



BOARD MEETING AGENDA
Monday, November 25, 2013
Regular Meeting - 7:00 P.M.

Directors
Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

Officers
Richard B. Currie
*General Manager/
District Engineer*

David M. O'Hara
Attorney

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call.

Motion

4. Minutes of the November 11, 2013 Regular Board Meeting.
Motion approving the Minutes of November 11, 2013 as submitted.

5. Written Communications.

6. Oral Communications.

The public may provide oral comments at regular and special Board meetings; however, whenever possible, written statements are preferred (to be received at the Union Sanitary District office at least one working day prior to the meeting). This portion of the agenda is where a member of the public may address and ask questions of the Board relating to any matter within the Board's jurisdiction that is not on the agenda. If the subject relates to an agenda item, the speaker should address the Board at the time the item is considered. Oral comments are limited to three minutes per individuals, with a maximum of 30 minutes per subject. Speaker's cards will be available in the Boardroom and are to be completed prior to discussion.

Information

7. Monthly Operations Report (to be reviewed by the Budget & Finance Committee).
a. District-wide Balanced Scorecard Measures
b. Collection Services Process Scorecard
c. General Manager's Monthly Operations & Investment Report

Motion

8. Approving a Motion to Cancel the Board of Directors Meeting of December 23, 2013.

Motion

9. Accepting Financial Statements for the Fiscal Year Ended June 30, 2013
(to be reviewed by the Audit Committee).

Motion

10. Board of Directors Compensation for 2014 *(to be reviewed by the Personnel Committee).*

Motion

11. Authorizing the General Manager to Execute Task Order No. 2 with the Covello Group for Providing Construction Management Services for the Thickener Control Building Improvements Project (Pipkin) *(to be reviewed by the Construction Committee).*

Motion

12. Resolution No. 2720, Accepting the Construction of the Headworks Improvements Project from Anderson Pacific Engineering Construction, Inc. and Authorizing the Attorney for the District to Record a Notice of Completion (Pipkin) *(to be reviewed by the Construction Committee).*

USD

- Motion 13. Authorizing the General Manager to Execute an Agreement and Task Order No. 1 with Degenkolb Engineers for the Seismic Vulnerability Assessment (Pipkin) *(to be reviewed by the Construction Committee).*
-

INFORMATION ITEMS

14. Upcoming Workshops Calendar
-
15. EBDA Commission Report
-
16. Check Register.
-
17. Holiday Pollution Prevention Message
-
18. Committee Meeting Reports *(No Board action is taken at Committee meetings):*
- ✓ *Personnel, Tuesday, November 19, 2013 at 1:00 p.m.*
 - ✓ *Construction, Wednesday, November 20, 2013 at 5:00 p.m.*
 - ✓ *Budget & Finance, Thursday, November 21, 2013 at 4:30 p.m.*
 - ✓ *Audit, Friday, November 22, 2013 at 5:00 p.m.*
-
19. General Manager's Report *(information on recent issues of interest to the Board).*
-
20. Other Business:
- ✓ *Comments and questions. Directors can share information relating to District business and are welcome to request information from staff.*
 - ✓ *Scheduling matters for future consideration.*
-
21. Adjournment - *The Board will adjourn to the next Regular Board Meeting on Monday, December 9, 2013 in the Boardroom at 7:00 p.m.*

The Public is welcome to provide oral comments at Regular and Special Board meetings. Whenever possible, we request that written statements be provided to the District at least one working day prior to the meeting. If the subject relates to an agenda item, the speaker should address the Board at the time the item is considered. If the subject is within the Board's jurisdiction but not on the agenda, the speaker will be heard at the time "Oral Communications" is scheduled. Oral Communications is limited to three minutes per individual, with a maximum of 30 minutes per subject. Speaker's cards are available in the Boardroom and should be completed prior to discussion of the agenda item and handed to the Clerk. The facilities at the District Offices are wheelchair accessible. Any attendee requiring other special accommodations at the meeting should contact the General Manager's office at (510) 477-7503 at least one working day ahead of the meeting.

THE PUBLIC IS WELCOME TO ATTEND.



5072 Benson Road
Union City, CA 94587
(510) 477-7500

**NOTICE OF
COMMITTEE MEETING**

All meetings will be held in the
General Manager's Office

**BOARD MEETING
November 25, 2013**

Committee Membership:

Budget and Finance	Directors Jennifer Toy and Pat Kite (Alt. - Anjali Lathi)
Construction Committee	Directors Tom Handley and Manny Fernandez (Alt. – Pat Kite)
Legal/Community Affairs	Directors Anjali Lathi and Tom Handley (Alt. – Manny Fernandez)
Legislative Committee	Directors Pat Kite and Anjali Lathi (Alt. – Tom Handley)
Personnel Committee	Directors Jennifer Toy and Manny Fernandez (Alt. – Anjali Lathi)
Audit Committee	Directors Jennifer Toy and Tom Handley

Personnel, Tuesday, November 19, 2013 at 5:00 p.m.

- 10. Board of Directors Compensation for 2014

Construction, Wednesday, November 20, 2013 at 5:00 p.m.

- 11. Authorizing the General Manager to Execute Task Order No. 2 with the Covello Group for Providing Construction Management Services for the Thickener Control Building Improvements Project (Pipkin)
- 12. Resolution No. 2720, Accepting the Construction of the Headworks Improvements Project from Anderson Pacific Engineering Construction, Inc. and Authorizing the Attorney for the District to Record a Notice of Completion (Pipkin)
- 13. Authorizing the General Manager to Execute an Agreement and Task Order No. 1 with Degenkolb Engineers for the Seismic Vulnerability Assessment (Pipkin)

Budget & Finance, Thursday, November 21, 2013 at 4:30 p.m.

- 7. Monthly Operations Report
 - a. District-wide Balanced Scorecard Measures
 - b. Collection Services Process Scorecard
 - c. General Manager's Monthly Operations & Investment Report

Audit, Friday, November 22, 2013 at 5:00 p.m.

- 9. Accepting Financial Statements for the Fiscal Year Ended June 30, 2013

Committee meetings may include teleconference participation by one or more Directors .
(Gov. Code Section 11123)

Committee Meeting are open to the public. Only written comments will be considered. No action will be taken.

**MINUTES OF THE MEETING OF THE
BOARD OF DIRECTORS OF
UNION SANITARY DISTRICT
NOVEMBER 11, 2013**

1. CALL TO ORDER

President Lathi called the Board to Order at 7:00 p.m.

2. PLEDGE OF ALLEGIANCE

3. ROLL CALL

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

ABSENT: None

STAFF: Rich Currie, General Manager
Rich Cortes, Manager, Business Services
Sol Cooper, Mechanic
Michael Dunning, Coach, Environmental Compliance
Jesse Gill, Manager, Technical Support & Customer Service
Sami Ghossain, Manager, Technical Services
Dave Livingston, Manager, Treatment & Disposal Services
Ed McCormick, Deputy General Manager
Andy Morrison, Manager, Collection Services
David O'Hara, Legal Counsel
Maria Scott, Principal Financial Analyst
Robert Simonich, Manager, Fabrication, Maintenance & Construction
Tom Graves, Assistant to the General Manager/Board Secretary

CONSULTANTS: Grace Chow, Vice President, Brown and Caldwell

VISITORS: None

4. **APPROVAL OF THE MINUTES OF OCTOBER 28, 2013**

Action

On a motion made by Director Fernandez and seconded by Director Handley, the Minutes of the Board of Directors Meeting of October 28, 2013 were approved. The motion carried unanimously.

5. **WRITTEN COMMUNICATIONS**

There were no official written communications.

6. **ORAL COMMUNICATIONS**

There were no oral communications.

Information

7. **FIRST QUARTERLY REPORT ON CAPITAL IMPROVEMENT PROGRAM FOR FY 14**

Sami Ghossain, Technical Services Manager, said that in June, 2013, the Board approved the Capital Improvement Program (CIP) budget for FY'14 in the amount of \$17.5 million for the design and construction of 24 projects. The total CIP expenditure up to September 30, 2013 was above the projections for the first quarter by approximately \$480,000, mostly due to 3 large projects being ahead of schedule. In addition, fourteen other smaller projects will be either in design or in construction during FY'14.

Information

8. **STATUS OF PRIORITY 1 CIP PROJECTS**

Technical Services Manager Sami Ghossain reported that in June, 2013, the Board approved the Capital Improvement Program budget for FY 14 in the amount of \$17.5 million for the design and construction of 24 projects. These 24 projects are further ranked as Priority 1 and 2 projects based on criteria prepared by staff and approved by the Executive Team. For FY 14, eleven projects are ranked as Priority 1 projects and the remaining thirteen projects are ranked as Priority 2 projects.

In response to a question by the GM, the Board indicated they would like to continue receiving this report.

9. **AUTHORIZING THE GENERAL MANAGER TO EXECUTE CONTRACT AMENDMENT NO. 1 TO TASK ORDER NO. 1 WITH BROWN & CALDWELL FOR PROVIDING ADDITIONAL CONSTRUCTION MANAGEMENT SERVICES FOR THE I-680 AT SABERCAT ROAD SANITARY SEWER RELOCATION PROJECT**

Technical Services Manager Sami Ghossain stated that on May 13, 2013, the General Manager executed Task Order No. 1 with Brown & Caldwell in the amount of \$168,186 to provide construction management services for the I-680 at Sabercat Road Sanitary Sewer Relocation Project. As Project construction proceeded, several issues arose requiring additional construction management services beyond the original scope defined in Task Order No. 1. This amendment is in the amount of \$83,768 primarily covers additional inspection services required due to the addition of night shift and weekend work as well as delays that extended the duration of the project. GM Currie noted that the 3rd Party CM services provided on the project were extremely valuable to USD staff, providing regular updates, quality control and documentation of this critical project.

Action

On a motion made by Director Kite and seconded by Director Fernandez, the Board authorized the General Manager to execute Contract Amendment No. 1 to Task Order No. 1 with Brown & Caldwell for providing additional construction management services for the I-680 at Sabercat Road Sanitary Sewer Relocation Project. The motion carried unanimously.

10. **RESOLUTION NO. 2719, ACCEPTING THE CONSTRUCTION OF THE THICKENER CONTROL BUILDING INTERIM IMPROVEMENTS PROJECT FROM ANDERSON PACIFIC ENGINEERING CONSTRUCTION, INC. AND AUTHORIZING THE ATTORNEY FOR THE DISTRICT TO RECORD A NOTICE OF COMPLETION**

Technical Services Manager Sami Ghossain reported that on January 28, 2013, the Board awarded the Project's construction contract to Anderson Pacific Engineering Construction, Inc. in the amount of \$633,001. Staff issued the Notice to Proceed on February 27, 2013 with a scheduled completion date of October 25, 2013. Anderson Pacific Engineering Construction, Inc. substantially completed all contract work on October 21, 2013. Staff provided construction management services and The Covello Group provided general inspection services for the project. The District has assumed beneficial use of the Project. Some punchlist and administrative requirements remain to be done.

Staff recommends the Board accept the construction of the Thickener Control Building Interim Improvements Project from Anderson Pacific Engineering Construction, Inc. by Resolution, and authorize the Attorney for the District to record a Notice of Completion at the Alameda County Recorder's Office.

GM Currie said that a tour of the Building will be set up for the Board soon, before construction of the next phase begins.

Action

On a motion by Director Toy and seconded by Director Handley, the Board approved Resolution No. 2719, accept the construction of the Thickener Control Building Interim Improvements Project from Anderson Pacific Engineering Construction, Inc., and authorizing the attorney for the district to record a Notice of Completion. The motion carried unanimously.

11. **REVIEWING AND APPROVING POLICY NO. 2165, REVISED PAPERLESS BOARD AGENDA PACKET AND USE OF ELECTRONIC EQUIPMENT**

Business Services Manager Rich Cortes briefed the Board that staff is implementing a Wi-Fi network that is connected to the District's network. In order to securely implement connections to the network, IT will work with each Board member to configure one device compatible with Good Reader and Drop Box.

The previously adopted Paperless Board Agenda and Use of Electronic Equipment Policy was based on a mi-fi infrastructure that did not connect to the District's network. The Wi-Fi implementation requires the policy to be updated.

District Attorney Dave O'Hara gave a brief overview of the public records act and how it would affect board members' usage. Records of actions will likely be kept for two years.

Board Member Lathi inquired about the life of personal electronic devices (iPads), and Mr. Cortes said the District had determined that to be four years.

Action

On a motion by Director Toy and seconded by Director Handley, the Board approved Policy 2165. The motion carried unanimously.

INFORMATION ITEMS

12. **SCHOOL OUTREACH PRESENTATION VIDEO**

This video was presented to the Board at the request of Board Member Kite, who believes the video needs updating and a better focus on wastewater. Coach Michael Dunning said the EC Team is working with the City of Fremont on a video for the Clean Water Program, but will provide a great wastewater focus. The Board will be notified when it is completed, so they can review. Director Kite would like to see a video that is illustrative of the good work we do at USD, including biosolids recycling, grease management and green projects. We should consider using USD's plant in the video. Staff should explore the cost of preparing our own video. Any video should reflect the cultural diversity of our service area. Refer this topic to the Legal and Community Affairs Committee for further discussion.

13. ANNUAL REPORT ON BIOSOLIDS

Deputy GM Ed McCormick presented this report. USD did an excellent job in FY13 of cost-effectively reusing 100% of our biosolids in the form of non-food crop fertilizer (land application - 74%), compost (21%), and landfill alternative daily cover (5%). For FY13 (July 2012 through June 2013), USD produced and beneficially reused 20,091 wet tons of biosolids, which is 2% more than that produced in FY12. Biosolids dewatering performance improved to 24.0% solids in FY13, from 23.2% solids in FY12.

USD biosolids quality continued in FY13 to meet all USEPA 503 Regulations, as it has done since these regulations went into effect in 1994. For the first time since 2010, USD biosolids management costs topped \$600,000 (at \$622,000). However, at an average of ~\$31/wet ton, USD continues to benefit from very low biosolids management costs. In fact, our costs have only increased 25% over the past eight years, an average of approximately 3% per year.

Director Handley asked what each % additional solids would save the District annually.

Director Fernandez asked if the District was being paid for its biosolids, or if we were paying to have them disposed of. DGM McCormick said the District is paying to have them disposed of at this time.

Deputy GM McCormick also updated the Board on the activities of the Bay Area Biosolids to Energy Coalition.

Director Kite inquired what large cities like New York or Chicago do with biosolids. DGM McCormick said he would inquire and report back.

14. HIGHLIGHTS OF THE JUNE 2012 CALPERS RETIREMENT VALUATION

Principal Financial Analyst Scott reviewed this item with the Board. There were no questions.

15. SUCCESSION PLANNING UPDATE

GM Currie presented this item. USD has been working on succession planning since 2000 in anticipation of the potential loss of key employees due to the age of our workforce and pending retirement of the “Baby Boom” era employees. While many retirements were delayed by the recession, we have begun see a large number of employees retire or announce dates for their retirement.

The District has implemented many programs for knowledge capture and knowledge transfer for those employees who have unique information about their jobs and facilities at USD. We have also been documenting our knowledge and skills for future employees.

Director Handley asked about the GM’s blog and what comments the GM had received. Mr. Currie said he had not had a chance to check the blog yet.

16. CHECK REGISTER

Director Handley inquired about flu shots, saying that it appears only 50% of employees received them. He suggested we might want to think of ways to increase that number in the future.

Director Fernandez asked about pigeon abatement. Manager Simonich said netting will be installed soon as the latest attempt to discourage the pigeons.

17. COMMITTEE MEETING REPORTS

The following committees met: Budget & Finance; Construction; Legislative; and Personnel.

18. GENERAL MANAGER'S REPORT

Mr. Currie reported the following:

1. Steve Bowman has been hired as the new Technical Training Coordinator.
2. Interviews were held last week for Larry Simmers' TPO Coach position, and hiring interviews will be held this week.
3. There were again no spills for the month of October.
4. There was 1 one-gallon spill last weekend.
5. The Safety recognition Breakfast will be held on 11/19/13 from 6:30 to 8:15 a.m. So far, the District has worked over 270 days without an OSHA-reportable incident.
6. There will be a District-wide meeting of all employees on November 19th at 3:00 p.m.
7. On November 13th, the Alameda County Special Districts Association will meet here for a breakfast business meeting. USD hosts this event once every two years.
8. The student and her father here at the last Board meeting have since returned and taken a tour of the facility.

19. OTHER BUSINESS

Director Kite inquired about the USD presence on Jarvis Road. Manager Ghossain explained why the crews were there, and said he would follow-up with an email tomorrow.

Director Lathi announced that Item 22 had been pulled from the agenda.

23. ADJOURNMENT

At 8:26 p.m., the Board adjourned to the next Regular Board Meeting on Monday, November 25, 2013 in the Boardroom at 7:00 p.m.

SUBMITTED:

ATTEST:

 TOM GRAVES
 SECRETARY TO THE BOARD

 JENNIFER TOY
 SECRETARY

APPROVED:

 ANJALI LATHI
 PRESIDENT

Adopted this 25th day of November, 2013.

GENERAL MANAGER'S SUMMARY

Below is a summary of major activities that occurred at the District during October 2013.

ODOR COMPLAINTS: USD received 5 odor complaints. Three of these were found to be related to the sewer and corrective action was taken. USD received no odor complaints associated with the treatment plant. Our new mist odor masking system was operational throughout the month.

SAFETY: There were no accidents or injuries during the month. Training was conducted by Mike Marzano on confined space entry procedures and fall protection.

FINANCIAL: USD received the final report from our auditors for FY13 as well as the single audit for projects involving federal funds through the SRF Loan program. The audits and financial statements will be presented to the Board Audit Committee in November.

COLLECTION SYSTEM: The group completed the month of October without a spill. Several staff members received training on a new system for recording pipeline defects during TV inspection and were certified in the new process.

PLANT OPERATIONS: Aeration Blower No. 9 was removed from service for repair as a result of a failure in the electric motor bearing. This critical equipment is expected to be returned to service before wet weather season begins.

PROJECTS: The pipeline has been installed in the casing under I-680 for the Sabercat project. The contractor continues work on the Cogeneration Project and remains on schedule. A request for proposal was sent to several firms to initiate the study of alternatives for restoration of Hayward Marsh. Staff continues training and data migration for conversion to the new Hansen Version 8 computerized maintenance management system.

STAFFING & PERSONNEL: Recruitments for the month have included the Administrative Specialist for the CIP team and the Technical Training Program Manager. Raymond Chau was selected as the new CIP Coach. Larry Simmers, long time plant operator and Operations Coach announced his retirement effective in November. USD submitted the annual report to the State Controller's office on salary and benefits and a response to the Grand Jury on employee benefits.

G.M. ACTIVITIES: For the month of October, the GM was involved in the following:

- External meetings including EBDA Managers and EBDA Commission and the Union City State of the City address. Internal meetings included the Safety Committee, Alternate Compensation Task Force and Records Management.
- Biennial training for prevention of harassment in the workplace.
- Hosting the annual employee recognition BBQ.
- Final joint labor-management review of the Memorandum of Understanding

HOURS WORKED AND LEAVE TIME BY WORK GROUP
 June 29,2013 to October 18, 2013

DIVISION	Reg.			Total				Historical FY13			Average Number of Employees <input type="text" value="133"/>
	Hours	Lt Duty	O/T	Leaves*	Sick	STD	WC	Sick	STD	WC	
General Manager Staff	2,100			340 14%	35 1.4%			110 1.7%			
Business Service	12,470		1	1,610 11%	164 1.2%	14 0.1%		713 1.6%	211 0.5%		Current Number of Vacant Positions (1) <input type="text" value="1"/>
Technical Service	17,554		43	2,486 12%	482 2.4%	116 0.6%		2,190 3.4%	499 0.8%		
Collection System	15,956		987	3,774 19%	684 3.5%	330 1.7%	1 0.0%	1,565 2.5%	235 0.4%	124 0.2%	Hours Worked Per Week Per Employee (2) <input type="text" value="35.11"/>
Treatment & Disposal	12,758		356	2,567 17%	385 2.5%	320 2.1%		971 2.0%	144 0.3%		
FMC	11,412		807	1,788 14%	264 2.0%			1,265 3.1%	74 0.2%	33 0.1%	Projected Average Annual Sick Leave Per Employee (3) <input type="text" value="49.40"/>
Totals	72,250		2,193	12,566	2,015	780	1	6,814	1,163	157	
%	85.2%		2.6%	14.8%	2.4%	0.9%	0.0%	2.4%	0.5%	1.3%	

(1) Current vacancies include: Business Services (0), Collections (1), FMC (0), T&D (0), TSCS (0)

(2) An employee using 3 weeks vacation, 11 holidays, 2 HEC days and 40 hours of sick leave will work an average of 34.9 hours per week over the course of a year. With four weeks vacation, 34.2 hours per week.

(3) Target goal for sick leave incentive program is 47 hours per employee per year.



ODOR REPORT October 2013

During the recording period from October 01, 2013 through October 31, 2013, there were five odor related service requests received by the District.

City: Fremont

1. **Complaint Details:**

Date: 10/21/2013

Location: CALAVERAS AV

Wind (from): North East

Temperature: 0 Degrees F

Time: 3:20 pm

Reported By: David Contreras

Wind Speed: 3 mph

Weather: Clear

Response and Follow-up:

Inspected the manholes and the storm canal behind the house. We found a musty sewer smell. We found odor at U17025 & U17024 which tested at 0.5 to 3 ppm H₂S. The homeowner said sewer odors do occur on occasion from the two manholes in front of his house. I informed the homeowner that I would notify management of this situation. This sewer has since been dosed with caustic to prevent H₂S generation.

2. **Complaint Details:**

Date: 10/21/2013

Location: TIMPANOGAS CR

Wind (from): N/A

Temperature: 0 Degrees F

Time: 4:00 pm

Reported By: Niel Kumar

Wind Speed: mph

Weather: Clear

Response and Follow-up:

Inspected manholes and found them to be clean from our recent cleaning operations. We responded to a complaint about an odor in the house after the hydro crew cleaned lines in the area. We spoke to the homeowner after talking to the hydro cleaning crew. We found the traps were sucked dry and sewer odors were entering the house through traps. We advised the homeowner to run water to fill the traps in the house to stop any odors from entering into their house.

City: Newark

3. **Complaint Details:**

Date: 10/15/2013

Location: NEWPARK MALL RD

Wind (from): North

Temperature: 80 Degrees F

Time: 2:00 pm

Reported By: Raj/ Hometown Buffet

Wind Speed: 8 mph

Weather: Sunny

Response and Follow-up:

Inspected the manholes, storm drain inlet, grease interceptor and the surrounding area outside the building. We found there were no odors coming from our manholes or storm drain inlet. The grease interceptor didn't smell from the outside, but the gas tech did alarm when I tested the interceptor through the pick hole. We did find a foul odor inside the building near both the men's and women's restroom but the gas tech didn't pick up any of these odors. We contacted the complainant and told him our findings. We gave him a USD brochure and recommended he gets the interceptor cleaned.

4. Complaint Details:

Date: 10/15/2013

Location: HONEYSUCKLE DR

Wind (from): North

Temperature: 80 Degrees F

Time: 4:30 pm

Reported By: Michelle Padilla

Wind Speed: mph

Weather: Sunny

Response and Follow-up:

Inspected the manholes, storm drain inlet and surrounding area, but found no odors. Used the gas tech and got an alarm from this trunk line manhole. The homeowner stated over the phone she noticed an odor coming from manhole where Honeysuckle turns into Manzanita. She thinks the odor is coming from the Hetch-Hetchy pipe. We were unable to get a hold of the homeowner so we left her a message to call us back so we could convey our findings. We also informed her to call us back should the odor return so we could come back to find the source of the odor. This sewer has since been dosed with caustic to prevent H2S generation.

City: Union City**5. Complaint Details:**

Date: 10/4/2013

Location: SAN CARLOS WY

Wind (from): North East

Temperature: 79 Degrees F

Time: 11:15 am

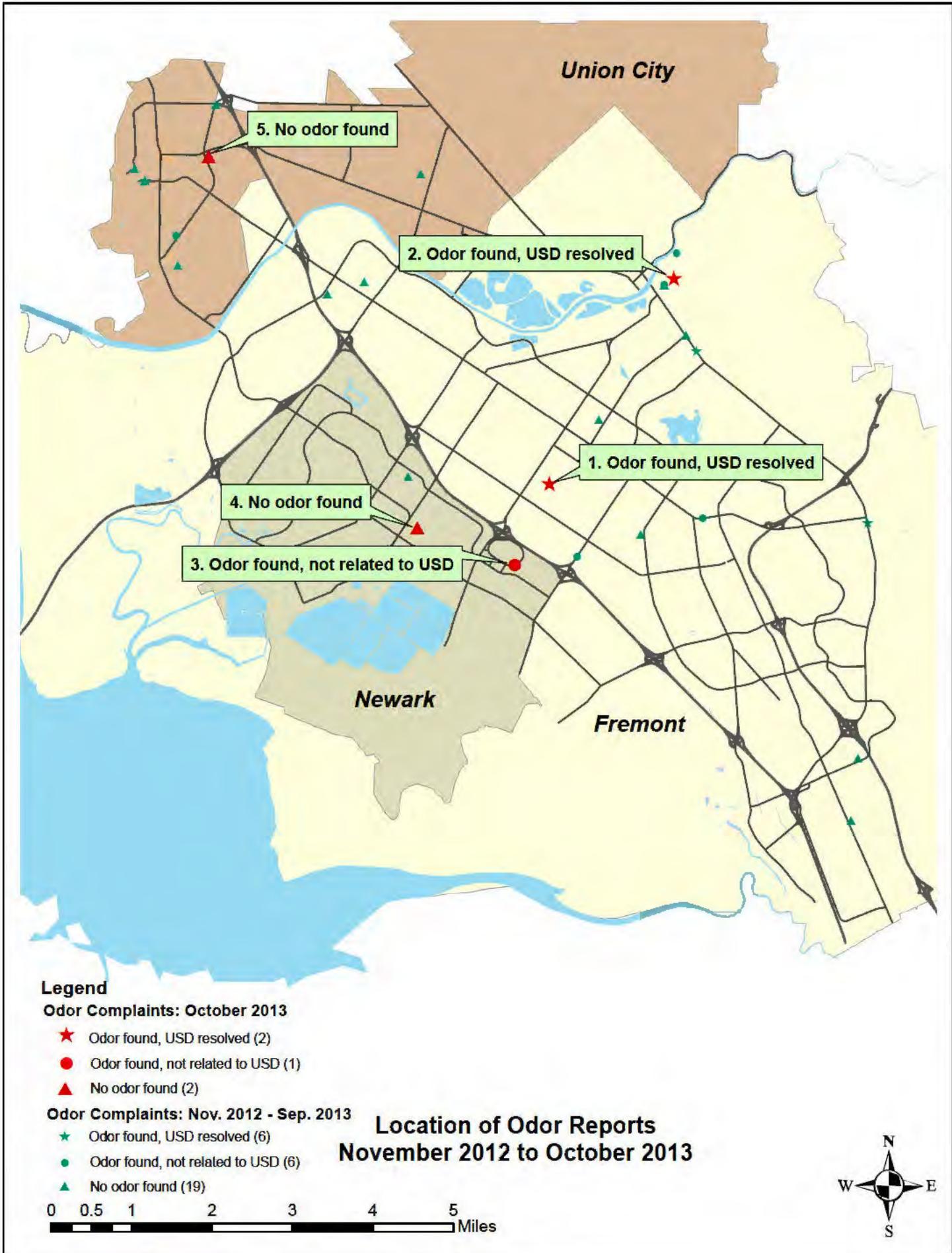
Reported By: Dorothy Child

Wind Speed: 12 mph

Weather: Sunny

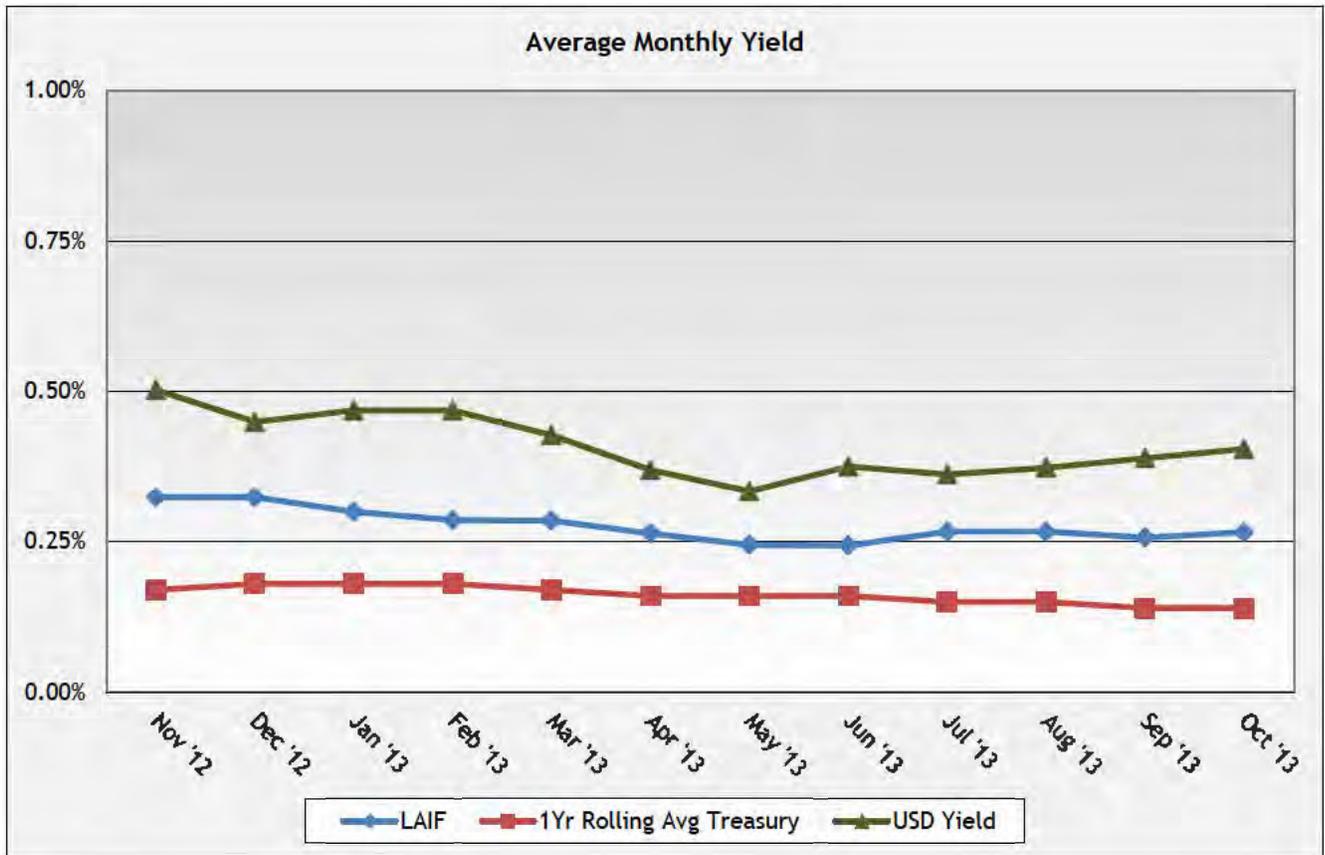
Response and Follow-up:

Inspected manholes adjacent to the house. We also inspected a crawl space under the house. We found no odors in or outside of the house. I could not detect any odors and the gas tech detected no gasses. We relayed findings to complainant.



