provisions of Section 1861 of the California Labor Code, the Contractor in signing this agreement certifies to the District as true the following statement: "I am aware of the provisions of Section 3700 of the Labor Code which requires every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of that Code, and I will comply with such provisions before commencing the performance of the work of this contract."

A subcontractor is not allowed to commence work on the project until verification of Workers' Compensation Insurance coverage has been obtained and verified by the Contractor and submitted to the Construction Manager for the District's review and records.

(i) In accordance with the provisions of Section 1727 of the California Labor Code, the District, before making payment to the Contractor of money due under a contract for public works, shall withhold and retain therefrom all wages and penalties which have been forfeited pursuant to any stipulation in the contract, and the terms of Chapter 1, Part 7, Division 2 of the California Labor Code (commencing with Section 1720). But no sum shall be withheld, retained or forfeited, except from the final payment, without a full investigation by either the Division of Labor Standards Enforcement or by the District.

5. It is further expressly agreed by and between the parties hereto that should there be any conflict between the terms of this Agreement the instrument and the bid proposal of said Contractor, then this Agreement instrument shall control, and nothing herein contained shall be considered as an acceptance of the said terms of said proposal conflicting herewith.

6. The Contractor agrees to provide and maintain insurance coverage, and to indemnify and save harmless the parties named and in the manner set forth in Section 00800-2.0, **LIABILITY AND INSURANCE**, of the Supplementary General Conditions of the Specifications.

The duty of Contractor to indemnify and save harmless, as set forth herein, shall include a duty to defend as set forth in Section 2778 of the California Civil Code; provided, however, that nothing herein shall be construed to require Contractor to indemnify against any responsibility or liability in contravention of Section 2782 of the California Civil Code.

7. The Contractor shall diligently prosecute the work so that it shall be substantially completed within the time specified in Section 00800-1.1, **Time Allowed for Completion**.

8. Except as otherwise may be provided herein, Contractor hereby expressly guarantees for one (1) full year from the date of the substantial completion of the work under this agreement and acceptance thereof by the District, to repair or replace any part of the work performed hereunder which constitutes a defect resulting from the use of inferior or defective materials, equipment or workmanship. If, within said period, any repairs or replacements in connection with the work are, in the opinion of the District, rendered necessary as the result of the use of inferior or defective materials, equipment or workmanship, Contractor agrees, upon receipt of notice from District, and without expense to District, to promptly repair or replace such material or workmanship and/or correct any and all defects therein. If Contractor, after such notice, fails to proceed promptly to comply with the terms of this guarantee, District may perform the work necessary to effectuate such correction and recover the cost thereof from the Contractor and/or its sureties.

In special circumstances where a particular item of work or equipment is placed in continuous service before substantial completion of the Work, the correction period for that item may start to run from an earlier date. This date shall be agreed upon in writing by the Contractor and District on or before the item is placed in continuous service.

Any and all other special guarantees which may be applicable to definite parts of the work under this agreement shall be considered as an additional guarantee and shall not reduce or limit the guarantee as provided by Contractor pursuant to this paragraph during the first year of the life of such guarantee.

9. The Contractor shall provide, on the execution of this Agreement, a good and sufficient corporate surety bond in the penal sum of one hundred percent (100%) of the Contract Price,

which bond shall be on the form provided by the District in Section 00610, **FORM OF PERFORMANCE BOND**, and be conditioned upon the faithful performance of all work required to be performed by the Contractor under this Agreement. Said bond shall be liable for any and all penalties and obligations which may be incurred by Contractor under this Agreement. The corporate surety bond shall be issued by a corporate surety that possesses a minimum rating from A. M. Best Company of A:VII and that is approved by the District. The corporate surety shall be authorized to conduct business in California. At its discretion, the District may request that a certified copy of the certificate of authority of the insurer issued by the Insurance Commissioner of the State of California be submitted by the surety to the District. At its discretion, the District may also require the insurer to provide copies of its most recent annual statement and quarterly statement filed with the Department of Insurance pursuant to Article 10 (commencing with Section 900) of Chapter 1 of Part 2 of Division 1 of the Insurance Code.

10. In addition to the bond required under Paragraph 9, hereof, Contractor shall furnish a good and sufficient corporate surety bond in the penal sum of one hundred percent (100%) of the Contract Price, which bond shall be on the form provided by the District in Section 00620, **PAYMENT BOND**, and conform strictly with the provisions of Sections 9550 et seq. of the Civil Code, and all amendments thereto. The corporate surety bond shall be issued by a corporate surety that possesses a minimum rating from A. M. Best Company of A:VII and that is approved by the District. The corporate surety shall be authorized to conduct business in California. At its discretion, the District may request that a certified copy of the certificate of authority of the insurer issued by the Insurance Commissioner of the State of California be submitted by the surety to the District. At its discretion, the District may also require the insurer to provide copies of its most recent annual statement and quarterly statement filed with the Department of Insurance pursuant to Article 10 (commencing with Section 900) of Chapter 1 of Part 2 of Division 1 of the Insurance Code.

