



**BOARD MEETING AGENDA**  
**Monday, December 8, 2014**  
**Regular Meeting - 7:00 P.M.**

**Directors**

Manny Fernandez  
Tom Handley  
Pat Kite  
Anjali Lathi  
Jennifer Toy

**Officers**

Paul R. Eldredge  
*General Manager/  
District Engineer*

David M. O'Hara  
*Attorney*

1. Call to Order.
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2. Pledge of Allegiance.
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3. Roll Call.
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Motion

4. Approve Minutes of the Meeting of November 24, 2014.
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5. Written Communications.
- 

6. Oral Communications.
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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.

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Motion

7. Authorize the General Manager to Execute an Agreement with Formula Design for Public Website Redesign, Content Management System, and Hosting (*to be reviewed by the Budget & Finance Committee*).
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Motion

8. Amend the Investment Policy to Allow the Purchase of Senior Debt Obligations of Three Specific "Supranationals" (*to be reviewed by the Budget & Finance Committee*).
- 

Motion

9. Resolution No. \_\_\_\_\_, Designation of Authorized Representatives for FEMA and State OES Disaster Assistance (*to be reviewed by the Budget & Finance Committee*).
- 

Motion

10. Approve Policy No. 2760 – Standardized Equipment (*to be reviewed by the Construction Committee*).
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- |             |     |   |
|-------------|-----|---|
| Motion      | 11. | Resolution No. ____, Approve the Updated Standardized Equipment List for Projects at Union Sanitary District Facilities <i>(to be reviewed by the Construction Committee)</i> .   |
| Motion      | 12. | Approve the Updated Version of the Project Expenditures Policy <i>(to be reviewed by the Construction Committee)</i> .  |
| Motion      | 13. | Approve the Publicly Available Pay Schedule <i>(to be reviewed by the Personnel Committee)</i> .  |
| Motion      | 14. | Resolution No. _____, Authorize Execution of the First Amendment to the Joint Exercise of Powers Agreement Between Union Sanitary District and Alameda County Water District <i>(to be reviewed by the Budget &amp; Finance Committee)</i> .  |
| Information | 15. | Information Items: <ul style="list-style-type: none"><li>a. Check Register.</li><li>b. Agenda for the Check-In with the General Manager (Mini-Retreat) to be held December 15, 2014.</li><li>c. Recognize Shawn Nesgis as Recipient of the 2014 Jerry D. Scott Outstanding Superintendent Award, and Recognize Andy Morrison as Recipient of the Maintenance Superintendents Association Lifetime Membership.</li><li>d. Vehicle Gate Security Guard <i>(to be reviewed by the Budget &amp; Finance Committee)</i>.</li><li>e. Consultant Short List for Design and Construction Management of Capital Improvement Project <i>(to be reviewed by the Construction Committee)</i>.</li><li>f. Highlights of the June 2013 CalPERS Retirement Valuation <i>(to be reviewed by the Budget &amp; Finance Committee)</i>.</li><li>g. Upcoming and Unscheduled Board Workshop Topics.</li></ul> |
| Information | 16. | Committee Meeting Reports. <i>(No Board action is taken at Committee meetings):</i> <ul style="list-style-type: none"><li>a. Construction Committee – scheduled for Thursday, 12/4/14 at 8:45 a.m.</li><li>b. Budget &amp; Finance Committee – scheduled for Thursday, 12/4/14 at 4:30 p.m.</li><li>c. Personnel Committee – scheduled for Friday, 12/5/14 at 9:30 a.m.</li><li>d. Legal/Community Affairs Committee – will not meet.</li></ul>   |
| Information | 17. | General Manager's Report. <i>(Information on recent issues of interest to the Board)</i> .  |
| Information | 18. | Other Business: <ul style="list-style-type: none"><li>a. Comments and questions. <i>Directors can share information relating to District business and are welcome to request information from staff.</i></li><li>b. Scheduling matters for future consideration.</li></ul>  |
|             | 19. | Adjournment – The Board will adjourn to the Unclassified Staff Benefits and Check-in with the General Manager (Mini-Retreat) Combined Board Workshop in the Boardroom on Monday, December 15, 2014, at 6:30 p.m.  |

20. Adjournment - The Board will then adjourn to the next Regular Meeting in the Boardroom on Monday, January 12, 2015, at 7:00 p.m.
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The Public may provide oral comments at regular and special Board meetings; however, whenever possible, written statements are preferred (to be received at the Union Sanitary District at least one working day prior to the meeting).

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

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

THE PUBLIC IS INVITED TO ATTEND

**NOTICE OF  
COMMITTEE MEETING**

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



**BOARD MEETING OF DECEMBER 8, 2014**

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**Committee Membership:**

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

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**Construction Committee, Thursday, December 4, 2014 at 8:45 a.m.**

10. Approve Policy No. 2760 – Standardized Equipment.
  11. Resolution No. \_\_\_\_, Approve the Updated Standardized Equipment List for Projects at Union Sanitary District Facilities.
  12. Approve the Updated Version of the Project Expenditures Policy.
  14. Resolution No. \_\_\_\_, Authorize Execution of the First Amendment to the Joint Exercise of Powers Agreement Between Union Sanitary District and Alameda County Water District.
  - 15e. Consultant Short List for Design and Construction Management of Capital Improvement Project.
- 

**Budget & Finance Committee, Thursday, December 4, 2014 at 4:30 p.m.**

7. Authorize the General Manager to Execute an Agreement with Formula Design for Public Website Redesign, Content Management System, and Hosting.
  8. Amend the Investment Policy to Allow the Purchase of Senior Debt Obligations of Three Specific “Supranationals”.
  9. Resolution No. \_\_\_\_, Designation of Authorized Representatives for FEMA and State OES Disaster Assistance.
  - 15d. Vehicle Gate Security Guard.
  - 15f. Highlights of the June 2013 CalPERS Retirement Valuation.
- 

**Personnel Committee, Friday, December 5, 2014 at 9:30 a.m.**

13. Approve the Publicly Available Pay Schedule.

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

Committee Meetings 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 24, 2014**

**CALL TO ORDER.**

Secretary Handley called the meeting to order at 7:00 p.m.

**PLEDGE OF ALLEGIANCE.**

**ROLL CALL.**

PRESENT: Tom Handley, Secretary  
Pat Kite, Director  
Anjali Lathi, Director

ABSENT: Manny Fernandez, President  
Jennifer Toy, Vice President

STAFF: Paul Eldredge, General Manager/District Engineer  
Dave O'Hara, District Counsel  
Rich Cortés, Business Services Manager  
Andy Morrison, Collection Services Manager  
Dave Livingston, Treatment & Disposal Services Manager  
Sami Ghossain, Technical Services Manager  
James Schofield, Collection Services Coach  
Armando Lopez, Treatment & Disposal Services Coach  
Shawn Nesgis, Maintenance/TV Coach  
Todd Jacob, IT Administrator  
Maria Scott, Principal Financial Analyst  
Michelle Powell, Communications Coordinator  
Johnny Powell, Collection Service Worker I  
Victor Vasut, Collection Service Worker II  
Regina McEvoy, Assistant to the GM/Board Secretary

Guests: Tapal Family  
Nesgis Family

**APPROVAL OF THE MINUTES OF NOVEMBER 10, 2014.**

It was moved by Director Lathi, seconded by Director Kite, to Approve the Minutes of the Board of Director's Meeting held November 10, 2014. Motion carried with the following vote:

Ayes: Handley, Kite, Lathi  
Noes: None  
Absent: Fernandez, Toy  
Abstain: None

Secretary Handley announced the General Manager's report would be considered out of order.

### **GENERAL MANAGERS REPORT:**

Paul Eldredge reported the following:

- The Tapal family were in attendance, and expressed their gratitude toward the District for recovering their priceless family heirloom ring which had been flushed by their son.

**Secretary Handley recessed the meeting at 7:03 p.m.**

**Secretary Handley reconvened the meeting at 7:18 p.m.**

- The District received a public records request, submitted by Eric Tsai, for the following: 2013 Actuarial Report for OPEB liabilities; MOU between the District and Classified employees; and the most recent version of the publicly available pay schedule. Mr. Tsai inquired about the availability of the 2014 CAFR, and the status of the District's website redesign project. Mr. Tsai requested the District change the manner in which minutes are available on the current and future website.
- On November 24, 2014, the District received an appeal of the administrative order issued to Safety-Kleen 10 days prior.
- The General Manager introduced James Schofield as the new Collection Services Manager, and Armando Lopez as the new Treatment & Disposal Services Manager.
- District staff met with City of Fremont representatives regarding the proposed Fremont Boulevard widening project.

### **MONTHLY OPERATIONS REPORT FOR OCTOBER 2014.**

The Budget & Finance Committee reviewed this item. Paul Eldredge reported the following:

- There were 10 Odor Complaints received during the month of October. All were investigated, and odor was found in one case due to a small leak from the sewer main into the storm drain. USD crews used three trenchless point repairs in the sewer main to stop the leak and cleaned up the storm drain.
- One minor injury occurred during the month of October. An employee was walking up stairs at the Newark pump station and strained their knee.
- Troy Gaskins began work as a Painter.

Maria Scott reported the following:

- The District received \$306,000 in capacity fees for the four new buildings to be located at the site of the former Chronicle building.
- The District will receive more than \$22 million in sewer service charges in December as the first installment of the fiscal year.
- The District received \$647,000 in State Revolving Fund loan proceeds for the Thickener project.
- Current expenses include: \$1 million for the Upper Hetch Hetchy project; \$500,000 for miscellaneous spot repairs for the Boyce, Cogeneration, and Thickener projects; and all categories of operating expense are under budget.

### **WRITTEN COMMUNICATIONS.**

There were no written communications.

### **ORAL COMMUNICATIONS.**

There were no oral communications.

### **AUTHORIZE THE GENERAL MANAGER TO EXECUTE AN AGREEMENT WITH NICHOLAS J. PEROS, P.E. FOR THE CREATION OF A SCADA MASTER PLAN AND SCADA STANDARDS.**

The Budget & Finance Committee reviewed this item. Todd Jacob, IT Administrator, stated the District's SCADA system is a critical system used to monitor and control wastewater collection and treatment processes. Data collected from the SCADA system is used for trends and compliance reports. The IT Master Plan completed in FY 12 defined the need to create a SCADA Master Plan and document SCADA Standards. This is the first SCADA Master Plan and SCADA Standards developed for the District.

It was moved by Director Lathi, seconded by Director Kite, to Authorize the General Manager to Execute an Agreement with Nicholas J. Peros, P.E. for the Creation of a SCADA Master Plan and SCADA Standards. Motion carried with the following vote:

|          |                      |
|----------|----------------------|
| Ayes:    | Handley, Kite, Lathi |
| Noes:    | None                 |
| Absent:  | Fernandez, Toy       |
| Abstain: | None                 |

### **AUTHORIZE THE GENERAL MANAGER TO EXECUTE CHANGE ORDER NO. 57 WITH D.W. NICHOLSON CORPORATION FOR THE COGENERATION PROJECT.**

The Construction Committee reviewed this item. Sami Ghossain stated the project consists of the construction of two new 850-kilowatt engine generators housed within a new metal building, a new digester gas conditioning system, and modifications to the existing electrical, digester gas piping, and hot water systems. Change Order No. 57 will deduct \$186,791.00 from the Cogeneration Project by reflecting the deletion of the digester gas conditioning system (DGCS) ten year warranty and maintenance bond. The aforementioned warranty and bond are no longer required as USD staff has been approved by PG&E to "self-perform" the warranty of the DGCS equipment.

It was moved by Director Kite, seconded by Director Lathi, to Authorize the General Manager to Execute Change Order No. 57 with D.W. Nicholson Corporation for the Cogeneration Project. Motion carried with the following vote:

|          |                      |
|----------|----------------------|
| Ayes:    | Handley, Kite, Lathi |
| Noes:    | None                 |
| Absent:  | Fernandez, Toy       |
| Abstain: | None                 |

**RESOLUTION NO. 2741, ACCEPTING THE CONSTRUCTION OF THE SODIUM HYPOCHLORITE TANK A AND B REPLACEMENT PROJECT FROM ANDERSON PACIFIC ENGINEERING CONSTRUCTION, INC. AND AUTHORIZING THE ATTORNEY FOR THE DISTRICT TO RECORD A NOTICE OF COMPLETION.**

The Construction Committee reviewed this item. Sami Ghossain stated the purpose of the Project was to replace two sodium hypochlorite tanks at the Alvarado Wastewater Treatment Plant and the ferrous chloride tank at the Irvington Pump Station. The Project scope included: removal of two 7,700-gallon sodium hypochlorite tanks and construction of two new 8,100-gallon fiberglass reinforced plastic tanks at the Alvarado Wastewater Treatment Plant; and removal of a 12,000-gallon ferrous chloride tank and construction of a new 12,000-gallon fiberglass reinforced plastic tank at the Irvington Pump Station. Anderson Pacific Engineering Construction, Inc. completed construction of the Sodium Hypochlorite Tank A and B Replacement Project.

It was moved by Director Lathi, seconded by Director Kite, to Accept Construction of the Sodium Hypochlorite Tank A and B Replacement Project from Anderson Pacific Engineering Construction, Inc. and Authorizing the Attorney for the District to Record a Notice of Completion. Motion carried with the following vote:

Ayes: Handley, Kite, Lathi  
Noes: None  
Absent: Fernandez, Toy  
Abstain: None

**RESOLUTUION NO. 2742, ACCEPTING THE CONSTRUCTION OF THE JARVIS AVENUE SANITARY SEWER REPLACEMENT PROJECT FROM D'ARCY & HARTY CONSTRUCTION, INC. AND AUTHORIZING THE ATTORNEY FOR THE DISTRICT TO RECORD A NOTICE OF COMPLETION.**

The Construction Committee reviewed this item. Sami Ghossain stated the Jarvis Avenue Sanitary Sewer Replacement Project was necessary due to poor structural condition and extensive defects that required immediate attention. The project replaced 2,456 feet of existing 10-inch diameter gravity sewer along Jarvis Avenue from Lake Boulevard to Newark Boulevard in Newark. The project also included abandonment of 836 feet of existing 10-inch sanitary sewer, removal or abandonment of four existing manholes, construction of seven new manholes, extension of existing sewer laterals to new sewer mains and installation of cleanouts, sewage flow control, and traffic control.

It was moved by Director Kite, seconded by Director Lathi, to Accept the Construction of the Jarvis Avenue Sanitary Sewer Replacement Project from D'Arcy & Harty Construction, Inc. and Authorize the Attorney for the District to Record a Notice of Completion. Motion carried with the following vote:

Ayes: Handley, Kite, Lathi  
Noes: None  
Absent: Fernandez, Toy  
Abstain: None



**INFORMATION ITEMS:**

**Check Register.** All questions were answered to the Board's satisfaction.

**REPORT ON THE EBDA COMMISSION MEETING OF NOVEMBER 20, 2014.**

Director Handley reported the following:

- The Managers Advisory Committee (MAC) meeting included a discussion regarding potential impacts of the Ebola virus on wastewater industry personnel.
- The Financial Management Committee meeting included a presentation of the FY14 Financial Audit.
- The Regulatory Affairs Committee reviewed the status report (information only, no action required) for the NPDES permit.
- The O&M Committee reviewed several videos of recent manhole rehabilitation work, and a video of the pump being replaced at the Hayward pump station. The meeting also included a discussion regarding minor chlorine spiking at the marina dechlor facility and the need for analysis to identify and correct the issue.
- The Personnel Committee reviewed the employment contract for the General Manager, and the MAC will meet to discuss possible options and succession planning.
- The JPA Ad Hoc Committee reviewed final non-substantive edits to the JPA. The redlined JPA will be sent to member agencies for review and approval, and a workshop will be held in the Spring to discuss substantive changes to the JPA.

**COMMITTEE MEETING REPORTS:**

The Construction and Budget & Finance Committees met.

**OTHER BUSINESS:**

Director Kite stated she attended the Special Districts Association meeting on November 12, 2014.

**ADJOURNMENT:**

The meeting adjourned at 7:56 p.m. to the next Regular Meeting in the Boardroom on Monday, December 8, 2014 at 7:00 p.m.

SUBMITTED:

ATTEST:

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REGINA McEVOY  
SECRETARY TO THE BOARD

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TOM HANDLEY  
SECRETARY

APPROVED:

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MANNY FERNANDEZ  
PRESIDENT

Adopted this 8<sup>th</sup> day of December, 2014



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

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

David M. O'Hara  
*Attorney*

**DATE:** December 1, 2014

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

**FROM:** Paul R. Eldredge, General Manager/District Engineer  
Rich Cortes, Business Services Work Group Manager  
Richard Scobee, GIS/Database Administrator

**SUBJECT:** Agenda Item No. 7 - Meeting of December 8, 2014  
**AUTHORIZE THE GENERAL MANAGER TO EXECUTE AN  
AGREEMENT WITH FORMULA DESIGN FOR PUBLIC WEBSITE  
REDESIGN, CONTENT MANAGEMENT SYSTEM, AND HOSTING**

### **Recommendation**

Authorize the General Manager to execute an Agreement with Formula Design in the amount of \$24,600 for public website redesign, content management system, and hosting.

### **Background**

The current FY15 IS R&R budget includes funds for Public Website Improvements. The complete project is budgeted at \$40,000. A request for proposals (RFP) was developed and posted on [www.PublicPurchase.com](http://www.PublicPurchase.com) on August 8, 2014. The RFP was sent to six firms. Responses were received from seven firms:

- Altair Technology, Inc.
- Bigwig Monster Media
- Civica Software
- Civic Live
- CivicPlus
- Formula Design
- Vision Internet

The proposals were evaluated by the following members of the selection team:

- Frank Couto, Collection System Worker II
- Michael Dunning, Environmental Compliance Coach
- Michelle Powell, Communications Coordinator
- Richard Scobee, Senior GIS/Database Administrator

Four firms were invited to interview and give a product demonstration:

- Bigwig Monster Media
- Civic Live
- CivicPlus
- Formula Design

References were checked for three firms:

- Bigwig Monster Media
- Civic Live
- Formula Design

Based on their price, experience, and proposed solution, Formula Design was selected for the project.

The project will redesign the public website, implement a new content management system, provide hosting for the new site, and migrate the District's website content.

Formula Design has proposed a five stage development process with three opportunities at each stage for the District to provide input and feedback. Formula Design will implement the open source Joomla Content Management System.

Staff recommends the Board authorize the General Manager to execute an Agreement with Formula Design in the amount of \$24,600 for public website redesign, content management system, and hosting.

PRE/RC/RS

Attachments: Agreement terms  
USD RFP  
Formula Design Proposal



## **TERMS AND CONDITIONS AND CONSULTANT AGREEMENT SOFTWARE SUPPORT SERVICES**

In consideration of the mutual promises contained herein, the Union Sanitary District (hereinafter referred to as "DISTRICT") and Formula Design (hereinafter referred to as "CONSULTANT") agree as follows:

WITNESSETH:

WHEREAS, the District desires to obtain **Public Website Redesign, Content Management System, and Hosting Services** (hereinafter referred to as "Project"), and has issued a Request for Proposals dated August 8, 2014, a copy of which is attached hereto and incorporated herein as Exhibit A, and;

WHEREAS, the Consultant desires to furnish such services and has submitted a written proposal dated September 12, 2014, a copy of which is attached hereto and incorporated herein as Exhibit B.

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

### **ARTICLE 1 - SERVICES TO BE PERFORMED BY CONSULTANT**

- a. The Consultant agrees to provide professional services to the District in accordance with the Terms and Conditions of this Agreement.
- b. The scope of the Consultant's services shall consist of the services set forth in Exhibit A, as supplemented by Exhibit B, except when inconsistent with Exhibit A.

### **ARTICLE 2 - COMPENSATION**

- a. The Consultant agrees to perform all of the services specified in this Agreement for **\$24,600** inclusive of all labor costs, material, travel expenses, insurance, overhead, profit and all other costs necessary to perform the work in accordance with this Agreement.
- b. The Consultant shall submit monthly invoices for services rendered. The District will make prompt monthly payments in response to the Consultant's invoices. The District's invoice payment terms are Net 30.

### **ARTICLE 3 - SCHEDULE**

The Schedule will be as described in Consultant's proposal dated September 12, 2014 or otherwise as mutually agreed upon between the Consultant and the District.

### **ARTICLE 4 – STANDARD OF CARE**

Consultant shall exercise the same degree of care, skill, and diligence in the performance of the Services as is ordinarily provided by a professional Consultant under similar circumstance and

Consultant shall, at no cost to District, re-perform services which fail to satisfy the foregoing standard of care.

## **ARTICLE 5 - TERMINATION**

This Agreement may be terminated by the CONSULTANT or the DISTRICT upon 30-day written notice. Unless the CONSULTANT is in breach of this Agreement, the CONSULTANT shall be paid for services rendered to the DISTRICT's satisfaction through the date of termination. After receipt of a Termination Notice and except as otherwise directed by the DISTRICT the CONSULTANT shall:

- a. Stop work on the date and to the extent specified.
- b. Terminate and settle all orders and subAgreements relating to the performance of the terminated work.
- c. Transfer all work in process, completed work, and other material related to the terminated work to the DISTRICT.
- d. Continue and complete all parts of the work that have not been terminated.

## **ARTICLE 6 - PERSONNEL**

The CONSULTANT represents that it has, or will secure at its own expense, all necessary personnel required to perform the services under this Agreement. Such personnel shall not be employees of or have any Agreement or relationship with the DISTRICT. All of the services required hereinunder shall be performed by the CONSULTANT or under its supervision, and all personnel engaged in performing the services shall be fully qualified and, if required, authorized or permitted under state and local law to perform such services. Any changes or substitutions on the CONSULTANT's key personnel as may be listed herein must be made known to the DISTRICT's representative prior to execution, and written approval granted by the DISTRICT before said change or substitution can become effective. The CONSULTANT warrants that all services shall be performed by skilled and competent personnel to the highest professional standards in the field.

## **ARTICLE 7 - SUBCONTRACTING**

The DISTRICT reserves the right to accept the use of a sub contractor or sub consultant (sub contractor) or to reject the selection of a particular subcontractor and to make a determination as to the capability of the subcontractor to perform properly under this Contract. If a subcontractor fails to perform or make progress, as required by this Agreement, and it is necessary to replace the subcontractor to complete the work in a timely fashion, the CONSULTANT shall promptly do so, subject to acceptance of the new subcontractor by the DISTRICT.

## **ARTICLE 8 - INSURANCE**

CONSULTANT shall procure and maintain for the duration of the Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by CONSULTANT, his agents, representatives, or employees.

### **Minimum Scope of Insurance**

#### **Coverage shall be at least as broad as:**

1. Insurance Services Office Commercial General Liability coverage (occurrence form CG 00 01).
2. Insurance Services Office form number CA 00 01 (Ed. 1/87) covering Automobile Liability, code 1 (any auto).
3. Workers' Compensation insurance as required by the state of California and Employer's Liability Insurance.

### **Minimum Limits of Insurance**

**CONSULTANT shall maintain limits no less than:**

1. General Liability: \$1,000,000 per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
2. Automobile Liability: \$1,000,000 per accident for bodily injury and property damage.
3. Workers' Compensation: as required by the State of California.
4. Employer's Liability: \$1,000,000 per accident for bodily injury or disease.
5. Professional Liability (Errors and Omissions) Insurance appropriate to the Consultant's profession, with limit no less than \$1,000,000 per occurrence or claim, \$2,000,000 aggregate.

**Deductibles and Self-Insured Retention**

Any deductibles or self-insured retention's must be declared to and approved by the DISTRICT. At the option of the DISTRICT, either: the insurer shall reduce or eliminate such deductibles or self-insured retention's as respects the DISTRICT, its officers, officials, employees and volunteers; or the CONSULTANT shall provide a financial guarantee satisfactory to the DISTRICT guaranteeing payment of losses and related investigations, claim administration and defense expense.

**Other Insurance Provisions**

The commercial general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

1. The DISTRICT, its officers, employees and volunteers are to be covered as insured as respects: liability arising out of work or operations performed by or on behalf of the CONSULTANT; or automobiles owned, leased, hired or borrowed by the CONSULTANT.
2. For any claims related to this project, the CONSULTANT's insurance coverage shall be primary insurance as respects the DISTRICT, its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the DISTRICT, its officers, officials, employees or volunteers shall be excess of the CONSULTANT's insurance and shall not contribute with it.
3. Each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled by either party, except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the DISTRICT.

**Acceptability of Insurers**

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII, unless otherwise acceptable to the DISTRICT.

**Verification of Coverage**

CONSULTANT shall furnish the DISTRICT with original certificates and amendatory endorsements effecting coverage required by this clause. All certificates and endorsements are to be received and approved by the DISTRICT before work commences. However, failure to do so shall not operate as a waiver of these insurance requirements. The District reserves the right to require complete, certified copies of all required insurance policies, including endorsement effecting the coverage required by these specifications at any time.

**Waiver of Subrogation**

CONSULTANT hereby agrees to waive subrogation which any insurer of CONSULTANT may acquire from CONSULTANT by virtue of the payment of any loss. CONSULTANT 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 entity for all work performed by the CONSULTANT, its employees, agents and subCONSULTANTS.

#### **ARTICLE 9 - INDEMNIFICATION**

The CONSULTANT shall indemnify and save harmless and defend the DISTRICT, its agents, servants, and employees from and against any and all claims, liability, losses, and/or cause of action which may arise from any negligent act or omission of the CONSULTANT, its agents, servants, or employees in the performance of services under this Agreement.

The CONSULTANT further agrees to indemnify, save harmless and defend the DISTRICT, its agents, servants and employees from and against any claim, demand or cause of action of whatsoever kind or nature arising out of any conduct or misconduct of the CONSULTANT not included in the paragraph above and for which the DISTRICT, its agents, servants, or employees are alleged to be liable.

#### **ARTICLE 10 - SUCCESSORS AND ASSIGNS**

The DISTRICT and the CONSULTANT each binds itself and its partners, successors, executors, administrators, and assigns to the other party of this Agreement and to the partners, successors, executors, administrators and assigns of such other party, in respect to all covenants of this Agreement. Except as above, neither the DISTRICT nor the CONSULTANT shall assign, sublet, convey, or transfer its interest in this Agreement without the written consent of the other. Nothing herein shall be construed as creating any personal liability on the part of any officer or agent of the DISTRICT which may be a party hereto, nor shall it be construed as giving any rights or benefits hereunder to anyone other than the DISTRICT and the CONSULTANT.

#### **ARTICLE 11 - REMEDIES**

This Agreement shall be governed by the laws of the State of California. Any and all legal action necessary to enforce the Agreement will be held in the County of Alameda and the Agreement will be interpreted according to the laws of California. No remedy herein conferred upon any party is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise. No single or partial exercise by any party of any right, power, or remedy hereunder shall preclude any other or further exercise thereof.

#### **ARTICLE 12 - Not Used**

#### **ARTICLE 13 - EXCUSABLE DELAYS**

The CONSULTANT shall not be considered in default by reason of any failure in performance on any order if such failure arises out of causes reasonably beyond the CONSULTANT's control and without its fault or negligence. Such causes may include, but are not limited to: acts of God; the DISTRICT's omissive and commissive failures; natural or public health emergencies; labor disputes; freight embargoes; and severe weather conditions.

Upon the CONSULTANT's request, the DISTRICT shall consider the facts and extent of any failure to perform the order and, if the CONSULTANT's failure to perform was without it or its subCONSULTANT's fault or negligence, the Agreement Schedule and/or any other affected provision of this Agreement shall be revised accordingly; subject to the DISTRICT's rights to change, terminate, or stop any or all of the work at any time.

#### **ARTICLE 14 - ARREARS**

The CONSULTANT shall not pledge the DISTRICT's credit or make it a guarantor of payment or surety for any Agreement, debt, obligation, judgment, lien, or any form of indebtedness. The CONSULTANT



further warrants and represents that it has no obligation or indebtedness that would impair its ability to fulfill the terms of this Agreement.

#### **ARTICLE 15 - DISCLOSURE AND OWNERSHIP OF DOCUMENTS**

The CONSULTANT shall deliver to the DISTRICT for approval and acceptance, and before eligible for final payment of any amounts due, all documents and materials prepared by and for the DISTRICT under this Agreement.

All written and oral information not in the public domain or not previously known, and all information and data obtained, developed, or supplied by the DISTRICT or at its expense will be kept confidential by the CONSULTANT and will not be disclosed to any other party, directly or indirectly, without the DISTRICT's prior written consent unless required by a lawful order. All drawings, maps, sketches, and other data developed, or purchased, under this Agreement or at the DISTRICT's expense shall be and remain its property and may be reproduced and reused at the discretion of the DISTRICT. All covenants, agreements, representations, and warranties made herein, or otherwise made in writing by any party pursuant hereto, including but not limited to any representations made herein relating to disclosure or ownership of documents, shall survive the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby.

#### **ARTICLE 16 - INDEPENDENT CONSULTANT RELATIONSHIP**

The CONSULTANT is, and shall be, in the performance of all work services and activities under this Agreement, an independent contractor, and not an employee, agent, or servant of the DISTRICT. All persons engaged in any of the work or services performed pursuant to this Agreement shall at all times, and in all places, be subject to the CONSULTANT's sole direction, supervision, and control. The CONSULTANT shall exercise control over the means and manner in which it and its employees perform the work, and in all respects the CONSULTANT's relationship and the relationship of its employees to the DISTRICT shall be that of an Independent Contractor and not as employees or agents of the DISTRICT. The CONSULTANT does not have the power or authority to bind the DISTRICT in any promise, agreement, or representation other than specifically provided for in this agreement.

#### **ARTICLE 17 - CONTINGENT FEES**

The CONSULTANT warrants that it has not employed or retained any company or person, other than a bona fide employee working solely for the CONSULTANT to solicit or secure this Agreement and that it has not paid or agreed to pay any person, company, corporation, individual, or firm, other than a bona fide employee working solely for the CONSULTANT, any fee, commission, percentage, gift, or any other consideration contingent upon or resulting from the award or making of this Agreement.

#### **ARTICLE 18 - ACCESS AND AUDITS**

The CONSULTANT shall maintain adequate records to justify all charges, expenses, and costs incurred in performing the work for at least three (3) years after completion of this Agreement. The DISTRICT shall have access to such books, records, and documents as required in this section for the purpose of inspection or audit during normal business hours, at the CONSULTANT's place of business.

#### **ARTICLE 19 - NONDISCRIMINATION**

The CONSULTANT warrants and represents that all of its employees are treated equally during employment without regard to race, color, religion, physical handicap, sex, age or national origin.

#### **ARTICLE 20 - ENTIRETY OF CONTRACTUAL AGREEMENT**

The DISTRICT and the CONSULTANT agree that this Agreement sets forth the entire agreement between the parties, and that there are no promises or understandings other than those stated herein.

None of the provisions, terms and conditions contained in this Agreement may be added to, modified, superseded or otherwise altered, except by written instrument executed by the parties hereto.

#### **ARTICLE 21 - ENFORCEMENT COSTS**

If any legal action or other proceeding is brought for the enforcement of this Agreement, or because of an alleged dispute, breach, default or misrepresentation in connection with any provisions of this Agreement, the successful or prevailing party or parties shall be entitled to recover reasonable attorney's fees, court costs, and all expenses (including taxes) even if not taxable as court costs (including, without limitation, all such fees, costs, and expenses incident to appeals), incurred in that action or proceeding, in addition to any other relief to which such party or parties may be entitled.

#### **ARTICLE 22 - AUTHORITY TO PRACTICE**

The CONSULTANT hereby represents and warrants that it has and will continue to maintain all licenses and approvals required to conduct its business, and that it will at times conduct its business activities in a reputable manner. Proof of such licenses and approvals shall be submitted to the DISTRICT upon request.

#### **ARTICLE 23 - SEVERABILITY**

If any term or provision of this Agreement, or the application thereof to any person or circumstances shall, to any extent, be held invalid or unenforceable, to remainder of this Agreement, or the application of such terms or provision, to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected, and every other term and provision of this Agreement shall be deemed valid and enforceable to the extent permitted by law.

#### **ARTICLE 24 - MODIFICATIONS OF WORK**

The DISTRICT reserves the right to make changes in the Work, including alterations, reductions therein or additions thereto. Upon receipt by the CONSULTANT of the DISTRICT's notification of a contemplated change, the CONSULTANT shall (1) if requested by the DISTRICT, provide an estimate for the increase or decrease in cost due to the contemplated change, (2) notify the DISTRICT of any estimated change in the completion date, and (3) advise the DISTRICT in writing if the contemplated change shall effect the CONSULTANT's ability to meet the completion dates or schedules of this Agreement. If the DISTRICT so instructs in writing, the CONSULTANT shall suspend work on that portion of the Work affected by a contemplated change, pending the DISTRICT's decision to proceed with the change.

If the DISTRICT elects to make the change, the DISTRICT shall issue an Agreement Amendment or Change Order and the CONSULTANT shall not commence work on any such change until such written amendment or change order has been issued and signed by each of the parties.

#### **ARTICLE 25 – CLAIMS OR DISPUTES**

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

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

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

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

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

## **ARTICLE 26 CONFLICT OF INTEREST**

26.1 The Consultant warrants and represents that it presently has no interest and agrees that it will not acquire any interest that would present a conflict of interest under California Government Code §1090 et seq. or §87100 et seq. during the performance of services under this Agreement.

Consultant will not knowingly enter into a contract with the District without first notifying the District if any financial or personal interest exists, or may exist during performance of a subsequent contract, between an employee of the Consultant firm who is a spouse, parent, person who stood *in loco parentis*, grandparent, child, grandchild, brother, sister, aunt, niece, nephew, cousin, domestic partner or person living in the same household (whether through marriage, domestic partnership, or as a couple living together), including step-, half-, and "in-law," to any member of the District's Board of Directors, General Manager, Work Group Manager, Business Services Coach, or the Purchasing Agent or his/her designee.

If such a financial interest and/or personal relationship exists or may exist in a subsequent contract, the Consultant will notify the District before entering into the contract and/or performing any services. The District will inform the Consultant if such a relationship is a violation of this provision and whether services can be provided. However, violation of this provision without such notification to the District may result in this Agreement being deemed void and unenforceable.

26.2 Depending on the nature of the work performed, Consultant may be required to publicly disclose financial interests under the District's Conflict of Interest Code and the provisions of Section 21.1 above. Upon receipt, the Consultant agrees to promptly submit a Statement of Economic Interest in the form provided by the District.

26.3 No person previously in the position of Director, Officer, employee or agent of the District may act as an agent or attorney for, otherwise represent the Consultant by making any formal or informal appearance, or any oral or written communication, before the District, or any Officer or employee of the District, for a period of twelve months after leaving office or employment with the District if the appearance or communication is made for the purpose of influencing any action involving the issuance, amendment, award or revocation of a permit, license, grant, or contract.

26.4 No member, officer, or employee of the District during his or her tenure of for one year after that tenure shall have any interest, direct or indirect, in this Agreement of the proceeds under this Agreement.

## ARTICLE 27 BACKGROUND CHECKS

Contractor, at no additional expense to the District, shall conduct a background check for each of its employees, as well as for the employees of its subcontractors (collectively "Contractor Employees") who will have access to District's computer systems, either through on-site or remote access, or whose contract work requires an extended presence on the District's premises. The minimum background check process for any District contractor shall include, but not be limited to

1. California residents: Criminal Records (County and State Criminal Felony and Misdemeanor)
2. Out of State residents: Federal criminal search of the National Criminal Database,

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

## ARTICLE 28 – SERVICE OF NOTICE

All notices required in this Agreement shall be sent by certified mail, return receipt requested, and sent to:

|                              |
|------------------------------|
| Richard Scobee               |
| GIS / Database Administrator |
| Union Sanitary District      |
| 5072 Benson Rd.              |
| Union City, CA 94587         |

|                         |
|-------------------------|
| Formula Design          |
| Attn: Eric Johnson      |
| 1038 Ash Avenue         |
| Cottage Grove, OR 97424 |

**Agreed and accepted:**

### UNION SANITARY DISTRICT

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

### FORMULA DESIGN

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## **EXHIBIT A**



Request for Proposals  
Union Sanitary District (USD)  
Public Website Redesign,  
Content Management System (CMS),  
and Hosting Services

#S-15-S-199

Issue Date: August 8, 2014

**Proposals Due Date: September 16, 2014**

Union Sanitary District  
5072 Benson Road  
Union City, CA 94587

**Roslyn Fuller, Purchasing Agent**

5072 Benson Road  
Union City, CA 94587  
Phone: 510-477-7526  
Fax: 510-477-7509  
E-Mail: [Roslyn\\_fuller@unionsanitary.com](mailto:Roslyn_fuller@unionsanitary.com)

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**I. DEFINITIONS**

1. **Proposer** – The firm submitting a proposal in response to this Request for Proposals
2. **USD, District** – The Union Sanitary District, Union City, California
3. **RFP** – This Request of Proposals solicitation
4. **Vendor, Contractor, Supplier** – Successful Proposer or proposer awarded the contract or purchase order for the work
5. **CMS** – Content Management System

**II. INSTRUCTIONS TO PROPOSERS**

1. **FIRM PROPOSAL**. Proposers' prices shall remain firm for a period of ninety- (90) days from the Date Due, unless otherwise specified in the Request for Proposal (RFP).
2. **FORMS**. Proposals must be submitted on preprinted Proposal forms supplied by the Purchasing Office.
3. **INFORMED PROPOSERS**. Before submitting Proposals, Proposers must fully inform themselves of the conditions, requirements and specifications of the work or materials to be furnished. Failure to do so will be at Proposers' own risk and they cannot secure relief on the plea of error.
4. **INK OR TYPEWRITTEN**. All information, prices, notations, signatures, and corrections must be in ink or typewritten. Mistakes may be crossed out and corrections typed or printed adjacent to the mistake and initialed in ink by the person signing the proposal.
5. **PAYMENT TERMS**. Discounts for payments made twenty- (20) days or more from receipt of invoice will not be considered in award of Proposal. Payment discounts must be clearly shown on the proposal form.
6. **PRICES**. Prices shall be stated in units and Proposals made separately on each item. Where there is a conflict between unit prices and extended prices, unit prices will govern. Where there is a conflict between words and figures, words will govern.
7. **QUESTIONS**. Questions about the RFP general provisions or technical provisions should be made in writing and directed to Roslyn Fuller, Purchasing Agent, at [www.publicpurchase.com](http://www.publicpurchase.com).
8. **RESULTS**. No public opening of Proposals submitted will be conducted.
9. **RULES FOR SUBMITTING PROPOSALS**.
  - a. **Date Due**. Proposals must arrive at the Union Sanitary District by the due date, time and at the location indicated on the cover of this RFP.
  - b. **Responsibility**. Proposers are solely responsible for ensuring their Proposal is received by the District in accordance with the solicitation requirements, before the date and time specified in the RFP, and at the place specified. The District



shall not be responsible for any delays in mail or by common carriers or by transmission errors or delays or mistaken delivery. Delivery of proposal shall be made at the office specified in the RFP. Deliveries made before the Date Due and time but to the wrong District office will be considered non-responsive unless re-delivery is made to the office specified before the Date Due and time specified in the RFP.

- c. **Late Proposals.** The Proposal shall be due on the date and time indicated in Section III, Proposed Timeline below. Proposals received after the date and/or time stated will be considered late and may not be considered for award.
- d. **Extension of Date and Time.** The District reserves the right to extend the Date Due and/or time when it is in the best interest of the District.
- e. **Facsimile Transmissions.** Proposals may **not** be submitted by facsimile.
- f. **Forms.** To be considered for award, each RFP shall be made on forms furnished by the District.
- g. **Signature.** To be considered for award, each RFP shall be signed by a representative of the Proposer who is authorized to bind the firm to the proposal.
- h. **Sealed.** Proposals must be submitted in a sealed envelope, and delivered to Union Sanitary District, 5072 Benson Road, Union City, CA 94587.

### **III. RFP Proposed Time Schedule**

The RFP process will proceed according to the following anticipated schedule:

|  |  |
|--|--|
| Friday, August 8 <sup>th</sup> , 2014      | RFP Released                                 |
| Wednesday, August 20 <sup>th</sup> , 2014  | <b>Submittal questions due by 4:00 P.M.</b>  |
| Thursday, August 28 <sup>th</sup> , 2014   | Addendum Issued                              |
| Tuesday, September 16 <sup>th</sup> , 2014 | <b>Proposal Submittal Deadline 4:00 P.M.</b> |
| Tuesday, September 23 <sup>rd</sup> , 2014 | Evaluation Process                           |
| Thursday, October 2 <sup>nd</sup> , 2014   | Consultant Interviews/Clarification          |
| October 2014                               | Contract Negotiations                        |
| October 2014                               | Contract Award                               |

| <b>Tentative Project Schedule</b> |  |
|-----------------------------------|--|
| November 2014                     | Kick-off   |
| February 2015                     | Presentation of new website design, features, and organization to USD Board of Directors |
| April 2015                        | Go live of new USD public website  |

#### **IV. NOTICE TO PROPOSERS**

Notice is hereby given that Union Sanitary District, 5072 Benson Road, Union City, California, County of Alameda, State of California, will receive at the office of the Purchasing Agent, sealed proposals for:

##### **USD Public Website Redesign, CMS, and Hosting Services**

Requests for clarifications and questions may be submitted at any time up to, but no later than close of business, **August 20, 2014 @ 4:00 P.M.**; to: Roslyn Fuller, Purchasing Agent, at [www.publicpurchase.com](http://www.publicpurchase.com) or via e-mail at [Roslyn\\_fuller@unionsanitary.ca.gov](mailto:Roslyn_fuller@unionsanitary.ca.gov) (underscore line between first and last name).

The Project Manager on this Project will be: **Richard J. Scobee**

All proposed pricing shall include all related permits and taxes, if applicable. Offers shall be submitted on the form contained in the RFP solicitation, copies of which can be obtained from [www.publicpurchase.com](http://www.publicpurchase.com). Each proposal shall be filed no later than **4:00 PM Tuesday, September 16<sup>th</sup>, 2014**.

All mailed Proposals shall be marked on the outside of the sealed envelope as follows:

|   |                                     |
|---|-------------------------------------|
| Name & Address of Proposer                                    | To: Roslyn Fuller, Purchasing Agent |
| <b>USD Public Website Redesign, CMS, and Hosting Services</b> |                                     |
|   | Union Sanitary District             |
| Indicate <b>RFP #</b> and Proposal Due                        | 5072 Benson,                        |
| Date and Time   | Union City, CA                      |

The District reserves the right to reject any or all Proposals or to waive any informalities or minor irregularities in any proposal, or to cancel this Request for Proposals at any time.

No Proposer may withdraw their proposal after the close of the proposal submission date.

This is a Request for Proposals solicitation. Proposals will not be publically opened on the indicated due date and time but will be reviewed, evaluated and scored by the District in accordance with the evaluation criteria and timeline delineated in this solicitation.

#### **Background**

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.

### **Introduction**

Union Sanitary District wishes to update its public website to better take advantage of opportunities to engage with our customers and public. The District is looking for a vendor to redesign the USD public website, supply and implement a Content Management System, and provide hosting services (either vendor owned or by a 3<sup>rd</sup> party hosting service).

USD's public website was first introduced in the 1990's, and underwent a redesign in 2004. The current site, [unionsanitary.ca.gov](http://unionsanitary.ca.gov), is updated by a limited number of staff members using Macromedia Contribute software. Prior to the redesign, an internal department (Environmental Programs) created a "site within the site," which still exists (<http://www.unionsanitary.com/environmentalprograms/>). The future updated website will eliminate this anomaly by migrating that site's pages into the new design.

The proposed solution should provide the ability to design, implement and maintain a visually appealing, technically state-of-the-art, and scalable website that allows USD to better interact with its customers and generates interest in the services USD provides to protect public health and San Francisco Bay.

## **V. GENERAL SCOPE OF PROJECT**

The anticipated Scope of Services will include but is not limited to the following:

The District will identify and select a vendor with a proven record of accomplishment in the planning, development, implementation, and support of local government and/or special district websites. The selected vendor must be capable of providing all services to implement a state of the art website. In addition, the vendor must offer a robust content management system (CMS) that allows USD staff to easily update website content. The District desires a single vendor for all services identified in the RFP.

### **A. USD Objectives:**

- Content organized so that information is easy to find – without having to scroll multiple times to reach the bottom of an individual page. Easy to navigate, intuitive.
- Combine information from different USD teams/departments into "one stop" website pages or sections by type of customer, e.g. Homeowners, Residential customers, Restaurants, Industries, Dentists, Plumbers, Commercial businesses, etc. Enable USD staff in relevant departments to update source information once and reflect changes on all related customer pages.
- Engaging graphics, colors, style, and layout.
- Generates interest without being flashy, gimmicky or distracting, "Professional."
- Design that is visually appealing without being too busy, colorful but including white space.
- A website that serves multiple customer types and communicates the scale and

complexity of the services provided by the District.

- A public website that helps to expedite interaction with customers.
- Robust search capability.
- A Content management system (CMS) easily used by multiple staff members.
- Consistent look, feel, and format of content created and updated by various sources.

## **B. Deliverables**

- Website Redesign
- Content Management System Implementation and Configuration
- Ability to initiate permitting process online
- Prototype of website and system design for feedback and approval from USD project team.
- Content assessment, migration, and conversion with USD staff
- A presentation of new website design, features, and organization to USD Board of Directors for feedback and approval
- Capability to add electronic payment and form submission
- Testing
- System documentation and user manuals (online and/or PDF files)
- Administrative and staff training (at least one day onsite at USD).
- Project management
- Website Usage Reporting
- Ongoing maintenance and operations support
- Capability of future integration with other USD information systems

## **C. System Requirements**

The vendor must deliver to the District a new fully operational website based on the following requirements.

| <b>Website</b> |   |
|----------------|---|
| <b>Req. #</b>  | <b>Description</b>  |
| 1              | Ability to meet and conform to ADA ( <a href="http://www.ada.gov">www.ada.gov</a> ), Section 508 ( <a href="http://www.section508.gov">www.section508.gov</a> ), WCAG ( <a href="http://www.w3.org/WAI/intro/wcag">www.w3.org/WAI/intro/wcag</a> ), and WAI ( <a href="http://www.w3.org/WAI">www.w3.org/WAI</a> ) accessibility standards. |
| 2              | Provide uniformity of design that is visually attractive, intuitive, and easy to use.   |
| 3              | Provide all features and functionality that exist on current website (vendors are strongly encouraged to carefully review the District's existing web presence at <a href="http://unionsanitary.ca.gov">unionsanitary.ca.gov</a> ).   |
| 4              | Easily find District "Contact Us" information from all landing pages.   |
| 5              | Include the District's main phone number and email on the home page and landing pages.  |
| 6              | Ability to have a homepage slideshow feature where fresh pictures are displayed frequently.   |

|    |   |
|----|---|
| 7  | Robust, attractive modern carousel design for news and featured content items. Must allow the user to pause rotation and navigate between items using an easy to understand interface.  |
| 8  | Provide seasonal and/or varied background/color/style themes that can be quickly and easily be changed by the District's webmasters.  |
| 9  | Robust search capability (i.e. Google or similar look and feel and functionality preferred). The search should allow the user to do keyword searches of the content included in PDFs and standard Microsoft Office documents.   |
| 10 | Site map provided that auto updates to reflect webpage add/change/deletes.  |
| 11 | Website shall have universal sizing to accommodate monitors of various screen resolutions and sizes.  |
| 12 | Consistent navigation on all pages, with the ability to change the delivered menus or navigational tools by the District's webmasters as needed.  |
| 13 | Printer-friendly capability on every webpage.   |
| 14 | Easy creation and management of data collection forms that allow for data capture into database formats. Module that allows us to easily select pre-determined fields, but also provides the ability to customize fields as needed. Data should be submitted securely using standard web browser encryption features. |
| 15 | Allow for supporting document files to be uploaded and attached to data collection forms.   |
| 16 | Configurable automated notifications when visitors complete forms or other activities (e.g. permit request, contact us, etc.). Ability to route forms to appropriate staff.   |
| 17 | Ability to use of E-Signature in forms.   |
| 18 | Develop and implement forms to enable initiation of the District's permitting process from the public website.  |
| 19 | Capability for new vendors and emergency vendors to register online.  |
| 20 | Capability to add support for electronic payments as an optional feature.   |
| 21 | Capable of viewing from all major operating systems (i.e. Windows, OS X, iOS, Android, Linux, etc.) and current versions of commonly used browsers (e.g. IE, Safari, Firefox, and Chrome).  |
| 22 | Providing seamless access and rendering of the website from all major mobile devices (i.e. iPhones, iPads, Android phones, Android tablets, Windows phones, Windows tablets, etc.). Pages should render clearly so they are easy to view and navigate on smaller screens.   |
| 23 | Ability to link to other District pages and systems, external webpages, and outsourced e-commerce servers from any page within the new website.   |
| 24 | Support for content and/or page based subscription capabilities such as RSS.  |
| 25 | Support for a repository of current and archived District news stories or announcements.  |
| 26 | News stories or announcements can be posted to one or more twitter feeds, Facebook pages, and/or other social media as they are posted to our website.  |
| 27 | Ability to support District blog(s).  |
| 28 | Ability to control access to some areas of the website through user ID and password.  |

|    |   |
|----|---|
| 29 | Ability to activate a banner at the top of all pages to alert citizens in case of breaking news or disaster. Click on banner to navigate to page with additional information and/or updates.  |
| 30 | Robust site usage and statistics tracking (to the page level) to allow the City to analyze how the public is using the website.   |
| 31 | Design architecture allows website to be rendered on older devices and operating systems within two seconds.  |
| 32 | Ability to link to social networking sites, including multiple accounts in each service. Sites desired include: Facebook, Twitter, Youtube, Vimeo, Flickr, Nixle, Next Door, and Pinterest.   |
| 33 | Allow District to embed its own feeds from Twitter, YouTube, Facebook, etc.   |
| 34 | Ability to embed selected items from social media sites directly into webpages, e.g. a video on YouTube or Vimeo, an image with caption on Facebook or Instagram, a blog post, or posts from Twitter.   |
| 35 | Ability to enlarge photo with one click within a sub-window so users are not forced to leave current page.  |
| 36 | Provide measures that prevent security breaches and access to confidential data collected and stored. The security methods of the website can withstand security attacks including, but not limited to, Cross Site Scripting (XSS), Cross Site Request Forgeries (CSRF), and SQL Injection.   |
| 37 | Support “breadcrumb” type navigation.   |
| 38 | Interactive calendars for District events, Board Meetings, Holidays, and available tour or presentation dates.  |
| 39 | Ability to support calendaring via iCal or similar technology. Will allow user to import event into own calendar application such as Outlook.   |
| 40 | Ability to filter District calendar by type of event, i.e. Holidays, Board Meetings, Special Events, etc.   |
| 41 | Calendar should have the ability to be searchable, share events on social media, have locations (with maps), and include images.  |
| 42 | Allow website users to submit requests from the calendar for outreach presentations, tours, etc. on selected dates.   |
| 43 | Provide innovative ideas and recommendations for maximizing the District’s web presence. Please provide additional recommendations that may not be covered in the specified requirements.   |
| 44 | Availability of 24 hour telephone support with a maximum 4 hour response.   |
| 45 | Ability to promote District events or news on the website through a banner or announcement management system.   |
| 46 | URL’s should be meaningful for better bookmarking and search engine use.<br>Example:<br><a href="http://www.unionsanitary.ca.gov/board/members.html">http://www.unionsanitary.ca.gov/board/members.html</a><br>is preferred to<br><a href="http://www.unionsanitary.ca.gov/index.do?sid=23939">http://www.unionsanitary.ca.gov/index.do?sid=23939</a> . |
| 47 | The District’s existing QR codes must link to proper web pages.   |
| 48 | Provide a calculator widget.  |

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| 49                                     | The website should be able to include configurable pages of contacts at the District. This directory should include a position, name of current person in that position, phone number, and email address. The email address should be a live email link to directly email a question and/or a form to allow the user to submit a question.   |
| 50                                     | A “How do I?” or quick links feature to allow users to quickly find popular topics.  |
| 51                                     | Enable content from various sources to be organized together by type of customer, e.g. Residential, Home Owner, Restaurant, Commercial, Industrial, Plumber, etc.  |
| 52                                     | Use of several types of quick links in a visually appealing design that is easily seen by customers. More than one type of quick link design on the home and landing pages. Quick links may include icons or photo icons.  |
| 53                                     | Dropdown menus that aren’t frustrating to use, don’t require going back to the parent item to scroll.  |
| 54                                     | Website should be capable of future integration with other USD information systems.  |
| 55                                     | Website should be able to connect to a custom web service to display live content, such as treatment plant current flow (MGD).   |
| 56                                     | Redirect requests for <a href="http://www.unionsanitary.com">www.unionsanitary.com</a> to <a href="http://unionsanitary.ca.gov">unionsanitary.ca.gov</a> with original directory file path included, e.g. <a href="http://www.unionsanitary.com/lateral">www.unionsanitary.com/lateral</a> should redirect to <a href="http://unionsanitary.ca.gov/lateral">unionsanitary.ca.gov/lateral</a> |
| 57                                     | Provide informative landing page for requests for any directory file path that does not exist (i.e. 404 File not found); include a summary site map in the body of the page.   |
| 58                                     | Maintenance agreement that allows for implementation of new technologies (e.g. new social media products, new ways to submit forms and payments).  |
| <b>Content Management System (CMS)</b> |  |
| 59                                     | Provide a comprehensive “full function”, web-based, easy to use CMS solution that includes, but is not limited to, template creation, security and approval levels, WYSIWYG content editor, versioning, content scheduling, etc.   |
| 60                                     | Ability to set system to automatically update content upon approval of edited page.  |
| 61                                     | Ability to schedule system to automatically add/update/delete content upon approval of edited page and schedule.   |
| 62                                     | Ability to give a District staff member both edit and approval for their designated areas of responsibility as well as to assign proxies during periods of absences.   |
| 63                                     | Do not allow deleted pages to be accessible via search.  |
| 64                                     | Comprehensive training and user help documentation.  |
| 65                                     | Provide spell-check and grammar correction functionality.  |
| 66                                     | Support allowing staff to post various file types on web pages for viewing and/or downloading (e.g. xls, .tif, .bmp, .jpg, .png, .pdf, etc.).  |
| 67                                     | Support viewing of video and/or photo galleries from District-provided content or allow links to photo galleries and videos hosted on another site.  |
| 68                                     | Support the posting of maps and allow dynamic linking to a GIS website, Google Maps, Bing Maps, etc.   |
| 69                                     | Allow content editors flexibility in determining size and position of page features such as photographs.   |
| 70                                     | Ability to map (alias) key pages to direct URLs for marketing or outreach purposes and ease of access (e.g. <a href="http://unionsanitary.ca.gov/lateral">http://unionsanitary.ca.gov/lateral</a> would be the link to the lateral information webpage, regardless of the actual page name in CMS).  |

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| 71                 | Provide comprehensive audit capability to see who is modifying what and when.  |
| 72                 | Automatic replication of navigation and menu changes to all related pages with no additional data entry.   |
| 73                 | Ability to add, change, and/or delete links between pages and/or to other websites as needed, with no vendor intervention required.  |
| 74                 | Ability to use CMS with IE, Firefox, and Chrome on Windows now (currently IE 9 on Windows 7) and in the future (e.g. IE 11+ on Windows 8+).  |
| 75                 | Ability to use CMS with Safari on OS X now and in the future.  |
| 76                 | Provide training for site administrators and content contributors. Conduct training in person with additional resources available by webinar if needed. District will provide training room with a trainer workstation, projector display, and 6 to 12 training workstations all with USD network and Internet access. |
| 77                 | Provide a training plan, including classes and subjects, materials to be provided, and schedule.   |
| 78                 | Provide stylebook and best practices guide, intended for content contributors to follow. Should include instructions to apply stylesheets and templates, best practices for visually appealing layout, etc.  |
| 79                 | Allow CMS to be accessible by authorized users via external access, i.e. outside of the District's internal network.   |
| 80                 | Provide the ability to archive outdated documents and images.  |
| 81                 | Ability to optimize uploaded pictures and graphic files for quickest page loading.   |
| 82                 | Ability to create and manage document galleries to organize and publish documents according to subject matter.   |
| 83                 | Ability to specify a publishing schedule for specific content.   |
| 84                 | Support for versioning and indexing of content to meet legal and policy-based Records Retention and Retrieval requirements.  |
| 85                 | Provide multi-lingual Content Integration with website content translation capabilities.   |
| 86                 | Ability to reorganize content to different sections of the website/intranet without manually changing content links.   |
| 87                 | Ability to apply approved customized look and feel within different departments/services while maintaining global navigation and website common look and feel.   |
| 88                 | The CMS handles version control that allows a page, section or the whole website to be rolled back to a previous revision or point in time.  |
| 89                 | The CMS handles file storage to maintain historical, existing, and future records with version control.  |
| 90                 | User groups and community for proposed CMS   |
| 91                 | Process to add new requirements post-implementation  |
| <b>Web Hosting</b> |  |
| 92                 | Provide hosted website in secure, state-of-the-art data center (vendor owned or 3 <sup>rd</sup> party).  |
| 93                 | Indicate if website will be hosted in vendor owned and operated data center. If not, then identify 3 <sup>rd</sup> party providing hosting.  |
| 94                 | Host website in redundant facilities in the event the primary facility is inaccessible from the internet.  |



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| 95 | Service provider must demonstrate that they have adequate controls and safeguards when hosting or processing data belonging to their customers. |
| 96 | Provide hosted website on high availability hardware architecture (i.e. virtualization).  |
| 97 | Provide hosted website in data center located outside the Federal Emergency Management Agency (FEMA) 50 year flood plain.                       |
| 98 | Provide website hosting Service Level Agreement (SLA) with at least 99.9% uptime.   |

## **VI. SUBMITTAL OF PROPOSAL FORMAT AND CONTENT**

The Detailed Proposal should follow the order set forth in Section VI.A. of this request for proposals.

### **A. Detailed Proposal**

#### **1. General Requirements**

The purpose of the Detailed Proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake the scope of work in conformity with the requirements of this request for proposals. As such, the – methodology and approach of proposals will carry more weight than cost or experience of proposer. The Detailed Proposal should describe the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an approach that will meet the request for proposals requirements.

The Detailed Proposal should address all the points outlined in the request for proposals. The Proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the request for proposals. While additional data may be presented, the following subjects, item Nos. 2 through 9, must be included. They represent the criteria against which the proposal will be evaluated.

#### **2. Describe Firms Qualifications and Experience**

The proposer should state the size of the firm, the size of the firm's technical staff, the location of the office from which the work on this engagement is to be performed and the number and nature of the professional staff to be employed in this engagement on a full-time basis and the level of time commitment.

If the proposer is a joint venture or consortium, the qualifications of each firm comprising the joint venture or consortium should be separately identified and the firm that is to serve as the principal should be noted, if applicable.

#### **3. Describe Principal, Supervisory and Staff Qualifications and Experience**

Identify the primary supervisory and management staff, including engagement principals, managers, other supervisors and specialists, who would be assigned to

the engagement. Provide detailed information indicating the appropriate project management, software, and application development experience of each person.

Provide as much information as possible regarding the number, qualifications, experience, and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. Indicate how the quality of staff over the term of the agreement will be assured.

Engagement principals, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted or are assigned to another office. These personnel may also be changed for other reasons with the express prior written permission of the Union Sanitary District. However, in either case, the Union Sanitary District retains the right to approve or reject replacements.

Other personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience.

#### **4. Similar Engagements and References with Other Government Entities**

Describe your experience working with Public Agencies and list the agency name and contact information.

For the firm's office that will be assigned responsibility for the work, list the most significant engagements (maximum - 5) performed in the last (5) five years that are similar to the engagement described in this request for proposal. Indicate the scope of work, date, engagement principles, supervisory and technical staff assigned, total hours, and the name and telephone number of the primary client contact.

Provide at least three customer references for work that your company has performed that is similar or equivalent to that requested in this RFP; if possible please list a reference that is based in the San Francisco bay area that is willing to allow an onsite visit by the project team. Include the company name, contact person and contact information, and a description of the work performed. Note that references WILL be contacted and contact information that is not accurate (e.g., an incorrect telephone number) will be considered non-responsive. USD's Evaluation Team will not make additional telephone calls in order to obtain correct contact information.

#### **5. Specific Work Plan Methodology and Approach**

Describe your implementation plan, including an explanation of the methodology to be followed, to perform the scope of services and requirements in Section V of this request for proposal.

Proposers will be required to provide the following information on their approach:

- a. Proposed sequencing of the engagement with an estimated implementation timeframe.
- b. Roles and responsibilities for the Firm's and USD's staff including the number of hours to be assigned to each proposed segment of the engagement.
- c. The description of the implementation plan must include the specific software functionality that is included in each phase of the implementation, based on the scope of work for the project.

## **6. Describe Public Website Content Management System Solution**

The proposal should:

- a. Describe the architecture and components of the solution being proposed.
- b. Specify the nature of any post-implementation and on-going support provided by the Firm including:
  - i. On-site, post-implementation support
  - ii. Telephone support (including toll-free support hotline, hours of operation, availability of 24 x 7 hotline, etc.)
  - iii. Special plans defining "levels" of customer support (e.g. gold, silver, etc.)
  - iv. Define what level of support is being proposed
  - v. Delivery method of future upgrades and product enhancements including historical frequency of upgrades by module
  - vi. Any anticipated mid-implementation upgrade. If so, the estimated work effort and related costs associated with such tasks should be included in the proposal.
  - vii. Availability of user groups and their geographic areas.
  - viii. Problem reporting and resolution procedures.
  - ix. Include applicable software and support license agreements.
- c. Describe process to add new requirements post- implementation

## **7. System Requirements Proposal Form**

The proposal should include the System Requirements Form (Appendix A. of this request for proposal) with the Yes/No/Partial, Code, and Vendor Comments/Solution columns completed for all of the features and requirements listed (as per Section V.B. of this request for proposal). Indicate the level and nature of support included in the proposed solution.

## 8. Budget/Cost Proposal

- a. Proposing firm is required to complete the Budget and Cost Proposal Form given in Section XI. of this request for proposals.
- b. Firms should submit an estimate of project costs based on the services required in Section V. of this request for proposals. List the items and tasks you have identified and provide the cost information based on each phase of this project. Include all required costs for review of the existing USD public website and content, software support, project management, consulting, travel, meals, etc. you expect to incur broken down for each item and task.
- c. For travel costs, please refer to **District's Travel Policy, Attachment C.** of this request for proposal. Any travel expenses are to be included as a separate line item in your proposal and will adhere to the District's Travel Policy.
- d. Provide a fixed hourly rate for support, application modification, and data collection good for one year after this project has been completed. Provide a cost for software support and maintenance.
- e. USD reserves the right to contact firms on cost and scope clarification at any time throughout the selection process.
- f. USD may award a contract, based on initial offers received without discussion of such offers. A Firm's initial offer should, therefore, be based on the most favorable terms available. USD may, however, hold discussions with those firms that it deems in its discretion to fall within a competitive range.
- g. The following assumptions should be used when estimating project costs:
  - i. The Firm will perform project management, application system installation and configuration, USD user training, support, and all other work associated with the implementation.
  - ii. Before finalizing the website and system design, the Firm will provide a prototype of the design to get input from the USD project team regarding appearance, format, organization, functionality, and ease of use. The Firm will integrate the feedback on the prototype into the finalized implementation.
  - iii. Before completing the final website and system implementation, the Firm will present the new website

design, features, and organization to USD Board of Directors for feedback and approval.

- iv. Preferred Training Strategy Mix of Onsite Firm Led Training for power users and other District staff assigned to update and maintain the public website, and Train-the-Trainer training for general users performed by USD power users or IT staff.

9. Exceptions to Terms and Conditions

The successful firm will be required to execute a contract with the District using the standard contract included with this RFP in Section X. Any exception to this contract should be identified in the proposal response.

**VII. INSTRUCTIONS TO PROPOSERS**

1. Firms interested in submitting Proposals for **USD Public Website Redesign, CMS, and Hosting Services** shall submit in writing one (1) original 8 x 11 unbound Proposal marked "ORIGINAL", one electronic version in PDF Format, on a CD or "thumb-drive" and six (6) 8 x 11 bound copies, (no three ring binders) marked "COPY", on or before the Submittal Deadline for Proposals, responses must be delivered to:

**RFP # S-15-S-199**  
**USD Public Website Redesign, CMS, and Hosting Services**  
Union Sanitary District  
5072 Benson Road  
Union City, CA 94587

2. Any and all data, materials and documentation submitted to Union Sanitary District (District) in response to this RFP shall become the District's property and shall be subject to public disclosure under the California Public Records Act.

3. Submitted Responses must be valid in all respects for a minimum period of one hundred and twenty (120) days after the deadline for submission.

4. The proposal shall be made using the proposal cost forms provided herein. Blank spaces on the form shall be properly filled, and no additions shall be made to the items mentioned therein, unless requested.

For the purposes of this solicitation, the words Contractor, Supplier, and Seller shall hold the same meaning as the firm or company awarded a contract under this solicitation and a District Purchase Order is issued for the service described herein.

The full name, business address, and business telephone number of the individual, partnership, joint venture, or corporation submitting the proposal shall be typewritten or legibly printed on the proposal form. The proposer shall sign the proposal with his usual signature.

The proposer shall state for each item on the proposal form, in clearly legible figures, the unit price and item total or lump sum, as the case may be, for which he proposes to perform the work and/or furnish the material or equipment required by these specifications. Alteration of a price by erasure or interlineations must be initialed by the proposer.

A partner shall sign for a partnership and the names and addresses of all partners shall be given.

An officer shall sign for a corporation, the corporate name shall be attested by the corporate seal, and the names and titles of all officers of the corporation shall be given. A signature other than a corporate officer's will be accepted if an authenticated power of attorney is attached.

The District may award a contract resulting from this solicitation to the proposer whose proposal will be most advantageous to the District, based on the evaluating criteria, as specified in **Section IX**, Proposal Criteria and Evaluation of this solicitation, and price.

**5. The District reserves the right to:**

- a. Reject any or all proposals if such action is in the best interest of the District.
  - b. Accept a proposal other than the lowest proposal.
  - c. Waive informalities or minor irregularities in proposals received.
  - d. Award a contract on the basis of initial proposal received, without further discussions, negotiations or request for best-and-final offers, with any proposal. Therefore, each initial proposal shall contain the proposer's best terms and cost from a technical and responsiveness standpoint.
6. Proposers shall acknowledge receipt of any addendum to this solicitation by identifying the addendum number and date on the form(s) for submitting a proposal. Failure to acknowledge receipt of an addendum may result in rejection of proposal as non-responsive and thus rejection from further consideration.
7. Proposers must complete all forms requiring specific information. Incomplete forms may deem the proposal non-responsive and thus rejection from further consideration.

**VIII. PROPOSER'S CHECKLIST**

Listed below is a checklist provided for your use prior to sealing your proposal. Your close attention to the following items will assure that your proposal may not be rejected because of non-responsiveness due to incompleteness, errors or omission.

- 1) Proposal
  - a. Date
  - b. Business Profile and Firm Name entered exactly as it appears on your corporate seal and invoice and address.
  - c. Methodology and approach solution
  - d. Statement of Experience
  - e. List of project team members and resumes
  - f. List References
  - g. Sign your proposal, failure to comply may be cause for rejection of the proposal.

