



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

**Monday, November 14, 2022
Regular Meeting - 4:00 P.M.**

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

Directors

Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

Officers

Paul R. Eldredge
*General Manager/
District Engineer*

Karen W. Murphy
Attorney

CORONAVIRUS (COVID-19) ADVISORY NOTICE

This meeting will be held pursuant to Government Code Section 54953 (as amended by AB 361), which authorizes teleconferenced meetings under the Brown Act during a proclaimed state of emergency. The Governor of California proclaimed a State of Emergency related to COVID-19 on March 4, 2020. Consistent with Government Code Section 54953, this meeting will not be physically open to the public and Board Members will be teleconferencing into the meeting. **To maximize public safety while still maintaining transparency and public access, members of the public can observe the meeting by following the steps listed below, and may provide public comment by sending comments to the Board Clerk by email at assistanttogm@unionsanitary.ca.gov before or during the meeting or via voicemail by calling 510-477-7599 before 3:00 p.m. on the date of the meeting.** Comments will then be read into the record, with a maximum allowance of 3 minutes per individual comment, subject to the Board President's discretion. All comments should be a maximum of 500 words, which corresponds to approximately 3 minutes of speaking time. If a comment is received after the agenda item is heard but before the close of the meeting, the comment will still be included as a part of the record of the meeting but will not be read into the record.

Any member of the public who needs accommodations should email or call the Board Clerk, assistanttogm@unionsanitary.ca.gov or 510-477-7503, who will use their best efforts to provide reasonable accommodations to provide as much accessibility as possible while also maintaining public safety in accordance with the Union Sanitary District procedure for resolving reasonable accommodation requests.

To listen to this Regular Board Meeting:

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

Meeting ID: 856 0765 0509 #

Participant ID: #

Click the Zoom link below to watch and listen:

<https://us02web.zoom.us/j/85607650509>

	1.	Call to Order.
	2.	Salute to the Flag. (This item has been suspended until in-person meetings resume.)
	3.	Roll Call.
Motion	4.	Approve Minutes of the Union Sanitary District Board Meeting of October 24, 2022.
Motion	5.	Approve Minutes of the Union Sanitary District Special Board Meeting of October 25, 2022.
Information	6.	Fiscal Year 2023 First Quarter Managed Investment Portfolio Report from PFM <i>(to be reviewed by the Investment/Portfolio Ad Hoc)</i> .
	7.	Written Communications.
	8.	Public Comment. Public Comment is limited to three minutes per individual, with a maximum of 30 minutes per subject. If the comment relates to an agenda item, the speaker should address the Board at the time the item is considered. Speaker cards will be available in the Boardroom and are requested to be completed prior to the start of the meeting.
Motion	9.	Receive Presentation of the Fiscal Year 2021/22 Annual Comprehensive Financial Report (ACFR) and Direct Staff to File the ACFR <i>(to be reviewed by the Audit Committee)</i> .
Motion	10.	Consider Sixth Amended and Restated Employment Agreement Between Union Sanitary District and Paul R. Eldredge and Publicly Available Pay Schedule for Unclassified Staff.
Motion	11.	Consider Confirming and Declaring the Need to Continue the Emergency Action to Repair Two Sewer Lines in the City of Fremont Damaged by Fiber Optic Line Installation <i>(to be reviewed by the Engineering and Information Technology Committee)</i> .
Motion	12.	Consider Approval of Five-Year Contracts for SCADA Licensing and Technical Support with GE Digital <i>(to be reviewed by the Engineering and Information Technology Committee)</i> .
Motion	13.	Award the Contract for the Purchase of Newark Pump Station/Irvington Pump Station Portable Variable Frequency Drive from Telstar Instruments <i>(to be reviewed by the Engineering and Information Technology Committee)</i> .
Motion	14.	COVID-19 Update and Consider Adoption of a Resolution Authorizing the Use of Teleconference Meetings in Compliance with AB 361.
Direction	15.	Provide Direction Regarding Board Education and Training Budget and Policy No. 3045.
Direction	16.	Provide Direction Regarding Process for Scheduling Board Workshops.

Information	17.	Report on the East Bay Discharger's Authority Meeting of September 15, 2022.
Information	18.	Check Register.
Information	19.	<p>Committee Meeting Reports. <i>(No Board action is taken at Committee meetings):</i></p> <ul style="list-style-type: none"> a. Audit Committee - Wednesday, November 9, 2022, at 1:00 p.m. <ul style="list-style-type: none"> • Director Fernandez and Director Toy b. Engineering and Information Technology Committee – Thursday, November 10, 2022, at 11:30 a.m. <ul style="list-style-type: none"> • Director Handley and Director Lathi c. Investment/Portfolio Ad Hoc – Friday, November 11, 2022, at 2:00 p.m. <ul style="list-style-type: none"> • Director Handley and Director Lathi d. Budget & Finance Committee – will not meet. e. Legal/Community Affairs Committee – will not meet. f. Legislative Committee – will not meet. g. Personnel Committee – will not meet.
Information	20.	General Manager's Report. <i>(Information on recent issues of interest to the Board).</i>
	21.	<p>Other Business:</p> <ul style="list-style-type: none"> a. Comments and questions. <i>Directors can share information relating to District business and are welcome to request information from staff.</i> b. Scheduling matters for future consideration.
	22.	Adjournment – The Board will adjourn to the ETSU Financing Board Workshop to be held virtually on Tuesday, November 15, 2022, at 4:00 p.m.
	23.	Adjournment – The Board will adjourn to the next Regular Board Meeting to be held virtually on Monday, December 12, 2022, at 4:00 p.m.

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



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TRI-CITY WASTEWATER

Directors

Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

Officers

Paul R. Eldredge
*General Manager/
District Engineer*

Karen W. Murphy
Attorney

AUDIT COMMITTEE MEETING

Committee Members: Director Fernandez and Director Toy

AGENDA

Wednesday, November 9, 2022

1:00 P.M.

Alvarado Conference Room

5072 Benson Road

Union City, CA 94587

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1. Call to Order

2. Roll Call

3. Public Comment

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

4. Items to be reviewed for the Regular Board meeting of November 14, 2022:

- Receive Presentation of the Fiscal Year 2021/22 Annual Comprehensive Financial Report (ACFR) and Direct Staff to File to ACFR

5. Adjournment

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

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Attorney

ENGINEERING AND INFORMATION TECHNOLOGY COMMITTEE MEETING

Committee Members: Director Handley and Director Lathi

AGENDA

Thursday, November 10, 2022

11:30 A.M.

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

This meeting will be held pursuant to Government Code Section 54953 (as amended by AB 361), which authorizes teleconferenced meetings under the Brown Act during a proclaimed state of emergency. The Governor of California proclaimed a State of Emergency related to COVID-19 on March 4, 2020. Consistent with Government Code Section 54953, this meeting will not be physically open to the public and all Board Members will be teleconferencing into the meeting via conference call. To maximize public safety while still maintaining public access, members of the public can observe the meeting by calling 510-477-6190 to listen to the committee meeting, and may provide public comment by sending comments to the Board Clerk by email anytime during the meeting at assistanttogm@unionsanitary.ca.gov or via voicemail by calling 510-477-7599 up to one hour before the scheduled meeting start time.

1. **Call to Order**

2. **Roll Call**

3. **Public Comment**

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

4. **Items to be reviewed for the Regular Board meeting of November 14, 2022:**

- Consider Confirming and Declaring the Need to Continue the Emergency Action to Repair Two Sewer Lines in the City of Fremont Damaged by Fiber Optic Line Installation
- Consider Approval of Five-Year Contracts for SCADA Licensing and Technical Support with GE Digital
- Award the Contract for the Purchase of Newark Pump Station/Irvington Pump Station Portable Variable Frequency Drive from Telstar Instruments

5. **Adjournment**

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

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



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Karen W. Murphy
Attorney

INVESTMENT/PORTFOLIO AD HOC

Committee Members: Director Handley and Director Lathi

AGENDA

Friday, November 11, 2022

2:00 P.M.

Alvarado Conference Room

5072 Benson Road

Union City, CA 94587

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1. Call to Order

2. Roll Call

3. Public Comment

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

4. Items to be reviewed for the Regular Board meeting of November 14, 2022:

- Fiscal Year 2023 First Quarter Managed Investment Portfolio Report from PFM

5. Adjournment

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

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

**MINUTES OF THE MEETING OF THE
BOARD OF DIRECTORS OF
UNION SANITARY DISTRICT/UNION SANITARY DISTRICT FINANCING
AUTHORITY
October 24, 2022**

This meeting was held pursuant to Government Code Section 54953 (as amended by AB 361), which authorizes teleconferenced meetings under the Brown Act during a proclaimed state of emergency. The Governor of California proclaimed a State of Emergency related to COVID-19 on March 4, 2020. Consistent with Government Code Section 54953, this meeting was not physically open to the public and all Board Members teleconferenced into the meeting. To maximize public safety while still maintaining transparency and public access, members of the public were able to observe the Board Meeting and provide public comment by sending comments to the Board Clerk.

CALL TO ORDER

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

SALUTE TO THE FLAG

ROLL CALL

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

STAFF: Paul Eldredge, General Manager/District Engineer
Karen Murphy, District Counsel
Mark Carlson, Business Services Manager/CFO
Armando Lopez, Treatment and Disposal Services Manager
Jose Rodrigues, Collection Services Manager
Raymond Chau, Technical Services Manager
Allan Briggs, Interim Customer Service Team Coach
Chris Pachmayer, FMC Electrical & Technology Coach
Ric Pipkin, Enhanced Treatment and Site Upgrade Program Manager
Alisa Gordon, Human Resources Manager
Trieu Nguyen, IT Administrator
Michelle Powell, Communications and Intergovernmental Relations Coordinator
Regina McEvoy, Executive Assistant to the General Manager/Board Clerk

APPROVE MINUTES OF THE UNION SANITARY DISTRICT BOARD MEETING OF OCTOBER 10, 2022

It was moved by Secretary Toy, seconded by Vice President Fernandez, to Approve the Minutes of the Board Meeting of October 10, 2022. Motion carried with the following vote:

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

APPROVE MINUTES OF THE UNION SANITARY DISTRICT SPECIAL BOARD MEETING OF OCTOBER 13, 2022

It was moved by Secretary Toy, seconded by Director Handley, to Approve the Minutes of the Special Board Meeting of October 13, 2022. Motion carried with the following vote:

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

SEPTEMBER 2022 MONTHLY OPERATIONS REPORT

This item was reviewed by the Budget & Finance and Legal/Community Affairs Committees. General Manager Eldredge provided an overview of the Monthly Report, and Business Services Manager/CFO Carlson provided an overview of the financial reports.

WRITTEN COMMUNICATIONS

There were no written communications.

PUBLIC COMMENT

There was no public comment.

CONSIDER CONFIRMING AND DECLARING THE NEED TO CONTINUE THE EMERGENCY ACTION TO REPAIR TWO SEWER LINES IN THE CITY OF FREMONT DAMAGED BY FIBER OPTIC LINE INSTALLATION

This item was reviewed by the Engineering and Information Technology Committee. Technical Services Manager Chau stated that on September 12, 2022, the Board adopted Resolution No. 2982 declaring an emergency and authorizing the expenditure of funds to allow staff to proceed with the expeditious repair of two sewer lines in the City of Fremont. Pursuant to Public Contract Code section 22050, the Board is required to review the status of emergency action at each subsequent meeting until the emergency action is terminated and authorize continuation of the emergency action by a four-fifths vote. Staff recommended the Board adopt a motion by a four-fifths vote declaring a continuance of emergency and authorizing continued repair of the two sewer lines in the City of Fremont.

It was moved by Director Kite, seconded by Secretary Toy, to Adopt a Motion by a Four-Fifths Vote Declaring a Continuance of Emergency and Authorizing Continued Repair of Two Sewer Lines in the City of Fremont Damaged by Fiber Optic Line Installation. Motion carried with the following vote:

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

REJECT ALL BIDS RECEIVED FOR THE CHERRY PUMP STATION IMPROVEMENTS PROJECT AND AUTHORIZE STAFF TO RE-BID THE PROJECT

This item was reviewed by the Engineering and Information Technology Committee. Technical Services Manager Chau stated the Cherry Pump Station Improvements Project was advertised for bids on August 30, 2022. The Engineer's Estimate for the Project's total contract price was \$475,000. Four bids were received on September 27, 2022, and the bid submitted by Kerex Engineering, Inc. was the apparent low bid with a total contract price of \$635,000. The District received a bid protest from the second low bidder, Casey Construction, Inc. on September 29, 2022. Casey requested the District reject Kerex's bid as non-responsive because Kerex did not meet the experience requirements in the bid documents. Kerex provided their response to the bid protest on October 5, 2022, the response did not provide sufficient evidence to demonstrate they met the experience requirements in the bid documents. Staff recommended the Board deem Kerex Engineering, Inc.'s bid as non-responsive and reject the bid; and reject all bids received for the Cherry Street Pump Station Improvements Project and authorize staff to re-bid the Project.

It was moved by Vice President Fernandez, seconded by Director Handley, to Deem Kerex Engineering, Inc.'s Bid as Non-Responsive and Reject the Bid; and Reject all Bids for the Cherry Street Pump Station Improvements Project and Authorize Staff to Re-Bid the Project. Motion carried with the following vote:

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

CONSIDER CREATING A FATS, OILS, AND GREASE (FOG) HOLIDAY ADVERTISEMENT AD HOC COMMITTEE AND APPOINT TWO BOARD MEMBERS TO THE COMMITTEE

Communications and Intergovernmental Relations Coordinator Powell stated the purpose of this item was for the Board to consider creating a temporary FOG Holiday Advertisement ad hoc committee. The primary focus of the ad hoc would be to update the design and content of the District's Holiday ads. The ad hoc would begin meeting in 2023 to refresh advertising for the 2023 Holiday season. Staff recommended the Board consider creating a Fats, Oils, and Grease (FOG) Holiday Advertisement ad hoc committee and appoint two Board members to the ad hoc committee.

It was moved by Director Handley, seconded by President Lathi, to Create a Fats, Oils, and Grease (FOG) Holiday Advertisement Ad Hoc Committee and Appoint Director Kite and Vice President Fernandez to the Ad Hoc and President Lathi as the Alternate. Motion carried with the following vote:

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

AUTHORIZE THE GENERAL MANAGER TO EXECUTE TASK ORDER NO. 8 WITH WEST YOST ASSOCIATES FOR THE FORCE MAIN CORROSION REPAIRS PROJECT – PHASE 4

This item was reviewed by the Engineering and Information Technology Committee. Technical Services Manager Chau stated the Force Main Corrosion Repairs Project – Phase 4 will address corrosion repairs for manholes on the eastern force main between Newark Pump Station and Irvington Pump Station and will also include access improvements to the east and west manholes for that section of the force main. Task Order No. 8 will authorize West Yost Associates to provide design services including project management, preparation of construction bid documents, agency coordination and permitting, and bid period services. Staff recommended the Board authorize the General Manager to execute Task Order No. 8 with West Yost Associates in the amount of \$68,178 to provide design and bid period services for the Force Main Corrosion Repairs Project – Phase 4.

It was moved by Vice President Fernandez, seconded by Secretary Toy, to Authorize the General Manager to Execute Task Order No. 8 with West Yost Associates in the Amount of \$68,178 to Provide Design and Bid Period Services for the Force Main Corrosion Repairs Project – Phase 4. Motion carried with the following vote:

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

AUTHORIZE THE GENERAL MANAGER TO EXECUTE CONTRACT CHANGE ORDER NO. 32 WITH KIEWIT INFRASTRUCTURE WEST CO. FOR THE ALVARADO INFLUENT PUMP STATION IMPROVEMENTS PROJECT

This item was reviewed by the Engineering and Information Technology Committee. Technical Services Manager Chau stated the Board awarded the construction contract for the Project to Kiewit in October 2019; the scope of work included replacement of the roofing membrane at the Degritter Building. The Project experienced multiple delays since the contract was awarded, details of the delays were included in the Board meeting packet. Given the amount of time that has passed, staff believes it would be prudent to remove this scope of work from the current project and incorporate into a future project. Kiewit was able to perform some of the work and installed necessary roof flashing and patched areas as required to eliminate active leaks into the building. The credit amount of \$153,570 equates to the bid amount for the replacement of the Degritter Building roof

minus costs associated with the work completed. Staff recommended the Board authorize the General Manager to execute Contract Change Order No. 32 with Kiewit Infrastructure West Co. for the credit amount of \$153,570 to delete the replacement of the Degritter Building roof from the Alvarado Influent Pump Station Improvements Project.

It was moved by Director Handley, seconded by Secretary Toy, to Authorize the General Manager to Execute Contract Change Order No. 32 with Kiewit Infrastructure West Co. for the Alvarado Influent Pump Station Improvements Project. Motion carried with the following vote:

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

AUTHORIZE THE GENERAL MANAGER TO EXECUTE AMENDMENT NO. 1 TO TASK ORDER NO. 1 WITH BEECHER ENGINEERING, INC. FOR THE SWITCHBOARD NO. 3 AND MOTOR CONTROL CENTER NO. 25 REPLACEMENT PROJECT

This item was reviewed by the Engineering and Information Technology Committee. Technical Services Manager Chau stated the purpose of the Project is for the “in-kind” replacement of Switchboard No. 3 and Motor Control Center No. 25 electrical gear equipment; the District has had trouble procuring replacement parts as they are no longer supported by their manufacturers. Staff conducted a consultant procurement process and selected Beecher Engineering, Inc. to perform a preliminary assessment and final design services for replacement of the parts. The purpose of Amendment No. 1 to Task Order No. 2 is to provide additional design services for the Project; details of the additional scope were included in the Board meeting packet. Staff anticipates the installation and construction contract for the Project will be advertised for bids in November 2023 with a construction duration of approximately 12 months. Staff recommended the Board Authorize the General Manager to execute amendment No. 1 to Task Order No. 1 with Beecher Engineering, Inc. in the amount of \$13,020 for the Switchboard No. 3 and Motor Control Center No. 25 Replacement Project.

It was moved by Vice President Fernandez, seconded by Secretary Toy, to Authorize the General Manager to Execute Amendment No. 1 to Task Order No. 1 with Beecher Engineering, Inc. in the Amount of \$13,020 for the Switchboard No. 3 and Motor Control Center No. 25 Replacement Project. Motion carried with the following vote:

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

AWARD THE CONTRACT FOR THE SUPPLY OF ELECTRICAL EQUIPMENT TO KBL ASSOCIATES FOR THE SWITCHBOARD NO. 3 AND MOTOR CONTROL CENTER NO. 25 REPLACEMENT PROJECT

This item was reviewed by the Engineering and Information Technology Committee. Technical Services Manager Chau stated, in response to an Invitation for Bid for the supply of electrical equipment for the Project, staff received two bids on September 14, 2022. Tesco Controls was the apparent low bidder with a total bid of \$841,000; staff reviewed the bid and noted irregularities with Tesco's bid. District legal counsel reviewed Tesco's bid irregularities and determined the bid was non-responsive. Based upon this determination and the significant difference in price between the next lowest bidder, staff deemed Tesco's bid non-responsive, rejected all bids, and re-issued the Invitation for Bid. The Invitation for Bid was re-issued for the Project and three bids were received on October 12, 2022, and KBL Associates was the apparent low bidder with a total bid amount of \$805,000. Staff received the bid proposal submitted by KBL and found them to be in order. The submittal process and procurement of the electrical equipment is estimated to have a lead time of approximately 16 months, and staff anticipate the installation construction contract for the Project will be advertised for bids in November 2023 with a construction duration of approximately 12 months. Staff recommended the Board award the contract for the supply of electrical equipment to KBL Associates in the amount of \$805,000 for the Switchboard No. 3 and Motor Control Center No. 25 Replacement Project.

It was moved by Secretary Toy, seconded by Vice President Fernandez, to Award the Contract for the Supply of Electrical Equipment to KBL Associates in the Amount of \$805,000 for the Switchboard No. 3 and Motor Control Center No. 25 Replacement Project. Motion carried with the following vote:

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

COVID-19 UPDATE AND CONSIDER ADOPTION OF RESOLUTION AUTHORIZING THE USE OF TELECONFERENCE MEETINGS IN COMPLIANCE WITH AB 361

General Manager Eldredge provided an update regarding COVID-19 impacts on District operations and coordination efforts. AB 361 requires public agencies to make findings by majority vote within 30 days of the first teleconferenced meeting under AB 361 and every 30 days thereafter that a state of emergency still exists and continues to directly impact the ability of the members to meet safely in person, or that officials continue to impose or recommend measures to promote social distancing. The District is continuing to hold teleconferenced meetings as allowed under AB 361 due to the ongoing public health threat of COVID-19. The proposed resolution includes findings required by AB 361 to allow the District to hold teleconferenced meetings. Staff provided an update on the status of the COVID-19 Emergency Order. Staff recommended the Board adopt a resolution authorizing the use of teleconference meetings in compliance with AB 361.

It was moved by Secretary Toy, seconded by Director Handley, to Adopt Resolution No. 2986 Authorizing the Use of Teleconference Meetings in Compliance with AB 361. Motion carried with the following vote:

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

President Lathi recessed the meeting at 4:46 p.m.

President Lathi reconvened the meeting at 4:48 p.m.

INFORMATION ITEMS:

Board Expenses for 1st Quarter of Fiscal Year 2023

This item was reviewed by the Budget & Finance Committee. General Manager Eldredge presented the Board of Directors Travel and Training Expenditure Report for the 1st quarter of Fiscal Year 2023. Director Handley inquired about a potential update to the annual travel and training budget for each Board member. District Counsel Murphy stated the matter could be discussed if an item were to be presented at a future Board meeting.

CAL-Card 1st Quarter Fiscal Year 2023 Activity Report

This item was reviewed by the Budget & Finance Committee. General Manager Eldredge presented the activity report included in the Board meeting packet and noted expenditures were listed from highest to lowest pursuant to previous Board direction.

STATUS REPORT ON COMPUTER PURCHASE AND STUDENT LOAN PROGRAM

This item was reviewed by the Budget & Finance Committee. Business Services Manager/CFO Carlson stated the Computer Purchase Loan Program has been utilized by District staff 404 times and there were 16 outstanding loans at the time the packet was published. The Student Loan Program has not been utilized since its inception.

Check Register

There were no questions regarding the check register.

COMMITTEE MEETING REPORTS:

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

GENERAL MANAGER'S REPORT:

- Staff will reach out to the Board to schedule the Enhanced Treatment and Site Upgrade (ETSU) Financing Board Workshop.
- The second regular November Board meeting has been cancelled.
- The General Manager recently presented to the Fremont Rotary club.
- The District's Employee Appreciation BBQ will be held at the District on November 2, 2022.

OTHER BUSINESS:

Director Handley inquired about the budget for Board education and training. Staff will prepare an item to discuss the matter at a future meeting.

ADJOURNMENT:

The meeting was adjourned at 5:02 p.m. to a Special Board Meeting to be held virtually on Tuesday, October 25, 2022, at 2:00 p.m.

The Board will then adjourn to the next Regular Board Meeting to be held virtually on Monday, November 14, 2022, at 4:00 p.m.

SUBMITTED:

ATTEST:

REGINA McEvoy
BOARD CLERK

JENNIFER TOY
SECRETARY

APPROVED:

ANJALI LATHI
PRESIDENT

Adopted this 14th day of November 2022

**MINUTES OF THE SPECIAL MEETING OF THE
BOARD OF DIRECTORS OF
UNION SANITARY DISTRICT
October 25, 2022**

This meeting was held pursuant to Government Code Section 54953 (as amended by AB 361), which authorizes teleconferenced meetings under the Brown Act during a proclaimed state of emergency. The Governor of California proclaimed a State of Emergency related to COVID-19 on March 4, 2020. Consistent with Government Code Section 54953, this meeting was not physically open to the public and all Board Members teleconferenced into the meeting. To maximize public safety while still maintaining transparency and public access, members of the public were able to observe the Board Meeting and provide public comment by sending comments to the Board Clerk.

CALL TO ORDER

President Lathi called the special meeting to order at 2:01 p.m.

ROLL CALL

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

STAFF: Paul Eldredge, General Manager/District Engineer

PUBLIC COMMENT

There was no public comment.

CLOSED SESSION

The Union Sanitary District Board of Directors adjourned to closed session for the following:

CONFERENCE WITH LABOR NEGOTIATORS

Agency designated representatives: President Lathi and Vice President Fernandez
Unrepresented employee: General Manager

There was no reportable action.

ADJOURNMENT:

The special meeting was adjourned at approximately 2:38 p.m. to the next Regular Board Meeting to be held Monday, November 14, 2022, at 4:00 p.m.

SUBMITTED:

ATTEST:

REGINA McEVOY
BOARD CLERK

JENNIFER TOY
SECRETARY

APPROVED:

ANJALI LATHI
PRESIDENT

Adopted this 14th day of November, 2022



USD
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Directors
Manny Fernandez
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Pat Kite
Anjali Lathi
Jennifer Toy

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

Karen W. Murphy
Attorney

**NOVEMBER 14, 2022
BOARD OF DIRECTORS MEETING
AGENDA ITEM # 6**

TITLE: **Fiscal Year 2023 First Quarter Managed Investment Portfolio Report (*This is an Information Item*)**

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

Recommendation

Information only.

Discussion

The attached report from PFM shows the District's investment positions for the 1st Quarter of Fiscal Year 2023 (ending September 30, 2022).

This reporting format is intended to supplement the existing Monthly Operations Report provided by Staff for the months of July, August and September of 2022 and includes the following sections, which will be presented in detail:

- Market Update
- Account Summary
- Portfolio Review
- Disclosures
- Glossary

Representatives from PFM and staff will be available to answer questions.

Background

In October of 2018, the Board authorized the General Manager to sign the Portfolio Management Services Contract with PFM Asset Management LLC (PFM) for investment management services. The strategy behind this decision was to maximize investment returns to the extent practicable, while maintaining compliance with all policy, legal and regulatory requirements for government agency investments. The provision of comprehensive portfolio

reporting and current economic analyses were both deliverables in the contract negotiated with PFM.

Previous Board Action

None

Attachment:

Investment Performance Review for the Quarter Ended September 30, 2022.

UNION SANITARY DISTRICT

Investment Performance Review For the Quarter Ended September 30, 2022

Client Management Team

Monique Spyke, Managing Director
Joseph Creason, Portfolio Manager
Jeremy King, Key Account Manager
Rachael Miller, Client Consultant

PFM Asset Management LLC

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Harrisburg, PA 17101-2141
717-232-2723

Agenda

- Market Update
- Account Summary
- Portfolio Review

Market Update

Current Market Themes



- ▶ The U.S. economy is characterized by:
 - ▶ Persistent high inflation
 - ▶ A deteriorating housing market
 - ▶ Continued personal consumption that is impacting household savings and balance sheets
 - ▶ Worsening economic outlook that is propped up by a strong labor market



- ▶ The Federal Reserve has committed to a heavy-handed policy
 - ▶ Expectations have shifted from a soft landing to a moderate/hard landing, with increased recession risks
 - ▶ Short-term fed funds rate projected to reach 4.25% to 4.50% by year end
 - ▶ Increased pace of quantitative tightening

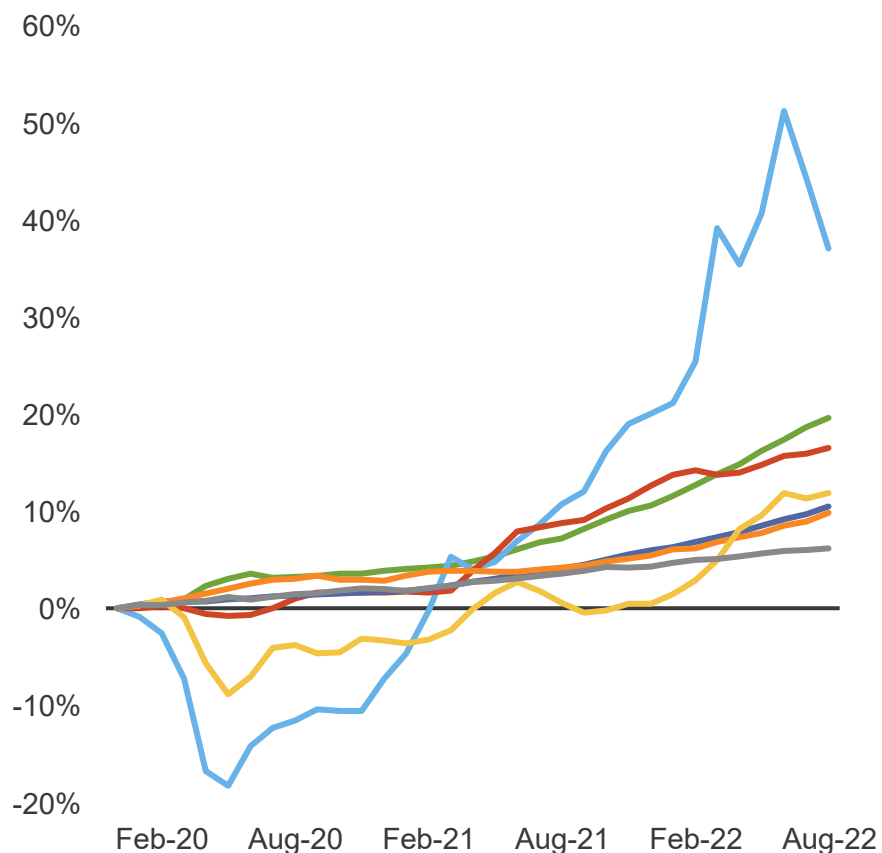


- ▶ Rapidly rising rates negatively impacting valuations and inducing market volatility
 - ▶ Yields across curve reached their highest levels in 14 years
 - ▶ Treasury yield curve remains inverted
 - ▶ Elevated volatility across all major asset classes

Headline Inflation Remains Elevated Despite Recent Reduction in Energy Prices

Price Change of Major CPI Components

Since December 2019



CPI Component	12-mo. Change	Weight ¹	Contribution to YoY CPI
Energy	23.8%	8.8%	1.7%
Food	11.4%	13.5%	1.5%
Goods	7.1%	21.2%	1.5%
Transportation	11.3%	5.9%	0.6%
Shelter	6.2%	32.2%	2.1%
Medical Services	5.6%	6.8%	0.4%
Other Services ²	3.4%	11.6%	0.4%

Detail may not add to total due to rounding.

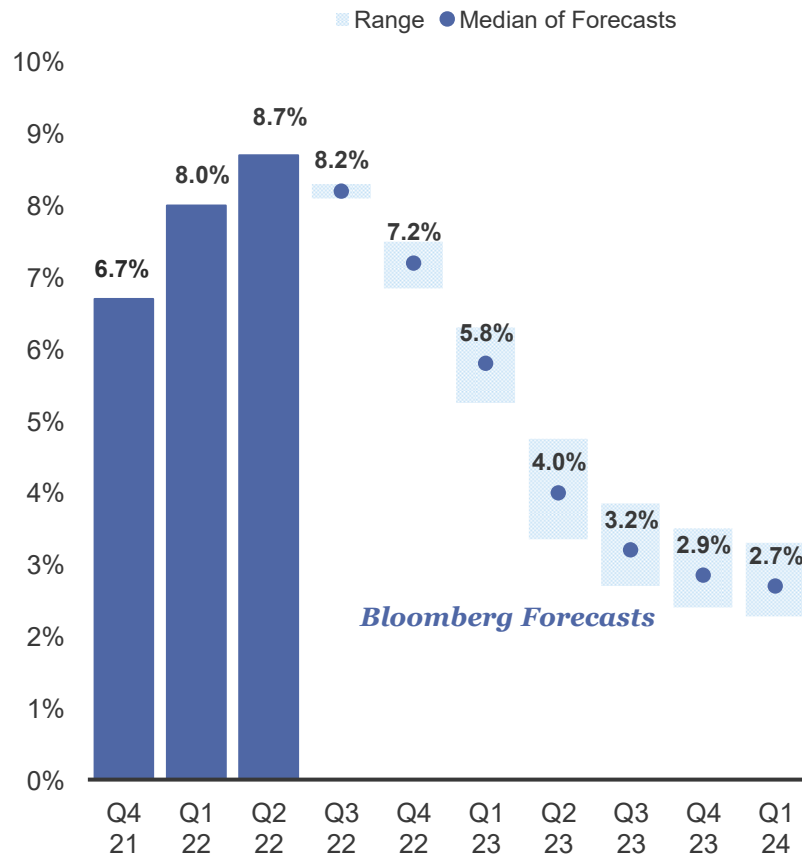
Source: Bloomberg, Bureau of Labor Statistics as of August 2022.

¹Index weights are as of July 2022 as they are published on a one-month lag.

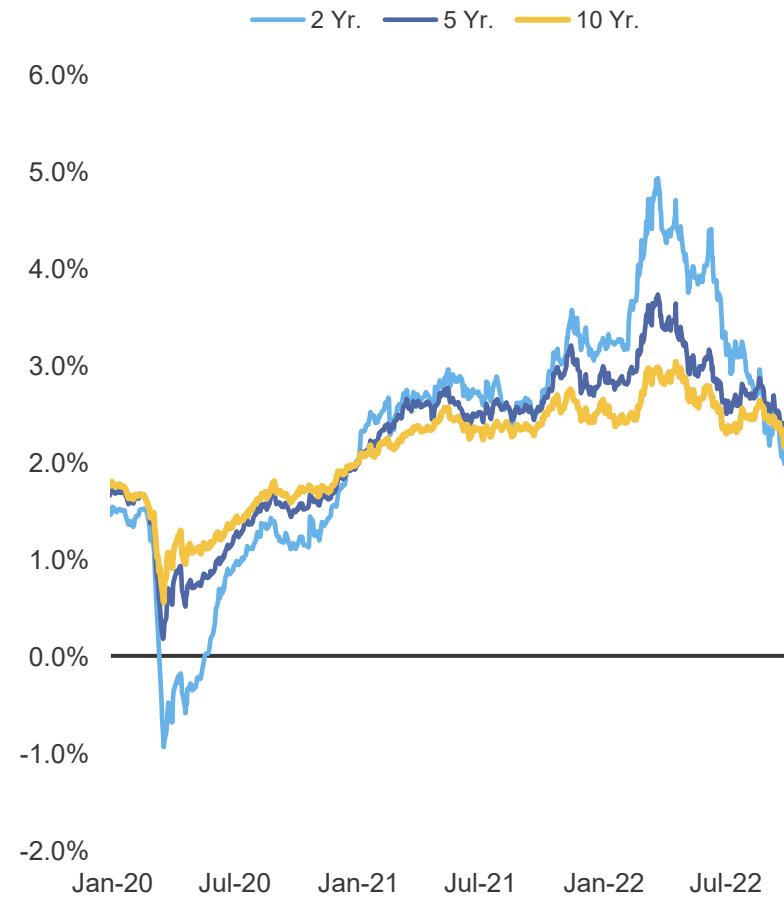
²Other services is a weighted blend of Water/Sewer/Trash, Household Operations, Recreation, Education, Communication Services, and Other Personal Services.

Economist and Market Expectations Point to Slowly Moderating Inflation

U.S. Inflation Forecasts Annualized Rate



Breakeven Inflation Rates



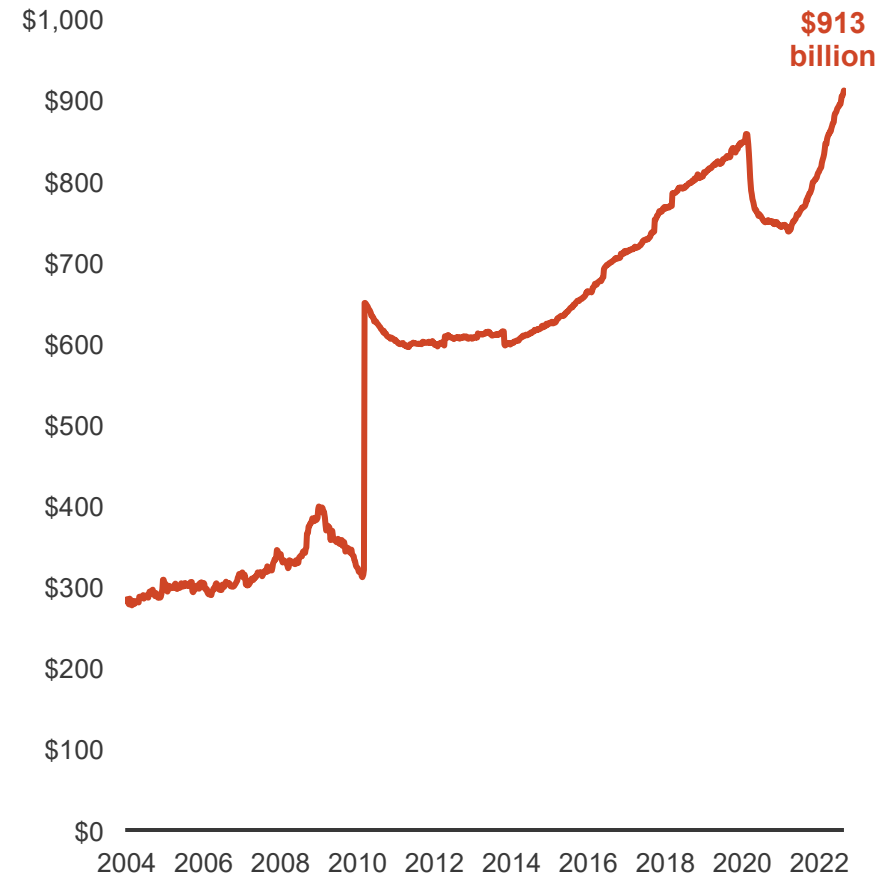
Source: Bloomberg, data as of September 30, 2022.

Consumption Comes at a Cost to Consumer

Personal Savings as % of Disposable Income

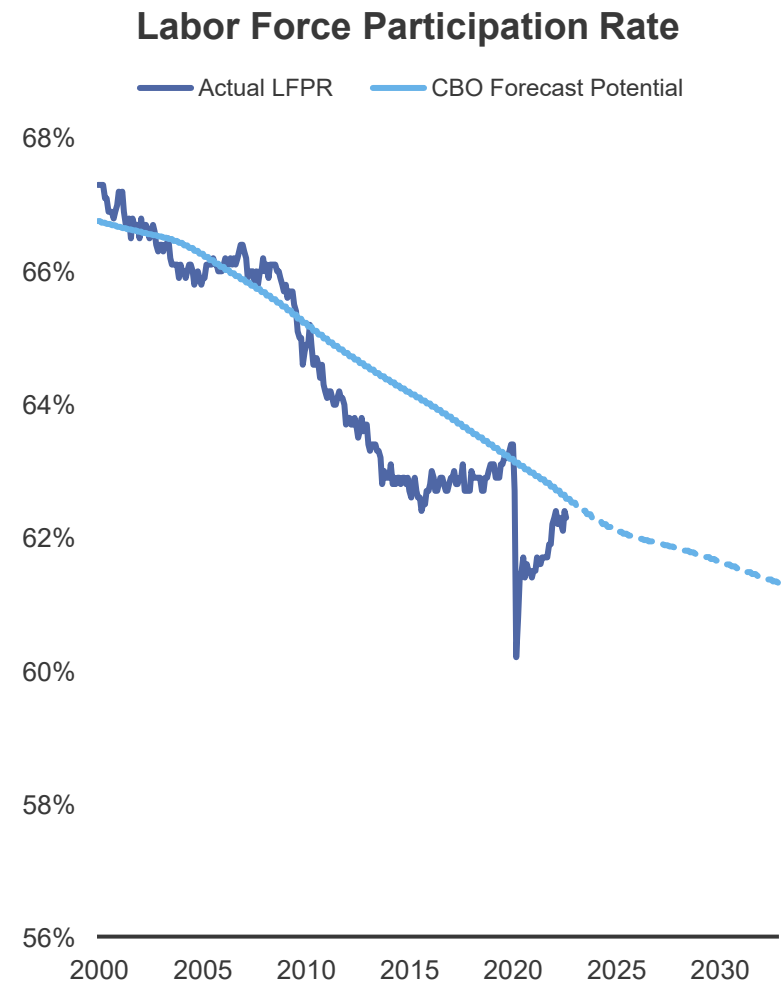
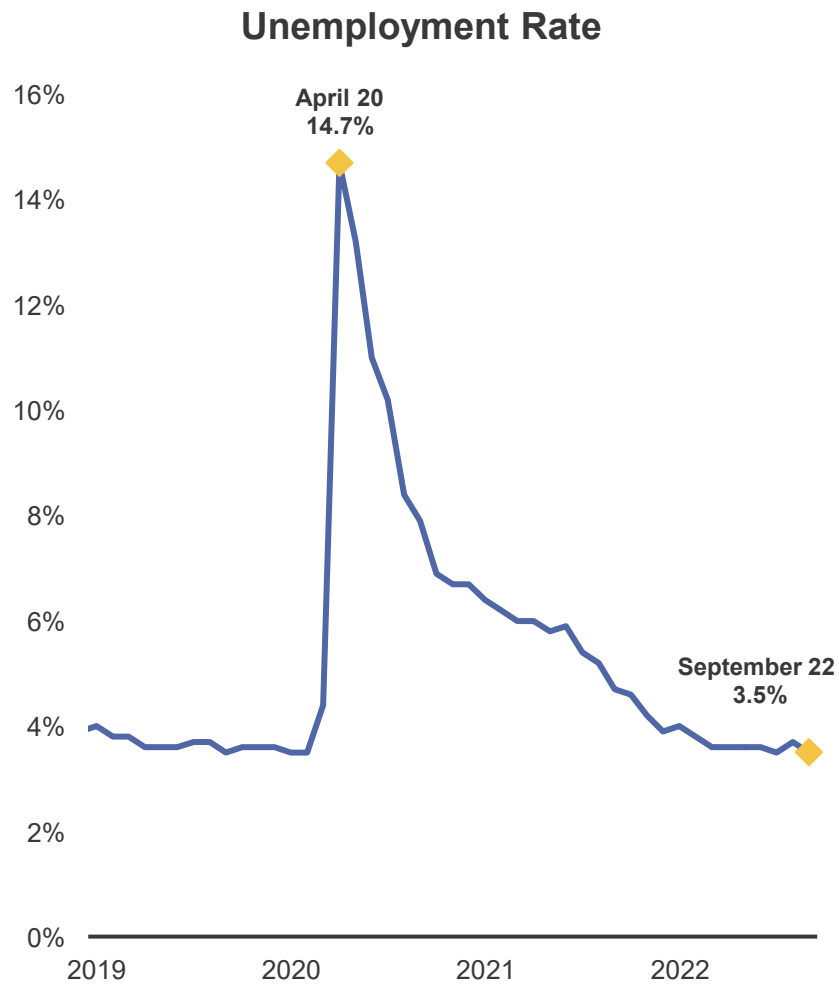


Consumer Loans: Credit Cards and Other Revolving Plans (Billions)



Source U.S. Bureau of Economic Analysis, Federal Reserve, FRED. Most recent data as of August 2022.

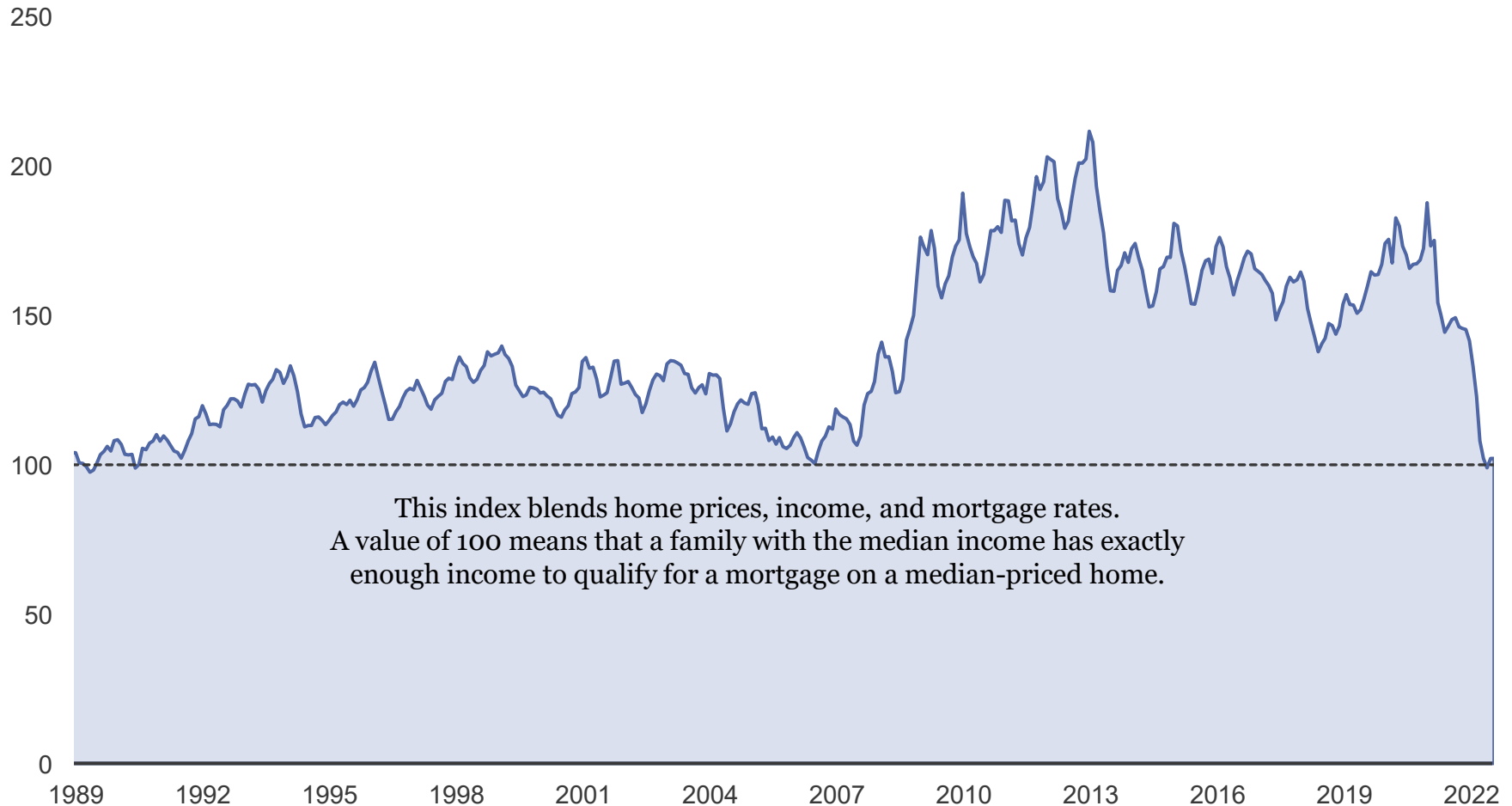
Labor Force Continues to Recover



Source: Congressional Budget Office September 2022 economic projections, Bureau of Labor Statistics. Bloomberg, as of September 2022. Data is seasonally adjusted.

Housing Affordability Deteriorating Amid Soaring Rates and Home Prices

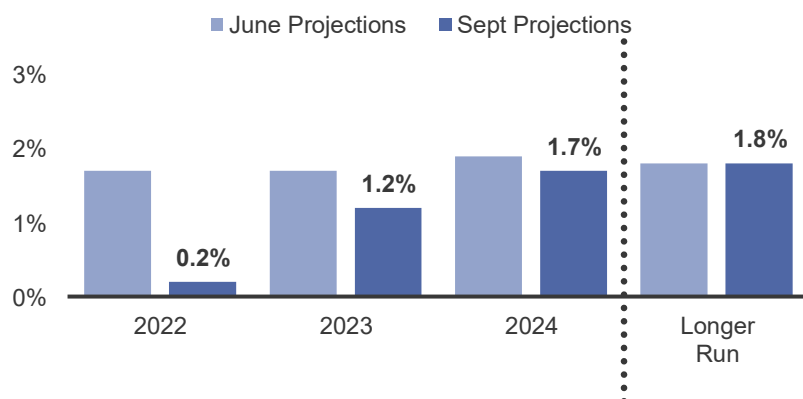
Homebuyer Affordability *National Association of Realtors*



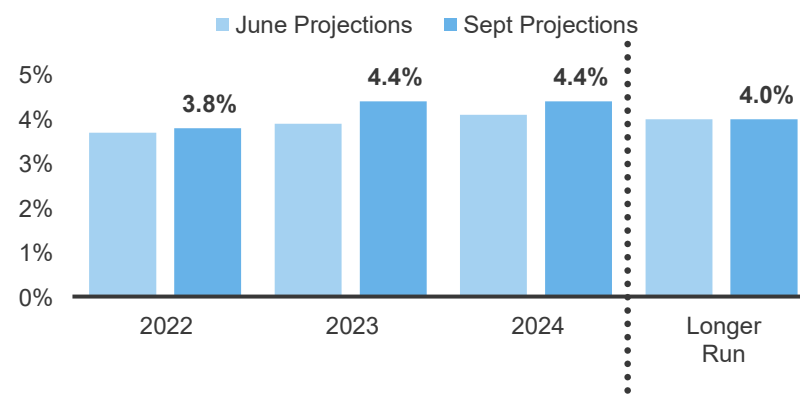
Source: Bloomberg, most recent data as of August 2022.

Fed's Projections Reflect Weaker Economic Growth and Extended Timeline for Tighter Policy

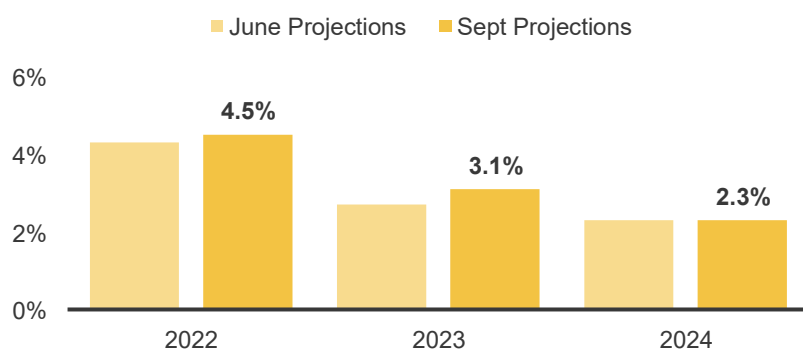
Change in Real GDP



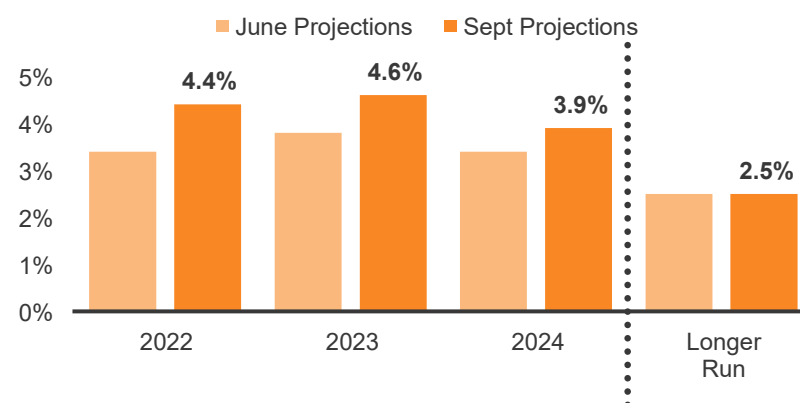
Unemployment Rate



Core PCE Inflation



Federal Funds Rate



Source: Federal Reserve, latest economic projections as of September 2022.