11. The Contractor may substitute securities for the amounts retained by the District to ensure performance of the work in accordance with the provisions of Section 22300 of the Public Contract Code.

12. The Contractor shall be provided the time period specified in Section 01340-2.0, **MATERIAL AND EQUIPMENT SUBSTITUTIONS**, for submission of data substantiating a request for a substitution of an "or equal" item.

13. As required by Section 6705 of the California Labor Code and in addition thereto, whenever work under the Contract involves the excavation of any trench or trenches five feet or more in depth, the Contractor shall submit in advance of excavations, a detailed plan showing the design of shoring, bracing, sloping, or other provisions to be made for worker protection from the hazard of caving ground during the excavation of such trench or trenches. If such plan varies from the shoring system standards established by the Construction Safety Orders of the Division of Industrial Safety in Title 8, Subchapter 4, Article 6, California Code of Regulations, the plan shall be prepared by a registered civil or structural engineer employed by the Contractor, and all costs therefore shall be included in the price named in the Contract for completion of the work as set forth in the Contract Documents. Nothing in this Section shall be deemed to allow the use of a shoring, sloping, or other protective system less effective than that required by the Construction Safety Orders. Nothing in this Section shall be construed to impose tort liability on the District, the Design Consultant, Construction Manager or any of their agents, consultants, or employees. The District's review of the Contractor's excavation plan is

only for general conformance to the California Construction Safety Orders.

Prior to commencing any excavation, the Contractor shall designate in writing to the Construction Manager the "competent person(s)" with the authority and responsibilities designated in the Construction Safety Orders.

14. In accordance with Section 7104 of the Public Contract Code, whenever any work involves digging trenches or other excavations that extend deeper than four feet below the surface, the provisions of Section 00700-7.2, **Differing Site Conditions**, shall apply.

15. In accordance with Section 7103.5 of the Public Contract Code, the Contractor and subcontractors shall conform to the following requirements. In entering into a public works contract or a subcontract to supply goods, services, or materials pursuant to a public works contract, the Contractor or subcontractor offers and agrees to assign to the District all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Section 15) or under the Cartwright Act [Chapter 2 (commencing with Section 16700) of Part 2 of Division 7 of the Business and Professions Code], arising from purchases of goods, materials or services pursuant to this Contract or the subcontract. Such assignment shall be made and become effective at the time the District tenders final payment to the Contractor, without further acknowledgment by the parties.

16. In accordance with Section 4552 of the Government Code, the Contractor shall conform to the following requirements. In submitting a bid to the District, the Contractor offers and agrees that if the bid is accepted, it will assign to the District all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Section 15) or under the Cartwright Act [Chapter 2 (commencing with Section 16700) of Part 2 of Division 7 of the Business and Professions Code], arising from purchase of goods, materials, or services by the Contractor for sale to the District pursuant to the bid. Such assignment shall be made and become effective at the time the District tenders final payment to the Contractor.

17. Pursuant to Public Contract Code Section 7100, the acceptance by the Contractor of an undisputed payment made under the terms of the Contract shall operate as, and shall be, a release to the District, and their duly authorized agents, from all claim of and/or liability to the Contractor arising by virtue of the contract related to those amounts. Disputed contract claims in stated amounts may be specifically excluded by the Contractor from the operation of the release.

18. In accordance with California Business and Professions Code Section 7030, the Contractor is required by law to be licensed and regulated by the Contractors' State License Board which has jurisdiction to investigate complaints against contractors if a complaint regarding a patent act or omission is filed within four years of the date of the alleged violation. A complaint regarding a latent act or omission pertaining to structural defects must be filed within 10 years of the date of the alleged violation. Any questions concerning the Contractor may be referred to the Registrar, Contractors' State License Board, P.O. Box 26000, Sacramento, California 95826.

19. INDEMNIFICATION. To the fullest extent permitted by law, Contractor shall indemnify and hold harmless the District from any claims, choses in action or lawsuits, whereby any subcontractor, material or equipment supplier, laborer or any person who supplies work or

materials to said work of improvement may claim damages, losses and expenses thereto arising out of or resulting from any claim for performance of work, including the legal defense of any stop notice action as well as attorney fees and costs. District may be required to engage separate legal counsel from that of the Contractor should District and Contractor be both named as defendants, cross-defendants or other parties to any such stop notice action in District's sole discretion. Contractor shall be fully liable for any judgment or damages resulting from any claim for stop notice relief or other liability regarding payment for materials, supplies, labor or equipment under this contract. In claims against any person or entity indemnified under this paragraph by an employee of Contractor, a subcontractor, anyone directly or indirectly employed by them for whose acts they may be liable, the indemnification obligation under this paragraph shall not be limited in amount or type of damages, compensation or benefits payable by or for the Contractor or a subcontractor. In all cases, indemnification shall include attorney fees and court costs.