**Business Services Group
Activities Report
October 2013**

**Performance Measures
AVERAGE MONTHLY YIELD**



USD

BUDGET AND FINANCE REPORT

FY 2014

Year-to-date as of 10/31/13

33% of year elapsed

Prelim.
Unaudited
Last Year**Revenues**

	Budget	Actual	% of Budget Rec'd	Actuals 6/30/13
Capacity Fees	\$2,300,000	\$1,638,232	71%	\$2,864,810
Sewer Service Charges	44,887,853	642,727	1%	42,389,872
ECB Revenues	765,000	254,579	33%	820,386
Interest	321,000	139,021	43%	618,348
Misc. (incl. ann. LAVWMA pymnt, PG&E rebates)	289,500	168,706	58%	343,415
Subtotal Revenues	\$48,563,353	\$2,843,265	6%	\$47,036,831
SRF Loan Proceeds (Prim Clarif. Boyce)	1,000,000	1,049,409	105%	4,118,084
Total Revenues + SRF Proceeds	\$49,563,353	\$3,892,674	8%	\$51,154,915

Expenses

	Budget	Actual	% of Budget Used	Last Year Actuals
Capital Improvement Program:				
Capacity Projects	\$5,220,000	\$816,039	16%	\$2,738,698
Renewal & Repl. Projects (incl. escrow)	12,285,000	4,268,806	35%	11,696,467
Expenditure Control Budget (ECB)	32,100,356	9,654,853	30%	29,414,193
Non-ECB	759,500	116,490	15%	701,075
Retiree Medical (Annual Required Contribution)	462,852	57,227	12%	445,724
Vehicle & Equipment	1,089,734	263,288	24%	589,238
Information Systems	1,101,990	212,643	19%	657,050
Plant & Pump Station R&R	250,000	145,541	58%	174,553
Pretreatment Fund	7,000	1,708	24%	6,137
County Fee for Sewer Service Charge Admin.	106,000	0	0%	105,251
Debt Servicing:				
SRF Loans (Irv., Wilw, LHH, Plant, Cedar, NPS, Sub1)	4,678,000	908,164	19%	4,086,647
Total Expenses	\$58,060,432	\$16,444,759	28%	\$50,615,034
Total Revenue & Proceeds less Expenses	(\$8,497,079)	(\$12,552,085)		\$539,882

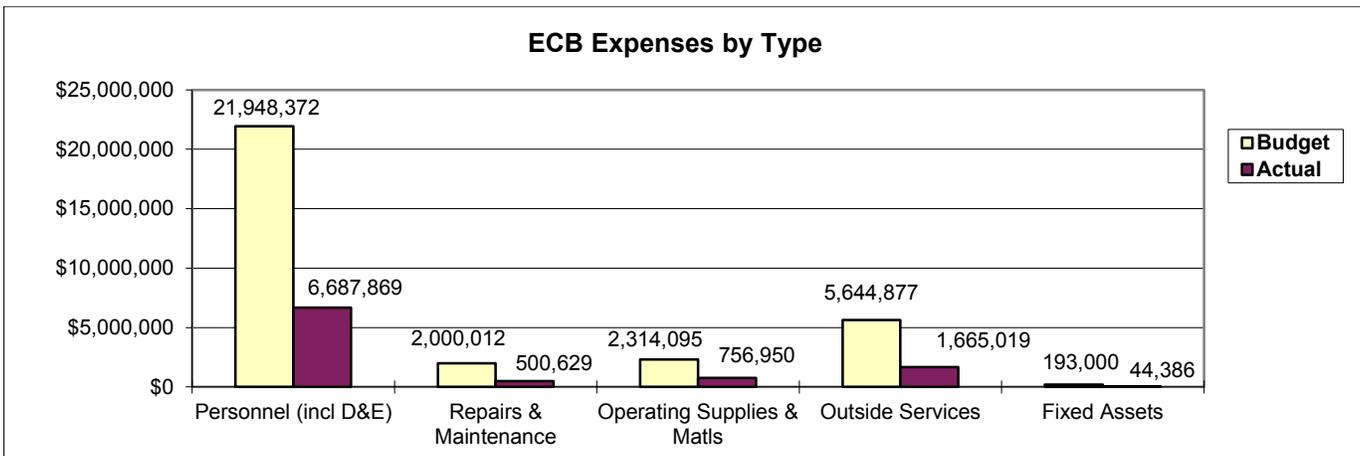
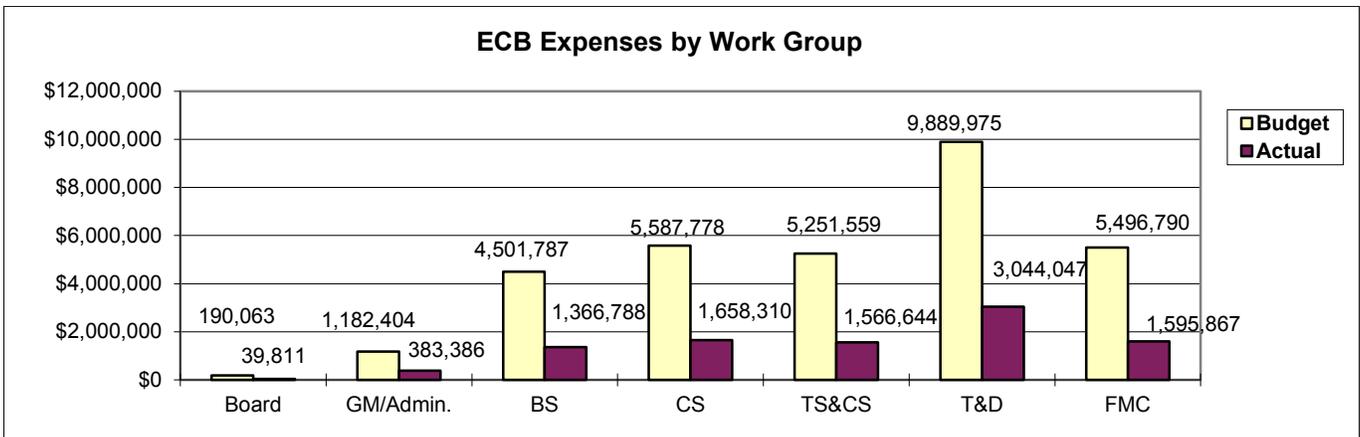
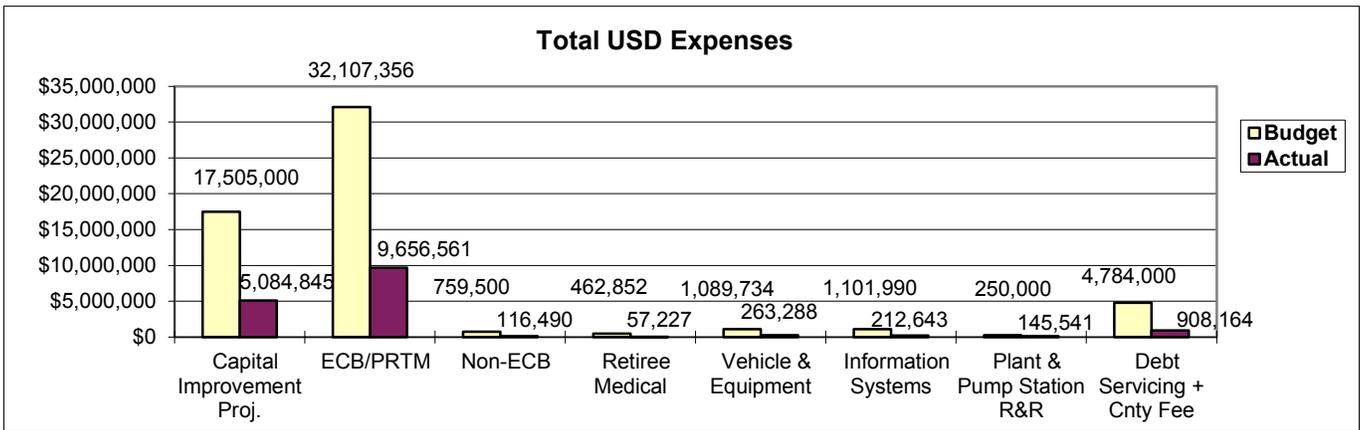
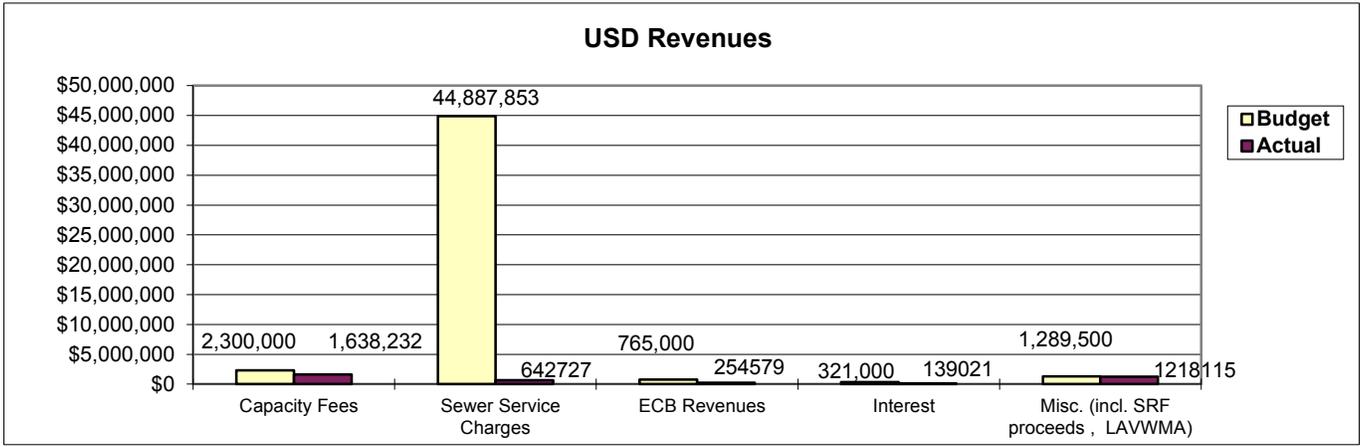
Gross ECB Expenses by Work Group

	Budget	Actual	% of Budget Used	Last Year Actuals
Board of Directors	\$190,063	\$39,811	21%	\$156,099
General Manager/Admin.	1,182,404	383,386	32%	835,685
Business Services	4,501,787	1,366,788	30%	4,171,426
Collection Services	5,587,778	1,658,310	30%	5,304,088
Tech Support & Cust. Services	5,251,559	1,566,644	30%	4,908,778
Treatment & Disposal Services	9,889,975	3,044,047	31%	9,168,756
Fabrication, Maint. & Construction	5,496,790	1,595,867	29%	4,869,362
Total	\$32,100,356	\$9,654,853	30%	\$29,414,193

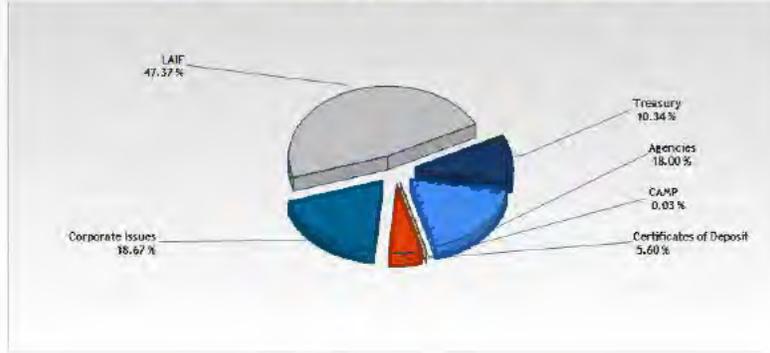
ECB Expenses by Type

	Budget	Actual	% of Budget Used	Last Year Actuals
Personnel (incl D&E)	\$21,948,372	\$6,687,869	30% (35%)*	\$20,190,171
Repairs & Maintenance	2,000,012	500,629	25%	1,826,148
Supplies & Mats (chemicals, small tools)	2,314,095	756,950	33%	2,304,201
Outside Services (utilities, biosolids, legal)	5,644,877	1,665,019	29%	5,091,924
Fixed Assets	193,000	44,386	23%	1,750
Total	\$32,100,356	\$9,654,853	30%	\$29,414,193

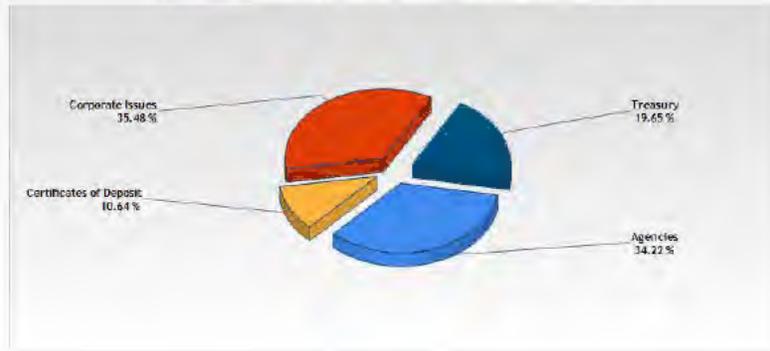
* Personnel Budget Target



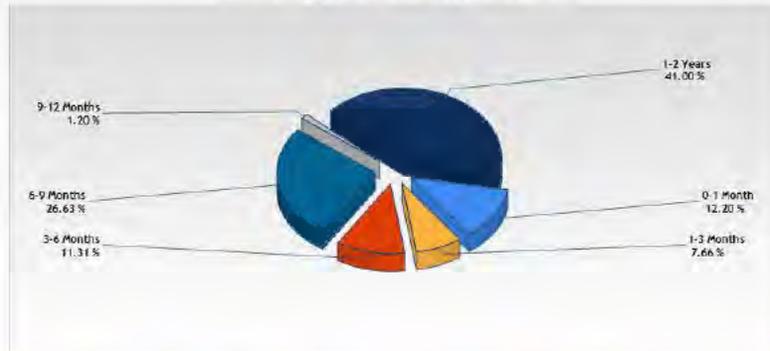
All Portfolio Holdings Distribution by Asset Class



Operating Fund Holdings Distribution by Asset Class



Operating Fund Maturity Distribution



Maturity Range	Face Amount/Shares	YTM @ Cost	Cost Value	Days To Maturity	% of Portfolio	Market Value	Book Value	Duration To Maturity
0-1 Month	2,500,000.00	0.457	2,499,671.90	10	12.20	2,500,105.59	2,499,985.70	0.01
1-3 Months	1,500,000.00	0.610	1,569,840.00	76	7.66	1,514,940.00	1,514,041.90	0.21
3-6 Months	2,240,000.00	0.445	2,315,820.00	132	11.31	2,256,941.34	2,254,052.39	0.36
6-9 Months	5,420,000.00	0.447	5,454,755.64	213	26.63	5,438,483.63	5,428,685.82	0.58
9-12 Months	245,000.00	0.400	245,000.00	351	1.20	244,880.93	245,000.00	0.96
1-2 Years	8,220,000.00	0.613	8,399,669.00	480	41.00	8,370,057.83	8,354,354.64	1.30
Total / Average	20,125,000.00	0.528	20,484,756.54	279	100	20,325,409.32	20,296,120.45	0.76

**Union Sanitary District
Board Report - Holdings**
Report Format: By Transaction
Group By: Asset Class
Portfolio/Report Group: All Portfolios
As of 10/31/2013

Description	CUSIP/Ticker	Credit Rating 1	Settlement Date	Face Amount/Shares	Cost Value	Coupon Rate	Market Value	YTM @ Cost	Next Call Date	Maturity Date	% of Portfolio
Agencies											
FHLB 0.4 6/27/2014	313379N47	Moodys-Aaa	6/6/2012	2,000,000.00	1,999,980.00	0.400	2,003,300.00	0.401		6/27/2014	5.14
FHLB 2.375 3/14/2014	3133XWKV0	Moodys-Aaa	3/21/2012	2,000,000.00	2,075,820.00	2.375	2,016,800.00	0.450		3/14/2014	5.33
FNMA 0.42 6/5/2015-13	3135G0SE4	Moodys-Aaa	12/5/2012	2,000,000.00	2,000,000.00	0.420	2,000,440.00	0.420		6/5/2015	5.14
FNMA 1 5/16/2014-11	31398A6A5	Moodys-Aaa	3/21/2012	925,000.00	934,795.64	1.000	929,680.50	0.505		5/16/2014	2.40
Sub Total / Average				6,925,000.00	7,010,595.64	1.071	6,950,220.50	0.435			18.00
CAMP											
CAMP LGIP	LGIP4000	None	5/31/2011	9,784.76	9,784.76	0.100	9,784.76	0.100	N/A	N/A	0.03
Sub Total / Average				9,784.76	9,784.76	0.100	9,784.76	0.100			0.03
Certificates of Deposit											
Ally Bank 0.75 5/16/2014	02005QF24	None	5/16/2012	245,000.00	245,000.00	0.750	245,615.71	0.750		5/16/2014	0.63
Apple Bank 0.55 6/6/2014	037830LH7	None	6/6/2012	250,000.00	250,000.00	0.550	250,347.42	0.550		6/6/2014	0.64
BMW Bank 0.35 11/14/2013	05568P2D8	None	12/26/2012	240,000.00	239,676.00	0.350	240,017.69	0.503		11/14/2013	0.62
Discover Bank 0.5 11/21/2013	254671JE1	None	12/26/2012	240,000.00	239,995.90	0.500	240,047.50	0.502		11/21/2013	0.62
Fifth Third Bank 0.4 2/20/2014	316777GL9	None	2/20/2013	240,000.00	240,000.00	0.400	240,141.34	0.400		2/20/2014	0.62
GE Capital Bank 0.4											

Description	CUSIP/Ticker	Credit Rating 1	Settlement Date	Face Amount/Shares	Cost Value	Coupon Rate	Market Value	YTM @ Cost	Next Call Date	Maturity Date	% of Portfolio
10/17/2014	36163CFX3	NR	10/18/2013	245,000.00	245,000.00	0.400	244,880.93	0.400		10/17/2014	0.63
GE Capital Retail Bank 0.95 3/16/2015	36157PAU3	None	1/2/2013	240,000.00	240,000.00	0.950	241,685.93	0.950		3/16/2015	0.62
Goldman Sachs Bank 0.75 11/14/2014	38143AU78	None	11/30/2012	240,000.00	240,000.00	0.750	240,757.75	0.750		11/14/2014	0.62
Sallie Mae Bank 0.75 11/14/2014	795450QK4	None	11/30/2012	240,000.00	240,000.00	0.750	240,757.75	0.750		11/14/2014	0.62
Sub Total / Average				2,180,000.00	2,179,671.90	0.600	2,184,252.02	0.617			5.60
Corporate Issues											
Credit Suisse USA Inc 5.125 1/15/2014	22541LAM5	Moodys-A1	1/2/2013	1,500,000.00	1,569,840.00	5.125	1,514,940.00	0.610		1/15/2014	4.03
General Electric Capital Corp 2.15 1/9/2015	36962G5M2	Moodys-A1	8/16/2013	1,000,000.00	1,021,670.00	2.150	1,019,860.00	0.590		1/9/2015	2.62
General Electric Capital Corp 2.375 6/30/2015	36962G5F7	Moodys-A1	11/30/2012	500,000.00	517,745.00	2.375	513,345.00	0.980		6/30/2015	1.33
General Electric Capital Corp 4.875 3/4/2015	36962GP65	Moodys-A1	9/18/2013	1,000,000.00	1,059,830.00	4.875	1,056,740.00	0.750		3/4/2015	2.72
JP Morgan Chase 4.75 3/1/2015	46625HCE8	Moodys-A2	1/2/2013	1,000,000.00	1,079,800.00	4.750	1,051,740.00	1.012		3/1/2015	2.77
Principal Life Income Fund Var. Corp 11/8/2013	74254PPF3	Moodys-AA3	5/21/2012	2,020,000.00	2,020,000.00	0.446	2,020,040.40	0.446		11/8/2013	5.19
Sub Total / Average				7,020,000.00	7,268,885.00	3.119	7,176,665.40	0.668			18.67
LAIF											
LAIF LGIP	LGIP1002	None	4/30/2011	18,448,527.47	18,448,527.47	0.266	18,448,527.47	0.266	N/A	N/A	47.37
Sub Total /											

Description	CUSIP/Ticker	Credit Rating 1	Settlement Date	Face Amount/Shares	Cost Value	Coupon Rate	Market Value	YTM @ Cost	Next Call Date	Maturity Date	% of Portfolio
Average				18,448,527.47	18,448,527.47	0.266	18,448,527.47	0.266			47.37
Treasury											
T-Note 0.375 11/15/2014	912828RQ5	Moody's- Aaa	5/25/2012	2,000,000.00	2,000,624.00	0.375	2,004,687.40	0.362		11/15/2014	5.14
T-Note 1 5/15/2014	912828QM5	Moody's- Aaa	3/21/2012	2,000,000.00	2,024,980.00	1.000	2,009,540.00	0.416		5/15/2014	5.20
Sub Total / Average				4,000,000.00	4,025,604.00	0.689	4,014,227.40	0.389			10.34
Total / Average				38,583,312.23	38,943,068.77	1.006	38,783,677.55	0.404			100

Union Sanitary District
Board Report - Activity
Portfolio/Report Group: All Portfolios
From 10/1/2013 To 10/31/2013

Description	CUSIP/Ticker	Face Amount/Shares	Principal	Interest/Dividends	Coupon Rate	YTM @ Cost	Settlement Date	Total
BUY								
GE Capital Bank 0.4 10/17/2014	36163CFX3	245,000.00	245,000.00	0.00	0.400	0.400	10/18/2013	245,000.00
Sub Total / Average		245,000.00	245,000.00	0.00				245,000.00
DEPOSIT								
CAMP LGIP	LGIP4000	0.82	0.82	0.00		0.000	10/31/2013	0.82
LAIF LGIP	LGIP1002	17,693.69	17,693.69	0.00		0.000	10/15/2013	17,693.69
Sub Total / Average		17,694.51	17,694.51	0.00				17,694.51
INTEREST								
CAMP LGIP	LGIP4000	0.00	0.00	0.82		0.000	10/31/2013	0.82
LAIF LGIP	LGIP1002	0.00	0.00	17,693.69		0.000	10/15/2013	17,693.69
Sub Total / Average		0.00	0.00	17,694.51				17,694.51
WITHDRAW								
LAIF LGIP	LGIP1002	1,100,000.00	1,100,000.00	0.00		0.000	10/4/2013	1,100,000.00
LAIF LGIP	LGIP1002	600,000.00	600,000.00	0.00		0.000	10/11/2013	600,000.00
LAIF LGIP	LGIP1002	500,000.00	500,000.00	0.00		0.000	10/18/2013	500,000.00
LAIF LGIP	LGIP1002	700,000.00	700,000.00	0.00		0.000	10/23/2013	700,000.00
LAIF LGIP	LGIP1002	100,000.00	100,000.00	0.00		0.000	10/25/2013	100,000.00
Sub Total / Average		3,000,000.00	3,000,000.00	0.00				3,000,000.00



Directors
 Pat Gacoscos
 Tom Handley
 Pat Kite
 Anjali Lathi
 Jennifer Toy

Officers
 Richard B. Currie
General Manager
District Engineer

David M. O'Hara
Attorney

Date: November 15, 2013

To: Board of Directors – Union Sanitary District

From: Richard B. Currie, General Manager/District Engineer
 Donna Wies, Quality Coordinator

Subject: Agenda Item No. 7a –Meeting of November 25, 2013
 October Monthly Operations Report
 District-wide Balanced Scorecard Measures

Recommendation:

Information only.

Background:

This report summarizes progress meeting the District's strategic objectives for the first quarter of fiscal year 2013-14.

Several new measures have been changed or are being reported for the first time.

- Response time to Contact USD e-mail inquiries is reported for the first time.
- Employee turnover rate is reported as total and non-retirement turnover.
- The definitions for sanitary sewer over flow have been changed to be consistent with Regional Water Quality Control Board reporting definitions.

Staff will be available to answer questions.

Safety

The District experienced no accidents or injuries during the first quarter of FY 14. There were no employees on lost or limited duty time during the quarter. On November 19, District management will recognize employees for working 270 days without an accident.

All safety measures are meeting targets, except the percentage of employees trained vs. planned. Make-up sessions for Confined Space Entry and Fall Protection will bring us up to target in the second quarter.

See Table 1: Safety Objectives and Measures, for a full report.

USD

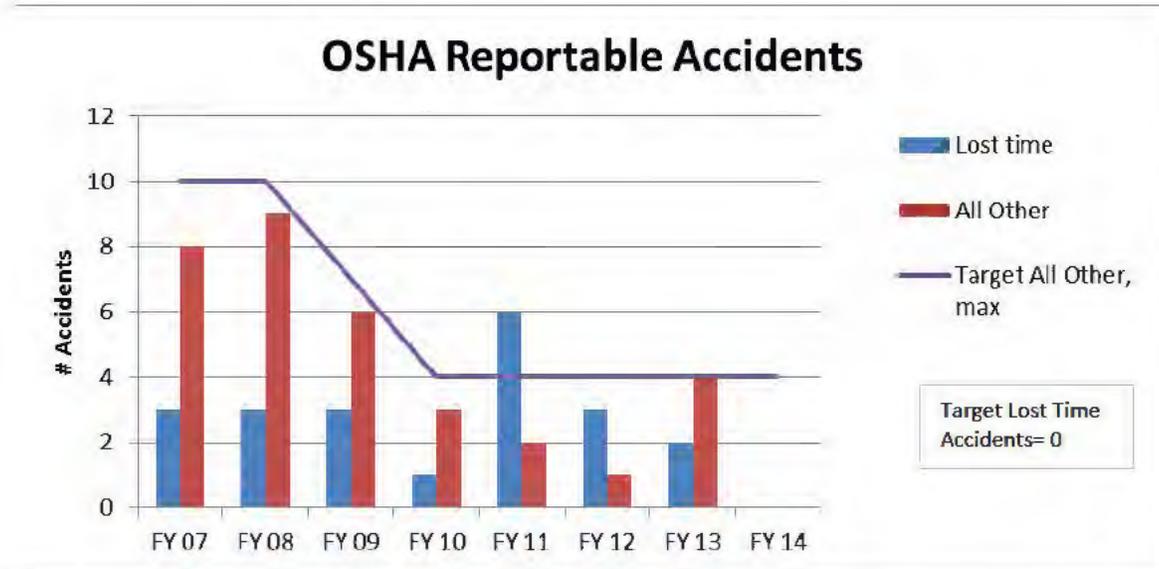


Table 1: Safety Objectives and Measures

Objectives	Measures	FY 14 to Date	Annual Target	FY13	FY 12	FY 11	Comments
Reduce the number of accidents	Total accidents with lost days	0	0	2	3	6	Currently, no employees are on lost of limited-duty time due to injuries.
	Other OSHA reportable accidents	0	≤4	4	1	2	
Reduce the impact of accidents on employees and the District	Ave FTE lost time	0	≤0.5	0.25	2.21	1.35	Salary only
	Cost lost time	0	≤\$40,170	\$19,611	\$150,548	\$88,881	
	Ave FTE limited duty	0	≤0.5	0.15	1.62	0.8	
	Cost limited duty	0	≤\$20,085	\$6404	\$55,596	\$27,044	
	x-mod	NA	≤1.0	0.95	0.73	1.23	Annual measure
	Incidents of vehicle or equipment accidents	0	≤2	2	5	1	
Cost of claims associate with vehicles or equipment	0	0	0	0	\$3,792	0	

Agenda Item No. 7a
Meeting of November 25, 2013
Page 3

Table 1: Safety Objectives and Measures, continued

Objectives	Measures	FY 14 to Date	Annual Target	FY 13	FY 12	FY 11	Comments
Identify and correct poor practices and potential hazards	# Facility inspections	1	4	4	4	4	Pump stations were inspected 9/27/12.
	# management work site observations	83	≥266 /yr	332	340	377	
Implement industry best practices	# best practices site visits	0	≥2	2	3	3	
Communicate our commitment to safety	# GM communication on status of safety program & performance	1	≥4	7	4	7	E-mail: 180 days without an accident
	# safety strategy reviews conducted by ET and EHSPM	2	6	6	6	6	
Increase employee awareness	# of major safety training events offered	2	6	5	6	5	Confined Space, Fall protection.
Educate employees in safe work practices	% of targeted employees trained	72%	≥90%	97%	92%	99%	Make-up sessions scheduled for November

Green = met or exceeded target; or projected to meet annual target
Yellow = will not meet annual target *if trend continues*; needs attention
Red = Will not meet annual target by >10%; corrective action needed

Operational Excellence

The District is meeting targets for all operational excellence measures, except adverse impacts to the environment due to a category 1 sanitary sewer overflow. There were more adverse impacts to customers than usual reported this quarter, due to five plant odor complaints being registered by one homeowner during the quarter. There have been no lant odor complaints received since the end of September.

See Table 2, Operational Excellence Objectives and Measures, for a full report.
See Table 3 for a list of public relations activities planned for FY 13.