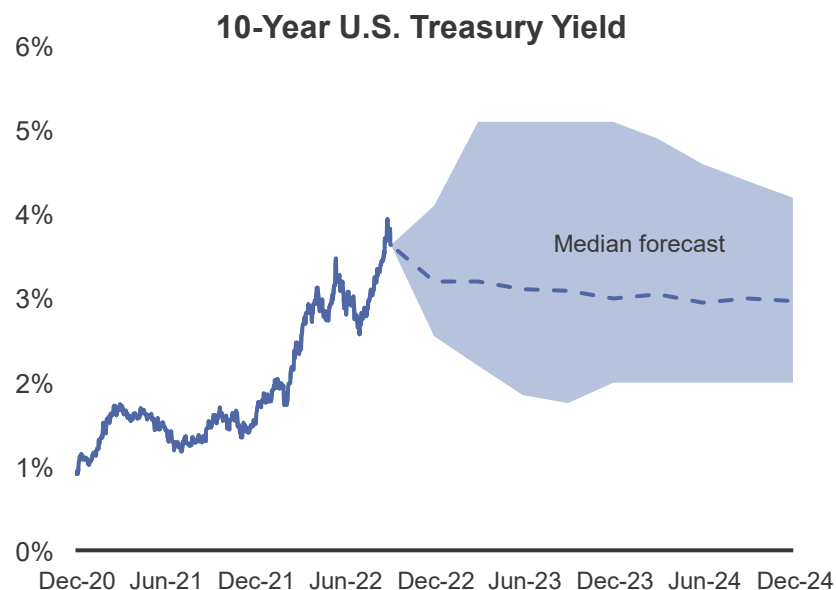
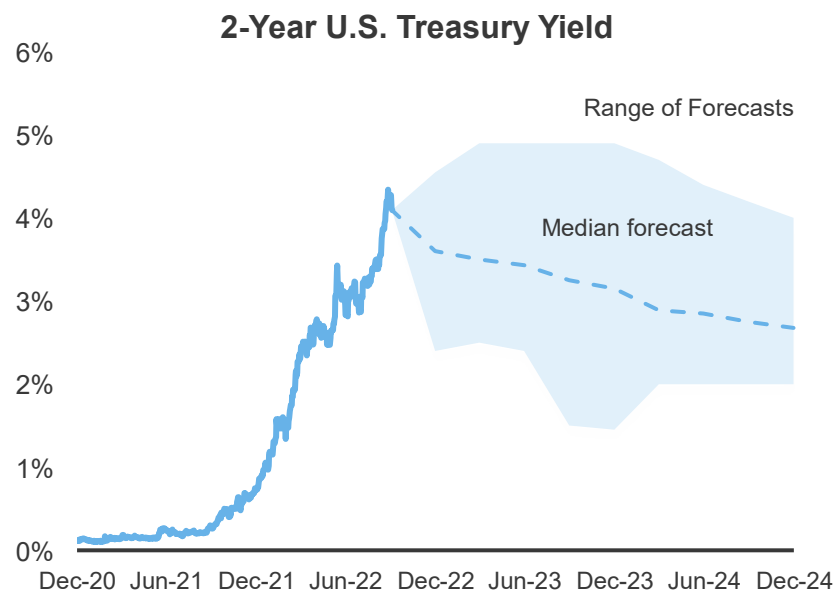
Fed Makes Aggressive Stance Clear but Market Uncertainty Persists

**From the
September 2022
FOMC Meeting
Press Conference**

“Without price stability, the economy does not work for anyone.”

“We are moving our policy stance purposefully to a level that will be sufficiently restrictive to return inflation to 2%.”

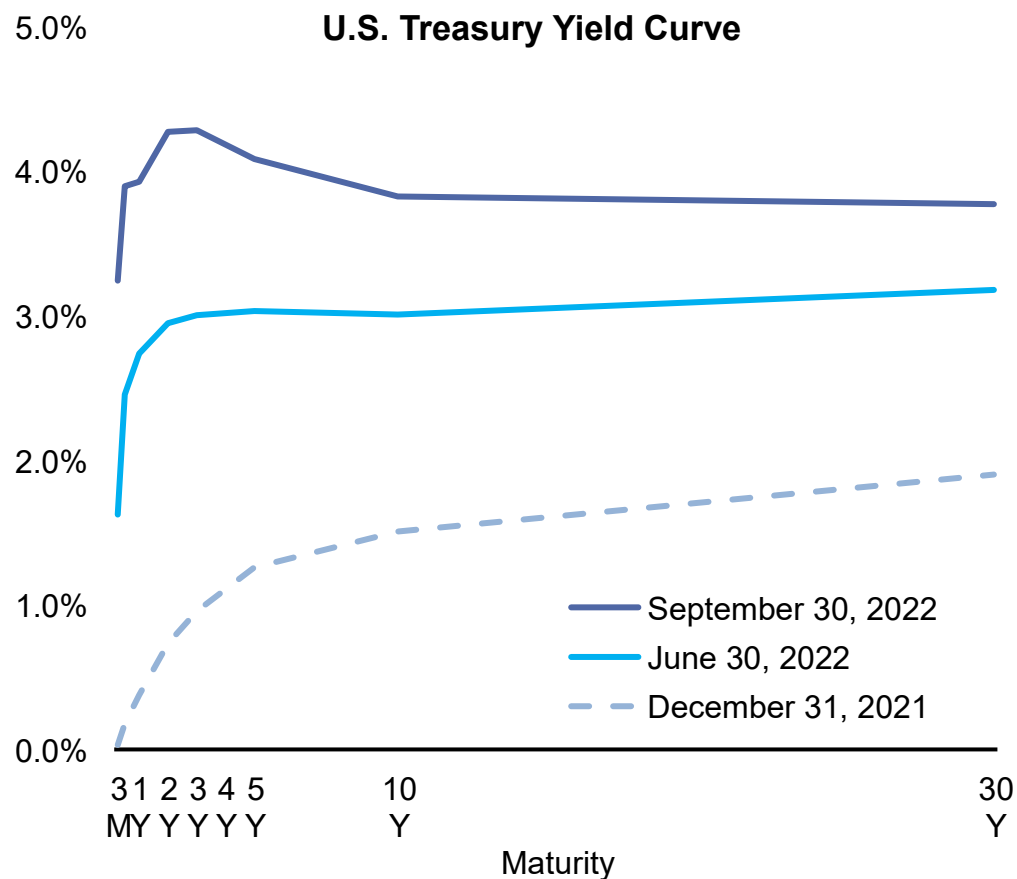
“No one knows whether this process will lead to a recession or if so, how significant that recession would be.”



Source: Federal Reserve, Bloomberg, Bloomberg Economist Forecasts as of September 30, 2022.

Treasury Yields Move Higher Across the Curve; Inversion Steepens Over the Quarter

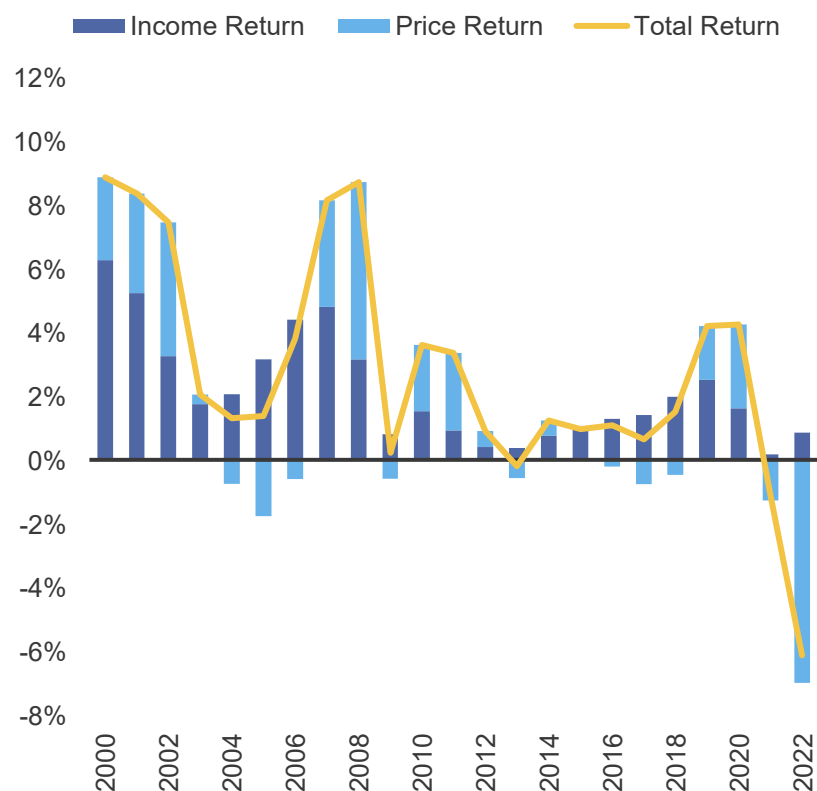
	3Q2022 09/30/22	2Q2022 06/30/22	QoQ Change
3-month	3.25%	1.63%	+1.62%
1-year	3.93%	2.74%	+1.19%
2-year	4.28%	2.95%	+1.33%
3-year	4.29%	3.01%	+1.28%
5-year	4.09%	3.04%	+1.05%
10-year	3.83%	3.01%	+0.82%
30-year	3.78%	3.18%	+0.60%



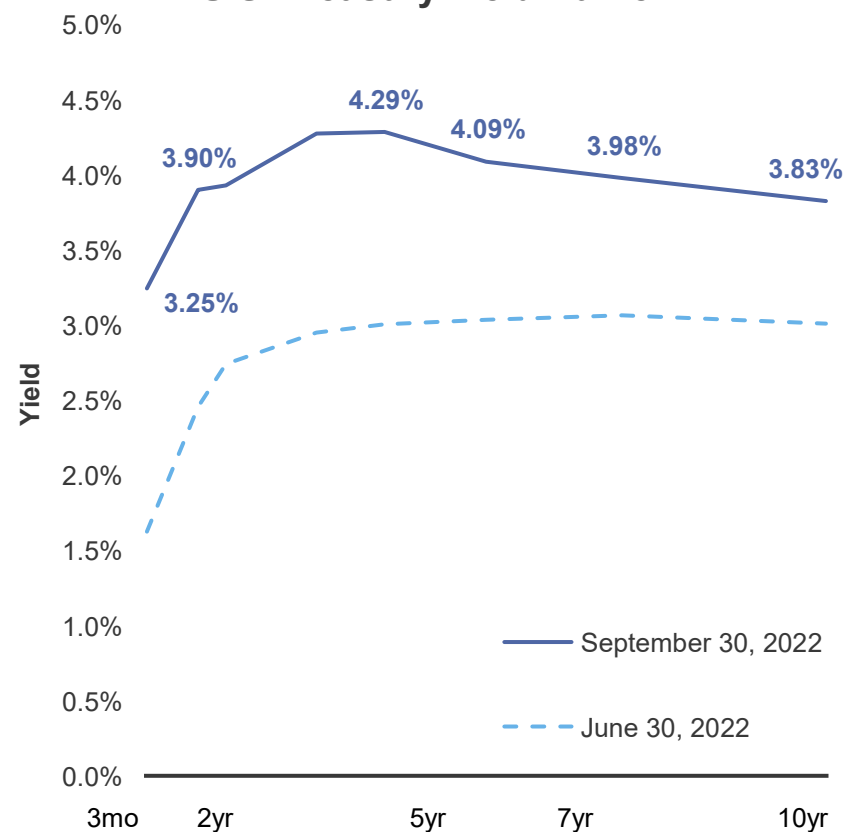
Source: Bloomberg, as of September 2022.

The Pros and Cons of Rising Rates: Lower Market Values and Stronger Income Potential

Annual Price & Income Returns (1-5 Year Treasury)



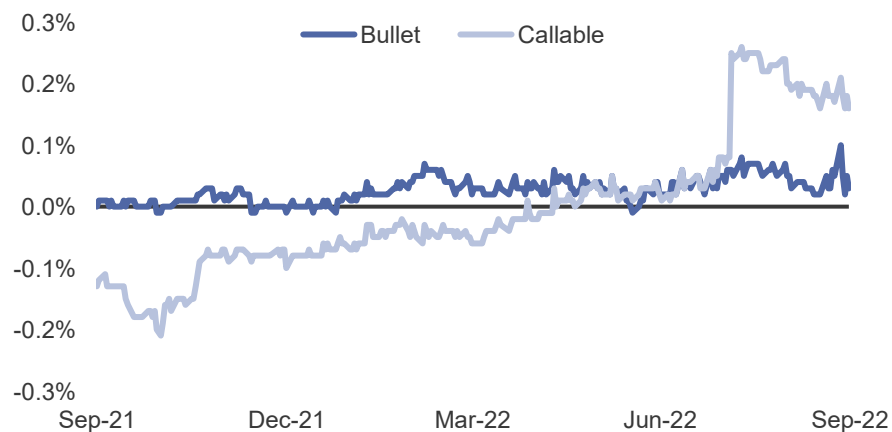
U.S. Treasury Yield Curve



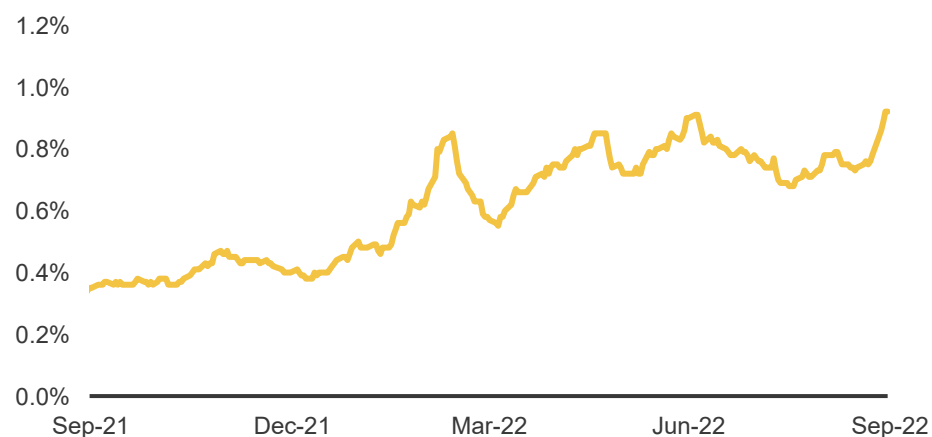
Source: ICE BofAML Indices via Bloomberg, as of September 30, 2022; PFMAM calculations. 2022 Price, income, and total return is YTD as of September 30, 2022. Income return is based on the starting yield from the prior year ended December 31. Price return is calculated as the difference between the total return and calculated income return for each period.

Sector Yield Spreads Widened in Q3 2022

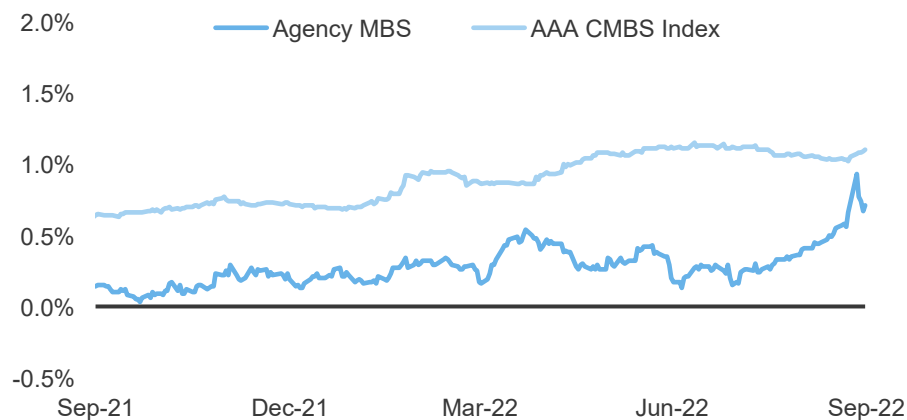
Federal Agency Yield Spreads



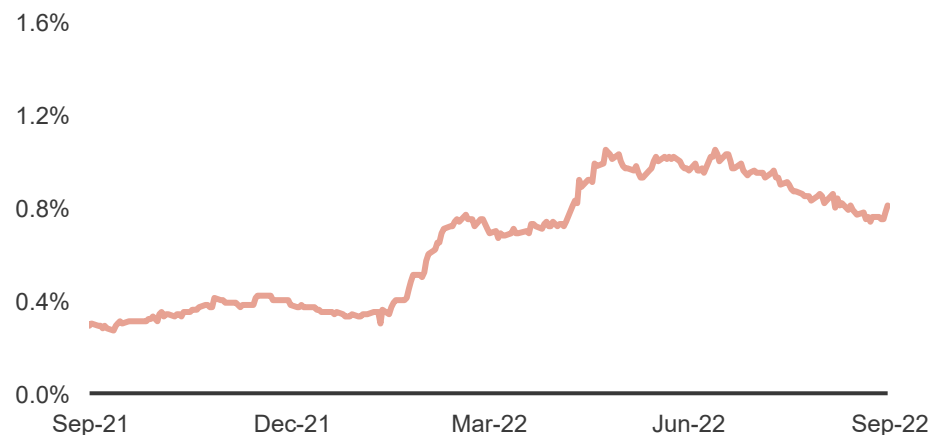
Corporate Notes A-AAA Yield Spreads



Mortgage-Backed Securities Yield Spreads



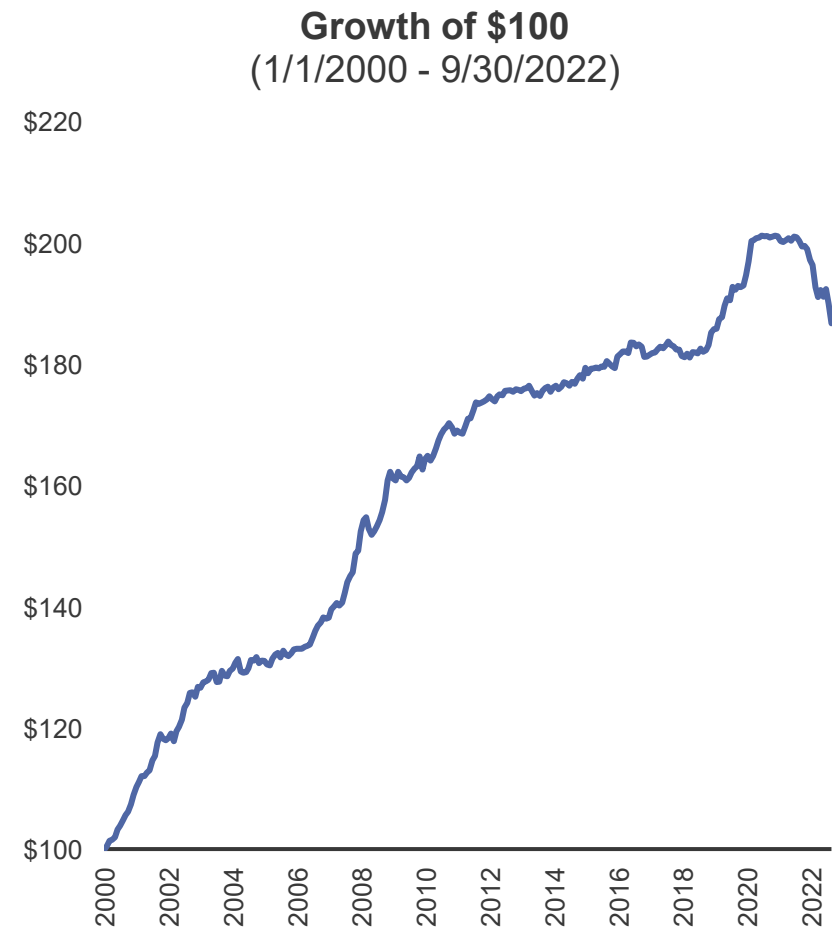
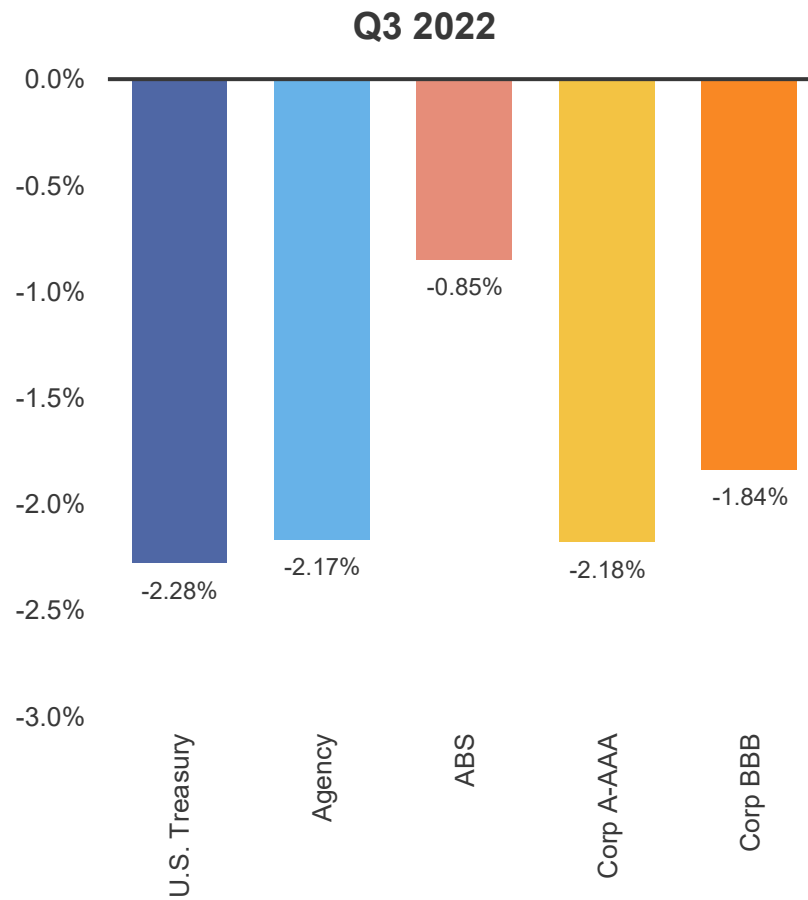
Asset-Backed Securities AAA Yield Spreads



Source: ICE BofAML 1-5 year Indices via Bloomberg, MarketAxess and PFMAM as of September 30, 2022. Spreads on ABS and MBS are option-adjusted spreads of 0-5 year indices based on weighted average life; spreads on agencies are relative to comparable maturity Treasuries. CMBS is Commercial Mortgage-Backed Securities.

Fixed Income Returns in Q3 2022

1-5 Year Indices



Source: ICE BofAML Indices. ABS indices are 0-5 year, based on weighted average life. As of September 30, 2022.

Right Chart: 1-5 Year Treasury (GVQ0 Index).

Fixed Income Sector Commentary – 3Q 2022

- ▶ **U.S. Treasury** securities posted negative absolute returns during Q3 as interest rates continue to ascend to levels not seen in over 14 years.
- ▶ **Federal agency** bullet spreads remained mostly unchanged in the low single-digits and the sector remained largely stagnant on light issuance. Conversely, the rapid rise in rates and volatility prompted a widening in spreads for callable federal agencies.
- ▶ **Supranational** yield spreads widened slightly in the longer-end of the curve while issuance has consistently lagged projections this year. Unattractive funding levels compounded by liquidity pressures resulted in minimal activity in the sector. New issues at attractive concessions to secondary inventory were the lone avenue to new exposure.
- ▶ **Investment-Grade Corporates** were a strong performer for much of the quarter as spreads tightened. Increases to allocations in the sector over recent months played a significant role in the strong performance relative to benchmarks.
- ▶ **Asset-Backed** yield spreads lagged the comparative narrowing in other sectors but remained relatively elevated in relation to high quality corporate notes. Although elevated relative to corporates, spreads tightened throughout the quarter and the sector generated attractive excess returns, with automobile collateral besting credit card structures.
- ▶ **Mortgage-Backed Securities** have been a staggering underperformer so far this year. Soaring mortgage rates combined with record high housing prices caused refinancing and new purchases to grind to a halt. Heightened volatility and concerns about an economic slowdown continued to weigh on the sector, while the looming Fed balance sheet reduction compounded the gloomy outlook.
- ▶ **Taxable Municipals** were another sector that generated positive excess returns in Q3. New issuance was generally lackluster with deals being heavily oversubscribed, pressuring spreads lower.
- ▶ **Commercial Paper and CDs** have been subject to a rapidly changing backdrop influenced by the Fed's aggressive series of rate hikes. Fixed-rate credit spreads widened during the quarter and the short-term credit curve remains steep.

Fixed Income Sector Outlook – 4Q 2022

Sector	Our Investment Preferences
COMMERCIAL PAPER / CD	
TREASURIES	
T-Bill	
T-Note	
FEDERAL AGENCIES	
Bullets	
Callables	
SUPRANATIONALS	
CORPORATES	
Financials	
Industrials	
SECURITIZED	
Asset-Backed	
Agency Mortgage-Backed	
Agency CMBS	
MUNICIPALS	

● Current outlook

○ Outlook one quarter ago

Negative

Slightly
Negative

Neutral

Slightly
Positive

Positive

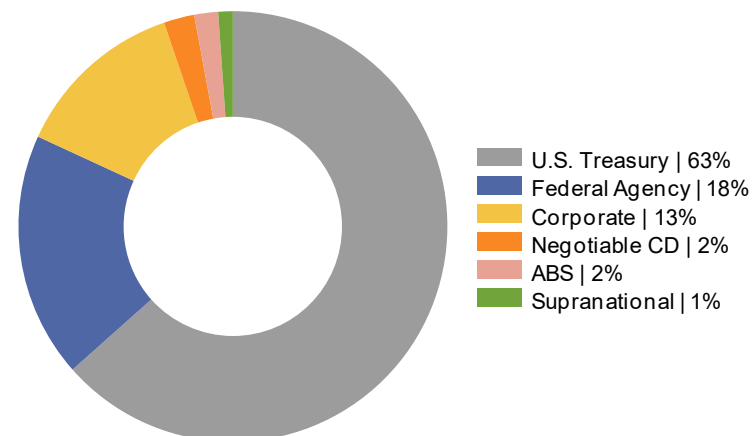
Account Summary

Consolidated Summary

Account Summary

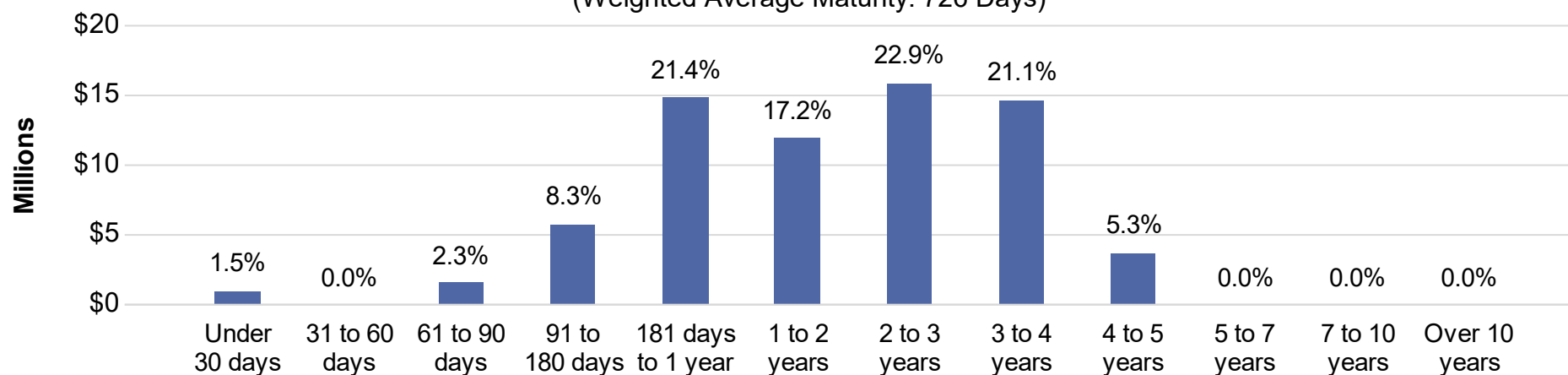
PFMAM Managed Account	\$69,433,117
Total Program	\$69,433,117

Sector Allocation



Maturity Distribution

(Weighted Average Maturity: 726 Days)



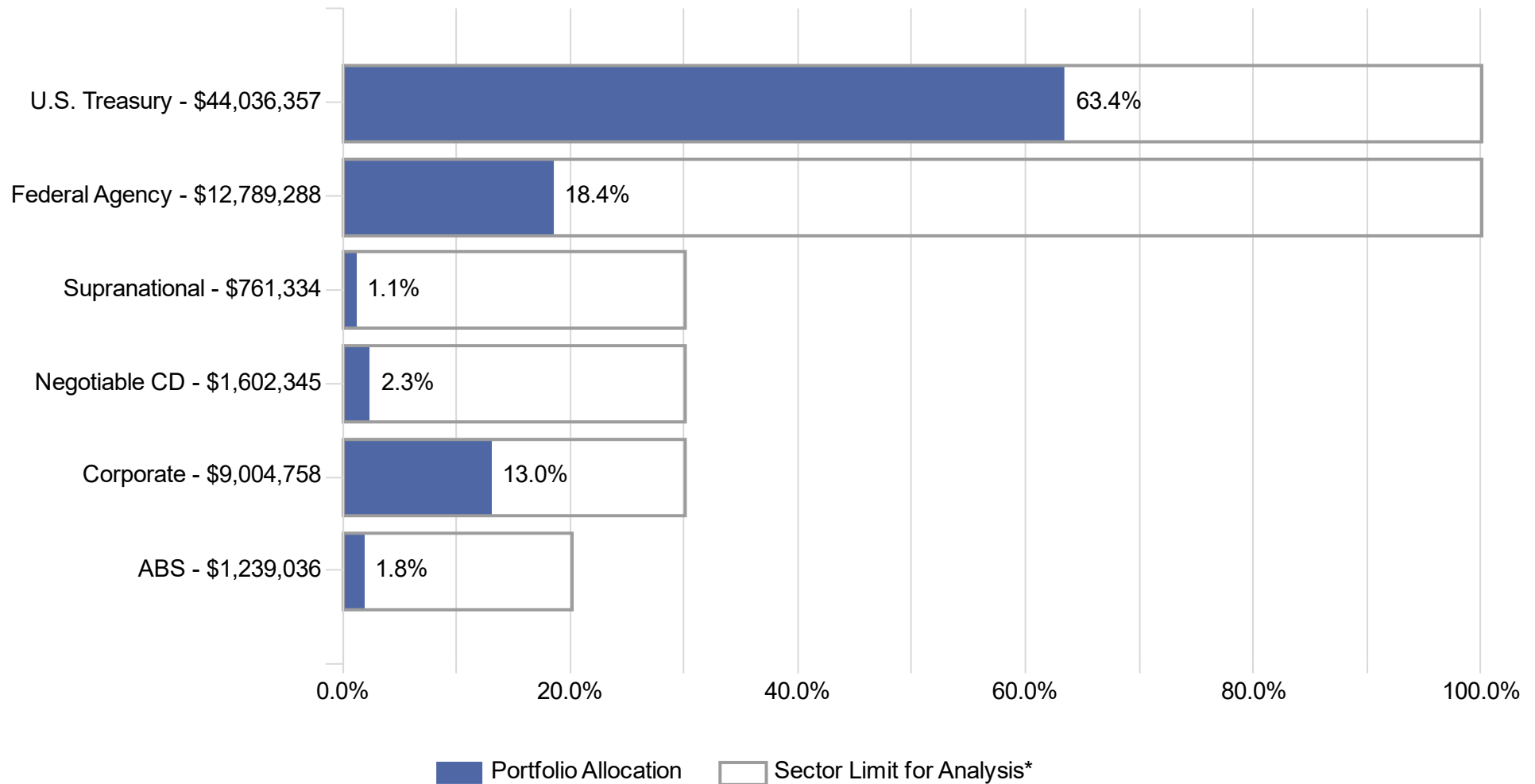
Account summary includes market values, accrued interest, cash and cash equivalents. Sector allocation and the maturity distribution include market values and accrued interest.

Account Summary

UNION SANITARY DISTRICT			
Portfolio Values	September 30, 2022	Analytics ¹	September 30, 2022
PFMAM Managed Account	\$69,242,139	Yield at Market	4.14%
Amortized Cost	\$73,255,308	Yield on Cost	1.35%
Market Value	\$69,242,139	Portfolio Duration	1.86
Accrued Interest	\$190,978		
Cash	\$0		

1. Yield at market, yield on cost, and portfolio duration only include investments held within the separately managed account(s), excludes balances invested in overnight funds.

Sector Allocation Analytics



For informational/analytical purposes only and is not provided for compliance assurance. Includes accrued interest.

*Sector Limit for Analysis is as derived from our interpretation of your most recent Investment Policy as provided.

Issuer Diversification

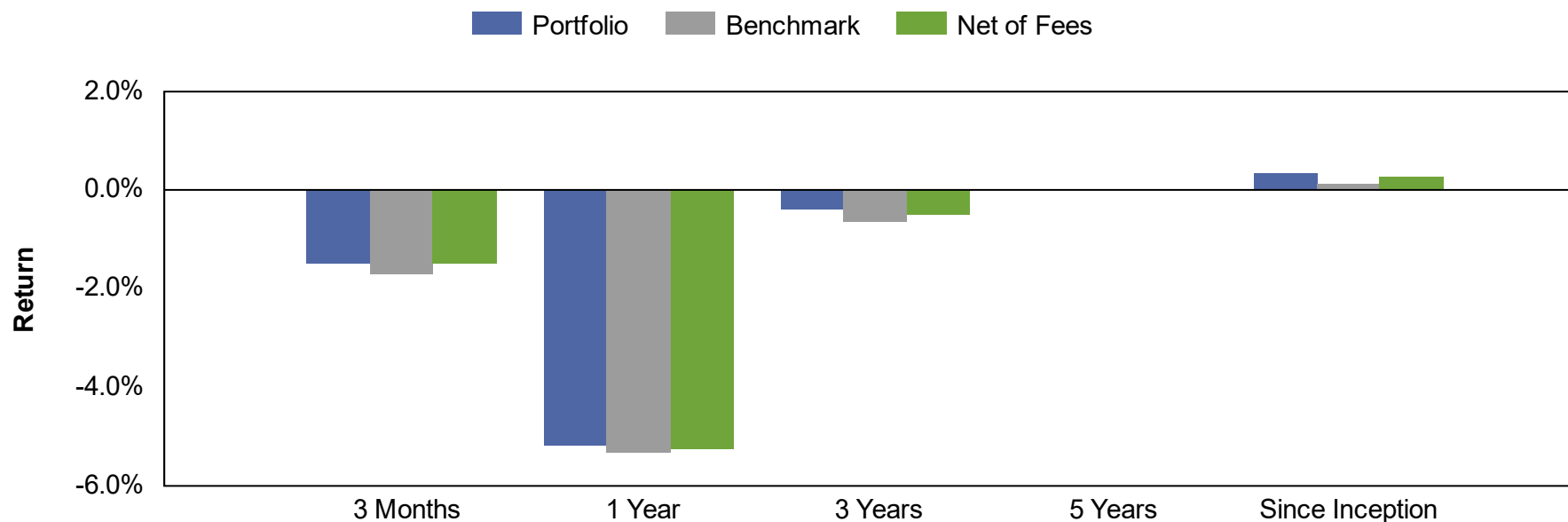
Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
U.S. Treasury	63.4%	
UNITED STATES TREASURY	63.4%	AA / Aaa / AAA
Federal Agency	18.4%	
FANNIE MAE	9.1%	AA / Aaa / AAA
FEDERAL FARM CREDIT BANKS	2.3%	AA / Aaa / AAA
FEDERAL HOME LOAN BANKS	1.8%	AA / Aaa / NR
FREDDIE MAC	5.2%	AA / Aaa / AAA
Supranational	1.1%	
INTER-AMERICAN DEVELOPMENT BANK	1.1%	AAA / Aaa / AAA
Negotiable CD	2.3%	
BARCLAYS PLC	1.1%	A / Aa / A
CREDIT SUISSE GROUP RK	0.6%	A / Aa / BBB
DNB ASA	0.6%	AA / Aa / NR
Corporate	13.0%	
AMAZON.COM INC	1.0%	AA / A / AA
AMERICAN HONDA FINANCE	0.6%	A / A / A
APPLE INC	0.5%	AA / Aaa / NR
BANK OF AMERICA CO	1.5%	A / A / AA
BRISTOL-MYERS SQUIBB CO	0.3%	A / A / NR
CITIGROUP INC	0.4%	BBB / A / A
DEERE & COMPANY	0.8%	A / A / A
EXXON MOBIL CORP	1.4%	AA / Aa / NR
GOLDMAN SACHS GROUP INC	0.5%	BBB / A / A
JP MORGAN CHASE & CO	1.1%	A / A / AA
MICROSOFT CORP	1.0%	AAA / Aaa / AAA
MORGAN STANLEY	0.4%	A / A / A
TARGET CORP	0.7%	A / A / A

Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
Corporate	13.0%	
THE BANK OF NEW YORK MELLON CORPORATION	1.0%	A / A / AA
TOYOTA MOTOR CORP	0.6%	A / A / A
WAL-MART STORES INC	1.4%	AA / Aa / AA
ABS	1.8%	
CARMAX AUTO OWNER TRUST	0.5%	AAA / NR / AAA
DISCOVER FINANCIAL SERVICES	0.2%	AAA / Aaa / NR
HONDA AUTO RECEIVABLES	0.3%	NR / Aaa / AAA
HYUNDAI AUTO RECEIVABLES	0.3%	AAA / NR / AAA
TOYOTA MOTOR CORP	0.5%	AAA / Aaa / NR
Total	100.0%	

Ratings shown are calculated by assigning a numeral value to each security rating, then calculating a weighted average rating for each security type / issuer category using all available security ratings, excluding Not-Rated (NR) ratings. For security type / issuer categories where a rating from the applicable NRSRO is not available, a rating of NR is assigned. Includes accrued interest and excludes balances invested in overnight funds.

Portfolio Review

Portfolio Performance



Market Value Basis Earnings	3 Months	1 Year	3 Years	5 Years	Since Inception ¹
Interest Earned ²	\$205,822	\$822,584	\$2,667,885	-	\$3,231,193
Change in Market Value	(\$1,237,960)	(\$4,600,399)	(\$4,062,864)	-	(\$3,217,384)
Total Dollar Return	(\$1,032,138)	(\$3,777,815)	(\$1,394,979)	-	\$13,809
Total Return³					
Portfolio	-1.46%	-5.16%	-0.39%	0.00%	0.35%
Benchmark ⁴	-1.70%	-5.33%	-0.62%	0.00%	0.12%
Basis Point Fee	0.02%	0.08%	0.09%	-	0.09%
Net of Fee Return	-1.48%	-5.25%	-0.48%	-	0.27%

1. The lesser of 10 years or since inception is shown. Since inception returns for periods one year or less are not shown. Performance inception date is March 31, 2019.

2. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.

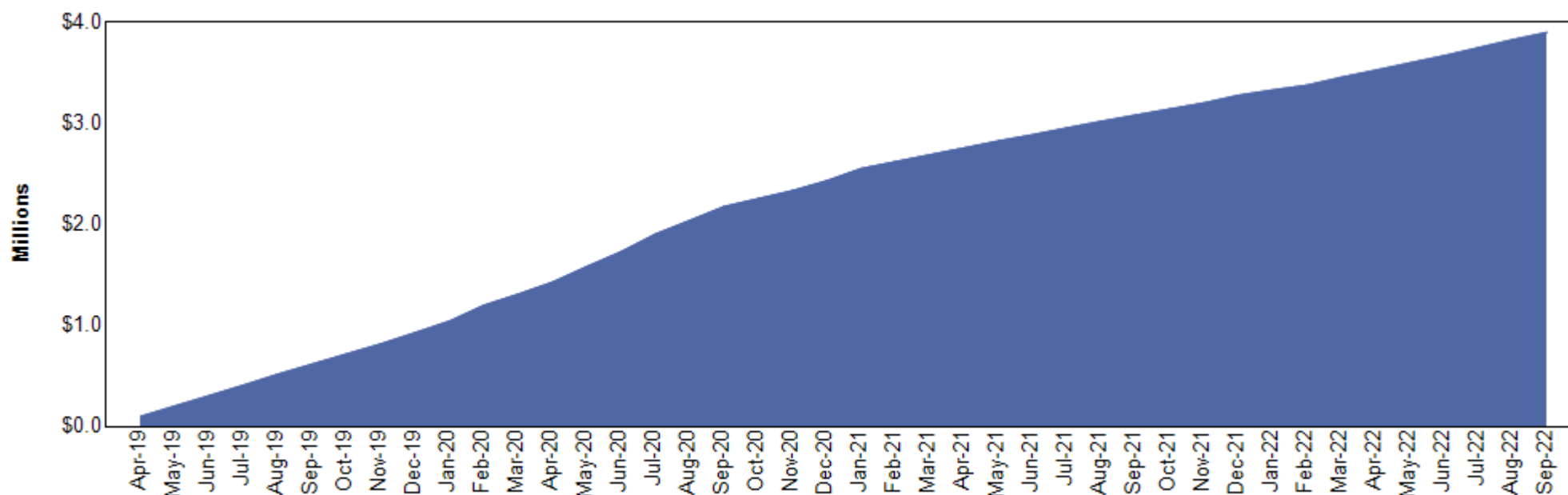
3. Returns for periods one year or less are presented on a periodic basis. Returns for periods greater than one year are presented on an annualized basis.

4. The portfolio's benchmark is the ICE BofAML 0-5 Year U.S. Treasury Index. Source: Bloomberg.

Periodic Performance

Periodic Performance				
	Current Quarter	Q2 2022	Q1 2022	Since Inception 3/31/2019
Net Accrual Earnings	\$205,822	\$216,432	\$220,951	\$3,231,193
Change in Market Value	-\$1,237,960	-\$690,204	-\$2,151,963	-\$3,217,384
Total Dollar Return	-\$1,032,138	-\$473,772	-\$1,931,012	\$13,809
Fees	\$15,546	\$15,590	\$15,434	\$175,488
Fees in Basis Points	0.02%	0.02%	0.02%	0.09%
Net of Fees Return	-1.48%	-0.67%	-2.59%	0.27%

Accrual Basis Earnings - UNION SANITARY DISTRICT



Accrual Basis Earnings	3 Months	1 Year	3 Years	5 Year	Since Inception ¹
Interest Earned ²	\$205,822	\$822,584	\$2,667,885	-	\$3,231,193
Realized Gains / (Losses) ³	(\$7,837)	(\$32,975)	\$550,958	-	\$552,063
Change in Amortized Cost	\$32,302	\$29,310	\$62,728	-	\$114,204
Total Earnings	\$230,288	\$818,918	\$3,281,571	-	\$3,897,460

1. The lesser of 10 years or since inception is shown. Performance inception date is March 31, 2019.

2. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.