Unless arising solely out of the active negligence, gross negligence or willful misconduct of the District or the Design Consultant, the Contractor shall indemnify, defend and hold harmless: (1) the District and its Board of Directors, officers, employees, agents and representative; (ii) the Design Consultant and its consultants for the Work and their respective agents and employees; and (iii) if one is designated by the District for the work, the Construction Manager and its agents and employees (collectively "the Indemnified Parties"). The Contractor's obligations hereunder include indemnity, defense and hold harmless of the Indemnified Parties from and against any and all damages, losses, claims, demands or liabilities whether for damages, losses or other relief, including, without limitation attorney's fees and costs which arise, in whole or in part, from the Work, the Contract Documents or the acts, omissions or other conduct of the Contractor or any subcontractor or any person or entity engaged by them for the Work. The Contractor's obligations under the foregoing include without limitation: (i) injuries to or death of persons; (ii) damage to property; or (iii) theft or loss of property; (iv) stop notice claims asserted by any person or entity in connection with the Work; and (v) other losses, liabilities, damages or costs resulting from, in whole or part, any acts, omissions or other conduct of Contractor, any of Contractor's Subcontractors, of any tier, or any other person or entity employed directly or indirectly by Contractor in connection with the Work and their respective agents, officers or employees. If any action or proceeding, whether judicial, administrative, arbitration or otherwise, shall be commenced on account of any claim, demand or liability subject to Contractor's obligations hereunder, and such action or proceeding names any of the Indemnified Parties as a party thereto, the Contractor, at its sole cost and expense, shall defend the District and the Design Consultant in such action or proceeding with counsel reasonably satisfactory to the Indemnified Parties named in such action or proceeding. In the event that there shall be any judgment, award, ruling, settlement, or other relief arising out of any such action or proceeding to which any of the Indemnified Parties are bound by, Contractor shall pay, satisfy or otherwise discharge any such judgment, award, ruling, settlement or relief. Contractor shall indemnify and hold harmless the Indemnified Parties from any and all liability or responsibility arising out of any such judgment, award, ruling, settlement or relief. The Contractor's obligations hereunder are binding upon Contractor's Performance Bond Surety and these obligations shall survive notwithstanding Contractor's completion of the Work or the termination of the Contract.

IN WITNESS WHEREOF, the parties hereto have executed this agreement this _____ day of November 2020.

SOUTHWEST PIPELINE & TRENCHLESS CORP.

By: _____

Justin Duchaineau
President

Address: 22118 S. Vermont Ave, Torrance CA 90502

UNION SANITARY DISTRICT

By: _____

Anjali Lathi
Board Secretary

Address: 5072 Benson Road, Union City, California 94587

ATTEST:

Karen W. Murphy
Attorney for Union Sanitary District

**Directors**

Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

Officers

Paul R. Eldredge
*General Manager/
District Engineer*

Karen W. Murphy
Attorney

**NOVEMBER 9, 2020
BOARD OF DIRECTORS MEETING
AGENDA ITEM # 19**

TITLE: COVID-19 Update (*This is an Information Item*)

SUBMITTED: Paul R. Eldredge, General Manager/District Engineer

Recommendation

Information only.

Discussion

None.

Background

General Manager Eldredge will provide an update on the District's COVID-19 response and staffing levels.

Previous Board Action

None.

**UNION SANITARY DISTRICT
CHECK REGISTER
10/17/2020-10/30/2020**

Check No.	Date	Dept	Invoice No.	Vendor	Description	Invoice Amt	Check Am
175945	10/29/2020	110	17430	SYNAGRO WEST LLC	SEPTEMBER 2020 BIOSOLIDS DISPOSAL	\$59,256.94	\$59,256.94
175919	10/29/2020	110	3221	EAST BAY DISCHARGERS AUTHORITY	O&M ASSESSMENT, OCT-DEC 2020	\$58,768.88	\$58,768.88
175844	10/22/2020	170	947	BAY CITY BOILER & ENGINEERING	BACK UP BOILER FOR COGEN REPAIRS	\$44,140.00	\$44,140.00
175845	10/22/2020	114	11384490	BROWN & CALDWELL CONSULTANTS	PRIMARY DIGESTER NO. 7	\$42,354.36	\$42,354.36
175892	10/22/2020	170	2000129	PSC INDUSTRIAL OUTSOURCING LP	SULFA MEDIA REPLACEMENT	\$39,773.53	\$39,773.53
175847	10/22/2020	150	259028	BURKE, WILLIAMS & SORENSON LLP	FORCE MAIN RELOCATION - AUG 2020	\$1,064.96	\$38,036.96
	10/22/2020	150	259030		ETSU - AUG 2020	\$2,429.44	
	10/22/2020	150	259033		STANDBY POWER PROJECT - AUG 2020	\$7,587.84	
	10/22/2020	150	259026		GENERAL LEGAL - AUG 2020	\$4,992.00	
	10/22/2020	150	259276		BIOSOLIDS BID PROTEST - AUG 2020	\$21,962.72	
175866	10/22/2020	173	17001100022259	GE DIGITAL LLC	ANNUAL SCADA SOFTWARE SUPPORT	\$30,452.00	\$30,452.00
175950	10/29/2020	110	99492	USP TECHNOLOGIES	4342 GALS HYDROGEN PEROXIDE	\$19,061.38	\$29,922.24
	10/29/2020	110	99390		2474 GALS HYDROGEN PEROXIDE	\$10,860.86	
175926	10/29/2020	143	800501.1	KIEWIT INFRASTRUCTURE WEST CO	ALVARADO INFLUENT PS PUMPS AND VFDS	\$29,450.00	\$29,450.00
175890	10/22/2020		34693	PREFERRED BENEFIT INSUR ADMINS	OCTOBER 2020 DELTA DENTAL STMT	\$23,307.95	\$26,468.95
	10/22/2020		34694		OCTOBER 2020 VSP STMT	\$3,161.00	