**2) Budget/Cost Proposal**

**3) Addenda**

Acknowledged all addenda, if any on the Proposal Form in Section XIII, Offer and Signature.

**IX. PROPOSAL CRITERIA AND EVALUATION**

Proposals will be evaluated to conformance to the general criteria listed below by an evaluation committee comprised of District employees having familiarity and expertise in evaluating the work to be done.

Evaluation criteria and assigned point values to be used to evaluate proposals received are listed below:

i. Proposer's References and Statement of Experience:

This includes a description of experience in carrying out projects of this type, demonstrated by specific examples from the past five (5) years and evaluation of proposer's project team experience, record of performance, demonstrated capacity, facilities and organizational structure to perform the type of services sought in this RFP. Evaluation of this criterion will also include reference checking.

Maximum Points = 30 points

ii. Proposer's Responsiveness to the RFP Methodology and approach: This includes the proposer's completeness, clarity, detail and methodology to the District's scope of work, Demonstrated knowledge of the work to be completed, as well as the inclusion and completeness of requested forms (e.g. resumes of project team, furnished Proposal Form [properly signed and executed], complete point-of-contact information for references provided, submission of the Non-Collusion Affidavit, etc.).

Maximum Points = 50 points

iii. Cost Proposal: The proposer submitting the lowest priced cost proposal shall be awarded the total points for this evaluation criterion. Every other Proposal found to be in the competitive range will be given points proportionately in relation to the lowest price. This point total will be calculated by dividing the lowest cost proposed by the cost of the proposal being evaluated, with the result multiplied by the maximum weight for price.

Example: Lowest Total Quote

(Price Proposer's Total Proposed Price) X (Points for Price)

The application of the above formula will result in a uniform assignment of points relative to the criterion of price.

Maximum Points = 20 points

**Total Possible Points = 100**

**X. GENERAL TERMS AND CONDITIONS**

The successful Proposer is expected to enter into an agreement with the District. The District's standard Professional Services Agreement Terms and Conditions are included in this RFP. Please provide any proposed changes or exception in the form agreement along with your proposal.

**TERMS AND CONDITIONS AND CONSULTANT AGREEMENT  
SOFTWARE SUPPORT SERVICES**

In consideration of the mutual promises contained herein, the Union Sanitary District (hereinafter referred to as "DISTRICT") and the CONSULTANT agree as follows:

Hereinafter referred to as "District"), and (*Name of Consultant*) (hereinafter referred to as Consultant).

WITNESSETH:

WHEREAS, the District desires to obtain (*describe desired service/project*) (hereinafter referred to as Project), and has issued a Request for Proposals dated (*insert date of RFP*), a copy of which is attached hereto and incorporated herein as Exhibit A, and;

WHEREAS, the Consultant desires to furnish such services and has submitted a written proposal dated (*date of offeror's proposal*), a copy of which is attached hereto and incorporated herein as Exhibit B.

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

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

- a. The Consultant agrees to provide professional services to the District in accordance with the Terms and Conditions of this Agreement.
- b. The scope of the Consultant's services shall consist of the services set forth in Exhibit A, as supplemented by Exhibit B, except when inconsistent with Exhibit A.

**ARTICLE 2 - COMPENSATION**

- a. The Consultant agrees to perform all of the services specified in this Agreement for \_\_\_\_\_ (*insert total cost/fee/or other agreed upon compensation structure here*) inclusive of all labor costs, material, travel expenses, insurance, overhead, profit and all other costs necessary to perform the work in accordance with this Agreement.



- b. The Consultant shall submit monthly invoices for services rendered. The District will make prompt monthly payments in response to the Consultant's invoices. The District's invoice payment terms are Net 30.

### **ARTICLE 3 - SCHEDULE**

The Schedule will be as described in Consultant's proposal dated **xx/xx/xxxx** or otherwise as mutually agreed upon between the Consultant and the District.

### **ARTICLE 4 – STANDARD OF CARE**

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

### **ARTICLE 5 - TERMINATION**

This Agreement may be terminated by the CONSULTANT or the DISTRICT upon 30-day written notice. Unless the CONSULTANT is in breach of this Agreement, the CONSULTANT shall be paid for services rendered to the DISTRICT's satisfaction through the date of termination. After receipt of a Termination Notice and except as otherwise directed by the DISTRICT the CONSULTANT shall:

- a. Stop work on the date and to the extent specified.
- b. Terminate and settle all orders and subAgreements relating to the performance of the terminated work.
- c. Transfer all work in process, completed work, and other material related to the terminated work to the DISTRICT.
- d. Continue and complete all parts of the work that have not been terminated.

### **ARTICLE 6 - PERSONNEL**

The CONSULTANT represents that it has, or will secure at its own expense, all necessary personnel required to perform the services under this Agreement. Such personnel shall not be employees of or have any Agreement or relationship with the DISTRICT. All of the services required hereinunder shall be performed by the CONSULTANT or under its supervision, and all personnel engaged in performing the services shall be fully qualified and, if required, authorized or permitted under state and local law to perform such services. Any changes or substitutions on the CONSULTANT's key personnel as may be listed herein must be made known to the DISTRICT's representative prior to execution, and written approval granted by the DISTRICT before said change or substitution can become effective. The CONSULTANT warrants that all services shall be performed by skilled and competent personnel to the highest professional standards in the field.

### **ARTICLE 7 - SUBCONTRACTING**

The DISTRICT reserves the right to accept the use of a sub contractor or sub consultant (sub contractor) or to reject the selection of a particular subcontractor and to make a determination as to the capability of the subcontractor to perform properly under this Contract. If a subcontractor fails to perform or make progress, as required by this Agreement, and it is necessary to replace the

subcontractor to complete the work in a timely fashion, the CONSULTANT shall promptly do so, subject to acceptance of the new subcontractor by the DISTRICT.

## **ARTICLE 8 - INSURANCE**

CONSULTANT shall procure and maintain for the duration of the Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by CONSULTANT, his agents, representatives, or employees.

### **Minimum Scope of Insurance**

#### **Coverage shall be at least as broad as:**

1. Insurance Services Office Commercial General Liability coverage (occurrence form CG 00 01).
2. Insurance Services Office form number CA 00 01 (Ed. 1/87) covering Automobile Liability, code 1 (any auto).
3. Workers' Compensation insurance as required by the state of California and Employer's Liability Insurance.

### **Minimum Limits of Insurance**

#### **CONSULTANT shall maintain limits no less than:**

1. General Liability: \$1,000,000 per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
2. Automobile Liability: \$1,000,000 per accident for bodily injury and property damage.
3. Workers' Compensation: as required by the State of California.
4. Employer's Liability: \$1,000,000 per accident for bodily injury or disease.
5. Professional Liability (Errors and Omissions) Insurance appropriate to the Consultant's profession, with limit no less than \$1,000,000 per occurrence or claim, \$2,000,000 aggregate.

### **Deductibles and Self-Insured Retention**

Any deductibles or self-insured retention's must be declared to and approved by the DISTRICT. At the option of the DISTRICT, either: the insurer shall reduce or eliminate such deductibles or self-insured retention's as respects the DISTRICT, its officers, officials, employees and volunteers; or the CONSULTANT shall provide a financial guarantee satisfactory to the DISTRICT guaranteeing payment of losses and related investigations, claim administration and defense expense.

### **Other Insurance Provisions**

The commercial general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

1. The DISTRICT, its officers, employees and volunteers are to be covered as insured as respects: liability arising out of work or operations performed by or on behalf of the CONSULTANT; or automobiles owned, leased, hired or borrowed by the CONSULTANT.
2. For any claims related to this project, the CONSULTANT's insurance coverage shall be primary insurance as respects the DISTRICT, its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the DISTRICT, its officers, officials, employees or volunteers shall be excess of the CONSULTANT's insurance and shall not contribute with it.
3. Each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled by either party, except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the DISTRICT.

### **Acceptability of Insurers**

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII, unless otherwise acceptable to the DISTRICT.

### **Verification of Coverage**

CONSULTANT shall furnish the DISTRICT with original certificates and amendatory endorsements effecting coverage required by this clause. All certificates and endorsements are to be received and approved by the DISTRICT before work commences. However, failure to do so shall not operate as a waiver of these insurance requirements. The District reserves the right to require complete, certified copies of all required insurance policies, including endorsement effecting the coverage required by these specifications at any time.

### **Waiver of Subrogation**

CONSULTANT hereby agrees to waive subrogation which any insurer of CONSULTANT may acquire from CONSULTANT by virtue of the payment of any loss. CONSULTANT 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 entity for all work performed by the CONSULTANT, its employees, agents and subCONSULTANTS.

### **ARTICLE 9 - INDEMNIFICATION**

The CONSULTANT shall indemnify and save harmless and defend the DISTRICT, its agents, servants, and employees from and against any and all claims, liability, losses, and/or cause of action which may arise from any negligent act or omission of the CONSULTANT, its agents, servants, or employees in the performance of services under this Agreement.

The CONSULTANT further agrees to indemnify, save harmless and defend the DISTRICT, its agents, servants and employees from and against any claim, demand or cause of action of whatsoever kind or nature arising out of any conduct or misconduct of the CONSULTANT not included in the paragraph above and for which the DISTRICT, its agents, servants, or employees are alleged to be liable.

#### **ARTICLE 10 - SUCCESSORS AND ASSIGNS**

The DISTRICT and the CONSULTANT each binds itself and its partners, successors, executors, administrators, and assigns to the other party of this Agreement and to the partners, successors, executors, administrators and assigns of such other party, in respect to all covenants of this Agreement. Except as above, neither the DISTRICT nor the CONSULTANT shall assign, sublet, convey, or transfer its interest in this Agreement without the written consent of the other. Nothing herein shall be construed as creating any personal liability on the part of any officer or agent of the DISTRICT which may be a party hereto, nor shall it be construed as giving any rights or benefits hereunder to anyone other than the DISTRICT and the CONSULTANT.

#### **ARTICLE 11 - REMEDIES**

This Agreement shall be governed by the laws of the State of California. Any and all legal action necessary to enforce the Agreement will be held in the County of Alameda and the Agreement will be interpreted according to the laws of California. No remedy herein conferred upon any party is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise. No single or partial exercise by any party of any right, power, or remedy hereunder shall preclude any other or further exercise thereof.

#### **ARTICLE 12 - Not Used**

#### **ARTICLE 13 - EXCUSABLE DELAYS**

The CONSULTANT shall not be considered in default by reason of any failure in performance on any order if such failure arises out of causes reasonably beyond the CONSULTANT's control and without its fault or negligence. Such causes may include, but are not limited to: acts of God; the DISTRICT's omissive and commissive failures; natural or public health emergencies; labor disputes; freight embargoes; and severe weather conditions.

Upon the CONSULTANT's request, the DISTRICT shall consider the facts and extent of any failure to perform the order and, if the CONSULTANT's failure to perform was without it or its subCONSULTANTs fault or negligence, the Agreement Schedule and/or any other affected provision of this Agreement shall be revised accordingly; subject to the DISTRICT's rights to change, terminate, or stop any or all of the work at any time.

#### **ARTICLE 14 - ARREARS**

The CONSULTANT shall not pledge the DISTRICT's credit or make it a guarantor of payment or surety for any Agreement, debt, obligation, judgment, lien, or any form of indebtedness. The CONSULTANT further warrants and represents that it has no obligation or indebtedness that would impair its ability to fulfill the terms of this Agreement.

## **ARTICLE 15 - DISCLOSURE AND OWNERSHIP OF DOCUMENTS**

The CONSULTANT shall deliver to the DISTRICT for approval and acceptance, and before eligible for final payment of any amounts due, all documents and materials prepared by and for the DISTRICT under this Agreement.

All written and oral information not in the public domain or not previously known, and all information and data obtained, developed, or supplied by the DISTRICT or at its expense will be kept confidential by the CONSULTANT and will not be disclosed to any other party, directly or indirectly, without the DISTRICT's prior written consent unless required by a lawful order. All drawings, maps, sketches, and other data developed, or purchased, under this Agreement or at the DISTRICT's expense shall be and remain its property and may be reproduced and reused at the discretion of the DISTRICT. All covenants, agreements, representations, and warranties made herein, or otherwise made in writing by any party pursuant hereto, including but not limited to any representations made herein relating to disclosure or ownership of documents, shall survive the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby.

## **ARTICLE 16 - INDEPENDENT CONSULTANT RELATIONSHIP**

The CONSULTANT is, and shall be, in the performance of all work services and activities under this Agreement, an independent contractor, and not an employee, agent, or servant of the DISTRICT. All persons engaged in any of the work or services performed pursuant to this Agreement shall at all times, and in all places, be subject to the CONSULTANT's sole direction, supervision, and control. The CONSULTANT shall exercise control over the means and manner in which it and its employees perform the work, and in all respects the CONSULTANT's relationship and the relationship of its employees to the DISTRICT shall be that of an Independent Contractor and not as employees or agents of the DISTRICT. The CONSULTANT does not have the power or authority to bind the DISTRICT in any promise, agreement, or representation other than specifically provided for in this agreement.

## **ARTICLE 17 - CONTINGENT FEES**

The CONSULTANT warrants that it has not employed or retained any company or person, other than a bona fide employee working solely for the CONSULTANT to solicit or secure this Agreement and that it has not paid or agreed to pay any person, company, corporation, individual, or firm, other than a bona fide employee working solely for the CONSULTANT, any fee, commission, percentage, gift, or any other consideration contingent upon or resulting from the award or making of this Agreement.

## **ARTICLE 18 - ACCESS AND AUDITS**

The CONSULTANT shall maintain adequate records to justify all charges, expenses, and costs incurred in performing the work for at least three (3) years after completion of this Agreement. The DISTRICT shall have access to such books, records, and documents as required in this section for the purpose of inspection or audit during normal business hours, at the CONSULTANT's place of business.

#### **ARTICLE 19 - NONDISCRIMINATION**

The CONSULTANT warrants and represents that all of its employees are treated equally during employment without regard to race, color, religion, physical handicap, sex, age or national origin.

#### **ARTICLE 20 - ENTIRETY OF CONTRACTUAL AGREEMENT**

The DISTRICT and the CONSULTANT agree that this Agreement sets forth the entire agreement between the parties, and that there are no promises or understandings other than those stated herein. None of the provisions, terms and conditions contained in this Agreement may be added to, modified, superseded or otherwise altered, except by written instrument executed by the parties hereto.

#### **ARTICLE 21 - ENFORCEMENT COSTS**

If any legal action or other proceeding is brought for the enforcement of this Agreement, or because of an alleged dispute, breach, default or misrepresentation in connection with any provisions of this Agreement, the successful or prevailing party or parties shall be entitled to recover reasonable attorney's fees, court costs, and all expenses (including taxes) even if not taxable as court costs (including, without limitation, all such fees, costs, and expenses incident to appeals), incurred in that action or proceeding, in addition to any other relief to which such party or parties may be entitled.

#### **ARTICLE 22 - AUTHORITY TO PRACTICE**

The CONSULTANT hereby represents and warrants that it has and will continue to maintain all licenses and approvals required to conduct its business, and that it will at times conduct its business activities in a reputable manner. Proof of such licenses and approvals shall be submitted to the DISTRICT upon request.

#### **ARTICLE 23 - SEVERABILITY**

If any term or provision of this Agreement, or the application thereof to any person or circumstances shall, to any extent, be held invalid or unenforceable, to remainder of this Agreement, or the application of such terms or provision, to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected, and every other term and provision of this Agreement shall be deemed valid and enforceable to the extent permitted by law.

#### **ARTICLE 24 - MODIFICATIONS OF WORK**

The DISTRICT reserves the right to make changes in the Work, including alterations, reductions therein or additions thereto. Upon receipt by the CONSULTANT of the DISTRICT's notification of a contemplated change, the CONSULTANT shall (1) if requested by the DISTRICT, provide an estimate for the increase or decrease in cost due to the contemplated change, (2) notify the DISTRICT of any estimated change in the completion date, and (3) advise the DISTRICT in writing if the contemplated change shall effect the CONSULTANT's ability to meet the completion dates or schedules of this Agreement. If the DISTRICT so instructs in writing, the CONSULTANT shall suspend work on that portion of the Work affected by a contemplated change, pending the DISTRICT's decision to proceed with the change.

If the DISTRICT elects to make the change, the DISTRICT shall issue an Agreement Amendment or Change Order and the CONSULTANT shall not commence work on any such change until such written amendment or change order has been issued and signed by each of the parties.

## **ARTICLE 25 – CLAIMS OR DISPUTES**

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

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

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

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

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

## **ARTICLE 26 CONFLICT OF INTEREST**

26.1 The Consultant warrants and represents that it presently has no interest and agrees that it will not acquire any interest that would present a conflict of interest under California Government Code §1090 et seq. or §87100 et seq. during the performance of services under this Agreement.

Consultant will not knowingly enter into a contract with the District without first notifying the District if any financial or personal interest exists, or may exist during performance of a subsequent contract, between an employee of the Consultant firm who is a spouse, parent, person who stood *in loco parentis*, grandparent, child, grandchild, brother, sister, aunt, niece, nephew, cousin, domestic partner or person living in the same household (whether through marriage, domestic partnership, or

as a couple living together), including step-, half-, and "in-law," to any member of the District's Board of Directors, General Manager, Work Group Manager, Business Services Coach, or the Purchasing Agent or his/her designee.

If such a financial interest and/or personal relationship exists or may exist in a subsequent contract, the Consultant will notify the District before entering into the contract and/or performing any services. The District will inform the Consultant if such a relationship is a violation of this provision and whether services can be provided. However, violation of this provision without such notification to the District may result in this Agreement being deemed void and unenforceable.

- 26.2 Depending on the nature of the work performed, Consultant may be required to publicly disclose financial interests under the District's Conflict of Interest Code and the provisions of Section 21.1 above. Upon receipt, the Consultant agrees to promptly submit a Statement of Economic Interest in the form provided by the District.
- 26.3 No person previously in the position of Director, Officer, employee or agent of the District may act as an agent or attorney for, otherwise represent the Consultant by making any formal or informal appearance, or any oral or written communication, before the District, or any Officer or employee of the District, for a period of twelve months after leaving office or employment with the District if the appearance or communication is made for the purpose of influencing any action involving the issuance, amendment, award of revocation of a permit, license, grant, or contract.
- 26.4 No member, officer, or employee of the District during his or her tenure of for one year after that tenure shall have any interest, direct or indirect, in this Agreement of the proceeds under this Agreement.

## **ARTICLE 27 BACKGROUND CHECKS**

Contractor, at no additional expense to the District, shall conduct a background check for each of its employees, as well as for the employees of its subcontractors (collectively "Contractor Employees") who will have access to District's computer systems, either through on-site or remote access, or whose contract work requires an extended presence on the District's premises. The minimum background check process for any District contractor shall include, but not be limited to

1. California residents: Criminal Records (County and State Criminal Felony and Misdemeanor)
2. Out of State residents: Federal criminal search of the National Criminal Database,

The background check shall be conducted and the results submitted to the District prior to initial access by Contractor Employees. If at any time, it is discovered that a Contractor Employee has a criminal record that includes a felony or misdemeanor, the Contractor is required to inform the District immediately and the District will assess the circumstances surrounding the conviction, time frame, nature, gravity, and relevancy of the conviction to the job duties, to determine whether the Contractor Employee will be placed or remain on a District assignment. The District may withhold consent at its sole discretion. The District may



also conduct its own criminal background check of the Contractor Employees. Failure of the Contractor to comply with the terms of this paragraph may result in the termination of its contract with the District.

#### **ARTICLE 28 – SERVICE OF NOTICE**

All notices required in this Agreement shall be sent by certified mail, return receipt requested and sent to:

|                         |
|-------------------------|
| (Name and title)        |
| Union Sanitary District |
| 5072 Benson Rd.         |
| Union City, CA 94587    |

**XI. BUDGET AND COST PROPOSAL FORM**

- A. Proposer is required to complete Budget and Cost Proposal Form.  
(NOTE: THIS IS NOT AN ORDER)

**Public Website Redesign, CMS, and Hosting**

| Total Summary of Cost      | Year 1 | Year 2-5 | Total |
|----------------------------|--------|----------|-------|
| Software                   | \$     |          | \$    |
| Implementation Services    | \$     |          | \$    |
| Maintenance & Support      | \$     |          | \$    |
| Other Services             | \$     |          | \$    |
| <b>Grand Total (A+B+C)</b> |        |          | \$    |

**A. Software**

Vendor Instructions: "Software" refers to any licensed or commercial software that is proposed and required to run and use the proposed solution. Customization and configuration are not included.

| Items #  | Desc | Manufacturer | Version /Build | Qty | Unit Cost | Discount | Total Cost |
|----------|------|--------------|----------------|-----|-----------|----------|------------|
| Year 1   |      |              |                |     | \$        | \$       | \$         |
| Year 2-5 |      |              |                |     | \$        | \$       | \$         |
|          |      |              |                |     | Total     | \$       | \$         |

**B. Implementation Services**

Vendor Instructions: "Implementation" refers to all costs associated with the customization and deployment of the system. The bidders should note that the implementation duration, start and end dates, staff numbers, rate, and costs MUST be consistent with and supported by the staffing plan, or the proposal may be rejected. Project management, reporting, and other administrative hours shall be included within the areas detailed below. All activities should be considered a fixed price bid.

| Legend           |   |
|------------------|---|
| Duration         | Measured in months; duration of the task area   |
| From Date        | Date task area begins   |
| To Date          | Date task area ends   |
| # of Staff       | Number of individuals assigned to task area: each must be identified in the staffing plan |
| Avg. Hourly Rate | Average bill rate for all individuals in task area, including all travel costs            |
| Total Hours      | Total hours of service provided for task area   |
| Total Cost       | Total cost of task area   |

| Task               | Duration | From Date | To Date | # of Staff | Avg Hourly Rate | Total Hours | Total Cost |
|--------------------|----------|-----------|---------|------------|-----------------|-------------|------------|
| Requirements       |          |           |         |            | \$              |             | \$         |
| Customizations     |          |           |         |            | \$              |             | \$         |
| Project Management |          |           |         |            | \$              |             | \$         |
| Testing            |          |           |         |            | \$              |             | \$         |
| Training           |          |           |         |            | \$              |             | \$         |
| Cut-over Support   |          |           |         |            | \$              |             | \$         |
| <b>Totals</b>      |          |           |         |            | \$              |             | \$         |

**C. Other Services**

Please list the type of services that are proposed (example: 3rd party hosting services).

| Item Description | Total |
|------------------|-------|
|                  | \$    |
|                  | \$    |
| <b>Totals</b>    | \$    |

## **XII. OFFER AND SIGNATURE**

**ACCEPTANCE:** In compliance with the Request for Proposals, the proposer agrees, if this proposal is accepted within 60 calendar days from the date specified in the Request for Proposals for receipt of proposal, or other agreed upon timeframe, to furnish and execute any or all items upon which prices are offered at the price set opposite each item, within the time specified in this Request for Proposals solicitation.

**Item(s):**

- a. **USD Public Website Improvements** as delineated herein.

### **ADDENDA:**

Proposer, if an Addendum is posted on [www.publicpurchase.com](http://www.publicpurchase.com) Please acknowledge receipt by stating the addendum number and date below

Addendum # \_\_\_\_\_ Date \_\_\_\_\_  
Addendum # \_\_\_\_\_ Date \_\_\_\_\_

Addendum # \_\_\_\_\_ Date \_\_\_\_\_  
Addendum # \_\_\_\_\_ Date \_\_\_\_\_

Signature of Proposer's official authorized to bind the firm to its proposal:

\_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Firm Name: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone Number: \_\_\_\_\_ Fax Number: \_\_\_\_\_

Date: \_\_\_\_\_

Type of business organization: \_\_\_\_\_  
(Corporation, partnership, sole-proprietorship, LLC, LLP, etc.)

License No. \_\_\_\_\_

Corporate Seal

## **ATTACHMENTS**

- A. System Requirements Proposal Form
- B. Non-collusion affidavit
- C. Reimbursement & Travel Policy

## ATTACHMENT A

### SYSTEM REQUIREMENTS PROPOSAL FORM

| Code | Description  |
|------|--|
| I    | Included “off-the-shelf”                                   |
| CO   | Configuration (NO change in source code required)          |
| R    | Provided with Reporting Tool                               |
| CU   | Customization Required (change to source code required)    |
| NV   | Provided in the Very Next Version                          |
| TP   | Third Party Software Required to Fully Provide Requirement |
| NA   | Not Available  |

| Website |   |                    |      |                             |
|---------|---|--------------------|------|-----------------------------|
| Req. #  | Description   | Yes/No/<br>Partial | Code | Vendor<br>Comments/Solution |
| 1       | Ability to meet and conform to ADA ( <a href="http://www.ada.gov">www.ada.gov</a> ), Section 508 ( <a href="http://www.section508.gov">www.section508.gov</a> ), WCAG ( <a href="http://www.w3.org/WAI/intro/wcag">www.w3.org/WAI/intro/wcag</a> ), and WAI ( <a href="http://www.w3.org/WAI">www.w3.org/WAI</a> ) accessibility standards. |                    |      |                             |
| 2       | Provide uniformity of design that is visually attractive, intuitive, and easy to use.   |                    |      |                             |
| 3       | Provide all features and functionality that exist on current website (vendors are strongly encouraged to carefully review the District’s existing web presence at <a href="http://unionsanitary.ca.gov">unionsanitary.ca.gov</a> ).   |                    |      |                             |
| 4       | Easily find District “Contact Us” information from all landing pages.   |                    |      |                             |
| 5       | Include the District’s main phone number and email on the home page and landing pages.  |                    |      |                             |
| 6       | Ability to have a homepage slideshow feature where fresh pictures are displayed frequently.   |                    |      |                             |
| 7       | Robust, attractive modern carousel design for news and featured content items. Must allow the user to pause rotation and navigate between items using an easy to understand interface.  |                    |      |                             |
| 8       | Provide seasonal and/or varied background/color/style themes that can be quickly and easily be changed by the District’s webmasters.  |                    |      |                             |

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| 9  | Robust search capability (i.e. Google or similar look and feel and functionality preferred). The search should allow the user to do keyword searches of the content included in PDFs and standard Microsoft Office documents.   |  |  |  |
| 10 | Site map provided that auto updates to reflect webpage add/change/deletes.  |  |  |  |
| 11 | Website shall have universal sizing to accommodate monitors of various screen resolutions and sizes.  |  |  |  |
| 12 | Consistent navigation on all pages, with the ability to change the delivered menus or navigational tools by the District's webmasters as needed.  |  |  |  |
| 13 | Printer-friendly capability on every webpage.   |  |  |  |
| 14 | Easy creation and management of data collection forms that allow for data capture into database formats. Module that allows us to easily select pre-determined fields, but also provides the ability to customize fields as needed. Data should be submitted securely using standard web browser encryption features. |  |  |  |
| 15 | Allow for supporting document files to be uploaded and attached to data collection forms.   |  |  |  |
| 16 | Configurable automated notifications when visitors complete forms or other activities (e.g. permit request, contact us, etc.). Ability to route forms to appropriate staff.   |  |  |  |
| 17 | Ability to use of E-Signature in forms.   |  |  |  |
| 18 | Develop and implement forms to enable initiation of the District's permitting process from the public website.  |  |  |  |
| 19 | Capability for new vendors and emergency vendors to register online.  |  |  |  |
| 20 | Capability to add support for electronic payments as an optional feature.   |  |  |  |
| 21 | Capable of viewing from all major operating systems (i.e. Windows, OS X, iOS, Android, Linux, etc.) and current versions of commonly used browsers (e.g. IE, Safari, Firefox, and Chrome).  |  |  |  |

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| 22 | Providing seamless access and rendering of the website from all major mobile devices (i.e. iPhones, iPads, Android phones, Android tablets, Windows phones, Windows tablets, etc.). Pages should render clearly so they are easy to view and navigate on smaller screens. |  |  |  |
| 23 | Ability to link to other District pages and systems, external webpages, and outsourced e-commerce servers from any page within the new website.   |  |  |  |
| 24 | Support for content and/or page based subscription capabilities such as RSS.  |  |  |  |
| 25 | Support for a repository of current and archived District news stories or announcements.  |  |  |  |
| 26 | News stories or announcements can be posted to one or more twitter feeds, Facebook pages, and/or other social media as they are posted to our website.  |  |  |  |
| 27 | Ability to support District blog(s).  |  |  |  |
| 28 | Ability to control access to some areas of the website through user ID and password.  |  |  |  |
| 29 | Ability to activate a banner at the top of all pages to alert citizens in case of breaking news or disaster. Click on banner to navigate to page with additional information and/or updates.  |  |  |  |
| 30 | Robust site usage and statistics tracking (to the page level) to allow the City to analyze how the public is using the website.   |  |  |  |
| 31 | Design architecture allows website to be rendered on older devices and operating systems within two seconds.  |  |  |  |
| 32 | Ability to link to social networking sites, including multiple accounts in each service. Sites desired include: Facebook, Twitter, Youtube, Vimeo, Flickr, Nixle, Next Door, and Pinterest.   |  |  |  |
| 33 | Allow District to embed its own feeds from Twitter, YouTube, Facebook, etc.   |  |  |  |
| 34 | Ability to embed selected items from social media sites directly into webpages, e.g. a video on YouTube or Vimeo, an image with caption on Facebook or Instagram, a blog post, or posts from Twitter.   |  |  |  |

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| 35 | Ability to enlarge photo with one click within a sub-window so users are not forced to leave current page.  |  |  |  |
| 36 | Provide measures that prevent security breaches and access to confidential data collected and stored. The security methods of the website can withstand security attacks including, but not limited to, Cross Site Scripting (XSS), Cross Site Request Forgeries (CSRF), and SQL Injection.   |  |  |  |
| 37 | Support “breadcrumb” type navigation.   |  |  |  |
| 38 | Interactive calendars for District events, Board Meetings, Holidays, and available tour or presentation dates.  |  |  |  |
| 39 | Ability to support calendaring via iCal or similar technology. Will allow user to import event into own calendar application such as Outlook.   |  |  |  |
| 40 | Ability to filter District calendar by type of event, i.e. Holidays, Board Meetings, Special Events, etc.   |  |  |  |
| 41 | Calendar should have the ability to be searchable, share events on social media, have locations (with maps), and include images.  |  |  |  |
| 42 | Allow website users to submit requests from the calendar for outreach presentations, tours, etc. on selected dates.   |  |  |  |
| 43 | Provide innovative ideas and recommendations for maximizing the District’s web presence. Please provide additional recommendations that may not be covered in the specified requirements.   |  |  |  |
| 44 | Availability of 24 hour telephone support with a maximum 4 hour response.   |  |  |  |
| 45 | Ability to promote District events or news on the website through a banner or announcement management system.   |  |  |  |
| 46 | URL’s should be meaningful for better bookmarking and search engine use.<br>Example:<br><a href="http://www.unionsanitary.ca.gov/board/members.html">http://www.unionsanitary.ca.gov/board/members.html</a><br>is preferred to<br><a href="http://www.unionsanitary.ca.gov/index.do?sid=23939">http://www.unionsanitary.ca.gov/index.do?sid=23939</a> . |  |  |  |



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|----|--|--|--|--|
| 47 | The District's existing QR codes must link to proper web pages.  |  |  |  |
| 48 | Provide a calculator widget.   |  |  |  |
| 49 | The website should be able to include configurable pages of contacts at the District. This directory should include a position, name of current person in that position, phone number, and email address. The email address should be a live email link to directly email a question and/or a form to allow the user to submit a question.   |  |  |  |
| 50 | A "How do I?" or quick links feature to allow users to quickly find popular topics.  |  |  |  |
| 51 | Enable content from various sources to be organized together by type of customer, e.g. Residential, Home Owner, Restaurant, Commercial, Industrial, Plumber, etc.  |  |  |  |
| 52 | Use of several types of quick links in a visually appealing design that is easily seen by customers. More than one type of quick link design on the home and landing pages. Quick links may include icons or photo icons.  |  |  |  |
| 53 | Dropdown menus that aren't frustrating to use, don't require going back to the parent item to scroll.  |  |  |  |
| 54 | Website should be capable of future integration with other USD information systems.  |  |  |  |
| 55 | Website should be able to connect to a custom web service to display live content, such as treatment plant current flow (MGD).   |  |  |  |
| 56 | Redirect requests for <a href="http://www.unionsanitary.com">www.unionsanitary.com</a> to <a href="http://unionsanitary.ca.gov">unionsanitary.ca.gov</a> with original directory file path included, e.g. <a href="http://www.unionsanitary.com/lateral">www.unionsanitary.com/lateral</a> should redirect to <a href="http://unionsanitary.ca.gov/lateral">unionsanitary.ca.gov/lateral</a> |  |  |  |
| 57 | Provide informative landing page for requests for any directory file path that does not exist (i.e. 404 File not found); include a summary site map in the body of the page.   |  |  |  |
| 58 | Maintenance agreement that allows for implementation of new technologies (e.g. new social media products, new ways to submit forms and payments).  |  |  |  |

**Content Management System (CMS)**

|    |   |  |  |  |
|----|---|--|--|--|
| 59 | Provide a comprehensive “full function”, web-based, easy to use solution that includes, but is not limited to, template creation, security and approval levels, WYSIWYG content editor, versioning, content scheduling, etc.  |  |  |  |
| 60 | Ability to set system to automatically update content upon approval of edited page.   |  |  |  |
| 61 | Ability to schedule system to automatically add/update/delete content upon approval of edited page and schedule.  |  |  |  |
| 62 | Ability to give a District staff member both edit and approval for their designated areas of responsibility as well as to assign proxies during periods of absences.  |  |  |  |
| 63 | Do not allow deleted pages to be accessible via search.   |  |  |  |
| 64 | Comprehensive training and user help documentation.   |  |  |  |
| 65 | Provide spell-check and grammar correction functionality.   |  |  |  |
| 66 | Support allowing staff to post various file types on web pages for viewing and/or downloading (e.g. xls, .tif, .bmp, .jpg, .png, .pdf, etc.).   |  |  |  |
| 67 | Support viewing of video and/or photo galleries from District-provided content or allow links to photo galleries and videos hosted on another site.   |  |  |  |
| 68 | Support the posting of maps and allow dynamic linking to a GIS website, Google Maps, Bing Maps, etc.  |  |  |  |
| 69 | Allow content editors flexibility in determining size and position of page features such as photographs.  |  |  |  |
| 70 | Ability to map (alias) key pages to direct URLs for marketing or outreach purposes and ease of access (e.g. <a href="http://unionsanitary.ca.gov/lateral">http://unionsanitary.ca.gov/lateral</a> would be the link to the lateral information webpage, regardless of the actual page name in CMS). |  |  |  |
| 71 | Provide comprehensive audit capability to see who is modifying what and when.   |  |  |  |

|    |  |  |  |  |
|----|--|--|--|--|
| 72 | Automatic replication of navigation and menu changes to all related pages with no additional data entry.   |  |  |  |
| 73 | Ability to add, change, and/or delete links between pages and/or to other websites as needed, with no vendor intervention required.  |  |  |  |
| 74 | Ability to use CMS with IE, Firefox, and Chrome on Windows now (currently IE 9 on Windows 7) and in the future (e.g. IE 11+ on Windows 8+).  |  |  |  |
| 75 | Ability to use CMS with Safari on OS X now and in the future.  |  |  |  |
| 76 | Provide training for site administrators and content contributors. Conduct training in person with additional resources available by webinar if needed. District will provide training room with a trainer workstation, projector display, and 6 to 12 training workstations all with USD network and Internet access. |  |  |  |
| 77 | Provide a training plan, including classes and subjects, materials to be provided, and schedule.   |  |  |  |
| 78 | Provide stylebook and best practices guide, intended for content contributors to follow. Should include instructions to apply stylesheets and templates, best practices for visually appealing layout, etc.  |  |  |  |
| 79 | Allow CMS to be accessible by authorized users via external access, i.e. outside of the District's internal network.   |  |  |  |
| 80 | Provide the ability to archive outdated documents and images.  |  |  |  |
| 81 | Ability to optimize uploaded pictures and graphic files for quickest page loading.   |  |  |  |
| 82 | Ability to create and manage document galleries to organize and publish documents according to subject matter.   |  |  |  |
| 83 | Ability to specify a publishing schedule for specific content.   |  |  |  |
| 84 | Support for versioning and indexing of content to meet legal and policy-based Records Retention and Retrieval requirements.  |  |  |  |
| 85 | Provide multi-lingual Content Integration with website content translation capabilities.   |  |  |  |

|                    |  |  |  |  |
|--------------------|--|--|--|--|
| 86                 | Ability to reorganize content to different sections of the website/intranet without manually changing content links.   |  |  |  |
| 87                 | Ability to apply approved customized look and feel within different departments/services while maintaining global navigation and website common look and feel. |  |  |  |
| 88                 | The CMS handles version control that allows a page, section or the whole website to be rolled back to a previous revision or point in time.                    |  |  |  |
| 89                 | The CMS handles file storage to maintain historical, existing, and future records with version control.  |  |  |  |
| 90                 | User groups and community for proposed CMS   |  |  |  |
| 91                 | Process to add new requirements post-implementation  |  |  |  |
| <b>Web Hosting</b> |  |  |  |  |
| 92                 | Provide hosted website in secure, state-of-the-art data center (vendor owned or 3 <sup>rd</sup> party).  |  |  |  |
| 93                 | Indicate if website will be hosted in vendor owned and operated data center. If not, then identify 3 <sup>rd</sup> party providing hosting.                    |  |  |  |
| 94                 | Host website in redundant facilities in the event the primary facility is inaccessible from the internet.  |  |  |  |
| 95                 | Service provider must demonstrate that they have adequate controls and safeguards when hosting or processing data belonging to their customers.                |  |  |  |
| 96                 | Provide hosted website on high availability hardware architecture (i.e. virtualization).   |  |  |  |
| 97                 | Provide hosted website in data center located outside the Federal Emergency Management Agency (FEMA) 50 year flood plain.                                      |  |  |  |
| 98                 | Provide website hosting Service Level Agreement (SLA) with at least 99.9% uptime.  |  |  |  |

## ATTACHMENT B

### NON-COLLUSION AFFIDAVIT

(Note: to be submitted with Proposer's proposal)

I, \_\_\_\_\_, am the

(Print Name)

\_\_\_\_\_ of \_\_\_\_\_,

(Position/Title)

(Name of Company)

the party making the foregoing bid (the "Bidder") that the bid is not made in the interest of, or on behalf of, any undisclosed person, partnership, company, association, organization, or corporation; that the bid is genuine and not collusive or sham; that the Bidder has not directly or indirectly induced or solicited any other bidder to put in a false or sham bid; and has not directly or indirectly colluded, conspired, connived, or agreed with any bidder or anyone else to put in a sham bid, or that anyone shall refrain from bidding; that the Bidder has not in any manner directly or indirectly, sought by Agreement, communication, or conference with anyone to fix the bid price of the Bidder or any other bidder, or to fix any overhead, profit, or cost element of the bid price, or of that of any other bidder, or to secure any advantage against the public body awarding the contract of anyone interested in the Bid contract; that all statements contained in the bid are true; and, further, that the Bidder has not, directly or indirectly, submitted his or her bid price or any breakdown thereof, or the contents thereof, or divulged information or data relative thereto, or paid, and will not pay, any fee to any corporation, partnership, company, association, organization, bid depository, or to any member or agent thereof to effectuate a collusive or sham bid.

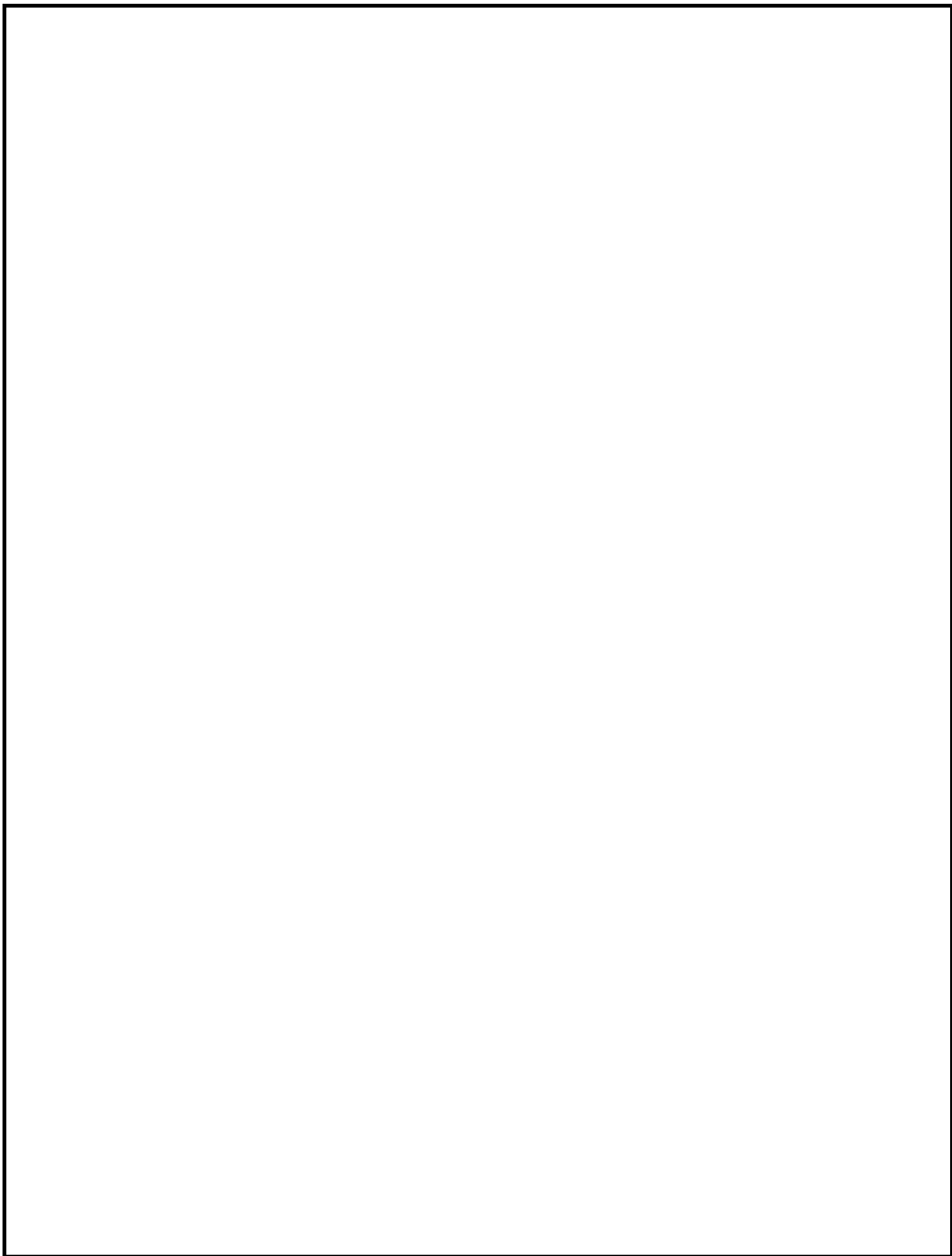
I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct:

Print or Type Name: \_\_\_\_\_

Authorized Signature: \_\_\_\_\_

Company Name: \_\_\_\_\_

Date: \_\_\_\_\_



## ATTACHMENT C

|                        |  |  |
|------------------------|--|--|
| Effective:<br>5/6/2014 | <b>Reimbursement &amp; Travel Policy</b> | Policy Number 2050<br><br>Page 1 of 10 |
|------------------------|--|--|

### Policy

Union Sanitary District will ensure that the District and its employees adhere to the principles of fiscally responsible expenditure of public funds. Reimbursement will be made only for legitimate out-of-pocket expenses incurred while conducting official District business in compliance with IRS regulations and this policy.

### Purpose

To provide the procedures required for reimbursement of expenses incurred on the District's behalf, and a guide for approved travel and team recognition.

### Definitions

*Administrative Staff* Assistant to the General Manager, Administrative Specialists, Office Assistants

*Employee* A person on the District's payroll.

*Expense/Payment Request Form* District form that must be completed for travel advance or reimbursement of out-of-pocket expenses incurred related to official District business.

*Hours/Days Worked* For Non-exempt Employees: Hours worked in conduct of District business, including travel to and from home or work, whichever is closer, and attendance at approved activities.

For Exempt Employees: Days worked in conduct of District business, including days used to travel to and from home or work, whichever is closer, and attendance at approved activities.

*Itemized Receipt* A credible, detailed receipt that includes the name of the business, date of the transaction, all items purchased, price per item and total cost. A copy of a credit card receipt or statement is not considered an itemized receipt.

*Meals* Meals incurred due to travel or for irregular circumstances encountered on District business.

*Mileage Reimbursement* Mileage for employees using their own vehicle for District business.

|                              |  |
|------------------------------|--|
| <i>Reimbursable Expenses</i> | Costs incurred while conducting official District business that can be reimbursed including travel-related expenses, food and beverages for special meetings, supplies for training, and small tools and equipment.  |
| <i>Petty Cash</i>            | Reimbursements within prescribed amounts that are processed within three business days of receipt.   |
| <i>Special Meeting</i>       | Any meeting that is not a regularly scheduled meeting. Examples of a special meeting include non-routine training, meeting with consultants that cannot be scheduled at another time, non-routine team meeting, etc.   |
| <i>Taxability of Meals</i>   | Meals reimbursed that are not in conjunction with an overnight stay or for the benefit of continued work are considered taxable income to the employee. Meals for recognition are also considered taxable income, except as determined by management to be de minimis. |
| <i>Travel</i>                | Travel to approved seminars, conferences, training, workshops, and educational and informational activities, with or without an overnight stay.  |
| <i>Travel Advance</i>        | Funds provided to an employee prior to travel to assist with payment of anticipated eligible expenses.   |

**Reimbursable Expenses** – The only eligible reimbursable expenses are listed in this section. If an expense is not specifically listed as reimbursable in this section or other sections of this policy, then the presumption is that it is not reimbursable. Any deviation of this presumption is to be approved by the Executive Team.

Specific provisions for all reimbursable expenses listed below are provided in this policy.

- Meals (up to the cap limits provided in this policy)
- Conference/Seminar Registration fees
- Hotel Lodging
- Airline seating in coach class
- Mileage Reimbursement
- Rental car/Taxis/Shuttles
- Miscellaneous Travel Expenses, including:
  - Tips (up to limits provided in this policy)
  - Baggage check fees
  - Airport parking in long-term/economy (lowest cost option)
  - Personal phone calls to home ( up to the limit provided in this policy)
- Condolence/Acknowledgement (Refer to [Policy 5335, “Expenditures for Acknowledgement of Birthday, Birth, Serious Illness or Death”](#), for allowable expenses)

*The following list shows examples of expenditures that are not reimbursable, but is not meant to be an exhaustive listing:*



- Alcoholic beverages
- Movies and entertainment
- A meal purchased to take the place of a meal that was included in the registration fee
- Meals or expenses (i.e., additional lodging expenses) for non-employees, unless there is prior management approval
- Valet parking, unless for medical purposes or no other off-site parking is available
- Airline Trip Protection Insurance, unless prior approval has been obtained from employee's Coach/Manager
- Early boarding priority

### **General Reimbursement Procedures**

All reimbursement requests should be submitted within a reasonable amount of time after the expense is incurred and should include:

- Completed [Expense/Payment Request Form](#) approved by employee's Coach/Manager
- Itemized receipts: If receipts are lost or not available, complete Section 3 of the [Expense/Payment Request Form](#) or attach a separate statement. Include all of the information listed in the definition for *Itemized Receipt* above.
- Pre-paid reimbursements: Employees submitting a reimbursement request for items paid by personal check (e.g. CWEA membership) must provide proof of payment with the invoice. Proof of payment can be a copy of the cancelled check (front and back) or a copy of the check with the bank statement showing the check has been cashed.

Approved [Expense/Payment Request forms](#) should be submitted to Accounts Payable for processing. Expense reports will be reviewed by Accounts Payable for completeness and compliance with this policy. Reimbursement requests that are incomplete or do not comply with the policy will be returned to the approver for appropriate action.

Reimbursements for less than or equal to \$50.00 will be paid through petty cash. Accounts Payable will forward approved petty cash reimbursement requests to the FIST/OST Administrative Specialist for payment within two business days of receipt. *Exception:* If needed, Administrative staff as specified in the Definitions section above may request advance petty cash for up to \$150 to purchase on-site business-related meals at the request of management.

- Approved Expense/Payment Request Forms should be forwarded to Accounts Payable for verification. The advance petty cash requested will be provided either the day before or the morning of the event
- Unused funds must be paid back to the District, either by cash or check, within 30 days.
- Failure to pay unused funds back within 30 days may result in disciplinary action being taken.
- Unused funds not returned to the District within 120 days of the advance will be added as taxable income as per IRS regulations.

### **Additional Rules and Requirements for Reimbursement**

#### ***Food & Beverages for Special Meetings***

- Snacks and/or beverages may be obtained for meetings at least three hours in length.

- A lunch or dinner meal may be provided for the benefit of continuing work with prior approval from Coach or Work Group Manager.
- Complete Section 7 of the [Expense/Payment Request Form](#).

### ***Meals for Seminars and Travel***

Meals associated with seminars or while traveling, including normally scheduled meals missed due to travel, are eligible for reimbursement. Reimbursements for meals not associated with an overnight stay are considered taxable income.

- The maximum allowable meal reimbursement for each day is \$75, with each meal, *including tip*, capped at:
 

|            |      |
|------------|------|
| Breakfast: | \$20 |
| Lunch:     | \$25 |
| Dinner:    | \$40 |
- The maximum reimbursable tip for meals is 15% of the total cost of the meal, excluding tax.
- An itemized receipt for each meal is required and should include the following:
  - ❖ Description of items purchased
  - ❖ Cost of the meal
  - ❖ Cost of all beverages
  - ❖ Tip
- Receipts for meals for groups while traveling should include the names of the employees consuming the meal. Cost will be divided equally among participants unless cost per participant is listed on either the receipt or the [Expense/Payment Request Form](#).

A copy of a credit card receipt or statement is not considered an itemized receipt and will not be accepted for reimbursement without the information listed below. This information may be included in Section 3 of the [Expense/Payment Request Form](#) or on a separate, attached statement.

- Description of all items purchased
- Cost of each item purchased
- Cost of any alcoholic beverages included with the meal
- Reason that an itemized receipt could not be obtained

### ***Conference or Seminar Registration Fees***

Conference or seminar registration fees may be pre-paid by the District, reimbursed to the employee or charged on a Cal-Card, with approval by employee's Coach/Manager.

- Pre-paid and Reimbursement requests should be completed on the [Expense/Payment Request Form](#) and must be approved by the Coach/Manager, then submitted to Accounts Payable for Processing.
  - Pre-paid requests must include completed registration form(s) and the complete name and address of payment recipient.
  - Reimbursement requests must include proof of payment.
- All payments using a Cal-Card must comply with the usage rules provided in the [Cal-Card Handbook](#) located on the Portal (Materials Management/Purchasing).

### ***Lodging***

- Overnight stays are permitted, with prior approval by the employee's Coach/Manager, if either of the following conditions apply:
  - ❖ The work day, including travel time, will exceed 13 hours
  - ❖ Multi-day conference/meetings that are greater than 50 miles from home or work
- A maximum of one night stay for every day of the conference. Additional overnight stay may be authorized for long-distance travel with prior approval of the employee's Coach/Manager.
- The allowed hotel expense is the cost of the conference hotel or less, or, the nearest "reasonable" accommodations.
- Government rates should be requested (bring your District ID card with you)
- Cardholders may **not** use Cal Cards to reserve hotel rooms or to pay hotel invoices.
- An itemized receipt from the hotel is required and must include detailed charges per room, per night. Lodging expenses submitted for reimbursement without this documentation may be denied, and if approved will be considered taxable income.

### ***Transportation***

Work hours for travel will be paid for whatever type of travel requires the least amount of time. For example, if it takes fewer hours to fly than drive, paid travel hours will be limited to the total time required to travel by air.

### ***Airfare***

Employees are strongly encouraged to book flights as early as possible to obtain the lowest cost coach class airfare. Do not elect trip protection insurance for airline flights unless you have received prior approval from your Coach/Manager. This expense will not be reimbursable unless such approval has been obtained.

Prior to booking a flight, employees and Coaches/Managers should check the "[Available Airline Vouchers](#)" on the [Accounting/Travel page](#) on the Portal to determine if any airline travel vouchers are available for use.

### ***Mileage***

- District vehicles should be used when available and reasonable to do so. If a District vehicle is not available, employees will be reimbursed for mileage for using their own vehicle. See [Policy number 1260 Vehicle and Equipment Usage](#).
- Mileage for approved uses of personal vehicles will be paid at the [current IRS mileage rate](#).
  - Reimbursement of mileage for workday travel will be made from employee's home or the District, whichever is closer. Reimbursement of mileage for non-workday travel will be made from employee's home.
  - Proof of mileage, using one of the free, on-line map/driving direction providers (e.g. MapQuest), must be attached to the reimbursement request.
- Employees who choose to drive rather than fly to an event will be reimbursed for the value of roundtrip airfare, including airport parking, or mileage to and from the travel destination, whichever is less.
  - Employees must provide and submit proof of airfare rates. To obtain this proof, go to the Southwest Airlines website at least 4 weeks in advance of travel or on

the date travel is approved. Calculate the round-trip airfare using the best available rate for the actual travel dates and nearest airport; then print and submit with your Expense/Payment Request Form.

- If Southwest does not fly to the required destination, use the best available airfare rates from a discount website (e.g; Expedia, Travelocity, etc.).

### ***Rental car***

- Use of a rental car and all associated fees must be authorized in advance by the employee's Coach/Manager.
- A rental car may be authorized by the Coach/Manager when cost of taxi or shuttle service exceeds the rental cost, or travel during the conference is required.
- Multiple employees going to same location are required to coordinate plans.
- The District has an account with Enterprise Rent-A-Car that should be used whenever possible when renting a car for District business. Rental car charges will be direct billed by Enterprise to the District. Employees should **not** elect optional insurance coverages as they are included in the District's rental rates.
- The Vehicle Class Type (size) allowed for use by three or fewer employees must have the lowest daily Short-Term Rental Rates provided by the current [Enterprise government contract](#) which can be found on the Accounting/Travel Page on the Portal. Employees using Enterprise may also rent an "Alternative Fuel Vehicle."
- If a different rental car company must be used due to unavailability of Enterprise, Vehicle Class Type (size) must be at the compact car rate or equivalent. The optional insurance coverages for Collision Damage Waiver and Supplemental Liability Protection should be elected.
- Instructions on renting a car from Enterprise are located on the Accounting/Travel Page on the Portal under "[Rental Car Reservation Instructions/Booking State of California Business Travel Reservations Online](#)."
- Spouses or other non-District individuals may not drive rental cars that have been authorized for District business unless the employee is incapacitated or there is an emergency rendering the employee unable to drive.
- Personal use of any rental vehicle, either from Enterprise or another vendor, shall be by a separate rental agreement between the employee and the vendor.
  - The employee will be individually responsible for payment arrangements to Enterprise or the alternate vendor, including the purchase of any insurances and other services.
  - Instructions on separately renting the same car from Enterprise for personal use are located on the Accounting/Travel Page on the Portal under "[Rental Car Reservation Instructions/Booking State of California Business Travel Reservations Online](#)"/"Reserve a Vehicle - Personal Use (in conjunction with business use)."

### ***Taxis/Shuttles:***

- Fees for taxis or shuttles may be reimbursed with receipts. Tip is limited to no more than 10% of fare.
- Employees are encouraged to use lowest cost options when traveling, including use of BART. Use of a taxi or shuttle to BART or airport is permissible. Total travel costs (taxi, shuttle, BART, AirBART Shuttle) will be reimbursable up to the equivalent cost of economy airport parking.

### ***Travel Advance***

The purpose of a travel advance is to assist employees in covering costs such as meals, taxis, parking, shuttles, tips, etc. If needed, employees may request a travel advance for each day that includes an overnight stay by submitting an approved [Expense/Payment Request Form](#) at least one week prior to travel. Rush checks are not provided for travel advances or pre-paid expenses.

- A travel advance of up to \$75.00 per day is allowed.
- Checks will be issued in the Accounts Payable check run immediately preceding the travel date.
- Employees must maintain receipts for all expenditures, complete an [Expense/Payment Request Form](#), and submit it for approval within 30 days of incurring the expenses.
- Approved [Expense/Payment Request Forms](#) should be forwarded to Accounts Payable.
  - ❖ Unused funds must be paid back to the District, either by cash or check, within 30 days. Failure to pay unused funds back within 30 days may result in disciplinary action being taken.
  - ❖ Unused funds not returned to the District within 120 days of the advance will be added as taxable income as per IRS regulations.

### ***Miscellaneous Travel-Related Expenses***

Miscellaneous travel-related expenses may be reimbursed with proper documentation and/or receipts provided with the Expense/Payment Request Form. Authorized miscellaneous travel expenses include:

- Tips for housekeeping (limit of up to \$2.00 per day)
- Tips for Bellhops, or skycaps (limit of \$1.00 per bag)
- Baggage check fees
- Parking fees (lowest cost option, no valet parking)
  - Airport (personal or District vehicle; traveling by air)  
**Note:** Employees with a valid Disabled Person Parking Placard may be reimbursed when using Disabled Person designated parking, which may have higher fees.
  - Hotel
    - District vehicle or personal vehicle if authorized in advance of travel by Coach/Manager, or
    - Rental car if authorized in advance of travel by Coach/Manager
- Personal phone calls to home (a maximum of 10 minutes per day). Calling Card or personal cell phone use is encouraged in lieu of calls made from hotels.
- Internet fees (for Unclassified Exempt employees). Internet fees for classified or unclassified non-exempt employees for the purpose of airline check-in may be approved by employee's Coach/Workgroup Manager.

### ***Travel Cancellation***

In the event that pre-paid travel is cancelled for any reason (i.e., cancellation of class, illness, etc.), all District pre-paid expenses must be reimbursed:

- Air fare:
  - Employee must immediately return ticket/flight confirmation printout/boarding pass, etc. to Accounts Payable.

- If the employee chooses to use the ticket for non-business purposes, he/she must reimburse the District for the cost of the ticket.
- Pre-paid expenses including registration, hotel, etc.:
  - Employees are responsible for seeking reimbursement for registration and/or travel arrangements they have made and following through to ensure those reimbursements are received. The employee's Coach is responsible for seeking reimbursement for registration and/or travel arrangements made by the District and following through to ensure those reimbursements are received.
  - Employees are not responsible for non-refundable expenses due to cancellations beyond their control. For reimbursement of these expenses, the employee must submit an [Expense/Payment Request Form](#) to his/her Coach along with appropriate receipts and the reason for the request noted in the "Description of Expense" section.
- Travel Advance:
  - Employee is responsible for returning funds to the District

### ***Team Recognition (Quarterly or Annual Events)***

- Coaches must pay for team recognition
- Cal Cards may not be used
- A list of employees who participated in the recognition event should be included in Section 7 of the [Expense/Payment Request Form](#).
- An itemized receipt is required.

### **Employee Responsibilities**

Employees are reminded to exercise good judgment in the expenditure of public funds.

*For non-travel related expenses, employees are responsible for:*

- Obtaining pre-approval for the expense from their team, Coach/Manager.
- Completing the [Expense/Payment Request Form](#), attaching itemized receipts, obtaining their Coach/Manager's approval
- Submitting the completed and approved [Expense/Payment Request Form](#) to Accounts Payable for reimbursement within 30 days of the expense

*For travel-related expenses, employees are responsible for:*

- Using the Travel Planner and providing to Coach/Manager before making travel arrangements.
- Obtaining approval of travel plans from their Coach/Manager as soon as possible so the best fees and fares available can be secured
- Working with management to review conference/training/etc. sessions to:
  - ❖ Determine which are appropriate to attend
  - ❖ Plan schedule to prevent overtime
  - ❖ Obtain prior approval when there is a deviation from the approved reservations
- Obtaining management approval for rental car
- Keeping accurate records of expenditures while traveling, including itemized receipts, for meals and lodging.
- Completing the [Expense/Payment Request Form](#), attaching itemized receipts, obtaining their Coach/Manager's approval

- Submitting the completed and approved [Expense/Payment Request Form](#) to Accounts Payable for reimbursement within 30 days of the expense

*Non-exempt Employees are also responsible for:*

- Providing an accurate record of hours worked as related to conference/training/etc. attendance and recording these hours on their timecard.

### **Accounts Payable Responsibilities**

Accounts Payable is responsible for:

- Reviewing reimbursements for completeness and compliance with this policy
- Forwarding reimbursements for less than \$50.00 to the FIST/OST Administrative Specialist for payment
- Processing payments for reimbursements greater than \$50.00

### **Management Responsibilities**

Management is responsible for:

- Ensuring employees are aware of this policy
- Reviewing, then approving; or denying any deviation from this policy
- Evaluating conference sessions to:
  - ❖ determine which are appropriate to attend
  - ❖ help plan employees' schedules to prevent overtime
- Examining submitted [Expense/Payment Request Forms](#) to ensure completeness of form and that all required documentation is attached
- Approving or denying employees' [Expense/Payment Request Forms](#) and processing them in a timely manner

### **References and Notes**

- [Accounting/Travel Page](#)
- [Cal-Card Handbook](#)
- [Current IRS Mileage Rate](#)
- [Expense/Payment Request Forms](#)
- [Policy Number 1260 Vehicle and Equipment Usage](#)
- [Policy Number 5335 Expenditures for Acknowledgement of Birthday, Birth, Serious Illness or Death](#)
- [Rental Car Reservation Instructions](#)
- [Petty Cash Procedure](#)

This revision supersedes the versions listed below, which are no longer effective.

| Title                               | Policy # | Effective Date |
|-------------------------------------|----------|----------------|
| Reimbursement Policy                | 2050     | 10/95          |
| Travel Policy and Procedures Policy | 2980     | 04/07          |
| Reimbursement and Travel Policy     | 2050     | 9/2/09         |
| Reimbursement and Travel Policy     | 2050     | 10/24/02       |
| Reimbursement and Travel Policy     | 2050     | 8/6/13         |

|                     |                           |
|---------------------|---------------------------|
| Approved by:        | Executive Team            |
| Notify person:      | Business Services Manager |
| Author/Owner:       | Business Services Manager |
| Reviewed by:        | Executive Team            |
| Revision frequency: | Every 3 years             |
| Next revision:      | 8/6/2016                  |

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## **EXHIBIT B**

## Proposal / Letter of Agreement

RFP # S-15-S-199

USD Public Website Redesign, CMS, and Hosting Services

Submitted By: Eric Johnson, Formula Design

Submitted To: Union Sanitary District (USD), Roslyn Fuller, Purchasing Agent

September 12, 2014

### 1. General Requirements

USD is in need of a redesigned website. Formula Design understands the need for an informational site that provides important information in an attractive and easy to use interface. The new site will have a robust home page with clear visuals and messaging. News and event modules will provide the user with up-to-date information. The site will be easy to navigate with simple menus and search capability. We will make sure the site looks great on tablets and smart phones as well.

Formula Design will provide multiple points for feedback. First, we will provide wireframes to provide feedback on layout and navigation of the site. Once those are approved, we will go through a design process providing several opportunities for design feedback. Finally, we will provide a prototype for an additional opportunity to see how the site works in action.

We recommend building the site in the Joomla Content Management System (CMS). This CMS provides many of the features you require or has extensions that will provide the functionality you need. We intend to stick with proven technology for the best possible security and updating capability. Too much custom code leads to insecure sites due to inability to update code as threats change. It also makes it so you can hire a wide range of contractors to resolve problems or make additions. Of course, we'd prefer that you hire Formula Design for all Web development work, but do not believe in creating propriety websites that trap you with our company.

See Attachment A for all answers regarding the website design and development, and hosting options we will provide.

### 2. Formula Design Qualifications and Experience

Formula Design has been in business for over 15 years. Our designers and developers have extensive experience (over 100 years experience among us). We built the current USD site 10 years ago, and relish the opportunity to design and develop a modern website. We enjoy working with USD, and have worked with many other local government agencies. We've built over 20 CMS driven websites in the last 5 years, so our skills and experience make us an ideal partner for Union Sanitary District.

### 3. Principal, Supervisory and Staff Qualifications and Experience

Formula Design uses a single point of contact for its projects, with a secondary contact as a backup. Eric Johnson will be your primary contact for this project. Phone and email will be used for most meetings, but we would like to meet in person or through Skype when there are important decisions to be made.

Eric Johnson | Creative Director | Branding

Eric has an appreciation for all forms of communication, believing good design can tell an entire story in just one frame. He has a design degree from Humboldt State University, and extensive branding experience. Eric is an expert in information design and interactivity.

Evgeny Marta | Web Developer | Joomla Expert

Evgeny is our Content Management System guru. He specializes in Joomla, creating all the module magic necessary to make this open source system work with the crazy designs we give him. He excels at making function look fantastic!

Steve McGuire | Senior Designer | Illustrator

Steve was a freelance illustrator for over 15 years before getting into graphic design. Today, he uses those art skills to enhance our client's brand through illustration and Web design. He has a knack for creating the perfect information graphics and imagery for Web editorial design.

Stan Ng | Programmer | Application Developer

Stan has recently fallen in love with Ruby on Rails, but still keeps in touch with Java, PHP, .NET, ASP, and other multi-letter languages. He is an expert with ecommerce, multimedia, and enterprise software development. Database design, Web, and software development are his specialties. He has a Computer Science degree from University of California, Irvine.

Jay Vilhena | Programmer | Application Developer

Jay is our Web application wizard. His ability to understand the Document Object Model, and make a complex application work across multiple browsers in multiple operating system is pretty incredible. In his spare time, he raises oysters.

#### 4. Similar Engagements and References with Other Government Entities

Formula Design has worked for many local government agencies on design projects. We've also designed and developed website for local governments and other organizations. Here are some examples:

Coast Fork Watershed Council | Website | <http://www.coastfork.org>

Here you will find a beautiful site that is created to provide quick access to news and events, donations, FaceBook, Twitter, and project locations. Notice how the Twitter feed provides up-to-the-minute content (which can also help with SEO).

ProSound and Stage Lighting | Ecommerce Website | <http://www.pssl.com>

PSSL is a large ecommerce website, which gives you a good idea of our organizational capabilities with a site that is filled with quite a bit of information. Even though this style is not what we would use for your site, it does show the capabilities of our developers.

*If you would like more examples, please contact us.*

Here is a list of recent clients you may contact for references.

Travis Palmer | Chamber of Commerce | Executive Director

We designed and developed a new site for the Cottage Grove Area Chamber of Commerce in Oregon. The new site includes much of the functionality USD requires. Contact Travis at (541) 942-2411 or email at [travis@cgchamber.com](mailto:travis@cgchamber.com).

Pam Reber | Coast Fork Watershed Council | Executive Director

We designed and developed a new site, signs, and logo for the Coast Fork Watershed Council. Their site also includes much of the functionality USD will need. The site link is listed above. Contact Pam at (541) 767-9717 or email at [coordinator@coastfork.org](mailto:coordinator@coastfork.org).

Matthew LaVelle | Lavelle Vineyards | Owner

We developed a new ecommerce web site for the winery, and provided professional photography. We are currently discussing label design and SEO services. Contact Matt at (541) 935-9406 or email at [matthew@lavellevineyards.com](mailto:matthew@lavellevineyards.com).