3. Realized gains / (losses) are shown on an amortized cost basis.

Issuer Distribution As of September 30, 2022

Issuer	Market Value (\$)	% of Portfolio
UNITED STATES TREASURY	43,926,841	63.43%
FANNIE MAE	6,309,473	9.11%
FREDDIE MAC	3,624,374	5.23%
FEDERAL FARM CREDIT BANKS	1,564,415	2.26%
FEDERAL HOME LOAN BANKS	1,277,034	1.84%
BANK OF AMERICA CO	1,051,478	1.52%
EXXON MOBIL CORP	979,980	1.42%
WAL-MART STORES INC	955,349	1.38%
INTER-AMERICAN DEVELOPMENT BANK	761,243	1.10%
BARCLAYS PLC	736,354	1.06%
JP MORGAN CHASE & CO	734,935	1.06%
TOYOTA MOTOR CORP	721,575	1.04%
MICROSOFT CORP	675,520	0.98%
AMAZON.COM INC	669,562	0.97%
THE BANK OF NEW YORK MELLON CORPORATION	661,109	0.95%
DEERE & COMPANY	523,549	0.76%
TARGET CORP	497,484	0.72%
DNB ASA	428,858	0.62%
CREDIT SUISSE GROUP RK	427,558	0.62%
AMERICAN HONDA FINANCE	408,985	0.59%
GOLDMAN SACHS GROUP INC	363,575	0.53%
CARMAX AUTO OWNER TRUST	332,704	0.48%
APPLE INC	317,826	0.46%
MORGAN STANLEY	268,496	0.39%

Issuer	Market Value (\$)	% of Portfolio
CITIGROUP INC	259,160	0.37%
HONDA AUTO RECEIVABLES	236,930	0.34%
HYUNDAI AUTO RECEIVABLES	205,552	0.30%
BRISTOL-MYERS SQUIBB CO	178,721	0.26%
DISCOVER FINANCIAL SERVICES	143,497	0.21%
Grand Total	69,242,139	100.00%

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury											
CASH MGMT BILL DTD 06/07/2022 0.000% 10/04/2022	912796YC7	1,030,000.00	A-1+	P-1	9/27/2022	9/27/2022	1,029,516.97	2.41	0.00	1,029,792.99	1,029,929.34
US TREASURY NOTES DTD 11/30/2015 2.000% 11/30/2022	912828M80	1,155,000.00	AA+	Aaa	12/21/2021	12/21/2021	1,173,317.58	0.31	7,763.11	1,158,194.93	1,152,473.44
US TREASURY NOTES DTD 12/31/2015 2.125% 12/31/2022	912828N30	1,170,000.00	AA+	Aaa	3/19/2019	3/20/2019	1,157,340.24	2.43	6,283.19	1,169,166.40	1,166,161.00
US TREASURY NOTES DTD 12/31/2020 0.125% 12/31/2022	91282CBD2	1,010,000.00	AA+	Aaa	10/25/2021	10/26/2021	1,009,132.03	0.20	319.06	1,009,816.74	1,001,793.75
US TREASURY NOTES DTD 03/31/2016 1.500% 03/31/2023	912828Q29	175,000.00	AA+	Aaa	3/19/2019	3/20/2019	168,799.81	2.43	7.21	174,237.61	172,921.88
US TREASURY NOTES DTD 07/02/2018 2.625% 06/30/2023	9128284U1	2,395,000.00	AA+	Aaa	12/21/2021	12/21/2021	2,470,779.30	0.54	15,888.03	2,432,071.89	2,368,804.69
US TREASURY NOTES DTD 06/30/2016 1.375% 06/30/2023	912828S35	1,385,000.00	AA+	Aaa	3/19/2019	3/20/2019	1,325,866.99	2.43	4,812.69	1,374,709.42	1,356,867.19
US TREASURY NOTES DTD 08/01/2016 1.250% 07/31/2023	912828S92	1,035,000.00	AA+	Aaa	4/1/2019	4/2/2019	990,365.62	2.30	2,179.69	1,026,445.78	1,009,771.88
US TREASURY NOTES DTD 09/15/2020 0.125% 09/15/2023	91282CAK7	1,100,000.00	AA+	Aaa	6/29/2022	6/30/2022	1,062,703.13	3.00	60.77	1,070,550.66	1,057,546.82
US TREASURY NOTES DTD 09/30/2016 1.375% 09/30/2023	912828T26	1,545,000.00	AA+	Aaa	3/19/2019	3/20/2019	1,475,112.89	2.44	58.36	1,529,629.06	1,501,064.06
US TREASURY N/B NOTES DTD 11/30/2021 0.500% 11/30/2023	91282CDM0	2,505,000.00	AA+	Aaa	12/21/2021	12/21/2021	2,496,878.32	0.67	4,209.22	2,500,131.57	2,396,971.88
US TREASURY NOTES DTD 01/03/2017 2.250% 12/31/2023	912828V23	2,000,000.00	AA+	Aaa	3/19/2019	3/20/2019	1,982,968.75	2.44	11,372.28	1,995,554.52	1,950,000.00
US TREASURY NOTES DTD 02/28/2017 2.125% 02/29/2024	912828W48	2,000,000.00	AA+	Aaa	3/19/2019	3/20/2019	1,970,625.00	2.44	3,639.50	1,991,611.79	1,939,375.00
US TREASURY NOTES DTD 03/31/2017 2.125% 03/31/2024	912828W71	730,000.00	AA+	Aaa	3/2/2020	3/2/2020	767,412.50	0.84	42.62	743,734.66	706,617.22
US TREASURY NOTES DTD 05/01/2017 2.000% 04/30/2024	912828X70	590,000.00	AA+	Aaa	6/3/2019	6/7/2019	592,996.09	1.89	4,938.04	590,966.32	568,889.09

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U.S. Treasury											
US TREASURY N/B NOTES DTD 05/15/2021 0.250% 05/15/2024	91282CCC3	2,530,000.00	AA+	Aaa	12/21/2021	12/21/2021	2,496,101.95	0.81	2,389.06	2,507,091.73	2,369,503.13
US TREASURY NOTES DTD 06/30/2017 2.000% 06/30/2024	912828XX3	355,000.00	AA+	Aaa	7/1/2019	7/3/2019	358,660.93	1.78	1,794.29	356,280.52	341,299.20
US TREASURY NOTES DTD 10/31/2019 1.500% 10/31/2024	912828YM6	60,000.00	AA+	Aaa	1/11/2021	1/12/2021	62,655.47	0.33	376.63	61,455.92	56,718.75
US TREASURY N/B NOTES DTD 12/15/2021 1.000% 12/15/2024	91282CDN8	2,495,000.00	AA+	Aaa	12/21/2021	12/21/2021	2,498,216.21	0.96	7,362.30	2,497,378.23	2,324,248.44
US TREASURY NOTES DTD 05/31/2020 0.250% 05/31/2025	912828ZT0	2,570,000.00	AA+	Aaa	12/21/2021	12/21/2021	2,499,525.78	1.06	2,159.22	2,515,448.36	2,310,992.31
US TREASURY NOTES DTD 05/31/2020 0.250% 05/31/2025	912828ZT0	1,020,000.00	AA+	Aaa	5/17/2021	5/17/2021	1,005,576.56	0.61	856.97	1,010,485.42	917,203.18
US TREASURY N/B NOTES DTD 06/15/2022 2.875% 06/15/2025	91282CEU1	865,000.00	AA+	Aaa	6/15/2022	6/15/2022	849,963.87	3.49	7,338.32	851,445.53	834,184.38
US TREASURY NOTES DTD 08/31/2020 0.250% 08/31/2025	91282CAJ0	500,000.00	AA+	Aaa	8/2/2021	8/2/2021	494,433.59	0.53	107.04	496,021.32	445,312.50
US TREASURY NOTES DTD 08/31/2020 0.250% 08/31/2025	91282CAJ0	410,000.00	AA+	Aaa	8/13/2021	8/16/2021	403,417.58	0.65	87.78	405,250.49	365,156.25
US TREASURY NOTES DTD 09/30/2020 0.250% 09/30/2025	91282CAM3	1,060,000.00	AA+	Aaa	9/7/2021	9/9/2021	1,042,195.31	0.67	7.28	1,046,844.71	941,909.43
US TREASURY NOTES DTD 10/31/2020 0.250% 10/31/2025	91282CAT8	555,000.00	AA+	Aaa	10/1/2021	10/1/2021	542,664.26	0.80	580.64	545,684.08	491,348.44
US TREASURY NOTES DTD 11/30/2020 0.375% 11/30/2025	91282CAZ4	1,020,000.00	AA+	Aaa	11/2/2021	11/3/2021	994,061.72	1.01	1,285.45	999,849.02	904,134.32
US TREASURY NOTES DTD 11/30/2020 0.375% 11/30/2025	91282CAZ4	2,575,000.00	AA+	Aaa	12/21/2021	12/21/2021	2,498,856.45	1.14	3,245.13	2,513,873.65	2,282,495.97
US TREASURY NOTES DTD 12/31/2020 0.375% 12/31/2025	91282CBC4	137,000.00	AA+	Aaa	5/3/2021	5/3/2021	134,629.26	0.75	129.83	135,347.58	121,137.98
US TREASURY NOTES DTD 12/31/2020 0.375% 12/31/2025	91282CBC4	535,000.00	AA+	Aaa	4/5/2021	4/7/2021	522,314.65	0.89	507.01	526,291.20	473,057.06
US TREASURY NOTES DTD 12/31/2020 0.375% 12/31/2025	91282CBC4	755,000.00	AA+	Aaa	1/22/2021	1/25/2021	752,847.07	0.43	715.51	753,581.05	667,585.19
US TREASURY NOTES DTD 12/31/2020 0.375% 12/31/2025	91282CBC4	600,000.00	AA+	Aaa	5/6/2021	5/7/2021	590,343.75	0.73	568.61	593,253.70	530,531.28

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U.S. Treasury											
US TREASURY NOTES DTD 01/31/2019 2.625% 01/31/2026	9128286A3	715,000.00	AA+	Aaa	2/4/2021	2/4/2021	791,164.26	0.46	3,162.13	765,915.52	679,473.44
US TREASURY NOTES DTD 01/31/2021 0.375% 01/31/2026	91282CBH3	590,000.00	AA+	Aaa	7/2/2021	7/7/2021	578,660.94	0.80	372.76	581,725.00	519,753.13
US TREASURY NOTES DTD 01/31/2021 0.375% 01/31/2026	91282CBH3	580,000.00	AA+	Aaa	5/19/2022	5/20/2022	529,884.38	2.85	366.44	534,851.46	510,943.75
US TREASURY NOTES DTD 01/31/2021 0.375% 01/31/2026	91282CBH3	1,000,000.00	AA+	Aaa	6/29/2022	6/30/2022	905,273.44	3.19	631.79	911,993.17	880,937.50
US TREASURY NOTES DTD 02/28/2021 0.500% 02/28/2026	91282CBQ3	1,040,000.00	AA+	Aaa	12/3/2021	12/7/2021	1,011,968.75	1.15	445.31	1,017,378.93	917,637.55
US TREASURY NOTES DTD 02/28/2021 0.500% 02/28/2026	91282CBQ3	1,260,000.00	AA+	Aaa	3/4/2021	3/5/2021	1,242,970.31	0.78	539.50	1,248,347.61	1,111,753.19
US TREASURY N/B NOTES DTD 04/30/2021 0.750% 04/30/2026	91282CBW0	245,000.00	AA+	Aaa	5/27/2021	5/28/2021	244,387.50	0.80	768.95	244,554.76	216,978.13
US TREASURY NOTES DTD 05/16/2016 1.625% 05/15/2026	912828R36	518,000.00	AA+	Aaa	12/21/2021	12/21/2021	527,429.22	1.20	3,179.44	525,761.79	473,484.38
US TREASURY N/B NOTES DTD 05/31/2021 0.750% 05/31/2026	91282CCF6	395,000.00	AA+	Aaa	6/1/2021	6/1/2021	393,750.20	0.81	995.59	394,083.71	348,896.07
US TREASURY N/B NOTES DTD 09/30/2021 0.875% 09/30/2026	91282CCZ2	645,000.00	AA+	Aaa	5/9/2022	5/10/2022	589,041.21	3.00	15.50	594,064.94	567,499.25
US TREASURY NOTES DTD 02/15/2017 2.250% 02/15/2027	912828V98	435,000.00	AA+	Aaa	7/5/2022	7/7/2022	423,751.17	2.85	1,250.03	424,325.64	402,103.13
US TREASURY NOTES DTD 05/15/2017 2.375% 05/15/2027	912828X88	310,000.00	AA+	Aaa	8/1/2022	8/1/2022	305,446.88	2.70	2,780.94	305,605.77	287,282.83
US TREASURY NOTES DTD 08/15/2017 2.250% 08/15/2027	9128282R0	1,365,000.00	AA+	Aaa	9/1/2022	9/6/2022	1,294,137.30	3.40	3,922.52	1,295,119.32	1,254,093.75
Security Type Sub-Total		46,965,000.00					46,258,145.19	1.49	109,515.74	46,455,924.47	43,926,841.15
Supranational											
INTER-AMERICAN DEVEL BK NOTES DTD 09/23/2021 0.500% 09/23/2024	4581X0DZ8	820,000.00	AAA	Aaa	9/15/2021	9/23/2021	819,393.20	0.52	91.11	819,599.71	761,242.90
Security Type Sub-Total		820,000.00					819,393.20	0.52	91.11	819,599.71	761,242.90

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Negotiable CD											
DNB BANK ASA/NY LT CD DTD 12/06/2019 2.040% 12/02/2022	23341VZT1	430,000.00	A-1+	P-1	12/5/2019	12/6/2019	430,000.00	2.03	2,948.37	430,000.00	428,858.35
BARCLAYS BANK PLC NY CERT DEPOS DTD 02/03/2022 1.050% 02/01/2023	06742TG34	745,000.00	A-1	P-1	2/2/2022	2/3/2022	745,000.00	1.05	5,215.00	745,000.00	736,353.69
CREDIT SUISSE NEW YORK CERT DEPOS DTD 03/23/2021 0.590% 03/17/2023	22552G3C2	435,000.00	A-1	P-1	3/19/2021	3/23/2021	435,000.00	0.59	1,411.58	435,000.00	427,557.59
Security Type Sub-Total		1,610,000.00					1,610,000.00	1.19	9,574.95	1,610,000.00	1,592,769.63
Federal Agency											
FEDERAL HOME LOAN BANKS NOTES DTD 02/21/2020 1.375% 02/17/2023	3130AJ7E3	775,000.00	AA+	Aaa	2/20/2020	2/21/2020	773,574.00	1.44	1,302.43	774,818.49	768,162.18
FREDDIE MAC NOTES DTD 05/07/2020 0.375% 05/05/2023	3137EAER6	220,000.00	AA+	Aaa	5/29/2020	5/29/2020	220,305.80	0.33	334.58	220,061.67	215,402.44
FANNIE MAE NOTES DTD 05/22/2020 0.250% 05/22/2023	3135G04Q3	865,000.00	AA+	Aaa	5/20/2020	5/22/2020	862,396.35	0.35	774.90	864,445.98	844,503.83
FREDDIE MAC NOTES DTD 06/26/2020 0.250% 06/26/2023	3137EAES4	780,000.00	AA+	Aaa	6/24/2020	6/26/2020	777,722.40	0.35	514.58	779,442.56	758,325.36
FANNIE MAE NOTES DTD 07/10/2020 0.250% 07/10/2023	3135G05G4	795,000.00	AA+	Aaa	7/8/2020	7/10/2020	793,290.75	0.32	447.19	794,559.81	771,809.06
FREDDIE MAC NOTES DTD 08/21/2020 0.250% 08/24/2023	3137EAEV7	520,000.00	AA+	Aaa	8/19/2020	8/21/2020	519,469.60	0.28	133.61	519,842.04	502,203.00
FEDERAL FARM CREDIT BANK (CALLABLE) DTD 09/21/2020 0.250% 09/21/2023	3133EMAM4	1,625,000.00	AA+	Aaa	10/7/2020	10/9/2020	1,622,237.50	0.31	112.85	1,624,089.43	1,564,415.13
FANNIE MAE NOTES (CALLABLE) DTD 10/26/2020 0.310% 01/26/2024	3136G46V0	259,000.00	AA+	Aaa	10/23/2020	10/26/2020	258,896.40	0.32	144.97	258,957.93	245,990.17
FREDDIE MAC NOTES DTD 02/14/2020 1.500% 02/12/2025	3137EAEP0	1,035,000.00	AA+	Aaa	2/13/2020	2/14/2020	1,034,203.05	1.52	2,113.13	1,034,622.27	969,560.06
FEDERAL HOME LOAN BANK NOTES DTD 04/16/2020 0.500% 04/14/2025	3130AJHU6	560,000.00	AA+	Aaa	4/15/2020	4/16/2020	557,222.40	0.60	1,298.89	558,589.88	508,871.44

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Federal Agency											
FANNIE MAE NOTES DTD 04/24/2020 0.625% 04/22/2025	3135G03U5	455,000.00	AA+	Aaa	4/22/2020	4/24/2020	454,062.70	0.67	1,255.99	454,520.04	414,472.24
FANNIE MAE NOTES DTD 04/24/2020 0.625% 04/22/2025	3135G03U5	125,000.00	AA+	Aaa	4/28/2020	4/28/2020	124,763.75	0.66	345.05	124,878.76	113,866.00
FANNIE MAE NOTES DTD 06/19/2020 0.500% 06/17/2025	3135G04Z3	865,000.00	AA+	Aaa	6/17/2020	6/19/2020	863,209.45	0.54	1,249.44	864,028.16	780,870.10
FANNIE MAE NOTES DTD 06/19/2020 0.500% 06/17/2025	3135G04Z3	1,010,000.00	AA+	Aaa	10/26/2020	10/28/2020	1,011,494.80	0.47	1,458.89	1,010,874.10	911,767.40
FREDDIE MAC NOTES DTD 07/23/2020 0.375% 07/21/2025	3137EAEU9	525,000.00	AA+	Aaa	7/21/2020	7/23/2020	522,385.50	0.48	382.81	523,532.21	470,678.25
FANNIE MAE NOTES (CALLABLE) DTD 08/14/2020 0.500% 08/14/2025	3135G05S8	1,000,000.00	AA+	Aaa	8/24/2020	8/24/2020	998,400.00	0.53	652.78	999,076.65	896,728.00
FANNIE MAE NOTES DTD 08/27/2020 0.375% 08/25/2025	3135G05X7	555,000.00	AA+	Aaa	8/25/2020	8/27/2020	552,402.60	0.47	208.12	553,491.97	495,755.42
FANNIE MAE NOTES DTD 08/27/2020 0.375% 08/25/2025	3135G05X7	415,000.00	AA+	Aaa	10/21/2020	10/22/2020	412,754.85	0.49	155.63	413,655.20	370,699.99
FREDDIE MAC NOTES DTD 09/25/2020 0.375% 09/23/2025	3137EAEX3	795,000.00	AA+	Aaa	9/23/2020	9/25/2020	792,607.05	0.44	66.25	793,572.63	708,205.08
FANNIE MAE NOTES DTD 11/12/2020 0.500% 11/07/2025	3135G06G3	520,000.00	AA+	Aaa	11/9/2020	11/12/2020	518,138.40	0.57	1,040.00	518,841.74	463,011.12
Security Type Sub-Total		13,699,000.00					13,669,537.35	0.58	13,992.09	13,685,901.52	12,775,296.27
Corporate											
AMAZON INC BONDS (CALLABLE) DTD 06/06/2018 2.400% 02/22/2023	023135AW6	675,000.00	AA	A1	4/11/2019	4/15/2019	668,499.75	2.66	1,755.00	674,335.67	669,562.20
EXXON MOBIL CORPORATION CORP NOTES (CALL DTD 03/03/2016 2.726% 03/01/2023	30231GAR3	985,000.00	AA-	Aa2	6/13/2019	6/14/2019	1,001,400.25	2.26	2,237.59	986,163.32	979,980.44
WAL MART STORES INC GLOBAL NT (CALLABLE) DTD 04/11/2013 2.550% 04/11/2023	931142DH3	965,000.00	AA	Aa2	5/21/2020	5/26/2020	1,015,701.10	0.70	11,620.21	970,386.99	955,349.04
AMERICAN HONDA FINANCE DTD 01/10/2020 1.950% 05/10/2023	02665WDH1	415,000.00	A-	A3	1/7/2020	1/10/2020	414,846.45	1.96	3,169.56	414,972.09	408,984.99

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Corporate											
APPLE INC CORPORATE NOTES DTD 05/11/2020 0.750% 05/11/2023	037833DV9	325,000.00	AA+	Aaa	5/4/2020	5/11/2020	324,116.00	0.84	947.92	324,820.78	317,825.63
JPMORGAN CHASE & CO (CALLABLE) CORP NOTE DTD 05/18/2016 2.700% 05/18/2023	46625HRL6	525,000.00	A-	A1	3/20/2019	3/22/2019	517,970.25	3.04	5,236.88	523,939.52	519,486.98
BANK OF AMERICA CORP NOTES DTD 07/23/2013 4.100% 07/24/2023	06053FAA7	500,000.00	A-	A2	3/20/2019	3/22/2019	520,405.00	3.09	3,815.28	503,810.65	498,038.00
MORGAN STANLEY CORP NOTES (CALLABLE) DTD 04/22/2021 0.731% 04/05/2024	61772BAA1	205,000.00	A-	A1	4/20/2021	4/22/2021	205,258.30	0.69	732.63	205,067.38	200,151.55
MORGAN STANLEY CORP NOTES (CALLABLE) DTD 04/22/2021 0.731% 04/05/2024	61772BAA1	70,000.00	A-	A1	4/19/2021	4/22/2021	70,000.00	0.73	250.16	70,000.00	68,344.43
JPMORGAN CHASE & CO CORPORATE NOTES (CAL DTD 09/16/2020 0.653% 09/16/2024	46647PBS4	110,000.00	A-	A1	9/9/2020	9/16/2020	110,000.00	0.65	29.93	110,000.00	104,950.01
JOHN DEERE CAPITAL CORP CORPORATE NOTES DTD 01/10/2022 1.250% 01/10/2025	24422EVY2	565,000.00	A	A2	3/8/2022	3/10/2022	550,728.10	2.17	1,589.06	553,549.45	523,549.34
TOYOTA MOTOR CREDIT CORP CORP NOTES DTD 02/13/2020 1.800% 02/13/2025	89236TGT6	180,000.00	A+	A1	5/20/2020	5/26/2020	181,758.60	1.58	432.00	180,883.38	168,126.30
TOYOTA MOTOR CREDIT CORP CORP NOTES DTD 02/13/2020 1.800% 02/13/2025	89236TGT6	250,000.00	A+	A1	5/20/2020	5/26/2020	252,442.50	1.58	600.00	251,226.92	233,508.75
CITIGROUP INC (CALLABLE) CORPORATE NOTES DTD 05/04/2021 0.981% 05/01/2025	172967MX6	145,000.00	BBB+	A3	4/28/2021	5/4/2021	145,384.25	0.91	592.69	145,203.20	134,208.08
CITIGROUP INC (CALLABLE) CORPORATE NOTES DTD 05/04/2021 0.981% 05/01/2025	172967MX6	135,000.00	BBB+	A3	4/27/2021	5/4/2021	135,000.00	0.98	551.81	135,000.00	124,952.36
GOLDMAN SACHS GROUP INC CORPORATE NOTES DTD 05/22/2015 3.750% 05/22/2025	38148LAE6	380,000.00	BBB+	A2	2/12/2021	2/17/2021	424,528.40	0.94	5,106.25	406,577.32	363,574.50

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Corporate											
JPMORGAN CHASE & CO CORP NOTES (CALLABLE) DTD 08/10/2021 0.768% 08/09/2025	46647PCM6	120,000.00	A-	A1	8/3/2021	8/10/2021	120,000.00	0.77	133.12	120,000.00	110,498.16
BRISTOL-MYERS SQUIBB CO CORPORATE NOTES DTD 11/13/2020 0.750% 11/13/2025	110122DN5	201,000.00	A+	A2	6/17/2021	6/21/2021	198,998.04	0.98	577.88	199,580.18	178,720.56
BANK OF AMERICA CORP NOTES (CALLABLE) DTD 03/22/2022 3.384% 04/02/2026	06051GKM0	585,000.00	A-	A2	3/17/2022	3/22/2022	585,000.00	3.38	10,393.11	585,000.00	553,440.42
MICROSOFT CORP (CALLABLE) NOTES DTD 08/08/2016 2.400% 08/08/2026	594918BR4	730,000.00	AAA	Aaa	2/23/2022	2/25/2022	738,095.70	2.14	2,579.33	736,944.45	675,520.10
TARGET CORP CORP NOTES (CALLABLE) DTD 01/24/2022 1.950% 01/15/2027	87612EBM7	455,000.00	A	A2	1/27/2022	1/31/2022	454,722.45	1.96	1,873.08	454,759.71	407,847.44
TARGET CORP CORP NOTES (CALLABLE) DTD 01/24/2022 1.950% 01/15/2027	87612EBM7	100,000.00	A	A2	1/19/2022	1/24/2022	99,830.00	1.99	411.67	99,853.39	89,636.80
BANK OF NY MELLON CORP (CALLABLE) CORPOR DTD 01/26/2022 2.050% 01/26/2027	06406RBA4	745,000.00	A	A1	1/26/2022	1/28/2022	747,398.90	1.98	2,757.53	747,069.77	661,109.28
Security Type Sub-Total		9,366,000.00					9,482,084.04	1.94	57,392.69	9,399,144.17	8,947,365.36
ABS											
HAROT 2020-1 A3 DTD 02/26/2020 1.610% 04/22/2024	43813RAC1	110,933.43	NR	Aaa	2/19/2020	2/26/2020	110,911.69	1.61	49.61	110,925.28	109,923.43
TAOT 2020-A A3 DTD 02/12/2020 1.660% 05/15/2024	89232HAC9	136,282.25	AAA	Aaa	2/4/2020	2/12/2020	136,272.41	1.66	100.55	136,278.50	135,487.82
CARMX 2020-1 A3 DTD 01/22/2020 1.890% 12/16/2024	14315XAC2	82,397.39	AAA	NR	1/14/2020	1/22/2020	82,381.22	1.89	69.21	82,390.10	81,619.74
HAROT 2021-1 A3 DTD 02/24/2021 0.270% 04/21/2025	43813GAC5	130,751.57	NR	Aaa	2/17/2021	2/24/2021	130,749.19	0.27	9.81	130,750.11	127,006.82
HART 2021-A A3 DTD 04/28/2021 0.380% 09/15/2025	44933LAC7	120,000.00	AAA	NR	4/20/2021	4/28/2021	119,987.38	0.38	20.27	119,991.49	115,837.28

UNION SANITARY DISTRICT

Portfolio Holdings

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
ABS											
CARMX 2021-1 A3 DTD 01/27/2021 0.340% 12/15/2025	14316NAC3	79,495.77	AAA	NR	1/20/2021	1/27/2021	79,480.07	0.34	12.01	79,485.46	76,807.50
TAOT 2021-C A3 DTD 09/27/2021 0.430% 01/15/2026	89239BAC5	195,000.00	AAA	Aaa	9/21/2021	9/27/2021	194,984.46	0.43	37.27	194,988.11	184,452.20
CARMX 2021-2 A3 DTD 04/21/2021 0.520% 02/17/2026	14314QAC8	180,000.00	AAA	NR	4/13/2021	4/21/2021	179,961.21	0.52	41.60	179,972.83	174,276.83
HART 2021-C A3 DTD 11/17/2021 0.740% 05/15/2026	44935FAD6	95,000.00	AAA	NR	11/9/2021	11/17/2021	94,978.80	0.75	31.24	94,982.91	89,715.21
DCENT 2021-A1 A1 DTD 09/27/2021 0.580% 09/15/2026	254683CP8	155,000.00	AAA	Aaa	9/20/2021	9/27/2021	154,966.81	0.58	39.96	154,973.56	143,497.16
Security Type Sub-Total		1,284,860.41					1,284,673.24	0.79	411.53	1,284,738.35	1,238,623.99
Managed Account Sub Total		73,744,860.41					73,123,833.02	1.35	190,978.11	73,255,308.22	69,242,139.30
Securities Sub Total		\$73,744,860.41					\$73,123,833.02	1.35%	\$190,978.11	\$73,255,308.22	\$69,242,139.30
Accrued Interest											\$190,978.11
Total Investments											\$69,433,117.41

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
BUY									
7/5/2022	7/7/2022	435,000.00	912828V98	US TREASURY NOTES	2.25%	2/15/2027	427,590.47	2.85%	
8/1/2022	8/1/2022	310,000.00	912828X88	US TREASURY NOTES	2.37%	5/15/2027	307,007.41	2.70%	
9/1/2022	9/6/2022	1,365,000.00	9128282R0	US TREASURY NOTES	2.25%	8/15/2027	1,295,973.37	3.40%	
9/27/2022	9/27/2022	1,030,000.00	912796YC7	CASH MGMT BILL	0.00%	10/4/2022	1,029,516.97	2.41%	
Total BUY		3,140,000.00					3,060,088.22		0.00
INTEREST									
7/10/2022	7/10/2022	565,000.00	24422EVY2	JOHN DEERE CAPITAL CORP CORPORATE NOTES	1.25%	1/10/2025	3,531.25		
7/10/2022	7/10/2022	795,000.00	3135G05G4	FANNIE MAE NOTES	0.25%	7/10/2023	993.75		
7/15/2022	7/15/2022	195,000.00	89239BAC5	TAOT 2021-C A3	0.43%	1/15/2026	69.88		
7/15/2022	7/15/2022	155,000.00	254683CP8	DCENT 2021-A1 A1	0.58%	9/15/2026	74.92		
7/15/2022	7/15/2022	200,546.03	89232HAC9	TAOT 2020-A A3	1.66%	5/15/2024	277.42		
7/15/2022	7/15/2022	120,000.00	44933LAC7	HART 2021-A A3	0.38%	9/15/2025	38.00		
7/15/2022	7/15/2022	180,000.00	14314QAC8	CARMX 2021-2 A3	0.52%	2/17/2026	78.00		
7/15/2022	7/15/2022	555,000.00	87612EBM7	TARGET CORP CORP NOTES (CALLABLE)	1.95%	1/15/2027	5,140.69		
7/15/2022	7/15/2022	108,526.56	14315XAC2	CARMX 2020-1 A3	1.89%	12/16/2024	170.93		
7/15/2022	7/15/2022	95,000.00	44935FAD6	HART 2021-C A3	0.74%	5/15/2026	58.58		
7/15/2022	7/15/2022	90,000.00	14316NAC3	CARMX 2021-1 A3	0.34%	12/15/2025	25.50		

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
INTEREST									
7/21/2022	7/21/2022	525,000.00	3137EAEU9	FREDDIE MAC NOTES	0.37%	7/21/2025	984.38		
7/21/2022	7/21/2022	150,000.00	43813GAC5	HAROT 2021-1 A3	0.27%	4/21/2025	33.75		
7/21/2022	7/21/2022	156,173.11	43813RAC1	HAROT 2020-1 A3	1.61%	4/22/2024	209.53		
7/24/2022	7/24/2022	500,000.00	06053FAA7	BANK OF AMERICA CORP NOTES	4.10%	7/24/2023	10,250.00		
7/26/2022	7/26/2022	259,000.00	3136G46V0	FANNIE MAE NOTES (CALLABLE)	0.31%	1/26/2024	401.45		
7/26/2022	7/26/2022	745,000.00	06406RBA4	BANK OF NY MELLON CORP (CALLABLE) CORPOR	2.05%	1/26/2027	7,636.25		
7/31/2022	7/31/2022	2,170,000.00	91282CBH3	US TREASURY NOTES	0.37%	1/31/2026	4,068.75		
7/31/2022	7/31/2022	1,035,000.00	912828S92	US TREASURY NOTES	1.25%	7/31/2023	6,468.75		
7/31/2022	7/31/2022	715,000.00	9128286A3	US TREASURY NOTES	2.62%	1/31/2026	9,384.38		
8/8/2022	8/8/2022	730,000.00	594918BR4	MICROSOFT CORP (CALLABLE) NOTES	2.40%	8/8/2026	8,760.00		
8/9/2022	8/9/2022	120,000.00	46647PCM6	JPMORGAN CHASE & CO CORP NOTES (CALLABLE	0.76%	8/9/2025	460.80		
8/12/2022	8/12/2022	1,035,000.00	3137EAEP0	FREDDIE MAC NOTES	1.50%	2/12/2025	7,762.50		
8/13/2022	8/13/2022	430,000.00	89236TGT6	TOYOTA MOTOR CREDIT CORP CORP NOTES	1.80%	2/13/2025	3,870.00		
8/14/2022	8/14/2022	1,000,000.00	3135G05S8	FANNIE MAE NOTES (CALLABLE)	0.50%	8/14/2025	2,500.00		
8/15/2022	8/15/2022	180,000.00	14314QAC8	CARMX 2021-2 A3	0.52%	2/17/2026	78.00		
8/15/2022	8/15/2022	120,000.00	44933LAC7	HART 2021-A A3	0.38%	9/15/2025	38.00		
8/15/2022	8/15/2022	95,000.00	44935FAD6	HART 2021-C A3	0.74%	5/15/2026	58.58		

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
INTEREST									
8/15/2022	8/15/2022	89,515.88	14316NAC3	CARMX 2021-1 A3	0.34%	12/15/2025	25.36		
8/15/2022	8/15/2022	195,000.00	89239BAC5	TAOT 2021-C A3	0.43%	1/15/2026	69.88		
8/15/2022	8/15/2022	435,000.00	912828V98	US TREASURY NOTES	2.25%	2/15/2027	4,893.75		
8/15/2022	8/15/2022	155,000.00	254683CP8	DCENT 2021-A1 A1	0.58%	9/15/2026	74.92		
8/15/2022	8/15/2022	178,262.82	89232HAC9	TAOT 2020-A A3	1.66%	5/15/2024	246.60		
8/15/2022	8/15/2022	99,461.83	14315XAC2	CARMX 2020-1 A3	1.89%	12/16/2024	156.65		
8/17/2022	8/17/2022	775,000.00	3130AJ7E3	FEDERAL HOME LOAN BANKS NOTES	1.37%	2/17/2023	5,328.13		
8/21/2022	8/21/2022	140,459.37	43813RAC1	HAROT 2020-1 A3	1.61%	4/22/2024	188.45		
8/21/2022	8/21/2022	150,000.00	43813GAC5	HAROT 2021-1 A3	0.27%	4/21/2025	33.75		
8/22/2022	8/22/2022	675,000.00	023135AW6	AMAZON INC BONDS (CALLABLE)	2.40%	2/22/2023	8,100.00		
8/24/2022	8/24/2022	520,000.00	3137EAEV7	FREDDIE MAC NOTES	0.25%	8/24/2023	650.00		
8/25/2022	8/25/2022	970,000.00	3135G05X7	FANNIE MAE NOTES	0.37%	8/25/2025	1,818.75		
8/31/2022	8/31/2022	2,300,000.00	91282CBQ3	US TREASURY NOTES	0.50%	2/28/2026	5,750.00		
8/31/2022	8/31/2022	2,000,000.00	912828W48	US TREASURY NOTES	2.12%	2/29/2024	21,250.00		
8/31/2022	8/31/2022	910,000.00	91282CAJ0	US TREASURY NOTES	0.25%	8/31/2025	1,137.50		
9/1/2022	9/1/2022	985,000.00	30231GAR3	EXXON MOBIL CORPORATION CORP NOTES (CALL	2.72%	3/1/2023	13,425.55		
9/15/2022	9/15/2022	95,000.00	44935FAD6	HART 2021-C A3	0.74%	5/15/2026	58.58		

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
INTEREST									
9/15/2022	9/15/2022	90,722.38	14315XAC2	CARMX 2020-1 A3	1.89%	12/16/2024	142.89		
9/15/2022	9/15/2022	120,000.00	44933LAC7	HART 2021-A A3	0.38%	9/15/2025	38.00		
9/15/2022	9/15/2022	155,000.00	254683CP8	DCENT 2021-A1 A1	0.58%	9/15/2026	74.92		
9/15/2022	9/15/2022	157,838.48	89232HAC9	TAOT 2020-A A3	1.66%	5/15/2024	218.34		
9/15/2022	9/15/2022	195,000.00	89239BAC5	TAOT 2021-C A3	0.43%	1/15/2026	69.88		
9/15/2022	9/15/2022	1,100,000.00	91282CAK7	US TREASURY NOTES	0.12%	9/15/2023	687.50		
9/15/2022	9/15/2022	84,414.51	14316NAC3	CARMX 2021-1 A3	0.34%	12/15/2025	23.92		
9/15/2022	9/15/2022	180,000.00	14314QAC8	CARMX 2021-2 A3	0.52%	2/17/2026	78.00		
9/16/2022	9/16/2022	110,000.00	46647PBS4	JPMORGAN CHASE & CO CORPORATE NOTES (CAL	0.65%	9/16/2024	359.15		
9/21/2022	9/21/2022	1,625,000.00	3133EMAM4	FEDERAL FARM CREDIT BANK (CALLABLE)	0.25%	9/21/2023	2,031.25		
9/21/2022	9/21/2022	140,393.37	43813GAC5	HAROT 2021-1 A3	0.27%	4/21/2025	31.59		
9/21/2022	9/21/2022	125,720.91	43813RAC1	HAROT 2020-1 A3	1.61%	4/22/2024	168.68		
9/23/2022	9/23/2022	820,000.00	4581X0DZ8	INTER-AMERICAN DEVEL BK NOTES	0.50%	9/23/2024	2,050.00		
9/23/2022	9/23/2022	795,000.00	3137EAEX3	FREDDIE MAC NOTES	0.37%	9/23/2025	1,490.63		
9/30/2022	9/30/2022	1,545,000.00	912828T26	US TREASURY NOTES	1.37%	9/30/2023	10,621.88		
9/30/2022	9/30/2022	1,060,000.00	91282CAM3	US TREASURY NOTES	0.25%	9/30/2025	1,325.00		
9/30/2022	9/30/2022	730,000.00	912828W71	US TREASURY NOTES	2.12%	3/31/2024	7,756.25		

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
INTEREST									
9/30/2022	9/30/2022	645,000.00	91282CCZ2	US TREASURY N/B NOTES	0.87%	9/30/2026	2,821.88		
9/30/2022	9/30/2022	175,000.00	912828Q29	US TREASURY NOTES	1.50%	3/31/2023	1,312.50		
Total INTEREST		33,551,035.25					167,934.17		0.00
MATURITY									
7/5/2022	7/5/2022	1,230,000.00	56274MG55	MANHATTAN ASSET FDG CO COMM PAPER	0.00%	7/5/2022	1,230,000.00		
7/31/2022	7/31/2022	290,000.00	912828P4	US TREASURY NOTES	1.87%	7/31/2022	292,718.75		
9/27/2022	9/27/2022	1,030,000.00	62479MJT1	MUFG BANK LTD/NY COMM PAPER	0.00%	9/27/2022	1,030,000.00		
9/30/2022	9/30/2022	255,000.00	912828L57	US TREASURY NOTES	1.75%	9/30/2022	257,231.25		
Total MATURITY		2,805,000.00					2,809,950.00		0.00
PAYDOWNS									
7/15/2022	7/15/2022	22,283.21	89232HAC9	TAOT 2020-A A3	1.66%	5/15/2024	22,283.21		
7/15/2022	7/15/2022	9,064.73	14315XAC2	CARMX 2020-1 A3	1.89%	12/16/2024	9,064.73		
7/15/2022	7/15/2022	484.12	14316NAC3	CARMX 2021-1 A3	0.34%	12/15/2025	484.12		
7/21/2022	7/21/2022	15,713.74	43813RAC1	HAROT 2020-1 A3	1.61%	4/22/2024	15,713.74		
8/15/2022	8/15/2022	20,424.34	89232HAC9	TAOT 2020-A A3	1.66%	5/15/2024	20,424.34		
8/15/2022	8/15/2022	8,739.45	14315XAC2	CARMX 2020-1 A3	1.89%	12/16/2024	8,739.45		
8/15/2022	8/15/2022	5,101.37	14316NAC3	CARMX 2021-1 A3	0.34%	12/15/2025	5,101.37		

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
PAYDOWNS									
8/21/2022	8/21/2022	14,738.46	43813RAC1	HAROT 2020-1 A3	1.61%	4/22/2024	14,738.46		
8/21/2022	8/21/2022	9,606.63	43813GAC5	HAROT 2021-1 A3	0.27%	4/21/2025	9,606.63		
9/15/2022	9/15/2022	21,556.23	89232HAC9	TAOT 2020-A A3	1.66%	5/15/2024	21,556.23		
9/15/2022	9/15/2022	4,918.74	14316NAC3	CARMX 2021-1 A3	0.34%	12/15/2025	4,918.74		
9/15/2022	9/15/2022	8,324.99	14315XAC2	CARMX 2020-1 A3	1.89%	12/16/2024	8,324.99		
9/21/2022	9/21/2022	14,787.48	43813RAC1	HAROT 2020-1 A3	1.61%	4/22/2024	14,787.48		
9/21/2022	9/21/2022	9,641.80	43813GAC5	HAROT 2021-1 A3	0.27%	4/21/2025	9,641.80		
Total PAYDOWNS		165,385.29					165,385.29		0.00
SELL									
7/5/2022	7/7/2022	435,000.00	86565CKU2	SUMITOMO MITSUI BANK NY CERT DEPOS	0.70%	7/8/2022	436,522.50		
9/1/2022	9/6/2022	1,300,000.00	912828M80	US TREASURY NOTES	2.00%	11/30/2022	1,304,219.56		-7,836.55
Total SELL		1,735,000.00					1,740,742.06		-7,836.55

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- In accordance with generally accepted accounting principles, information is presented on a trade date basis; forward settling purchases are included in the monthly balances, and forward settling sales are excluded.
- Performance is presented in accordance with the CFA Institute's Global Investment Performance Standards (GIPS). Unless otherwise noted, performance is shown gross of fees. Quarterly returns are presented on an unannualized basis. Returns for periods greater than one year are presented on an annualized basis. Past performance is not indicative of future returns.
- Bank of America/Merrill Lynch Indices provided by Bloomberg Financial Markets.
- Money market fund/cash balances are included in performance and duration computations.
- Standard & Poor's is the source of the credit ratings. Distribution of credit rating is exclusive of money market fund/LGIP holdings.
- Callable securities in the portfolio are included in the maturity distribution analysis to their stated maturity date, although, they may be called prior to maturity.
- MBS maturities are represented by expected average life.

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- **Accrued Interest:** Interest that is due on a bond or other fixed income security since the last interest payment was made.
- **Agencies:** Federal agency securities and/or Government-sponsored enterprises.
- **Amortized Cost:** The original cost of the principal of the security is adjusted for the amount of the periodic reduction of any discount or premium from the purchase date until the date of the report. Discount or premium with respect to short-term securities (those with less than one year to maturity at time of issuance) is amortized on a straight line basis. Such discount or premium with respect to longer-term securities is amortized using the constant yield basis.
- **Asset-Backed Security:** A financial instrument collateralized by an underlying pool of assets – usually ones that generate a cash flow from debt, such as loans, leases, credit card balances, and receivables.
- **Bankers' Acceptance:** A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill as well as the insurer.
- **Commercial Paper:** An unsecured obligation issued by a corporation or bank to finance its short-term credit needs, such as accounts receivable and inventory.
- **Contribution to Total Return:** The weight of each individual security multiplied by its return, then summed for each sector to determine how much each sector added or subtracted from the overall portfolio performance.
- **Effective Duration:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years.
- **Effective Yield:** The total yield an investor receives in relation to the nominal yield or coupon of a bond. Effective yield takes into account the power of compounding on investment returns, while nominal yield does not.
- **FDIC:** Federal Deposit Insurance Corporation. A federal agency that insures bank deposits to a specified amount.
- **Interest Rate:** Interest per year divided by principal amount and expressed as a percentage.
- **Market Value:** The value that would be received or paid for an investment in an orderly transaction between market participants at the measurement date.
- **Maturity:** The date upon which the principal or stated value of an investment becomes due and payable.
- **Negotiable Certificates of Deposit:** A CD with a very large denomination, usually \$1 million or more, that can be traded in secondary markets.
- **Par Value:** The nominal dollar face amount of a security.
- **Pass-through Security:** A security representing pooled debt obligations that passes income from debtors to its shareholders. The most common type is the mortgage-backed security.

Glossary

- Repurchase Agreements: A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date.
- Settle Date: The date on which the transaction is settled and monies/securities are exchanged. If the settle date of the transaction (i.e., coupon payments and maturity proceeds) occurs on a non-business day, the funds are exchanged on the next business day.
- Supranational: A multinational union or association in which member countries cede authority and sovereignty on at least some internal matters to the group, whose decisions are binding on its members.
- Trade Date: The date on which the transaction occurred; however, the final consummation of the security transaction and payment has not yet taken place.
- Unsettled Trade: A trade which has been executed; however, the final consummation of the security transaction and payment has not yet taken place.
- U.S. Treasury: The department of the U.S. government that issues Treasury securities.
- Yield: The rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.
- YTM at Cost: The yield to maturity at cost is the expected rate of return based on the original cost, the annual interest receipts, maturity value, and the time period from purchase date to maturity, stated as a percentage on an annualized basis.
- YTM at Market: The yield to maturity at market is the rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.



USD TREAT
PROTECT
PRESERVE
est. 1918
TRI-CITY WASTEWATER

Directors

Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

Officers

Paul R. Eldredge
*General Manager/
District Engineer*

Karen W. Murphy
Attorney

**NOVEMBER 14, 2022
BOARD OF DIRECTORS MEETING
AGENDA ITEM # 9**

TITLE: Receive Presentation of the Fiscal Year 2021/22 Annual Comprehensive Financial Report (ACFR) and Direct Staff to File the ACFR (*This is a Motion Item*)

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

Recommendation

Receive and file the Fiscal Year 2021/22 Annual Comprehensive Financial Report (ACFR) as presented.

Discussion

Attached to this staff report you will find the Fiscal Year 2021/22 ACFR as audited by Lance, Soll & Lunghard, LLP, Certified Public Accountants. Highlights for year include:

- An increase in Net Position to \$455.2 million, a \$23.8 million increase from FY 2021. Contributing factors include \$11.1 million in connection fees, \$8.4 million in contributed capital as well as marginal rate increases and other inspection and development fees.
- Net Position consists of \$292.1 million invested in capital assets; \$124.9 million restricted for specifically stipulated spending agreements originated by law, contract or other agreements with external parties; and \$38.2 million unrestricted and subject to designation by the District Board of Directors for use in meeting the District's ongoing obligations.
- The District placed \$11.1 million in capital assets into service in FY 2022 compared to \$17.9 million in FY 2021. Long-term liabilities increased \$88.3 million from FY 2021. Contributing factors included a decrease in pension and other post-employment benefits liabilities of \$17.2 million and an increase in long term bonds payable of \$105.5 million.

- There were no significant audit findings for FY 2021/22 as stated in the attached Audit Communication Letter from our auditors, Lance, Soll, & Lunghard, LLP, Certified Public Accountants.

Background

Annually, the District engages an independent accounting firm to audit the financial statements and records for the previously ended fiscal year. The results of the FY 2021/22 audit were presented to the Audit Committee on 11/09/22.

This item is brought before the Board on an annual basis in compliance with the Financial Audit Policy # 2020 and industry best practices.

Previous Board Action

None.

Attachments

FY 2021/22 ACFR

Audit Communication Letter – SAS 114

Independent Auditors' Report on Internal Control – SAS 115



Union Sanitary District

Union City, California

Annual Comprehensive Financial Report



Image: ETSU Phase 1A – Campus Project Location
Looking West

Fiscal Year Ended June 30, 2022 with Comparative
Information for Fiscal Year Ended June 30, 2021



Union Sanitary District

Union City, California

Annual Comprehensive Financial Report



Image: ETSU Phase 1A – Aeration Basin Modifications Project. Basins 1 & 2 Modifications

Fiscal Year Ended June 30, 2022 with Comparative
Information for Fiscal Year Ended June 30, 2021

Prepared by Business Services Work Group

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Introductory Section



Image: ETSU Aeration Basin Modification Project Looking Southward. Basins 1 & 2 Modifications

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Directors
Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

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

Karen W. Murphy
Attorney

November 7, 2022

Board of Directors
Union Sanitary District
Union City, California

Subject: Annual Comprehensive Financial Report for the Year Ended June 30, 2022

We are pleased to present the Union Sanitary District's (the District) Annual Comprehensive Financial Report (ACFR) for the fiscal year (FY) ended June 30, 2022 (formerly referred to as the Comprehensive Annual Financial Report). Responsibility for both the accuracy of presented data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and reported in a manner designed to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain the maximum understanding of the District's financial activities have been included.

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

District Profile

The Reporting Entity

The District is an independent Special District and is accounted for as an enterprise fund type (proprietary fund category). A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity. The activities of enterprise funds closely resemble those of ongoing businesses in which the purpose is to conserve and add to basic resources while meeting operating expenses from current revenues. Enterprise funds account for operations that provide services on a continuous basis and are substantially financed by revenues derived from user charges. As an enterprise fund, the District uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized as they are incurred, regardless of when cash is paid or received. The District considers the Union Sanitary District Financing Authority as a blended component unit of the District.

The District applies all applicable GASB pronouncements in accounting and reporting for proprietary operations. District policy requires that its financial statements be audited on an annual basis by an independent certified public accounting firm approved by the Board of Directors. The independent auditor's report for the fiscal year ended June 30, 2022 is presented in the Financial Section of this report. Please refer to the Management's Discussion and Analysis immediately following the independent auditor's report in the Financial Section for additional information about the financial statements.

District Formation and Organization

The Union Sanitary District was formed in 1918 and subsequently reorganized in 1923 to serve Newark and the Centerville area of what is now Fremont. Between 1949 and 1962, Niles, Decoto, Irvington, and Alvarado Sanitary Districts joined the Union Sanitary District. The District is empowered to own and operate wastewater facilities and the Board of Directors may prescribe, revise, and collect fees or charges for services and facilities. The District provides wastewater collection, treatment and disposal services to the residents and businesses of the cities of Fremont, Newark, and Union City, commonly referred to as the Tri-City Area, with a combined population of 344,855. The Cities are located along Interstates 680 and 880, between Oakland and San Jose in southern Alameda County.

The District is governed by a five-member Board of Directors, which is independently and directly elected by voters to staggered four-year terms. The Board appoints the General Manager to manage and oversee the day-to-day operations. The District, which currently employs 141.45 Full Time Equivalent (FTE) staff, operates in a team-based environment, and uses the Balanced Scorecard as a model for its strategic plan and performance measurement tool.

Local Economic Condition and Outlook

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

The City of Fremont*

Located on the southeast side of the San Francisco Bay, Fremont is a city of 229,476 people and 74,479 households, with an area of 92-square miles. Fremont remains the fourth most populous city in the Bay Area and California's 16th largest city. With its moderate climate and its proximity to major universities, shopping areas, recreation and cultural activities, employment centers, major airports, and the Bay Area Rapid Transit system, Fremont captures metropolitan living at its best.

Fremont is conveniently served by Interstates 680 and 880, as well as rail transport lines including Altamont Commuter Express (ACE), Amtrak Capitol Corridor, and the Bay Area Rapid Transit (BART) system. Fremont also has easy access to the San Jose Airport, Oakland Airport, San Francisco Airport, and the Port of Oakland. Fremont is home to a broad variety of innovative firms including over 1,700 high tech, life science, and clean technology firms. The city has a broad range of quality, affordable business locations; a superior workforce; and a wide variety of tax benefits and incentive programs for businesses.

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

The City of Newark*

Newark has an area of 14 square miles and a population of 47,229. Newark was incorporated in 1955 and is located 35 miles south of San Francisco and next to many high-tech hubs, including easy access to highways 880, 580, 680, and the Dumbarton Corridor places Newark in an ideal location. Newark has evolved from its days enriched in agriculture, manufacturing, and railroad to today's expansion of high-tech, biotech, and the health sciences.

Although Newark has grown significantly, it still manages to keep a small, hometown community charm that citizens say they love about Newark. The City of Newark has a wide variety of programs and services to meet the community's needs.

The City of Union City*

Union City is 18 square miles in area, boasting a diverse and unified people, excellent educational institutions, unsurpassed quality of life, strong economy, and world-renowned location in the San Francisco Bay Area. Incorporated in 1959, the city proudly maintains a small-town feel while being in the center of the Bay Area, with San Francisco and Silicon Valley just minutes away. Union City has grown into an ethnically diverse community of 68,150 residents, and the highly regarded New Haven Unified School District serves about 11,000 K-12 students. The community offers a variety of housing, with affordable and upscale homes available in many charming neighborhoods throughout the city. The transit-oriented Station District, located around the Union City BART station, boasts housing and business development opportunities with easy, convenient access to major public transit running throughout the Bay Area. Union City also offers many wonderful parks, sports fields, community centers, and a variety of recreation programs and social services for residents of all ages.

*Information adapted from the respective city's website and the US Census Bureau

Major Projects or Initiatives

During fiscal year 2022, the District continued, completed, or initiated several significant projects:

Enhanced Treatment & Site Upgrade (ETSU) Program - The District developed the Enhanced Treatment and Site Upgrade (ETSU) Program to upgrade and bring infrastructure up to current standards and to address impending regulatory requirements and preserve capacity needed to meet the General Plans of the Cities served. The Program is a roadmap for the treatment plant's infrastructure over the next 40 to 50 years. These include improvements to the aeration basins and relocation of operations, maintenance, and administrative facilities. The first step in the project, Aeration Basin Modifications, began construction in January of 2022 followed by the Campus Building project in June. The ETSU project is expected to last through calendar year 2029.

Digester 7 – This project was completed and placed in service during FY 2022.

Standby Power Generation System Upgrade - The District's current emergency power facilities are beyond their useful life. This project began construction in the spring of 2022 and is expected to be completed in 2024.

Rebranding Initiative - This project was initiated in late FY 2017 to explore options for rebranding and updating the District's name and logo to increase customer awareness of the services provided by the District. The current name and logo do not provide sufficient differentiation between the City of Union City, sanitation companies or the water District. A new logo, color scheme and nickname, "Tri-City Wastewater", was chosen by the Board in FY 2022 and the District expects to complete the implementation of the rebranding process during the 2023 fiscal year.

Wastewater Based Disease Surveillance – WastewaterSCAN is a national effort to provide a leading approach for monitoring diseases through communities' wastewater to inform public health responses locally and nationally. Scientists at Stanford University and Emory University, the life sciences company Verily, and local wastewater and public health officials partner to produce actionable data about COVID-19, Monkeypox, and other pathogens. The District is participating in this program through January of 2024, which is when the program is expected to conclude. The District will continue to participate in the program if it is extended.

BACWA Watershed Permit 3.0 - Nutrient discharges by municipal Publicly Owned Treatment Works (POTWs) in the San Francisco Bay (SF Bay) Region are governed by the second Nutrient Watershed Permit, which was adopted by the San Francisco Bay Regional Water Quality Control Board in May of 2019. The key tenants are:

- Nutrient Monitoring
- Reporting
- Support for Scientific Studies
- Special Studies

Since the adoption of the second Watershed Permit, the District through the Bay Area Clean Water Agencies (BACWA) and the Regional Water Board have been meeting regularly to discuss the key tenets of the third Watershed Permit, which will be reissued in 2024 and will have a five-year term (through 2029).

2021A Bonds – In September of 2021, the District issued the 2021A bonds in the amount of \$110,000,000 to fund a portion of the ETSU project along with other CIP projects. These funds are anticipated to be spent during FY 2021 through 2024.

WIFIA Financing – In December of 2021 the District secured \$249,000,000 in Water Infrastructure Finance and Innovation Act (WIFIA) funding. These funds will be utilized to pay for 49% of the ETSU project and represents a significant accomplishment for the District to secure these low cost funds, which will save the District rate payers approximately \$47 million dollars in interest costs over conventional tax-exempt financing.

Future Projects or Initiatives

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

The District will continue to focus on the Strategic Planning Initiative in FY 2023. As an organizational management activity, the strategic planning process is used to set priorities, focus energy and resources, strengthen operations, and ensure that employees and other stakeholders are working toward common goals. Our District maintains a three year plan, with a mid-way opportunity to assess the strategy.

Financial Information

Accounting System

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

Internal Controls

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

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

Budgetary Controls

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

Rate Structure

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

Sewer Service Charge

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

The sewer service charge is divided into four primary categories of customers: residential, commercial, institutional, and industrial. The calculation of the sewer service charge for the commercial, institutional, and industrial customers is based upon their average flow, as well as contribution of their projected suspended solids (SS) and chemical oxygen demand (COD). The District has a sampling program to periodically test the effluent from its industrial customers. Flow for industrial users is based on water use records from the Alameda County Water District. The annual residential fee for FY 2022 was \$490.93 for a single-family dwelling and \$432.63 for a multi-family dwelling.

Connection Fees

In 2022 the District charged a sewer connection fee of \$9,331 for a residential equivalent dwelling unit (EDU). The charges for commercial, industrial, and office use are based on factors such as square footage, flow, COD, and suspended solids. Revenues from capacity fees are used to fund capital projects and upgrades that preserve or increase the system's capacity. Collected capacity fee revenues may not fund ongoing operating costs.

Interest Income

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

Other Information

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

Financial Policies – The District maintains a rotation schedule for updating and reviewing policies. In fiscal year 2022, the District reviewed and/or updated the following important financial policies:

Investments, Accounts Receivable Write-Off, and Debt Management.