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Check No.	Date	Dept	Invoice No.	Vendor	Description	Invoice Amt	Check Am
175903	10/22/2020	143	181336	WOODARD & CURRAN INC	IRVINGTON BASIN MASTER PLAN UPDATE	\$15,135.50	\$20,282.25
	10/22/2020	143	181263		OLD ALAMEDA CREEK ROWB	\$5,146.75	
175948	10/29/2020	110	48771462	UNIVAR SOLUTIONS USA INC	4900 GALS SODIUM HYPOCHLORITE	\$3,539.65	\$17,410.82
	10/29/2020	110	48767669		4900 GALS SODIUM HYPOCHLORITE	\$3,539.65	
	10/29/2020	110	48763764		4499 GALS SODIUM HYPOCHLORITE	\$3,249.98	
	10/29/2020	110	48765733		4899.8 GALS SODIUM HYPOCHLORITE	\$3,539.50	
	10/29/2020	110	48769426		4903.3 GALS SODIUM HYPOCHLORITE	\$3,542.04	
175897	10/22/2020	110	48758248	UNIVAR SOLUTIONS USA INC	4900 GALS SODIUM HYPOCHLORITE	\$3,539.65	\$17,120.85
	10/22/2020	110	48755480		4899.6 GALS SODIUM HYPOCHLORITE	\$3,539.36	
	10/22/2020	110	48746511		4503.4 GALS SODIUM HYPOCHLORITE	\$3,253.15	
	10/22/2020	110	48753429		4497.7 GALS SODIUM HYPOCHLORITE	\$3,249.04	
	10/22/2020	110	48760067		4900 GALS SODIUM HYPOCHLORITE	\$3,539.65	
175902	10/22/2020	170	4179566	WESTERN ENERGY SYSTEMS	1 COGEN INTERCOOLER	\$16,767.99	\$16,767.99
175924	10/29/2020	170	751944	KAMAN INDUSTRIAL TECHNOLOGIES	EFFLUENT SCREEN CHAIN AND SPROCKETS	\$13,926.05	\$13,926.05
175925	10/29/2020	110	9017688530	KEMIRA WATER SOLUTIONS INC	48,060 LBS FERROUS CHLORIDE	\$6,978.10	\$13,282.09
	10/29/2020	110	9017689912		43,980 LBS FERROUS CHLORIDE	\$6,303.99	
175917	10/29/2020	143	21942	DANIEL MECHANICAL SERVICE CO	PLANT ODOR CONTROL PILOT STUDY - TRAILER MOUNTED SKID	\$12,834.00	\$12,834.00
175848	10/22/2020		20201021	STATE OF CALIFORNIA	SALES & USE TAX 07/01/20 - 09/30/20	\$11,687.10	\$11,687.10
175912	10/29/2020	143	191465	CAROLLO ENGINEERS	ALVARADO INFLUENT PS PUMPS AND VFDS	\$8,848.81	\$8,848.81