*For more references, just ask, or contact any of our clients who are available.*

#### 5. Specific Work Plan Methodology and Approach

**A. Web Development Process:** Formula Design follows a process that provides our client's with input at

several stages, helping to make sure form and functionality fit their needs. In each stage we provide 3 rounds of changes per proposal.

1. Functional Specification: Formula Design gathers all materials and research to put together a base outline for the project. We will search for any extensions to provide the best solution.
2. Wireframes: Formula Design creates base layouts that we call "wireframes." These wireframes are viewed by the client to show both architecture and functionality. They provide a way to visualize how things work before we move into the look and feel phase.
3. Web Design: Formula Design will provide 3 design comps with various styles based on initial feedback and research of the industry. When a direction is chosen, we provide 3 rounds of changes to make sure we arrive at the best possible solution.
4. Development: Once design is approved, we move the design into templates to be used in the chosen Content Management System (CMS). We build the site per functional specification.
5. Testing and Deployment: Formula Design will upload and test the site on its destination server. Once the final site is approved, we can go live.

**B. Usability Standards and Testing:** Usability is important to Formula Design. We make sure it is easy for users to find information through simple navigation and search. We also make sure the customer sees what our clients want them to see through messaging and imagery. All our sites are built using current WC3 Web Standards, and we test the sites on multiple browsers in both Mac and PC environments. Joomla is an ADA compliant CMS.

## 6. Public Website Content Management System Solution

**A. Technology Information:** Most Content Management Systems use a combination of PHP, HTML and CSS on the client side (website). We usually use Linux OS for the server side, but can use Windows or Mac if necessary. The final CMS we choose will be based on functional need. The systems we most often use are Joomla, WordPress, Drupal, and Magento. *For this project, we will most likely use Joomla.*

### B. Schedule of Deliverables

Design: Aggressive 6-7 Week Period

1. Functional Specification: 1 weeks for research and developing functional spec
2. Wireframes: 2 weeks to develop layout and functionality
3. Web Design: 4 weeks for 3 designs comps and 3 rounds of changes for final approved design

Development: 1.5-2.5 Month Period

4. Web Development: 1-2 months for development of site and initial prototype
5. Testing and Deployment: 1-2 weeks for testing, bug fixes, and deployment of site. We provide 30 days of free bug fixes after live date. After 30 days, all fixes will require a change order.
6. Training (after live date): 8 hours for training. This is good for 30 days beyond live date

## 7. System Requirements Proposal Form (Attachment A)

## 8. Budget/Cost Proposal

**A. Fixed Price:** Formula Design provides a fixed cost based on scope of work. Below is a Scope of Work for this project:

1. Web Design (Functional Specification, Wireframes, Web Comps, Final Designs): \$8,000
2. Web Development: (Templates, CMS Build, Testing, Deployment, Training): \$16,000

**Total Cost: \$24,000 (see Attachment)**

**Payment Terms**

Formula Design is charging a flat fee of \$24,000 if it remains within the scope of this document. Formula Design requests a payment schedule that would include a \$10,000 retainer fee, \$10,000 upon approval of Web design, and the remainder upon completion of scope. If the changes go beyond the scope provided, Formula will charge \$100 per hour. Payments are to be made in Net 15 days to avoid a 2% late fee compounded every 15 days.

**B. Hosting:** You may host the site on any server that is capable of supporting the CMS chosen. We provide hosting at \$50 a month. We do charge an hourly rate of \$100 for anything beyond 1 hour of work per month (i.e. adding multiple emails, etc.) We recommend using our service, because we can access the information you need at any time. We are not responsible for hosting issues if the site is on a 3rd party service. We can provide a \$1,000 option that includes monthly monitoring and updates of the site along with 10 hours of bug fixes. This can relieve the burden of updating the site in-house.

**C. Training and Style Guide:** Formula Design will provide training per this proposal. Editing the site will be through a Web Browser like Safari, Internet Explorer, or Firefox. You do not need any other software for site editing. For photo or graphic editing, you may need a copy of Photoshop. We will provide a style guide as part of this proposal.

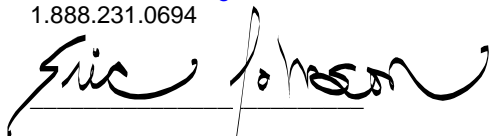
**D. Other charge areas:** Ongoing maintenance (not specified above), commercial photography, and any other work not specified will be at additional cost. Our hourly rate is \$100, but we recommend completing a change order for anything out of scope. We do consider any email for any changes not within scope of this document as a change order. Please, make sure we have included everything in our Scope of Work.

**Terms and Conditions:** These are additional terms per this agreement. Please, read them and contact us with any questions. We are open to hearing any suggestions or concerns.

1. USD agrees that Formula Design has permission to use all content, text and photos they provide Formula Design, and Formula Design is not responsible or liable for any of these materials.
2. Formula Design and USD can back out at any time due to artistic differences or otherwise. USD will be responsible to pay for all hours of each part of the project completed upon cancellation. Formula Design will provide a breakdown of hours as needed.
3. Legal fees Formula Design incurs due to non-payment will be the responsibility of USD.
4. USD agrees payments will be made within net 15 days of invoice receipt.

**Submitted By**

Eric Johnson  
Creative Director  
Formula Design  
[eric@formuladesign.com](mailto:eric@formuladesign.com)  
1.888.231.0694

**Approved By**

Roslyn Fuller | Purchasing Agent | Union Sanitary District  
5072 Benson Road  
Union City, CA 94587  
[roslyn\\_fuller@unionsanitary.ca.gov](mailto:roslyn_fuller@unionsanitary.ca.gov)

**XI. BUDGET AND COST PROPOSAL FORM**

A. Proposer is required to complete Budget and Cost Proposal Form.

**(NOTE: THIS IS NOT AN ORDER)****Public Website Redesign, CMS, and Hosting**

| Total Summary of Cost      | Year 1              | Year 2-5 | Total                               |
|----------------------------|---------------------|----------|-------------------------------------|
| Software                   | \$ 0                |          | \$ 0 (Joomla is open source)        |
| Implementation Services    | \$ 23,000           |          | \$ 24,000                           |
| Maintenance & Support      | \$ 100 per hour     |          | \$ 100 per hour                     |
| Other Services             | \$ 50 month hosting |          | \$ 600 year                         |
| <b>Grand Total (A+B+C)</b> |                     |          | <b>\$ 24,000 +600 (Yr) + Maint.</b> |

**A. Software**

Vendor Instructions: "Software" refers to any licensed or commercial software that is proposed and required to run and use the proposed solution. Customization and configuration are not included.

| Items #  | Desc                  | Manufacturer | Version /Build | Qty | Unit Cost | Discount | Total Cost    |
|----------|-----------------------|--------------|----------------|-----|-----------|----------|---------------|
| Year 1   | Photoshop Recommended | Adobe        | Cloud Version  | ?   | \$10 m    |          | \$ 120 a year |
| Year 2-5 |                       |              |                |     | \$        | \$       | \$            |
|          |                       |              |                |     | Total     | \$       | \$            |

**B. Implementation Services**

Vendor Instructions: "Implementation" refers to all costs associated with the customization and deployment of the system. The bidders should note that the implementation duration, start and end dates, staff numbers, rate, and costs MUST be consistent with and supported by the staffing plan, or the proposal may be rejected. Project management, reporting, and other administrative hours shall be included within the areas detailed below. All activities should be considered a fixed price bid.

| Legend           |   |
|------------------|---|
| Duration         | Measured in months; duration of the task area   |
| From Date        | Date task area begins   |
| To Date          | Date task area ends   |
| # of Staff       | Number of individuals assigned to task area: each must be identified in the staffing plan |
| Avg. Hourly Rate | Average bill rate for all individuals in task area, including all travel costs            |
| Total Hours      | Total hours of service provided for task area   |
| Total Cost       | Total cost of task area   |

| Task               | Duration | From Date | To Date | # of Staff | Avg Hourly Rate | Total Hours     | Total Cost       |
|--------------------|----------|-----------|---------|------------|-----------------|-----------------|------------------|
| Requirements       |          |           |         |            | \$ 100          | Flat Fee Based  | \$               |
| Customizations     |          |           |         |            | \$ "            | on Scope of     | \$               |
| Project Management |          |           |         |            | \$ "            | Work. Out of    | \$               |
| Testing            |          |           |         |            | \$ "            | cope work is at | \$               |
| Training           |          |           |         |            | \$ "            | \$100 per hour  | \$               |
| Cut-over Support   |          |           |         |            | \$ "            | rate.           | \$               |
| <b>Totals</b>      |          |           |         |            | \$              |                 | <b>\$ 24,000</b> |

**C. Other Services**

Please list the type of services that are proposed (example: 3rd party hosting services).

| Item Description   | Total              |
|--|--------------------|
| Hosting  | \$ 50 per month    |
| Maintenance Budget (Optional maintenace budget of 10 hours per month monitoring and bug fixes) | \$ 1,000 per month |
| <b>Totals</b>  | <b>\$</b>          |

## ATTACHMENT A

### SYSTEM REQUIREMENTS PROPOSAL FORM

| Code | Description  |
|------|--|
| I    | Included “off-the-shelf”                                   |
| CO   | Configuration (NO change in source code required)          |
| R    | Provided with Reporting Tool                               |
| CU   | Customization Required (change to source code required)    |
| NV   | Provided in the Very Next Version                          |
| TP   | Third Party Software Required to Fully Provide Requirement |
| NA   | Not Available  |

| Website |   |                |      |  |
|---------|---|----------------|------|--|
| Req. #  | Description   | Yes/No/Partial | Code | Vendor Comments/Solution   |
| 1       | Ability to meet and conform to ADA ( <a href="http://www.ada.gov">www.ada.gov</a> ), Section 508 ( <a href="http://www.section508.gov">www.section508.gov</a> ), WCAG ( <a href="http://www.w3.org/WAI/intro/wcag">www.w3.org/WAI/intro/wcag</a> ), and WAI ( <a href="http://www.w3.org/WAI">www.w3.org/WAI</a> ) accessibility standards. | Yes in CMS     | I/CO | Some Extensions may not meet ADA requirements and viability would need to be assessed. |
| 2       | Provide uniformity of design that is visually attractive, intuitive, and easy to use.   | Yes            | CO   | We'll go through a design process.   |
| 3       | Provide all features and functionality that exist on current website (vendors are strongly encouraged to carefully review the District's existing web presence at <a href="http://unionsanitary.ca.gov">unionsanitary.ca.gov</a> ).   | Yes            | I    | The CMS will provide all current funtions.   |
| 4       | Easily find District “Contact Us” information from all landing pages.   | Yes            | I    | We'll add this to CMS site design.   |
| 5       | Include the District's main phone number and email on the home page and landing pages.  | Yes            | I    | We'll add this to CMS site design.   |
| 6       | Ability to have a homepage slideshow feature where fresh pictures are displayed frequently.   | Yes            | CO   | We'll add extension for this feature.  |
| 7       | Robust, attractive modern carousel design for news and featured content items. Must allow the user to pause rotation and navigate between items using an easy to understand interface.  | Yes            | CO   | We'll add extension for this feature.  |
| 8       | Provide seasonal and/or varied background/color/style themes that can be quickly and easily be changed by the District's webmasters.  | Yes            | CO   | We'll add extension for this feature.  |

|    |   |         |    |   |
|----|---|---------|----|---|
| 9  | Robust search capability (i.e. Google or similar look and feel and functionality preferred). The search should allow the user to do keyword searches of the content included in PDFs and standard Microsoft Office documents.   | Yes     | I  | CMS has extensive search capability.                |
| 10 | Site map provided that auto updates to reflect webpage add/change/deletes.  | Yes     | CO | We'll add extension for this feature.               |
| 11 | Website shall have universal sizing to accommodate monitors of various screen resolutions and sizes.  | Yes     | CO | There are different ways to accomplish this.        |
| 12 | Consistent navigation on all pages, with the ability to change the delivered menus or navigational tools by the District's webmasters as needed.  | Yes     | I  | CMS has extensive menu capability.                  |
| 13 | Printer-friendly capability on every webpage.   | Yes     | CO | We'll add extension.                                |
| 14 | Easy creation and management of data collection forms that allow for data capture into database formats. Module that allows us to easily select pre-determined fields, but also provides the ability to customize fields as needed. Data should be submitted securely using standard web browser encryption features. | Yes     | CO | We'll add extension for this feature.               |
| 15 | Allow for supporting document files to be uploaded and attached to data collection forms.   | Yes     | CO | We'll add extension for this feature.               |
| 16 | Configurable automated notifications when visitors complete forms or other activities (e.g. permit request, contact us, etc.). Ability to route forms to appropriate staff.   | Yes     | CO | We'll add extension for this feature.               |
| 17 | Ability to use of E-Signature in forms.   | Partial | TP | We can set up with TP.                              |
| 18 | Develop and implement forms to enable initiation of the District's permitting process from the public website.  | Yes     | CO | We'll add extension for this feature.               |
| 19 | Capability for new vendors and emergency vendors to register online.  | Yes     | I  | CMS has account feature.                            |
| 20 | Capability to add support for electronic payments as an optional feature.   | Yes     | TP | This requires extension, and merchant account.      |
| 21 | Capable of viewing from all major operating systems (i.e. Windows, OS X, iOS, Android, Linux, etc.) and current versions of commonly used browsers (e.g. IE, Safari, Firefox, and Chrome).  | Yes     | I  | Will work when complete. Updates will be necessary. |



|    |   |         |       |   |
|----|---|---------|-------|---|
| 22 | Providing seamless access and rendering of the website from all major mobile devices (i.e. iPhones, iPads, Android phones, Android tablets, Windows phones, Windows tablets, etc.). Pages should render clearly so they are easy to view and navigate on smaller screens. | Yes     | I/CO  | The CMS will have some features, but the CSS template design is key to success. |
| 23 | Ability to link to other District pages and systems, external webpages, and outsourced e-commerce servers from any page within the new website.   | Yes     | I     | CMS allows for this.  |
| 24 | Support for content and/or page based subscription capabilities such as RSS.  | Yes     | CO    | We can add extension.   |
| 25 | Support for a repository of current and archived District news stories or announcements.  | Yes     | I/CO  | CMS has some capability, but we recommend ext.                                  |
| 26 | News stories or announcements can be posted to one or more twitter feeds, Facebook pages, and/or other social media as they are posted to our website.  | Yes     | CO    | We'll add extension for this feature.   |
| 27 | Ability to support District blog(s).  | Yes     | I     | CMS supports this.  |
| 28 | Ability to control access to some areas of the website through user ID and password.  | Yes     | I     | CMS supports this.  |
| 29 | Ability to activate a banner at the top of all pages to alert citizens in case of breaking news or disaster. Click on banner to navigate to page with additional information and/or updates.  | Yes     | I/CO  | CMS supports this, but there are extensions that make it easier.                |
| 30 | Robust site usage and statistics tracking (to the page level) to allow the City to analyze how the public is using the website.   | Yes     | CO    | We use Google Analytics.  |
| 31 | Design architecture allows website to be rendered on older devices and operating systems within two seconds.  | Partial | I     | Rendering is subject to users access speed.                                     |
| 32 | Ability to link to social networking sites, including multiple accounts in each service. Sites desired include: Facebook, Twitter, Youtube, Vimeo, Flickr, Nixle, Next Door, and Pinterest.   | Yes     | CO    | We'll add extension for this feature.   |
| 33 | Allow District to embed its own feeds from Twitter, YouTube, Facebook, etc.   | Yes     | I/CO  | CMS supports this, but we use extensions.                                       |
| 34 | Ability to embed selected items from social media sites directly into webpages, e.g. a video on YouTube or Vimeo, an image with caption on Facebook or Instagram, a blog post, or posts from Twitter.   | Yes     | CO/TP | Each site may require different code or embedding process.                      |

|    |   |     |         |  |
|----|---|-----|---------|--|
| 35 | Ability to enlarge photo with one click within a sub-window so users are not forced to leave current page.  | Yes | I       | We'll use extension.   |
| 36 | Provide measures that prevent security breaches and access to confidential data collected and stored. The security methods of the website can withstand security attacks including, but not limited to, Cross Site Scripting (XSS), Cross Site Request Forgeries (CSRF), and SQL Injection.   | Yes | I/CO/TP | Keeping the CMS updated is the best solution, but there are third party monitoring options too. We are happy to discuss these. |
| 37 | Support "breadcrumb" type navigation.   | Yes | I       | In CMS.  |
| 38 | Interactive calendars for District events, Board Meetings, Holidays, and available tour or presentation dates.  | Yes | CO      | We'll use extension to provide the functions you need.   |
| 39 | Ability to support calendaring via iCal or similar technology. Will allow user to import event into own calendar application such as Outlook.   | Yes | CO      | "  |
| 40 | Ability to filter District calendar by type of event, i.e. Holidays, Board Meetings, Special Events, etc.   | Yes | CO      | "  |
| 41 | Calendar should have the ability to be searchable, share events on social media, have locations (with maps), and include images.  | Yes | CO      | "  |
| 42 | Allow website users to submit requests from the calendar for outreach presentations, tours, etc. on selected dates.   | Yes | CO      | "  |
| 43 | Provide innovative ideas and recommendations for maximizing the District's web presence. Please provide additional recommendations that may not be covered in the specified requirements.   | Yes | CO      | We'll work with you during the design process to discuss how text and graphics can provide better messaging.                   |
| 44 | Availability of 24 hour telephone support with a maximum 4 hour response.   | Yes | TP      | Hosting and monitoring have 24 hr support.   |
| 45 | Ability to promote District events or news on the website through a banner or announcement management system.   | Yes | I/CO    | CMS provides this function, but we can add an extension for better control.  |
| 46 | URL's should be meaningful for better bookmarking and search engine use.<br>Example:<br><a href="http://www.unionsanitary.ca.gov/board/members.html">http://www.unionsanitary.ca.gov/board/members.html</a><br>is preferred to<br><a href="http://www.unionsanitary.ca.gov/index.do?sid=23939">http://www.unionsanitary.ca.gov/index.do?sid=23939</a> . | Yes | I       | CMS has search engine friendly URL capability.   |

|    |  |     |       |   |
|----|--|-----|-------|---|
| 47 | The District's existing QR codes must link to proper web pages.  | Yes | I/CO  | We can use redirects.   |
| 48 | Provide a calculator widget.   | Yes | CO    | Extension.  |
| 49 | The website should be able to include configurable pages of contacts at the District. This directory should include a position, name of current person in that position, phone number, and email address. The email address should be a live email link to directly email a question and/or a form to allow the user to submit a question.   | Yes | I/CO  | There are some excellent directory extensions we would use for this.                          |
| 50 | A "How do I?" or quick links feature to allow users to quickly find popular topics.  | Yes | I     | Easy to set up.   |
| 51 | Enable content from various sources to be organized together by type of customer, e.g. Residential, Home Owner, Restaurant, Commercial, Industrial, Plumber, etc.  | Yes | I     | CMS uses category structure out of the box.   |
| 52 | Use of several types of quick links in a visually appealing design that is easily seen by customers. More than one type of quick link design on the home and landing pages. Quick links may include icons or photo icons.  | Yes | CO    | We can provide many options that cover design and function for easy access to content.        |
| 53 | Dropdown menus that aren't frustrating to use, don't require going back to the parent item to scroll.  | Yes | I     | Menus are built in with modern code. We also create redundant side menus for ease of use.     |
| 54 | Website should be capable of future integration with other USD information systems.  | Yes | I/CO  | It's easy to add new content and function later.  |
| 55 | Website should be able to connect to a custom web service to display live content, such as treatment plant current flow (MGD).   | Yes | CO/TP | Streaming may require additional software or 3rd party (API).                                 |
| 56 | Redirect requests for <a href="http://www.unionsanitary.com">www.unionsanitary.com</a> to <a href="http://unionsanitary.ca.gov">unionsanitary.ca.gov</a> with original directory file path included, e.g. <a href="http://www.unionsanitary.com/lateral">www.unionsanitary.com/lateral</a> should redirect to <a href="http://unionsanitary.ca.gov/lateral">unionsanitary.ca.gov/lateral</a> | Yes | CO    | There are extensions that make redirects easy.  |
| 57 | Provide informative landing page for requests for any directory file path that does not exist (i.e. 404 File not found); include a summary site map in the body of the page.   | Yes | I     | This is provided by CMS.  |
| 58 | Maintenance agreement that allows for implementation of new technologies (e.g. new social media products, new ways to submit forms and payments).  | Yes | -     | We can provide a maint. agreement for updates, but some additions may require a change order. |

| <b>Content Management System (CMS)</b> |   |     |      |  |
|--|---|-----|------|--|
| 59                                     | Provide a comprehensive “full function”, web-based, easy to use solution that includes, but is not limited to, template creation, security and approval levels, WYSIWYG content editor, versioning, content scheduling, etc.  | Yes | I    | We would use Joomla Content Management System for its flexibility and ease of use. |
| 60                                     | Ability to set system to automatically update content upon approval of edited page.   | Yes | I    | Built in.  |
| 61                                     | Ability to schedule system to automatically add/update/delete content upon approval of edited page and schedule.  | Yes | I    | Built in.  |
| 62                                     | Ability to give a District staff member both edit and approval for their designated areas of responsibility as well as to assign proxies during periods of absences.  | Yes | I    | Built in.  |
| 63                                     | Do not allow deleted pages to be accessible via search.   | Yes | I    | Built in.  |
| 64                                     | Comprehensive training and user help documentation.   | Yes | I    | Help documents are in the CMS, and we provide additional help.                     |
| 65                                     | Provide spell-check and grammar correction functionality.   | Yes | CO   | We can add extension for text editor that uses browser SC.                         |
| 66                                     | Support allowing staff to post various file types on web pages for viewing and/or downloading (e.g. xls, .tif, .bmp, .jpg, .png, .pdf, etc.).   | Yes | I    | Built in.  |
| 67                                     | Support viewing of video and/or photo galleries from District-provided content or allow links to photo galleries and videos hosted on another site.   | Yes | I/CO | We'll add extension to make this easy.   |
| 68                                     | Support the posting of maps and allow dynamic linking to a GIS website, Google Maps, Bing Maps, etc.  | Yes | CO   | We'll add extension to make this easy.   |
| 69                                     | Allow content editors flexibility in determining size and position of page features such as photographs.  | Yes | I    | Built in.  |
| 70                                     | Ability to map (alias) key pages to direct URLs for marketing or outreach purposes and ease of access (e.g. <a href="http://unionsanitary.ca.gov/lateral">http://unionsanitary.ca.gov/lateral</a> would be the link to the lateral information webpage, regardless of the actual page name in CMS). | Yes | CO   | This is done with redirects.   |
| 71                                     | Provide comprehensive audit capability to see who is modifying what and when.   | Yes | I    | Built in.  |

|    |  |         |       |  |
|----|--|---------|-------|--|
| 72 | Automatic replication of navigation and menu changes to all related pages with no additional data entry.   | Yes     | I     | This works in most cases. Some links may need to be checked after changes.   |
| 73 | Ability to add, change, and/or delete links between pages and/or to other websites as needed, with no vendor intervention required.  | Yes     | I     | This works in most cases. Some links may need to be checked after changes.   |
| 74 | Ability to use CMS with IE, Firefox, and Chrome on Windows now (currently IE 9 on Windows 7) and in the future (e.g. IE 11+ on Windows 8+).  | Yes     | I     | CMS must be updated as new versions come out.  |
| 75 | Ability to use CMS with Safari on OS X now and in the future.  | Yes     | I     | CMS must be updated as new versions come out.  |
| 76 | Provide training for site administrators and content contributors. Conduct training in person with additional resources available by webinar if needed. District will provide training room with a trainer workstation, projector display, and 6 to 12 training workstations all with USD network and Internet access. | Yes     | -     | We can provide in-person training once site is built and ongoing help as needed. We want to make sure the site is updated frequently, and feel the best way for this to happen is with proper training and help documentation. |
| 77 | Provide a training plan, including classes and subjects, materials to be provided, and schedule.   | Yes     | -     | To be scheduled as needed.   |
| 78 | Provide stylebook and best practices guide, intended for content contributors to follow. Should include instructions to apply stylesheets and templates, best practices for visually appealing layout, etc.  | Yes     | -     | We will provide a guide to using the website for items not covered within the help documentation.  |
| 79 | Allow CMS to be accessible by authorized users via external access, i.e. outside of the District's internal network.   | Yes     | I     | Built in.  |
| 80 | Provide the ability to archive outdated documents and images.  | Yes     | I     | Depending on number of items, you may want a dedicated server.   |
| 81 | Ability to optimize uploaded pictures and graphic files for quickest page loading.   | Partial | TP    | Photo editing requires a program like PhotoShop.   |
| 82 | Ability to create and manage document galleries to organize and publish documents according to subject matter.   | Yes     | I/CO  | Built in, but we use ext. with more capability.  |
| 83 | Ability to specify a publishing schedule for specific content.   | Yes     | I     | Built in.  |
| 84 | Support for versioning and indexing of content to meet legal and policy-based Records Retention and Retrieval requirements.  | Yes     | I     | There are built in capabilities.   |
| 85 | Provide multi-lingual Content Integration with website content translation capabilities.   | Yes     | CO/TP | Extensions allows use of Google Translate.   |

|                    |  |             |      |   |
|--------------------|--|-------------|------|---|
| 86                 | Ability to reorganize content to different sections of the website/intranet without manually changing content links.   | Yes/Partial | I    | Links to files are directory based. Moving items within the system can work, but moving files outside teh CMS will not. |
| 87                 | Ability to apply approved customized look and feel within different departments/services while maintaining global navigation and website common look and feel. | Yes         | CO   | The CMS can be configured to do this. It should be covered during the design process.                                   |
| 88                 | The CMS handles version control that allows a page, section or the whole website to be rolled back to a previous revision or point in time.                    | Yes         | I    | Built into newer CMS.   |
| 89                 | The CMS handles file storage to maintain historical, existing, and future records with version control.  | Yes         | I/CO | Some custom settings required.  |
| 90                 | User groups and community for proposed CMS   | Yes         | I    | Accounts in CMS.  |
| 91                 | Process to add new requirements post-implementation  | Yes         | -    | Changeorder required.   |
| <b>Web Hosting</b> |  |             |      |   |
| 92                 | Provide hosted website in secure, state-of-the-art data center (vendor owned or 3 <sup>rd</sup> party).  | Yes         | TP   | We use 3rd party hosts.   |
| 93                 | Indicate if website will be hosted in vendor owned and operated data center. If not, then identify 3 <sup>rd</sup> party providing hosting.                    | Yes         | TP   | Hostgator is preferred.   |
| 94                 | Host website in redundant facilities in the event the primary facility is inaccessible from the internet.  | Yes         | TP   | Hostgator provides this.  |
| 95                 | Service provider must demonstrate that they have adequate controls and safeguards when hosting or processing data belonging to their customers.                | Yes         | TP   | We can discuss specs and range of services.   |
| 96                 | Provide hosted website on high availability hardware architecture (i.e. virtualization).   | Yes         | TP   | Upgrades often.   |
| 97                 | Provide hosted website in data center located outside the Federal Emergency Management Agency (FEMA) 50 year flood plain.                                      | Yes         | TP   | Texas and other locations.  |
| 98                 | Provide website hosting Service Level Agreement (SLA) with at least 99.9% uptime.  | Yes         | TP   | They provide 99.9% uptime.  |

## ATTACHMENT B

### NON-COLLUSION AFFIDAVIT

(Note: to be submitted with Proposer's proposal)

I, Eric Johnson, am the

(Print Name)

Creative Director/Owner of Formula Design,

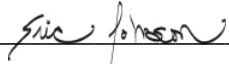
(Position/Title)

(Name of Company)

the party making the foregoing bid (the "Bidder") that the bid is not made in the interest of, or on behalf of, any undisclosed person, partnership, company, association, organization, or corporation; that the bid is genuine and not collusive or sham; that the Bidder has not directly or indirectly induced or solicited any other bidder to put in a false or sham bid; and has not directly or indirectly colluded, conspired, connived, or agreed with any bidder or anyone else to put in a sham bid, or that anyone shall refrain from bidding; that the Bidder has not in any manner directly or indirectly, sought by Agreement, communication, or conference with anyone to fix the bid price of the Bidder or any other bidder, or to fix any overhead, profit, or cost element of the bid price, or of that of any other bidder, or to secure any advantage against the public body awarding the contract of anyone interested in the Bid contract; that all statements contained in the bid are true; and, further, that the Bidder has not, directly or indirectly, submitted his or her bid price or any breakdown thereof, or the contents thereof, or divulged information or data relative thereto, or paid, and will not pay, any fee to any corporation, partnership, company, association, organization, bid depository, or to any member or agent thereof to effectuate a collusive or sham bid.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct:

Print or Type Name: Eric Johnson

Authorized Signature: 

Company Name: Formula Design

Date: 09/12/2014



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

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

David M. O'Hara  
*Attorney*

**DATE:** November 26, 2014

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

**FROM:** Paul R. Eldredge, General Manager/District Engineer  
Rich Cortes, Business Services Manager  
Maria Scott, Principle Financial Analyst  
Debi Kull, Senior Accountant

**SUBJECT:** Agenda Item No. 8 – Meeting of December 8, 2014  
**AMEND THE INVESTMENT POLICY TO ALLOW PURCHASE  
OF SENIOR DEBT OBLIGATIONS OF THREE SPECIFIC  
“SUPRANATIONALS”**

**Recommendation:**

Amend the Investment Policy to allow purchase of senior debt obligations of three specific “supranationals”.

**Background:**

Per Investment Policy No. 2030, “Staff shall report to the Board in advance of initiating any new investments not used at the time of the latest policy revision.” This past legislative session, AB 1933 was signed into law. The bill added subsection (q) to Government Code Section 53601 which adds an allowable investment. The new section reads: *United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or the Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated “AA” or better by an NRSRO and shall not exceed 30 percent of the agency’s moneys that may be invested pursuant to this section.* The new section becomes effective January 1, 2015.



Staff recommends amending the District's Investment Policy to allow investment in the three "supranationals" listed in the new law, effective January 1, 2015.

A supranational is a multi-lateral international financial institution in which member nations contribute capital and participate in its management. These institutions have been used to finance economic and infrastructure development, environmental protection, poverty reduction and renewable energy in many countries. The three supranationals in the legislation are rated AAA by both S&P and Moody's. Attached is a fact sheet from The World Bank that contains further details as well as the amended Investment Policy.

Attachments: World Bank Supranationals Fact Sheet; Investment Policy

# THE WORLD BANK AND OTHER TRIPLE-A SUPRANATIONALS

## FACT SHEET

### Why care about Supranationals?

**Replacement for a shrinking supply of GSEs** The universe of liquid triple-A bond issuers available to US investors has reduced dramatically and the issuance by government sponsored enterprises (GSEs) - such as Fannie and Freddie - is shrinking.

**Investment in safe haven assets** Investors now need alternative investment options that allow them to protect the credit quality and financial value of their portfolios, while still adding value to their portfolio performance goals.

**Diversification of AAA portfolios** The triple-A supranational, or "supra" sector is getting increased attention from portfolio managers and government investment officers in the US who have the fiduciary responsibility to protect the high credit quality of their portfolios, while offering their constituents a stable return or their budgets more income than possible from the US Treasury market.

### How Supras & GSEs compare

**Similarities** Although supranationals cannot replace US agencies in terms of volume, they are an asset class that satisfies many requirements for US investors with conservative portfolios. These include

- USD borrowers: supranationals based in the US with mostly USD-based lending will rely more on funding in USD
- SEC exemptions: supranationals with the US as a major shareholder may benefit from exemptions that are similar to those for Fannie and Freddie
- debt products/pricing: Some supras offer US\$ callables and FRNs comparable to agencies
- bond features: supras share other features specific to bonds issued by the US agencies and US Treasury bonds, like settling USD benchmark bonds through Fedwire.\*

**Differences** In addition to a smaller funding program compared to GSEs, some of the other basic differences include (but are not limited to)

- mission: Supras are charged with a global development mandate to help reduce poverty and improve standards of living.
- lending limits: Supras have strict lending limits, including cannot lend more than their capital plus reserves.
- sponsorship: Supras have the backing of a board of many governments of which the US is usually a major shareholder.

\* Other supranationals who do not have the US as a major shareholder may still issue bonds in the US market, but they may clear these bonds through DTC rather than Fedwire and they would issue them under fully SEC registered documentation.

### What is a Supranational?

**Supranationals** are international organizations owned by many different countries – like 188 countries for the World Bank – that operate under conservative financial policies.

**The main purpose of supranationals** is to work with member countries in different areas and help them reach their development goals in an environmentally and socially sustainable way.

**Supranationals as issuers** Sometimes referred to as Multilateral Development Banks, or MDBs, supranationals fund their activities by borrowing in the international capital markets.

**Key features** which supras share include

- Triple-A rated
- 0% risk weighting with Basle II and III
- Financial strength based on
  - quality loan portfolio (preferred creditor status)
  - conservative risk management
  - substantial liquidity and consistent profitability
  - strong capitalization
  - diversified, sovereign shareholders
- Issuers of US\$ global benchmarks
- Issuers of only senior, unsecured debt
- Benchmark bonds included in major USD and global indices

**Supranationals are part of the "Sovereign Supranational and Agency" sector (SSAs)** that bankers often refer to. The SSA borrower class is often discussed together by market professionals, but even within the SSA sector the credit for each issuer is different and should be carefully evaluated.



The US is the largest shareholder of most supranationals, including: Asian Development Bank (ADB), European Bank for Reconstruction and Development Bank (EBRD), Inter-American Development Bank (IADB), International Finance Corporation (IFC), and the World Bank (IBRD).

# THE WASHINGTON SUPRAS

The Washington Supras are the supranationals headquartered in Washington, DC and seem to be especially interesting for US investors with conservative investment strategies due to their triple-A credit, the fact that the US is their largest shareholder, and because they issue similar products to those issued by GSEs, like US\$ benchmark bonds, callables and short-term discount notes.

These Washington Supras are the following:

- **International Bank for Reconstruction and Development (IBRD)**, known as “The World Bank”, established in 1944. The World Bank’s headquarters are in Washington, DC. It works with member countries to promote equitable and sustainable economic growth, by providing financing and risk management solutions directly to sovereign governments - globally. More information is provided below.
- **International Finance Corporation (IFC)**, part of the World Bank Group, created in 1956. Its headquarters are in Washington, DC. It provides investments and advisory services to build the private sector in developing countries.
- **Inter-American Development Bank (IADB)**, established in 1959. Its headquarters are in Washington, DC. It supports efforts by Latin America and the Caribbean countries to reduce poverty and inequality.



The World Bank main headquarters, Washington DC

## SUPRA CASE STUDY: THE WORLD BANK

### Development cooperative

The World Bank (International Bank for Reconstruction and Development, or IBRD) is an international organization owned by 188 countries. These shareholders are also its borrowers.

The World Bank provides development funding and consulting services directly to governments of “middle-income countries” like Mexico and Brazil, in areas such as education, health, environment, transportation, energy and infrastructure.

### Issuer

To fund its international development activities, IBRD raises about US\$25 - US\$35 billion a year in the capital markets through hundreds of bond transactions offered to investors around the world in different currencies, maturities and structures.

The World Bank is rated triple-A and has been issuing bonds in the capital markets for more than 60 years.

### Financial Strength

The World Bank’s high credit rating, strong balance sheet and conservative financial policies, and shareholder support, make World Bank bonds an attractive investment for many official sector and other investors who, like central banks, are looking for high quality assets.

### The United States and the World Bank

The relationship between the U.S. government and the World Bank is most similar to that between the government and an instrumentality.

The US Secretary of the Treasury sits on the World Bank’s Board of Governors, the World Bank’s highest governing body.

The World Bank is treated as an “exempt issuer” under the US securities laws since 1949 in recognition of its status as an international organization in which the U.S. is the largest shareholder (with about 16%).

The United States’ membership in the World Bank was authorized by a federal statute known as the Bretton Woods Agreements Act (22 U.S.C. 286 et seq.)

The World Bank looks forward to continuing to provide support to US investors so that they may consider supranationals when looking for safe investments.

A list of World Bank bonds and details on World Bank Discount Notes can be found on Bloomberg under (IBRD <Go> or IBRD <GOVT> <Go>).

More information for investors on World Bank bonds and a list of recent bonds showing financial distributors of our bonds is available at:

<http://treasury.worldbank.org/capitalmarkets>

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|-------------------|--------------------------|------------------------------------|
| Effective: 1/1/15 | <b>Investment Policy</b> | Policy Number 2030<br>Page 1 of 17 |
|-------------------|--------------------------|------------------------------------|

## **I. INVESTMENT POLICY**

### **A. Purpose**

The purpose of the Union Sanitary District's ("USD") Investment Policy is to establish clear guidelines for the investment of all USD funds. USD funds invested shall provide sufficient cash flow to meet current and expected operating expenses and to fund capital requirements as described in USD's 10-year Capital Improvement Program and 10-year Financial Plan.

### **B. Policy**

1. USD sets forth this Investment Policy for the following purposes:
  - a. To establish a clear understanding for the Board of Directors, USD management, responsible employees, citizens and third parties of the objectives, policies and guidelines for the investment of USD funds;
  - b. To offer guidance to investment staff and the external investment adviser on the investment of USD funds; and
  - c. To establish a basis for evaluating investment results.
2. USD establishes investment policies which meet its current investment goals.
3. USD shall review this policy at least once annually, and may change its policies as investment objectives change.

### **C. Objectives**

The objectives of this investment policy are, in order of priority:

1. To assure ongoing compliance with all Federal, State and local laws governing the investment of public funds;
2. To ensure safety of invested funds;
3. To maintain sufficient liquidity to meet cash flow needs; and

4. To attain a “market average rate of return” consistent with the primary objectives of safety and liquidity. The expected rate of return on USD’s portfolio is more specifically defined in Section IV.

#### **D. Prudence**

1. The Prudent Investor Standard shall be used by investment officials, and shall be applied in the context of managing an overall portfolio. Investment staff acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported within 30 days and appropriate action is taken to control adverse developments.
2. The Prudent Investor Standard: When investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, a trustee is authorized to acquire investments as authorized by law.

#### **E. Ethics and Conflicts of Interest**

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

## **II. OPERATIONS AND PROCEDURAL MATTERS**

#### **A. Scope**

This investment policy applies to all financial assets and investment activities of USD with the following exceptions:

1. USD’s Deferred Compensation Plan is excluded because it is managed by a third party administrator and invested by individual plan participants; and
2. USD’s retiree medical trust held with CalPERS (the CERBT Trust) is excluded since the assets of the plan are invested and managed by CalPERS.

3. USD's pension assets held with CalPERS are excluded since the assets of the plan are invested and managed by CalPERS.
4. Proceeds of debt issuance shall be invested in accordance with the general investment philosophy of USD as set forth in this policy; however, such proceeds are invested in accordance with permitted investment provisions of their specific bond indentures.

## **B. Delegation of Authority**

1. Authority to manage USD's investment program is derived from the California Government Code Sections 53600 et seq., and USD's Charter.
2. With the approval of the Board of Directors, USD may engage the services of an external investment advisor to assist in the management of USD's investment portfolio in a manner consistent with USD's objectives. Such external investment advisors may be granted discretion to purchase and sell investment securities in accordance with this Investment Policy. Such discretion will be subject to oversight and other restrictions which are to be described in a written agreement. Such advisor must be registered under the Investment Advisers Act of 1940.
3. In accordance with Government Code Section 53607, the Board of Directors delegates to the General Manager/Treasurer, or his designee, the authority to invest, sell or exchange securities. This delegation of authority must be reviewed, and if still applicable, renewed on an annual basis. The Board shall receive a monthly report of the transactions conducted on its behalf.

## **C. Internal Controls**

The General Manager/Treasurer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the entity are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As part of the annual financial audit, USD's external auditor will perform a review of investment transactions to verify compliance with policies and procedures.

## **D. Delivery vs. Payment**

All investment transactions of USD shall be conducted using standard delivery-vs.-payment procedures.



**E. Safekeeping of Securities**

To protect against potential losses by collapse of individual securities dealers, and to enhance access to securities, interest payments and maturity proceeds, all securities owned by USD shall be held in safekeeping by a third party bank trust department, acting as agent for USD under the terms of a custody agreement executed by the bank and by USD. The only exception to the foregoing shall be depository accounts and securities purchases made with: (i) local government investment pools; (ii) time certificates of deposit, and, (iii) money market mutual funds, since the purchased securities are not deliverable. Evidence of each of these investments will be held by USD.

**F. Qualifications and Selection of Broker/Dealers**

USD's procedures shall be designed to encourage multiple bids and offers on investment transactions from an approved list of broker/dealers.

For any investments not purchased directly from the issuer, USD shall transact business with security broker/dealers after careful review of their qualifications and creditworthiness. All dealers who desire to do business with USD shall provide the necessary information (e.g. audited financial statements, proof of state registration, proof of Financial Industry Regulatory Authority ("FINRA") registration, etc.) from which USD can determine their creditworthiness, the existence of any pending legal action against the firm or the individual broker, as well as an understanding of the security markets that they service. USD shall maintain a list of authorized broker/dealers which are approved for investment purposes, in the state of California, and it shall be the policy of USD to purchase securities only from authorized institutions or firms.

USD shall annually send a copy of the current investment policy to all broker/dealers approved to do business with USD. Confirmation of receipt of this policy shall be considered evidence that the dealer understands USD's investment policies and intends to present USD only appropriate investments authorized by this investment policy.

For transactions initiated through an external investment advisor, the investment advisor may use their own list of approved broker/dealers and financial institutions, which it will maintain and review periodically.

USD shall review broker/dealers at least every six years to determine whether any changes need to be made regarding the current list of approved firms.

### **III. PERMITTED INVESTMENT AND PORTFOLIO RISK MANAGEMENT**

#### **A. Authorized Investments**

All investments shall be made in accordance with Sections 53600 et seq. of the Government Code of California and as described within this Investment Policy. Within the investments permitted by the Government Code, USD seeks to further restrict eligible investment to the investments listed below. In the event an apparent discrepancy is found between this Investment Policy and the Government Code, the more restrictive parameters will take precedence. Percentage holding limits listed in this section apply at the time the security is purchased. Credit ratings, where shown, specify the minimum credit rating category required at purchased without regard to +/- or 1,2,3 modifiers.

1. Securities issued by the US Treasury. There is no limitation as to the percentage of the portfolio that may be invested in this category.
2. 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, provided that there shall be no maximum allowable investment in such securities; however purchases of currently callable Federal Agency obligations are limited to a maximum of 20 % of the portfolio. In addition, purchases of Federal Agency mortgage-backed securities issued by or fully guaranteed as to principal and interest by government agencies are limited to a maximum of 20 % of the portfolio.
3. Banker's acceptances, provided that:
  - a. They are issued by institutions the short term obligations of which are rated a minimum of "A1" or its equivalent by two; or , if the short-term obligations are unrated, the long-term obligations of which are rated a minimum of "A" by a Nationally Recognized Statistical Rating Organization (NRSRO);
  - b. The maturity does not exceed 180 days; and
  - c. No more than 40% of the total portfolio may be invested in banker's acceptances.
4. Bank Deposits. FDIC insured or fully collateralized demand deposit accounts, savings accounts, market rate accounts, time certificates of deposits ("TCDs") and other types of bank deposits in financial institutions located in California. Bank deposits shall meet the requirements for deposit under Government Code Section 53630 et. seq. To be eligible to receive USD deposits, the financial institution must have received a minimum overall satisfactory rating



for meeting the credit needs of California Communities in its most recent evaluation, as provided in Government Code Section 53635.2. Deposits are required to be collateralized as specified under Government Code Section 53630 et. seq. The General Manager/Treasurer, at his or her discretion, may waive the collateralization requirements for any portion that is covered by federal deposit insurance. USD shall have a signed agreement with all depositories receiving USD deposits per Government Code Section 53649. The maturity of time deposits may not exceed 5 years. There is no limit on the percentage of the portfolio that may be invested in bank deposits. However, a maximum of 20 percent of the portfolio may be invested in time deposits.

5. Certificates of deposit placed through a deposit placement service shall meet the requirements under Government Code Section 53601.8. The full amount of the principal and the interest that may be accrued during the maximum term of each certificate of deposit shall at all times be insured by federal deposit insurance. The maximum term for placement service certificates of deposit shall be 5 years. The combined amount invested in placement service certificates of deposit and negotiable certificates of deposit shall not exceed 30% of the portfolio.

6. Negotiable certificates of deposit (NCDs), provided that:

- a. They are issued by institutions which have long term debt rated at least "A" or its equivalent by a NRSRO; and /or have short term debt rated at least "A1" or its equivalent by a NRSRO;
- b. No more than 30% of the total portfolio may be invested in NCDs.

The maximum term for negotiable certificates of deposit shall be five years.

7. Repurchase agreements, provided that:

- a. The maximum maturity of repurchase agreements shall be 90 days;
- b. No more than 10% of the portfolio shall be invested in repurchase agreements;
- c. Repurchase agreements shall be fully secured by deliverable U.S. Treasury and Federal Agency obligations as described under Sections III (A1-2) of this policy (without limit to maturity) having a market value at all times of at least one hundred two percent (102%) of the amount of the contract. If additional collateral is required then that collateral must be delivered within one business day (if a collateral deficiency is not corrected within this time frame, the collateral securities will be liquidated);

- d. Securities used as collateral for repurchase agreements, shall be free and clear of any lien and be held by USD's custodian bank or an independent third-party custodian acting solely as agent for the USD, provided such third party is not the seller under the repurchase agreement;
  - e. The repurchase agreements are the subject of a master repurchase agreement or a specific written repurchase agreement between USD and the provider of the repurchase agreement; and
  - f. The counterparty meets the following criteria:
    - (i) The counterparty must be a primary government securities dealer who reports daily to the Federal Reserve Bank of New York, or a bank, savings and loan association, or diversified securities broker-dealer having \$5 billion in assets and \$500 million in capital and subject to regulation of capital standards by any state or federal regulatory agency;
    - (ii) Has a long-term credit rating of at least 'AA' or the equivalent from a NRSRO;
    - (iii) Has been in operation for at least 5 years; and
    - (iv) Is reputable among market participants.
8. Commercial Paper, provided that:
- a. The maturity does not exceed 270 days from the date of purchase;
  - b. The issuer is a corporation organized and operating in the United States with assets in excess of \$500 million;
  - c. The commercial paper is "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a NRSRO. Commercial paper rated below the highest letter and number rating by any NRSRO is not eligible for purchase for USD's portfolio;
  - d. No more than 25% of the portfolio is invested in commercial paper; and
  - e. USD may purchase no more than 10% of the outstanding commercial paper of any single corporate issue.
9. State of California's Local Agency Investment Fund ("LAIF"), provided that:

- a. A maximum of 70% of USD's funds or the limit permitted by the State may be invested in LAIF, whichever is less;
  - b. LAIF's investments in instruments prohibited by or not specified in USD's policy do not exclude LAIF from USD's list of allowable investments, provided that the fund's reports allow USD's Treasurer to adequately judge the risk inherent in LAIF's portfolio; and
  - c. The General Manager/Treasurer or designee shall review LAIF's summary portfolio holdings on a quarterly basis.
10. Corporate medium-term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, provided that:
- a. Such notes have a maximum maturity of five years;
  - b. Are issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States;
  - c. Are rated a minimum of "A" or its equivalent or better by a NRSRO; and
  - d. Medium-term notes may not exceed 30 percent of the portfolio.
11. Municipal Obligations. USD may purchase municipal obligations in the following categories.
- a. USD Bonds – Bonds issued by USD, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by USD or by a department, board, agency, or authority of USD.
  - b. California State Obligations – Registered state warrants or treasury notes or bonds of the State of California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the State or by a department, board, agency, or authority of the State.
  - c. Local Agency Bonds – Bonds, notes, warrants, or other evidences of indebtedness of any local agency within the State of California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

With the exception of obligations issued by USD, purchases of municipal obligations are limited to securities rated at least in the "A" (long-term) or "A-

1” (short-term), or their equivalents, by a NRSRO. Obligations shall have a maximum maturity of five years. A maximum of 30 percent of the portfolio may be invested in this category. The amount invested with any one issuer shall not exceed 10 percent of the portfolio.

12. Money market mutual funds, provided that such funds

- a. Are registered with the Securities and Exchange Commission and are rated “AAAm” or its equivalent by not less than two NRSROs; or have retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years’ experience managing money market mutual funds with assets under management in excess of \$500 million;
- b. The purchase price of shares shall not exceed 20% of USD’s portfolio; and
- c. If USD has funds invested in a money market fund, a copy of fund’s information statement shall be maintained on file for due diligence. In addition, the General Manager/Treasurer should review the fund’s summary holdings on a quarterly basis.

13. Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (o) as provided, provided that

- a. A maximum of 50% of USD’s funds may be invested in the shares of any one investment pool;
- b. The pool’s investment advisor meets the requirements of 53601(p);
- c. The pool seeks to maintain a stable Net Asset Value (“NAV”);
- d. The pool is rated “AAAm” or its equivalent by a NRSRO; and
- e. If USD has funds invested in a pool, a copy of pool’s information statement shall be maintained on file for due diligence. In addition, the General Manager/Treasurer should review the pool’s summary holdings on a quarterly basis.

14. United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or the Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated “AA” or better by an

NRSRO and shall not exceed 30 percent of the agency's moneys that may be invested pursuant to this section.

## **B. Prohibited Investment Vehicles and Practices**

1. State law notwithstanding, any investments not specifically described herein are prohibited, including, but not limited to, mutual funds.
2. In accordance with Government Code Section 53601.6, investment in inverse floaters, range notes, or mortgage derived interest-only strips is prohibited.
3. In accordance with Government Code Section 53601.6, investment in any security that could result in a zero interest accrual if held to maturity is prohibited.
4. Trading securities for the sole purpose of speculating on the future direction of interest rates is prohibited.
5. Purchasing or selling securities on margin is prohibited.
6. The use of reverse repurchase agreements, securities lending or any other form of borrowing or leverage is prohibited.
7. USD is not permitted to deposit funds into any state or federal credit union, if a member of the Board of Directors, or any person with investment decision making authority also serves on the board of directors, or any committee appointed by the board of directors, or the credit committee or supervisory committee, of the state or federal credit union.

## **C. Mitigating Credit Risk in the Portfolio**

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. USD shall mitigate credit risk by adopting the following strategies:

1. The diversification requirements included in Section III (A) are designed to mitigate credit risk in the portfolio;
2. No more than 10% of the total portfolio may be invested in securities of any single issuer, other than LAIF, local government investment pools, all U.S. Government, its agencies and instrumentalities;
3. USD may elect to sell a security prior to its maturity and record a capital gain or loss in order to improve the quality, liquidity or yield of the portfolio in response to market conditions or USD's risk preferences; and

4. If securities owned by USD are downgraded by a NRSRO to a level below the quality required by this Investment Policy, it shall be USD's policy to review the credit situation and make a determination as to whether to sell or retain such securities in the portfolio. Please see Appendix A for credit ratings.
  - a. If a security is downgraded two rating categories below the level required by USD (A, depending on the rating Agency), the security shall be sold immediately.
  - b. If a security is downgraded one rating category below the level required by this policy, USD will use discretion in determining whether to sell or hold the security based on its current maturity, the loss in value, the economic outlook for the issuer, and other relevant factors.
  - c. If a decision is made to retain a downgraded security in the portfolio, its presence in the portfolio will be monitored and reported monthly to USD's Board of Directors.

#### **D. Mitigating Market Risk in the Portfolio**

Market risk is the risk that the portfolio will decline in value (or will not optimize its value) due to changes in the general level of interest rates. USD recognizes that, over time, longer term portfolios achieve higher returns. On the other hand, longer term portfolios have higher volatility of return. USD shall mitigate market risk by providing adequate liquidity for short term cash needs, and by making some longer term investments only with funds which are not needed for current cash flow purposes. USD further recognizes that certain types of securities, including variable rate securities, securities with principal paydowns prior to maturity, and securities with embedded options, will affect the market risk profile of the portfolio differently in different interest rate environments. USD, therefore, adopts the following strategies to control and mitigate its exposure to market risk:

1. Funds are divided into two categories:
  - a. Funds needed for current operating expenses and capital requirements, known as the "Liquid Fund," and
  - b. Funds not currently needed, known as the "Operating Reserve Fund."
2. If USD uses an investment advisor, USD shall inform the investment advisor from time to time of amounts to be allocated to each of the two categories.
3. The investment goals of the Liquid Fund shall be:
  - a. To provide liquidity for operating expenses and capital requirements,

- b. To preserve capital, and
  - c. To earn a return commensurate with the first two goals.
4. The investment goal of the Operating Reserve Fund shall be to preserve real capital and provide growth over the long term by earning the rate of return which is available from the longer term investments permitted under the California Government Code.

#### **IV. INVESTMENT PERFORMANCE OBJECTIVES**

- A. A 12-month rolling average of the 1-year U.S. Treasury yield may serve as a reasonable benchmark for the total current portfolio.

#### **V. INVESTMENT GUIDELINES**

##### **A. Liquid Fund**

1. The average maturity of the Liquid Fund shall not exceed 90 days, and the maximum final stated maturity of individual securities in the Liquid Fund may not exceed one year.
2. If USD uses an investment advisor, USD's General Manager/Treasurer shall communicate periodically with the investment adviser in order to keep the adviser informed as to USD's specific short-term liquidity requirements.
3. A minimum of 10% of USD's funds shall be maintained in the Liquid Fund at all times to ensure adequate cash reserves to pay current expenses.
4. Staff shall report to the Board in advance of initiating any new investment instruments not used at the time of the latest policy revision.

##### **B. Operating Reserve Fund**

1. The maximum stated final maturity of individual investments in the Operating Reserve Fund shall not exceed the limits set forth in Section III of this policy. However, no investment shall exceed a maturity of five years from the date of purchase unless USD's Board of Directors has granted express authority to make that investment either specifically or as a part of an investment program approved by USD's Board of Directors no less than three months prior to the investment. The weighted average maturity of the Operating Reserve Fund shall not exceed two and a half (2½) years.

## **VI. REPORTING, DISCLOSURE AND PROGRAM EVALUATION**

### **A. Monthly Reports**

Monthly investment reports shall be submitted by USD finance staff to USD's Board of Directors and the General Manager. These reports shall disclose, at a minimum, the following information about the risk characteristics of USD's portfolio:

1. As asset listing showing par value, cost and accurate and complete market value of each security, type of investment, issuer name, credit quality, coupon rate and yield to maturity at cost;
2. A one or two-page summary report which shows:
  - a. Weighted average maturity of the portfolio;
  - b. Maturity distribution of the portfolio;
  - c. Average monthly yield to maturity at cost for the portfolio for the prior twelve months compared to the Benchmark Index returns for the same periods;
  - d. A list of portfolio transactions;
3. A statement of compliance with the investment policy, including a schedule of any transactions or holdings which do not comply with this policy or with the California Government Code, if any, including a justification for their presence in the portfolio and a timetable for resolution; and
4. A statement that USD has adequate funds to meet its cash flow requirements for the next six months.

### **B. Annual Reports**

1. The investment policy shall be reviewed and adopted at least annually within 120 days of the end of the fiscal year to ensure its consistency with the overall objectives of preservation of principal, liquidity and return, and its relevance to current law and financial and economic trends.
2. The investment program shall be included in the scope of USD's annual audit.

### **C. Periodic Investment Program Review**



USD shall retain the services of an expert consultant to perform a thorough review of the investment program a minimum of once every four years.

This revision supersedes the versions listed below, which are no longer effective.

| <b>Title</b>             | <b>Policy #</b> | <b>Effective Date</b> |
|--------------------------|-----------------|-----------------------|
| Investment Policy        | 2030            | 11/27/95              |
| Investment Policy        | 2030            | 10/11/11              |
| Investment Policy        | 2030            | 9/24/2012             |
| <b>Investment Policy</b> | <b>2030</b>     | <b>9/22/2014</b>      |

Approved by: Board of Directors  
Author/owner: Principal Financial Analyst  
Reviewers: Senior Accountant and Business Services Work Group Manager  
Notify Person: Principal Financial Analyst  
Revision frequency: Every 1 year  
Next Review: 9/28/15 (within 120 days of the end of the fiscal year)

## GLOSSARY OF INVESTMENT TERMS

**Asset-backed security.** A security supported by assets such as automobile loans or other consumer receivables which are placed with a trustee for the benefit of the owners of the security.

**Banker's acceptance.** A high quality, short term money market instrument used to finance international trade. There has never been an instance of a failure to pay a banker's acceptance in full at its maturity date.

**Benchmark.** A segment of the securities market with characteristics similar to the subject portfolio. It is used to compare portfolio performance to the performance of the appropriate segment of the market.

**Callable Security.** Callable securities are those which contain an option allowing the issuer to retire the security prior to its final maturity date. If the level of interest rates falls sufficiently, the issuer of the bond will exercise the option and call the bond away from the investor. The issuer can save money by issuing new bonds at lower rates. Types of callable bonds can range from "one-time" to "quarterly" to "continuous" calls.

**CAMP (California Asset Management Program).** A pooled investment vehicle and Joint Powers Authority for local agencies in California which manages the California Asset Management Trust.

**Commercial paper.** Short term, negotiable unsecured promissory notes of corporations.

**Delivery vs. payment.** A securities industry procedure in which payment for a security is not released until the security is delivered to the customer's bank custodial account.

**Inverse floaters.** A security with an interest rate which changes periodically in the opposite direction to the change in the general level of interest rates.

**Investment Official.** An individual who is authorized to make investment decisions and execute investments of funds on behalf of USD.

**Leverage.** An investment practice in which the investor borrows money in order to increase the amount invested.

**Local Agency Investment Fund (LAIF).** A pooled investment vehicle for local agencies in California sponsored by the State of California and administered by the State Treasurer.

**Market cycle.** A market cycle is defined as a period of time which includes a minimum of two consecutive quarters of falling interest rates followed by a minimum of two consecutive quarters of rising interest rates.

**Money market mutual fund.** A mutual fund which invests in short term money market instruments only, and which has as an investment objective.

**Nationally Recognized Statistical Rating Organization (NRSRO).** A credit rating agency which issues credit ratings that the US Securities and Exchange Commission (SEC) permits other financial firms to use for certain regulatory purposes. Commonly used NRSROs are Moody's Investor Service, Standard & Poor's, and Fitch Ratings.

**Negotiable certificate of deposit.** A large denomination certificate of deposit which can be sold in the open market prior to maturity.

**Range notes.** Fixed income securities which pay interest only under certain conditions which are defined in the bond's indenture.

**Repurchase agreement.** An investment transaction wherein an investor agrees to purchase securities at an agreed upon price, and simultaneously agrees to sell the securities back to the counterparty on an agreed upon future date at an agreed upon price.

**Time certificate of deposit.** A non-negotiable certificate of deposit which cannot be sold prior to maturity.

**Total rate of return.** Annual return on an investment including appreciation and dividends or interest. For bonds held to maturity, total return is yield to maturity.

**Weighted Average Maturity.** The weighted average of the remaining terms of the underlying securities, using the current balance of each security as the weighting factor.

## Appendix A – Credit Ratings for Corporate Notes

| Equivalent Credit Ratings                           |          |                    |              |                 |
|---|----------|--------------------|--------------|-----------------|
| Credit Risk   | Moody's* | Standard & Poor's* | Fitch IBCA** | Duff & Phelps** |
| <b>INVESTMENT GRADE</b>                             |          |                    |              |                 |
| Highest quality                                     | Aaa      | AAA                | AAA          | AAA             |
| High quality (very strong)                          | Aa       | AA                 | AA           | AA              |
| Upper medium grade (strong)                         | A        | A                  | A            | A               |
| Medium grade  | Baa      | BBB                | BBB          | BBB             |
| <b>NOT INVESTMENT GRADE</b>                         |          |                    |              |                 |
| Lower medium grade (somewhat speculative)           | Ba       | BB                 | BB           | BB              |
| Low grade (speculative)                             | B        | B                  | B            | B               |
| Poor quality (may default)                          | Caa      | CCC                | CCC          | CCC             |
| Most speculative                                    | Ca       | CC                 | CC           | CC              |
| No interest being paid or bankruptcy petition filed | C        | C                  | C            | C               |
| In default  | C        | D                  | D            | D               |

Source: The Bond Market Association

\* The ratings from Aa to Ca by Moody's may be modified by the addition of a 1, 2 or 3 to show relative standing within the category.

\*\*The ratings from AA to CC by Standard & Poor's, Fitch IBCA and Duff & Phelps may be modified by the addition of a plus or minus sign to show relative standing within the category.



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

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

David M. O'Hara  
*Attorney*

**DATE:** November 24, 2014

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

**FROM:** Paul Eldredge, General Manager/District Engineer  
Richard Cortes, Business Services Manager  
Kathy Destafney, Business Services Coach  
Steve Bowman, Emergency Operations Coordinator

**SUBJECT:** Agenda Item No. 9 - Meeting of 12/8/14  
**Resolution No. \_\_\_\_\_, Designation of Authorized Representatives for  
FEMA and State OES Disaster Assistance**

### **Recommendation**

Approve the attached Resolution, Designation of Authorized Representative for FEMA and State OES Disaster Assistance.

### **Background**

The Federal Emergency Management Agency (FEMA) administers federal disaster assistance programs, and the State Office of Emergency Services administers state disaster assistance programs. All applicants applying for federal and state aid need to apply through OES, so all paperwork related to disaster assistance is submitted to OES. OES requires that the District pass a resolution to designate the District's agents who are authorized to execute and file documents seeking certain State and Federal disaster financial assistance. This resolution must be updated every three years.

The form OES Form 130 "Designation of Applicant's Agent Resolution" should be approved by the governing body in order to authorize signatures for the District. Funding will not be provided until Form 130 has been approved by the state and on file.

It is requested that the Board designate the General Manager, Business Services Manager, and Technical Services Manager as authorized representatives to receive, process and coordinate all inquiries and requirements necessary to obtain available Federal Emergency Management Agency (FEMA) and Offices of Emergency Services (OES), also called California Emergency Management Assistance (Cal-EMA) disaster assistance. It is recommended that titles are used rather than names so that the form does not have to be re-submitted each time an authorized representative changes position or leaves the District. Along with the form sent to OES, a cover letter must be attached which lists the names of the current authorized representatives.

**Attachments**

OES Form 130 "Designation of Applicant's Agent Resolution" and required cover letter  
Board Resolution  
Cover Letter

**Directors**

Manny Fernandez  
Tom Handley  
Pat Kite  
Anjali Lathi  
Jennifer Toy

**Officers**

Paul R. Eldredge  
*General Manager/  
District Engineer*

David M. O'Hara  
*Attorney*

Governor's Office of Emergency Services  
Grants Processing Unit (PA GPU)  
3650 Schriever Ave.  
Mather, CA 95655  
(916) 845-8175

Dear Ms. Robin Shepard,

Union Sanitary District wishes to submit its Designation of Applicant's Agent Resolution, OES Form 130, with the State of California, Emergency Management Agency.

Attached is an original, certified copy of the resolution and form. Titles of agents authorized to execute for and in behalf of Union Sanitary District are indicated on the form. Listed below are the names of the employees currently holding these positions and therefore, authorized at this time to execute for and in behalf of Union Sanitary District.

|                                   |                  |
|-----------------------------------|------------------|
| General Manager/District Engineer | Pual R. Eldredge |
| Business Services Manager         | Rich Cortes      |
| Technical Services Manager        | Sami Ghossain    |

Please contact me at (510) 477-7547 or [steveb@unionsanitary.ca.gov](mailto:steveb@unionsanitary.ca.gov) if you have any questions or require further information.

Sincerely,

Steve Bowman  
Emergency Operations Coordinator

Enclosure: Original, certified Designation of Applicant's Agent Resolution

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

RESOLUTION DESIGNATING AUTHORIZED REPRESENTATIVES FOR FEMA  
AND STATE OES DISASTER ASSISTANCE

WHEREAS, the Board of Directors of the UNION SANITARY DISTRICT, Alameda County, California, intends to designate authorized representatives for FEMA and the Governor's Office of Emergency Services Disaster Assistance; and,

WHEREAS, the Board intends to be prepared to the best of its ability in the event of a disaster; and,

WHEREAS, the Office of Emergency Services requires the Grantee to certify by Designation of Applicant's Agent Resolution (OES Form 130), Union Sanitary District Agents, by title, to be passed and approved by the Board of Directors with a certified copy to the Governor's Office of Emergency Services.

NOW, THEREFORE, BE IT RESOLVED THAT: the General Manager, or the Business Services Manager, or the Technical Services Manager is hereby authorized to execute for and on behalf of the Union Sanitary District, a public entity established under the laws of the State of California, this application and to file it in the Governor's Office of Emergency Services for the purpose of obtaining certain federal assistance under P.L. 93-288 as amended by the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1988, and/or state financial assistance under the California Disaster Assistance Act;

AND, BE IT FURTHER RESOLVED THAT: the Union Sanitary District, a public entity established under the laws of the State of California, hereby authorizes its agent(s) to provide to the Governor's Office of Emergency Services for all matters pertaining to such state disaster assistance, the assurances and agreements required.

The foregoing Resolution was duly and regularly adopted as passed by the Board of Directors of the UNION SANITARY DISTRICT, Alameda County, California, at a meeting thereof held on the 8<sup>th</sup> day of December 2014.



**DESIGNATION OF APPLICANT'S AGENT RESOLUTION  
FOR NON-STATE AGENCIES**

BE IT RESOLVED BY THE Board of Directors OF THE Union Sanitary District  
(Governing Body) (Name of Applicant)

THAT General Manager/ District Engineer, OR  
(Title of Authorized Agent)

Business Service Manager, OR  
(Title of Authorized Agent)

Technical Services Manager  
(Title of Authorized Agent)

is hereby authorized to execute for and on behalf of the Union Sanitary District, a public entity established under the laws of the State of California, this application and to file it with the California Governor's Office of Emergency Services for the purpose of obtaining certain federal financial assistance under Public Law 93-288 as amended by the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1988, and/or state financial assistance under the California Disaster Assistance Act.

THAT the Union Sanitary District, a public entity established under the laws of the State of California, hereby authorizes its agent(s) to provide to the Governor's Office of Emergency Services for all matters pertaining to such state disaster assistance the assurances and agreements required.

**Please check the appropriate box below:**

- ☒ This is a universal resolution and is effective for all open and future disasters up to three (3) years following the date of approval below.  
☐ This is a disaster specific resolution and is effective for only disaster number(s) \_\_\_\_\_

Passed and approved this 8<sup>th</sup> day of December, 2014

\_\_\_\_\_  
(Name and Title of Governing Body Representative)

\_\_\_\_\_  
(Name and Title of Governing Body Representative)

\_\_\_\_\_  
(Name and Title of Governing Body Representative)

**CERTIFICATION**

I, \_\_\_\_\_, duly appointed and \_\_\_\_\_ of  
(Name) (Title)

\_\_\_\_\_, do hereby certify that the above is a true and correct copy of a  
(Name of Applicant)

Resolution passed and approved by the \_\_\_\_\_ of the \_\_\_\_\_  
(Governing Body) (Name of Applicant)

on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

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

\_\_\_\_\_  
(Title)

## **Cal OES Form 130 Instructions**

**A Designation of Applicant's Agent Resolution for Non-State Agencies is required of all Applicants to be eligible to receive funding. A new resolution must be submitted if a previously submitted Resolution is older than three (3) years from the last date of approval, is invalid or has not been submitted.**

When completing the Cal OES Form 130, Applicants should fill in the blanks on page 1. The blanks are to be filled in as follows:

### **Resolution Section:**

**Governing Body:** This is the group responsible for appointing and approving the Authorized Agents.

Examples include: Board of Directors, City Council, Board of Supervisors, Board of Education, etc.