Table 2: Operational Excellence Objectives and Measures

Objectives	Measurements	FY 14 to Date	Annual Target	FY 13	FY 12	FY 11	Comments/Progress
Stewardship: Demonstrate responsible stewardship of assets and the environment Be prepared for emergencies	Progress meeting public relation program goals: % qtrly milestones met	100%	≥90%	98%	111%	100%	See Table 3.
	# emergency preparedness drills or training events	1	3	2	2	2	By-pass pumping training
Service: Provide reliable, high quality service	Total number of adverse impacts USD activities have on external customers	5	≤10	7	5	10	Plant odor complaints (from 1 homeowner)
	Response to Contact USD messages: % within 3 days	94%	≥90%				New measure
	Response time to service calls: % within 1 hour	98%	≥95%	98%	97%	95%	
Fiscal responsibility: Ensure funding for critical programs and projects, while maintaining comparable rates Accurately project and control costs	ECB Expenditures, % of Board approved budgeted	23%	95-103%	97%	97%	96%	
	Priority Non-ECB Expenditures: % of budgeted	5%	80-110%	95%	82%	87%	
	Residential Sewer Service Charges	NA	>33 rd	12 th	15 th	15 th	Reported 4 th qtr
	# regional projects with financial benefit	2	≥2	4	2	2	Participation in BACC, Operator training

Table 2: Operational Excellence Objectives and Measures, continued

Objectives	Measurements	FY 14 to Date	Annual Target	FY 13	FY 12	FY 11	Comments/Progress
Asset Management: Manage and maintain assets and infrastructure	# critical asset failures; no negative impact	0	≤2	0	2	0	
	# failures with negative impact	0	0	0	0	0	
	# priority CIP projects completed	1	11	11	6	10	
Environmental Protection: Maintain our ability to meet current and future regulations Implement projects and programs that benefit the environment	# adverse impacts on environment	1	0	0	1	0	
	# Category 2/3 overflows	0	≤10				Definition changed July 2013
	# Regional projects with environmental benefit	2	≥2	2	2	2	Pollution Prevention Program activities, ACWD Water Conservation Program
Efficiency: Optimize processes; use technology effectively	See Timeline and Team Scorecards						
Employees: Maintain a highly competent, flexible workforce	% of planned competency-based training milestones completed	30%	≥90%	155%			Measure was modified beginning FY 13
Labor Relations: Foster a collaborative employee-management relationship that encourages new ideas and continuous improvement	Total % of employees participating in District taskforces or committees	NA	≥60%	52	50%	49%	Reported 2 nd and 4 th qtrs

Green = met or exceeded target; or projected to meet annual target
Yellow = will not meet annual target *if trend continues*; needs attention
Red = Will not meet annual target by >10%; corrective action needed
 White= No target identified

Table 3: Public Relations Activities FY 14

Project	Goal/Milestones	1st Qtr
USD website	Update once a month	√
	Upgrade project	
Press Releases	4 per year; post on web	√
Newsletter	October 2013	√
Community Outreach: 3-4 events/year	Earth Day Fair	
	Newark Days Fair	√
	Plant Tours as requested	
	Outreach to 5 th grade teachers	√
	5 th grade presentations, 35+ /year	
	Alameda County Science & Engineering Fair	
	Career Outreach/Fairs in Jr High or High School	
	Career outreach to colleges or other groups	
	ROP/Solano College support	√
Business Outreach	Industrial Advisory Council meetings	√
	Green Business certification outreach 2x/yr	
	Certificate of Merit Presentations	
Civic Outreach	Presentations to City Councils, clubs as requested	
Charity Events	3-4 events Back to School Sept 2013	√
CIP Public Meetings	As appropriate	

**Directors**

Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

Officers

Richard B. Currie
*General Manager/District
Engineer*

David M. O'Hara
Attorney

DATE November 14, 2013

MEMO TO: Board of Directors - Union Sanitary District

FROM: Richard B. Currie, General Manager/District Engineer
Ed McCormick, Deputy General Manager
Andy Morrison, Collection Services Manager

SUBJECT: Agenda Item No. 7b - Meeting of November 25, 2013
Information Item: **Collection Services Process Scorecard**

Recommendation

Information only

Background

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

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

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

System Management

- 72 month cleaning and inspection of the entire system
- Effective selective line cleaning program
- Easement maintenance

Page 2
Board Meeting November 25, 2013
Agenda Item 7b

Pipe Assessment

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

Control Roots

- Mechanical removal
- Chemical treatment

Control Fats, Oils, and Greases

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

Service Requests

- Timely response
- Customer satisfaction

Performance targets are based on the amount of work that needs to be done to support the 72 month sewer cleaning and inspection, selective cleaning, and root control program, and productivity standards developed by the Collection System Collaborative Benchmarking Group, in which USD participated.

Collection Services workgroup employees are updated monthly on their performance. With this focused effort to prevent/minimize spills, we have managed to maintain a low number of spills and claims from spills this past year. This year we are on course to have another successful year, including the past sixteen months with only 2 SSOs, maintaining our place as a leader in CA, in Wastewater Collection System Operations and Maintenance.

FY14 Collection Services BSC						FY 13.Y/E.
Objectives	Measures	Qtr 1		FY 14 To Date		FY 14 Target
Customer Perspective:						
• Minimize Overflows SSO's	• # of Category 1 SSOs	1	SSOs	1	SSOs	• Zero Category 1 SSOs 0 SSO Cat 1
	• # of Category 2 SSOs	0	SSO	0	SSOs	≤ 10 Category 2 SSOs 0 SSOs Cat 2
• Minimize Negative Impact on Environment	• Percent of spill recovery	100%	Recovery	100%	Recovery	• 50% Recovery N/A
	• SSO's # of Repeats	0	SSO Repeats	0	SSO Repeats	• Zero Repeats 0 SSO Repeats
Manage and maintain assets and infrastructure	• Critical Asset Failures Sewer Main or MH Deficiency resulting in Category 1 SSO, sink hole, injury or resulting property damage > \$2,000 due to one or more of the following: – Break, collapse, offset or hole in pipe or – PMP not followed – Corrosion – Defect identified & corrective action not	0	Asset failure	0	Asset failure	• Zero 0 Asset failure
	• Stoppage in > 12" diameter mainline	0	Stoppages	0	Stoppages	• Zero 0 Stoppages
	• # of times building becomes dangerous or unsuitable for occupation.	0	Incidents	0	Incidents	• Zero 0 Incidents
	Critical asset failure with a negative impact on customers or the environment	0	Incidents	0	Incidents	Zero Incidents 0 Incidents
• Provide Uninterrupted Service	Response Time from notification thru initial contact includes dispatch time	96.0%	w/i 1 hour	96.0%	w/i 1 hour	≥ 95% w/i 1 hr 98.1% w/i 1 hour
• Reduce negative impacts of District sewer	Number of odor complaints attributable to sewer	0	Odors	0	Odor	≤ 2 0 Odors
Financial Perspective:						
• Provide competitive service	Cleaning – cost per ft/day/crew	\$0.45	Per ft	\$0.45	Clean Per Ft	Clean \$.66 to \$1.05 \$0.61 Clean Per Ft
	Cost per feet/day	\$0.82	Per ft	\$0.82	TV Per Ft	TV - \$.80 to \$1.40 \$1.01 TV Per Ft
• Minimize Claims & Fines	Total Cost of Claims/Fines (from SSO's)	\$0	Total Claims	\$0	Total Claims	Claims ≤ \$2000 \$0 Total Claims
		\$0	Total Fines	\$0	Total Fines	Fines-\$0 \$0 Total Fines
	Average cost per claim/fine	\$0	Avg Claims	\$0	Avg Claims	Claims ≤ \$1000 \$0 Avg Claims
		\$0	Avg Fines	\$0	Avg Fines	Fines-\$0 \$0 Avg Fines
Internal Process Perspective:						
• Trouble Call & SSO response	Response Time	96.0%	w/i 1 hour	96.0%	w/i 1 hour	≥ 95% w/i 1 hr 98.8% wi 1 hour
• Pipe/Problem Assessment	Number of Repeat Spills	0	Zero	Zero	per year	≤ 2 per year Zero per year
• Preventative Maint. Program	2 Yr Catch Up Plan % Complete	22.5%	% Complete	22.5%	% Complete	Annual Goal = 100% 81.6% complete
	TV Goal Footage	297,296	TV Footage	297,296	YTD TV Ftg	1,318,689 826,571 TV Footage
• Cleaning (other cleaning omitted)	Per Month Cleaning Footages	131,049	Avg Ft Per Mo	131,049	Avg Mo	129,121 Mo; 1,549,454 YE (w/o CI) 107,055 Mo, 1,284,656 YE
	o Feet per crew day	6,445	Ft Per Crew/Day	6,445	Ft Per Crew/Day	2,500 to 4,000 Per Crew Day 4,987 Ft Per Crew/Day
	o # of Crew Days	20.3	# of Crew Days	20.3	# of Crew Days	21 to 33 Crew Days 20.8 # of Crew Days
• Televising	Per Month Televising Footages	99,046	Avg Ft Per Mo	99,046	Avg Mo	109,891 Avg Mo, 1,318,689 YE 68,880 Mo, 826,571 YE
	o Feet per crew day	4,793	Ft Per Crew/Day	4,793	Ft Per Crew/Day	2,000 to 3,500 Per Crew Day 3,680 Ft Per Crew/Day
	o # of Crew Days	20.7	# of Crew Days	20.7	# of Crew Days	24 to 42 Crew Days 18.5 # of Crew Days
• Key Vehicles not Available For Preventative Maintenance Program	Days Per Mo 2 Hydrojets Not Available	0	Days	0	Days	< 3 Days 0 Days
	Days Per Mo 2 TV Vans Not Available	0	Days	0	Days	< 3 Days 0 Days
Learning & Growth:						
• Maintain and increase employee skills	# new modules completed	1	Module	0	Modules	1 Modules 0 Modules
	# of Training Modules w/instruction completed	0	Module	0	Modules	1 Modules 2 Modules
	# of individual Competency Assessments passed	0	Assessments	0	Assessments	27 Assessments 38
• Communicate Performance Data to Teams	# of time info shared with Team	3	Min. per mo	3	Min. per mo	Min. 1 per/mo 12

**Directors**

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 Tom Handley
 Pat Kite
 Anjali Lathi
 Jennifer Toy

Officers

Richard Currie
*General Manager/District
 Engineer*

David M. O'Hara
Attorney

DATE: November 25, 2013

MEMO TO: Board of Directors

FROM: Richard B. Currie, General Manager/District Engineer
 Tom Graves, Assistant to the General Manager/Board Secretary

SUBJECT: Agenda Item No. 8 - Meeting of November 25, 2013
**APPROVING A MOTION TO CANCEL THE BOARD OF DIRECTORS
 MEETING OF DECEMBER 23, 2013.**

Recommendation

Motion to approve.

Background

The second regularly-scheduled meeting of the Board of Directors in December falls on the day before Christmas Eve. Traditionally, this is a time that many employees take vacation leave, and in the past, the Board has cancelled the second meeting in December. Again this year, staff is recommending that the Board consider cancelling or rescheduling the December 24th meeting. We do not anticipate any critical actions requiring Board approval relative to either operations or contract work.

The next Regular Board Meeting is scheduled for January 14, 2014.



Directors
Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

Officers
Richard B. Currie
General Manager
District Engineer

David M. O'Hara
Attorney

DATE: November 18, 2013

MEMO TO: Board of Directors – Union Sanitary District

FROM: Richard B. Currie, General Manager/District Engineer
Rich Cortes, Business Services Manager
Maria Scott, Principal Financial Analyst
Debi Kull, Sr. Accountant

SUBJECT: Agenda Item No. 9 – Meeting of November 25, 2013
Accepting Financial Statements – Fiscal Year Ended June 30, 2013

Recommendation

Receive and file financial statements for fiscal year ended June 30, 2013.

Background

The District engages an independent accounting firm to audit the financial statements and records for each fiscal year. Attached for your review are the audit reports on the District's comparative financial statements for the years ended June 30, 2013 and 2012 and the Single Audit report covering State Revolving Fund proceeds (Federal portion) for Primary Clarifier, Substation 1, and Boyce Lift Station projects.

Operating Revenues:

FY '13 operating revenues increased by 4.4% to \$43,503,113.

Fiscal Year 2013	\$43,503,113
Fiscal Year 2012	\$41,657,935
Fiscal Year 2011	\$39,474,772

Operating Expenses:

FY '13 operating expenses, before depreciation, increased by 14.1% to \$34,154,742.

Fiscal Year 2013	\$34,154,742
Fiscal Year 2012	\$29,919,729
Fiscal Year 2011	\$30,449,295

Net Assets:

FY '13 Net Assets decreased by .82% to \$350,983,722.

Fiscal Year 2013	\$350,983,722
Fiscal Year 2012	\$353,867,248
Fiscal Year 2011	\$355,370,629

Fund Balances:

The total ending fund balances for capacity, renewal and replacement, and other restricted and unrestricted purposes decreased from \$52.1 million in FY '12 to \$51.6 million in FY '13.

Audit Comments:

There were no audit comments for FY13.

Attachments

DRAFT

**UNION
SANITARY DISTRICT**

FINANCIAL STATEMENTS

AND

ACCOMPANYING INFORMATION

JUNE 30, 2013 AND 2012

WITH

INDEPENDENT AUDITORS' REPORT

UNION SANITARY DISTRICT

JUNE 30, 2013

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT.....	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
FINANCIAL STATEMENTS	
Statements of Net Position June 30, 2013 and 2012.....	10
Statements of Revenues, Expenses and Changes in Net Position For the Years Ended June 30, 2013 and 2012.....	11
Statements of Cash Flows For the Years Ended June 30, 2013 and 2012.....	12
NOTES TO FINANCIAL STATEMENTS.....	13
REQUIRED SUPPLEMENTARY INFORMATION.....	35
SUPPLEMENTARY INFORMATION	
Schedules of Components of Net Position For the Years Ended June 30, 2013 and 2012.....	37
Schedules of Operating Expenses before Depreciation For the Years Ended June 30, 2013 and 2012.....	39
Schedules of Insurance Coverage For the Years Ended June 30, 2013.....	40



VAVRINEK, TRINE, DAY
& COMPANY, LLP
Certified Public Accountants

VALUE THE DIFFERENCE

INDEPENDENT AUDITORS' REPORT

Board of Directors
Union Sanitary District
Union City, California

Report on the Financial Statements

We have audited the accompanying financial statements of Union Sanitary District as of and for the years then ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise Union Sanitary 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 an opinion on these financial statements based on our audit. We did not audit the equity investment in the East Bay Dischargers Authority which represents 1.6 percent and 1.8 percent, respectively, of the assets and net position of the Union Sanitary District. The statements for which the equity investment is derived were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amount included for the equity investment, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

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 opinion.

Opinion

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Union Sanitary District as of June 30, 2013 and 2012, and the changes in financial position and, where applicable, cash flows thereof the years then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems provided by the State Comptroller's Office for Special Districts

As described in Note 1 to the financial statements, Union Sanitary District adopted new accounting guidance, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of funding progress for pension and retiree health benefit plan, as listed in the table of contents, 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.

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 financial information listed as supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2013, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Varrault, Trina, Day & Co, LLP.

Pleasanton, California
October 23, 2013

UNION SANITARY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2013

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, 2013. 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 HIGH LIGHTS

- The District's total ending net position decreased by \$2.9 million as a result of this year's operations. At June 30, 2013 net position totaled \$350.9 million. That is, the District's total assets exceeded liabilities by \$350.9 million.
- During the year, the District had expenses, including depreciation of \$16.8 million, which exceeded sewer service charges, contributed capital, interest, and other operating revenues by \$2.9 million. This compares to last year when expenses exceeded revenues by \$1.5 million.
- Long-term liabilities increased by \$577,000 during the current fiscal year due to the addition of State Revolving Fund loan proceeds (debt).
- The District placed \$10 million in assets into service compared to \$3.9 million last year.

USING THIS ANNUAL REPORT

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

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

- **Statement of Net Position** – Includes all District assets and liabilities 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 SANTARY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2013

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.

Net position of the District's business-type activities decreased from \$353.9 million to \$350.9 million. Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - were \$36.3 million at June 30, 2013. The decrease in total net position was the result of a decrease in current assets of \$806,000, mainly cash, a decrease in net capital assets of \$1.5 million, due to increased construction in progress and depreciation, a decrease in current liabilities of approximately \$27,000, and an increase in long term obligations of \$577,000.

Table 1 – Condensed Statement of Net Position

	Fiscal Year 2012-2013	Fiscal Year 2011-2012	Fiscal Year 2010-11	Dollar Change FY 13 to FY12	Percent Change FY 13 to FY12
Current and other assets	\$ 62,855,452	\$ 63,661,824	\$ 60,345,735	\$ (806,372)	-1.3%
Capital assets	335,041,723	336,569,446	332,946,978	(1,527,723)	-0.5%
Total assets	397,897,175	400,231,270	393,292,713	(2,334,095)	-0.6%
Current liabilities	10,007,413	10,034,883	8,909,084	(27,470)	-0.3%
Long-term liabilities	36,906,040	36,329,139	29,013,000	576,901	1.6%
Total liabilities	46,913,453	46,364,022	37,922,084	549,431	1.2%
Net Position:					
Net investment in capital assets	294,393,392	296,939,157	300,489,831	(2,545,765)	-0.9%
Restricted	20,297,820	19,346,378	16,877,836	951,442	4.9%
Unrestricted	36,292,510	37,581,713	38,002,962	(1,289,203)	-3.4%
Total net position	\$ 350,983,722	\$ 353,867,248	\$ 355,370,629	\$ (2,883,526)	-0.8%

In the prior year, FY 2012, Net position decreased from \$355.4 million to \$353.9 million, due mainly to an increase in current and other assets of \$3.1 million, mainly investments, an increase in net capital assets of \$3.6 million, due to increased construction in progress, an increase in current liabilities of approximately \$1.1 million, and an increase in long term debt of \$7.3 million.

UNION SANITARY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2013

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

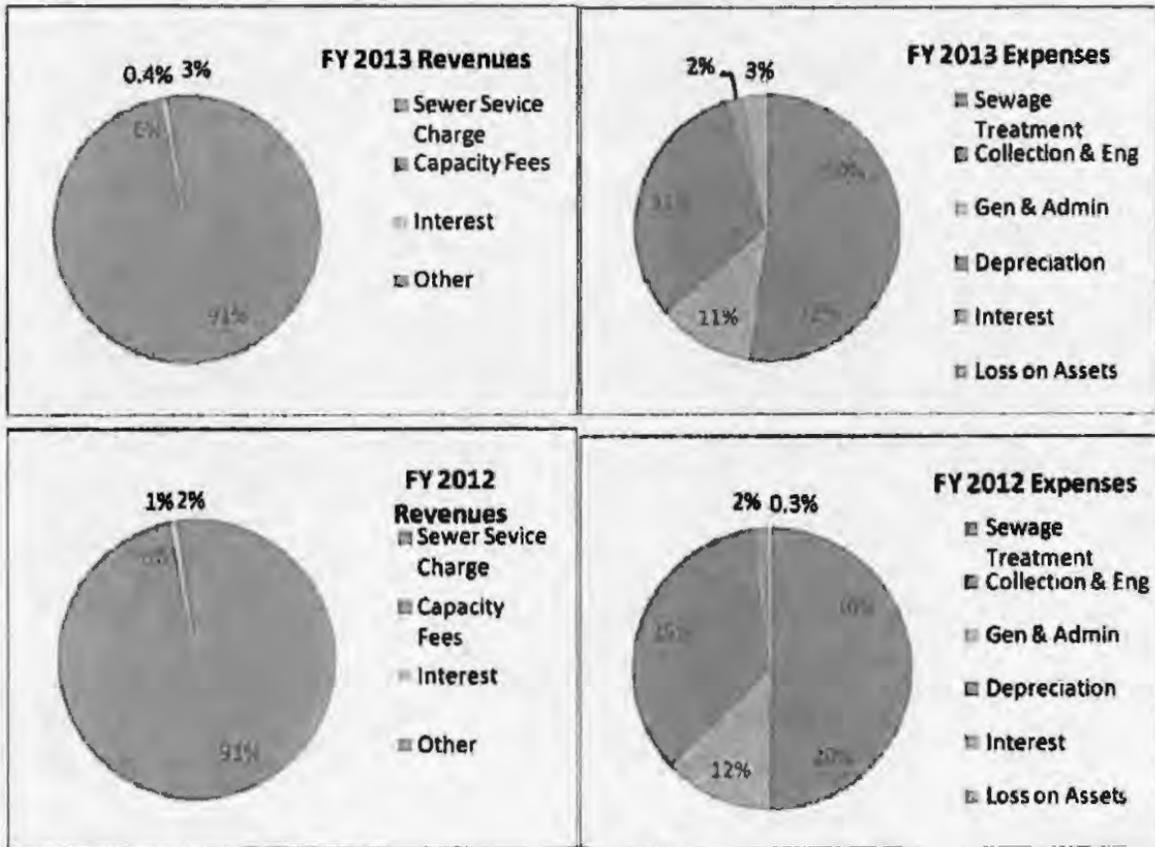
	Fiscal Year 2012-2013	Fiscal Year 2011-12	Fiscal Year 2010-11	Dollar Change FY 13 to FY12	Percent Change FY 13 to FY12
Revenues:					
Sewer service charges (SSC)	\$ 42,339,311	\$ 40,630,578	\$ 38,486,824	\$ 1,708,733	4.2%
Other revenues	1,163,802	1,027,357	987,948	136,445	13.3%
Investment income and net gains	178,690	248,337	274,328	(69,647)	-28.0%
Connection fees	2,864,810	2,848,488	3,381,963	16,322	0.6%
Total revenues with connection fees	46,546,613	44,754,760	43,131,063	1,791,853	4.0%
Expenses:					
Sewage treatment	16,088,929	14,255,266	14,342,352	1,833,663	12.9%
Sewage collection and engineering	11,954,345	9,712,645	10,532,692	2,241,700	23.1%
General and administration	6,111,468	5,951,818	5,574,251	159,650	2.7%
Interest	1,138,677	858,162	1,114,313	280,515	32.7%
Depreciation	16,776,307	16,790,277	16,323,858	(13,970)	-0.1%
Loss on retirement of capital assets	1,479,254	127,430	751,601	1,351,824	1060.8%
Total expenses	53,548,980	47,695,598	48,639,067	5,853,382	12.3%
Decrease in net position before contributions and special items					
	(7,002,367)	(2,940,838)	(5,508,004)	(4,061,529)	138.1%
Contributed capital and EBDA loss	4,118,841	1,437,457	4,373,795	2,681,384	186.5%
Change in Net Position	(2,883,526)	(1,503,381)	(1,134,209)	(1,380,145)	91.8%
Beginning Net Position	353,867,248	355,370,629	356,504,838	(1,503,381)	-0.4%
Ending Net Position	\$ 350,983,722	\$ 353,867,248	\$ 355,370,629	\$ (2,883,526)	-0.8%

The District's total revenues such as capacity fees and sewer service charges increased by \$1.8 million, or 4.0 percent for the year ended June 30, 2013. This is due mainly to a 5.0 percent increase in the sewer service charge rate, an increase in capacity fee revenue, and a decrease in interest. Contributed capital increased by \$2.7 million. The total cost of all programs and services, including depreciation, was nine percent higher than last year. Most major cost categories increased over 2012 costs except for repairs and maintenance, utilities, EBDA, and rents and leases. The main increase was for non-capital project expenses of \$3.8 million for Force Main Improvement Project, Inka Demolition, Facilities Condition Assessment, among others.

In the prior year, FY 2012, total revenues such as capacity fees and sewer services charges increased by \$1.6 million. This was due mainly to a five percent increase in the sewer service charge rate, an increase in capacity fee revenue and a decrease in interest. The total cost of all programs and services, including depreciation, was 1.9 percent lower than FY 2011. Most major cost categories decreased, including non-capital project expense, insurance, office supplies, repairs and maintenance, and operating supplies.

UNION SANITARY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2013



The District took actions this year to compensate for increases in costs, and to avoid the loss of revenue due to changes in the economy.

- The District increased sewer service fees five percent.
- The District increased capacity fees ten percent.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2013, the District had approximately \$335 million invested in a broad range of capital assets, including facilities and equipment for the plant, collections, and administrative facilities. This amount represents a net decrease of \$1.5 million, or .5 percent, compared to last year. The main reason for this is the accumulated depreciation in FY 2013. Total assets placed into service were \$10.0 million in FY 2013 vs. \$3.8 million in FY 2012 and \$26.4 in FY 2011. Additions to Construction in Progress were \$13.9 million in FY 2013 vs. \$18.6 million in FY 2012 and \$9.5 million in FY 2011. The District adopted an increase to the capital asset threshold to \$10,000 in FY 2013, resulting in the deletion of 324 assets from capital assets, or \$2.4 million.

UNION SANITARY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2013

Additions to Construction in Progress totaled \$13.9 million. Major projects included:

Table 3 – Additions to Construction in Progress

Boyce Road Lift Station	\$ 2,513,378
Primary Clarifiers 1-4	1,909,633
Cogeneration	1,901,083
Thickener No. 3 & 4 Rehabilitation	1,451,482
Headworks & Emergency Outfall Improvements	834,599
Misc. Spot Repairs Phase 4	739,827
PLC Replacement	709,653
Thickener Control Building and Interim Improvements	590,956
I-680 at Sabercat Replacement	574,264
SFPUC at Mission Blvd. & I-880	530,756
Force Main Improvement	437,232
Others	1,798,762
Total	\$ 13,991,625

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

Table 4 – Total Assets Placed into Service

Substation No. 1 Replacement	\$ 2,618,082
Secondary Digester No. 1 Dome Replacement	789,580
Misc. Spot Repairs - Phase 4	752,217
Vehicles	565,915
Force Main Improvement	340,000
SFPUC at Mission Blvd. & I-880	274,790
Primary Digester No. 4 Rehabilitation	176,245
Grit Hopper Replacement	122,547
Contributed Capital (pipes and manholes)	4,009,985
Others	372,557
Total	\$ 10,021,918

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

Debt Administration

At year-end, the District had \$40.6 million in notes outstanding versus \$39.6 million last year. This debt consists of nine State Revolving Fund loans.

Other obligations include accrued vacation pay and sick leave. More detailed information about the District's long-term liabilities is presented in *Note 5* to the financial statements.

UNION SANITARY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

ECONOMIC AND OTHER FACTORS

The District's elected and appointed officials considered many factors when setting the fiscal year 2013 budget. One of those factors was the economy. Increased salary and benefit costs, as well as increased CIP projects, were taken into consideration. In addition, the Board considered increasing construction costs when reviewing the CIP. Sewer service charge rates increased 5% and Capacity fee rates increased 10%. The net Operating budget was increased 3.5 percent, using a projected staff vacancy factor of two percent.

The District's fiscal year 2013 capital budget called for expenditures of \$13.6 million for Boyce Rd, Lift Station Replacement, Cogeneration, INKA Structure Demolition, Primary Clarifier Rehabilitation, Thickener Control Building Improvements and Thickener Mechanism 3 & 4 Replacement among others. The Engineering group prioritized and rescheduled CIP projects in order to help achieve our goal of positive fund balances. The CIP budget increased by \$4.5 million from fiscal year 2012.

The District's fiscal year 2014 budget includes a six percent increase in the operating budget with a two percent staff vacancy factor, and a capital budget which calls for expenditures of \$17.5 million for Cogeneration, Headworks Conveyors and Screenings, RAS Pump Stations Pumps and Valve Replacement, I-680 Crossing at Sabercat Rd, Boyce Road Lift Station Replacement, Veasy Street Sewer Improvements, Aeration Internal Lift Pumps, and Cast Iron Pipe Lining projects. Sewer service charges will increase 5.7 percent and Capacity fee rates will increase ten percent.

The District will use its revenues to finance current projects, although applications will continue to be submitted to the State Water Resources Control Board for State Revolving Fund loans for upcoming projects.

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.

UNION SANITARY DISTRICT

STATEMENTS OF NET POSITION JUNE 30, 2013 AND 2012

	2013	2012
CURRENT ASSETS		
Cash, cash equivalents	\$ 643,752	\$ 1,508,810
Investments	50,804,062	50,335,929
Accounts receivable, net	2,771,607	2,961,626
Interest receivable	99,811	192,858
Inventory	396,396	522,515
Other	21,659	19,609
Total current assets	<u>54,937,287</u>	<u>55,541,347</u>
NONCURRENT ASSETS		
Capital Assets		
Non depreciable capital assets:		
Land and improvements	5,593,929	5,395,903
Construction in progress	31,800,155	25,094,235
Capacity Permit	6,043,632	6,043,632
Depreciable assets		
Utility plant in service	609,293,880	604,087,703
Less Accumulated depreciation	<u>(317,689,873)</u>	<u>(304,052,027)</u>
Net capital assets	<u>335,041,723</u>	<u>336,569,446</u>
Other Assets		
Restricted cash and cash equivalents	-	113,296
Restricted investments	10,000	20,000
Net OPEB asset	1,435,718	1,425,564
Investment in East Bay Dischargers Authority	<u>6,472,447</u>	<u>6,561,617</u>
Total other assets	<u>7,918,165</u>	<u>8,120,477</u>
Total non-current assets	<u>342,959,888</u>	<u>344,689,923</u>
TOTAL ASSETS	<u>397,897,175</u>	<u>400,231,270</u>
CURRENT LIABILITIES		
Accounts payable and accrued expenses	3,738,900	4,566,395
Customer deposits	381,542	263,021
Accrued payroll and related expenses	671,896	660,306
Interest payable	557,503	405,430
Current portion of compensated absences	915,281	838,581
Current portion of long-term debt	<u>3,742,291</u>	<u>3,301,150</u>
Total current liabilities	<u>10,007,413</u>	<u>10,034,883</u>
LONG-TERM LIABILITIES		
Long-term debt, net of current portion	<u>36,906,040</u>	<u>36,329,139</u>
Total long-term liabilities	<u>36,906,040</u>	<u>36,329,139</u>
TOTAL LIABILITIES	<u>46,913,453</u>	<u>46,364,022</u>
NET POSITION		
Net investment in capital assets	294,393,392	296,939,157
Restricted for:		
Capacity purposes, expendable	16,093,405	15,123,448
SRF loan contingency reserve, non-expendable	4,204,415	4,222,930
Unrestricted	<u>36,292,510</u>	<u>37,581,713</u>
TOTAL NET POSITION	<u>\$ 350,983,722</u>	<u>\$ 353,867,248</u>

The accompanying notes are an integral part of these financial statements.