**UNION SANITARY DISTRICT
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Check No.	Date	Dept	Invoice No.	Vendor	Description	Invoice Amt	Check Am
175859	10/22/2020	110	1419309	DEPARTMENT OF GENERAL SERVICES	SERV: AUG 2020 PLANT	\$8,545.20	\$8,545.20
175921	10/29/2020		201682004	GATEWAY PRODUCTS GROUP INC	24 EA COGEN SPARK PLUGS	\$8,142.24	\$8,142.24
175862	10/22/2020	173	2019379	FARALLON GEOGRAPHICS INC	PLANT GIS GEOCORTEX ENHANCEMENTS	\$7,500.00	\$7,500.00
175838	10/22/2020		69398	3T EQUIPMENT COMPANY INC	16 PIPE PATCH KITS WINTER	\$7,488.88	\$7,488.88
175920	10/29/2020		6371	ENERGY CHOICE INC	3 OIL FILTER	\$2,066.84	\$7,254.61
	10/29/2020		6380		ASTD COGEN PARTS	\$5,187.77	
175875	10/22/2020	110	9017688642	KEMIRA WATER SOLUTIONS INC	46,320 LBS FERROUS CHLORIDE	\$6,841.46	\$6,841.46
175839	10/22/2020	170	301213	ADVANCED CHEMICAL TRANSPORT	HAZARDOUS MATERIAL MANAGEMENT	\$6,012.80	\$6,012.80
175899	10/22/2020	143	19719	V&A CONSULTING ENGINEERS	CATHODIC PROTECTION IMPROVEMENTS	\$5,900.00	\$5,900.00
175936	10/29/2020	110	1488102	POLYDYNE INC	42,060 LBS CLARIFLOC WE-539	\$5,733.18	\$5,733.18
175904	10/22/2020	143	5027	WORKSMART AUTOMATION INC	HEADWORKS SCREENS REPLACEMENT	\$5,683.50	\$5,683.50
175934	10/29/2020		20285	PACIFIC WATER RESOURCES	2 COGEN SEALS	\$5,455.04	\$5,455.04
175951	10/29/2020	120	11987	VON EUW TRUCKING	46.52 TONS 3/4" CL II AB & SPOILS DUMP FEES	\$4,984.31	\$4,984.31
175906	10/29/2020		69404	3T EQUIPMENT COMPANY INC	7 PIPE PATCH KITS WINTER	\$4,904.51	\$4,904.51
175870	10/22/2020		12142725	HACH COMPANY	15 SENSORS	\$4,289.07	\$4,289.07
175916	10/29/2020	143	3399532	DAILY JOURNAL CORPORATION	AD: CALCIUM THIOSULFATE CHEMICAL TANK	\$1,422.72	\$4,124.64
	10/29/2020	143	3399513		AD: CAST IRON/PIPE LINING - PHASE VIII	\$1,385.28	
	10/29/2020	143	3399498		AD: CENTRIFUGE BUILDING IMPROVEMENTS	\$1,316.64	
175946	10/29/2020	170	9800	TEC ASSOCIATES INC	1 BASE CONTROLLER	\$3,789.54	\$3,789.54

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Check No.	Date	Dept	Invoice No.	Vendor	Description	Invoice Amt	Check Am
175886	10/22/2020		9744	NEWARK INDUSTRIAL PARTNERS LLC	REFUND # 29144	\$3,775.00	\$3,775.00
175935	10/29/2020	173	8479	PAGEFREEZER SOFTWARE INC	ONLINE ANNUAL SERVICE 10/28/20-10/27/21	\$3,576.00	\$3,576.00
175888	10/22/2020	170	013720201009	PACIFIC GAS AND ELECTRIC	SERV TO 10/04/20 BOYCE RD PS	\$3,371.73	\$3,396.37
	10/22/2020	170	140120201012		SERV TO 10/01/20 IRVINGTON PS	\$24.64	
175931	10/29/2020		10095	NEWARK INDUSTRIAL PARTNERS LLC	REFUND # 29151	\$3,300.00	\$3,300.00
175861	10/22/2020		6268	ENERGY CHOICE INC	ASTD COGEN PARTS	\$184.53	\$2,970.83
	10/22/2020		63541		ASTD COGEN PARTS	\$2,786.30	
175860	10/22/2020	173	494081	DLT SOLUTIONS, LLC	AWS CLOUD STORAGE - AUG 2020	\$1,011.60	\$2,933.27
	10/22/2020	173	488739		AWS CLOUD STORAGE - JULY 2020	\$975.58	
	10/22/2020	173	485927		AWS CLOUD STORAGE - JUNE 2020	\$946.09	
175868	10/22/2020		9649304756	GRAINGER INC	ASTD PARTS & MATERIALS	\$390.16	\$2,769.72
	10/22/2020		9655943562		20 PACKS DISPOSABLE GLOVES	\$386.11	
	10/22/2020		9649673879		ASTD PARTS & MATERIALS	\$754.34	
	10/22/2020	111	9653650847		ASTD PARTS & MATERIALS	\$329.39	
	10/22/2020		9652035628		ASTD PARTS & MATERIALS	\$137.19	
	10/22/2020		9653770934		100 PACKS DISPOSABLE GLOVES	\$682.65	
	10/22/2020		9654531343		6 FACE SHIELDS	\$89.88	
175887	10/22/2020	173	1	AYHAN OZCAN	NON-RESIDENTIAL DATABASE DATA EXTRACTION	\$2,325.00	\$2,325.00