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

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

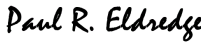
Union Sanitary Financing Authority (USDFA) – During FY 2020, the District formed the USDFA. The creation of this JPA to issue revenue bonds provides savings benefits to the District's ratepayers. The Authority was utilized during FY 2022 for the issuance of the 2021A bonds and the Water Infrastructure Finance and Innovation Act (WIFIA) loan through the US EPA.


Awards Received - During the past year, the District received the following recognition:

- National Association of Clean Water Agencies (NACWA) - Peak Performance Awards 1993 – 2021; USD's Alvarado Treatment Plant in Union City has been recognized for 29 consecutive years by NACWA (and its predecessor, AMSA) for outstanding performance.
- National Association of Clean Water Agencies – Excellence in Management Platinum Recognition
- Government Finance Officers Association (GFOA) – Excellence in Financial Reporting

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

Respectfully submitted,

DocuSigned by:

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

DocuSigned by:

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Mark Carlson, CPA
CFO/Business Services Manager

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VISION/MISSION STATEMENT

April 10, 2017

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

How we continue to accomplish our Vision:

Commitment to safety:

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

Responsibility:

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

Collect, treat, and recover/reuse wastewater:

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

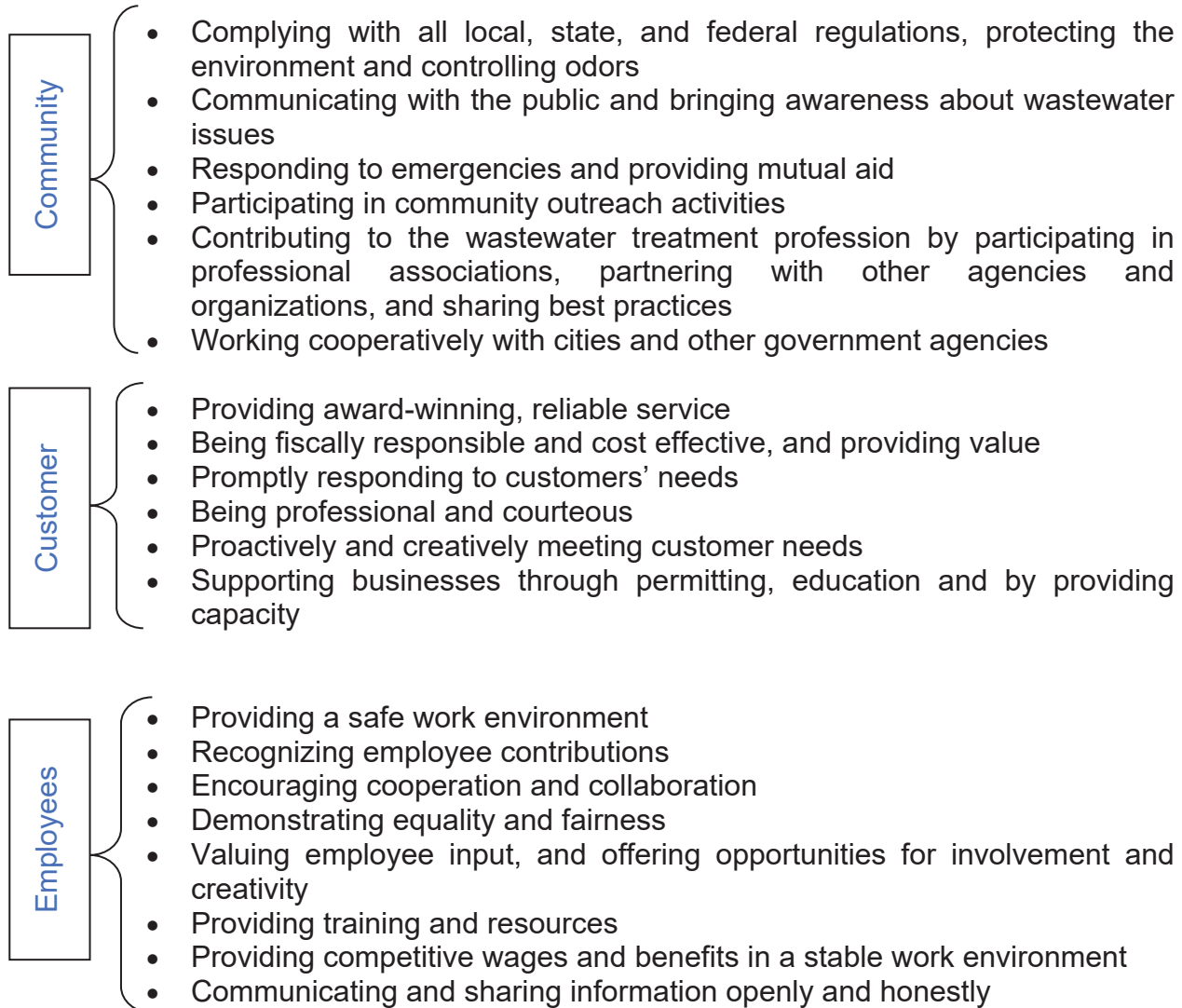
Human health and environmental stewardship

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

VISION/MISSION STATEMENT

April 10, 2017

We benefit our stakeholders by:



Board of Directors



Anjali Lathi



Manny Fernandez



Jennifer Toy



Tom Handley



Pat Kite

Principal Officials

As of June 30, 2022

		City Represented	Year Elected	Term Expires
Anjali Lathi	President	Fremont (Ward 3)	2002	2024
Manny Fernandez	Vice President	Union City (Ward 1)	2011 (Appointed)	2024
Jennifer Toy	Secretary	Fremont (Ward 3)	1998	2026
Tom Handley	Board Member	Fremont (Ward 3)	2007	2026
Pat Kite	Board Member	Newark (Ward 2)	1991	2024

Karen W. Murphy

General Counsel

Staff

Paul Eldredge

General Manager/District Engineer

Armando Lopez

Treatment & Disposal Services Manager

Robert Simonich

Maintenance & Technology Services Manager

Mark Carlson

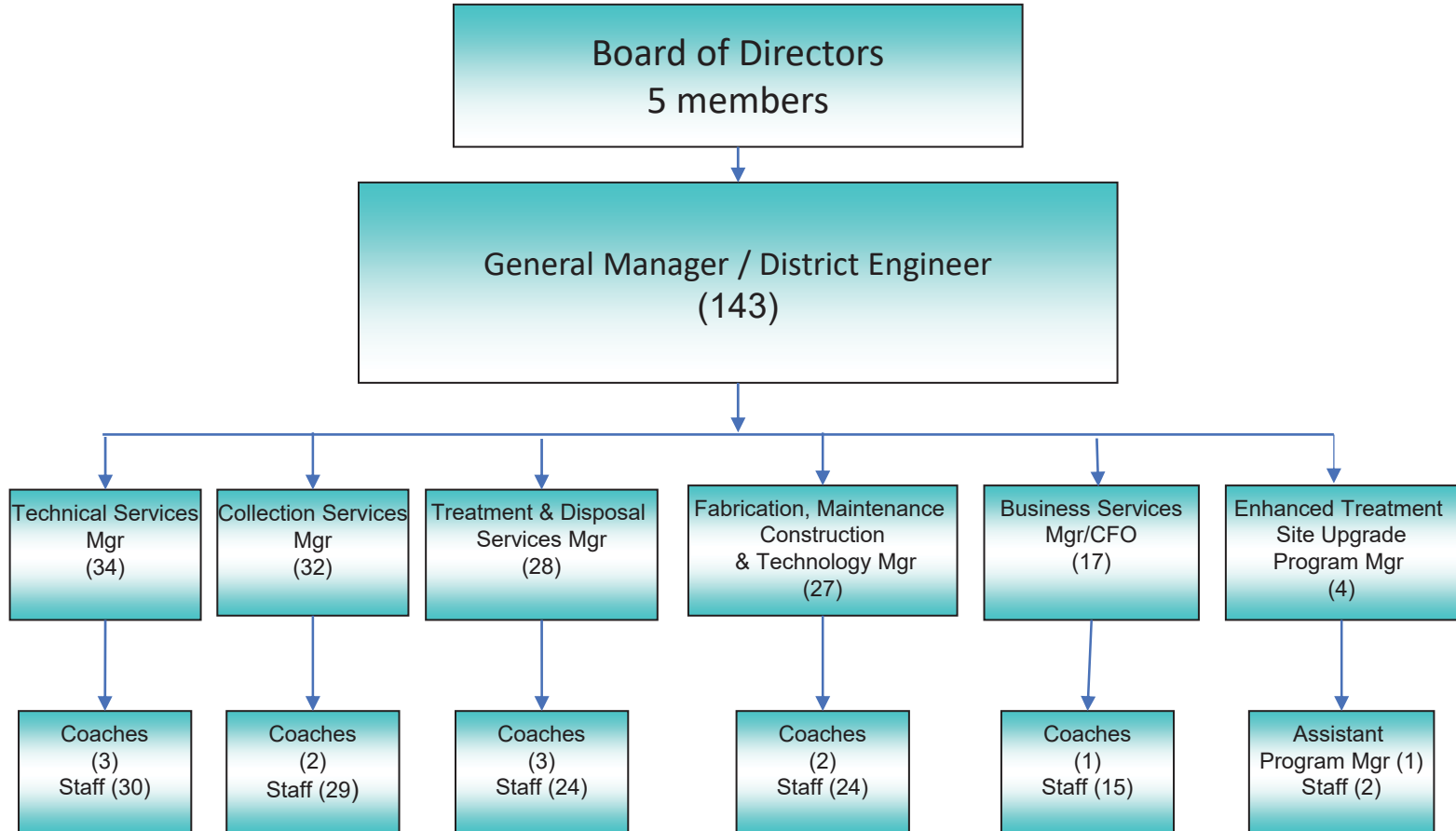
Business Services Manager/Chief Financial Officer

Raymond Chau

Technical Services Manager

Jose Rodrigues

Collection Services Manager







Government Finance Officers Association

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

Presented to

**Union Sanitary District
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

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Financial Section

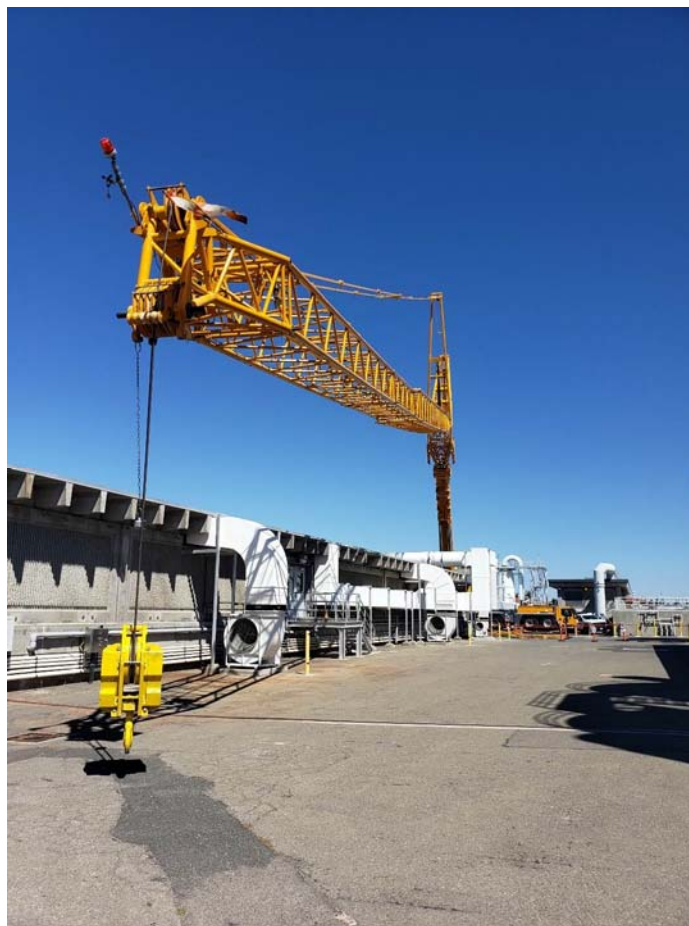


Image: ETSU Phase 1A - Aeration Basin Modification Project.
Basins 1 & 2 Modifications

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the Union Sanitary District (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's Minimum Audit Standards for California Special Districts. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Change in Accounting Principle

As described in the notes to the financial statements, in the fiscal year ended June 30, 2022, the District adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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



To the Board of Directors
Union Sanitary District
Union, California

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the State Controller's Minimum Audit Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the State Controller's Minimum Audit Standards we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



To the Board of Directors
Union Sanitary District
Union, California

Other Reporting Responsibilities

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary schedules of operating expenses before depreciation and schedule of insurance coverage are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects in relation to the basic financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the District's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 27, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent and has been restated to appropriately present the implementation of GASB Statement No. 87, *Leases*, in all material respects, with the audited financial statements from which it has been derived.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



To the Board of Directors
Union Sanitary District
Union, California

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Lance, Soll & Lingham, LLP

Sacramento, California
November 7, 2022

UNION SANITARY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

This section of the District's annual financial report presents an analysis of the District's financial performance during the fiscal year ended June 30, 2022. This information is presented in conjunction with the audited financial statements, which follow this section.

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

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at June 30, 2022, by \$455.2 million (net position). Net position consists of \$292.1 million invested in capital assets, \$124.9 million restricted net position, and \$38.2 million in unrestricted net position.
- The District's total net position increased by \$23.8 million during the fiscal year ended June 30, 2022. Contributing factors include \$11.1 million in connection fees, \$8.4 million in contributed capital as well as marginal rate increases and other inspection and development fees.
- Long-term liabilities increased on the Statement of Net Position by \$88.3 million during the current fiscal year. Contributing factors included a decrease in pension and other post-employment benefits liabilities of \$17.2 million and an increase in long term bonds payable of \$105.5 million.
- The District placed \$11.1 million in capital assets into service compared to \$17.9 in the previous year.

USING THIS ANNUAL REPORT

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

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

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

UNION SANITARY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

Reporting the District as a Whole

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

DISTRICT-WIDE FINANCIAL ANALYSIS

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

The largest portion of the District's Net Position (64.2%) reflects its investment in capital assets (net of accumulated depreciation) less any related outstanding debt that was used to acquire those assets. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Table 1 – Condensed Statement of Net Position

	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Dollar Change FY22 to FY21	Percent Change FY22 to FY21
Current and other assets	\$ 320,760,547	\$ 209,857,551	212,422,497	\$ 110,902,996	52.8%
Capital Assets	373,291,203	354,894,318	325,577,880	18,396,885	5.2%
Total Assets	694,051,750	564,751,869	538,000,377	129,299,881	22.9%
Deferred outflows of resources	10,195,637	10,436,854	10,049,080	(241,217)	-2.3%
Current liabilities	19,475,072	14,875,349	13,419,790	4,599,723	30.9%
Long-term liabilities	215,731,139	127,471,056	126,855,110	88,260,083	69.2%
Total liabilities	235,206,211	142,346,405	140,274,900	92,859,806	65.2%
Deferred inflows of resources	13,797,976	1,368,453	2,584,183	12,429,523	908.3%
Net Position:					
Net investment in capital assets	292,113,978	290,100,929	283,568,402	2,013,049	0.7%
Restricted	124,897,268	91,707,599	66,590,701	33,189,669	36.2%
Unrestricted	38,231,954	49,665,337	55,031,271	(11,433,383)	-23.0%
Total net position	\$ 455,243,200	\$ 431,473,865	\$ 405,190,374	\$ 23,769,335	5.5%

Net position of the District's business type activities increased 5.5% to \$455.2 million, of which \$292.1 million is invested in capital assets such as equipment, buildings, and infrastructure. Of the remaining total, \$124.9 million is restricted to specifically stipulated spending agreements originated by law, contract, or other agreements with external parties. The remaining \$38.2 million is subject to designation for specific purposes as approved by the District Board of Directors and may be used to meet the District's ongoing obligations.

UNION SANITARY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

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

	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Dollar Change FY22 to FY21	Percent Change FY22 to FY21
Operating Revenues:					
Sewer service charges (SSC)	\$ 73,822,317	\$ 62,142,806	\$ 60,216,149	\$ 11,679,511	18.8%
Other revenues	2,904,824	1,318,109	1,460,111	1,586,715	120.4%
Total operating revenues	76,727,141	63,460,915	61,676,260	13,266,226	20.9%
Operating Expenses:					
Depreciation and amortization	16,411,378	16,514,431	16,819,345	(103,053)	-0.6%
Sewage treatment	20,862,815	21,742,446	21,815,870	(879,631)	-4.0%
Sewage collection and engineering	14,258,113	16,426,192	16,596,589	(2,168,079)	-13.2%
General and administration	11,059,626	8,824,714	8,858,612	2,234,912	25.3%
Total operating expenses	62,591,932	63,507,783	64,090,416	(915,851)	-1.4%
Non-operating Revenues (Expenses):					
Investment income (loss) and realized gains and (losses)	1,504,181	1,575,106	3,369,382	(70,925)	-4.5%
Unrealized investment income (loss)	(4,899,280)	(1,336,732)	1,699,925	(3,562,548)	266.5%
Gain/(loss) on retirement of capital assets	14,969	(5,840)	(45,982)	20,809	-356.3%
Investment in East Bay Dischargers Authority gain/(loss)	(1,219,804)	7,355,380	(62,484)	(8,575,184)	-116.6%
Interest and fiscal charges	(5,275,070)	(2,099,213)	(1,841,089)	(3,175,857)	151.3%
Lease revenue	12,728	13,197	-	(469)	-3.6%
Total Net non-operating revenues (expenses)	(9,862,276)	5,501,898	3,119,752	(15,364,174)	-279.3%
Income Before Contributed Capital	4,272,933	5,455,030	705,596	(1,182,097)	-21.7%
Capital Contributions					
Connection fees	11,145,152	9,358,209	14,179,465	1,786,943	19.1%
Contributed capital	8,374,513	12,360,959	5,582,142	(3,986,446)	-32.3%
Total Net Capital Contributions	19,519,665	21,719,168	19,761,607	(2,199,503)	-10.1%
Change in Net Position	23,792,598	27,174,198	20,467,203	(3,381,600)	-12.4%
Beginning Net Position	431,473,865	405,190,374	385,331,061	26,283,491	6.5%
Prior period adjustment	(23,263)	(890,707)	(607,890)	867,444	-97.4%
Restated Net Position, Beginning of Year	431,450,602	404,299,667	384,723,171	27,150,935	6.7%
Ending Net Position	\$ 455,243,200	\$ 431,473,865	\$ 405,190,374	\$ 23,769,335	5.5%

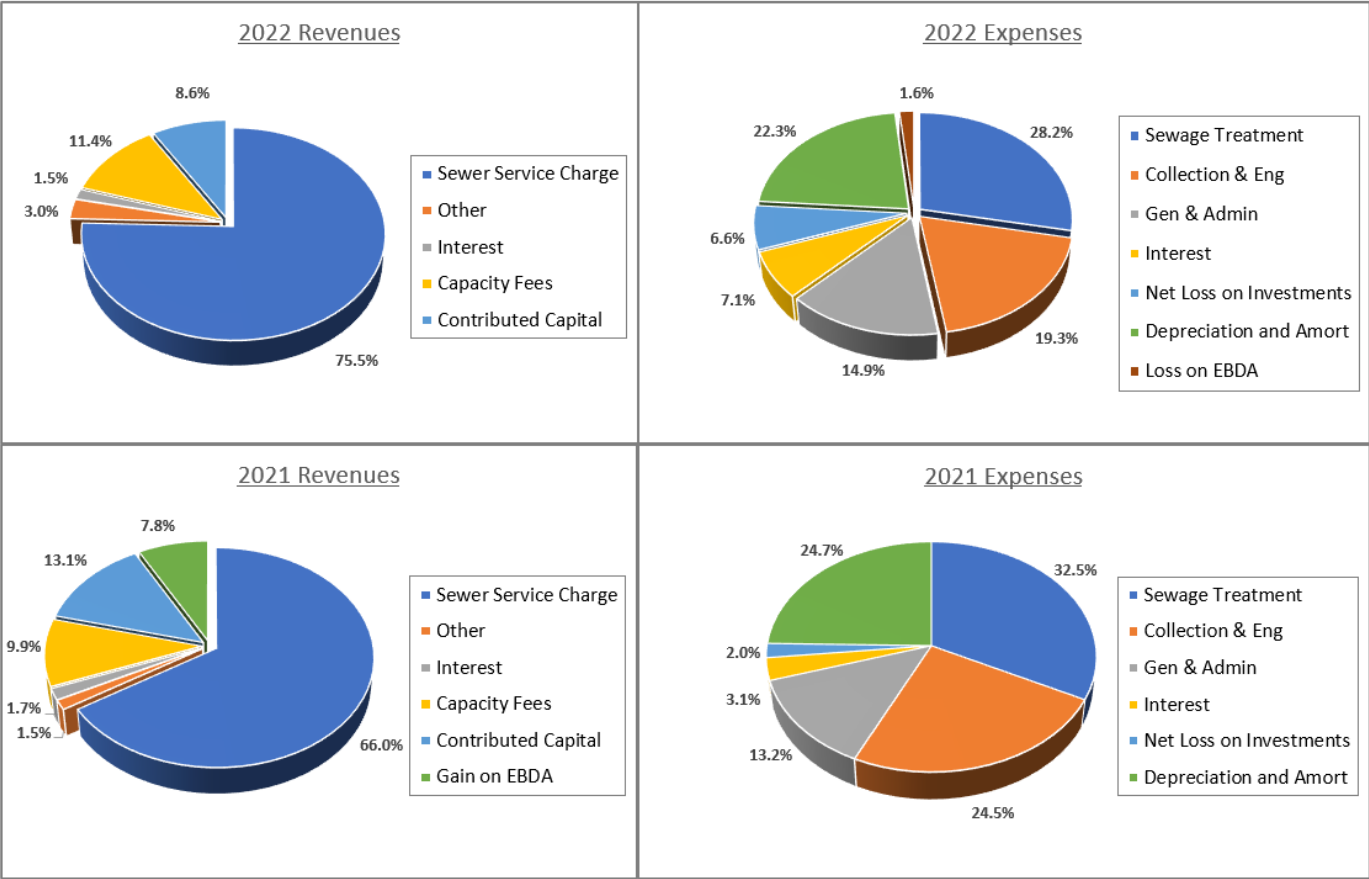
The District's increase in net position of \$23.8 million is primarily due to the following:

- A marginal rate increase in sewer service charge and the increase in other revenues, such as permit fees.
- The District received \$11.1 million in connection fees and \$8.4 million in contributed capital due to the ongoing residential development activity within the service area.

Overall, the District's operating revenues increased 20.9% or \$13.3 million from FY 2021. Sewer service revenues for the year increased by 18.8% or \$11.7 million. Other operating revenues increased by 120.4% or \$1.6 million from prior year. \$1.5 million of this increase was a federal reimbursement for COVID-19 related expenses. Commercial and residential development connection fee revenues increased 19.1%, or \$1.8 million from prior year. Contributed capital decreased 32.3% or \$4.0 million.

The loss on equity investment in East Bay Dischargers Authority (EBDA) was \$1.2 million. Investment income decreased by \$3.6 million resulting in a \$3.4 million loss in FY 2022. Aside from unrealized gains and losses, the District had positive earned interest of \$1.1 million for FY 2022. Lower returns from LAIF, CAMP, and managed portfolio investments resulted in a weighted investment yield at June 30, 2022, of 1.16%, with a weighted average portfolio life of 289 days compared to a weighted investment yield at June 30, 2021, of .53%, with a weighted average portfolio life of 262 days. The District's operating expenses decreased from the prior year \$0.9 million.

UNION SANITARY DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2022



UNION SANITARY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

The District has outstanding construction contract commitments on capital projects approximating \$249.1 million at June 30, 2022. During the year ended June 30, 2022, major projects and related activity included:

Table 3 – Additions to CIP

MP - Aeration Basin Modifications	\$ 5,742,495
Alvarado Influent PS Pumps and VFDs	4,299,600
Primary Digester No. 7	2,690,983
Campus Building (Admin, FMC, Ops)	2,346,654
ETSU Phase 1B Project	2,209,154
Emergency Outfall Outlet Improvements	1,797,914
Aeration Blower 11 (High Speed)	1,609,019
Standby Power System Upgrade	1,106,080
ETSU 1A – Blower 7-10 Replacement	799,987
Centrifuge Building Improvements	730,145
Gravity Sewer Rehab/Replacement	718,890
Calcium Thiosulfate Chemical Tank	543,936
Cathodic Protection Improvements - Plant	531,554
Pump Station Chemical System Improvements	258,841
Plant Miscellaneous Improvements	236,179
Others	597,055
Total	<u>\$ 26,218,486</u>

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

Table 4 – Total CIP Placed into Service

Headworks 3 rd Bar Screen	<u>\$ 2,517,055</u>
Total	<u><u>\$ 2,517,055</u></u>

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

Debt Administration

At year-end, the District had \$178.4 million in long-term debt outstanding versus \$70.9 million last year.

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

UNION SANITARY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

NEW SIGNIFICANT ACCOUNTING STANDARDS IMPLEMENTED

In fiscal year 2022, the following Governmental Accounting Standards Board (GASB) pronouncements impacted the District:

- GASB Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.

NEXT YEAR'S BUDGET AND RATES

The Board of Directors adopted the FY 2023 Budget with total appropriations of \$137.9 million which is an increase over the prior year budget of \$25.8 million. Of that amount, \$68.8 million has been appropriated for capital projects (both for design and construction) such as the Enhanced Treatment & Site Upgrade (ETSU) program, series of prior Master Plan (MP) projects), Stand by Power Generation System Upgrade, and Pump Station Chemical System Improvements to name a few. The budget also includes \$3.2 million in special projects (including some new and some continuing efforts) such as property acquisitions, public outreach, energy resilience, digester efficiency, and various other project studies. To stay competitive with the market, the appropriations include a cost of living increase of 4.2% for employees.

This budget also includes certain rate increase as part of an approved five-year rate plan that became effective on July 1, 2021. Total estimated revenues for FY 2023 are \$87.2 million which is an increase of \$4.7 million over the prior year budget (net of loan proceeds). The increase is largely attributable to increases in Sewer Service Charges. Major revenue items are sewer service charges of \$77.0 million, capacity fee revenues of \$7.5 million and other revenues of \$2.8 million.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

UNION SANITARY DISTRICT

STATEMENTS OF NET POSITION

JUNE 30, 2022 (with comparative information for June 30, 2021)

	2022	2021
Assets:		
Current Assets:		
Cash and cash equivalents	\$ 64,751,949	\$ 3,898,442
Investments	128,308,418	171,017,705
Receivables:		
Accounts, net	6,978,714	6,575,274
Accrued interest	491,838	241,568
Lease	59,363	71,355
Inventories	949,649	796,089
Prepaid expenses	42,690	32,539
Total current assets	201,582,621	182,632,972
Noncurrent Assets:		
Capital assets		
Non-depreciable capital assets		
Land and improvements	5,395,903	5,395,903
Construction in progress	88,083,164	64,404,996
Capacity permits and easements	6,415,898	6,415,898
Depreciable capital assets		
Utility plant in service	701,677,460	690,626,913
Less: accumulated depreciation	(428,325,087)	(412,023,458)
Right-to-use leased asset, net amortization	43,865	74,066
Net capital assets	373,291,203	354,894,318
Other Assets		
Restricted cash, cash equivalents	1,357,570	1,039,360
Restricted investments	105,927,563	13,072,622
Investment in East Bay Dischargers Authority	11,892,793	13,112,597
Total other assets	119,177,926	27,224,579
Total noncurrent assets	492,469,129	382,118,897
Total assets	694,051,750	564,751,869
Deferred Outflows of Resources:		
Deferred outflows related to pensions	7,944,983	9,058,711
Deferred outflows related to OPEB	2,250,654	1,378,143
Total deferred outflows of resources	10,195,637	10,436,854
Liabilities:		
Current liabilities:		
Accounts payable and accrued expenses	6,824,233	4,842,991
Accrued payroll and related expenses	1,144,262	1,160,842
Interest payable	1,724,362	752,436
Customer deposits	3,742,596	3,868,142
Accrued compensated absences	1,487,952	1,650,244
Bonds payable	4,530,000	2,575,000
Lease payable	21,667	25,694
Total current liabilities	19,475,072	14,875,349
Long-term liabilities:		
Bonds payable	173,821,348	68,338,414
Net pension liability	39,420,078	55,447,032
Net OPEB liability	2,469,281	3,643,511
Lease payable	20,432	42,099
Total long-term liabilities	215,731,139	127,471,056
Total liabilities	235,206,211	142,346,405
Deferred Inflows of Resources:		
Deferred inflows related to pensions	12,055,141	204,255
Deferred inflows related to OPEB	1,699,105	1,110,376
Deferred inflows related to leases	43,730	53,822
Total deferred inflows of resources	13,797,976	1,368,453
Net Position:		
Net investment in capital assets	292,113,978	290,100,929
Restricted for:		
Capacity purposes	119,247,498	86,776,039
Debt service	4,287,201	3,887,201
Funds held for faithful performance	1,362,569	1,044,359
Unrestricted	38,231,954	49,665,337
Total net position	\$ 455,243,200	\$ 431,473,865

UNION SANITARY DISTRICT

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2022 (with comparative information for the year ended June 30, 2021)

	2022	2021
Operating revenues:		
Sewer service charges (SSC)	\$ 73,822,317	\$ 62,142,806
Other operating revenues	2,904,824	1,318,109
Total operating revenues	76,727,141	63,460,915
Operating expenses:		
Sewage treatment	20,862,815	21,742,447
Sewage collection and engineering	14,258,113	16,426,192
General and administration	11,059,626	8,824,716
Total operating expenses before depreciation and amortization	46,180,554	46,993,355
Depreciation and amortization	16,411,378	16,514,431
Total operating expenses	62,591,932	63,507,786
Operating income (loss)	14,135,209	(46,871)
Nonoperating Revenues (Expenses):		
Investment income (loss) and realized gains and (losses)	1,504,181	1,575,106
Unrealized investment income (loss)	(4,899,280)	(1,336,732)
Interest and fiscal charges	(5,275,070)	(2,099,211)
Lease revenue	12,728	13,197
Gain (Loss) on equity investment in East Bay Dischargers Authority	(1,219,804)	7,355,380
Gain (Loss) on disposal of capital assets	14,969	(5,840)
Net Nonoperating Revenues (Expenses)	(9,862,276)	5,501,900
Income before contributed capital	4,272,933	5,455,029
Connection fees and other contributed capital	19,519,665	21,719,168
Changes in Net Position	23,792,598	27,174,197
Net Position:		
Beginning of fiscal year	431,473,865	405,190,375
Restatements	(23,263)	(890,707)
Beginning of Fiscal Year, as restated	431,450,602	404,299,668
End of Fiscal Year	\$ 455,243,200	\$ 431,473,865

UNION SANITARY DISTRICT

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2022 (with comparative information for the year ended June 30, 2021)

	2022	2021
Cash flows from operating activities:		
Receipts from customers and users	\$ 76,323,701	\$ 61,702,670
Payments to suppliers for goods and services	(17,290,973)	(14,009,560)
Payments to employees for services	(31,771,274)	(30,180,392)
Receipts from (return of) customer deposits	(125,546)	205,185
Net cash provided by operating activities	27,135,908	17,717,903
Cash flows from capital and related financing activities:		
Proceeds from capital debt	110,626,705	-
Capital contributions	11,145,152	9,358,209
Acquisition and construction of capital assets	(26,457,013)	(34,307,658)
Principal paid on capital debt	(2,575,000)	(2,290,000)
Interest and fiscal charges paid on capital debt	(4,916,914)	(2,496,069)
Principal paid on lease liability	(25,695)	(24,034)
Collections on lease receivable	14,628	14,628
Proceeds from sales of capital assets	14,969	14,064
Net cash provided (used) by capital and related financing activities	87,826,832	(29,730,860)
Cash flows from investing activities:		
Maturity (purchase) of investments	(55,044,934)	9,823,466
Interest received	1,253,911	1,941,409
Net cash provided (used) by investing activities	(53,791,023)	11,764,875
Net increase (decrease) in cash and cash equivalents	61,171,717	(248,082)
Cash and cash equivalents at beginning of year	4,937,802	5,185,884
Cash and cash equivalents at end of year	\$ 66,109,519	\$ 4,937,802
Reconciliation of cash and cash equivalents to amounts reported on the Statement of Net Position		
Cash, cash equivalents	\$ 64,751,949	\$ 3,898,442
Restricted cash, cash equivalents	1,357,570	1,039,360
Total cash and cash equivalents on the Statement of Net Position	\$ 66,109,519	\$ 4,937,802
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 14,135,209	\$ (46,871)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	16,411,378	16,514,431
Increase (decrease) in pension related items	(3,062,340)	2,864,271
Increase (decrease) in OPEB related items	(1,458,012)	(1,067,915)
(Increase) decrease in accounts receivable	(403,440)	(1,772,873)
(Increase) decrease in inventories and other	(163,711)	(10,028)
Increase (decrease) in accounts payable and accrued expenses	1,981,242	413,887
Increase (decrease) in accrued liabilities	(16,580)	265,808
Increase (decrease) in customer deposits	(125,546)	205,185
Increase (decrease) in compensated absences	(162,292)	352,008
Total adjustments	13,000,699	17,764,774
Net cash provided by operating activities	\$ 27,135,908	\$ 17,717,903
Non-cash investing, capital, and financing activities:		
Contributions of capital assets	\$ 8,374,513	\$ 12,360,959
Gain (loss) on disposal of capital assets	14,969	(5,840)
Increase (decrease) in equity in East Bay Dischargers Authority	(1,219,804)	7,355,380
Amortization of premiums on long-term debt	(613,771)	(304,835)
Restatement of equity due to lease adjustment	-	33,133
Restatement of equity due to CIP adjustment	(23,263)	(923,840)

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UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Note 1: Organization and Summary of Significant Accounting Policies

The Organization

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

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

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

The Financial Reporting Entity

For financial reporting purposes component units are defined as legally separate organizations for which the elected officials of the primary government are financially accountable, and other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The District considered all potential component units in determining what organizations should be included in the financial statements. The District includes all funds that are controlled by, or dependent upon the Board of Directors of the District.

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

a. Basis of Accounting and Measurement Focus

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

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

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

b. Cash and Cash Equivalents

The District considers all highly liquid investments, which are readily convertible into known amounts of cash and have a maturity of three months or less when acquired, to be cash equivalents. As of June 30, 2022, cash equivalents consist of U.S. Treasury funds in a sweep account and money market funds.

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

c. Investments

Investments, which consist of short-term, fixed-income securities at June 30, 2022, are recorded at fair value using quoted market prices. The related net realized and unrealized gains (losses) on investments are recognized in the accompanying statement of revenues expenses, and changes in net position.

d. Inventory

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

e. Capital Assets

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

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

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

Useful Lives

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

The aggregate provision for depreciation was 3.05 percent of average depreciable plant during the year ended June 30, 2022.

g. Compensated Absences

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

h. Net Position

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

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

- Net Position Restricted for Capacity Purposes – restricted for activities related to increases in the capacity of the collection and/or treatment systems.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

i. Classification of Revenues and Expenses

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

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

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

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

j. Use of Estimates

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

k. Deferred Outflows/Inflows of Resources

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

I. Pensions

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

m. Other Post-Employment Benefit (OPEB)

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

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

Valuation Date	June 30, 2021
Measurement Date	June 30, 2021
Measurement Period	June 30, 2020 to June 30, 2021

n. Recognition of Deferred Outflows and Deferred Inflows of Resources

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

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

Net difference between projected and actual earning on OPEB plan investments	5 years
All other Amounts	Expected average remaining service lifetime (EARSL) (6.77 years at June 30, 2021)

o. Leases

Lessee: The District is a lessee for noncancellable leases of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements. The District recognizes lease liabilities with an initial, individual value of \$10,000 or more.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the right-to-use lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Right-to-use lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor: The District is a lessor for a noncancellable lease of a cell tower site. The District recognizes a lease receivable and a deferred inflow of resources in the financial statements.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

p. Implementation of New Accounting Standards

During the year ended June 30, 2022, the District implemented the following new accounting standards issues by the Governmental Accounting Standards Board (GASB):

GASB Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. See additional information in Notes 10 and 13.

GASB Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

q. Comparative Data

Selected information regarding the prior year has been included in the accompanying financial statements. The information included in the accompanying financial statements for the prior year has been restated to appropriately present the implementation of GASB Statement No. 87, *Leases*, which has been presented for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's prior year financial statements, from which this selected financial data was derived.

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

Note 2: Capital Assets

Capital asset activity for the year ended June 30, 2022, is summarized as follows:

	Balance June 30, 2021	Adjustments*	Adjusted Balance	Additions	Deletions	Transfers	Balance June 30, 2022
Capital assets, not being depreciated:							
Land and improvements	\$ 5,395,903	\$ -	\$ 5,395,903	\$ -	\$ -	\$ -	\$ 5,395,903
Construction in progress	64,404,996	(23,263)	64,381,733	26,218,486	-	(2,517,055)	88,083,164
Capacity permits and easements	6,415,898	-	6,415,898	-	-	-	6,415,898
Total capital assets, not being depreciated	76,216,797	(23,263)	76,193,534	26,218,486	-	(2,517,055)	99,894,965
Capital assets, being depreciated:							
Sewage collection facilities	462,293,591	-	462,293,591	8,374,513	(7,200)	-	470,660,904
Sewage treatment facilities	133,194,777	-	133,194,777	93,642	-	2,517,055	135,805,474
District facilities	78,854,436	-	78,854,436	-	-	-	78,854,436
General equipment	8,620,501	-	8,620,501	84,732	(11,030)	-	8,694,203
Fleet	7,663,608	-	7,663,608	60,153	(61,318)	-	7,662,443
Right-to-use leased asset	144,302	-	144,302	-	-	-	144,302
Total capital assets, being depreciated	690,771,215	-	690,771,215	8,613,040	(79,548)	2,517,055	701,821,762
Less accumulated depreciation and amortization for:							
Sewage collection facilities	(278,511,735)	-	(278,511,735)	(9,046,690)	7,200	-	(287,551,225)
Sewage treatment facilities	(82,760,832)	-	(82,760,832)	(4,356,589)	-	-	(87,117,421)
District facilities	(38,195,076)	-	(38,195,076)	(2,097,143)	-	-	(40,292,219)
General equipment	(7,253,332)	-	(7,253,332)	(364,311)	11,030	-	(7,606,613)
Fleet	(5,302,483)	-	(5,302,483)	(516,443)	61,318	-	(5,757,608)
Right-to-use leased asset	(70,236)	-	(70,236)	(30,202)	-	-	(100,438)
Total accumulated depreciation	(412,093,694)	-	(412,093,694)	(16,411,378)	79,548	-	(428,425,524)
Total capital assets being depreciated, net	278,677,521	-	278,677,521	(7,798,338)	-	2,517,055	273,396,238
Total Capital Assets, net	\$ 354,894,318	\$ (23,263)	\$ 354,871,055	\$ 18,420,148	\$ -	\$ -	\$ 373,291,203

Construction work in progress consists primarily of the direct construction costs associated with numerous District projects plus related construction overhead. The District has outstanding construction contract commitments on capital projects approximating \$249.1 million at June 30, 2022.

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

Note 3: Cash and Investments

a. Summary of Cash and Cash Equivalents and Investments

Cash and cash equivalents and investments at June 30, 2022, are detailed as follows:

Cash and cash equivalents	\$ 64,751,949
Restricted cash and cash equivalents	1,357,570
Investments	128,308,418
Restricted Investments	105,927,563
Total cash and cash equivalents and investments	<u>\$ 300,345,500</u>

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

Note 3: Cash and Investments (Continued)

b. Authorized Investments by the District

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

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

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

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

Note 3: Cash and Investments (Continued)

c. Interest Rate Risk

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

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity as of June 30, 2022:

	Maturities of			Total
	12 Months Or Less	12 to 24 Months	25 to 60 Months	
U.S. Treasury Obligation	\$ 9,088,140	\$ 14,026,843	\$ 20,509,968	\$ 43,624,951
U.S Agency Obligations:				
FFCB	-	1,570,367	-	1,570,367
FHLB	768,629	-	522,721	1,291,350
FHLMC	974,577	504,546	2,210,277	3,689,400
FNMA	845,321	1,022,410	4,578,654	6,446,385
Corporate Notes	3,876,188	773,052	5,231,666	9,880,906
Certificate of Deposit	2,032,179	-	-	2,032,179
Asset-Backed Securities	-	354,860	1,053,404	1,408,264
Commercial Paper	2,253,926	-	-	2,253,926
LAIF- Unrestricted	12,235,902	-	-	12,235,902
LAIF- Restricted	101,635,363	-	-	101,635,363
California Asset Management Program Pool (CAMP)	48,166,988	-	-	48,166,988
Total Investments	181,877,213	18,252,078	34,106,690	234,235,981
Cash in bank	64,751,949	-	-	64,751,949
Restricted cash	1,357,570	-	-	1,357,570
Total Cash and Investments	\$ 247,986,732	\$ 18,252,078	\$ 34,106,690	\$ 300,345,500

d. LAIF Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF). LAIF is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The District reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The unrestricted portion of LAIF's balance is available for withdrawal on demand and is based in the accounting records maintained by LAIF, which are recorded on an amortized cost basis. The restricted portion of LAIF's balance may only be withdrawn once a month. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills and corporations. The carrying value of LAIF approximates fair value. At June 30, 2022, the District had three accounts with LAIF, consisting of \$12,235,902 in unrestricted investments, and \$101,635,363 in restricted investments specific to the proceeds from the issuance of both the Series 2020A and 2021A Revenue Bonds, further discussed in Note 6. At June 30, 2022, these investments mature in an average of 311 days.

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

Note 3: Cash and Investments (Continued)

e. California Asset Management Program (CAMP) Pool

The District is a voluntary participant in the California Asset Management Program (CAMP) Pool. CAMP is an investment pool offered by the California Asset Management Trust (the Trust). The Trust is a joint powers authority and public agency created by the Declaration of Trust and established under the provisions of the California Joint Exercise of Powers Act (California Government Code Sections 6500 et seq., or the "Act") for the purpose of exercising the common power of CAMP participants to invest certain proceeds of debt issues and surplus funds. CAMP investments are limited to investments permitted by subdivisions (a) to (n), inclusive, of Section 53601 of the California Government Code. The District reports its investments in CAMP at the fair value amounts provided by CAMP, which is the same as the value of the pool share in accordance with GASB 72 requirements. At June 30, 2022, the fair value was approximate to the District's cost. As of June 30, 2022, the District investment in CAMP is \$48,166,988.

f. Credit Risk

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

Presented below is the actual rating as of June 30, 2022, for each investment type:

Investment Type	Aaa	Aa2	A1	A2	A3	P-1	WR	Total
U.S. Treasury Obligations	\$ 43,334,777	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 290,174	\$ 43,624,951
U.S. Agency Obligations								
FFCB	1,570,367	-	-	-	-	-	-	1,570,367
FHLB	1,291,350	-	-	-	-	-	-	1,291,350
FHLMC	3,689,400	-	-	-	-	-	-	3,689,400
FNMA	6,446,385	-	-	-	-	-	-	6,446,385
Corporate Notes	1,796,918	1,949,979	2,037,912	3,422,851	673,246	-	-	9,880,906
Asset-Backed Securities	831,355	-	-	-	-	-	-	831,355
Certificates of Deposit	-	-	-	-	-	1,592,278	-	1,592,278
Commercial Paper	-	-	-	-	-	1,024,218	-	1,024,218
Totals	\$ 58,960,552	\$ 1,949,979	\$ 2,037,912	\$ 3,422,851	\$ 673,246	\$ 2,616,496	\$ 290,174	\$ 69,951,210

Not Rated

Asset-Backed Securities	576,909
Certificates of deposit	439,901
Commercial Paper	1,229,708
California Local Agency Investment Fund (LAIF) - Unrestricted	12,235,902
California Local Agency Investment Fund (LAIF) - Restricted	101,635,363
California Asset Management Program (CAMP)	48,166,988
Cash and cash equivalents	66,109,519
Total Cash, Cash Equivalents and Investments	\$ 300,345,500

g. Concentration of Credit Risk

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

As of fiscal year ended June 30, 2022, none of the District's investments had concentrations in any single issuer greater than 5 percent.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 3: Cash and Investments (Continued)

h. Custodial Credit Risk

Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy, as well as the California Government Code, requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2022, the District's total bank balance of \$65,324,085 was either collateralized or insured by the Federal Deposit Insurance Corporation (FDIC). Certificates of Deposit were also collateralized.

Investments

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

Note 4: Fair Value Measurements

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

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

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

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

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

Note 4: Fair Value Measurements (Continued)

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

The District's fair value measurements are as follows at June 30, 2022:

Investment Type	Fair Value	Level 1 Inputs	Level 2 Inputs	Uncategorized
U.S. Treasury Obligations	\$ 43,624,951	\$ 43,624,951	\$ -	\$ -
U.S. Agency Obligations				
FFCB	1,570,367	-	1,570,367	-
FHLB	1,291,350	-	1,291,350	-
FHLMC	3,689,400	-	3,689,400	-
FNMA	6,446,385	-	6,446,385	-
Corporate Notes	9,880,906	-	9,880,906	-
Certificates of Deposits	2,032,179	-	2,032,179	-
Asset-Back Securities	1,408,264	-	1,408,264	-
Commercial Paper	2,253,926	-	2,253,926	-
California Asset Management Program (CAMP)	48,166,988	-	-	48,166,988
California Local Agency Investment Fund (LAIF)- Unrestricted	12,235,902	-	-	12,235,902
California Local Agency Investment Fund (LAIF)- Restricted	101,635,363	-	-	101,635,363
Totals	<u>\$ 234,235,981</u>	<u>\$ 43,624,951</u>	<u>\$ 28,572,777</u>	<u>\$ 162,038,253</u>

Note 5: Joint Ventures

Alameda County Water District Financing Authority

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

Investment in East Bay Dischargers Authority

The District has an 42.1 percent interest in East Bay Discharges Authority (EBDA), a Joint Powers Authority established under the Joint Exercise of Powers Act of the State of California. As a separate legal entity, EBDA exercises full power and authority within the scope of the related Joint Powers Agreement, including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Obligations and liabilities of EBDA are not those of the District and the other participating entities.

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

Note 5: Joint Ventures (Continued)

EBDA constructed and operates an export pumping facility through which all treated wastewater in the area is discharged. The other participants (and their ownership percentages) are the City of Hayward (14.72 percent), the City of San Leandro (13.74 percent), the Oro Loma Sanitary District (19.44 percent), and Castro Valley Sanitary District (10.30 percent). The District has rights to 42.1 percent of EBDA's capacity.

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

Because the District has the ability to exercise influence over operating and financial policies of EBDA, the District's proportionate share of EBDA's net position, excluding sole use of facilities, and the District's share of its undivided ownership (42.1 percent) in EBDA's total net equity, has been recorded as an investment in EBDA accounted for under the equity method.

Summary financial information for EBDA, as of June 30, 2021, and for the years then ended, the most recent audited information available, is as follows:

	2021
Total assets and deferred outflows	\$ 30,314,935
Total liabilities and deferred inflows	(2,066,021)
Net position value of EBDA	<u>\$ 28,248,914</u>
District's share at 42.1%	<u>\$ 11,892,793</u>
Net loss on equity investment in EBDA	<u>\$ (1,219,804)</u>

EBDA has no outstanding debt.

During fiscal year ended June 30, 2022, the District was charged \$1,485,410 by EBDA primarily for operating costs. Such costs are included in the wastewater treatment expenses by the District for financial reporting purposes.

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

Note 6: Long-Term Obligations

A summary of changes in the District's long-term bond obligations for the year ended June 30, 2022, are as follows:

	Maturity Date	Interest Rate	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022	Amount due within one year
Public Offerings:							
Series 2020A Revenue Bonds	9/1/2050	4.0%	\$ 61,870,000	\$ -	\$ 2,575,000	\$ 59,295,000	\$ 2,670,000
Premium- Series 2020A Revenue Bonds			9,043,414	-	304,834	8,738,580	-
Series 2021A Revenue Bonds	9/1/2051	2.25%	-	99,505,000	-	99,505,000	1,860,000
Premium- Series 2021A Revenue Bonds			-	11,121,705	308,937	10,812,768	-
			<u>\$ 70,913,414</u>	<u>\$ 110,626,705</u>	<u>\$ 3,188,771</u>	<u>\$ 178,351,348</u>	<u>\$ 4,530,000</u>

UNION SANITARY DISTRICT**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**
JUNE 30, 2022**Note 6: Long-Term Obligations (Continued)*****Series 2020A Revenue Bonds***

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

Series 2021A Revenue Bonds

During August 2021, the Union Sanitary District Financing Authority (USDFA) issued \$99,505,000 in revenue bonds. The interest rate on the loan is 2.25 percent and will be payable in thirty annual installments beginning September 1, 2022. The purpose of the bonds is to finance improvements to the wastewater system, specifically the District's Enhanced Treatment and Site Upgrade Program (ETSU). The outstanding balance from this public offering contains a provision that in the occurrence or continuation of any event of default the trustee, at the written direction of the bond owners, must declare the principal of the bonds, together with the accrued interest, to be due and payable immediately and may exercise any other remedies available to the trustee and bond owners in law or at equity to enforce the rights of the bond owners. In addition, upon the occurrence and during the continuation of an event of default, interest on the bonds shall accrue at the default rate.

Debt Service Requirements

Future annual repayment requirements as of June 30, 2022, are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2023	\$ 4,530,000	\$ 5,163,038	\$ 9,693,038
2024	4,705,000	4,987,638	9,692,638
2025	4,015,000	4,813,238	8,828,238
2026	4,175,000	4,649,438	8,824,438
2027	4,345,000	4,479,038	8,824,038
2028-2032	24,455,000	19,406,563	43,861,563
2033-2037	26,270,000	14,104,363	40,374,363
2038-2042	25,515,000	9,708,988	35,223,988
Thereafter	60,790,000	7,522,440	68,312,440
Totals	<u>\$ 158,800,000</u>	<u>\$ 74,834,744</u>	<u>\$ 233,634,744</u>

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

Note 7: Compensated Absences

A summary of the changes in compensated absences for the year ended June 30, 2022, are as follows:

Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Amount due within one year
\$ 1,650,244	\$ 1,332,420	\$ 1,494,712	\$ 1,487,952	\$ 1,487,952

Note 8: Pension Plan

General Information about the Pension Plans

Plan Descriptions

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

Benefits Provided

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

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

	Miscellaneous	
	Prior to January 1, 2013	On or After January 1, 2013
Hire Date		
Benefit formula	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50+	52+
Monthly benefits, as a % of annual salary	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	8%	6.25%
Required employer normal contribution rates	10.392%	12.500%
Required employer payment of the Unfunded Liability	\$ 3,634,952	-

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

Note 8: Pension Plan (Continued)

Employees Covered

As of the June 30, 2021 measurement date, the following employees were covered by the benefit terms of the Plan:

	Miscellaneous
Inactive employees or beneficiaries currently receiving benefits	193
Inactive employees entitled to but not yet receiving benefits	65
Active employees	137
Totals	<u>395</u>

Contributions

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

As of the measurement date for classic members, the average employee contribution rate was 8.0 percent of annual payroll, and the District's average rate was 10.392 percent of annual payroll. As of the measurement date for PEPRA members, the average employee contribution rate was 6.25 percent of annual payroll, and the District's average rate was 12.500 percent of annual payroll. The total contribution to the plan was \$6,203,219 for the year ended June 30, 2022.