UNION SANITARY DISTRICT

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
OPERATING REVENUE		
Sewer service charges	\$ 42,339,311	\$ 40,630,578
Other operating revenues	1,163,802	1,027,357
Total operating revenue	<u>43,503,113</u>	<u>41,657,935</u>
OPERATING EXPENSES		
Sewage treatment	16,088,929	14,255,266
Sewage collection and engineering	11,954,345	9,712,645
General and administration	6,111,468	5,951,818
Total operating expenses before depreciation	<u>34,154,742</u>	<u>29,919,729</u>
DEPRECIATION	<u>16,776,307</u>	<u>16,790,277</u>
Total operating expenses	<u>50,931,049</u>	<u>46,710,006</u>
OPERATING LOSS	<u>(7,427,936)</u>	<u>(5,052,071)</u>
NON-OPERATING REVENUES (EXPENSES)		
Net investment income and net realized gains and losses	178,690	248,337
Interest Expense	(1,138,677)	(858,162)
Loss on retirement of capital assets	(1,479,254)	(127,430)
Gain (loss) on equity investment in East Bay Dischargers Authority	(89,170)	(100,827)
Net non-operating revenue (expense)	<u>(2,528,411)</u>	<u>(838,082)</u>
LOSS BEFORE CONTRIBUTED CAPITAL	<u>(9,956,347)</u>	<u>(5,890,153)</u>
Connection fees and other contributed capital	<u>7,072,821</u>	<u>4,386,772</u>
CHANGE IN NET POSITION	<u>(2,883,526)</u>	<u>(1,503,381)</u>
NET POSITION, BEGINNING OF YEAR	353,867,248	355,370,629
NET POSITION, END OF YEAR	<u>\$ 350,983,722</u>	<u>\$ 353,867,248</u>

The accompanying notes are an integral part of these financial statements.

UNION SANITARY DISTRICT

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 43,693,132	\$ 41,532,187
Payments to suppliers	(14,853,479)	(9,848,358)
Payments to employees	(13,983,330)	(13,255,728)
Payments for benefits on behalf of employees	(5,692,889)	(5,151,590)
Receipts (disbursements) for deposits	118,521	(99,191)
Payments related to postemployment benefits	(448,284)	(363,108)
Other operating receipts (disbursements)	(2,050)	7,017
Cash flows provided by (used in) operating activities	<u>8,831,621</u>	<u>12,821,229</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCIAL ACTIVITIES		
Principal payments on long-term debt	(3,306,586)	(3,600,409)
Proceeds from state revolving loan funds	4,324,628	10,773,551
Interest paid on long-term debt	(986,604)	(847,214)
Acquisition and construction of capital assets	(14,197,107)	(19,001,891)
Connection fees and other related revenues from developers	3,062,836	2,848,488
Cash flows provided by (used in) capital and related financing activities	<u>(11,102,833)</u>	<u>(9,827,475)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	271,737	221,931
Net loss on disposal of capital assets	1,479,254	-
Purchase of investments	57,040,000	(81,361,951)
Proceeds from sales and maturities of investments	(57,498,133)	78,755,000
Cash flows provided by (used in) investing activities	<u>1,292,858</u>	<u>(2,385,020)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(978,354)</u>	<u>608,734</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,622,106</u>	<u>1,013,372</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 643,752</u>	<u>\$ 1,622,106</u>
RECONCILIATION OF CASH AND EQUIVALENTS		
Unrestricted cash and cash equivalents	\$ 643,752	\$ 1,508,810
Restricted cash and cash equivalents	-	113,296
Total cash and cash equivalents	<u>\$ 643,752</u>	<u>\$ 1,622,106</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH FROM OPERATING ACTIVITIES		
Operating loss	\$ (7,427,936)	\$ (5,052,071)
Adjustments to reconcile operating loss to cash flows provided by operating activities		
Depreciation	16,776,307	16,790,277
(Increase) decrease in accounts receivable and other assets	190,019	(125,748)
Increase (decrease) in accounts payable and accrued expenses	(827,495)	1,256,648
(Increase) decrease in inventory and other	2,205	51,314
Increase (decrease) in customer deposits	118,521	(99,191)
Cash flows provided by (used in) operating activities	<u>\$ 8,831,621</u>	<u>\$ 12,821,229</u>
NONCASH TRANSACTIONS		
Contributions of capital assets	\$ 4,009,985	\$ 1,538,284
Decrease in equity in East Bay Dischargers Authority	89,170	100,827

The accompanying notes are an integral part of these financial statements.

UNION SANITARY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Organization

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

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

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

The Financial Reporting Entity

For financial reporting purposes component units are defined as legally separate organizations for which the elected officials of the primary government are financially accountable, and other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The District considered all potential component units in determining what organizations should be included in the financial statements. The District has determined that there are no component units that meet these criteria as of, and for the year ended June 30, 2013. The District includes all funds that are controlled by, or dependent upon the Board of Directors of the District.

In addition, the District's share of a Joint Powers Authority (East Bay Dischargers Authority) is reflected based upon the District's proportionate share of its investment in the discharge facilities in the Authority (see Note 4).

Measurement Focus and Basis of Accounting

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.

UNION SANITARY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

The District applies all applicable GASB pronouncements in accounting and reporting for proprietary operations, as well as the following pronouncements issued on or before November 30, 1989, except for those that conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB's) of the Committee on Accounting Procedure.

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

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, 2013 and 2012, cash equivalents consist of U.S. Treasury funds in a sweep account.

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.

Investments

Investments, which consist of short-term, fixed-income securities at June 30, 2013 and 2012, 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 assets.

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

Inventory

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

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 as fair value as of the date of donation. Repairs, maintenance, and minor replacements of property are charges to expense.

UNION SANITARY DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 2.99 percent and 3.01 percent of average depreciable plant during the years ended June 30, 2013 and 2012, respectively.

Compensated Absences

Vacation can be accumulated and is fairly vested. These compensated absences are recorded as an expense when earned and are carried as a liability until taken. The liability is computed using current employee pay rates.

Net Position

Net position is measured on the full accrual basis and is the excess of all the District's assets over all its liabilities. 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, or other restrictions which the District cannot unilaterally alter. It is the District's policy to apply restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

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

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

UNION SANITARY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

NOTE #1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

Nonoperating 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.

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.

Subsequent Events

Management has considered subsequent events through October 23, 2013, the date which the financial statements were available to be issued.

Change in Accounting Principles

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

Concepts Statement No 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements--and Management's Discussion and Analysis--for State and Local*

UNION SANITARY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Governments, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

The District has implemented the provisions of this Statement for the year ended June 30, 2013.

New Accounting Pronouncements

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined the elements included in financial statements, including deferred outflows of resources and deferred inflows of resources. In addition, Concepts Statement 4 provides that reporting a deferred outflow of resources or a deferred inflow of resources should be limited to those instances identified by the Board in authoritative pronouncements that are established after applicable due process. Prior to the issuance of this Statement, only two such pronouncements have been issued. Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, requires the reporting of a deferred outflow of resources or a deferred inflow of resources for the changes in fair value of hedging derivative instruments, and Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, requires a deferred inflow of resources to be reported by a transferor government in a qualifying service concession arrangement. This Statement amends the financial statement element classification of certain items previously reported as assets and liabilities to be consistent with the definitions in Concepts Statement 4. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations.

The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Early implementation is encouraged.

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

UNION SANITARY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The scope of this Statement addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and non-employer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, non-employer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. Employers are classified in one of the following categories for purposes of this Statement:

- Single employers are those whose employees are provided with defined benefit pensions through single-employer pension plans—pension plans in which pensions are provided to the employees of only one employer (as defined in this Statement).
- Agent employers are those whose employees are provided with defined benefit pensions through agent multiple-employer pension plans—pension plans in which plan assets are pooled for investment purposes but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees
- Cost-sharing employers are those whose employees are provided with defined benefit pensions through cost-sharing multiple-employer pension plans—pension plans in which the pension obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

In addition, this Statement details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. This Statement also addresses circumstances in which a non-employer entity has a legal requirement to make contributions directly to a pension plan.

This Statement is effective for fiscal years beginning after June 15, 2014. Early implementation is encouraged.

UNION SANITARY DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

NOTE #2 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 is summarized as follows:

	Balance June 30, 2012	Additions	Deletions	Transfers	Balance June 30, 2013
Capital assets, not being depreciated:					
Land and improvements	\$ 5,395,903	\$ 198,026	\$ -	\$ -	\$ 5,593,929
Construction in progress	25,094,235	11,868,287	-	(5,162,367)	31,800,155
Capacity Permit	6,043,632	-	-	-	6,043,632
Total Capital assets, not being depreciated:	<u>36,533,770</u>	<u>12,066,313</u>	<u>-</u>	<u>(5,162,367)</u>	<u>43,437,716</u>
Capital assets, being depreciated:					
Sewage collection facilities	397,641,506	4,009,985	(693,699)	1,367,006	402,324,798
Sewage treatment facilities	160,543,832	-	(566,051)	3,567,260	163,545,041
District facilities	39,932,779	565,915	(1,473,622)	151,936	39,177,008
General equipment	5,969,586	85,625	(1,884,343)	76,165	4,247,033
Total Capital assets, being depreciated:	<u>604,087,703</u>	<u>4,661,525</u>	<u>(4,617,715)</u>	<u>5,162,367</u>	<u>609,293,880</u>
Less: Accumulated depreciation					
Sewage collection facilities	(200,014,215)	(9,828,694)	352,744	-	(209,490,165)
Sewage treatment facilities	(84,045,740)	(4,527,357)	135,841	-	(88,437,256)
District facilities	(15,761,064)	(1,890,764)	975,116	-	(16,676,712)
General equipment	(4,231,008)	(535,666)	1,680,934	-	(3,085,740)
Total Accumulated depreciation:	<u>(304,052,027)</u>	<u>(16,782,481)</u>	<u>3,144,635</u>	<u>-</u>	<u>(317,689,873)</u>
Total capital assets, being depreciated, net	<u>300,035,676</u>	<u>(12,120,956)</u>	<u>(1,473,080)</u>	<u>5,162,367</u>	<u>291,604,017</u>
Total Capital Assets, net	<u>\$ 336,569,446</u>	<u>\$ (54,643)</u>	<u>\$ (1,473,080)</u>	<u>\$ -</u>	<u>\$ 335,041,723</u>

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 \$17,522,000 at June 30, 2013.

UNION SANITARY DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

NOTE #2 – CAPITAL ASSETS - CONTINUED

Capital asset activity for the year ended June 30, 2012 is summarized as follows:

	Balance June 30, 2011	Additions	Deletions	Transfers	Balance June 30, 2012
Capital assets, not being depreciated:					
Land and improvements	\$ 5,395,902	\$ 1	\$ -	\$ -	\$ 5,395,903
Construction in progress	8,443,102	18,597,278	-	(1,946,145)	25,094,235
Capacity Permit	6,043,632	-	-	-	6,043,632
Total Capital assets, not being depreciated:	19,882,636	18,597,279	-	(1,946,145)	36,533,770
Capital assets, being depreciated:					
Sewage collection facilities	396,499,517	1,558,715	(1,447,172)	1,030,446	397,641,506
Sewage treatment facilities	160,060,088	-	-	483,744	160,543,832
District facilities	39,302,388	322,501	(62,618)	370,508	39,932,779
General equipment	5,900,164	61,680	(53,705)	61,447	5,969,586
Total Capital assets, being depreciated:	601,762,157	1,942,896	(1,563,495)	1,946,145	604,087,703
Less: Accumulated depreciation					
Sewage collection facilities	(191,520,043)	(9,816,916)	1,322,744	-	(200,014,215)
Sewage treatment facilities	(79,538,387)	(4,507,353)	-	-	(84,045,740)
District facilities	(13,897,198)	(1,923,482)	59,616	-	(15,761,064)
General equipment	(3,742,187)	(542,526)	53,705	-	(4,231,008)
Total Accumulated depreciation:	(288,697,815)	(16,790,277)	1,436,065	-	(304,052,027)
Total capital assets, being depreciated, net	313,064,342	(14,847,381)	(127,430)	1,946,145	300,035,676
Total Capital Assets, net	\$ 332,946,978	\$ 3,749,898	\$ (127,430)	\$ -	\$ 336,569,446

NOTE #3 – CASH AND INVESTMENTS

A. Summary of Cash and Cash Equivalents and Investments

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

	2013	2012
Cash and cash equivalents	\$ 643,752	\$ 1,508,810
Restricted cash and cash equivalents	-	113,296
Investments	50,804,062	50,335,929
Restricted investments	10,000	20,000
Total Cash and Cash Equivalents and Investments	\$ 51,457,814	\$ 51,978,035

UNION SANITARY DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

NOTE #3 – CASH AND INVESTMENTS - CONTINUED

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
Bankers Acceptance (b)	180 days	A1/P1 (ST) A (LT)	40%	10%
Certificates of Deposit	180 days	N/A	30%	10%
Negotiable Certificates of Deposit	5 years	A1 (ST) A (LT)	30%	10%
Repurchase Agreements (c)	90 days	N/A	10%	10%
Commercial Paper	270 days	"Prime" quality	25%	10%
Local Agency Investment Fund (LAIF)	N/A	N/A	70%	None
Corporate Notes (d)	5 years	A	30%	10%
Mortgage Pass-through and Asset Backed Securities	N/A	AAA or Aaa	20%	10%
Money Market Funds	N/A	AAA or Aaa	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).
- 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 THE FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

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:

2013	Maturities of			Total
	12 months or less	12-24 months	25 - 60 months	
U.S. Treasury Obligations	\$ 2,014,140	\$ 2,004,063	\$ -	\$ 4,018,203
U.S. Agency Obligations:				
FHLB	4,033,740	-	-	4,033,740
FNMA	931,956	1,997,300	-	2,929,256
Corporate Notes	4,264,164	1,576,605	-	5,840,769
Certificates of Deposit	1,228,401	720,316	-	1,948,717
LAIF	32,009,735	-	-	32,009,735
Local Government Investment Pool (CAMP)	33,642	-	-	33,642
Total Investments	44,515,778	6,298,284	-	50,814,062
Cash in bank and money market funds	643,752	-	-	643,752
Total Cash and Investments	\$ 45,159,530	\$ 6,298,284	\$ -	\$ 51,457,814

2012	Maturities of			Total
	12 months or less	12-24 months	25 - 60 months	
U.S. Treasury Obligations	\$ 1,500,885	\$ 2,024,688	\$ 2,001,100	\$ 5,526,673
U.S. Agency Obligations:				
FHLB	-	4,068,120	-	4,068,120
FNMA	-	1,937,833	1,995,980	3,933,813
International Bank for Reconstruction & Development (IBRD)	-	2,001,180	-	2,001,180
Corporate Notes	10,527,454	2,732,752	-	13,260,206
Certificates of Deposit	2,043,760	495,759	-	2,539,519
LAIF	18,992,835	-	-	18,992,835
Local Government Investment Pool (CAMP)	33,583	-	-	33,583
Total Investments	33,098,517	13,260,332	3,997,080	50,355,929
Cash in bank and money market funds	1,622,106	-	-	1,622,106
Total Cash and Investments	\$ 34,720,623	\$ 13,260,332	\$ 3,997,080	\$ 51,978,035

UNION SANITARY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

NOTE #3 – CASH AND INVESTMENTS - CONTINUED

D. LAIF Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF). LAIF is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The District reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based in the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills and corporations. The carrying value of LAIF approximates fair value. At June 30, 2013, these investments mature in an average of 278 days.

E. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of June 30, 2013 for each investment type:

	Aaa	Aa2	Aa3	A1	A2	Total
U.S. Agency Obligations						
FHLB	\$ 4,033,740	\$ -	\$ -	\$ -	\$ -	\$ 4,033,740
FNMA	2,929,256	-	-	-	-	2,929,256
Corporate Notes	-	-	7,726,484	2,050,485	1,063,800	5,840,769
Local Government Investment Pool (CAMP)	33,642	-	-	-	-	33,642
Totals	\$ 6,996,638	\$ -	\$ 7,726,484	\$ 2,050,485	\$ 1,063,800	12,837,407
Exempt from credit rate disclosure						
U.S. Treasury Obligations						4,018,203
Certificates of deposit						1,948,717
Not rated						
California Local Agency Investment Fund						32,009,735
Cash and cash equivalents						643,752
Total Cash, Cash Equivalents and Investments						\$ 51,457,814

Presented below is the actual rating as of June 30, 2012 for each investment type:

	Aaa	Aa2	Aa3	A1	P-1	Total
U.S. Agency Obligations						
FHLB	\$ 4,068,120	\$ -	\$ -	\$ -	\$ -	\$ 4,068,120
FNMA	3,933,813	-	-	-	-	3,933,813
International Bank for Reconstruction & Development (IBRD)	2,001,180	-	-	-	-	2,001,180
Corporate Notes	-	904,138	5,777,813	4,078,655	2,499,600	13,260,206
Local Government Investment Pool (CAMP)	33,583	-	-	-	-	33,583
Totals	\$ 10,036,696	\$ 904,138	\$ 5,777,813	\$ 4,078,655	\$ 2,499,610	23,296,902
Exempt from credit rate disclosure						
U.S. Treasury Obligations						5,526,673
Certificates of deposit						2,539,519
Not rated						
California Local Agency Investment Fund						18,992,835
Cash and cash equivalents						1,622,106
Total Cash, Cash Equivalents and Investments						\$ 51,978,035

UNION SANITARY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

NOTE #3 – CASH AND INVESTMENTS - CONTINUED

F. Concentration of Credit Risk

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

As of fiscal year ended June 30, 2013, the District did not have investments held that are more than five percent of the District's total investments.

G. Custodial Credit Risk

Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy, as well as the California Government Code, requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market 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, 2013, the District's total bank balance of \$929,934 was either collateralized or insured by the Federal Deposit Insurance Corporation (FDIC).

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).

UNION SANITARY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

NOTE #4 – 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 debts, liabilities, and obligations of the Authority do not constitute 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 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.

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.

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

Summary financial information for EBDA, as of June 30, 2012 and 2011 and for the years then ended, the most recent audited information available, is as follows:

	2012	2011
Total Assets	\$ 35,461,881	\$ 35,483,503
Total liabilities	849,863	349,642
Net asset value of EBDA	34,612,018	35,088,861
District's share at 18.7%	6,472,447	6,561,617
Net loss on equity investment in EBDA	\$ 89,170	\$ 100,827

EBDA has no outstanding debt.

UNION SANITARY DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

NOTE #4 - JOINT VENTURES - CONTINUED

During fiscal year ended June 30, 2013 and 2012, the District was charged \$1,060,693 and \$1,100,381, respectively, 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, CA 94580-1841.

NOTE #5 - LONG-TERM OBLIGATIONS

Long-term obligations at June 30, 2013 are summarized as below:

	Maturity Date	Interest Rate	Balance 7/1/12	Additions	Retirements	Balance 6/30/13	Current Portion
1994 State Revolving Fund Loan - Plant Upgrade	06/17/14	2.7%	\$ 3,766,492	\$ -	\$ 1,858,688	\$ 1,907,804	\$ 1,907,804
2003 State Revolving Fund Loan - Irvington	08/30/23	2.4%	9,372,390	-	683,227	8,689,163	699,624
2008 State Revolving Fund Loan - Willow	11/16/27	2.4%	1,426,037	-	74,160	1,351,877	75,940
2008 State Revolving Fund Loan - Newark	01/26/30	2.7%	9,670,324	-	424,306	9,246,018	435,762
2008 State Revolving Fund Loan - Hetch Hetchy	11/17/28	2.7%	1,883,640	-	88,775	1,794,865	91,172
2009 State Revolving Fund Loan - Cedar Blvd.	02/26/30	2.5%	1,827,887	-	81,651	1,746,236	83,693
2011 State Revolving Fund Loan - Primary CI.	01/15/33	2.7%	6,438,569	2,298,505	-	8,737,074	351,690
2011 State Revolving Fund Loan - Substation I	02/28/32	2.6%	2,321,332	109,879	95,779	2,335,432	96,606
2011 State Revolving Fund Loan - Boyce Rd. Lift Station	03/31/33	2.6%	2,923,618	1,916,244	-	4,839,862	-
Compensated absences	n/a	n/a	838,581	987,744	911,044	915,281	915,281
			<u>\$ 40,468,870</u>	<u>\$ 5,312,372</u>	<u>\$ 4,217,630</u>	<u>\$ 41,563,612</u>	<u>\$ 4,657,572</u>

A. 1994 State Revolving Fund Loan - Plant Upgrade

During 1994, 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 June 20, 1997, \$30,000,000, the maximum loan amount, had been drawn. The interest rate on the loan is 2.7 percent and is payable in twenty annual installments, beginning one year after the initial loan disbursement. The purpose of this loan was to finance the Alvarado Wastewater Treatment Plant Upgrade project.

B. 2003 State Revolving Fund Loan - Irvington

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

UNION SANITARY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

NOTE #5 - LONG-TERM OBLIGATIONS - CONTINUED

C. 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, 2013, \$1,710,471 has been advanced under this agreement.

D. 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 \$10,283,321 based upon projected costs to be incurred. As of June 30, 2013, \$10,283,322, the maximum loan amount, has been advanced under this agreement.

E. 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, 2013, \$2,113,379 has been advanced under this agreement.

F. 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, 2013, \$1,998,384 has been advanced under this agreement.

G. 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, 2013, \$8,821,860 has been advanced under this agreement.

UNION SANITARY DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

NOTE #5 - LONG-TERM OBLIGATIONS – CONTINUED

H. 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, 2013, \$2,412,908 has been advanced under this agreement.

L. 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, 2013, \$4,839,862 has been advanced under this agreement.

J. Debt Service Requirements

Future annual repayment requirements as of June 30, 2013 are as follows:

Year Ended June 30	Principal	Interest	Total
2014	\$ 3,742,291	\$ 814,710	\$ 4,557,001
2015	2,068,965	860,220	2,929,185
2016	2,121,980	816,084	2,938,064
2017	2,176,358	770,800	2,947,158
2018	2,232,134	724,341	2,956,475
2019-2023	12,173,656	2,913,894	15,087,550
2024-2028	9,926,186	1,585,314	11,511,500
2029-2033	6,037,707	469,790	6,507,497
2034	169,055	8,181	177,236
Totals	\$ 40,648,331	\$ 8,963,334	\$ 49,611,665

UNION SANITARY DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

NOTE #6 - PENSION PLAN

Substantially all District employees are eligible to participate in a pension plan offered by California Public Employees Retirement System (CALPERS) to the District, an agent multiple employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. CALPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. The benefit provisions and all other requirements have been established and may be amended by State statute and District resolution. Benefits are based on years of credited service, equal to one year of full time employment. Funding contributions for the Plan are determined annually based on an actuarial study as of June 30 by CALPERS. The Plan's provisions and benefits in effect at June 30, 2013 are summarized as follows.

Benefit vesting schedule	5 years service
Benefit payment	Monthly for life
Minimum retirement age	50
Benefit factor per year of service	2.0 - 2.5%
Required employee contribution rate	8%
Required employer contribution rate	16.604%

CALPERS determines contribution requirements using a modification of the Entry Age Actuarial Cost Method. Under this method, the District's total normal benefit cost for each employee for date of hire to date of retirement is expressed as a level percentage of the related total payroll cost. Normal benefit cost under this method is the level amount the District must pay annually to fund an employee's projected retirement benefit. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The projection of benefits does not explicitly incorporate the potential effects of legal or contractual funding limitations. This level percentage of payroll method is used to amortize any unfunded actuarial liabilities. The actuarial assumptions used to compute contribution requirements are also used to compute the actuarial accrued liability. The District uses the actuarially determined percentages of payroll to calculate and pay contribution to CALPERS. This results in no net pension obligations or unpaid contributions. Annual pension costs, representing the payment of employer contributions required by CALPERS, for the years ended June 30, 2013 and 2012 were \$2,248,207 and \$2,053,047 respectively. In addition, the District was obligated to pay six percent of the employee's eight percent contribution as per collective bargaining agreements from July 1, 2012 through June 5, 2013. Effective June 6, 2013, employees hired before January 1, 2013 will pay additional contribution of 1.5 percent for pension; employees hired after January 1, 2013 will be subject to a new formula and contributions as provided in recent legislation. That obligation is not reflected within the actuarial accrued liability disclosed in the required supplementary information section. The annual pension costs, including both the employer and employee portion paid by the District, for the years ended June 30, 2013 and 2012 were \$3,069,290 and \$2,869,537, respectively.

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2013	\$ 3,069,290	100%	-
6/30/2012	2,869,537	100%	-
6/30/2011	2,268,175	100%	-

UNION SANITARY DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

NOTE #6 - PENSION PLAN - CONTINUED

CALPERS uses the Entry Age Normal Cost Method to value Plan obligations and the market related value method of valuing the Plan's assets. An investment rate of return of 7.5 percent is assumed, including inflation at 2.75 percent. Annual salary increases are assumed to vary by duration of service. Changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methods are amortized as a level percentage of payroll on a closed basis over twenty years. Investment gains and losses are tracked and amortized over 30 years. Salaries are projected to increase from 3.20 percent to 14.20 percent depending on age, service, and type of employment.

Funded Status: The schedule of funded status of the plan as of June 30, 2011 was as follows:

Actuarial accrued liability (AAL)	\$ 94,015,409
Actuarial value of plan assets	77,586,175
Unfunded actuarial accrued liability (UAAL)	<u>\$ 16,429,234</u>
Funded ratio (actuarial value of plan assets/ AAL)	82.5%
Covered payroll (active plan members)	\$ 12,767,707
UAAL as a percentage of covered payroll	128.7%

Audited annual financial statements are available from CALPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

NOTE #7 - OTHER RETIREMENT BENEFITS

A. Postemployment Healthcare Plan (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, CA, 95814.

Funding Policy. The District's annual required contribution of the employer (ARC) is an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal annual costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years on a closed basis. The current ARC rate is 3.6% of the annual covered payroll, based on the most recent actuarial report dated July 1, 2011. The plan members receiving benefits currently do not make contributions.

UNION SANITARY DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

NOTE #7 - OTHER RETIREMENT BENEFITS - CONTINUED

Annual OPEB Cost and Net OPEB Obligation. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation.

Annual Required Contribution (ARC)	\$ 448,284
Interest on net OPEB obligation (asset)	(96,226)
Adjustment to ARC	<u>86,072</u>
Annual OPEB cost	438,130
Contributions made	<u>448,284</u>
Change in net OPEB obligation (asset)	(10,154)
OPEB obligation (asset) - beginning of year	<u>(1,425,564)</u>
OPEB obligation (asset) - end of year	<u>\$ (1,435,718)</u>

Trend Information. The District's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) is as follows:

Fiscal Year Ending	Annual OPEB Cost	Actual Employer Contributions	Percentage Contributed	Net OPEB Obligation (Asset)
6/30/2013	\$ 438,130	\$ 448,284	102%	\$ (1,435,718)
6/30/2012	346,615	363,108	105%	(1,425,564)
6/30/2011	333,663	351,679	105%	(1,409,071)

Funded Status. The schedule of funded status of the plan as of July 1, 2011 was as follows:

Actuarial accrued liability (AAL)	\$ 6,557,147
Actuarial value of plan assets	<u>2,849,311</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 3,707,836</u>
Funded ratio (actuarial value of plan assets/ AAL)	43.5%
Covered payroll (active plan members)	\$ 12,094,561
UAAL as a percentage of covered payroll	30.7%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

UNION SANITARY DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

NOTE #7 - OTHER RETIREMENT BENEFITS - CONTINUED

The following is a summary of the actuarial assumptions and methods:

Valuation date	July 1, 2011
Actuarial cost method	Entry age, Normal cost
Amortization method	Level percentage of payroll
Amortization period	30 years
Asset valuation method	Market value of assets
Actuarial Assumptions:	
Investment rate of return (funded)	6.75%
Salary increase	3.25%
Healthcare cost trend rate	9.0% initial; 4.5% ultimate
Inflation Rate	3.25%

B. 401(a) Plans

The District sponsors three 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, and the District makes matching contributions on their behalf. The District and the participants both contributed a total of \$34,185 and \$36,690 to the plans for the years ended June 30, 2013, and 2012, respectively.

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 #8 - 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.

UNION SANITARY DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

NOTE #9 - 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.

REQUIRED SUPPLEMENTARY INFORMATION

UNION SANITARY DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2013**

Schedule of Funding Progress for Pension Plan

Actuarial Valuation Date June 30,	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2011	\$ 77,586,175	\$ 94,015,409	\$ 16,429,234	82.5%	\$ 12,767,707	128.7%
2010	73,970,831	88,741,572	14,770,741	83.4%	12,301,216	120.1%
2009	70,490,768	83,558,837	13,068,069	84.4%	12,177,190	107.3%

Schedule of Funding Progress for Retiree Health Benefit Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2011	\$ 2,849,311	\$ 6,557,147	\$ 3,707,836	43%	\$ 12,094,561	30.7%
July 1, 2010	2,202,422	5,120,503	2,918,081	43%	11,590,155	25.2%
July 1, 2008	-	5,201,583	5,201,583	0%	12,429,787	41.8%

SUPPLEMENTARY INFORMATION

UNION SANITARY DISTRICT

**SCHEDULES OF COMPONENTS OF NET POSITION
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
NET INVESTMENT IN CAPITAL ASSETS		
Net capital assets	\$ 335,041,723	\$ 336,569,446
Less long term debt:		
State revolving fund	<u>(40,648,331)</u>	<u>(39,630,289)</u>
Net investment in capital assets	<u>294,393,392</u>	<u>296,939,157</u>
RESTRICTED		
Expendable:		
Capacity purposes	\$ 16,093,405	\$ 15,123,448
Nonexpendable:		
State revolving fund loan contingency requirement	<u>4,204,415</u>	<u>4,222,930</u>
Total restricted net assets	<u>\$ 20,297,820</u>	<u>\$ 19,346,378</u>
UNRESTRICTED		
Renewal and replacement:		
Structural	\$ 8,079,734	\$ 10,704,257
Vehicle and equipment	1,150,234	1,173,450
Information system	1,368,371	1,269,037
Plant and pump station	158,524	110,992
Non-capital project expense (NECB)	310,580	306,956
Investment in East Bay Dischargers Authority	6,472,447	6,561,617
Risk management	1,500,000	1,500,000
Cash flow	15,139,823	14,595,065
Emergency	2,000,000	1,250,000
Pretreatment	<u>112,797</u>	<u>110,339</u>
Total unrestricted	<u>\$ 36,292,510</u>	<u>\$ 37,581,713</u>
NET POSITION	<u>\$ 350,983,722</u>	<u>\$ 353,867,248</u>

UNION SANITARY DISTRICT

**SCHEDULES OF COMPONENTS OF NET POSITION
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

Note A – Restricted Components of Net Position

The amounts have legal restrictions as to their uses. Those amounts restricted for capacity purposes can be used only for acquisition of capacity related capital assets. Those amounts restricted as bond reserve can be used only for debt service.