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Check No.	Date	Dept	Invoice No.	Vendor	Description	Invoice Amt	Check Am
175873	10/22/2020	141	CYTX676	IRON MOUNTAIN	OFF-SITE STORAGE AND SERVICE - OCT 2020	\$501.03	\$2,146.53
	10/22/2020	141	CYWK920		OFF-SITE STORAGE AND SERVICE - OCT 2020	\$1,345.50	
	10/22/2020	173	202214335		DATA/MEDIA OFF-SITE STORAGE - SEP 2020	\$300.00	
175881	10/22/2020	171	46504796	MCMASTER SUPPLY INC	ASTD PARTS & MATERIALS	\$412.59	\$2,093.57
	10/22/2020		47194090		ASTD PARTS & MATERIALS	\$486.40	
	10/22/2020		47027200		ASTD PARTS & MATERIALS	\$625.03	
	10/22/2020		46963151		ASTD PARTS & MATERIALS	\$569.55	
175915	10/29/2020	173	109322713	COLORADO WASHINGTON INC COMCAST OF	FIBER INTERNET BACKUP - OCT 2020	\$2,040.52	\$2,040.52
175922	10/29/2020		9659528559	GRAINGER INC	ASTD PARTS & MATERIALS	\$98.12	\$2,024.20
	10/29/2020	170	9661639550		ASTD PARTS & MATERIALS	\$341.60	
	10/29/2020		9662818112		ASTD PARTS & MATERIALS	\$268.83	
	10/29/2020		9657133212		30 PACKS DISPOSABLE GLOVES	\$579.15	
	10/29/2020	122	9661319104		ASTD PARTS & MATERIALS	\$6.87	
	10/29/2020		9659951785		1 FLOWMETER	\$130.05	
	10/29/2020		9661673369		ASTD PARTS & MATERIALS	\$599.58	
175853	10/22/2020	173	107553642	COLORADO WASHINGTON INC COMCAST OF	FIBER INTERNET BACKUP - AUG 2020	\$2,010.36	\$2,010.36
175954	10/29/2020	143	181603	WOODARD & CURRAN INC	HEADWORKS SCREENS REPLACEMENT	\$1,900.25	\$1,900.25
175947	10/29/2020	122	139310	TRI-SIGNAL INTEGRATION INC	FIRE PROTECTION SERVICE - MONTHLY CHARGE MONITORING AGREE	\$133.33	\$1,828.33
	10/29/2020	122	139311		ANNUAL FIRE HYDRANT SERVICE AGREEMENT 9/30/20 - 9/29/21	\$1,695.00	

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175840	10/22/2020	121	9105753275	AIRGAS NCN	ASTD PARTS & MATERIALS	\$395.88	\$1,757.72
	10/22/2020	170	9105506347		2 CY ARGON	\$378.02	
	10/22/2020	170	9974423616		CYLINDER RENTAL	\$949.02	
	10/22/2020	121	9105753174		ASTD PARTS & MATERIALS	\$34.80	
175894	10/22/2020	110	20092924	S&S TRUCKING	GRIT HAULING 09/21 & 09/24/2020	\$1,705.53	\$1,705.53
175883	10/22/2020	170	24092800	MOTION INDUSTRIES INC	ASTD PARTS & MATERIALS	\$521.28	\$1,695.63
	10/22/2020	170	24094048		ASTD PARTS & MATERIALS	\$1,109.24	
	10/22/2020		24094074		4 BELTS	\$65.11	
175854	10/22/2020	170	20200928	COMMUNICATION & CONTROL INC	UTILITY FEE/ANTENNA RENTAL	\$1,669.91	\$1,669.91
175841	10/22/2020	120	13954	AMERICAN DISCOUNT SECURITY	09/01/20 - 09/30/20 GUARD AT DISTRICT	\$1,638.00	\$1,638.00
175942	10/29/2020	110	20100727	S&S TRUCKING	GRIT BIN RENTAL 10/01/2020	\$750.00	\$1,540.65
	10/29/2020	110	20100804		GRIT HAULING 09/29/2020	\$790.65	
175884	10/22/2020	122	20200930	NAPA AUTO PARTS	MONTHLY AUTO PARTS STMT - SEPT 2020	\$1,539.11	\$1,539.11
175876	10/22/2020	132	202000903	LAW OFFICE OF LINDA L. DAUBE	LEGAL SERVICES - LABOR/EMPLOYMENT	\$1,495.00	\$1,495.00
175923	10/29/2020	170	3P2520	HARRINGTON INDUSTRIAL PLASTICS	ASTD PVC PARTS & MATERIALS	\$1,127.37	\$1,374.60
	10/29/2020	171	3P2615		ASTD PVC PARTS & MATERIALS	\$104.18	
	10/29/2020		3P2368		ASTD PVC PARTS & MATERIALS	\$70.34	
	10/29/2020	170	3P2614		ASTD PVC PARTS & MATERIALS	\$72.71	