Net Pension Liability

The District's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plan is measured as of June 30, 2021, using an annual actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021.

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

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

Note 8: Pension Plan (Continued)

Actuarial Assumptions

The total pension liabilities in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions.

	<u>Miscellaneous</u>
Valuation date	June 30, 2020
Measurement date	June 30, 2021
Actuarial cost method	Entry age normal cost method
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.50%
Projected Salary increases	Varies by Entry Age and Service
Mortality rate table*	Derived using CalPERS' membership data for all funds
Post retirement benefit increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

The mortality table used in the June 30, 2020 valuation was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP-2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2020 valuation were based on the results of a December 2017 actuarial experience study for the period of 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website at: <https://www.calpers.ca.gov/docs/forms-publications/calpers-experience-study-2017.pdf>

Discount Rate

The discount rate used to measure the total pension liability at June 30, 2021, was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term Expected Rate of Return

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

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

Note 8: Pension Plan (Continued)

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

The target allocation for the June 30, 2021, measurement date was as follows:

Asset Class	Target Allocation		
	Assumed Asset Allocation	Real Return Years 1-10*	Real Return Years 11+ **
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.0%	-0.92%

*In the System's ACFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

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

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

Changes in the Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2020 (Valuation Date)	\$ 162,067,622	\$ 106,620,590	\$ 55,447,032
Change in the year:			
Service cost	3,214,913	-	3,214,913
Interest on total pension liability	11,444,368	-	11,444,368
Differences between expected and actual experience	610,315	-	610,315
Contribution-employer	-	5,490,414	(5,490,414)
Contribution-employee	-	1,746,543	(1,746,543)
Net investment income	-	24,166,100	(24,166,100)
Administrative expenses	-	(106,507)	106,507
Benefit payments, including refunds of employee contributions	(8,448,628)	(8,448,628)	-
Net changes	6,820,968	22,847,922	(16,026,954)
Balance at June 30, 2021 (Measurement Date)	\$ 168,888,590	\$ 129,468,512	\$ 39,420,078

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 8: Pension Plan (Continued)

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

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

	<u>Miscellaneous</u>
1% Decrease	6.15%
Net Pension Liability	\$ 60,445,787
Current Discount Rate	7.15%
Net Pension Liability	39,420,078
1% Increase	8.15%
Net Pension Liability	21,859,491

Pension Plan Fiduciary Net Position

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

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

For the year ended June 30, 2022, the District recognized pension expense of \$3,013,950. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 6,203,219	\$ -
Differences between expected and actual experiences	1,741,764	-
Net differences between projected and actual earnings on plan investments	-	12,055,141
Totals	\$ 7,944,983	\$ 12,055,141

The amount of \$6,203,219 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Periods ended June 30,	Deferred Inflows of Resources
2022	\$ 1,906,076
2023	2,324,487
2024	2,761,582
2025	3,321,232
Total	\$ 10,313,377

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 9: Other Retirement Benefits**a. Post-Employment Healthcare Benefit (OPEB)*****Plan Description***

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

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

Employees Covered

As of the June 30, 2021 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

Active employees	145
Inactive employees or beneficiaries currently receiving benefits	106
Inactive employees entitled to but not yet receiving benefits	33
Totals	284

Contributions

The Plan and its contribution requirements are established by Memorandum of Understanding with the applicable employee bargaining units and may be amended by agreements between the District and the bargaining units. The annual contribution is based on the actuarially determined contribution. For the measurement date ended June 30, 2021, the District's contributions were \$1,356,071 in total payments, which were recognized as a reduction to the OPEB liability.

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

Note 9: Other Retirement Benefits (Continued)

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2021, that was used to determine the June 30, 2022, total OPEB liability, based on the following actuarial methods and assumptions:

Valuation date	June 30, 2021
Measurement date	June 30, 2021
Actuarial funding method	Entry age normal cost, level percent of pay
Asset Valuation Method	Market value of assets
Actuarial assumptions:	
Discount rate	5.65%
Inflation	2.50%
Salary increases	3.00% per year, used only to allocated to cost of benefits between service years
Investment rate of return	6.20%
Mortality Rate*	MacLeod Watts Scale 2020, applied generationally from 2015
Pre-Retirement Turnover*	MacLeod Watts Scale 2020, applied generationally from 2015
Healthcare Trend Rate	Medical plan premiums are assumed to increase at somewhat higher rates than assumed in the prior valuation, with the assumed medical inflation of 5.80% and ultimate trend of 4.00% per year

*MacLeod Watts Scale 2020 was developed from a blending of data and methodologies found in two published sources: (1) the Society of Actuaries Mortality Improvement Scale MP-2019 Report, published in October 2019 and (2) the demographic assumptions used in the 2019 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, published in April 2019. Scale MP-2019 can be found at the SOA website and the projection scales used in the 2019 Social Security Administrations Trustees Report at the Social Security Administration website.

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

Asset Class	Target Allocation	Expected Real Return Years 1-5*	Expected Real Return Years 6-20**
Global Equity	34.00%	4.40%	4.50%
Fixed Income	41.00%	-1.50%	0.40%
Global Real Estate (REITs)	17.00%	3.00%	3.70%
Treasury Inflation Protected Securities	5.00%	-1.80%	0.50%
Commodities	3.00%	0.80%	1.10%
Total	100.00%		

* A general inflation rate of 2.40% was used for these periods.

** A general inflation rate of 2.30% was used for these periods.

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 9: Other Retirement Benefits (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 5.65 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the OPEB Liability

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

	Total OPEB Liability	Increase/ (Decrease) Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2020 (Measurement Date)	\$ 12,097,030	\$ 8,453,519	\$ 3,643,511
Change in the year:			
Service cost	382,999	-	382,999
Interest on total OPEB liability	765,839	-	765,839
Difference between expected and actual experience	(41,940)	-	(41,940)
Changes in assumptions	780,862	-	780,862
Contribution-employer	-	1,356,071	(1,356,071)
Net investment income	-	1,709,097	(1,709,097)
Administrative expenses	-	(3,178)	3,178
Benefit payments	(647,717)	(647,717)	-
Net changes	1,240,043	2,414,273	(1,174,230)
Balance at June 30, 2021 (Measurement Date)	\$ 13,337,073	\$ 10,867,792	\$ 2,469,281

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

The following presents the net OPEB liability of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2021:

	1% Decrease (4.65%)	Current Discount Rate (5.65%)	1% Increase (6.65%)
Net OPEB Liability	\$ 4,103,181	\$ 2,469,281	\$ 1,095,394

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

The following presents the net OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2021:

	1% Decrease (4.80% decreasing to 3.00%)	Current Healthcare Cost Trend Rates (5.80% decreasing to 4.00%)	1% Increase (6.80% decreasing to 5.00%)
Net OPEB Liability	\$ 1,616,094	\$ 2,469,281	\$ 3,530,859

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 9: Other Retirement Benefits (Continued)

OPEB Plan Fiduciary Net Position

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

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

For the fiscal year ended June 30, 2022, the District recognized OPEB expense of \$127,122. As of fiscal year ended June 30, 2022, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 1,585,134	\$ -
Changes of assumptions	665,520	382,106
Differences between expected and actual experience	-	414,248
Net difference between projected and actual earnings on OPEB plan investments	-	902,751
Total	\$ 2,250,654	\$ 1,699,105

The \$1,585,134 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2021 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ended June 30:	Deferred Outflows/ (Inflows) of Resources
2023	\$ (462,842)
2024	(335,670)
2025	(231,299)
2026	(196,961)
2027	109,147
Thereafter	84,040
Total	\$ (1,033,585)

b. 401(a) Plans

The District sponsors two internal Revenue Code Section 401(a) money purchase retirement plans for unclassified employees through the MissionSquare Retirement Corporation. The plans were established and can be amended by Board resolution and, for certain terms, by participant agreement. Eligibility for participation in a particular plan is dependent on job classification. Within each plan, participating employees contribute the same dollar amount of \$3,000 per year for employees under the management plan, and \$1,850 for employees under the professional plan, and the District makes matching contributions on their behalf. The District and the participants each contributed a total of \$21,485 to the plans for the year ended June 30, 2022.

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 9: Other Retirement Benefits (Continued)

c. Deferred Compensation Plan

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

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

Note 10: Leases

a. Lease receivable

The District is reporting a lease receivable of \$59,363 at June 30, 2022. For 2022, the District recognized lease revenue of \$11,992 and interest revenue of \$2,636 related to lease payments received. This lease is summarized as follows:

Lease	Lease Receivable	Lease Revenue	Lease Interest Revenue
Cell Site	\$ 59,363	\$ 11,992	\$ 2,636

Cell Site Lease – In November 2006, the District entered into a five-year renewable lease agreement with AT&T for the use of land for a cellular signal broadcast tower. The lease was renewed three times in 2011, 2016, and 2021 increasing the term to a total of 20 years. Based on these agreements, the District is receiving monthly payments through October 2026. The District is in negotiations regarding whether the lease will be extended. There is no additional renewal lease agreement, nor a reasonable basis upon which to estimate future payments, at this time.

The future lease revenue and related interest payments are as follows:

Fiscal Year	Principal	Interest	Total
2023	\$ 12,481	\$ 2,147	\$ 14,628
2024	12,989	1,639	14,628
2025	13,518	1,110	14,628
2026	14,069	559	14,628
2027	6,306	60	6,366
Total	\$ 59,363	\$ 5,515	\$ 64,878

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

Note 10: Leases (Continued)

b. Lease payable

The District is reporting lease payables of \$42,099 at June 30, 2022. For 2022, the District recognized lease principal expense of \$25,695 and interest expense of \$746 related to lease payments received. Lease agreements are summarized as follows:

Lease	Date	Payment Terms	Payment Amount	Interest Rate	Total Lease Liability	Balance as of June 30, 2022
ETSU Trailer	12/9/2019	3 years	\$ 976	4.00%	\$ 33,165	\$ 5,788
FMC Trailer	9/20/2018	3 years	1,135	4.00%	87,078	36,311
Total lease agreements						<u>\$ 42,099</u>

The Enhanced Treatment Site Upgrade (ETSU) Trailer was leased to provide a temporary workspace during the ETSU process starting in 2019. The lease did not include terms for renewal. There is no explicit interest rate on the agreement so an implicit rate was used.

The FMC Trailer was leased for work being performed to expand the Fabrication, Maintenance, and Construction department. The lease began in August 2018 for a term of three years with no explicit interest rate, so an implicit rate of 4.00% was used. This lease was renewable for up to three years and the District reasonably expects to exercise all 3 years of extensions. The District will not acquire the equipment at the end of the lease term.

Annual requirements to amortize long-term obligations and related interest are as follows:

Fiscal Year	Principal	Interest	Total
2023	\$ 21,667	\$ 363	\$ 22,030
2024	17,441	325	17,766
2025	2,991	15	3,006
Total	<u>\$ 42,099</u>	<u>\$ 703</u>	<u>\$ 42,802</u>

Note 11: Risk Management

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

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

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

Note 12: Commitments and Contingent Liabilities

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

Construction Contracts – The following material construction commitments existed at June 30, 2022:

Project Name	Total Committed Amount	Expenses to Date as of June 30, 2022	Remaning Commitment
MP - Aeration Basin Modifications	\$ 104,089,594	\$ 11,840,785	\$ 92,248,809
Campus Buildings (Admin, FMC, Ops)	84,878,974	4,572,951	80,306,024
Primary Digester No.7	28,494,898	27,561,176	933,722
Standby Power System Upgrade	27,227,957	3,594,354	23,633,603
Aeration Basin No. 8	18,076,948	-	18,076,948
Cogeneration Project	15,080,010	12,019,034	3,060,976
Alvarado Influent PS Pumps and VFDS	11,220,069	10,014,562	1,205,507
ETSU 1A - Plant 12kV Switchgear	8,981,709	-	8,981,709
ETSU Phase 1B Project	8,087,279	2,770,213	5,317,066
Irvington Basin RCP Rehabi	6,076,486	360,207	5,716,279
ETSU 1A - Blower 7-10 Replacement	4,424,254	842,092	3,582,162
ETSU 1A - Aeration Internal Lift Pumps	3,910,107	-	3,910,107
Primary Digester No. 2 Rehabilitation	3,598,189	3,588,311	9,878
Emergency Outfall Outlet Improvements	2,386,199	2,384,703	1,497

Note 13: Restatement of Prior Year Balances

The restatements of beginning net position, and related cause, for fiscal years ended June 30, 2021 and June 30, 2022, are as follows:

	For the fiscal year ended June 30, 2021
Beginning net position, as previously reported	\$ 405,190,374
Restatement (1)	(923,840)
Restatement (2)	33,133
Beginning net position, as restated	<u>\$ 404,299,667</u>
	For the fiscal year ended June 30, 2022
Beginning net position, as restated	\$ 431,473,865
Restatement (1)	(23,263)
Beginning net position, as restated	<u>\$ 431,450,602</u>

- (1) Beginning net position of the District was restated due to the removal of prior year additions to construction-in-progress (CIP). These costs have been determined not capitalizable and an adjustment was necessary to properly state capital assets.
- (2) Beginning net position of the District was restated due to the implementation of GASB Statement No. 87 during the fiscal year ended June 30, 2022, with an implementation date being for the year ended June 30, 2021.

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REQUIRED SUPPLEMENTARY INFORMATION

UNION SANITARY DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022

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

Measurement Period	2022 June 30, 2021	2021 June 30, 2020	2020 June 30, 2019	2019 June 30, 2018
Total Pension Liability				
Service Cost	\$ 3,214,913	\$ 3,048,341	\$ 2,910,836	\$ 2,751,248
Interest on total pension liability	11,444,368	10,992,856	10,488,921	9,904,222
Differences between expected and actual experience	610,315	1,629,169	2,872,889	810,456
Changes in assumptions	-	-	-	(1,225,530)
Benefit payments, including refunds of employee contributions	(8,448,628)	(8,391,292)	(7,707,967)	(7,153,133)
Net change in total pension liability	6,820,968	7,279,074	8,564,679	5,087,263
Total Pension Liability-beginning	162,067,622	154,788,548	146,223,869	141,136,606
Total Pension Liability-ending (a)	\$ 168,888,590	\$ 162,067,622	\$ 154,788,548	\$ 146,223,869
Plan Fiduciary Net Position				
Contributions-employer	\$ 5,490,414	\$ 4,859,547	\$ 4,156,261	\$ 3,473,052
Contributions-employee	1,746,543	1,405,189	1,343,915	1,296,037
Net investment income	24,166,100	5,160,715	6,526,074	7,910,460
Benefit payments	(8,448,628)	(8,391,292)	(7,707,967)	(7,153,133)
Plan to plan resource movement	-	-	231	(231)
Administrative expense	(106,507)	(146,238)	(70,995)	(426,382)
Net change in plan fiduciary net position	22,847,922	2,887,921	4,247,519	5,099,803
Plan Fiduciary Net Position-beginning	106,620,590	103,732,669	99,485,150	94,385,347
Plan Fiduciary Net Position-ending (b)	\$ 129,468,512	\$ 106,620,590	\$ 103,732,669	\$ 99,485,150
Net pension liability-ending (a) - (b)	\$ 39,420,078	\$ 55,447,032	\$ 51,055,879	\$ 46,738,719
Plan fiduciary net position as a percentage of the total pension liability	76.66%	65.79%	67.02%	68.04%
Covered payroll	\$ 19,159,318	\$ 18,388,754	\$ 17,036,713	\$ 15,174,379
Net pension liability as a percentage of covered payroll	205.75%	301.53%	299.68%	308.01%

Notes to Schedule:

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

Changes of Assumptions: In years 2019-2021, there were no changes. In 2018, demographic assumptions and inflation rates were changed in accordance with the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amount reported were based on the 7.5 percent discount rate.

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

2018	2017	2016	2015
June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
\$ 2,818,370	\$ 2,413,856	\$ 2,285,511	\$ 2,338,837
9,548,343	9,157,444	8,707,550	8,205,194
900,525	621,331	1,118,325	-
7,589,483	-	(2,041,756)	-
(6,728,358)	(6,122,564)	(5,472,643)	(4,871,998)
14,128,363	6,070,067	4,596,987	5,672,033
127,008,243	120,938,176	116,341,189	110,669,156
\$ 141,136,606	\$ 127,008,243	\$ 120,938,176	\$ 116,341,189
\$ 3,203,124	\$ 2,770,226	\$ 2,536,676	\$ 2,428,874
1,256,350	1,206,505	1,187,621	1,356,767
9,631,126	490,693	2,002,533	13,223,974
(6,728,358)	(6,122,564)	(5,472,643)	(4,871,998)
-	-	(8,501)	-
(128,674)	(54,156)	(100,081)	-
7,233,568	(1,709,296)	145,605	12,137,617
87,151,779	88,861,075	88,715,470	76,577,853
\$ 94,385,347	\$ 87,151,779	\$ 88,861,075	\$ 88,715,470
\$ 46,751,259	\$ 39,856,464	\$ 32,077,101	\$ 27,625,719
66.88%	68.62%	73.48%	76.25%
\$ 15,017,486	\$ 14,229,298	\$ 13,896,353	\$ 13,453,476
311.31%	280.10%	230.83%	205.34%

UNION SANITARY DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022

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

	2022	2021	2020	2019
Actuarial Determined Contribution	\$ 6,203,219	\$ 5,617,343	\$ 4,970,366	\$ 4,221,019
Contribution in relation to the Actuarially Determined Contribution	(6,203,219)	(5,617,343)	(4,970,366)	(4,221,019)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 19,363,287	\$ 19,159,318	\$ 18,388,754	\$ 17,036,713
Contributions as a percentage of covered payroll	32.04%	29.32%	27.03%	24.78%

Notes to Schedule:

Valuation date June 30, 2019

Methods and assumptions used to determine contribution rates:

Actuarial cost method
Amortization method

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

Driver	Source				
	(Gain)/Loss		Assumption/ Method Change	Benefit Change	Golden Handshake
	Investment	Non-investment			
Amortization Period	30 years	30 Years	20 Years	20 Years	5 Years
Escalation Rate					
- Active Plans	2.750%	2.750%	2.750%	2.750%	2.750%
- Inactive Plans	0%	0%	0%	0%	0%
Ramp Up	5	5	5	0	0
Ramp Down	5	5	5	0	0

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

Market Value
2.50%
Varies by Entry Age and Service
2.75%
7.00%, net of pension plan investment expenses, including inflation.
All other actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report may be accessed on the CalPERS website at www.calpers.ca.gov under Forms and Publications.

Mortality

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

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

2018	2017	2016	2015
\$ 3,572,132	\$ 3,333,889	\$ 3,034,082	\$ 2,973,280
(3,572,132)	(3,333,889)	(3,034,082)	(2,973,280)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 15,174,379	\$ 15,017,486	\$ 14,229,298	\$ 13,896,353
23.54%	22.20%	21.32%	21.40%

UNION SANITARY DISTRICT

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

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	\$ 382,999	\$ 371,844	\$ 401,584	\$ 388,943	\$ 420,836
Interest on the total OPEB liability	765,839	738,140	808,836	773,775	832,649
Differences between expected and actual experiences	(41,940)	-	(401,695)	-	(716,909)
Changes in assumptions	780,862	-	(390,123)	-	(761,859)
Benefit payments	(647,717)	(715,232)	(666,223)	(642,551)	(592,698)
Net change in total OPEB liability	1,240,043	394,752	(247,621)	520,167	(817,981)
Total OPEB liability - beginning	12,097,030	11,702,278	11,949,899	11,429,732	12,247,713
Total OPEB liability - ending (a)	13,337,073	12,097,030	11,702,278	11,949,899	11,429,732
Plan Fiduciary Net Position					
Contribution - employer	1,356,071	1,623,254	1,546,756	920,935	767,866
Net investment income	1,709,097	427,895	457,085	326,192	355,878
Benefit payments	(647,717)	(715,232)	(666,223)	(642,551)	(592,698)
Administrative expense	(3,178)	(3,694)	(1,324)	(9,654)	(2,557)
Net change in plan fiduciary net position	2,414,273	1,332,223	1,336,294	594,922	528,489
Plan fiduciary net position - beginning	8,453,519	7,121,296	5,785,002	5,190,080	4,661,591
Plan fiduciary net position - ending (b)	10,867,792	8,453,519	7,121,296	5,785,002	5,190,080
Net OPEB Liability - ending (a) - (b)	\$ 2,469,281	\$ 3,643,511	\$ 4,580,982	\$ 6,164,897	\$ 6,239,652
Plan fiduciary net position as a percentage of the total OPEB liability	81.49%	69.88%	60.85%	48.41%	45.41%
Covered-employee payroll	\$ 19,639,407	\$ 18,419,720	\$ 17,245,563	\$ 16,384,101	\$ 15,715,654
Net OPEB liability as a percentage of covered-employee payroll	12.57%	19.78%	26.56%	37.63%	39.70%

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

UNION SANITARY DISTRICT

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

SCHEDULE OF OPEB CONTRIBUTIONS

	2022	2021	2020	2019	2018
Actuarially Determined Contribution	\$ 581,223	\$ 708,354	\$ 908,022	\$ 880,553	\$ 708,037
Contribution in Relation to the Actuarially Determined Contributions	(1,585,134)	(1,356,071)	(1,623,254)	(1,333,416)	(324,982)
Contribution Deficiency (Excess)	<u>\$ (1,003,911)</u>	<u>\$ (647,717)</u>	<u>\$ (715,232)</u>	<u>\$ (452,863)</u>	<u>\$ 383,055</u>
Covered-employee payroll	\$ 20,271,280	\$ 19,722,927	\$ 18,419,720	\$ 17,245,563	\$ 16,384,101
Contributions as a percentage of covered-employee payroll	-7.82%	-6.88%	-8.81%	-7.73%	4.32%

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

Notes to Schedule:

*Actuarial methods and assumptions used to set the actuarially determined contribution for Fiscal Year 2022 were from the June 30, 2019 actuarial valuation.

Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry Age Normal, level percent of pay
Asset Valuation Method	Market value of assets
Discount rate	5.65% as of June 30, 2021, and 6.30% as of June 30, 2020
Inflation	2.50%
Salary increases	3.00% per year, used only to allocated to cost of benefits between service years
Investment rate of return	6.20% as of June 30, 2021, and 6.30% as of June 30, 2020
Mortality Rate*	Derived using MacLeod Watts Scale 2020
Pre-Retirement Turnover**	Derived using MacLeod Watts Scale 2020
Healthcare Trend Rate	Medical plan premiums are assumed to increase at somewhat higher rates than assumed in the prior valuation, with the ultimate trend of 4.0% per year.

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SUPPLEMENTARY INFORMATION

UNION SANITARY DISTRICT

**SCHEDULE OF OPERATING EXPENSES BEFORE DEPRECIATION
FOR THE YEAR ENDED JUNE 30, 2022 and 2021**

	2022			
	Sewage Treatment	Sewage Collection & Engineering	General & Administrative	Total
Salaries and wages	\$ 7,380,684	\$ 8,981,611	\$ 3,768,638	\$ 20,130,934
Employee benefits	2,603,093	3,169,361	4,245,300	10,017,754
Recruitment and development	39,864	62,773	212,797	315,433
Temporary help	9,405	21,735	56,171	87,311
Repairs and maintenance	1,810,502	643,967	14,562	2,469,030
Operating supplies	2,687,832	250,015	-	2,937,847
Office and safety supplies	150,710	186,405	269,018	606,133
Insurance	-	-	627,134	627,134
Contractual services	1,422,015	86,172	-	1,508,187
Professional services	185,569	102,986	1,345,985	1,634,540
Utilities	2,412,289	91,768	146,352	2,650,410
East Bay Dischargers Authority operating charges	1,485,410	-	-	1,485,410
Non-capital projects	595,934	595,934	336,427	1,528,295
Sewer Service charge administrative fee	37,242	37,241	37,242	111,726
Rents/Leases	42,266	28,144	-	70,410
Total	\$ 20,862,815	\$ 14,258,113	\$ 11,059,626	\$ 46,180,555

2021

Sewage Treatment	Sewage Collection & Engineering	General & Administrative	Total
\$ 7,335,856	\$ 9,005,119	\$ 3,851,695	\$ 20,192,670
4,545,646	5,574,250	2,357,155	12,477,051
29,212	40,587	193,511	263,310
-	31,211	-	31,211
1,542,455	675,818	9,925	2,228,197
2,432,665	178,162	-	2,610,827
121,883	175,925	273,956	571,764
-	-	369,527	369,527
1,134,709	88,962	-	1,223,671
204,623	90,787	1,207,986	1,503,396
2,433,640	81,384	141,747	2,656,771
1,479,175	-	-	1,479,175
441,306	441,306	382,166	1,264,778
37,047	37,047	37,047	111,141
4,231	5,634	-	9,865
\$ 21,742,446	\$ 16,426,192	\$ 8,824,714	\$ 46,993,355

UNION SANITARY DISTRICT

**SCHEDULE OF INSURANCE COVERAGE
FOR THE YEAR ENDED JUNE 30, 2022**

The District's insurance policies and coverages in effect at June 30, 2022, are as follows:

General liability (pooled liability program)		
Bodily injury, property damage, and personal injury	\$	15,500,000
Public entity errors and omissions and other related practices		15,500,000
Employment related practices		15,500,000
		Insured Value
Auto physical damage (primary insurance program)	\$	3,080,069
Workers' Compensation		1,750,000
Group Health and Life		Contract
Employee Disability and Salary Continuance		Contract
Property insurance, all property	\$	275,854,736
Accounts receivable		No sublimit
Employee Dishonesty Bond Coverages:		
Public Employee Dishonesty Bond	\$	2,000,000
Forgery and alteration		2,000,000
Computer Fraud		2,000,000

Statistical Section



Image: USD Treatment Plant Looking Southeast

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

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These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

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These schedules offer demographic and economic indicators to help the reader understand the local environment within which the District's financial activities take place.

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Operating and General Information

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

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

UNION SANITARY DISTRICT

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

	Fiscal Year			
Changes in Net Position	2013	2014	2015	2016
Operating Revenues				
Sewer Service Charges	\$42,339,311	\$45,139,420	\$48,379,254	\$50,112,564
Other Operating Revenues	1,163,802	1,370,017	1,581,031	1,791,782
Total Operating Revenues	<u>43,503,113</u>	<u>46,509,437</u>	<u>49,960,285</u>	<u>51,904,346</u>
Operating Expenses				
Treatment	16,088,929	15,410,523	14,956,369	15,464,775
Collection and Engineering	11,954,345	10,869,755	10,763,530	11,296,680
General and Administration	6,111,468	6,634,688	6,910,857	6,848,244
Total Operating Expenses Before Depreciation	<u>34,154,742</u>	<u>32,914,966</u>	<u>32,630,756</u>	<u>33,609,699</u>
Depreciation	16,776,307	17,219,109	17,899,765	17,379,112
Total Operating Expenses	<u>50,931,049</u>	<u>50,134,075</u>	<u>50,530,521</u>	<u>50,988,811</u>
Operating Income (Loss)	<u>(7,427,936)</u>	<u>(3,624,638)</u>	<u>(570,236)</u>	<u>915,535</u>
Non-Operating Revenues (Expenses)				
Investment Income	178,690	180,041	160,790	496,439
Interest	(1,138,677)	(1,106,609)	(971,695)	(916,968)
Lease Revenue	-	-	-	-
Loss on Retirement of Utility in Capital Assets	(1,479,254)	(796,735)	(1,165,160)	(30,472)
Gain (Loss) on Equity Investment in EBDA	(89,170)	(92,180)	(86,652)	(160,540)
Net Non-Operating Revenues (Expenses)	<u>(2,528,411)</u>	<u>(1,815,483)</u>	<u>(2,062,717)</u>	<u>(611,541)</u>
Income (Loss) Before Contributions	(9,956,347)	(5,440,121)	(2,632,953)	303,994
Connection Fees and Other Contributed Capital	7,072,821	4,201,932	9,595,219	9,096,373
Change in Net Position	(2,883,526)	(1,238,189)	6,962,266	9,400,367
Net Position, Beginning of Fiscal Year	353,867,248	350,983,722	349,745,533	325,045,364
Prior Period Adjustment*	-	-	(31,662,435)	-
Net Position, End of Fiscal Year	<u>\$350,983,722</u>	<u>\$349,745,533</u>	<u>\$325,045,364</u>	<u>\$334,445,731</u>
Statement of Net Position by Component				
Net Investment in Capital Assets	\$ 294,393,392	\$ 299,269,526	\$ 297,462,404	\$ 295,355,262
Restricted	20,297,820	17,622,778	19,808,500	25,075,327
Unrestricted	36,292,510	32,853,229	7,774,460	14,015,142
Total USD Net Position	<u>\$350,983,722</u>	<u>\$349,745,533</u>	<u>\$325,045,364</u>	<u>\$334,445,731</u>

*Non-CIP Project Cost Adjustments

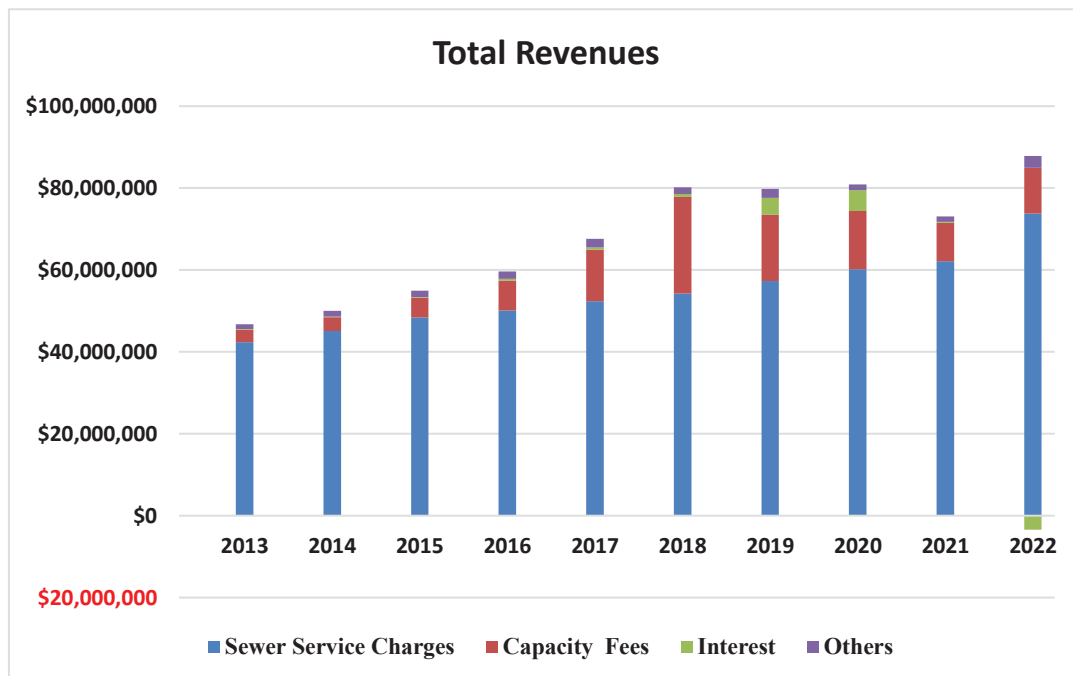
2017	2018	2019	2020	2021	2022
\$52,384,709	\$54,260,096	\$57,330,651	\$60,216,149	\$62,142,806	\$73,822,317
2,154,364	1,631,870	2,188,027	1,460,111	1,318,109	2,904,824
54,539,073	55,891,966	59,518,678	61,676,260	63,460,915	76,727,141
16,964,901	18,657,355	19,339,187	21,815,870	21,742,446	20,862,815
12,101,081	14,173,382	14,519,186	16,596,589	16,426,192	14,258,113
6,844,559	7,611,460	8,044,226	8,858,612	8,824,714	11,059,626
35,910,541	40,442,197	41,902,599	47,271,071	46,993,352	46,180,554
17,036,880	17,003,398	17,857,275	16,819,345	16,514,431	16,411,378
52,947,421	57,445,595	59,759,874	64,090,416	63,507,783	62,591,932
1,591,652	(1,553,629)	(241,196)	(2,414,156)	(46,868)	14,135,209
482,342	700,856	4,097,258	5,069,307	238,374	(3,395,099)
(860,316)	(1,479,413)	(992,721)	(1,841,089)	(2,099,211)	(5,275,070)
-	-	-	-	13,197	12,728
(432,674)	-	(6,606,751)	(45,982)	(5,840)	14,969
(52,458)	(90,325)	(170,591)	(62,484)	7,355,380	(1,219,804)
(863,106)	(868,882)	(3,672,805)	3,119,752	5,501,900	(9,862,276)
728,546	(2,422,511)	(3,914,001)	705,596	5,455,032	4,272,933
16,560,652	31,338,298	17,896,415	19,761,607	21,719,168	19,519,665
17,289,198	28,915,787	13,982,414	20,467,203	27,174,200	23,792,598
334,445,731	351,734,929	371,508,117	385,331,061	405,190,372	431,473,865
-	(9,142,599)	(159,470)	(607,890)	(890,707)	(23,263)
\$351,734,929	\$371,508,117	\$385,331,061	\$405,190,374	\$431,473,865	\$455,243,200
\$ 294,906,308	\$ 296,442,688	\$ 284,632,017	\$ 283,568,402	\$ 290,100,929	\$ 292,113,978
34,360,257	55,373,688	69,264,549	66,590,701	91,707,599	124,897,268
22,468,364	19,691,741	31,434,495	55,031,271	49,665,337	38,231,954
\$351,734,929	\$371,508,117	\$385,331,061	\$405,190,374	\$431,473,865	\$455,243,200

UNION SANITARY DISTRICT

District-Wide Revenues and Other Financing Sources

<u>Fiscal Year</u>	<u>Sewer Service Charges</u>	<u>Capacity Fees</u>	<u>Interest</u>	<u>Others*</u>	<u>Total Revenues</u>
2022	\$73,822,317	\$11,145,152	(\$3,395,093)	\$2,904,824	\$84,477,200
2021	62,142,806	9,358,209	238,374	1,318,109	73,057,498
2020	60,216,149	14,179,465	5,069,307	1,460,111	80,925,032
2019	57,330,651	16,158,027	4,097,258	2,188,027	79,773,963
2018	54,260,096	23,623,947	700,856	1,631,870	80,216,769
2017	52,384,709	12,595,637	482,342	2,154,364	67,617,052
2016	50,112,564	7,233,338	496,439	1,791,782	59,634,123
2015	48,379,254	4,820,637	160,790	1,581,031	54,941,712
2014	45,139,420	3,315,007	180,071	1,370,017	50,004,515
2013	42,339,311	3,062,836	178,690	1,163,802	46,744,639

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

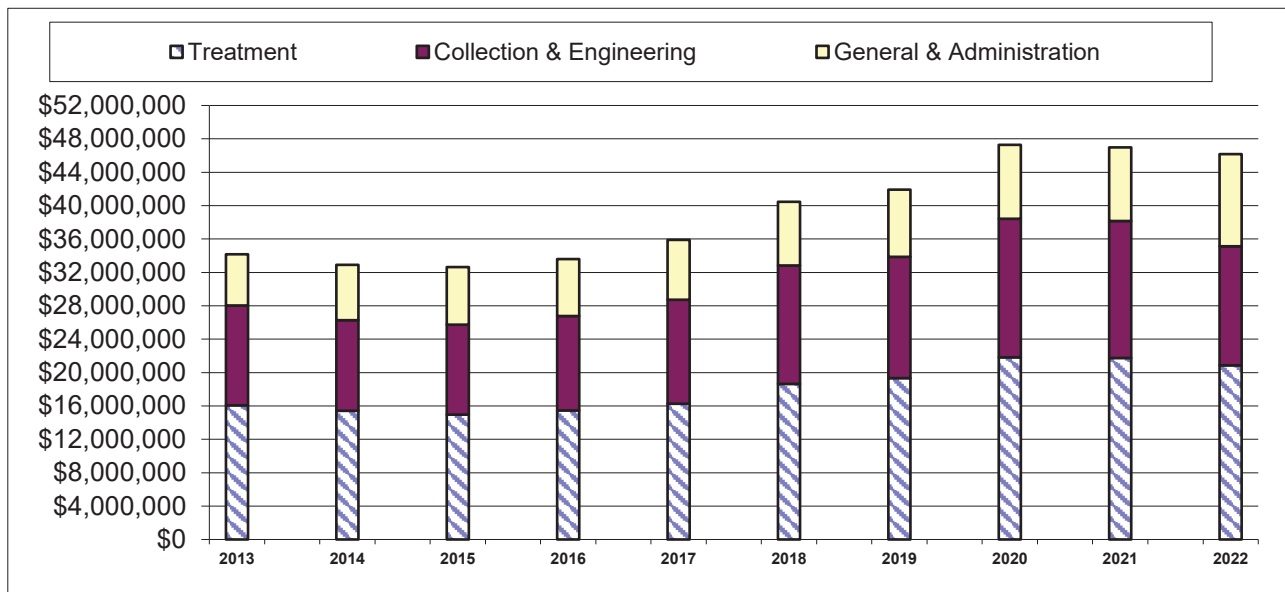


The District's main source of revenue is sewer service charges, which are collected on behalf of the District by Alameda County, on the tax rolls as part of the Teeter Plan.

UNION SANITARY DISTRICT

Operating Expenses By Major Function

<u>Fiscal Year</u>	<u>Treatment</u>	<u>Collection & Engineering</u>	<u>General & Administration</u>	<u>Total Operating Expenses</u>
2022	\$20,862,815	\$14,258,113	\$11,059,626	\$46,180,554
2021	21,742,446	16,426,192	8,824,714	46,993,352
2020	21,815,870	16,596,589	8,858,612	47,271,071
2019	19,339,187	14,519,186	8,044,226	41,902,599
2018	18,657,355	14,173,382	7,611,460	40,442,197
2017	16,252,881	12,462,391	7,195,269	35,910,541
2016	15,464,775	11,296,680	6,848,244	33,609,699
2015	14,956,369	10,763,530	6,910,857	32,630,756
2014	15,410,523	10,869,755	6,634,688	32,914,966
2013	16,088,929	11,954,345	6,111,468	34,154,742



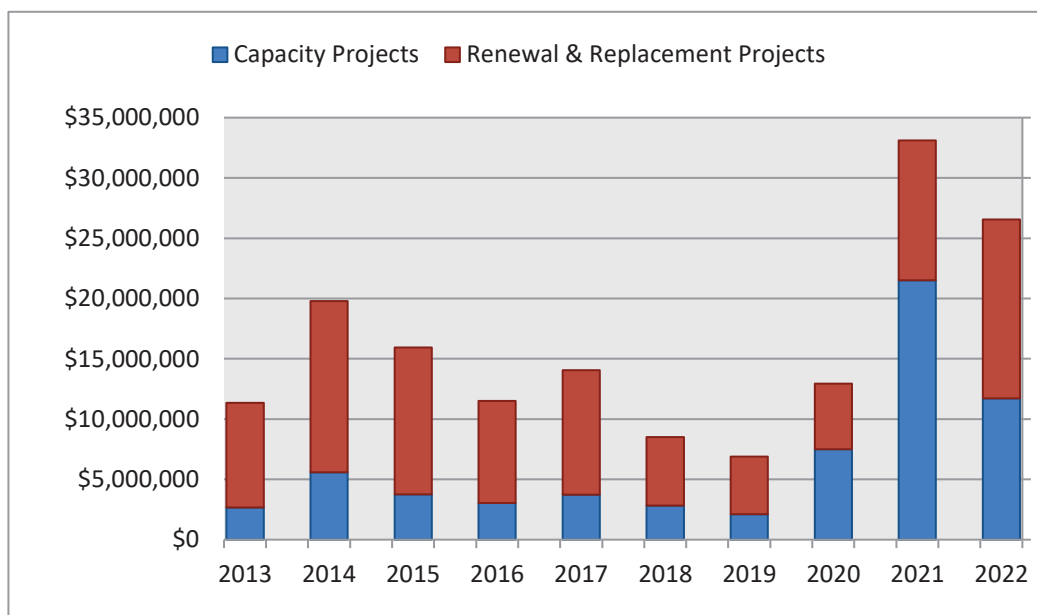
Operating expenses are the day-to-day expenses to run the District, including labor, benefits, chemicals, utilities, parts and materials, and other supplies. Depreciation, a non-cash operating expense, is not included here. Capital expenditures are not included in operating expenses.

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

UNION SANITARY DISTRICT

Capital Expenditures

<u>Fiscal Year</u>	<u>Capacity Projects</u>	<u>Renewal & Replacement Projects</u>	<u>Total Capital Expenditures</u>
2022	\$11,721,479	\$14,840,229	\$26,561,708
2021	21,520,168	11,598,759	33,118,927
2020	7,501,176	5,439,604	12,940,781
2019	2,116,500	4,763,583	6,880,082
2018	2,828,376	5,666,366	8,494,742
2017	3,734,780	10,310,989	14,045,769
2016	3,037,012	8,466,899	11,503,911
2015	3,755,472	12,194,927	15,950,399
2014	5,592,023	14,195,068	19,787,091
2013	2,673,173	8,663,485	11,336,658



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

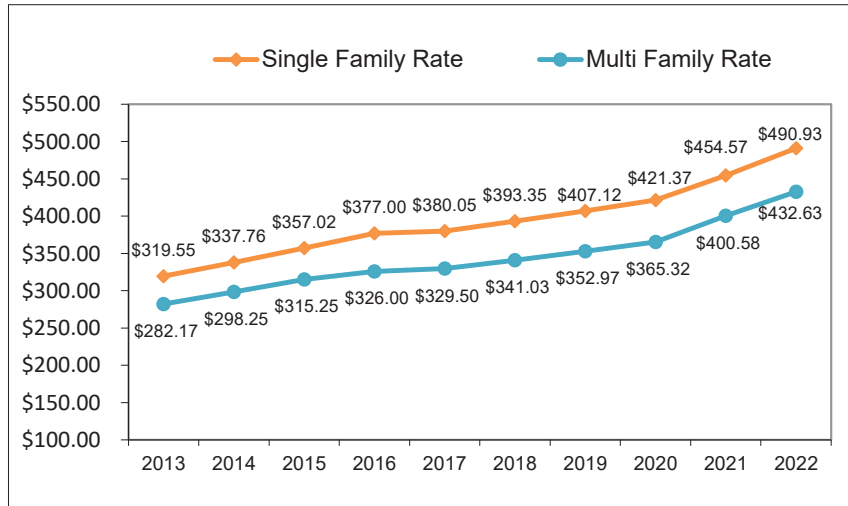
Structural renewal & replacement projects provide rehabilitation, replacement, or upgrade of existing facilities to prolong the useful life of the assets and to maintain the current service level of the facilities.

UNION SANITARY DISTRICT

Current and Historical Fees As of June 30, 2022 Last Ten Years

Sewer Service Charge Rates

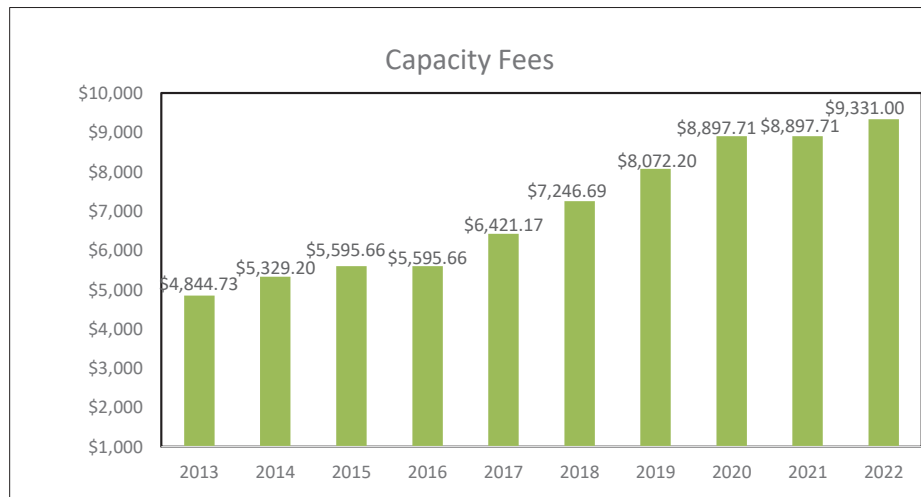
	Single Family Rate	Multi - Family Rate	Single Family Rate Percentage Change
2022	\$490.93	\$432.63	8.0%
2021	454.57	400.58	7.9%
2020	421.37	365.32	3.5%
2019	407.12	352.97	3.5%
2018	393.35	341.03	3.5%
2017	380.05	329.50	1.0%
2016	377.00	326.00	5.6%
2015	357.02	315.25	5.7%
2014	337.76	298.25	5.7%
2013	319.55	282.17	5.0%



The fees above are for residential units. A property with multiple housing units such as an apartment complex is charged \$432.63 for each dwelling unit on the property. Fees for commercial and industrial customers are based on the volume and strength of the wastewater being treated.

Capacity Fee Rates

		Percentage Change
2022	\$9,331.00	4.9%
2021	8,897.71	0.0%
2020	8,897.71	10.2%
2019	8,072.20	11.4%
2018	7,246.69	12.9%
2017	6,421.17	14.8%
2016	5,595.66	0.0%
2015	5,595.66	5.0%
2014	5,329.20	10.0%
2013	4,844.73	10.0%



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

UNION SANITARY DISTRICT

Ten Principal Industrial Rate Payers by Levy Current Year and Nine Years Ago

Rate Payer	2021-22			2012-13		
	Total Annual Billing	Rank	% of Total Annual Billings	Total Annual Billing	Rank	% of Total Annual Billings
Tesla	\$ 1,446,020	1	1.96%	\$ -	-	-
Lam Research	300,980	2	0.41%	88,904	9	0.21%
Western Digital	257,391	3	0.35%	216,919	1	0.51%
Washington Hospital	204,834	4	0.28%	105,407	3	0.25%
Boehringer Ingeheim	183,299	5	0.25%	-	-	-
Mission Linen Supply	182,382	6	0.25%	-	-	-
Safety-Kleen	176,505	7	0.24%	-	-	-
US Pipe	168,193	8	0.23%	90,780	7	0.21%
Archstone Center Apartments	151,118	9	0.20%	-	-	-
Union Square Shopping Center	142,673	10	0.19%	-	-	-
Seagate Technology	-	-	-	114,131	2	0.27%
Pacific Commons (Kohls/Old Navy Area	-	-	-	95,188	4	0.22%
Ranch 99 Warms Springs Shopping	-	-	-	90,954	5	0.21%
The Benton in Fremont	-	-	-	90,859	6	0.21%
Solyndra	-	-	-	89,164	8	0.21%
Kaiser Hospital	-	-	-	83,879	10	0.20%
Total annual billing largest ten	<u>\$ 3,213,396</u>		<u>4.35%</u>	<u>\$ 1,066,186</u>		<u>2.52%</u>
 Total ALL annual billings	 <u>\$ 73,822,317</u>			 <u>\$ 42,339,311</u>		

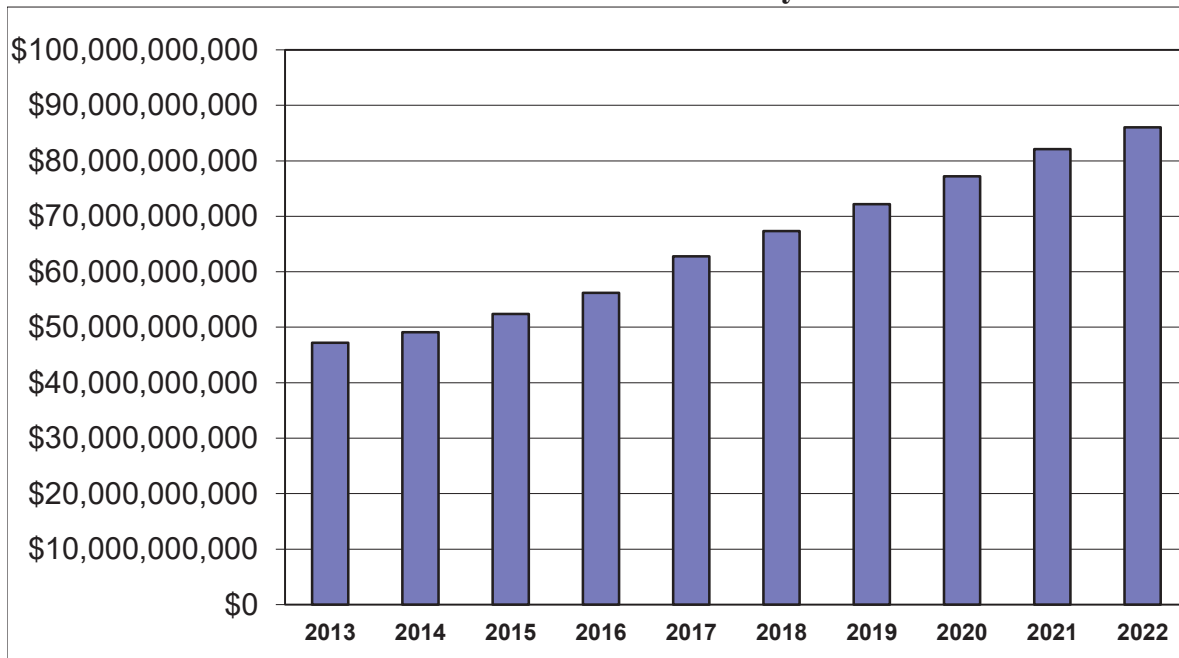
UNION SANITARY DISTRICT

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

Valuation of taxable property within Union Sanitary District

<u>Fiscal Year</u>	<u>Assessed Values</u>	<u>% Change</u>
2022	86,011,306,367	4.77%
2021	\$82,091,519,505	6.34%
2020	77,195,891,174	6.95%
2019	72,179,061,738	7.21%
2018	67,322,355,237	7.29%
2017	62,748,855,394	11.69%
2016	56,180,082,061	7.25%
2015	52,380,183,178	6.64%
2014	49,120,298,326	4.06%
2013	47,205,182,529	1.95%

Assessed Valuation for Tri-City Area



Includes property in Fremont, Newark, and Union City.