Note B – Unrestricted Components of Net Position

These amounts have been designated by Board resolution for various purposes including renewal and replacement and a reserve for economic uncertainty.

UNION SANITARY DISTRICT

**SCHEDULES OF OPERATING EXPENSES BEFORE DEPRECIATION
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	2013				2012			
	Sewage Treatment	Sewage Collection & Engineering	General & Administrative	Total	Sewage Treatment	Sewage Collection & Engineering	General & Administrative	Total
Salaries and wages	\$ 4,800,376	\$ 6,282,578	\$ 2,981,252	\$ 14,064,206	\$ 4,517,109	\$ 5,862,154	\$ 2,945,441	\$ 13,324,704
Employee benefits	1,918,094	2,645,861	1,574,478	6,138,433	1,707,279	2,382,945	1,439,396	5,529,620
Recruitment and development	89,445	98,160	196,330	383,935	79,764	84,957	212,550	377,271
Temporary help	-	10,476	31,253	41,729	-	15,170	-	15,170
Repairs and maintenance	1,482,668	509,882	11,213	2,003,763	1,570,105	546,929	12,459	2,129,493
Operating supplies	1,674,605	232,206	-	1,906,811	1,626,589	215,601	-	1,842,190
Office and safety supplies	144,142	179,200	245,880	569,222	140,006	152,172	216,153	508,331
Insurance	-	-	222,425	222,425	-	-	176,275	176,275
Contractual services	700,986	47,514	10,569	759,069	673,834	40,278	10,334	724,446
Professional services	168,316	35,027	534,404	737,747	181,917	51,187	471,113	704,217
Utilities	2,190,981	53,095	63,023	2,307,099	2,355,404	49,554	58,129	2,463,087
East Bay Dischargers Authority - operating charges	1,060,693	-	-	1,060,693	1,100,381	-	-	1,100,381
Non-capital projects	1,805,985	1,805,985	200,084	3,812,054	248,476	254,805	369,573	872,854
Sewer Service charge administrative fee	35,084	35,084	35,084	105,252	34,983	34,983	34,982	104,948
Rents/Leases	17,554	19,277	5,473	42,304	19,419	21,910	5,413	46,742
Total	\$ 16,088,929	\$ 11,954,345	\$ 6,111,468	\$ 34,154,742	\$ 14,255,266	\$ 9,712,645	\$ 5,951,818	\$ 29,919,729

UNION SANITARY DISTRICT

**SCHEDULE OF INSURANCE COVERAGE
FOR THE YEAR ENDED JUNE 30, 2013**

The District's insurance policies and coverages in effect at June 30, 2013 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
		<u>Insured Value</u>
Auto physical damage (primary insurance program)	\$	3,290,105
Workers' Compensation	\$	1,750,000
Group Health and Life		Contract
Employee Disability and Salary Continuance		Contract
Property insurance, all property	\$	250,928,297
Accounts receivable		No sublimit
Employee Dishonesty Bond Coverages:		
Public Employee Dishonesty Bond	\$	1,000,000
Forgery and alteration	\$	1,000,000
Computer Fraud	\$	1,000,000

UNION SANITARY DISTRICT
SINGLE AUDIT REPORT
FOR THE YEAR ENDED
JUNE 30, 2013

DRAFT

UNION SANITARY DISTRICT
SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2013

<u>Table of Contents</u>	Page
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 <i>Government Auditing Standards</i>	1
Independent Auditors' Report On Compliance For Each Major Program and on Internal Control Over Compliance in Accordance with <i>OMB Circular A-133</i>	3
Schedule of Expenditures of Federal Awards	5
Notes to Schedule of Expenditures of Federal Awards	6
Schedule of Findings and Questioned Costs	
I. Summary of Auditor's Results	7
II. Financial Statement Findings	8
III. Federal Award Findings and Questioned Costs	9
Summary Schedule of Prior Audit Findings and Questioned Costs	10



VAVRINEK, TRINE, DAY
& COMPANY, LLP
Certified Public Accountants

VALUE THE DIFFERENCE

**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 basic financial statements of the Union Sanitary District (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, and have issued our report thereon dated October 23, 2013. Our report includes a reference to other auditors who audited the financial statements of the East Bay Dischargers Authority, as described in our report on the District's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Varrault, Trone, Day & Co., LLP.

Pleasanton, California

October 23, 2013



VAVRINEK, TRINE, DAY
& COMPANY, LLP
Certified Public Accountants

VALUE THE DIFFERENCE

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

We have audited Union Sanitary District's (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2013. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiency. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the basic financial statements, including the related notes to the financial statements, of the Union Sanitary District, as of and for the year ended June 30, 2013. We issued our report thereon dated October 23, 2013, which contained unqualified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Varrick, Trone, Day & Co., LLP.

Pleasanton, California
October 23, 2013

UNION SANITARY DISTRICT

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013**

<u>Federal Grantor / Pass-through Grantor / Program Title</u>	<u>Grant Identifying Number</u>	<u>Federal Catalog Number</u>	<u>Federal Expenditures</u>
<u>Environmental Protection Agency</u>			
Passed through State Water Resources Control Board			
Capitalization Grants for Clean Water State Revolving Funds ⁽¹⁾	C-06-5222-110	66.458	\$ 783,381
	C-06-5221-110	66.458	109,879
	C-06-5219-110	66.458	<u>1,380,280</u>
Total Expenditures of Federal Awards			<u>\$ 2,273,540</u>

(1) Tested as a major program.

65

UNION SANITARY DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2013

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Union Sanitary District (District). The District's reporting entity is defined in Note #1 of the District's basic financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies to the District are included in the accompanying schedule.

B. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note #1 of the District's basic financial statements.

C. Relationship to Basic Financial Statements

The loan associated with federal award funds is reported within the District's basic financial statements under the financial statement caption current portion of long-term debt and long-term debt, net of current portion.

D. Relationship to Federal Financial Reports

Amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree with the amounts reported in the related federal financial reports. However, certain federal financial reports are filed based on cash expenditures. As such, certain timing differences may exist in the recognition of revenues and expenditures between the Schedule of Expenditures of Federal Awards and the federal financial reports.

E. Catalog of Federal Domestic Assistance (CFDA) Numbers

The CFDA numbers included in this report were determined based on the program name, review of grant contract information, and the Office of Management and Budget's Catalog of Federal Domestic Assistance.

F. Pass-Through Entities' Identifying Number

When federal awards were received from a pass-through entity, the Schedule of Expenditures of Federal awards shows, if available, the identifying number assigned by the pass-through entity.

UNION SANITARY DISTRICT

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

FINANCIAL STATEMENTS

Type of auditor's report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>No</u>
Noncompliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None Reported</u>
Type of auditor's report issued on compliance for major programs:	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)	<u>No</u>
Identification of major programs:	

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
<u>66.458</u>	<u>Capitalization Grants for Clean Water State Revolving Funds</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$300,000</u>
Auditee qualified as low-risk auditee?	<u>No</u>

UNION SANITARY DISTRICT

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013**

B-1 d

II. FINANCIAL STATEMENT FINDINGS

None.

UNION SANITARY DISTRICT

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013**

II. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

UNION SANITARY DISTRICT

SUMMARY SCHEDULE OF PRIOR YEAR FINDING FOR THE YEAR ENDED JUNE 30, 2013

FINANCIAL STATEMENT FINDING - SIGNIFICANT DEFICIENCY

2012-1 INVESTMENT PURCHASES

Condition:

As of June 30, 2012, the District held in its investment portfolio a security issued by International Bank for Reconstruction and Development (IBRD) with a market value of \$2,001,180 maturing on March 5, 2014

Criteria:

The State of California Government Code, Section 53601, lists the authorized investments for local government agencies. With respect to agency securities, Section 53601 (f) allows investments in Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. IBRD is a supranational organization whose membership transcends national boundaries and is part of the World Bank Group. IBRD is not a federal agency or a United States government-sponsored enterprise.

Cause of Condition:

Internal controls in place at the District failed to prevent a purchase of a security that is not in compliance with the State of California Government Code Section 53601 and the District's Investment Policy.

Effect of Condition:

The District is not in compliance with its Investment Policy and California Government Code Section 53601.

Recommendation:

We recommend the District implement procedures and enhance current controls in place to ensure all investment purchases are in compliance with the District's Investment Policy and California Government Code Section 53601.

Current Status:

Based on the audit procedures performed for the June 30, 2013 resulting in no instances of non compliance as it relates to California Government Code, Section 53601. This finding does not warrant further action.

**Directors**

Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

Officers

Richard B. Currie
*General Manager/
District Engineer*

David M. O'Hara
Attorney

DATE: November 19, 2013

MEMO TO: Board of Directors - Union Sanitary District

FROM: Richard B. Currie, General Manager/District Engineer

SUBJECT: Agenda Item No. 10 - Meeting of November 25, 2013
BOARD MEMBER COMPENSATION FOR 2014

Recommendation

The Budget & Finance Committee will present their recommendation to the Board.

Background

In 2000, the Board adopted Ordinance #44 (attached) stating that on January 1 of each year, Board member compensation shall be increased by the amount of increase of the classified employees' wages for the year. The Ordinance also provides for the Board to review the compensation increase prior to it going into effect on January 1. For the last ten years, Board members have voted not to increase their meeting stipend.

The classified employee contract provided for an increase in 2013 of 3.5% to the base salaries. The Bay Area Consumer Price Index (CPI-W) increased by 1.9% from August 2012 to August 2013. The numbers for October were not available as of November 19.

Attachment

ORDINANCE #44

Directors' Compensation

I. Effective January 1, 2001, Directors of Union Sanitary District shall receive a stipend in the amount of \$198.00 for each day of service to Union Sanitary District as authorized by Health and Safety Code Sections 4733 and 6489 as recently revised by Senate Bill 1559-Kelly. This compensation will be paid for no more than six (6) days of service per calendar month.

II. On January 1 of each year thereafter Director compensation shall increase by the same percentage as all increases in total compensation of Union Sanitary District Classified Employees using the compensation of classified employees effective January 1, 2001 as a basis of increases and \$ 198.00 per day of service as the basis increases in Director stipends. In no event shall Director compensation exceed the 5% annual increase permitted by Health and Safety Sections 4933 and 6489 compounded from January 1, 1987.

III. The Board of Directors of Union Sanitary District shall have the option of reviewing compensation of Directors on an annual basis before the effective date of any increase set forth in Section II, above.

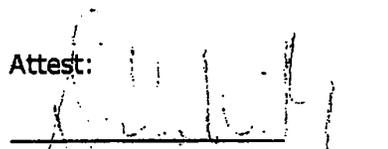
IV. The compensation of Directors set forth above will be in addition to any benefits currently provided to Directors or to be authorized and approved for sanitary district directors in the future.

Adopted by the following vote on October 23, 2000:

AYES:	<u>Handley, Kite, Roberts, Toy</u>
NOES:	<u>Wilkowsky</u>
ABSTAINED:	<u>None</u>
ABSENT:	<u>None</u>



 TOM HANDLEY, Chairperson
 Board of Directors
 UNION SANITARY DISTRICT

Attest: 

 DANIEL I. WILKOWSKY
 Secretary, Board of Directors
 UNION SANITARY DISTRICT

A-USD6:BD-ORD1.44

Adopted October 23, 2000
698



Directors
 Pat Gacoscos
 Tom Handley
 Pat Kite
 Anjali Lathi
 Jennifer Toy

Officers
 Richard B. Currie
*General Manager/
 District Engineer*

David M. O'Hara
Attorney

DATE: November 18, 2013

MEMO TO: Board of Directors - Union Sanitary District

FROM: Richard B. Currie, General Manager/District Engineer
 Sami Ghossain, Manager of Technical Services
 Raymond Chau, CIP Coach
 Ric Pipkin, Senior Engineer

SUBJECT: Agenda Item No. 11 - Meeting of November 25, 2013
 Authorizing the General Manager to Execute Task Order No. 2 with the Covello Group for Providing Construction Management Services for the Thickener Control Building Improvements Project

Recommendation

Staff recommends the Board authorize the General Manager to execute Task Order No. 2 with The Covello Group (Covello) in the amount of \$1,095,490 for providing construction management services for the Thickener Control Building Improvements Project (Project).

The Project is budgeted in the Capacity and Renewal and Replacement Funds and the District has applied for State Revolving Fund Financial Assistance in the amount of \$12.2 million from the State Water Resources Control Board (SWRCB).

Background

On May 16, 2013 staff executed an Agreement and Task Order No. 1 in the amount of \$22,912 with Covello to review the design of the Project for biddability and constructability issues. Staff has reviewed Covello's comments with the designer, Carollo Engineers, who are currently addressing the comments in the preparation of the final design package for bidding purposes.

The bid opening for the Project is scheduled for January, 2014. Pending approval from the State Revolving Fund Financial Assistance Program and award by the Board, staff anticipates the issuance of the Notice to Proceed in March, 2014.

Agenda Item No. 11
Meeting of November 25, 2013
Page 2

The scope of the Project is as described below:

- Demolition of the existing Thickener Control Building.
- Construction and demolition of temporary above grade pipelines to reroute flows around the Thickener Control Building.
- Installation of six new VFD-driven progressing cavity sludge pumps with associated piping and instrumentation
- Construction of a shelter/access platform to all thickeners, the flow splitter structure, and scum pits
- Installation of new Thickened Primary Sludge yard piping from the Thickener Control Building to HMB Nos. 1, 2, and 3.
- Replacement of obsolete primary scum pumps Nos. 1-4 at Sludge Pump Rooms 1 and 3
- Construction of a new electrical room, adjacent to the existing Paint Shop Building, and replacing and relocating power and PLC controls from the Thickener Control Building and Heating & Mixing Building (HMB) No. 3 to this new electrical room
- Replacement and relocation of the electrical and instrumentation equipment from HMB Nos. 1 and 2 to the existing Gas Booster Room within HMB No. 1. The existing gas booster room will be converted for use as an electrical room.
- Replacement of PLC 20 at HMB No. 4
- Replacement of rectifiers and anode beds for existing cathodic protection systems at the Thickener Control Building

Task Order No. 2 – Construction Management Services

The Project will require the services of a construction management consultant that is knowledgeable about the Alvarado Wastewater Treatment Plant and its operating staff. This is needed due to the complex contract constraints and construction sequence that will allow construction to take place while the existing facilities remain in operation. Staff selected Covello for construction management services for the Project due to the operational complexity of constructing the project and because Staff has been pleased with their past work on the Primary Clarifier Rehabilitation Project, Substation No.1 Replacement Project, Headworks Improvements Project, and the Cogeneration Project. By utilizing the same Covello construction management staff as other previous projects, staff believes this will provide the best team to oversee the construction of the Project due to the anticipated difficulties in the bypass of critical sludge systems and outages of the major processes and electrical systems.

The scope of services for Task Order No. 2 will include the facilitation of a partnering workshop and a preconstruction conference, construction administration, facilitation of progress meetings with the contractor, processing of construction documents between

Agenda Item No. 11
Meeting of November 25, 2013
Page 3

the contractor and the design consultant, field quality control, coordination of field testing and training, and project closeout inspection and paperwork.

The State Revolving Fund Financial Assistance requires the District to take several steps to ensure compliance with the Davis Bacon wage requirements required for federally funded projects. These requirements include establishing the appropriate labor wages for the project prior to bidding the project and reviewing certified payroll reports from the contractors and interviewing contractor employees to verify compliance. Covello will provide the necessary expertise and manpower to support this compliance program and will coordinate it to minimize impact on the construction using a sub-consultant with expertise in administering this type of labor compliance program. Covello is utilizing RGM and Associates who have provided this service on previous District projects.

Covello will be providing services to write the Lock-Out Tag-out (LOTO) Standard Operating Procedures (SOPs) for the affected existing and new equipment in the project. The District is required to have a written SOP on how to LOTO all of its equipment. Because the Covello staff will be highly familiar with the equipment during the construction, staff has decided to utilize Covello to meet this need. District staff will remain responsible for the final review and approval of the SOPs.

The costs of Task Order No. 2 are as follows:

Description	Amount
Covello Construction Management Costs	\$961,352
Subconsultants:	
• Electrical Support	\$34,000
• Materials Testing and Special Inspection	\$25,550
• Labor Compliance Consultant	\$50,000
• 5% Mark-up on Subconsultants	\$ 5,478
Subconsultant Total	\$115,028
Other Direct Costs	\$ 19,110
Project Firm Cost Ceiling	\$1,095,490

Task Order No. 2 includes a firm ceiling on total costs of \$1,095,490. This equates to 11.1% of the estimated construction costs for the Project of \$10 million. The duration of the Project's construction phase is 26 months. As a comparison, the final cost of construction management services for the Newark Pump Station Upgrade Project was \$1,166,925.67, or 11.6% of the construction cost of \$10,051,210. The Newark Pump Station Upgrade Project was designed to be constructed over a 24-month period. USD staff have reviewed this price proposal and found it to be reasonable, considering the

Agenda Item No. 11
 Meeting of November 25, 2013
 Page 4

required scope of work. All work under this task order is expected to be completed by June 30, 2016.

Total Costs for this Agreement are summarized in the table below:

Description	Total
Task Order No. 1 Biddability and Constructability review of Clarifier Project	\$22,912
Task Order no. 2 Construction Management Services	\$1,095,490
Total for this Agreement	\$1,118,402

Staff recommends the Board authorize the General Manager to execute Task Order No. 2 with The Covello Group in the amount of \$1,095,490 for providing construction management services for the Thickener Control Building Improvements Project.

RBC/RC/RP;mp

Attachment: Task Order No. 2
 Exhibit A Plant Map

Thickener Control Building Improvements Project**800-394**

TASK ORDER NO. 2
TO
AGREEMENT
BETWEEN
UNION SANITARY DISTRICT
AND
THE COVELLO GROUP, INC.
FOR PROFESSIONAL SERVICES
Dated May 16, 2013

1. PURPOSE

The purpose of this Task Order is to provide construction management services for Project Number 800-394, Thickener Control Building Improvements Project.

2. PROJECT COORDINATION

Ric Pipkin will be the Project Manager for the District

3. SCOPE OF SERVICES

The Scope of Services associated with this Task Order is described in Exhibit A.

4. DELIVERABLES

The Engineer shall provide the deliverables as defined in Exhibit A.

5. PAYMENT TO THE ENGINEER

Payment to the Engineer shall be as called for in Article 2 of the Agreement. The cost ceiling shall be \$1,095,490. Engineer's multiplier shall be a maximum of 2.96 for the rates and personnel proposed for the Project. A summary of the anticipated distribution of cost and manpower is shown in Exhibit B.

The following table summarizes all task orders and amendments executed and proposed under the Agreement:

Thickener Control Building Improvements Project

800-394

Task Order / Amendment	Not to Exceed Amount	Board Authorization Required? (Yes/No)	District Staff Approval
Task Order No. 1 – Biddability and Constructability Review	\$22,912	No	Jesse Gill
Proposed Task Order No. 2	\$1,095,490	Yes	Richard Currie
Total	\$1,118,402		

6. TIME OF COMPLETION

The estimated schedule is in Exhibit A. and is subject to the conditions of Article 3 of the Agreement. It is currently anticipated that work under this Task Order will be completed by June 30, 2016.

7. KEY PERSONNEL

Engineering personnel assigned to this Task Order are as follows:

<u>Role</u>	<u>Key Person to Be Assigned</u>
Principal/Project Manager	Bruce Presser
Construction Manager	Mike Redig

IN WITNESS WHEREOF, the parties hereto have made and executed this Task Order No. 1 as of November _____, 2013 and therewith incorporate it as part of the Agreement dated May 16, 2013.

DISTRICT
UNION SANITARY DISTRICT

ENGINEER
THE COVELLO GROUP, INC.

By: _____
Richard B. Currie
General Manager

By: _____
Bruce Presser

Date: _____

Date: _____

**APPENDIX A
UNION SANITARY DISTRICT
THICKENER CONTROL BUILDING IMPROVEMENTS PROJECT
THE COVELLO GROUP, INC. - SCOPE OF WORK**

I. PARTNERING WORKSHOP:

1. Covello will organize the agenda for the half-day (1/2) day workshop to be conducted the same day as the Preconstruction Conference.
2. Prior to the workshop Covello will contact key members of each organization to discuss their specific project concerns and objectives.
3. Covello will prepare and issue the agenda prior to the workshop. Covello will facilitate the workshop in accordance with the agenda. Covello will facilitate the workshop and all discussions as a group.
4. After the workshop, Covello will prepare a Record of Discussion (ROD) containing information and any agreements developed at the workshop. This will be distributed to each individual attendee within five (5) business days after the workshop.
5. The District will provide the following for the workshop:
 - a. The meeting room arranged so that individuals can sit comfortably at tables set up in a U-shape facing a projection screen.
 - b. A projection screen and projector.
6. Covello will provide the following for the workshop:
 - a. Easels with flip charts, markers and masking tape.
7. One member of the District, Design Consultant, and Contractor will be asked to briefly present specific Project information prior to starting the Rocks-in-the-Road portion of the workshop. Any graphics or visuals are welcomed. A set of plans and specifications at the workshop is also helpful. This helps with dealing with the specific “rocks” and issues that are discussed

II. PRECONSTRUCTION PHASE:

1. **Preconstruction Conference:** Covello will prepare the agenda for the meeting, facilitate the meeting, address administrative and non-design issues, and prepare record of discussions of the meeting for distribution.
2. **Partnering Workshop:** Covello construction manager will attend the partnering workshop.
3. **Administration & Office set-up:** Covello will setup the files for the project prior to commencement of construction.

III. CONSTRUCTION PHASE

1. Construction Administration

- a. **Project Coordination:** Covello will act as the project coordinator and the point of contact for all communications with the Contractor. Covello will coordinate the activities of the District, Design Consultant (DC) and Contractor.
- b. **Document Tracking System:** Covello will establish, implement and maintain a system for

tracking all correspondence and documents on the project.

- c. Construction Administration Services: Covello will provide administrative and management services. Covello will receive all correspondence from the Contractor and will address all inquiries from the Contractor and all construction related correspondence. The DC will be responsible for providing any design input.

2. Meetings

- a. Covello will prepare the agenda for the progress meetings and other construction meetings required during the project.
- b. Covello will facilitate and prepare the record of discussions for the progress meetings and other construction meetings.

3. State Revolving Fund (SRF) Loan Coordination

- a. Covello will retain RGM to implement the District's Labor Compliance Program (LCP) to provide all reporting, documentation and oversight for this Project as required by the SRF and the LCP.
- b. Covello will assist in providing the District with any required documentation from the Contractor and Project to comply with the provisions of the SRF.

4. Submittals

- a. Covello will establish, implement and coordinate the submittal processing.
- b. Covello will receive the submittals from the Contractor and check the submittals for general conformity with the Contract requirements. If obvious deficiencies are apparent in the submittal, Covello will send the submittal back to the Contractor for correction.
- c. Covello will route the submittal to the DC for review and will route the reviewed submittal back to the Contractor. Covello will review comments on submittals to determine if additional follow-up with the contractor is warranted and to identify prospective scope changes.
- d. Covello will maintain a log and tracking system for submittals. Covello will track the status of submittal review with the DC and the status of shop drawing resubmittals with the Contractor.
- e. The DC will review all design related submittals. The DC will review all submittals for temporary facilities.

4. Clarification Processing

- a. Covello will establish, implement and coordinate the system for processing clarifications.
- b. Covello will receive all requests for information (RFIs) from the Contractor and determine if the request is a valid RFI; if not, Covello will return the RFI to the Contractor.
- c. Covello will provide a response to the Contractor for any administrative and general RFIs.
- d. Covello will route all other RFIs to the DC at their home office.
- e. The DC will review RFIs and provide design response.
- f. Covello will review the DC's response, verify acceptability of response and transmit the Clarification Response to the Contractor. If the response materially affects the design, it will be reviewed with the District and/or the DC, as necessary, to verify that it is required. If it is required, Covello will issue a change request.
- g. Covello will maintain a system for logging and tracking RFIs. Covello will track the status of RFI review with the DC.
- h. The DC will prepare Design Clarifications where design issues are identified by Covello, the DC, or the District. Covello will prepare the Clarification Letter for transmittal to the Contractor of the DC's Design Clarification and other clarifications.

5. Change Order Preparation, Negotiation & Processing

- a. The DC will prepare design details for change requests.

Union Sanitary District – THICKENER CONTROL BUILDING IMPROVEMENTS Project
The Covello Group Scope of Work

- b. Covello will prepare and issue the change request to the Contractor with the appropriate design documents.
- c. Covello will prepare an independent cost estimate and/or verify the acceptability of the Contractor's cost proposal for each change request. The DC's input may be requested for specific equipment and material costs.
- d. In the event the Contractor encounters a time sensitive problem where time is not available to negotiate a settlement, Covello will issue a field order. All work done under a field order will be completed on a time and material basis. Covello will have authority for issuing field orders to a maximum value of \$2,500 without prior notice or approval from the District only if Covello can't reach the District's Representative via cellular phone or office phone. As soon as practical dependent on field conditions, Covello will advise the District of the issuance of such field order, and the District will execute the field order. Field orders with an allowance greater than \$2,500 will be reviewed and approved with the District prior to issuance.
- e. Covello will review change orders with the District prior to initial and final negotiations with the Contractor.
- f. Covello will prepare change orders for execution by the District and Contractor.
- g. Covello will implement and maintain a system for logging and tracking changes.
- h. Covello will establish and maintain Issues Files. The issues files will compile all data related to specific items that arise that may have cost or time impacts.

6. Progress Payment

- a. Covello will review the initial cost breakdown prepared by the Contractor. Covello will review and process the progress payment requests as required in the Contract Documents and by the California Public Contract Code.
- b. Covello will verify the quantity and acceptability of stored materials.
- c. Covello will verify the Contractor's construction progress as it relates to the progress billing procedure.
- d. Covello will perform the administration, preparation and processing of the monthly progress payments.
- e. Covello will prepare the summary cover sheet for the progress payments which will be executed by Covello, the Contractor, and the District.
- f. When and if requested by the District, State or other agency or public inquiry, Covello will collect but not review the certified payroll from the Contractor.

7. Scheduling

- a. Covello will review and work with the Contractor in the development of the initial Baseline schedule. Covello will review and work with the Contractor in their review and preparation of the schedule updates. Covello will provide written comments to the Contractor on the Baseline and update schedules.

8. Field Quality Control

- a. Covello's office/field engineer will monitor the contractor's compliance with the Contract Documents.
- b. Covello office/field engineer will prepare a daily report documenting field activities, field crews, Contractor equipment, and field problems.
- c. No time is currently included in the budget for overtime monitoring of construction operations.
- d. Covello will maintain a Corrective Work Item List. The list will provide a current inventory of required corrections to aid in timely completion of such items.
- e. Covello will provide photographic documentation of the project prior to construction. Covello will provide and maintain photographs of field activities for status monitoring of the project.

Union Sanitary District – THICKENER CONTROL BUILDING IMPROVEMENTS Project
The Covello Group Scope of Work

- f. Covello will monitor the record documents on a monthly basis to determine if they are being maintained by the Contractor.
- g. Covello will contract with a separate firm to furnish the material testing and special inspections specified in the Contract Documents to be furnished by the District for the Project.
 - 1. Covello will schedule and coordinate the specialty inspections and material testing.
 - 2. Covello will have oversight responsibility for the specialty inspections and testing services.
 - 3. An allowance is included in the Budget in Exhibit B for this work. Covello will review Consolidated Engineering Laboratories scope of work and budget with the District prior to executing their agreement. The scope of work and actual costs will be dependent on the final design requirements and the Contractor's operations. An amendment to this Task Order may be necessary if the allowance is not adequate to cover the actual work required.
 - i. Compaction grout material testing per Specification Section 02253-3.04.B has been included in the material testing scope. No provisions have been included in the scope of work or budget for special inspections of the compaction grouting.
- h. Covello will retain Beecher Engineering to provide technical support and assistance on the electrical facets of the project. Beecher Engineering will be available to support electrical system shutdowns and provide the following project support:
 - 1. Review change requests from the project's electrical sub-contractor as required and provide an analysis and opinion on first the merit of the request and second, the accuracy of the costs.
 - 2. Site inspection/meetings as required to review proposed electrical equipment installation and conduit routing.
- i. No provision has been included in the scope of work or budget for observation, testing and handling of hazardous material.
- j. No provisions have been included in the scope of work or budget for the services of a corrosion consultant to perform special inspection and/or testing for the Cathodic Protection Systems as required by Specification Section 13115.

9. Means and Methods of Construction

- a. Covello will not have responsibility for directing the means and methods of construction. The Contractor shall be solely responsible for the means and methods of construction.

10. Safety

- a. Covello will comply with appropriate regulatory, project and District regulations regarding necessary safety equipment or procedures used during performance of Covello's work and shall take necessary precautions for safe operation of Covello's work, and the protection of Covello's personnel from injury and damage from such work.

Neither the professional activities of Covello, nor the presence of Covello's employees or sub-consultants at the construction/project site, shall relieve the Contractor and any other entity of their obligations, duties and responsibilities including, but not limited to, construction means, methods, sequence, techniques or procedures necessary for performing, superintending, or coordinating their work in accordance with the Contract Documents, District regulations, and any health or safety precautions required by any regulatory agencies. Covello and its personnel have no authority to exercise any control over any Contractor or other entity or their employees in connection with their work or any health or safety precautions.