**Name of Applicant:** The public entity established under the laws of the State of California. Examples include: School District, Office of Education, City, County or Non-profit agency that has applied for the grant, such as: City of San Diego, Sacramento County, Burbank Unified School District, Napa County Office of Education, University Southern California.

**Authorized Agent:** These are the individuals that are authorized by the Governing Body to engage with the Federal Emergency Management Agency and the Governor's Office of Emergency Services regarding grants applied for by the Applicant. There are two ways of completing this section:

1. **Titles Only:** If the Governing Body so chooses, the titles of the Authorized Agents would be entered here, not their names. This allows the document to remain valid (for 3 years) if an Authorized Agent leaves the position and is replaced by another individual in the same title. If "Titles Only" is the chosen method, this document must be accompanied by a cover letter naming the Authorized Agents by name and title. This cover letter can be completed by any authorized person within the agency and does not require the Governing Body's signature.
2. **Names and Titles:** If the Governing Body so chooses, the names **and** titles of the Authorized Agents would be listed. A new Cal OES Form 130 will be required if any of the Authorized Agents are replaced, leave the position listed on the document or their title changes.

**Governing Body Representative:** These are the names and titles of the approving Board Members.

Examples include: Chairman of the Board, Director, Superintendent, etc. The names and titles **cannot** be one of the designated Authorized Agents, and a minimum of two or more approving board members need to be listed.

### **Certification Section:**

**Name and Title:** This is the individual that was in attendance and recorded the Resolution creation and approval.

Examples include: City Clerk, Secretary to the Board of Directors, County Clerk, etc. This person **cannot** be one of the designated Authorized Agents or Approving Board Member (if a person holds two positions such as City Manager and Secretary to the Board and the City Manager is to be listed as an Authorized Agent, then the same person holding the Secretary position would sign the document as Secretary to the Board (not City Manager) to eliminate "Self Certification."



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

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

David M. O'Hara  
*Attorney*

**DATE:** December 1, 2014

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

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

**SUBJECT:** Agenda Item No. 10 – Meeting of December 8, 2014  
**Approve Policy No. 2760 – Standardized Equipment Policy**

### **Recommendation**

Staff recommends the Board approve new Policy No. 2760 – Standardized Equipment Policy.

### **Background**

Staff has standardized certain mechanical, electrical, and instrumentation equipment to single manufacturers for a variety of reasons. In the past, staff has requested the Board to approve standardized, or sole sourced equipment as the need arises for each project. The same equipment is often standardized for multiple projects at the treatment plant and pump stations.

In 2008, staff developed the Standardized Equipment Guidelines and established a Standardized Equipment List to be utilized for all District projects. The Guidelines included the selection criteria for evaluating equipment to be considered for the Standardized Equipment List and for reviewing and approving the List every three years.

In August 2008, the Board approved the Standardized Equipment Guidelines and the Standardized Equipment List for District projects for a period of three years. In September 2011, the Board renewed its approval of the Guidelines and approved the updated Standardized Equipment List for another three years.

**Policy No. 2760 – Standardized Equipment Policy**

In light of the recent update to the Purchasing Policy, Staff decided to create a new District policy that will incorporate the Standardized Equipment Guidelines and all future updates to the Standardized Equipment List, into a Board-approved policy. The attached policy's procedure incorporates the same Guidelines the Board approved in 2011 with only a minor clarification. Instead of the CIP Team reviewing and recommending the equipment, it will be the CIP Coach instead.

Staff will recommend the updated 2014 Standardized Equipment List for the Board's approval in a separate item at the December 8, 2014 meeting. If the Board approves Policy No. 2760 and the Standardized Equipment List, the next review will be in December 2017.

Staff recommends the Board approve new Policy No. 2760 – Standardized Equipment Policy.

PRE/SG/RC;ks

Attachment – Policy No. 2760 – Standardized Equipment Policy

## Union Sanitary District Policy

|                                     |                                      |                                       |
|-------------------------------------|--------------------------------------|---------------------------------------|
| Effective date:<br>December 8, 2014 | <b>Standardized Equipment Policy</b> | Policy Number 2760<br><br>Page 1 of 2 |
|-------------------------------------|--------------------------------------|---------------------------------------|

### Policy

This policy is established to provide the guidelines for maintaining and approving a Standardized Equipment List and the procedures for evaluating mechanical, electrical, and instrumentation equipment for inclusion in the list.

### Purpose

The District's operating and maintenance staff has standardized certain mechanical, electrical, and instrumentation equipment to single manufacturers for a variety of reasons. These include proven equipment reliability and quality; equipment capability to address specific operational or maintenance issues; substantial training costs invested by staff to operate and maintain the specialized equipment; matching existing equipment to reduce spare parts inventory and training on multiple equipment types; and availability of affordable parts.

The purpose of this policy is to:

- Set the guidelines for evaluating the mechanical, electrical, and instrumentation equipment to be included in the Standardized Equipment List.
- Provide a process for the District to review the current Standardized Equipment List and to update the list every three (3) years.
- Provide an approval process for the District's Board of Directors to review staff's recommendation for changes to the guidelines and the Standardized Equipment List.

### Definitions

*California Public Contract Code (PCC)*

The California State Legislature enacted the PCC, which consists of all public contract law, to achieve the following objectives:

- (a) To clarify the law with respect to competitive bidding requirements.
- (b) To ensure full compliance with competitive bidding statutes as a means of protecting the public from misuse of public funds.
- (c) To provide all qualified bidders with a fair opportunity to enter the bidding process, thereby stimulating competition in a manner conducive to sound fiscal practices.
- (d) To eliminate favoritism, fraud, and corruption in the awarding of public contracts.

|  |   |
|--|---|
| <i>Project</i>                                   | Any construction, reconstruction, alteration, enlargement, renewal, or replacement of District owned sewer facilities or property.  |
| <i>Sole Source</i>                               | A company contracted, without competition, to be the sole supplier of a product or service.   |
| <i>Staff</i>                                     | The District's Engineering and Operations and Maintenance Staff.  |
| <i>Standardized Equipment List</i>               | The list of equipment approved by the Union Sanitary District that can be identified in a project's technical specifications to a single manufacturer and/or equipment model or model family. This is often referred to as "sole sourcing" equipment. |
| <i>Standardized Equipment Selection Criteria</i> | Two selection criteria developed by Staff to evaluate equipment that either (a) matches existing equipment already used on District facilities or (b) is only available from one manufacturer source.   |

## **Procedure**

Staff shall utilize the following guidelines for evaluating the equipment to be included in the Standardized Equipment List:

1. The Standardized Equipment List was initially developed by Staff through evaluating the District's equipment that met the Standardized Equipment Selection Criteria.
2. Every 3 years, Staff shall review the Standardized Equipment List and determine whether the equipment on the list continues to meet the standards set forth in the Standardized Equipment Selection Criteria and whether new equipment shall be considered to be included on the list.
3. If the evaluation determines that the equipment on the Standardized Equipment List no longer meets the standards in the Standardized Equipment Selection Criteria, Staff shall recommend the equipment be deleted from the list. If Staff determines that the equipment on the list still meets the standards in the Standardized Equipment Selection Criteria, no changes to the list shall be recommended.
4. If Staff requests to include new equipment on the Standardized Equipment List, they shall notify the Capital Improvement Project (CIP) Coach. The CIP Coach will evaluate the request to ensure compliance with Section 3400 of the California Public Contract Code and the Standardized Equipment Selection Criteria. If the equipment is eligible, the CIP Coach will include it on the list for review and approval by Management.
5. The CIP Coach will make final recommendations of the Standardized Equipment List to Management. After Management approves of the final version of the list, Staff will make a recommendation to the Board of Directors for approval consideration.
6. If the Board of Directors approves the Standardized Equipment List by resolution, Staff shall utilize the List for three (3) years, after which these guidelines shall be repeated.

7. During the three-year period, Staff may request new equipment to be standardized to accommodate project needs. The CIP Coach shall evaluate the request to ensure compliance with Section 3400 of the California Public Contract Code and the Standardized Equipment Selection Criteria.
  - a. If the evaluation determines the request is viable, the CIP Coach shall recommend to Management whether to standardize the equipment for the current project only or to amend the Standardized Equipment List to include the new equipment. If Management agrees with the recommendation, Staff shall proceed with a recommendation to the Board of Directors for approval consideration.
  - b. If the evaluation determines the request to be not viable, the CIP Coach shall coordinate with the design consultant to ensure the specification is drafted with performance requirements that will meet the District's needs and to include "or equal" in the specification. The CIP Coach will also ensure the specification is not proprietary in nature that could exclude all but one manufacturer.

### **Employee Responsibility**

Employees are responsible for adhering to the procedures established by this policy and requesting Management approval whenever they have recommendations for changes to the guidelines and the Standardized Equipment List.

### **Management Responsibility**

Management is responsible for ensuring that this policy is followed and that the Standardized Equipment List is reviewed and approved by the Board of Directors every 3 years.

### **References and Notes**

Attachment A – 2014 Standardized Equipment List

Attachment B – [California Public Contract Code Section 3400](#)

Attachment C – Standardized Equipment Selection Criteria

This revision supersedes the versions listed below, which are no longer effective.

| Title | Policy # | Effective Date |
|-------|----------|----------------|
| N/A   |          |                |
|       |          |                |
|       |          |                |

Approved by: Board of Directors, December 8, 2014

Author/owner: CIP Coach

Reviewers: Executive Team

Notify Person: CIP Coach

Revision frequency: Every 3 years

Next Review: December 2017

**Attachment A – 2014 STANDARDIZED EQUIPMENT LIST**  
**Board Approval Date – December 8, 2014 (tentative)**

| <b>Equipment Description</b>                 | <b>Manufacturer</b> | <b>Type/Model/Series</b>                                    | <b>Quantity of Units Installed at USD Facilities</b> | <b>Average Unit Cost, excludes sales tax</b> | <b>Comments</b>  |
|--|---------------------|---|--|--|--|
| Plug Valves<br>(4-inch diameter and greater) | Dezurik             | Eccentric Plug Valves (PEC)                                 | 640+   | \$1,500                                      | <p>Plug valves are used to isolate the flow of water, wastewater, sludge, and grit at District facilities. They have a simple operation and are typically more economical than other types of valves.</p> <p>Staff has previously used plug valves by other manufacturers but found the Dezurik plug valves to be more reliable and durable. Maintenance staff has also received very good customer support from the local sales representative.</p>   |
| Air / Vacuum Relief Valves                   | Vent-O-Mat          | RGX Series  | 35   | \$5,000                                      | <p>The air / vacuum relief valves are important components in the operation and maintenance of the twin force main pipelines. Along with the surge towers located at Newark and Irvington Pump Stations, the air / vacuum relief valves reduce the effects of water hammer (sudden changes in the flow rate of wastewater) in the twin force main pipelines.</p> <p>Staff has previously used air / vacuum relief valves by other manufacturers but found the Vent-O-Mat units to function more reliably and are easier to maintain.</p>   |
| Wastewater Centrifugal Pumps and Motors      | Wemco               | Wemco-Hidrostal Submersible Screw-Centrifugal Impeller Pump | 19   | \$110,000                                    | <p>In 1998, staff conducted an in-depth analysis of the dry-pit submersible pumps and motors prior to the Alvarado Influent Pump Station Expansion Project to address problems, such as clogging, high vibrations, and limited operating range associated with the old line-shaft pumps. The analysis included a comparison of pumps from other manufacturers.</p> <p>Based on the results of the analysis, staff selected Wemco as the sole-source supplier for the raw wastewater pumps and motors for the Alvarado Influent Pump Station. Staff has subsequently standardized to the Wemco pumps at the Irvington Pump Station, Newark Pump Station, and Boyce Road Lift Station.</p> |



**Attachment A – 2014 STANDARDIZED EQUIPMENT LIST**  
**Board Approval Date – December 8, 2014 (tentative)**

| <b>Equipment Description</b>                       | <b>Manufacturer</b> | <b>Type/Model/Series</b>                        | <b>Quantity of Units Installed at USD Facilities</b> | <b>Average Unit Cost, excludes sales tax</b> | <b>Comments</b>   |
|--|---------------------|---|--|--|---|
| Centrifugal Pumps and Motors (sludge mixing pumps) | Wemco               | Wemco-Hidrostal Screw-Centrifugal Impeller Pump | 7  | \$80,000                                     | <p>The original sludge mixing pumps did not perform well due to its inability to pass large clumps of rags. This resulted in a limited mixing operation, which increased the risk of a large mat formation in the digester and created operational problems with mixing and generation of methane gas. This also caused operations staff to frequently take the pumps out of service in order to remove the rags that are caught in the pumps.</p> <p>Based on the success with the non-clog capabilities of the Wemco-Hidrostal submersible screw-centrifugal impeller pumps at the wastewater pump stations, staff decided to replace the existing sludge mixing pump at Primary Digester No. 2 with the Wemco-Hidrostal Screw Centrifugal Impeller Pump in 2003. Due to this success, staff has standardized the sludge mixing pumps to the Wemco units.</p> |
| Recessed Impeller Pumps (sludge pumping)           | Wemco Pump          | Model C   | 15   | \$50,000                                     | <p>The Wemco Model C recessed impeller pumps were first installed at the District during the 1991 Interim Improvements Project to pump primary sludge from the primary clarifiers. These pumps are still in operation. Due to the Wemco Model C's ability to pass fibrous and stringy materials with the sludge, good operational reliability, and ease of maintenance, staff also installed them as sludge recirculation pumps at the primary digesters.</p>   |

**Attachment A – 2014 STANDARDIZED EQUIPMENT LIST**  
**Board Approval Date – December 8, 2014 (tentative)**

| <b>Equipment Description</b> | <b>Manufacturer</b>                    | <b>Type/Model/Series</b> | <b>Quantity of Units Installed at USD Facilities</b> | <b>Average Unit Cost, excludes sales tax</b> | <b>Comments</b>   |
|------------------------------|--|--------------------------|--|--|---|
| Motorized Valve Operators    | Rotork                                 | IQ Series                | 230+   | \$7,000                                      | <p>Typically, staff has installed motorized valve operators on all valves and gates that require many turns of the stem to fully open or close, are inaccessible, and / or require automatic control. The motorized valve operators allow staff to actuate the valves and gates much quicker and in a safe manner.</p> <p>Staff has previously used motorized valve operators by other manufacturers but found the Rotork units to be more reliable and the customer service more responsive and dependable.</p>  |
| Gas Monitoring Systems       | Mining Safety Appliances Company (MSA) | Ultima Series            | 15+  | \$2,000                                      | <p>Gas monitoring systems are required by the National Fire Protection Association and the National Electrical Code to be installed in areas where combustible gases may be present. Additionally, gas monitoring systems are installed in areas where staff may have exposure to hydrogen sulfide gases. The gas monitoring systems typically measure levels of combustible gases, hydrogen sulfide, and / or oxygen. The systems are critical to maintaining a safe environment for staff, equipment and processes.</p> <p>Staff has found the MSA units more reliable and the gas sensors easier to calibrate.</p> |

**Attachment A – 2014 STANDARDIZED EQUIPMENT LIST**  
**Board Approval Date – December 8, 2014 (tentative)**

| Equipment Description                | Manufacturer  | Type/Model/Series   | Quantity of Units Installed at USD Facilities | Average Unit Cost, excludes sales tax  | Comments   |
|--------------------------------------|---------------|---|---|--|--|
| Programmable Logic Controllers (PLC) | Allen Bradley | Logix Series of Controllers, and Associated Support Hardware and Software | 26  | \$10,000 to \$20,000 (hardware cost only; does not include enclosures, installation, wire terminations, and programming) | <p>PLCs are located at every plant process building and the remote pump and lift stations and are critical to the operation of the District's facilities. They provide automatic controls of the equipment by continuously monitoring and adjusting the equipment's operating parameters as flow or process conditions vary.</p> <p>The Allen Bradley PLC has advanced communication and networking technologies and is easier to program and troubleshoot. Staff has been extremely pleased with the Allen Bradley PLC.</p> <p>The Allen Bradley Logix series of controllers has seven models depending on the complexity of the system being monitored and controlled. The ControlLogix controller is the most robust and staff will utilize this controller in most of the District's applications. However, there will be some small to mid-size applications where the CompactLogix controller system would serve the need and is more cost effective.</p> <p>PLCs from other manufacturers would require different programming and configuration software than those for the Allen Bradley units. It is important that the PLC's are standardized to Allen Bradley since staff has already invested many training hours to learn the programming of the units.</p> |

## **Attachment B**

### **Section 3400 California Public Contract Code**

(a) The Legislature finds and declares that it is the intent of this section to encourage contractors and manufacturers to develop and implement new and ingenious materials, products, and services that function as well, in all essential respects, as materials, products, and services that are required by a contract, but at a lower cost to taxpayers.

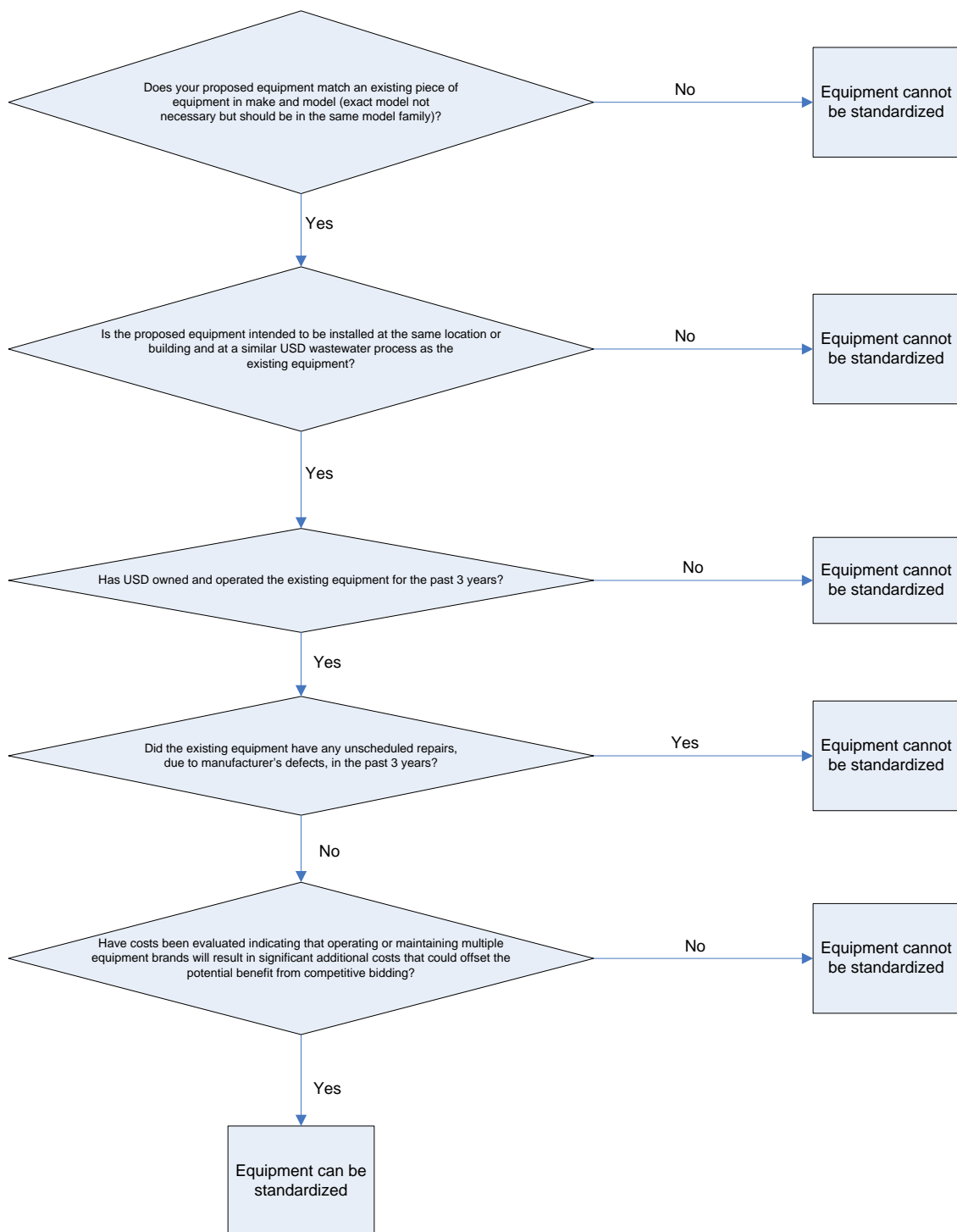
(b) No agency of the state, nor any political subdivision, municipal corporation, or district, nor any public officer or person charged with the letting of contracts for the construction, alteration, or repair of public works, shall draft or cause to be drafted specifications for bids, in connection with the construction, alteration, or repair of public works, (1) in a manner that limits the bidding, directly or indirectly, to any one specific concern, or (2) calling for a designated material, product, thing, or service by specific brand or trade name unless the specification is followed by the words "or equal" so that bidders may furnish any equal material, product, thing, or service. In applying this section, the specifying agency shall, if aware of an equal product manufactured in this state, name that product in the specification. Specifications shall provide a period of time prior to or after, or prior to and after, the award of the contract for submission of data substantiating a request for a substitution of "an equal" item. If no time period is specified, data may be submitted any time within 35 days after the award of the contract.

(c) Subdivision (b) is not applicable if the awarding authority, or its designee, makes a finding that is described in the invitation for bids or request for proposals that a particular material, product, thing, or service is designated by specific brand or trade name for any of the following purposes:

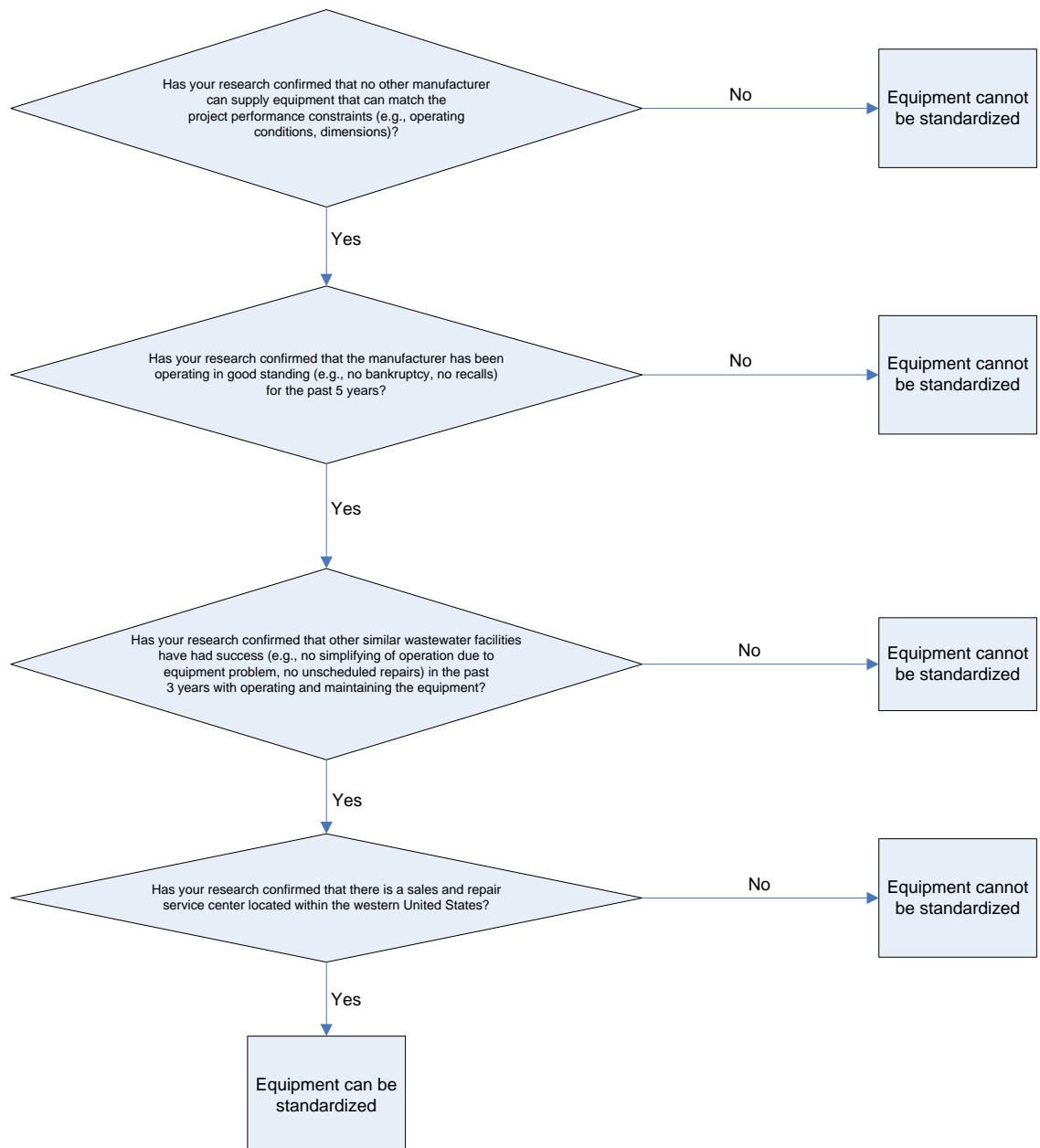
- (1) In order that a field test or experiment may be made to determine the product's suitability for future use.
- (2) In order to match other products in use on a particular public improvement either completed or in the course of completion.
- (3) In order to obtain a necessary item that is only available from one source.
- (4) (A) In order to respond to an emergency declared by a local agency, but only if the declaration is approved by a four-fifths vote of the governing board of the local agency issuing the invitation for bid or request for proposals.  
(B) In order to respond to an emergency declared by the state, a state agency, or political subdivision of the state, but only if the facts setting forth the reasons for the finding of the emergency are contained in the public records of the authority issuing the invitation for bid or request for proposals.

## Attachment C – Standardized Equipment Selection Criteria

### “Match Existing Equipment”



## “Equipment Available From One Source”





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

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

David M. O'Hara  
*Attorney*

**DATE:** December 1, 2014

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

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

**SUBJECT:** Agenda Item No. 11 – Meeting of December 8, 2014  
**Resolution No. \_\_\_\_\_, Approve the Updated Standardized  
Equipment List for Projects at Union Sanitary District Facilities**

### **Recommendation**

Staff recommends the Board adopt a resolution to approve the updated Standardized Equipment List for projects at Union Sanitary District facilities for a period of three years.

### **Background**

California Public Contract Code Section 3400 stipulates that public agencies drafting specifications for bids in connection with public works projects shall include the words "or equal" when calling for a designated product by specific brand name so that bidders may furnish any equal product. If the agency is aware of an equal product, it shall name that product in the specification.

The above stipulation is not applicable if the agency's awarding authority finds that a particular product is designated by a specific brand name for any of the following purposes:

- (1) Make a field test or experiment to determine the product's suitability for future use.
- (2) Match other products in use at a particular public improvement either completed or in the course of completion.
- (3) Obtain a necessary item that is only available from one source.

- (4) (A) Respond to an emergency declared by a local agency, but only if the declaration is approved by a four-fifths vote of the governing board of the local agency issuing the invitation for bid or request for proposals.
- (B) Respond to an emergency declared by the state, a state agency, or political subdivision of the state, but only if the facts setting forth the reasons for the finding of the emergency are contained in the public records of the authority issuing the invitation for bid or request for proposals.

Staff has standardized certain mechanical, electrical, and instrumentation equipment to single manufacturers for a variety of reasons. These include proven equipment reliability and quality; equipment capability to address specific operational or maintenance issues; substantial training costs invested by staff to operate and maintain the specialized equipment; matching existing equipment to reduce spare parts inventory and training on multiple equipment types; and availability of affordable parts.

### **Standardized Equipment Guidelines**

In the past, staff has requested the Board approve standardized, or sole sourced equipment as the need arises for each project. The same equipment is often standardized for multiple projects at the treatment plant and pump stations.

In 2008, staff developed the Standardized Equipment Guidelines and established a Standardized Equipment List to be utilized for all District projects. The Guidelines included the selection criteria for evaluating equipment to be considered for the Standardized Equipment List and the process for reviewing and approving the List every three years.

In August 2008, the Board approved the Standardized Equipment Guidelines and the Standardized Equipment List for District projects for a period of three years. In September 2011, the Board renewed its approval of the Guidelines and approved the updated Standardized Equipment List for another three years.

In light of the recent update to the Purchasing Policy, Staff decided to create a new District policy that will incorporate the Standardized Equipment Guidelines and all future updates to the Standardized Equipment List, into a Board-approved policy. Staff will recommend this policy for the Board's approval in a separate item at the December 8, 2014 meeting.

### **Updated Standardized Equipment List**

The attached 2014 Standardized Equipment List will retain the same list of equipment from the List approved in 2011. The reasons for including the equipment on the List



remain unchanged and are provided in the Comments column of the List. Staff is not proposing to add new equipment types to the 2014 List.

Staff recommends the Board adopt a resolution to approve the updated Standardized Equipment List for projects at Union Sanitary District facilities for a period of three years.

PRE/SG/RC;ks

Attachments: Resolution  
2014 Standardized Equipment List

**RESOLUTION NO. \_\_\_\_\_**  
**APPROVE THE UPDATED STANDARDIZED EQUIPMENT LIST**  
**FOR PROJECTS AT UNION SANITARY DISTRICT FACILITIES**

WHEREAS, Union Sanitary District adopted, by Resolution No. 2660, the Updated Standardized Equipment Guidelines for use on projects at Union Sanitary District facilities on September 26, 2011; and

WHEREAS, the Standardized Equipment Guidelines consisted of the guidelines for the maintenance of the Standardized Equipment List and the three attachments as follows:

- (1) Attachment A – Standardized Equipment List
- (2) Attachment B – Section 3400 of the California Public Contract Code
- (3) Attachment C – Standardized Equipment Selection Criteria; and

WHEREAS, Section 3400 of the California Public Contract Code allows exceptions to the requirement to include “or equal” in the specifications for bids in connection with public work projects; and

WHEREAS, the Union Sanitary District developed the Standardized Equipment Selection Criteria to assist in the evaluation of equipment for inclusion in the Standardized Equipment List; and

WHEREAS, the Union Sanitary District will develop and adopt a new policy that will incorporate the Standardized Equipment Guidelines and all future updates to the Standardized Equipment List, into a Board-approved policy; and

WHEREAS, the Standardized Equipment List shall be effective for a period of three years, and the Union Sanitary District reviewed and updated the Standardized Equipment List for the Board’s consideration at the meeting of December 8, 2014; and

WHEREAS, the formal bidding procedures would be unavailing for the acquisition of the products in the Standardized Equipment List since the equipment is either proprietary or is intended to match existing assets, or maintenance costs associated with multiple suppliers of equipment would exceed the benefit of competitive bidding;

THEREFORE BE IT RESOLVED, that THE UNION SANITARY DISTRICT hereby approves the updated Standardized Equipment List for use on projects at the Union Sanitary District facilities. The Updated Standardized Equipment List shall be effective for a period of three years, and shall expire on December 8, 2017.

On motion duly made and seconded, this resolution was adopted by the following vote on December 8, 2014:

AYES:

NOES:

ABSENT:

ABSTAIN:

\_\_\_\_\_  
MANNY FERNANDEZ  
President, Board of Directors  
Union Sanitary District

Attest:

\_\_\_\_\_  
TOM HANDLEY  
Secretary, Board of Directors  
Union Sanitary District

**2014 STANDARDIZED EQUIPMENT LIST**  
**Board Approval Date – December 8, 2014 (tentative)**

| <b>Equipment Description</b>              | <b>Manufacturer</b> | <b>Type/Model/Series</b>                                    | <b>Quantity of Units Installed at USD Facilities</b> | <b>Average Unit Cost, excludes sales tax</b> | <b>Comments</b>  |
|---|---------------------|---|--|--|--|
| Plug Valves (4-inch diameter and greater) | Dezurik             | Eccentric Plug Valves (PEC)                                 | 640+   | \$1,500                                      | <p>Plug valves are used to isolate the flow of water, wastewater, sludge, and grit at District facilities. They have a simple operation and are typically more economical than other types of valves.</p> <p>Staff has previously used plug valves by other manufacturers but found the Dezurik plug valves to be more reliable and durable. Maintenance staff has also received very good customer support from the local sales representative.</p>   |
| Air / Vacuum Relief Valves                | Vent-O-Mat          | RGX Series  | 35   | \$5,000                                      | <p>The air / vacuum relief valves are important components in the operation and maintenance of the twin force main pipelines. Along with the surge towers located at Newark and Irvington Pump Stations, the air / vacuum relief valves reduce the effects of water hammer (sudden changes in the flow rate of wastewater) in the twin force main pipelines.</p> <p>Staff has previously used air / vacuum relief valves by other manufacturers but found the Vent-O-Mat units to function more reliably and are easier to maintain.</p>   |
| Wastewater Centrifugal Pumps and Motors   | Wemco               | Wemco-Hidrostal Submersible Screw-Centrifugal Impeller Pump | 19   | \$110,000                                    | <p>In 1998, staff conducted an in-depth analysis of the dry-pit submersible pumps and motors prior to the Alvarado Influent Pump Station Expansion Project to address problems, such as clogging, high vibrations, and limited operating range associated with the old line-shaft pumps. The analysis included a comparison of pumps from other manufacturers.</p> <p>Based on the results of the analysis, staff selected Wemco as the sole-source supplier for the raw wastewater pumps and motors for the Alvarado Influent Pump Station. Staff has subsequently standardized to the Wemco pumps at the Irvington Pump Station, Newark Pump Station, and Boyce Road Lift Station.</p> |

**2014 STANDARDIZED EQUIPMENT LIST**  
**Board Approval Date – December 8, 2014 (tentative)**

| <b>Equipment Description</b>                       | <b>Manufacturer</b> | <b>Type/Model/Series</b>                        | <b>Quantity of Units Installed at USD Facilities</b> | <b>Average Unit Cost, excludes sales tax</b> | <b>Comments</b>   |
|--|---------------------|---|--|--|---|
| Centrifugal Pumps and Motors (sludge mixing pumps) | Wemco               | Wemco-Hidrostal Screw-Centrifugal Impeller Pump | 7  | \$80,000                                     | <p>The original sludge mixing pumps did not perform well due to its inability to pass large clumps of rags. This resulted in a limited mixing operation, which increased the risk of a large mat formation in the digester and created operational problems with mixing and generation of methane gas. This also caused operations staff to frequently take the pumps out of service in order to remove the rags that are caught in the pumps.</p> <p>Based on the success with the non-clog capabilities of the Wemco-Hidrostal submersible screw-centrifugal impeller pumps at the wastewater pump stations, staff decided to replace the existing sludge mixing pump at Primary Digester No. 2 with the Wemco-Hidrostal Screw Centrifugal Impeller Pump in 2003. Due to this success, staff has standardized the sludge mixing pumps to the Wemco units.</p> |
| Recessed Impeller Pumps (sludge pumping)           | Wemco Pump          | Model C   | 15   | \$50,000                                     | <p>The Wemco Model C recessed impeller pumps were first installed at the District during the 1991 Interim Improvements Project to pump primary sludge from the primary clarifiers. These pumps are still in operation. Due to the Wemco Model C's ability to pass fibrous and stringy materials with the sludge, good operational reliability, and ease of maintenance, staff also installed them as sludge recirculation pumps at the primary digesters.</p>   |

**2014 STANDARDIZED EQUIPMENT LIST**  
**Board Approval Date – December 8, 2014 (tentative)**

| <b>Equipment Description</b> | <b>Manufacturer</b>                    | <b>Type/Model/Series</b> | <b>Quantity of Units Installed at USD Facilities</b> | <b>Average Unit Cost, excludes sales tax</b> | <b>Comments</b>   |
|------------------------------|--|--------------------------|--|--|---|
| Motorized Valve Operators    | Rotork                                 | IQ Series                | 230+   | \$7,000                                      | <p>Typically, staff has installed motorized valve operators on all valves and gates that require many turns of the stem to fully open or close, are inaccessible, and / or require automatic control. The motorized valve operators allow staff to actuate the valves and gates much quicker and in a safe manner.</p> <p>Staff has previously used motorized valve operators by other manufacturers but found the Rotork units to be more reliable and the customer service more responsive and dependable.</p>  |
| Gas Monitoring Systems       | Mining Safety Appliances Company (MSA) | Ultima Series            | 15+  | \$2,000                                      | <p>Gas monitoring systems are required by the National Fire Protection Association and the National Electrical Code to be installed in areas where combustible gases may be present. Additionally, gas monitoring systems are installed in areas where staff may have exposure to hydrogen sulfide gases. The gas monitoring systems typically measure levels of combustible gases, hydrogen sulfide, and / or oxygen. The systems are critical to maintaining a safe environment for staff, equipment and processes.</p> <p>Staff has found the MSA units more reliable and the gas sensors easier to calibrate.</p> |

**2014 STANDARDIZED EQUIPMENT LIST**  
**Board Approval Date – December 8, 2014 (tentative)**

| Equipment Description                | Manufacturer  | Type/Model/Series   | Quantity of Units Installed at USD Facilities | Average Unit Cost, excludes sales tax  | Comments   |
|--------------------------------------|---------------|---|---|--|--|
| Programmable Logic Controllers (PLC) | Allen Bradley | Logix Series of Controllers, and Associated Support Hardware and Software | 26  | \$10,000 to \$20,000 (hardware cost only; does not include enclosures, installation, wire terminations, and programming) | <p>PLCs are located at every plant process building and the remote pump and lift stations and are critical to the operation of the District's facilities. They provide automatic controls of the equipment by continuously monitoring and adjusting the equipment's operating parameters as flow or process conditions vary.</p> <p>The Allen Bradley PLC has advanced communication and networking technologies and is easier to program and troubleshoot. Staff has been extremely pleased with the Allen Bradley PLC.</p> <p>The Allen Bradley Logix series of controllers has seven models depending on the complexity of the system being monitored and controlled. The ControlLogix controller is the most robust and staff will utilize this controller in most of the District's applications. However, there will be some small to mid-size applications where the CompactLogix controller system would serve the need and is more cost effective.</p> <p>PLCs from other manufacturers would require different programming and configuration software than those for the Allen Bradley units. It is important that the PLC's are standardized to Allen Bradley since staff has already invested many training hours to learn the programming of the units.</p> |



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

David M. O'Hara  
*Attorney*

**DATE:** December 1, 2014

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

**FROM:** Paul R. Eldredge, General Manager / District Engineer  
Sami Ghossain, Manager of Technical Services

**SUBJECT:** Agenda Item No. 12 - Meeting of December 8, 2014  
**Approving the Updated Version of the Project Expenditures Policy**

### **Recommendation**

Staff recommends the Board approve changes to USD's Project Expenditures policy (Policy No. 2080)

### **Background**

Staff has updated the District's Project Expenditures policy as part of our ongoing efforts to review and update all policies. The Project Expenditures policy was updated by the Manager of Technical Services, reviewed by the Executive Team, and by Human Resources.

Attached are two versions of the policy for review. The first shows the text with all deletions in red with ~~striethrough~~ and all additions in blue and double underlined. The second version shows the proposed final text without edits, in final form.

The most significant revisions are as follows:

- **Information Systems Renewal & Replacement Fund** (Pages 3 and 5). The Information Systems Renewal & Replacement Fund is used for project expenditures and should be included in the policy. Projects

include routine replacement of existing hardware and software, as well as new projects identified in the IT Masterplan.

- **Capacity Fund Clarifications** (Pages 3, 6 and 7). This clarifies that the use of the capacity fund is allowed for projects that preserve capacity, including projected capacity, and reduce the use of energy. An additional example for Category A capacity projects was added to include the transport system capacity.

The remainder of the changes is primarily updates of terms and definitions, clarification of practice, and other minor changes.

Staff will be available to answer any questions the Board may have regarding the revised policy.

PRE/SG;ks

Attachments: Policy 2080 Project Expenditures – Marked up  
Policy 2080 Project Expenditures – Final



## Union Sanitary District Policy

|  |                             |   |
|--|-----------------------------|---|
| Effective:<br><u>December 8, 2014</u><br><del>8/11</del> | <b>Project Expenditures</b> | Policy Number 2080<br><br>Page 1 of <del>3</del> <u>8</u> |
|--|-----------------------------|---|

### Policy

~~The purpose of this policy is to e~~Establish guidelines for determining the nature and funding of the District's infrastructure and non-infrastructure projects and to provide criteria for the use of the funding sources.

### Purpose

To ~~provide further understanding clarify and define of~~ the various types of District's infrastructure and non-infrastructure projects and the ~~various allowable~~ funding sources ~~for them~~ by project nature and type.

### Definitions

#### *Capacity Fees*

Capacity fees are ~~fees that are~~ charged upon connecting to the existing system or upon a change in use in connected properties, or upon a substantial increase in flow or loading by an industry. The fees can be used for the benefit of future rate payers and funding debt services for capacity-related projects and may be used for the benefit of existing rate payers per the criteria attached as Appendix 'B'. The fees and expenditures are accounted for in the District's Capacity Fund.

#### *Sewer Service Charge Fees*

~~(Note: this definition from SSC Ordinance 31.30)~~

Sewer Service Charge fees are ~~fees that are~~ used to ~~raise revenue to~~ pay for the maintenance and operation of the wastewater facilities; ~~used for the~~ (collection, treatment and disposal of wastewater); ~~industrial waste~~ and for payment of principal and interest on debt in accordance with Federal and State Revenue Program guidelines.  
(Note: this definition is derived from SSC Ordinance 31.37)

*Sources of Funding*

Projects may be funded by the Operating Fund, ~~Non-Expenditure Control~~Special Projects Fund—Budget, Information Systems Renewal & Replacement Fund, Structural Renewal and Replacement Fund, and the Capacity Fund. The Operating Fund's project may be capitalized, depending if the project extends the life of the asset. A matrix summarizing internal guidelines is attached as Appendix 'A'.

*Operating Fund Projects*

These are routine operations and maintenance projects, generally low in cost and do not extend the life of an asset. If the project does extend the life of an asset, it may be funded by the Structural Renewal and Replacement Fund.

These projects benefit existing rate payers.

The present threshold is determined during the annual budget process.

~~Non-Expenditure  
Control~~Special Projects  
Budget Projects

These are one time only, non-routine projects, generally low in cost and may or may not extend the life of an asset.

Examples include Studies, Master Plans, Emergency projects and one-time expenditures for administrative programs.

These projects benefit existing as well as future rate payers.

The present threshold is determined during the annual budget process.

Information Systems  
Renewal and Replacement  
Fund Projects

Projects are for the replacement of existing hardware and software that has reached its existing useful life and to fund identified projects included in the latest update of the IT Master Plan.

These projects benefit existing as well as future rate payers.

The present threshold is determined during the annual budget process.

*Structural Renewal and  
Replacement Fund  
Projects*

Projects are a non-routine upgrade of an existing asset, moderate to high in cost, and extend the life of the asset or replace the asset. Examples would be a major renovation of an existing 50-year pipeline at 40 years, extending its life for another 30 years; or a major renovation of a 25-year treatment facility at 25 years, extending its life for another 20 years.

These projects benefit existing and future rate payers.

The present threshold is equal to or greater than \$50,000.

*Capacity Fund Projects*

These are generally new projects that either increase capacity or extend the life and projected capacity of the collection, treatment, or transport system; extend service to new development; or provide service to new and existing customers. These projects are moderate to high in cost and most of the time create a new asset. Other projects may include energy reduction and capacity conservation projects which measurably reduce flows, loadings, or energy use, and, increase the hydraulic and treatment capacity available for new and existing customers.

These projects benefit future as well as existing rate payers.

The present threshold is \$100,000.

*Combination Projects*

Projects that include renovating and extending the life of an existing asset and also increasing capacity of the system, extending service, etc., high in cost and, depending on the nature of the project, may create a new asset. An example would be a project that replaces worn-out facilities and, ~~as a future consideration,~~ increases its capacity. Specific examples would be a pipeline that is replaced by a larger pipeline or steeper slope, or a renovation of existing pumps that includes adding new or larger pumps.

These projects benefit both existing and future rate payers.

The present threshold is \$50,000.

## Procedure

The funding of each project is determined during the annual budget process in developing the ~~five~~ten-year capital improvement plan. Upon initiation of the project, the project manager confirms the funding source and makes final adjustment at completion.

Combination projects require that costs be allocated between the participating funds. The allocation is initially determined during the annual budget process in developing the ~~five~~ten-year capital improvement plan. Upon initiation of each project, the project manager confirms the ratio and makes final adjustments at completion.

## Management Responsibility

Managers are responsible for ensuring that projects are funded by the correct revenue stream.

Attachment: Internal Guideline Matrix

|                   |  |
|-------------------|--|
| Reviewed by:      | The Executive Team, 03/2008, <u>11/2014</u>            |
| Approved by:      | Board of Directors, 11/90; 01/08/01, <u>12/08/2014</u> |
| Author/Owner:     | TS <del>CS</del> Manager                               |
| Notify Person:    | TS <del>CS</del> Manager                               |
| Review Frequency: | 3 years  |
| Next Revision:    | <del>08</del> <u>12</u> /201 <u>4</u> <u>7</u>         |

Appendix 'A'  
Internal Guidelines for Project Expenditure Funding

| Project Category                              | Characteristics  |                        |  | Internal Guidelines  | Funding   |
|---|--|------------------------|--|--|---|
|   | General Category   | Cost                   | Effect on Life                         |  |   |
| 1. O&M  | Routine operations and maintenance projects; budgeted annually   | Low                    | None or minor                          | Continue same policy re. O&M expenses. Some current O&M projects may fall into category 2.   | Annual Budget, Operating Fund   |
| 2. <del>Non-ECB</del> <u>Special Projects</u> | Non-routine projects; budgeted annually  | Low to Moderate        | May extend life of an asset            | 1. These are one-time, non-routine projects<br>2. Cost threshold is decided during the budget process  | <del>Non-Expenditure-Control</del> <u>Special Projects</u><br><del>Fund-Budget</del> , Capacity or Renewal and Replacement Funds                  |
| 3. <u>Information Systems</u>                 | <del>Non-Routine</del> replacement of existing hardware and software and for new projects included in the latest update of the IT Master Plan. | <u>Low to Moderate</u> | <u>Extends asset or replaces asset</u> | 1. <u>Larger projects are subject to IT Governance criteria.</u><br>2. <u>New projects are reviewed and approved annually by the Board.</u>  | <u>Annual Budget allocation to ISR&amp;R fund from Sewer Service Fees, based on required fund balance.</u>  |
| <del>4</del> 3. Renewal/Replacement           | Non-routine upgrade of existing asset  | Moderate to High       | Extends asset or replaces asset        | Suggest two tests:<br>1. Does it extend life of overall asset? (Re-roofing 50-year building @-at 10 years does not extend life of building—re-roofing is an anticipated expense and, therefore, is O&M.)<br>2. Should be above a cost threshold of \$50,000* | Structural Renewal/Replacement Fund, SSC Fees, Bonds Surcharge, Assessment District, SRF Loan<br><br>Connection Fees per Criteria in Appendix 'B' |

|                          |   |                  |  |  |   |
|--------------------------|---|------------------|--|--|---|
| 45. Capacity Fund        | New projects to increase capacity, treatment, or extend service | Moderate to High | Creates New Asset or extends life of existing assets/ <a href="#">projected capacity</a> | <ol style="list-style-type: none"> <li>Needs to meet the legal test for connection fee funding. These are new facilities which increase capacity of system, extend service or extend life of existing system, etc.</li> <li>Should be above a cost threshold of \$100,000</li> </ol> | Connection Fees, Bonds, SRF Loan  |
| 56. Combination Projects | Upgrade and increase capacity of existing assets.               | Moderate to High | Extends life and capacity of asset   | <ol style="list-style-type: none"> <li>Does it extend life of existing asset?</li> <li>Does it add capacity to existing asset?</li> <li>Should be above a cost threshold of \$ 100,000</li> </ol>  | Structural Renewal/Replacement Fund, SSC Fees, Connection Fees, Bonds, SRF Loan, Surcharge, Assessment District |

## Appendix B

### Criteria for Use of Capacity Funds

(Reviewed by the Board of Directors June 13, 2011)

Prohibitions. The Capacity Fund may not be used for:

- Operating costs (i.e. salary and benefits, power, chemicals, ~~vehicles~~)
- Day-to-day maintenance of USD Facilities (maintenance equipment, tools, labor, maintenance contracts)
- Regular/recurring maintenance of capital facilities (i.e. painting, cleaning, replacement of minor parts and equipment, repairs)

Category A Projects. The Capacity Fund may be used up to 100% to fund projects and associated debt financing that:

- Provide treatment plant capacity in excess of 33 MGD average daily flow.
- Provide power or other plant utilities enabling capacity to be extended beyond 33 MGD (i.e. g., standby power, power infrastructure, IT, access, and land).
- Provide additional pumping capacity to handle average daily flows or peak wet weather flows in excess of current capacity at pump stations and lift stations.
- Provide additional pumping capacity or pipeline conveyance capacity for new developments not currently connected to USD's collection system.
- Provide additional transport system capacity to handle peak flows in excess of current pipeline capacity (e.g., wet weather flow management, water reclamation projects).
- Provide additional collection system capacity to handle peak flows in excess of current pipeline capacity.
- Conduct studies to determine capacity needs or the capacity of existing assets for future use.

Category B Projects. The Capacity Fund may be used to fund up to 50% of capital projects and associated debt financing that:

- Maintain or restore the design capacity of an existing asset.
- Extend the life and projected capacity of an existing asset.
- Assess capacity as a portion of the project scope of a study.

Limits on use of Capacity Fund for Category B projects.

- Before any Capacity funds may be used for any Category B projects, the following conditions must exist:
  - Projected funds for the next ten years must be adequate to cover:
    - All identified Category A projects for the next 10 years

- All previously identified Category B projects using capacity funds in the next 10 years.
- All debt service payments due in the next 10 years.
- The balance remaining may be allocated for Funding of Category B projects giving consideration to the following criteria:
  - Does the project restore capacity to a facility previously downgraded?
  - Does the project allow for maintaining capacity of an asset whose use may be shared by future customers?
  - Does the project extend the useful life of an asset to ensure it is available for future customers?
  - Does funding the project meet the minimum fund balance criteria identified in the Reserves Policy during the life of the construction project?
  - Does the project provide or guarantee future availability of capacity to new/future customers?
  - Is the project estimated to cost greater than \$1 million?



## Union Sanitary District Policy

|                                |                             |                                       |
|--------------------------------|-----------------------------|---------------------------------------|
| Effective:<br>December 8, 2014 | <b>Project Expenditures</b> | Policy Number 2080<br><br>Page 1 of 8 |
|--------------------------------|-----------------------------|---------------------------------------|

### Policy

Establish guidelines for determining the nature and funding of the District's infrastructure and non-infrastructure projects and to provide criteria for the use of the funding sources.

### Purpose

To further clarify and define the various types of District's infrastructure and non-infrastructure projects and the allowable funding sources by project nature and type.

### Definitions

#### *Capacity Fees*

Capacity fees are charged upon connecting to the existing system or upon a change in use in connected properties, or upon a substantial increase in flow or loading by an industry. The fees can be used for the benefit of future rate payers and funding debt services for capacity-related projects and may be used for the benefit of existing rate payers per the criteria attached as Appendix 'B'. The fees and expenditures are accounted for in the District's Capacity Fund.

#### *Sewer Service Charge Fees*

Sewer Service Charge fees are used to pay for the maintenance and operation of the wastewater facilities (collection, treatment and disposal of wastewater) and for payment of principal and interest on debt in accordance with Federal and State Revenue Program guidelines. (*Note: this definition is derived from SSC Ordinance 31.37*)

#### *Sources of Funding*

Projects may be funded by the Operating Fund, Special Projects Fund, Information Systems Renewal & Replacement Fund, Structural Renewal and Replacement Fund, and the Capacity Fund. The Operating Fund's project may be capitalized, depending if the project extends the life of the asset. A matrix summarizing internal guidelines is attached as Appendix 'A'.

*Operating Fund Projects* These are routine operations and maintenance projects, generally low in cost and do not extend the life of an asset. If the project does extend the life of an asset, it may be funded by the Structural Renewal and Replacement Fund.

These projects benefit existing rate payers.

The present threshold is determined during the annual budget process.

*Special Projects* These are one time only, non-routine projects, generally low in cost and may or may not extend the life of an asset.

Examples include Studies, Master Plans, Emergency projects and one-time expenditures for administrative programs.

These projects benefit existing as well as future rate payers.

The present threshold is determined during the annual budget process.

*Information Systems  
Renewal and Replacement  
Fund Projects* Projects are for the replacement of existing hardware and software that has reached its existing useful life and to fund identified projects included in the latest update of the IT Master Plan.

These projects benefit existing as well as future rate payers.

The present threshold is determined during the annual budget process.

*Structural Renewal and  
Replacement Fund  
Projects* Projects are a non-routine upgrade of an existing asset, moderate to high in cost, and extend the life of the asset or replace the asset. Examples would be a major renovation of an existing 50-year pipeline at 40 years, extending its life for another 30 years; or a major renovation of a 25-year treatment facility at 25 years, extending its life for another 20 years.

These projects benefit existing and future rate payers.

The present threshold is equal to or greater than \$50,000.

*Capacity Fund Projects* These are generally new projects that either increase capacity or extend the life and projected capacity of the collection, treatment, or transport system; extend service to new development; or provide service to new and existing customers. These projects are moderate to high in cost and most of the time create a new asset. Other projects may include energy reduction and capacity conservation projects which measurably reduce flows, loadings, or energy use, and, increase the hydraulic and treatment capacity available for new and existing customers.

These projects benefit future as well as existing rate payers.

The present threshold is \$100,000.

*Combination Projects* Projects that include renovating and extending the life of an existing asset and also increasing capacity of the system, extending service, etc., high in cost and, depending on the nature of the project, may create a new asset. An example would be a project that replaces worn-out facilities and increases its capacity. Specific examples would be a pipeline that is replaced by a larger pipeline or steeper slope, or a renovation of existing pumps that includes adding new or larger pumps.

These projects benefit both existing and future rate payers.

The present threshold is \$50,000.

## **Procedure**

The funding of each project is determined during the annual budget process in developing the ten-year capital improvement plan. Upon initiation of the project, the project manager confirms the funding source and makes final adjustment at completion.

Combination projects require that costs be allocated between the participating funds. The allocation is initially determined during the annual budget process in developing the ten-year capital improvement plan. Upon initiation of each project, the project manager confirms the ratio and makes final adjustments at completion.

## **Management Responsibility**

Managers are responsible for ensuring that projects are funded by the correct revenue stream.

Attachment: Internal Guideline Matrix

Reviewed by: The Executive Team, 03/2008, 11/2014  
Approved by: Board of Directors, 11/90; 01/08/01, 12/08/2014  
Author/Owner: TS Manager  
Notify Person: TS Manager  
Review Frequency: 3 years  
Next Revision: 12/2017

**Appendix ‘A’**  
**Internal Guidelines for Project Expenditure Funding**

| Project Category        | Characteristics   |                  |   | Internal Guidelines   | Funding   |
|-------------------------|---|------------------|---|---|---|
|                         | General Category  | Cost             | Effect on Life  |   |   |
| 1. O&M                  | Routine operations and maintenance projects; budgeted annually  | Low              | None or minor   | Continue same policy re. O&M expenses. Some current O&M projects may fall into category 2.  | Annual Budget, Operating Fund   |
| 2. Special Projects     | Non-routine projects; budgeted annually   | Low to Moderate  | May extend life of an asset   | <ol style="list-style-type: none"> <li>These are one-time, non-routine projects</li> <li>Cost threshold is decided during the budget process</li> </ol>   | Special Projects Fund, Capacity or Renewal and Replacement Funds  |
| 3. Information Systems  | Routine replacement of existing hardware and software and for new projects included in the latest update of the IT Master Plan. | Low to Moderate  | Extends asset or replaces asset   | <ol style="list-style-type: none"> <li>Larger projects are subject to IT Governance criteria.</li> <li>New projects are reviewed and approved annually by the Board.</li> </ol>   | Annual Budget allocation to ISR&R fund from Sewer Service Fees, based on required fund balance.   |
| 4. Renewal/ Replacement | Non-routine upgrade of existing asset   | Moderate to High | Extends asset or replaces asset   | <p>Suggest two tests:</p> <ol style="list-style-type: none"> <li>Does it extend life of overall asset? (Re-roofing 50-year building at 10 years does not extend life of building—re-roofing is an anticipated expense and, therefore, is O&amp;M.)</li> <li>Should be above a cost threshold of \$50,000</li> </ol> | <p>Structural Renewal/ Replacement Fund, SSC Fees, Bonds Surcharge, Assessment District, SRF Loan</p> <p>Connection Fees per Criteria in Appendix ‘B’</p> |
| 5. Capacity Fund        | New projects to increase capacity, treatment, or extend service   | Moderate to High | Creates New Asset or extends life of existing assets/projected capacity | <ol style="list-style-type: none"> <li>Needs to meet the legal test for connection fee funding. These are new facilities which increase capacity of system, extend service or extend life of existing system, etc.</li> <li>Should be above a cost threshold of \$100,000</li> </ol>                                | Connection Fees, Bonds, SRF Loan  |

|                         |   |                  |                                    |  |   |
|-------------------------|---|------------------|------------------------------------|--|---|
| 6. Combination Projects | Upgrade and increase capacity of existing assets. | Moderate to High | Extends life and capacity of asset | <ol style="list-style-type: none"><li>1. Does it extend life of existing asset?</li><li>2. Does it add capacity to existing asset?</li><li>3. Should be above a cost threshold of \$ 100,000</li></ol> | Structural Renewal/Replacement Fund, SSC Fees, Connection Fees, Bonds, SRF Loan, Surcharge, Assessment District |
|-------------------------|---|------------------|------------------------------------|--|---|

## Appendix B

### Criteria for Use of Capacity Funds

(Reviewed by the Board of Directors June 13, 2011)

Prohibitions. The Capacity Fund may not be used for:

- Operating costs (i.e. salary and benefits, power, chemicals)
- Day-to-day maintenance of USD Facilities (maintenance equipment, tools, labor, maintenance contracts)
- Regular/recurring maintenance of capital facilities (i.e. painting, cleaning, replacement of minor parts and equipment, repairs)

Category A Projects. The Capacity Fund may be used up to 100% to fund projects and associated debt financing that:

- Provide treatment plant capacity in excess of 33 MGD average daily flow.
- Provide power or other plant utilities enabling capacity to be extended beyond 33 MGD (e.g., standby power, power infrastructure, IT, access, and land).
- Provide additional pumping capacity to handle average daily flows or peak wet weather flows in excess of current capacity at pump stations and lift stations.
- Provide additional pumping capacity or pipeline conveyance capacity for new developments not currently connected to USD's collection system.
- Provide additional transport system capacity to handle peak flows in excess of current pipeline capacity (e.g., wet weather flow management, water reclamation projects).
- Provide additional collection system capacity to handle peak flows in excess of current pipeline capacity.
- Conduct studies to determine capacity needs or the capacity of existing assets for future use.

Category B Projects. The Capacity Fund may be used to fund up to 50% of capital projects and associated debt financing that:

- Maintain or restore the design capacity of an existing asset.
- Extend the life and projected capacity of an existing asset.
- Assess capacity as a portion of the project scope of a study.

Limits on use of Capacity Fund for Category B projects.

- Before any Capacity funds may be used for any Category B projects, the following conditions must exist:
  - Projected funds for the next ten years must be adequate to cover:
    - All identified Category A projects for the next 10 years

- All previously identified Category B projects using capacity funds in the next 10 years.
  - All debt service payments due in the next 10 years.
- The balance remaining may be allocated for Funding of Category B projects giving consideration to the following criteria:
  - Does the project restore capacity to a facility previously downgraded?
  - Does the project allow for maintaining capacity of an asset whose use may be shared by future customers?
  - Does the project extend the useful life of an asset to ensure it is available for future customers?
  - Does funding the project meet the minimum fund balance criteria identified in the Reserves Policy during the life of the construction project?
  - Does the project provide or guarantee future availability of capacity to new/future customers?
  - Is the project estimated to cost greater than \$1 million?





Directors  
Manny Fernandez  
Tom Handley  
Pat Kite  
Anjali Lathi  
Jennifer Toy

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

David M. O'Hara  
Attorney

**DATE:** December 1, 2014

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

**FROM:** Paul R. Eldredge, General Manager/District Engineer  
Rich Cortes, Business Services Work Group Manager  
Judi Berzon, Human Resources Administrator

**SUBJECT: Agenda Item No. 13 - Meeting of December 8, 2014  
APPROVING THE PUBLICLY AVAILABLE PAY SCHEDULE**

**Recommendation:** The President, USD Board of Directors, sign the December 8, 2014 Pay Schedule which will be posted and retained in accordance with CalPERS requirements.

**Background:**

**Publicly Available Pay Schedule**

The Publicly Available Pay Schedule, mandated by CalPERS in August 2011, is designed to: 1) ensure consistency between CalPERS employers; and, 2) enhance the disclosure and transparency of public employee compensation.

The "Publicly Available Pay Schedule" (CCR 570.5) must:

- be duly approved and adopted by the employer's governing body in accordance with requirements of applicable public meetings laws;
- identify the position title for every employee position;
- show the pay rate for each identified position as a single amount or as multiple amounts within a range;
- indicate the time base (i.e., bi-weekly, monthly, etc.);

- be posted at the office of the employer or immediately accessible and available for public review from the employer during normal business hours or posted on the employer's internet website;
- indicate an effective date and date of any revisions;
- be retained by the employer and available for public inspection for not less than 5 years;

The salary changes contained in this document reflect 1) the promotion of the Research and Support Team Coach's promotion to Senior Engineer from Associate Engineer/ Research and Support Team Coach; 2) the addition of the new salary ranges for the newly appointed Collection Services Manager and Treatment and Disposal Services Manager; and 3) the addition of the per meeting compensation for members of the Board of Directors.

Attachment: Union Sanitary District Pay Schedule Effective December 8, 2014

## **UNION SANITARY DISTRICT PAY SCHEDULE**

| Effective December 8, 2014                         |                                  |                                  |
|--|----------------------------------|----------------------------------|
| Position Title                                     | Minimum<br>Bi-Weekly Pay<br>Rate | Maximum<br>Bi-Weekly Pay<br>Rate |
| Accounting Tech Specialist                         | \$2,938.38                       | \$3,571.62                       |
| Accounting Technician II                           | \$2,611.90                       | \$3,174.78                       |
| Administrative Specialist I                        | \$2,320.92                       | \$2,821.10                       |
| Administrative Specialist II                       | \$2,443.06                       | \$2,969.57                       |
| Assistant Engineer                                 | \$3,427.81                       | \$4,499.00                       |
| Assistant to the General Manager                   | \$2,924.79                       | \$3,838.79                       |
| Assistant Storekeeper                              | \$2,256.82                       | \$2,743.18                       |
| Associate Engineer                                 | \$3,821.77                       | \$5,016.08                       |
| Buyer I  | \$2,455.78                       | \$3,223.21                       |
| Buyer II   | \$2,889.16                       | \$3,792.02                       |
| Chemist I  | \$3,193.43                       | \$3,881.64                       |
| Chemist II   | \$3,353.11                       | \$4,075.73                       |
| Coach, Business Services                           | \$4,426.46                       | \$5,809.72                       |
| Coach, Capital Improvement Projects                | \$5,128.54                       | \$6,731.21                       |
| Coach, Collection Services                         | \$4,105.64                       | \$5,388.65                       |
| Coach, Customer Service                            | \$4,580.38                       | \$6,011.74                       |
| Coach, Electrical & Instrumentation                | \$4,150.57                       | \$5,447.62                       |
| Coach, Environmental Compliance                    | \$4,120.45                       | \$5,408.09                       |
| Coach - Mechanical Maintenance                     | \$4,032.52                       | \$5,292.68                       |
| Coach, Research & Support/Sr. Process Engineer     | \$4,580.38                       | \$6,011.74                       |
| Coach, Total Plant Operations                      | \$4,063.75                       | \$5,333.68                       |
| Collection System Worker I                         | \$2,397.86                       | \$2,914.61                       |
| Collection System Worker II                        | \$2,637.65                       | \$3,206.08                       |
| Communications Coordinator                         | \$3,257.39                       | \$3,959.38                       |
| Construction Inspector I                           | \$2,790.06                       | \$3,391.33                       |
| Construction Inspector II                          | \$3,069.05                       | \$3,730.45                       |
| Construction Inspector III                         | \$3,191.82                       | \$3,879.68                       |
| Customer Service Fee Analyst                       | \$2,652.14                       | \$3,223.70                       |
| Engineering Technician I                           | \$2,692.06                       | \$3,272.21                       |
| Engineering Technician II                          | \$2,961.26                       | \$3,599.42                       |
| Engineering Technician III                         | \$3,257.39                       | \$3,959.38                       |
| Environmental Compliance (EC) Inspector I          | \$2,635.74                       | \$3,203.75                       |
| Environmental Compliance (EC) Inspector II         | \$2,965.26                       | \$3,604.30                       |
| Environmental Compliance (EC) Inspector III        | \$3,291.44                       | \$4,000.77                       |
| Environmental Compliance (EC) Inspector IV         | \$3,521.84                       | \$4,280.82                       |
| Environmental Control (EC) Outreach Representative | \$3,291.44                       | \$4,000.77                       |
| Environmental Health and Safety Program Manager    | \$3,798.63                       | \$4,985.70                       |
| Environmental Program Coordinator                  | \$3,728.03                       | \$4,893.04                       |

| Effective December 8, 2014  |                                  |                                  |
|---|----------------------------------|----------------------------------|
| Position Title  | Minimum<br>Bi-Weekly Pay<br>Rate | Maximum<br>Bi-Weekly Pay<br>Rate |
| Fleet Mechanic I  | \$2,658.62                       | \$3,231.57                       |
| Fleet Mechanic II   | \$2,977.66                       | \$3,619.36                       |
| General Manager   | \$7,074.72                       | \$9,285.56                       |
| Human Resources Administrator                                     | \$4,591.87                       | \$6,026.83                       |
| Human Resources Analyst   | \$3,210.96                       | \$4,214.38                       |
| InformationTechnology Administrator                               | \$4,367.30                       | \$5,732.08                       |
| Information Technology Analyst                                    | \$3,089.29                       | \$4,054.70                       |
| Instrument Tech/Electrician                                       | \$3,274.86                       | \$3,980.62                       |
| Janitor   | \$1,778.16                       | \$2,161.36                       |
| Junior Engineer   | \$3,085.03                       | \$4,049.10                       |
| Laboratory Director   | \$3,972.02                       | \$4,828.02                       |
| Lead Collection System Worker                                     | \$2,901.42                       | \$3,526.69                       |
| Maintenance Assistant   | \$1,142.49                       | \$1,388.70                       |
| Manager, Business Services  | \$6,291.21                       | \$8,257.22                       |
| Manager, Collection Services                                      | \$5,528.78                       | \$7,256.52                       |
| Manager, Collection Services*                                     | \$5,827.56                       | \$7,648.67                       |
| Manager, Maintenance  | \$5,528.78                       | \$7,256.52                       |
| Manager, Technical Services                                       | \$6,107.76                       | \$8,016.44                       |
| Manager, Treatment & Disposal Services                            | \$5,528.78                       | \$7,256.52                       |
| Manager, Treatment & Disposal Services *                          | \$5,827.56                       | \$7,648.67                       |
| Mechanic I  | \$2,689.63                       | \$3,269.26                       |
| Mechanic II   | \$3,012.40                       | \$3,661.59                       |
| Mechanic XL   | \$3,714.66                       | \$3,844.68                       |
| Organizational Performance Program Manager                        | \$3,985.83                       | \$5,231.41                       |
| Painter   | \$2,764.26                       | \$3,359.97                       |
| Planner/Scheduler I   | \$3,088.00                       | \$3,753.49                       |
| Planner/Scheduler II  | \$3,320.65                       | \$4,036.27                       |
| Plant Operations Trainer  | \$3,647.89                       | \$4,434.03                       |
| Plant Operator I  | \$2,565.98                       | \$3,118.97                       |
| Plant Operator II   | \$2,848.26                       | \$3,462.07                       |
| Plant Operator III  | \$3,257.04                       | \$3,958.94                       |
| Plant Operator XL   | \$4,016.32                       | \$4,156.90                       |
| Principal Engineer  | \$4,640.11                       | \$6,090.14                       |
| Principal Financial Analyst                                       | \$3,694.37                       | \$4,848.86                       |
| Purchasing Agent  | \$3,637.65                       | \$4,774.42                       |
| Receptionist  | \$2,029.41                       | \$2,466.76                       |
| Senior Accountant   | \$3,314.23                       | \$4,349.93                       |
| Senior Database Administrator / Developer                         | \$3,875.52                       | \$5,086.62                       |
| Senior Engineer   | \$4,144.15                       | \$5,439.20                       |
| Senior Geographic Information System (GIS)/Database Administrator | \$3,875.52                       | \$5,086.62                       |

| Effective December 8, 2014            |                                  |                                  |
|---------------------------------------|----------------------------------|----------------------------------|
| Position Title                        | Minimum<br>Bi-Weekly Pay<br>Rate | Maximum<br>Bi-Weekly Pay<br>Rate |
| Senior Information Technology Analyst | \$3,432.55                       | \$4,505.22                       |
| Senior Network Administrator          | \$3,785.53                       | \$4,968.51                       |
| Senior Planner/Scheduler              | \$3,648.47                       | \$4,788.62                       |
| Senior Process Engineer               | \$4,144.15                       | \$5,439.20                       |
| Storekeeper I                         | \$2,853.67                       | \$3,468.66                       |
| Storekeeper II                        | \$2,996.34                       | \$3,642.08                       |
| Technical Training Program Manager    | \$3,625.89                       | \$4,758.98                       |
| Utility Worker                        | \$2,190.65                       | \$2,662.75                       |

|  |
|--|
| Board of Directors: \$212.00 per meeting, up to a maximum of 6 meetings a month. |
|--|

\* Pay rates will no longer be used after December 30, 2014.