UNION SANITARY DISTRICT

Ratios of Outstanding Debt by Type Last Ten Fiscal Years

Fiscal Year	State Revolving Fund Loans	Revenue Bonds	Principal Total	# of Parcels	Total Debt/ Parcel
2022	\$ -	\$ 178,351,348	\$ 178,351,348	101,931	\$ 1,750
2021	-	70,913,414	70,913,414	101,456	699
2020	-	73,508,249	73,508,249	101,056	727
2019	39,055,508	-	39,055,508	97,870	399
2018	41,925,514	-	41,925,514	97,183	431
2017	44,272,413	-	44,272,413	95,997	461
2016	43,070,909	-	43,070,909	95,254	452
2015	41,861,476	-	41,861,476	94,768	442
2014	39,488,115	-	39,488,115	94,877	416
2013	40,648,328	-	40,648,328	94,640	430

UNION SANITARY DISTRICT

Pledged Revenue Coverage Last Ten Fiscal Years

Fiscal Year	Gross Revenues ⁽¹⁾	Operating Expenses ⁽²⁾	Net Revenue Available for Debt Service	Debt Service Requirements	Debt Coverage % ⁽³⁾
2022	\$84,477,200	\$46,180,554	\$38,296,646	\$4,287,201	893%
2021	73,057,498	46,993,352	26,064,146	3,887,201	671%
2020	80,925,032	47,271,071	33,653,961	3,399,270	990%
2019	79,773,963	41,902,599	37,871,364	3,902,080	971%
2018	80,216,769	40,442,197	39,774,572	3,902,080	1019%
2017	67,617,052	35,910,541	31,706,511	3,127,110	1014%
2016	59,634,122	33,609,699	26,024,423	3,127,110	832%
2015	54,941,712	32,630,756	22,310,956	3,127,110	713%
2014	50,004,485	32,914,966	17,089,519	4,086,647	418%
2013	46,744,639	34,154,742	12,589,897	4,429,320	284%

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

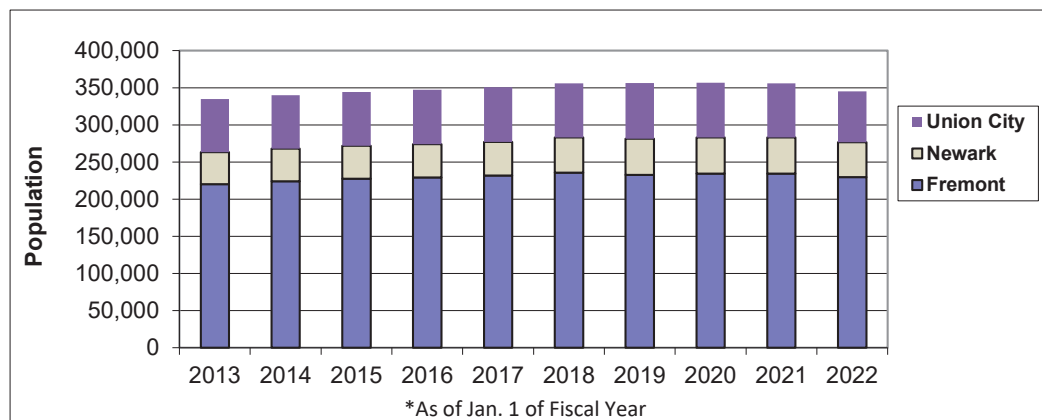
(2) Excludes depreciation; operating expenses do not include capital project expenditures.

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

UNION SANITARY DISTRICT

Demographics Population of Service Area Served*

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Fremont	219,926	223,972	227,582	229,324	231,664	235,439	232,532	234,220	234,239	229,476
Newark	43,342	43,856	44,284	44,733	45,422	47,467	48,712	48,966	48,859	47,229
Union City	71,329	72,155	72,412	72,952	73,452	72,991	74,916	73,637	72,779	68,150
Total	334,597	339,983	344,278	347,009	350,538	355,897	356,160	356,823	355,877	344,855
Total % Change	0.97%	1.61%	1.26%	0.79%	1.02%	1.53%	0.07%	0.19%	-0.27%	-3.10%



UNION SANITARY DISTRICT

Demographics Per Capita Income and Unemployment Rate (Calendar Year)

	Per Capita Income	Unemployment Rate
2021 Fremont	\$57,850	5.0%
Newark	N/A	5.5%
Union City	N/A	6.0%
2020 Fremont	57,850	6.7%
Newark	40,790	8.2%
Union City	84,418	8.8%
2019 Fremont	57,850	2.5%
Newark	36,958	2.7%
Union City	81,171	2.9%
2018 Fremont	55,521	2.6%
Newark	33,591	2.8%
Union City	77,233	2.9%
2017 Fremont	49,740	2.7%
Newark	32,301	2.9%
Union City	71,947	3.4%
2016 Fremont	46,899	3.3%
Newark	31,358	3.6%
Union City	67,798	4.3%
2015 Fremont	43,563	3.7%
Newark	31,043	4.1%
Union City	62,926	4.4%
2014 Fremont	40,562	4.5%
Newark	30,572	5.0%
Union City	58,175	5.9%
2013 Fremont	43,504	5.7%
Newark	29,390	5.3%
Union City	56,365	7.4%
2012 Fremont	38,095	6.9%
Newark	28,683	6.5%
Union City	55,224	9.0%

Number of Persons in Household:		1	2	3	4	5	6	7	8
Alameda County Area Median Income: \$125,600	Acutely Low	13200	15100	16950	18850	20350	21850	23350	24900
	Extremely Low	28800	32900	37000	41100	44400	47700	51000	54300
	Very Low Income	47950	54800	61650	68500	74000	79500	84950	90450
	Low Income	76750	87700	98650	109600	118400	127150	135950	144700
	Median Income	87900	100500	113050	125600	135650	145700	155750	165800
	Moderate Income	105500	120550	135650	150700	162750	174800	186850	198900

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

UNION SANITARY DISTRICT

Demographics Major Employers in District Service Area

			Percent of Total Employees as of fiscal year ended June 30,*									
Employer Name	Type of Business	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	
Fremont												
Tesla Motors	Auto Manufacturer	N/A	13.68%	12.12%	12.31%	3.17%	3.12%	3.12%	2.68%	2.75%	2.81%	
Fremont Unified School District	Education	N/A	2.64%	2.80%	2.46%	2.67%	2.61%	2.47%	2.38%	2.75%	2.81%	
Lam Research	Technology	N/A	2.37%	2.33%	2.46%	2.72%	2.68%	2.68%	2.68%	2.75%	1.41%	
Washington Hospital	Healthcare	N/A	2.14%	2.05%	2.46%	2.72%	2.68%	2.68%	2.68%	2.75%	1.70%	
Kaiser Permanente Medical Group	Healthcare	N/A	1.46%	1.58%	2.46%	0.68%	0.67%	0.67%	0.67%	0.69%	N/A	
Newark												
Logitech	Computer Accessories	N/A	2.66%	2.54%	2.36%	2.40%	2.70%	3.00%	3.00%	3.10%	3.20%	
WorldPac Inc	Wholesale Distributor	N/A	1.78%	1.05%	1.18%	0.90%	0.90%	0.90%	N/A	N/A	N/A	
Amazon Fulfillment Center	Warehousing	N/A	1.70%	0.84%	0.80%	0.80%	1.00%	1.00%	N/A	N/A	N/A	
Newark Unified School District	Education	N/A	1.64%	3.72%	3.46%	3.70%	4.00%	4.20%	3.10%	3.20%	3.30%	
KNT Manufacturing	Manufacturing	N/A	1.62%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Union City												
New Haven Unified School District	Education	N/A	N/A	3.58%	3.23%	3.19%	3.30%	3.10%	3.01%	3.01%	3.07%	
Abaxis Inc	Biotech	N/A	N/A	1.55%	1.08%	1.07%	1.10%	1.20%	1.11%	1.11%	1.14%	
Walmart Inc	Retailer	N/A	N/A	1.09%	1.44%	1.43%	1.10%	1.20%	2.34%	2.34%	2.40%	
Masonic Home for Adults	Continuing Care Retirement Community	N/A	N/A	1.02%	1.35%	1.33%	1.26%	N/A	N/A	N/A	N/A	
City of Union City	Government	N/A	N/A	0.95%	0.85%	0.83%	0.92%	1.27%	0.98%	0.96%	0.98%	

* Some employers report as of December 31.

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

UNION SANITARY DISTRICT

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

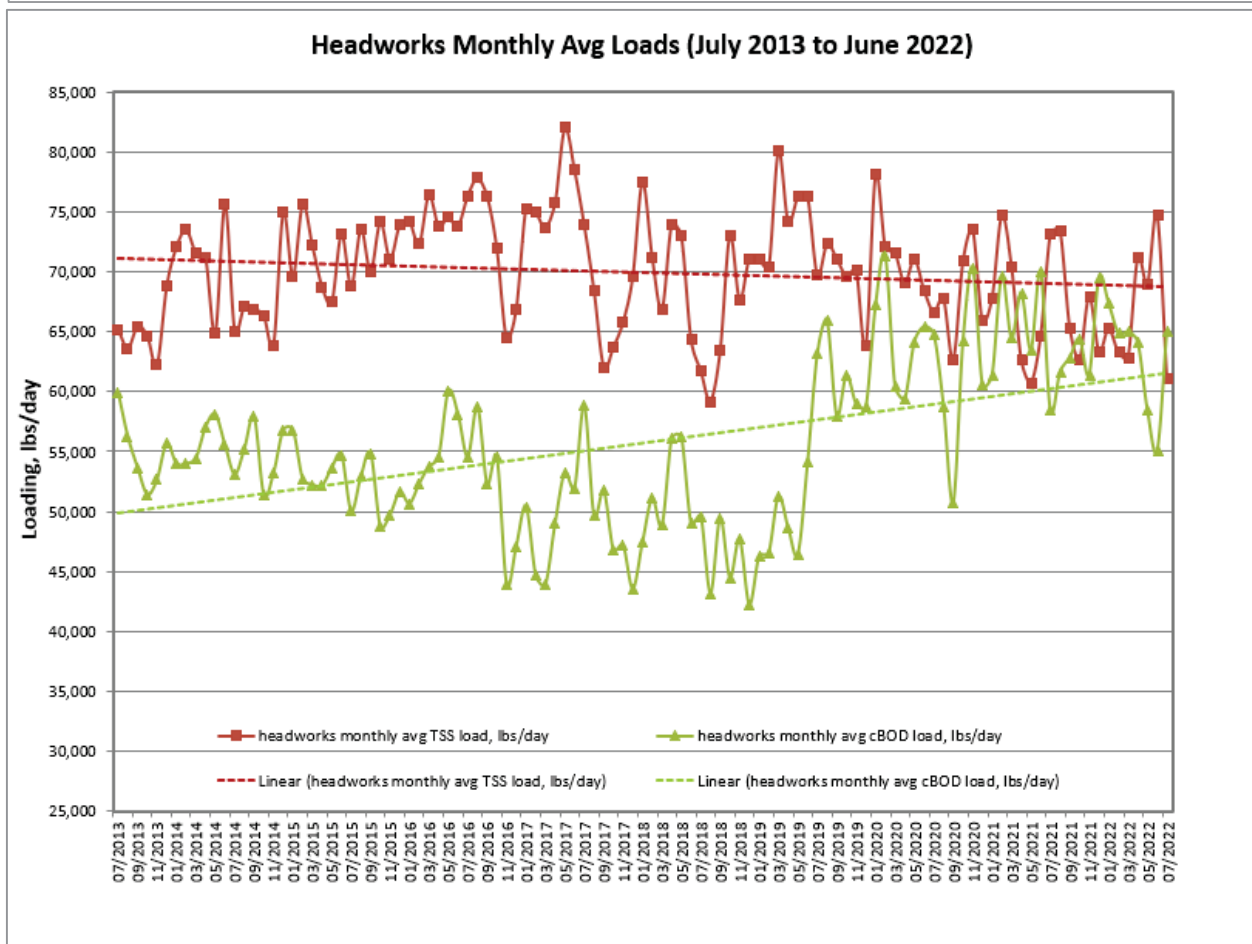
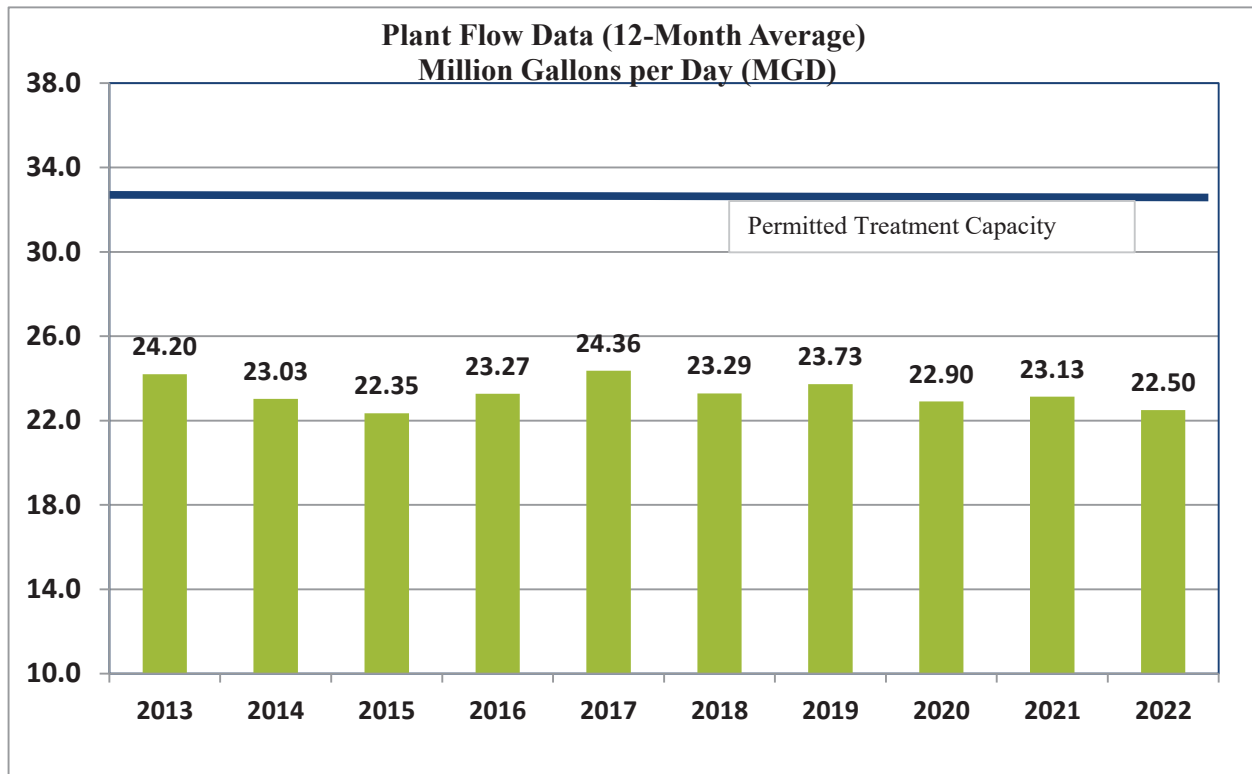
Function/Program	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
System operations and maintenance (CS Support, FMC, T&D, Warehouse)	53.45	54.45	53.45	54.45	55.45	52.45	53.45	53.45	50.45	51.45
Engineering and construction (CIP, ETSU)	12.00	13.00	11.00	9.00	8.00	9.00	10.00	8.00	8.00	7.00
Collections System Maintenance (CS)	23.00	25.00	26.00	25.00	25.00	25.00	25.00	23.00	23.00	24.00
Office of the General Manager (GM)	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00	1.00	2.00
Finance (FAST)	5.00	5.00	5.00	6.00	5.00	3.00	5.00	5.00	5.00	5.00
Information systems (IT)	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Administration department (Adm Specialist, Purchasing, non-HR OST)	14.00	14.00	15.00	12.00	13.00	13.00	14.00	13.00	14.00	15.00
Customer and community services (Rest of TS)	20.00	20.00	20.00	21.00	21.00	20.00	20.00	18.00	19.00	19.00
Human resources (HR)	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00
Total # of Employees	136.45	140.45	139.45	136.45	136.45	131.45	136.45	131.45	128.45	131.45
Average years of service of employees as of June 30:	10.10	10.76	10.20	10.20	10.41	10.60	10.54	11.25	11.97	11.70

CIP = Capital Improvements Projects Team
ETSU = Enhanced Treatment & Site Upgrade
FAST = Finance & Acquisition Services Team
FMC = Fabrication, Maintenance and Construction
OST = Organizational Support Team
T&D = Treatment & Disposal Work Group
TS = Technical Services Work Group

UNION SANITARY DISTRICT

Operating Indicators by Function/Program

Average Daily Flow



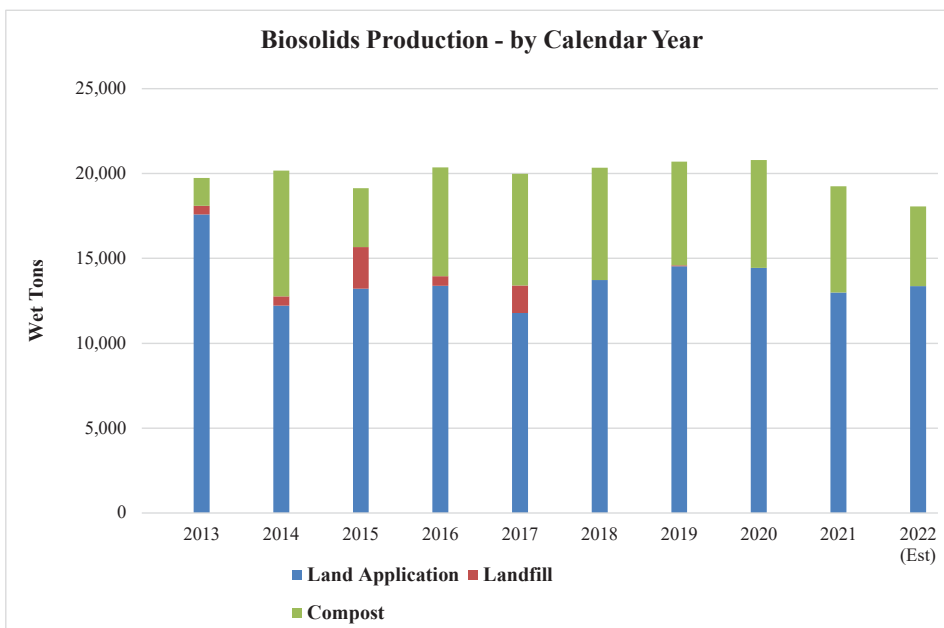
UNION SANITARY DISTRICT

Operating Indicators - Biosolids Last Ten Calendar Years

Function/Program

Biosolids

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022 (Est)
Land Application	17,597	12,212	13,212	13,395	11,784	13,733	14,529	14,452	12,995	13,364
Landfill	501	545	2,450	563	1,624	-	72	-	-	-
Compost	1,642	7,414	3,470	6,399	6,584	6,615	6,103	6,342	6,262	4,697
Total (in Wet Tons)	19,741	20,171	19,132	20,357	19,992	20,347	20,704	20,793	19,257	18,061



UNION SANITARY DISTRICT

Miscellaneous Statistics

6/30/2022

Governing Body:	Elected 5-Member Board of Directors Fremont - 3 Members Newark - 1 Member Union City - 1 Member
Governmental Structure:	Established in 1918 and reorganized in 1923 under the Sanitary District Act
Staff:	136.45 full-time equivalent employees
CEO:	General Manager
CFO:	Business Services Manager
Authority:	California Health and Safety Code Section 4700 et. Seq.
Services:	Wastewater collection, treatment and disposal
Service Area:	60.2 square miles (Annexed areas - Fremont, Newark and Union City)
Total Population Served:	344,855
Number of Parcels	101,931 (91,095 Residential; 3,115 Non-Residential; 7,721 Other (vacant land))
Operations:	Total miles of pipeline - 839, including the force main and all gravity sewers (including trunk mains) Number of pumping stations - 7 Larger: Irvington, Newark, Alvarado Smaller: Fremont, Boyce, Paseo Padre, Cherry Street
Permitted Plant Treatment Capacity (ADWF)	33 million gallons per day (mgd)
Type of Treatment:	Secondary
Sewer Service Charge:	\$490.93 annually per single family residential dwelling unit

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



November 7, 2022

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

We have audited the financial statements of the Union Sanitary District (the District) for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, the State Controller's Minimum Audit Standards for California Special Districts, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 19, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Significant Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described Note 1 to the financial statements. As described in Note 1 to the financial statements, the District changed accounting policies related to accounting for lease activity by adopting the Statement of Governmental Accounting Standards (GASB Statement) No. 87, Leases, in 2022. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the financial statements. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

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

Significant or Unusual Transactions

Management is responsible for the policies and practices used to account for significant or unusual transactions. No significant unusual transactions have occurred during fiscal year 2021-2022.



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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 7, 2022.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

We generally discuss a variety of matters, including the significant events or transactions that occurred during the year, business conditions affecting the District and business plans and strategies that may affect the risks of material misstatements, the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis and the required pension and other post-employment benefits schedules, as listed in the Financial Statements' table of contents, which are required supplementary information (RSI) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.



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

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

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

The following new Governmental Accounting Standards Board (GASB) pronouncements were effective for fiscal year 2021-2022 audit:

GASB Statement No. 87, *Leases*.

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

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*.

The following GASB pronouncements are effective in the following fiscal years' audits and should be reviewed for proper implementation by management:

Fiscal year 2023

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

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangement*.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

Fiscal year 2024

GASB Statement No. 99, *Omnibus 2022*.

GASB Statement No. 100, *Accounting Changes and Error Corrections*.

Fiscal year 2025

GASB Statement No. 101, *Compensated Absences*.



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

Restriction on Use

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

Very truly yours,

Lance, Soll & Lingham, LLP

Sacramento, California



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Union Sanitary District California (the "District"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 7, 2022.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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



To the Board of Directors
Union Sanitary District
Union, California

Purpose of this Report

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

A handwritten signature in black ink that reads "Lance, Soll & Loughard, LLP". The script is cursive and fluid.

Sacramento, California
November 7, 2022



USD TREAT
PROTECT
PRESERVE
est. 1918
TRI-CITY WASTEWATER

Directors

Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

Officers

Paul R. Eldredge
*General Manager/
District Engineer*

Karen W. Murphy
Attorney

**NOVEMBER 14, 2022
BOARD OF DIRECTORS MEETING
AGENDA ITEM #10**

TITLE: Consider Sixth Amended and Restated Employment Agreement Between Union Sanitary District and Paul R. Eldredge and Publicly Available Pay Schedule for Unclassified Staff (*This is a Motion Item*)

SUBMITTED: Karen W. Murphy, General Counsel
Alisa Gordon, Human Resources Manager

Recommendation

It is recommended that the Board approve the Sixth Amended and Restated Employment Agreement and, if the Agreement is approved, approve the Publicly Available Pay Schedule for Unclassified Staff, in the forms attached.

Discussion

Section 4 of the current Amended and Restated Employment Agreement between the District and General Manager Paul R. Eldredge provides that the General Manager's base salary may be annually adjusted. Section 13(A) provides that the Board agrees to review the Manager's total compensation each year.

The Board of Directors conducted Mr. Eldredge's 2022 annual performance evaluation on October 13. On October 13 and 25, the Board also met with its designated ad hoc subcommittee on contract negotiations, President Lathi and Vice President Fernandez.

The following amendments were agreed upon:

1. An increase in General Manager's salary to \$320,836.14, or approximately 3.5 percent.
2. An increase in General Manager's deferred compensation contribution by 0.5 percent for a total annual contribution of \$15,912.93.
3. A one-time payment of \$8,500.00, which will not be subject to PERS.
4. An increase in General Manager's annual vacation time from 160 to 210 hours per year.

The salary, deferred compensation and vacation changes are effective as of September 1, 2022.

The attached Sixth Amended and Restated Employment Agreement incorporates these revisions in one comprehensive agreement for ease of reference, similar to the prior Amended and Restated Employment Agreements, and includes some formatting revisions for clarity. Revisions from the Fifth Amended and Restated Employment Agreement are shown in the attached redline.

Also attached for consideration is the Publicly Available Pay Schedule for the Unclassified staff, which was approved previously on September 26, 2022. The updated attachment documents an adjustment to the General Manager's salary, as well as the previously approved 4.2% increase to Unclassified Staff salaries. If the terms of the Sixth Amended and Restated Employment Agreement are approved, staff would post the attached pay schedule in accordance with CalPERS requirement CCR 570.5.

Background

The Union Sanitary District entered into an Employment Agreement with Paul Eldredge to serve as General Manager/District Engineer on June 25, 2014.

The Employment Agreement was amended on September 28, 2015, to remove the automobile allowance and incorporate such amount into Mr. Eldredge's base salary, and to increase Mr. Eldredge's salary by \$7,250.00, or approximately three percent.

The Employment Agreement was amended a second time on November 14, 2016, to: (1) remove the termination date; (2) provide for a salary increase to \$261,697.25, or approximately three percent; and (3) increase matching deferred compensation from \$4,200.00 to \$14,363.00 annually.

On October 23, 2017, District and Manager entered into an Amended and Restated Employment Agreement to incorporate all amendments into one complete and conforming Amended and Restated Employment Agreement and to increase Manager's salary to \$275,436.09, or approximately five and a quarter percent.

On January 14, 2019, District and Manager entered into a Second Amended and Restated Employment Agreement, which (1) increased Manager's salary to \$279,595.04, or approximately one and a half percent; (2) provided Manager with a one-time payment of \$9,641.21, which will not be subject to PERS; and (3) provided Manager with a one-time contribution of 50 vacation hours

On October 28, 2019, District and Manager entered into a Third Amended and Restated Employment Agreement which: (1) increased Manager's salary to \$290,778.85, or approximately four percent; and (2) provided Manager with a one-time payment of \$8,387.85, which will not be subject to PERS.

On October 12, 2020, District and Manager entered into a Fourth Amended and Restated Employment Agreement which: (1) increased Manager's salary to \$300,229.16, or approximately 3.25 percent; and (2) provided Manager with a one-time payment of \$5,000.00, which will not be subject to PERS.

On October 25, 2021, District and Manager entered into a Fifth Amended and Restated Employment Agreement which increased Manager's salary to \$309,986.61, or approximately 3.25 percent.

Previous Board Action

10/25/21 - The Board approved a Fifth Amended and Restated Employment Agreement with Paul R. Eldredge

09/26/22- The Board approved the Publicly Available Pay Schedule for Unclassified Staff

Attachments:

- Sixth Amended and Restated Employment Agreement
- Redline between Fifth and Sixth Amended and Restated Employment Agreement
- Publicly Available Pay Schedule for Unclassified Staff

SIXTH AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS SIXTH AMENDED AND RESTATED EMPLOYMENT AGREEMENT (the “**Agreement**”) is made and entered into on November 14, 2022, by and between the UNION SANITARY DISTRICT, a public sanitary district (“**USD**” or “**District**”) and PAUL R. ELDREDGE (the “**Manager**”).

Recitals

A. USD desires to employ the services of Manager as General Manager and District Engineer of USD.

B. It is the desire of the Board of Directors of Union Sanitary District (the “**Board**”), to provide certain benefits, establish certain conditions of employment and to set working conditions of said Manager.

C. It is the desire of USD to (1) retain the services of Manager and to provide inducement for him to remain in such employment; (2) make possible full work productivity by assuring Manager’s morale and peace of mind with respect to future security; and, (3) provide a means of USD terminating Manager’s employment if so desired.

D. Manager desires to accept employment as General Manager and District Engineer of Union Sanitary District.

E. District and Manager entered into that certain Employment Agreement dated June 25, 2014, wherein District hired Manager and Manager accepted employment as General Manager and District Engineer of Union Sanitary District (the “**Employment Agreement**”).

F. The Employment Agreement was amended by that certain First Amendment to Employment Agreement between USD and Manager dated as of September 28, 2015 (the “**First Amendment**”). The First Amendment removed Manager’s automobile allowance and incorporated such amount into Manager’s base salary, and increased Manager’s salary by \$7,250.00, or approximately three percent.

G. The Employment Agreement as amended by the First Amendment was thereafter amended by that certain Second Amendment to Employment Agreement between USD and Manager dated as of November 14, 2016 (the “**Second Amendment**”). The Second Amendment (1) removed the termination date; (2) increased Manager’s salary to \$261,697.25, or approximately three percent; and (3) increased Manager’s deferred compensation from \$4,200.00 to \$14,363.00 annually.

H. On October 23, 2017, District and Manager entered into an Amended and Restated Employment Agreement to incorporate all amendments in one complete and conforming Amended and Restated Employment Agreement and to increase Manager’s salary to \$275,436.09, or approximately five and a quarter percent (“**Amended and Restated Agreement**”).

I. On January 14, 2019, District and Manager entered into a Second Amended and Restated Employment Agreement, which (1) increased Manager's salary to \$279,595.04, or approximately one and a half percent; (2) provided Manager with a one-time payment of \$9,641.21, which will not be subject to PERS; and (3) provided Manager with a one-time contribution of 50 vacation hours ("**Second Amended and Restated Agreement**").

J. On October 28, 2019, District and Manager entered into that certain Third Amended and Restated Employment Agreement which: (1) increased Manager's salary to \$290,778.85, or approximately four percent; and (2) provided Manager with a one-time payment of \$8,387.85, which will not be subject to PERS ("**Third Amended and Restated Agreement**").

K. On October 12, 2020, District and Manager entered into that certain Fourth Amended and Restated Employment Agreement which: (1) increased Manager's salary to \$300,229.16, or approximately 3.25 percent; and (2) provided Manager with a one-time payment of \$5,000.00, which will not be subject to PERS.

L. On October 25, 2021, District and Manager entered into that certain Fifth Amended and Restated Employment Agreement which increased Manager's salary to \$309,986.61, or approximately 3.25 percent.

M. District and Manager now desire to enter into a Sixth Amended and Restated Employment Agreement to: (1) increase Manager's salary to \$320,836.14, or approximately 3.5 percent; (2) increase Manager's deferred compensation contribution by 0.5 percent for a total contribution of \$15,912.93; (3) provide Manager with a one-time payment of \$8,500.00, which will not be subject to PERS; and (4) increase Manager's vacation time to 210 hours per year.

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

Section 1. Duties.

USD hereby agrees to employ Manager as General Manager and District Engineer of Union Sanitary District to perform the functions and duties of the chief executive officer at the District as specified in the regulations of USD, the Health and Safety Code and the Government Code of the State of California, and to perform other legally permissible and proper duties and functions as the Board shall from time to time assign.

Section 2. Term.

This Agreement is for a term commencing on August 11, 2014, and shall continue and remain in full force and effect until terminated by either party in the manner provided herein. Nothing in this Agreement shall prevent, limit or otherwise interfere with (a) Manager's at-will status; (b) the right of the Board to terminate the services of Manager as provided herein; and (c) the right of Manager to resign from his position as provided herein.

Section 3. Termination and Severance Pay.

A. In the event that Manager is terminated by a majority vote of the Board while Manager continues to be willing and able to perform his duties under the Agreement, USD agrees to pay Manager equal payments over an agreed upon period of time equal to Manager's monthly salary multiplied by nine (9). Manager shall also be compensated for all accrued vacation time. The District agrees to continue medical, dental and vision benefits for six (6) months. Such severance pay and benefits shall not be due or payable if the Manager is terminated for willful misconduct, dishonesty, or fraud in office; willful destruction, theft, misappropriation or misuse of District property; or after being convicted of a felony; or any action involving moral turpitude. However, if Manager is terminated by a majority vote of the Board because of his commission of a felony, an act or action which constitutes moral turpitude for personal gain to him, is not in good standing due to acts which bring potential civil liability to the District or is unwilling or unable to adequately perform the duties of a General Manager, then in any of these events, USD shall have no obligation to pay the aggregate severance sum designated in this paragraph. It is specifically agreed that Manager serves at the pleasure of the Board as an at-will employee, subject to the termination and severance provisions contained herein.

B. Except for a termination involving the commission of any illegal act, or falling to remain in good standing as set forth in Section 3 A, above, the Manager may not be terminated by the USD within the three' (3) months preceding or following a General Election where one or more Board seats are contested on the ballot of such election (the "**election cool-off period**").

C. In the event the District terminates Manager for cause, the District and the Manager agree that neither Party shall make any written or oral statements to members of the public or press concerning the Manager's termination which are not factual, or which are of a slanderous nature.

D. If Manager is permanently disabled or is otherwise unable to perform his duties because of sickness, accident, injury, or mental incapacity for a period in excess of 6 months, the District shall have the option to terminate this agreement without further payment of compensation and benefits (except as required by State or Federal Law). Disability will preclude severance benefits.

Section 4. Salary.

USD agrees to pay Manager for his services rendered pursuant hereto an annual base salary, payable in installments at the same time as other employees of USD are paid, as set forth below.

- Effective as of June 25, 2014, Manager's base salary is \$241,425.00.
- Effective as of September 1, 2015, Manager's base salary is \$254,075.00.
- Effective as of September 1, 2016, Manager's base salary is \$261,697.25.

- Effective as of September 1, 2017, Manager's base salary is \$275,436.09.
- Effective as of September 1, 2018, Manager's base salary is \$279,595.04.
- Effective as of September 1, 2019, Manager's base salary is \$290,778.85.
- Effective as of September 1, 2020, Manager's base salary is \$300,229.16.
- Effective as of September 1, 2021, Manager's base salary is \$309,986.61.
- Effective as of September 1, 2022, Manager's base salary is \$320,836.14.

Base salary is subject to adjustment annually and Manager may receive pay for performance bonuses following the Manager's annual performance evaluation.

- Manager received a one-time payment of \$9,641.21 in 2018 pursuant to the Second Amended and Restated Agreement.
- Manager received a one-time payment of \$8,387.85 pursuant to the Third Amended and Restated Agreement.
- Manager received a one-time payment of \$5,000.00 pursuant to the Fourth Amended and Restated Agreement.
- Manager shall receive a one-time payment of \$8,500.00 at the next pay period after execution of this Agreement.

Manager may distribute his Base Salary between salary and his contributions to approved deferred compensation plan as he chooses, so long as such distribution conforms to all applicable State and Federal laws and regulations.

Section 5. Automobile.

As of September 1, 2015, Manager does not receive an automobile allowance. Prior to that date, USD paid the Manager a Four Hundred Fifty Dollars (\$450.00) per month automobile allowance.

Section 6. Holiday Benefits.

Manager shall be entitled to the same holidays as Work Group Managers of USD.

Section 7. Medical, Vision and Dental Benefits.

The Manager shall be entitled to all medical, dental, vision, life and disability insurance benefits provided non-represented employees of USD. Qualifying dependents will be eligible for medical, dental, vision and life insurance benefits.

Section 8. Deferred Compensation.

USD will match Manager's contributions to Deferred Compensation Plans up to a maximum of \$4,200 per year on a dollar-for-dollar basis. Effective as of September 1, 2016, USD will match Manager's contributions to Deferred Compensation Plans up to a maximum of \$14,363.00 per year on a dollar-for-dollar basis. Effective as of September 1, 2022, USD will

match Manager's contributions to Deferred Compensation Plans up to a maximum of \$15,912.93 per year on a dollar-for-dollar basis. This amount may be increased following the Manager's annual performance evaluation.

Section 9. Comprehensive Leave.

Manager's sick leave and administrative leave shall be the same as Work Group Managers of USD. The Manager shall earn four (4) weeks of vacation leave annually. Effective as of September 1, 2022, Manager shall earn 210 hours of vacation leave annually. Manager shall receive a one-time contribution of 50 hours of vacation as of September 1, 2018, or the payroll immediately following the execution of this Agreement.

Section 10. Retirement.

Manager shall be eligible to participate, in the Public Employees' Retirement System (PERS) under the 2.5% at age 55 formula and the Fourth Level 1959 survivor benefit. The terms of the contract between the District and CalPERS shall govern the eligibility for and level of benefits to which Manager is entitled.

Section 11. Dues and Subscriptions.

USD agrees to pay for the professional dues, licenses and subscriptions of Manager necessary for his continuation and full participation in national, regional, state and local associations and organizations necessary and desirable for his continued professional participation, growth and advancement, and for the good of the District.

Section 12. Professional Development/Employee Recognition.

A. USD hereby agrees to pay the travel and subsistence expenses of Manager for professional and official travel, meetings and occasions adequate to continue the professional development of Manager and adequate to pursue necessary official and other functions for USD, including but not limited to, California Association of Sanitation Agencies, National Association of Clean Water Agencies and other professional associations. Travel related advances and reimbursement shall be on the same basis as other District employees.

B. USD also agrees to pay for the travel and subsistence expenses of Manager for short courses, institutes and seminars that are necessary for his professional development in the best interest of USD.

Section 13. Performance Evaluation.

A. The Board shall review and evaluate the performance of Manager once annually, in September. Said review and evaluation shall be in accordance with specific criteria developed jointly by the Board and Manager. Said criteria may be modified as the Board may from time to time determine after consultation with Manager. The Board agrees to review the Manager's total compensation in September of each year.

B. During the annual evaluation, the Board and Manager shall define such goals and performance objectives which they jointly determine necessary for the proper operation of the District and attainment of the Board's policy objectives; they shall also establish a relative priority among those various goals and objectives, and reduce said goals and objectives to writing. These goals and objectives shall generally be attainable within the time limitations as specified and the annual operating and capital budgets and appropriations provided.

Section 14. Indemnification.

A. Pursuant to the requirements of the California Government Code, including but not limited to sections 825, 995, 995.2, 995.8 and 996.4, as amended from time to time, and any other relevant Government Code sections pertaining to such matters, the District shall defend save harmless and indemnify Manager against any tort, professional liability claim and demand or other claim or legal action, whether groundless or otherwise, arising out of an alleged act or omission occurring in the course and scope of duties as General Manager. Said defense shall be provided by the District until such time as all legal action on the matter is concluded.

B. Should Manager be named as a defendant for any tort, professional liability claim and demand or other claim or legal action, whether groundless or otherwise, arising out of an alleged act or omission occurring in the course and scope of duties as General Manager, District shall solicit and consider Manager's preference for legal representation, but District shall retain full discretion in the selection of counsel to the extent permitted by law.

Section 15. Other Terms and Conditions of Employment.

A. The Board, in consultation with the Manager, shall fix any such other terms and conditions of employment, as it may determine from time to time, relating to the performance of Manager, provided such terms and conditions are not inconsistent with or in conflict with the provisions of this Agreement or State or Federal law. Any terms or conditions changed shall be jointly agreed upon and in writing as provided by Section 16C, *infra*.

B. All provisions of the ordinances, regulations, policies and rules of the District relating to vacation and sick leave, retirement and pension system contributions, life insurance, holidays and other fringe benefits and working conditions as they now exist or thereafter may be amended, which apply to work group manager level District employees, except as otherwise set forth herein, also shall apply to Manager.

C. District agrees to pay Manager's reasonable consulting fees and travel expenses after employment concludes to serve as a material or expert witness, advisor or consultant to District for litigation or other disputes arising from Manager's service to the District.

Section 16. General Provisions.

- A. The text herein shall constitute the entire Agreement between the parties.
- B. The Agreement is dated as of the date set forth in the first paragraph above and its terms and provisions effective as of August 11, 2014.
- C. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing by USD and the Manager. No waiver of either party at any time of the breach of, or lack of compliance with, any condition or provision of this Agreement shall be deemed a waiver of any other provision or condition hereof.
- D. This Agreement shall be binding upon, or shall inure to the benefit of the respective heirs, executors, administrators, successors and assigns of the parties provided, however, that Manager may not assign Manager's obligations hereunder.
- E. This Agreement shall be governed by and construed in accordance with the laws of the State of California.
- F. If any provision, or any portion thereof, contained in this Agreement is held unconstitutional, invalid or unenforceable, the remainder of this Agreement, or portion thereof, shall be deemed severable, shall not be affected and shall remain in full force and effect.

Section 17. Criminal Background Check.

- A. This Agreement is conditioned upon the District's receipt, within four (4) weeks of the date upon which this Agreement is effective, a criminal background check regarding Manager showing no criminal convictions. If the District does not receive within four (4) weeks a criminal background check regarding Manager showing no criminal convictions, and/or if the criminal background check of Manager contains criminal convictions, this Agreement shall be, null and void.

Section 18. Amendment and Restatement.

This Agreement amends and restates the Fifth Amended and Restated Agreement in its entirety.

[signatures follow on next page]

IN WITNESS WHEREOF, the District and Manager have signed and executed this Agreement as of the day and year first above written.

UNION SANITARY DISTRICT

MANAGER

By _____
Anjali Lathi, President

By _____
Paul R. Eldredge

Attest:

By _____
Jennifer Toy, Secretary

Approved:

By _____
Karen Murphy, District General
Counsel

~~FIFTH~~SIXTH AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS ~~FIFTH~~SIXTH AMENDED AND RESTATED EMPLOYMENT AGREEMENT (the “**Agreement**”) is made and entered into on November 14, ~~2021~~ 2022, by and between the UNION SANITARY DISTRICT, a public sanitary district (“**USD**” or “**District**”) and PAUL R. ELDREDGE (the “**Manager**”).

Recitals

A. USD desires to employ the services of Manager as General Manager and District Engineer of USD.

B. It is the desire of the Board of Directors of Union Sanitary District (the “**Board**”), to provide certain benefits, establish certain conditions of employment and to set working conditions of said Manager.

C. It is the desire of USD to (1) retain the services of Manager and to provide inducement for him to remain in such employment; (2) make possible full work productivity by assuring Manager’s morale and peace of mind with respect to future security; and, (3) provide a means of USD terminating Manager’s employment if so desired.

D. Manager desires to accept employment as General Manager and District Engineer of Union Sanitary District.

E. District and Manager entered into that certain Employment Agreement dated June 25, 2014, wherein District hired Manager and Manager accepted employment as General Manager and District Engineer of Union Sanitary District (the “**Employment Agreement**”).

F. The Employment Agreement was amended by that certain First Amendment to Employment Agreement between USD and Manager dated as of September 28, 2015 (the “**First Amendment**”). The First Amendment removed Manager’s automobile allowance and incorporated such amount into Manager’s base salary, and increased Manager’s salary by \$7,250.00, or approximately three percent.

G. The Employment Agreement as amended by the First Amendment was thereafter amended by that certain Second Amendment to Employment Agreement between USD and Manager dated as of November 14, 2016 (the “**Second Amendment**”). The Second Amendment (1) removed the termination date; (2) increased Manager’s salary to \$261,697.25, or approximately three percent; and (3) increased Manager’s deferred compensation from \$4,200.00 to \$14,363.00 annually.

H. On October 23, 2017, District and Manager entered into an Amended and Restated Employment Agreement to incorporate all amendments in one complete and conforming Amended and Restated Employment Agreement and to increase Manager’s salary to \$275,436.09, or approximately five and a quarter percent (“**Amended and Restated**

Agreement”).

I. On January 14, 2019, District and Manager entered into a Second Amended and Restated Employment Agreement, which (1) increased Manager’s salary to \$279,595.04, or approximately one and a half percent; (2) provided Manager with a one-time payment of \$9,641.21, which will not be subject to PERS; and (3) provided Manager with a one-time contribution of 50 vacation hours (“**Second Amended and Restated Agreement**”).

J. On October 28, 2019, District and Manager entered into that certain Third Amended and Restated Employment Agreement which: (1) increased Manager’s salary to \$290,778.85, or approximately four percent; and (2) provided Manager with a one-time payment of \$8,387.85, which will not be subject to PERS (“**Third Amended and Restated Agreement**”).

K. On October 12, 2020, District and Manager entered into that certain Fourth Amended and Restated Employment Agreement which: (1) increased Manager’s salary to \$300,229.16, or approximately 3.25 percent; and (2) provided Manager with a one-time payment of \$5,000.00, which will not be subject to PERS.

L. On October 25, 2021, District and Manager ~~now desire to enter~~ entered into a that certain Fifth Amended and Restated Employment Agreement ~~to increase~~ which increased Manager’s salary to \$309,986.61, or approximately 3.25 percent.

M. District and Manager now desire to enter into a Sixth Amended and Restated Employment Agreement to: (1) increase Manager’s salary to \$320,836.14, or approximately 3.5 percent; (2) increase Manager’s deferred compensation contribution by 0.5 percent for a total contribution of \$15,912.93; (3) provide Manager with a one-time payment of \$8,500.00, which will not be subject to PERS; and (4) increase Manager’s vacation time to 210 hours per year.

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

Section 1. Duties.

USD hereby agrees to employ Manager as General Manager and District Engineer of Union Sanitary District to perform the functions and duties of the chief executive officer at the District as specified in the regulations of USD, the Health and Safety Code and the Government Code of the State of California, and to perform other legally permissible and proper duties and functions as the Board shall from time to time assign.

Section 2. Term.

This Agreement is for a term commencing on August 11, 2014, and shall continue and remain in full force and effect until terminated by either party in the manner provided herein. Nothing in this Agreement shall prevent, limit or otherwise interfere with (a) Manager’s at-will status; (b) the right of the Board to terminate the services of Manager as provided herein; and

(c) the right of Manager to resign from his position as provided herein.

Section 3. Termination and Severance Pay.

A. In the event that Manager is terminated by a majority vote of the Board while Manager continues to be willing and able to perform his duties under the Agreement, USD agrees to pay Manager equal payments over an agreed upon period of time equal to Manager's monthly salary multiplied by nine (9). Manager shall also be compensated for all accrued vacation time. The District agrees to continue medical, dental and vision benefits for six (6) months. Such severance pay and benefits shall not be due or payable if the Manager is terminated for willful misconduct, dishonesty, or fraud in office; willful destruction, theft, misappropriation or misuse of District property; or after being convicted of a felony; or any action involving moral turpitude. However, if Manager is terminated by a majority vote of the Board because of his commission of a felony, an act or action which constitutes moral turpitude for personal gain to him, is not in good standing due to acts which bring potential civil liability to the District or is unwilling or unable to adequately perform the duties of a General Manager, then in any of these events, USD shall have no obligation to pay the aggregate severance sum designated in this paragraph. It is specifically agreed that Manager serves at the pleasure of the Board as an at-will employee, subject to the termination and severance provisions contained herein.

B. Except for a termination involving the commission of any illegal act, or falling to remain in good standing as set forth in Section 3 A, above, the Manager may not be terminated by the USD within the three' (3) months preceding or following a General Election where one or more Board seats are contested on the ballot of such election (the "**election cool-off period**").

C. In the event the District terminates Manager for cause, the District and the Manager agree that neither Party shall make any written or oral statements to members of the public or press concerning the Manager's termination which are not factual, or which are of a slanderous nature.

D. If Manager is permanently disabled or is otherwise unable to perform his duties because of sickness, accident, injury, or mental incapacity for a period in excess of 6 months, the District shall have the option to terminate this agreement without further payment of compensation and benefits (except as required by State or Federal Law). Disability will preclude severance benefits.

Section 4. Salary.

USD agrees to pay Manager for his services rendered pursuant hereto an annual base salary, payable in installments at the same time as other employees of USD are paid, as set forth below.

- Effective as of June 25, 2014, Manager's base salary is \$241,425.00.

- Effective as of September 1, 2015, Manager's base salary is \$254,075.00.
- Effective as of September 1, 2016, Manager's base salary is \$261,697.25.
- Effective as of September 1, 2017, Manager's base salary is \$275,436.09.
- ~~USD agrees to pay Manager for his services rendered pursuant hereto an annual base salary of \$241,425.00 annually, payable in installments at the same time as other employees of USD are paid. Effective as of September 1, 2015, Manager's base salary is increased to \$254,075.00. Effective as of September 1, 2016, Manager's base salary is increased to \$261,697.25. Effective as of September 1, 2017, Manager's base salary is increased to \$275,436.09. Effective as of September 1, 2018, Manager's base salary is increased to~~ Effective as of September 1, 2018, Manager's base salary is \$279,595.04.
- Effective as of September 1, 2019, Manager's base salary is ~~increased to~~ \$290,778.85.
- Effective as of September 1, 2020, Manager's base salary is \$300,229.16.
- Effective as of September 1, 2021, Manager's base salary is \$309,986.61. ~~Base salary is subject to adjustment annually and Manager may receive performance bonuses following the Manager's annual performance evaluation. Manager received a one-time payment of \$9,641.21 in 2018 pursuant to the Second Amended and Restated Agreement, a one-time payment of \$8,387.85 pursuant to the Third Amended and Restated Agreement and shall receive a one-time payment of \$5,000.00 at the next pay period after execution of this Agreement.~~
- Effective as of September 1, 2022, Manager's base salary is \$320,836.14.

Base salary is subject to adjustment annually and Manager may receive pay for performance bonuses following the Manager's annual performance evaluation.

- Manager received a one-time payment of \$9,641.21 in 2018 pursuant to the Second Amended and Restated Agreement.
- Manager received a one-time payment of \$8,387.85 pursuant to the Third Amended and Restated Agreement.
- Manager received a one-time payment of \$5,000.00 pursuant to the Fourth Amended and Restated Agreement.
- Manager shall receive a one-time payment of \$8,500.00 at the next pay period after execution of this Agreement.

Manager may distribute his Base Salary between salary and his contributions to approved deferred compensation plan as he chooses, so long as such distribution conforms to all applicable State and Federal laws and regulations.

Section 5. Automobile.

As of September 1, 2015, Manager does not receive an automobile allowance. Prior to that date, USD paid the Manager a Four Hundred Fifty Dollars (\$450.00) per month automobile allowance.

Section 6. Holiday Benefits.

Manager shall be entitled to the same holidays as Work Group Managers of USD.

Section 7. Medical, Vision and Dental Benefits.

The Manager shall be entitled to all medical, dental, vision, life and disability insurance benefits provided non-represented employees of USD. Qualifying dependents will be eligible for medical, dental, vision and life insurance benefits.

Section 8. Deferred Compensation.

USD will match Manager's contributions to Deferred Compensation Plans up to a maximum of \$4,200 per year on a dollar-for-dollar basis. Effective as of September 1, 2016, USD will match Manager's contributions to Deferred Compensation Plans up to a maximum of \$14,363.00 per year on a dollar-for-dollar basis. Effective as of September 1, 2022, USD will match Manager's contributions to Deferred Compensation Plans up to a maximum of \$15,912.93 per year on a dollar-for-dollar basis. This amount may be increased following the Manager's annual performance evaluation.

Section 9. Comprehensive Leave.