Covello will follow the District's confined space procedures for entry into any existing District confined spaces and will follow these procedures at its own risk. Covello's reliance

on the District’s fixed gas detection system will be at its own risk.

11. Testing & Training

- a. The scope and budget do not include Covello’s participation in factory witness testing.
- b. Covello will coordinate training requirements and activities.
- c. The DC will provide design assistance during testing operations if determined necessary by the District.
- d. Covello will work with the Contractor, Design Consultant and the District on the development of the Startup Plan.
- e. Covello will provide oversight and administration of training and testing.

12. Corrective Work Item List

- a. Covello will prepare the Corrective Work Item list with input from the District and DC.
- b. Covello will confirm that the items identified in the Corrective Work Item list are completed in preparation for issuance of the Substantial Completion Certificate.
- c. Covello will prepare the Substantial Completion Certificate for execution by the District and Contractor when the Corrective Work Items are completed to the District’s and Covello’s satisfaction.

13. Final Inspection and Punchlist

- a. Final Inspection
 1. Covello will have primary responsibility for conducting the final inspection.
 2. The District will participate and provide input on the final inspection.
 3. DC will provide design input on final inspection items if determined necessary by the District.
 4. Covello will have oversight and final review responsibility for the final inspection.
- b. Covello will prepare the list of outstanding deficiencies.
- c. Covello will prepare and issue the punchlist(s) from the list of deficiencies.
- d. Covello will have primary responsibility for verifying that punchlist work is complete.

14. Warranty Coordination

- a. Covello will maintain a warranty file.
- b. Coordination of warranty work after the Contract Period is not included in this Scope of Work or budget. If the District determines at a later date that it desires Covello to provide this service and an amendment is issued for additional budget, Covello will coordinate warranty work with the District and Contractor during the warranty period.

15. Project Closeout:

- a. Covello will prepare necessary District documentation recommending acceptance of the completed work by the Board.
- b. Covello will turnover project documentation to the District in an orderly manner. Covello will retain all issue files at the end of the project. The District shall have the right to request review and/or copies of the issue files.
- c. Covello shall have full and complete access available to all files created by Covello during the Project for up to ten (10) years after the completion of the Project. Such access shall include the right to copy any and/or all such files at Covello’s expense.
- d. Covello will develop Lock-Out-Tag-Out (LOTO) Standard Operating Procedures (SOPs) for the new and modified equipment included in the Thickener Control Building Improvements Project.
 1. The District will provide the template and the software and/or computer necessary to develop the SOPs in the special format requested by the District.
 2. Covello’s development and work product shall be considered DRAFT and it is the responsibility of the District to review, determine the accuracy of, and incorporate into

their operations.

16. Dispute Resolution:

- a. Resolution, when possible, of routine disagreements through the normal efforts of the day-to-day project site staff will be performed.
- b. Dispute resolution services using third parties or special processes (e.g. Mediation, Arbitration, Mini-Trials, Dispute Consultants), or those requiring extraordinary efforts by Covello are not included in this Scope of Work. If such non-routine dispute resolution services are required, either an amendment or a separate task order will be executed.

17. Construction Manager's Trailer

- a. Covello will furnish the Construction Management trailer. Covello will furnish the copier, internet service, and cleaning services for the field office under the Cogeneration Project through September 2014. After September 2014 the field office costs will be billed to the Thickener Control Building Improvements Project.

THICKENER CONTROL BUILDING
IMPROVEMENTS PROJECT



Exhibit B
UNION SANITARY DISTRICT - THICKENER CONTROL BUILDING IMPROVEMENTS PROJECT
The Covello Group, Inc. - Staff Effort and Budget Estimate for Construction Management Services

		Hours	Rate	Amount	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16			
Covello Construction Management Team																																			
Principal	B.Presser	192	\$ 217	\$41,664	24	24	24	24	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4			
Construction Manager	M.Redig	1,580	\$ 152	\$240,160	20	20	20	20	20	40	40	80	80	80	80	80	80	80	80	80	80	80	80	60	80	80	60	40	40	40	40	20	20		
FE-OE	Z. Downing	4,480	\$ 121	\$542,080	160	160	160	160	160	160	160	160	160	160	160	160	160	160	160	160	160	160	160	160	160	160	160	160	160	160	160	160	160		
LOTO SOP Allowance	Z. Downing	200	\$ 121	\$24,200																															
Administrative Assistant	P.Freitas	688	\$ 88	\$60,544	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	32	32			
Covello Subtotal		7,140		\$908,648																															
Escalation				\$47,704																															
Partnering	M.Jaeger		LS	\$5,000																															
Covello Total				\$961,352																															
Subconsultants																																			
Electrical Support	T.Beecher	200	\$ 170	\$34,000																															
Materials Testing/Special Inspection - CEL	Allowance			\$25,550																															
RGM - Labor Compliance	Allowance			\$50,000																															
Subconsultant Total				\$109,550																															
Markup on Subs(5%)				\$5,478																															
Subconsultant Total				\$115,028																															
Other Direct Costs		Months																																	
Trailer		21	\$ 250	\$5,250								1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1			
Internet		21	\$ 160	\$3,360								1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1		
Copier		21	\$ 350	\$7,350								1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1		
Cleaning Service		21	\$ 150	\$3,150								1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1		
ODC Total				\$19,110																															
TOTAL ESTIMATE				\$1,095,490																															

Notes & Assumptions:
 Construction Cost Estimate: \$9,900,000
 NTP: 3/3/2014
 Construction Period (CDs): 780
 Substantial Completion: 4/21/2016
 Closeout: 8 weeks

Total Estimated % 11.1%
 TCG Estimated % 9.7%
 \$1,118,402

- Covello's rates include all office expenses for home office telephone, facsimile, computers, in-house reproduction, travel in the Bay Area in personal vehicles.
- Covello will furnish a trailer for the CM staff under the COGEN project through 9/30/14.
- Covello annually adjusts salaries in July for the fiscal year from July thru June. The estimate assumes a 4% escalation on July 1, 2014 and 2015.
- Extraordinary expenses, such as travel outside of the Bay Area, outside reproduction, delivery services, conferenc calls, etc. are invoiced at cost.
- Covello charges for one-way Bay Area travel for work involving less than eight hours billed in one day.
- Subconsultants are invoiced at cost plus five percent.
- Todd Beecher's support is specific to CM related activities, no scope or budget is included for design support during construction.
- Covello's development of LOTO Standard Operation Procedures (SOPs) are considered DRAFTs and shall be reviewed and accepted by USD for incorporation into their operations.
- USD to provide the software and/or computer in order to complete the LOTO SOPs.



Directors
Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

Officers
Richard B. Currie
General Manager
District Engineer

David M. O'Hara
Attorney

DATE: November 18, 2013

MEMO TO: Board of Directors - Union Sanitary District

FROM: Richard B. Currie, General Manager/District Engineer
Sami Ghossain, Manager of Technical Services
Raymond Chau, CIP Coach
Ric Pipkin, Senior Engineer

SUBJECT: Agenda Item No. 13 - Meeting of November 25, 2013
Authorizing the General Manager to execute an Agreement and Task Order No. 1 with Degenkolb Engineers for the Seismic Vulnerability Assessment

Recommendation

Staff recommends the Board authorize the General Manager to execute an Agreement and Task Order No. 1 with Degenkolb Engineers for the Seismic Vulnerability Assessment

Background

Fiscal year 2014 budget identified a project for staff to conduct a seismic vulnerability assessment for all District structures and major pipelines.

Staff identified 84 structures currently operated and maintained by the District and has selected 41 major pipelines for assessment. These pipelines range from 18 inches to 60 inches in diameter and are critical to the District's ability to convey and provide liquid treatment of wastewater from Irvington Pump Station to the Alvarado Wastewater Treatment Plant and then to receiving waters.

Staff requested and received three proposals from firms with expertise in structural and seismic engineering. The firms were Rizzo and Associates; Wiss, Janney, Elstner Associates; and Degenkolb Engineers. Staff selected Degenkolb Engineers due to their proposed approach of categorizing and simplifying the analysis of the structures, and their experience working with other local water and wastewater utilities including Central Contra Costa Sanitary District and the Alameda County Water District.

Agenda Item No. 13
Meeting of November 25, 2013
Page 2

Scope of Work

The following summarizes the scope of work staff has negotiated with Degenkolb to conduct this assessment:

Task 1 – Document Review

Staff has sorted over 500 drawings for review by Degenkolb to aid their analysis. Degenkolb will also perform some site visits to familiarize themselves with the structural elements of several of the buildings.

Task 2 – Define Seismic Performance Criteria

In order to determine the probabilistic seismic hazard and/or scenario for seismic vulnerability assessment, Degenkolb will perform the following activities:

- Meet with ACWD and USD to determine level of expected water service available and consequent wastewater collection, treatment, and disposal needs after a major earthquake
- Consult with similarly sized wastewater facilities to understand expectations on level of service
- Define consequence of failure for each structure and pipeline with USD staff

Task 3 – Tier 1 Seismic Evaluation of 20 Representative Structures to Life-Safety Performance Level

Degenkolb will perform a preliminary seismic evaluation of 20 representative structures and determine seismic deficiencies, expected downtime and potential losses. Provide a seismic rating score for each of the structures for a given seismic hazard and performance level.

Task 4 – Seismic Evaluation of Pipelines

Degenkolb will review the pipeline geotechnical environments and identify damage mechanisms. Degenkolb will assess vulnerability due to wave propagation, liquefaction, and settlement, and develop preliminary recommendations

Task 5 – Geotechnical Assessment

Degenkolb's geotechnical sub-consultant will review existing soils information and create a technical assessment for use in the pipeline and structure seismic analysis.

Agenda Item No. 13
Meeting of November 25, 2013
Page 3

Task 6 – Seismic Risk Analysis

Degenkolb will perform a risk analysis based on the likelihood of occurrence from seismic evaluations in tasks 3, 4, and 5 and consequence of failure from task 2. Degenkolb will conduct a District Board and/or Executive Team Workshop to review potential service criteria for seismic performance, review seismic risk score for each facility and discuss cost and service implications of conceptual seismic improvements.

Task 7 – Seismic Assessment Report

Degenkolb will prepare a draft and final report including findings, seismic upgrade recommendations, prioritization of recommendations and planning-level cost estimates.

Task 8 (Optional) – Additional Seismic Evaluations of Structures

This task may include analysis of a portion or all of the first 20 representative structures at a higher performance level than life-safety or a different level of seismic hazard. The type of analysis and the structures analyzed shall be determined later. Degenkolb will not commence work on this task without written authorization from staff.

The budget for this work is summarized in the following table:

Task	Description	Cost
1	Document Review	\$8,940
2	Define Seismic Performance Criteria	\$8,040
3	Tier 1 Seismic Evaluations Of 20 Representative Structures To Life-Safety Performance Level	\$55,825
4	Seismic Evaluation Of Pipelines	\$12,690
5	Geotechnical Assessment	\$10,080
6	Seismic Risk Analysis	\$7,330
7	Seismic Assessment Report	\$3,625
8	Optional Task - Additional Seismic Evaluations of Structures	\$41,869
	Total not including optional task	\$106,530
	Total including optional task	\$148,399

USD staff have reviewed this price proposal and found it to be reasonable, considering the required scope of work. All work under this task order is expected to be completed by June 30, 2014.

Agenda Item No. 13
Meeting of November 25, 2013
Page 4

Staff recommends the Board authorize the General Manager to execute the Agreement and Task Order No. 1 with Degenkolb Engineers for the Seismic Vulnerability Assessment

RBC/SG/RC/RP;mp

Attachment: Agreement and Task Order No. 1

**Seismic Vulnerability Assessment
Project No 300-415**

AGREEMENT
BETWEEN
UNION SANITARY DISTRICT
AND
DEGENKOLB ENGINEERS
FOR
PROFESSIONAL SERVICES

THIS IS AN AGREEMENT MADE AS OF NOVEMBER, ___ 2013, BETWEEN UNION SANITARY DISTRICT (hereinafter referred to as District), and DEGENKOLB ENGINEERS (hereinafter referred to as Engineer).

WITNESSETH:

WHEREAS, District intends to perform a Seismic Vulnerability Assessment of its Facilities (hereinafter referred to as Project), and,

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

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

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

ARTICLE 1 - SERVICES TO BE PERFORMED BY ENGINEER

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

ARTICLE 2 - COMPENSATION

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

**Seismic Vulnerability Assessment
Project No 300-415**

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

Definitions are as follows:

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

**Seismic Vulnerability Assessment
Project No 300-415**

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

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

**Seismic Vulnerability Assessment
Project No 300-415**

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

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

ARTICLE 3 - PERIOD OF SERVICE

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

ARTICLE 4 - DISTRICT'S RESPONSIBILITIES

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

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

**Seismic Vulnerability Assessment
Project No 300-415**

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

ARTICLE 5 - STANDARD OF CARE

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

ARTICLE 6 - OPINIONS OF COST AND SCHEDULE

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

ARTICLE 7 - SUBCONTRACTING

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

ARTICLE 8 - ENGINEER-ASSIGNED PERSONNEL

**Seismic Vulnerability Assessment
Project No 300-415**

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

ARTICLE 9 - OWNERSHIP OF DOCUMENTS

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

ARTICLE 10 - RECORDS OF LABOR AND COSTS

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

**Seismic Vulnerability Assessment
Project No 300-415**

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

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

ARTICLE 11 - INSURANCE

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

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

**Seismic Vulnerability Assessment
Project No 300-415**

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

- 11.3 Comprehensive General Liability Insurance as will protect Engineer and District from any and all claims for damages or personal injuries, including death, which may be suffered by persons, or for damages to or destruction to the property of others, which may arise from the Engineer's operations under this Agreement, which insurance shall name the District as additional insured. Said insurance shall provide a minimum of \$1,000,000 Combined Single Limit coverage for personal injury, bodily injury, and property damage for each occurrence and aggregate. Such insurance will insure Engineer and District from any and all claims arising from the following:
1. Personal injury;
 2. Bodily injury;
 3. Property damage;
 4. Broad form property damage;
 5. Independent contractors;
 6. Blanket contractual liability.
- 11.4 Engineer shall maintain a policy of professional liability insurance, protecting it against claims arising out of negligent acts, errors, or omissions of Engineer pursuant to this Agreement, in an amount of not less than \$1,000,000. The said policy shall cover the indemnity provisions under this Agreement.
- 11.5 Engineer agrees to maintain such insurance at Engineer's expense in full force and effect in a company or companies satisfactory to the District. All coverage shall remain in effect until completion of the Project.
- 11.6 Engineer will furnish the District with certificates of insurance and endorsements issued by Engineer's insurance carrier and countersigned by an authorized agent or representative of the insurance company. The certificates shall show that the insurance will not be cancelled without at least thirty (30) days' prior written notice to the District. The certificates for liability insurance will show that liability assumed under this Agreement is included. The endorsements will show the District as an additional insured on Engineer's insurance policies for the coverage required in Article 11 for services performed under this Agreement, except for workers' compensation and professional liability insurance.
- 11.7 Waiver of Subrogation: Engineer hereby agrees to waive subrogation which any insurer of Engineer may acquire from Engineer by virtue of

**Seismic Vulnerability Assessment
Project No 300-415**

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

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

ARTICLE 12 - LIABILITY AND INDEMNIFICATION

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

**Seismic Vulnerability Assessment
Project No 300-415**

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

ARTICLE 13 - INDEPENDENT CONTRACTOR

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

ARTICLE 14 - COMPLIANCE WITH LAWS

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

ARTICLE 15 - NONDISCLOSURE OF PROPRIETARY INFORMATION

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

ARTICLE 16 - TERMINATION OF CONTRACT

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

**Seismic Vulnerability Assessment
Project No 300-415**

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

ARTICLE 17 - UNCONTROLLABLE FORCES

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

ARTICLE 18 - MISCELLANEOUS

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

**Seismic Vulnerability Assessment
Project No 300-415**

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

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

ARTICLE 19 - INTEGRATION AND MODIFICATION

- 19.1 This Agreement (consisting of pages 1 to 13, together with all Task Orders executed by the undersigned, is adopted by District and Engineer as a complete and exclusive statement of the terms of the Agreement between District and Engineer. This Agreement supersedes all prior agreements, contracts, proposals, representations, negotiations, letters, or other communications between the District and Engineer pertaining to the Services, whether written or oral.
- 19.2 The Agreement may not be modified unless such modifications are evidenced in writing signed by both District and Engineer.

ARTICLE 20 - SUCCESSORS AND ASSIGNS

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

**Seismic Vulnerability Assessment
Project No 300-415**

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

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

ARTICLE 21 – NOT USED

ARTICLE 22 - EXCEPTIONS

No exceptions.

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

UNION SANITARY DISTRICT

DEGENKOLB ENGINEERS

By: _____

By: _____

Richard B. Currie

Name: _____

General Manager

Title: _____

Date: _____

Date: _____

**Seismic Vulnerability Assessment
Project No 300-415**

TASK ORDER NO. 1

to

AGREEMENT

BETWEEN

UNION SANITARY DISTRICT

AND

DEGENKOLB ENGINEERS

FOR

PROFESSIONAL SERVICES

Dated NOVEMBER _____, 2013

1. PURPOSE

This Study will assess the seismic vulnerability risk of major District facilities including treatment plant, pump station, and major pipeline structures.

2. PROJECT COORDINATION

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

3. SCOPE OF SERVICES

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

Task 1: Document Review

- Research and review district documents (drawings and reports)
- Perform site visits

Seismic Vulnerability Assessment
Task Order No. 1
Page 2

Task 2 - Define Seismic Performance Criteria

- Determine probabilistic seismic hazard and or scenario for seismic vulnerability assessment
- Meet with ACWD and USD to determine level of expected water service available and consequent wastewater collection, treatment, and disposal demand after a major earthquake
- Consult with similarly sized wastewater facilities to understand expectations on level of service
- Define consequence of failure for each structure and pipeline with USD staff

Task 3 - Tier 1 Seismic Evaluations Of 20 Representative Structures To Life-Safety Performance Level

- Perform preliminary seismic evaluations of 20 representative structures and determine seismic deficiencies, expected downtime and potential losses. Provide a seismic rating score for each of the structures for a given seismic hazard and performance level.

Task 4 - Seismic Evaluation Of Pipelines

- Review plans/profiles
- Review pipeline geotechnical environment
- Identify damage mechanisms
- Review and assess pipe materials
- Assess vulnerability - wave propagation, liquefaction, settlement
- Develop preliminary recommendations

Task 5 - Geotechnical Assessment

- Research and review district documents (drawings and reports)
- Research and review USGS, CGS, ACWD, Fremont, Hayward and Union City geotechnical documents
- Create technical assessment for use in pipeline and structure seismic analysis

Task 6 - Seismic Risk Analysis

- Perform risk analysis based on likelihood of occurrence from seismic evaluations in tasks 3, 4 & 5 and consequence of failure from task 2
- Conduct a District Board and/or Executive Team Workshop to review potential service criteria for seismic performance, review seismic risk score for each facility and discuss cost and service implications of conceptual seismic improvements.

Task 7 - Seismic Assessment Report

- Provide a draft written report with findings, seismic upgrade recommendations, prioritization of recommendations and planning-level cost estimates.
- The Final report shall incorporate and respond to District comments on the Draft report.

Optional Task 8 – Additional Seismic Evaluations of Structures

- This task may include analysis of a portion or all of the first 20 representative structures at a higher performance level than life-safety or a different level of seismic hazard. The type of analysis and the structures analyzed shall be determined later. Engineer shall not commence work on this task without written authorization from District.

4. DELIVERABLES

The Engineer shall submit a detailed Draft and Final report of its findings. The report is expected to include copies of the calculations performed, maps, charts, and figures created for the analysis and a table summarizing seismic assessment risk scores and planning level cost estimates. The report should include an executive summary with seismic upgrade recommendations, prioritization of recommendations and planning-level cost estimates. The Final report shall incorporate and respond to District comments on the Draft report.

The Engineer shall submit the final (reports, technical memoranda, and bid documents in both Word and .pdf formats; drawings in the latest AutoCAD version; other deliverables required for the project) to the District on a CD-ROM.

5. NOT USED

6. NOT USED

7. PAYMENT TO THE ENGINEER

Payment to the Engineer shall be as called for in Article 2 of the Agreement. The not-to-exceed amount of Task Order No. 1 shall be \$148,399. Engineer shall only proceed with Optional Task No. 8 with prior written authorization from the District. The billing rate schedule is generally

Seismic Vulnerability Assessment
Task Order No. 1
Page 4

comparable to a labor multiplier of approximately 3.22. 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? (Yes/No)	District Staff Approval
Proposed Task Order No. 1 – Study Phase 1	\$148,399	Yes	Richard Currie
Total	\$148,399		

6. TIME OF COMPLETION

All work defined in this Task Order shall be complete within two hundred (200) 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. 1 are as follows:

<u>Role</u>	<u>Key Person to be Assigned</u>
Project Manager/Structural Lead	Roger Parra
Pipeline Expert	Don Ballantyne
Geotechnical Expert	Dave Mathy

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

Seismic Vulnerability Assessment
Task Order No. 1
Page 5

IN WITNESS WHEREOF, the parties hereto have made and executed this Task Order No. 1 as of November____, 2013 and therewith incorporate it as part of the Agreement.

DISTRICT

ENGINEER

Union Sanitary District

DEGENKOLB ENGINEERS

By: _____

By: _____

Name: Richard B. Currie

Name: _____

Title: General Manager

Title: _____

Seismic Vulnerability Assessment Exhibit A - Cost Estimate

USD

		Degenkolb Engineers						Ballantyne Consulting	DCM Consulting		Direct Costs	Professional Fees Totals
		Roger Parra Principal		Bryan Bindrich Design Engineer		Degenkolb Totals	Don Ballantyne Principal		Dave Mathy Geotechnical Expert			
		Hours @	\$235	Hours @	\$165		Hours @	\$235	Hours @	\$210		
Task 1 - DOCUMENT REVIEW												
1.1	Research and review district documents (drawings and reports)	4	\$940	8	\$1,320	12	\$2,260	4	\$940		\$0	\$3,200
1.2	Perform site visits	8	\$1,880	12	\$1,980	20	\$3,860	8	\$1,880		\$0	\$5,740
Subtotal		12	\$2,820	20	\$3,300	32	\$6,120	12	\$2,820	0	\$0	\$8,940
Task 2 - DEFINE SEISMIC PERFORMANCE CRITERIA												
2.1	Determine probabilistic seismic hazard and or scenario for seismic vulnerability assessment	2	\$470	6	\$990	8	\$1,460		\$0		\$0	\$1,460
2.2	Meetings with ACWD and USD to determine level of expected water and wastewater service required after a major earthquake	4	\$940		\$0	4	\$940	4	\$940		\$0	\$1,880
2.3	Consult with similarly sized wastewater facilities to understand expectations on level of service	4	\$940		\$0	4	\$940	4	\$940		\$0	\$1,880
2.4	Define consequence of failure for each structure and pipeline		\$0		\$0	0	\$0	12	\$2,820		\$0	\$2,820
Subtotal		10	\$2,350	6	\$990	16	\$3,340	20	\$4,700	0	\$0	\$8,040
Task 3 - TIER 1 SEISMIC EVALUATIONS OF 20 REPRESENTATIVE STRUCTURES TO LIFE-SAFETY PERFORMANCE LEVEL												
3.1	CIP concrete walls and roof (1978)	4	\$940	16	\$2,640	20	\$3,580		\$0		\$0	\$3,580
3.2	CIP concrete walls and roof (1985)	2	\$470	10	\$1,650	12	\$2,120		\$0		\$0	\$2,120
3.3	CIP concrete walls and roof (1993)	2	\$470	10	\$1,650	12	\$2,120		\$0		\$0	\$2,120
3.4	CIP concrete walls below grade, CMU walls with steel framed roof and decking (1959)	4	\$940	16	\$2,640	20	\$3,580		\$0		\$0	\$3,580
3.5	CIP concrete walls below grade, CMU Walls with steel framed roof and decking (1978)	2	\$470	12	\$1,980	14	\$2,450		\$0		\$0	\$2,450
3.6	CIP concrete walls below grade, CMU Walls with steel framed roof and decking (1984)	2	\$470	12	\$1,980	14	\$2,450		\$0		\$0	\$2,450
3.7	CIP concrete walls below grade, Precast Concrete walls and roof (1978)	4	\$940	16	\$2,640	20	\$3,580		\$0		\$0	\$3,580
3.8	CIP concrete walls below grade, Precast Concrete walls and roof (1985)	2	\$470	12	\$1,980	14	\$2,450		\$0		\$0	\$2,450
3.9	Prefabricated steel building (1983)	1	\$235	8	\$1,320	9	\$1,555		\$0		\$0	\$1,555
3.10	CIP Concrete walls and precast concrete roof (1985)	4	\$940	16	\$2,640	20	\$3,580		\$0		\$0	\$3,580
3.11	Precast concrete walls and roof (1978)	4	\$940	16	\$2,640	20	\$3,580		\$0		\$0	\$3,580
3.12	Precast concrete walls and roof (1985)	2	\$470	12	\$1,980	14	\$2,450		\$0		\$0	\$2,450
3.13	CIP Concrete walls and steel dome (1978)	4	\$940	16	\$2,640	20	\$3,580		\$0		\$0	\$3,580
3.14	CIP Concrete walls and steel dome (1985)	2	\$470	12	\$1,980	14	\$2,450		\$0		\$0	\$2,450
3.15	CMU Walls Steel framed roof and metal decking (1978)	4	\$940	16	\$2,640	20	\$3,580		\$0		\$0	\$3,580

USD

Seismic Vulnerability Assessment Exhibit A - Cost Estimate

		Degenkolb Engineers						Ballantyne Consulting		DCM Consulting		Direct Costs	Professional Fees Totals
		Roger Parra Principal		Bryan Bindrich Design Engineer		Degenkolb Totals		Don Ballantyne Principal		Dave Mathy Geotechnical Expert			
		Hours @	\$235	Hours @	\$165			Hours @	\$235	Hours @	\$210		
3.16	CMU Walls Steel framed roof and metal decking (1990)	2	\$470	12	\$1,980	14	\$2,450		\$0		\$0	\$2,450	
3.17	CIP Walls Steel framed roof and metal decking (1993)	1	\$235	8	\$1,320	9	\$1,555		\$0		\$0	\$1,555	
3.18	Tilt-up concrete walls with steel roof framing (1999)	1	\$235	8	\$1,320	9	\$1,555		\$0		\$0	\$1,555	
3.19	Additional Building type to be determined	4	\$940	16	\$2,640	20	\$3,580		\$0		\$0	\$3,580	
3.20	Additional Building type to be determined	4	\$940	16	\$2,640	20	\$3,580		\$0		\$0	\$3,580	
Subtotal		55	\$12,925	260	\$42,900	315	\$55,825	0	\$0	0	\$0	\$55,825	

USD

Seismic Vulnerability Assessment Exhibit A - Cost Estimate

		Degenkolb Engineers					Ballantyne Consulting		DCM Consulting		Direct Costs	Professional Fees Totals	
		Roger Parra Principal		Bryan Bindrich Design Engineer		Degenkolb Totals		Don Ballantyne Principal		Dave Mathy Geotechnical Expert			
		Hours @	\$235	Hours @	\$165	Hours @	\$235	Hours @	\$210				
Task 4 - SEISMIC EVALUATION OF PIPELINES													
4.1	Review plans/profiles		\$0		\$0	0	\$0	4	\$940		\$0	\$940	
4.2	Review pipeline geotechnical environment		\$0		\$0	0	\$0	8	\$1,880		\$0	\$1,880	
4.3	Identify damage mechanisms		\$0		\$0	0	\$0	8	\$1,880		\$0	\$1,880	
4.4	Review and assess pipe materials		\$0		\$0	0	\$0	4	\$940		\$0	\$940	
4.5	Assess vulnerability - wave propagation, liquefaction, settlement		\$0		\$0	0	\$0	24	\$5,640		\$0	\$5,640	
4.6	Develop preliminary recommendations		\$0		\$0	0	\$0	6	\$1,410		\$0	\$1,410	
Subtotal		0	\$0	0	\$0	0	\$0	54	\$12,690	0	\$0	\$12,690	
Task 5 - GEOTECHNICAL ASSESSMENT													
5.1	Research and review district documents (drawings and reports)		\$0		\$0	0	\$0		\$0	8	\$1,680	\$1,680	
5.2	Research and review USGS, CGS, ACWD, Fremont, Hayward and Union City geotechnical documents		\$0		\$0	0	\$0		\$0	16	\$3,360	\$3,360	
5.3	Technical Assessment		\$0		\$0	0	\$0		\$0	16	\$3,360	\$3,360	
5.4	Meetings		\$0		\$0	0	\$0		\$0	8	\$1,680	\$1,680	
Subtotal		0	\$0	0	\$0	0	\$0	0	\$0	48	\$10,080	\$10,080	
Task 6 - SEISMIC RISK ANALYSIS													
6.1	Perform risk analysis based on likelihood of occurrence from seismic evaluations in tasks 3, 4 & 5 and consequence of failure from task 2	12	\$2,820		\$0	12	\$2,820	4	\$940		\$0	\$3,760	
6.2	Conduct a District Board Workshop to review potential service criteria for seismic performance, review seismic risk score for each facility and discuss cost and service implications of conceptual seismic improvements.	6	\$1,410		\$0	6	\$1,410	6	\$1,410		\$0	\$2,820	
Subtotal		18	\$4,230	0	\$0	18	\$4,230	10	\$2,350	0	\$0	\$6,580	
Task 7 - SEISMIC ASSESSMENT REPORT													
7.1	Provide a draft written report with findings, seismic upgrade recommendations, prioritization of recommendations and planning-level cost estimates.	1	\$235	6	\$990	7	\$1,225	4	\$940		\$0	\$2,165	
7.2	Respond to district comments on draft report		\$0	4	\$660	4	\$660		\$0		\$0	\$660	
7.3	Issue final report	1	\$235	2	\$330	3	\$565	1	\$235		\$0	\$800	
Subtotal		2	\$470	12	\$1,980	14	\$2,450	5	\$1,175	0	\$0	\$3,625	
SUBTOTAL		97	\$22,795	298	\$49,170	395	\$71,965	101	\$23,735	48	\$10,080	\$105,780	

USD

Seismic Vulnerability Assessment Exhibit A - Cost Estimate

		Degenkolb Engineers					Ballantyne Consulting	DCM Consulting		Direct Costs	Professional Fees Totals		
		Roger Parra Principal		Bryan Bindrich Design Engineer		Degenkolb Totals	Don Ballantyne Principal		Dave Mathy Geotechnical Expert				
		Hours @	\$235	Hours @	\$165		Hours @	\$235	Hours @			\$210	
OPTIONAL Task 8 - TIER 1 SEISMIC EVALUATIONS OF 20 REPRESENTATIVE STRUCTURES TO DAMAGE-CONTROL PERFORMANCE LEVEL OR DIFFERENT SEISMIC HAZARD													
8.1	CIP concrete walls and roof (1978)	3	\$705	12	\$1,980	15	\$2,685		\$0		\$0	\$2,685	
8.2	CIP concrete walls and roof (1985)	2	\$353	8	\$1,238	9	\$1,590		\$0		\$0	\$1,590	
8.3	CIP concrete walls and roof (1993)	2	\$353	8	\$1,238	9	\$1,590		\$0		\$0	\$1,590	
8.4	CIP concrete walls below grade, CMU walls with steel framed roof and decking (1959)	3	\$705	12	\$1,980	15	\$2,685		\$0		\$0	\$2,685	
8.5	CIP concrete walls below grade, CMU Walls with steel framed roof and decking (1978)	2	\$353	9	\$1,485	11	\$1,838		\$0		\$0	\$1,838	
8.6	CIP concrete walls below grade, CMU Walls with steel framed roof and decking (1984)	2	\$353	9	\$1,485	11	\$1,838		\$0		\$0	\$1,838	
8.7	CIP concrete walls below grade, Precast Concrete walls and roof (1978)	3	\$705	12	\$1,980	15	\$2,685		\$0		\$0	\$2,685	
8.8	CIP concrete walls below grade, Precast Concrete walls and roof (1985)	2	\$353	9	\$1,485	11	\$1,838		\$0		\$0	\$1,838	
8.9	Prefabricated steel building (1983)	1	\$176	6	\$990	7	\$1,166		\$0		\$0	\$1,166	
8.10	CIP Concrete walls and precast concrete roof (1985)	3	\$705	12	\$1,980	15	\$2,685		\$0		\$0	\$2,685	
8.11	Precast concrete walls and roof (1978)	3	\$705	12	\$1,980	15	\$2,685		\$0		\$0	\$2,685	
8.12	Precast concrete walls and roof (1985)	2	\$353	9	\$1,485	11	\$1,838		\$0		\$0	\$1,838	
8.13	CIP Concrete walls and steel dome (1978)	3	\$705	12	\$1,980	15	\$2,685		\$0		\$0	\$2,685	
8.14	CIP Concrete walls and steel dome (1985)	2	\$353	9	\$1,485	11	\$1,838		\$0		\$0	\$1,838	
8.15	CMU Walls Steel framed roof and metal decking (1978)	3	\$705	12	\$1,980	15	\$2,685		\$0		\$0	\$2,685	
8.16	CMU Walls Steel framed roof and metal decking (1990)	2	\$353	9	\$1,485	11	\$1,838		\$0		\$0	\$1,838	
8.17	CIP Walls Steel framed roof and metal decking (1993)	1	\$176	6	\$990	7	\$1,166		\$0		\$0	\$1,166	
8.18	Tilt-up concrete walls with steel roof framing (1999)	1	\$176	6	\$990	7	\$1,166		\$0		\$0	\$1,166	
8.19	Additional Building type to be determined	3	\$705	12	\$1,980	15	\$2,685		\$0		\$0	\$2,685	
8.20	Additional Building type to be determined	3	\$705	12	\$1,980	15	\$2,685		\$0		\$0	\$2,685	
Subtotal		41	\$9,694	195	\$32,175	236	\$41,869	0	\$0	0	\$0	\$41,869	
SUBTOTAL		138	\$32,489	493	\$81,345	631	\$113,834	101	\$23,735	48	\$10,080	\$0	\$147,649
Reimbursable Expenses							\$300		\$230		\$220	\$750	
FINAL TOTAL		138	\$32,489	493	\$81,345	631	\$114,134	101	\$23,965	48	\$10,300	\$0	\$148,399



Directors
Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

Officers
Richard B. Currie
General Manager
District Engineer

David M. O'Hara
Attorney

DATE: November 18, 2013

MEMO TO: Board of Directors

FROM: Richard B. Currie, General Manager/District Engineer

SUBJECT: Agenda Item No. 14 – Meeting of November 25, 2013
Upcoming Workshops Calendar

Recommendation

None.