Approved by: \_\_\_\_\_  
President, Board of Directors

Date: \_\_\_\_\_

**Directors**

Manny Fernandez  
Tom Handley  
Pat Kite  
Anjali Lathi  
Jennifer Toy

**Officers**

Paul R. Eldredge  
*General Manager/  
District Engineer*

David M. O'Hara  
*Attorney*

**DATE:** December 8, 2014

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

**FROM:** Paul R. Eldredge, General Manager/District Engineer

**SUBJECT:** Agenda Item No. 14 - Meeting of December 8, 2014  
Motion: **Authorize Execution of the First Amendment to the Joint Exercise of Powers Agreement Between Union Sanitary District and Alameda County Water District**

**Recommendation**

By resolution, Authorize the General Manager to execute an amendment to the Joint Exercise of Powers Agreement with Alameda County Water District extending the term from December 31, 2052 to December 31, 2055.

**Background**

Union Sanitary District and the Alameda County Water District (ACWD) executed a Joint Exercise of Powers Agreement on November 14, 2011, creating the Alameda County Water District Financing Authority (ACWDFA). The Authority enabled ACWD to issue Revenue Bonds to finance several seismic retrofit projects including pipelines crossing fault lines, emergency power supply, and a water tank retrofit.

To take advantage of historic low borrowing rates, and to enable ACWD to accomplish a number of desired capital projects, and possibly reimburse itself for portions of past projects and those projects being built, ACWD is planning a debt issuance of approximately \$25 million in early 2015. Although there are various financing options, the most likely one is to issue water revenue bonds through the ACWDFA. The proposed amendment would clarify the limited obligations of the officers, agents, and employees of the ACWDFA (see Section 4) while extending the term of the JPA by three years to December 31, 2055 to maintain a 40 year period from the bond issuance and the expiration of the JPA Agreement. This amendment requires both the USD and ACWD Board to separately take action to amend the JPA Agreement. The ACWD Board will consider this item on December 11, 2014.

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

**OF THE BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT  
AUTHORIZING THE EXECUTION OF THE FIRST AMENDMENT TO THE JOINT  
EXERCISE OF POWERS AGREEMENT BETWEEN UNION SANITARY DISTRICT  
AND THE ALAMEDA COUNTY WATER DISTRICT**

WHEREAS, on November 14, 2011, the Alameda County Water District ("Water District") and Union Sanitary District ("USD") entered into a Joint Exercise of Powers Agreement creating the Alameda County Water District Financing Authority ("Agency") to assist the Water District with financing and refinancing capital improvement projects ("Agreement"); and

WHEREAS, the Water District desires to finance additional capital improvement projects and to issue additional bonds in 2015 as contemplated by the Agreement; and

WHEREAS, the Water District and USD desire to amend the Agreement to extend the term of the Agreement for a subsequent issuance of bonds and to clarify the limited obligations of the officers, agents, and employees of the Agency.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Alameda County Water District that the General Manager hereby is authorized to execute the First Amendment to the Joint Exercise of Powers Agreement to extend the term of the Agreement for a subsequent issuance of bonds and to clarify the limited obligations of the officers, agents, and employees of the Agency.

FIRST AMENDMENT TO JOINT EXERCISE OF POWERS AGREEMENT  
CREATING THE ALAMEDA COUNTY WATER DISTRICT FINANCING AUTHORITY

This First Amendment ("Amendment") to the Joint Exercise of Powers Agreement creating the Alameda County Water District Financing Authority is entered into this \_\_\_\_ day of \_\_\_\_\_, 2014, by and between the Alameda County Water District ("Water District") and Union Sanitary District ("USD"). Each capitalized term in this Amendment will have the meaning ascribed to it in the Joint Exercise of Powers Agreement ("Agreement").

RECITAL

WHEREAS, on November 14, 2011, Water District and USD entered into the Agreement creating the Alameda County Water District Financing Authority ("Agency") for the purposes of assisting the financing and refinancing of capital improvement projects of Water District and financing working capital for Water District.

WHEREAS, Section 3 of the Agreement provides in part that "subsequent to the Agency's initial issuance of Bonds, the term of this Agreement shall be amended by a supplemental agreement of USD and the Water District prior to each issuance of bonds by the Agency."

WHEREAS, the Water District desires to finance additional capital improvement projects and to issue additional bonds in 2015 as authorized and contemplated by the Agreement.

WHEREAS, the Water District and USD desire to amend the Agreement to extend the term of the Agreement for a subsequent issuance of Bonds and to clarify the limited obligations of the officers, agents, and employees of the Agency.

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

A. Term. The first sentence of Section 3, "Term," of the Agreement is amended to state as follows:

"This Agreement shall become effective as of the date hereof and shall continue in full force and effect until December 31, 2055."

B. The Agency. Section 4, "The Agency," of the Agreement is amended to add a new subsection D(9) as follows:

"No officer, agent or employee of the Agency shall be individually or personally liable for the payment of the principal of or premium or interest on any obligations of the joint powers Agency or be subject to any personal liability or accountability by reason of any obligations of the Agency; but, nothing herein contained shall relieve any such officer, agent or employee from the performance of any official duty provided by law or by the instruments authorizing the issuance of any obligations of the Agency."



C. Effect. Except for the modifications to the Agreement expressly set forth in this Amendment, the terms and conditions of the Agreement remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed and attested by their proper officers thereunto duly authorized, as of the day and year first above written.

ALAMEDA COUNTY WATER DISTRICT

BY: \_\_\_\_\_  
General Manager

Attest:

\_\_\_\_\_  
District Secretary

UNION SANITARY DISTRICT

BY: \_\_\_\_\_  
President of the Board of Directors  
of Union Sanitary District

Attest:

\_\_\_\_\_  
Secretary of the Board of Directors  
of Union Sanitary District

**UNION SANITARY DISTRICT  
CHECK REGISTER  
11/15/2014-11/28/2014**

| <b>Check No.</b> | <b>Date</b> | <b>Invoice No.</b> | <b>Vendor</b>               | <b>Description</b>                                   | <b>Invoice Amt</b> | <b>Check Amt</b> |
|------------------|-------------|--------------------|-----------------------------|--|--------------------|------------------|
| 155950           | 11/26/2014  | 800403.2           | D'ARCY & HARTY CONSTRUCTION | MISC. SS SPOT REPAIRS PHASE V PROJECT                | \$423,553.70       | \$423,553.70     |
| 155992           | 11/26/2014  | 13450              | SAK CONSTRUCTION LLC        | UPPER HETCH HETCHY SS REHABILITATION                 | \$386,411.08       | \$386,411.08     |
| 155953           | 11/26/2014  | 3931               | DW NICHOLSON CORP           | COGENERATION PROJECT                                 | \$230,349.87       | \$230,349.87     |
| 155911           | 11/20/2014  | 666720141031       | PACIFIC GAS AND ELECTRIC    | SERV TO 10/30/14 PASEO PADRE PS                      | \$205.12           | \$85,425.11      |
|                  | 11/20/2014  | 013720141105       |                             | SERV TO 11/04/14 BOYCE RD PS                         | \$2,612.18         |                  |
|                  | 11/20/2014  | 380420141105       |                             | SERV TO 10/31/14 CHERRY ST PS                        | \$170.63           |                  |
|                  | 11/20/2014  | 140120141105       |                             | SERV TO 11/03/14 IRVINGTON PS                        | \$24.88            |                  |
|                  | 11/20/2014  | 170120141106       |                             | SERV TO 10/21/14 PLANT                               | \$82,412.30        |                  |
| 156001           | 11/26/2014  | 2026250            | WEST YOST & ASSOCIATES      | NEWARK BACKYARD SS RELOCATION - PHASE 2              | \$48,917.29        | \$67,500.79      |
|                  | 11/26/2014  | 2026105            |                             | UPPER HETCH HETCHY SS REHABILITATION                 | \$2,394.50         |                  |
|                  | 11/26/2014  | 2026246            |                             | ALVARADO-NILES ROAD SS REHABILITATION                | \$14,959.00        |                  |
|                  | 11/26/2014  | 2026104            |                             | MISC SS SPOT REPAIRS PHASE V                         | \$1,230.00         |                  |
| 155947           | 11/26/2014  | 20130356           | COVELLO GROUP INC           | THICKENER CONROL BUILDING IMPROVEMENTS PHASE II      | \$29,532.20        | \$58,252.91      |
|                  | 11/26/2014  | 201300820          |                             | COGENERATION PROJECT                                 | \$28,720.71        |                  |
| 156003           | 11/26/2014  | 3535               | WINNER CHEVROLET INC        | 1 2015 CHEVROLET TRUCK SILVERADO                     | \$50,155.90        | \$50,155.90      |
| 155968           | 11/26/2014  | 26462              | HARRIS & ASSOCIATES         | TEMPORARY CONST INSPECT SRVCS - BECKWITH, BOB, 10/14 | \$22,410.00        | \$48,060.00      |
|                  | 11/26/2014  | 26461              |                             | MISC. SS SPOT REPAIRS PHASE V - JARVIS               | \$25,650.00        |                  |

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| 155942    | 11/26/2014 | 11227721     | BROWN & CALDWELL CONSULTANTS | ODOR CONTROL STUDY UPDATE                 | \$2,150.55  | \$40,529.18 |
|           | 11/26/2014 | 11227759     |                              | UPPER HETCH HECTCHY SS REHABILITATION     | \$38,378.63 |             |
| 155982    | 11/26/2014 | 10963        | PACIFIC INFRASTRUCTURE CORP  | BOYCE ROAD LIFT STATION                   | \$37,915.00 | \$37,915.00 |
| 155957    | 11/26/2014 | 901921253    | EVOQUA WATER TECHNOLOGIES    | 2,925 GALS HYDROGEN PEROXIDE              | \$13,580.19 | \$28,460.36 |
|           | 11/26/2014 | 901928722    |                              | 3,205 GALS HYDROGEN PEROXIDE              | \$14,880.17 |             |
| 155935    | 11/26/2014 | 62698        | 3T EQUIPMENT COMPANY INC     | 24 PIPEPATCH KIT - WINTER                 | \$12,732.66 | \$16,938.98 |
|           | 11/26/2014 | 62680        |                              | 10 PIPEPATCH KIT - WINTER & 2 ASSY CABLES | \$4,206.32  |             |
| 155960    | 11/26/2014 | 225515       | CITY OF FREMONT              | UPPER HETCH HECTCHY SS REHABILITATION     | \$12,923.61 | \$12,923.61 |
| 155891    | 11/20/2014 | 901921252    | EVOQUA WATER TECHNOLOGIES    | 2,700 GALS HYDROGEN PEROXIDE              | \$12,535.56 | \$12,779.01 |
|           | 11/20/2014 | 901915939    |                              | DI WATER SYSTEM                           | \$243.45    |             |
| 155902    | 11/20/2014 | 9017418030   | KEMIRA WATER SOLUTIONS, INC. | 7.57 DRY TONS FERROUS CHLORIDE            | \$4,950.78  | \$10,065.06 |
|           | 11/20/2014 | 9017418618   |                              | 7.82 DRY TONS FERROUS CHLORIDE            | \$5,114.28  |             |
| 155909    | 11/20/2014 | 97720141104  | DAVID M O'HARA ATTY AT LAW   | CIP LEGAL - OCT 2014                      | \$3,034.50  | \$9,565.50  |
|           | 11/20/2014 | 86420141104  |                              | GENERAL LEGAL - OCT 14                    | \$6,531.00  |             |
| 155997    | 11/26/2014 | 651960       | UNIVAR USA INC               | 4,974 GALS SODIUM HYPOCHLORITE            | \$2,298.99  | \$6,907.58  |
|           | 11/26/2014 | 652022       |                              | 4,961 GALS SODIUM HYPOCHLORITE            | \$2,292.97  |             |
|           | 11/26/2014 | 651911       |                              | 5,010 GALS SODIUM HYPOCHLORITE            | \$2,315.62  |             |
| 155948    | 11/26/2014 | 124120141028 | CSDA CAL SPECIAL DIST ASSOC  | 2015 MEMBERSHIP DUES                      | \$5,691.00  | \$5,691.00  |
| 155985    | 11/26/2014 | 923379       | POLYDYNE INC                 | 41,200 LBS CLARIFLOC WE-539               | \$5,413.68  | \$5,413.68  |

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| 155892    | 11/20/2014 | 3059        | GEOSPHERE CONSULTANTS INC    | CREDIT FOR JARVIS AVE SS RPLMNT (MISC. SS SPOT REPAIRS - PHASE | \$-675.79   | \$5,396.05 |
|           | 11/20/2014 | 2978        |                              | JARVIS AVENUE SS REPLACEMENT (MISC. SS SPOT REPAIRS - PHASE V  | \$6,071.84  |            |
| 155973    | 11/26/2014 | 9017419153  | KEMIRA WATER SOLUTIONS, INC. | 8.10 DRY TONS FERROUS CHLORIDE                                 | \$5,297.40  | \$5,297.40 |
| 155964    | 11/26/2014 | 20141105    | GRAHAM RESEARCH CONSULTANTS  | GORDON GRAHAM MANAGEMENT TRAINING                              | \$5,282.67  | \$5,282.67 |
| 155895    | 11/20/2014 | 9093073     | HACH COMPANY                 | 3 PACKS CHLORINE LAB SAMPLING SUPPLIES                         | \$688.83    | \$5,111.07 |
|           | 11/20/2014 | 9093078     |                              | 1 EA HACH SIGMA 1600   | \$4,422.24  |            |
| 156007    | 11/26/2014 | 20141125    | LYNN ZENG                    | THIRD PARTY CLAIM  | \$4,800.00  | \$4,800.00 |
| 155928    | 11/20/2014 | 650930      | UNIVAR USA INC               | 5,010 GALS SODIUM HYPOCHLORITE                                 | \$2,315.62  | \$4,632.17 |
|           | 11/20/2014 | 650819      |                              | 5,012 GALS SODIUM HYPOCHLORITE                                 | \$2,316.55  |            |
| 155995    | 11/26/2014 | 130705      | TOTAL WASTE SYSTEMS INC      | OCTOBER 2014 GRIT DISPOSAL                                     | \$4,463.16  | \$4,463.16 |
| 155989    | 11/26/2014 | 117084      | R-2 ENGINEERING INC          | 2 SPROCKETS  | \$419.55    | \$4,158.04 |
|           | 11/26/2014 | 117085      |                              | 1 SPROCKET   | \$665.24    |            |
|           | 11/26/2014 | 117086      |                              | 1 SPROCKET   | \$665.24    |            |
|           | 11/26/2014 | 117078      |                              | 1 SHAFT SLEEVE KIT MOYNO                                       | \$1,836.46  |            |
|           | 11/26/2014 | 117083      |                              | 1 BELT POLY CHAIN  | \$571.55    |            |

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| 155883    | 11/20/2014 | 54371052    | CINTAS CORPORATION             | UNIFORM LAUNDERING SERVICE              | \$321.37    | \$4,001.62 |
|           | 11/20/2014 | 54373303    |                                | 7 HIP LENGTH JACKETS - FMC              | \$391.99    |            |
|           | 11/20/2014 | 54375531    |                                | UNIFORM LAUNDERING SERVICE              | \$335.75    |            |
|           | 11/20/2014 | 54368753    |                                | UNIFORM LAUNDERING SERVICE              | \$334.29    |            |
|           | 11/20/2014 | 54373302    |                                | ASTD DUST MOPS, WET MOPS & TERRY TOWELS | \$97.16     |            |
|           | 11/20/2014 | 54373300    |                                | UNIFORM LAUNDERING SERVICE              | \$332.74    |            |
|           | 11/20/2014 | 54371051    |                                | UNIFORM LAUNDERING SERVICE              | \$407.03    |            |
|           | 11/20/2014 | 54375532    |                                | UNIFORM LAUNDERING SERVICE              | \$313.02    |            |
|           | 11/20/2014 | 54368752    |                                | UNIFORM LAUNDERING SERVICE              | \$429.60    |            |
|           | 11/20/2014 | 54371044    |                                | 5 JACKETS - MMT RECOGNITION             | \$311.97    |            |
|           | 11/20/2014 | 54368754    |                                | ASTD DUST MOPS, WET MOPS & TERRY TOWELS | \$99.45     |            |
|           | 11/20/2014 | 54373301    |                                | UNIFORM LAUNDERING SERVICE              | \$341.95    |            |
|           | 11/20/2014 | 54371045    |                                | 1 TUNDRA SYSTEM JACKET - FARSAI         | \$158.00    |            |
|           | 11/20/2014 | 54371043    |                                | 2 JACKETS - FARSAI                      | \$127.30    |            |
| 155999    | 11/26/2014 | 109916      | VAVRINEK, TRINE, DAY & CO LLP  | AUDITING SERVICES OCTOBER 2014          | \$4,000.00  | \$4,000.00 |
| 155952    | 11/26/2014 | XJK4C92F4   | DELL MARKETING LP C/O DELL USA | EXTEND DELL SERVER SUPPORT FOR SERVERS  | \$3,622.34  | \$3,622.34 |
| 155914    | 11/20/2014 | 141029      | PROSAFE                        | 32 HRS INSPECTIONS & 2 HRS SPCC         | \$3,400.00  | \$3,400.00 |
| 155972    | 11/26/2014 | 7171        | PHILLIP JEW                    | REFUND # 17618                          | \$3,392.50  | \$3,392.50 |
| 155974    | 11/26/2014 | 7467        | LINGJUN KONG                   | REFUND # 17626                          | \$3,300.00  | \$3,300.00 |

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| 155874    | 11/20/2014 | 4017420220141104 | ALAMEDA COUNTY WATER DISTRICT | SERV TO: 11/03/14 - FREMONT BLVD | \$35.78     | \$2,891.10 |
|           | 11/20/2014 | 4017275220141104 |                               | SERV TO: 11/03/14 - FREMONT BLVD | \$80.93     |            |
|           | 11/20/2014 | 4017274120141104 |                               | SERV TO: 11/03/14 - FREMONT BLVD | \$2,774.39  |            |
| 155955    | 11/26/2014 | 20141103         | ENFO TECH & CONSULTING INC    | ECMS IMPLEMENTATION              | \$2,640.00  | \$2,640.00 |
| 155882    | 11/20/2014 | 52867511         | CHANNING BETE COMPANY, INC.   | WASTEWATER TREATMENT WORKBOOK    | \$2,625.81  | \$2,625.81 |
| 155951    | 11/26/2014 | 7590             | DEHARO MECHANICAL             | REFUND # 17627                   | \$2,500.00  | \$2,500.00 |
| 155961    | 11/26/2014 | 6207             | GENIUS KIDS                   | REFUND # 17625                   | \$2,500.00  | \$2,500.00 |
| 155906    | 11/20/2014 | 16805908         | MCMASTER SUPPLY INC           | 2 EA SPRINK HOOK LATCHES         | \$33.57     | \$2,462.65 |
|           | 11/20/2014 | 17090229         |                               | ASTD PARTS & MATERIALS           | \$1,305.56  |            |
|           | 11/20/2014 | 16805907         |                               | ASTD ADHESIVES                   | \$109.31    |            |
|           | 11/20/2014 | 16878081         |                               | 2 EA PVC PIPE FITTINGS           | \$57.61     |            |
|           | 11/20/2014 | 16805906         |                               | 3 EA FUSES                       | \$139.84    |            |
|           | 11/20/2014 | 16805905         |                               | 10 FT OF TUBING                  | \$20.25     |            |
|           | 11/20/2014 | 17245106         |                               | ASTD PARTS & MATERIALS           | \$235.49    |            |
|           | 11/20/2014 | 17372456         |                               | 1 EA COUPLING                    | \$27.51     |            |
|           | 11/20/2014 | 15512598         |                               | ASTD PARTS & MATERIALS           | \$116.14    |            |
|           | 11/20/2014 | 17272455         |                               | ASTD HEX NUTS & WASHERS          | \$58.27     |            |
|           | 11/20/2014 | 17077097         |                               | 2 EA ANTI-SLIP PLANK GRATING     | \$359.10    |            |
| 155871    | 11/20/2014 | 62657            | 3T EQUIPMENT COMPANY INC      | 2 PIPEPATCH KIT - WINTER         | \$2,410.30  | \$2,410.30 |

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| 155877    | 11/20/2014 | 3LM82       | BAY AREA AIR QUALITY MGMT DIST | ANNUAL PERMIT RENEWAL                   | \$1,180.00  | \$2,342.00 |
|           | 11/20/2014 | 3LM83       |                                | ANNUAL PERMIT RENEWAL                   | \$1,162.00  |            |
| 155904    | 11/20/2014 | 6288        | LIDO AUTO CARE INC             | REFUND # 17605                          | \$2,308.90  | \$2,308.90 |
| 155890    | 11/20/2014 | 8501        | EAST BAY MUNI UTILITY DISTRICT | 20 LAB SAMPLE ANALYSIS                  | \$2,292.00  | \$2,292.00 |
| 155981    | 11/26/2014 | XCTZ00B     | PACHECO BROTHERS GARDENING INC | WEED ABATEMENT WORK NOV 2014            | \$915.00    | \$2,280.00 |
|           | 11/26/2014 | XCTZ00A     |                                | LANDSCAPE MAINTENANCE SERVICES NOV 2014 | \$1,365.00  |            |
| 155894    | 11/20/2014 | 9564498849  | GRAINGER INC                   | ASTD PARTS & MATERIALS                  | \$586.68    | \$2,171.57 |
|           | 11/20/2014 | 9567307559  |                                | 1 EA MINIATURE CIRCUIT BREAKER          | \$62.91     |            |
|           | 11/20/2014 | 9567461901  |                                | 1 EA FLUORESCENT LIGHT KIT              | \$362.41    |            |
|           | 11/20/2014 | 9565377273  |                                | ASTD PARTS & MATERIALS                  | \$349.48    |            |
|           | 11/20/2014 | 9563347492  |                                | 1 EA CREDENZA                           | \$810.09    |            |
| 155888    | 11/20/2014 | 962653      | DALE HARDWARE INC              | 192 EA PAINT BRUSHES                    | \$407.26    | \$2,075.43 |
|           | 11/20/2014 | 20141024.25 |                                | 10/14 - ASTD PARTS & MATERIALS          | \$1,668.17  |            |
| 155983    | 11/26/2014 | 10963E      | PACIFIC INFRASTRUCTURE CORP    | BOYCE ROAD LIFT STATION                 | \$1,995.00  | \$1,995.00 |
| 155965    | 11/26/2014 | 9571272112  | GRAINGER INC                   | 1 EA DIRECTIONAL VALVE                  | \$1,084.05  | \$1,894.72 |
|           | 11/26/2014 | 9571010256  |                                | 2 EA MINIATURE CIRCUIT BREAKERS         | \$130.32    |            |
|           | 11/26/2014 | 9571336354  |                                | 1 EA QUARTZ METAL HALIDE LAMP           | \$12.09     |            |
|           | 11/26/2014 | 9574766102  |                                | ASTD PARTS & MATERIALS                  | \$523.21    |            |
|           | 11/26/2014 | 9573287753  |                                | ASTD TOWELS & HAND SOAP                 | \$145.05    |            |

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| 155934           | 11/20/2014  | 163224             | W BRADLEY ELECTRIC INC         | INSTALL FIBER PATCH CORD & TRACE OUT FIBER | \$1,633.00         | \$1,633.00       |
| 155900           | 11/20/2014  | 1009059            | INDUSTRIAL SAFETY SUPPLY       | ASTD CALIBRATION GASES                     | \$1,588.80         | \$1,588.80       |
| 155886           | 11/20/2014  | 251036             | CURTIS & TOMPKINS LTD          | 13 LAB SAMPLE ANALYSIS                     | \$385.00           | \$1,570.00       |
|                  | 11/20/2014  | 251048             |                                | 3 LAB SAMPLE ANALYSIS                      | \$210.00           |                  |
|                  | 11/20/2014  | 251149             |                                | 3 LAB SAMPLE ANALYSIS                      | \$60.00            |                  |
|                  | 11/20/2014  | 251138             |                                | 4 LAB SAMPLE ANALYSIS                      | \$140.00           |                  |
|                  | 11/20/2014  | 251112             |                                | 5 LAB SAMPLE ANALYSIS                      | \$435.00           |                  |
|                  | 11/20/2014  | 251071             |                                | 2 LAB SAMPLE ANALYSIS                      | \$25.00            |                  |
|                  | 11/20/2014  | 251113             |                                | 6 LAB SAMPLE ANALYSIS                      | \$195.00           |                  |
|                  | 11/20/2014  | 251180             |                                | 3 LAB SAMPLE ANALYSIS                      | \$120.00           |                  |
| 155943           | 11/26/2014  | 1480               | BURLINGAME ENGINEERS INC       | 5 CIAPHRAGM NITRILE HPD 166                | \$1,568.38         | \$1,568.38       |
| 155879           | 11/20/2014  | 101456             | BEECHER ENGINEERING            | MCC & PLC REPLACEMENT - PHASE 3            | \$1,530.00         | \$1,530.00       |
| 155945           | 11/26/2014  | 46683              | COKER PUMP AND EQUIPMENT       | 1 NEW POLYMER BLEND PUMP FOR STOCK         | \$1,466.14         | \$1,466.14       |
| 155967           | 11/26/2014  | 3H8520             | HARRINGTON INDUSTRIAL PLASTICS | RENTAL OF PLASTIC FUSION MACHINE           | \$1,357.80         | \$1,357.80       |
| 155905           | 11/20/2014  | 6288.1             | KAMAL MANN                     | REFUND # 17604                             | \$1,090.00         | \$1,281.10       |
|                  | 11/20/2014  | 6288               |                                | REFUND # 17605                             | \$191.10           |                  |
| 155939           | 11/26/2014  | 5163506200         | AT&T                           | SERV: 11/10/14 - 12/09/14                  | \$1,178.56         | \$1,178.56       |



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| 155971    | 11/26/2014 | 200450399     | IRON MOUNTAIN                  | DATA/MEDIA OFF-SITE STORAGE - OCT 2014                  | \$229.21    | \$1,175.95 |
|           | 11/26/2014 | 3827          |                                | OFF-SITE STORAGE AND SERVICES - OCT 2014                | \$659.46    |            |
|           | 11/26/2014 | 4153          |                                | OFF-SITE STORAGE AND SERVICES - OCT 2014                | \$287.28    |            |
| 155940    | 11/26/2014 | 707           | AUTOMATED NETWORK CONTROLS     | BOYCE ROAD LIFT STATION PROJECT                         | \$1,041.44  | \$1,041.44 |
| 155937    | 11/26/2014 | 20141124      | ALAN F & ELAINE M KENNEY TRUST | SEWER SERVICE CHARGE REFUND                             | \$1,014.33  | \$1,014.33 |
| 155903    | 11/20/2014 | 7565          | LALO'S SEWER & DRAIN           | REFUND # 17602  | \$500.00    | \$1,000.00 |
|           | 11/20/2014 | 7582          |                                | REFUND # 17603  | \$500.00    |            |
| 155938    | 11/26/2014 | 7451.1        | ALL STAR PLUMBING              | REFUND # 17362  | \$500.00    | \$1,000.00 |
|           | 11/26/2014 | 7451.2        |                                | REFUND # 17361  | \$500.00    |            |
| 155881    | 11/20/2014 | 20141113      | LAURIE BRENNER                 | TUITION REIMB; RUTGER'S PPM 400 - PERFORMANCE BUDGETING | \$375.00    | \$995.00   |
|           | 11/20/2014 | 20141117      |                                | EXP REIMB: UTILITIES MGMT CONF REGISTRATION FEE         | \$620.00    |            |
| 155918    | 11/20/2014 | 7543241101    | RS HUGHES CO INC               | 10 VEST SAFETY MESH SIZE XL CLASS II LIME               | \$180.83    | \$981.12   |
|           | 11/20/2014 | 7545841502    |                                | 10 BXS SAFEGRIP GLOVES                                  | \$153.67    |            |
|           | 11/20/2014 | 7546049300    |                                | 2 BXS SAFEGRIP GLOVES                                   | \$35.08     |            |
|           | 11/20/2014 | 7545841500    |                                | 45 BXS MICROFLEX GLOVES                                 | \$611.54    |            |
| 156002    | 11/26/2014 | 24371         | WILEY PRICE & RADULOVICH LLP   | LABOR & EMPLOYMENT LAW FEES                             | \$967.50    | \$967.50   |
| 155927    | 11/20/2014 | 612518490     | TELEPACIFIC COMMUNICATIONS     | WIRELESS INTERNET BACKUP - NOVEMBER                     | \$960.00    | \$960.00   |
| 155920    | 11/20/2014 | 4868173110614 | SIERRA SPRING WATER COMPANY    | WATER SERVICE 10/10/14 - 11/06/14                       | \$705.01    | \$944.01   |
|           | 11/20/2014 | 8122768110614 |                                | BOTTLESS COOLERS RENTAL                                 | \$239.00    |            |

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| 155884    | 11/20/2014 | 46499       | COKER PUMP AND EQUIPMENT       | 1 HYPO PUMP REBUILD KIT                                     | \$943.25    | \$943.25  |
| 155919    | 11/20/2014 | 2502394004  | S & S SUPPLIES & SOLUTIONS     | 24 PRS SAFETY GLASSES & 30 BXS GLOVES                       | \$460.36    | \$913.95  |
|           | 11/20/2014 | 2502394003  |                                | ASTD SAFETY SUPPLIES - GLOVES                               | \$453.59    |           |
| 155885    | 11/20/2014 | 20141028    | COMMUNICATION & CONTROL INC    | UTILITY FEE/ANTENNA RENTAL                                  | \$903.51    | \$903.51  |
| 155916    | 11/20/2014 | 45041717    | RAIN FOR RENT                  | 14 DAYS TANK POLY 2450 RENTAL & RETURN FEES                 | \$819.60    | \$819.60  |
| 155926    | 11/20/2014 | 20056776    | TELEDYNE INSTRUMENTS INC       | 2 PKS ISCO SAMPLE TUBING NPDES                              | \$249.06    | \$786.71  |
|           | 11/20/2014 | 20056671    |                                | 30 POLYPROPYLENE BOTTLES WITH CAP                           | \$537.65    |           |
| 155936    | 11/26/2014 | 9922540048  | AIRGAS NCN                     | CYLINDER RENTAL   | \$777.60    | \$777.60  |
| 155959    | 11/26/2014 | 9515        | FREMONT EXPRESS COURIER SVC    | COURIER SERVICES: OCT 2014 INCL 2 DELIVERIES TO BOARDMEMBER | \$720.00    | \$720.00  |
| 155979    | 11/26/2014 | 141144      | METROMOBILE COMMUNICATIONS INC | RADIO SERVICE AGREEMENT - NOV 2014                          | \$582.75    | \$688.21  |
|           | 11/26/2014 | 36353       |                                | 1 EA RADIO BATTERY  | \$105.46    |           |
| 155991    | 11/26/2014 | 1141662     | ROCHESTER MIDLAND CORPORATION  | HOT WATER LOOP SERVICE                                      | \$685.90    | \$685.90  |
| 155966    | 11/26/2014 | 20141124    | TIMOTHY GRILLO                 | EXP REIMB: SAFETY RECOG AWARD & LUNCH FOR R&S               | \$658.73    | \$658.73  |
| 155993    | 11/26/2014 | 4571        | SKIL-PAINTING INC              | SANDBLAST STEEL PARTS REMOVE HEAVY EPOXY PAINT              | \$600.00    | \$600.00  |
| 155994    | 11/26/2014 | 14103001    | TELOG INSTRUMENTS INC          | ANNUAL SUPPORT 11/8/2014 - 11/7/2015                        | \$600.00    | \$600.00  |
| 155949    | 11/26/2014 | 251203      | CURTIS & TOMPKINS LTD          | 3 LAB SAMPLE ANALYSIS                                       | \$120.00    | \$555.00  |
|           | 11/26/2014 | 251325      |                                | 3 LAB SAMPLE ANALYSIS                                       | \$120.00    |           |
|           | 11/26/2014 | 251277      |                                | 26 LAB SAMPLEY ANALYSIS                                     | \$315.00    |           |

**UNION SANITARY DISTRICT  
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11/15/2014-11/28/2014**

| Check No. | Date       | Invoice No.   | Vendor                         | Description                             | Invoice Amt | Check Amt |
|-----------|------------|---------------|--------------------------------|---|-------------|-----------|
| 155875    | 11/20/2014 | 5103354       | ALL INDUSTRIAL ELECTRIC SUPPLY | SPB-100 BREAKER INSPECTION              | \$492.75    | \$535.46  |
|           | 11/20/2014 | 5105673       |                                | ASTD PARTS & MATERIALS                  | \$42.71     |           |
| 155913    | 11/20/2014 | 20141118      | PETTY CASH                     | PETTY CASH REPLENISHMENT                | \$517.42    | \$517.42  |
| 155889    | 11/20/2014 | 7594          | DRAIN DOCTOR                   | REFUND # 17610                          | \$500.00    | \$500.00  |
| 155912    | 11/20/2014 | 7607          | PACIFIC PLUMBING & SEWER SERV  | REFUND # 17606                          | \$500.00    | \$500.00  |
| 155923    | 11/20/2014 | 7509          | STAR ROOTER AND PLUMBING       | REFUND # 17601                          | \$500.00    | \$500.00  |
| 155954    | 11/26/2014 | 7596          | E Z PLUMBING                   | REFUND # 17623                          | \$500.00    | \$500.00  |
| 155976    | 11/26/2014 | 10668         | LOOKINGPOINT INC               | MONTHLY PREMIER SUPPORT - NOV 2014      | \$500.00    | \$500.00  |
| 156006    | 11/26/2014 | 7584          | JENNY YANG                     | REFUND # 17624                          | \$500.00    | \$500.00  |
| 156005    | 11/26/2014 | 76730412      | XEROX CORPORATION              | MTHLY MAINTENANCE BASED ON USE          | \$341.37    | \$496.79  |
|           | 11/26/2014 | 76730414      |                                | MTHLY MAINTENANCE BASED ON USE          | \$16.98     |           |
|           | 11/26/2014 | 76730416      |                                | MTHLY MAINTENANCE BASED ON USE          | \$120.77    |           |
|           | 11/26/2014 | 76730413      |                                | MTHLY MAINTENANCE BASED ON USE          | \$17.67     |           |
| 155990    | 11/26/2014 | 8200000007869 | RED WING SHOE STORE            | SAFETY SHOES - DRAKE, MENDOZA & KULL, E | \$481.74    | \$481.74  |
| 155872    | 11/20/2014 | 9033070339    | AIRGAS NCN                     | 2 CYL WELDING GAS                       | \$456.90    | \$456.90  |
| 155910    | 11/20/2014 | PG1122923     | PACIFIC GALVANIZING            | 1 TANK W/LID                            | \$438.83    | \$438.83  |
| 155998    | 11/26/2014 | 28342         | VALLEY OIL COMPANY             | 1 DRUM DEF FLUID & 1 BALCRANK DEF PUMP  | \$415.94    | \$415.94  |
| 155946    | 11/26/2014 | 82389         | CONCRETE WALL SAWING CO INC    | CORE DRILLING                           | \$400.00    | \$400.00  |

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| Check No. | Date       | Invoice No. | Vendor                     | Description  | Invoice Amt | Check Amt |
|-----------|------------|-------------|----------------------------|--|-------------|-----------|
| 155962    | 11/26/2014 | 1176428700  | GLACIER ICE COMPANY INC    | 192 EA 7-POUND BAGS OF ICE                               | \$253.44    | \$396.00  |
|           | 11/26/2014 | 1186430703  |                            | 108 EA 7-POUND BAGS OF ICE                               | \$142.56    |           |
| 155908    | 11/20/2014 | 10384287    | CITY OF NEWARK             | 1 EA ENCROACHMENT PERMIT - JARVIS @ NEWARK               | \$380.00    | \$380.00  |
| 155924    | 11/20/2014 | 20141120    | SWRCB - CERTIFICATIONS     | GRADE V CERT RENEW-GRILLO                                | \$340.00    | \$340.00  |
| 155941    | 11/26/2014 | 10468640    | BLAISDELL'S                | 1 WALL CALENDAR  | \$9.84      | \$338.30  |
|           | 11/26/2014 | 10465920    |                            | 1- 2 SHELF BOOKCASE                                      | \$125.91    |           |
|           | 11/26/2014 | 10462190    |                            | 1 TONER  | \$191.61    |           |
|           | 11/26/2014 | 10463050    |                            | 1 USB DRIVE  | \$10.94     |           |
| 155921    | 11/20/2014 | 1690        | SIGNET TESTING LABS INC    | COLLECTIONS PLUG TEST                                    | \$337.05    | \$337.05  |
| 155925    | 11/20/2014 | 20141118.1  | RUFUS TAI                  | EXP REIMB: IT SAFETY RECOGNITION                         | \$33.90     | \$332.90  |
|           | 11/20/2014 | 20141118.2  |                            | EXP REIMB: SQL SERVER VIRTUALIZATION                     | \$299.00    |           |
| 155907    | 11/20/2014 | 24833434    | MOTION INDUSTRIES INC      | 2 EA V-BELTS   | \$72.62     | \$316.04  |
|           | 11/20/2014 | 24833340    |                            | ASTD PARTS & MATERIALS                                   | \$243.42    |           |
| 155932    | 11/20/2014 | 29992       | VOX NETWORK SOLUTIONS INC  | ADD PHONE LINE & FIX ANALOG LINE                         | \$300.00    | \$300.00  |
| 155930    | 11/20/2014 | 28293       | VALLEY OIL COMPANY         | 60 TUBES CHEVRON MULTIFAK #2 & 10 TUBES MOBILITH SHC 460 | \$295.10    | \$295.10  |
| 155996    | 11/26/2014 | 15516761    | TRI DIM FILTER CORPORATION | 200 TRI-DEK 15/40 2 PLY PADS                             | \$294.62    | \$294.62  |
| 155986    | 11/26/2014 | 99256       | PREFERRED ALLIANCE INC     | OCTOBER 2014 SERVICE FEE                                 | \$273.00    | \$273.00  |
| 155887    | 11/20/2014 | 20141117    | CWEA-NRTC                  | SEMINAR FEE - COLL. WKR JOB SAFETY - 5 CS EMPLOYEES      | \$250.00    | \$250.00  |
| 155977    | 11/26/2014 | 20141125    | ARMANDO LOPEZ              | EXP REIMB: QUARTERLY SAFETY RECOGNITION                  | \$238.00    | \$238.00  |

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| Check No. | Date       | Invoice No. | Vendor                        | Description   | Invoice Amt | Check Amt |
|-----------|------------|-------------|-------------------------------|---|-------------|-----------|
| 155896    | 11/20/2014 | 1511550     | HANSON AGGREGATES INC         | 3.10 TONS 1/2" MED TYPE A                                   | \$237.95    | \$237.95  |
| 155917    | 11/20/2014 | 20141120    | JOSE RODRIGUES JR             | EXP REIMB: SAFETY AWARD BREAKFAST                           | \$234.82    | \$234.82  |
| 155988    | 11/26/2014 | 13948       | R & S ERECTION OF S ALAMEDA   | PM SERVICE ON EXIT GATE                                     | \$111.00    | \$222.00  |
|           | 11/26/2014 | 13932       |                               | PM SERVICE ON EXIT GATE                                     | \$111.00    |           |
| 155970    | 11/26/2014 | 601372880   | HILLYARD/SAN FRANCISCO        | ASTD JANITORIAL SUPPLIES                                    | \$215.81    | \$215.81  |
| 155915    | 11/20/2014 | 13853       | R & S ERECTION OF S ALAMEDA   | PM SERVICE ON ALL GATES                                     | \$199.05    | \$199.05  |
| 155878    | 11/20/2014 | 17326800    | BECK'S SHOES                  | SAFETY SHOES - A HERNANDEZ                                  | \$191.76    | \$191.76  |
| 155963    | 11/26/2014 | 76173       | GORILLA METALS                | ASTD METAL, STEEL, STAINLESS, AND ALUMINUM                  | \$27.65     | \$179.10  |
|           | 11/26/2014 | 76198       |                               | ASTD METAL, STEEL, STAINLESS, AND ALUMINUM                  | \$65.62     |           |
|           | 11/26/2014 | 76197       |                               | ASTD METAL, STEEL, STAINLESS, AND ALUMINUM                  | \$85.83     |           |
| 155880    | 11/20/2014 | 10455400    | BLAISDELL'S                   | 1 APPT BOOK   | \$15.32     | \$175.01  |
|           | 11/20/2014 | 1047800     |                               | 1 BX LABELS   | \$28.34     |           |
|           | 11/20/2014 | 10373200    |                               | ASTD OFFICE SUPPLIES  | \$131.35    |           |
| 155980    | 11/26/2014 | 41635355    | OFFICE TEAM                   | TEMP LABOR-BLANCHETTE, V., WKEND 10/31/14                   | \$171.45    | \$171.45  |
| 156004    | 11/26/2014 | 1204521865  | WRA ENVIRONMENTAL CONSULTANTS | FORCE MAIN CONSTRUCTION                                     | \$168.00    | \$168.00  |
| 155956    | 11/26/2014 | 90060998916 | ENTERPRISE GOV 43-1514861     | RENTAL: M. MOSLEY, SANTA ANA, CA                            | \$154.26    | \$154.26  |
| 155929    | 11/20/2014 | 9853434     | UPS - UNITED PARCEL SERVICE   | SHIPPING CHARGES W/E 10/25/14                               | \$140.88    | \$140.88  |
| 156000    | 11/26/2014 | 47479       | WEST COAST COMPRESSOR         | 4 FILTER ELEMENTS   | \$132.92    | \$132.92  |
| 155901    | 11/20/2014 | 20141117    | PAULETTE JACOBS-ROBERSON      | EXP REIMB: LUNCH - CRITICAL INCIDENT DE-BRIEFING ON 11/6/14 | \$123.13    | \$123.13  |

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CHECK REGISTER  
11/15/2014-11/28/2014**

| <b>Check No.</b> | <b>Date</b> | <b>Invoice No.</b> | <b>Vendor</b>            | <b>Description</b>                                    | <b>Invoice Amt</b> | <b>Check Amt</b> |
|------------------|-------------|--------------------|--------------------------|---|--------------------|------------------|
| 155969           | 11/26/2014  | 17136A             | HAYWARD PIPE AND SUPPLY  | 12 EA UNIONS  | \$118.81           | \$118.81         |
| 155893           | 11/20/2014  | 76088              | GORILLA METALS           | ASTD METAL, STEEL, STAINLESS, AND ALUMINUM            | \$101.56           | \$101.56         |
| 155944           | 11/26/2014  | 66784              | STATE OF CALIFORNIA      | 3 NEW HIRE FINGERPRINTS                               | \$96.00            | \$96.00          |
| 155975           | 11/26/2014  | 20141126           | DAVID LIVINGSTON         | EXP REIMB: EBOLA IN WASTEWATER SEMINAR                | \$75.00            | \$75.00          |
| 155933           | 11/20/2014  | 8059389447         | VWR INTERNATIONAL LLC    | 1 CS EPTIPS BULK 0.5-2.5ML                            | \$73.24            | \$73.24          |
| 155899           | 11/20/2014  | 20141118           | TIM HUGHES               | EXP REIMB: DINNER FOR A NIGHTS QUARTERLY SAFETY RECOG | \$71.00            | \$71.00          |
| 155984           | 11/26/2014  | 20141121           | RIC PIPKIN               | EXP REIMB: QUARTERLY SAFETY RECOGNITION               | \$71.00            | \$71.00          |
| 155922           | 11/20/2014  | 20141117           | THOMAS SOLARI            | EXP REIMB: MILEAGE FOR CALL OUT                       | \$67.75            | \$67.75          |
| 155873           | 11/20/2014  | 20141117           | ALAMEDA COUNTY TREASURER | CAST IRON LINING PHASE VI                             | \$50.00            | \$50.00          |
| 155876           | 11/20/2014  | 1726091            | ANALYSTS INC             | 2 LAB SAMPLE ANALYSIS                                 | \$44.20            | \$44.20          |
| 155897           | 11/20/2014  | 601359198          | HILLYARD/SAN FRANCISCO   | ASTD JANITORIAL SUPPLIES                              | \$43.11            | \$43.11          |
| 155978           | 11/26/2014  | 77742797           | MATHESON TRI-GAS INC     | MONTHLY CYLINDER RENTAL - OCT 2014                    | \$35.08            | \$35.08          |
| 155931           | 11/20/2014  | 9734614783         | VERIZON WIRELESS         | WIRELESS SERV 10/02/14-11/01/14                       | \$14.04            | \$14.04          |
| 155958           | 11/26/2014  | 1110874            | FASTENAL                 | ASTD PARTS & MATERIALS                                | \$9.32             | \$9.32           |
| 155898           | 11/20/2014  | 5496097            | HOSE & FITTINGS ETC      | 1 EA ELBOW  | \$8.53             | \$8.53           |
| 155987           | 11/26/2014  | 588976             | PUBLIC SURPLUS AUCTION   | SURPLUS SALE FEE: TOOL BOXES                          | \$7.28             | \$7.28           |

**UNION SANITARY DISTRICT  
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11/15/2014-11/28/2014**

| Check No.              | Date | Invoice No. | Vendor       | Description            | Invoice Amt | Check Amt    |
|------------------------|------|-------------|--------------|------------------------|-------------|--------------|
| <b>Invoices:</b>       |      |             |              | <b>Checks:</b>         |             |              |
| Credit Memos :         |      | 1           | -675.79      |                        |             |              |
| \$0 - \$1,000 :        |      | 162         | 46,937.70    | \$0 - \$1,000 :        | 77          | 30,766.24    |
| \$1,000 - \$10,000 :   |      | 53          | 148,036.78   | \$1,000 - \$10,000 :   | 45          | 140,229.76   |
| \$10,000 - \$100,000 : |      | 15          | 445,703.22   | \$10,000 - \$100,000 : | 12          | 469,005.91   |
| Over \$100,000 :       |      | 3           | 1,040,314.65 | Over \$100,000 :       | 3           | 1,040,314.65 |
| Total:                 |      | 234         | 1,680,316.56 | Total:                 | 137         | 1,680,316.56 |

**Directors**

Manny Fernandez  
Tom Handley  
Pat Kite  
Anjali Lathi  
Jennifer Toy

**Officers**

Paul R. Eldredge  
*General Manager/  
District Engineer*

David M. O'Hara  
*Attorney*

**DATE:** December 8, 2014

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

**FROM:** Paul R. Eldredge, General Manager/District Engineer

**SUBJECT:** Agenda Item No. 15b - Meeting of December 8, 2014  
Information Item: **Agenda for the Check-In with the General Manager (Mini-Retreat) to be held December 15, 2014**

**Recommendation**

None. Information only.

**Background**

Per the direction of the September 29, 2014 Board retreat, a Board of Directors check-in with the General Manager (mini-retreat) has been scheduled for Monday, December 15, 2014, at USD Offices at 6:30 p.m. or soon thereafter as possible. The retreat will be conducted in workshop format and will be an open session. Staff has identified the following potential topics for discussion:

- Draft Attorney Succession Plan Review
- Succession Plan for Business Services
  - WGM
  - Coach
  - Human Resources Administrator
- Service Clubs Update
- Dropbox Folders Update
- Monthly Ops Report
  - Format
  - Information provided
- Legislative Update
- Birthday celebrations

Staff requests the Board identify any additional topics to be included in the check-in. Staff will then develop a formal agenda.





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

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

David M. O'Hara  
*Attorney*

Date: December 1, 2014

To: Board of Directors-Union Sanitary District

From: Paul Eldredge, General Manager/District Engineer  
Andy Morrison, Collection Services Manager

**Subject:** Agenda Item 15c. - Meeting of December 8, 2014  
**Recognize Shawn Nesgis as Recipient of the 2014 Jerry D. Scott  
Outstanding Superintendent Award, and Recognize Andy Morrison  
as Recipient of the Maintenance Superintendents Association  
Lifetime Membership**

### **Information**

The San Francisco Bay Chapter of the Maintenance Superintendents Association (MSA) will present Shawn Nesgis with the 2014 Jerry D. Scott Outstanding Superintendent Award, and they will recognize Andy Morrison with a Lifetime Membership in the MSA.



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

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

David M. O'Hara  
*Attorney*

**DATE:** December 1, 2014

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

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

**SUBJECT:** Agenda Item No. 15d – Meeting of December 8, 2014  
Information Item – **Vehicle Gate Security Guard**

### **Recommendation**

This is an information item.

### **Background**

During the past several years, construction activities at the Alvarado Wastewater Treatment Plant (Plant) and the number of on-site contractor employees have increased significantly. The high number of contractor employees working in the Plant reduced the number of parking lot spaces available for District employees and visitors. Contractor employees are required to park their personal vehicles in the parking lot but their work vehicles are allowed to enter into the Plant. The District assigned codes to District employees and contractors to access the vehicle gate.

In response to the reduced number of parking lot spaces, District management allowed Plant operations and facilities maintenance employees to park their personal vehicles inside the Plant. This has resulted in an increase in vehicular traffic through the Plant's vehicle gate between the hours of 6:00 a.m. and 7:00 a.m., which encompass the start of the contractors' shifts. Additionally, the contractors typically schedule deliveries between 7:00 a.m. and 8:00 a.m. Because the front desk staff begins their shift at 8:00 a.m., the Plant operators have the responsibility to respond to delivery truck drivers at the vehicle gate.

The higher vehicle gate traffic volume has allowed multiple vehicles to enter when only the first driver enters his/her code, which could potentially let in someone who doesn't belong in the Plant. This has raised a concern with District staff since there is no active control over who enters the site. To address this concern, staff decided to proceed with hiring a company to provide a security guard at the Plant's vehicle gate, on a temporary

and part-time basis. It is not unusual to have security guards at sanitary districts. EBMUD, CCCSD, and other public agencies have security guards that monitor and control entry into their premises.

The Executive Team created a task force to develop guidelines and responsibilities of the guard. The task force consisted of the CIP Coach, Treatment Plant Operations (TPO) Day Shift Coach, and Environmental Health and Safety Program Officer (EHSPM). The task force began its work in October 2014 and presented its recommendations to the Executive Team on November 10<sup>th</sup>. The Executive Team agreed to the attached recommendations.

The District will begin the process of a Request for Proposal for hiring a security company and hope to have a guard in place by February 2015. Staff anticipates an expense of approximately \$2,000 per month for the guard.

PRE/SG/RC;ks

Attachment: Security Guard Guidelines and Responsibilities

## **Security Guard Guidelines and Responsibilities**

### Guard Guidelines

1. The District will hire a security company to provide a guard at the Plant's vehicle gate on a trial basis for up to six months, and will evaluate its effectiveness and decide whether to continue with the program.
2. Since TPO is currently responsible for monitoring site access during non-business hours, the guard will report to the TPO Day Shift coach. The CIP Coach and EHSPM will be the backups.
3. The Customer Service Team of the Technical Services Work Group will administer the contract with the security guard company and budget for its cost.
4. Place the guard at the vehicle gate on Monday through Friday, except District holidays, between 6:00 a.m. and 8:30 a.m. to allow a half-hour overlap with the District's front desk staff.
5. The District will conduct background checks of all those who could be assigned as guards. It is anticipated that the security company may not provide the same person every time.
6. The District will assign individual access codes to each guard and a mail box in the TPO control building. The guard can enter via the personnel gate no earlier than 5:45 a.m., to pick up the vehicle gate remote control, District radio, and any information updates (e.g., District events, changes to contact information, construction work load increase). The guard will drop off the vehicle gate remote control and District radio at the front desk at the end of each day. This will also inform the front desk staff of the guard's departure.
7. The CIP Team will continue to enforce the site security requirements in the construction contract with contractors. These requirements outline the use of the gate codes, parking restrictions, identification of employees, and deliveries.
8. The District will prepare a binder for the guard containing the following information:
  - a. Contact information for the TPO Day Shift Coach, CIP Coach, and EHSPM. Contact information of other employees in case all three people are off on the same day or are unreachable,
  - b. Monthly schedule showing time off for the TPO Day Shift Coach, CIP Coach, and EHSPM,
  - c. Emergency contact lists for Plant projects,
  - d. Photos of District employees,

- e. Site Map, and
  - f. Evacuation procedures.
9. On the occasion that the District holds an event (e.g., vendor fair), the District employee responsible for the event shall coordinate with the TPO Day Shift Coach, CIP Coach, and EHSPM the additional hours and responsibilities, if any, for the guard during the event.

### Guard Responsibilities

1. Monitor all vehicle gate entries Monday through Friday, between 6:00 a.m. and 8:30 a.m.
2. Carry a District radio to contact District employees or the front desk for assistance in locating the right contacts.
3. Carry a remote control for the vehicle gate.
4. Ensure the driver of each vehicle enters his/her code to gain entry through the gate and prevent other drivers from gaining entry until they have successfully entered their own codes.
5. For the vehicles with more than one occupant or pedestrians entering by foot through the vehicle gate under one code entry, the guard shall ensure that the person entering the code can vouch for those in his vehicle or those entering by foot.
6. Deliveries
  - a. For Federal Express and UPS deliveries to the District, the guard shall open the vehicle gate with his remote and direct the driver to the warehouse.
  - b. For deliveries to the District and contractors, the guard shall ensure either the District's contact or the contractor confirms the deliveries and escorts the delivery drivers into the Plant.
7. Direct other District visitors to the visitor's parking area in front of the Administration Building so they can check in at the front desk.



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

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

David M. O'Hara  
*Attorney*

**DATE:** December 1, 2014

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

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

**SUBJECT:** Agenda Item No. 15e - Meeting of December 8, 2014  
Information Item: **Consultant Short List for Design and Construction  
Management of Capital Improvement Projects**

## **Recommendation**

This is an information item.

## **Background**

In February 2012, the District updated the consultant short lists for the design and construction management of capital improvement projects. Based on each project's scope, staff utilized the short lists to select consultants based on their qualifications, experience, and availability of staff. When more than one consulting firm was qualified to do the work, the District generally solicited requests for proposals and/or conducted interviews to select the best consultant for the project. The CIP Team goes through the process of updating the consultant short lists every three years.

The 2012 lists included the following firms:

| <b>Construction Management</b> | <b>Pipeline Design</b>     | <b>Plant &amp; Pump Station Design</b> |
|--------------------------------|----------------------------|--|
| Brown & Caldwell*              | Brown & Caldwell*          | Brown & Caldwell*                      |
| The Covello Group*             | RMC Water and Environment* | Carollo Engineers*                     |
| Harris & Associates*           | Water Works Engineers      | GHD                                    |
| Jacobs Engineering*            | West Yost & Associates*    | RMC Water and Environment*             |
|                                |                            | Water Works Engineers*                 |
|                                |                            | West Yost & Associates*                |

In September 2014, staff completed an evaluation of the current firms on the short lists. Staff determined that the firms marked with an asterisk above performed well on at least one project and therefore, should remain on the lists. Water Works Engineers was requested to submit an updated statement of qualifications (SOQs) for consideration of the 2015 Pipeline Design consultant short list because they did not have an opportunity to design a sewer pipeline project for the District during the past three years.

Staff sent letters requesting SOQs from eight consultant firms and received responses from five firms. Some firms submitted SOQs for more than one short list. Black & Veatch, CDM Smith, and Hazen and Sawyer declined to submit. Staff received SOQs from the following firms:

1. Pipeline Design – CH2M Hill and Water Works Engineers.
2. Plant and Pump Station Design – Beecher Engineering, CH2M Hill, and Hazen and Sawyer.
3. Construction Management – Anchor Engineering, CH2M Hill, and West Yost and Associates.

After evaluating each firm's personnel qualifications and experience and after checking references, staff selected Water Works Engineers for the Pipeline Design short list; Beecher Engineering and CH2M Hill for the Plant and Pump Station Design short list; and Anchor Engineering for the Construction Management short list. The 2015 consultant short lists will be as follows:

| <b>Construction Management</b> | <b>Pipeline Design</b>   | <b>Plant &amp; Pump Station Design</b> |
|--------------------------------|--------------------------|--|
| Anchor Engineering, Inc.       | Brown & Caldwell         | Beecher Engineering                    |
| Brown & Caldwell               | RMC, Inc.                | CH2M Hill                              |
|                                | Water Works Engineers    | Brown & Caldwell                       |
| The Covello Group              | West Yost and Associates | Carollo Engineers                      |
| Harris & Associates            |                          | RMC Water and Environment              |
| Jacobs Engineering             |                          | Water Works Engineers                  |
|                                |                          | West Yost and Associates               |

Staff will utilize the new short lists through 2017 and re-evaluate the lists prior to their expiration at the end of 2017.

PRE/SEG/RC/TL;ks





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

**Officers**  
Paul R. Eldredge, P.E.  
*General Manager*  
*District Engineer*

David M. O'Hara  
*Attorney*

**DATE:** November 13, 2014

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

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

**SUBJECT:** Agenda Item No. 15.f – Meeting of December 8, 2014  
Information Item: Highlights of the June 2013 CalPERS Retirement Valuation

### **Recommendation**

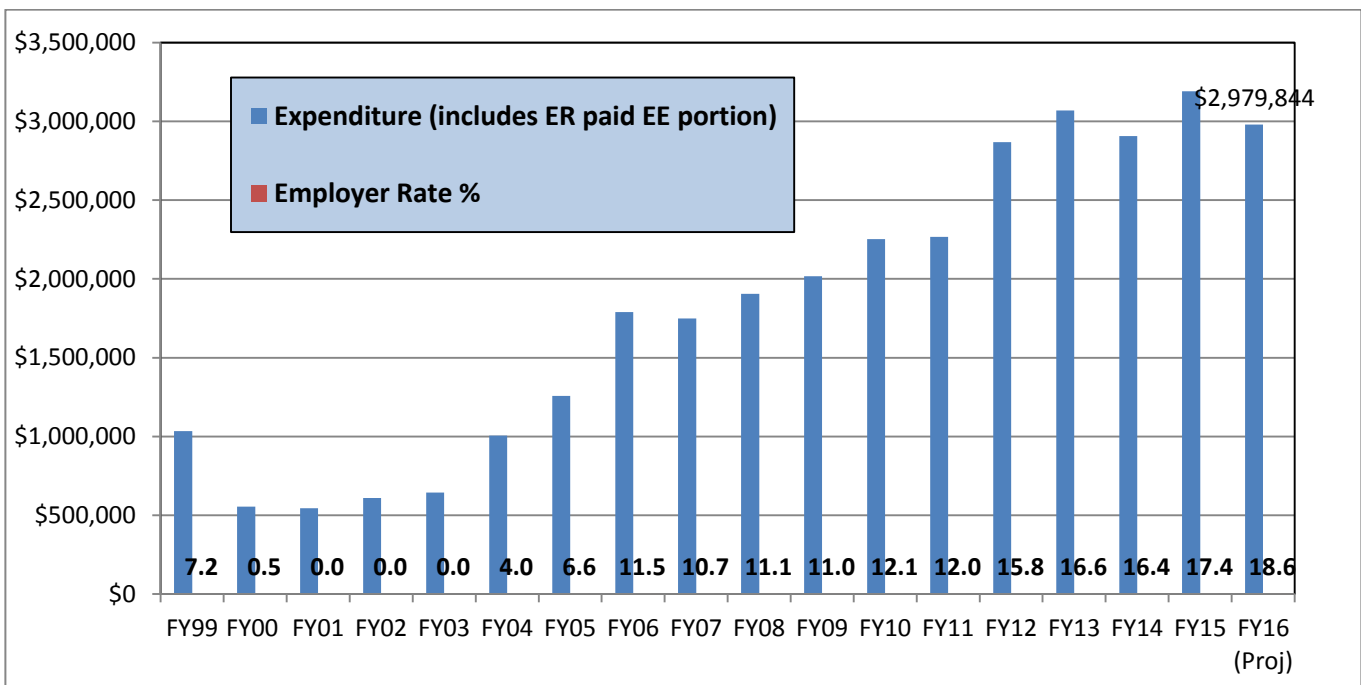
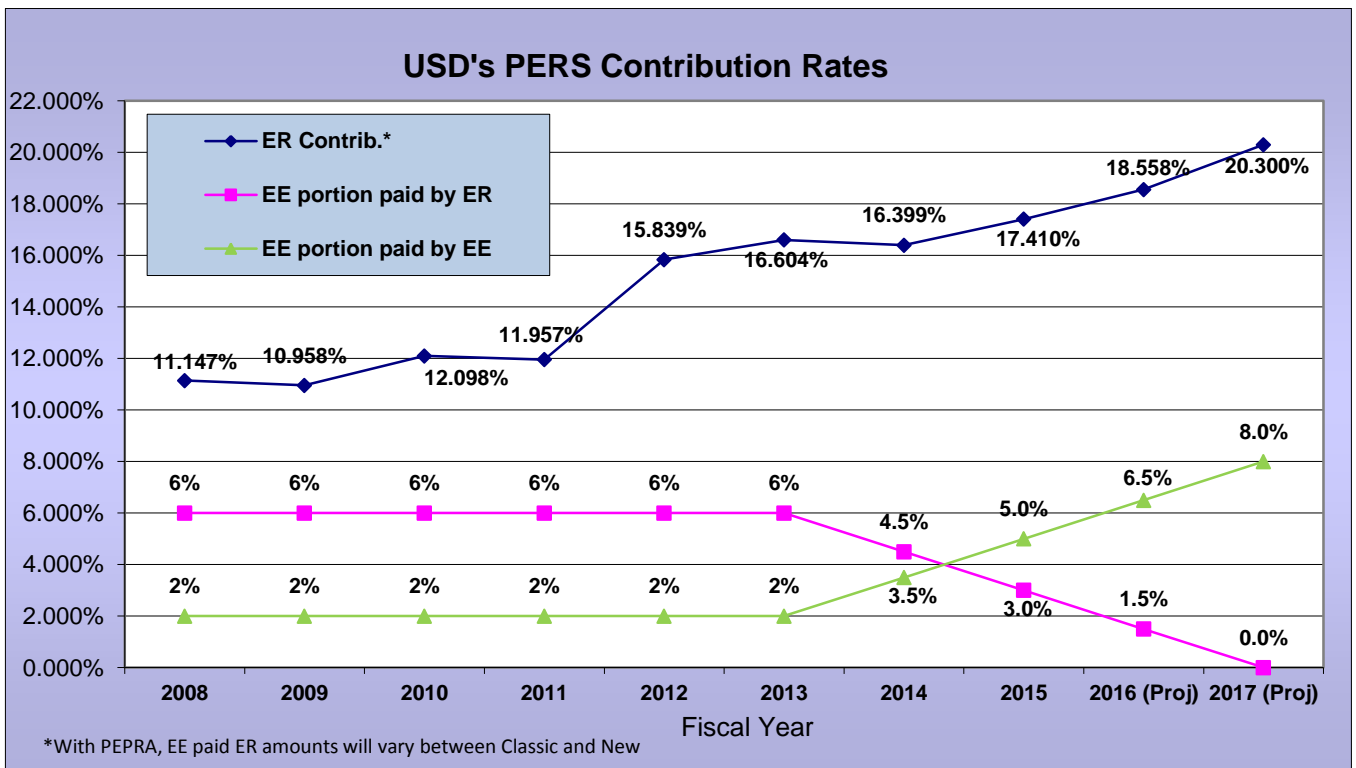
Information only.