Manager's sick leave and administrative leave shall be the same as Work Group Managers of USD. The Manager shall earn four (4) weeks of vacation leave annually. Effective as of September 1, 2022, Manager shall earn 210 hours of vacation leave annually. Manager shall receive a one-time contribution of 50 hours of vacation as of September 1, 2018, or the payroll immediately following the execution of this Agreement.

Section 10. Retirement.

Manager shall be eligible to participate, in the Public Employees' Retirement System (PERS) under the 2.5% at age 55 formula and the Fourth Level 1959 survivor benefit. The terms of the contract between the District and CalPERS shall govern the eligibility for and level of benefits to which Manager is entitled.

Section 11. Dues and Subscriptions.

USD agrees to pay for the professional dues, licenses and subscriptions of Manager necessary for his continuation and full participation in national, regional, state and local associations and organizations necessary and desirable for his continued professional participation, growth and advancement, and for the good of the District.

Section 12. Professional Development/Employee Recognition.

A. USD hereby agrees to pay the travel and subsistence expenses of Manager for professional and official travel, meetings and occasions adequate to continue the

professional development of Manager and adequate to pursue necessary official and other functions for USD, including but not limited to, California Association of Sanitation Agencies, National Association of Clean Water Agencies and other professional associations. Travel related advances and reimbursement shall be on the same basis as other District employees.

B. USD also agrees to pay for the travel and subsistence expenses of Manager for short courses, institutes and seminars that are necessary for his professional development in the best interest of USD.

Section 13. Performance Evaluation.

A. The Board shall review and evaluate the performance of Manager once annually, in September. Said review and evaluation shall be in accordance with specific criteria developed jointly by the Board and Manager. Said criteria may be modified as the Board may from time to time determine after consultation with Manager. The Board agrees to review the Manager's total compensation in September of each year.

B. During the annual evaluation, the Board and Manager shall define such goals and performance objectives which they jointly determine necessary for the proper operation of the District and attainment of the Board's policy objectives; they shall also establish a relative priority among those various goals and objectives, and reduce said goals and objectives to writing. These goals and objectives shall generally be attainable within the time limitations as specified and the annual operating and capital budgets and appropriations provided.

Section 14. Indemnification.

A. Pursuant to the requirements of the California Government Code, including but not limited to sections 825, 995, 995.2, 995.8 and 996.4, as amended from time to time, and any other relevant Government Code sections pertaining to such matters, the District shall defend save harmless and indemnify Manager against any tort, professional liability claim and demand or other claim or legal action, whether groundless or otherwise, arising out of an alleged act or omission occurring in the course and scope of duties as General Manager. Said defense shall be provided by the District until such time as all legal action on the matter is concluded.

B. Should Manager be named as a defendant for any tort, professional liability claim and demand or other claim or legal action, whether groundless or otherwise, arising out of an alleged act or omission occurring in the course and scope of duties as General Manager, District shall solicit and consider Manager's preference for legal representation, but District shall retain full discretion in the selection of counsel to the extent permitted by law.

Section 15. Other Terms and Conditions of Employment.

A. The Board, in consultation with the Manager, shall fix any such other

terms and conditions of employment, as it may determine from time to time, relating to the performance of Manager, provided such terms and conditions are not inconsistent with or in conflict with the provisions of this Agreement or State or Federal law. Any terms or conditions changed shall be jointly agreed upon and in writing as provided by Section 16C, infra.

B. All provisions of the ordinances, regulations, policies and rules of the District relating to vacation and sick leave, retirement and pension system contributions, life insurance, holidays and other fringe benefits and working conditions as they now exist or thereafter may be amended, which apply to work group manager level District employees, except as otherwise set forth herein, also shall apply to Manager.

C. District agrees to pay Manager's reasonable consulting fees and travel expenses after employment concludes to serve as a material or expert witness, advisor or consultant to District for litigation or other disputes arising from Manager's service to the District.

Section 16. General Provisions.

A. The text herein shall constitute the entire Agreement between the parties.

B. The Agreement is dated as of the date set forth in the first paragraph above and its terms and provisions effective as of August 11, 2014.

C. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing by USD and the Manager. No waiver of either party at any time of the breach of, or lack of compliance with, any condition or provision of this Agreement shall be deemed a waiver of any other provision or condition hereof.

D. This Agreement shall be binding upon, or shall inure to the benefit of the respective heirs, executors, administrators, successors and assigns of the parties provided, however, that Manager may not assign Manager's obligations hereunder.

E. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

F. If any provision, or any portion thereof, contained in this Agreement is held unconstitutional, invalid or unenforceable, the remainder of this Agreement, or portion thereof, shall be deemed severable, shall not be affected and shall remain in full force and effect.

Section 17. Criminal Background Check.

A. This Agreement is conditioned upon the District's receipt, within four (4) weeks of the date upon which this Agreement is effective, a criminal background check

regarding Manager showing no criminal convictions. If the District does not receive within four (4) weeks a criminal background check regarding Manager showing no criminal convictions, and/or if the criminal background check of Manager contains criminal convictions, this Agreement shall be, null and void.

Section 18. Amendment and Restatement.

This Agreement amends and restates the ~~Fourth~~Fifth Amended and Restated Agreement in its entirety.

[signatures follow on next page]

IN WITNESS WHEREOF, the District and Manager have signed and executed this Agreement as of the day and year first above written.

UNION SANITARY DISTRICT

MANAGER

MANAGER

By

By

By

Paul R. Eldredge

Anjali Lathi,
President

Paul R. Eldredge

Pat Kite,
President

Attest:

Approved:

By

By

Jennifer Toy,
Secretary

Approved:

By

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Karen Murphy, District
General Counsel

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**Union Sanitary District
Unclassified Employees Salary Schedule
Effective September 1, 2022**

Position Title	Minimum Bi-Weekly Pay Rate	Maximum Bi-Weekly Pay Rate
Accounting and Financial Analyst I	\$3,689.02	\$4,841.85
Accounting and Financial Analyst II	\$4,165.80	\$5,467.61
Assistant Engineer	\$4,458.43	\$5,851.68
Assistant Engineer - Limited Term	\$4,458.43	\$5,851.68
Associate Engineer	\$5,002.12	\$6,565.28
Buyer I	\$3,424.84	\$4,495.10
Buyer II	\$3,805.38	\$4,994.56
Coach, Capital Improvement Projects	\$6,598.26	\$8,660.21
Coach, Collection Services	\$5,329.67	\$6,995.20
Coach, Customer Service	\$6,598.26	\$8,660.21
Coach, Electrical & Technology	\$6,217.36	\$8,160.29
Coach, Environmental Compliance	\$5,669.92	\$7,441.77
Coach, Finance & Acquisition Services	\$6,109.96	\$8,019.32
Coach, Mechanical Maintenance	\$5,293.76	\$6,948.06
Coach, Research & Support/Principal Engineer	\$6,598.26	\$8,660.21
Coach, Wastewater Plant Operations	\$5,345.93	\$7,016.54
Coach, Wastewater Plant Operations - Limited Term	\$5,345.93	\$7,016.54
Enhanced Treatment Site Upgrade Assistant Program Manager - Limited Term	\$5,592.93	\$7,340.72
Enhanced Treatment Site Upgrade Program Manager - Limited Term	\$6,425.98	\$8,434.10
Environmental Health and Safety Specialist	\$4,093.45	\$5,372.65
Environmental Program Coordinator	\$5,129.93	\$6,733.03
Executive Assistant to the General Manager/Board Clerk	\$4,017.69	\$5,273.22
General Manager	\$9,401.79	\$12,339.85
Human Resources Manager	\$6,099.47	\$8,005.56
Information Technology Administrator	\$5,921.30	\$7,771.70



**Union Sanitary District
Unclassified Employees Salary Schedule
Effective September 1, 2022**

Position Title	Minimum Bi-Weekly Pay Rate	Maximum Bi-Weekly Pay Rate
Information Technology Analyst	\$3,936.84	\$5,167.10
Junior Engineer	\$4,012.58	\$5,266.52
Junior Engineer - Limited Duration	\$4,012.58	\$5,266.52
Manager, Business Services / Chief Financial Officer	\$8,274.47	\$10,860.24
Manager, Collection Services	\$7,379.92	\$9,686.14
Manager, Maintenance and Technology Services	\$7,596.97	\$9,971.02
Manager, Technical Services	\$7,936.42	\$10,416.56
Manager, Treatment & Disposal Services	\$7,235.21	\$9,496.21
Organizational Performance Coordinator II	\$4,305.44	\$5,650.89
Organizational Performance Manager	\$4,972.78	\$6,526.77
Purchasing Agent	\$4,625.56	\$6,071.04
Senior Accounting and Financial Analyst	\$4,404.14	\$5,780.44
Senior GIS/Database Administrator/Developer	\$5,023.31	\$6,593.09
Senior Human Resources Analyst	\$4,892.40	\$6,421.27
Senior Information Technology Analyst	\$4,374.27	\$5,741.23
Senior Network Administrator	\$4,893.61	\$6,422.86
Senior Engineer/Senior Process Engineer	\$5,315.87	\$6,977.08

Board of Directors: Directors meet or serve in their official capacity 3 – 12 times per month with a maximum of six paid meetings/month at a rate of \$212.10 per meeting and are paid for a maximum of one meeting per day.

Approved by:

President, Board of Directors



USD TREAT
PROTECT
PRESERVE
est. 1918
TRI-CITY WASTEWATER

Directors
Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

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

Karen W. Murphy
Attorney

**NOVEMBER 14, 2022
BOARD OF DIRECTORS MEETING
AGENDA ITEM # 11**

TITLE: Consider Confirming and Declaring the Need to Continue the Emergency Action to Repair Two Sewer Lines in the City of Fremont Damaged by Fiber Optic Line Installation (*This is a Motion Item*)

SUBMITTED: Paul R. Eldredge, General Manager/District Engineer
Jose Rodrigues, Collection Services Work Group Manager
Raymond Chau, Technical Services Work Group Manager
Curtis Bosick, CIP Team Coach

Recommendation

Receive an update on repairs and adopt a motion by a four-fifths vote finding that there is a need to continue the action and confirming and declaring the continuance of the emergency.

Discussion

On October 24, 2022, the Board received an update on the emergency action and adopted a motion to continue the action and confirmed and declared the continuance of the emergency action to repair two sewer lines in the City of Fremont. Since that meeting, McGuire and Hester (MH) has commenced the excavation portion of the repair at the intersection of Fremont Blvd. and Clipper Court.

Due to the heavy traffic and to minimize the disruption to the public at the intersection of Paseo Padre Parkway and Washington Blvd, the traffic control plan will require additional coordination with the City.

After the determination of an emergency pursuant to Public Contract Code section 22050, the Board is required to review the status of the emergency action at each subsequent meeting until

the emergency action is terminated and authorize continuation of the emergency action by a four-fifths vote. This staff report seeks such authorization as there is a need to complete the actions described above.

Staff will continue to bring a similar agenda item to the Board to continue the emergency until it is terminated.

Background

In March of 2022, the District was notified that a contractor, HP Communications and JK Communication & Construction/Kleven Construction (JKC), working in the City of Fremont installing 5G fiber optic lines had damaged three separate sewer lines. Staff confirmed the damages by CCTV inspection. HP Communications repaired one of the damaged sewer mains due to its shallow depth and location. The District began discussions with the contractor and its insurance company about the repair of the other two damaged sewer mains given concerns about an inexperienced contractor further damaging the District's facilities sewer due to both sewer mains depth at (15'), groundwater concerns, the need to bypass sewage and possibly soft soil conditions in the area. The size and locations of the remaining damaged sewer mains are:

1. 8" sewer main near the intersection of Paseo Padre Parkway and Washington Blvd.
2. 18" sewer main near the intersection of Fremont Blvd. and Clipper Court.

Staff negotiated with the contractor and its insurance company for months to resolve the issue and complete the work without expending public funds, but the parties did not reach an acceptable resolution.

Given the upcoming wet weather season and time required to complete the work, it was necessary for the District to expeditiously proceed with the repair, while concurrently working toward reimbursement of funding from the contractor. The damaged sewer mains in their current condition create enough risk to the District that staff recommended an emergency be declared to expedite the necessary repairs.

The District's Purchasing Policy and California Public Contract Code (PCC) Section 20806 allow for emergency contracting without competitive bidding in accordance with the requirements of PCC Section 22050. Section 22050(a) provides that the District, pursuant to a four-fifths vote of the Board, "may repair or replace a public facility, take any directly related and immediate action required by that emergency, and procure the necessary equipment, services, and supplies for those purposes, without giving notice for bids to let contracts."

The attached Resolution No. 2982, adopted on September 12, 2022, addressed the requirements of the PCC, and declared an emergency and authorized additional expenditures without the need for competitive bidding. As such, the District has proceeded with the work under our emergency

services contract with McGuire and Hester, as described above. Cost estimates for the repairs range from \$583,000, with McGuire and Hester fully performing all of the repairs, to \$459,000, with McGuire and Hester performing the sewer line work and HP/ JK Communications performing the paving and restoration.

Previous Board Action

09/12/2022 Board Meeting – The Board adopted a resolution declaring an emergency and authorizing the emergency expenditure of funds for the repair of two sewer lines in the City of Fremont damaged by fiber optic line installation.

09/26/2022 Board Meeting – The Board received an update on the emergency action and adopted a motion to continue the action and confirmed and declared the continuance of the emergency action.

10/10/2022 Board Meeting – The Board received an update on the emergency action and adopted a motion to continue the action and confirmed and declared the continuance of the emergency action.

10/24/2022 Board Meeting – The Board received an update on the emergency action and adopted a motion to continue the action and confirmed and declared the continuance of the emergency action.

Attachments: Figures 1 through 4 – Location Maps and Photos of Damaged Sewers
 Traffic Control Plans
 Figures 5 through 8 – Updated Construction Pictures
 Resolution No. 2982

Figure 1 - Location of Damaged 18" Sewer Main



Figure 2 - Photo of Damaged 18" Sewer Main



Figure 3 - Location of Damaged 8" Sewer Main

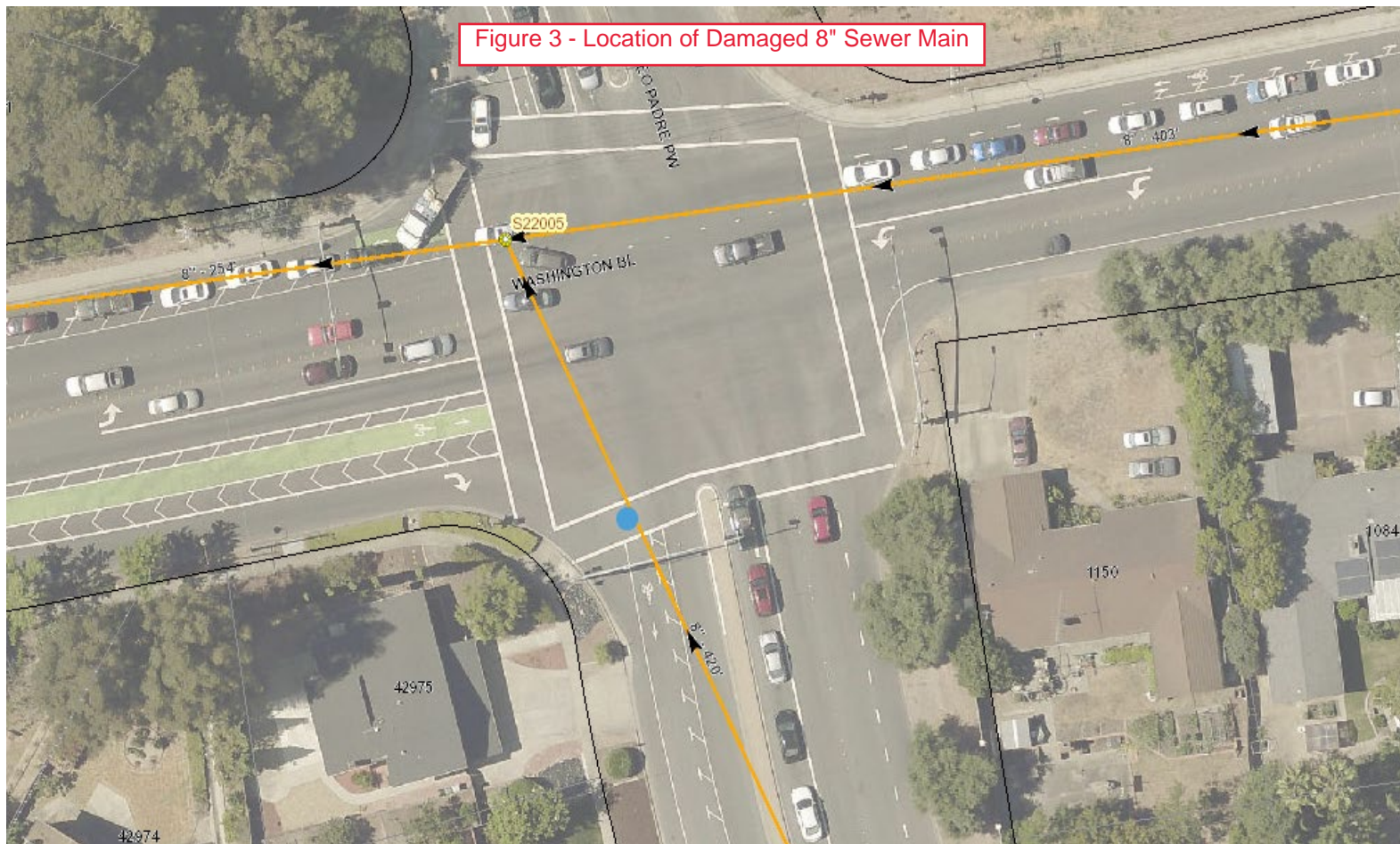
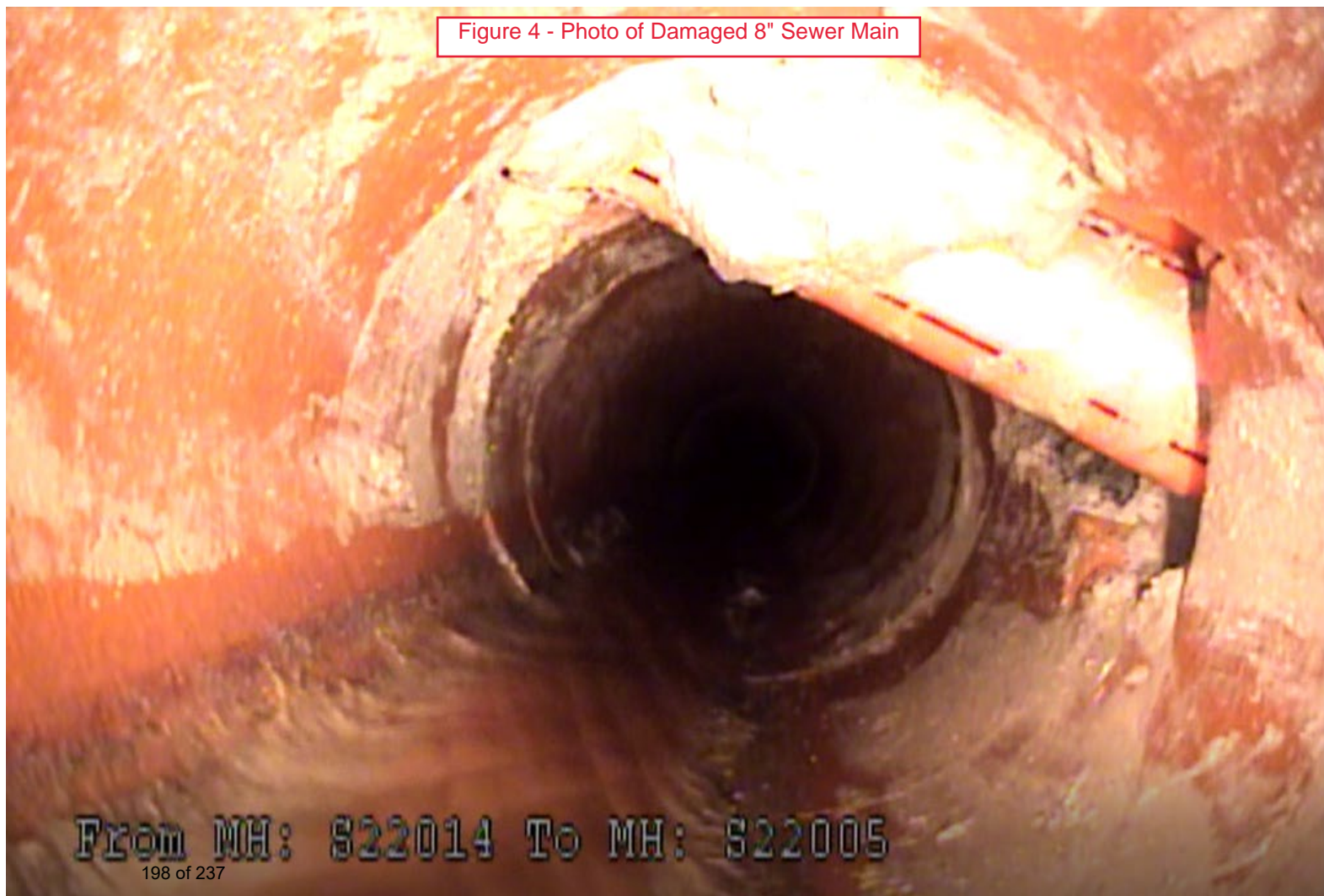


Figure 4 - Photo of Damaged 8" Sewer Main



Fremont Blvd & Clipper Ct.

Traffic Control Map

www.invarion.com

Maintain 10' wide minimum travel lanes. 13' when taking bike lane
Maintain access for pedestrians
Maintain access to driveways
Notify affected businesses and residents
Coordinate w/ AC bus transit
Don't block drivers, cyclists & pedestrians w/ signs
Traffic tapers must be accurate in length
Work Hours: 8:30am - 4pm M-Th (3pm Fri)
Don't block bike lane w/ signs

No Exception Taken

Make Correction Noted

Revise and Resubmit

NOTE:

Shop drawings review is only for general confirmation with the information given in the contract documents. Contractor remains responsible for accuracy of content in submitted documents.

By: TF Date: 10/10/22

LEGEND:

- Signal Intersection

Crash Cushion

FAS Support / Trailer

Temporary Sign Stand

20 foot K-Rail

Work Area

Flashing Arrow Sign (FAS)

36" Yellow Reflective Channelizer (Post Mounted Channelizer)

K-rail not accepted

TRAFFIC CONTROL GENERAL NOTES:

- All traffic control devices shall conform to the latest edition of California Manual on Uniform Traffic Control Devices (MUTCD) and the Standard Specifications for Public Work.
- High-Level Warning Devices (Flag Trees) Shall consist of minimum of two flags. The flag shall be minimum 16 inches square and be orange or fluorescent red-orange in color.
- All Flaggers shall also be equipped with a C28 "Stop/Slow" paddle and be trained in the proper fundamentals of flagging traffic.
- NO PARKING signs shall be placed 72 hours prior to set up. Signs shall be posted every 20 - 50 linear feet of occupied space with at least one sign at each end of occupied space.
- Access to residences and businesses shall be maintained at all times. Access to be determined in field by existing conditions.
- Maintain a safe pedestrian route at all times. Do Not obscure sidewalks, curb ramps, or crosswalks with equipment, debris or vehicles, unless prior approval by the Resident Engineer. Where closures of pedestrian facility is needed, provide detour route with appropriate signage.
- Travel lanes shall be no less than 11 feet in width on arterial and collector streets and no less than 10 feet on local streets.
- All trenches must be back filled or plated during non-working hours. W8-24 "STEEL PLATE AHEAD" sign must be posted 250 feet advance of any plate that is in the road way.
- The contractor shall take all necessary precautions to allow emergency vehicles to pass through the construction zones without any delays.
- Place W20-1 "ROAD WORK AHEAD" sign on any side street or high-volume driveway that is within Traffic control zone.
- Ensure adequate turning radius for WB-40 and above to safely navigate around the work area.
- Engineer or his representative has the authority to initiate field changes to assure public safety.

STATEWIDE

SAFETY SYSTEMS

130 Grobric Ct, Fairfield, CA 94533

(707) 864-9952

www.statewidess.com

Prepared By: Josh DeHart

Mobile: (707) 333-2722

Email: jdehart@statewidess.com

ATSSA Cert No. 00138360

JOB LOCATION:

Fremont Blvd & Clipper Ct, Fremont, CA 94538

CONTRACTOR:

McGuire and Hester

2810 Harbor Bay Parkway,

Alameda, CA 94502

PH: 510-632-7676

Contact: Michael Laganowsky

Mobile: 510-282-6319

SCALE:

NOT TO SCALE

REVISION No:

DRAWING No:

22-090-1

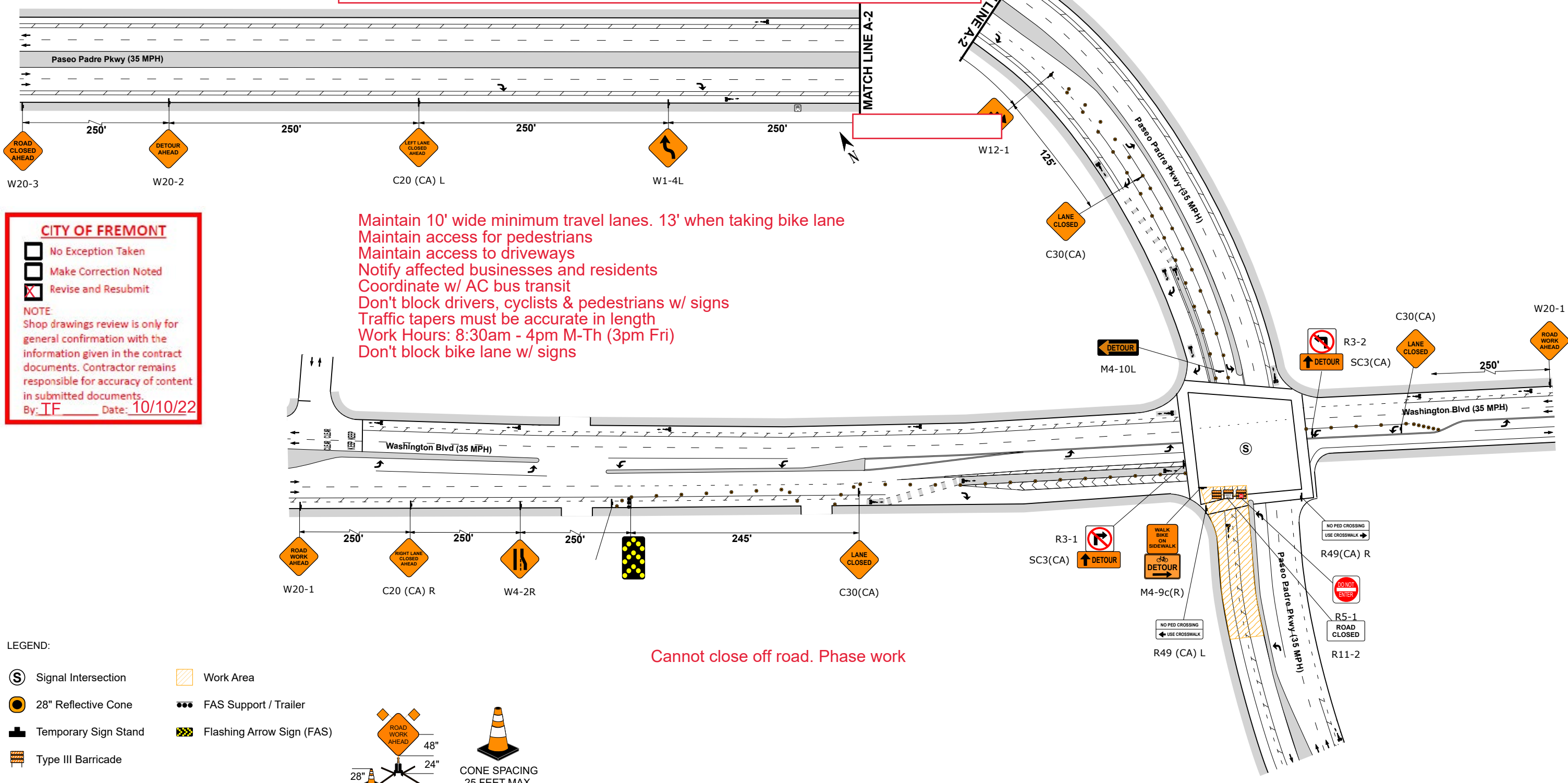
DATE:

May 3, 2022

SHEET No:

Sheet: 1 of 3

Paseo Padre Parkway & Washington Blvd.
Traffic Control Plan & Detour map



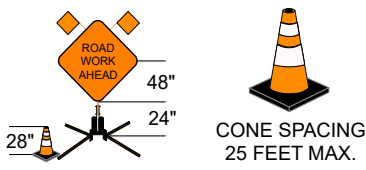
CITY OF FREMONT

☐ No Exception Taken
☐ Make Correction Noted
☒ Revise and Resubmit

NOTE:
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By: TF Date: 10/10/22

Maintain 10' wide minimum travel lanes. 13' when taking bike lane
Maintain access for pedestrians
Maintain access to driveways
Notify affected businesses and residents
Coordinate w/ AC bus transit
Don't block drivers, cyclists & pedestrians w/ signs
Traffic tapers must be accurate in length
Work Hours: 8:30am - 4pm M-Th (3pm Fri)
Don't block bike lane w/ signs

- LEGEND:
- Signal Intersection
 - 28" Reflective Cone
 - Temporary Sign Stand
 - Type III Barricade
 - Work Area
 - FAS Support / Trailer
 - Flashing Arrow Sign (FAS)



- TRAFFIC CONTROL GENERAL NOTES:
- All traffic control devices shall conform to the latest edition of California Manual on Uniform Traffic Control Devices (MUTCD) and the Standard Specifications for Public Work.
 - High-Level Warning Devices (Flag Trees) Shall consist of minimum of two flags. The flag shall be minimum 16 inches square and be orange or fluorescent red-orange in color.
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Prepared By: Josh DeHart Mobile: (707) 333-2722
Email: jdehart@statewidess.com ATSSA Cert No. 00138360

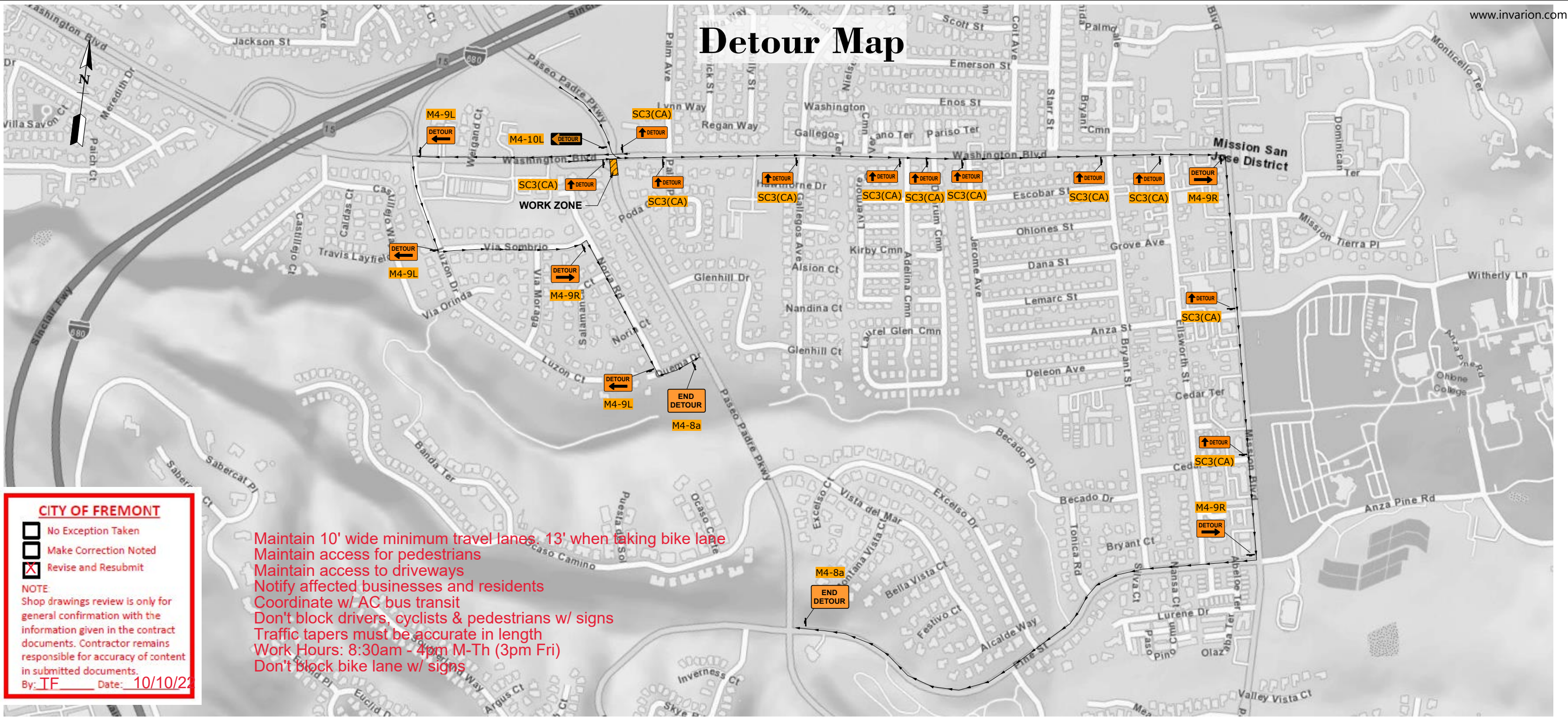
JOB LOCATION:
Paseo Padre Pkwy & Washington Blvd, Fremont, CA 94538

CONTRACTOR:
McGuire and Hester
2810 Harbor Bay Parkway,
Alameda, CA 94502
PH: 510-632-7676

Contact: Michael Laganowsky
Mobile: 510-282-6319

SCALE:	NOT TO SCALE
REVISION No:	
DRAWING No:	22-090-2
DATE:	May 3, 2022
SHEET No:	Sheet: 2 of 3

Detour Map



No Exception Taken

Make Correction Noted

Revise and Resubmit

NOTE:

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By: TF Date: 10/10/22

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Maintain access for pedestrians
Maintain access to driveways
Notify affected businesses and residents
Coordinate w/ AC bus transit
Don't block drivers, cyclists & pedestrians w/ signs
Traffic tapers must be accurate in length
Work Hours: 8:30am - 4pm M-Th (3pm Fri)
Don't block bike lane w/ signs

- LEGEND:
- Temporary Sign Stand
 - Work Area
 - Detour Route

TRAFFIC CONTROL GENERAL NOTES:

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Contact: Michael Laganowsky

Mobile: 510-282-6319

SCALE:	NOT TO SCALE
REVISION No:	
DRAWING No:	22-090-3
DATE:	May 3, 2022
SHEET No:	Sheet: 3 of 3

Figure - 5



Figure - 6



Figure - 7



Figure - 8



RESOLUTION NO. 2982

DECLARING AN EMERGENCY AND AUTHORIZING THE EMERGENCY EXPENDITURE OF FUNDS FOR THE REPAIR OF TWO SEWER LINES IN THE CITY OF FREMONT DAMAGED BY FIBER OPTIC LINE INSTALLATION

WHEREAS, two gravity sewer mains in the City of Fremont located at (1) the intersection of Paseo Padre Parkway and Washington Blvd; and (2) the intersection of Fremont Blvd. and Clipper Court, have been damaged by a private third-party contractor installing 5G fiber optic lines in City's right-of-way; and

WHEREAS, the District has not been able to reach resolution with the contractor and its insurance company regarding the completion of the repair and reimbursement to the District; and

WHEREAS, given the upcoming wet weather season and time required to complete the work, it is necessary for the District to expeditiously proceed with the repair, while concurrently working toward resolution of the reimbursement of funding from the contractor; and

WHEREAS, the damaged sewer mains in their current condition create risk to the District and must be repaired; and

WHEREAS, compliance with competitive bidding procedures typically takes a number of months and would not allow prompt action to be taken to complete the repair, as required to safeguard the public and District facilities; and

WHEREAS, the District's Purchasing Policy and California Public Contract Code (PCC) Section 20806 allow for emergency contracting without competitive bidding in accordance with the requirements of PCC Section 22050; and

WHEREAS, the California Environmental Quality Act establishes a statutory exemption for emergency repairs to public service facilities necessary to maintain service, and other specific actions necessary to prevent or mitigate an emergency; and

WHEREAS, the damage involves a clear and imminent threat, demanding immediate action to prevent or mitigate loss of, or damage to, life, health, property, and essential public services.

NOW, THEREFORE, BE IT RESOLVED, BY THE UNION SANITARY DISTRICT BOARD OF DIRECTORS, BASED ON THE STAFF REPORT AND ORAL AND WRITTEN TESTIMONY, AS FOLLOWS:

1. The above recitals are true and correct and are material to this Resolution and are incorporated into this Resolution as findings of the District Board.

2. The Board finds and declares, pursuant to Public Contract Code section 22050(a), that based on substantial evidence presented before the Board, the emergency will not permit a delay resulting from competitive solicitation for bids for the repair of the District's damaged sewer mains, and that this action is necessary to respond to the emergency.

3. The Board authorizes staff to continue to proceed with the repair or replacement of the two sewer mains in Fremont located at (1) the intersection of Paseo Padre Parkway and Washington Blvd; and (2) the intersection of Fremont Blvd. and Clipper Court, and procurement of the necessary equipment, services and supplies for that purpose without giving notice for bids to let contracts.

4. The Board will review the status of the emergency at each subsequent meeting of the Board of Directors and vote to authorize continuation of this resolution until the emergency action is completed.

PASSED, APPROVED, AND ADOPTED by at least a four-fifths vote, at a regular meeting of the Board of Directors on this 12th day of September, 2022.

AYES: Fernandez, Handley, Kite, Lathi, Toy

NOES: None

ABSENT: None

ABSTAIN: None

DocuSigned by:



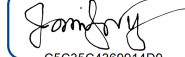
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ANJALI LATHI

President, Board of Directors
UNION SANITARY DISTRICT

Attest:

DocuSigned by:



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JENNIFER TOY

Secretary, Board of Directors
UNION SANITARY DISTRICT

Certificate Of Completion

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Signatures: 2

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Envelope Originator:

Sharon Anderson

5072 Benson Road

Union City, CA 94587

sharona@unionsanitary.ca.gov

IP Address: 50.227.238.26

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Holder: Sharon Anderson

sharona@unionsanitary.ca.gov

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Signer Events

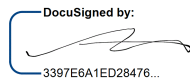
Anjali Lathi

alathi@unionsanitary.ca.gov

Union Sanitary District

Security Level: Email, Account Authentication
(None)**Signature**

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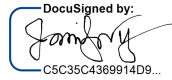
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Jennifer Toy

jtoy@unionsanitary.ca.gov

Security Level: Email, Account Authentication
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Payment Events	Status	Timestamps
Electronic Record and Signature Disclosure		



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Directors

Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

Officers

Paul R. Eldredge
*General Manager/
District Engineer*

Karen W. Murphy
Attorney

**NOVEMBER 14, 2022
BOARD OF DIRECTORS MEETING
AGENDA ITEM # 12**

TITLE: Consider the Approval of 5 Year Contracts for SCADA Licensing and Technical Support with GE Digital (*This is a Motion Item*)

SUBMITTED: Paul R. Eldredge, General Manager/District Engineer
Chris Pachmayer, Acting FMC Workgroup Manager
Trieu Nguyen, Information Technology Administrator

Recommendation

Staff recommends the Board approve two 5-year contracts totaling \$167,894.08 for SCADA software licensing and technical support with GE Digital.

- A change order in the amount of \$131,095.11 to extend the current one (1) year licensing and support contract for IFix, Historian, and Industrial Gateway Server (IGS) Drivers for four (4) additional years.
- A five (5) year contract for \$36,798.97 for the licensing and support of Operations Hub.

Discussion

The District has been using SCADA software from GE Digital for over 20 years. The GE Digital suite of SCADA software that the District uses includes the following:

IFix – Used for monitoring, controlling, and alarming of treatment plant processes

Historian – Used for data collection of treatment plant processes

IGS Drivers – Used for communication of treatment plant devices with systems running IFix

Operations Hub – Used to chart and trend treatment plant data

GE Digital announced that starting in 2023, and for the foreseeable future, the annual increase for licensing and support contracts would be tied to the Consumer Price Index (CPI). GE Digital has announced that the increase for 2023 will be 9.5 percent and is anticipating that the average increase for the next five years will be 6 percent. GE Digital is providing the option of a 5-year contract at increases of 3 percent per year.

Table 1 below shows the projected combined licensing and support costs for SCADA software under 5-year contracts. Approval of both contracts would save the District between \$17,627.42 and \$28,315.58 over the course of the next five years versus annually renewing.

Table 1

Projected Total SCADA Licensing and Support Costs for Renewal Years 2022-2026			
Renewal Year	5-Year Contracts (3% Yearly Increase)	Annual Renewal (Projected 6% Yearly Increase)	Annual Renewal (Projected Maximum Allowable 10% Yearly Increase)
2022	\$36,642.16	\$36,642.16	\$36,642.16
2023	\$37,741.42	\$40,123.17	\$40,123.17
2024	\$38,873.67	\$42,530.56	\$44,135.48
2025	\$40,039.88	\$45,082.39	\$48,549.03
2026	\$41,241.07	\$47,787.34	\$53,403.93
Operations Hub Licensing (One Time Cost)	\$13,635.00	\$13,635.00	\$13,635.00
5 Year Total	\$208,173.20	\$225,800.62	\$236,488.78
Overage vs. 5 Year Agreement	n/a	\$17,627.42	\$28,315.58

Table 1. Red represents projected costs. The costs for 2023 reflect actual costs as GE Digital has already announced a 9.5% increase for that year.

Background

Historically, the licensing and technical support contracts for the District’s SCADA applications have been renewed yearly with minimal cost increases. Board consideration of these contracts was not required due to the total annual costs being under the \$100,000 threshold requiring Board approval. Because the 5-year agreements would put the amount over \$100,000, staff is requesting Board approval to proceed. Payment would be split up into equal amounts over the contract period.

Staff does not foresee any scenario in which the District would not be using GE Digital SCADA applications within the next five years. Upgrades to SCADA are done every five years and staff is about to upgrade to the latest GE Digital SCADA applications as part of the SCADA Upgrade Project scheduled to begin in the next few months. Transitioning to different SCADA applications would be a major endeavor that staff conservatively estimates would cost at least \$500,000, take at least a year to complete, and require significant retraining of staff.

Previous Board Action

Not applicable.



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Karen W. Murphy
Attorney

**NOVEMBER 14, 2022
BOARD OF DIRECTORS MEETING
AGENDA ITEM # 13**

TITLE: Award the Contract for the Purchase of Newark Pump Station/Irvington Pump Station Portable Variable Frequency Drive from Telstar Instruments (*This is a Motion Item*)

SUBMITTED: Paul R. Eldredge, General Manager/District Engineer
Raymond Chau, Technical Services Work Group Manager
Curtis Bosick, CIP Team Coach
Thomas Lam, Associate Engineer

Recommendation

Staff recommends the Board award the contract for the purchase of Newark Pump Station/Irvington Pump Station Portable Variable Frequency Drive (VFD) from Telstar Instruments (Telstar) in the amount of \$214,400.

Discussion

The Irvington Pump Station and Newark Pump Station pumps and VFDs are 15 to 20 years old and approaching the end of their useful service life. These pumps and VFDs are currently scheduled to be replaced in approximately 4 years and 7 years, respectfully. Meanwhile, staff is having trouble procuring replacement parts for the VFDs as they are no longer supported by their manufacturers. Accordingly, staff is recommending the purchase of a portable VFD that is compatible for use at either pump station in the event one of the existing VFDs fails and cannot be readily repaired or replaced.

On September 20, 2022, staff prepared and issued an Invitation for Bid (IFB) for the purchase of a portable VFD for the Newark and Irvington pump stations. Staff received three bids on October 11, 2022, and the results are as follows:

Vendor	Bid Amount
Telstar Instruments	\$214,400
MCC Controls	\$241,410
Tesco Controls	\$268,000

Telstar was the apparent low bidder with a total bid amount of \$214,400 or 43% above the Engineer's Estimate of \$150,000.

Staff reviewed the bid proposals and noted bid irregularities with Telstar's and MCC Controls' bids. Vendors were required to submit a Statement of Experience with their bids per the IFB, which was omitted by Telstar and MCC Controls. Staff determined this bid irregularity made Telstar's and MCC Controls' bids non-responsive. Therefore, based on this determination and the significant difference in price between the sole responsive bidder, staff deemed Telstar's and MCC Controls' bids non-responsive, rejected all bids, and re-issued the IFB.

On October 13, 2022, the IFB was re-issued for the Project. Staff received three bids on October 27, 2022, and the results are as follows:

Vendor	Bid Amount
Telstar Instruments	\$214,400
MCC Controls	\$241,410
Tesco Controls	\$268,000

There was no change in the bid results with the re-issuance of the IFB. Telstar remained the apparent low bidder with a total bid amount of \$214,400. Staff reviewed the bid proposal submitted by Telstar and found it to be in order.

Staff is of the opinion the reason the bids came in higher than the Engineer's Estimate is due to high inflation, supply constraints, and delays associated with all materials and equipment, especially with electrical equipment. Other District projects are experiencing similar issues. Staff does not anticipate these issues being resolved in the immediate future.

Staff offers the following for consideration:

- There would not be any benefit to delaying this purchase.
- Telstar's bid represents the competitive market price for this equipment.
- The portable VFD would provide operational reliability to both pump stations due to the age and criticality of the existing VFDs.

Staff recommends proceeding with the purchase of the portable VFD.

The submittal process, procurement, and fabrication of the portable VFD is estimated to take approximately 12 to 14 months from issuance of a purchase order.

Staff hired Beecher Engineering, Inc. (BEI) to provide the professional engineering services for this project.

Background

The District operates three regional sewage pump stations: Alvarado, Newark, and Irvington, which convey all wastewater collected from their respective sanitary sewer drainage basins to the Headworks of the Alvarado Wastewater Treatment Plant. Refer to Figure 1 for the locations of the pump stations and drainage basins.

The Newark and Irvington pump stations were originally constructed in 1978. During the Newark Pump Station Upgrade Project in 2007 and the Irvington Pump Station Storage Facilities Project in 2002, the District replaced the wastewater pumps and VFDs with new equipment.

In October 2021, staff executed an Agreement and Task Order No. 1 with BEI in the amount of \$12,000 to provide professional engineering services for this project. The scope of services performed by this task order included:

- Site investigation to determine existing equipment motor nameplate values, worst-case portable cord set lengths and ratings and determination of indoor operating locations for new, portable VFD equipment.
- Development of “Draft” 90% specifications and drawings for new, portable VFD including correspondence with prospective VFD integrators and suppliers regarding cost estimates, turn-down capability, and lead times.
- Virtual meeting with USD staff to discuss 90% submittal review comments followed by incorporation of review comments and procurement document finalization.
- Bid period assistance.
- Providing engineering support services during construction of the VFD.

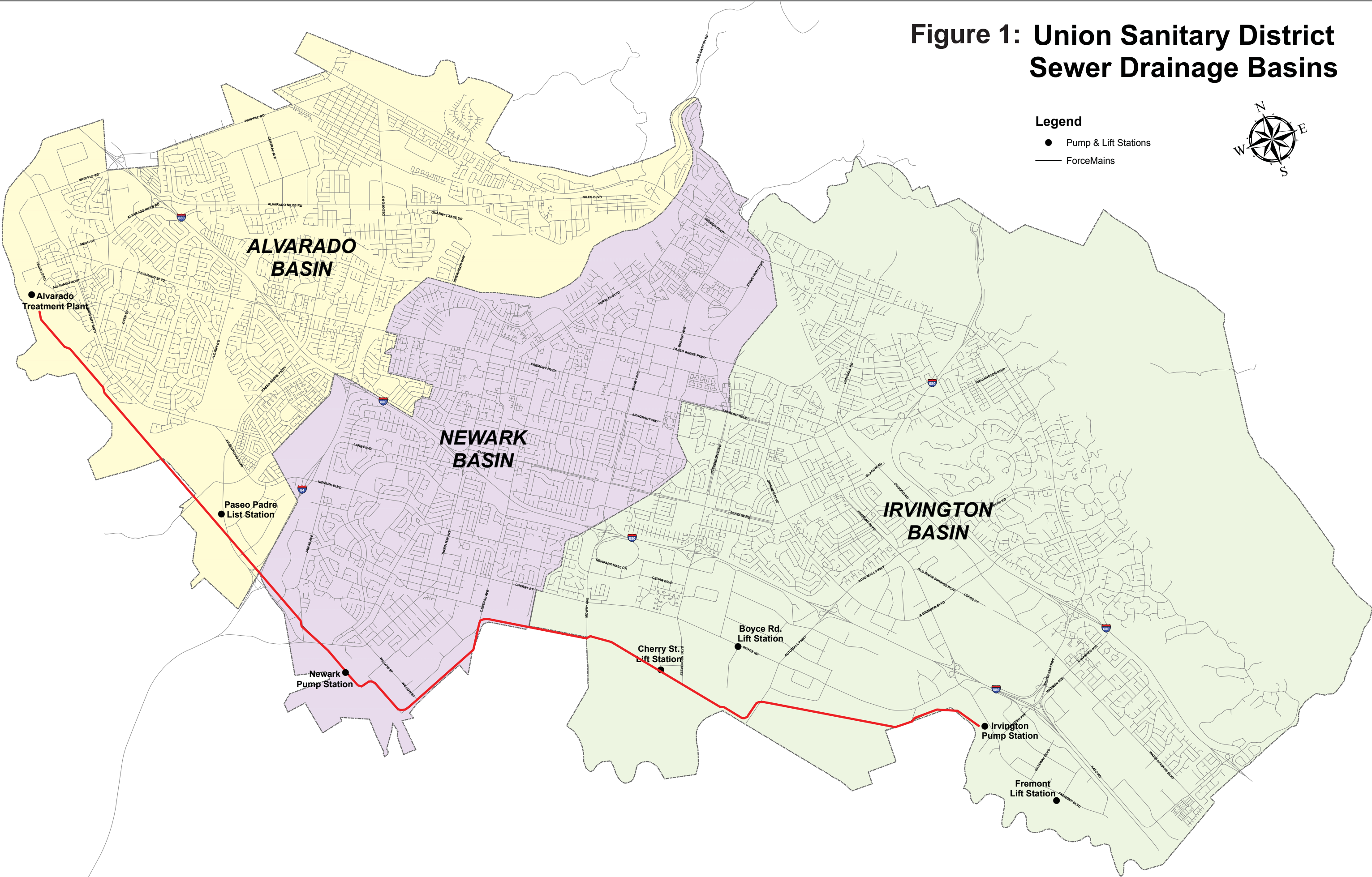
In September 2022, staff executed Amendment No. 1 to Task Order No. 1 with BEI in the amount of \$1,600 to design of a portable base frame with caster wheels to facilitate VFD portability.