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175857	10/22/2020	143	3399514	DAILY JOURNAL CORPORATION	AD: CAST IRON/PIPE LINING - PHASE VIII	\$414.40	\$1,236.48
	10/22/2020	143	3399499		AD: CENTRIFUGE BUILDING IMPROVEMENTS	\$394.24	
	10/22/2020	143	3399533		AD: CALCIUM THIOSULFATE CHEMICAL TANK	\$427.84	
175877	10/22/2020	173	21287	LOOKINGPOINT INC	ANNUAL PBX AND NETWORK SUPPORT	\$1,225.00	\$1,225.00
175929	10/29/2020	114	2088915	MOBILE MODULAR MANAGEMENT CORP	ETSU TEMPORARY OFFICE SPACE	\$1,071.05	\$1,071.05
175858	10/22/2020		20200925	DALE HARDWARE INC	09/20 - ASTD PARTS & MATERIALS	\$1,066.85	\$1,066.85
175851	10/22/2020	170	21792322	CARBOLINE COMPANY	PAINT & RELATED PAINT SUPPLIES	\$991.20	\$991.20
175864	10/22/2020	170	245710	FRANK A OLSEN COMPANY	1 TPS FEED VALVE ADAPTER	\$957.72	\$957.72
175953	10/29/2020	113	8802460910	VWR INTERNATIONAL LLC	LAB SUPPLIES	\$90.26	\$855.73
	10/29/2020		8802485906		LAB SUPPLIES	\$765.47	
175850	10/22/2020	173	4034071426	CANON SOLUTIONS AMERICA INC	MTHLY MAINTENANCE BASED ON USE	\$414.66	\$729.06
	10/22/2020	173	4034072438		MTHLY MAINTENANCE BASED ON USE	\$314.40	
175928	10/29/2020		47710476	MCMASTER SUPPLY INC	ASTD PARTS & MATERIALS	\$616.90	\$709.41
	10/29/2020		47336057		ASTD PARTS & MATERIALS	\$92.51	
175940	10/29/2020	170	216209	ROCHESTER MIDLAND CORPORATION	HOT WATER LOOP SERVICE	\$690.75	\$690.75
175913	10/29/2020	132	201114687	CLAREMONT BEHAVIORAL SERVICES	NOV 2020 EAP PREMIUMS	\$662.40	\$662.40
175842	10/22/2020	122	1102425396	AMERIPRIDE SERVICES INC	ASTD DUST MOPS, WET MOPS & TERRY TOWEL	\$47.32	\$650.06
	10/22/2020		1102425370		UNIFORM LAUNDERING SERVICE	\$345.56	
	10/22/2020		1102425358		UNIFORM LAUNDERING & RUGS	\$257.18	

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175882	10/22/2020	170	201045	METROMOBILE COMMUNICATIONS INC	RADIO SERVICE - OCT 2020	\$599.08	\$599.08
175874	10/22/2020	170	439514	KAMAN INDUSTRIAL TECHNOLOGIES	4 BALL BEARING	\$593.98	\$593.98
175869	10/22/2020	123	1893677	GRANITE CONSTRUCTION COMPANY	6.08 TONS 1/2"WMA64-10R15LAS	\$543.43	\$543.43
175952	10/29/2020	111	20201022	KAHOU VONG	EXP REIMB: REGISTRATION - CWEA ANNUAL CONF 2020	\$525.00	\$525.00
175872	10/22/2020	122	20854253	INFOR PUBLIC SECTOR, INC	MACP INSPECTION MODULE INSTALLATION	\$510.00	\$510.00
175893	10/22/2020	120	00J0036018380	NESTLE WATERS NO. AMERICA READYREFR	WATER SERVICE 09/07/20 - 10/06/20	\$501.62	\$501.62
175907	10/29/2020		18853	ABOVE ALL PLUMBING, INC.	REFUND # 30155	\$500.00	\$500.00
175910	10/29/2020		14771	PETE BELL	REFUND # 30151	\$500.00	\$500.00
175918	10/29/2020		10527	ANKUSH DHAM	REFUND # 30152	\$500.00	\$500.00
175937	10/29/2020		10345	PRIYA PRASAD-SHEKHAR	REFUND # 30156	\$500.00	\$500.00
175938	10/29/2020		18855	AMERICAN RESIDENTIAL SVCS RESCUE ROC	REFUND # 30153	\$500.00	\$500.00
175941	10/29/2020		16798	ROOTER HERO	REFUND # 30154	\$500.00	\$500.00
175927	10/29/2020	170	363921	KLEEN BLAST ABRASIVES	BLASTING MATERIALS	\$488.94	\$488.94
175932	10/29/2020	121	614658	NOZZTEQ INC	1 LUMBERJACK 200 REBUILD KIT	\$407.58	\$407.58
175955	10/29/2020	121	20201027	CHRISTOPHER YBARRA-MARTINEZ	EXP REIMB: CWEA MEMBERSHIP & CS MAINTENANCE GRADE 1 CERT	\$372.00	\$372.00
175878	10/22/2020	122	1633	MAKAI SOLUTIONS	ANNUAL SAFETY LIFT INSPECTION	\$368.90	\$368.90
175871	10/22/2020		3P2315	HARRINGTON INDUSTRIAL PLASTICS	ASTD PVC PARTS & MATERIALS	\$336.72	\$351.41
	10/22/2020	170	3P2265		ASTD PVC PARTS & MATERIALS	\$14.69	
175933	10/29/2020	132	2001413	OPTIMUM TECHNOLOGIES LLC	AT HOME EMPLOYEE PORTAL	\$334.00	\$334.00