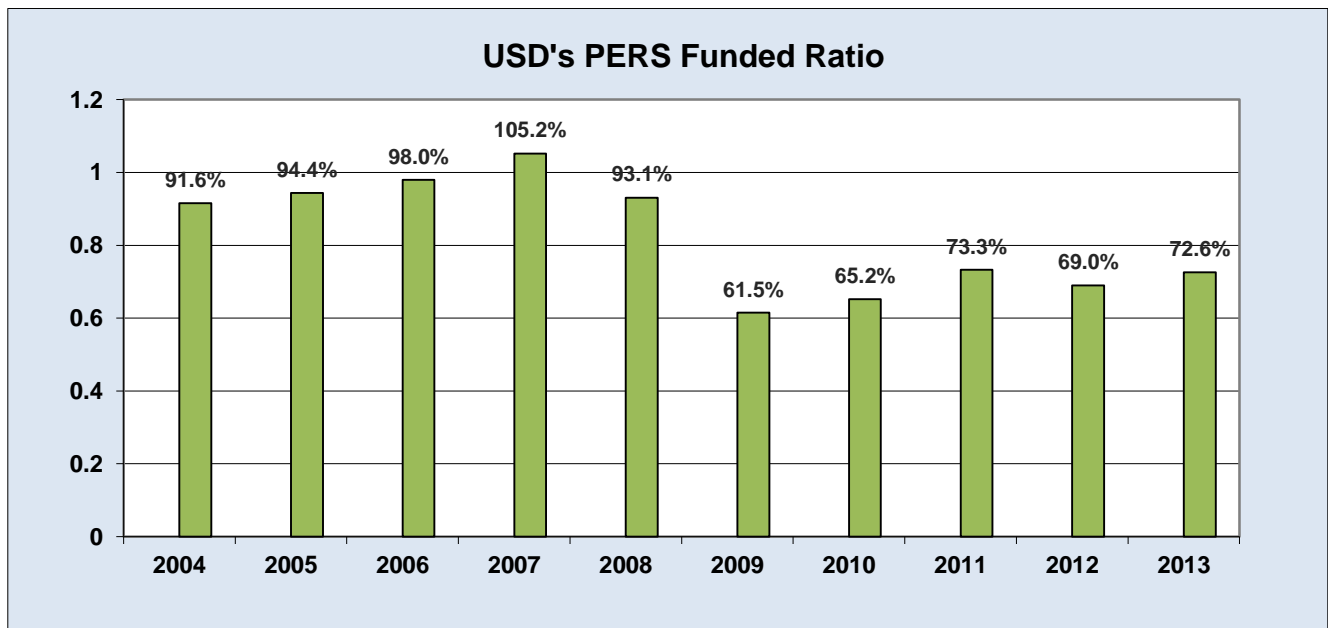
### **Background**

The District receives an actuarial report on our pension plan annually from CalPERS. Below are FY14 actuals, and some highlights from the most recent report. Note that the attached PERS report does not reflect cost-sharing arrangements with employers and employees.

### **Highlights:**

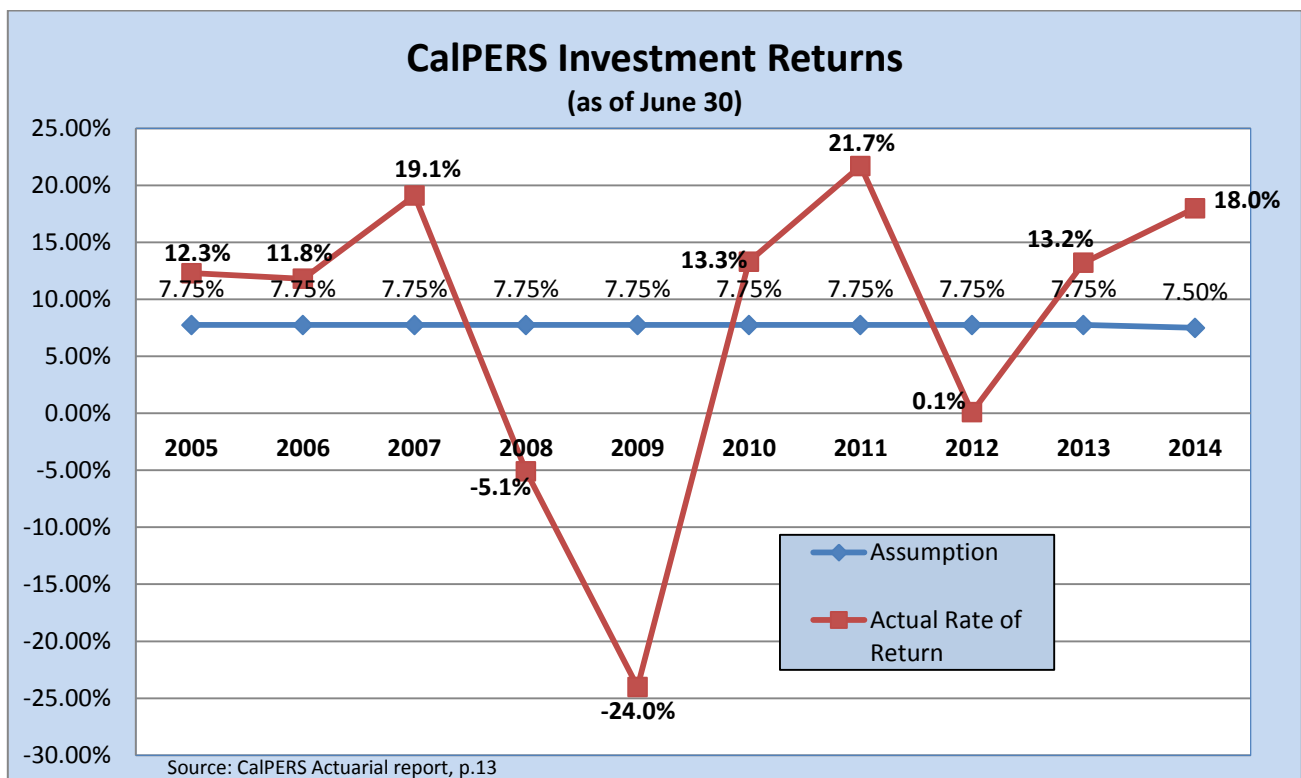
|  | FY14 Actual       | FY15 (Current)  | FY16                      |
|--|-------------------|-----------------|---------------------------|
| Employer Contribution Rate                 | 16.399%           | 17.410%         | <b>18.558%</b>            |
| Employee Contribution Rate                 | 8.00%             | 8.00%           | <b>8.00%</b>              |
| Required Employer Contribution             | \$2,287,910       | \$2,485,098     | <b>\$2,757,002</b>        |
| Employee portion paid by USD<br>(6% of 8%) | \$620,337<br>4.5% | \$427,420<br>3% | <b>\$222,842<br/>1.5%</b> |
| Total Contribution by USD                  | \$2,908,247       | \$2,912,518     | <b>\$2,979,844 (est.)</b> |
|  |                   |                 |                           |
| Discount Rate Assumption                   | 7.5%              | 7.5%            | <b>7.5%</b>               |
| Inflation Assumption                       | 2.75%             | 2.75%           | <b>2.75%</b>              |
| Payroll Growth Assumption                  | 3.0%              | 3.0%            | <b>3.0%</b>               |
| % indicates percent of estimated payroll   |                   |                 |                           |





Funded ratio on a Market Value of Assets basis has increased from 69.0% on the prior valuation to 72.6%.

|                             |                             |
|-----------------------------|-----------------------------|
| Accrued liability =         | \$104,969,799               |
| Market value of assets =    | <u>\$ 76,215,351</u>        |
| <b>Unfunded liability =</b> | <b><u>\$ 28,754,448</u></b> |



In the previous fiscal year the Board inquired about options to paying off the District's pension unfunded liability quicker than the PERS 30 year horizon. Staff shared a scope of work and consultant cost to carry out the work. At the time the preference was to get more competition on the scope to see if the price could be reduced. A request for quotation was issued to 14 vendors and we received one response.

In the meantime, PERS has added a new section to the annual actuarial report, called *Alternate Amortization Schedules* (page 20 of report), that includes information on paying off unfunded liabilities on a 20 and 25 year schedule. Staff will continue to investigate options for reducing the unfunded liability and increasing our funded percentage.

Attachment: PERS Valuation report as of 6/30/13



California Public Employees' Retirement System  
Actuarial Office  
P.O. Box 942701  
Sacramento, CA 94229-2701  
TTY: (916) 795-3240  
(888) 225-7377 phone • (916) 795-2744 fax  
[www.calpers.ca.gov](http://www.calpers.ca.gov)

**October 2014**

**MISCELLANEOUS PLAN OF THE UNION SANITARY DISTRICT (CalPERS ID:  
6011550262)  
Annual Valuation Report as of June 30, 2013**

Dear Employer,

As an attachment to this letter, you will find a copy of the June 30, 2013 actuarial valuation report of your pension plan. Your 2013 actuarial valuation report contains important actuarial information about your pension plan at CalPERS. Your CalPERS staff actuary, whose signature appears in the Actuarial Certification Section on page 1, is available to discuss the report with you after October 31, 2014.

**Future Contribution Rates**

The exhibit below displays the Minimum Employer Contribution Rate for fiscal year 2015-16 and a projected contribution rate for 2016-17, before any cost sharing. The projected rate for 2016-17 is based on the most recent information available, including an estimate of the investment return for fiscal year 2013-14, namely 18 percent, and the impact of the actuarial assumptions adopted by the CalPERS Board in February 2014 that will impact employer rates for the first time in fiscal year 2016-17. For a projection of employer rates beyond 2016-17, please refer to the "Projected Rates" in the "Risk Analysis" section, which includes rate projections through 2020-21 under a variety of investment return scenarios. Please disregard any projections that we may have provided you in the past.

| Fiscal Year | Employer Contribution Rate |
|-------------|----------------------------|
| 2015-16     | 18.558%                    |
| 2016-17     | 20.3% (projected)          |

Member contributions other than cost sharing (whether paid by the employer or the employee) are in addition to the above rates. **The employer contribution rates in this report do not reflect any cost sharing arrangement you may have with your employees.**

The estimate for 2016-17 also assumes that there are no future contract amendments and no liability gains or losses (such as larger than expected pay increases, more retirements than expected, etc.). This is a very important assumption because these gains and losses do occur and can have a significant impact on your contribution rate. Even for the largest plans, such gains and losses often cause a change in the employer's contribution rate of one or two percent of payroll and may be even larger in some less common instances. These gains and losses cannot be predicted in advance so the projected employer contribution rates are just estimates. Your actual rate for 2016-17 will be provided in next year's report.

## Changes since the Prior Year's Valuation

On January 1, 2013, the Public Employees' Pension Reform Act of 2013 (PEPRA) took effect. The impact of the PEPRA changes are included in the rates and the benefit provision listings of the June 30, 2013 valuation for the 2015-16 rates. For more information on PEPRA, please refer to the CalPERS website.

On April 17, 2013, the CalPERS Board of Administration approved a recommendation to change the CalPERS amortization and rate smoothing policies. Beginning with the June 30, 2013 valuations that set the 2015-16 rates, CalPERS will no longer use an actuarial value of assets and will employ an amortization and smoothing policy that will pay for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period.

In 2014 CalPERS completed a 2-year asset liability management study incorporating actuarial assumptions and strategic asset allocation. On February 19, 2014 the CalPERS Board of Administration adopted relatively modest changes to the current asset allocation that will reduce the expected volatility of returns. The adopted asset allocation is expected to have a long-term blended return that continues to support a discount rate assumption of 7.5 percent. The Board also approved several changes to the demographic assumptions that more closely align with actual experience. The most significant of these is mortality improvement to acknowledge the greater life expectancies we are seeing in our membership and expected continued improvements. The new actuarial assumptions will be used to set the FY 2016-17 contribution rates for public agency employers. The increase in liability due to new actuarial assumptions will be calculated in the 2014 actuarial valuation and will be amortized over a 20-year period with a 5-year ramp-up/ramp-down in accordance with Board policy.

Besides the above noted changes, there may also be changes specific to your plan such as contract amendments and funding changes.

Further descriptions of general changes are included in the "Highlights and Executive Summary" section and in Appendix A, "Actuarial Methods and Assumptions." The effect of the changes on your rate is included in the "Reconciliation of Required Employer Contributions."

We understand that you might have a number of questions about these results. While we are very interested in discussing these results with your agency, in the interest of allowing us to give every public agency their results, we ask that you wait until after October 31 to contact us with actuarial questions. If you have other questions, you may call the Customer Contact Center at (888)-CalPERS or **(888-225-7377)**.

Sincerely,



ALAN MILLIGAN  
Chief Actuary



**ACTUARIAL VALUATION**  
as of June 30, 2013

**for the**  
**MISCELLANEOUS PLAN**  
**of the**  
**UNION SANITARY DISTRICT**  
(CalPERS ID: 6011550262)

**REQUIRED CONTRIBUTIONS**  
**FOR FISCAL YEAR**  
**July 1, 2015 – June 30, 2016**

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## ACTUARIAL CERTIFICATION

To the best of our knowledge, this report is complete and accurate and contains sufficient information to disclose, fully and fairly, the funded condition of the MISCELLANEOUS PLAN OF THE UNION SANITARY DISTRICT. This valuation is based on the member and financial data as of June 30, 2013 provided by the various CalPERS databases and the benefits under this plan with CalPERS as of the date this report was produced. It is our opinion that the valuation has been performed in accordance with generally accepted actuarial principles, in accordance with standards of practice prescribed by the Actuarial Standards Board, and that the assumptions and methods are internally consistent and reasonable for this plan, as prescribed by the CalPERS Board of Administration according to provisions set forth in the California Public Employees' Retirement Law.

The undersigned is an actuary for CalPERS, who is a member of the American Academy of Actuaries and the Society of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.



FRITZIE ARCHULETA, ASA, MAAA  
Senior Pension Actuary, CalPERS

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## **HIGHLIGHTS AND EXECUTIVE SUMMARY**

- **INTRODUCTION**
- **PURPOSE OF THE REPORT**
- **REQUIRED EMPLOYER CONTRIBUTION**
- **PLAN'S FUNDED STATUS**
- **COST**
- **CHANGES SINCE THE PRIOR YEAR'S VALUATION**
- **SUBSEQUENT EVENTS**

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## Introduction

This report presents the results of the June 30, 2013 actuarial valuation of the MISCELLANEOUS PLAN OF THE UNION SANITARY DISTRICT of the California Public Employees' Retirement System (CalPERS). This actuarial valuation sets the fiscal year 2015-16 required employer contribution rates.

On January 1, 2013, the Public Employees' Pension Reform Act of 2013 (PEPRA) took effect. The impact of most of the PEPRA changes are included in the rates and the benefit provision listings of the June 30, 2013 valuation, which sets the 2015-16 contribution rates. For more information on PEPRA, please refer to the CalPERS website.

On April 17, 2013, the CalPERS Board of Administration approved a recommendation to change the CalPERS amortization and smoothing policies. Prior to this change, CalPERS employed an amortization and smoothing policy, which spread investment returns over a 15-year period while experience gains and losses were amortized over a rolling 30-year period. Effective with the June 30, 2013 valuations, CalPERS will no longer use an actuarial value of assets and will employ an amortization and smoothing policy that will spread rate increases or decreases over a 5-year period, and will amortize all experience gains and losses over a fixed 30-year period. The new amortization and smoothing policy is used in this valuation.

In 2014 CalPERS completed a 2-year asset liability management study incorporating actuarial assumptions and strategic asset allocation. On February 19, 2014 the CalPERS Board of Administration adopted relatively modest changes to the current asset allocation that will reduce the expected volatility of returns. The adopted asset allocation is expected to have a long-term blended return that continues to support a discount rate assumption of 7.5 percent. The Board also approved several changes to the demographic assumptions that more closely align with actual experience. The most significant of these is mortality improvement to acknowledge the greater life expectancies we are seeing in our membership and expected continued improvements. The new actuarial assumptions will be used to set the FY 2016-17 contribution rates for public agency employers. The increase in liability due to new actuarial assumptions will be calculated in the 2014 actuarial valuation and will be amortized over a 20-year period with a 5-year ramp-up/ramp-down in accordance with Board policy.

## Purpose of the Report

The actuarial valuation was prepared by the CalPERS Actuarial Office using data as of June 30, 2013. The purpose of the report is to:

- Set forth the assets and accrued liabilities of this plan as of June 30, 2013;
- Determine the required employer contribution rate for the fiscal year July 1, 2015 through June 30, 2016;
- Provide actuarial information as of June 30, 2013 to the CalPERS Board of Administration and other interested parties; and to
- Provide pension information as of June 30, 2013 to be used in financial reports subject to Governmental Accounting Standards Board (GASB) Statement Number 27 for a Single Employer Defined Benefit Pension Plan.

### California Actuarial Advisory Panel Recommendations

This report includes all the basic disclosure elements as described in the *Model Disclosure Elements for Actuarial Valuation Reports* recommended in 2011 by the California Actuarial Advisory Panel (CAAP), with the exception of including the original base amounts of the various components of the unfunded liability in the Schedule of Amortization Bases shown on page 19.

Additionally, this report includes the following "Enhanced Risk Disclosures" also recommended by the CAAP in the Model Disclosure Elements document:

- A "Deterministic Stress Test," projecting future results under different investment income scenarios
- A "Sensitivity Analysis," showing the impact on current valuation results using a 1 percent plus or minus change in the discount rate.

The use of this report for any other purposes may be inappropriate. In particular, this report does not contain information applicable to alternative benefit costs. The employer should contact their actuary before disseminating any portion of this report for any reason that is not explicitly described above.

## Required Employer Contribution

|   | Fiscal Year<br>2014-15 | Fiscal Year<br>2015-16 |
|---|------------------------|------------------------|
| <b>Actuarially Determined Employer Contributions</b>  |                        |                        |
| 1. Contribution in Projected Dollars                  |                        |                        |
| a) Total Normal Cost                                  | \$ 2,339,422           | \$ 2,426,303           |
| b) Employee Contribution <sup>1</sup>                 | 1,141,948              | 1,184,183              |
| c) Employer Normal Cost [(1a) – (1b)]                 | 1,197,474              | 1,242,120              |
| d) Unfunded Liability Contribution                    | 1,287,624              | 1,514,950              |
| e) Required Employer Contribution [(1c) + (1d)]       | \$ 2,485,098           | \$ 2,757,070           |
| Projected Annual Payroll for Contribution Year        | \$ 14,274,345          | \$ 14,856,136          |
| 2. Contribution as a Percentage of Payroll            |                        |                        |
| a) Total Normal Cost                                  | 16.389%                | 16.332%                |
| b) Employee Contribution <sup>1</sup>                 | 8.000%                 | 7.971%                 |
| c) Employer Normal Cost [(2a) – (2b)]                 | 8.389%                 | 8.361%                 |
| d) Unfunded Liability Rate                            | 9.021%                 | 10.197%                |
| e) Required Employer Rate [(2c) + (2d)]               | 17.410%                | 18.558%                |
| <b>Minimum Employer Contribution Rate<sup>2</sup></b> | <b>17.410%</b>         | <b>18.558%</b>         |
| Annual Lump Sum Prepayment Option <sup>3</sup>        | \$ 2,396,841           | \$ 2,659,154           |

<sup>1</sup>For classic members this is the percentage specified in the Public Employees Retirement Law, net of any reduction from the use of a modified formula or other factors. For PEPRA members the member contribution rate is based on 50 percent of the normal cost. A development of PEPRA member contribution rates can be found in Appendix D. Employee cost sharing is not shown in this report.

<sup>2</sup>The Minimum Employer Contribution Rate under PEPRA is the greater of the required employer rate or the employer normal cost.

<sup>3</sup>Payment must be received by CalPERS before the first payroll reported to CalPERS of the new fiscal year and after June 30. If there is contractual cost sharing or other change, this amount will change.

## Plan's Funded Status

|  | June 30, 2012  | June 30, 2013  |
|--|----------------|----------------|
| 1. Present Value of Projected Benefits | \$ 113,549,125 | \$ 120,596,743 |
| 2. Entry Age Normal Accrued Liability  | 98,458,686     | 104,969,799    |
| 3. Market Value of Assets (MVA)        | \$ 67,951,375  | \$ 76,215,351  |
| 4. Unfunded Liability [(2) – (3)]      | \$ 30,507,311  | \$ 28,754,448  |
| 5. Funded Ratio [(3) / (2)]            | 69.0%          | 72.6%          |
| Superfunded Status                     | No             | No             |



## Cost

### Actuarial Cost Estimates in General

What will this pension plan cost? Unfortunately, there is no simple answer. There are two major reasons for the complexity of the answer. First, actuarial calculations, including the ones in this report, are based on a number of assumptions about the future. These assumptions can be divided into two categories.

- Demographic assumptions include the percentage of employees that will terminate, die, become disabled, and retire in each future year.
- Economic assumptions include future salary increases for each active employee, and the assumption with the greatest impact, future asset returns at CalPERS for each year into the future until the last dollar is paid to current members of your plan.

While CalPERS has set these assumptions to reflect our best estimate of the real future of your plan, it must be understood that these assumptions are very long-term predictors and will surely not be realized in any one year. For example, while the asset earnings at CalPERS have averaged more than the assumed return of 7.5 percent for the past twenty year period ending June 30, 2013, returns for each fiscal year ranged from negative -24 percent to +21.7 percent.

Second, the very nature of actuarial funding produces the answer to the question of plan cost as the sum of two separate pieces.

- The Normal Cost (i.e., the annual cost associated with one year of service accrual) expressed as a percentage of total active payroll.
- The Past Service Cost or Accrued Liability (i.e., the current value of the benefit for all credited past service of current members) which is expressed as a lump sum dollar amount.

The cost is the sum of a percent of future pay and a lump sum dollar amount (the sum of an apple and an orange if you will). To communicate the total cost, either the Normal Cost (i.e., future percent of payroll) must be converted to a lump sum dollar amount (in which case the total cost is the present value of benefits), or the Past Service Cost (i.e., the lump sum) must be converted to a percent of payroll (in which case the total cost is expressed as the employer's rate, part of which is permanent and part temporary). Converting the Past Service Cost lump sum to a percent of payroll requires a specific amortization period, and the employer rate will vary depending on the amortization period chosen.

## Changes since the Prior Year's Valuation

### Benefits

The standard actuarial practice at CalPERS is to recognize mandated legislative benefit changes in the first annual valuation following the effective date of the legislation. Voluntary benefit changes by plan amendment are generally included in the first valuation that is prepared after the amendment becomes effective even if the valuation date is prior to the effective date of the amendment.

This valuation generally reflects plan changes by amendments effective before the date of the report. Please refer to the "Plan's Major Benefit Options" and Appendix B for a summary of the plan provisions used in this valuation. The effect of any mandated benefit changes or plan amendments on the unfunded liability is shown in the "(Gain)/Loss Analysis" and the effect on your employer contribution rate is shown in the "Reconciliation of Required Employer Contributions." It should be noted that no change in liability or rate is shown for any plan changes, which were already included in the prior year's valuation.

### Actuarial Methods and Assumptions

On April 17, 2013, the CalPERS Board of Administration approved a recommendation to change the CalPERS amortization and smoothing policies. Beginning with the June 30, 2013 valuations that set the 2015-16 rates, CalPERS will no longer use an actuarial value of assets and will employ an amortization and rate smoothing policy that will pay for all gains and losses over a fixed 30-year period with the increases or decreases in the rate phased in over a 5-year period.

A change in the calculation of termination with vested benefits liability for active members was made this year to better reflect the retirement experience. After termination with vested benefits, a miscellaneous member is assumed to retire at age 59 and a safety member at age 54 rather than at earliest retirement age. The higher benefit factors at these ages results in a slightly higher liability and a modest increase in normal cost.

### Public Employees' Pension Reform Act of 2013 (PEPRA)

On January 1, 2013, the Public Employees' Pension Reform Act of 2013 (PEPRA) took effect, requiring that a public employer's contribution to a defined benefit plan, in combination with employee contributions to that defined benefit plan, shall not be less than the normal cost rate. Beginning July 1, 2013, this means that some plans with surplus will be paying more than they otherwise would. For more information on PEPRA, please refer to the CalPERS website.

## Subsequent Events

### Actuarial Methods and Assumptions

In 2014 CalPERS completed a 2-year asset liability management study incorporating actuarial assumptions and strategic asset allocation. On February 19, 2014 the CalPERS Board of Administration adopted relatively modest changes to the current asset allocation that will reduce the expected volatility of returns (see Risk Analysis section of report). The adopted asset allocation is expected to have a long- term blended return that continues to support a discount rate assumption of 7.5 percent.

The Board also approved several changes to the demographic assumptions that more closely align with actual experience. The most significant of these is mortality improvement to acknowledge the greater life expectancies we are seeing in our membership and expected continued improvements. The new actuarial assumptions will be used to set the FY 2016-17 contribution rates for public agency employers. The increase in liability due to new actuarial assumptions will be calculated in the 2014 actuarial valuation and will be amortized over a 20-year period with a 5-year ramp-up/ramp-down in accordance with Board policy. The impact of assumption changes are included in the "Expected Rate Increases" subsection of the "Risk Analysis" section.

## **ASSETS**

- **RECONCILIATION OF THE MARKET VALUE OF ASSETS**
- **ASSET ALLOCATION**
- **CALPERS HISTORY OF INVESTMENT RETURNS**

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## Reconciliation of the Market Value of Assets

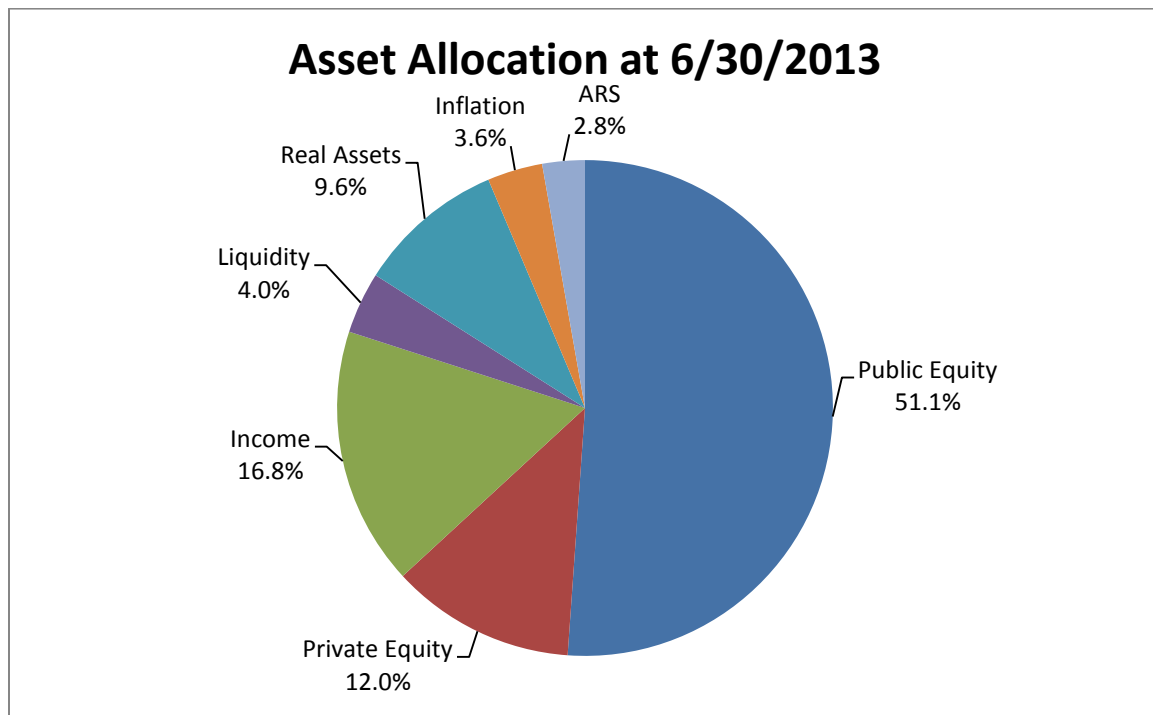
|     |  |    |             |
|-----|--|----|-------------|
| 1.  | Market Value of Assets as of 6/30/12 Including Receivables | \$ | 67,951,375  |
| 2.  | Receivables for Service Buybacks as of 6/30/12             |    | 311,359     |
| 3.  | Market Value of Assets as of 6/30/12                       |    | 67,640,016  |
| 4.  | Employer Contributions                                     |    | 2,265,795   |
| 5.  | Employee Contributions                                     |    | 1,746,465   |
| 6.  | Benefit Payments to Retirees and Beneficiaries             |    | (4,450,813) |
| 7.  | Refunds  |    | 0           |
| 8.  | Lump Sum Payments  |    | 0           |
| 9.  | Transfers and Miscellaneous Adjustments                    |    | 0           |
| 10. | Investment Return  |    | 8,649,129   |
| 11. | Market Value of Assets as of 6/30/13                       | \$ | 75,850,592  |
| 12. | Receivables for Service Buybacks as of 6/30/13             |    | 364,759     |
| 13. | Market Value of Assets as of 6/30/13 Including Receivables | \$ | 76,215,351  |

## Asset Allocation

CalPERS adheres to an Asset Allocation Strategy which establishes asset class allocation policy targets and ranges, and manages those asset class allocations within their policy ranges. CalPERS recognizes that over 90 percent of the variation in investment returns of a well-diversified pool of assets can typically be attributed to asset allocation decisions. On February 19, 2014 the CalPERS Board of Administration adopted changes to the current asset allocation as shown in the Policy Target Allocation below expressed as percentage of total assets. The asset allocation is has an expected long term blended rate of return of 7.5 percent.

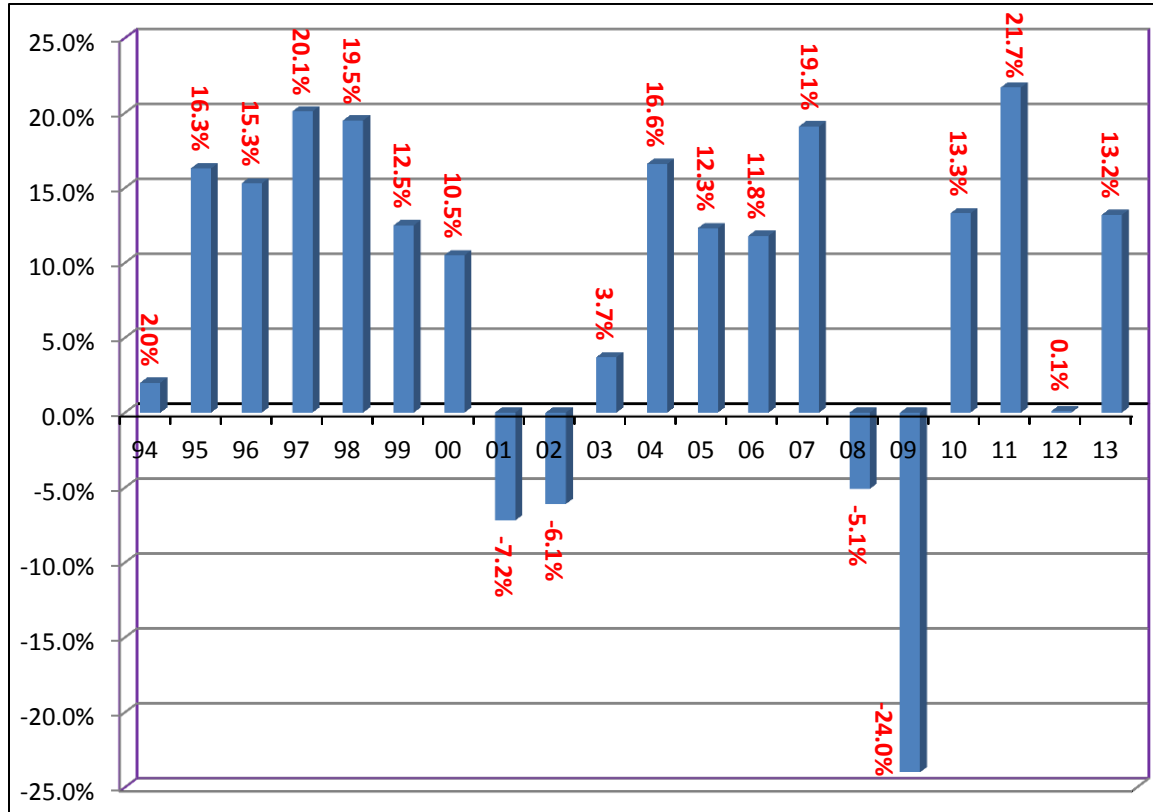
The asset allocation and market value of assets shown below reflect the values of the Public Employees Retirement Fund (PERF) in its entirety as of June 30, 2013. The assets for UNION SANITARY DISTRICT MISCELLANEOUS PLAN are part of the Public Employees Retirement Fund (PERF) and are invested accordingly.

| (A)<br>Asset Class                | (B)<br>Market Value<br>(\$ Billion) | (C)<br>Policy Target<br>Allocation |
|-----------------------------------|-------------------------------------|------------------------------------|
| 1) Global Equity                  | 133.4                               | 47.0%                              |
| 2) Private Equity                 | 31.4                                | 12.0%                              |
| 3) Global Fixed Income            | 43.9                                | 19.0%                              |
| 4) Liquidity                      | 10.5                                | 2.0%                               |
| 5) Real Assets                    | 25.2                                | 14.0%                              |
| 6) Inflation Sensitive Assets     | 9.4                                 | 6.0%                               |
| 7) Absolute Return Strategy (ARS) | 7.2                                 | 0.0%                               |
| <b>Total Fund</b>                 | <b>\$261.0</b>                      | <b>100.0%</b>                      |



## CalPERS History of Investment Returns

The following is a chart with the 20-year historical annual returns of the Public Employees Retirement Fund for each fiscal year ending on June 30. Beginning in 2002, the figures are reported as gross of fees.



The table below shows historical geometric mean annual returns of the Public Employees Retirement Fund for each fiscal year ending on June 30, 2013, (figures are reported as gross of fees). The geometric mean rate of return is the average rate per period compounded over multiple periods. It should be recognized that in any given year the rate of return is volatile. Although the expected rate of return on the recently adopted new asset allocation is 7.5 percent the portfolio has an expected volatility of 11.76 percent per year. Consequently when looking at investment returns it is more instructive to look at returns over longer time horizons.

| History of CalPERS Geometric Mean Rates of Return and Volatilities |        |        |         |         |         |
|--|--------|--------|---------|---------|---------|
|  | 1 year | 5 year | 10 year | 20 year | 30 year |
| Geometric Return   | 13.2%  | 3.5%   | 7.0%    | 7.6%    | 9.4%    |
| Volatility   | —      | 17.9%  | 13.9%   | 11.8%   | 11.6%   |

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## **LIABILITIES AND RATES**

- **DEVELOPMENT OF ACCRUED AND UNFUNDED LIABILITIES**
- **(GAIN) / LOSS ANALYSIS 06/30/12 - 06/30/13**
- **SCHEDULE OF AMORTIZATION BASES**
- **ALTERNATE AMORTIZATION SCHEDULES**
- **RECONCILIATION OF REQUIRED EMPLOYER CONTRIBUTIONS**
- **EMPLOYER CONTRIBUTION RATE HISTORY**
- **FUNDING HISTORY**

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## Development of Accrued and Unfunded Liabilities

|    |  |    |                    |
|----|--|----|--------------------|
| 1. | Present Value of Projected Benefits                  |    |                    |
|    | a) Active Members                                    | \$ | 59,864,885         |
|    | b) Transferred Members                               |    | 4,549,089          |
|    | c) Terminated Members                                |    | 794,753            |
|    | d) Members and Beneficiaries Receiving Payments      |    | 55,388,016         |
|    | e) Total   | \$ | <u>120,596,743</u> |
| 2. | Present Value of Future Employer Normal Costs        | \$ | 7,728,157          |
| 3. | Present Value of Future Employee Contributions       | \$ | 7,898,787          |
| 4. | Entry Age Normal Accrued Liability                   |    |                    |
|    | a) Active Members [(1a) - (2) - (3)]                 | \$ | 44,237,941         |
|    | b) Transferred Members (1b)                          |    | 4,549,089          |
|    | c) Terminated Members (1c)                           |    | 794,753            |
|    | d) Members and Beneficiaries Receiving Payments (1d) |    | 55,388,016         |
|    | e) Total   | \$ | <u>104,969,799</u> |
| 5. | Market Value of Assets (MVA)                         | \$ | 76,215,351         |
| 6. | Unfunded Liability [(4e) - (5)]                      | \$ | 28,754,448         |
| 7. | Funded Ratio [(5) / (4e)]                            |    | 72.6%              |

## (Gain) /Loss Analysis 6/30/12 – 6/30/13

To calculate the cost requirements of the plan, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is compared to the expected experience based on the actuarial assumptions. This results in actuarial gains or losses, as shown below.

### A Total (Gain)/Loss for the Year

|    |   |    |            |
|----|---|----|------------|
| 1. | Unfunded Accrued Liability (UAL) as of 6/30/12                                    | \$ | 16,979,308 |
| 2. | Expected Payment on the UAL during 2012/2013                                      |    | 1,105,323  |
| 3. | Interest through 6/30/13 $[(.075 \times (A1) - ((1.075)^{1/2} - 1) \times (A2))]$ |    | 1,232,748  |
| 4. | Expected UAL before all other changes $[(A1) - (A2) + (A3)]$                      |    | 17,106,733 |
| 5. | Change due to plan changes  |    | 0          |
| 6. | Change due to assumption change   |    | 0          |
| 7. | Expected UAL after all other changes $[(A4) + (A5) + (A6)]$                       |    | 17,106,733 |
| 8. | Actual UAL as of 6/30/13  |    | 28,754,448 |
| 9. | Total (Gain)/Loss for 2012/2013 $[(A8) - (A7)]$                                   | \$ | 11,647,715 |

### B Contribution (Gain)/Loss for the Year

|    |  |    |           |
|----|--|----|-----------|
| 1. | Expected Contribution (Employer and Employee)        | \$ | 3,310,453 |
| 2. | Interest on Expected Contributions                   |    | 121,898   |
| 3. | Actual Contributions                                 |    | 4,012,260 |
| 4. | Interest on Actual Contributions                     |    | 147,740   |
| 5. | Expected Contributions with Interest $[(B1) + (B2)]$ |    | 3,432,351 |
| 6. | Actual Contributions with Interest $[(B3) + (B4)]$   |    | 4,160,000 |
| 7. | Contribution (Gain)/Loss $[(B5) - (B6)]$             | \$ | (727,649) |

### C Asset (Gain)/Loss for the Year

|     |   |    |             |
|-----|---|----|-------------|
| 1.  | Actuarial Value of Assets as of 6/30/12 Including Receivables                         | \$ | 81,479,378  |
| 2.  | Receivables as of 6/30/12   |    | 311,359     |
| 3.  | Actuarial Value of Assets as of 6/30/12   |    | 81,168,019  |
| 4.  | Contributions Received  |    | 4,012,260   |
| 5.  | Benefits and Refunds Paid   |    | (4,450,813) |
| 6.  | Transfers and miscellaneous adjustments   |    | 0           |
| 7.  | Expected Int. $[(.075 \times (C3) + ((1.075)^{1/2} - 1) \times ((C4) + (C5) + (C6))]$ |    | 6,071,453   |
| 8.  | Expected Assets as of 6/30/13 $[(C3) + (C4) + (C5) + (C6) + (C7)]$                    |    | 86,800,919  |
| 9.  | Receivables as of 6/30/13   |    | 364,759     |
| 10. | Expected Assets Including Receivables   |    | 87,165,678  |
| 11. | Market Value of Assets as of 6/30/13  |    | 76,215,351  |
| 12. | Asset (Gain)/Loss $[(C10) - (C11)]$   | \$ | 10,950,327  |

### D Liability (Gain)/Loss for the Year

|    |  |    |            |
|----|--|----|------------|
| 1. | Total (Gain)/Loss (A9)                       | \$ | 11,647,715 |
| 2. | Contribution (Gain)/Loss (B7)                |    | (727,649)  |
| 3. | Asset (Gain)/Loss (C12)                      |    | 10,950,327 |
| 4. | Liability (Gain)/Loss $[(D1) - (D2) - (D3)]$ | \$ | 1,425,037  |

## Schedule of Amortization Bases

There is a two-year lag between the Valuation Date and the Contribution Fiscal Year.

- The assets, liabilities and funded status of the plan are measured as of the valuation date; June 30, 2013.
- The employer contribution rate determined by the valuation is for the fiscal year beginning two years after the valuation date; fiscal year 2015-16.

This two-year lag is necessary due to the amount of time needed to extract and test the membership and financial data, and due to the need to provide public agencies with their employer contribution rates well in advance of the start of the fiscal year.

The Unfunded Liability is used to determine the employer contribution and therefore must be rolled forward two years from the valuation date to the first day of the fiscal year for which the contribution is being determined. The Unfunded Liability is rolled forward each year by subtracting the expected Payment on the Unfunded Liability for the fiscal year and adjusting for interest. The Expected Payment on the Unfunded Liability for a fiscal year is equal to the Expected Employer Contribution for the fiscal year minus the Expected Normal Cost for the year. The Employer Contribution Rate for the first fiscal year is determined by the actuarial valuation two years ago and the rate for the second year is from the actuarial valuation one year ago. The Normal Cost Rate for each of the two fiscal years is assumed to be the same as the rate determined by the current valuation. All expected dollar amounts are determined by multiplying the rate by the expected payroll for the applicable fiscal year, based on payroll as of the valuation date.

| Reason for Base     | Date Established | Amortization Period | Balance 6/30/13     | Expected Payment 2013-14 | Balance 6/30/14     | Expected Payment 2014-15 | Amounts for Fiscal 2015-16 |                               |                                  |
|---------------------|------------------|---------------------|---------------------|--------------------------|---------------------|--------------------------|----------------------------|-------------------------------|----------------------------------|
|                     |                  |                     |                     |                          |                     |                          | Balance 6/30/15            | Scheduled Payment for 2015-16 | Payment as Percentage of Payroll |
| ASSUMPTION CHANGE   | 06/30/03         | 10                  | \$1,755,739         | \$189,847                | \$1,690,581         | \$195,542                | \$1,614,632                | \$201,408                     | 1.356%                           |
| METHOD CHANGE       | 06/30/04         | 11                  | \$(250,607)         | \$(25,506)               | \$(242,957)         | \$(26,271)               | \$(233,940)                | \$(27,059)                    | (0.182%)                         |
| ASSUMPTION CHANGE   | 06/30/09         | 16                  | \$5,130,351         | \$414,762                | \$5,085,093         | \$427,205                | \$5,023,539                | \$440,021                     | 2.962%                           |
| SPECIAL (GAIN)/LOSS | 06/30/09         | 26                  | \$2,277,548         | \$141,618                | \$2,301,532         | \$145,867                | \$2,322,909                | \$150,243                     | 1.011%                           |
| SPECIAL (GAIN)/LOSS | 06/30/10         | 27                  | \$1,368,520         | \$83,581                 | \$1,384,501         | \$86,089                 | \$1,399,080                | \$88,671                      | 0.597%                           |
| ASSUMPTION CHANGE   | 06/30/11         | 18                  | \$2,041,099         | \$51,371                 | \$2,140,919         | \$167,049                | \$2,128,288                | \$172,061                     | 1.158%                           |
| SPECIAL (GAIN)/LOSS | 06/30/11         | 28                  | \$(820,081)         | \$(49,246)               | \$(830,528)         | \$(50,724)               | \$(840,226)                | \$(52,245)                    | (0.352%)                         |
| PAYMENT (GAIN)/LOSS | 06/30/12         | 29                  | \$(45,320)          | \$(13,874)               | \$(34,334)          | \$(2,062)                | \$(34,771)                 | \$(2,124)                     | (0.014%)                         |
| (GAIN)/LOSS         | 06/30/12         | 29                  | \$5,649,483         | \$317,520                | \$5,743,983         | \$344,929                | \$5,817,151                | \$355,277                     | 2.391%                           |
| (GAIN)/LOSS         | 06/30/13         | 30                  | \$11,647,716        | \$19,576                 | \$12,500,998        | \$21,735                 | \$13,416,038               | \$188,697                     | 1.270%                           |
| <b>TOTAL</b>        |                  |                     | <b>\$28,754,448</b> | <b>\$1,129,649</b>       | <b>\$29,739,788</b> | <b>\$1,309,359</b>       | <b>\$30,612,700</b>        | <b>\$1,514,950</b>            | <b>10.197%</b>                   |

## Alternate Amortization Schedules

The amortization schedule shown on the previous page shows the minimum contributions required according to CalPERS amortization policy. There has been considerable interest from many agencies in paying off these unfunded accrued liabilities sooner and the possible savings in doing so. Therefore, we have provided alternate amortization schedules to help analyze your current amortization schedule and illustrate the advantages of accelerating payments towards your plan's unfunded liability of \$30,612,700 as of June 30, 2015, which under the minimum schedule, will require total payments of \$76,611,992. Shown below are the level rate payments required to amortize your plan's unfunded liability assuming a fresh start over the various periods noted. Note that the payments under each scenario would increase by 3 percent for each year into the future.

| Period    | Level Rate of Payroll Amortization |                    |                   |                   |                                     |
|-----------|------------------------------------|--------------------|-------------------|-------------------|-------------------------------------|
|           | 2015-16<br>Rate                    | 2015-16<br>Payment | Total<br>Payments | Total<br>Interest | Difference from<br>Current Schedule |
| <b>25</b> | 13.619%                            | \$ 2,023,329       | \$ 73,769,093     | \$ 43,156,393     | \$ 2,842,899                        |
| <b>20</b> | 15.559%                            | \$ 2,311,425       | \$ 62,108,856     | \$ 31,496,156     | \$ 14,503,136                       |

If you are interested in changing your plan's amortization schedule please contact your plan actuary to discuss further.

## Reconciliation of Required Employer Contributions

|   | Percentage<br>of<br>Projected<br>Payroll | Estimated \$<br>Based on<br>Projected<br>Payroll |
|---|--|--|
| 1. Contribution for 7/1/14 – 6/30/15                                  | 17.410%                                  | \$ 2,485,098                                     |
| 2. Effect of changes since the prior year annual valuation            |  |  |
| a) Effect of unexpected changes in demographics and financial results | 1.148%                                   | 170,682  |
| b) Effect of plan changes   | 0.000%                                   | 0  |
| c) Effect of changes in Assumptions                                   | 0.000%                                   | 0  |
| d) Effect of change in payroll  | -  | 101,290  |
| e) Effect of elimination of amortization base                         | 0.000%                                   | 0  |
| f) Effect of changes due to Fresh Start                               | 0.000%                                   | 0  |
| g) Net effect of the changes above [Sum of (a) through (f)]           | 1.148%                                   | 271,972  |
| 3. Contribution for 7/1/15 – 6/30/16 [(1)+(2g)]                       | 18.558%                                  | 2,757,070  |

The contribution actually paid (item 1) may be different if a prepayment of unfunded actuarial liability is made or a plan change became effective after the prior year's actuarial valuation was performed.

## Employer Contribution Rate History

The table below provides a recent history of the employer contribution rates for your plan, as determined by the annual actuarial valuation. It does not account for prepayments or benefit changes made in the middle of the year.

### Required By Valuation

| <b>Fiscal Year</b> | <b>Employer Normal Cost</b> | <b>Unfunded Rate</b> | <b>Total Employer Contribution Rate</b> |
|--------------------|-----------------------------|----------------------|---|
| 2010 - 2011        | 8.320%                      | 3.637%               | 11.957%                                 |
| 2011 - 2012        | 8.444%                      | 7.395%               | 15.839%                                 |
| 2012 - 2013        | 8.467%                      | 8.137%               | 16.604%                                 |
| 2013 - 2014        | 8.367%                      | 8.032%               | 16.399%                                 |
| 2014 - 2015        | 8.389%                      | 9.021%               | 17.410%                                 |
| 2015 - 2016        | 8.361%                      | 10.197%              | 18.558%                                 |

## Funding History

The Funding History below shows the recent history of the actuarial accrued liability, the market value of assets, the funded ratio and the annual covered payroll.

| <b>Valuation Date</b> | <b>Accrued Liability</b> | <b>Market Value of Assets (MVA)</b> | <b>Funded Ratio</b> | <b>Annual Covered Payroll</b> |
|-----------------------|--------------------------|-------------------------------------|---------------------|-------------------------------|
| 06/30/08              | \$ 74,379,293            | \$ 69,210,431                       | 93.1%               | \$ 11,514,701                 |
| 06/30/09              | 83,558,837               | 51,359,523                          | 61.5%               | 12,177,190                    |
| 06/30/10              | 88,741,572               | 57,880,869                          | 65.2%               | 12,301,216                    |
| 06/30/11              | 94,015,409               | 68,869,888                          | 73.3%               | 12,767,707                    |
| 06/30/12              | 98,458,686               | 67,951,375                          | 69.0%               | 13,063,048                    |
| 06/30/13              | 104,969,799              | 76,215,351                          | 72.6%               | 13,595,469                    |



## **RISK ANALYSIS**

- **VOLATILITY RATIOS**
- **PROJECTED RATES**
- **ANALYSIS OF FUTURE INVESTMENT RETURN SCENARIOS**
- **ANALYSIS OF DISCOUNT RATE SENSITIVITY**
- **HYPOTHETICAL TERMINATION LIABILITY**

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## Volatility Ratios

The actuarial calculations supplied in this communication are based on a number of assumptions about very long-term demographic and economic behavior. Unless these assumptions (terminations, deaths, disabilities, retirements, salary growth, and investment return) are exactly realized each year, there will be differences on a year-to-year basis. The year-to-year differences between actual experience and the assumptions are called actuarial gains and losses and serve to lower or raise the employer's rates from one year to the next. Therefore, the rates will inevitably fluctuate, especially due to the ups and downs of investment returns.

### Asset Volatility Ratio (AVR)

Plans that have higher asset to payroll ratios produce more volatile employer rates due to investment return. For example, a plan with an asset to payroll ratio of 8 may experience twice the contribution volatility due to investment return volatility, than a plan with an asset to payroll ratio of 4. Below we have shown your asset volatility ratio, a measure of the plan's current rate volatility. It should be noted that this ratio is a measure of the current situation. It increases over time but generally tends to stabilize as the plan matures.

### Liability Volatility Ratio (LVR)

Plans that have higher liability to payroll ratios produce more volatile employer rates due to investment return and changes in liability. For example, a plan with a liability to payroll ratio of 8 is expected to have twice the contribution volatility of a plan with a liability to payroll ratio of 4. The liability volatility ratio is also included in the table below. It should be noted that this ratio indicates a longer-term potential for contribution volatility and the asset volatility ratio, described above, will tend to move closer to this ratio as the plan matures.

| Rate Volatility                               | As of June 30, 2013 |             |
|---|---------------------|-------------|
| 1. Market Value of Assets without Receivables | \$                  | 75,850,592  |
| 2. Payroll                                    |                     | 13,595,469  |
| 3. Asset Volatility Ratio (AVR = 1. / 2.)     |                     | 5.6         |
| 4. Accrued Liability                          | \$                  | 104,969,799 |
| 5. Liability Volatility Ratio (LVR = 4. / 2.) |                     | 7.7         |

## Projected Rates

The estimated rate for 2016-17 is based on a projection of the most recent information we have available, including an estimated 18 percent investment return for fiscal 2013-14, the impact of the new smoothing methods adopted by the CalPERS Board in April 2013 that will impact employer rates for the first time in 2015-16 and an estimate of the impact of the new actuarial assumptions adopted by the CalPERS Board in February 2014. These new demographic assumptions include a 20-year projection of on-going mortality improvement. A complete listing of the new demographic assumptions to be implemented with the June 30, 2014 annual actuarial valuation and incorporated in the projected rates for FY 2016-17 and beyond can be found on the CalPERS website at: <http://www.calpers.ca.gov/eip-docs/about/pubs/employer/actuarial-assumptions.xls>

The table below shows projected employer contribution rates (before cost sharing) for the next five Fiscal Years, assuming CalPERS earns 18 percent for fiscal year 2013-14 and 7.50 percent every fiscal year thereafter, and assuming that all other actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur between now and the beginning of the fiscal year 2016-17.

|                            | New Rate | Projected Future Employer Contribution Rates |         |         |         |         |
|----------------------------|----------|--|---------|---------|---------|---------|
|                            | 2015-16  | 2016-17                                      | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
| <b>Contribution Rates:</b> | 18.558%  | 20.3%  | 21.6%   | 22.9%   | 24.3%   | 24.3%   |

## Analysis of Future Investment Return Scenarios

In 2014 CalPERS completed a 2-year asset liability management study incorporating actuarial assumptions and strategic asset allocation. On February 19, 2014 the CalPERS Board of Administration adopted relatively modest changes to the current asset allocation that will reduce the expected volatility of returns. The adopted asset allocation is expected to have a long- term blended return that continues to support a discount rate assumption of 7.5 percent. The newly adopted asset allocation has a lower expected investment volatility which will result in better risk characteristics than an equivalent margin for adverse deviation. The current asset allocation has an expected standard deviation of 12.45 percent while the newly adopted asset allocation has a lower expected standard deviation of 11.76 percent.

The investment return for fiscal year 2013-14 was announced July 14, 2014. The investment return in fiscal year 2013-14 is 18.42 percent before administrative expenses. This year, there will be no adjustment for real estate and private equities. For purposes of projecting future employer rates, we are assuming an 18.0 percent investment return for fiscal year 2013-14.

The investment return realized during a fiscal year first affects the contribution rate for the fiscal year two years later. Specifically, the investment return for 2013-14 will first be reflected in the June 30, 2014 actuarial valuation that will be used to set the 2016-17 employer contribution rates, the 2014-15 investment return will first be reflected in the June 30, 2015 actuarial valuation that will be used to set the 2017-18 employer contribution rates and so forth.

Based on a 18 percent investment return for fiscal year 2013-14, the April 17, 2013 CalPERS Board-approved amortization and rate smoothing method change, the February 18, 2014 new demographic assumptions including 20-year mortality improvement using Scale BB and assuming that all other actuarial assumptions will be realized, and that no further changes to assumptions, contributions, benefits, or funding will occur between now and the beginning of the fiscal year 2016-17, the effect on the 2016-17 Employer Rate is as follows:

### Estimated 2016-17 Employer Rate

20.3%

### Estimated Increase in Employer Rate between 2015-16 and 2016-17

1.7%

As part of this report, a sensitivity analysis was performed to determine the effects of various investment returns during fiscal years 2014-15, 2015-16 and 2016-17 on the 2017-18, 2018-19 and 2019-20 employer rates. Once again, the projected rate increases assume that all other actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur.

Five different investment return scenarios were selected.

- The first scenario is what one would expect if the markets were to give us a 5<sup>th</sup> percentile return from July 1, 2014 through June 30, 2017. The 5<sup>th</sup> percentile return corresponds to a -3.8 percent return for each of the 2014-15, 2015-16 and 2016-17 fiscal years.
- The second scenario is what one would expect if the markets were to give us a 25<sup>th</sup> percentile return from July 1, 2014 through June 30, 2017. The 25<sup>th</sup> percentile return corresponds to a 2.8 percent return for each of the 2014-15, 2015-16 and 2016-17 fiscal years.
- The third scenario assumed the return for 2014-15, 2015-16, 2016-17 would be our assumed 7.5 percent investment return which represents about a 49<sup>th</sup> percentile event.
- The fourth scenario is what one would expect if the markets were to give us a 75<sup>th</sup> percentile return from July 1, 2014 through June 30, 2017. The 75<sup>th</sup> percentile return corresponds to a 12.0 percent return for each of the 2014-15, 2015-16 and 2016-17 fiscal years.
- Finally, the last scenario is what one would expect if the markets were to give us a 95<sup>th</sup> percentile return from July 1, 2014 through June 30, 2017. The 95<sup>th</sup> percentile return corresponds to a 18.9 percent return for each of the 2014-15, 2015-16 and 2016-17 fiscal years.

The table below shows the estimated projected contribution rates and the estimated increases for your plan under the five different scenarios.

| 2014-17 Investment Return Scenario | Estimated Employer Rate |         |         | Estimated Change in Employer Rate between 2016-17 and 2019-20 |
|------------------------------------|-------------------------|---------|---------|---|
|                                    | 2017-18                 | 2018-19 | 2019-20 |   |
| -3.8% (5th percentile)             | 22.6%                   | 25.9%   | 30.1%   | 9.8%  |
| 2.8% (25th percentile)             | 22.0%                   | 24.2%   | 26.8%   | 6.5%  |
| 7.5%                               | 21.6%                   | 22.9%   | 24.3%   | 4.0%  |
| 12.0%(75th percentile)             | 21.2%                   | 21.7%   | 21.7%   | 1.4%  |
| 18.9%(95th percentile)             | 20.6%                   | 19.7%   | 17.5%   | -2.8%   |

## Analysis of Discount Rate Sensitivity

The following analysis looks at the 2015-16 employer contribution rates under two different discount rate scenarios. Shown below are the employer contribution rates assuming discount rates that are 1 percent lower and 1 percent higher than the current valuation discount rate. This analysis gives an indication of the potential required employer contribution rates if the PERF were to realize investment returns of 6.50 percent or 8.50 percent over the long-term.

This type of analysis gives the reader a sense of the long-term risk to the employer contribution rates.

| 2015-16 Employer Contribution Rate |                           |                                    |                           |
|------------------------------------|---------------------------|------------------------------------|---------------------------|
| As of June 30, 2013                | 6.50% Discount Rate (-1%) | 7.50% Discount Rate (assumed rate) | 8.50% Discount Rate (+1%) |
| Employer Normal Cost               | 12.190%                   | 8.361%                             | 5.416%                    |
| Accrued Liability                  | \$ 118,027,417            | \$ 104,969,799                     | \$ 94,016,390             |
| Unfunded Accrued Liability         | \$ 41,812,066             | \$ 28,754,448                      | \$ 17,801,039             |

## Hypothetical Termination Liability

Below is an estimate of the financial position of your plan if you had terminated your contract with CalPERS as of June 30, 2013 using the discount rates shown below. Your plan liability on a termination basis is calculated differently compared to the plan's ongoing funding liability. For this hypothetical termination liability both compensation and service is frozen as of the valuation date and no future pay increases or service accruals are included. In December 2012, the CalPERS Board adopted a more conservative investment policy and asset allocation strategy for the Terminated Agency Pool. Since the Terminated Agency Pool has limited funding sources, expected benefit payments are secured by risk-free assets. With this change, CalPERS increased benefit security for members while limiting its funding risk. This asset allocation has a lower expected rate of return than the PERF. Consequently, the lower discount rate for the Terminated Agency pool results in higher liabilities for terminated plans.

In order to terminate your plan, you must first contact our Retirement Services Contract Unit to initiate a Resolution of Intent to Terminate. The completed Resolution will allow your plan actuary to give you a preliminary termination valuation with a more up-to-date estimate of your plan liabilities. CalPERS strongly advises you to consult with your plan actuary before beginning this process.

| Valuation Date |    | Hypothetical Termination Liability <sup>1</sup> |    | Market Value of Assets (MVA) |    | Unfunded Termination Liability | Termination Funded Ratio | Termination Liability Discount Rate <sup>2</sup> |
|----------------|----|---|----|------------------------------|----|--------------------------------|--------------------------|--|
| 06/30/11       | \$ | 132,936,583                                     | \$ | 68,869,888                   | \$ | 64,066,695                     | 51.8%                    | 4.82%  |
| 06/30/12       |    | 175,769,562                                     |    | 67,951,375                   |    | 107,818,187                    | 38.7%                    | 2.98%  |
| 06/30/13       |    | 167,634,836                                     |    | 76,215,351                   |    | 91,419,485                     | 45.5%                    | 3.72%  |

<sup>1</sup> The hypothetical liabilities calculated above include a 7 percent mortality contingency load in accordance with Board policy. Other actuarial assumptions, such as wage and inflation assumptions, can be found in appendix A.

<sup>2</sup> The discount rate assumption used for termination valuations is a weighted average of the 10 and 30-year US Treasury yields in effect on the valuation date that equal the duration of the pension liabilities. For purposes of this hypothetical termination liability estimate, the discount rate used, is the yield on the 30-year US Treasury Separate Trading of Registered Interest and Principal of Securities (STRIPS). Note that as of June 30, 2014 the 30-year STRIPS rate was 3.55 percent.

## **GASB STATEMENT NO. 27**

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## MISCELLANEOUS PLAN of the UNION SANITARY DISTRICT

### Information for Compliance with GASB Statement No. 27

**Disclosure under GASB 27 follows. However, note that effective for financial statements for fiscal years beginning after June 15, 2014, GASB 68 replaces GASB 27. This will be the last year that GASB disclosure information will be included in your annual actuarial report. GASB 68 will require additional reporting that CalPERS is intending to provide upon request for an additional fee. We urge you to start discussions with your auditors on how to implement GASB 68.**

Under GASB 27, an employer reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The cumulative difference is called the net pension obligation (NPO). Since GASB 68 replaces GASB 27, for fiscal year 2015-16, the APC is replaced by the Actuarially Determined Contribution (ADC). The ADC for July 1, 2015 to June 30, 2016 is 18.558% percent of payroll. In order to calculate the dollar value of the ADC for inclusion in financial statements prepared as of June 30, 2016, this contribution rate, less any employee cost sharing, as modified by any amendments for the year, would be multiplied by the payroll of covered employees that was actually paid during the period July 1, 2015 to June 30, 2016. The employer and the employer's auditor are responsible for determining the NPO, APC or ADC for a given fiscal year.

A summary of principal assumptions and methods used to determine the funded status is shown below.

| <b><u>Retirement Program</u></b> |  |
|----------------------------------|--|
| Valuation Date                   | June 30, 2013  |
| Actuarial Cost Method            | Entry Age Normal Cost Method   |
| Amortization Method              | Level Percent of Payroll   |
| Asset Valuation Method           | Market Value   |
| Actuarial Assumptions            |  |
| Discount Rate                    | 7.50% (net of administrative expenses)   |
| Projected Salary Increases       | 3.30% to 14.20% depending on Age, Service, and type of employment  |
| Inflation                        | 2.75%  |
| Payroll Growth                   | 3.00%  |
| Individual Salary Growth         | A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%. |

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a 30-year period with Direct Rate Smoothing with a 5-year ramp up/ramp down. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30-year amortization period. More detailed information on assumptions and methods is provided in Appendix A of this report. Appendix B contains a description of benefits included in the valuation.

The Schedule of Funding Progress below shows the recent history of the actuarial accrued liability, actuarial value of assets, their relationship and the relationship of the unfunded actuarial accrued liability to payroll.

| Valuation Date | Accrued Liability (a) | Actuarial value of Assets* (b) | Unfunded Liability (UL) (a)-(b) | Funded Ratios (b)/(a) | Annual Covered Payroll (c) | UL As a % of Payroll [(a)-(b)]/(c) |
|----------------|-----------------------|--------------------------------|---------------------------------|-----------------------|----------------------------|------------------------------------|
| 06/30/09       | \$ 83,558,837         | \$ 70,490,768                  | \$ 13,068,069                   | 84.4%                 | \$ 12,177,190              | 107.3%                             |
| 06/30/10       | 88,741,572            | 73,970,831                     | 14,770,741                      | 83.4%                 | 12,301,216                 | 120.1%                             |
| 06/30/11       | 94,015,409            | 77,586,175                     | 16,429,234                      | 82.5%                 | 12,767,707                 | 128.7%                             |
| 06/30/12       | 98,458,686            | 81,479,378                     | 16,979,308                      | 82.8%                 | 13,063,048                 | 130.0%                             |
| 06/30/13       | 104,969,799           | 76,215,351                     | 28,754,448                      | 72.6%                 | 13,595,469                 | 211.5%                             |

\* Beginning with the 6/30/2013 valuation Actuarial Value of Assets equals Market Value of Assets per CalPERS Direct Rate Smoothing Policy.

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## **PLAN'S MAJOR BENEFIT PROVISIONS**

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## Plan's Major Benefit Options

Shown below is a summary of the major optional benefits for which your agency has contracted. A description of principal standard and optional plan provisions is in the following section of this Appendix.

| Benefit Provision                 | Contract Package |             |             |             |             |           |  |
|-----------------------------------|------------------|-------------|-------------|-------------|-------------|-----------|--|
|                                   | Receiving        | Active Misc | Active Misc | Active Misc | Active Misc | Inactive  |  |
| Benefit Formula                   |                  | 2.0% @ 55   | 2.5% @ 55   | 2.0% @ 55   | 2.0% @ 62   | 2.0% @ 62 |  |
| Social Security Coverage          |                  | No          | No          | Yes         | No          | Yes       |  |
| Full/Modified                     |                  | Full        | Full        | Modified    | Full        | Full      |  |
| Final Average Compensation Period |                  | 12 mos.     | 12 mos.     | 12 mos.     | 36 mos.     | 36 mos.   |  |
| Sick Leave Credit                 |                  | Yes         | Yes         | Yes         | Yes         | Yes       |  |
| Non-Industrial Disability         |                  | Standard    | Standard    | Standard    | Standard    | Standard  |  |
| Industrial Disability             |                  | No          | No          | No          | No          | No        |  |
| Pre-Retirement Death Benefits     |                  |             |             |             |             |           |  |
| Optional Settlement 2W            |                  | No          | No          | No          | No          | Yes       |  |
| 1959 Survivor Benefit Level       |                  | Level 4     | Level 4     | No          | Level 4     | No        |  |
| Special                           |                  | No          | No          | No          | No          | No        |  |
| Alternate (firefighters)          |                  | No          | No          | No          | No          | No        |  |
| Post-Retirement Death Benefits    |                  |             |             |             |             |           |  |
| Lump Sum                          | \$500            | \$500       | \$500       | \$500       | \$500       | \$500     |  |
| Survivor Allowance (PRSA)         | No               | No          | No          | No          | No          | No        |  |
| COLA                              | 2%               | 2%          | 2%          | 2%          | 2%          | 2%        |  |



## **APPENDICES**

- **APPENDIX A – ACTUARIAL METHODS AND ASSUMPTIONS**
- **APPENDIX B – PRINCIPAL PLAN PROVISIONS**
- **APPENDIX C – PARTICIPANT DATA**
- **APPENDIX D – DEVELOPMENT OF PPERA MEMBER CONTRIBUTION RATES**
- **APPENDIX E – GLOSSARY OF ACTUARIAL TERMS**

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## **APPENDIX A**

### **ACTUARIAL METHODS AND ASSUMPTIONS**

- **ACTUARIAL DATA**
- **ACTUARIAL METHODS**
- **ACTUARIAL ASSUMPTIONS**
- **MISCELLANEOUS**

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## Actuarial Data

As stated in the Actuarial Certification, the data, which serves as the basis of this valuation, has been obtained from the various CalPERS databases. We have reviewed the valuation data and believe that it is reasonable and appropriate in aggregate. We are unaware of any potential data issues that would have a material effect on the results of this valuation, except that data does not always contain the latest salary information for former members now in reciprocal systems and does not recognize the potential for unusually large salary deviation in certain cases such as elected officials. Therefore, salary information in these cases may not be accurate. These situations are relatively infrequent, however, and when they do occur, they generally do not have a material impact on the employer contribution rates.

## Actuarial Methods

### Funding Method

The actuarial funding method used for the Retirement Program is the Entry Age Normal Cost Method. Under this method, projected benefits are determined for all members and the associated liabilities are spread in a manner that produces level annual cost as a percent of pay in each year from the age of hire (entry age) to the assumed retirement age. The cost allocated to the current fiscal year is called the normal cost.

The actuarial accrued liability for active members is then calculated as the portion of the total cost of the plan allocated to prior years. The actuarial accrued liability for members currently receiving benefits, for active members beyond the assumed retirement age, and for members entitled to deferred benefits, is equal to the present value of the benefits expected to be paid. No normal costs are applicable for these participants.