Previous Board Action

None

Attachment: Figure 1 – Drainage Basins Plan

Figure 1: Union Sanitary District
Sewer Drainage Basins



**Directors**

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Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

Officers

Paul R. Eldredge
*General Manager/
District Engineer*

Karen W. Murphy
Attorney

**NOVEMBER 14, 2022
BOARD OF DIRECTORS MEETING
AGENDA ITEM #14**

TITLE: **COVID-19 Update and Consider Adoption of a Resolution Authorizing the Use of Teleconference Meetings in Compliance with AB 361 (*This is a Motion Item*)**

SUBMITTED: Paul R. Eldredge, General Manager/District Engineer
Karen W. Murphy, General Counsel
Regina McEvoy, Executive Assistant to the General Manager/Board Clerk

Recommendation

1. Receive an update from the General Manager on the District's COVID-19 response and staffing levels.
2. Adopt the attached resolution authorizing the use of teleconference meetings in compliance with AB 361.

Discussion

AB 361 requires public agencies to make findings by majority vote within 30 days of the first teleconferenced meeting under AB 361 and every 30 days thereafter that a state of emergency still exists and continues to directly impact the ability of the members to meet safely in person, or that officials continue to impose or recommend measures to promote social distancing. As directed by the Board on September 27, 2021, the District is continuing to hold teleconferenced meetings as allowed under AB 361.

The Board has adopted resolutions at least every 30 days starting on October 25, 2021, authorizing the use of teleconference meetings. Since the Board meeting of March 28, 2022, the Board has been scheduling teleconference meeting for committees and phasing-in in-person meetings for the Board.

The attached resolution reaffirms the findings required by AB 361 to allow the District to continue to hold teleconferenced meetings. This agenda item also includes the COVID-19 Update from the General Manager.

As discussed at the last Board meeting, the Governor recently announced that the COVID-19 State of Emergency will end on February 28, 2023.

Background

AB 361 was signed into law by the Governor on September 16, 2021, and amends the Brown Act to allow local legislative bodies to continue using teleconferencing and virtual meeting technology as long as there is a “proclaimed state of emergency” by the Governor. This allowance also depends on state or local officials imposing or recommending measures that promote social distancing or a legislative body finding that meeting in person would present an imminent safety risk to attendees. Though adopted in the context of the pandemic, AB 361 will allow for virtual meetings during other proclaimed emergencies, such as earthquakes or wildfires, where physical attendance may present a risk.

AB 361 prohibits councils and boards from limiting public comments to those submitted in advance of the meeting and specifies that the legislative body “must provide an opportunity for the public to ... offer comment in real time.” (Government Code 54953(e)(2)(E). Additionally, the body must allow a reasonable time for public comment during the comment periods. The District allows for email comments to be submitted throughout Board meeting and the Board Clerk checks for emails continuously, including during the public comment portion for each agenda item.

The agenda must include information on the manner in which the public may access the meeting and provide comments remotely. AB 361 provides that if technical problems arise that result in the public’s access being disrupted, the legislative body may not take any vote or other official action until the technical disruption is corrected and public access is restored.

In addition, as noted in the Discussion section above, AB 361 requires public agencies to make findings by majority vote within 30 days of the first teleconferenced meeting under AB 361 and every 30 days thereafter that a state of emergency still exists and continues to directly impact the ability of the members to meet safely in person, or that officials continue to impose or recommend measures to promote social distancing. AB 361 will sunset on January 1, 2024.

Previous Board Action

The Board has adopted resolutions at least every 30 days starting on October 25, 2021, authorizing the use of teleconference meetings.

RESOLUTION NO. __

**A RESOLUTION OF THE BOARD OF DIRECTORS AUTHORIZING THE
USE OF TELECONFERENCE MEETINGS IN COMPLIANCE WITH AB 361**

WHEREAS, the Union Sanitary District is committed to preserving and nurturing public access and participation in meetings of the Board of Directors; and

WHEREAS, all meetings of Union Sanitary District's legislative bodies are open and public, as required by the Ralph M. Brown Act (Cal. Gov. Code 54950 – 54963); and

WHEREAS, Government Code 54953(e) permits teleconferencing in the event that a state of emergency is declared by the Governor pursuant to Government Code section 8625, and that either state or local officials have imposed or recommended measures to promote social distancing, or that the legislative body finds that meeting in person would present imminent risks to the health and safety of attendees; and

WHEREAS, on March 4, 2020, Governor Newsom issued a Proclamation of a State of Emergency in response to COVID-19, which remains in effect; and

WHEREAS, the Board has adopted resolutions authorizing the use of teleconference meetings in compliance with AB 361 since October 25, 2021; and

WHEREAS, the Board now desires to reaffirm and make the findings required to continue holding teleconference meetings in compliance with AB 361 due to COVID-19.

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

1. The above recitals are true and correct and are material to this Resolution and are incorporated into this Resolution as findings of the District Board.

2. Pursuant to the requirements of Government Code Section 54953(e)(3), the District Board makes the following findings:

- (a) The state of emergency continues to exist;
- (b) The District Board has considered the circumstances of the continuing state of emergency;
- (c) Holding meetings in person will present imminent risks to the health and safety of attendees; and
- (d) The District Board will continue to meet by teleconference in accordance with Government Code section 54953(e).

3. The aforementioned findings apply to all committees and subcommittees of the District which are classified as legislative bodies pursuant to Government Code Section 54952.

4. The District Board will reconsider at least every 30 days, the circumstances of the emergency and review whether it continues to directly impact the ability of the members to meet safely in person.

5. If any section, subsection, subdivision, sentence, clause, phrase, or portion of this Resolution is, for any reason, held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Resolution. The Board hereby declares that it would have adopted this Resolution and each and every section, subsection, subdivision, sentence, clause, phrase, or portion thereof, irrespective of the fact that any one or more sections, subsections, subdivisions, sentences, clauses, phrases, or portions thereof be declared unconstitutional.

6. This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED, AND ADOPTED at a regular meeting of the Board of Directors on this 14th day of November, 2022.

AYES:

NOES:

ABSENT:

Jennifer Toy, Secretary

Anjali Lathi, President



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Directors
Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

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

Karen W. Murphy
Attorney

**NOVEMBER 14, 2022
BOARD OF DIRECTORS MEETING
AGENDA ITEM # 15**

TITLE: **Provide Direction Regarding Board Education and Training Budget and Policy No. 3045 (*This is a Direction Item*)**

SUBMITTED: Paul R. Eldredge, General Manager/District Engineer
Regina McEvoy, Executive Assistant to the General Manager/Board Clerk

Recommendation

Receive information and provide direction regarding Board education and training budget and Policy No. 3045.

Discussion

Pursuant to Board direction received at a previous meeting, staff prepared this item to seek Board direction regarding the Board education and training budget. Policy No. 3045 states the annual budget amount per Board member is \$5,000.

Background

Board Education and Training Budget, Policy No. 3045 is reviewed and approved by the Board every five years.

Previous Board Action

The Board last reviewed and approved Policy No. 3045 in September of 2020.

Attachments

Board Education and Training Budget, Policy No. 3045

Effective: September 29, 2020	Board Education and Training Budget	Policy Number 3045 Page 1 of 2
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Policy

Boardmembers are responsible for using their own education and training budget to further their knowledge, provided the total spent does not exceed the annual budgeted dollar amount and the subject is relevant to the business of Union Sanitary District. The annual budget amount per Boardmember is \$5,000.

Purpose

Recognizing that Boardmembers have differing areas of expertise, this policy provides for tailoring education and training needs to the individual.

Procedure

1. If the conference, meeting, seminar, webinar, or workshop is conducted by CASA, CSDA, CWEA, BACWA, California Water, APWA, East Bay Economic Development Alliance, EPA, Lorman, NACWA, Special District and Local Government Institute, WEF, the Chamber of Commerce for Fremont, Union City, or Newark (if the Boardmember is attending as a USD Boardmember not a chamber member) or WateReuse, Board approval is not required for reimbursement for expenses and compensation for attendance. If the function is provided by any other organization, attendance must be approved by the Board.
2. Follow procedures contained in Policy No. 3030 (Boardmember Business and Travel Expense) to make travel arrangements and obtain prepayment or reimbursement.
3. Any unexpended travel/conference funds at the end of the fiscal year will be returned to the District's operating reserves.

Management Responsibility

Boardmembers shall make every effort to ensure that reimbursable conference/seminar attendance is related to the business of Union Sanitary District. Should there be any uncertainty, a Boardmember may confer with the General Manager or request that the issue be discussed by the full Board at a regularly scheduled Board meeting. The General Manager will be responsible for ensuring that Boardmembers are notified of their "to date" expenditures on a quarterly basis. The General Manager will also be responsible for ensuring any unexpended funds are dispersed in accordance with this policy.

Approved by: Board of Directors

Author/owner: General Manager

Reviewers: Board of Directors, General Manager, District's General Counsel

Notify Person: General Manager

Review Frequency: 5 years

Next Review: September 2025



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*General Manager/
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Karen W. Murphy
Attorney

**NOVEMBER 14, 2022
BOARD OF DIRECTORS MEETING
AGENDA ITEM # 16**

TITLE: **Provide Direction Regarding Process for Scheduling Board Workshops (*This is a Direction Item*)**

SUBMITTED: Paul R. Eldredge, General Manager/District Engineer
Regina McEvoy, Executive Assistant to the General Manager/Board Clerk

Recommendation

Receive information and provide direction regarding the process for scheduling Board workshops.

Discussion

Board workshops provide an opportunity for staff to present detailed information and allow the Board to have an in-depth conversation about a given topic. Board workshops are scheduled as needed throughout the year. For the past several years, staff have been selecting several potential dates and sending said dates to the Board via an online scheduling tool to determine a date that will work for all members of the Board.

Background

At one time, there was an agreement for Board members to set aside the first and third Mondays of each month for potential Board workshops.

Previous Board Action

None

**Summary of the EBDA Commission Meeting
Thursday, September 15, 2022, at 9:30 a.m.**

- Commissioners Andrews, Cutter, Duncan, Johnson, and Lathi were present. This meeting was conducted telephonically and the dial-in information for the meeting was provided in the agenda.
- Commissioner Cutter moved to approve the Commission Meeting Minutes of July 21, 2022; List of Disbursements for July 2022; List of Disbursements for August 2022; Preliminary Treasurer's Report for July 2022; Preliminary Treasurer's Report for August 2022; Preliminary Fourth Quarter Expense Summary, Fiscal Year 2021/2022; and Resolution Authorizing Remote Teleconference Meetings Pursuant to AB 361. The motion was seconded by Commissioner Lathi and carried 5-0.
- The Commission unanimously approved the reports from the Financial Management, Personnel, and Operations & Maintenance Committees. The following items were discussed:
- **General Managers Report**
The General Manager (GM) provided an update on the algae bloom in San Francisco Bay and Lake Merritt. In addition, the GM informed the Commission that the Hayward Marsh Permit is being rescinded in October 2022. The GM also discussed pending PFAS (per- and polyfluoroalkyl substances) legislation and the status of EBDA's strategic planning process.
- **Manager's Advisory Committee**
The GM reported that the MAC meeting was rescheduled for the afternoon of September 15. The Water Research Foundation (WRF) staff will give a presentation and discussion on research related to innovation and technology.
- **Financial Management Committee**
The GM reported on the September 12 meeting of the Financial Management Committee. The Committee reviewed the Lists of Disbursements and Preliminary Treasurer's Reports for July and August and recommended approval of the items. The Committee also reviewed preliminary expense reports for Fiscal Year 2021/2022. The Committee recommends unspent funds be held in reserve by EBDA. This issue will be further discussed at the next Committee meeting.
- **Operations and Maintenance Committee**
The Operations and Maintenance (O&M) Manager and GM reported on the September 12 meeting of the Operations and Maintenance Committee. The O&M Manager discussed the status of EBDA facilities and provided an update on the HEPS Security Camera Installation, OLEPS Main Electrical Switchboard Upgrade, and the Heater Replacement Project at MDF. The GM provided an update on the Cargill project.
- **Motion Authorizing the General Manager to Execute an Agreement with Garland/DBS, Inc. for Roof Replacements at the EBDA Administration Building, the MDF SBS Storage Building, and OLEPS in the Amount of \$501,606**

Commissioner Johnson moved to approve the item. The motion was seconded by Commissioner Cutter and carried unanimously 5-0, by roll call vote.

Ayes: Commissioners Cutter, Lathi, Duncan, Johnson, Chair Andrews

Noes: None

Absent: None

Abstain: None

- **Motion Authorizing the General Manager to Issue a Purchase Order to National Auto Fleet Group for a Ford F-150 Vehicle in the Amount of \$38,316**

Commissioner Lathi moved to approve the item. The resolution was seconded by Commissioner Duncan and carried unanimously 5-0, by roll call vote.

Ayes: Commissioners Cutter, Lathi, Duncan, Johnson, Chair Andrews

Noes: None

Absent: None

Abstain: None

- **Motion Authorizing the General Manager to Execute Amendment No. 5 to the Contract with Brown and Caldwell for Due Diligence Work Related to Acceptance of Cargill Mixed Sea Salt Brine for Discharge at the EBDA Outfall in the Amount of \$114,932, for a Total Not to Exceed Amount of \$514,195**

Commissioner Duncan moved to approve the item. The resolution was seconded by Commissioner Johnson and carried unanimously 5-0, by roll call vote.

Ayes: Commissioners Cutter, Lathi, Duncan, Johnson, Chair Andrews

Noes: None

Absent: None

Abstain: None

- **Motion Authorizing the General Manager to Enter into a Cooperative Agreement to Provide Funding for Shared Deployment of Precipitation Forecasting System with Sonoma County Water Agency**

Commissioner Cutter moved to approve the item. The resolution was seconded by Commissioner Lathi and carried unanimously 5-0, by roll call vote.

Ayes: Commissioners Cutter, Lathi, Duncan, Johnson, Chair Andrews

Noes: None

Absent: None

Abstain: None

- **Items from Commission and Staff**

Commissioner Johnson announced that the CASA Education Foundation awarded the inaugural Bruce Wolfe Scholarship. Commissioner Duncan reported on Oro Loma's Horizontal Levee project. Chair Andrews announced Science in the Park will take place October 1 at California State University, East Bay.

- **Adjournment**

Chair Andrews adjourned the meeting at 10:14 a.m.

**UNION SANITARY DISTRICT
CHECK REGISTER
10/15/2022-10/28/2022**

Check No.	Date	Dept	Invoice No.	Vendor	Description	Invoice Amt	Check Am
182228	10/20/2022	114	800545.1	ZOVICH CONSTRUCTION	CAMPUS BUILDINGS (ADMIN, FMC, OPS)	\$1,529,269.39	\$1,529,269.39
182224	10/20/2022	114	800532.4	W.M. LYLES CO	MP - AERATION BASIN MODIFICATIONS	\$492,479.22	\$492,479.22
182229	10/20/2022	114	800545.1E	ZOVICH CONSTRUCTION	CAMPUS BUILDINGS (ADMIN, FMC, OPS) - ESCROW PYMT	\$80,487.86	\$80,487.86
182243	10/27/2022	170	54588	CARBON ACTIVATED CORPORATION	GAS SKID MEDIA EXCHANGE	\$66,356.00	\$66,356.00
182284	10/27/2022	110	50618489	UNIVAR SOLUTIONS USA INC	4897.8 GALS SODIUM HYPOCHLORITE	\$7,768.74	\$30,927.27
	10/27/2022	110	50608066		4906.2 GALS SODIUM HYPOCHLORITE	\$7,782.06	
	10/27/2022	110	50611860		4899.4 GALS SODIUM HYPOCHLORITE	\$7,771.27	
	10/27/2022	110	50608067		4794.7 GALS SODIUM HYPOCHLORITE	\$7,605.20	
182231	10/27/2022	170	282057074	ALFA LAVAL INC	ASTD GBT ROLLERS AND PARTS	\$26,917.29	\$26,917.29
182198	10/20/2022	123	953441	LMK TECHNOLOGIES LLC	3 SECTIONAL SPOT REPAIR KITS	\$6,033.44	\$26,747.30
	10/20/2022	123	953409		16 SECTIONAL SPOT REPAIR KITS	\$20,713.86	
182225	10/20/2022	114	800532.4E	W.M. LYLES CO	MP - AERATION BASIN MODIFICATIONS - ESCROW PYMT	\$25,919.96	\$25,919.96
182244	10/27/2022	143	28037	CAROLLO ENGINEERS	SODIUM HYPOCHLORITE LOOP IMPROVEMENTS	\$10,234.65	\$23,390.68
	10/27/2022	143	28020		PRIMARY DIGESTER NO. 8 FEASIBILITY STUDY	\$13,156.03	
182221	10/20/2022	110	50596323	UNIVAR SOLUTIONS USA INC	4807.2 GALS SODIUM HYPOCHLORITE	\$7,625.03	\$23,172.65
	10/20/2022	110	50592415		4900.0 GALS SODIUM HYPOCHLORITE	\$7,772.22	
	10/20/2022	110	50588337		4902.0 GALS SODIUM HYPOCHLORITE	\$7,775.40	

**UNION SANITARY DISTRICT
CHECK REGISTER
10/15/2022-10/28/2022**

Check No.	Date	Dept	Invoice No.	Vendor	Description	Invoice Amt	Check Am
182166	10/20/2022		B06XGN	BENEFIT COORDINATORS CORP	DELTA DENTAL CLAIMS - SEP 2022	\$19,259.24	\$22,991.14
	10/20/2022		B06VXX		DELTA DENTAL AND VSP STMT - OCT 2022	\$3,731.90	
182196	10/20/2022	110	9017768266	KEMIRA WATER SOLUTIONS INC	47,000 LBS FERROUS CHLORIDE	\$7,590.19	\$22,719.81
	10/20/2022	110	9017768713		45,300 LBS FERROUS CHLORIDE	\$7,245.17	
	10/20/2022	110	9017768265		48,800 LBS FERROUS CHLORIDE	\$7,884.45	
182169	10/20/2022		291081	BURKE, WILLIAMS & SORENSON LLP	ETSU - AUG 2022	\$1,564.16	\$20,966.40
	10/20/2022		291079		GENERAL LEGAL - AUG 2022	\$5,957.12	
	10/20/2022		291093		STANDBY POWER PROJECT - AUG 2022	\$1,297.92	
	10/20/2022		291094		CLAIMS - AUG 2022	\$12,147.20	
182181	10/20/2022	110	1423707	DEPARTMENT OF GENERAL SERVICES	SERV: AUG 2022 PLANT	\$18,129.50	\$18,129.50
182208	10/20/2022	170	103136	PRIME MECHANICAL SERVICE INC	SERVICE CALL: BLDG 80 NEW HVAC UNIT	\$15,519.00	\$15,519.00
182184	10/20/2022	171	115521	ENVIRONMENTAL LOGISTICS INC	HAZARDOUS WASTE DISPOSAL	\$14,432.94	\$14,432.94
182287	10/27/2022	143	209764	WOODARD & CURRAN INC	IRVINGTON BASIN RCP REHABILITATION	\$11,925.00	\$11,925.00
182177	10/20/2022	170	657088	CORE & MAIN LP	1 DIGESTER TEE	\$758.64	\$11,141.46
	10/20/2022	143	562706		3 GATE VALVES	\$10,382.82	

**UNION SANITARY DISTRICT
CHECK REGISTER
10/15/2022-10/28/2022**

Check No.	Date	Dept	Invoice No.	Vendor	Description	Invoice Amt	Check Am
182206	10/20/2022	170	013720221011	PACIFIC GAS AND ELECTRIC	SERV TO 10/05/22 BOYCE RD PS	\$3,318.33	\$10,493.82
	10/20/2022	170	140120221011		SERV TO 10/03/22 IRVINGTON PS	\$6,006.57	
	10/20/2022	170	666720221006		SERV TO 09/29/2022 PASEO PADRE PS	\$457.05	
	10/20/2022	170	898220221006		SERV TO 09/29/2022 FREMONT PS	\$219.36	
	10/20/2022	170	380420221006		SERV TO 09/29/22 CHERRY ST PS	\$492.51	
182260	10/27/2022	110	9017766613	KEMIRA WATER SOLUTIONS INC	47,060 LBS FERROUS CHLORIDE	\$8,056.96	\$8,056.96
182157	10/20/2022		20220531	AFLAC GROUP	GROUP INSURANCE - MAY 2022	\$1,423.06	\$7,743.99
	10/20/2022		20220930		GROUP INSURANCE - SEP 2022	\$1,423.06	
	10/20/2022		20220731		GROUP INSURANCE - JUL 2022	\$1,423.06	
	10/20/2022		20220630		GROUP INSURANCE - JUN 2022	\$1,423.06	
	10/20/2022		20220831		GROUP INSURANCE - AUG 2022	\$2,051.75	
182199	10/20/2022		484105	LUBRICATION ENGINEERS INC	20 GREASE AND AUTO LUBER PACKS	\$1,130.37	\$7,232.35
	10/20/2022	171	485157		PARTS & MATERIALS	\$6,101.98	

**UNION SANITARY DISTRICT
CHECK REGISTER
10/15/2022-10/28/2022**

Check No.	Date	Dept	Invoice No.	Vendor	Description	Invoice Amt	Check Am
182159	10/20/2022	120	4111993720221003	ALAMEDA COUNTY WATER DISTRICT	SERV TO: 09/30/22-MTR HYD B34041339	\$748.03	\$5,999.78
	10/20/2022	120	4111996820221003		SERV TO: 09/30/22-MTR HYD B19329007	\$622.64	
	10/20/2022	120	4111994120221003		SERV TO: 09/30/22-MTR HYD B16583493	\$898.74	
	10/20/2022	120	4111994420221003		SERV TO: 09/30/22-MTR HYD B18190913	\$766.82	
	10/20/2022	120	4111994020221003		SERV TO: 09/30/22-MTR HYD B15000283	\$742.64	
	10/20/2022	120	4111994320221003		SERV TO: 09/30/22-MTR HYD B15072357	\$764.17	
	10/20/2022	120	4111996920221003		SERV TO: 09/30/22-MTR HYD B29454468	\$1,392.41	
	10/20/2022	170	4047286120221006		SERV TO: 10/04/22 - PASEO PADRE	\$64.33	
182253	10/27/2022		13272817	HACH COMPANY	LABORATORY SUPPLIES	\$4,369.08	\$4,369.08
182192	10/20/2022	143	201180098	HAZEN AND SAWYER	HEADWORKS DEGRITTING STUDY	\$4,345.00	\$4,345.00
182183	10/20/2022	150	3094	ENS RESOURCES INC	PROFESSIONAL SERVICES - MAY 22	\$4,185.00	\$4,185.00
182278	10/27/2022	110	22092312	S&S TRUCKING	GRIT HAULING 09/16 & 09/21/2022	\$1,929.42	\$3,949.86
	10/27/2022	110	22100520		GRIT HAULING 10/03/2022	\$959.79	
	10/27/2022	110	22092810		GRIT HAULING 09/26/2022	\$1,060.65	
182168	10/20/2022	143	11456853	BROWN & CALDWELL CONSULTANTS	PRIMARY DIGESTER NO. 7	\$2,177.48	\$3,930.91
	10/20/2022	143	157351		COGEN REPLACEMENT & VENTILATION STUDY	\$1,753.43	
182227	10/20/2022	121	50331	WECO INDUSTRIES LLC	POLES AND JACKS - TV TRUCK	\$3,672.69	\$3,672.69
182185	10/20/2022		2019776	FARALLON GEOGRAPHICS INC	ARCHES SSC ENHANCEMENTS	\$3,500.00	\$3,500.00

**UNION SANITARY DISTRICT
CHECK REGISTER
10/15/2022-10/28/2022**

Check No.	Date	Dept	Invoice No.	Vendor	Description	Invoice Amt	Check Am
182263	10/27/2022		85838202	MCMASTER SUPPLY INC	ASTD PARTS & MATERIALS	\$227.16	\$3,430.40
	10/27/2022		86777679		ASTD PARTS & MATERIALS	\$56.22	
	10/27/2022		85859123		ASTD PARTS & MATERIALS	\$388.92	
	10/27/2022		86625068		ASTD PARTS & MATERIALS	\$889.66	
	10/27/2022		84589652		ASTD PARTS & MATERIALS	\$865.01	
	10/27/2022	121	86777904		ASTD PARTS & MATERIALS	\$939.08	
	10/27/2022		87031214		ASTD PARTS & MATERIALS	\$64.35	
182179	10/20/2022	143	3619602	DAILY JOURNAL CORPORATION	CHERRY ST. PS	\$1,491.36	\$3,400.80
	10/20/2022	143	3623403		AD: PUMP STATIONS CHEMICAL SYSTEM IMPROVEMENTS	\$1,909.44	
182209	10/20/2022	171	31219	RAMOS OIL COMPANY INC	275 GALS COOLANT	\$3,214.71	\$3,214.71
182214	10/20/2022	110	22091526	S&S TRUCKING	GRIT HAULING 09/02, 09/07 & 09/12/2022	\$2,812.96	\$2,812.96
182273	10/27/2022	170	103199	PRIME MECHANICAL SERVICE INC	MONTHLY MAINTENANCE - SEP 22	\$992.00	\$2,772.00
	10/27/2022	121	103205		QUARTERLY MAINTENANCE - SEP 22	\$1,780.00	
182269	10/27/2022	170	139661	NEW IMAGE LANDSCAPING CO	LANDSCAPE MAINTENANCE - FMC - SEP	\$2,555.59	\$2,555.59
182215	10/20/2022		34790	SANACT INC DBA ROTO-ROOTER	REFUND # 50862	\$2,500.00	\$2,500.00
182266	10/27/2022		30384	MISSION PEAK CONSTRUCTION INC	REFUND # 50876	\$2,500.00	\$2,500.00
182186	10/20/2022	170	249859	FRANK A OLSEN COMPANY	1 PLUG VALVE	\$2,362.11	\$2,362.11
182194	10/20/2022	141	GXGS111	IRON MOUNTAIN	OFF-SITE STORAGE AND SERVICE - OCT 22	\$1,648.37	\$2,262.26
	10/20/2022	141	GXBS831		OFF-SITE STORAGE AND SERVICE - OCT 22	\$613.89	

**UNION SANITARY DISTRICT
CHECK REGISTER
10/15/2022-10/28/2022**

Check No.	Date	Dept	Invoice No.	Vendor	Description	Invoice Amt	Check Am
182265	10/27/2022	170	40707596	MICRO MOTION INC	1 TRANSMITTER	\$2,179.38	\$2,179.38
182182	10/20/2022		7363	ENERGY CHOICE INC	ASTD COGEN PARTS	\$2,139.05	\$2,139.05
182237	10/27/2022	110	4MX07	BAY AREA AIR QUALITY MGMT DIST	ANNUAL PERMIT RENEWAL - SITE A2884	\$905.00	\$2,098.00
	10/27/2022	110	4MX08		ANNUAL PERMIT RENEWAL - SITE A2885	\$1,193.00	
182213	10/20/2022		30577	ROOTER HERO	REFUND # 50860	\$1,000.00	\$2,000.00
	10/20/2022		32636		REFUND # 50864	\$500.00	
	10/20/2022		33706		REFUND # 50865	\$500.00	
182254	10/27/2022		3R7415	HARRINGTON INDUSTRIAL PLASTICS	ASTD PVC PARTS & MATERIALS	\$153.85	\$1,983.39
	10/27/2022	170	3S0575		ASTD PARTS & MATERIALS	\$1,432.28	
	10/27/2022		3S0459		ASTD PARTS & MATERIALS	\$397.26	
182233	10/27/2022	121	16353	AMERICAN DISCOUNT SECURITY	09/01/22 - 09/30/22 GUARD AT DISTRICT	\$1,874.25	\$1,874.25
182172	10/20/2022		77243	CDW GOVERNMENT LLC	2 SUBSTATION SWITCHES	\$1,775.60	\$1,775.60
182188	10/20/2022	122	1841097656	GOODYEAR COMM TIRE & SERV CTRS	4 TIRES	\$1,758.00	\$1,758.00
182195	10/20/2022	113	3802542222	KELLY SERVICES INC	TEMP LABOR-JANES, O. WK ENDING 09/25/22	\$1,732.50	\$1,732.50
182259	10/27/2022	113	3902834622	KELLY SERVICES INC	TEMP LABOR-JANES, O. WK ENDING 10/02/22	\$1,732.50	\$1,732.50
182234	10/27/2022	130	16441470	APPLEONE EMPLOYMENT SVCS	TEMP LABOR-GONZALES, WK END 10/01/22	\$1,732.32	\$1,732.32
182161	10/20/2022	130	16434285	APPLEONE EMPLOYMENT SVCS	TEMP LABOR-GONZALES, WK END 09/24/22	\$1,721.60	\$1,721.60

**UNION SANITARY DISTRICT
CHECK REGISTER
10/15/2022-10/28/2022**

Check No.	Date	Dept	Invoice No.	Vendor	Description	Invoice Amt	Check Am
182202	10/20/2022	170	86402608	MCMaster Supply Inc	ASTD PARTS & MATERIALS	\$1,329.00	\$1,709.57
	10/20/2022	170	86314240		ASTD PARTS & MATERIALS	\$95.39	
	10/20/2022	170	86251834		ASTD PARTS & MATERIALS	\$104.43	
	10/20/2022	170	86638581		ASTD PARTS & MATERIALS	\$180.75	
182205	10/20/2022	170	962738975	MSA SAFETY SALES	2 SENSOR	\$1,586.67	\$1,586.67
182275	10/27/2022	141	60833935	ROBERT HALF INTERNATIONAL INC	TEMP LABOR-PRASAD, J. WK ENDING 09/30/2022	\$1,574.82	\$1,574.82
182240	10/27/2022		20221025	STATE OF CALIFORNIA	SALES & USE TAX 07/01/22 - 09/30/2022	\$1,572.61	\$1,572.61
182218	10/20/2022	170	425416663	TERMINIX COMMERCIAL	PEST CONTROL	\$148.00	\$1,494.00
	10/20/2022	170	425413855		PEST CONTROL	\$170.00	
	10/20/2022	170	425416664		PEST CONTROL	\$1,176.00	
182248	10/27/2022	150	20221026	COOL CREATION INC	DISTRICT ICE CREAM SOCIAL	\$1,480.62	\$1,480.62
182165	10/20/2022	143	92264	BEECHER ENGINEERING	SWITHBOARD NO 3 & MCC NO 25 REPLACEMENT	\$1,470.00	\$1,470.00
182239	10/27/2022	143	11459031	BROWN & CALDWELL CONSULTANTS	COGEN REPLACEMENT & VENTILATION STUDY	\$1,422.79	\$1,422.79
182255	10/27/2022	170	40380	HAYWARD PIPE AND SUPPLY	ASTD PARTS & MATERIALS	\$1,292.43	\$1,292.43
182212	10/20/2022	141	60792589	ROBERT HALF INTERNATIONAL INC	TEMP LABOR-PRASAD, J. WK ENDING 09/23/2022	\$1,256.51	\$1,256.51
182232	10/27/2022	170	46469	ALLIED FLUID PRODUCTS CORP	ASTD PARTS & MATERIALS	\$1,250.15	\$1,250.15
182261	10/27/2022	173	26243MSA	LOOKINGPOINT INC	NEXT CARE ON DEMAND RENEWAL - OCT	\$1,225.00	\$1,225.00
182158	10/20/2022	170	9991973293	AIRGAS NCN	CYLINDER RENTAL	\$1,054.50	\$1,218.67
	10/20/2022	172	9130311254		3 LANYARDS	\$164.17	

**UNION SANITARY DISTRICT
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Check No.	Date	Dept	Invoice No.	Vendor	Description	Invoice Amt	Check Am
182174	10/20/2022	170	20220928	COMMUNICATION & CONTROL INC	UTILITY FEE/ANTENNA RENTAL	\$1,181.07	\$1,181.07
182262	10/27/2022	170	483997	LUBRICATION ENGINEERS INC	OIL CONSOLIDATION HARDWARE KITS	\$1,178.31	\$1,178.31
182272	10/27/2022		33709	RICH PEASE	REFUND # 50875	\$1,166.88	\$1,166.88
182203	10/20/2022	114	2330537	MOBILE MODULAR MANAGEMENT CORP	ETSU TEMPORARY OFFICE SPACE	\$1,080.81	\$1,080.81
182190	10/20/2022		9442530706	GRAINGER INC	ASTD PARTS & MATERIALS	\$718.37	\$1,047.77
	10/20/2022	122	9442192960		ASTD PARTS & MATERIALS	\$58.57	
	10/20/2022		9442730967		ASTD PARTS & MATERIALS	\$211.75	
	10/20/2022	170	9446847791		ASTD PARTS & MATERIALS	\$59.08	
182257	10/27/2022	122	2513880	JACK JAMES TOWING INC	TOW SERVICE: T3346 PLANT TO OAKLAND	\$990.00	\$990.00
182171	10/20/2022	173	6001903559	CANON SOLUTIONS AMERICA INC	MTHLY MAINTENANCE BASED ON USE	\$620.24	\$983.54
	10/20/2022	173	6001904439		MTHLY MAINTENANCE BASED ON USE	\$363.30	
182207	10/20/2022		29611740	PAN PACIFIC SUPPLY COMPANY	MECHANICAL SEAL KIT	\$915.34	\$915.34
182252	10/27/2022		9450306882	GRAINGER INC	ASTD PARTS & MATERIALS	\$872.68	\$872.68
182163	10/20/2022	173	524692	AVERTIUM LLC	VULNERABILITY SCAN SUBSCRIPTION - SEP 2022	\$845.00	\$845.00
182247	10/27/2022	170	88590	CONCRETE WALL SAWING CO INC	CORE DRILLING	\$845.00	\$845.00
182279	10/27/2022		2108865004	SAN LEANDRO ELECTRIC SUPPLY	ASTD ELECTRICAL SUPPLIES	\$259.28	\$841.34
	10/27/2022		2108865003		ASTD ELECTRICAL SUPPLIES	\$582.06	
182175	10/20/2022	170	20222612	COMPACTOR MANAGEMENT COMPANY	HEADWORKS RAG COMPACTOR MAINTENANCE	\$840.69	\$840.69
182180	10/20/2022		20220925	DALE HARDWARE INC	09/22 - ASTD PARTS & MATERIALS	\$810.43	\$810.43

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Check No.	Date	Dept	Invoice No.	Vendor	Description	Invoice Amt	Check Am
182162	10/20/2022		2591083528	ARAMARK	UNIFORM LAUNDERING & RUGS	\$341.65	\$795.27
	10/20/2022		25591083548		UNIFORM LAUNDERING SERVICE	\$387.56	
	10/20/2022		2591083513		ASTD DUST MOPS, WET MOPS & TERRY	\$66.06	
182276	10/27/2022	170	344249	ROCHESTER MIDLAND CORPORATION	HOT WATER LOOP SERVICE	\$785.92	\$785.92
182238	10/27/2022	143	17480151	BLAISDELL'S	ASTD OFFICE SUPPLIES	\$764.06	\$782.96
	10/27/2022	143	17480150		ASTD OFFICE SUPPLIES	\$18.90	
182264	10/27/2022	170	221060	METROMOBILE COMMUNICATIONS INC	METRO MOBILE ANNUAL RADIO SERVICE	\$772.91	\$772.91
182235	10/27/2022		2591085655	ARAMARK	UNIFORM LAUNDERING SERVICE	\$392.46	\$737.03
	10/27/2022		2591085645		UNIFORM LAUNDERING & RUGS	\$344.57	
182170	10/20/2022	113	700683	CALTEST ANALYTICAL LABORATORY	11 LAB SAMPLE ANALYSIS	\$728.75	\$728.75
182249	10/27/2022	170	639980	CORE & MAIN LP	ASTD PARTS & MATERIALS	\$686.65	\$686.65
182267	10/27/2022	122	8487690	MOTION & FLOW CONTROL PRODUCTS	ASTD PARTS & MATERIALS	\$654.77	\$654.77
182242	10/27/2022	170	10039624	CARBOLINE COMPANY	PAINT & RELATED PAINT SUPPLIES	\$144.88	\$634.64
	10/27/2022	170	10039623		PAINT & RELATED PAINT SUPPLIES	\$144.88	
	10/27/2022	170	10039059		PAINT & RELATED PAINT SUPPLIES	\$344.88	
182288	10/27/2022		5490	ZELAYA DESIGNS	USD BUSINESS CARD DESIGN	\$264.00	\$632.00
	10/27/2022	114	5489		ETSU DESIGN PROJECT	\$368.00	
182277	10/27/2022	120	20221026	JOSE RODRIGUES JR	EXP REIMB: RECOGNITION BBQ TEST RUN	\$618.68	\$618.68
182226	10/20/2022	110	20221018	WASTEWATER TECHNOLOGY TRAINERS	GR III OP CERT REV-LUNDY	\$550.00	\$550.00

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Check No.	Date	Dept	Invoice No.	Vendor	Description	Invoice Amt	Check Am
182211	10/20/2022	170	463639	RKI INSTRUMENTS INC	ASTD PARTS & MATERIALS	\$548.21	\$548.21
182156	10/20/2022		31587	ACTIVE PLUMBING & ROOTER	REFUND # 50863	\$500.00	\$500.00
182164	10/20/2022		33762	GLORIA BARRERA	REFUND # 50859	\$500.00	\$500.00
182210	10/20/2022		30556	RESCUE ROOTER	REFUND # 50861	\$500.00	\$500.00
182219	10/20/2022		34785	TRENCHFREE INC	REFUND # 50866	\$500.00	\$500.00
182289	10/27/2022		30415	GUOYONG ZHENG	REFUND # 50877	\$500.00	\$500.00
182251	10/27/2022	170	905557210	EVOQUA WATER TECHNOLOGIES	DI WATER SYSTEM	\$461.13	\$461.13
182283	10/27/2022	170	33173183	TFORCE FREIGHT	FREIGHT - CONTROLWORX	\$460.76	\$460.76
182268	10/27/2022	170	2400149399	MOTION INDUSTRIES INC	ASTD PARTS & MATERIALS	\$416.70	\$416.70
182222	10/20/2022	136	98XW53392	UPS - UNITED PARCEL SERVICE	SHIPPING CHARGES W/E 09/24/22	\$381.06	\$381.06
182201	10/20/2022	113	2209E91	MCCAMPBELL ANALYTICAL	LAB SAMPLE ANALYSIS	\$345.00	\$345.00
182197	10/20/2022	113	20221017	CONGNA LI	EXP REIMB: WEF & CWEA MEMBERSHIP FEES	\$342.00	\$342.00
182176	10/20/2022	132	76796852	CONCENTRA MEDICAL CENTERS	1 NEW HIRE PHYSICAL	\$316.00	\$316.00
182286	10/27/2022	113	8810953620	VWR INTERNATIONAL LLC	LAB SUPPLIES	\$174.63	\$305.55
	10/27/2022	113	8810943587		LAB SUPPLIES	\$130.92	
182193	10/20/2022	132	37537	ICE SAFETY SOLUTIONS INC	FIRST AID & AED SUPPLIES	\$95.70	\$300.70
	10/20/2022	132	37536		FIRST AID KIT & AED SERVICING	\$205.00	
182178	10/20/2022	173	30631851	CORELOGIC INFORMATION SOLUTION	REALQUEST 12 MONTH SERVICE	\$300.00	\$300.00
182281	10/27/2022	170	20221024	MOSA TATAKAMOTONGA	EXP REIMB: PER DIEM, TAXI - WEF TEC CONF	\$287.64	\$287.64

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182245	10/27/2022	173	51782	CDW GOVERNMENT LLC	2 SUBSTATION SWITCHES	\$67.13	\$278.13
	10/27/2022	173	79587		WAREHOUSE BARCODE LICENSE	\$211.00	
182270	10/27/2022	132	2202729	OPTIMUM TECHNOLOGIES LLC	AT HOME EMPLOYEE PORTAL	\$260.00	\$260.00
182236	10/27/2022		18955638	AT&T	SERV: 09/20/22 - 10/19/22	\$245.81	\$245.81
182167	10/20/2022	120	17460640	BLAISDELL'S	ASTD OFFICE SUPPLIES	\$243.28	\$243.28
182200	10/20/2022	170	771056673	MATHESON TRI-GAS INC	MONTHLY CYLINDER RENTAL - SEP 2022	\$176.52	\$176.52
182160	10/20/2022	170	5430385001	ALAMEDA ELECTRICAL DISTR. INC.	ASTD ELECTRICAL SUPPLIES	\$175.14	\$175.14
182258	10/27/2022	132	32090331090520221009	KAISER PERMANENTE	1 DOT PHYSICAL	\$169.00	\$169.00
182274	10/27/2022	170	462962	RKI INSTRUMENTS INC	ASTD PARTS & MATERIALS	\$161.97	\$161.97
182216	10/20/2022	132	50315	SLOAN SAKAI YEUNG & WONG LLP	SPECIAL COUNSEL SERVICES	\$150.00	\$150.00
182217	10/20/2022	141	20220930	SPOK INC	OCT 2022 PAGER SERVICE	\$136.58	\$136.58
182241	10/27/2022	132	610586	STATE OF CALIFORNIA	4 NEW HIRE FINGERPRINTS	\$128.00	\$128.00
182230	10/27/2022	130	5375552832023	ALAMEDA COUNTY TREASURER	PROPERTY TAXES 37159 HICKORY ST	\$126.38	\$126.38
182191	10/20/2022		3S0200	HARRINGTON INDUSTRIAL PLASTICS	ASTD PARTS & MATERIALS	\$113.11	\$113.11
182204	10/20/2022	121	8472299	MOTION & FLOW CONTROL PRODUCTS	ASTD PARTS & MATERIALS	\$102.98	\$102.98
182187	10/20/2022	130	174798	FREMONT RUBBER STAMP CO INC	1 SELF INKING STAMP	\$96.70	\$96.70
182256	10/27/2022	132	37178	ICE SAFETY SOLUTIONS INC	FIRST AID KIT & AED SERVICING	\$88.87	\$88.87
182285	10/27/2022	136	98XW53402	UPS - UNITED PARCEL SERVICE	SHIPPING CHARGES W/E 10/01/22	\$70.39	\$70.39
182246	10/27/2022	132	76876655	CONCENTRA MEDICAL CENTERS	1 DOT PHYSICAL	\$67.00	\$67.00

**UNION SANITARY DISTRICT
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Check No.	Date	Dept	Invoice No.	Vendor	Description	Invoice Amt	Check Am
182220	10/20/2022	141	436017	ULTRAEX LLC	COURIER SVCS: 1 BOARDMEMBER DELIVERY - 09/21/22	\$56.97	\$56.97
182223	10/20/2022		9917051693	VERIZON WIRELESS	WIRELESS SERV 09/02/22-10/01/22	\$50.68	\$50.68
182173	10/20/2022	122	329693	CENTERVILLE LOCKSMITH	ASTD KEYS & TAGS	\$46.52	\$46.52
182189	10/20/2022	132	20220711	ALISA GORDON	REIMB LIVESCAN PRE-EMPLOYMENT	\$43.00	\$43.00
182271	10/27/2022	170	20221024	CHRISTOPHER PARKER	EXP REIMB: MILEAGE FOR CALL OUT	\$42.50	\$42.50
182280	10/27/2022	170	2209486S	SGS NORTH AMERICA INC	2 ANALYSIS	\$40.00	\$40.00
182282	10/27/2022	170	20221024	EDWARD TATOLA	EXP REIMB: MILEAGE FOR CALL OUT	\$15.50	\$15.50
182250	10/27/2022	130	225268	CTS LANGUAGELINK	INTERPRETATION SERVICES	\$6.20	\$6.20

Invoices:

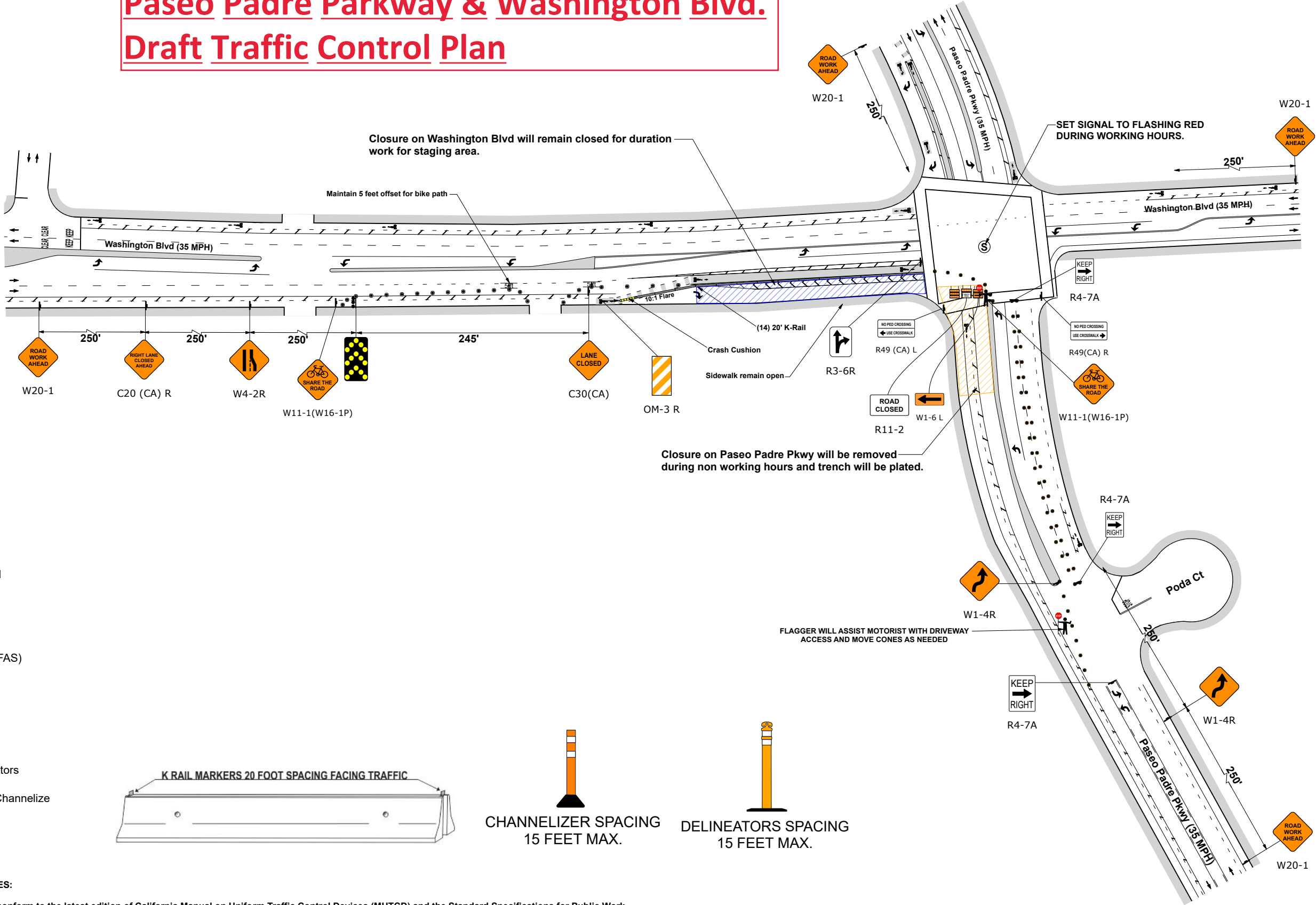
Credit Memos :	0	
\$0 - \$1,000 :	113	44,277.21
\$1,000 - \$10,000 :	73	220,490.82
\$10,000 - \$100,000 :	14	345,581.35
Over \$100,000 :	2	2,021,748.61
Total:	202	2,632,097.99

Checks:

\$0 - \$1,000 :	64	26,379.58
\$1,000 - \$10,000 :	51	131,731.72
\$10,000 - \$100,000 :	17	452,238.08
Over \$100,000 :	2	2,021,748.61
Total:	134	2,632,097.99

Paseo Padre Parkway & Washington Blvd.

Draft Traffic Control Plan



TRAFFIC CONTROL GENERAL NOTES:

- All traffic control devices shall conform to the latest edition of California Manual on Uniform Traffic Control Devices (MUTCD) and the Standard Specifications for Public Work.
- High-Level Warning Devices (Flag Trees) Shall consist of minimum of two flags. The flag shall be minimum 16 inches square and be orange or fluorescent red-orange in color.
- All Flaggers shall also be equipped with a C28 "Stop/Slow" paddle and be trained in the proper fundamentals of flagging traffic.
- NO PARKING signs shall be placed 72 hours prior to set up. Signs shall be posted every 20 - 50 linear feet of occupied space with at least one sign at each end of occupied space.
- Access to residences and businesses shall be maintained at all times. Access to be determined in field by existing conditions.
- Maintain a safe pedestrian route at all times. Do Not obscure sidewalks, curb ramps, or crosswalks with equipment, debris or vehicles, unless prior approval by the Resident Engineer. Where closures of pedestrian facility is needed, provide detour route with appropriate signage.
- Travel lanes shall be no less than 11 feet in width on arterial and collector streets and no less than 10 feet on local streets.
- All trenches must be back filled or plated during non-working hours. W8-24 "STEEL PLATE AHEAD" sign must be posted 250 feet advance of any plate that is in the road way.
- The contractor shall take all necessary precautions to allow emergency vehicles to pass through the construction zones without any delays.
- Place W20-1 "ROAD WORK AHEAD" sign on any side street or high-volume driveway that is within Traffic control zone.
- Ensure adequate turning radius for WB-40 and above to safely navigate around the work area.
- Engineer or his representative has the authority to initiate field changes to assure public safety.

DESK ITEM
Item 11
11/14/22

STATEWIDE
SAFETY SYSTEMS
130 Grobric Ct, Fairfield, CA 94533
(707) 864-9952
www.statewidess.com
Prepared By: Josh DeHart Mobile: (707) 333-2722
Email: jdehart@statewidess.com ATSSA Cert No. 00138360

JOB LOCATION:
Paseo Padre Pkwy & Washington Blvd, Fremont, CA 94538

CONTRACTOR:
McGuire and Hester
2810 Harbor Bay Parkway,
Alameda, CA 94502
PH: 510-632-7676

Contact: Michael Laganowsky
Mobile: 510-282-6319

SCALE:	NOT TO SCALE
REVISION No:	Rev2
DRAWING No:	22-090-2
DATE:	May 3, 2022
SHEET No:	Sheet: 2 of 2