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175889	10/22/2020		160094	PREFERRED ALLIANCE INC	SEPTEMBER 2020 SERVICE FEE	\$327.18	\$327.18
175905	10/22/2020	132	20201021	JASON YEATES	EXP REIMB: CWEA ECI-3 RENEWAL AND MEMBERSHIP	\$293.00	\$293.00
175896	10/22/2020	141	424506	ULTRAEX LLC	COURIER SVCS: 6 BOARDMEMBER DELIVERY - 09/16/20	\$287.70	\$287.70
175891	10/22/2020	170	23174	PRIME MECHANICAL SERVICE INC	MONTHLY MAINTENANCE - AUG 20	\$286.00	\$286.00
175863	10/22/2020	113	9919488	FISHER SCIENTIFIC	LAB SUPPLIES	\$275.47	\$275.47
175939	10/29/2020	170	413221	RKI INSTRUMENTS INC	ASTD PARTS & MATERIALS	\$230.48	\$230.48
175885	10/22/2020	122	217528	NAYLOR STEEL INC	ASTD METAL, STEEL, STAINLESS & ALUMINUM	\$205.45	\$205.45
175867	10/22/2020	144	4096027603	GLACIER ICE COMPANY INC	114 7-LB BAGS OF ICE	\$205.19	\$205.19
175880	10/22/2020	113	2009D90	MCCAMPBELL ANALYTICAL	LAB SAMPLE ANALYSIS	\$204.00	\$204.00
175914	10/29/2020	123	20201022	KEVIN CLENNON	EXP REIMB: SAFETY SHOES	\$202.63	\$202.63
175856	10/22/2020	150	20201006	CSDA CAL SPECIAL DIST ASSOC	MEMBERSHIP DUES 7/01/19-6/30/21	\$200.00	\$200.00
175944	10/29/2020	111	20201021	SAM SOTH	EXP REIMB: CWEA MEMBERSHIP RENEWAL	\$192.00	\$192.00
175895	10/22/2020	123	342087	TRI-CITY ROCK INC	1 YD 6 SACK	\$178.08	\$178.08
175911	10/29/2020	130	15545540	BLAISDELL'S	ASTD OFFICE SUPPLIES	\$23.04	\$176.23
	10/29/2020	110	15554320		ASTD OFFICE SUPPLIES	\$153.19	
175943	10/29/2020		1996280001	SAN LEANDRO ELECTRIC SUPPLY	ASTD ELECTRICAL SUPPLIES	\$169.53	\$169.53
175879	10/22/2020	170	77984541	MATHESON TRI-GAS INC	MONTHLY CYLINDER RENTAL - SEPT 2020	\$130.92	\$130.92
175855	10/22/2020	132	69148918	CONCENTRA MEDICAL CENTERS	2 DOT PHYSICALS	\$126.00	\$126.00
175909	10/29/2020	170	734135	A-PRO PEST CONTROL INC	PEST CONTROL - ANTS	\$125.00	\$125.00

**UNION SANITARY DISTRICT
CHECK REGISTER
10/17/2020-10/30/2020**

Check No.	Date	Dept	Invoice No.	Vendor	Description	Invoice Amt	Check Am
175843	10/22/2020	170	734142	A-PRO PEST CONTROL INC	PEST CONTROL - RODENTS BLDG 66	\$120.00	\$120.00
175908	10/29/2020	130	5375552832021	ALAMEDA COUNTY TREASURER	PROPERTY TAXES 37159 HICKORY ST	\$113.86	\$113.86
175852	10/22/2020	111	1901599593	CINTAS CORPORATION	2 JACKETS FOR TEO LARETO	\$107.66	\$107.66
175846	10/22/2020	170	40008794	BUREAU VERITAS/ANALYSTS INC	3 LAB SAMPLE ANALYSIS	\$73.30	\$73.30
175865	10/22/2020	123	23956	FREMONT RECYCLING & TRANSFER	.15 TON GREEN WASTE	\$54.00	\$54.00
175849	10/22/2020	113	612808	CALTEST ANALYTICAL LABORATORY	1 LAB SAMPLE ANALYSIS	\$46.31	\$46.31
175949	10/29/2020	136	98XW53400	UPS - UNITED PARCEL SERVICE	SHIPPING CHARGES W/E 10/03/20	\$36.20	\$36.20
175901	10/22/2020	113	8802439013	VWR INTERNATIONAL LLC	LAB SUPPLIES	\$32.04	\$32.04
175930	10/29/2020	122	217651	NAYLOR STEEL INC	ASTD METAL, STEEL, STAINLESS & ALUMINUM	\$26.91	\$26.91
175900	10/22/2020		9863907995	VERIZON WIRELESS	WIRELESS SERV 09/02/20-10/01/20	\$21.20	\$21.20
175898	10/22/2020	136	98XW53390	UPS - UNITED PARCEL SERVICE	SHIPPING CHARGES W/E 09/26/20	\$19.24	\$19.24

Invoices:

Credit Memos :	0	
\$0 - \$1,000 :	101	34,629.01
\$1,000 - \$10,000 :	60	220,477.86
\$10,000 - \$100,000 :	16	449,739.26
Over \$100,000 :	0	
Total:	177	704,846.13

Checks:

\$0 - \$1,000 :	55	19,307.85
\$1,000 - \$10,000 :	45	163,603.27
\$10,000 - \$100,000 :	18	521,935.01
Over \$100,000 :		
Total:	118	704,846.13