Information

For your planning purposes, we wanted to give you some advanced notice of upcoming workshops. We will also send notices as we get closer to the actual dates.

February 3, 2014 Mid-Year Budget Workshop

April 21, 2014 Main FY 2015 Budget Workshop

**UNION SANITARY DISTRICT
CHECK REGISTER
11/02/2013-11/15/2013**

Check No.	Date	Invoice No.	Vendor	Description	Invoice Amt	Check Amt
152357	11/14/2013	9251	OWEN EQUIPMENT SALES	1 EA MODEL 2115 VACTOR JET RODDER	\$454,772.12	\$454,772.12
	11/14/2013	28695.1		CREDIT FOR ASPHALT RECYCLER DEMO UNIT	\$-3,138.22	
	11/14/2013	28695		ASPHALT RECYCLER DEMO UNIT	\$3,138.22	
152305	11/7/2013	20130927.1	SWRCB - STATE WATER RESOURCES	SRF LOAN #C065053110 - WILLOW/CENTRAL	\$108,384.73	\$248,018.43
	11/7/2013	20130927.2		SRF LOAN #C065045110 - LOWER HETCH	\$139,633.70	
152241	11/7/2013	800400.6	ANDERSON PACIFIC ENG CONST INC	THICKENER CONTROL BLDG INTERIM INPROV	\$52,471.00	\$221,676.84
	11/7/2013	800374.14		THICKENER 3 AND 4 REHABILITATION	\$54,965.58	
	11/7/2013	800273.25		PRIMARY CLARIFIERS 1 - 4 REHABILITATION	\$114,240.26	
152237	11/7/2013	128645	ALFA LAVAL ASHBROOK SIMON-HART	2 GBT 2 AND 3 OVERHAUL KITS	\$98,063.34	\$98,063.34
152251	11/7/2013	131060	CAROLLO ENGINEERS	DEWATERING PERFORMANCE EVALUATION	\$3,585.92	\$69,618.51
	11/7/2013	131057		THICKENER CONTROL BLDG INTERIM IMPROVEMENTS	\$926.80	
	11/7/2013	131056		THICKENER CONROL BUILDING IMPROVEMENTS PHASE II	\$9,970.38	
	11/7/2013	131058		LIFT STATION #1 IMPROVEMENTS	\$4,679.99	
	11/7/2013	131059		HEADWORKS ODOR CONTROL IMPROVEMENTS	\$2,912.31	
	11/7/2013	131130		COGENERATION PROJECT	\$6,199.10	
	11/7/2013	131131		COGENERATION PROJECT	\$41,344.01	
152298	11/7/2013	7547641932	ROYAL WHOLESALE ELECTRIC	PLC PROCESSOR UPGRADE	\$181.00	\$28,061.20
	11/7/2013	7547640529		4 4MB CONTROLLERS & 1 2MB CONTROLLER	\$27,880.20	

**UNION SANITARY DISTRICT
CHECK REGISTER
11/02/2013-11/15/2013**

Check No.	Date	Invoice No.	Vendor	Description	Invoice Amt	Check Amt	
152375	11/14/2013	727891	VALLEY OIL COMPANY	4,474 GALS UNLEADED 10% ETHANOL GAS	\$14,081.05	\$24,572.81	
	11/14/2013	727892		2,990 GALS CLEAR DIESEL	\$10,491.76		
152262	11/7/2013	671039C	DELTA DENTAL SERVICE	OCTOBER 2013 DENTAL	\$21,568.10	\$24,328.81	
	11/7/2013	671039A		OCTOBER 2013 DENTAL	\$2,760.71		
152289	11/7/2013	9401204	CITY OF NEWARK	2013 NEWARK OVERLAY PROJECT #1040	\$23,068.10	\$23,068.10	
152358	11/14/2013	140120131104	PACIFIC GAS AND ELECTRIC	SERV TO 11/03/13 IRVINGTON PS	\$26.60	\$21,944.16	
	11/14/2013	898220131030		SERV TO 10/29/13 FREMONT PS	\$277.02		
	11/14/2013	380420131030		SERV TO 10/28/13 CHERRY ST PS	\$172.82		
	11/14/2013	013720131105		SERV TO 11/04/13 BOYCE RD PS	\$2,201.70		
	11/14/2013	892820131030		SERV TO 10/29/13 HAYWARD MARSH	\$124.84		
	11/14/2013	761520131024		SERVICE TO 10/23/13 NEWARK PS	\$18,835.77		
	11/14/2013	096020131030		SERV TO 10/29/13 CATHODIC PROJECT	\$57.93		
	11/14/2013	666720131030		SERV TO 10/29/13 PASEO PADRE PS	\$219.40		
	11/14/2013	224720131022		SERV TO 10/21/13 CS TRAINING TRAILER	\$28.08		
152332	11/14/2013	20131021	CASA	CASA MEMBERSHIP DUES FOR FY 2014	\$18,720.00		\$18,720.00
152265	11/7/2013	79196	FOLGER GRAPHICS	115,165 COLOR BROCHURES	\$16,867.17		\$16,867.17
152297	11/7/2013	16907	RMC WATER AND ENVIRONMENT	HAYWARD MARSH REGULATORY COMPLIANCE	\$2,333.75		\$16,603.75
	11/7/2013	16898		MIDTOWN DEVELOPMENT SEWER EVALUATION	\$10,991.25		
	11/7/2013	16904		LOCAL LIMITS & WASTEWATER TREATABILITY	\$3,278.75		

**UNION SANITARY DISTRICT
CHECK REGISTER
11/02/2013-11/15/2013**

Check No.	Date	Invoice No.	Vendor	Description	Invoice Amt	Check Amt
152372	11/14/2013	533620131022	US BANK CORP PAYMENT SYSTEM	MONTHLY CAL CARD STMT - OCT 2013	\$16,065.78	\$16,065.78
152287	11/7/2013	20130726	NASSCO MASTER TRAINER	NASSCO PIPE CONDITION REPORTING TRAINING	\$12,675.00	\$12,675.00
152306	11/7/2013	581740	UNIVAR USA INC	4,890 GALS SODIUM HYPOCHLORITE	\$2,300.31	\$11,639.87
	11/7/2013	582368		4,896 GALS SODIUM HYPOCHLORITE	\$2,303.14	
	11/7/2013	582714		5,013 GALS SODIUM HYPOCHLORITE	\$2,358.17	
	11/7/2013	582082		4,887 GALS SODIUM HYPOCHLORITE	\$2,298.90	
	11/7/2013	581398		5,058 GALS SODIUM HYPOCHLORITE	\$2,379.35	
152285	11/7/2013	24810354	MOTION INDUSTRIES INC	ASTD BEARINGS	\$140.70	\$11,231.02
	11/7/2013	24810697		ASTD PARTS & MATERIALS FOR EFFLUENT SCREEN OVERHAUL	\$11,090.32	
152278	11/7/2013	9017358010	KEMIRA WATER SOLUTIONS, INC.	7.64 DRY TONS FERROUS CHLORIDE	\$5,154.78	\$10,410.77
	11/7/2013	9017358675		7.79 DRY TONS FERROUS CHLORIDE	\$5,255.99	
152340	11/14/2013	55190011	EMA INC	PLANT DMZ SERVICES	\$9,803.14	\$9,803.14
152280	11/7/2013	37432220131101	LINCOLN FINANCIAL GROUP	LIFE & DISABILITY INSURANCE - NOV 2013	\$7,364.26	\$7,364.26
152366	11/14/2013	901444403	SIEMENS WATER TECHNOLOGIES LLC	1,486 GALS HYDROGEN PEROXIDE	\$6,899.20	\$6,899.20
152351	11/14/2013	40291	JACK DOHENY SUPPLIES, INC.	VACTOR RENTAL - 9/24 - 10/7/13	\$6,474.60	\$6,474.60
152281	11/7/2013	8343	LOOKINGPOINT INC	LOOKINGPOINT CONSULTING TIME BLOCK	\$6,000.00	\$6,000.00
152353	11/14/2013	9017359126	KEMIRA WATER SOLUTIONS, INC.	7.84 DRY TONS FERROUS CHLORIDE	\$5,289.72	\$5,289.72
152246	11/7/2013	447	AUTOMATED NETWORK CONTROLS	SCADA / PLC PROGRAMMING SERVICES	\$5,160.00	\$5,160.00
152369	11/14/2013	130618	TOTAL WASTE SYSTEMS INC	OCTOBER 2013 GRIT DISPOSAL	\$4,938.62	\$4,938.62

**UNION SANITARY DISTRICT
CHECK REGISTER
11/02/2013-11/15/2013**

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152370	11/14/2013	583747	UNIVAR USA INC	5,009 GALS SODIUM HYPOCHLORITE	\$2,356.30	\$4,710.71
	11/14/2013	583283		5,005 GALS SODIUM HYPOCHLORITE	\$2,354.41	
152360	11/14/2013	838440	POLYDYNE INC	41,060 LBS CLARIFLOC WE-539	\$4,675.91	\$4,675.91
152238	11/7/2013	5085402	ALL INDUSTRIAL ELECTRIC SUPPLY	5 APC SMARTUPS	\$4,462.13	\$4,462.13
152248	11/7/2013	42046	BAY AREA HIGH REACH INC	SCAFFOLDING FOR THE BOARDROOM LEDS	\$4,400.00	\$4,400.00
152250	11/7/2013	11201975	BROWN & CALDWELL CONSULTANTS	RAS PUMP STATION IMPROVEMENTS	\$4,244.15	\$4,244.15
152235	11/7/2013	913118	AIRSYS, INC.	PTS INTERFACE PROGRAMMING SERVICES	\$3,875.00	\$3,875.00
152329	11/14/2013	358203	BRENNTAG PACIFIC, INC.	4487 LBS SODIUM HYDROXIDE	\$2,420.97	\$3,804.37
	11/14/2013	358204		2564 LBS SODIUM HYDROXIDE	\$1,383.40	

**UNION SANITARY DISTRICT
CHECK REGISTER
11/02/2013-11/15/2013**

Check No.	Date	Invoice No.	Vendor	Description	Invoice Amt	Check Amt
152336	11/14/2013	54256689	CINTAS CORPORATION	UNIFORM LAUNDERING SERVICE	\$391.46	\$3,303.24
	11/14/2013	54249874		UNIFORM LAUNDERING SERVICE	\$283.82	
	11/14/2013	54254424		ASTD DUST MOPS, WET MOPS & TERRY TOWELS	\$102.47	
	11/14/2013	54249875		UNIFORM LAUNDERING SERVICE	\$366.84	
	11/14/2013	54252164		UNIFORM LAUNDERING SERVICE	\$428.96	
	11/14/2013	54254422		UNIFORM LAUNDERING SERVICE	\$271.50	
	11/14/2013	54249876		ASTD DUST MOPS & TERRY TOWELS	\$66.36	
	11/14/2013	54254423		UNIFORM LAUNDERING SERVICE	\$322.41	
	11/14/2013	54254425		30 ORANGE BEANIES	\$328.17	
	11/14/2013	54256688		UNIFORM LAUNDERING SERVICE	\$271.02	
	11/14/2013	54247612.0		UNIFORM LAUNDERING SERVICE	\$-60.00	
	11/14/2013	54252163		UNIFORM LAUNDERING SERVICE	\$271.50	
	11/14/2013	54256665		1 SAFETY VEST - JOHNSON, E	\$91.98	
	11/14/2013	54256667		2 JACKETS - JOHNSON, E	\$166.75	
152257	11/7/2013	7015	COMPETITIVE RESTAURANT CONCEPT	REFUND # 16768	\$3,300.00	\$3,300.00
152312	11/7/2013	7022	KAR MON YAU	REFUND # 16772	\$3,300.00	\$3,300.00
152308	11/7/2013	20131101	VISION SERVICE PLAN - CA	NOVEMBER 2013 VISION STMT	\$3,186.04	\$3,186.04

**UNION SANITARY DISTRICT
CHECK REGISTER
11/02/2013-11/15/2013**

Check No.	Date	Invoice No.	Vendor	Description	Invoice Amt	Check Amt
152271	11/7/2013	3G7756	HARRINGTON INDUSTRIAL PLASTICS	ASTD PVC PARTS & MATERIALS	\$480.34	\$3,181.30
	11/7/2013	3G7605		1 EA ADAPTER	\$15.51	
	11/7/2013	3G7646		ASTD PARTS & MATERIALS	\$2,685.45	
152309	11/7/2013	26384	VOX NETWORK SOLUTIONS INC	PHONE SYS MAINT NOV 13-JAN 14	\$2,873.40	\$2,873.40
152343	11/14/2013	9264101172	GRAINGER INC	ASTD PARTS & MATERIALS	\$264.67	\$2,727.84
	11/14/2013	9260595195		1 EA STENCIL MAKER	\$2,173.25	
	11/14/2013	9263080245		1 EA CHAIR, BLACK	\$289.92	
152322	11/14/2013	4798577	AT&T	SERV: 09/20/13 - 10/19/13	\$2,560.44	\$2,576.30
	11/14/2013	4804376		SERV: 09/20/13 - 10/19/13	\$15.86	
152258	11/7/2013	604477	CONTROLWORX LLC	WATHER CHAMP OVERHAUL	\$2,530.67	\$2,530.67
152276	11/7/2013	6925	JACKSON CONSTRUCTION	REFUND # 16773	\$2,500.00	\$2,500.00
152341	11/14/2013	105054	ESA	SEA LEVEL RISE PRESENTATION TO BOARD	\$2,460.00	\$2,460.00
152299	11/7/2013	1546879004	SAN LEANDRO ELECTRIC SUPPLY	9 PKS LAMP MINIATURE	\$42.95	\$2,252.60
	11/7/2013	1549755002		ASTD PARTS & MATERIALS	\$223.84	
	11/7/2013	1546879001		ASTD PARTS & MATERIALS	\$1,151.72	
	11/7/2013	1546879005		50 RIGID COND CLAMP W/NUT & BOLT ATTACHED	\$221.34	
	11/7/2013	1546879003		ASTD PARTS & MATERIALS	\$612.75	
152313	11/14/2013	21882	ABACUS PRODUCTS INC	CREDIT INVOICE 21756 - DUFFEL BAG DAMAGED	\$-8.44	\$2,231.83
	11/14/2013	22378		2,500 FISH ERASERS	\$2,240.27	

**UNION SANITARY DISTRICT
CHECK REGISTER
11/02/2013-11/15/2013**

Check No.	Date	Invoice No.	Vendor	Description	Invoice Amt	Check Amt
152344	11/14/2013	91398437	H & E EQUIPMENT SERVICES INC	REACH LIFT RENTAL 10/7/13 - 10/15/13	\$2,208.71	\$2,208.71
152283	11/7/2013	505427	MCMILLAN SECURITY SYSTEMS	2ND QTR ANNUAL SECURITY & CCTV SYS SUPP	\$2,153.50	\$2,153.50
152374	11/14/2013	33975	USA SCALES INC	CALIBRATE TRUCK SCALE & TWO HOPPER SCALES	\$2,142.00	\$2,142.00
152300	11/7/2013	5567024115	SIEMENS INDUSTRY INC	1 ST-H TRANSDUCER WITH 30M CABLE FOR LEVEL MEASUREMENTS	\$2,098.58	\$2,098.58
152232	11/7/2013	60388	3T EQUIPMENT COMPANY INC	4 PIPEPATCH KIT - WINTER	\$2,076.75	\$2,076.75
152240	11/7/2013	887	ALLIED PACKING AND SUPPLY CO	6 013EC001-0, 1"ID X 240" OAL W 1" MAKE	\$1,338.20	\$2,074.75
	11/7/2013	37414		ASTD PARTS & MATERIALS	\$736.55	
152294	11/7/2013	7777	R & S ERECTION OF S ALAMEDA	OPERATOR FOR ROLL UP DOOR AT AERATION ROOM	\$2,025.00	\$2,025.00
152316	11/14/2013	20131108	ALAMEDA COUNTY TREASURER	UPPER HETCH HECTCHY SS REHABILITATION	\$2,000.00	\$2,000.00
152361	11/14/2013	131020	PROSAFE	20 HRS ENVIRONMENTAL/SAFETY CONSULTING SERVICES	\$2,000.00	\$2,000.00
152239	11/7/2013	167985	ALLIANT INSURANCE SERVICES INC	1ST QUARTER ENDORSEMENT	\$1,808.06	\$1,808.06
152363	11/14/2013	916001870956	REPUBLIC SERVICES #916	RECYCLE & ROLL OFF - OCT 2013	\$1,776.91	\$1,776.91
152292	11/7/2013	301134	PACHECO BROTHERS GARDENING INC	LANDSCAPE MAINTENANCE SERVICES OCT 2013	\$1,468.00	\$1,468.00
152260	11/7/2013	20131025.10	DALE HARDWARE INC	10/13 - ASTD PARTS & MATERIALS	\$1,393.59	\$1,393.59
152333	11/14/2013	12773	CDW GOVERNMENT LLC	UPGRADE CRYSTAL REPORTS SOFTWARE	\$1,225.00	\$1,349.00
	11/14/2013	42427		1 PLC16 OCB SWITCH, PLC IMPRVMT PROJECT	\$124.00	
152256	11/7/2013	28460	COLLICUTT ENERGY SERVICES INC	2 UEGO OXYGEN SENSORS	\$1,310.73	\$1,310.73
152365	11/14/2013	2323901001	S & S SUPPLIES & SOLUTIONS	ASTD SAFETY SUPPLIES	\$1,175.33	\$1,291.62
	11/14/2013	2323901002		ASTD SAFETY SUPPLIES	\$116.29	

**UNION SANITARY DISTRICT
CHECK REGISTER
11/02/2013-11/15/2013**

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152286	11/7/2013	20131031	NAPA AUTO PARTS	MONTHLY AUTO PARTS STMT - OCT 2013	\$1,262.73	\$1,262.73
152301	11/7/2013	5683148	SIGNET TESTING LABS INC	I-680 AT SABERCAT RD SEWER REPLACEMENT	\$1,224.25	\$1,224.25
152331	11/14/2013	32395	CALCON SYSTEMS	HEADWORKS PARSHAL FLUME CALIBRATION	\$1,150.00	\$1,150.00
152253	11/7/2013	83974	CDW GOVERNMENT LLC	PLC16 OCB SWITCH, PLC IMPRVMT PROJECT	\$1,063.25	\$1,063.25
152376	11/14/2013	23054	WILEY PRICE & RADULOVICH LLP	LABOR & EMPLOYMENT LAW FEES	\$1,040.50	\$1,040.50
152302	11/7/2013	3213336987	STAPLES CONTRACT & COMMERCIAL	10 PURELL SANITIZING WIPES	\$56.83	\$1,030.65
	11/7/2013	3213336983		12 CS PAPER TOWELS	\$355.26	
	11/7/2013	3213336984		2 CS PAPER TOWELS ECO GREEN MULTIFOLD	\$56.96	
	11/7/2013	3213336988		ASTD OFFICE SUPPLIES - INVENTORY	\$471.96	
	11/7/2013	3213336985		ASTD OFFICE SUPPLIES - INVENTORY	\$89.64	
152321	11/14/2013	456906	A-PRO PEST CONTROL INC	OCT PEST CONTROL	\$1,005.00	\$1,005.00
152259	11/7/2013	242235	CURTIS & TOMPKINS LTD	2 LAB SAMPLE ANALYSIS	\$315.00	\$980.00
	11/7/2013	242238		5 LAB SAMPLE ANALYSIS	\$505.00	
	11/7/2013	242147		6 LAB SAMPLE ANALYSIS	\$160.00	

**UNION SANITARY DISTRICT
CHECK REGISTER
11/02/2013-11/15/2013**

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152267	11/7/2013	9253249248	GRAINGER INC	1 EA COMBINATION PADLOCK	\$11.87	\$914.57
	11/7/2013	9254776033		1 EA INDUSTRIAL BICYCLE, 26IN, FRONT BASKET	\$371.37	
	11/7/2013	9254776041		1 EA CONTROL STATION , NEMA 4	\$176.38	
	11/7/2013	9254722797		1 EA EMERGENCY LIGHT	\$216.81	
	11/7/2013	9253349238		1 EA MANUAL SWITCH	\$109.50	
	11/7/2013	9255462989		1 EA THREE-SOCKET TEE	\$17.75	
	11/7/2013	9256341224		1 EA LEVER SWITCH, WEATHERPROOF	\$10.89	
152318	11/14/2013	5085447	ALL INDUSTRIAL ELECTRIC SUPPLY	1 PARKING LOT LED LIGHT AR-LED-KIT3	\$871.07	\$871.07
152234	11/7/2013	9020655324	AIRGAS NCN	1 HDGR RTCHT ASSY ELITE	\$19.94	\$843.68
	11/7/2013	9020655505		ASTD PARTS & MATERIALS	\$823.72	
152282	11/7/2013	64050107	MCMaster SUPPLY INC	2 EA SEALED LEAD-ACID BATTERIES	\$105.51	\$804.49
	11/7/2013	63538272		1 EA STEEL WIRING TROUGH ENCLOSURE	\$165.17	
	11/7/2013	64019584		ASTD PARTS & MATERIALS	\$485.73	
	11/7/2013	64049764		2 EA STAINLESS STEEL EYEBOLTS	\$48.08	

**UNION SANITARY DISTRICT
CHECK REGISTER
11/02/2013-11/15/2013**

Check No.	Date	Invoice No.	Vendor	Description	Invoice Amt	Check Amt
152327	11/14/2013	10000210	BLAISDELL'S	ASTD OFFICE SUPPLIES	\$89.83	\$803.90
	11/14/2013	10001720		ASTD OFFICE SUPPLIES	\$34.47	
	11/14/2013	9999071		6 PK PAGE FLAGS	\$19.18	
	11/14/2013	10000770		1 BLACK TONER	\$134.67	
	11/14/2013	9995940		ASTD OFFICE SUPPLIES	\$91.54	
	11/14/2013	9999070		ASTD OFFICE SUPPLIES	\$352.21	
	11/14/2013	10000490		ASTD OFFICE SUPPLIES	\$82.00	
152268	11/7/2013	946206	GROENIGER AND COMPANY	1 EA LF 2 BRZ RED PRES BFP	\$496.80	\$789.75
	11/7/2013	939375		2 EA CHECK VALVE REP KITS	\$292.95	
152270	11/7/2013	1404941	HANSON AGGREGATES INC	10.00 TONS 1/2 MED TYPE A	\$746.65	\$746.65
152244	11/7/2013	87896581210252013	AT&T	SERV: 09/18/13 - 10/17/13	\$671.55	\$671.55
152277	11/7/2013	41102062	KELLY SERVICES INC	TEMP LABOR-BECKER, AJ., WK END 10/13/13	\$633.60	\$633.60
152345	11/14/2013	1408345	HANSON AGGREGATES INC	8.25 TONS 1/2 MED TYPE A	\$616.94	\$616.94
152342	11/14/2013	118612	FASTENAL	ASTD PARTS & MATERIALS	\$341.31	\$611.41
	11/14/2013	117301		50 1/8" S/S STRAIGHT L	\$270.10	
152337	11/14/2013	20131111	RICHARD CORTES	EXP REIMB: PE LICENSE & ASCE/WEF MEMBERSHIP RENEWALS	\$608.00	\$608.00
152334	11/14/2013	1080160	CELLOTAPE	2000 LABEL PAPER	\$605.74	\$605.74
152359	11/14/2013	20131113	PETTY CASH	PETTY CASH REPLENISHMENT	\$581.74	\$581.74
152330	11/14/2013	11202511	BROWN & CALDWELL CONSULTANTS	PLANT GROUNDWATER WELLS MONITORING	\$564.86	\$564.86

**UNION SANITARY DISTRICT
CHECK REGISTER
11/02/2013-11/15/2013**

Check No.	Date	Invoice No.	Vendor	Description	Invoice Amt	Check Amt
152247	11/7/2013	2521737869	BANK OF NEW YORK	SEPTEMBER 2013 SERVICE FEE	\$500.00	\$500.00
152252	11/7/2013	7069	JUSTIN CASH	REFUND # 16705	\$500.00	\$500.00
152263	11/7/2013	7101	E Z PLUMBING	REFUND # 16771	\$500.00	\$500.00
152291	11/7/2013	7104	LEQUON OU	REFUND # 16769	\$500.00	\$500.00
152295	11/7/2013	7102	RAPID (TRIPPLE A) PLUMBING	REFUND # 16770	\$500.00	\$500.00
152338	11/14/2013	242341	CURTIS & TOMPKINS LTD	6 LAB SAMPLE ANALYSIS	\$210.00	\$500.00
	11/14/2013	242333		22 LAB SAMPLE ANALYSIS	\$290.00	
152348	11/14/2013	27118809001	HERTZ EQUIPMENT RENTAL	BOBCAT RENTAL	\$447.87	\$447.87
152367	11/14/2013	20131106.2	SWRCB - CERTIFICATIONS	GRADE V CERT EXAM-BRENNER	\$440.00	\$440.00
152356	11/14/2013	65018562	MCMASTER SUPPLY INC	ASTD PARTS & MATERIALS	\$361.71	\$433.82
	11/14/2013	64656563		1 EA GLASS OIL-LEVEL INDICATOR	\$72.11	
152245	11/7/2013	205366	AUTO BODY TOOLMART	ASTD PARTS & MATERIALS	\$407.44	\$407.44
152347	11/14/2013	13234	HAYWARD PIPE AND SUPPLY	ASTD PARTS & MATERIALS	\$383.75	\$383.75
152314	11/14/2013	9020980306	AIRGAS NCN	1 CYL ARGON	\$379.87	\$379.87
152296	11/7/2013	8200000006943	RED WING SHOE STORE	SAFETY SHOES - GALE & LUBINA	\$370.00	\$370.00
152325	11/14/2013	16282400	BECK'S SHOES	SAFETY SHOES: D. PORT	\$185.00	\$361.02
	11/14/2013	16308600		SAFETY SHOES: G. STEVENS	\$176.02	
152324	11/14/2013	153454	BAY CENTRAL PRINTING	3,000 BUS CARDS - 6 CS EMPLOYEES	\$353.60	\$353.60
152335	11/14/2013	1259805	CHEMSEARCH	2 DZ ELECTRICAL MOTOR SOLVENT	\$350.08	\$350.08