The excess of the total actuarial accrued liability over the actuarial value of plan assets is called the unfunded actuarial accrued liability. Funding requirements are determined by adding the normal cost and an amortization of the unfunded liability as a level percentage of assumed future payrolls. Commencing with the June 30, 2013 valuation all new gains or losses are tracked and amortized over a fixed 30-year period with a 5 year ramp up at the beginning and a 5 year ramp down at the end of the amortization period. All changes in liability due to plan amendments (other than golden handshakes), changes in actuarial assumptions, or changes in actuarial methodology are amortized separately over a 20-year period with a 5 year ramp up at the beginning and a 5 year ramp down at the end of the amortization period. Changes in unfunded accrued liability due to a Golden Handshake will be amortized over a period of 5 years. If a plan's accrued liability exceeds the market value of assets, the annual contribution with respect to the total unfunded liability may not be less than the amount produced by a 30-year amortization of the unfunded liability. An exception has been made for the change in asset value from actuarial to market value in this valuation. The CalPERS Board approved a 30-year amortization with a 5-year ramp-up/ramp-down for only this change in method.

Additional contributions will be required for any plan or pool if their cash flows hamper adequate funding progress by preventing the expected funded status on a market value of assets basis to either:

- Increase by at least 15 percent by June 30, 2043; or
- Reach a level of 75 percent funded by June 30, 2043

The necessary additional contribution will be obtained by changing the amortization period of the gains and losses, except for those occurring in the fiscal years 2008-2009, 2009-2010, and 2010-2011 to a period, which will result in the satisfaction of the above criteria. CalPERS actuaries will reassess the criteria above when performing each future valuation to determine whether or not additional contributions are necessary.

An exception to the funding rules above is used whenever the application of such rules results in inconsistencies. In these cases, a "fresh start" approach is used. This simply means that the current unfunded actuarial liability is projected and amortized over a set number of years. As mentioned above, if the annual contribution on the total unfunded liability was less than the amount produced by a 30-year amortization of the unfunded liability, the plan actuary would implement a 30-year fresh start. However, in

the case of a 30-year fresh start, just the unfunded liability not already in the (gain)/loss base (which is already amortized over 30 years), will go into the new fresh start base. In addition, a fresh start is needed in the following situations:

- 1) When a positive payment would be required on a negative unfunded actuarial liability (or conversely a negative payment on a positive unfunded actuarial liability); or
- 2) When there are excess assets, rather than an unfunded liability. In this situation, a 30-year fresh start is used, unless a longer fresh start is needed to avoid a negative total rate.

It should be noted that the actuary may choose to use a fresh start under other circumstances. In all cases, the fresh start period is set by the actuary at what is deemed appropriate; however, the period will not be less than five years, nor greater than 30 years.

### **Asset Valuation Method**

It is the policy of the CalPERS Board of Administration to use professionally accepted amortization methods to eliminate unfunded accrued liabilities or surpluses in a manner that maintains benefit security for the members of the System while minimizing substantial variations in employer contribution rates. On April 17, 2013, the CalPERS Board of Administration approved a recommendation to change the CalPERS amortization and rate smoothing policies. Beginning with the June 30, 2013 valuations that set the 2015-16 rates, CalPERS will employ an amortization and smoothing policy that will pay for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period. CalPERS will no longer use an actuarial value of assets and will use the market value of assets. This direct rate smoothing method is equivalent to a method using a 5 year asset smoothing period with no actuarial value of asset corridor and a 25 year amortization period for gains and losses. The change in asset value will also be amortized over 30 years with a 5-year ramp-up/ramp-down.

## Actuarial Assumptions

In 2014 CalPERS completed a 2-year asset liability management study incorporating actuarial assumptions and strategic asset allocation. On February 19, 2014 the CalPERS Board of Administration adopted relatively modest changes to the current asset allocation that will reduce the expected volatility of returns. The adopted asset allocation is expected to have a long-term blended return that continues to support a discount rate assumption of 7.5 percent. The Board also approved several changes to the demographic assumptions that more closely align with actual experience. The most significant of these is mortality improvement to acknowledge the greater life expectancies we are seeing in our membership and expected continued improvements. The new actuarial assumptions will be used to set the FY 2016-17 contribution rates for public agency employers. The increase in liability due to new actuarial assumptions will be calculated in the 2014 actuarial valuation and will be amortized over a 20-year period with a 5-year ramp-up/ramp-down in accordance with Board policy. For more details, please refer to the experience study report that can be found at the following link: <http://www.calpers.ca.gov/eip-docs/about/pubs/employer/2014-experience-study.pdf>

### ***Economic Assumptions***

#### **Discount Rate**

7.5 percent compounded annually (net of expenses). This assumption is used for all plans.

#### **Termination Liability Discount Rate**

The discount rate used for termination valuation is a weighted average of the 10 and 30-year US Treasury yields in effect on the valuation date that equal the duration of the pension liabilities. For purposes of this hypothetical termination liability estimate, the discount rate used, 3.72 percent, is the yield on the 30-year US Treasury Separate Trading of Registered Interest and Principal of Securities (STRIPS) as of June 30, 2013. Please note, as of June 30, 2014 the 30-year STRIPS yield was 3.55 percent.

#### **Salary Growth**

Annual increases vary by category, entry age, and duration of service. A sample of assumed increases are shown below.

| <b>Public Agency Miscellaneous</b> |                       |                       |                       |
|------------------------------------|-----------------------|-----------------------|-----------------------|
| <b>Duration of Service</b>         | <b>(Entry Age 20)</b> | <b>(Entry Age 30)</b> | <b>(Entry Age 40)</b> |
| 0                                  | 0.1420                | 0.1240                | 0.0980                |
| 1                                  | 0.1190                | 0.1050                | 0.0850                |
| 2                                  | 0.1010                | 0.0910                | 0.0750                |
| 3                                  | 0.0880                | 0.0800                | 0.0670                |
| 4                                  | 0.0780                | 0.0710                | 0.0610                |
| 5                                  | 0.0700                | 0.0650                | 0.0560                |
| 10                                 | 0.0480                | 0.0460                | 0.0410                |
| 15                                 | 0.0430                | 0.0410                | 0.0360                |
| 20                                 | 0.0390                | 0.0370                | 0.0330                |
| 25                                 | 0.0360                | 0.0360                | 0.0330                |
| 30                                 | 0.0360                | 0.0360                | 0.0330                |

**Salary Growth** (continued)

| <b>Public Agency Fire</b>  |                       |                       |                       |
|----------------------------|-----------------------|-----------------------|-----------------------|
| <u>Duration of Service</u> | <u>(Entry Age 20)</u> | <u>(Entry Age 30)</u> | <u>(Entry Age 40)</u> |
| 0                          | 0.1050                | 0.1050                | 0.1020                |
| 1                          | 0.0950                | 0.0940                | 0.0850                |
| 2                          | 0.0870                | 0.0830                | 0.0700                |
| 3                          | 0.0800                | 0.0750                | 0.0600                |
| 4                          | 0.0740                | 0.0680                | 0.0510                |
| 5                          | 0.0690                | 0.0620                | 0.0450                |
| 10                         | 0.0510                | 0.0460                | 0.0350                |
| 15                         | 0.0410                | 0.0390                | 0.0340                |
| 20                         | 0.0370                | 0.0360                | 0.0330                |
| 25                         | 0.0350                | 0.0350                | 0.0330                |
| 30                         | 0.0350                | 0.0350                | 0.0330                |

| <b>Public Agency Police</b> |                       |                       |                       |
|-----------------------------|-----------------------|-----------------------|-----------------------|
| <u>Duration of Service</u>  | <u>(Entry Age 20)</u> | <u>(Entry Age 30)</u> | <u>(Entry Age 40)</u> |
| 0                           | 0.1090                | 0.1090                | 0.1090                |
| 1                           | 0.0930                | 0.0930                | 0.0930                |
| 2                           | 0.0810                | 0.0810                | 0.0780                |
| 3                           | 0.0720                | 0.0700                | 0.0640                |
| 4                           | 0.0650                | 0.0610                | 0.0550                |
| 5                           | 0.0590                | 0.0550                | 0.0480                |
| 10                          | 0.0450                | 0.0420                | 0.0340                |
| 15                          | 0.0410                | 0.0390                | 0.0330                |
| 20                          | 0.0370                | 0.0360                | 0.0330                |
| 25                          | 0.0350                | 0.0340                | 0.0330                |
| 30                          | 0.0350                | 0.0340                | 0.0330                |

| <b>Public Agency County Peace Officers</b> |                       |                       |                       |
|--|-----------------------|-----------------------|-----------------------|
| <u>Duration of Service</u>                 | <u>(Entry Age 20)</u> | <u>(Entry Age 30)</u> | <u>(Entry Age 40)</u> |
| 0  | 0.1290                | 0.1290                | 0.1290                |
| 1  | 0.1090                | 0.1060                | 0.1030                |
| 2  | 0.0940                | 0.0890                | 0.0840                |
| 3  | 0.0820                | 0.0770                | 0.0710                |
| 4  | 0.0730                | 0.0670                | 0.0610                |
| 5  | 0.0660                | 0.0600                | 0.0530                |
| 10   | 0.0460                | 0.0420                | 0.0380                |
| 15   | 0.0410                | 0.0380                | 0.0360                |
| 20   | 0.0370                | 0.0360                | 0.0340                |
| 25   | 0.0350                | 0.0340                | 0.0330                |
| 30   | 0.0350                | 0.0340                | 0.0330                |

| <b>Schools</b>             |                       |                       |                       |
|----------------------------|-----------------------|-----------------------|-----------------------|
| <u>Duration of Service</u> | <u>(Entry Age 20)</u> | <u>(Entry Age 30)</u> | <u>(Entry Age 40)</u> |
| 0                          | 0.1080                | 0.0960                | 0.0820                |
| 1                          | 0.0940                | 0.0850                | 0.0740                |
| 2                          | 0.0840                | 0.0770                | 0.0670                |
| 3                          | 0.0750                | 0.0700                | 0.0620                |
| 4                          | 0.0690                | 0.0640                | 0.0570                |
| 5                          | 0.0630                | 0.0600                | 0.0530                |
| 10                         | 0.0450                | 0.0440                | 0.0410                |
| 15                         | 0.0390                | 0.0380                | 0.0350                |
| 20                         | 0.0360                | 0.0350                | 0.0320                |
| 25                         | 0.0340                | 0.0340                | 0.0320                |
| 30                         | 0.0340                | 0.0340                | 0.0320                |

- The Miscellaneous salary scale is used for Local Prosecutors.
- The Police salary scale is used for Other Safety, Local Sheriff, and School Police.

#### **Overall Payroll Growth**

3.00 percent compounded annually (used in projecting the payroll over which the unfunded liability is amortized). This assumption is used for all plans.

#### **Inflation**

2.75 percent compounded annually. This assumption is used for all plans.

#### **Non-valued Potential Additional Liabilities**

The potential liability loss for a cost-of-living increase exceeding the 2.75 percent inflation assumption, and any potential liability loss from future member service purchases are not reflected in the valuation.

### **Miscellaneous Loading Factors**

#### **Credit for Unused Sick Leave**

Total years of service is increased by 1 percent for those plans that have accepted the provision providing Credit for Unused Sick Leave.

#### **Conversion of Employer Paid Member Contributions (EPMC)**

Total years of service is increased by the Employee Contribution Rate for those plans with the provision providing for the Conversion of Employer Paid Member Contributions (EPMC) during the final compensation period.

#### **Norris Decision (Best Factors)**

Employees hired prior to July 1, 1982 have projected benefit amounts increased in order to reflect the use of "Best Factors" in the calculation of optional benefit forms. This is due to a 1983 Supreme Court decision, known as the Norris decision, which required males and females to be treated equally in the determination of benefit amounts. Consequently, anyone already employed at that time is given the best possible conversion factor when optional benefits are determined. No loading is necessary for employees hired after July 1, 1982.

#### **Termination Liability**

The termination liabilities include a 7 percent contingency load. This load is for unforeseen improvements in mortality.

### **Demographic Assumptions**

#### **Pre-Retirement Mortality**

Non-Industrial Death Rates vary by age and gender. Industrial Death rates vary by age. See sample rates in table below. The non-industrial death rates are used for all plans. The industrial

death rates are used for Safety Plans (except for Local Prosecutor safety members where the corresponding Miscellaneous Plan does not have the Industrial Death Benefit).

| Age | Non-Industrial Death<br>(Not Job-Related) |         | Industrial Death<br>(Job-Related) |
|-----|---|---------|-----------------------------------|
|     | Male                                      | Female  | Male and Female                   |
| 20  | 0.00047                                   | 0.00016 | 0.00003                           |
| 25  | 0.00050                                   | 0.00026 | 0.00007                           |
| 30  | 0.00053                                   | 0.00036 | 0.00010                           |
| 35  | 0.00067                                   | 0.00046 | 0.00012                           |
| 40  | 0.00087                                   | 0.00065 | 0.00013                           |
| 45  | 0.00120                                   | 0.00093 | 0.00014                           |
| 50  | 0.00176                                   | 0.00126 | 0.00015                           |
| 55  | 0.00260                                   | 0.00176 | 0.00016                           |
| 60  | 0.00395                                   | 0.00266 | 0.00017                           |
| 65  | 0.00608                                   | 0.00419 | 0.00018                           |
| 70  | 0.00914                                   | 0.00649 | 0.00019                           |
| 75  | 0.01220                                   | 0.00878 | 0.00020                           |
| 80  | 0.01527                                   | 0.01108 | 0.00021                           |

Miscellaneous Plans usually have Industrial Death rates set to zero unless the agency has specifically contracted for Industrial Death benefits. If so, each Non-Industrial Death rate shown above will be split into two components; 99 percent will become the Non-Industrial Death rate and 1 percent will become the Industrial Death rate.

#### Post-Retirement Mortality

Rates vary by age, type of retirement and gender. See sample rates in table below. These rates are used for all plans.

| Age | Healthy Recipients |         | Non-Industrially Disabled<br>(Not Job-Related) |         | Industrially Disabled<br>(Job-Related) |         |
|-----|--------------------|---------|--|---------|--|---------|
|     | Male               | Female  | Male   | Female  | Male                                   | Female  |
| 50  | 0.00239            | 0.00125 | 0.01632  | 0.01245 | 0.00443                                | 0.00356 |
| 55  | 0.00474            | 0.00243 | 0.01936  | 0.01580 | 0.00563                                | 0.00546 |
| 60  | 0.00720            | 0.00431 | 0.02293  | 0.01628 | 0.00777                                | 0.00798 |
| 65  | 0.01069            | 0.00775 | 0.03174  | 0.01969 | 0.01388                                | 0.01184 |
| 70  | 0.01675            | 0.01244 | 0.03870  | 0.03019 | 0.02236                                | 0.01716 |
| 75  | 0.03080            | 0.02071 | 0.06001  | 0.03915 | 0.03585                                | 0.02665 |
| 80  | 0.05270            | 0.03749 | 0.08388  | 0.05555 | 0.06926                                | 0.04528 |
| 85  | 0.09775            | 0.07005 | 0.14035  | 0.09577 | 0.11799                                | 0.08017 |
| 90  | 0.16747            | 0.12404 | 0.21554  | 0.14949 | 0.16575                                | 0.13775 |
| 95  | 0.25659            | 0.21556 | 0.31025  | 0.23055 | 0.26108                                | 0.23331 |
| 100 | 0.34551            | 0.31876 | 0.45905  | 0.37662 | 0.40918                                | 0.35165 |
| 105 | 0.58527            | 0.56093 | 0.67923  | 0.61523 | 0.64127                                | 0.60135 |
| 110 | 1.00000            | 1.00000 | 1.00000  | 1.00000 | 1.00000                                | 1.00000 |

The mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board, first used in the June 30, 2009 valuation. For purposes of the post-retirement mortality rates, those revised rates include 5 years of projected on-going mortality improvement using Scale AA published by the Society of Actuaries until June 30, 2010. There is no margin for future mortality improvement beyond the valuation date.

On February 19, 2014 the CalPERS Board adopted new recommended demographic assumption based on the most recent CalPERS Experience Study. These new actuarial assumptions will be implemented for the first time in the June 30, 2014 valuation. For purposes of the post-retirement mortality rates, the revised rates include 20 years of projected on-going mortality improvement using Scale BB published by the Society of Actuaries.



### Marital Status

For active members, a percentage who are married upon retirement is assumed according to member category as shown in the following table.

| Member Category      | Percent Married |
|----------------------|-----------------|
| Miscellaneous Member | 85%             |
| Local Police         | 90%             |
| Local Fire           | 90%             |
| Other Local Safety   | 90%             |
| School Police        | 90%             |

### Age of Spouse

It is assumed that female spouses are 3 years younger than male spouses. This assumption is used for all plans.

### Terminated Members

It is assumed that terminated members refund immediately if non-vested. Terminated members who are vested are assumed to follow the same service retirement pattern as active members but with a load to reflect the expected higher rates of retirement, especially at lower ages. The following table shows the load factors that are applied to the service retirement assumption for active members to obtain the service retirement pattern for separated vested members:

| Age           | Load Factor      |
|---------------|------------------|
| 50            | 450%             |
| 51            | 250%             |
| 52 through 56 | 200%             |
| 57 through 60 | 150%             |
| 61 through 64 | 125%             |
| 65 and above  | 100% (no change) |

### Termination with Refund

Rates vary by entry age and service for Miscellaneous Plans. Rates vary by service for Safety Plans. See sample rates in tables below.

| Public Agency Miscellaneous |              |              |              |              |              |              |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Duration of Service         | Entry Age 20 | Entry Age 25 | Entry Age 30 | Entry Age 35 | Entry Age 40 | Entry Age 45 |
| 0                           | 0.1742       | 0.1674       | 0.1606       | 0.1537       | 0.1468       | 0.1400       |
| 1                           | 0.1545       | 0.1477       | 0.1409       | 0.1339       | 0.1271       | 0.1203       |
| 2                           | 0.1348       | 0.1280       | 0.1212       | 0.1142       | 0.1074       | 0.1006       |
| 3                           | 0.1151       | 0.1083       | 0.1015       | 0.0945       | 0.0877       | 0.0809       |
| 4                           | 0.0954       | 0.0886       | 0.0818       | 0.0748       | 0.0680       | 0.0612       |
| 5                           | 0.0212       | 0.0193       | 0.0174       | 0.0155       | 0.0136       | 0.0116       |
| 10                          | 0.0138       | 0.0121       | 0.0104       | 0.0088       | 0.0071       | 0.0055       |
| 15                          | 0.0060       | 0.0051       | 0.0042       | 0.0032       | 0.0023       | 0.0014       |
| 20                          | 0.0037       | 0.0029       | 0.0021       | 0.0013       | 0.0005       | 0.0001       |
| 25                          | 0.0017       | 0.0011       | 0.0005       | 0.0001       | 0.0001       | 0.0001       |
| 30                          | 0.0005       | 0.0001       | 0.0001       | 0.0001       | 0.0001       | 0.0001       |
| 35                          | 0.0001       | 0.0001       | 0.0001       | 0.0001       | 0.0001       | 0.0001       |

| <b>Public Agency Safety</b> |        |        |                      |
|-----------------------------|--------|--------|----------------------|
| Duration of Service         | Fire   | Police | County Peace Officer |
| 0                           | 0.0710 | 0.1013 | 0.0997               |
| 1                           | 0.0554 | 0.0636 | 0.0782               |
| 2                           | 0.0398 | 0.0271 | 0.0566               |
| 3                           | 0.0242 | 0.0258 | 0.0437               |
| 4                           | 0.0218 | 0.0245 | 0.0414               |
| 5                           | 0.0029 | 0.0086 | 0.0145               |
| 10                          | 0.0009 | 0.0053 | 0.0089               |
| 15                          | 0.0006 | 0.0027 | 0.0045               |
| 20                          | 0.0005 | 0.0017 | 0.0020               |
| 25                          | 0.0003 | 0.0012 | 0.0009               |
| 30                          | 0.0003 | 0.0009 | 0.0006               |
| 35                          | 0.0003 | 0.0009 | 0.0006               |

The Police Termination and Refund rates are also used for Public Agency Local Prosecutors, Other Safety, Local Sheriff and School Police.

| <b>Schools</b>      |              |              |              |              |              |              |
|---------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Duration of Service | Entry Age 20 | Entry Age 25 | Entry Age 30 | Entry Age 35 | Entry Age 40 | Entry Age 45 |
| 0                   | 0.1730       | 0.1627       | 0.1525       | 0.1422       | 0.1319       | 0.1217       |
| 1                   | 0.1585       | 0.1482       | 0.1379       | 0.1277       | 0.1174       | 0.1071       |
| 2                   | 0.1440       | 0.1336       | 0.1234       | 0.1131       | 0.1028       | 0.0926       |
| 3                   | 0.1295       | 0.1192       | 0.1089       | 0.0987       | 0.0884       | 0.0781       |
| 4                   | 0.1149       | 0.1046       | 0.0944       | 0.0841       | 0.0738       | 0.0636       |
| 5                   | 0.0278       | 0.0249       | 0.0221       | 0.0192       | 0.0164       | 0.0135       |
| 10                  | 0.0172       | 0.0147       | 0.0122       | 0.0098       | 0.0074       | 0.0049       |
| 15                  | 0.0115       | 0.0094       | 0.0074       | 0.0053       | 0.0032       | 0.0011       |
| 20                  | 0.0073       | 0.0055       | 0.0038       | 0.0020       | 0.0002       | 0.0002       |
| 25                  | 0.0037       | 0.0023       | 0.0010       | 0.0002       | 0.0002       | 0.0002       |
| 30                  | 0.0015       | 0.0003       | 0.0002       | 0.0002       | 0.0002       | 0.0002       |
| 35                  | 0.0002       | 0.0002       | 0.0002       | 0.0002       | 0.0002       | 0.0002       |

#### Termination with Vested Benefits

Rates vary by entry age and service for Miscellaneous Plans. Rates vary by service for Safety Plans. See sample rates in tables below.

| <b>Public Agency Miscellaneous</b> |              |              |              |              |              |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Duration of Service                | Entry Age 20 | Entry Age 25 | Entry Age 30 | Entry Age 35 | Entry Age 40 |
| 5                                  | 0.0656       | 0.0597       | 0.0537       | 0.0477       | 0.0418       |
| 10                                 | 0.0530       | 0.0466       | 0.0403       | 0.0339       | 0.0000       |
| 15                                 | 0.0443       | 0.0373       | 0.0305       | 0.0000       | 0.0000       |
| 20                                 | 0.0333       | 0.0261       | 0.0000       | 0.0000       | 0.0000       |
| 25                                 | 0.0212       | 0.0000       | 0.0000       | 0.0000       | 0.0000       |
| 30                                 | 0.0000       | 0.0000       | 0.0000       | 0.0000       | 0.0000       |
| 35                                 | 0.0000       | 0.0000       | 0.0000       | 0.0000       | 0.0000       |

**Public Agency Safety**

| Duration of Service | Fire   | Police | County Peace Officer |
|---------------------|--------|--------|----------------------|
| 5                   | 0.0162 | 0.0163 | 0.0265               |
| 10                  | 0.0061 | 0.0126 | 0.0204               |
| 15                  | 0.0058 | 0.0082 | 0.0130               |
| 20                  | 0.0053 | 0.0065 | 0.0074               |
| 25                  | 0.0047 | 0.0058 | 0.0043               |
| 30                  | 0.0045 | 0.0056 | 0.0030               |
| 35                  | 0.0000 | 0.0000 | 0.0000               |

- When a member is eligible to retire, the termination with vested benefits probability is set to zero.
- After termination with vested benefits, a miscellaneous member is assumed to retire at age 59 and a safety member at age 54.
- The Police Termination with vested benefits rates are also used for Public Agency Local Prosecutors, Other Safety, Local Sheriff and School Police.

**Schools**

| Duration of Service | Entry Age 20 | Entry Age 25 | Entry Age 30 | Entry Age 35 | Entry Age 40 |
|---------------------|--------------|--------------|--------------|--------------|--------------|
| 5                   | 0.0816       | 0.0733       | 0.0649       | 0.0566       | 0.0482       |
| 10                  | 0.0629       | 0.0540       | 0.0450       | 0.0359       | 0.0000       |
| 15                  | 0.0537       | 0.0440       | 0.0344       | 0.0000       | 0.0000       |
| 20                  | 0.0420       | 0.0317       | 0.0000       | 0.0000       | 0.0000       |
| 25                  | 0.0291       | 0.0000       | 0.0000       | 0.0000       | 0.0000       |
| 30                  | 0.0000       | 0.0000       | 0.0000       | 0.0000       | 0.0000       |
| 35                  | 0.0000       | 0.0000       | 0.0000       | 0.0000       | 0.0000       |

**Non-Industrial (Not Job-Related) Disability**

Rates vary by age and gender for Miscellaneous Plans. Rates vary by age and category for Safety Plans.

| Age | Miscellaneous |        | Fire            | Police          | County Peace Officer | Schools |        |
|-----|---------------|--------|-----------------|-----------------|----------------------|---------|--------|
|     | Male          | Female | Male and Female | Male and Female | Male and Female      | Male    | Female |
| 20  | 0.0001        | 0.0001 | 0.0001          | 0.0001          | 0.0001               | 0.0001  | 0.0001 |
| 25  | 0.0001        | 0.0001 | 0.0001          | 0.0001          | 0.0001               | 0.0001  | 0.0001 |
| 30  | 0.0002        | 0.0002 | 0.0001          | 0.0002          | 0.0001               | 0.0002  | 0.0001 |
| 35  | 0.0006        | 0.0009 | 0.0001          | 0.0003          | 0.0004               | 0.0006  | 0.0004 |
| 40  | 0.0015        | 0.0016 | 0.0001          | 0.0004          | 0.0007               | 0.0014  | 0.0009 |
| 45  | 0.0025        | 0.0024 | 0.0002          | 0.0005          | 0.0013               | 0.0028  | 0.0017 |
| 50  | 0.0033        | 0.0031 | 0.0005          | 0.0008          | 0.0018               | 0.0044  | 0.0030 |
| 55  | 0.0037        | 0.0031 | 0.0010          | 0.0013          | 0.0010               | 0.0049  | 0.0034 |
| 60  | 0.0038        | 0.0025 | 0.0015          | 0.0020          | 0.0006               | 0.0043  | 0.0024 |

- The Miscellaneous Non-Industrial Disability rates are used for Local Prosecutors.
- The Police Non-Industrial Disability rates are also used for Other Safety, Local Sheriff and School Police.

**Industrial (Job-Related) Disability**

Rates vary by age and category.

| <b>Age</b> | <b>Fire</b> | <b>Police</b> | <b>County Peace Officer</b> |
|------------|-------------|---------------|-----------------------------|
| 20         | 0.0002      | 0.0007        | 0.0003                      |
| 25         | 0.0012      | 0.0032        | 0.0015                      |
| 30         | 0.0025      | 0.0064        | 0.0031                      |
| 35         | 0.0037      | 0.0097        | 0.0046                      |
| 40         | 0.0049      | 0.0129        | 0.0063                      |
| 45         | 0.0061      | 0.0161        | 0.0078                      |
| 50         | 0.0074      | 0.0192        | 0.0101                      |
| 55         | 0.0721      | 0.0668        | 0.0173                      |
| 60         | 0.0721      | 0.0668        | 0.0173                      |

- The Police Industrial Disability rates are also used for Local Sheriff and Other Safety.
- Fifty Percent of the Police Industrial Disability rates are used for School Police.
- One Percent of the Police Industrial Disability rates are used for Local Prosecutors.
- Normally, rates are zero for Miscellaneous Plans unless the agency has specifically contracted for Industrial Disability benefits. If so, each miscellaneous non-industrial disability rate will be split into two components: 50 percent will become the Non-Industrial Disability rate and 50 percent will become the Industrial Disability rate.

**Service Retirement**

Retirement rates vary by age, service, and formula, except for the safety  $\frac{1}{2}$  @ 55 and 2% @ 55 formulas, where retirement rates vary by age only.

**Service Retirement**

**Public Agency Miscellaneous 1.5% @ 65**

| Age | Duration of Service |          |          |          |          |          |
|-----|---------------------|----------|----------|----------|----------|----------|
|     | 5 Years             | 10 Years | 15 Years | 20 Years | 25 Years | 30 Years |
| 50  | 0.008               | 0.011    | 0.013    | 0.015    | 0.017    | 0.019    |
| 51  | 0.007               | 0.010    | 0.012    | 0.013    | 0.015    | 0.017    |
| 52  | 0.010               | 0.014    | 0.017    | 0.019    | 0.021    | 0.024    |
| 53  | 0.008               | 0.012    | 0.015    | 0.017    | 0.019    | 0.022    |
| 54  | 0.012               | 0.016    | 0.019    | 0.022    | 0.025    | 0.028    |
| 55  | 0.018               | 0.025    | 0.031    | 0.035    | 0.038    | 0.043    |
| 56  | 0.015               | 0.021    | 0.025    | 0.029    | 0.032    | 0.036    |
| 57  | 0.020               | 0.028    | 0.033    | 0.038    | 0.043    | 0.048    |
| 58  | 0.024               | 0.033    | 0.040    | 0.046    | 0.052    | 0.058    |
| 59  | 0.028               | 0.039    | 0.048    | 0.054    | 0.060    | 0.067    |
| 60  | 0.049               | 0.069    | 0.083    | 0.094    | 0.105    | 0.118    |
| 61  | 0.062               | 0.087    | 0.106    | 0.120    | 0.133    | 0.150    |
| 62  | 0.104               | 0.146    | 0.177    | 0.200    | 0.223    | 0.251    |
| 63  | 0.099               | 0.139    | 0.169    | 0.191    | 0.213    | 0.239    |
| 64  | 0.097               | 0.136    | 0.165    | 0.186    | 0.209    | 0.233    |
| 65  | 0.140               | 0.197    | 0.240    | 0.271    | 0.302    | 0.339    |
| 66  | 0.092               | 0.130    | 0.157    | 0.177    | 0.198    | 0.222    |
| 67  | 0.129               | 0.181    | 0.220    | 0.249    | 0.277    | 0.311    |
| 68  | 0.092               | 0.129    | 0.156    | 0.177    | 0.197    | 0.221    |
| 69  | 0.092               | 0.130    | 0.158    | 0.178    | 0.199    | 0.224    |
| 70  | 0.103               | 0.144    | 0.175    | 0.198    | 0.221    | 0.248    |

**Public Agency Miscellaneous 2% @ 60**

| Age | Duration of Service |          |          |          |          |          |
|-----|---------------------|----------|----------|----------|----------|----------|
|     | 5 Years             | 10 Years | 15 Years | 20 Years | 25 Years | 30 Years |
| 50  | 0.011               | 0.015    | 0.018    | 0.021    | 0.023    | 0.026    |
| 51  | 0.009               | 0.013    | 0.016    | 0.018    | 0.020    | 0.023    |
| 52  | 0.013               | 0.018    | 0.022    | 0.025    | 0.028    | 0.031    |
| 53  | 0.011               | 0.016    | 0.019    | 0.022    | 0.025    | 0.028    |
| 54  | 0.015               | 0.021    | 0.025    | 0.028    | 0.032    | 0.036    |
| 55  | 0.023               | 0.032    | 0.039    | 0.044    | 0.049    | 0.055    |
| 56  | 0.019               | 0.027    | 0.032    | 0.037    | 0.041    | 0.046    |
| 57  | 0.025               | 0.035    | 0.042    | 0.048    | 0.054    | 0.060    |
| 58  | 0.030               | 0.042    | 0.051    | 0.058    | 0.065    | 0.073    |
| 59  | 0.035               | 0.049    | 0.060    | 0.068    | 0.076    | 0.085    |
| 60  | 0.062               | 0.087    | 0.105    | 0.119    | 0.133    | 0.149    |
| 61  | 0.079               | 0.110    | 0.134    | 0.152    | 0.169    | 0.190    |
| 62  | 0.132               | 0.186    | 0.225    | 0.255    | 0.284    | 0.319    |
| 63  | 0.126               | 0.178    | 0.216    | 0.244    | 0.272    | 0.305    |
| 64  | 0.122               | 0.171    | 0.207    | 0.234    | 0.262    | 0.293    |
| 65  | 0.173               | 0.243    | 0.296    | 0.334    | 0.373    | 0.418    |
| 66  | 0.114               | 0.160    | 0.194    | 0.219    | 0.245    | 0.274    |
| 67  | 0.159               | 0.223    | 0.271    | 0.307    | 0.342    | 0.384    |
| 68  | 0.113               | 0.159    | 0.193    | 0.218    | 0.243    | 0.273    |
| 69  | 0.114               | 0.161    | 0.195    | 0.220    | 0.246    | 0.276    |
| 70  | 0.127               | 0.178    | 0.216    | 0.244    | 0.273    | 0.306    |

**Service Retirement**

**Public Agency Miscellaneous 2% @ 55**

| Age | Duration of Service |          |          |          |          |          |
|-----|---------------------|----------|----------|----------|----------|----------|
|     | 5 Years             | 10 Years | 15 Years | 20 Years | 25 Years | 30 Years |
| 50  | 0.015               | 0.020    | 0.024    | 0.029    | 0.033    | 0.039    |
| 51  | 0.013               | 0.016    | 0.020    | 0.024    | 0.027    | 0.033    |
| 52  | 0.014               | 0.018    | 0.022    | 0.027    | 0.030    | 0.036    |
| 53  | 0.017               | 0.022    | 0.027    | 0.032    | 0.037    | 0.043    |
| 54  | 0.027               | 0.034    | 0.041    | 0.049    | 0.056    | 0.067    |
| 55  | 0.050               | 0.064    | 0.078    | 0.094    | 0.107    | 0.127    |
| 56  | 0.045               | 0.057    | 0.069    | 0.083    | 0.095    | 0.113    |
| 57  | 0.048               | 0.061    | 0.074    | 0.090    | 0.102    | 0.122    |
| 58  | 0.052               | 0.066    | 0.080    | 0.097    | 0.110    | 0.131    |
| 59  | 0.060               | 0.076    | 0.092    | 0.111    | 0.127    | 0.151    |
| 60  | 0.072               | 0.092    | 0.112    | 0.134    | 0.153    | 0.182    |
| 61  | 0.089               | 0.113    | 0.137    | 0.165    | 0.188    | 0.224    |
| 62  | 0.128               | 0.162    | 0.197    | 0.237    | 0.270    | 0.322    |
| 63  | 0.129               | 0.164    | 0.199    | 0.239    | 0.273    | 0.325    |
| 64  | 0.116               | 0.148    | 0.180    | 0.216    | 0.247    | 0.294    |
| 65  | 0.174               | 0.221    | 0.269    | 0.323    | 0.369    | 0.439    |
| 66  | 0.135               | 0.171    | 0.208    | 0.250    | 0.285    | 0.340    |
| 67  | 0.133               | 0.169    | 0.206    | 0.247    | 0.282    | 0.336    |
| 68  | 0.118               | 0.150    | 0.182    | 0.219    | 0.250    | 0.297    |
| 69  | 0.116               | 0.147    | 0.179    | 0.215    | 0.246    | 0.293    |
| 70  | 0.138               | 0.176    | 0.214    | 0.257    | 0.293    | 0.349    |

**Public Agency Miscellaneous 2.5% @ 55**

| Age | Duration of Service |          |          |          |          |          |
|-----|---------------------|----------|----------|----------|----------|----------|
|     | 5 Years             | 10 Years | 15 Years | 20 Years | 25 Years | 30 Years |
| 50  | 0.026               | 0.033    | 0.040    | 0.048    | 0.055    | 0.062    |
| 51  | 0.021               | 0.026    | 0.032    | 0.038    | 0.043    | 0.049    |
| 52  | 0.021               | 0.026    | 0.032    | 0.038    | 0.043    | 0.049    |
| 53  | 0.026               | 0.033    | 0.040    | 0.048    | 0.055    | 0.062    |
| 54  | 0.043               | 0.054    | 0.066    | 0.078    | 0.089    | 0.101    |
| 55  | 0.088               | 0.112    | 0.136    | 0.160    | 0.184    | 0.208    |
| 56  | 0.055               | 0.070    | 0.085    | 0.100    | 0.115    | 0.130    |
| 57  | 0.061               | 0.077    | 0.094    | 0.110    | 0.127    | 0.143    |
| 58  | 0.072               | 0.091    | 0.111    | 0.130    | 0.150    | 0.169    |
| 59  | 0.083               | 0.105    | 0.128    | 0.150    | 0.173    | 0.195    |
| 60  | 0.088               | 0.112    | 0.136    | 0.160    | 0.184    | 0.208    |
| 61  | 0.083               | 0.105    | 0.128    | 0.150    | 0.173    | 0.195    |
| 62  | 0.121               | 0.154    | 0.187    | 0.220    | 0.253    | 0.286    |
| 63  | 0.105               | 0.133    | 0.162    | 0.190    | 0.219    | 0.247    |
| 64  | 0.105               | 0.133    | 0.162    | 0.190    | 0.219    | 0.247    |
| 65  | 0.143               | 0.182    | 0.221    | 0.260    | 0.299    | 0.338    |
| 66  | 0.105               | 0.133    | 0.162    | 0.190    | 0.219    | 0.247    |
| 67  | 0.105               | 0.133    | 0.162    | 0.190    | 0.219    | 0.247    |
| 68  | 0.105               | 0.133    | 0.162    | 0.190    | 0.219    | 0.247    |
| 69  | 0.105               | 0.133    | 0.162    | 0.190    | 0.219    | 0.247    |
| 70  | 0.125               | 0.160    | 0.194    | 0.228    | 0.262    | 0.296    |

**Service Retirement**

**Public Agency Miscellaneous 2.7% @ 55**

| Age | Duration of Service |          |          |          |          |          |
|-----|---------------------|----------|----------|----------|----------|----------|
|     | 5 Years             | 10 Years | 15 Years | 20 Years | 25 Years | 30 Years |
| 50  | 0.028               | 0.035    | 0.043    | 0.050    | 0.058    | 0.065    |
| 51  | 0.022               | 0.028    | 0.034    | 0.040    | 0.046    | 0.052    |
| 52  | 0.022               | 0.028    | 0.034    | 0.040    | 0.046    | 0.052    |
| 53  | 0.028               | 0.035    | 0.043    | 0.050    | 0.058    | 0.065    |
| 54  | 0.044               | 0.056    | 0.068    | 0.080    | 0.092    | 0.104    |
| 55  | 0.091               | 0.116    | 0.140    | 0.165    | 0.190    | 0.215    |
| 56  | 0.061               | 0.077    | 0.094    | 0.110    | 0.127    | 0.143    |
| 57  | 0.063               | 0.081    | 0.098    | 0.115    | 0.132    | 0.150    |
| 58  | 0.074               | 0.095    | 0.115    | 0.135    | 0.155    | 0.176    |
| 59  | 0.083               | 0.105    | 0.128    | 0.150    | 0.173    | 0.195    |
| 60  | 0.088               | 0.112    | 0.136    | 0.160    | 0.184    | 0.208    |
| 61  | 0.085               | 0.109    | 0.132    | 0.155    | 0.178    | 0.202    |
| 62  | 0.124               | 0.158    | 0.191    | 0.225    | 0.259    | 0.293    |
| 63  | 0.107               | 0.137    | 0.166    | 0.195    | 0.224    | 0.254    |
| 64  | 0.107               | 0.137    | 0.166    | 0.195    | 0.224    | 0.254    |
| 65  | 0.146               | 0.186    | 0.225    | 0.265    | 0.305    | 0.345    |
| 66  | 0.107               | 0.137    | 0.166    | 0.195    | 0.224    | 0.254    |
| 67  | 0.107               | 0.137    | 0.166    | 0.195    | 0.224    | 0.254    |
| 68  | 0.107               | 0.137    | 0.166    | 0.195    | 0.224    | 0.254    |
| 69  | 0.107               | 0.137    | 0.166    | 0.195    | 0.224    | 0.254    |
| 70  | 0.129               | 0.164    | 0.199    | 0.234    | 0.269    | 0.304    |

**Public Agency Miscellaneous 3% @ 60**

| Age | Duration of Service |          |          |          |          |          |
|-----|---------------------|----------|----------|----------|----------|----------|
|     | 5 Years             | 10 Years | 15 Years | 20 Years | 25 Years | 30 Years |
| 50  | 0.026               | 0.033    | 0.040    | 0.048    | 0.055    | 0.062    |
| 51  | 0.021               | 0.026    | 0.032    | 0.038    | 0.043    | 0.049    |
| 52  | 0.019               | 0.025    | 0.030    | 0.035    | 0.040    | 0.046    |
| 53  | 0.025               | 0.032    | 0.038    | 0.045    | 0.052    | 0.059    |
| 54  | 0.039               | 0.049    | 0.060    | 0.070    | 0.081    | 0.091    |
| 55  | 0.083               | 0.105    | 0.128    | 0.150    | 0.173    | 0.195    |
| 56  | 0.055               | 0.070    | 0.085    | 0.100    | 0.115    | 0.130    |
| 57  | 0.061               | 0.077    | 0.094    | 0.110    | 0.127    | 0.143    |
| 58  | 0.072               | 0.091    | 0.111    | 0.130    | 0.150    | 0.169    |
| 59  | 0.080               | 0.102    | 0.123    | 0.145    | 0.167    | 0.189    |
| 60  | 0.094               | 0.119    | 0.145    | 0.170    | 0.196    | 0.221    |
| 61  | 0.088               | 0.112    | 0.136    | 0.160    | 0.184    | 0.208    |
| 62  | 0.127               | 0.161    | 0.196    | 0.230    | 0.265    | 0.299    |
| 63  | 0.110               | 0.140    | 0.170    | 0.200    | 0.230    | 0.260    |
| 64  | 0.110               | 0.140    | 0.170    | 0.200    | 0.230    | 0.260    |
| 65  | 0.149               | 0.189    | 0.230    | 0.270    | 0.311    | 0.351    |
| 66  | 0.110               | 0.140    | 0.170    | 0.200    | 0.230    | 0.260    |
| 67  | 0.110               | 0.140    | 0.170    | 0.200    | 0.230    | 0.260    |
| 68  | 0.110               | 0.140    | 0.170    | 0.200    | 0.230    | 0.260    |
| 69  | 0.110               | 0.140    | 0.170    | 0.200    | 0.230    | 0.260    |
| 70  | 0.132               | 0.168    | 0.204    | 0.240    | 0.276    | 0.312    |

**Service Retirement**

**Public Agency Miscellaneous 2% @ 62**

| Age | Duration of Service |          |          |          |          |          |
|-----|---------------------|----------|----------|----------|----------|----------|
|     | 5 Years             | 10 Years | 15 Years | 20 Years | 25 Years | 30 Years |
| 50  | 0.0000              | 0.0000   | 0.0000   | 0.0000   | 0.0000   | 0.0000   |
| 51  | 0.0000              | 0.0000   | 0.0000   | 0.0000   | 0.0000   | 0.0000   |
| 52  | 0.0103              | 0.0132   | 0.0160   | 0.0188   | 0.0216   | 0.0244   |
| 53  | 0.0131              | 0.0167   | 0.0202   | 0.0238   | 0.0273   | 0.0309   |
| 54  | 0.0213              | 0.0272   | 0.0330   | 0.0388   | 0.0446   | 0.0504   |
| 55  | 0.0440              | 0.0560   | 0.0680   | 0.0800   | 0.0920   | 0.1040   |
| 56  | 0.0303              | 0.0385   | 0.0468   | 0.0550   | 0.0633   | 0.0715   |
| 57  | 0.0363              | 0.0462   | 0.0561   | 0.0660   | 0.0759   | 0.0858   |
| 58  | 0.00465             | 0.0592   | 0.0718   | 0.0845   | 0.0972   | 0.1099   |
| 59  | 0.0578              | 0.0735   | 0.0893   | 0.1050   | 0.1208   | 0.1365   |
| 60  | 0.0616              | 0.0784   | 0.0952   | 0.1120   | 0.1288   | 0.1456   |
| 61  | 0.0888              | 0.0788   | 0.0956   | 0.1125   | 0.1294   | 0.1463   |
| 62  | 0.0941              | 0.1232   | 0.1496   | 0.1760   | 0.2024   | 0.2288   |
| 63  | 0.1287              | 0.1131   | 0.1373   | 0.1615   | 0.1857   | 0.2100   |
| 64  | 0.1045              | 0.1197   | 0.1454   | 0.1710   | 0.1967   | 0.2223   |
| 65  | 0.1045              | 0.1638   | 0.1989   | 0.2340   | 0.2691   | 0.3042   |
| 66  | 0.1045              | 0.1330   | 0.1615   | 0.1900   | 0.2185   | 0.2470   |
| 67  | 0.1045              | 0.1330   | 0.1615   | 0.1900   | 0.2185   | 0.2470   |
| 68  | 0.1045              | 0.1330   | 0.1615   | 0.1900   | 0.2185   | 0.2470   |
| 69  | 0.1045              | 0.1330   | 0.1615   | 0.1900   | 0.2185   | 0.2470   |
| 70  | 0.1254              | 0.1596   | 0.1938   | 0.2280   | 0.2622   | 0.9640   |

**Service Retirement**

**Public Agency Fire ½ @ 55 and 2% @ 55**

| Age | Rate    | Age | Rate    |
|-----|---------|-----|---------|
| 50  | 0.01588 | 56  | 0.11079 |
| 51  | 0.00000 | 57  | 0.00000 |
| 52  | 0.03442 | 58  | 0.09499 |
| 53  | 0.01990 | 59  | 0.04409 |
| 54  | 0.04132 | 60  | 1.00000 |
| 55  | 0.07513 |     |         |

**Public Agency Police ½ @ 55 and 2% @ 55**

| Age | Rate    | Age | Rate    |
|-----|---------|-----|---------|
| 50  | 0.02552 | 56  | 0.06921 |
| 51  | 0.00000 | 57  | 0.05113 |
| 52  | 0.01637 | 58  | 0.07241 |
| 53  | 0.02717 | 59  | 0.07043 |
| 54  | 0.00949 | 60  | 1.00000 |
| 55  | 0.16674 |     |         |



**Service Retirement**

| <b>Public Agency Police 2% @ 50</b> |                     |          |          |          |          |          |
|-------------------------------------|---------------------|----------|----------|----------|----------|----------|
| Age                                 | Duration of Service |          |          |          |          |          |
|                                     | 5 Years             | 10 Years | 15 Years | 20 Years | 25 Years | 30 Years |
| 50                                  | 0.014               | 0.014    | 0.014    | 0.014    | 0.025    | 0.045    |
| 51                                  | 0.012               | 0.012    | 0.012    | 0.012    | 0.023    | 0.040    |
| 52                                  | 0.026               | 0.026    | 0.026    | 0.026    | 0.048    | 0.086    |
| 53                                  | 0.052               | 0.052    | 0.052    | 0.052    | 0.096    | 0.171    |
| 54                                  | 0.070               | 0.070    | 0.070    | 0.070    | 0.128    | 0.227    |
| 55                                  | 0.090               | 0.090    | 0.090    | 0.090    | 0.165    | 0.293    |
| 56                                  | 0.064               | 0.064    | 0.064    | 0.064    | 0.117    | 0.208    |
| 57                                  | 0.071               | 0.071    | 0.071    | 0.071    | 0.130    | 0.232    |
| 58                                  | 0.063               | 0.063    | 0.063    | 0.063    | 0.115    | 0.205    |
| 59                                  | 0.140               | 0.140    | 0.140    | 0.140    | 0.174    | 0.254    |
| 60                                  | 0.140               | 0.140    | 0.140    | 0.140    | 0.172    | 0.251    |
| 61                                  | 0.140               | 0.140    | 0.140    | 0.140    | 0.172    | 0.251    |
| 62                                  | 0.140               | 0.140    | 0.140    | 0.140    | 0.172    | 0.251    |
| 63                                  | 0.140               | 0.140    | 0.140    | 0.140    | 0.172    | 0.251    |
| 64                                  | 0.140               | 0.140    | 0.140    | 0.140    | 0.172    | 0.251    |
| 65                                  | 1.000               | 1.000    | 1.000    | 1.000    | 1.000    | 1.000    |

- These rates also apply to Local Prosecutors, Local Sheriff, School Police and Other Safety.

**Service Retirement**

| <b>Public Agency Fire 2% @ 50</b> |                     |          |          |          |          |          |
|-----------------------------------|---------------------|----------|----------|----------|----------|----------|
| Age                               | Duration of Service |          |          |          |          |          |
|                                   | 5 Years             | 10 Years | 15 Years | 20 Years | 25 Years | 30 Years |
| 50                                | 0.007               | 0.007    | 0.007    | 0.007    | 0.010    | 0.015    |
| 51                                | 0.008               | 0.008    | 0.008    | 0.008    | 0.013    | 0.019    |
| 52                                | 0.017               | 0.017    | 0.017    | 0.017    | 0.027    | 0.040    |
| 53                                | 0.047               | 0.047    | 0.047    | 0.047    | 0.072    | 0.107    |
| 54                                | 0.064               | 0.064    | 0.064    | 0.064    | 0.098    | 0.147    |
| 55                                | 0.087               | 0.087    | 0.087    | 0.087    | 0.134    | 0.200    |
| 56                                | 0.078               | 0.078    | 0.078    | 0.078    | 0.120    | 0.180    |
| 57                                | 0.090               | 0.090    | 0.090    | 0.090    | 0.139    | 0.208    |
| 58                                | 0.079               | 0.079    | 0.079    | 0.079    | 0.122    | 0.182    |
| 59                                | 0.073               | 0.073    | 0.073    | 0.073    | 0.112    | 0.168    |
| 60                                | 0.114               | 0.114    | 0.114    | 0.114    | 0.175    | 0.262    |
| 61                                | 0.114               | 0.114    | 0.114    | 0.114    | 0.175    | 0.262    |
| 62                                | 0.114               | 0.114    | 0.114    | 0.114    | 0.175    | 0.262    |
| 63                                | 0.114               | 0.114    | 0.114    | 0.114    | 0.175    | 0.262    |
| 64                                | 0.114               | 0.114    | 0.114    | 0.114    | 0.175    | 0.262    |
| 65                                | 1.000               | 1.000    | 1.000    | 1.000    | 1.000    | 1.000    |

**Service Retirement**

| <b>Public Agency Police 3% @ 55</b> |                     |          |          |          |          |          |
|-------------------------------------|---------------------|----------|----------|----------|----------|----------|
| Age                                 | Duration of Service |          |          |          |          |          |
|                                     | 5 Years             | 10 Years | 15 Years | 20 Years | 25 Years | 30 Years |
| 50                                  | 0.019               | 0.019    | 0.019    | 0.019    | 0.040    | 0.060    |
| 51                                  | 0.024               | 0.024    | 0.024    | 0.024    | 0.049    | 0.074    |
| 52                                  | 0.024               | 0.024    | 0.024    | 0.024    | 0.051    | 0.077    |
| 53                                  | 0.059               | 0.059    | 0.059    | 0.059    | 0.121    | 0.183    |
| 54                                  | 0.069               | 0.069    | 0.069    | 0.069    | 0.142    | 0.215    |
| 55                                  | 0.116               | 0.116    | 0.116    | 0.116    | 0.240    | 0.363    |
| 56                                  | 0.076               | 0.076    | 0.076    | 0.076    | 0.156    | 0.236    |
| 57                                  | 0.058               | 0.058    | 0.058    | 0.058    | 0.120    | 0.181    |
| 58                                  | 0.076               | 0.076    | 0.076    | 0.076    | 0.157    | 0.237    |
| 59                                  | 0.094               | 0.094    | 0.094    | 0.094    | 0.193    | 0.292    |
| 60                                  | 0.141               | 0.141    | 0.141    | 0.141    | 0.290    | 0.438    |
| 61                                  | 0.094               | 0.094    | 0.094    | 0.094    | 0.193    | 0.292    |
| 62                                  | 0.118               | 0.118    | 0.118    | 0.118    | 0.241    | 0.365    |
| 63                                  | 0.094               | 0.094    | 0.094    | 0.094    | 0.193    | 0.292    |
| 64                                  | 0.094               | 0.094    | 0.094    | 0.094    | 0.193    | 0.292    |
| 65                                  | 1.000               | 1.000    | 1.000    | 1.000    | 1.000    | 1.000    |

- These rates also apply to Local Prosecutors, Local Sheriff, School Police and Other Safety.

**Service Retirement**

| <b>Public Agency Fire 3% @ 55</b> |                     |          |          |          |          |          |
|-----------------------------------|---------------------|----------|----------|----------|----------|----------|
| Age                               | Duration of Service |          |          |          |          |          |
|                                   | 5 Years             | 10 Years | 15 Years | 20 Years | 25 Years | 30 Years |
| 50                                | 0.012               | 0.012    | 0.012    | 0.018    | 0.028    | 0.033    |
| 51                                | 0.008               | 0.008    | 0.008    | 0.012    | 0.019    | 0.022    |
| 52                                | 0.018               | 0.018    | 0.018    | 0.027    | 0.042    | 0.050    |
| 53                                | 0.043               | 0.043    | 0.043    | 0.062    | 0.098    | 0.114    |
| 54                                | 0.057               | 0.057    | 0.057    | 0.083    | 0.131    | 0.152    |
| 55                                | 0.092               | 0.092    | 0.092    | 0.134    | 0.211    | 0.246    |
| 56                                | 0.081               | 0.081    | 0.081    | 0.118    | 0.187    | 0.218    |
| 57                                | 0.100               | 0.100    | 0.100    | 0.146    | 0.230    | 0.268    |
| 58                                | 0.081               | 0.081    | 0.081    | 0.119    | 0.187    | 0.219    |
| 59                                | 0.078               | 0.078    | 0.078    | 0.113    | 0.178    | 0.208    |
| 60                                | 0.117               | 0.117    | 0.117    | 0.170    | 0.267    | 0.312    |
| 61                                | 0.078               | 0.078    | 0.078    | 0.113    | 0.178    | 0.208    |
| 62                                | 0.098               | 0.098    | 0.098    | 0.141    | 0.223    | 0.260    |
| 63                                | 0.078               | 0.078    | 0.078    | 0.113    | 0.178    | 0.208    |
| 64                                | 0.078               | 0.078    | 0.078    | 0.113    | 0.178    | 0.208    |
| 65                                | 1.000               | 1.000    | 1.000    | 1.000    | 1.000    | 1.000    |

**Service Retirement**

| <b>Public Agency Police 2% @ 57</b> |                     |          |          |          |          |          |
|-------------------------------------|---------------------|----------|----------|----------|----------|----------|
| Age                                 | Duration of Service |          |          |          |          |          |
|                                     | 5 Years             | 10 Years | 15 Years | 20 Years | 25 Years | 30 Years |
| 50                                  | 0.0110              | 0.0110   | 0.0110   | 0.0110   | 0.0202   | 0.0361   |
| 51                                  | 0.0086              | 0.0086   | 0.0086   | 0.0086   | 0.0158   | 0.0281   |
| 52                                  | 0.0183              | 0.0183   | 0.0183   | 0.0183   | 0.0336   | 0.0599   |
| 53                                  | 0.0366              | 0.0366   | 0.0366   | 0.0366   | 0.0670   | 0.1194   |
| 54                                  | 0.0488              | 0.0488   | 0.0488   | 0.0488   | 0.0893   | 0.1592   |
| 55                                  | 0.0629              | 0.0629   | 0.0629   | 0.0629   | 0.1152   | 0.2052   |
| 56                                  | 0.0447              | 0.0447   | 0.0447   | 0.0447   | 0.0816   | 0.1455   |
| 57                                  | 0.0640              | 0.0640   | 0.0640   | 0.0640   | 0.1170   | 0.2086   |
| 58                                  | 0.0471              | 0.0471   | 0.0471   | 0.0471   | 0.0862   | 0.1537   |
| 59                                  | 0.1047              | 0.1047   | 0.1047   | 0.1047   | 0.1301   | 0.1908   |
| 60                                  | 0.1047              | 0.1047   | 0.1047   | 0.1047   | 0.1289   | 0.1880   |
| 61                                  | 0.1047              | 0.1047   | 0.1047   | 0.1047   | 0.1289   | 0.1880   |
| 62                                  | 0.1047              | 0.1047   | 0.1047   | 0.1047   | 0.1289   | 0.1880   |
| 63                                  | 0.1047              | 0.1047   | 0.1047   | 0.1047   | 0.1289   | 0.1880   |
| 64                                  | 0.1047              | 0.1047   | 0.1047   | 0.1047   | 0.1289   | 0.1880   |
| 65                                  | 1.0000              | 1.0000   | 1.0000   | 1.0000   | 1.0000   | 1.000    |

- These rates also apply to Local Prosecutors, Local Sheriff, School Police and Other Safety.

**Service Retirement**

| <b>Public Agency Fire 2% @ 57</b> |                     |          |          |          |          |          |
|-----------------------------------|---------------------|----------|----------|----------|----------|----------|
| Age                               | Duration of Service |          |          |          |          |          |
|                                   | 5 Years             | 10 Years | 15 Years | 20 Years | 25 Years | 30 Years |
| 50                                | 0.0052              | 0.0052   | 0.0052   | 0.0052   | 0.0081   | 0.0121   |
| 51                                | 0.0057              | 0.0057   | 0.0057   | 0.0057   | 0.0088   | 0.0131   |
| 52                                | 0.0121              | 0.0121   | 0.0121   | 0.0121   | 0.0187   | 0.0280   |
| 53                                | 0.0326              | 0.0326   | 0.0326   | 0.0326   | 0.0501   | 0.0750   |
| 54                                | 0.0447              | 0.0447   | 0.0447   | 0.0447   | 0.0688   | 0.1030   |
| 55                                | 0.0608              | 0.0608   | 0.0608   | 0.0608   | 0.0935   | 0.1400   |
| 56                                | 0.0545              | 0.0545   | 0.0545   | 0.0545   | 0.0840   | 0.1257   |
| 57                                | 0.0811              | 0.0811   | 0.0811   | 0.0811   | 0.01248  | 0.1869   |
| 58                                | 0.0593              | 0.0593   | 0.0593   | 0.0593   | 0.0913   | 0.1366   |
| 59                                | 0.0547              | 0.0547   | 0.0547   | 0.0547   | 0.0842   | 0.1261   |
| 60                                | 0.0851              | 0.0851   | 0.0851   | 0.0851   | 0.1310   | 0.1961   |
| 61                                | 0.0852              | 0.0852   | 0.0852   | 0.0852   | 0.1312   | 0.1964   |
| 62                                | 0.0852              | 0.0852   | 0.0852   | 0.0852   | 0.1312   | 0.1964   |
| 63                                | 0.0852              | 0.0852   | 0.0852   | 0.0852   | 0.1312   | 0.1964   |
| 64                                | 0.0852              | 0.0852   | 0.0852   | 0.0852   | 0.1312   | 0.1964   |
| 65                                | 1.0000              | 1.0000   | 1.0000   | 1.0000   | 1.0000   | 1.0000   |

**Service Retirement**

| <b>Public Agency Police 2.5% @ 57</b> |                     |          |          |          |          |          |
|---------------------------------------|---------------------|----------|----------|----------|----------|----------|
| Age                                   | Duration of Service |          |          |          |          |          |
|                                       | 5 Years             | 10 Years | 15 Years | 20 Years | 25 Years | 30 Years |
| 50                                    | 0.0138              | 0.0138   | 0.0138   | 0.0138   | 0.0253   | 0.0451   |
| 51                                    | 0.0117              | 0.0117   | 0.0117   | 0.0117   | 0.0215   | 0.0382   |
| 52                                    | 0.0249              | 0.0249   | 0.0249   | 0.0249   | 0.0456   | 0.0812   |
| 53                                    | 0.0471              | 0.0471   | 0.0471   | 0.0471   | 0.0861   | 0.1535   |
| 54                                    | 0.0627              | 0.0627   | 0.0627   | 0.0627   | 0.1148   | 0.2047   |
| 55                                    | 0.0764              | 0.0764   | 0.0764   | 0.0764   | 0.1398   | 0.2492   |
| 56                                    | 0.0542              | 0.0542   | 0.0542   | 0.0542   | 0.0991   | 0.1767   |
| 57                                    | 0.0711              | 0.0711   | 0.0711   | 0.0711   | 0.1300   | 0.2318   |
| 58                                    | 0.0565              | 0.0565   | 0.0565   | 0.0565   | 0.1034   | 0.1844   |
| 59                                    | 0.1256              | 0.1256   | 0.1256   | 0.1256   | 0.1562   | 0.2290   |
| 60                                    | 0.1256              | 0.1256   | 0.1256   | 0.1256   | 0.1547   | 0.2255   |
| 61                                    | 0.1256              | 0.1256   | 0.1256   | 0.1256   | 0.1547   | 0.2255   |
| 62                                    | 0.1256              | 0.1256   | 0.1256   | 0.1256   | 0.1547   | 0.2255   |
| 63                                    | 0.1256              | 0.1256   | 0.1256   | 0.1256   | 0.1547   | 0.2255   |
| 64                                    | 0.1256              | 0.1256   | 0.1256   | 0.1256   | 0.1547   | 0.2255   |
| 65                                    | 1.0000              | 1.0000   | 1.0000   | 1.0000   | 1.0000   | 1.000    |

- These rates also apply to Local Prosecutors, Local Sheriff, School Police and Other Safety.

**Service Retirement**

| <b>Public Agency Fire 2.5% @ 57</b> |                     |          |          |          |          |          |
|-------------------------------------|---------------------|----------|----------|----------|----------|----------|
| Age                                 | Duration of Service |          |          |          |          |          |
|                                     | 5 Years             | 10 Years | 15 Years | 20 Years | 25 Years | 30 Years |
| 50                                  | 0.0065              | 0.0065   | 0.0065   | 0.0065   | 0.0101   | 0.0151   |
| 51                                  | 0.0077              | 0.0077   | 0.0077   | 0.0077   | 0.0119   | 0.0178   |
| 52                                  | 0.0164              | 0.0164   | 0.0164   | 0.0164   | 0.0254   | 0.0380   |
| 53                                  | 0.0419              | 0.0419   | 0.0419   | 0.0419   | 0.0644   | 0.0965   |
| 54                                  | 0.0574              | 0.0574   | 0.0574   | 0.0574   | 0.0885   | 0.1324   |
| 55                                  | 0.0738              | 0.0738   | 0.0738   | 0.0738   | 0.1136   | 0.1700   |
| 56                                  | 0.0662              | 0.0662   | 0.0662   | 0.0662   | 0.1020   | 0.2077   |
| 57                                  | 0.0901              | 0.0901   | 0.0901   | 0.0901   | 0.1387   | 0.1639   |
| 58                                  | 0.0711              | 0.0711   | 0.0711   | 0.0711   | 0.1095   | 0.1513   |
| 59                                  | 0.0656              | 0.0656   | 0.0656   | 0.0656   | 0.1011   | 0.2354   |
| 60                                  | 0.1022              | 0.1022   | 0.1022   | 0.1022   | 0.1572   | 0.2356   |
| 61                                  | 0.1022              | 0.1022   | 0.1022   | 0.1022   | 0.1574   | 0.2356   |
| 62                                  | 0.1022              | 0.1022   | 0.1022   | 0.1022   | 0.1574   | 0.2356   |
| 63                                  | 0.1022              | 0.1022   | 0.1022   | 0.1022   | 0.1574   | 0.2356   |
| 64                                  | 0.1022              | 0.1022   | 0.1022   | 0.1022   | 0.1574   | 0.2356   |
| 65                                  | 1.0000              | 1.0000   | 1.0000   | 1.0000   | 1.0000   | 1.0000   |

**Service Retirement**

| <b>Public Agency Police 2.7% @ 57</b> |                     |          |          |          |          |          |
|---------------------------------------|---------------------|----------|----------|----------|----------|----------|
| Age                                   | Duration of Service |          |          |          |          |          |
|                                       | 5 Years             | 10 Years | 15 Years | 20 Years | 25 Years | 30 Years |
| 50                                    | 0.0138              | 0.0138   | 0.0138   | 0.0138   | 0.0253   | 0.0451   |
| 51                                    | 0.0123              | 0.0123   | 0.0123   | 0.0123   | 0.0226   | 0.0402   |
| 52                                    | 0.0249              | 0.0249   | 0.0249   | 0.0249   | 0.0456   | 0.0812   |
| 53                                    | 0.0497              | 0.0497   | 0.0497   | 0.0497   | 0.0909   | 0.1621   |
| 54                                    | 0.0662              | 0.0662   | 0.0662   | 0.0662   | 0.1211   | 0.2160   |
| 55                                    | 0.0854              | 0.0854   | 0.0854   | 0.0854   | 0.1563   | 0.2785   |
| 56                                    | 0.0606              | 0.0606   | 0.0606   | 0.0606   | 0.1108   | 0.1975   |
| 57                                    | 0.0711              | 0.0711   | 0.0711   | 0.0711   | 0.1300   | 0.2318   |
| 58                                    | 0.0628              | 0.0628   | 0.0628   | 0.0628   | 0.1149   | 0.2049   |
| 59                                    | 0.1396              | 0.1396   | 0.1396   | 0.1396   | 0.1735   | 0.2544   |
| 60                                    | 0.1396              | 0.1396   | 0.1396   | 0.1396   | 0.1719   | 0.2506   |
| 61                                    | 0.1396              | 0.1396   | 0.1396   | 0.1396   | 0.1719   | 0.2506   |
| 62                                    | 0.1396              | 0.1396   | 0.1396   | 0.1396   | 0.1719   | 0.2506   |
| 63                                    | 0.1396              | 0.1396   | 0.1396   | 0.1396   | 0.1719   | 0.2506   |
| 64                                    | 0.1396              | 0.1396   | 0.1396   | 0.1396   | 0.1719   | 0.2506   |
| 65                                    | 1.0000              | 1.0000   | 1.0000   | 1.0000   | 1.0000   | 1.0000   |

- These rates also apply to Local Prosecutors, Local Sheriff, School Police and Other Safety.