**UNION SANITARY DISTRICT
CHECK REGISTER
11/02/2013-11/15/2013**

Check No.	Date	Invoice No.	Vendor	Description	Invoice Amt	Check Amt
152254	11/7/2013	262775	CENTERVILLE LOCKSMITH	25 KEY BLANKS	\$44.96	\$349.45
	11/7/2013	263217		1 KEY BLANK	\$1.80	
	11/7/2013	262579		REKEY 5 PUMP STATIONS IN FREMONT & NEWARK	\$302.69	
152349	11/14/2013	600895189	HILLYARD/SAN FRANCISCO	ASTD JANITORIAL SUPPLIES	\$279.83	\$348.13
	11/14/2013	600898303		ASTD JANITORIAL SUPPLIES	\$68.30	
152323	11/14/2013	43993	BARNETT MEDICAL SERVICES LLC	80 LBS PHARMACEUTICAL WASTE REMOVAL	\$174.00	\$348.00
	11/14/2013	43432		80 LBS PHARMACEUTICAL WASTE REMOVAL	\$174.00	
152233	11/7/2013	6358388	ABC IMAGING, INC.	FOG POSTER	\$343.35	\$343.35
152368	11/14/2013	20131106.1	SWRCB - CERTIFICATIONS	GRADE V CERT RENEW-LULLO	\$340.00	\$340.00
152307	11/7/2013	9713591372	VERIZON WIRELESS	WIRELESS SERV 09/21/13-10/20/13	\$317.04	\$317.04
152261	11/7/2013	42954	DATCO	NOV 2013 SERVICE FEE	\$300.30	\$300.30
152350	11/14/2013	997720131028	HOME DEPOT CREDIT SERVICES	MONTHLY HARDWARE STMT - OCT 2013	\$296.68	\$296.68
152290	11/7/2013	30180952	OLDCASTLE ENCLOSURE SYSTEMS	2 EA MH VERTICAL 36 - 18IN STEPS	\$285.12	\$285.12
152249	11/7/2013	9990960	BLAISDELL'S	2 PK 8 TAB INDEX	\$65.68	\$280.94
	11/7/2013	9991590		1 TONER - BLACK	\$172.78	
	11/7/2013	9990260		1 CHAIRMAT	\$42.48	
152275	11/7/2013	511902	HULBERT LUMBER SUPPLY	ASTD LUMBER SUPPLIES	\$18.61	\$264.46
	11/7/2013	511576		ASTD LUMBER SUPPLIES	\$245.85	
152319	11/14/2013	641	ALLIED PACKING AND SUPPLY CO	ASTD PARTS & MATERIALS	\$263.78	\$263.78

**UNION SANITARY DISTRICT
CHECK REGISTER
11/02/2013-11/15/2013**

Check No.	Date	Invoice No.	Vendor	Description	Invoice Amt	Check Amt
152255	11/7/2013	378575	CHEMETRICS INC	10 SAMPLING REFILL PKS	\$262.62	\$262.62
152315	11/14/2013	131001804	AIRTECH MECHANICAL INC	SERVICE CALL: ADMIN BLDG, TSCS MANAGER OFFICE	\$262.50	\$262.50
152373	11/14/2013	20131101	USA MOBILITY WIRELESS INC	NOVEMBER 2013 PAGER SERVICE	\$261.68	\$261.68
152269	11/7/2013	8527246	HACH COMPANY	ASTD LABORATORY SAMPLING SUPPLIES	\$232.93	\$232.93
152304	11/7/2013	20131106	SWRCB - CERTIFICATIONS	GRADE II CERT RENEW - SHENK	\$230.00	\$230.00
152310	11/7/2013	8055585379	VWR INTERNATIONAL LLC	1 MERCURIC NITRATE 0.0141N 1L	\$22.60	\$222.57
	11/7/2013	8055570919		2 PKS FILTERS PORTABLE GAS DETECTOR	\$199.97	
152320	11/14/2013	279	ALLIED PACKING AND SUPPLY CO	30 GASKETS	\$186.92	\$186.92
152352	11/14/2013	42080387	KELLY SERVICES INC	TEMP LABOR-BECKER, A.J., WK END 10/20/13	\$184.80	\$184.80
152364	11/14/2013	225963	RKI INSTRUMENTS INC	2 OS-BM2 OXYGEN	\$180.68	\$180.68
152303	11/7/2013	3213336986	STAPLES CONTRACT & COMMERCIAL	24 COFFEE CREAMERS & 2 CS LINER WASTE	\$166.13	\$166.13
152288	11/7/2013	20131030	SHAWN NESGIS	EXP REIMB: GIFT CARDS FOR INDIVID RECOG (LUBINA & NOEGEL)	\$150.00	\$150.00
152355	11/14/2013	3782049	MALLORY SAFETY AND SUPPLY LLC	3 PRS OF BOOTS	\$136.34	\$136.34
152326	11/14/2013	20131107	JUDI BERZON	EXP REIMB: TSCS WGM APPLICANT HOTEL/QAI SNACKS	\$124.57	\$124.57
152243	11/7/2013	4784775	AT&T	SERV: 09/13/13 - 10/12/13	\$94.29	\$95.79
	11/7/2013	4705793		SERV: 08/16/13 - 09/15/13	\$1.50	
152362	11/14/2013	58006	PURRFECT AUTO SERVICE	SMOG INSPECTION	\$29.95	\$89.85
	11/14/2013	57933		SMOG INSPECTION	\$29.95	
	11/14/2013	57927		SMOG INSPECTION	\$29.95	

**UNION SANITARY DISTRICT
CHECK REGISTER
11/02/2013-11/15/2013**

Check No.	Date	Invoice No.	Vendor	Description	Invoice Amt	Check Amt
152339	11/14/2013	20131107	CWEA-NRTC	CERTIFICATE RENEWAL: J. SEO	\$87.00	\$87.00
152311	11/7/2013	20131016	WILEY PRICE & RADULOVICH LLP	BREAKFAST BRIEFING - A LOPEZ & MORRISON	\$85.00	\$85.00
152266	11/7/2013	138974	FREMONT RUBBER STAMP CO INC	SELF INKING STAMP: CONNECT/AIRTEST/ROCK BEDDING	\$84.98	\$84.98
152354	11/14/2013	20131111	DAVID LIVINGSTON	EXP REIMB: LUNCH FOR BACWA INFO SHARE CMTE MTG	\$72.70	\$72.70
152242	11/7/2013	70011058041	APPLIED INDUSTRIAL TECHNOLOGIE	6 BELTS	\$64.82	\$64.82
152346	11/14/2013	3G7890	HARRINGTON INDUSTRIAL PLASTICS	ASTD PVC PARTS & MATERIALS	\$64.51	\$64.51
152293	11/7/2013	57913	PURRFECT AUTO SERVICE	SMOG INSPECTION	\$29.95	\$59.90
	11/7/2013	57905		SMOG INSPECTION	\$29.95	
152371	11/14/2013	9853423	UPS - UNITED PARCEL SERVICE	SHIPPING CHARGES W/E 10/19/13	\$51.52	\$51.52
152328	11/14/2013	20131023	BOTTOM LINE	SUBSCRIPTION RNWL - BOTTOMLINE HEALTH	\$29.95	\$29.95
152284	11/7/2013	90662485	METAL SUPERMARKETS	ASTD METAL, STEEL, STAINLESS, AND ALUMINUM	\$28.69	\$28.69
152317	11/14/2013	1221	ALAMEDA COUNTY TREASURER	9 ASSESSOR'S MAPS	\$27.00	\$27.00
152264	11/7/2013	118597	FASTENAL	8 S/S HCS 5/8-11X5	\$26.33	\$26.33
152274	11/7/2013	5419952	HOSE & FITTINGS ETC	ASTD PARTS & MATERIALS	\$25.69	\$25.69
152272	11/7/2013	13400	HAYWARD PIPE AND SUPPLY	ASTD PARTS & MATERIALS	\$25.68	\$25.68
152273	11/7/2013	600889864	HILLYARD/SAN FRANCISCO	ASTD JANITORIAL SUPPLIES	\$21.55	\$21.55
152236	11/7/2013	1218	ALAMEDA COUNTY TREASURER	6 ASSESSOR'S MAPS	\$18.00	\$18.00
152279	11/7/2013	20131106	LIEBERT CASSIDY WHITMORE	REFRESHMENT FEE - SAN MATEO CTY EMP REL CONSORTIUM, ROJO	\$14.00	\$14.00

**UNION SANITARY DISTRICT
CHECK REGISTER
11/02/2013-11/15/2013**

Check No.	Date	Invoice No.	Vendor	Description	Invoice Amt	Check Amt
Invoices:				Checks:		
Credit Memos :		3	-3,206.66			
\$0 - \$1,000 :		151	35,580.43	\$0 - \$1,000 :	76	25,887.33
\$1,000 - \$10,000 :		68	211,120.61	\$1,000 - \$10,000 :	51	155,478.61
\$10,000 - \$100,000 :		16	449,178.43	\$10,000 - \$100,000 :	15	403,870.29
Over \$100,000 :		4	817,030.81	Over \$100,000 :	3	924,467.39
Total:		242	1,509,703.62	Total:	145	1,509,703.62

**Directors**

Pat D. Gacoscos
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

Officers

Richard B. Currie
General Manager
District Engineer

David M. O'Hara
Attorney

DATE: November 25, 2013

MEMO TO: Board of Directors - Union Sanitary District

FROM: Richard Currie, General Manager/District Engineer
Sami Ghossain, Manager of Technical Services
Michael Dunning, Environmental Compliance Coach

SUBJECT: Agenda Item No. 17 – Meeting of November 25, 2013
Information Item: Holiday Pollution Prevention Message

Recommendation

Information only

Background

This holiday season, the Environmental Compliance team is presenting a Pollution Prevention message to Fremont, Newark and Union City residents, encouraging them to properly dispose of or recycle their used cooking oil.

The Tri-City Voice newspaper will include an advertisement on Thanksgiving Turkey Fryer oil recycling starting November 19th and running for two weeks. Residents will be advised that they can dispose of all used cooking oil at no cost at the Republic Services/Allied Waste location, at 42600 Boyce Road in Fremont (between Stevenson and Auto Mall Parkway).

Attachments:
FOG Advertisement



DELICIOUS.



DISASTROUS.

**DON'T RUIN A GOOD MEAL.
DISPOSE OF **FATS, OILS AND GREASE** PROPERLY.**



FOG (Fats, Oils & Grease) in your household drains can create blockages that turn a great holiday into a hot mess.

Avoid sloppy, costly backups into your home and overflows that can enter local waterways, harming wildlife and the environment. NEVER put fats, oils or grease down your drains or into storm drains, which flow untreated to our creeks and San Francisco Bay. Bring your used cooking oil and grease to the Allied Waste/Republic Services Customer Service Center for FREE disposal Monday through Friday, 8 a.m. – 5 p.m.

For more information, visit www.StopFOG.com, call Allied Waste at (510) 657-3500, or call Union Sanitary District at (510) 477-7500.

© 2016 - Friday, Oct 25

AFTER WAGE FREEZE, UNION SEEKS RAISE

East Bay utility workers may go on strike

Employees want EBMUD to offer pay without cap

By Doug Oakley

doukley@bayarenews.com

OAKLAND — Yet another public agency union is threatening to go on strike in the East Bay.

This time it's 650 employees at the East Bay Municipal Utilities District, which brings water and sewer service to 1.3 million customers.

The American Federation of State and County and Municipal Employees Local 2019, whose mem-

bers earn an average salary of \$87,595 a year, will go on strike if management does not offer a pay raise above a 4 percent cap it has previously proposed during nine months of negotiations, union president Mark Foley said on Thursday.

No strike deadline has been set, he said.

The strike threat comes on the heels of labor problems at two other public agencies serving the East Bay: two BART strikes and failed negotiations at AC Transit, which is currently in a 60-day cooling off period.

The utility district em-

ployees threatening to go on strike include water quality inspectors, engineers, clerical staff, park rangers and emergency dispatch employees. Both management and union officials have said a strike would not disrupt water or sewer services.

"But our employees do the water quality sampling, they serve as park rangers in our recreation areas and they do our customer service," Foley said.

The union is coming off a two-year wage freeze it agreed to during the recession, Foley said, and members have been without a contract for six months.

Michael Rich, manager of employee relations for the utility, said it has offered workers a four-year contract with raises each year tied to the Consumer Price Index, which measures prices of consumer goods, capped at 4 percent a year.

Foley said his workers do not want a cap because the CPI could go above 4 percent.

"We're trying to maintain the middle class," Foley said. "We're not asking for raises outside of what other similar industries are getting. We believe we deserve a meaningful raise coming off two years of frozen

wages."

Rich said talk of a strike is not going in the right direction.

"Unwarranted is the word I would use," Rich said. "We've only had one strike and that was in 1985."

If other unions at the utility joined in a possible strike in solidarity, Rich said management would go to court to prevent that.

"There's a public health issue when you talk about people's water and wastewater," Rich said.

Contact Doug Oakley at 925-234-1699. Follow him at ttr.com/doug/oakley.

Fremont hosts Cleantech Open award ceremony

In recognition of the leading role of Greater Tri-City area innovation in clean energy technology, the City of Fremont was chosen to host the 2013 award ceremonies for the Western Regional Cleantech Open. The Cleantech Open is a not-for-profit organization dedicated to finding, funding, and fostering cleantech startups. Entrepreneurs are encouraged through mentoring, education, and support programs. This annual competition determines which of California's most promising cleantech startups are chosen for the final four slots at the Global Forum scheduled for November 20-21 in San Jose. These companies will compete for a \$200,000 grand prize.

Held at the Fremont Marriott, speakers and a panel discussion at the awards ceremony on October 10, 2013, focused on government contacts and lobbying efforts as well as paths to funding and recognition. Cleantech Open Western Divisional Director Erik Steeb said, "We know what needs to be done" adding that Cleantech Open can guide companies through the path to success that depends upon education, mentoring, support, policy issues, industry recognition and adequate funding. Fremont Mayor Bill Harrison welcomed attendees, noting that Fremont and its environs have become the "epicenter of cleantech and innovation."

Addressing the current investment climate for cleantech industries, Nancy Pfund, Managing Director, DBL Investors, spoke of a "ripe climate" with expanding opportunities. She said that clean tech ventures can not only create a viable return for investors, but drive social improvement as well.

A roundtable discussion with Patrick Leathers, Senior Counsel Attorney & Legislative Advocate for Clean Tech Advocates; Kelly Kline, Fremont Economic Development; State Senator Ellen Corbett and Paul Lacourciere, partner at K&L Gates and veteran of the energy industry, explored advocacy and government connection issues.

Winners who will move on the Global Forum in San Jose include: Dragonfly Systems, Tyler Co Inc., Polymer Green and Pow Wow Energy.

Oct 8, Tri-City Voice

Notice regarding Evergreen Oil, Inc.

SUBMITTED BY ALAMEDA COUNTY FIRE DEPARTMENT

Evergreen Oil is now a Division of Safety-Kleen Systems Inc., a Clean Harbors Company.

As a part of our renewed commitment to the local community, the management at Evergreen Oil, Inc. would like to provide notice of upcoming maintenance activities at our used oil re-refinery, in Newark, CA. We are performing these maintenance activities in keeping with our commitment to operate an efficient and compliant facility. We believe that pro-active, preventative maintenance significantly reduces facility upsets and compliance issues. We strive to be good neighbors within the Newark Community and our commitment to protection of human health and environment is and always will be our highest priority.

Here is a summary of the preventative maintenance activities:

One of the used oil processing lines at the re-refinery known as Train 2 was shut down at noon on Saturday, September 28th for routine maintenance. The shutdown will last 10-12 days.

Maintenance shutdowns are planned on a regular basis to improve operating efficiency and assure compliance with our Bay Area Air Quality Management Permit and our Department of Toxic Substance Control (DTSC) Permit. This shutdown will allow

for repairs, conduct preventative maintenance, inspect equipment and implement upgrades that cannot be installed while the processing unit is running.

Extensive inspection of processing equipment and piping will take place during the outage to ensure the mechanical integrity of the re-refinery process operations.

Equipment must be opened and cleaned to allow the inspections to take place. There is a possibility that when equipment and piping is first opened, localized nuisance odors may be detectable, until the equipment is thoroughly cleaned. This window will occur on Tuesday, October 1st, and Wednesday, October 2nd.

We will be employing odor mitigation activities to reduce the potential of nuisance odors. We will be neutralizing high odor threshold process liquids and vapors, before any equipment is opened to atmosphere and have found this step to be highly effective at reducing the potential for off-site odor issues.

A subsequent shutdown on the re-refinery process Train 2 will take place from October 13th through the 24th, 2013.

We will be available to respond to your questions or concerning regarding these preventative maintenance activities. If you do detect any odors and believe that the odors are coming from our Facility or have any questions or concerns, please do not hesitate to contact the Evergreen Oil Newark refinery on-site Supervisor at 510-608-0180.

Nov. 3 - BNG - Sun.

COUNTY RETIREMENT SYSTEMS

Pension reform case gets its day in court

Three counties are accused of illegally calculating benefits

By Lisa Vorderbrueggen
lvorderbrueggen@
bayareanewsgroup.com



Brown

MARTINEZ — In a potential landmark legal challenge to Gov. Jerry Brown's 2012 pension reform legislation that has financial implications for thousands of public employees and taxpayers, state attorneys Thursday said that county retirement systems had illegally included vaca-

tion and other types of terminal pay in their members' pension calculations for nearly 15 years.

The state is asking Judge David Flinn to rule that the retirement associations of Contra Costa, Alameda and Merced counties overstepped their legal authority when they granted

See **PENSION**, Page 2

Pension

Continued from Page 1

the perks as part of pension dispute settlements signed in the late 1990s.

Unions at the time had won a major pension lawsuit out of Ventura County, where a judge expanded what was factored into pension formulas.

If Flinn ultimately sides with the state, thousands of not-yet-retired or "legacy" public employees could lose up to a quarter of their future monthly pension payments, depending on their labor contracts. The court's decision will have no direct effect on the paychecks of people who have already retired.

The state's position is part of its response to the November 2012 lawsuit filed by public employee unions challenging the pension reform legislation.

Despite the Ventura County court decision and settlements between public agencies, retirement associations and unions, the practice of adding into retirement formulas unused vacation and other extras — referred to as terminal pay — in excess of what a worker would typically earn in a single year "was

never allowed in state law," deputy attorney general Anthony O'Brien told the court.

The law that governs county-based pensions has been in effect since 1937.

Intended as an anti-spiking measure, Brown's pension reform law specifically prohibited for all public workers who retire on or after Jan. 1, 2013, the inclusion of certain types of pay that exceeded what was earned and payable during the agreed upon calculation period — typically the highest income year or the highest three-year average. The law also gave county retirement associations authority to reject income as pensionable if it was paid for the sole purpose of increasing the employee's monthly pension check.

Flinn stayed the new pension law pending the outcome of the lawsuit.

Association lawyer Harvey Leiderman rejected the state's position during oral arguments. He said that decades of shifting California pension law has forced association boards to litigate and reach settlements in numerous disputed areas for which the state never previously registered any objections.

"It's been a moving target," Leiderman said

The unions, in particular, oppose the state's position that retirement associations lacked the legal authority to grant the benefits spelled out in the post-Ventura County settlements.

The agreed-upon pension formula is a vested right that courts have long upheld as inviolable once given, labor attorney Peter Saltzman wrote in court briefs. But state lawyers say an illegal benefit cannot be vested.

Flinn gave few clues during his questioning as to how he will rule but put the dozens of attorneys on notice that he wants to finish the high-profile case by mid-December. The separate Alameda, Contra Costa and Merced lawsuits were consolidated into his courtroom. The Marin County case is proceeding on its own, but it could wind up joining the other three cases on appeal.

"I'm going to work seven days a week on this case," Flinn said. "I wanted to be finished (last) April, and it's October. I don't want people to have to keep standing on one foot and then on the other like they have to go potty."

Until recently, Costa.

in excess of what they would earn in either a single year or a three-year average of unused vacation, holiday and sick leave, convert the value to cash at the time of retirement and boost their monthly pension checks. Contra Costa banned the practice for all new hires starting on Jan. 1, 2011.

Analysts put the value of terminal pay in Contra Costa County at a range of \$4 to \$24 in additional income out of every \$100 in final average wage, one of three factors used to calculate workers' retirement benefit amount. The most generous amount goes to those who retire from the Central Contra Costa Sanitary District, according to the association's 2011 actuarial valuation.

Not every current public employee is eligible for terminal pay.

For vested employees, the perk varies depending on labor contracts negotiated between the agency and each union. Contra Costa County, which is more than 80 percent of the retirement system's rolls, has 15 employees.

Other

WASTEWATER DISTRICT

Sewer official rejects calls for resignation

Board demands colleague quit after racist comments

By Thomas Peele
tppee@bayareanewsgroup.com

RICHMOND — An elected sewer director who's been publicly compared to the iconic television bigot Archie Bunker over comments he made about Asians and African-Americans refused to resign Tuesday, even as his fellow board members demanded he leave office immediately.

Leonard Battaglia's colleagues on the West County Wastewater District said they were powerless to force him from the office he's held for

38 years, even as they voted for him to voluntarily step down.

Battaglia, 85, did not address that vote directly, but said he wanted to "forge a path forward" and that he was living with "my sorrow" over the tempest he caused.

Asked as he left the contentious meeting if he would resign, Battaglia said he had no comment. His term expires



Battaglia
Colleagues say they're powerless to force him out.

See SEWER, Page 2

USD

Sewer

Continued from Page 1

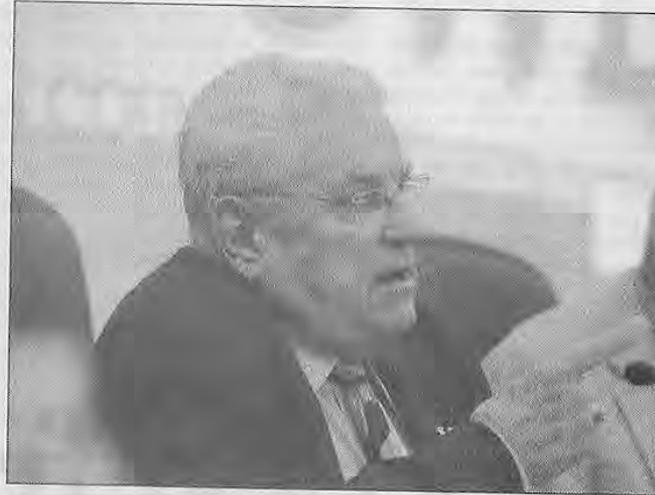
next year.

The board's 4-0 vote also included a formal censure of Battaglia for racist comments he made during an interview with this newspaper for an Oct. 19 story that revealed his pay and benefits for his part-time service last year added up to \$592 an hour. The board also stripped him of committee assignments, including a seat on a joint powers authority with Richmond officials.

"Our district and its board of directors celebrate and respect the diversity of our constituents, employees and partners. We have a long-standing reputation for dedication to community service and building partnerships with citizens and diverse organizations in our geographic region, and we cannot let this incident tarnish that," board President Alfred Granzella said, reading from prepared remarks.

"He has brought shame on this district that is almost impossible to mend," said Director Michael Caine, who brought the resignation motion.

Richmond Mayor Gayle McLaughlin, who called last month for Battaglia's ouster, repeated that posi-



West County Wastewater District Director Leonard Battaglia said Tuesday that recent racist comments he made "showed a serious lack of judgment."

KRISTOPHER SKINNER/
STAFF

Wed. 11/16/13 BNG

she said. "That would have shown he is sincere."

In an interview about his high pay and benefits, Battaglia repeatedly used a slur to describe people of Asian decent and said his experiences as an Air Force fighter pilot led him to believe that African-Americans "think slower" than other races because "that's the way God made them." In a subsequent interview, he said, "I don't think I'm a prejudiced person."

At a Richmond City Council meeting last month, two residents likened Battaglia to Archie Bunker, the fictional character of the 1970s sitcom "All in the Family" who often went on racial tirades.

Tuesday, wearing a pur-

(and) showed a serious lack of judgment." He did not address or repudiate the specific slurs.

For the tiny district that provides sewer service to San Pablo, portions of unincorporated Contra Costa County and most of Richmond, Battaglia's remarks brought a jarring spotlight. So did public compensation data showing that its part-time elected board members were paid at much higher rates than directors at similar-sized special districts in the region. There are thousands of the small districts across the state governing everything from recreation leagues to public cemeteries to water service, often with little scrutiny.

But Tuesday's public comments were focused

community.

"The comments you made are an insult to the flag you pledge allegiance to," former San Pablo Council Member Leonard McNeil said to Battaglia.

Responding to the director's claims that African-Americans are slow, McNeil, who is black, said, "I think I'm very quick when I see prejudice and someone who is a bigot and a racist."

Despite the harsh public comments and the board's request for Battaglia to resign, tension seemed to quickly ease after the meeting.

As Battaglia walked outside, fellow Director Paul Soltow greeted him warmly, saying, "We'll be seeing you, Leonard."

"OK," Battaglia replied as he climbed into a black and drove

PUC'S CLEANTECH PLAN

Utilities to figure out how to put energy in a bottle

Plan would require ability to store power from solar, other renewables

By Dana Hull

dhull@mercurynews.com

A California law that requires utilities to get 33 percent of their electricity from renewable sources like solar and wind is widely credited with accelerating the state's cleantech economy.

Now state regulators are poised to compel utilities to invest in "energy storage," which could jump-start technology long considered the holy grail of the electricity industry.

On Thursday, the California Public Utilities Commission is expected to vote on a groundbreaking proposal that would require PG&E, Southern California Edison and San Diego Gas & Electric to collectively buy more than 1.3 gigawatts of energy storage by 2020 — roughly enough electricity to supply nearly

*Utilities
Oct 17, PNG*

See **STORAGE**, Page 7

Storage

Continued from Page 1

994,000 homes. The first-in-the-nation mandate is expected to spur innovation in emerging storage technologies, from batteries to flywheels. Once large quantities of energy can be stored, the electric grid can make better use of solar, wind and other technologies that generate energy sporadically rather than in a steady flow, and can better manage disruptions from unpredictable events such as storms and wildfires.

"There's plenty of sun out there, and it's going to take storage," Gov. Jerry Brown said in a speech at a solar industry conference in San Francisco this summer. "We need to bottle sunlight."

With the U.S. economy more dependent than ever on a steady supply of electricity, and as climate change creates more extreme weather events like Superstorm Sandy, experts say electric grids need to be equipped with tools to better manage volatility and unpredictable outages. And as more renewable energy comes online, utilities face a growing problem of "intermittency" because the sun doesn't always shine and wind largely picks up at night, when demand from households and businesses is low. Grid operators are eager to find ways to store energy during off-peak times for use during peak hours, to avoid having to boot up "peaker" power plants that run only in times of high demand.

California's policy innovation on energy storage is being closely watched around the country.

"This is transformative," said Chet Lyons, an energy storage consultant based in Boston. "It's going to have a huge impact on the development of the storage industry, and other state regulators are looking at this as a precedent."

Utilities, leading energy companies, Silicon Valley startups and researchers at the nation's top universities and national labs have been searching for cost-effective ways to store energy for future use. Several different kinds of storage technologies are being developed. Pumped storage projects move water



PG&E's Yerba Buena battery energy storage project can store up to 4 megawatts of power.
KARL MONDOMI/STAFF

FOR MORE INFORMATION

To read the proposed decision, go to <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M078/K518/78518291.pdf>.

To read responses from utilities, ratepayer advocates and energy storage companies, go to www.cpuc.ca.gov/PUC/energy/electric/comments.htm.

ONLINE EXTRA

Scan this code to see a photo gallery of the first-in-the-nation energy storage mandate or go to <http://photos.mercurynews.com>.

between two reservoirs at different elevations. When demand is low, electricity is used to pump water from the lower reservoir to the upper reservoir, when demand is high, the water is released through a turbine to generate electricity.

Flywheel energy storage accelerates a rotor to high speeds, creating a kinetic battery. And there is a lot of focus on stationary batteries, from lithium-ion to sodium-sulfur.

But the market has been slow to develop. Several utilities have small pilot projects in the works, but nothing on a large scale. PG&E's Yerba Buena Battery Energy Storage System Pilot Project, based in East San Jose, charges batteries when demand is low and sends stored power to the grid when demand grows, allowing operators to balance supply and demand. The project, which cost \$18 million, uses the sodium-sulfur batteries made by NGK in Japan that have 4 megawatts of capacity and can store electricity for roughly six hours.

Ratepayer advocates, utilities, environmental groups and several storage companies, including Pri-

mus Power of Hayward and MegaWatt Storage Farms of Los Altos, have filed comments about the proposed storage mandate and offered various suggestions for how to improve it.

What is unclear is how the storage mandate will impact the rates that consumers pay for electricity; the full impact on bills won't be known until after the procurement process begins. California's proposal requires utilities to look at cost-effectiveness when evaluating storage technologies, considered key because the storage market is so new and still developing.

"This is forging new ground," said Chris Shelton, president of AES Energy Storage in Arlington, Va. AES, which uses lithium-ion batteries as its storage technology, is a leading player in the industry, with 100 megawatts of energy storage installed in the United States. "California is saying that storage isn't an add-on. It's saying that these new solutions have to be cost-effective, which is key if storage is really going to be viable."

The proposed energy storage decision was written by PUC Commissioner Carla Peterman, who was appointed to the agency by Gov. Jerry Brown in late 2012. She notes that storage devices are commonplace: Think about the batteries in consumer electronics, or Tupperware, or the fat cells in our own bodies. But the ability to store electricity on a large scale to save it for when it is most needed has been elusive.

"Integrating renewables is complex, and the complexity is increasing as more solar and wind comes online," said Peterman, who previously served on the California Energy Commission. "Storage has a lot of potential, but there's no one solution. We need to develop this market to see what the potential is."