**Service Retirement**

| <b>Public Agency Fire 2.7% @ 57</b> |                     |          |          |          |          |          |
|-------------------------------------|---------------------|----------|----------|----------|----------|----------|
| Age                                 | Duration of Service |          |          |          |          |          |
|                                     | 5 Years             | 10 Years | 15 Years | 20 Years | 25 Years | 30 Years |
| 50                                  | 0.0065              | 0.0065   | 0.0065   | 0.0065   | 0.0101   | 0.0151   |
| 51                                  | 0.0081              | 0.0081   | 0.0081   | 0.0081   | 0.0125   | 0.0187   |
| 52                                  | 0.0164              | 0.0164   | 0.0164   | 0.0164   | 0.0254   | 0.0380   |
| 53                                  | 0.0442              | 0.0442   | 0.0442   | 0.0442   | 0.0680   | 0.1018   |
| 54                                  | 0.0606              | 0.0606   | 0.0606   | 0.0606   | 0.0934   | 0.1397   |
| 55                                  | 0.0825              | 0.0825   | 0.0825   | 0.0825   | 0.1269   | 0.1900   |
| 56                                  | 0.0740              | 0.0740   | 0.0740   | 0.0740   | 0.1140   | 0.1706   |
| 57                                  | 0.0901              | 0.0901   | 0.0901   | 0.0901   | 0.1387   | 0.2077   |
| 58                                  | 0.0790              | 0.0790   | 0.0790   | 0.0790   | 0.1217   | 0.1821   |
| 59                                  | 0.0729              | 0.0729   | 0.0729   | 0.0729   | 0.1123   | 0.1681   |
| 60                                  | 0.1135              | 0.1135   | 0.1135   | 0.1135   | 0.1747   | 0.2615   |
| 61                                  | 0.1136              | 0.1136   | 0.1136   | 0.1136   | 0.1749   | 0.2618   |
| 62                                  | 0.1136              | 0.1136   | 0.1136   | 0.1136   | 0.1749   | 0.2618   |
| 63                                  | 0.1136              | 0.1136   | 0.1136   | 0.1136   | 0.1749   | 0.2618   |
| 64                                  | 0.1136              | 0.1136   | 0.1136   | 0.1136   | 0.1749   | 0.2618   |
| 65                                  | 1.0000              | 1.0000   | 1.0000   | 1.0000   | 1.0000   | 1.0000   |

## Service Retirement

| Schools 2% @ 55 |                     |          |          |          |          |          |
|-----------------|---------------------|----------|----------|----------|----------|----------|
| Age             | Duration of Service |          |          |          |          |          |
|                 | 5 Years             | 10 Years | 15 Years | 20 Years | 25 Years | 30 Years |
| 50              | 0.005               | 0.009    | 0.013    | 0.015    | 0.016    | 0.018    |
| 51              | 0.005               | 0.010    | 0.014    | 0.017    | 0.019    | 0.021    |
| 52              | 0.006               | 0.012    | 0.017    | 0.020    | 0.022    | 0.025    |
| 53              | 0.007               | 0.014    | 0.019    | 0.023    | 0.026    | 0.029    |
| 54              | 0.012               | 0.024    | 0.033    | 0.039    | 0.044    | 0.049    |
| 55              | 0.024               | 0.048    | 0.067    | 0.079    | 0.088    | 0.099    |
| 56              | 0.020               | 0.039    | 0.055    | 0.065    | 0.072    | 0.081    |
| 57              | 0.021               | 0.042    | 0.059    | 0.070    | 0.078    | 0.087    |
| 58              | 0.025               | 0.050    | 0.070    | 0.083    | 0.092    | 0.103    |
| 59              | 0.029               | 0.057    | 0.080    | 0.095    | 0.105    | 0.118    |
| 60              | 0.037               | 0.073    | 0.102    | 0.121    | 0.134    | 0.150    |
| 61              | 0.046               | 0.090    | 0.126    | 0.149    | 0.166    | 0.186    |
| 62              | 0.076               | 0.151    | 0.212    | 0.250    | 0.278    | 0.311    |
| 63              | 0.069               | 0.136    | 0.191    | 0.225    | 0.251    | 0.281    |
| 64              | 0.067               | 0.133    | 0.185    | 0.219    | 0.244    | 0.273    |
| 65              | 0.091               | 0.180    | 0.251    | 0.297    | 0.331    | 0.370    |
| 66              | 0.072               | 0.143    | 0.200    | 0.237    | 0.264    | 0.295    |
| 67              | 0.067               | 0.132    | 0.185    | 0.218    | 0.243    | 0.272    |
| 68              | 0.060               | 0.118    | 0.165    | 0.195    | 0.217    | 0.243    |
| 69              | 0.067               | 0.133    | 0.187    | 0.220    | 0.246    | 0.275    |
| 70              | 0.066               | 0.131    | 0.183    | 0.216    | 0.241    | 0.270    |

## Miscellaneous

### Superfunded Status

Prior to enactment of the Public Employees' Pension Reform Act (PEPRA) that became effective January 1, 2013, a plan in superfunded status (actuarial value of assets exceeding present value of benefits) would normally pay a zero employer contribution rate while also being permitted to use its superfunded assets to pay its employees' normal member contributions.

However, Section 7522.52(a) of PEPRA states, "In any fiscal year a public employer's contribution to a defined benefit plan, in combination with employee contributions to that defined benefit plan, shall not be less than the total normal cost rate..." This means that not only must employers pay their employer normal cost regardless of plan surplus, but also, employers may no longer use superfunded assets to pay employee normal member contributions.

### Internal Revenue Code Section 415

The limitations on benefits imposed by Internal Revenue Code Section 415 are taken into account in this valuation. Each year the impact of any changes in this limitation since the prior valuation is included and amortized as part of the actuarial gain or loss base. This results in lower contributions for those employers contributing to the Replacement Benefit Fund and protects CalPERS from prefunding expected benefits in excess of limits imposed by federal tax law.

### **Internal Revenue Code Section 401(a)(17)**

The limitations on compensation imposed by Internal Revenue Code Section 401(a)(17) are taken into account in this valuation. Each year, the impact of any changes in the compensation limitation since the prior valuation is included and amortized as part of the actuarial gain or loss base.

### **PEPRA Assumptions**

The Public Employees' Pension Reform Act of 2013 (PEPRA) mandated new benefit formulas and new member contributions for new members (as defined by PEPRA) hired after January 1, 2013. For non-pooled plans, these new members will first be reflected in the June 30, 2013 non-pooled plan valuations. New members in pooled plans will first be reflected in the new Miscellaneous and Safety risk pools created by the CalPERS Board in November 2012 in response to the passage of PEPRA, also beginning with the June 30, 2013 valuation. Different assumptions for these new PEPRA members are disclosed above.

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## **APPENDIX B**

### **PRINCIPAL PLAN PROVISIONS**

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The following is a description of the principal plan provisions used in calculating costs and liabilities. We have indicated whether a plan provision is standard or optional. Standard benefits are applicable to all members while optional benefits vary among employers. Optional benefits that apply to a single period of time, such as Golden Handshakes, have not been included. Many of the statements in this summary are general in nature, and are intended to provide an easily understood summary of the complex Public Employees' Retirement Law. The law itself governs in all situations.

## PEPRA Benefit Changes

The Public Employees' Pension Reform Act of 2013 (PEPRA) requires new benefits and member contributions for new members as defined by PEPRA, that are hired after January 1, 2013. These PEPRA members are reflected in your June 30, 2013 actuarial valuation. Members in pooled plans are reflected in the new Miscellaneous and Safety risk pools created by the CalPERS Board in November 2012 in response to the passage of PEPRA, beginning with the June 30, 2013 valuation.

## Service Retirement

### Eligibility

A classic CalPERS member or PEPRA Safety member becomes eligible for Service Retirement upon attainment of age 50 with at least 5 years of credited service (total service across all CalPERS employers, and with certain other Retirement Systems with which CalPERS has reciprocity agreements). For employees hired into a plan with the 1.5% at 65 formula, eligibility for service retirement is age 55 with at least 5 years of service. PEPRA miscellaneous members become eligible for Service Retirement upon attainment of age 52 with at least 5 years of service.

### Benefit

The Service Retirement benefit is a monthly allowance equal to the product of the *benefit factor*, *years of service*, and *final compensation*.

- The *benefit factor* depends on the benefit formula specified in your agency's contract. The table below shows the factors for each of the available formulas. Factors vary by the member's age at retirement. Listed are the factors for retirement at whole year ages:

### Miscellaneous Plan Formulas

| Retirement Age | 1.5% at 65 | 2% at 60 | 2% at 55 | 2.5% at 55 | 2.7% at 55 | 3% at 60 | PEPRA 2% at 62 |
|----------------|------------|----------|----------|------------|------------|----------|----------------|
| 50             | 0.5000%    | 1.092%   | 1.426%   | 2.000%     | 2.000%     | 2.000%   | N/A            |
| 51             | 0.5667%    | 1.156%   | 1.522%   | 2.100%     | 2.140%     | 2.100%   | N/A            |
| 52             | 0.6334%    | 1.224%   | 1.628%   | 2.200%     | 2.280%     | 2.200%   | 1.000%         |
| 53             | 0.7000%    | 1.296%   | 1.742%   | 2.300%     | 2.420%     | 2.300%   | 1.100%         |
| 54             | 0.7667%    | 1.376%   | 1.866%   | 2.400%     | 2.560%     | 2.400%   | 1.200%         |
| 55             | 0.8334%    | 1.460%   | 2.000%   | 2.500%     | 2.700%     | 2.500%   | 1.300%         |
| 56             | 0.9000%    | 1.552%   | 2.052%   | 2.500%     | 2.700%     | 2.600%   | 1.400%         |
| 57             | 0.9667%    | 1.650%   | 2.104%   | 2.500%     | 2.700%     | 2.700%   | 1.500%         |
| 58             | 1.0334%    | 1.758%   | 2.156%   | 2.500%     | 2.700%     | 2.800%   | 1.600%         |
| 59             | 1.1000%    | 1.874%   | 2.210%   | 2.500%     | 2.700%     | 2.900%   | 1.700%         |
| 60             | 1.1667%    | 2.000%   | 2.262%   | 2.500%     | 2.700%     | 3.000%   | 1.800%         |
| 61             | 1.2334%    | 2.134%   | 2.314%   | 2.500%     | 2.700%     | 3.000%   | 1.900%         |
| 62             | 1.3000%    | 2.272%   | 2.366%   | 2.500%     | 2.700%     | 3.000%   | 2.000%         |

|         |         |        |        |        |        |        |        |
|---------|---------|--------|--------|--------|--------|--------|--------|
| 63      | 1.3667% | 2.418% | 2.418% | 2.500% | 2.700% | 3.000% | 2.100% |
| 64      | 1.4334% | 2.418% | 2.418% | 2.500% | 2.700% | 3.000% | 2.200% |
| 65      | 1.5000% | 2.418% | 2.418% | 2.500% | 2.700% | 3.000% | 2.300% |
| 66      | 1.5000% | 2.418% | 2.418% | 2.500% | 2.700% | 3.000% | 2.400% |
| 67 & up | 1.5000% | 2.418% | 2.418% | 2.500% | 2.700% | 3.000% | 2.500% |

**Safety Plan Formulas**

| Retirement Age | ½ at 55 * | 2% at 55 | 2% at 50 | 3% at 55 | 3% at 50 |
|----------------|-----------|----------|----------|----------|----------|
| 50             | 1.783%    | 1.426%   | 2.000%   | 2.400%   | 3.000%   |
| 51             | 1.903%    | 1.522%   | 2.140%   | 2.520%   | 3.000%   |
| 52             | 2.035%    | 1.628%   | 2.280%   | 2.640%   | 3.000%   |
| 53             | 2.178%    | 1.742%   | 2.420%   | 2.760%   | 3.000%   |
| 54             | 2.333%    | 1.866%   | 2.560%   | 2.880%   | 3.000%   |
| 55 & Up        | 2.500%    | 2.000%   | 2.700%   | 3.000%   | 3.000%   |

\* For this formula, the benefit factor also varies by entry age. The factors shown are for members with an entry age of 35 or greater. If entry age is less than 35, then the age 55 benefit factor is 50 percent divided by the difference between age 55 and entry age. The benefit factor for ages prior to age 55 is the same proportion of the age 55 benefit factor as in the above table.

**PEPRA Safety Plan Formulas**

| Retirement Age | 2% at 57 | 2.5% at 57 | 2.7% at 57 |
|----------------|----------|------------|------------|
| 50             | 1.426%   | 2.000%     | 2.000%     |
| 51             | 1.508%   | 2.071%     | 2.100%     |
| 52             | 1.590%   | 2.143%     | 2.200%     |
| 53             | 1.672%   | 2.214%     | 2.300%     |
| 54             | 1.754%   | 2.286%     | 2.400%     |
| 55             | 1.836%   | 2.357%     | 2.500%     |
| 56             | 1.918%   | 2.429%     | 2.600%     |
| 57 & Up        | 2.000%   | 2.500%     | 2.700%     |

- The *years of service* is the amount credited by CalPERS to a member while he or she is employed in this group (or for other periods that are recognized under the employer's contract with CalPERS). For a member who has earned service with multiple CalPERS employers, the benefit from each employer is calculated separately according to each employer's contract, and then added together for the total allowance. An agency may contract for an optional benefit where any unused sick leave accumulated at the time of retirement will be converted to credited service at a rate of 0.004 years of service for each day of sick leave.
- The *final compensation* is the monthly average of the member's highest 36 or 12 consecutive months' full-time equivalent monthly pay (no matter which CalPERS employer paid this compensation). The standard benefit is 36 months. Employers have the option of providing a final compensation equal to the highest 12 consecutive months. Final compensation must be defined by the highest 36 consecutive months' pay under the 1.5% at 65 formula. PEPRA members have a cap on the annual salary that can be used to calculate final compensation for all new members based on the Social Security Contribution and Benefit Base. For employees that participate in

Social Security this cap is \$113,700 for 2013 and for those employees that do not participate in social security the cap for 2013 is \$136,440, the equivalent of 120 percent of the 2013 Contribution and Benefit Base. Adjustments to the caps are permitted annually based on changes to the CPI for All Urban Consumers.

- Employees must be covered by Social Security with the 1.5% at 65 formula. Social Security is optional for all other benefit formulas. For employees covered by Social Security, the Modified formula is the standard benefit. Under this type of formula, the final compensation is offset by \$133.33 (or by one third if the final compensation is less than \$400). Employers may contract for the Full benefit with Social Security that will eliminate the offset applicable to the final compensation. For employees not covered by Social Security, the Full benefit is paid with no offsets. Auxiliary organizations of the CSUC system may elect reduced contribution rates, in which case the offset is \$317 if members are not covered by Social Security or \$513 if members are covered by Social Security.
- The Miscellaneous Service Retirement benefit is not capped. The Safety Service Retirement benefit is capped at 90 percent of final compensation.

## Vested Deferred Retirement

### Eligibility for Deferred Status

A CalPERS member becomes eligible for a deferred vested retirement benefit when he or she leaves employment, keeps his or her contribution account balance on deposit with CalPERS, **and** has earned at least 5 years of credited service (total service across all CalPERS employers, and with certain other Retirement Systems with which CalPERS has reciprocity agreements).

### Eligibility to Start Receiving Benefits

The CalPERS classic members and Safety PEPPA members become eligible to receive the deferred retirement benefit upon satisfying the eligibility requirements for Deferred Status and upon attainment of age 50 (55 for employees hired into a 1.5% @ 65 plan). PEPPA Miscellaneous members become eligible to receive the deferred retirement benefit upon satisfying the eligibility requirements for Deferred Status and upon attainment of age 52.

### Benefit

The vested deferred retirement benefit is the same as the Service Retirement benefit, where the benefit factor is based on the member's age at allowance commencement. For members who have earned service with multiple CalPERS employers, the benefit from each employer is calculated separately according to each employer's contract, and then added together for the total allowance.

## Non-Industrial (Non-Job Related) Disability Retirement

### Eligibility

A CalPERS member is eligible for Non-Industrial Disability Retirement if he or she becomes *disabled* and has at least 5 years of credited service (total service across all CalPERS employers, and with certain other Retirement Systems with which CalPERS has reciprocity agreements). There is no special age requirement. *Disabled* means the member is unable to perform his or her job because of an illness or injury, which is expected to be permanent or to last indefinitely. The illness or injury does not have to be job related. A CalPERS member must be actively employed by any CalPERS employer at the time of disability in order to be eligible for this benefit.

### Standard Benefit

The standard Non-Industrial Disability Retirement benefit is a monthly allowance equal to 1.8 percent of final compensation, multiplied by *service*, which is determined as follows:

- *Service* is CalPERS credited service, for members with less than 10 years of service or greater than 18.518 years of service; or
- *Service* is CalPERS credited service plus the additional number of years that the member would have worked until age 60, for members with at least 10 years but not more than 18.518 years of service. The maximum benefit in this case is 33 1/3 percent of Final Compensation.

### **Improved Benefit**

Employers have the option of providing the improved Non-Industrial Disability Retirement benefit. This benefit provides a monthly allowance equal to 30 percent of final compensation for the first 5 years of service, plus 1 percent for each additional year of service to a maximum of 50 percent of final compensation.

Members who are eligible for a larger service retirement benefit may choose to receive that benefit in lieu of a disability benefit. Members eligible to retire, and who have attained the normal retirement age determined by their service retirement benefit formula, will receive the same dollar amount for disability retirement as that payable for service retirement. For members who have earned service with multiple CalPERS employers, the benefit attributed to each employer is the total disability allowance multiplied by the ratio of service with a particular employer to the total CalPERS service.

## **Industrial (Job Related) Disability Retirement**

All safety members have this benefit. For miscellaneous members, employers have the option of providing this benefit. An employer may choose to provide the Increased benefit option or the Improved benefit option.

### **Eligibility**

An employee is eligible for Industrial Disability Retirement if he or she becomes disabled while working, where disabled means the member is unable to perform the duties of the job because of a work-related illness or injury, which is, expected to be permanent or to last indefinitely. A CalPERS member who has left active employment within this group is not eligible for this benefit, except to the extent described below.

### **Standard Benefit**

The standard Industrial Disability Retirement benefit is a monthly allowance equal to 50 percent of final compensation.

### **Increased Benefit (75 percent of Final Compensation)**

The increased Industrial Disability Retirement benefit is a monthly allowance equal to 75 percent final compensation for total disability.

### **Improved Benefit (50 percent to 90 percent of Final Compensation)**

The improved Industrial Disability Retirement benefit is a monthly allowance equal to the Workman's Compensation Appeals Board permanent disability rate percentage (if 50 percent or greater, with a maximum of 90 percent) times the final compensation.

For a CalPERS member not actively employed in this group who became disabled while employed by some other CalPERS employer, the benefit is a return of accumulated member contributions with respect to employment in this group. With the standard or increased benefit, a member may also choose to receive the annuitization of the accumulated member contributions.

If a member is eligible for Service Retirement and if the Service Retirement benefit is more than the Industrial Disability Retirement benefit, the member may choose to receive the larger benefit.

## **Post-Retirement Death Benefit**

### **Standard Lump Sum Payment**

Upon the death of a retiree, a one-time lump sum payment of \$500 will be made to the retiree's designated survivor(s), or to the retiree's estate.

### **Improved Lump Sum Payment**

Employers have the option of providing an improved lump sum death benefit of \$600, \$2,000, \$3,000, \$4,000 or \$5,000.

## Form of Payment for Retirement Allowance

### Standard Form of Payment

Generally, the retirement allowance is paid to the retiree in the form of an annuity for as long as he or she is alive. The retiree may choose to provide for a portion of his or her allowance to be paid to any designated beneficiary after the retiree's death. CalPERS provides for a variety of such benefit options, which the retiree pays for by taking a reduction in his or her retirement allowance. Such reduction takes into account the amount to be provided to the beneficiary and the probable duration of payments (based on the ages of the member and beneficiary) made subsequent to the member's death.

### Improved Form of Payment (Post Retirement Survivor Allowance)

Employers have the option to contract for the post retirement survivor allowance.

For retirement allowances with respect to service subject to the modified formula, 25 percent of the retirement allowance will automatically be continued to certain statutory beneficiaries upon the death of the retiree, without a reduction in the retiree's allowance. For retirement allowances with respect to service subject to the full or supplemental formula, 50 percent of the retirement allowance will automatically be continued to certain statutory beneficiaries upon the death of the retiree, without a reduction in the retiree's allowance. This additional benefit is often referred to as post retirement survivor allowance (PRSA) or simply as survivor continuance.

In other words, 25 percent or 50 percent of the allowance, the continuance portion, is paid to the retiree for as long as he or she is alive, and that same amount is continued to the retiree's spouse (or if no eligible spouse, to unmarried children until they attain age 18; or, if no eligible children, to a qualifying dependent parent) for the rest of his or her lifetime. This benefit will not be discontinued in the event the spouse remarries.

The remaining 75 percent or 50 percent of the retirement allowance, which may be referred to as the option portion of the benefit, is paid to the retiree as an annuity for as long as he or she is alive. Or, the retiree may choose to provide for some of this option portion to be paid to any designated beneficiary after the retiree's death. Benefit options applicable to the option portion are the same as those offered with the standard form. The reduction is calculated in the same manner but is applied only to the option portion.

## Pre-Retirement Death Benefits

### Basic Death Benefit

This is a standard benefit.

#### Eligibility

An employee's beneficiary (or estate) may receive the Basic Death benefit if the member dies while actively employed. A CalPERS member must be actively employed with the CalPERS employer providing this benefit to be eligible for this benefit. A member's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this Basic Death benefit.

#### Benefit

The Basic Death Benefit is a lump sum in the amount of the member's accumulated contributions, where interest is currently credited at 7.5 percent per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death.

### 1957 Survivor Benefit

This is a standard benefit.

### **Eligibility**

An employee's *eligible survivor(s)* may receive the 1957 Survivor benefit if the member dies while actively employed, has attained at least age 50 for Classic and Safety PEPRAs members and age 52 for Miscellaneous PEPRAs members, and has at least 5 years of credited service (total service across all CalPERS employers and with certain other Retirement Systems with which CalPERS has reciprocity agreements). A CalPERS member must be actively employed with the CalPERS employer providing this benefit to be eligible for this benefit. An eligible survivor means the surviving spouse to whom the member was married at least one year before death or, if there is no eligible spouse, to the member's unmarried children under age 18. A member's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this 1957 Survivor benefit.

### **Benefit**

The 1957 Survivor benefit is a monthly allowance equal to one-half of the unmodified Service Retirement benefit that the member would have been entitled to receive if the member had retired on the date of his or her death. If the benefit is payable to the spouse, the benefit is discontinued upon the death of the spouse. If the benefit is payable to a dependent child, the benefit will be discontinued upon death or attainment of age 18, unless the child is disabled. The total amount paid will be at least equal to the Basic Death benefit.

## **Optional Settlement 2W Death Benefit**

This is an optional benefit.

### **Eligibility**

An employee's *eligible survivor* may receive the Optional Settlement 2W Death benefit if the member dies while actively employed, has attained at least age 50 for Classic and Safety PEPRAs members and age 52 for Miscellaneous PEPRAs members, and has at least 5 years of credited service (total service across all CalPERS employers and with certain other Retirement Systems with which CalPERS has reciprocity agreements). A CalPERS member who is no longer actively employed with **any** CalPERS employer is not eligible for this benefit. An *eligible survivor* means the surviving spouse to whom the member was married at least one year before death. A member's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this Optional Settlement 2W Death benefit.

### **Benefit**

The Optional Settlement 2W Death benefit is a monthly allowance equal to the Service Retirement benefit that the member would have received had the member retired on the date of his or her death and elected Optional Settlement 2W. (A retiree who elects Optional Settlement 2W receives an allowance that has been reduced so that it will continue to be paid after his or her death to a surviving beneficiary.) The allowance is payable as long as the surviving spouse lives, at which time it is continued to any unmarried children under age 18, if applicable. The total amount paid will be at least equal to the Basic Death Benefit.

## **Special Death Benefit**

This is a standard benefit for safety members. An employer may elect to provide this benefit for miscellaneous members.

### **Eligibility**

An employee's *eligible survivor(s)* may receive the Special Death benefit if the member dies while actively employed and the death is job-related. A CalPERS member who is no longer actively employed with **any** CalPERS employer is not eligible for this benefit. An *eligible survivor* means the surviving spouse to whom the member was married prior to the onset of the injury or illness that resulted in death. If there is no eligible spouse, an eligible survivor means the member's unmarried children under age 22. An eligible survivor who chooses to receive this benefit will not receive any other death benefit.

### **Benefit**

The Special Death benefit is a monthly allowance equal to 50 percent of final compensation, and will be increased whenever the compensation paid to active employees is increased but ceasing to increase when the member would



have attained age 50. The allowance is payable to the surviving spouse until death at which time the allowance is continued to any unmarried children under age 22. There is a guarantee that the total amount paid will at least equal the Basic Death Benefit.

If the member's death is the result of an accident or injury caused by external violence or physical force incurred in the performance of the member's duty, and there are *eligible* surviving children (*eligible* means unmarried children under age 22) in addition to an eligible spouse, then an **additional monthly allowance** is paid equal to the following:

- |                                   |                                    |
|-----------------------------------|------------------------------------|
| • if 1 eligible child:            | 12.5 percent of final compensation |
| • if 2 eligible children:         | 20.0 percent of final compensation |
| • if 3 or more eligible children: | 25.0 percent of final compensation |

## Alternate Death Benefit for Local Fire Members

This is an optional benefit available only to local fire members.

### Eligibility

An employee's *eligible survivor(s)* may receive the Alternate Death benefit in lieu of the Basic Death Benefit or the 1957 Survivor Benefit if the member dies while actively employed and has at least 20 years of total CalPERS service. A CalPERS member who is no longer actively employed with **any** CalPERS employer is not eligible for this benefit. An *eligible survivor* means the surviving spouse to whom the member was married prior to the onset of the injury or illness that resulted in death. If there is no eligible spouse, an eligible survivor means the member's unmarried children under age 18.

### Benefit

The Alternate Death benefit is a monthly allowance equal to the Service Retirement benefit that the member would have received had the member retired on the date of his or her death and elected Optional Settlement 2W. (A retiree who elects Optional Settlement 2W receives an allowance that has been reduced so that it will continue to be paid after his or her death to a surviving beneficiary.) If the member has not yet attained age 50, the benefit is equal to that which would be payable if the member had retired at age 50, based on service credited at the time of death. The allowance is payable as long as the surviving spouse lives, at which time it is continued to any unmarried children under age 18, if applicable. The total amount paid will be at least equal to the Basic Death Benefit.

## Cost-of-Living Adjustments (COLA)

### Standard Benefit

Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 2 percent.

### Improved Benefit

Employers have the option of providing any of these improved cost-of-living adjustments by contracting for any one of these Class 1 optional benefits. An improved COLA is not available in conjunction with the 1.5% at 65 formula.

Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by either 3 percent, 4 percent or 5 percent. However, the cumulative adjustment may not be greater than the cumulative change in the Consumer Price Index since the date of retirement.

## Purchasing Power Protection Allowance (PPPA)

Retirement and survivor allowances are protected against inflation by PPPA. PPPA benefits are cost-of-living adjustments that are intended to maintain an individual's allowance at 80 percent of the initial allowance at

retirement adjusted for inflation since retirement. The PPPA benefit will be coordinated with other cost-of-living adjustments provided under the plan.

## Employee Contributions

Each employee contributes toward his or her retirement based upon the retirement formula. The standard employee contribution is as described below.

The percent contributed below the monthly compensation breakpoint is 0 percent.

The monthly compensation breakpoint is \$0 for full and supplemental formula members and \$133.33 for employees covered by the modified formula.

The percent contributed above the monthly compensation breakpoint depends upon the benefit formula, as shown in the table below.

| <b><u>Benefit Formula</u></b> | <b><u>Percent Contributed above the Breakpoint</u></b> |
|-------------------------------|--|
| Miscellaneous, 1.5% at 65     | 2%   |
| Miscellaneous, 2% at 60       | 7%   |
| Miscellaneous, 2% at 55       | 7%   |
| Miscellaneous, 2.5% at 55     | 8%   |
| Miscellaneous, 2.7% at 55     | 8%   |
| Miscellaneous, 3% at 60       | 8%   |
| Miscellaneous, 2% at 62       | 50% of the Total Normal Cost                           |
| Safety, 1/2 at 55             | Varies by entry age                                    |
| Safety, 2% at 55              | 7%   |
| Safety, 2% at 50              | 9%   |
| Safety, 3% at 55              | 9%   |
| Safety, 3% at 50              | 9%   |
| Safety, 2% at 57              | 50% of the Total Normal Cost                           |
| Safety, 2.5% at 57            | 50% of the Total Normal Cost                           |
| Safety, 2.7% at 57            | 50% of the Total Normal Cost                           |

The employer may choose to “pick-up” these contributions for the employees (Employer Paid Member Contributions or EPMC). EPMC is prohibited for new PEPRAs members.

An employer may also include Employee Cost Sharing in the contract, where employees agree to share the cost of the employer contribution with or without a change in benefit. These contributions are paid in addition to the member contribution.

Auxiliary organizations of the CSUC system may elect reduced contribution rates, in which case the offset is \$317 and the contribution rate is 6 percent if members are not covered by Social Security. If members are covered by Social Security, the offset is \$513 and the contribution rate is 5 percent.

## Refund of Employee Contributions

If the member’s service with the employer ends, and if the member does not satisfy the eligibility conditions for any of the retirement benefits above, the member may elect to receive a refund of his or her employee contributions, which are credited annually with 6 percent interest.

## **1959 Survivor Benefit**

This is a pre-retirement death benefit available only to members not covered by Social Security. Any agency joining CalPERS subsequent to 1993 was required to provide this benefit if the members were not covered by Social Security. The benefit is optional for agencies joining CalPERS prior to 1994. Levels 1, 2 and 3 are now closed. Any new agency or any agency wishing to add this benefit or increase the current level must choose the 4<sup>th</sup> or Indexed Level.

This benefit is not included in the results presented in this valuation. More information on this benefit is available on the CalPERS website at [www.calpers.ca.gov](http://www.calpers.ca.gov).

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## **APPENDIX C**

### **PARTICIPANT DATA**

- **SUMMARY OF VALUATION DATA**
- **ACTIVE MEMBERS**
- **TRANSFERRED AND TERMINATED MEMBERS**
- **RETIRED MEMBERS AND BENEFICIARIES**

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## Summary of Valuation Data

|   | June 30, 2012 | June 30, 2013 |
|---|---------------|---------------|
| <b>1. Active Members</b>                          |               |               |
| a) Counts   | 131           | 132           |
| b) Average Attained Age                           | 48.00         | 47.64         |
| c) Average Entry Age to Rate Plan                 | 35.64         | 35.30         |
| d) Average Years of Service                       | 12.36         | 12.34         |
| e) Average Annual Covered Pay                     | \$ 99,718     | \$ 102,996    |
| f) Annual Covered Payroll                         | 13,063,048    | 13,595,469    |
| g) Projected Annual Payroll for Contribution Year | 14,274,345    | 14,856,136    |
| h) Present Value of Future Payroll                | 95,664,174    | 99,186,200    |
| <b>2. Transferred Members</b>                     |               |               |
| a) Counts   | 40            | 41            |
| b) Average Attained Age                           | 50.35         | 49.95         |
| c) Average Years of Service                       | 5.31          | 5.22          |
| d) Average Annual Covered Pay                     | \$ 101,078    | \$ 101,680    |
| <b>3. Terminated Members</b>                      |               |               |
| a) Counts   | 30            | 28            |
| b) Average Attained Age                           | 44.55         | 44.88         |
| c) Average Years of Service                       | 2.85          | 2.84          |
| d) Average Annual Covered Pay                     | \$ 61,168     | \$ 62,287     |
| <b>4. Retired Members and Beneficiaries</b>       |               |               |
| a) Counts   | 133           | 143           |
| b) Average Attained Age                           | 68.09         | 67.97         |
| c) Average Annual Benefits                        | \$ 31,815     | \$ 32,328     |
| <b>5. Active to Retired Ratio [(1a) / (4a)]</b>   | 0.98          | 0.92          |

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

Average Annual Benefits represents benefit amounts payable by this plan only. Some members may have service with another agency and would therefore have a larger total benefit than would be included as part of the average shown here.

## Active Members

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

### Distribution of Active Members by Age and Service

| Attained<br>Age | Years of Service at Valuation Date |     |       |       |       |     | Total |
|-----------------|------------------------------------|-----|-------|-------|-------|-----|-------|
|                 | 0-4                                | 5-9 | 10-14 | 15-19 | 20-25 | 25+ |       |
| 15-24           | 3                                  | 0   | 0     | 0     | 0     | 0   | 3     |
| 25-29           | 4                                  | 0   | 0     | 0     | 0     | 0   | 4     |
| 30-34           | 10                                 | 8   | 0     | 0     | 0     | 0   | 18    |
| 35-39           | 0                                  | 5   | 5     | 0     | 0     | 0   | 10    |
| 40-44           | 3                                  | 10  | 2     | 1     | 1     | 0   | 17    |
| 45-49           | 4                                  | 3   | 2     | 7     | 3     | 2   | 21    |
| 50-54           | 3                                  | 4   | 8     | 0     | 5     | 3   | 23    |
| 55-59           | 1                                  | 2   | 4     | 1     | 7     | 3   | 18    |
| 60-64           | 1                                  | 3   | 2     | 1     | 3     | 4   | 14    |
| 65 and over     | 0                                  | 0   | 0     | 1     | 2     | 1   | 4     |
| <b>All Ages</b> | 29                                 | 35  | 23    | 11    | 21    | 13  | 132   |

### Distribution of Average Annual Salaries by Age and Service

| Attained<br>Age | Years of Service at Valuation Date |          |           |           |           |           | Average   |
|-----------------|------------------------------------|----------|-----------|-----------|-----------|-----------|-----------|
|                 | 0-4                                | 5-9      | 10-14     | 15-19     | 20-25     | 25+       |           |
| 15-24           | \$75,920                           | \$0      | \$0       | \$0       | \$0       | \$0       | \$75,920  |
| 25-29           | 67,071                             | 0        | 0         | 0         | 0         | 0         | 67,071    |
| 30-34           | 83,788                             | 91,000   | 0         | 0         | 0         | 0         | 86,993    |
| 35-39           | 0                                  | 98,262   | 113,885   | 0         | 0         | 0         | 106,073   |
| 40-44           | 92,098                             | 92,177   | 104,605   | 138,453   | 178,239   | 0         | 101,410   |
| 45-49           | 102,985                            | 101,806  | 84,364    | 113,350   | 138,912   | 103,424   | 109,673   |
| 50-54           | 85,410                             | 98,317   | 108,543   | 0         | 133,525   | 136,610   | 112,839   |
| 55-59           | 90,670                             | 113,891  | 110,077   | 82,487    | 132,971   | 132,276   | 120,493   |
| 60-64           | 84,078                             | 117,063  | 101,231   | 99,074    | 83,315    | 86,099    | 95,082    |
| 65 and over     | 0                                  | 0        | 0         | 90,757    | 53,965    | 151,721   | 87,602    |
| <b>All Ages</b> | \$84,591                           | \$97,678 | \$106,890 | \$109,475 | \$121,489 | \$116,125 | \$102,996 |



## Transferred and Terminated Members

### Distribution of Transfers to Other CalPERS Plans by Age and Service

| Attained Age    | Years of Service at Valuation Date |     |       |       |       |     | Total | Average Salary |
|-----------------|------------------------------------|-----|-------|-------|-------|-----|-------|----------------|
|                 | 0-4                                | 5-9 | 10-14 | 15-19 | 20-25 | 25+ |       |                |
| 15-24           | 0                                  | 0   | 0     | 0     | 0     | 0   | 0     | \$0            |
| 25-29           | 1                                  | 0   | 0     | 0     | 0     | 0   | 1     | 66,563         |
| 30-34           | 1                                  | 0   | 0     | 0     | 0     | 0   | 1     | 94,399         |
| 35-39           | 1                                  | 1   | 0     | 0     | 0     | 0   | 2     | 92,943         |
| 40-44           | 4                                  | 3   | 0     | 0     | 0     | 0   | 7     | 87,916         |
| 45-49           | 7                                  | 2   | 1     | 0     | 0     | 0   | 10    | 98,745         |
| 50-54           | 2                                  | 4   | 2     | 0     | 0     | 0   | 8     | 111,420        |
| 55-59           | 2                                  | 3   | 2     | 1     | 0     | 0   | 8     | 102,116        |
| 60-64           | 1                                  | 1   | 0     | 0     | 0     | 0   | 2     | 98,492         |
| 65 and over     | 2                                  | 0   | 0     | 0     | 0     | 0   | 2     | 156,943        |
| <b>All Ages</b> | 21                                 | 14  | 5     | 1     | 0     | 0   | 41    | 101,680        |

### Distribution of Terminated Participants with Funds on Deposit by Age and Service

| Attained Age    | Years of Service at Valuation Date |     |       |       |       |     | Total | Average Salary |
|-----------------|------------------------------------|-----|-------|-------|-------|-----|-------|----------------|
|                 | 0-4                                | 5-9 | 10-14 | 15-19 | 20-25 | 25+ |       |                |
| 15-24           | 0                                  | 0   | 0     | 0     | 0     | 0   | 0     | \$0            |
| 25-29           | 1                                  | 1   | 0     | 0     | 0     | 0   | 2     | 57,564         |
| 30-34           | 2                                  | 0   | 0     | 0     | 0     | 0   | 2     | 93,403         |
| 35-39           | 6                                  | 1   | 0     | 0     | 0     | 0   | 7     | 63,259         |
| 40-44           | 2                                  | 0   | 0     | 0     | 0     | 0   | 2     | 50,638         |
| 45-49           | 2                                  | 1   | 1     | 0     | 0     | 0   | 4     | 54,586         |
| 50-54           | 5                                  | 1   | 0     | 1     | 0     | 0   | 7     | 62,741         |
| 55-59           | 3                                  | 0   | 0     | 0     | 0     | 0   | 3     | 47,981         |
| 60-64           | 0                                  | 0   | 0     | 0     | 0     | 0   | 0     | 0              |
| 65 and over     | 1                                  | 0   | 0     | 0     | 0     | 0   | 1     | 96,541         |
| <b>All Ages</b> | 22                                 | 4   | 1     | 1     | 0     | 0   | 28    | 62,287         |

## Retired Members and Beneficiaries

### Distribution of Retirees and Beneficiaries by Age and Retirement Type\*

| Attained Age    | Service Retirement | Non-Industrial Disability | Industrial Disability | Non-Industrial Death | Industrial Death | Death After Retirement | Total |
|-----------------|--------------------|---------------------------|-----------------------|----------------------|------------------|------------------------|-------|
| Under 30        | 0                  | 0                         | 0                     | 0                    | 0                | 0                      | 0     |
| 30-34           | 0                  | 0                         | 0                     | 0                    | 0                | 0                      | 0     |
| 35-39           | 0                  | 0                         | 0                     | 0                    | 0                | 0                      | 0     |
| 40-44           | 0                  | 0                         | 0                     | 0                    | 0                | 0                      | 0     |
| 45-49           | 0                  | 1                         | 0                     | 0                    | 0                | 0                      | 1     |
| 50-54           | 5                  | 2                         | 0                     | 0                    | 0                | 0                      | 7     |
| 55-59           | 19                 | 1                         | 0                     | 0                    | 0                | 1                      | 21    |
| 60-64           | 31                 | 3                         | 0                     | 0                    | 0                | 2                      | 36    |
| 65-69           | 24                 | 0                         | 0                     | 0                    | 0                | 1                      | 25    |
| 70-74           | 15                 | 2                         | 0                     | 0                    | 0                | 2                      | 19    |
| 75-79           | 12                 | 1                         | 0                     | 0                    | 0                | 2                      | 15    |
| 80-84           | 8                  | 1                         | 0                     | 0                    | 0                | 3                      | 12    |
| 85 and Over     | 3                  | 1                         | 0                     | 0                    | 0                | 3                      | 7     |
| <b>All Ages</b> | 117                | 12                        | 0                     | 0                    | 0                | 14                     | 143   |

### Distribution of Average Annual Amounts for Retirees and Beneficiaries by Age and Retirement Type\*

| Attained Age    | Service Retirement | Non-Industrial Disability | Industrial Disability | Non-Industrial Death | Industrial Death | Death After Retirement | Average  |
|-----------------|--------------------|---------------------------|-----------------------|----------------------|------------------|------------------------|----------|
| Under 30        | \$0                | \$0                       | \$0                   | \$0                  | \$0              | \$0                    | \$0      |
| 30-34           | 0                  | 0                         | 0                     | 0                    | 0                | 0                      | 0        |
| 35-39           | 0                  | 0                         | 0                     | 0                    | 0                | 0                      | 0        |
| 40-44           | 0                  | 0                         | 0                     | 0                    | 0                | 0                      | 0        |
| 45-49           | 0                  | 21,268                    | 0                     | 0                    | 0                | 0                      | 21,268   |
| 50-54           | 21,565             | 15,895                    | 0                     | 0                    | 0                | 0                      | 19,945   |
| 55-59           | 31,165             | 25,039                    | 0                     | 0                    | 0                | 14,516                 | 30,081   |
| 60-64           | 29,103             | 19,109                    | 0                     | 0                    | 0                | 8,744                  | 27,139   |
| 65-69           | 52,642             | 0                         | 0                     | 0                    | 0                | 15,475                 | 51,155   |
| 70-74           | 33,649             | 13,468                    | 0                     | 0                    | 0                | 50,750                 | 33,325   |
| 75-79           | 42,280             | 5,474                     | 0                     | 0                    | 0                | 32,952                 | 38,582   |
| 80-84           | 20,949             | 4,156                     | 0                     | 0                    | 0                | 29,645                 | 21,724   |
| 85 and Over     | 17,673             | 16,837                    | 0                     | 0                    | 0                | 10,676                 | 14,555   |
| <b>All Ages</b> | \$35,028           | \$15,736                  | \$0                   | \$0                  | \$0              | \$23,989               | \$32,328 |

## Retired Members and Beneficiaries (continued)

### Distribution of Retirees and Beneficiaries by Years Retired and Retirement Type\*

| Years Retired    | Service Retirement | Non-Industrial Disability | Industrial Disability | Non-Industrial Death | Industrial Death | Death After Retirement | Total      |
|------------------|--------------------|---------------------------|-----------------------|----------------------|------------------|------------------------|------------|
| Under 5 Yrs      | 34                 | 0                         | 0                     | 0                    | 0                | 6                      | 40         |
| 5-9              | 39                 | 1                         | 0                     | 0                    | 0                | 5                      | 45         |
| 10-14            | 15                 | 2                         | 0                     | 0                    | 0                | 0                      | 17         |
| 15-19            | 18                 | 4                         | 0                     | 0                    | 0                | 3                      | 25         |
| 20-24            | 5                  | 2                         | 0                     | 0                    | 0                | 0                      | 7          |
| 25-29            | 4                  | 0                         | 0                     | 0                    | 0                | 0                      | 4          |
| 30 and Over      | 2                  | 3                         | 0                     | 0                    | 0                | 0                      | 5          |
| <b>All Years</b> | <b>117</b>         | <b>12</b>                 | <b>0</b>              | <b>0</b>             | <b>0</b>         | <b>14</b>              | <b>143</b> |

### Distribution of Average Annual Amounts for Retirees and Beneficiaries by Years Retired and Retirement Type\*

| Years Retired    | Service Retirement | Non-Industrial Disability | Industrial Disability | Non-Industrial Death | Industrial Death | Death After Retirement | Average         |
|------------------|--------------------|---------------------------|-----------------------|----------------------|------------------|------------------------|-----------------|
| Under 5 Yrs      | \$33,047           | \$0                       | \$0                   | \$0                  | \$0              | \$20,411               | \$31,152        |
| 5-9              | 41,016             | 21,268                    | 0                     | 0                    | 0                | 26,506                 | 38,965          |
| 10-14            | 28,863             | 21,304                    | 0                     | 0                    | 0                | 0                      | 27,974          |
| 15-19            | 41,810             | 17,887                    | 0                     | 0                    | 0                | 26,949                 | 36,199          |
| 20-24            | 27,202             | 13,468                    | 0                     | 0                    | 0                | 0                      | 23,278          |
| 25-29            | 10,128             | 0                         | 0                     | 0                    | 0                | 0                      | 10,128          |
| 30 and Over      | 6,490              | 8,822                     | 0                     | 0                    | 0                | 0                      | 7,889           |
| <b>All Years</b> | <b>\$35,028</b>    | <b>\$15,736</b>           | <b>\$0</b>            | <b>\$0</b>           | <b>\$0</b>       | <b>\$23,989</b>        | <b>\$32,328</b> |

\* Counts of members do not include alternate payees receiving benefits while the member is still working. Therefore, the total counts may not match information on page 25 of the report. Multiple records may exist for those who have service in more than one coverage group. This does not result in double counting of liabilities.

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## **APPENDIX D**

### **DEVELOPMENT OF PEPRA MEMBER CONTRIBUTION RATE**

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## DEVELOPMENT OF PEPRA MEMBER CONTRIBUTION RATE

The table below shows the determination of the Member contribution rates based on 50 percent of the Total Normal Cost for each respective plan on June 30, 2013.

Assembly Bill (AB) 340 created PEPRA that implemented new benefit formulas and a final compensation period as well as new contribution requirements for new employees. In accordance with Section Code 7522.30(b), "new members ... shall have an initial contribution rate of at least 50 percent of the normal cost rate." The normal cost for the plan is dependent on the benefit levels, actuarial assumptions and demographics of the plan particularly the entry age into the plan. Since the actual demographics of new members was not known during the implementation of PEPRA in December 2012, the normal cost rate was determined based on the average demographics of the members in the current 2 percent at age 55 miscellaneous risk pool and the 3 percent at age 50 safety risk pool.

In analyzing the first set of PEPRA data, CalPERS staff has become concerned that, for most employers, there is insufficient data to produce stable normal costs and member contribution rates. Further, this situation is likely to persist for a number of years as employers gradually bring on more PEPRA members. The larger employers may have sufficient PEPRA members in the first few years but other employers may not have stable rates for a number of years. Staff has concluded that the best approach is to repeat the process – using the normal costs based on the demographics of the risk pools – for the current valuation and work with stakeholders over the next year to determine the best long-term approach to the issue of calculating PEPRA normal costs and member contribution rates. For more information on this topic please refer to the CalPERS Board of Administration agenda item 9a of the May 20<sup>th</sup>, 2014 meeting which is available on the CalPERS website.

| Rate Plan Identifier | Plan                | Basis for Current Rate |             | Rates Effective July 1, 2015 |        |               |             |
|----------------------|---------------------|------------------------|-------------|------------------------------|--------|---------------|-------------|
|                      |                     | Total Normal Cost      | Member Rate | Total Normal Cost            | Change | Change Needed | Member Rate |
| 26482                | Miscellaneous PEPRA | 12.50%                 | 6.250%      | 12.50%                       | 0.00%  | No            | 6.250%      |

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## **APPENDIX E**

### **GLOSSARY OF ACTUARIAL TERMS**

## Glossary of Actuarial Terms

### **Accrued Liability** (*also called Actuarial Accrued Liability or Entry Age Normal Accrued Liability*)

The total dollars needed as of the valuation date to fund all benefits earned in the past for *current* members.

### **Actuarial Assumptions**

Assumptions made about certain events that will affect pension costs. Assumptions generally can be broken down into two categories: demographic and economic. Demographic assumptions include such things as mortality, disability and retirement rates. Economic assumptions include discount rate, salary growth and inflation.

### **Actuarial Methods**

Procedures employed by actuaries to achieve certain funding goals of a pension plan. Actuarial methods include funding method, setting the length of time to fund the Accrued Liability and determining the Actuarial Value of Assets.

### **Actuarial Valuation**

The determination, as of a valuation date, of the Normal Cost, Accrued liability, Actuarial Value of Assets and related actuarial present values for a pension plan. These valuations are performed annually or when an employer is contemplating a change to their plan provisions.

### **Actuarial Value of Assets**

The Actuarial Value of Assets used for funding purposes is obtained through an asset smoothing technique where investment gains and losses are partially recognized in the year they are incurred, with the remainder recognized in subsequent years.

This method helps to dampen large fluctuations in the employer contribution rate.

### **Amortization Bases**

Separate payment schedules for different portions of the Unfunded Liability. The total Unfunded Liability of a Risk Pool or non-pooled plan can be segregated by "cause," creating "bases" and each such base will be separately amortized and paid for over a specific period of time. However, all bases are amortized using investment and payroll assumptions from the current valuation. This can be likened to a home having a first mortgage of 24 years remaining payments and a second mortgage that has 10 years remaining payments. Each base or each mortgage note has its own terms (payment period, principal, etc.)

Generally, in an actuarial valuation, the separate bases consist of changes in unfunded liability due to contract amendments, actuarial assumption changes, actuarial methodology changes, and or gains and losses. Payment periods are determined by Board policy and vary based on the cause of the change.

### **Amortization Period**

The number of years required to pay off an Amortization Base.

### **Annual Required Contributions (ARC)**

The employer's periodic required annual contributions to a defined benefit pension plan as set forth in GASB Statement No. 27, calculated in accordance with the plan assumptions. The ARC is determined by multiplying the employer contribution rate by the payroll reported to CalPERS for the applicable fiscal year. However, if this contribution is fully prepaid in a lump sum, then the dollar value of the ARC is equal to the Lump Sum Prepayment.

### **Classic Member (under PEPR)**

A classic member is a member who joined CalPERS prior to January, 1, 2013 and who is not defined as a new member under PEPR. (See definition of new member below)

### **Discount Rate Assumption**

The actuarial assumption that was called "investment return" in earlier CalPERS reports or "actuarial interest rate" in Section 20014 of the California Public Employees' Retirement Law (PERL).

**Entry Age**

The earliest age at which a plan member begins to accrue benefits under a defined benefit pension plan. In most cases, this is the age of the member on their date of hire.

**Entry Age Normal Cost Method**

An actuarial cost method designed to fund a member's total plan benefit over the course of his or her career. This method is designed to yield a rate expressed as a level percentage of payroll.  
(The assumed retirement age less the entry age is the amount of time required to fund a member's total benefit. Generally, the older a member on the date of hire, the greater the entry age normal cost. This is mainly because there is less time to earn investment income to fund the future benefits.)

**Fresh Start**

A Fresh Start is when multiple amortization bases are collapsed to one base and amortized together over a new funding period.

**Funded Status**

A measure of how well funded, or how "on track" a plan or risk pool is with respect to assets verses accrued liabilities. A ratio greater than 100% means the plan or risk pool has more assets than liabilities and a ratio less than 100% means liabilities are greater than assets. A funded ratio based on the Actuarial Value of Assets indicates the progress toward fully funding the plan using the actuarial cost methods and assumptions. A funded ratio based on the Market Value of Assets indicates the short-term solvency of the plan.

**GASB 27**

Statement No. 27 of the Governmental Accounting Standards Board. The accounting standard governing a state or local governmental employer's accounting for pensions.

**GASB 68**

Statement No. 68 of the Governmental Accounting Standards Board. The accounting standard governing a state or local governmental employer's accounting and financial reporting for pensions. GASB 68 replaces GASB 27 effective the first fiscal year beginning after June 15, 2014.

**New Member (under PEPPRA)**

A new member includes an individual who becomes a member of a public retirement system for the first time on or after January 1, 2013, and who was not a member of another public retirement system prior to that date, and who is not subject to reciprocity with another public retirement system.

**Normal Cost**

The annual cost of service accrual for the upcoming fiscal year for active employees. The normal cost should be viewed as the long term contribution rate.

**Pension Actuary**

A business professional that is authorized by the Society of Actuaries, and the American Academy of Actuaries to perform the calculations necessary to properly fund a pension plan.

**PEPPRA**

The California Public Employees' Pension Reform Act of 2013

**Prepayment Contribution**

A payment made by the employer to reduce or eliminate the year's required employer contribution.

**Present Value of Benefits (PVB)**

The total dollars needed as of the valuation date to fund all benefits earned in the past or expected to be earned in the future for *current* members.

**Rolling Amortization Period**

An amortization period that remains the same each year, rather than declining.

**Superfunded**

A condition existing when a plan's Actuarial Value of Assets exceeds its Present Value of Benefits. Prior to the passage of PEPR, when this condition existed on a given valuation date for a given plan, employee contributions for the rate year covered by that valuation could be waived.

**Unfunded Liability**

When a plan or pool's Actuarial Value of Assets is less than its Accrued Liability, the difference is the plan or pool's Unfunded Liability. If the Unfunded Liability is positive, the plan or pool will have to pay contributions exceeding the Normal Cost.



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

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

David M. O'Hara  
*Attorney*

**DATE:** December 1, 2014

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

**FROM:** Paul R. Eldredge, General Manager/District Engineer

**SUBJECT: Upcoming and Unscheduled Board Workshops through April 2015**

Below is a snapshot of upcoming and unscheduled Board Workshops. Topics may be added or dropped as necessary.

The following is a list of workshops/special meetings that have been scheduled through April 2015.

| Workshop Topic           | Date                     | Time      |
|--------------------------|--------------------------|-----------|
| Newsletter Draft Review  | Monday, January 26, 2015 | 5:30 p.m. |
| Mid-year Budget Workshop | Monday, February 2, 2015 | 6:30 p.m. |
| Main Budget Workshop     | Monday, April 20, 2015   | 6:30 p.m. |

The following is a list of topics for workshops that have yet to be scheduled:

- Check-in with the General Manager – tentatively to be scheduled for April
- USD Forcemain Alignment
- Sewer Service Charge Rate Study

# Workers recover flushed ring

Toddler threw heirloom in toilet six weeks ago

By Natalie Neysa Alund

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

UNION CITY — Sanitation workers have returned a more than half-century-old heirloom diamond and sapphire ring to a Bay Area woman whose 3-year-old son flushed it down the toilet nearly six weeks ago.

Crews from the Union Sanitary District found the ring Friday after it disappeared down the drain at the home of Munazzar and Mehvish Tapal in the 4600 block of Norwalk Street in Union City, said Wastewater Collection Supervisor Shawn Nesgis.

"When I asked my son if he had seen the ring, he paused, looked at me and said, 'I flushed it down the toilet. It's gone. It's really, really gone,'" his mother said Tuesday. "We started watching 'Finding Nemo' with him and I think that's where he got the whole idea of flushing.

"He kept saying, 'Nemo will find the ring!' I freaked out and called a plumber, but he said it was likely long gone into the city drain."

As a last resort, she called the city's sanitary department.

"I figured they were too busy to come out, but sure enough they did," she said.

At least twice over the past month and a half, workers attempted to flush

the sewer lines outside the family's home, but failed to find the heirloom.

"After they came out the first time and didn't find it, I started slowly giving up," the boy's mother said. "But I kept praying."

Then, in the most recent attempt on Friday, two workers found the ring after pulling debris out of a pipe located about one-third of a mile away from the home.

The boy's parents said they are elated at the return of the ring. Mehvish Tapal said her mother-in-law gave her the heirloom when she found out she was pregnant with her son, Maaz. The family plans to hand it down to him when he is older.

"It's in pristine condition. Just needs a little cleaning

of the (prongs) which took a little beating," the boy's mother said. "It's a real miracle."

Nesgis referred to the discovery as finding a needle in a haystack.

"We get these types of calls periodically but very seldom do we find anything," Nesgis said. "In fact, we've only had two recoveries like this in the past 20 years that I've been here."

The other recovery, he said, took place in Fremont about a decade ago after a man accidentally flushed his wedding ring down the toilet.

Contact Natalie Neysa Alund at 510-293-2469. Follow her at [Twitter.com/nataliealund](https://twitter.com/nataliealund).

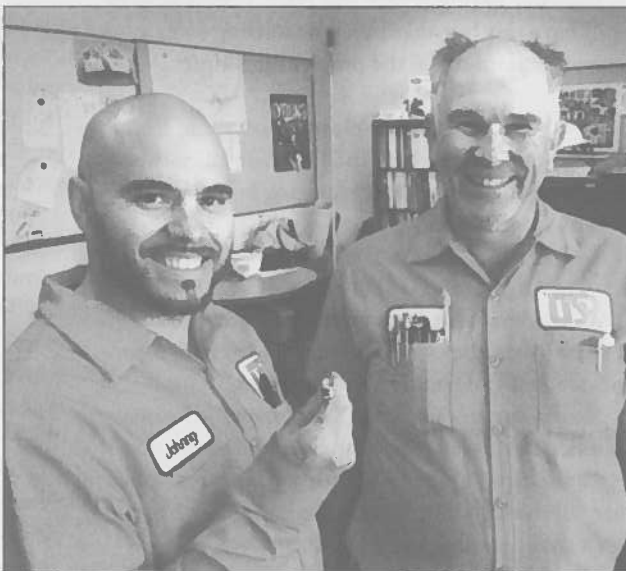
## Union Sanitary District workers recover family heirloom

SUBMITTED BY MICHELLE POWELL

The Tapal family of Union City received an early holiday miracle when Union Sanitary District (USD) workers found their family heirloom in its sewer main. Early in October, Mehvish Tapal's three year old son admitted to flushing his mother's ring down the toilet. The ring has been in the Tapal family for 60 years. Mehvish received the ring from her mother-in-law when she announced her pregnancy in 2010.

"I'd worn that ring for three years," says Mehvish. "It never came off my finger. But the one day I decided to take it off..." The next morning, when she looked for the ring, it was missing. After fruitless searching, her husband suggested she ask their son where it could be. "Mommy, I flushed it," he declared. "It's gone. It's really, really gone."

The frantic family called a plumber to televiscure their lateral sewer line, but nothing was found. Mehvish reported the missing ring to USD, but didn't hold out much hope for recovery of the piece. USD crews stopped into the Tapal's neighborhood after completing their regular work assignments on

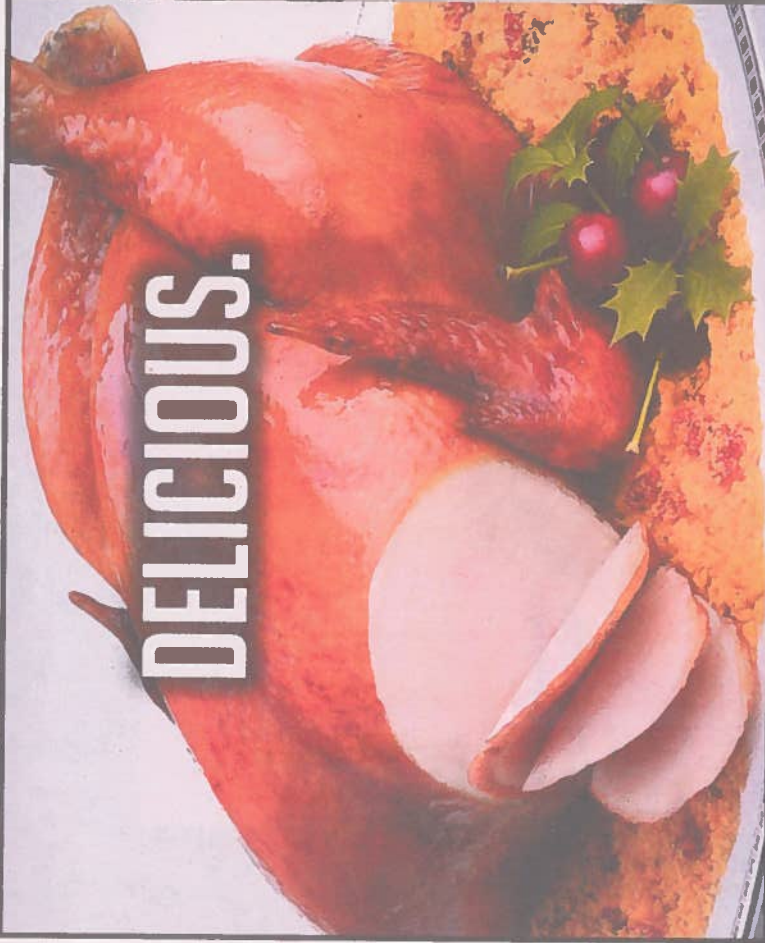


(L to R): Johnny Powell and Victor Vasut

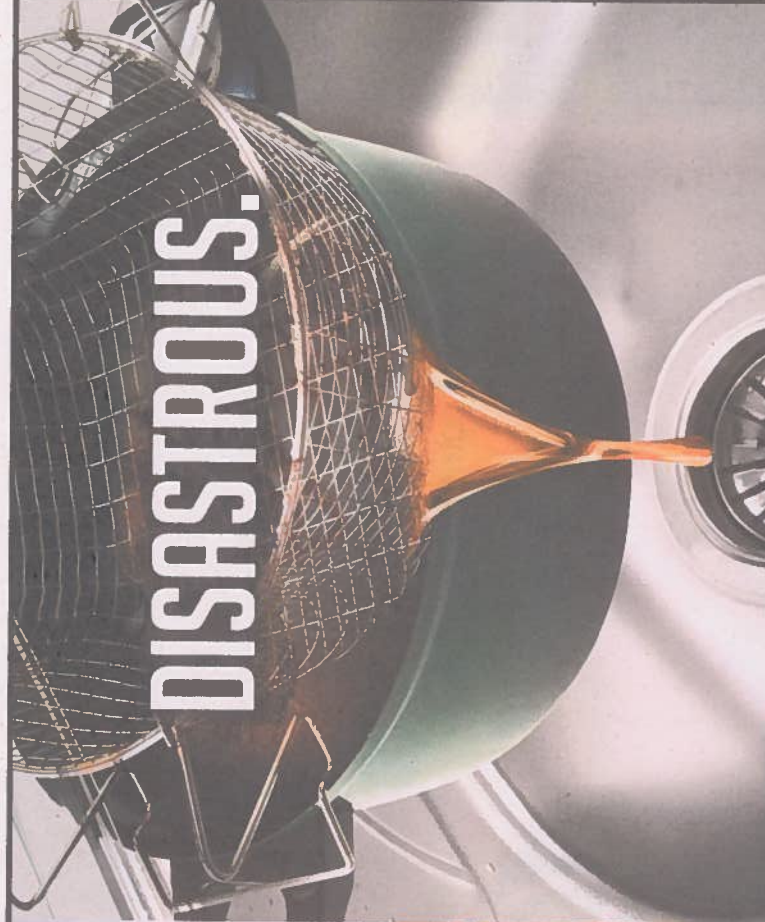
three different days, as they traveled back to USD's Union City plant in their service vehicles. They were about to give up searching when the ring appeared on November 14. It had traveled a third of a mile and around several corners before it was discovered, six weeks after it was flushed.

"It's an amazing story, considering how much time had passed," says Collection Services Supervisor Shawn Nesgis as he returned the ring to Mehvish and her son in USD's lobby. "We're glad to be able to return something of such sentimental value to the family."

For more information about the recovered family heirloom, visit the District's website at [www.union-sanitary.ca.gov](http://www.union-sanitary.ca.gov).



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For more information, visit [www.StopFOG.com](http://www.StopFOG.com), call Republic Services at (510) 657-3500, or call Union Sanitary District at (510) 477-7500.



## CALIFORNIA DROUGHT

# S.F. turning to groundwater for its taps

To help conserve, city officials hope to increase reserves

SAN FRANCISCO (AP) — San Francisco's pristine tap water from mountain runoff in the Sierra Nevada soon may be a little less pure.

City officials plan to mix groundwater into the supply starting in 2015 or 2016 in an effort to diversify and increase water reserves during California's ongoing drought, the San Francisco Chronicle reported Monday.

San Francisco's water comes mostly from Sierra Nevada runoff stored in the Hetch Hetchy Reservoir in Yosemite National Park. It is a source of great pride in the city and often a preferred choice over bottled water.

In contrast, the groundwater the city plans to use was found to contain nitrates, which can make people sick in high doses. But city officials say the nitrates will be diluted to safe levels when the water is mixed with Sierra runoff.

"We don't think people will notice a difference with what they are drinking," said Jeff Gilman, groundwater project manager at San Francisco Water Power Sewer. "It tastes the same. Color is the same. Odor is the same."

The groundwater will be treated with chlorine in addition to being diluted with runoff at doses of between 10 and 15 percent.

Experts say drawing groundwater, which is expected to cost \$66 million, is a good way to ensure the city has water in case an earthquake severs its ties to

Hetch Hetchy Reservoir or climate change reduces the Sierra Nevada snowmelt.

"The city is thinking ahead. ... Having this other local water supply is a really good thing," said David Sedlak, an environmental engineering professor at the U.C. Berkeley.

About 80 percent of California residents rely on some amount of groundwater, Sedlak said.

The roughly 45-mile basin San Francisco will draw from for its groundwater was the city's main water supply before the pipeline to Yosemite was completed in 1934, the Chronicle reported. Other nearby cities that receive Hetch Hetchy water already tap it for groundwater.

Agreements have been drafted to ensure the basin is not overdrawn, according to the newspaper.



JOHN HOLLAND/THE MODESTO BEE FILE

A rainbow forms in the mist from water releases May 16, 2012, at Hetch Hetchy Reservoir in Yosemite National Park.

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# New bid to outlaw cosmetic additive

Microbeads harm animals,  
environmental groups say

By Melody Gutierrez

Rinse and repeat — that's how environmental groups are responding to their narrow defeat this year in the California Legislature on a bill to ban microbeads, the tiny plastic particles in a wide variety of skin-cleansing products.

Next year, expect to see a second application in California at banning the beads, said Stiv Wilson, associate director of the 5 Gyres Institute in Santa Monica, which studies marine plastic debris and is backing bills that phase out microbeads.

Researchers say the nonbiodegradable microbeads are rinsed down drains, pass through wastewater-treatment plant filters and wind up

*Cosmetics continues on A9*

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# 2nd attempt to ban microbeads

*Cosmetics from page A1*

in rivers and oceans, where they endanger marine life.

Assemblyman Richard Bloom, D-Santa Monica, introduced a bill in California in February that would have required microbead products to be off shelves by Jan. 1, 2016, but it fell one vote short of passing the state Legislature. Bloom plans to carry a similar bill in 2015.

"I think we will win this year," Wilson said. "We're going over drafts right now and building a broader coalition to sponsor this."

## Prevalence of particles

Wilson said during the last legislative session, many environmental groups were focused on the statewide plastic bag ban — which Gov. Jerry Brown signed into law — and that now attention can be focused on microbeads.

The industry trade group Personal Care Products Council opposed Bloom's bill, saying it included an "aggressive and unrealistic" timeline that doesn't fully take into account the time it takes to find a safe product that can be widely used. The council praised lawmakers in Illinois, which became the first state with a microbead ban, for allowing a more lenient timeline for prohibiting the manufacture of microbeads starting Dec. 31, 2017, and gave an additional year for previously manufactured products with microbeads to be sold.

Manufacturers initially turned to the tiny plastic particles because they are cheaper

and generally don't cause allergic reactions while giving consumers the feeling of a deep clean. A bottle of facial cleanser can have tens of thousands of the microbeads. The campaign against microbeads has caught the attention of consumers, many of whom have turned to products with natural exfoliants such as ground almond shell, polenta and sugar.

Researchers at the 5 Gyres Institute found microbeads prevalent everywhere from oceans to the Great Lakes to the Los Angeles River. Marine life mistake the microbeads for food, which is troublesome given that the plastic particles can absorb pollutants in the water before being consumed and entering the food chain, Wilson said.

Several large companies have already stopped using plastic microbeads, while others have pledged to take them out of production. Johnson & Johnson, L'Oréal and Colgate-Palmolive said they will phase out microbeads in the next few years. Procter & Gamble, the parent company of Crest toothpaste, said most of their products will be microbead-free by March 2015, while the rest will be by March 2016.

But lawmakers and environmental groups say a select and voluntary industry cleanup isn't enough. Wilson said California's bill met fierce industry opposition, while a bill in New Jersey sailed through. He said the difference came down to a loophole in the New Jersey bill, which allows for bioplastics made from polylactic acid to replace the polyethylene and polypropylene plastic currently

used.

"It's a bait and switch," Wilson said. "It would supplant one evil for another evil that reacts the same in the environment."

Wilson said environmental groups discovered this loophole after the New Jersey state Legislature unanimously passed a bill Oct. 23 that would phase out microbeads starting in 2018. The measure is awaiting Gov. Chris Christie's signature or veto.

Some of the bill's supporters are asking Christie for a "conditional veto," which would allow the Legislature fix the loophole before sending it back to the governor for a signature.

## FDA evaluation sought

Frank Pallone Jr., D-N.J., and Sen. Kirsten Gillibrand, D-N.Y., sent a letter to the Food and Drug Administration urging the agency to evaluate the safety of microbeads in toothpastes and gum after concerns were raised that the plastic particles could become lodged between teeth, trapping bacteria.

Pallone and Gillibrand both have bills in their respective houses to ban microbeads in personal care products by January 2018.

"Plastic microbeads are seriously harming our environment, and the only way to begin reversing the damage is to get them out of our products, including our toothpaste," Gillibrand said in a statement.

*Melody Gutierrez is a San Francisco Chronicle staff writer. E-mail: mgutierrez@sfchronicle.com Twitter: @MelodyGutierrez*